

NON-FINANCIAL REPORT

CIECH Group

KRS 0000011687
Regon: 011179878
NIP: 118-00-19-377
Share capital: 263 500 965,00 PLN (fully paid-up)

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5,415

Sales revenue [PLN m]

1,021

EBITDA [PLN m]

1,033

EBITDA(Z) [PLN m]

565

Net profit [PLN m]

8,093

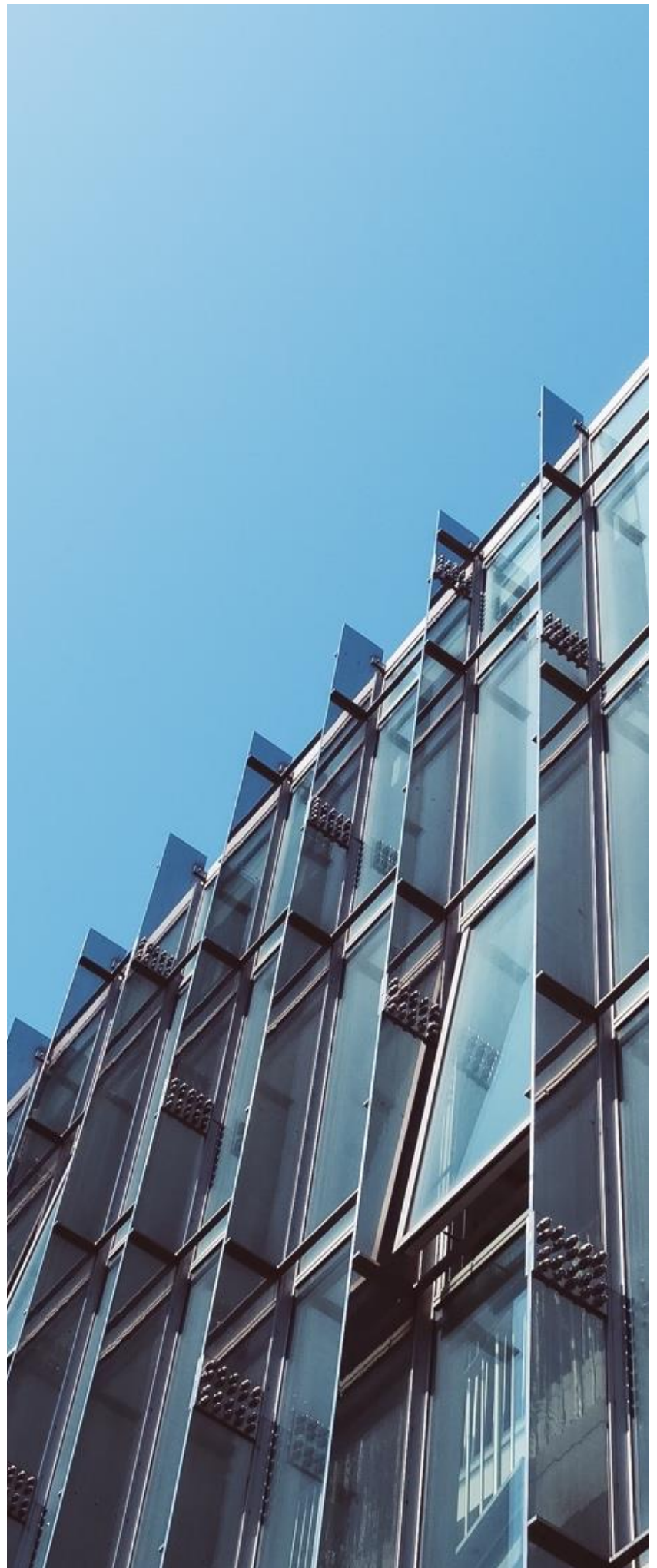
Asset value [PLN m]

3,512

Employees

5

Business Segments



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DEAR SIR OR MADAM,

I kindly encourage you to read the Non-financial Report of the CIECH Group for 2022, which presents the impact of our company on its environment and our initiatives in the areas of sustainable development, environmental protection, business ethics and employee matters. Last year featured a very important moment for our organisation, the publication of the Strategy of the CIECH Group for 2022-2024, the primary goal of which is to build a modern chemical group ready to meet the challenges of the future, creating value for its stakeholders.

What is particularly of essence to me is that our new business strategy remains consistent with the goals of CIECH's ambitious ESG strategy and our Group's commitments towards the world around us. I am proud that the principles of sustainable development define the basic direction of our development - we know the importance of our responsibility towards the planet and the future generations to whom we will leave it. Accordingly, our financial and economic goals are pursued in harmony with care for natural resources and the environment and supported by a wide range of socially important initiatives, relating both to employees and third-party stakeholders. At the same time, we strive for full transparency of our operations and impact on the environment, as well as to enable our partners and external stakeholders to continuously verify our progress on the path of energy transformation.

Our long-term environmental goals remain unchanged – to phase out coal in our production processes by 2033 and achieve climate neutrality by 2040. One of our strategic priorities is the energy transformation, focusing primarily on the Soda segment. Our plans in this area include, among others: obtaining energy from thermal waste processing installations or the use of biomass fuels.

We have also given strategic importance to the area of occupational safety. Our goal is to become an industry leader in this regard, setting the best market standards, and our primary commitment is to reduce the frequency of injuries in our plants by 30% by the year 2024. I am happy that our “Safe CIECH” campaign run within the Group brought spectacular results in 2022, and six of our companies received awards for achieving the “zero injuries” goal over the past year.

2022 was the first full year of functioning of the Code of Conduct of the CIECH Group and the Code of the Business Partner, on the basis of which we responsibly undertake cooperation only with those counterparties who share our values in the area of care for the environment, society and the highest standards of corporate governance.

The past year was yet another one in which we faced dynamic changes. It was not only a trial period for business, but also a test of our humanity. The challenges related to the pandemic period were joined by the new ones arising from the tragedy of the war in Ukraine. Therefore, this year the social aspect of our ESG strategy gained particular importance, which we implemented, among others, by donating protective masks and mattresses produced in our factory in Bydgoszcz to help points for refugees from Ukraine, or by providing our neighbours with medical supplies and power generators. We also kept participating in other initiatives, both those important for the local communities in which we operate and those identified by our employees.

I am pleased to emphasise that our products support the implementation of the sustainable development goals defined by the United Nations, while remaining a symbol of the best market quality. The prestigious International Food Standard certificate for salt from our German evaporated salt plant, awarded in 2022, or the fact that CIECH Pianki - as the first Polish manufacturer of

polyurethane foams - received the ISCC Plus (International Sustainability and Carbon Certification) certificate, are examples of CIECH's efforts to meet the challenges of the future. Invariably, our basic product - soda ash - supports progress in the world's key areas related to renewable energy sources or the development of electromobility.

Since 2019, we have been undergoing a transformation as part of which we consistently change the CIECH Group into a modern holding with a global reach, acting in line with the idea of sustainable development, where financial and economic goals are pursued in harmony with care for natural resources and the environment, and supported by a wide range of socially relevant initiatives, concerning both our employees and external stakeholders. We also care about full transparency of our activities and impact on the environment.

Presenting this report, which is a comprehensive description of the CIECH Group's impact on its environment, I would like to thank all our employees, partners and external stakeholders with whom we combine our efforts to implement the idea of corporate social responsibility.

Yours faithfully



Dawid Jakubowicz

President of the Management Board of CIECH S.A.

CIECH GROUP

The CIECH Group is a global chemical group of companies, focusing on promising markets.

The CIECH Group is an international, professionally managed group, with a well-established leader position in the chemical industry in Central and Eastern Europe. It employs over three thousand people in the European Union. It manufactures products that are used to create articles necessary in the daily lives of millions of people around the world, which is why it is an important element of many branches of the economy - construction, automotive, agriculture, chemical, food and pharmaceutical industries.

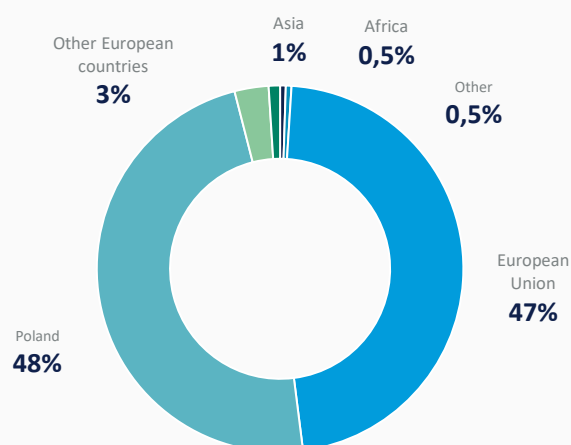
We are the second largest manufacturer of sodium carbonate (soda ash) and sodium bicarbonate (baking soda) in the European Union, one of the largest manufacturers of evaporated salt in Europe, the largest supplier of sodium silicates in Europe, the largest Polish and one of the largest European manufacturers of plant protection products, and a leading producer of polyurethane foams in Poland.

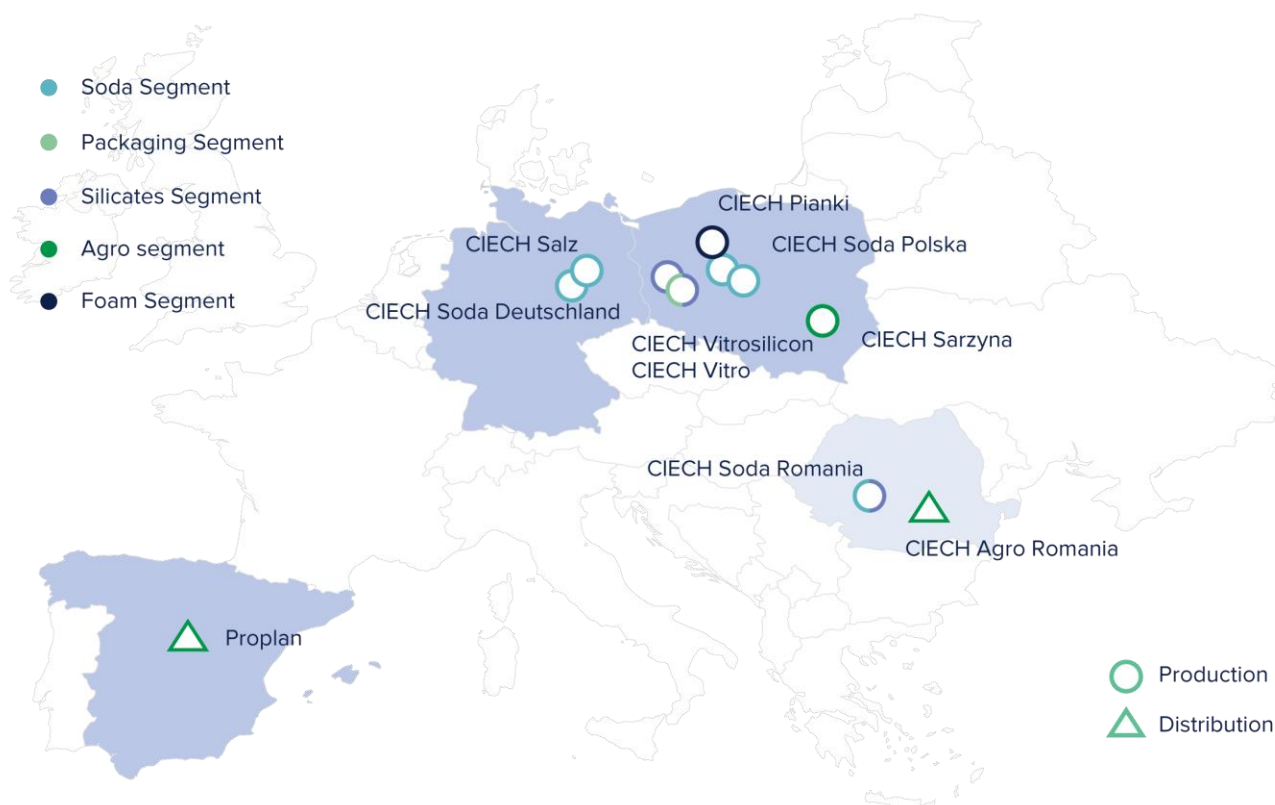
The clients of the CIECH Group are both global chemical groups and smaller customers from Europe, Asia, North and South America and Africa. Our products are sold to over 100 countries around the world. The most important market for the CIECH Group's products is the European Union, predominantly Poland and Germany, as well as the countries of Central and Eastern Europe.

The priority of the CIECH Group is the maximum adjustment of the offer to the individual needs of the customer and the provision of the highest level of service understood as the quality of customer service, product quality, level of logistics, product availability and delivery guarantee.



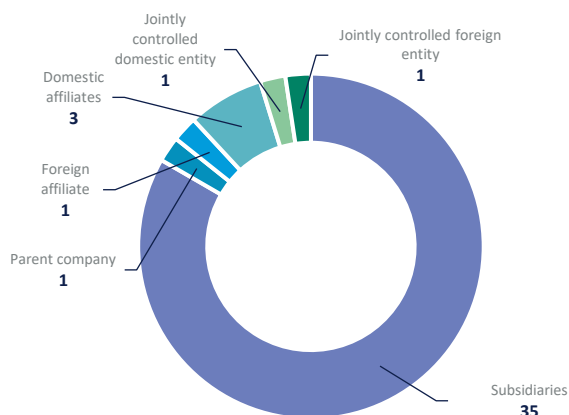
Figure 1 Geographical structure of the CIECH Group's revenues in 2022





As of 31 December 2022, the CIECH Group comprised 42 business entities.

Figure 2. Structure of the CIECH Group in 2022



The headquarter of the CIECH Group is located in Warsaw. Commercial activity is carried out primarily by CIECH S.A., subsidiaries of CIECH S.A. - domestic and foreign commercial companies and selected production companies (CIECH Sarzyna S.A., CIECH Vitrosilicon S.A., SDC Group, CIECH Piarki Sp. z o.o.).

Production activity is carried out by production plants, which are also subsidiaries of CIECH S.A. Production is located in 9 production plants, of which the five largest (two in Poland, two in Germany and one in Romania) operate in the Soda segment and produce soda ash and soda derivatives (in the case of CIECH Soda Romania S.A., the plant also manufactures products of the Silicates segment, the soda plant in Janikowo also manufactures salt products, and the plant in Germany produces electricity which is further sold to third-party entities). The remaining 4 plants operating in the Agro, Foams, Silicates and Packaging segments are located in Poland. The production of soda at the plant in Romania was suspended in the third quarter of 2019 (more information can be found in our Current Report No. 40/2019).

The strategic and operational goals of the CIECH Group are realised within the organisational structure based on functional divisions, covering the functions of sales, production, purchases, and support.

OUR VALUES



RESPONSIBILITY

We are not indifferent to our work, because we treat CIECH as our own business. We care about how our company is doing, how it is developing, how it is perceived and how our associates feel in it.

This is why we take responsibility for our words and actions: for the effects of our work, for quality, reliability, customer, and associate satisfaction, and for their safety.

We are able to look wider and further, anticipating the consequences of our actions and decisions on others and identifying risks and opportunities early enough to be able to take effective action.



RELIABILITY

We guarantee the quality and timeliness of all our activities.

We keep our word and commitments, and we are transparent in communication, providing reliable information. This enables us to build relationships based on trust and to be a reliable partner for our employees, customers, and investors.



TEAM

As the CIECH Group, we are reliable thanks to our team approach. We trust one another, we share information and knowledge.

We care for and support one another on the way to achieving a common goal, using the strengths of each person.



DEVELOPMENT

We know that by standing still, we are actually going backwards. To build a stable future, we must continuously develop and move forward. That is why we are actively looking for ways to improve our processes, working methods and competences.

We follow trends, broaden, and deepen our knowledge, and develop our skills. We are committed to the development of our employees, introduce modern tools and create an inspiring work environment conducive to development.

OUR PRODUCTS



We manufacture both core raw materials in inorganic chemistry (e.g., sodium carbonate) and products with a higher degree of processing (sodium bicarbonate, silicates, plant protection products). Many of our products are not used directly by consumers but are a significant contribution to final products that support the achievement of the United Nations Sustainable Development Goals.

Almost 90% of our revenues come from the sale of products whose end-use supports the achievement of the UN sustainable development goals.



SODA SEGMENT

The Soda segment is the area with the greatest share in the Group's financial results. In 2022, it was responsible for 77% of the Group's EBITDA. In this segment, we manufacture sodium carbonate, sodium bicarbonate, salt, and other products such as calcium chloride or hopcalite. In addition, we are a seller of low-emission (gas) electricity in Germany, which serves, among others, local system regulation and balancing.



SODA ASH

- We are the second largest producer in Europe.
- We currently produce soda ash in Inowrocław, Janikowo and Stassfurt.
- **Production capacity: up to 2.6 million tonnes per year¹**

BAKING SODA

- We are the second largest producer of baking soda in Europe.
- We manufacture it in Inowrocław and a state-of-the-art plant in Stassfurt.
- Baking soda is produced from soda ash.
- Production capacity: up to **200 thousand tonnes per year**.

SALT

- Currently produced in Janikowo and the ultra-modern plant in Stassfurt
- **The total production capacity for salt is approx. 1 million tonnes per year.**

¹Including the production plant in Romania remaining in hibernation and the soda ash used in the production of sodium bicarbonate (baking soda).

SODA ASH (SODIUM CARBONATE Na_2CO_3)



Sodium carbonate is one of the basic raw materials for glass production - about half of the soda produced worldwide is used in the glass industry. We are the second largest producer of soda ash in Europe.

Our customers use CIECH soda to manufacture, among others:

- flat glass for construction, used in modern and effective architecture,
- photovoltaic and solar panels,
- automotive glass, used among others in the production of electric vehicles,
- environmentally friendly glass packaging,
- packaging vials for medicines and other glass packaging, as well as instruments used in pharmacy and laboratories,
- environmentally friendly washing and cleaning agents.

In addition, soda ash is used in metallurgy and in the chemical industry, e.g., to produce certain types of mineral fertilisers, as well as dyes and pigments.

There are two basic types of soda ash:



DENSE SODA

mainly used to produce glass,



LIGHT SODA

mainly used to produce loose detergents.

The main difference between light and dense soda is the bulk density (1 tonne of light soda is of higher volume than 1 tonne of dense soda), and the basic chemical characteristics are identical. The type of product purchased by customers depends primarily on the technology they use and on their individual preferences.

The CIECH Group sells soda ash both in bulk and packed in big and smaller bags. Bulk product is transported to the customer in special cisterns or railway wagons, and packaged product - by road or rail transport. Soda ash is also transported by ships, in bulk or in packages, most often loaded into containers.

BAKING SODA "SOBIC" (SODIUM BICARBONATE - $NaHCO_3$)



Baking soda is a product made of soda ash. It is an important pharmaceutical product, whether used alone (e.g., for dialysis) or as an ingredient in medicines. It is also used in the cosmetics industry. We are the second largest producer of baking soda in Europe.



PHARMACEUTICAL-GRADE DIALYSIS SODA

Specially purified soda with strictly defined granulometric parameters and meeting the requirements of strict regulations (including API certification, GMP+).



PHARMACEUTICAL-GRADE SODA

It has acid-neutralising properties, the ability to bind other substances and cleaning properties, which makes pharmaceutical-grade soda widely used in the pharmaceutical and cosmetic industries.



FOOD-GRADE SODA

A product with a wide range of applications in the food industry and in households. CIECH food-grade soda that meets the requirements of the relevant regulations regarding products admitted to consumption (including IFS certification).



FEED SODA

Feed material used by both feed producers and individual farmers.



INDUSTRIAL-GRADE SODA

The product is widely used in numerous industries, primarily as a sorbent in flue gas desulfurisation installations, in the production of detergents, as well as in the paper and chemical industries.

PRODUCTION PROCESSES OF SODIUM CARBONATE AND BICARBONATE

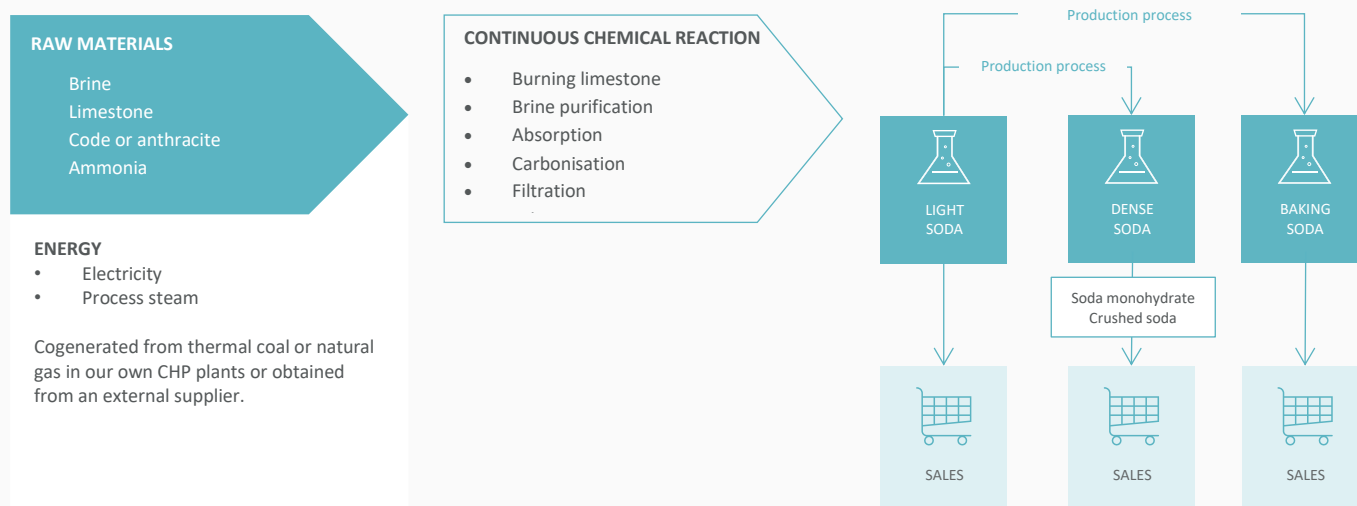
The production of soda in the CIECH Group is the responsibility of the following three companies: CIECH Soda Polska S.A. (plants in Janikowo and Inowrocław), CIECH Soda Deutschland GmbH & Co. KG (Stassfurt) and CIECH Soda Romania S.A. (Ramnicu Valcea – production suspended in September 2019). Sodium carbonate is produced in all plants and sodium bicarbonate – in Inowrocław and Stassfurt.

Main raw materials used in the production process in the Soda segment include limestone, salt brine, ammonia, furnace fuel (coke or anthracite) and heat (in the form of high-quality process steam).

Soda ash production plants are in the immediate vicinity of limestone and brine suppliers - this is necessary due to the high costs of transporting this raw material. In the case of the production plant in Germany, we use our own deposits of both brine and limestone. In the case of the Group's Polish plants, we have long-term relationships with suppliers of these key raw materials. In 2022, we concluded agreements securing the supply of brine to the production plants of CIECH Soda Polska S.A. by the end of 2025 under predictable conditions.

Coke is the so-called furnace fuel, used to burn limestone and produce carbon dioxide used in the further part of the process. Coke is usually supplied under short or long-term contracts. In the soda production process, coke can be replaced with anthracite, which is slightly less efficient. In practice, we usually use a mix of coke and anthracite, and their share depends primarily on prices and availability on the market.

The largest component of manufacturing costs in the production process is heat energy in the form of process steam – production plants in Poland and Germany have their own CHP plants. The energy resource used in Inowrocław and Janikowo is hard coal, and in Stassfurt, Germany - natural gas. Hard coal supplies are made under both short-term and annual contracts with a fixed price or adjusted by various indexes, and the costs of gas supplied in Germany refer to the market prices of this raw material (in the case of options - to prices under option contracts). The plant in Romania, where production has been suspended since September 2019, used process steam purchased from an external supplier.



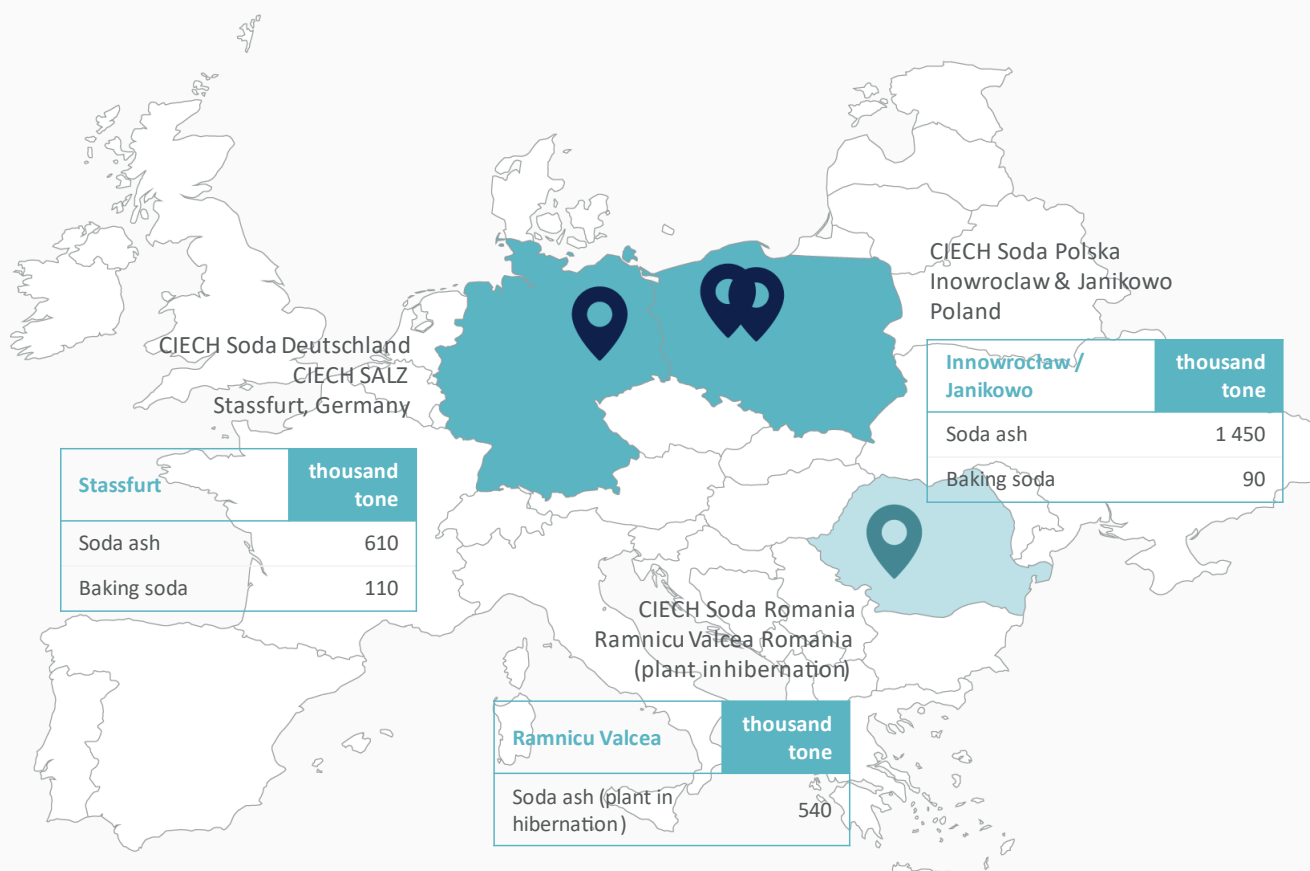
In recent years, we have been intensively developing the Soda segment. After expanding the production capacity of the soda plant in Inowroclaw by 200 thousand tonnes per year implemented in 2016, in 2020 we completed the implementation of a several-year project to increase the production capacity of baking soda at the plant in Germany. Currently, our German plant can produce over 100 thousand tonnes of baking soda per year, including the highest quality class in accordance with the requirements of the pharmaceutical market.

Further development in the soda area will take place mainly through optimisation and increase in efficiency, as well as improvement in product quality and focus on more processed products. At the same time, we care about the quality of service for existing customers, and we are intensively looking for new customers.



PRODUCTION CAPACITY OF THE CIECH GROUP'S SODA PLANTS

**SODA SEGMENT
SODA ASH AND BAKING SODA**



SALT (NaCl)



Evaporated salt of which we are a producer is widely used in the following industries:

- Pharmaceutical - as a component of pharmaceuticals. Salt from the Stassfurt plant meets stringent purity standards for products for medical applications. Certification is currently underway, the completion of which will enable us to sell this product of the highest quality and purity,
- Food - alone or as a component of supplements enriching the diet of wild and farm animals (cows, horses, sheep, goats, and forest animals). In this case, feed salt or in the form of licks is enriched with minerals (copper, cobalt, selenium, zinc, manganese, iodine),
- Water treatment and softening processes, thanks to which it contributes to the reduction of water, detergent, and fuel consumption. It also extends the life of household appliances.
- Chemical industry and other branches of heavy industry - mainly in electrolysis processes.

In 2022, we increased the scale of commercial sales of salt from the evaporated salt production plant in Germany, launched in 2021, whose production capacity is planned at approximately 450,000 tonnes of salt annually. This means almost doubling our production capacity, previously concentrated in Janikowo. Due to the investment in Stassfurt, we improved the production capacity of evaporated salt to about 1 million tonnes and found ourselves among the largest producers in Europe, with an established position in Central Europe and Scandinavia, and with the prospect of expansion to Western European markets.

The salt plant in Stassfurt is one of the most modern facilities of this type in Europe. Evaporated salt is produced there using a different technology than in the Polish plant. Instead of steam-heated evaporators (MEE technology), we used a fully automated production line based on MVR technology (evaporation of water by supplying compressed steam). Based on Boyle's physical law, the technology results in significant savings and increases the efficiency of salt production.

The solutions applied in Stassfurt also include the use of an effective, low-emission source of heat energy (an efficient gas-fired CHP plant) and effective management of heat energy in the production process, confirmed by the ENEC certificate. In addition, the electricity used in the salt plant is 100% renewable, i.e., from renewable energy sources. In addition, the plant has been equipped with an optimal system for managing production waste, which is discharged to an underground storage site. Our new plant is equipped with a modern, fully automated high-storage warehouse.

The advantages of the German location of the new plant are the availability of its own sources of raw materials (brine), a low-emission and effective source of energy, and the location enabling expansion on attractive Western European markets. In 2022, we obtained the prestigious International Food Standard certificate, confirming the high quality of salt from our German salt plant. This certificate is also held by Sól Kujawska, produced in our plant in Janikowo.

Last year, Stassfurt salt was also recognised as compliant with the international HACCP (Hazard Analysis and Critical Control Points) standard to ensure food safety.

SALT PRODUCTS OF THE CIECH GROUP

TABLE SALT AND IODISED TABLE SALT

Produced from a salt solution derived from the wet exploitation of natural salt deposits, by obtaining brine. It contains a minimum of 99.9% sodium chloride and is widely used in the food industry. The CIECH Group sells salt primarily in one-kilogram bags under the Sól Kujawska brand and under private labels of food chains, as well as in larger, 25-kilo packages targeted at business customers.

SALT WITHOUT ANTI-CAKING AGENT

Used for food production (mainly products manufactured based on the BIO market - no anti-caking agent in such product).

AQUA PRO SALT TABLETS

Are used in water treatment systems, e.g., for the regeneration of ion exchangers, water softeners and multifunctional filters that capture components contributing to water hardness (calcium and magnesium). The main recipients of salt tablets produced by the CIECH Group are households (home water treatment), administrators of multi-family buildings (water treatment for housing estates), industry (water treatment in production processes), as well as entities such as swimming pools, car washes and hospitals.

Tablets under the Aqua Pro brand are currently produced in the CIECH factory in Janikowo and are sold on the markets of Central and Eastern Europe and Scandinavia. As of 2023, the brand will also be offered as part of the portfolio of the German salt plant in Stassfurt and distributed on the Western European markets.

FEED SALT AND SALT LICKS

Used in agriculture and in the production of animal feed. The salt content perfectly complements the diet of farm animals, especially ruminants, with minerals. Our products are also used in feeding forest animals as they improve the assimilation of potassium, magnesium, and calcium. Feed salt is sold in the GMP+ chain (international standard for good practice in the production and transport of feed).

CURING SALT

Nitrite curing salt (curing salt) is an irreplaceable auxiliary agent in the production of meat and sausage products. Curing refers to one of the oldest ways of preserving food - preservation with salt.

G-SALT GRANULATE

Used in dishwashers, since 2022 sold under the G-Salt brand. The product is ISO 9001 and ISO 14001 certified and is widely used in households. It extends the life of dishwashers and increases washing efficiency, reducing the consumption of water and detergents.

INDUSTRIAL SALT

Is one of the ingredients in the production of detergents, washing powders and dyes. It is also widely used in the electrolysis process.

WINTER SALT

Quickly and effectively dissolves salt and ice on pavements, stairs, and driveways.

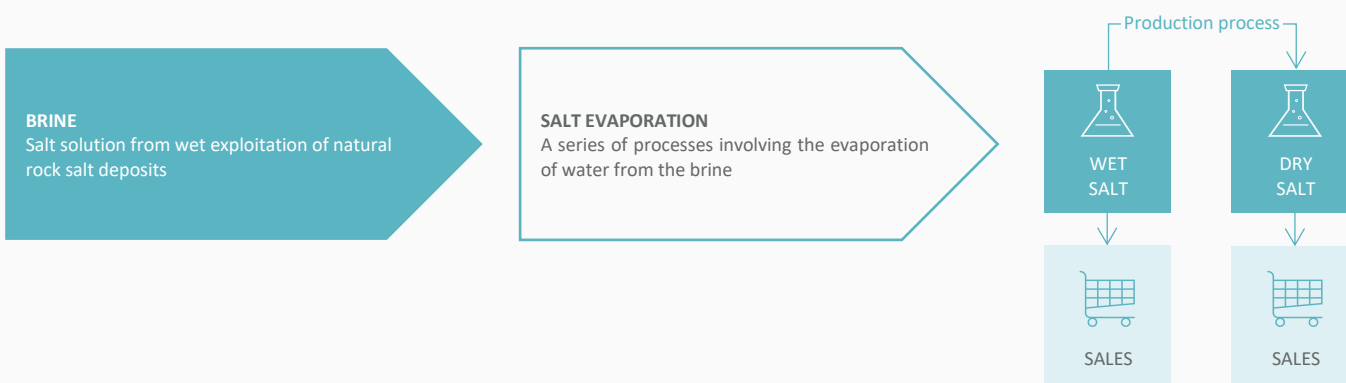
The preparation of salt products for medical applications is underway (including certification).

We are currently focusing on the development of specialist products within the dry salt portfolio, focusing on increasing production capacity, developing new products and sales directions.



SALT PRODUCTION PROCESS

Evaporated salt is produced from a salt solution derived from the wet exploitation of natural deposits of rock salt:



PRODUCTION CAPACITY OF THE CIECH GROUP'S SAL PLANTS

SODA SEGMENT
SALT PRODUCTS



OTHER PRODUCTS OF THE SODA SEGMENT

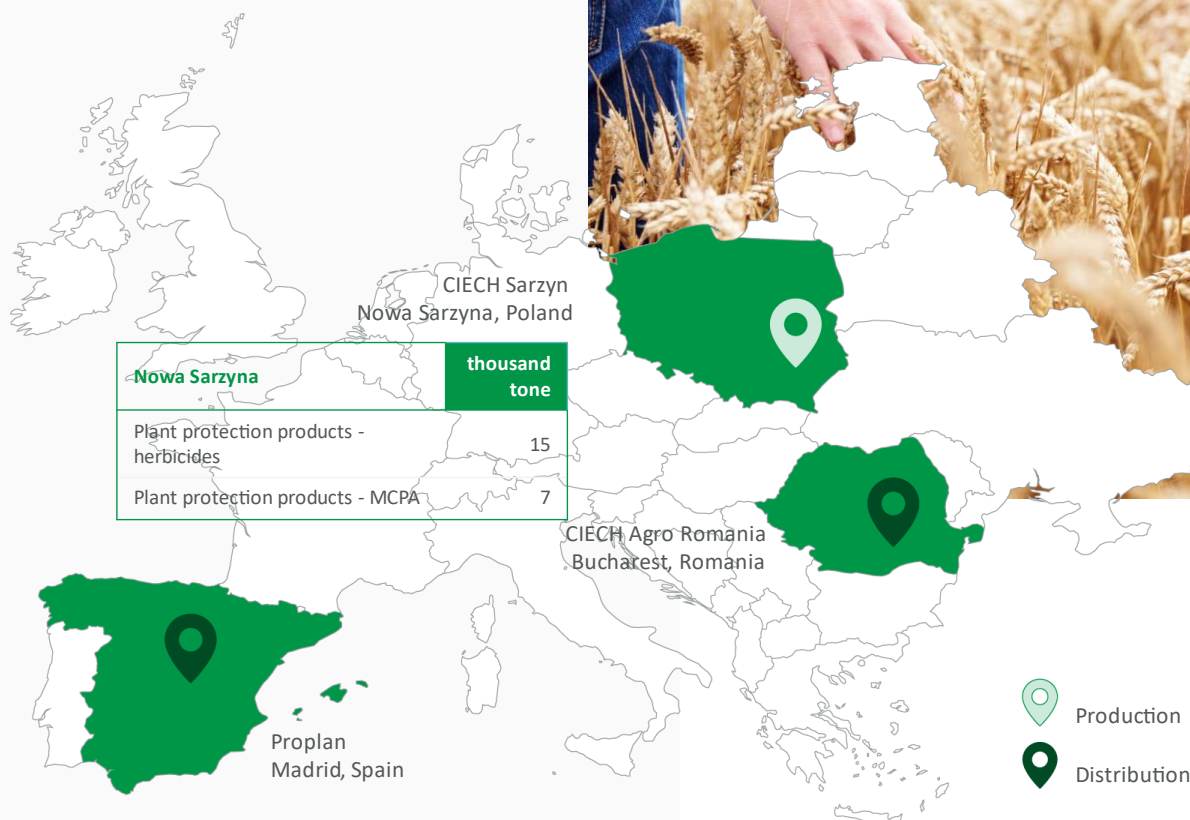
As part of the Soda segment, we also make products such as:

- **Calcium chloride (CaCl₂)** – used e.g., as an environmentally friendly agent for road maintenance in the winter season (de-icing) and outside it (dust removal), as a source of easily assimilable calcium for vegetables and fruits.
- **Hopcalite** – used in respiratory protection devices such as gas masks, breathing apparatus and carbon monoxide monitoring devices.
- **Electricity** – part of the electricity generated in our Stassfurt gas-fired CHP plant is sold on the market. Furthermore, for additional remuneration, the CHP plant participates in stabilising the power grid and balancing renewable sources.



PRODUCTION CAPACITY OF CIECH GROUP'S PLANT PROTECTION PRODUCT FACILITIES

AGRO SEGMENT
PLANT PROTECTION PRODUCTS



AGRO SEGMENT – PLANT PROTECTION PRODUCTS



The CIECH Group is the largest Polish manufacturer of plant protection products and a leader on the herbicides market. In addition to the production and sale of products for the agricultural industry, we participate in the transformation of this market. We change and modernise the market of plant protection products by digitising it and introducing automated solutions that facilitate cooperation with our distributors and users of our products.

The Agro segment is the second pillar of the CIECH Group's business, with a 14% share in the Group's EBITDA in 2022.

Modern plant protection products that we make enable us to safely improve the efficiency of agriculture and reduce the negative effects of agriculture on the planet:

- lead to a reduction in cultivation, reducing soil degradation and deforestation,
- increase the efficiency of harvesting, maximising the efficiency of energy and water use,
- allow for the reduction of greenhouse gas emissions by agriculture,
- stabilise the quality and quantity of crops,
- protect against dangerous diseases and infections (e.g., mycotoxins).

OUR RESPONSIBILITY AS A MANUFACTURER OF PLANT PROTECTION PRODUCTS INCLUDES:



strict adherence to quality and safety rules and regulations



conducting research on the safety of using products in accordance with the highest standards



ensuring the highest quality of production processes and the raw materials, ingredients and semi-finished products used



research and development in new products, especially the possibility of achieving the desired effects with the lowest possible dosage of active substances



market education on the principles of effective and safe use of products.

The Polish company CIECH Sarzyna S.A. specialises in the production and distribution of plant protection products, which is the largest Polish manufacturer and the sales leader on the market of herbicides (weed killers). Our competitive advantage is, among others, one of the world's most modern installations to produce MCPA - an effective and safe herbicide, as well as 60 years of experience in manufacturing plant protection products. CIECH Sarzyna has a modern production plant and a laboratory with the prestigious GLP (Good Laboratory Practice) certificate. The full range of the CIECH Group's AGRO area includes over 150 product items (herbicides, fungicides, insecticides, growth regulators and seed dressings), in various chemical groups, formulations, packaging sizes, depending on the target market and forms

of application. The most famous trademarks of the AGRO brand include: CHWASTOX, Agrosar, Tarcza Łan Extra, Labrador Extra, Nikosar, Prokarb. In addition to European markets, we also support markets in Asia, Australia, North Africa, Latin America, and Canada.

An example of our approach to solving problems facing the agricultural sector and the use of the latest research achievements is the creation and registration of a new plant protection product - **Halvetic**, based on the innovative BGT (Better Glyphosate Technology) technology, with effectiveness confirmed in over half a thousand studies conducted on four continents. BGT allows you to maintain the current effectiveness of glyphosate-based products while reducing the dose of the active substance by half, compared to current standards. Glyphosate is the most widely used and one of the most thoroughly tested active substances used in plant protection, approved for use in over 160 countries.

Halvetic contains built-in wetting agents and ammonium sulphate, generally added separately by users. This facilitates the use of the product, reduces the risk of error, and improves the economic aspects of the procedure.

During two years of its market expansion, Halvetic has been approved for use in 13 countries, including Poland, Slovakia, Romania, Greece, Portugal, Bulgaria, the Czech Republic and Spain. In 2023, the product will appear in other countries, including Italy and Great Britain. We also plan to register it in Argentina and Uruguay, and later also in Brazil.

The new glyphosate formulation technology is in line with the proposed assumptions of the European Commission's "From Farm to Fork" programme, which assumes, among others, obligation to reduce the consumption of active substances in the European Union by 2030. In our opinion, Halvetic is the optimal compromise between the needs of modern agriculture and pro-ecological attitudes related to the implementation of the provisions of the European Green Deal.

FOAMS SEGMENT

POLYURETHANE FOAMS



The CIECH Group is one of the largest suppliers of polyurethane foams (PUR foams) on the domestic market. In 2022, the Foams segment generated 6% of the Group's EBITDA.

Flexible polyurethane foams are used mainly in production of upholstered furniture and sleeping mattresses. To a lesser extent, they are used in the automotive industry, construction industry and textile industry.

CIECH Pianki Sp. z o.o. has many years of experience in the production and sale of flexible PUR foams and is one of the largest producers of PUR foams in Poland. Recipients of the company's products include the largest furniture and mattress manufacturers in Poland and Europe. Because of physical and mechanical properties (low specific gravity) PUR foams are sold primarily on local markets. In Poland, the consumption of flexible polyurethane foams is associated largely with the national furniture industry and its high position in the international markets which is consistently strengthening and the value of export of Polish furniture keeps growing.

In 2022, CIECH Pianki, as the first Polish manufacturer of polyurethane foams, obtained the ISCC Plus (International Sustainability and Carbon Certification) certificate. It confirms that the company meets stringent environmental standards in production, with particular emphasis on limiting the use of petroleum-derived raw materials, in favour of components from renewable sources and recycled.

Work is currently underway on the use of recycled materials (re-polyols) and plant-derived raw materials (bio-polyols) in the production of foams.



PRODUCTION CAPACITY OF THE CIECH GROUP'S FOAMS PLANT

FOAMS SEGMENT POLYURETHANE FOAMS AND PROTECTIVE MASKS





SILICATES SEGMENT



In 2022, the Silicates segment generated almost 9% of the CIECH Group's EBITDA, achieving a record result at the same time. This is, among other things, the result of the temporary restoration of production in the older furnace at the plant in Iłowa, which was supposed to be shut down after the new silicate smelting furnace in Żary was commissioned in 2021. This decision was the Group's response to very high market demand.

The CIECH Group produces sodium and potassium silicates. Both types of silicates are available in two forms - solid, offered under the VITROSIL brand (glassy sodium and potassium silicate) and liquid, offered under the VITROLIQ brand (sodium water glass and potassium water glass).

Sodium silicates are used in the production of precipitated silica (approx. 37% of consumption in Europe, mainly used in the tire and cosmetic industries), detergents (approx. 17%), paper, zeolites, and other industries.

The addition of precipitated silica has a positive effect on the service life and adhesion of car tires, and reduces rolling resistance, thus limiting fuel consumption. The popularisation of electric cars may increase demand in the Silicate segment - due to the higher weight of these vehicles, their tires contain a greater admixture of silica.

After expanding the sodium silicate production capacity at the Żary and Iłowa plants, CIECH Vitrosilicon S.A. is currently the third largest producer of sodium silicate in Europe and the leader in the sale of this raw material. In the Silicates segment, the CIECH Group also operates a plant in Ramnicu Valcea in Romania.

Potassium silicates are used in the production of welding electrodes, construction chemicals, including silicate paints and plasters.

As part of the development of this segment, the CIECH Group focuses on the use of new applications of silicates and the development of high-margin products.

The main raw materials used to produce silicates are soda ash from our plants, high-quality sand obtained from a local supplier and natural gas.

PROTECTIVE MASKS



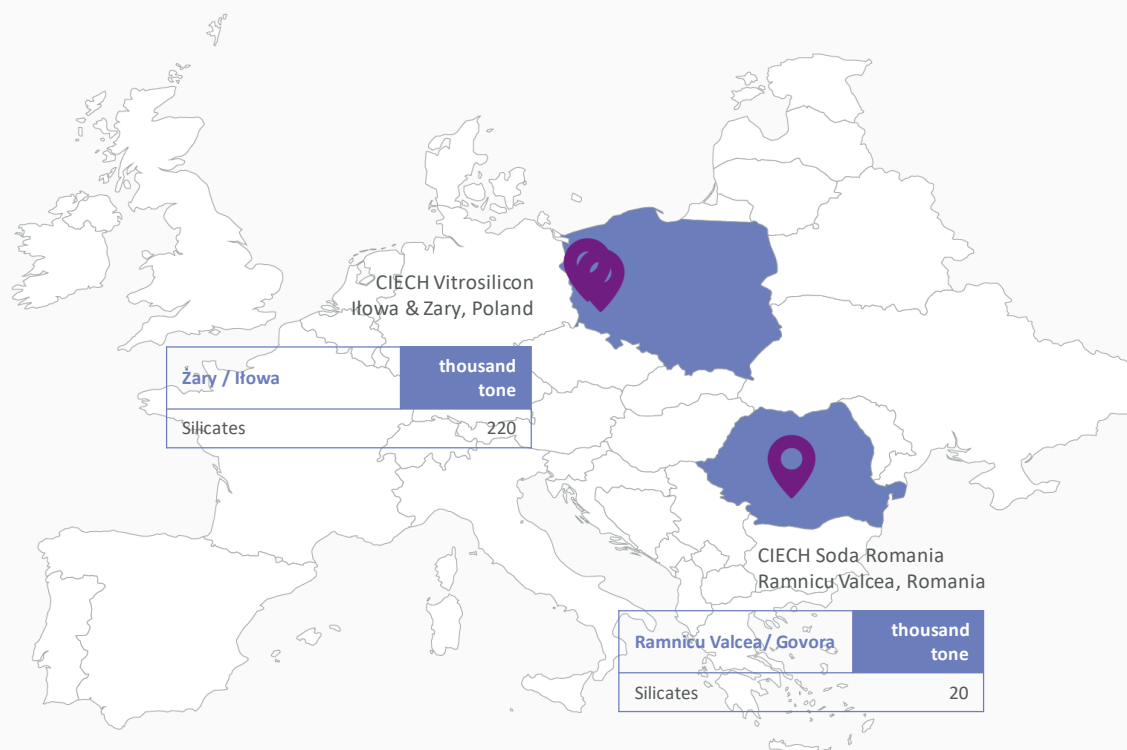
Using our potential and competences to support the global fight against the COVID-19 pandemic, in December 2020 we started the production of protective masks. We can produce about 10 million pieces of masks annually, providing high-quality protection in the FFP3 class. It took us about five months to launch production, establish supply chains and undergo FFP2 tests and certification, which confirms our flexibility and high operational efficiency.

Our masks also have the Standard 100 by Oeko-tex® certification, which means that they are free of harmful substances in concentrations that have a negative impact on human health, e.g., pesticides, chlorophenols, formaldehyde, allergenic dyes, prohibited azo dyes and extractable heavy metals.



PRODUCTION CAPACITY OF THE CIECH GROUP'S SILICATE PLANTS

**SILICATES SEGMENT
SODIUM AND POTASSIUM SILICATES**



PACKAGING SEGMENT

In 2022, the Packaging segment generated over 1% of the Group's EBITDA.

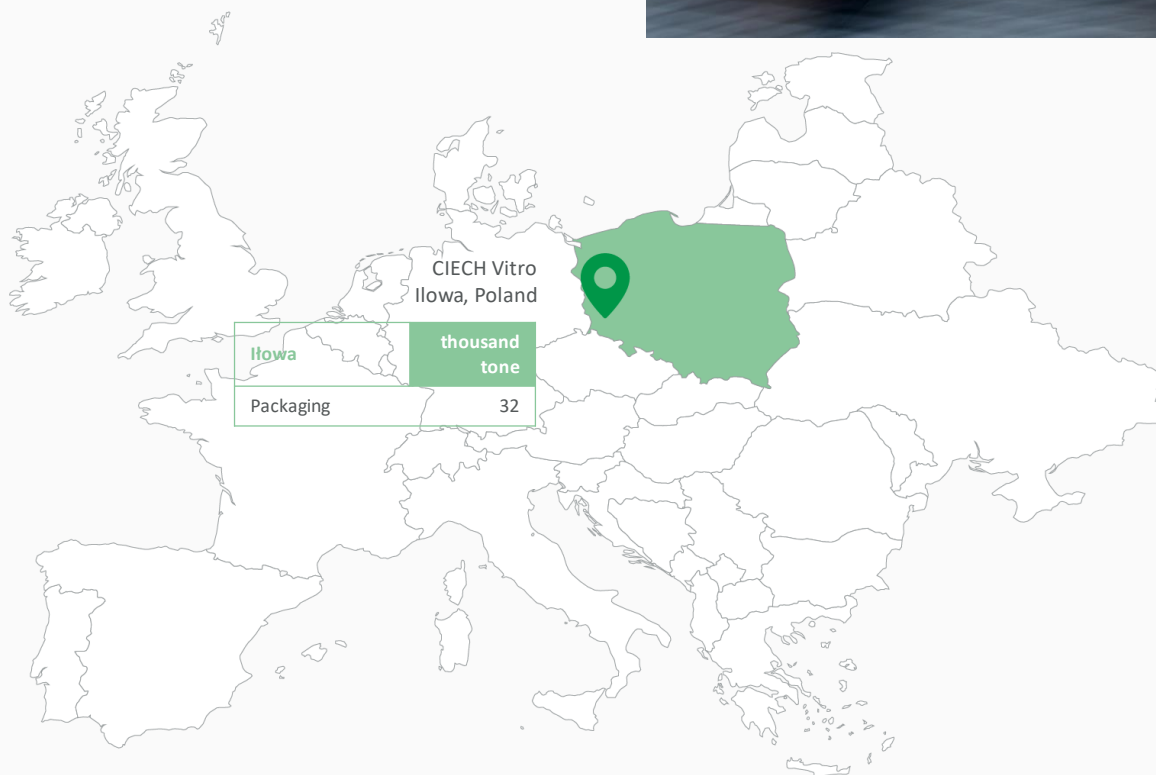
CIECH Vitro Sp. z o. o. specialises in the production of lanterns for candles and is considered the leader of the Polish market. The offer range includes about 160 patterns of lanterns, including lanterns for dish candles and individual patterns, dedicated to one recipient. In terms of lanterns for grave candles, we offer a very diverse assortment, consisting of lanterns with a large range of dimensions and a very diverse design.

Our company is also the only manufacturer of COMFORT type jars in Poland, jars with a glass lid and a snap-clasp closure. On a small scale, the Company also produces typical twist-off jars intended for food processing.



PRODUCTION CAPACITY OF THE CIECH GROUP'S PACKAGING PLANT

PACKAGING SEGMENT LANTERNS AND JARS



QUALITY AND SAFETY OF PRODUCTS

MANAGING PRODUCT QUALITY AND SAFETY

In accordance with the CIECH Group's strategy for 2022-2024, the activities of the Group's companies are focused on the implementation of the following core values:



Innovation progress



Further improvement



Effective management

These values are implemented in the quality area through:

INNOVATION PROGRESS

Improvements are planned in the area of production processes, as well as quality control, including: modernisation of existing laboratories, replacement of laboratory equipment and software, as well as updating the research methodology. These activities will make it possible to optimise the work of laboratories and standardise in the following areas: Quality Assurance and Quality Control for the entire Group.

FURTHER IMPROVEMENT

Valuation of positions and competences of employees of quality departments, talent development and creation of expert teams for project implementation and changes should both reduce the staff turnover rate and the costs of recruitment and training for new employees. Moreover, they should increase the assurance of business continuity and process stability.

EFFECTIVE MANAGEMENT

Strengthening the supervisory functions as part of the CIECH Group's certification is intended to increase control over the activities in the companies, with particular emphasis on handling complaints, determining and implementing recovery and corrective actions, and analysing risks. The implementation of group certification will reduce the time spent on documentation and the number of audits in companies. An additional benefit of group certification will be the need to standardise procedures in the Group, which will enable standardisation in the entire area of Quality Assurance while significantly reducing cost.

A group exchange of experiences is planned, which will allow for a broader perspective on solving quality issues and the use of experience and good practices already operating in selected Group companies and their implementation in others.



QUALITY AND SUSTAINABLE DEVELOPMENT:

We ensure a strategy based on the principles of sustainable development by controlling, among others, the two most important qualitative indicators, such as:



Withdrawal of products from the market:

- maintaining zero product recalls;
- maintaining the high quality of products and avoiding threats to the security of end users.



Reducing the complaint cost indicator:

- maintaining the relation of complaint costs to revenues below 0.2%;
- reducing the amount of waste (returned products) and the costs of their disposal.

These assumptions also support the implementation of strategic points such as:

- optimising customer service - reducing the time of handling complaints;
- reliability of logistics and deliveries - reduction of the number of complaints.

In order to meet the strategic requirements of reducing the amount of raw materials and implementing innovative processes, we decided to expand cooperation with our suppliers and improve the Supply Chain Management system. These activities are carried out by standardising the supplier qualification path and expanding cooperation in the implementation of new technologies at our suppliers. This will enable us to gain a competitive advantage and improve the quality of our final product. The need to adjust the required parameters of the supplied materials and raw materials to the maximum extent resulted in the intensification of on-site audits and the qualification of new suppliers for the purpose of diversification, as well as the possibility of quick adjustment in emergency situations.

SYSTEMS BASED ON THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT - ALREADY IN OPERATION AND THOSE BEING IMPLEMENTED IN THE CIECH GROUP:

SEDEX (SUPPLIER ETHICAL DATA EXCHANGE):

Supplier Ethics Data Exchange Programme, an online system designed to help companies improve the ethical performance of their supply chain. This platform stores data on responsible business practices and enables the sharing of ethical performance information with multiple brands and customers. The programme has been implemented in CIECH Soda Polska, it is being implemented in CIECH Sarzyna and CIECH Pianki, and ultimately implementation is expected in all production companies of the CIECH Group. Confirmation of ethical requirements for a full member of SEDEX is carried out by a third party audit, the so-called SMETA (Sedex Members Ethical Trade Audit). The SMETA audit covers environmental, health and safety aspects in the workplace as well as work ethics and work standards.

ISO 14001:

ISO 14001 is the leading standard for environmental management systems. It operates on the basis of international standards and confirms the implementation of all elements aimed at minimising the negative impact of the organisation on the environment. The aim of implementing the environmental system based on the ISO 14001 standard in all the CIECH Group companies by the end of 2023 is to improve and perfect the effects of environmental activities and prepare to react in the event of an ecological threat.

ISCC PLUS:

The ISCC PLUS (International Sustainability & Carbon Certification) certificate confirms that the company meets stringent environmental standards in the area of production, with particular emphasis on limiting the use of petroleum-derived raw materials in favour of components from renewable sources and recycling. This system was certified in 2022 by CIECH Pianki.

KZR INiG:

The KZR INiG Certification System is a set of requirements that must be met for the production of biofuels to be considered compliant with the sustainable development criteria. These requirements concern, among others, the reduction of greenhouse gas emissions generated in the life cycle of biofuels. Taking into account the requirements of the KZR INiG system, in the supply chain, CIECH Soda Polska S.A. acts as a heat producer for technological and heating purposes, and certification is carried out as part of the path: biomass fuels.

IWAY:

The IKEA Group has developed the IWAY standard to promote basic labour rights and environmental standards with business partners. IWAY enables the company to understand the

dependencies in the supply chain and eliminate the risks associated with child labour, violations of human and employee rights and environmental pollution. Due to the positive result of the IWAY MUST audit, CIECH Pianki can ensure that the supplied products are manufactured in safe conditions with respect for the rights of employees and the natural environment.

STEP BY OEKO TEX :

Thanks to the modular analysis of all relevant areas of the company, such as chemical management, environmental performance, quality management, occupational health and safety, social responsibility and environmental management, STeP certification allows for a comprehensive and reliable analysis of the scope of sustainable management provided by the production plant. The certification of this standard enables CIECH Pianki to compete in the supply chain of textile and clothing companies.

MANAGEMENT SYSTEMS WITHIN THE CIECH GROUP

The systems implemented in the CIECH Group are based on the requirements of the ISO 9001 standard and depending on the needs of the Company and customer expectations, the basic requirements are supplemented with specific (industry and product related) requirements, maintaining consistency and assumptions as well as rules established within the organisation.

The basis for setting goals and directions of activities for the processes covered by the system requirements is the Quality Policy, shared by all companies of the CIECH Group.

The scope of management systems implemented and recertified in 2022 is presented in the table below.

Table 1. Certified management systems in CIECH Group companies in 2022

| Company | Norms/Standards |
|-----------------------------|--|
| CIECH S.A. | ISO 9001; GMP+ B3; GDP API |
| CIECH Soda Polska S.A. | ISO 9001; ISO 14001; GMP+ B1/B2; GMP API; IFS; KOSHER; PZH (National Institute of Hygiene) approval certificate; v-label; HALAL |
| CIECH Sarzyna S.A. | ISO 9001; ISO 14001; ISO 45001; ISO 17025; ISO 50001; WSK, GLP |
| CIECH Vitrosilicon S.A. | ISO 9001; ISO 14001 |
| CIECH Vitro Sp. z o.o. | ISO 9001; ISO 14001; PZH approval certificate |
| CIECH Soda Romania S.A. | ISO 9001 |
| CIECH Soda Deutschland GmbH | ISO 9001; GMP+; ISO 14001; ISO 50001; KOSHER; GMP API; EXIPACKT; IFS; HALAL |
| CIECH Salz Deutschland GmbH | ISO 9001; ISO 50001; HACCP; IFS; HALAL |
| CIECH Cargo Sp. z o.o. | ISO 9001; ISO 14001; Railway carrier safety certificate - Parts A and B; ECM certificate |
| CIECH Pianki Sp. z o.o. | ISO 9001; STeP by OEKO-TEX® certificate; STANDARD 100 by OEKO-TEX® certificate; CIOP-PIB certificate for FFP3 masks; PZH approval certificate; PZH certificate |

Supervision over the maintenance and improvement of the systems has been entrusted to employees of the Quality Departments in individual Companies, who have the necessary knowledge and qualifications.

Each employee undergoes obligatory training in the implemented policies and procedures in accordance with the scope of duties arising from the position held and responsibilities. Newly hired employees and associates are subject to initial training in the requirements of the Integrated Management System.

In all companies, independent external audits were carried out, which confirmed the proper operation of the management systems in relation to the implemented norms and standards.

There were also no reports of non-compliance with regulations or codes applied in the area of Product Quality, which would result in a penalty, fine or initiation of a procedure for the withdrawal of a product from the market.



KEY ACHIEVEMENTS IN 2022

CIECH Salz Deutschland

CIECH Salz Deutschland launched the IFS (International Food Standard) certification and the kosher certificate procedure, i.e. a certificate of compliance with Jewish law.

CIECH Soda Deutschland

CIECH Soda Deutschland launched and successfully completed the IFS and Halal certification audit procedure, i.e. a certificate of compliance with Muslim law.

CIECH Soda Polska

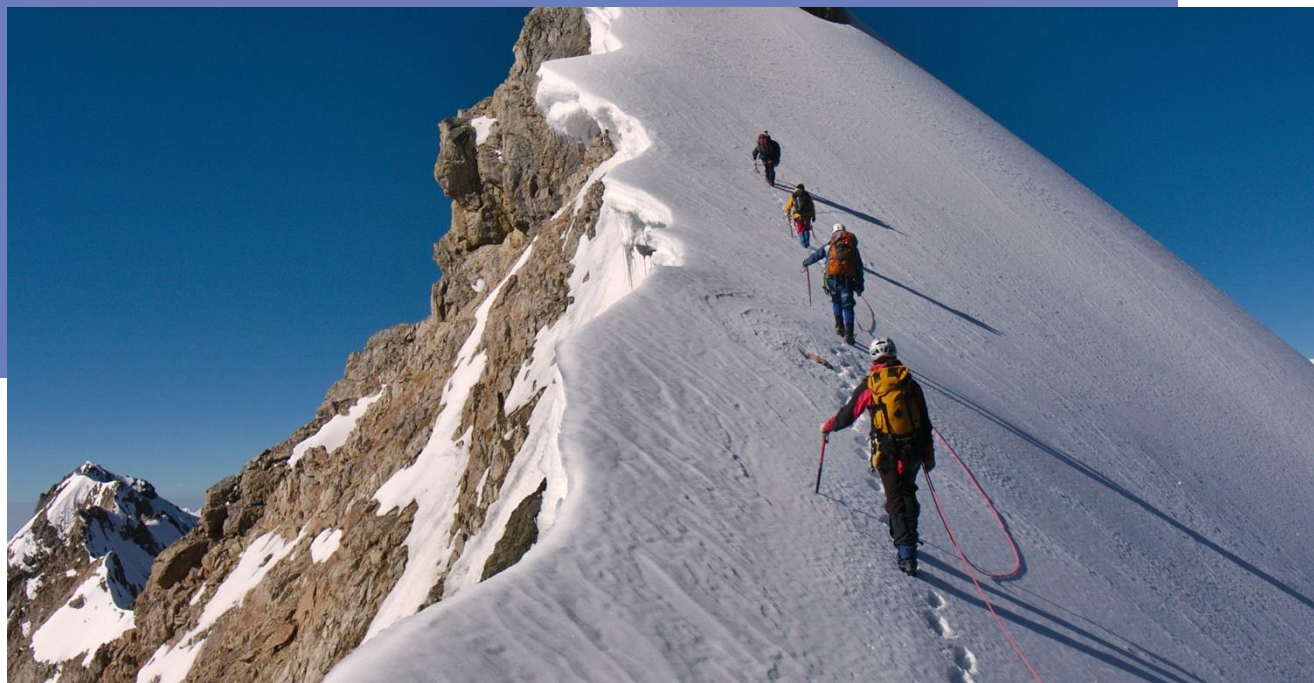
CIECH Soda obtained a Halal certificate and is a Company registered in the SEDEX system with a positive outcome of the SMETA audit.

CIECH Sarzyna

CIECH Sarzyna launched the process of registration with SEDEX and self-assessment required for taking the SMETA audit.

CIECH Pianki

CIECH Pianki implemented the ISCC certification.



CIECH QUALITY STANDARD (CQS)

Within the CIECH Group, the CIECH Quality Standard (CQS) programme is in place, as part of which quality standards have been implemented, based on the international ISO 9001:2015 standard.

BENEFITS OF THE CQS (CIECH QUALITY STANDARD) PROGRAMME



FOR OUR CUSTOMERS

- Meeting the requirements of laws, standards and specifications
- Building lasting customer relations
- Faster complaint handling time
- Improved quality of products



FOR THE DEVELOPMENT OF THE COMPANY

- Maintaining talented people with valuable experience and skills while keeping an optimal level of employment
- Involvement of all employees in the implementation of the company's strategy - non-financial employee motivation



FOR THE COMPANY'S FINANCE

- Plans for the optimisation of the quality control expenses
- Minimising costs related to poor quality



CHEMICAL PRODUCT MANAGEMENT (REACH, CLP, BPR)

REGULATION (EC) 1907/2006 (REACH) - INFORMATION ON CURRENT REGISTRATIONS IN THE CIECH GROUP IN 2022.

In 2022, no cases were reported of non-compliance with regulations and codes applicable in the area of Chemical Products Management resulting in a penalty, fine or initiation of the product recall procedure.

In 2022, the European Chemicals Agency (ECHA) did not issue any binding decision ordering the performance of additional tests or the updating of the registration dossiers of substances of which the CIECH Group companies are registrants or co-registrants.

A spontaneous update of the registration dossiers for two substances of the soda business was submitted. The update was mainly due to the need to adapt the chemical safety assessment of the substance to the current requirements of ECHA and was successfully completed.

In addition, two strategic raw materials, necessary for the Agro segment operating activities, were registered, thus extending the list of qualified suppliers to include entities from outside the EU.

In 2022, the CIECH Group updated all safety data sheets of its products, adapting them to the requirements of Regulation (EU) 878/2020, amending Annex II of the REACH.

REGULATION (EC) 1272/2008 (CLP)

In 2022, notifications of information on hazardous mixtures introduced to the market by the CIECH Group for new products of the Agro segment were processed and existing notifications were updated.

REGULATION (EU) 528/2012

In 2022, in the Soda segment, it was decided to abandon the registration of salt tablets used for water treatment in the electrolysis process.

The manufacturers of salt tablets, CIECH Soda Polska and CIECH Salz Deuchland, continue to be entities entered in the list of active substance suppliers published by the European Chemicals Agency, in accordance with article 95 of the BPR - Biocidal Products Regulation. This means that customers who purchase CIECH's salt tablets can register the finished biocidal product on their own.



TASKS FOR 2023

Further improvement of financial efficiency is planned for 2023 by minimising costs related to poor product quality and by more effective monitoring of production processes based on established indicators (KPI).

In 2023, the CIECH Group faces new challenges related to the coverage of system requirements and certification of new entities within the Group:

- CIECH S.A. - as part of the Group certification implementation procedure, by the end of 2023 it will have obtained ISO 45001 (OHS) and ISO 14001 (Environmental Protection) certificates; additionally, as the Central Company with Integrated Quality Systems, it will proceed to extend them to other Companies as part of Group certification.
- CIECH Salz Deutschland GmbH – certification of compliance with the requirements for the production of pharmaceutical-grade salt as an active and auxiliary substance.
- CIECH Sarzyna Sp. z o.o. – approach to the SMETA audit and entry into the SEDEX register as a full-fledged member.
- CIECH Pianki Sp. z o.o. – by the end of 2023, the ISO 14001 system will have been implemented; thus, the environmental systems will operate in all companies of the Group; completion of the registration process in SEDEX by successfully completing the SMETA audit.
- CIECH Soda Polska S.A. – implementation and certification of the KZR INIG system, i.e., the certification programme for biomass and biofuels.
- CIECH Vitro Sp. z o.o. – implementation and certification of the ISO 45001 system.

SUSTAINABLE DEVELOPMENT STRATEGY

ESG STRATEGY – “CHEMISTRY FOR A BETTER WORLD”

Responsible business conduct has always been the foundation of our activities. We believe that real value in the long run can only be built by a responsible business that, in addition to short-term financial parameters, cares about stability and sustainable relations with the environment - both with the natural environment, whose resources we use, and with people inside and around our company.

As humanity, we face huge challenges, such as fighting climate change, caring for the well-being of a growing population, and changing our actions and habits to leave future generations with a planet that is a good place to live.

We believe that as an international company participating in the global economy, we are particularly responsible for this. Business representatives have the knowledge, skills, means and agency to effectively influence changes for the better, and the world needs such changes more than ever before.

In 2022, we implemented our ESG Strategy "Chemistry for a Better World". We took actions to bring us closer to achieving the defined and measurable goals set out in it, the goals which are ambitious, but if we make the necessary efforts, they will become feasible.

We know what role our industry branch plays and can play in response to the challenges of modern times. It is a difficult industry that uses the Earth's resources, has a strong impact on the environment and generates high risks. Accordingly, our role is to ensure that the benefits of our activities significantly exceed the costs and burdens we cause.

Activities related to the management of our impact in the environment, social and corporate governance areas are carried out both locally and supervised or inspired by the headquarters of the Group. The area of sustainable development management reports directly to the President of the Management Board and is coordinated by the Investor Relations and ESG Department established for this purpose.

The CIECH Group's strategy defines eight commitments regarding climate policy, social relations and management quality. Specific initiatives and targets have been set for each commitment in order to track progress.

Details of our
ESG Strategy:
www.esgciech.com

COMMITMENTS OF THE CIECH GROUP



We speed up on the path to carbon neutrality



We decouple growth and energy consumption



We see circularity as a key efficiency lever



We put safety as a top priority



We want to be an inclusive place for diverse talents to develop



We are a responsible part of local communities



We join our efforts together with clients and suppliers



We earn credibility by delivering promises

ENVIRONMENTAL AREA

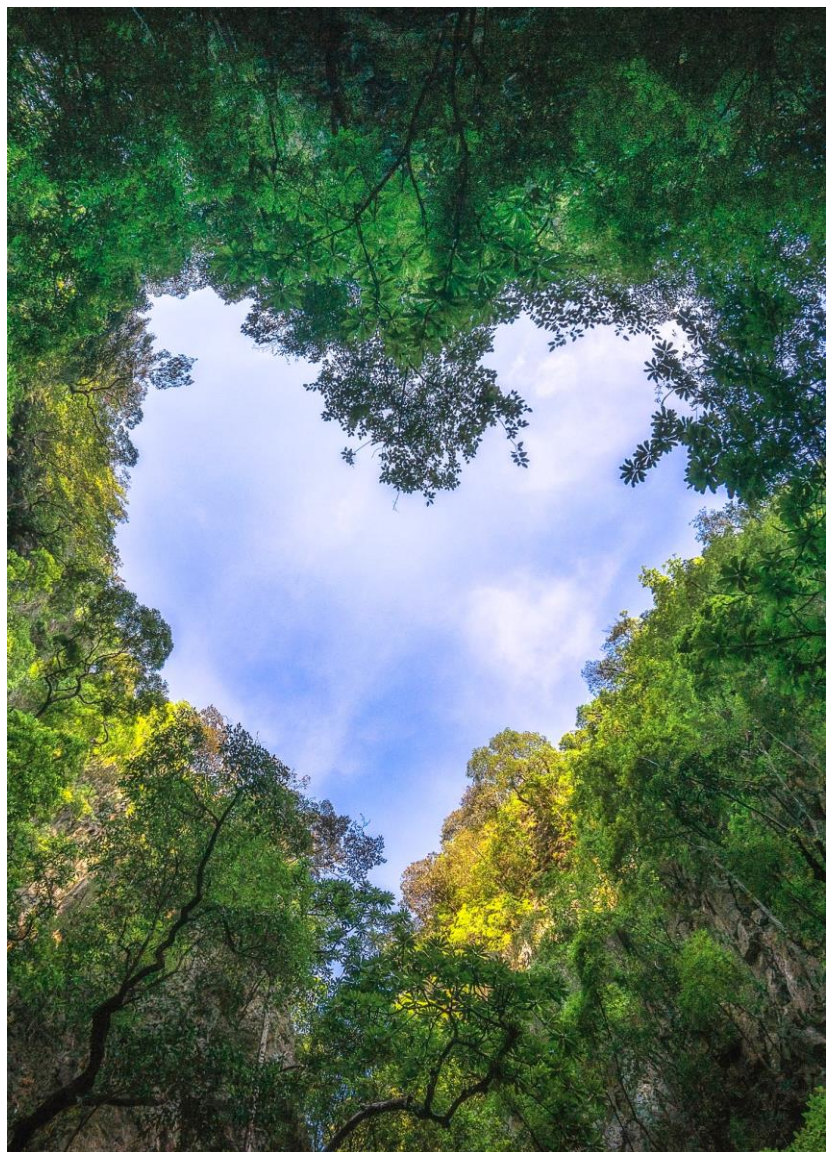
WE SPEED UP ON THE PATH TO CLIMATE NEUTRALITY.

The pillar of our strategy for the coming years is the energy and business transformation, which focuses on reducing CO₂ emissions. Our long-term goal is to be climate neutral¹ by 2040. On the way to this goal, we have set several key stages with a short and medium term of implementation:

- We intend to reduce CO₂ emissions by 10% by 2024 and by 33% by 2026 compared to the base year 2019.
- We have committed ourselves to completely eliminating coal consumption from the production of electricity and heat for the needs of production processes by 2033.

We are aware of the fact that achieving complete climate neutrality will require the use of technologies that have not yet been implemented on an industrial scale. We are currently analysing the possibilities of choosing the most appropriate solution. The outbreak of war and the related increase in the prices of gas and energy fuels put further difficult tasks in the area of energy transformation on the way to decarbonisation. At the transitional stage, the key issue for the CIECH Group will be to reduce the use of fossil fuels, including moving away from coal and increasing the sourcing of energy from RES.

In 2022, we continued work on the operationalisation of our energy strategy. For this purpose, we established a dedicated unit - the Energy and Business Transformation Department, which focuses its activities on projects that improve energy and process efficiency and reduce CO₂ emissions. We have started work on a strategy to phase out coal in Poland and gas in Germany. We are currently at the stage of determining the target, most favourable fuel mix in our three combined heat and power plants. In Poland, together with our partners, we plan to implement a project of a thermal waste processing installation in Inowrocław. Another fuel that we analyse is biomass, both in the form of "small" and "large" co-combustion, as well as dedicated boilers.



A NEW SOURCE OF ENERGY FOR THE PLANT IN INOWROCŁAW

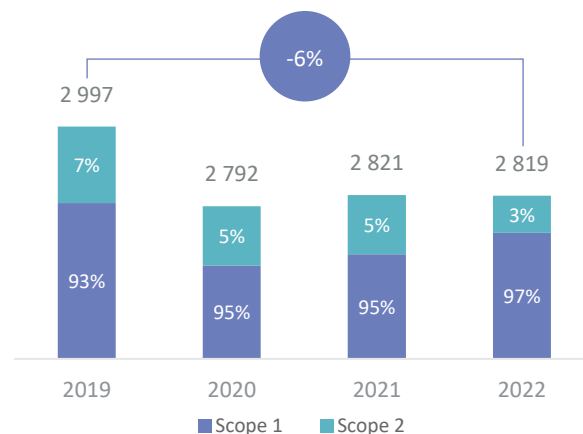
The CIECH Group and EEW Energy from Waste GmbH have agreed on the terms of cooperation in the preparation phase of the investment involving the construction of an incineration plant ("ITPO") in Inowrocław. The energy obtained from it is to partially replace that currently produced from coal-fired boilers, thus reducing the consumption of coal by the production plant in Inowrocław by about one third. The preparation phase is the first of three stages of the entire project. The next two – construction and then operationalisation of the new installation – will be specified in separate contracts in the future.

The investment preparation phase, which is to last no longer than December 2024, assumes, among others, obtaining the necessary administrative decisions and permits, contracting the works, as well as obtaining financing by EEW for the construction of the installation. As part of the preparation phase, the "Report on the

impact of the project on the environment" is also prepared, which will be reviewed by the institutions provided for in the law and will also become the subject of social consultations. The investment will be implemented in accordance with the applicable standards, i.e., based on the best available environmental protection technologies and the most restrictive regulations (under pain of criminal liability and high financial penalties).

The investment will be financed by EEW, and CIECH Soda Polska will become the purchaser of the energy generated in ITPO. A similar solution is already in place in the German soda factory owned by the CIECH Group, where heat from the waste incineration installation goes to the CIECH Soda Deutschland production plant. In this manner, the German factory obtains approx. 30 percent of energy needed for its production.

CO₂ emissions (Scope 1 and 2)
(excluding CIECH Soda Romania)



The CIECH Group was the first of the large industrial companies in Poland to join the Science Based Targets ("SBTi") initiative, created, among others, by: United Nations Global Compact, Carbon Disclosure Project, World Resources Institute (WRI) and World Wide Fund for Nature (WWF). The Science Based Targets (SBTi) initiative defines a methodology that supports ambitious companies in setting reduction targets and transforming business operations to match the realities of the future low-carbon economy. The project is designed to set climate targets for individual companies based on scientific knowledge and regularly monitor progress. SBTi companies aim to keep global warming below 2 degrees Celsius compared to the pre-industrial era, in line with the Paris Agreement.

The main activities of the Science Based Targets initiative include:

- defining and promoting best practices in emission reduction and defining climate neutrality goals,
- providing technical assistance and expert resources to member companies in setting climate targets in line with the latest scientific knowledge,
- bringing together a team of experts that will provide member companies with independent assessment and validation of objectives.

Science Based Targets is also the leader of the Business Ambition for 1.5°C campaign, which aims to promote actions in the business environment to limit the pace of global warming.

WE GROW WITHOUT INCREASING ENERGY CONSUMPTION.

An important element of the ESG Strategy is the systematic reduction, on an annual basis, of the amount of energy used in production processes and for administrative purposes. To this end, the CIECH Group invests in the most effective technologies available and runs an energy and business transformation programme.

It is worth noting that in 2022 we significantly increased our production capacity:

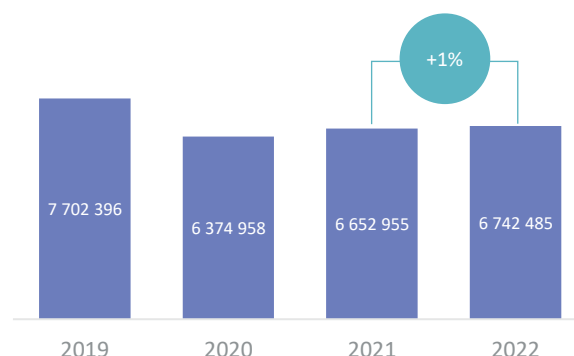
- a new production plant, CIECH Salz, operated in the Soda segment, systematically increasing the production capacity of salt products,
- in the Silicates segment, a new energy-saving furnace operated throughout the year, which increased our production capacity in the area of sodium silicates by approx. 30% (up to approx. 240 thousand tonnes per year). The new furnace is characterised by better performance parameters and consumes less natural gas compared to the existing technology.

Despite such a significant growth in business, the consumption of heat and electricity remained at a similar level to the previous year. Increasing production capacity and maintaining a stable level of energy consumption year on year was possible with our capital expenditures in the most modern energy-saving solutions and technologies. It is also the result of a large-scale business and energy transformation, primarily in the largest segment of the CIECH Group - the Soda segment. Until we introduce solutions that allow the use of only renewable energy, reducing the energy intensity of our production is an important element of lowering our environmental impact. We are continually working on improved energy efficiency and, as a result, reduced energy intensity of production, regardless of our long-term energy strategy. In our plants, we use heat in the form of process steam at various stages of production. Current activities focus on reducing heat losses, optimising process steam flows and implementing heat reuse solutions, e.g. at another stage of the process. In 2022:

- we modernised two boilers in Janikowo, which enabled us to significantly improve their operating parameters in terms of the combustion process,
- we started the modernisation of the steam turbine in Janikowo, which will enable our electricity cogeneration coefficient in the combined heat and power plant to increase,
- we launched a portfolio of several projects to recover steam from the soda production process and reduce heat losses in all three on-site CHP plants owned by the CIECH Group. By the end of 2022, six projects have been implemented, and more are at the design stage and under implementation.

will significantly affect the consumption of energy resources, and thus reducing the impact on the environment.

Consumption of electricity and heat (MWh)



CIRCULAR ECONOMY AS OUR KEY EFFICIENCY LEVER.

We strive to improve efficiency in line with the idea of a circular economy. Among our goals for the coming years is the systematic implementation of solutions enabling us to:

- reduce water consumption in production processes,
- increase the use of waste generated in production processes, especially soda and salt,
- increase the amount of secondary raw materials such as glass cullet in the production of silicates and packaging,
- increase the share of environmentally friendly and recyclable packaging.

In 2022, CIECH Pianki, which manufactures flexible PUR foams, obtained the prestigious ISCC Plus Certificate (International Sustainability and Carbon Certification). It confirms that the company meets stringent environmental standards in the area of production, with particular emphasis on limiting the use of petroleum-derived raw materials, in favour of components from renewable sources and secondary raw materials. Further activities are planned with the use of raw materials of natural origin and those from recycling.

OUR R&D FOR SUSTAINABLE DEVELOPMENT

As part of its research and development activities, the CIECH Group conducts a number of projects, primarily in the key soda segment, which are aimed at improving the efficiency of processes and reducing the impact of production activities on the environment. Currently, several projects are being carried out at various stages of advancement, which focus on the efficiency of resource use, waste reduction and the implementation of the idea of a circular economy. The following achievements can be listed for 2022:

The research and development (R&D) team of the CIECH Group developed an innovative method of recovering the so-called waste salt, formed during the soda ash production process. The solution implemented at the factory in Inowrocław allows for the reduction of chloride emissions in wastewater by approx. 7.5 thousand tonnes per year and improves the energy efficiency of the calcium chloride production process (approx. 7.5% less energy consumed per tonne). It also enables the recovery of approx. 40,000 cubic metres of brine from the production process, which can then be reused to produce soda. The innovation also allows for reducing the consumption of process steam, which will have a positive impact on the amount of CO₂ emissions generated.

At the CIECH plant in Inowrocław, we implemented an innovative method of ammonia absorption in the production of soda ash. The "Carbonisation Plus" project, developed together with scientists from the Nicolaus Copernicus University in Toruń ("UMK"), increases, among others, the efficiency of consumption of raw materials used in the technological process.

The research stage of the project related to the use of post-sodium lime for strengthening excavations in opencast mines, while meeting the technical assumptions, was completed. Operational analyses are currently underway.

We are in the final phase of construction of the CO₂ stream recovery installation in the baking soda production process, which will prevent the emissions of almost 5,000 tonnes of carbon dioxide.

We completed the stage of laboratory tests as part of the CO₂ disposal project in distillation fluids. As a result of the implementation of the project, we should prevent the emissions of approx. 100 thousand tonnes of carbon dioxide after implementation in all soda plants. Conceptual work on a pilot installation is currently underway.

In the Foams segment, the work focused mainly on improving the safety of products and reducing the impact of the substances used on the environment. For instance, tests of innovative and environmentally friendly flame retardant additives were started.

In 2022, we joined the group of investors in the venture capital fund (VC) Emerald Industrial Innovation Fund, specialising in investments in start-ups that develop innovations supporting the idea of sustainable industry. At the same time, the CIECH Group is actively looking for external innovations through a new company - CIECH Ventures, focusing primarily on cooperation with young companies developing technologies related to chemistry, sustainable industry and agriculture.



Initiation of joint projects with scientists who study methods to reduce waste in the production of soda, establishing cooperation with a Latvian start-up developing CO₂ separation technology, as well as the first initiatives with start-ups operating in the precision agriculture segment to improve the efficiency of agricultural production - these are the effects of the first months operation of CIECH Ventures, a specialist company established within the CIECH Group.

CIECH Ventures also became an investor in the Ecobean start-up, which developed a protected technology for processing coffee waste into sustainable raw materials and specialised chemicals using a scalable, technologically advanced solution that reduces the carbon footprint and creates economic added value. The coffee waste which is currently squandered is a source of many valuable substances. The investment in Ecobean is part of one of the areas of activity of CIECH Ventures, i.e., waste management in accordance with the idea of a circular economy.

SOCIAL RESPONSIBILITY AREA

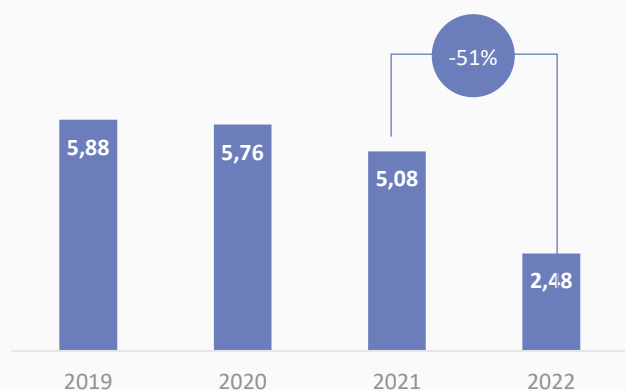
WE PUT SAFETY AS A TOP PRIORITY.

Our goal is to eliminate accidents (injuries) on the premises of the CIECH Group's plants by implementing the highest safety standards. We apply them to both employees and subcontractors with whom we cooperate. We use tools such as Performance Management to incorporate safety objectives as a key component in the manager evaluation process. We also use the latest plant monitoring technologies that support the achievement of the "zero injuries" goal.

Due to the implementation of comprehensive measures aimed at improving safety, in 2022, we had a record-low LTIF rate: 2.48 (- 51% y/y).



LTIF rate (number of injuries at work per 1 million hours worked) in the CIECH Group in 2019-2022



WE WANT TO BE AN INCLUSIVE PLACE FOR DIVERSE TALENTS TO DEVELOP.

In the ESG strategy, the subject of human resources management is one of the key areas. We believe that diversity in teams contributes to better company management and positively affects business results. Thus, our goal is to attract more women to the CIECH Group and provide them with development opportunities. We want to achieve a natural increase in the number of women in managerial positions and achieve a level of at least 35% by 2030 (currently around 23%). One of the tools to support this goal is the professional succession programme, which we want to implement by 2024.

The issue that we address in our ESG strategy is also the elimination of disproportions in the remuneration of women and men in the same positions. We committed to reducing the differences by 50% by 2025. In 2022, the Gender Pay Gap Ratio (GDPR) decreased by 1.7 pp compared to the previous year.

Our ambition is to create the best place for the development of our employees' talents based on a reward system for achieving the set goals. We want to implement individual goals or skill matrices for all employees. In 2022, we aimed to achieve this goal by, among other things, completing the implementation of the ABCD Model (Skills Management System for Operational Employees) in all Polish companies of the CIECH Group. In the ESG strategy, we also commit ourselves to developing a culture and leadership skills among managers. We have created leadership competence development programmes dedicated to all managers in the CIECH Group - Leader and LeaderGo. In 2022, 350 managers participated in the Leader programme and 45 managers from the top management took part in the LeaderGo programme.

WE ARE A RESPONSIBLE PART OF LOCAL COMMUNITIES.

We are aware of the important role we can play in supporting local communities aimed at improving their quality of life. Accordingly, we strive to strengthen dialogue and cooperation with local government authorities and residents. Our goal is to support socially relevant initiatives in the immediate vicinity of our production plants, such as the "Good Neighbour" programme or supporting local sports teams. We also promote education through programmes such as the "Academy of School Talents" or "Chemical Class" in Nowa Sarzyna and we offer support for young people in education. A detailed description of our initiatives can be found in the "Our Environment" section of this report (page 116).

CORPORATE GOVERNANCE AREA

WE JOIN OUR EFFORTS TOGETHER WITH CLIENTS AND SUPPLIERS.

We cooperate with business partners who share our values and thus help us to implement the idea of sustainable development. We expect both our employees and business partners to comply with the Code of Conduct of the CIECH Group and the Code of Business Partner, especially in the area of human rights, environmental protection and ethics. Since 2021, we have been examining the status and ESG risk among our suppliers. Our goal is to investigate suppliers responsible for at least 70% of our spending by the end of 2023. As of January 2023, we examined suppliers responsible for 64% of the CIECH Group's expenses.

WE EARN CREDIBILITY BY DELIVERING PROMISES.

We strive to strengthen the credibility of the CIECH Group through transparent reporting on the management method and achievements in the area of sustainable development. For this purpose, we report ESG issues and related risks according to the most recognised reporting systems, using, among others, GRI and SASB standards as well as the Ecovadis platform for better communication with our customers as part of non-financial reporting. In 2022, we were awarded for activities related to communication with investors and presence on the capital market.

THE BEST ANNUAL REPORT, 2021

The jury of the 17th edition of the "The Best Annual Report" competition recognised the report of CIECH S.A. for 2021 as the best in the "Enterprises" category.

The competition is organised annually by the Institute of Accounting and Taxes, and its aim is to promote annual reports prepared by companies listed on the Warsaw Stock Exchange, with the highest utility value for investors and shareholders. CIECH has been awarded in this competition for the seventh time.

The award for CIECH was granted for the highest level of preparation of annual consolidated financial statements in accordance with the IFRS/IAS guidelines (International Financial Reporting Standards or International Accounting Standards). Financial statements of CIECH S.A. for years they have been gaining recognition of the jury in this prestigious competition. In recent years, the company has received: a distinction for the best report on activities (the 2017 edition), the 3rd main prize (the 2018 edition) and two awards from the "Rachunkowość" monthly for the greatest progress in improving the quality of the financial statements (in the 2019 and the 2020 editions).

"SILVER LEAF" IN THE SILVER LEAF CSR POLL COMPETITION BY "POLITYKA"

The CIECH Group was awarded the Silver Leaf in the 11th edition of the CSR Leafs list by Polityka - an annual poll competition organised by the "Polityka" weekly, Deloitte consulting company and the Responsible Business Forum. The companies' approach to their business activities from the perspective of environmental, social and corporate governance activities was decisive in awarding the recognitions.

The competition aims to distinguish Polish leaders in sustainable development and ESG. In addition, CIECH was awarded for the implementation of best practices related to the achievement of the Sustainable Development Goals (SDGs) - the organisers of the initiative appreciated the implementation of our low-emission soda transport.

ENVIRONMENTAL AREA



SOCIAL RESPONSIBILITY AREA

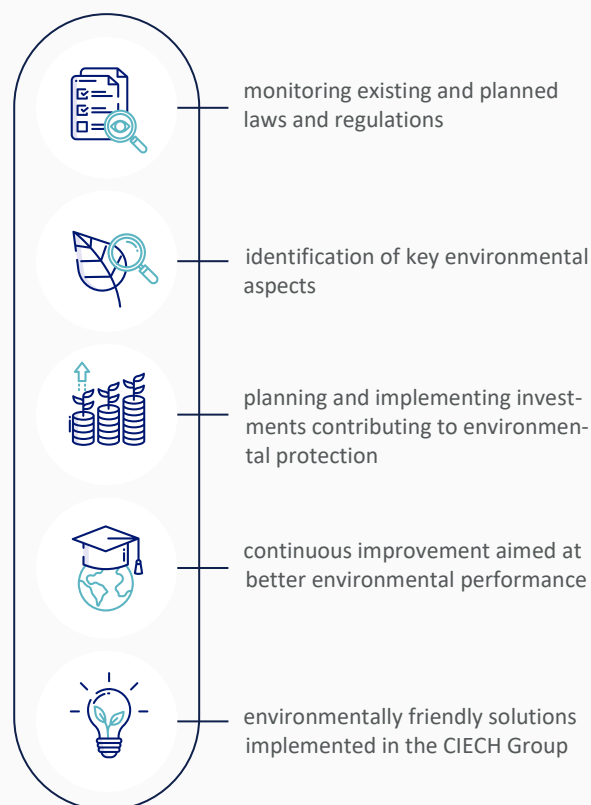


CORPORATE GOVERNANCE AREA



OUR IMPACT ON THE ENVIRONMENT

Sustainable development plays a key role for the CIECH Group, taking into account in particular the minimisation of the impact of its operations on the environment. To this end, the CIECH Group strives for the highest possible production and energy efficiency, and consequently, reduction of emissions of pollutants into the atmosphere (including greenhouse gases), improvement of the quality of wastewater and rational management of water resources and waste



while maintaining high quality of products.

Environmental protection issues are a priority for the CIECH Group. Since 2016, an Environmental Protection Policy consistent for the entire Group has been in place in all companies. The next step was the announcement of the ESG Strategy in May 2021, in which the area of environmental protection is one of the main pillars. The ESG Policy and Strategy obliges all companies belonging to the Group to comply with the applicable legal regulations

in the area of environmental protection, reduction of pollutant emissions into the environment and the amount of waste generated, rational use of natural resources and counteracting climate change, e.g. by reducing the amount of carbon dioxide generated, and to maintain good social relations in local communities where business activities are conducted.

All production plants of the CIECH Group operate on the basis of the required permits and administrative decisions. In addition, most production companies have implemented environmental management systems in accordance with the requirements of the ISO 14001 standard. The plan is to cover all companies in the Group with an integrated management system in the scope of the following standards: ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

The CIECH Group systematically implements investments limiting the impact of its operations on the environment, in particular in terms of reducing emissions of pollutants into the atmosphere. Investments in atmosphere protection undertaken in 2022 include:

- repair of the boiler in the Heat and Power Plant in Janikowo,
- construction of a second electrostatic precipitator in Żary and a new system for forming glassy sodium silicates,
- modernisation of the dedusting system at the monohydrate installation in Inowrocław,
- reducing noise emissions by mounting acoustic protection at the installation for the production of soda and the heat and power plant in Inowrocław, as well as at the installation for the production of salt and soda in Janikowo,
- installation of photovoltaic panels to reduce the use of energy from fossil fuels.

In addition, among the investments we carried out in previous years, the following should be mentioned:

- reduction of dust emissions from the existing CHP plants through the modernisation of electrostatic precipitators,
- reduction of emissions of nitrogen oxides from the owned CHP plants through the construction of flue gas denitrification installations in Inowrocław and Janikowo,
- reduction of sulphur dioxide emissions from the existing combined heat and power plants by constructing a flue gas desulfurisation unit,
- modernisation of the dedusting system at the Lime Kiln Installation in Inowrocław.

In order to reduce the generated waste, improve the quality of wastewater and sustainably use substrates and natural resources in 2022, the following measures were taken:

- modification of the water glass filtration technology in Iłowa resulting in the reduction of water consumption,
- modernisation of steam vent reducing devices in order to limit steam emissions from the steam installation to the environment from the plant in Iłowa,
- reducing the amount of generated waste by recycling dust from electrostatic precipitators to the production process,
- reducing transport waste by using reusable pallets at the plants in Janikowo and Inowrocław,
- the use flocculants to improve the quality of the sludge, which allowed for a significant reduction of suspended solids in the wastewater directed to the clarifying and cooling pond in Janikowo.

In 2022, the key issue in the area of sustainable products was obtaining the ISCC Plus certificate by CIECH Pianki. Thus, a company from the CIECH Group is the first certified manufacturer of polyurethane foams in Poland. This certificate confirms that the company complies with stringent environmental standards in the area of production, with particular emphasis on limiting the use of petroleum-derived raw materials, in favour of components from renewable sources and from recycling.

Other projects aimed at, among others, reducing CO₂, dust and noise emissions, reducing energy consumption and increasing the share of energy from renewable sources, are being implemented.

There are also plans to prepare and implement a comprehensive Environmental Protection Strategy for the entire CIECH Group, taking into account sustainable development, which will be aimed at achieving ambitious goals reducing the impact of the CIECH Group's operations on the surrounding environment.

GREENHOUSE GAS EMISSIONS

The CIECH Group attaches great importance to reducing gas and dust emissions into the air. Industrial activity conducted primarily within the main Soda segment is characterised by carbon dioxide emissions. We feel responsible for taking action to reduce emissions and stop climate change caused by greenhouse gas emissions. Significant reduction of CO₂ emissions is one of the main goals of the ESG Strategy and the new strategy of the CIECH Group for 2022-2024.



CO₂ emissions in 2022 as part of EU ETS

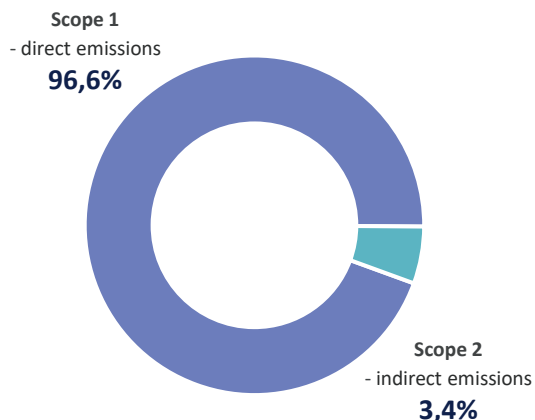
2 636 953 tCO₂



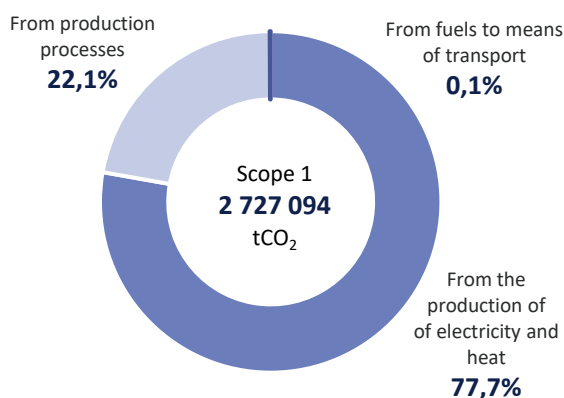
CO₂ emissions in 2022

Scope 1 & 2

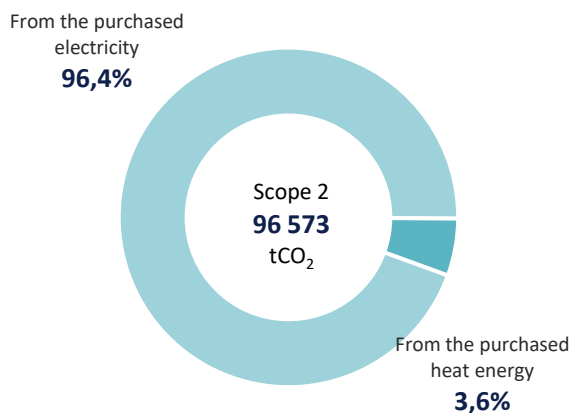
2 875 351 tCO₂

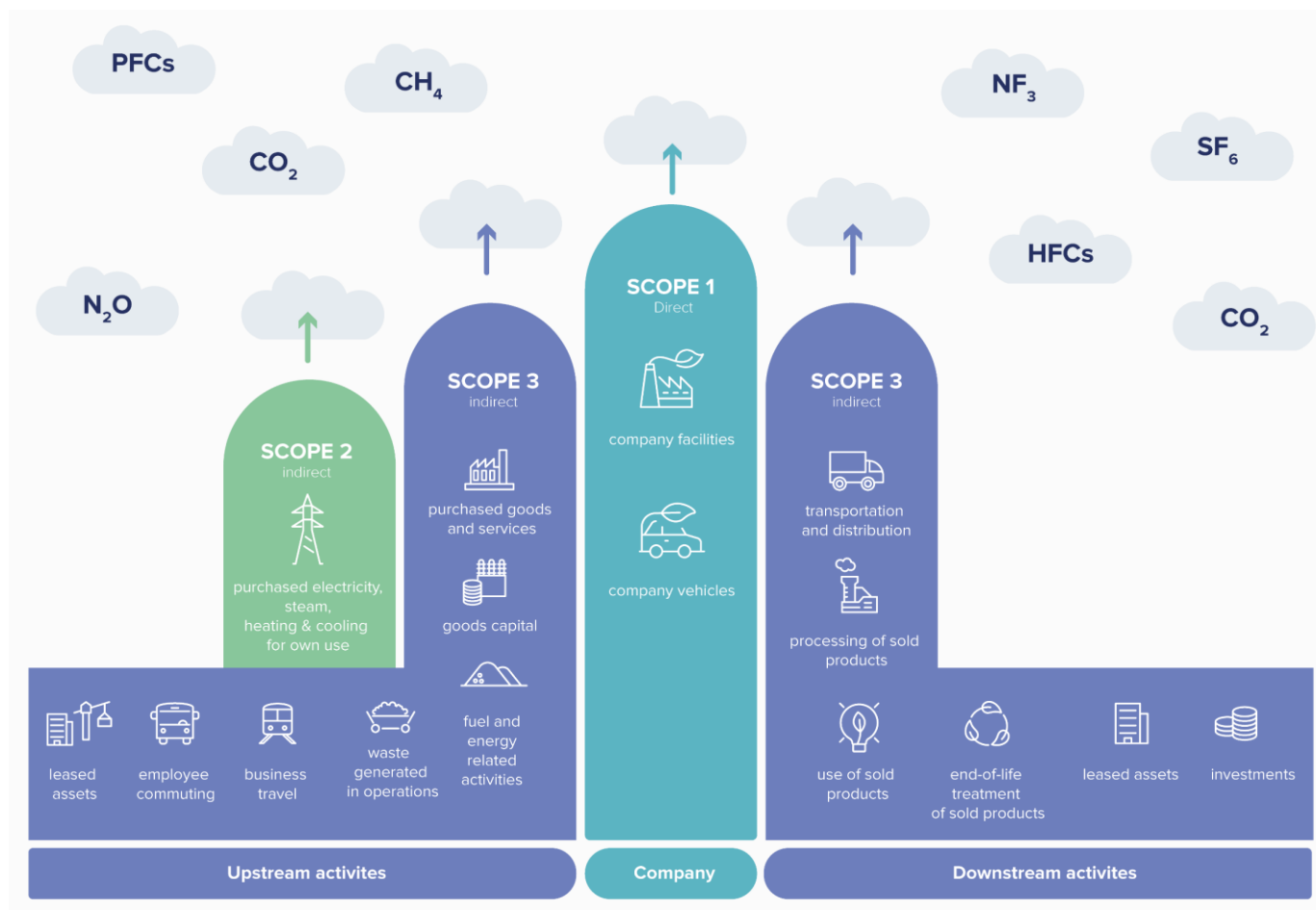


Scope 1 – direct emissions



Scope 2 – indirect emissions





Calculation and monitoring of greenhouse gas emission sources is a basic step on the way to reducing emissions. For the purposes of this process, commonly used international reporting standards were adopted - Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Currently, the CIECH Group monitors greenhouse gas emissions using a division into Scope 1 and Scope 2. The Group's plans also include the calculation of indirect emissions from Scope 3.

The CIECH Group does not emit greenhouse gases other than carbon dioxide.

SCOPE 1

DIRECT EMISSIONS OF THE GROUP RESULTING FROM COMBUSTION OF FUEL AND CARBONATES RAW MATERIALS IN SOURCES OWNED OR CONTROLLED BY THE GROUP

In the CIECH Group, the main source of direct carbon dioxide emissions are energy assets held in Poland and Germany, which generate electricity and heat in the form of e.g. high parameters of process steam for production processes:

- two coal-fired CHP plants (Inowrocław and Janikowo),
- gas-fired heat and power plant (Stassfurt),

- glass furnace (Iłowa) and silicate furnaces (Iłowa, Żary)
- gas boilers (Stassfurt, Iłowa, Żary, Ramnicu Valcea)

The source of direct emissions are also the production processes themselves, in particular the production of soda ash and baking soda (Inowrocław, Janikowo, Stassfurt, and until 2019, Ramnicu Valcea), as well as the production of glass packaging (Iłowa) and silicates (Iłowa, Żary, Ramnicu Valcea).

Apart from that, the CIECH Group is the owner or user of means of transport emitting greenhouse gases (diesel locomotives, fleet of passenger cars). Their impact on the total level of direct air emissions is insignificant in comparison with the aforementioned categories.

SCOPE 2

INDIRECT EMISSIONS OF THE GROUP RESULTING FROM THE USE OF PURCHASED ELECTRICITY AND HEAT

The calculation of indirect Scope 2 CO₂ emissions is based on the volume of electricity or heat purchased from external entities for the purposes of own consumption within the CIECH Group. CO₂ emissions from energy purchased for resale have not been included in accordance with the adopted methodology - the end-user principle.

We make every effort to estimate our impact on the environment as accurately as possible. In 2022, we initiated the implementation of CO₂ emission reporting tools using Business Intelligence (BI) solutions, which enabled us to improve the process of mapping and periodical monitoring of emission sources in the CIECH Group, in accordance with the assumption of information management. For the purposes of this report, we have adopted changes resulting from an internal analysis of emission sources and energy flows. As a result, we expanded the repository of carbon dioxide emission sources and reported all tangible and the vast majority of intangible Scope 1 & 2 emission sources. In order to maintain comparability, the data for the historical period 2019-2021 has been updated. Possible changes are described in detail in the section on CO₂ emissions in individual business segments and companies of the CIECH Group.

Carbon dioxide emissions from Scope 1 & 2 broken down by category [tCO₂]

| CIECH Group | 2019 | 2020 | 2021 | 2022 |
|--|------------------|------------------|------------------|------------------|
| Scope 1 - direct emissions, including: | 2 920 868 | 2 641 428 | 2 671 490 | 2 727 094 |
| from production of electricity and heat | 2 144 670 | 2 048 266 | 2 083 562 | 2 119 355 |
| from production processes | 773 484 | 590 113 | 584 517 | 603 832 |
| from consumption of fuels for means of transport | 2 715 | 3 049 | 3 411 | 3 907 |
| Scope 2 – indirect emissions, including: | 561 906 | 154 156 | 153 784 | 96 573 |
| from purchased electricity | 226 116 | 149 896 | 149 068 | 93 059 |
| from purchased heat | 335 789 | 4 261 | 4 716 | 3 514 |
| Total - Scope 1 & 2 | 3 482 774 | 2 795 584 | 2 825 274 | 2 823 667 |

As part of Scope 2 indirect CO₂ emissions from energy purchased from an identified producer, an indicator specific to a given producer was used (market-based approach). Such an approach was used in the calculation of Scope 2 in CIECH Sarzyna from the Agro segment, which partly uses energy generated in the nearby Nowa Sarzyna Heat and Power Plant. In other cases, energy was

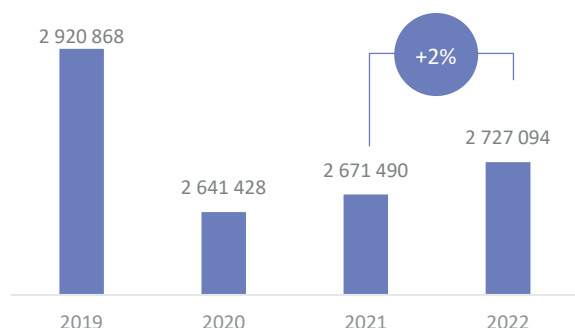
purchased from an unmarked producer (from the grid) - in this case, emissions were calculated using publicly available average emission intensity indices for individual locations (location-based approach).

Carbon dioxide emissions from Scope 2, broken down by the calculation method used [tCO₂]

| CIECH Group | 2019 | 2020 | 2021 | 2022 |
|------------------------|----------------|----------------|----------------|---------------|
| Market-based method | 548 292 | 149 038 | 149 457 | 93 595 |
| Location-based method | 13 613 | 5 118 | 4 327 | 2 979 |
| Total - Scope 2 | 561 906 | 154 156 | 153 784 | 96 573 |

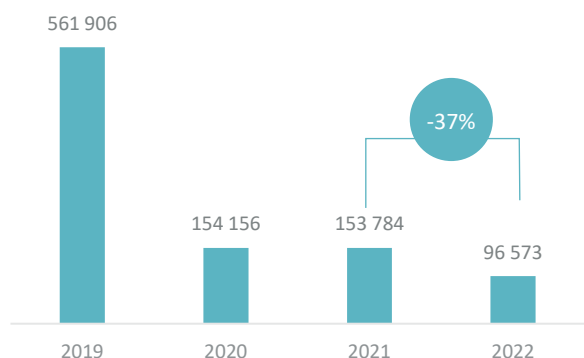
Scope 1 – direct CO₂ emissions [tonnes CO₂]

In 2022, the CIECH Group generated slightly more direct CO₂ emissions compared to the previous year. The increase in direct emissions results from the increase in the scale of the Group's operations. 2022 was characterised by an increase in production in the Soda segment - the CIECH Salz production plant was already operating throughout the year, gradually increasing its production capacity. Production was also intensified at CIECH Soda Polska, which manufactures a range of soda and salt products. In the Silicates segment, a new energy-saving furnace for the production of silicates was operating throughout the year, and, in response to increased demand, we temporarily reactivated the extinguished furnace located in our plant in Hłowa. Higher production volume y/y resulted in an increase in direct CO₂ emissions.



Scope 2 – direct CO₂ emissions [tonnes CO₂]

The level of CO₂ emissions in the category of indirect emissions from purchased electricity and heat decreased by 37% year on year. The first effects in reducing emissions are brought by investments in the installation of photovoltaic panels in several companies of the Group and energy-saving initiatives, e.g. installation of modern and energy-saving lighting fixtures.



DIRECT CO₂ EMISSIONS COVERED BY THE EUROPEAN UNION EMISSIONS TRADING SCHEME (EU ETS)

In the CIECH Group, the vast majority of direct carbon dioxide emissions (Scope 1) are covered by the European Union Emissions Trading Scheme (EU ETS), which covers the activities conducted in two out of five business segments of the Group. CO₂ emissions covered by the EU ETS come mainly from operations in the largest Soda segment - predominantly from energy production and from soda production processes, and to a lesser extent from the production of glass in the Packaging segment.

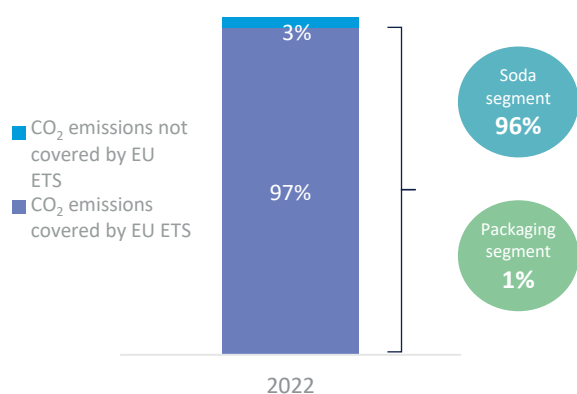
CO₂ emissions covered by the EU ETS accounting for approx. 97% of direct emissions (Scope 1) and approx. 93% of all reported emissions (Scope 1 & 2) are subject to mandatory verification by an independent auditor. According to article 86 of the Act of 12 June 2015 on the greenhouse gas emission allowance trading system, the CIECH Group is obliged to submit a written report on the volume of CO₂ emissions together with a report on the verification of emissions by an independent third party to the National Centre for Balancing and Management of Emissions (KOBiZE).

Carbon dioxide emissions covered by the European Union Emissions Trading Scheme [tCO₂]

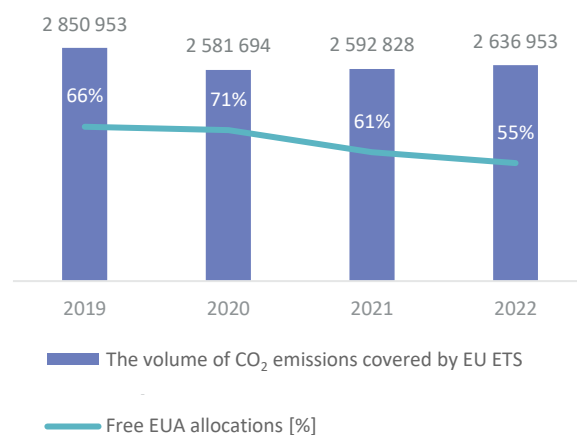
| CIECH Group | 2019 | 2020 | 2021 | 2022 |
|--|-----------|-----------|-----------|-----------|
| CO ₂ emissions covered by the EU ETS | 2 850 953 | 2 581 694 | 2 592 828 | 2 636 953 |
| Percentage of direct CO ₂ emissions (Scope 1) | 98% | 98% | 97% | 97% |
| Percentage of direct and indirect CO ₂ emissions (of Scope 1 & 2) | 82% | 92% | 92% | 93% |

Direct carbon dioxide emissions (Scope 1) in 2022, detailing the part covered by the European Union Emissions Trading Scheme (EU ETS) and attribution to the business segment.

Scope 1
2 727 094 tCO₂



Direct CO₂ emissions (from Scope 1) covered by the European Union Emissions Trading Scheme (EU ETS) and the level of coverage with free allocations of CO₂ emission certificates (EUA).



IN OUR ESG STRATEGY “CHEMISTRY FOR A BETTER WORLD”, WE COMMITTED OURSELVES TO

Reduce greenhouse gas emissions in Scope 1 and 2 by 33% by 2026 compared to the base year 2019

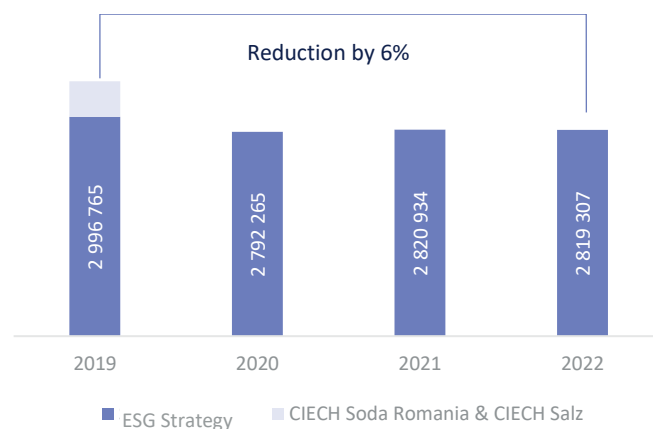
Eliminate coal from the production of energy in its entirety by 2033

Achieve net climate neutrality by 2040



We took 2019 as the reference point for our CO₂ emissions reduction targets, in which production levels in our business segments were not affected by negative external factors such as the COVID-19 pandemic in 2020, which in turn translated into a spontaneous reduction in carbon dioxide emissions. To maintain comparability, we have adopted the following assumptions:

- We do not include CO₂ emissions attributable to CIECH Soda Romania. In 2019, the company generated significant amounts of CO₂ emissions for the last time in connection with the production of soda. Since then, the plant in Romania has been in hibernation.
- To measure the achievement of CO₂ emission targets, we do not include insignificant emissions of CIECH Salz either (approx. 0.1% of the total emissions of the CIECH Group), in which production was launched in 2021.

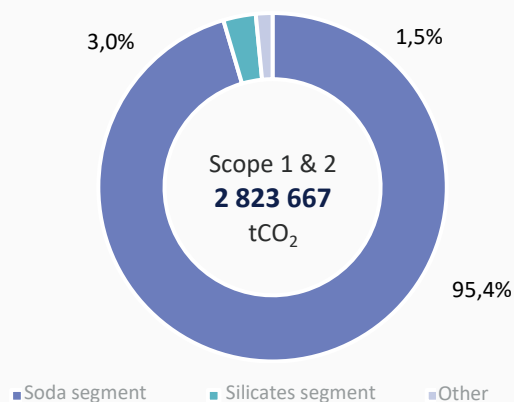


For more information about the implementation of the ESG Strategy in the area of CO₂ emission reduction go to page 31.

DETAILED INFORMATION ON CO₂ EMISSIONS IN INDIVIDUAL SEGMENTS AND COMPANIES

The CIECH Group's business segments are characterised by a varied level of CO₂ emission intensity, depending on the specificity of the industrial activity conducted within them. From the perspective of individual segments, the key element influencing the volume of emissions is the energy intensity of production and the presence of production processes using carbonate raw materials. The vast majority of the CIECH Group's CO₂ emissions are related to the production of soda and the energy used for its production.

Carbon dioxide emissions Scope 1 & 2 in 2022 by business segment [%].



In total, the Agro, Foams, Packaging and Other and corporate functions segments account for approx. 1.5% of the total CO₂ emissions of the CIECH Group from Scope 1 & 2.



Carbon dioxide emissions from Scope 1 & 2 by business segment [tCO₂]

| CO ₂ emissions – Scope 1 & 2 | 2019 | 2020 | 2021 | 2022 |
|---|------------------|------------------|------------------|------------------|
| Soda segment | 3 352 081 | 2 691 463 | 2 699 261 | 2 694 943 |
| Agro segment | 21 063 | 11 218 | 12 318 | 11 527 |
| Foams segment | 1 914 | 1 585 | 1 555 | 1 312 |
| Silicates segment | 77 469 | 62 428 | 81 883 | 85 156 |
| Packaging segment | 19 350 | 18 834 | 19 455 | 19 192 |
| Other segment and corporate functions | 10 897 | 10 056 | 10 802 | 11 537 |
| CIECH Group | 3 482 774 | 2 795 584 | 2 825 274 | 2 823 667 |

SODA SEGMENT

Carbon dioxide emissions by Scope 1 and 2 categories [tCO₂]

| Soda Segment | 2019 | 2020 | 2021 | 2022 |
|---|------------------|------------------|------------------|------------------|
| Scope 1 – direct emissions, including: | 2 837 236 | 2 568 156 | 2 581 477 | 2 626 560 |
| From production of electricity and heat | 2 094 972 | 2 004 343 | 2 029 908 | 2 061 738 |
| CIECH Soda Polska | 1 664 857 | 1 558 318 | 1 597 470 | 1 654 970 |
| CIECH Energy Deutschland | 426 834 | 444 677 | 429 609 | 403 383 |
| CIECH Soda Romania | 3 281 | 1 348 | 311 | 247 |
| CIECH Salz | nd. | nd. | 2 518 | 3 138 |
| From production processes | 742 264 | 563 813 | 551 569 | 564 822 |
| CIECH Soda Polska | 476 326 | 403 046 | 420 000 | 433 253 |
| CIECH Soda Deutschland | 148 880 | 160 767 | 131 569 | 131 569 |
| CIECH Soda Romania | 117 058 | nd. | nd. | nd. |
| From fuels for means of transport | nd. | nd. | nd. | nd. |
| Scope 2 – indirect emissions, including: | 514 845 | 123 307 | 117 784 | 68 384 |
| From purchased electricity | 189 235 | 123 307 | 117 784 | 68 384 |
| CIECH Soda Polska | 149 175 | 121 335 | 116 273 | 67 408 |
| CIECH Soda Romania | 40 060 | 1 972 | 1 511 | 975 |
| From purchased heat | 325 610 | nd. | nd. | nd. |
| CIECH Soda Romania | 325 610 | nd. | nd. | nd. |
| Total - Scope 1 & 2 | 3 352 081 | 2 691 463 | 2 699 261 | 2 694 943 |

CIECH SODA DEUTSCHLAND

In connection with the verification by an external company of CO₂ emissions from the soda production process covered by the European Union Emissions Trading Scheme (EU ETS), an adjustment was made to reduce CO₂ emissions reported for 2021 in category *From production processes* by 7,201 tCO₂ and an adjustment to increase CO₂ emissions in the category *From production of electricity and heat* by 19 tCO₂.

CIECH SODA ROMANIA

As a result of the analysis of emission sources, a decision was made to change the category of direct emissions and transfer some of the CO₂ emissions from 2019 (3,281 tCO₂) reported last year (3,281 tCO₂) and all emissions from 2020 (1,116 tCO₂) from the category *From production processes* to the category *From production of electricity and heat*. The adjustment does not affect the total Scope 1 CO₂ emissions.

As part of Scope 2, the mapping of the volumes of purchased and resold electricity, as well as the acquired emission indexes, was revised. As a result, a correction was made to increase the published CO₂ emissions for previous years, by 7,732 tCO₂ in 2019, 250 tCO₂ in 2020 and 423 tCO₂ in 2021, respectively. For electricity, it was decided to adopt publicly available indicators published by *Electricity Maps*.

Due to the change in the segment structure of the CIECH Group, starting from 2022, CIECH Cargo is no longer part of the Soda segment. In this report, CO₂ emissions assigned to CIECH Cargo in 2019-2022 are presented in the section on the Other segment, in accordance with the current structure of the Group.

AGRO SEGMENT

Carbon dioxide emissions by Scope 1 and 2 categories [tCO₂]

| Agro segment - CIECH Sarzyna | 2019 | 2020 | 2021 | 2022 |
|--|---------------|---------------|---------------|---------------|
| Scope 1 – direct emissions | nd. | nd. | nd. | nd. |
| Scope 2 – indirect emissions, including: | 21 063 | 11 218 | 12 318 | 11 527 |
| From purchased electricity | 11 681 | 7 627 | 8 285 | 8 549 |
| From purchased heat | 9 382 | 3 590 | 4 033 | 2 979 |
| Total - Scope 1 & 2 | 21 063 | 11 218 | 12 318 | 11 527 |

CIECH SARZYNA

CIECH Sarzyna does not generate direct CO₂ emissions. For production and administration purposes, the company acquires electricity and heat. The supplier of its heat is the modern Nowa Sarzyna Heat and Power Plant (outside the CIECH Group) located in the immediate vicinity. In 2019-2021, in the case of electricity, part of the energy supplies also came from the Nowa Sarzyna CHP plant. In the calculation of indirect CO₂ emissions (Scope 2) from this source, the market-based method was used, on the basis of the emission indexes published by the Nowa Sarzyna Heat and Power Plant. For electricity purchased from the grid, the location-

based method was adopted and publicly available CO₂ emission indexes for end users published by the National Centre for Balancing and Management of Emissions (KOBiZE) were used.

In order to make the calculation as accurate as possible, CO₂ emissions resulting from insignificant losses in energy transmission were taken into account, and flows going outside the CIECH Group as part of the resale of energy to housing estates in the vicinity of the plant were precisely mapped. In order to maintain comparability, the data for CIECH Sarzyna for previous years was corrected.

FOAMS SEGMENT

Carbon dioxide emissions by Scope 1 and 2 categories [tCO₂]

| Foams segment - CIECH Pianki | 2019 | 2020 | 2021 | 2022 |
|--|--------------|--------------|--------------|--------------|
| Scope 1 – direct emissions | nd. | nd. | nd. | nd. |
| Scope 2 – indirect emissions, including: | 1 914 | 1 585 | 1 555 | 1 312 |
| From purchased electricity | 1 116 | 915 | 872 | 777 |
| From purchased heat | 798 | 670 | 683 | 536 |
| Total - Scope 1 & 2 | 1 914 | 1 585 | 1 555 | 1 312 |

CIECH PIANKI

Data for the Foams segment, to which CIECH Pianki belongs, have been separated. In the previous report for 2021, the segment was included in the "Other activities" section. The company does not generate direct carbon dioxide emissions. For the calculation of indirect Scope 2 CO₂ emissions, the location-based method was adopted, on the basis of publicly available emission factors - in

the case of electricity, the national indicator for end users published by the National Centre for Balancing and Management of Emissions (KOBiZE) was used, while in the case of heat, the CO₂ emission factor was used for network heating in Bydgoszcz, where the company is located.

SILICATES SEGMENT

Carbon dioxide emissions by Scope 1 and 2 categories [tCO₂]

| Silicates segment - CIECH Vitrosilicon | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|
| Scope 1 – direct emissions | 67 044 | 56 483 | 72 583 | 82 781 |
| From production of electricity and heat | 38 948 | 33 024 | 42 502 | 46 123 |
| From production processes | 28 096 | 23 459 | 30 081 | 36 658 |
| From fuels for means of transport | nd. | nd. | nd. | nd. |
| Scope 2 – indirect emissions, including: | 10 425 | 5 945 | 9 300 | 2 374 |
| From purchased electricity | 10 425 | 5 945 | 9 300 | 4 605 |
| From purchased heat | nd. | nd. | nd. | nd. |
| Total - Scope 1 & 2 | 77 469 | 62 428 | 81 883 | 85 156 |

CIECH VITROSILICON

Direct CO₂ emissions (Scope 1) in the Silicates segment, to which CIECH Vitrosilicon belongs, come from heat generated in gas furnaces for the production of silicates in Iłowa and Żary, as well as a small amount of heat produced for administrative purposes. In addition, in the silicate production process, carbonate raw materials are burned, e.g. soda ash. The Silicates segment produces inorganic chemicals that are not covered by the European Union Emissions Trading Scheme (EU ETS).

For the calculation of indirect CO₂ emissions from Scope 2 resulting from the consumption of electricity purchased from third parties, the emission index for end users from the publicly available

report of the National Centre for Balancing and Management of Emissions (KOBiZE) was used.

It should be noted that in April 2021, CIECH Vitro was separated from CIECH Vitrosilicon and assigned to a separate Packaging segment. From that moment, the purchase of electricity from external suppliers is monitored separately for each company. In order to present the best comparative data for previous years, the data was updated by assigning CO₂ emissions to the appropriate company using the energy consumption key in 2022 (separate electricity purchase register kept for a full year for both companies).

In the case of heat, the total demand of CIECH Vitrosilicon is covered by its own production.

PACKAGING SEGMENT

Carbon dioxide emissions by Scope 1 and 2 categories [tCO₂]

| Packaging segment - CIECH Vitro | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|
| Scope 1 – direct emissions, including: | 13 874 | 13 740 | 14 019 | 13 846 |
| From production of electricity and heat | 10 749 | 10 899 | 11 152 | 11 494 |
| From production processes | 3 124 | 2 841 | 2 867 | 2 352 |
| From fuels for means of transport | nd. | nd. | nd. | nd. |
| Scope 2 – indirect emissions, including: | 5 476 | 5 094 | 5 436 | 5 346 |
| From purchased electricity | 5 476 | 5 094 | 5 436 | 5 346 |
| From purchased heat | nd. | nd. | nd. | nd. |
| Total - Scope 1 & 2 | 19 350 | 18 834 | 19 455 | 19 192 |

CIECH VITRO

The Packaging segment comprises CIECH Vitro, registered on 1 April 2021, which was separated from CIECH Vitrosilicon (Silicates segment). The core business of CIECH Vitro is the production of lanterns and glass packaging. This activity is covered by the European Union Emissions Trading Scheme (EU ETS).

As part of direct emissions, CO₂ emissions from gas used to generate heat in a glass furnace are reported - category "From production of electricity and heat", and CO₂ emissions resulting from the combustion of carbonate raw materials (soda ash, lime powder) - category "From production processes". The vast majority of

these emissions are accounted for under the EU ETS. In addition, the calculation includes insignificant amounts of CO₂ emissions generated from the gas boiler in Łłowa, which are not covered by the EU ETS.

Full records of data broken down into the Silicates and Packaging segment are kept from the time of registration of the new company. To ensure data comparability, both in the Packaging and Silicates segments, historical data was adjusted to the current structure of the CIECH Group. The data reported this year has been updated according to the consumption key of purchased electricity in 2022.

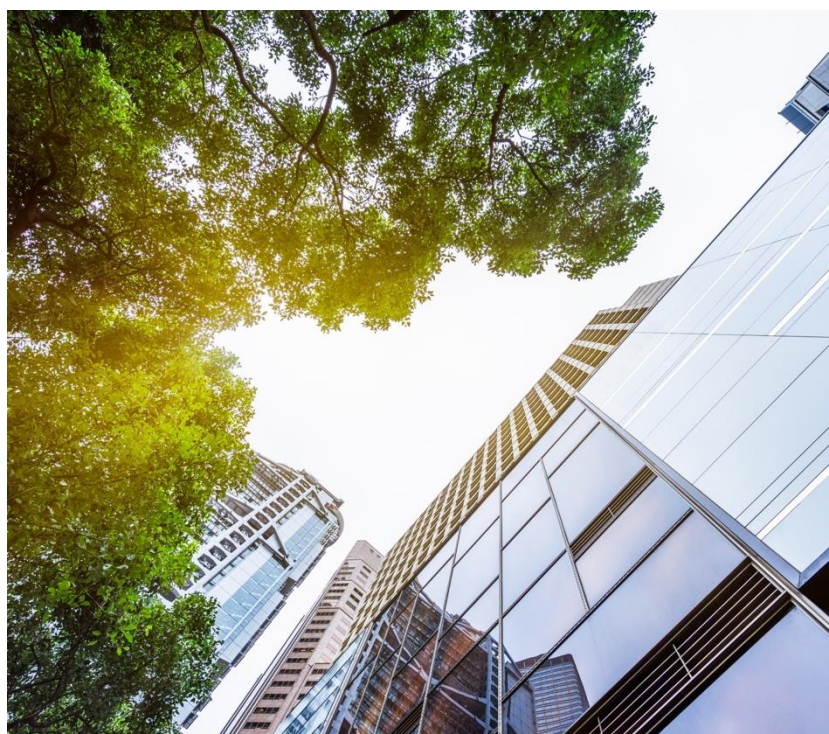
OTHER SEGMENT AND CORPORATE FUNCTIONS

Carbon dioxide emissions by Scope 1 and 2 categories [tCO₂]

| Other segment and corporate functions | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|
| Scope 1 – direct emissions, including: | 2 715 | 3 049 | 3 411 | 3 907 |
| From production of electricity and heat | nd. | nd. | nd. | nd. |
| From production processes | nd. | nd. | nd. | nd. |
| From fuels for means of transport | 2 715 | 3 049 | 3 411 | 3 907 |
| Scope 2 – indirect emissions, including: | 8 182 | 7 007 | 7 391 | 7 630 |
| From purchased electricity | 8 182 | 7 007 | 7 391 | 7 630 |
| From purchased heat | nd. | nd. | nd. | nd. |
| Total - Scope 1 & 2 | 10 897 | 10 056 | 10 802 | 11 537 |

By adapting the CO₂ emission reporting system to the current segment structure of the CIECH Group, in this report, in the section on the Other and corporate functions segment, the emissions of CIECH Cargo are presented, which were included in the Soda segment in the previous year. This company generates direct emissions related to the fuel used for diesel locomotives, as well as indirect emissions related to the purchase of electricity for the needs of the fleet of electric locomotives. In this year's report, we expanded the repository with the amount of fuel for diesel locomotives that was used in siding manoeuvres. To maintain comparability, the presented historical data was adjusted by increasing the amount of CO₂ emissions in the *Z category of fuels for means of transport* by 273 tCO₂ in 2019, 365 tCO₂ in 2020 and 462 tCO₂ in 2021, respectively.

From the section on other activities, the company CIECH Pianki was also separated and presented separately in the *Foams segment* section.



AIR QUALITY

Improving air quality by reducing emissions is one of the key goals we set ourselves in the environmental area. We systematically adapt our installations to new legal obligations and tightening emission standards. As the CIECH Group, we strive to constantly reduce emitted pollutants.

In recent years, the CIECH Group has carried out several investments, especially in the Soda segment, which contribute to the protection of the atmosphere, including:

- reduction of dust emissions from the owned CHP plants through the modernisation of electrostatic precipitators,
- reduction of nitrogen oxides from the owned CHP plants by building a flue gas denitrification installation using 3 levels of catalytic inserts (in Inowroclaw and Janikowo locations),
- reduction of sulphur dioxide from the owned CHP plants by constructing a flue gas desulfurisation unit,
- modernisation of the dedusting system at the monohydrate installation in Inowroclaw,
- modernisation of the dust extraction system at the Lime Kiln Installation in Inowroclaw,
- reducing noise emissions by installing acoustic protection at the soda production installation and the CHP plant in Inowroclaw, as well as at the salt and soda production installation in Janikowo,
- installation of photovoltaic panels to reduce the use of energy from fossil fuels.

The aforementioned modernisations, in line with the adaptation of the installation to the new emission standards, in connection with the very restrictive requirements of the BAT Conclusions for LCPs and in connection with the completion of the TNP (in mid-2020), significantly contributed to the reduction of individual types of pollutants into the atmosphere.

In addition, in order to reduce emissions into the air, our installations are equipped with various atmosphere protection devices with high pollution reduction efficiency. These devices include, among others: wet dust collectors (efficiency of 85.5%), cyclones and scrubbers (efficiency of 99%), multi-cyclones (efficiency of 95%), and bag filters (efficiency between 95% and 99.9%).

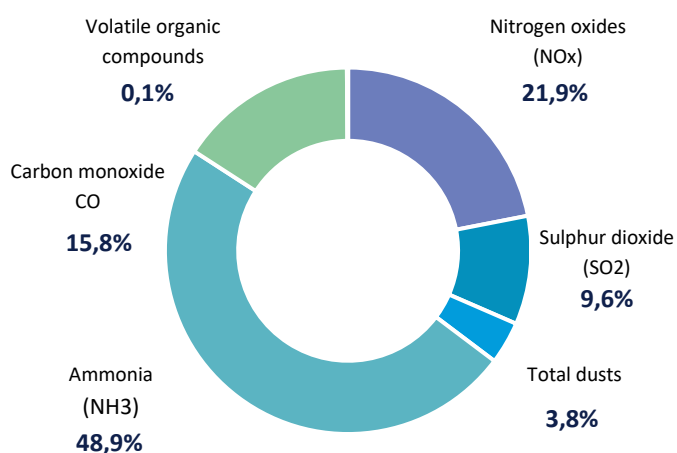
Measurements of air emissions in the CIECH Group are carried out in accordance with applicable regulations and permits held. Gas and dust emissions are monitored by installed continuous monitoring systems (CHP plants) and by periodic measurements at other emitters. In addition, modern measurement systems have been installed on the emitters, especially those related to the Soda segment, which made it possible to monitor emissions with greater accuracy and precision.



Emission of selected compounds into the air in 2022

(except carbon dioxide)

9 846 tonnes

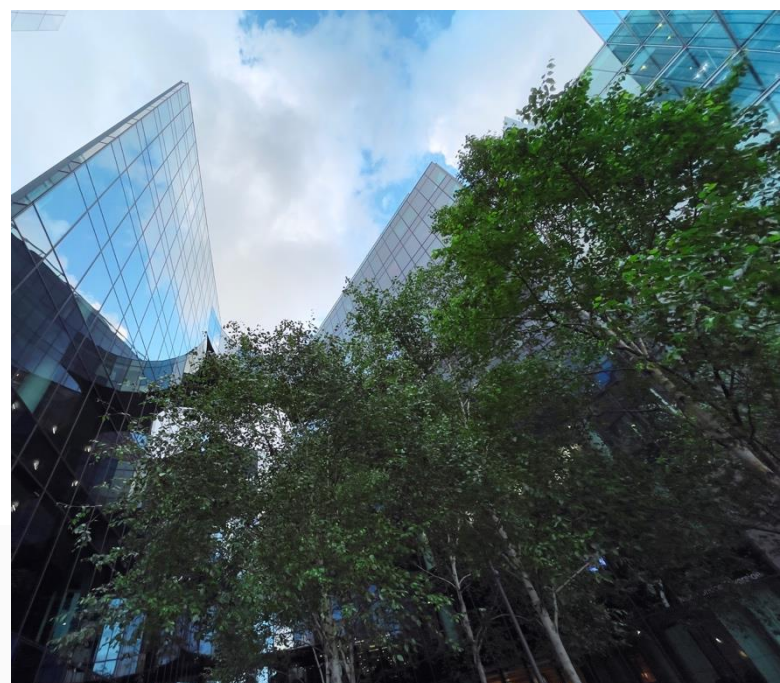


In 2022, at one of the thirty-two points of organized dust emission (emissions through specially adapted emitters), located on the premises of the production plant in Inowrocław, the dust emission standards were exceeded on the soda monohydrate installation. The reason for such exceedance was the improper operation of the filtration systems, which were partially degraded due to faster wear of the filters.

In September 2022, new elements of the filtration system were delivered and installed, and in October, the installation of nearly a thousand new filter bags and support baskets, increasing the efficiency of soda dust capture, was completed at the site of the soda monohydrate installation. The first measurements of dust, carried out by accredited laboratories after the completion of these investments, indicated that the level of dust emission was three times lower than the permissible standard.

The replacement of nearly a thousand filter bags and support baskets is part of a comprehensive plan to reduce dust from soda production in Inowrocław. Soda dust is the result of the production process and is safe for people, animals, and the environment, just like the soda itself, which is used in the production of medicines, food or feed.

The favourable results of dust emission measurements were also confirmed by the laboratory of the Chief Inspectorate of Environmental Protection. Irrespective of the positive results of the measurements, the CIECH Group intends to continue the planned programme of comprehensive measures to reduce the risk of dust from other sources. Moreover, in December 2022, additional measuring equipment was installed for continuous measurement of dust emissions at the soda monohydrate installation.



Results of dust emission measurements
result range [kg/h]

0.23 – 0.63

vs.



Dust emission limits included
in the integrated permit
[kg/h]

1.726

In 2022, the only place in the entire Inowrocław plant where the dust limit was temporarily exceeded was the soda monohydrate installation. The CIECH Group completed remedial actions in order to reduce dusting to a level significantly lower than the level allowed by the standards in the integrated permit held. At the same time, in order to prevent similar situations from happening in the future, a comprehensive plan was prepared to reduce dust from the entire plant in Inowrocław, which will be implemented in the coming quarters. The total value of the planned initiatives may amount to as much as PLN 17 million by the end of 2025. The preventive action plan, covering potential sources of dust other than the soda monohydrate installation, includes, among others: replacement or modernisation of filters on individual sections of the soda production line, as well as reduction of fugitive emissions, i.e., dusting from roads or ponds. Although no violations of the standards were found in these places, the intention of the CIECH Group is to minimise dusting throughout the factory.



WE HAVE COMPLETED THE PRIORITY REMEDIAL ACTIONS, BUT IN ORDER TO PREVENT SIMILAR SITUATIONS IN THE FUTURE, WE ARE IN THE PROCESS OF IMPLEMENTING COMPREHENSIVE MEASURES TO REDUCE THE RISK OF POTENTIAL DUSTING FROM OTHER IDENTIFIED PLACES THROUGHOUT THE INOWROCLAW PLANT.



At the end of 2022, we installed a dust meter on the monohydrate soda installation

(the calibration process ended in January 2023)



Replacement of elements of the dust extraction system at the lime kiln installation



Replacement/modernisation of dedusting filters at the soda packaging installation and finished products warehouse



Works on slopes near ponds - reduction of noise and dust



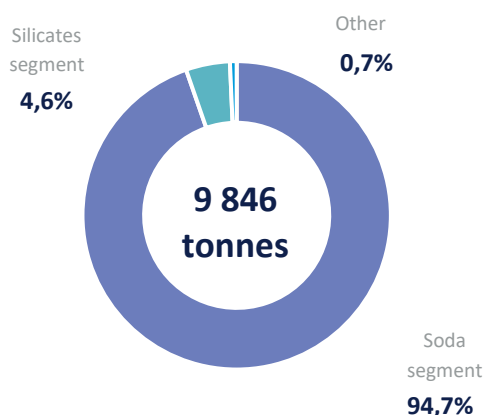
An 8-9 month audit by an external company in terms of sources of dust and the impact of external (atmospheric) factors increasing the level of dust from the factory



PLN 17 M Value of all initiatives as part of the project by the end of 2025

At the end of the year, specialist drones examined the CIECH plant in Inowrocław in terms of the condition of infrastructure and air quality, providing detailed information on the condition of the air over the Inowrocław plant.

Four drones flew over the CIECH plant in Inowrocław in early December. The flying machines created an accurate, three-dimensional image of the factory, and provided comprehensive information on the condition of the transmission infrastructure, waste ponds and air quality. Testing with an equipped with a set of sensors and precise measuring equipment will significantly support the improvement of the plant's operation, increasing production efficiency and reducing its impact on the natural environment. The unmanned aerial vehicles are equipped with high-resolution cameras, including thermal imaging, as well as precise positioning systems and sensors for testing air quality for the presence of suspended dust. The analyses provided by the drones will be an important element of the activities aimed at reducing dusting at the Inowrocław plant.



LEGAL ENVIRONMENT:

In connection with the requirements of the Industrial Emissions Directive (IED Directive) and the need to adapt to new, more restrictive emission standards, e.g., with regard to sulphur dioxide, nitrogen oxides and particulate matter, periods have been set for plants producing energy and steam (CHP plants) during which these installations will have to adapt to the new emission caps. The following periods have been distinguished:

- the period until 30 June 2020 (extension of the deadline for adapting the LCP installation under the Transitional National Plan (TNP)),
- the period from 1 July 2020 to 17 August 2021 (from the end of participation in the TNP to the end of the deadline for adapting to the new BAT Conclusions for LCPs),
- the period from 18 August 2021 (validity of the amended BAT Conclusions for LCPs).

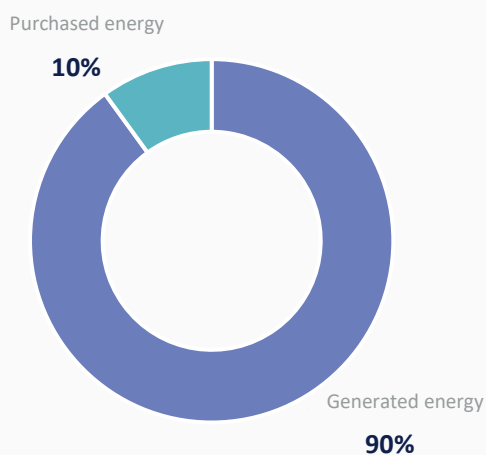
From 1 July 2020, power and steam generating plants are subject to restrictive emission standards for dust emissions (20-25 mg/Nm³), sulphur oxides (200-250 mg/Nm³) and nitrogen oxides (200 mg/Nm³) for large combustion plants (LCPs). On the other hand, from 18 August 2021, new, very restrictive emission levels for large combustion plants have been in force, resulting from the new BAT Conclusions for LCPs. The new emission values are respectively: for dust (15-20 mg/Nm³), sulphur oxides (130-200 mg/Nm³) and nitrogen oxides (150-180 mg/Nm³). In addition, for sources with a nominal power of more than 300 MW, continuous measurement of mercury emissions should be carried out. Administrative proceedings aimed at issuing amended integrated permits, adapted to the requirements of the BAT Conclusions for LCPs, are currently underway. The BREF LVIC (Large Volume Inorganic Chemicals) requirements are also being revised, covering, among others, soda and salt production processes. The planned completion of the BREF LVIC revision is 2027.

| | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|---------------|---------------|--------------|--------------|
| Nitrogen oxides (NOX) | 1 988 | 1 771 | 1 785 | 2 160 |
| Sulphur dioxide (SO ₂) | 1 655 | 1 085 | 891 | 944 |
| Total dusts | 251 | 176 | 169 | 370 |
| Ammonia (NH ₃) | 4 451 | 2 130 | 2 253 | 4 811 |
| Carbon monoxide CO | 9 867 | 6 699 | 1 590 | 1 552 |
| Volatile Organic Compounds (VOCs) | 46 | 46 | 9 | 11 |
| Total | 18 258 | 11 907 | 6 697 | 9 846 |

ENERGY

Energy generated and purchased in 2022

7 378 758 MWh

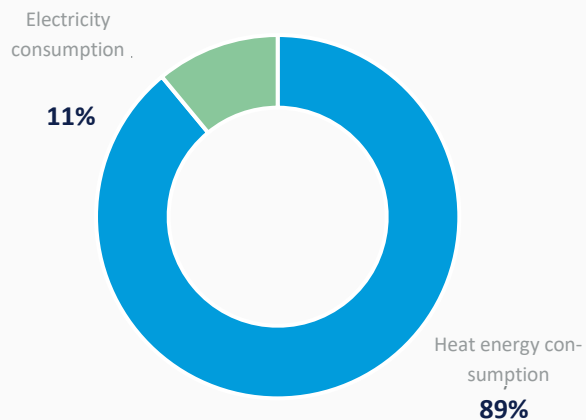


Energy sales in 2022

636 273 MWh

Energy consumption in 2022

6 742 485 MWh



Certificates of origin from renewable sources for 73 000 MWh of electricity in 2022.

In 2022, we installed photovoltaic panels in five Group companies.

ENERGY ASSETS OF THE CIECH GROUP

The CIECH Group has its own energy assets, which have been located in the Soda segment due to technological liaisons. Production plants in the Soda segment are the main recipient of the energy produced due to the high energy intensity of the production processes. Two of the CIECH Group's CHP plants are located in Poland and one in Stassfurt. Operationally, the CHP installations are part of the technological process carried out as part of the production of soda and salt.

SODA SEGMENT

CIECH SODA POLSKA (INOWROCŁAW & JANIKOWO)

The Inowrocław CHP plant with a total thermal power of 356 MWt, equipped with four steam boilers supplying steam to three back-pressure turbine sets (TPP) with a total generator capacity of 37.4 MWe. The heat generated in cogeneration comes from the combustion of hard coal.

The Janikowo CHP Plant with a total achievable thermal power of 405.55 MWt, equipped with five steam boilers supplying steam to five back-pressure turbine sets (TPP) with a total generator capacity of 56.0 MWe. The heat generated in cogeneration comes from the combustion of hard coal.

The CHP plants of CIECH Soda Polska S.A. fired with hard coal meet the environmental requirements (IED directive), thanks to the operation of the flue gas desulfurisation and denitrification installations.

Moreover, CIECH Soda Polska as an energy company, in addition to energy activities consisting in the generation of electricity and heat, also acts as a distribution network operator (DNO) on its own network.

CIECH ENERGY DEUTSCHLAND (STASSFURT)

The Stassfurt Heat and Power Plant, with a total thermal power of 553 MWt, is equipped with two gas turbines with heat recovery boilers and two gas boilers, and supplies one back-pressure turbine set (TPP). The total installed capacity of the generators is 134 MWe. The heat generated in cogeneration comes from the combustion of natural gas.

The CIECH Energy Deutschland Heat and Power plant is fired with natural gas and meets the environmental requirements (IED Directive) without the need to build additional flue gas treatment installations.

OTHER

In 2022, we installed photovoltaic panels in five CIECH Group companies - Sarzyna, Pianki, Vitro, Nieruchomości and Cargo.

EXTERNAL PURCHASE SOURCES OF ELECTRICITY AND HEAT

CIECH SODA DEUTSCHLAND & CIECH ENERGY DEUTSCHLAND (STASSFURT)

For the production of soda in Germany, heat and electricity supplied from the REMONDIS Thermische Abfallverwertung GmbH thermal waste processing installation located in the vicinity are used. In 2022, the CIECH Group obtained nearly 409 GWh of heat and electricity from this source.

CIECH SODA ROMANIA (GOVORA)

The soda plant in Romania is currently in hibernation. Until the cessation of production, it used process steam produced in the assets of CET Govora, which uses lignite as fuel.

CIECH SARZYNA (NOWA SARZYNA)

The production plant of the Agro segment located in Nowa Sarzyna obtains heat from the modern Nowa Sarzyna Heat and Power Plant (not related to the CIECH Group) located nearby, which uses natural gas. Since 2021, heat has been purchased through LERG S.A.

OTHER

In other cases, the source of electricity is predominantly a seller selected in a tender or having a natural monopoly (traction energy), and the source of heat is local (network) suppliers.

ELECTRICITY ORIGIN GUARANTEES

Guarantees of origin for electricity generated from renewable energy sources are documents certifying to the end customer who purchases them that the amount of electricity introduced into the distribution network or transmission grid specified in this document comes from renewable energy sources (RES).

In 2022, under the renewable energy guarantee of origin (GoO) system, certificates were obtained for the following three companies from the CIECH Group:

- CIECH Soda Polska – certificate of origin for 69,850 MWh of electricity from renewable sources,
- CIECH Vitrosilicon – certificate of origin for 3,150 MWh of electricity from renewable sources.

In 2022, the CIECH Group purchased certificates of origin for 73,000 MWh of electricity from renewable sources, which prevented about 52,000 tons of CO₂ emissions..

SALE OF ELECTRICITY AND HEAT

The Soda segment also carries out activities involving the sale and resale of electricity and heat to third parties.

Electricity is sold primarily by CIECH Energy Deutschland, which manages the power plant in Stassfurt. The vast majority of electricity produced there goes to external customers.

Heat is sold both by the German companies: CIECH Energy Deutschland and CIECH Soda Deutschland, and the Polish company: CIECH Soda Polska, where the CHP plants in Inowrocław and Janikowo are located.

Some companies from other segments sell small amounts of electricity to third parties.

ELECTRICITY

CIECH GROUP – ELECTRICITY [MWH]

| Electricity [MWh] | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Generated | 1 029 347 | 1 053 020 | 1 036 927 | 891 764 |
| Purchased from third parties | 472 505 | 360 478 | 415 075 | 389 010 |
| Sold outside the CIECH Group | 688 115 | 717 896 | 729 598 | 530 656 |
| Consumption for own purposes | 813 737 | 695 602 | 722 404 | 750 118 |

CIECH SODA POLSKA – ELECTRICITY [MWH]

| Electricity [MWh] | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Generated | 331 194 | 316 374 | 334 168 | 348 574 |
| Purchased from third parties | 213 038 | 186 016 | 184 690 | 180 600 |
| Sold outside the CIECH Group | 18 038 | 17 260 | 18 109 | 15 540 |
| Consumption for own purposes | 526 194 | 485 130 | 500 748 | 513 633 |

CIECH SODA DEUTSCHLAND & CIECH ENERGY DEUTSCHLAND – ELECTRICITY [MWH]

| Electricity [MWh] | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Generated | 698 154 | 736 646 | 702 759 | 543 073 |
| Purchased from third parties | 126 863 | 118 403 | 167 207 | 156 582 |
| Sold outside the CIECH Group | 663 192 | 687 326 | 696 104 | 502 718 |
| Consumption for own purposes | 161 824 | 167 723 | 173 862 | 196 937 |

HEAT

CIECH GROUP – HEAT [MWH]

| Heat [MWh] | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Generated | 5 666 428 | 5 434 112 | 5 683 267 | 5 740 840 |
| Purchased from third parties | 1 329 926 | 344 982 | 355 057 | 357 144 |
| Sold outside the CIECH Group | 107 695 | 99 739 | 107 773 | 105 617 |
| Consumption for own purposes | 6 888 660 | 5 679 355 | 5 930 552 | 5 992 367 |

CIECH SODA POLSKA – HEAT [MWh]

| Heat [MWh] | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Generated | 4 409 278 | 4 128 189 | 4 367 533 | 4 434 018 |
| Purchased from third parties | 0 | 0 | 0 | 0 |
| Sold outside the CIECH Group | 44 723 | 43 108 | 47 368 | 42 604 |
| Consumption for own purposes | 4 364 556 | 4 085 081 | 4 320 164 | 4 391 414 |

CIECH SODA DEUTSCHLAND & CIECH ENERGY DEUTSCHLAND – HEAT [MWh]

| Heat [MWh] | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Generated | 1 254 135 | 1 301 686 | 1 297 464 | 1 286 096 |
| Purchased from third parties | 342 076 | 325 587 | 334 789 | 342 269 |
| Sold outside the CIECH Group | 58 459 | 56 631 | 60 404 | 63 012 |
| Consumption for own purposes | 1 537 752 | 1 570 641 | 1 571 848 | 1 565 354 |



MANAGEMENT OF THE ENERGY SECTOR

As part of managing the energy sector in the CIECH Group companies, the following areas are supervised:

- energy law - analysis of energy regulations affecting business activity,
- energy and capacity market - analysing and monitoring the energy market and the capacity (power) market on an ongoing basis, as well as purchasing electricity for Group companies,
- tariffs and licences - dealing with matters related to the approval of tariffs for electricity and heat and the implementation of the tasks of the Distribution Network Operator (DNO) of the power industry,
- strategy - participation in the development and implementation of the strategy in the area of energy within the CIECH Group,
- supervision - supervision over the effective functioning of the energy sector, including participation in the analysis of current and future costs of energy, energy assets and their optimisation (maintaining continuity of energy supplies, reducing the carbon footprint and adapting to changing regulations),
- energy efficiency - representing the company before the Energy Regulatory Office on submitted applications for energy efficiency certificates,
- representation - cooperation with institutions, offices, industry chambers as well as energy suppliers and recipients..

GENERATED ENERGY BY CATEGORY

| Grupa CIECH | 2019 | | 2020 | | 2021 | | 2022 | |
|---------------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | [MWH] | [GJ] | [MWH] | [GJ] | [MWH] | [GJ] | [MWH] | [GJ] |
| Coal | 4 740 472 | 17 065 698 | 4 444 563 | 16 000 427 | 4 701 700 | 16 926 121 | 4 782 592 | 17 217 331 |
| Gas | 1 955 304 | 7 039 094 | 2 042 569 | 7 353 248 | 2 018 493 | 7 266 575 | 1 849 923 | 6 659 724 |
| RES | 0 | 0 | 0 | 0 | 0 | 0 | 88 | 318 |
| CIECH Energy Deutschland | 6 695 776 | 24 104 792 | 6 487 132 | 23 353 675 | 6 720 193 | 24 192 696 | 6 632 604 | 23 877 374 |

ENERGY CONSUMPTION BY TYPE

| Grupa CIECH | 2019 | | 2020 | | 2021 | | 2022 | |
|--------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | [MWH] | [GJ] | [MWH] | [GJ] | [MWH] | [GJ] | [MWH] | [GJ] |
| Electricity | 813 737 | 2 929 452 | 695 602 | 2 504 168 | 722 404 | 2 600 654 | 750 118 | 2 700 424 |
| Heat | 6 888 660 | 24 799 174 | 5 679 355 | 20 445 679 | 5 930 552 | 21 349 986 | 5 992 367 | 21 572 523 |
| Total | 7 702 396 | 27 728 627 | 6 374 958 | 22 949 847 | 6 652 955 | 23 950 640 | 6 742 485 | 24 272 947 |

ENERGY EFFICIENCY

An important element of the activities of the CIECH Group companies is continuous improvement and increasing energy efficiency. In accordance with the Energy Efficiency Act, a mandatory audit of the company's energy efficiency is carried out every 4 years (last audit conducted in 2021). In addition, for implemented projects that improve energy efficiency, applications are submitted to the Energy Regulatory Office (ERO) for the issuance of energy efficiency certificates, the so-called white certificates traded on the Polish Power Exchange (TGE). In 2022, energy efficiency certificates were sold on the TGE in the total amount of 614 toe. The sales revenue amounted to approx. PLN 1.6 million. In addition, the obligation of CIECH Soda Polska for 2021 was settled (24 toe was redeemed).

| White certificates sold [toe] | |
|-------------------------------|------------|
| Heating networks | 73 |
| Modernisation of lighting | 541 |
| Total | 614 |

At the end of 2022, 382 toe of White Certificates were left in the CIECH Soda Polska account.

| White Certificates as at 31.12.2022 [toe] | |
|---|------------|
| Modernisation of lighting | 200 |
| Installation of apparatus and devices on raw soda and calcination in Inowroclaw | 139 |
| Lime plant – insulating covers | 44 |
| Total | 382 |



The efficiency improvement programme plays an important role in the strategic assumptions of the CIECH Group for the coming years. The table below shows a list of applications submitted in 2022 to the ERO, which includes tasks in progress.

| Requested white certificates [toe] | 2022 |
|---|---------------|
| Heat recovery expansion from the calcination process | 3 354 |
| DEMI water heater | 1 520 |
| Heat recovery for lye heating | 1 439 |
| Modernisation of the compressor system in Janikowo | 1 169 |
| Modernisation of the waste salt system | 1 029 |
| Thermal insulation of apparatus and pipelines at the premises of CIECH Soda Polska S.A. in Inowrocław | 784 |
| Modernisation and replacement of industrial insulation in Janikowo | 772 |
| DS2 apparatus isolation | 142 |
| Lime plant – insulating covers | 44 |
| Total | 10 253 |

Further initiatives to improve energy efficiency, for which white certificates can be obtained, are under analysis.

According to the RES Act, two companies of the CIECH Group fall into the category of energy-intensive enterprises. For this reason, in 2022 they received support under the reduced RES obligation. For CIECH Soda Polska, the RES obligation was reduced to 60%, and for CIECH Vitrosilicon to 80%, in the total amount of PLN 3.3 million. In order to obtain the relief for 2023, in accordance with the RES Act, in November 2022 applications were submitted to the ERO, together with the opinion of the statutory auditor, confirming the calculation of the energy intensity coefficient.

According to article 15 of the Energy Efficiency Act, CIECH Soda Polska, as a company consuming more than 100 GWh (over 500 GWh), settles accounts with the energy supplier for the obligation to provide electricity with white certificates. The settlement takes place by sending a statement on the implementation of the task showing savings in the amount of 5,803 toe, i.e. approx. 67,490 MWh. Together with the statement, confirmation of the energy efficiency audit is submitted. 4,876 toe remain to be used in the register of CIECH Soda Polska. For 2022, another statement will be issued for approx. 215 toe (the register will be reduced by this value) corresponding to savings in energy purchase costs (white certificates in the energy mix of 1.5%) in the amount of PLN 0.5 million.

In addition, in 2022, in accordance with the Act on the Compensation System for Energy-Intensive Sectors and Subsectors, two companies, CIECH Soda Polska and CIECH Vitrosilicon, received an inflow of PLN 16.3 million in total related to the settlement of 2021. In order to fulfil the obligation imposed by the Act on the Compensation System guarantees (certificates) of origin were purchased in the amount of 73,000 MWh for PLN 0.15 million, corresponding to at least 30% of the consumed electricity covered by compensation.

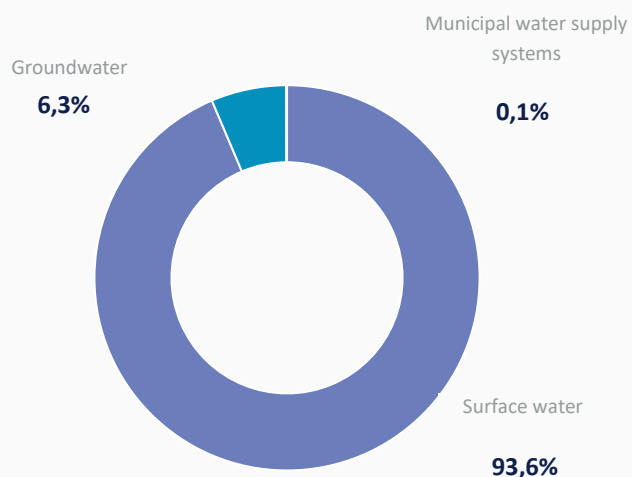
Total savings resulting from unrealised energy purchase costs and additional revenues as a result of the implementation of tasks to improve energy efficiency for 2022 amount to PLN 22.5 million.



WATER RESOURCES AND SEW-AGE MANAGEMENT

Total water intake in 2022
35 960 216 m3

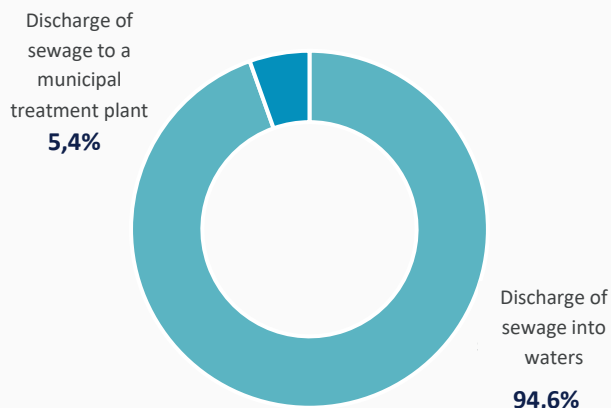
CIECH Group – Total water intake in 2022 by category [m3]



For the purposes of production processes, the CIECH Group companies use water abstracted from both natural sources and municipal water supply systems. Water from natural sources is used for production, social and living purposes, cooling and energy. In order to reduce its consumption, our plants operate closed water circuits, which is part of the implementation of the assumptions of the circular economy. The use of increased water circulation in the technological circuit is aimed at reducing water consumption from natural sources.

Total sewage discharge in 2022
35 638 943 m3

CIECH Group - Total wastewater discharge in 2022, broken down by category [m3]



In order to improve our water and sewage management in the CIECH Group companies, modernisation, investment as well as research and development works are planned to limit the negative impact of operations on the environment.

In 2022, the research and development (R&D) team of the CIECH Group developed an innovative method of recovering the so-called waste salt, formed during the production of sodium carbonate (soda ash). The solution implemented at the factory in Inowrocław allows for the reduction of chloride emissions in wastewater by approx. 7.5 thousand tonnes per year. The waste salt recovery installation launched in Inowrocław is the result of two years of work by a team of technologists and production specialists. The installation also enables the recovery of approx. cubic meters of brine separated from the waste salt, which was previously treated as waste. Thanks to the proprietary and innovative solution of the CIECH Group, the emissions of chlorides and the amount of sewage in the factory in Inowrocław have been reduced.

CIECH Group – Total water intake in 2019-2022 by category [m3]

| CIECH Group | 2019 | 2020 | 2021 | 2022 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Surface water | 41 721 743 | 31 905 286 | 32 288 603 | 33 666 130 |
| Groundwater | 2 931 806 | 2 523 176 | 2 443 404 | 2 264 075 |
| Water supply networks | 36 888 | 27 078 | 35 493 | 30 011 |
| Total water intake | 44 690 437 | 34 455 540 | 34 767 500 | 35 960 216 |

CIECH Group – Total wastewater discharge in 2019-2022 by category [m3]

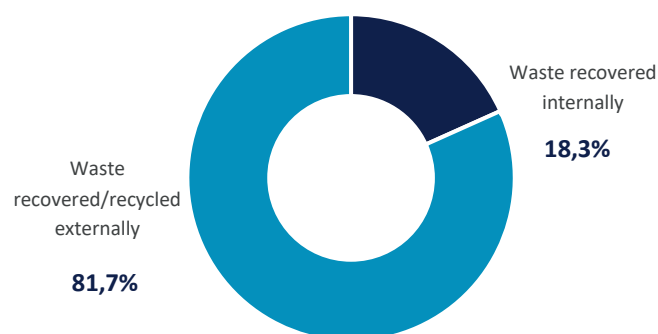
| CIECH Group | 2019 | 2020 | 2021 | 2022 |
|--|-------------------|-------------------|-------------------|-------------------|
| Discharge of sewage into waters | 42 917 646 | 34 133 155 | 33 780 598 | 33 701 753 |
| Discharge of sewage to a municipal treatment plant | 1 314 668 | 1 619 433 | 1 902 573 | 1 937 190 |
| Total wastewater discharge | 44 232 314 | 35 752 588 | 35 683 171 | 35 638 943 |

WASTE AND HAZARDOUS MATERIALS

Total amount of waste in 2022
excluding municipal waste
528 991 tonnes

Hazardous waste is less than **0.05%**

Recycled waste
529 669 tonnes



Due to the dynamically changing waste management obligations and regulations, we continuously adapt to changes in the formal and legal environment and strive to reduce the amount of waste generated and manage waste and raw materials sustainably. The CIECH Group generates waste, the main source of which is

production processes in individual plants. Waste management is carried out in accordance with the permits and administrative decisions held.

All companies of the CIECH Group, which are subject to the obligation to register in the products, packaging and waste management database, have appropriate registrations. Our companies maintain current quantitative and qualitative waste records.

We also make every effort to ensure that entities cooperating with us in waste management have the same values as the CIECH Group, carrying out their activities in a responsible manner, with care for the environment. The selection of entities collecting and managing waste generated in the CIECH Group companies is preceded by a detailed analysis of current permits and administrative decisions.

The CIECH Group implements the assumptions of a circular economy, using some of the waste it produces as secondary raw materials or materials for the reclamation of areas transformed by human economic activity. Some of the waste we generate is secondary raw materials for other industries, for example our waste is used in the production of cement and clinker, which enables us to reduce the use of natural aggregates and emissions to the environment.

For the entire CIECH Group, we have set a reduction target of limiting the amount of generated waste by 15% by 2025. There are also plans to increase the use of secondary raw materials by searching for new recipients and ways to manage the generated post-production waste. For this purpose, the CIECH Group conducts research and development.

CIECH Group - Total amount of waste in 2019-2022, broken down by category [tonnes]

| CIECH Group | 2019 | 2020 | 2021 | 2022 |
|--|------------------|----------------|----------------|----------------|
| Hazardous waste | 833 | 589 | 366 | 185 |
| Non-hazardous waste (excluding municipal waste) | 1 049 671 | 512 442 | 523 569 | 528 806 |
| Total amount of waste (excluding municipal waste) | 1 050 504 | 513 031 | 523 935 | 528 991 |

RESTORATION OF DEGRADED AREAS - RECLAMATION

In order to minimise the impact of our operations on the environment, the CIECH Group performs a number of reclamation works. Reclamation is a process of restoring utility and natural values to areas that have been transformed as a result of human economic activity or by natural factors.

In recent years, we have carried out reclamation works on landfills where, in the past, e.g. distillation sludge was stored.

Based on the administrative decisions, the works are carried out in accordance with the assumptions of the schedule, in which the sequence of activities related to the technical closure of the pond with a technical mixture, and then biological reclamation with the use of an agrotechnical mixture, plays an important role. The area prepared in this way is finally left for self-cleaning by natural succession.

PHASE I - TECHNICAL CLOSING OF THE POND WITH A TECHNICAL MIX.

As part of the formation of the technical layer, ashes and slag, ash-slag mixtures and lime O9 produced in one of the CIECH Group companies are applied on the surface of the ponds.

PHASE II - BIOLOGICAL RESTORATION WITH THE USE OF AGRO-TECHNICAL MIX.

The agrotechnical layer is a mixture of ash and slag maintained in a 2:1 ratio to sewage sludge. Stabilised sewage sludge is collected from the Municipal Sewage Treatment Plant and from the Municipal Water and Sewage Company. The physical and chemical properties of the sewage sludge used are controlled by accredited laboratories in terms of meeting the requirements for their use as part of reclamation works.

At the end of 2022, in accordance with the schedule resulting from the administrative decision, we completed the landfill restoration process.



In 2022, we also continued other reclamation projects. One of the examples of ongoing reclamation is the project of restoring the area of the post-production wastewater retention reservoir. Reclamation is carried out with the use of processed sewage sludge from the municipal biological sewage treatment plant. As a result of the works carried out, a wooded retention zone is to be created in the reclaimed area.

LEGAL STATUS OF USING THE ENVIRONMENT

Companies of the CIECH Group carry out their operations based on current administrative permits and decisions regulating the manner and the scope of environmental use. All CIECH Group companies operating IPPC installations have obtained integrated permits.

List of integrated permits held by the CIECH Group companies in 2022

| Company | Permit for | Validity period |
|---|---|-----------------|
| CIECH Soda Polska S.A. Production Plant in Inowrocław | Integrated permit for installation to manufacture soda and soda derived products. | Indefinite |
| CIECH Soda Polska S.A. Production Plant in Janikowo | Integrated permit for installation to manufacture soda and soda derived products. | Indefinite |
| CIECH Soda Polska S.A. Energy Plant in Inowrocław | Integrated permit for heat and power station's installation (4 OP-110 boilers). | Indefinite |
| CIECH Soda Polska S.A. Energy Plant in Janikowo | Integrated permit for heat and power station's installation (3 CKTI boilers and 2 OP-140 boilers). | Indefinite |
| CIECH Soda Deutschland GmbH & Co. KG | Integrated permit for installations to manufacture light and dense sodium carbonate, and sodium bicarbonate. | Indefinite |
| CIECH Energy Deutschland GmbH | Integrated permit for the installation of a combined heat and power plant. | Indefinite |
| CIECH Soda Romania S.A. | Integrated permit for installation to manufacture sodium carbonate. | 11.09.2023 |
| CIECH Sarzyna S.A. | Integrated permit for installations to manufacture crop protection products (MCPA i MCPP and esters from the esterification of phenoxyacids). | Indefinite |
| CIECH Vitrosilicon S.A. Plant in Żary | Integrated permit for installations to manufacture sodium silicate glass and potassium silicate glass. | Indefinite |
| CIECH Vitrosilicon S.A. Plant in Łłowa (CIECH Vitro Sp. z o.o.) | Integrated permit for installations to manufacture water solution of sodium and potassium silicates (water glass), glass packaging and solid sodium silicate (glassy sodium silicate) | Indefinite |
| CIECH Pianki Sp. z o.o. | Integrated permit for installations to manufacture PUR foams. | Indefinite |

CIECH GROUP'S OPERATIONS IN THE CONTEXT OF EU TAXONOMY



The EU taxonomy is a classification system that defines technical classification criteria for six environmental objectives that determine whether an activity is environmentally sustainable.

ABOUT THE EUROPEAN UNION TAXONOMY

The CIECH Group is an entity subject to the obligation to disclose non-financial data and in accordance with the Non-Financial Reporting Directive (NFRD) it is subject to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, along with applicable delegated acts supplementing the content of the regulation. The above regulation, hereinafter referred to as the taxonomy of the European Union (EU) or the taxonomy, translates environmental objectives into technical screening criteria (TSC) allowing to determine whether a given activity is environmentally sustainable (in accordance with the taxonomy).

THE EUROPEAN UNION TAXONOMY IS BUILT AROUND SIX ENVIRONMENTAL OBJECTIVES:

- 

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 overarching goal of the EU taxonomy is to create a more sustainable financing system by channeling direct investment towards environmentally sustainable projects. The idea behind the taxonomy regulation is to include ESG aspects in investment decisions and, as a result, finance sustainable development. The EU taxonomy defines the concept of environmentally sustainable activity based on six environmental goals that support the implementation of the European Green Deal policy and the goals of the Paris Agreement. Thanks to international standardisation, the taxonomy protects companies and investors against the phenomenon of “greenwashing”.

This report presents information on key performance indicators, i.e. revenues (Turnover KPIs), capital expenditures (CAPEX KPIs) and operating expenses (OPEX KPIs) broken down into activities eligible for the taxonomy and other activities not covered by the taxonomy as at the date of publication of this report. In the following, we present for the first time a taxonomic disclosure including verifications of each of the identified activities in terms of compliance with the taxonomy.

IDENTIFICATION OF ACTIVITY

Due to the development of the taxonomy and the publication of new delegated acts, the entire activity of the CIECH Group was reviewed again in terms of identifying those activities that were covered by the taxonomy at the time of preparing the report. The analysis was carried out based on:

- Regulations 2021/2139 and 2022/1214 containing a list of activities covered by the taxonomy along with their descriptions,
- the statistical classification of economic activities in the European Community, abbreviated as NACE, and the codes that have been indicated as related in the descriptions of individual activities,
- dedicated Taxonomy Compass tool developed by the European Commission,
- technical qualification criteria for individual activities covered by the taxonomy.

As a result of an in-depth analysis, the last year's approach was revised and three activities eligible for the taxonomy were identified, as presented in the table below.

Activities eligible for the so-called European Union taxonomy

| Sector | Code | Activity | Description of activity |
|-----------|-------|--|--|
| Industry | 3.12. | Manufacture of soda ash | Manufacture of sodium carbonate, i.e. light and dense soda ash. |
| Energy | 4.31. | High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | Production of heat and electricity in cogeneration in a gas-fired CHP plant. |
| Transport | 6.2. | Freight rail transport | Domestic freight rail transport. |

The list of activities of significant importance in the context of the first two environmental goals, i.e. "Climate change mitigation" and "Climate change adaptation", includes the CIECH Group's core activity - manufacture of soda ash (sodium carbonate). Activities related to the production and sale of soda ash and related products are described in more detail in the section "Our products".

Another identified activity is "high-efficiency co-generation of heat/cool and power from fossil gaseous fuels". In one of the heat and power plants owned by the CIECH Group, the basic fuel is natural gas. The gas-fired CHP plant is located in the vicinity of the soda production plant in Stassfurt, Germany. Heat and electricity (power) are produced there in the co-generation process. The vast majority of the heat and electricity produced is used within the CIECH Group for the manufacturing process of soda products. A small part of the electricity produced is sold to third parties.

The activity of freight rail transport was also identified, which the CIECH Group conducts primarily for the needs of supporting the Soda segment with a small share of services provided to third parties.

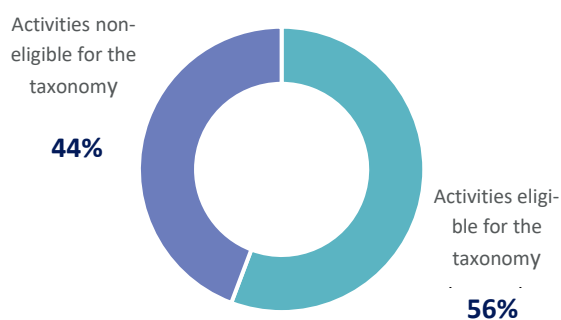
Based on the analysis of the technical screening criteria, it was decided that the description of the activity "installation, maintenance and repair of energy efficiency equipment" is inappropriate to the activity conducted by the Group. This activity was presented in the first taxonomic disclosure for 2021 under simplified reporting. Starting from this report, the presentation of the activity "installation, maintenance and repair of energy efficiency equipment" in the taxonomic disclosure will not be continued.

Bearing in mind the ongoing work on the taxonomy and technical screening criteria for other environmental goals, we take into account that the list of activities identified in the CIECH Group covered by the taxonomy, as well as the scope of reporting, may change.

ALLOCATION OF FINANCIAL VALUES

According to the regulations in force as at the date of publication of the report and defining the key activities for the first two environmental goals "Climate change mitigation" and "Climate change adaptation", the share of activities eligible for the taxonomy in 2022 was more than half in total revenues (Turnover KPIs), capital expenditures (CAPEX KPIs) and operating expenses (OPEX KPIs) of the CIECH Group.

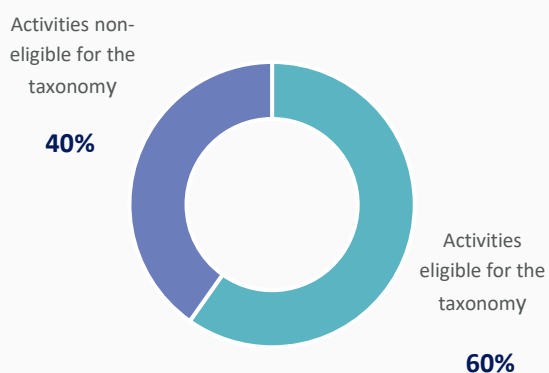
Turnover KPIs PLN 5.4 billion



CAPEX KPIs PLN 431.4 million



OPEX KPIs PLN 229.3 million



For each of the identified activities, the appropriate value of revenues, capital expenditures and operating expenses was assigned in accordance with the accounting policy described in the "Contextual and methodological information" section. Detailed data for each of the identified activities are presented in the mandatory tables which can be found on pages from 71 to 73.

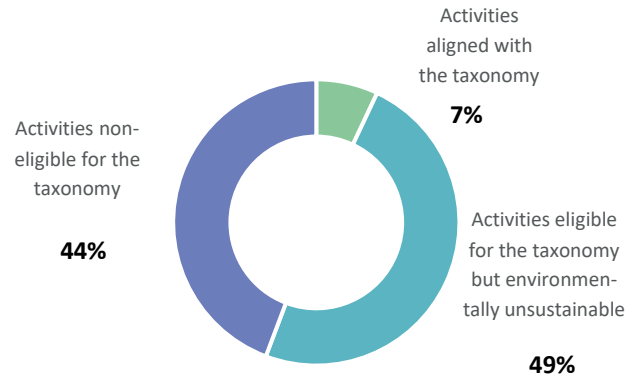
The published information on allocated financial values for taxonomy eligible activities is based on our best interpretation of the European Union Taxonomy Reporting Regulations.

TAXONOMY CONFORMITY ASSESSMENT

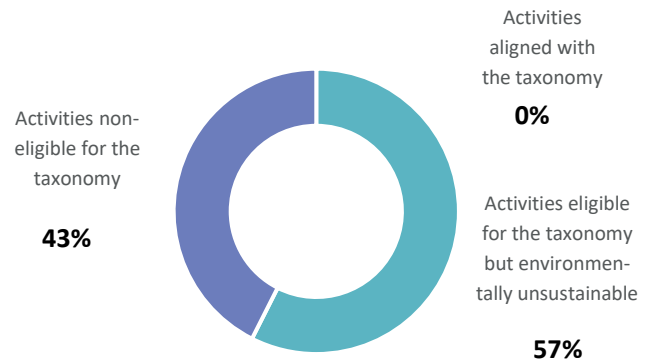
In accordance with the schedule set out in Regulation 2021/2139, in its report for the financial year 2022, the CIECH Group is required to publish a full taxonomic disclosure for the first time. The key element of full reporting is the assessment according to technical qualification criteria defining environmentally sustainable activities (in accordance with the taxonomy). Verification of compliance with the technical screening criteria (TSC) was carried out for each of the identified activities and consisted in analysing the criteria for a significant contribution to the first two environmental objectives ("Climate change mitigation" and "Climate change adaptation") and the criteria regarding the principles of no significant harm and meeting minimum safeguards. Based on the assessment, the activity "High-efficiency co-generation of heat/cool and power from fossil gaseous fuels" was recognised as aligned with the taxonomy, i.e. environmentally sustainable.



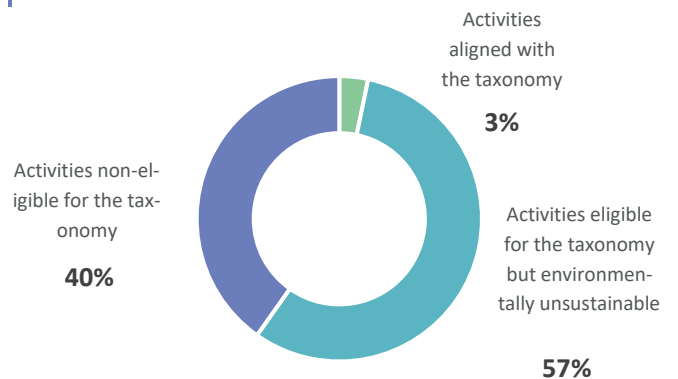
Turnover KPIs PLN 5.4 billion



CAPEX KPIs PLN 431.4 million



OPEX KPIs PLN 229.3 million



MINIMUM SAFEGUARDS

For the CIECH Group, an assessment was carried out in terms of meeting the minimum safeguards, which are defined by Regulation 2020/852 as “procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Compliance with the Minimum Safeguards was tested in accordance with the recommendations included in the Final Report on Minimum Safeguards by Platform



On Sustainable Finance.

The CIECH Group meets the requirements of minimum safeguards, i.e. it operates in accordance with the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights. The CIECH Group has in place and applies solutions and procedures that ensure:

PROTECTION OF FUNDAMENTAL HUMAN RIGHTS, WORKPLACE RIGHTS AND CONSUMER RIGHTS

- We support and promote freedom of association within our Group and in relations with the market environment. Ten trade union organisations operate within the CIECH Group, associating approx. 36% of employees.
- We have introduced and apply internal regulations ensuring the protection of human rights and rights in the workplace, which include, among others: the Code of Conduct of the CIECH Group, the Procedure for Counteracting Mobbing and Discrimination in the Work Environment in the CIECH Group, the Occupational Health and Safety Policy of the CIECH Group.
- We have introduced the Code of the Business Partner of the CIECH Group and we verify suppliers in the KYC procedure in order to check whether they conduct their activities in accordance with the Code standards in terms of human rights, environmental protection and ethics.
- We are a signatory of the Declaration of Adoption of the Standard of the United Nations Ethics Programme. We respect internationally recognised human rights and labour standards. We support the elimination of all forms of slavery, forced labour, child labour and the actual abolition of juvenile labour.
- Neither the CIECH Group nor any of the Group's companies have been recognised as an entity violating human or labour rights.

COUNTERACTING CORRUPTION AND BRIBERY

- We clearly and consistently apply a zero-tolerance policy to any fraud and corruption. The CIECH Group applies the Anti-corruption and anti-fraud policy of the CIECH Group. The process of counteracting fraud and corruption consists in complying with the requirements of the policy by all employees, regardless of the type of employment contract and position held, as well as by other stakeholders.
- The Group's counterparties are bound by the Code of the Business Partner of the CIECH Group, which addresses the issues of zero tolerance for abuse and corruption as well as honesty in commercial operations.
- None of the Group's companies or executives have been convicted of corruption.

COMPLIANCE WITH APPLICABLE FAIR COMPETITION LAWS AND REGULATIONS

- Effective and fair competition is our foundation. Compliance with the rules of fair competition enables us to exert a positive impact on the economy and the quality of economic turnover, and to offer our customers the highest quality products while achieving the set business goals.
- We promote awareness of compliance with the provisions of the Competition Law by introducing the Code of Conduct of the CIECH Group and the Policy of Compliance with Competition Law in the CIECH Group.
- Neither the CIECH Group nor any of its executives have been convicted of violating competition law.

COMPLIANCE WITH TAX REGULATIONS AND PROPER TAX RISK MANAGEMENT

- In its operations, both on the local and international markets, the CIECH Group is guided by the principles of honesty and due diligence in the area of taxes. The CIECH Group applies a tax strategy, which is a set of rules that we follow in relation to tax burdens. Compliance with them is aimed at ensuring effective and consistent management of the tax order, tax risk, human resources and organisation in the scope of the tax function, tax documentation and data, as well as IT systems supporting the operation of individual areas.
- The priority in the scope of tax settlements of the CIECH Group is given to tax security, understood as minimising the risk of tax arrears and the risk of sanctions based on special

provisions. In order to ensure tax security, the CIECH Group applies tax risk management procedures.

- In 2022, the tax authorities did not find any violations of tax law standards (other than those related to the interpretation of laws) against any member of the CIECH Group, including in particular failure to comply with obligations imposed by law or tax evasion. The CIECH Group attaches great importance to the timely and compliant fulfilment of tax obligations. Despite this, the interpretation of certain tax regulations by the CIECH Group may differ from the position presented by the tax authorities, which in turn may lead to a dispute with the tax authority. The current reports of the CIECH Group for 2022 contain detailed information on judgments and decisions issued against the CIECH Group. These judgments were issued in 2022, however, they concern settlements for earlier periods. On the other hand, the periodic reports of the CIECH Group for 2022 contain information on pending tax proceedings, i.e. opened and not completed in 2022.

For more information go to the Corporate Governance (page 121) section



Turnover KPIs for the financial year 2022

| Figures in PLN thousand | | | | Condition I: Substantial Contribution | | | | | | | Condition II: Do no significant harm (DNSH) | | | | | | Condition III: | | | | |
|--|---|---------------------------|---|---------------------------------------|---------------------------|--|----------------------------------|----------------------------------|---|---------------------------|---|--|----------------------------------|----------------------------------|---|---------------------------|--|--|-------------------|---------------------|--|
| Activity | Code | Absolute value of revenue | TURNOVER KPIs Share in total revenue | 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 | 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 | Minimum social safeguards | Percentage share of taxonomy aligned turnover Year N | Percentage share of taxonomy aligned turnover Year N-1 | Enabling activity | Transition activity | |
| A. TAXONOMY ELIGIBLE ACTIVITY | | | | | | | | | | | | | | | | | | | | | |
| A.1. Types of environmentally sustainable activities (in accordance with the taxonomy): | | | | | | | | | | | | | | | | | | | | | |
| 1 | <i>High-efficiency co-generation of heat/cool and power from fossil gaseous fuels</i> | 4.31 | 378 940 | 7% | 0% | 100% | nd. | nd. | nd. | nd. | T | T | T | nd. | T | T | T | 7% | 6% | | |
| Total A.1. Turnover from activities eligible for the taxonomy and environmentally sustainable (aligned with the taxonomy) | | 378 940 | 7% | | | | | | | | | | | | | | | | | | |
| A.2. Types of environmentally unsustainable activities (not aligned with the taxonomy): | | | | | | | | | | | | | | | | | | | | | |
| 2 | <i>Manufacture of soda ash</i> | 3.12. | 2 626 919 | 49% | 0% | 100% | nd. | nd. | nd. | nd. | N | T | T | nd. | N | T | T | | | | |
| 3 | <i>Freight rail transport</i> | 6.2. | 12 764 | 0% | 0% | 100% | nd. | nd. | nd. | nd. | N | T | nd. | T | N | nd. | T | | | | |
| Total A.2. Turnover from activities eligible for the taxonomy but environmentally unsustainable (not aligned with the taxonomy) | | 2 639 683 | 49% | | | | | | | | | | | | | | | | | | |
| Total A (A.1. + A.2.) | | 3 018 623 | 56% | | | | | | | | | | | | | | | | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITY | | | | | | | | | | | | | | | | | | | | | |
| Total B (Other taxonomy non-eligible activities) | | 2 396 836 | 44% | | | | | | | | | | | | | | | | | | |
| Total A+B | | 5 415 459 | 100% | | | | | | | | | | | | | | | | | | |

CAPEX KPIs for the financial year 2022

| Figures in PLN thousand | | | | Condition I: Substantial Contribution | | | | | | | Condition II: Do no significant harm (DNSH) | | | | | | | Condition III: | | | |
|--|--|--|--|---------------------------------------|---------------------------|--|----------------------------------|----------------------------------|---|---------------------------|---|--|----------------------------------|----------------------------------|---|---------------------------|--|--|-------------------|---------------------|--|
| Activity | Code | Capital expenditures in absolute terms | CAPEX KPIs Percentage share of capital expenditures | 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 | 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 | Minimum social safeguards | Percentage share of taxonomy aligned capital expenditures year N | Percentage share of taxonomy aligned capital expenditures year N-1 | Enabling activity | Transition activity | |
| A. TAXONOMY ELIGIBLE ACTIVITY | | | | | | | | | | | | | | | | | | | | | |
| A.1 Types of environmentally sustainable activities (in accordance with the taxonomy): | | | | | | | | | | | | | | | | | | | | | |
| 1 | High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | 4.31 | 0 | 0% | 0% | 100% | nd. | nd. | nd. | nd. | T | T | T | nd. | T | T | T | 0% | 0% | | |
| Total A.1. Turnover from activities eligible for the taxonomy and environmentally sustainable (aligned with the taxonomy) | | | 0 | 0% | | | | | | | | | | | | | | | | | |
| A.2 Types of environmentally unsustainable activities (not aligned with the taxonomy): | | | | | | | | | | | | | | | | | | | | | |
| 2 | Manufacture of soda ash | 3.12. | 217 777 | 50% | 0% | 100% | nd. | nd. | nd. | nd. | N | T | T | nd. | N | T | T | | | | |
| 3 | Freight rail transport | 6.2. | 30 065 | 7% | 0% | 100% | nd. | nd. | nd. | nd. | N | T | nd. | T | N | nd. | T | | | | |
| Total A.2. Turnover from activities eligible for the taxonomy but environmentally unsustainable (not aligned with the taxonomy) | | | 247 842 | 57% | | | | | | | | | | | | | | | | | |
| Total A (A.1. + A.2.) | | | 247 842 | 57% | | | | | | | | | | | | | | | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITY | | | | | | | | | | | | | | | | | | | | | |
| Total B (Other taxonomy non-eligible activities) | | | 183 589 | 43% | | | | | | | | | | | | | | | | | |
| Total A+B | | | 431 431 | 100% | | | | | | | | | | | | | | | | | |

OPEX KPIs for the financial year 2022

| Figures in PLN thousand | | | | Condition I: Substantial Contribution | | | | | | Condition II: Do no significant harm (DNSH) | | | | | | Condition III: | | | | |
|--|--|--|--|---------------------------------------|---------------------------|--|----------------------------------|----------------------------------|---|---|---------------------------|--|----------------------------------|----------------------------------|---|---------------------------|--|--|-------------------|---------------------|
| Activity | Code | "Operating expenses" in absolute OPEX KPIs | Percentage share of "operating ex-OPEX KPIs" | 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 | 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 | Minimum social safeguards | Percentage share of taxonomy aligned "operating expenses" year N | Percentage share of taxonomy aligned "operating expenses" year N-1 | Enabling activity | Transition activity |
| A. TAXONOMY ELIGIBLE ACTIVITY | | | | | | | | | | | | | | | | | | | | |
| A.1. Types of environmentally sustainable activities (in accordance with the taxonomy): | | | | | | | | | | | | | | | | | | | | |
| 1 | High-efficiency co-generation of heat/cool and power from fossil gaseous fuels | 4.31 | 7 465 | 3% | 0% | 100% | nd. | nd. | nd. | nd. | T | T | T | nd. | T | T | T | 3% | 4% | |
| Total A.1. Turnover from activities eligible for the taxonomy and environmentally sustainable (aligned with the taxonomy) | | | 7 465 | 3% | | | | | | | | | | | | | | | | |
| A.2. Types of environmentally unsustainable activities (not aligned with the taxonomy): | | | | | | | | | | | | | | | | | | | | |
| 2 | Manufacture of soda ash | 3.12. | 123 971 | 54% | 0% | 100% | nd. | nd. | nd. | nd. | N | T | T | nd. | N | T | T | | | |
| 3 | Freight rail transport | 6.2. | 5 677 | 2% | 0% | 100% | nd. | nd. | nd. | nd. | N | T | nd. | T | N | nd. | T | | | |
| Total A.2. Turnover from activities eligible for the taxonomy but environmentally unsustainable (not aligned with the taxonomy) | | | 129 648 | 57% | | | | | | | | | | | | | | | | |
| Total A (A.1. + A.2.) | | | 137 112 | 60% | | | | | | | | | | | | | | | | |
| B. TAXONOMY NON-ELIGIBLE ACTIVITY | | | | | | | | | | | | | | | | | | | | |
| Total B (Other taxonomy non-eligible activities) | | | 92 200 | 40% | | | | | | | | | | | | | | | | |
| Total A+B | | | 229 312 | 100% | | | | | | | | | | | | | | | | |

Nuclear energy or natural gas related activities

| Nuclear energy related activities | | |
|-----------------------------------|--|----|
| 1. | The undertaking researches, develops, demonstrates and deploys, finances or is exposed to innovative electricity installations generating energy through nuclear processes with minimal waste from the fuel cycle. | No |
| 2. | The undertaking builds and safely operates, finances or is exposed to new nuclear facilities to generate electricity or process heat, including for district heating or industrial processes such as hydrogen production, and modernises them in terms of safety, using the best available technologies. | No |
| 3. | The undertaking safely operates, finances or is exposed to existing nuclear facilities that generate electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, and modernises them in terms of safety. | No |
| Natural gas related activities | | |
| 4. | The undertaking builds or operates, finances or is exposed to an installation for the generation of electricity using gaseous fossil fuels. | No |
| 5. | The undertaking builds, modernises and operates, finances or is exposed to installations for the combined generation of heat/cooling energy and electricity using gaseous fossil fuels. | No |
| 6. | The undertaking builds, modernises and operates, finances or is exposed to installations heat generation installations producing heat/cooling energy using gaseous fossil fuels. | No |

CONTEXTUAL INFORMATION

MANUFACTURE OF SODA ASH

As part of the activity 3.12. *Manufacture of soda ash*, we identified the production activity of light and dense soda ash carried out in two companies - CIECH Soda Polska and CIECH Soda Deutschland. In the Turnover, CAPEX and OPEX KPI counters, we did not include values directly related to products other than light and dense soda ash. Where necessary, the disaggregation of operating expenses related to installations for the production of soda and salt was based on an analysis of the production process, and the distribution keys used reflect the technical specificity of this process. The costs related to materials for repairs and renovations and the costs of personnel assigned to the maintenance function were divided according to the key of expenditure on repair services. In other cases, we used a division based on the volume structure of production.

For the activity 3.12. *Manufacture of soda ash*, technical screening criteria were verified. According to the analysis:

- for the environmental objective "Climate change adaptation", the criterion of a significant contribution was met,
- at the same time, the activity does not meet two of the criteria related to the principle of no significant harm verified for other environmental purposes.



Thus, the financial indicators assigned to this activity qualify for the taxonomy, but are not consistent with it. The criteria that were assessed negatively concern emission levels according to the best available techniques (BAT) and the level of the CO₂ emission index indicated in the criteria. When verifying the activity of sodium carbonate production in terms of the CO₂ emissivity criterion, CO₂ emissions from the combustion of carbonate raw materials in the production process, as well as CO₂ emissions generated in the process of producing energy used subsequently for the production of soda, were used in the calculations. The Group's current strategy for 2022-2024 assumes measures aimed at reducing CO₂ emissions related to the production of soda and energy.

HIGH-EFFICIENCY CO-GENERATION OF HEAT/COOL AND POWER FROM FOSSIL GASEOUS FUELS

As part of the activity 4.31. *High-efficiency co-generation of heat/cool and power from fossil gaseous fuels*, we identified the activity carried out in the German CHP plant owned by CIECH Energy Deutschland.

For the activity 4.31. *High-efficiency co-generation of heat/cool and power from fossil gaseous fuels*, technical screening criteria were verified. According to the analysis:

- for the environmental objective "Climate change adaptation", the criterion of a significant contribution was met,
- at the same time, the activity meets all the criteria related to the principle of no significant harm verified for other environmental purposes.

Thus, the financial indicators assigned to this activity qualify and are consistent with the taxonomy, i.e. sustainable environment.

FREIGHT RAIL TRANSPORT

As part of the activity 6.2. *Freight rail transport*, we identified domestic rail transport services provided by CIECH Cargo. The Turnover, CAPEX and OPEX KPI counters include only values directly related to rail transport means.

For the activity 6.2. *Freight rail transport*, technical screening criteria were verified. According to the analysis:

- for the environmental objective "Climate change adaptation", the criterion of a significant contribution was met,
- at the same time, the activity does not meet two of the criteria related to the principle of no significant harm verified for other environmental purposes.

Accordingly, the financial indicators assigned to this activity qualify for the taxonomy, but are not consistent with it. The criteria that were assessed negatively relate to the level of the CO₂ emission index and the issue of transporting fossil fuels, which are transported for the needs of the Soda segment. One of the long-term goals of the CIECH Group in the ESG Strategy is to abandon the production of energy from coal by 2033, and as a result, to abandon rail transport of fossil fuels.

ACCOUNTING POLICY

The data presented in the disclosure comes from the financial and accounting system of the CIECH Group and from the financial and management reporting systems of the Group's subsidiaries. The consolidation procedure excludes the risk of double counting for total revenues, capital expenditures and operating expenses, which are the reference values for calculating percentages. To calculate the percentage of each activity's KPIs in the total reference value, data was collected, where possible, directly from financial systems. In cases where direct allocation to individual activities was not possible, appropriate percentage distribution keys were used and corresponding values were assigned. In addition, in order to eliminate the risk of double counting, only capital expenditures and operating expenses directly related to each of the identified activities were taken into account when calculating costs for individual activities.

The definition of turnover for the purposes of Regulation 2021/2178 includes revenue recognised in accordance with the International Accounting Standard (IAS) 1 point 82 letter (a) adopted by Commission Regulation (EC) 1126/2008, which corresponds to the definition of net revenues from the sale of products or services provided for the purposes of the financial statements of the CIECH Group. Thus, the basis for calculating the Turnover KPIs are the consolidated revenues from continued operations in 2022 disclosed in the item "Net revenues from sales for continued operations" in the consolidated financial statements for 2022.





Disclosure of the Turnover KPIs was prepared on the basis of consolidated data. Therefore, for individual activities, revenues from activities conducted for own consumption within the CIECH Group are not identified.

The basis for the calculations of the CAPEX KPIs are the total capital expenditures of the CIECH Group, which, in accordance with Regulation 2021/2178, include costs settled on the basis of:

- IAS 16 Property, plant and equipment, point 73 letter (e) items (i) and (iii);
- IAS 38 Intangible Assets, point 118 letter (e) item (i);
- IAS 40 Investment Property, point 76 letters (a) and (b) (in the case of a model based on the fair value);
- IAS 40 Investment Property, point 79 letter (d) items (i) and (ii) (in the case of a model based on the purchase price or production cost);
- IAS 41 Agriculture, point 50 letters (b) and (e);
- IFRS 16 Leases, point 53 letter (h).

In 2022, the CIECH Group did not incur any capital expenditures resulting from mergers or acquisitions of external entities.

Capital expenditures are presented on an accrual basis.

Operating expenses for the calculation of the OPEX KPIs, within the meaning of Regulation 2021/2178 are direct, uncapitalised costs related to research and development, building renovation activities, short-term leases, maintenance and repairs, and any other direct internal and external expenses related to the ongoing

handling of tangible fixed assets necessary to ensure the continuous and effective operation of such assets. Based on the above definition, the costs of the CIECH Group were analysed in terms of their relevance for the EU taxonomy. Costs related to the operation and maintenance of the CIECH Group's assets were identified and classified into four main categories:

- Costs of external services, including costs of repairs and renovations, cleaning costs, technical supervision, maintenance, inspections, research and development expenses,
- Personnel costs related to the repair and maintenance of assets,
- Costs of materials for repairs & renovations and consumables,
- Leases and short-term rentals.

The CIECH Group did not issue, either in 2022 or in previous years, the so-called green bonds or debt securities to finance certain identified activities covered by the taxonomy.

The presentation currency of the disclosure regarding the activities covered by the taxonomy is the Polish zloty in accordance with the currency adopted for the consolidated financial statements. The data has been presented in thousands of Polish zlotys (PLN thousand), unless indicated otherwise.

RISK MANAGEMENT



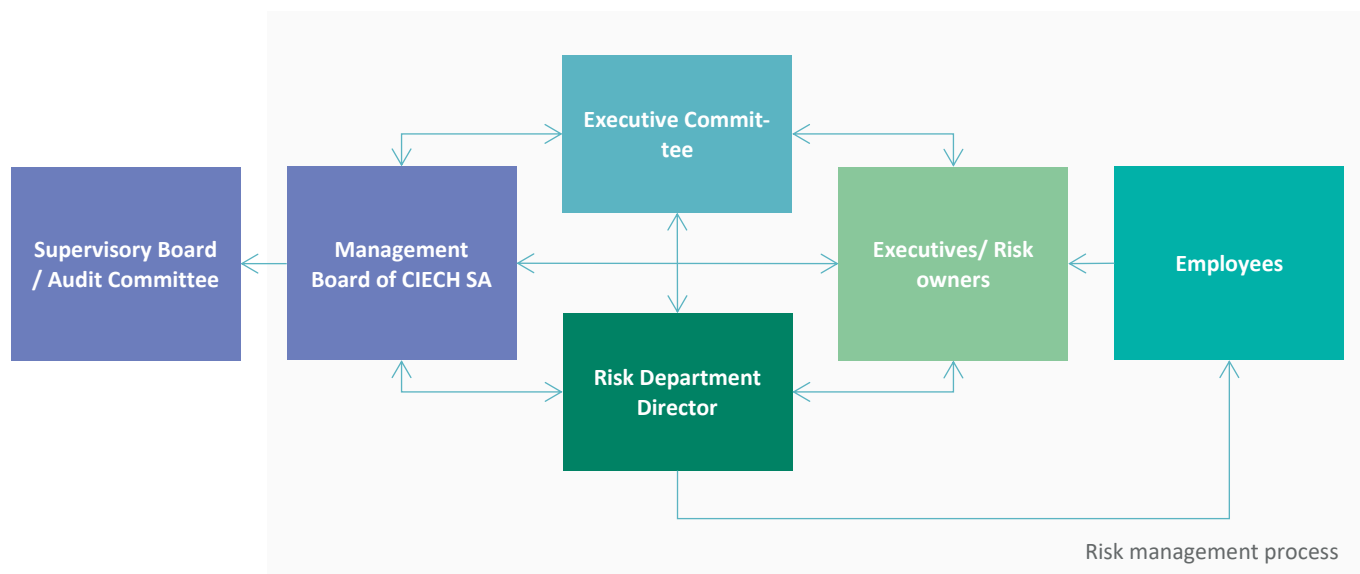
The CIECH Group strives to achieve its strategic objectives without taking excessive risks.

To this end, the Group has implemented a risk management system through which:

- we identify threats to the achievement of our objectives,
- we define proposed actions to minimise the threats and their impact on the objectives set,
- in the case of risks that have not yet been identified, we are able to properly identify and assess them.

The Risk Management System of the CIECH Group is an organised set of general principles and guidelines, defining how the risks to which we are exposed should be managed. The objective of the system is to lay a foundation for introducing risk management methods, procedures, requirements and reports required for keeping risks at an acceptable level.

The risk management system operating within the CIECH Group is continuously developed and improved. It is an important part of supporting day-to-day operations. This process is aimed at the ongoing identification and mitigation of risks and the introduction of mechanisms through which any risks affecting the value of the CIECH Group can be properly recognised, identified and appropriately mitigated so that they have a limited or neutral impact on the achievement of strategic objectives.



We define risk as an event, action or inaction that will prevent the CIECH Group from achieving its goals. Therefore, the risk is perceived negatively, because it means a threat to the achievement of the set goals.

The CIECH Group's risk management system is based on the following key principles:

- each manager and employee of an organisational unit of an entity belonging to the CIECH Group (including CIECH, the Group's segments and subsidiaries) is responsible for risk management,
- risk management is a continuous process,
- the risk, the effects of which threaten people's health and life, is unacceptable,
- risk cannot be fully eliminated, it is an integral part of conducted activity.

The existing risk management process in the CIECH Group is a comprehensive and corporate solution. It covers the Group's entities, processes and projects, and applies to all employees of the Group. This process is an instrument to support the Management Board in its current operating activities, while the Supervisory Board of CIECH S.A. uses it to monitor the effectiveness of internal control and internal audit systems.

IN THE CIECH GROUP, RISK MANAGEMENT OBJECTIVES ARE ACHIEVED BY:

- a systematic approach to identifying all types of risk,
- supporting the allocation of resources by setting priorities for individual types of risk,
- selection and implementation of the best risk management strategy,
- monitoring, risk analysis and reporting taking into account all the potential effects of existing risks.

As part of the CIECH Group's risk management process, actions are taken regularly and on an ongoing basis. Risk management is carried out in a two-dimensional way - vertically and horizontally, identifying the risk not only occurring within a given entity,

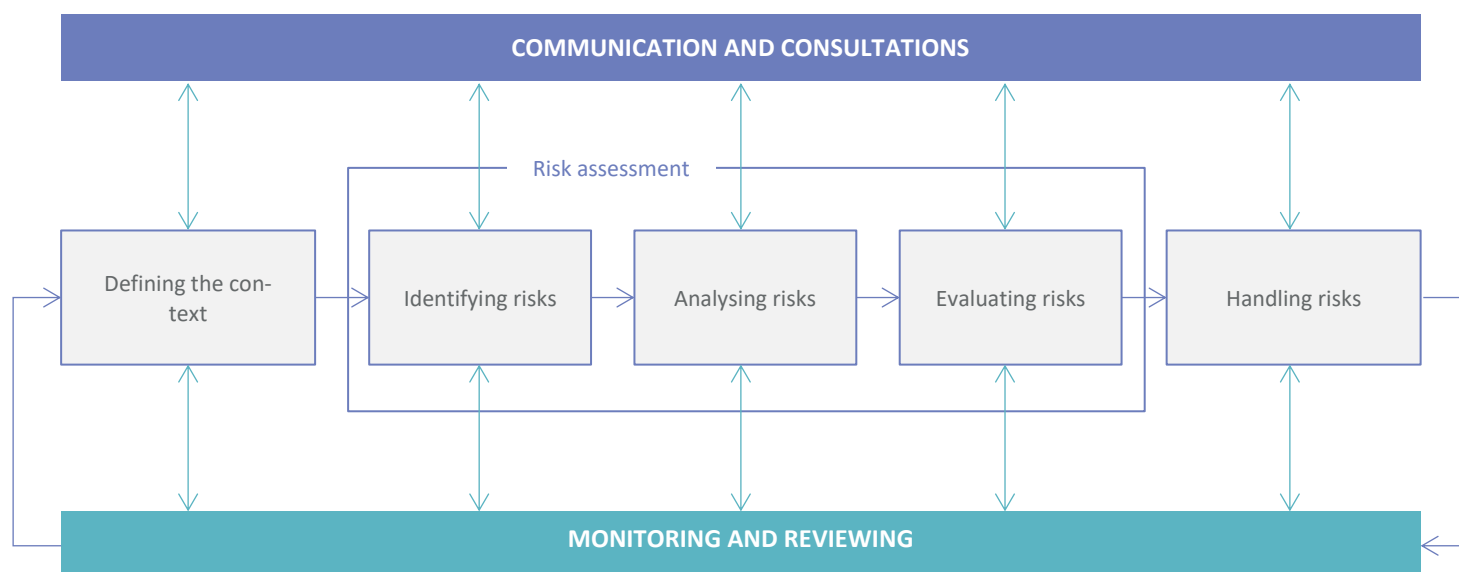
organisational unit or process, but also the risk whose materialisation effects influence various areas of activity, entities and processes from the point of view of the entire CIECH Group. Only such a comprehensive approach and understanding of risk allows effective management of various types of risk and brings measurable benefits to the Group.

In terms of responsibility for the risk management process, a special role is played by the key participants in this process, which are the Management Board of CIECH S.A., the Executive Committee, the executive staff and the Risk Department Director. The correctness and effectiveness of the implemented risk management system is monitored by the Supervisory Board and the Audit Committee, e.g. based on information from the Management Board of CIECH S.A. on current types of risks and adequate management methods.

The risk management process in the CIECH Group has been defined and implemented in accordance with the "International Standard ISO 31000:2018 Risk Management".

By referring to the ISO 31000 standard, the risk management process formally regulates the approach to risk identification, analysis, assessment, management, monitoring and communication activities in the CIECH Group.

The CIECH Group strives to be perceived by its stakeholders as a transparent organisation with high awareness and understanding of various types of risk that may affect the achievement of goals. Hence the comprehensive approach to risk management, focused on identifying events that may prevent the achievement of goals.



The functioning risk management process, as one of the elements building the Group's value, focuses on the risk categories presented below, which are crucial from the point of view of achieving the Group's goals:

- risk related to the loss of human health and life,
- operational risk that may affect the continuity of production processes,
- legal risk,
- compliance risk,
- regulatory risk,
- strategic risk related to the impact of the environment on the CIECH Group,
- reputation risk,
- financial risk,
- risk related to environmental protection.

The CIECH Group does not limit itself to the above risk categories only. We make every effort to identify and verify key business risk areas on an ongoing basis and effectively reduce them through the built and implemented risk management process.

In 2022, the assumptions and risk management process in the CIECH Group remained the same as in the previous year. This enabled the Group, with unchanged assumptions and using the existing risk management tools, to update the risk definitions in previous periods and identify new ones that appeared during the previous year. The most important factors that defined the CIECH Group's risks in 2022 were the situation in Ukraine and the economic situation in Europe resulting from the conflict (fluctuations in the prices of raw materials and services, deterioration in the availability of raw materials, inflation). Unlike in 2020-21, the threat to the Group and its entities was not the COVID-19 pandemic and the risk of interrupting the operational continuity of the Group's production plants.

From the point of view of the implementation of the strategic goals of the CIECH Group, the key risks identified and described in this part of the report affected the following areas:

- Sales,
- Purchases,
- Production,
- Employees,
- OHS,
- Finance,
- Strategy,
- Environmental protection,
- Regulatory and legal.

The Risk Map below presents the most important types of risk related to the current functioning of the CIECH Group in 2022. A detailed description of the listed risks is provided in Note 3.4. of the Report of the Management Board on the activities of the CIECH Group in 2022.



| | | | | |
|------------|--------|-----|---------------------------------|---------------|
| LIKELIHOOD | high | | 1, 2, 5, 8, 21 | 22 |
| | medium | | 3, 4, 7, 11, 14, 19, 23, 24, 25 | 6, 10, 16, 18 |
| | low | 20 | 12, 13, 15 | 9, 17 |
| | | low | medium | high |
| EFFECTS | | | | |

- 1 Risk of instability and fluctuations of prices of raw materials, materials, utilities, services
- 2 Risk of disrupting the availability of key raw materials
- 3 Risk of a decrease in sales volume and revenues
- 4 Risk of price instability and availability of products offered by the Group
- 5 Risk of uncertainty and deterioration of the economic situation on the domestic and international markets
- 6 Risk related to customers not accepting higher prices of the Group's products
- 7 Risk of failure and unplanned downtime
- 8 Risk related to difficulties in reaching full production capacity by the new salt plant in Stassfurt
- 9 Occupational health and safety risk

- 10 Risk of inability to implement the strategy
- 11 Risk related to cyber attacks
- 12 Risk related to debt financing
- 13 Risk of inability to service existing debt and maintain liquidity
- 14 Interest rate risk
- 15 Credit risk
- 16 Risk of financing through factoring
- 17 Risk related to underinsurance of the assets of the Group's companies
- 18 Risk related to tax settlements
- 19 Risk of changes in laws and regulations
- 20 Risk related to court proceedings or other out-of-court proceedings

- 21 Risk related to the need to achieve the goals of the CIECH Group's ESG strategy and EU climate policy
- 22 Risk of tightening regulations related to the use of the environment
- 23 The risk of permanent climate change affecting the demand for the CIECH Group's products
- 24 Risk of changes in regulations and provisions regarding the possibility of using specific active substances and PPPs
- 25 Risk related to oversupply of cereals on the domestic market and limitation of cereal production on the domestic market

RISKS RELATED TO CLIMATE CHANGES

In our climate change risk analysis, we followed the recommendations and concept outlined by the Task Force on Climate-related Financial Disclosures (TCFD). According to the TCFD methodology, risks related to climate change are divided into:

RISKS RELATED TO CHANGES AIMED AT CREATING A LOW-CARBON ECONOMY:

- political and legal risk - related to, among others, regulatory actions aimed at halting climate change and promoting adaptation to these changes. This category also includes risks related to possible liability (litigation),
- technological risk - related to technical and technological advancements and innovations supporting the transformation of the economy into a low-emission and energy-efficient economy,
- market risk - including, for example, changes in demand and supply for certain raw materials, products and services in connection with the increasing consideration by market participants of risks and opportunities related to climate change,
- reputation risk - related to changes in the perception of the company by its stakeholders as a result of its activities supporting or delaying the transformation towards a low-emission economy.

RISKS RELATED TO THE ACTUAL PHYSICAL IMPACT OF CLIMATE CHANGE:

- sudden - related to events or phenomena resulting from climate change, in particular, sudden weather phenomena (e.g. hurricanes, floods, droughts, etc.),
- chronic – related to long-term, gradual changes in climatic conditions, e.g. average temperature, surface and underground water levels, etc.

The concept of describing the impact of climate change on businesses also classifies the opportunities that arise during the transformation of the economy into a low-emission economy and as a result of the use of emerging innovations:

- efficiency in the use of raw materials,
- use of new sources and methods of electricity and heat generation,
- new products and services,
- emergence of new markets, including new segments in financial markets,
- increased resilience.

In 2022, we mapped operational risks identified by us in the CIECH Group with the TCFD concept, taking into account their financial impact on our operations. According to the TCFD methodology, the potential financial impact of risks may relate to:

- revenues,
- costs and expenses,
- assets - the amount of investment outlays,
- assets - value of fixed assets,
- assets - value of intangible assets,
- liabilities,
- financing (including the cost of capital and access to finance).

A map showing the CIECH Group's operational risks in the classification adopted by the TCFD is shown below.



| Potential financial impact | Risk | Effects | Likelihood | Risk Level |
|---|--|---------|------------|------------|
| RISKS RELATED TO TRANSFORMATION | | | | |
| Political and legal | | | | |
| Assets - capital expenditures, Assets - value of fixed assets | 8. Risk related to difficulties in reaching full production capacity by the new salt plant in Stassfurt | Medium | High | High |
| Costs and expenses | 18. Risk related to tax settlements | High | Medium | High |
| Revenue, Financing | 10. Risk of inability to implement the strategy | High | Medium | High |
| Revenue | 23. Risk of permanent climate change affecting the demand for the CIECH Group's products | Medium | Medium | Medium |
| Revenues, Assets - capital expenditures, Assets - value of intangible assets | 24. Risk of changes in laws and regulations regarding the possibility of using specific active substances and PPPs | Medium | Medium | Medium |
| Costs and expenses, Assets - capital expenditures, Assets - value of fixed assets | 22. Risk of tightening regulations related to the use of the environment | High | High | High |
| Revenues, Assets - capital expenditures, Financing | 21. Risk related to the need to achieve the objectives of the CIECH Group's ESG strategy and EU climate policy | Medium | High | High |
| Liabilities | 19. Risk of changes in laws and regulations | Medium | Medium | Medium |
| Assets - capital expenditures, Assets - value of fixed assets | 17. Risk related to underinsurance of the assets of the Group companies | High | Low | Medium |
| Technological | | | | |
| Revenues, costs and expenses | 1. The risk of instability and fluctuations in the prices of raw materials, materials, utilities and services | Medium | High | High |
| Revenues, costs and expenses | 2. The risk of disrupting the availability of key raw materials | Medium | High | High |
| Assets - capital expenditures, Assets - value of fixed assets | 8. Risk related to difficulties in reaching full production capacity by the new salt plant in Stassfurt | Medium | High | High |
| Costs and expenses, Assets - capital expenditures | 7. Risk of failures and unplanned downtimes | High | Medium | High |
| Costs and expenses, Assets - capital expenditures, Assets - value of fixed assets | 22. Risk of tightening regulations related to the use of the environment | High | High | High |
| Revenues, Assets - capital expenditures, Financing | 21. Risk related to the need to achieve the objectives of the CIECH Group's ESG strategy and EU climate policy | Medium | High | High |
| RISKS RELATED TO TRANSFORMATION | | | | |
| Market | | | | |
| Revenues, Costs and expenses | 1. The risk of instability and fluctuations in the prices of raw materials, materials, utilities and services | Medium | High | High |
| Revenues, Costs and expenses | 2. The risk of disrupting the availability of key raw materials | Medium | High | High |
| Revenues | 4. Risk of price instability and availability of products offered by the Group | Medium | Medium | Medium |
| Revenues | 3. Risk of a decrease in sales volume and revenues | Medium | Medium | Medium |
| Revenues | 5. The risk of uncertainty and deterioration of the economic situation on the domestic and international markets | Medium | High | High |
| Revenues | 6. Risk related to customers not accepting higher prices of the Group's products | High | Medium | High |
| Assets - capital expenditures, Assets - value of fixed assets | 8. Risk related to difficulties in reaching full production capacity by the new salt plant in Stassfurt | Medium | High | High |
| Assets - capital expenditures, Assets - value of fixed assets | 17. Risk related to underinsurance of the assets of the Group companies | High | Low | Medium |
| Financing | 12. Risk related to debt financing | Medium | Low | Low |
| Financing | 13. Risk of inability to service existing debt and maintain liquidity | Low | Low | Low |
| Liabilities, Financing | 14. Interest rate risk | Medium | Medium | Medium |
| Revenues, Assets - capital expenditures, Assets - value of intangible assets | 24. Risk of changes in laws and regulations regarding the possibility of using specific active substances and PPPs | Medium | Medium | Medium |

| Potential financial impact | Risk | Effects | Likelihood | Risk Level |
|---|--|---------|------------|------------|
| Revenues, Assets - capital expenditures, Financing | 21. Risk related to the need to achieve the objectives of the CIECH Group's ESG strategy and EU climate policy | Medium | High | High |
| Reputation | | | | |
| Revenues | 4. Risk of price instability and availability of products offered by the Group | Medium | Medium | Medium |
| Financing | 13. Risk of inability to service existing debt and maintain liquidity | Low | Low | Low |
| Revenues, Financing | 10. Risk of inability to implement the strategy | High | Medium | High |
| Costs and expenses, Assets - capital expenditures, Assets - value of fixed assets | 22. Risk of tightening regulations related to the use of the environment | High | High | High |
| Revenues, Assets - capital expenditures, Financing | 21. Risk related to the need to achieve the objectives of the CIECH Group's ESG strategy and EU climate policy | Medium | High | High |
| PHYSICAL RISKS | | | | |
| Sudden | | | | |
| Revenues, Costs and expenses | 2. The risk of disrupting the availability of key raw materials | Medium | High | High |
| Revenues | 4. Risk of price instability and availability of products offered by the Group | Medium | Medium | Medium |
| Costs and expenses, Assets - capital expenditures | 7. Risk of failures and unplanned downtimes | Medium | Medium | Medium |
| Assets - value of fixed assets | 17. Risk related to underinsurance of the assets of the Group companies | High | Low | Medium |
| Chronic | | | | |
| Revenues, Costs and expenses | 1. The risk of instability and fluctuations in the prices of raw materials, materials, utilities and services | Medium | High | High |
| Revenues | 5. The risk of uncertainty and deterioration of the economic situation on the domestic and international markets | Medium | High | High |
| Revenues, Financing | 10. Risk of inability to implement the strategy | High | Medium | High |
| Revenues | 23. Risk of permanent climate change affecting the demand for the CIECH Group's products | Medium | Medium | Medium |
| Revenues, Assets - capital expenditures, Assets - value of intangible assets | 24. Risk of changes in laws and regulations regarding the possibility of using specific active substances and PPPs | Medium | Medium | Medium |
| Costs and expenses, Assets - capital expenditures, Assets - value of fixed assets | 22. Risk of tightening regulations related to the use of the environment | High | High | High |
| Revenues, Assets - capital expenditures, Financing | 21. Risk related to the need to achieve the objectives of the CIECH Group's ESG strategy and EU climate policy | Medium | High | High |
| Liabilities | 19. Risk of changes in laws and regulations | Medium | Medium | Medium |

OUR EMPLOYEES AND ASSOCIATES

EMPLOYEE ENGAGEMENT, CORPORATE CULTURE AND EMPLOYEE RELATIONS



3 512 employees



+ 773 new employees



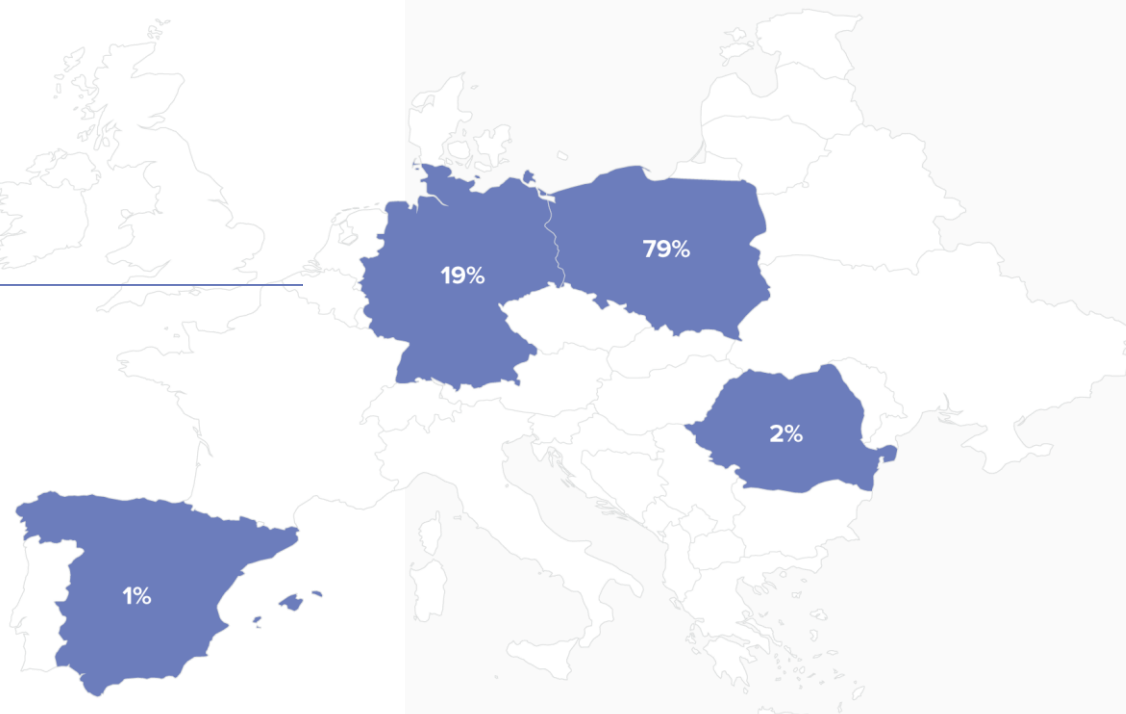
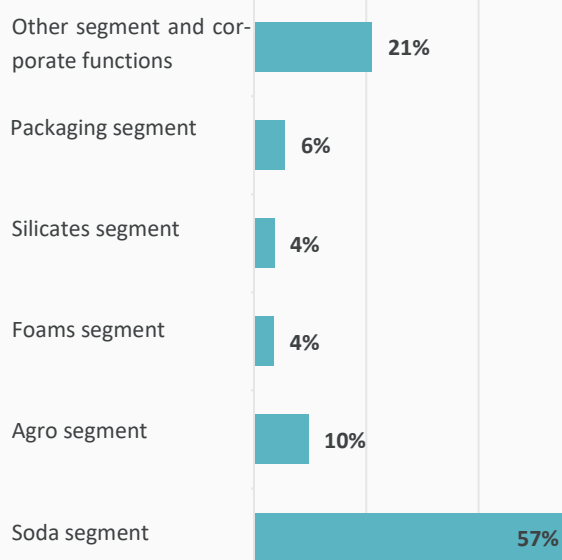
Gander Pay Gap Ratio (GPGR)
LOWER BY 1,7 PP. Y/Y



77% men



23% women





ZdrowiejMY Programme

We build a wellbeing culture based on a number of initiatives related to movement and physical activity, preventive health care and psychoeducation.



Akademia Zakupowa

Purchasing Academy

We have launched an annual programme of training and workshops for employees engaged in the area of purchasing in the CIECH Group. In 2022, the programme covered 55 people.



ABCD model

Covering all Polish companies with the operational employee skill and development system thanks to the implementation of the model in the Packaging and in the Other segments.



Lider & LiderGO Programmes

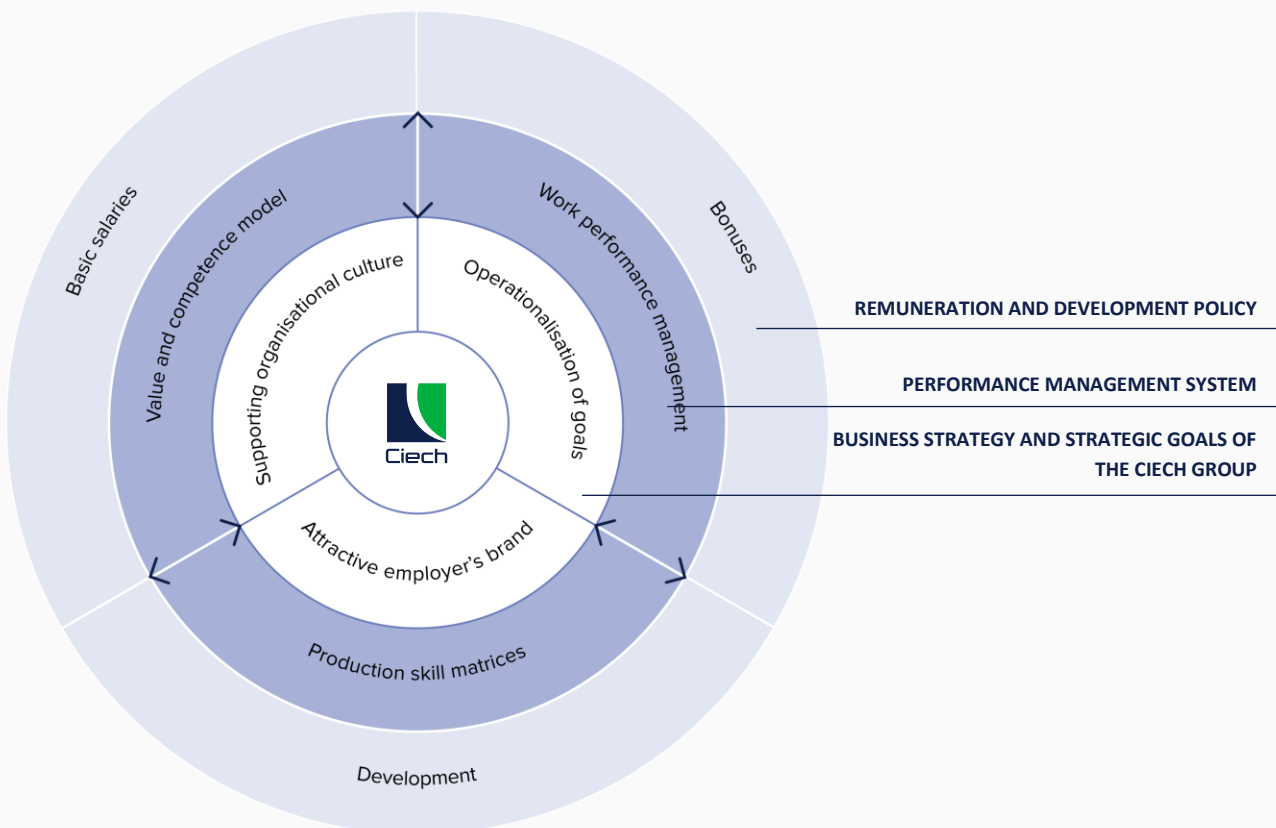
350 & 45 participants

More than 100 training hours

In order to respond to the needs of all Managers in our organisation, we have created three development programmes: Lider Programme, which includes dedicated programmes for team leaders and production leaders, and LiderGO Programme - dedicated to top management.

The goal of the CIECH Group is to build high employee involvement and ensure the success of its business strategy. By combining the Remuneration and Employee Development Policy with the Performance Management System, we are able to address our goals even more effectively. We want the so-called winning culture, i.e. organisational culture in which we strive to be successful together, to enter our bloodstream, and the potential that lies dormant in employees could be fully used. The attractiveness of our brand as a potential employer enables us to conduct effective internal and external communication, allowing us to attract the attention of the best candidates for the jobs we offer.

These elements are part of an integrated system that enables us to strengthen and integrate our organisation.





In the ESG strategy, the theme of human resources management is one of the key areas. Our ambition is to create the best place for the development of our employees' talents based on diverse teams and a system of rewarding for the achievement of set goals. We believe that diverse teams achieve better results, so attracting more women and giving them the opportunity to fulfil their full professional potential is a priority for us. We implement measures with a view to leading to a natural increase in the share of women in managerial positions. In 2022, we carried out a number of activities aimed at achieving our goals contained in the ESG strategy and presented below - more information on their implementation can be found on page 35.



More women in middle and senior management

We provide fair access to employment and career development opportunities.

Goal: 35% in 2030



Building a culture of rewarding for achievements

Goal: implement individual goals or skill matrices for all employees by 2023



Elimination of differences in the level of remuneration of women and men

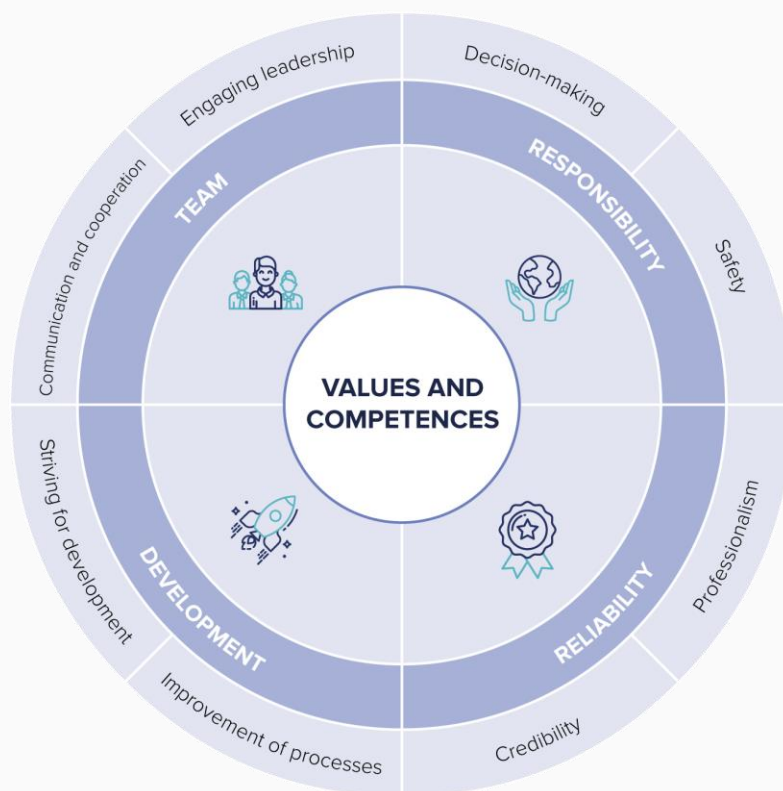
The level of specialists, experts, middle managers.

Goal: reduce the gap by 50% by 2025, completely eliminate the gap by 2030



Building leadership culture and skills

Goal: include leadership assessment in the evaluation of all people managers by 2023 and implement individual succession plans by 2024



VALUES AND COMPETENCE MODEL AND BUILDING AN ORGANISATIONAL CULTURE BASED ON THEM

An integrating organisational culture that supports business activities is one of the pillars of the CIECH Group's strategy. To support the process of building it, we have created a comprehensive action plan for the entire organisation. We began with the first stage in 2020, with workshops, during which, together with the top management, we developed a list of values that fit into the Group's business strategy and reflect the identity of our organisation. On this basis, we have constructed a model of competencies necessary to implement and strengthen our values at all levels of the company. We consistently build the processes of the CIECH Group around the developed values and competences that have become an integral part of the Code of Conduct, recruitment processes, onboarding, performance management and development programmes.

The values, skills and behaviours necessary to implement the strategy were the basis for developing a competency model, which was then adapted to the role that a specific person plays within the organisation, i.e. employee and managerial positions requiring team management competencies.

Our organisational culture is the subject of regular meetings of the Management Board with dedicated teams of employees. In addition, selected managers are responsible for the promotion of individual values, giving an example of their application in practice. In this way, each employee has a chance to see how to implement values in specific activities that they perform on a daily basis at work.

INTEGRATED PERFORMANCE MANAGEMENT SYSTEM

In accordance with one of the key values of our organisation, which is *Development*, and as part of the new strategy for 2022-2024, in which the HR area is one of the priority elements, in 2022 a project to revise the performance management system was carried out.

Performance Management is one of the tools we use to build an engaging work environment and organisational culture based on performance management. The system is based on setting goals that clearly result from the business strategy and serve its operationalisation. Performance Management is a continuous dialogue between an employee and a manager about how to translate business priorities into individual goals, maximise the chances of achieving them, and how we define the expected final result. After implementing the system and getting to know its specifics, we noticed the possibility of better matching the system to the needs of the organisation. In 2022, we decided to review and improve the system.



As a result of the project and close cooperation with business units, new rules, criteria and indicators were developed, which enabled the revised system to be more flexible, transparent and respond to the business needs of the organisation. Changes made to the system include: reducing and unifying the number of bonus groups, adding mandatory Health & Safety indicators and introducing an operational efficiency indicator.

SUCCESS FACTORS SYSTEM IMPLEMENTATION

Improving the efficiency of HR processes and their digitisation is a challenge faced by all departments of the company. In the CIECH Group, we focused on the implementation of the Success Factors system, whose modules for managing Performance Management as well as employee training and development significantly contributed to improving efficiency, automating and reducing manual work in the organisation.

The first module for managing the Performance Management process, implemented at the beginning of 2022, made it possible to move away from manual work on excel sheets, saving the time needed to manage the process and eliminating the risk of errors. Supervisors have easy and quick access to their team's goals, they can cascade a goal with one click or create a group goal for all team members.

After the successful implementation of the first module, we decided to increase the effectiveness of another key process in CIECH, which is the management of employee training and development. Modules devoted to succession management and employee potential perfectly fit into the development of these areas in the HR. The training management module allows for full automation of selected periodical trainings and ongoing monitoring of the achievement of employees' development goals.

The implementation of training and development management modules in 2022 will contribute to:

- Digitisation of the process - resignation from paper applications and email requests for participation in training.
- Automation of the flow of the training application - shortening the approval time.
- Increasing the involvement of employees and managers in development processes by providing easier access to the training offer.
- Increased control over timely execution of periodical trainings through direct access of the supervisor to information on employee training and automatic monitoring of the training expiry date by the system.
- Optimisation of e-learning training management tools.
- Easier and faster access to L&D indicator reporting.
- More efficient management of the talent and succession process.
- Creating a transparent and easily accessible employee development path.

DEVELOPMENT AND STANDARDISATION OF THE REMUNERATION POLICY

BASE SALARIES

In 2022, the process of evaluating newly created jobs in individual companies was continued. In order to standardise the remuneration policy, the basic salary scale and the table of job classification in the key Polish companies of the CIECH Group were updated. Changes have been made to the Remuneration Regulations. The increase in the minimum wage for 2023 was also taken into account, and base salary ranges for operational employees at individual skill levels were defined (ABCD Model).

BONUS SYSTEM

In 2022, the performance management system was reviewed. During meetings with the managerial staff held in the form of workshops, new rules were developed. Both on their basis and in accordance with the dialogue with the Social Counterparty, the Bonus Regulations were updated in all Polish companies of the CIECH Group. The next step will be the implementation of bonus rules for employees in foreign companies.

The bonus system consists of: an annual system and a quarterly-annual system, membership of which determines the grade level of a specific job position. The bonus principles are based on setting individual and team goals as well as dialogue between the employee and the manager. The amount of the bonus payment depends on the level of achievement of company-wide, business segment, team and individual goals.

In order to streamline the process of assigning and settling goals in 2022, an IT tool was implemented – Navigator Portal, built on the basis of SAP Success Factors technologies. Employees gained knowledge on how to use the new tool, i.e. how to move around and send, accept, modify and settle goals in the most efficient way, during dedicated information training.

EMPLOYEE BENEFITS

In the CIECH Group, we care for our employees and their family members, providing them with access to additional benefits. A uniform benefit offer is in place in the Polish companies of the CIECH Group. Most companies establish company social benefit funds, under which employees may be entitled to, among others, self-arranged countryside holidays, allowances, Christmas benefits for employees and their children.

The offer of benefits in the CIECH Group companies comprises for instance:

- private medical care,
- life insurance packages,
- sports (membership) cards,
- insurance for children up to 26 years of age,
- access to trade-specific press,
- access to foreign language learning (online platform)
- benefits from the company's social benefit fund,
- co-financing for the purchase of glasses.

RELATIONS WITH SOCIAL COUNTERPARTIES

Within the CIECH Group, there are ten trade union organisations associating approx. 36% of employees (each operating in at least one company). We know that good cooperation with trade unions initiates changes that may affect the state and conditions of employment in the Group. Accordingly, proper relations with the social counterparties are one of the managerial staff's priorities.

In 2022, negotiations were held with all trade union organisations on the content of the updated Remuneration Regulations and Bonus Regulations in the CIECH Group.





EMPLOYEE DEVELOPMENT

GENERAL COMPANY TRAINING

We invest in the development of our employees by providing them with access to training, workshops, webinars, training courses, postgraduate studies, coaching and mentoring. We make sure that our employees can develop, gain new knowledge, skills and experience. Each department has a specific development budget for each year. Based on the competency model, as well as technical and professional requirements, employees have the opportunity to participate in training to improve their knowledge and competencies. Depending on the subject and scope of the training, employees have the opportunity to participate in training organised internally or by external training companies.

As part of the company-wide training offer on the e-learning platform, our employees can take advantage of e-learning courses available to all in business negotiations, finance for "non-



PROFESSIONALISM

- What kind of manager am I?
- Planning and goal setting
- The role and control of emotions



COMMUNICATION AND COOPERATION

- Your team
- Effective communication
- Change management



DECISION-MAKING

- Recruitment process for the Manager



ENGAGING LEADERSHIP

- Conducting evaluation interviews
- ABCD development discussion

financiers", the art of presentation, time management, feedback conversations, diversity and inclusiveness, productivity, among others, during online meetings or creating multimedia presentations.

Managers also have the opportunity to take advantage of e-learning courses dedicated to them in team management, planning and setting goals, delegation, giving feedback or aspects related to labour law.

In addition to e-learning courses, we also organise a number of stationary or online trainings in various thematic areas such as project management, communication and cooperation, information security, MS Excel, Power BI or language training.

LIDER AND LIDERGO PROGRAMMES

Lider and LiderGO are leadership competence development programmes dedicated to all managers in the CIECH Group. Created internally by the Learning & Development Team, they are aimed at defining consistent expectations towards managers, support in everyday work, managing teams and own working time, and providing practical tools. It is also a time to meet and exchange good practices.

In order to respond to the needs of all Managers in our organisation, we have created three development programmes: **Lider**, which includes dedicated programmes for **Team Leaders and Production Leaders**, and **LiderGO** - dedicated to the Top Management. **Creating content tailored to each of the 3 groups**, in which each module is aimed at developing a specific competence, was an interesting and engaging experience. We focused on the **blended learning** formula so that participants had the opportunity to take part in live, online workshops, webinars, individual sessions, or use e-learning.

23 training groups in 2022

153 trainings

1000 training hours

In 2022, 350 managers participated in the Lider Programme. We created 23 training groups and 21 thematic modules. In 2022, we conducted 153 trainings, which gives us nearly 1 000 training hours. In 2023, we plan to implement new, extended modules and periodically launch the programme for new and newly appointed managers.

45 managers from the top management

76 training hours

In addition, **45 managers from the top management** participated in the **LiderGO** programme, who worked in 3 parallel groups. We carried out several workshops thematically coherent with the Lider Programme, which gives us nearly **76 training hours**.

IMPLEMENTATION OF THE DISC D3 DIAGNOSTIC TOOL

In 2022, we implemented the DISC D3 questionnaire as a tool to support the work of managers with their teams. We invited the entire Top Management group to participate in the survey. The first step was to organise information webinars, during which managers could learn more about the survey itself and its methodology. The results of the DISC D3 questionnaire provide information on the style of operation preferred by manager, the values behind the decisions made and how internal motivations translate into work results. It is also information about the style of communication preferred by manager and how it affects cooperation within the team. The DISC D3 questionnaire is also part of the AC/DC session and the recruitment process for specific managerial positions.

ABCD MODEL

The ABCD model is a Skills Management System for Operational Employees (production and production-related positions), which helps us in:

- planning work in production
- employee development
- motivating employees
- ensuring stability of production

Employees covered by the ABCD Model have a developed set of production skills that includes all technical and soft skills corresponding to the values of the CIECH Group.

The employee's skill set, i.e. the job profile, consists of four soft skills and technical skills. Profiles also include skill expectation levels on a scale of 1-4.

Thanks to the matrices for assessing the current skills of an employee in relation to the expected profile, the employee is classified into one of four levels, which are differentiated by remuneration:

- A - learner
- B - independent employee
- C - very versatile person
- D - master successor

The evaluation cycle takes place once a year, which is linked to pay rise moves. Based on the level of competence, we also plan development activities and career paths for employees in the production area and production-related positions.

The implementation of the ABCD Model has helped us to strengthen the role of the masters as the lower managerial staff. The masters and managers participated in multi-module workshops where they could gain and enhance their team management, change implementation, communication and motivating skills.

In 2022, the system covered the Packaging segment and the company CIECH Serwis i Remonty (the Other segment), which closes the process of implementing the ABCD Model in all our Polish companies. Currently, approximately 80% of production employees are already covered by the Skills Management System for Operational Employees.

PROCUREMENT ACADEMY

In 2022, we launched the Procurement Academy - an annual programme of training and workshops for all employees engaged in the area of procurement in the CIECH Group. Over 50 people were covered by the programme.

The purpose of the programme is mainly:

- development of key competences as an element of the implementation of the assumptions of the Purchasing Department development strategy
- addressing the needs of employees reported in the Employee Opinion Survey in terms of improving qualifications, development opportunities and training
- increasing the level of involvement

The Procurement Academy includes training in negotiations, supplier evaluation and management (supplier TCO analysis), international sales conditions (Incoterms), legal aspects related to purchases and procurement project management.

After completing the training cycle with an attendance rate of 85%, employees will receive an internal certificate of completion of the Procurement Academy at the CIECH Group.

DEVELOPMENT OF SALES FORCE IN BUSINESS SEGMENTS

We want to best respond to the challenges and expectations of the changing market, including the needs of our customers, which is why we invited 18 Key Account Managers (KAMs) from our largest segments, Soda and Agro, to participate in the Development Centre (DC) session. Each participant received individual feedback on their strengths and areas for development. The next step will be to plan development activities tailored to the individual needs of DC participants.

In addition, in 2022, we implemented a development programme for KAMs and the Sales Support Team from the Soda segment in the area of salt products. A series of trainings and workshops was created around effective team cooperation, customer relationship management and improving sales skills.

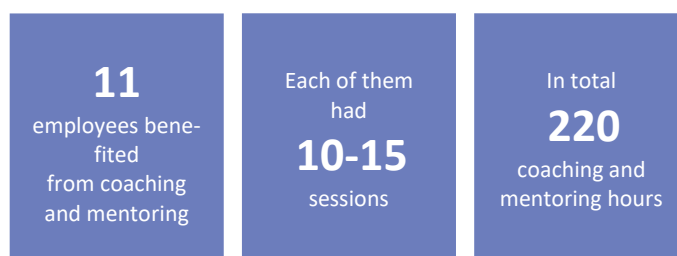
We also continued development activities for KAMs from the Soda segment in the area of soda products. The series of workshops focused on practical ways of dealing with difficult sales situations (raising prices, negotiating complaints), strengthening sales skills based on non-price arguments and enhancing the habit of being well prepared for business talks.

LANGUAGE PLATFORM

The Interactive Platform contains hundreds of dialogues, scenes, exercises, ready-made templates to facilitate writing emails, word revisions, language games, films, tests, etc. Available to our employees, there are over 900 lessons at all levels (from basic to advanced) in the field of general, business, travel-related language, as well as industry and departmental dictionaries. The platform includes a pronunciation trainer, a built-in multimedia dictionary and other useful functionalities and gamification; it also gives you the option of using a mobile application on smartphones. The CIECH Group finances this form of development of employee language competences in 100%. In 2022, it was used by approximately 600 employees of the Group.

COACHING AND MENTORING

Responding to the individual needs of our managers, in 2022 we conducted individual coaching sessions for **11 employees**. The processes are carried out by both external and internal coaches. We want the coaching process to bring the expected results. Therefore, we always start the process with a 3-way session, during which the coach establishes the consistency of the goals of the supervisor and the person entering the coaching process. Some of the processes are already completed with a summary of the goals achieved by the coachee, some are still ongoing and subsequent processes are successively started. In 2022, each of the managers using coaching completed an average of **10 to 15** sessions, which gives a total of about **220 hours** of coaching sessions. In addition, **5** women from our organisation started participating in external cross-mentoring programmes, which will undoubtedly support the achievement of their individual development goals, enable them to gain knowledge in the area of their choice, develop specific competences and support networking activities.



WE CHECK THE PULSE OF OUR ORGANISATION

360-DEGREE EVALUATION

The 360-degree evaluation process enables us to diagnose the level of managerial competences in the CIECH Group and provides the necessary information to prepare an action plan for the development of the management staff to be implemented this year. This process takes place every year, each time we evaluate the competences of a different managerial group. In 2022, we assessed the competencies of the managerial staff at CIECH Salz. The assessment was carried out for 9 managers of various levels, who were evaluated by their associates, superiors and direct subordinates. The survey turnout was over 88%. After the survey was completed and the results were compiled, individual feedback sessions were carried out. The results of the survey are very helpful in designing and selecting the most appropriate development activities for a given manager.

The following competencies are assessed: decision making, safety, credibility, professionalism, cooperation and communication, engaging leadership, striving for development, continuous improvement of processes.



PULSE CHECK 2021

In 2022 we organised another PULSE CHECK survey in the CIECH Group. The aim of the survey is to check whether as a Group we are heading in the right direction, whether the decisions made by the Management Board are properly interpreted and support the daily work of managers and their teams. We want to check the "pulse of the organisation" and how to support employees on a daily basis to make CIECH an even better place to work for them. All managers and independent employees who coordinate projects in the Group were invited to the survey. To ensure full anonymity, the survey was carried out by, in its entirety, by an external company that has been on the market for years and specialises in opinion polling.

The survey was carried out electronically. It consisted of 28 questions (including 3 open-ended questions) within the following categories:

- Engagement,
- Organisational culture and image,
- Business agility,
- Change,
- Engaging leadership – Top Managerial Staff.

In 2022, the turnout in the survey was 62%. We have clearly observed increases in the percentage of results in each of the aforementioned categories compared to 2021:

| | |
|------------------------------------|--------|
| Engagement" | +5 p.p |
| "Change" | +3 p.p |
| "Engaging Leadership" | +8 p.p |
| "Organisational culture and image" | +7 p.p |
| "Business agility" | +4 p.p |

The increase in employee satisfaction in all areas throughout the year may prove that the activities we undertake as a Group are noticed and appreciated by our employees. Based on the results of the employee opinion survey and Pulse Check from previous years, we are continuously implementing changes and improvements that respond to the needs expressed in the surveys. The results of the survey provide the basis for planning the most adequate actions.

DEVELOPING AN ATTRACTIVE BRAND ON THE LABOUR MARKET

CLEAR RECRUITMENT RULES

Recruitment processes within the CIECH Group are based on the adopted standards. We belong to the “Friendly Recruitment” Coalition, which means that we comply with the provisions of the Code of Good Recruitment Practices.



The recruitment process is standardised for the entire Group and involves meetings in the presence of an HR Employee and a business representative. Depending on the grade of the position, the recruitment processes consist of one or more stages.

A competency interview is conducted with candidates, and their substantive knowledge and knowledge of foreign languages are also checked. Additionally, if necessary, competency tests and knowledge tests are carried out. An important element of the recruitment process is the feedback for persons applying for a given position, which is provided to each candidate, regardless of the recruitment result. In communication with candidates, we are supported by the recruitment system, thanks to which the flow of information exchanged with candidates is monitored.

In 2022, we also introduced the Assessment Centre as an obligatory stage in the recruitment of senior management and the DISC D3 survey for this group of candidates. On the basis of the reports, decisions are made on the selection of a candidate and planning their further development activities in the case of employment in the CIECH Group.

We continue the remote recruitment standard developed during the COVID-19 pandemic. In the case of positions for which recruitment cannot be carried out remotely (e.g. production area), recruitment is performed while maintaining all security measures.

The CIECH Group cares about continuous improvement in the recruitment process. Just like in the previous years, we collect valuable feedback from candidates participating in recruitment

processes using an anonymous online survey. The information obtained helps the organisation to continuously improve its recruitment standards.

All available job offers in the CIECH Group can be found on the corporate website in the career tab at <https://kari-era.ciechgroup.com>

In 2022, we introduced the Employee Recommendation Programme in all our companies in Poland and Germany. It assumes a cash gratification for employees who decide to recommend a person to work in the CIECH Group. The programme applies to all job offers available on the internal information site.

WORK PLACEMENTS AND INTERNSHIPS

In 2022, substantive internships and school work placements were organised once again at the CIECH Group companies, giving the opportunity to acquire knowledge and the opportunity to develop in many areas. Internship is understood as a paid programme implemented by students or graduates in organisational units of CIECH S.A. and the Group's companies, in the agreed time. The internships at the CIECH Group are in line with the assumptions of “Top quality internships”. The areas for which interns were recruited include: Production, Finance, Logistics, IT, R&D, Sales, Administration and Purchasing.

Each intern, acquired in the recruitment process, was assigned a substantive tutor who was responsible for the implementation, familiarisation with the organisational structure and activities of the Group, monitoring the tasks performed by the intern and providing ongoing feedback. After the end of the programme, the supervisor was obliged to issue written references regarding the tasks completed by the intern and the skills acquired during the internship. However, each intern had the opportunity to provide feedback on the implemented programme.

In 2022, as part of the CIECH STARTER Summer Internship Programme, we invited 23 interns to cooperate. The internships were organised in 20 teams in 6 locations. During the 3-month programme, the interns also participated in 4 general development trainings. From among the group of interns, we have established and continue long-term cooperation with 7 people who currently support selected organisational units.

Additionally, we continued a programme enabling students of many schools and universities to complete their work placement. It is a free programme, implemented by school and university students as part of professional practice in organisational units of CIECH S.A. and other companies in the agreed time.

PRE-BOARDING AND ONBOARDING

The first stage of a new employee joining the organisation is the pre-boarding process, which has been standardised for each of the CIECH Group companies. Roles have been separated in the process, based on responsibility for individual tasks. A future employee of the Group is provided with permanent HR and payroll services by a dedicated employee of the Human Resources and Payroll Department. Communication with the future employee takes place by phone and email. At each stage of employment, the future employee can count on the support of the HR Department.

The CIECH Group operates an Onboarding Programme. Its objective is quick and easy adaptation of new employees by providing them with basic knowledge about the CIECH Group, products, internal acts, development opportunities and social offer. The Onboarding process includes training, company presentation, delivery of welcome kits and information on hiring a new employee through internal communication.

In 2022, the HR Department conducted over 40 onboarding sessions for new employees. Sessions were held at least once a month in each company of the CIECH Group. The onboarding process covered over 700 new employees of the CIECH Group



As part of HR onboarding, meetings with managers, meetings with the team and meetings with a dedicated supervisor are organised. During the onboarding training, trainees become acquainted with the history, mission, vision and values of the company, learn about the current strategy, discuss the organisational structure, company procedures and work rules, they are presented non-wage benefits and the rules for using them, discuss the circulation of HR and payroll documents, IT, administrative and finance issues, issued related to information and data management, quality, security and the adopted ESG strategy. As part of making the onboarding process more attractive and better integrating new people, welcome packages and elements of gamification with prizes are also used.

Functional onboarding, which is conducted by the new employee's supervisor and team, consists in introducing the new employee to the tasks and responsibilities of a given position, getting to know the work culture in a given team and establishing formal and informal relationships with co-workers. During this process, the scope of tasks for a given position is discussed, the work plan for the next period is presented, the team gets acquainted, and development opportunities for a given position are presented.

The entire onboarding process has no end date - it lasts until the new employee is completely independent in a given position and is able to effectively navigate the everyday life of the organisation.

EMPLOYER BRANDING

The CIECH Group continuously undertakes a number of activities related to maintaining the image of a good employer. In 2022, we continued activities focused on the promotion of our Production Plants. We participated in job fairs for both students and people actively looking for employment. Our representatives of business units and HR were able to meet directly with people interested in joining the CIECH Group, talk about the nature of work, development opportunities in the company and our plans for the future.

Together with universities and high schools, as well as organisations associating employers, we organised meetings for pupils,

students and people active on the labour market, during which we presented the nature of work in the CIECH Group companies.

Once again, CIECH Sarzyna became involved in the educational project "CIECH Days" connecting the world of business with the academic community by organising a unique series of educational and development meetings for students of the Rzeszów University of Technology. The purpose of the event is to promote the use of chemical sciences in business and to support students in choosing further career paths. In addition to scheduled lectures and training sessions conducted by experts, students can also visit the CIECH Sarzyna factory and laboratory.

In the School Complex in Nowa Sarzyna, the idea of a chemical class is continued under the patronage of the Rzeszów University of Technology and CIECH Sarzyna. A modern chemistry laboratory, attractive topics and the form of classes are designed to develop students' passion for chemistry, and in the future - to open the doors to their dream universities and enable them to find an interesting and valuable job.

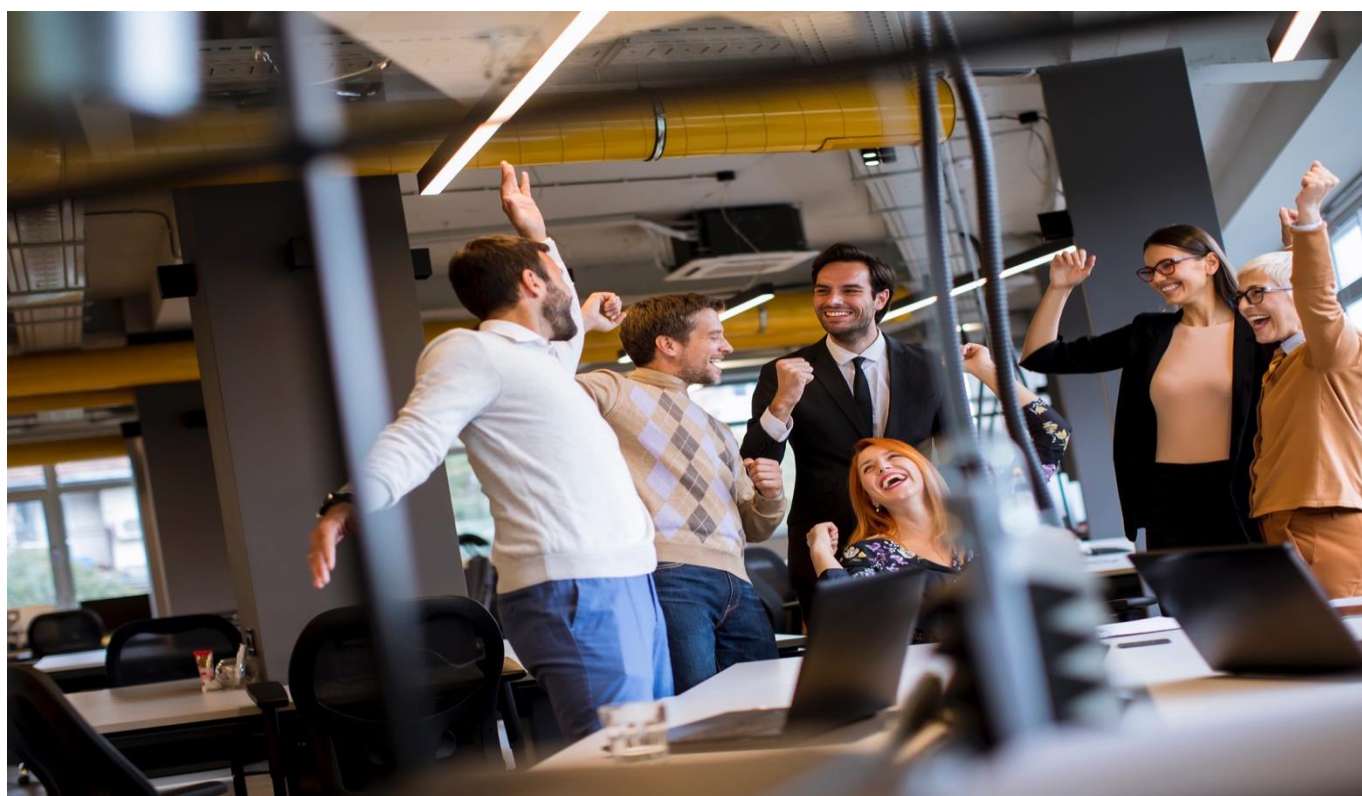
In 2022, companies located in Kujawy undertook long-term patronage cooperation with the John Paul II Complex of Chemical and Electronic Schools in Inowrocław. As a result, students of the school are given a chance for work placement in the quality control department. We also started a long-term partnership with the Railway Technical School in Bydgoszcz.

REWARDS AND DISTINCTIONS

In 2022, once again we received the certificate: **HR of the Highest Quality**, awarded by the Polish Association of Human Resources Management (PSZK). The certification process is divided into two stages, including completing a questionnaire (about 50 questions) covering all HR processes and analysing a selected HR project. PSZK examines the practical dimension of the HR policy and tools used by the company (including recruitment, incentive and remuneration systems, employee development, internal communication, employer branding and CSR). HR of the Highest Quality is a confirmation for employees and candidates that the company is a good, credible and reliable employer, using the latest human capital management solutions.

Another title that we obtained in 2022 is the **Reliable Employer** and the **Reliable Employer of the 20th Anniversary** awarded for all initiatives in the area of HR.

The assessment criteria are broad, they concern every aspect of the operation of a modern enterprise, e.g. working conditions, career paths, development activities, employee evaluation model, incentive systems, standards and equal treatment as well as external opinions about the company.





INTERNAL COMMUNICATION AND EMPLOYEE ENGAGEMENT

The CIECH Group is developing dynamically and communication activities, especially during the transformation of the organisation, are key to ensuring the sense of comfort and security of employees. We are expanding our online and offline communication tools to reach our employees as effectively as possible in the most convenient way for them. We currently use three communication channels:

- online tools and platforms,
- traditional message carriers and
- direct communication.

If possible, we try to combine communication activities with actions involving employees, which translates into higher effectiveness of communication and its positive reception.

ONLINE, DIRECT AND TRADITIONAL (OFFLINE) COMMUNICATION

We regularly communicate to employees about organisational changes taking place inside the company at all levels of employment (personnel and reorganisation changes) as well as about initiatives that relate to the Group and current activities. In addition to written communication in the form of regular mailings and information newsletters, we organise information meetings - Global Communications Day. These are half-yearly meetings where, in addition to a dose of information about the current results of the company and the projects we are currently implementing, employees have the opportunity to ask questions to which the speakers provide live answers.

In 2022, we organised a large event - CIECH Celebrations - summarising the Group's 3-year strategy and presenting new directions for 2022-2024. The event was broadcast live to four countries and over 3 000 Group employees. In a very solemn atmosphere, we awarded over 50 managers of the Group, without whose work and commitment there would be no success in recent years, achieved in such demanding times.

ENGAGING EMPLOYEES AND SUPPORTING THEIR INITIATIVES

We promote a culture of mutual appreciation. We have introduced a company-wide competition, the CIECH Value Hero, where we promote employees' attitudes in line with the Group's values - the *CIECH Value Hero*. An Employee may nominate any other employee to this award. Nominations are made by completing a questionnaire with a descriptive justification why the person concerned should receive an award. A separate Jury in each of our locations, the composition of which includes employees, casts its votes. In 2022, we awarded each other 16 employees in the Value Heroes competition.

In 2022, we returned to full-scale CIECH Fest family picnics, which are becoming our annual tradition. In previous years, during the pandemic, the initiative was suspended or held in a limited form of internal employee meetings. 2022 brought the opportunity to organise the CIECH Fest in the form of family picnics, where our employees could have fun and integrate with their dearest ones.

This year's edition of CIECH Fest was full of attractions. We prepared 5 thematic zones for our employees, an unlimited catering zone, artistic highlights, live music and activities with prizes.

- In the "**Strefa sportowych uCIECH**" (Sports Fun Zone), employees were able to feel the spirit of healthy competition and take part in football triathlon as a team, i.e. football games, accuracy challenge and XXL table football. At the end of each picnic, all teams were honoured on stage by the Management Board Members.
- "**Strefa Kreatywnych uCIECH**" (Creative Fun Zone) showed the possibilities of using CIECH products in a creative way. Young and old took part, among others, in: workshops for making pillows from CIECH foams, lanterns or fragrant slimes, and face painting for the youngest.
- "**Strefa rodzinnych uCIECH**" (The Family Fun Zone) greeted the youngest with inflatables, eurobungee and an animation zone where parents were able to leave their children under the care of professional animators.
- "**Strefa Zdrowia**" (The Health Zone) was part of the *ZdrowiejMY* programme and gave the opportunity to take advantage of on-site consultations with health specialists such as: an ophthalmologist, cosmetologist, dietician or physiotherapist.
- In the "**Strefa Bezpieczny CIECH**" (Safe CIECH Zone), employees used an accident simulator, scenario games, fire brigade demonstrations, first aid repetitions, which also included tasks for the youngest.

We also emphasise the traditions that our employees value. During Christmas, we distributed 3 500 packages to employees in Poland, Germany, Romania and Spain.

NEW WELLBEING PROGRAMME AND EMPLOYEE HEALTH SUPPORT

In 2022, we launched the *ZdrowiejMY* programme to build a culture of wellbeing in our Organisation and support the health of employees.

The programme was developed with all CIECH Group employees in mind and is based on a number of initiatives related to movement and physical activity, preventive health care and psycho-education. It is an important step in the development of the Group's pro-health policy. Its purpose is to develop good habits in terms of physical and mental health care. This proprietary initiative is also one of the elements of the implementation of CIECH's long-term strategy, which assumes the construction of a modern and innovative organisation, which is a friendly and attractive workplace.

The project was inaugurated during the series of the aforementioned summer employee picnics, "CIECH Fest". Their participants had the opportunity to take advantage of comprehensive consultations with health specialists.

In 2022, we also guaranteed our employees access to a number of mobile diagnostic possibilities - free consultations with physiotherapists as part of the Health Days in all locations, and as part of the Prevention Days - ultrasound examinations of a selected area (abdomen, breasts, testicles and thyroid gland) and ECG tests in specially adapted cardiobuses. And all this on a stationary basis, directly at the workplace - in our offices and production plants.

In addition to the actual access to qualified medical personnel, we focused on the promotion of physical activity through campaigns and competitions in which our employees had, among others, an opportunity to obtain funding for the proposed ideas for joint, integrating sports initiatives.

We supplemented the programme with a series of psycho-educational webinars on methods supporting healthy sleep and the importance of building relationships in the workplace.

Our activities as part of the *ZdrowiejMY* project are one of the elements of the CIECH Group's strategy for 2022-2024, implemented under the motto "We build future-proof and modern chemical holding that generates value for its stakeholders." The priority of the HR area under this strategy is to strengthen positive changes in the Group's organisational culture and to build an engaging work environment in order to increase the attractiveness of CIECH as an employer.

FIGURES AND RATIOS

| | 2020 | | 2021 | | 2022 | |
|---|--------------|-------------|--------------|-------------|--------------|-------------|
| Total number of employees at the end of the period | 3 415 | 100% | 3 322 | 100% | 3 512 | 100% |
| Breakdown by gender: | | | | | | |
| Women | 804 | 24% | 767 | 23% | 824 | 23% |
| Men | 2 611 | 76% | 2 555 | 77% | 2 688 | 77% |
| Breakdown by age: | | | | | | |
| Under 30 | 415 | 12% | 492 | 15% | 531 | 15% |
| 30-50 | 1 741 | 51% | 1 539 | 46% | 1 643 | 47% |
| Over 50 | 1 259 | 37% | 1 291 | 39% | 1 338 | 38% |
| Breakdown by region: | | | | | | |
| Poland | 2 874 | 84% | 2 610 | 79% | 2 779 | 79% |
| Germany | 441 | 13% | 618 | 19% | 650 | 19% |
| Romania | 75 | 2% | 67 | 2% | 54 | 2% |
| Spain | 25 | 1% | 27 | 1% | 29 | 1% |
| Breakdown by business segment: | | | | | | |
| Soda segment | 1 757 | 51% | 1 891 | 57% | 1 991 | 57% |
| Agro segment | 248 | 7% | 308 | 9% | 339 | 10% |
| Foams segment | 128 | 4% | 120 | 4% | 124 | 4% |
| Silicates segment | 106 | 3% | 133 | 4% | 126 | 4% |
| Packaging segment | 202 | 6% | 195 | 6% | 194 | 6% |
| Other segment and corporate functions | 974 | 29% | 675 | 20% | 738 | 21% |

| | 2020 | | 2021 | | 2022 | |
|-----------------------------|------------|-------------|------------|-------------|------------|-------------|
| New employees | 447 | 100% | 463 | 100% | 773 | 100% |
| Breakdown by gender: | | | | | | |
| Women | 97 | 22% | 84 | 18% | 221 | 29% |
| Men | 350 | 78% | 379 | 82% | 552 | 71% |
| Breakdown by age: | | | | | | |
| Under 30 | 139 | 31% | 162 | 35% | 288 | 37% |
| 30 - 50 years | 244 | 55% | 234 | 51% | 374 | 48% |
| Over 50 | 64 | 14% | 67 | 14% | 111 | 14% |
| Breakdown by region: | | | | | | |
| Poland | 402 | 90% | 284 | 61% | 659 | 85% |
| Germany | 41 | 9% | 168 | 36% | 104 | 13% |
| Romania | 1 | 0% | 6 | 1% | 4 | 1% |
| Spain | 3 | 1% | 5 | 1% | 6 | 1% |

| | 2020 | | 2021 | | 2022 | |
|-----------------------------|------------|-----|------------|-----|------------|-----|
| Employee departures | 851 | | 520 | | 594 | |
| Breakdown by gender: | | | | | | |
| Women | 225 | 26% | 138 | 27% | 149 | 25% |
| Men | 626 | 74% | 382 | 73% | 445 | 75% |
| Breakdown by age: | | | | | | |
| Under 30 | 247 | 29% | 142 | 27% | 181 | 30% |
| 30 - 50 years | 341 | 40% | 216 | 42% | 230 | 39% |

| | 2020 | | 2021 | | 2022 | |
|-----------------------------|------|-----|------|-----|------|-----|
| Over 50 | 263 | 31% | 162 | 31% | 183 | 31% |
| Breakdown by region: | | | | | | |
| Poland | 368 | 43% | 436 | 84% | 495 | 83% |
| Germany | 0 | 0% | 66 | 13% | 77 | 13% |
| Romania | 482 | 57% | 14 | 3% | 18 | 3% |
| Spain | 1 | 0% | 4 | 1% | 4 | 1% |

| Age | 2020 | | | 2021 | | | 2022 | | |
|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| | M | W | Total | M | W | Total | M | W | Total |
| Under 30 | 292 | 123 | 415 | 360 | 132 | 492 | 388 | 143 | 531 |
| 30-50 | 1 294 | 447 | 1 741 | 1 118 | 421 | 1 539 | 1 180 | 463 | 1 643 |
| Over 50 | 1 025 | 234 | 1 259 | 1 077 | 214 | 1 291 | 1 120 | 218 | 1 338 |
| TOTAL | 2 611 | 804 | 3 415 | 2 555 | 767 | 3 322 | 2 688 | 824 | 3 512 |

| Type of employment | 2020 | | | 2021 | | | 2022 | | |
|---|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| | M | W | Total | M | W | Total | M | W | Total |
| Employment contract for indefinite period | 2 077 | 588 | 2 665 | 2 041 | 578 | 2 619 | 2 134 | 611 | 2 745 |
| Employment contract for a definite period (incl.: trial period, under-study, practical job placement) | 534 | 216 | 750 | 513 | 189 | 702 | 554 | 213 | 767 |
| Total | 2 611 | 804 | 3 415 | 2 555 | 767 | 3 322 | 2 688 | 824 | 3 512 |

| Type of employment | 2020 | | | 2021 | | | 2022 | | |
|--------------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| | M | W | Total | M | K | Total | M | W | Total |
| Full-time | 2 575 | 788 | 3 363 | 2 454 | 733 | 3 187 | 2 594 | 804 | 3 398 |
| Part-time | 36 | 16 | 52 | 101 | 34 | 135 | 94 | 20 | 114 |
| Total | 2 611 | 804 | 3 415 | 2 555 | 767 | 3 322 | 2 688 | 824 | 3 512 |

| Employment area | 2020 | | | 2021 | | | 2022 | | |
|------------------------------------|-------|-----|-------|-------|-----|-------|-------|-----|-------|
| | M | W | Total | M | W | Total | M | W | Total |
| OHS | 7 | 6 | 13 | 5 | 9 | 14 | 13 | 12 | 25 |
| Controlling, Accounting, Finance | 50 | 106 | 156 | 53 | 118 | 171 | 64 | 115 | 179 |
| Power sector | 167 | 7 | 174 | 161 | 8 | 169 | 160 | 8 | 168 |
| Other | 113 | 89 | 202 | 101 | 64 | 165 | 136 | 59 | 195 |
| Investments | 34 | 13 | 47 | 25 | 10 | 35 | 22 | 8 | 30 |
| Quality control | 20 | 163 | 183 | 19 | 156 | 175 | 34 | 165 | 199 |
| Logistics/Warehouse | 163 | 36 | 199 | 153 | 37 | 190 | 153 | 46 | 199 |
| Environmental protection | 6 | 7 | 13 | 6 | 8 | 14 | 4 | 7 | 11 |
| Production | 1 527 | 170 | 1 697 | 1 467 | 144 | 1 611 | 1 496 | 161 | 1 657 |
| Sales and marketing | 64 | 73 | 137 | 66 | 75 | 141 | 71 | 82 | 153 |
| Maintenance | 364 | 21 | 385 | 393 | 22 | 415 | 414 | 17 | 431 |
| Purchases | 42 | 28 | 70 | 48 | 29 | 77 | 36 | 36 | 72 |
| Management, administration, HR, IT | 54 | 85 | 139 | 58 | 87 | 145 | 85 | 108 | 193 |

| Employment area | 2020 | | | 2021 | | | 2022 | | |
|-----------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| | M | W | Total | M | W | Total | M | W | Total |
| Total | 2 611 | 804 | 3 415 | 2 555 | 767 | 3 322 | 2 688 | 824 | 3 512 |

| Employment level | 2020 | | | 2021 | | | 2022 | | |
|---|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| | M | W | Total | M | W | Total | M | W | Total |
| Executive managers | 19 | 3 | 22 | 54 | 5 | 59 | 54 | 4 | 58 |
| Under 30 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-50 | 12 | 3 | 15 | 33 | 4 | 37 | 36 | 2 | 38 |
| Over 50 | 6 | | 6 | 21 | 1 | 22 | 18 | 2 | 20 |
| Middle managerial staff | 130 | 49 | 179 | 130 | 55 | 185 | 141 | 54 | 195 |
| Under 30 | 1 | 3 | 4 | 3 | 1 | 4 | 3 | 1 | 4 |
| 30-50 | 86 | 34 | 120 | 76 | 40 | 116 | 91 | 35 | 126 |
| Over 50 | 43 | 12 | 55 | 51 | 14 | 65 | 47 | 18 | 65 |
| Non-production operational positions | 713 | 508 | 1 221 | 731 | 493 | 1 224 | 814 | 468 | 1 282 |
| Under 30 | 65 | 48 | 113 | 115 | 102 | 217 | 140 | 94 | 234 |
| 30-50 | 411 | 322 | 733 | 344 | 279 | 623 | 384 | 287 | 671 |
| Over 50 | 237 | 138 | 375 | 272 | 112 | 384 | 290 | 87 | 377 |
| Production operational positions | 1 749 | 244 | 1 993 | 1 640 | 214 | 1 854 | 1 679 | 298 | 1 977 |
| Under 30 | 259 | 38 | 297 | 242 | 29 | 271 | 245 | 48 | 293 |
| 30-50 | 773 | 100 | 873 | 665 | 98 | 763 | 669 | 139 | 808 |
| Over 50 | 717 | 106 | 823 | 733 | 87 | 820 | 765 | 111 | 876 |
| Total | 2 611 | 804 | 3 415 | 2 555 | 767 | 3 322 | 2 688 | 824 | 3 512 |

| Gender Pay Gap Ratio (GDPR) | 2020 | 2021 | 2022 |
|---|--------------|--------------|--------------|
| Operational employees – production area | -0,3% | -4,3% | -5,4% |
| Operational employees – areas other than production | -2,9% | -5,9% | -4,8% |
| Middle managerial staff and executive managers | 20,3% | 15,9% | 2,1% |
| Specialists, experts, middle managers | -1,8% | -6,4% | -4,7% |
| All employees | -1,4% | -5,0% | -5,0% |

| | 2020 | 2021 | 2022 |
|---|-------|-------|-------|
| Number of employees entitled to parental leave | 3 415 | 3 322 | 3 512 |
| Women | 24% | 23% | 23% |
| Men | 76% | 77% | 77% |
| Number of employees who had parental leave | 35 | 35 | 43 |
| Women | 97% | 71% | 63% |
| Men | 3% | 31% | 37% |
| Number of employees who returned to work after parental leave | 34 | 39 | 39 |
| Women | 97% | 77% | 64% |
| Men | 3% | 26% | 36% |

SAFETY AND HEALTH OF OUR EMPLOYEES AND CRITICAL INCIDENT MANAGEMENT



People are the most important to us. The Group's priority is to ensure the safety of our employees and suppliers, subcontractors, as well as guests visiting the Group's plants and offices. By providing technical, organisational, and social conditions to support their health and safety, we are able to ensure continuity of production and business development in the long term. According to the WHO definition, we assume that health is complete physical, mental and social well-being, therefore safety has its place in all our management processes, from recruitment or purchasing, production and logistics areas, to the broadly understood development of leaders and employees.



In the Strategy for 2022-2024, we put safety first - to become an industry leader, we have committed to reducing the frequency of injuries by 30% by the end of 2024.

Thanks to the implementation of comprehensive measures aimed at improving safety, we have already achieved this goal in 2022, recording a decrease in the LTIF rate to 2.48 (-51% y/y).

The LTIF¹ injury ratio at **2.48** - well below the strategic target of 3.50

Safe CIECH (internal campaign from November 2021) - spectacular results in the first year of the campaign

Six of our companies received awards from the Management Board of CIECH S.A. for achieving "zero accidents" recordable throughout 2022

No heavy injuries in the entire CIECH Group in 2022

5M and 5xWhy analysis – new tools for investigating accidents and near misses

¹LTIF - lost time injury frequency rate - the number of "recordable" injuries standardised to 1 million hours worked.

LABOUR SAFETY MANAGEMENT

Work safety is one of the priorities of our ESG strategy and the business strategy of the CIECH Group. In accordance with our Health and Safety Policy, we manage occupational safety in a systemic manner and in line with the principle of continuous improvement. Our health and safety management system includes a wide range of stakeholders, including visitors and subcontractors.

Our OHS Policy is based on the international ISO 45001 standard and applies to all our stakeholders, from whom we require compliance with the CIECH Group's safety standards.

This document contains, above all, an obligation to ensure safe and hygienic working conditions in order to prevent injuries and health ailments. To achieve this, in our Policy, we commit ourselves to meeting legal requirements, eliminating hazards, reducing risks, and continuously improving the OHS management system. An important element to support effective management of the safety area is also consultation and participation of employees in making decisions related to OHS and implementing actions resulting from such decisions.

OUR PRIORITIES ARE:

- 1 management commitment to health and safety issues,
- 2 proper perception and analysis of health and safety risks in each process,
- 3 an effective training and development system in the area of safety,
- 4 wherever possible, the reliance on data as a basis for decision making,
- 5 supporting safety both from the level of investment in infrastructure and the awareness of each person and its impact with every day, small decisions on the level of safety in the immediate environment.

In accordance with the principle of continuous improvement inscribed in the ISO Standards, we pay attention to the fact that our management system is alive and continuously improved. Especially in today's dynamic legal, social and market environment, we must be ready to respond to current needs and new challenges. To ensure effective management of this area, we are also developing a Team of Health & Safety specialists.

In companies with more than 250 employees, OHS Committees have been established that meet, as a minimum, on a quarterly basis to discuss current occupational health and safety challenges and plans. The meetings are attended by representatives of the Management Board, OHS service and employees' representatives, most often representatives of trade unions. Representatives of the Social Labour Inspectorate also participate in, among others, regular Health and Safety Reviews, identifying areas for improvement in this regard, post-accident proceedings, occupational risk assessment process.



An important right of an employee, and an obligation within the CIECH Group, is to refrain from work if the working conditions pose such a hazard that the health or life of anyone is at risk.

We continuously monitor hazards in the work environment through regular inspections carried out not only by OHS services, but also as a team, with the participation of area owners (managers of organisational units) or representatives of the Maintenance Department. Identified threats or irregularities are prioritised and appropriate corrective actions are carried out by designated persons.

2022 was the first year of the Group's new corporate strategy, the horizon of which reaches 2024. We put safety first – we intend to become an industry leader and reduce the incidence of injuries by 30%.

Thanks to the commitment of the OHS team and all employees of the Group, not only did we achieve this ambitious goal, but we also exceeded it already in the first year of the Strategy. However, we do not rest on our laurels and make every effort to ensure full safety for our employees, contractors, and guests.

In 2022, we recorded a record low LTIF injury rate: 2.48 (-51% y/y)

Six of our companies received awards from the Management Board of CIECH S.A. for achieving a "zero injuries" recordable result throughout 2022.

We have not recorded any fatal injuries in the Group since 2015, and last year we did not record any serious injuries.

WE ARE CONDUCTING A NUMBER OF ACTIVITIES TO STRENGTHEN OUR HEALTH AND SAFETY COMMUNICATION, INCLUDING:



Regular meetings and periodic mutual visits of employees of OHS services in individual plants, aimed at exchanging good practices and harmonising safety standards while respecting the specificity of the Group's various business lines.



We periodically published messages in the form of emails and posters, strengthening the message of our 10 Safety Principles with additional attractions in the form of, for example, quizzes for employees.



We carried out a series of trainings "See? React", raising awareness of responsibility for safety in the workplace, first aid skills and risk identification.



In 2022, we implemented the 5M and 5xWhy analysis tools for systemic analysis of injury and near miss events, identification of causes and prevention of similar events in the future. We communicate the results of analyses in OHS Alerts and during meetings.



10 PRINCIPLES OF SAFE WORK IN THE CIECH GROUP



We keep our workplace tidy and clean.



I follow the rules of safe manual handling



We only use designated traffic routes. We hold the handrail when ascending and descending the stairs.



I use safety devices and personal protective equipment appropriate to the hazards that may occur



We follow the traffic regulations.



I follow the ban of smoking, consumption of alcohol and intoxicants



I use safety guards and safety devices and do not conduct unauthorised repairs.



I follow all safety rules when working with dangerous substances



I only use technically efficient and tools and equipment in accordance with my qualifications.



I come to work in a good health and spirit!

"SAFE CIECH" PROJECT



In 2022, we continued the extensive "Safe CIECH" project, under which we focus on developing a safety culture, both in the area of the work environment and the behaviour of our employees at each level of the organisation.

As part of the Safe CIECH project:

- We have updated the **OHS Policy** to meet the requirements of ISO 45001. One of our companies, Ciech Sarzyna S.A. was the first company in the Group to receive a certificate of compliance with this standard in 2021. By 2024, we plan to raise the certification level of our production companies to 50%.
- We refreshed **10 safety rules of the CIECH Group**, which are the basis for talks on safety, from which, among others, we are now starting internal meetings.
- We conduct a series of trainings on risk perception and reacting to dangerous situations, **"See? React!"**. After the pilot programme for 50 people in managerial positions from two companies in 2021, in 2022 we extended the programme to include the other Group entities and we trained another 238 people. The next step will be to train all employees, including previously selected internal trainers.
- In 2022, we implemented **Safety Visits** carried out by representatives of the top management in production areas, aimed at talking to employees about safety and listening to and taking into account the voice of each of our employees.
- **We increased the number of employees** of the team responsible for security at the headquarters and in individual companies.

- **We changed the structure** of the OHS team, e.g., by separating in 2022 a team for management systems and a team for training and communication.
- We developed a new, **comprehensive procedure for reporting and analysing accidents** with a focus on finding the system root cause.
- We conducted several OHS **competitions** among our employees.
- We **celebrate our successes** together - at the beginning of the year we always appreciate companies from the Group that stand out with high scores in safety statistics, and now we are expanding the scope of awards to emphasise the individual commitment of our employees.

Our activities under the #BezpiecznyCIECH (#SafeCIECH) programme have been appreciated by external institutions - in November 2022, we were nominated for the Safe Work Leaders Forum at the Central Institute for Labour Protection.

In connection with further improvements in the coming years, we also plan the following:

- introduction of comprehensive software gathering data from the companies, facilitating their verification, analysis, assignment of consistent corrective actions and their management,
- continuation of training for all employees of the Group as part of the "See? React!"
- conducting first aid training for all employees of the Group,
- development of the training system, including the competence of leaders in the field of safety,
- improving a coherent system of inspections and internal audits,
- further modernisation of production plants in the area of infrastructure,
- Certification of further production companies in accordance with the ISO 45001 standard.

SAFETY TRAINING

The competences of our employees in the area of occupational safety are of key importance to us, as they are a guarantee of safety for themselves, associates, contractors, and therefore our entire organisation. Therefore, in addition to mandatory training, resulting directly from the regulations, such as introductory or periodic training, we hold a number of dedicated meetings. As far as possible, we try to make these trainings take the form of practical workshops, taking into account the needs of various target groups.

COMPREHENSIVE COMMUNICATION IN THE SAFETY AREA

Information on occupational health and safety is provided primarily through direct meetings between supervisors and employees, as well as the internal portal of the CIECH Group, posters, or online meetings, depending on the group of employees concerned.

We also organise periodic meetings dedicated to, among others, discussing inspection recommendations, procedures after injuries and near misses, observations e.g., during safety visits of leaders. They are attended by key people responsible for individual areas, which allows for efficient management of assigned activities.

After injury and near miss incidents, the so-called **Safety Alerts** are prepared, as discussed during local operational meetings, OHS Team meetings and meetings of the Management Boards of Group companies. We start internal meetings with discussing safety issues, and the "safety slides" prepared by the Health and Safety Team contain current statistics and news, such as the subject of the month or the new Safety Alert.

Our **main training activities in Health & Safety area** in 2022 were:

- Conducting “See? React!” for all employees of the CIECH Group, broken down by target groups:
 - Top management - responsibility and care for teams, safety visits
 - Operational management - safety psychology, sense of responsibility for the area, practical support for employee safety
 - All employees - mutual care for health and life within the team.
- Conducting first aid training for all employees of the Group - the project started in 2022 and will be continued in 2023.
- Including in the LEADER programme the issue of responsibility for occupational safety and leadership for safety - building a safety culture based on care for employees.
- Taking over trainings conducted by external companies to conduct them as practically as possible and with reference to local conditions and expectations of the CIECH Group.
- Continuous improvement of the health and safety part during the induction programme to communicate our safety expectations to new employees from the beginning of their engagement.

“SEE? REACT!” is our largest training programme, focused primarily on:

The infographic consists of three circular icons arranged vertically, each with a corresponding text block to its right. The icons are: 1. A stack of coins with an upward arrow and a plant growing from it. 2. A hand wearing a hard hat and safety glasses. 3. A person wearing a hard hat and a shield with a checkmark.

- **Development of risk perception competencies** even despite long-term work in the same place, similar conditions and threats.
- **Responsibility of the management for OHS** and development of communication skills with employees in terms of responsibility for the workplace, activities in the sphere of influence and developing own solutions to improve work
- **Responsibility of employees for their own work area** and strengthening the feeling that all health and safety activities are carried out for them, so that they can return home safely and in full health every day.

Trainings are conducted taking into account the language of the recipients - for example, trainings for contractors engaging employees from Ukraine are conducted in the presence of an interpreter to ensure the greatest possible effectiveness and understanding of our expectations and safety rules.

Training takes place during working hours. With a view to facilitating the participation of people working in shifts, we organise them on varied days and times.

After the training, participants are provided with questionnaires evaluating the entire training, including e.g., the quality of interpreting ambiguities or usefulness in everyday work. This supports the assessment of contractors (if it is an external training) and adjustment of the scope and content in subsequent editions of periodical training.

Keeping up with the times, we introduce modern technologies, such as VR (Virtual Reality), to OHS training. Given this type of solutions, the employee is able to learn much more effectively and faster. Under stressful conditions and in a real environment, they will act more consciously and avoid costly errors.

RISK ASSESSMENT

For us, risk assessment means a comprehensive approach that allows minimising the risk to the health and safety of our employees and other stakeholders. It is an integral part of our processes, such as purchases or investments.

The risk assessment process is an important element of systemic occupational health and safety management. In the CIECH Group, we have extended it beyond the mandatory occupational risk assessment. Based on global good practices, the CIECH Group is currently implementing the Risk Assessment Standard - a unified set of processes, including risk assessment for non-routine, non-standard works that always occur in the industry. The occupational risk assessment process has also been unified, targeting work processes and not only formal positions.

The risk assessment process is also an important component of the Subcontractor Safety Management Standard, as the way they perform their work may affect the safety of our employees and the other way round. Only effective cooperation in this area is able to ensure a safe return home for both groups of people working for CIECH.

In order to prevent ill-considered actions and shortcuts, we have implemented the so-called Five-step method (5S), which allows for an effective assessment of our preparation for the safe performance of work.

Occupational risk assessment is a continuous process, i.e. it is documented, reviewed and updated. The occupational risk assessment process is initiated in each of the following cases:



When creating new workplaces



When introducing (technological or organisational) changes to workplaces



A change in the applicable legal and other requirements with regard to the assessed workplaces



Changes in the applied protective measures, equipment, devices and substances



Occurrence of a near-accident or accident at work.

The occupational risk assessment process, coordinated by representatives of the OHS service, involves employees from a specific area, and, if necessary, also industry experts. As part of this process, we take into account all environmental factors and perform:

- defining general requirements for rooms/premises and workstations,
- describing the type of work, including hazard zones,
- assessing compliance with the requirements for each job,
- describing and evaluating any hazards that may occur during the performance of work,
- estimating the value of occupational risk and determining its admissibility
- developing a plan of corrective and preventive actions.



FIGURES AND RATIOS

All injuries, incidents and near misses are recorded in the IT system, which enables tracking of ratios, results and trends in the area of occupational safety.

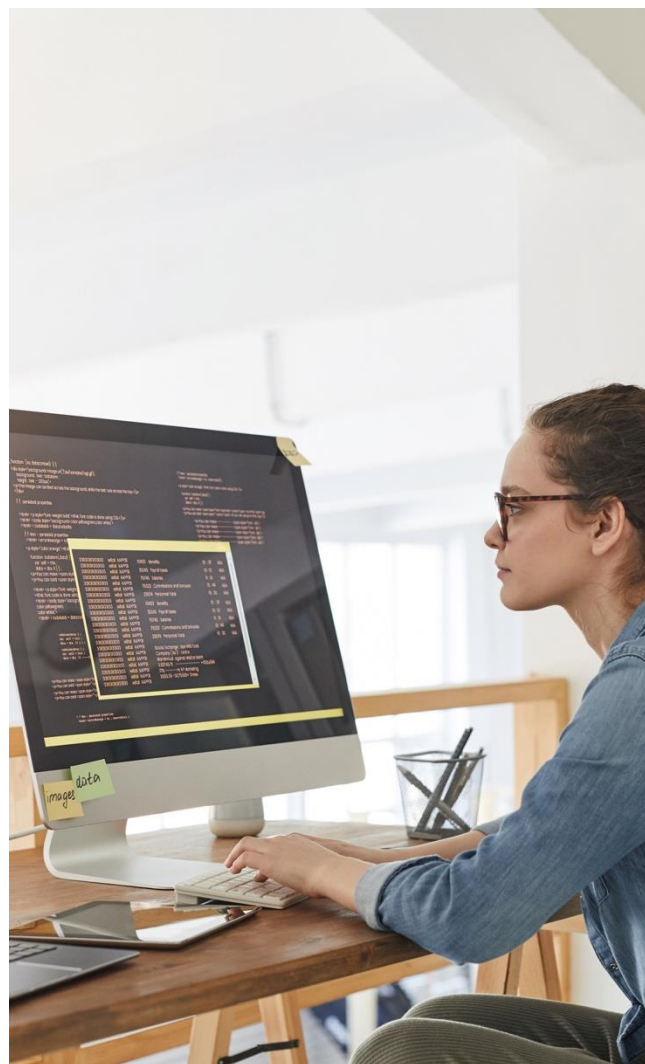
Accidents at work in the countries where we operate are defined in accordance with the requirements of local law. In order to harmonise standards in international operations, we have implemented a uniform definition and method of calculating CIECH injuries, the so-called *recordable*. It is the basis for calculating one of our main ratios in occupational safety - LTIF.

The LTIF ratio includes all incidents in which our employees were involved, however, it does not include injuries on the way to and from work and injuries of subcontractors on the way to and from work and incidents of subcontractors, which we record separately.

CIECH (Recordable) injury – is an injury at work that:

- required professional medical assistance (except first aid and/or administering or prescribing painkillers) and at the same time
- whose effects caused a serious impact on the further life and everyday functioning of the injured.

LTIF ratio calculated as the number of CIECH (*recordable*) injuries per 1 million of hours worked.



| Employees | 2020 | | | 2021 | | | 2022 | | |
|--|-------|-----|-------|-------|-----|-------|-------|-----|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Number of fatal injuries | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of lost (working time) injuries | 0 | 34 | 34 | 8 | 44 | 52 | 1 | 30 | 31 |
| Number of all reported injuries | 2 | 66 | 68 | 10 | 51 | 61 | 5 | 53 | 58 |
| LTIF | 5,76 | | | 5,08 | | | 2,48 | | |
| Subcontractors | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Number of fatal injuries | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of lost (working time) injuries | 0 | 9 | 9 | 0 | 14 | 14 | 0 | 6 | 6 |
| Number of all reported injuries | 0 | 10 | 10 | 1 | 14 | 15 | 0 | 6 | 6 |

OPERATIONAL EXCELLENCE

In accordance with the CIECH Group's strategy for 2022-2024, as part of the implementation of the "Build future-proof business" goal in terms of building a cost advantage, activities in the area of operational excellence were implemented.

The activities were concentrated in two streams:

- strengthening the Lean Manufacturing approach,
- introduction of additional management techniques to increase production efficiency.



LEAN MANUFACTURING

Lean Manufacturing is a production management system in a manufacturing company, which is designed to reduce waste and eliminate unnecessary operations and procedures in the production process, while providing products and services of the highest quality expected by customers, maintaining low production costs and using a relatively low amount of raw materials. The following Lean Manufacturing tools were used in the CIECH Group:

- 5S - sorting, stabilisation, cleaning, standardisation, systematics,
- TMP (Total Productive Maintenance) - global maintenance management,
- Visual Management – management by presenting results/stages of processes,
- SMED (Single Minutes Exchange of Die) – quick changeover method,
- Kobetsu Kaizen - continuous rectification and improvement of the management and production process,
- S&OP (Sales and Operations Planning) - an integrated operational planning process in the enterprise.

A Value Stream Analysis was carried out in the Packaging segment. Based on the results of the analysis, 9 initiatives were defined to increase operational efficiency. These initiatives concerned specific issues along with an indication of tools and practices whose implementation will allow achieving the assumed goals:

- Improvement of communication - daily management - organization of a team of employees.
- Organisation of workstations - daily management - organization of the 5S workplace.
- Permanent problem solving - Kobetsu Kaizen.
- Optimisation of the changeover process - SMED.
- Improvement of the production planning system - S&OP.
- Verification of quality standards - Standardisation.
- Maintaining the efficiency of machines, devices and infrastructure. Spare parts management – TPM.
- Standardisation of work - Standardisation, Visual Management.
- Improvement of logistics processes - Standardisation.

In the next stage, these initiatives were transformed into projects implemented by dedicated project teams consisting of employees. In addition to the measurable goals set for individual projects, the objective of building lasting competencies in the organisation that can be used in similar activities in the future was also achieved.

A Value Stream Analysis was also carried out in the Silicates segment. Seven initiatives have been defined:

- Streamlining communication and standardising meetings.
- Effective problem solving.
- Standardisation of assortment change and cleaning.
- Development of standards for performed operations.
- Optimisation of waste management.
- Organisation of workstations and work area in the plant.
- Optimisation of maintenance and repair of installations, infrastructure.

Initiatives were transformed into projects and implemented within appointed project teams.

Process optimisation activities were also carried out in the following areas:

- Organisation of technical warehouses.
- Optimisation of the process of loading finished products in warehouses.
- Effective rules of cooperation with carriers.

MANAGEMENT TECHNIQUES TO INCREASE PRODUCTION EFFICIENCY

In the second stream concerning the introduction of management techniques to increase production efficiency, the following activities were implemented:

1. Implementation of the 5S practice:
 - Production areas in all production plants of the CIECH Group in Poland were inventoried in terms of the implementation of the 5S practice - effective and safe organised workplace.
 - A team of employees has been established whose task is to support the employees of the Ciech Group in the implementation of 5S practices.
 - An operating standard for the implementation of the 5S practice has been prepared.
 - In 2022, the 5S practice was implemented in 73 areas, which corresponds to 29% of the implementation of the total plan.
 - In order to continuously improve and maintain the appropriate level of 5S in the implemented areas, a process of the so-called maintenance reviews was prepared and introduced, the purpose of which is to systematically assess the level of practice maintenance and assess the possibility of extending it.
2. Building a standard and starting to implement team organisation practices. The aim of this activity is to prepare team leaders for effective team organisation through systematic structured operational meetings, ability to work with KPIs, submitting proposals for improvements within the PDCA (Plan, Do, Check, Act) practice.
3. Actions have been initiated in selected production plants to launch selected TPM (Total Productive Maintenance) elements. The activities were carried out under two pillars: Autonomous Maintenance and Planned Maintenance.

4. An activity related to building structural problem-solving competencies in the organisation was launched. It consists of:
 - Training employees in the theoretical foundations of structural problem solving.
 - Preparation of application regulations.
 - Implementation of the RCFA (Root cause and failure analysis) IT application for the analysis of failures in production processes and permanent elimination of their causes.

GOALS AND PLANS FOR 2023

1. Launching a Value Stream Analysis in other business areas
2. Continuation of 5S implementations. The full implementation of the 5S practice will end in mid-2024
3. Full launch of the process of maintaining the implemented practices, the so-called Maintenance Review
4. Including leaders in building effective team organisation competences in the training cycle
5. Continuation of TPM activities
6. Full implementation of the RCFA IT application
7. Standaryzacja pracy - budowa w organizacji kompetencji w zakresie przygotowania, wdrażania i pracy w oparciu o standardy pracy; z wykorzystaniem podejścia TWI (Training Within Industry)



OUR ENVIRONMENT



MEMBERSHIP IN ORGANISATIONS

UN GLOBAL COMPACT

The CIECH Group has been a member of the United Nations Global Compact since 2020. By joining this initiative, the Group is able to draw on the knowledge and experience of this international organisation in the area of sustainable development, but also to bring its own extensive experience related to activities for climate protection, especially in the areas of energy and minimising the impact of production on the environment.

All UNGC principles are reflected in our internal regulations and actively promoted among the Group's business partners. Our partners are required to comply with our Business Partner Code, which is evidenced by relevant clauses incorporated into the contracts binding between us. The Code defines the basic principles of respecting human rights, environmental protection, and business ethics. This practice also results from one of the eight key commitments of the ESG Strategy of the CIECH Group, adopted in May 2021 - its provisions are related, among others, to willingness to cooperate with business partners who share the Group's values and with whom it jointly implements the idea of sustainable development.

All CIECH Group companies have joined the Declaration of Adoption of the United Nations Ethical Programme Standard, thus committing themselves to comply with international standards of labour and human rights. As part of this commitment, the CIECH Group will promote the freedom of association and the elimination of slavery and forced labour and will contribute to the actual abolition of work by adolescents under the age of 18.

The employees of the CIECH Group also participate in the UN Global Compact Network Poland Ethics Standard project, and within its framework they co-create the Working Group for ethical standards and responsible communication. The initiative aims to create a Responsible Communication Standard, which will be a set of principles defining ethical information management at the external and internal level in the organisation and will also provide tools for implementing the developed solutions.



Global Compact
Network Poland



HUMAN RIGHTS

Businesses should:

- Comply with and support internationally recognised human rights
- Eliminate all human rights violations by the company.



LABOUR STANDARDS

Businesses should:

- Support uphold the freedom of association and the effective recognition of the right to collective bargaining
- Support the elimination of all forms of slavery and forced labour
- Contribute to the effective abolition of child labour
- Counteract discrimination in the employment area



ENVIRONMENTAL PROTECTION

Businesses should:

- Support a precautionary approach to environmental issues
- Undertake initiatives to promote greater environmental responsibility
- Support the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

Businesses should:

- Work against corruption in all its forms, including bribery and extortion.

OTHER ASSOCIATIONS AND ORGANISATIONS IN WHICH THE CIECH GROUP IS ENGAGED:

- Association of Stock Exchange Issuers,
- Bilateral Polish-Romanian Chamber of Commerce and Industry,
- Polish Chamber of Chemical Industry,
- Employers of the Republic of Poland,
- "Lewiatan" Confederation,
- "Polska Sól" (Polish Salt) Foundation,
- Polish Society for Human Resources Management,
- Chamber of Industrial Power and Energy Recipients,
- CEFIC – European Chemical Industry Council,
- The National Association of Candle and Gravelight Producers,
- Railway Business Forum,
- European Association of Flexible Polyurethane,
- Foam Blocks Manufacturers,
- SPOT System – Assistance System in the Carriage of Dangerous Materials,
- Polish Crop Protection Association (PSOR),
- ECCA,
- Foundation for the Development of the Rzeszów University of Technology.

RELATIONS WITH LOCAL COMMUNITIES

The CIECH Group actively fulfills its mission of being a "good neighbour" incorporated into its ESG strategy and supports local initiatives in the environments where the Group's production plants operate. It actively participates in the organisation of sports and cultural events and educational programmes. These activities take the form of sponsorship and partnership. The Group implements charitable and volunteer projects, giving employees the opportunity to actively participate in them.

CIECH Pianki became a sponsor of the Polonia Bydgoszcz speedway team - a seven-time team Polish Speedway Champion.

BYDGOSZCZ

- CIECH Cargo started a long-term cooperation with the Bydgoszcz Railway Technical Secondary School. In 2022, students took part in a meeting with representatives of the company in order to learn about the details of internship offers, professional development opportunities and the company's business profile.

INOWROCŁAW

- CIECH has become a sponsor of the "ZHR Przyszań" Polish Scouting Association, Kuyavian-Pomeranian District. The sponsorship supports educational, patriotic, sports, ecological and administrative activities carried out at Przyszań Kajakowo-Żeglarska ZHR. CIECH Soda Polska was also involved in the Eko-rzeka project - Spring Cleaning of the Noteć River at Przyszań Kajakowo-Żeglarska ZHR.
- We organize regular meetings with residents and the Management Board of Osiedle Mątwy (a housing estate adjacent to the CIECH Soda Polska production plant) to inform them about initiatives and conduct dialogue with residents.
- We support sports initiatives in the region - during the 2021/2022 season, CIECH Soda Polska was the titular sponsor of the CIECH KSK Noteć Inowrocław Basketball Club. It is a professional sports club striving for promotion to a higher league. The matches played in Inowrocław are very popular with the inhabitants of the city.
- CIECH Soda Polska in 2022 became a sponsor of the Mątewski Noteć Football Club, operating in the immediate vicinity of its production plant in Inowrocław. The company also sponsored the Inowrocław "DAMY RADĘ" Beach Handball Association, the Inowrocław "Noteć" Table Tennis Club, the "Akro - Sól" Inowrocław Sports Acrobatics Club Association, as well as the Inowrocław CUIAVIA Sports Club - a fourth-league football club. All clubs and associations are socially important sports centres for the inhabitants of Inowrocław, and the company, by undertaking sponsorship activities, cares for diversity in terms of sports disciplines and sports level, while emphasising the support of children and youth teams as part of the aforementioned activities.
- The CIECH Group became the sponsor of the Poland-Indonesia match as part of the Davis Cup tournament. Davis Cup is the world's largest international tennis competition, and thus one of the most important tournaments in this sport. The event was held in the sports and entertainment hall of the Sports and Recreation Centre in Inowrocław, being an important element of the city's promotion at the regional and national level.
- The CIECH Group provided support, among others, to the Little Footballer Inowrocław Football Academy, the Piast Running Festival, the Second National Basketball Festival - "Kasper Kids Cup" and the National Youth Tennis Tournament in Inowrocław. CIECH Cargo also supported the National Sports Acrobatics Tournament for Children and Youth. Involvement in these events reflects care for the education and youth in the spirit of sports competition and care for physical culture.
- CIECH Soda Polska took its patronage over two classes of a technical secondary school with the profile of an analyst technician at the John Paul II Chemistry-Electronics School Complex in Inowrocław, which is another element of the CIECH Group's wider cooperation in improving the quality of vocational education in the Kuyavian-Pomeranian region. The partnership will enable students to have traineeship,

and at the same time will provide the opportunity to gain practical experience and direct contact with specialists in the industry. The company also supported the 100th anniversary of Primary School No. 9. In addition, in 2022, CIECH Serwis i Remonty, together with the Mechanical and Electrical School Complex in Inowrocław, started joint activities promoting industry professions such as: mechanic, electrician, electro-automatic technician, to name but a few, through the organisation of apprenticeships and internships for students and study visits of industry business representatives to the school.

- In 2022, CIECH Soda Polska supported cultural centres and events in Inowrocław, including Kuyavian Cultural Centre - INO CLASSIC FESTIVAL, initiative of the Inowrocław Jan Kasprowicz Museum and the Outdoor Exhibition Dedicated to the 20th Anniversary of the Interwar Period and the Historical Festival in Inowrocław.
- The CIECH Group donated to a member of the local community in need. In 2022, CIECH Cargo donated funds to the Orphanage in Orłowo (Inowrocław County).

JANIKOWO

- In 2022, CIECH Soda Polska remained the sponsor of the local third-league football team - Unia Janikowo. The company also supported the Janikowska ZaDyszka marathon.

NOWA SARZYNA

- CIECH Sarzyna continuously maintains its patronage over the chemical class, which is part of the CIECH project under the name "Chemistry connects people". In 2022, the company donated PLN 10,000 for class development. The partners of the project are the Rzeszów University of Technology and the Nowa Sarzyna Town and Commune Office. As part of the agreement, the company created a special offer for students of the University of Technology. The laboratory regularly hosts meetings of students who have chosen chemistry at the advanced level with employees of CIECH Sarzyna on recruitment in the chemical industry and the process of developing and registering products on individual global markets. On 7 December 2022, the CIECH DAYS event was held - a series of educational and development meetings for students of the Rzeszów University of Technology, organised by CIECH Sarzyna together with the Faculty of Chemistry of the Rzeszów University of Technology. The event was aimed at promoting the use of chemical sciences in business and supporting students in choosing further career paths.
- CIECH Sarzyna takes patronage over the Unia Nowa Sarzyna football club.
- CIECH Sarzyna co-financed the purchase of equipment for local authorities and allocated PLN 20,000 to restocking ponds located in the recreational area used by employees and their families.

STASSFURT

- We became a sponsor of the HV Rott Weiss Stassfurt handball club.

WE SUPPORT YOUNG TALENTS

"The Academy of School Talents" is a free, long-term support programme for children of employees of enterprises from the portfolio of companies of the initiator of the Academy - Sebastian Kulczyk, including the CIECH Group. Programme participants will receive help from graduates of the world's best universities in developing their talents and skills and choosing the best educational path. Advisors from the Nativated Foundation will prepare them for their final exams, as well as for studying at foreign universities. The credibility of the programme is guaranteed by its partner - the Nativated Foundation, which promotes and supports the education of Poles at the best universities in the United Kingdom and the United States on a daily basis. The foundation has expertise of student learning needs and school systems in the US, UK and elsewhere.

In September 2018, the CIECH Group started recruitment for the first year of the Academy of School Talents in its production plants throughout the country. The intensive information campaign was well received by employees. As a result, several dozen children of employees applied for the programme, of which ten winners



were selected. The winner of the first edition of the Academy, coming from Inowrocław, continues her studies at the University of Southampton in the United Kingdom, majoring in "Biomedical Sciences" and is still a beneficiary of the programme, receiving financial support for the duration of her education.

Seventeen participants of the Academy of School Talents completed over 1,800 hours of lessons in the 2021/22 school year under the supervision of mentors from the Nativated Foundation. Three of this year's high school graduates have taken their final exams and will apply for courses such as law, medicine and computer science.

In 2022, the Academy of School Talents operated in an extended formula, providing support to those already studying and organising the recruitment of new participants. Four new participants were admitted to the Academy of School Talents.

For more information go to: www.akademiaszkolnychtalentow.pl

WE SUPPORT THE LARGEST CHARITY FUNDRAISER IN POLAND

In 2022, the CIECH Group donated over 200 thousand top-quality filtering masks for the organisation of the 30th Final of the Great Orchestra of Christmas Charity (in Polish: Wielka Orkiestra Świątecznej Pomocy). The masks reached 1633 staff members preparing for the Final, which took place on 30 January 2022. Certified FFP3 class protective masks ensured the safety of the organisers of the Final and 120 thousand volunteers collecting money all over Poland.

The CIECH Group started the production of the highest quality face masks at its production plant in Bydgoszcz in November 2020. They are manufactured in 100% in Poland, and mainly raw materials from Polish producers were used for their production. The complicated and meticulous certification process was also carried out in Poland by an authorised institution - the Central Institute for Labour Protection. The masks effectively protect the respiratory system against solid and liquid particles forming aerosols (dusts, fumes, mists), which is confirmed by the EN 149: 2001 certificate awarded to them in the FFP2 and FFP3 protection classes.

The Great Orchestra of Christmas Charity Foundation is an organisation enjoying the greatest social trust in Poland. Founded in 1993, it has organised each year, in January, a fundraiser, the WOŚP Finale. With the collected funds, the WOŚP Foundation purchases and donates top-of-the-class medical equipment to children's hospitals in Poland. Since the beginning of its activity, the Foundation has collected over PLN 1.7 billion to support Polish medicine and purchased nearly 70,000 devices.

WE PROMOTE HELPING OTHERS AND EMPLOYEE VOLUNTARY INITIATIVES

One of the initiatives by Employees are colleague fundraisers for local organisations and institutions in need. In 2022, charity donations were continued for children from the Orphanage in Orłowo and for the charges of the "Dar Serca" Association in Janikowo. The CIECH Group provided, among others, a donation to a member of the local community in need and co-financed Anna Grzelak's professional development towards providing medical assistance. During the CIECH Fest picnics, employees collected funds for selected organisations in need of help.

WE SUPPORT THE UKRAINIAN COMMUNITY

The CIECH Group supported the victims of the war in Ukraine. The assistance arranged by the Group was mainly aimed at supporting people fleeing the war - both as part of local initiatives carried out by individual companies and from the level of the headquarters in Warsaw.

Since the beginning of hostilities, the CIECH Group has donated over 1,500 mattresses for the needs of refugee accommodation points, e.g. in Warsaw, Leżajsk and Inowrocław, and equipped the refugee aid points in Warsaw with 50,000 highest quality certified FFP2 protective masks. The group was also involved in equipping the refugee centre in Inowrocław (among others, by making a donation to the local Caritas), purchased power generators for the Ukrainian Caritas and donated medical equipment worth PLN 50,000 to Ukraine.

The CIECH Group intends to continue its involvement in helping refugees, hoping to minimise the effects of the war inflicting Ukraine.



WE SPONSOR THE MOST PRESTIGIOUS TRIATHLON COMPETITION IN POLAND

In 2022, the CIECH Group became the titular sponsor of the Tri Tour series of triathlon competitions and the main partner of JBL Triathlon Poznań. CIECH Tri Tour is the most prestigious series of triathlon competitions in the country, in which athletes compete for the shortest total race completion time. All events included in the series are independent, in each of them the competitors receive separate starting packages, medals and prizes, in accordance with the regulations prevailing in the competition concerned. As part of the competition, the CIECH Group and the Pho3nix Foundation, together with the participants and thousands of triathlon fans, collected PLN 4,500,000 for the Technologically Supported Rehabilitation Centre of the Wiktor Dega Orthopaedic and Rehabilitation Teaching Hospital of the Karol Marcinkowski Medical University of Poznań.

WE PROMOTE GREEN TRANSFORMATION OF THE INDUSTRY

As part of the promotion and exchange of information on the green transformation, the CIECH Group has started cooperation with the WNP.PL portal. The result of the cooperation is the creation of the Green Index, i.e., a special zone on the portal dedicated to issues related to the green transformation of industry. CIECH is the initiator and strategic partner of this initiative. As part of the cooperation, two Rankings of Decarbonisation Initiatives were held. The aim of the ranking is to promote interesting, innovative ways to reduce greenhouse gas emissions and save natural resources.

For more information go to Green Index: CO₂ emissions in businesses and economies of European countries - link: [Zielony indeks: emisje CO₂ w firmach i gospodarkach państw Europy - wnp.pl](https://zielonyindex.wnp.pl)

PUBLIC AID

In 2022, the CIECH Group companies continued with their projects launched in previous years and co-financed from public funds. Substantive work related to the implementation of the material scope of the projects as well as their settlement enabled the Group to obtain a refund in the amount of:

PLN 3,158 thousand

by CIECH R&D Sp. z o. o. as part of the completed project: "Establishment of the Research and Development Centre of CIECH R&D Sp. z o.o."

PLN 798 thousand

by CIECH Sarzyna S.A. for the implementation of the project: "Development and verification in actual conditions of a more efficient and energy-saving technology for the production of an innovative herbicide with a reduced content of the active substance".

PLN 455 thousand

by Smart Fluid S.A. as part of the project: "Development and validation in actual conditions of technology for the production of smart materials that absorb the impact force by using the properties of shear thickening fluids (STF)".

PLN 526 thousand

by CIECH R&D Sp. z o.o. as part of the completed project: "Optimisation of the production of soda and soda-derived products through the use of concentrated CO₂ waste streams together with the carbon dioxide chemisorption process in postdistillation suspension in order to improve the properties of post-soda lime".

The CIECH Group companies receive grants for research and development work, for the purchase of tangible fixed assets and for adapting their investment projects to environmental requirements. Subsidies received by the CIECH Group companies come mainly from the National Centre for Research and Development, the National Fund for Environmental Protection and Water Management, and the Ministry of Development.

In 2022, the CIECH Group companies also received *de minimis* aid for training and assistance in the form of greenhouse gas emission allocation systems.

The CIECH Group companies also use the corporate income tax exemption in connection with investments carried out on the basis of permits to operate in Special Economic Zones or on the basis of decisions on support within the Polish Investment Zone.



CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

CIECH

The highest governing body of CIECH is the General Meeting of Shareholders, the powers and authorities of which arise from the Commercial Companies Code and the Articles of Association of CIECH. The procedure at the General Meetings of Shareholders complies with the Regulations of the General Meeting of Shareholders.

There is a Supervisory Board at CIECH, the powers and authorities of which are specified in the Articles of Association of CIECH, and its proceedings by the Regulations of the Supervisory Board. According to the Articles of Association of CIECH, the Supervisory Board shall consist of 5 to 9 members, appointed by the General Meeting of CIECH.

The Management Board of CIECH shall consist of at least two members appointed by the Supervisory Board. The President of the Management Board presides over the Management Board and coordinates its work. The President shall also have a decisive vote in adopting resolutions – where there is an equal number of votes for and against the resolution, the President of the Management Board shall have the casting vote.



CZŁONKOWIE ZARZĄDU CIECH S.A.:

**DAWID JAKUBOWICZ**

President of the Management Board of CIECH S.A. since 10 September 2018

He completed a Program for Leadership Development (PLD) at the Harvard Business School in Boston and holds the MBA title from the Georgia State University and the University of Economy in Poznań. A graduate of the Faculty of Economy at the University of Economy in Poznań.

He is an esteemed expert with the international operational experience in building the value of companies from the chemical, mining, energy, automotive and new technologies sectors. Enlisted as a qualified auditor by the National Chamber of Statutory Auditors since 2014. In the past, he worked for international company KPMG Audyt, where he was responsible for audit of separate and consolidated financial statements of entities from many industries.

Scope of responsibilities in CIECH S.A. – supervision over organisational units:

- HR and Administration Department
- Strategy Department
- Legal Department
- Internal Audit Department
- IR&ESG Director
- Strategic Organisational Project Department
- Public Relations Manager/Press Officer

**MIROŚLAW SKOWRON**

Member of the Management Board of CIECH S.A. since 10 September 2018

He graduated from the Wrocław University of Technology, completed an MBA programme at the Wrocław University of Economics, holds the MBA diploma awarded by the Gdansk Foundation for Management Development. He completed a course of Strategic Leadership Academy at the ICAN Institute, organised by the Harvard Business Review.

He is an expert with many years of experience in the energy, construction and mining industries. In the CIECH Group he is responsible, among others, for issues related to production, energy and maintenance. Previously, he was among others, the president of management boards of companies such as Przedsiębiorstwo Budowy Kopalń S.A. forming part of the KGHM Group, Polimex-Energetyka Sp. z o.o., Energa Elektrownie Ostrołęka S.A. and Energa Invest S.A., as well as PGE Elektrownia Opole S.A.

Scope of responsibilities in CIECH S.A. – supervision over organisational units:

- Investment Department (including PMO and Power Engineering)
- Asset and Safety Management Department (including OHS)
- Environmental Department
- Quality Management Department
- Strategic Investment Project Department (GRAIN)
- Operational Excellence
- Logistics / S&OP Department
- CIECH R&D

On 31 January 2023, Mirosław Skowron resigned from his position of Member of the Management Board. During the next six months, Mirosław Skowron will remain in the organisation as an Advisor to the Management Board. His duties were distributed among the other Members of the Management Board.

**KAMIL MAJCZAK**

Member of the Management Board of CIECH S.A. since 1 June 2022

He completed a master's degree programme in economics at the University of Cambridge and received a bachelor degree in economics the Warsaw School of Economics.

In 2012 – 2014, he was associated with the PriceWaterhouseCoopers consulting company, London, following which, in 2014 – 2018, he worked for the strategic consulting company Bain & Company in Warsaw and Melbourne, where he advised large corporate clients and private equity funds. In the period between 2018 and 2021, he was employed with Kulczyk Investments. Since January 2019, he has been the Strategy Director at CIECH S.A.



responsible for developing and implementing the Group's strategy. In the CIECH Group, he also served as the President of the Management Board of CIECH Żywiec Sp. z o.o. (2020-2021), and since 2021, he has been a Member of the Management Board of CIECH Ventures Sp. z o.o.

Scope of responsibilities in CIECH S.A. – supervision over the following competences:

- Strategy
- Business Transformation
- Corporate Research and R&D
- Corporate Development & New Ventures
- PMO
- Energy Transformation
- Competence Centre.



JAROSŁAW ROMANOWSKI

Member of the Management Board of CIECH S.A. since 20 April 2020

A graduate of the Faculty of Management at the Poznań University of Economics. He has completed several prestigious courses in international finance, risk management and business valuation.

He is a manager with long-standing experience in managing global organisations. An expert in the field of international trade, financing and project development. For years, associated with the raw materials sector. In 2003-2006 and 2017-2020, he served as Vice-President of the Management Board, Chief Financial Officer at Tele-Fonika Kable S.A. In 2002 - 2016, he was associated with KGHM Polska Miedź S.A., holding the positions of: General Director for Finance, General Director for Sales and Hedging, and from 2013 to 2016, he was the First Vice-President of the Management Board of KGHM Polska Miedź S.A.

Scope of responsibilities in CIECH S.A. – supervision over organisational units:

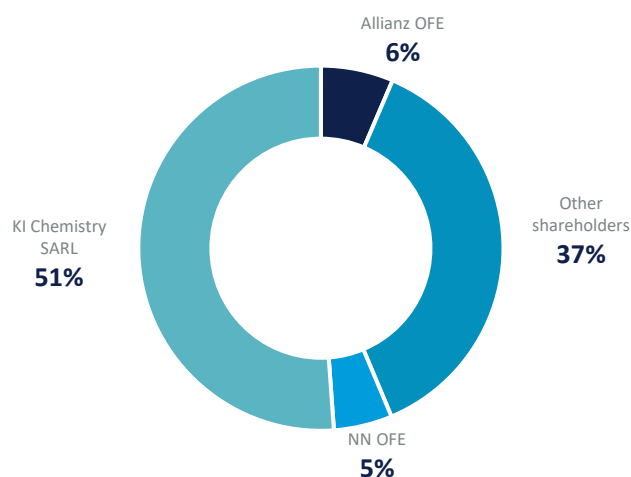
- Controlling Department
- Finance Management Department
- Accounting Department
- Tax Department
- Risk Department
- Branches (PL, DE, RO)
- Purchasing Department
- IT Department

SHAREHOLDERS OF THE CIECH GROUP

Since 2014, the main shareholder of CIECH S.A. is a long-term strategic investor - Kulczyk Investments.

It is an international investment group specialising in initiating and executing transactions on markets with the greatest growth potential.

Figure 3. Shareholding structure of CIECH S.A. as at the date of publication of this report



CIECH S.A. shares debuted on the Warsaw Stock Exchange on 10 February 2005. On 23 August 2016, CIECH S.A. shares were admitted to trading on the Frankfurt Stock Exchange and are listed on the regulated market there.

Table 2. Basic information on CIECH S.A. shares

| | 2020 | 2021 | 2022 |
|--|------------|------------|------------|
| Number of shares (pcs.) | 52 699 909 | 52 699 909 | 52 699 909 |
| Closing price on the last trading day of the year (PLN) | 32,2 | 42,0 | 41,5 |
| Company capitalisation at the end of the year (PLN million) | 1 697 | 2 213 | 2 185 |
| Maximum price in the year (PLN) | 41,7 | 51,7 | 46,1 |
| Minimum price in the year (PLN) | 21,1 | 29,5 | 29,8 |
| Average trading volume per session on the WSE (number of shares) | 85 042 | 96 822 | 60 404 |
| Average trading value per session on the WSE (PLN thousand) | 2 702 | 3 801 | 2 293 |

BUSINESS MODEL

We operate based on the Constitution of the CIECH Group, adopted by the Management Board in March 2019. The Constitution is the highest-ranking internal legal act applicable to entities belonging to the CIECH Group, it is a specific agreement between the companies of the Group. The Constitution creates the foundations of the management system directing our activities to achieve the common interest. The interest is a benefit achieved not at the level of individual companies, but at the level of the Group - through the implementation of common strategic goals by CIECH, Business Units and Companies that are not part of Business Units or constitute independent Business Units. The interest of the CIECH Group is consistent with the interest of CIECH shareholders.

CONSTITUTION:

- governs mutual relations between entities of the CIECH Group
- identifies the sources of applicable regulations to which all entities of the CIECH Group shall adhere,
- sanctions the CIECH Group,
- introduces a BU-centric management model,
- enables the adoption and implementation of Corporate Documents in CIECH Group companies.

The main benefit of the Constitution is the introduction of a BU-centric management model. Business Units conduct operational activities based on product specialisation, and CIECH has a strategic and holding role. The established Shared Services Centre (CIECH Services Sp. z o.o.) runs an auxiliary activity for the entire CIECH Group. In the BU-centric management system, decisions are made in Business Units or companies that are not a Business Unit and not part of any Business Unit, with the advisory and recommending participation of CIECH structures.

The benefits of the Constitution are corporate documents common to all companies of the CIECH Group, such as policies, regulations and general procedures. Corporate documents are prepared by CIECH, adopted by the Management Board and then implemented directly in the companies of the Group. Corporate Documents define: the rules of organisation and conduct in the

business process, the rules of supervising business processes, the scope of duties, tasks, and competences in business processes.

One of the main Corporate Documents is the DoA (Delegation of Authorities) ("DoA") Matrix. The DoA is an instrument used to support and monitor key business decisions within Business Units and Companies. The DoA defines the catalogue of key issues and the thresholds that require the participation of individual governing bodies and individuals in the decision-making process. Each company of the CIECH Group has its individualised Delegation of Authorities Matrix.

The Constitution defines the creation of collegiate bodies of the CIECH Group. Collegiate Bodies are appointed to carry out permanent tasks or specific projects or ad hoc tasks. The following permanent collective bodies operate in the CIECH Group: Executive Committee, Remuneration and Appointment Committee, Purchasing Committee and Investment Committee. Collegiate bodies have advisory and decision-making powers. Their decisions are binding on the Business Units and the companies of the CIECH Group.

The main permanent collegiate body is the Executive Committee. It is a collegiate body including members of the Management Board of CIECH, directors of the largest Business Units and directors of key CIECH departments. The main tasks of this Committee are:

- defining guidelines, goals and assumptions for the strategy of the CIECH Group and the strategy of Business Units and companies of the CIECH Group and issuing recommendations to the Management Board of CIECH regarding the approval of these strategies,
- support for the Management Board of CIECH in the supervision of Business Units and companies of the CIECH Group,
- assessment of strategic risks and defining preventive and corrective actions, contingency plans in case these risks should materialise.

MANAGEMENT STANDARDS AND COMPLIANCE SYSTEM

We strive to set standards in the area of modern management, innovation, high-quality products and cooperation with customers and business partners.

We operate in accordance with the idea of sustainable development, where economic, social, and environmental issues are a key element of our business strategy, with particular emphasis on such areas as:

- relations with employees,
- occupational health and safety,
- environmental protection,
- counteracting unlawful behaviour, including corruption.

These rules are set out in the Code of Conduct of the CIECH Group, which describes in detail the standards of conduct of the Group and its employees in individual areas.

The activities undertaken by the CIECH Group are supported by the implemented management system procedures based on international standards, ISO norms and numerous internal regulations.

The Compliance system has been operating in the CIECH Group since 2018. It is a set of procedures and systems designed to prevent legal risks. The Compliance System is designed to counteract the legal risk of non-compliance with the law and internal regulations of the CIECH Group. It includes continuously updated policies and procedures regulating labour, social, environmental, human rights, anti-corruption and irregularity reporting issues. The Compliance system is continuously updated to the dynamic regulatory changes and changes in the management system of the CIECH Group.

The Compliance Department of the CIECH Group conducts initial and regular training in:

- rules of the Code of Conduct of the CIECH Group,
- rules of the Code of the Business Partner of the CIECH Group,
- rules of MAR information obligations,
- Management System in the CIECH Group,
- The KYC Procedure of the CIECH Group,
- Anti-fraud and anti-corruption policy of the CIECH Group,
- Procedure of offering and accepting gifts and invitations within the CIECH Group,
- Use of the anonymous violation reporting channel.

CODE OF CONDUCT OF THE CIECH GROUP

Since 2021, the new Code of Conduct of the CIECH Group has been in force. The Code is based on 4 fundamental values: responsibility, reliability, team, and development. It also describes patterns of behaviour that are addressed to all employees and associates of our Group - regardless of the form of the concluded contract. The provisions of the Code are also addressed to our business partners and shareholders because we are convinced that common values and principles constitute the foundation for effective cooperation and sustainable development based on respect for law and honesty. The Code is a guideline for all decisions made at each level of our Group. Accordingly, internal policies and procedures are based on the provisions of the Code, creating a unified system of corporate documents. Below we present the core values of the CIECH Group contained in the Code of Conduct of the CIECH Group.





WE CARE ABOUT OUR PEOPLE

WE OBSERVE AND SAFEGUARD HUMAN RIGHTS

The human being is of essence to us. Therefore, we attach great importance to business ethics, which is permanently inscribed in our strategy and everyday work. We are proud to be a signatory of the United Nations Global Compact declaration. We adhere to internationally recognised human rights and labour standards. Within our Group and in relations with the market environment, we support and promote freedom of association. We support the elimination of all forms of slavery, forced labour, child labour and the actual abolition of juvenile labour.

SAFETY AT WORK IS THE HIGHEST PRIORITY TO US

We care about the health and safe working conditions of our employees, customers, suppliers and subcontractors providing us with their services or staying on the premises of our plants. We are guided by the following two fundamental principles:

- zero tolerance for people who violate occupational health and safety regulations and standards, and
- ensuring high OHS standards.

We are continuously improving our activities in the area of occupational health and safety, among others, by modernising our production technology, taking into account, first of all, our employees' safety. We systematically raise the awareness and qualifications of our employees in work safety, striving to eliminate accidents/injuries at work and occupational diseases. We promote the participation and involvement of employees in the continuous improvement of our occupational health and safety system, as well as in preventing potentially accidental events (near misses). The high health and safety standards that we have put in place apply not only to our employees, but also to our suppliers, subcontractors and any other individuals staying on our premises.

WE ENSURE A FRIENDLY WORK ENVIRONMENT, FREE FROM MOBBING AND OTHER FORBIDDEN BEHAVIOUR

Together, we build friendly and partner relations. We have the common responsibility for professional behaviour to ourselves and others. We listen to and appreciate our associates, we respect their opinions and decisions, even if they differ from ours. We create a work environment free from any mobbing, humiliating, ridiculing or isolating behaviour. We promote the principles of equal treatment in the recruitment, employment, remuneration and promotion of our employees. We take care of the dignity and friendly working environment for each employee, showing

them due respect regardless of their religion, skin colour, beliefs, gender, sexual orientation or age.

We have zero tolerance for alcohol and intoxicants in the workplace

Work requires conscious thinking and the ability to respond quickly as the safety of other associates or our business partners depends on it. We do not tolerate alcohol or drugs in the workplace, either their consumption or being under their influence at the time and place designated for carrying out official duties.



WE CARE ABOUT OUR WORLD

WE RESPECT THE NATURAL ENVIRONMENT

We are part of the chemical industry, which is of great benefit to mankind, but at the same time, there is some price involved, namely its impact on the environment. This means that while running our business, we remember about responsibility for the fate of future generations and our planet. Accordingly, we strive to eliminate any negative environmental effects of our operations, and where possible, to minimise them. We make every effort to ensure that our actions are fully consistent and harmonious with the idea of environmental protection. We observe generally applicable environmental protection laws and, where possible, adopt more restrictive internal standards. We understand the impact of greenhouse gases on the climate and that is why we are implementing ambitious projects aimed at minimising emissions and full decarbonisation in the future. We minimise environmental protection risks, among others, by reducing the use of natural resources and energy, eliminating or reducing the amount of harmful emissions, by-products of production processes and waste. We use water in a sustainable manner, minimising its consumption and taking care of the quality of local resources.

WE SUPPORT LOCAL COMMUNITIES

We care for local communities wherever our production plants are located. We are aware of our importance as an employer and work together with local authorities, NGOs and residents to improve their life quality. Our objective is developing good neighbourly relations based on open dialogue, consultation and collaboration. We engage in employee volunteering for local initiatives, and as a Group, we support socially significant initiatives in our immediate environment.



WE CARE ABOUT OUR GROUP

WE IMPROVE OURSELVES

We are prepared to make bold choices and decisions in line with our values and the Code. We are continuously expanding our knowledge and experience to achieve excellence in the chemical industry. We strive to apply the best practices in all areas of our operation, while not forgetting about innovative solutions.

WE ENSURE COMPLIANCE

We proactively learn about and comply with applicable laws, internal regulations as well as industry and ethical standards – both in social and professional relations. Compliance with legal requirements and ethics in all areas of our Group's operations has a positive effect on our work, regardless of the tasks performed and the place in the structure of our Group.

WE PROTECT OUR GROUP'S INFORMATION AND SECRETS

Confidential information plays a special role in our Group's business strategy, and any loss, destruction of, or access to, such information by unauthorised individuals may give rise to very serious consequences. We exercise particular care when accessing and processing trade secrets, personal data, expertise (know-how) of our Group and confidential information within the meaning of the public trading regulations. We protect our data against different types of threats, in particular, those related to cyber-crime.

WE USE OUR COMPANY ASSETS IN A RESPONSIBLE WAY

We protect the assets and resources of our Group entrusted to us against damage, destruction, theft or loss. We use the assets of our Group responsibly because we are aware that they have been made available to us in order to attain specific business goals. We use the Group's assets made available to us for personal purposes to a minimum necessary extent, in line with the Group's internal regulations. We never use the Group's assets entrusted to us for our personal gain or for competitive activity.

WE DO NOT TOLERATE ANY FRAUD OR CORRUPTION

We clearly and consistently apply a zero-tolerance policy to all fraud and corruption. We show honesty in our business operations and in our daily duties, in relations with our business partners and state and local government officials, in all countries in which we operate. We also expect honesty and compliance from our business partners, with whom we work together to develop best practices to protect the trust, value and reputation of our Group.

WE COMPLY WITH STOCK EXCHANGE TRADING REGULATIONS AND GOOD PRACTICES

CIECH S.A. is a company listed on the stock exchange of the Warsaw Stock Exchange and Die Börse Frankfurt. We comply with Polish and international securities regulations and good practices in the scope of stock exchange trading. We pursue a transparent information policy, ensuring equal access to information. We strive for the financial market to effectively assess the prospects and risks of our business in the long term, and that is why we are running a proactive dialogue with analysts, our shareholders, and potential shareholders, as well as other representatives of the financial market.



WE CARE ABOUT OUR BUSINESS PARTNERS

WE COUNTERACT CONFLICTS OF INTERESTS

A conflict of interest may jeopardise the impartial and objective performance of official duties for our Group. We take measures with a view to identifying, explaining and managing cases of connections, relationships, contacts, evidence of gratitude as well as transactions or any other commitments that may affect, either directly or indirectly, the loyalty and impartiality of decisions made by our employees. We disclose the possibility of a conflict of interest to the immediate supervisor or the Ethics Committee of the CIECH Group in order to make an objective and fair decision aimed at eliminating or solving the problem.



CODE OF THE BUSINESS PARTNER OF THE CIECH GROUP

The CIECH Group companies place special emphasis on sustainable development and responsible business issues. We are aware of our role in the local environment and the impact we have on the activities and lives of our stakeholders. We are also aware of our impact on the natural environment. Products manufactured by the CIECH Group contribute to the implementation of the UN Sustainable Development Goals, and our objective is to focus on strengthening positive, and reducing negative, effects of our operations. We strive towards the long-term, sustainable development of the CIECH Group, which will benefit all our stakeholders: employees, customers, suppliers, neighbours, owners, as well as future generations. We collaborate with people, institutions and organisations that share our approach to doing business. Accordingly, we expect our business partners to help us achieve our sustainable development and responsible business conduct objectives and to identify with the values and principles we have adopted.

The Code of the Business Partner of the CIECH Group (the "Code") sets the minimum standards of conduct for: business partners of the CIECH Group companies, in particular: suppliers, contractors, distributors, recipients, sellers, service providers, other counterparties and entities with the help of which business partners perform business tasks in relation to the companies of the CIECH Group ("Partners"). The condition for starting and continuing the business relationship of a CIECH Group company with Partners is confirmation by the Partners and adoption of the principles set out in the Code. The provisions of the Code apply to the company, members of governing bodies, employees and associates of our Partners.



WE REPORT DOUBTS AND VIOLATIONS

CONTACT WITH THE IMMEDIATE SUPERVISOR

As part of everyday duties and professional situations, doubts, dilemmas and questions may arise. There may also be situations in which we find a violation of ethical principles, law or internal regulations. In any doubt, we contact our immediate supervisor who has the adequate knowledge and experience in this regard. We report violations only in good faith. When reporting doubts or identified violations, we act in line with the values of our Group.



HUMAN RIGHTS AND LABOUR STANDARDS

HUMAN RIGHTS

We expect our Partners to observe human rights, both in the context of working conditions of their employees and in business. All employees and associates of our Partners are treated in a fair, respectful and dignified manner.

OCCUPATIONAL HEALTH AND SAFETY

We expect our Partners to provide their employees and associates with a safe workplace and comply with all applicable occupational health and safety standards and regulations. All employees and associates receive the adequate workplace instructions, incl. information on the OHS conditions and requirements, protective measures, and they are provided with appropriate training. Our ultimate goal is zero accidents/injuries at work.

NO DISCRIMINATION

We expect our Partners not to discriminate, or tolerate any form of discrimination, against any person based on their gender, race, ethnicity, nationality, religion, beliefs, disability, age, sexual orientation, health, political beliefs, marital status or membership in organisations.

NO MOBBING

We expect our Partners not to use, or tolerate any forms of, mobbing, harassment, incl. sexual harassment, and to have implemented procedures preventing any type of unlawful behaviour.

PROHIBITION OF FORCED AND SLAVE LABOUR

We expect our Partners not to use any form of slave or forced labour, both in Poland and abroad. The work carried out by our Partners' employees is undertaken voluntarily and may be terminated by them on this basis.

NO CHILD LABOUR

We expect our Partners not to use child labour in any form and to contribute to the actual abolition of any form of juvenile labour. When and if we employ any young people, their engagement with our companies complies with the law.

RIGHT OF ASSOCIATION

We expect our Partners to recognise the employees' right to associate and organise and respect this right.

NO TOLERANCE FOR ALCOHOL AND INTOXICANTS IN THE WORKPLACE

We expect our Partners to not tolerate the presence of any alcohol and intoxicants in the workplace.





RESPECT FOR THE NATURAL ENVIRONMENT

COUNTERACTING CLIMATE CHANGES CAUSED BY GREENHOUSE GAS EMISSIONS

We expect our Partners and their suppliers to counteract climate changes caused by greenhouse gas emissions, among others, by reducing these emissions and increasing the efficiency of energy use. We have adopted ambitious decarbonisation targets to slow down and ultimately stop the negative climate changes caused by the emission of greenhouse gases into the atmosphere – we intend to achieve carbon neutrality by 2040.

MINIMISING OTHER ENVIRONMENTAL RISKS

We expect our Partners to minimise other risks related to environmental and climate protection, among others, by reducing other harmful emissions, protecting water quality and resources, pursuing a policy of rational waste management and thus striving to ensure that their economic and social activity is environmentally and climate-friendly and contributes to the prevention and reduction of any negative phenomena in its functioning.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

We expect our Partners to comply with the provisions of environmental protection law, in particular, to have all permits and licences required by law and related to their operations, and to fulfil all operational and reporting obligations resulting therefrom.



CONDUCTING ECONOMIC ACTIVITY

ETHICAL CONDUCT OF OPERATIONS

We expect our Partners to apply the principles of ethical conduct in each area of their business and to strive to implement solutions that build awareness of ethical principles of conduct in the workplace among their employees and associates.

COMPLIANCE WITH LAW

We expect our Partners to comply with all applicable local and international laws. In the event that the provisions of local law are less restrictive than the principles of the Code, we expect our Partners to apply the principles set out in the Code.

FAIR COMPETITION AND ANTITRUST LAWS

We expect our Partners to act in compliance with all applicable competition protection regulations, for example, by abstaining from dumping prices, price fixing or other unlawful arrangements.

COMPLIANCE WITH INTERNATIONAL SANCTIONS

We expect our Partners to comply with international sanctions imposed on countries, economic operators or natural persons, and not to conduct any economic activity violating international restrictions.

ZERO TOLERANCE FOR FRAUD AND CORRUPTION

We expect our Partners to apply a zero-tolerance policy to any fraud and corruption, regardless of its form. Our partners may not, directly or indirectly, offer or accept any undue advantage or promise thereof, including material, financial and personal benefits, unauthorised gifts, etc., in exchange for a specific act or omission.

HONESTY IN COMMERCIAL ACTIVITIES

We expect our Partners to show honesty in their business activities, and as part of their daily duties, in relations with their customers, counterparties, suppliers and associates.

INFORMATION SECURITY

We expect our Partners to implement and maintain high information security standards to enable us to effectively protect confidential information, including any trade/business secrets.

COUNTERACTING CONFLICTS OF INTERESTS

We expect our Partners to avoid and counteract any conflict of interest that could weaken their credibility, or our trust, or the trust of third parties in the CIECH Group companies. We expect our Partners to report any situations that may indicate a conflict of interest and any cases in which employees or individuals representing the CIECH Group companies participate in the Partner's enterprise or are in any way related to them.



COLLABORATION FOR SUSTAINABLE DEVELOPMENT

We encourage our Partners to work together in order to achieve the goals and strengthen the values described in the Code, in particular, in the area of exchanging experience, best practices and implementing joint activities and projects. We are convinced that the Sustainable Development Goals can only be attained if all interested parties actively collaborate with one another.



AUDITS

We reserve the right to verify compliance with the standards defined in the Code using internal or external control mechanisms and to request changes that have been identified during conducted audits.



REPORTING VIOLATIONS

We expect our Partners to report any suspected violations of the Code using one of the available channels, including anonymous.



KYC (KNOW YOUR CUSTOMER/SUPPLIER) VERIFICATION



Starting from October 2021, we verify our suppliers using the KYC Procedure. The KYC verification complements, supplements and at the same time confirms the application of the CIECH Group standards, described in item 8.4 (The Code of the Business Partner of the CIECH Group). Through the KYC procedure, we verify and confirm that our Partners conduct their activities in accordance with the standards of the Code of the Business Partner of the CIECH Group, especially in the area of human rights, environmental protection and ethics. The KYC verification of our partners is the fulfilment of one of the obligations that we included in the CIECH Group ESG Strategy - "we introduce ESG to our purchasing procedures - we will examine the status and ESG risk of suppliers responsible for at least 70% of our expenses by 2023". As of January 2023, the ESG status of suppliers responsible for 64% of the CIECH Group's expenses was verified.

At the Soda segment, we conduct a KYC verification of Partners with an annual turnover of \geq PLN 4 million net or with a transaction value of \geq PLN 4 million net. In other Business Units and companies, we conduct a KYC verification of Partners with an annual turnover of \geq PLN 2 million net or with a transaction value of \geq PLN 2 million net.

The condition for establishing cooperation with a Partner (conclusion of a contract/annex, placing an order or acceptance of an offer) is a positive KYC result, which is entered in the KYC Base. The condition for the conclusion of a contract/annex, placing an order or acceptance of an offer of the Partner entered in the Customer Base is a positive KYC result. Entities with a negative KYC result are also entered into the KYC Database. The validity period of the Partner's KYC verification result depends on the KYC risk assessment and is 6, 12 or 24 months.

In the KYC verification process, we ask Partners to complete the KYC Form, which has been divided into the following parts:

- General issues - in this section we ask, among others, about registration data, industries in which the Partner conducts business, quotations of the Partner's shares on stock exchanges, composition of the Partner's group.
- Sanctions - in this section we ask, among others, about the Partner's activities in the markets covered by international sanctions, conducting business with persons who are subject to international sanctions.
- Ethical conduct of business - in this section we ask about compliance with individual standards of the CIECH Group, specified in the Code of the Business Partner of the CIECH Group.
- Principles of ethical business conduct - in this part we ask the Partner, among other things, to attach its codes of conduct or its codes of the business partner.
- Target for reducing CO₂ emissions - in this section we ask, among other things, to provide a target for reducing CO₂ emissions.
- Proceedings related to the ethical conduct of business activity - in this part, we ask for answers to questions regarding the proceedings conducted, among others, against the partner or members of its bodies, regarding, among others, monopolistic practices, prohibited employment practices (mobbing, discrimination, youth labour, slave labour), money laundering and terrorist financing, bribery, or corruption.

In 2022, we verified 132 Partners, all Partners received a positive KYC result. For 52 Partners the period of validity of the KYC result is 24 months, for 80 Partners this period is 12 months. Currently, there are 187 positively verified and 1 negatively verified entities in the KYC Database. The result of the KYC verification of a given Partner, within the validity period, is valid for all companies of the CIECH Group.

LIST OF INTERNAL PROCEDURE

| | |
|---------------------------------|--|
| EMPLOYEE AREA | <ul style="list-style-type: none"> • Code of Conduct of the CIECH Group, • Code of the Business Partner of the CIECH Group, • Information Security Policy of the CIECH Group, • Procedure - Regulations of the operation of the Ethics Committee of the CIECH Group, • Anti-fraud and anti-corruption policy of the CIECH Group, • Procedure - offering and accepting gifts and invitations within the CIECH Group, • Procedure - Counteracting mobbing and discrimination in the work environment within the CIECH Group, • Occupational Health and Safety Policy of the CIECH Group, • Procedure - managing inspections of authorised bodies, services and authorities, • Procedure for reporting violations of law, internal regulations and ethical standards applicable within the CIECH Group, • Detailed rules and procedure for compliance with the obligation of sobriety by employees within the CIECH Group. |
| SOCIAL AREA | <ul style="list-style-type: none"> • Code of Conduct of the CIECH Group, • Code of the Business Partner of the CIECH Group, • Policy of Compliance with Competition Law within the CIECH Group, • Intellectual Property Protection Policy of the CIECH Group, • Information Protection Policy of the CIECH Group, • Policy of Counteracting Conflicts of Interest within the CIECH Group, • Anti-fraud and anti-corruption policy of the CIECH Group, • Procedure - managing inspections of authorised bodies, services, and authorities. |
| ENVIRONMENTAL AREA | <ul style="list-style-type: none"> • Code of Conduct of the CIECH Group, • Code of the Business Partner of the CIECH Group, • Environmental Protection Policy of the CIECH Group. |
| RESPECT FOR HUMAN RIGHTS | <ul style="list-style-type: none"> • Code of Conduct of the CIECH Group, • Code of the Business Partner of the CIECH Group, • Intellectual Property Protection Policy of the CIECH Group, • Information Protection Policy of the CIECH Group, • Procedure - Counteracting mobbing and discrimination in the work environment within the CIECH Group, • Procedure for reporting violations of law, internal regulations and ethical standards applicable within the CIECH Group. |
| ANTI-CORRUPTION | <ul style="list-style-type: none"> • Code of Conduct of the CIECH Group, • Code of the Business Partner of the CIECH Group, • Policy of Compliance with Competition Law within the CIECH Group, • Policy of Counteracting Conflicts of Interest within the CIECH Group, • Anti-fraud and anti-corruption policy of the CIECH Group, • Compliance Policy of the CIECH Group, • Procedure- offering and accepting gifts and invitations within the CIECH Group, • Procedure for reporting violations of law, internal regulations, and ethical standards applicable within the CIECH Group, • Procedure - rules for monitoring and reporting Compliance Obligations within the CIECH Group, • Procedure- Regulations of the operation of the Ethics Committee of the CIECH Group. |

RULES FOR REPORTING VIOLATIONS

The CIECH Group has implemented and maintains a Procedure for reporting violations of law, internal regulations/procedures, and ethical standards applicable within the Group.

The procedure describes the rules for reporting any violations of law, internal regulations/procedures and ethical principles prevailing within the Group, in particular those contained in the Code of Conduct of the CIECH Group. Violation is understood as an actual or potential activity contrary to the law, regulations/procedures or ethical standards as in force within the CIECH Group. We provide fully anonymous and open communication channels for reporting such violations. Such fully anonymous reporting channel is provided by: Linia Etyki Sp. z o.o. This reporting channel enables contact with the whistleblower, while maintaining a fully anonymous nature of the notification report and any correspondence. The reporting channel is run, among others, in Polish, English, German and Romanian.

Each employee or associate, intern, volunteer, individual participating in the recruitment process, customer, shareholder, and member of governing bodies of companies of the CIECH Group may report a violation in any matter which, in the whistleblower's opinion, constitutes or may constitute a breach. In addition, any business partner of any company from the Group may also report the violation referred to above. We ensure the protection and anonymity of the whistleblower. In special cases, the CIECH Group protects the whistleblower who is an employee of the CIECH Group against the action of the management, employees or any other persons violating the employee's rights, privacy or any other forms of retaliation. The process of reporting violations and providing information related to the examination of a violation report, analysis of violations and carrying out the explanatory proceedings shall be strictly confidential.

Explanatory proceedings in cases of violations of laws and regulations are carried out by the Compliance Officer of the CIECH Group, and in cases of violations of ethical principles and conflicts of interest - by the Ethics Committee of the CIECH Group, and when it comes to mobbing/discriminatory behaviour by the Committee for Counteracting Unlawful Conduct. In 2022, 1 violation notification report was received.

COUNTERACTING CORRUPTION AND FRAUD

As an active participant of business transactions, we apply a policy of zero tolerance for any fraud and corruption, promoting activities based on ethical values and attitudes and compliance with the law regulating the issues of counteracting fraud and

corruption wherever we conduct business. This approach builds and strengthens the reputation of the CIECH Group as a reliable partner acting in a responsible and transparent manner, gaining a competitive advantage based solely on market criteria: quality, price and through the innovative nature of the products, services and solutions offered. Any abuses, including corrupt behaviour, involve the risk of legal, financial and image liability by the Company, the management of the CIECH Group, and the employees themselves.

An anti-fraud and anti-corruption policy has been implemented which applies within the CIECH Group. As an appendix to this policy, the Group has developed a procedure for offering and accepting gifts within the CIECH Group. The process of counteracting fraud and corruption consists in compliance with the requirements of this policy by all employees, regardless of the type of employment contract concluded and the entrusted position, as well as other stakeholders, including associates, suppliers, subcontractors and counterparties.

Under the Procedure for offering and accepting gifts, we do not give any gifts to government officials. Giving or receiving a gift, as part of a business relationship, with a value exceeding PLN 200 gross, requires the consent of the immediate supervisor and the Compliance Officer of the CIECH Group. Giving and receiving a gift with a value exceeding PLN 200 gross must be recorded. The relevant gift register is maintained by the Compliance Officer of the CIECH Group.

CIECH Group employees may not accept any gifts, and in particular:

- from any counterparty or its related entities during negotiations, in connection with ongoing or planned negotiations,
- from any counterparty or its related entities in connection with the performance of the contract, including in particular, in connection with the work acceptance or work performance confirmation.

Employees who are responsible for making a decision in a specific case or participate in any capacity in the decision-making process related to a specific case, due to their role or official position, may not accept any gifts from counterparties associated with the case.

We require our counterparties to accept anti-corruption clauses when entering the tender procedure or when concluding contracts, in which they oblige themselves to adopt the Anti-Fraud and Anti-Corruption Policy of the CIECH Group.

OBSERVANCE OF HUMAN RIGHTS

Within the CIECH Group, we place emphasis on promoting ethical values and behaviour aimed at observance of human rights among our stakeholders, predominantly our employees and counterparties. Accordingly, all companies of the Group joined the Declaration of Adoption of the Standard of the United Nations Ethical Program, thus committing themselves to comply with internationally recognised human rights and labour standards, according to which they shall, in particular, support and promote the freedom of association within the CIECH Group and in relations with the market environment, support the elimination of all forms of slavery and forced labour and contribute to the effective abolition of work by adolescents under the age of 18.

- We comply with all applicable laws in terms of working hours, overtime, pay and other employer's benefits. Wages and salaries are paid in a timely manner, in accordance with the applicable "Remuneration Regulations" .
- We give our employees the freedom to join or withdraw their membership in trade unions and/or employee representation of their choice.
- We appreciate a diverse, inclusive work environment, and do not discriminate against, or tolerate any discrimination, on the basis of gender, age, race, religion, disability, sexual orientation, origin or any other characteristic protected by law.
- We do not use any type of forced labour. Employees have control over their identity documents and do not pay any fees related to obtaining or maintaining their employment.
- Using any physical and/or mental force, including mobbing, is prohibited.

COMPETITION PROTECTION

The Policy of Compliance with Competition Law within the CIECH Group defines rules aimed at protecting fair and healthy competition. In particular, as part of the observance of the principles of fair competition:

- we avoid making any kind of arrangements, without the consent and knowledge of our Legal Department, with entities from outside the CIECH Group, in the scope of pricing, sales and offer policies, production volume, costs and expenses as well as sales method. This restriction shall also apply to any

contacts and information provided to all types of industry organisations, chambers of commerce, as well as expressing opinions on any other economic operator in a non-substantive manner,

- we treat as confidential any information on the pricing, sales and offer policies, and those that may be used to limit free competition, such as planned price changes, interest in participating in any tender and the content of the tender offer, and
- we treat our customers and counterparties in a fair and respectful manner. We exclude practices of unjustified privileging or blocking or limiting access to products from the CIECH Group's offer.

COUNTERACTING CONFLICTS OF INTEREST

The Policy of Counteracting Conflicts of Interest within the CIECH Group defines the rules of procedure aimed at excluding the possibility of a conflict of interest from the business operations of our Group. We assume that an employee is in a conflict of interest if, when acting for their own benefit or for the benefit of any other person or entity to whom they are obliged, they act against the interests of the CIECH Group. Such circumstances may threaten the employee's impartial and objective performance of official duties for the CIECH Group due to family, financial, personal, emotional reasons, as well as political affiliations, economic interests, or any other situation the existence or occurrence of which is or may be detrimental to our Group.

In some cases, a conflict of interest may also be regarded as a manifestation of corrupt behaviour. Accordingly, we take all steps in order to identify, clarify and manage cases of connections, relations, contacts, evidence of gratitude, as well as transactions or any other undertakings that may affect, directly or indirectly, the loyalty and impartiality of decisions made by the employees of the CIECH Group.

Where a conflict of interest exists, each employee shall immediately disclose such circumstances to their immediate supervisor or the Ethics Committee of the CIECH Group in order to make an objective and fair decision aimed at eliminating or solving the problem.

We require our counterparties to accept conflict of interest clauses when entering into contracts with them.

ABOUT THIS REPORT



METHODOLOGIES FORMING THE BASIS FOR PREPARATION OF THIS REPORT

The non-financial report of the CIECH Group for 2022 is our sixth report in which we comprehensively present our impact in the social, employee and environmental areas. The previous non-financial report of the CIECH Group for 2021 was published on 29 March 2022. The report was prepared in accordance with the international non-financial reporting standard, Global Reporting Initiative, in the Core Compliance option. In addition, the Report includes TCFD (Task Force on Climate-related Financial Disclosures) indicators.

This report also provides information on the implementation of the principles of the UN Global Compact (Communication on Progress) and refers to the Sustainable Development Goals (SDGs). The report has not been subjected to any external audit by an independent verifier/auditor.

OUR STAKEHOLDERS AND THE MANNER OF INTERACTING WITH THEM

One of the foundations of the CIECH Group's operations is establishing and maintaining lasting and effective relationships with numerous groups of internal and external stakeholders. When conducting our business, we exert a significant impact, both short- and long-term, on our closer and further environments. To assess this impact, we engage in dialogue with our stakeholders and obtain information on issues which are of interest to them.



MATERIALITY ANALYSIS

We carry out an analysis to determine which issues are of essence to our stakeholders, and then openly inform them about our activities in these areas and take their expectations into account.

In order to structure and organise our approach to stakeholder relevant issues, we have adopted the methodology and concept

developed by SASB (*the Sustainability Accounting Standards Board*, currently, *the International Sustainability Standards Board*), which identified the most important ESG areas that should be reported. In addition, we analysed our interaction with different stakeholder groups and reviewed documents published by our stakeholders and their representative institutions.

Forms of dialogue and obtaining feedback on areas of areas of essence to our stakeholders

| Stakeholder group | Group characteristics | Forms of dialogue and obtaining feedback |
|---|--|--|
|  <p>Investors</p> | <ul style="list-style-type: none"> individuals and institutions that have engaged, or are considering investing their capital, in the CIECH Group: shareholders (institutional and individual), potential shareholders as well as banks and other institutions on the debt capital market individuals and institutions intermediating and supporting active participants of the financial market in the analysis and execution of investment decisions: brokerage houses and offices, industry-specific and financial media institutions organising and supervising the financial market, managing its infrastructure, and participating in the process of establishing regulations such as: the Stock Exchange, the Polish Financial Supervision Authority and the Association of Stock Exchange Issuers | <ul style="list-style-type: none"> Information obtained through direct contacts Analysis of ESG surveys and questionnaires received by the CIECH Group Analysis of international non-financial reporting standards, especially GRI, SASB and TCFD Analysis of the existing and proposed regulations and codes of good practice on the Polish market and abroad |
|  <p>Employees</p> | <ul style="list-style-type: none"> Individuals employed by the CIECH Group companies, regardless of the type and place of employment and position held In some cases, also individuals employed by suppliers and subcontractors of the CIECH Group (e.g., working at our production plants) Potential employees Former employees, especially people who retired from CIECH | <ul style="list-style-type: none"> Direct contacts Employee opinion survey Dialogue with trade unions and employee representation bodies Interactive communication day events providing employees with ability to directly ask questions to the Management Board Other internal communication tools |
|  <p>Customers</p> | <ul style="list-style-type: none"> Current, potential and former customers In some cases, also our customers' clients | <ul style="list-style-type: none"> Direct contacts Analysis of ESG inquiries, questionnaires and surveys received by the CIECH Group Customer ESG strategies and reports Documents published by industry organisations in which our customers participate |
|  <p>Suppliers</p> | <ul style="list-style-type: none"> Suppliers, service providers and subcontractors | <ul style="list-style-type: none"> Direct contacts ESG strategies and reports of our suppliers Dialogue on compliance with our Code of Business Partners and ESG standards by our suppliers |
|  <p>Local communities</p> | <ul style="list-style-type: none"> Communities at the locations of our production facilities Local authorities and local public administration | <ul style="list-style-type: none"> Direct contacts Consultation processes |

| Stakeholder group | Group characteristics | Forms of dialogue and obtaining feedback |
|--|--|---|
|  <p>Future generations</p> | <ul style="list-style-type: none"> All individuals and institutions who will be our stakeholders in a long, at least several decades, time perspective. Represented through long-term policies of governments, international and supranational organisations and the activities of local, regional and global NGOs | <ul style="list-style-type: none"> Analysis of programme documentation and communications from governments, international organisations, and supranational NGOs. Tracking the results of scientific research and technical progress in areas like the activities of the CIECH Group |



PROCESS

In order to prioritise the areas included in the ESG, we carried out a detailed materiality analysis. The analysis was performed in December 2020, and we used it when preparing the reports for 2021 and 2022.

When analysing materiality, we applied the SASB approach.

ESG area materiality analysis in the CIECH Group



RESULTS OF THE ANALYSIS

Based on the materiality analysis described above, we have selected four areas of priority materiality and eight areas of high materiality.

Areas of priority materiality:

- Greenhouse gas emissions (GHG Emissions)
- Energy management
- Water and Wastewater management
- Employee Health and Safety and Critical Incident Risk Management

Areas of high priority:

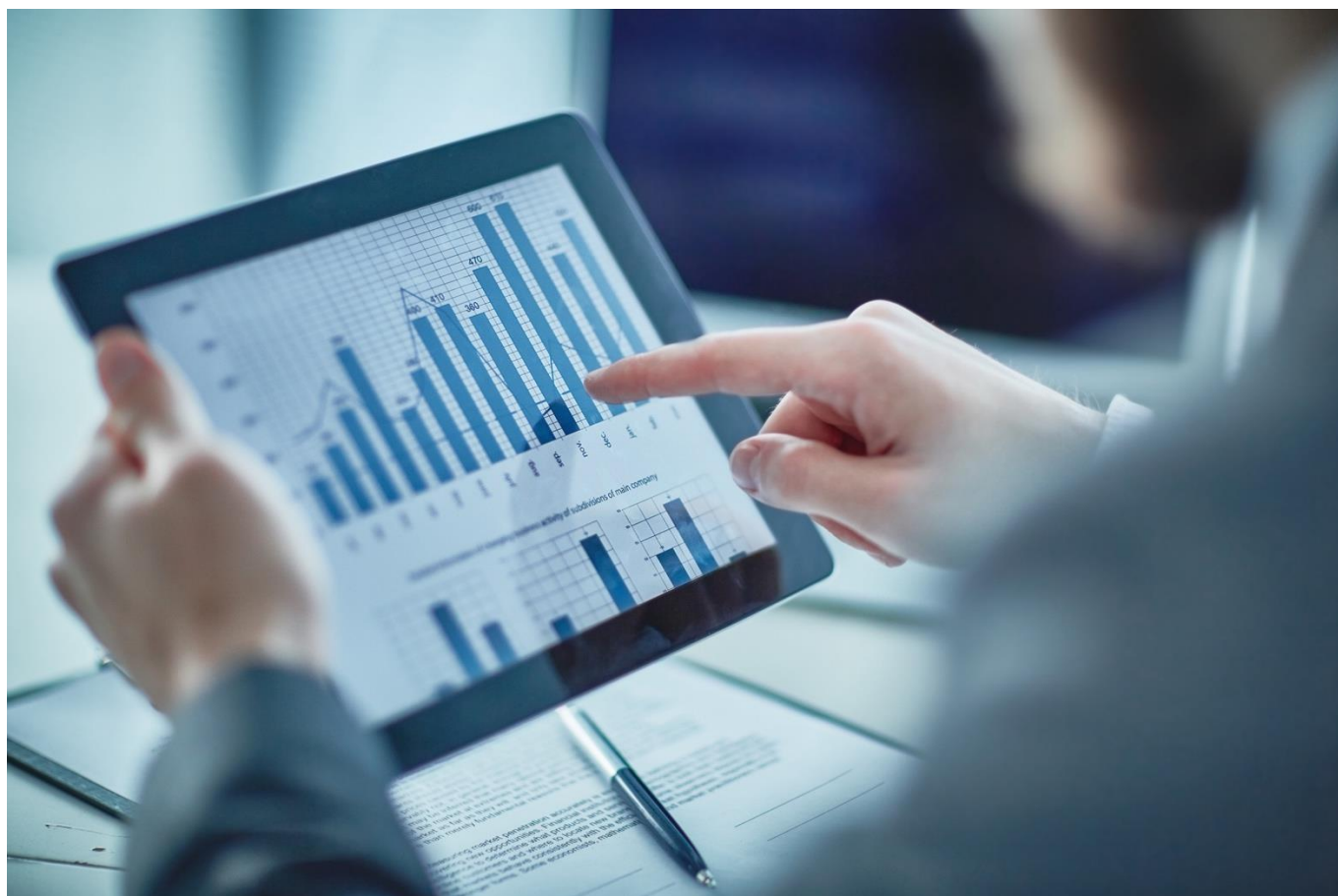
- Air Quality
- Waste and Hazardous Material Management
- Community Relations
- Employee Engagement, Corporate Culture and Labour Relations
- Product Quality and Safety
- Business Ethics

Priority materiality areas are of great interest to our stakeholders or have a great impact on our current or future financial results. High materiality areas are also of interest to our stakeholders and have a financial impact, however, at a level noticeably lower than priority areas. The priority and high materiality areas are presented in this report.

Those areas which do not classify as priority or high materiality areas have not been described in this report. This does not entail that they are not significant for the operations of the CIECH Group. It only means that according to our assessment, their presentation in this report would bring little benefit or informative value for our stakeholders.

CHANGES IN RELATION TO THE PREVIOUS VERSION

The materiality analysis of the CIECH Group remains unchanged compared to 2021.



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STATEMENT OF THE MANAGE- MENT BOARD

This Non-financial Report of the CIECH Group for 2022 was approved by the Management Board of the Company on 23 March 2023.

*(signed on the Polish original in
xhtml format)*

Dawid Jakubowicz

President of the Management Board
of CIECH Spółka Akcyjna

*(signed on the Polish original in
xhtml format)*

Jarosław Romanowski

Member of the Management
Board of CIECH Spółka Akcyjna

*(signed on the Polish original in
xhtml format)*

Kamil Majczak

Member of the Management
Board of CIECH Spółka Akcyjna

We are providing a courtesy English translation of our Non-financial Report which was originally written in Polish. We take no responsibility for the accuracy of our translation. For an accurate reading of our Non-financial Report, please refer to the Polish language version of our Non-financial Report.

Warsaw, 23 March 2023.



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