



**Sustainable Development Policy
of the ZM „ROPCZYCE” Capital Group**

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1. Introduction and context

The Management Board of Zakłady Magnezytowe "ROPCZYCE" S.A., as the parent company of the ZM "ROPCZYCE" Capital Group, aware of the impact of industrial activity on the environment, cooperation with stakeholders, and corporate culture, adopts this Policy in order to define and integrate the principles of sustainable development into the operational and strategic activities of the entire Capital Group.

The ZM "ROPCZYCE" Capital Group, which includes the following companies:

- Ropczyce ENGINEERING sp. z o.o.,
- ZM Nieruchomości sp. z o.o.,
- ZMR North America,
- ZMR Consulting GmbH,

was built around two related business segments:

- **The ceramics segment**, which includes the design, production, and sale of refractory products, as well as research and development in the field of innovative technologies and production techniques.
- **The engineering and services segment**, focusing on comprehensive services related to refractory ceramics, as well as the maintenance of production machinery and equipment and ensuring production safety in the field of energy and electrical automation.

The refractory materials segment is the core business of the parent company. It is supported by engineering services, which provide comprehensive customer service and integrate design, maintenance, and technological activities.

The document sets out common principles for the implementation of sustainable development within the Capital Group, taking into account the specific nature of the refractory materials sector and the nature of industrial activity. The policy provides a basis for activities in the areas of environmental protection, social responsibility, and organizational governance, supporting compliance with applicable regulations, including:



- ESRS - European Sustainability Reporting Standards,
- CSRD - Corporate Sustainability Reporting Directive,
- EU Taxonomy,

and responding to stakeholder expectations. The approach adopted is based on responsibility, transparency, and the pursuit of long-term development.

2. Policy objectives

The Sustainability Policy of the Zakłady Magnezytowe „ROPCZYCE” S.A. Capital Group was adopted as an expression of the Group's responsibility for the manner in which it conducts its industrial activities in the social, environmental, and organizational environment. Its purpose is to establish common rules of conduct that support the responsible operation of all companies within the ZM "ROPCZYCE" Capital Group. We define sustainable development as conducting business in a socially, environmentally, and organizationally responsible manner, with respect for resources and a commitment to ensuring long-term value for stakeholders.

In particular, we strive to:

- gradually reducing emissions and our environmental footprint,
- reducing the consumption of primary raw materials and rational resource management,
- implementing solutions based on the circular economy,
- creating a safe and conducive working environment,
- building dialogue and trust in relations with the local community,
- compliance with applicable laws and good practices in the field of ESG, including ESRS, CSRD, and EU Taxonomy.

The policy represents a joint commitment by all Group companies to conduct their business in a responsible and transparent manner, respecting the interests of all stakeholders and future generations.



3. Environment and climate

The ZM "ROPCZYCE" Capital Group conducts its industrial activities in an environmentally responsible manner, striving to reduce the operational impact on the climate, natural resources, and the natural environment. The Group's common environmental policy is based on the implementation of modern technologies, effective resource management, and a systematic approach to minimizing environmental impacts in all its member companies.

Climate

The Capital Group of Zakłady Magnezytowe "ROPCZYCE" S.A. sees combating climate change as a key element of responsible industrial activity. We are committed to gradually reducing our impact on the climate and supporting the transition to a low-carbon economy.

As part of our climate policy:

- we take measures aimed at reducing the carbon footprint in production and auxiliary processes,
- we monitor and report greenhouse gas emissions in accordance with applicable regulations,
- we take climate risks and opportunities into account in strategic planning, asset maintenance, and investment design,
- we identify the potential impacts of climate change on our business and value chain using a scenario-based approach.

Environment

Care for the quality of the natural environment is a shared commitment of all companies within the ROPCZYCE Capital Group. Environmental responsibility is an integral part of our approach to management and is reflected in our daily operations.

In particular:

- we reduce air emissions by using modern filtration and dust extraction systems,
- we minimize the consumption of process water by using closed-loop systems,
- we increase the share of energy from renewable sources in our production processes,



- we monitor the environmental compliance of our operations on an ongoing basis, including compliance with permit requirements, and we undergo regular environmental audits,
- We ensure compliance with EU, national, and local environmental regulations at all Group locations.
- we continuously monitor technical installations and equipment to prevent environmental accidents,
- we supervise technological processes and the safe and responsible use of chemicals.

Circular economy

The ZM "ROPCZYCE" Capital Group implements the principles of circular economy throughout the entire product life cycle and within the supply chain. We strive to maximize the use of raw materials and reduce our negative impact on the environment, while increasing the material efficiency of our processes.

In particular:

- we maximize the use of raw materials in production processes, reducing losses at every stage,
- we increase the share of secondary and recycled raw materials, reducing the demand for mined raw materials,
- we design products with durability, reusability, and recyclability in mind,
- we reduce the amount of waste generated and intensify its segregation and processing as part of internal processes,
- we work with suppliers and customers to close material cycles and optimize the use of raw materials,
- we work exclusively with qualified suppliers who meet our environmental and quality requirements,
- we raise awareness of CE among employees and external partners through training, communication, and the promotion of good practices.



4. Stakeholder relations

Sustainable development is an important area in the business activities of the ZM "ROPCZYCE" Group, which constantly strives to ensure that the effects of actions taken in all areas of its operations serve the Group itself, its employees, and all stakeholders operating in its environment. At the same time, it makes every effort to ensure that the goals and principles of sustainable development are implemented through activities that constitute its social responsibility.

Employees

Employees are the foundation of the ZM "ROPCZYCE" Capital Group and its most important stakeholders. Their commitment, skills, and experience determine the success of the ZM "ROPCZYCE" Capital Group, which strives to achieve the best possible results and build the image of a strong, modern Group, ready to meet the expectations of its customers in all circumstances.

The ZM "ROPCZYCE" Capital Group adheres to the following principles in relation to its employees:

- we ensure the safety and hygiene of our employees in the workplace and systematically raise standards in the field of occupational health and safety and hygiene,
- we ensure respect for diversity and the elimination of all forms of discrimination based on gender, race, age, or any other circumstances,
- we ensure a balance between work and private life through the proper organization of working time,
- we create opportunities for professional development and financial advancement,
- we ensure fair treatment and equal opportunities in the recruitment, hiring, promotion, access to training, and other forms of knowledge expansion processes,
- we provide healthcare,
- we provide social assistance and support health protection,
- we engage in open communication with trade union representatives,
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- we adhere to the principles of ethics and responsible conduct based on the implemented Code of Conduct and Business Ethics,
- we promote activities that increase employee awareness of environmental protection, social issues, and the identification of opportunities for the sustainable development of the ZM "ROPCZYCE" Capital Group.

Customers, suppliers/business partners, and shareholders

These key stakeholder groups 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. We will strive to build the best possible relationships with each of these groups. Maintaining positive relations with our customers and contractors and gaining acceptance for our activities from our shareholders will contribute to increasing the value of the companies comprising the ZM "ROPCZYCE" Capital Group and is in their long-term interest. With regard to our suppliers and partners, we carry out a process of due diligence and qualification, also in the context of international law and respect for human rights.

Other objectives pursued by the Group:

- we deliver products and services of a quality tailored to customer expectations, in line with the highest standards and safety norms.
- we ensure broad access to products for all end users, regardless of their location.
- we comply with commercial law.
- we foster responsible attitudes towards customers and ensure regular communication with them.
- we manage the supply chain responsibly, in particular by ensuring compliance with international law and human rights.
- we apply the principles of marketing and sales ethics,
- We ensure equal treatment of shareholders by providing them with access to reliable information.



Local community

The importance of the local community is significant for the ZM "ROPCZYCE" Capital Group in the context of regional development and solving social problems. We are interested in both our immediate and wider surroundings, and we actively participate in initiatives that serve the economic and social development of the region with which we are associated due to the location of our business.

Charitable activities in 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, supporting, among others, schools, sports clubs, cultural, medical, and care facilities, sick people and those in difficult life situations, and the local community.

5. Corporate governance

The ZM "ROPCZYCE" Capital Group is guided in its activities by values such as professionalism, creativity, loyalty, responsibility, satisfaction, effectiveness, reliability, customer care, honesty, and commitment. In all areas of business activity, all applicable standards and legal regulations, both at the national, European Union, and international levels, as well as internal regulations and procedures in the field of compliance, are strictly observed.

The intertwining of corporate governance and sustainable development leads to the development of business models that combine economic goals with care for the environment and social welfare. The ZM "ROPCZYCE" Capital Group has and applies a number of corporate documents that influence the shape of its organizational culture. These include: Code of Conduct and Business Ethics, Anti-Corruption Policy,

Incentive System Regulations, Integrated Management System Policy, and Human Rights Policy.

As a public trust entity, the ZM "ROPCZYCE" Capital Group also implements a formalized Corporate Social Responsibility (CSR) Strategy, which contains detailed information on its relations with all stakeholders. The overriding values in relations with them are transparency



of rules, honesty, professionalism, and the rule of law, which is why the ZM "ROPCZYCE" Capital Group has a procedure for anonymous reporting of abuse and a system for reporting violations of the law and other irregularities and abuses, available at: <https://zmr.sygnalista.net>.

6. Key areas of risk and impact

The ZM "ROPCZYCE" Capital Group, as an entity conducting industrial activity in the refractory materials sector, recognizes and systematically analyzes its impacts and the associated risks and opportunities in the environmental, social, and management areas. The identification of these areas is based on internal analyses, a materiality matrix, ESRS standards, and stakeholder expectations.

7. Objectives, monitoring, and reporting

The actions taken under the Sustainable Development Policy are transparent and communicated to all key stakeholders, including employees, customers, suppliers, and local communities.

The ZM "ROPCZYCE" Group:

- sets goals in ESG areas and monitors progress in their implementation,
- reports annually on its sustainability performance,
- conducts internal and external audits to verify compliance with the provisions of the Policy.

Under this Policy, the Group focuses on objectives related to:

- environmental and climate protection, including reducing CO₂ emissions, energy and water consumption, and the amount of waste generated,
- improving working conditions and safety by reducing the number of accidents and strengthening the safety culture,
- increasing employee awareness and involvement in sustainable development activities,



- building relationships with the local community through cooperation, dialogue, and local initiatives,
- ensuring compliance with legal regulations and implementing good ESG practices throughout the supply chain.

This Policy is subject to periodic review and updates to ensure its effectiveness, relevance, and compliance with the rapidly changing regulatory and social environment.

8. Scope of application and responsibility

The Sustainable Development Policy applies to all areas of activity of Zakłady Magnezytowe "ROPCZYCE" S.A., as well as to all entities comprising the ZM "ROPCZYCE" Capital Group.

The Management Board of the parent company is responsible for the implementation, supervision, and ensuring compliance of activities with the provisions of this Policy. Individual companies of the ROPCZYCE Group are required to take into account the principles of the Policy in their activities and to take actions supporting the achievement of its objectives.