



Sustainability Report

for 2024

according to ESRS VSME



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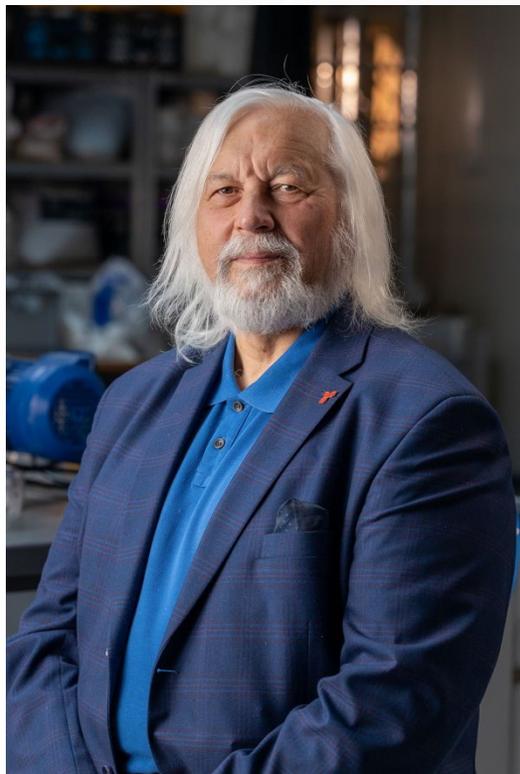
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Introduction

General information about the Company



A word from the Management Board



Dear All,

At Polychem Systems Sp. z o.o., we have been building our position of a leader in polyurethane production for over 40 years. We create our own unique formulas, improve manufacturing processes and develop our technology. We focus on manufacturing and supplying polyurethane products with the full awareness that we are a part of the environment that surrounds us – the environment in which we live, which we use and impact. Sustainability management is an important aspect of modern business with the goal to have a positive influence on the social, environmental and economic well-being. Therefore, we are pleased to present our Sustainability Report for 2024.

Although the CSRD (Corporate Sustainability Reporting Directive) does not require us to report in 2024, we have decided to publish the report, guided by a human perspective that is important to Polychem Systems: our customers, employees, contractors and social partners.

The indicators presented in this document were developed on the basis of the Voluntary Sustainability Reporting Standard for micro, small and medium-sized non-listed companies, ESRS VSME (VSME – Voluntary ESRS for non-listed Small- and Medium sized Enterprises). They were developed by the European Financial Reporting Advisory Group (EFRAG) and published in December 2024.



Thanks to Polychem Systems Sp. z o. o.'s close cooperation with the market and social partners, we are able to consistently achieve our business goals and perform our activities, such as:

1. Reducing emissions of volatile substances into the atmosphere
2. Limiting the amount of waste generated
3. Caring for the growth of our employees
4. Ensuring safety in the workplace
5. Transparent, ethical cooperation with the external environment

We want to maintain the position of a reliable and trustworthy partner that we have built over the years and, in line with our slogan „Professionals in polyurethanes“, continue to provide our customers with high-quality products based on our knowledge and experience.

Yours sincerely,

Jerzy Rogalski
CEO Polychem Systems

Organisational structure of the Company

The Company is divided into 25 departments, units and divisions, reporting to the Management Board, in accordance with the following organisational chart (as of December 2024):





Product groups

Polychem Systems offers 9 basic product groups



spray insulation systems
PUREX NG



pouring systems
PUREX WG



one-component polyurethane adhesives
DEKO, EKO



two-component polyurethane adhesives
DiPUR



flexible systems
PUREX EPI



polyurea coatings
PUREX ASP, PUREX PR, PUREX AM



sealing and adhesive compounds
FLEXPUR



aerosol products
assembly foams PROFI, PUROTAN, STURPUR adhesive



finished products
boards, insulation, technical fittings and pistons



Basis for preparing the report

The report was prepared on the basis of the Voluntary Sustainability Reporting Standard (ESRS VSME) for micro, small and medium-sized enterprises not listed on the stock exchange.

The presentation of data is based on the basic module and includes the most important information concerning Corporate Sustainability.

General information about the Company

over

40

years on the market

over

150

employees

over

20

countries serviced

In 2024, the Company generated over PLN 220 million in revenue and PLN 17.3 million in net profit.



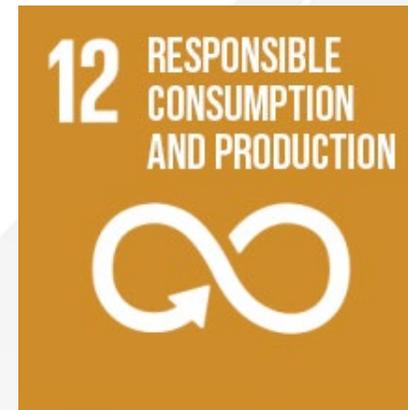


Company Mission

The Company's primary mission is to support manufacturers involved in polyurethane processing and to develop their production potential in accordance with the principles of corporate social responsibility.

Our primary goal is to offer products that meet customer requirements, are innovative, have consistent quality and the functional properties expected.

UN GOALS IMPLEMENTED AS PART OF THE ESG STRATEGY:



Module B1

General information

Company headquarters

Polychem Systems Sp. z o. o. has been operating on the market since 1982, and from the beginning it has been associated with the Wielkopolska region. Since 1993, after moving its headquarters from Swarzędz, it has been operating at ul. Wołczyńska 43 in Poznań.

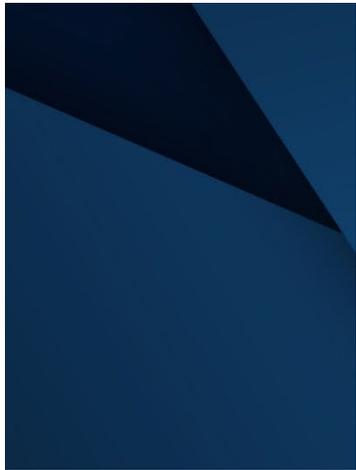
As the Company continued to grow, since 2017 it has been using an additional building at ul. Wołczyńska 43. In 2023, the company also acquired a newly built production hall, located at ul. Przemysłowa 14 in Żerniki near Poznań.

Location	Address	Postcode	Country	Coordinates
Poznań	ul. Wołczyńska 43	60-003	Poland	N 52° 22' 25" E 16° 49' 53"
Żerniki	ul. Przemysłowa 14	62-023	Poland	N 52° 19' 24" E 17° 02' 14"



Ownership structure of the Company

The company's shareholder is Polychem Isolierhandel GmbH (100% stake).



JERZY ROGALSKI
CEO



FRIEDERICH JAEGER
Member of the Management Board





Operational activities in accordance with the Polish Classification of Activities (PKD, NACE equivalent)

main subject of activity	22.29.Z	Manufacture of other plastic products
	25.24.Z	Manufacture of other plastic products
	25.23.Z	Manufacture of plastic products for construction
	51.55.Z	Wholesale of chemical products
	51.57.Z	Wholesale of waste and scrap
	45.21.Z	Mining support services
	67.13.Z	Financial auxiliary activities - provision of debt collection services
	20.52.Z	Manufacture of adhesives
	20.30.Z	Manufacture of paints, varnishes and similar coatings, printing inks and mastics
	38.32.Z	Recovery of raw materials from segregated materials
	72.19.Z	Construction of other building installations
	43.99.Z	Other specialised construction works N.E.C.
	43.76.Z	Wholesale of other intermediate products
	46.90.Z	Engineering activities and related technical consultancy
	71.20.B	Other technical testing and analysis
72.19.Z	Scientific research and development in other natural sciences and engineering	

Module B2

**Practices, policies and future initiatives
for transitioning towards a more
sustainable economy**

Quality and environmental policy

Reasonable management of raw materials, with the application of the idea of a circular economy and the identification of risks and consistent mitigation measures translate into safety and the expected quality of products, as well as purposeful actions in the areas of environment, society and management. We are committed to increasing customer trust and company credibility by meeting the requirements and expectations of our customers.

As part of process improvement and conscious development of the management system, we implemented the ISO 9001 standard in 2001. Since 2020, through the provisions of the ISO 14000, the management system also covers environmental issues within the organisation. Currently, the scope of certification by an independent body covers: the design, manufacture and sales of polyurethane products and polyurethane processing additives.



Poznań, 01.07.2024 r.

POLYCHEM SYSTEMS SP. Z O.O. QUALITY AND ENVIRONMENTAL POLICY

Polychem Systems Sp. z o.o. has been a leading manufacturer of polyurethane products for four decades. Reproducible quality of our products, expansion of our product range, improvement of our processes and commitment to the continuous professional development of our employees while ensuring environmental protection, all contribute to the strengthening of the company's position at home and abroad.

Reasonable raw material management with the application of the idea of closed circulation, as well as identification of risk and consistent mitigation measures, ensure that our products are safe and of the best quality and that our environmental, social and management actions are purposeful. We are committed to increasing customer trust and company credibility by meeting the requirements and expectations of our customers.

The involvement of all Polychem Systems Sp. z o.o. employees in continuous improvement of the Integrated Management System (compliant with PN-EN ISO 9001 and PN-EN ISO 14001 standards) guarantees the achievement of these goals.

Consistent implementation of the Quality and Environmental Policy and compliance with legal regulations guarantee the effectiveness and continuous improvement of the Management System, which ensures that Polychem Systems Sp. z o.o. grows and strengthens its market position.



THE MAIN OBJECTIVES INCLUDE:



building lasting relationships with customers through consulting, technical support and training



supporting employee involvement in good environment management practices



preventing pollution



continuously expanding the product range and development of new technologies



manufacture and timely delivery of products that meet individual customer needs, while paying special attention to the environment



striving to become a leader in the field of polyurethane products on the domestic market, dynamic development on European markets and strengthening position on the global market



using available means and organisational solutions to prevent extraordinary threats to the environment



Business ethics policy

In carrying out processes related to business activities involving the manufacture of polyurethane products and additives for their processing, Polychem Systems has committed itself to actions in the following areas:

WORKFORCE

ENVIRONMENT

SOCIETY AND EXTERNAL PARTIES

BUSINESS ETHICS



ACTIVITIES WITH REFERENCE TO WORKFORCE

1. Compliance with legal requirements specified in the Polish law and regulations specified in documents of the International Labour Organisation, including:

voluntary employment,

no forced labour,

job stability,

remuneration as agreed,

working hours as agreed,

freedom of expression, organisation of meetings and gatherings,

employment of minors on clearly defined terms that do not endanger their health or life,

no discrimination on any grounds,

overtime work as agreed.

2. Allowing the employees to actively participate in Company matters that affect them;
3. Ensuring occupational safety and fire safety, in particular in the area of machinery and equipment, vehicles, chemicals, and work at heights;
4. Minimising occupational risks and applying control measures with reference occupational risks;
5. Minimising incidents related to occupational safety, in particular accidents;
6. Improving working conditions;
7. Ensuring working conditions through appropriate procedures, standards and regulations that enable employees to perform their duties without conflict;
8. Ensuring proper professional relations between the employees in terms of cooperation and communication.



ACTIVITIES WITH REFERENCE TO THE ENVIRONMENT

1. Compliance with the requirements set out in the applicable environmental legislation;
2. Conducting activities in a manner that guarantees control over the impact on the environment;
3. Taking measures to reduce negative environmental impact, like minimising emissions, waste, energy consumption, use of raw materials and water;
4. Promoting a conscious approach to the management of natural resources, emissions and waste.

ACTIVITIES WITH REFERENCE TO SOCIETY AND EXTERNAL PARTIES

1. Respecting the rights of society and external parties under the Polish law;
2. Respecting the views of society and external parties on the actions taken;
3. Enabling expression of opinions on the Company's activities;
4. Promoting an ethical approach among society and external parties.



BUSINESS POLICY ACTIVITIES

1. Compliance with the requirements set out in the applicable environmental legislation;
2. Conducting activities in a manner that guarantees control over environmental impact;
3. Taking measures to reduce negative environmental impact, including minimising emissions, waste, energy consumption, use of raw materials and water;
4. Promoting a conscious approach to the management of natural resources, emissions and waste.

FUTURE BUSINESS POLICY ACTIONS

1. Increasing the share of renewable energy sources in the Company's energy balance;
2. Installation of new purification devices at air pollutant emitters;
3. Reducing raw material losses;
4. Creating new products based on circular economy solutions;
5. Raising employee awareness by organising training courses on environmental protection in the Company;
6. Implementing production processes in accordance with EU policy;
7. Supporting and promoting the process of thermal efficiency improvement;
8. Including the Company's products in the "Clean Air" programme.

Module B3

Energy and greenhouse gas emissions



Energy consumption

The natural environment plays a key role in the functioning of society and the economy so caring for it is no longer a matter of choice but rather a necessity.

Below are the key aspects related to electricity and fuel emissions in the context of renewable and non-renewable sources in 2024 in Polychem Systems:

Energy consumption in 2024	Energy from renewable sources* [MWh]	Energy from non-renewable sources [MWh]	Total [MWh]
Electricity (according to utility bills)	44,940	591,592	639,592
Fuel	0.000	649,473	649,473
Total	44,940	1,241,065	1,289,065

**87 kWp PV installation*

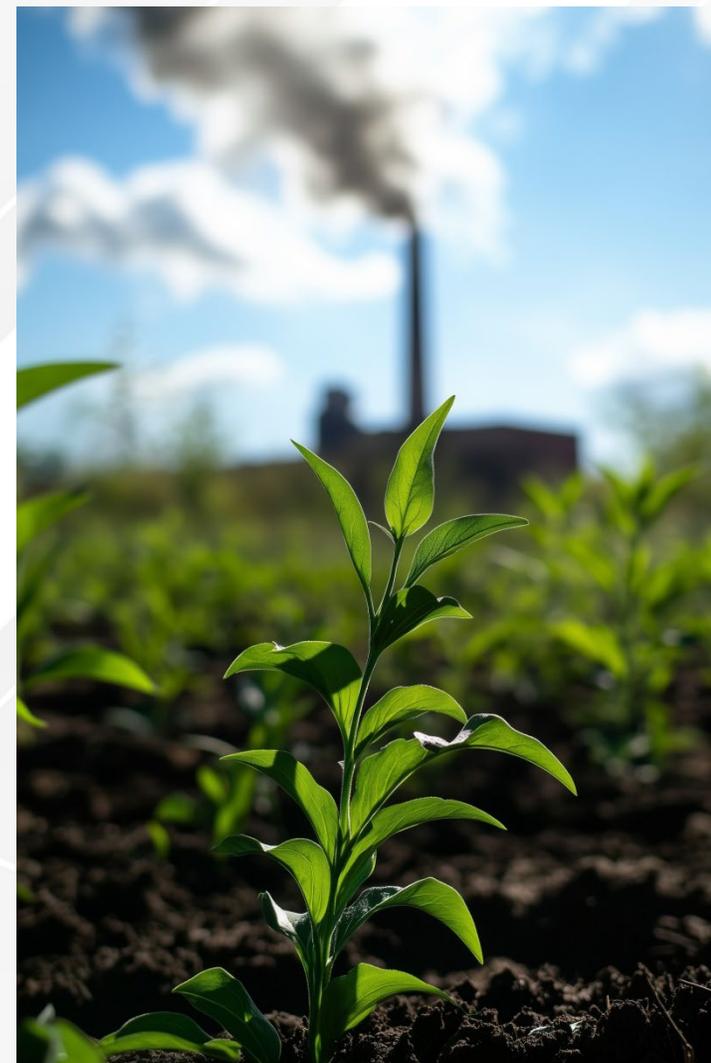


Carbon footprint

Carbon footprint, i.e. the total amount of greenhouse gases emitted by an organisation directly (e.g. through fuel combustion) and indirectly (e.g. through transport, energy consumption, supplier activities), allows us to understand the real impact of our activities on the climate.

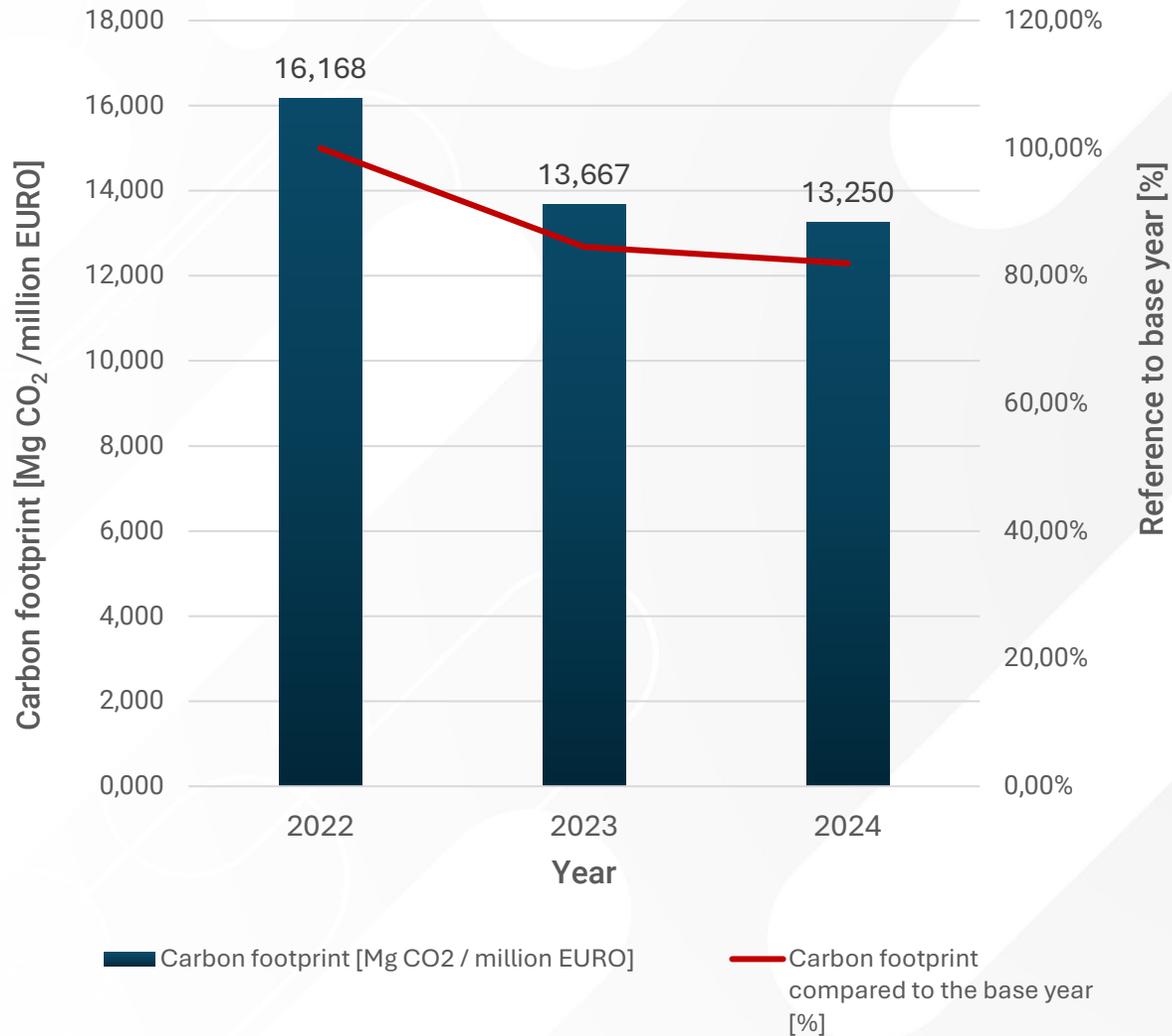
For the purposes of this report, carbon footprint was determined in accordance with the GHG Protocol – a global standard for calculating emissions, which divides emission metrics into three scopes:

Scope 1	direct emissions resulting, among others, from Company processes such as the consumption of fuels necessary for the operation of installations
Scope 2	indirect emissions, e.g. those arising from the production of purchased energy consumed in the company's technological processes
Scope 3	all other indirect emissions, e.g. emissions related to business travel, supply chain or waste disposal





Carbon footprint



The designated carbon footprint covers scopes 1 and 2. The base year is 2022, which is when the process of monitoring greenhouse gases generated directly by the Company began.

The carbon footprint in scope 3 is not calculated.

CO₂ emissions₂ Scope 1	322.94 Mg e CO ₂
CO₂ emissions in scope 2	353.18 Mg e CO ₂
Scopes 1 and 2 combined	672.12 Mg e CO ₂
Greenhouse gas emission intensity	13.25 Mg CO ₂ /million EUR

Compared to the base year 2022, the carbon footprint has been reduced by more than 15%, as shown by the red graph.

Module B4

Pollution of air, water and soil



Emissions of substances into soil

Pollution of air, water and soil are the three main areas where the effects of irresponsible production can be long-lasting and difficult to reverse. The Company is aware of its responsibility and makes every effort to minimise emissions.

Emissions of substances into air

In connection with its activities, Polychem Systems submits annual reports to the Marshal's Office of the Wielkopolska Province and the National Centre for Emissions Balancing and Management, containing complete information on air pollution emissions related to the Company's activities.

The emission of substances into the air is regulated by the IPPC Permit. The Company is also required to submit a report to the National Pollutant Release and Transfer Register – however, to date, the Company's emissions have been so low that no report was required.

Polychem Systems' activities do not generate wastewater. The Company has sorbents, drip trays and mats, sealed floors, etc., as well as additional safeguards against uncontrolled emissions into water and soil.



Module B5

Biodiversity



Biodiversity

As the Company operates in the chemical sector, it is aware of the potential impact of its activities on local biodiversity. Pollution, hydrological changes, noise and spontaneous infrastructure development can lead to irreversible changes in the functioning of wildlife, vegetation and aquatic life.

Polychem Systems is located in an urbanised part of the city, where the immediate vicinity limits the possibility of impacting environmentally valuable natural components. In its immediate

vicinity, there are mainly ruderal communities, heavily transformed by humans and inhabited by synanthropic species. The Company's operations therefore do not have a negative impact on any form of natural life.

Below is the most important information about biodiversity in the context of Polychem Systems' operations.

INFORMATION ON THE AREA OCCUPIED BY THE COMPANY AND AREAS SENSITIVE IN TERMS OF BIODIVERSITY

Location	Area [ha]	Area sensitive in terms of biodiversity	Characteristics
ul. Wołczyńska 43 60-003 Poznań, Poland	2.8895 (3.0706)*	None	Not applicable
ul. Przemysłowa 14 62-023 Żerniki, Poland	0.7751	None	Not applicable

*0.1811 ha is the area that the Company uses and pays property tax on. The Company does not own this area.



Use of land

All land used is located outside protected areas. The table on the right shows selected forms of nature protection closest to individual Polychem Systems plants.

Polychem Systems does not have a negative impact on any component of the natural environment

Location	Nearest forms of nature conservation
<p>ul. Wołczyńska 43 60-003 Poznań Poland</p>	<ol style="list-style-type: none"> 1. Wielkopolska National Park (6.0 km) 2. Rogalin Landscape Park (8.6 km) 3. Wiryńska River Valley Protected Landscape Area (4.2 km) 4. Natura 2000 areas: <ul style="list-style-type: none"> • Fortifications in Poznań (2.8 km) • Wielkopolska Refuge (6.0 km) • Rogalin Refuge (6.0 km) • Warta River Valley in Rogalin (8.5 km)
<p>ul. Przemysłowa 14 62-023 Żerniki Poland</p>	<ol style="list-style-type: none"> 1. Wielkopolska National Park (8.8 km) 2. Rogalin Landscape Park (8.4 km) 3. Protected landscape area in the municipality of Kórnik (2.1 km) 4. Protected landscape area of the Cybina River Valley in Poznań (8.0 km) 5. Natura 2000 areas: <ul style="list-style-type: none"> • Fortifications in Poznań (7.2 km) • Średzka Struga River Valley (7.6 km) • Wielkopolska Refuge (8.8 km) • Rogalin Refuge (9.0 km) • Warta River Valley in Rogalin (9.0 km)



The tables below show how our land is used in individual plants:

ul. Wołczyńska 43, 60-003 Poznań	Area [ha]		
Land use	Previous year	Reporting year	Change [%]
Total impervious areas	1.436486	1.436486	0.0
Total land use	2.8896 (3.0707)	2.8896 (3.0707)	0.0

ul. Przemysłowa 14, 62-023 Żerniki	Area [ha]		
Land use	Previous year	Reporting year	Change [%]
Total impervious areas	0.5437	0.5437	0.0
Total land use	0.7758	0.7758	0.0

Module B6

Water



The Company's water resources

Water is one of the most valuable resources on earth and one of the most important resources used in the chemical industry, serving not only as a technological raw material, but also as a cooling agent and a component of safety systems. The table below provides information on the water resources used at Polychem Systems:

Location type	Water consumption [m ³]	Water consumption [m ³]
All locations	Water supply network: 3243 Deep well: 658*	Water supply network: 3243 Deep well: 658
Locations in areas with water deficit	Water supply network: 3243 Deep well: 658*	Water supply network: 3243 Deep well: 658

* The deep well is used only for filling the fire reservoir. In 2024, the reservoir was rebuilt and had to be filled with water.

Polychem Systems' activities have never led to an overload of the water supply network, even during periods of greatest water shortage.

The Company's activities generate only domestic sewage.



In accordance with the Drought Mitigation Plan, the Company's facilities – both its headquarters at ul. Wołczyńska 43 in Poznań and its production plant at ul. Przemysłowa 14 in Żerniki – are located in areas that have been classified as being at high risk of drought. Thus, in accordance with the ESRS VSME standard, these areas have been assigned as areas with water deficit.



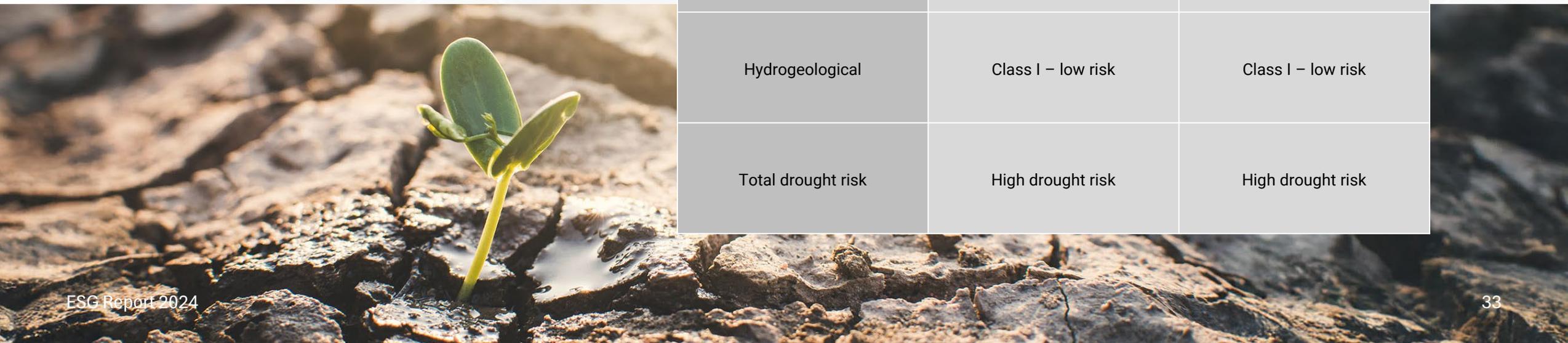
Drought risk areas

The table on the right contains information on the location of the Company's facilities in areas at risk of drought.

The division into five types of drought risk is based directly on the Regulation of the Minister of Infrastructure on the Adoption of the Plan to Counteract the Effects of Drought of 15 July 2021.

Accordingly, the individual facilities owned by the Company have been assigned to the following areas and classes:

Drought risk area	ul. Wołczyńska 43 60-003 Poznań, Poland	ul. Przemysłowa 14 62-023 Kórnik, Poland
Atmospheric	Extreme risk	Extreme risk
Agricultural	Class IV – extreme risk	Class IV – extreme risk
Hydrological	Class II – moderate risk	Class II – moderate risk
Hydrogeological	Class I – low risk	Class I – low risk
Total drought risk	High drought risk	High drought risk



Module B7

Resources use, circular economy
and waste management



Type of waste generated by the Company

Due to the nature of its business, designing processes that are fully compliant with the principles of the circular economy (CE) is a challenge for the Company. Its activities focus on minimising raw material losses and reducing the amount of waste generated, e.g. by using reconditioned IBC containers or reusable pallets for deliveries of orders.

Both municipal and industrial waste at the Company is collected selectively. A multi-stage quality control process has also been introduced to prevent the generation of additional waste.

In order to meet growing market expectations, Polychem Systems is constantly looking for raw materials with a lower carbon footprint and improves its own products, e.g. by introducing a single-component adhesive that enables the effective management of polyurethane foam waste.

The table below provides information on the types of waste generated by the Company:

Type of waste	Waste generated [Mg]	Amount of waste sent for recycling or reuse [Mg]	Amount of waste sent for disposal [Mg]
Non-hazardous waste	77,166	22,831	54,335
Hazardous waste	166,504	0.000	166,504

Module B8

Own human resources – workforce



Employment ratio by gender

From the very beginning of its operations, Polychem Systems has been steadily increasing its team, reaching 154 employees on 31 December 2024. With the exception of one person employed on a contract for services basis, all employees have an employment contract.

Most of the team are long-term employees with permanent contracts. The employee with the longest service record has been with the Company for over 41 years – almost since its establishment, while the average length of employment at the Company is 10 years and 4 months.

The gender ratio is 54% men and 46% women. Detailed information on the number of women and men employed by the Company on the basis of employment contract is presented in the table below:

Gender	Number of employees (according to full-time equivalents/number of employees)
Men	83
Women	70

Employment ratio by country

Employment data broken down by country is provided below:

Country	Number of employees (under an employment contract)
Poland	153

Staff turnover in the Company

In 2024, the employee turnover rate at Polychem Systems was 2%, which indicates stable employment, translating into the achievement of the Company's objectives.



Module B9

Own human resources –
health and safety



Health and safety

Concern for safety compliance constitutes pt. 8 on the UN Sustainable Development Goals list, which refers to the protection of employee rights and the promotion of a safe working environment for all employees.

As a responsible employer, Polychem Systems knows that employee comfort and satisfaction translates into both their efficiency and the quality of the processes carried out.

A tidy environment minimises the risk of accidents, downtime and losses, thereby supporting the stable development of the Company. Therefore, the Company invests in health and safety technologies, training and procedures, creating a work culture based on risk awareness and responsibility for shared safety.

The annual accident rate at Polychem Systems was 0.654. In 2024, there was one reportable accident involving a finger injury, which resulted in one employee being on sick leave for three weeks.

An analysis of the causes of the incident did not reveal any violations of health and safety regulations on the part of either the employer or the employee. In order to avoid similar incidents in the future, the Company conducted preventive training for its employees.



Module B10

Own human resources – remuneration,
collective bargaining and training

Remuneration, collective bargaining and training

Employee trainings available at Polychem Systems include specialist training, language courses and workshops covering soft skills. In addition, the Company runs first aid courses, regular drills for the Company Rescue Brigade and trainings in environmental protection. Every member of the team has equal access to training.

The table below shows the average time spent on training, broken down by gender:

Average time spent on training per employee, broken down by gender in 2024	
Men	28.91 hours
Women	23.14 hours

The Company did not collect data on remuneration and collective bargaining agreements in 2024. During the reporting period, none of the employees was covered by a collective bargaining agreement.



Module B11

Convictions and fines
for corruption and bribery

Business ethics

In a dynamic and complex business environment, effective corporate governance is the foundation of trust among stakeholders – investors, employees, customers, public administration representatives and society.

At the end of 2024, the Company therefore implemented an internal procedure resulting from the Whistleblower Act.

In its Business Ethics Policy, the Company has clearly defined its commitments to its employees, the environment, society and contractors. In the area of business ethics, the Company has placed emphasis on compliance with national and international regulations, anti-corruption and the protection of intellectual property and business partners' data. The full text of this document can be found in module B2: **Business Ethics Policy**.

The Company's commitment to conducting its business in accordance with the principles of transparency is confirmed by the fact that it has not received any convictions or fines for violating anti-bribery regulations. Concern for the effectiveness of internal anti-corruption procedures and a responsible approach to relations with contractors, customers and public institutions is one of the main pillars of Polychem Systems.





Summary

Guided by the principles of sustainable development, the Company is constantly developing its activities: it invests, increases employment, expands its product range and implements additional services, such as consulting, training and technical support, enabling the building of lasting business relationships.

It also regularly seeks new solutions to increase the share of Renewable Energy Sources (RES), methods to improve technologies that reduce emissions and raw material losses, as well as ways to implement solutions compatible with the circular economy.

Business responsibility does not end with production processes – it encompasses people, the environment and social relations. Achieving goals in these areas is an integral part of the Company's strategy, which proves through its activities that the chemical industry can operate in harmony with ethical values without sacrificing its two most important characteristics: innovation and development.

Collecting data for the sustainability report presented Polychem Systems with many new challenges, partly due to the fact that some of the disclosed indicators were being determined for the first time. As the information collected in this way facilitates multi-faceted management, the Company intends to publish reports in subsequent years, expanding and refining the data collection methodology.



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