ŚNIEŻKA
GROUP

MANAGEMENT'S REPORT ON THE ACTIVITIES OF ŚNIEŻKA GROUP

for 2025

MISSION
We believe **colours matter.**

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Key events – Timetable

The most important events and agreements concluded in 2025:

On 3 June 2025, the Annual General Meeting was held during which:

- the Management Board's report on the activities and the financial statements for 2024 was approved,
- the net profit for 2024 amounting to PLN 63,610 thousand was allocated, with a dividend set at PLN 3.00 per share, i.e. in the total amount of PLN 37,853 thousand. The remaining part of the profit in the amount of PLN 25,757 thousand was allocated to supplementary capital;
- *the Management' report on the activities of the Śnieżka Group* and the financial statements of the Group for 2024 were approved,
- *the Annual Report of the Supervisory Board for 2024*, was approved,
- a vote of acceptance to the members of the Company's bodies for performing their duties in 2024 was granted,
- the *Report on the remuneration of Members of the Management Board and Supervisory Board of FFiL Śnieżka S.A. for 2024*, received approval,
- *the Remuneration Policy for Members of the Management Board and Supervisory Board of FFiL Śnieżka SA*, was adopted,
- the amendments to *the Articles of Association of FFiL Śnieżka S.A.*, were adopted,
- *the Rules of Procedure for the General Meeting of Shareholders of FFiL Śnieżka S.A.* were adopted,
- the amendments to *the Rules of Procedure of the Supervisory Board of FFiL Śnieżka S.A.* were adopted,
- an audit firm to provide assurance on the sustainability reporting for 2025 was selected,

The dividend payment was made on 17 June 2025

On 1 July 2025, the registry court registered the amendments to the Articles of Association

Significant events after the reporting date:

On 1 April 2026, two new subsidiaries were incorporated within the Group: Poli-Farbe Czechia s.r.o., with its registered office in Prague, Czech Republic, and Poli-Farbe Slovakia s.r.o., with its registered office in Bratislava, Slovakia. The companies were incorporated in the form of limited liability companies. The scope of the companies' business activity will cover the trading of Śnieżka products in the Czech Republic and Slovakia. Fabryka Farb i Lakierów Śnieżka S.A. will hold 100% of shares in each of the newly established subsidiaries.

Letter from the CEO

To our stakeholders,

2025 was a year in which the Group strengthened its market position in a demanding business environment. Although the ongoing cycle of interest rate cuts brought consumers the expected relief in financing costs, demand in the renovation segment remained under pressure, with spending shifting toward other areas of the economy. Despite lower-than-expected consumer activity, we delivered year-on-year comparable EBITDA of PLN 143.7 million (+0.6% y/y), while recording a stronger improvement in net profit, which reached PLN 73.9 million (+2.5% y/y). Profitability in the past year was supported primarily by optimisation of the cost of goods sold, lower debt servicing costs, and stabilisation of energy and raw material prices, further supported by favourable movements in the euro exchange rate.

The market-wide decline in volumes observed over recent years affected our sales, which amounted to PLN 772.5 million (-3.2% y/y). In our key Polish market, accounting for more than 73% of total revenue, sales reached PLN 566.9 million (-1.7% y/y). According to our estimates, this performance outpaced the overall decorative products market, enabling us to further increase our domestic market share.

We continue to maintain strong cost discipline, as reflected in a safe net debt to EBITDA ratio of 0.9x. Such leverage parameters confirm our capital security and support stable operations.

We also remain consistent in sharing profits with our Shareholders – in June 2025, we distributed PLN 37.9 million in dividends, equivalent to PLN 3.0 per share, bringing the total dividend paid since our Warsaw Stock Exchange debut to PLN 582.1 million.

Our competitive advantage is built on strong brands, a carefully selected product portfolio, and modern production and logistics capabilities.

During the past period, we implemented a number of product-related projects, among which the completion of the visual identity change process for the Hungarian Poli-Farbe brand was of particular importance. We treated the introduction of the new logo as a starting point for full packaging unification and the development of a consistent brand identity.

At the same time, as part of portfolio development in Poland, we are placing particular emphasis on the professional segment. In the implementation phase completed so far, we launched the first products under the MAGNAT PRO sub-brand. While developing product solutions dedicated to contractors, we also introduced a new paint tinting system – MAGNAT COLOUR SYSTEM. The MAGNAT PRO sub-brand is intended not only for professional contractors, but also for DIY enthusiasts – all customers for whom high-quality colour solutions are a tool for creating unique interiors. One of the priority directions in which we see significant growth potential in the coming years is the construction chemicals market.

The trust you placed in us over the past year is regarded by us as a valuable commitment, motivating us to build long-term value for our organisation and consistently execute our adopted strategy. We are convinced that through our joint efforts we will continue to increase shareholder value, provide stable development opportunities for our employees, and deliver tangible support to the communities in which we operate.

Yours sincerely,
Piotr Mikrut
CEO

Selected financial information

The Śnieżka Group – consolidated data	(in PLN '000)		(in EUR '000)	
	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024
I. Net sales revenue from products, goods and materials	**772,506**	**798,440**	**182,315**	**185,503**
II. Operating profit	105,360	105,232	24,865	24,449
III. Gross profit	91,192	87,342	21,522	20,292
IV. Net profit	**73,887**	**72,091**	**17,438**	**16,749**
- Net profit attributable to owners of the parent	71,374	69,351	16,845	16,112
- Net profit attributable to non-controlling interest	2,513	2,740	593	637
V. Total comprehensive income for the period	70,614	64,528	16,665	14,992
- Total comprehensive income for the period attributable to owners of the parent	68,844	62,871	16,247	14,607
- Total comprehensive income for the period attributable to non-controlling interest	1,770	1,657	418	385
VI. Net cash flows from operating activities	152,442	118,471	35,977	27,525
VII. Net cash flows from investing activities	(12,789)	(35,192)	(3,018)	(8,176)
VIII. Net cash flows from financing activities	(177,102)	(89,349)	(41,797)	(20,759)
IX. Total net cash flows	(37,449)	(6,070)	(8,838)	(1,410)
X. Total assets	**714,827**	**785,297**	**169,122**	**183,781**
XI. Liabilities and provisions for liabilities	289,791	390,307	68,562	91,343
XII. Non-current liabilities	157,007	210,520	37,146	49,267
XIII. Current liabilities	132,784	179,787	31,416	42,075

The Śnieżka Group – consolidated data	(in PLN '000)		(in EUR '000)	
	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024
XIV. Equity	**425,036**	**394,990**	**100,560**	**92,439**
- Equity attributable to owners of the parent	406,934	373,231	96,277	87,346
- Equities attributable to non-controlling interest	18,102	21,759	4,283	5,092
XV. Share capital	12,618	12,618	2,985	2,953
XVI. Number of shares / weighted average number of shares (in shares)	12,617,778	12,617,778	12,617,778	12,617,778
XVII. Earnings per ordinary share (in PLN / EUR)	5.86	5.71	1.38	1.33
- Earnings per ordinary share attributable to owners of the parent	5.66	5.50	1.33	1.28
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	5.86	5.71	1.38	1.33
- Diluted earnings per ordinary share attributable to owners of the parent	5.66	5.50	1.33	1.28
XIX. Book value per share (in PLN / EUR)	33.68	31.30	7.97	7.33
XX. Diluted book value per share (in PLN/EUR)	33.68	31.30	7.97	7.33
XXI. Declared or paid dividend per ordinary share attributable to owners of the parent (in PLN / EUR)	3.00	3.17	0.71	0.74
I. Net revenue from sale of products, goods and materials	**515,322**	**521,665**	**121,619**	**121,199**
II. Profit from operating activities	111,459	94,395	26,305	21,931
III. Gross profit	87,753	65,394	20,710	15,193
IV. Net profit	**82,853**	**63,610**	**19,554**	**14,779**
V. Comprehensive income for the period	82,959	64,094	19,579	14,891
VI. Net cash flows from operating activities	69,171	101,313	16,325	23,538
VII. Net cash flows from investing activities	50,331	23,969	11,878	5,569
VIII. Net cash flows from financial activities	(119,001)	(125,028)	(28,085)	(29,048)
IX. Total net cash flows	501	254	118	59

	(in PLN '000)		(in EUR '000)	
The Śnieżka Group – consolidated data	**the period of 12 months ended as at 31 December 2025**	**the period of 12 months ended as at 31 December 2024**	**the period of 12 months ended as at 31 December 2025**	**the period of 12 months ended as at 31 December 2024**
X. Total assets	**776,751**	**789,071**	**183,772**	**184,664**
XI. Liabilities and provisions for liabilities	440,699	498,125	104,266	116,575
XII. Long-term liabilities	383,111	390,759	90,641	91,448
XIII. Short-term liabilities	57,588	107,366	13,625	25,127
XIV. Equity	**336,052**	**290,946**	**79,507**	**68,089**
XV. Share capital	12,618	12,618	2,985	2,953
XVI. Number of shares / weighted average number of shares (components)	12,617,778	12,617,778	12,617,778	12,617,778
XVII. Earnings per ordinary share (in PLN / EUR)	6.57	5.04	1.55	1.17
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	6.57	5.04	1.55	1.17
XIX. Carrying amount per share (in PLN / EUR)	26.63	23.06	6.30	5.40
XX. Diluted carrying amount per share in PLN/EUR	26.63	23.06	6.30	5.40
XXI. Declared or paid dividend per share attributable to shareholders of the parent (in PLN/EUR)	3.00	3.17	0.71	0.74

	12 months of 2025	**12 months of 2024**
Individual items of the condensed statement of comprehensive income were translated using the average EUR exchange rate for the period.	4.2372	4.3042
	as at 31 December 2025	**as at 31 December 2024**
Individual items of the statement of financial position were translated using the EUR exchange rate at the end of the period.	4.2267	4.2730

This Management Board Report covers the parent of the Capital Group, namely Fabryka Farb i Lakierów Śnieżka S.A. (hereinafter referred to as: FFiL Śnieżka S.A., Śnieżka S.A., Śnieżka, the Company) and its subsidiaries, jointly referred to as the Group or the Śnieżka Group.

THE ŚNIEŻKA GROUP

Business characteristics

The Śnieżka Group, whose history dates back to 1984, is one of the leaders in the market of decorative paints and construction chemicals in Poland. The Group also operates actively on several foreign markets. In Hungary, it is a significant player in the decorative paints segment, and in Ukraine it is one of the dominant entities in the production of paints and putties. It is one of the 25 largest paint manufacturers in Europe (according to European Coatings 2025). For 2025, the Śnieżka Group received a silver medal from EcoVadis, placing it among the top 11% of companies assessed for sustainability performance.

At the end of December 2025, the Group employed 1,097 people. Production facilities located in, among others, Poland, Hungary and Ukraine manufacture more than 100 million kg of products annually for the decoration and protection of various surfaces. The key brands of the Śnieżka Group are as follows: Śnieżka, MAGNAT, POLI-FARBE, VIDARON. The Logistics Centre, operated by the Group, represents the most significant investment undertaken in the Company's history and is among its key assets.

The Group comprises the parent, Fabryka Farb i Lakierów Śnieżka S.A. – whose shares have been listed on Warsaw Stock Exchange since 2003 – and its subsidiaries in Poland and abroad.

The shareholder structure of FFiL Śnieżka S.A. is dominated by its founders and their successors, who control more than 60% of voting rights at the General Meeting. Since its stock exchange debut, the Company has consistently paid dividends to its Shareholders out of generated profits, with the total amount distributed since 2003 reaching PLN 582.1 million.

What makes us different?

In numbers

40 years
of experience in the industry

20 years
of presence on the WSE

Over 1000
employees in the Śnieżka Group

100 million kg
of decorative products annually

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

One of the 25 largest paint manufacturers in Europe.*

*according to European Coatings, the largest manufacturers of paint coatings, 2025

Assets

7 production facilities
in 4 countries

Logistics Centre
the largest investment in the Group's history

R&D Centre
own research and innovation

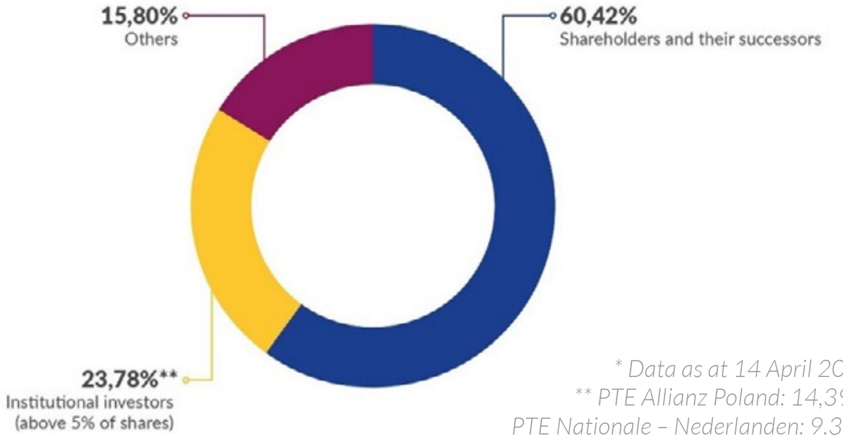
Professional laboratories
incl. microbiological and chromatographic

The Śnieżka Group between 2021 and 2025

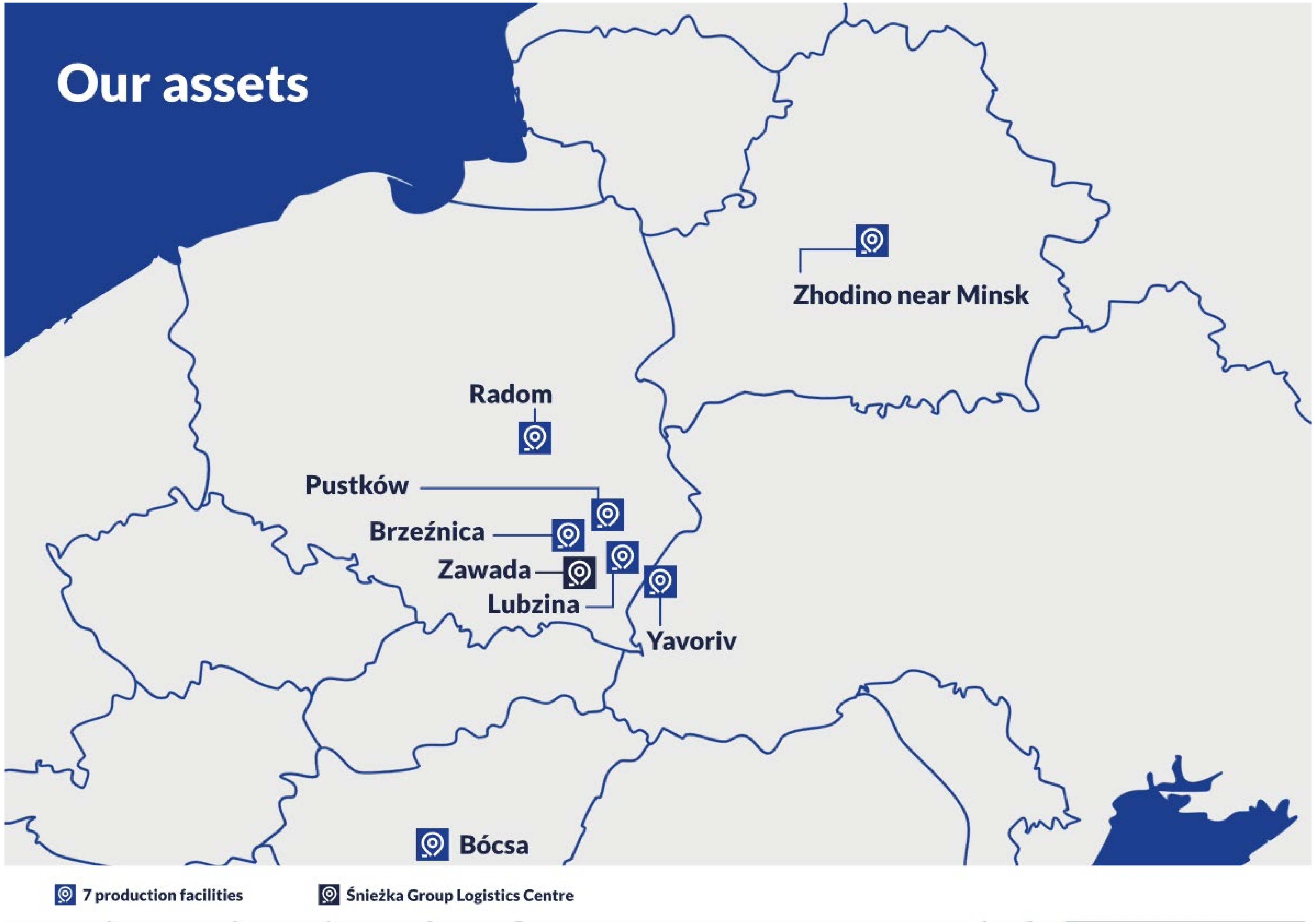
Between 2021 and 2025, the Śnieżka Group demonstrated strong operational efficiency, further reinforcing its leadership position in a turbulent economic environment. In 2021, revenue amounted to PLN 794.9 million and net profit reached PLN 64.3 million, while the Group simultaneously transformed its operating model based on competence centres. In 2022, despite the outbreak of war in Ukraine and net profit declining to PLN 41.3 million, the Group commissioned a modern Logistics Centre, which later became a key element of cost optimisation. In 2023, revenue increased to PLN 857.8 million, and net profit doubled to PLN 83.5 million, driven by an effective pricing strategy and the strong market position of premium brands. In 2024, against the backdrop of a market-wide decline in volumes, the Group generated revenue of PLN 798.4 million while maintaining a solid EBITDA margin of 17.9%. This trajectory continued in 2025, when revenue amounted to PLN 772.5 million and net profit improved to PLN 73.9 million. The five-year period was characterised by the completion of a major investment cycle and strong margin resilience despite cost pressure. The Group currently has strong financial foundations, enabling stable operations while awaiting a sustained improvement in consumer sentiment that could support future growth.

Shareholding structure of FFiL Śnieżka SA**

(share in the share capital in%)



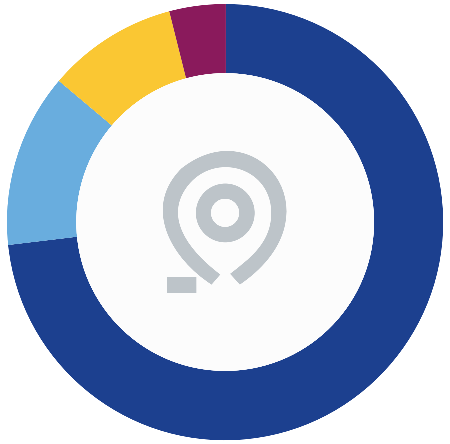
* Data as at 14 April 2026
** PTE Allianz Poland: 14,39%;
PTE Nationale – Nederlanden: 9.39%



Group's sales revenue structure in 2025

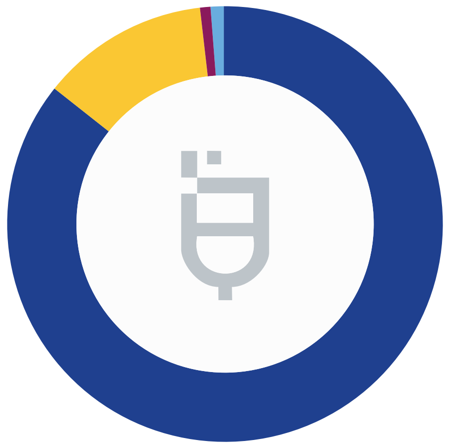
By countries and product categories

Countries



- 73,4% Poland
- 12,8% Hungary
- 9,8% Ukraine
- 4,0% Other

Product Categories



- 85,7% Decorative products
- 12,6% Construction chemicals
- 0,7% Industrial products
- 1,0% Other

Key foreign markets in which we operate

- Markets in which we hold production assets
- Export markets

Key brands of the Group

Śnieżka · MAGNAT · POLI-FARBE · VIDARON

Business model

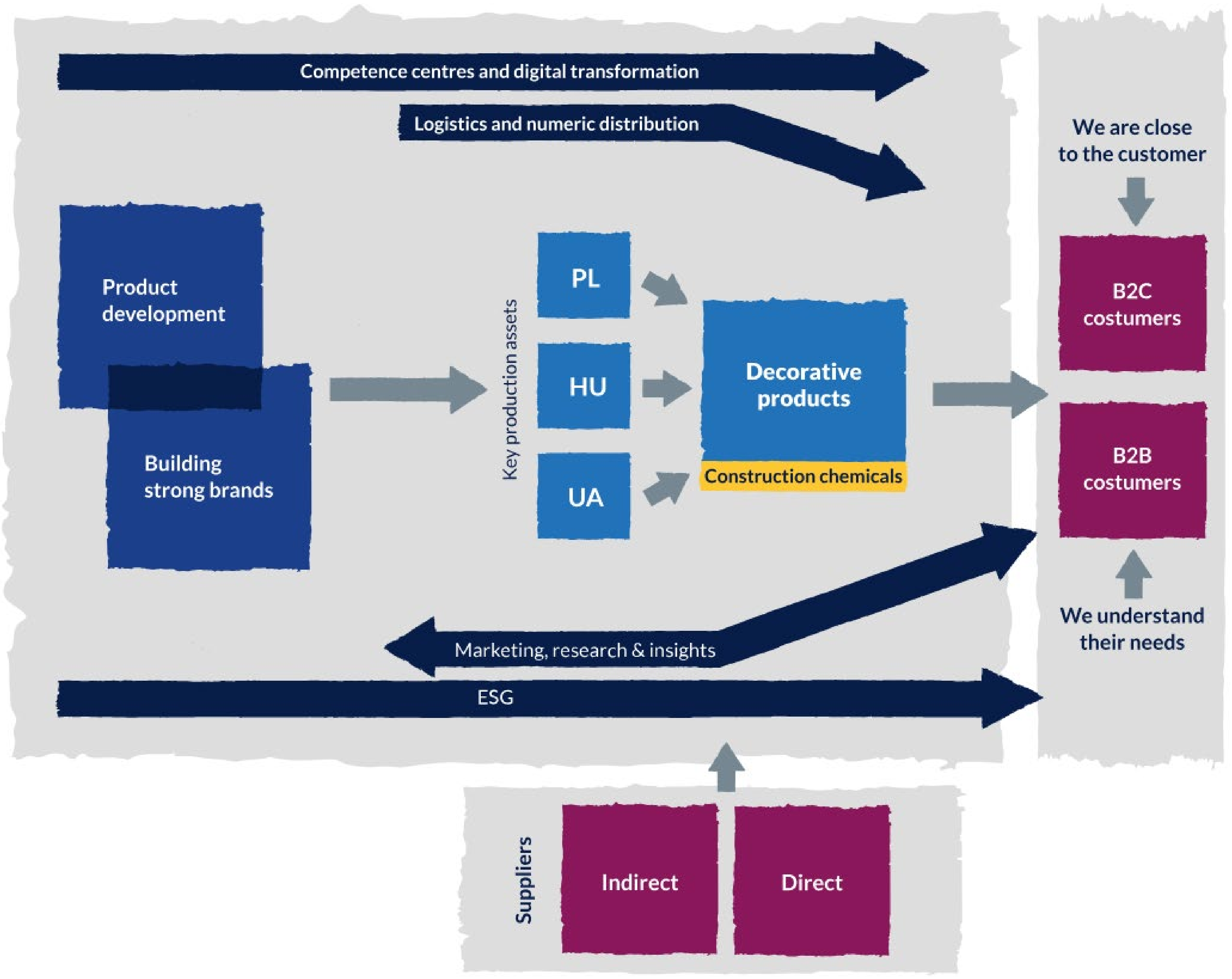
At the core of the Group's business model lies the ability to develop high-quality products and manage strong, recognisable brands (Śnieżka, MAGNAT, POLI-FARBE, VIDARON). This assumption stems from the awareness of consumers and business partners' expectations and needs. The Group has structured its development projects and processes to remain prepared for future challenges and to identify as well as shape trends in the decorative paints and construction chemicals markets.

The owner of the Group's commercial brands is Śnieżka Trade of Colours Sp z o.o. (with the exception of the Hungarian brand Poli-Farbe, whose formal owner is Poli-Farbe Vegyipari Kft.). It is within this company that the Group's in-house marketing and sales resources are concentrated. The process of developing a new product or modifying an existing one is assigned to a specific brand. It is initiated by the marketing team, which transfers product assumptions to the Research and Development Centre and the units responsible for production. The final stage of the process involves developing the sales strategy.

Within the Research and Development Centre, laboratories and research teams operate which, in addition to developing new formulations, ensure quality control primarily in production processes and finished products. FFiL Śnieżka S.A. acts as a competence centre, among others, in the areas of Supply Chain Management (procurement, production, distribution, warehousing, logistics and information flow), IT, technology, R&D and Quality Assurance. The parent also performs the role of a shared services centre.

In the Group's modern production facilities located in four countries (including the three key ones: Poland, Hungary and Ukraine), more than 100 million kg of products assigned to approximately 4,000 SKU (stock keeping units) are manufactured annually. Within individual production assets and brands, technological processes are automated and robotised in order to increase efficiency and reduce employee workload.

Figure 1. Śnieżka Group's business model:



Since 2022, the Śnieżka Group Logistics Centre has been operating in Zawada near Dębica. This investment enabled a lasting transformation of the distribution model and balanced production levels throughout the year, thereby reducing the impact of seasonality on supply chain efficiency.

Since 2022, the Group has been benefiting from the parent's digital transformation project, recognised as the largest of its kind in Central and Eastern Europe. The implementation has radically changed the way the supply chain is managed. Real-time data flow and analysis have become key to order execution, which, combined with the capabilities of the Logistics Centre, enables efficient inventory management across the Capital Group. Integration was also completed with the systems of most logistics operators cooperating with the Group. The transformation project modernised the way data is used across all areas of operations, including sales, e-commerce, logistics, human resources management and financial management.

A major shift in the approach to portfolio management, brand management, production, logistics and supply chain management has been the integration of ESG into the strategy, reflecting the Group's responsibility for the environment, people and business. The Group's objectives include the development of low environmental impact products and the reduction of the carbon footprint generated by its business operations. Within the business model, ESG serves as a filter through which not only the Group's internal activities are assessed, but also the operations, products and services of its suppliers. Detailed sustainability-related information is presented in the ***Sustainability Reporting*** section of this document.

All the described components of the business model enable the Group to remain close to B2B customers and consumers. This proximity is reflected in the physical availability of products at points of sale, a strong focus on customer experience, and the collection of feedback. In 2024, the Group expanded its distribution model in Poland's independent market, enabling selected retail outlets previously served indirectly through distributors to purchase directly from Śnieżka Trade of Colours. The Company continues to cooperate with its existing wholesale partners.

The value chain

The Śnieżka Group identifies its value chain by distinguishing between upstream and downstream levels, own operations and supporting activities, as well as the entities with which it establishes and maintains business relationships at each stage. Its elements are described in more detail in Section *The value chain*.

The organizational structure

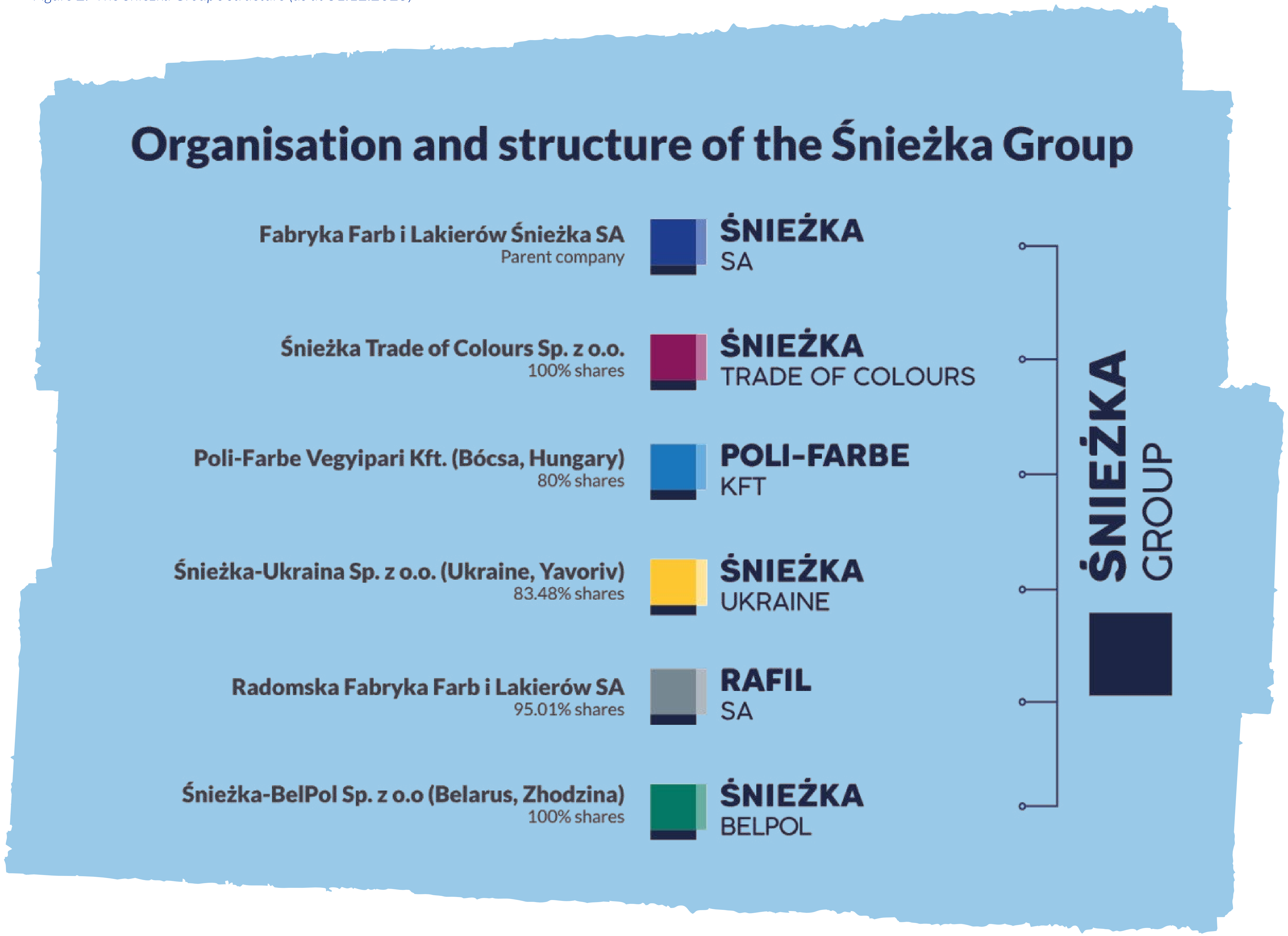
The entities within the Group are linked through shareholdings and perform roles defined within the competence centre structure. An efficient organisational structure and responsible resource management support the Group's effective operations and contribute to higher returns for Shareholders. Cooperation is based on mutual complementarity, the exchange of know-how and benefits resulting from synergies. FFiL Śnieżka S.A. plays a central role in these processes.

The development of the Group's key operational areas is driven by two companies: FFiL Śnieżka SA and Śnieżka Trade of Colours Sp. z o.o. (Śnieżka ToC). FFiL Śnieżka S.A., as the parent, is responsible for corporate oversight, strategic development and coordination of the Group's overall operations. It concentrates key competences in, among others, the following areas: business and financial strategy (finance, controlling, data and analytics, investments), corporate governance, people management, ESG, corporate communication, quality, occupational health and safety, IT and cybersecurity, procurement, production, logistics, and R&D.

Śnieżka ToC develops commercial and marketing competences covering sales strategy and sales operations (the independent retail market, DIY chains, the PRO distribution market and export), the sales support centre, as well as strategic marketing, marketing communication, branding, customer intelligence and project management.

Both companies coordinate the activities of the Group's individual entities within their respective areas of competence.

Figure 2. The Śnieżka Group's structure (as at 31.12.2025)



All transactions carried out by the Company and its subsidiaries with related parties are conducted on an arm's length basis. This means that they are agreed as if they were negotiated by unrelated parties. These transactions comply with applicable Polish law, European Union regulations, and the regulations in force in the countries where the subsidiaries operate. In addition, the arm's length nature of these transactions is subject to annual verification.

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

- **Company's registered office:** 51 Chłodna Street, 00-867 Warsaw, **Phone (Headquarters):** 14 681 11 11 or 22 221 93 19 **sniezkagroup.com**

The Company's production facilities are located in the following locations:

- **Lubzina 34a**
  39-102 Lubzina, Ropczyce and Sędziszów county, Podkarpackie Voivodeship,
- **Brzeźnica**
  ul. Dębicka 44, 39-207 Brzeźnica, Dębica county, Podkarpackie Voivodeship,
- **Pustków 604**
  39-205 Pustków, Dębicki county, Podkarpackie Voivodeship

The Company's administration is located in:

- **Brzeźnica**
  ul. Dębicka 44, 39-207 Brzeźnica, Dębica county, Podkarpackie Voivodeship.

The Company also operates a Logistics Centre located at the following addres:

- **Zawada 79M**
  39-200 Dębica, Dębica county, Podkarpackie Voivodeship,

Table 1. List of Group entities subject to consolidation or accounted for using the equity method (as at 31 December 2025)

Name	Registered office	Scope of activity	Consolidation (and share in share capital)
Śnieżka Trade of Colours Sp. z o.o.	Warszawa ul. Chłodna 51	marketing and sales of products, market analysis and monitoring, trademark management	Full consolidation method (100%)
Śnieżka-Ukraina Sp. z o.o.	Ukraina Yavoriv ul. Prywokzalna 1A	manufacture of paints, varnishes, solvents, mortars, putties etc., wholesale and retail sales of construction materials	Full consolidation method (83.48%)
Śnieżka-BelPol Sp. z o.o.	Belarus, Zhodzina ul. Dorożnaja 3/1	production of putties	Full consolidation method (100%)
Poli-Farbe Vegyipari Kft.	Hungary, Bocsa III, kerület 2	manufacture of paints, enamels, insulation systems, putties etc., wholesale and retail sales of construction materials	Full consolidation method (80.00%)
Radomska Fabryka Farb i Lakierów SA	Radom ul. Czarna 29	manufacture and sales of anti-corrosive products	Full consolidation method (95.01%)
Plastbud Sp. z o.o.	Pustków 164 b	manufacture of Colorex pigment pastes and dyestuffs for Śnieżka's colour systems, a supplier of some materials and goods for the Group	Equity method (10,07%)

In 2025, the structure of the Śnieżka Group changed as a result of FFiL Śnieżka S.A.'s acquisition of 35,511 shares in Radomska Fabryka Farb i Lakierów. FFiL Śnieżka SA now holds a total of 95.01% of the shares in Radomska Fabryka Farb i Lakierów SA.

On 1 April 2026, two new subsidiaries were incorporated within the Group: Poli-Farbe Czechia s.r.o., with its registered office in Prague, Czech Republic, and Poli-Farbe Slovakia s.r.o., with its registered office in Bratislava, Slovakia. The companies were incorporated in the form of limited liability companies. The scope of the companies' business activity will cover the trading of Śnieżka products in the Czech Republic and Slovakia. Fabryka Farb i Lakierów Śnieżka S.A. will hold 100% of shares in each of the newly established subsidiaries.

Operations of FFiL ŚNIEŻKA SA

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

Śnieżka's current market position is the result of over 40 years of development, with the Company's history dating back to 1984. The Company's roots are linked with the Sub-Carpathian region, where the Group's core production facilities and state-of-the-art Research and Development Centre have been still operating. Since 2003 the Company - as the only one in the industry - has been listed on the Warsaw Stock Exchange.

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

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

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

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

On December 31, 2025, the Company employed 593 employees (620 at the end of 2024), which accounted for nearly 54% of the entire Group's team.

Operations of other Group Companies

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

The company's key areas of responsibility include marketing and sales:

- **Marketing**
  Marketing activities are structured around three key functions: strategic, implementation and support. Each of them plays an important role in building and implementing an effective company marketing strategy.
- **Sales**
  This area covers all distribution channels within the Group: the independent retail market, DIY chains, the PRO distribution market, export sales, and sales support.

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

The company was established in 2010 (as TM Investment Sp. z o.o.). Śnieżka ToC's share capital as at 31 December 2025 amounted to PLN 303,558 thousand.

At the end of 2025, the company employed 118 people, compared with 126 at the end of 2024.

Poli-Farbe Vegyipari Kft.

Poli-Farbe holds a well-established position in the Hungarian decorative paints segment. Its product range under the Poli-Farbe commercial brand includes: interior decorative water-borne paints, enamels, products for wood protection and decoration, facade paints, primers, insulation systems, as well as putties.

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

As at 31 December 2025, Poli-Farbe Vegyipari Kft. employed 159 employees, compared with 166 as at the end of 2024.

Poli-Farbe Vegyipari Kft. (Hungary) was established in 1998. As at 31 December 2025, the company's share capital amounted to HUF 56,500 thousand and remained unchanged from 11 February 2019, when FFiL Śnieżka S.A. entered into an agreement to acquire 80% of its shares. The remaining 20% of shares belong to the minority shareholder Lampo Kft (Lampo Korlátolt Felelosségu Társaság).

Śnieżka-Ukraina Sp. z o.o.

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

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

As at 31 December 2025, the company employed 172 people, unchanged from the end of 2024.

Śnieżka Ukraina Sp. z o.o. with was established in 1999. As at 31 December 2025, the company's share capital amounted to UAH 415.7 thousand and remained unchanged compared with the end of 2024. The share of FFiL Śnieżka SA in this entity is 83.48%, and the remaining shares belong to: Limited liability company "Sunsnow" - 15.60% and individual shareholders - 0.92%.

Śnieżka-Belpol Sp. z o.o.

Śnieżka-BelPol is a significant manufacturer of putties on the Belarusian market. Śnieżka-BelPol conducts sales under its own brand.

As at 31 December 2025, the company employed 15 people, unchanged from the previous year.

Śnieżka-BelPol (Belarus) was registered in Belarus in 2003. As at 31 December 2025, the company's share capital amounted to BYN 293.9 thousand and remained unchanged from the end of 2024.

Radomska Fabryka Farb i Lakierów SA

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

As at 31 December 2025, the company employed 40 people, compared with 45 at the end of 2024.

Radomska Fabryka Farb i Lakierów SA was established in 1995. As at 31 December 2025, the company's share capital amounted to PLN 4,102 thousand. The share of FFiL Śnieżka SA in this entity is 95.01%. The remaining 4.99% of the shares belong to individual shareholders.

Plastbud Sp. z o.o.

Cooperation with capital-related entities also applies to Plastbud Sp. z o.o. in Pustków, which supplies the Group with some raw materials and products. The share of FFiL Śnieżka SA in this entity as at December 31, 2025 is 10.07%.

Commercial brands

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

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

Śnieżka being the core brand of the Group, which offers a wide range of products. Its portfolio includes products for the protection and decoration of various surfaces used both indoors and outdoors, including wall and facade paints, metal and wood coatings, as well as wall putties. It is a comprehensive offer meeting customers' needs at every stage of a flat or house finishing or renovation.

This premium brand's portfolio includes, among other ms, ceramic paints with a carefully selected colour palette, offering exceptional colour durability and resistance to stains and intensive use. The brand also offers high-quality white paints and decorative finishes that provide extensive interior design possibilities.

In 2025, its portfolio was expanded to include the MAGNAT PRO sub-brand, developed for professionals and the most demanding individual customers seeking the highest quality, reliability and aesthetics in their projects. The new line was launched with a range of wall paints designed for tinting within the MAGNAT COLOUR SYSTEM, and the sub-brand's portfolio will be gradually expanded.

Poli-Farbe is a Hungarian umbrella brand offering a broad portfolio of products for the protection and decoration of various surfaces. It includes some of the most recognisable brands on the Hungarian market, including POLI-FARBE Platinum and POLI-FARBE INNTALER (covering interior and façade emulsions), POLI-FARBE Cellkolor specialising in wood and metal paints, and POLI-FARBE BORÓKA offering products for wood protection and decoration.

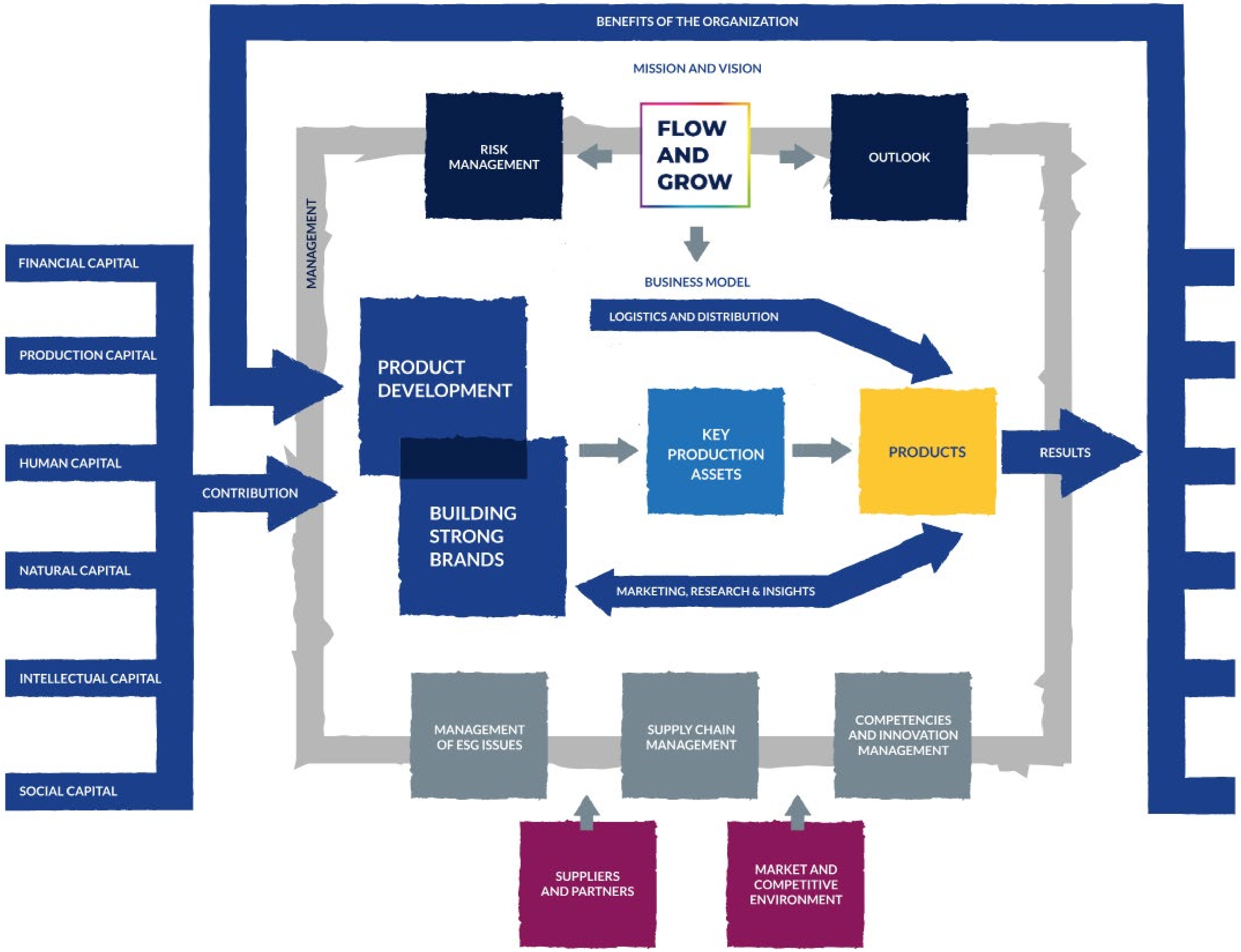
Vidaron is a brand offering high-quality wood protection and decoration products. The brand's offering has been designed for customers seeking comprehensive solutions for wood used both indoors and outdoors. Its portfolio includes wood preservatives, varnish stains, oils and varnishes that provide both protection and an aesthetic finish for wooden surfaces.

Rafil specialises in products for the protection and decoration of metal surfaces. Its offering includes decorative and protective products for individual use, as well as professional system solutions for industrial applications.

Foveo Tech is a façade product range comprising decorative plasters and façade paints available in a broad colour palette. These solutions are used in both new and existing buildings. These materials are intended for building renovation, including thermal insulation, struc-tural protection and façade aesthetic enhancement.

Value creation model and capitals

Figure 3. Value creation model of the Śnieżka Group



We create value for Shareholders while maintaining regular dividend payments. We are recognised as one of the leaders in market communication.

We modernise, automate, digitalise and optimise production and logistics processes across the Group, increasing flexibility and efficiency.

We are a valued employer providing equal pay and development opportunities. We promote safety and care for health and well-being

We integrate ESG into the Strategy and all aspects of the Group's operations, monitoring and reducing the environmental impact of our activities and products.

We grow based on knowledge. Our business model is centred around competences in product development and brand management.

We are a reliable and valuable partner for both our suppliers and the local communities alongside which we grow and strengthen our position.

Financial capital

Financial capital comprises internal and external sources of financing for operating activities and investments. It consists of the Group's financial results, share capital provided by the owners, financing from lenders, and other long- and short-term liabilities.

Capital data

	Śnieżka SA	Śnieżka Group	Unit
Equity	336,052	425,036	in '000 PLN
Long-term liabilities	383,111	157,007	in '000 PLN
Short-term liabilities	57,588	132,784	in '000 PLN
ROA	9.9	9.4	%
ROE	26.5	18.4	%

Capital management

Sources of Financing	The market position and performance of the Śnieżka Group ensure continuous access to reliable sources of financing (including several providers of long-term financing) and support a favourable negotiating position The Group has unique experience in securing ESG-linked financing (SLL – Sustainability-Linked Loan).
Capital Expenditure	Capital expenditure (CAPEX) in 2025 was significantly lower than depreciation. In the coming years, CAPEX is expected to increase to approximately 4–5% of revenue. Capital expenditure within the Group is divided into development expenditure (supporting the Company's growth, such as increasing production capacity or investing in innovation) and maintenance expenditure (related to maintaining existing assets in good technical and operational condition). The main areas of CAPEX allocation include fixed assets, particularly expenditure aimed at optimising operational processes.
Investor Relations (IR)	In pursuit of transparency and strong stakeholder relationships, the parent, as a joint-stock company, actively engages in investor relations activities. It regularly organises meetings, online chats and videoconferences for capital market participants and uses its corporate website as a platform for distributing information and materials.
Dividend distribution	FFiL Śnieżka S.A. has continuously shared profits with Shareholders since 2003, which distinguishes it among companies listed on the Warsaw Stock Exchange. The Company's shares are part of the dividend index WIGdiv.

Financial capital outcomes

	Śnieżka SA	Śnieżka Group	Unit
Sales revenue	515,322	772,506	in '000 PLN
Operating Profit (EBIT)	111,459	105,360	in '000 PLN
EBITDA	139,210	143,727	in '000 PLN
Net cash flows from operating activities	69,171	152,442	in '000 PLN
Operating cash flow less capital expenditure	64,035	133,099	in '000 PLN
Number of online and in-person meetings with capital market participants	4	-	
Dividend paid for 2025 to the parent's Shareholders	37,853	-	in '000 PLN
Total value of dividends paid since 2003	582,074	-	in '000 PLN

Manufactured Capital

Manufactured capital primarily comprises assets located in four countries, enabling the Śnieżka Group to reach customers across more than a dozen markets. The capacity of these facilities is further enhanced by the Logistics Centre in Zawada near Dębica.

Capital data

	Śnieżka SA	Śnieżka Group	Unit
Number of production facilities	3 Lubzina, Brzeźnica, Pustków	7 Lubzina, Brzeźnica, Pustków, Radom (Poland), Bócsa (Hungary), Yavoriv (Ukraine), Zhodzina near Minsk (Belarus)	
Floor area of the Śnieżka Group Logistics Centre		34,434	m^2
Average annual CAPEX	n/a	40	PLN mln

Capital management

Automation and robotisation	The Group aims to achieve a consistent level of automation and robotisation across all production facilities, including those located outside Poland. Progressive automation improves formulation accuracy and process repeatability, contributing to product quality. In 2025, an automatic dosing system for auxiliary agents was launched at the Śnieżka-Ukraina plant on production lines for emulsion paints, wet fillers and wood preservatives. At the same time, robotisation is being expanded to cover most activities that are burdensome for employees or negatively affect efficiency, resulting in a significant reduction in workload and improved process efficiency. This includes, among others, pallet preparation for shipment and the use of autonomous forklifts. A significant project completed in 2025 was an investment at the Śnieżka-Ukraina plant involving the launch of a robotised line for palletising emulsion paint and wet filler packaging, together with filling equipment, a wrapping machine and a labelling machine, enabling comprehensive preparation of finished-product pallets for warehouse transfer.
Management of Production and Warehouse Logistics Processes	The construction of the Logistics Centre in Zawada enabled a lasting transformation of the distribution model and balanced production levels throughout the year. In this way, the impact of seasonality on the Group's operations was reduced, and staffing requirements were stabilised. The new Logistics Centre also enabled significant optimisation of supply chain processes, which, combined with automation and robotisation, allows production capacity and inventory to be managed in real time.
Cybersecurity Programme	The objective of the programme is to strengthen the Group's digital resilience and protect key business processes. The programme includes organisational and technical measures aimed at preventing threats, mitigating risks and ensuring business continuity. An important element of the programme is strengthening employee awareness and competences through educational and training activities that support the development of a cybersecurity culture across the Group. Cyber risk management is based on a consistent model for identifying, assessing and monitoring technological and organisational threats, integrated with the Group's corporate governance framework. Clearly defined roles and responsibilities, including at the management level, ensure appropriate risk oversight and support decision-making regarding security priorities. The programme also includes strengthening information and system security through the development of access control mechanisms, event monitoring, vulnerability management and enhanced incident response. At the same time, Business Continuity Management is being further developed, covering the identification of critical processes, assessment of the impact of potential disruptions on the business, and the preparation and maintenance of contingency and recovery plans. The objective of these activities is to mitigate the impact of incidents and ensure the quickest possible return to normal operations.

Financial capital outcomes

	Śnieżka Group	
Production volume	>100	million kg of decorative products and construction chemicals annually
Broad Product Portfolio	~4 000	stock keeping unit - unique stock item
Market position	The Śnieżka Group is: ■ one of the leaders in the Polish decorative paint and coatings market, ■ one of the largest players in the Hungarian decorative paint market, ■ one of the leaders in the production of fillers and interior wall emulsions in Ukraine. The Group ranks among the 25 largest paint manufacturers in Europe (according to European Coatings 2025) and the 57 largest paint manufacturers globally (according to Coatings World). In 2025, FFiL Śnieżka S.A. – the parent of the Śnieżka Group – received a silver medal from EcoVadis, placing it among the top 11% of companies assessed for sustainability performance.	

Human Capital

Employees are the strength of the Śnieżka Group, and their commitment and creativity support its strong market position and the implementation of new solutions. One of Śnieżka's human capital priorities is to ensure a transparent remuneration system, foster a safety culture and provide employees with development opportunities.

Capital data

	Śnieżka SA	Śnieżka Group	Unit
Number of employees	593	1097	
Employees with an employment contract for an indefinite period	96.46	94.99	%
Percentage of employees participating in regular performance and career development reviews	97.47	95.62	%
Number of printed editions of the internal magazine *W Kolorze* in 2025	5	8	pcs.
Number of internal newsletters addressed to employees in 2025	68	152	pcs.

Capital management

Onboarding and Adaptation Process	Onboarding and adaptation cover the first months of employment. The objective of these processes is to effectively introduce a new team member to the Company's operating principles, provide them with the tools necessary for their role, and enable quick adaptation within the team and the organisation. The process is designed to ensure a smooth start, foster understanding of the organisational culture, and support early success in the new role.
Employer Branding and Employee Communication	Dialogue with employees is conducted on multiple levels. Employees of key companies: Employees of Śnieżka S.A., Śnieżka ToC, Poli-Farbe Vegyipari Kft. and Śnieżka-Ukraina regularly received newsletters and the printed magazine *W Kolorze*. For strategic topics, a precisely planned communication cascade was implemented, in which directors and team managers play a key role. In addition, employees engage in dialogue through representatives elected for fixed terms, who represent employees in contacts with the Management Board.
Development of Employee Competences and Knowledge Sharing	All employees, regardless of age or gender, can benefit from training and development initiatives implemented across the Group. The main criteria for access to these initiatives are the organisation's business needs and capabilities, the requirement for specific knowledge, skills or competences, and development needs identified through the evaluation process that are aligned with the employee's role. In 2025, dedicated development programmes aimed at strengthening managerial competences were introduced, including the *Effective Manager Programme*. The internal *iWIEM* platform supports training delivery and development process management, providing access to educational resources covering mandatory, product-related and development training. Within FFiL Śnieżka S.A. and Śnieżka ToC, the internal trainer programme *Śnieżka Academy* operates, offering training across various areas.
Professional Development – a Culture of Continuous Feedback	For several years, team development and a culture of continuous feedback have been supported by the setting of monthly, quarterly and annual goals, combined with regular discussions between supervisors and employees reviewing progress towards these goals. In 2025, the model developed in Śnieżka S.A. and Śnieżka ToC was continued and further expanded to include status meetings (so-called board meetings) dedicated to frontline teams.
Transparent Remuneration System and Benefits	A key element of the remuneration system is the job evaluation process carried out by the Job Evaluation Committee. All positions are assigned to specific grades – groups defined by specific scoring criteria and linked to corresponding salary ranges. In 2025, the Committee continued the evaluation of newly created positions in FFiL Śnieżka S.A. and Śnieżka ToC. Position mapping is regularly conducted in Śnieżka-Ukraina and Poli-Farbe Vegyipari Kft. The Group systematically monitors remuneration levels against the market and analyses the pay gap, ensuring transparency, equality and competitiveness in remuneration. The Group offers employees a broad package of fringe benefits, including insurance, co-financing of selected benefits and development programmes. The Group also fosters team integration by organising team and company-wide events, such as themed meetings, the Family Picnic and initiatives dedicated to employees' children. Each team also has a budget that may be allocated to a team-building activity of its choice.
Preventive Healthcare	Śnieżka provides preventive health examinations for its employees. n 2025, the *Śnieżka Paints the World Pink* campaign also continued, encouraging female employees and employees' wives or partners to undergo breast cancer screening financed by the Group. For the first time, the Group also organised a preventive screening campaign for employees, financed by the Group, focusing on testicular and prostate cancer under the slogan: *Be aware. Get tested.* Team members are offered an extended package of regular health examinations.
Employee Satisfaction Survey	Achieving a positive result in the Śnieżka Group employee survey conducted using the eNPS method is one of the non-financial targets defined in the Śnieżka Group's business strategy. In 2025, another edition of the eNPS survey was conducted in Śnieżka S.A., Śnieżka ToC and the following subsidiaries: Poli-Farbe, Śnieżka-Ukraina and Rafil. The surveys are conducted twice a year.

Capital management

	Śnieżka SA	Śnieżka Group	Unit
eNPS Score (Recommendation Index)	-	0	with a response rate of 93.25%
Number of training hours per employee	14.40	16.34	h
Number of accidents	4	6	
Accident indicator: LTIFR*	2.99	2.68	
LTISR**	0.15	0.09	
Unadjusted pay gap	-6.98	-4.5	%
Rotation ratio	6.58	8.02	%
Number of women screened under the *Śnieżka Paints the World Pink* campaign	175	-	
Number of men screened under the *Be Aware. Get Tested.* campaign	193	-	

**Lost Time Injury Frequency Rate (LTIFR)*
*** Lost Time Injury Severity Rate (LTISR)*

Natural Capital

The Śnieżka Group systematically and responsibly manages the environmental impact of its operations, while also safeguarding the health and safety of product users. t develops carbon footprint management across the organisation, implements a range of optimisation and reduction initiatives (in water and energy), and assesses suppliers' activities within procurement processes against ESG criteria.

Capital data

	Śnieżka SA	Śnieżka Group	Unit
Water consumption	26,617	47,005	m^3
Electricity consumption	5,818	8,079	MWh
Gas consumption (heating)	532,580	590,165	m^3

Capital management

Carbon Footprint Calculation and Reduction Targets	The Śnieżka Group measures its carbon footprint across Scopes 1, 2 and 3. For FFiL Śnieżka S.A. and Śnieżka ToC, a target was set to reduce combined Scope 1 and Scope 2 greenhouse gas emissions by 45% in 2023 and by 50% by 2025 compared with the 2020 baseline, using the market-based method. In the future, the process of carbon footprint calculation and the development of reduction targets will cover all the Group companies.
Green Energy	All electricity purchased by FFiL Śnieżka S.A., Śnieżka ToC and Rafil in 2025 came from renewable sources, as confirmed by guarantees of origin and cancellation documents issued by the Towarowa Giełda Energii. At the same time, photovoltaic installations have been in operation since 2024 in the Group companies in Hungary and Ukraine.
Reduction Projects	In 2025, the gas boiler in the maintenance workshop hall in Brzeźnica was replaced with a higher-efficiency unit. Air-conditioning units were also replaced in two rooms in Brzeźnica. Older units were replaced with more energy-efficient models using a refrigerant with lower GWP (Global Warming Potential).
Risk Assessment of Substances Used	At the product design stage, operating conditions and risks are assessed, enabling proper control of hazards to human health and the environment. The analysis covers the entire life cycle of the substance, including its form of use, industrial and professional end uses, consumer uses and uses in articles.
Product Certification Management	In 2025, the Śnieżka Group expanded its portfolio of environmentally certified products as well as products tested for irritant and allergenic properties (so-called hypoallergenic products).

Financial capital outcomes

	Śnieżka SA	Śnieżka Group	Unit
Total greenhouse gas emissions: Scope 1	2,040.17	3,473.49	tCO_2e
Total greenhouse gas emissions: Scope 2 (market-based method)	0	464.44	tCO_2e
Total greenhouse gas emissions: Scope 2 (location-based method)	3,054.26	3,753.95	tCO_2e
Total greenhouse gas emissions: Scope 3 upstream	88,429.75	126,804.15	tCO_2e
Total greenhouse gas emissions: Scope 3 downstream	3,594.8	6,278.05	tCO_2e
Total greenhouse gas emissions: Scope 1, 2 and 3 (market-based method)	94,064.72	137,020.13	tCO_2e
Total greenhouse gas emissions; Scopes 1, 2 and 3 (location-based method)	97,118.98	140,309.64	tCO_2e
Amount of waste generated: ■ hazardous waste ■ non-hazardous waste	52.02 3,303.16	94.11 3,610.18	Mg
% of plastic packaging weight made from recycled material	16.1	n/a	%
Share of sales generated by environmentally certified or hypoallergenic products	47.8	n/a	%
Share in the sale of water-based products.	83.0	n/a	%

Intellectual capital

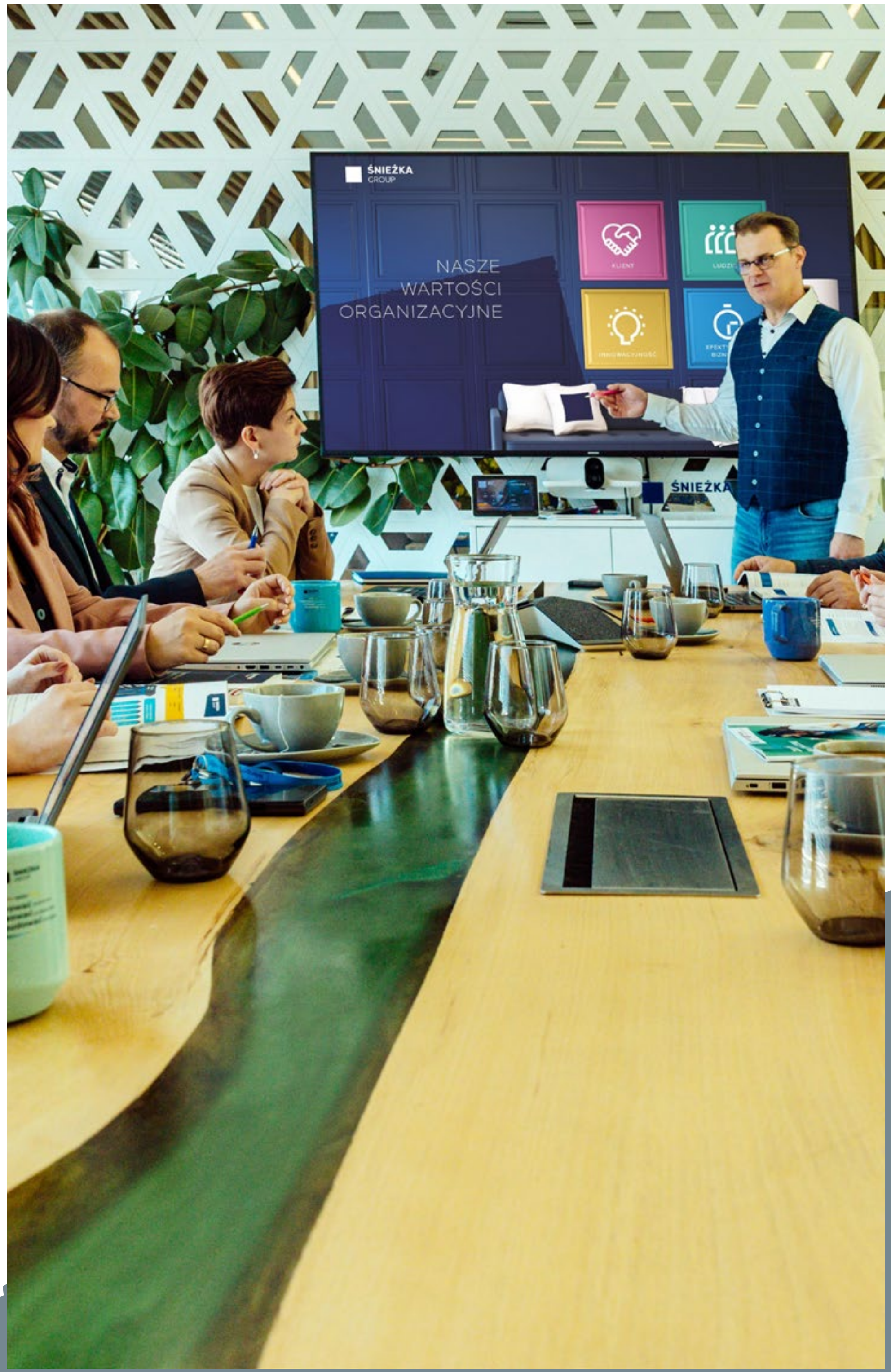
At the core of the Group's business model are not production assets, but competences focused on product development, the management of strong brands, and digitally supported intragroup processes that enable the Group to remain close to its customers at all times. Intellectual capital comprises formulations and technologies, information management processes – including feedback from partners and customers – as well as a knowledge management system.

Capital data

	Śnieżka Group
Strong, key brands	Śnieżka, MAGNAT, POLI-FARBE, VIDARON
Own Research & Development Centre	1 — All research and development activities of the Group are carried out within the Research and Development Centre. (R&D Centre). This unit comprises the Research and Development Department, the Quality and Climate Management Department, and the Product and Production Support Team.
Brand and Product Management	The owner of the Group's commercial brands is Śnieżka Trade of Colours Sp z o.o. (with the exception of brands formally owned by Poli-Farbe Vegyipari Kft.). Within the company, competences are concentrated in areas such as pricing policy development, market and consumer behaviour analysis, and implementing changes to the portfolio through product lifecycle management. The product development process is always assigned to a specific brand and involves close collaboration between the marketing team, the Research and Development Centre, and the production team. The process takes into account the specific characteristics of individual markets and is built on internal resources, including a market research team analysing the needs and expectations of customers and consumers.
Formulation and Production Technology Management	The core of the Research and Development Centre's activities is the development of formulations and the implementation of new products and technological solutions, ensuring high product quality and safety for customers and the environment. Thanks to the development and acquisition of technologies and the automation of production processes, efficiency is increased, while production waste is reduced and water and energy consumption are lowered. In-house research laboratories (including microbiological and chromatographic laboratories) enable specialised testing of raw materials, formulations and products.

Financial capital outcomes

	Śnieżka Group
High Brand Awareness of Śnieżka, MAGNAT, POLI-FARBE and VIDARON	In the top 3 in its category
Number of formulations available in the tinting system	>150,000



Social and Relationship Capital

Relationships play a key role in the Group's business model. They form the foundation of responsible management across the entire value chain and support the Group's long-term development. Through these relationships, distribution channels are built. A stable supply chain requires mature dialogue with partners ensuring continuity of production. Śnieżka's strength as a socially responsible and attractive employer stems from its relationships with the social environment, particularly at the regional level.

Capital data

	Śnieżka SA	Śnieżka Group	Unit
Value of hospital ward renovation programmes (2025)	350	361	in '000 PLN
Value of the Śnieżka Foundation's educational programmes (2025)	83.0	88.5	in '000 PLN
Percentage of suppliers made aware of the *Supplier Code of Conduct*	100	100	%

Capital management

Educational programmes	Programmes for children and young people from local communities aim to build future competences and develop skills in areas where the Group has expertise. The ***Przeogarniacze. Entrepreneurship Differently*** programme, implemented in Poland by the Śnieżka Foundation, is aimed at fourth-grade primary school students. During the sessions, topics related to future competences are presented, including those related to the development of entrepreneurship and social and environmental initiatives. In Poland, the ***Koloratorium*** project was also implemented, under which Śnieżka funded biology and chemistry laboratories for schools. Śnieżka-Ukraina coordinates the ***Śnieżka Training and Practical Centres.*** It trains and educates vocational school students on the latest products, technologies and market trends, enabling them to build a competitive advantage in the labour market. Śnieżka-Ukraina co-operates with the Ministry of Education as part of this programme and additionally publishes a textbook to support student training. Poli-Farbe Vegyipari Kft. is involved in physics and chemistry workshops for students under the ***Mobile Laboratory Programme (Mobillabor programme).***
Hospital Ward Renovation	A comprehensive hospital ward renovation programme, including artistic painting, contributing to improved treatment conditions for patients and enhanced working comfort for medical staff. It delivers on the principles of social resilience and supports, among other areas, the mental and social well-being of children, ensuring equal access to dignified treatment conditions both in large cities and in smaller regional centres. For Śnieżka S.A., this is the nationwide Świat w Kolorach programme implemented by the ***Śnieżka Foundation,*** primarily focused on the renovation of child and adolescent psychiatric hospital wards; for Śnieżka-Ukraina, it is the ***Colourful World of Childhood*** programme related to the refurbishment of children's hospitals; and for Poli-Farbe Vegyipari Kft., it is the Hungarian edition of ***Świat w Kolorach.***
Supplier Relationships	The Group aims to cooperate with business partners who, like Śnieżka, pursue sustainable development. Confirmation of awareness and compliance with the principles of the Code of Conduct is a prerequisite for cooperation with the Śnieżka Group; therefore, this document is attached to every new agreement with suppliers. Suppliers are required to sign a declaration confirming that they have familiarised themselves with the ***Śnieżka Group Supplier Code*** thereby declaring their commitment to conducting ethical business activities.
Stakeholder Dialogue	The Group undertakes systematic efforts to build lasting and transparent relationships with stakeholders, tailoring communication channels and the scope of information to their needs and developing innovative tools.
Membership in External Organisations	The Group participates in organisations and associations that support business development and corporate transformation in the area of sustainable development. In the Polish market, these include: ***The Polish Paint and Adhesives Manufacturers Association, the Polish Plastics Pact and the Responsible Business Forum;*** in the Hungarian market: ***MAFEOSZ – National Association of Hungarian Paint Manufacturers;*** in the Ukrainian market: ***The International Association of Polish Entrepreneurs in Ukraine, the Taxpayers Association of Ukraine and the Lviv Chamber of Commerce and Industry.***

Financial capital outcomes

	Śnieżka SA	Śnieżka Group	Unit
Number of hospital wards renovated (2005–2025)	38	56	
Number of hospital wards renovated in 2025	2	3 (2 in Poland, 1 in Ukraine)	Number of wards renovated
Number of beneficiaries of educational programmes (2014–2025)	3000	7625	Number of students participating in the programme
Number of beneficiaries of educational programmes in 2025	544	942 (544 in Poland and 398 in Ukraine)	
Percentage of strategic and key suppliers who have signed the *Supplier Code of Conduct*	99	81	%
Percentage of strategic and key suppliers who have completed the self-assessment questionnaire	57	n/a	%

Drivers of competitiveness

In a dynamic business environment, the Group strives to maintain and strengthen its competitiveness, which underpins its development. At the same time, it places strong emphasis on the strategic management of its resources, adapting them to changing customer expectations and market conditions.

The following areas are key in this respect:

Strong brands: The Group has strong brands that are well known and well regarded by consumers, enjoying a strong position in key markets. This is the result of Śnieżka's long-term strategy of building brands and consumer trust.

Effective marketing (including pricing) and sales processes, as well as a broad product portfolio: The Group offers a wide range of products across different price segments. Comprehensive distribution channels, including traditional retail, DIY (home improvement) stores and e-commerce, ensure efficient product distribution and availability at points of sale.

Modern and optimised logistics and production processes: the Company's advanced logistics and production processes ensure high operational efficiency, translating into improved customer service and faster response to market changes.

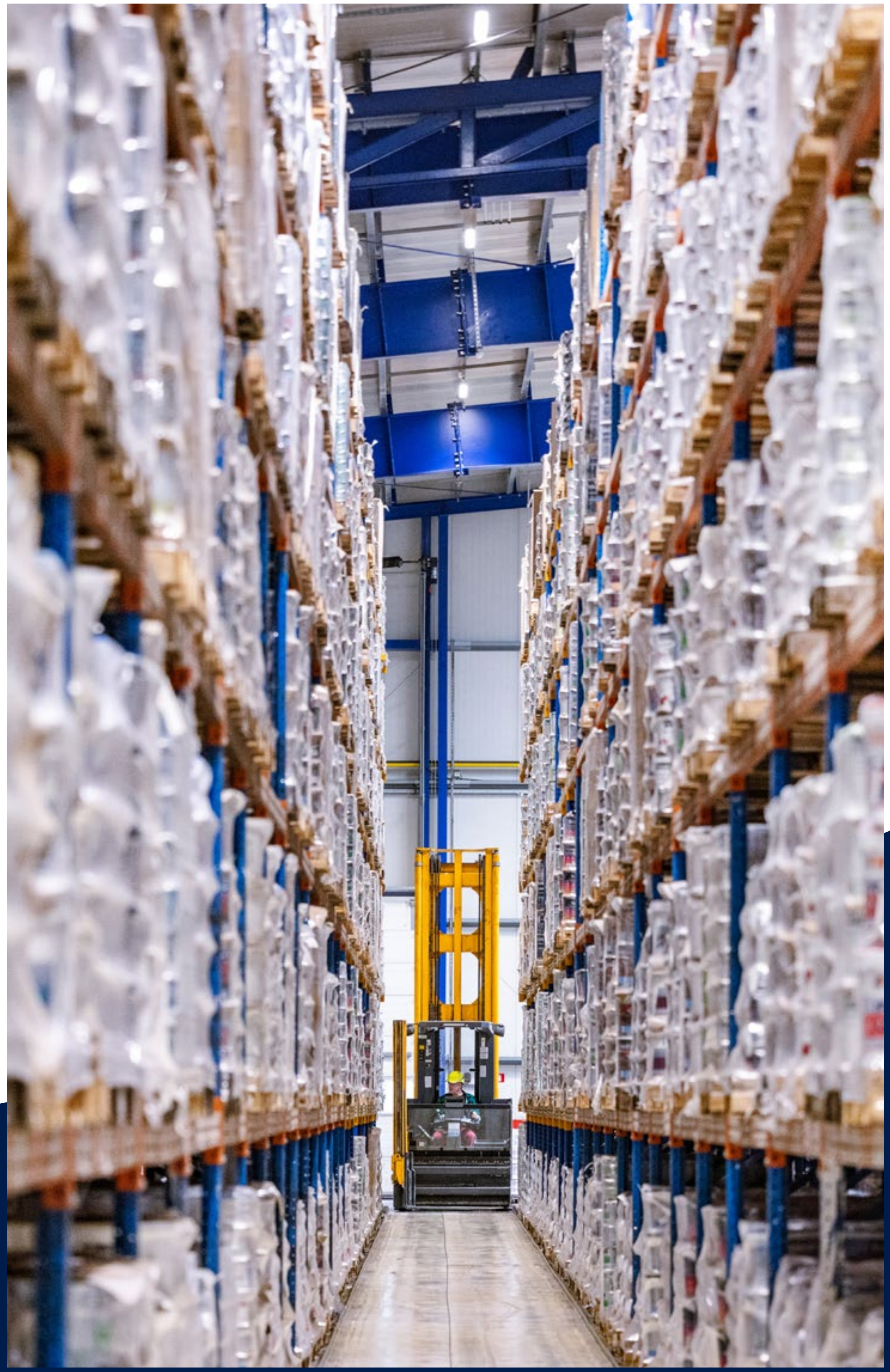
A diversified and stable supply chain: the Group's supply chain is diversified and built on long-standing partnerships, ensuring production security and stability.

Digitalised processes: the Company uses digitalised processes which, thanks to their scalability, can be implemented across the Group, increasing efficiency and enabling better resource management, with solutions being gradually rolled out in subsequent Group companies.

Stable cash flow and debt levels: thanks to stable cash flows and active debt management, the Group maintains solid financial foundations, safeguarding its future and enabling the planning of further development.

A high level of automation and digitalisation: the Company's investments in process automation and digitalisation translate into greater efficiency and production capacity, enabling the planning of optimal capital expenditure (CAPEX) in the coming years.

A sustainability strategy: the implemented sustainability strategy underscores the Company's commitment to climate, environmental, social and governance initiatives, strengthening its reputation and building competitive advantages.



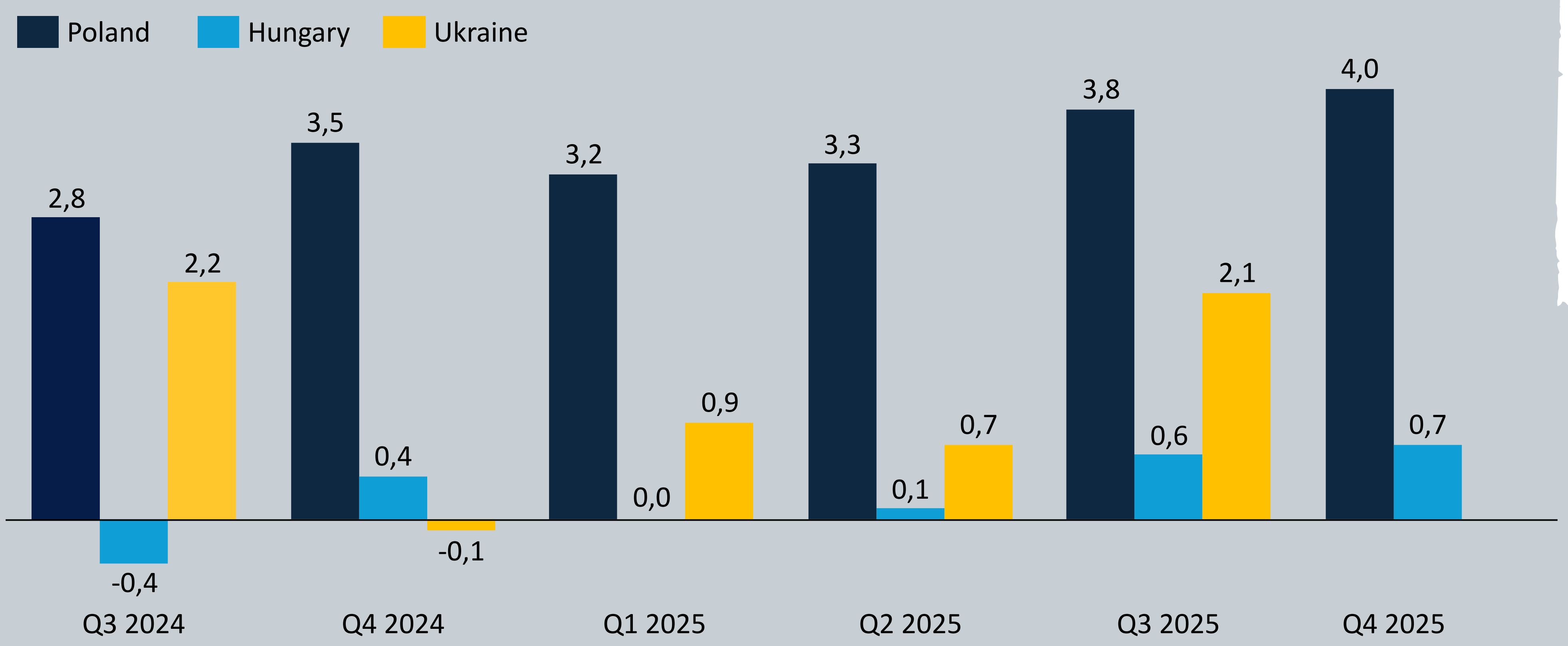
MARKET AND REGULATORY ENVIRONMENT

Macroeconomic situation

The last quarter of 2025 saw a continuation of moderate economic growth in the European Union, with real GDP growth across the EU expected to reach approximately 1.4% in both 2025 and 2026 (European Commission), with a slight acceleration to 1.5% projected for 2027. The euro area shows a similar trend, albeit with slightly lower growth rates (approximately 1.3% in 2025 and 1.2% in 2026).[3] HICP inflation is expected to continue declining – according to Eurosystem projections from December 2025, average inflation in the euro area is forecast to decrease from approximately 2.1% in 2025 to 1.9% in 2026, and further to around 1.8% in 2027, reflecting the ongoing normalisation of energy and services prices.[4] According to International Monetary Fund (IMF) forecasts, in a broader global context, economic growth in advanced economies – including the EU – is expected to remain moderate (approximately 1.3% for the euro area in 2026), while global growth is projected at around 3.3% in 2026, which may indirectly affect export demand.[5]

Among the EU's key economic achievements in 2025 were the maintenance of stable GDP growth despite a challenging external environment, including global trade tensions and high financing costs, as well as the continued moderation of inflation towards the target level of around 2%. At the same time, weaker-than-expected external demand and external pressures remain a challenge – particularly the risks of protectionism and uncertainty regarding trade tariffs – which affect exports and investment. For Poland, an economy closely linked to the EU, this implies a prospect of moderate growth in 2026 amid a gradual strengthening of domestic demand and a continued decline in price pressures, while requiring consideration of external risks and the need to maintain export competitiveness.

Figure 1. Annual GDP growth rates for the Group's key markets (%)



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

3. *European Commission, Autumn 2025 Economic Forecast, February 2025.*
4. *Source: Eurosystem staff macroeconomic projections for the euro area, December 2025, February 2026.*
5. *Source: International Monetary Fund, World Economic Outlook: Steady amid Divergent Forces – January 2026, February 2026.*

Poland

According to Statistics Poland's preliminary estimate, real GDP grew by 3.6% in 2025, compared with growth of 3.0% in 2024. The preliminary estimate of GDP for the fourth quarter of 2025 indicates growth of 4.0%, compared with 3.5% in the corresponding period of the previous year.[67]

In 2025, the Monetary Policy Council adjusted interest rates six times. All decisions involved rate cuts, with the reference interest rate declining from 5.75% in April 2025 to 4.0% in December 2025.[8]

In 2025 as a whole, CPI inflation reached 3.6%, while in the fourth quarter it amounted to 2.5% year-on-year. The central projection of the National Bank of Poland (NBP) indicates that inflation will reach 2.9% in 2026.[9]

The European Commission estimates that Poland's GDP will grow by 3.5% in 2026, while inflation is projected at 2.9%.[10] The International Monetary Fund (IMF), in turn, expects slightly lower GDP growth of 3.1% in 2026.[11]

Hungary

Hungary's GDP grew by 0.4% in 2025. In Q4of 2025, according to the Hungarian Central Statistical Office's (KSH) preliminary estimate, GDP growth amounted to 0.7% year-on-year, while in the previous quarters – starting from the first quarter – it stood at: 0.0%, 0.1% and 0.6% year-on-year.[12]

In 2025, the National Bank of Hungary (MNB) did not change interest rates, leaving the main policy rate at 6.5%.[13]

Consumer prices in Hungary increased by an average of 4.4% in 2025, while their growth in December amounted to 3.3% y/y.

According to the European Commission, economic growth in Hungary may reach 2.3% in 2026, while inflation is expected to amount to approximately 3.6%.[14] The International Monetary Fund (IMF), in turn, projects that Hungary's GDP growth will reach 2.1%, with inflation at 3.5% in 2026.[15]

Ukraine

According to various estimates, Ukraine's GDP grew by between 1.8% and 2.2% in 2025 (compared with growth of 2.9% in 2024).[16] In Q4, according to the State Statistics Service of Ukraine's (SSSU) preliminary estimate, GDP grew by 3.0% y/y, while in the previous quarters – starting from Q1 – it stood at: 0.9%, 0.7% and 2.1% year-on-year.[17]

In 2025, the National Bank of Ukraine (NBU) raised its key policy rate twice (in January and March), and it stood at 15.5% at the end of the year.[18]

In 2025, inflation amounted to 12.7% (compared with 6.5% in 2024). Inflation increased rapidly until May 2025, peaking at 15.9%. In the subsequent months of 2025, it gradually slowed to 7.4% in December.

According to the European Commission, Ukraine's GDP growth may reach 1.5% in 2026.[19] The World Bank forecasts that Ukraine's GDP growth will slow to 2.0% in 2026.[20] The forecast is based on the assumption that the war will continue throughout the year. The International Monetary Fund (IMF) forecasts real GDP growth of 4.5%, while projecting inflation at 7.6%.[21]

Industry performance

The main markets in which the Group operated in 2025 were as follows: Poland, Hungary and Ukraine. In the reporting period, revenue generated by the Group in these three markets accounted for 96.0% of consolidated sales revenue.

Poland

Based on the Group's internal estimates, the decorative paint market in Poland recorded a decline in sales volume in 2025 (at the lower end of the single-digit percentage range), while maintaining broadly stable performance in value terms y/y.

According to the Group's assessment, in Q4 2025 the situation in the industry remained similar to that at the beginning of the year. Among the main factors shaping the market were: slower growth in consumers' real purchasing power compared with 2024, constrained by high – albeit gradually easing – interest rates; uncertainty related to the overall geopolitical situation (including, in particular, the war in Ukraine); and the fact that the Group's products are not essential goods.

According to the Group's internal data, as in previous years, over 80% of decorative paint was used primarily for home renovation or refurbishment,[22] while – as estimated by the Group – purchases were less frequently associated with the completion of new residential properties. Consumers seek high-quality products with good coverage and ease of application.

6. Source: GUS, Gross domestic product in 2025 - preliminary estimate. February 2026
7. Source: Statistics Poland (GUS) – unless otherwise indicated.
8. Source: National Bank of Poland (NBP), Archive of NBP key interest rates since 1998, February 2026.
9. Source: National Bank of Poland (NBP), Inflation and GDP projections, February 2026.
10. Source: European Commission, Autumn 2025 Economic Forecast, February 2026.
11. Source: The International Monetary Fund (IMF), World Economic Outlook Database, February 2026.
12. Source: Hungarian Central Statistical Office (KSH) – unless indicated otherwise.
13. Source: Magyar Nemzeti Bank, Base rate history, February 2026.
14. Source: European Commission, Autumn 2025 Economic Forecast, February 2026.
15. Source: The International Monetary Fund (IMF), World Economic Outlook Database, February 2026.
16. Source: National Bank of Ukraine (NBU), Inflation Report - January 2026, February 2026.
17. Source: Statistics Poland (SSSU) – unless otherwise indicated.
18. Source: National Bank of Ukraine (NBU), NBU Key Policy Rate, February 2026.
19. Source: The European Commission, Economic forecast for Poland Autumn 2025, February 2026.
20. Source: The World Bank, Global Economic Prospects, February 2026.
21. Source: The International Monetary Fund (IMF), World Economic Outlook Database, February 2026.
22. Source: the Group's internal research.

The Company Against the Industry

In 2025, there were no changes among the main players in the Polish market for paints and wood protection and decoration products. The entities with the largest market shares currently include companies from the Śnieżka Group, PPG Deco Polska and AkzoNobel Polska. According to the Group's estimates, their combined share of total sales of decorative products in Poland amounts to approximately 80% (in value terms). The entities with the largest shares in the Polish construction chemicals market currently include: Atlas Group, Baumit, Henkel, Grupa Knauf, Kreisel, Mapei and Saint-Gobain. According to the Company's estimates, their combined share of construction chemicals sales in Poland amounts to approximately 50%.

Hungary

According to the Group's estimates, in 2025 the Hungarian market for paints and wood protection and decoration products recorded a decline in sales volume similar to that in 2024 (at the lower end of the single-digit percentage range), while at the same time reporting growth in value terms y/y (mid-single-digit percentage range).

In the Group's assessment, the main factors influencing market conditions in the industry changed only slightly compared with 2024. The most important of these include: slower-than-expected economic growth, low consumer confidence,[23] slower-than-expected growth in real wages, and interest rates remaining at an elevated level (6.5%).

According to the Group's data, in the Hungarian market, paint and wood decoration products were used primarily for renovation works. Hungarian consumers, similarly to those in Poland, pay attention to ease of application and good coverage when going for products.[24]

23. Source: GKI Economic Research Co., Economic sentiment index, February 2026
24. Source: the Group's internal research.

The Company Against the Industry

In 2025, there were no significant changes among the main players operating in the Hungarian market. The largest entities operating in Hungary in the segment of paints and products for wood decoration and protection are: Poli-Farbe from the Śnieżka Group, PPG Trilak and AkzoNobel Coatings. Their combined market share is estimated at approximately 75% of the total market (in value terms).

Ukraine

According to the Group's estimates, in 2025 the Ukrainian market for paints, coatings and construction chemicals continued to face challenges that have persisted for several years and are directly related to the ongoing armed conflict. In the Management Board's assessment, sales volume remained slightly higher than the levels recorded in 2024.

The market situation remains complex due to: increases in the prices of basic food products and electricity,[25] depreciation of the hryvnia,[26] reduced consumer purchasing power, and the ongoing military mobilisation regulations, which have had a direct impact on business operations and purchasing activity. Companies are significantly affected by power outages and the need to use backup generators on a temporary basis. Another important factor is the operation of enterprises in a high-risk zone for missile attacks.

The Company Against the Industry

In 2025, there were no significant changes among the main players in the Ukrainian market. The largest players operating in Ukraine in the segment of decorative paints and construction chemicals include: Śnieżka-Ukraina (Śnieżka Group), Caparol, Eskaro, Feidal, Henkel, Kolorit (Tikkurila Group), Meffert Hansa Farben, Polisan and ZIP. Their total market share is estimated at approx. 69% of the entire market (in value terms).

25. Source: State Statistics Service of Ukraine (SSSU), Consumer price indices for goods and services in 2025, February 2026.
26. Source: National Bank of Ukraine (NBU), Official Exchange Rates, February 2026.

Raw materials

The year 2025 was characterised by slight fluctuations in the prices of raw materials and packaging. The increase in raw material and packaging prices in 2025 was driven to a limited extent by higher transport costs as well as labour costs. Moreover, temporary increases in raw material prices continued to be influenced by the geopolitical situation, which to a limited extent destabilises certain raw material groups and supply chains in Europe and globally. At the same time, the euro exchange rate had a positive impact on the prices of raw materials purchased by the Group.

In 2025, no significant events or risks were identified in the procurement area that could materially affect the continuity of raw material supplies.

Market and regulatory environment

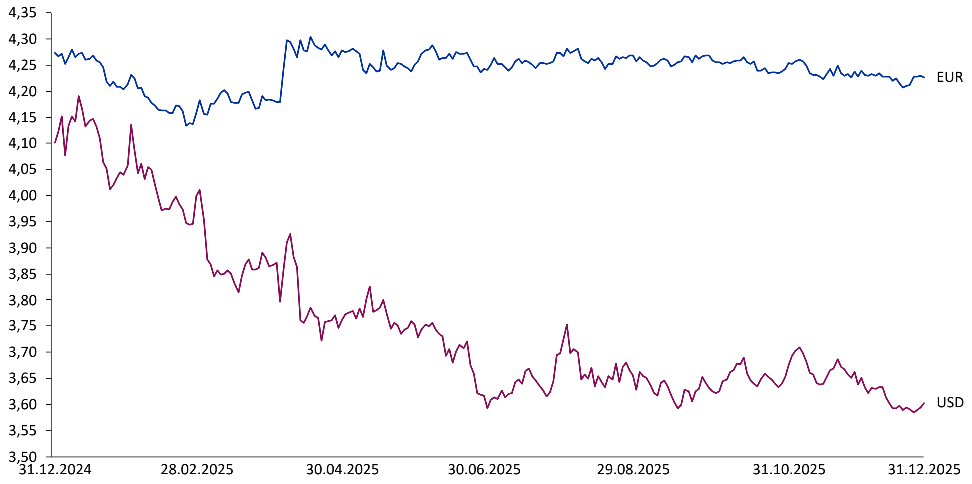
Changes in exchange rates relevant to the Group

In 2025, the Polish zloty strengthened against the euro and the US dollar. Data from the National Bank of Poland indicate that in 2025 the average annual EUR/PLN exchange rate decreased to 4.2402, compared with 4.3065 in the previous year. During the period under review, the EUR/PLN exchange rate exhibited volatility, fluctuating within the range of 4.1339 to 4.3033.. The appreciation of the Polish zloty against the euro, calculated based on exchange rates at the period-end dates (31 December 2025 vs. 31 December 2024), amounted to 1.08%. At the end of 2025, the EUR/PLN exchange rate stood at 4.2267. The quotations were characterised by relatively low volatility – the coefficient of variation, calculated on the basis of the standard deviation and arithmetic mean, amounted to 0.82%.

The average annual USD/PLN exchange rate in 2025 decreased to 3.7588 from 3.9799 in the previous year. During the period under review, the USD/PLN exchange rate ranged between 3.5848 and 4.1904. The appreciation of the Polish zloty against the US dollar, calculated based on exchange rates at the period-end dates, amounted to 12.18%. At the end of 2025, the USD/PLN exchange rate stood at 3.6016, with a coefficient of variation of 4.17%.

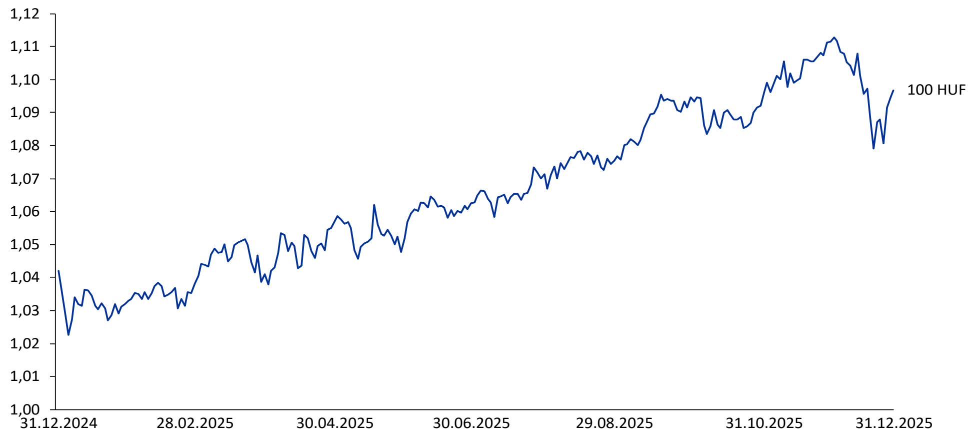
The valuation of the Polish zloty during the reporting period was influenced by both external factors, such as the war in Ukraine, the trade policy of the US administration, declining inflationary pressure and the interest rate policies of major central banks, as well as domestic factors, including subsequent decisions of the Monetary Policy Council regarding interest rates.

Figure 2. EUR and USD exchange rates against PLN



In 2025, the average annual exchange rate of 100 Hungarian forints against the Polish zloty decreased to 1.0661 from 1.0900 in the previous year. During this period, the 100 HUF/PLN exchange rate exhibited volatility, fluctuating between 1.0226 and 1.1127. The depreciation of the Polish zloty against the Hungarian forint, calculated based on exchange rates at the period-end dates, amounted to 5.25% (with the end-2024 rate at 1.0421), while the coefficient of variation of the exchange rates stood at 2.21%.

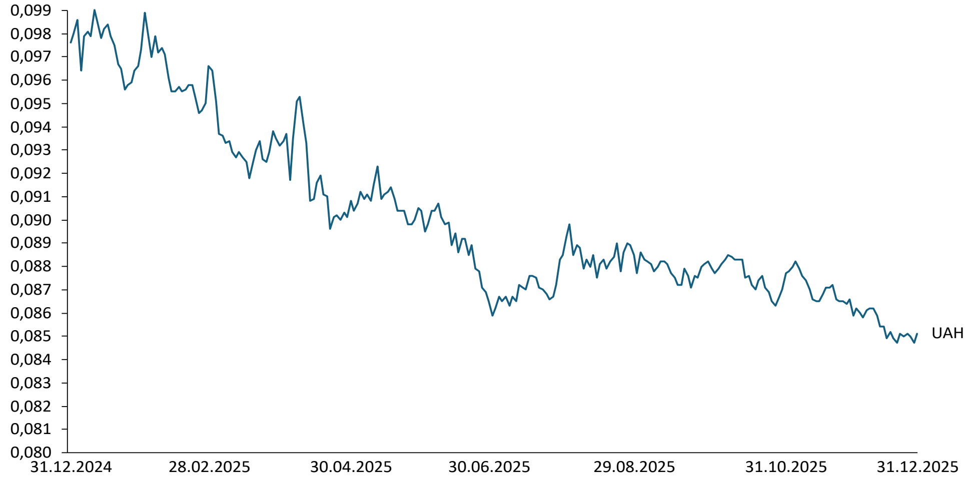
Figure 3. HUF exchange rates against PLN



Source: NBP.

As at 31 December 2025, the Group adopted as the closing exchange rate the rate set by the National Bank of Poland, at which the Group converts UAH into PLN, i.e. 1 UAH = 0.0847. The average exchange rate of the Ukrainian hryvnia used by the Group to translate the financial statements of its Ukrainian subsidiary in 2025 depreciated by over 12% compared with 2024. The policy applied by the Group for translating items denominated in foreign currencies is described in section ***Translation of Foreign Currency Items*** of the Śnieżka Group's consolidated financial statements for 2025.

Figure 4. UAH exchange rates against PLN



Source: NBP.

DEVELOPMENT PROSPECTS

Strategic objectives

In 2025, the Management Board of FFiL Śnieżka S.A. continued the implementation of the strategic objectives set out in the ESPI report (2/2024), focusing on both financial and non-financial aspects.

These include:

- Financial objectives:
  - Consolidated net revenue of PLN 1.1 billion,
  - An EBITDA margin of 18%.
- Non-financial objectives:
  - A market share of at least 20% in the Group's key countries (i.e. Poland, Hungary and Ukraine),
  - Brand awareness of the Group's key brands – Śnieżka, MAGNAT, POLI-FARBE and VIDARON – ensuring that they rank among the top three brands indicated by consumers in brand awareness surveys conducted in the Group's key markets,
  - Compliance with ESG standards monitored by EcoVadis,
  - A positive result in the Group's employee survey measured using the eNPS methodology.

The Śnieżka Group notes that in 2025, legal, tax and administrative regulations in its key markets remained stable and did not significantly affect the implementation of its strategic objectives.

Key development areas

The Śnieżka Group consistently pursues its long-term development strategy, focused on concentrating its operations in selected Central and Eastern European countries and building a leading position in the segment of decorative paints and construction chemicals in selected markets.

The objectives supporting the implementation of the Group's strategy for 2026 and the following years include:

Further development of strong brands and product offering in the area of decorative products and construction chemicals across key domestic and export markets.

As part of the implementation of its strategic objectives, the Śnieżka Group is to continue to strengthen its portfolio of strong brands within the decorative products business lines, including interior wall paints, enamels, wood protection and decoration products, as well as finishing coats, fillers and external thermal insulation systems in its key domestic markets. In Poland, the Group intends to further strengthen its market position. To date, its activities have focused on ready-made products, in which the Group has achieved a leading position in key categories. Starting from 2025, the strategy assumes intensified activities in the segment of products requiring tinting in tinting systems. Recognising the potential of this market, the Group has decided to introduce a new product line within a tinting system under a sub-brand dedicated to professionals – MAGNAT PRO.

In the Hungarian market, in 2025 the Śnieżka Group refreshed and strengthened its key decorative brand – Poli-Farbe. The brand received an updated design, implemented both in digital communication and on product packaging. The new visual identity combines long-standing tradition – well recognised by Hungarian consumers – with a modern aesthetic.

In the Ukrainian market, the Group focuses on maintaining its existing market share in key categories of decorative products and construction chemicals. In parallel, the development of the product offering is planned, covering both existing and new areas of activity.

As part of further strengthening brand positions in export markets, the Group will actively expand its presence in carefully selected geographical directions with the highest potential.

Development of the offering within existing sales channels and offering direct cooperation to B2B customers

Continuing the transformation of the B2B customer cooperation model initiated in Poland in 2024, in 2025 Śnieżka ToC consistently developed relationships with partners operating in both wholesale and retail. These activities supported the implementation of the Group's strategic assumptions, covering both financial objectives and non-financial parameters.

Improvement of operational efficiency through further automation of plants

In 2025, the Śnieżka Group continued the development of its production plant in Yavoriv, Ukraine. In 2024, equipment for automating the palletising line for dry filler products was installed, while in 2025 a robotic palletising line was launched for products in the category of interior wall paints as well as ready-made finishing coats and fillers. These solutions are characterised by higher efficiency compared with those previously used at the Yavoriv plant, positively affecting both the handling of large-capacity packaging and the elimination of potential human errors. At the same time, they have a long-term positive impact on the profitability of production activities.

Further active work in the ESG area

Among the objectives supporting the implementation of the Group's business strategy in 2025 and the following years is, inter alia, continued active work in the ESG area. In 2025, the Group continued the implementation of the *Sustainability Strategy* defined for Śnieżka S.A. and Śnieżka ToC.

Among the ESG objectives pursued in 2025 were, inter alia, those linked to the Sustainability-Linked Loan (SLL) obtained by Śnieżka in 2023, including the development of low environmental impact products, the transition towards green energy and the reduction of GHG emissions.

The provisions of the *Sustainability Strategy* are set out in a multi-year perspective and are aligned with the Group's business model. In the coming years, a review of the strategy is planned, and its updated version will be extended to all the Group companies.

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

Factors affecting the development and performance

In 2026, the results of the Śnieżka Group will be driven primarily – as in 2025 – by the performance of FFiL Śnieżka S.A. (the parent) and Śnieżka Trade of Colours Sp. z o.o.

In addition, due to their significant contribution to the Group's consolidated revenue and profit, the performance of selected foreign subsidiaries – in particular Poli-Farbe Vegyipari Kft. – will also be essential. (Hungary) and Śnieżka-Ukraina Sp. z o.o. (Ukraine).

The Management Board assesses that the main external factors that will affect the results achieved by the Group and its individual companies in the coming quarters will include:

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

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

Demand in future periods may be influenced by a number of factors, including the expected continuation of interest rate cuts, lower inflation readings than in previous years and ongoing wage growth. According to analyses by Statistics Poland, consumer sentiment in Poland – as measured by the current consumer confidence index (BWUK) – averaged -12.5 in 2025 (+1.5 points y/y). The leading consumer confidence index (WWUK), reflecting expected trends in individual consumption over the next 12 months, recorded a y/y increase. Currently, it is at -7.0 (+8.8% y/y).

The Group analyses, inter alia, how global factors (e.g. the effects of the war in Ukraine or tensions in international trade) and local factors (e.g. inflation and changes in wages) influence GDP levels in individual countries, which in the long term are strongly correlated with the decorative paint industry. A permanent element of the Group's activities is monitoring developments in this sector across key markets, enabling it to anticipate changes in consumer behaviour and adjust its product offering as well as marketing and sales activities to evolving conditions.

2. Armed conflict in Ukraine

Military operations in Ukraine have had an adverse impact on the Group's operations and performance in the Ukrainian market.

To the best of the Group's knowledge, as at the date of publication of this Report, the assets of Śnieżka-Ukraina are not at risk (its production plant is located in Yavoriv, Lviv region). At present, there are no indications that would suggest a loss of the ability to continue operations in Ukraine. Nevertheless, a potential escalation of the conflict may negatively affect renovation activity and, consequently, demand for the Company's products.

The ongoing armed conflict in Ukraine may have a significant impact on the future performance of Śnieżka-Ukraina and, as a result, the entire Śnieżka Group. Industry results in 2025 recorded sales volumes similar to those in 2024, confirming that a return to pre-war sales volumes may not be easily achievable in the short term. At the same time, due to external factors and the current market environment, the Management Board is not currently able to estimate the impact of the war on the Group's future results in that market.

The Śnieżka Group continuously monitors the situation in Ukraine and adjusts its actions and plans to current conditions. It also continues to observe its key markets regularly assessing the impact of the armed conflict in Ukraine on economic conditions, consumer sentiment and financial standing, as well as purchasing plans.

As at 31 December 2025, the Group performed an impairment test on assets located in Ukraine. The test did not indicate any impairment. Details regarding the methodology and assumptions applied in the test are presented in note *Impairment of the Group's Assets* in the Śnieżka Group's consolidated financial statements for 2025.

The exposure of assets held in Ukraine to risk as at 31 December 2025 is presented as follows:

Table 2. The exposure of assets held in Ukraine as at 31 December 2025

Data in 000' PLN	Statement of Financial Position as at 31 December 2025
PP&E	25,118
Inventories	7,428
Trade and other receivables	5,090
Cash	2,604
Other assets	545
Total assets	**40,785**
Net assets (Equity)	**31,302**

3. Global trade developments and their impact on economic growth

The WTO Goods Trade Barometer reading stood at 101.8 in September 2025 (down from 103.5 in April).[27]

Following the latest WTO Goods Trade Barometer, merchandise trade slowed in the second half of 2025 following a sharp increase in the first half of the year, driven by front-loading of imports ahead of expected tariff increases and rising demand for AI-related products. WTO analysts note, however, that trade growth is likely to slow in 2026, as the impact of a global economic slowdown and new tariffs becomes more pronounced.[28] Developments in global trade translate into trade flows in the key markets in which the Group operates and, consequently, into the economic performance of the countries that constitute the main sales markets for the Group's products. The paint and wood products industry, as well as the scale of consumption of renovation and construction products, are in turn correlated with the level and growth dynamics of GDP. This is of particular importance in the case of Poland – the Group's key market in terms of sales revenue – where private consumption remains one of the main drivers of the economy.

4. Changes in raw material and packaging prices and their availability

The situation in the raw materials and packaging market has become unstable, which is related to current economic and geopolitical conditions both in Europe and globally. Price levels are influenced, inter alia, by the ongoing armed conflicts in Ukraine and the Middle East.

The conflict in the Middle East has a significant impact on the market for petroleum-derived raw materials, particularly through its effect on oil and gas prices.

Current geopolitical conditions contribute to a persistently elevated level of uncertainty in terms of both availability and pricing, resulting in upward price pressure.

27. *Source: World Trade Organization (WTO), WTO G trade barometers – September 2025, February 2026*
28. *Source: World Trade Organization (WTO), AI goods and frontloading lift world trade in 2025 but outlook dims for 2026, February 2026.*

The Management Board indicates that increases in the prices of raw materials, packaging and other materials used in operations cannot be ruled out. At the same time, forecasting the price levels of key raw materials remains subject to a high degree of uncertainty.

In response to potential risks related to limited availability of raw materials used in the production of paints and coatings, the Company maintains increased inventories of raw materials and packaging and continuously monitors their levels and availability, while also intensifying efforts to identify alternative solutions and substitutes required in the production process. The Company also continuously monitors regulatory changes in the European Union, as described later in this section, and takes appropriate adaptation measures.

5. Changes in exchange rates

The Group's results may be significantly affected by changes in exchange rates, in particular: EUR/USD, EUR/PLN, HUF/PLN and UAH/PLN. Currently, the main foreign exchange risk for the Śnieżka Group is associated with a potential appreciation of the euro against the Polish zloty and, to a lesser extent, against the Hungarian forint, which may increase the cost of raw materials used in production.

6. Energy price increases affecting production costs

The situation in the energy and gas markets has stabilised. The Company maintains the status of a low energy-intensive entity. Thanks to securing electricity prices (until the end of 2026) and gas prices (until the end of 2027) in Poland, the Group has established a stable basis for forecasting costs in the coming years. It should also be noted that all electricity contracted in Poland comes from renewable sources. However, in the current macroeconomic and geopolitical environment, cost pressure in energy prices persists, contributing to higher production costs. The situation of the plant in Ukraine remains a challenge. The ongoing armed conflict not only leads to higher energy costs but also causes significant disruptions and interruptions in energy supply. At the Group's production facility in Ukraine, a photovoltaic installation covers up to 20% of energy demand, while a similar installation at the Hungarian plant covers approximately 30% of annual energy demand.

In Poland, documentation was prepared and the required approvals and permits for the construction of photovoltaic installations were obtained; however, due to the lack of available funding for such projects, the decision to proceed with their implementation has been put on hold.

7. European Union regulations concerning paints and other Group products

The regulatory environment for the Śnieżka Group includes laws and regulations that affect the way it conducts its operations and define obligations and responsibilities across various areas. Śnieżka continuously monitors legal changes relevant to its activities.

Below is an overview of selected regulations that impact the Group's operations.

Environmental regulations

As a manufacturer of paints and coatings, the Śnieżka Group is subject to environmental protection regulations, including those related to emissions of harmful substances into the atmosphere, waste management, water and wastewater management, as well as rules governing operations in the vicinity of protected natural areas. Industrial operations are conducted in accordance with applicable environmental permits. As part of its environmental protection activities, the Group continuously monitors legal requirements and their impact on the business. The Group companies implement regulatory changes on an ongoing basis, carry out legally required emissions monitoring and environmental reporting.

In analysing planned regulatory changes in the area of environmental protection, the Group takes into account risks related to the need to adapt production processes, increase investments in technologies reducing the generation and emission of pollutants, and revise procurement procedures.

National regulations in key markets

The Śnieżka Group operates in multiple domestic and international markets; therefore, national regulations in these markets may have a significant impact on its operations. This applies both to markets where the Group's companies operate and to its sales markets (e.g. Poland and other EU countries). These regulations may cover various areas, such as trade, taxation, consumer protection and antitrust rules.

Regulations concerning suppliers and raw materials

The Śnieżka Group cooperates with a diversified base of suppliers and uses a wide range of raw materials in the production of paints and coatings, while monitoring published regulations and adapting its formulations to existing and future legal requirements. Further regulatory changes regarding the availability, pricing, quality or sustainable use of raw materials may have a significant impact on the Group's operations. This may include the introduction of new restrictions on chemical substances, changes in raw material prices, and the need to verify suppliers in terms of compliance with new regulatory requirements. All such changes require the Group to adapt to new legal requirements, resulting in increased organisational effort.

European Union regulations concerning paints and coatings

The Śnieżka Group is subject to complex and increasingly stringent European Union regulations regarding product safety and the objectives of the European Green Deal. Legal requirements concerning the content of biocidal substances, as well as other substances used in production that may pose risks to human health and the environment, are becoming increasingly restrictive. The Group's priority is to ensure user safety while maintaining the quality and durability of its products. Śnieżka's specialised teams carry out raw material analyses aimed at eliminating and substituting substances subject to restrictions, including those arising from the REACH Regulation. The Group continuously monitors legal changes that may affect its operations and products.

Currently, the legislative acts under revision that require attention in the near term include:

- Regulation (EC) No 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures (CLP Regulation), together with its amendments (Adaptations to Technical Progress – ATP), related to product classification and appropriate labelling depending on the composition of the final product, and affecting the information presented on labels;
- Regulation (EU) 2025/40 of the European Parliament and of the Council on packaging and packaging waste (the so-called PPWR Regulation), which governs the circularity of packaging;
- Regulation (EU) 2023/1115 of the European Parliament and of the Council on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation (EUDR), which confirms the sustainable origin of selected raw materials.

8. Climate change mitigation measures

The Śnieżka Group recognises the need to take action to address climate change.

As part of the double materiality assessment, significant climate-related risks and opportunities, as well as those related to the energy transition, were identified and incorporated into specific actions defined in the Śnieżka Sustainability Strategy. The Group's key decarbonisation initiatives are based on improving energy efficiency, transitioning towards green energy and effective management of greenhouse gas (GHG) emissions. Increasing the share of energy from renewable sources, including energy generated by the Group's own photovoltaic installations, has contributed to reducing reliance on conventional energy sources. Through the development of monitoring systems, data analyses are conducted to identify areas of elevated energy consumption in key Śnieżka locations and to enable the implementation of ongoing reduction measures.

FFiL Śnieżka S.A. and Śnieżka ToC have committed to reducing Scope 1 and Scope 2 GHG emissions by 55% by 2026. As at the date of publication of this Report, the Śnieżka Group has not adopted a formal transition plan.

Development plans

The development plans of the Śnieżka Group are largely based on the strategic objectives – both financial and non-financial – set out in the 2023 annual report. The Management Board is convinced that only full focus on the adopted strategic direction will ensure growth and the achievement of the Group's objectives. In the context of these financial and non-financial targets, maintaining and increasing market share in key markets – both in Central and Eastern Europe and in non-European regions – will be essential. Śnieżka intends to achieve this by strengthening its brands among both consumers and professional customers. Moreover, the recognition and success of these key brands constitute one of the pillars of the adopted strategy.

The Śnieżka Group continues to recognise risks arising from geopolitical instability in the region and in the markets in which it operates; these risks are continuously monitored.

At the same time, the Group consistently follows its previously defined path of brand and product development, addressing the needs of its B2B customers and adapting its service model accordingly. In response to digitalisation and changes in customer purchasing processes, the Śnieżka Group aims to address customer needs more comprehensively and rapidly, leveraging ongoing key initiatives and investments. From a development perspective, continuous monitoring of consumer sentiment and behaviour, as well as analysis of the macroeconomic environment and market conditions in the paint, wood protection and decoration products, and related product sectors across key markets, will remain important. This enables the Group to anticipate changes in consumer behaviour and adjust its offering to evolving competitive conditions in individual countries. Business flexibility remains a key challenge, allowing the Group to respond quickly and effectively to a changing environment. The parent also continues to implement ESG development initiatives to better address environmental, social and governance challenges, while measuring its performance and aiming to improve its rating by EcoVadis.

Development plans of the Group in Poland

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

- the independent market,
- the DIY retail (home improvement) channel.

In the independent market channel, the Śnieżka Group develops direct cooperation with large wholesale customers as well as independent retail outlets operating on a local scale. Through these activities, the Group ensures a broader product offering and improved availability of its full assortment to end customers, including contractors, investors and individual consumers.

In the DIY retail channel, the Group identifies and addresses consumer trends by adapting its offering and responding to customer expectations.

Sales in Poland are further supported by the development of the construction chemicals product offering and the planned introduction in 2026 of a product range dedicated to professional contractors under the MAGNAT PRO sub-brand.

Development plans of the Group in Hungary

In the Hungarian market, the Śnieżka Group is to continue to actively develop its product offering in the following sales channels:

- the independent market,
- the DIY retail channel and other retail chains.

Poli-Farbe will continue its strategy of actively developing cooperation with directly serviced stores as well as with wholesale distributors through strengthening the presence of its brands and products.

In the Hungarian market, consumer trends and purchasing behaviours similar to those observed in Poland are evident. The Śnieżka Group plans to actively respond to these developments and ongoing changes, both at the level of its product offering and in terms of evolving customer purchasing preferences and the ways in which customers search for product information.

Development plans of the Group in Ukraine

Geopolitical developments in Eastern Europe remain an important factor that may affect the Group's strategic plans. The Śnieżka Group will undertake targeted actions to develop its product portfolio and increase brand awareness among Ukrainian consumers.

Recognising the potential and growth of selected product categories, the Group plans to introduce new products in both the independent market and the modern retail channel.

Development plans of the Group in other export markets

By leveraging its understanding of the potential of export markets, the Śnieżka Group will actively acquire customers in markets beyond those mentioned above. The Group intends to capitalise on this potential through a carefully selected product portfolio tailored to the needs of consumers in target markets, in liaison with partners with strong operational capabilities and market potential.

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

The Śnieżka Group is strengthening its presence in Central and Eastern Europe by developing its organisational structure through the establishment of two new subsidiaries: in the Czech Republic – Poli-Farbe Czechia s.r.o. – and in Slovakia – Poli-Farbe Slovakia s.r.o.. These entities will be responsible for the sales and distribution of products in the Czech and Slovak markets under the Poli-Farbe brand.

GROUP OPERATIONS

Sales performance

In 2025, the Śnieżka Group generated sales revenue of PLN 772,506 thousand, i.e. 3.2% lower than in 2024. The smallest decline, amounting to 1.7%, was recorded in the Polish market. The Hungarian and Ukrainian markets recorded revenue declines in the Group's reporting currency of 3.8% and 6.3%, respectively. It is worth noting that, in local currency terms, the Ukrainian subsidiary recorded revenue growth of 3.3%, while the weaker performance in the Group's reporting currency resulted from the depreciation of the local currency against the Polish zloty.

In 2025, the Group's performance continued to be negatively affected by the unstable geopolitical environment, including the ongoing armed conflict in Ukraine and its consequences for the entire Central and Eastern European region, where the Group's key markets are located. Despite a gradual improvement in consumer sentiment and increasing purchasing power in 2025, purchasing activity in the sector in which the Group operates remained below expectations.

Nevertheless, despite the unfavourable market conditions, the Group managed to increase its market share in Poland, which is its key market in terms of revenue. In Ukraine, despite the ongoing armed conflict, the Group maintained its existing market position, while in Hungary the reported performance translated into a decline in market share.

Sales performance in 2025 across the Group's main markets and the key factors contributing to these results are presented below:

Poland

(73.4% share of revenue, +1.2 p.p. y/y)

Sales revenue generated by the Group in the Polish market amounted to PLN 566,885 thousand and was therefore 1.7% (PLN 9,929 thousand) lower than in the previous year. According to the Group's internal data, this performance was stronger than that of the overall decorative products market, allowing the Group to increase its market share in Poland. The decline in sales value in Poland in 2025 was primarily driven by persistently weak demand for products in the industry. At the same time, both market research and sales results indicate a growing consumer preference for high-quality products.

Hungary

(12.8% share of revenue, -0.1 p.p. y/y)

In Hungary, the Group generated revenue of PLN 98,924 thousand, representing a decrease of 3.8% (PLN 3,862 thousand) compared with 2024. Approximately half of this decline was attributable to the depreciation of the Hungarian forint against the Polish zloty. The decline in revenue in local currency terms in the Hungarian market amounted to 2.1% y/y. According to the Group's internal data, this performance was weaker than that of the overall decorative paints and wood protection and decoration products market, resulting in a decline in the Group's market share and a negative impact on revenue.

Ukraine

(9.8% share of revenue, -0.3 p.p. y/y)

In Ukraine, the Group generated revenue of PLN 75,526 thousand, representing a decrease of 6.3% (PLN 5,069 thousand) compared with 2024. Following a stable first half of 2025, consumer demand for products in the industry weakened in the second half of the year, resulting in a lower full-year performance. The Management Board indicates that the situation in the Ukrainian market remains uncertain and challenging.

In other markets, the Group generated sales revenue of PLN 31,171 thousand, representing a decrease of 18.5% (PLN 7,074 thousand) compared with the previous year. The main reason for the decline was the EU restrictions imposed on Belarus in 2024, which prevented the Group from continuing its active commercial operations in that country. The share of other markets in the revenue structure amounted to 4.0% (-0.8 p.p. y/y). In total, revenue generated by the Group in 2025 in markets other than Poland accounted for 26.6% of its total revenue.

During the reporting period ended 31 December 2025, there were no changes in the presentation of the Group's geographical segments.

Table 3. Sales Revenue of the Śnieżka Group by Country (PLN thousand)

	the period of 12 months ended as at 31 December 2025	Structure	the period of 12 months ended as at 31 December 2024	Change (y/y)
Poland	566,885	73.4%	576,814	-1.7%
Hungary	98,924	12.8%	102,786	-3.8%
Ukraine	75,526	9.8%	80,595	-6.3%
Other	31,171	4.0%	38,245	-18.5%
Total sales	**772,506**	**100.0%**	**798,440**	**-3.2%**

During the reporting period, the Group changed the principles for presenting its product segments. Previously distinguished categories of products and goods were consolidated and are now presented by product segments: decorative products, construction chemicals and industrial products. At the same time, changes were made to the allocation of products to individual segments. Revenue from the sale of materials is presented under "Other", together with revenue from services. In order to ensure comparability of financial data, comparative figures for 2024 have been restated and presented in accordance with the adopted classification.

Decorative products continue to dominate the Group's sales structure. In 2025, the Group generated revenue of PLN 662,620 thousand from this segment, representing a decrease of 2.2% (PLN 14,855 thousand) compared with the previous year. Decorative products accounted for 85.7% of the Group's total sales revenue. The second largest share in the sales structure, at 12.6% (PLN 97,178 thousand), was represented by construction chemicals. This category recorded a decrease of 8.5% (PLN 9,068 thousand) compared with 2024.

Table 4. Sales Revenue of the Śnieżka Group by Product Category (PLN thousand)

	the period of 12 months ended as at 31 December 2025	Structure	the period of 12 months ended as at 31 December 2024	Change (y/y)
Decorative products	662,620	85.7%	677,475	-2.2%
Construction chemi-cals	97,178	12.6%	106,246	-8.5%
Industrial Products	5,332	0.7%	5,854	-8.9%
Other	7,376	1.0%	8,865	-16.8%
Total sales	**772,506**	**100.0%**	**798,440**	**-3.2%**

In volume terms, the Group's product sales in 2025 amounted to 100.9 million litres/kg and were 3.9% lower than in 2024. For several years, the industry has been facing a decline in sales volumes, accompanied by price increases. During the reporting period, the Group sold 58.43 million litres/kg of decorative products (-2.7% y/y), 42.31 million litres/kg of construction chemicals (-5.4% y/y) and 0.16 million litres/kg of industrial products (-9.8% y/y). Other sales (materials and services) are not presented in volume terms due to the diversity of measurement units used (tonnes, litres, units) and the fact that they do not constitute the Group's core business.

Table 5. Sales Structure of the Śnieżka Group by Product Category (thousand litres/kg)

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024	% change (y/y)
Decorative products	58,427.90	60,060.87	-2.7%
Construction chemicals	42,314.57	44,709.11	-5.4%
Industrial Products	158.77	176.07	-9.8%
Total sales	**100,901.2**	**104,946.0**	**-3.9%**

FFiL Śnieżka SA

Śnieżka S.A. generates its revenue primarily from:

- the sale of products and goods (based on established transfer prices) to Śnieżka Trade of Colours Sp. z o.o., which is responsible within the Group for marketing and sales to customers, as well as to other Group companies,
- dividends received from subsidiaries.

In 2025, FFiL Śnieżka S.A. generated sales revenue of PLN 515,322 thousand, i.e. 1.2% (PLN 6,343 thousand) lower than in 2024. The dominant share of the Company's total revenue in the reporting period was represented by the sale of products (goods and finished products) to Śnieżka ToC, recognised within the ***Poland*** segment. This segment accounted for 96.1% of the Company's sales structure. Compared with the previous year, sales in this segment decreased by 1.7%, i.e. by PLN 8,332 thousand.

Revenue from sales to foreign markets (***Hungary, Ukraine*** and ***Other*** segments) accounted for 3.9% of the Company's total revenue.

Table 6. Sales Revenue of FFiL Śnieżka S.A. by Country (PLN thousand)

	the period of 12 months ended as at 31 December 2025	Structure	the period of 12 months ended as at 31 December 2024	Change (y/y)
Poland	494,964	96.1%	503,296	-1.7%
Hungary	1,738	0.3%	945	84.0%
Ukraine	18,173	3.5%	16,168	12.4%
Other	447	0.1%	1,256	-64.4%
Total sales	**515,322**	**100.0%**	**521,665**	**-1.2%**

By product category, the Company's sales structure – similarly to that of the entire Group – was dominated by decorative products, which accounted for 81.1% of revenue (-2.6 p.p. y/y), followed by construction chemicals (6.2% share). Other revenue of FFiL Śnieżka S.A. in the reporting period amounted to PLN 65,196 thousand, primarily generated from the sale of materials (raw materials) to its subsidiaries located in Hungary and Ukraine, as well as from the provision of services to related parties.

Table 7. Sales Revenue of FFiL Śnieżka S.A. by Product Category (PLN thousand)

	the period of 12 months ended as at 31 December 2025	Structure	the period of 12 months ended as at 31 December 2024	Change (y/y)
Decorative products	418,395	81.1%	429,443	-2.6%
Construction chemicals	31,731	6.2%	33,207	-4.4%
Other revenue	65,196	12.7%	59,015	10.5%
Total sales	**515,322**	**100.0%**	**521,665**	**-1.2%**

In volume terms, the Company's product sales in 2025 amounted to 52.04 million litres/kg and were 2.5% lower than in the previous year. During the reporting period, the Company sold 42.05 million litres/kg of decorative products (-0.6% y/y) and 9.99 million litres/kg of construction chemicals (-9.8% y/y). Other sales (materials and services) are not presented in volume terms due to the diversity of measurement units used (tonnes, litres, units) and the fact that they do not constitute the Company's core business.

Table 8. Sales Structure of FFiL Śnieżka S.A. by Product Category (thousand litres/kg)

	for the period of 12 months ended as at 31 December 2025	for the period of 12 months ended as at 31 December 2024	% change (y/y)
Decorative products	42,051.2	42,315.4	-0.6%
Construction chemicals	9,988.3	11,072.4	-9.8%
Total sales	**52,039.5**	**53,387.8**	**-2.5%**

Financial position

The Śnieżka Group

The level of the Group's balance sheet items is influenced by seasonality related to varying intensity of renovation and decorative works across different periods of the year (as described in more detail in section *the Report*).

Table 9. Assets of the Śnieżka Group

Assets of the Group	31.12.2025	31.12.2024	Change (y/y)
Non-current assets, including:	**533,251**	**549,190**	**-2.9%**
- Property, Plant and Equipment	474,072	484,093	-2.1%
- Other non-current assets	59,179	65,097	-9.1%
Current assets, including:	**181,576**	**235,273**	**-22.8%**
- Inventories	89,502	100,345	-10.8%
- Trade and Other Receivables	70,222	65,463	7.3%
- Cash and cash equivalents	17,191	55,623	-69.1%
- other current assets	4,661	13,842	-66.3%
Non-current assets classified as held for sale	**-**	**834**	**-100.0%**
Total	**714,827**	**785,297**	**-9.0%**

As at 31 December 2025, the total assets of the Śnieżka Group amounted to PLN 714,827 thousand, representing a decrease of 9.0% (PLN 70,470 thousand y/y) compared with the end of December 2024. The value of the Group's non-current assets (accounting for 74.6% of total assets) decreased by 2.9% over the year to PLN 533,251 thousand. The value of current assets amounted to PLN 181,576 thousand, representing a decrease of 22.8% compared with 31 December 2024. The main component of the Group's current assets was inventories, valued at PLN 89,502 thousand.

Their value decreased by 10.8% compared with the end of the previous year. The change in inventory levels was influenced, inter alia, by the establishment of consignment warehouses during the financial year and strong sales at the end of the year. The second largest item comprised trade and other receivables, amounting to PLN 70,222 thousand, i.e. 7.3% higher than a year earlier. As at 31 December 2025, the Group held cash and cash equivalents of PLN 17,191 thousand (a decrease of 69.1% y/y).

Table 10. Equity and Liabilities of the Śnieżka Group

Equity and liabilities of the Group	31.12.2025	31.12.2024	Change (y/y)
Total equity, including:	**425,036**	**394,990**	**7.6%**
- Equity attributable to owners of the parent	406,934	373,231	9.0%
- Non-controlling interests	18,102	21,759	-16.8%
Total liabilities	289,791	390,307	-25.8%
Non-current liabilities, including:	**157,007**	**210,520**	**-25.4%**
- Interest-bearing loans and borrowings (non-current)	129,204	188,567	-31.5%
- Other non-current liabilities	27,803	21,953	26.6%
Current liabilities, including:	**132,784**	**179,787**	**-26.1%**
- Trade and Other Payables	82,758	74,888	10.5%
– Interest-bearing loans and borrowings (cur-rent)	10,279	68,924	-85.1%
– Other current liabilities	39,747	35,975	10.5%
Total	**714,827**	**785,297**	**-9.0%**

As at 31 December 2025, the Śnieżka Group's equity amounted to PLN 425,036 thousand, representing an increase of 7.6% compared with the end of December 2024. At the same time, the level of external debt decreased. As a result, 59.5% of the Group's activities were financed from its own funds, representing an increase of 9.2 p.p. over the year.

At the end of the reporting period, the Group's non-current liabilities amounted to PLN 157,007 thousand, representing a decrease of 25.4% (PLN 53,513 thousand y/y), mainly due to a reduction in debt. Liabilities due after more than twelve months from the reporting date accounted for 22% of total assets.

The Group's current liabilities amounted to PLN 132,784 thousand, 26.1% lower y/y, and accounted for 18.6% of total assets. The decrease was primarily driven by a reduction in the current portion of interest-bearing loans and borrowings. Compared with the end of December 2024, the Group's liabilities in this respect decreased by 85.1% (a decline of PLN 58,645 thousand y/y).

Put and call options

The Group's statement of financial position includes a put option, i.e. a liability related to the option to purchase shares in Poli-Farbe Vegyipari Kft. held by a non-controlling shareholder. The value of the put option liability, measured at each reporting date after initial recognition, adjusts equity. The substance of this option is that Lampo Kft. - the other shareholder of Poli-Farbe Vegyipari Kft. - has the right to sell (put option), while FFiL Śnieżka S.A. has the obligation to acquire the remaining 20% stake in this company. Details are presented in note ***Put option for the purchase of the remaining 20% stake in Poli-Farbe in the Śnieżka Group's consolidated financial statements*** for 2025. The call option, in turn, gives the Company the right, under specified conditions, to acquire the remaining 20% stake.

Fabryka Farb i Lakierów Śnieżka SA

Similarly to the Group, the level of FFiL Śnieżka S.A.'s balance sheet items is influenced by seasonality.

Table 11. Assets of FFiL Śnieżka S.A.

Assets of the Company	31.12.2025	31.12.2024	Change (y/y)
Non-current assets, including:	**627,805**	**646,710**	**-2.9%**
- Tangible fixed assets	402,402	415,519	-3.2%
- Shares and stocks in other entities	200,875	201,002	-0.1%
- other fixed assets	24,528	30,189	-18.8%
Current assets, including:	**148,946**	**142,361**	**4.6%**
- Inventory	68,520	78,611	-12.8%
- Trade and other receivables	75,425	50,346	49.8%
- Cash and cash equivalents	1,500	999	50.2%
- other current assets	3,501	12,405	-71.8%
Total	**776,751**	**789,071**	**-1.6%**

As at 31 December 2025, the Company's total assets amounted to PLN 776,751 thousand, representing a decrease of 1.6% (PLN 12,320 thousand y/y).

The value of the Company's non-current assets (accounting for 80.8% of total assets) decreased by 2.9% over the year to PLN 627,805 thousand. This was mainly driven by a decrease in property, plant and equipment of PLN 13,117 thousand (3.2% y/y). The value of the Company's current assets amounted to PLN 148,946 thousand, representing an increase of 4.6% compared with 31 December 2024. The main component of current assets was inventories, valued at PLN 68,520 thousand, which were 12.8% lower than a year earlier. The decrease in inventories was driven, inter alia, by the establishment of consignment warehouses for raw materials during the financial year. The second largest component of current assets was trade and other receivables, amounting to PLN 75,425 thousand, which increased by 49.8% (PLN 25,079 thousand) compared with the end of 2024.

As at the end of December 2025, the Company held cash and cash equivalents of PLN 1,500 thousand (an increase of 50.2% y/y) and PLN 3,501 thousand of other current assets in the form of income tax receivables.

Table 12. Equity and Liabilities of FFiL Śnieżka S.A.

Equity and liabilities of the Company	31.12.2025	31.12.2024	Change (y/y)
Equity	**336,052**	**290,946**	**15.5%**
Total liabilities	440,699	498,125	-11.5%
Non-current liabilities, including:	**383,111**	**390,759**	**-2.0%**
- Long-term interest-bearing loans and borrowings	360,600	374,413	-3.7%
- Other long-term liabilities	22,511	16,346	37.7%
Current liabilities, including:	**57,588**	**107,366**	**-46.4%**
- Trade and other liabilities	46,044	51,442	-10.5%
- Current portion of interest-bearing loans and borrowings	3,065	47,457	-93.5%
- Other short-term liabilities	8,479	8,467	0.1%
Total	**776,751**	**789,071**	**-1.6%**

As at 31 December 2025, FFiL Śnieżka S.A. financed 43.3% of its activities with its own funds, representing an increase of 6.4 p.p. compared with the end of December 2024. This resulted from a reduction in the level of external financing.

At the end of the reporting period, the Company's non-current liabilities amounted to PLN 383,111 thousand (a decrease of PLN 7,648 thousand y/y) and accounted for 49.3% of total assets. Current liabilities decreased significantly, amounting to PLN 57,588 thousand as at 31 December 2025 (a decrease of 46.4%, i.e. PLN 49,778 thousand y/y).

This was mainly driven by a reduction in the current portion of the Company's loans and borrowings by PLN 44,392 thousand y/y (to PLN 3,065 thousand). As at the reporting date, the Company's trade payables also decreased by 10.5% (PLN 5,398 thousand y/y).

Within the reported liabilities, the Company held loans from its subsidiaries – Śnieżka Trade of Colours Sp. z o.o. and Radomska Fabryka Farb i Lakierów S.A. – which form part of the Group's liquidity management.

As at 31 December 2025, the total value of the above-mentioned loans amounted to PLN 258,432 thousand, including:

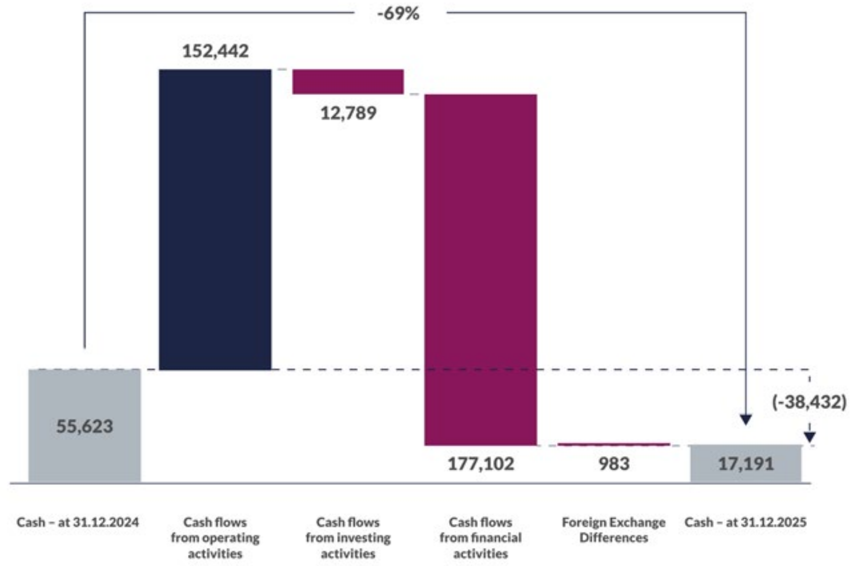
Entity	Non-current items	Current items
Śnieżka Trade of Colours	247,236	850
Radomska Fabryka Farb i Lakierów	10,300	46

Cash flows

The Śnieżka Group

In 2025, the Group recorded negative cash flows of PLN 38,432 thousand (after adjustment for foreign exchange differences arising from the translation of foreign entities), compared with negative cash flows of PLN 10,042 thousand in the previous year.

Figure 5. Cash Flows of the Śnieżka Group in 2025 (PLN thousand)



As at the end of the reporting period, the Group's cash and cash equivalents amounted to PLN 17,191 thousand.

This result was driven by:

positive cash flows from operating activities of PLN 152,442 thousand

These were primarily supported by the Group's gross profit of PLN 91,192 thousand and adjustments totalling PLN 64,635 thousand, including interest adjustments of PLN 11,902 thousand and changes in working capital of PLN 15,174 thousand. Income tax paid reduced cash flows from operating activities by PLN 3,385 thousand.

negative cash flows from investing activities of PLN 12,789 thousand

Expenditure on the acquisition of property, plant and equipment and intangible assets, presented on a net basis (i.e. after offsetting proceeds from the disposal of such assets), amounted to PLN 14,340 thousand. The negative cash flow from investing activities was partially offset by interest income on deposits of PLN 1,624 thousand.

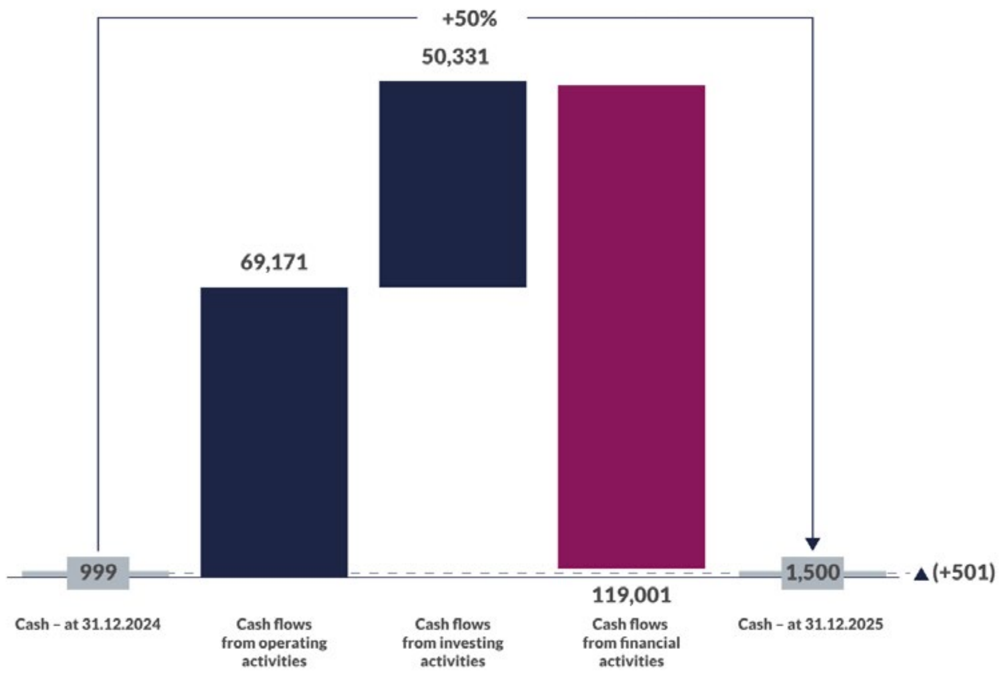
negative cash flows from financing activities of PLN 177,102 thousand

The net balance of loans and borrowings in 2025 amounted to PLN -118,122 thousand, indicating that repayments exceeded new borrowings. The Group also paid interest of PLN 13,955 thousand and distributed dividends of PLN 42,605 thousand.

Fabryka Farb i Lakierów Śnieżka SA

In 2025, the Company recorded positive cash flows of PLN 501 thousand, compared with positive cash flows of PLN 254 thousand in the previous year.

Figure 6. Cash Flows of FFiL Śnieżka S.A. in 2025



As at the end of the reporting period, the Company's cash and cash equivalents amounted to PLN 1,500 thousand. This result was driven by:

- **positive cash flows from operating activities of PLN 69,171 thousand.**

These were primarily driven by gross profit of PLN 87,753 thousand and adjustments, including a positive interest adjustment of PLN 22,947 thousand, a negative dividend adjustment of PLN 59,228 thousand, and changes in working capital of PLN 10,611 thousand.

- **positive cash flows from investing activities of PLN 50,331 thousand**

The Company incurred net expenditure of PLN 3,436 thousand on the acquisition of property, plant and equipment and intangible assets (i.e. after offsetting proceeds from the disposal of such assets). At the same time, the Company received dividends from subsidiaries amounting to PLN 53,840 thousand.

- **negative cash flows from financing activities of PLN 119,001 thousand**

In the analysed period, the net cash flow from loans and borrowings amounted to PLN -56,831 thousand, reflecting that repayments exceeded new borrowings. The greatest negative impact was due to: the repayment of some loans and borrowings (PLN 23,503 thousand) and the payment of dividends (PLN 37,853 thousand).

Financial ratios

The Śnieżka Group

Profitability ratios of the Śnieżka Group

In 2025, the Śnieżka Group achieved higher margins at all profit levels compared with the previous year, i.e. net margin (up by 0.6 p.p. y/y, to 9.6%), EBIT margin (up by 0.4 p.p. y/y, to 13.6%) and EBITDA margin (up by 0.7 p.p. y/y, to 18.6%).

The gross margin on sales also increased (up by 1.8 p.p. y/y, to 51.1%). This was primarily driven by a significant reduction in cost of sales (down 6.6% y/y), compared with a much slower decline in sales revenue (down 3.2% y/y).

During the reporting period, the ROA ratio increased by 0.8 p.p. y/y, while the ROE ratio decreased by 1.1 p.p. y/y.

Table 13. Profitability ratios of the Śnieżka Group

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024
EBIT margin (in %) *(EBIT / Sales Revenue) × 100%*	13.6%	13.2%
EBITDA margin (in %) *(EBITDA / Sales Revenue) × 100%*	18.6%	17.9%
Gross margin on sales (%) *(Gross profit on sales / sales revenue) × 100%*	51.1%	49.3%
Net Profit Margin (%) *(Net Profit / Sales Revenue) × 100%*	9.6%	9.0%
Return on Assets (ROA)* *(Net Profit / Total Assets*) × 100%*	9.4%	8.6%
Return on Equity (ROE)** *(Net Profit / Equity Attributable to Owners of the Parent) × 100%*	18.4%	19.5%

** The Group's net profit for the last four quarters divided by the average value of the Group's total assets based on balances as at the end of the last five quarters.*
*** The net profit attributable to owners of the parent for the last four quarters divided by the average value of equity attributable to owners of the parent based on balances as at the end of the last five quarters.*

Liquidity and debt ratios of the Śnieżka Group

As at 31 December 2025, the Group's total debt ratio decreased by 9.2 p.p. y/y to 40.5%, driven by a significant reduction in liabilities alongside a slight decrease in total assets.

The increase in the fixed asset coverage ratio by equity by 7.8 p.p. y/y resulted from an increase in equity combined with a slight decline in non-current assets.

Compared with the previous year, the Group's liquidity ratios improved. The key current ratio increased from 1.3 to 1.4, mainly due to a more dynamic decrease in liabilities compared with the decline in current assets.

The Śnieżka Group manages its interest-bearing debt in a prudent manner, considering a debt level of 1x EBITDA as optimal. As at the end of 2025, the Group's net debt / EBITDA ratio amounted to 0.92, compared with 1.45 a year earlier.

In 2025, the Group reduced capital expenditure to the level necessary for efficient operating activities (investments are described in more detail in section of the Report).

Table 14. Liquidity and debt ratios of the Śnieżka Group

	31.12.2025	31.12.2024
Current Ratio *(Current Assets / Current Liabilities)*	1.4	1.3
Quick Ratio *(Current Assets – Inventories) / Current Liabilities*	0.7	0.8
Cash Ratio *(Cash and Cash Equivalents / Current Liabilities)*	0.13	0.31
Total Debt Ratio (%) *(Total Liabilities / Total Assets) × 100%*	40.5%	49.7%
Fixed Asset Coverage Ratio by Equity (%) *(Equity / Non-current Assets) × 100%*	79.7%	71.9%

Turnover Ratios of the Śnieżka Group

In 2025, the Group's cash conversion cycle shortened by nearly 13 days. The payables cycle lengthened by 12 days, while at the same time the receivables cycle increased by 3.2 days and the inventory cycle shortened by 4 days.

Table 15. Turnover Ratios of the Śnieżka Group

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024
Inventory Cycle (days) *(Inventories × 360 / Cost of Sales)*	85.2	89.3
Receivables Cycle (days) *(Trade and Other Receivables × 360 / Sales Revenue)*	32.7	29.5
Payables Cycle (days) *(Trade and Other Payables × 360 / Cost of Sales)*	78.8	66.6
Cash Conversion Cycle (days) *(Inventory Cycle + Receivables Cycle – Payables Cycle)*	39.1	52.2

FFiL Śnieżka SA

Profitability Ratios of FFiL Śnieżka S.A.

In 2025, FFiL Śnieżka S.A. achieved higher margins than in the previous year at the EBIT operating profit level (up by 3.5 p.p. y/y), EBITDA level (up by 3.9 p.p. y/y) and net profit level (up by 3.9 p.p. y/y).

During the reporting period, the gross margin increased by 1.4 p.p. y/y to 33.7%. This resulted from the fact that cost of sales decreased at a faster pace than sales revenue.

Profits generated by Śnieżka ToC from the sale of products (the entity responsible for marketing and sales activities within the Group) are transferred to FFiL Śnieżka S.A. in the form of dividends. The Company also received dividends from its Hungarian and Ukrainian subsidiaries. During the reporting period, the Company's total dividend income amounted to PLN 59,228 thousand.

Table 16. Profitability Ratios of FFiL Śnieżka S.A.

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024
EBIT margin (in %) *(EBIT / Sales Revenue) × 100%*	21.6%	18.1%
EBITDA margin (in %) *(EBITDA / Sales Revenue) × 100%*	27.0%	23.1%
Gross margin on sales (%) *(Gross profit on sales / sales revenue) × 100%*	33.7%	32.3%
Net Profit Margin (%) *(Net Profit / Sales Revenue) × 100%*	16.1%	12.2%
Return on Assets (ROA)* *(Net Profit / Total Assets*) × 100%*	9.9%	7.5%
Return on Equity (ROE)** *(Net Profit / Equity*) × 100%*	26.5%	22.6%

** Net profit for the last four quarters divided by the average value of total assets based on balances as at the end of the last five quarters.*
*** Net profit for the last four quarters divided by the average value of equity based on balances as at the end of the last five quarters.*

Liquidity and Debt Ratios of FFiL Śnieżka S.A.

At the end of 2025, the Company's total debt ratio amounted to 56.7%. The fixed asset coverage ratio by equity increased by 8.5 p.p. y/y, mainly as a result of the increase in equity. Compared with the previous year, the Company's current ratio improved (2.6 compared with 1.3 in the previous year). This was primarily driven by a decrease in current liabilities.

Table 17. Liquidity and Debt Ratios of FFiL Śnieżka S.A.

	31.12.2025	31.12.2024
Current ratio *(Current Assets / Current Liabilities)*	2.6	1.3
Quick ratio *(Current Assets – Inventories) / Current Liabilities*	1.4	0.6
Cash ratio *(Cash and Cash Equivalents / Current Liabilities)*	0.03	0.01
Total Debt Ratio (%) *(Total Liabilities / Total Assets) × 100%*	56.7%	63.1%
Fixed Asset Coverage Ratio by Equity (%) *(Equity / Non-current Assets) × 100%*	53.5%	45.0%

Turnover Ratios

In 2025, the Company's cash conversion cycle amounted to 76.4 days, representing an increase of nearly 14 days compared with the previous year. This resulted from a shortening of the payables cycle (by approx. 3.9 days), a shortening of the inventory cycle (by 7.9 days) and an extension of the receivables cycle (by approx. 17.9 days). Since the change in the Group's operating model, a significant portion of FFiL Śnieżka S.A.'s receivables has originated from Śnieżka ToC, which is related to the transfer of commercial agreements to that company.

Table 18. Turnover Ratios of FFiL Śnieżka SA

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024
Inventory Cycle (days) *(Inventories × 360 / Cost of Sales)*	72.2	80.1
Receivables Cycle (days) *(Trade and Other Receivables × 360 / Sales Revenue)*	52.7	34.7
Payables Cycle (days) *(Trade and Other Payables × 360 / Cost of Sales)*	48.5	52.4
Cash Conversion Cycle (days) *(Inventory Cycle + Receivables Cycle – Payables Cycle)*	76.4	62.4

Key financial results of the Group

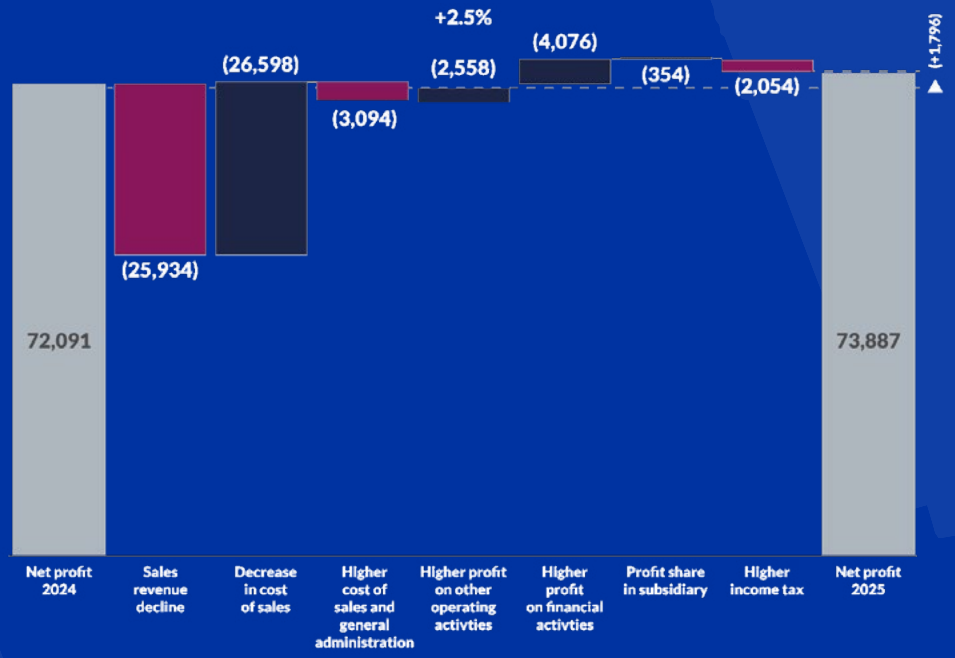
In 2025, the Śnieżka Group generated consolidated net profit of PLN 73,887 thousand, representing an increase of 2.5% y/y. Net profit attributable to owners of the parent amounted to PLN 71,374 thousand (+2.9% y/y).

The Group's net result in 2025 was primarily affected by:

- a 3.2% decrease in sales revenue (PLN 25,934 thousand y/y), with declines recorded across all geographical markets,
- a 6.6% decrease in cost of sales (PLN 26,598 thousand y/y),
- a 1.1% increase in SG&A expenses (selling, general and administrative expenses) (PLN 3,094 thousand y/y), mainly driven by higher personnel costs,
- an increase of PLN 2,558 thousand in other operating activity result,
- an improvement in financial activity result of PLN 4,076 thousand, mainly due to lower interest expenses on loans and borrowings,
- income tax expense higher by PLN 2,054 thousand y/y.

In 2025, no factors or events other than those described in the Report, including those of an unusual nature, occurred that had a material impact on the consolidated financial statements.

Figure 7. Impact of individual items of the statement of comprehensive income on the Group's net profit



** Share in profit/(loss) of an associate accounted for using the equity method.*

Table 19. Key items of the Śnieżka Group's Statement of Profit or Loss

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024	Change (y/y)
Sales revenue	**772,506**	**798,440**	**-3.2%**
Cost of sales	378,080	404,678	-6.6%
SG&A Expenses (Selling, Gen-eral and Administrative Ex-penses)	289,596	286,502	1.1%
Result on other operating activities	530	(2,028)	-126.1%
Financial result	(14,064)	(18,140)	-22.5%
Share in profit of an associate	(104)	250	-141.6%
Gross profit	91,192	87,342	4.4%
Operating profit (EBIT)	105,360	105,232	0.1%
Operating profit plus depreci-ation and amortisation (EBITDA)	143,727	142,836	0.6%
Income tax	17,305	15,251	13.5%
Net profit, including:	**73,887**	**72,091**	**2.5%**
profit attributable to owners of the parent	71,374	69,351	2.9%

Seasonality

Seasonality occurs in the operations of the Śnieżka Group companies. It is related to the intensity of renovation and decorative works during particular periods of the year, which is generally higher in the spring and summer seasons. The Group typically generates higher revenue in the second and third quarters of each financial year. These quarters account for approximately 60–65% of its annual sales revenue.

The seasonality effect also influences:

- changes in demand for working capital, which is usually significantly higher in the second and third quarters of the financial year compared with the level as at the end of December of the previous year,
- the level of production in selected Group companies during particular months of the year and, to some extent, the resulting level of employment (seasonality does not apply to FFiL Śnieżka S.A., where a year-round production cycle has been implemented).

Other information

Investments in the Śnieżka Group

In 2025, total capital expenditure (net Capex) in the Śnieżka Group amounted to PLN 18,643 thousand and was 38.9% (PLN 11,867 thousand) lower than in the previous year. At the same time, the level of investment expenditure was 45.4% (PLN 22,457 thousand) lower than the estimates presented in the Management Board Report on Operations for 2024 (i.e. approximately PLN 41.1 million).

Investment activities carried out within the Śnieżka Group in 2025 constituted a continuation of the assumptions adopted in previous years and included both development and replacement investments, with a slight predominance of the former. In response to changing market conditions and the external environment, some planned projects were suspended during the year, while others were postponed until the following year. he implementation of individual projects was carried out in accordance with the approved operational and financial plan, with adjustments resulting from the Group's current needs. The investments carried out by the Group in 2025 were focused primarily on:

- automation and robotisation of production lines aimed at maintaining production capacity at a high level,
- increasing competitiveness through the purchase and installation of new store equipment,
- replacement and expansion of the transport fleet.

The largest share of the Group's investment expenditure in 2025 was attributable to Śnieżka Ukraina. Total capital expenditure incurred by this entity amounted to PLN 9,097 thousand, representing 48.8% of the Group's total investment expenditure. Key projects included, inter alia, the implementation of an automated and robotised palletising line for emulsions and wet fillers, automation of auxiliary material dosing in the production process, the purchase of equipment for the tinting system, as well as modernisation of the transport fleet. In the remaining Group companies, the largest investment expenditure was related to the purchase and installation of store equipment, development and upgrades of IT software, replacement of the transport fleet, and modernisation of existing building infrastructure.

The investments carried out by the Group were financed primarily through own funds and bank loans.

Investment plans and financing of investment projects

The Management Board of FFiL Śnieżka S.A. assumes that the investment plans of the Group and the Company for 2026 will be implemented as scheduled. These investments will focus on the purchase of store equipment across all sales channels, expansion and modernisation of IT systems and IT infrastructure, ongoing modernisation and maintenance of production lines and logistics, as well as the necessary replacement of the transport fleet.

Own funds and signed bank loan agreements provide sufficient resources for the safe financing of the investments planned for 2026.

Net Capex in 2026 may amount to approximately PLN 40.0 million. This represents the total planned investment expenditure reduced by expected proceeds from the disposal of fixed assets.

Insurance agreements

In 2025, the Company concluded the following insurance agreements significant to its operations:

Table 20. Insurance agreements

Company	Institution	Subject of the agreement	Period
FFiL Śnieżka SA	PZU	Property insurance (buildings, cur-rent assets, machinery and equip-ment) and loss of profit.	1.10.2025 - 30.09.2026
FFiL Śnieżka SA	PZU	Property insurance in domestic and international transport.	1.10.2025 - 30.09.2026
FFiL Śnieżka SA	Chubb European Group	Third-party liability insurance for business activity	1.10.2025 - 30.09.2026
FFiL Śnieżka SA	Chubb European Group	D&O liability insurance	01.10.2025 - 30.09.2026
Śnieżka ToC	PZU	Property insurance (machinery and equipment)	1.10.2025 - 30.09.2026
Śnieżka ToC	PZU	Property insurance in domestic and international transport.	1.10.2025 - 30.09.2026
Śnieżka ToC	Chubb European Group	Third-party liability insurance for business activity	1.10.2025 - 30.09.2026
Śnieżka ToC	Chubb European Group	D&O liability insurance	01.10.2025 - 30.09.2026
Śnieżka ToC	KUKE	Export credit insurance	Umowa cały czas odnawiana
Poli-Farbe	PZU	Property insurance (buildings, cur-rent assets, machinery and equip-ment) and loss of profit.	1.10.2025 - 30.09.2026
Poli-Farbe	PZU	Property insurance in domestic and international transport.	1.10.2025 - 30.09.2026
Poli-Farbe	Chubb European Group	Third-party liability insurance for business activity	1.10.2025 - 30.09.2026
Poli-Farbe	Chubb European Group	D&O liability insurance	01.10.2025 - 30.09.2026
Śnieżka-Ukraina	ARX Insurance Company	Property insurance (buildings, cur-rent assets, machinery and equip-ment)	15.10.2025 - 14.10.2026

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

The agreements concluded after the balance sheet date

Following the balance sheet date, the Company did not enter into any signifi-cant agreements.

Court proceedings

The proceedings before the Supreme Administrative Court (NSA) regarding the tax matter of FFiL Śnieżka S.A. are described in detail in note 3.22.2 to the *Śnieżka Group's Consolidated Financial Statements* for 2025.

Guarantees granted

As at 31 December 2025, there were no material guarantees or sureties granted by the Company or its subsidiary to a single entity.

RISKS IN THE GROUP'S OPERATIONS

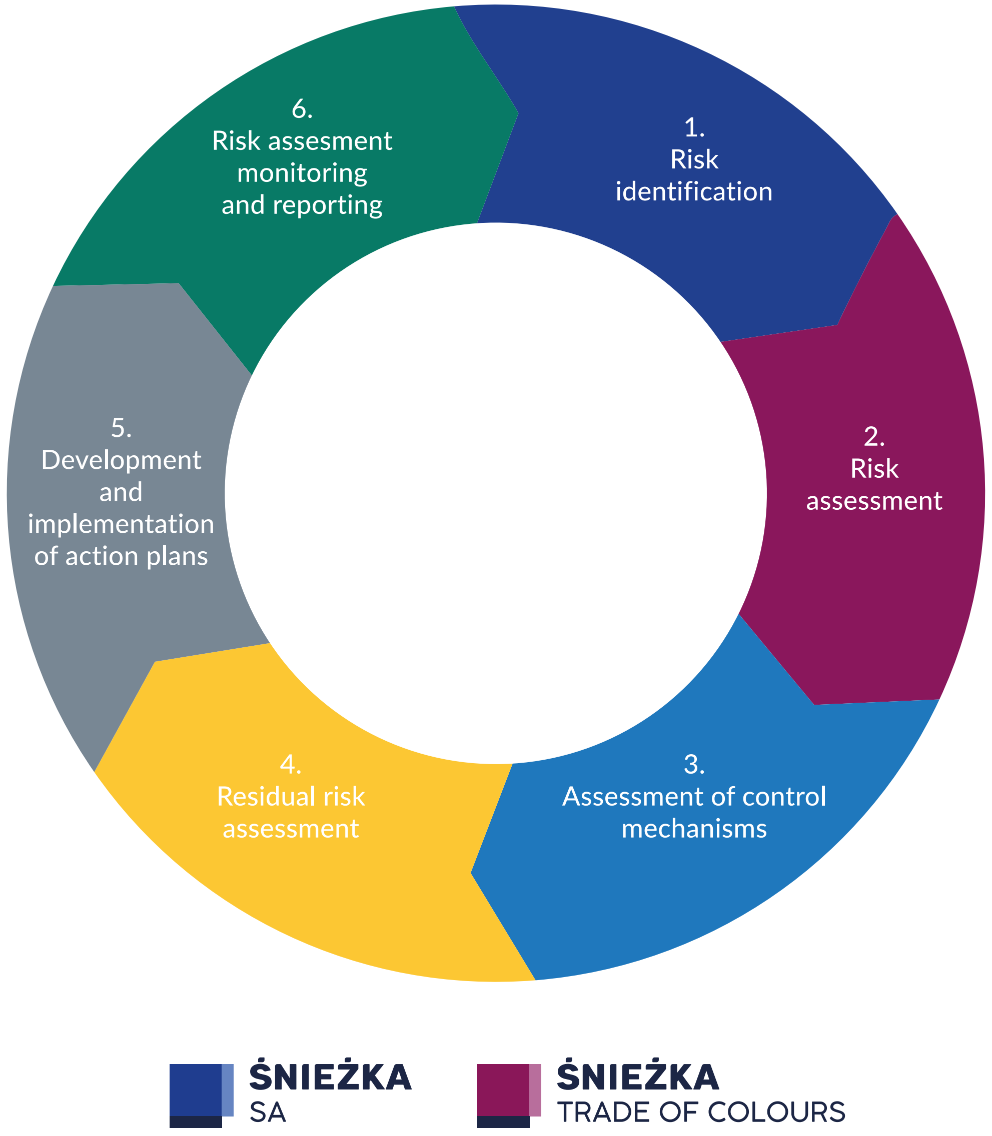
Risk management system

Risk management forms the basis for building a resilient organisation and ensuring compliance with regulatory requirements. Within the Śnieżka Group, directors reporting directly to the Management Board are responsible for identifying and managing risks within their assigned areas of responsibility. In 2025, the parent company completed further stages of the corporate risk management project named *Mitigate and Grow*.

The objective of implementing the corporate risk management system is to identify potential events and risks that may affect the Śnieżka Group, maintain risk within defined limits, and ensure the achievement of strategic and operational objectives. Corporate risk management covers activities at the level of the entire organisation and individual business processes. It is a continuous process, subject to modifications resulting from the changing economic environment, the Group's operations and changes in the impact of individual risks on its business objectives.

Corporate risk management requires a systematic and transparent approach for all employees. he adopted corporate risk management system introduces uniform principles for the identification, assessment, monitoring and reporting of risks across all areas of operations. The system assumes a clear allocation of competences and responsibilities, in particular through assigning an owner to each identified risk.

In the first stage, the parent company Śnieżka, in cooperation with external advisors, carried out a comprehensive analysis and assessment of risks in key areas of its operating activities (production planning, manufacturing, procurement, logistics and customer service). An IT tool supporting comprehensive risk management was also implemented. In the next stage of the project, risks in further significant areas of the Company's operations were mapped. The most significant risks in the Group's foreign entities, i.e. Poli-Farbe and Śnieżka-Ukraina, were also mapped.



As part of the completed project, the Corporate Risk Management Policy and Corporate Risk Management Procedure were developed, which currently form the basis for conducting the process in a consistent and repeatable manner.

The prepared plan for the further development of the risk management system takes into account the current status as well as:

- the development of risk assessment methods, including monitoring the effectiveness of control mechanisms,
- the development of the system towards ongoing risk assessment and strategic risk assessment,
- further alignment of the system with the guidelines contained in the *Best Practice for GPW Listed Companies*, the corporate governance principles issued by the Warsaw Stock Exchange,
- the inclusion of ESG risks in the corporate risk management system.

The Śnieżka Group manages non-financial risks in a systemic and strategic manner as part of its ongoing operations. These risks include, among others, operational, reputational, compliance, environmental, and occupational health and safety risks. Key documents related to the management of non-financial risks include:

- Śnieżka Sustainability Strategy 2023,
- Code of Ethics,
- Climate Policy,
- Anti-Corruption Policy,
- HR Policy,
- Quality, Environmental and OHS Policy,
- Anti-Mobbing Procedure,
- Supplier Code,
- Major Accident Prevention Programme,
- Work Regulations applicable in individual Group companies.

As a result of the risk analysis carried out in 2025, the Group identified risks that could affect its financial position and results. At the same time, it continuously monitors and mitigates key risks that could potentially generate financial consequences or affect the Group's business model.

Identified business risks

Strategic risks

Risks related to changes in consumer preferences

The risk related to changes in consumer preferences originates mainly from two areas:

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

With regard to substitution risk, the Group has observed this phenomenon for many years; however, its intensity in the markets where the Group operates remains limited. The low exposure to this risk results mainly from the following factors:

1. The use of substitute products requires higher investment expenditure to change the appearance of interiors, Substitutes are more commonly used by interior designers and decorators working with more affluent customers. Paints still remain the cheapest and most widely used way of changing interior arrangements,
2. The use of substitutes often requires hiring a specialist for installation or application, or alternatively possessing adequate renovation skills to apply the products independently. This results in longer project implementation times and higher costs. Paints still remain the easiest solution for independently changing interior décor,
3. The use of substitutes is often associated with a comprehensive change in the character of an interior, influencing the decorative style of other interior elements. In this respect, paints remain less invasive and offer greater flexibility in adapting to existing interior elements (lighting, furniture, flooring, etc.). As a result, the ratio of required expenditure to the final effect remains significantly in favour of decorative paints.

In the Group's assessment, substitution will remain a permanent feature of the market; however, its scale and the associated risk remain low.

With regard to the risk related to changing consumer trends, the Group considers this phenomenon to be more dynamic, although relatively easy to monitor. Consumer megatrends affect virtually all industries and product categories, and therefore there is extensive research and many sources of knowledge available in this area. From the Group's perspective, the key areas in which consumer trends evolve are related to:

1. greater consumer sensitivity to family health and environmental issues,
2. design, including the colour collections included in the Group's offering,
3. product features and attributes such as quality, performance and application properties.

Due to the Group's ongoing monitoring of consumer needs and preferences, as well as its operational capabilities, changes in consumer trends are perceived more as an opportunity to build competitive advantage than as a risk. By adapting more quickly and agilely to changing trends, the Group is able to respond to new conditions in local markets faster than its direct competitors.

Risks related to competition

Competition-related risk consists in the incorrect assessment of changes in the Group's competitive environment, including consolidation processes or the entry of new companies into the market, which may lead to a loss of market share in the markets where the Group operates.

The Group companies operate in a highly competitive environment. The following entities have been present for a long time in the markets that are key to Śnieżka:

- large international companies,
- local market players.

Relatively high barriers to entry mean that commencing operations by new manufacturers would require significant financial expenditure. The most likely scenario for the emergence of a new market player or significant changes in the competitive landscape would be through acquisitions. According to the information available to the Group, in 2025 no merger or acquisition transaction took place in the Group's key markets that would materially affect the market share structure.

Monitoring the activities of other entities in all key markets constitutes a permanent element of the Group's operations. Risk mitigation related to competitors' activities is carried out through appropriately planned investments and marketing and sales activities aimed at supporting the growth of market share, brand recognition and sales of products from the Group's portfolio.

Risks related to technological changes

Risks related to technological changes include:

- **the risk related to the need to modify product formulations,** which may result, inter alia, from the unavailability or inefficiency of production raw materials, the need to adjust product parameters in response to changing customer preferences, as well as changes in legal requirements concerning product composition and environmental impact.

The materialisation of the risk related to changes in product formulations may result in the inability to manufacture certain products, inefficient production processes, the manufacture of non-competitive products that fail to meet consumer expectations, or the inability to manufacture and sell products that do not comply with legal standards.

The Group manages this risk through continuous improvement of product quality and the active search for alternative raw materials. The Group operates its own Research and Development Centre (R&D Centre), whose purpose is to develop formulations and implement new products and technological solutions contributing to the high quality of manufactured products and their safety for customers and the environment.

- **the risk of losing the efficiency of production processes and manufacturing technologies,** which may materialise as a result of insufficient investment (technological debt) and changes in production processes.

The consequences of reduced efficiency in production processes may include higher unit production costs and, consequently, lower profitability. The Group manages the risk of losing production efficiency through continuous monitoring of productivity, profitability and production dynamics, as well as monitoring cost efficiency and technological progress within the industry.

In order to prevent the accumulation of technological debt and the resulting decline in the efficiency of manufacturing processes, the Group has for years pursued an investment policy assuming a balance between capital expenditure (CAPEX) and depreciation charges.

Financial risks

Risks related to changes in foreign exchange rates

In its operations, the Śnieżka Group is exposed to foreign exchange risk. The Group imports raw materials used in the production of paints and varnishes, for which payments are made primarily in EUR. Consequently, the Group's greatest foreign exchange risk is related to the appreciation of the EUR against the PLN and HUF. The annual value of purchases denominated in EUR amounts to approximately EUR 54 million. Other costs incurred in foreign currencies are not material from the perspective of foreign exchange risk due to their relatively low value.

The risk may materialise if the Group is unable to transfer the increase in the cost of imported raw materials to the prices of its products.

In order to minimise the adverse impact of foreign exchange rate volatility on generated revenue and profit, the Group continuously monitors its foreign exchange exposure, performs foreign exchange risk analysis, and makes decisions regarding the application of appropriate mechanisms limiting the impact of exchange rate fluctuations.

The mechanisms used by the Group to limit the impact of foreign exchange volatility include hedging transactions, optimisation of cash flow structures between Group companies, and appropriate pricing policies for products. In 2025, the Group executed forward transactions that constituted cash flow hedges related to the purchase of raw materials denominated in EUR.

Additionally, foreign exchange risk related to the capital investments of the parent company FFiL Śnieżka S.A. in foreign subsidiaries should also be taken into account. The most significant exposures in this respect are related to investments in companies operating in Hungary and Ukraine. High volatility in the foreign exchange market is driven, inter alia, by the ongoing conflict in Ukraine. Macroeconomic indicators of the Polish economy also affect the value of the PLN against other currencies. More details, including sensitivity analysis, are presented in note 2.2.7 to the Śnieżka Group's Consolidated Financial Statements. Impairment of the Group's assets.

The purpose of the foreign exchange risk analysis is to identify the significance of exchange rate volatility for the Group's revenue and profit. This analysis includes, inter alia, standard deviation for a given period, net exposure value, and deviation from the adopted budget exchange rate.

More details regarding foreign exchange risk related to financial instruments are presented in note 3.25.2 "Foreign Exchange Risk" to the Śnieżka Group's Consolidated Financial Statements for 2025.

Liquidity risk

Liquidity risk relates to the Company's ability to settle its current liabilities and to obtain financing for its operations, both from the banking system and through trade credit.

In order to minimise this risk, the Group companies maintain a sound financial position, enabling the continuation of credit agreements that provide long-term financing. These agreements primarily concern FFiL Śnieżka S.A.

As at 31 December 2025, the Group settled its liabilities on time, as confirmed by the liquidity ratios presented in the Report.

The Group has interest-bearing liabilities related to loans and finance and operating leases, which means that it is exposed to interest rate risk. As at 31 December 2025, the Group's total liabilities related to received loans, together with interest due as at the reporting date, as well as finance and operating leases, amounted to PLN 149,714 thousand.

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

In 2025, a cycle of interest rate cuts in PLN began, resulting in lower rates compared with the end of 2024. The WIBOR1M reference rate amounted to 5.82% as at 31 December 2024 and 4.04% as at 31 December 2025.

During the same period, EUR interest rates also declined. The EURIBOR1M reference interest rate decreased from 2.85% as at December 31, 2023 to 1.94% as at December 31, 2024.

During the same period, HUF interest rates remained unchanged. The BUBOR1M reference rate amounted to 6.50% both as at 31 December 2024 and as at 31 December 2025.

During the reporting period, the Group did not apply interest rate risk hedging instruments, while the Hungarian subsidiary continued a loan agreement based on a fixed interest rate and also began using a loan based on a variable interest rate.

More details, including sensitivity analysis, are presented in note 3.25.1 "Interest Rate Risk" and note 3.25.4 "Liquidity Risk" to the Śnieżka Group's Consolidated Financial Statements for 2025.

Macroeconomic risk

Macroeconomic risks related to economic indicators are described in the Management Report (chapter on the macroeconomic environment). At the same time, the Group identifies macroeconomic risks related to the consumer environment, including:

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

In the Group's assessment, consumer sentiment and household purchasing power are strongly linked to the economic indicators described in the financial statements, with the key parameters in this area including inflation, GDP, wage indicators and unemployment rates. The overall condition of the renovation market is, in the Group's view, closely linked to consumer confidence indicators and the availability of financing sources for renovation projects (affected, inter alia, by interest rate levels and consumers' propensity to save). The renovation market is crucial for the Group, as the vast majority of consumer purchases result from renovation and refurbishment needs rather than from new construction projects.

The renovation market is crucial for the Group, as the vast majority of consumer purchases result from renovation and refurbishment needs rather than from new construction projects. The Group observes an increase in consumers' purchasing power over recent years; however, the inflationary phenomena experienced in recent periods have significantly weakened consumer confidence, which continues to result in cautious purchasing decisions in the renovation segment. In addition to publicly available macroeconomic reporting (Statistics Poland – GUS, National Bank of Poland – NBP, and the General Office of Building Control – GUNB), the Group conducts a number of its own studies regarding consumer investments and renovation plans. The Group continuously intensifies its efforts to ensure that its product offering and product availability are adapted to current market conditions in the above areas.

Credit risk

The Group actively manages the contractors' credit risk, comprehended as contractors' failure to comply with their obligations toward the Group. In order to limit counterparty credit risk, the Group develops and improves tools supporting its adopted receivables management policy, based primarily on cooperation with reliable business partners.

The Group enters into transactions with companies demonstrating good creditworthiness. All customers willing to take advantage of trade credit, are subject to procedures of initial verification. Additionally, owing to ongoing monitoring of receivables balances, the Group's exposure to uncollectible receivables risk remains limited.

More details are presented in note 3.25.3 "Credit Risk" to the Śnieżka Group's Consolidated Financial Statements for 2025.

Operational risks

Supply Chain Risks

Supply chain risks include:

- **the risk of disruption to supply continuity,** which may arise due to the unavailability of or delays in deliveries of raw materials or packaging caused by natural disasters in regions where production raw materials are sourced, geopolitical changes or organisational issues on the suppliers' side.

The occurrence of supply continuity disruptions may result in delays in the production and delivery of the Group's products. Furthermore, should this risk materialise, the Group may incur additional costs related to sourcing substitute raw materials and purchasing them at higher prices.

The Group mitigates the risk of interruption or disruption of supply chains by maintaining adequate inventory levels within the organisation and through geographical diversification of suppliers of key raw materials. Additionally, the Group enters into agreements with at least two suppliers for each key raw material and packaging category, and identifies and uses suitable substitute materials in production.

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

The occurrence of disruptions to production processes may lead to temporary shutdowns of production lines and, consequently, limitations in production capacity, failure to achieve production plans and loss of sales. Furthermore, microbiological contamination or interruptions in production processes may result in the manufacture of defective products. The sale of defective products may lead to reputational damage and the need to incur costs related to product recalls.

In order to prevent this risk, the Group carries out systematic microbiological cleanliness testing of production lines and raw materials, periodic disinfection, inspections, maintenance and ongoing repairs, as well as updates of production systems and equipment.

Risk Related to the Loss of and Difficulties in Acquiring Qualified Personnel

A significant risk factor that may directly affect the execution of processes and the implementation of the Group's strategy is employee-related risk, concerning both the loss of and difficulties in attracting personnel with high qualifications, competencies and experience, as well as individuals aligned with the organisation's values, objectives and culture. As employees possessing appropriate specialist or practical knowledge in individual business areas are crucial for building and maintaining competitive advantages, the Group regularly monitors reasons for employee departures and staff turnover levels. In addition, the Group ensures the competitiveness of remuneration and benefits, monitors recruitment, employment and onboarding processes in order to assess and optimise them, and supports employee development through training programmes that help improve competencies and adapt skills to business needs.

Compliance risks

Risks Related to Changes in EU and Tax Regulations

European Union regulations concerning the paints and varnishes industry are becoming increasingly stringent and complex. This particularly concerns the Śnieżka Group's products certified as environmentally friendly products.

In order to prevent the materialisation of this risk, the Group monitors legal changes through:

- the implementation of an internal legal changes reporting system,
- the development of action plans related to such changes,
- supervision over the implementation of recommendations.

In addition, the Group conducts research and development activities enabling the adjustment of technological processes to dynamically changing regulations.

There is also a risk related to differences in the interpretation of tax regulations. Despite the Group's compliance with both domestic and EU accounting regulations, tax information included in tax declarations and tax returns may be considered non-compliant with regulations by the Polish tax authorities. If the tax authorities adopt an interpretation of tax regulations different from that applied by the Group when calculating tax liabilities, such a situation may materially affect the Group's financial results.

Risks related to other activities affecting reputation

Within the category of risks related to other activities affecting the Group's reputation, the Group identified the risk of corruption incidents, compliance breaches, including breaches of law or internal policies and procedures, violations of consumer protection and competition law, as well as discrimination and mobbing, in addition to risks related to crisis communication management.

In order to minimise the risk related to potential breaches of law or internal policies and procedures, the Group implemented internal reporting procedures and made anonymous whistleblowing channels available in all key Group companies, i.e. in: Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina. Furthermore, employees of these companies receive periodic training regarding internal reporting procedures and have access to procedures and educational materials in this area.

The Śnieżka Group takes measures to prevent the materialisation of corruption risk. The principles applied by the Group are regulated in the *Anti-Corruption Policy* and the *Gift Procedure.* The provisions of these documents have been communicated to Group employees. Additionally, in order to prevent corruption incidents in procurement processes, the Group implemented a *Procurement Policy* and *Supplier Code.* In 2025, employee groups most exposed to corruption risk participated in the *Anti-Corruption in Business* training programme, including corruption risk assessment.

The Group prevents the occurrence of incidents bearing the characteristics of mobbing or discrimination through the implemented *Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations* within the Śnieżka Group. Anti-Mobbing Committees were established in Śnieżka S.A., Śnieżka ToC and Śnieżka-Ukraina. In addition, these companies organise anti-mobbing and anti-discrimination training sessions for employees.

The Group is aware that the scale and complexity of its operations involve the risk of incidents requiring crisis communication. An interdisciplinary Rapid Response Team operates within the Group, responsible, inter alia, for reputation-related crisis management. This effectively minimises risks related to crisis communication management. This effectively minimizes the risk in the area of crisis communication management.

IT risk - cyber threats

Risk Related to IT Security

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

- failures of key IT systems,
- the effects of ransomware attacks,
- unauthorised access by cybercriminals through other activities to key management support systems, process control systems, as well as unpublished confidential data,
- the risk of confidential data leakage related to employees' use of artificial intelligence tools,
- other IT security incidents.

In order to minimise this risk, the Group:

- develops and updates systems used to ensure information security,
- regularly creates backup copies of key data,
- maintains modern and extensive protection systems integrated with a security monitoring centre, including EDR anti-virus solutions protecting, inter alia, against phishing e-mails aimed at obtaining sensitive data,
- has implemented IT security policies, rules for the secure use of AI tools, as well as electronic protection tools preventing uncontrolled sharing of confidential documents, such as AIP (Azure Information Protection),
- systematically trains employees in cybersecurity and conducts phishing attack response tests together with corrective measures and supplementary education,
- conducts periodic scanning and security testing of implemented IT solutions in order to ensure their security and resilience against attacks.

The Group companies in Poland are subject to continuous monitoring by an IT Security Operations Centre (SOC), which responds to security incidents.

PARENT COMPANY

Śnieżka SA

Fabryka Farb i Lakierów Śnieżka S.A. originates from the Podkarpacie region, and its history dates back to 1984. The Company is one of the leaders in the decorative paints and construction chemicals market in Poland. As the only one in the industry it has been listed on the Warsaw Stock Exchange since 2003. Śnieżka's product portfolio includes interior wall and façade paints, products for the protection and decoration of wood and metal, wall and wood fillers, as well as building insulation systems. The products are sold under the following brands: Śnieżka, MAGNAT, VIDARON, RAFIL. The Company conducts advanced research on products and raw materials in its specialised laboratories.

Distribution of Śnieżka products is carried out through business partners, including wholesalers and building materials warehouses, DIY chains, retail stores and e-commerce channels. This multi-channel distribution model supports the growth strategy and minimises the risk of dependence on a single distribution channel. In foreign markets, sales are conducted mainly through wholesalers and DIY chains.

As at the end of 2025, Śnieżka employed 593 people, representing more than half of the entire Group workforce.

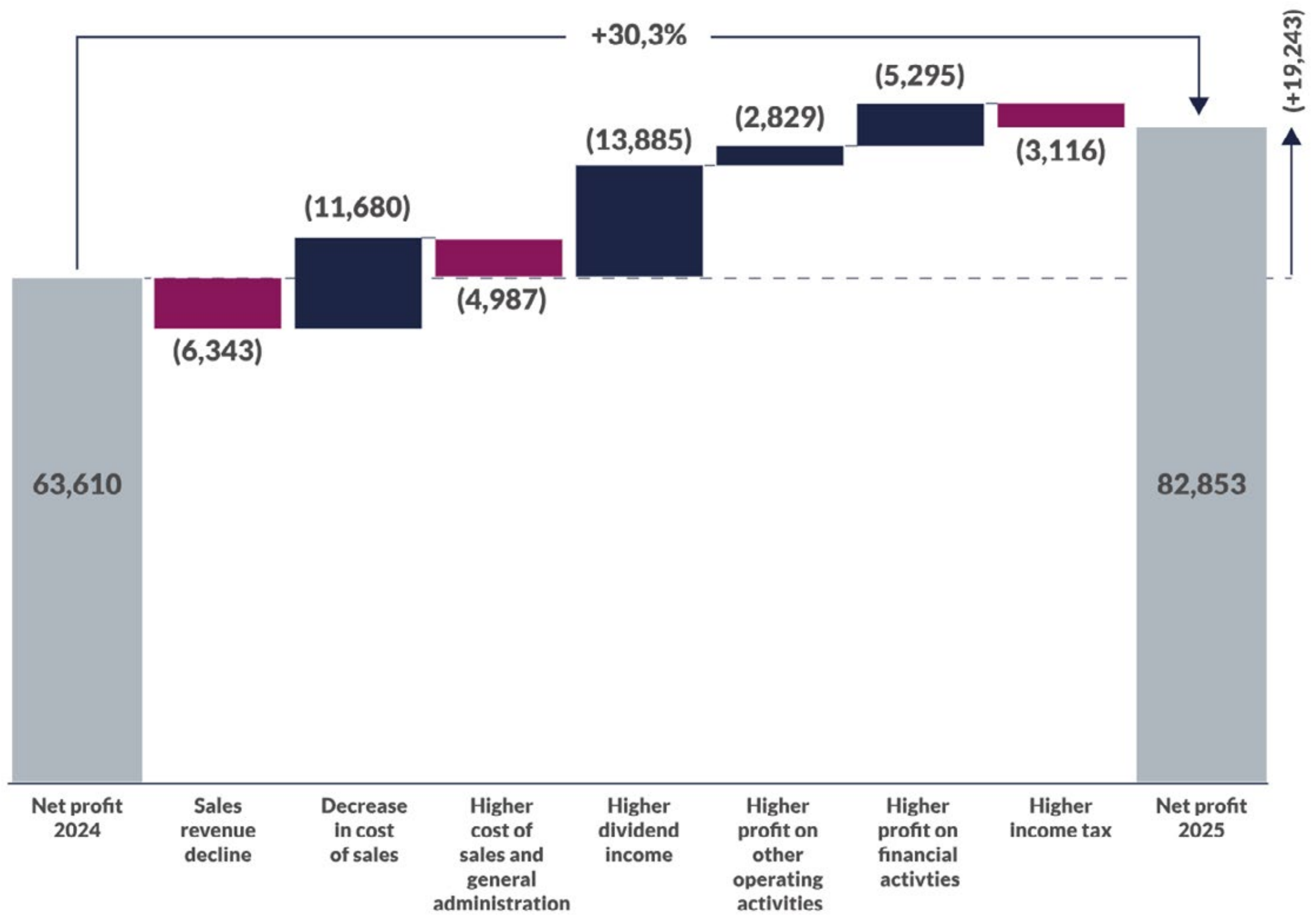
A broader description of FFiL Śnieżka S.A. is presented in section *Operations of FFiL Śnieżka S.A.*

Key financial and operational results

Fabryka Farb i Lakierów Śnieżka SA

In 2025, FFiL Śnieżka S.A. generated net profit of PLN 82,853 thousand, i.e. 30.3% higher than in the previous year.

Figure 8. Impact of Individual Items of the Statement of Comprehensive Income on the Net Profit of FFiL Śnieżka S.A.



The Company's net profit in 2025 was primarily affected by:

- a 1.2% decrease in sales revenue (PLN 6,343 thousand),
- a 3.3% decrease in cost of sales (PLN 11,680 thousand),
- a 4.1% increase in SG&A expenses (selling and general administrative expenses) (PLN 4,987 thousand),
- dividend income from subsidiaries amounting to PLN 59,228 thousand, i.e. 30.6% (PLN 13,885 thousand) higher than in 2024. In 2025, the Company recorded increased dividend income from Ukraine, resulting from regula-tory changes enabling dividend payments for 2023,
- an increase of PLN 2,829 thousand in the result on other operating activities,
- a lower loss on financial activities by PLN 5,295 thousand, mainly due to lower interest expenses on interest-bearing debt,
- income tax expense higher by PLN 3,116 thousand.

Table 21. Key Items of the Statement of Profit or Loss of FFiL Śnieżka S.A.

	the period of 12 months ended as at 31 December 2025	the period of 12 months ended as at 31 December 2024	Change (y/y)
Sales revenue	**515,322**	**521,665**	**-1.2%**
Cost of sales	341,717	353,397	-3.3%
SG&A expenses (selling and general administrative ex-penses)	126,032	121,045	4.1%
Dividend income	59,228	45,343	30.6%
Result on other operating activities	4,658	1,829	154.7%
Result on financial activities	(23,706)	(29,001)	-18.3%
Gross profit	87,753	65,394	34.2%
Operating profit (EBIT)	111,459	94,395	18.1%
Operating profit plus depreci-ation and amortisation (EBITDA)	139,210	120,525	15.5%
Income tax	4,900	1,784	174.7%
Net profit	**82,853**	**63,610**	**30.3%**

In order to increase the usefulness of the financial statements for their users, and following the materiality principle, the Company presents dividend income from subsidiaries as a separate line item in the statement of profit or loss, within operating profit (*Dividend Income*), rather than within financial activities result.

Shareholding structure

As at 31 December 2025, the share capital of FFiL Śnieżka S.A. consisted of 12,617,778 shares with a nominal value of PLN 1.00 each.

In 2025, the Company's share capital remained unchanged.

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

- registered preferred Series A shares – 100,000 shares,
- registered preferred Series B shares – 400,000 shares,
- ordinary Series C, D, E and F shares – 12,117,778 shares.

Series A and B shares are preferred shares with respect to voting rights, in such a way that each share carries five votes at the General Meeting.

Furthermore, pursuant to the Company's Articles of Association, Series A shares grant the right to appoint three Members of the Supervisory Board, including the Chairperson of the Supervisory Board, in such a way that each block of 30,000 shares entitles its holder to appoint one Member of the Supervisory Board, including the Chairperson of the Supervisory Board. In the event of expiry of the preferential rights attached to part of the registered Series A shares, each remaining block of 20,000 Series A shares entitles its holder to appoint one Member of the Supervisory Board, including the Chairperson of the Supervisory Board.

As at 14 April 2026, the holders of Series A and B shares were as follows:

Table 22. Holders of Series A and B Shares as at 14 April 2026

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

All share series carry equal rights with respect to dividend payments and return of capital.

There are no restrictions in FFiL Śnieżka S.A. concerning the exercise of voting rights.

Restrictions regarding the transfer of ownership rights to the Company's securities apply to holders of registered preferred shares of FFiL Śnieżka S.A. Any transfer of registered preferred shares under any legal title, or their conversion into bearer shares, requires the shareholder intending to transfer or convert the shares into bearer shares to first submit an offer to purchase the shares to all shareholders holding Series A shares.

A decision regarding the issue or redemption of shares requires shareholder approval at the Company's General Meeting.

No employee share schemes operated within the Company in 2025.

Shares held by Members of the Management and Supervisory Bodies

As at 14 April 2026, the shareholdings in the Company held by Members of the Management and Supervisory Bodies were as follows:

Table 23. Shareholdings in the Company held by Members of the Management Board as at 14 April 2026

Management bodies	The number of shares held (items)
Piotr Mikrut	1,270,833
Witold Waśko	198
Supervisory bodies	**The number of shares held (items)**
Stanisław Cymbor	2,541,667
Jerzy Pater	2,541,667
Rafał Mikrut	1,270,833

During the period from the publication of the last periodic report (for Q3 2025), i.e. from 19 November 2025, there were no changes in the Company's shares held by members of the management and supervisory bodies.

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

*** Stanisław Cymbor holds the Company's shares indirectly through control over Iwona i Stanisław Cymbor Family Foundation, which holds 100% of the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o., a company holding 2,375,000 shares in the issuer, representing 18.82% of the share capital and 16.25% of the total number of votes at the Company's General Meeting.*

During the period from the publication of the last periodic report, i.e. the report for Q3 2025, according to the information available to the Company, there were no changes in significant holdings of the Company's issued shares. In addition, we indicate that in Q1 2025 a change occurred consisting in the indirect exceeding of the 15% threshold in the total number of votes in the Company by the family foundation Iwona i Stanisław Cymbor Family Foundation, with its registered office in Nagawczyna (the "Foundation"), which, pursuant to donation agreements concluded on 28 February 2025 (the "Transaction"), acquired 100% of the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o., holding 2,375,000 shares in the Company.

Ownership structure of significant shareholdings in the Company

As at the date of publication of the Report, the following persons and entities were significant shareholders of FFiL Śnieżka S.A., holding at least 5% of the total number of votes at the Company's General Meeting:

Table 24. Shareholders of FFiL Śnieżka S.A. holding at least 5% of the total number of votes at the Company's General Meeting as at 14 April 2026

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

At the same time, it should be noted that Mr Stanisław Cymbor is the parent entity with respect to the Foundation (directly) and PPHU Iwona i Stanisław Cymbor Sp. z o.o. (indirectly). As a result of the Transaction, there was no change in the number of shares in the Company's share capital or in the number of votes held directly and indirectly by Mr Stanisław Cymbor (i.e. through the Foundation and its subsidiary, PPHU Iwona i Stanisław Cymbor Sp. z o.o.), as presented in Table 24 above.

Figure 9. Shareholding structure at FFiL ŚNIEŻKA SA – share in the share capital (as at 10.04.2026, data in %)

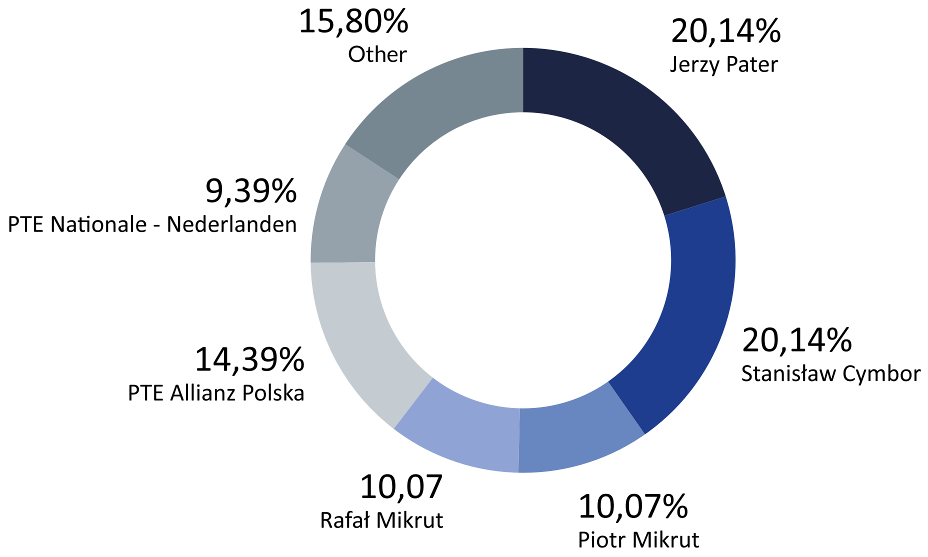
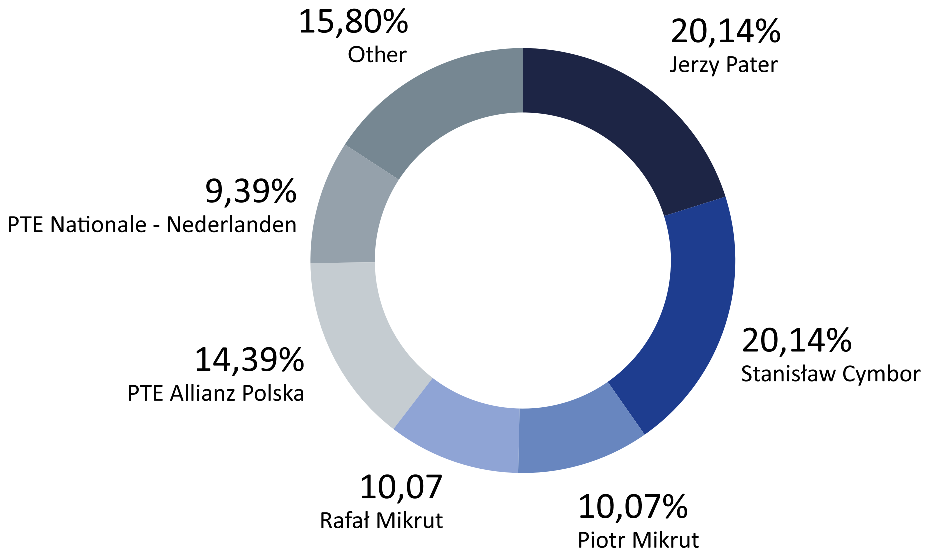


Figure 10. Shareholding structure at FFiL ŚNIEŻKA SA – share in the total number of votes (as at 10.04.2026, data in %)



Dividend

Since its debut on the Warsaw Stock Exchange, FFiL Śnieżka S.A. has continuously paid dividends. Since its debut on the Warsaw Stock Exchange, FFiL Śnieżka S.A. has continuously paid dividends.

On 3 June 2025, during the Annual General Meeting of FFiL Śnieżka S.A., the shareholders adopted a resolution regarding the distribution of dividend from the 2024 profit in the amount of PLN 3.00 per share, i.e. in the total amount of PLN 37,853,334.00. The dividend record date was 11 June 2025, while the dividend payment date was 17 June 2025. The number of shares covered by the dividend amounted to 12,617,778.

Following the Group's achievement of a debt level below 1x consolidated EBITDA, the Management Board will present a new recommendation regarding the dividend amount for 2025. The Company is to publish the relevant information in a current report.

The Company's shares are included in the WIGdiv dividend index. This index comprises companies that have regularly distributed dividends over the last five financial years. WIGdiv is a total return index, and its calculation takes into account both the prices of constituent shares and income from dividends and subscription rights.

Table 25. Dividend

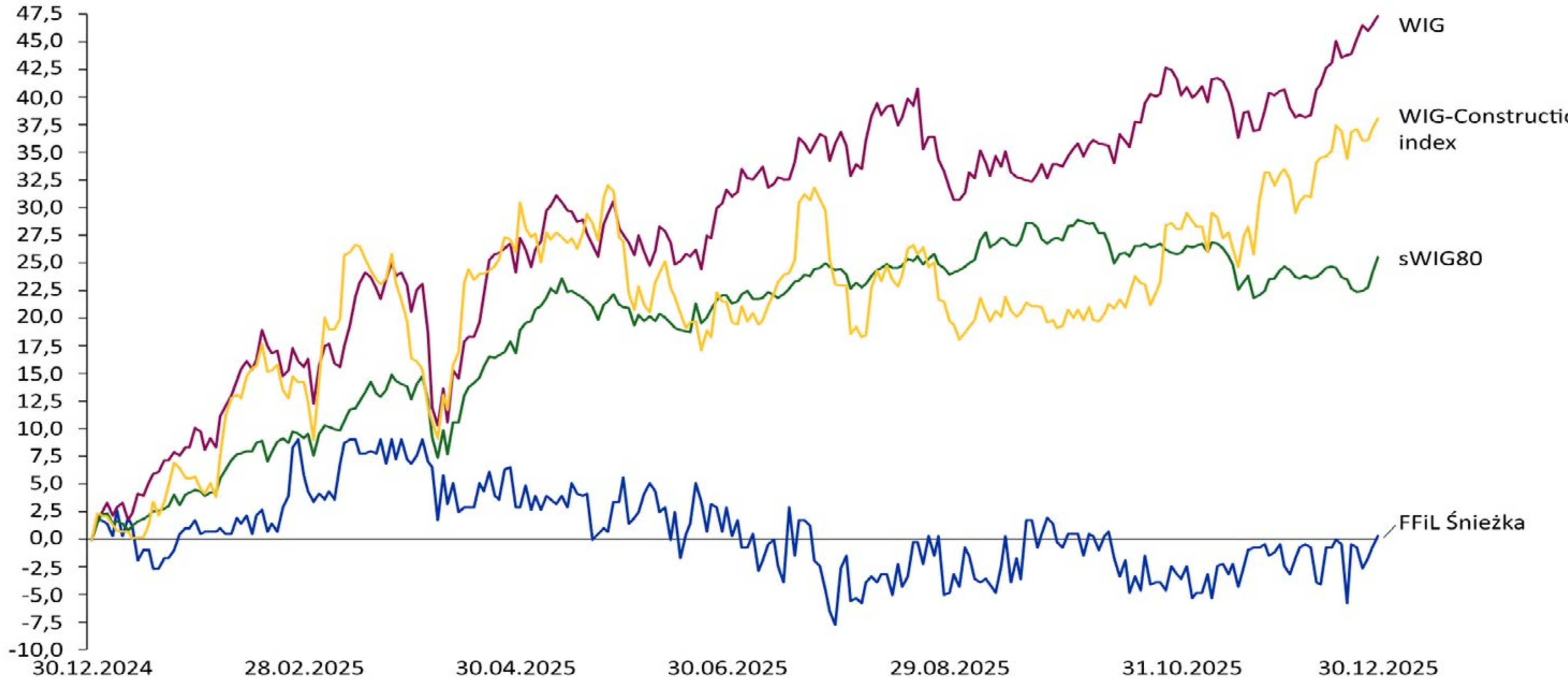
from profit for year	Dividend per share (in PLN)	The amount of divi-dend (in PLN '000)
2024	3.00	37,853
2023	3.17	39,998
2022	2.0	25,236
2021	2.5	31,544
2020	3.6	45,424
2019	2.6	32,806
2018	2.6	32,806
2017	2.2	27,759
2016	3.2	40,377
2015	3.15	39,746
2014	3.1	39,115
2013	2.5	31,545
2012	2.5	31,545
2011	1.35	17,034
2010	1.7	23,036
2009	1.6	21,686
2008	1.35	18,297
2007	1.1	15,235
2006	1	13,850
2005	0.44	6,248
2004	0.42	5,964
2003	0.35	4,970
Total		**582,074**

Listing of shares on the Warsaw Stock Exchange

Shares of FFiL Śnieżka S.A. have been listed on the Warsaw Stock Exchange since 31 December 2003 (the rights to shares debuted two days earlier – on 29 December 2003).

As at the end of December 2025, the Company's shares were included in the following stock exchange indices: WIG140, sWIG80TR, WIGdiv, WIG-Poland, WIG BUDOWNICTWO, sWIG80 WIG.

Figure 11. FFiL ŚNIEŻKA SA's listings on WSE in 2025
30.12.2024 = 0%, beginning 30.12.2025 = the end of the period



In 2025 (30 December 2025 vs 30 December 2024), the share price of FFiL Śnieżka S.A. increased by 0.24%. By comparison, the main Warsaw Stock Exchange index, WIG, gained 47.3% during the same period, while the WIG Construction index increased by 38.1%.

In 2025, the closing share price of FFiL Śnieżka S.A. on the Warsaw Stock Exchange fluctuated between PLN 76.2 (29 July 2025) and PLN 90.0 (including on 27 February 2025).

At the end of 2025, the market capitalisation of FFiL Śnieżka S.A. amounted to PLN 1.04 billion (compared with PLN 1.04 billion at the end of 2024).

The P/BV ratio (share price/book value per share attributable to owners of the parent) amounted to 2.6 (vs 2.8 in the previous year), while the P/E ratio (price/earnings per ordinary share attributable to owners of the parent) stood at 14.6 (vs 15.0 a year earlier).

Investor relations

In 2025, the Śnieżka Group conducted its investor relations activities in a transparent and effective manner, maintaining professional communication with institutional and individual investors, as well as sell-side analysts. A distinctive feature of these activities was the regular organisation of meetings with stakeholders, including in-person meetings (held in connection with the publication of annual results) and quarterly conference calls. These sessions enabled participants to gain a deeper understanding of the Company's financial performance and development plans.

Another key element of the IR activities was the organisation of an investor chat in cooperation with the strefainwestorow.pl portal. This initiative enabled direct and open communication with individual investors, strengthening the Company's transparency and investor confidence.

In 2025, the Company consistently strengthened its media presence, effectively reaching a broad audience and reinforcing its image within the business community. In 2025, the Company consistently strengthened its media presence, effectively reaching a broad audience and reinforcing its image within the business community.

Key IR figures for 2025:

4
meetings with the capital market held online and in person

166
media publications in key business media outlets

130
participants in meetings with the Company

1
investor chat

CORPORATE GOVERNANCE

Corporate governance principles and statement on the application of corporate governance

As a listed company, FFiL Śnieżka S.A. is responsible for shaping its corporate governance framework. The Company ensures compliance with applicable laws and consistency of the normative acts within the Śnieżka Group, while maintaining effective systems of internal control, risk management and compliance oversight.

Corporate governance encompasses two categories of internal regulations:

- documents describing the static aspects of the organisation, such as the Articles of Association, organisational regulations and document circulation procedures,
- documents describing the dynamic aspects, such as strategies, policies, codes (principles), standards (soft law), procedures and instructions.

Documents are created in accordance with a defined hierarchy and are closely interconnected in such a way that higher-level documents establish the framework (formal basis) for lower-level documents.

Corporate governance defines a number of processes implemented across all areas of the Śnieżka Group's operations. Access to the current versions of documents is ensured through an electronic document supervision and management system.

The compliance system is designed to verify the compliance of the Company's operations in all areas and aspects with applicable laws, internal regulations and voluntarily adopted standards, taking into account:

- supranational regulations,
- national laws – acts and lower-level regulations,
- internal corporate regulations.

Policies, regulations, procedures and instructions define numerous processes implemented across all areas of the Śnieżka Group's operations. By establishing frameworks for the Group's activities, they maximise operational efficiency, consistency and transparency.

The following subsections discuss key policies and due diligence procedures, while this section presents general practices demonstrating the Group's commitment to maintaining the highest standards of due diligence in all aspects of its operations. Particularly important in this regard are the Organisational Values Book (described in the Sustainability Reporting section, Chapter 14) and the *Śnieżka Group Code of Ethics* (described in the Sustainability Reporting section, Chapter 13), adopted by the Company. Internal normative acts, such as codes, policies, regulations, procedures and instructions, are prepared, registered and made available to employees through a dedicated module within the electronic document management and supervision system. The publication of key regulations is supported by communication activities (newsletters and manuals for management staff containing information intended for cascading to lower levels of the organisation), specifying the scope and subject matter of the adopted documents. Operational employees without direct access to the system are informed about newly adopted documents by their supervisors and are required to confirm in writing that they have familiarised themselves with key Company documents.

Access to knowledge regarding adopted documents is a prerequisite for their proper implementation. Employees are automatically notified of every change in documentation and have quick access to its current version at any time. For documents considered key, an additional mandatory familiarisation rule applies, requiring employees to confirm acknowledgement within the monitoring system.

Thanks to the internal document workflow system and other electronic solutions implemented within the Group, it is possible to dynamically develop due diligence procedures by incorporating new practices that continuously improve the Group's efficiency and transparency.

Examples of such solutions include the internal document supervision and management system used within the Śnieżka Group. This is an advanced tool enabling control over access to current document versions and reducing the risk of working with outdated content. The system also streamlines the flow of information between employees during the preparation and review of documentation and enables confirmation of familiarisation with applicable regulations.

Other information regarding due diligence procedures

Due diligence procedures are applied across the entire Group in all departments with respect to the matters managed by those departments. The source of due diligence principles are internal regulations, which make it possible to ensure the continuity and quality of processes, also under changing market conditions or in the event of changes in personnel responsible for a given matter.

Best Practice for GPW Listed Companies

FFiL Śnieżka S.A. applies the recommendations and corporate governance principles set out in the *Best Practice for GPW Listed Companies 2021* document. The document is available at:

www.gpw.pl/pub/GPW/pdf/Uch_13_1834_2021_DPSN2021.pdf.

Since the entry into force of the "Best Practice for GPW Listed Companies 2021", the Management Board of FFiL Śnieżka S.A. has made every effort to ensure that the principles and recommendations referred to in this document are applied within the Company to the broadest possible extent. At the same time, the Management Board declares that the Company does not apply, or partially applies, the following principles/recommendations:

Principle/Recommendation	FFiL ŚNIEŻKA SA's comment
1.3. In its business strategy, a company also takes into account ESG issues, in particular including:	
1.3.1. environmental issues, including measures and risks related to climate change and sustainable development issues;	**Company's comment:** The Company did not disclose the business strategy document to the public. At the same time, the Company developed the Śnieżka 2023+ Sustainability Strategy (the "Sustainabil-ity Strategy" or the "Strategy"), which was described in the Statement on Non-Financial Information for 2022. The shape of the Sus-tainability Strategy is the result of the Compa-ny's previous activities, external analyses, the involvement of employees, management staff and the Management Board, as well as stake-holder surveys. The final step was the devel-opment of a materiality matrix, which consti-tuted the starting point for defining strategic objectives. The Strategy encompasses three key pillars of responsibility towards stakeholders and sus-tainable development activities. Within these pillars, a total of nine areas have been identi-fied, defining priorities for Śnieżka's further development in the spirit of sustainability. Under the Sustainability Strategy, 21 main objectives and 71 operational objectives were defined, to be implemented by FFiL Śnieżka S.A. and Śnieżka ToC Sp. z o.o. in both the short- and long-term perspective. In order to ensure effective implementation of the Strategy, responsibility was assigned at the level of specific organisational units. By implementing the assumptions of the Strat-egy, the Company pursues selected *United Nations Sustainable Development Goals* for 2030, including: *Good health and well-being, Affordable and clean energy, Reduced Inequali-ties, Responsible consumption and production and Climate action.* On 26 March 2024, the Company's Manage-ment Board adopted, by way of resolution, the strategic objectives of the Śnieżka Group, indi-cating the intended directions of development through 2028. In accordance with the adopted objectives, in the area of sustainability, the Group assumes systematic improvement of the sustainability performance indicators of Śnieżka Group companies assessed by EcoVadis. Information regarding the implementation of the Strategy, as well as sustainability-related information (including ESG indicators and data), will be published on the Company's website and in the annual management reports on the activities of the Śnieżka Group (as part of the annual report).

Principle/Recommendation	FFiL ŚNIEŻKA SA's comment
1.3.2. social and employee matters, concerning, inter alia, actions taken and planned to ensure gender equality, proper working conditions, respect for employee rights, dialogue with local communities and customer relations.	The principle is not applied – see the comment to item 1.3.1 above.
1.4 In order to ensure proper communication with stakeholders regarding the adopted business strategy, the Company publishes on its website information concerning the assumptions of its strategy, measurable objectives, particularly long-term objectives, planned activities and progress in implementation, measured using financial and non-financial indicators. Information regarding the ESG strategy should, inter alia:	The principle is not applied – see the comment to item 1.3.1 above.
■ **1.4.1. explain how climate change-related issues and related risks are taken into account in the decision-making processes within the Company and entities belonging to its Group.**	The principle is not applied – see the comment to item 1.3.1 above.
■ **1.4.2. present the value of the equal pay ratio paid to em-ployees, calculated as the percentage difference between the average monthly remuner-ation (including bonuses, awards and other benefits) of women and men for the last year, and present information on measures taken to elimi-nate potential inequalities in this area, together with related risks and the time horizon planned for achieving equality.**	The principle is not applied – see the comment to item 1.3.1 above. Additionally, the Company indicates that its objective is to maintain compa-rable remuner-ation levels for women and men employed in similar positions. Monitoring of this objective is carried out gradually, beginning with FFiL Śnieżka S.A. and Śnieżka ToC Sp. z o.o. In 2025, the adjusted gender pay gap amounted to 2.83% (this indicator represents the difference between the average remuneration of men and women, expressed as a percentage of the average remuneration of men by employment category).

Principle/Recommendation	FFiL ŚNIEŻKA SA's comment
2. MANAGEMENT BOARD AND SUPERVISORY BOARD	
2.1 The Company should have a diversity policy applicable to the Management Board and the Supervisory Board, adopted respectively by the Supervisory Board or the General Meeting. The diversity policy should define diversity objectives and criteria in areas such as gender, educational background, specialist knowledge, age and professional experience, and should also indicate the timing and method of monitoring the achievement of these objectives. With regard to gender diversity, the condition for ensuring diversity within the Company's governing bodies is participation of the minority gender at a level not lower than 30% within a given body.	The principle is not applied. The Company does not have a formalised diversity policy applicable to the Management Board and the Supervisory Board. The fundamental criteria for appointments to management and supervisory positions within the Company are competencies and fulfilment of the require-ments applicable to a given position. Factors such as gender or others, e.g. age, do not influence the assessment of candidates, as they could lead to discrimination. Diversity within the Group has a practical dimen-sion. For example, women currently hold (and historically have held) ma-nagement and supervisory positions within Śnieżka Group companies. At the end of 2025, 63 women were employed in management positions - of a managerial nature - in the Śnieżka Group companies, which constituted a total of 32.14% of all persons employed in these positions.
2.2. Persons making decisions regarding the selection of Members of the Management Board or Supervisory Board should ensure the diversity of these bodies by appointing persons providing diversity, enabling, inter alia, the achievement of the target minimum minority participation ratio at a level not lower than 30%, in accordance with the objectives specified in the diversity policy referred to in principle 2.1.	The principle is not applied. In the Company's assessment, the right to appoint Members of the Supervisory Board belongs to the shareholders, while Members of the Management Board are appointed by the Supervisory Board.
2.11. In addition to activities resulting from legal regulations, once a year the Supervisory Board prepares and presents to the Annual General Meeting for approval an annual report. The report referred to above contains at least: ■ **2.11.6 Information regarding the degree of implementation of the diversity policy with respect to the Management Board and Supervisory Board, including the achievement of the objectives referred to in principle 2.1.**	The principle is not applied. The Company does not apply this principle due to the non-application of Principle 2.1.
3. INTERNAL SYSTEMS AND FUNCTIONS	
3.7. Principles 3.4–3.6 also apply to significant subsidiaries of the Company if persons responsible for performing these tasks have been appointed therein.	The principle is not applied. In the other companies of the Śnieżka Group, no persons responsible for risk management and compliance functions have been appointed.
3.8. At least once a year, the person responsible for internal audit, or, where no such function has been established within the Company, the Management Board, presents to the Supervisory Board an assessment of the effectiveness of the systems and functions referred to in Principle 3.1, together with an appropriate report.	The principle is not applied. In 2025, the internal audit function was imple-mented within the Com-pany and the first audit was carried out. In 2026, the Audit Committee and the Supervisory Board approved the Internal Audit Charter, the Internal Audit Concept, as well as the audit plan and budget for 2026–2027. Due to the stage of implementation of the inter-nal audit function and the inability to carry out a comprehensive assessment of the systems and functions referred to in Principle 3.1 in 2025, the person responsible for internal audit did not pre-sent to the Supervisory Board an annual assess-ment of the effectiveness of these systems to-gether with the relevant report. The Company's Management Board presented to the Supervisory Board a report for 2025 including an assessment of the effectiveness of the systems and functions referred to in Principle 3.1. At the same time, the Company assures that in subsequent years, follo-wing the full implementa-tion of the internal audit function and the com-ple-tion of relevant audit activities, the person re-sponsible for internal audit will fulfil the obliga-tion to annually present to the Supervisory Board an assessment of the effectiveness of the sys-tems and functions referred to in Principle 3.1 together with the relevant report.
3.10. At least once every five years, a company included in the WIG20, mWIG40 or sWIG80 index should conduct, through an independent auditor selected with the participation of the Audit Committee, a review of the internal audit function.	The principle is not applied. The Company does not apply this Principle due to the implementation of the internal audit function from 2025. This function is currently at an early stage of development, which means that the period allowing for an independent review of its effectiveness in the manner provided for in the Principle has not yet elapsed.
4. GENERAL MEETING AND RELATIONS WITH SHAREHOLDERS	
4.1. The Company should enable shareholders to participate in the General Meeting by means of electronic communication ("e-General Meeting"), if justified by shareholders' expectations communicated to the Company, provided that the Company is able to ensure the technical infrastructure necessary to conduct such a General Meeting.	The principle is not applied. In the Company's opinion, the existing method of conducting General Meetings, based on the provi-sions of the Commercial Companies Code, is sufficient.
4.3. The Company ensures publicly available real-time broadcasts of General Meeting proceedings.	The principle is not applied. The Company strives to ensure the most efficient conduct of Genral Me-eting proceedings possible. In connection with efforts aimed at limiting addi-tional technical and organisational burdens, the Company does not provide real-time broadcasts of General Meeting proceedings.

Internal control and risk management systems in relation to the financial reporting process

The key guidelines, standards and legal regulations applied within the Śnieżka Group with respect to the preparation of financial statements and consolidated financial statements (in the context of internal control and risk management systems) include:

- International Accounting Standards (IAS),
- International Financial Reporting Standards (IFRS) and related interpretations published in the form of European Commission Regulations,
- the Accounting Act (in areas not regulated by IAS/IFRS),
- an internal procedure describing the process of publication by the Company of periodic reports and preliminary estimated results, as well as the review of draft periodic reports prior to their publication.

With regard to corporate supervision over subsidiaries, oversight is exercised by the Corporate Governance Department of FFiL Śnieżka S.A., which monitors their operations and ensures compliance with the parent company's policies and procedures.

The articles of association

FFiL ŚNIEŻKA SA operates on the basis of the Articles of Association. It is available at the Company's website: sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/. Amendments to the Articles of Association require approval by the Company's General Meeting and registration in the Register of Entrepreneurs of the National Court Register.

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

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

In 2025, the Company's Articles of Association were updated in order to align them with applicable regulations and to clarify certain editorial provisions. Following the entry into force of the Regulation of the Council of Ministers of 18 December 2024 regarding the Polish Classification of Activities (PKD 2025), the Company updated the scope of its business activities and adjusted the applied PKD codes to the new classification. Additionally, the scope of activities was extended to include accounting and bookkeeping activities [PKD 69.20.A].

Furthermore, following the review and update of the ***Rules of Procedure of the General Meeting*** and the ***Rules of Procedure of the Supervisory Board***, it was decided that matters concerning voting by correspondence would be regulated at the level of the ***Rules of Procedure of the General Meeting***. Consequently, the wording of §10 section 8 of the Company's Articles of Association was amended and currently provides for the possibility of shareholders casting votes at the General Meeting by correspondence, if the convening authority of the General Meeting so decides.

As a result of amendments to the Accounting Act extending Article 66 section 4 to include the obligation to appoint an audit firm also for the assurance of sustainability reporting, §14 section 2 item 8 of the Company's Articles of Association was adjusted accordingly. The purpose of this amendment was to maintain consistency with the existing competencies of the Supervisory Board and to enable it to appoint an audit firm both for the audit of financial statements and for the assurance of sustainability reporting.

Pursuant to Resolution No. 12/2025 of the Annual General Meeting dated 3 June 2025, editorial amendments were also introduced, including the correction of punctuation errors, standardisation of the spelling of the names of the Company's governing bodies and their members through the use of capital letters, as well as the reorganisation of numbering in selected provisions of the Articles of Association.

General Meeting

The competencies of the General Meeting of FFiL Śnieżka S.A. are defined in §10 section 1 of the Articles of Association.

In addition to matters specified in legal regulations and other provisions of the Articles of Association, the competencies of the Company's General Meeting include:

- adopting the Rules of Procedure of the General Meeting,
- approving the Rules of Procedure of the Supervisory Board,
- determining the remuneration policy for Members of the Supervisory Board and the remuneration policy for Members of the Management Board,
- appointing an attorney to conclude agreements with Members of the Management Board,
- acquisition of the Company's treasury shares,
- determining the remuneration of Members of the Supervisory Board delegated to perform permanent individual supervisory functions.

Furthermore, pursuant to §10 section 2 of the Articles of Association, the approval of the General Meeting is not required for the acquisition or disposal of real estate, perpetual usufruct rights or interests in real estate.

Pursuant to the Articles of Association, General Meetings of FFiL Śnieżka S.A. are held in Warsaw, Brzeźnica or Dębica.

The rules governing the operation of the General Meeting, as well as shareholders' rights and the manner of their exercise, are set out in the provisions of the Commercial Companies Code and the Rules of Procedure of the General Meeting, available on the Company's website at: *sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/*

Supervisory Board

Rules for the appointment of Members of the Supervisory Board

Pursuant to §12 of the Company's Articles of Association, the Supervisory Board consists of five to seven Members appointed by the General Meeting for a joint three-year term of office. The number of Members of the Supervisory Board is determined by the shareholders during the General Meeting. Members of the Supervisory Board are elected by the General Meeting, provided, however, that three Members of the Supervisory Board, including the Chairperson of the Supervisory Board, are elected by shareholders holding Series A shares, in such a way that each 30,000 Series A shares entitles their holders to appoint one Member of the Supervisory Board, including the Chairperson of the Supervisory Board. In the event of expiry of the preferential rights attached to a portion of the Series A shares, each remaining 20,000 Series A shares entitles their holders to appoint one Member of the Supervisory Board, including the Chairperson of the Supervisory Board.

The term of office of Members of the Company's Supervisory Board is three years.

Composition of the Supervisory Board

In 2025, the Supervisory Board of the ninth term of office was composed of:

- **Jerzy Pater** *Chairperson of the Supervisory Board*
- **Stanisław Cymbor** *Deputy Chairperson of the Supervisory Board*
- **Rafał Mikrut** *Secretary of the Supervisory Board*
- **Zbigniew Łapiński** *Member of the Supervisory Board*
- **Anna Sobocka** *Member of the Supervisory Board*
- **Dariusz Orłowski** *Member of the Supervisory Board*
- **Piotr Kaczmarek** *Member of the Supervisory Board*

The Supervisory Board in the above composition was appointed by the Annual General Meeting of the Company on 31 May 2022, and its composition was supplemented on 27 April 2023. Detailed information regarding the Members of the Supervisory Board of the ninth term of office was disclosed by the Company in current reports No. 14/2022 and No. 11/2023.

Responsibilities of the Supervisory Board

The Chairperson of the Supervisory Board directs the work of the Board, chairs its meetings and coordinates the work of the other Members of the Board. In the event that the Chairperson is unable to perform their duties, such duties are performed by the Deputy Chairperson. The Chairperson convenes meetings of the Supervisory Board. The Management Board or a Member of the Supervisory Board may request that a meeting of the Supervisory Board be convened, indicating the proposed agenda. The Supervisory Board may adopt resolutions using means of direct remote communication. The Supervisory Board exercises permanent supervision over the Company's activities in all areas of its operations. In order to perform its duties, the Supervisory Board may examine all Company documents, request reports and explanations from the Management Board and inspect the Company's assets.

The competencies of the Supervisory Board include, in particular: adopting the Rules of Procedure of the Supervisory Board, assessing the Management Board's reports on the Company's operations and the financial statements, evaluating Management Board motions regarding the distribution of profit or coverage of loss, annually presenting to the General Meeting a concise assessment of the Company's situation, approving the financial and operational plan of the Group, approving the Rules of Procedure of the Management Board, appointing the President of the Management Board and, upon the President's motion, the remaining Members of the Management Board, dismissing individual Members of the Management Board, suspending all or individual Members of the Management Board for important reasons, delegating a Member of the Supervisory Board to temporarily perform the duties of a Member of the Management Board, appointing the audit firm, expressing opinions on all matters requiring resolutions of shareholders at the General Meeting, and issuing opinions on all matters referred to it by the Management Board.

Audit Committee

An Audit Committee operates within the Company. As at the balance sheet date, i.e. 31 December 2025, its operation was governed by the ***Rules of Procedure of the Audit Committee***, an advisory and consultative body within the structure of the Supervisory Board of FFiL Śnieżka S.A., adopted by resolution of the Supervisory Board on 11 March 2025.

The key responsibilities of the Audit Committee currently include: monitoring the financial reporting and sustainability reporting process, monitoring the effectiveness of internal control systems and risk management systems as well as the performance of statutory audit activities, controlling, monitoring and assessing the independence of the statutory auditor and the audit firm, informing the Supervisory Board about the results of the audit or assurance of sustainability reporting, and developing policies regarding the audit firm.

In 2025, the composition of the Audit Committee was the following:

- **Anna Sobocka** — *Chairperson of the Audit Committee*
- **Piotr Kaczmarek** — *Member of the Audit Committee*
- **Dariusz Orłowski** — *Member of the Audit Committee*

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

As at the date of preparation of this report, the independent Members of the Audit Committee within the meaning of Article 129 section 3 of the Act are: Anna Sobocka (Chairperson of the Audit Committee) and Piotr Kaczmarek.

All Members of the Audit Committee possess knowledge and skills in the field of accounting or auditing of financial statements.

Knowledge and skills related to the industry in which the Company operates are possessed by Audit Committee Members Anna Sobocka and Dariusz Orłowski.

In 2025, eight meetings of the Audit Committee were held.

Management Board

Rules for the appointment of Members of the Management Board

Pursuant to §15 of the Company's Articles of Association, the Management Board consists of one to five Members appointed for a joint three-year term of office. The number of Members of the Management Board is determined by the Supervisory Board. The Supervisory Board appoints the President of the Management Board and – upon the President's motion – the remaining Members of the Management Board. The President of the Management Board directs the work of the Management Board, chairs its meetings and coordinates the work of the other Members of the Management Board. The President has the right to appoint Vice Presidents from among the remaining Members of the Management Board. An appointed Vice President of the Management Board substitutes for the President during their absence.

The composition of the Management Board

Members of the Management Board of FFiL Śnieżka SA in 2025:

- **Piotr Mikrut** — President of the Management Board - Chief Executive Officer (CEO)
- **Witold Waśko** — Vice President of the Management Board - Chief Financial Officer
- **Joanna Wróbel-Lipa** — Vice President of the Management Board - Chief Commercial Officer
- **Zdzisław Czerwiec** — Vice President of the Management Board - Chief Supply Chain Officer
- **Dawid Trojan** — Vice President of the Management Board - Chief Marketing Officer

More information regarding the current composition of the Management Board of FFiL Śnieżka S.A. can be found in the Statement on Non-Financial Information.

Responsibilities of Members of the Management Board

The Management Board implements the Company's strategic objectives and oversees the achievement of its operational objectives. Each Member of the Management Board manages a separate organisational division in accordance with their function and the organisational regulations. The division of responsibilities among individual Members of the Management Board is defined in the ***Organisational Regulations of Fabryka Farb i Lakierów Śnieżka Spółka Akcyjna.*** Additionally, the President of the Management Board / CFO directs the work of the Management Board, chairs its meetings and coordinates the work of its other Members.

The scope of activities of the Management Board includes conducting the Company's affairs, managing the Company's operations and assets, and representing the Company, except for matters reserved for the competencies of other governing bodies.

Declarations of intent on behalf of the Company require the joint action of two Members of the Management Board or one Member of the Management Board acting jointly with a proxy holder.

In managing the Company's affairs, the Management Board is subject to limitations arising from legal regulations, the provisions of the Articles of Association and resolutions adopted by the General Meeting and the Supervisory Board. The General Meeting and the Supervisory Board may not issue binding instructions to the Management Board regarding the management of the Company's affairs.

Actions requiring a Management Board resolution that were performed without the relevant resolution may subsequently be confirmed by a resolution of the Management Board.

The specific responsibilities of the Management Board include:

- organising the Company's accounting system in accordance with applicable regulations and the Company's interests, and supervising its proper maintenance,
- preparing, by 30 March of the following financial year, the financial statements, notes to the financial statements and the annual report on the Company's activities, and submitting these reports to the Supervisory Board,
- filing annual reports with the registration court in the form and within the deadlines specified by applicable regulations,
- maintaining records of General Meeting minutes and issuing certified copies of resolutions,
- providing oral and written explanations and preparing reports at the request of the Supervisory Board and shareholders present at the General Meeting,
- preparing draft resolutions regarding decisions falling within the competencies of the General Meeting under the Commercial Companies Code and the Company's Articles of Association,
- requesting the convening of meetings of the Supervisory Board together with the proposed agenda and submitting draft General Meeting resolutions to the Supervisory Board for opinion,
- implementing post-audit recommendations.

Selection of the Audit Firm

The Management Board of FFiL Śnieżka S.A. hereby presents the information required under §72 and §73 of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information published by issuers of securities and the conditions for recognising as equivalent information required under the laws of a non-member state.

On 9 May 2023, the Supervisory Board, in accordance with applicable regulations, selected PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. ("PwC") to conduct the statutory audit and review of the separate financial statements of FFiL Śnieżka S.A. and the consolidated financial statements of the Śnieżka Group for the years 2023–2025. On 19 July 2023, the Company concluded an agreement with PwC in the above scope. Furthermore, on 5 September 2025, an annex to the agreement was concluded specifying the timing and remuneration for the audit of the 2025 financial statements.

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

- On 20 November 2024, following approval by the Audit Committee, an agreement was concluded for the assurance of the sustainability report for the years 2024–2025. On 3 March 2026, an annex to this agreement was concluded specifying the remuneration for the assurance of the sustainability report for 2025.

Pursuant to the agreement, the auditor will perform a limited assurance engagement, verifying whether the Śnieżka Group Sustainability Report for 2024 and 2025 complies with the requirements of Directive (EU) 2022/2464 and the European Sustainability Reporting Standards (ESRS). The audit will include an assessment of the process of identifying reported information, compliance with the ESEF Regulation concerning the reporting format, as well as compliance with the Taxonomy Regulation regarding environmental disclosures. The purpose of the audit is to ensure that the report fulfils all reporting obligations and complies with applicable regulations.

- On 5 December 2023, an agreement was concluded regarding the assessment (assurance) of the Remuneration Report for the years 2023–2025. On 26 January 2026, an annex to this agreement was concluded specifying the remuneration for 2025.

Pursuant to the agreement, the auditor will perform an assurance engagement verifying whether the Remuneration Report contains all information required under the provisions of the Public Offering Act and European Union Directives. The purpose of the audit is to ensure compliance of the document with legal requirements, enabling the Company to fulfil its obligations arising from Article 90g of the Public Offering Act. Based on the assurance procedures performed, the auditor will issue an opinion regarding the correctness of the disclosure of material information in the report, providing reasonable assurance of its compliance with applicable standards.

Impartiality and Independence Requirements

PwC was entered by the National Council of Statutory Auditors on the list of audit firms under number 144.

The above audit firm and the members of the engagement team conducting the audit of the Company's and the Group's financial statements met the requirements for issuing an impartial and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and principles of professional ethics.

Rotation and Cooling-Off Periods

FFiL Śnieżka S.A. complies with applicable regulations concerning the rotation of the audit firm and the key statutory auditor, as well as mandatory cooling-off periods.

The Company had already used PwC's services in the area of audits and reviews of financial statements from 2016 to 2024.

Remuneration of the Audit Firm

The remuneration payable to the audit firm PwC for the audit of annual financial statements, the review of interim financial statements of the Group and the Company, as well as assurance services for the financial year ended 31 December 2025 and the previous financial year ended 31 December 2024, is disclosed in:

1. the Separate Financial Statements of FFiL Śnieżka S.A. for 2025, note 3.22,
2. the Consolidated Financial Statements of the Śnieżka Group for 2025, note 3.24.

Policy regarding the selection of the Audit Firm

FFiL Śnieżka S.A. has adopted a policy regarding the selection of the audit firm and a policy regarding the provision by the audit firm of permissible non-audit services.

The selection of the audit firm is conducted in accordance with the ***Policy for the Selection of the Audit Firm to Conduct Audits and Reviews of Financial Statements*** (published on the Company's website at sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/), adopted by resolution of the Audit Committee on 27 January 2023.

The policy operates in conjunction with the ***Audit Firm Selection Procedure*** prepared by the Audit Committee and adopted by resolution on 27 January 2023. The Policy for the Selection of the Audit Firm to Conduct Audits and Reviews of Financial Statements sets out the guidelines and principles to be followed by the Audit Committee when preparing recommendations and by the Supervisory Board when selecting the entity authorised to audit the financial statements of the Company and the Śnieżka Group. These include the requirements arising from the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight, and in particular:

- the need to maintain the impartiality and independence of the audit firm and the statutory auditor,
- the audit firm's previous experience in auditing and reviewing public-interest entities and capital groups,
- the capacity to perform the scope of services entrusted to the audit firm (i.e. statutory audits and reviews of separate and consolidated financial statements),
- the existence and amount of the audit firm's professional liability insurance,
- the professional qualifications and experience of persons directly involved in audit activities,
- the fee proposed by the audit firm,
- the timing of the audit and review of the financial statements,
- the maximum uninterrupted period of statutory audit and statutory review engagements performed by the same audit firm, an audit firm affiliated with that audit firm, or any member of the network operating within the European Union to which those audit firms belong, which may not exceed 10 years,
- a cooling-off period between statutory audits and statutory reviews performed for the same public-interest entity after the expiry of the above 10-year period, lasting at least 4 consecutive years from the completion date of the last statutory audit and statutory review engagement,
- the key statutory auditor may not conduct statutory audits and reviews of the same public-interest entity for longer than five years. The key statutory auditor may resume conducting statutory audits and reviews of such entity after at least three years have elapsed since completion of the last statutory audit and review.

The policy operates in conjunction with the Audit Firm Selection Procedure, which provides for cooperation between the Member of the Management Board – Economic Director, the Audit Committee and the Supervisory Board. The purpose of the procedure is to ensure the efficient collection of offers from audit firms, which are subsequently analysed by the Audit Committee in order to present an appropriate recommendation to the Supervisory Board regarding the selection of entities authorised to conduct audits. The recommendation includes at least two audit firms together with a justified preference of the Audit Committee for one of the proposed entities. The final decision regarding the selection of the audit firm is made by the Supervisory Board. However, if the Supervisory Board decides to select an entity other than the one recommended by the Audit Committee, it should provide reasons for departing from the Audit Committee's recommendation and present such justification to shareholders during the Company's Annual General Meeting.

Additional services provided by the audit firm are specified in the *Policy on the Provision by the Audit Firm Conducting Audits and Reviews of Financial Statements, by Entities Related to Such Audit Firm and by Members of the Audit Firm's Network, of Permissible Non-Audit and Non-Review Services,* adopted by resolution of the Audit Committee on 27 January 2023.

The policy has been in force at FFiL Śnieżka S.A. since 2023. The primary objective of this document is to minimise the risk of situations in which the statutory auditor or audit firm conducting the audit of the Company's financial statements (or other entities referred to in the title of this policy) directly or indirectly provides to the audited entity, its parent entity or entities controlled by it within the European Union any prohibited non-audit services or activities other than statutory audits or financial review activities. An exception applies to services referred to in Article 136 section 2 of the Act on Statutory Auditors, Audit Firms and Public Oversight, which may only be provided in areas unrelated to the tax policy of FFiL Śnieżka S.A., following an assessment by the Audit Committee of threats to independence and safeguards, and subject to the Audit Committee's approval. Furthermore, where the statutory auditor or audit firm provides the permissible services referred to above, such entities are obliged to comply with Articles 69–73 of the Act on Statutory Auditors, which specify mechanisms aimed at ensuring the independence and objectivity of the statutory auditor and the audit firm.

By resolution of the Audit Committee dated 2 April 2025 and resolution of the Supervisory Board dated 9 April 2025, the above policies and procedure were repealed and replaced with the following new policies and procedure:

1. *Policy on the Provision by the Audit Firm Conducting the Audit of Financial Statements or Assurance of Sustainability Reporting, by Related Entities and by Members of the Audit Firm's Network, of Permissible Non-Audit or Non-Assurance Services to Fabryka Farb i Lakierów "Śnieżka" S.A. with its registered office in Warsaw*
2. *Policy for the Selection of the Audit Firm to Conduct Audits of Financial Statements and Assurance of Sustainability Reporting by the Public-Interest Entity FFiL Śnieżka S.A. with its registered office in Warsaw*
3. *Procedure for the Selection of the Audit Firm by the Public-Interest Entity – FFiL Śnieżka S.A. with its registered office in Warsaw*

Remuneration Policy

As at 31 December 2025, the Company applied the Remuneration Policy for Members of the Management Board and Supervisory Board of FFiL Śnieżka S.A. (the "Remuneration Policy"), developed on the basis of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies. The purpose of the Remuneration Policy was to ensure corporate transparency and supervision over the remuneration of Members of the Management Board and Supervisory Board of the Company.

The Remuneration Policy was adopted by resolution of the Company's Annual General Meeting on 16 June 2020. The Policy reflects the Company's experience in applying the remuneration solutions previously in force with respect to determining and paying remuneration to Members of the Management Board and Supervisory Board, which – as evidenced by the Company's growth in value and its harmonious and stable development – support the Company's business strategy focused on the long-term strengthening of its leading position in the decorative paints segment in Central and Eastern Europe. The *Remuneration Policy* is also consistent with the Company's long-term interests, objectives and values.

The remuneration principles implemented within the Company enable alignment of the personal objectives of Members of the Management Board and Supervisory Board with the long-term interests of FFiL Śnieżka S.A. The remuneration principles encourage Members of the Management Board and Supervisory Board to undertake activities focused on long-term objectives and results, as well as on the sustainable and long-term development of both the Company and the entire Śnieżka Group, while ensuring the stability of the Company's operations.

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

The Company publishes the *Remuneration Policy* and the resolution concerning its adoption (together with the date of its adoption and voting results) on its website at: sniezkagroup.com/relacje-inwestorskie/lad-korporacyjny/.

Remuneration of the Management Board Members

The remuneration of the Management Board Members may consist of fixed and variable components. Management Board Members may receive additional non-financial benefits related to the performance of their function or the position held. The principles governing the remuneration of the Management Board Members are determined by the General Meeting of the Company. The amount of fixed remuneration components payable to the Management Board Members and the principles for calculating variable remuneration components may be determined by the Supervisory Board pursuant to an authorisation granted by the shareholders at the General Meeting.

In order to stimulate the Company's development, take into account its short-term objectives and maintain employment stability in key management positions, the remuneration of the Management Board Members may include variable remuneration components comprising annual bonuses and awards for outstanding achievements. The President of the Management Board may be entitled to request the Supervisory Board to grant bonuses and awards to Management Board Members resulting from additional tasks, outstanding achievements or professional anniversaries.

Variable remuneration components

Variable remuneration components may depend on all or selected of the following criteria:

1. financial criterion – the financial results achieved by the Company or the Group in the period for which the variable remuneration component is awarded;
2. loyalty criterion – the period of serving as a Management Board Member;
3. social engagement criterion – taking into account social interests in the activities of the Company or the Group;
4. environmental criterion – taking into account the contribution of the Company or the Group to environmental protection in its operations;
5. CSR criterion – supporting the implementation by the Company or the Group of activities in the area of corporate social responsibility;
6. individual criterion – including individual qualification-related elements of the Management Board Member, including outstanding achievements, completion of additional tasks or professional anniversaries.

Variable remuneration components in the form of financial instruments may also be granted to Management Board Members under incentive programmes. In addition to the remuneration granted, Management Board Members may be entitled to other financial and non-financial benefits, including in particular:

1. the possibility of using benefits specified in the *Company Social Benefits Fund Regulations;*
2. the possibility of using the MyBenefit programme;
3. the possibility of joining the pension and disability scheme operating within the Company on the terms applicable to the Company's employees;
4. coverage of premiums for directors' and officers' liability insurance (D&O), life and health insurance, as well as compensation for lost remuneration due to incapacity for work resulting from illness or accident;
5. the right to participate in training courses improving professional qualifications required for the performance of the function of a Management Board Member;
6. the possibility of using an assigned company car for private purposes;
7. any other fringe benefits available to employees (or associates) of the Company, depending on the basis of employment;

8. any other benefits arising from labour law regulations and granted to Management Board Members employed under employment contracts;
9. any other benefits arising from other mandatory provisions of law.

The aggregate amount of variable remuneration components – including bonuses and other financial and non-financial benefits (including those granted in the form of financial instruments) paid during a calendar year – should range from 0 to 9 times the aggregate amount of fixed remuneration components of a Management Board Member. The maximum ratio is determined taking into account the potential level of payouts that would apply to results "above target".

Remuneration amount

Table 26. Remuneration of Members of the Management Board of FFiL Śnieżka SA in 2024 and 2025

	Remuneration and bonuses 2025	Income earned in subsidiaries 2025	Remuneration and bonuses 2024	Income earned in subsidiaries 2024
Piotr Mikrut	1,303.5	-	1,359.9	-
Witold Waśko	1,397.8	-	1,378.5	-
Joanna Wróbel-Lipa	1,152.5	272.0	1,205.2	227.8
Zdzisław Czerwiec	1,399.1	14.4	1,389.6	3.6
Dawid Trojan	1,015.4	237.6	-	-
Total	**6,268.3**	**524.0**	**5,333.2**	**231.4**

As at 31 December 2025, members of the management personnel had no outstanding liabilities towards the Company arising from loans granted by the Company.

In 2025, the Company had no obligations arising from pensions or similar benefits for former members of the management or supervisory bodies or former members of administrative bodies, nor any obligations incurred in connection with such pensions or benefits.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board Members may consist exclusively of fixed components. This solution constitutes a measure supporting the implementation of the Company's long-term objectives strategy by effectively separating the remuneration of the Supervisory Board Members from the Company's short-term objectives.

The Supervisory Board Members do not receive additional non-financial benefits related to the performance of their functions. The Supervisory Board Members are also not entitled to bonuses or any other additional financial or non-financial benefits. The detailed principles governing the remuneration of the Supervisory Board Members are determined by the General Meeting.

Remuneration amount

Table 27. Remuneration of Members of the Supervisory Board of FFiL Śnieżka SA in 2024 and 2025

	Remuneration and bonuses 2025	Income earned in subsidiaries 2025	Remuneration and bonuses 2024	Income earned in subsidiaries 2024
Stanisław Cymbor	512.9	-	466.1	-
Jerzy Pater	512.9	-	466.1	-
Zbigniew Łapiński	208.2	-	189.2	-
Rafał Mikrut	205.2	-	186.4	-
Dariusz Orłowski	312.4	-	252.3	-
Piotr Kaczmarek	312.4	-	252.3	-
Anna Sobocka	359.0	-	279.6	-
Total	**2,423.0**		**2,092.0**	**-**

As at 31 December 2025, members of the supervisory personnel had no outstanding liabilities towards the Company arising from loans granted by the Company. Furthermore, in 2025 the Company had no obligations arising from pensions or similar benefits for former members of the management or supervisory bodies or former members of administrative bodies, nor any obligations incurred in connection with such pensions or benefits.

SUSTAINABILITY REPORTING

GENERAL INFORMATION

Basis for preparation

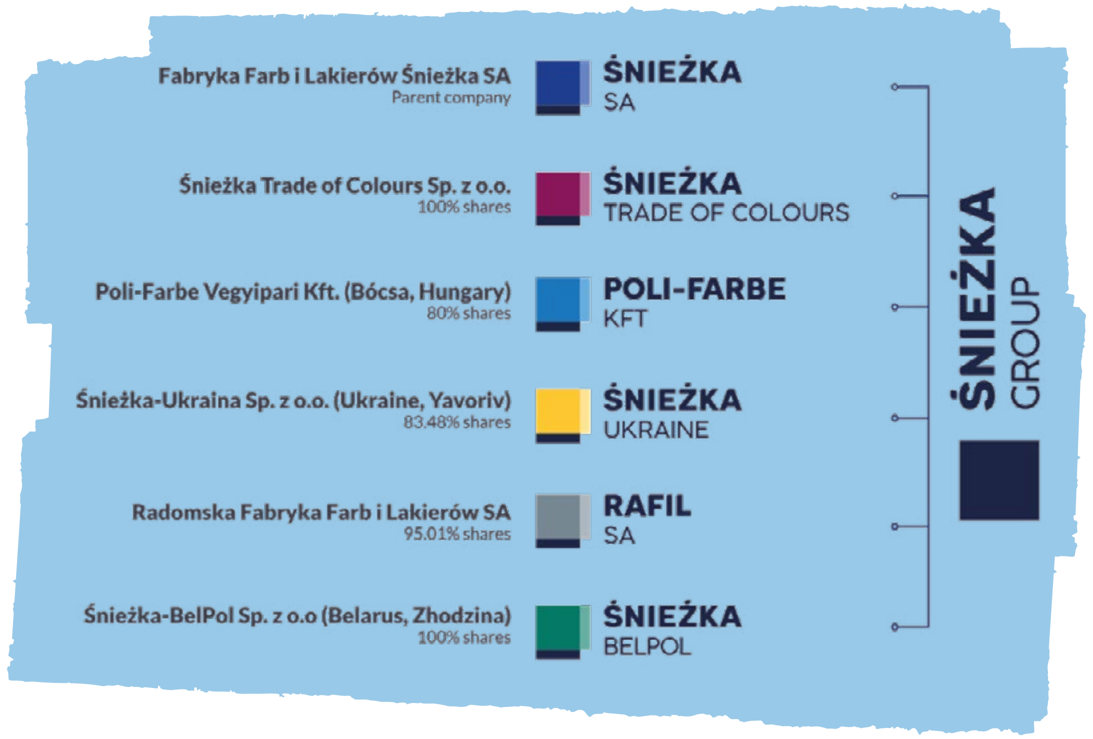
[BP-1]

The Sustainability Reporting was prepared for the period from 1 January 2025 to 31 December 2025 on a consolidated basis for the Śnieżka Group (the scope of consolidation corresponds to the scope applied in the financial statements). It forms part of the Management Board Report on Operations, in accordance with the Act of 6 December 2024 amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Oversight, and certain other acts, introducing amendments, inter alia, to the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2023, item 120, as amended). The content of this Sustainability Reporting (hereinafter referred to as the "ESG Report 2025" or the "Report") complies with Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (Official Journal of the European Union L 2772 of 2023, as amended), Annex I – the European Sustainability Reporting Standards ("ESRS"). The Sustainability Reporting also includes disclosures in accordance with Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation).

The Reporting applies to the Group's entire value chain. All stages of the value chain were taken into account in the process of assessing impacts, risks and opportunities. The Śnieżka Group did not make use of the option to omit specific information related to intellectual property, know-how or innovation outcomes, nor of the exemption from the obligation to disclose information regarding anticipated events or matters under negotiation.

Organisation and structure of the Śnieżka Group

Figure 4. The Śnieżka Group's structure (as at 31.12.2025)



[BP-2]

For the assessment of impacts, risks and opportunities, the Group adopted the time horizons proposed by the ESRS standards, namely:

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

Where a given impact, risk or opportunity was identified as material across all three time horizons, it was assigned the category of a continuous time horizon.

In the calculation of energy consumption and carbon footprint, which included value chain data, external sources were used, as described in detail in sections *Metrics and targets related to climate change mitigation and adaptation* and *Greenhouse gas emissions*. With regard to product durability, durability estimates were based on market information collected by the Group concerning product shelf-life periods, as described in detail in section *Metrics and targets related to resource use and circular economy* under disclosure requirement **E5-5** Resources outflows. No data were identified as being subject to a high degree of uncertainty.

In 2025, the Group prepared sustainability reporting based on the ESRS standards for the second time. This Report ensures full compliance with the ESRS standards. The basis for the presented disclosures was the double materiality assessment conducted for the purposes of the previous reporting cycle. The process of identifying and assessing impacts, risks and opportunities was reviewed for potential updates. No changes occurred either within the Group's value chain or its business model that would indicate the need to update the assessment prepared in the previous reporting year. However, due to the clarification of the approach to defining positive impacts under the ESRS standards, the Śnieżka Group revised the list of material impacts. The positive impact **E1** *(Impact on the environment – on the structure of local energy mixes – resulting from the use of renewable energy sources)* was removed, as it is currently considered to describe mitigation activities addressing a negative impact. At the same time, a new positive impact was defined within area **S4** *(Positive impact on consumer health and safety through the development of products with a low impact on users' health and the environment)*, based on a proprietary indicator. As a result of the aggregation of negative environmental impacts, in 2025 no separate impact concerning the effect of water abstraction on aquatic ecosystems under topic E4 *Biodiversity and Ecosystems* was identified, whereas such impact had been identified in 2024. All aspects related to water abstraction were fully addressed under the material impact: *Impact on water resource availability through increased water stress caused by water abstraction.*

In the *2024 Sustainability Reporting,* a presentation error was identified in the **GOV-1** disclosure table concerning the percentage of independent Supervisory Board Members. This error was described in detail and corrected within disclosure **GOV-1**, together with an error resulting from the omission of a water storage tank at Śnieżka-Ukraina in the **E3-4** data presented in section *Metrics and targets related to water*.

Additionally, the methodology in section *Resources Outflows* (included in section *Metrics and targets related to resource use and circular economy*) was changed so that, in addition to industrial waste, municipal waste was also included in the waste data calculations. To ensure comparability of the data, the 2024 figures were recalculated.

Due to the absence of changes in the scope of material topics compared to the previous reporting cycle, comparative data are presented for all disclosures. The undertaking does not include in this Report information based on other regulations (except for taxonomy-related disclosures). The Śnieżka Group makes use of incorporation by reference (with reference to the Consolidated Financial Statements of the Śnieżka Group, of which this Sustainability Reporting forms part) for the following information:

- Śnieżka Group revenues, including by segment: ESRS 2 SBM-1 section *The Śnieżka Group's operations*;
- Sales revenue: section *Taxonomy disclosures*, **E1-5**, **E1-6**: section *Climate*.

Cross-cutting disclosures required as a result of the list of material topics to be reported, and therefore directly related to topical disclosures and forming part thereof, are presented together with the corresponding ESRS 2 cross-cutting disclosures included in this section.

Based on Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025 amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the application date of disclosure requirements for certain undertakings in Appendix C (Official Journal of the European Union L 1416 of 2025), the Group made use of the option to omit information regarding anticipated financial effects (SBM-3 paragraph 48(e); **E1-9**, **E2-6**, **E3-5**, **E5-6**). Information regarding such omissions has also been included in the compliance table (Table 73 – List of disclosure requirements complied with in the preparation of the sustainability statement following the materiality assessment of this Report).

Governance structure

[GOV-1]

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

In the previous year, data regarding the composition of the Management Board and Supervisory Board were presented by indicating the number of women and men; however, unlike in the current year, such data were not aggregated and summarised.

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

	2025	**2024**
The number of Management Board Members, including:	**5**	**5**
■ Women	1	1
■ Men	4	4
Percentage of women on the Management Board	20%	20%
Percentage of men on the Management Board	80%	80%
Number of Executive Board Members	5	5
The number of Supervisory Board Members, including:	**7**	**7**
■ Women	1	1
■ Men	6	6
Percentage of women on the Supervisory Board	14%	14%
Percentage of men on the Supervisory Board	86%	86%
Percentage of independent Supervisory Board Members	29%	29%*
Number of Non-Executive Supervisory Board Members	7	7

** A presentation error was identified in the 2024 report, consisting in an incorrect calculation of the percentage share of independent Supervisory Board Members (43% instead of 29%). The source data regarding the number of Supervisory Board Members and the number of independent Members were correct and allowed for determining the accurate value. The error did not have a material impact on the interpretation of the corporate governance information or on the overall understanding of the report.*

Information on the Members of the Management Board of FFiL Śnieżka SA

Piotr Mikrut
Chief Executive Officer

Experience

He started his professional career in the paint company Chemal (whose legal successor is FFiL Śnieżka SA), where he worked between 1995 and 1997. Then, for several years he was the CEO in a local company operating in the field of construction chemicals. He joined FFiL ŚNIEŻKA SA again in 2004 and since then he has been continuously holding the position of the CEO.

Education

AGH University of Science and Technology in Cracow (Management).

Responsibility areas

- Business Strategy of the Capital Group
- Corporate Governance
- People
- ESG and Corporate Communications
- Quality and Climate Management
- Personal data
- Work safety
- Product & Manufacturing Support

Joanna Wróbel-Lipa
Vice President of the Management Board – Chief Commercial Officer

Experience

She started her professional career at FFiL Śnieżka SA in 2000 as a Marketing Specialist. In the following years she held the position of Marketing Department Manager and Deputy Commercial Director for Marketing. In 2006, she took up the position of Commercial Director, combining it with the function of Proxy. She was appointed a Member of the Management Board of FFiL ŚNIEŻKA SA in 2007, and since 2011, she has been the Vice-President of the Management Board.

At the same time, since 2010 she has been the CEO of Śnieżka Trade of Colours Sp. z o.o.

Education

University of Economics in Katowice (Management and Marketing).

Responsibility areas

- Sales Strategy of the Capital Group
- Sales Independent Market PL
- DIY Network Sales
- Professional Distribution Sales
- Export sales
- Sales Support Center

Witold Waśko
Vice President of the Management Board – Chief Financial Officer

Experience

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

Education

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

Responsibility areas

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

Information on the Members of the Management Board of FFiL Śnieżka SA

Zdzisław Czerwiec
Vice President of the Management Board
– Chief Supply Chain Officer

Experience

He began his professional career at FFiL Śnieżka SA in 1999. Initially, he worked in specialist and then managerial positions in the areas of production, marketing, trade, domestic and export sales, customer service and logistics.

Since 2020, he has been serving as the Chief Supply Chain Officer.

In 2021, he was appointed a Member of the Management Board, and since 2022, he has been the Vice-President of the Management Board.

Education

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

Responsibility areas

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

Dawid Trojan
Vice President of the Management Board
– Chief Marketing Officer

Experience

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

Since 2025, he has been the Vice-President of the Management Board of FFiL ŚNIEŻKA SA.

Education

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

Responsibility areas

- Marketing and Design Strategy of the Śnieżka Capital Group
- Strategic Marketing
- Communication Marketing
- Customer Intelligence
- Branding
- Project Management
- Research and development

In 2025, none of the Members of the Management Board or Supervisory Board in the Group held the position of worker's representative.

Table 30. Information on the Members of the Supervisory Board of FFiL Śnieżka SA

Jerzy Pater Chairperson of the Supervisory Board	Co-founder of Śnieżka and an experienced practitioner in the construction chemicals industry, associated with it from the beginning of his professional career. He has many years of experience in the production of paints and varnishes and management of production processes. Since 2003, he has co-run the company PPHU Elżbieta i Jerzy Pater Sp. z o.o., specializing in the production and sale of construction materials. He has been a Member of the Supervisory Board of Śnieżka for over 20 years, participating in the Company's strategic decisions. **Independence:** NO
Stanisław Cymbor Vice-Chairperson of the Supervisory Board	Co-founder of Śnieżka, brings experience in the construction chemicals sector to the Supervisory Board. He has a university education in the field of administration. He has been a Member of the Supervisory Board of Śnieżka for over 20 years, participating in the Company's strategic decisions. Since 2003, he has been conducting his own business activity (PPHU Iwona i Stanisław Cymbor Sp. z o.o.) and is also active in the real estate market. **Independence:** NO
Rafał Mikrut Secretary of the Supervisory Board	Manager with over 25 years of experience in the construction chemicals industry. He has a university education in the field of management and marketing, and his professional career has focused from the very beginning on the paints and varnishes sector. As co-owner of 2M Sp. z o.o., he manages the sales strategy and product development. As a Member of the Supervisory Board of Śnieżka since 2018, he has brought knowledge in the field of operational business management in the industry in which Śnieżka operates. **Independence:** NO
Zbigniew Łapiński Member of the Supervisory Board	Economist with managerial and investment experience in an international environment. He has been cooperating with investment funds for many years and serves on supervisory boards and strategic committees of several companies – both public and private. He has been a Member of the Supervisory Board of Śnieżka since 2004, providing substantive support in the area of financial management, investments and corporate supervision. **Independence:** NO
Anna Sobocka Member of the Supervisory Board	Expert in finance, accounting and auditing. She is a certified auditor and also holds the following certificates: FCCA (Association of Chartered Certified Accountants), CIA (Certified Internal Auditor) i CFE (Certified Fraud Examiner). She gained managerial and consulting experience in renowned consulting firms, as well as a financial director in FMCG companies and a member of supervisory boards. Currently, she serves as the Chief Financial Officer at Pluton Kawa Sp. z o.o. She has been a Member of the Supervisory Board of Śnieżka since 2023 and chairs the Audit Committee, providing professional supervision over the area of financial reporting, regulatory compliance and internal audit. **Independence:** YES Chairperson of the Audit Committee
Piotr Kaczmarek Member of the Supervisory Board	Capital markets expert with over 20 years of experience in investment analysis and management. He holds the CFA (Chartered Financial Analyst) designation and a securities broker license. He has managed share portfolios in the largest pension funds in Poland – ING OFE and AVIVA OFE – and also has held analytical, investment and management positions in banking and investment fund companies. As a member of supervisory boards and audit committees of many listed companies, he has contributed to unique competences in the field of corporate governance, corporate supervision, investment strategies and financial risk assessment. He has been a Member of the Supervisory Board and Audit Committee of Śnieżka since 2022, contributing his competences in the field of accounting and the effectiveness of the Company's financial management. **Independence:** YES Member of the Audit Committee
Dariusz Orłowski Member of the Supervisory Board	Manager with over 25 years of experience in business management. Since 2001, he has been the CEO of Wawel SA. Previously he held managerial and director positions at KrakChemia SA and Gellwe. He specializes in the areas of corporate finance, operational management and corporate governance. He has been a Member of the Supervisory Board of Śnieżka since 2011 and a Member of the Audit Committee, contributing competences in the field of accounting and the industry in which Śnieżka operates. **Independence:** NO Member of the Audit Committee

Tasks and obligations of the Management Board, Supervisory Board and General Meeting of FFiL Śnieżka SA

Management Board

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

The division of tasks between individual Members of the Management Board is specified in the *Organisational Regulations of FFiL Śnieżka SA.* In addition, the President of The Management Board (CFO) manages the work of the Board, chairs its meetings and coordinates work of other Board Members.

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

Supervisory Board

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

General Meeting

Its operation, as well as shareholders' rights and the manner of exercising them, are governed by the provisions of the Commercial Companies Code and the *Rules of Procedure of the General Meeting*, available at the Company's website.

Sustainable Development Management

Each Member of the Management Board is responsible for an area of operations covering the sustainability matters identified during the double materiality assessment. Thanks to their knowledge, experience and the undertaking's resources, they are able to effectively manage the identified material impacts, risks and opportunities.

At the beginning of September 2025, the Management Board of FFiL Śnieżka SA established the Sustainability Committee, which serves as a dialogue platform within the Śnieżka Group and acts as an advisory and consultative body to the Management Board. The Sustainability Committee was created on the basis of the cross-functional team established in 2022. The Committee consists of senior management representatives responsible for key areas relevant to the execution of the tasks outlined below. Directors of Poli-Farbe and Śnieżka-Ukraina are also involved in the Committee's work.

The activities of the Sustainability Committee are conducted in parallel with those of the ESG Team operating within the People, ESG and Corporate Communications Department, which is responsible for ESG management within the Śnieżka Group.

Figure 5. Structure of the Sustainability Committee

The key responsibilities of the Sustainability Committee include:

- **Oversight of the Sustainability Strategy** – the Committee is responsible for the development, implementation and monitoring of the ***Sustainability Strategy.*** This includes setting priorities related to environmental protection, social responsibility and corporate governance. Within their respective areas of responsibility, Committee Members cooperate with the Management Board on sustainability objectives and indicators, ensuring their compliance with legal requirements and alignment with stakeholder expectations.
- **Ensuring compliance with CSRD** (Corporate Sustainability Reporting Directive) requirements – Committee Members ensure full transparency and consistency of the reported data with regulatory requirements.
- **Management of ESG impacts, opportunities and risks** (in close cooperation with the Corporate Governance Department) – Committee Members identify, assess and manage impacts, risks and opportunities (IROs) related to sustainability matters within their respective areas of responsibility.
- **Monitoring and reporting ESG indicators** – regular monitoring of the Group's progress in achieving its sustainability objectives. Committee Members assess key performance indicators (KPIs) within their respective areas and present them in ESG performance reports.
- **Implementation of ESG actions and initiatives** supporting the achievement of the established objectives.
- **Stakeholder communication** – the Committee acts as a key intermediary in communication between the Śnieżka Group and its stakeholders regarding sustainability matters. This includes ensuring transparency towards shareholders, business partners, employees and local communities.

[GOV-2]

The Management Board makes business decisions based on up-to-date knowledge regarding the implementation of the ***Sustainability Strategy*** and ESG-related activities carried out by the undertaking. As a result of regular cooperation with the Sustainability Committee, the Management Board is informed about impacts, risks and opportunities (IROs), as well as progress in the implementation of due diligence processes and the outcomes and effectiveness of adopted policies, actions, metrics and targets.

Sustainability-related risks identified during the double materiality assessment have been incorporated into the corporate risk management system. This status was discussed during the Audit Committee meeting.

During the reporting period, the Management Board updated the sustainability governance structure, participated in the review of the double materiality assessment and approved updates to the Śnieżka Group's policies. Detailed activities in the environmental, social and corporate governance areas, each of which required the approval of the Management Board, are discussed in the relevant thematic sections of this report. These changes did not require additional approval from the Audit Committee.

[GOV-3]

The remuneration of the Members of the Management Board of Śnieżka SA is governed by the 2024 ***Remuneration Policy for Members of the Management Board and Supervisory Board.***

The remuneration of the Management Board consists of fixed and variable remuneration components. Variable remuneration components are considered to constitute the incentive system for Members of the Management Board and may depend on all or some of the following criteria:

- financial criterion – the financial results achieved by the Company or the Group in the period for which the variable remuneration component is awarded,
- loyalty criterion – the period of serving as a Member of the Management Board,
- social engagement criterion – taking social interests into account in the activities of the Company or the Group,
- environmental criterion – taking into account the contribution of the Company or the Group to environmental protection,
- CSR criterion – supporting the implementation of corporate social responsibility activities by the Company or the Group,
- individual criterion – covering individual qualification-related elements of a Member of the Management Board.

In 2025, environmental, social engagement and CSR criteria did not affect the remuneration of Members of the Management Board. The assessment of the Śnieżka Group's sustainability performance (including climate-related performance) does not directly affect the remuneration of Members of the Management Board. The Śnieżka Group has not established financial targets linked to sustainability objectives; however, it is considering introducing a financial component dependent on the achievement of sustainability objectives as part of the remuneration structure.

[GOV-4]

The statement on due diligence under disclosure GOV-4 has been included in the section ***ESRS Compliance Tables.***

[GOV-5]

In order to ensure readiness for non-financial reporting regulations, in 2024 the Śnieżka Group launched the ***Sustain and Grow*** project ***(CSRD Implementation)***, which involved more than 50 employees from various areas of the undertaking. The project is currently being continued to ensure a transparent and effective sustainability reporting process and has been incorporated into the work of the Sustainability Committee. Progress is monitored on an ongoing basis during meetings with the Management Board and is regularly reviewed by the Audit Committee. The project is supported by external partners (consultants and a law firm) specialising in ESG matters. Selected employees from operational departments are responsible for collecting data from areas covered by the reporting scope. The indicators are then verified and approved by the respective area director. The data prepared in this manner are subsequently analysed and reviewed for compliance with the ESRS guidelines by the ESG Team. The effectiveness of the data collection process is continuously monitored, and any discrepancies are clarified on an ongoing basis. All risks related to the sustainability reporting process are discussed during regular meetings of the Śnieżka Group Sustainability Committee. A detailed description of the involvement of senior management in sustainability reporting has been included in disclosure GOV-2.

The Group regularly monitors and defines the scope of corrective and preventive actions aimed at minimising risk by persons responsible for the respective areas. The number of risks identified in the area of sustainability management is limited and relatively low; therefore, their prioritisation is carried out on an ongoing basis depending on the current situation and operational needs.

[SBM-1]

Operations of the Śnieżka Group

The Śnieżka Group consists of entities operating in the paints and coatings market. In the Group's modern production facilities located, among others, in Poland, Hungary and Ukraine, more than 100 million kg of products are manufactured annually for both the domestic and foreign markets. The Group companies manufacture products for the protection and decoration of various surfaces used both indoors and outdoors. These include, among others: interior wall and façade paints, wood and metal coatings, wall and wood fillers, external thermal insulation systems and professional anti-corrosion systems. The products are sold under the following brands: Śnieżka, MAGNAT, POLI-FARBE, VIDARON and RAFIL.

The Śnieżka Group's revenue, including a breakdown by segment, is described in the notes to the ***Consolidated Financial Statements of the Śnieżka Group.***

The Śnieżka Group employs 1,097 people (detailed employment data are presented in section *Employees of the Śnieżka Group*). The main export markets include: Moldova, Romania, Latvia, Slovakia, Armenia and the Czech Republic. In 2025, the Group did not record any material changes in customer groups or served markets compared to those presented in the ***Management Board Report for 2024.***

The Group does not conduct any significant activities other than those described above.

Sustainability Strategy

The Śnieżka Group consistently pursues its long-term business strategy focused on concentrating its operations in selected Central and Eastern European countries and building a leading position in the decorative paints segment in selected markets. Among the objectives supporting the implementation of the Group's strategy for 2026 and subsequent years is the continued active development of ESG-related activities.

In 2025, Śnieżka continued the implementation of its ***Sustainability Strategy.*** The provisions of the Strategy are framed within a long-term perspective and are linked to the business model. The document was developed for the parent company FFiL Śnieżka SA and Śnieżka ToC due to their key importance within the Group. In the years 2026–2028, the strategic sustainability objectives will also be extended to the remaining companies of the Śnieżka Group.

Śnieżka's ***Sustainability Strategy*** is divided into three pillars and describes nine priority areas, 21 strategic objectives and 71 operational objectives. For each of the defined areas, the Strategy specifies the organisational unit responsible for its implementation. The operational objectives described in the document have specific metrics and time horizons. The Group's key development directions, including those related to the Sustainability-Linked Loan (SLL) financing obtained in 2023, include GHG emission reduction, transformation towards green energy and the development of products with a low environmental impact. One of the strategic objectives is the systematic improvement of ESG indicators assessed by EcoVadis, which corresponds with the integration of ESG matters into the Group's business strategy.

The Strategy supports the implementation of six out of the 17 United Nations Sustainable Development Goals.

EcoVadis

In 2025, Śnieżka underwent the EcoVadis assessment for the third time. The Śnieżka Group received a silver medal and a score of 74 points, maintaining the result achieved in the previous year. As a result, the Group ranks among the top 11% of companies assessed.

The value chain

Figure 6. Simplified Value Chain Diagram

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

Upstream

At this stage of the value chain, the Group sources natural resources, raw materials and finished materials.

The following natural resources are particularly important from the perspective of the Group's day-to-day operations:

- water used for technological and social purposes, supplied through the water supply network (and, in the case of Rafil, also sourced from a deep well),
- renewable energy used in production processes, both purchased from suppliers and generated for own needs using the Group's own photovoltaic installations,
- fossil fuels in the form of diesel fuel, heating oil, petrol, LPG gas, coal and natural gas, used primarily for transport and heating purposes, as well as other petroleum derivatives, such as extraction petrol and xylene, used as production raw materials,
- wood – in the form of pallets and as an energy material,
- naturally sourced raw materials, such as mechanically processed gypsum, sand, aluminosilicates, kaolin, talc, lime, pigments and diatomaceous earth.

An important component of Śnieżka's products are material resources, including synthetic pigments, binding agents, binders, solvents, synthetic gypsum, resins and vegetable oils (including refined oils), preservatives, stabilisers, binding agents, as well as various additives and auxiliary substances. The vast majority of materials originate from the European Union and the United Kingdom. Only a small portion of raw materials comes from Asia and North and South America.

The third category of sourced resources consists of finished materials. From the product perspective, the most important are plastic and metal packaging, both of which contain recycled raw materials. The Group also uses paper packaging and cardboard boxes. Protective films are used in transport and warehousing processes. Finished materials purchased by the Group also include all machinery and equipment used in production, post-production processes, and research and development activities.

In order to obtain the above resources, the individual Group companies establish relationships with external suppliers. For many years, the Śnieżka Group has cooperated with trusted and verified suppliers, including verification with regard to business ethics.

The process of selecting new suppliers (Direct and Indirect) is based on the Supplier Selection Instructions updated in 2025. An ESG assessment criterion was added to the supplier selection criteria. This means that each new supplier is required to familiarise itself with the ***Supplier Code***, confirmed by a declaration, and is invited to complete an ESG Self-Assessment Questionnaire.

Śnieżka applies a ***Contractor Verification Procedure*** aimed at eliminating risks related to corruption, non-compliance with economic sanctions, money laundering, terrorist financing and fraud.

Additionally, Śnieżka introduced an ESG clause into framework agreements with suppliers. The declaration confirming familiarisation with the ***Supplier Code of Conduct*** constitutes a legally binding commitment by suppliers to comply with environmental, social and corporate governance (ESG) standards.

79% of the Group's suppliers classified as strategic, key and core suppliers have familiarised themselves with the Supplier Code of Conduct or presented their own code.

100% of strategic and key suppliers received information and documentation related to the self-assessment process (suppliers of Śnieżka SA and Śnieżka ToC).

64% of strategic and key suppliers completed the self-assessment questionnaire.

Own Operations

Own operations are focused on processes related to the product. The first stage involves product design based on market analyses and customer needs assessments. The next stage involves defining the product formulation, i.e. selecting raw materials based, among other things, on specifications, environmental impact, expected parameters and availability. Activities in this area are conducted in the Group's own research laboratories. After successfully passing the tests, the product proceeds to production.

Key elements of the production process:

Within its own operations, Śnieżka also distinguishes post-production activities. These include quality control, ongoing inspection and maintenance of process installations, packaging and warehousing of products, internal transport (between warehouses), as well as cleaning of production tanks and, where possible, reuse of water in subsequent stages of the process. In addition, the Group ensures proper handling of generated waste, including waste segregation at source and activities supporting the reuse and recycling of selected waste streams, particularly paper waste and plastics.

Downstream

At this stage, products are sold and distributed to B2B customers, including wholesalers and building materials depots, DIY chains, retail stores and through e-commerce channels. Deliveries to customers are carried out depending on the entity – either through customers' own collection or by the Group using external service providers. A multi-channel distribution is one of the assumptions of the sales growth strategy in all the Group's markets, and at the same time it minimizes the risk associated with too high reliance on one distribution channel. At the beginning of 2024, the Group expanded its distribution model on the independent market in Poland – selected retail outlets previously served indirectly through distributors may now also purchase products directly from Śnieżka.

The Sales Support Centre Department is responsible for customer service, including handling complaints, responding to product-related inquiries, collecting and analysing partner feedback, and processing orders and transactions.

Activities at the downstream stage of the value chain also include processes such as market and consumer behaviour analysis (performed by internal departments), communication marketing and ***in-store*** marketing. The Group mainly develops the materials necessary to implement the above activities using internal resources.

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

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

Supporting activities

The Group also identifies activities and processes that support the undertaking's day-to-day operations, although they are not directly related to the production process. Most supporting activities are carried out as part of internal processes.

- Human resources management, including recruitment, employee development, as well as occupational health and safety matters.
- Environmental and climate management – monitoring and reducing the impact of operations on the environment and climate by ensuring compliance with legal regulations, maintaining waste records, monitoring pollution, reporting to supervisory authorities and tracking the Group's carbon footprint.
- Procurement process – analysis of direct and indirect suppliers in terms of compliance with specified criteria, including ESG criteria set out in the ***Supplier Code of Conduct.***
- Compliance oversight and ensuring consistency and transparency of documentation through the implementation of internal policies, procedures and regulations in line with corporate governance principles.
- Cybersecurity oversight, development of IT systems, investments and management of the Group's infrastructure, which are crucial for maintaining the continuity of production, sales, procurement and other processes.
- Other activities: financial management, risk management, property protection and cleaning services, trademark and intellectual property management, CSR activities, etc.

Stakeholders

[SBM-2]

The list of stakeholder categories was verified as part of the development of the Group's value chain for the purposes of this report. Each stakeholder group is engaged by the Śnieżka Group companies through communication channels tailored to their needs and expectations. This matter is regulated by the parent company in the ***Information Policy of FFiL Śnieżka SA***. Feedback obtained through stakeholder dialogue is treated as one of the methods of verifying the activities undertaken by the Śnieżka Group.

Table 31. Key stakeholders of the Śnieżka Group

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

** together with their employees.*

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

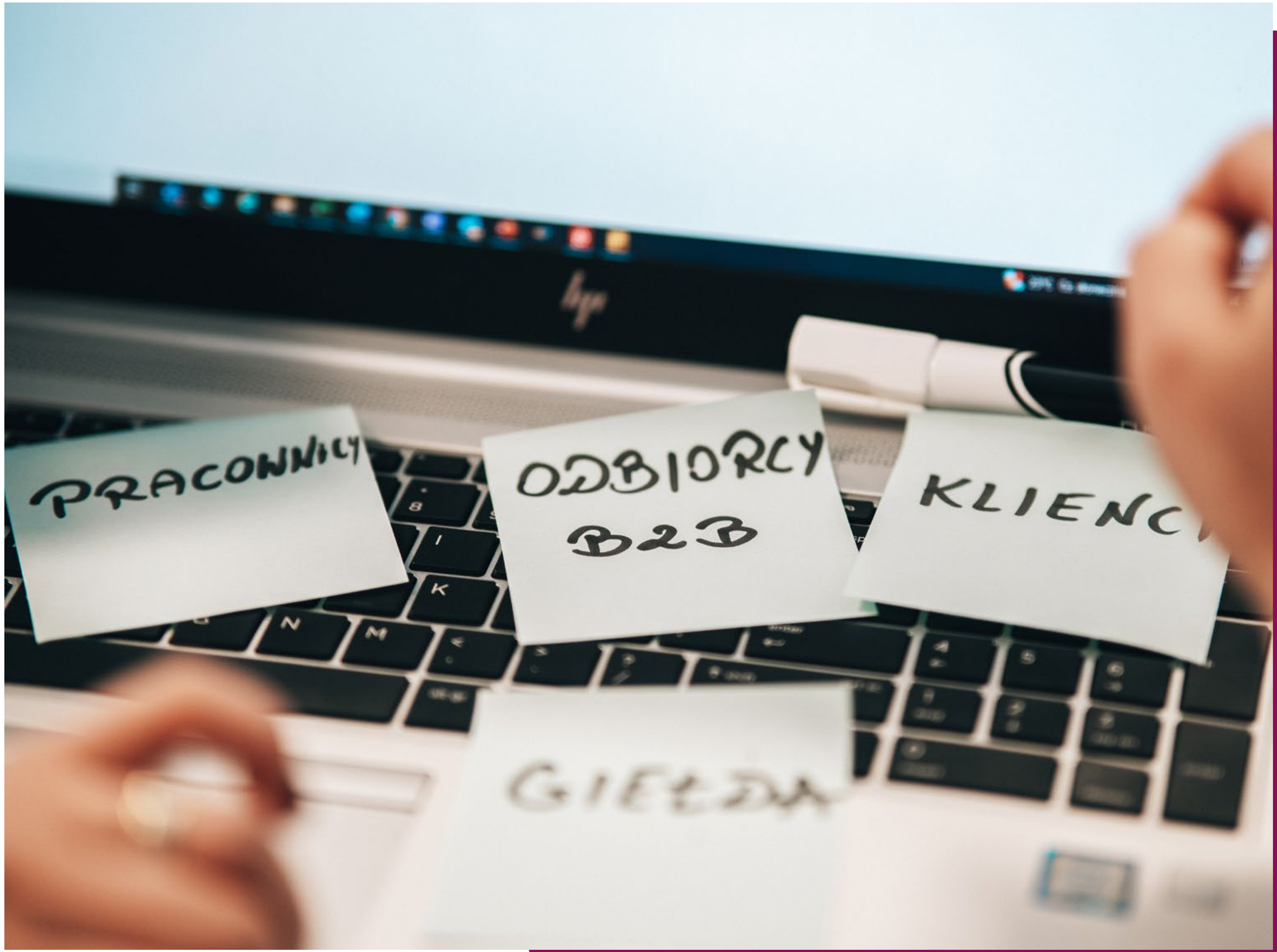


Table 32. Methods of engagement between Stakeholders and the Group

KEY STAKEHOLDER GROUPS	METHODS OF ENGAGEMENT AND DIALOGUE WITH THE GROUP
Employees	Employees are persons employed under employment contracts. The Group distinguishes the main role categories, taking into account the nature of duties: administrative employees and frontline employees (production, warehouse, laboratory). Dialogue with employees is conducted on an ongoing basis, both directly as part of day-to-day work and through channels tailored to specific stakeholder categories. Such communication channels include the internal magazine, newsletter, intranet, information screens at production sites, posters and contact through employee representatives selected by the workforce, Employer Branding activities, regular satisfaction and opinion surveys (eNPS), and training sessions. An additional group consists of potential employees, with whom the undertaking communicates through job advertisement portals and its own careers website: kariera.sniezka.pl
Suppliers and subcontractors	The Śnieżka Group cooperates with suppliers of direct products (raw materials, packaging, labels, stickers, auxiliary packaging) and indirect products and services (including technical materials, advertising materials and commercial goods). Dialogue is conducted primarily in connection with establishing and maintaining relationships, including long-term cooperation. As part of this cooperation, suppliers and subcontractors are familiarised with the Group's regulations – they receive documents defining the ethical foundations of cooperation with the Śnieżka Group, such as the Supplier Code (including a requirement for suppliers to declare compliance with the document, verified through self-assessment). The Group also perceives regular meetings, announced tenders, participation in industry conferences and events, as well as opinion surveys, as part of the dialogue with this stakeholder group.
B2B customers	Customers purchasing the Group's products for resale in the retail market. Customer relationships are maintained by the field sales team and through the business customer service portal (biznes.dekoratorium.pl), operated by the internal Sales Support Centre and supported by mailing activities. Śnieżka ToC operates a market research team (Customer Intelligence), providing support for the entire Group in terms of customer cooperation. The experts employed within this team are responsible for monitoring the needs, attitudes and behaviours of B2B and B2C partners, as well as market trends in this area, and cooperate with other departments in supporting the process of creating value propositions for the Group's customers. The team also prepares so-called insights, i.e. packages of information regarding the needs of selected target groups. These materials are used to build the strategic competitive advantage of products.
Consumers and end users	Users of Śnieżka products purchasing them from the Group's B2B customers and directly from the Group via the external Allegro platform. Dialogue with this group takes place on multiple levels. These include marketing materials, both online and displayed at points of sale (in-store). The Śnieżka ToC team regularly conducts market research concerning, among other things, the image of individual brands, as well as opinions and expectations of selected groups of business partners. The Group operates a dedicated consumer hotline through which consumers may obtain information and advice regarding the use and application of products. The complaint handling process is managed through the Warranty Service Centre.
Local communities	These primarily include municipalities where production facilities and company headquarters are located, as well as communities living in these areas, including company employees. The Group engages in dialogue with local communities through meetings with their representatives and opinion surveys. Dialogue is also conducted in connection with the activities of the Śnieżka Foundation and its projects supporting schools (mainly local) and hospitals (throughout Poland).
Investors	Transparency ensuring equal access to information is the undertaking's priority in investor relations activities. Important communication channels for investors include results meetings and reports, statements and presentations published on Śnieżka's website. This topic is discussed in greater detail in the operational and financial section of this Management Board Report.
Regulators	Polish and foreign legislators are recipients of all reports prepared and published by the Group and its individual companies.
Administrative units	These include, among others, municipal and regional authorities in areas where the Group conducts production activities. Communication with these entities usually takes place in writing or via email, for example in connection with investments implemented in a given region.
Banks	Banks provide financing to the Group in connection with granted loans, and primarily in this context the Group provides banks with information directly (through telephone/email contact and meetings).. Information about the company may also be obtained from the Group's website.
Industrial undertakings	The Śnieżka Group supports the implementation of sustainable development objectives through membership in organisations, including those operating in the area of sustainability. In 2025, the parent company belonged to the Polish Association of Paint and Adhesive Manufacturers, the Polish Plastics Pact and the Responsible Business Forum. Śnieżka actively engages in dialogue with these organisations.
Competition	Entities offering product categories similar to those of the Śnieżka Group (primarily paints and varnishes) are recipients of sustainability statements; however, the Group does not engage in direct dialogue with them. The exception is involvement in the activities of the same industry organisations as competing entities (the Polish Association of Paint and Adhesive Manufacturers).
Media	Communication with the media is conducted through multiple channels in order to provide key information regarding Śnieżka's operations: on an ongoing basis with media representatives (through the press office and directly), during regular briefings and meetings organised to present the Group's results, and through social media and the Group's website.

Although the Group's stakeholders did not participate directly in shaping the Group's strategy and business model, their interests and ongoing cooperation with individual stakeholder groups have an impact on the Group's operations.

The Management Board actively participates in designing and reviewing the conclusions resulting from activities conducted as part of the Group's stakeholder dialogue. In turn, the Supervisory Board (the Audit Committee within the Supervisory Board) is regularly informed about data obtained from stakeholders.

Material impacts, risks and opportunities

[SBM-3]

Material impacts identified by the śnieżka group in the double materiality assessment

As part of its business operations in the manufacturing sector, the Śnieżka Group identifies sustainability-related impacts, which are presented in the table below. During the verification and update of the double materiality assessment, 61 impacts were identified, of which a total of 20 were considered material, including 6 actual positive impacts, 8 actual negative impacts and 6 potential negative impacts. No potential positive impacts were identified.

The Group does not identify impacts of risks and opportunities on its strategy and business model in the short- and medium-term horizons, while in the long-term horizon it will monitor and, if necessary, adapt its business model.

Material topics in the *Environmental* area arise directly from the Śnieżka Group's business model and sustainability strategy. They focus on key natural and synthetic raw materials (water, potentially hazardous substances) and their consequences for biodiversity. The Group has limited possibilities for closing the loop for its packaging, and its products cannot be recycled or reused. The industrial sector and chemical products are associated with specific health risks, which is reflected in the prioritisation of the Śnieżka Group's activities.

In order to mitigate negative impacts, prevent risks and seize opportunities, Śnieżka develops water-based products characterised by lower impacts on human health and the environment. Key activities also focus on reducing utility consumption. These issues are described in detail in the thematic subsections.

The Group did not identify any material financial effects of risks and opportunities in the current reporting period. With regard to anticipated financial effects, the Group applies the relevant exemption. The main risks may primarily result in disruption of the production process due to infrastructure damage or disruptions within the value chain, including insufficient supply of raw materials. The exact financial severity cannot currently be determined for any time horizon; however, it is assumed to be temporary and moderate in scale, concentrated within own operations, regardless of when the risk materialises. The implementation and types of investments made, as well as the scale and types of expenditures incurred, are partly dependent on the availability of external financing and are described in detail in the thematic subsections. These activities are intended to have a positive impact on the Group's financial results and cash flows and result from its risk management approach.

The Group assumes that data and assumptions will be refined and further specified in subsequent reporting periods. Changes in the identification and formulation of material impacts, risks and opportunities were indicated in section BP-2 of this report.

The Śnieżka Group carried out a qualitative analysis of the resilience of its strategy and business model with respect to the identified material topics, including an assessment of the nature of identified risks and challenges as well as the Group's adaptive capacity, with particular emphasis on climate risks (described below in the Environmental section). As a result of the work performed, it was concluded that in the short- and medium-term perspectives the Group is capable of adapting its strategy and business model to the identified material topics. At the same time, the Group plans to develop measures enabling it to demonstrate resilience also in the long-term perspective across all analysed areas.

The tables below present material impacts together with their position in the value chain and the applicable time horizon. A continuous perspective means that a given impact was identified in the short-, medium- and long-term horizons.

Other information necessary to understand the impacts is presented below the tables and in sections *Environment*, *People* and *Business Conduct*.

Table 33. Material identified impacts in the environmental area

ESRS topic	Description of material impacts	Type of impact	Time horizon	Position in the value chain
Climate change	Impact on climate change through greenhouse gas emissions generated across value chain operations.	Actual negative	Continuous	Entire value chain
Pollution	Impact on air quality through the use of volatile organic compounds in production and use processes in the value chain.	Actual negative	Continuous	Entire value chain
	Impact on the natural environment and surroundings through the use across the entire value chain of substances and mixtures classified as potentially hazardous, which, even when handled with particular care and used as intended, present a range of hazards, including acute toxicity, mutagenicity and hazards to the aquatic environment.	Actual negative	Continuous	Entire value chain
Water and marine resources	Impact on water resource availability resulting from increased water stress caused by water abstraction.	Actual negative	Continuous	Own operations
Resource use and circular economy	Impact on the overall condition of the environment due to the generation of large amounts of waste.	Actual negative	Continuous	Own operations
	Impact on the overall environment through the use of raw materials of natural and synthetic origin.	Actual negative	Constant	Own operations
	Impact on the overall environment by producing products that cannot be recycled or reused.	Actual negative	Continuous	Own operations

Table 34. Material identified impacts in the social area

ESRS topic	Description of material impacts	Type of impact	Time horizon	Position in the value chain
Own workforce	Positive impact through promoting equal treatment and ensuring equal opportunities for development within the undertaking.	Actual positive	Continuous	Own operations
	Positive impact on employees related to employment security and stability.	Actual positive	Continuous	Own operations
	Positive impact through offering solutions that support work-life balance.	Actual positive	Continuous	Own operations
	Positive impact through offering employees solutions supporting opportunities for promotion and development within the undertaking.	Actual positive	Continuous	Own operations
	The undertaking may negatively impact employees' safety and health in the event of a fatal accident.	Potential negative	Continuous	Own operations
	The undertaking may negatively impact employees' safety and health in the event of a serious accident.	Potential negative	Continuous	Own operations
	The undertaking may negatively impact employees' safety and health in the event of work-related illnesses.	Potential negative	Continuous	Own operations
Workers in the value chain	The undertaking may negatively impact external stakeholders due to the lack of active communication regarding existing channels for reporting unethical conduct.	Potential negative	Continuous	Entire value chain
Affected communities	The undertaking's operations are based on water-based products, requiring significant water consumption, which contributes to water stress levels and consequently limits water availability for local communities.	Actual negative	Continuous	Entire value chain
	Through its solvent-based products containing potentially hazardous compounds and mixtures, the undertaking may negatively impact soil quality and consumer health as a result of improper waste disposal or the release of such substances into the soil.	Potential negative	Continuous	Own operations
Consumers and end users	The Group's extensive distribution channels enable physical products to reach consumers in smaller towns and allow them to purchase products in local stores.	Actual positive	Continuous	Downstream
	Positive impact on consumer health and safety through the development of a product portfolio with a low impact on user health and the environment.	Actual positive	Continuous	Downstream

Table 35. Material identified impacts in the governance area

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

Material risks and opportunities identified by the Śnieżka Group in the double materiality assessment

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

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

Table 36. Material identified risks and opportunities in the environmental area

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

Table 37. Material identified opportunities in the social area

ESRS topic	Description of risk or opportunity	Time horizon	Place in value chain
Own workforce	An opportunity to provide a satisfactory, competitive remuneration can increase employee motivation and loyalty, which translates into lower turnover and savings associated with recruiting new employees.	Long-term	Own operations
	An opportunity to create an innovative, creative and effective work environment by ensuring diversity among senior management.	Long-term	Own operations

Table 38. Material identified risks in the governance area

ESRS topic	Description of risk or opportunity	Time horizon	Position in the value chain
Business conduct	Risk of corruption incidents affecting reputation and trust.	Medium	Entire value chain

Environmental area

One of the stages of the double materiality assessment was an analysis of the resilience of the strategy and business model to climate-related risks. Its purpose was to identify risks and opportunities assigned to specific elements of the value chain. As part of the resilience analysis performed, three time horizons were adopted: short-term (<1 year), medium-term (1–10 years) and long-term (>10 years), corresponding to the horizons applied in the scenarios used. These are consistent with the general business planning framework, the horizon of which typically extends to 10 years, reflecting asset durability, product life cycles and, consequently, capital allocation decisions. The Group does not currently have quantified decarbonisation targets.

The resilience analysis covered the Central and Eastern European region (primarily Poland, Ukraine and Hungary), i.e. the area where own operations and downstream activities (main sales markets) are conducted. Within the upstream area, the undertaking is not significantly dependent on any specific country or region; therefore, in addition to the areas already analysed, the scope also included Far East regions (China).

It was assessed that acute weather events such as fires, storms, flooding or landslides may lead to the destruction or damage of infrastructure material to the value chain and necessary for the extraction, processing or transportation of raw materials and products, potentially contributing to disruptions in energy production. In addition, rising average temperatures and extreme heat may indirectly affect the availability of raw materials (primarily water). The consequences of the events described above may include disruptions to ongoing operations, leading to a decline in revenues or share value. In adapting to climate change based on the net-zero emissions scenario, the Group identifies risks related to the effectiveness of implementing low-emission technologies, adapting products and services, and modernising infrastructure and fleets throughout the value chain towards a low-carbon model. At the same time, the Group identifies opportunities related to adapting its strategy and business model towards sourcing energy from renewable sources and developing even more innovative formulations.

Due to the absence of material changes in the Group's business model and value chain, the conclusions of the resilience analysis remain valid.

In line with the assumptions of the business strategy, the Group undertakes measures aimed at the broadest possible diversification of suppliers and ensuring the availability of substitute raw materials. The Group operates several production facilities and warehouses, enabling flexible adjustment of operations in the event of crisis situations. The Group also strives to ensure that energy originates from its own installations or renewable energy sources, as confirmed by relevant certificates. In addition, it makes efforts to minimise its climate impact by continuously optimising the supply chain and modifying formulations. No areas of operations or assets were identified for which the transition towards a climate-neutral economy had not been considered. No critical climate-related assumptions were adopted in the financial statements.

The analysis used, among others:

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

Social area

Own workforce

The scope of this report covers all persons working within the Śnieżka Group. Within its own workforce, the following categories were distinguished:

- persons employed by the Group companies under employment contracts,
- persons cooperating under other agreements (civil law contracts or B2B agreements), including agency workers (*non-employees*).

The Group considers that the identified material impacts related to own workforce concern all employees.

Material potential negative impacts related to occupational health and safety were identified, which may materialise in the form of a fatal or serious accident, or a work-related illness. These impacts concern all employees, particularly frontline employees. Accident indicators recorded within the Group to date suggest that, should the negative impacts materialise, they would be individual in nature.

The undertaking has a positive impact on employees through employment security and stability across the Group. This area is one of the key elements of the organisational culture and is indicated in the eNPS survey as one of the main reasons for recommending employment at Śnieżka. None of the material impacts on employees result from the undertaking's climate transition plans.

The Group did not identify any risks of forced labour or child labour within its own operations in any region.

A material opportunity in the workforce area, related to a specific and narrow group of individuals, is the creation of an innovative, creative and effective working environment through ensuring diversity among senior management. The second identified opportunity relates to providing satisfactory remuneration. This opportunity concerns all persons employed within the Group.

Workers in the value chain

The identified potential negative impact concerning workers in the value chain relates to the lack of active communication regarding methods for reporting unethical conduct.

The following groups were identified as potentially exposed to this impact:

- employees of suppliers of raw materials and commercial goods to Śnieżka,
- employees of service providers,
- persons working at the Group's facilities but employed by external entities.

The Group does not identify any groups of workers in the value chain who, due to factors such as age or gender, may be particularly vulnerable to the negative effects of this systemic impact.

Although impacts, risks and opportunities were assessed during the double materiality assessment, no material topics related to workers in the value chain were identified as a result of compliance activities, nor were any risks or opportunities associated with potential child labour, forced or compulsory labour identified, including in connection with specific geographic areas or supplied goods. More information is presented in subsection *Double Materiality Assessment*.

Affected communities

In connection with the manufacture and sale of decorative products, the Śnieżka Group identified two negative impacts on affected communities, defined as residents of municipalities where production facilities and company headquarters are located:

- **actual** – the undertaking's operations are based on water-based products, requiring significant water consumption, which contributes to water stress and may consequently limit water availability for local communities using the same water and sewage systems as the Group's production facilities,
- **potential** – through its solvent-based products containing potentially hazardous compounds and mixtures, the undertaking may negatively impact soil quality and consumer health as a result of improper waste disposal or releases into soil through runoff.

The identified impacts affect the entire group of affected communities. No community groups particularly vulnerable to the identified material negative impacts or their consequences were distinguished in the areas where operations are conducted, as these impacts were considered widespread. No material positive impacts, risks or opportunities related to affected communities were identified..

Consumers and end users

Two actual positive impacts were identified in relation to consumers and end users:

- the Group's broad distribution channels enable physical products to reach consumers in smaller towns and allow them to purchase products in local stores, thereby ensuring broader access to the Group's products,
- the development of a product portfolio with a low impact on user health and the environment positively affects the health and safety of consumers and end users.

The double materiality assessment (described in more detail in section *Double Materiality Assessment*) considered all groups of consumers and end users of the Śnieżka Group. The Śnieżka Group considers all consumers using the products offered to be end users on whom the undertaking has a material impact. The scope of this report also includes end users living in smaller towns (other than regional capitals), where the availability of decorative products may be limited due to the smaller number of large-format retail stores. The positive impact of the Śnieżka Group is made possible through the sale of its products both to retail chains operating stores in large cities and to customers conducting retail business in smaller towns. In addition, the Group's products may be purchased through online channels, with delivery available to any location in Poland. Products offered by the Group, when used as intended and in accordance with the precautionary measures indicated on product labels, do not pose a health risk and do not increase the likelihood of chronic diseases. Furthermore, the Group has a positive impact in the area of consumers and end users through the continuous development of products characterised by a low impact on user health and the natural environment.

No material negative impacts, risks or opportunities related to customers and end users were identified.

In this report, the Group discloses two indicators extending beyond the topics identified in the ESRS standards as required for consideration within the double materiality assessment, which will be subject to assurance:

- [W1] Scope 1 and Scope 2 greenhouse gas emissions calculated for FFiL Śnieżka SA and Śnieżka ToC in accordance with the requirements of the *Greenhouse Gas Protocol*.
- [W2] Share of certified products manufactured by FFiL Śnieżka SA in the sales revenues of Śnieżka ToC – calculated based on reporting criteria developed by FFiL Śnieżka SA.

Double materiality assessment

[IRO-1]

In the process of identifying and assessing material impacts, risks and opportunities, the Śnieżka Group adopted a broad approach, engaging the majority of its stakeholders. This resulted in the development of an extensive information base regarding impacts, risks and opportunities.

All procedures and policies related to the topics covered by the Sustainability Reporting area were reviewed. The materiality assessment process is based primarily on a systematic analysis of the Group's business model and value chain. When analysing impacts, risks and opportunities, the Group determined their nature (positive or negative, actual or potential), their location within the value chain, the relevant time horizon (described in detail in BP-2), and the related stakeholders. Issues related to key activities, business relationships and resources throughout the value chain and within own operations were taken into account. Impacts and risks were assessed on a gross basis, i.e. prior to the application of mitigation measures. The *full List of Sustainability Matters* included in the topical ESRS standards (ESRS 1 AR 16) was analysed. The relationship of each topic, sub-topic and sub-sub-topic to the Group's value chain and business model was examined. At the beginning of the process, the value chain was thoroughly analysed by representatives of individual departments of the Śnieżka Group during three working sessions, at which, together with external ESG consultants, the upstream and downstream value chain, as well as own operations and supporting activities, were discussed.

The undertaking carefully analysed the sources of energy used at its own production sites and the related emission levels. Strategic plans related to the sustainable sourcing and production of energy were taken into account. No significant changes to the business model are planned; instead, the undertaking envisages the gradual evolution of existing processes and products, which enabled a balanced identification and assessment of impacts.

For the purposes of the process, the undertaking reviewed its own locations and activities in order to identify actual and potential impacts, risks and opportunities related to pollution and the circular economy, both within own operations and across the entire value chain For this purpose, the undertaking analysed the procedures, instructions and processes implemented within the company, held sectoral permits, as well as reports from audits and inspections. The analysis was supported by reference databases such as EncoreNature, Biodiversity and Water Risk Filter, as well as statistical databases of Statistics Poland (GUS), and scientific and industry literature. A linear dependency of theoretical data obtained and analysed from the materials reviewed was assumed for processes across the entire value chain. Similarly, inflows, outflows and waste were analysed using, in addition to the materials defined above, production data based on mass balance, as well as packaging and waste records.

As part of the overall material topic identification process, no consultations were conducted with affected communities beyond the dialogue described below. Potential complaints and other forms of publicly available communication were taken into consideration; however, none related to the Group's operations were recorded. Nor were any breaches of applicable laws identified by supervisory authorities. The Group also relied on knowledge acquired through participation in the *Polish Plastics Pact*. The starting point for the identification of impacts was dialogue with stakeholders, in particular employees (who in some cases also represent local communities) and key external stakeholders, forming part of the due diligence process. To obtain opinions and conclusions from stakeholders aimed at better understanding the Group's impacts and the related risks and opportunities, two anonymous surveys were distributed in 2024 – one addressed to internal stakeholders (employees of all Group companies), and the other to external stakeholders (including customers, suppliers, institutional shareholders, banks and local government authorities).

The survey questions included both closed-ended and open-ended formats and covered all sustainability areas, including impacts on the natural environment (noise, water and air pollution, and improper waste management). The surveys addressed issues identified in the ***UN Guiding Principles on Business and Human Rights*** and the ***OECD Guidelines for Multinational Enterprises.*** Particular consideration was given to the human rights included in the ***Universal Declaration of Human Rights*** and the ***International Labour Organization Declaration on Fundamental Principles and Rights at Work.***

The surveys consisted of both closed-ended and open-ended questions, enabling respondents to provide more detailed comments. Due to the international nature of the Group, stakeholders were able to complete the surveys in Polish, Hungarian, Ukrainian and Russian, while external stakeholders could additionally respond in English (in order to include suppliers using English but none of the other available languages). As part of the process, a total of 459 responses were analysed, representing 40% of the surveys distributed among employees of FFiL Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina, Rafil, Poli-Farbe and Śnieżka-BelPol. The survey addressed to external stakeholders of these entities was completed by 135 respondents.

In addition, the Group took into account the results of an extensive consumer survey conducted by Śnieżka in 2024, which provided insight into current consumer behaviour and preferences, including their approach to safety issues and the environmental impact of paint products.

Based on the survey and research results, both negative and positive impacts of the Group, together with the related risks and opportunities, were identified. When carrying out the assessment in accordance with the criteria of scale, scope, irremediable character and likelihood, the relationship with specific human rights was also taken into account.

All of the above criteria were assessed using a five-point scale, where 1 represented a very low value and 5 represented a very high value.

Materiality was assessed in three categories:

- actual positive and negative impacts were assessed in terms of severity;
- potential positive and negative impacts were assessed in terms of severity and likelihood;
- risks and opportunities were assessed based on the average of severity and likelihood.

The materiality threshold was established at the top 25% level of impacts, risks and opportunities.

The Group is aware of its potential impact on climate change as well as biodiversity and ecosystems, together with the risks and opportunities associated with these areas.

The undertaking analysed both its impacts on the environment and its dependencies on the environment. These interrelationships were identified primarily in relation to:

- direct exploitation of natural resources,
- dependence on ecosystem services,
- impacts on protected areas and endangered species.

All analyses were conducted taking into account the specific locations of own operations or, where geographical precision was limited due to constraints in the traceability of raw material sourcing and product application sites, also with respect to upstream and downstream operations. In addition, key natural resources and the related operations and emissions were identified, taking into account ecosystem services that are or may be disrupted. Both qualitative assessment criteria (including the nature of protected areas, the status of endangered species, the general harmfulness of emissions and the relative consequences of resource extraction) and quantitative criteria (including the scale of abstraction, extraction and emissions) were applied. Numerous reference databases were used as benchmarks to provide objective support for the analysis.

As part of the analysis, protected areas located near the Group's facilities (the Group does not conduct operations in protected areas or areas of particular importance for biodiversity) and the species inhabiting them were identified. No evidence was found that the Group's activities had an actual adverse effect on the condition of habitats or the species inhabiting them; therefore, no need to implement mitigation measures was identified. The assessment criteria applied primarily concerned the resilience and condition of ecosystems, as well as the Group's dependence on related ecosystem services.

The results of the impact analysis were used in the process of identifying and assessing risks and opportunities. Ultimately, no material risks or opportunities were identified in the described area. Potential systemic risks that could affect the undertaking's operations were considered in accordance with the TNFD recommendations; however, none were identified. As part of the analysis, consultations were conducted with local communities regarding their perception of the Group's activities, impacts and dependencies on the environment in their immediate surroundings. Due to the nature of the Group's operations and the local sourcing of key resources (water), the views of local communities constituted a decisive assessment criterion. An impact on the availability of drinking water was identified, which is addressed within Śnieżka's strategic directions aimed at reducing water abstractions, closing the water loop and reducing pollution.

A detailed description of the resilience analysis performed, including the applied time horizons, is presented in section *Material impacts, risks and opportunities* under disclosure **SBM-3**. The identified sources and levels of emissions are presented in section *Greenhouse gas emissions* under disclosure **E1-6**. A detailed analysis was conducted of the IPCC SSP5-8.5 high-emissions scenario, which assumes increasing social and income inequalities, the continued dependence of the economy on fossil fuels, low decarbonisation and increasing greenhouse gas emissions. Under this scenario, both acute physical risks, such as floods, and chronic risks, such as gradual soil degradation, were considered. The Net Zero Emissions by 2050 scenario defines a pathway to limiting temperature increase to 1.5°C through achieving net-zero emissions in the global energy sector.

Under this scenario, the Group's business model and its ability to adapt to the objectives of the Paris Agreement were analysed. The strategy and business model were assessed against various risks. The analysis examined resilience to changes in customer and business partner behaviour, the need to adapt products to new regulations and technological trends related to net-zero solutions, as well as reputational issues, including the potential stigmatisation of the sector across the entire value chain.

The analysis also examined the likelihood of identified risks materialising for specific geospatial coordinates across the entire value chain. For those risks identified as having at least a very low probability of occurrence, potential impacts were outlined. These impacts do not take into account mitigation measures and remedial actions already implemented. Material risks and opportunities were compared against the current strategy in order to verify whether material risks had been addressed in the adopted plans. Depending on the results of future analyses conducted in subsequent reporting periods, the Group assumes that these findings may be reflected in strategic-level decision-making. When considering impacts, risks and opportunities in the area of pollution, the Śnieżka Group took into account the specific characteristics of its products (including solvent-based and water-based products), production processes and the related waste disposal activities, as well as the manner in which products are used by consumers. The Group considered both the types and characteristics of substances contained in its products and pollutants released into the air (particularly volatile organic compounds), identifying impacts within own operations and at the downstream stage of the value chain using its own measurements.

Material impacts related to air pollution across the entire value chain and impacts arising from the use of potentially hazardous substances were identified. In addition, opportunities arising from the production of water-based products were recognised.

The Group assessed the identified environmental and social impacts in accordance with the criteria described above. Materiality was determined on the basis of quantitative thresholds and, in the case of risks and opportunities, also financial thresholds, using the Group's internal risk assessment system aligned with the system applied for the valuation of corporate risks, while also taking into account additional costs that could arise should certain risks materialise.[29] In order to determine the scale of impacts, the Group relied on publications of international organisations (e.g. the International Energy Agency), sector studies, scientific articles, standards arising from legal regulations, and various analytical tools, including the *Integrated Biodiversity Assessment Tool (IBAT)* and the ***Aqueduct Water Risk Atlas,*** which enabled assessments based on river basins, taking into account distinct water bodies. The assessment also utilised ***Biodiversity Water Risk and Encore Nature databases*** (the Group operates within the upper Vistula, Bug, Middle Dnieper and Danube river basins). Reference was also made to statistics published, among others, by Statistics Poland (GUS). It was assumed that the above-mentioned tools accurately reflect the Group's business profile. The assessments were carried out by representatives of the Śnieżka Group specialising in individual thematic areas. Following internal approval of all assessments, they were compared in order to identify the material sustainability matters.

The Śnieżka Group identifies its impacts resulting from the extraction of natural resources, primarily water, but also mineral resources such as calcium carbonate. At the same time, the nature of the products requires the use of packaging which, once becoming waste, is difficult to recycle. The undertaking identifies its key related entities as those involved in raw material extraction, water treatment, packaging production and waste processing. The concentration of resource use occurs within own operations.

When assessing impacts, risks and opportunities, including those related to business conduct, the Group considered, in addition to the criteria described above, the locations in which it operates, the nature of its operations (production of paints, varnishes and other products, including decorative products), and the structure of the contribution of individual parts of the business.

Representatives of all key business areas of the Group participated in the process for identifying and assessing material impacts, material risks and material opportunities. The working group included management personnel responsible, among others, for ESG, environmental and climate protection, human resources, compliance, risk management, IT, production, research and development, logistics, sales, procurement, marketing, customer service and product development. The Group was also supported in conducting the materiality assessment by external experts in the areas of environmental protection, social impact and non-financial reporting. Several meetings were organised, including key workshops concerning the value chain, the methodology for conducting the materiality assessment (including scenario analyses), and the due diligence process. The identified and subsequently assessed impacts, risks and opportunities were reviewed across the Group in order to obtain a broader perspective covering all key operational areas of the Group. The results of the process, together with the list of material impacts, risks and opportunities, were approved by the Management Board and the Supervisory Board.

The ESRS-compliant double materiality assessment process was conducted for the first time in 2024. The Group assumes that the materiality assessment will be reviewed annually in order to take into account new information and changes in the market environment. In 2025, no changes occurred in the value chain or business model that would indicate the need for a significant update to the double materiality assessment methodology developed in the previous year.

29. *Further information on this subject can be found in the Sustainability Management section of this chapter..*

ENVIRONMENT

Taxonomy disclosures

The **Taxonomy** is a classification tool intended to support investors, financial institutions and undertakings in making informed investment decisions regarding environmentally sustainable economic activities. As a result, the Taxonomy constitutes a core element of the activity classification system enabling the identification of environmentally sustainable activities carried out by undertakings. The establishment of the above-mentioned system and classification criteria is intended to support the implementation of the ***European Green Deal*** strategy, including the transition to a secure, climate-neutral, climate-resilient and more resource-efficient circular economy.

In accordance with the Taxonomy Regulation (i.e. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, OJ L 198, 22.6.2020, pp. 13–43), the Group is required to disclose in its annual report:

- the proportion of turnover derived from products or services associated with environmentally sustainable economic activities;
- the proportion of capital expenditure (CapEx) related to assets or processes associated with environmentally sustainable economic activities;
- the proportion of operating expenditure (OpEx) related to assets or processes associated with environmentally sustainable economic activities.

These disclosures were prepared taking into account the provisions of Commission Delegated Regulation (EU) 2026/73 of 4 July 2025, introducing reporting simplifications (the so-called "Omnibus" package).

Among other things, this Regulation provides for the application of simplifications consisting of the introduction of a quantitative materiality threshold, under which activities representing less than 10% of the denominator of a given KPI may be excluded from the detailed assessment of Taxonomy eligibility and alignment, as well as the use of simplified presentation formats.

Due to the nature of its operations and the relatively low share of activities potentially covered by the Taxonomy within the structure of turnover, capital expenditure and operating expenditure, the Group applied the above simplifications in preparing its Taxonomy disclosures.

An economic activity is considered environmentally sustainable if it cumulatively meets the following conditions:

- it contributes substantially to at least one of the six environmental objectives referred to later in this section;
- it does not significantly harm any of the other environmental objectives;
- it is carried out in compliance with minimum safeguards;
- it complies with the technical screening criteria specified in the relevant delegated acts of the European Commission (TSC).

The environmental objectives referred to above are:

- 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 Śnieżka Group is required to report the extent to which its activities are environmentally sustainable within the meaning of the EU Taxonomy. For this purpose, the Group developed and implemented an EU Taxonomy reporting process divided into five stages: recording, identification, allocation, verification and calculation.

EU Taxonomy Reporting Process

Assessment of the eligibility of the Śnieżka Group's activities under the Taxonomy:

Stage 1: Recording – in order to commence the assessment of the compliance of activities with the Taxonomy, data regarding the Group's activities are collected. Although all departments are indirectly involved in this process, the leading role is played by the People, ESG and Corporate Communications Department, the Controlling Department, the Finance Department, the Corporate Governance Department, the Procurement Department, the Technical and Investment Department, and the Maintenance Unit.

Stage 2: Identification – this stage involved a review of the activities carried out by the Group and determining whether a given type of activity qualifies under the Taxonomy. The Group identifies Taxonomy-eligible activities on the basis of the descriptions of economic activities included in the annexes to the delegated regulations establishing the technical screening criteria of the EU Taxonomy. In this respect, the Group was supported by an external advisor. Where necessary, the NACE classification 35F[30] and guidelines and other documents prepared by the European Commission and the Platform on Sustainable Finance were used as supporting references, in particular the European Commission notices containing interpretations of certain legal provisions of the delegated acts. Within the above two stages, the Śnieżka Group identified six activities within the environmental objective of climate change mitigation (CCM), and one activity within the environmental objective of transition to a circular economy (CE). Within the above two stages, the Śnieżka Group identified one material activity within the environmental objective of climate change mitigation (CCM): CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles.

As a result of the review of conducted activities, additional economic activities were also identified. In practice, these activities were assessed for Taxonomy eligibility in accordance with the description of Stage 2, in order to confirm their immateriality due to not exceeding the 10% materiality threshold. The sectors of immaterial activities are presented in the Turnover, CapEx and OpEx KPI sections.

30. NACE (Statistical Classification of Economic Activities in the European Community)

Stage 3: Allocation – this stage consists in assigning turnover, capital expenditure and operating expenditure values to the activities identified in Stage 2. The allocation principles are described in the *Accounting Policies section.*

Assessment of the alignment of the Śnieżka Group's activities with the Taxonomy:

Stage 4: Verification – at this stage, the Group assesses whether the identified eligible activities meet the criteria for being recognised as environmentally sustainable activities, i.e. the substantial contribution criterion and the do no significant harm (DNSH) criterion, in accordance with the technical screening criteria specified in the delegated acts.

Due to the application of the simplifications resulting from Commission Delegated Regulation (EU) 2026/73, only activities considered material from the perspective of individual KPI indicators were subject to detailed verification. Activities whose share in the relevant KPI denominator did not exceed the adopted materiality threshold were not subject to detailed assessment regarding compliance with the technical screening criteria, including the DNSH criteria and minimum safeguards.

Based on the analysis performed, the Group concluded that the only material activity does not meet the criteria for being recognised as environmentally sustainable. For activity CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles – an assessment of the vehicle fleet owned by the Group companies was conducted in terms of the emissions performance of individual vehicles. Due to the fact that all vehicles within the Group are equipped with combustion engines that do not meet the emission standards included in the TSC, demonstrating compliance with the substantial contribution criterion for climate change mitigation was not possible. As the substantial contribution criterion was not met, no assessment of compliance with the DNSH criteria or minimum safeguards was performed.

Stage 5: Calculation – based on the information obtained during the assessment process of Taxonomy eligibility and alignment, the Group prepared tables containing the required information and developed supplementary disclosures in accordance with the requirements of the annexes to Commission Delegated Regulation (EU) 2021/2178 (taking into account the amendments introduced by Regulation 2026/73). The entire reporting procedure was supervised by the Management Board Member appointed for this purpose.

As the Group did not identify any activities aligned with the technical screening criteria during the current reporting year, it did not perform an assessment of compliance with minimum safeguards.

Accounting principles

The basis for the calculation of the turnover, capital expenditure (CapEx) and operating expenditure (OpEx) indicators were the definitions set out in Annex I to Commission Delegated Regulation (EU) 2021/2178.

Turnover – the basis comprised the Group's total revenues for 2025, disclosed in the Consolidated Statement of Comprehensive Income under Revenue from sales (described in Note 3.2.1 to the Consolidated Financial Statements of the Śnieżka Group for 2025). The turnover calculated in this manner constitutes the denominator used to calculate the indicators for Taxonomy-eligible activities, divided into environmentally sustainable and environmentally non-sustainable activities.

As a result of the analysis performed, the Group did not identify any material Taxonomy-eligible or Taxonomy-aligned activities. The share of potentially eligible activities in the Group's turnover does not exceed 0.2% of sales revenues and, in light of the adopted materiality threshold, was considered immaterial. Consequently, the Group applied the simplifications provided for in the regulations and did not perform a detailed assessment of the eligibility and alignment of these activities.

Capital expenditure (CapEx) comprises the Group's capital expenditure recognised in full in the Consolidated Financial Statements of the Śnieżka Group for 2025 in the table of movements in expenditures on construction in progress (Property, plant and equipment – Note 3.8) and in the table of movements in expenditures on intangible assets (Intangible assets – Note 3.10). These expenditures constitute the denominator used to calculate the indicators for Taxonomy-eligible activities, divided into environmentally sustainable and environmentally non-sustainable activities. This denominator includes additions to property, plant and equipment and intangible assets during a given financial year, including capitalisation of external financing costs, before accumulated depreciation and amortisation. The numerator of the indicators discloses the portion of CapEx related to Taxonomy-eligible activities, divided into environmentally sustainable and environmentally non-sustainable activities. For 2025, the Group does not report any Taxonomy-aligned CapEx. As part of the capital expenditure analysis, the Group identified one material Taxonomy-eligible activity: transport activities involving passenger cars and light commercial vehicles (CCM 6.5). For 2025, the Group does not report any Taxonomy-aligned CapEx.

Operating expenditure (OpEx) – the basis comprised all non-capitalised costs, including research and development costs as well as costs related to the day-to-day servicing and maintenance of the Group's assets in proper operating condition. These costs included, among others, personnel costs of employees responsible for maintenance and repairs, repair and maintenance costs of equipment, inspection costs and fire protection costs. The aggregate of these costs constitutes the denominator used to calculate the indicators for Taxonomy-eligible activities, divided into environmentally sustainable and environmentally non-sustainable activities. The numerator of the indicators discloses the portion of OpEx related to Taxonomy-eligible activities, divided into environmentally sustainable and environmentally non-sustainable activities.

As a result of the analysis performed, the Group did not identify any material Taxonomy-eligible or Taxonomy-aligned activities. The share of potentially eligible activities in the Group's operating expenditure (OpEx) does not exceed 10% of the value of OpEx and, in light of the adopted materiality threshold, was considered immaterial. Consequently, the Group applied the simplifications provided for in the regulations and did not perform a detailed assessment of the eligibility and alignment of these activities.

No changes were introduced to the accounting policy compared to the previous reporting period.

Other information

The data used for the calculations originate from the financial and accounting systems of the individual companies comprising the Group. No allocations or estimates were required for the purposes of Taxonomy disclosures. During the analysis, no activities contributing to more than one environmental objective were identified. Accordingly, there was no need to apply special procedures to avoid double counting across different environmental objectives.

No changes were introduced to the accounting policy compared to the last reporting period.

Results

The results of the work performed within Stages 1–5 are presented in Tables 39 to 42.

Table 39. Percentage share of turnover, capital expenditure and operating expenditure related to products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure for 2025 (aggregate KPI indicators)

Financial year	2025														
					Breakdown by environmental objectives of Taxonomy-aligned activities										
Key performance indicator (KPI)	Total	Share of Taxonomy-eligible activities	Taxonomy-aligned activity	Share of Taxonomy-aligned activities	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity	Share of enabling activities	Share of transitional activities	Activities not subject to assessment considered immaterial	Taxonomy-aligned activities in the previous financial year (2024)	Share of Taxonomy-aligned activities in the previous financial year (2024)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Text	in '000 PLN	%	in '000 PLN	%	%	%	%	%	%	%	%	%	%	in '000 PLN	%
Turnover	772,506	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0	0.0%
Capital expenditure	25,773	18.6%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.2%	0	0.0%
Operating expenditure	19,365	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.3%	0	0.0%

Turnover

In 2025, the vast majority of the Group's revenue originated from activities that are not eligible under the European Union Taxonomy. The Group's dominant business segment does not fall within the categories recognised as environmentally sustainable under the applicable regulations. The Group generates revenue primarily from the sale of decorative paints and construction chemicals intended for the decoration and protection of surfaces.

The Group identified activities potentially eligible under the Taxonomy; however, their cumulative share in turnover does not exceed the materiality threshold of 10% of the denominator of the Turnover KPI. Due to the absence of any material Taxonomy-eligible activity within the Turnover KPI, the Group presented the mandatory table template for this KPI without disclosing any material turnover. The activity considered immaterial belongs to the Transport sector.

Table 40. Percentage share of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure for 2025 (breakdown by activity)

Key performance indicator (KPI)	Turnover												
Financial year	2025												
					Environmental objective of Taxonomy-aligned activity								
Economic activity	Code	KPI for Taxonomy-eligible activities (share of Taxonomy-eligible turnover)	KPI for Taxonomy-aligned activities (monetary value of Taxonomy-aligned turnover)	KPI for Taxonomy-aligned activities (share of Taxonomy-aligned turnover)	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity	Share of Taxonomy-aligned activities within Taxonomy-eligible activities
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	in ‘000 PLN	%	%	%	%	%	%	%	(enabling activity, where applicable)	(transitional activity, where applicable)	%
Total Taxonomy-aligned activities by environmental objective					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total key performance indicator (turnover)		0.0%	0.000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	0.0%

CapEx

As part of the activity eligibility assessment process, all investment projects implemented in 2025 by the companies belonging to the Śnieżka Group were analysed. Within the context of the CapEx KPI, CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles was classified as a Taxonomy-eligible activity.

This activity exceeds the materiality threshold and qualifies under the EU Taxonomy framework. Activities considered immaterial belong to the Construction and real estate activities sectors, as well as the Transport sector. Capital expenditure related to the material activity identified above is presented in the table below.

Table 41. Percentage share of capital expenditure related to products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure for 2025 (breakdown by activity)

Key performance indicator (KPI)	Capital expenditure												
Financial year	2025												
					Environmental objective of Taxonomy-aligned activity								
Economic activity	Code	KPI for Taxonomy-eligible activities (Taxonomy-eligible capital expenditure)	KPI for Taxonomy-aligned activities (monetary value of Taxonomy-aligned capital expenditure)	KPI for Taxonomy-aligned activities (Taxonomy-aligned capital expenditure)	Climate change mitigation	Adaptation to climate change	Water and marine resources	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity	Share of Taxonomy-aligned activities within Taxonomy-eligible activities
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	in '000 PLN	%	%	%	%	%	%	%	(enabling activity, where applicable)	(transitional activity, where applicable)	%
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	18.6%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	0.0%
Total Taxonomy-aligned activities by environmental objective					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total key performance indicator (capital expenditure)		18.6%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	0.0%

OpEx

As part of Stage 4 of the Taxonomy reporting process within the Śnieżka Group (allocation), an analysis was performed of all operating costs incurred by the Group in 2025. Due to the identified activities not exceeding the materiality threshold, all economic activities related to operating expenditure (OpEx) were considered immaterial. The Group presented the mandatory table template for this KPI without disclosing any material operating expenditure.

The activities considered immaterial belong to the following sectors:

- Energy,
- Transport,
- Construction and real estate activities,
- Information and communication.

Table 42. Percentage share of operating expenditure related to products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure for 2025 (breakdown by activity)

Key performance indicator (KPI)	Operating expenditure												
Financial year	2025												
					Environmental objective of Taxonomy-aligned activity								
Economic activity	Code	KPI for Taxonomy-eligible activities (Taxonomy-eligible operating expenditure)	KPI for Taxonomy-aligned activities (monetary value of Taxonomy-aligned operating expenditure)	KPI for Taxonomy-aligned activities (Taxonomy-aligned operating expenditure)	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Enabling activity	Transitional activity	Share of Taxonomy-aligned activities within Taxonomy-eligible activities
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		%	in '000 PLN	%	%	%	%	%	%	%	(enabling activity, where applicable)	(transitional activity, where applicable)	%
Total Taxonomy-aligned activities by environmental objective					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Total key performance indicator (operating expenditure)		0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	0.0%

Climate

Climate change mitigation transition plan

[E1-1]

As a result of the double materiality assessment, the Śnieżka Group identified as material: one actual negative impact, eight risks, and one opportunity (described in more detail in section *Material impacts, risks and opportunities* of this report. As part of its *Sustainability Strategy*, the Group committed itself to the management and reduction of greenhouse gas (GHG) emissions, increasing energy efficiency, and the increasingly broader use of energy from renewable sources.

At the same time, as at the publication date of this report, the Group does not have a transition plan and has not defined a new timeline for its adoption in the near future (originally planned for 2026). This topic requires further in-depth internal analyses and expanded stakeholder dialogue, particularly with regard to the reduction of Scope 3 emissions.

Regardless of the above, the Group maintains its commitment to mitigating climate-related risks and their potential impact on operations. The actions implemented are aligned with the direction of transformation towards an economy aimed at reducing climate impact. The measures undertaken (including investments made) and commitments adopted, as well as issues related to locked-in emissions and incurred or planned expenditures, are described in greater detail in the following subsections. Due to the absence of a transition plan, the remaining elements required under **ESRS E1-1** have not been fulfilled.

Management of the area

[E1-2]

The ***Climate Policy of the Śnieżka Group*** was updated and adopted in 2025 by the Management Board, which is responsible for its implementation. The document applies to the parent company (FFiL Śnieżka SA) and sets out directions for action for the subsidiaries comprising the Group. Responsibility for monitoring its implementation and effectiveness lies with the Quality and Climate Management Director. Activities related to the oversight of the ***Sustainability Strategy,*** implementation of ESG actions and initiatives, management of risks and opportunities, and monitoring and reporting of ESG performance have been distinguished as part of the ***ESG Management*** process, for which the Sustainability Committee is responsible. The ***Climate Policy*** defines both the overarching approach to managing the Group's impact on the climate and the impact of climate change on the Group's operations across the entire value chain. The document was developed based on the materiality assessment and remains aligned with the European Sustainability Reporting Standards (ESRS) and the TCFD recommendations.

The ***Climate Policy of the Śnieżka Group*** also constitutes the foundation of Śnieżka's ***Sustainability Strategy,*** under which operational targets and metrics related to the undertaking's climate actions have been defined. The Group commits to managing climate-related issues based on legal requirements and scientific knowledge through, among others, ongoing monitoring and analysis of data regarding heat and energy consumption and greenhouse gas emission levels.

The following were identified as priority actions within the Policy:

- increasing energy efficiency,
- transformation towards green energy,
- management and reduction of GHG emissions across all three scopes.

The document addresses both climate change mitigation and adaptation to its effects. Specific objectives related to the first two categories of activities were defined within the Policy. The implementation of the transition towards green energy is possible through the purchase of guarantees of origin (energy purchased for Polish companies originates from renewable sources) and the generation of green energy through the Group's own photovoltaic installations (foreign companies). In turn, increasing energy efficiency is implemented through the launch of a metering system enabling detailed monitoring of energy consumption, as well as the replacement of lighting with energy-efficient systems, which contributed to reducing electricity consumption.

Detailed operational objectives have been defined in ***Śnieżka's Sustainability Strategy.***

One of the outcomes of developing the ***Climate Policy*** was the introduction of corresponding provisions into the ***Supplier Code of Conduct***. These provisions concern actions related to the use of "green" technologies, the commencement and/or continuation of carbon footprint calculations (for Scopes 1, 2 and ultimately 3), and the implementation of due diligence policies within the value chain, including the identification of environmental risks and the implementation of preventive procedures. Neither the ***Climate Policy*** nor the ***Supplier Code of Conduct*** contains references to the downstream value chain, geographical areas, or stakeholder groups impacted by the company; however, their interests have been indirectly taken into account through the prioritisation of overall climate care. The Policy covers the area of own operations, in particular activities undertaken by FFiL Śnieżka SA. The Code, in turn, constitutes a set of guidelines for partners within upstream operations.

Both the ***Climate Policy*** and the ***Supplier Code of Conduct*** are available on the *Company's website*. The Code is additionally provided to suppliers prior to establishing business cooperation, and confirmation of its acknowledgement and compliance constitutes a requirement for cooperation with the Śnieżka Group.

Risks related to environmental and climate impacts, as well as the impact of climate change on the Group, have been analysed and incorporated into the comprehensive risk management system.

[E1-3]

As part of the double materiality assessment, the Group identified a negative impact on climate change through greenhouse gas emissions. At the same time, the analysis performed did not identify any actual material impacts requiring remediation measures for affected persons.

Key operational activities supporting emission reduction

The information presented in the report reflects the company's general directions of action and initiatives, which will require further updates and refinement in order to achieve full alignment with the applicable ESRS standards.

Increasing energy efficiency

As part of the ***Climate Policy*** and ***Śnieżka's Sustainability Strategy,*** the Group committed itself to increasing energy efficiency.

In 2025, thanks to the building management system (BMS) metering system in operation, the Group's activities focused on detailed monitoring of energy consumption at key FFiL Śnieżka SA locations (Brzeźnica, Lubzina, Zawada and Pustków). Continuous monitoring and systematic data analysis are permanent in nature and will be carried out over the short-, medium- and long-term horizons, enabling the identification of areas with increased energy consumption and the implementation of reduction measures.

In 2025, the gas boiler in the maintenance workshop hall was replaced with a new unit featuring a higher energy efficiency class (energy savings of 189 kWh). Air conditioning units were also replaced in two rooms at the Brzeźnica site. The existing units were replaced with more energy-efficient models using a more environmentally friendly refrigerant characterised by a lower Global Warming Potential (GWP). As a result, the energy savings amounted to 2,694 kWh/year and 880 kWh/year, respectively. The effectiveness of the implemented measures is assessed based on the reduction in energy consumption expressed in kWh.

As part of efforts to identify further opportunities for improving energy efficiency, an energy audit was also conducted. As a result of the audit, which included an assessment of the balance of energy and other energy carrier consumption, no need was identified for extensive infrastructure modernisation requiring significant capital expenditure. Śnieżka interprets the results of the process as confirmation of the effectiveness of the measures and solutions implemented in previous years in the area of energy management. The only recommended solution was the continuation of replacing conventional lighting with energy-efficient LED lighting at one of the facilities, which could generate annual electricity savings of approximately 17 thousand kWh. This opportunity will be analysed in the short- and medium-term perspective in terms of economic viability and its impact on greenhouse gas emission reduction.

At present, these activities are not associated with significant financial expenditure. Nature-based solutions were not included in the implemented or planned measures.

Transition towards green energy

Increasing the share of energy from renewable sources is another important decarbonisation lever.

In 2025, Scope 2 greenhouse gas emissions (market-based method) for Śnieżka SA, Śnieżka ToC and Rafil were reduced by 100% through the purchase of guarantees of origin for electricity.

At the same time, actual emission reductions were achieved at Śnieżka-Ukraina and Poli-Farbe thanks to photovoltaic installations launched in the previous reporting period. Following a full year of operation in 2025, it was confirmed that these investments contributed to reducing the consumption of conventionally sourced energy and, consequently, to an actual reduction in greenhouse gas emissions. Poli-Farbe reduced its energy consumption by 40.15% compared to 2023 and by 28.06% compared to 2024. Śnieżka-Ukraina also recorded a decrease in energy consumption, amounting to 42.70% compared to 2023 and 35.11% compared to 2024.

In 2025, the Group was unable to secure financing that would enable the implementation of additional renewable energy source (RES) installations. However, the Group intends to continue monitoring the availability of financing sources and conditions. Should such opportunities arise, the Group will consider implementing such solutions.

Since the Group has not adopted or approved a transition plan, it is not possible to indicate specific financial expenditures allocated to its implementation. The Group also does not have defined targets or plans for aligning its business activities (revenue, CapEx, OpEx) with the criteria set out in ***Commission Delegated Regulation (EU) 2021/2139.*** No significant financial expenditure was incurred in this area.

Currently, the Company focuses its climate-related activities on operational optimisation and does not plan significant capital investments (CapEx) directly related to climate adaptation or climate mitigation measures. No locked-in greenhouse gas emissions were identified as a result of the analyses conducted. Should it become necessary to implement climate-related CapEx investments, the Company will analyse available financing options, taking into account accessible financial instruments and grants.

The Śnieżka Group did not record capital expenditure related to economic activities connected with coal, oil or gas. Nor is it excluded from EU Paris-aligned benchmarks.

Greenhouse gas emissions

In 2025, the Group implemented measures aimed at reducing greenhouse gas emissions, particularly within Scope 2.

- **100%** green electricity purchased by Śnieżka SA, Śnieżka ToC and Rafil, as confirmed by guarantees of origin and cancellation certificates (market-based method).
- Electricity generated from proprietary photovoltaic installations at Śnieżka-Ukraina and Poli-Farbe covered the following shares of electricity consumption:
  - **30.01%** – share of electricity from PV installations in Poli-Farbe's electricity consumption (Hungary).
  - **13.38%** – share of electricity from PV installations in Śnieżka-Ukraina's electricity consumption.
  - **4.69%** – share of total electricity generated from PV installations in the Śnieżka Group's electricity consumption.
- Collaboration with suppliers. The Śnieżka Group raises supplier awareness regarding greenhouse gas emissions and the importance of calculating organisational and product carbon footprints.

The actions undertaken are gradual and supportive in nature. They form part of a long-term approach to managing climate impact across the value chain.

Metrics and targets related to climate change mitigation and adaptation

[E1-4]

The Śnieżka Group has established climate targets based on its ***Sustainability Strategy.*** As at the publication date of this report, the Group does not have a formal transition plan in line with ESRS requirements, and the adopted climate targets do not constitute a comprehensive long-term decarbonisation pathway fully aligned with the Paris Agreement, nor have they been approved under the Science Based Targets initiative (SBTi).

For 2025, Śnieżka SA and Śnieżka ToC set a target to maintain a 50% reduction in Scope 1 and Scope 2 carbon footprint compared to the base year 2020, which was achieved. The Scope 2 targets were calculated using the market-based method. In addition, for 2026 Śnieżka SA and Śnieżka ToC established a new target consisting of achieving a 55% reduction in Scope 1 and Scope 2 carbon footprint compared to 2020, with Scope 2 targets calculated using the market-based method.

The targets are presented as a percentage change relative to the 2020 base year, in line with the methodology previously applied for emission calculations, including the market-based method for Scope 2. These targets are short-term in nature and have been established as internal targets not based on scientific methodologies.

Scope 3 targets have not yet been established due to the Group's limited ability to influence emissions generated across the value chain. The limited availability and quality of data from suppliers and customers hinder the establishment of realistic and measurable reduction targets. As the Group advances its efforts to obtain actual supplier data and strengthen cooperation within the supply chain, it plans to establish Scope 3 targets in the medium term as well.

The undertaking's climate impact is monitored primarily through carbon footprint measurement.

Table 43. Scope 1 and Scope 2 greenhouse gas emissions for Śnieżka SA and Śnieżka ToC – own indicator

	Base year 2020	2025	2024	change 2025/2024 [%]
Gross Scope 1 greenhouse gas emissions (tCO_2e)	1,968.10	2,040.17	1,943.55	4.97%
Share of Scope 1 greenhouse gas emissions from regulated emissions trading schemes (%)	n/a	n/a	n/a	n/a
Gross Scope 2 greenhouse gas emissions according to the location-based method (tCO_2e)	4,647.55	3,054.26	3,404.45	-10.29%
Scope 2 greenhouse gas emissions according to the market-based method (tCO_2e)	3,545.24	0.00	0.00	0.00%
Scope 1 and 2 greenhouse gas emissions according to the location-based method (tCO_2e)	6,615.65	5,094.43	5,348.00	-4.74%
Scope 1 and 2 greenhouse gas emissions according to the market-based method (tCO_2e)	5,513.34	2,040.17	1,943.55	4.97%

[W1] Scope 1 and Scope 2 greenhouse gas emissions calculated for FFiL Śnieżka SA and Śnieżka ToC in accordance with the Greenhouse Gas Protocol requirements.

In the near future, the Group plans to revise its targets in order to continue supporting the assumptions of the ***Climate Policy.***

At the current stage, the targets related to energy and energy efficiency are qualitative and operational in nature. These include:

- increasing energy efficiency through systematic monitoring of consumption and implementation of optimisation measures,
- increasing the share of energy from renewable sources, including through the purchase of energy certified by guarantees of origin and the use of proprietary photovoltaic installations.

The implementation of activities related to improving energy efficiency and sourcing energy from renewable sources is supervised by the Technical and Investment Department and the Quality and Climate Management Department. Progress against the assumptions is reported during periodic management meetings.

As at the publication date of the report, the Group has not established separate quantitative targets related to climate adaptation. Potential targets would concern the area of own operations. Adaptation measures relate to areas associated with infrastructure and operational continuity, while monitoring of physical risks includes observation of the impact of extreme weather events.

To date, the Group has not linked climate targets to variable remuneration of management personnel or to long-term financial planning. The implemented and planned measures do not require significant financial expenditure.

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[E1-5]

Table 44. Information on energy consumption and energy mix in the Śnieżka Group

Energy consumption and energy mix	**Unit**	**2025**	**2024**	**change 2025/2024 [%]**
1. Fuel consumption from coal and coal products	MWh	1,643.90	1,414.41	+16.22%
2. Fuel consumption from crude oil and petroleum products	MWh	5,889.93	6,249.07	-5.75%
3. Fuel consumption from natural gas	MWh	6,039.36	5,282.76	+14.32%
4. Fuel consumption from other fossil sources	MWh	678.67	823.53	-17.59%
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	685.86	954.52	-28.15%
6. Total energy consumption from fossil sources	MWh	14,937.72	14,724.29	+1.45%
Share of fossil fuels in total energy consumption	**%**	**64.01%**	**62.37%**	**+1,64p.p**
7. Total energy consumption from nuclear sources	MWh	695.34	1,188.93	-41.52%
Share of energy consumption from nuclear sources in total energy consumption	**%**	**2.98%**	**5.04%**	**-2,06p.p**
8. Fuel consumption from renewable sources, including biomass (also including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	606.32	440.96	+37.50%
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	6,697.70	7,015.08	-4.52%
10. Consumption of renewable energy produced independently without the use of fuel	MWh	397.67	237.432	+67.49%
11. Total energy consumption from renewable sources	MWh	7,701.69	7,693.472	+0.11%
Share of renewable sources in total energy consumption	**%**	**33.01%**	**32.59%**	**+0,42p.p**
Total energy consumption	**MWh**	**23,334.74**	**23,606.69**	**-1.15%**

The presented data is derived from direct meter readings or invoices.

The Śnieżka Group's energy mix consists of energy derived from fossil fuels, nuclear energy, renewable energy and energy from biomass.

When comparing energy consumption from own operations, the Śnieżka Group recorded a decrease of 1.15% compared to 2024. The reduction in energy consumption resulted from lower production volumes compared to 2024, as well as from measures undertaken by the Group to improve energy efficiency, described in detail in the thematic subsection.

Total electricity consumption from renewable sources, confirmed by guarantees of origin and cancellation certificates, accounted for 26.85% of total energy consumption. The remaining energy consumption originated from fossil fuel sources, which amounted to 14,937.71 MWh, representing an increase of 1.45% compared to 2024. A total of 695.34 MWh was sourced from nuclear energy, based on data provided by energy suppliers for 2023 and 2024. Electricity from nuclear sources was procured for Śnieżka-Ukraina, Poli-Farbe and Śnieżka-BelPol. The disclosed volume of nuclear energy is based on information obtained from electricity suppliers regarding the energy mix.

In 2025, 82.90% of the electricity consumed by the Śnieżka Group originated from renewable sources, the majority of which was covered by guarantees of origin, while 4.69% was generated by proprietary installations.

Energy consumption is based on meter readings or invoice data. In accordance with ESRS requirements, fuel consumption in leased vehicles has been included in total energy consumption. Renewable energy is accounted for on the basis of guarantees of origin and cancellation certificates, as well as meter readings in the case of proprietary photovoltaic installations.

It is assumed that all activities of the Śnieżka Group fall within a high climate impact sector (NACE code C20).

The presented calculations are verified solely as part of the mandatory assurance audit of this report.

Table 45. Energy intensity based on the Śnieżka Group's net revenue

Energy intensity per net revenue	Unit	2025	2024	change 2025/2024 [%]
Total energy consumption*	MWh	23,334.74	23,606.69	-1.15%
Total energy consumption per net revenue*	MWh/thousand PLN	0.03	0.03	0%

* as part of activities in sectors with a material impact on the climate

Energy intensity was calculated based on the total energy consumption of the Śnieżka Group and the amount of net revenue consistent with the line item ***Sales revenue*** (described in Note 3.2.1 to the ***Consolidated Financial Statements of the Śnieżka Group for 2025***) in sectors with a high climate impact. The Group measures energy intensity per unit of revenue, but has not adopted this parameter, or any other parameter, as an efficiency measure for the presented metrics.

Greenhouse gas emissions

[E1-6]

In 2025, total greenhouse gas emissions for Scopes 1, 2 (market-based method) and 3 decreased by 1.04% compared to 2024.

Scope 1 emissions, i.e. direct emissions, increased by 4.54%. Scope 1 emissions accounted for 2.54% of total greenhouse gas emissions in the Śnieżka Group and resulted from fuel consumption for building heating and fuel use in transport. The recorded increase was primarily caused by higher consumption of natural gas and hard coal, resulting from an extended heating season. In the case of Scope 2 emissions calculated using the market-based method, a decrease of 19.08% compared to 2024 was recorded, while under the location-based method the reduction amounted to 11.13%. Scope 2 emissions result from the purchase of electricity and in 2025 accounted for 0.34% of total emissions under the market-based method and 2.68% under the location-based method. The reduction in emissions in this scope resulted from the use of electricity generated by proprietary photovoltaic installations. In the case of emissions calculated using the market-based method, the purchase of renewable energy confirmed by guarantees of origin had the greatest impact.

Scope 3 emissions accounted for the largest share of total emissions in the Śnieżka Group – 97.13% – and represent indirect emissions across the entire value chain.

In 2025, a 1.10% reduction in Scope 3 emissions was achieved. The main reason for this reduction was the lower volume of purchased raw materials and services.

As at the publication date of the report, no greenhouse gas emission reduction targets for Scope 3 had been established due to the absence of a formal transition plan within the meaning of ESRS. Nor were targets for Scopes 1 and 2 established for 2025, 2030 and 2050 for the Group as a whole; however, the targets related to maintaining a specified level of reduction for 2025 for FFiL Śnieżka SA and Śnieżka ToC were achieved.

Figure 7. Greenhouse gas emissions of the Śnieżka Group in 2025 (according to the market-based method)

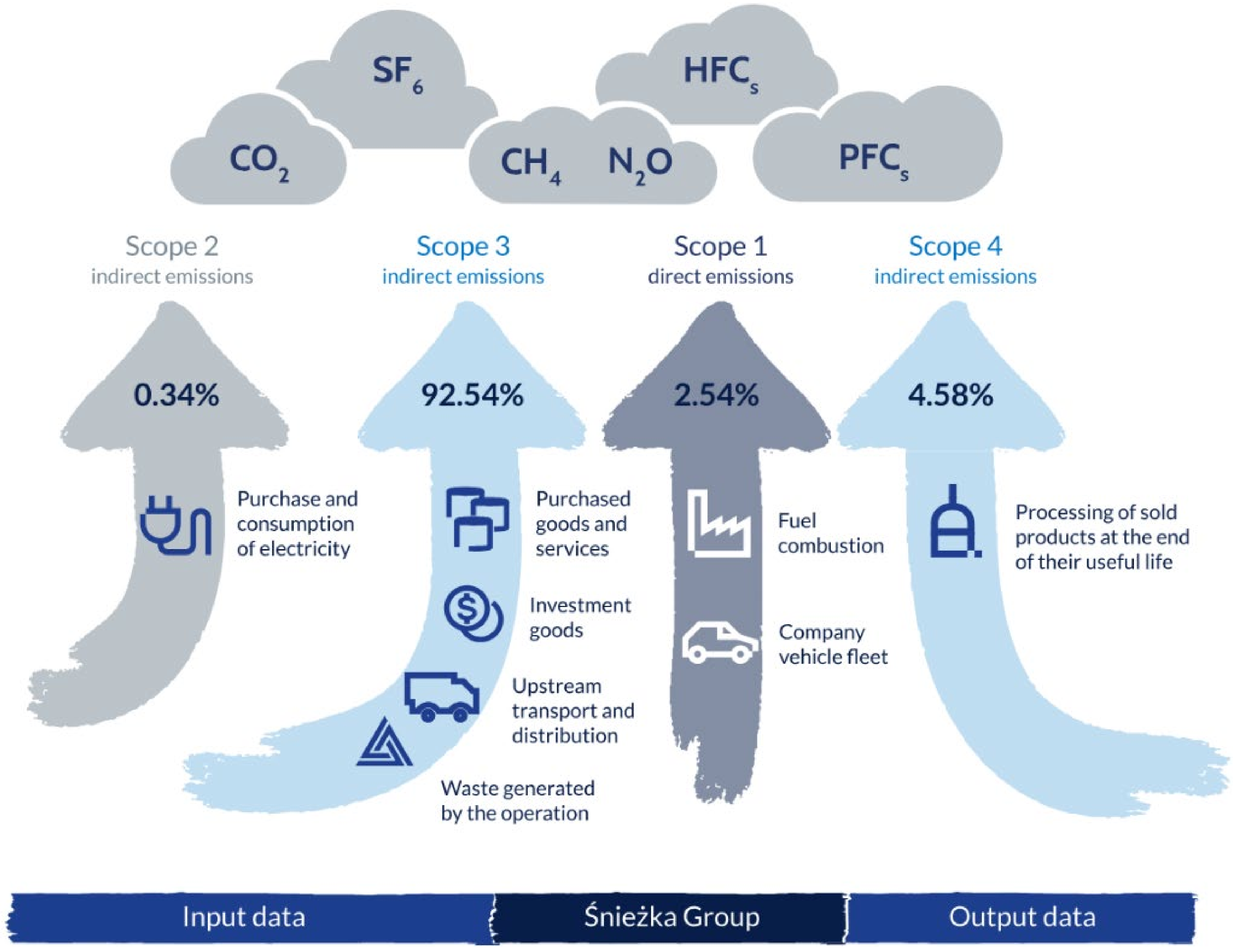


Table 46. Carbon footprint of the Śnieżka Group

	Information regarding past			
	Base year 2020	2025	2024	change 2025/2024 [%]
Scope 1 greenhouse gas emissions				
Gross Scope 1 greenhouse gas emissions (tCO_2e)	4,512.5	3,473.49	3,322.57	+4.54
Share of Scope 1 greenhouse gas emissions from regulated emissions trading schemes (%)	n/a	n/a	n/a	
Scope 2 greenhouse gas emissions				
Gross Scope 2 greenhouse gas emissions according to the location-based method (tCO_2e)	7,897.31	3,753.95	4,224.02	-11.13%
Scope 2 greenhouse gas emissions according to the market-based method (tCO_2e)	4,911.25	464.44	573.96	-19.08%
Scope 1 and 2 greenhouse gas emissions according to the location-based method (tCO_2e)	12,409.81	7,227.44	7,546.59	-4.23%
Scope 1 and 2 greenhouse gas emissions according to the ma-based method (tCO_2e)	9,423.75	3,937.93	3,896.53	+1.06%

N/A - not applicable

	Information regarding past		
	2025	2024 (base year)	change 2025/2024 [%]
Material gross Scope 3 greenhouse gas emissions (tCO_2e)	133,082.20	134,561.61	-1.10%
1 Purchased goods and services	116,527.43	119,749.28	-2.69%
2 Investment goods	4,528.44	3,753.83	20.64%
4 Upstream transport and distribution	4,206.52	3,581.70	17.44%
5 Waste generated by the operation	1,541.76	1,533.90	0.51%
12 Processing of sold products at the end of their useful life	6,278.05	5,942.90	5.64%

	2025	2024	change 2025/2024 [%]
Total greenhouse gas emissions			
Total greenhouse gas emissions derived from Scope 2 baseline greenhouse gas emissions measured using the location-based method	140,309.64	142,108.20	-1.27%
Total greenhouse gas emissions derived from Scope 2 baseline greenhouse gas emissions measured using the market-based method	137,020.13	138,458.14	-1.04%

Table 47. Biogenic emissions that are not included in Scope 1 emissions in the Śnieżka Group

Emission source	Emission type	Consumption 2025 (t)	Biogenic emissions 2025 (tCO_2)	Biogenic emissions 2024 (tCO_2)	change 2025/2024 [%]
Biomass (wood)	Burning	139.92	200.96	146.15	37.50%
Fuel emissions (diesel)	Burning	145.45	23.73	13.79	72.01%
Fuel emissions (petrol)	Burning	334.66	59.53	53.24	11.81%

The Śnieżka Group does not disclose biogenic emissions for Scope 2, as the applied emission factors do not allow for the determination of the percentage share of biomass or the separation of biogenic CO_2. No biogenic emissions were identified within the value chain or own operations. This results from the Group's business profile, under which no biogenic fuels, biomass as a product, raw material or organic waste are present. Accordingly, the entity does not disclose biogenic CO_2 emissions within Scope 3.

Table 48. Greenhouse gas emission intensity per net revenues in the Śnieżka Group

Greenhouse gas emission intensity per net revenues	2025	2024	change 2025/2024 [%]
Total greenhouse gas emissions (according to the location-based method) per net revenues (tCO_2 e /in PLN '000)	0.182	0.178	2.25%
Total greenhouse gas emissions (according to the market-based method) per net revenues (tCO_2 e /in PLN '000)	0.177	0.173	2.31%

The net revenue amount shown is in line with the item ***Sales revenues*** (described in note 3.2.1 of the ***Consolidated Financial Statements of the Śnieżka Group for 2025***).

The Śnieżka Group calculates the undertaking's carbon footprint and treats the results as one of the measures of its impact on the natural environment. In 2025, the calculations were performed in accordance with the following standards:

- The Greenhouse Gas Protocol ***a Corporate Accounting and Reporting Standard Revised Edition,***
- GHG Protocol ***Scope 2 Guidance,***
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard,
- European Sustainability Reporting Standards (ESRS).

The GHG Protocol methodology was selected due to its status as the most widely used global standard for measuring, reporting and managing greenhouse gas emissions. The organisational boundaries applied in the GHG emissions calculations covered the activities of the Śnieżka Group, divided into the following companies: FFiL Śnieżka SA, Śnieżka Trade of Colours Sp. z o.o., RAFIL SA, Poli-Farbe Vegyipari Kft., Śnieżka-Ukraina Sp. z o.o. and Śnieżka-BelPol Sp. z o.o. The results were consolidated using the operational control approach at the Group level, thereby including 100% of emissions from each company. The data used for the calculations originated from the companies' internal records and data systems.

The majority of the Group's greenhouse gas emissions originate from the upstream and downstream value chain (Scope 3), accounting for 97.13% under the market-based method and 94.85% under the location-based method. The remaining emissions from own operations (Scopes 1 and 2) have a relatively low impact, accounting for 2.87% under the market-based method and 5.15% under the location-based method.

Scope 1 - Direct emissions

Scope 1 includes all direct greenhouse gas emissions originating from sources owned or controlled by the undertaking and enables a precise determination of the undertaking's direct impact on greenhouse gas emissions.

Reporting of Scope 1 CO_2e emissions is carried out in accordance with ESRS and the GHG Protocol guidelines. Scope 1 relates to direct GHG emissions generated at facilities owned or controlled by the undertaking. It includes emissions resulting from fuel combustion, the release of refrigerants, and other fugitive emissions, for example those resulting from the use of selected technical gases. The Group does not generate emissions covered by regulated emissions trading schemes (ETS); therefore, such emissions do not occur within Scope 1.

It was assumed that the amount of refrigerant corresponds to the quantity replenished in the installation based on refrigerant refill records. The emission factors used in the calculations for individual fuels, refrigerants and technical gases are the most recent available and originate from KOBiZE (National Centre for Emissions Management and Balancing) and the DEFRA (Department for Environment, Food and Rural Affairs) database. CO_2 emissions from bio-components in fuels are included but disclosed separately as biogenic emissions. Scope 1 emissions were calculated using a previously developed carbon footprint calculator in an Excel file, while the consumption of individual utilities across the Śnieżka Group companies was based on invoice readings. No significant assumptions were made during the calculation of Scope 1 emissions. There are no emissions from sources other than consolidated companies.

Biogenic emissions are not included in the total Scope 1 and 2 emissions, in accordance with GHG Protocol requirements, and are disclosed separately. Under the adopted carbon footprint methodology, no offsets or emission compensation mechanisms are taken into account.

Scope 2 – Indirect emissions related to electricity consumption

Scope 2 includes indirect greenhouse gas emissions associated with electricity purchased and consumed by the undertaking. None of the Śnieżka Group companies purchases heating or cooling energy; therefore, no emissions from these sources are included in the carbon footprint calculations. This scope enables the assessment of the impact of the undertaking's electricity consumption on greenhouse gas emissions.

Reporting of Scope 2 CO_2e emissions is carried out in accordance with ESRS and the GHG Protocol guidelines. Scope 2 includes indirect emissions related to the generation of electricity purchased by the undertaking. Emissions resulting from electricity generation were calculated using the two methods referred to above, namely the location-based method, which is based on the average emission factor for a given country and therefore reflects the actual level of emissions generated in a given area, and the market-based method, which applies emission factors published by specific electricity suppliers and therefore reflects the impact of the undertaking's purchasing decisions on the level of its carbon footprint. The calculations included renewable energy used by two companies, which was fully covered by guarantees of origin and documents confirming their cancellation issued by the Polish Power Exchange ***(Towarowa Giełda Energii).*** This enabled those companies to achieve zero Scope 2 carbon footprint emissions under the market-based method. The emission factors for electricity used in the location-based calculations are the most recent available and originate from KOBiZE (National Centre for Emissions Management and Balancing) and the IRENA (International Renewable Energy Agency) database.

Where guarantees of origin were not available for the remaining Śnieżka Group companies, average national emission factors were applied. Scope 2 emissions were calculated using a previously developed carbon footprint calculator in an Excel file, while electricity consumption data for individual Śnieżka Group companies was based on invoice readings. Currently, there is no precise information as to whether the adopted emission factors distinguish the share of biomass or biogenic CO_2. There is also no precise information regarding the amount of biogenic emissions included within Scope 2; therefore, it is not possible to disclose the percentage share of biogenic emissions. There are no emissions from sources other than consolidated companies.

Scope 3 - Other indirect emissions

Scope 3 includes all other indirect greenhouse gas emissions that result from the undertaking's activities but come from sources that are not owned or controlled by the undertaking. This scope allows for a comprehensive assessment of the undertaking's impact on greenhouse gas emissions across the entire value chain.

Reporting of Scope 3 CO_2e emissions is carried out in accordance with ESRS and the GHG Protocol guidelines. The calculation methods applied in accordance with the GHG Protocol include the spend-based method, supplier-specific method, average-data method and distance-based method. Of the fifteen Scope 3 categories defined by the GHG Protocol, the Śnieżka Group, assuming a cut-off threshold of 1% and based on the materiality assessment of Scope 3 categories, identified five categories as material, namely Categories 1, 2, 4, 5 and 12. The remaining ten categories (Categories 3, 6, 7, 8, 9, 10, 11, 13, 14 and 15) are not material to the Śnieżka Group's operations due to their low share of emissions (below 1%) and lack of impact on stakeholders. The main emission factor sources include the DEFRA, EXIOBASE, Ecoinvent and NAICS databases, as well as factors obtained directly from suppliers. Scope 3 emissions for which supplier-specific emission factors were used in the calculations account for 17.39% of Category 1 emissions related to purchased raw materials. Scope 3 emissions for each material category were calculated using a previously developed carbon footprint calculator in an Excel file. There is no precise information regarding the quantity of biogenic emissions included within Scope 3; therefore, it is not possible to disclose the percentage share of biogenic emissions.

- **Category 1** includes *cradle-to-gate* emissions generated during the production of raw materials, merchandise and services (intangible products) purchased by the undertaking. All externally purchased raw materials were included in the carbon footprint of the company that made the purchase. In the case of internal transfers, care was taken to avoid double counting the value of a given raw material, meaning that the consumption of that raw material was recognised in the company to which it was ultimately delivered. Raw materials were categorised into material groups together with their weights (a mass-based factor was applied), whereas the carbon footprint calculations for services and merchandise were carried out using emission factors based on monetary values.
- **Category 2** includes emissions generated during the production of capital goods purchased or acquired by the undertaking. These include, among others, buildings, technical equipment and machinery, vehicles and their modernisation. Capital goods are used by the company to manufacture products, provide services, or sell, store and distribute goods. As a rule, they have a long useful life. The calculations were carried out using the spend-based method. Monetary emission factors assigned to specific expenditure categories were applied.
- **Category 4** includes the carbon footprint of deliveries of purchased raw materials as well as emissions resulting from transportation and distribution services purchased by the undertaking, i.e. the transport of finished products for which the undertaking bears the cost. Only transport carried out by external companies is included, whereas fuel consumption by the undertaking's own fleet is reported under Scope 1. Emission calculations were performed on the basis of the number of tonne-kilometres [tkm] travelled using a given mode of transport.
- **Category 5** presents emissions generated during the waste management stage for waste arising from the undertaking's operations. In accordance with the standard, the calculation boundaries include emissions generated during landfill disposal of waste. For the purpose of calculating the carbon footprint of this category, the relevant quantities of waste generated were entered, taking into account the location where the waste was generated (applicable to companies with more than one site) and the type of waste treatment. For calculation purposes, four waste treatment methods were distinguished: recovery with energy recovery, recycling, disposal (treatment of post-washing wastewater) and landfill disposal. In the case of recycling or reuse by external entities, only emissions resulting from transport to the recycling/reuse site and any emissions related to the initial waste treatment stage are reported. The waste treatment method for specific waste codes was obtained from waste collection companies.
- **Category 12** defines emissions related to the disposal and processing of products sold by the undertaking after the end of their life cycle. The carbon footprint in Category 12 was determined by taking into account packaging placed on the market and the dry mass of products that will be landfilled in the future. For packaging, both waste collection and recycling were taken into account. It was also assumed (based on the engineering practices of the expert involved) that approximately 5% of solvent-based products would remain in metal packaging and be incinerated during steel recycling. For these products, an average elemental carbon content of 70% was assumed (HDPE is characterised by a content of approximately 84%).

[E1-7]

The Śnieżka Group does not currently conduct and has not conducted greenhouse gas removal and storage projects within its own operations. Nor has it participated or currently participates in such projects within its upstream or downstream value chain. At present, the Group is unable to disclose the volume of greenhouse gas emission reductions or removals resulting from climate mitigation projects outside its value chain or through the purchase of carbon credits, as it has neither undertaken such activities nor performed related calculations.

[E1-8]

At present, the undertaking does not apply internal carbon pricing mechanisms.

[E1-9]

The Śnieżka Group exercises the option to omit disclosures concerning anticipated financial effects arising from material physical climate risks, transition risks and potential climate-related opportunities in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, as amended by Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025.

Pollution

Management of the area

[E2-1]

In 2025, the Śnieżka Group verified the results of the double materiality assessment conducted in the previous year and made no changes to the identification of impacts, risks and opportunities compared to 2024. The following were identified as material:

- The undertaking's negative impact on air quality through the use of volatile organic compounds in production and use processes across the value chain;
- The undertaking's adverse impact on the natural environment and surroundings through the use, throughout the value chain, of substances and mixtures classified as potentially hazardous, which, even when handled with due care and used as intended, are associated with a range of hazards (including acute toxicity, mutagenicity and hazards to the aquatic environment).

A material opportunity identified by the Group is the dominant share of water-based and water-containing products in its portfolio, which do not have a significant impact on environmental pollution.

The Śnieżka Group has formally adopted a ***Quality and Environmental Policy*** applicable to the parent company (FFiL Śnieżka SA), which sets the direction of activities for the Group's subsidiaries. Under the Policy, the Śnieżka Group undertakes to implement measures aimed at reducing pollutant emissions and minimising risks related to their impact on the health of employees and end users, primarily through:

- chemical substance management,
- control of emissions to air, water and soil,
- safety of technological installations.

As part of chemical substance management, the Group declares that it conducts systematic monitoring of substances used for compliance with Regulation (EC) No. 1907/2006 REACH. In doing so, it addresses substances of very high concern (SVHC) and commits to analysing available alternatives in order to limit their use where technically and economically feasible. The Group's objective in the area of pollution is to implement, where possible, substances with a low impact on human health and the environment. The Śnieżka Group companies also undertake to reduce the environmental impact of production facilities through the control of pollutant emissions.

Another important commitment is the prevention of environmental incidents through monitoring the technical condition of installations and infrastructure, and through the use of technical and organisational solutions increasing operational safety. In addition, the ***Sustainability Strategy*** includes a commitment to product responsibility throughout the product life cycle – from concept, through research and development analyses, supplier selection and procurement processes, quality control, production, sales and communication, to final use.

With regard to the value chain, the Group has defined environmental expectations for business partners in the ***Supplier Code of Conduct***, encouraging entities within the value chain to increase awareness among employees and business partners, particularly in the area of preventing environmental pollution and reducing negative impacts on the natural environment. Both the Code and the Policy are available on the Company's website.

The Management Board of the Śnieżka Group is responsible for implementing the provisions of the ***Quality and Environmental Policy***, while the ongoing management of its implementation is entrusted to the Director for Quality and Climate Management. When establishing the Policy, the interests of key stakeholders identified and verified during the due diligence process were taken into account, in particular the concern for a clean environment. The geographical location of the Śnieżka Group does not affect the implementation of obligations arising from environmental policies.

[E2-2]

In 2025, the Śnieżka Group continued its activities aimed at reducing volatile organic compound (VOC) emissions, managing hazardous substances and preventing uncontrolled emissions into the environment. Although these measures concern own operations, they have an impact on the wider environment. The activities undertaken are intended to support policy assumptions, mitigate the effects of negative impacts and respond to stakeholder expectations regarding a clean environment. Their implementation did not require significant financial expenditure, nor was there any need identified for remedial measures.

In response to the commitment under the adopted policy regarding the control of emissions to air, water and soil, periodic monitoring of the quantities of gases and dust released into the atmosphere and of the quality of discharged stormwater and snowmelt water was carried out as part of operational activities. The results confirmed compliance with regulatory limit values in accordance with legal requirements, demonstrating the effectiveness of the preventive measures applied. These activities will continue in the coming years.

As part of emission management, installations generating significant emissions are equipped with appropriate air protection devices, such as filters and dust collectors, which are subject to a control system. As part of the implementation of the objectives of the ***Quality and Environmental Policy,*** inspection and supervisory activities were carried out to ensure the proper functioning of air protection equipment:

- VOC measurements were performed once a week on the emitter equipped with an adsorber,
- periodic inspections and replacement of filter cartridges in dust collection equipment were conducted.

The Śnieżka Group plans to continue activities based on monitoring and the application of organisational and technical solutions ensuring the absence of emissions exceeding regulatory standards.

Management of VOC emissions and particulate pollution is carried out through annual preparation of information on the scope of environmental use and the determination of applicable environmental charges. This documentation contains consolidated data related to permits held for the release of gases and dust into the atmosphere.

The commitment related to the safety of technological installations is implemented through the safety management system operating at the Śnieżka Group facilities where there is a risk of industrial accidents. The system includes an ***Accident Prevention Programme,*** a ***Safety Report*** and an ***Internal Emergency Response Plan.*** The adopted solutions are intended to foster a culture of industrial safety management. A range of internal procedures aims to minimise the risk of major industrial accidents and ensure the protection of human life, health and the environment. Measures undertaken to prevent pollution-related incidents and limit their potential effects on people and the environment include, among others:

- improvement of control systems,
- automation of production processes,
- prevention of environmentally harmful failures through continuous monitoring of equipment and installations,
- continuous improvement of occupational health and safety standards,
- implementation of measures to improve fire safety,
- involvement of the entire workforce in creating safe and hygienic working conditions,
- enhancement of qualifications through thematic and general training,
- provision of adequate resources and financial means to implement planned measures.

Due to historical soil contamination at the Rafil company site, remediation works continue in accordance with a plan approved by the Regional Directorate for Environmental Protection. The remediation works are based on bioremediation methods, and their effectiveness is monitored through testing soil contamination levels in accordance with the decision issued by the supervisory authority. The remediation works are scheduled for completion in 2028.

At the same time, the continuation of measures undertaken to prevent pollution and industrial accidents is ongoing in nature. The status of their implementation is confirmed by the absence of exceedances of regulatory pollution limits in environmental measurements, as well as the absence of violations or irregularities identified during inspections conducted by state environmental protection authorities.

The Group addresses legal regulations concerning chemical mixtures and preparations (e.g. REACH and CLP). The undertaking conducts systematic monitoring of changes in legal regulations that may affect production processes and implements measures enabling dynamic adaptation to such changes, including in technological processes. In 2025, efforts continued to obtain attestations and certificates confirming that the Group's products, when used as intended, have a low environmental impact and do not pose risks to human health (e.g. ***Ecolabel*** and hypoallergenic certificates described under own indicator [W2] in section *End Users*).

In 2025, five products were launched for which tests or certificates confirmed a lower impact on the environment and users' health (e.g. EU Ecolabel, BREEAM, Hypoallergenic Certificate). The share of these products in sales increased by 1.6% compared to 2024.

Obtaining the above certificates means that the products underwent testing in independent laboratories and obtained attestations confirming compliance with emission requirements applied under the BREEAM certification system for the relevant product category. These confirmations enable the products to be used in projects implementing enhanced environmental standards, including those applying for BREEAM certification.

Within this group, one product received the European EU Ecolabel environmental label, while another was positively assessed for irritant and allergenic properties (so-called hypoallergenicity). As a result, the conducted tests, attestations and the EU Ecolabel certificate indicate a lower negative impact of these products on the environment and users' health.

The Śnieżka Group focuses on mitigating the classification of manufactured products by optimising formulations and replacing ingredients with alternatives that are more environmentally and health friendly.

Metrics and targets related to pollution

[E2-3]

In 2025, the Śnieżka Group did not have measurable, performance-oriented targets related to pollution reduction or limiting the use of potentially hazardous substances.

The Śnieżka Group focuses on preventing environmental pollution and industrial accidents at source and – wherever technically feasible – eliminating or limiting the use of substances of very high concern. These assumptions are included in the *Quality and Environmental Policy* and are partially reflected in the *Śnieżka's Sustainability Strategy.*

Qualitative targets have, however, been defined to address the material impacts and risks identified in the double materiality assessment. An own indicator [W2], described in detail in section End Users, has been established to monitor the quantity of certified products placed on the market, which indirectly relates to lower use of volatile and potentially hazardous substances.

In the long term, the Group intends to establish quantitative targets related to air, water and soil pollution across the entire value chain and product life cycle.

Air, water and soil pollution

[E2-4]

Similarly to the previous year, the Group did not exceed the thresholds specified in Annex II to Regulation 166/2006 in any installation; therefore, no indicator is presented in this respect. Under applicable legal regulations and inspections carried out, no exceedances have been identified to date. None of the Group's installations requires continuous emission monitoring and metering under applicable regulations; however, periodic measurements are carried out in accordance with applicable environmental decisions. All periodic measurements were performed by external entities in accordance with applicable national regulations and accredited methods (Poland). Accredited tests are generally subject to verification within the scope of existing accreditations, while other data and estimates were not subject to additional verification; however, installations remain under continuous supervision by regulatory authorities. It is not possible to precisely indicate the uncertainty levels of the adopted assumptions and calculations. The Group has not adopted performance indicators for the presented metrics.

In order to compare the quantities of emitted pollutants with the threshold values specified in Annex II to the PRTR Regulation, constant emission parameters were assumed, as no significant events affecting production or emission parameters were identified during the reporting year. Air emissions were determined based on calculations using the results of periodic measurements or emission factors established by a specialist company preparing documentation for emission permits. The quantities and types of emitted substances correspond to the types and quantities of raw materials and auxiliary materials used in individual installations, taking into account operating conditions.

Based on calculations for Śnieżka SA and Śnieżka ToC, reports submitted to public authorities were prepared. Foreign subsidiaries prepare annual reports in accordance with applicable local regulations. For foreign subsidiaries Poli-Farbe, Śnieżka-Ukraina and Śnieżka-BelPol, pollutant emission volumes were estimated based on monitoring of specified parameters in emission measurements and groundwater and wastewater samples, or calculated using emission factors specified in permits for the release of gases and dust into the atmosphere.

The estimation method consisted of multiplying the measurement result by the number of operating hours of a given installation or, where applicable, by the quantity of water or wastewater used/discharged.

The results are not additionally verified by other auditing entities; however, all reports and filings submitted to the relevant authorities are assessed by those authorities.

In 2025, the Group did not manufacture or place on the market products containing microplastics.

Potentially hazardous substances

[E2-5]

The presented data were not subject to controls other than within the scope of the mandatory assurance of this report. The Group has not adopted performance indicators for the presented metrics.

[E2-6]

The Śnieżka Group avails itself of the option to omit disclosure of information on the anticipated financial effects arising from material pollution-related risks and opportunities, in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, as amended by Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025.

*Table 49. Quantities of substances of concern, as defined in Table 2 of Annex II to Annex I to Regulation (EU) 2023/2772, that were purchased, used in production and incorporated into finished products**

Hazards	Quantity (kg) 2025	Quantity (kg) 2024
Aquatic Chronic 1	31,312.7	18,783.7
Aquatic Chronic 2	17,249.3	19,637.9
Aquatic Chronic 3	189,278.3	107,786.9
Aquatic Chronic 4	264.0	19,483.5
Carc. 1, Muta. 1, STOT RE 1	0.1	0.5
Carc. 1, Muta. 2, Skin Sens. 1	4.6	1.8
Carc. 1, STOT RE 1	0.4	0.8
Carc. 1, STOT RE 1, Aquatic Chronic 1	36.0	40.0
Carc. 2	306.4	7,436.9
Carc. 2, Skin Sens. 1	10.8	12.3
Muta. 2, Repr. 1, Skin Sens. 1, STOT RE 1, STOT SE 1, Aquatic Chronic 1	40.0	0.0
Muta. 2, Skin Sens. 1	83.6	148.1
Repr. 1	11,142.4	12,006.5
Repr. 1, Skin Sens. 1, Aquatic Chronic 1	341.5	0.0
Repr. 1, Skin Sens. 1, Aquatic Chronic 3	2,040.0	1530.0
Repr. 1, STOT RE 1, Aquatic Chronic 1	768.0	2,627.0
Repr. 2	25,083.3	25,602.8
Repr. 2, Aquatic Chronic 1	426.2	539.0
Repr. 2, Aquatic Chronic 2	483.8	980.1
Repr. 2, Aquatic Chronic 3	8,310.3	1,086.5
Repr. 2, Skins Sens. 1, Aquatic Chronic 1	0.0	3.4
Repr. 2, STOT RE 1, Aquatic Chronic 3	1.0	0.1
Repr. 2, STOT RE 2	5,674.0	8,667.0
Repr. 2, STOT RE 2, Aquatic Chronic 2	3.1	0.9
Repr. 2, STOT RE 2, Aquatic Chronic 3	0.0	8.8
Resp. Sens. 1	0.9	0.7
Resp. Sens. 1, Skin Sens. 1	40.1	91.2
Resp. Sens. 1, Skin Sens. 1, STOT RE 1	11.5	7.5
Skin Sens 1, Aquatic Chronic 2	4.0	0.0
Skin Sens. 1	634,402.3	485,315.3
Skin Sens. 1, Aquatic Chronic 1	18,514.8	10,411.3
Skin Sens. 1, Aquatic Chronic 2	3,770.1	7,251.9
Skin Sens. 1, Aquatic Chronic 3	702.2	685.5
Skin Sens. 1, STOT RE 1, Aquatic Chronic 1	19,273.9	21,750.3
Skin Sens. 1, STOT RE 1, Aquatic Chronic 2	69.2	94.5
Skin Sens. 1, STOT RE 1, Aquatic Chronic 3	7,192.7	7,164.1
Skin Sens. 1, STOT RE 2, Aquatic Chronic 1	0.4	0.0
STOT RE 1	289,627.0	140,714.0
STOT RE 1, Aquatic Chronic 2	6,765.6	12,020.2
STOT RE 2	671,803.0	692,513.0
STOT RE 2, Aquatic Chronic 1	461.5	60.4
STOT RE 2, Aquatic Chronic 3	177,754.5	85,494.0
STOT SE 1	29.2	79.4
Total	**2,123,282.7**	**1,690,038.0**

** It is assumed that 100% of the raw materials were incorporated into the finished product and were used in production. Currently, it is not possible to calculate or estimate emissions by major hazard class.*

*Table 50. Quantities of substances of very high concern, as defined in Table 2 of Annex II to Annex I to Regulation (EU) 2023/2772, that were purchased, used in production and incorporated into finished products**

Hazards	Quantity (kg) 2025	Quantity (kg) 2024
Repr. 1	0.0	118.4
Repr. 2, Aquatic Chronic 1	93.9	95.2
Repr. 2, Aquatic Chronic 4	7.0	7.8
Resp. Sens. 1, Skin Sens. 1, Aquatic Chronic 2	48.8	15.0
Total	**149.6**	**236.4**

** It is assumed that 100% of the raw materials were incorporated into the finished product and were used in production. Currently, it is not possible to calculate or estimate emissions by major hazard class.*

Due to the production of mixtures that consist entirely of chemical substances, we do not provide information regarding services or product parts.

The results presented were based on available data. The raw materials, constituting both substances and mixtures, have been divided into single components and their quantity has been divided in terms of the percentage composition specified in the safety data sheet and classification. The calculations also included the amount of raw materials purchased in individual companies for a given accounting year.

Water

Management of the area

[E3-1]

No changes were made within the Śnieżka Group with respect to the materiality of impacts on water and marine resources identified through the double materiality assessment conducted in 2024. As part of this assessment, a material negative impact on the availability of water resources and the condition of ecosystems was identified, resulting from increased water stress caused by water abstraction for the Group's own operations. The undertaking is aware that limited water availability resulting from climate change may significantly disrupt the continuity of operational activities due to water's role as a key raw material.

The Śnieżka Group has formally adopted a ***Quality and Environmental Policy*** under which it established principles for the responsible management of the environmental impacts of its operations, including impacts on water resources. The Policy applies to the parent company (FFiL Śnieżka SA) and sets the direction for activities undertaken by the subsidiaries forming part of the Group.

The negative impact on water resource availability is correlated with the use of water as one of the primary raw materials in the production of water-based paints.

In accordance with the ***Quality and Environmental Policy,*** the Śnieżka Group undertakes to manage water resources responsibly, rationally and efficiently, in particular through:

- monitoring water consumption and responding promptly to failures and leaks in order to minimise losses,
- optimising water consumption in technological processes, including during the cleaning of production installations,
- analysing opportunities to reduce water consumption at all stages of use, both in production and social activities,
- implementing closed-loop water systems in technological processes and new investments, where technically feasible and economically justified.

The Policy also encompasses commitments related to preventing water pollution, including control of emissions to the aquatic environment, conducting periodic measurements in accordance with the requirements of the environmental permits held for the discharge of stormwater and snowmelt water, and implementing procedures to prevent environmental incidents. The document does not address water treatment as a step towards more sustainable water sourcing, which results from the focus of the policy and activities on optimising water consumption in ancillary production processes.

The Śnieżka Group does not conduct or exploit operations in marine areas and therefore has not identified any material impacts related to oceans and seas. Accordingly, it has neither adopted nor plans to adopt policies or practices in this area. The ***Quality and Environmental Policy*** does not take into account stakeholder needs regarding water sourcing, risks associated with restrictions on water abstraction for production purposes during, for example, drought periods, or the design of products and services intended to address water-related challenges. The Management Board of the Śnieżka Group is responsible for implementing the provisions of the aforementioned documents, while day-to-day management of their implementation falls within the remit of the Director for Quality and Climate Management.

The Group encourages its suppliers to undertake actions aimed at reducing the consumption of natural resources, managing them rationally, and monitoring water consumption and wastewater generation. The ***Supplier Code of Conduct,*** containing the relevant provisions, is communicated, among others, together with the purchase order form.

All of the aforementioned documents are available on the *Company's website*.

[E3-2]

In 2025, the Śnieżka Group's activities in the area of water resource management focused on monitoring water consumption across individual locations within FFiL Śnieżka SA following the implementation of the Building Management System (BMS). The data obtained through monitoring constitute the basis for further analyses aimed at identifying optimisation solutions in relation to water abstraction. Due to the nature of the Group's operations, in which water is a primary raw material used in the production of water-based paints, the measures undertaken in 2025 did not include reducing water abstraction directly within the production process. From the perspective of the Śnieżka Group's development, opportunities for reduction are identified primarily in ancillary production processes, such as cleaning equipment and installations, as well as water consumption for sanitary and welfare purposes. In order to reduce the amount of water used during equipment cleaning, the Group continued in 2025 to apply a range of technical improvements and process modifications initiated and implemented in previous years. The activities described below constitute ongoing measures subject to continuous monitoring with regard to effectiveness and improvement, and their implementation followed a pattern similar to previous years:

- pre-cleaning components using compressed air,
- installation of scrapers reducing the amount of paint remaining on tank walls,
- standardisation of cleaning methods combined with appropriate employee training,
- reuse of water used for rinsing tank interiors in subsequent production stages.

Tests and trials concerning the treatment and reuse of wash water were also conducted, both for equipment cleaning and potentially within the production process itself. The potential implementation of this new solution has been included on the list of proposed investments for subsequent years.

In order to reduce water consumption for sanitary and welfare purposes, educational activities for employees were continued, including during periodic training sessions and through internal communication conducted via the *W Kolorze* magazine. This activity had also been carried out in the previous reporting year to a similar extent.

In 2025, in cooperation with stakeholders, the Company also undertook educational initiatives implemented as part of the proprietary programme of the Fundacja Śnieżka *Przeogarniacze. Entrepreneurship Differently*, addressed to fourth-grade primary school pupils from the Dębica district. As part of the programme, a module dedicated to the protection of water resources was implemented, aimed at shaping responsible water-use behaviours and strengthening environmental awareness among children.

Monitoring activities are intended to continue in the short-, medium- and long-term horizons, meaning that they constitute an ongoing activity. The effectiveness of the above measures is currently not measured using dedicated indicators; however, data obtained through the BMS system and water consumption reports constitute the basis for further development of the approach in this area.

The Śnieżka Group did not incur significant expenditures related to water and marine resources. The implementation of these activities does not require significant capital expenditures or operating expenses. These measures are carried out as part of ongoing operational activities, without a separately assigned specific time horizon, and are based on the applicable *Sustainability Strategy*.

The Group operates in an area of high water stress (Hungary), but does not conduct operations in areas exposed to water-related risks. In 2025, activities related to water resource management were implemented uniformly across all Group locations.

Metrics and targets related to water

[E3-3]

The overriding objective of the Group is environmental protection, reflected, among other things, in the general commitment to reducing water consumption, as confirmed by the provisions of the applicable *Sustainability Strategy* and the *Quality and Environmental Policy.* At the same time, in 2025 the Group did not have defined measurable targets related to impacts on water and marine resources. Due to the nature of its operations, including the use of water as a primary component in the production of water-based paints, the Group does not plan to establish such targets in the short- or medium-term perspective. Reduction measures related to water resources will focus on improvements in ancillary production processes and the efficiency of water use. It is assumed that more precise identification of where and how much water is consumed will, in the future, enable the Group to focus on areas with the greatest reduction potential. As the monitoring system develops and more comprehensive information becomes available, it will be possible to reassess the justification for establishing targets in the long-term perspective.

The effectiveness of the implemented policies and activities arising from the adopted strategy is monitored through ongoing control of the volume of water abstracted and discharged, including monitoring of its quality parameters. These data constitute the basis for assessing the impact of the Group's operations on water resources.

Water consumption

[E3-4]

The Group measures water intensity per unit of revenue; however, it has not adopted this parameter, or any other parameter, as an efficiency metric for the reported indicators. Water intensity was calculated based on the exchange rate in accordance with the information provided on page 8 of the report. Total water abstraction comprises water abstracted for both sanitary and production purposes.

Water added to products is sourced mainly from the municipal water supply network and, in the case of Rafil, also from a deep well. The presented values related to water consumption for production purposes are based on invoices and meter readings, as well as data estimated on the basis of production orders. Estimated data account for 2.91% of the total information presented.

Table 51. Water in the Śnieżka Group

		Quantity	
	Unit	2025	2024
Total water abstraction	m^3	47,005.06	52,082.84
Total water consumption	m^3	34,127.29	37,553.97
Total water consumption in m^3 in water-risk areas, including areas of high water stress	m^3	12,369.00	12,114.00
Total volume of water recycled and reused	m^3	1370.53	1,355.54
Total volume of water stored	m^3	6004.00	6004.00*
Total water consumption within own operations per net revenue (water intensity)	m3 / EUR 1 mln	187.19	202.44

** The total volume of water stored was restated from 934 m^3 to 6,004.0 m^3.*

According to the reference tool ***Aqueduct Water Risk,*** the location of the Hungarian subsidiary was classified as an area subject to high water stress and accounts for 26.31% of the Group's total water abstraction. The data are derived from invoices and meter readings.

Water is stored in retention and fire protection reservoirs. Due to the open nature of the reservoirs and the impact of weather conditions (including precipitation and evaporation), the actual quantity of stored water may fluctuate periodically. Accordingly, the volume of water stored is determined on the basis of technical documentation rather than direct measurements. No information is available regarding water quality in the water reservoirs.

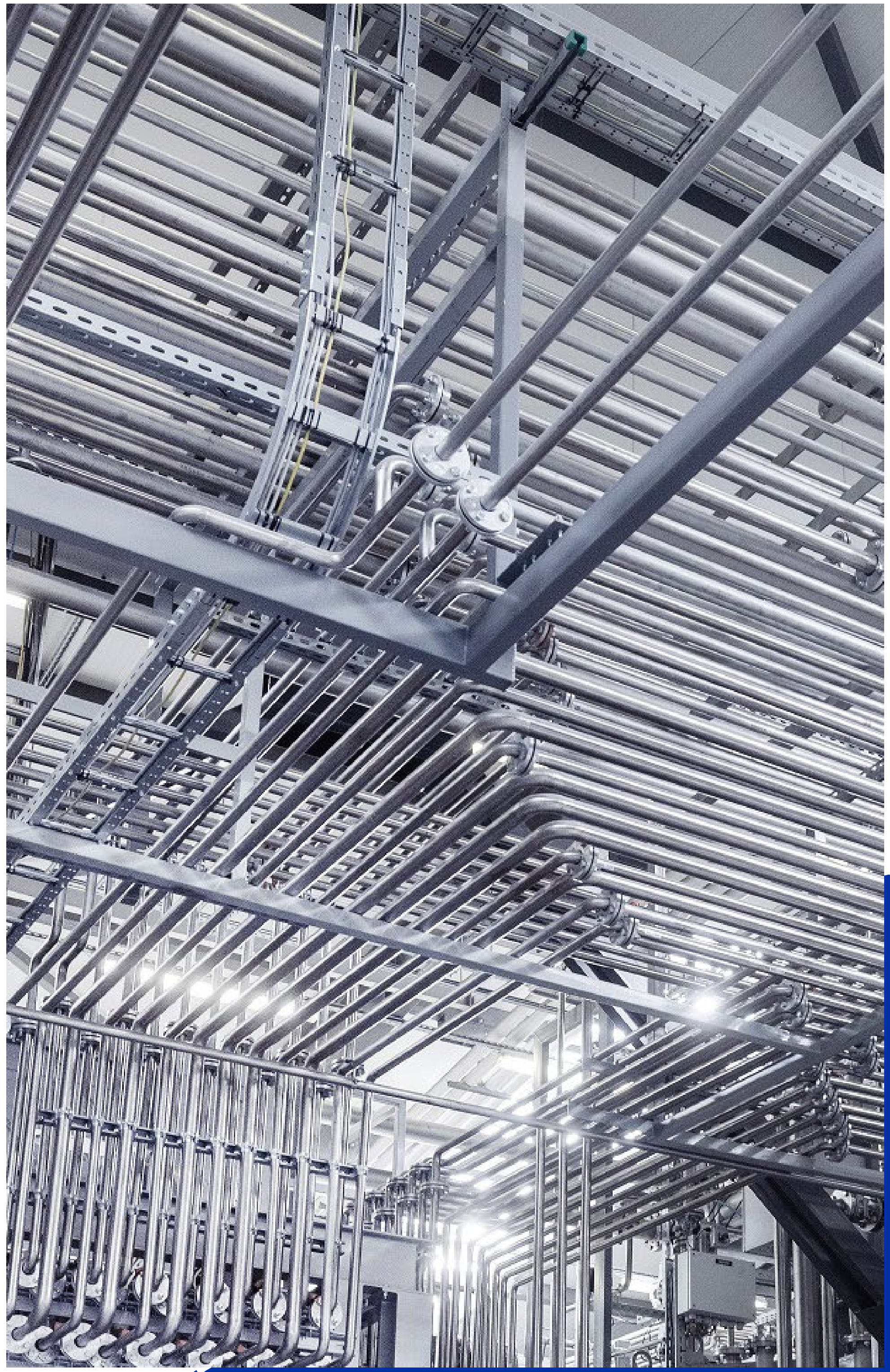
In the previous reporting period, the reservoir in Śnieżka-Ukraina serving a retention and fire protection function was not included in the list of water storage reservoirs. This resulted from a different interpretation of the definition of stored water, under which only reservoirs intended for storing water for production purposes were taken into account. As a result, in the previous reporting period the reported volume of water stored in Śnieżka-Ukraina amounted to 130 m^3, whereas — after including the retention and fire protection reservoir — the correct volume of water stored by the above-mentioned company amounts to 5,200 m^3. The error resulted from differences in the interpretation of the scope of the definition of stored water applied during data collection in the previous reporting period.

Water reused refers to water from the cleaning of tanks and installations that is subsequently used in the production process.

Data concerning the volume of reused water are based on formulation data and the assumption that 100 litres of water were used for cleaning for each production order during the year.

[E3-5]

The Śnieżka Group avails itself of the option to omit disclosure of information on the anticipated financial effects arising from material risks and opportunities related to water and marine resources, in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, as amended by Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025.



Resource use

Management of the area

[E5-1]

No changes were identified within the Śnieżka Group with regard to the materiality of impacts in the areas of resource use and circular economy, including raw materials, technical materials used in the production process, products, packaging and generated waste

The Group's operations involve the use of natural and synthetic raw materials in production processes, in particular chemical and mineral raw materials, as well as packaging materials. The use of these raw materials constitutes an actual negative impact on the overall condition of the environment in the area of resource use and circular economy, primarily due to the demand for virgin raw materials, including non-renewable resources, and the generation of material flows and waste streams. This impact occurs mainly within the Group's own operations and is directly linked to the quantity and type of natural and synthetic raw materials used, as well as the possibilities for their recycling or reuse after the end of the product life cycle. The identified impact was recognised as material in the double materiality assessment process and constitutes the basis for the Group's further disclosures under ESRS E5.

The Group adopted the *Quality and Environmental Policy* in order to minimise the consequences of its negative impacts.

Production processes are based on the use of natural raw materials and, in order to reduce impacts on their availability and implement a circular economy approach, the following objectives were formulated in the *Quality and Environmental Policy of the Śnieżka Group:*

- designing products in a way that minimises their environmental impact at as many stages of the product life cycle as possible,
- developing product formulations with enhanced mechanical and chemical resistance, as well as properties facilitating cleaning (e.g. hydrophobic, antistatic, stain-resistant, anti-corrosive and impregnating effects), thereby contributing to extending the functional life cycle of usable surfaces. Such solutions support the implementation of circular economy principles by reducing the frequency of renovation, limiting the consumption of virgin raw materials and reducing waste streams,
- striving to use sustainable packaging containing recycled raw materials.

In order to support circular economy-related activities, the Policy also includes a commitment to use raw materials and components exclusively from qualified suppliers and to apply technologies and production methods with a lower environmental impact. Within its own operations, the Group seeks to optimise production processes through the rational use of synthetic and natural raw materials.

The Policy also addresses waste management issues. The Group's objective in this respect is to reduce the amount of industrial and municipal waste generated, with particular focus on wash water as the dominant waste stream. With regard to municipal waste, the Group strives to ensure proper segregation supporting recovery and recycling processes. The Quality and Environmental Policy applies to the parent company (FFiL Śnieżka SA) and sets the direction for activities undertaken by the subsidiaries comprising the Group. The Management Board of the Śnieżka Group is responsible for implementing the provisions of the aforementioned documents, while day-to-day management of their implementation falls within the remit of the Director for Quality and Climate Management.

The implementation of the objectives included in the Policy is reviewed by the Sustainability Committee and during audits and inspections carried out as part of the activities of the Quality and Climate Management Department.

With regard to the upstream value chain, the Group has defined environmental expectations towards its business partners in the *Supplier Code of Conduct,* under which the Group's business partners, irrespective of geographical location, are encouraged to undertake activities aimed at reducing the consumption of raw materials and natural resources, as well as reducing waste. At the same time, the document obliges suppliers to comply with legal environmental protection requirements, including those related to waste management.

The Policy takes into account the needs of stakeholders, including entities involved in waste management, as well as local communities in areas related to resource use and waste management. These needs were identified and verified through the due diligence process and include actions aimed at reducing the amount of waste entering the environment. The document is available on the Group's website, while the *Supplier Code of Conduct* constitutes an appendix to agreements concluded with business partners.

[E5-2]

In 2025, the Group undertook activities aimed at implementing the assumptions of the ***Quality and Environmental Policy*** in the area of efficient resource use and implementation of circular economy principles. These activities address identified impacts and risks related to the use of virgin raw materials, the amount of waste generated and growing regulatory requirements concerning packaging and waste.

The Group's activities focused on supporting the assumptions of the Policy, mainly through maintaining levels of generated waste management and increasing recycled content in packaging:

- continuation of the supplier assessment system based on ESG criteria, including verification of EcoVadis certification, completion of ESG self-assessment and submission of a declaration confirming acknowledgement and acceptance of the ***Supplier Code of Conduct,***
- active participation in the work of the ***Polish Plastic Pact*** in the area of sharing own experience, including increasing recycled content in packaging and expanding competencies regarding new legal regulations, which in the long term will contribute to reducing virgin raw materials and increasing recycling rates and material circularity,
- increasing the purchase of packaging containing recycled content or recycled material; in 2025, FFiL Śnieżka SA achieved the following average levels of recycled content in packaging: 16% for plastic packaging and 21% for metal packaging,
- carrying out work on a project aimed at reducing the volume of wash water generated in the production of white paints — implementation of the project is scheduled for 2026. At the same time, in the short-term perspective it will only be possible to assess whether the solution has been successfully implemented. In the medium-term perspective, actions will be undertaken to quantify the effects of the project,
- reducing the amount of auxiliary materials consumed and the amount of waste generated by directing spent activated carbon from adsorbers for regeneration and reuse — activities commenced at the end of 2025, while measurable effects (reduced waste generation and purchase of regenerated raw material for reuse) will become observable in the following year,
- periodic review of production plans in order to optimise inventory utilisation and thereby reduce potential raw material losses,
- reuse of foil and paper in the logistics warehouse (in 2025, the following quantities were reused: 1.95 Mg of plastics and 161.33 Mg of paper).

The implementation of these measures is not associated with significant operating expenses (OpEx) or capital expenditures (CapEx).

Circular economy activities continued in 2025 and are planned to continue in the short-term (up to one year) and medium-term (up to five years) perspectives. No expected outcomes have been formally defined; however, the above measures support the achievement of the established objectives.

The actions are undertaken mainly within Śnieżka SA and Śnieżka ToC. In 2025, a project was initiated with the aim of implementing, within the Hungarian subsidiary, the use of plastic packaging containing a minimum specified average annual level of recycled content. The effects of the project will be reportable in the following year. The action plan takes into account the involvement of raw material and packaging suppliers, as well as the interests of stakeholders, through the joint development of criteria concerning recycled content, its origin and general terms of commercial partnership.

In this context, interviews were conducted with stakeholders from all Group companies, identifying potentially affected communities, locations and the nature of the impacts identified. Actions were undertaken primarily in the area of implementing circular solutions for packaging (including through the Group's involvement in the ***Polish Plastics Pact,*** of which it has been a member since 2023). No need for remediation actions was identified.

Metrics and targets related to resource use and circular economy

[E5-3]

As of the reporting date, the Group does not have formalised quantitative targets related to circular economy matters within the meaning of **ESRS E5**, and the activities undertaken are operational in nature.

The Śnieżka Group seeks to reduce the level of waste generated and increase the amount of sustainable packaging placed on the market. Within the ***Sustainability Strategy***, the Group defined objectives related to the circular economy area concerning the use of sustainable packaging and waste management for Śnieżka SA and Śnieżka ToC. The first and second targets are absolute, measurable and outcome-oriented, corresponding to the recycling level within the waste hierarchy. The third target may be described as relative, measurable and outcome-oriented, corresponding to the prevention level within the waste hierarchy.

The circular economy-related targets for Śnieżka SA and Śnieżka ToC arise from the objective of increasing the amount of sustainable packaging (target 2), as well as from the general assumptions of the Policy, namely resource efficiency and minimisation of waste generation (targets 1 and 3):

1. **Industrial waste management**

   Ensuring that 100% of industrial waste is subject to processes other than landfill disposal. The target had already been achieved in previous years and was maintained in 2025 — 100% of industrial waste generated by Śnieżka SA and Śnieżka ToC was managed through processes other than landfill disposal. The Group assumes maintenance of this level in the medium-term perspective. The basis for setting the targets and calculating the results consists of waste management data obtained from companies specialising in waste treatment, as well as information from the waste records maintained in the BDO system. In order to ensure achievement of the assumptions, ongoing cooperation is maintained with entities collecting waste from the companies. The data are not externally verified beyond the mandatory assurance audit process for this report.

   100% — percentage of industrial waste subject to processes other than landfill disposal in Śnieżka SA and Śnieżka ToC in 2025.

2. **Use of packaging containing a specified percentage of recycled material**

   Based on consultations with suppliers, short-term targets were established related to placing plastic and metal packaging on the market containing an average annual minimum of 5% recycled content compared with the 2021 base year. The companies assume maintenance of the recycled content level in the medium-term perspective. The targets were established based on packaging specifications and declared recycled content, as well as warehouse documentation related to the resources used.

   Achievement of the targets in 2025:

   16% — average recycled content in plastic packaging in 2025 for Śnieżka SA and Śnieżka ToC,

   21% — average recycled material content in metal packaging in 2025 for Śnieżka SA and Śnieżka ToC.

3. **Reduction of municipal waste sent to landfill by 30% compared with the 2021 base year**

   The companies assume maintenance of the reduction level in the medium-term perspective. The targets were established on the basis of legal regulations, reporting values and data obtained from waste recipients.

   36.83% — annual percentage reduction in the amount of municipal waste sent to landfill compared with the base year in Śnieżka SA and Śnieżka ToC.

With respect to all of the above-mentioned targets, no significant assumptions were made and the values were not externally verified beyond the mandatory assurance audit process for this report. Scientific evidence and stakeholder input were not taken into account in setting the targets.

Maintaining the achieved levels and further improving efficiency in the area of circular economy are supported by the measures described in section *Resource Use* under disclosure requirement **E5-2**, in particular through:

- increasing the share of packaging containing recycled content,
- regeneration and reuse of auxiliary materials (including activated carbon from adsorbers),
- planned projects aimed at reducing the amount of production waste,
- reuse of packaging materials in logistics,
- supplier engagement through an assessment system incorporating ESG criteria.

The targets currently implemented support the reduction of actual negative impacts arising from own operations. They cover Śnieżka SA and Śnieżka ToC, while in 2025 the first steps were taken to extend the target related to ensuring a minimum of 5% recycled content in plastic packaging to the Hungarian subsidiary. Measures supporting implementation also take into account elements of the value chain, particularly in the area of packaging and supplier cooperation.

At present, the targets do not yet include increases related to material reuse; however, through the development of product formulations with enhanced mechanical and chemical resistance and properties facilitating cleaning (e.g. hydrophobic, antistatic, stain-resistant, anti-corrosive and impregnating effects), Śnieżka contributes to extending the functional life cycle of usable surfaces. Such solutions support the implementation of circular economy principles by reducing the frequency of renovation, limiting the consumption of virgin raw materials and reducing waste streams. FFiL Śnieżka SA will review current processes, including raw material and material flows and the volumes of waste generated at individual stages of production processes, in the short- and medium-term perspectives. Based on the analysis conducted, targets related to increasing recycled content in packaging will be established, enabling gradual transformation towards a circular economy.

The existing targets do not directly correspond to waste management at the upstream level of the value chain. The Group focuses on purchasing raw materials in packaging enabling proper segregation in accordance with applicable regulations. The targets were established without the use of scenarios, and no such use is planned in the future. They were established on the basis of the general direction of European legislation indicating the need for transformation towards a circular economy and are voluntary in nature.

In the short-term perspective, the Group plans to commence an analysis of the possibility of establishing circular economy-related targets concerning products, technical materials and reducing the use of virgin raw materials.

Resource inflows

[E5-4]

The presented data relate to the identified material impact resulting from the use of natural and synthetic raw materials within the Group's own operations. Material resource inflows are understood to include product packaging, including transport packaging, as well as production raw materials, including water. The disclosed information was collected on the basis of actual data and no significant assumptions were made. All data were determined on the basis of invoices and supplier specifications. These data were not subject to verification other than within the framework of the mandatory assurance report. The Group has not adopted performance indicators for the metrics presented.

Table 52. Impact of resources.

		Quantity	
	Unit	2025	2024
Total weight of products and technical and biological materials used during the reporting period, including:	**Mg**	**133,874.65**	**137,136.36**
- Total weight of used products (raw materials, water) introduced into the undertaking	Mg	126,602.41	129,698.92
- Total weight of technical materials (packaging, lids, stickers, pallets, etc.)	Mg	7,266.82	7,429.88

The Group does not disclose the indicator related to biological materials. The indicator showing the share of biological materials in the total weight of technical and biological materials is not considered materially informative due to the marginal share of such materials in the total volume of materials used.

Table 53. Secondary materials, e.g. packaging/components

		Quantity	
Raw material type	**Unit**	**2025**	**2024**
Secondary materials	Mg	711.49	547.30
Percentage share of recycled and reused materials	%	0.53	0.40

Resource outflows

[E5-5]

The Group manufactures decorative products, such as paints, varnishes and enamels, which, in addition to their decorative qualities, also provide protective and preservative properties for painted surfaces. Due to the nature of the products manufactured, they cannot be recycled, dismantled, repaired or reused. However, in line with circular economy principles, the Śnieżka Group makes efforts to ensure the longest possible product lifespan and to optimise products in terms of performance and abrasion resistance.

As part of its operating activities, the Group placed 128,007.31 Mg of products on the market in 2024 and 123,501.08 Mg in 2025, reflecting the scale of actual product flows associated with the Company's core manufacturing activities. The expected durability of products compared to the industry average is presented in Table 54. The Group has not adopted performance indicators for the presented metrics.

Table 54. Product durability

Product category	Expected durability of unopened products	Expected durability [relative to industry average]
Enamels	24 months	100%
Facades	12 months	200%
Wood paints and agents	24 months	100%
Paints for interior application	24 months	100%
Putties and ready-to-use compounds	12 months	100%

The indicator comparing the shelf life of our products against the industry average was based on an analysis of publicly available data regarding the shelf life of products belonging to the same product categories. Information on shelf life was obtained from technical data sheets, official product websites and information provided directly on product packaging. The data are consistent with those reported for 2024.

The presented data relate to the identified material impact resulting from the use of natural and synthetic raw materials within the Group's own operations.

Table 55. Recyclable materials

Content of recyclable materials*	
In products	**0%**
In packaging:	
- paper and cardboard	100%
- plastics	100%
- glass	100%
- metal	100%
- wood	100%

**Applies to packaging of products that are not classified as hazardous*

Data related to the mass of manufactured products and packaging used are derived from internal systems. Product durability was determined by comparing information on the shelf life of the Group's own products with information obtained from the market. Data concerning the recyclability of materials were presented on the basis of knowledge of the recycling system in Poland and, primarily, on the basis of the characteristics of the materials themselves. Correct waste segregation by the end user was assumed. Accordingly, no data were presented for hazardous packaging, as the methods of its management depend on Municipal Selective Waste Collection Points, and such data are not publicly available. The presented data are consistent with those reported for 2024.

Table 56. Waste in the Śnieżka Group

	Unit	2025	2024	change 2025/2024 [%]
Quantity of waste generated in the Śnieżka Group				
Total amount of waste generated	Mg	3704.28	3873.11*	-4.36%
Total amount of generated and non-recycled waste	Mg	3199.91	3257.16*	-1.76%
Total amount of generated and non-recycled waste	%	86.38%	84.10%*	+2.28 p.p.
Total amount of hazardous waste generated	Mg	94.11	116.41	-19.16%
Total amount of non-hazardous waste generated	Mg	3610.18	3756.71*	-3.90%
Total amount of radioactive waste generated	Mg	0.00	0.00	0.00%
Waste not subjected to neutralization (recovery)				
Hazardous	**Mg**	**71.77**	**75.02**	**-4.32%**
Preparation for reuse	Mg	0.00	68.29	-100%
Recycling	Mg	1.25	6.73	-81.40%
Other recovery processes	Mg	70.52	0.00	100.00%
Non-hazardous waste	**Mg**	**677.81**	**779.08**	**-13.00%**
Preparation for reuse	Mg	174.69	169.86	2.85%
Recycling	Mg	503.13	609.23	-17.42%
Other recovery processes	Mg	0.00	0.00	0.0%
Waste subjected to neutralization (disposal)				
Hazardous	**Mg**	**22.33**	**41.39**	**-46.05%**
Burning	Mg	0.00	0.00	0.0%
Storage	Mg	21.13	38.32	-44.86%
Other processes	Mg	1.20	3.07	-60.93%
Non-hazardous waste	**Mg**	**2932.37**	**2977.62**	**-1.52%**
Burning	Mg	0.00	0.00	0.00%
Storage	Mg	181.49	208.39	-12.91%
Other processes	Mg	2750.87	2769.24	-0.66%

** including municipal waste*

In connection with improvements made to the data collection methodology in the current year, the scope of disclosures was expanded to include the amount of municipal waste generated by individual companies. In order to ensure consistency in the presentation of comparative data, corrections were made to the amounts reported for 2024. The data changed as follows:

- *Total waste generated* was corrected from 3,661.37 Mg to 3,873.11 Mg,
- *Total waste generated and not recycled* (Mg) was corrected from 3,061.07 Mg to 3,257.16 Mg,
- *Percentage of total waste generated and not recycled* was corrected from 83.60% to 84.10%,
- *Total non-hazardous waste generated (Mg)* was corrected from 3,544.97 Mg to 3,756.71 Mg.

The Śnieżka Group divides waste generated as a result of its operations into two main categories: industrial waste and municipal waste.

The most significant waste stream related to manufacturing activities consists of industrial waste classified under the European Waste Catalogue (EWC) within group 08 01 – waste from the manufacture, formulation, supply and use, and removal of paints and varnishes. The vast majority of this group consists of washings generated during technological processes. In addition, packaging waste is also generated and segregated according to material type, i.e. paper, glass, metals and plastics. Municipal waste is divided into five fractions: plastics and metals, paper, glass, biodegradable waste and mixed waste.

[E5-6]

The Śnieżka Group makes use of the option to omit disclosure of information on anticipated financial effects arising from material risks and opportunities related to resource use and the circular economy, in accordance with Appendix C to Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, as amended by Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025.

PEOPLE

Śnieżka Group employees

Management of the area

[S1-1] [SBM-3]

The Śnieżka Group operates on the assumption that every employee brings value to the undertaking. Employee engagement, skills and attitudes reflecting the Group's corporate values enable the achievement of ambitious business objectives. Employee development and a high level of organisational culture are regarded at Śnieżka as essential conditions for the development of the entire undertaking.

The manufacturing profile of the Śnieżka Group directly affects both the structure of employment and the identified impacts, risks and opportunities – particularly in the area of occupational health and safety.

The Śnieżka Group distinguishes between two main categories of roles. Employees may be divided, according to the nature of their work, into:

- operational employees (including personnel working in manufacturing, warehousing and laboratories),
- administrative employees.

In addition, the Śnieżka Group's own workforce includes non-employee workers engaged under contracts other than employment contracts (disclosure **S1-7**).

All members of the Group's own workforce over whom the Group has a material impact are covered by the scope of disclosures in accordance with **ESRS 2**. The characteristics and employment structure of the Śnieżka Group are described in detail later in the report, in disclosures **S1-6** and **S1-7**.

As part of the double materiality assessment, the Group identified the following as material:

- actual positive impacts:
  - through promoting equal treatment and ensuring equal opportunities for development within the undertaking,
  - related to occupational safety and employment stability,
  - through offering solutions supporting work-life balance,
  - through offering employees opportunities for promotion and development within the undertaking.
- potential negative impacts on employee health and safety in the event of a fatal accident, serious accident or work-related illness.
- opportunities:
  - providing satisfactory and competitive remuneration may increase employee motivation and loyalty, resulting in lower employee turnover and savings related to the recruitment of new employees,
  - creating an innovative, creative and efficient working environment by ensuring diversity within senior management.

Detailed descriptions of impacts, risks and opportunities related to workforce matters, including their links to the strategy and business model, as well as their interdependencies, are included in Chapter General Information under disclosure requirement **SBM-3**. The Śnieżka Group has not identified any activities exposed to the risk of forced labour or child labour.

The Group's impacts in the area of its own workforce are regulated, inter alia, through a set of organisational documents covering specific areas related to working conditions. These include, in particular, the *Code of Ethics, Human Rights Policy, HR Policy, Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations, and the Diversity Policy.*

Table 57. Documents adopted in individual companies of the Śnieżka Group

	Śnieżka SA	Śnieżka ToC	Rafil	Poli-Farbe	Śnieżka-Ukraina	Śnieżka-BelPol
Code of Ethics	•	•	•	•	•	•
Human Rights Policy	•	•	•	•	•	•
Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations	•	•	•		•	
HR Policy	•	•	•	•	•	•
Diversity Policy	•	•	•	•	•	
Quality, Environmental and OHS Policy	•	•	•	•	•	

The above policies are communicated to employees through available communication channels, such as:

- cascading information following meetings of senior management. Communication takes place within strictly defined timeframes on the basis of prepared materials and is additionally supported by newsletters and the printed internal magazine *W Kolorze* (except for Śnieżka-BelPol),
- an internal system supporting corporate documentation management (Śnieżka SA, Śnieżka ToC and Poli-Farbe) and/or, in the case of companies or positions with limited access to the system, communication through direct supervisors responsible for distributing materials and informing employees about the possibility of reviewing such materials and their availability.

The individual documents apply to all persons (members of the undertaking's own workforce) employed by the companies in which these documents have been adopted. The Management Boards of the companies are responsible for implementing their provisions, unless indicated otherwise.

Code of Ethics

The Śnieżka Group Code of Ethics defines standards of conduct for all persons employed within the undertaking in matters such as employee relations, health and safety, a friendly workplace, equal opportunities in employment, remuneration, promotion, development and professional improvement, prevention of discrimination and mobbing, forced labour, child labour and freedom of association. With regard to other matters, the document is described in Chapter *Business Conduct*. Its provisions are based on the ***Book of Organisational Values*** as well as policies and regulations related to ethics in the broadest sense. The Book describes the principles, behaviours and attitudes expected from employees within the Śnieżka Group, including ethical conduct, standards of social coexistence, respect and dignity. The Code is available on the *Group's website*, within the internal system supporting corporate documentation management and from direct supervisors.

Human Rights Policy

The Group expects its employees, business partners and other entities directly associated with its operations to respect human rights. These matters are governed by the ***Human Rights Policy,*** which defines the principles, actions and expected behaviour related to the respect for human rights within the undertaking – including throughout the value chain and in stakeholder relations. The provisions of the document are based, inter alia, on:

- the Universal Declaration of Human Rights,
- the International Bill of Human Rights,
- the eight fundamental conventions of the ***International Labour Organization*** (ILO),
- the UN Guiding Principles on Business and Human Rights,
- the UN ***Global Compact*** initiative.

The undertaking commits to exercising due diligence in preventing human rights violations and mitigating the negative effects of any such violations. In the event of violations related to the impacts of any of the Group companies (directly or indirectly), the Group implements appropriate remedial actions. None of the Group's entities employ children or engage in forced labour.

The ***Human Rights Policy*** identifies eight areas of particular commitment in preventing human rights violations. These are:

- occupational health and safety,
- ensuring freedom of association,
- elimination of exploitation,
- elimination of forced or compulsory labour, human trafficking and all forms of modern slavery,
- abolition of child labour,
- compliance with employment conditions,
- prevention of discrimination,
- respect for the rights of local communities.

The Śnieżka Group has not adopted commitments regarding the social inclusion of persons from particularly vulnerable groups within its own workforce. The Śnieżka Group undertakes to ensure that every employee is treated fairly and with dignity. The undertaking does not tolerate discrimination based on gender, race, nationality or ethnicity, religion, faith, lack of religious belief, worldview, degree and type of disability, health condition, age, psychosexual orientation or gender identity, as well as family status or any other possible grounds for discrimination (principle of equal treatment).

The Director of the People, ESG and Corporate Communications Department is responsible for monitoring implementation of the Policy and ensuring its effectiveness.

Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations

The Group companies are also subject to the ***Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations,*** which provides detailed definitions of mobbing, discrimination (direct and indirect), harassment, including sexual harassment. Additional knowledge in this area is provided through training available on the internal e-learning platform for every employee of Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina (mandatory on an annual basis).

The regulations inform employees about the rules for reporting mobbing, discrimination or harassment. It defines the methods for receiving such reports, the responsibilities of the Anti-Mobbing Committee, as well as the actions undertaken by the employer following receipt of a report and the principles for providing feedback.

HR Policy

The principles and rules governing human resources management are defined in the ***HR Policy of the Śnieżka Group.*** This document sets out guidelines for actions undertaken in relation to employment matters, and its provisions support implementation of the business strategy. The Group manages employment matters in accordance with the Labour Code or equivalent legislation applicable in the Group companies operating abroad. Due diligence procedures are based on internal documents and labour law regulations. They define rules of conduct and ensure compliance with legal requirements and labour rights standards.

The People, ESG and Corporate Communications Department of FFiL Śnieżka SA is the organisational unit responsible for ensuring compliance with the ***Labour Code*** and internal regulations. The parent company plays the leading role in implementing the objectives of the ***HR Policy*** across the entire Śnieżka Group. Implementation of specific solutions within subsidiaries is adapted to local conditions, enabling the systematic transfer of practices from the Polish market to foreign markets, while taking into account their specific characteristics and local legal frameworks.

Managers of the individual Group companies are responsible for ensuring compliance with due diligence procedures in employment-related matters and for maintaining consistency with the regulations applicable across the Group. The *HR Policy* forms an integral part of the undertaking's *Sustainability Strategy*. Under its provisions, all companies are committed to:

- building the Group's position as an attractive employer and attracting and retaining employees with key skills and potential,
- developing attitudes and competencies that foster a culture of high engagement, supporting the Group's competitive advantages,
- building an efficient and innovative undertaking through process management and implementation of new technologies,
- building long-term relationships between employees, their teams and the entire Group.

The Policy is implemented through plans, programmes and tools within HR and personnel processes (including workforce needs assessments, annual workforce planning, identification of training needs and aligning them with the expectations of individual business areas, implementation of training and development projects, defining employee benefits plans together with the Social Committee, and creating incentive schemes), as well as through other documents such as the *Remuneration Policy.*

The *Policy* also establishes internal guidelines concerning:

- Equal treatment of job candidates and employees – counteracting all forms of discrimination, guaranteeing equal opportunities and ensuring adequate protection of personal data. Compliance of recruitment processes with these principles is verified during the assessment of candidates' professional experience. The objective of recruitment processes is to employ individuals with the best qualifications and competencies who also identify with the undertaking's values. Employees are encouraged to participate in internal recruitment processes. They may also recommend candidates through the *Employee Referral Programme.*
- Providing training and other development opportunities to all employees. The structure and scope of training offerings are determined by: the undertaking's business needs and capabilities, the necessity to possess specific knowledge, authorisations, skills or competencies required for a given position, identified employee development needs, and opportunities to acquire skills and competencies supporting implementation of the undertaking's business strategy.

The commitments adopted under this Policy are also reflected in the *Sustainability Strategy,* which defines strategic and operational objectives, including in the area of the Gender Pay Gap. The Policy supports implementation of ESG objectives, including gender equality and pay transparency.

Diversity Policy

The Śnieżka Group (except for Śnieżka-BelPol) has implemented a *Diversity Policy,* the provisions of which are based, among others, on the Labour Code and its equivalents applicable in the Group companies operating abroad.

The Group undertakes to:

- prevent all forms of discrimination,
- manage diversity and create a working environment in which every employee can feel valued, thereby supporting achievement of business objectives.

In the Group's view, promoting diversity has a positive impact on employee creativity, effectiveness and loyalty. Diversity management also increases the ability to attract new talent and stimulate innovation within teams, ultimately contributing to greater business effectiveness of the undertaking. The objective of the *Diversity Policy* is to foster an atmosphere of respect and support that enables employees to fully utilise their potential, skills and experience.

Quality, environmental and OHS Policy

the Śnieżka Group (except for Śnieżka-BelPol) has implemented a ***Quality, Environmental and OHS Policy*** supporting the undertaking's business objectives by ensuring that products of the highest quality are manufactured while maintaining occup Sustainability Strategy Sustainability Strategy ational safety and respecting the natural environment. This objective is pursued, for example, through the use of raw materials and components sourced exclusively from qualified suppliers; the application of environmentally friendly technologies and production methods; striving for continuous improvement in occupational health and safety conditions; implementation of occupational health and safety and fire safety measures; engaging the entire team in creating safe working conditions; improving qualifications through specialist or general training; and active participation of all Group employees in organising work and improving occupational and fire safety standards. In accordance with the Policy, actions aimed at accident prevention are implemented (described further in this section).

In addition, each workplace has been assessed in terms of occupational risk and described in occupational risk assessment documentation. This documentation identifies hazards, injury-related situations or accidents that may occur at a given workplace and indicates how such situations can be avoided. The documents are made available to employees. The method of access is adapted to the respective company and applicable local regulations.

In September 2025, the *Policy* was amended with respect to Śnieżka SA. Elements related to occupational health and safety were removed from the Policy, as these aspects were already covered under the *Code of Ethics.* Consequently, within the aforementioned company, the document was renamed the *Quality and Environmental Policy.*

Cooperation with own workers and workers' representatives regarding impacts

[S1-2]

Dialogue with employees is conducted on many levels. Employees of key companies: Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina regularly receive newsletters and the printed magazine *W Kolorze.* In 2025, 5 editions of the magazine were published in Śnieżka SA and Śnieżka ToC, 2 editions in Śnieżka-Ukraina and 1 edition in Poli-Farbe.

For strategic topics, a carefully planned information cascade was implemented, with directors and team managers playing a key role. In addition, employees engage in dialogue through elected representatives (representing employees of: Śnieżka SA, Śnieżka ToC, Poli-Farbe and Śnieżka-Ukraina in contacts with the Management Board).

The Śnieżka Group regularly monitors employee opinions and satisfaction levels through planned activities:

- eNPS (Employee Net Promoter Score) surveys, which monitor employee opinions and satisfaction levels. Survey results are analysed and taken into account when designing activities for the following year, and are also communicated to employees through the printed internal magazine *W Kolorze.* In 2025, in line with the previous plan, two editions of the survey were conducted in Śnieżka SA, Śnieżka ToC, Poli-Farbe, Śnieżka-Ukraina and Rafil.
- Regular meetings with Employee Representatives (applicable to Śnieżka SA and Śnieżka ToC). Employee Representatives are elected by employees. Through them, employees may ask the Management Board questions on any topic and share suggestions. Meetings are held quarterly. At Rafil, dialogue is conducted through two trade unions. The frequency of meetings reflects employees' current needs and meetings are held no less frequently than once per quarter. At Poli-Farbe and Śnieżka-Ukraina, term-based Workers' Councils operate to consult on matters required under local legislation, with meetings taking place several times a year.
- Meetings with the Management Board (Śnieżka SA and Śnieżka ToC) – annual Christmas and New Year meetings during which employees may ask questions in person or submit them in advance online (anonymously).
- Board meetings (Śnieżka SA and Śnieżka ToC) – regular weekly team status meetings, an integral part of which is the measurement of employee satisfaction.

The above activities are directed to all employees. This means that employees belonging to minority groups, such as persons with disabilities, have the same opportunities to share their opinions (e.g. through eNPS surveys or by submitting questions through Employee Representatives) as other groups.

Operational responsibility for ensuring regularity of activities and monitoring employee opinions and satisfaction levels lies with the People, ESG and Corporate Communications Department. Departments across the Group companies are involved in these activities.

The effectiveness indicator for cooperation with employees within the above activities is the eNPS survey participation rate, which in 2025 amounted to **93.25%** (average value for both surveys across all Group companies).

Śnieżka SA, Śnieżka ToC and Rafil do not conduct formal assessments of the effectiveness of Employee Representatives' activities. A measurable indicator of their role is the number of questions submitted to the Management Board through them, reflecting employees' level of trust in the representatives and the effectiveness of their activities.

Processes for remediating negative impacts and channels for reporting irregularities

[S1-3]

The Śnieżka Group does not have a formal policy governing responses to serious adverse impacts affecting its employees. Each such case is handled individually, in accordance with applicable legal regulations, in particular the Labour Code or its equivalents applicable in the Group companies operating abroad, while respecting the individual needs of employees.

The primary reporting channels are defined in the Internal Reporting Procedure under the ***Code of Ethics*** applicable across all Group companies. The ***Work Regulations*** applicable in Śnieżka SA and Śnieżka ToC enable employees to submit applications, complaints and grievances directly by arranging a meeting with the President of the Management Board of the relevant company. In addition, employees may report matters through Employee Representatives.

The Group also operates additional reporting channels governed by separate procedures (Internal Reporting Procedure and Reporting Review Procedure), as well as mechanisms developed under the documents described earlier in this section (including the ***Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations*** and the ***Code of Ethics***). A team responsible for receiving reports and periodically reporting anonymous information to the Management Boards regarding the number of reports and the manner of their resolution has also been established (described in section *Business Conduct*).

The Group ensures regular communication and raises awareness of available reporting channels through:

- employee training (covering the ***Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations*** and methods for reporting irregularities),
- ensuring access to the reporting tool through a link placed on the intranet,
- ongoing communication informing employees about available communication channels.

The adopted ***Internal Reporting Procedures*** prohibit retaliation and provide protection to whistleblowers, persons supporting a report and persons connected with the whistleblower.

More information on whistleblower protection and methods for receiving reports of violations across all Group companies is provided in section *Business Conduct*.

Actions related to material impacts and management of material risks and opportunities

[S1-4]

The Śnieżka Group undertakes a number of continuous activities through which it positively impacts employees and manages potential adverse impacts, risks and opportunities related to employment. To determine appropriate actions in response to adverse impacts on its own workforce, the undertaking uses Employee Opinion Surveys, employee workshops and the double materiality assessment process.

These initiatives continue activities implemented under the ***Sustainability Strategy*** and identified during the materiality assessment process. In addition, the Śnieżka Group verifies their effectiveness on the basis of eNPS survey results and discussions with employee representatives. The double materiality assessment confirmed the appropriateness of the selected directions.

Through implementation of the following activities, the Group also ensures that its own practices did not cause or contribute to material adverse impacts on its own workforce.

Actions related to positive impacts through promoting equal treatment and equal development opportunities within the undertaking.

The Śnieżka Group actively promotes equal treatment and ensures equal access to professional development for all employees, regardless of gender or other non-work-related criteria. Employment and promotion decisions are made, among others, on the basis of competency and potential assessments using objective analytical tools. The selection of assessment methods and tools is tailored each time to the profile of a given position.

In its *HR Policy*, the Śnieżka Group defines actions undertaken to build an effective and transparent remuneration policy. In practice, this is implemented through the precise definition of roles and responsibilities within the job evaluation process, for which the appointed Job Evaluation Committee is responsible. The Group systematically evaluates positions, monitors remuneration levels against the market and analyses the gender pay gap, ensuring equality and competitiveness of the remuneration offered. No end date has been defined for the above activities.

In November 2025, the Śnieżka Group became a signatory to the ***Diversity Charter,*** thereby confirming its commitment to building a working environment where safety and equality are important. Śnieżka recognises the impact of diversity on innovation and effectiveness and therefore fosters a culture of equal opportunities through transparent pay, anti-mobbing measures, support for parents, flexible working arrangements, and the development of women in management and leadership positions.

Diversity was also the leading theme of the ***We are Colour!*** employee event organised in 2025.

Actions related to positive impacts on employees associated with employment security and stability.

The Śnieżka Group continuously and indefinitely ensures employment security and stability by providing employees with transparent working conditions, clear objectives and access to information about the undertaking's development direction. Employment stability is one of the key elements of the organisational culture and is indicated in the eNPS survey as one of the main reasons for recommending employment at Śnieżka.

As many as 94.99% of employees are employed under indefinite-term employment contracts (compared to 90.65% in 2024). Employees employed under fixed-term contracts, including probationary contracts, accounted for 5.01% of employees in 2025.

Employment stability is supported through indefinite-term employment contracts and an extensive benefits system, which includes:

- **Social benefits** – benefits in the form of points that may be used according to individual needs, including for sports cards, medical packages, recreation, holidays and cultural activities, In addition, Śnieżka finances benefits for children, including holiday camps, Children's Day picnics and St Nicholas gift packages.
- **Discounts** on company products in the Company Store and the possibility to purchase products, computer equipment and vehicles from the company fleet through auctions (via the internal employee auction platform).
- ***The Officially Recommend programme*** – engaging employees and enabling them to recommend candidates in open recruitment processes. Employees whose recommendations result in the hiring of a candidate receive remuneration for their involvement in the process.
- ***The Reliable Employee programme*** – a dedicated incentive programme for all employees who meet the attendance requirements specified in the programme regulations. In 2025, a total of 425 employees in Śnieżka SA and Śnieżka ToC participated in the programme.
- **Co-financing** of group insurance and meal subsidies (applicable to Śnieżka SA, Śnieżka ToC and Rafil),
- **Team-building activities** – an initiative launched in 2024 for Śnieżka SA, Śnieżka ToC, Rafil, Śnieżka-Ukraina and Poli-Farbe, aimed at building strong relationships among team members, positively affecting cooperation, communication and mutual trust. Importantly, employees collectively decide on the form of integration activities. In 2025, more than 81% of employees participated in this initiative. The selected categories included: sports activities (e.g. attending football matches together, mountain trips, canoeing trips), cultural activities (attendance at theatre performances, concerts), recreational activities (shared dinners, ceramics workshops), and other activities developing team passions and interests.

Actions related to positive impacts through offering solutions supporting work-life balance.

The Śnieżka Group actively supports employees in maintaining a work-life balance, which translates into their wellbeing, satisfaction and engagement. Achievement of this objective is monitored through the eNPS survey conducted twice a year. In surveys conducted in 2025, this factor remained one of the key aspects influencing employees' willingness to recommend Śnieżka as an employer.

To support this area, a number of measures have been introduced, including:

- **Flexible working hours** across all Group companies – administrative employees whose scope of responsibilities allows for it may perform their tasks within a specified flexible time range. This solution enables better alignment of working schedules with individual preferences.
- **Hybrid working model** across all Group companies – employees performing tasks that do not require permanent office presence may work remotely two days per week.
- **Additional days off** – in the Polish companies, after using their statutory annual leave entitlement, employees are granted two additional days off, supporting regeneration and work-life balance.
- **Events for employees and their families** – in 2025, employees of Śnieżka SA and Śnieżka ToC participated in the employee event ***We are Colour!,*** aimed at education, integration and visits to the factory in Lubzina producing coloured emulsion paints. In addition, children of employees were invited to visit the Logistics Centre in Zawada and participate in the Family Picnic, while the companies also organised Children's Day celebrations (Poli-Farbe) and Factory Tours combined with the distribution of St Nicholas gift packages (Śnieżka-Ukraina).
- **Support for young parents and mothers** – to ensure a comfortable return to work, onboarding is provided for mothers returning from maternity leave. In addition, in Poland and Ukraine, financial support for childcare is offered to mothers returning to work before the child reaches six months of age.

Actions related to positive impacts through offering employees solutions supporting promotion and development opportunities within the undertaking.

The Śnieżka Group actively invests in employee competency development by offering training programmes. These activities support the development-oriented organisational culture, increase employee satisfaction and strengthen engagement.

Development of the Group team's competencies supports achievement of ambitious business objectives. Activities aimed at ensuring employee development include, among others:

- **Training programmes (industry events and internal training)** – employees enhance their professional qualifications through participation in conferences, seminars, training sessions, workshops and courses financed by the employer. The proprietary *Śnieżka Academy* programme enables employees to acquire knowledge and expand competencies through training conducted by internal trainers. At the same time, the trainers themselves have the opportunity to develop their training and interpersonal skills and build their position as experts in their fields. The programme significantly supports the development of a knowledge-sharing culture, while the training courses delivered under the programme are tailored to the undertaking's needs and participants' expectations. In 2025, the second edition of the programme was summarised and the third edition was launched, comprising 9 training courses from various fields.
- **Internal recruitment programme** – addressed to all employees, enabling professional development through vertical or horizontal promotion, depending on ongoing recruitment processes. Participation in the programme provides an opportunity to obtain a higher position or change professional area, subject to meeting specified criteria and successfully completing the recruitment process. Internal recruitment processes are conducted across all Group companies.
- **Onboarding and adaptation programme** – every new employee in Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe undergoes an onboarding process during the first two weeks of employment. During this period, employees become familiar with the undertaking's operating principles, receive the equipment and tools necessary for their position, as well as access to the training platform together with assigned training courses (including the whistleblowing system, anti-mobbing training, cybersecurity training, product training and others). The onboarding process also includes training on organisational values and benefits, initial and workplace OHS training, and meetings with supervisors during which an Individual Adaptation Plan defining development objectives is prepared. The objective of the onboarding and adaptation process is to ensure effective integration into the position and familiarisation with the organisational culture. In 2025, 28 employees participated in the onboarding and adaptation process, representing 100% of newly hired employees in the above-mentioned Group companies.
- **Dedicated development programmes** – complementing the standard training offering by providing personalised development solutions. These programmes include, among others, managerial competency development (across all Group companies) and the development of various skills supporting achievement of business objectives. Each programme is designed on the basis of an analysis of the needs of both participants and the undertaking, ensuring maximum effectiveness and alignment with the company's strategic objectives.
  - Managerial competency development programme – a programme aimed at strengthening managerial competencies and providing knowledge and tools offering practical support to team managers.
  - Development project for customer service teams (applicable to Śnieżka ToC).
  - *Flow and Grow* project, under which managerial staff develop competencies in defining and managing processes, while all employees develop task management skills.

- **Periodic performance evaluation** across all Group companies – evaluations are conducted monthly, quarterly or annually, depending on the type of position, enabling ongoing monitoring of progress and achievements. Verification of the completion of tasks assigned to a given position affects supervisors' decisions regarding bonus awards, in accordance with the criteria applicable in the relevant company. In addition, in Śnieżka SA and Śnieżka ToC, employees discuss the achievement of objectives with their supervisors once a week during so-called board meetings. These meetings also provide an opportunity to reinforce organisational values, strategy, mission and vision, strengthening engagement and alignment of activities with strategic objectives.
- **Additional employee development opportunities.** To provide employees with opportunities for further development, the Group also offers possibilities to build competencies for the following roles:
  - **Internal Supervisors** – designated employees responsible for monitoring compliance of board meetings (BMs) with applicable organisational standards. The Supervisor role has a supporting and supervisory nature and is intended to ensure the quality of the decision-making process and transparency of meetings. The participation of Supervisors in BMs of different teams enables identification of best practices and areas requiring improvement, while also fostering a better understanding of operational challenges within the undertaking.
  - **Internal trainers** – employees supporting the systematic development of competencies through the transfer of expert knowledge, development of communication and facilitation skills, and strengthening leadership attitudes. The role of the internal trainer strengthens the learning culture and increases employee engagement in the undertaking's development. The main axis of internal trainers' activities is the recurring *Śnieżka Academy* programme.
  - **Design Thinking Moderators** – employees responsible for facilitating project processes conducted using the Design Thinking methodology. They support teams in addressing challenges in conditions of uncertainty and change, ensuring process structure, effective cooperation and focus on user needs. This role supports the development of innovative solutions, systems thinking and integration of diverse perspectives within the undertaking.
  - **Roles in cross-functional projects** – within projects implemented using the proprietary project management methodology, employees may assume roles such as business owner or project leader. Participation in projects supports cross-team cooperation, knowledge sharing, and the development of analytical and leadership skills, while also giving participants a sense of direct impact on the achievement of objectives defined in the business strategy.

Actions addressing the potential impact on employee health and safety in the event of fatal accidents, serious accidents and work-related illnesses.

The nature of work in the manufacturing sector involves the risk of accidents and illnesses related to the performance of occupational duties. Being aware of these risks, the Group implements a number of measures aimed at minimising the likelihood of their occurrence, while ensuring compliance with applicable legal regulations and occupational health and safety standards. These measures include both preventive actions and defined response procedures in the event of undesirable incidents. In identifying appropriate actions in response to the negative impacts of the Śnieżka Group on its own workforce in the OHS area, the undertaking relies, among others, on ongoing monitoring of OHS conditions and reporting of indicators, as well as systematic audits and inspections.

1. **Systemic occupational health and safety management within the Śnieżka Group:**

- Implementation of a Safety Management System regulating employee responsibilities according to their positions.
- Occupational risk assessment conducted for 100% of workstations – made available to employees and regularly updated depending on needs and changes in the working environment. Monitoring of workplace environmental conditions, including:
  - measurement of hazardous factors at workstations,
  - verification of compliance with occupational hygiene standards.

The results of occupational risk assessments and workplace environment monitoring constitute the basis for implementing preventive measures aimed at reducing the risk of workplace accidents and work-related illnesses.

2. **Training and preventive healthcare.**

These activities are aimed at the early detection of potential illnesses, including work-related illnesses, limiting the risk of their development over the long term, and supporting employee wellbeing also in a broader psychophysical context.

- OHS training: mandatory and additional training tailored to the specific nature of positions.
- All sites equipped with AED defibrillators: 10 devices in total.
- Initial and extended periodic/follow-up medical examinations covering all employees.
- Additional preventive examinations:
  - ***Śnieżka paints the world pink*** – examinations conducted as part of breast cancer prevention, including breast ultrasound examinations/mammography. A total of 175 women participated in the initiative (including employees' wives/partners).
  - ***Be aware. Get tested.*** – examinations conducted as part of cancer prevention programmes dedicated to men. The programme included testicular ultrasound examinations, prostate ultrasound examinations and urological consultations. A total of 193 employees participated in the programme.
- Activities supporting employees' psychophysical wellbeing, such as team integration events, educational articles on work-life balance published in the *W Kolorze* magazine, and employee events such as the *Family Picnic* or the *We are Colour!* event.
- Initiatives supporting health awareness and promoting healthy lifestyles among employees – participation of Śnieżka representatives in the charitable *Poland Business Run 2025*, with proceeds allocated to supporting persons with disabilities, and the *Honorary Blood Donors Club*, which currently has 94 members.

3. **Protective measures and supervision of working conditions aimed at protecting employees' health and life by reducing the risk of accidents and exposure to hazardous factors:**

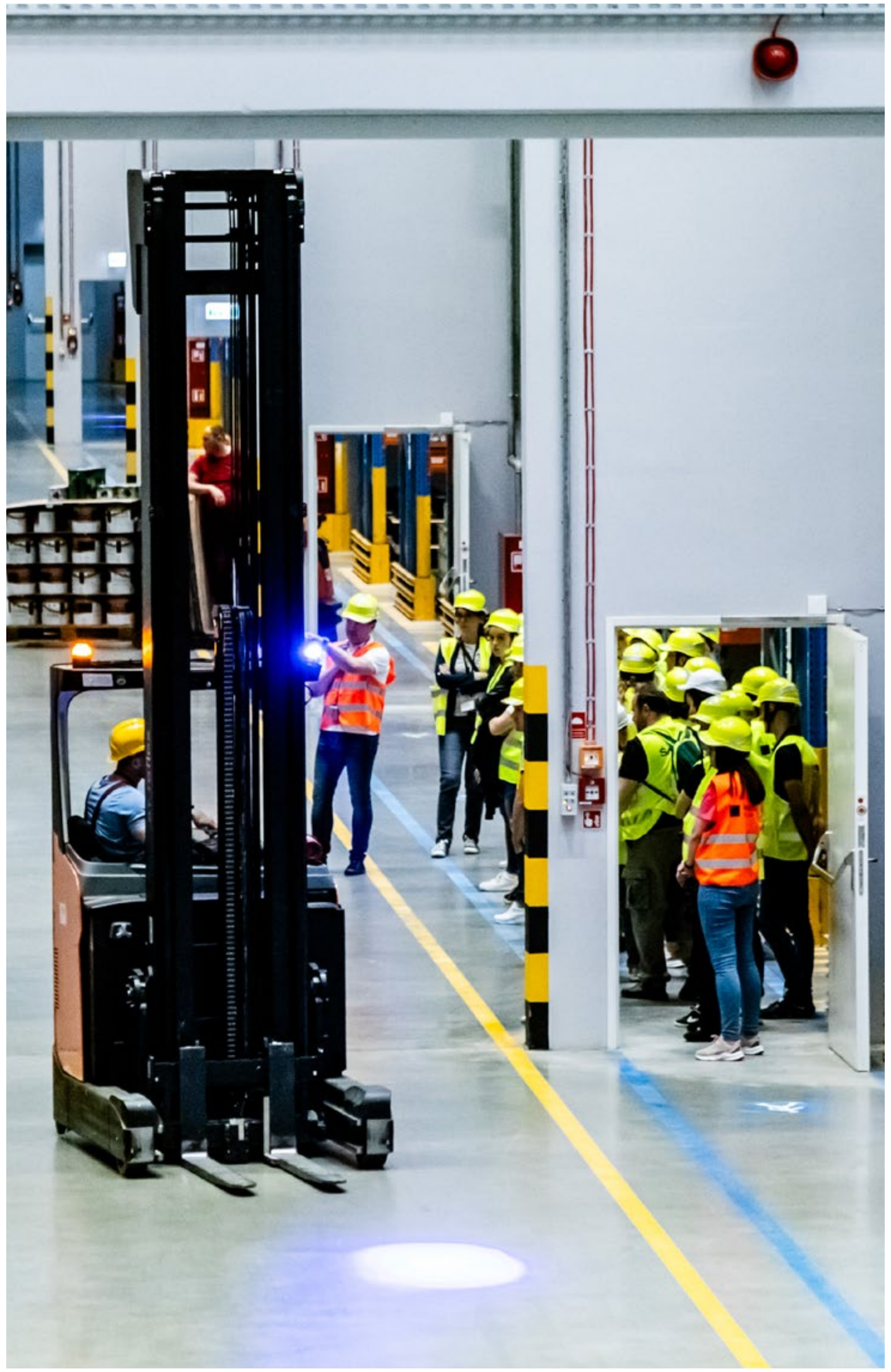
- Provision of collective and personal protective equipment, including protective clothing (tailored to the specific nature of hazards), as well as protective and hygiene equipment compliant with OHS standards.
- Supervision over the proper execution of work processes, including:
  - compliance with safety procedures and instructions,
  - inspection of the technical condition of machinery and equipment.

4. **Systematic OHS and fire safety audits and inspections constitute the basis for monitoring compliance with regulations and ensuring adherence to applicable legal requirements, while strengthening employee safety and minimising the risk of accidents and fire hazards.**

- Systematic OHS audits verifying compliance with internal regulations and applicable legal requirements, including workstation inspections concerning adherence to safety procedure.
- Monitoring compliance with fire protection regulations and fire safety standards.

Within Śnieżka SA and Śnieżka ToC, the Occupational Health and Safety Committee, the Fire and Technical Committee and the Review Team operate. These bodies review designated areas in accordance with their respective scopes of responsibility. At the end of each review, conclusions are formulated and, following expert assessment, implemented according to assigned priorities.

Additionally, the undertaking has implemented procedures enabling employees to submit suggestions concerning improvements in occupational safety and ergonomics, as well as to report identified hazards and potentially dangerous situations. Employees may also submit anonymous whistleblower reports to the Management Board or the Supervisory Board.



Reports concerning accidents are subject to root cause analysis, and the conclusions from such analyses are used to implement preventive measures and improve the Safety Management System.

The occupational health and safety principles applicable within the Śnieżka Group also apply to external companies and subcontractors performing work at the Group's facilities.

All activities are carried out in compliance with applicable legal regulations and tailored to the undertaking's current needs. These activities support the development of a safety culture based on employee engagement, open communication and responsibility for the health and safety of all persons covered by the OHS management system.

In 2025, no serious or fatal accidents were recorded within the Group and, consequently, no remedial actions were required. At the same time, training and preventive measures implemented in previous years supported the maintenance of a high level of occupational safety during the subsequent reporting period.

Actions undertaken by the Śnieżka Group in relation to the opportunity identified as providing satisfactory and competitive remuneration may increase employee motivation and loyalty, translating into lower employee turnover and savings related to the recruitment of new employees.

Employees constitute the strength and business potential of the Śnieżka Group. Therefore, the Group prioritises employee satisfaction in order to maintain low turnover and continue developing a highly qualified workforce.

- Cyclical eNPS surveys – regular employee opinion and satisfaction surveys, including assessments of remuneration and benefits. Surveys are conducted twice a year in the companies operating in Poland, Hungary and Ukraine. This enables the monitoring of satisfaction levels and identification of areas requiring improvement.
- Transparency and the *Remuneration Policy* – the Group strives to ensure full transparency regarding remuneration and benefits in order to build trust among employees and collaborators and maintain competitiveness on the labour market. The *Remuneration Policy* is based on clear principles governing salary structures, non-wage benefits and the processes for their updates.

- Remuneration reviews – remuneration analyses based on market reports are conducted twice a year. Regular benchmarking enables the Group to maintain competitive remuneration levels and provides the basis for decisions regarding salary adjustments across the undertaking.
- Transparency of salary ranges – disclosure of salary bands for individual job groups (grades) in the ***Remuneration Regulations.*** This solution has been implemented within Śnieżka SA and Śnieżka ToC, and its extension to Poli-Farbe and Śnieżka-Ukraina is planned for 2026.

[S1-10]

As a result of the remuneration analysis conducted within the Group, it was confirmed that all employees receive remuneration above the established reference indicators, namely statutory minimum wages. The results confirm the compliance of the Remuneration Policy with the principles of fair remuneration and the commitment to ensuring decent working conditions.

Actions undertaken by the Śnieżka Group in relation to the opportunity defined as creating an innovative, creative and effective working environment through ensuring diversity within senior management.

The Group focuses on creating an innovative and effective working environment, taking into account diversity within the management team, through the following activities:

- Implementation of solutions and principles set out in organisational documents (the *HR Policy, Diversity Policy, Human Rights Policy and Code of Ethics*), aimed at ensuring an inclusive workplace free from discrimination. The documents and their contents are described in greater detail earlier in this chapter.
- The Śnieżka Group joined the signatories of the *Diversity Charter,* thereby confirming its commitment to building a working environment in which safety and equality are important. The initiative, supported by the European Commission and coordinated in Poland by the Responsible Business Forum, promotes the development of policies and improvement of processes related to diversity and equal treatment. By joining the signatories of the *Diversity Charter,* the Śnieżka Group confirmed its commitment to complying with the principles of equal treatment and to further developing policies and programmes supporting diversity, inclusiveness and equal opportunities. The undertaking is to continue activities aimed at raising employee awareness in this area and annually reporting progress to the programme coordinator.
- Women account for **40.97%** of the Śnieżka Group's senior management (according to data disclosed under **S1-9**), which confirms the effectiveness of the policies promoting diversity. The Śnieżka Group promotes and benefits from diversity at every level of the undertaking, recognising its impact on innovation and efficiency. As diversity within the management team contributes to better decision-making, Śnieżka encourages senior management to continuously acquire knowledge and develop their competencies (through studies and training), as well as to share their knowledge during industry debates and conferences. Furthermore, the undertaking focuses on project-based work, which contributes to even greater diversity within key projects, thereby enhancing business efficiency and cooperation between different areas of the company.

The HR/People and OHS departments within individual companies are responsible for monitoring impacts and related actions, the implementation of which is based on the regulations adopted within the Group, including the policies indicated at the beginning of this chapter.

Metrics and targets related to the Śnieżka Group's own workforce

[S1-5]

The strategic objective of the Śnieżka Group in the area related to employees is to build an engaging working environment, measured through the eNPS survey. The Group aims to achieve a positive result, indicating employee satisfaction and engagement. The remaining targets apply to Śnieżka SA and Śnieżka ToC and result from the ***Sustainability Strategy.*** Their implementation is measured against the previous year or as the target percentage of employees covered by a given action. All sustainability targets presented below (hereinafter referred to as "SD targets") were planned within a short-term perspective – most of them were implemented during the reporting period and/or will be implemented in 2026. No interim targets were established. When defining the plans, the undertaking took into account employee opinions expressed through the eNPS survey and via Employee Representatives.

The Śnieżka Group's targets related to material opportunities and impacts in the area of its own workforce are presented in the table below. Compared to the previous year, there were no significant changes in the methodology for calculating the indicators.

These targets are aligned with the *Diversity Policy, the Human Rights Policy, the Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations, the Code of Ethics and the HR Policy.*

The data presented below were not subject to assurance other than the mandatory assurance engagement of this report.

Table 58. Targets related to own workforce

Area	Target	Metric	Scope	Base year	Base value	2025 value
Employee engagement and satisfaction management	**Positive eNPS survey result**	Recommendation score calculated as the difference between promoters and detractors	Śnieżka Group	n/a	n/a	0
Diversity and equal opportunities	**Maintain the adjusted gender pay gap below 5%**	Weighted average of unadjusted pay gaps across individual job grades, whereby for each job group the absolute value of the remuneration difference between women and men was applied[31]	Śnieżka SA and Śnieżka ToC	n/a	n/a	2.83%[32]
Diversity and equal opportunities	**100% of employees covered by anti-mobbing, anti-discrimination and anti-harassment training**	% of employees covered by training	Śnieżka SA and Śnieżka ToC	n/a	n/a	95%
Training and skills development	**Year-on-year increase in the average number of training hours per employee**	Average number of training hours per employee	Śnieżka Group	2022	26.81	16.34
Training and skills development	**Maintain the rate of 100% of new employees covered by onboarding and adaptation**	% of employees for whom onboarding and adaptation summary meetings were conducted	Śnieżka SA and Śnieżka ToC	n/a	n/a	100%
Working conditions	**Maintain the year-on-year voluntary employee turnover rate below 11% for blue-collar positions**	% of voluntary employee turnover during the year, broken down into specialist and blue-collar positions	Śnieżka SA and Śnieżka ToC	n/a	n/a	2.78%
Working conditions - OHS	**Maintenance and continuous improvement of the existing Occupational Health and Safety Management System, aimed at minimising the risk of workplace accidents and health hazards**	Lost Time Injury (LTI) rate indicators	Śnieżka Group	2023	5.16 0.27	2,68 (LTIFR) 0,09 (LTISR)

31. The calculations were based on base salary, as it constitutes the key component of the organisation's remuneration policy and is not dependent on individual factors such as overtime, bonuses or allowances for working under specific conditions. As a result, the obtained outcome reflects systemic pay differences resulting from employer decisions rather than differences arising from employees' work activity.

32. In 2024, the adjusted gender pay gap for Śnieżka SA and Śnieżka ToC amounted to 3.27%.

[S1-6]

Characteristics of the undertaking's employees

The characteristics of employees are presented as the number of employees as at 31 December 2025. The total number of employees is consistent with the number disclosed in the operational and financial section of this Report.

Employment throughout the year remained stable, with only minor changes resulting directly from business needs. The number of employees presented in the tables below is stated each time as a whole number (unless indicated otherwise).

Table 59. Number of employees in total and by gender in the Śnieżka Group

	Number of employees	
Gender	**As at 31.12.2025**	**As at 31.12.2024**
Women	361	388
Men	736	756
Total	**1,097**	**1,144**

Table 60. Number of employees in countries where the undertaking employs at least 50 employees constituting at least 10% of the total number of employees of that undertaking

	Number of employees	
Country	**As at 31.12.2025**	**As at 31.12.2024**
Poland	751	791
Ukraine	172	172
Hungary	159	166

Table 61. Number of employees by contract type, broken down by gender in the Śnieżka Group

	As at 31.12.2025			As at 31.12.2024		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Number of employees	**361**	**736**	**1,097**	**388**	**756**	**1,144**
Number of employees employed for an indefinite period	338	704	1,042	339	698	1,037
Number of employees employed for a definite period (incl. probation period)	23	32	55	49	58	107
Number of full-time employees	354	733	1,087	381	752	1,133
Number of part-time employees	7	3	10	7	4	11

Turnover indicators

In 2025, a total of 88 employees left the Śnieżka Group, and the employee turnover rate amounted to 8.02%, remaining comparable to the previous year (7.87% in 2024; an increase of 0.15 pp). The turnover rate includes all employees whose employment ended, both as a result of voluntary decisions (including retirement) and termination initiated by the employer.

Turnover is calculated as the number of departures divided by the number of employees as at 31 December 2025 (headcount).

8,02% turnover rate for all departures (88 persons) within the Group in 2025 (0.15 pp higher than in the previous year).

4,10% turnover rate for voluntary departures (45 persons) within the Group in 2025 (0.34 pp higher than in 2024).

2,78% turnover rate for voluntary departures of blue-collar employees (10 persons) within Śnieżka SA and Śnieżka ToC in 2025 (0.45 pp lower than in the previous year).

Table 62. Number of employees by contract type in countries where the undertaking employs at least 50 employees constituting at least 10% of the total number of employees of that undertaking

	As at 31.12.2025				As at 31.12.2024			
	Poland	Ukraine	Hungary	Total	Poland	Ukraine	Hungary	Total
Number of employees	**751**	**172**	**159**	**1082**	**791**	**172**	**166**	**1,129**
Number of employees employed for an indefinite period	720	170	152	1042	709	168	160	1,037
Number of employees employed for a definite period (incl. probation period)	31	2	7	40	82	4	6	92
Number of full-time employees	748	171	154	1,073	788	170	161	1,119
Number of part-time employees	3	1	5	9	3	2	5	10

In 2024–2025, the Group did not employ workers without guaranteed working hours in any of the countries in which it employs at least 10% of the undertaking's total workforce.

[S1-7]

Characteristics of non-employee workers forming part of the Group's own workforce

Table **S1-7** presents information on persons cooperating with the Śnieżka Group under arrangements other than employment contracts. The number of non-employee workers is presented as the number of persons engaged at the end of the reporting period

Table 63. Number of persons engaged by the Śnieżka Group under arrangements other than employment contracts

	As at 31.12.2025			As at 31.12.2024		
	Women	Men	Total	Women	Men	Total
Civil law contract	33	76	109	42	97	139
B2B contract	5	62	67	5	71	76
Total	**38**	**138**	**176**	**47**	**168**	**215**

[S1-9]

Diversity metrics

Table 64. Śnieżka Group's employees – broken down by structure and age

	As at 31.12.2025			As at 31.12.2024		
	Women	Men	Total	Women	Men	Total
Senior management staff						
aged below 30	2	0	2	0	0	0
aged between 30 and 50	42	57	99	44	58	102
aged over 50	15	28	43	15	27	42
Total	**59**	**85**	**144**	**59**	**85**	**144**
Gender break down by %	40.97%	59.03%		40.97%	59.03%	
Middle management staff						
aged below 30	0	1	1	0	2	2
aged between 30 and 50	2	31	33	8	37	45
aged over 50	2	16	18	1	14	15
Total	**4**	**48**	**52**	**9**	**53**	**62**
Gender break down by %	7.69%	92.31%		14.52%	85.48%	
Other employees						
aged below 30	35	42	77	44	65	109
aged between 30 and 50	186	353	539	201	349	550
aged over 50	77	208	285	75	204	279
Total	**298**	**603**	**901**	**320**	**618**	**938**
Gender break down by %	33.07%	66.93%		34.12%	65.88%	
Total	**32.91%**	**67.09%**		**33.92%**	**66.08%**	

Methodology: Number of persons employed as at 31 December 2025. Managers without responsibility for managing employee teams (so-called "area managers") were excluded from the group of managers. In accordance with the adopted definition, managerial positions include only persons managing employee teams. Senior management includes Management Board Members and persons employed in Director and Head/Manager positions. Middle management includes persons employed in Leader and Foreman positions.

An exception applies to Poli-Farbe, where middle management includes persons employed in Leader positions, while employees in Foreman positions are classified as Other employees, as they primarily perform operational tasks and coordination activities constitute only a minor part of their duties.

[S1-13]

Metrics related to training and skills development

Table 65. Training and skills development metrics broken down by gender in the Śnieżka Group

	Percentage of employees participating in regular performance and career development reviews (%)		Average training hours per employee	
	2025	2024	2025	2024
Women	90.03	91	22.43	35.79
Men	98.37	100	13.36	19.80
Total	**95.62**	**97**	**16.34**	**25.22**

All employees are subject to regular performance reviews, the frequency of which depends on the position held. Performance reviews are conducted using internal systems. The indicator was calculated excluding employees on long-term absence due to maternity leave.

The Group ensures that all employees participate in mandatory training required by regulations and necessary for work in a given position. In addition to mandatory training, employees may participate in voluntary training programmes (external and internal) aimed at developing professional competencies, as described in the actions above. Data used to calculate the average number of training hours per employee are obtained from internal systems. This indicator does not include mandatory OHS training.

The decrease in the number of training hours resulted from the high base in 2024, when extensive training programmes covering broad groups of employees were conducted (e.g. first aid training).

[S1-14]

Occupational health and safety metrics

Table 66. OHS management and safety and data on accidents and health in the Śnieżka Group

	2025	2024
Number of work-related accidents of own workforce	**6**	**4**
Number of fatalities due to work-related injuries and illnesses in relation to:		
own workforce	0	0
non-employees	0	0
Number of cases of work-related ill health in relation to:		
own workforce	0	0
former own workforce	0	0
non-employees	0	0
Work-related accident metrics of own workforce:		
Lost Time Injury Frequency Rate (LTIFR)	2.68	2.08
Lost Time Injury Severity Rate (LTISR)	0.09	0.13
Number of days lost due to work-related injuries and work-related fatalities, work-related ill health and fatalities resulting from work-related ill health, in relation to:		
own workforce, including non-employees	175	251

In 2024–2025, 100% of the undertaking's own workforce was covered by an occupational health and safety management system based on applicable legal requirements and recognised standards and guidelines, including systems subject to internal audits and – where justified – external audits and certification carried out by external entities. In 2025, the Śnieżka Group recorded no fatalities resulting from workplace accidents and no cases of work-related illnesses. No such incidents were recorded in 2024 either. Data concerning non-employee workers have been collected by the Group since 2024.

Information regarding workplace accidents and accident indicators is derived from internal registers and human resources management systems.

The abbreviation LTI refers to the type of incidents included in the calculation of accident indicators and covers accidents resulting in temporary incapacity for work. The report applies separate indicators for the frequency (LTIFR) and severity (LTISR) of such incidents.

(LTIFR) Lost Time Injury Frequency Rate – calculated according to the following formula: number of incidents resulting in incapacity for work × 1,000,000 / total number of hours worked across the Group.

(LTISR) Lost Time Injury Severity Rate – calculated according to the following formula: number of days lost due to injuries × 1,000 / total number of hours worked across the Group.

[S1-15]

Work-life balance metrics

Table 67. Employees within the Śnieżka Group taking and entitled to family-related leave

	2025			2024		
	Total	**Women**	**Men**	**Total**	**Women**	**Men**
Percentage of employees entitled to family leave	**100%**	100%	100%	**100%**	100%	100%
Percentage of eligible employees who took advantage of family leave	**8.66%**	16.07%	5.03%	**4.90%**	8.76%	2.91%

Data concerning family-related leave are derived from payroll and HR systems operated by the Group companies. Reports covering employee absences in 2025 were generated from these systems and subsequently filtered to include maternity, parental, paternity and caregiver leave (which had not been included in the previous year).

[S1-16]

Remuneration metrics (pay gap and total remuneration)

Table 68. Remuneration metrics (pay gap and total remuneration) in the Śnieżka Group

	2025	**2024**
Gender pay gap, defined as the difference in average remuneration levels between female and male employees, expressed as a percentage of the average remuneration level of male employees (taking into account the gross hourly remuneration of all employees)	-4.5%	-3.51%
Ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of all employees (excluding the highest-paid individual)	15.36*	16,51*

** including bonuses due.*

The unadjusted gender pay gap was calculated as the percentage difference between the average gross hourly remuneration of women and men. The value of -4.5% for 2025 indicates that the average remuneration of women within the Śnieżka Group was higher than the average remuneration of men. The calculation was based on total annual gross remuneration, including all remuneration components, including variable elements such as bonuses, overtime pay, allowances and other financial benefits. The calculation covers all employees of the undertaking.

Additionally, for Śnieżka SA and Śnieżka ToC, an adjusted gender pay gap resulting from the *Sustainability Strategy* is also calculated and presented in Table 58.

Workers in the value chain

Management of the area

[S2-1], [SBM-3]

Within the Śnieżka Group, workers in the value chain are understood as individuals performing work for entities cooperating with the Group, in particular suppliers of goods and services, distributors, contractors, subcontractors, intermediaries, consultants and agents, as well as other entities with which the Group maintains long-term business relationships. The Group recognises that potential impacts on human rights and labour rights may also arise from business relationships and the supply chain, even where the Group is not the direct employer of such individuals.

The double materiality assessment conducted by the Śnieżka Group identified one potentially negative impact on workers in the value chain, related to the lack of active communication regarding the existing channels for reporting unethical behaviour.

The primary document governing the Group's expectations towards suppliers with respect to the rights of workers in the value chain is the ***Supplier Code of Conduct*** adopted across the entire undertaking. The ***Supplier Code of Conduct*** sets out the Group's expectations regarding, among other things:

- responsible management of environmental matters,
- compliance with human and labour rights standards,
- occupational health and safety,
- social engagement,
- compliance of business activities with applicable laws and regulations.

The document was adopted by the management boards of the Group companies, which are also responsible for implementing its provisions within the undertaking. The provisions of the regulations refer to the ***OECD Guidelines for Multinational Enterprises*** on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights and apply to all suppliers of the Group, regardless of the type of business activity, method of service delivery, place of operation or cultural differences. In the Group's assessment, compliance with the principles set out in the document constitutes the basis for mutual business relationships. No breaches of these regulations were identified in 2025.

No consultations with key stakeholders were carried out when establishing the content of the document.

The Code also defines matters related to communication of its provisions, including provisions concerning the reporting of irregularities by workers in the value chain. The document expresses the Śnieżka Group's clear expectation that each supplier communicate the practices and principles described in the ***Supplier Code of Conduct*** to all of its employees and subcontractors and pursue an active communication policy in this respect. Confirmation of awareness and compliance with the principles of the Code is a prerequisite for cooperation with the Group, and the undertaking reserves the right to verify whether its direct suppliers comply with its provisions. Such verification may be conducted through various means, including self-assessment questionnaires or audits at suppliers' facilities, announced with appropriate advance notice. Further information regarding this subject can be found in chapter *Business Conduct*.

With respect to human rights, the ***Supplier Code of Conduct*** imposes obligations on entities cooperating with the Śnieżka Group, including obligations to:

- comply with international standards for the protection of human and labour rights, in particular the prohibition of forced labour, slavery, child labour involving persons under the age of 15, and to provide special protection for workers under the age of 18,
- prevent discrimination based on gender, racial and ethnic origin, age, religion, psychosexual orientation, worldview, disability and type of employment,
- prevent mobbing and harassment,
- respect employees' rights to freedom of association and collective bargaining where permitted under local law.

These commitments are taken into account in the supplier qualification process and constitute the basis for corrective actions in cases of identified non-compliance. The solutions set out in the Code are consistent with the Human Rights Policy, which confirms the Group's commitments in this area also in relations with business partners and throughout the value chain. The document constitutes a framework for due diligence activities with respect to suppliers, particularly in the areas of identifying, preventing and responding to potential violations, by defining expectations towards business partners regarding, among other things: ensuring freedom of association, eliminating exploitation, forced labour, human trafficking and child labour, as well as preventing discrimination and respecting the rights of local communities. The provisions of the Policy are based on the Universal Declaration of Human Rights. Its elements are described in more detail in section *Management of the Area*. The Group has not identified any cases of human rights violations within the value chain and, should such cases arise, undertakes to take actions aimed at remedying such violations or, in extreme cases, terminating cooperation with the contractor.

Processes for engaging with workers in the value chain regarding impacts

[S2-2]

The Śnieżka Group engaged workers in the value chain through stakeholder surveys. The Group distributed a questionnaire to suppliers (described in more detail in section *Double Materiality Assessment* under disclosure requirement **IRO-1**), the questions of which concerned, among other things, social matters, and responses were provided by representatives of the surveyed entities. The survey included open-ended questions related to human rights matters. Additionally, the parent company conducted a self-assessment survey among suppliers, including questions concerning labour rights and the employment of underage persons.

The survey made it possible to verify the effectiveness of actions undertaken, including by determining the level of safety awareness and familiarity with procedures applicable within the Group among its suppliers. Plans are in place to conduct a similar self-assessment among suppliers of the remaining companies by the end of 2026.

The entity responsible for engaging workers in the value chain is the People, ESG and Corporate Communications Director. The Group is not a party to any global framework agreement or agreements with global trade union federations concerning respect for the rights of workers in the value chain.

Remediation processes and channels for raising concerns

[S2-3]

In 2025, the Śnieżka Group did not have a separate policy governing actions in cases of severe negative impacts affecting workers in the value chain. The Group companies treat each such case individually and act in accordance with applicable laws, in particular the ***Labour Code***, while respecting the individual needs of workers in the value chain.

The Group provides mechanisms enabling the reporting of irregularities, including through the EY Virtual Compliance Officer online tool, as well as in accordance with reporting and complaint-handling procedures set out in the ***Supplier Code of Conduct***. A detailed description of the reporting channels is provided in Chapter *Business Conduct* of this report. These channels are shared by internal and external stakeholders, including workers in the value chain, and the manner in which reports are handled and monitored is identical for all parties.

The Group obliges suppliers to provide their employees and subcontractors with information regarding the applicable reporting channels. The Group did not have mechanisms enabling systematic assessment of awareness of the reporting channels or the level of trust of workers in the value chain in these tools.

The Śnieżka Group ensures protection against retaliation for workers in the value chain. The principles governing protection against retaliation, as well as confidentiality of reports and the identity of whistleblowers, are set out in the ***Supplier Code of Conduct.***

Actions related to workers in the value chain

[S2-4]

Due to the nature of activities in this area, the Group did not apply all disclosures arising from the minimum disclosure requirements for actions and resources (MDR-A). The Śnieżka Group continuously monitors potential reports through the available reporting channels. In 2025, the undertaking did not receive any reports of violations from workers in the value chain and, consequently, no remedial actions were undertaken or resources allocated for such purposes. For this reason, the Group also does not plan to allocate funds in 2026 for financing actions related to material impacts on workers in the value chain. As part of mitigating actions, the visibility of the unethical behaviour reporting channel on the Śnieżka Group's website was improved.

In 2025, the Group companies did not undertake additional initiatives or processes aimed at ensuring a positive impact on workers in the value chain. As part of the double materiality assessment process, the Group also did not identify any material risks or opportunities related to workers in the value chain. Accordingly, the Group does not plan to undertake actions in this area in 2026.

In the Group's assessment, its own business practices do not cause or contribute to material negative impacts on workers in the value chain. The Group conducts its business activities with due care for the environment, while taking into account social and ethical aspects, including respect for human rights and labour rights. As indicated in Chapter *Business Conduct*, a condition for suppliers' cooperation with the Śnieżka Group is familiarisation with the ***Supplier Code of Conduct*** and submission of a declaration of willingness to comply with it, including readiness to undertake ethical business activities throughout the value chain.

The basis for the Group's approach in this area consists of the S***ustainability Strategy, the Code of Ethics*** and internal policies, as well as recognised international standards such as the UN ***Global Compact*** and the UN Guidelines for Multinational Enterprises. No serious human rights issues or incidents related to upstream or downstream value chains were identified within the Group in 2025.

Targets related to workers in the value chain

[S2-5]

In 2025, the Śnieżka Group did not establish quantitative or qualitative targets related to the identified potential impact on workers in the value chain associated with the lack of active communication regarding channels for reporting unethical behaviour within the Group. The Group also does not plan to establish such targets in 2026 due to other actions undertaken in this area.

The possibility of reporting violations, available reporting channels and the principles for protecting reporting persons are defined in the ***Code of Ethics*** and the ***Supplier Code of Conduct***. These documents constitute the primary tools for managing potential risks concerning workers in the value chain. The Group did not carry out systematic monitoring of the effectiveness of its policies and actions with respect to workers in the value chain. As part of mitigating actions, the visibility of the unethical behaviour reporting channel on the Śnieżka Group's website was improved.

Affected communities

Management of the area

[S3-1], [SBM-3]

The Śnieżka Group identified two negative impacts in the area of affected communities:

- Actual negative impact: the undertaking bases its operations on water-borne products, consuming significant amounts of water, which contributes to water stress and consequently limits access to water for local communities.
- Potential negative impact: through its solvent-based products containing potentially hazardous compounds and mixtures, the undertaking may negatively affect soil quality and consumer health as a result of improper waste storage or emissions of such substances into the ground.

Under the ***Human Rights Policy,*** the Group undertakes to respect the rights of local communities, respecting their autonomy, right to self-determination and all rights to which they are entitled. Under this commitment, the Group undertakes appropriate actions aimed at minimising negative impacts on local communities and the natural environment in areas where it directly or indirectly conducts business operations, in compliance with applicable national and EU regulations.

The document does not specify methods for preventing and mitigating material negative impacts. Nevertheless, the Śnieżka Group understands the ***Human Rights Policy*** as exercising due diligence in order to avoid infringing the rights of others and to actively prevent such violations. The Group is aware that its potential negative impact on human rights may arise not only from its direct activities, products or services provided, but also through established business relationships. However, the Group did not identify any indigenous peoples among the affected communities.

Cooperation with local communities is undertaken primarily on the basis of the ***Social Engagement Policy.*** The overarching objective of social activities is to design initiatives in a manner ensuring genuine support and assistance in identified areas, in line with the principle of equal opportunities and sustainable development.

The Group companies establish partnerships with local governments, schools and universities. Through these partnerships, they support the development of children and young people, including by promoting equal educational opportunities and enabling the acquisition of professional experience (including through internship programmes). In addition, they support the development of hospital infrastructure through the renovation of hospital wards. The Śnieżka Group companies proactively respond to the needs of local authorities and institutions, which forms part of cooperation aimed at respecting human rights.

The Management Boards of the Group companies are responsible for implementation of the Policy. When developing the document, the interests of local communities were taken into account through dialogue and ongoing cooperation with local authorities and schools involved in the implemented projects. Feedback received from these stakeholders is taken into account when developing subsequent editions of the programmes conducted. The Śnieżka Group publicly discloses its policies to stakeholders via its website: *https://sniezkagroup.com/serwis-esg/polityki-i-dokumenty-esg/*

An important aspect of the Group's relations with local communities is the fact that more than 80% of the Group's employees live within 20 km of their workplace, making them members of the Śnieżka local community.

The Group provides its stakeholders with mechanisms enabling the reporting of irregularities, including potential human rights violations. To date, no reports have been recorded concerning the aforementioned negative impacts on local communities in the area of non-compliance with human rights (procedures for reporting violations are described in *Business Conduct*), including water use and soil quality (these matters were addressed in the ***Quality and Environmental Policy***).

Processes for engaging with affected communities regarding impacts

[S3-2]

Cooperation with local stakeholders, including in relation to the material impacts identified in this area, is conducted through ongoing communication channels and periodic activities such as meetings with representatives of local governments and public institutions, surveys and consultations conducted for sustainability reporting purposes. As part of these processes, respondents may provide comments regarding the Group's impacts. Feedback obtained in this way is analysed and taken into account in planning and improving the Group's activities and programmes addressed to local communities. Additional communication channels include local media and social media, through which Śnieżka shares information about its activities and may obtain feedback on them. The frequency of such cooperation depends on the Group's current needs.

The Śnieżka Group has not identified any groups that may be particularly exposed to negative impacts or marginalised. In 2025, the Śnieżka Group relied on information resulting from the dialogue conducted in 2024. As a result, water resource-related issues were included in the programme of social activities implemented in local community schools (***Przeogarniacze. Entrepreneurship Differently.*** programme).

The management boards of individual Group companies are responsible for engaging with affected communities.

Processes to remediate negative impacts and channels for raising concerns

[S3-3]

The Śnieżka Group undertakes to implement remedial actions in the event of negative impacts occurring. It provides mechanisms enabling affected communities to report irregularities – the procedures are described in Chapter *Business Conduct*. To date, the Group has not recorded any reports concerning cases of negative impacts on local communities and, therefore, there was no need to implement remedial actions. In 2025, the Śnieżka Group did not assess the awareness and trust of local communities in the existing reporting channels within the undertaking. Information concerning the policy for protecting reporting persons is described in section **G1-1** in Chapter *Anti-Corruption Policy of the Śnieżka Group and related procedures*.

Actions related to local communities

[S3-4]

Due to the nature of impacts identified as material in the area of affected communities, key actions largely overlap with actions undertaken in the environmental area, particularly with respect to reducing water consumption and preventing pollution, including soil pollution. They are implemented on the basis of the ***Quality and Environmental Policy*** and contribute to mitigating negative impacts on local communities. These actions, which make it possible to minimise the identified material negative impacts in the area of affected communities, are described in Chapter *Environment*.

For many years, the Group has also implemented educational programmes and initiatives addressed to children and young people, including in the Dębica and Ropczyce-Sędziszów districts (where the Group's key facilities are located), covering, among other things, the conservation of natural resources, including water.

Additional social activities

The Group actively participates in the life of local communities, which it supports based on three pillars:

- **Colour** – social projects and other forms of the undertaking's engagement are aligned with its mission: "We believe that colours matter", and are close to its vision, defined as: "We want to inspire with colours, create spaces and build emotions". Translating the mission and vision into social actions means inspiration, joy and change for the better – both in terms of interior renovations and other activities with a positive social impact.
- **Locality** – the Group companies engage in activities important from the perspective of the residents of their local communities. The Group also implements nationwide activities, addressed primarily to public institutions located in small towns or areas at risk of social exclusion, which reflects attachment to locality also at the national level.
- **Children and youth** – the main beneficiaries of the Group's social activities are children and young people, their families and immediate surroundings. Support for them is provided mainly in cooperation with or through public institutions.

Śnieżka's flagship initiatives in this area, both nationwide and local, include:

- *World in Colours* – a comprehensive renovation programme for hospital wards in Poland, Ukraine and Hungary (implemented in Poland by Fundacja Śnieżka), which improves treatment conditions for patients and working comfort for medical staff. Hospital rooms become colourful and friendly spaces. Artistic painting creates graphics referring to the history, interesting facts or important events associated with a given city or region. The programme implements the assumptions of social resilience by supporting children's mental and social health and ensuring equal access to dignified treatment conditions in both large cities and smaller regional centres. In Poland, 2 wards were renovated in 2025, and 1 in Ukraine; throughout the entire programme, 38 wards have already been renovated in Poland, 14 in Ukraine and 26 in Hungary.
- *Przeogarniacze. Entrepreneurship Differently* (implemented by Fundacja Śnieżka) – a programme addressed to fourth-grade pupils in local primary schools, combining the areas of social resilience and inclusive development. During five 90-minute workshops, topics related to future competencies are presented, including entrepreneurship as well as pro-social and pro-environmental activities, covering, among other things, saving water resources. The programme enables disadvantaged groups to become familiar with innovative teaching methods. As a result, Śnieżka contributes to improving the quality of education and equalising development opportunities for pupils from small towns and rural areas. In 2025, 544 pupils from 21 schools participated in the programme, and since its launch almost 3,000 pupils from primary schools in the Podkarpackie region have taken part.

Targets related to affected communities

[S3-5]

Due to the stage of development of its approach to managing impacts on affected communities, the Group has not implemented all disclosures resulting from the minimum disclosure requirements under MDR-T.

Targets in this area are currently implemented in two mutually complementary dimensions.

In the first dimension, targets related to affected communities are consistent with the Group's environmental targets, particularly with respect to reducing water consumption and preventing pollution, which directly affect the conditions in which local communities function. Stakeholders may read about progress in achieving targets set in the environmental area in non-financial reports (currently *Sustainability Reporting*) published annually on the Group's website; however, they do not participate in identifying conclusions or improvements resulting from the data presented in the statements. In the second dimension, the Group implements social activities aimed at strengthening positive impacts on local communities, including in particular educational initiatives, cooperation with local governments and public institutions, and projects supporting healthcare infrastructure. These activities are carried out on the basis of the *Group's Social Engagement Policy* and form part of a long-term approach to building relationships with affected communities.

At the current stage, the Group has not defined separate measurable social targets dedicated to the identified impacts. The Group will monitor the rationale for potentially establishing such targets in the future as dialogue processes, data systematisation and assessment of the effectiveness of actions undertaken develop.

Consumers and end users

Management of the area

[S4-1] [SBM-3]

The Group identified two actual positive impacts on consumers and end users of its products (described in more detail in the ESRS 2 SBM-3 section of the report).

- Positive impact related to consumer safety through the development of a product offering with low impact on user health and the environment.
- Positive impact through broad distribution channels, which enable physical products to reach consumers in smaller towns and allow them to purchase products in local stores.

Matters related to impacts on product users are addressed in a number of regulations of the Śnieżka Group:

- ***Book of Organisational Values,*** which defines understanding the perspective of product users as one of the undertaking's four organisational values. According to the Book, the Śnieżka Group analyses the needs of customers and consumers and the changing environment in order to adapt its activities and offer optimal solutions. The undertaking's ambition is to use contacts with users to build relationships based on trust, respect and open communication. The Book obliges the Company to ensure professionalism, clarity of communication and flexibility in adapting the offer to the expectations of customers and consumers.
- ***Code of Ethics,*** in which the Group undertakes, among other things, to comply with the principles of fair marketing and advertising, improve product quality and reliability, and pay particular attention to health and safety issues related to product use. In the Code, the Group declares that it improves its processes and delivers products increasingly better adapted to users' changing needs.
- ***Śnieżka Sustainability Strategy 2023,*** in which the Group identifies product responsibility as one of the priority areas of action within the Environment Pillar. The Group guarantees high product quality and ensures that the products themselves (together with their packaging) have a low impact on customer health and safety.
- ***Focus and Grow Strategy,*** in which the Śnieżka Group emphasises understanding the needs of consumers and other participants in the decision-making process.
- ***Quality and Environmental Policy of the Śnieżka Group,*** under which the Group undertakes, among other things, to implement measures aimed at reducing pollutant emissions and minimising risks related to their impact on the health of employees and end users.
- ***Instruction on the process for handling quality and quantity complaints*** – comprehensive handling of complaints within the Group is performed by a dedicated organisational unit: Warranty and Complaints Service.

The regulations indicated above apply to all consumers and end users, and the Śnieżka Group does not exclude any group from their scope. The documents were adopted by the Management Board, while the President of the Management Board is responsible for implementing their provisions. During the preparation process, only selected documents were developed based on stakeholder consultations – the *Book of Organisational Values, the Śnieżka Sustainability Strategy 2023* and the *Focus and Grow Strategy.* Most regulations concerning consumers are made available on the Group's websites. In addition, a hotline serves as a channel through which the undertaking provides information regarding policies and processes related to consumer service. Information regarding other communication channels is available on the following website: https://www.sniezka.pl/kontakt/.

The Śnieżka Group has not developed policies that would directly address the material impacts identified above. Currently, documents related to consumer policy and policy towards end users do not contain provisions concerning remedies in relation to impacts on the observance of human rights.

Issues concerning human rights material to consumers are regulated in the *Code of Ethics, the Quality and Environmental Policy, the Human Rights Policy and the Sustainability Strategy.* The Group considers compliance with human rights and ethical standards described in the UN Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises to be paramount and, therefore, does not additionally conduct dedicated cooperation or dialogue with consumers or end users in this area.

The Śnieżka Group is aware that its potential negative impact on human rights may result not only from its direct operations, products or services provided, but also through business relationships established. Therefore, it undertakes to implement remedial measures in the event of a human rights violation (directly or indirectly) by any company comprising the Group.

In 2025, the Śnieżka Group did not record any cases of non-compliance with the international human rights documents and guidelines referred to in the paragraph above that would concern consumers.

Processes for engagement with consumers and end users

[S4-2]

The Śnieżka Group takes a comprehensive approach to understanding consumers' opinions regarding its products, which also follows from the provisions of the *Focus and Grow Strategy.* The Group conducts both quantitative and qualitative research, and the information obtained supports the Management Board's operational and strategic decisions regarding the shaping of the product offering for consumers and its availability.

The undertaking's structure includes a Customer Intelligence Department, managed by a director reporting directly to the Management Board. The activities of this unit focus on understanding the perspective of consumers and end users. The Group companies carry out extensive research concerning consumer needs and expectations at various stages of product development and use, while the results thereof constitute the undertaking's trade secret. Feedback obtained from users and consumers at various stages of engagement influences the Group's activities and decisions in this area, while the frequency of obtaining such feedback depends on current business needs. During the research process, consumers who may be particularly vulnerable to impacts or marginalised are not excluded in any way.

The Group assesses the effectiveness of decisions related to engagement with consumers and end users through an analysis of sales performance compared to other industry participants across key markets and distribution channels. The results of analyses conducted at the level of individual town and city size categories constitute the undertaking's trade secret.

Processes for remediating negative impacts and channels for raising concerns

[S4-3]

The Group did not identify any material negative impacts of its products on consumers and end users. For this reason, there has been no need to implement remedial or remediation processes to date. The undertaking's general approach to remedial measures and the processes for their implementation in the event such an impact is identified is regulated in the internal documents applicable across the Group and referred to in the earlier part of this chapter.

The Group enables consumers to raise concerns and communicate their needs through dedicated channels:

- a hotline, the number of which is indicated, among others, on product packaging,
- direct e-mail contact (reklamacje@sniezka.com) available on the website,
- a contact form available on the Group's website as well as contact details provided for the administration teams, the e-store and the Warranty and Complaints Handling Unit,
- the Group's social media channels.

Except for the complaints handling area, the Group does not analyse the effectiveness of the individual communication channels. The undertaking has also not implemented procedures allowing it to assess whether consumers are aware of, and trust, the methods available for raising concerns or communicating their needs. Nevertheless, in accordance with section *Area Management* (the section concerning ***Reporting Channels***), the Group ensures open and transparent communication channels for reporting concerns and needs and guarantees the absence of retaliatory actions against persons using such channels..

Actions taken

[S4-4]

The Group does not have a single comprehensive policy directly addressing the material topics identified in the consumer area. At present, it has not determined whether such a policy will be implemented in the future. The actions undertaken in this area are based on the documents, instructions and policies disclosed above. The wide availability of Śnieżka products results from its business model and is implemented in particular through the marketing and sales departments.

Additional measures aimed at further strengthening positive impacts in the consumer area have also been planned. As part of product safety-related activities during the reporting period, the Śnieżka Group expanded its portfolio of certified products. Five products obtained certificates or labels confirming their minimal impact on health and the environment. All of these products were new products launched to the market in 2025. The Śnieżka Group attaches particular importance to the quality and safety of its products. It analyses the needs and preferences of customers and consumers while also accurately identifying the strategies and expectations of business partners, enabling it to jointly define consumer outreach pathways together with them. In its communications directed to end users, the undertaking provides information regarding the impact of individual products on health and the environment, including, among others, information on the use of naturally derived ingredients.

Selected ecological and allergy-related certificates and labels

Ongoing product assessment from the sustainability perspective is supported through certification.

BREEAM certification confirms compliance with emission requirements applicable under the building certification system for the relevant product category. This confirmation enables the product to be used in projects implementing enhanced environmental standards, including those seeking BREEAM certification.

The EU Ecolabel is a European certificate confirming compliance with environmentally friendly standards set out in Regulation (EC) No 66/2010 of the European Parliament and of the Council of 25 November 2009. Products awarded the EU Ecolabel reduce negative environmental impacts.

The emission class defines the level of volatile organic compound (VOC) emissions from the coating in accordance with French Decree No. 2011-321 of 23 March 2011. Several emission classes are distinguished, with A+ being the highest-rated class. Paints and other products marked with the A+ label emit very low levels of volatile substances. This is particularly important in enclosed spaces, where VOC emissions affect air quality and human health. Products with the A+ emission class are more environmentally and user-friendly, particularly when applied and used indoors. This designation is mandatory in France

The *Toy Safety* symbol confirms that the labelled products have been tested and comply with flammability standards in accordance with PN-EN 71-2 and migration limits for specified elements in accordance with PN-EN 71-3.

The Certificate of Irritating and Sensitising Properties confirms that the product and its formulation have been tested and do not exhibit irritating or sensitising properties classified as hypoallergenic.

The management of impacts on consumers is supported by dedicated teams, including Quality Assurance, R&D and Product Development teams. The costs of activities in this area are included in the Śnieżka Group's annual budgets.

As part of strengthening the impact related to the availability of the Group's products, the MAGNAT PRO sub-brand will be launched in 2026. Activities in this area focus on introducing the new offering through new distribution channels.

As at the date of preparation of this report, the undertaking is not aware of any material negative impacts on consumers and end users within the analysed area. There are also no known cases of negative impacts resulting from its practices related to marketing, sales and the use of data, nor any reports of serious human rights issues or incidents. Accordingly, the Group has not undertaken any actions aimed at mitigating or remedying such impacts. Nor does it conduct any other activities aimed at providing additional functional benefits associated with its products.

Targets related to consumers and end users

[S4-5]

Product and Consumer Safety

Śnieżka SA and Śnieżka ToC disclose their sustainability-related objectives in the Sustainability Strategy document. Within the Strategy, the Group adopted targets aimed at increasing the sales of products with a low impact on the environment and users, which, given the current market and distribution structure, may be achieved through broader access to the Group's products. The target achievement horizon has been set for 2030.

[**W2** – own metric: Share of certified products manufactured by FFiL Śnieżka SA in Śnieżka ToC sales revenue – calculated based on reporting criteria developed by FFiL Śnieżka SA]

The achievement of the above targets is monitored internally by the Group, while the indicator is verified solely by the assurance services provider.

The sales value of products with a low impact on health and the environment increased from 46.2% in 2024, i.e. by 1.6 p.p. In the case of the second indicator, the increase amounted to 0.9 p.p. (from 82.5% in 2024).

Broad availability of the Group's products

Furthermore, taking into account the characteristics and maturity of the markets in which the Group operates, one of the directions supporting the implementation of its business strategy objectives is the further expansion of the availability of the Group's products across all distribution channels. In the Group's assessment, the adoption and publication of the *Focus and Grow* Strategy is directly linked to increasing product availability. The Group's strategy defines and publicly discloses a strategic target related to the unaided brand awareness of the Group's key brands, which is closely linked to building product availability. At the same time, Śnieżka does not conduct dedicated monitoring of the effectiveness of its policies and actions undertaken in the analysed area, considering that the Group's overall measure of effectiveness consists of market shares in key markets and the achieved levels of unaided awareness of key brands, which indirectly result from the availability of products to consumers. The Group's ambition levels have been internally defined within the business strategy.

The sustainability targets were not established together with consumers and end users and, therefore, they were not directly involved in determining conclusions or improvements resulting from the Group's performance, nor in monitoring progress towards achieving the targets.

Table 69. Targets related to consumers and end users.

Area	Target	Metric	Scope	Base year	Base value	2025 value	2030 value
Product Responsibility	**50% of sales value generated from products with a low impact on health and the environment, confirmed by a certificate or label,**	sales value share in the net revenue of Śnieżka ToC generated from products with a low impact on health and the environment, confirmed by a certificate or label (in accordance with the list above)	Śnieżka SA and Śnieżka ToC	2021	34%	**47.8%**	50%
Product liability	**80% of sales value generated from water-based products and products containing water as a base.**	sales value share in the net revenue of Śnieżka ToC generated from water-based products or products containing water as a base	Śnieżka SA and Śnieżka ToC	2021	81%	**83.4%**	80%

BUSINESS CONDUCT

Approach to business conduct

Management of the area

[G1-1]

As part of the double materiality assessment process in the area of Business Conduct, the Group identified the following material impact and risk:

- a potential negative impact on employees related to the lack of active communication regarding the existing channels for reporting unethical conduct,
- the risk of corruption-related incidents affecting reputation and trust.

The Śnieżka Group actively develops, promotes and evaluates its corporate culture. In order to effectively manage this area, a number of documents addressing the needs of the individual Group companies have been adopted. The documents listed below are publicly available on the Group's website and in its ESG service.

Within the Śnieżka Group (except for Rafil and Śnieżka-BelPol), the documents in question are published in the internal system supporting corporate documentation management. After receiving an e-mail notification regarding the entry into force of a regulation, employees review and acknowledge the document within the system. Blue-collar employees are informed about the regulation by their supervisors.

The undertaking has adopted guidelines regarding training related to selected documents listed above. Such training is conducted on an annual or biennial basis.

The Management Board of Śnieżka SA and the respective Management Boards of the companies in which the documents were adopted are responsible for the implementation of the policies, unless indicated otherwise.

Table 70. Key documents related to corporate culture adopted by individual Śnieżka Group companies.

	Śnieżka SA	Śnieżka ToC	Rafil	Poli-Farbe	Śnieżka-Ukraina	Śnieżka-BelPol
Book of Organizational Values	•	•	•	•	•	•
Code of Ethics	•	•	•	•	•	•
Anti-corruption policy,	•	•	•	•	•	•
The internal reporting procedure	•	•		•	•	
Procurement Policy	•	•	•	•	•	
Report handling procedure	•	•		•	•	
Supplier Code of Conduct	•	•	•	•	•	•

The book of organizational values

The Book describes the principles, behaviour and attitudes expected from employees within the Śnieżka Group, including those related to ethical conduct, standards of social coexistence, as well as respect and dignity. It also contains the undertaking's mission and vision.

Key values

- Customer – understanding the customer's perspective and delivering optimal products and services.
- People – creating a culture of engagement and responsibility through fostering cooperation and development within a safe working environment.
- Innovation – continuously seeking and implementing new (digital) solutions and improved ways of operating.
- Business Effectiveness – standardising activities, managing resources rationally and making decisions based on data and facts while taking into account a strategic perspective.

Code of Ethics

The *Code of Ethics* defines standards of conduct applicable to all employees of the Śnieżka Group, regardless of their position, working time arrangement, time and place of work, or the type of duties performed. It is based on the undertaking's values and refers to policies and other documents defining areas related to broadly understood ethics. Its purpose is to facilitate making appropriate decisions by indicating ethical standards and patterns of conduct that are key to business operations. .

Table 71. Areas regulated by the Code of Ethics and related documents

Area	Internal regulations detailing selected issues
Relations with Employees	
health and safety of employees	HR Policy, Quality, Environmental and OHS Policy
employee-friendly workplace	HR Policy
prevention of discrimination and mobbing	Diversity Policy, Anti-Mobbing, Anti-Discrimination and Anti-Harassment Regulations
forced labour, child labour and freedom of association	Human Rights Policy
Relations with the External Environment	
relations with suppliers	Procurement Policy, Supplier Code of Conduct
relations with customers	
relations with local communities	Social Engagement Policy
Natural environment	Quality, Environmental and OHS Policy, Climate Policy
Corporate governance and ethics	
anti-corruption	Anti-Corruption Policy, Śnieżka Group Gift Procedure
conflict of interest	Anti-Corruption Policy
responsible communication	Information Policy
protection of data and confidential information	Information Policy, Digital Security Policy, Personal Data Protection Policy
Raising concerns	
channels for raising concerns	Internal Reporting Procedure, Report handling procedure
whistleblower protection	Internal Reporting Procedure

The *Code of Ethics* and the principles and standards of conduct described therein apply across the entire Śnieżka Group.

Śnieżka Group Anti-Corruption Policy and related procedures

The purpose of the *Śnieżka Group Anti-Corruption Policy* is to establish uniform rules regarding conduct in the event of identified misconduct, suspected misconduct, the prevention of and counteracting misconduct committed to the detriment of the Śnieżka Group, as well as actions inconsistent with the principles applicable within the Group, while also ensuring transparency of the Group's activities towards its business partners. This document defines the rules of conduct relating to economic misconduct, with particular emphasis on corrupt and corruption-related activities.

Corrupt activities are understood as, for example, giving or accepting by any person a financial or personal benefit (usually in the form of funds, gifts or loans), or the promise thereof, as an improper incentive or compensation for obtaining a benefit for oneself or for the entity represented by such person.

Prohibited corrupt activities include both actions carried out directly and those conducted through third parties, as well as activities undertaken in relations with contractors, business partners and public officials. Bribery may occur in the public sector (e.g. offering a bribe to a public official) or in the private sector (e.g. providing a material benefit to an employee of a contractor). It should also be noted that prohibited activities include not only acts of a corrupt nature, but also any activities contrary to the principle of fair competition that constitute criminal offences or misdemeanours related to business transactions.

The *Anti-Corruption Policy* identifies departments involved in the supplier selection process for raw materials, materials and services with the highest order values as the areas most exposed to corruption risk. The Group considers employees of the Procurement Department, as well as persons involved in the selection of suppliers of services, machinery and equipment related to capital expenditure and the purchase of software and IT equipment, to be the most exposed to corruption and bribery risks.

An Anti-Corruption Policy compliant with the United Nations Convention has been adopted in all the Group companies.

Channels for raising concerns

The Code of Ethics and the Anti-Corruption Policy specify the channels through which violations may be reported – both in Śnieżka SA and in the other Group companies:

- via e-mail: zgloszenia.zarzad@sniezka.com,
- by post.

Both reporting channels are publicly available and, therefore, every stakeholder may report violations.

Additionally, in Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe, employees may submit reports through an external platform – a confidential reporting channel available at: sniezkagroup.vco.ey.com.

Furthermore, in Śnieżka SA (where the report concerns a Member of the Management Board), reports may be submitted by post or by e-mail to: zgloszenia.radanadzorcza@sniezka.com.

A report constitutes the provision of information regarding observed or suspected violations, understood as actions or omissions inconsistent with the law or aimed at circumventing the law, in particular breaches of or attempts to circumvent internal procedures applicable within the Śnieżka Group, including any unethical conduct or omissions, conflicts of interest or corruption. They may be submitted by employees as well as contractors.

Whistleblower protection

The following documents have been adopted at Fabryka Farb i Lakierów Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina and Poli-Farbe: the *Internal Reporting Procedure* and the *Procedure for Handling Reports*, which comprehensively regulate the system for reporting violations as well as conducting investigations and follow-up actions.

The *Internal Reporting Procedure* contains provisions regarding the protection of whistleblowers, persons assisting whistleblowers and persons associated with whistleblowers, in accordance with the *Whistleblower Protection Directive*, as well as the Polish and Hungarian (in the case of Poli-Farbe) *Whistleblower Protection Acts.*

Pursuant to the *Internal Reporting Procedure:*

- Retaliatory actions are prohibited, and any cases thereof are subject to disciplinary liability. Each company that has implemented the *Procedure* ensures protection against retaliation or other forms of adverse or unfair treatment,
- A whistleblower is protected from the moment of raising a concern, submitting an external report or public disclosure, provided that they had reasonable grounds to believe that the reported information on a violation was true at the time of reporting or disclosure and that such information constituted information on a violation,
- One of the whistleblower protection measures is the protection of the whistleblower's identity and information that could directly or indirectly help identify that person, Each company ensures that information concerning the whistleblower's identity remains confidential and may only be disclosed with the whistleblower's explicit consent expressed in writing or electronically, Each person designated to receive concerns and undertake follow-up actions holds the appropriate authorisation and has signed a confidentiality undertaking under pain of criminal liability,

Appendix No. 1 to the Internal Reporting Procedure contains examples of adverse treatment that may be considered prohibited retaliatory actions against a whistleblower. Additionally, the *Work Regulations of Śnieżka SA and Śnieżka ToC* define the principles of equal treatment of employees and prohibit all forms of discrimination against employees.

The team authorised to receive reports and undertake follow-up actions has also been trained in conducting investigations with due regard to whistleblower protection.

Concerns are registered in the main register maintained on the EY VCO Platform and, in the case of Śnieżka SA, also in an auxiliary register maintained by the Chairperson of the Supervisory Board. They are also automatically numbered and categorised, and the reporting person receives confirmation of receipt of the concern. The preliminary verification process includes checking whether the concern meets formal requirements, whether the reporting person qualifies as a reporting person and whether the concern contains sufficient information to initiate an investigation.

The investigation is conducted by a team obliged to maintain confidentiality and appropriately document all activities undertaken. The team consists of the Corporate Governance Officer and the Compliance Officer (in the case of Śnieżka ToC – the Management Board). Where necessary, the Chairperson of the team may appoint additional persons with relevant expertise. Team members are required to maintain confidentiality and avoid conflicts of interest.

Each investigation concludes with the preparation of a written report containing a description of the actions taken, conclusions and recommendations regarding remedial measures. The Management Board of the company decides on the implementation of remedial actions, which may include modifying processes, conducting training, initiating disciplinary proceedings or reporting the matter to law enforcement authorities. The concerns are examined independently, objectively and confidentially in order to maintain high ethical standards within the Śnieżka Group.

The Śnieżka Group companies that have adopted whistleblower procedures do not plan to implement a separate whistleblower protection policy, as the principles of whistleblower protection are regulated in the *Internal Reporting Procedure.*

Supplier Code of Conduct

The Śnieżka Group operates on the basis of a clearly defined catalogue of organisational values. These values also form the basis for activities related to supply chain oversight and building long-term relationships with suppliers. The Group's overarching objective is to cooperate with partners who understand and share its commitment to sustainable development and who strive to develop practices in areas where the Śnieżka Group also pursues ambitious objectives. The *Supplier Code of Conduct* sets out a set of principles to be followed by every partner cooperating with the Group. Compliance with these principles forms the basis of mutual business relations. Confirmation of familiarity with and compliance with the principles of the *Supplier Code of Conduct* is a prerequisite for cooperation with the undertaking. Suppliers are required to sign a *Declaration of Familiarity with the Supplier Code of Conduct* thereby declaring their willingness to undertake ethical business activities. In 2024, the *Supplier Code of Conduct* was implemented in the following companies: Śnieżka-Ukraina, Poli-Farbe and Rafil, while in Śnieżka-BelPol it was implemented in January 2025.

The management body of each company within the Śnieżka Group is responsible for supervising compliance with the *Supplier Code of Conduct*.

The expectations towards suppliers set out in the *Supplier Code of Conduct* relate to:

- environmental protection, climate and sustainable development,
- respect for human and labour rights,
- occupational health and safety,
- social engagement,
- corporate governance and compliance with legal regulations.

The document applies to suppliers of goods and services, vendors, contractors, subcontractors, intermediaries, consultants and agents cooperating with the Group entities. Śnieżka expects each of them to communicate the practices and principles described in the *Supplier Code of Conduct* to all their employees and subcontractors. Suppliers that have their own procedures ensuring an equivalent standard of care for sustainable development, in particular with regard to human rights, labour rights, the environment and corporate governance, are exempt from the obligation to communicate such practices and principles to their subcontractors. The *Supplier Code of Conduct* applies to all Group suppliers regardless of the type of business activity, manner of contract performance, place of operation or cultural differences.

The Śnieżka Group reserves the right to verify whether its direct suppliers comply with the principles set out in the *Supplier Code of Conduct*. This verification may be carried out in various ways, such as self-assessment surveys or audits at the supplier's facilities, with sufficient advance notice. Since 2023 the verification of Śnieżka SA's suppliers has been carried out through a self-assessment survey. All strategic and key suppliers of Fabryka Farb i Lakierów Śnieżka SA were invited to complete the self-assessment survey, and 64% of them completed it. In 2026, the Group plans to conduct a self-assessment survey among suppliers of its subsidiaries.

Procurement Policy

The *Procurement Policy* systematises the procurement activities of the Śnieżka Group in the area of acquiring suppliers that meet the expectations related to the delivery of the highest-quality materials, goods and services, while applying innovative solutions and taking into account economic and environmental aspects.

The scope of the *Procurement Policy* covers all expenditures incurred by the Śnieżka Group towards external entities. Each company belonging to the Group is obliged to comply with this document, while the Procurement Department is the supervising unit.

The document is based on the organisational values of the company, which define expectations towards all suppliers of the Śnieżka Group. It also defines the key pillars of the procurement area, while its provisions are supplemented in detail by the *Supplier Code of Conduct*.

The implementation of the *Procurement Policy* is based on appropriately planned and implemented activities in the area of procurement management and supplier relationship management. In 2025, the *Procurement Policy* was updated by adding a provision on the annual supplier classification and expanding the information regarding supplier assessment.

Prevention, detection and response to corruption and bribery

[G1-3]

Appropriate documents aimed at preventing the risk of corruption and bribery are in place across the Śnieżka Group. These include, in particular, the *Anti-Corruption Policy, the Śnieżka Group Gift Procedure, the Code of Ethics and the Procurement Policy,* while relevant provisions are also included in the *Supplier Code of Conduct.* The detection of and response to corruption-related incidents are regulated by the *Internal Reporting Procedure* and the *Procedure for Handling Reports.* These documents establish a confidential channel for raising concerns, including those related to corruption and bribery. Documents related to this area are described in more detail in section **G1-1** of this chapter.

The content of the *Anti-Corruption Policy* was consulted with employees.

In the companies where whistleblower protection principles were adopted under the *Internal Reporting Procedure* and the *Procedure for Handling Reports,* the reporting of investigation results is regulated in the latter document.

Each investigation, regardless of its outcome, concludes with the preparation of a written report. The report is signed by all members of the investigation team. The chairperson of the team presents the report to the Management Board of the respective Śnieżka Group company where the violation occurred.

The report constitutes the basis for providing the whistleblower with feedback on follow-up actions taken, unless such feedback had already been provided prior to the issuance of the report due to a prolonged investigation.

Monitoring the implementation of recommendations is the responsibility of an employee of the Śnieżka Group company where the violation occurred, recommended each time by the team in the report and appointed by the Management Board of that company. Investigations within the Group are conducted by the Reporting Team, composed of the Corporate Governance Officer and the Compliance Officer. As its activities are based on the *Internal Reporting Procedure,* the Team remains separate from management structures, while the results of its work are reported directly to the management boards of the companies, ensuring the impartiality of the entire process. Śnieżka Group companies communicate all discussed procedures through notifications announcing the implementation of a document in the internal corporate documentation management system, together with an obligation for employees to familiarise themselves with the documents. To build awareness and strengthen communication, the implementation of selected policies is additionally communicated through internal newsletters. Furthermore, individual Group entities obtained statements from their key suppliers confirming that they had familiarised themselves with the *Supplier Code of Conduct* and comply with its principles, while key documents are available on the Group's website.

- Key actions undertaken by the Group in 2025 were aimed at preventing negative impacts and minimising risks in the area of anti-corruption. Review and update of the *Śnieżka Group Anti-Corruption Policy.* The new version of the document was prepared to facilitate navigation and enable quick access to key information regarding principles, obligations and responsibilities in individual areas.
- Adoption of the *Śnieżka Group Gift Procedure* aimed at regulating the rules for accepting gifts and using all forms of hospitality, as well as preventing situations that could give rise to conflicts of interest and breaches of business ethics.
- Expanding employees' knowledge and awareness regarding policies supporting sustainable development management, including anti-corruption measures:
  - through publication in the internal corporate documentation management system,
  - discussion of the changes during a Top Management meeting and cascading information to all employees,
  - a newsletter and an article published in the internal magazine *W Kolorze*.
- Improving the visibility of the concern-raising tool on the Group's website: https://sniezkagroup.com/kariera-i-kontakt/dane-kontaktowe.
- Anti-corruption and anti-bribery training combined with corruption risk assessment workshops. The training was dedicated to the group of employees most exposed to the risk of corruption and bribery in Śnieżka SA and Śnieżka ToC. In 2025, 66% of employees from the identified group were trained. No such training sessions were conducted in 2024. Employees from the Compliance area conducted three five-hour training sessions entitled *Anti-Corruption in Business with Corruption Risk Assessment Workshops.* The training covered awareness of threats and ethical standards in business practice and was expanded to include corruption risk assessment workshops. Members of administrative, management and supervisory bodies are provided with access to the internal training system, as well as anti-corruption and anti-bribery training.
- Continuation of mandatory e-learning training on the reporting system for employees.
  In 2025, 1,015 people across the Group were trained (a level comparable to the number trained in 2024 – 1,036 people).
- Improvement of the qualifications of members of the team handling reports through participation in external training.

Progress in all activities implemented on the basis of the policies indicated in this chapter is monitored through the degree of their implementation in individual Group companies. In addition, periodic verification is carried out as part of corporate governance processes, supported by the internal documentation management system.

The Group currently does not plan anti-corruption activities requiring significant financial resources.

Incidents related to corruption and bribery

[G1-4]

In 2025, no incidents of corruption or bribery were reported or identified in the Group companies and, consequently, no remedial actions were required. No penalties were imposed on any of the companies either, as there were no convictions for breaches of anti-corruption regulations.

ESRS index tables

The ESRS index tables, including the statement on due diligence (GOV-4), the list of disclosure requirements complied with in the preparation of the sustainability statement following the materiality assessment, as well as the list of datapoints included in the cross-cutting and topical standards resulting from other EU regulations, are presented at the end of this Sustainability Report.

[GOV-4]

Table 72. Statement on due diligence

Basic elements of the due diligence process	Points in the Sustainability Report
Integration of due diligence into governance, strategy and business model	GOV-1 The role of the administrative, management and supervisory bodies GOV-2 – Information provided to the undertaking's administrative, management and supervisory bodies and sustainability matters addressed by them SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
Engagement with stakeholders affected by the Śnieżka Group at all key stages of the due diligence process	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities SBM-2 – Interests and views of stakeholders S1-2 Processes for engaging with own workforce and workers' representatives about impacts S2-2 Processes for engaging with value chain workers about impacts S3-2 Processes for engaging with affected communities about impacts S4-2 Processes for engaging with consumers and end-users about impacts
Identification and assessment of adverse impacts	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model IRO-1 (together with E1.IRO-1, E3.IRO-1 oraz E5.IRO-1) Description of the processes to identify and assess material impacts, risks and opportunities
Taking action to address identified adverse impacts	E1-3 Actions and resources related to climate change policies E2-2 Actions and resources related to pollution E3-2 Actions and resources related to water and marine resources E5-2 Actions and resources in relation to resource use and circular economy S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and the effectiveness of those actions S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and the effectiveness of those actions S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and the effectiveness of those actions G1-3 Prevention and detection of corruption and bribery
Monitoring the effectiveness of these efforts and communicating relevant information in this regard	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

[IRO-2]

Information required to be disclosed in relation to impacts, risks and opportunities that the undertaking identified as material was determined by assigning impacts, risks and opportunities to topical units at the stage of the double materiality assessment process. This was described in the previous part of this chapter. Subsequently, the specific disclosure requirements were identified on the basis of the ESRS standards and EFRAG recommendations.

Table 73. List of disclosure requirements complied with in the preparation of the sustainability statement following the materiality assessment

Disclosure reference	Disclosure title	Page number in the report
BP-1	General basis for preparation of sustainability statements	84
BP-2	Disclosures in relation to specific circumstances	84
GOV-1	The role of the administrative, management and supervisory bodies	85
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	90
GOV-3	Integration of sustainability-related performance in incentive schemes	90
GOV-4	Statement on due diligence	91, 171
GOV-5	Risk management and internal controls over sustainability reporting	91
SBM-1	Strategy, business model and value chain	91
SBM-2	Interests and views of stakeholders	96
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	98
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	105
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	172
E1 GOV-3	Integration of sustainability-related performance in incentive schemes	90
E1-1	Transition plan to reach climate neutrality	116
E1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	140

Disclosure reference	Disclosure title	Page number in the report
E1 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	105
E1-2	Policies related to climate change mitigation and adaptation	116
E1-3	Actions and resources in relation to climate change policies	117
E1-4	Targets related to climate change mitigation and adaptation	118
E1-5	Energy consumption and mix	119
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	121
E1-7	Greenhouse gas removals and greenhouse gas mitigation projects financed through carbon credits	125
E1-8	Internal carbon pricing	125
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Deferral
E2 IRO-1	Description of the processes to identify and assess material pollution- related impacts, risks and opportunities	105
E2-1	Policies related to pollution	126
E2-2	Actions and resources related to pollution	127
E2-3	Targets related to pollution	128
E2-4	Pollution of air, water and soil	128
E2-5	Substances of concern and substances of very high concern	128

Disclosure reference	Disclosure title	Page number in the report
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Odroczenie
E3 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	105
E3-1	Policies related to water and marine resources	130
E3-2	Actions and resources related to water and marine resources	131
E3-3	Targets related to water and marine resources	131
E3-4	Water consumption	132
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Deferral
E4-1	Transition plan for biodiversity and ecosystems and consideration of biodiversity and ecosystems in strategy and business model	N/A
E4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	N/A
E4 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	105
E4-2	Policies related to biodiversity and ecosystems	N/A
E4-3	Actions and resources related to water and marine resources	N/A
E4-4	Policies related to biodiversity and ecosystems	N/A
E4-5	Impact metrics related to biodiversity and ecosystems change	N/A
E4-6	Anticipated financial effects from biodiversity- and ecosystem-related risks and opportunities	N/A
E5 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	105
E5-1	Policies related to resource use and circular economy	133
E5-2	Actions and resources related to resource use and circular economy	134

Disclosure reference	Disclosure title	Page number in the report
E5-3	Targets related to resource use and circular economy	135
E5-4	Resource inflows	136
E5-5	Resource outflows	136
E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	Deferral
S1 SBM-2	Interests and views of stakeholders	96
S1 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	98
S1-1	Policies related to own workforce	140
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	143
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	144
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and the effectiveness of those actions	144
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	149
S1-6	Characteristics of the undertaking's employees	151
S1-7	Characteristics of non-employees in the undertaking's own workforce	152
S1-8	Collective bargaining coverage and social dialogue	N/A
S1-9	Diversity metrics	153
S1-10	Adequate wages	149
S1-11	Social protection	N/A
S1-12	Persons with disabilities	N/A

Disclosure reference	Disclosure title	Page number in the report
S1-13	Training and skills development metrics	154
S1-14	Health and safety metrics	154
S1-15	Work-life balance metrics	155
S1-16	Remuneration metrics (pay gap and total remuneration)	155
S1-17	Incidents, complaints and severe human rights impacts	N/A
S2 SBM-2	Interests and views of stakeholders	96
S2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	98
S2-1	Policies related to value chain workers	155
S2-2	Processes for engaging with value chain workers about impacts	156
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	156
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and the effectiveness of those actions	157
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	157
S3 SBM-2	Interests and views of stakeholders	96
S3 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	140
S3-1	Policies related to affected communities	157
S3-2	Processes for engaging with affected communities about impacts	158
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	158

Disclosure reference	Disclosure title	Page number in the report
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	158
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	159
S4 SBM-2	Interests and views of stakeholders	96
S4 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	98
S4-1	Policies related to consumers and end-users	160
S4-2	Processes for engaging with consumers and end-users about impacts	161
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	161
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and the effectiveness of those actions	162
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	163
G1 GOV-1	The role of the administrative, management and supervisory bodies	85
G1 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	105
G1-1	Business conduct policies and corporate culture	165
G1-2	Management of relationships with suppliers	N/A
G1-3	Prevention and detection of corruption and bribery	170
G1-4	Incidents of corruption or bribery	170
G1-5	Political influence and lobbying activities	N/A
G1-6	Payment practices	N/A

Table 74. List of datapoints included in the cross-cutting and topical standards that derive from other EU legislation

Disclosure no.	Datapoint	Datapoint name	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS 2 GOV-1	21 d	Board's gender diversity	x		x		85
ESRS 2 GOV-1	21 e	Percentage of board members who are independent			x		85
ESRS 2 GOV-4	30	Statement on due diligence	x				91, 171
ESRS 2 SBM-1	40 d (i)	Involvement in activities related to fossil fuel activities	x	x	x		N/A
ESRS 2 SBM-1	40 d (ii)	Involvement in activities related to chemical production	x		x		91
ESRS 2 SBM-1	40 d (iii)	Involvement in activities related to controversial weapons	x		x		N/A
ESRS 2 SBM-1	40 d (iv)	Involvement in activities related to cultivation and production of tobacco			x		N/A
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	116
ESRS E1-1	16 g	Undertakings excluded from Paris-aligned Benchmarks		x	x		116
ESRS E1-4	34	GHG emission reduction targets	x	x	x		118
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				119
ESRS E1-5	37	Energy consumption and mix	x				119
ESRS E1-5	40–43	Energy intensity associated with activities in high climate impact sectors	x				119
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		121
ESRS E1-6	53–55	Gross GHG emissions intensity	x	x	x		121
ESRS E1-7	56	GHG removals and carbon credits				x	N/A
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Deferral

Disclosure no.	Datapoint	Datapoint name	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS E1-9	66 a	Disaggregation of monetary amounts by acute and chronic physical risk		x			Deferral
ESRS E1-9	66 c	Location of significant assets at material physical risk		x			Deferral
ESRS E1-9	67 c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Deferral
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Deferral
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				128
ESRS E3-1	9	Water and marine resources	x				130
ESRS E3-1	13	Dedicated policy	x				N/A
ESRS E3-1	14	Sustainable oceans and seas	x				N/A
ESRS E3-4	28 c	Total water recycled and reused	x				132
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x				132
ESRS 2 SBM 3-E4	16 a (i)	Biodiversity-sensitive areas	x				N/A
ESRS 2 SBM 3-E4	16 b	Impacts on terrestrial ecosystems					N/A
ESRS 2 SBM 3-E4	16 c	Threatened species	x				N/A
ESRS E4-2	24 b	Sustainable land / agriculture practices or policies	x				N/A
ESRS E4-2	24 c	Sustainable oceans / seas practices or policies	x				N/A
ESRS E4-2	24 d	Policies to address deforestation	x				N/A
ESRS E5-5	37 d	Non-recycled waste	x				136
ESRS E5-5	39	Hazardous waste and radioactive waste	x				136

Disclosure no.	Datapoint	Datapoint name	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS 2 SBM-3-S1	14 f	Risk of incidents of forced labour	x				140
ESRS 2 SBM-3-S1	14 g	Risk of incidents of child labour	x				140
ESRS S1-1	20	Human rights policy commitments	x				140
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions			x		140
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				140
ESRS S1-1	23	Workplace accident prevention policy or management system	x				140
ESRS S1-3	32 c	Grievance/complaints handling mechanisms	x				144
ESRS S1-14	88 b i c	Number of fatalities and number and rate of work-related accidents	x		x		154
ESRS S1-14	88 e	Number of days lost to injuries, accidents, fatalities or illness	x				154
ESRS S1-16	97 a	Unadjusted gender pay gap	x		x		155
ESRS S1-16	97 b	Excessive CEO pay ratio	x				155
ESRS S1-17	103 a	Incidents of discrimination	x				N/A
ESRS S1-17	104 a	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		N/A
ESRS 2 SBM-3-S2	11 b	Material risk of child labour or forced labour in the value chain	x				155
ESRS S2-1	17	Human rights policy commitments	x				155
ESRS S2-1	18	Policies related to value chain workers	x				155
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		155

Disclosure no.	Datapoint	Datapoint name	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Page number in the report
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions			x		155
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain			x		157
ESRS S3-1	16	Human rights policy commitments	x				157
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x				157
ESRS S3-4	36	Human rights issues and incidents	x		x		158
ESRS S4-1	16	Policies related to consumers and end-users	x				160
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x				160
ESRS S4-4	35	Human rights issues and incidents	x		x		175
ESRS G1-1	10 b	United Nations Convention against Corruption	x				165
ESRS G1-1	10 d	Protection of whistle-blowers	x				165
ESRS G1-4	24 a	Fines for violation of anti-corruption and anti-bribery laws	x				170
ESRS G1-4	24 b	Standards of anti- corruption and anti-bribery	x		x		170

GLOSSARY OF TERMS

eNPS (Employee Net Promoter Score) surveys, which monitor employee opinions and satisfaction levels.

BMS – Building Management System.

Construction chemicals - a group of products used in construction industry as construction, insulation or finishing materials. It includes: products based on mineral and/or organic binders (produced in the form of dry mixes intended for use after mixing with water, or ready-to-use products) and coating materials (paints, varnishes, preservatives, primers, etc.).

CSRD – Directive (EU) 2022/2464 on corporate sustainability reporting.

DIY - "Do It Yourself" - the definition of an idea related to independent, non-commercial performance, usually for one's own needs, of various works without the help of professionals, often as part of a hobby.

The abbreviation "DIY" is also used to describe home-improvement stores, where one can find many products from various fields, with particular emphasis on technical areas (construction, interior finishing, electronics, garden decoration). These are self-service stores with a large area. The DIY market - apart from the independent market - is the second most important distribution channel for products of the Group.

ESG - environmental, social and corporate governance. Indicates the main areas of sustainable development of enterprises.

ESRS – European Sustainability Reporting Standards.

Ceramic paint - a type paint with the addition of ceramic components. It forms coatings resistant to dirt and scrubbing. It is recommended for all interior areas within the building, including those exposed to heavy duty use.

Undercoat - provides adhesion to the substrate for decorative and topcoat paints and levels slight surface irregularities. Its coat is thick enough to break the dark colour of the substrate, which is important when applying light surface coats.

Formulation - is a document informing about the qualitative and quantitative composition of the product, as well as the method of its production (the sequence of individual steps taken during the production process).

Putty - a construction material whose main binder is gypsum (natural or synthetic). It is used for final finishing of wall and ceiling surfaces by hand or machine.

Stain and varnish - a product intended for painting interior and exterior wood and wood-based materials combining the features of varnish and stain. It provides a thin flexible protective and decorative coating and stains wood, partially penetrating its structure. Available also in colourless version.

Varnish - a solution or suspension of film-forming agents (e.g. oils, natural or synthetic resins) used to cover the surface of objects for decorative and protective purposes.

VOCs – volatile organic compounds, a group of organic substances harmful to health, which easily evaporate and thus turn into a gas or vapour state.

Pigments - substances used for dying paints and varnishes. Due to their origin, they are divided into organic and inorganic ones. Generally, the more pigments in the paint the higher covering efficiency. One of the most popular pigments used in the production of paints is titanium white.

Washings - a commonly accepted form defining the type of waste generated from group 08 (waste from production, preparation, trade and use of protective coatings), i.e. water suspensions of non-hazardous paints and varnishes; liquid resulting from rinsing the dish, containing residues of the washed substance.

Solvent - an ingredient found in paints and varnishes. Water or a solvent can be a diluent (e.g., mineral spirits, xylene). It is responsible for application properties, such as the thickness of the applied coating using a painting tool, easy application and drying time. Water is used in emulsion paints.

CLP Regulation - Regulation of the European Parliament and of the Council (EC) No. 1272/2008 of December 16, 2008 on the classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC and amending Regulation (EC) No 1907/2006.

CRP Regulation - Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 laying down harmonized conditions for the marketing of construction products and repealing Council Directive 89/106/EEC.

REACH Regulation – *Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and establishing a European Chemicals Agency.* The purpose of this Regulation is to ensure a high level of health and environmental protection, including promotion of alternative methods for assessment of hazards of substances, as well as free circulation of substances in the internal market while supporting competitiveness and innovation.

Independent market- a market on which companies operate independently of each other, mainly commercial and service ones, based on handling contractors, investors and final consumers in the local scope of activity. Retail stores are handled indirectly by distributors and are mostly non-affiliated - operate independently.

SKU – (Stock Keeping Unit) codes used to identify and track inventory units.

Binders (resins) - natural or synthetic substances that bind pigments and fillers in paints with each other and with the substrate. They ensure paint properties such as: wash and scrub resistance and gloss. Generally, the higher the resin content, the higher the quality and resistance of the paint.

Decorative systems - decorative products (paints, adhesives) that provide the decorated surface with a variety of visual and structural effects sold under the Magnat brand.

Thermal insulation system - a set of construction materials for thermal insulation of a building together with a plaster coating and products for facade renovation. The Group's offer in this scope (within the Foveo Tech brand) includes: adhesive mortar, plaster (render), paint, primers, undercoat, reinforced mesh, mosaic plaster.

Carbon footprint – the total sum of greenhouse gas emissions caused directly or indirectly by the undertaking. The carbon footprint includes emissions of carbon dioxide, methane, nitrous oxide and other greenhouse gases expressed in CO_2 equivalent.

Fillers - substances insoluble in the binder or water used to modify or affect some of the physical properties of paints. Fillers regulate the viscosity, thickness and structure of the coating, as well as the gloss/matt degree of the paint.

Direct purchases – purchase of products such as raw materials, packaging, labels, stickers, auxiliary packaging.

Indirect purchases – purchase of services and products such as technical and advertising materials and commercial goods.

CONTACT REGARDING THE REPORT

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MANAGEMENT BOARD STATEMENTS AND INFORMATION

Management Board statement regarding the financial statements and the management report

(in accordance with the requirements of § 72(1)(5) and § 73(1)(5) of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent information required under the laws of a non-member state)

The Management Board of Fabryka Farb i Lakierów Śnieżka SA (hereinafter: the "Issuer" or "FFiL SA"), acting on behalf of FFiL and the Śnieżka Group, composed of:

Piotr Mikrut	President of the Management Board, CFO
Zdzisław Czerwiec	Vice President of the Management Board
Witold Waśko	Vice President of the Management Board
Joanna Wróbel-Lipa	Vice President of the Management Board
Dawid Trojan	Vice President of the Management Board

declares that, to the best of its knowledge, the Issuer's annual financial statements for 2025 and the annual consolidated financial statements of the Śnieżka Group (hereinafter: the "Issuer's Group") for 2025, together with comparative data, were prepared in accordance with the applicable accounting principles and present a true, fair and clear view of the assets, financial position and financial performance of the Issuer and the Issuer's Group for 2025.

Furthermore, the Annual Management Board Report on the activities of the Issuer's Group for 2025 (prepared as a combined report together with the Management Report of FFiL Śnieżka SA) presents a fair view of the development, performance and position of the Issuer, the Issuer's Group and the entities included in the consolidation, treated as a whole, together with a description of the principal risks and uncertainties, and was prepared in accordance with the requirements of Article 55(2a) of the Accounting Act, while the sustainability reporting of the Issuer's Group included therein was prepared in accordance with the Accounting Act, the ESRS and Article 8 of Regulation (EU) 2020/852 together with delegated acts adopted pursuant to Article 8(4) of that Regulation.

Management Board information regarding the selection of the audit firm for the audit of the financial statements

(in accordance with the requirements of § 72(1)(6) and § 73(1)(6) of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent information required under the laws of a non-member state)

The Management Board of the Issuer, acting on behalf of the Issuer and the Issuer's Group, hereby informs, based on the statement of the Issuer's Supervisory Board, that the Issuer's Supervisory Board selected PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. as the audit firm conducting the audit of the Issuer's annual financial statements for 2025 and the annual consolidated financial statements of the Issuer's Group for 2025, in accordance with the applicable regulations, including those concerning the selection and selection procedure of the audit firm. Furthermore, the Management Board of FFiL, acting on behalf of the Issuer and the Issuer's Group, indicates that:

- The audit firm PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and the members of the audit engagement team met the conditions for issuing an impartial and independent audit report on the annual financial statements and the annual consolidated financial statements, in accordance with applicable regulations, professional standards and professional ethics principles.
- The applicable regulations concerning the rotation of the audit firm and the key statutory auditor, as well as mandatory cooling-off periods, are complied with;
- The Issuer has in place a policy regarding the selection of the audit firm and a policy regarding the provision to the Issuer, by the audit firm, entities affiliated with the audit firm or a member of the audit firm's network, of permitted non-audit services, including services conditionally exempt from the prohibition on being provided by the audit firm.

Management Board information regarding the selection of the audit firm for the assurance of sustainability reporting

(in accordance with the requirements of § 73(1)(7) of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent information required under the laws of a non-member state)

The Management Board of the Issuer informs that the Ordinary General Meeting of Shareholders, by Resolution No. 15/2025 of 3 June 2025, selected PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to perform the assurance of the Śnieżka Group sustainability report for 2025, in accordance with the applicable regulations, including those concerning the selection and selection procedure of the audit firm performing such assurance. Furthermore, the Management Board of FFiL, acting on behalf of the Issuer and the Issuer's Group, indicates that:

- The audit firm PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. performing the assurance of the sustainability reporting of the Issuer's Group, as well as the members of the team performing such assurance, met the conditions for issuing an impartial and independent assurance report on the sustainability reporting of the Issuer's Group, in accordance with applicable regulations, professional standards and professional ethics principles.
- The Issuer has in place a policy regarding the selection of the audit firm to perform assurance of sustainability reporting with respect to the sustainability reporting of the Issuer's Group, as well as a policy regarding the provision to the Issuer and the Issuer's Group, by the audit firm performing the assurance, entities affiliated with such audit firm and members of the audit firm's network, of permitted services other than sustainability reporting assurance services.

Signatures of the Members of the Management Board of FFiL Śnieżka SA

Piotr Mikrut	President of the Management Board, CFO
Zdzisław Czerwiec	Vice President of the Management Board
Witold Waśko	Vice President of the Management Board
Joanna Wróbel-Lipa	Vice President of the Management Board
Dawid Trojan	Vice President of the Management Board

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