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MANAGEMENT'S REPORT ON THE ACTIVITIES

for 2024

10 april 2025

MISJA
Wierzymy, że **kolory**
mają **znaczenie.**

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1. KEY EVENTS - TIMETABLE

KEY EVENTS - TIMETABLE

The most important events and agreements concluded in 2024:

- March 26, 2024 - adoption of the strategic goals of the Śnieżka Group, which include achieving the following financial and non-financial assumptions by 2028:
 - consolidated net revenues of the Śnieżka Group at the level of PLN 1.1 billion,
 - a consolidated operating profit margin of the Śnieżka Group increased by depreciation (EBITDA margin) of 18%,
 - higher than 20% share of the Śnieżka Group achieved in each of the key markets: Poland, Hungary and Ukraine.
 - achieving brand recognition on key markets for the Śnieżka Group: Śnieżka, Magnat, Poli-Farbe and Vidaron as one of the first three paint brands indicated by consumers in the recognition study,
 - systematic improvement of sustainable development indicators of Śnieżka Group companies assessed by EcoVadis,
 - building an engaging work environment expressed by a positive level of recommendation by Śnieżka Group employees in the eNPS survey.

The Śnieżka Management Board adopted the above-mentioned strategic goals considering the following core assumptions:

- the conditions for conducting business activities will not change significantly, in particular the legal, tax and administrative regulations in the key markets where the Śnieżka Group operates: Poland, Hungary and Ukraine.
- there will be no extraordinary one-off events that could not be predicted on the date of adoption of the strategic goals,
- the value of consolidated net profit allocated to the payment of dividends by decision of shareholders during the General Meeting of Śnieżka will remain in line with the assumption adopted by the Management Board of Śnieżka so far regarding the recommendation to pay dividends,
- Investment expenditure are to be carried out in accordance with the adopted plan.

The Management Board of Śnieżka indicated that the adopted strategic goals do not constitute a forecast or estimate of the future performance of the Śnieżka Group, but only indicate the intended courses of action until 2028 (report No. 2/2024 of March 26, 2024).

- March 26, 2024 - recommendation of the Management Board regarding the amount of dividend for 2023 in the amount of PLN 3.17 per share, i.e. in the total amount of PLN 39,998 thousand (report no. 3/2024 of March 26, 2024),
- April 26, 2024 - the Annual General Meeting was held, which:
 - approved the Management Board's report on the activities and the financial statements for 2023;
 - the net profit for 2023 in the amount of PLN 69,528 thousand was distributed, establishing the dividend at PLN 3.17 per share, i.e. in the total amount of PLN 39,998 thousand. The remaining part of the profit in the amount of PLN 29,529 thousand was allocated to reserve capital,

- approved the Management' report on the activities of the Śnieżka Group and the financial statements of the Group for 2023;
- granted a vote of acceptance to the members of the Company's bodies for performing their duties in 2023;
- the "*Report on the remuneration of Members of the Management Board and Supervisory Board of FFIL Śnieżka S.A.*" for 2023, was given a positive opinion,
- the Remuneration Policy for Members of the Management Board and Supervisory Board of Fabryka Farb i Lakierów Śnieżka SA was adopted,
- changes to the principles of remuneration of Supervisory Board Members forming the Audit Committee of Fabryka Farb i Lakierów Śnieżka SA were adopted.
- May 29, 2024 - dividend payment,
- December 17, 2024 – Appointing a new member of the Management - the Supervisory Board appointed Mr. Dawid Trojan as a member of the Śnieżka's Management Board from January 1, 2025 for the duration of the 9th term of office of the management (report no. 10/2024 of December 17, 2024).

The most important events after the balance sheet date:

After the balance sheet date, the Company did not conclude any important agreements and no events of a significant nature occurred in the Group.

2. THE LETTER OF THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

The year 2024 was a period of challenging market conditions that significantly impacted the entire industry. High interest rates and low real wage growth weakened consumers' financial health, forcing them to be more careful when making purchasing decisions. Consequently, the decline in demand translated into a lesser sales volume across the entire market. In these difficult circumstances, the Śnieżka Group generated sales revenues of PLN 798.4 million, which represents a 6.9% decrease compared to the previous year. Despite the above hurdles, we increased our gross sales profitability compared to 2023. This was possible owing to several key factors: increased efficiency of production and logistics processes, effective cost control and a well-thought-out pricing strategy, as well as the increase in the share of premium products in the structure of our product range.

These factors were additionally supported by the strengthening of PLN against EUR.

Since our debut on the Warsaw Stock Exchange, we have been continuously sharing our profits with our shareholders. In May 2024, we paid nearly PLN 40 million in dividends, which accounted for PLN 3.17 per share. The total sum of dividends paid since the stock exchange listing currently amounts to PLN 544.2 million.

Śnieżka consistently implements the sustainable development goals included in the *Sustainable Development Strategy* by reporting ESG data in management reports. This year's report fully complies with the requirements of the CSRD Directive for the first time, and its preparation was summarised by the first full data validation. The *Sustainability Reporting* presented therein is the result of several months of double materiality assessment, including detailed value chain identification, stakeholder dialogue and scenario analyses. This allowed us to identify key risks and opportunities and focus on priority areas that correspond to the Group's business profile.

The project to expand our production and logistics capacities undertaken in recent years has been successfully implemented, the Group has invested a lot in the above and is fully prepared for boosting market conditions. Accordingly, our investment strategy currently concentrates on maintaining and further improving existing operational capabilities.

Our competitive advantage is built on strong brands, a well-tailored product portfolio and modern production and logistics processes that enable us to respond swiftly and effectively to consumer needs.

We believe that these solid foundations will provide a good basis for improving financial results in the coming years. We count on a gradual improvement in market conditions, which have a key impact on the Group's sales level.

Thank you for your trust and support – they are an invaluable motivation for us to for further development and consistent implementation of our strategy. We are confident that by working hand in hand we will continue to build value for our shareholders, employees and the communities in which we operate.

Respectfully,

Piotr Mikrut

Chief Executive Officer

3. SELECTED FINANCIAL INFORMATION

The Śnieżka Group – consolidated data

	in PLN '000		in EUR '000	
	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023
I. Net revenues from sale of products, goods and materials	798 440	857 773	185 503	189 421
II. Profit from operating activities	105 232	121 004	24 449	26 721
III. Gross profit	87 342	101 014	20 292	22 307
IV. Net profit	72 091	83 481	16 749	18 435
- Net profit attributable to shareholders of the parent company	69 351	77 634	16 112	17 144
- Net profit attributable to non-controlling interests	2 740	5 847	637	1 291
V. Comprehensive income for the period	64 528	74 022	14 992	16 346
- Comprehensive income for the period attributable to shareholders of the parent company	62 871	68 505	14 607	15 128
- Comprehensive income for the period attributable to non-controlling interests	1 657	5 517	385	1 218
VI. Net cash flows from operating activities	118 471	148 194	27 525	32 725
VII. Net cash flows from investing activities	(35 192)	(29 126)	(8 176)	(6 432)
VIII. Net cash flows from financing activities	(89 349)	(71 208)	(20 759)	(15 725)
IX. Total net cash flows	(6 070)	47 860	(1 410)	10 569
X. Total assets	785 297	818 786	183 781	188 313
XI. Liabilities and provisions for liabilities	390 307	444 642	91 343	102 264
XII. Long-term liabilities	210 520	223 545	49 267	51 413
XIII. Short-term liabilities	179 787	221 097	42 075	50 850
XIV. Equity	394 990	374 144	92 439	86 050
- Equity attributable to the shareholders of the parent company	373 231	347 799	87 346	79 991
- Equities attributable to non-controlling interests	21 759	26 345	5 092	6 059
XV. Share capital	12 618	12 618	2 953	2 902
XVI. Number of shares / weighted average number of shares (items)	12 617 778	12 617 778	12 617 778	12 617 778
XVII. Earnings per ordinary share (in PLN / EUR)	5.71	6.62	1.33	1.46
- Earnings per share attributable to shareholders of the parent company	5.50	6.15	1.28	1.36
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	5.71	6.62	1.33	1.46
- Diluted earnings per ordinary share attributable to shareholders of the parent company	5.50	6.15	1.28	1.36
XIX. Carrying amount per share (in PLN / EUR)	31.30	29.65	7.33	6.82
XX. Diluted carrying amount per share in PLN/EUR	31.30	29.65	7.33	6.82
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	3.17	2.00	0.74	0.46

FFIL ŚNIEŻKA SA - standalone data

	in PLN '000		in EUR '000	
	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023
I. Net revenues from sale of products, goods and materials	521 665	568 736	121 199	125 593
II. Profit from operating activities	94 395	111 958	21 931	24 724
III. Gross profit	65 394	75 894	15 193	16 760
IV. Net profit	63 610	69 527	14 779	15 354
V. Comprehensive income for the period	64 094	68 910	14 891	15 217
VI. Net cash flows from operating activities	101 313	81 500	23 538	17 998
VII. Net cash flows from investing activities	23 969	24 474	5 569	5 405
VIII. Net cash flows from financing activities	(125 028)	(106 776)	(29 048)	(23 579)
IX. Total net cash flows	254	(802)	59	(177)
X. Total assets	789 071	832 667	184 664	191 506
XI. Liabilities and provisions for liabilities	498 125	565 817	116 575	130 133
XII. Long-term liabilities	390 759	415 378	91 448	95 533
XIII. Short-term liabilities	107 366	150 439	25 127	34 600
XIV. Equity	290 946	266 850	68 089	61 373
XV. Share capital	12 618	12 618	2 953	2 902
XVI. Number of shares / weighted average number of shares (items)	12 617 778	12 617 778	12 617 778	12 617 778
XVII. Earnings per ordinary share (in PLN / EUR)	5.04	5.51	1.17	1.22
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	5.04	5.51	1.17	1.22
XIX. Carrying amount per share (in PLN / EUR)	23.06	21.15	5.40	4.86
XX. Diluted carrying amount per share in PLN/EUR	23.06	21.15	5.40	4.86
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	3.17	2.00	0.74	0.46

The Euro exchange rates applied for conversion of the financial statements:

	12 months of 2024	12 months of 2023
Particular items of the condensed statement of comprehensive income were translated at the average EURO exchange rate in the period	4.3042	4.5284
	as at 31 December 2024	as at 29 December 2023
Particular items of the financial position statement were translated at the EURO exchange rate at the end of the period	4.2730	4.3480

This Report on the activities covers the parent company of the Capital Group, which is Fabryka Farb i Lakierów Śnieżka SA (hereinafter referred to as: FFIL Śnieżka S.A., Śnieżka S.A., Śnieżka, the Company) and its subsidiaries, jointly referred to as the Group or the Śnieżka Group.

4. THE ŚNIEŻKA GROUP

4.1. BUSINESS CHARACTERISTICS

The Śnieżka Group, whose history dates back to 1984, is one of the leaders in the market of decorative paints and construction chemicals in Poland. The Group also operates actively on several foreign markets. In Hungary, it is a significant player in the decorative paints segment, and in Ukraine it is one of the dominant entities in the production of paints and putties. It is one of the 25 largest paint manufacturers in Europe (according to European Coatings 2024). In 2024, FFiL Śnieżka SA - the parent company of the Śnieżka Group - was awarded the EcoVadis Silver Medal, which places it among the top 6% of companies subject to certification as far as the sustainable development is concerned.

What makes us different

In numbers

 **40 years**
of experience in the industry

 **20 years**
of presence on the WSE

 **Over 1100**
employees in the Śnieżka Group

 **140 million kg**
of decorative products annually



One of the leaders of the paint market in the decorative products segment in Poland, Hungary and Ukraine.



One of the 25 largest paint manufacturers in Europe.*

*according to European Coatings, the largest manufacturers of paint coatings, 2024

Assets

 **7 production facilities**
in 4 countries

 **Logistics Centre**

the largest investment
in the Group's history

 **R&D Centre**

own research and innovation

 **Professional laboratories**

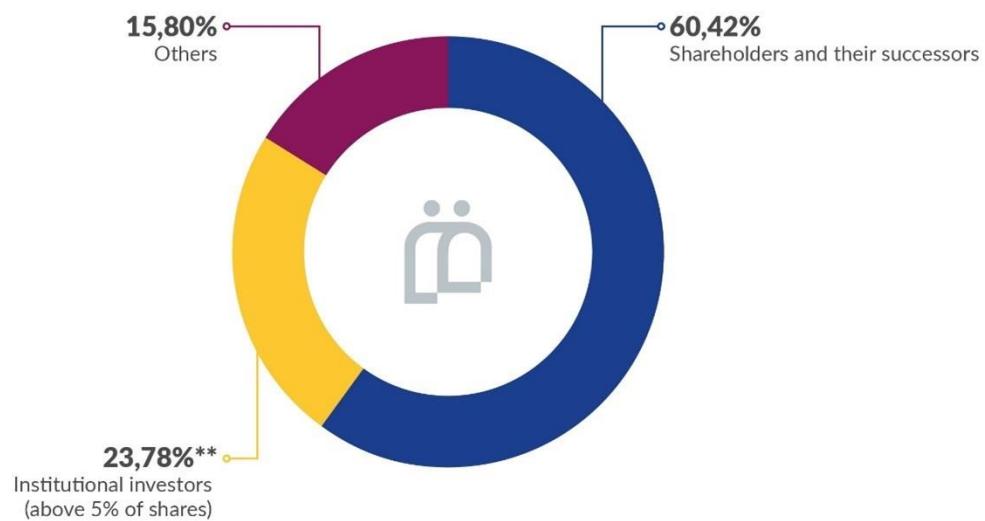
incl. microbiological and chromatographic

The Group takes on over 1,100 staff, and production facilities located in four countries yield on an annual basis over 130 million kg of products for decoration and protection of various types of substrates. The key brands of the Śnieżka Group are as follows: Śnieżka, Magnat, Poli-Farbe, Vidaron, Rafil and Foveo-Tech. In 2022, the Group launched a state-of-the-art Logistics Centre - this is the largest investment in the company's history. The Group is comprised of: the parent company Fabryka Farb i Lakierów Śnieżka SA - whose shares have been listed on the Warsaw Stock Exchange since 2003 - and its subsidiaries in Poland and abroad.

The shareholder structure of FFiL Śnieżka SA is dominated by its founders and their successors, who control over 60% of the votes at the general meeting. Since its debut on the stock exchange, the company has regularly paid dividends to its shareholders from the generated profits, the total value of which, calculated since 2003, is PLN 544.2 million.

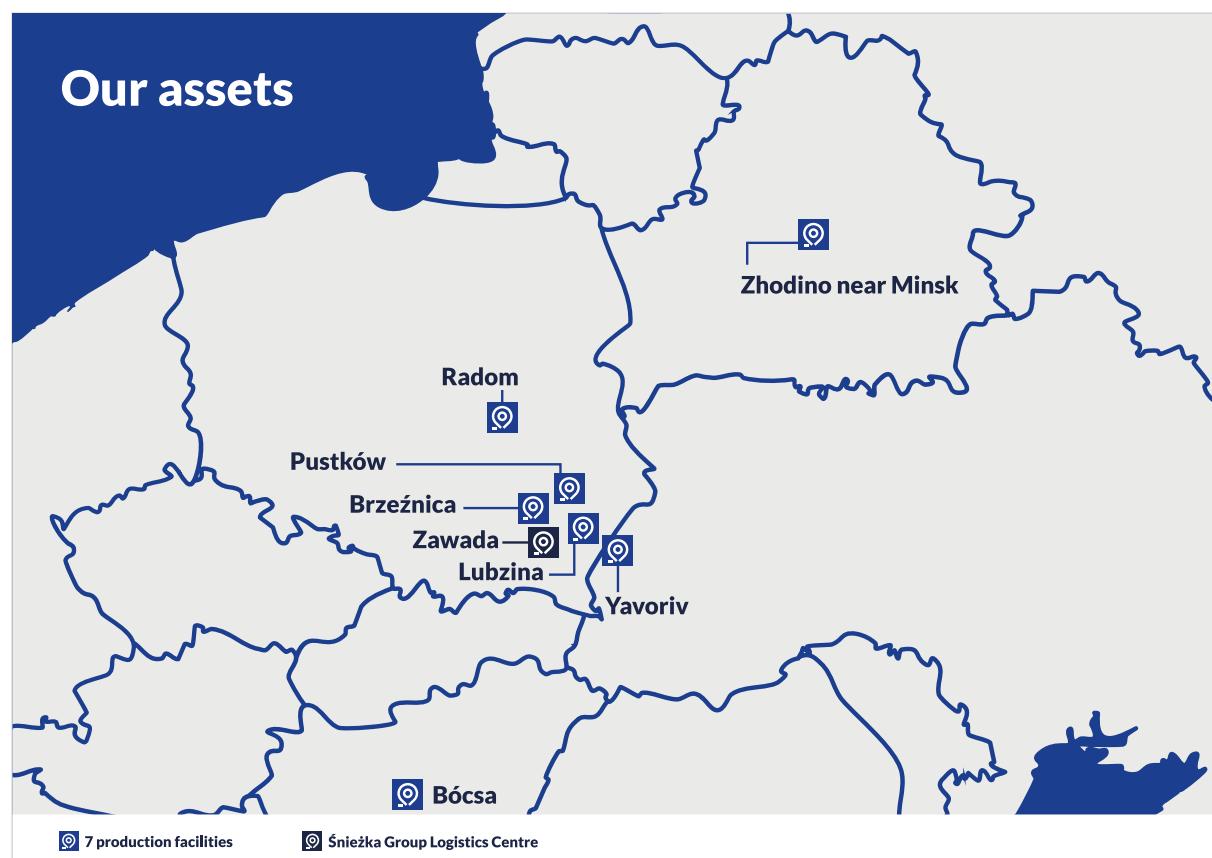
Shareholding structure of FFiL Śnieżka SA**

(share in the share capital in%)



* Data as at 10.04.2025

** PTE Allianz Polska: 14.39%; PTE Nationale – Nederlanden: 9.39%



Group's sales revenue structure in 2024

By countries and product categories

Countries



- 72,2% Poland
- 12,9% Hungary
- 10,1% Ukraine
- 4,8% Other

Product categories



- 82,9% Decorative products
- 10,9% Construction chemicals
- 4,3% Goods
- 0,7% Other
- 0,8% Industrial products
- 0,4% Materials

Key markets

Key foreign markets in which we operate

- Markets in which we hold production assets
- Export markets

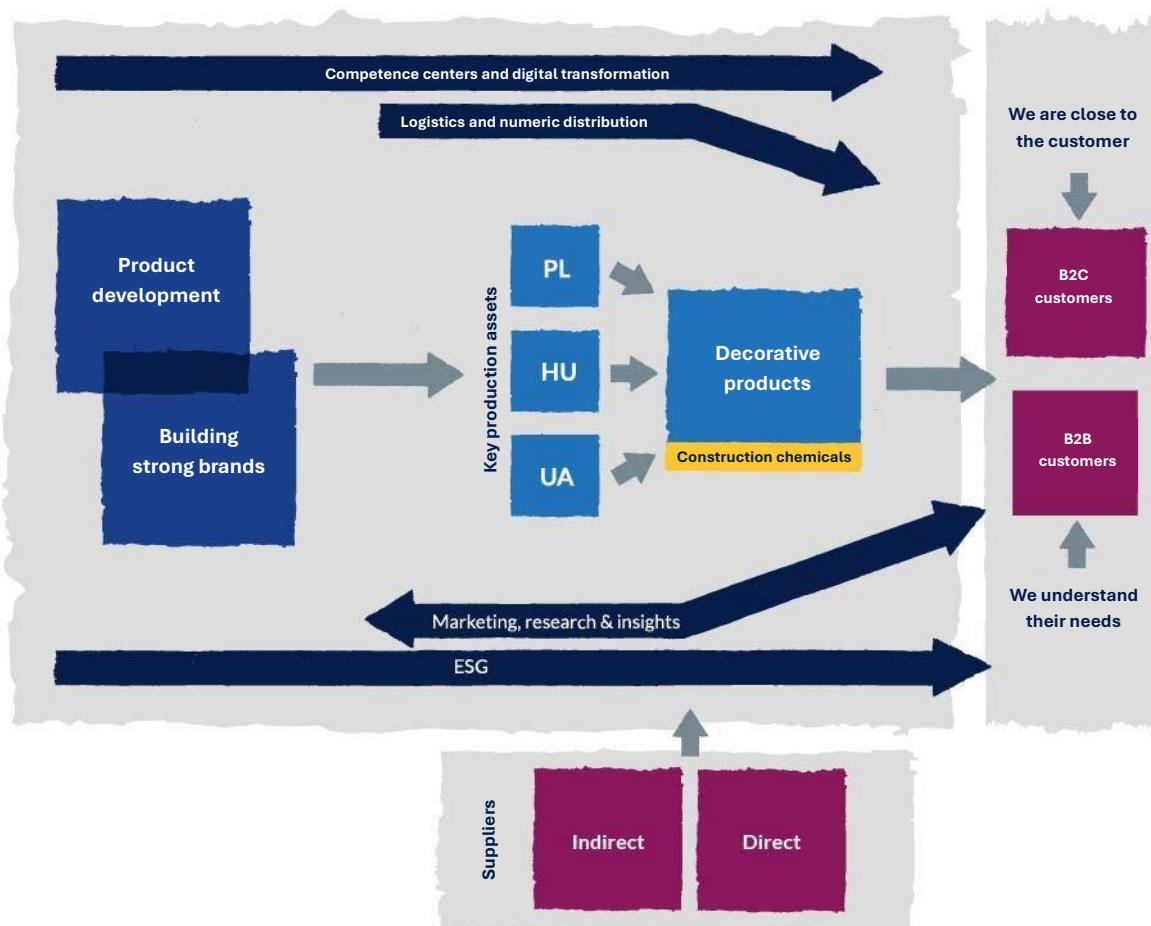


Key brands of the Group



4.2. BUSINESS MODEL

Figure 1. Śnieżka Group's business model



At the heart of the Group's business model is the ability to create high-end products and manage strong, recognizable brands (including: Śnieżka, Magnat, Poli-Farbe, Vidaron, Rafil and Foveo-Tech). This assumption stems from the awareness of consumers and business partners' expectations and needs. We have worked out our development projects and processes in such a manner so that our Group would be ready to embrace challenges of the future, as well as to identify and shape trends in the market of decorative paints and construction chemicals.

The owner of the commercial brands of the Śnieżka Group is Śnieżka Trade of Colours Sp. z o.o. (with the exception of Hungarian brands, which officially belong to Poli-Farbe Vegyipari Kft.) This is the company in which own marketing and sales resources are located. The process of developing a new or modifying an existing product is

assigned to a specific brand. It is initiated by the marketing team by submitting assumptions to the Research and Development Centre and units responsible for production.

The final stage of the process is developing a sales strategy. The Research and Development Centre runs laboratories and conducts research teams that - in addition to the development of new recipes - ensure quality control primarily in production processes and products. FFiL Śnieżka SA acts as a competence centre in the field of Supply Chain Management (purchasing, production, distribution, warehousing, logistics, information flow), IT, technology, research and development (R&D) and quality assurance. The parent company acts also as a shared services centre.

In up-to-date production facilities of the Group located in four countries (including 3 key ones - in Poland, Hungary and Ukraine) approximately 130 million kg of products are manufactured assigned to approximately 5,000 SKUs (stock keeping units). Within individual production assets and brands, technological processes are automated and robotized to increase efficiency and reduce the workload of employees.

The Śnieżka Group Logistics Centre located in Zawada near Dębica has been operating since 2022. Owing to the ambitious investment, it was possible to permanently transform the distribution model and equalize production levels in the annual cycle, which in turn reduced the impact of seasonality on the efficiency of supply chain processes.

Since 2022, the Group has been benefiting from the parent company's digitization project, estimated as the largest in the entire Central and Eastern Europe region¹. The implementation has radically changed the manner of managing the supply chain. The flow and analysis of data in real time, combined with the capabilities of the Logistics Centre, has become crucial for order fulfilment, which contributes to effective inventory management within the Group. Integration with the systems of most logistics operators cooperating with the Group has also been carried out. The transformation project modernized the way of working with data in all areas of activity, including sales, e-commerce, logistics, human resources management and financial management.

A major change in the approach to product portfolio management, brand management, production, logistics and supply chain management is the inclusion of the ESG component, i.e. sustainable development, in the strategy (in which the Group takes responsibility for the environment, people and business). The Group's objective is, inter alia, to develop products with a low environmental impact and to reduce the carbon footprint related to business activities. In the business model, the ESG approach is a kind of filter through which not only activities within the Group are analysed, but also the activities, products and services of its suppliers. Detailed sustainability data is presented in the *Sustainability Reporting* section of this document.

All the described components of the business model allow the Group to be close to its B2B customers and consumers. This closeness is understood as the physical availability of products in retail outlets, care for appropriate level of customer experience and the collection of feedback. Since the beginning of 2024, the Group has expanded the distribution model on the independent market in Poland - selected retail outlets that were previously serviced indirectly by distributors can simultaneously make purchases directly from Śnieżka ToC. The company still continues the cooperation with its existing partners - wholesalers.

4.3. THE VALUE CHAIN

The Śnieżka Group identifies its value chain divided into upstream and downstream parts, own operations and supporting activities, as well as entities with which it establishes and maintains business relationships at individual levels. Its elements are described in more detail in 11.2.4. The value chain

¹ According to SAP data, 2022 (SAP NOW 2022)

4.4. THE ORGANIZATIONAL STRUCTURE

The Group entities are related by shares and have roles defined within the competence centre structure. Comprehensive organization, responsible management of resources contributes to efficient operation of the Group as well as higher profits for the shareholders. The cooperation involves mutually complementary activities, exchange of know-how and synergistic benefits. FFIL Śnieżka SA plays a leading role in these processes.

The key areas for the Group are developed at the level of two companies, i.e. FFIL Śnieżka SA and Śnieżka Trade of Colours Sp. z o.o. (Śnieżka ToC). FFIL Śnieżka SA, as the parent company, performs control functions in the supervisory bodies of the subsidiaries. In addition, it establishes a development strategy and coordinates the development of the entire Group in all aspects of its operations. It is also a competence centre in the field of Supply Chain Management, R&D, Quality Assurance, and also serves as a shared services centre. In turn, Śnieżka ToC develops competences in the field of: Sales and Marketing (Revenue & Commercial, Branding, Product Development). Both companies coordinate the activities of individual Group companies in the areas of their competence.

All transactions concluded by the Company and its subsidiaries with related entities are performed at arm's length. This means that they are agreed as if they were negotiated by unrelated parties. These transactions are consistent with applicable laws in Poland, European Union regulations and the regulations of the countries where the subsidiaries are located. Additionally, the marketability of the transaction is verified on an annual basis.

Figure 2. The Śnieżka Group's structure (as at 31.12.2024)

Group structure and organization



Fabryka Farb i Lakierów Śnieżka SA has been entered into the Register of Entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under KRS number 0000060537. The company has been registered with the Central Statistical Office and received the following REGON number: 690527477 and tax identification number, (NIP number): 8181433438.

The Company's seat: ul. Chłodna 51, 00-867 Warsaw
Phone (Headquarters): 14 681 11 11 or 22 221 93 19
sniezkagroup.com

The Company's production facilities are located in:

Lubzina 34 a, 39-102 Lubzina, Ropczyce and Sędziszów county, Sub-Carpathian province;
Brzeźnica, ul. Dębicka 44, 39-207 Brzeźnica, Dębica county, Sub-Carpathian province;
Pustków 604, 39-205 Pustków, Dębica county, Sub-Carpathian province;

The Company's administration is located in:

Brzeźnica, ul. Dębicka 44, 39-207 Brzeźnica, Dębica county, Sub-Carpathian province;

The Company also has a Logistics Centre located at the following address: Zawada 79M, 39-200 Zawada, Dębica county, Sub-Carpathian province.

Table 1. A list of entities comprising the Group consolidated or valued using the equity method (as at 31.12.2024).

Name	Seat	Scope of activity	Consolidation (and % in the share capital)
Śnieżka Trade of Colours Sp. z o.o.	Warsaw ul. Chłodna 51	marketing and sales of products, market analysis and monitoring, trademarks management	Full consolidation (100%)
Śnieżka-Ukraina Sp. z o.o.	Ukraine Yavoriv Prywokzalna 1A,	manufacture of paints, varnishes, solvents, mortars, putties etc., wholesale and retail sales of construction materials	Full consolidation (83.48%)
Śnieżka-BelPol Sp. z o.o.	Belarus Zhodino, Dorožnaja 3/1,	production of putties	Full consolidation (100%)
Poli-Farbe Vegyipari Kft.	Hungary Bócsa III. kerület 2.	manufacture of paint, enamels, insulation systems, putties etc., wholesale and retail sales of construction materials	Full consolidation (80.00%)
Radomska Fabryka Farb i Lakierów SA	Radom ul. Czarna 29	manufacture and sales of anti-corrosive products	Full consolidation (94.15%)
Plastbud Sp. z o.o.	Pustków 164 b	manufacture of Colorex pigment pastes and dyestuffs for Śnieżka's colour systems, a supplier of some materials and goods for the Group	Equity method (10.07%)

In 2024 the Śnieżka Group's structure was not subject to any changes.

FFIL ŚNIEŻKA SA's operations

Fabryka Farb i Lakierów Śnieżka SA is one of the paint leaders in Poland in the segment of decorative products.

The Company has achieved such a high market position over the course of 40 years of operation - the beginning dates back to 1984. The Company's roots are linked with the Sub-Carpathian region, where the Group's core production facilities and state-of-the-art Research and Development Centre have been still operating. Since 2003 the Company - as the only one in the industry - has been listed on the Warsaw Stock Exchange.

The portfolio of FFIL ŚNIEŻKA SA is comprised of products for protection and decoration of various substrates, both for internal and external applications. They comprise, i.a. paints for internal walls and facades, products for painting wood and metal, putties for walls and wood, as well as thermal insulation systems for buildings. In Poland, the products are sold under the following commercial brands: Śnieżka, Magnat, Vidaron, Foveo-Tech and Rafil.

FFIL Śnieżka SA runs research and development activities by taking advantage of its own professional facilities. The Company has research laboratories (including, chromatographic and microbiological ones), conducting advanced research on products and raw materials used in production.

Products manufactured by FFIL Śnieżka SA are available in many distribution channels, and Śnieżka ToC is responsible for their sale.

The Company's activity is based on a clearly defined set of values, as well as several years of involvement in supporting the society as part of programs and projects in the area of corporate social responsibility and through the activities conducted by the Śnieżka Foundation.

On December 31, 2024, the Company employed 620 employees (611 at the end of 2023), which accounted for nearly 54.19% of the entire Group's team.

Activities of other Group companies

Śnieżka Trade of Colours Sp. z o.o. (Śnieżka ToC).

The key tasks performed by the company are marketing and sales, which include the following areas:

▪ **Marketing**

As part of marketing activities, we distinguish three key functions: strategic, implementing and supportive. Each of them plays an important role in building and implementing an effective company marketing strategy.

▪ **Sales**

An area covering all distribution channels of the Group: independent market, retail chains, insulation systems, export sales and sales support.

Products are distributed through cooperation with business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce. A multi-channel distribution is one of the assumptions of the sales growth strategy in all the Group's markets, and at the same time it minimizes the risk associated with too high reliance on one distribution channel. Since the beginning of 2024, the Group has expanded the distribution model on the independent market in Poland - selected retail outlets that were previously serviced indirectly by distributors can simultaneously make purchases directly from Śnieżka ToC. The company continues to cooperate with its existing wholesale and investment partners.

The company was established in 2010 (as TM Investment Sp. z o.o.). Share capital of Śnieżka ToC as at December 31, 2024 amounted to PLN 303,558 thousand.

At the end of 2024 the company employed 126 employees (123 at the end of 2023).

Poli-Farbe Vegyipari Kft.

Poli-Farbe is a company with an established position in Hungary in the sector of decorative paints. Its product range under the Poli-Farbe commercial brand includes: interior decorative water-borne paints, enamels, products for wood protection and decoration, facade paints, primers, insulation systems, as well as putties.

The products are distributed through business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce.

As at December 31, 2024, Poli-Farbe Vegyipari Kft. employed 166 employees (178 at the end of 2023).

Poli-Farbe Vegyipari Kft. (Hungary) was established in 1998. As at December 31, 2024, the company's share capital amounted to HUF 56,500 thousand and was not subject to change compared to February 11, 2019, i.e. the day on which FFiL Śnieżka SA concluded an agreement to acquire 80% of its shares. The remaining 20% of the shares belong to the minority shareholder Lampo Kft (Lampo Korlátolt Felelősséggű Társaság)

Śnieżka-Ukraina Sp. z o.o.

Śnieżka-Ukraina is one of the leaders in the production of interior wall putties and emulsions in Ukraine². Its products are sold under the Śnieżka brand.

The company is the main distributor of FFiL ŚNIEŻKA SA's products on the local market. The products are distributed through business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce.

As at December 31, 2024, the company employed 172 employees (169 at the end of 2023).

Śnieżka Ukraina Sp. z o.o. with was established in 1999. As at December 31, 2024, the company's share capital amounted to UAH 415,7 thousand and was not subject to change compared to the end of 2023. The share of FFiL Śnieżka SA in this entity is 83.48%, and the remaining shares belong to: Limited liability company "Sunsnow" - 15.60% and individual shareholders - 0.92%.

Śnieżka-BelPol Sp. z o.o.

Śnieżka-BelPol is a significant manufacturer of putties on the Belarusian market. In the first half of 2024, it sold its products under the Śnieżka brand through wholesalers, DIY chains and retail outlets. Currently, sales are conducted by Śnieżka-BelPol under its own brand.

At the end of 2024, the company employed 15 employees (no change compared to the previous year).

Śnieżka-BelPol Sp. z o.o. (Belarus) was registered in 2004. As at December 31, 2024, the company's share capital amounted to BYN 293,9 thousand and was not subject to change compared to the end of 2023.

Radomska Fabryka Farb i Lakierów SA

The company specializes in the production of decorative products (enamels for metal protection and decoration) and professional anti-corrosion systems.

At the end of 2024, the company employed 45 employees (44 at the end of 2023).

Radomska Fabryka Farb i Lakierów SA was established in 1995. As at December 31, 2024 the company's share capital amounted to PLN 4,102 thousand. The share of FFiL Śnieżka SA in this entity is 94.15%. The remaining 5.85% of the shares belong to individual shareholders.

Plastbud Sp. z o.o.

² Estimated data (due to the war in Ukraine, access to research reports is limited).

Cooperation with capital-related entities also applies to Plastbud Sp. z o.o. in Pustków, which supplies the Group with some raw materials and products. The share of FFiL Śnieżka SA in this entity as at December 31, 2024 is 10.07%.

Commercial brands

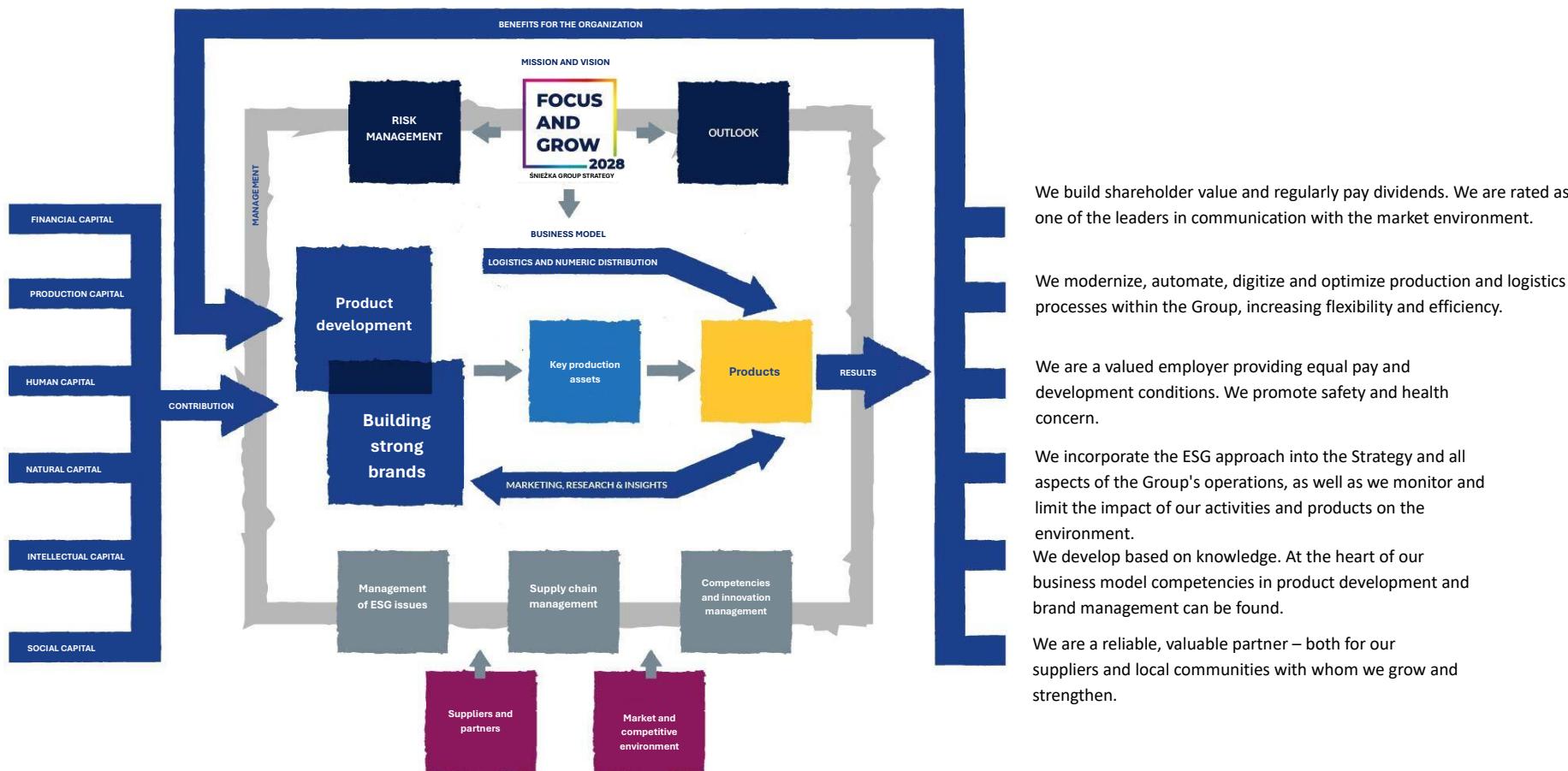
The owner of the commercial brands of the Śnieżka Group is Śnieżka Trade of Colours Sp. z o.o. (with the exception of brands belonging to Poli-Farbe Vegyipari Kft.) Śnieżka ToC, as the owner of the trademarks, markets the Group's products both directly (through cooperation with independent stores, DIY chains, end customers) and indirectly (through their sale to other Group companies).

In the reporting period, the products of the Śnieżka Group were sold under the following key commercial brands:

Śnieżka	being the core brand of the Group, which offers a wide range of products. Its portfolio is comprised of products for protection and decoration of various substrates, both for internal and external applications (i.a. paints for walls and facades, products for painting metal and wood as well as putties for smoothening walls). It is a comprehensive offer meeting customers' needs at every stage of a flat or house finishing or renovation.
Magnat	products for the most demanding customers who value quality and style. The portfolio of this innovative premium brand includes high quality ceramic paints featuring colour durability, remarkable colour range, resistance to stains and dirt as well as heavy duty purposes. The brand's portfolio also includes a selection of high-quality white paints. Magnat stands also for textures, providing numerous decorative options.
Poli-Farbe	an umbrella brand, which offers a wide portfolio of products for the protection and decoration of various surfaces. It comprises one of the most recognizable brands on the Hungarian market: Platinium and Inntaler (including interior and facade emulsions), Cellkolor (paint for wood and metal) and Boróka (agents for wood protection and decoration).
Vidaron	a top quality brand for wood protection and decoration. The brand's offer has been prepared for all of those who are willing to take care of wood used both indoors or outdoors in a comprehensive manner. The brand portfolio includes, inter alia,: high-quality preservatives ensuring comprehensive wood protection, both from the inside (priming agent) and from the outside (topcoat agent), as well as renovation agent intended for pre-painted wood, stain and varnish as well as oils and varnishes.
Rafil	a brand specializing in the production of decorative products (enamels for metal protection and decoration) and professional anti-corrosion systems.
Foveo-Tech	a brand of facade products based on decorative plasters and facade paints, available in a wide range of colours. They are widely used in both newly built and existing buildings. These are materials for renovating buildings for thermal insulation, structural protection and exterior appearance.

4.5. VALUE CREATION MODEL AND CAPITAL

Figure 3. Value creation model of the Śnieżka Group



Financial data in PLN '000

Financial capital

Financial capital is understood as internal and external sources of financing operational activities and investments. It consists of the financial results generated, share capital entrusted by owners, financing from lenders and bondholders and other long- and short-term liabilities.

CAPITAL DATA

Equity	394 990	PLN '000
Long-term liabilities	210 520	PLN '000
Short-term liabilities	179 787	PLN '000
ROA indicator	8.6	%
ROE indicator	19.5	%

CAPITAL MANAGEMENT

Funding sources	The market position and performance of the Śnieżka Group allow it to maintain constant access to verified sources of financing (including several providers of long-term loans) and guarantee a favourable negotiating position. The Group has unique experience in obtaining financing related to ESG goals (SLL– Sustainability-Linked Loan).
Investment development expenditure and	After finalizing a significant investment programme, which was implemented between 2018 and 2022, the Company decided to return to the previously used approach, according to which the level of capital expenditure (CAPEX) is balanced with the level of depreciation. This approach allows for, <i>inter alia</i> , investing in technologies that counteract the so-called technological debt. Capital expenditure in the Group is divided into development expenditure (intended for company development, such as increasing production capacity or investing in innovations) and maintenance expenditure (expenditure related to maintaining existing assets in good technical and operational condition). Within the Group, the main areas of allocating the capital expenditure include fixed assets and operating activities.
Investor relations (IR)	Taking care of transparency and relationships with its stakeholders, the parent company, being a stock corporation, conducts active operations in the area of investor relations. It regularly organizes meetings, chats and videoconferences for capital market participants, and takes advantage of the corporate website to circulate information and materials.
Dividend payment	FFiL Śnieżka SA has been sharing its profits with shareholders continuously since 2003, which distinguishes it from companies listed on the WSE. The total value of dividends paid since 2003 is PLN 544.2 million. The Company's shares are included in WIGdiv dividend index.

CAPITAL RESULTS

I. Net revenues from sales of products, goods and materials	798 440	PLN '000
Profit from operating activities (EBIT)	105 232	PLN '000
EBITDA	142 836	PLN '000
Net cash flows from operating activities	118 471	PLN '000
Net cash flow from operating activities less capital expenditures	81 447	PLN '000
Number of group meetings with investors in 2024.	4	
Dividend paid in 2024 to the shareholders of the parent company	39 998	PLN '000
The value of dividend paid since the debut on the WSE	544 221	PLN '000

Production capital

Production capital consists primarily of assets located in 4 countries, thanks to which the Śnieżka Group reaches customers in several markets. The potential of the plants is strengthened by logistics assets, including the Logistics Centre in Zawada near Dębica, launched in 2022.

CAPITAL DATA

Number of production facilities in Poland	4	Lubzina, Brzeźnica, Pustków, Radom	
Number of production facilities in Hungary	1	Bócsa	
Number of production facilities in Ukraine	1	Yavoriv	
Number of production facilities in Belarus	1	Zhodino near Minsk	
Śnieżka Group Logistics Centre	44 500	m ²	Zawada
Value of the investment programme 2018-2022	PLN 580	mln	Including PLN 270 mln in the Logistics Centre

CAPITAL MANAGEMENT

Robotization	Robotization applies to most activities that are burdensome or cause a decrease in efficiency. This translates into a significant reduction in employee workload and improved efficiency. This includes the process of preparing pallets for shipment and the use of autonomous forklifts. An important project in this category in 2024 was the investment in the plant in Lubzina: modernization of the existing bottling line and launch of the third line, as well as automation of the depalletization process and collection of finished pallets. The Group strives to equalize the level of robotization at the level of all production facilities, including those located outside Poland.
Management of the production and warehouse logistics process	Owing to the construction of the Logistics Centre in Zawada, it was possible to permanently transform the distribution model and flatten the production level within a year. Consequently, the impact of seasonality on the Group's operations was significantly reduced and the needs for employment levels were stabilized. The new Logistics Centre also contributed to notable optimization in the management of supply chain processes. Combined with significant investments in automation and robotization, it has become possible to manage production capacity and inventories in real time. It is possible to package up to 2,000 pallets per day.
Digitization	Since 2022, the Group has been benefiting from the digitization project estimated by the supplier then as the largest in the Central and Eastern Europe region. The implementation has radically changed the manner of managing the entire undertaking. The areas covered by digitization include: human resources management, finance, sales, marketing and supply chain management. In the last of the indicated areas, the flow of data between warehouse and production assets, in particular in terms of the availability of raw materials, has become crucial for order fulfilment. Integration with the systems of most logistics operators cooperating with the Group has also been carried out.
Automation	Automation allows for increasing the accuracy of recipe reproduction and repeatability of processes, which contributes to the quality of products.

CAPITAL RESULTS

Production level	>130	mln kg	of decorative and construction products per year
A wide range of products	~5 000	SKU	stock keeping unit - unique stock item
Market position	Śnieżka belongs to TOP3, the largest manufacturers of paints and varnishes in Poland in the segment of decorative products. It is one of the largest players of decorative paints in Hungary, as well as one of the leaders in the manufacture of construction chemicals and white paints in Ukraine. According to the ranking of the "European Coatings" magazine, the Śnieżka Group belongs to one of the 25 largest producers of paints and varnishes in Europe. In the ranking, Śnieżka is the only company from Central and Eastern Europe. In turn, in "The 2024 Top Companies Report" prepared by "Coatings World", the Śnieżka Group was classified as the 55th largest producer of paints and varnishes in the world and the only one representing Poland.		

Human capital

Employees are the strength of the Śnieżka Group, and thanks to their commitment and creativity it is possible to build a strong market position and implement new solutions. Śnieżka's priority is to build a safety culture and provide employees with conditions for continuous development.

CAPITAL DATA

Number of employees	>1 100		An international team located in countries where the Group has production assets
Employees with an employment contract for an indefinite period	90.65	%	(data for the Group)
Percentage of employees participating in upskill training	97	%	(data for the Group)
Planned budget for benefits for 2025	1 933	PLN '000	(data for Śnieżka SA and ToC)
Number of issues of the printed internal magazine "In Colour" in 2024	5	pcs.	57 since the beginning of the magazine's launch in 2006 (data for Śnieżka SA and ToC)
Number of newsletters addressed to employees in 2024	86	pcs.	(data for Śnieżka SA and ToC)

CAPITAL MANAGEMENT

Professional development – culture of continuous feedback	In recent years, defining monthly, quarterly and annual goals and regular conversations between superiors and employees to summarize the achievement of these goals have been a tool supporting the professional development of the team and the culture of continuous feedback. In 2024, these activities were continued by introducing status meetings (so-called board meetings) and a tool for assessing managerial competences for Śnieżka SA and Śnieżka ToC companies. Thanks to these initiatives, regular feedback, setting development goals and improving managerial competences support open communication, systematic development and shaping of organizational culture.
Transparent remuneration system	The evaluation of job positions by the Evaluation Committee is one of the key tools for determining the value of individual positions for the undertaking and is an element of building a remuneration system. In 2024, the Committee reviewed the valuation of all filled positions in FFIL Śnieżka SA and Śnieżka ToC, and in Śnieżka-Ukraina and Poli-Farbe, the position mapping process is carried out on a regular basis. The Group systematically monitors the level of remuneration in relation to the market and analyses the pay gap, ensuring transparency, equality and competitiveness of the remuneration offered.
Employer branding and communication with employees	Dialogue with employees is conducted on many levels. Employees of key companies: Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina regularly received newsletters and the printed magazine <i>In Colour</i> . For strategic topics, a precisely planned information cascade was implemented, in which team directors and managers play a key role. Additionally, employees engage in dialogue through representatives elected for a term of office (representing employees of the Companies Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina in contacts with the Management Board). In 2024, elections of representatives for a new term of office were held in FFIL Śnieżka SA and ToC.
Onboarding and adaptation process	Onboarding and adaptation at FFIL Śnieżka SA and Śnieżka ToC cover the first months of work. The aim of these processes is to effectively introduce a new team member to the principles of the company's operation and to equip them with the tools necessary for a given position, as well as to enable them to quickly acclimatize to the team and the organisation. This process aims to ensure a smooth start, understand the organizational culture and support in achieving initial successes in a new role.
Development of employee competences	All employees can benefit from training and development initiatives implemented within the undertaking, regardless of age or gender. The main criteria for their availability are the needs and business capabilities of the undertaking, the need to have specific knowledge, skills or competences, and the employee's development needs diagnosed in the assessment process, which are consistent with the scope of their position. In 2024, dedicated development programs were introduced, such as the Effective Manager Programme, aimed at developing managerial competences. The tool supporting the implementation of training and management of the development process is the internal iWiem platform, which provides access to educational resources including mandatory, product and development training.
Sharing knowledge	There is a programme of internal trainers Śnieżka Academy run in FFIL Śnieżka SA and Śnieżka ToC. In the second edition of it, 10 training topics were carried out, which were divided into 4 thematic blocks: business, business tools, communication and health promotion. 12 trainers were selected to conduct the training, ensuring its high quality and accommodation to the needs of the participants and the undertaking.
Digital transformation of the HR area	In recent years, digitalised solutions have been introduced in the HR and payroll area, which have had a direct impact on improving the efficiency of processes related to working time management, absence recording and the calculation and

payment of remuneration. Additionally, in 2024, a tool supporting time management and work efficiency in remote mode was put in place.

Employee satisfaction survey	A positive result in the eNPS survey of Capital Group employees is one of the non-financial objectives defined in the business strategy of the Śnieżka Group. In 2024, another edition of the eNPS survey was conducted at Śnieżka SA and Śnieżka ToC, and measurements were initiated at the following companies: Poli-Farbe, Śnieżka-Ukraina and Rafil. In 2024, another edition of the eNPS survey was conducted at Śnieżka SA and Śnieżka ToC, and measurements were initiated at the following companies: Poli-Farbe, Śnieżka-Ukraina and Rafil. Important factors of the declared willingness to recommend Śnieżka as an employer are: benefits offered, atmosphere in the company, relationship with the supervisor and the company's prospects/stability. Employees also indicate the following reasons for recommending: the possibility of good work-life balance, the opportunity of development and training.
Benefits	The Group offers its employees a wide range of non-wage benefits, including: insurance, co-financing for selected benefits and development programmes. The Group also takes care of team integration by organising team and company-wide events, such as thematic meetings, the Family Picnic and initiatives for employees' children.
Health prevention	As many as 322 employees (from administrative and warehouse areas) took part in the continuation of First Aid training in 2024. The plants have also been equipped with defibrillators. In 2024, additional preventive examinations for Employees 50+ (blood count, CRP, tumor markers) were carried out for the first time, with 160 employees participating. Also, the "Śnieżka paints the world pink" campaign is held on an annual basis, in which female employees and wives/partners of employees are encouraged to undergo breast cancer prevention tests financed by the Group. During the last campaign, 172 patients were examined. In addition, team members are offered an extended package of periodic tests.

CAPITAL RESULTS

ENPS indicator level (recommendation indicator) within the Group	10	With a turnout of 92.85%
Number of training hours (Śnieżka SA and Śnieżka ToC)	22 339 h	Number of training hours per employee: 29.95 (Śnieżka SA and Śnieżka ToC)
Number of training hours (The Group)	28 855 h	Data for the Group: 25.22
Adjusted pay gap (Śnieżka SA and Śnieżka ToC)	3.27 %	Data for Śnieżka SA and Śnieżka ToC
Adjusted pay gap (the Group)	6.90 %	Data for the Group

Natural capital

The Śnieżka Group systematically and responsibly manages the impact of its activities on the natural environment, as well as the health and safety of product users. It develops the organization's carbon footprint management, implements a number of optimization and reduction initiatives (water, energy) and as part of purchasing processes, analyzes suppliers' activities in terms of meeting ESG criteria.

CAPITAL DATA

Water consumption	52 083	m ³
Electricity consumption	9 159	MWh
Gas consumption (heating)	520 184	m ³

CAPITAL MANAGEMENT

Carbon footprint counting and reduction targets	The Śnieżka Group calculates the carbon footprint in the scope of 1, 2 and 3. For FFiL Śnieżka SA and Śnieżka ToC, a target has been set to reduce greenhouse gas emissions in Scope 1 and Scope 2 (in total) by 45% in 2023 and 50% by 2025 compared to the 2020 level (according to the market-based method). The process of calculating and developing reduction assumptions will cover all Group companies in the future.
Green energy	All electricity purchased by FFiL Śnieżka SA, Śnieżka ToC and Rafil in 2024 came from renewable energy sources, which is confirmed by guarantees of origin and documents confirming their redemption issued by the Polish Power Exchange. At the same time, photovoltaic systems were installed in the Group's companies in Hungary and Ukraine, which have been producing "green" energy since 2024.
Saving projects	In 2024, the gas boiler in the plaster production facility in Pustków was replaced with a new one, featuring a higher efficiency class. The lighting was also replaced with LEDs, which will help reduce electricity consumption. Actions to increase energy efficiency also include optimizing production processes, such as shortening the dispersion process.
Risk assessment of the substances used	At the product design stage, operational conditions and risks are assessed, which allows for proper control of threats to human health and the environment. The analysis covers the entire life cycle of the substance, including its formulation, industrial and professional end use, consumer use and use in products.
Product certification management	In 2024, the Śnieżka Group expanded its offer of eco-friendly and allergy-free certified products.

CAPITAL RESULTS

Total greenhouse gas emissions: Scope of 1, 2 and 3 (market-based method)	138 458	tCO ₂ e
Total greenhouse gas emissions: Scope of 1, 2 and 3 (location-based method)	142 108	tCO ₂ e
% of recycled plastic packaging by weight	>5	%
Share in the sale of eco-friendly and allergy-free certified products.	46.2	%
Share in the sale of water-based products.	82.5	%

Intellectual capital

The central element of the Group's business model is not production assets, but competences focused on developing products, managing strong brands and organizing digitally supported processes within the Group, enabling us to always be close to our customers. Intellectual capital consists of recipes and technologies, information management processes built as part of the *Change IT* project - including feedback from partners and customers - as well as a knowledge management system.

CAPITAL DATA

Strong, key brands	6	Śnieżka, Magnat, Poli-Farbe, Vidaron, Rafil, Foveo-Tech
Own Research & Development Centre	1	Research and development activities of all companies of the Śnieżka Group are carried out in the Research and Development Centre (R&D). This unit consists of the Research and Development Department and the Quality and Climate Assurance Department.

CAPITAL MANAGEMENT

Management of brands and related products	The owner of the commercial brands of the Śnieżka Group is Śnieżka Trade of Colours Sp. z o.o. (with the exception of brands belonging to Poli-Farbe Vegyipari Kft.) The company features competences such as: shaping the pricing policy, market analysis and consumer behaviour and introducing changes to the portfolio through product life cycle management. The product development process is always assigned to a specific brand and involves close cooperation between the marketing team, the Research and Development Centre and the team responsible for production. The process takes into account the specificity of individual markets and is built on internal resources, including the market research team.
Recipe and production technology management	The essence of the work of the Research and Development Centre (R&D) is to develop recipes and implement new products and technological solutions, which contribute to high quality of manufactured products and their safety for customers and the environment. Thanks to the developed and acquired technologies and automation of production processes, not only is efficiency increased, but it is also possible to reduce the amount of production waste as well as water and energy consumption. Our own research laboratories (including microbiological and chromatographic ones) enable specialized testing of raw materials, recipes and products.
Digitization of processes	The Group implemented one of the largest - in terms of scale - digitization process in the region of Central and Eastern Europe. It has streamlined many business processes in all areas of Śnieżka's operations and is being developed as part of current initiatives and business needs. Its direct effects are the ability to manage knowledge about customers, their satisfaction and preferences - which translates into the product creation process. This allows processes to be streamlined and efficiency to be increased.

CAPITAL RESULTS

High awareness rates of the Śnieżka, Magnat, Vidaron brands

In the top 5 in its category

Number of recipes available in the mixer

>150 000

Annual capital expenditure and operating expenses related to IT (without depreciation)

PLN 14.9 mln

(Relational) social capital

In the Group's business model, relationships are of key importance. Distribution channels are built through them. A stable supply chain requires mature dialogue with entities guaranteeing continuity of production. The Śnieżka's strength as an attractive employer stems from its relations with the social environment, especially on a regional scale.

CAPITAL DATA

Minimum budget for social activities (2-year cycle)	1.0	% of gross profit of Śnieżka SA
Śnieżka SA expenditures on social activities (2024)	653.4	PLN '000
Value of the Śnieżka's Foundation <i>World in Colours</i> project (2024 r.)	143.0	PLN '000
Value of the Śnieżka's Foundation "Przeogarniacze" project (in one edition)	52.0	PLN '000
Percentage of suppliers informed about the <i>Supplier's Code of Conduct</i> .	100	%

CAPITAL MANAGEMENT

„KOLORATORIUM”	A nationwide social project for primary schools in towns with a population of up to 20k residents. The aim of the initiative is to popularise chemistry among students of grades 4-8 - a field in which Śnieżka specializes as a paint manufacturer.
“Przeogarniacze”	A project addressed to fourth grade primary school students. During five 90-minute workshops, issues related to economics, entrepreneurship and pro-social and pro-environmental activities are presented.
“World in Colours”	A comprehensive renovation programme of hospital wards, which translates into improved treatment conditions for patients and the comfort of work of medical staff.
Supplier relations	The Group's objective is to liaise with business partners who, similarly to Śnieżka, develop in a sustainable manner. In order to be able to cooperate with the Śnieżka Group, each supplier is required to confirm the knowledge and compliance with the rules of the code of conduct, which are attached in a form of a document to each new agreement with suppliers. Suppliers are required to sign the acknowledgment of the <i>Śnieżka Group's Supplier's Code of Conduct</i> , thus declaring their readiness to undertake ethical business activities.
Dialogue with the environment	We carry out systematic activities to build lasting and transparent relationships with stakeholders, diversifying channels of access and the scope of information to meet their needs, and developing innovative tools.
Membership in external organizations	The Group participates in organizations and associations supporting business development and the transformation of enterprises in the field of sustainable development. On the Polish market they are: <i>Polish Association of Paint and Adhesive Producers</i> , <i>Polish Plastic Pact</i> , <i>Polish ESG Association</i> ; on the Hungarian market: <i>MAFEOSZ – National Association of Hungarian Paint Manufacturers</i> ; on the Ukrainian market: <i>International Association of Polish Entrepreneurs in Ukraine</i> , <i>taxpayers Association of Ukraine</i> and <i>Lviv Chamber of Commerce and Industry</i> .

CAPITAL RESULTS

Number of laboratories funded under the <i>Koloratorium</i> project in 2018-2022	34	In previous editions, Śnieżka funded 34 studios with a total value of PLN 590 thousand.
Hospital wards renovated as part of the <i>World in Colours</i> Programme in 2005-2024	36	Including renovation of one hospital ward in 2024 with a total value of PLN 143 thousand. The project implemented by the Śnieżka Foundation.

Number of students covered by the <i>Przeogarniacze</i> project in 2016-2024	2 379	2,379 students from 130 project groups from 41 primary schools in the Dębica and Ropczyce and Sędziszów counties, which accounts for 1,300 teaching hours and over 1,040 hours of outdoor education during classes carried out during educational trips.
Percentage of active suppliers who have signed the <i>Supplier's Code of Conduct</i> .	67 %	
Percentage of strategic and key suppliers who have completed the self-assessment survey	57 %	

4.6. CONDITIONS FOR BUILDING COMPETITIVENESS

In a dynamic business environment, the Group strives to maintain and develop its competitiveness, which contributes to its development. Concurrently, it attaches importance to the strategic management of its resources, adapting them to changing customer expectations and market conditions.

The following areas are key in this aspect:

Effective marketing (including pricing) and sales processes and a wide product portfolio: The Group offers a wide range of products in various price segments. Comprehensive distribution channels, including the traditional network, DIY stores (renovation and construction) and e-commerce, ensure effective distribution of products and their availability at POS.

Strong brands: The Group has strong, well-known and liked brands by consumers, which feature strong position in key markets. This is the result of Śnieżka's long-term strategy to build brands and trust among consumers.

Modern and optimized logistics and production processes: the Company's advanced logistics and production processes ensure high operational efficiency, which translates into better customer service and faster response to market changes.

Diversified and stable supply chain: the Group's supply chain is both diversified and based on cooperation with long-term partners, which ensures security and stability of production.

Digitized processes: the Company takes advantage of digitized processes, which, owing to their scalability, can be implemented within the Group, which increases efficiency and ensures better resource management, and the solutions are gradually implemented in other companies.

Stable cash flow and debt: thanks to stable cash flow and debt management, the Group maintains strong financial foundations, which secures its future and allows it to plan further development.

High level of automation and digitization: the company's investments in process automation and digitization translate into greater efficiency and production capacity, enabling planning of optimal capital expenditures (CAPEX) in the coming years.

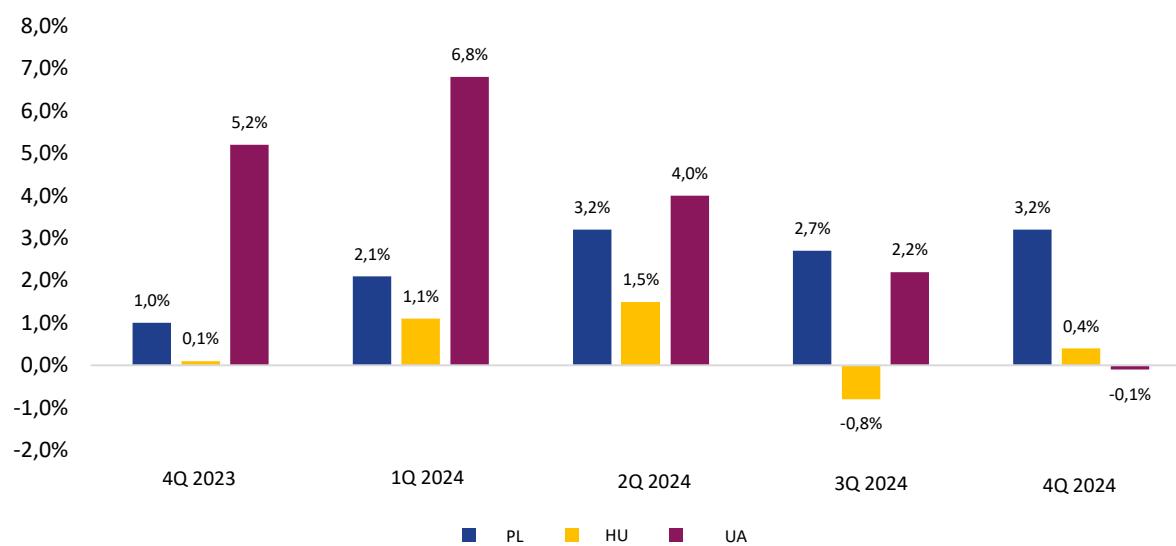
Sustainable Development Strategy: the implemented sustainable development strategy highlights the Company's commitment to climate, environmental, social and corporate governance activities, which not only strengthens its image but also builds competitive advantages.

5. MARKET AND REGULATORY AND BUSINESS ENVIRONMENT

5.1. MACROECONOMIC SITUATION

The autumn economic forecast of the European Commission (EC) highlights the slow and gradual but steady recovery from economic stagnation in European Union countries. EC analysts are cautiously optimistic about domestic demand in the coming quarters. It is the domestic consumption that is seen as the main driver of economic growth in the coming periods. The growth in domestic demand is supported by reduced inflationary pressure, rising disposable income of households and increasing employment. On the other hand, persistent effects of high inflation from recent years continue to affect the level of economic uncertainty. Combined with elevated interest rates, households continue to demonstrate an above-average propensity to save and reap the financial benefits of capital allocation. Economic growth still depends to a large extent on the European Central Bank, which has already started a cycle of easing its monetary policy, and on national central banks (including the National Bank of Poland), which develop their own policies³. According to Eurostat's flash estimate, GDP growth in 2024 in the EU as a whole amounted to 0.9% y/y⁴.

Figure 1. Annual gross domestic product dynamics for the key markets of the Group (in%)



Source: CSO, Hungarian Central Statistical Office, State Statistics Service of Ukraine.

Poland

According to preliminary estimates, the gross domestic product in 2024 recorded a real growth of 2.9%, compared to an increase of 0.1% in 2023. The preliminary estimate of GDP for Q4 of 2024 indicates a 3.2% dynamics compared to 1.0% in the same period of the previous year⁵.

Industrial production sold in 2024 increased by 0.3% compared to a decrease of 1.5% recorded in 2023⁶. Total retail sales increased by 1.0% y/y in 2024. Construction and assembly production decreased by 8.0% y/y.

The labour market still records low unemployment rates, which at the end of December 2024 amounted to 5.1%, which represents a decrease by 0.1% y/y. Concurrently, the average salary in the enterprise sector in Poland in 2024 amounted to PLN 8,265.92, which stands for a nominal increase of 11.0% compared to the previous year.

³ Source: European Commission, Autumn 2024 Economic Forecast, November 2024.

⁴ Source: Eurostat, ec.europa.eu/eurostat/web/products-euro-indicators/w/2-14022025-ap.

⁵ Source: Central Statistical Office, Flash estimate of gross domestic product for Q4 2024, February 2025

⁶ Source of data for Poland: Central Statistical Office, Socio-economic situation of the country, February 2025 – unless otherwise indicated.

In real terms (taking into account inflation), wages increased by 7.0% throughout 2024, compared to a 0.5% surge throughout 2023.

As for housing construction, a continued decline in the number of apartments completed was observed. According to CSO's data in 2024, 199.9 thousand apartments were commissioned (a decrease by 9.6% y/y). For the second year in a row, the sector is recording negative dynamics, which is a consequence of higher credit costs and difficult access to home loans. However, after the shock caused by the rise in interest rates, the market is starting to stabilise, as evidenced by the significantly higher numbers of issued building permits or notifications with a construction project (in 2024 – 290.7 thousand, which represents +20.3% y/y) and notifications of started construction sites (in 2024 – 233.8 thousand, which represents +23.7% y/y).

Throughout 2024, CPI inflation reached 3.6% y/y, and in Q4 alone it amounted to 4.8% y/y. The central NBP forecast indicates that in 2025 the inflation is to reach 5.6% on an annual basis. Price dynamics is expected to approach the inflation target (2.5% +/- 1%) in Q1 of 2026⁷.

The European Commission estimates the national GDP in 2025 at the level of 3.6% and inflation forecast is at 4.7%⁸. The International Monetary Fund expects slightly lower GDP growth of 3.5% in 2025⁹.

Hungary

The Gross Domestic Product in Hungary in 2024 increased by 0.5%. In Q4 of 2024, GDP dynamics was, according to a flash estimate, 0.4%, while in the previous quarters it reached: 1.1%, 1.5% and -0.8%, respectively.¹⁰

Between January-December 2024, the average gross salary in Hungary amounted to HUF 646,800 (approx. PLN 6,694), which represents an increase by 13.2% compared to the same period of the previous year. In real terms (taking into account inflation), wages increased by 9.2% throughout 2024, compared to a 2.9% decline in 2023. The unemployment rate in December reached 4.3%, which represents the same level as in December 2023.

Consumer prices in Hungary rose on average in 2024 by 3.7% compared to the previous year, and their increase in December was 4.6%.

In 2024 the volume of industrial production decreased by 4.0% y/y, and in December alone it fell by 5.3% compared to December 2023¹¹. The volume of construction production in 2024 went down compared to the previous year's level by 0.4%, and in December alone it decreased by 4.2% compared to December 2023. Between January-December 2024, 28.7% less apartments were commissioned than in the corresponding period of 2023, and the number of building permits for new apartments in the country fell by 4.7%.

According to the European Commission, the economic growth in Hungary may be shaped at the level of 1.8% in 2025, while inflation may amount to approx. 3.6%¹². The International Monetary Fund forecasts that Hungary's GDP will reach 2.9% in 2025¹³.

Ukraine

Despite troublesome war conditions, the Ukrainian economy has shown great resilience and continues to grow, albeit at a slower pace due to the impact of the war. According to the State Statistics Service of Ukraine (SSSU), Ukraine's GDP in 2024 is to go up by 2.9% (compared to 5.5% in 2023)¹⁴. In 2024, inflation was 6.5% (compared

⁷ Source: National Bank of Poland, Inflation and GDP projection – November 2024, February 2025.

⁸ Source: European Commission, Economic forecast for Poland, February 2025.

⁹ Source: International Monetary Fund, World Economic outlook update, February 2025.

¹⁰ Data source for Hungary: Hungarian Central Statistical Office (KSH) – unless otherwise indicated.

¹¹ Referring to data adjusted for the number of working days in December 2024, the dynamics is -6.4% y/y.

¹² Source: European Commission, Economic forecast for Hungary, February 2025.

¹³ Source: International Monetary Fund, www.imf.org/en/Countries/HUN#countrydata.

¹⁴ Source: State Statistics Service of Ukraine (SSSU), ukrstat.gov.ua/operativ/menu/menu_e/nac_r.htm, April 2025

to 12.9% in 2023). Since May 2024, CPI inflation has been rising, reaching 12% in December, driven by higher prices for raw materials, supplies and electricity, as well as wage increases in the context of a continuing shortage of workers¹⁵.

In 2024, the NBU interest rate changed four times and at the end of 2024 it amounted to 13.5%¹⁶. The devaluation of UAH at the end of 2024 amounted to 10.6%¹⁷. According to the NBU, nominal wages increased by 22% in 2024 (compared to 17.4% in 2023), and unemployment fell to 13.1% (compared to 18.2% in 2023)¹⁸.

In 2024, the Ukrainian construction market grew by 6% in monetary terms compared to 2023. The main segments of commercial real estate investments were warehouses and retail facilities. In 2024, the total area of new commercial projects increased by 65% compared to 2023. Rebuilding and securing critical infrastructure accounts for approximately 20% of the construction market. Demand in primary residential property market increased by 12% in 2024¹⁹.

The World Bank forecasts that Ukraine's economic growth is to slow to 2.0% in 2025. The forecast is based on the assumption that the war will last the entire year. The IMF predicts real GDP growth of 2.5% to 3.5%, while predicting that inflation will reach 7.5%²⁰.

Changes in the exchange rates of the Group's key currencies

In 2024, the Polish zloty strengthened against the EUR and weakened against the USD.

The data of the National Bank of Poland indicate that in 2024 the average EUR exchange rate fell to PLN 4.31, while in the previous year it was PLN 4.54. During the analysed period, the EUR/PLN exchange rate was volatile, oscillating between PLN 4.25 and PLN 4.40. The strengthening of the PLN against the EUR, calculated on the basis of the exchange rates from the end dates of the analysed period (31.12.2024 vs. 29.12.2023), amounted to 1.72%. At the end of 2024, the EUR/PLN exchange rate was PLN 4.27. The quotations featured relatively low volatility – the coefficient of variation, calculated on the basis of the standard deviation and the arithmetic mean, amounted to 0.76%.

The average USD exchange rate in 2024 fell to PLN 3.98 from PLN 4.20 in the previous year. In the analysed period the USD/PLN exchange rate ranged from PLN 3.81 to PLN 4.18. The weakening of the PLN against the USD, calculated on the basis of the exchange rates from the end dates of the analysed period, amounted to -4.22%. At the end of 2024, the USD/PLN exchange rate reached PLN 4.10, with the coefficient of variation of 1.85%.

The valuation of PLN during the reporting period was determined by both external factors - including: the war in Ukraine, the presidential election in the United States, the global increase in inflationary pressure, the interest rate policy of the leading central banks - and internal factors, including further decisions of the Monetary Policy Council on interest rates or negotiations with the European Union regarding the launch of the National Reconstruction Programme.

¹⁵ Source: National Bank of Ukraine, bank.gov.ua/admin_uploads/article/MMR_2025-01.pdf?v=9, January 2025.

¹⁶ Source: National Bank of Ukraine, bank.gov.ua/ua/news/all/natsionalniy-bank-ukrayini-pidvischiv-oblikovu-stavku-do-135, December 2024.

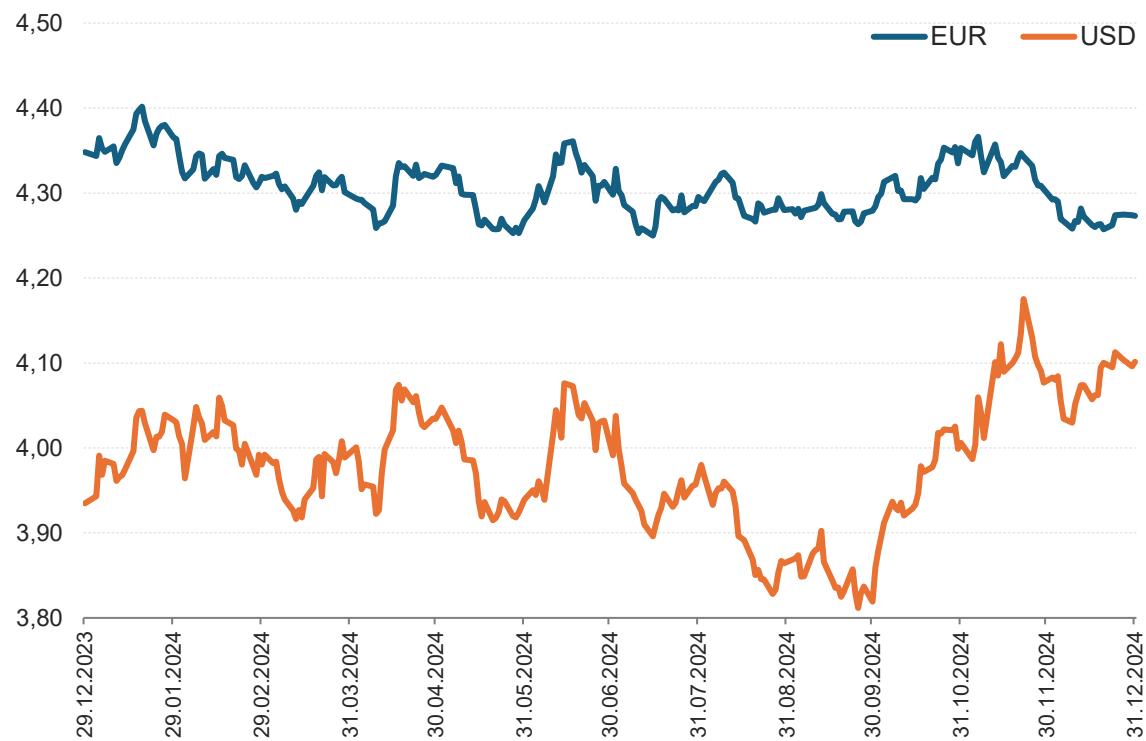
¹⁷ Source: Portal: index.mnfin.com.ua/ua/economy/index/devaluation/

¹⁸ Source: National Bank of Ukraine (NBU), Inflation report – January 2025, February 2025.

¹⁹ Source: Portal: Open for business, open4business.com.ua/tag/rauta-uk/, January 2025.

²⁰ Źródło: Portal: Minfin, minfin.com.ua/ua/2024/10/19/138128328/, październik 2024.

Figure 2. EUR and USD quotations against PLN



Source: NBP.

In 2024, the exchange rate of 100 HUF against the PLN decreased on average to PLN 1.09 from PLN 1.19 in the previous year. During this period, the 100 HUF/PLN exchange rate was volatile, oscillating from approximately PLN 1.03 to PLN 1.16. The appreciation of the PLN against the HUF calculated on the basis of the exchange rate from the end dates of the analysed period amounted to 8.26% (with the exchange rate at the end of 2024 at PLN 1.04), with the coefficient of variation of (2.40%).

Figure 3. HUF quotations against PLN

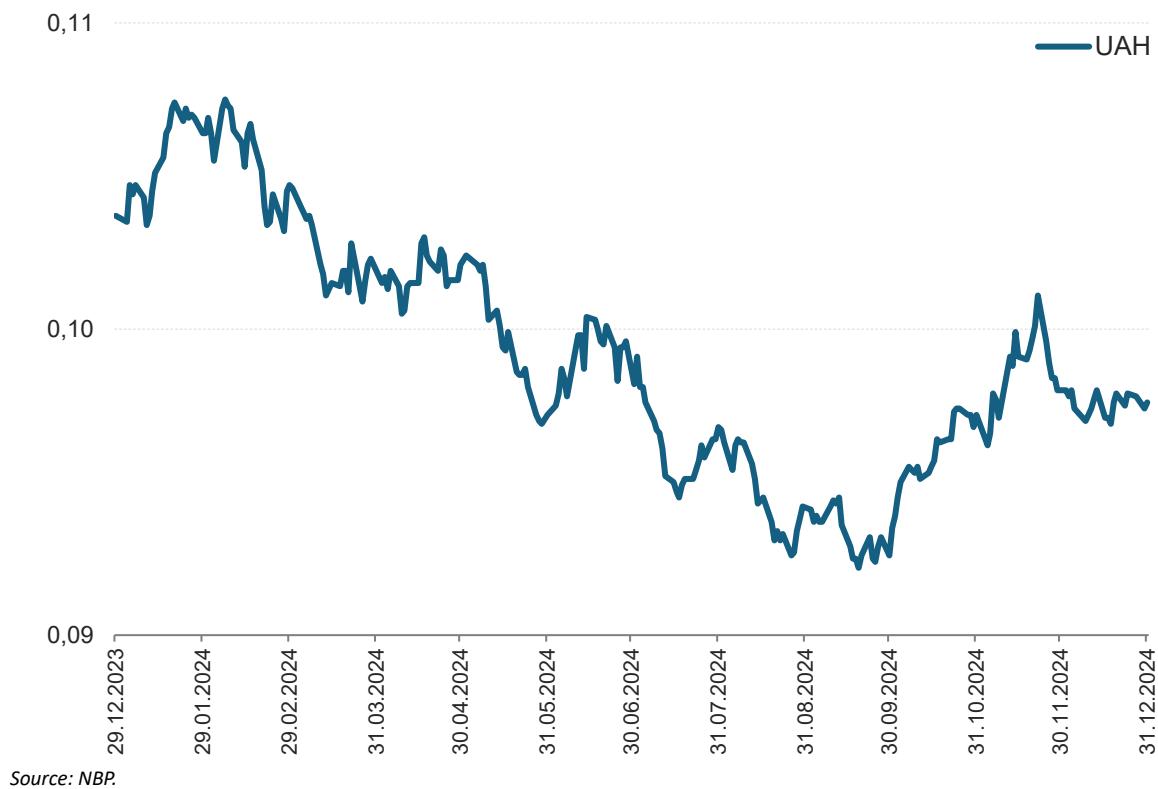


Source: NBP.

In 2022, due to the extraordinary situation on the Ukrainian market, the Group introduced a change in the rules regarding the translation of financial statements of Śnieżka-Ukraina, for which the Ukrainian hryvnia (UAH) is the functional currency. The mentioned change applied also in 2024.

The policy that the Group applies when converting items expressed in foreign currencies is described in item 2.4.6. *Translation of items expressed in foreign currencies* of the Consolidated Financial Statements of the Śnieżka Group for 2024. In the context of the above changes, the Group adopted the closing rate as at December 31, 2024, set by the National Bank of Poland at which the Group exchanges UAH for PLN, i.e. 1 UAH = PLN 0.0974. The average HUF exchange rate at which the Group converted the financial data of the Ukrainian company in 2024 weakened by over 13% compared to 2023.

Figure 4. UAH quotations against PLN



5.2. CONDITION OF THE SECTOR

The main markets where the Group operated in 2024 were as follows: Poland, Hungary and Ukraine. In the reported period, the Group's revenues generated on these three markets accounted for 95.2% of consolidated sales revenues.

During the reporting period in Poland and Hungary the industry still faced problems with rebuilding sales volumes. Nevertheless, the observed declines are lower than those recorded after 2020.

In 2024, the Ukrainian market pressed on with working in demanding war conditions. During this time, the market recorded a quantitative decline in the volume sold, with a simultaneous increase in value terms compared to 2023.

Poland

Based on the Group's internal estimates, the decorative paints market in Poland in 2024 recorded a decline in the volume sold (the lower limit of the single-digit range in percentage terms) while maintaining similar results in value terms year-on-year²¹.

The main reasons for this are the slowly recovering purchasing power of consumers in the face of persistently high interest rates and elevated inflation rates. Additionally, there are on-going social concerns about the economic and geopolitical situation, especially the war in Ukraine, and the fact that the Group's products are not necessities.

The economic situation on the Polish market of paints and agents for wood protection and decoration is also dependent on the consumer sentiment. The situation of the Polish market of paints and wood agents in 2024

²¹ Polish Association of Paint and Adhesive Producers, Results of the decorative paint industry for 2024.

was affected by still very low level of consumer confidence. The average level of the Current Consumer Confidence Indicator (BWUK)²² in 2024 was at an average level (-14.0), which remained in an upward trend in the first half of the year, only to record lower values again in the second half of the year. In January 2024, BWUK was at (-12.6), and in December this level was significantly lower (-16.7)²³. As in 2023, the Leading Indicator of Consumer Confidence (WWUK) is slightly above BWUK, which means that consumers declared greater optimism as for the next 12 months (2024: -8.7). In the second half of the year, however, the indicator was significantly weaker than the annual average, and the December reading of WWUK was -11.5²⁴.

According to the Group's internal data, similarly to previous years, over 80% of decorative paints were used primarily for renovation or refurbishment of flats²⁵, while – as estimated by the Group – the decision to purchase them was less often related to the need to finish a new flat. Consumers are looking for high-quality products with good coverage properties that can be painted efficiently.

In 2024, no changes occurred among the main players on the Polish market of paints and agents for wood protection and decoration. The entities with the largest shares on the Polish market currently include: Śnieżka Group companies, PPG Deco Polska and AkzoNobel Polska. According to the Group's estimates, their share in the total sales of decorative products in Poland is over 80% (in value terms).

Hungary

According to the Group's estimated data, in 2024 the Hungarian market of paints and agents for wood protection and decoration recorded a similar decrease in the volume sold (lower limit of the single-digit range in percentage terms) while maintaining similar results in value terms year-on-year.

In 2024, the industry encountered a number of challenges that are the aftermath of those from previous years, namely: high inflation dynamics, decline in real wages, limited access to financing, general concern about the economic situation and - partly - uncertainty caused by the war in Ukraine.

The main factors influencing the economic situation in the industry in 2024 in the Group's opinion include: slower than expected economic growth, low level of consumer confidence²⁶, gradually rising real wages and interest rates remaining at a still elevated level but gradually reduced (6.5%)²⁷.

According to the Group's data, the largest consumption of paints and wood decoration products on the Hungarian market was related to renovation works and refreshing flats and houses. Hungarian consumers, similarly to Polish ones, when choosing products pay attention to ease of painting and good coverage properties²⁸.

The year 2024 did not bring significant changes among major players operating on the Hungarian market. The largest entities operating in Hungary in the segment of paints and products for wood decoration and protection are: Poli-Farbe from the Śnieżka Group, PPG Trilak and AkzoNobel Coatings. Their total market share is estimated at approx. 75% of the entire market (in value terms).

²² The BWUK and WWUK indicators range from -100 to +100. Values above zero indicate an improvement in the economic situation, while negative values indicate a deterioration.

²³ Source: Central Statistical Office, Consumer sentiment – December 2024.

²⁴ Ibidem.

²⁵ Source: Group internal research.

²⁶ Source: Eurostat, *Consumer confidence indicator*, December 2024.

²⁷ Source: Magyar Nemzeti Bank, *Base rate history*, December 2024.

²⁸ Source: Group internal research.

Ukraine

According to the Group's estimates, 2024 was a challenging year for paint and varnish manufacturers in Ukraine and ended with a decline in sales volume (middle limit of the single-digit range in percentage terms) and a simultaneous increase in value terms (middle limit of the single-digit range in percentage terms, in local currency).

The first four months of the year saw high consumer activity. According to information obtained from the Chem-courier agency, in May the situation on the paints and varnishes market deteriorated due to a number of factors: (1) increase in the prices of basic goods and electricity; (2) UAH devaluation; (3) lower consumer purchasing power; (4) tightened regulations on military mobilization, which had a direct impact on business activities and purchasing activity²⁹. Another important factor is the operation of enterprises in a high-risk zone for missile attacks.

The biggest players in the production of decorative paints on the Ukrainian market are as follows: Śnieżka-Ukraina, Tikkurila, Meffert Hansa Farben, Henkel, ZIP, DAW, Eskaro, Feidal, Polisan, Olejníkov.

5.3. RAW MATERIALS

The year 2024 was characterized by an insignificant fluctuations in raw material prices. The price increase of raw materials and packaging in 2024 was driven by the increase in transport costs as well as costs related to labour remuneration. In addition, temporary increases in raw material prices were still influenced by the geopolitical situation, which slightly destabilizes some raw material groups and supply chains in Europe and worldwide. The euro exchange rate had a positive impact on the prices of raw materials purchased by the Group.

In 2024 no other substantial events or threats in the area of procurement took place that would have a material impact on ensuring the continuity of supplies of raw materials.

²⁹ Source: Chem-courier, *Ukrainian paint and varnish producers are dissatisfied with the start of the painting season*, June 2024.

6. DEVELOPMENT PROSPECTS

6.1. STRATEGIC GOALS



In 2024, the Management Board of FFIL Śnieżka SA implemented the strategic goals set out in the ESPI report (2/2024), focusing on both financial and non-financial aspects. During the year, the goals planned to be achieved by 2028 remained unchanged. These are:

- Financial goals:
 - Consolidated net revenue of PLN 1.1 billion,
 - EBITDA margin of 18%.
- Non-financial goals:
 - Market share in key countries for the Group (i.e. Poland, Hungary and Ukraine) of at least 20%,
 - Recognition of key brands in the Group, i.e. Śnieżka, Magnat, Poli-Farbe, Vidaron, so that they are among the first three brands indicated by consumers in recognition studies conducted on key markets for the Śnieżka Group,
 - Complying with ESG standards monitored by the renowned company EcoVadis,
 - Positive result in the survey of the Group employees using the eNPS method.

The Śnieżka Group notes that in 2024, legal, tax and administrative regulations in key operating markets remained stable, without significantly affecting the implementation of strategic goals.

6.2. KEY DEVELOPMENT DIRECTIONS

The Śnieżka Group consistently implements a long-term development strategy consisting in concentration of operations in selected countries of Central and Eastern Europe and building a leading position in the segment of decorative paints and construction chemical products in selected markets.

The goals supporting the implementation of the Group and FFIL Śnieżka SA's strategy for 2025 and subsequent years are as follows:

Further development of strong brands and product offerings in the area of decorative products and construction chemicals on major domestic markets and in exports.

As part of its goals, the Śnieżka Group is to continue to strengthen its portfolio of strong brands in the decorative product business lines, i.e. interior wall paints, enamels and wood protection and decoration products, as well as

plasters and fillers, and facade insulation systems in its key domestic markets. In Poland, the Group intends to further strengthen its position in the categories of decorative products and construction chemicals, as one of the leading manufacturers.

In 2024, the Śniežka Group experienced macroeconomic difficulties and a slowdown in consumer spending on the Hungarian market, but this will not affect the implemented strategy of strengthening its position in selected business lines in the category of decorative products and construction chemicals.

In Ukraine, the Group focuses on maintaining its current shares and positions in key product categories in both the decorative products and construction chemicals markets and at the same time the Group plans to develop its product offering in current and new areas.

As part of further strengthening the position of the Group brands on export markets, Śniežka is to actively develop its presence in carefully selected geographical areas featuring the greatest potential.

Development of the offer in current sales channels and offering direct cooperation to B2B customers

In 2024, the Śniežka Group enabled selected B2B partners – trading and service companies serving contractors and B2C customers at the local level – to directly purchase a range of decorative products from Śniežka Trade of Colours. The implementation went in accordance with the set goals. Thus, Śniežka Trade of Colours sells decorative products to both B2B customers conducting wholesale and retail activities. The Śniežka Group has completed the test implementation of the store-in-store concept in Poland, supporting the development of the Foveo-Tech brand in the insulation systems segment. In response to customer needs, the direct sales model was restored to retail outlets serving both professional customers and consumers.

Further active work in the ESG area

The goals supporting the implementation of the business strategy of the Group and FFiL Śniežka SA for 2025 and beyond include, *inter alia*, further active work in the ESG area. In 2025, the Group is to continue to implement *Sustainable Development Strategy* defined for Śniežka SA and Śniežka ToC.

The ESG goals that are still to be implemented in 2025 include those related to the SLL financing (which Śniežka obtained in 2023): development of low environmental impact products, transformation towards green energy and reduction of GHG emissions.

The provisions of the *Sustainable Development Strategy* are presented in a multi-year perspective and relate it to the Group's business model. A review of the strategy is planned for 2025-2026, and its updated version will cover the remaining companies in the Group.

The Group's commitment to sustainable development is described in the following section: *Sustainability Reporting*.

6.3. FACTORS AFFECTING THE DEVELOPMENT AND PERFORMANCE

The performance of the Śniežka Group in the perspective of 2025 (similarly to 2024) will be influenced primarily by the performance of FFiL Śniežka SA (parent company) and Śniežka Trade of Colours Sp. z o.o.

In addition, due to the significant share in the Group's consolidated revenues and profits, the performance of selected subsidiaries operating on key foreign markets will be of crucial importance, particularly Poli-Farbe Vegyipari Kft. (Hungary) and Śniežka-Ukraina Sp. z o.o. (Ukraine).

The Company's Management Board estimates that the main external factors that will affect the performance of the Group and individual companies in the coming quarters will be:

1. Demand for the Group's products and possible changes in consumer behaviour

The Śnieżka Group monitors consumer sentiment, financial condition of consumers and their purchasing intentions in the product categories most important for the Group in its key markets (Poland and Hungary).

Demand in the coming months will be affected by weakened consumer sentiment, stagnation in purchasing power, a greater propensity to save and a temporary reduction in large expenditures resulting from the NBP monetary policy. This largely comes down to maintaining high interest rates and limiting lending, thus reducing the amount of money on the market. As analysed by the Central Statistical Office, the average annual consumer sentiment in Poland - aggregated in the current consumer confidence indicator (BWUK) - in 2024 was at a negative level (-14.0), although the average annual indicator was the highest in recent years (since 2019). However, during the year BWUK did not demonstrate a large amplitude of results. The Leading Indicator of Consumer Confidence (WWUK), describing the expected trends in individual consumption in the next 12 months, recorded deteriorating results (Q1 2024: -4.8; Q4 2024: -11.6)³⁰.

In the reporting period, the Group observed a decrease in demand for decorative products on the Polish market, which is responsible for over 2/3 of its sales revenues. On the Hungarian market, sales volumes also remain in a downward trend. In Ukraine, after a rebound in 2023, demand returned to a downward trend in 2024. According to the Group's estimates, the market decreased in volume by approximately 1/3 compared to the results recorded before the outbreak of the war in Ukraine.

The group analyses the impact of global factors (e.g. the effects of the war in Ukraine) and local factors (e.g. inflation and changes in wages) on the GDP indicator in individual countries, with which the condition of the decorative paints industry is correlated. A permanent element of the analyses is the monitoring of the situation in this sector on key markets, which makes it possible to predict changes in consumer attitudes, as well as to adapt the offer and marketing and sales activities to volatile conditions.

2. Armed conflict on the territory of Ukraine

Military operations in the territory of Ukraine had a negative impact on the Group's operations and performance on the Ukrainian market.

According to the Group's knowledge at the time of the publication of this report, the property of Śnieżka-Ukraina is not endangered (its production plant is located in Yavoriv, Lviv region). At the moment, there are no premises that would indicate the loss of the ability to continue business operations in Ukraine. However, the possible escalation of the conflict may also have a negative impact on renovation works and, consequently, on the demand for the Company's products.

The on-going warfare in Ukraine may have an essential effect on the future performance of Śnieżka-Ukraina and, as a result, the entire Capital Group. The industry's results in 2024 deteriorated year-on-year, giving a signal that a return to the volumes sold before the war may not be easy to achieve in the short term. At the same time, due to external factors and the current market environment, the Management Board of the Company is currently unable to estimate the impact of the war on the future performance of the Group on the said market.

The Śnieżka Group monitors the conditions in Ukraine on a regular basis and adapts its activities and plans to the current situation. It also continues to monitor its core markets, constantly verifying, *inter alia*, the impact of the armed conflict in Ukraine on the condition of economies, the sentiment and financial condition of consumers or their purchasing plans.

As at December 31, 2024, the Group performed an impairment test for assets located in Ukraine. The test result showed no impairment. Details regarding the methodology and assumptions for the test are presented in note 2.2.7 Asset impairment of the Consolidated Financial Statements of the Śnieżka Group for 2024.

³⁰ Source: Central Statistical Office, Consumer sentiment – January 2025, February 2025.

The exposure to risk of assets held in Ukraine as at December 31, 2024 is as follows:

Table 2 The exposure to risk of assets held in Ukraine as at December 31, 2024

Data in PLN '000	Balance sheet as at 31.12.2024
Tangible fixed assets	18 949
Inventory	8 249
Short-term receivables	4 706
Cash	17 746
Other assets	524
Total assets	50 174
Net assets (Equity)	46 849

3. The situation in global trade and its impact on the pace of economic growth

The reading from the Goods Trade Barometer of the World Trade Organization (WTO) in October 2024 was 102.7 points (noting a symbolic level lower than the September reading of 103 points)³¹. According to its October forecasts, the WTO assesses the outlook for trade in 2025 as uncertain, pointing to economic uncertainty and growing geopolitical tensions that could translate into changes in global trade policy. Global merchandise trade began to recover in the first half of 2024, rising 2.3% year-on-year, which is expected to be followed by further moderate expansion in the rest of the year and in 2025. This rebound follows a -1.1% contraction in 2023, driven by high inflation and rising interest rates. Global real GDP growth at market rates is expected to remain stable at 2.7% in 2024 and 2025.

The global trade situation translates into trade on the key markets the Group operates on - and, as a result, also on the condition of the economies of the countries that constitute the core sales markets for the Group's products. The paint and wood products industry as well as the scale of consumption of renovation and construction products are correlated with the level and dynamics of GDP. This is particularly essential in the case of Poland (the key market of the Group from the perspective of the sales revenues generated), where private consumption remains one of the main driving forces of the economy.

4. Changes in the prices of raw materials and packaging and their availability

The situation on the raw materials and packaging market is stable, however, due to the current economic and political situation in Europe and the world, including the on-going war in Ukraine, the Management Board of the Company cannot rule out an increase in the prices of raw materials, packaging and other goods.. Determining the level of prices of key raw materials used in production may be subject to a significant error. At the same time, restrictions in access to raw materials intensified work on the search for other substitutes for raw materials necessary for the production of paint and varnish products.

The Company also monitors the changes to the European Union regulations on an on-going basis, describe later in this chapter, and takes appropriate steps to adapt to them. At present, the Company does not anticipate any events related to the purchase of raw materials that could jeopardize its proper functioning.

5. Changes in currency exchange rates

The Group's bottom-line may be significantly affected by changes in currency exchange rates, in particular: EUR/USD, EUR/PLN, HUF/PLN and UAH/PLN. The greatest current currency risk for the Śnieżka Group is related

³¹ Source: World Trade Organization (WTO), *WTO goods trade barometers* – October 2024, February 2025.

to the strengthening of the EUR/PLN exchange rate, which may increase the cost of purchasing raw materials used for production.

6. Increase in energy prices affecting production costs

The situation on the energy and gas price market is stabilizing. It should be emphasized that the Company has low energy consumption and has secured electricity for 2025 in Poland, which allows for better cost forecasting in this area. In the current macroeconomic and geopolitical environment, a strong cost pressure sustains as regards energy prices, which affects the increased production costs. The company's production plant in Ukraine has a photovoltaic system that covers up to 20% of energy demand. In turn, the photovoltaic system launched in September 2024 at the Hungarian plant is to cover approximately 30% of the annual energy demand.

In Poland, preparations are underway to install further systems, the construction of which is, *inter alia*, dependent on obtaining appropriate funding. Thanks to these investments, the impact of energy costs on the Group's performance will be gradually reduced. These activities are part of *Śnieżka Sustainable Development Strategy*.

7. Regulatory environment

The regulatory environment for the Śnieżka Group includes laws and regulations that influence the way business is conducted and define obligations and responsibilities in various areas. Śnieżka constantly monitors legal changes that apply to it.

Below are presented which of the regulations mentioned above affect the operation of the Śnieżka Group:

Environmental regulations: The Śnieżka Group, as a manufacturer of paints and varnishes, is subject to environmental protection regulations, including emissions of harmful substances into the atmosphere, waste management, water consumption and principles of conducting business in nature protection areas. The introduction of new environmental regulations may require adjustment of production processes, increased investment in cleaning and environmental protection technologies, and changes in the procurement policy of raw materials and packaging.

National regulations on key markets: The Śnieżka Group operates on many domestic and foreign markets, therefore national regulations on these markets may have a material impact on its operations. This applies to both the markets where Śnieżka Group companies are located and sales markets (e.g. Poland, EU countries). The regulations in question may cover various areas such as trade, taxes, consumer protection, antitrust laws, etc.

Regulations regarding suppliers and raw materials: The Śnieżka Group cooperates with a diversified group of suppliers, and in the production of paints and varnishes it takes advantage of a wide selection of raw materials, monitoring published regulations and adapting its formulations to existing and future legal requirements. Further changes in regulations regarding the availability, price, quality and sustainable use of raw materials may have a material impact on the operations of the Śnieżka Group. This may include the introduction of new restrictions on chemicals, changes in raw material prices, and the need to vet suppliers to ensure they meet new regulatory requirements. All these changes require the Śnieżka Group to adapt to new legal requirements, which leads to greater organizational effort.

The European Union regulations on paints and varnishes: The Śnieżka Group is subject to complex and increasingly restrictive legal regulations of the European Union. For example, legal regulations are becoming more and more stringent regarding the content of biocides allowed in paints, as well as other substances used in production that pose health and environmental hazards. The greater emphasis is placed on the use of natural components in paints, which on the one hand are responsible for the safety of the product, but on the other hand shorten its shelf life. Adaptation works ensuring compliance with European Union requirements therefore focus on ensuring that pro-ecological properties are accompanied by equally high durability and quality of products.

The Group constantly monitors legal changes that may affect production and implements measures to dynamically accommodate the technological process to these changes. Currently amended legal acts that require attention in the near future are Regulation No. 1272/2008 of the European Parliament and of the Council on the classification, labelling and packaging of substances and mixtures (the so-called CLP Regulation) together with amending regulations (the so-called ATP), related to classification of products and their appropriate labelling, depending on the content of biocidal substances in the final product.

8. Actions to prevent climate change

In the coming years, the situation on the market of construction chemicals, including paints and agents for wood protection and decoration, may also be influenced by actions aimed at stopping unfavourable climate change, including regulatory and stimulating actions as part of the implementation of the Paris Agreement and the EU strategy *European Green Deal*.

The Group does not conduct high-emission activities, and the paint and varnish production is low-energy-consuming.

However, a certain part of the entire value chain is high-emission activity (e.g. production of packaging based on petroleum products and extraction or production of certain raw materials used by the Group) and it cannot be ruled out that future regulations on reducing emissions and energy consumption of production plants located in the European Union will affect the business model and the Group's results.

The Śnieżka Group is aware of the importance of issues related to climate change. As part of the *Śnieżka Sustainable Development Strategy*, it has committed to managing and reducing GHG emissions, increasing energy efficiency and using green energy on a larger scale. The goals adopted and actions implemented are in line with the assumptions of the climate change mitigation transition plan. FFiL Śnieżka SA and Śnieżka ToC have committed to reducing their Scope 1 and 2 GHG emissions by 50% by 2025. Scope 3 targets have not been set yet, but their determination in the medium to long term is planned for the coming years. The Group commits to preparing such a transition plan and setting targets consistent with limiting global warming to 1.5°C, which will be in line with the requirements of the Paris Agreement, by the end of 2026.

6.4. DEVELOPMENT PLANS

The development plans of the Śnieżka Group are largely determined based on the strategic goals published in the report for 2023, both financial and non-financial. The Company's Management Board is convinced that only full concentration on the chosen direction will ensure the Group's growth and achievement of the intended goals. In the context of the set financial and non-financial goals, it will be essential to maintain and expand market shares in the main markets both in Central and Eastern European countries and in non-European areas. Śnieżka intends to achieve this goal by strengthening its brands among consumers and professional customers, what is more, the recognition of these key brands and their success is one of the pillars of the adopted strategy.

The Śnieżka Group still recognizes risks arising from the instability of the geopolitical situation in the region and on the markets in which it conducts its operations - these risks are subject to an on-going monitoring.

The Śnieżka Group consistently follows the previously chosen path of brand and product development. By addressing the needs of its B2B customers and adapting the method of service to those needs. Due to digitalization and changes in the customer purchasing process, the Śnieżka Group strives to address the needs of its customers more comprehensively and faster, using consistently implemented key changes and investments. As far as the development of the Śnieżka Group is concerned, it will also be crucial to constantly monitor consumer sentiments and attitudes, analyse the macroeconomic situation and the condition of the sector of paint, wood care and protection agents as well as other products on key markets for the Group. Consequently, it will be possible to foresee changes in consumer attitudes and to accommodate the offer to the

changing competitive conditions in individual countries. The flexibility of the business is also a challenge, which allows to quickly and effectively adapt to the volatile reality.

The parent company runs development activities in the field of ESG in order to more comprehensively address the environmental, social and governance challenges of today's reality, while measuring its results and setting itself the goal of increasing the EcoVadis organization's score.

Development plans of the Group in Poland

On the Polish market, the Śnieżka Group is to continue to develop its presence in the two largest sales channels:

- on the independent market,
- on the market of DIY stores.

In the independent market channel, the Śnieżka Group conducts and develops direct cooperation with large clients specializing in wholesale activities and with independent retail outlets that are engaged in local commercial activities. Thanks to such activities, the Śnieżka Group provides a broader offer and a more complete range of products to the end customer, i.e. contractors, investors and consumers.

As for the DIY supermarket channel, the Group notices and addresses consumer trends, adapting the offer and living up to the expectations of its customers.

Development plans of the Group in Hungary

The Śnieżka Group is to further actively develop its product offer on the Hungarian market in the following two sales channels:

- on the independent market,
- on the market of DIY stores and on other retail chains.

Poli-Farbe - by building the presence of brands and products - will continue its strategy of active development of cooperation with stores it serves directly and with distributors conducting wholesale activities.

The Hungarian market features trends similar to those in Poland regarding consumer behaviour and their approach to shopping. The Śnieżka Group plans to actively address these observations and on-going changes, both at the level of the product offer and in the context of changing customer purchasing preferences and methods of searching for information about products.

Development plans of the Group in Ukraine

Still, a significant factor that may have an impact on the strategic plans of the Group is the geopolitical situation in Eastern Europe. The Śnieżka Group is to take specific actions to develop its product portfolio and increase brand recognition among Ukrainian consumers.

Recognizing the potential and development of specific product categories, the Group plans product implementations in both the independent and modern channels.

Development plans of the Group on other export markets

The Śnieżka Group, owing to recognizing the potential of export markets, will actively acquire customers from markets other than those mentioned above. Śnieżka intends to take advantage of this potential through a carefully selected product portfolio, tailored to consumers' needs in selected markets, in liaison with partners with the highest operational competences and potential in a given market.

In the coming year, the Śnieżka Group plans to concentrate on Central European countries. Key factors such as the economic situation, similarity of consumer trends to the home market and business stability indicate the need for increased engagement in this region.

7. THE GROUP ACTIVITIES

7.1. SALES VOLUMES

In 2024, the Śnieżka Group generated sales revenues of PLN 798,440 thousand, i.e. 6.9% lower than in 2023, recording sales declines in all key markets. The Polish market was the least affected i.e. 2.4%. The Hungarian and Ukrainian markets recorded declines in revenues in the Group's currency by 19.8% and 8.9%, respectively. It is worth noting that in local currency the company operating in Ukraine recorded a 5.2% increase in revenues, and the weak result in the Group's currency is the aftermath of the weakening of the local currency.

The Group's performance in 2024 was also significantly affected by the unstable geopolitical environment, including the pending armed conflict in Ukraine and its effects on the entire region of Central and Eastern Europe, where the Group's key markets are located. Additionally, high interest rates and consumers' greater propensity to save limited demand dynamics. The above factors had a significant impact on the Group's financial bottom line last year. Despite the gradually increasing purchasing power of consumers in 2024, the economic situation of the industry in which the Group operates remains weak.

In 2024, the demand in the industry was influenced by the trend of consumers buying higher quality products, observed mainly in Poland. Despite the difficult economic environment, in 2024 the Group increased its share in the Polish market, which dominates the Group's revenues, and in the Ukrainian market.

The sales volumes in the period January-December 2024 on the main markets (and the most important factors that contributed to them) are as follows:

- **Poland** (72.2% share in the revenue structure, +3.3% y/y)

Sales revenues generated by the Group on the Polish market amounted to PLN 576,814 thousand and thus were lower by 2.4% (PLN 14,276 thousand) compared to the previous year.

According to the Group's own data, this performance is better than the performance of the entire decorative products market (home decoration items), which allowed the Group to increase its market share in Poland.

The decline in sales volume in 2024 in Poland resulted primarily from the changes in the distribution model on the independent market (this effect was mainly visible in Q1 of 2024) as well as the weaker economic situation in the industry in the reporting period.

- **Hungary** (12.9% share in the revenue structure, -2.0% y/y)

In Hungary, the Group's sales revenues amounted to PLN 102,807 thousand and were by 19.8% (i.e. by PLN 25,346 thousand) lower than in 2023. Around half of this decline is followed by the weakening of the HUF currency. Lower revenues on the Hungarian market are the result of persistent unfavourable macroeconomic and geopolitical conditions affecting consumer sentiment and the economic situation in the industry, in which the Group operates. The decline in revenues in local currency on the Hungarian market amounted to 12% year-on-year. According to the Group's own data, this result is weaker than the result of the entire market of decorative paints and agents for wood protection and decoration, which contributed to a decline in the Group's market share.

▪ **Ukraine** (10.1% share in the revenue structure, -0.2% y/y)

In Ukraine, the Group generated revenues in the amount of PLN 80,595 thousand, i.e. lower by 8.9% (PLN 7,844 thousand) compared to 2023. After a satisfactory the H1 of 2024, consumer demand for paints and varnishes weakened in the middle of the Q2 of 2024. The Management Board of the Company indicates that the circumstances on the Ukrainian market remain uncertain and demanding.

On other markets ("Other" segment), the Group generated sales revenues of PLN 38,224 thousand, i.e. by 23.7% (PLN 11,867 thousand) lower than the year before. The share of other markets in the revenue structure amounted to 4.8%, (-1% y/y). In total, the Group's revenues generated in 2024 on foreign markets accounted for 27.8% of its total revenues.

In the reporting period ended as at December 31, 2024 no changes in the presentation of the Group's operating segments occurred.

Table 3 Sales revenues of the Śnieżka Group by countries in PLN '000

	for the period of 12 months ended as at 31 December 2024	Structure	for the period of 12 months ended as at 31 December 2023	Change (y/y)
Poland	576 814	72.2%	591 090	-2.4%
Hungary	102 807	12.9%	128 153	-19.8%
Ukraine	80 595	10.1%	88 439	-8.9%
Other	38 224	4.8%	50 091	-23.7%
Total sales	798 440	100.0%	857 773	-6.9%

The Group's sales structure is dominated by decorative products. In 2024, the Group generated revenues from their sales in the amount of PLN 662,026 thousand - i.e. 4.7% (PLN 32,633 thousand) lower than the year before. Decorative products accounted for 82.9% of the Group's total sales revenues. Construction chemicals featured the second highest share i.e. 10.9% (PLN 86,943 thousand) in the sales structure. This category recorded a lower result by 15.4% (PLN 15,860 thousand) compared to 2023.

Table 4. Sales revenues of the Śnieżka Group by product categories (in PLN '000)

	For the period of 12 months ended as at 31 December 2024	Structure	the period of 12 months ended as at 31 December 2023	Change (y/y)
Decorative products	662 026	82.9%	694 659	-4.7%
Construction chemicals	86 943	10.9%	102 803	-15.4%
Industrial products	6 583	0.8%	7 485	-12.1%
Goods	34 023	4.3%	38 833	-12.4%
Other revenues	5 932	0.7%	7 661	-22.6%
Materials	2 933	0.4%	6 332	-53.7%
Total sales	798 440	100.0%	857 773	-6.9%

In terms of volume, the sales of the Group's products in 2024 amounted to 102.1 million l/kg and was lower by 10.2% compared to 2023.

For several years now, the industry has been facing a sharp decline in sales volumes and a simultaneous increase in prices. In the reporting period, the Group sold 60.247 million l/kg of decorative products (-10.4% y/y), 41.671 million l/kg of construction chemicals (-9.9% y/y) and 0.194 million l/kg of other industrial products (-10.6% y/y). The sale of goods, materials and services in terms of quantity is not disclosed due to the variety of measurement units used (tons, litres, pcs.) and the fact that it is not the main object of the Group's business.

Table 5 Product sales structure in the Śnieżka Group by categories in thousand litres / kilograms.

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023	% change (y/y)
Decorative products	60 246,6	67 235,8	-10.4%
Construction chemicals	41 671,0	46 269,9	-9.9%
Industrial products	194.1	PLN 217.1	-10.6%
Total sales	102 111,7	113 722,8	-10.2%

FFIL ŚNIEŻKA SA

Śnieżka SA generates revenues primarily from:

- the sale of products and goods (based on agreed transfer prices) to Śnieżka Trade from Colours Sp. z o.o., responsible in the Group for marketing and sales to customers and other Group companies;
- dividends received from subsidiaries.

Additional revenues, constituting a small share of the total, are generated by FFIL Śnieżka SA from the sale of raw materials for production and services rendered in favour of its subsidiaries.

In 2024 FFIL ŚNIEŻKA SA generated sales revenues in the amount of PLN 521,665 thousand, i.e. 8.3% (PLN 47,071 thousand) lower than in 2023. The predominant share in the Company's total revenues in the reporting period was the sale of products and goods to Śnieżka ToC, recognized in the "Poland" segment. This segment accounts for 96.5% of the Company's sales structure. Compared to the previous year, sales in this segment decreased by 9.3%, i.e. by PLN 51,701 thousand.

In addition, in the reporting period FFIL Śnieżka SA also generated revenues of PLN 18,369 thousand - mainly from the sale of materials (raw materials) to its subsidiaries located in Hungary and Ukraine. The Company's revenues from sales to foreign markets (segments: "Hungary", "Ukraine" and "Other") accounted for 3.5% of its total revenues.

Table 6 Sales revenues of the FFIL ŚNIEŻKA SA by countries in PLN '000

	the period of 12 months ended as at 31 December 2024	Structure	the period of 12 months ended as at 31 December 2023	Change (y/y)
Poland	503 296	96.5%	554 997	-9.3%
Hungary	945	0.2%	1 565	-39.6%
Ukraine	16 168	3.1%	11 678	38.4%
Other	1 256	0.2%	496	153.7%
Total sales	521 665	100.0%	568 736	-8.3%

In the breakdown by product categories, the Company's sales structure - as in the case of the entire Group - was dominated by decorative products, whose share in revenues amounted to 78.0% (-8.9% r/r). The next places in the sales structure were taken by: construction chemicals (4.7%), goods (6%) and other revenues (7.7%) respectively.

Table 7 Sales revenues of the FFIL ŚNIEŻKA SA by product categories in PLN '000

	the period of 12 months ended as at 31 December 2024	Structure	for the period of 12 months ended as at 31 December 2023	Change (y/y)
Decorative products	406 852	78.0%	446 575	-8.9%
Construction chemicals	24 402	4.7%	34 579	-29.4%
Industrial products	193	0.0%	183	5.2%
Goods	31 203	6.0%	33 434	-6.7%
Other revenues	40 210	7.7%	34 886	15.3%
Materials	18 805	3.6%	19 079	-1.4%
Total sales	521 665	100.0%	568 736	-8.3%

In quantitative terms, the sale of the Company's products in 2024 amounted to 51.713 million l/kg and was by 12.1% lower than in the previous year. In the reporting period, the Company sold 42.079 million l/kg of decorative products (-8.5% y/y), 9.626 million l/kg of construction chemicals (-24.9% y/y) and 0.735 million l/kg of other industrial products. The sale of goods, materials and services in terms of quantity is not disclosed due to the variety of measurement units used (tons, litres, pcs.) and the fact that it is not the main object of the Company's business.

Table 8 Product sales structure in FFIL Śnieżka SA by categories in thousand litres / kilograms.

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023	% change (y/y)
Decorative products	42 079,3	45 995,5	-8.5%
Construction chemicals	9 626,5	12 819,5	-24.9%
Industrial products	7,3	6,2	17.9%
Total sales	51 713,1	58 821,2	-12.1%

7.2. FINANCIAL STANDING

The Śnieżka Group

The level of the Group's balance sheet values is influenced by the phenomenon of seasonality related to the volatile intensity of renovation and construction works in particular periods of the year (described in more detail in item 7.6 of the Report).

Table 9 The Śnieżka Group's assets

Group's assets	31.12.2024	31.12.2023	Change (y/y)
Fixed assets, including:	549 190	564 088	-2.6%
- Tangible fixed assets	484 093	492 172	-1.6%
- other fixed assets	65 097	71 916	-9.5%
Current assets, including:	235 273	254 698	-7.6%
- Inventory	100 345	116 169	-13.6%
- Trade and other receivables	65 463	58 760	11.4%
- Cash and cash equivalents	55 623	65 665	-15.3%
- other current assets	13 842	14 104	-1.9%
Non-current assets classified as held for sale	834	-	0.0%
Total	785 297	818 786	-4.1%

As at 31 December 2024, the value of assets of the Śnieżka Group amounted to PLN 785,297 thousand, which accounts for a decrease by 4.1% (by PLN 33,489 thousand y/y) compared to the end of December 2023.

The value of the Group's fixed assets (representing 69.9% of its total assets) decreased by 2.6% over the year to PLN 549,190 thousand. The value of the Group's current assets reached PLN 235,273 thousand, which represents a decrease by -7.6% compared to December 31, 2023. The main part of the Group's current assets were inventories valued at PLN 100,345 thousand. Their value compared to the end of the previous year decreased by a total of 13.6%. The second largest item was trade receivables and other receivables worth PLN 65,463 thousand, i.e. by 11.4% higher than the year before. In addition, as at December 31, 2024, the Group held PLN 55,623 thousand cash (a decrease by -15.3% y/y).

Table 10. The Śnieżka Group's liabilities

Group's liabilities	31.12.2024	31.12.2023	Change (y/y)
Total equity, including:	394 990	374 144	5.6%
- Equity (attributable to the shareholders of the parent company)	372 231	347 799	7.3%
- Equity of non-controlling interests	21 759	26 345	-17.4%
Total liabilities	390 307	444 642	-12.2%
Long-term liabilities	210 520	223 545	-5.8%
Short-term liabilities, including:	179 787	221 097	-18.7%
- Trade and other liabilities	74 888	101 448	-26.2%
- Short-term liabilities on loans and borrowings	68 924	77 775	-11.4%
- Other short-term liabilities	35 975	41 874	-14.1%
Total	785 297	818 786	-4.1%

As at 31 December 2024, the Group had equity in the amount of PLN 394,990 thousand, i.e. higher by 5.6% than by the end of December 2023. At the same time, its level of external debt decreased. Consequently, the Group financed its operations from its own resources at 50.3%, which represents an increase of this ratio by 4.6% over the year.

At the end of the reporting period, the Group's long-term liabilities amounted to PLN 210,520 thousand, which account for a 5.8% fall (PLN 13,025 thousand y/y). Liabilities due after twelve months from the balance sheet date accounted for 26.8% of the balance sheet total.

The Group's short-term liabilities amounted to PLN 179,787 thousand, lower by 18.7% y/y and accounted for 22.9% of the balance sheet total. Their decline is primarily due to the decrease in the level of trade and other liabilities and a reduction in the current portion of interest-bearing loans.

Compared to the end of December 2023, the Group's trade and other liabilities decreased by 26.2% (a fall by PLN 26,560 thousand y/y).

Put and call options

The Group's balance sheet includes a put option, i.e. a liability under the option to purchase shares of Poli-Farbe Vegyipari Kft. held by a minority shareholder. It reduces the Group's equity. The essence of this option is that Lampo Kft. – the other shareholder of Poli-Farbe Vegyipari Kft. – has the right to sell (put option), and FFiL Śnieżka is obliged to purchase the remaining 20% of shares in this company. Details are described in note 2.2.4 *Put option for the acquisition of the remaining 20% shares in PoliFarbe of the Consolidated Financial Statements of the Śnieżka Group for 2024*. Whereas the call option entitles the Company, in special circumstances, to acquire the remaining 20% of shares.

Fabryka Farb i Lakierów Śnieżka SA

Similarly as in the case of the Group, the level of balance sheet values of FFiL Śnieżka SA is affected by seasonality.

Table 11. FFiL ŚNIEŻKA SA's assets

Company's assets	31.12.2024	31.12.2023	Change (y/y)
Fixed assets, including:	646 710	657 287	-1.6%
- Tangible fixed assets	415 519	423 732	-1.9%
- Shares and stocks in other entities	201 002	201 476	-0.2%
- other fixed assets	30 189	32 079	-5.9%
Current assets, including:	142 361	175 380	-18.8%
- Inventory	78 611	88 071	-10.7%
- Trade and other receivables	50 346	72 617	-30.7%
- Cash and cash equivalents	999	745	34.1%
- other current assets	12 405	13 947	-11.1%
Total	789 071	832 667	-5.2%

As at 31 December 2024, the Company's assets amounted to PLN 789,071 thousand, which accounts for a decrease by 5.2% (by PLN 43,596 thousand).

The value of the Company's fixed assets (representing 82.0% of its total assets) decreased by 1.6% during the year to PLN 646,710 thousand. The greatest contributor to this was the decline in other fixed assets by PLN 8,213 thousand (1.9% y/y).

The value of the Company's current assets amounted to PLN 142,361 thousand, i.e. it was by 18.8% lower than on December 31, 2023. The core assets were inventories, which were by 10.7% lower than in the previous year, valued at PLN 78,611 thousand. The drop in inventories is partly the aftermath of the supply chain management optimization process., including: launching a logistics centre and investing in the digitization of the supply chain. The second largest current assets were trade and other receivables (PLN 50,346 thousand), which fell by 30.7% compared to the end of 2023.

At the end of December 2024, the Company had PLN 999 thousand cash and cash equivalents (an increase by 34.1% y/y) and PLN 12,405 thousand of other current assets in the form of income tax receivables.

Table 12. FFIL ŚNIEŻKA SA's liabilities

Company's liabilities	31.12.2024	31.12.2023	Change (y/y)
Equity	290 946	266 850	9.0%
Total liabilities	498 125	565 817	-12.0%
Long-term liabilities, including:	390 759	415 378	-5.9%
- Long-term interest-bearing loans and borrowings	374 413	402 239	-6.9%
- Other long-term liabilities	16 346	13 139	24.4%
Short-term liabilities, including:	107 366	150 439	-28.6%
- Trade and other liabilities	51 442	63 491	-19.0%
- Current portion of interest-bearing loans and borrowings	47 457	75 417	-37.1%
- Other short-term liabilities	8 467	11 531	-26.6%
Total	789 071	832 667	-5.2%

As at December 31, 2024, FFIL Śnieżka SA financed its activities in 36.9% from its own funds, which represents a surge of this ratio by 4.8% compared to 2023. This is the result of a reducing the level of external financing.

At the end of the reporting period, the long-term liabilities of the Company amounted to PLN 390,759 thousand (a decrease by PLN 24,619 thousand y/y) and accounted for 49.5% of the balance sheet total. The Company's short-term liabilities, however, decreased by 28.6% (PLN 43,073 thousand). The leading impact on this balance sheet item was primarily due to the decline in the Company's current credit and loan liabilities by PLN 27,960 thousand y/y (to PLN 47,457 thousand). As at the balance sheet date, the Company's trade liabilities decreased by 19.0% (by PLN 12,049 thousand y/y).

As part of the liabilities presented in the report, the Company had loans from its subsidiaries - Śnieżka Trade of Colours sp. z o.o., Radomska Fabryka Farb i Lakierów SA, which is an element of optimal liquidity management within the Group.

As at 31 December 2024, the total value of the loans in question amounted to PLN 210,414 thousand, including (in PLN '000):

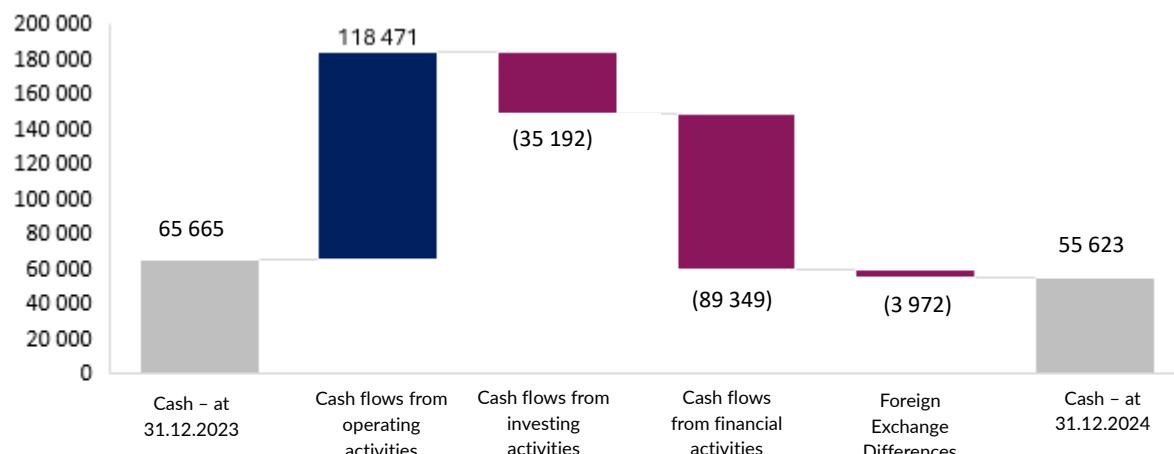
Entity	Long-term items	Short-term items
Śnieżka Trade of Colours	201 381	986
Radomska Fabryka Farb i Lakierów	8 000	47

7.3. CASH FLOWS

The Śnieżka Group

In 2024, the Group generated negative cash flows of PLN 10,042 thousand (after adjustment for exchange rate differences from the translation of foreign units) against also positive cash flows in the amount of PLN 45,749 thousand a year earlier.

Figure 5. The Group's cash flows in 2024 (in PLN '000)



At the end of the reporting period, cash and cash equivalents of the Group amounted to PLN 55,623 thousand.

This performance was affected by:

positive cash flows from operating activities in the amount of PLN 118,471 thousand.

Their amount was positively influenced primarily by the gross profit generated by the Group in the amount of PLN 87,342 thousand and adjustments made in the amount of PLN 47,510 thousand - including interest costs of PLN 20,230 thousand. While, the income tax paid reduced cash flows from operating activities (PLN 16,381 thousand).

negative cash flows from investing activities in the amount of PLN 35,192 thousand

The Group companies spent a total of PLN 37,025 thousand for the purchase of tangible fixed assets and intangible assets. The vast majority of this amount is accounted for by expenses incurred in the areas of the car fleet, production and IT.

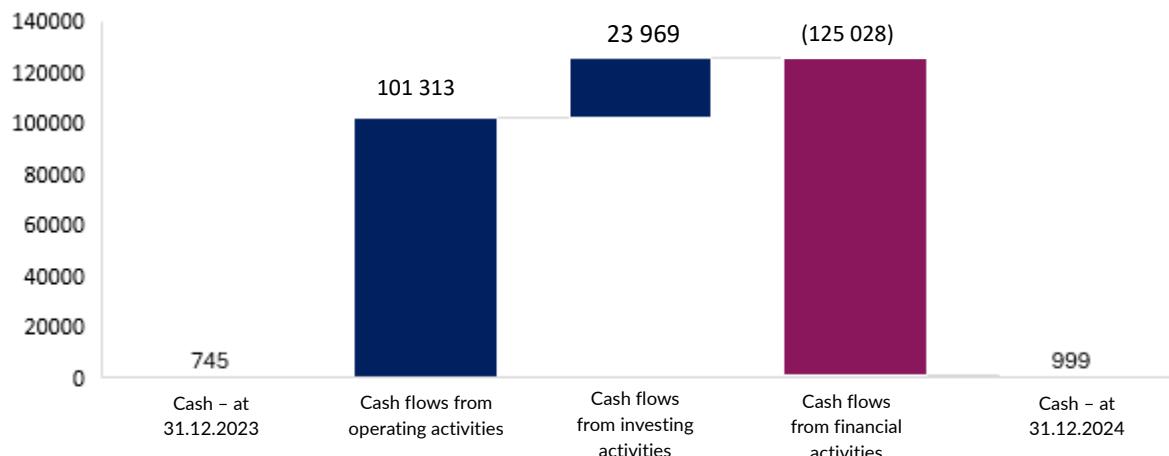
negative cash flows from financial activities at the level of PLN 89,349 thousand.

In addition to the proceeds from the existing lines of credit in the amount of PLN 64,187 thousand, - resulting from investment needs and current operating activities - the greatest impact on cash flows from financial activities had a partial repayment of loans (PLN 84,716 thousand), including interest paid (PLN 21,113 thousand) and dividends paid (PLN 45,437 thousand).

Fabryka Farb i Lakierów Śnieżka SA

In 2024, the Company generated positive cash flows of PLN 254 thousand against negative ones of PLN 802 thousand a year earlier.

Figure 6. FFIL ŚNIEŻKA SA's cash flows in 2024



positive cash flows from operating activities in the amount of PLN 101,313 thousand.

Their value was influenced primarily by gross profit after adjustments in the amount of PLN 112,523 thousand and income tax paid (PLN 11,209 thousand).

positive cash flows from investing activities in the amount of PLN 23,969 thousand.

The Company spent PLN 21,087 thousand, of which more than half (60%) concerned investment areas such as production, IT and logistics. The Company in turn recorded proceeds from dividends received from subsidiaries in the amount of PLN 44,843 thousand.

negative cash flows from financing activities in the amount of PLN 125,028 thousand.

The greatest positive impact on this item had proceeds from existing lines of credit and loans, totalling PLN 125,557 thousand. The greatest negative impact was due to: a partial repayment of loans and borrowings (PLN 179,223 thousand), a repayment of interest (PLN 30,905 thousand) and the payment of dividends (PLN 39,998 thousand).

7.4. FINANCIAL RATIOS

The Śnieżka Group

Group's profitability ratios

In 2024, the Śnieżka Group generated lower margins than in the previous year at all profit levels, i.e.: net (a decrease by 0.7%, to 9.0%), EBIT (a decrease by 0.9%, to 13.2 %) and EBITDA (a decrease by 0.7%, up to 17.9%). In turn, the gross margin on sales was higher (an increase by 4.5%, to 49.3%) - this was primarily the result of a significant decline in the cost of sales (14.5% y/y), in relation to a much slower decline in sales themselves, at (6.9% y/y).

In the reporting period, ROA was also lower (as a result of a 1% increase in the average level of assets, with a simultaneous 13.6% decrease in net profit), as was ROE (mainly due to lower net profit and a higher periodically averaged value of equity).

Table 13. The Group's profitability ratios

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023
EBIT margin in % (EBIT / Sales revenues) x 100%	13.2%	14.1%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	17.9%	18.6%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	49.3%	44.8%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	9.0%	9.7%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	8.6%	10.1%
Return on equity (ROE) ** (Net profit / equity - attributable to the shareholders of the parent company) x 100%	19.5%	24.0%

* Total net profit of the Group for the last four quarters divided by the average value of total assets of the Group at the end of the last 5 quarters.

** Total net profit attributable to the shareholders of the parent company for the last 4 quarters divided by the average value of equity attributable to shareholders of the parent company at the end of the last 5 quarters.

Group's liquidity and debt ratios

As at December 31, 2024, the total debt of the Group decreased by 4.6% (to 49.7%), which results from a significant decrease in liabilities and a slight decrease in assets.

An increase in the Equity-Asset-ratio with equity by 5.6% results from the increase in the value of equity capital in the face of a slight decrease in the value of fixed assets.

Compared to the previous year, the Group's liquidity ratios improved. The leading current liquidity ratio increased from 1.2 to 1.3 - mainly due to a more dynamic decline in liabilities, compared to the decline in current assets.

The Śnieżka Group manages its interest debt in a safe manner, assuming the optimal debt level of 1x EBITDA.

At the end of 2024, the Group's net debt/EBITDA ratio was 1.45 compared to 1.38 a year earlier.

In 2024, the Group limited investment expenditure to the level necessary for effective operating activities (the investments are described in more detail in item 7.7 of the Report).

Table 14. The Group's liquidity and debt ratios

	31.12.2024	31.12.2023
Current liquidity ratio (Current assets / Short-term liabilities)	1.3	1.2
Quick liquidity ratio (Current assets - inventories)/Short-term liabilities	0.7	0.6
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.31	0.30
Total debt ratio (Total liabilities / Total assets) x 100%	49.8%	54.3%
Fixed-asset to equity-capital ratio (Equity/Fixed assets) x 100%	71.8%	66.3%

Group's rotation ratios

In 2024, the Group's cash conversion cycle increased by almost 16 days. The liability cycle was shortened (by 10 days), while the receivables turnover increased (by 5 days) and the inventory cycle was minimally extended (by 1 day).

Table 15. The Śnieżka Group's rotation ratios

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023
Inventory cycle (Inventory level x 360 /Cost of sales) in days	89.3	88.3
Receivables cycle (Trade and other receivables x 360 / Sales revenues) in days	29.5	24.7
Current liabilities cycle (Trade and other liabilities x 360 / Cost of sales) in days	66.6	77.1
Cash conversion cycle (Inventory cycle + receivable cycle - liability cycle) in days	52.2	35.9

FFiL ŚNIEŻKA SA

Company's profitability ratios

In 2024, FFiL Śnieżka SA generated worse margins than the previous year at the level of: operating profit EBIT (by 1.6%), EBITDA (by 1.0%), while the net profit margin remained at the previous year's level.

In the reporting period gross margin increased by 1.3% to 32.3%. This is a result of the faster pace of decline in costs of sales (9.9% y/y), compared to the dynamics of the downward change in sales themselves (8.3% y/y).

In the current model, the profits from the sale of products generated by Śnieżka ToC (which is responsible for marketing and sales activities in the Group) are transferred to FFiL Śnieżka SA in the form of dividends. The Company, as year before, also received a dividend from the Hungarian company. In the reporting period, the total income of the Company from dividends amounted to PLN 45 343 thousand.

Table 16. FFIL ŚNIEŻKA SA's profitability ratios

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023
EBIT margin in % (EBIT / Sales revenues) x 100%	18.1%	19.7%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	23.1%	24.1%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	32.3%	31.0%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	12.2%	12.2%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	7.5%	8.1%
Return on equity (ROE) (Net profit / equity**) x 100%	22.6%	28.2%

* Total net profit of the Group for the last four quarters divided by the average value of total assets of the Group at the end of the last 5 quarters.

** Total net profit attributable to the shareholders of the parent company for the last 4 quarters divided by the average value of equity attributable to shareholders of the parent company at the end of the last 5 quarters.

Company's liquidity and debt ratios

At the end of 2024, the overall debt of the Company decreased by 4.8% to 63.1%. Fixed-asset to equity-capital ratio increased by 4.4%, which is a result of the increase in the level of equity. Compared to the previous year, the Company's current liquidity ratios improved (1.3 compared to 1.2 last year). This is primarily the result of a decrease in short-term liabilities.

Table 17. The FFIL ŚNIEŻKA SA's liquidity and debt ratios

	31.12.2024	31.12.2023
Current liquidity ratio (Current assets / Short-term liabilities)	1.3	1.2
Quick liquidity ratio (Current assets - inventories)/Short-term liabilities	0.6	0.6
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.01	0.00
Total debt ratio (Total liabilities / Total assets) x 100%	63.1%	68.0%
Fixed-asset to equity-capital ratio (Equity/Fixed assets) x 100%	45.0%	40.6%

Rotation ratios

In 2024, the Company's cash conversion cycle was 62.4 days, which is over 6 days shorter than in the previous year; this is a result of a shorter payables cycle (by approximately 5.8 days), improved inventory turnover (by 0.7 days) and a shorter receivables cycle (by approximately 11.2 days). Since the change of the Group's operating model, a significant part of the receivables of FFIL Śnieżka SA comes from Śnieżka ToC, which is related to the takeover of commercial contracts by it.

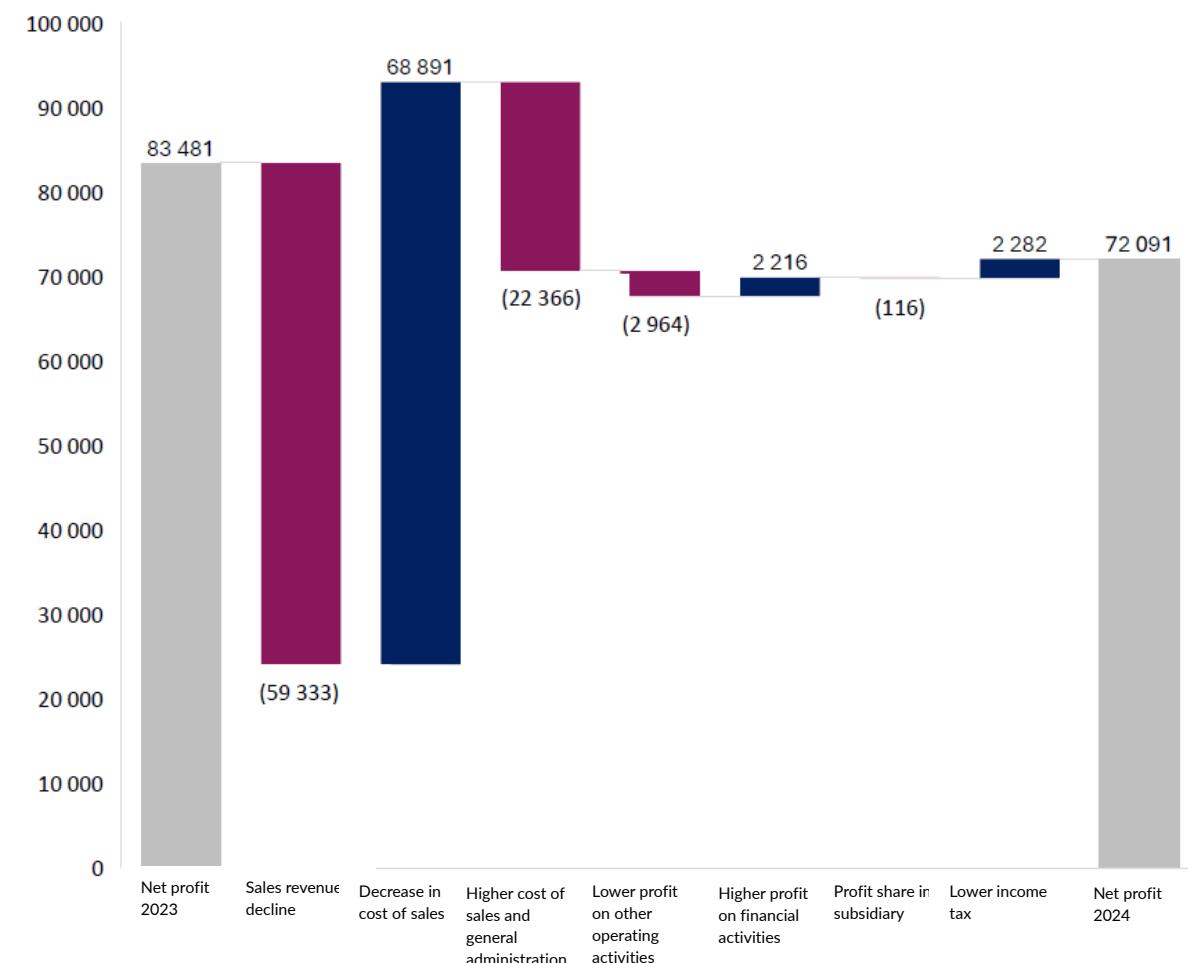
Table 18. FFIL ŚNIEŻKA SA's rotation ratios

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023
Inventory cycle (Inventory level x 360 /Cost of sales) in days	80.1	80.8
Receivables cycle (Trade and other receivables x 360 / Sales revenues) in days	34.7	46.0
Current liabilities cycle (Trade and other liabilities x 360 / Cost of sales) in days	52.4	58.2
Cash conversion cycle (Inventory cycle + receivable cycle - liability cycle) in days	62.4	68.5

7.5. KEY FINANCIAL RESULTS OF THE GROUP

In 2024, the Śnieżka Group generated consolidated net profit of PLN 72,091 thousand. i.e. - 13.6% lower year-on-year. Net profit attributable to shareholders of the parent company amounted to PLN 69,351 thousand (-10.7% y/y).

Figure 7 The impact of individual items in the statement of comprehensive income on the Group's net profit



The Group's bottom line in 2024 was primarily affected by:

- a decrease in sales revenues by 6.9% to (PLN 59,333 thousand y/y), with declines recorded in all geographical markets;
- a decrease in the cost of sales by 14.5% (PLN 68,891 thousand y/y), to PLN 404,678 thousand;
- an increase in selling costs and general administrative costs by a total of 8.5% (PLN 22,366 thousand y/y) as a result of adapting budgets and marketing and sales activities to the current market and economic situation;
- a lower profit on other operating activities by PLN 2 964 thousand;
- a higher profit on financial activities by PLN 2,216 thousand, mainly due to a reduction in interest costs on loans taken out;
- a lower income tax by 13.0% (PLN 2,282 thousand y/y)

No other factors or events occurred in 2024 than those described in the report, including those of unusual nature, having a significant impact on the consolidated financial statements.

Table 19. The basic elements of the profit and loss account of the Śnieżka Group

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023	Change (y/y)
Sales revenues	798 440	857 773	-6.9%
Cost of sales	404 678	473 569	-14.5%
Selling costs	160 505	151 425	6.0%
General administrative costs	125 997	112 711	11.8%
Profit from other operating activities	(2 028)	936	-316.7%
Profit from financial activities	(18 140)	(20 356)	-10.9%
Share in affiliate's profit	250	366	-31.7%
Gross profit	87 342	101 014	-13.5%
Profit from operating activities (EBIT)	105 232	121 004	-13.0%
Profit from operating activities + depreciation (EBITDA)	142 836	159 415	-10.4%
Income tax	15 251	17 533	-13.0%
Net profit, including:	72 091	83 481	-13.6%
<i>profit attributable to shareholders of the parent company</i>	69 351	77 634	-10.7%

7.6. SEASONALITY

The activity of the Śnieżka Group's companies is characterized by the phenomenon of seasonality. It is related to the intensity of renovation and construction works in particular periods of the year, which is generally higher in spring and summer. The Group usually generates higher revenues in the second and third quarters of each financial year. They constitute approx. 60-65% of its annual sales revenues.

The occurring phenomenon of seasonality also affects:

- the change in the need for working capital, which is a lot higher in the second and third quarters of the financial year compared to the end of December of the previous year,
- the output level in selected companies of the Group in particular months of the year and - to a certain extent - the resulting level of employment (seasonality does not apply to FFiL Śnieżka SA, in which the production cycle lasts all year round).

7.7. OTHER INFORMATION

Investments in the Śnieżka Group

In 2024, the total capital expenditure in the Śnieżka Group amounted to PLN 30,510 thousand - including leasing PLN 293 thousand - and were by 9.9% (PLN 3,337 thousand) lower than in the previous year. At the same time, the level of investment expenditure was lower by 24.9% (PLN 10,090 thousand) than the estimates presented in the Management Board's Report on activities for 2023 (i.e. the amount of approximately PLN 40.6 million).

Investment activities carried out in the Śnieżka Group in 2024 were a continuation of the assumptions in this regard from previous years. The implementation of individual tasks was carried out in accordance with the approved material and financial plan, with certain adjustments resulting from the current needs of the Group or necessity to adapt to the changing market conditions and the external environment. The above resulted in the postponement of some tasks to 2025. The investments carried out by the Group in 2024 were focused primarily on:

- automation, modernization and improvement of the efficiency of production lines and maintaining a high level of production capacity,
- digital transformation in order to further increase business efficiency,
- optimization of production costs, with particular emphasis on savings in the area of energy consumption,
- replacement and supplementation of the transport fleet,
- development of infrastructure for research and development and quality assurance.

The Group's investments were financed essentially from own funds and bank loans.

Investments in FFIL Śnieżka SA

The majority of the Group's investment expenditures were outlays on development purposes carried out by FFIL Śnieżka SA. The total investment expenditures in the Company amounted to PLN 15,729 - including leasing PLN 145 thousand - and were by 30.9% (PLN 7,039 thousand) lower than a year earlier. The investments focused predominantly on the production area (expansion of production lines) logistics (continuation of finishing works on the office part together with equipment in the Logistics Centre in Zawada) and IT (expansion and modernization of existing systems).

In 2024 in the Company:

- various activities were carried out aimed at expanding, modernizing and optimizing production lines at the plants in Brzeźnica, Lubzina and Pustków,
- an automatic pallet labelling system for finished products was installed in Lubzina,
- finishing works were carried out in the office part of the Logistics Centre in Zawada, including the delivery and assembly of office equipment,
- new IT software was implemented and the existing one was expanded and modernized as part of the continuation of the digital transformation project,
- investment activities related to the reduction of energy consumption were carried out, including: replacement and modernization of lighting
- laboratories and the laboratory equipment base in the area of research and development and quality assurance were modernized,
- the fleet of transport vehicles was replaced and supplemented.

The most important investments in other Group companies in 2024:

- Śnieżka Trade of Colours Sp. z o.o. – the purchase of shop equipment and replacement and supplementation of the car fleet were carried out,
- Poli-Farbe Vegyipari Kft. - equipment for shops was purchased and the fleet of means of transport was supplemented,

- Śnieżka-Ukraina Sp. z o.o. - the dry putty mixer was replaced along with the modernization of the production line, prefabrication of elements for automatic palletization of emulsion paints was initiated and the fleet of transport vehicles was supplemented.

Plans and financing of investment projects

The Management Board of FFIL Śnieżka SA assumes that the investment plans of the Group and the Company for 2025 are to be implemented in accordance with the plan. They will focus on: purchasing shop equipment, expanding, automating and modernizing production lines, expanding and building new IT systems, purchasing a fleet of transport vehicles.

Own funds and loan agreements signed with banks allow for safe financing of the investment plans scheduled for 2025. The total value of investment expenditure in the Group for this period may amount to approx. PLN 45,1 million, of which approximately PLN 7.6 million is a postponement of the investment from the previous year. Net Capex for 2025 may amount to approximately PLN 41.1 million, which is the total amount of assumed investment expenditure reduced by the expected proceeds from the sale of fixed assets.

Insurance agreements

In 2024, the Company concluded the following insurance agreements essential for its business activities:

Table 20. Insurance agreements

Company	Institution	Subject of the agreement	Period
FFIL ŚNIEŻKA SA	PZU	Property insurance (buildings, current assets, machinery and equipment) and loss of profit.	1.10.2024 - 30.09.2025
FFIL ŚNIEŻKA SA	PZU	Property insurance in domestic and international transport.	1.10.2024 - 30.09.2025
FFIL ŚNIEŻKA SA	Chubb European Group	Third-party liability insurance for business activity	1.10.2024 - 30.09.2025
FFIL ŚNIEŻKA SA	Chubb European Group	D&O liability insurance	01.10.2024 - 30.09.2025
Śnieżka ToC	PZU	Property insurance (machinery and equipment)	1.10.2024 - 30.09.2025
Śnieżka ToC	PZU	Property insurance in domestic and international transport.	1.10.2024 - 30.09.2025
Śnieżka ToC	Chubb European Group	Third-party liability insurance for business activity	1.10.2024 - 30.09.2025
Śnieżka ToC	Chubb European Group	D&O liability insurance	01.10.2024 - 30.09.2025
Śnieżka ToC	KUKE	Export credit insurance	The agreement is renewed on a regular basis
Poli-Farbe	PZU	Property insurance (buildings, current assets, machinery and equipment) and loss of profit.	1.10.2024 - 30.09.2025
Poli-Farbe	PZU	Property insurance in domestic and international transport.	1.10.2024 - 30.09.2025
Poli-Farbe	Chubb European Group	Third-party liability insurance for business activity	1.10.2024 - 30.09.2025
Poli-Farbe	Chubb European Group	D&O liability insurance	01.10.2024 - 30.09.2025
Śnieżka-Ukraina	ARX Insurance Company	Property insurance (buildings, current assets, machinery and equipment)	15.10.2024 - 14.10.2025

Also other Group companies (i.e. Śnieżka-BelPol and Rafil) hold insurance agreements covering property insurance (machinery and equipment) and third party liability insurance.

The agreements concluded after the balance sheet date

Following the balance sheet date, the Company did not enter into any significant agreements.

Court proceedings

The tax proceedings of FFiL Śnieżka SA are described in detail in note 3.22.2 in the Consolidated Financial Statements of the Śnieżka Group for 2024.

Granted sureties

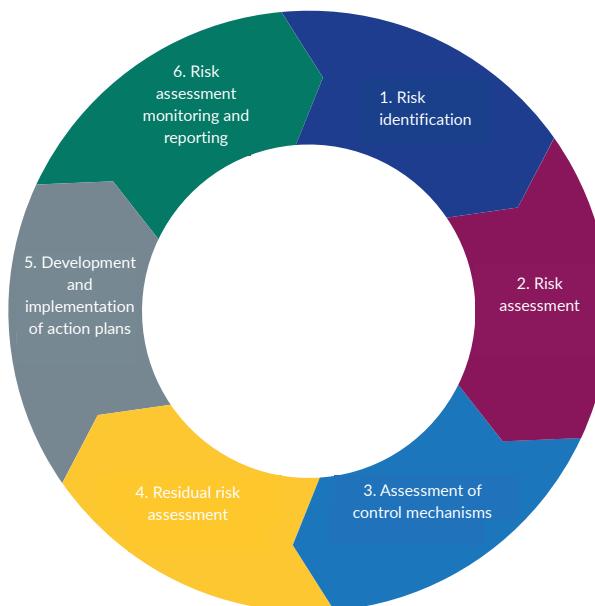
As at 31 December 2024 neither the Company nor its subsidiaries granted any guarantees or sureties to a single entity.

8. RISKS IN THE GROUP'S OPERATIONS

8.1 RISK MANAGEMENT SYSTEM

Risk management is the basis for building a resilient undertaking and complying with regulatory requirements. In the Śnieżka Group, directors who report directly to the Management Board are responsible for identifying and managing risks within their assigned areas of responsibility. In 2024, the parent company implemented the second stage of the enterprise risk management project called *Mitigate and Grow*.

The purpose of implementing the enterprise risk management system is to identify potential events and risks that may affect the Śnieżka Group, to maintain risk within established limits and to ensure the achievement of strategic and operational goals. Enterprise risk management covers activities at the level of the entire undertaking and individual business processes. It is a continuous process, subject to modifications and being the implication of the changing economic environment, the Śnieżka Group's operations and changes regarding the impact of individual risk.



The implemented enterprise risk management project requires a systematic and transparent approach for all employees. The system introduces uniform rules for identifying, assessing, monitoring and reporting risks in all areas of activity. The project assumes a precise division of competences and responsibilities, in particular by assigning an owner to each identified risk.

In the first stage, the parent company Śniežka, in liaison with external advisors, carried out a comprehensive analysis and assessment of risks in key areas of its operational activities (production planning, production, procurement, logistics and customer service). An IT tool for comprehensive management of this issue was also implemented. In the next stage of the project, risks in other areas of activity are being mapped, while in the final stage the risk management project will cover the remaining Group companies.

As part of the project work, a Policy and Procedure for the implementation of the enterprise risk management process were developed, the effective implementation of which allows the process to be carried out in a consistent and repeatable manner.

The prepared plan for further development of the risk management system takes into account the present state and:

- development of risk assessment methods - monitoring the effectiveness of control mechanisms,
- development of the system towards on-going risk assessment, strategic risk assessment,
- further adaptation of the system to the guidelines contained in the *Good Practices of WSE Listed Companies*, a set of corporate governance principles issued by the Warsaw Stock Exchange,
- incorporating ESG risks into the corporate risk management system.

The Śniežka Group systematically and strategically manages non-financial risks in its current operations. These risks include: operational, reputational, compliance, environmental and employee health and safety risks. The key documents related to non-financial risk management include:

- *Śniežka 2023 + Sustainable Development Strategy*,
- *Code of Ethics*,
- *Climate policy*,
- *Anti-corruption policy*,
- *HR policy*,
- *Quality, Environmental and Health and Safety Policy*
- *Mobbing prevention procedure*,
- *Supplier's Code of Conduct*,
- *Failure Prevention Programme*,
- Work Regulations in individual companies of the Group.

Following the risk analysis conducted in 2024, the Group identified risks that could affect its financial situation and performance. At the same time, it continuously monitors and mitigates key risks that could generate potential financial consequences or impact the Group's business model.

8.2 IDENTIFIED BUSINESS RISKS

8.2.1. STRATEGIC RISK

Risks related to changes in consumer preferences

The risks related to changes in consumer preferences come mainly from two areas:

- substituting decorative paints with other products such as wallpapers, slats and other wall coverings,
- the evolution of consumer trends and the failure to adapt the Group's product offering to new market expectations.

As for the substitution risk, the Group has been observing this phenomenon for years, which is insignificant on the markets in which it operates. The low risk of the above is mainly due to the following three factors:

- 1) The use of substitutes by consumers is connected with incurring higher investment costs to change the interior appearance. Substitutes are more likely to be used by interior designers and decorators who work with more affluent clients. Paints are still the cheapest and most common way to change the interior design.
- 2) The use of substitutes often requires to hire a specialist to apply or install them, or the end user must have appropriate renovation skills to do it by themselves. This also involves a longer time and higher costs necessary to carry out the investment. Paints are still the easiest way to change your interior design on your own.
- 3) The use of substitutes often entails a complete change in the interior character – it determines the decorative style of the remaining elements. Paints in this area remain less invasive and provide a wider possibility of adapting to already existing interior elements (lighting, furniture, flooring, etc.). In this way, the proportion of necessary expenditure to final effects remains definitely in favour of decorative paints.

In the Group's opinion, the substitution phenomenon will remain a permanent feature of the market, yet the scale and risk associated with it remain low.

In the context of the risk of changing consumer trends, the Group assesses this phenomenon as more dynamic, but at the same time relatively easy to monitor. Changes in consumer megatrends affect virtually all industries and product categories, and therefore there are numerous studies and sources of knowledge on this subject. From the Group's perspective, the key dimensions on which consumer trends evolve focus on areas related to:

- 1) greater sensitivity of consumers to the health of their families and ecology,
- 2) design, i.e. in the case of the Group, the colour collections on offer,
- 3) features and attributes of products such as: product quality, functional and application properties, etc.

Due to the on-going monitoring of consumer needs and preferences and the Group's operational capabilities, the area of changing consumer trends is perceived by the Group as an opportunity to build a competitive advantage rather than as a risk. By adapting to changing trends more quickly and more agilely, the Group is able to accommodate to new conditions on local markets faster than its direct competitors.

Risks related to competition

Competition-related risk involves an incorrect assessment of changes in the Group's competitive environment – consolidation processes or new entrants, which may lead to a loss of share in the markets in which the Group operates.

Individual companies comprising the Group operate in a highly competitive environment. The following competitors have been operating on Śnieżka's key markets for a long time:

- large international corporations;
- local entities.

Relatively high crossbars to enter onto the market mean that to start up a new business in the industry would require large capital expenditure. The most likely scenario for the emergence of a new player on the market or significant changes in the balance of power may be an acquisition. According to the information held by the Group, in 2024 no merger or acquisition transaction occurred in the key markets of the Group's operations which would significantly affect the market share structure.

A constant element of the Group's operations is monitoring of the activities of other entities in all key markets. Mitigating the risk associated with competition activities is achieved through appropriately planned investments and marketing and sales activities aimed at supporting the building of shares and brand recognition as well as the sale of the Group's products.

Risks related to technological changes

Risks related to technological changes include:

- **the risk of necessity to change the product formula**, which may result from, *inter alia*, the unavailability or lack of efficiency of production raw materials, the need to change product parameters in response to changing customer preferences and amending legal requirements regarding the composition of products and their impact on the environment.

The consequence of materialization of the above risk to change the product formula may be the lack of production capacity or ineffective production of specific products, the production of non-competitive products – which do not live up to consumer expectations, or the lack of possibility of production and sale of products which do not comply with legal standards.

The Group manages this risk by continuously improving the quality of its products and actively searching for substitutes for raw materials. The Group has its own Research and Development Centre (R&D) whose goal is to develop recipes and implement new products and technological solutions, which contribute to high quality of manufactured products and their safety for customers and the environment.

- **the risk of loss of efficiency of production processes and technologies**, which may materialize as a result of lack of investment (technological debt) and changes in production processes

The consequence of the loss of efficiency of production processes may be higher unit production costs and, consequently, lower profitability. The Group manages the risk of loss of efficiency of production processes by continuously monitoring the efficiency, profitability and production dynamics, monitoring cost effectiveness and technological progress in the industry.

In order to prevent the occurrence of so-called technological debt and, as a result, the loss of efficiency of production processes, the Group has for years been following an adopted investment policy according to which the level of capital expenditure (CAPEX) is balanced by the level of depreciation.

8.2.2. FINANCIAL RISKS

Risks related to changes in exchange rates

The Group's operations are exposed to the risk of changes in currency exchange rates. The Group imports raw materials used for the production of paint and varnish products, which are mostly paid in Euro. Therefore, the greatest currency risk for the Group is related to the strengthening of the EUR - PLN/HUF exchange rate. The annual value of purchases in EUR accounts for approximately EUR 54 million. Other costs in foreign currencies are not material to currency risk since they are of low value.

The risk may materialize if the Group fails to pass on the increase in the costs of imported raw materials to the price of its products.

In order to minimize the negative impact of currency exchange rate fluctuations on the generated revenues and profits, the Group monitors its currency exposure on an on-going basis, conducts currency risk analysis and makes decisions on the use of appropriate mechanisms limiting the impact of exchange rate fluctuations.

The mechanisms limiting the impact of exchange rate fluctuations applied by the Group include hedging transactions, optimal arrangement of cash flows between the Group companies and appropriate shaping of product price lists. In 2024, the Group executed forward transactions to hedge cash flows resulting from the purchase of raw materials in EUR.

Additionally, the currency risk related to capital investments of the parent company Śnieżka SA in foreign companies should be taken into account. The most important exposures in this respect are investments in companies in Hungary and Ukraine. High volatility on the currency market is conditioned, *inter alia*, by the pending conflict in Ukraine. Also, macroeconomic indicators of the Polish economy affect the value of PLN in relation to other currencies. More details, including sensitivity analysis, can be found in the Consolidated Financial Statements of the Śnieżka Group, note 2.2.7. Impairment of Group's assets.

The purpose of the currency risk analysis is to identify the importance of exchange rate volatility for the Group's revenues and profits. These include: standard deviation over the period, net exposure value, deviation from the adopted budget rate.

More details on the exchange rate risk for financial instruments can be found in note 3.25.2 Currency risk in the Consolidated Financial Statements of the Śnieżka Group for 2024.

Financial liquidity risk

Liquidity risk relates to a company's ability to repay current liabilities and its ability to obtain funds to finance its operations, both from the banking system and trade credit.

In order to minimize such risk, the Group companies ensure good financial standing, which allows for the continuation of credit agreements providing a multi-year financing period. The agreements primarily concern FFiL Śnieżka SA.

As of 31 December 2024, the Group settled its liabilities in a timely manner, which is confirmed by the liquidity ratios presented in the Report.

The Group has interest-bearing loans and finance lease liabilities and is therefore exposed to the risk of changes in interest rates. As at 31 December 2024, the Group's total interest-bearing loan liabilities, together with interest due as at the reporting date and lease liabilities, amounted to PLN 262,436 thousand.

The Group identifies interest rate risk as part of financial liquidity risk.

In 2024, PLN interest rate fluctuations were virtually eliminated, which contributed to rates stabilizing at the comparable level of 2023. The WIBOR1M reference interest rate was 5.80% as at December 29, 2023 and 5.82% as at December 31, 2024.

During the same period, the level of EUR interest rates stabilised and then decreased. The EURIBOR1M reference interest rate decreased from 3.85% as at December 31, 2023 to 2.85% as at December 31, 2024.

During the same period, there was a reduction in the fluctuations of HUF interest rates, which consequently resulted in a reduction of interest rates compared to the end of 2023. The BUBOR1M reference interest rate was 10.60% as at December 29, 2023 and 6.50% as at December 31, 2024.

In the reporting period, the Group did not hedge against interest rate risk, and the Hungarian subsidiary continued the loan agreement based on a fixed interest rate and also started using a loan based on a variable interest rate.

More details, including sensitivity analysis, can be found in note 3.25.1 Interest rate risk and 3.25.4 Liquidity risk in the Consolidated Financial Statements of the Śnieżka Group for 2024.

Macroeconomic risk

Macroeconomic risks related to economic indicators are described in the report on the Group's operations (chapter on the macroeconomic environment). At the same time, the Group recognises macroeconomic risks related to the consumer sector, including:

- changes in consumer sentiment and consumer purchasing power,
- the general condition of the renovation market and consumers' willingness to invest in this area.

In the Group's opinion, consumer sentiment and the purchasing power of households are strongly linked to the economic results described in the financial statements, and the main parameters in this area include: inflation, GDP, wage and unemployment rates. However, the general condition of the renovation market is, in the Group's opinion, strongly linked to consumer confidence indicators and the availability of financing sources for renovations (which is influenced, i.a., by the level of interest rates). The renovation market is crucial for the Group since the vast majority of consumer purchases come from renovation and refurbishment needs, not new construction investments.

The Group closely monitors the above risks, as renovation purchases do not constitute necessities and in a situation of deterioration of the macroeconomic parameters of the economy, consumer investments in these areas are limited. The Group has observed an increase in consumer purchasing power over recent years, but inflationary phenomena of recent periods have significantly weakened consumer confidence, which continues to result in caution in purchasing decisions in the renovation area. Regardless of the generally available macroeconomic reporting (GUS, NBP, GUNB), the Group conducts a number of its own studies in the area of investments and renovation plans of consumers. The Group is constantly intensifying its efforts to ensure that its product offering and product availability are adapted to current market conditions in the above areas.

Credit risk

The Group actively manages the contractors' credit risk, comprehended as contractors' failure to comply with their obligations toward the Group. In order to reduce the credit risk of contractors, the Group develops and improves tools used to support the adopted receivables management policy based on cooperation mainly with reliable partners.

The Group concludes transactions with reputable companies which have a good credit rating. All customers willing to take advantage of trade credit, are subject to procedures of initial verification. In addition, owing to current monitoring balances of receivables, the Group's exposure to the risk of non-collectible debts is insignificant.

More details can be found in note 3.25.3 Currency risk in the Consolidated Financial Statements of the Śnieżka Group for 2024.

8.2.3. OPERATIONAL RISKS

Supply Chain Risks

Supply chain risks include:

- **the risk of disruption of supply continuity** that may occur in the event of unavailability or delays in the delivery of raw materials or packaging as a result of: natural disasters in areas where production raw materials are extracted, geopolitical changes or organizational problems at suppliers.

The occurrence of a risk of disruption of supply continuity may lead to delays in the production and delivery of Śnieżka Group products. In addition, if this risk occurs, the Group will be forced to bear additional costs related to the search for substitutes for raw materials and their purchase at higher prices.

The Group limits the risk of interruption or disruption of supply chains by maintaining appropriate levels of inventory within the organisation and by geographically diversifying suppliers of key raw materials. Additionally, it concludes agreements with at least two suppliers for each of the key raw materials and packaging, and identifies and uses appropriate quality substitutes for production.

- **the risk of disruption of production processes**, which may occur in the event of microbiological contamination of production lines, failure of systems or production equipment.

As a result of the risk of disruption of production processes, the production line may be temporarily shut down, and consequently, production capacity may be limited, the production plan may not be executed and sales may be lost. Furthermore, microbiological contamination or interruption of production processes may result in the production of poor quality products. The sale of defective products may give rise to loss of reputation and the need to incur the costs of withdrawing defective goods from the market.

In order to prevent this risk, the Group conducts systematic testing of the microbiological purity of production lines and raw materials, periodic disinfection, inspections, maintenance and regular repairs, and updates of production systems and equipment.

The risk related to the loss and the inability to obtain qualified staff

A significant risk factor that may directly affect the implementation of processes and the possibility of implementing the strategy adopted by the Group is the risk in the employee area, relating to both the loss of and difficulties in recruiting staff with high qualifications, competences and experience, as well as those in line with the values, goals and culture of the organisation. Due to the fact that staff with appropriate, specialist or practical knowledge in specific business areas is crucial to building and maintaining competitive advantages, the Group monitors on a regular basis the reasons for departures and the level of turnover. In addition, it ensures the competitiveness of remuneration and benefits, monitors recruitment, employment and onboarding processes in order to evaluate and optimize them, and supports employee development by organizing training courses that help improve their competences and adapt their skills to business needs.

8.2.4. COMPLIANCE RISKS

Risks related to changes in EU and tax laws

The EU legal regulations which affect the paints and varnishes industry are constantly becoming more severe and complex. This applies in particular to Śnieżka Group products certified as ecological products.

In order to prevent this risk, the Group constantly monitors legal changes by:

- implementing an internal report on legal changes;
- related action plans to be undertaken,
- monitoring the implementation of recommendations.

In addition, the Group conducts research and development work to adapt the technological process to dynamic regulatory updates.

There is also a risk related to differences in the interpretation of tax regulations. Despite observing by the Group both domestic and EU legal regulations in the field of accounting, tax information included in tax returns and declarations may be considered by the Polish tax authorities to be unlawful. If the tax authorities adopt a different tax interpretation than the one applied by the Group to calculate the tax liability, such a situation may have a material impact on the Group's financial results.

Risks related to other activities affecting the Group's reputation

In the group of risks related to other activities affecting the Group's reputation, the risk of corruption events, the risk of violations, including: the risk of violations of the law or internal policies and procedures, violations of consumer and competition law, and discrimination and mobbing, as well as the risk related to crisis communication management, have been identified.

In order to minimise the risk of potential violations of the law or internal policies and procedures, the Group has implemented internal reporting procedures and made anonymous channels for raising concerns available in all key Group companies, i.e. Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina. Moreover, the employees of the said companies are regularly trained in the field of internal reporting and are provided with procedures and educational materials in this respect.

Śnieżka Group deters the materialization of corruption risks. The principles it is driven by are regulated in the *Anti-Corruption Policy*. The document provisions have been communicated to the Group's employees. In addition, in order to counteract the occurrence of corruption incidents in purchasing processes, the Group has implemented a *Procurement Policy and Supplier's Code of Conduct*.

The Group counteracts the risk of incidents of mobbing or discrimination through a developed and implemented mobbing prevention procedure. The Group's parent company, FFiL Śnieżka SA and Śnieżka ToC, have established an Anti-Mobbing Committee, and the Company organizes anti-mobbing and anti-discrimination training for employees.

The Group is aware that the scale and complexity of its operations involve the risk of events requiring crisis communication. An interdisciplinary Rapid Response Team operates within the Group whose tasks include anti-crisis management related to reputation. This effectively minimizes the risk in the area of crisis communication management.

8.2.5. IT RISK - CYBER THREATS

IT Security Risk

The following may have a direct impact on the business continuity and reputation of the Group companies:

- failures of key IT systems;
- effects of ransomware attacks;
- unauthorized access by cybercriminals through other activities to key management support systems, process control systems, as well as to unpublished, confidential data;
- the risk of confidential data leakage due to employees using artificial intelligence tools,
- other events in the area of IT security.

In order to minimize this risk, the Group:

- develops and updates the systems used to ensure information security,
- regularly backs up key data;
- has very modern, extensive EDR anti-virus protection, cooperating with the monitoring centre, including: against phishing emails.
- has implemented IT security policies and principles of safe use of AI tools, as well as tools for electronic protection against uncontrolled sharing of confidential documents, i.e. AIP (Azure Information Protection).

The Group companies in Poland are constantly monitored by the IT security operations centre (so-called SOC, Security Operation Centre), which responds to security incidents.

9. PARENT COMPANY

9.1 ŚNIEŻKA SA

Fabryka Farb i Lakierów Śnieżka SA has its roots in the Sub-Carpthian region, its history dates back to 1984. The Company is one of the leaders in the decorative paints and construction chemicals market in Poland. As the only one in the industry it has been listed on the Warsaw Stock Exchange since 2003. Śnieżka's offer is comprised of interior paints for walls and facades, agents for the protection and decoration of wood and metal, putties for walls and wood, as well as a building insulation system. The products are available under the following brands: Śnieżka, Magnat, Vidaron, Foveo-Tech, Rafil. The Company carries out advanced research on products and raw materials in its specialized laboratories.

Śnieżka's products are distributed through business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce. This multi-channel distribution supports the growth strategy and minimizes the risk of dependence on a single channel. On foreign markets, sales is conducted mainly through wholesalers and DIY chains.

At the end of 2024, Śnieżka employed 620 staff, which constitutes more than half of the entire Group team.

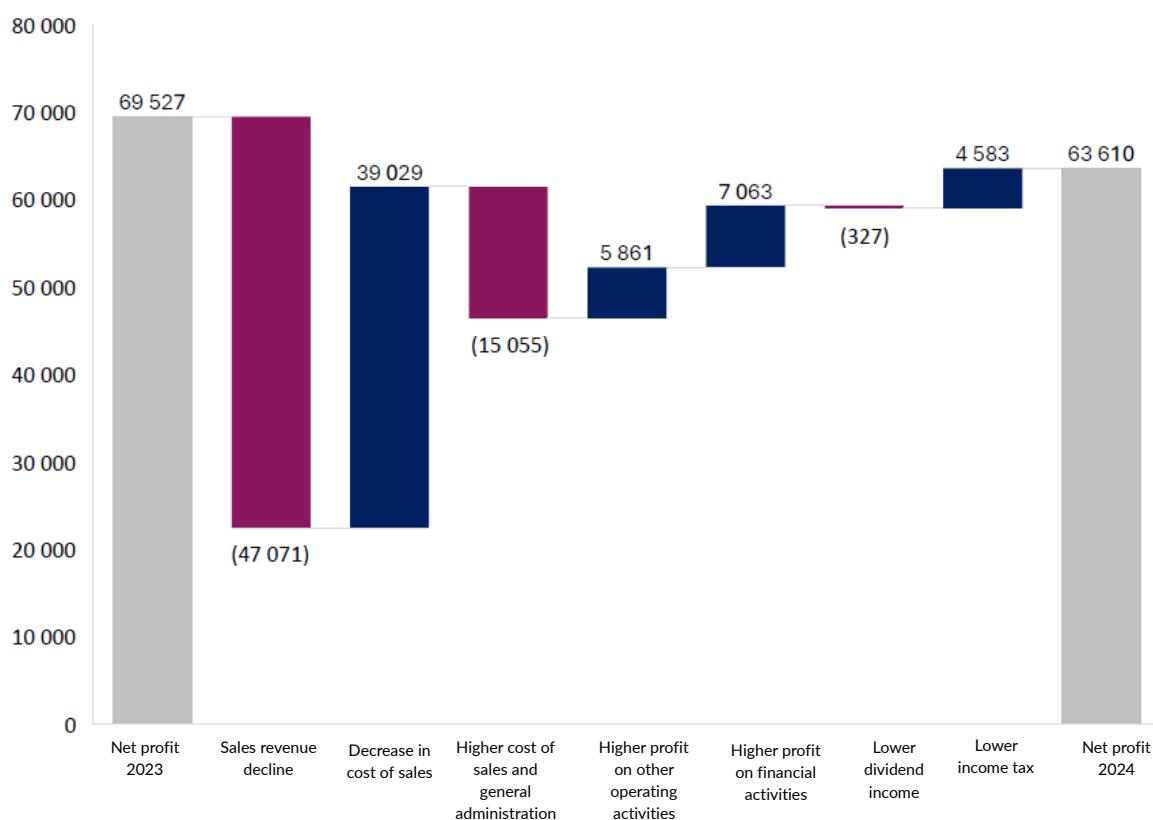
More detailed description of FFIL Śnieżka SA can be found in item 4.2 – FFIL ŚNIEŻKA SA's operations.

9.2 KEY FINANCIAL AND OPERATING PERFORMANCE

Fabryka Farb i Lakierów Śnieżka SA

In 2024 FFIL ŚNIEŻKA SA generated net profit in the amount of PLN 63,610 thousand, i.e. by 8.5% lower than in 2023.

Figure 8. The impact of individual items in the statement of comprehensive income on the FFIL Śnieżka SA's net result



The Company's bottom line in 2024 was primarily affected by:

- a decrease in sales revenues by 8.3% to PLN 521,665 thousand;
- a decrease in cost of sales by 9.9% to PLN 353,397 thousand;
- an increase in selling costs by 10.0%, to PLN 30,091 thousand and an increase in general and administrative expenses by 15.7%, to PLN 90,954 thousand;
- income from dividends from subsidiaries in the amount of PLN 45,343 thousand, i.e. by 0.7% (PLN 327 thousand) lower than in the previous year;
- higher profit from other operating activities by PLN 5 861 thousand;

- lower loss from financial activities by PLN 7,063 thousand, primarily due to lower interest on loans and borrowings;
- lower income tax by PLN 4,583 thousand.

Table 21. The basic elements of the profit and loss account of FFIL ŚNIEŻKA SA

	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2023	Change (y/y)
Sales revenues	521 665	568 736	-8.3%
Cost of sales	353 397	392 426	-9.9%
Selling costs	30 091	27 346	10.0%
General administrative costs	90 954	78 644	15.7%
Dividend income	45 343	45 670	-0.7%
Profit from other operating activities	1 829	(4 032)	-145.4%
Profit from financial activities	(29 001)	(36 064)	-19.6%
Gross profit	65 394	75 894	-13.8%
Profit from operating activities (EBIT)	94 395	111 958	-15.7%
Profit from operating activities + depreciation (EBITDA)	120 525	136 963	-12.0%
Income tax	1 784	6 367	-72.0%
Net profit, including:	63 610	69 527	-8.5%

In order to increase the usefulness of the financial statements for their recipients, in accordance with the materiality principle, the Company presents dividend income from subsidiaries in a separate line of the profit and loss account, within the profit from operating activities (*Dividend income*) – not in the result on financing activities.

9.3 OWNERSHIP STRUCTURE

As at 31 December 2024, FFIL ŚNIEŻKA SA's share capital was comprised of 12,617,778 shares of nominal value of PLN 1.00 each.

In 2024 the Company's share capital was not subject to change.

The Company's share capital consists of the following series of shares:

- series A preferred registered shares - 100,000
- series B preferred registered shares - 400,000
- series C,D,E,F ordinary shares - 12,117,778

Series A and B registered shares are preferential for vote so that one share corresponds to 5 votes at the general meeting.

In addition, according to the Company's Articles of Association - series A shares entitle to elect three members of the supervisory board, including the chairman of the supervisory board, in a manner that every 30,000 shares entitle to appoint one member of the supervisory board, including the chairman of the supervisory board. If that preference expires over some series A registered shares, each remaining 20 000 series A shares give entitlement to indicate one supervisory board member, including the chairman of the supervisory board.

On April 10, 2025, the holders of series A and B shares were:

Table 22. The holders of series A and B shares as at April 10, 2025, were:

Holders of series A shares	The number of shares held (items)
Stanisław Cymbor	33,334
Jerzy Pater	33,333
Piotr Mikrut	16,667
Rafał Mikrut	16,666
Holders of series B shares	The number of shares held (items)
Stanisław Cymbor	133,333
Jerzy Pater	133,334
Piotr Mikrut	133,333

Shares of all series are equally preferred as to dividends and return on equity.

No restrictions on the exercise of voting rights prevail at FFiL Śnieżka SA.

Restrictions regarding the transfer of ownership of the Company's securities concern holders of preferred registered shares of FFiL Śnieżka SA. The transfer of preferred registered shares under any legal title or their conversion into bearer shares requires prior submission of purchase offer to all shareholders holding series A shares by a shareholder interested in transferring or converting into a bearer share.

The decision to issue or redeem shares requires the consent of shareholders at the general meeting of the Company.

The Company did not have employee share schemes in 2024.

Company's shares held by managing and supervising persons

As at April 10, 2025, the Company's shares held by the managing and supervising persons were as follows:

Table 23. The Company's shares held by the managing and supervising persons as at April 10, 2025 were as follows:

Managing persons	The number of shares held (items)
Piotr Mikrut	1,270,833
Witold Waśko	198
Supervising persons	The number of shares held (items)
Stanisław Cymbor	2,541,667
Jerzy Pater	2,541,667
Rafał Mikrut	1,270,833

In the period from the date of publication of the last periodical report (for Q3 of 2024), i.e. on November 20, 2024, no changes in the ownership of the Company's shares by the managing and supervising persons occurred.

Ownership structure of significant blocks of shares of the Company

As at the date of publication of the Report, significant shareholders of FFI Śnieżka SA, holding at least 5% of the total number of votes at the General Meeting of the Company were the following persons and entities:

Table 24. Shareholders of FFI Śnieżka SA holding at least 5% of the total number of votes at the General Meeting of the Company as at April 10, 2025

	The number of shares held (items)	Share in the share capital (in %)	Number of votes	Share in the total number of votes at GMS (in %)
Jerzy Pater *	2,541,667	20.14	3,208,335	21.95
	including directly 166,667	1.32	833,335	5.7
Stanisław Cymbor **	2,541,667	20.14	3,208,335	21.95
	including directly 166,667	1.32	833,335	5.7
Piotr Mikrut	1,270,833	10.07	1,870,833	12.8
Rafał Mikrut	1,270,833	10.07	1,337,497	9.15
Powszechnie Towarzystwo Emerytalne Allianz Polska	1,816,307	14.39	1,816,307	12.43
Powszechnie Towarzystwo Emerytalne Nationale-Nederlanden	1,185,323	9.39	1,185,323	8.11

*Jerzy Pater holds the Company's shares indirectly by PPHU Elżbieta i Jerzy Pater Sp. z o.o. (PPHU Elżbieta i Jerzy Pater Sp. z o.o. holds 2,375,000 shares, i.e. 18.82% share in the share capital and 16.25% in the total votes at the General Meeting of Shareholders).

** Stanisław Cymbor holds the Company's shares indirectly by voting control over Iwona i Stanisław Cymbor Fundacja Rodzinna, which holds 100% of the shares in the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o. holding 2,375,000 shares of the issuer, which represents 18.82% of the share capital and 16.25% of the total number of votes at the general meeting of Shareholders).

Between the date of publication of the last periodic report - i.e. the report for Q3 of 2024, according to the information held by the Company, there was a change in the scope of significant blocks of shares issued by it, consisting in the indirect exceeding of the 15% threshold in the total number of votes in the Company by the family foundation Iwona i Stanisław Cymbor Fundacja Rodzinna with its registered office in Nagawczyna (hereinafter referred to as "Foundation"), which, based on donation agreements concluded on February 28, 2025 (hereinafter referred to as "Transaction"), acquired 100% of shares in the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o. holding 2,375,000 shares in the Company.

At the same time, it should be noted that the dominant entity in relation to the Foundation (directly) and PPHU Iwona i Stanisław Cymbor Sp. z o.o. (indirectly) is Mr. Stanisław Cymbor. As a result of the Transaction, there has been no change in the number of shares in the share capital of the Company or in the number of votes that Mr. Stanisław Cymbor holds directly or indirectly (i.e. through the Foundation and its subsidiary, i.e. PPHU Iwona i Stanisław Cymbor Sp. z o.o.), as presented in Table No. 24 above.

Figure 9. Shareholding structure at FFIL ŚNIEŻKA SA – share in the share capital (as at 10.04.2024, data in %)

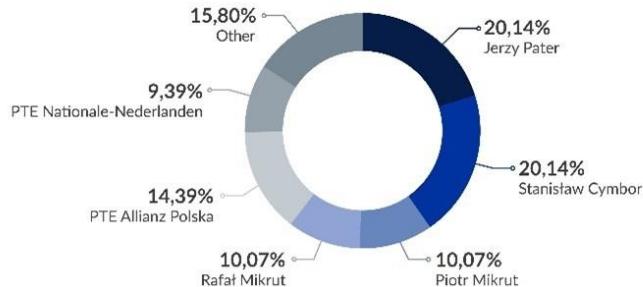
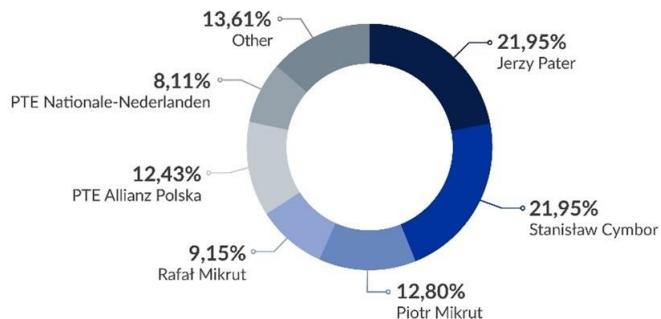


Figure 10. Shareholding structure at FFIL ŚNIEŻKA SA – share in the total number of votes (as at 10.04.2024, data in %)



9.4 DIVIDEND

Since the debut at the Warsaw Stock Exchange FFIL ŚNIEŻKA SA has been regularly distributing dividends. The sum of dividends paid to shareholders in this period is PLN 544,221 thousand.

On April 26, 2024, the shareholders of FFIL Śnieżka adopted a resolution during the General Meeting on the dividend distribution from the 2023 profit in the amount of PLN 3.17 per share, i.e. in the total amount of up to PLN 39,998,356.26. The dividend date was established to May 15, 2024, and the dividend payment was carried out on May 29, 2024. The number of shares covered by the dividend amounted to 12,617,778.

In the coming years until the net debt ratio is reduced to one times the consolidated EBITDA - the Management Board of Śnieżka intends to recommend to shareholders the payment of a dividend at the level of 50% of the consolidated net profit of the Śnieżka Group attributable to the shareholders of the parent company - Śnieżka - for individual financial years. Should circumstances arise justifying a change in this recommendation, the Company will provide relevant information in an appropriate ESPI report.

Table 25. Dividend

from profit for year	Dividend per share (in PLN)	The amount of dividend (in PLN '000)
2023	3.17	39 998
2022	2.0	25 236
2021	2.5	31,544
2020	3.6	45,424
2019	2.6	32,806
2018	2.6	32,806
2017	2.2	27,759
2016	3.2	40,377
2015	3.15	39,746
2014	3.1	39,115
2013	2.5	31,545
2012	2.5	31,545
2011	1.35	17,034
2010	1.7	23,036
2009	1.6	21,686
2008	1.35	18,297
2007	1.1	15,235
2006	1	13,850
2005	0.44	6,248
2004	0.42	5,964
2003	0.35	4,970
Total		544 221

The Company's shares are included in WIGdiv dividend index. The WIGdiv index includes companies that have distributed regularly dividends over the last 5 financial years. The WIGdiv is a total return index and its calculation takes into account both the prices of its shares as well as dividend and subscription rights income.

9.5 STOCK EXCHANGE LISTINGS ON THE WSE

The shares of FFIL Śnieżka SA have been listed on the Warsaw Stock Exchange since December 31, 2003 (the rights to shares debuted two days earlier - December 29, 2003).

At the end of December 2024, the Company's shares were included in the following stock exchange indices: WIG140, sWIG80TR, WIGdiv, WIG-Poland, WIG BUDOWNICTWO, sWIG80 and WIG.

In 2024 (30.12.2024 vs 29.12.2023) the share price of FFIL Śnieżka SA increased by 1.72%. For comparison, the main index of the Warsaw Stock Exchange, WIG, increased by 1.42% and WIG Budownictwo went down by -11.04%.

In 2024, the closing price of FFIL Śnieżka SA shares on the Warsaw Stock Exchange ranged from PLN 70.00 (November 5, 2024) to PLN 93.40 (May 13, 2024).

At the end of 2024, the market value of FFIL Śnieżka SA increased to PLN 1.04 billion (from PLN 1.02 billion at the end of 2023).

The P/BV ratio (share price/book value per share attributable to shareholders of the parent company) was 2.80 (vs. 2.95 in 2023), and P/E (price/earnings per ordinary share attributable to shareholders of the parent company) was at the level of 15.03 (vs. 13.20 in 2023).

Figure 11. FFIL ŚNIEŻKA SA's listings on WSE in 2024

29.12.2023 = 100% the beginning; 30.12.2024 = the end of the period



9.6. INVESTOR RELATIONS

In 2024, the Śnieżka Group conducted investor relations in a transparent and effective manner, ensuring professional communication with institutional and individual investors, as well as with sell-side analysts. A characteristic element of these activities was regular arrangement of meetings with stakeholders, which included regular meetings and quarterly teleconferences. These sessions allowed participants to gain a deeper understanding of the company's finances and development plans.

Another key aspect of IR's activities was organizing an investor chat in liaison with the strefainwestorow.pl. portal. This initiative enabled direct and open communication with individual investors, strengthening the company's trust and transparency.

In 2024, the company consistently braced its presence in the media, effectively reaching a wide audience and enhancing its image in the business environment. Publications in renowned financial periodicals such as Forbes, Puls Biznesu or Gazeta Giełdy i Inwestorów Parkiet, as well as participation in an internet television show on the *Telewizja Biznesowa* channel, additionally confirmed its transparency.

IR key figures of 2024:

- 4 – meetings with the capital market in online and regular form
- 141 – participants of meetings with the company
- 76 – media publications in essential business media
- 1 - an investor chat

10. CORPORATE GOVERNANCE

10.1 CORPORATE GOVERNANCE PRINCIPLES AND A STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE

FFil Śnieżka SA, as a listed company, is responsible for shaping corporate governance. It ensures compliance with the law and consistency of normative acts of the Śnieżka Group and maintains effective systems: internal control, risk management and compliance supervision.

Corporate Governance is composed of two categories of internal acts:

- describing static aspects of the undertaking: articles of association, organizational regulations, document circulation regulations;
- describing dynamic aspects: strategies, policies, codes (rules), standards (soft law), procedures, instructions.

Documents are produced according to a hierarchy and they are closely related in such a manner that higher-level documents form a context (formal support) for lower-level ones.

Corporate Governance defines a number of processes implemented in all areas of the Śnieżka Group's operations. Access to the current version of documents is provided by an electronic system for documentation supervision and management.

The compliance supervision system is used to test the compliance of the company's operations in all areas and aspects of this activity with applicable law, internal regulations and voluntarily adopted standards, taking into account:

- supranational regulations,
- domestic law – acts and lower-ranking documents;
- corporate internal regulations.

A number of processes implemented within all areas of the Śnieżka Group's operations are defined by numerous policies, procedures, instructions and regulations. Thus, establishing the framework of the Group's operations, we do maximize their efficiency, consistency and transparency.

The key due diligence policies and procedures will be presented in the sections that follow, while this chapter is dedicated to the general practice indicating the Group's care for observance of the strictest due diligence standards in all aspects of the organization's activities. The *Book of Organizational Values* adopted by the Company (described in Sustainable Development Reporting in Chapter 14) and the *Code of Ethics of the Śnieżka Group* (described in Sustainable Development Reporting in Chapter 13) are also of key importance here. Internal normative acts, such as codes, policies, regulations, procedures or instructions are developed, registered and made available to employees in an electronic system supporting management and supervision of documentation, in a separate module. The publication of new regulations is preceded by a message specifying the scope and subject of the adopted document. Manual workers, who do not have access to the system, are informed about the adoption of new documents by their superiors.

Access to knowledge about the adopted documents is a condition for their proper implementation. Employees are automatically notified of any change in the documentation and have quick access to its current version at any time.

As regards the documents considered to be of key importance, the principle of obligatory familiarization with them is additionally applied - this should be confirmed in the monitoring system.

Owing to the internal document management system and other electronic solutions implemented within the group, it is possible to rapidly develop the due diligence procedures, establishing new practices which constantly improve the Group's efficiency and transparency.

Examples of such solutions of this type include, *inter alia*, the system for supervision and management of internal documentation used in the Śniežka Group. It is an advanced tool to control access to current versions of documents and eliminate errors resulting from working with incorrect (out-dated) versions of documents. It also effectively reduces the time spent on transferring information between employees when creating documentation. It provides confirmation of the adoption of a given regulation.

Other information on due diligence procedures

The application of due diligence procedures at the level of the entire Group takes place in all departments in relation to the issues managed by them. The source of the due diligence principles are numerous instructions, thanks to which it is possible to ensure continuity and quality of processes, also in volatile market conditions, or when changing personnel handling a given case.

Best Practices of WSE Listed Companies

FFIL ŚNIEŽKA SA applies recommendations and principles of corporate governance specified in "*Best Practices of WSE Listed Companies 2021*" document. Its content is available at www.gpw.pl/pub/GPW/pdf/Uch_13_1834_2021_DPSN2021.pdf.

From the date of entry into force *Best Practices of WSE Listed Companies 2021*, the Management Board of FFIL Śniežka SA strives to ensure that the principles and recommendations referred to in this document are applied to the Company to the widest possible extent. At the same time, the Management Board declares that the Company does not apply or partially applies the following principles/recommendations:

Principle/Recommendation

FFIL ŚNIEŻKA SA's comment

1.3 In its business strategy, a company also takes into account ESG issues, in particular including:**Company's comment:**

The Company did not disclose the business strategy document to the public. Concurrently, the Company developed the Śnieżka 2023+ Sustainable Development Strategy (hereinafter referred to as the *Sustainable Development Strategy, Strategy*), which is described in the Statement on non-financial information for 2022. The shape of the Sustainable Development Strategy is the result of previous activities, external analyses, involvement of employees, management staff and the Management Board, as well as research of the Company's stakeholders. The final step was to develop a materiality matrix, which was the starting point for defining strategic objectives.

The strategy includes 3 key pillars of responsibility towards the environment and actions for sustainable development. As part of them, a total of 9 areas were determined that define the priorities for the further development of Śnieżka in the spirit of sustainable development.

As part of the Sustainable Development Strategy 21 strategic and 71 operational objectives have been defined, which are being implemented by FFIL Śnieżka SA and Śnieżka ToC Sp. z o.o., both in the short and long term. In order to effectively implement the Strategy, responsibility has been assigned at the level of specific organizational units.

By implementing the assumptions of this Strategy, the Company is carrying out selected *UN Sustainable Development Objectives* for 2030: *Good health and well-being, Affordable and clean energy, Gender equality, Responsible consumption and production and Climate action*.

On March 26, 2024, the Management Board of the Company adopted a resolution on the strategic goals of the Śnieżka Group, indicating the intended directions of action until 2028. In accordance with the adopted goals, in the field of sustainable development, they assume systematic improvement of the sustainable development indicators of the Śnieżka Group companies assessed by EcoVadis.

Information on the implementation of the Strategy and on sustainable development (including ESG indicators and data) will be published on the Company's website and in annual reports of the Management Board on the activities of the Śnieżka Group (part of the annual report).

1.3.1. environmental issues, including measures and risks related to climate change and sustainable development issues;**1.3.2. social and employee matters, concerning, inter alia, actions taken and planned to ensure gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, relations with clients.**

The principle is not applied, see the comment to item 1.3.1 above.

1.4. In order to ensure proper communication with stakeholders, in the scope of the adopted business strategy, a company publishes on its website information on the assumptions of its strategy, measurable goals, in particular long-term objectives, planned activities and progress in its implementation, determined by means of financial and non-financial measures.

Information on the strategy in the ESG area should, *inter alia*:

1.4.1. explain how the decision-making processes in a company and its group entities take account of climate change issues, pointing to the resulting risks;

The principle is not applied, see the comment to item 1.3.1 above.

1.4.2. present the value of the equal wage ratio paid to its employees, calculated as the percentage difference between the average monthly remuneration (including bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate any inequalities in this respect, along with the presentation of related risks and the time horizon in which it is planned to achieve equality.

The principle is not applied, see the comment to item 1.3.1 above.

In addition, the Company indicates that its objective is to maintain the comparability of salaries of women and men employed in similar positions. This objective is monitored gradually, starting with FFIL Śnieżka SA and Śnieżka ToC Sp. z o. o. In 2024, the adjusted pay gap was 3,27% (this indicator represents the difference between the average remuneration of men and women, expressed as a percentage of the average remuneration of men by employment category).

2. MANAGEMENT BOARD AND SUPERVISORY BOARD

2.1. A company ought to have a diversity policy for the management board and supervisory board, adopted respectively by the supervisory board or the general meeting. The diversity policy defines the diversity objectives and criteria in such areas as gender, field of education, specialist knowledge, age and professional experience, as well as indicates the date and method of monitoring the achievement of the objectives in question.

In terms of gender diversity, the condition for ensuring the diversity of the company bodies is the participation of the minority in a given body at a level not lower than 30%.

The principle is not applied.

The company does not have a formalized diversity policy for the management board or supervisory board. The fundamental criteria for selection for management and supervisory positions in the Company are competences and meeting the requirements for a given position. Characteristics such as gender or other factors, such as age, do not influence the evaluation of candidates as they may lead to discrimination. Diversity in the Group has a practical aspect. For example, women hold (and have historically held) managerial and supervisory positions within the Group companies. At the end of 2024, 68 women were employed in management positions - of a managerial nature - in the Śnieżka Group companies, which constituted a total of 35% of all persons employed in these positions.

2.2. The decision-makers on the appointment of members of the management board or supervisory board of a company should ensure the versatility of these bodies by selecting persons who ensure diversity in their composition, enabling, *inter alia*, achieving the target minimum minority participation rate set at a level of not less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.

The principle is not applied.

In the Company's opinion, the right to appoint members of the supervisory board lies upon the shareholders, and members of the management board - upon the supervisory board.

2.11. In addition to the activities resulting from legal provisions, once a year the supervisory board draws up and presents an annual report for approval to the ordinary general meeting. The report referred to above contains at least:

2.11.6. information on the degree of implementation of the diversity policy in relation to the management board and the supervisory board, including the achievement of the objectives referred to in principle 2.1.

The principle is not applied.

The Company does not apply this principle due to the waiver of principle 2.1.

3. INTERNAL SYSTEMS AND FUNCTIONS

3.1. A listed company maintains effective systems of internal control, risk management and supervision of compliance with the law, as well as an effective internal audit function, appropriate to the size of the company and the type and scale of activities, for which the management bears responsibility.

The principle is not applied.

The Company maintains internal control, risk management and compliance systems, but no internal audit unit has been organisationally separated. The Company is currently implementing an internal audit.

3.3. A company belonging to the WIG20, mWIG40 or sWIG80 index appoints an internal auditor in charge of the internal audit function, acting in accordance with generally recognized international standards of the professional practice of internal audit. In other companies where no internal auditor was appointed to meet the above-mentioned requirements, the audit committee (or the supervisory board, if it serves as an audit committee) assesses annually whether there is a need to appoint such a person.

The principle is not applied.

The Company maintains internal control, risk management and compliance systems, but no internal audit unit has been organisationally separated. The Company is currently implementing an internal audit.

3.4. Remuneration of persons responsible for risk management and compliance and the head of internal audit should depend on the performance of assigned tasks, and not on the short-term performance of the company.

The principle is not applied.

There are designated persons responsible for risk management and compliance in the Company, but there is no person in charge of internal audit, due to the lack of a separate internal audit unit in the Company. The Company is currently implementing an internal audit.

3.6. The head of internal audit reports organisationally to the president of the management board, and functionally to the chairman of the audit committee or the chairman of the supervisory board, if the board performs the function of the audit committee.

The principle is not applied.

The Company has no person in charge of internal audit, due to the lack of a separate internal audit unit in the Company.

The Company is currently implementing an internal audit.

3.7. Principles 3.4 - 3.6 are also applicable to entities comprising the company's group that are significant for its operations, if they have designated persons to perform these tasks.

The principle is not applied.

The Company does not apply this principle due to the waiver of principle 3.4. and 3.6.

3.10. At least once every five years in a company belonging to the WIG20, mWIG40 or sWIG80 index, an independent auditor, appointed by the audit committee, reviews the internal audit function.

The principle is not applied.

The Company does not apply this principle due to the waiver of principle 3.1.

4. SHAREHOLDER MEETING AND SHAREHOLDER RELATIONS

4.1. A company should enable its shareholders to participate in the general meeting by means of electronic communication (e-general meeting), if it is justified in view of the shareholders' expectations reported to the company, and if it is able to provide the

The principle is not applied.

In the Company's opinion, the current mode of holding general meetings, carried out pursuant to the provisions of the Commercial Companies Code, is sufficient.

technical infrastructure necessary to conduct such a general meeting.

4.3. A company provides publicly available real-time broadcast of the general meeting.

The principle is not applied.

The Company strives to conduct general meetings as efficiently as possible. Due to efforts to limit additional technical and organizational burdens, the Company does not broadcast the proceedings in real time.

10.2. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO PROCESSES OF PREPARING FINANCIAL STATEMENTS

The key guidelines, standards and legal provisions applied in the Śnieżka Group in relation to the process of preparing financial statements and consolidated financial statements (in the context of internal control and risk management systems) are:

- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS), related interpretations announced in the form of Regulations of the European Commission;
- The Accounting Act (in the areas not governed by IAS/IFRS);
- internal procedure describing the process of publishing periodic reports and estimated preliminary results by the Company, getting familiar with the content of draft periodic reports prior to their publication.

As far as ownership supervision over subsidiaries is concerned, the supervision is exercised by the Corporate Governance Department of FFIL Śnieżka SA, monitoring their activities and ensuring compliance with the policies and procedures of the parent company

10.3. THE ARTICLES OF ASSOCIATION

FFIL ŚNIEŻKA SA operates on the basis of the Articles of Association. The Articles of Association is available at the Company's website: <https://sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/> Any amendments to the Articles of Association require a consent of the Shareholder Meeting and the entry into the Register of Entrepreneurs in the National Court Register.

Pursuant to the Articles of Association, governing bodies of the Company are:

- General Meeting,
- Supervisory Board,
- Management Board.

In 2024 the Articles of Association was not subject to change.

10.4. GENERAL MEETING

The competences of FFIL ŚNIEŻKA SA's General Meeting are set out in § 10 item 1 of the Articles of Association.

The competences of the General Meeting of the Company, apart from issues specified in legal regulations and other provisions of its Articles of Association, include:

- adopting the regulations of the shareholder meeting,
- approving the Regulations of the Supervisory Board,
- determining the rules for remunerating members of the Supervisory Board and members of the Management Board,

- appointing a representative to conclude contracts with board members,
- acquiring of own shares by the Company,
- determining the amount of remuneration for members of the Supervisory Board, delegated to permanent individual performance of supervision.

In addition, pursuant to § 10 item 2 of the Articles of Association, the consent of the general meeting for the purchase or sale of real estate is not required.

Pursuant to the Articles of Association, general meetings of FFiL Śnieżka SA are held in Warsaw (where the Company's registered seat is located), in Brzeźnica or in Dębica.

The manner of operation of the General Meeting, as well as the rights of shareholders and the manner of their implementation are specified in the provisions of the Code of Commercial Companies and Regulations of the General Meeting, available on the Company's website at: <https://sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/>

10.5. SUPERVISORY BOARD

The rules for appointing members of the Supervisory Board

Pursuant to § 12 of the Company's Articles of Association, a supervisory body consists of five to seven members appointed by the general meeting for a joint three-year term of office. The number of members of the supervisory board is determined by the shareholders during the general meeting. Members of the Supervisory Board are elected at the General Meeting, provided that three members of the Supervisory Board including the Chairman of the Supervisory Board are elected by shareholders holding series A shares, in such a manner that for every 30 000 of series A shares there is the right to appoint one member of the Supervisory Board, including the Chairman of the Supervisory Board. If that preference expires over some series A registered shares, each remaining 20 000 series A shares give entitlement to indicate one Supervisory Board Member, including the Chairman of the Supervisory Board.

The members of the supervisory board of the Company are elected for three-year term of office.

Composition of the Supervisory Board

In 2024, the Supervisory Board of the ninth term of office was composed of:

- Jerzy Pater - Chairman of the Supervisory Board
- Stanisław Cymbor - Vice-Chairman of the Supervisory Board
- Rafał Mikrut - Secretary of the Supervisory Board
- Zbigniew Łapiński - Member of the Supervisory Board
- Anna Sobocka - Member of the Supervisory Board,
- Dariusz Orłowski - Member of the Supervisory Board
- Piotr Kaczmarek - Member of the Supervisory Board

The above Supervisory Board was appointed at the Annual General Meeting of the Company held on May 31, 2022 and its composition was supplemented on April 27, 2023. Detailed information on the members of the Supervisory Board of the ninth term of office was included by the Company in the current report no. 14/2022 and 11/2023.

The duties of the supervisory board

The chairman of the supervisory board manages the work of the board, chairs the board meetings and coordinates the work of other board members. If the chairman of the board is unable to perform his duties, his duties are performed by the vice-chairman. The chairman convenes board meetings. The management board or a member of the supervisory board may request the convening of the supervisory board, providing a proposed

agenda. The supervisory board may adopt resolutions using means of remote communication. The supervisory board exercises permanent supervision over the Company's operations in all areas of its operations. In order to perform its duties, the supervisory board may examine all Company documents, request reports and explanations from the management board, and review the Company's assets.

The competences of the supervisory board include in particular: adopting the regulations of the supervisory board, assessment of management board reports on the Company's operations and financial statements, assessment of management's applications regarding distribution of profit or loss coverage, annual submission to the general meeting a concise assessment of the Company's standing, approval of the financial and material plan of the Capital Group, work regulations of the Company's management board, appointing the president of the management board and, at the request of the president, other members of the management board, dismissing all or individual members of the management board for important reasons, delegating a member of the supervisory board to temporarily perform the duties of members of the management board, appointing an audit firm, making statements in all matters that require resolutions of the general meeting, issuing opinions on all matters addressed to it by the management board.

Audit Committee

The Audit Committee operates in the Company, whose operation as at the balance sheet date, i.e. December 31, 2024, is regulated by the Regulations of the Audit Committee, an advisory and consultative body within the structure of the Supervisory Board of FFIL Śnieżka SA, adopted by the resolution of the Supervisory Board of January 27, 2023, then on March 11, 2025, new Regulations of the Audit Committee of FFIL Śnieżka SA were adopted.

The most important tasks of the Audit Committee currently include: monitoring the financial and sustainable development reporting process, the effectiveness of internal control systems and risk management systems and the performance of financial audit activities, controlling, monitoring and assessing the independence of the statutory auditor and the audit firm, informing the supervisory board about the results of the audit or assurance of sustainable development reporting and developing policies concerning the audit firm.

In 2024, the composition of the Audit Committee was the following:

- Anna Sobocka - Chairwoman of the Audit Committee
- Piotr Kaczmarek - Member of the Audit Committee
- Dariusz Orłowski - Member of the Audit Committee

As at the date of preparation of this report, the composition of the Audit Committee remains unchanged.

Independent Members of the Audit Committee within the meaning of Art. 129 sec. 3 of the Acts are as at the date of preparation of this report: Anna Sobocka (Chairwoman of the Audit Committee) and Piotr Kaczmarek.

All members of the Audit Committee have knowledge and skills in accounting or auditing financial statements.

Members of the Audit Committee, Anna Sobocka and Dariusz Orłowski, have knowledge and skills in the industry in which the Company operates.

In 2024 six meetings of the Audit Committee were held.

10.6. MANAGEMENT BOARD

The rules for appointing members of the management board

Pursuant to § 15 of the Company's Articles of Association, the management board consists of one to five members appointed for a joint three-year term. The number of board members is determined by the Supervisory Board. The Supervisory Board appoints the President of the Management Board and - at his request - other members of the management board. The President of the Management Board manages the work of the board, chairs its meetings and coordinates the work of other board members. The president has the right to appoint vice presidents from among other members of the board. The appointed vice president of the board substitutes the president during his absence.

The composition of the Management Board

Members of the Management Board of FFIL Śnieżka SA in 2024:

- Piotr Mikrut - Chief Executive Officer
- Witold Waśko - Vice President of the Management Board - Chief Financial Officer
- Joanna Wróbel-Lipa - Vice President of the Management Board - Chief Commercial Officer
- Zdzisław Czerwiec - Vice President of the Management Board - Chief Supply Chain Officer

On December 17, 2024 the Supervisory Board appointed Mr. Dawid Trojan as a member of the Śnieżka's Management Board from January 1, 2025 for the duration of the 9th term of office of the management board.

On the very same day, the President of the Management Board Piotr Mikrut appointed Mr. Dawid Trojan to act as Vice-President of the Management Board.

More information on the current composition of the Management Board of FFIL Śnieżka SA can be found in the Statement on non-financial information.

The duties of members of the management board

The management board executes strategic objectives and oversees the execution of the Company's operational objectives. Each member of the management board manages a separate organizational department in accordance with the function performed and in accordance with the organizational regulations. The division of assignments between the individual members of the management board is specified in the Organizational Regulations of Fabryka Farb i Lakierów Śnieżka Spółka Akcyjna. In addition, the president of the board manages the work of the board, chairs its meetings and coordinates work of other board members.

The scope of activities of the management board includes managing the Company's affairs, operations and its assets, as well as representing the Company - except for matters reserved for other bodies.

Two members of the management board or one board member together with a proxy are required to make declarations of will on behalf of the Company.

While managing the Company's affairs, the management board is subject to limitations resulting from the provisions of law, the Articles of Association and resolutions of the general meeting and the supervisory board. The general meeting and the supervisory board may not issue binding instructions to the management board regarding the conduct of the Company's affairs.

Activities requiring a resolution of the management board performed without a relevant resolution may be subsequently confirmed by a resolution of the management board.

The special responsibilities of the management board include:

- arranging the Company's accounting - in accordance with the applicable regulations and the Company's interests and ensuring that it is properly maintained,

- preparation of the financial statements by March 30 of the following financial year, introducing the annual report on the company's activities to the financial statements and submitting reports to the supervisory board
- submitting annual reports to the registry court in the form and time limits specified by applicable law,
- keeping records of the minutes of the general meeting and issuing certified copies of resolutions,
- providing oral and written explanations and drawing up reports at the request of the supervisory board and shareholders present at the general meeting,
- developing draft resolutions regarding decisions which, on the basis of the Commercial Companies Code and the Company's Articles of Association, fall within the competence of the general meeting,
- requesting a meeting of the supervisory board together with the agenda and requesting it to approve the draft resolutions of the general meeting,
- carrying out post-audit recommendations.

10.7. AUDIT FIRM SELECTION

The Management Board of FFiL Śnieżka SA presents below the information required by § 70 of the Regulation of the Minister of Finance (of 29 March 2018 regarding current and periodic information provided by the issuer of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state).

On May 9, 2023, the Supervisory Board selected, in accordance with applicable regulations, the entity PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to audit and review the statutory standalone financial statements of Fabryka Farb i Lakierów Śnieżka SA and the consolidated financial statements of the Śnieżka Group for the years 2023–2025. On July 19, 2023, the Company concluded an agreement in the above-mentioned scope. On August 29, 2024, an annex to the agreement was concluded, setting out the deadlines and remuneration for the audit of financial statements for 2024.

The following agreements were also concluded with the PwC audit firm:

- On February 27, 2024, after obtaining the consent of the Audit Committee, an agreement was concluded to assure selected non-financial indicators of the Śnieżka Group for 2023.
- On November 20, 2024, after obtaining the consent of the Audit Committee, an agreement was concluded to assure the sustainable development report for the years 2024 to 2025.

Pursuant to the concluded agreement, the auditor is to perform a limited assurance service, verifying whether the Company's Sustainability Report for 2024 and 2025 is compliant with the requirements of Directive (EU) 2022/2464 and the European Sustainability Reporting Standards (ESRS). The audit is to include an assessment of the process of identifying the information to be reported, compliance with the ESEF Regulation regarding the reporting format, as well as with the requirements of the Taxonomy Regulation regarding environmental disclosures. The purpose of the audit is to ensure that the report lives up to all reporting obligations and is consistent with applicable regulations.

- On December 5, 2023, an agreement was concluded on the assessment (assurance) of the remuneration report for the years 2023-2025. On January 27, 2025, an annex to this agreement was concluded determining the remuneration for 2024.

In accordance with the concluded agreement, the auditor is to perform an assurance service, verifying whether the Remuneration Report contains all the information required in line with the provisions of the Act on Public Offering and the European Union Directives. The purpose of the audit is to ensure the document's compliance with legal requirements, which will enable the Company to meet its obligations under Article 90g of the Act on Public Offering. Based on the assurance procedures performed, the auditor is to issue an opinion on the correctness of providing essential information in the report, ensuring reasonable assurance of its compliance with applicable standards.

Independence and impartiality

PwC was entered by the National Council of Statutory Auditors on the list of audit firms under no. 144.

The aforementioned audit firm and members of the team auditing the financial statements of the Company and the Group met the conditions for preparing an impartial and independent report on the audit of the annual financial statements in accordance with applicable regulations, professional standards and principles of professional ethics.

Rotation and grace period

FFiL Śnieżka SA adheres to the applicable regulations related to the rotation of the audit firms and the key statutory auditor and mandatory grace periods.

The Company took advantage of the PwC's services regarding audit and review of financial statements from 2016 to 2023.

Audit firm's remuneration

The remuneration of the PwC audit firm, due for the audit of the annual and review of the interim financial statements of the Group and the Company and for the assurance services for the financial year ended 31 December 2024 and the previous financial year ended 31 December 2023 is included in:

- 1) Standalone financial statements of FFiL Śnieżka SA for 2024 in note 3.22,
- 2) Consolidated financial statements of the Śnieżka Group in note 3.24.

Policy on selecting an audit firm

FFiL Śnieżka SA has a policy on selecting an audit firm and a policy on providing additional non-audit services by an audit firm.

The selection of an audit firm is carried out in accordance with the Policy on selecting an audit firm to conduct the audit and review of financial statements (available at the Company's website: <https://sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/>) adopted by a resolution of the Audit Committee on January 27, 2023.

The policy corresponds to the Procedure on selecting an audit firm prepared by the Audit Committee and adopted by a resolution of January 27, 2023. The policy on selecting an audit firm to conduct the audit and review of financial statements determines the guidelines and principles that the Audit Committee should be driven by at the stage of preparing recommendations and the supervisory board by selecting an entity empowered to audit the financial statements of the Company and the Śnieżka Group. They take into account the requirements resulting from the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, and in particular:

- the need to maintain the impartiality and independence of the audit firm and the statutory auditor;
- previous experience of the audit firm in the audit and review of public interest entities and capital groups;
- potential to perform the scope of services whose performance is to be entrusted to the audit firm (i.e. statutory audit and review of separate and consolidated financial statements);
- holding (in the appropriate value) an insurance policy against the civil liability by an audit firm;
- professional qualifications and experience of persons directly involved in audit activities;
- the price proposed by an audit firm;
- time of conducting the audit and review of the financial statements;
- the maximum period of uninterrupted duration of audit orders and statutory reviews carried out by the same audit firm or an audit firm related to that audit firm or any member of the network operating in the European Union to which these audit firms belong, not exceeding 10 years;

- the interval between the audits and statutory inspections carried out in the same public interest entity for a period of 10 years, amounting to at least the next 4 years, counting from the end of the last audit and statutory inspection;
- the statutory auditor may not conduct audit and statutory review in the same public interest entity for a period longer than 5 years. The statutory auditor may conduct the statutory audit and review in the entity referred to in the preceding sentence again after at least 3 years have elapsed from the end of the last statutory audit and review.

The policy corresponds to the Procedure on selecting an audit firm, which takes into account cooperation of a member of the management board - the CFO, the Audit Committee and the Supervisory Board. The aim of the procedure is to efficiently and effectively collect bids from audit firms, which are subsequently analysed by the Audit Committee, in order to submit to the Supervisory Board an appropriate recommendation on selecting entities authorized to perform the audit. The recommendation covers at least two audit firms together with the justified preference of the Audit Committee for one of the presented entities. The final decision regarding the selection of an audit firm is made by the Supervisory Board. However, if the Supervisory Board decides to select another entity than recommended by the Audit Committee, it should provide reasons for departing from the Audit Committee's recommendation and provide such justification to the shareholders at the general meeting of the Company.

Additional services provided by an audit firm are set out in the Policy of providing by an audit firm conducting audits and reviews of financial statements by entities related to this audit firm and by a member of the audit firm network of permitted non-audit services adopted by the resolution of the Audit Committee of January 27, 2023.

The indicated policy has been in force at FFIL Śnieżka SA since 2023. The core assumption of this document is to minimize the risk that a statutory auditor or an audit firm conducting audits of the Company's financial statements (or other entities mentioned in the title of this policy) provides directly or indirectly to the audited entity, its parent company or its subsidiaries within the European Union, any prohibited services other than auditing or auditing activities. The exceptions are services set out in art. 136 sec. 2 of the Act on statutory auditors, audit firms and public supervision (*The act on Statutory Auditors*), the provision of which is possible only to the extent not related to the tax policy of FFIL Śnieżka SA, after carrying out by the audit committee an assessment of threats and safeguards of independence and expressing a relevant consent. In addition, if the statutory auditor or audit firm provides the services referred to above, these entities are obliged to comply with the regulations contained in art. 69-73 of the act on Statutory Auditors determining solutions aimed at ensuring the independence and objectivity of the statutory auditor and the audit firm.

By resolution of the Audit Committee of 2 April 2025 and resolution of the Supervisory Board of 9 April 2025, the above-mentioned policies and procedure were repealed and in lieu of them the following new policies and procedure were adopted and approved:

- 1) The policy for the provision of permitted services other than audit or assurance of sustainability reporting by an audit firm conducting an audit of financial statements or assurance of sustainability reporting, by entities related to that audit firm and by a member of the network to which the audit firm belongs in favour of Fabryka Farb i Lakierów "Śnieżka" S.A. with its registered office in Warsaw.
- 2) The policy for selecting an audit firm to audit financial statements and assure sustainable development reporting by the public interest entity Fabryka Farb i Lakierów "Śnieżka" S.A. with its registered office in Warsaw.
- 3) The procedure for selecting an audit firm by a public interest entity - Fabryka Farb i Lakierów "Śnieżka" S.A. with its registered office in Warsaw.

10.8. REMUNERATION POLICY

As at 31 December 2024, the Company applied the Remuneration Policy for Members of the Management Board and Supervisory Board of FFiL Śnieżka SA (*Remuneration Policy*), which was developed on the basis of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies. The purpose of its development was to ensure corporate transparency and supervision over the remuneration of members of the management board and supervisory board of the Company.

The Remuneration Policy was adopted by Resolution of the General Meeting of the Company of June 16, 2020. The Remuneration Policy takes into account the experience of applying the solutions currently in force in the Company, relating to the establishment and payment of remuneration to members of the management board and supervisory board, which - as shown by the increase in the value of the Company and its harmonious and stable development - are part of the Company's business strategy, whose foundation is a long-term leading position in the segment of decorative paint markets of Central and Eastern Europe. The Remuneration Policy is also in line with its long-term interests, objectives and values.

The principles of determining and paying remuneration implemented in the Company will allow for adjusting the personal goals of persons acting as members of the Management Board and Supervisory Board with the long-term interests of FFiL Śnieżka SA. The remuneration principles encourage members of the Management Board and Supervisory Board to take actions focused on long-term objectives and results as well as the sustainable development of the Company and the entire Śnieżka Group, while ensuring the stability of the Company's operations.

The Remuneration Policy - considering the organizational values indicated in the HR Policy of Śnieżka Group - is an integral part of building high commitment in the Company. It enables to align the common interests of the Company, members of the Management Board and the Supervisory Board while maintaining an appropriate relationship between these interests, ensuring the avoidance of conflicts of interest and contributing to the long-term success of FFiL Śnieżka SA.

The Company publishes the Remuneration Policy and the resolution on it (along with the date of its adoption and voting results) on its website: <https://sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/>

Remuneration of members of the Management Board

The remuneration of management Board Members may consist of fixed and variable components. They may receive additional non-cash benefits related to their function or position. The General Meeting of the Company is responsible for establishing the principles of remunerating the board members. The amount of fixed components of remuneration for members of the Management Board and the rules for calculating variable components of remuneration may be established by the Supervisory Board based on the authorisation of the shareholders during the General Meeting.

In order to stimulate the development of the Company, consider its the short-term objectives and maintain the stability of employment in essential management positions, the remuneration of the Management Board members may include variable remuneration components, including an annual bonus and awards for special achievements. The President of the Management Board may be entitled to apply to the Supervisory Board for bonuses and awards for members of the Management Board resulting from additional tasks, special achievements or jubilees.

Variable remuneration components

Variable remuneration components may be based on all or some of the following criteria:

- 1) financial criterion - the financial results achieved by the Company or the Group in the period the variable remuneration component is awarded for;
- 2) loyalty criterion - the period of performing the function of a management board member;

- 3) social involvement criterion - taking into account social interests in the activities of the Company or the Group;
- 4) environmental criterion - taking into account in the operations of the Company or the Group its contribution to environmental protection;
- 5) CSR criterion - supporting the implementation activities undertaken by the Company or the Group in the area of corporate social responsibility of the Company or the Group;
- 6) criterion - individual, covering individual qualifying elements of a management board member, including special achievements, additional tasks or professional jubilees.

Variable remuneration components in the form of a financial instrument for members of the management board may also be awarded under incentive programs. In addition to the awarded remuneration, members of the management board may be entitled to other cash and non-cash benefits, which include in particular:

- 1) the option of taking advantage of the benefits specified in the Regulations of the Company Social Benefit Fund;
- 2) the option of taking advantage of MyBenefit programme;
- 3) the option of joining the pension scheme operating in the Company on the terms provided for the Company's employees;
- 4) defrayment of premium costs for third party liability insurance of persons holding managerial positions (the so-called D&O); life and health as well as lost remuneration due to incapacity for work due to illness or accident;
- 5) the right to take advantage of training to improve professional qualifications indicated for the performance of the function of a management board member;
- 6) the option of taking advantage of a company vehicle for private purposes;
- 7) any other non-wage benefits that are available to employees (or associates) of the Company according to the basis of employment;
- 8) any other benefits resulting from the labour code and due to members of the management board on the basis of employment based on an employment contract;
- 9) any other benefits resulting from other mandatory provisions of law.

The sum of the variable remuneration components - including bonuses and other cash and non-cash benefits (including in the form of financial instruments) paid in a calendar year - ought to be in the range from 0 to 9 times the sum of the fixed components of the remuneration of the management board member. The maximum proportion is taken taking into account the potential level of payments that would include the results "higher than target ones."

Remuneration amount

Table 26. Remuneration of Members of the Management Board of FFiL Śnieżka SA in 2023 and 2024

	Remuneration and bonuses 2024	Income earned in subsidiaries 2024	Remuneration and bonuses 2023	Income earned in subsidiaries 2023
Piotr Mikrut	1 359.9	-	1 428.8	-
Witold Waśko	1 378.5	-	1 432.9	-
Joanna Wróbel-Lipa	1 205.2	227.8	1 199.2	235.2
Zdzisław Czerwic	1 389.6	3.6	1 444.6	
Total	5 333.2	231.4	5 505.5	235.2

As at 31 December 2024, members of the management board did not have any debts due to loans granted by the Company.

In 2024, the Company did not have any liabilities arising from pensions and similar benefits for former management, supervisory or former members of administrative bodies as well as liabilities incurred in connection with these pensions.

Remuneration of members of the Supervisory Board

Remuneration of members of the supervisory board may only be composed of fixed components. This solution is a measure to implement the strategy of the long-term objectives of the Company, separating substantially the remuneration of supervisory board members from the short-term objectives of the Company.

Supervisory board members do not receive any additional non-cash benefits related to the performance of their functions. They are not entitled to bonuses or other additional cash or non-cash benefits. Detailed principles for the remuneration of members of the Supervisory Board is established during the General Meeting.

Remuneration amount

Table 27. Remuneration of Members of the Supervisory Board of FFIL Śnieżka SA in 2023 and 2024

	Remuneration and bonuses 2024	Income earned in subsidiaries 2024	Remuneration and bonuses 2023	Income earned in subsidiaries 2023
Stanisław Cymbor	466.1	-	417.9	-
Jerzy Pater	466.1	-	417.9	-
Zbigniew Łapiński	189.2	-	169.7	-
Rafał Mikrut	186.4	-	167.2	-
Dariusz Orłowski	252.3	-	169.5	-
Ewa Hałucha	-	-	55.7	-
Piotr Kaczmarek	252.3	-	169.7	-
Anna Sobocka	279.6	-	113.3	-
Total	2 092.0		1 680.9	-

As at December 31, 2024, the supervising bodies had no debt to the Company under any loans granted. In addition, in 2023, the Company did not have any liabilities arising from pensions and similar benefits for former management, supervisory or former members of administrative bodies as well as liabilities incurred in connection with these pensions.

SUSTAINABILITY REPORTING

11. GENERAL INFORMATION

11.1 BASIS FOR PREPARATION

[BP-1]

Sustainability reporting has been prepared for the period from 01.01.2024 to 31.12.2024 in consolidated form for the Śnieżka Group (the scope of consolidation is in line with the scope of the financial statements). It is part of the Management Board's Report on the activities in accordance with the Act of 6 December 2024 amending the Accounting Act, the Act on statutory auditors, audit firms and public supervision and certain other acts, introducing changes, i.a., to the Act of 29 September 1994 on Accounting (consolidated text: Journal of Laws of 2023, item 120, as amended). The Act implements, i.a., Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU with regard to corporate sustainability reporting (OJ EU L 322, 16.12.2022, p. 15).. The content of this Report (hereinafter referred to as: ESG Report 2024 or report) is consistent with Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards (OJ EU L 2023, item 2772, as amended), Annex I, European Sustainability Reporting Standards (hereinafter: ESRS). The Report also includes disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation).

Figure 4. The Śnieżka Group's structure (as at 31.12.2024)

Group structure and organization



Reporting applies to the upstream and downstream value chain, including own operations and, in addition, support activities. All these value chains are included in the process of assessing impacts, risks and opportunities. This scope also applies to policies, actions, targets and disclosed metrics, although it should be noted that not all policies, actions, targets and disclosed metrics cover the above levels of the value chain to the same extent.

The Śnieżka Group did not make use of the possibility to omit specific information concerning intellectual property, know-how or results of innovation and to exempt from the obligation to disclose information on

anticipated events or matters that are the subject of on-going negotiations in accordance with Article 19a paragraph 3 and Article 29a paragraph 3 of Directive 2013/34/EU.

[BP-2]

The Group adopted the time horizons proposed by the standards, i.e.:

- short-term time horizon - corresponding to the reporting period (1 year),
- medium-term time horizon - from one to five years,
- long-term time horizon - more than five years.

No estimated data (indirect metrics) were used when estimating the upstream and downstream value chain. However, external sources were used to calculate energy consumption and carbon footprint, and in terms of product durability, durability was estimated based on information collected by the Group from the market on product expiration dates, as described in detail in Chapter 12. *Environment*.

In the *Management Board's Report on the activities for 2023*, one year prior to the reporting obligation, the Group included selected topic-specific disclosures, the selection of which was preceded by a simplified double materiality process. This report fully complies with ESRS standards and the selection of topic-specific disclosures has been preceded by a full double materiality analysis.

Due to the fact that the presented Sustainability Reporting was prepared for the first time in full in accordance with the ESRS standards, it is not possible to indicate reporting errors in previous periods. No material errors were identified in the quantitative disclosures in accordance with the ESRS that the Group voluntarily presented in the Management Board's Report on the activities for 2023. Therefore, comparative data are to be presented for these disclosures (E1-6, E5-5, S1-6, S1-9, S1-14, S1-16). The change in the approach to the presented data concerns taxonomic disclosures presented in the 2023 report and arises mainly from the improvement of the process of identifying taxonomic activities and a change in the interpretation of descriptions for selected activities and are described in the *Change of approach to qualifications and restatement of data for the 2023 financial year* section.

The undertaking does not include information based on other regulations in this report, nor does it make use of the possibility of incorporating it by reference. An exception are references to the Consolidated Financial Statements of the Śnieżka Group, of which this Report is a part. Cross-cutting disclosures whose inclusion in this report results from the list of material topics to be reported, and therefore relate directly to the topic-specific disclosures and form part of them, are described together with the corresponding ESRS 2 cross-sectional disclosures included in this chapter.

11.2 ORGANIZATIONAL STRUCTURE

[GOV-1]

The Śnieżka Group is managed by the Management Board and supervised by the Supervisory Board of the parent company. Śnieżka S.A. exercises control over its subsidiaries primarily through exercising voting rights at shareholders' general meetings, and in the case of Rafil – at the shareholders' meeting.

Table 28. Members of the Management Board and Supervisory Board of FFIL Śnieżka SA,

The number of Management Board members, including:	5
Women	1
Men	4
Percentage of women on the Management Board	20%
Percentage of men on the Management Board	80%
The number of Supervisory Board members, including:	7
Women	1
Men	6
Percentage of women on the Supervisory Board	14%
Percentage of men on the Supervisory Board	86%
Percentage of independent Supervisory Board members	43%

Table 29. Information on the members of the Management Board of FFIL ŚNIEŻKA SA

	Experience	Education:	Responsibility areas
 Piotr Mikrut Chief Executive Officer	<p>He started his professional career in the paint company Chemal (whose legal successor is FFIL Śnieżka SA), where he worked between 1995 and 1997. Then, for several years he was the CEO in a local company operating in the field of construction chemicals. He joined FFIL ŚNIEŻKA SA again in 2004 and since then he has been continuously holding the position of the CEO.</p>	AGH University of Science and Technology in Cracow (Management) .	<ul style="list-style-type: none"> ▪ Business Strategy of the Capital Group ▪ Corporate Governance ▪ People ▪ ESG and Corporate Communications ▪ Quality and Climate Management ▪ Personal data ▪ Work safety
 Joanna Wróbel-Lipa Vice President of the Management Board - Chief Commercial Officer	<p>She started her professional career at FFIL Śnieżka SA in 2000 as a Marketing Specialist. In the following years she held the position of Marketing Department Manager and Deputy Commercial Director for Marketing. In 2006, she took up the position of Commercial Director, combining it with the function of Proxy. She was appointed a Member of the Management Board of FFIL ŚNIEŻKA SA in 2007, and since 2011, she has been the Vice-President of the Management Board. At the same time, since 2010 he has been the CEO of Śnieżka Trade of Colours Sp. z o.o.</p>	University of Economics in Katowice (Management and Marketing).	<ul style="list-style-type: none"> ▪ Sales Strategy of the Capital Group ▪ Sales Independent Market PL ▪ Sales Retail Chains PL ▪ Sales Thermal insulation systems PL ▪ Export sales ▪ Sales Support Center



Witold Waśko

Vice President of the Management Board - Chief Financial Officer

He started his professional career in 1992 in the paint company Chemal (whose legal successor is FFiL Śnieżka SA), where he held the following positions: Accountant, Chief Financial Officer, Economic Director and Member of the Management Board. Since 2005, he has been the Vice-President of the Management Board of FFiL ŚNIEŻKA SA.

Rzeszów University of Technology (Aviation), postgraduate studies in accounting and finance. Certified auditor since 2009.

- Financial Strategy of the Capital Group
- Finance
- Controlling
- Data and analytics
- Investments



Zdzisław Czerwic

Vice President of the Management Board - Chief Supply Chain Officer

He began his professional career at FFiL Śnieżka SA in 1999. Initially, he worked in specialist and then managerial positions in the areas of production, marketing, trade, domestic and export sales, customer service and logistics. Since 2020, he has been serving as the Chief Supply Chain Officer. In 2021, he was appointed a Member of the Management Board, and since 2022, he has been the Vice-President of the Management Board.

University of Warmia and Mazury and University of Agriculture in Kraków (Land surveying), postgraduate studies in management, psychology in business and logistics.

- Digital Safety Strategy of the Capital Group
- Digital and IT transformation
- Procurement
- Production
- Maintenance
- Logistics centre
- Forwarding



Dawid Trojan

Vice President of the Management Board Chief Marketing Officer

He started his professional career at FFiL Śnieżka SA in 2016 as a Marketing and Pricing Specialist. In 2018, he was appointed a Pricing Director and then a Pricing Revenue Director, Revenue Commercial Insights Director and Chief Marketing Officer. He was appointed Member of the Management Board of Śnieżka Trade of Colours Sp. z o.o. in 2022, where he also serves as Vice President of the Management Board. Since 2025, he has been the Vice-President of the Management Board of FFiL ŚNIEŻKA SA.

Warsaw University of Technology (Electronics and Information Technology), Krakow University of Economics (Management)

- Marketing Strategy of the Capital Group
- Strategic Marketing
- Communication Marketing
- Customer Intelligence
- Branding
- E-commerce
- Shared Service Center
- Project Management
- Research and development

In 2024, none of the Members of the Management Board or Supervisory Board in the Group held the position of worker's representative.

Table 30. Information on the members of the Management Board of FFIL ŚNIEŻKA SA

Jerzy Pater	Co-founder of Śnieżka and an experienced practitioner in the construction chemicals industry, associated with it from the beginning of his professional career. He has many years of experience in the production of paints and varnishes and management of production processes. Since 2003, he has co-run the company PPHU Elżbieta i Jerzy Pater Sp. z o.o., specializing in the production and sale of construction materials. He has been a member of the Supervisory Board of Śnieżka for over 20 years, participating in the company's strategic decisions. Independence: NO
Stanisław Cymbor	Co-founder of Śnieżka, brings experience in the construction chemicals sector to the Supervisory Board. He has a university education in the field of administration. He has been a member of the Supervisory Board of Śnieżka for over 20 years, participating in the company's strategic decisions. Since 2003, he has been conducting his own business activity (PPHU Iwona i Stanisław Cymbor Sp. z o.o.) and is also active in the real estate market. Independence: NO
Vice-Chairman of the Supervisory Board	Manager with over 25 years of experience in the construction chemicals industry. He has a university education in the field of management and marketing, and his professional career has focused from the very beginning on the paints and varnishes sector. As co-owner of 2M Sp. z o.o., he manages the sales strategy and product development. As a member of the Supervisory Board of Śnieżka since 2018, he has brought knowledge in the field of operational business management in the industry in which Śnieżka operates. Independence: NO
Rafał Mikrut	Economist with managerial and investment experience in an international environment. He has been cooperating with investment funds for many years and serves on supervisory boards and strategic committees of several companies – both public and private. He has been a member of the Supervisory Board of Śnieżka since 2004, providing substantive support in the area of financial management, investments and corporate supervision. Independence: NO
Zbigniew Łapiński	Expert in finance, accounting and auditing. She is a certified auditor and also holds the following certificates: FCCA (Association of Chartered Certified Accountants), CIA (Certified Internal Auditor) i CFE (Certified Fraud Examiner). She gained managerial and consulting experience in renowned consulting firms, as well as a financial director in FMCG companies and a member of supervisory boards. Currently, she serves as the Chief Financial Officer at Pluton Kawa Sp. z o.o. She has been a member of the Supervisory Board of Śnieżka since 2023 and chairs the Audit Committee, providing professional supervision over the area of financial reporting, regulatory compliance and internal audit. Independence: YES Chairwoman of the Audit Committee
Anna Sobocka	Capital markets expert with over 20 years of experience in investment analysis and management. He holds the CFA (Chartered Financial Analyst) designation and a securities broker license. He has managed share portfolios in the largest pension funds in Poland – ING OFE and AVIVA OFE – and also has held analytical, investment and management positions in banking and investment fund companies. As a member of supervisory boards and audit committees of many listed companies, he has contributed to unique competences in the field of corporate governance, corporate supervision, investment strategies and financial risk assessment. He has been a member of the Supervisory Board and Audit Committee of Śnieżka since 2022, contributing his competences in the field of accounting and the effectiveness of the company's financial management.
Piotr Kaczmarek	
Member of the Supervisory Board	

	Independence: YES
	Member of the Audit Committee
Dariusz Orłowski	Manager with over 25 years of experience in business management. Since 2001, he has been the CEO of Wawel SA. Previously he held managerial and director positions at KrakChemia SA and Gellwe. He specializes in the areas of corporate finance, operational management and corporate governance. He has been a member of the Supervisory Board of Śnieżka since 2011 and a member of the Audit Committee, contributing competences in the field of accounting and the industry in which Śnieżka operates.
Member of the Supervisory Board	Independence: NO
	Member of the Audit Committee

11.2.1. TASKS AND OBLIGATIONS OF THE MANAGEMENT BOARD, SUPERVISORY BOARD AND GENERAL MEETING OF FFIL ŚNIEŻKA SA

Management Board

It executes strategic objectives and oversees the execution of the Company's operational objectives. Management board members perform their duties in person, in accordance with the function each time indicated by the supervisory board in the resolution on appointment to the management board.

The division of tasks between individual Members of the Management Board is specified in the *Organisational Regulations of FFIL Śnieżka SA*. In addition, the president of the board manages the work of the board, chairs its meetings and coordinates work of other board members.

The scope of activities of the Management Board includes conducting the Company's affairs, managing its activities, managing its assets and representing it – with the exception of matters reserved for the competence of other bodies.

Supervisory Board

It exercises constant supervision over the activities of the Company and its Management Board, and in particular ensures compliance of the Management Board's activities with the interests of shareholders, the good of the Company, applicable law and the Articles of Association. The principles of operation of the Supervisory Board are regulated by the provisions of generally applicable law, the Articles of Association, Resolutions of the General Meeting and the Regulations of the Supervisory Board.

General Meeting

Its operation, as well as the rights of shareholders and the manner of their exercise are specified in the provisions of the Commercial Companies Code and the Regulations of the General Meeting, available at [company's website](#).

Sustainability Management

Each Board Member is responsible for an area of activity that covers the sustainable development topics identified during the double materiality assessment. Thanks to the knowledge, experience and resources of the organisation, they can effectively manage the identified material impacts, risks and opportunities.

The Management Board of FFIL Śnieżka SA has appointed an internal Sustainable Development Team, consisting of top management members who represent key areas for the implementation of the *Sustainable Development Strategy*. It constitutes a platform for dialogue within the organisation and serves as a consultative and advisory body for the Management Board in the field of ESG activities and is responsible for implementing the objectives of the *Sustainable Development Strategy* and reporting non-financial data. The ESG and Corporate

Communications Director is responsible for the ESG area in the Group, and reports to the ESG Manager. They manage the work of the interdisciplinary Sustainable Development Team and ensures systematic monitoring of the implementation of the above-mentioned Strategy. In addition, they ensure, manage and improve the implementation of ESG principles and are responsible for Śnieżka's reporting on sustainable development for the purposes of preparing stock exchange reports.

[GOV-2]

The Management Board makes business decisions based on the up-to-date knowledge in the area of implementing the Sustainable Development Strategy and ESG-related activities conducted by the undertaking, thanks to regular meetings of the Steering Committee, during which, the work of the interdisciplinary Sustainable Development Team is discussed, including the results of the double materiality analysis. The progress of work on the implementation of the CSRD Directive was subject to regular oversight by the Supervisory Board during the meetings of the Audit Committee.

[GOV-3]

The amount of remuneration of Members of the Management Board of Śnieżka SA was regulated by the *Remuneration Policy of Members of the Management Board and Supervisory Board* of 2024.

The remuneration of the Management Board consists of fixed and variable remuneration components. The incentive scheme for Management Board Members includes variable remuneration components that may depend on all or some of the following criteria:

- financial - the financial results achieved by the Company or the Group in the period the variable remuneration component is awarded for;
- loyalty - the period of performing the function of a management board member;
- social involvement - taking into account social interests in the activities of the Company or the Group;
- environmental - taking into account in the operations of the Company or the Group its contribution to environmental protection;
- CSR - supporting the implementation activities undertaken by the Company or the Group in the area of corporate social responsibility of the Company or the Group;
- individual, covering individual qualifying elements of a management board member.

The assessment of the Śnieżka Group's performance in the area of sustainable development (including climate) has no direct impact on the remuneration of the Management Board Members. The Śnieżka Group has not set financial targets linked to the sustainable development goals. The Group is, however, considering introducing a financial component dependent on the achievement of sustainable development goals as part of the remuneration.

[GOV-5]

To ensure readiness for new regulations regarding non-financial reporting, Śnieżka Group introduced the *Sustain and Grow* project (CSRD Implementation), which at key stages engaged over 50 staff from various areas of the company (including members of the interdisciplinary Sustainable Development Team). The project progress was periodically monitored at biweekly meetings with the Management Board and regularly reviewed by the Audit Committee. Support in the project was provided by external partners (consultants and law firm) specializing in the ESG area. The project data were collected in a dedicated cloud tool, and access to individual files was granted to precisely defined project members, previously trained in the field of ESRS metrics. The data were transferred for internal processing and consultation with the advisor via a dedicated IT system, and the process of aggregation and verification was managed by the persons responsible for carrying out the project. Each indicator had an individual designation and, after being developed by a given project participant, was then verified and confirmed by the owner of a given area assigned in the project. Consequently, the verification of data resulting from individual metrics was formally confirmed. The system also ensured monitoring of the timeliness of individual stages of work and their archiving. The next step on the advisor's side included re-verification of the compliance

of the data prepared by the Group with the ESRS standards, consultations with the Group employees accountable for the project and individual disclosures and preparation of the report content. The submitted report content was subject to re-verification by the project team.

The *Sustain and Grow* project was based on the experience gained from the previous report, when the Śnieżka Group reported and subjected to certification 8 metrics based on the ESRS standards a year prior to the obligation.

The issues identified as material risks are reflected in the adopted the *Sustainable Development Strategy*. Therefore, its implementation, considering strategic and operational goals and the assignment of responsibilities to positions, supports the management of material risks related to sustainable development.

The calculation methodology for the financial materiality of the examined topics (which may be later reported as material) was based on the calculation methodology for the business risks identified at that time in the organisation. ESG risks identified during the dual-materiality assessment will be incorporated into the enterprise risk management system. A list of material sustainability-related risks can be found later in this chapter.

[SBM-1]

11.2.2. OPERATIONS OF THE ŚNIEŻKA GROUP

The Śnieżka Group companies manufacture products for protection and decoration of various substrates, both for internal and external applications. They comprise, i.a. paints for internal walls and facades, products for painting wood and metal, putties for walls and wood, as well as thermal insulation systems for buildings and professional anti-corrosion systems. The products are sold under the following brands: Śnieżka, Magnat, Poli-Farbe, Vidaron, Foveo-Tech and Rafil.

The Śnieżka Group's revenues, including the breakdown by segments, have been described in the explanatory note to the *Consolidated Financial Statements of the Śnieżka Group*.

The Group's manufacturing sites located in Poland, Ukraine, Hungary and Belarus take on over 1,100 staff (detailed figures are presented in Chapter 13.1. *Employees of the Śnieżka Group*). Foreign export markets include Armenia, the Czech Republic, Georgia, Kazakhstan, Lithuania, Moldova, Romania, Serbia, and Slovakia. In 2024, the Group did not record any significant changes in its customer groups and markets served compared to those presented in the *Management Board's Report on the activities for 2023*.

The Śnieżka Group companies do not offer products that would be subject to bans in the indicated areas, nor do they conduct business related to the fossil fuel sector or the production of chemicals understood as pesticides and other agrochemicals.

11.2.3. SUSTAINABLE DEVELOPMENT STRATEGY

The Śnieżka Group consistently implements a long-term development strategy by concentrating its operations on selected countries of Central and Eastern Europe as well as building a leading position in the decorative paint segment in selected markets. The goals supporting the implementation of the Group's strategy for 2024 and beyond include, *inter alia*, further active work in the ESG area.

In 2024, the Group continued the implementation of *Sustainable Development Strategy*. The provisions of the Strategy are presented in a multi-year perspective and relate it to the business model. The document was drawn up for the parent company FFiL Śnieżka SA and Śnieżka ToC, due to their essential importance within the Group. In the years 2025-2028, the strategic goals of sustainable development will be extended to the remaining companies of the Śnieżka Group.



Śnieżka's Sustainable Development Strategy is divided into three pillars and describes nine priority areas, 21 strategic objectives and 71 operational ones. For each of the defined key areas, the Strategy determines a specific organizational unit responsible for its implementation. The operational objectives described in the document have specific metrics and time horizons. One of the strategic goals is to systematically improve ESG metrics assessed by EcoVadis, which corresponds to the inclusion of ESG issues in the Group's business strategy. The most important directions of the Group's development, including those related to the SLL financing obtained in 2023, are the reduction of GHG emissions, transformation towards green energy and the development of products with a low environmental impact.

The strategy supports the implementation of six of the 17 UN Sustainable Development Goals.



EcoVadis

For the first time, the Group's parent company, FFIL Śnieżka SA, underwent the EcoVadis audit in 2023. In the 2024 edition, the Group scored a higher result by 4 points than previously, winning the Silver Medal. This places it among the 6% of the top rated companies.



11.2.4. VALUE CHAIN

Figure 5. Simplified Value Chain Diagram



The Śnieżka Group identifies its value chain divided into upstream and downstream parts, own operations and supporting activities.

Essential activities, resources and relationships in the upstream value chain

At this level of the value chain, the Group acquires natural resources, materials and finished goods. Crucial natural resources from the perspective of the Group's daily operations are as follows:

- water used for technological and social purposes, supplied by the water supply network (and in the case of Rafil - also sourced from a drilled well),
- renewable energy used in production processes, both purchased from suppliers and generated for own needs using own photovoltaic systems,
- fossil fuels in the form of diesel and heating oil, LPG, coal and natural gas, used primarily for transport and heating purposes,
- wood – in the form of pallets and as an energy material,
- raw materials of natural origin, e.g. mechanically processed gypsum, sand, aluminosilicates, kaolin, talc, lime, pigments.

An important component of Śnieżka products are material resources: synthetic pigments, binding agents, adhesives, solvents, synthetic gypsum, resins and vegetable oils (refined oils are also used), preservatives, stabilizers, binding agents and various types of additives and auxiliary substances. The vast majority of materials come from the European Union and the United Kingdom. Only a small part of the raw materials comes from Asia, North and South America.

The third category of acquired resources are finished materials. In terms of the product itself, the most important packaging is plastic and metal – both types contain recycled raw materials. The Group also takes advantage of paper and cardboard packaging. Protective films are used in transport and storage processes. The finished materials purchased by the Group also include all machines and equipment used in production, post-production processes and for research and development.

In order to obtain the above resources, individual companies of the Group establish rapport with appropriate external suppliers. For many years, the Śnieżka Group has been collaborating with trusted, proven suppliers, also verified in terms of business ethics, which is described in more detail in Chapter 14. *Business*.

Essential activities, resources and relationships within the Group's own operations

Own operations are focused on processes related to the product. First of all, it is product design based on market analysis and customer needs research. The next stage involves determining the recipe composition, i.e. selecting raw materials based on, *inter alia*, the specification, impact on the environment, expected parameters and availability. Work in this area is carried out in our own research laboratories. After passing the tests, the product goes into production.

Key elements of the production process



As part of own operations, Śnieżka also highlights post-production activities. They include: quality control, packaging, storage, internal transport (between warehouses), washing of tanks used for production, including the use of rinsing, and processing of waste from production and post-production processes themselves.

Essential activities, resources and relationships in the downstream value chain

At this stage, products are sold and distributed to B2B customers: including wholesalers and warehouses of construction materials, DIY markets, retail stores and via e-commerce. Deliveries to customers are handled depending on an entity – personal collection by the customers themselves or by the Group, which takes advantage of third party services in this respect.

The Sales Support Centre department is responsible for customer service: handling complaints, answering questions about products, collecting and analysing partner feedbacks as well as processing orders and transactions.

Activities in the downstream value chain also include processes such as market and consumer behaviour analysis (carried out by internal departments), communication marketing and *in-store* marketing. The Group develops materials necessary to implement the above-mentioned activities mainly based on internal resources.

A related process is corporate communication, i.e. taking care of the corporate brand image, including the creation and monitoring of media messages, carried out with the support of external companies.

The downstream value chain also includes the use of products by consumers.

Essential activities, resources and relationships among supporting activities

The group also identifies activities and processes that support the day-to-day operation of the undertaking, although they are not directly related to the production process. Most supporting activities are carried out within internal processes.

- Human resources management, including recruitment, employee development and occupational health and safety issues.
- Environmental and climate protection management – monitoring and reporting of emission indicators, reporting to Supervisory Authorities (e.g. KOBiZE - *National Centre for Emissions Management*).
- Purchasing process – analysis of direct and indirect suppliers as far as compliance with specific criteria is concerned, including ESG criteria contained in the Supplier's Code of Conduct.

- Supervision over compliance with the law and ensuring consistency and transparency of documentation by introducing policies, procedures and internal regulations in line with corporate governance.
- Supervision over cybersecurity, development of IT systems, investments and management of the Group's infrastructure, which is crucial to maintaining the continuity of production, sales, purchasing and other processes.
- Other: financial management, risk management, property protection and cleaning services, trademark and intellectual property management, CSR activities, etc.

11.2.5. PRODUCT LIABILITY

[W2 – own indicators: Share of certified products manufactured by FFIL Śnieżka SA in sales revenues of Śnieżka ToC - calculated on the basis of reporting criteria developed by FFIL Śnieżka SA]

Product Sustainability Goals

In its *Sustainable Development Strategy*, the Śnieżka Group has adopted the development of products with a low environmental impact as one of its strategic goals. It has assigned two operational goals to it with an implementation time of 2030:

- 50% of sales value comes from products with a low impact on health and the environment confirmed by a certificate or marking,
- 80% of sales value comes from water-based and water-containing products.

Achievement of goals in 2024:

- **46.2%** – sales value in Śnieżka ToC net revenues of products with a low impact on health and the environment confirmed by a certificate or marking (according to the list below) – this represents 8.2% higher than in 2023;
- **82,5%** – sales value in Śnieżka ToC net revenues of water-based or water-containing products.

Moreover, during the reporting period, the Śnieżka Group expanded its offer of certified products. Two products were awarded certificates or markings confirming minimal impact on health and the environment.

The Śnieżka Group pays special attention to the quality and safety of its products. It analyses the needs and preferences of customers and consumers, and at the same time precisely recognizes the strategies and expectations of business partners, thanks to which it can jointly define paths to reach consumers. The organisation, addressing the end users, provides information on the impact of individual products on health and the environment, including information on the natural ingredients used.

The procedures implemented in the production facilities ensure oversight over the properties of raw materials and products. In accordance with the requirements of the EU regulation on the safe use of chemicals REACH, Śnieżka also carries out regular compliance assessments, employee exposure controls and environmental impact checks for each product. The results are documented in protocols.

Certification is used to continuously assess products for sustainability.

Selected ecological and allergy certificates and markings



Ecolabel is a European certificate confirming compliance with environmentally friendly standards specified in Regulation (EC) No. 66/2010 of the European Parliament and of the Council of November 25, 2009. Ecolabel products reduce negative impact on the environment. Ecolabel is a European certificate confirming compliance with environmentally friendly standards specified in Regulation (EC) No. 66/2010 of the European Parliament and of the Council of November 25, 2009. Ecolabel products reduce negative impact on the environment.



The "Toy Safety" symbol confirms that the products marked with it have been tested and meet the flammability standards in accordance with PN-EN 71-2 and the migration of specific elements in accordance with PN-EN 71-3.



The emission class determines the level of emissions of VOC from the coating in accordance with French Decree No. 2011-321 of March 23, 2011. There are several classes, and the best rated class is emission A+ class. Paints and other products marked A+ emit very little amount of volatile substances.

This is particularly important in closed areas, where VOC emissions affect air quality and human health. A+ class emission products are more environmentally friendly and more user-health-friendly, especially when applied indoors. This marking is mandatory in France.



The *Certificate of Irritating and Sensitizing Properties* is a confirmation that the product and its formula have been tested and do not cause irritating and sensitizing properties known as hypoallergenic.

11.2.6. STAKEHOLDERS

[SBM-2]

The list of stakeholder categories was reviewed and updated as part of the development of the Group's value chain for this report. Śnieżka Group companies communicate with each stakeholder group using channels tailored to their needs and expectations. This issue is regulated by the parent company in the *Information Policy of FFIL Śnieżka SA*. The feedback obtained during the dialogue is treated as one of the ways of verifying the activities undertaken in the Śnieżka Group.

Table 31. Key stakeholders of the Śnieżka Group

Stakeholders affected by the Group	Users of sustainability statements	
	Primary users	Other users
Employees	Investors	Industrial undertakings
Suppliers*	Regulators	Competition
Subcontractors*	Administrative units	Media
B2B customers*	Banks	
Consumers		
Local communities		

* together with their employees.

All stakeholders have access to the Śnieżka website (sniezkagroup.com), where ESG reports (including Sustainability Reporting) and other ESG-related documents are posted. The stakeholder research described in the *Double Materiality Assessment* section of this chapter was integrated into the due diligence process. The Group does not intend to conduct a similar survey more often than once every 3 years, as it maintains on-going communication with each stakeholder, in line with their needs and expectations.

Employees

Employees are persons employed under an employment contract. The Group distinguishes main categories of roles, taking into account the specificity of tasks: administration/office workers and line workers (production,

warehouse, laboratory). Dialogue with them is conducted on a regular basis, both directly resulting from the nature of their work and accommodated to a specific category of stakeholders. Such communication channels include an internal magazine, newsletter, intranet, information screens on plant premises, posters and contact through workers' representatives selected by the team, Employer Branding activities, regular satisfaction and opinion surveys (eNPS) and training. An additional group are potential employees with whom the undertaking contacts through job portals and its own job offer website: kariera.sniezka.pl.

Suppliers and subcontractors

The Śniezka Group liaises with suppliers of direct products (raw materials, packaging, labels, stickers, auxiliary packaging) and indirect products (purchase of services and products such as technical and advertising materials and commercial goods).

Dialogue with them is conducted primarily by establishing and maintaining relationships, including long-term ones. As part of this cooperation, they are familiarized with the Group's regulations – they receive documents defining the ethical foundations of cooperation with the Śniezka Group, such as the *Supplier's Code of Conduct* (requirement for suppliers to declare compliance of their activities with the document, verified by self-assessment).

The Group communicates with suppliers and subcontractors, i.e., through regular meetings, announced tenders, participation in conferences and industry events, as well as through opinion surveys.

B2B customers

Buyers of the Group's products for the purpose of retail resale. Customer relations are maintained by the field sales team and through the Customer Service Office portal (bok.sniezka.pl) operated by the internal Sales Support Centre and supported by mailing. Śniezka ToC has a market research team (Customer Intelligence) that provides support for the entire Group. The experts employed there are responsible for monitoring the needs, attitudes and behaviours of B2B and B2C partners and market trends in this area and, in cooperation with other departments, support the process of creating a value proposition for the Group's customers. The team prepares also the so-called insights, i.e. information packages on the needs of selected target groups. These materials are used to build strategic competitive advantage for products.

Consumers

Users of Śniezka products who purchase them from the Group's B2B customers and directly from the Group through its Dekoratorium portal or the external Allegro portal. Dialogue with them is held on many levels. These include marketing materials, both online and in-store. The Śniezka ToC team regularly conducts market research, including in the field of the image of individual brands, as well as the feedbacks and expectations of selected groups of business partners.

The Group has a hotline dedicated to consumers, through which they can obtain information and advice on the use and application of products. The complaints process is handled through the Warranty Service Centre.

In 2024, an extensive consumer satisfaction and preference survey was also conducted, described in the *Double Materiality Assessment* section of this chapter.

Local communities

These include primarily the municipalities where production facilities and company headquarters are located, as well as the communities living in the above-mentioned areas, including company employees. The Group establishes a dialogue with local communities through meetings with their representatives and opinion surveys. Dialogue is also carried out in connection with the activities of the Śniezka Foundation and its projects supporting schools (mainly local ones) and hospitals (throughout Poland).

Investors

The organization's priority in conducting investor relations is transparency, ensuring equal access to information. An important communication medium for investors are annual meetings and reports, statements and presentations published on the Śnieżka website. This topic is covered in more detail in the operational and financial part of this Management Report.

Regulators

Polish and foreign legislators are the recipients of all reports developed and published by the Group and its individual companies.

Administrative units

These include, *inter alia*, municipal and province offices in the areas where the Group conducts production activities. Communication with them usually takes place in writing/email, e.g. in the case of investments carried out in a given region.

Banks

They provide the Group with financing by granting loans and primarily in this context the Group provides information to the banks directly (via telephone/email contact and during meetings). They may also obtain data about the company from the Group's website.

Industrial undertakings

The Śnieżka Group supports the implementation of sustainable development goals through membership in organizations, including in the area of sustainable development. In 2024 the parent company was a member of: *Polish Association of Paint and Adhesive Producers, Polish Plastic Pact and Polish ESG Association*. Śnieżka is actively engaged in dialogue with these organizations.

Competition

Entities offering similar product categories to the Śnieżka Group (primarily paints and varnishes) are recipients of sustainability statements, but the Group does not conduct direct dialogue with them. The exception is the involvement of industrial undertakings in the activities of the same entities as competitors (Polish Association of Paint and Adhesive Producers).

Media

Communication with them takes place through multiple channels in order to convey the most important information about Śnieżka's activities: with their representatives on a regular basis (through the press office and directly) and during regular briefings and meetings organised to present the Group's performance, as well as taking advantage of social media and the Group's website.

The Group's stakeholders (including employees, people carrying out work in the value chain, affected communities and consumers), as well as their views, interests and work, have not had an impact on the existing business strategy and business model. However, since dialogue with them was part of the organisation's activities from the very beginning, the factors mentioned above influenced the shape of the strategy and business model.

The Management Board actively participates in designing and receiving conclusions from activities carried out as part of the dialogue with the Group's stakeholders. The Supervisory Board (the Audit Committee within the Supervisory Board) is periodically informed about data obtained from stakeholders.

11.3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

[SBM-3]

The Śnieżka Group conducting business activities in the production sector, identifies the following impacts related to sustainable development:

in the environmental area:

- on climate change through greenhouse gas emissions throughout the entire value chain and reduction of the carbon footprint in connection with the implementation of the adopted *Sustainable Development Strategy*,
- on air and natural environment pollution in connection with the activities carried out in production facilities and the use of potentially hazardous substances,
- on water resources in the locations where production facilities are located due to the significant water content in the Group's products – its withdrawal from water supply systems may limit its availability in a given area,
- due to the use of resources, the generation of waste and the production of products that cannot be reused or recycled,

in the social area:

- on their own employees, in connection with the development opportunities offered and ensuring employment stability, but also in terms of occupational health and safety,
- on local communities, due to the significant water content in the Group's products – its withdrawal from water supply systems may limit its availability in a given area and in connection with the potential contamination of land with substances used in production facilities,
- on consumers and end users due to the wide availability of the Group's products in the markets it serves, including smaller towns,

in the governance area:

- on employees in the value chain regarding the lack of active communication of existing channels for reporting unethical behaviour.

No material impacts on biodiversity were identified.

In 2024, as part of the double materiality assessment, new material risks and opportunities were identified. None of these identified factors materialised during the same year, meaning that no direct financial impact occurred.

To assess the resilience of the strategy and business model to climate change, a scenario analysis was conducted, described later in this chapter.

11.3.1. MATERIAL IMPACTS IDENTIFIED BY THE ŚNIEŻKA GROUP IN THE DOUBLE MATERIALITY ASSESSMENT

The double materiality assessment identified over 62 impacts, of which a total of 21 were considered material, including 6 actual positive impacts, 9 actual negative impacts and 6 potential negative impacts. No potential positive impacts were identified.

The tables below indicate material impacts along with their place in the value chain and time horizon. A continuous perspective means that a given impact has been identified in the short, medium and long time horizon.

Other information necessary to understand the impacts is provided below the tables and in chapters 12. *Environment*, 13. *People* and 14. *Business*.

Table 32. Material identified impacts in the environmental area

ESRS topic	Description of material impacts	Impact type	Time horizon	Place in value chain
Climate change	Impact on the environment (on the structure of local energy mixes) due to the use of renewable energy sources.	Material positive	Constant	Own operations
	Impact on climate change through greenhouse gas emissions from value chain operations.	Material negative	Constant	Entire value chain
Pollution	Impact on air quality through the use of volatile organic compounds in production and use processes in the value chain.	Material negative	Constant	Entire value chain
	Impact on the natural environment and surroundings, through the use of substances and mixtures classified as potentially hazardous throughout the entire value chain, which, even handled with special care and used as intended, exhibit a number of hazards, including acute toxicity, mutagenicity or posing a hazard to the aquatic environment.	Material negative	Constant	Entire value chain
Water and marine resources	Impact on the availability of water resources and the condition of ecosystems due to increased water stress caused by water withdrawal.	Material negative	Constant	Own operations
Biodiversity and ecosystems	Impact on the ecosystem due to water withdrawal. The undertaking, through material water withdrawal that is not discharged into the environment, negatively impacts the ecosystem. (availability of ecosystem services from the group Ground water used for nutrition, materials or energy)	Material negative	Constant	Own operations
Resource use and circular economy	Impact on the overall condition of the environment due to the generation of large amounts of waste.	Material negative	Constant	Own operations
	Impact on the overall environment through the use of raw materials of natural and synthetic origin.	Material negative	Constant	Own operations
	Impact on the overall environment by producing products that cannot be recycled or reused.	Material negative	Constant	Own operations

Table 33. Material identified impacts in the social area

ESRS topic	Impact description	Impact type	Time horizon	Place in value chain
Own workforce	Impact on gender equality – equal pay – by keeping the Gender Pay Gap below the European Union average.	Material positive	Constant	Own operations
	The undertaking's impact on employment security and stability.	Material positive	Constant	Own operations
	Impact on employees by fostering work-life balance.	Material positive	Constant	Own operations
	Impact on employees by providing opportunities for internal promotion and development.	Material positive	Constant	Own operations
	The undertaking may negatively impact the safety and health of its employees in the event of a fatal accident.	Potential negative	Constant	Own operations
	The undertaking may negatively impact the safety and health of its employees in the event of a serious accident.	Potential negative	Constant	Own operations
	The undertaking may negatively impact the safety and health of its employees in the event of work-related illnesses.	Potential negative	Constant	Own operations
Workers in the value chain	The undertaking may negatively impact external stakeholders due to the lack of active communication through existing channels for reporting unethical behaviour.	Potential negative	Constant	Entire value chain
Affected communities	The undertaking relies on water-based products for its operations, consuming large volumes of water, which affects the level of water stress and therefore limits access to water for local communities.	Material negative	Constant	Entire value chain
	Through its solvent-based products containing potentially hazardous compounds and mixtures, the undertaking may negatively impact land quality and consumer health due to improper waste storage or the emission of these compounds into the land.	Potential negative	Constant	Own operations
Consumers and end users	The Group's wide distribution channels enable physical products to reach consumers in smaller towns, allowing them to purchase products in local stores.	Material positive	Constant	Downstream

Table 34. Material identified impacts in the governance area

ESRS topic	Description of material impacts	Impact type	Time horizon	Place in value chain
Business conduct	The undertaking may impact employees due to the lack of active communication of existing channels for reporting unethical behaviour.	Potential negative	Constant	Own operations

11.3.2. MATERIAL RISKS AND OPPORTUNITIES IDENTIFIED BY THE ŚNIEŻKA GROUP IN THE DOUBLE MATERIALITY ASSESSMENT

The double materiality assessment identified 36 risks and 19 opportunities, of which 10 risks and 4 opportunities were considered material. They are described in the table below along with their effects. The management of actual and anticipated impacts, including how to respond to them, is addressed later in the report under actions and objectives related to impacts, risks and opportunities.

Other information necessary to understand the risks and opportunities is provided below the tables and in chapters 12. *Environment*, 13. *People* and 14. *Business*.

Table 35. Material identified risks and opportunities in the environmental area

ESRS topic	Description of risk or opportunity	Time horizon	Place in value chain
Climate change	<u>Physical risk</u> : the risk of asset damage due to the increasing likelihood of wildfires in Eastern and Central Europe due to rising average temperatures and drought.	Long-term	Own operations
	<u>Physical risk</u> : the risk of asset damage as a result of increased frequency of extreme weather events such as severe storms, flooding, etc.	Long-term	Own operations
	<u>Transition risk</u> : the risk of supply chain disruption due to partners' failure to adapt to a changing climate, resulting in the inability to produce or deliver a product or service.	Long-term	Upstream
	<u>Transition risk</u> : the risk related to an increase in the operating costs of buildings due to the need to meet environmental requirements regarding energy consumption.	Long-term	Own operations
	<u>Transition risk</u> : the risk of incurring costs related to the implementation of low-emission technologies in own operations (energy sources, heating, etc.).	Long-term	Own operations
	<u>Transition risk</u> : the risk of rising energy costs in a pessimistic scenario resulting from a range of possible events that make it more difficult to supply or produce energy.	Medium	Own operations
	<u>Transition risk</u> : the risk associated with adapting one's operations due to rising average global temperatures and extreme heat.	Long-term	Own operations
	<u>Transition risk</u> : the risk of increased transport costs of raw materials, materials and finished products related to the need to modernize subcontractors' transport fleets to low-emission standards.	Long-term	Entire value chain
	An opportunity to increase cost control, including energy costs, in an undertaking by monitoring greenhouse gas emissions.	Constant	Own operations
	Opportunity: increasing the share of water-based products reduces water pollution and dependence on	Constant	Own operations

ESRS topic	Description of risk or opportunity	Time horizon	Place in value chain
	solvents, and thus has a positive impact on the environment, which may increase customer interest in the undertaking's products.		
Water and marine resources	Risk of limitations in water withdrawal for production during, e.g. drought, resulting from legal regulations.	Constant	Upstream

Table 36. Material identified opportunities in the social area

Own workforce	An opportunity to provide a satisfactory, competitive remuneration can increase employee motivation and loyalty, which translates into lower turnover and savings associated with recruiting new employees.	Long-term	Own operations
	An opportunity to create an innovative, creative and effective work environment by ensuring diversity among senior management.	Long-term	Own operations

Table 37. Material identified risks in the governance area

Business conduct	Risk of corruption incidents affecting reputation and trust.	Medium	Entire value chain
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Environmental area

The double materiality assessment stage was the resilience analysis of the strategy and business model to climate-related risks, carried out in Q2 of 2024. Its objective was to identify risks and opportunities assigned to specific links in the value chain. Three time horizons were adopted: short-term (<1 year), medium-term (1-10 years) and long-term (>10 years). These perspectives are consistent with the overall business planning framework, which typically has a 10-year horizon driven by asset durability, product life cycles and, consequently, capital allocation decisions. The Group does not currently have quantified decarbonisation targets.

The resilience analysis covered the Central and Eastern European region (primarily Poland, Ukraine and Hungary), i.e. the area where own and downstream operations are carried out (main sales markets). In the upstream area, the undertaking is not significantly dependent on a specific country or region, hence, in addition to the areas already analysed, the scope also covers the Far East regions (China).

It was assessed that sudden weather phenomena such as fires, storms, floods or landslides can lead to the destruction or damage of infrastructure that is essential from the point of view of the value chain - necessary for the extraction, processing or transport of raw materials and products and may contribute to disruptions in energy production. The consequences of the described events may be difficulties in current operations, leading to a decrease in income or share value. When adapting to climate change based on a zero-emission scenario, the Group recognises risks related to the effectiveness of implementing low-emission technologies, adapting products and services, modernising infrastructure and the fleet throughout the value chain to a low-emission model. Concurrently, the Group identifies opportunities related to adapting its strategy and business model to obtaining energy from renewable sources and developing even more innovative recipes.

In accordance with the assumptions of the business strategy, the Group takes actions aimed at the widest possible diversification of suppliers and ensuring the availability of substitute raw materials. The Group has several plants and warehouses, which allows for flexible adjustment of potential operations in the event of crisis situations. The Group makes every effort to ensure that energy comes from its own systems or renewable energy sources, which is confirmed by appropriate certificates. The Group strives to minimise its impact on the climate by constantly optimising its supply chain and modifying its recipes. No business areas or assets were identified that did not take into account the transition towards a climate-neutral economy.

There are no critical climate-related assumptions made in the financial statements.

The analysis used, i.a.:

- net zero emissions scenario by 2050 of the International Energy Agency (this is one of several scenarios that has been selected as being consistent with limiting global temperature increase to 1.5 °C - with at least 50% probability - in line with the emission reductions assessed in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)),
- TCFD Guidelines for Scenario Analysis for Non-Financial Enterprises,
- Intergovernmental Panel on Climate Change *Climate Change 2021 The Physical Science Basis*.

Social area

The scope of this report covers all persons working in the Śnieżka Group. The following categories have been distinguished within our own employee resources:

- persons in an employment relationship with the Group companies,
- persons cooperating under other agreements (civil law contracts or B2B contracts), including those working on behalf of an employment agency (*non-employees*).

Material potential negative impacts on employees in terms of occupational health and safety have been identified, which may materialise in the form of an accident (fatal/serious) or work-related illness. This applies to all employees, but particularly to line workers. The accident indicators recorded so far in the Group allow it to predict that if negative impacts materialise, they will be of an individual nature.

The Group recognises that its identified material impacts in the area of its own workforce resources apply to all of its employees. The positive impact of the undertaking on employment security and stability applies in particular to people employed in the Śnieżka-Ukraina company – due to the fact that the company operates in a country affected by war, which resulted in a decreased number of jobs.

None of the material impacts on employees result from the undertaking's climate change transition plans.

The Group has not identified any risk of forced or child labour within its own operations in any region. A material opportunity in the employee area related to a specific, narrow group of people is the development of an innovative, creative and effective work environment by ensuring diversity among senior management staff. The second opportunity identified is related to providing satisfactory remuneration. This applies to all staff employed within the Group.

The identified potential negative impact on people performing work in the value chain is related to the lack of active communication on how to report unethical behaviour.

Persons who may be at risk of this potential impact include:

- employees of suppliers of raw materials and commercial goods to Śnieżka,
- employees of entities rendering services,
- persons working on the Group's plant premises but employed by external entities.

The Group does not identify individuals who, due to e.g. age or gender, may be particularly vulnerable to the negative effects of this systemic impact.

There were no identified material positive impacts, risks or opportunities related to people performing work in the value chain, or risks or opportunities related to potential occurrences of child labour, forced or compulsory labour, including those related to a specific geographical area or goods offered.

The Śnieżka Group, in connection with the production and sale of decorative products, has identified two negative impacts on the affected communities:

- actual - the undertaking bases its operations on water-based products, consuming large amounts of water, which affects the level of water stress and may therefore limit access to water for local communities (using the same water and sewage systems as the Group's production facilities),
- potential – through its solvent-based products containing potentially hazardous compounds and mixtures, the undertaking may negatively impact land quality and consumer health due to incorrect waste storage or emissions into the land through flushing.

Within the area of operation, there are no identified community groups that are particularly exposed to the identified material negative impacts (considered to be widespread) or their effects. There were no identified material positive impacts, risks or opportunities related to people performing work in the value chain, or risks or opportunities related to potential occurrences of child labour, forced or compulsory labour, including those related to a specific geographical area or goods offered.

The Śnieżka Group considers consumers – users of the products offered – to be the end users on whom the undertaking has a material impact. Due to the identified actual positive impact, the scope of this report primarily covers those end users who live in smaller towns (other than provincial capitals) where the availability of decorative products may be difficult due to the limited number of large-scale stores. The positive impact of the Śnieżka Group is possible owing to the sale of its products both to chains with stores in large cities and to customers conducting commercial activities in smaller towns. Additionally, the Group's products can be purchased via online channels, with delivery to any location in Poland.

The products offered by the Group, when used as intended and in compliance with the required precautions provided on the labels, do not pose a health hazard and do not increase the risk of chronic diseases.

No material negative impacts, risks or opportunities related to customers and end users were identified.

Given that this report is the first to be prepared in full compliance with the ESRB standards, including the double materiality assessment, it is not possible to indicate any changes in the entity's material impacts, risks and opportunities compared to the previous reporting period. *The Management Board's Report on the activities for 2023* includes non-financial risks identified in the simplified process, which partially overlap thematically with the issues described above.

In this report, the Group reports 2 disclosures that go beyond the topics identified in the ESRS standards as necessary to be included in the double materiality assessment which will be subject to assurance.

- [W1] Greenhouse gas emissions in scope 1 and 2 calculated for FFIL Śnieżka SA and Śnieżka ToC in accordance with the requirements of the Greenhouse Gas Protocol.
- [W2] Share of certified products manufactured by FFIL Śnieżka SA in sales revenues of Śnieżka ToC - calculated on the basis of reporting criteria developed by FFIL Śnieżka SA.

11.3.3. DOUBLE MATERIALITY ASSESSMENT

[IRO-1]

A process description of identifying and assessing material impacts, risks and opportunities

The Śnieżka Group applied a broad approach to the process of identifying and assessing material impacts, risks and opportunities, involving most stakeholders. This resulted in the creation of a broad database of information on impacts, both potential and negative, as well as risks and opportunities.

All procedures and policies related to the topics covered by the Sustainability Reporting area were analysed. The double materiality assessment is based primarily on a systematic analysis of the Group's business model and value chain. By analysing impacts, risks and opportunities, their type was determined (positive or negative, actual or potential), place in the value chain, time horizon and stakeholders. Issues related to key activities, business relationships and resources throughout the value chain and in own operations were taken into account. Impacts and risks were assessed gross, i.e. prior to the application of mitigation measures. The full *list of sustainability*

matters included in the topical ESRs (ESRS-1 AR 16) was analysed. The relationship of each topic, sub-topic and sub-sub-topics to the Group's value chain and business model was assessed. At the beginning of the process, the value chain was analysed thoroughly by representatives of individual departments of the Śnieżka Group at three working meetings, during which, together with external ESG consultants, the upstream and downstream value chain was discussed, along with own operations and supporting activities.

The starting point for identifying negative impacts was a dialogue with stakeholders, including primarily employees (some of whom were also representatives of the local community) and key external stakeholders, as part of the due diligence process. The method for obtaining opinions and conclusions from stakeholders in order to better understand the Group's impacts and related risks and opportunities was two anonymous surveys – one addressed to internal stakeholders (employees of all Group companies) and the other to external stakeholders (including customers, suppliers, institutional shareholders, banks, local governments).

The survey questions were both closed and open-ended and covered all areas of sustainable development, including impacts on the natural environment (noise, water and air pollution, improper waste management). They addressed issues identified in the international UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Primarily, human rights covered by the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work were taken into account.

The undertaking carefully analysed the sources of energy obtained for its own plants and the volume of emissions. Strategic plans resulting from sustainable energy extraction and production were taken into account. No significant changes to the business model are planned, but a linear evolution of existing processes and products, allowing for a balanced identification and assessment of impacts.

The surveys consisted of closed and open-ended questions, allowing respondents to provide more detailed explanations. They were addressed to internal and external stakeholders, both in Poland and abroad. Due to the international nature of the Group, stakeholders could complete the surveys in Polish, Hungarian, Ukrainian and Russian, and external stakeholders could also complete the surveys in English (due to the desire to include suppliers who speak only that language). Descriptive responses in languages other than Polish or English were translated before their collective analysis was made, divided into employees and stakeholders of individual companies comprising the Śnieżka Group. A total of 459 responses from employees of FFiL Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina, Rafil, Poli-Farbe and Śnieżka-BelPol were analysed. 135 people responded to the survey for external stakeholders of the above entities.

Additionally, the results of an extensive consumer survey conducted by Śnieżka in 2024 were also considered, which allowed for learning about current consumer behaviour and preferences, including their approach to the issue of safety and the impact of paint products on the environment.

Based on the survey and study results, both negative and positive impacts on the Group and the associated risks and opportunities were identified. In making the assessment according to the criteria of scale, scope, irreversibility and likelihood, the relationship with specific human rights was taken into account.

The Group is aware of its potential impact on climate change and biodiversity and ecosystems, and the risks and opportunities related to these areas.

The undertaking analysed its environmental impacts and dependencies on the environment. Mutual relations were identified primarily in terms of:

- direct exploitation of natural resources,
- dependence on ecosystem services,
- impacts on protected areas and endangered species.

All analyses were conducted considering specific locations of own operations or with less geographical precision (resulting from limitations in the traceability of sources of raw materials and places of use of products), also for

upstream and downstream value chain. Additionally, key natural resources and their related operations and emissions were identified. Qualitative assessment criteria (the nature of protected areas, the status of endangered species, the overall harmfulness of emissions and the relative consequences of extracted resources) and quantitative criteria (the volume of abstractions, exploitation and emissions) were used. Numerous reference databases were used to provide a point of reference for objective support of the analysis.

The analysis identified protected areas in the vicinity of the Group's facilities (the Group does not conduct operations in protected areas or areas of particular importance for biodiversity) and the species inhabiting them. The Group's activities were not found to have any actual impact on the deterioration of the condition of habitats or species inhabiting them, hence no need to implement mitigation measures was identified.

The results of the impact assessment were used in the process of identifying and assessing possible risks and opportunities. Ultimately, it was found that there were no material risks or opportunities in the described scope. During the assessment, consultations were carried out with local communities regarding their perception of the Group's activities, impacts and dependencies on the environment in their immediate vicinity. The impact on the availability of drinking water was identified, which is addressed in the strategic directions of Śnieżka, taking into account the efforts to limit withdrawal, close the water cycle and reduce pollution.

The IPCC SSP5-8.5 high-emission scenario was subjected to a detailed analysis, assuming increasing social and income inequality, continued reliance of the economy on fossil fuels and low decarbonisation, and an increase in greenhouse gas emissions. This scenario took into consideration both sudden physical risks, such as floods, and current risks, such as gradual soil degradation. The 2050 net-zero emissions scenario sets out a pathway to limiting temperature increase to 1.5°C through a net-zero global energy sector. This scenario analyses the Group's business model and its potential for adaptation in terms of implementing the assumptions of the Paris Agreement. The strategy and business model were assessed in the face of various risks. Resilience to changes in customer and business partner behaviour, the need to adapt products to new regulations and technological trends in the field of zero-emission solutions, and reputational issues, such as potential stigmatization of the sector, were assessed.

The probability of risks occurring for specific geospatial coordinates across the entire value chain was assessed. For those risks that were identified with at least a very low probability of occurrence, potential impacts were outlined. These effects do not take into account the remedial measures and mitigation actions already taken. Material risks and opportunities were then identified, considering strategic plans, also related to sustainable energy acquisition and production and emission levels.

When considering the impacts, risks and opportunities in the area of pollution, the Śnieżka Group took into account the specific nature of the products manufactured (including water-based solvent products), production processes and the related waste disposal, as well as the manner the products are used by consumers. It considered both the types and characteristics of substances in its products and the pollutants released into the air (especially volatile organic compounds), identifying impacts in its own operations and in the downstream value chain taking advantage of its own measurements.

Material impacts on air pollution were identified throughout the value chain, as well as impacts arising from the use of potentially hazardous substances. Furthermore, opportunities can be observed a result of manufacturing of water-based products.

The Group assessed the identified environmental and social impacts against criteria aligned with the standards, i.e. severity and likelihood for negative impacts, and scale, scope and likelihood for positive impacts. The materiality hierarchy was established using a five-point scale based on qualitative or quantitative thresholds and, in the case of risks and opportunities, also financial thresholds using the Group's internal risk assessment system, consistent with the system used for pricing corporate risks, and considering additional costs in the event of certain

risks materialising³². In order to determine the scale, the studies developed by international organizations (e.g. the International Energy Agency), sector-specific studies, scientific articles, standards provided for in legal regulations, various tools (e.g. the Integrated Biodiversity Assessment Tool (IBAT), Aqueduct Water Risk Atlas, which enabled basing on river basins, taking into account water bodies, were used. The assessment also used Biodiversity Water Risk, Encore Nature (the Group uses the upper Vistula, Bug, Middle Dnieper and Danube river basins). Other statistics published, for example, by the Central Statistical Office were also used. It was assumed that the tools listed accurately reflect the Group's business profile. The assessments were made by representatives of the Śnieżka Group, specializing in particular thematic fields. Once all assessments had been internally validated, they were compared, allowing for the selection of material sustainability issues.

The Śnieżka Group identifies its revenues as resulting from the extraction of natural resources, mainly water, but also minerals such as calcium carbonate. At the same time, the specificity of the products requires the use of packaging which – as waste – is difficult to recycle. The undertaking identifies its main related entities as those involved in the extraction of raw materials, water treatment, packaging production and waste treatment. The concentration of resource use takes place in own operations.

Representatives from all key areas of the Group's operations participated in the process to identify and assess material impacts, material risks and material opportunities. The work group was represented by management staff responsible for, inter alia, ESG, environmental and climate protection, human resources, compliance, risk management, IT, production, research and development, logistics, sales, purchasing, marketing, customer service and product development. In conducting the dual materiality assessment, the Group was supported by external experts in the areas of environmental protection, social impact and non-financial reporting. Several meetings were arranged, including key workshops on the value chain, the dual materiality assessment (including scenario assessment) and the due diligence process. The identified and then assessed impacts, risks and opportunities were subjected to cross-cutting verification in the Group in order to obtain a broader perspective from the point of view of all key areas of the Group's operation. The assessment results, including a list of material impacts, risks and opportunities, were accepted by the Management Board and the Supervisory Board.

The ESRS-compliant double materiality assessment was conducted between June and October 2024. Within the Group, the double materiality assessment was conducted in accordance with the ESRS Standards for the first time, whereas previously, in January 2024, the double materiality assessment was carried out based on the ESRS. The identification and assessment process is dynamic and will be subject to continuous improvement in response to changing market and regulatory conditions. The Group assumes that the double materiality assessment will be reviewed annually to take into account new information and changes in the market environment.

11.4 COMPLIANCE TABLES WITH ESRS

[GOV-4]

Table 38. Statement on due diligence

Basic elements of the due diligence process	Sustainability Reporting Points
Integrating due diligence into corporate governance, strategy and business model	GOV-1 The role of the administrative, management and supervisory bodies GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
Collaboration with stakeholders affected by the Śnieżka Group	IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities SBM-2 – Interests and views of stakeholders

³² More information on this can be found in the *Sustainability Management* section in this chapter.

Basic elements of the due diligence process	Sustainability Reporting Points
at all key stages of the due diligence process	S1-2 Processes for engaging with own workforce and workers' representatives about impacts S2-2 Processes for engaging with value chain workers about impacts S3-2 Processes for engaging with affected communities about impacts S4-2 Processes for engaging with consumers and end-users about impacts
Identification and assessment of adverse impacts	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model IRO-1 (together with E1.IRO-1, E3.IRO-1 oraz E5.IRO-1) Description of the process to identify and assess material impacts, risks and opportunities
Taking action to mitigate identified adverse impacts	E1-3 Actions and resources in relation to climate change policies E2-2 Actions and resources related to pollution E3-2 Actions and resources related to water and marine resources E5-2 Actions and resources in relation to resource use and circular economy S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns 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 S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns 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 G1-3 Prevention and detection of corruption and bribery
Monitoring the effectiveness of these efforts and providing relevant information in this regard	IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

[IRO-2]

The information required to be disclosed in relation to impacts, risks and opportunities that the undertaking considered to be material was identified by assigning impacts, risks and opportunities to thematic entities during the double materiality assessment. This was described in the previous part of this chapter.

Table 39. A list of disclosure requirements met when preparing a sustainability statement following a double materiality assessment

Disclosure no.	Disclosure name	Page number in the report
BP-1	General basis for preparation of sustainability statements	93
BP-2	Disclosures in relation to specific circumstances	94
GOV-1	The role of the administrative, management and supervisory bodies	94
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	99

Disclosure no.	Disclosure name	Page number in the report
GOV-3	Integration of sustainability-related performance in incentive schemes	99
GOV-4	Statement on due diligence	118
GOV-5	Risk management and internal controls over sustainability reporting	99
SBM-1	Strategy, business model and value chain	100
SBM-2	Interests and views of stakeholders	105
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	108
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	115
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	119
E1 GOV-3	Integration of sustainability-related performance in incentive schemes	99
E1-1	Transition plan to reach climate neutrality	142
E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	111
E1 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	111
E1-2	Policies related to climate change mitigation and adaptation	144
E1-3	Actions and resources in relation to climate change policies	145
E1-4	Targets related to climate change mitigation and adaptation	146
E1-5	Energy consumption and mix	146
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	147
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Taking advantage of the transitional provisions, the Group decided to omit this disclosure
E2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	115
E2-1	E2-2 Policies related to pollution	153
E2-2	Actions and resources related to pollution	154
E2-3	Targets related to pollution	155
E2-4	Pollution of air, water and soil	156
E2-5	Substances of concern and substances of very high concern	156
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Taking advantage of the transitional provisions, the Group decided to omit this disclosure
E3 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	115
E3-1	Policies related to water and marine resources	158
E3-2	Actions and resources related to water and marine resources	159
E3-3	Targets related to water and marine resources	160

Disclosure no.	Disclosure name	Page number in the report
E3-4	Water consumption	160
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	160 Taking advantage of the transitional provisions, the Group decided to omit this disclosure
E4 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	116
E5 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	115
E5-1	Policies related to resource use and circular economy	161
E5-2	Actions and resources related to resource use and circular economy	162
E5-3	Targets related to resource use and circular economy	162
E5-4	Resource inflows	163
E5-5	Resource outflows	164
E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	165 Taking advantage of the transitional provisions, the Group decided to omit this disclosure
S1 SBM-2	Interests and views of stakeholders	105
S1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	110
S1-1	Policies related to own workforce	166
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	170
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	171
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	172
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	180
S1-6	Characteristics of the undertaking's employees	182
S1-7	Characteristics of non-employees in the undertaking's own workforce	184
S1-9	Diversity metrics	183
S1-10	Adequate wages	178
S1-13	Training and skills development metrics	176
S1-14	Health and safety metrics	177
S1-15	Work-life balance metrics	174
S1-16	Remuneration metrics (pay gap and total remuneration)	172
S2 SBM-2	Interests and views of stakeholders	105

Disclosure no.	Disclosure name	Page number in the report
S2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	113
S2-1	Policies related to value chain workers	185
S2-2	Processes for engaging with value chain workers about impacts	186
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	186
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 actions	186
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	187
S3 SBM-2	Interests and views of stakeholders	105
S3 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	114
S3-1	Policies related to affected communities	187
S3-2	Processes for engaging with affected communities about impacts	188
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	188
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	189
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	189
S4 SBM-2	Interests and views of stakeholders	105
S4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	114
S4-1	Policies related to consumers and end-users	190
S4-2	Processes for engaging with consumers and end-users about impacts	191
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	191
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	191
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	192
G1 GOV-1	The role of the administrative, management and supervisory bodies	98
G1 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	112
G1-1	Business conduct policies and corporate culture	192
G1-2	Management of relationships with suppliers	199
G1-3	Prevention and detection of corruption and bribery	200

Disclosure no.	Disclosure name	Page number in the report
G1-4	Incidents of corruption or bribery	201

Table 40. List of datapoints included in cross-cutting standards and thematic standards that stem from other EU legislation

Disclosure no.	Datapoint	Datapoint name	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS 2 GOV-1	21 d	Board's gender diversity	x		x		95
ESRS 2 GOV-1	21 e	Percentage of board members who are independent			x		95
ESRS 2 GOV-4	30	Statement on due diligence	x				118
ESRS 2 SBM-1	40 d (i)	Involvement in activities related to fossil fuel activities	x	x	x		N/A
ESRS 2 SBM-1	40 d (ii)	Involvement in activities related to chemical production	x		x		N/A
ESRS 2 SBM-1	40 d (iii)	Involvement in activities related to controversial weapons	x		x		N/A
ESRS 2 SBM-1	40 d (iv)	Involvement in activities related to cultivation and production of tobacco			x		N/A
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050			x		142
ESRS E1-1	16 g	Undertakings excluded from Paris-aligned Benchmarks		x	x		142
ESRS E1-4	34	GHG emission reduction targets	x	x	x		146
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				146
ESRS E1-5	37	Energy consumption and mix	x				146
ESRS E1-5	40–43	Energy intensity associated with activities in high climate impact sectors	x				147
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		147
ESRS E1-6	53–55	Gross GHG emissions intensity	x	x	x		150
ESRS E1-7	56	GHG removals and carbon credits			x	N/A	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		N/A
ESRS E1-9	66 a	Disaggregation of monetary amounts by acute and chronic physical risk		x			N/A
ESRS E1-9	66 c	Location of significant assets at material physical risk		x			N/A
ESRS E1-9	67 c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			N/A

Disclosure no.	Datapoint	Datapoint name	SfDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		N/A
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				156
ESRS E3-1	9	Water and marine resources	x				158
ESRS E3-1	13	Dedicated policy	x				N/A
ESRS E3-1	14	Sustainable oceans and seas	x				N/A
ESRS E3-4	28 c	Total water recycled and reused	x				160
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x				160
ESRS 2 SBM 3-E4	16 a (i)	Biodiversity-sensitive areas	x				N/A
ESRS 2 SBM 3-E4	16 b	Impacts on terrestrial ecosystems	x				N/A
ESRS 2 SBM 3-E4	16 c	Threatened species	x				N/A
ESRS E4-2	24 b	Sustainable land / agriculture practices or policies	x				N/A
ESRS E4-2	24 c	Sustainable oceans / seas practices or policies	x				N/A
ESRS E4-2	24 d	Policies to address deforestation	x				N/A
ESRS E5-5	37 d	Non-recycled waste	x				165
ESRS E5-5	39	Hazardous waste and radioactive waste	x				165
ESRS 2 SBM-3-S1	14 f	Risk of incidents of forced labour	x				114
ESRS 2 SBM-3-S1	14 g	Risk of incidents of child labour	x				114
ESRS S1-1	20	Human rights policy commitments	x				168
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions			x		167
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				167
ESRS S1-1	23	Workplace accident prevention policy or management system	x				170
ESRS S1-3	32 c	Grievance/complaints handling mechanisms	x				171
ESRS S1-14	88 b i c	Number of fatalities and number and rate of work-related accidents	x		x		177
ESRS S1-14	88 e	Number of days lost to injuries, accidents, fatalities or illness	x				177

Disclosure no.	Datapoint	Datapoint name	SfDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS S1-16	97 a	Unadjusted gender pay gap	x		x		173
ESRS S1-16	97 b	Excessive CEO pay ratio	x				173
ESRS S1-17	103	Incidents of discrimination	x				N/A
ESRS S1-17	104 a	Business and Human Rights and OECD Guidelines	x		x		N/A
ESRS 2 SBM-3-S2	11 b	Material risk of child labour or forced labour in the value chain	x				114
ESRS S2-1	17	Human rights policy commitments	x				185
ESRS S2-1	18	Policies related to value chain workers	x				185
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		185
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions			x		185
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				186
ESRS S3-1	16	Human rights policy commitments	x				187
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x		x		186
ESRS S3-4	36	Human rights issues and incidents	x				188
ESRS S4-1	16	Policies related to consumers and end-users	x				188
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		191
ESRS S4-4	35	Human rights issues and incidents	x				191
ESRS G1-1	10 b	United Nations Convention against Corruption	x				196
ESRS G1-1	10 d	Protection of whistle-blowers	x				197
ESRS G1-4	24 a	Fines for violation of anti-corruption and anti-bribery laws	x		x		201
ESRS G1-4	24 b	Standards of anti- corruption and anti-bribery	x				200

12. ENVIRONMENT

12.1 TAXONOMY DISCLOSURES

Taxonomy is a classification tool designed to help investors, financial institutions and enterprises make informed investment decisions regarding environmentally sustainable business activities. As a result, the Taxonomy is a fundamental element of the business classification system that allows for the identification of environmentally sustainable activities conducted by undertakings. The establishment of the above-mentioned system and eligibility criteria aims to implement the *European Green Deal* development strategy - including the transition to a safe, climate-neutral, climate-resilient and more resource-efficient circular economy.

In accordance with the Taxonomy Regulation (i.e. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, OJ L 198, 22.6.2020, p. 13— 43) in the annual report, the Group is obliged to disclose:

- percentage share of turnover coming from products or services related to environmentally sustainable activities,
- percentage share of capital expenditures (CapEx) corresponding to assets or processes related to environmentally sustainable activities,
- percentage of operating expenses (OpEx) corresponding to assets or processes related to environmentally sustainable activities.

To determine whether an activity is environmentally sustainable, it is necessary to examine whether it meets all four of the following criteria:

- making a substantial contribution through the activities to achieving at least one of the six environmental objectives listed later in this chapter,
- the activity does not cause significant harm to any of the environmental objectives;
- operating in accordance with the minimum safeguards,
- meeting the technical screening criteria, i.e. Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to the prevention and control of pollution or to the protection and restoration of biodiversity and ecosystems, as well as to determining whether that economic activity does not cause significant harm to any other environmental objective, OJ L 134, 11.12.2023, p. L, 2023/2486, 21.11.2023, and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which a specific economic activity qualifies as contributing substantially to climate change mitigation or adaptation and whether that economic activity does not cause significant harm to any other environmental objectives, OJ L 442, 9.12.2021, p. 1-349, (TSC).

The environmental objectives referred to above are:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

The Group is obliged to report on the extent to which its activities are sustainable within the meaning of the EU Taxonomy.

For this purpose, the Group developed and implemented the EU Taxonomy reporting process, which has been divided into five stages: recording, identification, allocation, verification and calculation.

EU Taxonomy Reporting Process

Assessment of the Śnieżka Group's activities' eligibility with EU Taxonomy:

Stage 1: Recording – in order to start the assessment of activities' eligibility with taxonomy, data on the Group's activities are collected. All departments are indirectly involved in this process, but the leading role is played by the Corporate Communication and ESG Department, the Controlling Department, the Financial Department, the Corporate Governance Department, the Procurement Department, the Technical and Investment Department and the Maintenance Department.

Stage 2: Identification – this stage involved reviewing the activities conducted by the Group and determining whether a given type of activity is taxonomy-eligible. The Group identifies taxonomy-eligible activities on the basis of the descriptions of economic activities contained in the annexes to the delegated regulations establishing the technical screening criteria of the EU Taxonomy. The Group was supported in this respect by an external advisor. In case of doubts, the NACE³³ codes, guidelines and other documents prepared by the European Commission and the Platform for Sustainable Finance were used, primarily the European Commission's notices containing interpretations of certain legal provisions of delegated acts. In addition, the practice of other European non-financial enterprises in the field of reporting was reviewed, which shows that the taxonomy criteria are still interpreted divergently and it is necessary to further specify them by the EU institutions. The selected activities are taxonomy-eligible but are not environmentally sustainable (taxonomy-non-eligible activities). This non-compliance is related to the failure to meet the Technical Screening Criteria (TSC) for the indicated activities.

As part of the above two stages, five activities were identified in the Śnieżka Group under the environmental objective - Climate Change Mitigation (CCM), and one activity under the environmental objective - transition to a circular economy (CE).

- 1) CCM 6.5 transportation by motorbikes, passenger cars and light commercial vehicles - purchase and rental of passenger cars for management and sales representatives in core Group's companies,
- 2) CCM 7.3 installation, maintenance, and repair of energy efficiency equipment - replacement of lighting with LEDs in production and warehouse buildings (Śnieżka SA and Poli-Farbe companies) and replacement of the gas boiler in the production building with a new one of higher efficiency (Śnieżka SA),
- 3) CCM 7.5 - installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of a building - installation of a media metering system (installation of smart meters, wiring and connection to the BMS building management system) – Śnieżka SA plants,
- 4) CCM 7.7 acquisition and ownership of buildings - carrying out finishing and installation works in the office part of the Logistics Centre in Zawada, modernisation of laboratory premises in Brzeźnica and Lubzina (locations belonging to Śnieżka SA),
- 5) CCM 6.6 road freight transport services – covers the operation of vehicles for the transport of the Group's own products,
- 6) CE 4.1 providing data-driven IT/OT solutions to reduce leakages.

³³ NACE (Statistical Classification of Economic Activities in the European Community)

Assessment of the Śnieżka Group's activities' alignment with the EU Taxonomy:

Stage 3: Verification – to assess whether a given activity is sustainable in the light of the EU Taxonomy criteria, the Group carried out a study of the criteria of substantial contribution and DNSH (*do no significant harm*) based on TSC. At this stage, an assessment was also carried out of whether the activity complied with the criteria for DNSH. An assessment was also performed as to whether the Minimum Safeguards were met.

Based on the verification of the criteria of substantial contribution and DNSH, the Group has concluded that none of its activities can be reported as sustainable.

- For CCM 6.5 activity *Transportation by motorbikes, passenger cars and light commercial vehicles* – the car fleet owned by the Śnieżka Group companies was assessed in terms of the emissions of individual vehicles. Due to the fact that all vehicles in the Group have combustion engines that do not meet the emission standards set out in the TSC, it was not possible to demonstrate compliance with the criterion of a substantial contribution to climate change mitigation. Due to the failure to meet the criterion of substantial contribution, an analysis of compliance with the DNSH criteria was not performed.
- For CCM activity 7.3 *Installation, maintenance and repair of energy efficiency equipment* – replacement of lighting, ventilation and air conditioning in production and administrative buildings – the installed light sources were assessed in terms of energy class. The lighting replaced did not feature energy class A and on this basis it was found that it did not meet the criterion of a substantial contribution to climate change mitigation. In addition, it was found that the installed ventilation and air conditioning (HVAC) is not technologically highly efficient, i.e. it does not belong to the highest energy efficiency classes. The heating systems replaced also do not meet the criterion of a substantial contribution. Due to the failure to meet the criterion of substantial contribution, an analysis of compliance with the DNSH criteria was not performed.
- For CCM 6.5 activity *Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of a building* – an assessment was made of whether the instruments and devices related to energy efficiency installed in 2024 meet the criterion of a substantial contribution. The installation, maintenance and repair of smart meters for gas, heating, cooling and electricity consumption were identified as meeting the criterion of a substantial contribution. Next, the DNSH criterion was analysed and due to the lack of implementation of the criteria concerning climate change adaptation (Appendix A), it was found that the activity did not meet the criteria specified in the TSC.
- For CCM activity 7.7 *Acquisition and ownership of buildings* – the building "Zawada Logistics Centre" (being a building for which a building permit was issued before December 30, 2020) was assessed against the substantial contribution criteria and determined to be among the 15% most energy efficient non-residential buildings in Poland. This assessment was made based on the guidelines of the Ministry of Development and Technology. Following monitoring and assessment of the energy performance of the building, it was found that it is operated efficiently. Next, the DNSH criterion was analysed and due to the lack of implementation of the criteria concerning climate change adaptation (Appendix A), it was found that the activity did not meet the criteria specified in the TSC.
- For CCM 6.6 activity *Road freight transport services* – an assessment was made of lorries used for the transport of the Group's own products. These vehicles are not low emission ones and therefore do not meet the climate change mitigation criterion, therefore an analysis of compliance with the DNSH criteria was not carried out.
- For CE 4.1 activity *Providing data-driven IT/OT solutions to reduce leakages* – an assessment was made of remote monitoring and predictive maintenance software. The software does not meet the criterion of making a substantial contribution to the transition to a circular economy and therefore the DNSH criteria was not analysed.

Stage 4: Allocation – it involves assigning the following values to the activities identified in the second stage: turnover, capital expenditure and operating expenses. The allocation rules are described in the *Accounting Principles* chapter.

Stage 5: Calculation – Based on the information obtained during the process of assessing the eligibility and compliance of the activities with the Taxonomy, the Group prepared tables containing the required information and developed supplementary information in accordance with the requirements of the annexes to Commission Delegated Regulation (EU) 2021/2178. The entire reporting procedure was overseen by an appointed member of the Management Board.

Verification of compliance with Minimum Safeguards

For an economic activity to be taxonomy-eligible, it must be carried out in accordance with the minimum safeguards set out in Article 18 of the EU Taxonomy, i.e.:

- OECD guidelines for multinational enterprises,
- UN guiding principles on business and human rights,
- and be conducted taking into account the “do no significant harm” principle referred to in sec. 17 of Article 2 of Regulation (EU) 2019/2088.

The Group assesses the compliance of its activities with the above-mentioned documents based on their content and the applicable guidelines of the European Commission and the Platform on Sustainable Finance.

In accordance with the declaration made as part of the 2023 report, the Group has implemented changes resulting from the update of the OECD guidelines for multinational enterprises. Based on the assessment made as part of the preparation of disclosures for the 2024 report, the conducted activities were found to be in compliance with the minimum safeguards.

Detailed issues relevant to the implementation of the above guidelines are described in the following sections of this report or are included in other documents:

- due diligence process - chapter 11. *General Information, Double Materiality Assessment* section,
- respect for human rights - chapter 13. *People, Area Management* section,
- respect for workers' rights - chapter 13. *People, Area Management* section,
- protection of consumer rights – *Code of Ethics*,
- respect for the principles of fair competition - *Code of Ethics*,
- counteracting corruption - chapter 14. *Business, Area Management* section,
- tax policy – *Tax Strategy*.

Accounting principles

The basis for the calculation of turnover indicators, capital expenditure (CAPEX) and operating expenses (OpEx) were the definitions set out in Annex I to the Commission Delegated Regulation (EU) 2021/2178.

Turnover – the basis was the total revenues of the Group in 2024, disclosed in the consolidated statements of comprehensive income under *Sales revenues* item (described in note 3.2.1 to the Consolidated Financial Statements of the Śnieżka Group for 2024). The turnover calculated in this manner is the denominator that allows for calculating the taxonomy-eligible activity indicators broken down into environmentally sustainable and environmentally unsustainable activities. The Group did not report taxonomy-aligned turnover in 2024.

Capital expenditure (CAPEX) constitutes capital expenditure in the Group, recognized entirely in the Consolidated Financial Statements of the Śnieżka Group for 2024 in the table of movements in expenditure on fixed assets under construction (*Tangible fixed assets* - note 3.8) and in the table of movements in expenditure on intangible assets (*Intangible assets* - note 3.10). The expenditure is the denominator for calculating taxonomy-eligible activity indicators broken down into environmentally sustainable and environmentally unsustainable activities. This denominator includes the increase in tangible fixed assets and intangible assets during a given financial year, including the capitalization of external financing costs, before accumulated depreciation write-

offs. The numerator in turn discloses the part of CAPEX that concerns the types of taxonomy-eligible activities divided into environmentally sustainable and unsustainable activities. The Group did not report taxonomy-aligned CAPEX in 2024.

Operating expenses (OPEX) - the basis was all non-capitalized costs, including: costs related to research and development work and costs of on-going operation of the Group's assets and maintaining them in proper condition. These costs include, *inter alia*, personnel costs of employees responsible for maintenance and repairs, costs of repairs and overhauls of devices, inspections, cleaning costs, fire protection costs. The sum of these costs is the denominator for calculating taxonomy-eligible activity indicators, broken down into activities environmentally sustainable and unsustainable. The numerator discloses the part of OPEX costs that relates to the types of taxonomy-eligible activities, broken down into environmentally sustainable and unsustainable activities. The Group did not report taxonomy-aligned OPEX in 2024.

No changes were introduced to the accounting policy compared to the last reporting period.

Other information

The data used for the calculations come from the financial and accounting systems of individual companies comprising the Group. It was not necessary to make any allocations or estimates of data for disclosures. The analysis did not identify activities contributing to more than one environmental objective. There was therefore no need to apply special procedures to avoid double counting for different environmental objectives.

In 2024, the Group consumed electricity produced by its own PV system, which is taxonomy-eligible under CCM 4.1. activities (more in indicator E-1 5). The Group reported capital expenditure (CAPEX) related to this system last year. In 2024, the Group did not incur any capital expenditures or operating costs related to these activities. Own energy consumption recorded in 2024 has not been included in the calculation of the reported turnover KPIs.

The Group does not conduct, finance or have exposure to the activities referred to in sections 4.26 - 4.31 of Annexes I and II to Commission Delegated Regulation (EU) 2021/2139, i.e. activities related to the production of energy through nuclear processes and production of energy from gaseous fossil fuels. In this context, the Group only provides the following regulatory disclosure template.

Table 41. Information about conducting business related to nuclear energy and natural gas.

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO

6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. NO

Change of approach to eligibility and restatement of data for the 2023 financial year

As part of the Śnieżka Group's efforts to improve the Taxonomy reporting process and present its activities, several additional business activities that had not been previously reported were classified in 2024:

- CCM 7.3 activity
- CCM 6.5 activity
- CCM 6.6 activity

The above activities were also conducted by the Group in 2023, therefore the data presented in the report for 2023 was restated and presented correctly in these disclosures as part of the data relating to the comparative period. The change in the approach of the Śnieżka Group resulted mainly from the improvement of the process of identifying taxonomy activities and from the benchmarking conducted by the Śnieżka Group against other entities on the market reporting taxonomy.

Based on the above, we have restated our comparative data presented in the attached tables in the *Performance* subsection, and the impact of restating this data is presented below.

Table 42. Restatement of comparative data in connection with the classification of additional economic activities in relation to the comparative year (2023)

Activity number	KPI	Restated data	Reported in 2023
6.5 CCM	turnover	1 318	0
7.7 CCM	turnover	2 125	0
7.7 CCM	CAPEX	6 162	0
6.6 CCM	OPEX	33	0

Performance

Turnover

In 2024, the vast majority of the Group's revenues came from EU taxonomy-non-eligible activities. This denotes that the dominant business segment does not fall into categories considered environmentally sustainable in accordance with applicable regulations. The Group generates revenues mainly from the sale of decorative paints and construction chemicals, which are intended for decoration and protection of substrates.

Based on the analysis carried out, only a small proportion of the turnover – approximately 0.2% – is EU taxonomy-eligible. This applies to activities related to the rental of warehouse space (CCM 7.7.) and vehicle rental (CCM 6.5.). In the Capital Group, part of the office space is rented between companies. These transactions are part of intragroup transactions that have been excluded at the consolidated level and are not included in the calculation of reporting indicators, in accordance with the EU Taxonomy.

Table 43. Percentage share of turnover from the sale of products or services related to taxonomy-aligned business activity - Śnieżka Group

Fiscal year 2024		Year		Substantial contribution criteria								DNSH policy criteria „do no significant harm”									
Business activity (1)	Code or codes (2)	Turnover (3)	Part of 2024 turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy- aligned (A.1.) or taxonomy- eligible activities (A.2.) Turnover, 2023 (18)	Category supporting activity (19)	Category transition activity (20)		
Text		Currency [in PLN '000]		%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T			
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Types of environmentally sustainable activities (taxonomy-aligned)																					
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	0.0%				
Including supporting		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	0.0%	E			
Including transition activity		0.0	0.0%	0.0%						T	T	T	T	T	T	T	0.0%				
A.2 Taxonomy-eligible activity but not environmentally sustainable (not taxonomy-aligned activities)																					

		<i>EL;</i> <i>N/EL</i>						
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1 257.0	0.2%	EL N/EL	N/EL N/EL	N/EL N/EL	N/EL N/EL	0.2%
Acquisition and ownership of buildings	CCM 7.7	395.5	0.0%	EL N/EL	N/EL N/EL	N/EL N/EL	N/EL N/EL	0.2%
Turnover from taxonomy-eligible activity but not environmentally sustainable (not taxonomy-aligned activities) (A.2)		1 652.5	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%
A. Turnover from taxonomy-eligible activity (A.1+A.2)		1 652.5	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
Turnover from taxonomy-non-eligible activities		796 788	99.8%					
TOTAL		798 440	100.0%					

Table 44. Percentage of taxonomy-aligned business activities and taxonomy-eligible to be broken down by turnover targets

	Turnover proportion/total turnover	
	Taxonomy-aligned broken down by targets	Taxonomy eligibility broken down by targets
CCM	0%	0.2%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Legend

CCM - Climate change mitigation
 CCA - Climate change adaptation
 WTR - Water and marine resources
 CE - Circular economy
 PPC - Pollution prevention and control
 BIO - Biodiversity and ecosystems

CAPEX

As part of the eligibility of activities and assessment of compliance with the Taxonomy, all investment projects implemented in 2024 in the Group companies were analysed.

The Taxonomy-related activities in the context of KPI CapEx include:

- CCM 6.5 Transportation by motorbikes, passenger cars and light commercial vehicles
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment
- CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of a building.
- CCM 7.7 Acquisition and ownership of buildings

The above-mentioned capital expenditures constitute 45.6% of all capital expenditures of the Śnieżka Group.



Table 45. Percentage share of capital expenditure from the sale of products or services related to taxonomy-aligned business activity - Śnieżka Group

Fiscal year 2024		Year		Substantial contribution criteria								DNSH policy criteria „do no significant harm”								Share of taxonomy-aligned (A.1.) or taxonomy-eligible activities (A.2.) Capital expenditure, 2023 (18)	Category supporting activity (19)	Category transition activity (20)							
Business activity (1)	Code or codes (2)	Capital expenditure (3)	Percentage of capital expenditure in 2024 (4)	Climate change mitigation (5)		Climate change adaptation (6)		Water and marine resources (7)		Pollution (8)		Circular economy (9)		Biodiversity (10)		Climate change mitigation (11)		Climate change adaptation (12)		Water and marine resources (13)		Pollution (14)		Circular economy (15)		Biodiversity (16)		Minimum safeguards (17)	
Text		Currency [in PLN '000]	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																													
A.1 Types of environmentally sustainable activities (taxonomy-aligned)																													
Capital expenditure related to environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	T	T	T	0.0%				
Including supporting		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	T	T	T	0.0%	E			
Including transition activity		0.0	0.0%	0.0%									T	T	T	T	T	T	T	T	T	T	T	0.0%		T			



A.2 Taxonomy-eligible activity but not environmentally sustainable (not taxonomy-aligned activities)

			EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL			
Production of electricity using photovoltaic technology	CCM 4.1	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL		4.6%	
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	11 872,1	37.0%	EL	N/EL	N/EL	N/EL	N/EL		7.6%	
Road freight transport services	CCM 6.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL		1.4%	
Infrastructure for personal mobility, bicycle logistics	CCM 6.13	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL		0.1%	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	204.1	0.6%	EL	N/EL	N/EL	N/EL	N/EL		1.6%	
Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of a building.	CCM 7.5	32.7	0.1%	EL	N/EL	N/EL	N/EL	N/EL		2.8%	



Installation, maintenance and repair of renewable energy technology systems	CCM 7.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL		2.1%	
Acquisition and ownership of buildings	CCM 7.7	2 546.2	7.9%	EL	N/EL	N/EL	N/EL	N/EL		18.2%	
Capital expenditure related to taxonomy- eligible activities but not environmentally sustainable (not taxonomy-aligned activities) (A.2)		14 655.1	45.6%	45.6%	0.0%	0.0%	0.0%	0.0%		38.5%	
A. Capital expenditure related taxonomy- eligible activities (A.1+A.2)		14 655.1	45.6%	45.6%	0.0%	0.0%	0.0%	0.0%		38.5%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
Capital expenditure related to taxonomy- non-eligible activities		17 472.9	54.4%								
TOTAL		32 128.0	100.0%								

Table 46. Percentage of taxonomy-aligned business activities and taxonomy-eligible to be broken down by capital expenditure

Taxonomy-aligned broken down by targets	Proportion of capital expenditure / Total capital expenditure	
		Taxonomy eligibility broken down by targets
CCM	0%	45.6%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Legend

CCM - Climate change mitigation
 CCA - Climate change adaptation
 WTR - Water and marine resources
 CE - Circular economy
 PPC - Pollution prevention and control
 BIO - Biodiversity and ecosystems

OPEX

As part of the fourth stage of the taxonomy reporting process in the Śnieżka Group (allocation), an analysis of all operating expenses incurred in 2024 in the Group was carried out.

The Taxonomy-related costs include:

- CCM 7.3 - costs related to building maintenance
- CE 4.1 - costs related to software maintenance and support
- CCM 6.5 and CCM 6.6 - costs related to the operation of the car fleet

The above-mentioned operating costs constitute 6.7% of all operating costs of the Śnieżka Group.

Table 47. Percentage share of operating expenses from the sale of products or services related to taxonomy-aligned business activity - Śnieżka Group

Fiscal year 2024		Year		Substantial contribution criteria						DNSH policy criteria „do no significant harm”						Share of taxonomy- aligned (A.1.) or taxonomy- eligible activities (A.2.) Operating expenses, 2023 (18)	Category supporting activity (19)	Category transition activity (20)
Business activity (1)	Code or codes (2)	Operating expenses (3)	% of operating expenses, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)			
Text	Currency [in PLN '000]	%		T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1 Types of environmentally sustainable activities (taxonomy-aligned)																		
Operating expenses related to environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	0.0%		
Including supporting		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	0.0%	E	
Including transition activity		0.0	0.0%	0.0%						T	T	T	T	T	T	0.0%		T
A.2 Taxonomy-eligible activity but not environmentally sustainable (not taxonomy-aligned activities)																		
Installation, maintenance and repair of energy efficiency equipment.		CCM7.3.	109.83	0.6%	EL	N/EL	N/EL	N/EL	N/EL							0.5%		

Delivering Data-Driven IT/OT Solutions	CE4.1	49.80	0.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		0.4%	
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM6.5	900.05	5.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%	
Road freight transport services	CCM6.5	131.58	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%	
Operating expenses related to taxonomy- eligible activities but not environmentally sustainable (non taxonomy-aligned activities) (A.2)	1 191.26	6.7%	6.4%	0%	0%	0%	0.3%	0%			0.9%	
A. Operating expenses related to taxonomy- eligible activities (A.1+A.2)	1 191.26	6.7%	6.4%	0%	0%	0%	0.3%	0%			0.9%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES												
Operating expenses related to taxonomy-non- eligible activities	16 700.71	93.3%										
TOTAL	17 891.97	100.0%										

Table 48. Percentage of taxonomy-aligned business activities and taxonomy-eligible to be broken down by operating expenses

	Proportion of operating expenses / Total operating expenses	
	Taxonomy-aligned broken down by targets	Taxonomy eligibility broken down by targets
CCM	0%	6.4%
CCA	0%	0%
WTR	0%	0%
CE	0%	0.3%
PPC	0%	0%
BIO	0%	0%

Legend

CCM - Climate change mitigation
 CCA - Climate change adaptation
 WTR - Water and marine resources
 CE - Circular economy
 PPC - Pollution prevention and control
 BIO - Biodiversity and ecosystems

12.2 CLIMATE

12.2.1. CLIMATE CHANGE MITIGATION TRANSITION PLAN

[E1-1]

The Śnieżka Group is aware of the importance of issues related to climate change. As part of the *Sustainable Development Strategy*, it has committed to managing and reducing GHG emissions, increasing energy efficiency and using green energy on a larger scale. The goals adopted and actions implemented are in line with the assumptions of the climate change mitigation transition plan. FFiL Śnieżka SA and Śnieżka ToC have committed to reducing their Scope 1 and 2 GHG emissions by 50% by 2025. Scope 3 targets have not been set yet, but their determination in the medium to long term is planned for the coming years.

As of the date of publication of this report, the Group does not yet have a fully developed transition plan. Nevertheless, the Group is committed to preparing such a plan and setting targets consistent with limiting global warming to 1.5°C, which will be consistent with the requirements of the Paris Agreement, by the end of 2026. The plan is to include a detailed analysis of the Group's current environmental impact, set specific emission reduction targets and define a path of action to achieve climate neutrality.

Decarbonisation levers and key actions

The current Śnieżka *Sustainable Development Strategy* was developed prior to the adoption of the ESRS standards and does not fully comply with their requirements. Therefore, the information presented in the report reflects the general directions of the company's activities and initiatives, which will require further updating and clarification in order to fully comply with the applicable ESRS standards.

Increasing energy efficiency

As part of the *Climate Policy and Sustainable Development Strategy*, Śnieżka has committed to increasing energy efficiency. In the first step, Śnieżka installed a utility metering system (electricity, gas, water, heat) as part of the building management system (BMS). In 2023/2024, this system was installed and launched in buildings belonging to Śnieżka SA (Brzeźnica, Lubzina, Pustków, Zawada). Thanks to it, it is possible to continuously monitor and

manage energy consumption and detect reductions in energy efficiency. Detailed analysis of the system data will allow for setting priorities when preparing a decarbonisation plan.

In 2024, the gas boiler in the plaster production facility in Pustków was replaced with a new one, featuring a higher efficiency class. Lighting was also replaced with LEDs in some of the buildings of the Production Department in Brzeźnica, the raw materials warehouse in Pustków and in the buildings of the Poli-Farbe company in Hungary. The LED technology features exceptional energy efficiency, consuming up to 80-90% less electricity than traditional light bulbs. Owing to this, the lighting modernization will contribute to a significant reduction in electricity consumption in the above-mentioned locations. Actions to increase energy efficiency also include the optimization of production processes, such as shortening the dispersion process (grinding of raw materials). In order to identify further opportunities to improve energy efficiency, energy audits are planned to be carried out at individual plants in 2025. These audits will assess current energy consumption and identify areas of potential savings, which will result in taking further steps to increase energy efficiency. It should be noted, however, that the actions taken and planned do not include solutions based on natural resources.

Transformation towards green energy

100% – this is the reduction in Scope 2 emissions for Śnieżka SA, Śnieżka ToC and Rafil thanks to the purchase of guarantees of origin. Further reductions in greenhouse gas emissions at the Śnieżka-Ukraina and Poli-Farbe plants will be achieved thanks to PV systems installed in the reporting year. The assumptions regarding these investments will be verifiable in 2025, after a full year of use. The Group intends to commence the implementation of further renewable energy systems in the short term and complete them in the medium term, but its decisions are contingent on the availability of sources and financing conditions, which may affect the final shape of the investment as well as the assumed time horizons. The Group did not perform calculations to estimate expected GHG reductions.

Management and reduction of GHG emissions

The Śnieżka Group conducted a double materiality assessment for Scope 3 greenhouse gas emissions in accordance with the criteria described in the ESRS standards. On this basis, changes were made within the categories included in the aforementioned Scope and the previously recalculated categories were refined. In 2024, the Group worked with suppliers to obtain specific emission factors for raw materials. The acquisition of more accurate data has allowed for more precise estimates of Scope 3 emissions. These activities will be continued in the following years to systematically improve the calculation methodology.

Due to significant changes that have been introduced to the methodology for calculating Scope 3 emissions, 2024 was designated as the base year.

As a result of the analyses carried out, no blocked greenhouse gas emissions were identified³⁴.

The Śnieżka Group did not incur any significant expenditures in 2024 to implement the action plan, which included, i.e. the cost of launching the metering system, replacing the lighting and the gas boiler, and the cost of replacing the lighting with LEDs. It should be noted, however, that the actions taken did not include solutions based on natural resources.

Since no transition plan has been adopted or approved within the Group, it is not possible to indicate specific expenditures for its implementation or to provide other information in this respect. The Group also does not have any developed objectives or plans to accommodate its business activities (revenues, CapEx, OpEx) to the criteria set out in Commission Delegated Regulation 2021/2139.

³⁴ Estimates of future greenhouse gas emissions that are expected to be caused by an undertaking's key assets or products sold during their useful lives.

The Company is currently focusing its climate activities on operational optimisation and is not planning any significant capital expenditure (CapEx) directly related to the implementation of the climate action plan. Consequently, the financing of the plan is based on current operating funds and the planned budget for subsequent periods. If there is a need to implement CapEx investments related to climate objectives, the Company will analyse the possibilities of their financing, taking into account available financial instruments and subsidies.

The undertaking did not record any capital expenditure on business activities related to coal, oil or gas. It is also not excluded from the EU benchmarks aligned with the Paris Agreement.

12.2.2. AREA MANAGEMENT

[E1-2]

Climate Policy of the Śnieżka Group was adopted in 2022. It refers to the parent company (FFiL Śnieżka SA) and sets the directions of action for the subsidiaries comprising the Group. The Chief Executive Officer is responsible for implementing the policy.

The document described defines a framework approach for managing the climate impact of the Group and its activities across the entire value chain. This approach is based on the TCFD (*Task Force on Climate-Related Financial Disclosures*) guidelines.

The *Climate Policy of the Śnieżka Group* also constitutes the foundation of the *Śnieżka Sustainable Development Strategy*, within which the objectives and operational measures for the undertaking's climate actions have been defined. The Group is committed to managing climate issues based on legal requirements and scientific knowledge. It monitors and analyses data on heat and energy consumption and greenhouse gas emissions.

The following actions were prioritized by the Group:

- increasing energy efficiency,
- transformation towards green energy,
- management and reduction of GHG emissions in three scopes.

The scenario analyses performed by the Company identified risks and opportunities related to climate change. It should be noted, however, that the Company's current policies do not directly address the issue of climate change adaptation, but only climate change mitigation, which also includes actions to mitigate identified risks and opportunities that will be included in the transition plan.

The Policy defines specific objectives for the first two categories of actions. The transformation towards green energy was feasible owing to the purchase of guarantees of origin (energy purchased for Polish companies comes from renewable sources). The increase in energy efficiency is achieved by launching a metering system (which enables precise monitoring of energy consumption) and replacing lighting with energy-saving ones (which contributed to reducing electricity consumption).

Detailed operational objectives are defined in the *Śnieżka Sustainable Development Strategy*.

One of the effects of developing the *Climate Policy* was the introduction of corresponding provisions in the *Supplier's Code of Conduct*. These include taking action to use green technologies, initiating and/or continuing carbon footprint calculations (Scope 1, 2 and, ultimately, 3) and implementing due diligence policies across the entire value chain, including identifying environmental risks and implementing preventive procedures. The *Climate Policy* and *Supplier's Code of Conduct* do not contain references to the downstream value chain, geographic areas or stakeholder groups that the company influences. Stakeholders were not consulted when the policy was developed and related objectives were determined.

Both the *Climate Policy* and *Supplier's Code of Conduct* are available at [stronie internetowej Spółki](#). The Code is made available to suppliers before entering into business cooperation, giving them the opportunity to familiarize with its provisions.

Risks related to environmental and climate impacts and the impact of climate change on the Group have been analysed and will be incorporated into a comprehensive risk management system. As part of the dual materiality assessment conducted in 2024, two impacts, eight risks and one opportunity were identified as material (described in Chapter 11. *General Information*).

[E1-3]

Within the dual materiality assessment, stakeholder surveys were conducted to identify potentially affected communities, as well as the locations and nature of impacts. The Group has a negative impact on climate change through greenhouse gas emissions, but a positive impact on the structure of local energy mixes through the use of renewable energy sources, including energy from its own PV systems. The assessment did not identify any actual material impacts that would require the provision of remedial actions to affected persons.

The actions resulting from the *Climate Policy* and the sources of their financing are described in disclosure E1-1. They are implemented within the Group's own infrastructure, taking into account economic conditions and assumptions. The key directions of action are described in section E1-2. Individual initiatives are implemented based on the assumptions of the up-to-date *Śnieżka Sustainable Development Strategy*. A schedule of activities beyond the horizon of the strategy will be developed in the following years.

Greenhouse gas emissions

- 100% green energy purchased by Śnieżka SA, Śnieżka ToC and RAFIL, as confirmed by guarantees of origin and redemption documents.
- In two foreign companies (Śnieżka-Ukraina and Poli-Farbe) investments involving the construction of PV systems were carried out. Although the systems did not operate throughout year 2024, since their launch they have generated energy covering the following consumption in individual companies:

5.85% – share of energy from PV systems in electricity consumption in Poli-Farbe (Hungary)

9.41% – share of energy from PV systems in electricity consumption in Śnieżka-Ukraina

2.53% – share of energy from PV systems in electricity consumption in the Śnieżka Group

- Preparation of design documentation and permits for PV systems in 4 locations in Poland (Brzeźnica, Lubzina, Pustków, Zawada). The implementation of the PV system itself depends on the possibility of obtaining funding.
- Collaboration with suppliers. The Śnieżka Group raises the awareness of its suppliers as for greenhouse gas emissions and the importance of calculating the carbon footprint of an undertaking and product.

This report is the first prepared in accordance with ESRS standards. Accordingly, the undertaking is not able to indicate plans for progress in activities or action plans disclosed in prior periods.

12.2.3. METRICS AND TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION TO IT

[E1-4]

The current Śnieżka targets for climate change mitigation and adaptation, as set out in the *Sustainable Development Strategy*, were developed before the adoption of the ESRS standards and do not fully meet their requirements. Therefore, the information presented in the report reflects the general directions of the undertaking's activities and initiatives, which will require further updating and clarification in order to fully comply with the applicable ESRS standards. An undertaking's impact on climate change is monitored primarily by measuring its carbon footprint.

Śnieżka SA and Śnieżka ToC have set a 50% carbon footprint reduction target for Scope 1 and 2 by 2025 (compared to 2020). The Scope 2 targets were calculated using the market-based method.

This target was achieved already in 2023, when the reduction amounted to 68%.

The Group plans to revise its targets in the near future to continue to support the assumptions of the Climate Policy. The most important point will be to set specific Scope 3 emission reduction targets for both the medium and long term, relative to 2024, which has been defined as the base year.

The implementation of activities related to increasing energy efficiency and obtaining energy from renewable sources is overseen by the Technical and Investment Department and the Quality and Climate Management Department. The levels of implementation of assumptions are reported during regular meetings of the Management Staff.

[E1-5]

Table 49. Information on energy consumption and energy mix in the Śnieżka Group

Energy consumption and mix	Unit	2024	2023	Change (y/y)
1) Fuel consumption from coal and coal products	MWh	1 414.41	1 657.05	-14.64%
2) Fuel consumption from crude oil and petroleum products	MWh	6 249.07	6 050.01	+3.29%
3) Fuel consumption from natural gas	MWh	5 282.76	5 608.28	-5.80%
4) Fuel consumption from other fossil sources	MWh	823.53	673.57	+22.26%
5) Consumption of purchased or obtained electricity, heat, steam and cooling from fossil sources	MWh	954.52	1 468.28	-34.99%
6) Total energy consumption from fossil sources	MWh	14 724.29	15 457.19	-4.74%
Share of fossil fuels in total energy consumption	%	62.37%	63.34%	+0.97%
7) Energy consumption from nuclear sources	MWh	1 188.93	1 365.93	-12.96%
Share of energy consumption from nuclear sources in total energy consumption	%	5.04%	5.60%	+0.56%
8) Fuel consumption from renewable sources, including biomass (also including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	440.96	224.61	+96.32%
9) Consumption of purchased or obtained electricity, heat, steam and cooling from renewable sources	MWh	7 015.08	7 354.17	-4.61%
10) Consumption of renewable energy produced independently without the use of fuel	MWh	237.432	0	+100%
11) Total renewable and low-emission energy consumption	MWh	7 693.472	7 578.78	+1.51%
Share of renewable sources in total energy consumption	%	32.59%	31.06%	-1.53%
Total energy consumption	MWh	23 606.69	24 401.90	-3.26%

The data presented come from direct meter readings or invoices.

The Śnieżka Group's energy mix consists of energy from fossil sources, nuclear energy, renewable energy and biomass energy.

Comparing energy consumption from our own operations, we have recorded a decrease of 3.26% compared to 2023. The energy consumption fall arises from reduced production compared to 2023 and the actions we have addressed to improve energy efficiency, described in detail in the thematic subsection.

The total electricity consumption from renewable sources, confirmed by the purchase of guarantees of origin and documents confirming redemption, represented 27.62% of the total energy consumption. The remaining energy consumption came from fossil sources, which accounted for 14,724.29 MWh, less by 4.74% compared to 2023. 1,188.93 MWh was obtained from nuclear sources, based on data from energy suppliers for 2023. Electricity from nuclear sources was obtained for Sniezka-Ukraina, Poli-Farbe and Sniezka-BelPol. The amount of nuclear energy provided is based on information about the energy mix of electricity suppliers.

In 2024, 73.72% of the electricity consumed by the Śnieżka Group came from renewable sources, most of which was covered by guarantees of origin, and 2.53% was produced by its own PV systems.

Energy consumption is based on data readings from meters or invoices. In accordance with ESRS requirements, the fuel consumption of leased vehicles was included in the total energy consumption. Renewable energy is settled based on guarantees of origin and documents confirming redemption and meter readings in the case of the Group's own photovoltaic systems.

It is assumed that all activities of the Śnieżka Group are in the sector with a high climate impact (NACE code C20).

The calculations presented are verified solely as part of the mandatory certification audit of this report.

Table 50. Energy intensity based on the Śnieżka Group net revenues

Energy intensity per net revenue	Unit	2024	2023	Change (y/y)
Total energy consumption*	MWh	23 606.68	24 401.90	-3.26%
Total energy consumption*per net revenue*	MWh/PLN thousand	0.03	0.03	0%

* as part of activities in sectors with a material impact on the climate

Energy intensity was calculated based on the total energy consumption in the Śnieżka Group and the amount of net revenues in line with the *Sales revenues* item (described in note 3.2.1 of the Consolidated Financial Statements of the Śnieżka Group for 2024) in sectors with a material impact on the climate. The Group measures energy intensity per unit of revenue but has not adopted this parameter or any other as a measure of efficiency within the scope of the metrics presented.

12.2.4. GREENHOUSE GAS EMISSIONS

[E1-6]

Greenhouse gas emissions in 2024 show a decrease by 0.72% compared to 2023, in which an adjustment was considered, i.e. 49.97 tCO₂e was added from the consumption of LPG gas for Śnieżka SA not included in the previous year. If the adjustment of 2023 was not taken into account, current Scope 1 emissions would increase by 1.88%.

Figure 6. Greenhouse gas emissions of the Śnieżka Group in 2024 (market based method)

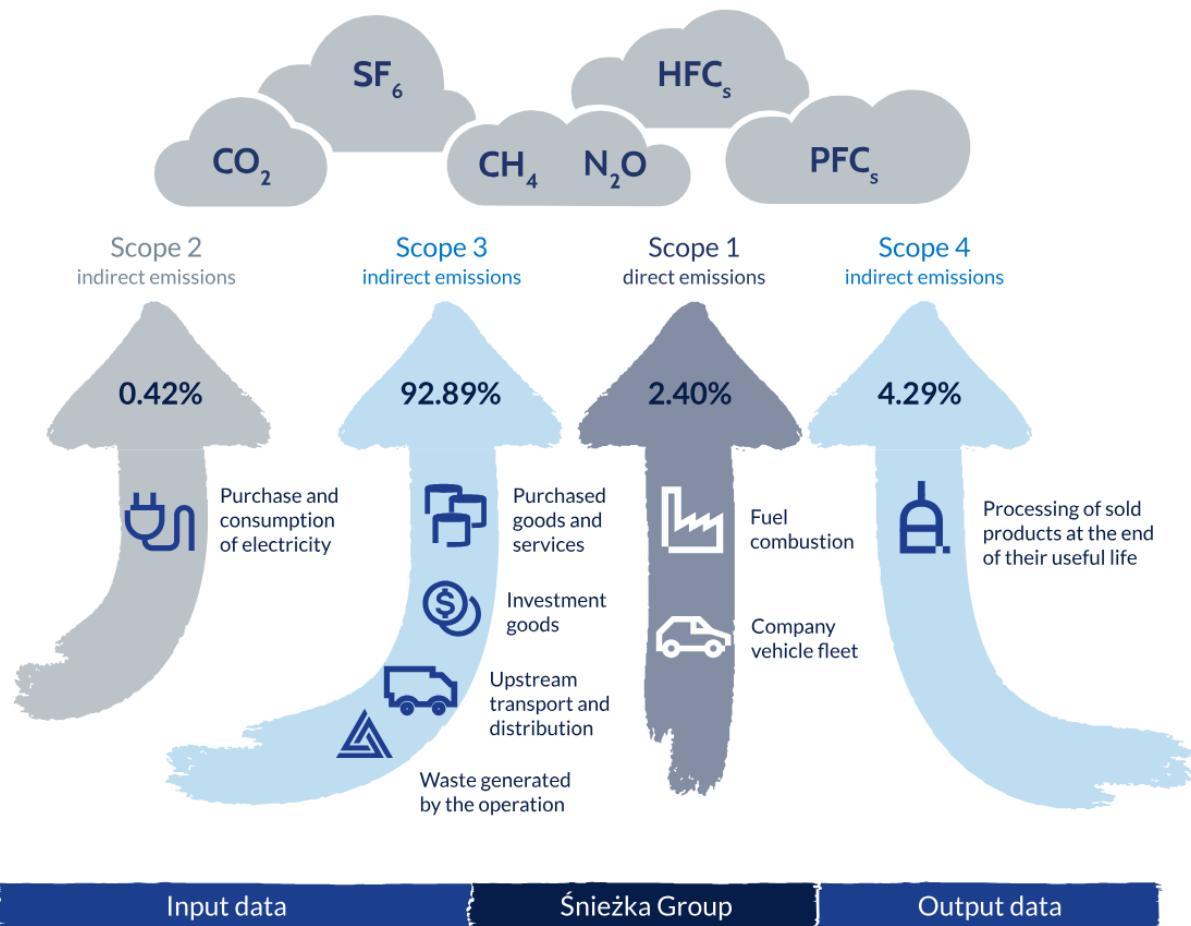


Table 51. Carbon footprint of the Śnieżka Group

No targets have been set for Scope 3 due to the lack of a transformation plan to be presented by the end of 2026. No targets have been defined in Scopes 1 and 2 for 2025, 2030 and 2050 for the entire Group, while the targets adopted for 2025 for FFiL Śnieżka SA and Śnieżka ToC have already been achieved.

	Base year 2020	Information regarding past		
		N 2024	N-1 2023	N / N-1 change y/y [%]
Scope 1 and 2 greenhouse gas emissions				
Gross Scope 1 greenhouse gas emissions (tCO ₂ e)	4 512.5	3 322.57	3 458.86	-3.94%
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading systems (%)	n/a	n/a	n/a	n/a
Gross Scope 2 greenhouse gas emissions according to the location-based method (tCO ₂ e)	7 897.31	4 224.02	5 455.82	-22.58%
Gross Scope 2 greenhouse gas emissions according to the market-based method (tCO ₂ e)	4 911.25	573.96	1 120.22	-48.76%

N/A - not applicable

Base year 2024

Scope 3 greenhouse gas emissions

Total gross indirect (Scope 3) greenhouse gas emissions (tCO₂e)	134 561.61
1 Purchased goods and services	119 749.28
2 Investment goods	3 753.83
4 Upstream transport and distribution	3 581.70
5 Waste generated by the operation	1 533.90
12 Processing of sold products at the end of their useful life	5 942.90
Total greenhouse gas emissions	
Total greenhouse gas emissions (location-based method) (tCO ₂ e)	142 108.20
Total greenhouse gas emissions (market-based method) (tCO ₂ e)	138 458.14

[W1] Scope 1 and 2 greenhouse gas emissions calculated for FFIL Śnieżka SA and Śnieżka ToC in accordance with the requirements of the Greenhouse Gas Protocol.

Table 52. Scope 1 and 2 greenhouse gas emissions calculated for FFIL Śnieżka SA and Śnieżka ToC - own indicator

The own indicator was calculated in accordance with the methodology adopted for the Śnieżka Group in Scope 1 and 2.

	Base year N 2024	Information regarding past		
		2023	%N/N-1 change y/y [%]	
Scope 1 greenhouse gas emissions				
Gross Scope 1 greenhouse gas emissions (tCO ₂ e)	1 968.1	1 943.55	1 957.67	-0.72%
Percentage of scope 1 greenhouse gas emissions from regulated emissions trading systems (%)	n/a	n/a	n/a	n/a
Scope 2 greenhouse gas emissions				
Gross Scope 2 greenhouse gas emissions according to the location-based method (tCO ₂ e)	4 647.55	3 404.45	4 321.62	-21.22%
Scope 2 greenhouse gas emissions according to the market-based method (tCO ₂ e)	3 545.24	0	0	0.00%
Scope 1 and 2 greenhouse gas emissions according to the location-based method (tCO ₂ e)	6 615.65	5 348.00	6 279.29	-14.83%
Scope 1 and 2 greenhouse gas emissions according to the market-based method (tCO ₂ e)	5 513.34	1 943.55	1 957.67	-0.72%
N/A - not applicable				

Table 53. Biogenic emissions that do not constitute scope 1 emissions in the Śnieżka Group

Emission source	Emission type	Consumption (t)	Biogenic emissions (tCO ₂)
Biomass (wood)	Burning	101.76	146.15
Fuel emissions (diesel)	Burning	70.92	13.79
Fuel emissions (petrol)	Burning	309.93	53.24

Table 54. Greenhouse gas emission intensity per net revenues in the Śnieżka Group

Greenhouse gas emission intensity per net revenues	N 2024	N-1 2023	N / N-1 change y/y [%]
Total greenhouse gas emissions (according to the location-based method) per net revenues (tCO ₂ e /PLN '000)	0.178	0.173	2.89%
Total greenhouse gas emissions (according to the market-based method) per net revenues (tCO ₂ e /PLN '000)	0.173	0.167	3.59%

The net revenue amount shown is in line with the item *Sales revenues* item (described in note 3.2.1 of the Consolidated Financial Statements of the Śnieżka Group for 2024).

The Śnieżka Group calculates the undertaking's carbon footprint and treats the results as one of the measures of its impact on the natural environment. In 2024 the calculations were carried out in accordance with the standards:

- The Greenhouse Gas Protocol *A Corporate Accounting and Reporting Standard Revised Edition*,
- GHG Protocol *Scope 2 Guidance*,
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard,
- European Sustainability Reporting Standards (ESRS).

The GHG Protocol methodology was selected as it is the global and most widely used standard for measuring, reporting and managing greenhouse gas emissions. The organizational boundaries of the GHG emission calculations covered the activities of the Śnieżka Group, divided into companies: FFiL Śnieżka SA, Śnieżka Trade of Colors Sp. z o. o., RAFIL SA, Poli-Farbe Vegyipari KÖ., Śnieżka-Ukraina Sp. z o. o., Śnieżka-BelPol Sp. z o. o. The results were consolidated according to operational control at the Group level, thus accounting for 100% of emissions from each company. The data on the basis of which the calculations were made came from internal registers and companies' data.

The majority of the Group's greenhouse gas emissions come from the downstream and upstream value chain (Scope 3), accounting for 97.19% for the market-based method and 94.69% for the location-based method, respectively.

The remaining emissions from own activities (Scope 1 and 2) have a relatively lower impact of 2.81% for the market-based method and 5.31% for the location-based method.

Scope 1 - Direct emissions

Scope 1 includes all direct greenhouse gas emissions from sources owned or controlled by an undertaking and enables the precise identification of an undertaking's direct impact on greenhouse gas emissions.

Reporting of Scope 1 CO₂e emissions is conducted in accordance with ESRS and GHG Protocol standards. Scope 1 covers direct GHG emissions arising from facilities owned or controlled by the undertaking. It includes emissions resulting from fuel combustion, release of refrigerants, and other fugitive emissions, e.g. resulting from the use of selected technical gases, and biogenic emissions relating to out-of-scope emissions from the combustion of primary fuels based on bioadditives. Emissions from regulated Scope 1 emissions trading systems are not included. It was assumed that the amount of refrigerant corresponds to the amount of refrigerant replenished in the installation based on the refrigerant replenishing protocols. The emission factors used in the calculations for individual types of fuels, refrigerants and technical gases are the latest available and come from KOBiZE (National Centre for Emission Balancing and Management) and the DEFRA (The Department for Environment, Food and Rural Affairs) database. CO₂ emissions from bioadditives in fuels are included but disclosed separately under biogenic emissions. Scope 1 emissions were calculated using a previously developed carbon footprint calculator in an Excel file, and the consumption of individual utilities in the Śnieżka Group companies is based on invoice

readings. No significant assumptions were made in the calculation of scope 1 emissions. There are no emissions from sources other than the consolidated companies.

Scope 2 - Indirect electricity emissions

Scope 2 includes indirect greenhouse gas emissions that are associated with the electricity, heat or steam and cooling purchased and consumed by an undertaking. This includes emissions from power or heating plants that supply energy to the undertaking. This scope allows for assessing the impact of an undertaking's electricity consumption on greenhouse gas emissions.

Reporting of Scope 2 CO₂e emissions is conducted in accordance with ESRS and GHG Protocol standards. Scope 2 includes indirect emissions related to the generation of electricity purchased by the undertaking. Emissions from electricity production were calculated according to the two methods mentioned above, i.e. location-based, which is based on the average emission indicator for a given country, i.e. it presents the actual amount of emissions generated in a given area, and market-based, which uses emission indicators published by specific energy sellers, which shows the impact of the undertaking's purchasing decisions on the carbon footprint. The calculations take into consideration the green energy used in two companies, originating from renewable sources, which was provided with 100% guarantees of origin and documents confirming their redemption issued by the Polish Power Exchange. This allowed these companies to achieve zero scope 2 carbon footprint emissions using the market-based method. The emission factors for electricity used in the calculations are the latest available and come from KOBiZE (National Centre for Emission Balancing and Management) and the IRENA (International Renewable Energy Agency) database. In the absence of a guarantee of origin for other companies of the Śnieżka Group, the average national emission factors were applied. Scope 2 emissions were calculated using a previously developed carbon footprint calculator in an Excel file, and the electricity consumption in individual companies of the Group is based on invoice readings. There is currently no precise information on whether the adopted emission factors separate the percentage of biomass or biogenic CO₂. There is also no precise information on the amount of biogenic emissions that make up Scope 2, hence an indication of the percentage of biogenic emissions is not possible. There are no emissions from sources other than the consolidated companies.

Scope 3 - Other indirect emissions

Scope 3 includes all other indirect greenhouse gas emissions that result from the undertaking's activities but come from sources that are not owned or controlled by the undertaking. This scope allows for a comprehensive assessment of the undertaking's impact on greenhouse gas emissions across the entire value chain.

Reporting of Scope 3 CO₂e emissions is conducted in accordance with ESRS and GHG Protocol standards. Calculation methods consistent with the GHG Protocol include the expenditure-based method, the supplier-specific method, the average-data method and the distance-based method. Out of the fifteen scope 3 categories defined by the GHG Protocol, the Śnieżka Group, assuming a cut-off level of 1%, considered five categories as substantial, i.e. categories 1, 2, 4, 5, 12. The remaining ten categories (i.e.: 3, 6, 7, 8, 9, 10, 11, 13, 14, 15) are not relevant to the operations of the Śnieżka Group due to their low share of emissions (below 1%) and no impact on stakeholders. The main sources of emission indicators include DEFRA, EXIOBASE, EcoInvent, NAICS databases and indicators sourced directly from suppliers. Scope 3 emissions, where primary data from suppliers or other value chain partners is used in the calculation, include the portion (10%) of category 1 emissions related to purchased raw materials. Scope 3 emissions for each substantial category were calculated using a previously developed carbon footprint calculator in an Excel file. There is also no precise information on the amount of biogenic emissions that make up Scope 3, hence an indication of the percentage of biogenic emissions is not possible.

- **Category 1** includes cradle-to-gate emissions arising during the production stage of raw materials, commercial materials and services (intangible products) purchased by the undertaking. All raw materials acquired externally were included in the carbon footprint of the company making the purchase. As far as the internal flow is concerned, attention was paid to not to duplicate the value of a given raw material,

i.e. the consumption of this raw material should be included in a company to which it is ultimately addressed. Raw materials were categorised into material groups with their weights, and carbon footprint calculations for services and commercial materials were performed using emission factors based on monetary values.

- **Category 2** includes emissions that arise from the production phase of capital goods purchased or acquired by the undertaking. These include buildings, technical equipment and machinery, vehicles and their modernization. Capital assets are used by an undertaking to manufacture a product, render a service, or sell, store, and deliver goods. They generally have a long useful life. The calculations were divided into two approaches - in the case of expenses for which the weight can be easily identified, it was decided to use physical emission factors (e.g. vehicle purchases, electronic equipment). In other cases, monetary emission factors were used.
- **Category 4** includes the carbon footprint of supplies of purchased raw materials and emissions resulting from the provision of transportation and distribution services purchased by the undertaking i.e. transportation of finished products, the cost of which is borne by the undertaking. Only transports carried out by external companies are taken into account, and the fuel consumption of the own fleet is reported in Scope 1. Emission calculations were made based on the number of tonne-kilometres [tkm] travelled by a specific means of transport.
- **Category 5** represents emissions generated during the waste management stage resulting from the undertaking's activities. According to the standard, emissions generated during waste storage are included in the calculation limits. In order to calculate the carbon footprint of this category, appropriate amounts of waste generated were introduced, considering: the location in which the waste was generated (this applies to companies with more than one branch) and the type of waste treatment. For calculation purposes, three types of waste treatment were distinguished: reuse, recycling and disposal/landfilling. As for recycling or reuse by external entities, only emissions resulting from transport to the recycling/reuse site, as well as possible emissions related to waste pre-treatment, are reported. The method of management of specific waste codes was obtained from waste collection companies.
- **Category 12** identifies emissions related to the disposal and treatment of products sold by an undertaking at the end of their life cycle. The carbon footprint in category 12 was determined by including the packaging introduced to the market and the dry weight of products that will be stored in the future. In term of the packaging, both waste collection and recycling were taken into account. It was also assumed (based on expert engineering practices) that approximately 5% of solvent products would remain in metal packaging and would be burned during steel recycling. An average elemental carbon content of 70% was assumed for them (HDPE has a content of approximately 84%).

[E1-7]

The undertaking does not currently conduct, and has not conducted, greenhouse gas removal or storage projects as part of its own operations. It has not participated or is not participating in any such projects in its upstream or downstream value chain. The Group is currently unable to disclose the amount of greenhouse gas emission reductions or greenhouse gas removals resulting from climate change mitigation projects outside its value chain or through the purchase of carbon credits as it has not undertaken such activities or calculations.

[E1-8]

The undertaking does not currently apply internal carbon pricing systems.

[E1-9]

The Śnieżka Group takes advantage of the possibility to omit the disclosure of information on the anticipated financial impacts resulting from material physical and transition risks and potential climate-related opportunities in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, due to the fact that it is preparing a report in accordance with the ESRB requirements for the first time.

12.3 POLLUTION

12.3.1. AREA MANAGEMENT

[E2-1]

As part of the double materiality assessment, the Śnieżka Group identified two material actual impacts related to pollution:

- the undertaking negatively impacts air quality through the use of volatile organic compounds in production and use processes in the value chain;
- the undertaking adversely affects the natural environment and its surroundings through the use of substances and mixtures classified as potentially hazardous throughout the entire value chain, which, even with due diligence and when used as intended, are associated with a number of hazards (including acute toxicity, mutagenicity or posing a hazard to the aquatic environment).

The dominant share of water-based and water-containing products in the Group's portfolio, which do not have a material impact on environmental pollution, was considered a material opportunity.

The Group has a *Quality, Environment and Health and Safety Policy* aimed at protecting natural resources by:

- complying with and implementing environmental and quality requirements,
- creating appropriate attitudes and building employee awareness.

It applies to the entire Śnieżka Group, i.e. FFiL Śnieżka SA (the parent company) and other subsidiaries. The Chief Executive Officer is responsible for implementing the policy. In order to ensure business efficiency, the Group places emphasis on rational resource management and decision-making based on data and facts.

Through the *Supplier's Code of Conduct*, the Group spurs undertakings in the value chain to increase the awareness of employees and business partners, primarily in the area of counteracting environmental pollution and limiting the negative impact on the natural environment. Both the Supplier's Code of Conduct and Policy are available at [stronie internetowej Spółki](#).

The Śnieżka Group companies strive to reduce the impact of their production facilities on the natural environment. Respect for environmental requirements is ensured through continuous formal and legal supervision and implementation of obligations specified in environmental decisions. New investments are based on the latest available technologies. The Group companies conduct an on-going monitoring of their environmental impact, by maintaining registers of information and data on the scope of their use of the environment. They monitor consumption of energy and water, emissions of pollutants, generation of waste and packaging.

The Group has not adopted a policy on the explicit elimination of substances of concern (SoC) and substances of very high concern (SVHC). However, the *Sustainable Development Strategy* includes a commitment to responsibility for products throughout their life cycle – from the idea, through research and development analyses, supplier selection and the purchasing process, quality control, production, sales and communication, and finally – the use.

The current *Quality, Environmental and Health and Safety Policy of the Śnieżka Group* policy declares its intention to minimize the impact of the production facilities on the natural environment. The implementation of this objective is based on a regular formal and legal monitoring and fulfilment of obligations resulting from environmental decisions. These activities include, i.a., normative emissions of pollutants into air, water and soil.

However, the current policy does not provide detailed guidance on specific methods for mitigating negative environmental impacts, including strategies for preventing and controlling air, water and soil pollution, procedures for dealing with incidents and emergencies, and how the policy relates to its own operations and value chain (both suppliers and buyers) in the context of minimising negative environmental impacts. It should

also be noted that the policy does not take into account the perspective of stakeholder groups and third-party initiatives. The geographical location of the Śnieżka Group has no influence on the implementation of commitments arising from environmental policies. Following the risk and opportunity analysis conducted in 2024, material pollution-related impacts were identified. As the IRO analysis was conducted in the reporting year, the *Quality, Environment, Health and Safety Policy* does not address the identified pollution-related aspects.

[E2-2]

In 2024, the Śnieżka Group continued to monitor the amount of gases and dust released into the air and the quality of discharged rainwater and rainwater - in accordance with the necessary environmental decisions. Periodic measurements are performed to confirm compliance with the standards set out in law and environmental permits. As far as the emission management is concerned, systems generating significant emissions are equipped with appropriate atmosphere protection devices, such as filters, which are covered by the control system. The management of volatile organic compound (VOC) emissions is carried out by preparing annual information on the scope of environmental use and setting the amount of fees due. The documentation contains a summary of data in relation to the permits held for the release of gases and dust into the air. For control and supervision purposes over the correct operation of VOC reduction devices, VOC measurements are performed once a week at the emitter with adsorber. Due to the lack of a policy covering identified pollution impacts, the Group has no future actions planned to address the identified impacts.

For the Śnieżka Group sites where there is a risk of an industrial accident, a safety management system has been put in place, including the *Accident Prevention Programme, Safety Report and Internal Operational and Rescue Plan*. These activities are aimed at shaping industrial safety management policy. A number of internal procedures lead to the maximum reduction of the risk of serious industrial accidents, ensuring the protection of life, human health and the environment. Additionally, actions are taken to obtain approvals and certificates confirming the pro-ecological nature of the Group's products, which is an integral part of the *Sustainable Development Strategy*.

Actions undertaken to prevent pollution incidents and limit their potential impact on people and the environment:

- continuous improvement of control systems,
- automation of production processes,
- preventing failures with consequences for the environment through constant monitoring of equipment and systems,
- striving for continuous improvement of the level of occupational health and safety,
- implementation of activities in the area of improvement of occupational health and safety,
- involving the entire team in creating safe and hygienic working conditions,
- raising qualifications through thematic or general training,
- ensuring adequate resources and financial means to implement the set goals,

The Group meets legal regulations regarding chemical mixtures and preparations (e.g. REACH and CLP). The undertaking conducts systematic monitoring of changes in legal regulations that may affect production processes and implements activities enabling dynamic adaptation to changes, also in the field of technological processes. Additionally, actions are taken to obtain approvals and certificates confirming that the Group's products, when used as intended, have a low impact on the environment and do not pose a threat to human health (e.g. Ecolabel, hypoallergenic certificates described for the own indicator [W2] in the *Product responsibility* section).

The Śnieżka Group focuses on activities aimed at mitigating the classification of manufactured products by optimizing recipes and replacing ingredients with equivalents that are more environmentally and health friendly.

Since the IRO analysis was conducted in the reporting year, the actions taken to minimise the impact of production facilities on the environment are not fully systematised and comprehensive. There is also no update of the *Quality, Environment and Health and Safety Policy*, which does not address newly identified aspects related to pollution.

Consequently, there is a lack of coherent guidelines and coordinated actions aimed at effective pollution prevention and control.

12.3.2. METRICS AND TARGETS RELATED TO POLLUTION

[E2-3]

The Śnieżka Group has not defined objectives strictly related to pollution concerning the use of potentially hazardous substances and the use of volatile organic compounds. Indirectly, the restriction of the above-mentioned substances results from the defined objectives for products with low impact on the user and the environment, which were presented in the own indicator [W2].

In the future, the Group intends to work on setting targets for air, water and soil pollution throughout its value chain and product life cycle. At this stage, however, it is not possible to determine a time horizon for completing the process. Due to the fact that the IRO analysis was conducted in the reporting year, the actions taken to minimize the impact of production plants on the environment are not fully systematized and comprehensive. This is also the result of the lack of updating of the *Quality, Environment, Health and Safety Policy* with newly identified aspects related to pollution and of objectives and measurable indicators that would allow effective monitoring and evaluation of progress in pollution prevention and control.

Pollution of air, water and soil

[E2-4]

The Group does not exceed the limits set out in Annex II to Regulation 166/2006 in any of the systems. It is not possible to provide comparative data for 2024, as this was the first year the calculations were made. At the same time, as part of the applicable legal provisions and conducted inspections, no exceedances have been detected so far. None of the Group's systems require, in accordance with applicable regulations, constant monitoring and measurement of emission levels, hence the data presented were based on estimates resulting from periodic measurements.

Constant emission parameters were assumed as no significant events that could affect production or emission parameters were identified in the reporting year. It is impossible to precisely indicate the levels of uncertainty of the assumptions and calculations made. The data were estimated for all systems and were not subject to additional control, but each time they were based on periodic tests, which are generally subject to verification within the framework of the accreditations held by the entities performing the tests.

In 2024, the Group did not produce but introduced to the market a product containing 0.003 tonnes of microplastics.

All measurements were performed by external entities, in accordance with applicable national regulations and accredited methods (Poland).

Air emissions were determined on the basis of calculations using the results of periodic measurements or emission factors determined by a specialist company preparing the emission permit report. The amount and types of emitted substances correspond to the types and quantities of raw materials and auxiliary materials used in individual systems, including the system operating conditions.

Based on the calculations for Śnieżka SA and Śnieżka ToC, reports submitted to offices were drawn up. Foreign companies prepare annual reporting in accordance with the national requirements applicable to a given company. For the following foreign companies: Poli-Farbe, Śnieżka-Ukraina, Śnieżka-BelPol, the volume of pollutant emissions was estimated based on the monitoring of specific parameters in emission measurements and groundwater and sewage samples or recalculated in accordance with the indicators characterizing their emissions in permits for the release of gases and dust into the air.

The estimation method involved multiplying the measurement result by the number of operating hours of the system or, where applicable, the amount of water or sewage used/discharged. As for Śnieżka SA and Poli-Farbe, measurements are performed by accredited laboratories in line with applicable standards.

The results are not additionally verified by other auditing bodies, but the systems are overseen on a regular basis by supervisory authorities. All reports and statements submitted to relevant offices are assessed by them. The Group did not adopt performance indicators for the metrics presented.

Potentially hazardous substances

[E2-5]

The data presented have not been subject to any control other than that required by the mandatory certification of this report. The Group did not adopt performance indicators for the metrics presented.

Table 55. Quantities of substances of concern as defined in Annex 2, Table 2 of Annex I to Regulation (EU) 2023/2772 that were purchased, used in production and incorporated into the finished product*

Hazards	Quantity (kg)
Aquatic Chronic 1	18 783.7
Aquatic Chronic 2	19 637.9
Aquatic Chronic 3	107 786.9
Aquatic Chronic 4	19 483.5
Carc. 1, Muta. 1, STOT RE 1	0.5
Carc. 1, Muta. 2, Skin Sens. 1	1.8
Carc. 1, STOT RE 1	0.8
Carc. 1, STOT RE 1, Aquatic Chronic 1	40.0
Carc. 2	7 436.9
Carc. 2, Skin Sens. 1	12.3
Muta. 2, Skin Sens. 1	148.1
Repr. 1	12 006.5
Repr. 1, STOT RE 1, Aquatic Chronic 1	2 627.0
Repr. 2	25 602.8
Repr. 2, Aquatic Chronic 1	539.0
Repr. 2, Aquatic Chronic 2	980.1
Repr. 2, Aquatic Chronic 3	1 086.5
Repr. 2, Skin Sens. 1, Aquatic Chronic 1	3.4
Repr. 2, STOT RE 1, Aquatic Chronic 3	0.1
Repr. 2, STOT RE 2	8 667.0
Repr. 2, STOT RE 2, Aquatic Chronic 2	0.9
Repr. 2, STOT RE 2, Aquatic Chronic 3	8.8
Resp. Sens. 1	0.7
Resp. Sens. 1, Skin Sens. 1	91.2
Resp. Sens. 1, Skin Sens. 1, STOT RE 1	7.5
Skin Sens. 1	485 315.3
Skin Sens. 1, Aquatic Chronic 1	10 411.3
Skin Sens. 1, Aquatic Chronic 2	7 251.9
Skin Sens. 1, Aquatic Chronic 3	685.5
Skin Sens. 1, Repr. 1, Aquatic Chronic 3	1 530.0
Skin Sens. 1, STOT RE 1, Aquatic Chronic 1	21 750.3
Skin Sens. 1, STOT RE 1, Aquatic Chronic 2	94.5
Skin Sens. 1, STOT RE 1, Aquatic Chronic 3	7 164.1
STOT RE 1	140 714.0
STOT RE 1, Aquatic Chronic 2	12 020.2
STOT RE 2	692 513.0
STOT RE 2, Aquatic Chronic 1	60.4
STOT RE 2, Aquatic Chronic 3	85 494.0
STOT SE 1	79.4
Total	1 690 038.0

* It is assumed that 100% of the raw materials were incorporated into the finished product and were used in production. Currently, it is not possible to calculate or estimate emissions by major hazard class.

Table 56. Quantities of substances of very high concern as defined in Annex 2, Table 2 of Annex I to Regulation (EU) 2023/2772 that have been purchased, used in production and incorporated into the finished product*.

Hazards	Quantity (kg)
Repr. 1	118.4
Repr. 2, Aquatic Chronic 1	95.2
Repr. 2, Aquatic Chronic 4	7.8
Resp. Sens. 1, Skin Sens. 1, Aquatic Chronic 2	15.0
Total	236.4

* It is assumed that 100% of the raw materials were incorporated into the finished product and were used in production. Currently, it is not possible to calculate or estimate emissions by major hazard class.

Due to the production of mixtures that consist entirely of chemical substances, we do not provide information regarding services or product parts.

The results presented were based on available data. The raw materials, constituting both substances and mixtures, have been divided into single components and their quantity has been divided in terms of the percentage composition specified in the safety data sheet and classification. The calculations also included the amount of raw materials purchased in individual companies for a given accounting year.

It is assumed that 100% of the raw materials were incorporated into the finished product and were used in production. Currently, it is not possible to calculate the percentage of substances that leave the plant as emissions by hazard class and category.

12.4 WATER

12.4.1. AREA MANAGEMENT

[E3-1]

Following the double materiality assessment, the impact of the Śnieżka Group's production activities on water and marine resources was confirmed. A material negative impact on the availability of water resources and the condition of ecosystems was identified due to increased water stress caused by water withdrawal for own operations. The undertaking recognises that reduced water availability due to climate change may impact its operations.

Within the confines of the *Quality, Environment and Health and Safety Policy* (implemented in all the Group companies bar Śnieżka-BelPol), the Group undertakes to minimise the impact of its products on the environment, including the normative emission of pollutants into water (described in more detail at the beginning of the chapter). Although the Group has not adopted a policy directly dedicated to water, this issue is addressed in the *Sustainable Development Strategy* (adopted for Śnieżka SA and Śnieżka ToC). The accepted commitments concern, *inter alia*, monitoring of media consumption – water and energy. The Group has not adopted, and does not intend to do so, any policies or practices relating to the sustainability of oceans and seas, given the lack of connection between its activities and the exploitation of marine resources. The current policy does not include stakeholders, water supply issues, risks arising from restrictions on water withdrawals for production during e.g. droughts, designing products and services to address water-related issues, nor does it commit to reducing significant water use in water-risk areas, within own operations and upstream and downstream of the value chain. This will be addressed in a document update scheduled for the end of 2026. The accepted commitments concern, *inter alia*, monitoring of media consumption.



Śnieżka has adopted the following priorities in the area of water management:

- reducing the consumption of industrial water (used to clean production tanks),
- analysis of reduction possibilities regarding the consumption of sanitary water (used in bathrooms and kitchens),
- use of treated washings.

The Chief Executive Officer is responsible for implementing the provisions of the above-mentioned documents.

The policy does not cover stakeholders or the downstream value chain, but applies to own operations and the upstream value chain suppliers - regardless of geographical location. The Group spurs its suppliers to take action to reduce the consumption of natural resources, manage them rationally and monitor water and sewage consumption. The Supplier's Code of Conduct containing the relevant provisions is communicated together with the order form.

All the documents mentioned are available at [stronie internetowej Spółki](#).

[E3-2]

In 2024, the work on the expansion and launch of the water consumption measurement and monitoring system was carried on. No action was taken in relation to restrictions on water withdrawal for production. The data collected by the system will enable future accurate identification of areas where changes have the greatest reduction potential, which will help reduce the demand for water for production during shortages and will enable the determination of reduction opportunities in the field of sanitary water consumption. First of all, efforts are focused on the analysis of water consumption for industrial purposes (washing equipment and machinery) and for social and living purposes.

In order to reduce the amount of water used during equipment cleaning, several significant improvements and process changes have been introduced:

- pre-cleaning of elements with compressed air,
- installation of scrapers that reduce the amount of paint remaining on the tank walls,
- standardization of the washing method along with appropriate training of the team.

A number of tests were also carried out on the possibility of reusing the washings (after cleaning and treatment) for washing or in the production process itself. Technologies in place constitute a good starting point for further work aimed at closing the water cycle. In order to limit its consumption for social and living purposes, a review of the fittings was carried out, faucet aerators were installed and an educational campaign for employees was carried out under the *Don't waste!* slogan. No activities are planned for the coming years other than monitoring and development of those already described. The effectiveness of the above actions is not currently measured. When establishing the action plan for reducing water consumption, no consideration was given to counteracting material impacts and risks and exploiting material opportunities relating to water.

The Śnieżka Group did not incur any substantial expenditure on activities related to water and marine resources. The implementation of the activities does not require significant capital expenditure or operating expenses. No specific time horizon has been defined for the actions undertaken. Their implementation is taking place within the currently applicable *Sustainable Development Strategy*.

The Group is active in the area of high water stress (Hungary), yet it is not active in the field of exposed to water risks. The actions described are the same for each location, regardless of the level of water stress.

12.4.2. METRICS AND TARGETS RELATED TO WATER

[E3-3]

The Group does not have measurable targets concerning its impact on water and marine resources. The targets will be set by the end of 2026. It should be emphasised, however, that the Group's target is to protect the environment and reduce water consumption, which is confirmed by the provisions of the current *Sustainable Development Strategy*. The effectiveness of the policies is not monitored as the Group does not have a water-related policy. The Group's activities do not have a material impact on marine resources.

The actions already initiated will enable more precise determination of where and how much water is consumed. This will allow the Group to focus in the future on areas with the greatest reduction potential.

[E3-5]

The Śnieżka Group takes advantage of the possibility to omit the disclosure of information on the anticipated financial impacts resulting from material risks and opportunities related to water and marine resources in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, due to the fact that it is preparing a report in accordance with the ESRB requirements for the first time.

Water consumption

[E3-4]

Table 57. Water in the Śnieżka Group

	Unit	Quantity
Total water withdrawal	m ³	52 082.84
Water consumption for production	m ³	37 553.97
Total water withdrawal in areas with high water stress	m ³	12 114.00
Total water recycled and reused	m ³	1 355.54
Total amount of water stored	m ³	934.00
Water consumption intensity in m ³ per revenue unit	m ³ /EUR 1 mln	202.44

The Group measures water intensity per revenue unit but has not adopted this or any other parameter as a measure of efficiency within the scope of the metrics presented.

Changes in the amount of water stored are not quantifiable. The water added to the products comes mainly from the water supply network, and in the case of Rafil, it is also obtained from a drilled well. The presented values concern water consumption used for production purposes. The data sources are invoices and meter readings, as well as data estimated on the basis of production orders. The estimated data constitute 5.89% of the total information presented.

According to the *Aqueduct Water Risk* reference tool, the location of the Hungarian company is classified as an area of high water stress. Lack of information on the quality and quantity of water in water reservoirs.

Water is stored in fire ponds and in the case of Śnieżka-Ukraina, water is stored for production purposes in the event of shortage in central water supply.

The amount of reused water represents the water from washing tanks and systems, which is then used for production.

Data on the amount of water reused are based on recipe data and that 100 litres of water were used for washing per production order during the year.

12.5 USE OF RESOURCES

12.5.1. AREA MANAGEMENT

[E5-1]

In the dual materiality assessment, issues related to reuse of resources and the circular economy were identified – these are raw materials, technical materials used in the production process, products, packaging and generated waste.

Production processes are based on the use of natural raw materials. The Group strives to protect natural resources by complying with and implementing environmental and quality requirements and creating appropriate employee attitudes.. The *Quality, Environment and Health and Safety Policy of the Śnieżka Group* places emphasis on the implementation of production and technological processes based on:

- modern recipe and technical solutions,
- using high quality components,
- strict control of individual process stages,
- detailed testing of the final product, including the protection of natural environmental resources by monitoring the scope of use,
- maintaining high standards of occupational health and safety,

Therefore, the Group's policy in this area concentrates on reducing the consumption of primary raw materials, which is pulled off by continuous improvement of recipes and optimisation of production processes. The policy addresses the specific needs of affected stakeholders, such as minimizing waste in the environment.

The Śnieżka Group does not have a dedicated Circular Economy policy. The current *Quality, Environment and Health and Safety Policy* refers to elements related to the circular economy.

Quality, Environmental and Health and Safety Policy of the Śnieżka Group applies to production processes throughout the undertaking, i.e. FFIL Śnieżka SA and other subsidiaries. The Chief Executive Officer is responsible for implementing the policy.

Under the *Supplier's Code of Conduct*, all the Group business partners, regardless of geographical location, are encouraged to take action to reduce the consumption of raw materials and natural resources, which is understood primarily as minimizing the use of primary raw materials and compliance with waste management laws, which shores up the preparation of waste for reuse. The policy does not cover upstream relationships. The policy is available on the website and the code of conduct is an annex to the contract. The policy is not made directly available to stakeholders affected by the undertaking.

The undertaking uses raw materials and auxiliary materials in production obtained only from qualified suppliers (positively assessed in the assessment process). In line with the *Sustainable Development Strategy*, Śnieżka also aims to use sustainable packaging, i.e. packaging containing recycled raw materials. By keeping materials in the economic cycle for longer (resulting from the concept of a circular economy), Śnieżka limits its negative impact on the environment. In terms of departure from primary resources, including the relative increase in the use of secondary resources, the policy assumes includes these aspects only in the scope of sourcing packaging with a specific recyclate content.

[E5-2]

In order to implement the assumptions of the *Quality, Environment and Health and Safety Policy* regarding the use of resources and the implementation of the circular economy, FFIL Śnieżka SA:

- has expanded the supplier assessment system to include ESG standards,



- uses packaging containing at least 5% recycled content as regards plastic packaging and at least 20% in metal packaging,
- analyses washings reduction projects aimed at minimizing industrial waste.

The implementation of the action plan does not require significant operating expanses (OpEx) or capital expenditure (CapEx).

Actions towards circular economy continued in 2024 and are planned to be pursued in the short (up to one year) and medium (up to 5 years) horizon. No expected results have been defined, but the Group supports waste separation targets through its supplier assessment system. The target of including recyclate in packaging is directly dependent on the implementation of these activities.

Actions are taken in Śnieżka SA and Śnieżka ToC. The action plan includes the involvement of raw material and packaging suppliers and the interests of stakeholders. Policies, activities and action plans do not define geographical scope.

In this context, interviews were conducted with stakeholders of all the Group companies, identifying potentially affected communities, locations and the nature of the impacts. Actions have been taken primarily to implement a circular economy for packaging (also through the Group's involvement in the Polish Plastics Pact, of which it has been a member since 2023). No need for remediation actions was identified.

12.5.2. METRICS AND TARGETS RELATED TO USE OF RESOURCES AND CIRCULAR ECONOMY

[E5-3]

Śnieżka strives to reduce the level of waste generated. In the *Sustainable Development Strategy*, it defined targets related to the area of the circular economy in terms of the use of sustainable packaging and waste management for Śnieżka SA and Śnieżka ToC. The first and second targets are absolute, measurable and result-oriented and correspond to the *recycling* level in the waste hierarchy. The third target is relative, measurable and result-oriented and corresponds to the *prevention* level in the waste hierarchy.

The targets were achieved in 2023 and 2024, but we continue to be guided by them in our operations and strive to maintain the level achieved and, if possible, exceed it.

Targets related to the circular economy for Śnieżka SA and Śnieżka ToC:

- Waste management enabling 100% of industrial waste to be disposed of in processes other than landfilling, compared to the 2021 base year. The companies assume that the reduction level will be maintained in the medium horizon.

100% – percentage of industrial waste subjected to processes other than landfilling in Śnieżka SA and Śnieżka ToC companies in 2024.

- The use of packaging containing a certain percentage of recycled material. Based on consultations with suppliers, short-term targets have been set for the introduction of plastic packaging containing a minimum of 5% recyclate to the market by the base year 2021. The companies assume that the level of recyclate will be maintained in the medium horizon.

above 5% – percentage of recyclate in plastic packaging in 2024 for Śnieżka SA and Śnieżka ToC.

- Reducing the amount of disposed of municipal waste by 30% compared to the base year 2021. The companies assume that the reduction level will be maintained in the medium horizon.

49.5% – annual percentage reduction in the amount of disposed of municipal waste compared to the base year in Śnieżka SA and Śnieżka ToC companies.

The targets currently being implemented support the reduction of actual negative impacts from own operations. However, they do not include the increase in material reuse, design for circularity and other issues related to the sustainable extraction and use of resources. These targets refer to Śnieżka SA and Śnieżka ToC. No significant assumptions were made. Targets are set based on regulations and reporting values (waste) and supplier specifications (packaging). Neither scientific evidence nor stakeholders were taken into account in setting the targets.

The Group did not set targets related to use of resources, yet the targets are partly linked to the circular economy of waste and were initially consulted on as part of the Polish Plastics Pact.

FFIL Śnieżka SA will review current processes, including the flow of raw materials and materials, and the volumes of waste generated at individual stages of production processes. Based on the analysis, targets will be set that will enable a gradual transformation towards a circular economy.

At this stage, Śnieżka SA's targets do not directly relate to resource inflows and outflows, including the inflows and outflows of waste, products and materials. However, the undertaking intends to implement targets in the future that will consider these aspects.

The existing targets do not correspond directly to waste management in the upstream value chain. The Group focuses on purchasing raw materials in packaging that allows for their appropriate sorting, in accordance with applicable regulations. The targets were set without the use of scenarios. They were established based on the general direction of European legislation indicating the need for transformation towards a circular economy and are of a voluntary nature.

Resource inflows

[E5-4]

Significant resource inflows are understood as product packaging, including transport one, and raw materials for production, including water. The following oils were considered biological raw materials: linseed and sunflower. Measurements were direct, no significant assumptions were made. The data have not been subject to any auditing other than as part of the mandatory assurance report. The Group did not adopt performance indicators for the metrics presented.

Table 58. Impact of resources

	Unit	Quantity
Total weight of used products (raw materials, water introduced to the undertaking)	Mg	129 698.92
Total weight of technical materials (packaging, lids, stickers, pallets, etc.)	Mg	7 429.88
Total weight of biological materials used	Mg	7.56
Percentage of biological materials	%	0.01

Table 59. Reused/recycled components used in the production of the undertaking's products and services

Raw material type	Unit	Quantity
Reuse	Mg	547.30
Percentage of recycled materials	%	0.40

All data was determined based on invoices and suppliers' specifications.

Resource outflows

[E5-5]

The Group manufactures decorative products such as paints, varnishes and enamels which, apart from their decorative value, also feature preservative and protective properties for the coated surface. The nature of the products manufactured makes it impossible to recycle, disassemble, repair or reuse them, however, in accordance with the principles of circular economy, the Śnieżka Group makes every effort to ensure that the usability of the products is as long as possible, and that the products themselves are optimised in terms of performance and resistant to abrasion.

The expected shelf life compared to the industry average is shown in Table 61. The Group did not adopt performance indicators for the metrics presented.

Table 60. Products and materials

Weight of product outflows [Mg]	Weight of packaging outflows [Mg]
128 007.31	5 581.30

Table 61. Product shelf life

Product category	Expected shelf life of unopened products	Expected shelf life [relative to industry average]
Enamels	24 months	100%
Facades	12 months	200%
Wood paints and agents	24 months	100%
Paints for interior application	24 months	100%
Putties and ready-to-use compounds	12 months	100%

The indicator comparing the expiration dates of our products to the industry average was based on an analysis of publicly available data on the expiration dates of products comprising the same product categories. Information on expiration dates was obtained from technical data sheets, official product websites or information found directly on the product packaging.

Table 62. Recyclable materials

	Recyclable content*	0%
In products		
In packaging:		
- paper and cardboard		100%
- plastics		100%
- glass		100%
- metal		100%
- wood		100%

*Applies to packaging of products that are not classified as hazardous

The data on the weight of manufactured products and packaging used come from internal systems. Shelf life was determined by comparing information on the expiration date of our own products with the market information. The data on recyclability are presented based on knowledge about the recycling system in Poland and, above all, on the characteristics of the materials.

Table 63. Waste in the Śnieżka Group

	Unit	2024
Quantity of waste generated in the Śnieżka Group		
Total amount of waste generated	Mg	3 661.37
Total amount of waste generated and not recycled	Mg	3 061.07
Total amount of waste generated and not recycled	%	84%
Total amount of hazardous waste generated	Mg	116.41
Total amount of non-hazardous waste generated	Mg	3 544.97
Total amount of radioactive waste generated	Mg	0.00
Waste not subjected to neutralization (recovery)		
Hazardous	Mg	75.02
Preparation for reuse	Mg	68.29
Recycling	Mg	6.73
Other recovery processes	Mg	0.00
Non-hazardous waste	Mg	763.44
Preparation for reuse	Mg	169.86
Recycling	Mg	593.58
Other recovery processes	Mg	0.00
Waste subjected to neutralization (disposal)		
Hazardous	Mg	41.39
Burning	Mg	0.00
Storage	Mg	38.32
Other processes	Mg	3.07
Non-hazardous waste	Mg	2 781.54
Burning	Mg	0.00
Storage	Mg	141.00
Other processes	Mg	2 640.54

The Śnieżka Group divides waste generated by its operations into two main groups: industrial and municipal waste.

The most significant waste stream related to production activities is industrial waste classified in group 08 01 - waste from the production, preparation, trade, use and disposal of paints and varnishes, the vast majority of which are washings. In addition, packaging waste is also generated, sorted by type of material, i.e. paper, glass, metals and plastics. As for the municipal waste, it is divided into five fractions: plastics and metals, paper, glass, biodegradable waste and mixed waste.

[E5-6]

The Śnieżka Group takes advantage of the possibility to omit the disclosure of information on the anticipated financial impacts resulting from material risks and opportunities related to use of resources and circular economy in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, due to the fact that it is preparing a report in accordance with the ESRB requirements for the first time.

13. PEOPLE

13.1 ŚNIEŻKA GROUP'S EMPLOYEES

13.1.1. AREA MANAGEMENT

[S1-1]

The Śnieżka Group assumes that every employee brings value to the undertaking. Employee engagement, their skills and attitudes that reflect the undertaking's values allow for achieving ambitious goals. Employee development and a high level of organizational culture are treated at Śnieżka as necessary conditions for the development of the entire undertaking.

As part of the dual materiality assessment, the Group identified the following impacts and opportunities as material:

- actual positive impacts:
 - on gender equality – equal pay – by keeping the Gender Pay Gap below the European Union average,
 - on employment security and stability,
 - on employees by fostering work-life balance,
 - on employees by providing opportunities for internal promotion and development,
- potential negative impacts on employee safety and health in the event of a fatal accident, serious accident, or work-related illness,
- opportunities:
 - to provide a satisfactory, competitive remuneration can increase employee motivation and loyalty, which translates into lower turnover and savings associated with recruiting new employees,
 - to create an innovative, creative and effective work environment by ensuring diversity among senior management,

They are linked to the *Code of Ethics*, the *Respect for Human Rights Policy*, the *HR Policy*, the *Regulations for Combating Mobbing, Discrimination and Harassment* and the *Diversity Policy*.

Individual documents apply to all persons (own employee resources) employed in the Group companies in which these documents have been adopted. The Management Board and General Directors of the companies are responsible for implementing their provisions, unless otherwise indicated.

Table 64. Documents adopted in individual companies of the Śnieżka Group

	Śnieżka SA	Śnieżka ToC	Rafil	Poli-Farbe	Śnieżka Ukraina	Śnieżka- Belpol
Code of Ethics	▪	▪	▪	▪	▪	▪
Respect for Human Rights Policy	▪	▪	▪	▪	▪	▪
Regulations for Counteracting Mobbing, Discrimination and Harassment	▪	▪	▪			
HR Policy	▪	▪	▪	▪	▪	▪
Diversity Policy	▪	▪	▪	▪	▪	
Quality, Environmental and Health and Safety Policy	▪	▪	▪	▪	▪	

13.1.2. CODE OF ETHICS

The *Code of Ethics of the Śnieżka Group* specifies standards of conduct for all persons employed in the undertaking, in matters such as: relations with employees, their health and safety, a friendly workplace, equal opportunities of employment, remuneration, promotion, professional development and improvement, counteracting discrimination and mobbing, forced labour, child labour and freedom of assembly. As far as other issues are concerned, the document is described in Chapter 14. *Business*. Its provisions are based on the *Book of Organizational Values* and other policies and regulations related to broadly understood ethics. It describes the principles, behaviours and attitudes expected from the Śnieżka Group's employees, related to ethical behaviour, norms of social coexistence and respect and dignity. The content of the Code was not consulted with stakeholders.

Principles of the *Code of Ethics* related to human rights:

- health and safety of employees - detailed guidelines are set out in the *HR Policy of the Śnieżka Group* and the *Quality, Environmental and Health and Safety Policy of the Śnieżka Group*,
- friendly workplace - detailed guidelines are set out in the *HR Policy of the Śnieżka Group*,
- equal opportunities for employment, remuneration, promotion, development and professional development - detailed guidelines are set out in the *HR Policy of the Śnieżka Group*,
- counteracting discrimination and mobbing - detailed guidelines are set out in the *Diversity Policy of the Śnieżka Group* and the *Regulations for Counteracting Mobbing, Discrimination and Harassment*
- forced labour, child labour and freedom of assembly - detailed guidelines are set out in the *Respect for Human Rights Policy of the Śnieżka Group*.

The *Code of Ethics*, together with the principles and standards of conduct described therein, applies to the entire Śnieżka Group. The Code is available on the website [stronie internetowej Grupy](#), in the internal system supporting the management of corporate documentation and at the line manager.

13.1.3. RESPECT FOR HUMAN RIGHTS POLICY

The Śnieżka Group respects human rights in relations with employees and suppliers and ensures that they are respected in mutual relations between employees. The Group expects its employees, business partners and other entities directly related to its activities to respect human rights when liaising with any of the Companies. These issues are regulated by the *Respect for Human Rights Policy* which complements and consolidates the above aspects included in other intra-group regulations. The policy defines the principles of operation and expected behaviours related to respecting human rights in the undertaking – including in the value chain and in relations with stakeholders. The provisions of the document are based on the following:

- Universal Declaration of Human Rights,
- International Charter of Human Rights,
- The eight most important conventions of the *International Labour Organization* (ILO),
- UN Guiding Principles on Business and Human Rights,
- The UN *Global Compact* initiative.

The undertaking is committed to exercising due diligence to prevent human rights violations and to mitigate the negative effects of any violations. In the event of any violations involving the influence of any of the companies (directly or indirectly), the Group implements appropriate remediation actions. None of its companies employs children or uses forced labour.

The Group companies strive to respect human rights on a universal basis, without evaluating them. In order to ensure the transparency of commitments, the *Respect for Human Rights Policy* identifies eight areas of particular engagement in counteracting human rights violations. These are:

- occupational health and safety,
- ensuring freedom of assembly,

- elimination of exploitation,
- elimination of forced or compulsory labour, human trafficking and all forms of modern slavery,
- abolition of child labour,
- compliance with employment conditions,
- preventing discrimination,
- respect for the rights of local communities.

The Śnieżka Group is committed in its *Respect for Human Rights Policy* to ensuring that every employee is treated fairly and with dignity. The undertaking does not tolerate discrimination on the basis of: gender, race, national and ethnic affiliation, religion, denomination, lack of denomination, worldview, degree and type of disability, health condition, age, psychosexual orientation or gender identity, as well as family status, lifestyle, as well as other possible discriminatory grounds (principle of equal treatment).

Should a disabled person apply for employment, representatives of a given company within the Group (the one the person is applying for) will verify whether it is feasible to adapt the work station to the candidate's needs and whether the specific type of disability enables the performance of work in the position in question.

All the Group companies are obliged to comply with the Policy. Compliance with the provisions of the Policy is regularly monitored. The unit overseeing its implementation is the People Department of FFiL Śnieżka SA.

Regulations for Counteracting Mobbing, Discrimination and Harassment

The Polish companies of the Group also have in force the *Regulations for Counteracting Mobbing, Discrimination and Harassment*, which explain in detail the definitions of mobbing, discrimination (direct, indirect), harassment, including sexual harassment. Knowledge in this area is supplemented by training available on the internal e-learning platform for each employee of Śnieżka SA and Śnieżka ToC (mandatory to be completed on an annual basis).

The regulations inform employees about the principles of filing reports on mobbing, discrimination or harassment. It defines the methods of receiving them, the tasks of the Anti-Mobbing Committee, as well as the actions taken by the employer after receiving the report and the principles of providing feedback.

The implementation of the activities developed in Śnieżka SA and Śnieżka ToC in the remaining Group companies is scheduled for the coming years.

13.1.4. HR POLICY

The basics and principles of human resources management are defined in the *HR Policy of the Śnieżka Group*. This document defines guidelines for actions taken in the field of employee issues, and its provisions support the implementation of the business strategy. The Group manages employee-related issues in accordance with the Labour Code or its equivalent in the Group's foreign companies. Due diligence procedures include internal documents relating to applicable labour law, which define the principles of conduct and ensure compliance with legal requirements and standards concerning labour rights.

The unit responsible for activities in compliance with the *Labour Code* and internal regulations is the People Department of FFiL Śnieżka SA. In achieving the objectives of the *HR Policy* within the entire Śnieżka Group, the leading role is played by the parent company, i.e. FFiL Śnieżka SA. The implementation of specific solutions in subsidiaries is carried out in a manner tailored to the specific local conditions, which allows for the systematic adaptation of practices from the Polish market to foreign markets, considering their specificity and local law. The management of the companies is responsible for maintaining due diligence procedures in the area of employee-related issues and ensures consistency in this respect with the regulations applicable in the Group. The *HR Policy* is an integral part of the undertaking's *Sustainable Development Strategy*. Pursuant to its provisions, all the Group companies are obliged to:

- build the Group's position as an attractive employer and acquire and retain employees with key skills and potential,
- development of attitudes and competencies that affect the creation of a high-commitment culture, translating into supporting the Group's competitive advantages,
- build an effective and innovative undertaking through process management and implement new technologies,
- build long-term rapport between employees and their teams and the entire Group.

The policy provisions are implemented through plans, programmes and tools embedded in personnel and HR processes (including: examination of personnel needs, annual employment planning, defining training needs and adjusting them to the expectations of individual areas, conducting training and development projects, determining, together with the Social Committee, the non-wage benefit plan, creating motivational systems), as well as through other documents, such as the *Remuneration Regulations*.

The provisions of the Policy provide internal guidelines:

- Equal treatment of job candidates and employees – counteracting any forms of discrimination, guaranteeing equal opportunities and proper protection of personal data. The compliance of the recruitment process with the above assumptions is verified during the process of assessing the candidates' professional experience. The aim of the recruitment processes is to employ people with the best qualifications and competences and who relate to the values of the undertaking. The employees are encouraged to participate in internal recruitment. They can also nominate a job candidate under the *Referral Programme*.
- Enabling training and other development activities for all employees. The shape and scope of the training offer are determined by: the business needs and capabilities of the undertaking, the need to have knowledge, authorizations, skills or competences for a specific position, the diagnosed development needs of an employee, opportunities to acquire skills and competences supporting the implementation of the undertaking's business strategy.

The commitments made under this policy are also reflected in the *Sustainable Development Strategy*, which sets out strategic and operational goals, including in the area of the Gender Pay Gap.

13.1.5. DIVERSITY POLICY

The Śnieżka Group treats all employees equally and counteracts discrimination and mobbing. The Śnieżka Group (excluding Śnieżka-BelPol) has implemented a *Diversity Policy*, the provisions of which are based, *inter alia*, on the Labour Code or the equivalent of this law in the Group's foreign companies.

The Group undertakes to:

- prevent discrimination regardless of the criteria,
- manage diversity and create a work environment in which each employee can feel appreciated, which ultimately contributes to the success of the entire Śnieżka Group.

The undertaking promotes and disseminates the principles of equal treatment and anti-discrimination among all stakeholders. In the Group's opinion, concern for diversity influences the creativity, effectiveness and loyalty of employees. Diversity also increases the chances of attracting new talent and driving team innovation, which ultimately translates into better business effectiveness for the undertaking. The objective of the *Diversity Policy* is to build an atmosphere of respect and support that ensures the full use of the potential of employees, their skills, experiences and talents.

13.1.6. QUALITY, ENVIRONMENTAL AND HEALTH AND SAFETY POLICY

The Śnieżka Group (excluding Śnieżka-BelPol) has implemented a *Quality, Environmental and Health and Safety Policy* that supports the business goals of the undertaking by ensuring that the highest quality products are manufactured while maintaining occupational safety and respecting the natural environment. This goal is

achieved, for example, by: using raw materials and components obtained only from qualified suppliers; applying technologies and manufacturing environmentally friendly products; striving for continuous improvement of occupational health and safety; implementing activities in the field of occupational health and safety and fire safety; engaging the entire team in the processes of creating safe working conditions; improving qualifications through thematic or general training and active participation of all employees of the Group in the organisation of work and increasing the level of occupational health and safety and fire safety. In accordance with the Policy, actions are taken to prevent accidents (described later in this chapter).

Additionally, each job position was assessed in terms of occupational risk and described in the occupational risk assessment documentation. This is a document that contains hazards, injury or accident situations that may occur at a given position and indicates how to avoid them. The documents are made available to employees. The form of communication is adapted to the Company and local regulations in this regard.

The above policies are communicated to employees through available channels such as:

- Information cascade following senior management meetings. Communication takes place within a strictly defined time frame based on prepared materials and is additionally supported by a newsletter and a printed internal magazine (excluding Śnieżka-BelPol).
- Internal system supporting the management of corporate documentation (Śnieżka SA, Śnieżka ToC and Poli-Farbe) and/or in the case of companies or positions with limited access to the system, communication takes place through the superior who is responsible for handing over the materials and informs on the possibility of viewing them and indicates where they can be found.

13.1.7. PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

[S1-2]

The Śnieżka Group regularly monitors the feedback and satisfaction level of the team through planned activities:

- The eNPS (Employee Net Promoter Score) survey, which monitors employee feedback and satisfaction levels. The survey results are analysed and considered when designing activities for the following year, and also communicated to employees in the printed internal magazine *In Colour*. In 2024, two editions of the survey were carried out in Śnieżka SA and Śnieżka ToC companies and one in Poli-Farbe, Śnieżka-Ukraina and Rafil companies. From 2025, the survey is planned to be conducted twice a year in all of the above-mentioned companies.
- Regular meetings with workers' representatives (applies to Śnieżka SA and Śnieżka ToC). Workers' representatives are elected by the team. Through them, employees can ask the Management Board questions from any area and share suggestions. Meetings are held once a month. In Rafil, the dialogue is conducted through two trade unions. The frequency of meetings corresponds to the current employees' needs. They are held no less than once a quarter. In the Poli-Farbe and Śnieżka-Ukraina companies there are term-of-service Employee Councils which consult on issues provided for in local regulations, and their meetings are held several times a year.
- Meetings with the Management Board (Śnieżka SA and Śnieżka ToC) – annual Christmas and New Year meetings, at which employees have the opportunity to ask a question in person or submit it in advance, online (anonymously).
- Board meetings (Śnieżka SA and Śnieżka ToC) – regular, weekly status meetings of teams, an integral part of which is measuring employee satisfaction.

The actions indicated above are addressed to all employees. This denotes that employees belonging to minority groups, such as disabled entities, have the same opportunities to share their feedback (e.g. through the eNPS survey or submitting a question via workers' representatives) as other groups.

Operational responsibility for the implementation of tasks related to the regularity of activities and monitoring feedback and satisfaction levels lies with the People Department. Workers' Representatives Departments within the Group companies are involved in these activities.

The effectiveness of cooperation with employees undertaken within the above activities is measured by participation in the eNPS survey and during meetings of workers' representatives. The 2024 results are as follows:

- 100% – attendance of workers' representatives during regular meetings with the Management Board,
- 92.85% – participation in the eNPS survey (in all the Group companies in 2024)

Śnieżka SA, Śnieżka ToC and Rafil do not conduct formal evaluation of the effectiveness of the activities of workers' representatives. A measurable indicator of their role is the number of inquiries addressed to the Management Board through them, which reflects the level of employees' trust in their representatives and the effectiveness of their activities.

Appropriate provisions regarding respect for human rights in relation to the undertaking's employees (own employee resources) are included in the *Respect for Human Rights Policy*. It responds to the human rights aspects of the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the UN Global Compact and the Group policies indicated above. Implementing them in all companies equals to observing the same standards for employees in all countries where they operate.

13.1.8. PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERN

[S1-3]

The Śnieżka Group does not have a formal policy to follow in the event of serious negative consequences for its employees. Each such case will be treated individually, in accordance with the provisions of the law, in particular the Labour Code, or the equivalent of this law in the Group's foreign companies, respecting the individual needs of employees.

The basic channels for raising concerns are defined in the internal reporting procedure, as part of the *Code of Ethics* applicable in all the Group companies. The *Work Regulations* of Śnieżka SA and Śnieżka ToC give employees the right to personally submit applications, complaints and grievances by arranging a meeting between the employee and the CEO of a given company within the Group. Employees can also raise concerns through their workers' representatives (described above).

In Śnieżka SA, Śnieżka ToC and Rafil, the *Regulations for Counteracting Mobbing, Discrimination and Harassment* have been adopted, describing the channel for reporting violations: by e-mail to the Company's Management Board or by letter to the Anti-Mobbing Committee appointed in the company. A team has also been appointed, authorized to receive reports and to periodically report anonymous information to the Management Boards of the Companies regarding the number of reports and the manner of handling them. In addition, the Group has channels for raising concerns described in the *Code of Ethics* (e-mail, post or via the VCO platform) and anonymous internal channels for raising concerns, the operation of which is regulated by the *Internal Reporting Procedure* and the *Report Handling Procedure* (described in detail in Chapter 14. Business).

The Group ensures regular communication and building awareness of the available channels for reporting violations. It is conducted by:

- conducting training for employees (in the field of the *Regulations for Counteracting Mobbing, Discrimination and Harassment* and methods of raising concerns),
- providing access to the whistleblowing tool by placing a link on the intranet,
- keeping employees informed on available communication channels on a regular basis.

Śnieżka SA and Śnieżka ToC have put in place *Work Regulations* that strictly prohibit any form of discrimination against employees. In addition, the *Internal Reporting Procedures* implemented by these companies include a prohibition of retaliatory action and protection for the whistleblower, the person assisting in raising concerns and the person related to the whistleblower.

More information on whistleblower protection and how to receive reports of violations in all the Group companies can be found in Chapter 14. *Business*.

13.1.9. TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE

and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

[S1-4]

Figure 12. The percentage of women and men among employees of the Śnieżka Group in 2024



The Śnieżka Group undertakes a number of activities to positively influence employees and manage potential negative impacts, risks and opportunities related to employment. These initiatives are a follow-up of the activities that implement the *Sustainable Development Strategy* and were defined during the double materiality assessment. Additionally, the Śnieżka Group verifies their effectiveness based on the results of the eNPS survey and interviews with workers' representatives. Double materiality assessment confirmed the validity of the chosen directions.

[S1-16]

Actions to positively impact gender equality – equal pay – by keeping the Gender Pay Gap below the EU average

In its *HR Policy*, the Śnieżka Group is committed to building an effective and transparent remuneration policy. It implements this commitment by precisely defining the roles and responsibilities of individual departments and positions, which not only supports the expected process improvements but also provides a foundation for further development and motivational initiatives. The Group systematically evaluates positions, monitors salary levels relative to the market and analyses the salary gap, ensuring equality and competitiveness of the salaries offered. No end date has been set for the above-mentioned activities.

Table 65. Remuneration metrics (pay gap and total remuneration) in the Śnieżka Group

	2024	2023
The gender pay gap, defined as the difference in the average pay between female and male employees, expressed as a percentage of the average pay of male workers (taking into account the gross hourly pay level of all workers)	-3.51%	-11.27%
The annual total remuneration of the highest paid individual towards median annual total remuneration of all employees (excluding the highest paid individual)	16.51*	19.96*

* taking into account due bonus.

For comparative purposes, the data for 2023 have been recalculated since this indicator did not include the annual bonus due (the part of the bonus that had not been paid as of the date of publication of the report). The value in the *Management Board's Report on Activities for 2023* was 18.81.

The unadjusted pay gap was calculated as the percentage difference in average gross hourly pay level of female and male employees. The total annual gross remuneration was used for the calculation, covering all salary components, including variable elements such as bonuses, overtime, allowances and other financial benefits. The calculation covers all employees of the undertaking.

3.27% – adjusted pay gap for Śnieżka SA and Śnieżka ToC in 2024

The adjusted pay gap was calculated as a weighted average of the unadjusted pay gaps across job grades, with the absolute value of the gender pay gap used for each job grade. This approach allows for an assessment of the overall scale of pay gaps within an undertaking, regardless of which gender is better paid at a given job level. In this way, the indicator reflects the overall level of pay inequality, eliminating the effect of cancelling out positive and negative pay differences.

The calculations were made based on base salary since it is a key element of the undertaking's remuneration policy and is not dependent on individual factors such as overtime, bonuses or allowances for working under specific conditions. Consequently, the result obtained reflects systemic pay differences resulting from the employer's decisions, and not differences resulting from the professional activity of employees.

Activities related to the positive impact of the undertaking on employment security and stability

The Śnieżka Group ensures security and stability of employment on a continuous and indefinite basis, providing employees with transparent working conditions, clear goals and access to information on the direction of the undertaking's development.

1. Recruitment process

- Ensuring transparency regarding the tasks and goals of the position.
- Providing information on remuneration ranges at the stage of publishing a job advert.
- Taking advantage of various recruitment tools in order to check if the candidate complies with position requirements and organizational culture.

2. Employment stability

- Permanent forms of employment as the foundation of professional security. The Group employs 90.65% of people on indefinite-term agreements. Fixed-term employees (9.00%) worked primarily in companies with production facilities. Agreements concluded for a trial period accounted for approximately 0.35% of all agreements.

3. Transparent communication and awareness building

- Using various communication channels described in previous chapters to enable dialogue between management and employees.
- Activities related to building awareness and understanding of the mission, vision, strategy and strategic goals and ensuring a cascade of strategic goals into team goals (8 out of 10 employees understand the Group Strategy, based on the eNPS survey results).

4. Development and work safety

- Training and development programs tailored to the current and future needs of the undertaking.
- Systematic health and safety audits and monitoring of working conditions ensuring a safe professional environment.
- Additional benefits supporting employees, including programs for young parents, flexible and hybrid work models.

Activities related to positive impact on employees by fostering work-life balance

- Flexible working hours in all the Group companies – administrative employees whose scope of duties allows them to perform their tasks within a specified hourly range. This solution allows for a better adjustment of the work schedule to individual preferences.
- Hybrid work model in all the Group companies – employees performing tasks whose tasks do not require a constant office work can benefit from the possibility of remote work two days a week.
- Additional days off – in Polish companies, after using up their vacation leave, employees receive two additional days off, which helps them regenerate and maintain a work-life balance.
- Support for young parents and mothers in Poland and Ukraine – in order to ensure a comfortable return to work, onboarding is carried out for mothers returning from maternity leave. In addition, a financial allowance for childcare is offered to mothers returning to work before the child turns 6 months.

[S1-15]

Table 66. Employees taking and entitled to family leave in the Śnieżka Group

	Total	Women	Men
Percentage of employees entitled to family leave	100%	100%	100%
Percentage of eligible employees who took advantage of family leave	4.90%	8.76%	2.91%

The data on parental leave comes from the HR and payroll systems operated by the companies. Reports covering absences of all employees in 2024 were generated from the above-mentioned systems, and maternity, parental and paternity leave were then filtered out from the reports.

Activities related to positive impact on employees by providing opportunities for internal promotion and development

- Internal recruitment programme – addressed to all employees, enables professional development through vertical or horizontal promotion, depending on the current recruitment processes. Participation in the programme provides an employee with the opportunity to take up a higher position or change their professional area, provided they meet certain criteria and successfully complete the recruitment process. Internal recruitment is conducted in all the Group companies.
- The Śnieżka Academy programme – addressed to all employees, enables the development of competences by sharing knowledge and experience. It gives the opportunity to become an internal

trainer, allowing experts in their fields to develop their training skills and support the development of other employees. Not only does the participation in the programme allow an employee to strengthen their expert position, but also to gain valuable experience in running training and building a culture of knowledge sharing in the undertaking. The second edition was held in 2024, and the training areas were grouped into 4 categories: *Business Tools, Business, Communication and Health Promotion/Wellbeing*. The programme is implemented in the following companies: FFIL Śnieżka SA and Śnieżka ToC.

- *Development Hours* – aimed at all employees, enabling the development of competences in a selected area. The programme allows an employee to use 2 hours per month for any course, training, webinar or book reading, and all of these activities take place during working hours. The initiative supports a culture of continuous learning and gives employees space for professional and personal development. The activity is implemented in the following companies: FFIL Śnieżka SA and Śnieżka ToC.
- Additional activities supporting employee development: the company provides inspiration through a corporate library and a dedicated educational platform containing a wide selection of educational business materials. Thanks to this, employees have constant access to the current knowledge and tools supporting their development and effectiveness. The corporate library operates in the following companies: FFIL Śnieżka SA and Śnieżka ToC. Educational platforms are available in the following companies: FFIL Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe.
- Onboarding and adaptation programme. Every new employee at Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe undergoes an onboarding process during the first two weeks of work. During this time, they learn about the rules of operation of the undertaking, receive equipment and tools necessary for their position, and access to the training platform with assigned training (including a system for reporting violations, anti-mobbing training, cybersecurity, product training, and others). The employee also attends training related to organisational values, benefits, initial and on-the-job occupational health and safety training, and participates in meetings with the superior during which an Individual Adaptation Plan is developed. The plan includes goals for a 3- or 6-month period, depending on the position level. The aim of the onboarding and adaptation process is effective implementation at the workplace and familiarization with the organizational culture. In 2024, 87 employees participated in the onboarding and adaptation process, which represents 100% of the employees in the above Group companies.
- Dedicated development programs – complement the standard training offer by providing personalized development solutions. These programmes include, *inter alia*, the development of managerial competences (Śnieżka SA, Śnieżka ToC) and support for sales, sales-related and language skills (in all the Group companies), project management and problem-solving (Design Thinking, Problem Solving in FFIL Śnieżka SA and Śnieżka ToC). Each of them is created based on a detailed analysis of the needs of both the participants and the undertaking, which ensures their maximum effectiveness and alignment with the strategic goals of the undertaking.
- Periodic evaluation of work performance in all the Group companies – appraisal is carried out on a monthly, quarterly and annual basis, which allows for on-going monitoring of progress and achievements. Additionally, at Śnieżka SA and Śnieżka ToC, employees discuss the level of goal achievement with their line manager once a week during so-called board meetings. These meetings also provide an opportunity to discuss the undertaking's values, strategy, mission and vision, strengthening commitment and alignment of activities with strategic goals.
- Participation in projects – employees are involved in project activities within their competences, which allows for building a broad perspective, exchanging knowledge, collaborating with various teams and developing analytical and leadership skills.

[S1-13]

Table 67. Training and skills development metrics broken down by gender in the Śnieżka Group

	Percentage of employees participating in regular performance and career development reviews (%)	Average training hours per employee
Women	91	35.79
Men	100	19.80
Total	97	25.22

All employees are subject to regular performance reviews, the frequency of which depends on the position held. The performance is reviewed in internal systems. The indicator was calculated excluding absent employees for a long time due to maternity leave.

The Group ensures that all employees participate in mandatory training - provided for by regulations and necessary to hold a given position. In addition to mandatory training, employees can also benefit from voluntary training (internal and external) that develops professional competences, which are described above. The data for calculating the average number of training hours per employee are obtained from internal systems. This indicator does not include mandatory OHS training.

Actions related to potential impact on employee safety and health in the event of a fatal accident, serious accident, or work-related illness

1. Systematic management of OHS in the Śnieżka Group:

- Implemented Safety Management System regulating employee duties in accordance with their positions.
- Occupational risk assessment carried out for 100% of job positions – each employee was familiarised with the results of the analysis.
- Monitoring of working environment conditions, including:
 - measurements of harmful factors at workplaces,
 - verification of compliance with hygiene standards.

2. Training and health prevention:

- OHS training: mandatory and additional, tailored to the specific positions.
- Follow-up of additional first aid training. Carried out by qualified paramedics, they include practical exercises in resuscitation and the use of AEDs. In 2024, as many as 529 employees were trained (in theory and practice): Śnieżka SA – 244 people, Śnieżka ToC – 78 people, Rafil – 39 people, Śnieżka-Ukraina – 148 people and Poli-Farbe – 20 people.
- All facilities equipped with AEDs: 10 in total.
- Initial and periodic/monitoring medical examinations for all employees.

3. Protective measures and supervision of working conditions:

- Providing collective and personal protective measures, including protective clothing (adapted to the specific hazards) and protective and hygienic equipment in accordance with OHS standards.
- Supervision over the correctness of work processes carried out, including:
 - compliance with safety procedures and instructions,
 - inspection of the technical condition of machines and equipment.

4. OHS audits and inspections:

- Regular OHS audits verifying compliance with internal regulations and laws, including inspections of workstations to ensure compliance with safety procedures.
- Monitoring compliance with fire protection regulations and standards.

The above actions are intended to minimise the risk of serious and fatal accidents and occupational diseases, as well as to ensure compliance with applicable OHS regulations and standards.

An Occupational Health and Safety Committee, a Fire and Technical Committee and an Inspection Team operate in Śnieżka SA and Śnieżka ToC. The committees review designated areas according to their areas of responsibility. At the end of the review, conclusions are formulated, which after being assessed by an expert, are implemented in accordance with the assigned priority.

In order to improve work safety and ergonomics, instructions were put in place regarding the option to report by employees applications and identified cases of occurring hazards and potentially dangerous situations. Employees also have the possibility to submit anonymous reports – as whistleblowers – to the Management Board or Supervisory Board. All these activities are carried out in accordance with the requirements laid down in the regulations and in line with the current needs.

In 2024, no serious or fatal accidents were recorded in the Group, and therefore no remediation actions were taken.

[S1-14]

Table 68. OHS management and safety and data on accidents and health in the Śnieżka Group

	2024	2023
Number of work-related accidents of own workforce	4	7
Number of fatalities due to work-related injuries and illnesses in relation to:		
own workforce	0	0
non-employees	0	0
Number of cases of work-related ill health in relation to:		
own workforce	0	0
former own workforce	0	0
non-employees	0	no data
Work-related accident metrics of own workforce:		
Lost Time Incident Rate (LTI)	2.08	5.16
Lost Time Severity Incident Rate (LTI)	0.13	0.27
Number of days lost due to work-related injuries and work-related fatalities, work-related ill health and health-related	fatalities	in
own workforce, including non-employees		251
		365

*no data

100% of own workforce in 2023-2024 were covered by an occupational health and safety management system based on legal requirements and/or recognised standards or guidelines (including internal audit and/or audit or certification by an external entity).

In both 2024 and 2023, there were no reported fatalities due to work-related injuries and illnesses. Data on non-employees were collected from 2024 onwards.

Data on accidents and accident rates are sourced from internal records and human resources management systems.

(LTI) The Lost Time Incident Rate (work-related injury metrics) is calculated according to the formula: number of events resulting in incapacity for work x 1,000,000 / total number of hours worked in the entire Group.

(LTI) The Lost Time Severity Incident Rate is calculated according to the formula: days lost due to injury x 1,000/total number of hours worked in the entire Group.

The Śnieżka Group's actions regarding the opportunity defined as: provision of a satisfactory, competitive remuneration can increase employee motivation and loyalty, which translates into lower turnover and savings associated with recruiting new employees

- Cyclic eNPS surveys – regular employee feedback and satisfaction surveys, including assessment of remuneration and benefits. The surveys are conducted twice a year in the Polish companies and once a year in other countries, enabling monitoring of satisfaction levels and identification of areas for improvement. From 2025, the survey is to be carried out twice a year for all the Group companies (excluding Śnieżka-BelPol).
- Transparency and *Remuneration Policy* – the Group strives to ensure full transparency in the scope of remuneration and benefits, which aims to build trust among employees and associates and ensure competitiveness on the labour market.
 - Salary review – a salary review is carried out twice a year based on market reports to ensure salary competitiveness.
 - Transparency of salary ranges – transparency of salary ranges in the *Remuneration Regulations* for individual position groups (so-called grades). This solution has been implemented in Śnieżka SA and Śnieżka ToC, and is planned to be extended to Poli-Farbe and Śnieżka-Ukraina in 2025.

[S1-10]

Following the remuneration analysis in the Group, it was confirmed that all employees receive remuneration above the established reference indicators, which represent the national minimum wages. The results confirm the compliance of the *Remuneration Policy* with the principles of fair remuneration and the commitment to ensuring decent working conditions.

The Śnieżka Group's actions regarding the opportunity defined as: creating an innovative, creative and effective work environment by ensuring diversity among senior management

The Group focuses on creating an innovative and effective work environment, taking into account diversity among the management staff, through the following activities:

- Implementation of the objectives of the *HR Policy* – recruitment based on objective criteria – the recruitment process evaluates competences, experience and skills, supporting decisions with tools based on objective criteria. It applies clear and transparent recruitment rules, and candidates are treated equally without any forms of discrimination.
- Commitment in the *Diversity Policy* – regarding equal treatment as an essential element of management that builds a working environment that influences creativity and effectiveness.
- In addition, these issues are also included in the *Respect for Human Rights Policy* and the *Code of Ethics* – committing to complying with the principles of equal treatment.
- Implementation and use of various methods in Śnieżka SA and Śnieżka ToC that stimulate creativity and innovation, as well as provide the opportunity to obtain different perspectives:
 - Design Thinking Method
 - Problem Solving
- Women constitute 40.97% of the Śnieżka Group's senior management staff (according to data for S1-9), which confirms the effectiveness of implementing policies that take into account care for diversity.

Additional activities and initiatives introduced by the Śnieżka Group aimed at ensuring positive impact on employees

- Building awareness of health prevention (Śnieżka SA, Śnieżka ToC, Rafil). Additional examinations in 2024 included two groups:
 - free medical examinations for employees over 50 years of age, which were used by a total of 181 staff,
 - breast cancer prevention exams, in which a total of 169 women (including employees' wives/partners) participated.
- Team integration – an initiative launched in 2024 for Śnieżka SA, Śnieżka ToC, Rafil, Śnieżka-Ukraina and Poli-Farbe companies, the aim of which is to build strong relationships between team members, which has a positive impact on cooperation, communication and building mutual trust. It is important that employees decide as a team on the form of integration. In 2024, over 85% of employees took part in this initiative. The selected categories include: sports activities (e.g. going to a football match together, a trip to the mountains), cultural activities (going to theatre performance), recreational activities (dinner together, pottery workshops) and other activities that develop the teams' passions.
- Social activities – employees can use the available funds according to their individual needs for: sports, recreation, leisure, cultural activities or a medical package. In addition, there is an offer available for the youngest, such as summer camps, Children's Day and St. Nicholas Day packages.
- The *I Recommend Officially* programme engages employees and gives them the opportunity to recommend candidates as part of open recruitment processes. Employees whose recommendations contribute to a successful recruitment process get a reward for their involvement in the process.
- The “*Solidny*” (*reliable*) programme – a dedicated rewards scheme for all employees who live up to the attendance requirements set out in the regulations. In 2024, a total of 459 staff took advantage of the programme in Śnieżka SA and Śnieżka ToC.
- Subsidies – employees can also benefit from subsidies for group insurance and for meals (applies to Śnieżka SA, Śnieżka ToC, Rafil).
- A dedicated programme for students *Spectrum* – a three-month, paid internship programme addressed to students. The programme participants have the opportunity to use theoretical knowledge in practice and gain professional experience under the tutelage of experts in many areas of business. In 2024, a total of 11 people completed internships at Śnieżka SA and Śnieżka ToC.
- Attention to communication – a printed internal magazine *In Colour*, which presents, i.a.: development programmes, changes within organizational structures, innovations, eNPS survey results. In 2024, Śnieżka SA and Śnieżka ToC published 5 issues of the magazine, while Śnieżka-Ukraina and Poli-Farbe published one. The Polish edition of the magazine celebrated its 15th anniversary in 2024.
- Events for employees and their families – in 2024, employees of Śnieżka SA and Śnieżka ToC took part in the celebration of the *White Colour Day*, the aim of which was to educate, integrate and visit the factory in Pustków, which manufactures white emulsion paints. In addition, a tour of the Logistics Centre in Zawada was organised for the employees' children.

The documents implemented within the Group regulate the principles that reduce the likelihood of a negative impact on the undertaking's employees (its own workforce) due to the practices it undertakes.

The HR/People and Occupational Health and Safety departments in individual companies are responsible for monitoring impacts and related activities, the implementation of which is based on the regulations adopted within the Group, including the policies indicated at the beginning of this chapter.

13.1.10. METRICS AND TARGETS RELATED TO THE GROUP'S WORKFORCE

[S1-5]

The targets presented below apply to Śnieżka SA and Śnieżka ToC companies and result from the *Sustainable Development Strategy*. Their implementation is measured relative to the previous year or as a target percentage of employees covered by the activity. All of the following sustainable development goals (hereinafter referred to as SDGs) are planned for the short term – most of them were implemented in the reporting period and/or will be in 2025. No intermediate goals were set. When defining its plans, the undertaking took into account the opinions of employees, expressed through the eNPS survey and through Worker's Representatives. The Group also

manages its revenues through weekly board meetings, during which employees can raise concerns and propose improvements to processes within the undertaking.

Gender equality impact targets – equal pay – by keeping the Gender Pay Gap below the European Union average

The strategic goal of sustainable development is to create an organizational culture based on values. The resulting operational goal is to maintain year-to-year comparability of the salaries of women and men employed in similar positions (according to the so-called grades). Both goals are regulated by the *HR Policy*. The undertaking aims to keep the adjusted pay gap below 5%.

3.27% – adjusted pay gap for Śnieżka SA and Śnieżka ToC in 2024

The adjusted pay gap is described above, under indicator: S1-16.

Targets concerning the undertaking's impact on employment security and stability

The strategic goal of sustainable development in this area is to maintain a low level of employee turnover. The undertaking intends to achieve this by maintaining the voluntary employee departure rate at a level below 11% for line positions year-on-year (in line with the provisions of *Śnieżka's Sustainable Development Strategy*).

3.23% – turnover rate for voluntary departures of line employees for Śnieżka SA and Śnieżka ToC companies in 2024.

Targets concerning the impact on employees by fostering work-life balance

As part of the eNPS survey, the Group regularly monitors the reasons for satisfaction and recommending work at Śnieżka, including indirectly monitoring work-life balance – by analysing the trend for this response.

The Group has not defined goals in this area, but in line with its strategic goal, it aims to achieve a positive eNPS result every year, measuring progress against the base year 2024.

10 – eNPS survey result for the Śnieżka Group in 2024 (with a turnout of 92.85%)

Targets concerning the impact on employees by providing opportunities for internal promotion and development

In its *Sustainable Development Strategy*, Śnieżka has adopted three strategic goals related to this impact: managing employee engagement and satisfaction, creating an organizational culture based on values, and employee development.

The indicated strategic goals of sustainable development are consistent with the goals of the *HR Policy*, i.e.: effective approach to management through building a strong Employer Branding, employee development and improvement, and building a culture of employee engagement.

The Group intends to achieve these through the following operational goals:

- follow-up of the *Śnieżka Academy Internal Trainers* programme at Śnieżka SA and Śnieżka ToC and expansion of its scope in 2025 to include Poli-Farbe and Śnieżka-Ukraina (in the form of e-learning courses),
- achieving the indicator of 100% of eligible employees who had development talks with their superiors based on the updated values – an annual assessment in this version has not taken place as yet, however, the companies carried out periodic assessments of work performance in monthly, quarterly and annual intervals,
- maintaining the indicator of 100% of new employees covered by onboarding and adaptation for Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe,
- increasing the average number of training hours per employee year-on-year (in 2023 for the Group it amounted to 26.81h, while in 2024 – 25.22h).

Targets concerning a potential impact on employee safety and health in the event of a fatal accident, serious accident, or work-related illness

The strategic goal of sustainable development in this area is to build a safety culture and minimize risks to employees. The undertaking intends to achieve its goal by:

- maintaining the functioning of the Safety Management System, which minimizes the risk of accidents,
- training and building awareness among employees and subcontractors working at production facilities:
 - 100% of employees of subcontractors in Śnieżka SA and Śnieżka ToC companies undergo OHS training,
 - 90% of the managerial staff covered by first aid and AED training,
 - providing first aid and AED training to all employees of the Śnieżka Group,
- elimination of potential hazards through occupational safety and fire safety inspections (once a quarter in each department and once every six months in warehouses). These activities are derived from the provisions in the *Quality, Environment and Health and Safety Policy*. The Śnieżka Group verifies their effectiveness by calculating accident indicators (indicator: S1-14).

Opportunity-related targets - to provide a satisfactory, competitive remuneration can increase employee motivation and loyalty, which translates into lower turnover and savings associated with recruiting new employees

The strategic goal of sustainable development, stemming from *Śnieżka's Sustainable Development Strategy* in this respect, is to build a diverse and inclusive work environment by maintaining year-on-year comparability of remuneration for women and men employed in similar positions (by grade) and maintaining the year-on-year rate of voluntary employee departures at a level below 11% for line positions.

Opportunity-related targets - to create an innovative, creative and effective work environment by ensuring diversity among senior management

Śnieżka intends to seize this opportunity by implementing SD's strategic goal of strengthening and maintaining a diverse and inclusive work environment. In this regard, it continues:

- maintaining the activities described in the *HR Policy* regarding equal opportunities in terms of development, promotion, recruitment and employment as well as access to training and benefits
- maintaining the indicator of 100% of employees covered by training on counteracting mobbing, discrimination and harassment (the goal was achieved, with the implementation of training as follows: 92.1% in Śnieżka SA and 93.7% in Śnieżka ToC).

In addition, it is planned to:

- verify internal processes and communication in terms of inclusiveness for the areas of recruitment, onboarding, training, Employer Branding activities (for Śnieżka SA and Śnieżka ToC companies),
- cover all the Group companies with training in the field of counteracting mobbing, discrimination and harassment in the workplace.

The above mentioned goals are in line with the *Diversity Policy*, the *Respect for Human Rights Policy*, the *HR Policy*, the *Regulations for Combating Mobbing, Discrimination and Harassment* in the workplace and the *Code of Ethics and HR Policy*.

Characteristics of the undertaking's employees

[S1-6]

Employee characteristics are presented as the number of employees as at 31 December 2024. The total number of employees is consistent with the number given in the operational and financial part of this Report.

Employment remains stable throughout the year, with only minor changes resulting directly from business needs. The number of employees in the tables below is provided in each case as a whole number (unless otherwise indicated).

Table 69. Number of employees in total and by gender in the Śnieżka Group

Gender	Number of employees	
	As at 31.12.2024	As at 31.12.2023
Women	388	383
Men	756	757
Total	1 144	1 140

Table 70. Number of employees in countries where the undertaking employs at least 50 employees constituting at least 10% of the total number of employees of that undertaking

Country	Number of employees	
	As at 31.12.2024	As at 31.12.2023
Poland	791	778
Ukraine	172	169
Hungary	166	178

Table 71. Number of employees by contract type, broken down by gender in the Śnieżka Group

	As at 31.12.2024			As at 31.12.2023		
	Women	Men	Total	Women	Men	Total
Number of employees	388	756	1 144	383	757	1 140
Number of employees employed for an indefinite period	339	698	1 037	332	706	1 038
Number of employees employed for a definite period (incl. probation period)	49	58	107	51	51	102
Number of full-time employees	381	752	1 133	376	754	1 130
Number of part-time employees	7	4	11	7	3	10

Rotation ratios

In 2024, a total of 90 employees left the Śnieżka Group, and the turnover rate was 7.87% and was by 0.24% higher than a year earlier. The turnover rate takes into account all employees whose employment has ended, both as a result of a voluntary decision (including acquiring of pension rights) and termination of the contract by the employer.

Turnover calculated as the number of departures divided by the employment status as of 31.12.2024 (number of people).

7.87% turnover rate for all departures in the Group in 2024

3.76% turnover rate for voluntary departures (43 persons) in the Group in 2024

3.23% turnover rate for voluntary departures of line employees (12 persons) in Śnieżka SA and Śnieżka ToC companies in 2024

Table 72. Number of employees by contract type in countries where the undertaking employs at least 50 employees constituting at least 10% of the total number of employees of that undertaking

	As at 31.12.2024				As at 31.12.2023			
	Poland	Ukraine	Hungary	Total	Poland	Ukraine	Hungary	Total
Number of employees	791	172	166	1 129	778	169	178	1 125
Number of employees employed for an indefinite period	709	168	160	1 037	704	165	171	1 040
Number of employees employed for a definite period (incl. probation period)	82	4	6	92	74	4	7	85
Number of full-time employees	788	170	161	1 119	774	168	172	1 114
Number of part-time employees	3	2	5	10	4	1	6	11

Between 2023 and 2024, the Group did not hire employees who had no guaranteed working hours in any of the countries in which it employs at least 10% of the undertaking's total number of employees.

[S1-9]

Table 73. Śnieżka Group's employees – broken down by structure and age

	As at 31.12.2024			As at 31.12.2023		
	Women	Men	Total	Women	Men	Total
Senior management staff						
aged below 30	0	0	0	0	0	0
aged between 30 and 50	44	58	102	38	51	89
aged over 50	15	27	42	16	26	42
Total	59	85	144	54	77	131
Gender break down by %	40.97%	59.03%		41.22%	58.78%	
Middle management staff						
aged below 30	0	2	2	0	2	2
aged between 30 and 50	8	37	45	8	40	48
aged over 50	1	14	15	1	15	16
Total	9	53	62	9	57	66
Gender break down by %	14.52%	85.48%		13.64%	86.36%	
Other employees						
aged below 30	44	65	109	50	74	124
aged between 30 and 50	201	349	550	203	364	567

aged over 50	75	204	279	67	185	252
Total	320	618	938	320	623	943
Gender break down by %	34.12%	65.88%		33.93%	66.07%	
Total	33.92%	66.08%		33.60%	66.40%	

Methodology: Number of people employed as at December 31, 2024. Managers who do not manage teams of employees (so-called "area managers") are excluded from the group of managers. According to the adopted definition, managerial positions include only persons managing teams of employees. Senior management includes the Company's Management Board members and persons holding positions of Directors and Managers. Middle management staff includes entities holding positions of Leaders and Foremen.

13.1.11. CHARACTERISTICS OF NON-EMPLOYEES CONSTITUTING OWN WORKFORCE OF THE UNDERTAKING

[S1-7]

Table 74. Number of people employed in the Śnieżka Group on a basis other than an employment contract

Contract type	As at 31.12.2024		
	Women	Men	Total
Civil law contract	42	97	139
B2B contract	5	71	76
Total	47	168	215

The table presents information on persons liaising with the Śnieżka Group under contracts other than an employment contract. The number of non-employees is reported as the number of employees at the end of the reporting period.

13.2 VALUE CHAIN WORKERS

13.2.1. AREA MANAGEMENT

[S2-1]

The dual materiality assessment conducted by Śnieżka Group identified one potentially negative impact on value chain workers related to the lack of active communication of existing channels for reporting unethical behaviour.

The channels for raising concerns by value chain workers are described in the *Supplier's Code of Conduct of the Śnieżka Group* adopted throughout the undertaking. The Code governs the Group's expectations regarding the following:

- responsible management of environmental issues,
- compliance with human and employee rights protection standards,
- work safety,
- social involvement,
- compliance of the conducted business activities with the provisions of the law.

The document was approved by the boards of the companies, which are also responsible for implementing its provisions within the undertaking. The provisions of the regulations refer to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights and cover all of the Group's suppliers, regardless of the type of activity, method of order fulfilment, place of operation or cultural differences. In the undertaking's opinion, compliance with the principles of the document constitutes the basis for common business relations.

The Code is a publicly available document, posted on the Śnieżka Group website and attached to contracts with suppliers. No consultations were conducted with the key stakeholders when establishing the content of the Code.

The Code also defines the communication of its provisions, including provisions related to raising concerns by value chain workers. The document expresses the clear expectation of the Śnieżka Group so that each of its suppliers can communicate the practices and principles described in the Supplier's Code of Conduct to all of its employees and subcontractors and pursue an active communication policy in this respect. Confirmation of knowledge and compliance with the Code is a requirement for cooperation with the Group, and the undertaking reserves the right to verify that its direct suppliers comply with provisions therein. This verification may be carried out in various ways, such as self-assessment surveys or audits at the supplier's facilities, with sufficient advance notice.

Further information regarding this subject can be found in chapter 14. *Business*.

As far as human rights are concerned, the Supplier's Code of Conduct imposes obligations on companies cooperating with the Śnieżka Group to:

- comply with international standards for the protection of human and employee rights, in particular the prohibition of forced labour, slavery, child labour under the age of 15 and the provision of special care to employees under the age of 18;
- counteract discrimination based on sex, race and ethnicity, age, religion, psychosexual orientation, worldview, disability and type of employment;
- counteract mobbing and harassment;
- respect workers' rights to freedom of association and collective bargaining where permitted by local law.

Additionally, the Group's *Respect for Human Rights Policy* declares that the undertakes will make every effort to respect and promote human rights in relations with business partners and defines expectations towards them, including: ensuring freedom of assembly, eliminating exploitation, forced labour, human trafficking and child labour, and preventing discrimination and respecting the rights of local communities. The Policy provisions are based on the Universal Declaration of Human Rights.

The Group has not recorded any cases of human rights violations in the value chain and, if they occur, it is committed to taking action to eliminate such violations or, in extreme cases, to terminate cooperation with the contractor.

[S2-2]

The Śnieżka Group engaged value chain workers in the stakeholder survey. The Group sent a survey to suppliers, the questions of which concerned, *inter alia*, the social area, and were answered by representatives of the surveyed entities. The survey included open-ended questions concerning the area of human rights. Additionally, the parent company conducted a self-assessment survey among suppliers, containing questions about employee rights and the employment of minors. The survey allowed for verifying the effectiveness of the actions taken, determining the level of security and knowledge of the procedures in force in the Group among its suppliers. It is planned to conduct a similar self-assessment among suppliers of other companies by 2026.

In the Śnieżka Group, there is no entity operationally responsible for the engagement of value chain workers, but it is planned to assign this role to the Procurement Department.

The Group is not party to the global framework agreement or agreements with world trade union federations regarding respect for the value chain worker's rights.

[S2-3]

The Śnieżka Group has not implemented a formal policy to deal with the occurrence of serious negative consequences for the value chain workers. The Group companies treat each such case individually and act in accordance with the law, in particular the *Labour Code*, respecting the individual needs of the value chain workers.

The channels through which the value chain workers can raise concerns are defined in the *Supplier's Code of Conduct* and described in Chapter 14. *Business* herein. The Śnieżka Group obliges its suppliers to provide their employees with information about the provisions of the *Supplier's Code of Conduct* and to upload it on a publicly available website. The method of considering and monitoring concerns from the value chain workers is the same as the method of considering concerns from own workforce and is described in Chapter 14. *Business*. The Group has not implemented any mechanisms to assess the familiarity with the tool or the level of trust of the value chain workers in the channels for raising concerns provided by the undertaking.

The undertaking provides the value chain workers with protection against retaliatory actions – this is regulated by the *Supplier's Code of Conduct*. It obliges companies to provide protection to the whistleblower, the person assisting in raising concern and the person associated with the whistleblower. The Śnieżka Group also guarantees confidentiality and protection of the identity of the whistleblower and information that could directly or indirectly help identify that person.

[S2-4]

Due to the nature of its activities in this area, the Group has not applied all the disclosures required by the Minimum Disclosure Requirements for activities and resources (MDR-A). The Śnieżka Group conducts on-going monitoring of possible reports through available channels for raising concerns. In 2024, the undertaking did not receive any reports of violations from the value chain workers and therefore no action was taken or resources allocated to this area. Due to the lack of reports, the Group does not plan to allocate funds in 2025 to finance activities that have material impacts on the value chain workers. In 2024, the Group companies did not undertake additional initiatives or processes aimed at ensuring a positive impact on the value chain workers. During the dual materiality assessment, the Group also did not identify any material risks or opportunities related to the value chain workers. Therefore, the Group does not intend to take any actions in this area in 2025.

In the Group's assessment, its own practices do not cause or contribute to any material negative impact on the value chain workers. The undertaking conducts its business activities with care for the environment, the local community, employees and other stakeholders. As highlighted in Chapter 14. *Business*, the condition for cooperation between suppliers and Śnieżka Group is so that they can become familiar with the *Supplier's Code of Conduct* and submit a declaration of readiness to comply with it, in which they declare their readiness to undertake ethical business activities throughout the entire value chain.

The basis for these activities constitute the *Sustainable Development Strategy*, the *Code of Ethics* and internal policies. The Group companies also apply internationally recognised standards such as the UN Global Compact and the UN Guidelines for Multinational Enterprises. In 2024, the Group recorded no serious human rights issues or incidents related to its upstream or downstream value chain.

13.2.2. TARGETS RELATED TO VALUE CHAIN WORKERS

[S2-5]

The Group has not set targets related to the identified potential impact on the value chain workers related to the lack of active communication regarding channels for reporting unethical conduct within the Group. The possibility of raising concerns, channels and protection of the whistleblower are described in the *Code of Ethics* and the *Supplier's Code of Conduct*.

The Group does not monitor the effectiveness of its policies and actions regarding material impacts on the value chain workers. The planned mitigation action is to improve the exposure of the unethical behaviour channels for raising concerns on the Śnieżka Group website in order to increase its visibility.

13.3 AFFECTED COMMUNITIES

13.3.1. AREA MANAGEMENT

[S3-1]

The Śnieżka Group identified two negative impacts in the affected communities:

- Actual negative: the undertaking relies on water-based products for its operations, consuming large volumes of water, which affects the level of water stress and therefore limits access to water for local communities.
- Potential negative: through its solvent-based products containing potentially hazardous compounds and mixtures, the undertaking may negatively impact land quality and consumer health due to improper waste storage or the emission of these compounds into the land.

As part of Respect for Human Rights Policy, the Group undertakes to respect the rights of local communities, respecting their subjectivity, willingness to self-determination and all their legitimate rights. As part of this declaration, the Group takes appropriate actions to minimise the negative impact on local communities and the natural environment in areas where it conducts business operations, directly or indirectly, in accordance with applicable national and EU regulations.

The document does not indicate ways to prevent or limit material negative impacts. However, the Śnieżka Group understands its *Respect for Human Rights Policy* as due diligence to avoid violating the rights of others and actively preventing such violations. The undertaking is aware that the Group's potential negative impact on human rights may be caused not only directly by our operations, products or services, but also as a result of the business relations it enters into. However, it did not identify indigenous peoples among the affected communities.

Cooperation with local communities is undertaken primarily on the basis of the *Social Involvement Policy*. The overriding aim of all the social actions taken is to design them in such a way so that they can become vehicles of the actual support and assistance in the selected areas, in accordance with the principle of equal opportunities and sustainable development. The parent company establishes partnerships with local governments, schools and universities, ensuring opportunities for children and youth development and for beneficiaries to gain professional experience (including, the internship programme). Additionally, it supports the development of hospital infrastructure through their renovation. The Śnieżka Group companies proactively respond to the needs of local entities and institutions, which is consistent with cooperation for respect for human rights.

The Companies' boards are responsible for implementing the Policy. When developing the document, the interests of local communities were taken into account through dialogue and on-going cooperation with local governments and schools involved in the implemented projects. The feedback obtained from them is considered when developing subsequent editions of the programmes. The policy, along with information on its incorporation of third-party standards, its availability, and remediation actions, is described in detail at the beginning of Chapter 13. *People*.

81.4% of the Group's employees live within 20 km of their workplace, making them members of the local Śnieżka community.

So far the Group has not received any reports of such negative impacts or non-respect for human rights. Concerns can be raised via the channel described in Chapter 14. *Business*. Since the undertaking has not previously identified material impacts on local communities in the areas of water use and land quality, these issues have not been explicitly addressed in its policies.

[S3-2]

As the Group identified material impacts in affected communities in 2024, it has not yet developed collaborative processes to address water consumption and potential land contamination associated with product use. As part of the dialogue with stakeholders conducted for the purposes of this *Sustainability Reporting*, a survey was conducted addressed to, among others, the Group's employees and local governments of the municipalities in which it conducts its production activities. The respondents could point out negative environmental impacts in the survey. In 2024, the Group also carried out a consumer survey, part of which concerned products with a low environmental impact. The Worker's Representatives also have the opportunity to raise issues important to the individuals they represent during quarterly meetings with the Management Board. Additional communication channels include local and social media, through which Śnieżka shares information about its activities and can obtain feedback about them.

The management boards of individual Group companies are responsible for cooperation with the affected communities.

[S3-3]

The Śnieżka Group undertakes to take remediation actions in the case of a violation (directly or indirectly) of human rights provided for in the international, generally binding documents by any of the Group companies. To date, the undertaking has not identified any actual material negative impacts in the affected communities and has therefore not implemented remediation actions. The channels through which stakeholders, including local communities, can raise concerns, together with information on whistleblower protection, are described above and in Chapter 14. *Business*. The undertaking did not assess how aware the affected communities were of the existing means of communication or how trustworthy they were.

[S3-4]

Due to the nature of its operations in this area, the undertaking has not applied all of the disclosures resulting from the MDR-A. To date, there have been no detailed analyses of the impact on communities in the value chain, nor have there been any actions taken in the context of affected communities. In this respect, the undertaking initiates cooperation between business and education. For many years, Śnieżka SA has been running projects involving children from primary schools in the Dębica district, where the Group's key plants are located. Education covers, *inter alia*, issues related to saving resources, including water.

However, the actions described in Chapter 12. *Environment* in terms of limiting water withdrawal and reducing pollution (including soil) minimise the identified material potential negative impacts on affected communities. In the coming years, the Group is to examine both issues in terms of their impact on people and consider the feasibility of introducing additional mitigation measures. No serious human rights issues or incidents involving affected communities were reported.

The Group actively participates in the life of local communities and supports based on 3 pillars:

- **Colour** - social projects and other forms of the undertaking's engagement revolve around its mission, which is: "We Believe Colours Matter." and close to its vision, which is defined by the following: "We want to inspire with colours, create space, build emotions." Translating the mission and vision into the language of social action denotes inspiration, joy and change for the better – both in the sense of interior renovation and the implementation of other activities with a positive social impact.
- **Local community** - the Group companies are engaged in crucial activities from the perspective of the inhabitants of their local communities. Also, Śnieżka carries out activities throughout the country, addressed to public entities located in small towns or in areas at risk of social exclusion (which expresses the attachment to localness also on a national scale).

- **Children and youth** – the primary beneficiaries of the Group's social actions are children and youth including their families and immediate milieu. Their support is rendered predominantly in cooperation with, or intermediated by, public bodies.

Śnieżka's flagship programmes to support local communities in this regard, both nationally and locally, are:

- *World in Colours* - a programme for comprehensive renovation and painting of hospital wards (in Poland, Ukraine and Hungary), which translates into improved treatment conditions for patients and the comfort of work of medical staff,
- *Przeogarniacze - Entrepreneurship differently* (by the Śnieżka Foundation) – a project addressed to fourth-grade students of primary schools; during five 90-minute workshops, issues related to economics, entrepreneurship and pro-social and pro-environmental activities are presented,
- *Koloratorium* - (a project run by FFIL Śnieżka SA) - a proprietary nationwide social project for primary schools in towns with a population of up to 20k residents. The aim of the initiative is to popularise chemistry among students of grades 4-8 - a field in which Śnieżka specializes as a paint manufacturer.

13.3.2. TARGETS RELATED TO AFFECTED COMMUNITIES

[S3-5]

Due to the nature of its activities in this area, the company has not applied all the disclosures required by the minimum disclosure requirement for monitoring the effectiveness of policies and activities using targets (MDR-T). The nature of the material impacts allows the targets in their area to be considered as being identical to those related to water and land pollution, as being in the interests of affected communities. The Group will, however, monitor the appropriateness of establishing separate targets in this area. Members of the local communities, who were employees of the Group, were involved in developing the original assumptions of the *Sustainable Development Strategy*, which included the above environmental objectives. Stakeholders can read about progress towards achieving the objectives in the non-financial reports (currently known as *Sustainability Reporting*) published annually on the Group's website, but they are not involved in identifying conclusions or improvements that result from the data presented in the statements.

13.4 END USERS

13.4.1. AREA MANAGEMENT

[S4-1]

The Group has identified an actual positive impact on users of its products through its wide distribution channels, which allow the physical product to reach consumers in smaller towns and be purchased in local stores. This impact has not been defined directly in any of the documents, however, issues related to the impact on product users are included in a number of regulations of the Śnieżka Group.

- The *Book of Organisational Values*, which defines understanding the perspective of customers and consumers as one of the four values of the undertaking. In accordance with the provisions of the Book, the Śnieżka Group analyses the needs of customers and consumers and the changing environment in order to adapt its activities and offer optimal solutions. The undertakings' ambition is to use contacts with users to build relationships based on trust, respect and open communication. The Book obliges the undertaking to ensure professionalism, clarity of message and flexibility in adapting the offer to the expectations of customers and consumers.
- The *Code of Ethics*, in which the Group undertakes, inter alia, to comply with the principles of reliable marketing and advertising, to improve the quality and reliability of products and to pay particular attention to the health and safety of their use. In the Code, the Group declares that it will improve its processes and deliver products that are increasingly better accommodated to the volatile needs of users.
- The *Focus and Grow strategy*, in which the Śnieżka Group emphasizes understanding the needs of consumers and other participants in the decision-making process.

- *Instructions for the process of handling qualitative and quantitative complaints* – comprehensive complaint handling in the Group is dealt by a separate organizational unit, Warranty and Complaints Service. Consumers can also take advantage of the hotline.

The regulations relating to consumers have been adopted by the Management Board of the Group, and the CEO is responsible for implementing their provisions. In the process of preparing the above documents, the content was not constructed based on material issues arising from sustainable development, and the documents were not directly consulted with stakeholders. Majority of the regulations affecting consumers are available on the Group's websites. Additionally, the hotline is a channel through which the undertaking provides information on consumer service policies and processes.

The Śnieżka Group has not developed a policy that would directly address the material impact described above, which is the wide availability of the Group's products. Currently, consumer and end-user policy documents do not include provisions on remediation actions for human rights impacts.

Issues relating to human rights relevant to consumers are regulated in the *Code of Ethics*, the *Quality, Environment and Health and Safety Policy*, the *Respect for Human Rights Policy* and the *Sustainable Development Strategy*. The Group considers the observance of human rights and ethical standards as described in the UN Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises to be paramount, and therefore does not conduct additional dedicated cooperation and dialogue with consumers or end users in the above area.

The Śnieżka Group is aware that its potential negative impact on human rights may be caused not only by its direct activities, products or services provided, but also through established business relationships. Therefore, it undertakes to take remediation actions in the event of a violation (directly or indirectly) by any of the companies comprising the Group of human rights defined in international, universally binding documents, including, among others: The International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the *UN Global Compact*.

In 2024, the Śnieżka Group did not record any cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises that would apply to consumers.

[S4-2]

The Śnieżka Group comprehensively strives to learn about consumers' feedbacks on its products, which also results from the provisions of the *Focus and Grow Strategy 2028*. The Group conducts both quantitative and qualitative research, and the information obtained from it supports the operational and strategic decisions of the Management Board in the area of shaping the product offering for consumers. The undertaking's structure includes a Customer Intelligence department, managed by a director reporting directly to the Management Board. The area of activity of this unit focuses on understanding the perspective of consumers and users. The Group companies conduct extensive research on the needs and expectations of consumers at various stages of product development and use, and their results constitute the undertaking's trade secret. During the research, the Group does not in any way exclude consumers who may be particularly vulnerable or marginalized.

The Group assesses the effectiveness of decisions in the area of cooperation with consumers and users by analysing sales results against other industry entities in key markets and in individual distribution channels. The results of analyses at the level of individual town size classes constitute a trade secret.

[S4-3]

The Group did not record any material negative impacts of its products on consumers and end users. The undertaking's general approach to remediation actions and the processes for their implementation in the event of such an impact being identified are regulated in the undertaking's internal documents.

The Group enables consumers to raise their concerns and needs through dedicated channels:

- hotline, the number of which is provided, inter alia, on product packaging,
- direct e-mail contact (reklamacje@sniezka.com) provided on the website,
- contact form at [stronie internetowej Grupy](#) and the contact details provided for the administration, e-shop and Warranty and Complaints Handling unit,
- Group's social media.

Excluding the area of complaint submissions, the Group does not analyse the effectiveness of individual contact channels. The undertaking also did not have procedures in place to assess whether consumers were aware of and trusted the means of raising their concerns or needs. However, in accordance with Chapter 14.1.1 *Area Management*, (section on *Channels for Raising Concerns*), the Group provides open and transparent communication channels for raising concerns and needs, and guarantees no retaliation against those who use these channels.

[S4-4]

The Group does not have a single comprehensive consumer policy. It is not currently clear whether such a policy will be implemented in the future. The activities implemented in this area are based on the documents, instructions and policies disclosed above. The wide availability of Śnieżka products results from its business model.

Due to the lack of a comprehensive consumer policy, the Group has not planned any activities or dedicated resources in the area of managing consumer impacts and opportunities.

As of the date of this report, the undertaking is not aware of any material negative impacts on consumers and end users in the area scrutinized. Therefore, it took no action to mitigate or remedy them. It also does not conduct other activities aimed at providing additional benefits in the utility dimension of its products.

The undertaking has no known cases of consumers or end users being adversely affected as a result of its marketing, sales or data use practices, nor have there been any reports of serious human rights issues or incidents.

13.4.2. TARGETS RELATED TO CONSUMERS AND END-USERS

[S4-5]

Śnieżka SA and Śnieżka ToC disclose their assumptions regarding sustainable development in the *Sustainable Development Strategy* document. This document does not contain targets directly related to consumers and product availability. However, the Group adopted the objective of increasing sales of products with a low impact on the environment and the user, which, due to the current market and distribution structure, can be achieved by wider access to the Group's products. Moreover, taking into account the specificity and maturity of the markets where the Group operates, one of the directions of support for the implementation of the objectives of its business strategy is the path of further boosting the availability of the Group's products in all distribution channels. In the Group's opinion, the adoption and announcement of the *Focus and Grow Strategy 2028* is clearly linked to the increase in product availability. The Group's strategy defines and publishes a strategic goal related to the spontaneous awareness of the Group's key brands, which is closely linked to building product availability. Concurrently, Śnieżka does not conduct dedicated monitoring of the effectiveness of its policies and actions taken in the analysed area, considering that the general measure of the Group's effectiveness is market share in key markets and the results achieved in spontaneous awareness of key brands, which indirectly indicate the availability of products to consumers. The Group's ambition levels have been defined internally at the business strategy level.

The sustainable development goals were not agreed directly with consumers and users, and therefore they were not directly involved in identifying lessons learned or improvements arising from the Group's performance, nor

in tracking progress towards achieving the goals. The lack of policies in the consumer area has prevented the Group from formulating impact and risk management objectives that take into account relevant sustainability issues.

14. BUSINESS

14.1 APPROACH TO BUSINESS CONDUCT

14.1.1. AREA MANAGEMENT

[G1-1]

The undertaking establishes, develops, promotes and evaluates its corporate culture, taking into account the *Code of Ethics* and the *Anti-Corruption Policy*. In order to effectively manage this area, other documents have also been adopted, responding to the needs of individual Group companies.

Table 75. Key documents related to the area of corporate culture adopted in individual companies of the Śnieżka Group

	Śnieżka SA	Śnieżka ToC	Rafil	Poli-Farbe	Śnieżka- Ukraina	Śnieżka- Belpol
Book of Organizational Values	■	■	■	■	■	■
Code of Ethics	■	■	■	■	■	■
Anti-corruption policy,	■	■	■	■	■	■
Supplier's Code of Conduct	■	■	■	■	■	■
Procurement Policy	■	■	■	■	■	
The internal reporting procedure	■	■		■	■	
Report handling procedure	■	■		■	■	

The above documents are publicly available on the Group's website and on its ESG reporting platform.

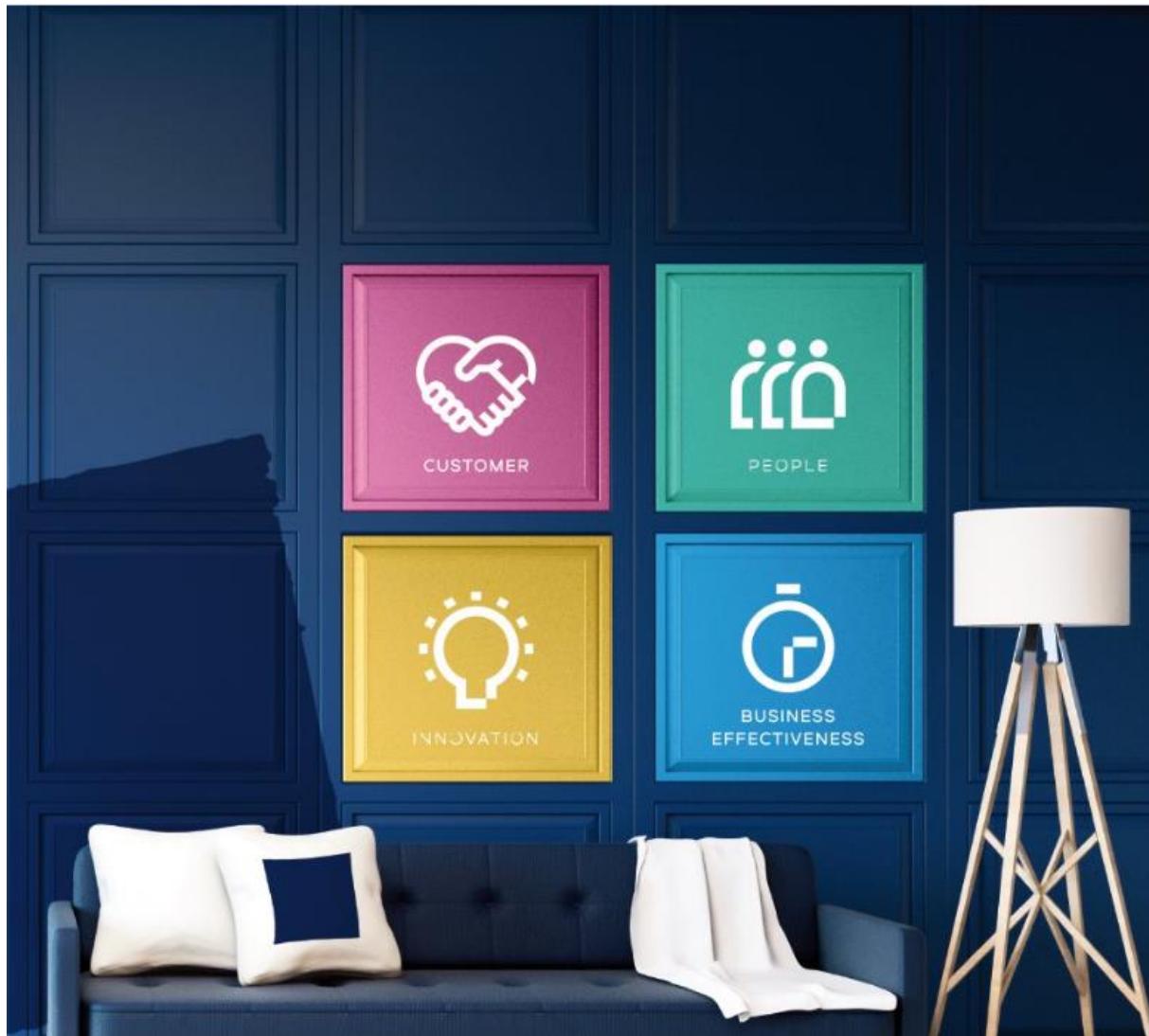
In Śnieżka SA and Śnieżka ToC companies, the documents in question are published in the internal system supporting corporate documentation management. After receiving an email notification about the regulation coming into force, employees will review and confirm that they have read it in the system. Line workers are familiarised with the regulation by their superiors. In 2025, Śnieżka-Ukraina and Poli-Farbe companies are planning to implement a corporate documentation management system in which all internal regulations will be published.

The undertaking has not adopted a training policy regarding the above documents. They are conducted in accordance with the needs of each company (e.g. during the onboarding process), considering positions for which given regulations are particularly important (discussed later in the chapter).

The Management Board of Śnieżka SA and the individual Management Boards of the companies in which the documents have been adopted are responsible for implementing the policies, unless otherwise indicated.

14.1.2. THE BOOK OF ORGANIZATIONAL VALUES

It describes the principles, behaviours and attitudes expected from the Śnieżka Group's employees, related to ethical behaviour, norms of social coexistence and respect and dignity. It also includes the mission and vision of the undertaking.



Key values

- Customer - understanding the customer's perspective and providing optimal products and services.
- People - creating a culture of commitment and responsibility by building a climate of cooperation and development in a safe work environment.
- Innovation - constant search and implementation of new (digital) solutions and better ways of doing things.
- Business efficiency - standardization of activities, rational management of resources and decision-making based on data and facts, taking into account a strategic perspective.

14.1.3. THE CODE OF ETHICS

The *Code of Ethics* defines the standards of conduct addressed to all employees of the Śnieżka Group, regardless of their position, working time, time and place of work, or the type of tasks performed. It is based on the values of the undertaking and refers to policies and other documents defining areas related to ethics in a broad sense. Its task is to facilitate making the right choices by indicating ethical patterns and norms that are key in business activities.

Table 76. Areas regulated in the Code of Ethics and related documents

Area	Internal regulations detailing selected issues
Employee relationships	
employee health and safety	HR Policy, Quality, Environmental and Health and Safety Policy
a friendly workplace	HR Policy
counteracting discrimination and mobbing	Diversity Policy, Regulations for Counteracting Mobbing, Discrimination and Harassment
forced labour, child labour and freedom of assembly	Respect for Human Rights Policy
Environment relations	
relations with suppliers	Procurement Policy, Supplier's Code of Conduct
Customer relationships	
relations with local community	Social involvement policy
Natural environment	Quality, Environmental and Health and Safety Policy, Climate Policy
Corporate governance and ethics	
counteracting corruption	Anti-corruption policy
a conflict of interest	Anti-corruption policy
responsible communication	Information Policy
protection of data and confidential information	Information Policy, Digital Security Policy, Personal Data Protection Policy,
Raising concerns	
Channels for raising concerns	Internal Reporting Procedure, Report handling procedure
Whistleblower protection	Internal Reporting Procedure

The *Code of Ethics* and the principles and standards of conduct described therein apply to the entire Śnieżka Group. The document is available on the website of the Group at sniezkagroup.com in the internal system supporting the management of corporate documentation and at the line manager.

14.1.4. ANTI-CORRUPTION POLICY OF THE ŚNIEŻKA GROUP

This document relates to topics identified in the dual materiality assessment in the area of business conduct. The Group has identified the following as crucial:

- a potential negative impact on employees due to the lack of active communication of existing channels for reporting unethical behaviour,
- a risk of corruption incidents affecting reputation and trust.

The purpose of the Policy is to establish uniform principles for proceeding in the event of identified abuses, suspected identified abuses, preventing and counteracting abuses committed to the detriment of the Śnieżka Group and actions inconsistent with the principles operating in the Group, as well as ensuring the transparency of the Group's activities towards its business partners. This document defines the principles of conduct towards economic abuse, with particular emphasis on corruption and corrupt activities.

All employees and associates of the Śnieżka Group should be fair, honest and transparent in their business activities.

In the Company, corrupt activities are defined in accordance with the relevant *provisions of the Act of 6 June 1997 – the Penal Code*. They are understood as, for example, giving or receiving a material or personal benefit (usually

in the form of cash, a gift, a loan) by any person or their promise as an improper incentive or compensation for obtaining a benefit for themselves or for the entity they represent.

Corrupt activities are prohibited both when committed directly and through third parties, as well as when used in relations with contractors, business partners and persons holding public offices. Bribery can take place in the public sector (e.g. paying a bribe to a public official) or the private sector (e.g. giving a material gain to a contractor's employee). It should be pointed out that not only corrupt activities are prohibited, but also any activities that are contrary to the principle of fair competition, constituting crimes or offences related to economic transactions.

The *Anti-Corruption Policy* identifies the areas most at risk of corruption as:

- principles of concluding contracts, including purchases,
- internal communication (between employees) and external communication (with contractors and other entities),
- lobbying,
- participation in competitions,
- liabilities.

The undertaking recognises that those most at risk of corruption and bribery are those employed in the Procurement Department, as well as those involved in the selection of suppliers of services, machines and devices related to capital expenditures and the purchase of IT software and equipment.

All the Group companies have adopted an *Anti-Corruption Policy* in line with the United Nations Convention.

Channels for raising concerns

The *Code of Ethics* and the *Anti-Corruption Policy* indicate the paths through which concerns can be raised – both in Śnieżka SA and in other companies of the Group:

- via e-mail: zgloszenia.zarzad@sniezka.com,
- by post.

Both channels for raising concerns are publicly available, so any stakeholder has the opportunity to raise concerns.

Additionally, in Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe companies, employees have the option of raising concerns via an external platform - a confidential channel for raising concerns available at the link sniezkagroup.vco.ey.com.

In addition, in Śnieżka SA (in the case of a Member of the Management Board), concerns can be raised by letter or e-mail to the following address: zgloszenia.radanadzorcza@sniezka.com.

Raising concerns denotes providing information about observed or suspected violations, i.e. actions or omissions that are illegal or intended to circumvent the law, in particular violating or circumventing applicable internal procedures in the Śnieżka Group, including any unethical behaviour or omissions, conflict interests or corruption. They can be submitted by employees as well as contractors. The grievance mechanism and whistleblower protection are described later in this chapter.

Whistleblower protection

The following documents were adopted in: Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina: The *Internal Reporting Procedure* and *Report handling procedure*, which comprehensively regulate the system for raising concerns and conducting explanatory proceedings and follow-up actions.

The *Internal Reporting Procedure* contains regulations regarding the whistleblower protection, the person assisting the whistleblower and the person associated with the whistleblower – in accordance with the

Whistleblower Protection Directive, as well as the Polish and Hungarian (for the Poli-Farbe company) *Whistleblower Protection Act*.

In accordance with the *Internal Reporting Procedure*:

- Retaliatory actions are prohibited and any cases of their application are subject to disciplinary liability. Each company that has implemented the *Procedure* provides protection against retaliation or other types of adverse or unfair treatment.
- The whistleblower is protected from the moment of raising a concern, submitting external report or public disclosure, provided that they had reasonable grounds to believe that the information about the violation that was the subject for raising the concern was true at the time of doing raising the concern or making public disclosure and that it constitutes information about the violation.
- One of the measures to protect the whistleblower is to protect their identity and to protect information that could directly or indirectly help identify them. Each company ensures that information about the whistleblower's identity will be kept confidential and will only be disclosed with the express consent of the whistleblower in writing or by e-mail/electronically. Each person designated to receive concerns and take follow-up actions has appropriate authorisation and has signed a declaration of confidentiality under penalty of criminal liability.

In addition, *Appendix 1* to the *Internal Reporting Procedure* includes examples of unfavourable treatment that may be considered prohibited retaliatory actions against the whistleblower. Additionally, the *Employment Regulations of Śnieżka SA and Śnieżka ToC* describe the principles of equal treatment of employees and the prohibition of all forms of discrimination against employees.

The team authorised to receive concerns and take follow-up actions has also been trained in conducting investigations including the whistleblower protection.

Concerns are recorded in the main register of concerns maintained on the EY VCO Platform and, in the case of Śnieżka SA, in an auxiliary register maintained by the Chairman of the Supervisory Board. They are also automatically numbered and catalogued, and the party raising a concern receives a confirmation on submitting it. Initial verification includes checking whether the concern meets formal requirements, whether the person raising the concern has the status of the whistleblower and whether the concern contains sufficient information to initiate an investigation.

The proceedings are conducted by a team that is obliged to present the facts reliably and objectively, maintain confidentiality and properly document activities. The team is composed of the Corporate Governance Officer and the Compliance Officer (in Śnieżka ToC – Management Board). If necessary, the team leader may appoint additional persons with appropriate knowledge. The team members are obligated to maintain confidentiality and avoid conflicts of interest.

Each investigation ends with a written report that includes a description of the actions taken, conclusions and recommendations for remediation actions. The company's management decides to implement remediation actions, which may include modifying processes, conducting training, initiating disciplinary proceedings or reporting the situation to law enforcement authorities. The concerns are taken seriously and investigated independently, objectively and confidentially to ensure high ethical standards are maintained within the Śnieżka Group.

The Śnieżka Group companies that have adopted whistleblower procedures do not plan to implement a separate whistleblower protection policy, as the principles of whistleblower protection are regulated in the *Internal Reporting Procedure*.

14.1.5. SUPPLIER'S CODE OF CONDUCT

The Śnieżka Group operates on the basis of a clearly defined set of organizational values. They are also the basis for activities related to the supervision of the supply chain and building long-lasting rapport with suppliers. The

overriding objective of the Group is to do business with partners who understand and share the concern for sustainable development, and in their activities they aim at developing their practices in areas in which the Śnieżka Group also sets itself ambitious objectives. The *Supplier's Code of Conduct* contains a set of principles that should be followed by every Partner collaborating with the Group. The observance of them should form the basis of joint business relations. Confirmation of knowledge and compliance with the principles of the code is a requirement for cooperation with the undertaking. Suppliers are obliged to sign the *Acknowledgment of the Supplier's Code of Conduct*, thus declaring their readiness to undertake ethical business activities. In 2024, the *Supplier's Code of Conduct* was implemented in the following companies: Sniezka-Ukraina, Poli-Farbe, Rafil, and in the Sniezka-BelPol company in January 2025.

The entity supervising compliance with the Supplier's Code of Conduct is the management body of each Śnieżka Group company.

The expectations towards suppliers included in the Supplier Code concern the following:

- environment, climate and sustainable development protection,
- respect for human and employee rights,
- occupational health and safety,
- social involvement,
- corporate governance and legal compliance.

The document applies to suppliers of goods and services, sellers, contractors, subcontractors, intermediaries, consultants, agents who liaise with entities of the Śnieżka Group. Śnieżka expects each of them to ensure that the practices and policies described therein are passed on to all of its employees and subcontractors. Suppliers who have their own procedures that meet the same standard of care for sustainable development, i.e. primarily human rights, employee rights, environment and corporate governance, are exempted from the obligation to provide information about practices and principles to their subcontractors. The Code is binding for all suppliers of the Group irrespective of the type of activity, the manner of orders execution, the area of business or cultural differences.

The Śnieżka Group reserves the right to verify whether its direct suppliers comply with the principles set out in the Code in question. This verification may be carried out in various ways, such as self-assessment surveys or audits at the supplier's facilities, with sufficient advance notice. Since 2023 the verification of Śnieżka SA's suppliers has been carried out through a self-assessment survey. 65 strategic and key suppliers of Śnieżka SA had been invited to complete the self-assessment survey, and 37 did it so. In 2025, it is planned to implement supplier self-assessment in subsidiaries.

14.1.6. PROCUREMENT POLICY

The Procurement Policy systematizes the purchasing activities of the Śnieżka Group in terms of acquiring suppliers who meet expectations in the process of delivering the highest quality materials, goods and services, while using innovative solutions, taking into account economic and environmental aspects.

The scope of the *Procurement Policy* covers all expenses within the Śnieżka Group in favour of external entities. Each of the companies comprising the Śnieżka Group is obliged to comply with it and the Procurement Department is a supervising body.

The document is based on the company's organizational values, which set expectations towards all suppliers of the Śnieżka Group. It also defines the main pillars in the purchasing area, and its provisions are supplemented by the *Supplier's Code of Conduct*.

In accordance with the Policy, the primary objective of procurement activities is to ensure proper operation of the Group, and the procurement process itself is perceived as a key element in promoting sustainable development in the supply chain. Under the Procurement Policy, Śnieżka undertakes to purchase and use raw



materials and packaging with the required certificates for the production of its products and at the same time to support initiatives regarding the application of safe raw materials and the use of recycling technologies.

The main pillars in the purchasing area are as follows:

- sustainable development,
- compliance with internal policies (including Quality, Environment and Health and Safety, Climate, Respect for Human Rights, Diversity, HR, Anti-Corruption, Information and Digital Security),
- compliance with and fulfilment of commitments toward national requirements,
- compliance with and fulfilment of commitments toward suppliers,
- striving to select reliable and credible suppliers,
- building fair and transparent rapport with suppliers,
- periodic, reliable and transparent assessment of suppliers,
- confidentiality, protection and data security,
- counteracting all forms of corruption.

14.1.7. MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

[G1-2]

Within the scope of its entire business activity, regardless of the country in which it operates, the Śnieżka Group undertakes to comply with all commitments toward its suppliers resulting from its business activity as for purchased goods and outsourced services. This process is constantly subject to internal control, and in addition, steps have been taken to implement the payment procedure in individual Group companies, including the parent company Śnieżka SA, where the *Procedure for payment deadlines and counteracting payment backlog FFIL Śnieżka SA* is in force.

As part of its strategic approach to the purchasing process, the undertaking commits itself to purchasing and using raw materials and packaging with the required certificates confirming that they meet applicable legal requirements. Furthermore, it undertakes to support all initiatives regarding the use of safe raw materials, including recycled raw materials. They have been implemented in Śnieżka SA, Śnieżka ToC and Rafil, while in Śnieżka-Ukraina and Poli-Farbe they are in the process of implementation. The next stage is to implement them in the Śnieżka-BelPol company.

The Śnieżka Group strives to acquire reliable and credible suppliers. The selection is based on the analysis of technical capabilities, experience, possible history of cooperation, costs and issues of sustainable development contained in *the Supplier's Code of Conduct*. The purchasing process, together with the supplier self-assessment survey and (in Polish companies) the *Procurement Policy*, allows for establishing collaboration with entities that comply with the requirements set by Śnieżka in the area of sustainable development, including environmental protection and human rights. It is a factor that strengthens the motivation for positive changes for other enterprises.

The selection of a business partner is made in accordance with the *Supplier Selection Procedure*.

67% of the Group's suppliers, classified as strategic, key and core ones, have read the *Supplier's Code of Conduct* or have presented their own code.

100% of strategic and key suppliers have received information and documents related to the self-assessment (suppliers of Śnieżka SA i Śnieżka ToC).

57% of strategic and key suppliers completed the self-assessment form.

14.1.8. PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

[G1-3]

The Śnieżka Group has appropriate documents (described at the beginning of the chapter) aimed at preventing the risk of corruption and bribery. These include primarily the *Anti-Corruption Policy*, the *Code of Ethics* and the *Procurement Policy*, and relevant provisions are also included in the *Supplier's Code of Conduct*.

Detecting and responding to corruption-related incidents is regulated in the *Internal Reporting Procedure* and the *Report Handling Procedure*. These documents introduce a confidential channel for raising concerns, including those resulting from corruption and bribery. In companies where these documents are in place, concerns are received and reviewed by one team common to the Śnieżka Group (more information on this topic can be found in chapter 14.1.4. in the section on whistleblower protection).

For the parent company, the *Internal Reporting Procedure* provides for additional channels for raising concerns: by e-mail or letter to the CEO, and if it concerns a team member or a member of the Management Board of Śnieżka SA – by e-mail or letter to the Supervisory Board of Śnieżka SA.

The Śnieżka Group does not have a separate procedure for presenting the results of the above activities to the administrative, management and supervisory bodies. However, in companies where whistleblower protection principles have been adopted as part of the *Internal Reporting Procedure* and the *Report Handling Procedure*, reporting the results of the investigation is regulated in the latter of these documents.

Every investigation, regardless of its outcome, ends with a written report. The report is signed by all members of the investigation team. The chairman of the team presents the report to the Management Board of a given company of the Śnieżka Group in which the concern was raised.

The report constitutes the basis for providing the whistleblower with feedback on the follow-up actions taken, unless the feedback was provided before the report was issued as a result of an extended investigation.

A person employed at the Śnieżka Group company in which the concern was raised, each time recommended by the team in a report and appointed by the Management Board of that company, is responsible for monitoring the implementation of the recommendations.

The Śnieżka Group companies communicate all the procedures discussed in the form of a notification about entering the document in the internal system supporting the management of corporate documentation, together with the obligation for employees to familiarize themselves with them. Additionally, in order to build awareness and strengthen the message, the introduction of selected policies is communicated in the form of internal newsletters. Moreover, individual Group entities have obtained declarations from their key suppliers that they have read the *Supplier's Code of Conduct* and comply with the principles contained therein, and key documents are available on the Group's website.

In 2024, the Group companies did not organise any training in the field of counteracting corruption and bribery. In the entities described above that have adopted the whistleblower protection procedures, mandatory training in the internal reporting system was conducted. All persons exposed to the risk of corruption and bribery, including Members of the Management Board, were obliged to take part in it. Members of the Supervisory Board were trained in 2023, and during the reporting period they were kept informed about work on adapting the applicable procedures to Polish law.

Key actions taken in the Group in 2024 to counteract corruption:

- implementation of the *Internal Reporting Procedure* and the *Report Handling Procedure* at Poli-Farbe (January) and Śnieżka-Ukraina (December) companies, along with implemented channels for raising concerns, including in the areas of corruption and bribery,
- updating of the procedures in force at Śnieżka SA and Śnieżka ToC in connection with the applicable the Whistleblower Protection Act,



- communication to employees of implemented channels for raising concerns and updated procedures,
- whistleblower protection training - 1,036 people were trained in the Group,
- external training for the team reviewing concerns, ending up with certification.

In 2025, the company plans to conduct mandatory training for groups of employees most exposed to the risk of corruption and bribery.

Expenditures scheduled in connection with the implementation of the procedures were incurred in 2022 and included the remuneration of external advisors. Currently, the Group does not intend to carry out any anti-corruption activities that would require significant financial resources.

[G1-4]

In 2024, no incidents of corruption or bribery were reported or identified in the Śnieżka Group companies, and therefore there was no need to take remediation actions. No fine was imposed on any of the companies due to the lack of convictions for violating anti-corruption laws.

Figures for FFIL Śnieżka SA (uncertified data)

ESRS	Indicator name	Unit	2023	2024	Change (y/y)
GOV-1	Percentage of women on the undertaking's board	%	25	25	0%
E1-5	Total energy consumption	MWh	6 640.00	6 081.72	-8.41%
E1-5	% of energy from renewable sources	%	100	100	0%
E1-6	Greenhouse gas emissions of Scope 1	t CO ₂ e	1 957.67	1 943.55	-0.72%
E1-6	Greenhouse gas emissions of Scope 2 (MB)	t CO ₂ e	0	0	0%
E1-6	Greenhouse gas emissions of Scope 2 (LB)	t CO ₂ e	4321.62	3404.45	-21.22%
E1-6	Greenhouse gas emissions of Scope 3	t CO ₂ e	101 412.21	99 087.23	-2.29%
E1-6	Total greenhouse gas emissions (MB)	t CO ₂ e	103 369.88	101 030.78	-2.26%
E1-6	Total greenhouse gas emissions (LB)	t CO ₂ e	107 691.50	104 435.23	-3.02%
E3-4	Water consumption for production	m ³	23 942.00	23 689.25	-1.06%
E3-4	Total water recycled and reused	m ³	no data	696.54	no data
E5-5	Total amount of hazardous waste generated	Mg	43.49	51.13	17.57%
E5-5	Total amount of non-hazardous waste generated	Mg	2 881.58	3 307.26	14.77%
E5-5	Total amount of waste generated and not recycled	Mg	2 516.84	2 834.14	12.61%
S1-6	Employee turnover rate (total/voluntary)	%	4.91/ 3.92	3.87/ 2.74	-1.04%/-1.18%
S1-6	Total number of employees		611	620	1.47%
S1-6	Number of women		174	179	2.87%
S1-6	Number of men		437	441	0.91%
S1-6	Percentage of women employed in the entire undertaking	%	28.5	28.9	+0.4%
S1-6	Percentage of women in top management positions	%	38.3	40.7	+2.4%
S1-13	Average training hours per employee	h/number of employees	25.79	23.84	-7.56%
S1-14	Number of days lost to injuries, fatalities and work-related ill-health		322	235	-27.02%
S1-14	Number of work-related accidents		3	2	-33.33%
S1-14	Lost Time Incident Rate (LTI)		2.79	1.92	-31.18%
S1-14	Lost Time Severity Incident Rate (LTI)		0.30	0.23	-23.33%
S1-16	The annual total remuneration ratio of the highest paid individual to the	%	19.05	15.17	-3.88%

ESRS	Indicator name	Unit	2023	2024	Change (y/y)
	median annual total remuneration for all employees				
S1-16	Unadjusted pay gap	%	-6.93	-5.97	+0.96%
G1-2	Percentage of supplier who have signed the Supplier's Code of Conduct	%	34	56	+22%
G1-4	Number of corruption-related incidents		0	0	0%

Glossary of terms

The eNPS survey - (*Employee Net Promoter Score*) a survey, which monitors employee feedback and satisfaction levels.

BMS – Building Management System.

Construction chemicals - a wide group of products used in construction as construction, insulating or finishing materials, both within the primary market activity and for finishing works. The Śnieżka Group's product portfolio includes: products based on mineral and/or organic binders (produced in the form of dry mixtures intended for use after mixing with water, or ready-to-use products) and decorative materials forming an external coating (paints, varnishes, agents, primers, etc.).

CSRD – Directive (EU) 2022/2464 on corporate sustainability reporting.

DIY - "Do It Yourself" - the definition of an idea related to independent, non-commercial performance, usually for one's own needs, of various works without the help of professionals, often as part of a hobby. The abbreviation "DIY" is also used to describe home-improvement stores, where one can find many products from various fields, with particular emphasis on technical areas (construction, interior finishing, electronics, garden decoration). These are self-service stores with a large area. The DIY market - apart from the independent market - is the second most important distribution channel for products of the Group.

ESG - environmental, social and corporate governance. Indicates the main areas of sustainable development of enterprises.

ESRS – European Sustainability Reporting Standards.

Ceramic paint - a type paint with the addition of ceramic components. It forms coatings resistant to dirt and scrubbing. It is recommended for all interior areas within the building, including those exposed to heavy duty use.

Undercoat - provides adhesion to the substrate for decorative and topcoat paints and levels slight surface irregularities. Its coat is thick enough to break the dark colour of the substrate, which is important when applying light surface coats.

Formulation - is a document informing about the qualitative and quantitative composition of the product, as well as the method of its production (the sequence of individual steps taken during the production process).

Putty - a construction material whose main binder is gypsum (natural or synthetic). It is used for final finishing of wall and ceiling surfaces by hand or machine.

Stain and varnish - a product intended for painting interior and exterior wood and wood-based materials combining the features of varnish and stain. It provides a thin flexible protective and decorative coating and stains wood, partially penetrating its structure. Available also in colourless version.

Varnish - a solution or suspension of film-forming agents (e.g. oils, natural or synthetic resins) used to cover the surface of objects for decorative and protective purposes.

VOCs – volatile organic compounds, a group of organic substances harmful to health, which easily evaporate and thus turn into a gas or vapour state.

Pigments - substances used for dying paints and varnishes. Due to their origin, they are divided into organic and inorganic ones. Generally, the more pigments in the paint the higher covering efficiency. One of the most popular pigments used in the production of paints is titanium white.

Washings - a commonly accepted form defining the type of waste generated from group 08 (waste from production, preparation, trade and use of protective coatings), i.e. water suspensions of non-hazardous paints and varnishes; liquid resulting from rinsing the dish, containing residues of the washed substance.

Solvent - an ingredient found in paints and varnishes. Water or a solvent can be a diluent (e.g., mineral spirits, xylene). It is responsible for application properties, such as the thickness of the applied coating using a painting tool, easy application and drying time. Water is used in emulsion paints.

CLP Regulation - Regulation of the European Parliament and of the Council (EC) No. 1272/2008 of December 16, 2008 on the classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC and amending Regulation (EC) No 1907/2006.

CRP Regulation - Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 laying down harmonized conditions for the marketing of construction products and repealing Council Directive 89/106/EEC.

REACH Regulation - Regulation (EC) No 1907/2006 of the European Parliament and of the Council of December 18, 2006 on the Registration, Evaluation, Authorization of Chemicals (REACH) and establishment of the European Chemicals Agency. The purpose of this Regulation is to ensure a high level of health and environmental protection, including promotion of alternative methods for assessment of hazards of substances, as well as free circulation of substances in the internal market while supporting competitiveness and innovation.

Independent market, a market on which companies operate independently of each other, mainly commercial and service ones, based on handling contractors, investors and final consumers in the local scope of activity. Retail stores are handled indirectly by distributors and are mostly non-affiliated - operate independently.

SKU - (Stock Keeping Unit) codes used to identify and track storage units.

Binders (resins) - natural or synthetic substances that bind pigments and fillers in paints with each other and with the substrate. They ensure paint properties such as: wash and scrub resistance and gloss. Generally, the higher the resin content, the higher the quality and resistance of the paint.

Decorative systems - decorative products (paints, adhesives) sold under the Magnat brand that provide the decorated surface with a variety of visual and structural effects.

Thermal insulation system - a set of construction materials for thermal insulation of a building together with a plaster coating and products for facade renovation. The Group's offer in this scope (within the Foveo Tech brand) includes: adhesive mortars, plasters (renders), paints, primers, undercoats, reinforced mesh, mosaic plasters.

Carbon footprint – the total sum of greenhouse gas emissions caused directly or indirectly by the undertaking. The carbon footprint includes emissions of carbon dioxide, methane, nitrous oxide and other greenhouse gases expressed in CO₂ equivalent.



Fillers - substances insoluble in the binder or water used to modify or affect some of the physical properties of paints. Fillers regulate the viscosity, thickness and structure of the coating, as well as the gloss/matt degree of the paint.

Direct purchases – purchase of products such as raw materials, packaging, labels, stickers, auxiliary packaging.

Indirect purchases – purchase of services and products such as technical and advertising materials and commercial goods.

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MANAGEMENT BOARD'S STATEMENT

The Management Board's statement regarding financial statements and reports on operations

(pursuant to the requirements of § 70 section 1 item 6 and § 71 section 1 of the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information provided by the issuer of securities and conditions for recognizing as equivalent information required by the law of a non-member state)

The Management Board of FFiL Śnieżka SA declares that, to the best of its knowledge, the consolidated financial statements of the Śnieżka Group for 2024 and the financial statements of FFiL Śnieżka SA for 2024, as well as comparative data, have been prepared in accordance with the applicable accounting principles and reflect real, reliable and transparent asset and financial situation of the Company and the Group as well as the financial result of the Company and the Group. In addition, the annual report on the activities of the Śnieżka Group, including the report on the activities of FFiL Śnieżka SA, contains a true image of the Group and the Company's development, achievements and standing, including a description of basic risks and threats.

Information of the Management Board regarding the selection of an audit firm

(pursuant to the requirements of § 70 section 1 item 7 and § 71 section 1 of the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information provided by the issuer of securities and conditions for recognizing as equivalent information required by the law of a non-member state)

The Management Board of FFiL Śnieżka SA, based on the statement of the Company's Supervisory Board, informs that the Supervisory Board selected an auditor conducting an annual audit of the separate and consolidated financial statements for 2024 in accordance with applicable law, including the selection of an audit firm and taking into account internal regulations of FFiL Śnieżka SA in this respect.

In addition, the Management Board of the Company informs that:

- The audit firm PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and members of the team performing the audit of the annual separate financial statements of the Company and the consolidated financial statements of the Śnieżka Group for the financial year 2024 comply with the conditions for preparing an impartial and independent report on the separate and consolidated annual financial statements in accordance with applicable regulations, professional standards and ethics;
- The Company adheres to the applicable regulations related to the rotation of the audit firms and the key statutory auditor and mandatory grace periods;
- The Company has a policy on selecting an audit firm and a policy on providing additional non-audit services by an audit firm, related entity to the audit firm or a member of its network, including services conditionally exempted from the prohibition by the audit firm.



Signatures of the Management Board of FFIL ŚNIEŻKA SA

Piotr Mikrut - Chief Executive Officer

Zdzisław Czerwiec Vice President of the Management Board,

Witold Waśko Vice President of the Management Board

Joanna Wróbel-Lipa Vice President of the Management Board

Dawid Trojan Vice President of the Management Board