



Sustainability Report

of the
ZM "ROPCZYCE"
Capital Group

for

2025

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Dear Sir or Madam,

We present the Sustainability Report of the ZM "ROPCZYCE" Capital Group for the year 2025, prepared in accordance with the requirements of the CSRD Directive and ESRS standards. This document reflects our commitment to conducting business responsibly and consistently implementing the principles of sustainable development in the day-to-day operations of the ROPCZYCE Group.

This is the second sustainability report of the ZM "ROPCZYCE" Capital Group, based on the adopted standards and methodological approach. At the same time, despite changes in the regulatory environment and the raising of reporting thresholds—which also affect our Group—we intend to continue regularly providing information on sustainability in the coming years. We believe that ESG issues are important for shaping a responsible future.

Environment (E)

As a manufacturer of refractory materials operating in an energy-intensive sector, we are fully aware of the responsibility arising from the impact of our operations on the climate and the natural environment. In 2025, we continued our efforts to reduce greenhouse gas emissions, increase energy efficiency, and develop products with a reduced carbon footprint. We consistently implemented circular economy principles—increasing the use of recycled materials, optimizing material consumption, and expanding our recycling efforts. Investments in renewable energy sources, infrastructure modernization, and the development of low-emission technologies remain key elements of our strategy, supporting both operational activities and the long-term climate transformation of the entire ZM "ROPCZYCE" Group.

At the end of 2025, the Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A. decided to implement an Energy Management System compliant with the ISO 50001 standard. This system will ensure improved energy efficiency within the ROPCZYCE Group and alignment with the existing Integrated Management System. Certification to the ISO 50001 standard is planned for 2027.

Society (S)

Our employees are the foundation of our organization—their skills, commitment, and responsibility are the key to the success of the ROPCZYCE Group. We provide stable employment conditions, numerous opportunities for development and training, and high standards of workplace safety.

In 2025, we continued to implement an occupational health and safety management system compliant with ISO 45001 and to carry out preventive and modernization measures aimed at further improving workplace safety and comfort.

Last year was exceptional for us. Together with our employees and their families, as well as former employees, we celebrated the 50th anniversary of Zakłady Magnezytowe "ROPCZYCE" S.A. It was an excellent opportunity to bring together our multigenerational "magnezytowska" family.

The local community holds a special place in our operations. Our Magnezyty Foundation consistently supports social, educational, sports, and health initiatives, addressing the real needs of the region's residents. Our presence in the local community entails a commitment to responsible, transparent, and long-term action—which is why we maintain an ongoing dialogue with local authorities, community organizations, and public institutions.

Corporate Governance (G)

The year of 2025 was a period of further development of management, internal control, and oversight systems within our Company. The establishment of the Compliance Office and the implementation of the ZM "ROPCZYCE" Capital Group's Sustainable Development Policy, as well as the update of key policies—including the Anti-Corruption Policy and the Human Rights Policy—are the main actions we have taken to strengthen corporate governance within our Group.

The Management Board and the Supervisory Board consistently oversee areas related to sustainable development, analyzing risks, approving key documents, and ensuring the integration of sustainable development goals with the strategy of the entire Capital Group. This approach reflects our commitment to conducting business in accordance with the highest ethical standards, based on integrity, transparency, and accountability.

I encourage you to review our Report and thank all employees, business partners, and contractors, as well as other stakeholders, for their cooperation and contribution to the development of the ZM "ROPCZYCE" Capital Group.

*Józef Siwiec
President of the
Management Board*

The ZM "ROP CZYCE" Group in Numbers

+500

types of basic products
in 4 product groups

10 000

formats

44

patents for design and material
solutions

20%

ambition to reduce CO2 emissions
in Scopes I and II by 2030

51 years

of experience in the industry

1,9 GWh

GWh of green energy from our own
PV installation by 2025

2,2 MLN PLN

support for over 320 beneficiaries of the
Magnezyty Foundation between 2019 and
2025

63 %

of sales to foreign markets by 2025

317 MLN PLN

for investment
between 2005 and 2025

Awards for the company in 2025



Tytuł Gospodarczy
Lider Roku 2025
w kategorii
Lider inwestycji



The full list of awards
is available at
www.ropczyce.com.pl



1 GENERAL INFORMATION

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1.1. Basis for preparing the sustainability report

1.1.1. General basis for the preparation of the sustainability report

(BP-1) The report for the ZM "ROPCZYCE" Capital Group (hereinafter, the ROPCZYCE Group, ROPCZYCE CG, the Group) was prepared in accordance with Article 63x of the Accounting Act. This report is based on the ESRS (European Sustainability Reporting Standards), introduced by Delegated Regulation (EU) 2023/2772 of the European Parliament and of the Council of June 18, 2020. These standards are mandatory for the ZM "ROPCZYCE" Capital Group starting in 2024. The report also includes disclosures in accordance with the provisions of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investment.

Scope of consolidation

The scope of consolidation in this report is the same as in the consolidated financial statements for 2025. The sustainability report is prepared on an annual basis.

As of December 31, 2025, the ZM "ROPCZYCE" Capital Group consisted of the parent company Zakłady Magnezytowe "ROPCZYCE" S.A. and four subsidiaries. The subsidiaries are listed in the supplementary table in section 1.2.2.

The information, data, ratios, and statements contained in this report refer to the ZM "ROPCZYCE" Capital Group, unless otherwise indicated. The terms "ZM "ROPCZYCE" Group," "ROPCZYCE Group," "ROPCZYCE Group," and "Group" refer to the parent company Zakłady Magnezytowe "ROPCZYCE" S.A. together with its consolidated subsidiaries.

Scope and comparability of data

This report applies to the upstream and downstream value chain, particularly in the analysis of the value chain, the calculation of the carbon footprint in Scope 3, within the ESRS S4 area—consumers and end-users—and in places where it is directly indicated.

The option to omit specific information relating to intellectual property, know-how, or innovation outcomes was not utilized.

The option permitted by the EU Member State to withhold information regarding ongoing negotiations or their future course was not utilized.

1.1.2. Information regarding specific circumstances

(BP-2) The Group did not deviate from the medium- and long-term time horizons defined in ESRS 1, understood respectively as a period of up to 5 years for the medium-term perspective and over 5 years for the long-term perspective. At the same time, for the purposes of this analysis, it was assumed that the short-term perspective covers a period of up to 1 year, as suggested by the standards. The metrics included in the report include value chain data estimated based on indirect sources for the calculation of Scope 3 carbon footprint. None of the quantitative indicators or disclosed monetary amounts are subject to a high level of measurement uncertainty, with the exception of the Scope 3 carbon footprint.

Sustainability information, prepared in accordance with the ESRS (European Sustainability Reporting Standards), covering the reporting period from January 1, 2025, to December 31, 2025, is presented by the Capital Group for the second time. The Group reports no changes in the presentation of information or errors from previous periods. Quantitative data is presented on a comparative basis for the years 2024 and 2025.

The comparative data for the years 2024–2025 presented in this report did not require any adjustments.

The Group does not identify any differences between the data for the prior period and the adjusted comparative data.

This report does not take into account standards other than ESRS.



1.2. Business Model

1.2.1. Scope of Operations

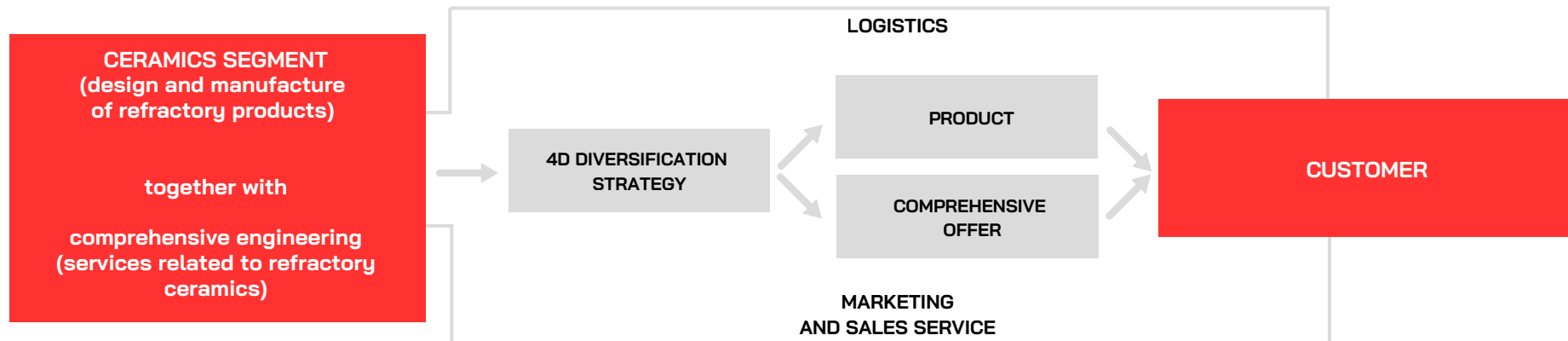
[SBM-1] Zakłady Magnezytowe "ROPCZYCE" S.A. is an innovative company that has been manufacturing high-quality refractory products for over 50 years; these products are an essential component of the linings of furnaces and thermal equipment operating at high temperatures. The Group's product range is primarily targeted at the iron and steel industry, the non-ferrous metals industry, the cement and lime industry, foundries, and coking plants.

The Group's products are manufactured at facilities located in Ropczyce and Chrzanów, while the branch in Ostrowiec Świętokrzyski provides comprehensive ceramic services. In total, over 750 employees work across all branches.

The refractory materials segment constitutes the parent company's core business. It is supported by engineering services that provide comprehensive customer support and integrate design, maintenance, and technological activities. The Group's business primarily encompasses the design, engineering, and related technical consulting, as well as the production and sale of basic refractory products. The Group's products are used primarily in the iron and steel industry, the non-ferrous metals and glass industries, the cement and lime industry, the foundry industry, the coking industry, and other sectors involving high-temperature processes.

The Group also provides services in the field of carburizing and heat treatment of products and conducts advanced research and development in areas related to its core business. The Capital Group is structured around two core business segments: the CERAMICS segment, which forms the basis of the parent company's operations and encompasses the design, production, and sale of refractory products as well as research and development in innovative production techniques and technologies; and the ENGINEERING SERVICES, focusing on comprehensive services related to refractory ceramics, maintenance of production machinery and equipment, and ensuring production safety in the energy and electro-automation sectors, provided both to the company and to external customers. Design and technical consulting in the field of refractory ceramics and their applications are carried out through the company's own Research and Development Center at Zakłady Magnezytowe "ROPCZYCE" S.A. Exports currently account for 63 percent of sales and are delivered to customers located in over 40 countries worldwide, on nearly every continent.

The Group's business model primarily encompasses design, engineering activities and related technical consulting, as well as the production and sale of refractory products. The Group also provides services in the field of carbonization and hot-conditioning of products and conducts advanced research and development in areas related to its core business.



GENERAL INFORMATION

Main Products

Based on manufacturing technology, chemical composition, and product application, as well as service activities, the ZM "ROPCZYCE" Capital Group distinguishes the following basic product groups:

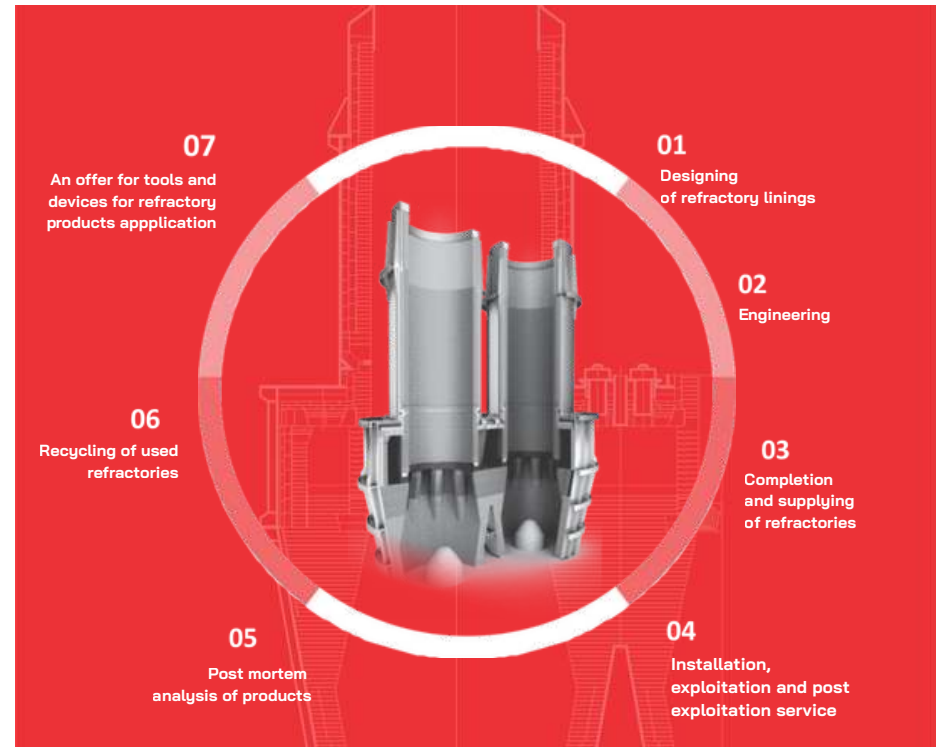
- burned shaped products,
- unburned shaped products,
- unshaped products,
- special refractories (including technologically advanced ceramics used in critical areas of furnaces and thermal equipment),
- other (including industrial services).

The ROPCZYCE Group offers a wide portfolio of products meeting global standards (over 500 catalog items in nearly 10,000 formats) and an extensive machine park (including a large number of presses and product molds, as well as its own raw material melting line), enabling the optimization of the production process and the fast and flexible fulfillment of orders. The Group effectively secures its access to key raw materials (long-term contracts with suppliers, warehouses, and a bonded warehouse), which allows for a flexible response to conditions in the raw materials markets and to customer needs. The Group carries out the processes of selection, production, distribution, and application of ceramic refractory materials as part of both ongoing renovation projects.



The ZM "ROPCZYCE" Group provides its customers with comprehensive services, including technical consulting on the selection of refractory ceramics, supervision of their installation, and pre-and post-installation service.

During the reporting period under review, there were no changes in the Group's business profile. The business model, key operational areas, and structure of operations remained unchanged, which enabled the maintenance of process continuity and the consistency of the implemented sustainable development strategy. The Group continued its operations in its existing segments, neither expanding nor limiting the scope of its core operations.



Market

The market in which the ROPCZYCE Group operates is characterized by a structure that includes both global corporations with extensive international production infrastructure and local entities operating in specialized geographic or product segments. The Group competes directly with both categories of companies, operating in a highly saturated market environment with increasing technological demands.

The Group's key competitive advantages include, in particular:

- the high quality of the material solutions offered,
- the comprehensive nature and wide range of the product offering,
- operational flexibility in customer collaboration and the ability to respond to market changes.



In the global segment, significant competitive advantages stem from substantial R&D resources, stable supply sources, advanced logistics structures, and strong capital backing. For niche manufacturers, competitive advantages are determined by specialized knowledge, high-quality products within specific product groups, and precise alignment with specific market requirements.

The industry in which the Group operates is characterized by relatively high barriers to entry. These stem primarily from the need to make significant, capital-intensive investments, the requirement to hire highly qualified staff, and the long-term process of building business relationships with trading partners. An additional factor raising market requirements is intense competition and dynamic technological development, which necessitates the continuous improvement of processes and products.

The largest customers for refractories offered by the ZM "ROPCZYCE" Capital Group operate primarily in the following sectors: iron and steel metallurgy, non-ferrous metallurgy, and the cement and lime industry.

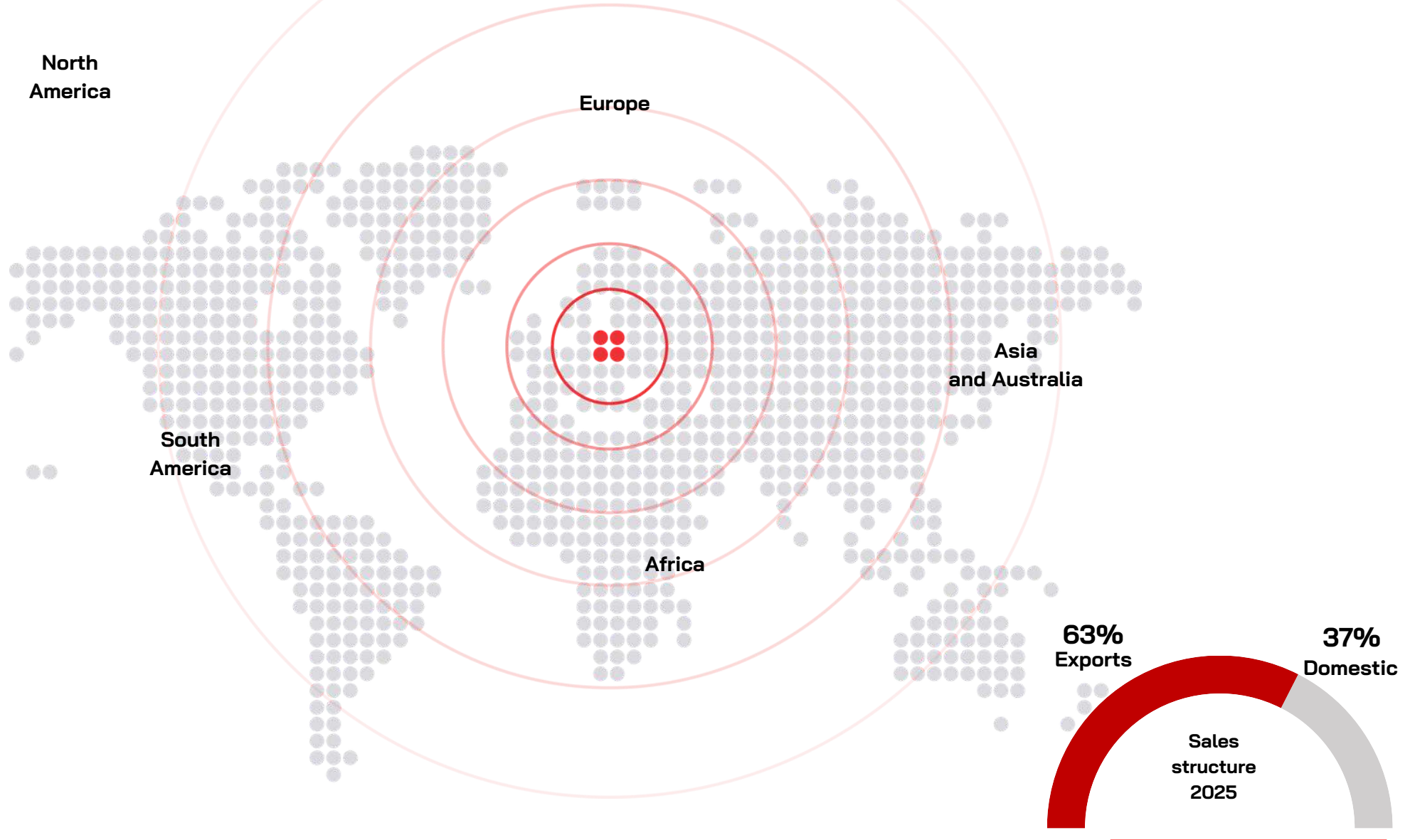
These segments remain critical to the stability of the Group's revenues and constitute the focus of sales and development activities. During the reporting period covering the year 2025, the Parent Company did not significantly expand the scope of its operations into new geographic markets or new industry segments to which its products would be directed.

In 2022, following analyses and assessments, the Management Board of the Parent Company decided to suspend business cooperation with most of its counterparties in markets subject to sanctions imposed by the European Union following the outbreak of the war in Ukraine. Some products manufactured by the Company have customs codes listed on sanctions lists; however, no sales to these countries (Russia, Belarus) were made in 2025. The parent company announced this on April 4, 2022, in Current Report No. 7/2022.

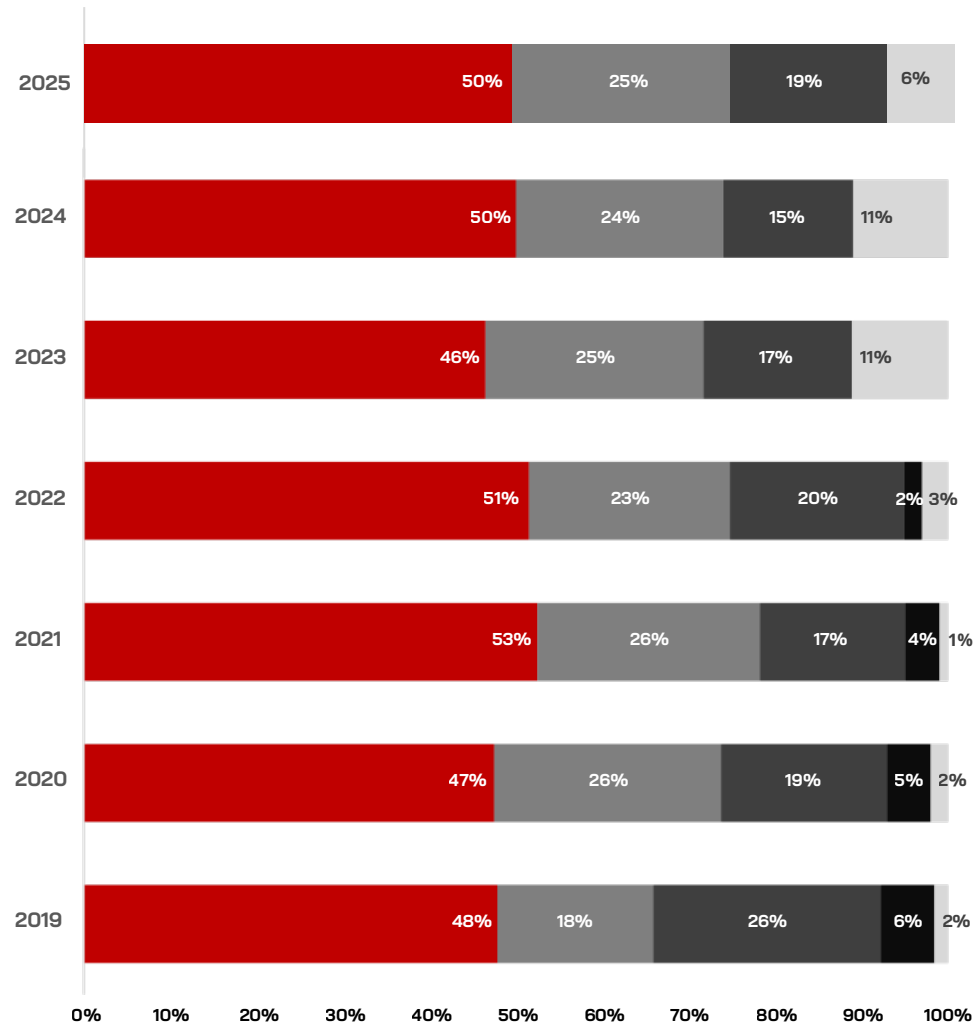
Development of products with the potential for a reduced carbon footprint

The products in this series constitute a group of modern refractory products that, in comparative terms, demonstrate the potential for a reduced carbon footprint relative to the Group's standard products, while maintaining the required technical and performance parameters. This series aligns with the Group's product portfolio development strategy, which focuses on providing customers with solutions that combine high technical quality with consideration of environmental aspects throughout the product lifecycle. In the context of the Group's sustainability goals, products with the potential for a reduced carbon footprint address growing customer expectations for material solutions that support the reduction of energy consumption and emissions across the broader value chain, while maintaining the reliability and durability required for industrial applications. At the same time, the Group is conducting research on the further development of product solutions that may demonstrate the potential to reduce the carbon footprint compared to conventional solutions in the future.

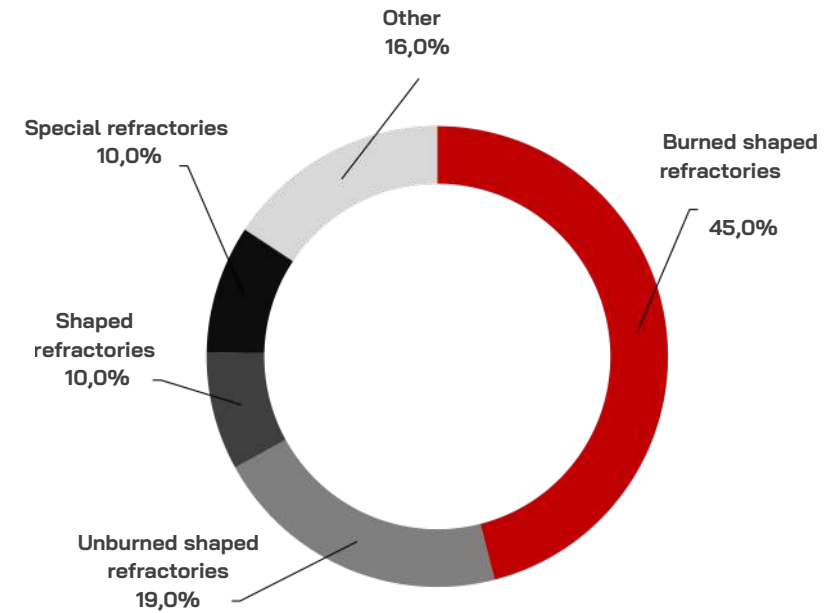
The ROPCZYCE Group Worldwide



Sales structure by industry, share of major product groups



- Iron and steel metallurgy
- Non-ferrous metallurgy
- Cement and lime industry
- Foundry
- Other



Starting in 2023, the foundry segment has been reported under "Other."

Sustainable Development in the Group's Strategy

Adopted in December 2025 The development strategy of Zakłady Magnezytowe "ROPCZYCE" S.A. for 2026–2030 emphasizes the implementation of sustainable development, primarily in relation to business operations, while maintaining a balance between environmental, social (including personnel-related), and corporate governance objectives. In this area, the strategy assumes the implementation of the ZM "ROPCZYCE" Capital Group's Sustainable Development Policy—also adopted in 2025—within the framework of the ESG concept, taking into account the core business area, which is key to the Group's development. The strategy sets out common principles of conduct that support the responsible operation of all companies comprising the ZM "ROPCZYCE" Capital Group.

Zakłady Magnezytowe "ROPCZYCE" S.A. is a company in an energy-intensive industry that generates a high carbon footprint; therefore, it has implemented and certified an Integrated Management System for Quality, Environmental Management, and Occupational Health and Safety in accordance with the following standards: ISO 9001:2015; ISO 14001:2015; ISO 45001:2018. An Environmental Management System has been in place at ZMR S.A. since 2003. The policy of the Integrated Management System aims to ensure the technical and organizational conditions necessary to limit and monitor the impact of the Group's business activities on its environment. The Group views combating climate change as a key element of responsible industrial operations. It is committed to gradually reducing its climate impact and supporting the transition to a low-carbon economy (including through the development of products with a reduced carbon footprint). Accordingly, it implements circular economy principles throughout the entire product lifecycle by increasing the proportion of recycled materials used. It strives to maximize the use of raw materials and minimize negative environmental impacts, while simultaneously improving the material efficiency of its processes.



Sustainable Development in the Group's Business Model

A key issue directly related to sustainable development in the Group's business model is the influence of individual stakeholder groups. With regard to employees, who are the foundation of the ZM "ROPCZYCE" Capital Group, their commitment, skills, and experience determine the success of the entire Group, which aims to achieve the best possible results and build its image as a strong, modern company ready to meet its customers' expectations under any circumstances. The ZM "ROPCZYCE" adheres to principles regarding employees, including by ensuring health and safety in the workplace and systematically raising standards in the area of occupational health and safety, as well as fostering respect for diversity and eliminating all forms of discrimination based on gender, race, age, or any other factors. Customers, suppliers, business partners, and shareholders are crucial to the achievement of the organization's strategic goals and, at the same time, have a significant impact on the processes taking place within the ZM "ROPCZYCE" Capital Group. The Group strives to build the best possible relationships with them. This fosters the growth of the companies comprising the "ROPCZYCE" Group and serves their long-term interests. With regard to suppliers and business partners, a process of due diligence and qualification is carried out, including in the context of international law and respect for human rights. As for the local community, the Group's focus extends to both the immediate and broader surroundings. The Group actively participates in initiatives that serve the economic and social development of the region. Charitable activities within the ZM "ROPCZYCE" Capital Group are carried out by the Magnezyty Foundation, established in 2019, which implements a wide range of diverse pro-social projects.

The implementation to date of the objectives of ZMR S.A.'s Corporate Social Responsibility Strategy and the Company's Strategic Development Directions for 2017–2020, as well as their continuation in 2025, have contributed to the Company's development, positively impacting its financial results (despite an unstable macroeconomic and global environment), and have also enabled the Company to expand its presence in international markets. On December 22, 2025, in accordance with the provisions of Article 22, Section 22.2 of the Company's Articles of Association, the Supervisory Board approved the document adopted by the Company's Management Board entitled "Assumptions of the Development Strategy of Zakłady Magnezytowe 'ROPCZYCE' S.A. for 2026–2030."

Key Objectives of ZMR S.A.'s Development Strategy

The primary objective of ZMR S.A.'s Development Strategy, in light of changes in the global economy, is to increase the Company's profitability and enhance operational security in key areas. The objective of the Company's Development Strategy for 2026–2030 is to consistently build competitive advantages through business diversification and the development of comprehensive engineering services, in particular:

- multidimensional diversification of operations in terms of geography, industry, and engineering products. This involves restructuring the product portfolio and increasing the complementarity of the offering (developing innovative products, expanding the use of secondary raw materials –recycled materials, ECO products). Further geographic diversification of sales and development of our own potential.
- increasing the comprehensiveness of the offering by taking into account the analysis of individual customer needs and providing "tailor-made" design solutions.
- consistent transformation of ZM ROPCZYCE S.A. toward building a production-engineering group based on cooperation, offering a comprehensive range of design, product, and engineering services, capable of providing comprehensive support for client projects (so-called "turnkey" projects) while taking into account their individual needs and requirements.
- in terms of investments and production capacity—intensifying the use of existing production capacity through optimization and modernization, enabling increased efficiency in current production and the introduction of new product categories, e.g., those manufactured using recycled materials.
- projects that enhance the Company's raw material and energy security and enable further environmental transformation (infrastructure, photovoltaics, water retention).

Strategy and Sustainable Development

Elements of the strategy related to sustainable development:

- restructuring the product portfolio and increasing the complementarity of the offering (developing innovative products, expanding the use of secondary raw materials—recycled materials, products with a reduced carbon footprint),
- implementation of projects enhancing the Company's raw material and energy security, enabling further eco-friendly transformation (infrastructure, photovoltaics, water retention),
- carrying out various types of modernization to increase the efficiency of gas-fueled technological processes,
- using IT systems to calculate the carbon footprint of each product,
- restructuring the management model for qualified personnel to implement individual career development paths for key operational positions,
- carrying out charitable activities through the Magnezyty Foundation, established in 2019.

1.2.2. Structure of the Capital Group

As of December 31, 2025, the ZM "ROPCZYCE" S.A. Capital Group consisted of the parent company, Zakłady Magnezytowe "ROPCZYCE" S.A., and four subsidiaries engaged in various business activities. The subsidiaries are headquartered in Poland, Austria, and the United States of America. They include the following:

Ropczyce ENGINEERING Sp. z o.o. – the company's business consists of engineering activities and related technical consulting, specialized design, and the manufacture of machinery, furnaces, fireboxes, and burners. The company also provides services related to the application of products manufactured by Zakłady Magnezytowe "ROPCZYCE" S.A.

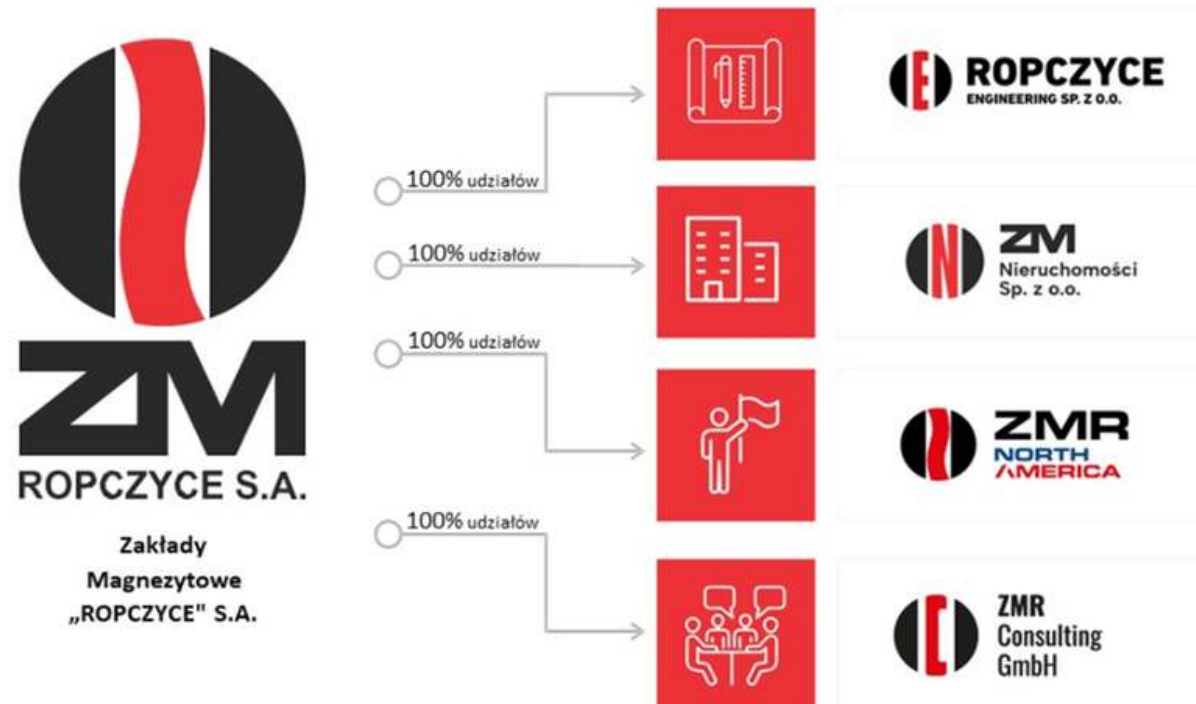
ZM Nieruchomości Sp. z o.o. – the company's business consists of managing its own real estate through leasing, further restructuring, and preparing properties for sale, through active engagement in the real estate market.

ZMR North America Inc. - the company's business is to develop sales and marketing activities for refractory products manufactured by Zakłady Magnezytowe "ROPCZYCE" S.A. in North American markets.

ZMR Consulting GmbH. - the company's mission is to support Zakłady Magnezytowe "ROPCZYCE" S.A. in implementing its strategy to strengthen its position in the global market by conducting and developing marketing and consulting activities related to the broadly defined refractory products industry.

All companies of the ROPCZYCE Capital Group are consolidated using the full consolidation method.

The ROPCZYCE Group does not engage in the production of chemicals, controversial weapons, or the cultivation and production of tobacco.



1.2.3. Value Chain

[SBM-1] The Group's value chain model is based on an analysis of material flows. It encompasses activities beginning with the extraction of primary raw materials, the creation of materials and components from them, followed by delivery to the ROPCZYCE Group and the complete internal processes taking place within the Group. The final phase includes their transport to the customer, installation, use, and activities related to product recycling after the end of its useful life. The ROPCZYCE Group's value chain serves as a model supporting the materiality assessment process. The primary objective of the value chain analysis was to understand the impact of the Group's operations on employees, value chain participants, customers, and the environment, as well as to effectively manage that impact.

The Group's Impacts in the Upstream

Within the value chain, the Group has identified suppliers and subcontractors, specifically suppliers of primary raw materials used in the production of refractory products—chrome ore, kyanite, andalusite, and flake graphite. This group also includes suppliers of energy resources used as part of the energy mix, namely: natural gas, LNG, and electricity. The group also includes suppliers whose products are used in the production of components, such as: sintered and fused magnesites, chromite ores, sintered and fused magnesia-chromite aggregates, corundum, and zirconium oxides.

Subcontractors have also been identified, primarily those providing services related to the design and installation of ceramic lining. These include services related to the maintenance of the Group's machinery, servicing of control and measurement equipment, renovation and construction services, occupational health and safety, legal, brokerage, representation and advertising, PR, investor relations, as well as services related to the supply of technical materials.

The main stakeholders identified at this stage are: suppliers of raw materials and materials for production and laboratory work, transportation companies, subcontractors, the social environment, local communities, the environment, and waste recipients.

The Group's downstream activities

The scope of processes related to the Group's products covers three key stages of their life cycle: the installation stage, the use stage, and the waste generation phase. Upon purchase, the Group's products become the property of the customer, who is responsible for their further use, operation, and disposal at the end of their service life. The Group's products are delivered to customers on nearly every continent, in a total of over 40 countries, confirming the global nature of its operations.

Refractory materials are used by customers in the manufacturing processes of their end products, in accordance with the specific nature of the industry in which they operate. During operation, these products are subject to gradual wear and tear resulting from the intensity and nature of the technological processes. Once fully worn out, they are dismantled, and the resulting waste material—depending on the customer's technological capabilities and environmental practices—may undergo recovery or recycling processes and be reused in other production processes. Alternatively, the waste is disposed of in accordance with the customer's internal procedures and applicable legal regulations.

The operational model for collecting waste from customers aligns with the principles of the circular economy, supporting the responsible use of resources, reducing waste, and minimizing the environmental impact of operations throughout the product's life cycle.

Key Processes in the Group

The ROPCZYCE Group operates based on a business model encompassing the purchase of raw materials, their processing, and the production of refractory products. Purchased raw materials undergo production processes compliant with applicable quality and environmental standards, enabling the production of products with parameters tailored to customer requirements. The manufactured refractory materials are then delivered to customers, who use them directly in their operational activities or technological processes. This model reflects the Group's core value chain and constitutes a key element of its business operations. The key processes carried out within the ROPCZYCE Group are an integral part of its value chain and encompass all activities related to order fulfillment, production, and operational support. The process of preparing for order fulfillment begins with establishing contact with the customer and receiving and analyzing the request for quotation. Next, a proposal is developed, which is subject to discussions and negotiations regarding its specific scope.

Once the order is verified, a confirmation is sent to the customer, allowing it to be forwarded to the production area for fulfillment.

The production process involves preparing raw materials, producing the appropriate compounds, and forming the components, which are then heat-treated. Finished products are sent to the Finished Goods Warehouse, from where they are distributed to customers. The operation of the entire system is supported by operational processes, including design, procurement, production, laboratories and quality control, research and development, sales, logistics, and transportation. At the same time, these processes are complemented by organizational support functions, including management, administration, human resources, payroll, occupational health and safety, accounting, marketing, IT, compliance, and controlling, which enable the organization to function efficiently at both the strategic and operational levels.

GENERAL INFORMATION

THE ROPCZYCE GROUP'S VALUE CHAIN

Identified key stakeholders involved in processes within the value chain

<ul style="list-style-type: none"> - suppliers of materials for production/laboratory work, - transport companies, - subcontractors - local communities, - waste recipients, - environment 			<ul style="list-style-type: none"> - employees, - shareholders, investors, - financial institutions, - supervisory bodies and regulators, - social environment, - local communities. 			<ul style="list-style-type: none"> - domestic and foreign customers 	<ul style="list-style-type: none"> - consumers, - social environment, - local communities, - environment. 		
UPSTREAM (SCOPE 3)			COMPANY (SCOPE 1 AND 2)			DOWNSTREAM (SCOPE 3)			
SUPPLIERS AND SUBCONTRACTORS			INTERNAL PROCESSES			FACILITIES	USAGE	WASTE	
Raw materials	Components	Services	Preparation for order fulfillment	Production	Operational processes	Support processes			
<p>Raw materials</p> <ul style="list-style-type: none"> - water, - chromite ore, - kyanite, andalusite, -flake graphite. <p>Energy raw materials, used as an energy mix:</p> <ul style="list-style-type: none"> - network natural gas* - LNG gas, - purchased 'black' electricity and 'blue' and 'green' produced electricity. <p>* also used in own processes</p>	<p>Components used:</p> <ul style="list-style-type: none"> - sintered and fused magnesites, - chromium ores and their concentrates, - sintered and fused magnesia chromium aggregates, - corundums, - bauxites, - zirconium powder, - zirconium oxide, - dolomite clinker, - lignosulfonates. 	<p>Services used:</p> <ul style="list-style-type: none"> - design of ceramic linings in heating devices, - installation of products and/or supervision of their installation, - brokerage services, - legal services, - printer servicing, - services for representation and advertising purposes, - PR and investor relations services - renovation and construction services, - servicing of production machinery and equipment, - servicing of office equipment printers, photocopiers, - servicing of air conditioning systems, - servicing of LNG installations, - servicing of lifting equipment, - servicing of control and measuring equipment, - surveying and cartographic services, - property protection services, - mold making services, - telecommunications services, - sewage and waste collection services, electricity supply, supply of energy gases and technical gases, - water supply, - supply of technical materials, - supply of compressed air- health and safety services. 	<p>The sales process begins with contact between the customer and ZMR, which can be initiated by either party. The customer sends a request for quotation, which is analyzed in terms of product availability and feasibility. Based on this, an offer is prepared and sent to the customer. Negotiations are then conducted regarding the detailed scope of the offer. After receiving the order, it is verified for compliance with the offer and additional arrangements, after which an order confirmation is sent to the customer.</p> <p>After confirmation is received, the order is forwarded to production for fulfillment.</p>	<p>Production process:</p> <ol style="list-style-type: none"> 1. Preparation of raw materials 2. Drying of raw materials and preparation of appropriate grain sections. 3. Preparation of molding compounds. 4. Molding of fittings. 5. Heat treatment of fittings. 6. Transport to the Finished Goods Warehouse or the Transit Warehouse if they are to undergo further operations. <p>Possible additional operations:</p> <ul style="list-style-type: none"> - mechanical processing, - assembly, - impregnation, - improvement, - coating, - expansion. <p>In addition, the Company offers the following services:</p> <ul style="list-style-type: none"> - design services for ceramic linings in thermal devices, - installation of products and/or supervision of their installation. 	<ul style="list-style-type: none"> -Design -Purchasing -Production -Laboratory -Quality -Research and development -Sales -Logistics -Transport 	<ul style="list-style-type: none"> -Management -Administration -HR -Payroll Health and safety -Finance, accounting - Marketing IT -Compliance -Controlling 	<p>Refractory materials manufactured by the Company become the property of the customer upon purchase and it is the customer who decides on the further handling of the delivered product. This usually involves storage from the time of delivery until the purchased refractory material is installed. The Group supplies refractory materials to customers on the global market in the iron and steel, non-ferrous metals, foundry, cement and lime, glass, and coke segments.</p>	<p>Customers use the refractory product in the manufacture of their end products, depending on the industry in which they operate. The refractory product is systematically consumed during the production process.</p>	<p>After the product has been used up and its service life has ended at the customer's premises, it is dismantled, and the resulting waste is either reused by the customer after processing in other processes or disposed of in accordance with the procedures applicable at the customer's premises.</p>
	<div style="border: 1px dashed red; padding: 5px;"> <p>Closed loop - waste reduction - use of technological recycling.</p> </div>			<div style="border: 1px dashed red; padding: 5px;"> <p>Processing of waste to obtain raw materials for the manufacture of refractory products</p> </div>			<div style="border: 1px dashed red; padding: 5px;"> <p>Product complaints in case of defects or damage.</p> </div>	<div style="border: 1px dashed red; padding: 5px;"> <p>Collection of used refractory materials for recycling within the ROPCZYCE capital group</p> </div>	

1.2.4. Cooperation with Stakeholders

[SBM-2] Sustainable development is the guiding principle of our business operations and the foundation upon which the long-term development of Zakłady Magnezytowe "ROPCZYCE" S.A. is built. The Group strives to ensure that the results of its activities benefit employees, business partners, local communities, and all stakeholders. The Sustainability Policy of the ZM "ROPCZYCE" Capital Group, adopted in 2025, is a natural extension of these commitments and, at the same time, a confirmation of our responsibility for the way we conduct our industrial operations.

The ROPCZYCE Group conducted a comprehensive materiality assessment based on ESRS standards and the principle of double materiality.

The analysis identified 9 groups of material stakeholders. The materiality of each stakeholder was determined by examining the strength of the ROPCZYCE Group's influence on the stakeholder and the stakeholder's influence on the Group.

In 2024, the Group conducted a survey to gather the opinions of internal and external stakeholders on topics related to sustainable development. In 2025, this study was expanded through in-depth interviews with key stakeholders.

The Group's key stakeholders are:

- **Employees** – they are the most important stakeholders of the ZM "ROPCZYCE" Group. They have the greatest influence on the Group's strong market position. Creating equal opportunities for promotion and development, systematically improving working conditions, respecting human rights, and maintaining a work-life balance are among the factors that motivate increased work efficiency. This is a key factor for the company's success and also enables employees to achieve satisfaction. Any form of discrimination is unacceptable.
- **Customers, suppliers/business partners**—including end users—and shareholders are crucial to the achievement of the organization's strategic goals and simultaneously exert a significant influence on the processes taking place within the ZM "ROPCZYCE" Capital Group. With regard to the selection of suppliers and business partners, a process of due diligence and qualification is carried out, including in the context of international law and respect for human rights. Principles of marketing and sales ethics are also applied, and care is taken to ensure equal access to reliable information for shareholders.

- **Environment** – a shared commitment of all companies comprising the ROPCZYCE Capital Group is to care for the quality of the natural environment. The Group strives to achieve a balance between economic development and the preservation of natural resources for future generations. The rational use of natural resources and adherence to the principles of the Company's environmental management system enable responsible use of the environment and a reduction in the Group's impact on air, soil, and water quality.
- **Local community**—local authorities and community organizations have little direct influence on the Group's strategic objectives, yet their role is significant in the context of regional development and meeting social needs. The Group focuses its attention on both the immediate and broader surroundings of its operations and actively participates in initiatives that serve the economic and social development of the region with which it is associated due to the location of its operations. The President of the Management Board is responsible for defining and implementing the pro-social strategy. To this end, a Pro-Social Policy Program Council has been established. It comprises employees representing the relevant areas of the company's operations, namely: human resources management, sales and marketing, environmental protection, investor relations, as well as the Magnezyty Foundation.

The results of the dialogue with stakeholders are systematically utilized in the ZM "ROPCZYCE" Group's sustainability reporting process. Information obtained from key stakeholder groups—employees, customers, suppliers, the local community, and public institutions—constitutes one of the key sources for assessing the materiality of environmental, social, and corporate governance issues. The sustainability reporting team analyzes reported expectations and market signals and takes them into account when determining the scope of disclosures, selecting indicators, and identifying risks and opportunities. The results of stakeholder engagement are also presented to the Management Board, supporting the decision-making process and shaping the direction of actions in the area of sustainable development. At the same time, the double materiality approach—covering both the Group's impact on its environment and the impact of external factors on its operations—is reflected in the internal policies developed and updated, which set strategic directions for action and ensure the alignment of the Group's initiatives with stakeholder expectations and sustainability reporting standards.

GENERAL INFORMATION

KEY STAKEHOLDERS	METHOD OF ENGAGEMENT	GOALS ACHIEVED	RESPONSIBILITY OF SENIOR MANAGEMENT
EMPLOYEES	<ul style="list-style-type: none"> Information emails Training sessions and workshops Internal intranet Multimedia information screens Information boards Face-to-face meetings Team-building events Website Participation in significance surveys 	<ul style="list-style-type: none"> Creating opportunities for professional development and financial advancement Ensuring equal opportunities for promotion and development Systematic improvement of working conditions Maintaining a work-life balance Providing healthcare at the Group's headquarters Respecting human rights Social assistance and health support 	<ul style="list-style-type: none"> Management Board Human Resources Director ESG Coordinator / Compliance Officer
CUSTOMERS (domestic and international)	<ul style="list-style-type: none"> Ongoing communication via phone and email as part of our regular collaboration Meetings in the MT Teams application Face-to-face meetings Product catalogs Website Participation in a materiality study 	<ul style="list-style-type: none"> Application of basic principles of marketing and advertising ethics Delivery of products and services of a quality that meets customer expectations Compliance with commercial law Fostering responsible attitude toward customers Providing information and high-quality service to ensure the safety of end users. 	<ul style="list-style-type: none"> Management Sales Director Technical Marketing Director Logistics Director Production Director Head of CBR
SUPPLIERS (including: suppliers of production materials, packaging and laboratory materials, suppliers of machinery, fuel, energy, gas, and water)	<ul style="list-style-type: none"> Ongoing telephone/email contact as part of regular cooperation Face-to-face meetings Contract provisions Participation in materiality assessments 	<ul style="list-style-type: none"> Responsible supply chain management, in particular through ensuring respect for human rights (due diligence in selecting suppliers and partners) Building relationships based on long-term cooperation and fair dealings Verification and qualification of raw material and service suppliers Regular supplier evaluation system 	<ul style="list-style-type: none"> Management Board of Directors Director of Logistics Director of Production Head of CBR Head of Quality – IMS Representative
BUSINESS PARTNERS (external laboratories, university centers)	<ul style="list-style-type: none"> Ongoing telephone/email contact as part of regular cooperation Face-to-face meetings Participation in conferences Participation in materiality studies 	<ul style="list-style-type: none"> Maintaining active and direct communication based on the exchange of research results and observations Establishing a lasting relationship between the worlds of science and industry 	<ul style="list-style-type: none"> CEO Vice President of Development Head of R&D Head of Quality – QMS Representative

GENERAL INFORMATION

<p>SHAREHOLDERS AND INVESTORS</p>	<ul style="list-style-type: none"> • Current and periodic reports • Investor relations on the website • Earnings presentations • Ongoing communication via phone/email • Annual General Meeting of Shareholders • akcjonariat.pl website 	<ul style="list-style-type: none"> • Presenting the Company's and Group's results • Maintaining transparent communication • Communicating about strategy and actions taken, including in the area of sustainable development 	<ul style="list-style-type: none"> • President of the Management Board • ESG Coordinator / Compliance Officer
<p>ENVIRONMENT</p>	<ul style="list-style-type: none"> • Ongoing contact as part of regular cooperation with regulatory authorities 	<ul style="list-style-type: none"> • Efficient management of natural resources and energy • Reduction of pollutant emissions • Implementation of technologies that minimize negative environmental impact • Recycling • Implementation of eco-friendly investments, including in alternative (renewable) energy sources 	<ul style="list-style-type: none"> • Management • Quality Manager – IMS Representative
<p>REGULATORS/REGULATORY AUTHORITIES</p>	<ul style="list-style-type: none"> • Ad hoc contact by phone or email as needed 	<ul style="list-style-type: none"> • Reporting in accordance with requirements • Consultations on proposed legal regulations 	<ul style="list-style-type: none"> • President of the Management Board • CFO • ESG Coordinator/Compliance Officer
<p>FINANCIAL INSTITUTIONS (banks, insurance companies)</p>	<ul style="list-style-type: none"> • Ongoing contact via phone/email as part of regular cooperation • Current and periodic reports • Website • Participation in materiality assessments 	<ul style="list-style-type: none"> • Communicating strategy and actions taken, including in the area of sustainable development • Building trust to secure financing 	<ul style="list-style-type: none"> • President of the Management Board • CFO • Controller • Chief Accountant
<p>LOCAL COMMUNITY</p>	<ul style="list-style-type: none"> • Ongoing contact with the local community through the Magnezyty Foundation established by the Company • Cooperation with local governments through participation in meetings, conferences, and formal Council sessions • Annual meetings with former Company employees who reside in the immediate vicinity • Participation in the materiality assessment 	<ul style="list-style-type: none"> • Financial or in-kind support for local initiatives • Cooperation with local authorities and community organizations • Active participation in the life of the region • Support for culture, science, education, and healthcare • Support for people in difficult life situations (health-related, financial), particularly former employees and their families 	<ul style="list-style-type: none"> • President of the Management Board • President of the Magnezyty Foundation • Human Resources Director

The management and supervisory bodies are kept informed on an ongoing basis by the Compliance Officer—the coordinator of the Sustainability Reporting Team—regarding the results of the materiality assessment during the review and approval of the sustainability report. As part of this procedure, information regarding the results of the annual stakeholder survey is also provided.

1.2.5. Group Strategy

(SBM-2) The strategic business objectives of the Zakłady Magnezytowe "ROPCZYCE" S.A. Group are directly linked to its social engagement initiatives. The Group promotes and applies the principles of responsible business. In all areas of its operations, it relies on partnership and the application of the highest ethical standards, which enhances the Group's competitiveness and strengthens its position in the European and global markets.

The Group's main objectives include:

- meeting customer requirements and building an image as a reliable supplier,
- ensuring the company's financial performance,
- compliance with the law and ethical standards,
- ensuring continuous improvement of working conditions and safety,
- working to protect the natural environment (conducting activities related to limiting and monitoring the impact of the Company's business operations on its surroundings), undertaking activities for the benefit of current and former employees of the company and their families,
- engaging in charitable activities,
- respecting human rights,
- taking action to benefit the local community, promoting science, education, healthcare, culture, and community engagement.

Pro-social strategy

The CEO of the parent company is responsible for defining and implementing the pro-social strategy. The CEO has appointed a Pro-Social Policy Program Council, which serves as an advisory body to the Management Board. The Program Council's tasks include: developing a schedule for the implementation of the pro-social strategy, verifying the implementation of the pro-social strategy, and seeking solutions aimed at improving the pro-social strategy in the most important areas of the Group's operations.

The Program Council works closely with the Magnezyty Foundation, the Compliance Office, and the Management Board Office. The Management Board Office is responsible for coordinating the implementation of the Company's social responsibility strategy.

One of the Group's areas of activity is fostering social dialogue through the Magnezyty Foundation, established in 2019, which carries out a wide range of diverse pro-social initiatives, supporting, among others, schools, sports clubs, cultural, medical, and care facilities, people who are ill or facing difficult life circumstances, and the local community. The Foundation pursues its statutory objectives by also providing financial support to local social welfare homes, and it is involved in organizing charity runs, blood drives, and events aimed at raising public awareness regarding health protection and the promotion of a healthy lifestyle.

Strategy for 2025

On December 20, 2024, the Company's Supervisory Board, acting pursuant to Article 22 (2) (4) of the Company's Articles of Association, and in accordance with the applicable "Good Practices of Listed Companies 2021" guidelines, approved the development goals to be achieved by 2025, while maintaining the main directions of operational development pursued by the Company since 2017 and in subsequent years. In 2025, the main assumptions of the strategy were continued, such as:

- further transformation into an engineering and manufacturing group providing turnkey products tailored to individual customer needs,
- diversification of operations in terms of geography, industry, products, and engineering,
- increasing the comprehensiveness of the offering by taking into account the analysis of individual customer needs and "tailor-made" design solutions,
- ensuring energy security for the Company and the Capital Group,
- utilization of alternative raw materials within the circular economy, and implementation of solutions with the potential to reduce the carbon footprint to further advance environmental transformation.

Strategy for 2026–2030

On December 19, 2025, the Management Board adopted the Development Strategy of Zakłady Magnezytowe "ROPCZYCE" S.A. for 2026–2030. The strategy emphasizes the Group's sustainable development, primarily in relation to its business operations, while maintaining a balance between environmental, social (including personnel-related), and corporate governance objectives.

Accordingly, the Group plans to implement the adopted Sustainability Policy of the ZM "ROPCZYCE" Capital Group within the framework of the ESG concept, with the core business identified as the key area.

The Group strives to ensure that the results of its actions benefit not only itself, but also its employees, business partners, local communities, and all stakeholders who contribute to its reality. The adopted strategy also involves continuing to build and consistently strengthen competitive advantages, including through innovation in internal processes and in our approach to customers, accessibility for them, technical consulting, and the development of strong and lasting customer relationships. These relationships will be built by ensuring supply security, full technological support, ongoing consulting, technical support, and comprehensive engineering. This will allow for the gradual expansion of sales, conducted on the basis of shared responsibility for the efficiency of production processes on the part of consumers of the Parent Company's products. The strategy takes into account the need for the Group's sustainable development.



Sustainable development is the guiding principle of the Group's business activities and the foundation upon which its long-term success is built.

Organizational and documentary changes related to sustainable development

Since July 1, 2025, by order of the CEO, changes were introduced to the Parent Company's Organizational Regulations, and a unified version was adopted. One of the changes in the updated Organizational Regulations is the establishment of a Compliance Office, which reports directly to the CEO. Following a review of the provisions in the Company's existing Anti-Corruption Policy, the Compliance Officer verified and updated it based on currently applicable regulations, as well as the guidelines of the OECD, the United Nations Convention, and the Council of Europe Criminal Law Convention. The updated Anti-Corruption Policy came into effect in January 2026.

The Human Rights Policy was also updated. Work on the Anti-Corruption Policy and the Human Rights Policy started at the beginning of 2025.

The Sustainable Development Policy of the ZM "ROPCZYCE" Group, adopted in 2025, is a natural extension of commitments covering human rights, labor standards, environmental protection, and anti-corruption. This policy sets common standards for all entities within the Group, supporting the development of a coherent system of values and responsible business practices. Sustainable development is understood as conducting business that takes into account social needs, care for the natural environment, and high management standards, while respecting resources and building lasting value for stakeholders.

The Human Rights Policy applies to all employees of the "ROPCZYCE" Group, as well as all customers, suppliers, and business partners. In it, the Group commits to complying with all applicable legal requirements regarding the protection of human rights, starting with the fair and non-discriminatory treatment of job applicants, through remuneration policies, ensuring safe working conditions, providing employees with benefits and additional forms of social support, respecting freedom of association, and raising awareness of human rights among employees, customers, and suppliers.

1.3. The Group's Corporate Governance

(GOV-1) Brief History

Zakłady Magnezytowe "ROPCZYCE" S.A. was established in the 1970s and began production in 1975, becoming one of the key enterprises in the region. As a result of the economic transformation of the 1990s, the state-owned enterprise was transformed into a sole-shareholder company of the State Treasury on February 10, 1992. Since March 16, 1992, it has operated under the name Zakłady Magnezytowe "ROPCZYCE" S.A.

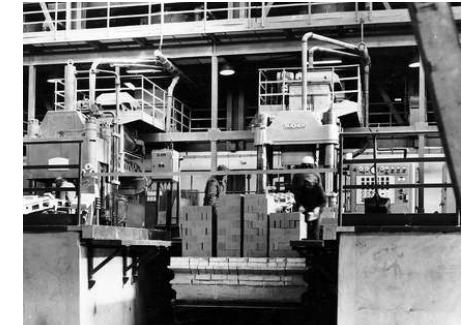
From the very beginning, Zakłady Magnezytowe "ROPCZYCE" S.A. has been a major employer, providing jobs for several hundred residents of Ropczyce and the surrounding area and contributing to the development of the local community. The establishment of the plant significantly changed the character of the town, which previously had no industry. The company's employees lived, among other places, in nearby housing estates, colloquially referred to as "magnesite blocks."

As early as 1976, the company was already undertaking social responsibility initiatives, opening a preschool in a converted cooperative apartment building to provide care for 55 children of employees. The tradition of supporting the local community and strong family values form the foundation of the ZM "ROPCZYCE" Group, where entire generations have worked and continue to work.

The shares of Zakłady Magnezytowe "ROPCZYCE" S.A. have been listed on the Main Market of the Warsaw Stock Exchange since December 16, 1997. The Company has a Management Board and a Supervisory Board.

At the end of 2025, the largest shareholder of Zakłady Magnezytowe "ROPCZYCE" S.A. and Chairman of the Management Board, Józef Siwiec, held 24.44% of the shares.

The division of roles and responsibilities between the Management Board, the Supervisory Board, and the Audit Committee is consistent with the Commercial Companies Code.



1.3.1. Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A.

(GOV-1) From January 1, 2025, to June 30, 2025, the composition of the Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A. was as follows:

Józef Siwiec -

Chairman of the Management Board, CEO;

Marian Dartak -

Vice President of the Management Board for Quality and Development;

Robert Duszkiewicz -

Vice President of the Management Board for Finance;

Jerzy Gdula -

Vice President of the Management Board for Sales.



Józef Siwiec

President of the Management Board, CEO

He is the largest shareholder of Zakłady Magnezytowe "ROPCZYCE" S.A. He holds a master's degree in chemical engineering. A graduate of the Ceramic Technical School in Gliwice and the Faculty of Materials Engineering and Ceramics at the Stanisław Staszic University of Science and Technology in Kraków, as well as postgraduate studies in thermal engineering. He has been associated with Zakłady Magnezytowe "ROPCZYCE" S.A. since 1979. He has worked as a process engineer, production foreman, production department manager, director of production and sales, and CEO. From 1992 to 2000, he was a member of the Company's Management Board, and since 2000, he has served as President of the Management Board.

Areas of responsibility: Strategy, Investments, Supervision of subsidiaries, Investor relations, Communication and PR, Production, Legal Department, Compliance Office, Management Board Office, HR, Occupational Health and Safety, Sustainable Development, Quality, Integrated Management System, ISO.



Marian Dartak

Vice President of the Management Board for Quality and Development

He holds a master's degree in chemical engineering. He is a graduate of the Stanisław Staszic University of Science and Technology in Kraków, Faculty of Materials Science and Ceramics. He has been with Zakłady Magnezytowe "ROPCZYCE" S.A. since 1978. He has worked as a production foreman, production department manager, quality control department manager, head of quality management, production manager, and director of development and production. He has been a member of the Company's Management Board since 2000. From 2009 to 2025, he has served as Vice President of the Management Board for Quality and Development.

Areas of responsibility: Quality, Technology, Research and Development Center, Integrated Management System, ISO



Robert Duszkiewicz

Vice President of the Management Board for Finance

He holds a degree in economics from the Main School of Planning and Statistics (now the Warsaw School of Economics). His entire professional career has been in finance, beginning in 1993 at "WSK-PZL" Mielec S.A. Then he worked in the automotive industry, serving, among other roles, as financial controller and deputy CFO at Lear Automotive (EEDS) Poland Sp. z o.o., and subsequently as CFO of two plants belonging to the German Kirchoff Group – Kirchoff Polska Sp. z o.o. and Kirchoff Polska Assembly Sp. z o.o. Since 2010, he has been associated with Magnezytowe "ROPCZYCE" S.A. From 2010 to 2012, he was a member of the Company's Management Board, and from 2012 to 2025, he has served as Vice President of the Management Board for Finance.

Areas of responsibility: Finance, Accounting, Controlling, IT.



Jerzy Gdula

Vice President of the Management Board for Commercial Affairs

He holds a bachelor's degree in economics from the Maria Curie-Skłodowska University in Lublin (Rzeszów branch), specializing in Management and Marketing. He is a graduate of postgraduate studies at the Warsaw School of Economics in Corporate Value Management and postgraduate studies at the Stanisław Staszic University of Science and Technology in Kraków in Business Management. He has over 20 years of experience in sales, including over 15 years at Zakłady Magnezytowe "ROPCZYCE" S.A. He has been with Zakłady Magnezytowe "ROPCZYCE" S.A. since 2006. He has held the following positions: independent economist, independent export sales clerk, export sales specialist, product manager, sales department manager, and deputy sales director. Since 2013, he has held the position of Sales Director, and since March 1, 2021, he has served as Vice President of the Management Board for Commercial Affairs.

Areas of responsibility: Sales, Logistics, Planning, Purchasing

GENERAL INFORMATION

As of July 1, 2025, and as of the date of publication of this report, the composition of the Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A. was as follows:

- Józef Siwiec** -
President of the Management Board, Chief Executive Officer;
- Renata Czapka** -
Vice President of the Management Board for Development;
- Leszek Piczak** -
Vice President of the Management Board for Finance;
- Jerzy Gdula** -
Vice President of the Management Board for Commercial Affairs.

The members of the Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A. were elected by the Supervisory Board on June 30, 2025, for their 12th three-year term. The Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A. did not include a representative of employees or other workers. As of the end of 2025, men accounted for 75% of the parent company's Management Board, corresponding to three members of the Management Board, with one woman. The gender diversity ratio on the Management Board in 2025 stood at 0% as of July 1, but rose to 25% after that date due to a change in the Board's composition.



Józef Siwiec
President of the Management Board, CEO
He is the largest shareholder of Zakłady Magnezytowe "ROPCZYCE" S.A. He holds a master's degree in chemical engineering. A graduate of the Ceramic Technical School in Gliwice and the Faculty of Materials Science and Ceramics at the Stanisław Staszic University of Science and Technology in Kraków, as well as postgraduate studies in thermal engineering. He has been with Zakłady Magnezytowe "ROPCZYCE" S.A. since 1979. He has worked as a process engineer, production foreman, production department manager, director of production and sales, and CEO. From 1992 to 2000, he was a member of the Company's Management Board, and since 2000, he has served as President of the Management Board.

Areas of responsibility: Strategy, Investments, Oversight of subsidiaries, Investor Relations, Communications and PR, Production, Legal Department, Compliance Office, Management Board Office, HR, Occupational Health and Safety, Sustainable Development, Quality, Integrated Management System, ISO.



Leszek Piczak
Vice President of the Management Board for Finance
Holds a university degree and a Ph.D. in Economics. A graduate of Maria Curie-Skłodowska University in Lublin and postgraduate studies in management. A specialist in business economics and economic accounting. Since 1995, he has been professionally associated with Zakłady Magnezytowe "ROPCZYCE" S.A., serving, among other roles, as an Independent Economist and subsequently as a Senior Specialist in investments and corporate governance. Since 2009, he has served as Director of the Management Board Office. He has many years of experience serving on the supervisory boards of corporations. Since July 2019, he has served as President of the Management Board of the Magnezyty Foundation, established by Zakłady Magnezytowe "ROPCZYCE" S.A. and the Company's Management Board members. Since July 1, 2025, he has served as Vice President of the Management Board for Finance.

Areas of responsibility: Finance, Accounting, Payroll, Controlling, IT



Renata Czapka
Vice President of the Management Board for Development

Holds a master's degree in chemical engineering. A graduate of the Stanisław Staszic University of Science and Technology in Kraków, Faculty of Materials Science and Ceramics. Since 1997, she has been professionally associated with Zakłady Magnezytowe "ROPCZYCE" S.A. as a process engineer and specialist in refractory materials, responsible, among other things, for the development and implementation of new technologies. Since 2018, she has served as Marketing Director. Her responsibilities include developing technical consulting services related to the use of refractory ceramics for clients, as well as coordinating collaboration between the sales, technology, and logistics departments. She specializes in technical project management and the development of sales strategies. Since July 1, 2025, she has served as Vice President of the Management Board for Development

Areas of responsibility: Technical Marketing, Technology, Research and Development Center.



Jerzy Gdula
Vice President of the Management Board for Commercial Affairs

He holds a bachelor's degree in economics from Maria Curie-Skłodowska University in Lublin (Rzeszów campus), with a major in Management and Marketing. He is a graduate of postgraduate studies at the Warsaw School of Economics in Corporate Value Management and postgraduate studies at the Stanisław Staszic University of Science and Technology in Kraków in Business Management. He has over 20 years of experience in sales, including over 15 years at Zakłady Magnezytowe "ROPCZYCE" S.A. He has been with Zakłady Magnezytowe "ROPCZYCE" S.A. since 2006. He has held the following positions: independent economist, independent export sales clerk, export sales specialist, product manager, sales department manager, and deputy sales director. Since 2013, he has held the position of Sales Director, and since March 1, 2021, he has served as Vice President of the Management Board for Commercial Affairs.

Areas of responsibility: Sales, Logistics, Planning, Purchasing

1.3.2. Supervisory Board of Zakłady Magnezytowe "ROPCZYCE" S.A.

(GOV-1) As of June 30, 2025, and as of the date of publication of this report, the composition of the Supervisory Board of Zakłady Magnezytowe "ROPCZYCE" S.A. was as follows: Roman Wenc – Chairman of the Supervisory Board; Grzegorz Ubysz – Member of the Supervisory Board; Lesław Wojtas – Member of the Supervisory Board; Andrzej Pietruszyński – Independent Member of the Supervisory Board; Krzysztof Mazur – Independent Member of the Supervisory Board. The current term of the Supervisory Board of Zakłady Magnezytowe "ROPCZYCE" S.A. began on June 30, 2025, i.e., on the date when the General Meeting of ZMR S.A. adopted resolutions regarding the appointment of the current members of the Supervisory Board for a new term. The current term of the Supervisory Board of Zakłady Magnezytowe "ROPCZYCE" S.A. is a joint term and lasts three years.

The Supervisory Board consists of one executive member and four non-executive members.

In 2016, a three-member Audit Committee was established from within the Supervisory Board. For the period from January 1, 2025, to December 31, 2025, and as of the date of publication of this report, the composition of the Audit Committee is as follows:

- Krzysztof Mazur – Chairman of the Audit Committee;
- Andrzej Pietruszyński – Member of the Audit Committee;
- Roman Wenc – Member of the Audit Committee.

In 2025, 100% of the members of the Supervisory Board were men, and therefore the diversity ratio was 0%.

The percentage of independent members of the Supervisory Board was 40%.

Experience and Qualifications of the Members of the Supervisory Board of Zakłady Magnezytowe "ROPCZYCE" S.A.

Roman Wenc Chairman of the Supervisory Board

He holds a university degree and is a graduate of the AGH University of Science and Technology, Institute of Mineral Processing and Utilization in Krakow. He also completed postgraduate studies in Nature Conservation at the University of Agriculture in Krakow. Since 1986, he has been an employee of Zakłady Magnezytowe "ROPCZYCE" S.A. He has participated in training courses on management accounting for managers, integrated IT systems for production management, and training organized by the French Institute of Polish Economy regarding the company's financial results. Participant in training courses on Commercial Law and the Audit Committee.

He holds a diploma certifying his passing of the state examination for members of supervisory boards as part of training organized by the Ministry of Ownership Transformation, as well as management training organized by the International Foundation for the Development of the Capital Market and Ownership Transformation in the Republic of Poland and the Lublin Business School.



GENERAL INFORMATION

Grzegorz Ubysz
Member of the Supervisory Board

He holds a degree in economics and is a graduate of the Faculty of Foreign Trade at the University of Economics in Prague. He is currently the managing director of Interminindex Handelsgesellschaft in Vienna. Previously, from 1981 to 1988, he worked at the "MINEX" Foreign Trade Headquarters in Warsaw. He has many years of experience in international trade, primarily in commodity markets, as well as experience gained through participation in projects involving the consolidation and acquisition of business entities in European markets.

Lesław Wojtas
Member of the Supervisory Board

He holds a university degree and is a graduate of the Faculty of Economics at the University of Economics in Kraków. From 1970 to 1989, he worked in municipal administration, holding various positions, including municipal secretary, chief accountant, and subsequently municipal administrator. In 1989, he began working at the Cooperative Bank in Sanok, where he served as deputy director of the bank, and from 1994 as President of the Management Board until his retirement in 2016. He was an active participant in the work of the Polish Bank Association regarding the transformation of electronic customer service by banks and served as an active member of the BCC in Warsaw and the Podkarpackie region. His professional experience includes serving as a member of the Supervisory Board of PKS Sanok, later Sanocka Fabryka Autobusów S.A. in Sanok, as well as a member of the Board of the BPS Association in Warsaw and the Supervisory Board of ZM Invest.

Andrzej Pietruszyński
Independent Member of the Supervisory Board

He holds a university degree and is a graduate of the Faculty of Law and Administration at the University of Warsaw—a legal advisor. From 2003 to 2010, he worked at the law firms Modrzejewski Wypychowska Gersdorf, and subsequently Modrzejewski Wypychowska and Wypychowska Bleszyńska Wysocka, Banasik Wołoch. Since 2011, a partner at the Wypychowska i Wspólnicy sp.k. law firm (currently Wypychowska Pietruszyński sp.j.). Active participant in the professional self-government of legal advisors—member of the standing committee for promotion and professional development of the Warsaw Bar Association (OIRP). As part of her professional practice, he provides legal assistance in the areas of civil law, commercial law, civil procedure, and public procurement law. In terms of professional experience, he has, among other things, advised PGE Polska Grupa Energetyczna S.A. on the restructuring of non-core assets, advised ENEA Wytwarzanie sp. z o.o. in a dispute with a wind energy developer, and provided legal assistance in such processes as the sale of Stołeczne Przedsiębiorstwo Energetyki Ciepłej, and the sale of assets of the Swedish company Vattenfall in Poland. He also participated in a public procurement procedure for the selection of a contractor to conduct environmental and site surveys for Poland's first nuclear powerplant. He currently represents the Issuer in key court proceedings.

Krzysztof Mazur
Non-Executive Member of the Supervisory Board

He holds a university degree and is a graduate of the Faculty of Law and Administration at Maria Curie-Skłodowska University in Lublin. He also completed postgraduate studies in banking and studies in Corporate Financial Management at Kozminski University in Warsaw. He holds an Executive Master of Business Administration degree from the National Louis University Business School in Nowy Sącz. He currently serves as President of the Management Board at SIM Podkarpacie sp. z o.o., coordinating social housing projects across seven municipalities in the Podkarpackie Province. From 2003 to 2018, he held management positions in the banking sector. Among other responsibilities, he was in charge of analyzing and verifying financial plans regarding the credit worthiness of business entities. From 2018 to 2021, he managed corporate finances and was involved in the preparation and verification of business, investment, banking, and grant plans for financial and non-financial institutions. As part of his professional experience, he served, among other roles, as a member of the Supervisory Board of REMET S.A. in Stalowa Wola, and also served in a voluntary capacity as Chairman of the Board of the DOMUS PACIS Foundation, which is dedicated to the restoration of historic buildings in Rzeszów.



1.4. Sustainable Development Management

(GOV-1) Sustainable development is a priority for the management of ZM "ROPCZYCE," primarily the Board of Directors, but also the executive, managerial, and supervisory staff. The Management Board of the parent company has once again invited a qualified advisor to collaborate on the preparation of the report; this advisor supports the ZM "ROPCZYCE" Group in implementing its sustainable development objectives and provides expertise on ESG regulations.

1.4.1. Responsibility for sustainable development

(GOV-1) The implementation of ESG matters falls under the responsibility of the members of the Management Board, acting in the best interests of the Company and the entire Capital Group. The Management Board directs the Company's overall operations, sets strategic goals, and oversees their implementation. It also exercises direct oversight over sustainability goals.

The ROPCZYCE Group possesses the skills and specialized knowledge related to significant impacts, risks, and opportunities in the area of sustainable development. Knowledge in the field of ESG and reporting has been acquired through training sessions, meetings, and consultations with a qualified consulting firm since the first year of reporting.

The Group's staff consists of highly qualified specialists who effectively utilize their practical knowledge to minimize negative impacts and enhance positive effects in the environmental, social, and governance areas. Employee experience plays a key role in identifying impacts, risks, and opportunities, as well as in setting goals in specific areas and achieving them.

The level of knowledge and organizational maturity of the ROPCZYCE Group in the area of sustainable development and compliance is assessed through the oversight and accountability structure operating at the highest levels of management. The Management Board plays a key role, supported by the Compliance Officer, who ensures oversight of the Company's compliance. The Supervisory Board and the Audit Committee also make a significant contribution to assessing management competence and effectiveness by regularly analyzing ESG issues and overseeing the implementation of the sustainable development strategy. This organizational model enables effective risk monitoring, the implementation of standards, and the development of competencies necessary for the proper management of the Group in the areas of sustainable development and compliance.

The ZM "ROPCZYCE" Capital Group does not apply special procedures or controls in the area of sustainable development management. The ROPCZYCE Group applies standard controls and procedures for managing impacts, risks, and opportunities. As a result, the reporting of impacts, risks, and opportunities is integrated with other internal functions, while its reporting is part of the Group's ongoing business performance reporting.

The detailed principles of managing the ROPCZYCE Group have previously been described in the "Statement on the Application of Corporate Governance" and the "Statement on Non-Financial Information," which were part of the ROPCZYCE Group's Activity Report. The administrative, management, and supervisory bodies, as well as senior management, oversee the setting of objectives related to material impacts, risks, and opportunities as part of the Group's regular business goal-setting process. The Management Board monitors progress toward achieving these objectives. This is done through ongoing analyses, reports, and meetings during Management Board sessions. As a result, the Group's Management Board continuously assesses the implementation of the Integrated Management System Policy, identifies risks, new obligations, and requirements, etc. By a resolution of the Management Board dated December 19, 2025, the assumptions of the Development Strategy of Zakłady Magnezytowe "ROP CZYCE" S.A. for the years 2026–2030 were adopted. The document was adopted and approved by the Supervisory Board, and its main objective is to consistently build competitive advantages using tools such as: a comprehensive product and service offering, high quality, innovation in internal processes and in the approach to customers, accessibility to customers and technical consulting, as well as building strong and lasting relationships with customers. The Strategy emphasizes the Group's commitment to sustainable development, primarily in relation to its business operations, while maintaining a balance between environmental, social, and corporate governance objectives.



Sustainability Report Development Team

An internal Team for the Preparation of the Sustainability Report has been established at the parent company, consisting of the ESG Coordinator, managers, directors, and individuals responsible for areas related to identified material impacts, risks, and opportunities. Individual thematic areas are managed by the directors of the respective departments. There is no designated person responsible for managing all ESG impacts, risks, and opportunities.

The Role of the Supervisory Board and the Management Board in Sustainability Management

Members of the Management Board act in the interest of the Company and the entire Capital Group and are responsible for their activities. This also applies to issues in the area of sustainable development. The Management Board exercises direct control over the Sustainable Development Report Preparation Team. This oversight is carried out through regular meetings with the ESG Coordinator, who presents the current progress of work on the report to the Management Board and discusses ongoing issues related to sustainable development within the ROPCZYCE Group.

The role of the Management Board is to direct the Company's overall operations, set strategic goals, and oversee their implementation. This oversight is strategic, decision-making, and organizational in nature.

The Management Board of the parent company bears ultimate responsibility for the implementation of the Sustainability Policy, the alignment of sustainability activities with business objectives, and the accuracy and completeness of the sustainability report covering the entire ZM "ROPCZYCE" Group. The President of the Management Board adopts internal policies and regulations.

In 2024, the Sustainable Development Policy was introduced, and the Company's Social Responsibility Strategy was updated and expanded to include aspects related to sustainable development. Furthermore, in 2025, work was underway to update the Human Rights Policy and the Anti-Corruption Policy; both documents were adopted in January 2026.

The Management Board also makes decisions regarding the risks and opportunities in the area of sustainable development identified in the double materiality analysis, monitors progress toward achieving objectives, and takes any necessary corrective actions.

Supervisory Board – its role is to oversee the proper functioning of the Company and evaluate ZMR S.A.'s strategic plans, including those related to sustainable development. ESG topics are discussed on an ongoing basis at Supervisory Board meetings.

The Management Board – the highest level responsible for managing the area of sustainable development is the President of the Management Board, the CEO, who appoints teams and assigns responsibilities to specific individuals in the ESG area. His role includes, among other things, coordinating areas related to compliance, ethics, and strategic development.

The environmental area, led by the Head of Quality – Representative for the Integrated Management System, also reports to the President of the Management Board. The Vice President of the Management Board for Finance is responsible for taxonomic disclosures.

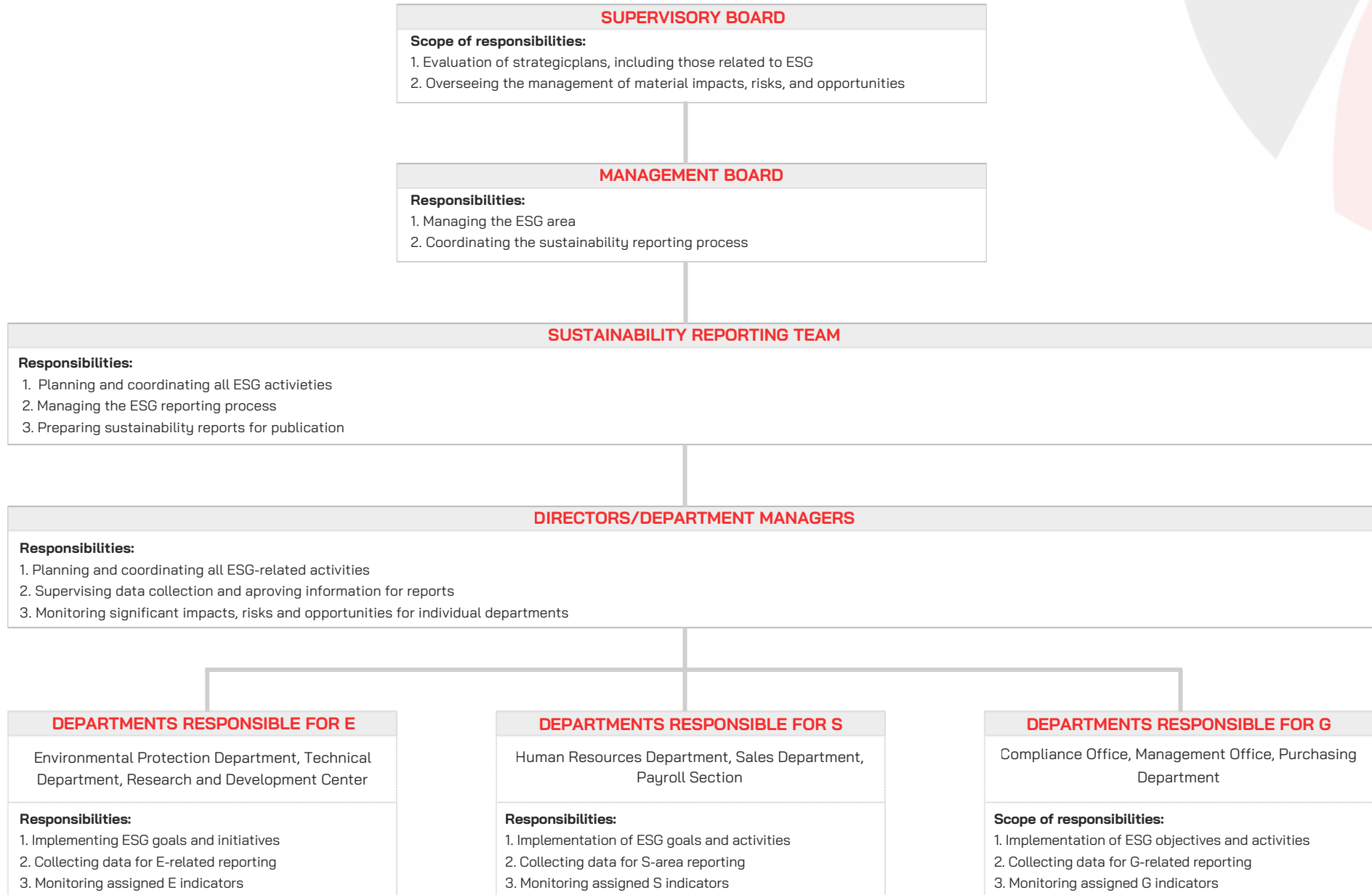
Management – due to the complexity of sustainability issues, which affect the entire company, all directors and their deputies are involved in the process of setting development paths, assessing materiality, ongoing data collection and analysis, and developing internal policies and procedures. Effective July 1, 2025, by order of the CEO, amendments were made to the Company's Organizational Regulations, and a consolidated version was adopted. One of the changes in the updated Organizational Regulations is the establishment of a Compliance Office, which reports directly to the CEO.

The tasks of the Compliance Office include, among others:

- coordinating activities related to the development and updating of policies, procedures, and codes of ethics ensuring compliance with applicable law,
- overseeing the Company's compliance with the requirements set forth in national and EU regulations regarding the public trading of financial instruments in connection with the Company's operations on the Warsaw Stock Exchange,
- overseeing the Company's compliance with corporate governance principles arising from the Commercial Companies Code and the Code of Best Practice, performing duties arising from regulations regarding the National Court Register,
- overseeing the proper implementation and updating of internal procedures, as well as compliance with regulations regarding the handling of confidential information within the Company,
- monitoring compliance with regulations and internal procedures, identifying and analyzing compliance risks and potential incidents, reporting identified irregularities, and initiating corrective actions in the event of non-compliance,
- overseeing the implementation of the anti-corruption policy, the procedure for reporting violations, and measures to prevent conflicts of interest,
- developing, managing, and overseeing administrative matters of the Company's Management Board—management, instructions from the CEO, and internal regulatory acts.

The Compliance Officer attends Supervisory Board meetings and presents current activities and plans related to ESG to the Board.

Information regarding the Company's operations related to sustainable development, including initiatives concerning environmental issues, is provided in the form of reports to members of the Supervisory Board and the Audit Committee at quarterly meetings by the ESG Coordinator/Compliance Officer. He oversees sustainability-related matters within the ROPCZYCE Group and also serves as the head of the Sustainability Reporting Team.



1.4.2. Management of Impacts, Risks and Opportunities

[GOV-2] Risk management is an extremely important element of the Group’s operations, which is why senior management is constantly engaged in identifying, assessing, and monitoring risks. In 2024, material impacts, risks and opportunities related to sustainability were defined as part of a double materiality assessment. On September 11, 2025, by order of the CEO, a team was appointed to prepare sustainability reports in accordance with the CSRD directive. The team, with the support of an external consultant, conducted a detailed analysis of the areas subject to risk impacts. These are listed in the table below. At the operational level, the Controlling Department, supervised by the Vice President of the Management Board for Finance, is responsible for risk management. The highest level responsible for managing risk and coordinating the work of individual units is the CEO.

In September 2025, the Compliance Office was established to coordinate all activities related to sustainable development. The Compliance Officer attends all meetings of the Supervisory Board, presenting current activities and plans related to sustainable development.

During their meetings, senior management bodies analyze issues related to impacts, materiality, and risks in the areas of the environment, society, and business operations. In 2025, the topics discussed primarily concerned raw material security, global logistics, economic sanctions, global customs policy, analysis of legal regulations related to sustainable development, and the activities of the Magnezyty Foundation.

In 2025, the following documents, significant from the perspective of sustainable development, were adopted and updated:

- ZM "ROPCZYCE" Group Sustainable Development Policy – first edition – November 25, 2025,
- The Company’s Social Responsibility Strategy – third edition – December 2025,
- Development Strategy of Zakłady Magnezytowe "ROPCZYCE" S.A. for 2026–2030.

The Group’s staff consists of highly qualified specialists who effectively utilize their practical knowledge to minimize negative impacts and enhance positive effects in the environmental, social, and governance areas. The experience of the Group’s employees plays a key role in identifying impacts, risks, and opportunities, as well as in setting goals in specific areas and achieving them. Individual thematic areas are managed by the heads of respective departments, as shown in the table.

Incentive system

[GOV-3] In 2025, the "ROPCZYCE" Group did not have an incentive system in place related to sustainable development. Sustainable development was not taken into account when determining compensation levels, and no financial targets related to this area were established.

Area	Management
Risk management system	Management
	Controlling Director
	Sales Director
	Technical Marketing
	Director Production
Business ethics	Director Logistics
	Management Board
	Executive Office Director - Compliance Officer
Anti-corruption and bribery	Company Lawyer
	Management Executive Office
	Director - Compliance Officer
Payment practices	Company Lawyer
	Management
Employee and social issues, working conditions	Chief Accountant
	Management Human Resources
Equal opportunities	Director
	Management Human Resources
	Director Executive Office Director - Compliance Officer
Other employee rights	Management Human Resources
	Director
Consumer/end-user rights	Sales Director
	Technical Marketing
	Director Production
	Director Company Lawyer
	Head of Research and Development Center
Environmental issues: energy efficiency	Management
	Production Director Head of Quality – Representative for IMS
	Management
Environmental issues: greenhouse gas emissions	Production Director Head of Quality – Representative for IMS
	Management
	Production Director Head of Quality – Representative for IMS
Environmental issues: fuel and energy mix	Management
	Production Director
	Head of Research and Development Center
	Head of Quality – Representative for IMS Health and Safety Specialist
	Management
Environmental issues: pollution and waste	Production Director
	Head of Quality – Representative for IMS Health and Safety Specialist
	Production Director
	Logistics Director
	Head of Research and Development Center
Environmental issues: raw material and material sourcing and use	Head of Quality – Representative for IMS

1.4.3. Risk Management

(GOV-5) Sustainability reporting management involves the ongoing review by the Management Board and directors/managers of the various stages of work on the sustainability report. The primary focus is on verifying the quality of the information published and made available, and an analysis is also conducted of areas with room for improvement. The Management Board and executive staff (in accordance with their areas of responsibility) are supported in fulfilling their tasks related to the verification of sustainability reporting by the knowledge and expertise of the Sustainability Reporting Team appointed by the CEO, as well as by the professional expertise of an advisor. The Team's task is to actively participate in the preparation of the sustainability report published after the end of the given fiscal year, taking into account the scope of responsibilities of individual Team members. Additionally, the job descriptions of all individuals involved in the report preparation process have been updated to ensure a clear division of roles and responsibilities in the area of sustainability reporting. Starting in 2024, an official work schedule for the development and preparation of the sustainability report is being established.

The ROPCZYCE Group has an operational internal control and risk management system in place for the financial reporting process; it is implemented based on refined procedures for the preparation and approval of financial statements that are in effect within the Group. A fundamental element of internal control in the preparation of financial statements is the separation of the functions of recording, substantive review, formal review, and the aggregation of financial and economic data and the preparation of the report among independent positions. Before the final preparation of the financial statements, assets and liabilities are additionally verified using techniques and methods applied in the audit of financial statements.

The Group has a Sustainability Reporting Team, established pursuant to Official Directive No. 6/2025 of the Chairman of the Management Board and CEO of Zakłady Magnezytowe "ROPCZYCE" S.A. dated September 11, 2025 regarding the update of the composition of the Team for the Preparation of Sustainability Reports in accordance with the CSRD Directive. This document updates the composition of the Team established by the earlier Official Directive No. 2/2024 dated March 7, 2025. The Team's task is to actively participate in the preparation of the sustainability report published after the end of the given fiscal year, taking into account the scope of responsibilities of individual Team members. Additionally, the job descriptions of all individuals involved in the report preparation process have been updated to ensure a clear division of roles and responsibilities in the area of sustainability reporting.

In carrying out tasks related to the verification of sustainability reporting, the Management Board and executive staff are supported by the Compliance Office, established in September 2025, the Sustainability Reporting Team, and the expertise of a professional advisor. The Compliance Office, which reports directly to the CEO, is responsible for coordinating all activities related to sustainable development.

Internal Procedures

The Group has a formalized internal procedure, applicable throughout the Capital Group, titled "Identification and Assessment of Risks and Opportunities." It applies to the core and supporting processes of the Integrated Management System, taking into account product and service compliance, environmental aspects, occupational health and safety, human rights, legal and other requirements, and the operational context of Zakłady Magnezytowe "ROPCZYCE" S.A. The purpose of the procedure is to ensure that the intended objectives/results are achieved through the IMS and that the system is continuously improved by identifying and assessing risks and opportunities and taking preventive actions.

Risks and related actions are identified by a designated Leader, who, together with the team, analyzes the given process by mapping it, defining data (both input and output), documents, and responsible persons. The team then identifies a list of risks and opportunities for the process, evaluates them, taking into account the risk assessment criteria adopted in the procedure. These criteria are recorded in: the Risk/Opportunity Assessment Form in the quality management system, the Risk/Opportunity Assessment Form for environmental aspects, and the Risk/Opportunity Assessment Form in the occupational health and safety management system.

According to the procedure, the IMS Representative is responsible for overseeing its implementation; the Team Leaders of the given process are responsible for identifying and assessing risks/opportunities and implementing actions; the Team Leaders of the given process are responsible for reviewing and updating risks/opportunities.

There are three possible courses of action regarding risk: acceptance, monitoring, and taking action. If a risk is at a medium level (B), monitoring is required. If a risk reaches an unacceptable level (C), action must be taken, including setting a deadline and designating the person responsible for implementing the recommended actions. When an extraordinary risk is identified, its management falls under the authority of the Management Board.

Sustainability Risk Management

As part of the process of identifying sustainability risks, a stakeholder survey was conducted in 2025. This survey was designed to build upon the results of the questionnaire conducted the previous year. Its aim was to gain a more detailed understanding of the opinions, expectations, and experiences of key groups engaged with the ZM "ROPCZYCE" Group. To this end, in-depth interviews were conducted with representatives of selected stakeholder groups, and a survey was administered to production employees, whose participation in the previous year's online survey had been low. Based on the analysis, new impacts, risks, and opportunities were identified, added to the IRO Catalog, and assessed in accordance with the methodology. The final catalog of impacts, risks, and opportunities was approved, and its results serve as the basis for this report.

As part of preparations for the sustainability reporting process, the ZM "ROPCZYCE" Group identified key risks related to sustainability reporting and defined mechanisms for their control. The team developed a set of principles that will guide the reporting process in 2025. Given the anticipated changes to ESRS standards and evolving regulations regarding reporting obligations, these principles serve as internal working guidelines for the team in 2025. In the coming years, an analysis will be conducted to assess the validity of formalizing these principles and adopting them as a separate corporate document.

As an entity conducting industrial operations in the refractory materials sector, the Group identifies and systematically analyzes both its impacts and the associated risks. The identification of these areas is based on internal analyses, ESRS standards, and stakeholder expectations.

In 2025, the management of ESG-related risks and opportunities was not yet fully integrated into the Company's risk management system. Nevertheless, the risks identified within individual operational processes are often linked to ESG aspects, which provides a basis for gradually incorporating them into future systemic activities.

At the ROPCZYCE Group, the process of identifying, assessing, and monitoring risks related to sustainability reporting is an integral part of the compliance management and internal control system.

Particular emphasis is placed on ensuring the reliability, completeness, and comparability of non-financial data used in disclosures, as well as on the report's compliance with applicable regulations, including ESRS standards. The Management Board—with the support of the Compliance Officer—oversees key areas of reporting risk, such as the risk of erroneous or incomplete data, the risk of misinterpreting requirements, the risk of inconsistency between financial and non-financial data, and the risk of insufficient documentation of reporting processes. The Supervisory Board, in performing its oversight function, assesses the adequacy of supervisory mechanisms and the effectiveness of the internal control system regarding ESG reporting. As part of these activities, data collection procedures, reporting channels, the division of responsibilities, and the analytical tools used are regularly reviewed. A risk management system organized in this way contributes to ensuring high-quality disclosures, minimizing reporting risks, and continuously improving processes related to sustainability reporting.

1.4.4. Due Diligence Statement

(GOV-4) In 2025, the ZM "ROPCZYCE" Capital Group continued its efforts to strengthen the due diligence system in the areas of corporate governance, respect for human rights, and responsible management of stakeholder relations. As part of the ongoing improvement of processes and procedures, work began in 2025 on a comprehensive update of the Human Rights Policy, expanding its provisions to include UN, OECD, and ILO guidelines. The document entered into force at the beginning of 2026.

At the same time, certain provisions of the General Terms and Conditions of Purchase of Zakłady Magnezytowe "ROPCZYCE" S.A. constitute explicit requirements regarding compliance with all applicable laws and regulations, including occupational health and safety regulations, environmental regulations, and labor laws. The Group's suppliers are responsible for complying with international law, international standards and regulations concerning occupational health and safety, the environment, child labor, illegal, forced, or hidden employment, discrimination, and human rights, as well as the prohibition of corruption, respect for human rights, labor standards, business ethics, and responsible environmental practices by suppliers and business partners. These provisions strengthen the contractor evaluation system and constitute a key element in the implementation of due diligence in the supply chain.

These documents underscore the Group's commitment to development aligned with the values of sustainable development and serve as a crucial element for the continued monitoring of risks and the implementation of preventive measures. The ZMR S.A. Capital Group consistently strives to build an organizational culture based on responsibility, transparency, and respect for the dignity of every individual.

KEY ELEMENTS OF THE DUE DILIGENCE PROCESS	POINTS IN THE SUSTAINABILITY STATEMENT
Incorporation of due diligence into corporate governance, strategy, and business model	S1-1, G1-1
Engagement with stakeholders over whom the entity has an influence at all key stages of the due diligence process	SBM-2
Identification and assessment of adverse impacts	IRO-1, SBM-3
Taking action to mitigate identified adverse impacts	S1-3
Monitoring the effectiveness of these efforts and communicating relevant information in this regard	S1-17

1.5. Significant influences, risks, and opportunities

1.5.1. Dual Materiality Assessment

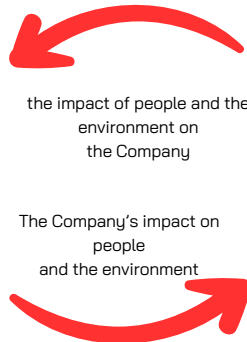
(IRO-1) In the first year of reporting in accordance with the requirements of the CSRD Directive, the ZM "ROPCZYCE" S.A. Capital Group applied a double materiality assessment model. In 2024, the Group conducted its first comprehensive double materiality assessment. As part of the preparations for the process, the organization's value chains were mapped in detail, covering upstream areas, its own operations, and downstream activities. Additionally, a stakeholder analysis was conducted, which provided key insights into the ESG issues they consider material to the Group.

In 2025, the Group also updated its assessment of stakeholder group materiality, based on an analysis of the Group's influence on stakeholders and the stakeholders' influence on the Group. As part of this process, the existence of nine key stakeholder groups was confirmed, whose role and significance influence ESG issues relevant to the organization and its socio-economic environment.

In 2025, another in-depth stakeholder survey was conducted to verify and expand upon the earlier findings from 2024. The survey was designed to broaden the perspective of key stakeholder groups and provide more detailed data regarding their expectations and experiences related to the ROPCZYCE Group's operations.

The scope of the study included:

- in-depth interviews with representatives of the most important stakeholder groups (a total of 9 interviews), prepared based on individual interview scenarios tailored to their role and relationship with the Group;
- a paper survey for production workers, designed to increase this group's participation in the process, as their participation in the online survey had been low up to that point.



Each interview conducted was documented in the form of a transcript and then verified and approved by the respective stakeholders, ensuring high reliability and quality of the input data for further analysis.

Analysis of the data collected in 2025 identified new impacts, risks, and opportunities, updating the IRO catalog compared to the previous year. The updated catalog was then approved by the Sustainability Report Development Team as the basis for preparing the 2025 sustainability report.

The impact assessment was conducted using a five-point scale, which analyzed the severity of the impact (understood as its magnitude, scope, and degree of irreversibility), the likelihood of occurrence, and the time horizon. Based on the assigned partial ratings, the total impact strength was calculated, assuming that areas where this indicator exceeded 2.5 are considered significant. A similar approach was applied when assessing the financial impacts of the identified risks and opportunities, expanding the analysis to include the scale of the potential financial impact expressed in absolute values and an assessment of the likelihood of their occurrence on a scale from 1 to 5. The identification of risks and opportunities was directly linked to the previously defined impacts within the topics assigned to AR16.

Due to the still early stage of reporting in accordance with the CSRD and ESRS, in 2025 the Group maintained the methodology used the previous year. As in 2024, the Group focused on its own operations and immediate environment, seeking to deepen the analysis of the identified impacts, risks, and opportunities conducted in the previous year.

In 2025, the process of identifying and assessing impacts, risks, and opportunities had not yet been fully integrated into the Group's existing risk management system. At this stage, no uniform methodology had been developed to prioritize the identified risks and opportunities, nor had consistent internal control mechanisms been established to support this process.

During the period under review, the Group did not introduce any changes to the procedures used to identify, assess, and manage ESG impacts, risks, and opportunities compared to the previous reporting year.

GENERAL INFORMATION

SCOPE OF MATERIAL ISSUES	SCOPE OF REPORTING	
Climate change mitigation	E1 Climate change	
Adaptation to climate change		
Energy		
Air pollution	E2 Pollutants	
Substances of potential danger		
No relevant topics, topic area irrelevant	E3 Water and marine resources	
No relevant topics, topic area irrelevant	E4 Biodiversity and ecosystems	
Use of resources	E5 Resource use and circular economy	
Waste		
Job security	S1 Own human resources	
Working time		
Fair pay		
Collective bargaining		
Social dialogue		
Freedom of association		
Occupational health and safety		
Training and skills development		
Privacy Diversity		
Work-life balance		
Gender equality and equal pay for work of equal value		
Employment and integration of people with disabilities		
Measures to prevent violence and harassment in the workplace		
No relevant topics, topic area irrelevant		S2 Persons performing work in the value chain
No relevant topics, topic area irrelevant		S3 Affected communities
Local communities	Self-disclosure	
Access to high-quality information	S4 Consumers and end users	
Personal safety		
Person safety		
Access to products	G1 Conduct in business	
Corporate culture		
Whistleblower protection		
Supplier relationship management, including payment practices		
Political involvement and lobbying		
Corruption and bribery		



1.5.2. Identified Significant Impacts

(IRO-1) As a result of conducting a double materiality analysis in accordance with ESRS guidelines, which included an assessment of the ROPCZYCE Group's actual and potential impacts throughout the value chain, key sustainability topics were identified. The analysis took into account the stakeholders' perspective and assessed the scale, scope, and irreversibility of the impacts. As a result, issues were identified on which the Group has a significant impact (materiality of impact), as well as those that may significantly affect the Group's financial position, performance, and development (financial materiality).

Linking material impacts to business strategy

(SBM-3) The key impacts identified through the dual materiality analysis remain relevant and consistent with the Capital Group's strategy. The strategy and business model of the ROPCZYCE Group are focused on building resilience to material risks, capitalizing on identified opportunities, and strengthening positive impacts throughout the value chain, while mitigating risks of material significance.

The strategic business objectives of Zakłady Magnezytowe "ROPCZYCE" S.A. are aligned with the Group's social engagement priorities. Both the strategy and the business model of the entire ROPCZYCE Group are designed to ensure resilience to significant risks, capitalize on significant opportunities, and strengthen positive impacts while minimizing risks.



In the current reporting cycle, no changes were noted compared to the previous period. As of the date of this report, the Group also does not anticipate the risk of significant adjustments in the next reporting period.

Based on interviews conducted with the Group's stakeholders, the following significant impacts, risks, and opportunities were identified:

- E2 – Pollution – additional impacts related to emission levels, compliance with environmental standards, and environmental risk management were identified.
- E4 – Biodiversity and Ecosystems – additional impacts related to activities aimed at protecting and maintaining the natural environment were identified.
- E5 – Resource Use and Circular Economy – additional impacts were identified regarding waste management practices, recovery rates, and activities related to the efficient use of resources.
- S1 – Own workforce – additional impacts were identified related to ensuring occupational safety standards, mitigating operational risks, implementing preventive and modernization measures, employment stability, work organization, and the functioning of occupational health and safety management systems.
- S2 – Individuals working in the value chain – additional impacts were identified regarding the quality of cooperation, communication, and relationships with partners in the value chain.
- S3 – Local community – additional impacts were identified regarding the impact on the local labor market and social engagement.
- S4 – Consumers and end users – additional impacts were identified regarding product quality, the completeness of information provided to customers, and issues related to safety of use.

The topic of the local community was identified as a specific area for the Group in 2025. The local community is of significant importance to the Group in the context of regional development and addressing social issues. The Group focuses on both its immediate and broader surroundings, actively participating in initiatives aimed at the social and economic development of the region. Charitable activities are carried out by the Magnezyty Foundation, established in 2019. A detailed description of the Magnezyty Foundation's activities can be found in this report in Chapter 3.3. Local Communities

ESG Issues in ESRS	Description of the impact and how it is managed	Point of impact in the value chain Suppliers/Customers/Own operations
<p>Climate change mitigation Climate change adaptation Energy</p>	<p>The impact of climate change on the ROPCZYCE Group's operations is primarily evident in rising energy costs and fees related to greenhouse gas emissions. Increasingly frequent extreme weather events may disrupt the supply chain, particularly in the areas of transportation and the availability of key raw materials. In response to these challenges, the ROPCZYCE Group is implementing adaptation measures, focusing on improving energy efficiency and adopting solutions that support the circular economy model.</p> <p>The ROPCZYCE Group's impact on mitigating climate change is evident, among other things, through the use of its own renewable energy installations and high-efficiency cogeneration systems, which contribute both to reducing emissions and increasing energy self-sufficiency. These efforts are complemented by initiatives aimed at reducing CO₂ emissions in production processes, using raw materials with a lower carbon footprint, improving energy efficiency, and expanding the use of recycled materials.</p>	<p>Upstream Downstream Own operations</p>
<p>Air pollution</p>	<p>The Group releases gaseous and particulate emissions into the air, such as CO₂, NO_x, CO, SO₂, and particulate matter. Despite these emissions, the company's operations are conducted in full compliance with applicable regulations and environmental standards, and emission levels remain below established permissible limits.</p>	<p>Own operations</p>
<p>Potentially hazardous substances</p>	<p>The Group uses potentially hazardous substances in its production processes, such as various types of binders and impregnants, which are essential for the manufacture of refractory products. At the same time, the company strives to minimize their consumption and ensures full compliance with applicable environmental regulations and health and safety rules.</p>	<p>Own operations</p>

GENERAL INFORMATION

<p>Resource utilization</p>	<p>The Group uses raw materials in a way that focuses on their most efficient processing and maximum recovery, which helps minimize its environmental impact by reducing the use of primary natural resources and minimizing waste. At the same time, this ensures the high quality and durability of the refractory products it offers. The production processes utilize, among other things, magnesia aggregates, magnesia-alumina spinels, magnesia-chromium aggregates, chromite ore, flake graphite, quartzite, chromium oxide, corundum, and microsilica, sourced from both natural deposits and the secondary raw materials market.</p>	<p>Own operations</p>
<p>Waste</p>	<p>The Group generates various types of waste, including primarily packaging, industrial, construction, and municipal waste. The company carefully sorts all waste fractions in accordance with applicable regulations and then transfers them to specialized, authorized entities for proper management.</p>	<p>In-house operations</p>
<p>Employment conditions Job security Working hours Fair pay Collective bargaining Social dialogue Freedom of association Occupational health and safety Training and skill development Privacy</p>	<p>The ROPCZYCE Group guarantees safe and hygienic working conditions for all employees. Job stability and fair pay are key elements of our human resources policy. The organization also places great emphasis on skills development, equal treatment, and combating all forms of discrimination. Employee protection is ensured through the consistent application of established policies and procedures that support responsible human capital management. Occupational health and safety remains a particularly important area for the Group. No exceedances of NDS and NDN concentrations were found at workstations; nevertheless, employees have been provided with work/protective clothing, safety footwear, and personal protective equipment, which they are required to use. In addition to the occupational health and safety staff, Departmental Social Labor Inspectors have also been appointed to oversee compliance with occupational health and safety and fire safety regulations.</p>	<p>Own operations</p>
<p>Equal treatment and equal opportunities Diversity Work-life balance Gender equality and equal pay for work of equal value Employment and integration of people with disabilities Measures to prevent violence and harassment in the workplace</p>	<p>The ROPCZYCE Group ensures fair treatment of employees and equal opportunities for development. Activities in this area include, among others, recruitment processes, hiring, promotion, job changes, as well as access to training and other forms of professional development. The organization also supports work-life balance by ensuring proper work-time management and organizing integration initiatives for employees and their families.</p>	<p>Own operations</p>
<p>Local communities</p>	<p>The impact in this area is reinforced by the activities of the Magnezyty Foundation, established in 2019, which carries out a wide range of pro-social initiatives. The Foundation primarily supports local schools, cultural institutions, medical and care facilities, as well as people who are ill or facing difficult life, financial, or health situations.</p>	<p>Own operations</p>

GENERAL INFORMATION

<p>End Users Access to high-quality information Personal safety Personal security Access to products</p>	<p>The ROPCYCE Group provides its end users with access to reliable, complete, and up-to-date information regarding the products and services it offers. It regularly updates informational materials, such as content published on websites, brochures, and user manuals, to ensure they meet current standards and applicable requirements.</p> <p>As part of its oversight of building installations, the Group conducts training sessions aimed at raising users' awareness and knowledge regarding the safe use of products.</p> <p>The ZM "ROPCZYCE" Capital Group places great importance on the safety of people using its products, designing them in accordance with the highest quality and safety standards. During meetings with customers, if such needs are identified, educational discussions are held to support the proper and responsible use of the solutions offered.</p> <p>Additionally, the Group strives to ensure wide availability of its products regardless of end-users' locations, collaborating with distributors and logistics partners to ensure global delivery coverage.</p>	<p>Own operations</p>
<p>Corporate Culture Whistleblower Protection</p>	<p>The ROPCYCE Group strengthens its influence in this area by consistently promoting ethical values, fostering a culture of responsibility, and building an organizational image based on high ethical standards. At the same time, it protects whistleblowers from retaliation by applying the principles set forth in the applicable internal procedure.</p>	<p>Own operations</p>
<p>Supplier relationship management, including payment practices</p>	<p>The Group maintains ongoing, partnership-based relationships with suppliers, ensuring transparency in cooperation and providing them with stable conditions for contract fulfillment. Meetings with contractors take place at least twice a year during industry conferences, and additional visits are organized as needed due to negotiations or changes in contracts. Daily communication is tailored to current topics and the ongoing needs of the partnership. Key environmental issues, including compliance with ISO 14001:2015, environmental management policy, and social issues –such as respect for human rights and occupational risk assessment—are addressed in the supplier qualification survey.</p>	<p>Own Operations Upstream</p>
<p>Corruption and Bribery</p>	<p>The Group takes measures aimed at preventing, limiting, and minimizing risks related to corruption and bribery. Impact in this area is built primarily through compliance with the principles set forth in the applicable Anti-Corruption Policy, conducting training on ethics and legal regulations, and conducting business in the most transparent manner possible</p>	<p>Own operations</p>

1.5.3. Identified Significant Risks and Opportunities.

RISK	DESCRIPTION OF ENVIRONMENTAL RISKS	RISK MANAGEMENT APPROACH
ENVIRONMENTAL		
Risk of rising energy costs	Rising electricity and gas prices may result in increased and negatively impact the profitability of operations.	The Group focuses on optimizing energy consumption through investments in solutions that improve energy efficiency, including renewable energy sources. Additionally, energy prices are monitored and opportunities to increase the share of energy from renewable sources are analyzed.
Risk of extreme weather	Climate change may lead to more frequent and more severe extreme weather events, such as severe storms, heavy rainfall leading to flooding, or prolonged heat waves. These events may result in infrastructure damage, supply disruptions, and temporary production downtime.	Strengthening the resilience of production facilities to extreme weather events through investments in infrastructure modernization, securing stable energy supplies (including through own generation sources), and diversifying supplies of fuels—including LNG—and key raw materials.
Risk of financial penalties	This risk stems from the obligation to strictly comply with environmental regulations. Any violations—such as exceeding permissible emission limits, improper waste management, or lack of required documentation—may result in financial penalties.	Systematic monitoring of regulatory changes—ongoing analysis of new regulations and adaptation of operational processes to current requirements—which helps avoid unexpected costs and potential penalties.
Risk of rising emission allowances	This risk is associated with dynamic changes in the emissions trading market. Rising allowance prices, combined with the gradual reduction of the pool of free allocations, can significantly increase a company's operating costs.	The Group mitigates this risk by continuously monitoring market trends, optimizing energy consumption, implementing lower-emission technologies, and investing in solutions that improve energy efficiency.
Risk of stricter environmental regulations	This risk stems from the rapid pace of changes in environmental regulations, which may become increasingly stringent at both the national and international levels.	The Group regularly identifies new legal requirements, implements them, and ensures full compliance.
Risk of stricter environmental permits	This risk may stem from a potential tightening of requirements regarding the procedure for obtaining necessary permits. It may also include a reduction in existing emission limits and the introduction of additional obligations related to monitoring environmental impact.	It is essential to systematically monitor planned changes in legal regulations and continuously adapting the company's processes to new requirements.
Risk of rising raw material prices	The risk associated with rising raw material prices results in increased costs of production of refractory materials, which in turn may weaken the competitiveness of the products offered on the market.	The Group mitigates the impact of this risk on its operations. Thanks to its strategy of broad sales diversification—in terms of industries, geographic locations, and product range—ZMR S.A. has an extensive and diverse customer base. The company continuously expands its operations by broadening its product portfolio and providing comprehensive services in the field of technical ceramics.
Risk of high disposal	The risk of incurring high waste disposal costs stems from rising rates for waste management services, covering both transportation and disposal carried out by specialized entities.	The Group mitigates this risk by collaborating with several waste management companies and by regularly selecting those that offer more favorable terms. Additionally, analyzes service prices in this sector, which enables effective cost optimization.
The risk of damage to the company's reputation result of irresponsible environmental management	The risk of damage to the company's reputation due to an inappropriate approach to environmental issues stems from the potential negative consequences that could arise if the company fails to comply with applicable environmental standards and regulations.	The Group mitigates this risk by conducting its operations in accordance with current legal regulations and the requirements of administrative decisions. The company ensures compliance with environmental standards, monitors pollution emission levels, and takes measures to reduce the amount of waste generated. Generated waste is transferred to authorized recipients, taking into account the proper method of its further management.

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SOCIAL		
The risk of a shortage of qualified staff	The risk of failing to complete planned tasks due to a shortage of qualified staff may result in a reduction in the quality of the refractory materials produced, and consequently negatively impact financial results.	The ROPCZYCE Group mitigates this risk by continuously monitoring key positions and providing employees with appropriate motivational tools. In addition to a compensation system that includes, among other things, performance-based bonuses, the Group offers extensive access to training, as well as the opportunity to finance foreign language courses or postgraduate studies. Employees can also take advantage of numerous non-wage benefits, such as vacation subsidies, a social benefits package, and other forms of support available through the Company Social Benefits Fund.
Risk of workplace accidents	Risks to employee health and safety may result in due to absences caused by illness.	The ROPCZYCE Group mitigates this risk by implementing an occupational health and safety management system compliant with ISO 45001:2018 and by establishing dedicated departments responsible for overseeing compliance with occupational health and safety rules on the premises.
Risk of employee burnout among employees	Risks related to employees' mental and emotional well-being may result in a decline in productivity, lower engagement, reduced job satisfaction, as well as increased staff turnover.	The ROPCZYCE Group counteracts this by supporting work-life balance (including Multisport cards and tickets to cultural events), providing opportunities for professional development, and ensuring a reasonable workload for employees.
Risk of compensation claims related violations of employee rights	The risk of financial penalties may arise from potential violations of labor laws and other regulations.	The ROPCZYCE Group minimizes this risk by continuously monitoring changes to the Labor Code and complying with applicable regulations, which helps prevent potential claims and violations of employee rights.
Risk of reduced productivity due to overworking employees	The risk may arise from overburdening employees with tasks, insufficient staffing, excessive demands, and a lack of adequate breaks between duties.	This risk is mitigated through proper planning and organization of work schedules, adherence to mandatory breaks, and ensuring adequate staffing levels.
Risk of privacy violations	The risk relates to the possibility of unauthorized persons gaining access to personal data by unauthorized persons.	The ROPCZYCE Group protects confidential information by ensuring appropriate safeguards in all processes related to the processing of personal data.
Risk of low-quality training	The risk stems from the possibility that employees may fail to acquire the appropriate competencies necessary for the proper and increasingly effective performance of the tasks entrusted to them.	Risk mitigation through the provisions of the "Human Resources Assurance Process – Competencies, Awareness" procedure, which ensures the selection of a reliable training provider and the evaluation of the quality of services provided.
Risk of financial claims resulting from defective products	The risk relates to the possibility of the Company's products failing during use by customers, which could lead to material or financial losses, or the loss of benefits resulting from production downtime.	The risk relates to the possibility of the Company's products failing during use by customers, which could lead to material or financial losses or the loss of benefits resulting from production downtime. This risk is mitigated through the implementation of advanced quality management systems, such as ISO 9001, which support the maintenance of high standards and reduce the likelihood of defects. Additionally, systematic quality tests using modern technologies are conducted at every stage of production. The Group also conducts regular audits of raw material suppliers, evaluating them in terms of material quality, and monitors customer feedback regarding product performance and specifications. The information gathered is used to further improve products. Employees participate in periodic training related to quality control and production processes, which supports compliance with procedures. In addition, efficient complaint procedures are in place, enabling the quick and effective resolution of customer reports
Risk of Loss of Customer Trust	This risk pertains to situations that could negatively impact the company's image and lead to a decline or loss of customer trust, for example, in the event of a breach of contract terms.	This risk is mitigated by consistently maintaining high product quality and adopting an individualized approach to each customer. The Group maintains ongoing communication with customers to better identify their needs and expectations, and then tailor its offerings to their specific requirements. Customers are provided with full technical and substantive support, including during the product usage phase. In the event of any issues, the Group responds immediately, offering comprehensive assistance in the areas of engineering and product operation. Transparent complaint procedures are also in place. Furthermore, the Group adheres to the highest ethical standards in its customer relations, and through its internal policies and procedures, minimizes the risk of incidents that violate the law or ethical principles, which could undermine customer trust.

MANAGEMENT		
Supply chain disruption risk	This risk may result in delays in production processes.	This risk is mitigated through internal measures such as continuous monitoring of deliveries, verification of placed orders, analysis of minimum stock levels, and diversification of supply sources.
Business Ethics Risk	This risk may lead to a decline in reputation in the eyes of key stakeholders, which in turn may result in the need to incur significant costs arising from legal and administrative proceedings.	Minimizing this risk involves conducting regular employee training on business ethics, compliance with Group regulations implemented through a series of policies, procedures, and codes related to business conduct and ethics, and the ability to report irregularities and legal violations in this area on an ongoing basis.
Risk of legal costs associated with cases of corruption and bribery	All entities within the Capital Group face the risk of an inappropriate approach to cooperation with business partners, which may result in disputes and generate significant litigation costs.	This risk is mitigated by adhering to the Anti-Corruption Policy in effect throughout the Group and by conducting training on the subject, particularly for new employees. Additionally, regular internal controls and audits among individuals particularly exposed to the risk of corruption, as well as the consistent reporting of any suspicions regarding corruption and bribery, contribute to minimizing this risk.
Reputational risk	The risk of damaging the reputation of a reliable business and employer may result in legal disputes, the termination of cooperation with business partners, and high costs associated with pursuing claims.	The ROPCZYCE Group takes active steps to build trust among both customers and the local community—including through the activities of the Magnezyty Foundation—and presents its values and policies in a transparent and open manner.

[SBM-3] Aligning Significant Opportunities with Business Strategy

OPPORTUNITY	OPPORTUNITY DESCRIPTION	OPPORTUNITY MANAGEMENT
ENVIRONMENTAL		
Avoiding losses and downtime due to extreme weather events	Progressive climate change increases the likelihood of extreme weather events that can disrupt operational continuity. Proper preparation helps mitigate the effects of such events and maintain uninterrupted production processes.	Investments aimed at increasing the resilience of production facilities to extreme weather events include, among other things, infrastructure upgrades, securing stable energy supplies (including through on-site generation), and diversifying fuel supplies, such as LNG, and other raw materials.
Increased customer interest in low-carbon products	The opportunity arising from growing customer interest in low-carbon products is a result of the public's increasing environmental awareness, which creates an opportunity to gain a competitive advantage.	The Group focuses on creating solutions with a reduced carbon footprint and developing product lines with the potential for a reduced carbon footprint that combine high quality with care for the environment.
Access to funds and grants	The ability to secure funding and grants creates an opportunity to implement eco-friendly investments and develop modern technologies.	Continuous monitoring of available environmental financing programs and maintaining cooperation with institutions and administrative bodies.
Reducing energy costs through increased energy efficiency	Optimizing energy consumption and investing in energy-efficient technologies will help reduce operating costs.	Optimizing processes for energy consumption, modernizing machinery, and investing in renewable energy sources—such as photovoltaic systems—allow for increased energy efficiency at facilities.
Reduction of environmental fees	Thanks to measures aimed at reducing emissions into the atmosphere, the Group will be able to lower costs resulting from emission fees.	The Group is taking advantage of this opportunity by implementing emission-reduction measures, including ensuring that dust collection systems are maintained in proper technical condition.
Cost reduction through optimized raw material utilization	Increasing the efficiency of raw material use enables a reduction in waste and a decrease in costs associated with the purchase of materials.	Streamlining production processes, reusing materials, and developing technologies that enable recycling and the recovery of secondary raw materials.
Reducing disposal costs	Reducing costs associated with waste disposal directly translates to lower operating expenses for the company and improved financial performance.	Negotiating more favorable terms of cooperation with waste collection companies and managing waste efficiently. Waste is sorted, and unit packaging used for raw material deliveries (such as big bags or pallets) is reused multiple times in internal processes or transferred to authorized recycling entities.
SOCIAL		
Increased employee efficiency	This opportunity stems from increased employee satisfaction with their work, which in turn can contribute to improved financial results for the ROPCZYCE Group.	This opportunity is leveraged by organizing training programs that support continuous improvement in work efficiency, as well as by providing attractive and safe employment conditions.
Reduced turnover thanks to employment stability	Employment stability within the Group helps maintain operational continuity and ensures an optimal level of employee turnover.	The ROPCZYCE Group offers competitive working conditions to build a stable, motivated, and committed team.
Increased employee identification with the Company	Increased employee identification with the ROPCZYCE Group translates into greater loyalty, lower turnover, and higher team engagement.	To strengthen the sense of belonging, the Group implements various initiatives, such as team-building events, celebrations of Steelworker's Day, and the provision of a comprehensive benefits package designed to support and protect employees.

GENERAL INFORMATION

Reducing the risk of burnout	Reducing the risk of burnout leads to higher employee satisfaction and increased productivity.	The ROPCZYCE Group ensures proper organization of working hours and provides employees with access to private medical care and benefits such as Multisport cards.
Enhancing the knowledge and skills of the workforce	The ROPCZYCE Group recognizes the significant potential in the systematic development of employees' knowledge and competencies, which contributes to improving products and enhancing the Group's competitiveness in the market.	The Group continuously conducts training activities—both in the area of technical training, including, among others, machine operation certifications, as well as language training, specialized training, and master's and postgraduate studies.
Enhancing creativity and innovation through innovative teams	The ROPCZYCE Group views innovation and a creative approach among employees as a key element in building a competitive advantage.	Team competencies are systematically developed, enhancing employees' knowledge and skills to maximize the competitiveness of the ROPCZYCE Group's market operations.
Cooperation with local communities	Cooperation with local communities opens up many opportunities for the Group and residents, such as building mutual trust and relationships, strengthening local identity, increasing the participation of employees from the company's area of operation, and supporting sustainable social development.	From the Group's perspective, this opportunity is leveraged by strengthening its image as a reliable and attractive employer, which enhances its competitiveness in the labor market.
Product Safety Enhancement and Improvement	A key opportunity in product improvement lies in the systematic analysis of customer feedback. The Group conducts annual customer satisfaction surveys, monitors complaint rates, and continuously evaluates the performance of refractory materials during their use.	The ROPCZYCE Group develops and implements new material solutions tailored to customer expectations and changing operating conditions. Every complaint is analyzed in detail to determine its cause and identify corrective and improvement measures for the future.
MANAGEMENT		
Strengthening relationships with stakeholders, improving the company's reputation	This opportunity stems from the ability to maintain a constant, open, and transparent dialogue with all of the Group's stakeholders, which helps build an image of a reliable, responsible, and loyal business partner.	This opportunity is leveraged by regularly providing stakeholders with information about the Group's activities—its goals, initiatives, and achievements—including through the corporate website ropczyce.com.pl ; by strengthening relationships with customers through a personalized approach and quick responses to their needs, as well as through active engagement in corporate social responsibility (CSR) initiatives.
Faster identification of irregularities through whistleblower reports	An opportunity in this area stems from the ability to detect irregularities within the Group, while giving special consideration to the protection of those making reports.	This opportunity is leveraged through the implementation of the Procedure for Internal Reporting of Legal Violations and Follow-Up Actions at Zakłady Magnezytowe "ROPCZYCE" S.A. and within the "ROPCZYCE" Capital Group, which establishes rules for the protection of whistleblowers.
Strengthening corporate culture	This opportunity stems primarily from consistently building open and transparent communication at all levels of the organization, promoting a culture of providing feedback, and investing in the development of leadership competencies, especially in the area of team management.	This opportunity is leveraged by creating an environment based on trust and mutual respect, conducive to the free exchange of opinions and ideas. The Group provides employees with regular training and extensive development opportunities in various areas.

1.6. (IRO-2) ESRS Compliance Tables

Disclosure Number	Disclosure name	Chapter in the report
ESRS 2 General disclosure		
BP-1	General basis for preparing sustainability statements	1.1.1.
BP-2	Disclosure of Information regarding specific circumstances	1.1.2.
GOV-1	Role of administrative, management, and supervisory bodies	1.3.1., 1.3.2., 1.4.1.
GOV-2	Information provided to the entity's administrative, management, and supervisory bodies and matters related to sustainable development addressed by them	1.4.2.
GOV-3	Incorporation of sustainability performance into incentive schemes	1.4.2.
GOV-4	Due Diligence Statement	1.4.4.
GOV-5	Risk management and internal control over sustainability reporting	1.4.3.
SBM-1	Strategy, business model, and value chain	1.2.1, 1.2.3.
SBM-2	Stakeholder Interests and Opinions	1.2.4., 3.1.
SBM-3	Significant impacts, risks, and opportunities, and their inter relationships with the strategy and business model	1.5.2., 2.1.1., 3.1., 3.2.1.
IRO-1	Description of the process used to identify and assess material impacts, risks, and opportunities	1.5.1., 1.5.2., 1.5.4., 2.1., 2.1.1., 2.2., 2.3.
IRO-2	Disclosure requirements under the ESRS covered by the entity's sustainability statement	1.6.
ESRS E1 Climate Change		2.1
E1-1	Climate Change Mitigation Transition Plan	2.1.1.
E1-2	Policies related to climate change mitigation and adaptation MDR-P	2.1.1.
E1-3	Actions and resources related to climate policy MDR-A	2.1.3.

E1-4	Climate change mitigation and adaptation targets MDR-T	2.1.3.
E1-5	Energy consumption and energy mix	2.1.4.
E1-6	Gross greenhouse gas emissions from Scopes 1, 2, and 3, and total greenhouse gas emissions	2.1.2.
E1-7	Greenhouse gas removal and emission reduction projects financed through carbon credits	2.1.2.
E1-8	Setting internal carbon prices	2.1.2.
E1-9	Expected financial impacts resulting from material physical and transition risks and potential climate-related opportunities	Exemption from disclosure
ESRS E2 Pollution		2.2.
E2-1	Policies related to pollution MDR-P	2.2.1.
E2-2	Pollution-related activities and resources MDR-A	2.2.2.
E2-3	Pollution-related objectives MDR-T	2.2.3.
E2-4	Air, water, and soil pollution	2.2.4.
E2-5	Potentially hazardous substances and substances of very high concern	2.2.5.
E2-6	Expected financial impacts resulting from risks and opportunities related to pollution	Exemption from disclosure
ESRS E5 Expected financial impacts resulting from risks and opportunities related to pollution		2.3.
E5-1	Policies related to resource use and the circular economy MDR-P	2.3.1.
E5-2	Activities and resources related to resource use and the circular economy MDR-A	2.3.2.
E5-3	Targets related to resource use and the circular economy MDR-T	2.3.3.
E5-4	Inputs	2.3.4.

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E5-5	Outgoing resources	2.3.5.
E5-6	Expected financial impacts resulting from the impacts, risks, and opportunities associated with resource use and the circular economy	Exemption from disclosure
ESRS S1 Own human resources		3.1.
S1-1	Policies related to own workforce MDR-P	3.1.1.
S1-2	Procedures for cooperation with own workforce and employee representatives on matters of influence	3.1.2.
S1-3	Processes for remedying the effects of negative impacts and channels for employees to report concerns	3.1.1.
S1-4	Taking action regarding significant impacts on the organization's workforce and applying approaches to manage significant risks and capitalize on significant opportunities related to the organization's workforce, as well as the effectiveness of these actions MDR-A	3.1.1.
S1-5	Objectives regarding the management of significant negative impacts, the enhancement of positive impacts, and the management of significant risks and opportunities	3.1.3.
S1-6	Characteristics of the entity's employees	3.1.4.
S1-7	Characteristics of non-employees who are the entity's own employees	Exemption from disclosure
S1-8	Scope of collective bargaining and social dialogue	Exemption from disclosure
S1-9	Diversity metrics	3.1.6.
S1-10	Fair pay	Exemption from disclosure
S1-11	Social protection	Exemption from disclosure
S1-12	People with disabilities	Exemption from disclosure
S1-13	Metrics on training and skills development	Exemption from disclosure
S1-14	Occupational health and safety metrics	3.15.

S1-15	Work-life balance indicators	Exemption from disclosure
S1-16	Compensation measures (wage gap and total compensation)	3.1.6.
S1-17	Incidents, complaints, and significant impactson human rights	Exemption from disclosure
ESRS S4 Consumers and end users		3.2.
S4-1	Policies related to consumers and end users	3.2.1.
S4-2	Cooperation processes regarding interactions with consumers and end users	3.2.1.
S4-3	Processes for addressing the negative impacts and channels for consumers and end users to report concerns	3.2.1.
S4-4	Taking action regarding significant impacts on consumers and end users, and applying approaches to manage significant risks and capitalize on significant opportunities related to consumers and end users, as well as the effectiveness of these actions	3.2.2.
S4-5	Objectives regarding the management of significant negative impacts, the enhancement of positive impacts, and the management of significant risks and opportunities	3.2.1.
ESRS G1 Business Conduct		
G1-1	Business conduct policies and corporate culture	4.1.
G1-2	Supplier Relationship Management	4.3.
G1-3	Prevention and detection of corruption and bribery	4.2.1
G1-4	Incidents of corruption or bribery	4.2.2.
G1-5	Political influence and lobbying	4.3.1.
G1-6	Payment practices	4.3.2.

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Disclosure requirement and related data point	
ESRS 2 GOV-1 Gender diversity of board members, point 21(d)	1.3.1.
ESRS 2 GOV-1 Percentage of board members who are independent, point 21(e)	1.3.1.
ESRS 2 GOV-4 Due diligence statement, point 30	1.4.4.
ESRS 2 SBM-11 Participation in activities related to fossil fuels, point 40(d)(i)	Irrelevant
ESRS 2 SBM-1 Participation in activities related to chemical production, paragraph 40(d)(ii)	1.2.1
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, point 40(d)(iii)	1.2.1
ESRS 2 SBM-1 Involvement in activities related to tobacco cultivation and production, point 40(d)(iv)	1.2.1
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, point 14	2.1.1.
ESRS E1-1 Entities excluded from the scope of the Paris Agreement-aligned benchmarks, point 16(g)	2.1.1
ESRS E1-4 Greenhouse gas emission reduction targets, paragraph 34	2.1.3.
ESRS E1-5 Fossil fuel energy consumption disaggregated by source (applies only to sectors with significant climate impact) paragraph 38	2.1.4.
ESRS E1-5 Energy consumption and energy mix, point 37	2.1.4.
ESRS E1-5 Energy intensity associated with activities in sectors with significant climate impact, points 40–43	2.1.4.
ESRS E1-6 Scope 1, 2, and 3 gross greenhouse gas emissions and total greenhouse gas emissions, point 44	2.1.2.
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ESRS E4-2 Sustainable land/agricultural practices or policies, paragraph 24(b)	Not applicable
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ESRS S4-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, point 17	3.2.1.
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A close-up photograph of several small, light brown mushrooms with gills, growing among fallen autumn leaves in shades of yellow, orange, and green. The scene is softly lit, creating a natural and organic atmosphere.

2

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2.1 Climate Change

(IRO-1)

The ZM "ROPCZYCE" Capital Group impacts climate change primarily through greenhouse gas emissions associated with energy-intensive production processes, particularly high-temperature processes used in the manufacture of refractory materials. The main source of Scope I emissions is fuel combustion in production facilities, while Scope II emissions result from electricity consumption for operational activities.

Additionally, the Group generates Scope 3 indirect emissions, related, among other things, to the purchase of raw materials and supplies, transportation, and the use of products within the value chain. Due to the nature of its industrial operations, the Group's impact on the climate is concentrated particularly in the areas of energy consumption, fuel mix, and the energy efficiency of production processes.

In response to these conditions, the Group is taking actions aimed at reducing the carbon intensity of its operations, including by improving energy efficiency and developing its own renewable and low-emission energy sources, as well as conducting analyses and research on potential decarbonization technologies.

The ZM "ROPCZYCE" Capital Group identifies risks and opportunities related to climate change both in relation to its own operations and along the value chain. This assessment was conducted as part of the process of identifying material impacts, risks, and opportunities (IRO) and includes an analysis of potential financial, operational, and reputational impacts.

In the area of climate-related risks, the Group specifically recognizes the possibility of rising energy and fuel costs, increased costs of emission allowances, stricter environmental regulations and conditions of environmental permits, as well as the risk of financial penalties in the event of non-compliance with regulatory requirements. Additionally, risks related to rising raw material prices, waste management costs, and potential reputational damage in the event of inadequate management of environmental aspects are identified.

The Group also considers physical risks, such as the possibility of extreme weather events that could affect operational continuity, raw material availability, and supply chain stability.

At the same time, the climate transition is viewed as a source of business opportunities. In particular, the Group identifies opportunities to increase customer interest in products with a lower carbon footprint, improve energy efficiency to reduce energy costs, and reduce environmental fees. Additionally, the Group highlights potential opportunities related to access to funds and grants supporting environmental investments, as well as the reduction of operational risks and losses resulting from extreme weather events through adaptation measures. Along the value chain, the Group also identifies opportunities related to optimizing the use of raw materials, reducing disposal costs, and improving material efficiency.

2.1.1 Climate Policies

(E1-2) On November 24, 2025, the ZM "ROPCZYCE" Capital Group adopted a Sustainability Policy that sets the direction for the Group's activities in the areas of environmental and social responsibility and corporate governance. One of the key areas of the Policy is managing the impact of industrial operations on the climate, including striving to reduce negative climate impacts and incorporating climate risks and opportunities into the Group's management and decision-making processes.

The ZM "ROPCZYCE" Capital Group's Sustainable Development Policy defines the framework principles for conduct in the areas of the environment and climate, serving as the basis for actions taken to reduce the operational impact on the climate and natural resources. The document addresses responsible industrial operations, the implementation of modern technologies, effective resource management, and a systematic approach to minimizing environmental impacts.

This policy also addresses climate change mitigation by striving to reduce greenhouse gas emissions, improve energy efficiency, and develop low-emission solutions. It incorporates adaptation to climate change by identifying climate-related risks and opportunities and integrating them into strategic planning, asset management, and investment design.

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The policy highlights effective energy management and reducing the energy intensity of production processes as a key element of responsible business operations. The document refers to increasing the share of energy from renewable sources in the Group's operations, to the extent that is technically and economically feasible.



The objective of the ZM "ROPCZYCE" Capital Group's Sustainability Policy is to establish common principles supporting the gradual reduction of the Group's impact on the climate, the rational management of resources, and the development of operations in an environmentally responsible manner. The policy aims to support the Group's long-term stability and resilience by integrating climate considerations into management processes. It addresses significant environmental impacts related to greenhouse gas emissions, energy consumption, and the use of natural resources in production processes. It takes into account climate risks, including regulatory, technological, and market risks, as well as opportunities arising from improved energy efficiency, the development of low-carbon technologies, and the use of renewable energy sources.

Implementation of the policy is subject to ongoing management oversight and periodic reviews and updates every two years to ensure its continued relevance to changing regulatory, market, and technological conditions.

The policy applies to all companies comprising the ZM "ROPCZYCE" Capital Group and covers operational activities across the Group's entire value chain, to the extent that the Group is able to exert influence. The document does not provide for any significant geographical or entity-specific exclusions.

The Management Board of the parent company is responsible for the implementation, oversight, and ensuring compliance of activities with the Sustainable Development Policy. Individual companies within the ROPCZYCE Group are required to incorporate the principles of the policy into their operational activities.

The Sustainability Policy of the ZM "ROPCZYCE" Capital Group was developed internally, based on an analysis of the Group's specific operations and the identification of its key impacts, risks, and opportunities in the environmental, social, and governance areas.

In developing and implementing the Policy, no pre-existing standards or initiatives developed by external organizations were formally adopted for use. At the same time, the Policy takes into account applicable regulatory requirements and serves as a reference point for the Group's fulfillment of its sustainability reporting obligations.

The Sustainability Policy of the ZM "ROPCZYCE" Capital Group was developed taking into account the expectations and interests of key stakeholders, both internal and external. Its development utilized the results of materiality analyses conducted within the Group, including elements of a double materiality assessment covering the identification and evaluation of stakeholder perspectives.

This policy is communicated internally to the Group's employees and made available to external stakeholders. The document is accessible, in particular, through its publication on the internet, which allows entities involved in implementing and supporting the Group's sustainability principles to review its content.

The policy also covers issues related to environmental protection, the circular economy, natural resource management, stakeholder relations, and corporate governance.

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(E1-1) The Group currently does not have a formally adopted Transition Plan regarding climate change mitigation.

In 2025, the Group continued conceptual and analytical work aimed at developing the foundations for a future decarbonization plan. This work included, in particular, the identification of potential decarbonization levers and an analysis of possible approaches to reducing greenhouse gas emissions, taking into account the specific nature of the Group's production processes and value chain, as well as the conduct of research activities regarding potential low-emission technologies.

At this stage, the Group is focusing on analyzing the technical feasibility and economic viability of potential decarbonization solutions, adopting a phased approach to making investment decisions in the area of climate transition.

Work on the decarbonization plan is being conducted in line with the Capital Group's business strategy for 2026–2030 and its financial planning framework. The aim of this work is to ensure that potential transformation measures align with the Group's long-term development priorities, while taking into account market, technological, and economic conditions.

The Group plans to continue preparatory and analytical work related to the decarbonization plan, which may in the future serve as the basis for adopting a formal transition plan regarding climate change mitigation. The decision to adopt such a plan, including its scope and potential timeline, will depend on the results of ongoing analyses and the availability of technically and economically viable solutions.

Potentially blocked (frozen) greenhouse gas emissions from key assets and products

In the firing process of refractory products, the ZM "ROPCZYCE" Capital Group currently uses natural gas as its primary energy source. Due to the requirements for precise control of high temperatures and ensuring stable quality of end products, at this stage the Group does not have technically mature alternatives that would allow for the replacement of natural gas with other energy sources while maintaining comparable process efficiency and reliability.

Consequently, some high-temperature manufacturing processes that rely on natural gas may continue to generate greenhouse gas emissions in the medium term. At the same time, it should be noted that the long-term operation of these processes may face growing regulatory and economic challenges resulting, among other things, from the European Union's climate policy directions, emission costs, and changes in the market environment.

The decarbonization of the refractory firing process remains largely dependent on the development and availability of alternative energy technologies capable of meeting the required technical parameters. The Group conducts analytical and research activities on potential solutions, including technologies utilizing hydrogen and other low-emission fuels, such as bioLNG. Progress in these areas may in the future serve as a basis for further assessment of the potential to transform manufacturing processes toward reducing greenhouse gas emissions, while maintaining high technological and quality standards.

Plans for managing assets and products characterized by high greenhouse gas emissions and energy intensity

The ZM "ROPCZYCE" Capital Group is undertaking actions aimed at the long-term management of assets and production processes characterized by high energy consumption and greenhouse gas emissions. These efforts focus on analyzing potential directions for technological transformation, taking into account process quality requirements as well as technical and economic constraints.

In this context, the Group, in cooperation with research institutions, conducts research and analysis on the potential use of hydrogen as a fuel in thermal processes. Hydrogen technologies are viewed as one of the potential directions for long-term development; however, their application on an industrial scale remains dependent on further technological development, infrastructure availability, and the assurance of stable process parameters.

At the same time, the Group monitors the development of carbon capture, utilization, and storage (CCUS) technologies, analyzing their potential applicability in the context of the specific nature of its operations. At this stage, these technologies remain under observation and analysis in terms of technical feasibility and economic viability.

An element increasing the Group's fuel flexibility is the completed investment in a modern LNG station, which in the future may enable the use of alternative fuels, such as bioLNG, in thermal processes. The potential use of bioLNG will depend on the availability of this fuel on the market and its economic and operational parameters. This solution is viewed as one of the possible ways to mitigate risks associated with the energy transition.

Currently, the ROPCZYCE Group has no approved CapEx or OpEx targets or plans related to aligning its business activities with the criteria of the EU Taxonomy (Commission Delegated Regulation 2021/2139). Nevertheless, regulatory changes and their potential impacts are monitored on an ongoing basis, which will allow for an assessment of the necessity of any future adjustments in this area.

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Significant CapEx for gas-related business activities

The Group generates insignificant gas-related revenue from the resale of energy produced in gas-fired cogeneration under NACE code D.35.1 – Production, transmission, distribution, and trade of electricity. No CapEx was identified in this area in 2025.

The Ropczyce Group does not meet the exclusion criteria set forth in Article 12(1) of Commission Delegated Regulation (EU) 2020/1818 on EU benchmarks aligned with the Paris Agreement. At the same time, the Ropczyce Group has no information as to whether it has been excluded by the entities managing such benchmarks.

Climate Resilience Analysis (IRO-1)

(SMB-3) In 2024, the first climate resilience analysis was conducted for the Group. The scope of the analysis included the identification of potential physical risks and transition risks across the entire value chain. The resilience analysis, along with the scenario analysis, was conducted in October 2024 and covered the IPCC climate scenarios: RCP 1.9, RCP 2.6, and RCP 4.5. Risks were assessed across three time horizons: 1 year (2025), 5 years (2030), and 25 years (2050). The results of the analysis indicate that the business model’s resilience to physical risks is good in the RCP 1.9 and RCP 2.6 scenarios across all analyzed periods and in the RCP 4.5 scenario in the short and medium term. In terms of transition risks, resilience was assessed as good in all periods of the RCP 4.5 scenario, while it was assessed as lower in all periods of the RCP 1.9 and RCP 2.6 scenarios.

(IRO-1) The climate resilience analysis included an assessment of physical risks and climate-related transition events with respect to the company’s own operations and—at a general level—along the value chain.

With regard to physical risks, climate hazards were identified based on IPCC reports and other source data, depending on the selected climate scenario and time period. These threats were identified over the short-,medium-, and long-term horizons, with these horizons formally defined. An assessment was conducted to determine whether assets and business operations could be exposed to climate-related threats. An assessment was also conducted of the degree of exposure and vulnerability of assets and business activities—at a high level of generality—as part of double materiality workshops. The identification of risks and the assessment of exposure were based on an analysis of the RCP 4.5 scenario, currently considered the most likely scenario for climate development. The scenario analysis was used to identify and assess physical risks in the short-, medium-, and long-term.

Transient events were identified in the short-, medium-, and long-term perspectives, and the identification was based on an analysis of climate scenarios. However, the Group did not conduct a detailed verification of whether assets and business activities may be exposed to transition events. Nor was an assessment made of the degree of exposure and sensitivity of assets and business activities in this regard. No assets or business activities requiring significant adaptation measures to ensure compliance with the transition to a climate-neutral economy were identified. The climate scenarios used were not linked to the critical climate assumptions adopted in the financial statements—a lack of consistency in this regard was noted.



2.1.2 2.1.1 Greenhouse Gas Emissions

(E1-6) The Group’s total carbon footprint was determined in accordance with the GHG Protocol guidelines, using an operational control approach. The calculations covered six greenhouse gases included in the GHG Protocol: CO2, CH4, N2O, HFCs, PFCs, and SF6. Emissions are presented in metric tons of carbon dioxide equivalent (CO2e), which is the standard unit used for reporting greenhouse gas emissions.

No biogenic emissions were identified in the Group’s operations.

Scope 1 – direct emissions

Scope 1 covers emissions generated directly at facilities under the Group’s operational control, including emissions resulting from fuel combustion and technological processes. Data on fuel consumption—including fuel used by the fleet—is derived from internal operational records. Emissions factors recommended by the GHG Protocol and DEFRA/UK Government are used for calculations. For natural gas consumption and process emissions, the Group uses factors approved in the monitoring and reporting process under the EU ETS.

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Scope 2 - indirect emissions from energy

Scope 2 covers emissions resulting from the consumption of electricity purchased by companies of the ROPCZYCE Group. Emissions are reported in two ways:

- location-based, using factors published by KObiZE,
- market-based, taking into account national residual factors provided by AIB.

Scope 3 - other emissions in the value chain

With regard to Scope 3, the Group applies a hybrid method, combining quantitative data with a monetary approach. Key categories—such as raw materials and basic materials, transportation of raw materials and products, and waste management—are estimated using actual operational data and emission factors developed by the World Refractories Association and recognized databases, including Ecoinvent, EXIOBASE, and DEFRA.

For less significant categories—especially where data is highly dispersed or detailed information is limited—an average approach is used, based on indicators assigned to broader groups of products and services.

The ROPCZYCE Group uses data confirmed by suppliers whenever possible. The process of data collection and consolidation is supported by the ERP system and internal operational procedures covering, among other things, the recording of fuel, energy, and waste consumption.

Further improving the quality of estimates—especially in the most significant Scope 3 categories, such as purchased raw materials and transport and distribution—is a key area for the Group to refine its calculation methods.

Exclusions of greenhouse gas emission categories from Scope 3

Certain emission categories have been excluded from reporting because:

- **Category 8:** Leased assets at the higher level – emissions included in Scopes 1 and 2.
- **Category 10:** Processing of sold products – the Group’s products are not subject to further processing.
- **Category 11:** Use of sold products– no energy consumption during the use phase; the diversity of applications makes it impossible to estimate emissions.
- **Category 14:** Franchises – no franchise operations.
- **Category 15:** Investments – investment-related emissions already included in Scopes 1, 2, and 3. (High degree of consolidation).

Significant Scope 3 Categories

Categories were considered material if they account for at least 1.5% of total Scope 3 emissions, provided that their combined share exceeds 95% of emissions in this scope. Based on this, the following key categories were identified:

- **Category 1:** Purchased goods and services,
- **Category 3:** Emissions related to fuels and energy (not included in Scope 1 and 2),
- **Category 4:** Upstream transportation and distribution,
- **Category 9:** Downstream transportation.

These categories collectively account for 99% of the ROPCZYCE Group’s estimated Scope 3 emissions in 2025.

Although only a limited number of material categories were identified, it was decided to include all categories for which an emissions estimation process was conducted in the report. Only those categories that were omitted for specific reasons were excluded.

Reporting boundaries and emission calculation methodology for key categories.

Category 1 – Purchased Goods and Services

A hybrid approach was used, combining physical data with expenditure-based data. The most significant emission groups, such as raw materials and goods intended for resale, were estimated based on inventory data expressed in units of mass (or converted to mass using appropriate conversion factors). This method covered 87% of emissions in this category.

Emission factors for these groups were adopted based on publications by the World Refractories Association and the ECOINVENT3.10 database (Allocation, cut-off). Where possible, emission factors provided directly by suppliers were also used.

In 2025, the scope of raw materials for which emission data obtained directly from suppliers was used was expanded. This change affected the results of emission estimates in this category, in particular resulting in lower values for selected items compared to 2024, which stems from the use of more detailed and specific emission data instead of averaged indicators. This change is methodological in nature and affects the comparability of data across periods. The data for 2024 has not been recalculated.

For smaller, dispersed procurement groups (such as auxiliary materials, packaging, and services), monetary indicators from the EXIOBASE v3.8.2 database were used. Expenditures were previously assigned to the most detailed procurement categories possible (e.g., based on PKWiU codes).

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Category 3 - Fuel and energy-related activities (not included in Scope 1 or 2)

Emissions (including those related to fuel extraction and transport, as well as energy losses in transmission networks) were calculated based on fuel and energy consumption data. Emission factors from the UK Government publication "GHG Conversion Factors for Company Reporting" and KOBiZE data on transmission losses were used.

Category 4 - Upstream transport and distribution

Emissions estimates based on an analysis of the routes for the supply of raw materials and goods, taking into account distance, mode of transport, and cargo weight. The analysis focused on raw materials and goods intended for resale, due to their dominant share and the often intercontinental nature of their transport. Emission factors were adopted in accordance with the UK Government GHG Conversion Factors, broken down by sea, rail, and road transport.

Category 9 - Lower-level transport

Emissions were estimated based on an analysis of product transport routes to customers, taking into account distance, mode of transport, and tonnage. Additionally, emissions for smaller Group companies were included, estimated using the expenditure method (less than 1% of emissions in this category). Emission factors were adopted analogously to those in Category 4 (UK Government GHG Conversion Factors), and for smaller entities, monetary factors from the EXIOBASE v3.8.2 database were used.

	Unit	Value in 2024	Value in 2025
SCOPE 1 GREENHOUSE GAS EMISSIONS			
Gross Scope 1 greenhouse gas emissions	Mg CO2e	20 008	18 014
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading systems	%	91,0%	95,4%
SCOPE 2 GREENHOUSE GAS EMISSIONS			
Gross Scope2 greenhouse gas emissions according to the location-based method	Mg CO2e	4 136	5 697
Gross Scope2 greenhouse gas emissions using the market-based method	Mg CO2e	5 824	8 771
SIGNIFICANT SCOPE 3 GREENHOUSE GAS EMISSIONS			
Total gross indirect Scope 3 greenhouse gas emissions	Mg CO2e	174 997	170 881
1 Purchased goods and services	Mg CO2e	142 286	137 579
2 Capital assets	Mg CO2e	1 921	571

3 Fuel and energy activities (not included in Scope1 or 2)	Mg CO2e	5 487	5 541
4 Upstream transport and distribution	Mg CO2e	17 874	18 699
5 Waste generated by operations	Mg CO2e	28	23
6 Business travel	Mg CO2e	146	188
7 Employee commuting	Mg CO2e	758	737
8 Higher-level assets subject to lease	Mg CO2e	excluded category	
9 Lower-tier transportation	Mg CO2e	6 365	7 415
10 Processing of sold products	Mg CO2e	not applicable	
11 Use of sold products	Mg CO2e	excluded category	
12 End-of-life treatment of products sold	Mg CO2e	80	77
13 Leased lower-tier assets	Mg CO2e	53	52
14 Franchises	Mg CO2e	not applicable	
15 Investments	Mg CO2e	not applicable	
TOTAL GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (location-based method)	Mg CO2e	199 142	194 592
Total greenhouse gas emissions (market-based method)	Mg CO2e	200 829	197 667

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Due to the commencement of emissions estimation for Scope 3 starting in 2024, historical data and the analysis of emissions reduction progress are presented separately for Scopes 1 and 2 and for total emissions.

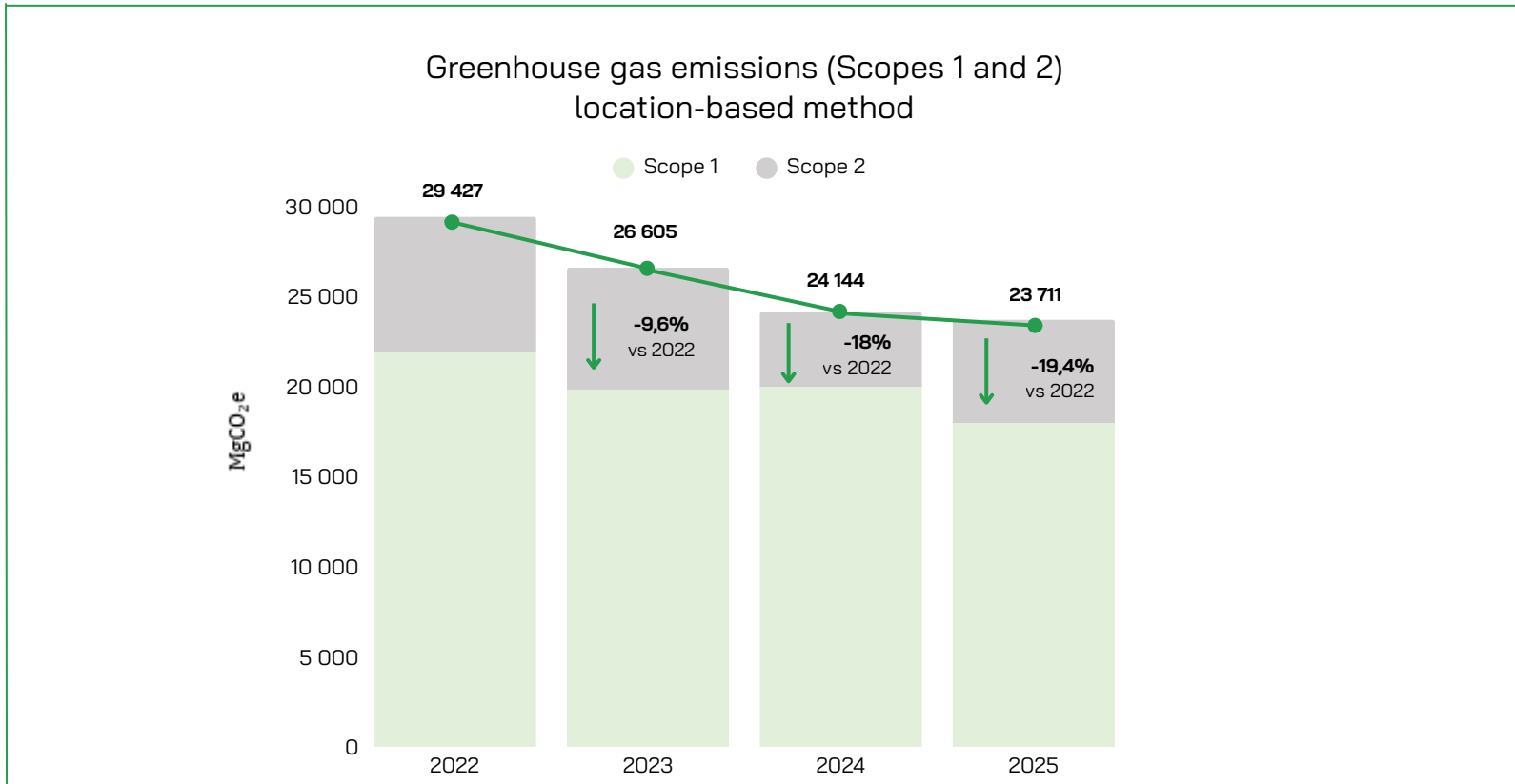
Historical data for Scopes 1 and 2 (from 2022) and emission reductions achieved to date are summarized in the table below:

	Unit	2022 (comparative data)	2023 (comparative data)	2024 (comparative data)	2025	Change (2025/2024)	Change (2025/2022)
SCOPE 1 GREENHOUSE GAS EMISSIONS							
Gross Scope 1 greenhouse gas emissions	Mg CO2e	21 990	19 843	20 008	18 014	-10%	-18%
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading systems	%	92,4%	93,8%	91,0%	95,4%		
SCOPE 2 GREENHOUSE GAS EMISSIONS							
Gross Scope 2 greenhouse gas emissions according to the location-based method	Mg CO2e	7 437	6 762	4 136	5 697	38%	-23%
Gross Scope2 greenhouse gas emissions according to a market-based method	Mg CO2e	9 494	8 916	5 824	8 711	51%	-8%
Total greenhouse gas emissions for Scopes 1 and 2 (location-based method)	Mg CO2e	29 427	26 605	24 144	23 711	-2%	-19%
Total greenhouse gas emissions for Scopes 1 and 2 (market-based method)	Mg CO2e	31 484	28 759	25 832	26 786	3%	-15%

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Emissions reductions in Scopes 1 and 2 are supported by the photovoltaic system commissioned in 2023. Emissions levels are also influenced by the use of high-efficiency cogeneration and energy efficiency measures.

The ratio between Scope 1 and Scope 2 emissions remains variable and depends on the level of energy production at the cogeneration plant, which is largely determined by external factors. The observed decrease in emissions indicates the effectiveness of the measures implemented.



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Data for total emissions from 2024:		2024 (comparative data)	2025	Change (2025/2024)
TOTAL GREENHOUSE GAS EMISSIONS				
Total greenhouse gas emissions (location-based method)	Mg CO2e	199 142	194 592	-2,30%
Total greenhouse gas emissions (market-based method)	Mg CO2e	200 829	197 667	-1,60%

Emissions intensity	Unit	2024	2025
EMISSION INTENSITY PER NET REVENUE			
Total greenhouse gas emissions (location-based method) per net revenue	Mg CO2e /thousand PLN	0,46	0,49
Total greenhouse gas emissions (market-based method) per net revenue	Mg CO2e /thousand PLN	0,47	0,5
Net revenue from the sale of products, services, goods, and materials (according to the financial statements)	thousand PLN	429 815	394 435

CO₂ Absorption Projects and Carbon Offsets

(E1-7) The Group does not engage in activities related to the removal and storage of greenhouse gases

Internal Carbon Pricing

(E1-8) The Group does not use internal carbon pricing systems.

2.1.3 Planned Goals and Actions

Climate Goals

(E1-4) The ZM “ROPCZYCE” Capital Group has not yet established formal, quantitative greenhouse gas emission reduction targets in accordance with the requirements of the ESRS standards. The Group’s approach to climate change mitigation currently focuses on implementing operational, investment, and research activities, as well as on building analytical and technical foundations to further refine its approach to decarbonization.

The effectiveness of climate-related activities is monitored indirectly, in particular through:

- analysis of electricity and fuel consumption in operations,
- monitoring the share of electricity from our own renewable and low-emission sources,
- ongoing analysis of data on greenhouse gas emissions in Scopes I and II,
- using the results of research and development work and technical analyses as input for further assessments of reduction potential.

At this stage, the Group does not link its activities to formal quantitative targets or a timeline for their implementation. However, the results of monitoring and ongoing analyses will be used in subsequent years as a basis for potentially setting emission reduction targets as part of further conceptual work on the decarbonization plan, taking into account technical, economic, and strategic considerations.

The Group strives to assess its impact on the climate and takes measures to mitigate it.

Within the Group, the majority of direct emissions are monitored under the ETS system. Additionally, the Group has been tracking Scope 2 emissions since 2022. These emissions were recalculated to ensure inter-period comparability of data for the Capital Group.

Within the Group, realistic emission reduction targets for Scopes I and II have been set at -20% by 2030 compared to 2022. Opportunities for reducing Scope III emissions remain under investigation.

Climate-related activities

(E1-3) During the reporting year, the ZM “ROPCZYCE” Capital Group implemented and continued activities related to reducing the impact of its operations on the climate and improving energy efficiency, focusing on areas over which it has direct influence.

In particular, during the reporting year:

- the production and use of electricity from its own renewable and low-emission sources continued,
- the lighting was gradually replaced with energy-efficient LED technology,
- research was conducted on the potential use of hydrogen in production processes,
- preparatory activities for the investment and construction process related to the planned development of its own renewable energy sources were carried out. As part of these activities, a Decision on Environmental Conditions was obtained, an Application for Building Conditions was submitted, and a construction design was commissioned.
- preparatory activities were carried out for the investment and construction process regarding the planned rainwater retention project. These activities were completed with a valid building permit.

The reduction in greenhouse gas emissions achieved during the reporting year is presented in tabular form in section (E1-6).



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Planned Actions

The Group’s planned actions focus primarily on areas where it has the greatest direct influence, particularly regarding Scope I and II greenhouse gas emissions, while simultaneously developing an approach to emissions across the value chain (Scope III). These actions include both mitigation and adaptation initiatives, as well as research and development projects that build the potential for long-term transformation.

As part of the planned activities in the coming years, the Group intends to implement the following initiatives:

- **continuation of the gradual replacement of lighting with energy-efficient LED technologies in production and auxiliary facilities**
expected result: reduction in electricity consumption and improvement in the energy efficiency of operations
time frame: short-term
planned completion year: 2026

- **continuation and development of the Group’s own renewable energy sources, i.e., photovoltaic installations**
expected result: increasing the share of renewable energy in the Group’s energy mix and reducing dependence on external energy sources
time frame: medium-term
planned completion year: 2027

- **implementation of investments in rainwater retention**
expected result: Collection and use of rainwater in production support processes, which will contribute to the protection of water resources and improve the plant’s resilience to droughts, heavy rainfall, and other effects of climate change. This action supports adaptation goals
time frame: medium-term
planned completion year: 2027

- **maintenance and continued use of electricity generated from the plant’s own renewable and low-emission sources (photovoltaic systems and high-efficiency cogeneration)**
expected result: stabilization of energy supply and reduction of the carbon intensity of electricity used in operational activities
time horizon: ongoing

- **continuation of research and development work on potential low-emission technologies, particularly regarding the potential use of hydrogen in production processes,**
Expected result: gradual development of technological knowledge and expertise over the long term, enabling the assessment of the potential for further reduction of greenhouse gas emissions
time horizon: long-term
planned completion year: by 2050

Funding for these activities is planned to come from internal resources, with possible use of support under business programs.

Decarbonization levers

The decarbonization levers identified by the ZM “ROPCZYCE” Capital Group cover both areas where operational and research activities are underway, as well as areas still in the analysis and potential assessment phase. This approach allows for the gradual organization of activities in the area of climate change mitigation, taking into account the Group’s actual level of impact and the maturity of available technological and market solutions.

Among the decarbonization levers where the Group is taking action are:

- increasing the share of renewable energy in the energy mix through the development and use of its own renewable energy sources,
- improving the energy efficiency of processes and technical infrastructure, including the gradual replacement of technologies with solutions that consume less energy,
- developing knowledge and analyses regarding potential low-emission technologies, in particular through research and development work related to the potential use of hydrogen in technological processes,
- rational management of natural resources, including through nature-based solutions such as investments in storm water retention.

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At the same time, the Group is analyzing additional potential levers for decarbonization, including:

- opportunities to optimize the value chain, particularly regarding the use of recycled raw materials and the reduction of transport-related emissions,
- the potential use of market-based instruments, such as guarantees of origin for electricity from renewable sources,
- alternative energy carriers and low-emission fuels, including solutions such as bioLNG.

The above decarbonization levers serve as a reference point for the Group’s conceptual and analytical work related to the decarbonization plan. At this stage, they are not integrated into a formal climate change mitigation transition plan, but they form the substantive basis for further analysis, including an assessment of their technical, economic, and organizational feasibility. The results of this work will be used in the potential further development of the Group’s approach to planning decarbonization activities, taking into account the business strategy and market conditions.

The ZM “ROPCZYCE” Group’s ability to implement measures related to climate change mitigation and the energy transition depends on the availability and proper allocation of resources, both internal and external. The scope and pace of implementation of individual initiatives are determined by technical, economic, and regulatory conditions, as well as the maturity of the solutions under consideration. The following resource groups are of key importance in this regard:

1. Financial resources

Taking action in the area of energy transition requires adequate financial backing. The availability of the Group’s own funds and potential external sources of financing may affect the scope and timeline of individual initiatives. Investment decisions depend on an assessment of economic viability and business priorities.

2. Human Resources

Implementing these activities requires the involvement of qualified personnel, both at the operational and managerial levels. Competencies in the areas of project management, technological analysis, research and development, and collaboration with external entities are of significant importance.

3. Technological Resources

The feasibility of implementing potential low-emission technologies depends on their stage of development, infrastructure availability, and adaptability to the Group’s specific manufacturing processes. At this stage, many of the analyzed solutions, such as hydrogen, bioLNG, or CCUS technologies, remain in the development or feasibility assessment phase.

4. Raw Material and Energy Resources

The availability of fuels and energy carriers, including alternative energy solutions, may be a significant factor determining the feasibility of operations. Risks related to the availability, stability of supply, and costs of these resources are taken into account in our analyses.

2. Partnership Resources and Collaboration with Stakeholders

The implementation of these actions depends to a large extent on cooperation with external entities, particularly research centers, technology providers, financial institutions, and regulatory stakeholders.

In summary, the Group’s ability to implement climate transition-related activities is phased and remains dependent on the availability and proper allocation of key resources. At this stage, activities focus primarily on analyses and research aimed at laying the groundwork for potential future investment decisions.

2.1.4. Energy consumption

[E1-5] The parent company’s core business focuses on the production of refractory materials (PKD 23.20.Z). The implementation of production processes within the ROPCZYCE Capital Group is primarily associated with high consumption of energy derived from the combustion of natural gas and electricity. The demand for electricity is partially met by the Group’s own generation sources, including a cogeneration plant and a photovoltaic system. The remaining electricity is obtained through purchases from the national power grid. The energy generated in the cogeneration plant is based on the combustion of natural gas, which is supplied both from the national gas network and in liquefied form (LNG) transported by land. Natural gas is primarily used in key technological processes related to heat treatment, with its sources of supply remaining the same as those described above.

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Energy consumption and energy mix	Unit	Consumption in 2024	Consumption in 2025
1) Fuel consumption from coal and coal products	MWh	0	0
2) Consumption from crude oil and petroleum products	MWh	944,4	964,7
3) Fuel consumption from natural gas	MWh	105 709,75	94 088,25
4) Fuel consumption from other fossil sources	MWh	512,435	523,75
5) Consumption of purchased or obtained electricity, heat, steam, and cooling from fossil sources	MWh	7 387,27	10 850,75
6) Total energy consumption from fossil fuels (calculated as the sum of lines 1–5)	MWh	114553,855	106427,448
Share of fossil fuels in total energy consumption (%)	%	98%	98%
7) Energy consumption from nuclear sources	MWh	0	0
Share of energy consumption from nuclear sources in total energy consumption (%)	%	0%	0%
8) Fuel consumption for renewable sources, including biomass (also including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	0	0
9) Consumption of purchased or obtained electricity, heat, steam and cooling from renewable sources	MWh	0	0
10) Consumption of renewable energy produced independently without the use of fuel	MWh	1 897,29	1 910,66
11) Total consumption of renewable and low-carbon energy (MWh) (calculated as the sum of rows 8–10)	MWh	1897,29	1910,66
Share of renewable sources in total energy consumption (%)	%	2%	2%
Total energy consumption (MWh) (calculated as the sum of rows 6, 7, and 11)	MWh	116451,145	108338,108

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The core business of the parent company of the ROPCYCE Group belongs to a sector with a significant impact on the climate. The Group's other activities are directly related to its core business or fall within sectors considered to have a significant impact on the climate. Therefore, all energy consumption is treated as originating from sectors with a significant impact on the climate.

Indicator	Unit	Consumption in 2024	Consumption in 2025
Non-renewable energy production	[MWh]	7 427,90	3 322,92
Total consumption of non-renewable energy produced	[MWh]	6 136,00	2 655,20
Renewable energy production	[MWh]	1897,29	1910,66
Total energy consumption resulting from activities in sectors with a significant impact on the climate	[MWh]	116 451,13	108 338,11
Net revenue from activities with a significant impact on the climate	[PLN]	429815282	394434917,75
Energy intensity of activities related to sectors with a significant impact on the climate (total energy consumption per net revenue)	[MWh/1 000 PLN]	0,27	0,27



2.2. Pollution

(IRO-1) As in the previous year, the Company systematically identifies significant risks and opportunities in the area of pollution, which allows for effective planning and implementation of measures to reduce environmental impact. The production process of refractory materials, along with supporting activities, remains one of the main sources of gaseous and particulate emissions.

In 2025, as in previous years, the most common substances included carbon dioxide (CO₂), nitrogen oxides (NO_x), carbon monoxide (CO), sulfur dioxide (SO₂), and particulate matter.

The types of pollutants emitted remained unchanged compared to previous periods, and emission levels were within applicable standards. In 2025, no exceedances of the limit values specified in environmental permits were recorded.

The Company continued to oversee emissions by continuously monitoring pollution sources, having emissions measured by authorized entities, and implementing technical solutions to reduce the negative environmental impact of its technological processes.

As in previous years, in 2025 the Company continued its systematic oversight of pollutant emissions and monitoring of significant environmental aspects.

Operational activities were conducted in compliance with all applicable legal requirements—both local and international. Air emissions did not exceed the values specified in the issued administrative decisions, and the Company's operations did not have a significant impact on soil or water.

The Company operates an Integrated Environmental Management System compliant with the PN-EN ISO 14001:2015 standard, the effectiveness of which is confirmed annually by an independent, accredited certification body. As part of this system, internal procedures have been developed and are applied to support the monitoring of the environmental impact of operations and ensure compliance with regulations.

In 2025, the Company continued to identify and manage key risks and opportunities related to pollution and the use of hazardous substances. Activities included, among others, the analysis of technological processes, a review of legislative changes, and an assessment of potential risks and benefits arising from environmental transformation.

As in the previous year, the Company maintains the previously identified key environmental risks, which remained relevant in 2025 as well. These include, in particular:

- Tighter environmental regulations (e.g., the IED Directive, BAT conclusions, changes to the EU ETS), which may necessitate costly investments in emission-reduction technologies.
- The increase in CO₂ emission costs associated with the need to purchase additional allowances under the EU ETS raises operating costs.
- Risk of equipment failure – failures of production equipment and environmental protection systems may lead to uncontrolled emissions and potential environmental penalties.
- Risk of rising energy and gas prices – the Company's operations require large amounts of electricity and gas, exposing it to fluctuations in energy commodity prices. In response, measures to improve energy efficiency and investments in renewable energy sources are being implemented.

At the same time, opportunities for the Group are recognized in the form of renewable energy use— it reduces CO₂ emissions, lowers energy costs, and makes the company independent of rising grid energy prices.

In 2025, to gather in-depth opinions on the Group's environmental impact—including emissions—a series of individual in-depth interviews was conducted with key stakeholders of the ZM "ROPCZYCE" Group.



2.2.1. Policies related to pollution

(E2-1) The parent company, Zakłady Magnezytowe “ROPCZYCE” S.A., operates and maintains a certified Integrated Quality, Environmental, and Occupational Health and Safety Management System in accordance with the following standards: ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. The environmental management system has been in place within the organization continuously since 2003.

The Integrated Management System Policy is based on the principles of sustainable development and aims to create technical and organizational conditions that allow for the reduction and effective monitoring of the parent company’s business activities’ impact on the natural environment.

Responsibility for environmental management stems from adopted internal procedures and applicable environmental standards.

Procedures for dealing with potential incidents that could result in environmental contamination are set forth in detail in the manual titled “Preparedness and Response to Workplace Accidents and Incidents in Production Departments.”

The Group is fully aware that its industrial operations have an impact on the environment, particularly with regard to air quality, which is affected by pollutant emissions generated during production processes. Consequently, measures are being taken to reduce and monitor these emissions. During the reporting period, no incidents were recorded that would have resulted in damage to the natural environment.

On November 24, 2025, the ZM “ROPCZYCE” Capital Group adopted a Sustainable Development Policy, which sets out the direction of its activities in the area of environmental responsibility. One of its key areas is reducing pollution and preventing its release into the environment



The ZM “ROPCZYCE” Capital Group’s Sustainability Policy serves as the foundation for its activities in three key areas: environmental protection, social responsibility, and corporate governance. Its provisions apply to all Group companies and are aimed at conducting industrial operations responsibly, with respect for natural resources, the climate, and the natural environment. In the environmental area, particular emphasis is placed on reducing pollutant emissions and minimizing the risk of their generation. As part of fulfilling its environmental commitments, the Group takes specific actions, including:

- using modern dust removal and filtration systems to reduce emissions into the air,
- reducing water consumption through the use of closed-loop systems,
- continuous monitoring of environmental compliance and undergoing regular audits,
- compliance with environmental regulations at the EU, national, and local levels—monitoring of installations and technical equipment to prevent failures and releases of pollutants,
- limiting the use of hazardous substances in technological processes,
- safe and responsible management of chemicals throughout the entire production cycle.

These measures are in line with the Group’s policy and its shared responsibility to minimize its environmental impact and support long-term development in accordance with ESG principles.

The ZM “ROPCZYCE” Capital Group’s Sustainable Development Policy, adopted in 2025, sets out the principles of responsible industrial operations, with a particular focus on reducing pollutant emissions and preventing their generation.

This policy addresses significant environmental impacts resulting from air emissions and the use of chemicals in industrial processes. It takes into account regulatory risks, such as stricter emission regulations (e.g., BAT conclusions, the IED Directive), the risk of environmental accidents, and rising emission costs, which may affect the profitability of operations. At the same time, the policy highlights opportunities related to emission reduction, the development of low-emission technologies, the implementation of modern dust removal systems, and the improvement of energy efficiency. The implementation of these measures contributes to minimizing negative environmental impacts and supports the achievement of environmental transition goals.

The policy is reviewed and updated every two years to ensure it remains current, effective, and compliant with the applicable regulatory and social environment.

The Management Board of the parent company – Zakłady Magnezytowe “ROPCZYCE” S.A.—is responsible for implementing, overseeing, and ensuring compliance with the provisions of the Sustainability Policy.

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The Sustainability Policy was developed internally, based on an analysis of the Group’s operations and an identification of its key impacts, risks, and opportunities. No off-the-shelf standards or initiatives developed by external organizations were used in its implementation. It covers both the Group’s own activities and operations within the value chain—wherever the Group can have a tangible impact on its partners, including suppliers and customers. It was developed taking into account the expectations and interests of key stakeholders, both internal and external. It was developed based on the Group’s double materiality assessment, which included a stakeholder survey.

The Sustainability Policy is publicly available on the Company’s website and internally accessible to employees via the intranet. This ensures that all stakeholders have unrestricted access to it. Its provisions apply to all Group companies, without regional restrictions. In 2025, a series of preventive and investment measures related to emissions control continued, including:

- modernization and development of dust removal systems,
- emission control in accordance with applicable environmental permits,
- supervision of the safe use of hazardous substances,
- implementation of technical solutions to reduce emissions.

Thanks to these measures, the Group is effectively implementing the objectives of its policy on emission reduction and air pollution prevention.

With regard to both its own operations and those carried out within the value chain, the Sustainability Policy of the ZM “ROPCZYCE” Capital Group addresses the use of chemicals, including hazardous substances. The Company takes measures to minimize the use of hazardous substances in production processes to the absolute minimum. The use of hazardous substances is strictly supervised in accordance with internal procedures and applicable national and EU laws.

The ZM “ROPCZYCE” Capital Group’s Sustainable Development Policy addresses the prevention of environmental incidents and the mitigation of their effects, particularly in the context of air emissions.

As part of its own operations, the Company has implemented prevention and response mechanisms, including:

- ongoing monitoring of installations capable of causing emissions, including dust collection equipment,
- emergency procedures governing actions in the event of uncontrolled emissions or technical failures,
- regular technical inspections and upgrades of environmental protection equipment,
- training for employees on emergency response and the safe handling of hazardous substances.

These measures are part of the existing Integrated Management System and serve both to ensure compliance with regulations and to minimize environmental risks and their consequences for people and the environment.



2.2.2. Pollution-related activities

(E2-2) In 2025, the Group continued to implement measures aimed at reducing pollutant emissions and improving energy efficiency, in accordance with the objectives of the annual “Quality, Environmental, and Occupational Health and Safety Program for ZMR.” These activities are consistent with the adopted Sustainable Development Policy and applicable integrated and sector-specific permits. Key activities implemented in 2025 included:

- Generation of renewable energy from a photovoltaic farm, which helped reduce emissions associated with the use of conventional energy sources and reduce the organization’s carbon footprint.
- Modernization of dust collection systems—continuation of activities at the Crushing and Unshaped Products Department aimed at eliminating fugitive dust emissions.
- Generation of electricity from our own high-efficiency cogeneration plant.
- Increasing the share of recycled raw materials in the technologies used, thereby reducing the carbon footprint of the products.
- Improvement of energy efficiency by reducing electricity losses, including through the replacement of a transformer with a more efficient model.

The Group operates under an integrated and sectoral permit. Air emissions in 2025, as in previous years, did not exceed the values specified in the decisions.

Zakłady Magnezytowe ROPCZYCE S.A. consistently continues its strategy of reducing the impact of its operations on the natural environment. As part of the Sustainable Development Policy and in accordance with the objectives of the “Quality, Environmental, and Occupational Health and Safety Program for ZMR for 2026,” a series of pro-environmental measures has been planned, the implementation of which is expected to yield measurable environmental and efficiency benefits.

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Planned activities:

1.Expansion of the photovoltaic farm.

Increasing the capacity of the photovoltaic system will enable the continued replacement of energy from conventional sources with renewable energy. This will help reduce greenhouse gas emissions and further lower the Company's carbon footprint. Planned completion year: 2027.

2.Further modernization of dust collection systems.

The Company will continue to invest in modern filtration and dust removal systems, covering key process installations. The goal is to further reduce fugitive dust emissions into the atmosphere and ensure compliance with current and future legal requirements. This is an ongoing initiative.

3.Optimization of technological processes.

Analytical and investment activities will be conducted to increase energy efficiency and reduce air pollutant emissions in production processes. These will include, among other things, reviewing and improving process parameters, eliminating losses, and rationalizing energy consumption. This is an ongoing activity.

4.Continuation of the replacement of lighting with energy-efficient LEDs.

Implementation of subsequent stages of lighting system modernization at the plants will lead to further reductions in electricity consumption and a decrease in indirect emissions associated with its generation. Planned completion year: 2026.

Planned actions, such as the expansion of the photovoltaic farm, modernization of dust removal systems, process optimization, and the replacement of lighting with LED, aim to further reduce greenhouse gas and dust emissions, improve energy efficiency, and reduce resource consumption. The implementation of these initiatives supports the objectives of the Sustainable Development Policy and aligns with the directions set out in the "Quality, Environmental, and Occupational Health and Safety Program for 2026."

In 2025, ZM "ROPCZYCE" carried out a series of activities supporting the implementation of the Sustainable Development Policy, particularly in the areas of reducing pollutant emissions and the efficient use of resources.

Key initiatives included, among others:

- energy production from a photovoltaic farm,
- development of dust removal systems,
- increasing the share of recycled raw materials.

These activities are consistent with the environmental objectives set annually under the Integrated Management System and confirm the Parent Company's commitment to implementing the policy's objectives.

The pollution reduction measures implemented by Zakłady Magnezytowe "ROPCZYCE" S.A. fall primarily into two tiers of the pollution prevention hierarchy.

The Company undertakes measures both in the area of pollution prevention (e.g., expansion of the photovoltaic farm and replacement of lighting with LED—reducing the demand for energy from conventional sources) and pollution control (modernization of dust collection systems and optimization of technological processes to reduce emissions of dust and other pollutants at the source). These measures are consistent with the principle of preventing or minimizing pollution, which corresponds to the first two tiers of the hierarchy: pollution prevention and reduction.

At this stage, no ecosystem restoration measures are being implemented, as operational activities do not cause permanent environmental damage of this kind.

2.2.3. Pollution-related goals

(E2-3) The Group does not have formally defined targets; however, environmental, quality, and occupational health and safety targets are set annually as part of the functioning Integrated Management System.

At this time, the Company does not plan to set measurable, results-oriented targets for emissions, as it operates in full compliance with applicable regulations and the conditions specified in the integrated permit. Emissions are monitored, reported, and maintained at levels consistent with legal limits. At this stage, the Group sees no need to set additional, measurable targets in this area.

The effectiveness of the policy is monitored through the annual setting of environmental targets within the Integrated Management System and ongoing verification of compliance with the requirements of the integrated permit and environmental regulations.

The ROPCZYCE Group strives to conduct its operations in compliance with applicable environmental regulations, without exceeding the permissible emission levels specified in the integrated permit and the permit for the emission of gases and particulate matter into the air. The Group's ambition is to maintain emissions at levels compliant with legal requirements and to further reduce them to the extent technically and organizationally feasible.

To this end, emission levels are systematically monitored, mandatory measurements of organized emissions are conducted, and periodic reports are submitted to the relevant environmental protection authorities.



2.2.4. Air Pollution

(E2-4) Zakłady Magnezytowe "ROPCZYCE" S.A. monitors air emissions in accordance with applicable laws and reporting requirements.

In 2025, the Company emitted pollutants into the air; however, none of the emission levels exceeded the threshold values specified in Annex II to Regulation (EC) No. 166/2006. This means that the Company's operations remained in compliance with applicable environmental standards and were not subject to reporting requirements to the European Pollutant Release and Transfer Register (E-PRTR).

As part of its regulatory obligations, the Company prepares and submits the following reports on air emissions:

- a report to the National Database on Greenhouse Gas and Other Substance Emissions (KOBIZE), pursuant to Article 7(1) of the Act of July 17, 2009, on the Emissions Management System,
- a list containing a summary of environmental resource use and applicable environmental fees, in accordance with Article 286 of the Environmental Protection Law,
- annual greenhouse gas (CO₂) emissions report as part of participation in the EU ETS. This report is verified by an independent, accredited verifier, ensuring the reliability of the reported data.

Monitoring of air emissions at Zakłady Magnezytowe "ROPCZYCE" S.A. is conducted continuously and in accordance with applicable laws and internal environmental management system procedures.

- the process includes the following key stages measurements of point source emissions are performed periodically on selected emission sources by specialized, accredited external laboratories, in accordance with the schedule and requirements set forth in the applicable administrative decisions.
- collection of operational data—including plant operating parameters, raw material consumption, equipment operating time, and other technical data necessary for calculating emissions.
- calculation of emissions using approved calculation methods and emission factors, in accordance with legal requirements and the KOBIZE methodology.
- reporting – emission data is reported annually to the relevant administrative authorities

2.2.5. Potentially hazardous substances

(E2-5) Hazardous materials/substances include binders, impregnants, and other additives that ensure the feasibility of manufacturing refractory products intended for use in industrial equipment as working linings operated at high temperatures, under the influence of aggressive chemical and mechanical factors. The refractory products manufactured achieve the required quality and performance parameters through the use of appropriate binders, impregnants, high compaction, and heat treatment. The hazardous materials/substances listed in the report are essential and enable the performance of all required technological operations, including the preparation of mixtures, forming on high-pressure hydraulic presses, drying, firing, and impregnation. At the same time, the quantities of hazardous materials/substances are limited to the necessary minimum, and all legal regulations regarding environmental protection and occupational health and safety are observed during their use. Hazardous materials/raw materials used in the production process are subject to ADR reporting requirements. The Chief Technologist determines the quantities of hazardous materials/raw materials used in production. In 2025, the Group transported 3,313,183.41 kilograms and 4,604,118.65 liters of potentially hazardous substances.



2.3. Resource Use and Circular Economy

(IRO-1) The Group systematically identifies significant impacts, risks and opportunities related to resource use, waste, and the circular economy (CE). Identified risks include, among others, limited availability of key raw materials, rising purchase and transport costs, large amounts of production waste, and increasingly stringent waste management regulations. In response to these challenges, the Company is implementing measures to optimize production processes, seeking alternative raw materials, and increasing the use of recycled materials.

The identification of opportunities focuses on improving material efficiency, reducing environmental impact, and strengthening the competitive position through the development of practices aligned with the principles of the Circular Economy.

Consultations on the circular economy were conducted via an online survey that included questions regarding resource use, waste processing, and other related topics in 2024. In 2025, the study was expanded through in-depth interviews with stakeholders, including a waste recipient and the local environmental protection agency.

In 2025, the Group reviewed the impacts, risks, and opportunities identified as part of its 2024 double materiality analysis. These impacts were deemed to remain relevant and reflect the actual and potential challenges associated with the transition to a circular economy model.

Key risks included, among others, limited availability of raw materials, rising procurement and transportation costs, and increasingly stringent waste management regulations. The company is addressing these challenges by optimizing production processes, increasing the use of recycled materials, and developing recovery technologies.

At the same time, opportunities are being identified, such as improving material efficiency, reducing environmental impact, and strengthening competitiveness through the implementation of CE principles.

2.3.1. Circular Economy Policies

(E5-1) At the ZM "ROPCZYCE" Capital Group, responsible resource management and the promotion of circular economy principles are an important element of the approach to sustainable development. These principles are incorporated into the Sustainable Development Policy, which has been in effect across all Group companies since November 24, 2025.

Furthermore, as part of the Integrated Environmental Management System implemented at the Company, activities are carried out to reduce the negative impact of production processes on the environment and improve resource management efficiency. Key procedures and instructions—such as:

- "Waste Management, Air Protection, and Water and Wastewater Management,"
- "Monitoring and Measurements,"
- "Waste Management Principles," form the systemic basis for ongoing control, record-keeping, and optimization of material consumption, waste generation, and waste management in accordance with the waste hierarchy.

ZM "ROPCZYCE" S.A. operates in accordance with applicable administrative decisions regarding waste generation and treatment, which ensure that its processes comply with legal requirements and enable proper waste management, including recovery and transfer for further treatment.

The ZM "ROPCZYCE" Capital Group's Sustainable Development Policy addresses the responsible and rational use of natural resources and the implementation of circular economy principles across all Group companies. This document provides a framework for decision-making regarding resource management, material efficiency, and the reduction of waste generation.

In particular:

- maximizing the use of raw materials and reducing losses in production processes,
- increasing the share of secondary raw materials and recycled materials,
- designing products with durability, reusability, and recyclability in mind,
- reducing waste and developing waste sorting and processing,
- collaborating with suppliers and customers to close material loops,
- collaboration with qualified suppliers that meet environmental and quality requirements,
- raising awareness among employees and partners regarding the circular economy through training and communication.

The policy promotes an approach based on efficient resource management, waste elimination, and reducing environmental impact throughout the product life cycle. These actions support both environmental goals and the Group's pursuit of higher raw material independence.

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The objective of the Sustainability Policy in the area of resource use and the circular economy is to reduce the negative environmental impact of the ZM “ROPCZYCE” Capital Group’s industrial activities through rational and efficient management of raw materials, materials, and energy. “The ZM “ROPCZYCE” Capital Group’s Sustainable Development Policy addresses environmental impacts resulting from resource management and waste generation in industrial operations. It takes into account risks such as rising costs of primary raw materials, stricter waste management regulations, and requirements regarding recycling and the circular economy. At the same time, it identifies opportunities, including increasing the use of secondary raw materials, developing material recovery processes, and improving material efficiency.

This document is reviewed and updated every two years to ensure that it remains current, effective, and compliant with the applicable regulatory and social environment. It applies to all companies belonging to the ZM “ROPCZYCE” Capital Group and pertains to their operational activities, including those areas of the value chain over which the Group may have an impact. The document does not impose any significant restrictions or exclusions based on geographic location or the type of entity.

The Management Board of the parent company—Zakłady Magnezytowe “ROPCZYCE” S.A.—is responsible for implementing, overseeing, and ensuring compliance with the provisions of the Sustainability Policy.

The Sustainability Policy was developed internally, based on an analysis of the Group’s operations and the identification of its key impacts, risks, and opportunities. No off-the-shelf standards or initiatives developed by external organizations were used in its implementation. It was developed taking into account the expectations and interests of key stakeholders, both internal and external. It was developed based on the Group’s 2024 double materiality assessment, which included a stakeholder survey, and is publicly available on the Company’s website and internally to employees via the intranet. As a result, all interested parties have free access to it.

“The ZM ‘ROPCZYCE’ Capital Group’s Sustainability Policy” explicitly addresses the need to reduce the consumption of primary raw materials and increase the share of secondary raw materials, in accordance with the principles of the circular economy (CE).

This document defines the rational management of resources as one of the Group’s key environmental objectives, taking into account the sustainable acquisition and use of renewable resources through measures that reduce the consumption of primary raw materials and promote the use of secondary raw materials. The document highlights, among other things, increasing the share of recycled materials, the use of renewable energy (e.g., from a photovoltaic farm), as well as the rational management of resources throughout the entire product life cycle

The policy does not contain a direct reference to the “waste management hierarchy” in the statutory sense; however, the actions implemented by the ZM “ROPCZYCE” Group reflect this hierarchy in practice. The Group applies a comprehensive approach to waste management that is consistent with the principles of the circular economy and applicable environmental regulations. The Sustainable Development Policy incorporates the waste management hierarchy—the priority is to prevent and minimize waste generation, followed by treatment and recycling. It aims to optimize processes, increase product durability, utilize recycled materials, and reduce waste by reintroducing it into the production cycle.

2.3.2. Circular Economy Initiatives

(E5-2) In 2025, the Group continued its existing approach to the responsible use of resources and waste management. Activities continue to focus on the use of raw materials and products supplied by qualified suppliers and on rational waste management.

The Group conducts activities related to the recovery of waste refractory materials, both from metallurgical and non-metallurgical processes. These activities are carried out in accordance with current administrative decisions issued by the Ropczycko-Sędziszowski County Administrator, authorizing waste processing.

In 2025, the Group continued the activities from previous years, focused on the reuse of refractory materials and the implementation of circular economy principles. The approach to resource utilization has not undergone significant changes. The reuse of spent refractory products in production processes continues to contribute to reducing the negative environmental impact by limiting the demand for virgin raw materials and reducing the amount of waste sent to landfills.

During the reporting year, activities supporting the implementation of circular economy principles were maintained:

- the use of reusable packaging, such as pallets and big bags, in internal circulation—reduces the consumption of new materials and the amount of packaging waste,
- separating and sending waste for recycling—ensuring the reuse of secondary raw materials,
- expanding the recovery of recycled materials – increasing their share in the production cycle,
- use of closed-loop cooling systems – reducing process water consumption,
- recycling of production waste (including defective products) and dust from dust collectors – using them as secondary raw materials in production.

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Through these measures, the Group:

- reduces the consumption of natural resources,
- reduces the amount of waste sent to landfills,
- increases material efficiency,
- contributes to the achievement of the Sustainable Development Policy objectives and the principles of the circular economy.

All the measures described are an integral part of the Group’s approach to responsible resource management. Their continuation in 2025 confirms the Group’s consistent commitment to the sustainable use of raw materials and waste minimization, in accordance with the adopted principles of the circular economy.

The Group maintains its existing objectives and continues its efforts to increase the share of recycled raw materials in production processes. This direction remains consistent with the goals of the Sustainable Development Policy and the principles of the circular economy, and its implementation is considered a priority for the coming years of operation.

Expected results:

- **Reducing the use of virgin raw materials** – further increasing the share of recycled materials will help reduce the demand for natural resources, thereby minimizing the environmental impact of resource extraction.
- **Reducing the carbon footprint** – these measures will help reduce emissions associated with the extraction, transport, and processing of virgin raw materials.
- **Reducing waste** – the reuse of waste materials will reduce the amount of waste sent to landfills or for disposal.

By continuing these initiatives, the Group is strengthening its commitment to achieving sustainable development goals in the area of the circular economy.

In 2025, the Group continued its efforts to support the principles of the circular economy, focusing on the reuse of refractory materials and reducing the consumption of primary raw materials. The initiatives implemented included, among others, the use of reusable packaging, the return of production waste, the development of raw material recovery, and the use of closed-loop cooling systems. These initiatives are consistent with the Sustainable Development Policy, which calls for a systematic approach to managing environmental impacts and adherence to the principles of responsible production.

The Group’s activities in the area of the circular economy are ongoing and long-term. The process of recycling refractory scrap will also continue in the coming years.

2.3.3. Circular Economy Goals

(E5-3) The Group does not have formally defined goals related to the circular economy. Nevertheless, environmental goals are set annually as part of the existing Integrated Management System, including tasks related to the efficient use of resources and increasing the share of recycled raw materials.

The Group does not have measurable, results-oriented targets for the circular economy (CE), primarily due to the variability in the availability of recyclable waste.

The amount of recycled material that should be used for a specific product is specified in the production technology for that product. The production process is carried out based on the technology previously entered into the system. The total amount of recycled materials used in production can be determined based on inventory records, which indicate when, how much, and what type of material was withdrawn.

The company’s ambition is to increase, to the extent possible, the use of recycled raw materials in the production of refractory materials. The process of introducing products with a higher content of recycled materials is a long-term process. Additionally, the variable production structure dictated by market demand causes significant fluctuations in the rate of recycled material usage. The adopted goals are to reduce the consumption of virgin raw materials as much as possible, lower the carbon footprint, and optimize waste management within the framework of the circular economy concept.

2.3.4. Inputs

(E5-4) In 2025, as in previous years, the Company continued its systematic efforts to monitor and manage waste within the framework of the circular economy (CE). The Company maintains systematic waste records in the Waste Database (BDO), which enables detailed monitoring of the amount of waste received and used in production processes.

ENVIRONMENTAL INFORMATION

Amounts of waste recovered		2024	2025
16 11 04	Furnace linings and refractory materials from metallurgical processes other than those listed in 16 11 03	1224,58 Mg	980,94 Mg
16 11 06	Furnace linings and refractory materials from non-metallurgical processes other than listed in 16 11 05	3817,50 Mg	3147 Mg

The total quantity of raw materials used in the production of products was calculated based on warehouse documents (RW). These documents specify when, how much, and what type of raw material was withdrawn from the warehouse for product manufacturing.

As in previous years, the Company's refractory production process generated various types of waste, which are subsequently sorted and managed appropriately to minimize their negative impact on the environment and maximize opportunities for reuse.

The main types of waste include:

- packaging waste used for the transport of raw materials (paper and cardboard packaging, plastic packaging, wooden packaging, and packaging for hazardous substances),
- waste from the maintenance of machinery and equipment (hydraulic oils, lubricants, oil emulsions, steel scrap),
- particles and dust from cleaning production halls,
- construction waste generated by renovation and construction work,
- municipal waste.

All waste is sorted in accordance with applicable laws. Properly classified waste is transferred exclusively to authorized recipients holding the necessary permits for its further management. Through ongoing cooperation with certified companies specializing in recycling and waste disposal, the Company ensures waste management that complies with the law and environmental protection principles, thereby minimizing its negative impact on the environment.

The company's main activity within the circular economy framework involves the recycling of ceramic materials. This is a process that involves processing waste material in such a way that it becomes a raw material for further use. In this context, it is not possible to classify this process as "reuse," as the waste material is processed and transformed into a new raw material.

2.3.5. Discharged resources, including waste

(E5-5) The main products are high-quality refractory materials, which are key components of furnace linings and high-temperature thermal equipment. The main product groups offered by the company are presented below:

Burned shaped products: magnesia, magnesia-chromite, magnesia-spinel, magnesia-forsterite, zirconia, corundum-chrome, silica, and high-alumina.

Unburned shaped products: magnesia-carbon, corundum-carbon, corundum-magnesia-carbon, magnesia-spinel-carbon, magnesia-chromite, high-alumina, prefabricated components made of low-cement corundum-spinel and spinel concretes, prefabricated components, alkaline concrete products, precast products made of silico-aluminate concrete.

Unshaped products: mortars for joining refractory blocks, construction mixes for creating all or part of linings by forming them directly at the installation site, including refractory concretes (corundum, corundum-spinel, aluminosilicate) and mixes for tamping (tossing), repair compounds intended for filling operational defects, protective coatings used for application to the working surfaces of linings as a protective layer against corrosion.

Special refractories: gas-permeable fittings and assemblies (gas-permeable assemblies for steel ladles, bottom-blow assemblies for electric arc furnaces, bottom-blow fittings for steel converters, argon lances for the foundry and steelmaking industries, gas-permeable fittings for copper refining), large-scale products (RH nozzles, monolithic arches for electric arc furnaces, monolithic pillar components), drainage sets for thermal equipment (drainage sets for electric arc furnaces, drainage sets for oxygen converters, drainage sets for steel ladles, pouring sets for intermediate ladles).

These products are used in various industries, such as the steel industry, the non-ferrous metals industry, the cement and lime industry, glass manufacturing, foundries, coking plants, and other industries employing high-temperature processes.

The Company's manufacturing operations generate waste that is a natural by-product of technological processes. The main waste stream consists of packaging waste from raw materials—in particular plastics, paper, cardboard, and wood. In 2025, the Company continued its existing approach to waste management—no changes were recorded in procedures, scope of operations, or waste composition. All waste is recorded in the BDO system and transferred exclusively to authorized recipients holding the relevant administrative permits.

ZMR S.A. holds valid permits for waste generation and processing, and operations are conducted in accordance with their provisions and applicable law. As a result, the Company ensures full compliance with environmental requirements and minimizes the impact of its activities on the surrounding environment.

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Hazardous and non-hazardous waste by management method

WASTE SENT FOR RECYCLING	2024	2025
HAZARDOUS WASTE	26,03 Mg	44,141 Mg
Recycling	14,955 Mg	15,366 Mg
Other recovery processes	11,075 Mg	28,775 Mg
NON-HAZARDOUS WASTE	517,264 Mg	587,2758 Mg
Recycling	0 Mg	0 Mg
Other recovery processes	517,264 Mg	587,2758 Mg
TOTAL AMOUNT OF WASTE SENT FOR RECOVERY	543,294 Mg	631,4168 Mg
WASTE SENT FOR DISPOSAL	2024	2025
HAZARDOUS WASTE	6,407 Mg	2,94 Mg
Incineration	1,787 Mg	0,13 Mg
Storage	0 Mg	0 Mg
Other disposal processes	4,62 Mg	2,81 Mg
NON-HAZARDOUS WASTE	38,663 Mg	44,7692 Mg
Incineration	0 Mg	0 Mg
Storage	19,907 Mg	0 Mg
Other disposal processes	18,756 Mg	44,7692 Mg
TOTAL AMOUNT OF WASTE SENT FOR DISPOSAL	45,07 Mg	47,7092 Mg
TOTAL AMOUNT OF WASTE GENERATED	588,364 Mg	679,126 Mg
PERCENTAGE OF WASTE SUBJECTED TO RECOVERY PROCESSES	92%	93%

In 2025, there were no changes in the Group's approach to waste management—the existing activities and practices implemented in previous years were continued.

In its production processes, the Group uses recycled waste, which is a key element in achieving the goals of the circular economy (CE). The use of these materials allows for a reduction in the consumption of virgin raw materials, a decrease in environmental impact, and improved economic efficiency.

The production process for refractory materials generates a variety of waste streams, which are properly sorted and managed to minimize their negative impact on the environment and maximize their reuse. The main types of waste include:

- packaging waste used for transporting raw materials (paper and cardboard packaging, plastic packaging, wooden packaging, packaging for hazardous substances),
- waste from the maintenance of machinery and equipment: hydraulic oil, lubricating oil, oil emulsions, steel scrap,
- particles and dust from cleaning production halls,
- construction waste resulting from renovation and construction work,
- municipal waste.

All waste generated by the company's operations is carefully sorted in accordance with applicable regulations. The waste is then classified and transferred to authorized recipients holding the necessary permits for further management. Thanks to ongoing cooperation with certified companies specializing in recycling and waste disposal, the Company ensures proper waste management in compliance with environmental protection principles, which effectively reduces its impact on the natural environment.

The main waste stream has not changed—it continues to consist primarily of packaging from delivered raw materials, such as plastics, paper, cardboard, and wood.

In 2025, no changes were observed in the material composition of waste generated by the Company. The main categories of materials present in the waste remained unchanged and include: plastics, biomass (wood waste), waste paper, steel, and other metallic waste.

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Waste is classified in accordance with the Regulation of the Minister of Climate of January 2, 2020, on the waste catalog, and records are maintained in the BDO system. Waste generated within the ZM "ROPCZYCE" Capital Group is classified, among others, into the following groups:

- 10 12 – Waste from the production of construction, fine, and refractory ceramics.
- 12 01 – Waste from the shaping and processing of metals and plastics.
- 13 01 – Waste hydraulic oils.
- 13 02 – Waste engine, gear, and lubricating oils.
- 15 01 – Packaging waste.
- 15 02 – Absorbents, filter materials, wiping cloths, and protective clothing.
- 17 04 – Waste and scrap of metals and their alloys.

The company continues to actively participate in the management of waste generated after the end of its products' useful life, in accordance with the principles of the circular economy (CE). In 2025 as well, the existing practices of collecting used refractory materials from customers and directing them to recycling processes were maintained.

Thanks to these efforts, used refractory products do not end up in landfills but are reprocessed and used as raw material for the production of new products. Continuing these practices not only reduces the amount of industrial waste but also decreases the demand for virgin raw materials.



The standards used in the refractory industry for material classification take into account the physical, chemical, and environmental properties of the products. Within the framework of sustainable development and circular economy principles, key guidelines are based on international standards such as:

- ISO 21068 - Chemical analysis of refractory materials.
- ISO 10081 - Classification of dense, shaped refractory products.
- ISO 1927 - Classification and testing of unshaped refractory materials.
- EN 12475 – Wear resistance and thermal behavior of refractory materials.
- ISO 14040/14044 - Life Cycle Assessment (LCA), used to evaluate the environmental impact of products.

2.4 Compliance with the Taxonomy

In the context of the growing need for economic transformation toward sustainable development, compliance with the EU Taxonomy is a key element supporting responsible investment decisions and the formulation of business strategies. The EU Taxonomy is a classification system that determines which types of economic activities can be considered environmentally sustainable—particularly in the areas of environmental protection, climate change mitigation, and the achievement of other sustainable development goals.

The purpose of this chapter is to present an assessment of the ROPCZYCE Group's compliance with the requirements of the EU Taxonomy, including an analysis of the impact of specific activities on environmental objectives and the identification of areas requiring further adjustment to achieve full regulatory compliance. This chapter presents some of the Group's activities related to ensuring environmental transparency and striving for long-term, sustainable growth.

Scope of EU Taxonomy disclosures

Legal basis

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 concerns the introduction of a classification of sustainable economic activities, known as the EU Taxonomy. It establishes a uniform classification system that allows for determining which activities of the ROPCZYCE Group can be considered environmentally sustainable. This Regulation is part of the EU's strategy for sustainable development and the fight against climate change.

Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council (EU) 2020/852 by establishing technical qualification criteria to determine the conditions under which a given economic activity qualifies as making a significant contribution to climate change mitigation or adaptation, as well as determining whether that economic activity does not cause significant harm to any of the other environmental objectives (hereinafter: "Regulation 2021/2139 on technical eligibility criteria").

Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023, amending Delegated Regulation (EU) 2021/2139 establishing additional technical eligibility criteria to determine the conditions under which certain economic activities qualify as making a significant contribution to climate change mitigation or adaptation, and determining whether such activities do not cause significant harm to any of the other environmental objectives (hereinafter: "Regulation 2023/2485").

Commission Delegated Regulation (EU) 2022/1214 of March 9, 2022, amending Delegated Regulation 2021/2139 with regard to economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 with regard to the public disclosure of specific information concerning these types of economic activities. The technical eligibility criteria serve to define the conditions under which the Group's economic activities qualify as making a significant contribution to:

- climate change mitigation,
- climate change adaptation,
- the sustainable use and protection of water and marine resources,
- the transition to a circular economy,
- pollution prevention and control,
- the protection and restoration of biodiversity and ecosystems.

The ZM "ROPCZYCE" Capital Group conducted an analysis of its 2025 activities regarding the classification of the operations carried out by its companies in accordance with the Taxonomy. Verification of compliance with the EU Taxonomy was conducted by assessing compliance with the qualifications set out in the annexes to the Commission Delegated Regulation (EU) 2021/2139, Regulation 2023/2485, and Commission Regulation (EU) 2023/2486.

For an activity to be considered sustainable under the Taxonomy, it must meet the following criteria:

- contribute to at least one of the environmental objectives,
- not cause significant harm to other environmental objectives.

Activity Categories

Activities carried out by the ROPCZYCE Group can be assigned to one of three categories:

- **activities eligible for classification**, for which the technical eligibility criteria and Minimum Guarantees have been met—these are environmentally sustainable activities,
- **activities eligible for the classification system for which technical eligibility criteria have not been assessed** or for which it has been determined that at least one criterion is not met or the Minimum Guarantees have not been met—these are activities eligible for the classification system but not environmentally sustainable,
- **activities not eligible for classification for which no technical eligibility criteria exist** – these are activities that do not meet sustainability requirements and do not contribute to the achievement of environmental objectives. These are typically industries that have a negative impact on the environment, lead to the overexploitation of natural resources, or increase greenhouse gas emissions.

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The ZM "ROPCZYCE" Capital Group derives the vast majority of its revenue from the production and sale of refractory materials—NACE code 23.20. This activity is not included in the classification system set forth in the aforementioned Delegated Regulations of the European Commission. Consequently, it was determined that the Capital Group's revenue derives primarily from activities not classified in the Taxonomy.

In the next stage, the processes occurring within the Capital Group that are included in the Taxonomy's classification system were analyzed, for which key performance indicators were defined:

- Construction or operation of facilities for the production of electricity using photovoltaic technology (installation and operation of a photovoltaic farm) – NACE code 35.11 (capital expenditures), Section 4.1 of Regulation 2021/2139; objective: CCM
- Production of heat/cooling from waste heat – NACE code 35.30 (turnover), see 4.25 of Regulation 2021/2139; objective: CCM
- Distribution of electricity (from cogeneration) – NACE code 35.13 (turnover); CCM objective
- Recovery of materials from non-hazardous waste – NACE code 38.32 (expenditures), Section 5.9 of Regulation 2021/2139 and Section 2.7 of Regulation 2023/2486; objective: CE
- Sorting and sale for recovery of non-hazardous waste – NACE code 38.32 (turnover), Section 2.7 of Regulation 2023/2486; objective: CE.

The next step was to assign turnover, capital expenditures, and operating expenses to the identified activities, which were then verified based on:

- an assessment of the criteria for significant contribution and no serious harm (in accordance with the Technical Eligibility Criteria set out in the annexes to Commission Delegated Regulations (EU) 2021/2139 and 2023/2486);
- an assessment of compliance with the Minimum Guarantees.

In the final stage, the relevant tables were prepared in accordance with the requirements of Annexes I and II to Commission Delegated Regulation (EU) 2021/2178.

It should be emphasized that the Group is aware of the importance of climate neutrality and is undertaking a range of activities to improve energy efficiency and to identify and implement solutions aimed at reducing the carbon intensity of electricity consumed in production processes, thereby limiting global greenhouse gas emissions. In 2023–2024, Zakłady Magnezytowe "ROPCZYCE" S.A. incurred significant costs in this area, contributing to climate change mitigation, i.e., the reduction of global greenhouse gas emissions associated with the supply of energy based on solid fuel.

During this period, the use of electricity from the Company's own photovoltaic installation and high-efficiency cogeneration continued, which allowed for an increase in the share of low-emission energy in the Company's energy balance. Concurrently, modernization efforts were carried out, including the gradual replacement of lighting with LED technology and investments in improving the energy efficiency of production processes.

In 2025, Zakłady Magnezytowe "ROPCZYCE" S.A. incurred capital expenditures on property, plant, and equipment and intangible assets in the amount of PLN 9.9 million. The Company's investments are primarily aimed at modernizing its machinery, which directly translates into increased production efficiency. Additionally, the Group constantly strives to ensure the highest quality of its products and to extend their service life in customers' facilities. To this end, it also seeks opportunities for process innovation while simultaneously carrying out replacement and modernization investments.

Within the Capital Group, investment projects focused on implementing modern and environmentally friendly technologies for the production of refractory products are consistently carried out.

Among the measures taken are:

- electricity generation from our own photovoltaic system, increasing the share of renewable energy in the Group's energy mix,
- electricity generation via high-efficiency cogeneration, enabling more efficient use of natural gas,
- conducting preparatory activities related to the development of our own renewable energy sources—expansion of the photovoltaic system,
- modernization of dust collection systems to reduce fugitive dust emissions into the air,
- further development of the circular economy—recovery of refractory scrap,
- ensuring efficient and cost-effective management of materials and raw materials at each stage of the production process.

Additionally, the design and improvement of products take into account, among other things:

- the environmental impact of products and occupational health and safety issues,
- improving product durability to extend their service life for customers,
- the potential for recycling waste generated after the end of a product's useful life.

Minimum Guarantees

Minimum guarantees are one of the criteria determining compliance with the EU Taxonomy.

The Minimum Guarantees referred to in Article 3(c) (in accordance with Article 18 of Regulation 2020/852) are the procedures applied by a business entity to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set forth in the eight core conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, as well as the principles and rights set forth in the International Bill of Human Rights.

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As a result of the verification process, it was determined that the operations of the ZM "ROPCZYCE" S.A. are conducted in accordance with the Minimum Safeguards referred to in Article 18 of EU Regulation 2020/852. The assessment of compliance with the Minimum Safeguards was conducted by an independent certified auditor based on the requirements recommended for entities subject to the CSRD.

Key performance indicators (revenue, capital expenditures, expenses) were calculated in accordance with the methodology described in the Annexes to Regulation 2021/2139 and Regulation 2023/2486 on disclosures. The relevant data from the Consolidated Financial Statements of the ZM "ROPCZYCE" S.A. Capital Group for 2025 were used to calculate the ratios. Individual types of business activities were assigned to a single activity eligible for the classification system; therefore, no part of the key performance indicators was double-counted.

Key turnover-related ratios

The key revenue-related ratio was calculated as the ratio of total revenue from activities falling under the classification to total consolidated revenue disclosed in the Consolidated Financial Statements of the "ROPCZYCE" Group for 2025 under the item "Revenue from the sale of products, services, goods, and materials."

Specification	2024	2025
Revenue from qualifying activities	PLN 2 777 000	PLN 3 152 000
Net revenue from sales of products, goods, and materials	PLN 429 815 000	PLN 394 435 000
Percentage of revenue from qualifying activities	0,6%	0,8%
Percentage of revenue from non-qualified activities	99,4%	99,2%

Key indicators related to capital expenditures

With regard to capital expenditures, the basis for the ratio was the capital expenditures incurred by the Capital Group in 2025. The total amount of capital expenditures is presented in Notes 12, 12A, and 13 to the Consolidated Financial Statements of the "ROPCZYCE" Capital Group for 2025. No capital expenditures were identified among those incurred in 2025 that would relate to business activities eligible for the classification system.

Specification	2024	2025
Capital expenditures related to qualifying activities	0	0
Total capital expenditures	PLN 19 153 000	PLN 10 346 000
Percentage of capital expenditures related to qualifying activities	0%	0%
Percentage of capital expenditures related to non-eligible activities	100%	100%

Key indicators related to expenses

The key indicator related to operating expenses was calculated as the ratio of the sum of operating expenses eligible under the classification system to the sum of operating expenses constituting all costs incurred for the ongoing operation of the Capital Group's assets and maintaining them in proper condition. In accordance with the provisions of the Regulation, operating expenses include activities related to the modernization of buildings, maintenance, repairs, and all other direct expenses incurred by the Group in connection with the day-to-day operation of tangible fixed assets and maintaining them in proper condition.

Specification	2024	2025
Operating expenses related to eligible activities	PLN 5 703 000	PLN 6 128 000
Total operating expenses	PLN 24 233 000	PLN 43 188 000
Percentage of operating expenses related to eligible activities	23%	14%
Percentage of operating expenses related to non-eligible activities	77%	86%

ENVIRONMENTAL INFORMATION

Percentage share of products and services related to business activities in accordance with the classification system—this disclosure applies to 2025.

Fiscal year 2025	Code or codes (2)	Turnover (3)	Part of turnover, 2025 (4)	Criteria for significant contribution						Criteria for the DNSH principle (do not cause significant harm)						Minimum guarantees (17)	Share of activities in line with the classification (A.1) or eligible for classification (A.2) Turnover in 2024 (18)	Category Support activities (19)	Category Activities for transition (20)
				Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
				T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T/N	T/N	T/N	T/N	T/N	T/N				
A. ACTIVITIES ELIGIBLE FOR THE CLASSIFICATION																			
A.1. Types of environmentally sustainable activities (in accordance with classification)																			
Electricity distribution (from cogeneration)	35.13	591	0,15	T	N	N	N	N	N	T	T	T	T	T	T	T	0,15		
Heat/cooling energy production from waste heat	35.30	418	0,11	T	N	N	N	N	N	T	T	T	T	T	T	T	0,11		
Sorting and sale for recovery of non-hazardous waste	38.32	123	0,03	N	N	N	N	T	N	T	T	T	T	T	T	T	0,03		
Revenue from environmentally sustainable activities (in accordance with systematics) (A.1)		1 132	0,29	0,26	0	0	0	0,03	0	T	T	T	T	T	T	T	0,29		
Including support																			
Including in support of the transition																			
A.2. Activities eligible for the scheme but environmentally unsustainable (non-compliant with the scheme)																			
Acquisition and ownership of buildings	68.20	2 020	0,5	N	T	N	N	N	N								0,5		
Revenue from activities eligible for the scheme but environmentally unsustainable (activities not compliant with the scheme) (A.2)		2 020	0,5	0	0,4	0	0	0	0								0,5		
A. Revenue from activities eligible for the system (A.1 + A.2)		3 152	0,8	0,26	0,5	0	0	0,03	0								0,8		
B. ACTIVITIES NOT CLASSIFIED UNDER THE SYSTEM																			
Revenue from activities not covered by the classification system		391 283	99,2																
TOTAL		394 435	100																

ENVIRONMENTAL INFORMATION

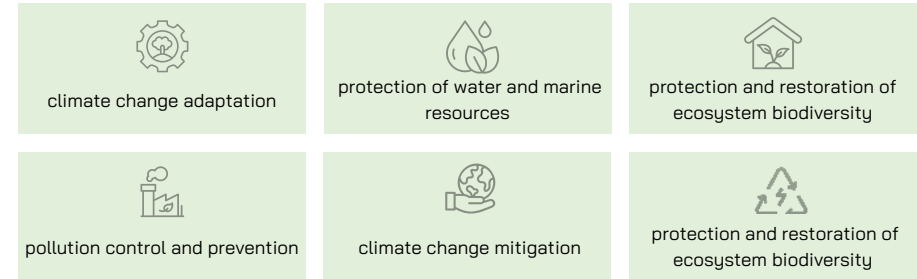
In 2025, the "ROPCZYCE" Capital Group generated revenue from several business segments listed in Annexes I and II to Commission Delegated Regulation (EU) 2021/2139. The main revenue items from operations included in the classification for 2025 were:

- revenue from the sale of electricity – PLN 591,000,
- revenue from the sale of thermal energy – PLN 418,000,
- revenue from the sale of steel scrap – PLN 123,000,
- revenue from the rental and lease of building space – PLN 2,020 000.

In 2025, the Group also generated PLN 391 million in revenue from activities not qualifying for the classification system. This revenue came mainly from the sale of refractory materials and comprehensive services. The share of revenue classified under the classification system in total revenue amounted to 0.8% in 2025, including 0.29% for revenue compliant with the classification system and 0.5% for revenue classified but non-compliant with the classification system.



The following outlines the scope of eligibility and compliance by specific environmental objective, which includes compliance with each environmental objective for those activities that make a significant contribution to the achievement of multiple objectives:



For a better understanding of the table below, the Group provides explanations of the abbreviations used therein:

- climate change mitigation CCM
- climate change adaptation CCA
- water and marine resources WTR
- circular economy CE
- pollution prevention and control PPC
- biodiversity and ecosystems BIO

	Part of turnover/Total turnover	
	Compliance with the classification system based on objectives	Qualification for classification by purpose
CCM	0,26	0
CCA	0	0,5
WTR	0	0
CE	0,03	0
PPC	0	0
BIO	0	0

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Percentage share of capital expenditures for products and services related to business activities in accordance with the classification system – 2025

Fiscal year 2025	Code or codes (2)	Capital expenditure (3)	Percentage of investment expenditure, 2024 (4)	Criteria for significant contribution						Criteria for the DNSH principle ("do not cause significant harm")						Minimum guarantees (17)	Share of activities in line with the classification (A.1) or eligible for classification (A.2) Turnover year (18)	Category Support activities (19)	Category Transition activities (20)
				Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
Business activity (1)		Currency [in PLN '000]	%	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T
A. ACTIVITIES ELIGIBLE FOR CLASSIFICATION																			
A.1. Types of environmentally sustainable activities (according to the classification)		0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover from environmentally sustainable activities (according to classification) (A.1)		0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL		
In this supporting																			
In this case, for the transition																			
A.2. Activities eligible for classification but not environmentally sustainable (not compliant with the classification)																			
Turnover from activities eligible for classification but not environmentally sustainable (activities not in line with the classification) (A.2)		0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
C. Turnover from activities eligible for the scheme (A.1 + A.2)		0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
D. ACTIVITIES NOT CLASSIFIABLE UNDER ANY OF THE ABOVE CATEGORIES																			
Turnover from activities not eligible for classification		10 346	100,0																
TOTAL		10 346	100,0																

ENVIRONMENTAL INFORMATION



The capital expenditures of the ZM "ROPCZYCE" Capital Group incurred in 2025 were primarily related to the implementation of the Group's investment plans for that period. In 2025, the Group incurred PLN 10,346 thousand in capital expenditures on activities not classified under the system. These expenditures mainly concerned investments aimed at modernizing the machinery fleet and investments of a replacement and modernization nature.

The scope of eligibility and compliance, broken down by specific environmental objectives, is presented below. This includes compliance with each environmental objective for those types of activities that make a significant contribution to the achievement of multiple objectives:

	Part of capital expenditure/Total capital expenditure	
	Compliance with the classification system based on objectives	Qualification for classification by purpose
CCM	N/EL	N/EL
CCA	N/EL	N/EL
WTR	N/EL	N/EL
CE	N/EL	N/EL
PPC	N/EL	N/EL
BIO	N/EL	N/EL

ENVIRONMENTAL INFORMATION

Percentage of expenses for products and services related to business activities in accordance with the classification system – disclosure applies to the year 2025

Fiscal year 2025	Code or codes (2)	Operating expenses (3)	Percentage of operating expenses, 2025 (4)	Criteria for making a significant contribution						Criteria for the DNSH principle (“do no significant harm”)						Minimum guarantees (17)	+Share of activities in accordance with the classification (A.1) or eligible for the classification (A.2) Turnover in %	Category: Support activities (19)	Category Transition activities (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
				T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T;N N/EL	T/N	T/N	T/N	T/N	T/N	T/N				
A. ACTIVITIES ELIGIBLE FOR THE SCHEME																			
A.1. Types of environmentally sustainable activities (in accordance with the classification)																			
Electricity distribution (from cogeneration)	35.13	240	0,6	T	N	N	N	N	N	T	T	T	T	T	T	T	0,6		
Generation of heat/cooling from waste heat	35.30	239	0,6	T	N	N	N	N	N	T	T	T	T	T	T	T	0,6		
Recovery of materials from non-hazardous waste	38.32	3 133	7,3	N	N	N	N	T	N	T	T	T	T	T	T	T	7,3		
Revenue from environmentally sustainable activities (in accordance with the classification) (A.1)		3 612	8,5	1,2	0	0	0	7,3	0	T	T	T	T	T	T	T	8,5		
Of which supporting																			
Including for the transition																			
A.2. Activities eligible under the classification but not environmentally sustainable (not in line with the classification)																			
Acquisition and ownership of buildings	68.20	2 516	5,8	N	T	N	N	N	N								5,8		
Revenue from activities eligible for the classification but unsustainable environmental (activities not in accordance with the classification system) (A.2)		2 516	5,8	0	5,8	0	0	0	0								5,8		
E. Revenue from activities eligible for the classification system (A.1 + A.2)		6 128	14,3	1,2	5,8	0	0	7,3	0								14,3		
F. ACTIVITIES NOT CLASSIFIED UNDER THE SYSTEM																			
Revenue from activities not classified		37 060	85,7																
TOTAL		43 188	100,0																

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Operating expenses eligible for classification were related to maintaining the Group's assets in proper condition used for conducting its operations and to the use of refractory scrap for the production of refractory materials. These expenses amounted to PLN 43.2 million in 2025. Operating expenses included in the classification were primarily incurred for:

- recovery of materials from non-hazardous waste – use of scrap for the production of refractory materials – PLN 3,133,000
- expenses related to electricity distribution – PLN 240,000,
- expenses related to heat generation – PLN 239,000,
- expenses related to the maintenance of leased buildings and premises – PLN 2,516 000.

The share of operating expenses eligible under the classification system in total operating expenses amounted to 14.3% in 2025, of which the share of operating expenses compliant with the classification system was 8.5%, and the share of operating expenses eligible but non-compliant with the classification system was 5.8%.

The following table presents the scope of eligibility and compliance broken down by specific environmental objectives, which includes compliance with each environmental objective for those activities that make a significant contribution to the achievement of multiple objectives

	Share of operating expenses/Total operating expenses	
	Compliance with the classification system by objective	Eligibility for the classification by objective
CCM	1,2	0
CCA	0	5,8
WTR	0	0
CE	7,3	0
PPC	0	0
BIO	0	0

Information on activities related to energy production through nuclear processes and the production of energy from gaseous fuels.

	Activities related to nuclear energy	Revenue	Capex	Opex
1.	The company conducts research, development, demonstration, and deployment of innovative power generation facilities that generate electricity through nuclear processes with minimal fuel cycle waste, finances these activities, or has exposure to them.	NO	NO	NIE
2.	The company engages in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating systems or industrial processes such as hydrogen production, as well as their safety-related modernization using the best available technologies, finances such activities, or has exposure to them.	NO	NO	NO
3.	The company ensures the safe operation of existing That generate electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, as well as their safety-related modernization, finances such activities or has exposure to them	NO	NO	NO
	Natural gas activities			
4.	The company constructs or operates facilities for the generation of electricity using gaseous fossil fuels, finances such activities, or has exposure to them.	NO	NO	NO
5.	The company engages in the construction, modernization, and operation of facilities for the combined generation of heat/cooling and electricity using gaseous fossil fuels, finances such activities, or has exposure to them.	YES	NO	YES
6.	The company engages in the construction, modernization, and operation of heat generation facilities producing heat/cooling using gaseous fossil fuels, finances such activities, or has exposure to them.	NO	NO	NO

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Economic activity in accordance with the classification (denominator)

Types of business activity	Turnover							Capex						Opex									
	Amount and share (information to be provided in monetary amounts and percentages)							Amount and share (information to be provided in monetary amounts and percentages)						Amount and share (information to be provided in monetary amounts and percentages)									
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)					
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Kwota Amount	%			
1	Amount and share of economic activities falling within the classification referred to in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2	Amount and share of economic activities falling within the classification referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3	Amount and share of economic activities falling within the classification referred to in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4	Amount and share of economic activities falling within the classification referred to in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0	0		
5	Amount and share of economic activities falling within the classification referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator							591	0,15	591	0,15	0	0	0	0	0	0	240	0,6	240	0,6	0	0
6	Amount and share of economic activities falling within the classification referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7	Amount and share of other types of economic activity in accordance with the classification, not listed in lines 1-6 above in the denominator of the applicable key performance indicator							2561	0,65	0	0	2561	0,65	0	0	0	0	5888	13,7	5888	13,7	0	0
8	Total applicable key performance indicator							3152	0,8	591	0,15	2561	0,65	0	0	0	0	6128	14,3	6128	14,3	0	0

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Economic activity in accordance with the classification (counter)

Types of business activity	Turnover							Capex						Opex									
	Amount and share (information to be provided in monetary amounts and percentages)							Amount and share (information to be provided in monetary amounts and percentages)						Amount and share (information to be provided in monetary amounts and percentages)									
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)						
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%					
1	Amount and share of economic activities in line with the classification referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0			
2	Amount and share of economic activities falling within the classification referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0			
3	Amount and share of economic activities falling within the classification referred to in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0			
4	Amount and share of economic activities falling within the classification referred to in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0			
5	Amount and share of economic activities falling within the classification referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator							591	0,15	591	0,15	0	0	0	0	0	0	240	0,6	240	0,6	0	0
6	Amount and share of economic activities falling within the classification referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator							0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7	Amount and share of other economic activities in accordance with the classification, not listed in lines 1-6 above in the numerator of the applicable key performance indicator							541	0,14	541	0,14	0	0	0	0	0	0	3372	7,9	3372	7,9	0	0
8	Total amount and total share of economic activities in line with the classification in the numerator of the applicable key performance indicator							1132	0,29	1132	0,29	0	0	0	0	0	0	3 612	8,5	3 612	8,5	0	0

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Economic activity eligible for classification but not in accordance with the classification

Types of business activity	Turnover						Capex						Opex									
	Amount and share (information to be provided in monetary amounts and percentages)						Amount and share (information to be provided in monetary amounts and percentages)						Amount and share (information to be provided in monetary amounts and percentages)									
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)					
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
1	Amount and share of economic activities eligible under the classification but not in accordance with the classification referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator						0	0	0	0	0	0	0	0	0	0	0	0	0	0		
2	The amount and share of economic activities eligible for classification but not in accordance with the classification referred to in Section 4.27 of Annex I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.						0	0	0	0	0	0	0	0	0	0	0	0	0	0		
3	Amount and share of economic activities eligible for classification but not in accordance with the classification referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator						0	0	0	0	0	0	0	0	0	0	0	0	0	0		
4	Amount and share of economic activity eligible for classification but not in accordance with the classification referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator						0	0	0	0	0	0	0	0	0	0	0	0	0	0		
5	Amount and share of economic activity eligible for classification but not in accordance with the classification referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator						0	0	0	0	0	0	0	0	0	0	0	0	0	0		
6	Amount and share of economic activities eligible for classification but not in accordance with the classification referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator						0	0	0	0	0	0	0	0	0	0	0	0	0	0		
7	Amount and share of other economic activities eligible for classification but not classified, not listed in rows 1-6 above in the denominator of the applicable key performance indicator						2 020	0,5	0	0	2 020	0,5	0	0	0	0	2 516	5,8	0	0	2 516	5,8
8	Total amount and total share of economic activities eligible for classification but not in line with the classification in the denominator of the applicable key performance indicator						2 020	0,5	0	0	2 020	0,5	0	0	0	0	2 516	5,8	0	0	2 516	5,8

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Economic activity not classified under the classification system

		Turnover		Capex		Opex	
		Amount	%	Amount	%	Amount	%
1	The amount and share of economic activity referred to in line 1 of template 1 which is not eligible for classification in accordance with section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.	0	0	0	0	0	0
2	The amount and share of economic activity referred to in line 1 of template 1 which is not eligible for classification in accordance with section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.	0	0	0	0	0	0
3	The amount and share of economic activity referred to in line 1 of template 1 which is not eligible for classification in accordance with section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.	0	0	0	0	0	0
4	The amount and share of economic activity referred to in line 1 of template 1 which is not eligible for classification in accordance with section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.	0	0	0	0	0	0
5	The amount and share of economic activity referred to in line 1 of template 1 which is not eligible for classification in accordance with section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.	0	0	0	0	0	0
6	The amount and share of economic activity referred to in line 1 of template 1 which is not eligible for classification in accordance with section 4.32 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator.	0	0	0	0	0	0
7	Amount and share of other types of economic activity in accordance with the classification, not listed in lines 1-6 above in the denominator of the applicable key performance indicator	391 283	99,2	19 153	100,0	37 060	85,8
8	Total amount and total share of economic activities not eligible for classification in the denominator of the applicable key performance indicator.	391 283	99,2	19 153	100,0	37 060	85,8



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3.1. Group employees	90
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3.1. Group Employees

[SBM-2] Employees are the foundation of the ZM “ROPCZYCE” Capital Group. Their commitment, skills, and experience are key to the Group’s success as it strives to achieve the best possible results and build an image of a strong, modern Group ready to meet its customers’ expectations under any circumstances.

The rights of the Group’s employees influence its strategy and business model by ensuring safe working conditions, striving to completely eliminate workplace accidents, and eliminating all forms of discrimination. The ROPCZYCE Group maintains open communication with employees by organizing meetings and engaging in dialogue with labor unions to take their opinions into account and jointly develop solutions.

[SBM-3] All individuals within the company’s own workforce over whom the company can exert significant influence are included in the scope of disclosure in accordance with ESRs 2.

The Group’s organizational structure distinguishes between operational employees and those in decision-making roles, who are assigned to specific departments. All employee groups are subject to potential impacts arising from the Group’s operations.

In 2025, no significant negative impacts on the Group’s own workforce were identified. The Group maintains a dialogue with trade union representatives on current matters, during which their ideas and opinions are taken into account. Violations of the law can be reported via email and through boxes located in the buildings of individual branches.

The Group implements a consistent policy of creating a supportive and professional work environment, focusing on ensuring high safety standards and stable employment conditions. These efforts are complemented by a comprehensive system of non-wage benefits, team-building initiatives, and incentive programs aimed at strengthening team engagement and ensuring the long-term retention of key employees within the Group’s structure.

Positive impacts include, in particular:

- ensuring safe and hygienic working conditions,
- dialogue with labor representatives,
- a whistleblowing system,
- incentive and development programs.

Significant risks related to our own workforce include:

- the risk of financial penalties in the event of labor law violations,
- an increase in workers’ compensation premiums in the event of a rise in workplace accidents.

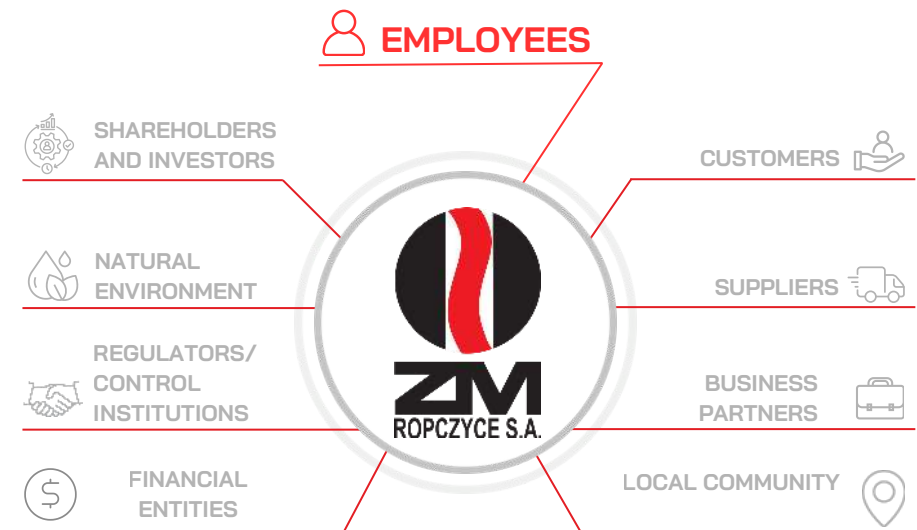
These risks primarily affect employees working in production roles.

Opportunities related to the Company’s workforce include:

- increased operational efficiency through incentive programs,
- improved employment stability,
- development of employee competencies.

In the context of transition plans aimed at reducing negative environmental impacts, the Group identifies risks associated with a potential increase in operating costs, particularly production costs. Should this risk materialize and lead to a decline in market competitiveness, it may indirectly affect the stability of employment levels. This risk is taken into account in ongoing management processes and strategic analyses, in accordance with the approach required by the ESRs.

At the same time, the Group declares that there are no risks related to forced labor, compulsory labor, or child labor throughout its entire operational chain. Recruitment procedures include systematic verification of candidates’ ages, which is part of due diligence mechanisms in the area of human rights and ensures compliance with applicable regulations and ESRs standards.



3.1.1. Policies and actions in the area of human resources

(S1-1) The ROPCZYCE Group has a number of policies and regulations regarding human resources management that ensure transparent hiring practices, competency development, and workplace safety. Key documents in this area include:

- Work Regulations,
- Employment Regulations,
- Company Collective Bargaining Agreement,
- Human Resources Assurance Process – Competencies and Awareness,
- Human Rights Policy.

Work Regulations

The Work Regulations define the principles of work organization and order, as well as the rights and obligations of employees and the employer arising from the employment relationship. The purpose of the Work Regulations is to ensure an orderly work environment and clear and transparent rules for the performance of job duties. The Work Regulations apply to all Company employees and are consistent with the provisions of the Labor Code.

The Work Regulations address issues related to employment security, define the rights and obligations of the parties to the employment relationship, the principles of work organization, and the requirements regarding safe and hygienic working conditions and the protection of employees' health.

Compliance with the Work Regulations is monitored through ongoing adherence to the provisions of the Labor Code, systematic tracking of changes in legal regulations, and updating the document's provisions when new requirements are introduced. The Work Regulations apply to all Company employees and are subject to the supervision of the Human Resources Director following prior approval by the Management Board. When establishing and updating the Work Regulations, the interests of key stakeholders are taken into account through consultations with labor unions, in accordance with applicable regulations. Once approved by the Management Board, the document is made available to all employees via the Group's intranet.

No changes were made to the Work Regulations in 2025.

Employment Regulations

The Employment Regulations set forth the rules governing the recruitment and hiring of Group employees. Their purpose is to ensure clear, uniform, and transparent guidelines recruitment and hiring processes, based on the required competencies of candidates and in compliance with applicable labor laws.

This document promotes equal treatment of candidates and ensures equal access to employment by preventing discrimination based on gender, age, race, religion, beliefs, or sexual orientation. It sets forth the rules for conducting the recruitment process and for protecting candidates' personal data, and mitigates risks associated with violations of labor laws.

Compliance with the Employment Regulations is monitored through ongoing adherence to its provisions, including verification of the age of new hires, which precludes the employment of minors. The Regulations apply to all Group employees.

Supervision of the Employment Regulations is exercised by the Human Resources Director following prior approval by the Management Board. The document complies with the provisions of the Labor Code and is applied in accordance with applicable labor law regulations. The Employment Regulations are made available to all Group employees via the intranet.

Company Collective Bargaining Agreement (ZUZP)

The Company Collective Bargaining Agreement (ZUZP) sets forth the rules for employee compensation and the granting of work-related benefits, and regulates matters of employee classification, reclassification, and promotion, as well as the rules for calculating and paying salaries. Its purpose is to ensure transparent, consistent, and uniform remuneration principles within the Group. The ZUZP addresses issues related to the protection of employee remuneration, the correct calculation, and the timely payment of salaries, and also sets out rules regarding hazardous work and occupational health and safety, thereby limiting the risk of labor law violations.

Compliance with the ZUZP is monitored through ongoing adherence to its provisions, systematic tracking of changes in legislation, and updating the document when new regulations are implemented. The agreement covers all Company employees except for members of the Company's Management Board and the Chief Accountant.

Supervision of the Collective Bargaining Agreement is exercised by the Human Resources Director following prior approval of the document by the Management Board. The Collective Bargaining Agreement complies with the provisions of the Labor Code, and its provisions are established through consultation with trade unions and after the document has been submitted to the competent Labor Office.

The provisions of the CBA are discussed during meetings with trade unions, and after the consultation and approval process is completed, they are made available to all Group employees via the intranet.

Human Resources Assurance Process – Competencies and Awareness

The procedure “Human Resources Management Process – Competencies, Awareness, and Training” establishes guidelines for employee training within the Group, covering planning, implementation, and effectiveness evaluation. This procedure aims to ensure that all employees performing tasks that affect product quality and the improvement of the Integrated Quality, Environmental, and Occupational Health and Safety Management System possess the required competencies, resulting from appropriate education, experience, or participation in training. As part of this procedure, the qualifications of candidates are also verified during the recruitment stage to confirm that their competencies align with job requirements.

This document describes issues related to the development of a training plan, the selection and evaluation of training providers, the assignment of employees to training, and thereby the development of competencies among the Group’s employees. The application of the procedure is monitored through the ongoing assessment of employees’ competencies and the verification of their qualifications. The process covers all employees of the Company and applies to its entire workforce.

In developing the procedure “Human Resources Assurance Process – Competencies, Awareness, and Training,” the interests of key stakeholders were neither considered nor consulted, and third-party standards or initiatives are not taken into account.

Supervision of the procedure’s implementation is carried out by the HR Director following prior approval by the Management Board. The document is made available to all Group employees via the intranet.

Human Rights

Respect for human rights is an essential element of the Group’s values and operating principles. Commitments in this area are set forth in the Human Rights Policy, implemented in accordance with the UN Guiding Principles on Business and Human Rights and the UN Global Compact principles relating to human rights, labor standards, and environmental protection. The Human Rights Policy was updated in January 2026.

The Human Rights Policy covers, in particular:

- fair and equal treatment of employees, combating all forms of discrimination,
- ensuring safe and hygienic working conditions,
- minimizing harmful and hazardous factors in the workplace,
- compliance with applicable laws,
- raising awareness of human rights among employees, customers, and suppliers; identifying potential risks related to human rights violations and impacts on the environment and employee workplace safety, managing its supply chain responsibly, which means, in particular, ensuring respect for human rights (exercising due diligence) when selecting suppliers and by providing appropriate preventive and corrective measures in the event of violations of rights and obligations.

The ROPCZYCE Group does not tolerate forced labor or child labor and ensures that employees have the right to rest and equal access to training and other employee benefits. The Group also ensures equal treatment of employees, freedom from discrimination based on gender, origin, skin color, nationality, etc., as well as equal access to training and other employee benefits.

The fulfillment of human rights obligations is supported through dialogue with labor unions, open communication with employees, and consideration of their suggestions. The Company has an “Internal Procedure for Reporting Legal Violations and Taking Follow-Up Action” in place, which enables the identification of potential violations and the implementation of appropriate preventive and corrective measures. In addition, the provisions of the Labor Code and internal regulations regarding employee rights are observed. Policies and procedures in this regard cover the Group’s entire workforce.

Respect for human rights within the Group is upheld, among other things, through open communication with trade union representatives. Current issues are discussed taking into account trade union proposals, as well as through the “Internal Procedure for Reporting Legal Violations and Taking Follow-Up Action,” and by the implemented and observed “Human Rights Policy” and the Labor Code. The ROPCZYCE Group takes an open approach to cooperation with employees through meetings with trade unions and joint discussions of current issues. All documents, such as the Collective Bargaining Agreement (CBA) and the policies mentioned above, are consulted with trade union representatives. In the area of production improvement and management, the Group has introduced and monitors an Employee Suggestion Program.

The “Internal Procedure for Reporting Legal Violations and Taking Follow-Up Action” outlines the options for reporting legal violations and specifies how to respond to such reports if they arise. Upon receipt, a report is verified to determine whether it constitutes a violation. If the verification is positive, the necessary actions are taken regarding the matter. Once the verification is complete, the personal data contained in the report is immediately deleted from the systems and storage media. It is then archived in a manner that prevents unauthorized access.

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All policies in effect at the ROPCZYCE Group comply with regulations, including the UN Guiding Principles on Business and Human Rights. The Code of Conduct and Business Ethics states that the Group has an effective risk management system that applies to all business processes. Risk analysis allows for the effective identification and minimization of potential risks related to human rights violations, environmental protection, and supply chain security. Risk analysis for human rights violations is conducted periodically within the Company, and its monitoring is carried out on an ongoing basis, which allows for the highly effective identification of potential risks and the minimization of their impacts across all areas of the Group's operations. The Human Rights Policy was updated in 2026, while work on its update was already underway in 2025.

If a risk is identified, the Group takes appropriate preventive or corrective measures, if the incident has already occurred. The duty of due diligence is also fulfilled by maintaining relevant documentation. Respect for human rights is a key element of the Group's strategy.

Policies regarding the Group's own workforce explicitly address the issues of human trafficking, forced labor, compulsory labor, and child labor. Relevant provisions are included in the Code of Conduct and Business Ethics and in the Human Rights Policy.

The Company has implemented an Occupational Health and Safety Management System compliant with ISO 45001:2018 (certificate valid until September 23, 2027).

Additionally, the Integrated Management System Policy sets out principles for preventing workplace accidents, occupational diseases, and near-miss incidents. This document is known to and accessible by all employees.

Principles related to the elimination of discrimination, equal treatment, and respect for employees' rights are included, among others, in the Work Regulations, the Code of Conduct and Business Ethics, the Diversity Policy, and the Employment Regulations. They include specific grounds for discrimination, such as racial and ethnic origin, skin color, gender, sexual orientation, gender identity, disability, age, religion, political views, national or social origin, as well as other forms of discrimination.

The Group actively implements a policy of equal opportunity and non-discrimination with respect to its own employees. The measures taken are aimed at ensuring full equality and preventing all forms of discrimination, which is reflected, among other things, in the Employment Regulations.



Reporting Channels

(S1-3) To ensure compliance with applicable regulations and an effective response to potential violations, the "Procedure for Internal Reporting of Legal Violations and Follow-Up Actions" was updated in 2025. The procedure sets out the rules for receiving reports, analyzing them, and taking appropriate investigative and corrective actions in the event of irregularities.

Upon receipt of a report regarding a legal violation or other employee-related issues, an investigation is initiated to determine the validity of the report. Upon its completion, a report is prepared along with recommendations for corrective or remedial actions. The Group places particular emphasis on conducting these processes correctly, lawfully, and effectively. Our own employees have access to dedicated channels for reporting concerns and needs, including a physical drop box located in a discreet manner and a dedicated website for submitting reports.

The Group has mechanisms in place for handling complaints related to employee matters. Information regarding available reporting channels is provided to employees during the recruitment and onboarding process, and informational documents on this subject remain continuously available on the Company's intranet.

The effectiveness of reporting channels is ensured through their regular monitoring and ongoing checks to determine whether new reports have been received. Upon receipt of a report, the procedure guarantees that action is taken immediately in accordance with established policies. The functioning of reporting mechanisms and the level of employee awareness in this regard are monitored, among other things, through internal surveys and confirmed during meetings with labor unions.

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(S1-4) Key actions taken with regard to our own workforce include the implementation and application of procedures designed to prevent and respond to negative impacts. In 2025, the “Procedure for Internal Reporting of Legal Violations and Follow-Up Actions” was updated; this procedure is ongoing and covers all employees, as well as—to the appropriate extent—external stakeholders. The procedure defines reporting channels (electronic and written, open or anonymous), the method of verifying reports, and the rules for conducting investigative and corrective actions.

Activities in this area are carried out on an ongoing basis. If a negative impact is identified, a situation analysis process is initiated, and then—depending on the findings—appropriate corrective or remedial measures are implemented. In 2025, no significant negative impacts requiring the implementation of extraordinary remedial actions were recorded.

Employee-focused initiatives

(S1-4) The Group implements a range of initiatives aimed at strengthening and developing its workforce. These primarily include training programs designed to enhance employees’ qualifications and develop new skills, as well as a system of non-wage benefits, such as the MultiSport card, supplemental life insurance, and private health care. Integration initiatives also play an important role, fostering a culture of cooperation and strengthening team bonds, including the organization of special events such as Steelworker’s Day. In 2025, the parent company—Zakłady Magnezytowe “ROPCZYCE” S.A.—celebrated its 50th anniversary. On this occasion, the steelworks’ celebrations took on a particularly solemn and official character. The event was attended by over 1,000 people—employees and their families—who celebrated this exceptional anniversary together.

The effectiveness of employee-focused initiatives is monitored through ongoing conversations with employees, dialogue with labor unions, and analysis of reported feedback and suggestions. The information gathered in this way is used to improve existing initiatives and mitigate potential risks.

In the process of identifying necessary actions, both proposals submitted by employee representatives and an analysis of market conditions and organizational factors are utilized. If changes need to be implemented, consultations are held with employees, and solutions are selected in a manner appropriate to the identified impact.

As in the previous year, the Group receives information about actual or potential negative impacts on its own workforce through requests from labor unions. Depending on the nature of the report, appropriate steps and actions are taken. These actions are also consulted with employee representatives to ensure the most positive outcome possible. In 2025, the Group did not record any reports of legal violations.

To mitigate significant risks, the Group complies with labor laws and has implemented an “Internal Procedure for Reporting Legal Violations and Taking Follow-Up Action.” The Group continuously monitors changes in labor laws and EU directives, adapting its operations to current legal requirements.

As in previous years, the Group implements initiatives aimed at building long-term cooperation with employees. These include, among other things, organizing team-building events, funding training programs, postgraduate studies, and language courses.

The ROPCZYCE Group provides employees with attractive compensation and stable forms of employment, thereby supporting long-term security and predictability in working conditions. The Group’s operations do not have a significant negative impact on its own workforce. This is achieved through compliance with applicable laws, protection of personal data confidentiality, conducting training to raise employee awareness, and systematically developing their competencies. These activities are part of responsible human capital management and are consistent with ESG reporting requirements.

The ROPCZYCE Group has dedicated resources to support the management of material ESG impacts, particularly in the areas of communication and employee awareness-raising. These include IT infrastructure, information boards located at the entrance to the parent company’s premises, and information monitors available to employees at entrances and in production departments. Information regarding applicable procedures and directives is communicated to employees via email. Communication regarding quality management systems (ISO) is handled by the Quality Department, occupational health and safety issues by the Occupational Health and Safety Department, and environmental matters by the Environmental Protection Department. This approach ensures consistent and widespread access to key information.

In 2025, the Group allocated significant financial resources to employee skill development and training programs. Additionally, it offers a comprehensive package of non-wage benefits, including group life insurance, a healthcare program, a Multisport card, and an Employee Pension Plan, supporting employee well-being and their long-term social security.

As in 2024, measures were taken to continuously monitor CO₂ emissions and waste volumes in order to mitigate the negative impact of the transition to a more environmentally friendly and climate-neutral economy. It has been demonstrated that all indicators remain in compliance with applicable standards, which translates into maintaining the competitiveness of the Group’s products on the market and, as a result, ensuring stable employment conditions for all employees.

At the ROPCZYCE Group, indicators related to human resources, such as absenteeism rates, the number of workplace accidents, and the number of training sessions, are continuously monitored. Regarding absenteeism, the goal is to keep it as low as possible.

In 2025, the Group’s employees participated in training courses on crane and forklift operation, electrical and power engineering certifications, as well as training in accounting, ISO standards, environmental issues, IT, and foreign languages.

3.1.2. Communication with Employees

[S1-2] The Group maintains ongoing and structured cooperation with its own workforce and with employee representatives, particularly with labor unions. This cooperation takes the form of regular meetings during which current issues regarding working conditions, the organizational situation, and potential and actual impacts on employees are discussed. The conclusions reached during these meetings are communicated to employees via bulletin boards, through trade union representatives, and published on the Group’s intranet.

Feedback, suggestions, and requests submitted by employees and labor unions are systematically analyzed and taken into account in decision-making processes regarding the management of actual and potential impacts on the Group’s workforce. This dialogue is a key element of managing the social aspects of the Group’s operations.

Meetings with employee representatives are attended by Company management representatives, in particular the HR Director and the Controlling Director, who address the issues raised within the scope of their responsibilities. Through this social dialogue, joint solutions are developed to address the identified problems and needs of employees.

Communication with employees is conducted through trade union leaders. For documents requiring consultation or agreement with the social partners, dialogue takes place prior to their implementation. Meetings with trade unions also provide an opportunity to gather information on employees’ perspectives, including those of groups potentially more vulnerable to negative impacts, which supports a responsible and inclusive approach to human capital management in line with ESG principles.

Dialogue with employees is also conducted at the operational level through regular meetings regarding production activities. These meetings are attended by representatives from production, occupational health and safety, quality, and the Research and Development Center and depending on the topics discussed, also from other functions such as sales or marketing.

The purpose of these meetings is to facilitate the ongoing exchange of information, identify operational challenges, and jointly develop organizational and process solutions. This model of collaboration supports effective management of operations, workplace safety, and quality, while simultaneously strengthening employee engagement in process improvement and the achievement of ESG goals.

The effectiveness of cooperation with employees is assessed qualitatively through ongoing analysis of the dialogue, the number and nature of the issues discussed, and the outcomes of the solutions developed. In 2025, several meetings were held with labor unions, resulting in the agreement of common positions and solutions regarding current matters.



Trade Unions

- [S1-8]** There are three labor unions operating at Zakłady Magnezytowe “ROPCZYCE” S.A.:
- NSZZ “Solidarność” of Zakłady Magnezytowe “ROPCZYCE” S.A.,
 - NSZZ of Employees of Zakłady Magnezytowe “ROPCZYCE” S.A.,
 - NSZZ Engineering and Technical Employees of Zakłady Magnezytowe “ROPCZYCE” S.A.

Indicator	Value (2024)	Value (2025)
Percentage of total employees covered by collective agreements	99,3%	99,5%

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Indicator	Value (2024)	Value (2025)
Total number of cases of discrimination, including harassment	0	0
Number of complaints submitted through whistleblowing channels by members of the entity's own workforce	0	0
Number of complaints submitted to the OECD National Contact Points for Multinational Enterprises	0	0
Total amount of fines, penalties, and compensation for damages resulting from the incidents and complaints disclosed above	0	0
Relation of the total amount of fines and penalties to the most significant figure in the financial statements	0	0
Contextual information	The Parent Company received one anonymous report. After analyzing the report and taking appropriate action regarding it, the report was resolved, and all documents were archived.	In 2025, the Group did not receive any reports regarding legal violations.
Number of serious human rights issues and incidents related to own workforce	0	0
Number of serious human rights issues and incidents related to own workforce that constitute non-compliance with the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises	0	0
Total amount of fines, penalties, and compensation related to human rights issues and incidents involving own workforce	0	0
Reference to the total number of fines and penalties in relation to the most significant amount in the financial statements	0	0

3.1.3. Employee-related goals

(S1-5) In 2025, the Group did not set formal, separate quantitative targets for managing material impacts, risks, and opportunities related to its own workforce. However, this area is subject to systematic monitoring using a set of operational and employee-related indicators.

Key monitored indicators include, in particular: employee absenteeism, the number of workplace accidents, employment levels, and productivity. These indicators are analyzed on an ongoing basis, and their values are compared with established operational targets. In the event of deviations from the expected level, an analysis of the causes is conducted, and—if necessary—appropriate corrective actions are taken.

The Group monitors employee absenteeism rates. At the same time, employment levels are maintained at a level commensurate with current demand resulting from ongoing orders. Ensuring safe working conditions and reducing the number of workplace accidents also remains a priority.

Despite the absence of formally defined strategic objectives in this area, the effectiveness of HR policies and initiatives is regularly evaluated. With regard to the Work Regulations and the Company Collective Bargaining Agreement, the evaluation is based on compliance with labor laws and adherence to their provisions. In the case of the Hiring Regulations, the assessment verifies that equal access to the recruitment process is ensured and that there are no discriminatory practices. Regarding the “Human Resources Assurance Process – Competencies and Awareness” procedure, the assessment monitors employees’ equal access to competency development and the implementation of training plans.

Progress in achieving strategic objectives is measured on an ongoing basis. The results of selected indicators are presented to employees, among other places, on monitors located in production departments, which allows for real-time tracking.

Employees are involved in the process of monitoring and improving operations by analyzing results and submitting suggestions for improvements. As part of the Employee Improvement Project (KAIZEN), they can submit ideas for process optimization, which—after analysis—are implemented in practice. This ensures employee participation in both tracking results and drawing conclusions that lead to further improvements.

3.1.4. Employee characteristics

Characteristics of the company's employees – number of employees by gender	31.12.2024	31.12.2025
Number of employees by gender - men	629	619
Number of employees by gender - women	135	135
Number of employees by gender - other	0	0
Number of employees by gender - not reported	0	0
Total number of employees (number of persons) or number of full-time equivalents (FTE)	764	754

Characteristics of an employer's workforce - information about employees by type of contract										
Type of contract	Data as of December 31, 2024					Data as of December 31, 2025				
	Women	Men	Other	Not disclosed	In total	Women	Men	Other	Not disclosed	In total
Number of employees	135	629	0	0	764	135	619	0	0	754
Number of employees with permanent contracts	125	560	0	0	685	128	571	0	0	699
Number of employees on fixed-term contracts	10	69	0	0	79	7	48	0	0	55
The number of employees who are not guaranteed working hours	0	0	0	0	0	0	0	0	0	0
Number of full-time employees	127	624	0	0	751	127	615	0	0	742
Number of part-time employees	8	5	0	0	13	8	4	0	0	12

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Employee turnover rate (S1-6)

Indicator	Unit	Value (2024)	Value (2025)
Total number of employees who left the unit in the last year	Total number	86	87
Employee turnover rate	%	12,13	11,6

Indicator	Value (2024)	Value (2025)
All employees receive adequate pay in accordance with applicable standards.	Yes	Yes
Percentage of employees receiving remuneration below the applicable relevant remuneration benchmark	0%	0%

3.1.5. Occupational health and safety

(S1-14) Zakłady Magnezytowe "ROPCZYCE" S.A. operates under an Integrated Management System covering occupational health and safety, in accordance with the requirements of the PN-EN ISO 45001:2018 standard. This system governs the Company's occupational health and safety management practices and serves as the foundation for ensuring safe working conditions. Compliance with the standard's requirements is confirmed through periodic certification audits. The ISO 45001 certificate was renewed during an audit conducted in September 2024 and remained valid during the reporting period.

An integral part of the system is the Integrated Management System Policy, which defines the direction of OHS activities. It includes, in particular, the systematic monitoring of working conditions, hazard identification, occupational risk assessment at workstations, and the implementation of measures aimed at eliminating hazards and mitigating risks.

The Group adheres to the principle of continuous improvement in the area of workplace safety, treating the protection of employees' health as one of its key priorities.

Type of accident	Unit	2024	2025
Minor accidents	Total number	4	3
Serious accidents	Total number	0	0
Fatal accidents	Total number	0	0
Total accidents	Total number	4	3



Indicator	Unit	Value (2024)	Value (2025)
Percentage of people in the workforce covered by occupational health and safety management systems based on legal requirements recognized and/or standards or guidelines	%	100	100
Number of recorded accidents at work involving non-employees	Total number	0	0
Reportable accident rate work-related	Number	3,43	2,61
Number of reported cases of poor health among employees related to work	Total number	1	0
Number of days lost due to work-related injuries	Total number	325	150
Number of reported cases of work-related ill health detected among former employees	Total number	0	0

3.1.6. Equal Treatment and Equal Opportunity

The tables below present data on the employment structure at management levels by gender and the overall employment structure by age.

Senior management has been defined as the two hierarchical levels below the Group's Supervisory Board and Management Board, and also includes members of the Management Boards of subsidiaries.

Diversity (S1-9)

Indicator	Unit	Value (2024)	Value (2025)
Number of employees (number of persons) at the highest level of management	Total number	62	58
Number of women in top management	Total number	15	15
Percentage of women in top management positions	%	24	26
Number of men in top management	Total number	47	43
Percentage of men in top management	%	76	74
Total number of employees	Total number	764	754



74%

men in top management positions

26%

women in top management positions

Indicator	Unit	Value (2024)	Value (2025)
Number of employees (number of persons) under the age of 30	Total number	121	126
Percentage of employees under the age of 30	%	15,84	16,71
Number of employees (number of persons) aged between 30 and 50	Total number	409	389
Percentage of employees aged 30 to 50	%	53,53	51,59
Number of employees (number of persons) aged over 50	Total number	234	239
Percentage of employees aged over 50	%	30,63	31,7

Equality

(S1-16) The average hourly rate was calculated based on fixed gross pay, broken down by gender, for the entire Capital Group. To ensure the comparability of the analysis, working time was defined as the average annual working time, which in 2025 amounted to 1,992 hours, resulting in an average of 166 hours per month. The pay gap, on an unadjusted basis, was defined as the percentage ratio of the difference between the average gross hourly wage of men and women relative to the average gross hourly wage of men. Additionally, the annual total CEO Pay Ratio represents the ratio of the compensation of the highest-paid individual in the organization to the median compensation of all other employees, which allows for an assessment of the compensation structure within the Company.

Indicator	Unit	Value (2024)	Value (2025)
Average gross hourly wage for male employees	PLN	44,06	47,9
Average gross hourly wage for female employees	PLN	42,92	48,74
Wage gap	%	2,59	-1,75
Median annual total compensation per employee (excluding the highest-paid individual)	PLN	67 214	72 897
Ratio of the remuneration of the highest-paid employee to the median annual total remuneration of employees (excluding the highest-paid employee)	Number	17,73	16,56

562

men took a leave of absence called "a pear holiday" in 2025

7

women took parental leave in 2025

124

women took a leave of absence called "a pear holiday" in 2025

7

men took parental leave in 2025

3.2. Consumers and end users

3.2.1. End-user safety

[SBM-3]

The ROPCZYCE Capital Group operates on a B2B model and does not have consumers in the sense of individual customers. The recipients of its products are industrial enterprises that use refractory materials in their production processes. The Group considers end users to be employees of industrial plants who operate metallurgical, coking, lime, cement, and other high-temperature facilities requiring the use of refractory materials on a daily basis.

The Group recognizes that the quality and technical parameters of the supplied materials may have a significant impact on workplace safety, the continuity of production processes, and customers' operating costs. In 2025, no significant negative impacts resulting directly from the Group's operations were identified. Potential risks could arise in the event of failure to meet product quality requirements or improper use of products, which could lead to equipment failures, production downtime, or safety hazards for industrial plant employees.

The efforts of Zakłady Magnezytowe "ROPCZYCE" S.A. to ensure high-quality products and their safe use have a positive impact on industrial customers and end users—the employees of facilities that work with these products. Improvements in material durability, compliance with safety standards, and technical support and training help increase workplace safety, reduce the risk of accidents, and improve working conditions in sectors requiring the use of refractory materials. The refractory materials supplied by the Group are designed to extend the service life of furnaces and industrial equipment. Reducing breakdowns and downtime at customer facilities directly contributes to greater safety and comfort for end-users. High-quality refractory materials minimize the risk of damage to furnaces and industrial systems, thereby reducing employees' exposure to hazards associated with equipment failures. Modern refractory materials have been developed to reduce emissions of dust and harmful substances, thereby improving working conditions for industrial workers. The high quality of the materials reduces the need for frequent maintenance interventions, which lowers the risk of end-users being exposed to high temperatures and hazardous substances.

The ZM "ROPCZYCE" Group organizes technical training for customers and their employees on the safe use of refractory materials. The training covers installation and usage guidelines as well as potential hazards. The Group also conducts technological audits at customer facilities to help identify potential hazards and optimize processes with end-user safety in mind.

The Group has taken steps to identify and understand how employees and end users may be at greater risk of harm in specific contexts or in connection with specific activities.

This process was developed based on industry, practical, and market knowledge regarding the use of refractory materials, as well as an analysis of risks specific to the industry and products. The company has been supplying refractory materials to industrial sectors for years, which allows it to identify potential hazards associated with their use. The company analyzes industry standards and practices used in the steel, cement, and other sectors requiring the use of refractory materials. The risk assessment was conducted in accordance with applicable regulations regarding the health and safety of employees and end users. The company applies principles derived from ISO 9001, ISO 14001, and ISO 45001 certifications, which include a systematic approach to risk management.

The Group considers the following to be significant risks associated with cooperation with end users: the risk of losing customer trust in the event of failure to meet technical requirements, reputational risk, and potential financial consequences resulting from product malfunction. At the same time, the Group recognizes significant opportunities in building long-term business relationships, collaborating on the development of new technological solutions, and strengthening its market position through high quality and safety standards.



(S4-1) Integrated Management System (IMS) Manual

The Integrated Management System Policy of Zakłady Magnezytowe ROPCZYCE S.A. is based on the principles of sustainable development and aims to align the products offered with the highest quality requirements of customers, while ensuring the technical and organizational conditions necessary to maintain occupational health and safety principles and environmental protection standards. It is implemented through continuous process improvement and compliance with standards and regulations.

The general objectives regarding product quality and end-users are: ensuring high-quality refractory products, which is achieved through the implementation and improvement of production processes, strict quality control, and the monitoring and analysis of customer satisfaction, which include qualitative surveys. This also involves gathering feedback and offering products that meet customer requirements and international standards.

The Integrated Management System (IMS) of the Group's parent company is based on international standards: ISO 9001:2015 (quality management), ISO 14001:2015 (environmental management), and ISO 45001:2018 (occupational health and safety).

This system covers the design, manufacture, and improvement of production processes in a manner that ensures product compliance with customer requirements and applicable legal regulations.

The IMS specifically covers:

- product design and development, taking into account input data provided by customers and detailed technical criteria,
- monitoring and measurement of production processes to verify compliance with the requirements specified in the specifications,
- analyses of risks and opportunities related to product quality and customer satisfaction,
- material resistance testing to confirm their strength parameters and safety of use.

The Group's products are designed for reliable and safe use in industries operating under high-temperature conditions. High quality and stable technical parameters are key factors influencing end-user safety and the continuity of industrial processes.

The strategic goal of the ROPCZYCE Group is to meet the highest quality standards and ensure customer satisfaction. The Group achieves this goal through activities within the Integrated Management System, a part of which is the ISO 9001 standard. This standard was implemented in the parent company as early as 1997. As part of these systematic activities, customer satisfaction is monitored, and risks and opportunities related to product quality and customer satisfaction are identified. The Group's own Research and Development Center enables a rapid response and adaptation to customer requirements. Meetings with customers (e.g., conferences, calls via MS Teams) are also held to evaluate the results of the actions taken. The customer satisfaction survey includes a question regarding product quality. Based on an assessment of the scale and significance of the impact, the Group identifies a set of actions and topics that require monitoring and are specified in the customer satisfaction survey. In the process of defining these actions, the Group engages end-users as well as their representatives, encouraging them to evaluate and clarify their own expectations.

The objectives of the IMS Policy are monitored through periodic customer satisfaction surveys. This is done by sending customers satisfaction evaluation forms. These forms include questions about product quality as well as the quality of the packaging in which they were delivered. A quantitative assessment is made on a scale of 1 to 5 based on the collected responses.

The Integrated Management System Policy is publicly available on the website www.ropczyce.com.pl. This ensures that key documents are accessible for review by both consumers and other stakeholders. The content of the Policy is also communicated to employees via the company intranet, distributed via email, or through training workshops. It is also implemented in contracts with suppliers and partners by including relevant clauses. The Policy is described in detail in the company's annual reports, which are also published on the Group's website, thereby becoming publicly available to interested parties.

The Integrated Management System Policy at Zakłady Magnezytowe "ROPCZYCE" S.A. is monitored and updated on a regular basis, in accordance with the requirements of ISO 9001, ISO 14001, and ISO 45001. The IMS Policy applies to the company's own operations, but its scope also impacts customers and end-users.

The policy is reviewed annually, as well as in the event of changes in legal, organizational, or strategic regulations that may affect its effectiveness.

Significant impacts in the area of product quality and safety include ensuring high product quality and safety, which is crucial for building trust and satisfaction among end-users. The stability and reliability of the products offered directly translate into a positive image of the Group and its competitive position in the market. Insufficient quality or potential risks arising from the use of products, on the other hand, can lead to serious consequences—ranging from a loss of credibility to a real risk of health or property damage to customers. This also affects relationships with stakeholders, including business partners, regulatory bodies, and entities responsible for a valuable and secure supply chain.

Significant risks in this area are associated with products failing to meet required quality standards or the occurrence of manufacturing defects, which creates the risk of complaints, decreased customer satisfaction, and damage to the organization's reputation. In extreme cases, this may lead to the need to recall products from the market or incur significant costs related to corrective actions, compensation, or legal proceedings. Additionally, failure to comply with applicable legal requirements regarding product safety creates the risk of administrative sanctions, financial penalties, and restrictions on bringing products to market. Such events can negatively impact financial results as well as the company's long-term ability to conduct business in accordance with the principles of corporate responsibility.

Significant opportunities arise from active investment in research and development of products that are more efficient, have a smaller environmental footprint, and offer enhanced quality, which represents an important direction for growth. Solutions based on the principles of sustainable design can open up access to new market segments and strengthen the Group's competitive position in the context of growing environmental awareness among consumers. High product quality and safety also foster the development of long-term relationships with customers and end-users. Transparency in operations and consistency in implementing quality policies can translate into increased stakeholder trust, thereby enhancing the organization's operational and developmental stability.

Involving stakeholders in shaping the Integrated Management System Policy.

Based on many years of market experience and the results of internal analyses, observations, and conclusions, Zakłady Magnezytowe "ROPCZYCE" S.A. has developed an Integrated Management System (IMS) Policy. This document was designed with respect for the needs and expectations of key stakeholder groups that have a significant impact on the organization's operations in the areas of quality, environmental, and occupational health and safety management.

Customers and end users

Customers are one of the most important stakeholder groups. Their expectations primarily include product quality, safety, and transparency, as well as environmental responsibility and competitive prices. Understanding their preferences and requirements allows the organization to adapt its policies to ensure high quality standards and address the challenges of sustainable development.

Employees

These are the Group's most important stakeholders. The Integrated Management System policy takes into account their needs and rights—both those of employees directly involved in production and those responsible for sales, marketing, and customer service. Key factors here include: workplace safety, stable and transparent employment conditions, respect for employee rights, and providing opportunities for professional development. Employee engagement in implementing these policies depends on their alignment with the organization's values and ethical standards.

Suppliers and Business Partners

The ROPCZYCE Group expects its suppliers and partners to adhere to the principles of responsible business, transparency in operations, and the implementation of solutions consistent with the principles of sustainable development. Proper supply chain management—including the careful selection of partners, oversight of cooperation terms, and monitoring of compliance with standards—is a key element of the organization's ESG responsibility.

Investors and shareholders

Financial stability, responsible risk management, and the organization's long-term growth are the main expectations of investors. At the same time, the importance of ESG factors in assessing the credibility and attractiveness of companies is growing. Investors expect the Group not only to achieve its economic goals but also to operate transparently, minimize environmental and social risks, and capitalize on the opportunities arising from the transition to a sustainable economy.

Public authorities and regulators

Public institutions expect the company to fully comply with applicable laws, industry standards, and regulations concerning consumer safety, environmental protection, and public health. The IMS policy addresses these requirements by supporting responsible and compliant business operations and enhancing the transparency of processes across the Group. Responsibility for the operation of the IMS lies with the President of the Management Board – CEO, with the support of the Head of Quality – Representative for the Integrated Management System, who coordinates operational activities and oversees compliance with ISO standards. The system is subject to annual management reviews and periodic audits.

Sustainable Development Policy

The Sustainable Development Policy of the ZM "ROPCZYCE" Capital Group was adopted on November 25, 2025. It includes a separate section dedicated to customers and end users. The Group is committed to providing products and services of a quality that meets customer expectations, in accordance with the highest standards and safety norms, and to managing the supply chain responsibly, particularly by ensuring respect for international law and human rights. Great importance is placed on the quality of service and building mutual trust, which constitutes an essential element of corporate responsibility.

The purpose of the Policy is to establish common principles of conduct that support the responsible operation of all companies comprising the Capital Group.

The Group treats customers and end users as key stakeholders who are essential to the achievement of its strategic goals. The Group maintains consistent and reliable communication, ensuring honest and non-misleading information about products. It adheres to the principles of marketing and sales ethics, ensuring a high level of service and building trust with its audience.

Relationships with customers and end users are based on constant, open communication aimed at providing reliable information about products and their usage guidelines. The Group adheres to the principles of marketing and sales ethics, ensuring that product communications are honest, transparent, and non-misleading.

In its dealings with contractors and suppliers, the ROPCZYCE Group adheres to the principle of responsible supply chain management, with particular emphasis on respect for human rights and international standards. A due diligence process is conducted to verify the reliability of business partners and their compliance with legal requirements and the Group's values. These measures have a direct impact on the safety and quality of products that ultimately reach end users.

Responsibility toward customers and end users also includes environmental protection measures, which translate into the safety and comfort of using the Group's products. The Group employs modern filtration, dust removal, and process monitoring technologies, ensuring that products are manufactured in a manner that minimizes environmental and health risks. Control over the use of chemicals and ongoing monitoring of facilities support the safe use of the manufactured products.

The ZM "ROPCZYCE" Capital Group provides stakeholders with the opportunity to report any violations, irregularities, and concerns through its whistleblower protection system, which is publicly available. This mechanism allows for the anonymous submission of information regarding, among other things, product quality, safety, market communications, and potential misconduct. Reports are analyzed and lead to corrective actions, which is a key element of our responsibility toward the recipients of the Group's products.

The ZM "ROPCZYCE" Capital Group ensures that all products and services it provides meet the highest quality and safety standards, meeting the expectations of customers and end-users. Production utilizes modern technologies, filtration and dust removal systems, as well as solutions that reduce resource consumption and environmental risks, which directly enhances the safety of their use.

As part of the technological processes, there is constant supervision of the facilities and control over the use of chemicals to prevent any health and environmental hazards. Monitoring compliance with requirements and regular audits help mitigate potential risks and ensure stable, safe product quality.

Product safety is an integral part of the ROPCZYCE Group's responsibility toward customers and end-users and a key area of risk management across the entire Group.

The Sustainable Development Policy of the ZM "ROPCZYCE" Group addresses key impacts associated with industrial operations in the refractory materials sector. The Group identifies and systematically analyzes its impacts and the associated risks and opportunities in environmental, social, and governance areas, basing these analyses on internal assessments, a materiality matrix, ESRS standards, and stakeholder expectations.

The key impacts addressed by the policy include the Group's influence through product quality and safety, communication practices, and responsible supply chain management, which affect customers, business partners, and end users.

Significant risks addressed by the policy relate to product safety, quality, responsibility for information provided to end users, and potential violations by partners in the supply chain. Non-compliance in this area could result in a loss of customer trust or legal consequences.

The significant opportunities addressed by the policy stem from maintaining high standards of product quality and safety, ethical communication, and responsible supply chain management, which enable the building of lasting relationships with customers, strengthening trust, and enhancing the competitiveness of the Group's products.

Actions undertaken under the Sustainable Development Policy are transparent and communicated to all key stakeholders, including customers and suppliers. The ZM "ROPCZYCE" Group sets ESG goals and monitors progress toward achieving them, reports annually on sustainability performance, and conducts internal and external audits to verify compliance with the Policy. The Policy is subject to periodic reviews (every two years) and updates to ensure its effectiveness, relevance, and alignment with the rapidly changing regulatory and social environment.

The Management Board of the parent company is responsible for the implementation and oversight of the Sustainable Development Policy, and progress is monitored through audit processes and ESG reporting. The Policy has been published on the Group's website in the investor relations section and made available to employees via email and the intranet.

The Sustainable Development Policy of the ZM "ROPCZYCE" Capital Group covers the entirety of the operations of Zakłady Magnezytowe "ROPCZYCE" S.A. and all entities comprising the Capital Group, as explicitly stated in the document. This means that the policy applies to both the industrial operations of the parent company and those of its subsidiaries.

With regard to the value chain, the policy covers internal activities and relationships with external partners, particularly in the area of responsible supplier management, their qualification, and verification in accordance with international law and human rights. The policy also applies throughout the entire value chain, including design, production, supply, customer service, and end-user support.

In terms of geographical scope, the policy applies to all of the Group's locations, including its foreign entities operating in North America and Europe (ZMR North America, ZMR Consulting GmbH). The document does not specify any national or regional limitations on its application.

Involving stakeholders in shaping the Sustainability Policy.

The Policy is addressed to a wide range of stakeholders, including employees, customers, end users, suppliers, shareholders, and local communities on which the Group has a significant impact through its production and social activities. This means it applies fully to all stakeholders whose activities may be directly or indirectly affected by the Group's operations.

The Sustainable Development Policy takes into account key stakeholders on whom the ZM "ROPCZYCE" Capital Group's activities have an impact and who influence the Group's operations. Among the most important stakeholders are employees, customers, suppliers, business partners, shareholders, and the local community, which constitutes a significant element of the Group's social and economic environment.

Employees

Employees are considered the foundation of the Group's operations—their commitment, skills, and experience determine the organization's success. The Group ensures their workplace safety, equal treatment, opportunities for development, and access to healthcare and social support.

Customers

They are the primary stakeholder group on whom the achievement of the Group's strategic goals depends. The Group ensures high product quality and safety, reliable communication, ethical business practices, and responsible relationship management for its customers.

End Users

Individuals who use the Group's products and services, regardless of whether they make the purchase themselves. The policy addresses their safety, product quality, product availability, and ethical and transparent communication.

Suppliers and business partners

Partners who have a direct impact on product quality and safety, as well as on compliance with the law and ethical standards. The Group conducts vetting processes for these partners and assesses their compliance with international law and human rights.

Shareholders

Stakeholders who expect reliable, transparent information and responsible management. The Group ensures equal treatment of shareholders and access to reliable data regarding its operations in accordance with applicable laws.

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The Sustainability Policy, issued on November 25, 2025, is available on the website at: <https://ropczyce.com.pl/relacje-inwestorskie/odpowiedzialnosc-biznesu/polityka-zrownowazonego-rozwoju-gk-zm-ropczyce/>. It was communicated to employees via email and is also available on the Company's intranet. Actions taken under the Sustainable Development Policy are transparent and communicated to all key stakeholders, including customers and suppliers. The process of their due verification and qualification is based on the Policy's standards, including in the context of international law and respect for human rights.

The Policy is not based on third-party standards or initiatives.

Human Rights

Respect for human rights and responsible relationships with customers, suppliers, and business partners are an integral part of the ZM "ROPCZYCE" Capital Group's strategy. Updated on January 13, 2026, the Human Rights Policy commits the Group to conducting its business in accordance with internal regulations, national legislation, and international standards, in particular the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact, and the OECD Guidelines for Multinational Enterprises. This Policy applies to all areas of the Group's operations.

Compliance with the "Human Rights Policy" is mandatory for all employees of the ZM "ROPCZYCE" Group, as well as all customers, suppliers, and business partners. It also applies to compliance with all applicable legal requirements regarding the protection of human rights in relation to, among others, customers, suppliers, and end users. The Human Rights Policy applies to all areas of the ZM "ROPCZYCE" S.A. Group's operations.

In the context of customers, suppliers, business partners, and shareholders—they exert a significant influence on the processes taking place within the ZM "ROPCZYCE" Capital Group. With regard to suppliers and business partners, a process of due verification and qualification is carried out, including in the context of international law and respect for human rights.

In the "Sustainable Development Policy of the ZM 'ROPCZYCE' Capital Group," the Group commits to complying with commercial law, fostering responsible attitudes toward customers and maintaining regular communication with them, and managing the supply chain responsibly, in particular by ensuring respect for international law and human rights.

All finished products are statistically verified based on international standards. A document confirming the products' compliance with contractual requirements is issued for each delivery. In accordance with customer requirements, joint product inspections are conducted, as well as audits performed by the customer.

As part of its sustainable development strategy, the Group implements product and service design standards that minimize negative impacts on end-users. This includes the production of products that comply with safety, environmental protection, and public health standards. It is also committed to providing products and services of a quality that meets customer expectations and complies with the highest safety standards and norms. Furthermore, the Group is progressively introducing innovative products designed to reduce energy and water consumption in the production processes of consumers or end-users.

The ZM "ROPCZYCE" Capital Group maintains and applies a range of corporate documents that shape its organizational culture.

In the updated Human Rights Policy of the ZM "ROPCZYCE" Capital Group, the Group commits, among other things, to:

- comply with all applicable legal requirements regarding the protection of human rights,
- identifying potential risks related to human rights violations and impacts on the environment and employee safety,
- ensuring appropriate preventive and corrective measures in the event of violations of rights and obligations.

The Human Rights Policy complements and consolidates human rights aspects included in other policies and guidelines in force within the Group, such as: the Code of Values, the Code of Conduct and Business Ethics, the Anti-Corruption Policy, the Company's Social Responsibility Strategy, and safety procedures.

It is precisely as part of the implementation of this Policy that the ZM "ROPCZYCE" Group commits to implementing corrective actions in the event of a violation, including among suppliers, customers, and business partners, and commits to cooperating with judicial or extrajudicial mechanisms to ensure access to remedies and corrective actions.

As a public trust entity, the Group also implements a formalized Corporate Social Responsibility (CSR) Strategy, which contains detailed guidelines regarding relations with all stakeholders. The overarching values in relations with them are transparency of principles, integrity, professionalism, and the rule of law; therefore, the Group has an anonymous reporting procedure in place, as well as a system enabling the reporting of legal violations and other irregularities and abuses, available at: <https://sygnalista.net>.

The ROPCZYCE Group allocates appropriate organizational, human, and technical resources to effectively manage significant impacts related to product quality and the safety of end users. The Head of Quality – Representative for the Integrated Management System – oversees the company's compliance with ISO 9001, ISO 14001, and ISO 45001 standards and manages audit and optimization processes.

In the event of product defects, a complaint procedure is initiated, and the defective goods are replaced with new ones. The Group ensures the effectiveness of corrective processes in the event of significant negative impacts through its complaint management system.

Openness to feedback allows for building long-term trust and mitigating potential risks.

Effective July 1, 2025, the Chairman's Order introduced amendments to the Parent Company's Organizational Regulations and adopted a consolidated version thereof. One of the changes in the updated Organizational Regulations is the establishment of a Compliance Office, which reports directly to the President of the Management Board. The tasks of the Compliance Office include, among others, coordinating activities related to the development and updating of policies, procedures, and codes of ethics ensuring compliance with applicable law. The Compliance Officer reviewed the provisions of the Human Rights Policy and updated them to include guidelines from the UN, OECD, and ILO. The changes were discussed in close cooperation between the Compliance Office and the Legal Office, after which the document was consulted with the CEO (the direct supervisor of the Compliance Office).

Goals in the area of end users

[S4-5] The Group has not set any measurable objectives in the area of end users. It also does not plan to set such objectives due to the inability to continuously monitor the activities of end users.

Communication with end users

[S4-2] In accordance with the requirements of ISO 9001:2015, the company systematically monitors the perception of the degree to which customer requirements are met through regular customer satisfaction surveys and ongoing dialogue with customers, taking into account the perspective of end users, including customers' employees.

As part of this activity, feedback regarding product safety, the impact of their use on employee safety, as well as the availability and quality of technical information and user instructions, is analyzed in particular.

These activities are carried out based on a survey that includes an assessment of the quality of products, packaging, and labeling, as well as suggestions for areas of improvement. The results of these analyses serve as input for improvement activities and are forwarded to the relevant organizational units, supporting the continuous improvement of products and ensuring their compliance with quality requirements and end-user safety.

In accordance with the approach outlined in the Group's policies, a systematic dialogue is maintained with customers as key stakeholders, which indirectly also includes end users of the products. This engagement is carried out through regular meetings and structured feedback processes, enabling the identification of needs, expectations, and potential risks associated with the use of products.

For issues of heightened importance to safety or quality of use, the Group conducts in-depth consultations with customers representing the end-user perspective. This allows for their needs and experiences to be taken into account during the development, modification, and market launch of products, supporting responsible management of the impact on consumers and end-users.

In the product development process, the Group engages customers at an early stage to identify their needs, expectations, and preferences even before the products are launched on the market. This information is gathered, among other things, during site visits to oversee the installation of delivered products, inspections conducted at customers' facilities, and working meetings—including remote ones—regarding both current and planned deliveries.

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During the production phase, an ongoing dialogue is maintained with users regarding the quality of services provided, supplemented by technical acceptance procedures, which allow for verification of product compliance with quality and safety requirements. After products are launched on the market, the Group collaborates with customers and end-users through satisfaction surveys and the systematic collection of feedback regarding user experiences, which form the basis for implementing corrective and improvement actions.

Supervision of activities related to engaging customers and, indirectly, end users is carried out by the Sales Director, who is responsible for coordinating feedback collection processes and ensuring that insights from this dialogue are incorporated into the organization's decision-making processes. Information obtained from end users serves as the basis for implementing changes and improvements to products that address reported customer needs and expectations, thereby supporting responsible management of the impact on consumers and end users.

The effectiveness of interactions with customers—and, indirectly, with end users—is systematically assessed through annual satisfaction surveys and ongoing dialogue conducted as part of our day-to-day collaboration. These tools enable us to monitor satisfaction with product quality and service, as well as to assess the effectiveness of measures taken regarding product safety and the availability and transparency of technical information.

Satisfaction surveys cover, in particular, issues related to:

- product quality, including durability and performance parameters,
- the quality of customer service,
- product packaging and labeling quality.

The surveys are supplemented by additional engagement effectiveness metrics, such as:

- the number of complaints regarding safety of use,
- results of internal and external audits confirming process compliance with the requirements of ISO 9001, ISO 14001, and ISO 45001,
- analysis of feedback gathered during technical consultations and training sessions on the use of refractory materials.

The collected data serves as the basis for implementing improvement measures, including:

- modification of design and production processes to better adapt products to the needs of end users,
- development and improvement of technical documentation,
- implementation of solutions that enhance product safety and quality.

The systematic use of information obtained through dialogue with customers supports the building of long-term relationships based on trust, responsibility, and high standards of quality and safety.

Cooperation with end users takes place indirectly through collaboration with customers. Continuous improvement based on data collected through interactions with customers allows us to build long-term relationships based on trust and high standards of safety and quality. The Group has not conducted detailed analyses regarding the likelihood of any user group being marginalized or exposed to adverse effects resulting from the use of its products.

Nevertheless, as part of the Integrated Quality, Environmental, and Occupational Health and Safety Management System, mechanisms have been implemented to minimize risks related to product safety, including:

- a constant dialogue with customers, consisting of feedback. This enables the identification of potential risk areas associated with the use of the Company's products under various conditions,
- provision of complete technical documentation—that is, access to detailed instructions ranging from assembly through use and safety guidelines, supporting the proper use and operation of products,
- product lifecycle analysis—that is, the impact of products on, among other things, the safety of people who work directly with them,
- this also includes technical training and technical consultations for customers, which help ensure that products are used as intended.

The Group does not have a uniform, formalized process for directly engaging end users at the organization-wide level. Feedback is currently obtained indirectly through collaboration with customers who, as employers of end users, provide information regarding experiences, needs, and potential risks associated with product use. This approach allows for the end-user perspective to be incorporated into decision-making processes, while maintaining consistent relationships with clients as key business partners and adhering to security principles.

[S4-3] Zakłady Magnezytowe "ROPCZYCE" S.A. employs a structured approach to managing nonconformities, including those that have significant negative impacts on end users. These activities are based on established corrective and preventive procedures.

The process of ensuring corrective measures includes the following stages:

- **identification of nonconformities:** nonconformities may be reported by customers or end users, or detected during internal audits and monitoring activities. These reports concern both product quality and potential hazards arising from their use,
- **risk assessment:** following the reporting of a non-conformity, a detailed analysis is conducted to assess the impact on user safety and determine the causes of the problem. This procedure aligns with the provisions of the quality and safety management policy,
- **corrective and preventive actions:** if significant negative impacts on end-users are identified, immediate actions are taken to eliminate the problem,
- **the implemented procedures include identifying and rectifying product defects,** making changes to the production process, and updating technical documentation if necessary,
- **informing customers and end users:** In the event of significant adverse effects, customers and end users are informed of the risks and corrective actions. Information is communicated through direct contact or via designated representatives. Customers receive technical support and guidelines for the safe use of products until the problem is resolved,
- **monitoring and verifying the effectiveness of actions:** the results of implemented actions are monitored through internal audits. Reports and feedback from customers are also analyzed to ensure that the problem has been completely resolved.

The ROPCZYCE Group provides customers and end users with a variety of channels for reporting needs, opinions, and comments regarding the products offered. Communication with stakeholders takes place, among other things, through:

- a dedicated email address through which they can submit questions, suggestions, and reports,
- direct contact with sales representatives and staff serving specific markets,
- reports submitted by agents and distributors cooperating with the Group.

The use of a multi-channel communication model enhances the organization's accessibility to stakeholders, supports the ongoing identification of their needs, and enables a rapid response to emerging feedback. As a result, the ROPCZYCE Group can systematically improve its products and processes, increasing customer satisfaction and the transparency of its operations.

To expand the range of customers served and strengthen its competitive position, the Group focuses on expanding its agency and distribution networks and on increasing the scope of care and comprehensive service to enable faster identification of needs and risks (information exchange between the customer and the manufacturer).

The effectiveness of problem reporting channels and the manner in which they are handled are continuously monitored as part of a structured complaint and non-conformity management process. Each report is recorded, analyzed, and assigned to appropriate corrective or preventive actions, and its status is subject to ongoing monitoring. The effectiveness of the channels is assessed based on the timeliness of responses, the completeness of report processing, and feedback received from customers and end-users upon completion of the process. Additionally, the effectiveness of the channels and corrective processes is verified through internal audits and system reviews, which allows for their continuous improvement.

The Group assesses the level of awareness and trust among customers and end-users regarding the available structures and processes for submitting feedback based on the results of satisfaction surveys, an analysis of the number and nature of reports, and information obtained through ongoing dialogue with customers. Regular use of available communication channels, the recurrence of reports, and customer activity in complaint processes are treated as confirmation of the accessibility, clarity, and reliability of these mechanisms. The results of these analyses form the basis for potential improvements to processes and methods of communication with end users.

Zakłady Magnezytowe "ROPCZYCE" S.A. does not have a formalized, uniform process for directly engaging end users at the organization-wide level. Feedback is currently gathered indirectly through collaboration with customers who, as employers of end users, provide information regarding experiences, needs, and potential risks associated with product use.

At the same time, the Group utilizes other mechanisms to incorporate the end-user perspective, particularly annual customer satisfaction surveys, ongoing commercial and technical dialogue, and the analysis of complaint reports and quality audit results. These mechanisms currently serve as a functional alternative to a formalized engagement process and allow for the identification of needs and potential negative impacts associated with product use; their effectiveness is periodically assessed as part of quality management systems and management reviews.

3.2.2. Cooperation with end users

(S4-4) The Group's strategic objective is to meet the highest quality standards and ensure the safety of end users through activities carried out within the Integrated Management System compliant with ISO 9001, ISO 14001, and ISO 45001 standards. This standard was implemented as early as 1997 at the parent company. As part of a systematic approach, the Group monitors customer satisfaction, analyzes risks and opportunities related to product quality, and implements improvement measures. The Group's in-house Research and Development Center enables a rapid response to customer needs and the adaptation of product parameters to technical requirements and operating conditions.

As part of the 2026 program, the modernization of the hydraulic press for forming refractory semi-finished products and the construction of a new production line for unshaped products will continue. The modernization of the hydraulic press will contribute to improving the quality of manufactured products, particularly in terms of dimensional accuracy and achieving consistent physical properties of the formed products. The construction of a new production line will increase production flexibility, reduce the number of changeovers between different product types, and ensure higher chemical purity of the refractory mixes produced. The use of modern technologies will also enable visualization of the production process, which will contribute to better control of process parameters, improved workplace safety, and a reduction in the risk of technological errors.

The measures taken support the achievement of the Sustainable Development Policy's objectives regarding responsibility toward end users by ensuring high product quality and safety, minimizing the risk of adverse effects resulting from product defects, and continuously improving production processes based on customer feedback.

The described measures are primarily implemented within the Group's own operations, particularly during the design, production, and quality control stages of products. At the same time, they encompass elements of the value chain at a later stage through collaboration with customers, joint product inspections, customer audits, and the analysis of complaints and feedback from end users.

Due to their systematic and recurring nature, no specific end date is set for individual activities; their continuation and any updates to their scope depend on the results of monitoring, risk analyses, and feedback from customers and end users.

As part of its sustainable development strategy, the Group implements product and service design standards aimed at preventing and mitigating potential negative impacts on end users. This includes manufacturing products in compliance with applicable safety, environmental, and public health requirements, as well as systematic verification of compliance during the design, production, and market launch phases.



The Group employs a structured complaints and returns procedure, ensuring that end users and customers can report issues related to product quality or safety, including hidden defects and damage. This procedure enables the efficient handling of reports and the implementation of corrective and preventive actions to mitigate further negative impacts.

In cases where end users have experienced negative effects from the use of products, the Group implements remedial and compensatory measures, including, among others, refunds, product replacements, or the provision of additional service support, commensurate with the nature and scale of the reported incident.

Customer reports and complaints are systematically recorded and analyzed in accordance with established procedures, and the findings from this analysis form the basis for corrective and preventive actions. In response to identified issues, the Group implements changes to its production and operational processes aimed at improving product quality and reducing the risk of similar negative impacts occurring in the future.

The effectiveness of the measures taken is monitored through regular audits and report reviews, which enable the assessment of the extent to which identified impacts have been mitigated, the identification of areas requiring further improvements, and the implementation of subsequent corrective actions appropriate to the scale and nature of the reports.

The Group implements additional activities and initiatives aimed at positively contributing to increased benefits for end-users in both social and operational terms. These include, in particular, the development and implementation of innovative products that reduce energy and water consumption in production processes carried out by customers and end-users. These activities support improvements in process efficiency on the end-user side, reductions in operating costs, and a decrease in environmental impacts, while maintaining high standards of product quality and safety.

The effectiveness of activities and initiatives undertaken with end users is systematically assessed based on the results of periodic customer satisfaction surveys, analysis of feedback obtained during ongoing cooperation, and sales and technical meetings, including those conducted remotely.

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In addition, data from customer complaints and findings from quality audits are taken into account; together, these form the basis for evaluating the effectiveness of the measures taken and identifying areas requiring further improvement.

Based on an assessment of the scale, nature, and significance of actual and potential impacts on end users, the Group determines which actions are necessary and appropriate in a given case. This process involves identifying areas requiring monitoring and selecting appropriate tools, such as questions in customer satisfaction surveys, analysis of complaint reports, and information obtained through ongoing dialogue with customers. When determining actions, the end-users' perspective is taken into account, including their experiences and expectations communicated through customers, which allows for a proportionate and effective response to identified or potential negative impacts.

The Group's approach to addressing specific, significant negative impacts on end users is implemented within the Integrated Management System and constitutes a mandatory procedure when such impacts are identified.

This process includes:

- identifying the sources and nature of adverse effects and determining their impact on customers or end users,
- preparing and implementing measures appropriate to the nature of the adverse impact,
- ensuring that the measures reflect the needs and expectations of customers and other key stakeholders,
- effectively implementing the action plan to address the impacts and their consequences,
- ensuring that the measures taken produce the intended results,
- transparently informing customers and other stakeholders about the actions and their results.

Through a wide range of preventive and corrective actions, as well as systematic monitoring of their effectiveness, the organization minimizes risks arising from impacts on end users. Openness to feedback allows for building long-term trust and mitigating potential risks. These include risk identification and assessment activities such as product safety risks, risks related to product availability, and reputational risks resulting from end-user dissatisfaction. Preventive measures such as product safety and compliance testing, implementation of product quality standards, and instructions and training on product use. Implementation of corrective actions in cases where significant negative impacts are detected, and modifications to products, services, or production processes based on feedback from customers or end users.

Planned and ongoing initiatives aimed at capitalizing on significant opportunities focus on introducing innovations, expanding the product and service offering, and strengthening customer relationships. Systematic monitoring of their effectiveness and openness to customer feedback enable the organization to respond dynamically to changing needs and expectations, which supports business growth.

Current activities include: The organization ensures the availability and effectiveness of corrective processes in the event of significant negative impacts through an operational complaint management system, described in instruction 13.1.2/DQ, which applies to all reports concerning product quality or safety. In the event of a complaint regarding product defects, the Quality Manager initiates a complaint procedure, including problem analysis, implementation of corrective actions, and monitoring of their effectiveness.

Corrective actions include temporary measures to eliminate the problem until permanent solutions are implemented, root cause analysis through verification of the production process and testing of product batches, as well as the preparation of an 8D report specifying actions to prevent the problem from recurring. The effectiveness of the implemented actions is recorded and monitored in accordance with procedure PJ 8.7 "Control of Nonconforming Outputs," which allows for the evaluation of their results and ensures the safety of end users.

- development of products based on modern technologies,
- using data analysis to tailor products to the individual needs of end users,
- introducing products that comply with the principles of sustainable development,
- promoting products that support energy and resource conservation,
- introducing products to new market segments and geographic markets,
- informing customers about the benefits of products or services and their proper use.



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Regular monitoring of processes and openness to consumer feedback enable us to quickly identify and resolve issues, which builds trust and loyalty among end users.

The company takes the following actions:

- Providing clear descriptions of products and services, including technical details, costs, and potential limitations.
- Warning labels for products that pose a risk of use (e.g., health risks).
- Ensuring that sales contracts are understandable.
- Simplifying complaint and return procedures.
- Providing after-sales support (e.g., instructions, service, technical support).
- Processing data only to the extent necessary to provide services or products.

In 2025, the Group did not identify any serious issues or incidents related to human rights violations in the value chain, at either the upstream or downstream levels.

The Group allocates organizational, human, and technical resources to effectively manage significant impacts related to product quality and end-user safety.

Quality Control Department – responsible for monitoring product quality at every stage of production, verifying compliance with standards, and analyzing the impact of products on end-user safety.

Research and Development (R&D) Department – conducts research on new materials and technologies that enhance the durability and safety of refractory materials.

Quality Manager – Representative for the Integrated Management System – oversees the company’s compliance with ISO 9001, ISO 14001, and ISO 45001 standards and manages audit and optimization processes.

Production staff – implement quality assurance procedures and carry out corrective actions in the event of non-conformities.

The company is committed to continuously improving its activities in the area of managing adverse impacts through:

- regularly updating procedures and policies,
- maintaining an open dialogue with stakeholders.

Initiatives undertaken by the company aimed at achieving additional positive effects include:

- Development of environmentally friendly products: introducing new products or services that contribute to improving energy efficiency, conserving natural resources, or reducing waste.
- Product transparency: Increasing the transparency of information regarding product origin and life cycle to enable consumers to make informed choices.

During the reporting period, the Group undertook activities aimed at better understanding the needs and expectations of consumers and end-users. In particular, analytical activities were conducted and customer feedback was collected, which allowed for the identification of areas requiring improvement and the formulation of conclusions used in the further development of products and processes. Detailed information in this regard is disclosed in the parent company’s periodic reports, published on the stock exchange.

The Group’s strategy for 2026–2030 sets out goals for further improvements in managing interactions and relationships with consumers and end users. These objectives focus on improving the quality of the products offered, strengthening long-term customer relationships, and better incorporating the needs of end users into decision-making processes.

3.3. Local Communities

Magnezyty Foundation

The Group's corporate social responsibility is carried out through the Magnezyty Foundation. The Foundation was established in 2019 by private individuals who are members of the management board of Zakłady Magnezytowe "ROPCZYCE" S.A. and by the company Zakłady Magnezytowe "ROPCZYCE" S.A.

In 2023, the Magnezyty Foundation obtained the status of a Public Benefit Organization, allowing it to receive financial support from the 1.5% tax allocation.

The Foundation's socially and economically beneficial objectives are:

- conducting charitable and philanthropic activities on various levels;
- supporting parishes, pastoral ministries, and other organizations that cultivate traditional Catholic liturgy or a special attachment to sacred heritage and the traditions of the Church;
- conducting activities in support of culture, including national and religious culture, in particular by providing organizational and financial assistance to entities promoting these values;
- conducting social activities, in particular providing material support to individuals in very difficult financial situations and offering assistance to individuals to improve their living conditions;
- providing assistance to sick people, including those awaiting difficult or expensive medical procedures;
- providing financial assistance to hospitals and other medical facilities;
- providing financial assistance to educational, childcare, and welfare institutions;
- promoting and disseminating physical culture and sports in Poland and abroad;
- providing organizational and financial assistance for educational activities related to health protection, preventive health care, physical culture, and a healthy lifestyle, as well as national and religious culture, and fostering patriotic, civic, and democratic attitudes;
- supporting children, youth, and students in accessing education, science, culture, and sports;
- providing organizational and financial assistance to facilities dedicated to the protection and care of homeless animals, and supporting activities aimed at preventing animal homelessness and cruelty;

The Magnezyty Foundation was registered in the National Court Register on July 23, 2019.

In 2025, the Foundation extended its support to local organizations, associations, community centers, women's clubs, and sports clubs. It subsidized the purchase of sports uniforms for local soccer clubs and the organization of events—including fishing competitions for children, a fitness marathon, and charity tournaments in soccer and volleyball. The Foundation strongly supports volunteer fire departments; thanks to it, a first-aid training manikin was purchased for the Zagorzyce Górne Volunteer Fire Department (KSRG). The Foundation also assisted in organizing guitar workshops and an anniversary concert marking the 10th anniversary of the Association of Musical Initiatives and MusicTeam—the Music School in Ropczyce.

The Foundation pursues its statutory goals by providing financial support to local social welfare homes, medical facilities, and care centers. In 2025, 70,000 PLN was allocated for healthcare, rehabilitation, treatment, and social assistance.

In 2025, the Honorary Blood Donors Club at Zakłady Magnezytowe "ROPCZYCE" S.A., together with the Magnezyty Foundation and the Rev. Dr. Jan Zwierz School Complex in Ropczyce, organized a trip for schoolchildren and their chaperones to the University Children's Hospital in Kraków to donate blood. A total of 28 people were able to donate blood. Small gifts, funded by the Foundation, were also given to the young patients in the hospital ward. The Foundation also provided funds for the renovation of classrooms in local schools and helped organize school picnics and contests (sponsoring prizes for the winners).

In 2025, approximately 34,000 PLN was donated to support educational institutions.

PLN 30,000 was donated to support the activities of sports clubs, and PLN 53,000 to associations (excluding ongoing sponsorship activities).

Zakłady Magnezytowe "ROPCZYCE" S.A. also conducts sponsorship activities every year. In 2025, the company sponsored the "One Heart, One Spirit" concert, the "Inspired by the Bieszczady" Festival, the Podkarpackie Philharmonic, the Stu Theater, as well as sports teams: the volleyball teams "Błękitni Ropczyce" and "Marba Sędziszów Młp," "Avia Solar Sędziszów Młp," and the local soccer team—the "Błękitni Ropczyce" Municipal Soccer Club. They supported the 80th-anniversary celebrations of the AGH Alumni Association.



**Fundacja
Magnezyty**

<https://www.facebook.com/FundacjaMagnezyty/>



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Company Honorary Blood Donors Club (HDK)

This is the only company-based club in the region. Established in October 1976, it is the longest-running Company Honorary Blood Donors Club in the region. Every year, formal meetings are organized with blood donors (employees of Group companies) and the Chairman of the Management Board as a token of gratitude for their generosity. In 2025, the Club's 58 members donated a total of 103.9 liters of blood.

	2024	2025
Total amount allocated for donations	270 019, 55	290 446,28
Total amount allocated for sponsorship	95 100,00	98 300,00
Number of beneficiaries	119	160



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4.1. Corporate Culture

[G1-1] The ZM "ROPCZYCE" Capital Group operates based on clearly defined organizational values, including professionalism, creativity, loyalty, responsibility, effectiveness, reliability, integrity, commitment, and customer care. These values form the foundation of the organizational culture and are consistently reflected in the actions taken and in relations with all stakeholder groups.

Approach to Compliance and Responsible Business Conduct

In all areas of its operations, the Group complies with applicable laws—national, EU, and international—as well as internal compliance regulations. These measures aim to ensure transparency, the rule of law, and the maintenance of the highest ethical standards.

The Group implements a compliance management system, a key element of which is the Compliance Officer. The Compliance Officer's responsibilities include, among other things, implementing, monitoring, and updating the Code of Conduct and Business Ethics. This document is approved by the CEO and applies throughout the ROPCZYCE Group.

Respect for Human Rights

Human rights are treated as a paramount value. The Group guarantees fair, equal, and respectful treatment to every employee. The equal opportunity policy and non-discrimination principles ensure opportunities for professional development, regardless of individual characteristics or aptitudes.

In 2022, Zakłady Magnezytowe "ROPCZYCE" S.A. introduced a Human Rights Policy applicable throughout the Group. In 2025, the policy underwent a thorough review, and in January 2026, the updated version was implemented. The Human Rights Policy complements and consolidates human rights aspects included in other policies and guidelines, such as: the Code of Values, the Code of Conduct and Business Ethics, the Anti-Corruption Policy, the Company's Social Responsibility Strategy, and safety procedures.

The most important commitments arising from the Human Rights Policy, which are based on, among others, the Universal Declaration of Human Rights, the ILO Declaration, and UN and the OECD, include:

- compliance with all applicable legal requirements regarding the protection of human rights,
- treating job applicants and employees fairly and without discrimination (regardless of gender, age, disability, racial and ethnic origin, nationality, sexual orientation, gender identity, religion, beliefs, and any other forms of discrimination),
- adhering to the principle of equal pay for equal work or work of comparable value,
- ensuring safe working conditions by minimizing and eliminating harmful and hazardous factors in the workplace,
- providing employees with benefits required by applicable law and additional forms of social support, granted on the principles of equality, transparency, and non-discrimination,
- raising awareness of human rights among employees, customers, suppliers, and partners,
- protecting human rights in the supply chain and in relations with stakeholders, including the prohibition of all forms of slavery, forced and compulsory labor, child labor, and human trafficking,
- ensuring appropriate remedial and corrective measures in the event of violations of rights and obligations,
- conducting social dialogue through the established Magnezyty Foundation.

The most important corporate documents that shape the organizational culture of the ROPCZYCE Group are:

- The Company's Articles of Association, the Code of Conduct and Business Ethics,
- Code of Values Promoted at ZM "ROPCZYCE" S.A.
- Anti-Corruption Policy,
- Work Regulations,
- Incentive System Regulations,
- Integrated Management System Policy,
- Human Rights Policy,
- "Communication" Procedure.

MANAGEMENT INFORMATION

As a public trust entity, the ROPCZYCE Capital Group implements a formalized Corporate Social Responsibility (CSR) Strategy, which defines the principles of cooperation with all stakeholder groups and establishes a framework for conducting business in an ethical, transparent, and sustainable manner. The strategy includes detailed regulations regarding communication, social responsibility, and the shaping of organizational culture.

In its relations with stakeholders, the Group is guided by the following core values: transparency of principles, integrity, professionalism, and respect for the rule of law. These standards apply equally to all employees and associates and form the foundation of the corporate culture throughout the Capital Group.

The Group utilizes advanced internal communication tools that support the cohesion of the organizational culture, including:

- an internal intranet,
- digital bulletin boards in production areas,
- e-mail,
- bulletin boards,
- regular meetings and consultations.

To ensure two-way dialogue, the ROPCZYCE Group provides various communication channels that facilitate the systematic exchange of information between employees and management. Direct, daily interaction between management and employees is of key importance, as are initiatives that bring the employee community together—such as the annual family picnic or team-building events—which strengthen a culture of cooperation and engagement.

In 2025, the following topics related to corporate culture were discussed at ZMR S.A. Management Board meetings:

- improving the functioning of the Integrated Management System for quality, the environment, and occupational health and safety,
- changes to the Organizational Regulations and the adoption of a unified version thereof,
- updates to internal procedures regarding the reporting of legal violations and restrictions on the purchase and sale of ZMR S.A. shares,
- implementation of the Sustainable Development Policy of the ZM “ROPCZYCE” Capital Group,
- adoption of the document titled “Assumptions of the Development Strategy of Zakłady Magnezytowe ‘ROPCZYCE’ S.A. for 2026–2030 (hereinafter referred to as the “2026–2030 Strategy”).

Code of Conduct and Business Ethics

The Group provides its customers with comprehensive services and, as a reliable partner, feels responsible for shaping relationships with customers, suppliers, employees, and business partners. For this reason, in 2022, it implemented the “Code of Conduct and Business Ethics,” which sets out the rules and ethical principles that it strictly adheres to. This Code is publicly available on the corporate website <https://ropczyce.com.pl>

Internal Control System

The ROPCZYCE Group has a formally implemented internal control system and a set of policies and procedures that form the basis for responsible and compliant business operations. The system includes, among others, the “Instructions for the Preparation, Circulation, and Control of Documents,” the “Regulations on the Circulation of Confidential Information,” and other procedures regarding internal communication and the reporting of irregularities.

<p>0 cases of violations of standards in 2025</p>	<p>0 incidents of corruption in 2025</p>	<p>0 cases of legal violations in 2025</p>
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These policies reflect the Group’s commitment to maintaining high ethical standards, process transparency, and the prevention of corruption and fraud.

Policy implementation and control processes

Within the organizational structure, separate controlling and compliance functions have been established, which are responsible for the ongoing monitoring of operational and financial risks and for overseeing the implementation of policies.

Controlling supports decision-making processes through advanced analytics based on an integrated enterprise management system, providing reliable data on the Group’s operations, budgeting, and operating results.

The compliance function monitors compliance with applicable laws, internal standards, and the Code of Good Practice, strengthening a culture of compliance throughout the organization.

Risk management in the area of compliance and anti-fraud

The internal control system includes processes for identifying, assessing, and monitoring risks related to non-compliance, legal violations, fraud, and corruption.

As part of monthly reviews of financial statements, unusual events, significant deviations from plans, and signals that may indicate potential risks are analyzed. Monitoring in the Controlling Department is conducted on an ongoing basis, enabling the efficient detection of irregularities and a rapid response.

Whistleblowing System

The ZM "ROPCZYCE" Group has implemented and applies a Procedure for the Anonymous Reporting of Irregularities, adapted to the requirements of the Whistleblower Protection Act of June 24, 2024. The whistleblowing mechanism (for reporting violations) enables employees and shareholders to safely report violations—both by name and anonymously—through an external electronic platform operated by an independent provider.

This system is an important element of organizational governance and enhances transparency and accountability in business operations.

Results and activities in the area of corporate governance and anti-corruption

In 2025, no violations of the law, non-compliance with internal procedures, or financial irregularities were reported.

No cases of corruption, misconduct, or violations of the ethical standards set forth in the Code of Good Practice were reported. The same results were confirmed at the subsidiaries, which demonstrates the effectiveness of the existing policies, control mechanisms, and systematic approach to compliance management.

Reporting Violations and Irregularities

Across all business operations within the Group, all applicable standards and legal regulations—whether at the national, European Union, or international level—as well as internal compliance regulations and procedures, are strictly adhered to. At the same time, a policy of zero tolerance is applied to incidents involving violations of the law and acts of corruption or corruption-inducing behavior. Procedures for the anonymous reporting of legal violations have been implemented. The Group enables its employees, as well as employees within the Capital Group, to report (anonymously) suspected violations of the law, procedures, and ethical standards, including irregularities, illegal, dishonest, or prohibited activities that may have occurred in the workplace. In addition, a system for reporting violations and secure communication channels for reporting has been established, and protection has been provided for whistleblowers against retaliatory, discriminatory, or other actions that constitute unfair treatment.

The principles of the anti-corruption policy apply to both Group employees and all other Group stakeholders, including individuals, suppliers, and customers, as well as government and local government entities. Reports may also be submitted by third parties, including suppliers, service providers, customers, and the Group's business partners. These areas are periodically reviewed for application, compliance, and enforcement and are subject to reporting.

Regarding the reporting of violations, the Code of Conduct and Business Ethics of Zakłady Magnezytowe "ROPCZYCE" S.A. allows for internal reporting.

The Group has an anti-corruption and anti-bribery policy consistent with the United Nations Convention against Corruption.

The procedure for internal reporting of legal violations and follow-up actions at Zakłady Magnezytowe "ROPCZYCE" S.A. and within the ZM "ROPCZYCE" Capital Group, updated on July 16, 2025, clearly defines the system for reporting legal violations, irregularities, and misconduct. It is available at: <https://zmr.signalista.net>. The primary channel that should be used for reporting is the platform/portal zmr.signalista.net.

The reporter is guaranteed protection of their identity, security, and confidentiality. Reports may also be submitted:

- using a report form, which, once completed, is placed in designated drop boxes located both at the Company's headquarters and in the buildings of its branch offices,
- via the submission form available on the Company's internal intranet,
- via the portal/email address - zmr@signalista.net

The Group has an "Anti-Corruption Policy," updated in January 2026, addressed to all persons involved in the internal and external relations of ZM "ROPCZYCE." In accordance with its provisions, every employee has the right and obligation to inform the Group of any violations of the policy. The ROPCZYCE Group ensures that such an employee is protected against any retaliatory actions, both from the persons directly affected by the report and from other colleagues or supervisors. Reports may be submitted via the designated email address: antyk@ropczyce.com.pl or verbally directly to the Anti-Corruption Committee. Reports are recorded in the Violation Report Register, which is kept in the Compliance Office.



<https://zmr.signalista.net>



zmr@signalista.net

Anti-Corruption Policy

The ROPCZYCE Group implements a formalized Anti-Corruption Policy, which is a key element of the corporate governance system and responsible business conduct. The policy sets out clear rules for preventing misconduct, as well as the rights and obligations of employees regarding the reporting of suspected violations. The organization ensures full protection for whistleblowers, including safeguards against retaliation, thereby fostering a culture of compliance and transparency.

Mechanisms for reporting potential violations include a dedicated email address and the option to make verbal reports to the Anti-Corruption Committee, which is responsible for implementing the Policy. This system is a vital component of fraud risk management and strengthens the ethical environment within the Group.

Areas of the Group particularly at risk of corruption include:

- purchasing and procurement (selection of suppliers and subcontractors, price negotiations, tenders, and contract terms),
- sales and customer relations (contract acquisition, granting of discounts and commissions),
- project and investment management (selection of contractors, cost accounting),
- external audits, official permits, inspections conducted by institutions,
- activities related to hiring, compensation, and bonus systems,
- cooperation with agents and intermediaries,
- activities involving the collection, use, and processing of information constituting the Group's trade secrets, in particular including know-how and other confidential information.

Whistleblower Protection

The implementation of the Internal Procedure for Reporting Legal Violations and Taking Follow-Up Action at ZMR S.A. and the companies of the ZM "ROPCZYCE" Capital Group was preceded by consultation meetings with representatives of the three independent labor unions operating within the Group. This process underscored the importance of social dialogue in shaping organizational solutions and ensured broad acceptance of the developed principles.

The procedure came into effect in September 2024 and was communicated to employees electronically, and supervisors were required to discuss it with their teams. Additionally, the document was posted on bulletin boards at plants, branches, and subsidiaries, ensuring full accessibility and transparency of the requirements.

The implemented solutions strengthen the compliance management system, minimize the risk of irregularities, and support the fulfillment of governance obligations.

The procedure for reporting violations of the law and actions or omissions that are unlawful or intended to circumvent the law is based on and in accordance with:

- The Act of July 29, 2005, on Public Offerings and the Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies (Journal of Laws of 2024, Item 620, as amended) ("Public Offerings Act"),
- The Act of June 14, 2024, on the Protection of Whistleblowers (Journal of Laws of 2024, Item 928).
- Regulation (EU) 2017/1129 of the European Parliament and of the Council (EU) 2017/1129 of June 14, 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC ("Prospectus Regulation")
- Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC (OJ L 173, 12.6.2014, pp. 1–61), ("MAR").

The whistleblower protection policy, despite the update of the Procedure on July 16, 2025, remains unchanged. According to the provisions, every whistleblower is guaranteed:

- protection of identity and confidentiality of the report,
- protection against retaliation, attempts at retaliation, or threats of retaliation.

Those reviewing the report are required to keep confidential all information obtained in connection with the investigation, including the identity of the whistleblower and the person subject to the report, as well as other personal data covered by the report.

If the manner of the report or its content does not allow for the full anonymity of the person making the report, the authorized person shall exercise due diligence and take appropriate measures to maintain the confidentiality of the reporter's identity.

The whistleblower's identity may be disclosed only with their prior consent, except in cases where it is disclosed:

- to the relevant authorities, when such an obligation arises under the law,
- to other persons designated by the person responsible for handling the report, if this is relevant to resolving the matter.

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The purpose of introducing the Procedure was:

- to enable employees to report:
 - Authorized Persons I (i.e., the designated Member of the Management Board and, in specific cases, the Supervisory Board, of suspected violations of the law, procedures, and ethical standards),
 - Authorized Persons II of acts or omissions that are unlawful or intended to circumvent the law, as referred to in the Whistleblower Protection Act,
- establishing a system for reporting violations of the law and secure communication channels
- for such reports, establishing a follow-up procedure, organizing protection for the person reporting violations.

Responsibility for implementing the Procedure and ensuring ongoing verification of its effective operation lies with the Management Board of the parent company.

Updated in January 2026, the "Anti-Corruption Policy of Zakłady Magnezytowe 'ROPCZYCE' S.A." aims to establish and enforce principles and rules within the Company that seek to eliminate potential corrupt and corruption-inducing behaviors from the workplace and business relationships. Responsibility for the implementation and application of the Policy, as well as monitoring and annual review of its application, is entrusted to the Anti-Corruption Committee. The Committee consists of the Compliance Officer, a representative of the Company's employee trade unions, and the Company's legal counsel. The Policy constitutes an internal regulation of the Company and does not exhaust the issue of corruption in its broadest sense.

The Group does not have a formalized training policy on business conduct; however, every person hired is familiarized with the "Code of Values Promoted at Zakłady Magnezytowe 'ROPCZYCE' S.A.," the "Procedure for Internal Reporting of Legal Violations and Follow-Up Actions at Zakłady Magnezytowe 'ROPCZYCE' S.A. and in the companies of the ZM 'ROPCZYCE' Capital Group, and has access to the "Code of Conduct and Business Ethics" on the website.

In January 2026, a training session on business ethics was held, attended by 33 employees representing the executive and managerial staff. The training, titled "Business Ethics. Building Lasting Value and Organizational Resilience in the New Business Environment," covered the following areas: the importance of ethics in business and organizational management; ethical leadership—ethical leaders; building resilience: the foundations of ethical infrastructure; and the greatest threat: understanding and identifying corruption. The ethics training was aimed at executive and managerial staff, as well as employees who have direct contact with external stakeholders.

There are plans to establish a regular schedule for ethics training—once every two years.



4.2. Corruption and Bribery

4.2.1. Internal Policies and Procedures

(G1-3) The Board of Directors and management of ZM "ROPCZYCE" S.A. create and promote an organizational culture in which corruption has no place and is unacceptable in any form. Both the Anti-Corruption Policy and the Code of Conduct and Business Ethics are publicly available on the Group's website and are promoted among employees through training and internal communication channels. The Group also provides a mechanism for reporting abuses or suspected abuses involving corruption or bribery; therefore, to ensure their impartial review, a Corruption Commission has been established. Any person facing allegations of violating the Anti-Corruption Policy has the right to review the allegations and present their defense; the Commission's role is to hear the individual and conduct an investigation to verify the facts. The Commission presents its position on the matter under review to the Group's Management Board, which makes further decisions on the matter, namely:

- rejects the Commission's position and refers the matter for reconsideration,
- accepts the Commission's position and imposes sanctions as provided for in the Labor Code.
- These include a warning, a reprimand, or termination of the employment contract with the employee, or taking steps to terminate the business relationship if the violation of the Policy was committed by a person or entity outside the Company,
- If an incident of a corruptive nature is identified, law enforcement authorities are notified of this fact,
- The Management Board initiates corrective actions aimed at preventing identified violations in the future.

The Anti-Corruption Committee is separate from the management structures involved in the matter.

Every employee has the right and obligation to report any violations of the Anti-Corruption Policy, and the Group ensures their protection against retaliation. Reports are treated confidentially, and their content is disclosed only to parties directly involved in the process of evaluating and verifying the report. Reports may be submitted by third parties, including suppliers, service providers, customers, and the Group's business partners.

Reports may be submitted via the designated email address: antykorr@ropczyce.com.pl or verbally directly to the Anti-Corruption Committee. Employees and third parties may also submit reports using the link for anonymous reporting of legal violations, available at <https://zmr.sygmalista.net>.

At Zakłady Magnezytowe "ROPCZYCE" S.A., anti-corruption standards are implemented by clearly defining the organizational structure and the substantive scope of operations of individual organizational units in the applicable Organizational Regulations, which ensures transparency and clarity regarding the responsibilities and authorities of individual Company employees.

To ensure the proper and impartial review of reports submitted regarding violations or suspected violations of the Anti-Corruption Policy, an Anti-Corruption Committee has been established within the parent company. The Committee consists of: the Compliance Officer, a representative of the employee trade unions operating at the Company, and a lawyer from the parent company.

If an employee identifies a conflict of interest or even a risk of such a conflict arising, they should immediately report this to the Anti-Corruption Committee.

In addition, the Committee is tasked with:

- properly and impartially receiving and reviewing reports submitted to the Company regarding violations or suspected violations of the Anti-Corruption Policy,
- conducting investigations and formulating a position on the matter,
- overseeing the implementation of and compliance with the Policy.

A person against whom allegations of a violation of the Anti-Corruption Policy are made has the right to review the allegations, present a defense, and the Committee is obligated to hear the person and conduct an investigation to verify the facts presented by each party. If the Commission finds that a violation of the Policy has occurred, it is in all cases obligated to present its position to the Company's Management Board.

After reviewing the Commission's position, the Management Board makes a decision regarding further steps in the matter, namely:

- it does not accept the Commission's position and refers the matter for further review,
- accept the Committee's position and impose sanctions as provided for in the Labor Code. These include a warning, a reprimand, or termination of the employment contract with the employee, or taking steps to terminate the business relationship if the violation of the Policy was committed by a person or entity outside the Company,
- if an incident of a corruptive nature is identified, law enforcement authorities are notified of this fact,
- The Management Board initiates corrective actions aimed at eliminating identified violations in the future.

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The Anti-Corruption Policy is available on the website at: <https://ropczyce.com.pl/wp-content/uploads/Polityka-Antykorupcyjna-ZMR-SA.pdf>. This ensures that external stakeholders working with individuals within the Group are fully aware of its provisions.

The Anti-Corruption Policy is communicated and promoted among the Company's and the Capital Group's employees through training sessions and available internal communication channels. All employees are required to familiarize themselves with the content of the Policy and the values expressed therein; they are also required to comply with the principles contained therein. Employees in positions at risk of corruption undergo special training.

In 2025, no training on corruption and bribery was conducted for the Management Board and the Supervisory Board. Such training took place in early 2026. The percentage of individuals in risk-exposed roles who participated in anti-corruption training programs in 2025 was 0%.

4.2.2 Corruption Incidents

[G1-4] Zakłady Magnezytowe "ROPCZYCE" S.A. has a formalized "Anti-Corruption Policy of Zakłady Magnezytowe 'ROPCZYCE' S.A.", which applies to all subsidiaries comprising the ZM "ROPCZYCE" Capital Group. The provisions of the Anti-Corruption Policy supplement the Code of Conduct and Ethics of ZMR S.A. in this area. The text of the Policy is available on the website www.ropczyce.com.pl, as well as in document form at the Management Board Office in Polish and English. This Policy is subject to annual reviews regarding its application, compliance, and enforcement. This review is conducted by the Anti-Corruption Committee, and the report resulting from this review is presented to the Company's Management Board, which, in the event of any irregularities, is obligated to initiate corrective actions within the specified scope. The Group also has a formalized "Procedure for Internal Reporting of Legal Violations and Follow-Up Actions at Zakłady Magnezytowe "ROPCZYCE" S.A. and in the companies of the "ROPCZYCE" Capital Group," which enables employees to report suspected violations of the law to a designated Member of the Management Board, and, in specific cases, to the Supervisory Board as well as to a team consisting of the Compliance Officer, the Human Resources Director, and the Legal Counsel of the parent company, any suspected violations of the law, procedures, and ethical standards, including irregularities, illegal, dishonest, or prohibited activities that have occurred in the workplace. In 2025, no violations of the law were reported by employees of Zakłady Magnezytowe "ROPCZYCE" S.A. or employees of the Capital Group companies.

During the reporting period, there were no convictions for violations of anti-corruption laws or anti-bribery regulations.

The total amount of fines imposed on the Company for violations of anti-corruption laws and anti-bribery regulations during the reporting period was PLN 0.



4.3. Cooperation with suppliers

(G1-2) Strategic raw materials are supplied primarily from China, based on internal tender procedures. Clinker of Brazilian origin is supplied by the sole distributor for Europe. Meetings with suppliers of strategic raw materials take place at least twice a year, during industry conferences in the first and second half of the year, while meetings with other suppliers are held as needed and concern negotiations or changes to contract terms.

Onboarding new suppliers and their development is a long-term, multi-stage process. The first stage involves agreeing on commercial terms and physicochemical parameters; the next stage is sample testing, followed by a trial shipment of one container. Subsequent stages involve deliveries of 100–200 tons. Upon completing the entire process, the supplier receives ZMR qualified supplier status with full access to requests for proposals. The supplier database is updated as needed, adding 2–3 entities per year, while the same number of suppliers withdraw from the market. Communication with suppliers takes place as appropriate to the subject matter. Pricing issues are agreed upon with the purchasing department, while issues regarding raw material quality are discussed with both the purchasing and quality departments.

The Group does not have a formal policy to prevent late payments. However, payments are customarily made every two weeks. Information regarding the adopted payment terms is provided to suppliers at the start of the business relationship, and the payment due date is determined taking into account the payment frequency.

The social and quality criteria set forth in the “Supplier Qualification” Manual and in the qualification questionnaire constitute an integral part of the Group’s supplier selection process. These include, among other things, verification of suppliers’ compliance with applicable laws, assessment of labor standards, respect for human rights, health and safety principles, as well as environmental and ethical practices. The qualitative assessment also includes an analysis of technical competence, experience, operational stability, and the ability to maintain the required quality parameters of the products or services provided. Social criteria, on the other hand, allow for the identification of potential risks in areas such as working conditions, transparency of operations, and responsibility within the supply chain. The application of these criteria enables a comprehensive assessment of suppliers not only in terms of meeting business requirements but also in terms of compliance with the values and principles of sustainable development implemented by the Group.

Preventing Risks and Delays

Due to instability in global logistics and the availability of raw materials in China, as well as the need for constant monitoring of supplies, the Group has taken additional measures:

- continuous monitoring of current needs,
- constant monitoring of raw materials in transit (weekly delivery report),
- daily verification of raw material availability within the scope of cut production orders,
- weekly review of potentially at-risk items and the current status,
- Implementation of a minimum inventory system and weekly vessel reports.

Significant environmental issues, in accordance with ISO 14001:2015, environmental management policy, and social issues, i.e., respect for human rights and occupational risk assessment, are addressed in the supplier qualification survey. The absence of positive information or the lack of certificates results in a lower score for the supplier in the qualification process.

4.3.1. Political Engagement and Lobbying

(G1-5) In 2025, the ROPCZYCE Group did not engage in active lobbying activities; it merely remained a member of associations. No member of the Group’s governing bodies held a comparable position in public administration (including regulatory bodies) during the two-year period preceding their appointment.

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The Group is not registered in a transparency registry.

In 2025, the Group was a member of four lobbying associations: the Business Centre Club, the Association of Stock Exchange Issuers, Employers of Poland, and the Federation of Polish Entrepreneurs

Organization	Contribution in 2025 (in PLN)	Main areas of activity
Business Centre Club	19 557	Active economic lobbying to defend the interests of businesses.
Association of Stock Exchange Issuers	11 100	Consulting on stock market regulations and the rights of companies participating in the market.
Employers of Poland	24 000	Protecting the rights and representing the interests of its members; providing opinions on draft legislation pertaining to the rights and interests of employers' associations
Federation of Polish Entrepreneurs	18 000	Representing business interests before public authorities, providing input on legislative proposals, and helping to create favorable conditions for businesses

4.3.2 Payment Practices

(G1-6) The ZM ROPCZYCE Group does not have a formal payment policy. When settling liabilities, the ZM ROPCZYCE Group generally adheres to the contractual provisions set forth in purchase orders and individual agreements/contracts with suppliers. As part of efforts to optimize financial management, the ZM ROPCZYCE Group follows a procedure for making payments to suppliers during biweekly payment sessions held on Wednesdays. The most common contractual payment terms in standard purchase transactions are: 7, 14, 21, 30, 45, 60, and 90 days. In the case of purchasing strategic raw materials under a consignment warehouse arrangement, the applicable payment terms are linked to the storage period of the raw materials and range from 150 days to 330 days—counting from the date the raw material is placed in the consignment warehouse. The average payment term for the ZM ROPCZYCE Group is 49 days.

The average time to settle an invoice was calculated based on purchase invoices for materials, goods, and services in 2025. The calculated value is the sum of the average payment term determined based on the payment terms specified on individual invoices and the average number of days between the payment terms specified on the invoices and the dates of their actual payment.

The share of payments made in accordance with standard payment terms during the analyzed period was 28%.

Standard payment terms in days, by major supplier category: Strategic raw materials:

- Consignment warehouse 9 months, 60 days; i.e., 330 days
- Consignment stock for 6 months, 60 days; i.e., 240 days
- Consignment stock 3 months, 60 days; i.e., 150 days
- 90 days
- 60 days

Auxiliary materials:

- 90 days
- 60 days
- 45 days
- 30 days

Technical and consumable materials:

- 97 days
- 90 days
- 75 days
- 60 days
- 45 days
- 30 days

Services:

- 30 days

Goods:

- 90 days after B/L
- 60 days
- 30 days

The ZM ROPCZYCE Group is not a party to any legal proceedings regarding late payments.