SILON



ESG Report 2025

More than value

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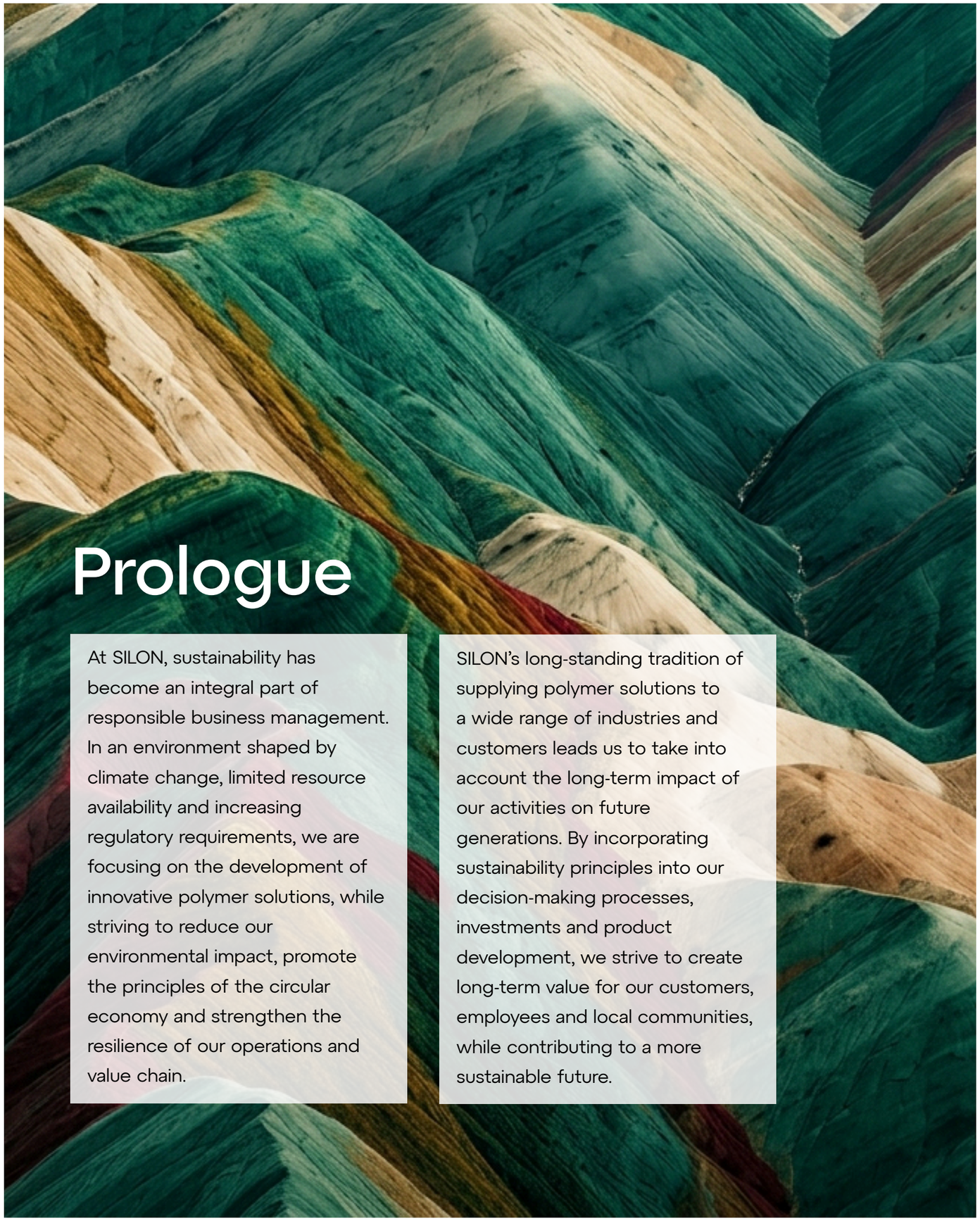
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Prologue

At SILON, sustainability has become an integral part of responsible business management. In an environment shaped by climate change, limited resource availability and increasing regulatory requirements, we are focusing on the development of innovative polymer solutions, while striving to reduce our environmental impact, promote the principles of the circular economy and strengthen the resilience of our operations and value chain.

SILON's long-standing tradition of supplying polymer solutions to a wide range of industries and customers leads us to take into account the long-term impact of our activities on future generations. By incorporating sustainability principles into our decision-making processes, investments and product development, we strive to create long-term value for our customers, employees and local communities, while contributing to a more sustainable future.

About this report

This ESG report is based on data for 2025 and includes SILON s.r.o. (group headquarters), SILON CZ s.r.o., SILON CZ Estate s.r.o., SILON CZ R&D s.r.o. and SILON CZ Recycling s.r.o.

This report is intended for customers, employees, suppliers, business partners, financial institutions, public authorities and other stakeholders who are interested in SILON's sustainability performance. It is publicly available on the company's website, www.silon.eu.

This document is an English translation of SILON's ESG Report originally issued in Czech. In the event of any discrepancy, the Czech version shall prevail.

About SILON

SILON was founded in 1950 and, over the course of its history, has gradually evolved from a traditional producer of synthetic fibres into an internationally active producer of polymer compounds and related services. Since expanding its product range to include plastic compounds in 1983, the company has continuously developed its technological capabilities, innovation activities and position in the global market.

Today, SILON operates production, research and recycling facilities in the Czech Republic and supplies its products to customers in Europe and other international markets. Its activities focus on the development and production of polymer compounds for the automotive, construction, cable, power and packaging industries. The company's portfolio includes the TABOREN®, TABOREX®, TABOCAB®, TABOREC® and TABOPOL product ranges, which are described in more detail in the following sections of this report.

Innovation, product quality and technical expertise remain the key pillars of SILON's business model. Backed by state-of-the-art laboratories, research and development activities and recycling facilities, the company focuses on providing solutions that meet both customer requirements and growing expectations in the area of sustainability. Through continuous improvements in resource efficiency, product development and circular economy initiatives, SILON aims to strengthen its long-term competitiveness while contributing to a more sustainable future.

List of Abbreviations

ATH — Aluminium trihydroxide (a flame retardant)
BAT — Best available techniques (for reducing pollution from industrial activities)
BREF — Reference document on best available techniques
CAPA — Corrective and preventive action
CEI — Czech Environmental Inspectorate
CSDDD — Corporate Sustainability Due Diligence Directive
DMA — Double materiality assessment
EHS — Environment, health & safety
EIA — Environmental impact assessment
EMS — Environmental management system
E-PRTR — European Pollutant Release and Transfer Register
ERP — Enterprise resource planning
FAES-MP — First Aid/Emergency System – Methodological Procedure
FRS — Fire and Rescue Service
FS — Fire safety
FSS — Fire safety system
GHG — Greenhouse gas (greenhouse gas emissions)
HCSM / HCSP — Hazardous chemical substance / mixture / product
IMDS — International Material Data System (an international system for the declaration of materials in the automotive industry)
IMS — Integrated management system
IOS — Internal operating standards
IRO / IROs — Impact, risks and opportunities
ISCRD — Integrated System for Compliance with Reporting Duties
KPI — Key performance indicators
LLC — Limited liability company (a legal form of company in the USA)
MDH — Magnesium dihydroxide (a flame retardant)
MSDS / SDS — Material safety data sheet
OCS — Operation Clean Sweep (a programme for the prevention of plastic granulate spillage)
OHS — Occupational health and safety
OHSS — Occupational health and safety system
OS — Operational standards
PE — Polyethylene
PFP-MP — Physical Fire Prevention/Safety – Methodological /Procedure
PPE — Personal protective equipment
PP — Polypropylene
PPAP — Production part approval process
PVPS — Photovoltaic power station (a system comprising solar panels/photovoltaic cells)
QG — Quality guidelines (internal SILON documentation, e.g. QG01, QG03)
REA — European Research Executive Agency
REACH — Registration, Evaluation, Authorisation and Restriction of Chemicals (EU legislation on chemicals)
REMS — Risk & environmental management system
SBM — Strategy, business model
SEMS — Safety & environmental management system
SEP — Self-employed person
SME — Small and medium enterprises
SoC — Substances of concern
SVHC — Substances of very high concern
TCFD — Task Force on Climate-related Financial Disclosures
TDS — Technical data sheet
TES — Technical and economic staff
VOC — Volatile organic compounds

1. General Information Pursuant to ESRS 2

This document is not a sustainability report within the meaning of Act No. 563/1991 Coll., on accounting. It is a voluntarily published ESG report, inspired by the ESRS standards and EU Taxonomy. This ESG report does not claim full compliance with these regulations and has not been verified by an independent third party.



1.1. Basis for Preparation (BP-1, BP-2)

1.1.1 BP-1 General Basis for Preparation of Sustainability Statement

Scope of Consolidation and Reporting Period

The sustainability statement has been prepared on a consolidated basis for the SILON group for the period from 1 January 2025 to 31 December 2025. The following entities are included in the consolidation:

- SILON CZ s.r.o. – the main production and administrative entity, with its registered office in Planá nad Lužnicí;
- SILON CZ Estate s.r.o. – facility management and energy management at the plant site;
- SILON CZ R&D s.r.o. – research and development centre;
- SILON CZ Recycling s.r.o. – a production plant for the repurchase and recycling of plastics and the sale of regranulate and crushed materials;
- SILON s.r.o. – central management functions (strategy, finance, controlling, ESG).

The consolidation of the reported ESG data includes all the entities listed above, provided a verified set of sustainability data is available for them for the relevant period. Where complete data are not available for certain entities or indicators, this is clearly stated in the report in the relevant chapters, tables or indicators.

For the purposes of this ESG report, SILON US LLC was not included in the scope of information disclosed for the 2025 reporting period. This is due to the insufficient availability and quality of the relevant non-financial data for the period in question; the entity plans to participate in ESG reporting in future years, as its internal data collection capabilities are developed.

Link to Accounting Consolidation

The scope of ESG data consolidation corresponds to the scope of the SILON group's financial consolidation, which is defined by internal guidelines QG23 – Controlling Guidelines and QG16 – Investment Project Management. Data consolidation is carried out by the Central Quality Department and the Controlling Department in Planá nad Lužnicí.

The company (the SILON group) has not availed itself of any exemption from individual or consolidated sustainability reporting pursuant to Article 19a(9) or Article 29a(8) of Directive 2013/34/EU.

Inclusion of the Value Chain

The sustainability statement covers the operations of all entities in the SILON group (production, research and development, recycling, logistics, administrative activities) and the upstream part of the value chain (in particular suppliers of polymer raw materials, fillers, additives, energy, packaging and logistics services). Information on the downstream part is currently limited, as customers in the business-to-business segment do not provide more detailed data on their processes and emissions.

Sensitive Information and Information on Developments

The company did not make use of the option to omit information relating to intellectual property, know-how or the results of innovations. In cases where the disclosure of technical details might be sensitive (e.g. R&D projects), the information is presented in summary form in accordance with ESRS 1, Section ~~7.7~~.

SILON did not make use of the exemption from the duty to disclose information relating to future developments pursuant to Article 19a(3) and Article 29a(3) of Directive 2013/34/EU. Strategic objectives and sustainability targets are set out transparently in accordance with internal guidelines QG21 Strategic Management and QG23 Controlling.

First Years of Reporting Pursuant to ESRS

The year 2024 marked the introductory phase for reporting pursuant to the ESRS, with the 2025 report following on as the second year of the framework's application. For this reason:

- comparative figures for previous periods are not available in full; where they are provided, they are based on internal data for 2023 or 2022;
- it is not possible to report corrections to material errors from previous periods, as previous reports were not prepared to the same extent or in the same structure;
- the data collection and consolidation system underwent gradual stabilisation and development in 2024 and 2025.

1.1.2 BP-2 Disclosure of Information in Relation to Specific Circumstances

Time Horizons

SILON uses the following definitions of time horizons:

- short-term: up to 2030;
- medium-term: approximately 10 years after the short-term horizon (up to 2040);
- long-term: approximately 10 years beyond the medium-term horizon (up to 2050).

These timeframes are consistent with the methodologies used for GHG emissions projections and energy planning. This choice reflects the need to assess physical risks over longer periods while remaining consistent with standard strategic planning procedures.

Sources of Uncertainty in Estimates and Results

Some quantitative data are based on estimates derived from internal financial data and reference emission factors, or on expert calculations. The uncertainties relate in particular to areas where no direct data are available, such as energy consumption calculations or estimates of impacts in the upstream and downstream parts of the value chain.

No quantitative metric with a high degree of measurement uncertainty has been identified. The figures are based on verified internal sources (energy measurements, material consumption, waste records, personnel data), and responsibility for verifying them lies with the internal Quality and R&D Departments. The forecast figures (e.g. environmental targets) are regarded as uncertain due to their dependence on external factors (legislation, energy prices, market conditions).

To ensure data reliability, the SILON group implements basic control mechanisms, such as internal audit checks on data, approval of outputs by managerial employees, regular document reviews and monthly monitoring of key operational KPIs.

1.2. Corporate Governance (GOV-1 – GOV-5)

1.2.1 GOV-1 Role of Administrative, Management and Supervisory Bodies

Structure and Diversity of Governance and Management

The administrative and management structure of the SILON group comprises:

- **executive officers of SILON s.r.o.** – are responsible for the overall strategy, the approval of policies and targets, including in the area of sustainability;
- **management of individual units** (directors/department heads) – manage operational areas such as production, quality, controlling, HR, EHS, R&D, procurement and logistics;
- **internal audit team** – performs a supervisory role and ensures the independent verification of processes within the integrated management system (IMS).

In the Czech Republic, the SILON group is represented by two executive officers (both men), who operate across all Czech entities: SILON s.r.o. (parent company with its registered office in Planá nad Lužnicí), SILON CZ s.r.o., SILON CZ Recycling s.r.o., SILON CZ R&D s.r.o., SILON CZ Estate s.r.o. The group does not have a supervisory board and, consequently, no formal employee representatives have been appointed.

Senior management, excluding the executive officer position, comprises 14 people, of whom 3 are women (21 per cent) and 11 are men (79 per cent). There are no independent members or employee representatives on management bodies; the internal audit team fulfils a supervisory role in terms of process and risk management. It comprises 10 trained internal auditors from the quality, EHS, R&D, sales and logistics units and from senior management, and independently audits processes in the integrated management system (IMS). When planning audits, care is always taken to ensure that no auditor carries out an audit of his/her own process or department, which promotes impartiality and objectivity of assessment.

Role of Bodies in Managing Impacts, Risks and Opportunities

The executive officers approve strategic objectives, including sustainability objectives, oversee risk management and review the findings of internal audits. The group's objectives and key performance indicators (KPIs), including selected ESG indicators, are set and approved for each calendar year as a part of the strategic management process; their achievement is assessed through internal reviews and regular inspection reports. No separate, specialised control mechanisms have been put in place to manage impacts, risks and opportunities – the relevant activities are integrated into the standard quality management system, process audit and IMS.

As a part of the ESG 2025 project, responsibility for the day-to-day management of sustainability matters was delegated to a working group led by the head of the R&D Department. This cross-sectional group comprises 13 representatives from the controlling, sales, procurement, production, investment, quality, HR, EHS, marketing and R&D units, supplemented by an ESG specialist who coordinates the preparation of supporting documentation. The group ensures that all the companies' key processes are taken into account when identifying and managing impacts, risks and opportunities. Its findings are submitted to the executive officers on an ongoing basis, at least once a year, in the form of presentations of results, reports on the achievement of objectives and KPIs, and summary conclusions. This also includes coordinating the materiality assessment process (DMA) and regularly updating the IRO tables.

The responsibilities of the administrative and management bodies in relation to the management of impacts, risks and opportunities are set out in the group's internal guidelines and documents, particularly in the areas of strategic management, risk management and the integrated management system (IMS). These documents define the role of executive officers and managers in identifying, assessing and managing impacts, risks and opportunities, including in the area of sustainability.

Expertise in Sustainability

Expertise and skills in sustainability matters are provided to the SILON group by an ESG specialist and an external consultancy firm, which offers methodological support, training and advice on the implementation of the CSRD/ESRS statutory requirements. The ESG specialist coordinates sustainability activities and helps senior management meet legislative requirements; the specialist's remuneration is governed by standard rules and is not specifically linked to the achievement of ESG indicators as a separate incentive within the meaning of ESRS GOV-3. Members of the administrative and management bodies do not receive separate specialist training, but they do have access to relevant information through regular consultations and presentations of project outcomes.

1.2.2 GOV-2 Information Provided to the Company's Bodies and Sustainability Issues They Address

The SILON group's management team uses sustainability information on an ongoing basis for strategic management, planning measures and assessing ESG performance. The SILON group's statutory representatives are kept informed of such matters by the staff member responsible for compiling the ESG report (R&D Department).

In the first year of reporting (for 2024), the executive officers were familiarised with the main conclusions of the DMA via a presentation that summarised the key findings and proposed appropriate measures to address the impacts, risks and opportunities identified. From 2025, it is envisaged that management will be regularly informed, at least once a year as a part of the management review, and furthermore whenever there are material changes to the DMA or the data sets relevant to reporting.

The company's strategy takes these findings into account and, by implementing appropriate measures, seeks to mitigate the negative impacts and risks and capitalise on the opportunities identified (e.g. developing recycling, expanding the product portfolio to include products with a lower carbon footprint, or preparing to enter new markets in the EU and

Asia). These factors are taken into account by the company's management when setting annual targets and approving related measures.

During the reporting period, administrative and management bodies were briefed on a summary of the following material areas identified as a part of the DMA. An overview of these topics is provided in Table 1.

1.2.3 GOV-3 Integrating Sustainability-related Performance into Incentive Systems

At present, sustainability-related performance indicators (climate-related aspects, climate change targets) are not formally included in the remuneration system for SILON s.r.o. group managers or other employees.

Non-entitlement components of salary (performance-related salary, bonuses, extraordinary payments) are awarded based on work performance and the contribution to the SILON group's overall financial results.

Environmental and safety indicators (e.g. compliance with internal OHS and EMS rules, the number of incidents, the quality of outputs), the processes for setting and evaluating targets (KPIs) and their alignment with the corporate strategy are governed by internal guidelines on strategic management.

Looking ahead, the SILON group is considering the gradual incorporation of selected ESG indicators – particularly in the areas of occupational safety, energy efficiency and product quality – into its assessment processes, in accordance with the phased implementation of CSRD/ESRS requirements.

1.2.4 GOV-4 Due Diligence Statement

The SILON group applies the principles of due diligence in accordance with the ESRS requirements. The key elements of the due diligence process and how they are reflected in this report are summarised below:

a) Incorporating Due Diligence into Governance, Strategy and the Business Model

Oversight of sustainability is carried out by the company's executive officers, who approve the due diligence plan and resource allocation. Sustainability is integrated into the company's strategy (the switch to recycled materials, reductions in emissions, occupational safety and supplier ethics), as well as into decisions on the product portfolio (the development of compounds containing recycled materials and with a lower carbon footprint).

b) Involvement of the Relevant Stakeholders

The key steps in due diligence involve employees, unions, the local community (Planá nad Lužnicí), key customers (automotive, construction, packaging materials), polymer and additive suppliers, logistics partners, recycling companies and regulators. Feedback from these groups is used when assessing materiality and when planning the transition to a more sustainable model.

c) Identification and Evaluation of Adverse Impacts

It is carried out using a two-dimensional assessment (severity × probability) for impacts on both people and the environment. Hotspots are identified, such as OHS in production, human rights in the upstream part of the supply chain (in raw materials and logistics), environmental footprints (energy, emissions, waste), granulate spillage, chemical safety, compliance with REACH/CLP and impacts at the end of a product's life cycle. Prioritisation is based on the UNGP/OECD principles and focuses first on the most serious impacts.

d) Taking Measures to Address Adverse Impacts

Key tools include the Supplier Code of Conduct, due diligence procedures for supplier screening, contractual requirements and audits, ISO 14001 and 45001 certification, the Operation Clean Sweep programme, OHS programmes, the Climate Transition Plan and GHG targets, chemical compliance management (REACH/SVHC), and the development of recycled

BASIC ELEMENTS OF DUE DILIGENCE	SECTION IN THE REPORT	PAGE IN THE REPORT
Incorporating Due Diligence into Governance, Strategy and the Business Model	Basis for Preparation (BP-1, BP-2)	10
	Corporate Governance (GOV-1 – GOV-5)	12
	Strategy (SBM-1 – SBM-3)	17
Involvement of Relevant Stakeholders in All Key Stages of Due Diligence Process	Basis for Preparation (BP-1, BP-2)	10
	Corporate Governance (GOV-1 – GOV-5)	12
	ESRS S1 Own Workforce	80
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	ESRS G1 Corporate Conduct	116
Identification and Evaluation of Adverse Impacts	Basis for Preparation (BP-1, BP-2)	10
	Corporate Governance (GOV-1 – GOV-5)	12
Taking Measures to Address These Adverse Effects	ESRS E1 Climate Change	42
	ESRS E2 Pollution	52
	ESRS E3 Water and Marine Resources	60
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Monitoring the Effectiveness of These Efforts and Communicating about Them	Basis for Preparation (BP-1, BP-2)	10
	Corporate Governance (GOV-1 – GOV-5)	12
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materials and closed-loop systems with customers.

e) Monitoring Effectiveness and Communication

The effectiveness of the measures is monitored using KPIs (number and closure of complaints, proportion of audited high-risk suppliers, greenhouse gas emissions (Scope 1/2/3) and their intensity, energy and water consumption, proportion of recycled material in products, granulate spillage and audit findings). The results are summarised in this report.

1.2.5 GOV-5 Risk Management and Internal Controls for Sustainability Reporting

From the 2024 reporting period onwards, the scope of the information disclosed is defined by the requirements of the CSRD and ESRS standards. The SILON group is gradually establishing a formalised risk management and internal control system for sustainability, which is closely linked to governance and management processes and to the results of the DMA.

Approach to Risk Assessment

The sustainability risk analysis is carried out in cooperation between the in-house ESG specialist and representatives from key departments (controlling, quality, HR, EHS, procurement, production). An external consultancy firm provided methodological guidance for the first year of the analysis and ensured consistent documentation of procedures. Risk priorities were determined based on a two-dimensional evaluation combining the financial impact and probability of occurrence. The results form part of the document “Analysis of Risks and Opportunities”, which is also used as a basis for updating the DMA and for planning measures.

Main Risks Identified

The key risks identified as a part of the DMA include climate risks (E1), risks relating to water resources (E3), employee health and safety (S1) and regulatory or supply chain risks (G1).

In the area of ESG reporting itself, risks were identified relating to the accuracy and completeness of data, inconsistencies between sources, insufficient validation and an unclear division of responsibilities.

To limit them, the SILON group applies the following control mechanisms:

- verification of key data by at least two staff members (the four-eyes principle);
- automated checks in the tools used (MS Excel, Business Intelligence (BI, PBI) Tools, IMS forms);
- approval of output by department heads;
- documentation, version and revision management in the IMS;
- regular monthly review of the main KPIs, enabling the early detection of deviations and taking of corrective and preventative actions.

Integrating the Results into Internal Processes and Reporting to Management

Where non-conformities or weaknesses are identified during internal audits, a root cause analysis is carried out and corrective and preventative actions are determined. The relevant ‘process owner’ is responsible for implementation, and the documentation is updated in accordance with the PDCA (Plan–Do–Check–Act) principle to ensure continuous improvement.

Once the checks and comments on the ESG report have been finalised, the final version is submitted to the executive officers for approval. The content of a report is discussed as a part of the annual management review, and the findings from audits and operational checks are taken into account when planning objectives and measures for the following period.

1.3. Strategy (SBM-1 – SBM-3)

1.3.1 SBM-1 Strategy, Business Model and Value Chain

Strategic Focus and Its Relationship to Sustainability

SILON integrates sustainability considerations into its overall corporate strategy through environmental, social and governance factors, which influence both operational and commercial decision-making. Following on from the results of the DMA, it focuses in particular on:

- reducing GHG emissions and improving energy efficiency (E1) – see Chapter 2;
- reducing water consumption and the risk of pollution (E2, E3) – see Chapters 3 and 4;
- strengthening the circular economy and reducing waste generation (E5) – see Chapter 5;
- improving safety and employee development (S1) – see Chapter 6;
- responsible and transparent supply chain management (S2) – see Chapter 7;
- compliance with ethical and regulatory requirements (G1) – see Chapter 10.

These objectives were formulated with regard to the SILON group’s key product and service groups (in particular technical compounds, recycled plastics and cable materials), its main customer segments (the automotive, construction, electrical engineering and energy sectors), the geographical areas in which the SILON group operates (Europe and the USA) and relationships with key stakeholders, particularly customers, suppliers and employees. They are reflected in specific projects and measures, such as the development of recyclable and recycled compounds, investment in photovoltaic power stations and the electrification of internal logistics, the expansion of recycling capacity, OHS certification (ISO standards), implementation of the Operation Clean Sweep programme to reduce granulate spillage, and systematic strengthening of due diligence procedures in the supply chain.

SILON’s main products, services, markets and customer groups were assessed in relation to sustainability objectives, with a focus on the more material- and energy-intensive products in the main product groups (see Chapter 5.2) and the more heavily regulated markets. Key elements of the sustainability strategy include, in particular, a gradual reduction of the environmental impact of production, ensuring compliance with regulatory requirements, strengthening the resilience of supply chains, and implementing investment and innovation projects focused on energy efficiency, recycling and product safety that address the main anticipated challenges in the areas of climate, resources and regulation.

Business Model, Markets and Customer Segments

The business model is based on the production of technical polymer compounds made from

polypropylene and polyethylene, complemented by research, development and the recycling of polymer materials.

SILON is a producer of technical polyolefin compounds used primarily in the automotive, construction, pipeline, energy, cable and packaging industries. The main product groups are TABOREN, TABOREX and TABOCAB; the TABOREC range, based on industrially-recycled raw materials, was expanded in 2024.

The SILON group does not produce products that are banned in specific markets, and all its products comply with REACH and CLP.

The SILON group focuses on markets in the EU (CZ, DE, PL, SK, HU, IT and FR), while part of its production is channelled to markets outside the EU via SILON US LLC, which serves the automotive and construction sectors on the East Coast. Over the past year, there have been no material changes in either the geographical focus or customer base.

Revenues by Major Sector

In 2025 they were:

- revenues from sale of own products and services:
  - CZK 2,805,952,027 for SILON CZ s.r.o.;
  - CZK 85,043,991 for SILON CZ Estate s.r.o.;
  - CZK 204,256,412 for SILON s.r.o.,
  - CZK 79,816,366 for SILON CZ R&D s.r.o.; and
  - CZK 61,596,679 for SILON CZ Recycling s.r.o.;
- revenues from the sale of goods;
  - CZK 533 thousand (SILON CZ s.r.o.);
  - CZK 849 thousand (SILON CZ Recycling s.r.o.).

The SILON group operates in two interrelated key sectors pursuant to the ESRS:

- the production of plastic compounds and polyolefin-based materials (NACE 20.16);
- mechanical recycling of plastics and the production of plastic regranulate and crushed materials (NACE 38.32, 22.21).

Ancillary activities do not constitute a separate business segment, and the group does not report any other separate operating segments pursuant to IFRS 8.

Employees by Geographical Area

The SILON group employs a total of approximately 288 people (see Table 16), mainly in the Czech Republic (production, research and development, the group's head office and recycling), the USA (production and sales, not included in this ESG report) and Germany (sales activities). Detailed information on the group is described in Chapter 6.

Value Chain

Upstream

- supplies of virgin polymers (PE, PP), additives (antioxidants, stabilisers, flame retardants) and fillers ($CaCO_3$, glass fibres);
- supplies of plastic waste intended for mechanical recycling (production offcuts, films, engineering plastics, transport packaging);
- packaging materials, logistics services and energy inputs;
- supplier due diligence process, including requirements for compliance in the areas of quality, EHS, safety and social responsibility.

Core Operations

- production of plastic compounds in Planá nad Lužnicí;
- research and development (SILON CZ R&D s.r.o.);
- mechanical recycling of plastics (TABOREC) in Libuň (SILON CZ Recycling s.r.o.);
- quality control and certification.

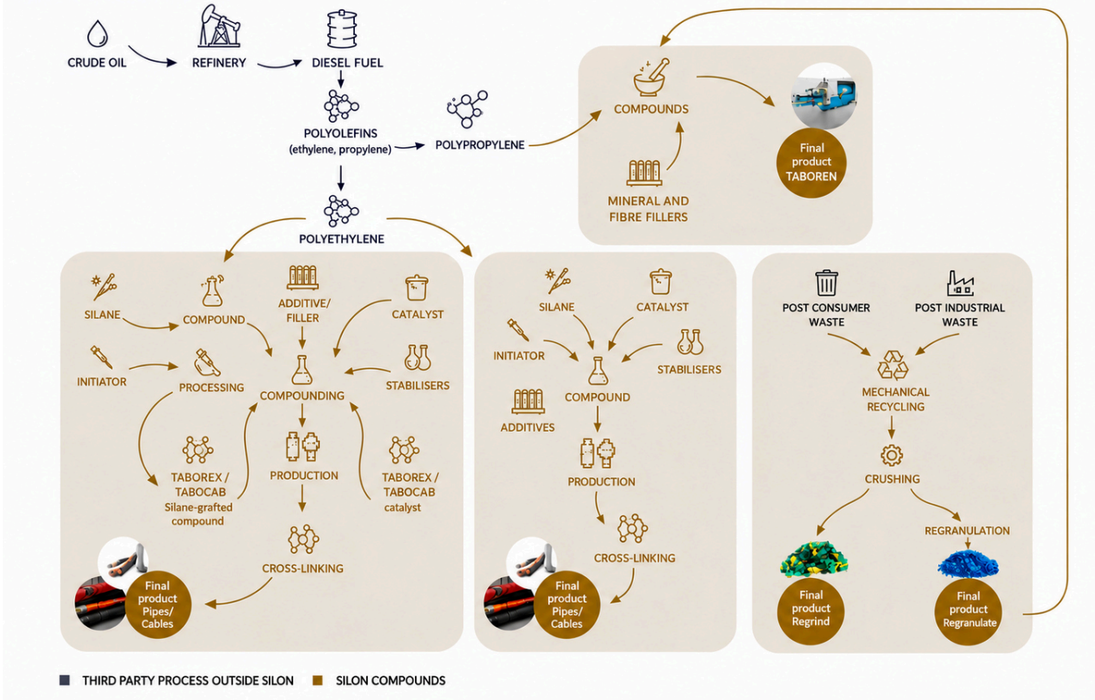
Downstream

- customers in the automotive, construction, energy and electrical engineering sectors;
- further processing into finished products (pipes, cables, components);
- end users of technical products (contributing to greater safety through reduced flammability (cables and installations), weight reduction and improved energy efficiency of components (automotive), long service life and stable technical parameters, and the option of using recycled inputs in production).

The interests of employees, customers, suppliers and local communities are regularly taken into account through consultations, audits, supplier evaluations and direct communication. The outcomes of these interactions influence the planning of actions and the definition of priority ESG targets.

Value chain diagram: The value chain illustrates the supply process and the stages of production for four different product ranges, giving an example of the end product for each one.

Figure 1 – Value Chain



1.3.2 SBM-2 Stakeholders' Interests and Views

The SILON group systematically involves key stakeholders in sustainability management and the ongoing updating of its strategy. The main groups include owners, employees and their representatives, suppliers and workers in the

value chain, customers, government bodies, banks and insurance companies, business partners, unions and local communities in the vicinity of production plants.

Stakeholders are taken into account primarily through the DMA process, regular reviews of ESG targets, communication as a part of business relationships and supplier audits, social dialogue and compliance with regulatory requirements. The aim is to align the company's strategy with the expectations of its stakeholders in the areas of occupational safety, ethical conduct, sustainable production, product quality and compliance with legislation.

The outputs from this dialogue are reflected in:

- updating targets and indicators in the areas of energy efficiency, water management and the use of recycled materials;
- the development of product solutions with a higher proportion of recycled material and a lower carbon footprint;
- amendments to the Code of Conduct for Suppliers and supplier assessment procedures;
- employee training and development plans and the structure of benefits.

Findings from the stakeholder dialogue are presented to the executive officers once a year as a part of the review of the ESG strategy and the finalisation of the report for the relevant period; in the event of important incidents or legislative changes, management is informed on an ad hoc basis.

1. 3. 2. 1. S1 - Own Workforce

The workforce is regarded as one of the key stakeholder groups. The approach to employees and their engagement is set out in internal policy D-I-SP07-01 Human Resources Management and in the collective agreement applicable to SILON CZ s.r.o. and SILON CZ R&D s.r.o.

Forms of employee engagement:

- the collective agreement and its amendments (terms and conditions of employment, benefits, social dialogue);
- the 'open-door' policy – the opportunity to communicate directly with management;
- regular performance appraisals and career reviews in the SILON IS system;
- the system of OHS, fire safety and environmental training managed and monitored by the EHS Department;
- internal communication (intranet, email notifications, management meetings with employees);
- the whistleblower protection system (whistleblowing) in accordance with the internal Whistleblower Protection Policy.

The feedback received is used, in particular, for:

- updates to internal guidelines and policies relating to OHS, the EMS and HR;
- a review of the collective agreement and the structure of social benefits (meals, recreation, sport, pension savings);
- setting targets and KPIs in the areas of satisfaction, accident rates and staff turnover;
- planning of specialist and safety training courses.

In connection with the implementation of the CSRD/ESRS, the system of annual appraisal interviews was strengthened and OHS and HR methodologies were standardised across all entities in the SILON group. Management is regularly informed of employees' interests and reports through key performance indicators (KPIs) on a monthly and annual basis, internal audits and OHS and quality checks, which are discussed at management meetings and serve as a basis for decision-making in the areas of human resources and sustainability.

1. 3. 2. 2. S2– Workers in the Value Chain

The interests and rights of workers throughout the value chain are taken into account through ethics and procurement policies based on the UN Guiding Principles on Business and Human Rights and the SILON group's Code of Conduct.

Main tools:

- the requirement to comply with labour standards, the prohibition of forced and child labour, equal treatment and safe working conditions;
- regular assessment of key suppliers in terms of EHS, quality and respect for human rights;
- supplier audits for selected contracts;
- contractual safeguards for suppliers and subcontractors outside the EU regarding compliance with human rights and safety standards.

The interests of workers in the value chain are thus taken into account indirectly through the selection, assessment and monitoring of suppliers. These procedures form part of the risk management system and are incorporated in the DMA in the S2 area. The results of the assessment may lead to corrective measures, restrictions on cooperation or a review of the requirements set out in the Code of Conduct for Suppliers.

1. 3. 2. 3. S3 - Affected communities

The affected communities are primarily the residents living in the vicinity of the plant in Planá nad Lužnicí. The interests and views of communities are taken into account as a part of the management of environmental and social impacts.

Key mechanisms:

- community participation in planning permission procedures conducted by central and local government bodies (e.g. EIA, IPPC, changes to operations), where residents and communities can submit comments;
- regular communication with the local authority when discussing changes to operating conditions;
- compliance with and monitoring of emission and noise limits, and the implementation of technical measures to reduce noise pollution;
- cooperation with environmental and public health authorities, which provide feedback from communities.

This approach forms part of a broader ESG strategy aimed at minimising the negative impacts of operations on the local area and ensuring compliance with health and environmental legislation. No material complaints or incidents involving local communities were recorded during the reporting period.

1. 3. 2. 4. S4 – Customers and End Users

SILON operates primarily in business-to-business sectors; consequently, the impact on consumers and end users arises in particular through the characteristics of its products, their safety parameters and the quality of the information provided.

Types of impacts and interests:

- a positive opportunity in the field of information: active and transparent communication with customers and technical support regarding the application of materials; this enhances credibility and facilitates entry into new markets (e.g. Asia);
- a positive impact on safety: the use of non-flammable and self-extinguishing fillers (e.g. ATH, MDH) in selected compounds for use in

public spaces with high concentrations of people (shopping centres, hospitals, tunnels), thereby improving safety for end users in the event of a fire.

Processes for sales, customer communication and product safety management are set out in internal documents (e.g. guidelines on sales and corporate communications, procedures for managing specific customer requirements, and procedures for managing documentation and claims). These documents set out a uniform system for managing processes, responsibilities and documentation in the IMS and include, in particular:

- the provision of technical data sheets and safety data sheets;
- validation and approval of materials (PPAP, REACH, IMDS);
- regular annual customer satisfaction surveys conducted via questionnaires;
- the claims-handling process, including the use of the Lessons Learned database to prevent defects from recurring;
- product safety management, including procedures for non-conforming products, measurement and monitoring, customer claims and other internal control mechanisms;
- external communication in case of extraordinary events, in accordance with the emergency plan;
- document and data management, which ensures that documentation is kept up to date, traceable and version-controlled.

Feedback received from customers is incorporated into improvements to products, quality processes and strategic objectives relating to safety and transparent communication (QG21 – Strategic Management).

1.3.3 SBM-3 Material Impacts, Risks and Opportunities, and Their Interrelationship with Strategy and the Business Model

Overview of Material Impacts, Risks and Opportunities

Material impacts, risks and opportunities (IROs) were identified in 2024 as a part of the DMA. A detailed overview of IROs is provided in Table 1:

The determination of material IROs was based on a quantitative materiality threshold, which was the same for both impact and financial materiality – IROs with a score of 8 or higher were considered material.

The themes remain consistent with those for 2024, the priorities have simply been refined in line with new input from stakeholders and internal data. All material themes in the IRO table are covered by the relevant ESRS thematic standards (E1–E3, E5; S1–S3; G1); no other entity-specific themes outside the scope of the ESRS have been identified as material.

Relationship to the Business Model, Strategy and Financial Impacts

The IROs identified primarily affect:

- strategic investments – measures in the energy, water and waste sectors, technological modernisation and infrastructure maintenance;
- supply chain management – ethical and OHS requirements, supplier evaluation including ESG criteria;
- product development – aiming for a higher proportion of recycled material, a lower carbon footprint and waste minimisation;
- management of occupational safety and community relations – measures to protect employees' health and reduce negative impacts on the surrounding area.

The impacts stem primarily from the nature of the activities (the production of polymer compounds) and the links in the value chain (suppliers of raw materials and logistics, safety and the use of products by customers). These factors are managed through certified environmental management systems (EMS) and safety (OHS) systems: ISO 9001, 14001 and 45001, the results of which are reflected in strategic objectives and investment planning.

From a financial point of view, the following are particularly important:

- costs relating to energy, raw materials and preventative measures in the areas of OHS and the environment;
- the impacts of regulatory changes (e.g. climate and chemicals legislation, non-financial reporting requirements);
- the potential benefits of innovations (more efficient operations, products with a higher added value and a lower carbon footprint).

The specific quantitative impacts will be set out in the ESRS thematic standards and in line with the 2025–2026 financial plan.

The strategy's robustness is ensured through the IMS and the associated guidelines on management of documents, non-conformities, corrective and preventive actions, and internal audits. The effectiveness of policies and actions is regularly assessed through KPIs and the internal audit cycle.

1. 3. 3. 1. ESRS S1 – Own Workforce

The SILON group manages its activities relating to its own workforce in the IMS in accordance with the ČSN EN ISO 9001, 14001 and 45001 standards. The principles governing human resources management, occupational health and safety, and fire safety are set out in particular in the following guidelines:

- **QG12 – Human Resources Management** (a system of annual appraisal interviews, professional training and employee development);
- **OHSS and FAES-MP** (OHS principles, risk prevention, first aid, occupational accidents);
- **FSS and PFP-MP** (fire safety organisation, fire evacuation plan, no smoking);
- **SEMS/REMS** (waste management, chemicals, emergency plan);
- **QG10, QG11, QG21** (corrective and preventative action, internal and external audits, strategic management).

The IROs for the organisation's own workforce, as identified in the DMA, are based on the nature of production and are reflected in the annual update of the OHS, HR and sustainability strategies.

Characteristics of Affected Persons and Nature of Impacts

The workforce consists of permanent employees and agency workers (NACE N78), who are subject to the same internal OHS procedures, compulsory training and provision of PPE. External contractors and self-employed persons are not part of the company's own workforce, but undergo safety induction when entering a workplace.

The following impacts and risks, in particular, were identified based on the DMA:

- **positive impacts:**
  - stable and secure employment based on permanent employment contracts;
  - social security arising from the collective agreement and social fund;

Table 1: Overview of Material Impacts, Risks and Opportunities (IROs) for the Group in 2024 (excluding SILON US LLC)
● positive ● negative

ESRS category	Subcategory	Description	Location	Classification
E1 Climate change	Climate change mitigation	Reducing GHG emissions through the generation of in-house energy (solar PV) and the purchase of electricity from renewable sources	in-house operations	impact ●
E1 Climate change	Climate change mitigation	GHG emissions in the supply chain: polyethylene, polypropylene and its carbon footprint	value chain	impact ●
E1 Climate change	Climate change mitigation	Increases in commodity prices resulting from the extension of the carbon tax scheme, the closure of existing raw material deposits or a reluctance to fund new deposits	both	risk ●
E1 Climate change	Energy	High energy consumption during operation, due to the nature of the sector	in-house operations	impact ●
E1 Climate change	Energy	Rising energy prices in the EU are causing customers to switch to competitors outside the EU	both	risk ●
E1 Climate change	Climate change adaptation	Increase in the frequency and severity of extreme weather phenomena (e.g. storms, floods, droughts) could disrupt operations, damage infrastructure and lead to supply chain disruptions	both	risk ●
E2 Pollution	Water pollution	Pollution of surface waters arising from the company's own operations as a result of an accident	in-house operations	impact ●
E2 Pollution	Water pollution	Water pollution in the supply chain (particularly in sectors where water-intensive processes or hazardous chemicals are used)	value chain	impact ●
E2 Pollution	Soil pollution	Potential accidental spills or leaks of chemical products and the improper disposal of hazardous waste	in-house operations	impact ●
E2 Pollution	Substances of Very High Concern	DOTL (dioctyl tin dilaurate) – included in the Candidate List, which contains substances of very high concern (SVHCs) that may have serious effects on human health or the environment. The substance is not registered pursuant to REACH; it is reprotoxic. DOTL is used in masterbatches as a tin-based catalyst for the TABOREX and TABOCAB product ranges	in-house operations	impact ●
E3 Water and marine resources	Water consumption	High water consumption in the cooling circuits (water consumption during production and the monitoring of the line's temperature profiles, including the cooling of granulate)	in-house operations	impact ●
E3 Water and marine resources	Extraction and exploitation of marine resources	Impact of supply chain activities on marine resources – extraction and transport by seagoing vessels	value chain	impact ●
E3 Water and marine resources	Water discharge	Impact of hydraulic fracturing on groundwater contamination in the supply chain	value chain	impact ●
E3 Water and marine resources	Water withdrawal	There is a risk that the government might restrict water withdrawal, which would entail costs for the company	both	risk ●
E3 Water and marine resources	Water discharge	Pollution of seawater caused by water discharge in the supply chain	value chain	impact ●
E3 Water and marine resources	Impacts on the scope and state of the environment: Soil sealing	Potential activities in the value chain may include infrastructure development and other activities that seal the soil surface, which could lead to a decline in biodiversity and the health of ecosystems in the affected areas	value chain	impact ●
E5 Circular economy	Waste	Waste generation at the company's own sites, in particular the generation of large quantities of plastic waste and hazardous waste	in-house operations	impact ●
E5 Circular economy	Waste	Generation of hazardous waste in the value chain, e.g. waste from oil refining, the production of catalysts, etc.	value chain	impact ●
E5 Circular economy	Resource inflows, including resource utilisation	Use of chemical and mechanical recycling to reduce consumption of virgin raw materials and minimise waste; opportunity to attract new customers	in-house operations	opportunity ●
E5 Circular economy	Waste	Waste generation in related sectors: the products are not biodegradable	value chain	impact ●
S1 Own workforce	Working conditions: security of employment	SILON offers stable and secure employment through permanent contracts	in-house operations	impact ●
S1 Own workforce	Working conditions: health and safety	Process disruption as a result of an accident: (damage to reputation, fines, compensation, loss of profit)	in-house operations	risk ●
S1 Own workforce	Working conditions: health and safety	In the event of a process incident, the companies may face operational disruption, damage to equipment, reputational damage and increased costs relating to regulatory compliance and corrective action	in-house operations	risk ●
S1 Own workforce	Working conditions: working hours	Irregular working hours and night shifts can have a negative impact on employees (only some employees)	in-house operations	impact ●

Table 1: Overview of Material Impacts, Risks and Opportunities (IROs) for the Group in 2024 (excluding SILON US LLC)
● positive ● negative

ESRS category	Subcategory	Description	Location	Classification
S1 Own workforce	Working conditions: health and safety	Employees at chemical production plants face health and safety risks (among other things) due to exposure to heavy machinery, noise, harmful substances, high temperatures and pressures, and electrical hazards	in-house operations	impact ●
S2 Workers in the value chain	Working conditions: health and safety	The production of chemicals involves handling potentially hazardous materials and operating complex machinery; workers may face risks such as exposure to chemicals, burns, fires and explosions	value chain	impact ●
S2 Workers in the value chain	Other employment-related rights: forced labour	Not all suppliers (and their suppliers) are able to guarantee employment-related rights: forced labour (most suppliers in the EU – rights are respected)	value chain	impact ●
S3 Affected communities	Economic, social and cultural rights of communities: adequate housing	The plant may have a negative impact on neighbouring communities (the municipality of Planá nad Lužnicí), particularly as a result of excessive noise	in-house operations	impact ●
S4 Customers and end users	Impacts on consumers and/or end users relating to information: Freedom of expression	Opportunity for active and transparent communication with customers and mitigation of potential risks (opportunity to access other markets, such as those in Asia)	in-house operations	opportunity ●
S4 Customers and end users	Personal safety of consumers and/or end users: Product quality and safety	Non-flammable materials enhance end user safety – non-flammable cables (containing flame retardants based on aluminium trihydroxide (ATH) or magnesium dihydroxide (MDH)) are installed in public spaces such as tunnels, underground railways and vehicles – places where a fire could have extremely harmful consequences for human life	both	impact ●
G1 Business negotiations	Corporate culture	Corporate requirements and the standards defined in the IMS ensure the standardisation of all the company's processes (multiple entities = identical processes)	both	impact ●
G1 Business negotiations	Corporate culture	New sanctions against countries (exports and imports)	in-house operations	risk ●
G1 Business negotiations	Corporate culture	Changes to legislation and the regulatory impact on the company, leading to changes in its organisation and expenditure	in-house operations	risk ●
G1 Business negotiations	Supplier relationship management, including payment practices	Fluctuations in the exchange rate (EUR – CZK), higher expenditure/costs	both	risk ●
G1 Business negotiations	Supplier relationship management, including payment practices	Restrictions in the non-financial reporting process and potential reputational risks arising from the fact that the criteria for selecting and evaluating suppliers do not specifically address ESG issues	both	risk ●

  - opportunities for professional development and training in accordance with QG12;
  - open communication with employees, including a whistleblower protection system;
- **negative impacts and risks:**
  - the physical and mental strain associated with round-the-clock operations and shift work;
  - exposure to noise and higher temperatures in the workplace;
  - risk of injury when operating heavy machinery and material-handling equipment;
  - operational risks associated with the handling of materials and chemicals;
  - risks of industrial incidents with impacts for employees, operations and the group's reputation.

These findings are incorporated into the OHS strategy, training plans (OHS, fire safety, chemicals), investments in safety and the setting of KPIs relating to occupational accidents, employee turnover and satisfaction.

People at Higher Risk of Harm

The following workers are exposed to a higher risk:

- those working shifts (fatigue and health-related stress, noise);
- those operating extruders, heavy machinery and material-handling equipment;
- those in areas with higher temperatures and exposure to chemicals;
- those in an office environment, with the risk of strain from prolonged computer use.

Preventive measures include regular training, the use of PPE, the marking of high-risk areas, ergonomic measures, rest areas and regular internal OHS audits pursuant to ISO 45001.

Impacts Related to Transition to More Environmentally Friendly Operations

Improvements in energy efficiency and the development of recycling processes do not have a negative impact on employment; no risks of restructuring or job losses were identified as a part of the transition. No risks of forced or child labour were identified in the company's own workforce – production takes place in the Czech Republic (EU), where such risks are not relevant from the perspective of the labour law framework.

1. 3. 3. 2. ESRS S2 – Workers in the Value Chain

The SILON group is aware of the risks associated with activities in the chemical industry throughout the supply chain. The health and safety of suppliers' staff and issues relating to forced labour were identified as material topics in the DMA.

Impacts and Relationship to Strategy and Business Model

The material impacts on workers in the value chain stem from the nature of the activities in upstream and logistics processes. These impacts are taken into account in the strategy through:

- requirements regarding compliance with OHS regulations and safety standards by suppliers;
- contractual clauses relating to labour rights and conditions and ethical standards for suppliers' employees (e.g. Code of Conduct for Suppliers);
- regular monitoring and development of suppliers through self-assessment questionnaires and supplier audits;
- cooperation with external sustainability assessment platforms (e.g. EcoVadis);
- annual assessment of suppliers' quality and OHS standards.

Characteristics of Affected Workers and Nature of Impacts

The groups of workers most significantly affected include, in particular:

- workers at suppliers in the upstream part of the value chain (production of raw materials – polymers, additives, colourants);
- workers of logistics and distribution service providers (transport of finished products).

Negative impacts identified:

- on health and safety: exposure to chemicals; the risk of burns, fires and explosions during the production and handling of chemicals;
- forced labour: for some suppliers outside the EU, it may not be possible to fully guarantee compliance with labour rights and the elimination of forced labour; these risks are minimised through the selection of partners and contractual requirements.

The SILON group favours long-term relationships with tried-and-tested suppliers, thereby promoting more stable and safer working conditions throughout the value chain. No higher specific risk of harm to particular groups of workers, nor any material opportunities, were identified; health and safety conditions are continuously evaluated as a part of audits and annual reviews – in 2025, no cases or indications of increased risk to workers were identified.

1. 3. 3. 3. ESRS S3 – Affected Communities

The material impacts on the affected communities relate primarily to the area surrounding the production plant in Planá nad Lužnicí. The DMA identified noise pollution affecting local residents as the main issue; no material risks or opportunities relating to the community were identified.

Impacts and Relationship to Strategy and Business Model

The production of polymer compounds is associated with noise and potential environmental impacts. Measures have been implemented at the site to mitigate the negative impacts on the surrounding area, in particular:

- noise abatement measures on buildings;
- systems for trapping granulate at the inlets to the sewerage network and at screens;
- traffic and logistics management, taking into account the surrounding built-up area.

The impacts of these measures are regularly evaluated as a part of legislative processes (EIA, planning permission procedures), which also involve communication with central and local government bodies. The results of the evaluation serve as feedback for updating strategic objectives in the areas of environmental responsibility and community risk management.

Types of Affected Communities and Nature of Impacts

The business has a material impact, in particular, on:

- **communities in the immediate vicinity of the facility** – residents of apartment buildings intended for permanent residence situated within 100 metres of the boundary of the plant in Planá nad Lužnicí. These communities are most affected by traffic noise;
- **the wider municipality of Planá nad Lužnicí** – potential environmental impacts (emissions, waste, transport), which are, however, regulated and monitored pursuant to current legislation.

The identified negative impact (noise) is local in nature and not systemic. According to the available measurements, noise emissions are within the limits set by legal regulations. No incidents of concern or complaints from the local community regarding the plant's operations were recorded in 2025. The positive impacts on communities in terms of employment and economic activity in the region were assessed in the DMA as being below the threshold in relation to ESRS S3 and are not reported as material.

1. 3. 3. 4. ESRS E1 – Climate Change

The SILON group integrates climate change-related themes into both the IMS and its long-term corporate strategy. The procedures are based on the requirements of ESRS E1, the TCFD and the DMA's internal methodology. The IROs identified in the climate area include impacts relating to greenhouse gas emissions, physical climate risks and transition risks arising from regulatory and market changes.

Based on the DMA, the SILON group has identified the following material climate risks:

Physical Risks

- an increase in the frequency of extreme weather events (storms, torrential rain, blizzards);
- the risk of tornadoes and heatwaves;
- the possibility of disruption to operations, damage to infrastructure and logistical constraints.

Transition Risks

- rising energy prices in the EU and the risk of customers switching to competitors outside the EU;
- rising prices of commodities and input raw materials as a result of the expansion of the carbon tax scheme, the closure of raw material deposits and limited funding for projects relating to fossil fuels;
- stricter regulatory requirements (EU ETS, CSRD, requirements for low-carbon products).

Relationship to Strategy and Resilience of the Business Model

In 2024, the SILON group carried out an analysis of the strategy's resilience to climate change, including a scenario analysis, in accordance with the TCFD recommendations.

a) Subject of the resilience analysis

- the entire production chain for engineering compounds and our own recycling units;
- the supply chain (in particular supplies of primary polymers);
- the main customer segments inside and outside the EU;
- critical infrastructure and logistics.

b) Methodology and climate change scenarios

- The 1.5 °C scenario (Paris Agreement)
  - high climate ambition and regulatory pressure;
  - a rapid rise in the price of carbon and energy in the EU;
  - increased demand for recycled materials.
- The 3 °C scenario (business-as-usual)
  - less stringent regulation, but greater physical risks;
  - an increased risk of disruption to operations due to extreme weather events;
  - a higher likelihood of disruptions in the supply chain.

The time scales and climate projections used are set out in Chapters 1.1.2 and 1.4.1.2.

c) Results of the resilience analysis

- in the 1.5 °C scenario
  - the rise in energy and raw material prices is manageable thanks to measures set out in the forthcoming Climate Transition Plan;
  - products with a higher proportion of recycled material boost competitiveness;
  - the business model is considered to be resilient in the long term, provided there is continued investment in energy efficiency and renewable energy sources.
- in the 3 °C scenario
  - a greater risk of disruption to operations caused by extreme weather events;
  - increased vulnerability of logistics and raw material supplies;
  - the need to strengthen infrastructure, adapt and diversify suppliers.

The resilience analysis confirms that, under the 1.5 °C scenario, the SILON group's strategy is sustainable in the long term, while under the 3 °C scenario it is essential to further strengthen adaptation measures and risk management.

1.4. Managing Impacts, Risks and Opportunities (IRO-1, IRO-2)

1.4.1 Publication of Information on the Materiality Assessment Process

This chapter describes the SILON group's approach to identifying and evaluating material impacts, risks and opportunities in accordance with the requirements of ESRS 2 IRO-1, and how they are reflected in the sustainability statement.

The DMA process is linked to the internal governance system – details regarding the roles of executive officers, the provision of expertise in the area of sustainability and the configuration of internal controls are described in Chapter 1.2; the outputs are summarised in Table 1 and the relevant chapters of the ESRS standards include policies, measures, indicators and objectives relating to these topics.

1. 4. 1. 1. General Procedure for Assessing Materiality (ESRS 2 IRO-1)

Methodology and Evaluation Criteria

The materiality assessment was carried out pursuant to an internal methodology based on a combination of the probability of occurrence and severity of the impact, in accordance with ESRS 1 (ESRS 1 – 3.4 Materiality of Impacts). The following criteria were assessed for each ESG area:

- **severity** – how serious the company's negative or positive impact is on environmental, social or governance aspects;
- **scale** – the intensity of the impact on people or the environment;
- **scope** – the geographical scope in the case of environmental impacts, or the number of people affected in the case of social impacts;
- **irremediability** – the possibility of remedying a situation and restoring the environment or the circumstances of the persons affected to their original state.

Each criterion was scored on a scale of 1–4, ranging from low to very high impact. The final score determined the level of materiality (low, medium, high) and decided whether a theme should be included in Table 1.

Financial Materiality

The methodology also included an assessment of financial materiality in accordance with ESRS 1 (3.3 Dual Materiality):

- the magnitude of the financial impact based on the effect on EBITDA (≤ 0.2 per cent – low impact, 0.2–1 per cent – medium impact, 1–5 per cent – high impact, 5 per cent – very high impact);
- probability of occurrence ranging from < 15 per cent to > 85 per cent.

Financial materiality was evaluated jointly by the EHS Department and the Financial Department, with a particular focus on energy costs, water management and investment in technology.

Scope of Assessment and Due Diligence

The DMA procedure took three main areas into account:

- own operational activities – direct environmental and social impacts (emissions, noise, water consumption, OHS);
- supply chain – indirect impacts associated with the extraction and processing of raw materials, logistics and working conditions;
- supply chain and surrounding communities – the effects of logistics, noise pollution and product use.

The impact identification was carried out by a team of 13 employees from across various units, with each unit providing input based on EMS/EHS data, internal audits, legislative reviews, and climate risk measurements and analyses. External organisations were involved, in particular, in the preparation of the DMA methodology and the analysis of physical and transitional climate risks (2024). There were no direct consultations with the communities; their views are taken into account indirectly through the complaints system and noise monitoring (see Chapter 8).

Prioritisation of Impacts, Risks and Opportunities, and Alignment with the Strategy

Negative impacts, positive impacts and opportunities were ranked according to a combination of severity, scope, avoidability and probability. Topics that achieved a high score in terms of either impact or financial materiality were designated as material. An

overview of these topics is provided in Table 1 with the IROs in Chapter 1.3.3.

The DMA results are used as a common basis for:

- updating sustainability targets and KPIs;
- risk and opportunity management in the integrated management system (IMS);
- strategic project planning (energy, water, waste, OHS, recycling).

A more detailed description of integration into governance and management, the due diligence process and the risk management system is set out in Chapters 1.2 and 1.3.

Data, Inputs and Updates

The evaluation was based on a combination of internal data (energy and water consumption, waste generation, occupational accidents, audit results, legislative reviews) and external sources (climate risk analyses, laboratory analyses, data from infrastructure managers). The DMA was implemented in SILON for the first time for the 2024 financial year; an update is planned for 2026, following the second reporting period pursuant to the CSRD.

1. 4. 1. 2. ESRS E1 – Climate Change (specific procedure pursuant to IRO-1)

The SILON group assessed climate change-related IROs in accordance with the standard DMA methodology (see Chapter 1.4). The process comprised three main parts: greenhouse gas emissions, physical climate risks and transition risks.

Sources of information:

- internal emissions data (Scopes 1, 2 and selected Scope 3);
- results of an analysis of physical and transitional risks prepared by an external consultant;
- legislative and market inputs relevant to the chemicals and plastics industries;
- operational data from the production, EHS, energy and procurement units.

Climate Impacts – Greenhouse Gas (GHG) Emissions

The SILON group regularly records and evaluates its GHG emissions in accordance with ESRS E1-6 (see Chapter 2.3). The evaluation covered direct emissions from combustion processes and production technologies, indirect emissions from electricity consumption (Scope 2), estimates of emissions in the supply chain (Scope 3, in particular the carbon footprint of primary PE/PP polymers) and the benefits of recycling processes in terms of reducing emission intensity. The results form the basis for defining E1 objectives and for planning investment measures.

Physical Climate Risks

The SILON group carried out a physical risk assessment based on the IPCC AR6 climate projection, SSP5-8.5 scenario, which is a high-emissions scenario. The evaluation covered all 28 hazards required by ESRS E1 for sites in the Czech Republic.

The process involved identifying and analysing exposed assets, assessing climatic hazards (storms, tornadoes, heat stress, etc.), evaluating the exposure and sensitivity of assets based on geographical data, and providing an indicative quantification of the financial impacts on property and operations.

Relevant physical risks:

- storms, including blizzards, dust storms and sandstorms;
- tornadoes (USA);
- heat stress (USA).

The financial impacts remain below the internally set materiality threshold of CZK 100 million across all time horizons (short, medium and long term) and were therefore not classified as material financial risks.

Transition Risks and Opportunities

The assessment of transition risks was based on an analysis of regulatory, market, technological and reputational trends, and utilised scenario analysis in accordance with ESRS E1, applying the Net-Zero 2050 scenario, which represents an environment with a strengthened climate policy and pressures to decarbonise the value chain.

Relevant transition risks:

- the tightening of European climate policies (EU ETS, carbon tax, CSRD requirements);
- rising energy prices in the EU and the potential migration of customers away from regulated markets;
- production's heavy reliance on the supply chain for fossil-based raw materials (PE, PP);
- gradual phasing out of funding for projects relating to fossil-based sources.

Opportunities identified:

- growing demand for recycled materials and low-carbon solutions;
- development of product ranges with a lower carbon footprint;
- investment in renewable energy sources for our own operations (e.g. photovoltaic power stations).

The quantification of the financial impacts did not reveal any transition risks exceeding the materiality threshold of CZK 100 million.

Climate Scenarios and Timeframes

The analysis of risks and opportunities was carried out for the short-term, medium-term and long-term horizons (for the timeframes, see Chapter 1.1.2).

Scenarios used:

- Net-Zero 2050 for transition risks and opportunities

The scenario envisages the rapid implementation of ambitious climate policies, a gradual reduction in emissions to net-zero CO_2 emissions by around 2050 and increased regulatory pressure to decarbonise. The REMIND-MAgPIE model was used to assess the impacts; the model allows for a conservative (higher-cost) estimate of transition risks.

- SSP5-8.5 (IPCC AR6) for physical risks

The scenario is based on a high emissions trajectory, intensive use of fossil fuels and the highest predicted level of physical climate risks. It was used as the worst-case scenario for the assessment of 28 physical hazards pursuant to ESRS E1.

1. 4. 1. 3. ESRS E2 – Pollution (specific procedure pursuant to IRO-1)

With regard to pollution, the SILON group has a long-standing track record of compliance with Czech legislation on spatial planning, building proceedings and environmental impact assessments (EIA). New construction projects and technological changes are authorised through processes in which the parties affected (owners of neighbouring land, government authorities) are consulted as a matter of course.

The process of identifying pollution-related themes in the DMA mainly involved:

- assessing the company's own operations in terms of their potential impact on air, water and soil;
- assessing the supply chain in sectors with

high water consumption or the use of hazardous chemicals;
- evaluating the chemicals used in connection with European legislation (REACH, the Candidate List of SVHCs).

Material themes relating to pollution (identified in the DMA) include:

- surface water pollution resulting from accidents arising from the company's own activities;
- water pollution in the supply chain;
- soil pollution resulting from accidental spills or the improper handling of hazardous waste;
- the use of DOTL (dioctyltin dilaurate) – a substance on the REACH Candidate List (SVHC); DOTL is used as a catalyst in TABOREX and TABOCAB products; the concentration of DOTL in SILON group products may in some cases exceed the 0.1 per cent by weight limit; however, when the cross-linked final product is manufactured, it remains below this limit when the components are used at the recommended dosage. The group therefore classifies this substance as being below the threshold and posing no regulatory risk, while it continues to monitor its use in accordance with the REACH requirements and current ECHA guidance.

These themes are explored in greater detail in the policies, measures and indicators set out in Chapter 3.

1. 4. 1. 4. ESRS E3 – Water and Marine Resources (specific procedure pursuant to IRO-1)

Process of identifying impacts in the DMA:
- assessment of the main areas of water consumption (cooling circuits);
- evaluation of potential contamination of wastewater;
- taking into account indirect impacts in the supply chain (e.g. the maritime transport of raw materials and the associated impacts on the marine environment).

Methodology and Sources

Materiality was assessed according to the internal DMA methodology (probability × severity), using internal data on water withdrawal and discharge, as well as information from C-Energy (the energy supplier and sewerage operator), which manages the distribution of process water and carries out accredited wastewater analyses. In the area of water management, the business complies with the duties laid down by the applicable legislation (the Water Act) and decisions by the relevant state administrative bodies.

Evaluation Results

The following material negative impacts and risks, in particular, have been identified:

- high water consumption in cooling systems;
- risk of wastewater contamination;
- risk of future restrictions on water withdrawal imposed by the government;
- indirect impacts on marine ecosystems in the supply chain (e.g. ocean pollution).

The risk management process includes an emergency plan for the management of polluted water, which sets out procedures for identifying the source of pollution, limiting its spread and notifying the relevant government bodies. The plan is part of the integrated management system and is updated regularly.

The positive impacts (e.g. water savings, recycling) have not yet been evaluated as material, but are being monitored as a part of planning. Further details can be found in Chapter 4.

1. 4. 1. 5. ESRS E4 – Biodiversity and Ecosystems (specific procedure pursuant to IRO-1)

An assessment of the impacts, risks and opportunities relating to biodiversity and ecosystems was carried out as a part of the integrated DMA process, as a part of the general screening of environmental themes. The evaluation was based on the nature of the SILON group's production activities, the location of its operational sites and the available internal environmental data and permitting processes.

Based on this assessment, no material negative or positive impacts, risks or opportunities were identified in the area of biodiversity and ecosystems. The theme of biodiversity was therefore not assessed as material in the DMA within the meaning of ESRS E4 and was not examined in further detail.

The SILON group also takes into account the protection of the environment and landscape by complying with the applicable environmental legislation, the conditions of permitting procedures and internal procedures in its integrated management system.

1. 4. 1. 6. ESRS E5 – Resource Use and the Circular Economy (specific procedure pursuant to IRO-1)

In the E5 area in the DMA, the group assessed, in particular, the activities and material flows associated with the production of polymer blends, which generate large quantities of plastic and hazardous waste, as well as the impacts in the supply chain (waste arising from the production of raw materials, catalysts, etc.) and, finally, the opportunities associated with chemical and mechanical recycling, which reduce the consumption of primary raw materials and products' carbon footprint.

The environmental aspects of the use of natural resources and waste handling are governed by the integrated management system, and their objectives are regularly reviewed by the SILON group's management (see Chapter 1.2).

The evaluation was based on the internal methodology described above (see Chapter 1.4) and covered not only the operation itself but also the preceding and subsequent parts of the value chain (extraction and processing of raw materials, logistics and end use of products).

Sources of information:

- operational data (raw material consumption, waste quantities, proportion of recycled inputs);
- input from the internal purchasing, development, production, quality and logistics units;
- communication with suppliers of recycled polymers regarding quality and compliance with EU legislation.

Material adverse impacts:
- generation of plastic and hazardous waste in production;
- generation of waste in the supply chain;
- limited biodegradability of end products in the downstream phase.

Key opportunities:
- development of chemical and mechanical recycling;
- reduction of dependence on primary raw materials;
- expansion of the market for recycled polymer products.

The objectives and measures described in Chapter 5 are based on these findings (e.g.

reducing waste generation, increasing the proportion of recycled inputs).

1. 4. 1. ~~7~~. IRO-2 Disclosure Requirement

In accordance with ESRS 2 IRO-2, in its sustainability statement the SILON group reports on its compliance with all disclosure requirements arising from the DMA's results.

The table below summarises which themes were assessed as material and are discussed in further detail in the individual chapters, and which were evaluated as immaterial for 2024:

No detailed information is provided for themes evaluated as immaterial for 2025; their relevance will be re-evaluated when the DMA is updated for the next reporting period.

In summary, it can be stated that the SILON group's sustainability statement covers all disclosure requirements relating to the impacts, risks and opportunities identified as material in the DMA (see Table 1 and the relevant E, S and G thematic chapters).

EU Taxonomy

Information on the eligibility and compliance of the SILON group's economic activities with the requirements of Regulation (EU) 2020/852 (the EU Taxonomy) for the 2025 financial year is set out in a separate report on the EU Taxonomy, which forms an annex to this ESG Report. This report contains an assessment of the taxonomic eligibility and alignment of economic activities, including the associated CapEx and OpEx indicators, and an evaluation of the technical screening criteria, the 'do no significant harm' (DNSH) principle and the minimum safeguards. The taxonomic reporting was prepared for SILON CZ s.r.o. for the 2025 financial year. The scope of reporting will be gradually expanded in future financial years in line with the implementation of regulatory requirements and the availability of relevant data.

Table 2: Overview of Material Themes in Individual Chapters of the ESG Report

ESRS standard / theme	Status (outcome of materiality assessment)	Position in report	Page in report
E1 Climate change	material	Chapter 2	38
E2 Pollution	material	Chapter 3	50
E3 Water and marine resources	material	Chapter 4	58
E4 Biodiversity and ecosystems	immaterial	–	–
E5 Resource use and circular economy	material	Chapter 5	66
S1 Own workforce	material	Chapter 6	80
S2 Workers in the value chain	material	Chapter ~~7~~	96
S3 Affected communities	material	Chapter 8	104
S4 Consumers and end users	material	Chapter 9	110
G1 Business conduct	material	Chapter 10	116
G2–G5 (other governance standards)	immaterial / not included in the scope for 2024 and 2025	–	

2. ESRS E1 Climate Change

Climate change was identified as one of the key themes in the DMA (Chapters 1.3.3 and 1.4.1.2). Material impacts, risks and opportunities relate in particular to greenhouse gas emissions, the energy intensity of production, dependence on fossil fuels, and physical and transitional climate risks in the Czech Republic. This chapter summarises the transition plan for climate change mitigation, related policies, measures, targets and key indicators in accordance with the ESRS E1 requirements.

The framework and methodology for disclosing information in this chapter are based on the general principles described in Chapter 1, in particular the requirements for governance (Chapter 1.2), strategy (Chapter 1.3.3.4) and materiality assessment procedures as set out in Chapter 1.4.1.2.



2.1. Climate Change Mitigation Transition Plan (E1-1)

As a part of the preparation of its sustainability statement, the SILON group adopted a transition plan for climate change mitigation in 2024, based on the results of the DMA and climate scenarios (see Chapter 1.4.1.2). The key decarbonisation levers described below were derived from these scenarios. The objective is to ensure that the business model and strategy are compatible with the transition to a low-carbon economy, in accordance with the Paris Agreement and the European targets for 2050.

Targets and Compatibility with the Paris Agreement

With reference to the targets for reducing greenhouse gas emissions, the SILON group has set itself the following objectives:

- reducing Scope 1 and 2 emissions intensity (tCO_2e/t of output) through a gradual decrease from a baseline of 0.250 in 2025 to 0.240 by 2028;
- gradual extension of the commitment to include Scope 3 emissions through cooperation with suppliers and customers;
- long-term goal of climate neutrality by 2050.

The current target for reducing emissions by 2030 (see Chapter 2.3) is not fully compatible with the 1.5 °C trajectory (which would require a reduction of approximately 50 per cent). The group therefore declares its intention to gradually raise its ambitions and expand its targets to include material Scope 3 categories, in line with developments in data and cooperation in the value chain.

An ESG specialist, in cooperation with the management of SILON s.r.o., is responsible for setting targets, their ongoing assessment and their compatibility with the Paris Agreement. (see Chapter 1.2 and 1.3).

Decarbonisation Levers and Key Measures

As a part of its transition plan and climate policies, the company has identified key levers for decarbonisation:

- **In-house Energy Generation**
  The first photovoltaic power station, with a capacity of 0.157 MWp, was installed at the production plants in 2024. Annual production of approximately 157 MWh will replace part of the electricity supplied from the grid and result in savings of approximately 183.7 tCO_2e per year (based on an emission factor of 1.17 kg CO_2/kWh). There are no plans to further expand the capacity of the photovoltaic power station by 2030; the existing system will be operated as a long-term mitigation measure.
- **Purchase of Electricity from Renewable Sources**
  For the SILON group, the share of electricity from renewable sources in 2025 was 19 per cent (5,337.4 MWh), resulting in savings of approximately 6,244.76 tCO_2e per year. There are plans to increase this share to 25 per cent by 2030; the long-term aim is to achieve a 100 per cent share of electricity from renewable sources by 2050.
- **Improving Energy Efficiency**
  The modernisation of production technologies and the optimisation of energy consumption are expected to deliver savings of around 10 per cent of total energy consumption by 2030. This corresponds to a reduction in emissions of approximately 3,414 tCO_2e per year (calculated based on electricity purchased in 2022, using an emission factor of 1.17 kg CO_2/kWh).
- **Cooperation in the Value Chain**
  By involving polymer suppliers in carbon footprint reduction programmes, the group plans to reduce the carbon footprint of its input materials. Based on data from 2022 (total carbon footprint of material approx. 150,000 tCO_2e), the planned 10 per cent reduction by 2030 represents a saving of approx. 15,000 tCO_2e.
- **Development of Products with a Lower Carbon Footprint**
  Development focuses on the use of recycled materials (particularly PP and PE) from mechanical recycling. The planned consumption of recycled PP in 2030 is 3,500 tonnes, which corresponds to approximately 20 per cent of TABOREN's total product consumption. Replacing the corresponding quantity of virgin PP with recycled PP results in a difference in emissions of approximately 8,000 tCO_2e.
- **Processing Plastic Waste into Recycled Material**
  The SILON group is developing the use of mechanical recycling, which involves processing plastic waste (offcuts, films, textiles, overrun material, sheets, etc.) into recycled material through crushing and regranulation processes. The production plant has an annual production capacity of 8,000 tonnes of recycled material, thereby helping to reduce the need for primary raw materials and the products' overall carbon footprint.

Further measures include supporting innovation in the product portfolio, participating in industry-wide initiatives relating to the circular economy and decarbonisation, and continuously assessing the use of other renewable energy sources (e.g. biomass and heat pumps).

Investments and Funding

To support the transition plan, the SILON group:

- set aside approximately CZK 2 million up to 2030 for measures to improve energy efficiency (specific projects will be finalised in the coming years);
- invested in a photovoltaic power station, with the indicative investment costs for the installation, which has a capacity of approximately 150 kWp, ranging from CZK 3 to 7 million, depending on the structural and technical conditions (e.g. the condition of the roof, structural integrity, load-bearing structures or additional structural elements);
- allocated CZK 5 million for research and development into alternative formulations with a lower carbon footprint in 2025;
- allocated CZK 35,511,000 to expand the production capacity at SILON CZ Recycling s.r.o. in 2025;
- will not make any material investments in activities relating to coal, oil or natural gas.

Investments are also monitored as a part of capital expenditure and investment plans, and are intended to support climate change mitigation and adaptation.

The funding mentioned does not cover all the measures and decarbonisation levers identified in the transition plan. For some of the measures, it is not possible at this stage to reliably determine the investment costs or financial impacts, as they depend on future technical solutions, the availability of technologies, regulatory developments and trends in energy and raw material prices. The financial details of these items will be clarified in due course as specific projects and investment plans are drawn up.

Unavoidable Emissions and High-emission Assets

Emissions associated with the following, in particular, are considered unavoidable:

- technologically demanding processes for the production of polymer blends;
- dependence on the supply chain for fossil-based raw materials (PE. PP).

These emissions may pose transition risks in the event of stricter climate policies and an increase in the carbon tax. The SILON group plans to reduce these emissions over the long term and offset them through:

- diversification of raw material sources (a higher proportion of recycled and alternative materials);
- technological innovations reducing the energy intensity of processes.

Integration into Strategy and Management, Progress in Implementation

The transition plan is incorporated into:

- the overall business strategy and financial planning;
- the EMS and IMS systems, including budgets for energy projects;
- the strategic management and management review process (see Chapters 1.2 and 1.3).

The plan was approved by the company's executive officers and its implementation is regularly evaluated and reported as a part of internal reviews and ESG reporting.

By 2025, the SILON group had:

- commenced the installation of its first photovoltaic power station with a capacity of 0.157 MWp (approx. 157 MWh/year, 350 PV panels at 450 Wp per panel, 2 inverters);
- switched to purchasing 'green' electricity to cover 19 per cent of its consumption (5,337.4 MWh);
- carried out an energy efficiency audit (2024), which identified potential savings in the areas of photovoltaic systems and battery storage, thermal insulation measures on buildings and the refurbishment of lighting;
- carried out a review and decommissioning of disused transformer stations with the aim of optimising the energy infrastructure and reducing operational losses.

2.2. Climate Policies, Measures and Resources (E1-2, E1-3)

Climate policies and measures form part of the integrated management system and follow on from the governance described in Chapters 1.2 and 1.3. These policies apply to all key entities in the SILON group (see Chapter 1.1.1) and to the group's own production and administrative activities in the Czech Republic and USA. They focus on mitigating climate change, adapting to its impacts and improving energy efficiency.

Policy implementation is the responsibility of the SILON group's senior management, in particular the executive officers, who approve strategic objectives and commitments. ESG and OHS specialists are involved in policy implementation, coordination between production plants and reporting to the management. The industrial park's energy manager oversees the achievement of energy and emissions targets. Responsibilities are set out in the organisational regulations and reviewed as a part of internal EMS/ESG audits.

Climate Change Mitigation

The mitigation policy aims to reduce GHG emissions in Scopes 1 and 2, and gradually in Scope 3 as well. Key principles:

- transition to renewable energy sources (installation of photovoltaic power stations, purchase of certified electricity from renewable energy sources);
- optimising production processes and reducing energy consumption;
- working with suppliers to reduce the carbon footprint of primary polymers (PE, PP);
- promoting products with a lower carbon footprint and a higher proportion of recycled material;
- introduction of technologies and innovations that enable lower emissions and greater production efficiency.

Climate Change Adaptation

The adaptation policy focuses on the resilience of plants and supply chains to the physical impacts of climate change:

- regular identification and updating of physical risks (storms, floods, droughts, heat stress) in connection with an analysis of climate scenarios (see Chapter 1.4.1.2);
- strengthening the resilience of infrastructure (technical measures, backup power systems, protection of buildings and technology);
- business continuity planning, taking into account high-emission scenarios (SSP5-8.5) and the expected deterioration in climatic conditions.

Energy Efficiency

The energy efficiency policy is based on the principles of the ISO 50001 standard and supplements the environmental and climate policy so that they include:

- the systematic optimisation of production processes with a view to reducing energy consumption per unit of output;
- regular energy audits and evaluations of the efficiency of production lines and ancillary equipment;
- the integration of energy efficiency into investment decisions and innovation;
- links with the circular economy (higher proportion of recycled materials).

These policies apply to all production sites; energy efficiency and emissions reduction requirements are also gradually being incorporated into the supply chain through cooperation and the sharing of best practices.

2.3. Climate Indicators and Targets (E1-4 to E1-6)

Climate Targets (E1–4)

The SILON group's climate targets build on the Transition Plan and the policies described above (see Chapters 2.1 and 2.2); in brief, they are as follows:

- a 30 per cent reduction in Scope 1 and 2 GHG emissions by 2030 compared with 2022;
- a reduction in the Scope 1 and 2 emissions intensity (tCO_2e/t of output) through a gradual decrease from a baseline of 0.250 in 2025 to 0.240 by 2028;
- the gradual extension of commitments to include Scope 3 emissions, in particular through cooperation with suppliers to reduce the carbon footprint of input materials by 10 per cent by 2030 (see Chapter 2.1);
- achieving climate neutrality by 2050.

The targets are regularly evaluated and reviewed at five-yearly intervals, taking into account regulatory requirements and technical capabilities. The scientific basis and the link to the 1.5 °C trajectory are described in Chapter 2.1; the group states its intention to gradually raise its ambitions, particularly in Scope 3.

Energy Consumption and the Energy Mix (E1-5)

The group regularly monitors its total energy consumption and the structure of energy sources in accordance with ESRS E1-5. Given the nature of its activities (production of plastic compounds and mechanical recycling of plastics), it falls within a sector with a high climate impact, as defined in Annex C to ESRS E1.

Total energy consumption stood at 31,766.8 MWh in 2025. The structure of the energy mix was as shown in Table 3.

This overview serves as a basis for monitoring energy efficiency, increasing the share of renewable energy sources and evaluating progress in the implementation of the transition plan. The energy mix also includes the company's own energy generation from renewable sources, which in 2025 amounted to approximately 157 MWh from the photovoltaic power station installed at the production plant (see Chapter 2.1); this generation is reported separately outside Table 3.

The SILON group operates in a high climate impact sector (category C according to the ESRS classification), and therefore monitors the energy intensity of its activities (the ratio of total GHG emissions to net revenues or output) as a key energy efficiency indicator.

Energy intensity is determined based on total consumption of energy from the company's own operations, which amounted to 31,766.8 MWh in 2025 (see Table 3). Energy intensity is calculated in two ways:

- in relation to net revenue:

$$\frac{\textit{total energy consumption [MWh]}}{\textit{net revenue [mil.EUR]}}$$

- in relation to total output volume:

$$\frac{\textit{total energy consumption [MWh]}}{\textit{total production [t]}}$$

In 2025, energy intensity stood at 238.31 MWh per EUR 1 million in net revenue and 0.380 MWh

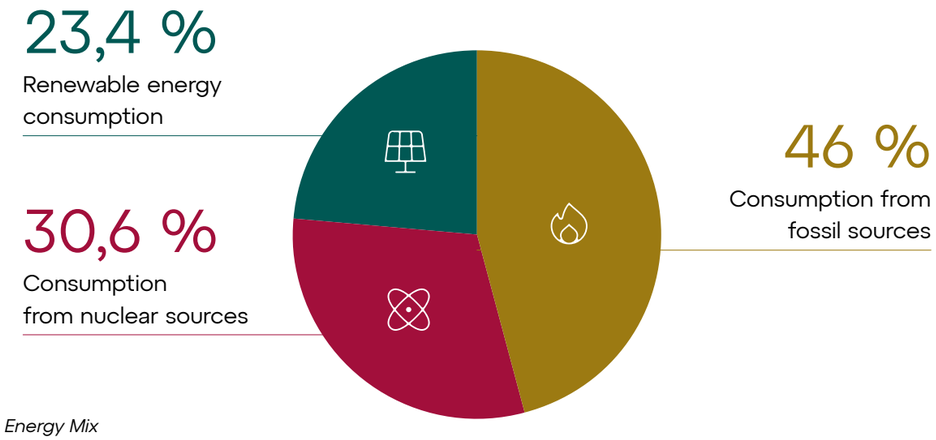


Chart 1: Energy Mix

Table 3: Total Energy Consumption in MWh from the SILON Group's Own Activities in 2025

Energy consumption and energy mix	Energy consumption [MWh]	Share of total energy [%]
1) Fuel consumption from coal and coal products	-	-
2) Fuel consumption from crude oil and petroleum products	366.5	1.2
3) Fuel consumption from natural gas	82.6	0.3
4) Fuel consumption from other fossil sources	-	-
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	14,162.8	44.6
6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)	**14,611.9**	**46.0**
7) Consumption from nuclear sources	**9,710.1**	**30.6**
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	-	-
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	7,444.8	23.4
10) The consumption of self-generated non-fuel renewable energy	-	-
11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	**7,444.8**	**23.4**
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	**31,766.8**	**100**

Table 4: Energy Intensity Indicators for Activities in High Climate Impact Sectors in 2025

Indicator	Value	Unit
Total energy consumption from own operations	31,766.8	MWh
Net revenue	133.3	mil. EUR
Production	83,527.8	t
Energy intensity per net revenue	238.31	MWh/mil. EUR
Energy intensity per unit of production	0.38	MWh/t

per tonne of production (see Table 4). These indicators serve as the basis for evaluating the effectiveness of the measures taken to reduce energy consumption and greenhouse gas emissions.

The net revenue used to calculate the energy and emissions intensity as reported in the financial statements of the parent entity, SILON CZ s.r.o., for the 2025 financial year amounts to CZK 2,805,952,027.

For the purposes of calculating intensities, net revenues were converted into EUR. The revenue generated by SILON CZ s.r.o. was converted at an exchange rate of CZK 24.245/EUR. The total of the converted figures is EUR 133.3 million and forms the basis used to calculate energy and

emissions intensity pursuant to ESRS E1-6. No net revenues other than those used to calculate energy and emissions intensity were identified for the purposes of this ESG report.

Greenhouse Gas Emissions (E1-6)

The SILON group regularly measures and reports its gross greenhouse gas emissions in accordance with the requirements of ESRS E1-6. These figures include direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2) and emissions in the value chain (Scope 3). Total greenhouse gas emissions correspond to the sum of Scope 1, 2 and 3 emissions; for Scope 2 emissions, figures are reported using both the location-based (LB) and market-based (MB) methods. The majority of the inventory consists of Scope 3 emissions, associated primarily with the supply chain for primary polymers. A detailed breakdown of emissions by scope category and individual gases is set out in Table 5.

The emissions inventory (calculation methodology, assumptions and emission factors) was prepared in accordance with the principles of the GHG Protocol and the distinction between Scopes 1, 2 and 3. The carbon footprint (tCO_2e) is calculated using an external PwC application employed for the group's ESG reporting. Emission factors for calculations are applied based on information provided by the supplier or in accordance with DEFRA's methodology and database (e.g. for fuels, energy and selected activities in the value chain) with the aim of ensuring a consistent and widely recognised basis for calculation and comparability across periods.

Based on these data, the SILON group assesses its impact on climate change and its exposure to the transition risks and opportunities associated with decarbonisation. Future sources of emissions are identified through systematic integration of:

- planned changes to production capacity and technology;
- expected developments in the product portfolio and demand for products;
- developments in the structure of the supply chain (particularly for Scope 3, Category 1 – purchased goods and services);
- regulatory scenarios and anticipated changes in the energy sector and emission factors;
- and the group's transition plan (see Chapter 2.1).

Table 5: Gross Emissions under Scopes 1, 2 and 3, and Total Greenhouse Gas Emissions in tCO_2e in the SILON Group (2025)

Scope	CO_2 [tCO_2e]	CH_4 [tCO_2e]	N_2O [tCO_2e]	Not specified [tCO_2e]	Total (location-based) [tCO_2e]	Share of total LB emissions [%]	Total (market-based) [tCO_2e]
Scope 1	103.65	0.04	1.15	—	104.84	0.07	104.84
Scope 2	—	—	—	15,913.69	15,913.69	10.26	—
Scope 2 (market-based)	—	—	—	13,944.25	—	—	13,944.25
Scope 3	3,323.31	0.6	52.01	135,686.84	139,062.76	89.67	—
Scope 3 (market-based)	3,323.31	0.6	52.01	135,603.16	—	—	138,979.08
Total (location-based)	3,426.96	0.64	53.16	151,600.53	155,081.29	100	—
Total (market-based)	3,426.96	0.64	53.16	149,547.41	—	—	153,028.29

Table 6: Scope 3 GHG Emissions by GHG Protocol Category

Scope 3 categories (GHG Protocol)	Emise (LB) [tCO_2e]	Emise (MB) [tCO_2e]
1 – Purchased goods and services	129,862.42	129,862.42
2 – Capital goods	1,136.49	1,136.49
3 – Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	3,681.85	4,408.67
4 – Upstream and downstream transportation and distribution	3,373.03	3,373.03
5 – Waste generated in operations	162.21	162.21
6 – Business travel	2.81	2.81
8 – Upstream leased assets	33.45	33.45
13 – Downstream leased assets	N/A	N/A
Total Scope 3	**139,062.76**	**138,979.08**

Scope 3 emissions include the following categories (see Table 6) according to the GHG Protocol methodology:

The majority of Scope 3 emissions are accounted for by category 1 – purchased goods and services, in particular the purchase of primary polymers (PP, PE), which account for the lion's share of the group's total carbon footprint.

Categories 1, 2, 3, 4, 5, 6, 8 and 13 are included in the inventory. Scope 3 categories that were not included (e.g. the use of products sold, end-of-life

Table 7: Greenhouse Gas Emissions by Scope (LB) – 2022 and 2025 (tCO_2e) for the Group

Scope	Emissions 2022 [tCO_2e]	Emissions 2025 [tCO_2e]	Change [%]
Scope 1	254.18	104.84	-58.75
Scope 2	16,853.36	15,913.69	-5.58
Scope 3	215,670.73	139,062.76	-
Total	**232,778.27**	**155,081.29**	**-**

disposal of products, franchises and investments) were not assessed as material in terms of their emissions impact, or sufficiently high-quality and reliable data is not currently available for them.

The reference year for comparing emissions is 2022 (see Table 7). The Emissions 2025 column shows the currently reported emission figures (using the location-based methodology). Year-on-year changes in Scope 3 are materially influenced by the expansion of the data set and the calculation methodology; the values are therefore not fully comparable year-on-year.

The greenhouse gas emission intensity is determined based on total gross greenhouse gas emissions (see Table 5) and the value of net revenue or the weight of total output for the 2025 financial year (see Table 4). The intensity is calculated in two ways:

- in relation to net revenue:

$$\frac{\textit{total gross GHG emissions [tCO}_2\textit{e]}}{\textit{net revenue [mil.EUR]}}$$

- in relation to total output volume:

$$\frac{\textit{total gross GHG emissions [tCO}_2\textit{e]}}{\textit{total production [t]}}$$

In 2025, the greenhouse gas emission intensity reached 1,163.40 tCO_2e per EUR 1 million in net revenue (location-based) and 1,148.00 tCO_2e per EUR 1 million in net revenue (market-based). In relation to total output, the emissions intensity was 1.86 tCO_2e (location-based) per tonne of production and 1.83 tCO_2e (market-based) per tonne of production.

These data provide an overview of the material and emissions intensity of the main inputs in the production chain and serve as a basis for planning more sustainable procurement.

The internal key performance indicator (KPI) for emissions management is Scope 1 and 2 emissions intensity (tCO_2e/t of output), which is part of the targets set (see Chapter 2.1).

The SILON group tracks emissions intensity as the ratio of the sum of Scope 1 and Scope 2 emissions to total output (t). This indicator serves as the main internal KPI for managing decarbonisation measures.

Scope 1 emissions are direct emissions from sources owned or controlled by the company. Scope 2 emissions include indirect emissions associated with the consumption of purchased energy (electricity, heat, etc.).

The emission intensity is calculated using the following formula:

$$\frac{\textit{total gross GHG emissions (Scope 1+Scope 2) [tCO}_2\textit{e]}}{\textit{total production [t]}}$$

Table 8: Consumption of Capital Goods and Services and the Group's Associated Emissions in 2025

Scope of an item	Consumption [EUR]	GHG emissions [tCO_2e]
Capital goods	6,699,648.99	3,033.61
Purchase of services	6,154,996.29	2,966.00
Total	12,854,645.27	5,999.60

Table 9: Scope 1 and 2 Emissions Intensity Targets (SILON CZ s.r.o.)

Year	Target [tCO_2e/t of production]
2025	0.250
2026	0.243
2027	0.241
2028	0.240

2.4. Financial Implications of Climate-related Risks and Opportunities (E1-9)

Requirement E1-9 is met through the evaluation of the physical and transitional risks set out in Chapter 1.4.1.2.

3. ESRS E2 Pollution

The procedure for identifying and evaluating material impacts in terms of pollution is based on the methodology described in Chapter 1.4.1.3, which elaborates on the requirements of the IRO-1 standard for environmental themes.



3.1. Pollution Policies, Measures and Resources (E2-1, E2-2)

Pollution policies are part of the integrated management system (IMS) and build on the governance framework described in Chapters 1.2 and 1.3. They are based on the framework Company Policy (version 3, effective from 1 January 2025), which is binding on all entities in the SILON group and is publicly available on the company's website. The document is reviewed and approved by the executive officers every year. Quality managers and OHS/ESG specialists are also responsible for environmental pollution policies and their implementation; they coordinate EMS measures, record-keeping and reporting, as do the technical staff who oversee operations with an environmental impact.

The policy sets out the organisation's obligations regarding the management of impacts, risks and opportunities relating to water and soil pollution and the handling of hazardous chemicals and mixtures, and is linked to the DMA results (see Table 1). In practice, it places emphasis on compliance with legal regulations, the identification and management of environmental risks, the safe handling of chemicals and waste, and the implementation of preventive measures to minimise spills and contamination. This approach also includes the prevention of accidents (e.g. chemical spills, water accidents, soil contamination) through emergency procedures, technical barriers and regular training.

The policy applies to all entities in the SILON group included in the reporting and covers the group's own operations and activities that may have an impact on water and soil pollution, including the storage and handling of chemicals, waste management, the operation of technology, maintenance and related support activities. In the value chain, the policy is implemented primarily through requirements placed on suppliers (e.g. compliance with legal regulations and the provision of information on the substances used, where relevant).

The company (the SILON group) provides adequate financial, technical and human resources (e.g. network maintenance, wastewater monitoring, training and filtration equipment).

Management of Negative Impacts on Water and Soil

The company implements measures to prevent and minimise pollution through:

- the environmental management system pursuant to ISO 14001:2015 and the OHS management system pursuant to ISO 45001:2018, applied across all group entities, quality management is ensured through certification to IATF 16949:2016 at SILON CZ s.r.o. and to ISO 9001:2015 at SILON CZ Recycling s.r.o.;
- compliance with Czech and EU legislative requirements, including chemicals legislation (REACH) and water protection legislation;
- internal guidelines on waste management, handling of chemicals and the prevention of accidental spills;
- environmental impact assessments (EIA) for selected construction and technological projects.

Minimising the Impacts of Substances of Very High Concern

- the company monitors the use of SVHC in accordance with REACH;
- where technologically feasible solutions are available, it replaces hazardous substances with safer alternatives;
- it monitors legislative changes and takes preventative measures to limit substances that may be regulated in the future.

Prevention of Incidents and Accidents

- as a part of the EMS, an emergency plan has been implemented and is regularly updated (for prevention and rapid response to emergencies – e.g. chemical spills, water accidents or soil contamination); it is available to employees on the intranet;
- the plan sets out the persons responsible, the rules for communicating with the relevant bodies and the public, the resources and equipment for dealing with accidents, and the evacuation scenarios;
- employees receive regular training in OHS, fire safety and environmental matters; drills and internal audits are carried out.

Measures and Management of Pollution-related Impacts

SILON joined **Operation Clean Sweep**, committing itself to preventing plastic pellets from entering the environment. The group's operations are not currently subject to BAT or BREF requirements; however, the recommendations set out in ISO 14001 were evaluated and partially implemented as measures to minimise pollution.

- **Water**
  - process water is discharged into the sewerage; analyses show that the limits for wastewater have not been exceeded;
  - rainwater is channelled into the sewerage; strainers are fitted to the drains (checked weekly and cleaned as required) to trap small debris and pellets;
  - wastewater passes through screens, which provide additional filtration; regular checks and cleaning are carried out here as well.
- **Soil**
  - spills are prevented by regular cleaning;
  - chemicals and materials are stored exclusively on hardened surfaces.
- **Ecosystems**
  - compensatory measures include, in particular, the substitute planting of trees pursuant to the requirements of the relevant government bodies and compliance with nature conservation requirements during the implementation of construction projects.
- **Chemicals**
  - the company monitors SVHCs and other hazardous substances;
  - it is assessing the options for their replacement;
  - it maintains a comprehensive register of chemicals and the relevant safety data sheets;
  - the handling of SVHCs is governed by internal guidelines in the EMS, in connection with the requirements of REACH.

Use and Reporting of Substances of Very High Concern (SVHCs)

SILON uses the following substances, which are included on the SVHC list under REACH, in its production processes:

- dioctyltin dilaurate (DOTL, CAS 3648-18-8, EC 222-883-3, index no. 050-031-00-9), which is used as a catalyst for cross-linking reactions in the production of the TABOREX and TABOCAB product ranges; the concentration of DOTL in SILON group products may exceed 0.1 per cent; however, when producing the cross-linked end product using the recommended dosage of our components,

the DOTL concentration remains below 0.1 per cent by weight;
- dicumyl peroxide (CAS 80-43-3, EC 201-279-3), which is used as an initiator for grafting reactions;
- tris(nonylphenyl) phosphite (TNPP, CAS 26523-78-4, EC 247-759-6), which is used by producers of certain polymer matrices as an antioxidant; we use TNPP in a mixture and do not handle the pure substance.

These substances are used exclusively in the group's own production processes and serve as components for polymer compounds supplied to industrial customers for further processing. The group's products are not end-consumer goods, but raw materials that customers use to produce their own end products.

Monitoring and Managing the Use of Chemicals

The SILON group maintains up-to-date safety data sheets (SDS) and keeps an internal register of all chemicals and compounds used. These substances are used either in their pure form as reactants or catalysts, or as components of mixtures in the production of polymer compounds. The group does not place these substances on the market as separate chemicals, but exclusively as ingredients in its products intended for industrial customers.

Reporting of Substances of Concern (SoC)

Substances of concern (SoC) also include other hazardous substances that may have adverse effects on health or the environment, even if they are not included on the SVHC list.

Emissions and transfers of these substances are reported in the Czech Republic via the ISPOP system as a part of the Integrated Pollution Register (IPR) pursuant to Act No. 25/2008 Coll., which implements the requirements of Regulation (EC) No. 166/2006 (E-PRTR).

In accordance with the applicable legal regulations, SILON CZ s.r.o. and SILON CZ Recycling s.r.o. are required to report to the IPR. There were no substance leaks in 2025; the reported data relate to production capacity and waste generated by these companies' operations.

Operating Costs of Pollution Abatement Measures

In 2025, stocks purchased in the previous period were used to ensure technological filtration and water purity (a total of CZK 134,253.68 in 2024). For the period under review, therefore, only the cost of the M8-30 filter basket, amounting to CZK 6,717, is recorded separately.

The SILON group continuously monitors and evaluates the financial impacts relating to pollution; during the reporting period, no material financial consequences were identified in relation to remediation, reclamation, waste disposal or environmental incidents that would have a material impact on its financial performance. All operations are carried out in accordance with the valid permits and legislative limits.

The potential financial impacts are limited pursuant to Czech legislation (Act No. 167/2008 Coll. and Act No. 254/2001 Coll.); penalties for serious breaches of duties may amount to as much as CZK 10 million, but the business has not yet been fined.

The business does not set aside provisions, as no contaminated sites or other environmental risks with a financial impact have been identified.

Evaluation of Environmental Impacts and Associated Uncertainties

The company's Register of Environmental Aspects (REA):

- identifies operational activities with a potential impact on air, water, waste and soil;
- evaluates impacts according to their severity, frequency and extent (priority index 1–27);
- is not intended to quantify the financial impact, but to identify priorities for environmental management.

The company anticipates that:

- the processes are carried out in accordance with the applicable limits;
- the control mechanisms in place in the REA (filtration, wastewater monitoring, emergency plan) minimise the likelihood of financially material impacts.

3.2. Pollution Indicators and Targets (E2-3 to E2-5)

The SILON group identified the area of pollution as material in the DMA; however, no separate quantitative targets have yet been set, as the impacts are managed through:

- the EMS in accordance with ISO 14001;
- the emergency plan for the prevention of and response to extraordinary events;
- compliance with Czech and EU legislation (REACH, chemicals legislation, air and water legislation).

Targets may be added in the future, particularly in the areas of water, SVHCs and waste, in line with regulatory developments and the results of the DMA.

Emissions of Pollutants and Their Monitoring

Emissions to water and soil are measured using a combination of direct measurements and calculations based on standardised methodologies (e.g. ISO standards and sector-specific studies). The results are reported to ISPOP/the IPR in accordance with Act No. 25/2008 Coll.; the volume of emissions is proportional to the volume of production.

Air emissions are not assessed as a material theme pursuant to ESRS E2 in the DMA; however, selected data are monitored and reported as a part of statutory duties.

The sewerage operator (C-energy) is responsible for monitoring wastewater entering the sewerage. Samples are taken six times a year at designated sewer manholes by an accredited laboratory. The results of the laboratory analyses are then forwarded to the OHS, EMS and fire safety manager and evaluated as a part of the group's environmental management system.

The SILON group does not currently monitor the amount of microplastics that may be generated or released into water during its production processes. This duty pursuant to EU Regulation 2023/2055 will be met for the first time in 2026 in respect of 2025, specifically for SILON CZ s.r.o., SILON CZ R&D s.r.o. and SILON CZ Recycling s.r.o.

Data sources:

- internal records;
- operational monitoring;
- laboratory analyses and reports from accredited external laboratories.

Data is also collected via internal monitoring systems and regular external audits.

Table 10 shows the total quantity of SILON group pollutants emitted into the air. The data represent direct emissions of particulate matter (PM) and volatile organic compounds (VOCs) from existing activities for 2025, where the figures are expressed in kilograms (kg). Emissions to water and soil are not shown separately in the table, as they are not currently quantified systematically in the form of comparable and sufficiently reliable data; they are managed primarily through wastewater quality control, emergency plans and preventive measures in the EMS.

The reported figures are well below the thresholds for mandatory reporting of emissions to the European E-PRTR register. Compliance with emission limits is regularly verified through authorised measurements and by means of the relevant permits.

Table 10: Direct Emissions of Pollutants to the Air (PM, VOCs) in kg by Entity in 2025 (legally monitored emissions; the air quality theme was not assessed as material in the DMA in accordance with ESRS E2)

Entity	Particulate matter (PM) [kg]	Volatile organic compounds (VOCs) [kg]
SILON CZ s.r.o.	1,096	6,264
SILON CZ R&D s.r.o.	—	31
SILON CZ Recycling s.r.o.	1	—

4. ESRS E3 Water and Marine Resources

The procedure for identifying material impacts, risks and opportunities in the area of water management is based on the framework set out in Chapter 1.4.1.4 and was applied in accordance with the principles described in part 1.3 on strategy and the value chain.

As a part of the DMA, the following, in particular, were identified as material impacts in ESRS E3: those relating to water consumption at the company's own sites, water discharges, the potential impacts of supply chain activities on water and marine resources, and the risks associated with possible government restrictions on water withdrawal (see Table 1).



4.1. Policies and Measures Relating to Water and Marine Resources (E3-1, E3-2)

Policies relating to water and marine resources are part of the IMS and the environmental management system in accordance with ČSN EN ISO 14001, as described in Chapters 1.2, 1.3 and 3. The SILON group does not have a separate water management policy; water protection principles are incorporated into its general environmental policy and the framework Company Policy. These principles apply exclusively to the company's own operations and its direct activities, not to the entire value chain. Documents are approved by the executive officers and reviewed regularly as required, in particular in the event of changes to technology or legislative requirements.

Senior management (the executive officers) is responsible for the strategic management of water-related themes, in cooperation with a team of experts in OHS, quality and ESG. These specialists coordinate the implementation of measures, oversee compliance with legislative requirements and ensure integration with the EMS, including cooperation with external partners (e.g. C-energy s.r.o.).

The Company Policy addresses water resource management matters indirectly through the requirements arising from environmental management in accordance with ISO 14001 and the commitments set out in the register of legal requirements, particularly in relation to water use at its own plants, wastewater quality management and prevention of water pollution.

Objective and Scope of the Approach

The SILON group's objective is the sustainable management of water resources, in particular:

- minimising the consumption of drinking and process water;
- preventing water pollution during production processes;
- ensuring compliance with Czech and EU legislation (in particular Act No. 254/2001 Coll., on water, and Directive 2000/60/EC – the Water Framework Directive);
- optimising water management in relation to energy efficiency (see Chapter 2).

The objectives and framework for the approach to water management are formally anchored in the Register of Environmental Aspects (REA), as a part of which activities that have an impact on water consumption and quality are systematically identified and assessed. Compliance with legal requirements relating to water withdrawal and discharge, emergency preparedness and related duties is managed through the internal Register of Legislative and Other Requirements, which is regularly updated and used during internal EMS audits and in communication with the relevant public authorities.

Water and Consumption Management

At the production plants in Planá nad Lužnicí and Libuň, water is used primarily for cooling production lines, controlling the temperature of granulate and related technological processes.

Water consumption and usage are regularly monitored and evaluated as a part of the EMS pursuant to ČSN EN ISO 14001. Data on water withdrawal and discharge are recorded in cooperation with the service provider C-energy s.r.o., which:

- manages process water distribution systems;
- arranges for accredited laboratory analyses of wastewater (through the Public Health Institute in Ostrava);
- provides monthly reports on water consumption and quality.

The SILON group does not carry out wastewater quality analyses itself; should the limits be exceeded, it is informed by its supplier, C-energy s.r.o., and acts in accordance with the contractual arrangements (including any contractual penalties).

Specific Water Management Measures

Measures to reduce water consumption, prevent water pollution and ensure the long-term sustainability of water management are based on internal policy (ČSN EN ISO 14001) and the DMA results:

1. Improving Water Use Efficiency (from 2024, on an ongoing basis)

- optimisation of cooling systems for production lines, including the installation of filtration equipment to recirculate part of the cooling water in closed circuits;
- monitoring of water consumption by individual operations, with monthly analysis as a part of the EMS;
- regular assessment of the effectiveness of these measures as a part of annual EMS audits.

These activities are included in energy efficiency projects (see Chapter 2) and plans up to 2030. Funds are allocated annually for the implementation of these measures, primarily from production maintenance budgets: in 2025, the cooling towers were refurbished at a total cost of CZK 1,159,776. At the same time, the company arranged for the treatment of water in cooling systems under a service contract with NCH Czechoslovakia spol. s.r.o., with a total value of CZK 662,520. These measures contribute to the stable operation of the cooling circuits, the protection of technological equipment and the efficient use of water in the group's operations.

2. Prevention of Pollution and Management of the Risks of Substance Leaks

These measures build on the approach described for ESRS E2 (see Chapter 3):

- ensuring the safe handling of chemicals in accordance with REACH (EC 1907/2006) and CLP (EC 1272/2008);
- storage of hazardous substances and waste exclusively by authorised persons in labelled containers;
- handover of hazardous substances and waste for disposal only to authorised companies;
- regular employee training on procedures to follow in the event of a leak of hazardous substances or polluted water (upon joining the company and subsequently at least once a year as a part of Q2 OHS and EMS training, which also covers the emergency plan);
- annual review of safety data sheets (SDS).

The company has drawn up an emergency plan for the management of contaminated water pursuant to Section 39 of the Water Act that:

- defines typical accidents (leaks of hazardous substances, pipe leaks, tank failures);
- sets out the response procedure (stopping the source of the leak, closing drains, using sorbents, neutralising agents, mobile barriers and spill trays);
- contains a list of contact details for the responsible staff (shift supervisor, maintenance staff, and OHS, EMS and fire safety manager) and external authorities (FRS,

water authority, Czech Environmental Inspectorate);

- is reviewed at least once a year and updated as necessary, particularly in the event of changes to technology or legislation.

The company also complies with the requirements of Commission Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food and Implementing Decisions (EU) 2024/367 and 2024/368, which set out limits and test methods for substances coming into contact with water. These measures ensure that the raw and other materials used in the production of plastic compounds do not pose a threat to water quality or aquatic ecosystems.

The annual budget for wastewater analysis is approximately CZK 70,000. The OHS, EMS and fire safety manager and the head of production are responsible for water management.

3. Material and Energy-related Measures

- integration of water management into energy efficiency projects (see ESRS E1 in Chapter 2);
- modernisation of cooling and water treatment equipment with the aim of reducing both energy and water consumption (following on from the optimisation of cooling and recirculation in closed circuits).

A water consumption indicator was established for 2024 and tracks the amount of water per tonne of finished product (see Chapter 4.2). Should the parameter be exceeded, a set of corrective technical and organisational measures will be implemented, aimed at identifying the sources of increased consumption (e.g. leaks, inefficient cooling) and rectifying them.

Financial and Organisational Resources and Long-term Plans (2025–2050)

Water management measures are funded from two main sources:

- the maintenance budget;
- the investment budget as a part of EHS, including investments by SILON CZ Estate s.r.o.

SILON plans to further increase the proportion of recycled water and reduce losses in cooling systems by 2030. The strategy involves continuously monitoring legislative developments in both the EU and the Czech Republic, and ensuring readiness for any regulatory limits on water withdrawal in accordance with the Water Act and Government Regulation No. 401/2015 Coll. (indicators and permissible levels of water pollution, requirements for wastewater discharge permits and sensitive areas).

4.2. Indicators, Water Consumption and Water Balance (E3-3, E3-4)

Water Stress

According to the Water Exploitation Index Plus (WEI+) indicator published by the European Environment Agency, the Czech Republic is not among the countries with high water stress (WEI+ < 20 per cent, the threshold for high stress is 40 per cent). In some regions, however, there are episodes of drought and water imbalances, which may locally affect the availability of water for industrial use. The SILON group takes these factors into account when carrying out its risk assessment (see Chapter 4.3).

Water Consumption and the Intensity Indicator

The SILON group monitors water consumption at its plants in Planá nad Lužnicí and Libuň as a part of its EMS (ČSN EN ISO 14001). Total annual water consumption:

- 2022: 138,764 m³;
- 2023: 155,516 m³;
- 2024: 131,952 m³;
- 2025: 112,215 m³.

A water consumption indicator per unit of output was set for 2025:

- target value: 1.56 m³ of water per tonne of finished product.

Data on water withdrawal , discharge and quality are based on monthly measurements and calculations carried out by the supplier, C-energy s.r.o., and on the group's internal records. The monitoring process set out in regulation PEMS-MP02-05 – Monitoring and Measurement in the Area of EHS – specifies the frequency of measurements, responsibilities and methods, and ensures compliance with legislation.

Total water consumption in 2025 amounts to approximately 842 m³ per EUR 1 million in net revenue from own operating activities (708 m³ in 2022).

The group identified water consumption per unit of output as a key tool for water management. The objective for the coming period is to achieve a year-on-year reduction in specific water consumption per unit of output compared with 2024, primarily through the optimisation of cooling, water recirculation and technical measures in the EMS.

Water Balance and Recirculation

The company's site in Planá nad Lužnicí is situated in the Upper Vltava sub-basin (part of the Elbe National River Basin Plan). According to the available river basin plans (2021–2027), no area-wide restrictions on water withdrawal have been set for this location; any temporary restrictions are imposed by water authorities on an ad hoc basis pursuant to Sections 109–110 of the Water Act.

The SILON group neither abstracts nor discharges water in areas experiencing water stress. Some of the process water (e.g. in cooling circuits and vacuum pumps) is recirculated in internal systems; however, the exact volume of recycled water is not yet measured. There are plans to install measuring

Table 11: Annual Water Balance for the SILON Group Site (2025)

Water interaction	Description	[m³]
Withdrawal	Total volume of water withdrawn	112,215
Discharge	Total volume of water discharged	154,989
Consumption	Withdrawal minus discharge	-42,774
Recycled/reused	Estimated recirculated process water	N/A
Stored on site	Operating circulating volume	140

equipment by 2030 to accurately monitor the volume of recycled water.

The SILON group's annual water balance for 2025 is summarised in the following Table 11. The total water supply on the site amounts to approximately 140 m³. This refers to the operational circulation volume (process water in tanks, the cooling pond, boilers and pipework), not the storage capacity. The company has no underground or surface water sources of its own and relies exclusively on water supplied from external sources (C-energy – process water; the municipal water supply network – drinking water).

The negative water consumption figure (-42,~~7~~74 m³) reflects the fact that more water flows out of the site than is abstracted for process and drinking water. The difference is due to rainwater being channelled from roofs and hardened areas into the sewerage.

4.3. Financial Consequences of Risks Associated with Water Resources (E3-5)

The SILON group assesses risks relating to water resources as a part of its EMS (ČSN EN ISO 14001) and the DMA process. This approach is based on the policies, measures and monitoring described in Chapters 4.1 and 4.2; therefore, only summary information is provided here.

Key Risks Associated with Water Resources

The following risks, in particular, were identified based on the DMA:

- temporary restrictions on water withdrawal during droughts, with a possible impact on production;
- risk of accidental leaks of hazardous substances into water, mitigated by the measures set out in Chapters 4.1, 4.2 and 3;
- rising costs of process water and energy supplies;
- risks in the supply chain (e.g. sea transport of raw materials).

These risks are already addressed in detail through the mitigation measures described in Chapters 4.1, 4.2 and 3.

The organisational responsibilities and costs associated with monitoring are set out in Chapter 4.1.

Financial Impacts and Timeframes

At present, the group has not identified any material direct financial impacts relating to water resources. Potential costs may arise, in particular, through:

- higher water and energy prices;
- investments in the modernisation of equipment (recirculation, measurement systems).

The financial impacts are currently being evaluated on a qualitative basis. The planned introduction of measurements of the volume of recirculated water by 2030 will enable more accurate quantification. Risk assessments are carried out annually as a part of the EMS review, and the results are taken into account when planning budgets for maintenance, investment and environmental measures.

5. ESRS E5 Resource Use and the Circular Economy

The identification of material themes relating to resource use is governed by the materiality assessment procedure set out in Chapter 1.4.1.6 (IRO-1) and takes into account the strategic aspects described in Chapter 1.3.

Based on the DMA, the following impacts and opportunities were identified as material in the ESRS E5 area: generation of plastic and hazardous waste at the company's own operations; generation of waste in the value chain (e.g. in the production of catalysts, oil refining and related sectors); environmental impacts associated with the fact that end products are not biodegradable (downstream phase); use of chemical and mechanical recycling to reduce the consumption of primary raw materials and the volume of waste, and acquisition of new customers as a key opportunity.

These aspects are set out in detail in Table 1.



5.1. Policies and Measures Relating to Resource Use and the Circular Economy (E5-1, E5-2)

Policies relating to resource use and the circular economy form part of the IMS and EMS in accordance with ČSN EN ISO 14001 (certified since 2000), as described in Chapters 1.2 and 1.3. No separate circular economy policy has been issued, the principles of the circular economy are implemented through the environmental policy and related internal guidelines, in particular: guideline SEMS03 Waste Management, which governs the sorting, collection, recording and reporting of waste (including hazardous waste), and guideline SEMS07 Packaging Management, which sets out duties regarding the recording of packaging and take-back via the EKO-KOM system. These policies apply primarily to SILON's own operations in the Czech Republic and are gradually being extended to selected parts of the value chain, particularly in the areas of packaging, recycled inputs and waste management.

The policies are approved by the company's management and are regularly reviewed in the light of internal audits, technological developments and regulatory changes. They apply primarily to the company's own operations and are gradually being extended to the supply chain, particularly in the area of recycled polymer raw materials and fillers.

The head of the Quality Department, in cooperation with the R&D Department, production and the OHS, EMS and fire safety manager, is responsible for monitoring compliance with policies, conducting annual reviews of objectives, evaluating indicators and updating documentation.

Environmental Commitment (Part of the Group's Integrated Policy)

The SILON group is committed to protecting the environment and using the resources required for its operations responsibly. Particular emphasis is placed on:

- replacing primary raw materials with secondary materials;
- using renewable energy sources (in particular photovoltaic installations);
- systematically managing the generation of waste, its sorting, recording and the minimisation of negative impacts in accordance with guideline SEMS03 – Waste Management;
- monitoring the implementation of the sustainable development strategy using internal indicators (e.g. the proportion of recycled inputs, the volume of waste) and taking corrective action;
- developing and utilising the group's own plastic mechanical recycling capacity through SILON CZ Recycling s.r.o., including the incorporation of recycled materials into the group's production processes and the promotion of the circular economy in the value chain.

The theme of the transition from primary to secondary (recycled) raw materials has not yet been identified as a material impact, but its development forms part of the group's plans for the period from 2025 onwards (see the objectives in Chapter 4.3), particularly in view of the expansion of the group's recycling capacity.

Based on the results of the DMA for ESRS E5, the group is implementing measures aimed at:

- reducing waste generation;
- increasing the proportion of recycled materials in production;
- extending the life cycle of products;
- support for the circular economy throughout the value chain;
- developing the technical and organisational capabilities required for the processing of plastic waste in the company's own recycling infrastructure.

Measures for the Transition to a Circular Economy

1. Reducing Waste Generation in Operations

The group aims to reduce technological losses and overall waste generation by:

- optimisation of production processes and annual assessment of the volume and composition of waste;
- introduction of internal sorting and feedback mechanisms to improve separation and recycling of residual materials;
- use of sorted plastic waste as feedstock for further material processing at SILON CZ Recycling s.r.o.;
- gradual replacement of packaging materials in accordance with the requirements of current legislation.

These measures are implemented primarily through internal investment (approximately 25 per cent) in technological equipment and the modernisation of production lines, which also help to reduce waste generation.

2. Increasing the Proportion of Recycled Materials in Production

The measures include:

- expanding the in-house mechanical recycling capacity for plastics (establishment of the SILON CZ Recycling s.r.o. unit);
- technological testing and validation of secondary raw materials for use in engineering compounds;
- focusing development on products containing recycled material and on improving recyclability;
- launching pilot projects for polymers derived from renewable sources (biopolymers) by 2030;
- carrying out an Ecodesign project focused on developing a material suitable for use in various car components that contains recycled content and is easier to recycle;
- a chemical recycling project (e.g. the production of pyrolysis oil);
- involvement in specialist platforms and initiatives focused on the circularity of plastics.

The source of funding is a combination of the company's own resources and external funding, including the possibility of participating in grant programmes for the development of recycling technologies.

3. Extending the Product Life Cycle

The group helps to extend the service life of its customers' end products by supplying technical compounds:

- containing additives that enhance resistance and durability (UV stabilisers, antioxidants, etc.);
- with a composition optimised with a view to subsequent recyclability (minimising the use of incompatible additives that hinder further processing);

- with recycled polymers, without any adverse effect on the functional properties of the products.

4. Management of Products after the End of Their Life Cycle

Finished plastic products made from SILON materials are not biodegradable, which poses a potential environmental impact in the downstream phase of their life cycle. The group is aware of the need to address this aspect and:

- is considering future cooperation as a part of industrial initiatives focused on the collection and recycling of plastic products;
- is involved in projects focused on the use of plastic waste and its recycling.

5. Promoting the Circular Economy in the Value Chain

Planned and ongoing measures include:

- expanding cooperation with customers on the design of products with a view to their recyclability;
- cooperating with suppliers of recycled polymer raw materials with a view to ensuring the quality of input materials and compliance with EU legislation;
- monitoring developments in the circular economy and gradually becoming involved in sectoral platforms;
- strengthening the role of the group's own recycling entity as a stable partner for material flows both inside the group and in relation to external customers.

These measures draw on in-house expertise (the Procurement, Production and R&D Departments) and funds earmarked in the budgets for sustainability and product portfolio development (see Chapter 2.1).

5.2. Indicators and Objectives Relating to Resources and the Circular Economy (E5-3)

Material Inputs and Recycled Content

The group monitors material consumption by category and the proportion of recycled inputs in the production of polymer compounds and fibres (see Table 12). Data on material inputs and recycled content are based on internal records of raw and other material consumption maintained in the company's ERP system and on data provided by the Procurement and Production Departments.

Total material input amounted to 59,399 tonnes in 2025. Recycled input (1,064 tonnes) comprises the recycled content already present in purchased materials or secondary materials entering the production of polymer compounds directly. Materials from secondary sources are materials purchased as waste from other entities and are then reused as inputs in production.

The proportion of recycled material (9.2 per cent) is calculated as the weighted average based on the quantity of each material category used and the proportion of recycled content in it (i.e. the sum of the products of the quantity used and the proportion of recycled material, divided by the total quantity of materials used).

Table 13 below provides a consolidated overview of the SILON group's waste by waste

Table 12: Raw Material and Recycled Inputs from SILON CZ s.r.o. and SILON CZ Recycling s.r.o. [t], Proportion of Recycled Material [%] in 2025

Material category	Secondary material	Recycled input	Virgin material	Total
Construction materials	0 t	0 t	51.09 t	51.09 t
Metal	0 t	0 t	0.04 t	0.04 t
Paper and cardboard	0 t	6.2 t (30 %)	661.5 t	667.7 t
Other	0 t	0 t	7,974.6 t	7,974.6 t
Plastic	4,400.5 t	1,057.5 t (100 %)	45,247.7 t	50,705.8 t
Total	**4,400.6 t**	**1,063.7 t**	**53,934.9 t**	**59,399.2 t (9.2 %)**

Table 13: SILON Group Waste by Type, Disposal Method and Hazard Category (2025)

Type of waste	Recycling [t]	Unknown or other disposal [t]	Hazardous [t]	Non- hazardous [t]	Total [t]
Commercial and industrial waste	238.09	85.83	54.41	31.42	85.83
Metals	0	10.48	0	10.48	10.48
Other waste	0	64.67	62.80	1.88	64.68
Paper and cardboard	0	121.28	0	121.28	121.28
Plastics	0	1,031.04	0	1,269.13	1,269.13
Wood	0	65.16	0	65.16	65.16
Total	**238.09**	**1,378.46**	**117.21**	**1,499.35**	**1616.56**

type, disposal method (landfill, recycling, other disposal) and hazard category. In 2025, a total of 1,617 tonnes of waste was generated, of which 117 tonnes was hazardous (7.3 per cent). A total of 238 tonnes (14.7 per cent) was recycled, consisting exclusively of commercial and industrial waste. Non-recycled waste thus totalled 1,379 tonnes (85.3 per cent); most of this waste was sent for disposal outside the plant. The 'Unspecified and other disposal' category primarily comprises landfill, energy recovery and incineration carried out by authorised external parties; the group does not have a detailed breakdown of these waste streams separately, as the waste is subsequently managed outside SILON's operations on a contractual basis by external entities.

The main waste streams generated by the SILON group include plastic waste from the production of polymer compounds, packaging waste (paper, plastics, wood) and residues of chemicals and auxiliary substances from production processes. These processes reflect the nature of activities in polymer materials

processing. The group continuously monitors the effectiveness of the measures put in place and assesses their impact using EMS indicators and internal audits.

Based on the DMA, the group has set itself broad objectives and its own performance indicators in the areas of resource use and the circular economy. These indicators:

- support the environmental policy and the EMS (ISO 14001);
- are consistent with the climate targets (see Chapters 2.1 and 2.2);
- are used to improve the efficiency of production, recycling and resource management in the long term.

Internal Performance Indicators (outside the ESRS framework)

The company monitors the following indicators, which are not specified as mandatory pursuant to CSRD/ESRS, but are used as its own measures of the efficiency and performance of its production processes:

- **proportion of standard production:** ≥ 98 per cent of total output (i.e. max. ~2 per cent of waste);
  - methodology: the indicator is calculated as the ratio of the quantity of products meeting the quality parameters to total output for the period under review;
  - assumptions and limitations: does not include losses arising outside the production process (e.g. logistics, storage);
  - validation: the figures are verified by an internal quality control process; they are not validated externally;
- **energy consumption (2025):** 384 kWh/t;
  - methodology: calculated as the ratio of total energy consumption from own operational activities to the volume of output produced in tonnes;
  - assumptions and limitations: does not include indirect energy inputs in the value chain (Scope 3);
  - validation: the data are based on internal energy consumption records and regular energy audits;
- **overall equipment effectiveness (OEE):** ≥ 87 per cent (ratio of input raw materials to output products; inefficiency = waste);
  - methodology: the OEE (Overall Equipment Effectiveness) indicator is calculated as the product of equipment availability, output and production quality, according to the internal production management methodology;
  - assumptions and limitations: focuses on key production lines; does not include support processes;
  - validation: the calculations are part of internal production reporting and are not verified externally.

The internal indicators listed are defined and continuously monitored at least once a year as a part of the EMS in accordance with ISO 14001 and the internal production management system.

Strategic Objectives for the Circular Economy

The objectives set out below are established on a voluntary basis and are not directly required by legal regulations, but they address the material impacts and opportunities identified in the DMA for ESRS E5 and support compliance with regulatory requirements for waste management and the circular economy pursuant to EU and Czech legislation. The framework objectives, with targets for 2030 and 2035, include:

- increasing the proportion of recycled materials in total raw material inputs to 20 per cent by 2030;
  - link to IRO: opportunity to use mechanical and chemical recycling to reduce the consumption of virgin raw materials;
- increasing the number of product formulations containing more than 10 per cent recycled content: from the current 7 (5 TABOREN formulations, 2 TABOCAB) to at least 11 by 2027;
  - link to IRO: opportunity to attract new customers through circular products;
- reducing the volume of plastic waste sent for disposal by 30 per cent by 2035 and achieving a 20 per cent material recovery rate for waste at SILON CZ s.r.o. sites;
  - link to IRO: impact on waste, generation of plastic waste at our own sites;
- increasing the energy efficiency of production by 10 per cent by 2030 through the modernisation of technologies and optimisation of energy consumption;
  - link to IRO: more efficient use of material and energy resources.

Monitoring and Evaluation

Progress towards these objectives is monitored using the following indicators: the proportion of recycled inputs, the amount of waste per tonne of production, the rate of material recovery from waste and the proportion of waste relative to total output.

Progress towards these objectives and trends in internal indicators are evaluated:

- annually, as a part of the EMS review;
- as a part of ESG reporting (related internal documents: SEMS03 Waste Management, PEMS-MP02-01 Emergency Plan).

The Quality Department, in cooperation with R&D and production management, is responsible for monitoring these objectives.

5.3. Input Material Flows, Packaging and Associated Emissions (E5-2, E5-4)

The SILON group systematically monitors and evaluates the input material flows associated with the production of engineering compounds and the mechanical recycling of plastics. The objective is to:

- optimise the use of virgin raw materials;
- increase the proportion of secondary inputs;
- reduce the environmental footprint of production in accordance with circular economy principles.

Overview of Packaging Materials

Internal records include a weight-based overview of packaging material flows (incoming and outgoing) for wood, PE, PP, paper, metals and composite materials (see Table 14). The company does not use biological materials or biofuels for non-energy purposes.

Main Input Raw Materials

- virgin polymer raw materials: PE and PP of fossil-based origin (the majority by weight);
- recycled materials: regranulates and crushed materials from our own mechanical recycling operations (industrial PE and PP waste) and from external suppliers of secondary plastics;
  - the proportion of recycled PP in total PP input raw materials was approximately 12 per cent in 2025;

Table 14: Overview of SILON Group Packaging Materials (2025)

Category	Material type	Quantity [t]:
Imports	Wood	586
	Polyethylene (PE)	372
	Paper	4
Exports abroad	Wood	1,162
	Composite materials	91
	Polyethylene (PE)	48
	Polypropylene (PP)	2
	Paper	546
	Metals	17
Deliveries in the Czech Republic	Wood	262
	Composite materials	12
	Polyethylene (PE)	15
	Polypropylene (PP)	5
	Paper	98

- additives and auxiliary substances: stabilisers, flame retardants, colourants, UV additives, fillers (glass fibres, talc, etc.).

Records and Methodology

- materials are recorded in units of mass in the internal system;
- classification by origin (virgin vs. recycled) and polymer type;
- the company monitors the environmental profile of its inputs (including the availability of LCA data) and assesses their impact on the material efficiency of production.

Packaging Materials and Their Recycling

- The company also applies the waste management hierarchy to packaging:
- wooden pallets: reuse in the supply chain;
- PE bags: recycling via a contracted processor;
- barrels: returned as hazardous waste;
- cardboard packaging: sent for recycling via the paper collection system;
- octabin liners (a combination of metal and plastic): not yet recyclable; their replacement is the subject of planned measures.

The SILON group is monitoring legislative developments, including the new Regulation (EU) 2025/40 on packaging and packaging waste (effective from 12 August 2026), and is preparing for the associated requirements.

Relationship to Circular Economy Objectives and Indirect Emissions

Increasing the proportion of recycled materials (particularly HDPE and PP), based on data recorded in the EMS and aggregated as a part of ESG reporting, helps:

- reduce dependence on virgin raw materials;
- achieve the target of 20 per cent recycled content by 2030 (see Chapter 5.2);
- prioritise the material recovery of internal production waste (regranulate) or its supply for further processing, rather than disposal.

Indirect emissions associated with the purchase of materials, capital goods and services are reported under ESRS E1 (Scope 3), including the related financial amounts (see Table 8).

5.4. Products, Materials and Waste Streams (E5-2, E5-5)

Key Product Ranges and Materials

The SILON group sells the following main product ranges:

- TABOREN® Compounds – these compounds are produced using a PP homopolymer or copolymer matrix, which can be blended with other polymers (HDPE, LLDPE, POE, PB, EVA, EBA, etc.). The most commonly used types of fillers are talc, glass fibres, limestone and barium sulphate. Basalt, mica, silicon, wollastonite and various combinations of these fillers may also be used.

Their excellent processing properties go hand in hand with well-balanced mechanical properties, which can be enhanced by adding a range of stabilising additives that contribute to the even greater added value of these compounds.

The company has been successfully marketing TABOREN® compounds since 1984, when they were specially developed for the then-new model of the Czech Škoda Favorit. Since then, TABOREN® materials have established a strong position in the automotive industry and gradually found applications in other industrial sectors, including construction, healthcare and the consumer goods industry.

TABOREN® chemical properties and attributes:

The various types of stabilising agents enable customers to use TABOREN® in a wide range of applications (both indoors and outdoors). Applications requiring high temperature resistance, UV stability, flame retardancy, antistatic properties or resistance to detergents, etc., are very common. Thanks to the careful selection of high-quality raw materials and high production standards, the company is also able to supply materials suitable for contact with food or drinking water.

- TABOREX® Compounds – a range of top-quality products based on silane-grafted polyethylene (PE-Xb) technology, designed for universal use. TABOREX® compounds are suitable for the production of various types of pipes, fittings, films and other applications.

TABOREX® (PE-Xb) Production Process

SILON offers products on the market for two main PE-Xb production processes: Sioplas and Monosil. Both technologies create a three-dimensional cross-linking system in the polyethylene matrix of the end products.

In the Sioplas system, the silane-grafted TABOREX® compound is mixed with the TABOREX® masterbatch catalyst prior to processing.

Monosil technology involves grafting and the production of the final product in a single step. Silmix – a blend of silane, a grafting initiator and specialised additives – is mixed with standard polyethylene and a stabiliser package, and then extruded.

In both cases, the products must be cross-linked in the next stage of production. Cross-linking is accelerated by the effects of heat and moisture.

The TABOREX® product range is complemented by the TABORADD® range of additive masterbatches, which ensure improved extrusion and a long service life for products.

- TABOCAB® Compounds – are blends designed for low-voltage cables, suitable for the construction sector, the automotive industry, railway infrastructure, industrial facilities and technology, photovoltaic systems and facilities that generate energy from renewable sources.

  This comprehensive portfolio includes Sioplas cross-linkable compounds (XLPE), thermoplastic and cross-linkable HFFR compounds (LSF0/HFFR; XLPE HFFR), as well as stabiliser packages and catalytic masterbatches.

  High-quality PE-Xb has been successfully marketed in the pipes and cables sector under the TABOREX® brand since 1994. Since 2017, when the company invested in cutting-edge technology, it has been successfully supplying compounds to the cable market under its own TABOCAB® brand.

  The compounds are the ideal choice for the production of cables intended for the power sector and renewable energy sources, as well as for control, signal and communication cables, and cables for the automotive industry and e-mobility.

- TABOREC® Recycled Plastics – regranulates and crushed materials sourced from stable streams of post-consumer waste and industrially recycled materials.

  SILON produces plastic regranulates from various types of materials. At the customer's request, it is able to colour the regranulate to the required shade and enrich it with additives (antioxidants, UV stabilisers, etc.).

  The company produces plastic regrind in a wide range of sizes. It supplies customers with regrind made from various sorted plastic materials. Knife mills are used in production to crush smaller pieces of waste, while low-speed mills are used to process larger pieces of waste and monoblocks.

  One advantage of plastic regranulates and regrind is that they help to build a more sustainable future.

- TABOPOL Compounds – are produced based on polystyrene (PS), polyamide 12 (PA 12) or polybutylene terephthalate (PBT). Their properties are enhanced by the addition of reinforcing glass fibre or a halogen-free flame retardant (HFFR). Glass fibre can be dosed up to a content of 40 per cent. HFFR materials are developed in accordance with specific fire-resistance requirements, including the V0 classification in accordance with UL 94.

  TABOPOL compounds are designed for use in demanding technical applications, such as the automotive industry, electronics and appliances, the construction industry, 3D printing, industrial components, sports equipment and the electrical industry. Glass-reinforced compounds offer high mechanical strength, excellent dimensional stability and exceptional thermal resistance, even under long-term loading. HFFR compounds from the TABOPOL product range are suitable for applications requiring fire resistance up to V0 in accordance with UL94.

Product Service Life and Durability

The SILON group develops and produces engineering compounds and recycled plastic materials for the automotive, construction, electrical engineering and consumer goods industries:

- the products are designed with a focus on a long service life (ranging from a few years to several decades, depending on the type of application);
- long-term stability is ensured by the use of stabilising additives (e.g. UV stabilisers, antioxidants, flame retardants or antistatic additives), which enable the materials to be used even in demanding indoor and outdoor conditions, when exposed to high temperatures or chemicals;
- the TABOREN®, TABOREX® and TABOCAB® products have been established on the market for many years (TABOREN® since 1984, TABOREX® since 1994), which confirms their stable performance in long-term applications.

The finished products are not biodegradable, which means they have a potential environmental impact in the downstream phase of their life cycle. The company is therefore considering further steps as a part of industry initiatives aimed at the collection and recycling of plastic products.

Recycled Content in Products

SILON has been increasing the use of secondary materials in its production for some time: the proportion of recycled polypropylene in its products (TABOREN®) stood at 11.6 per cent in 2025 (the ratio of the quantity of recycled PP to total PP consumption in the production of these products), the objective is to increase this proportion to 20 per cent by 2030.

A detailed breakdown of the consumption of virgin polymers and recycled materials is set out in Table 15 below.

The recycled materials used mainly include:

- regranulates and crushed materials from our own mechanical recycling (PE, PP);
- recycled plastic materials from external suppliers.

Regranulates are modified with additives (antioxidants, UV stabiliser systems) in accordance with the customer's requirements and supplied in a range of colour shades and sizes. This approach:

- reduces the consumption of virgin raw materials;
- promotes product ranges with a lower carbon footprint;
- reinforces the circular nature of the product portfolio.

Table 15: Consumption of Polymer and Recycled Materials in Production (SILON CZ s.r.o. and SILON CZ R&D s.r.o., 2025)

Material category	Quantity [kg]:
Polyethylene (MAPE)	33,303,744
Polypropylene (MAPP)	8,222,846
Other polymers (MATR)	2,467,788
Total polymers	43,994,378
Recycled material consumption	1,082,407
Ratio of recycled material to polypropylene	11.63 %

Product Recyclability and Circular Characteristics

The products are designed to:

- enable the reuse of materials through both internal and external recycling;
- support material recycling through own regranulation technology;
- be optimised for efficient processing and minimal production losses;
- facilitate subsequent recycling (by minimising incompatible impurities).

The strategy involves the ongoing optimisation of technological processes with the aim of minimising the generation of plastic waste and maximising the proportion of material returned to production, either through regranulation or supply to external recyclers.

The SILON group monitors waste streams and their classification by handling method (see Table 13 in Chapter 5.1). The data is recorded in accordance with Czech legislation and reported via ISPOP (data from direct weighing by a contractual partner).

Restrictions on Hazardous Substances

The restriction of hazardous substances is carried out as a part of the EMS (see Chapter 5.1), with the following categories of hazardous waste being key for 2025:

- NCHLS residue: 54.4 t
- packaging with NCHLS: 60.6 t
- absorbents and polluted materials: 2.2 t.

Hazardous waste is handed over exclusively to authorised entities and managed in accordance with Act No. 541/2020 Coll., Decree No. 8/2021 Coll. and internal EMS guidelines. The company does not generate any radioactive waste within the meaning of Directive 2011/70/Euratom.

The SILON group systematically strives to:

- reduce the quantity of hazardous input substances;
- replace hazardous ingredients with safer alternatives;
- optimise equipment cleaning processes and the collection of hazardous residues;
- perform safe labelling, storage and record-keeping for all NCHLs and associated waste.

This approach supports the long-term goal of reducing the amount of plastic waste handed over for disposal by 30 per cent by 2035 (see Chapter 5.2).

In the ESRS E5 thematic area, certain impacts in the downstream phase were also identified as material, particularly during the use phase of products and the final disposal of products at the end of their life cycle (use and end-of-life treatment of intermediate products).

The group is actively working on implementing a system for collecting and verifying data, as well as a calculation methodology for these specific indicators, so that the disclosure requirements for the next reporting period are fully met.

Waste, Waste Management Hierarchy and Methodology

The company manages its outgoing material flows with an emphasis on maximising the material recovery of waste and applies the waste management hierarchy in accordance with European legislation and its internal sustainability strategy. Detailed processes relating to waste prevention, material recovery, recycling, energy recovery and disposal are described in Chapters 5.1 and 5.2; this chapter focuses particularly on the legal framework and record-keeping methodology.

Waste is recorded pursuant to Act No. 541/2020 Coll. and Decree No. 8/2021 Coll.; the data are reported annually to ISPOP. The data are derived from direct weighing carried out by the contracted waste management supplier, which classifies the waste in accordance with the waste catalogue.

Context and Methodology

- internal procedures in the EMS set out the method for identifying, classifying and recording waste;
- data on waste quantities and material flows are based on direct weighing carried out by a contractual partner for waste management and on internal operational records;
- where direct measurements are not available (e.g. aggregation across multiple operations or links to material flows), the data are calculated based on mass balances and operational data;
- data on the volume and method of waste management are verified by SILON CZ Estate s.r.o. and checked during internal and certification audits;
- for the purposes of consolidation and carbon footprint calculations, the data are further processed in an external application provided by PwC;
- Verification takes place as a part of the annual review of EMS and ESG reporting, which is carried out by the Quality Department in cooperation with R&D and production.

6. ESRS S1 Own Workforce

This chapter follows on from the overview of material impacts, risks and opportunities relating to the organisation's own workforce set out in Chapter 1.3.3 (SBM-3) and elaborates on these aspects in accordance with the requirements of the ESRS S1 standard.



6.1. Policies Relating to Own Workforce (S1-1)

The SILON Group /Policy is a binding document for all entities in the SILON group. The framework for the integrated policy, governance and the IMS is described in Chapters 1.2, 1.3 and 3; this part focuses on specific obligations towards the organisation's own workforce in accordance with ESRS S1-1.

The policy sets out the company's (the SILON group's) positions and commitments regarding working conditions, occupational health and safety (OHS), labour relations and respect for human rights. It is approved by the company's executive officers and reviewed annually based on the results of the DMA, internal audits, technological developments and legislative changes.

Policy's Main Contents and Objectives

The policy covers all material areas identified in the DMA relating to the company's own workforce, in particular:

- **securing stable employment:** the company prefers permanent employment contracts, unless the nature of the work requires a different type of contract. The objective is to maintain long-term employment and reduce the rate of unwanted staff turnover to the target level, in accordance with the KPIs defined in the QG21 guideline. Staff turnover is monitored by the HR Department and regularly reported to management as a part of monthly reports and the annual IMS review.
- **occupational health and safety:** in the field of OHS, there is a zero-tolerance policy towards serious accidents and occupational diseases. SILON has implemented and certified an OHS management system in accordance with ISO 45001 (certification in 2023, surveillance audit in 2024), which is integrated into the IMS (see Chapters 1.2 and 3). The measures (key OHS principles, risk prevention, the first aid plan, occupational accidents, etc.) are set out in the internal guidelines of the OHSS series and FAES-MP02. The system includes regular induction and refresher training, risk assessments and the implementation of corrective and preventative action.
- **working hours and work–life balance:** the company ensures a fair shift schedule, provides compensation for night and shift work, and offers employees a range of benefits designed to support a good work-life balance (holidays in excess of the statutory entitlement, meal allowances, sport and leisure, and flexitime for selected administrative roles), and employees have the opportunity to provide feedback on shift planning and working conditions via internal communication channels and during annual appraisal interviews (see Chapter 6.3).
- **respect for human and labour rights:** SILON complies with the Code of Conduct (equal treatment and remuneration, prohibition of discrimination), the Labour Code, the collective agreement for SILON CZ s.r.o., SILON CZ Estate s.r.o. and SILON CZ R&D s.r.o., and the higher-level collective agreement in the framework of the Association of Chemical Industry of The Czech Republic. The policy expressly prohibits forced labour, child labour and human trafficking. The Code of Conduct is part of guideline QG21 (QG21 – Chapter 3.3.5: Social Responsibility) and is supported by the work of the company ombudsman, who provides an independent channel for addressing ethical issues and concerns.

Scope of the Policy and Exceptions

This policy applies to all SILON group activities and workplaces in the Czech Republic and abroad, and to all categories of employees – permanent employees and agency workers carrying out work at SILON sites (manual workers, technical and administrative staff, management, etc.). Suppliers and subcontractors who are not group employees are subject to the principles of the Code of Conduct and contractual provisions (see Chapter 7.1).

Responsibilities and International Frameworks

The SILON group has policies in place aimed at preventing discrimination, harassment and unequal treatment that form part of the Code of Conduct and the company's integrated policy. The policies expressly prohibit any form of discrimination or harassment and promote equal opportunities in recruitment, remuneration, professional development and working conditions. The Company Policy and Code of Conduct apply, in particular, to discrimination on the grounds of gender, age, nationality, race and ethnic origin, disability, religion or belief, sexual orientation and social background, in accordance with the applicable legislation of the Czech Republic, the EU and international standards.

The SILON group does not currently have a separately formalised affirmative action policy aimed at specific vulnerable groups of employees. However, the principles of an inclusive approach and equal treatment are embedded in the organisation's human resources management processes and the Code of Conduct.

The policy is implemented through:

- internal human resources management procedures (Guideline QG12);
- the binding nature of the Code of Conduct for all employees and agency workers;
- the role of the company ombudsman as an independent channel for resolving reports;
- in-house training, communication and the option to submit feedback anonymously;
- addressing policy breaches as a part of employment-law procedures.

This approach ensures that instances of discrimination are prevented, identified and addressed, and fosters a culture of respect, open communication and trust across the SILON group.

The following are responsible for implementing the policy:

- senior management (SILON group executive officers) – overall supervision and approval of objectives;
- head of the HR Department and OHS, EMS and fire safety manager – implementation and monitoring of measures in practice;
- internal ESG coordinator – ensuring compliance with ESRS requirements and coordination of reporting.

Powers and responsibilities are set out in the guideline QG21 (QG21 – Chapter 3.3.4: Roles, Responsibilities and Powers) and in job descriptions.

The policy is aligned with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, and is part of an integrated management system in accordance with ISO 45001 and ISO 14001.

Stakeholder Engagement and Making Policy Accessible

When updating the policy, the views of key stakeholders (employees, trade unions, customers and suppliers) are taken into account. Employees can comment on internal regulations and submit reports via the internal feedback channel or directly to the ombudsman, in line with HR processes.

The document is publicly available on the company's website and internally via the document management system (SILON IS); it is also available to employees on the intranet and on noticeboards at the plant.

6.2. Involvement of Own Workforce and Representatives (S1-2)

The SILON group systematically involves its own workforce in decision-making regarding working conditions and the improvement of the IMS. The objective is to ensure that the views of employees and their representatives are regularly taken into account in the management of impacts, risks and opportunities relating to the company's own workforce.

Employees get involved mainly through:

- drafting and reviewing internal procedures and guidelines (IMS, OHS, HR);
- the system for suggesting improvements (process innovations, safety measures, resource savings);
- the process for dealing with occupational accidents and incidents;
- regular appraisal interviews in the SILON IS app (see Chapter 6.3).

The company operates an internal whistleblowing system, which enables employees to submit reports and notifications electronically or in person (see Chapter 6.3).

Regular meetings are held between senior management, representatives of production employees and the union organisation, with the aim of sharing information, gathering feedback and addressing current workplace issues.

Evaluation of Effectiveness of Employee Involvement

The effectiveness of employee involvement is evaluated based on the output from regular meetings with employees and unions, collective bargaining, annual OHS audits and feedback from appraisal interviews. The findings are used to update internal procedures and as a part of the annual review of the IMS.

Collective Bargaining

The collective agreement was concluded for the entities SILON CZ s.r.o. and SILON CZ R&D s.r.o. for the period up to 31 August 2026. Collective bargaining takes place every year to negotiate an amendment to the agreement, particularly regarding pay, benefits and working conditions. The process takes place in three stages (preparation of draft documents and proposals by the union organisation and management, negotiations between both parties and a comment process, and the approval and signing of the amendment to the collective agreement) and ensures that the views of employees and unions are taken into account when determining working and social conditions. The collective agreement covers all areas of employees' work and serves as the main framework for social dialogue in the SILON group. In entities not covered by the collective agreement, i.e. SILON s.r.o. and SILON CZ Recycling s.r.o., the equivalent document is the Work Regulations. The SILON group's management applies the same principles of social dialogue to these companies as it does to those covered by the collective agreement.

Regular OHS Meetings and Inspections

Regular meetings with employees are held at set intervals:

- operational meetings: at least once a week (daily in some sections);
- informative meetings: at least once a month;
- thematic meetings and reviews (safety, maintenance, quality): as and when required.

As a part of the annual OHS review carried out by the union organisation, interviews are conducted with employees regarding the level of occupational health and safety and the quality of the working environment; the findings are incorporated into the OHS and IMS action plan.

The head of the Human Resources (HR) Department is responsible for coordinating employee involvement. Unit managers are required to inform employees of management decisions and to pass on their reports, particularly in the areas of OHS, quality and organisational changes.

Vulnerable Groups

Vulnerable groups (employees with reduced work capacity, parents caring for children, workers from other countries, etc.) are taken into account as a part of standard HR processes – through the individual tailoring of working conditions, adjustments to the organisation of work, and strict compliance with OHS rules and the work regulations. With regard to current legislation, the company does not employ young people (those under the age of 18). If necessary, or in the event of any complaints, they may contact their line manager, the HR Department or the ombudsman. Reports regarding unequal treatment or discrimination are dealt with through the internal whistleblowing system (see Chapter 6.3).

6.3. Processes for Correcting Negative Impacts and Reporting Channels (S1–3)

As a part of the IMS, SILON has processes in place for the systematic identification, evaluation and mitigation of risks and adverse impacts on its own workforce.

The analysis of risks and opportunities is a separate document that is stored in the document management system on the intranet. It is updated at least once a year in accordance with guideline QG21. An analysis:

- evaluates risks according to their probability, severity and level of impact;
- covers the impacts, risks and opportunities defined under the DMA for ESRS S1;

- specifies the priority of an action, the person responsible, the target deadline, the implementation status and the date of review.

Most risks are evaluated as low to medium, and no material unmanaged risks have been identified in the area of OHS or working conditions.

Reporting Channels and Whistleblower Protection

The company operates an internal whistleblower protection system in accordance with Act No. 171/2023 Coll. Employees, vulnerable groups and other workers in the value chain may submit reports:

- via an internal application in the SILON IS;
- by email to: ethics@silon.eu;
- in person, in writing or by telephone to the company ombudsman.

Information about the channels is included in the Code of Conduct, induction and refresher training courses; it is also on the intranet, the company website and noticeboards on the factory premises. Both the Code of Conduct and Whistleblower Protection are expressly set out in document WFQ-09, "Information on Contents of Employment Relationship", which the employer is obliged to provide to employees upon the commencement of their employment. The prohibition of any form of retaliation against whistleblowers is expressly enshrined in the Code of Conduct and is in accordance with legislation.

Knowledge of these processes is verified during annual appraisal interviews using the Employee Appraisal software app (questions on knowledge of the Code of Conduct, the whistleblower protection process, OHS rules, role-specific questions, etc.).

Evaluation of the Effectiveness of Corrective Actions

A KPI system according to guideline QG21 is used to evaluate the effectiveness of channels and corrective actions. Target values and limits are set for the calendar year and monitored on a monthly basis. If a target is not met, the responsible staff member is obliged to propose and implement corrective actions, the effectiveness of which is verified in subsequent KPI reporting. The results are summarised in the annual System Review Report and serve as input for setting new targets for OHS, HR and ESG.

6.4. Measures and Financial Implications of Impacts, Risks and Opportunities Associated with the Company's Own Workforce (S1-4)

In accordance with ESRS 2 MDR-A, the SILON group describes the key measures by which it manages material IROs concerning its own workforce. The measures are funded from the operating budgets of the individual companies (the budget for OHS was approximately CZK 31 million for 2025) and relate primarily to the entities SILON s.r.o., SILON CZ s.r.o., SILON CZ R&D s.r.o., SILON CZ Recycling s.r.o. and SILON CZ Estate s.r.o. Responsibility lies with department heads; ongoing evaluation is carried out through monthly KPIs and the annual IMS review.

6.4.1 Measures Relating to Risks of Occupational Accidents and OHS

- **Regular weekly process audits**, which include checking compliance with basic internal OHS procedures and carrying out visual inspections of workplaces. Employees are trained in OHS, first aid and fire safety in accordance with the internal guideline OHSS 01 and its annexes; a record of training is maintained in the internal HR system.
- **Review and renewal of safety signage on the premises**, covering production and storage areas. The aim is to raise awareness of the applicable OHS rules (prohibitions, instructions, information, etc.) and road signs, thereby reducing the number of incidents. A budget of CZK 1,134,637 was allocated for this activity in 2024, covering public lighting on the site, the addition and modification of road signs, the preparation of a site plan for alterations to the crossroads in the production area, the installation of bollards and the purchase of a speed camera. The measures were completed in 2025.
- **Improvements to incident recording and resolution:** to support the monitoring and management of occupational accidents, near-misses and damage events, a tool for their centralised recording had been under development since 2024; in 2025, a solution was introduced in the form of an internal form (Google Forms) accessible via the intranet and from employees' personal devices, enabling faster reporting and subsequent corrective action.
- **Refurbishment of storage areas** (hall 3103, with a capacity of 20,920 m², at SILON CZ s.r.o.): the aim is to create a safer layout for the operation of material-handling equipment outside the production areas, reduce the risk of collisions and improve the flow of materials. A building permit and a permit for trial operation have been issued; occupation approval is scheduled for August 2026.
- **Modernisation of storage capacity at SILON CZ Recycling s.r.o.:** warehouse building 9004 was refurbished and received its occupation approval in the second quarter of 2025.
- **Raising awareness of OHS through internal communication:** in 2025, an animated video focusing on OHS, EMS and fire safety was produced and is shown at regular intervals on the company's premises; the aim is to raise awareness among employees and other individuals of the basic rules in these areas.
- **Ensuring the availability of first aid and improving employee preparedness:** an automated external defibrillator (AED, primarily for adults, but it can also be used to treat children) has been purchased for the Planá nad Lužnicí site; it is located at the gatehouse and is also registered in the Záchranka app system. Following on from this measure, a training defibrillator and a training manikin were purchased for employee training; the company's security staff undertook specialist training provided by the Prague Emergency Medical Service.
- **Protection of lone employees:** for selected employees of SILON CZ s.r.o., SILON CZ R&D s.r.o. and SILON CZ Recycling s.r.o., a technical solution for monitoring lone workers (e.g. mobile devices or smartwatches) was introduced with the aim of improving their occupational safety.

- **Monitoring of working conditions and risk factors:** measurements were carried out of risk factors in the working environment, in particular overall physical and local muscular strain, the ergonomics of selected work roles and working positions, xylene concentrations in laboratory operations and microclimatic conditions at the SILON CZ s.r.o. production site.
- **Update to documentation for potentially explosive atmospheres:** as a part of the safety management process, the protocols for identifying external influences in potentially explosive areas at the SILON CZ s.r.o. production site have been updated.
- **Commitment to responsible management in the chemical industry:** in 2025, SILON CZ s.r.o. retained the right to use the Responsible Care logo, representing a voluntary programme in the chemical industry focused on safety and environmental protection.
- **Ensuring safe petrol station operation:** at the Planá nad Lužnicí site, the diesel petrol station was taken over for in-house operation from an external operator who had been leasing it; as a part of this process, the station underwent partial refurbishment and additional safety signage and related documentation were arranged.

6.4.2 Measures to Address the Impacts of the Four-shift System and Social Conditions

- **summer and winter operation breaks** (2 weeks' consecutive holiday),
- **cooling breaks and isotonic drinks** during the summer months, **vitamin supplements** during the winter months, breaks in accordance with the OHS plan and **occupational health examinations** pursuant to Government Regulation No. 361/2007 Coll.;
- **scholarship programme for employees' children** (total expenditure for 2025: SILON CZ s.r.o. – CZK 255,000, SILON CZ Estate s.r.o. – CZK 34,000) and **contributions towards sporting activities** (budget: CZK 1,290,000 – MultiSport card);
- **social fund,** as set out in an amendment to the collective agreement (contributions towards treatment and rehabilitation – max. CZK 2,500, social assistance, support in the event of occupational accidents (up to CZK 40,000) or long-term incapacity for work – max. CZK 5,000, nursery fees, summer camps for children and school ski courses – max. CZK 2,000 per child per year, sporting and cultural activities (CZK 200 per month), anniversary bonuses and bonuses for blood donation (from 10 donations), and protective drinks – total planned budget: CZK 340,000).

The proportion of SILON employees taking advantage of sports benefits is 50 per cent; the proportion of employees with a pension savings scheme (SILON CZ s.r.o.) is 58 per cent.

6.4.3 Measures to Promote Stable Employment

The company prefers permanent employment contracts (the proportion of such contracts was introduced as a KPI in 2025). The measures include a development plan for managerial staff and support for internal mobility in the group.

Based on IRO S1, no material opportunities relating to the company's own workforce were identified in 2025; this is due to low staff turnover (see Chapter 6.5) and low unemployment in the regions where the company operates.

6.5. Indicators and Targets Relating to Own Workforce (S1-5)

Annual targets and indicators (action plans, KPIs) are set based on DMA policy and results, in accordance with the internal guidelines QG21 – Strategic Management and QG12 – Human Resources Management. These targets are set out in the Integrated Management System Manual (IMS Manual) and are regularly reviewed as a part of the IMS.

The SILON group's strategy is to reduce the risk of occupational accidents and improve working conditions over the long term, as reflected in measurable KPIs in the IMS (evaluated annually):

- year-on-year reduction in the number of occupational accidents resulting in incapacity for work
  - link to IRO: working conditions – occupational health and safety (risks and impacts), disruption to operations and reputational impacts resulting from occupational accidents;
  - results for 2025: there were 5 occupational accidents resulting in incapacity for work, no fatal accidents were recorded and no material unmanaged risks were identified in the IMS;
- reduction in the rate of unwanted staff turnover
  - link to IRO: working conditions – job security (impact);
- maintenance of a high level of staff participation in training courses
  - link to IRO: working conditions – occupational health and safety (impact), prevention of accidents and operational incidents;
- expansion of benefits that support work-life balance
  - link to IRO: working conditions – working hours and organisation of work (impact), mitigating the negative effects of irregular working hours and shift work.

Targets are set in accordance with the procedures determined in internal guideline QG21. Targets and KPIs are defined by the company's management, broken down to lower levels of management and set in accordance with the SMART methodology. Employee involvement in setting targets takes place indirectly through collective bargaining and annual appraisal interviews; targets relating to bonuses (e.g. the number of occupational accidents) are discussed with the union organisation.

The status of KPI achievement is:

- communicated to employees via information screens on the plant's premises (on a 24/7 loop);
- monitored monthly in IMS reports and reviewed by senior management;
- linked to the annual bonus system designed to boost the motivation of all employees and agency workers.

The progress made in each area is summarised in Chapter 6.2 and follows on from the governance framework set out in Chapter 1.2.

6.6. Characteristics of Employees and Other Staff (S1-6, S1-7)

Table 16 below provides an overview of SILON group employees by place of work and gender (as of the end of 2025).

In 2025, the SILON group did not employ any temporary employees or employees with non-guaranteed hours within the meaning of ESRS S1-6. In 2025, the SILON group employed a total of 288 people in the Czech Republic, 72.57 per cent of whom were employed by SILON CZ s.r.o. Women accounted for 28.8 per cent, while men accounted for 71.2 per cent. The employment structure reflects the predominance of production activities in the Czech Republic and a combination of production and administrative roles; all employees across all entities are permanent employees.

Employee Turnover

Table 17 below shows the number of employment relationships terminated and the staff turnover rate in 2025 for the individual parts of the SILON group and at the consolidated level.

Table 16: Group Employees by Entity and Gender (2025)

Entity	Women	Men	Number of employees	Percentage of total number of employees
Silon CZ s.r.o.	57	152	209	72.57
Silon CZ Estate s.r.o.	2	7	9	3.13
Silon R&D s.r.o.	8	10	18	6.25
Silon CZ Recycling s.r.o.	3	21	24	8.33
Silon s.r.o.	13	15	28	9.72
Total	83	205	288	100
Percentage of total number	28.82	71.18	—	—

Table 17: Employee Turnover in the Group's Individual Entities (2025)

Entity	Number of terminated employees	Turnover rate [%]
SILON CZ s.r.o.	22	10.53
SILON CZ Estate s.r.o.	—	—
SILON CZ R&D s.r.o.	4	22.22
SILON CZ Recycling s.r.o.	4	16.67
SILON s.r.o.	12	42.86
SILON Group (total)	**52**	**15.05**

The highest staff turnover was recorded at SILON s.r.o. (43 per cent), which is linked to the low total number of employees and natural staff turnover. At the SILON CZ s.r.o. production plant, the staff turnover rate stood at 10.5 per cent.

Employee numbers are reported as headcount at the end of the reporting period (31 December 2025). Agency workers are not included in the figures; they are reported separately in Chapter 6.6.1. The figures are based on monthly reports from the Payroll and HR Department and are consolidated across the SILON group. The accuracy and up-to-date nature of the data are verified as a part of the annual financial statements and the internal audit of management systems (ISO 9001, ISO 14001). The turnover rate is calculated as follows:

$$\textit{Employee turnover rate [\%]} = \frac{\textit{number of terminated employees}}{\textit{number of employees at the end of 2025}} \times 100$$

The information is consolidated for all the main entities (SILON CZ s.r.o., SILON CZ Estate s.r.o., SILON CZ R&D s.r.o., SILON CZ Recycling s.r.o., and SILON s.r.o.). For the purposes of year-on-year comparability, the staff turnover rate at the group level is calculated excluding SILON CZ Estate s.r.o., which ceased to exist following organisational changes in 2026, and whose employees were transferred to SILON CZ s.r.o. There were no material fluctuations in employee numbers during the year; any changes were linked to normal recruitment cycles and natural staff turnover.

6.6.1 Characteristics of Workers Who Are Not Employees (S1–7)

In addition to their own workforce, SILON group companies also have people who are not permanent employees. They are exclusively agency workers on contracts with recruitment agencies (NACE code N78), who have been seconded on a long-term basis to carry out work for the SILON group. At the end of 2025, the total number of such workers stood at 51, of whom: 32 worked for SILON CZ s.r.o. and 19 worked for SILON CZ Recycling s.r.o.

The number of agency workers is reported as the headcount at the end of the reporting period. The data are drawn from monthly HR reports and attendance records in the SILON IS (covering all workers with access to the premises), and are continuously verified against the relevant contracts with recruitment agencies.

The proportion of agency workers has long stood at 15 per cent of the total workforce. The number of these workers may vary slightly depending on operational requirements, particularly during periods of increased demand for production. Compared with 2022, there were no material fluctuations.

Agency workers mainly carry out tasks relating to the production of plastic compounds and the handling of materials under the direct supervision of in-house production foremen. Their working conditions comply with internal OHS standards; they take part in the same compulsory OHS and fire safety training as permanent employees and are included in the risk assessment in the DMA for ESRS S1.

As a part of its operations, the SILON group does not employ self-employed persons.

6.7. Social Protection and Training (S1-11, S1-13)

Social protection measures are primarily designed to address the material impacts identified under the DMA in relation to working conditions and security of employment.

All SILON group employees are covered by social protection against loss of income resulting from major life events through public social security systems and/or employee benefits, in accordance with the applicable legislation of the relevant countries in which the group operates.

Social protection in the Czech Republic covers, in particular, cases of sickness (Act No. 187/2006 Coll.), unemployment (Act No. 435/2004 Coll.), occupational accidents and diseases (the Labour Code), maternity and parental leave, and retirement (Act No. 155/1995 Coll.).

In addition to statutory social security systems, the SILON group provides supplementary forms of social protection through the collective agreement and a social fund. These tools help protect employees against loss of income or increased social costs arising from illness, long-term incapacity for work, occupational accidents, parenthood and other important life events.

The social fund is administered by the union organisation and is intended for employees of SILON CZ s.r.o., SILON CZ Estate s.r.o. and SILON CZ R&D s.r.o., who are covered by the collective agreement. In 2025, contributions from the social fund mainly comprised support for long-term incapacity for work, occupational injuries, medical and rehabilitation stays, childcare for employees (nursery fees, holiday camps, ski courses), support for sporting and cultural activities, and contributions to mark important life events (anniversaries, blood donation); see Chapter 6.4.2.

Training and Skills Development (S1-13)

The area of training and skills development was not evaluated as a material theme in the DMA pursuant to ESRS S1. However, the group publishes this information on a voluntary basis, as training programmes are a key tool for preventing health and safety risks and ensuring the workforce is properly qualified.

Employee performance and development appraisals are carried out as a part of the SILON group's standardised HR process and take place once a year across all staff categories. Verification of knowledge relating to occupational health and safety, the Code of Conduct and internal procedures is part of this process and is described in more detail in Chapter 6.3 (S1-3).

Employees also undergo compulsory OHS and fire safety training, as well as specialist training, pursuant to the annual training plan. The organisation of induction and refresher training, including attendance records, non-compliance checks and automatic reminders regarding the need for refresher training, is managed as a part of the IMS processes and described in more detail in Chapter 6.3.

In 2025, SILON group employees underwent a total of 3,736.5 hours of training (see Table 18), which represents an average of 10.5 hours per employee. 93.27 per cent of all SILON group employees took part in the training.

In accordance with guideline QG12, all employees are subject to a regular annual appraisal once their probationary period has ended. For technical and administrative staff and managers, the process is extended to include a personal appraisal interview with feedback, an evaluation of targets and a development plan for the coming period. Thanks to the uniform system, 100 per cent of employees across all SILON group entities were covered by regular appraisals in 2025.

6.8. Health and Safety Indicators (S1-14)

The SILON group has implemented an OHS management system in accordance with legislative requirements (see Chapters 6.4.1 and 6.7) that covers the majority of employees and other workers; see Table 19. During the period under review, the system was subject to both internal and external audits (ISO 45001 for SILON CZ s.r.o. and SILON CZ Estate s.r.o.).

In 2025, a total of 10 occupational accidents were recorded, of which 5 resulted in incapacity for work or required medical treatment, leading to the loss of 132 working days. The overall accident rate was 17 accidents per 1 million hours worked (calculated based on the total number of hours worked by employees in 2025).

Table 18: Training hours by gender in the SILON Group in 2025

Gender	Total hours of training [h]	Average hours per employee [h]	% of employees participating
Women	1535.5	16.5	91.40
Men	1881.5	8.0	94.02
Total	**3736.5**	**10.5**	**93.27**

Table 19: Number and share of workers covered by the occupational health and safety management system in the SILON

Type of worker	Number covered	Share covered (%)
Employees	328	100
Other workers	99	100
All workers	427	100

Discrimination, Complaints and Human Rights (S1-17)

In 2025, the SILON group did not record any cases of discrimination, harassment or other serious human rights violations in relation to its own workforce. During the period under review, no complaints were lodged via internal whistleblowing channels or with the OECD National Contact Point for multinational enterprises. All available internal channels for submitting complaints and reports (including the whistleblowing system and the ombudsman) were operational and accessible to all employees and other workers.

Context and Methodology

The data are based on records from the internal whistleblowing system, HR Department records, the company ombudsman's activities and the results of internal IMS audits. The indicators monitored include all formally reported cases of discrimination, harassment or human rights violations relating to the company's own workforce.

In 2025, no relevant incidents or financial consequences (fines, penalties or compensation for damages) were identified that would have required reconciliation with the financial statements.

Table 20: Work-related injuries and ill health metrics for the SILON Group in 2025

Indicator	Number
Total number of work-related injuries	10
Total number of fatal work-related injuries	0
Recordable injuries (Lost-time injuries, LTI)	5
Non-recordable injuries	5
Total number of days lost	132
Hours worked (employees)	581,067.8
Injury rate (recordable LTI) per 1 million hours worked	8.60
Injury rate (non-recordable) per 1 million hours worked	8.60
Total injury rate per 1 million hours worked	17.20

7. ESRS S2 Workers in the Value Chain

This chapter builds on the impacts, risks and opportunities relating to workers in the value chain that were identified in Chapter 1.3.3 (SBM-3) and describes them in greater detail in accordance with the requirements of the ESRS S2 standard.



7.1. Policies Relating to Workers in the Value Chain (S2-1)

Managing social and human rights aspects in the supply chain is part of SILON's approach to responsible business and is aligned with the company's strategy, as well as legislative and customer requirements. The general framework of the Company Policy, including the approval process, regular updates and the method of making it available, is described in Chapters 1.2 and 1.3; for the ESRS S2 area, the commitment that the company continuously develops its suppliers so that they meet all specified legislative and customer sustainability requirements is particularly relevant.

The specific requirements for suppliers and subcontractors relating to workers in the value chain are summarised in a document Code of Conduct for Suppliers (version 1 dated 1 December 2023; Code of Conduct for Suppliers and Subcontractors of the SILON Group, hereinafter the "CoC"). The CoC sets out expected standards in the areas of human rights and working conditions, occupational health and safety, equal treatment and ethical conduct, including the prohibition of corruption and discrimination.

The CoC expressly prohibits forced labour, child labour, human trafficking and violations of minority rights, and refers to the relevant international standards and principles, which are in line with general principles issued by the United Nations:

- UN Guiding Principles on Business and Human Rights;
- UN Declaration of Human Rights;
- UN Declaration on the Rights of Indigenous People;
- OECD Guidelines for Multinational Enterprises;
- ILO Core Labour Conventions;
- Convention on the Rights of the Child;
- Indigenous and Tribal Peoples Convention No. 169;
- Voluntary Principles on Security and Human Rights;
- International Council on Mining & Metals (ICMM) 10 Principles;
- Aluminium Stewardship Initiative (ASI) Performance Standard.

The CoC is required, in particular, from suppliers of raw materials and from partners providing production capacity as a part of production cooperation. A supplier undertakes to comply with the CoC's requirements by means of a signature provided by an authorised representative; when the CoC is updated, re-confirmation of acceptance is required. In the event of non-compliance being identified, the company may require corrective action to be taken or, where appropriate, terminate the business relationship; the relevant procedures are described in Chapters 7.2 and 7.3. SILON also monitors publicly available information and media reports on possible human rights violations in connection with its suppliers' activities.

7.2. Procedures for Cooperation with Workers in the Value Chain and Their Representatives (S2-2)

The SILON group works with suppliers from a number of countries (AT, BE, CN, CZ, DE, DK, FI, FR, GB, GR, HU, CH, IT, NL, PL, UAE, SG, SI, SK, TH, TR, TW and US). This geographical diversity in the supply chain is taken into account through a consistent approach to the assessment and management of social and human rights risks, which is applied across all regions in which the company operates.

Cooperation with suppliers in the ESRS S2 area is managed through a standardised supplier management process, which includes, in particular:

- pre-qualification of suppliers at the start of a business relationship, including a mandatory self-assessment in the form of a structured questionnaire covering the areas of quality, delivery times, EHS, sustainability, social responsibility and information security;
- contractual safeguards to ensure compliance, where a supplier, upon entering into a business relationship, confirms its acceptance of the Code of Conduct for Suppliers (CoC) through the signature of an authorised representative (or has its own code of conduct that is compatible with it);
- ongoing and annual evaluation of suppliers, including risk analysis and re-evaluation of compliance with the CoC's requirements;
- resolving incidents or reports relating to breaches of the CoC's requirements during the course of the cooperation.

There are currently no direct, systematic mechanisms in place for communicating with suppliers' workers; however, the company plans to explore the possibility of extending its supplier evaluations to include aspects relating to vulnerable groups of workers as a part of its ESG due diligence (CSDDD).

In cooperation with the quality department, a strategic buyer is responsible for ensuring that suppliers comply with the CoC's requirements. Should any non-conformities be identified, the matter is escalated to the head of procurement and the head of quality, who decide on the course of action, in particular whether to take corrective action, continue the business relationship or terminate it. SILON has not entered into any global framework agreements with international union federations or similar organisations.

Effectiveness of Cooperation with Suppliers

The effectiveness of cooperation with suppliers is evaluated primarily based on the occurrence of reports relating to breaches of the CoC's requirements and how they are addressed. The results of this evaluation are taken into account during the regular review of suppliers and when deciding on the future development of the business relationship (see Chapter 7.1).

7.3. Processes for Addressing Negative Impacts and Channels for Submitting Reports (S2-3, S2-4)

The public email reporting address compliance@silon.eu, as set out in the Code of Conduct, is available to suppliers, subcontractors and their workers. This channel is intended for reporting suspected breaches of labour rights, safety rules or ethical principles in connection with a business relationship with SILON. The general principles governing the protection of whistleblowers, including the prohibition of retaliatory measures and the role of the ombudsman, are set out in Chapter 6.3.

Upon receipt of a relevant report, the company may initiate an extraordinary review of a supplier, including a supplier audit (on-site or remote), and draw up a plan of corrective and preventive actions (CAPA); see Chapter 7.1. The company also requires suppliers and subcontractors to have their own whistleblowing mechanisms in place and to inform their employees of their availability; compliance with this requirement is verified primarily through supplier audits of higher-risk partners.

Effectiveness of the Prevention System

The effectiveness of the prevention system is monitored using a combination of tools, in particular annual supplier evaluations, the evaluation of self-assessments, internal audits and the monitoring of publicly available information on suppliers via the Feedly service. Actions taken based on the findings are aimed at addressing the root causes, and their effectiveness is verified by the internal auditor and the quality manager. The functionality of the reporting channels is verified as a part of regular reviews of the management system.

Actions Relating to Workers in the Value Chain (S2-4)

SILON manages potential impacts on workers in the value chain primarily through a preventative approach; where an increased risk is identified, an escalation process is activated with the aim of evaluating the situation and putting appropriate measures in place (see Chapter 7.2).

Should a verified incident occur, the company initiates joint discussions with the supplier, resulting in an action plan setting out corrective actions; the implementation and effectiveness of the steps taken is then verified by a follow-up audit. Internal processes for managing non-conformities and corrective actions are set out in the internal guidelines on procurement management and supplier quality (e.g. QG06 and QG19), which are available to the relevant employees via the internal documentation management system.

7.4. Indicators and Actions Relating to Workers in the Value Chain (S2-5)

SILON has set results-oriented measures in the area of labour rights and worker safety in the value chain, based on the requirements of its Tier 1 customers and its internal sustainable procurement principles.

Actions taken and indicators:

- **100 per cent of raw material and packaging suppliers have adopted the Code of Conduct (CoC) for Suppliers**
  By 2025, we ensured that all relevant suppliers had signed the CoC or had their own internal commitments covering human rights and the provision of a safe and healthy working environment.

  This measure is a key element in preventing adverse effects on workers in the value chain and supports the principles of sustainable procurement and responsible business practices.
- **number of serious injuries to suppliers' employees and human rights incidents**
  This indicator is tracked via the Feedly monitoring service and the company's reporting inbox at compliance@silon.eu.

  No such cases were recorded in 2025, which confirms the effectiveness of the preventive system put in place.

Process of establishing measures and monitoring indicators relating to workers in the value chain:

- measures relating to labour rights and worker safety in the value chain are determined based on the risk management process, supplier evaluations and the requirements of Tier 1 customers;
- although there was no direct consultation with workers in the value chain or their representatives when the measures were being designed, their position is taken into account as a part of a supplier risk assessment;
- performance monitoring takes place annually as a part of the KPI reporting carried out by the Strategic Procurement and Audit Processes Department;
- the measures implemented in 2025 were evaluated as effective; during the period under review, no reported cases of rights violations or other material adverse impacts on workers in the value chain were identified.

Resources Allocated to Managing the Impact on Workers in the Value Chain

The management of impacts on workers in the value chain is carried out as a part of the day-to-day activities of the strategic procurement, quality and compliance units. The company does not allocate separate human or financial resources specifically for this area; the relevant activities are integrated into standard supplier management, audit and compliance evaluation processes.

Evaluation of Effectiveness and Further Development

The evaluation of effectiveness is based on the results of supplier audits and the annual supplier evaluation; however, formal quantitative KPIs for the effectiveness of corrective action have not yet been established – this will be considered once sufficient historical data have been collected.

The company did not record any reported cases of rights violations or other material adverse impacts on workers in the value chain in 2025, nor had any such cases been recorded in the past; the system is therefore evaluated as effective.

Objectives Relating to Workers in the Value Chain

SILON did not set any separate, measurable targets for workers in its value chain for the period under review. Management in this area is based on preventive measures and the ongoing monitoring of indicators and incidents.

8. ESRS S3 Affected Communities

This chapter follows on from the material impacts, risks and opportunities relating to the affected communities, as identified in Chapter 1.3.3 (SBM-3), and elaborates on them in accordance with the requirements of the ESRS S3 standard.



8.1. Policies and Measures Relating to Affected Communities (S3-1 to S3-3)

The management of impacts on affected communities is part of SILON's integrated management system and follows on from the framework of policies, ethical conduct principles and approval and update processes described in Chapters 1.2 and 1.3. As a part of the implementation of the Company Policy, the SILON group analyses and prevents adverse impacts on local residents, maintains safe and legally compliant operations, and continuously improves the measures in place at the plant. The policy also includes a commitment to systematically improve working and living conditions and to develop cooperation with suppliers so that they, too, meet the requirements for sustainable development. The policy also sets out a commitment to support community and charitable activities and to improve living conditions for local residents. The company does not operate in indigenous territories; therefore, no specific provisions have been laid down in this regard. The company's commitments are set out in the Code of Conduct for Employees and the Code of Conduct for Suppliers and are in line with international frameworks and UN principles (see Chapter 7.1), the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines on Business Conduct.

Responsibility for compliance with the community policy lies primarily with the OHS, EMS and fire safety manager, as well as the executive officers, who review the effectiveness of the measures taken on an annual basis as a part of the integrated system.

Cooperation with Affected Communities (S3-2)

Cooperation focuses on residents in the immediate vicinity of the site in Planá nad Lužnicí (in particular the owners' associations of the adjacent apartment blocks, see Chapter 1.3.3.3) and on the local authority and the relevant administrative authorities. Contact occurs primarily in two situations:

- in the context of design changes and permitting procedures (building proceedings, EIA, etc.), where potential impacts on communities are taken into account;
- on an ad hoc basis in response to specific reports (e.g. a noise complaint), where the company carries out investigations, takes measurements, proposes and implements corrective actions, and informs the parties concerned of the results.

The findings from these investigations are evaluated in the EMS and are used to continuously improve the measures put in place. The cooperation is coordinated by the SILON CZ Estate s.r.o. unit in conjunction with the OHS, EMS and fire safety manager and the heads of the relevant operations, where the final decision on measures rests with the executive officer (COO). The effectiveness of cooperation is assessed through the recording of reports and measurement results; formal reporting intervals and KPIs for cooperation with communities have not yet been set separately – they will be added as a part of the further integration of ESG into the IMS.

Corrective Actions (S3-3, S3-4)

Communities may submit reports via the contact details provided by the SILON CZ Estate s.r.o. unit (by email, telephone or in person) and the company's data box. Every report is recorded and investigated (SILON CZ Estate s.r.o., EHS) and, if an impact is confirmed, corrective and preventive actions (CAPA) are put in place and the parties concerned are informed of the results. The protection of whistleblowers and related principles have already been described in Section S1 (see Chapter 6.3).

The effectiveness of the channels is evaluated by monitoring the frequency of reports, the time taken to resolve them and the situation following the taking of actions (e.g. whether the same report is submitted again). These findings are taken into account when deciding on technical and organisational changes to operations. Feedback from the apartment owners' associations and the local authority is taken into account when deciding on investments and operational changes.

Noise pollution in the vicinity of the site has been identified as a material impact in the S3 area (see Table 1). The company therefore implements a combination of technical and organisational measures, together with ongoing monitoring:

- **technical measures:** installation of noise-reduction measures (silencers, acoustic barriers, insulation panels/screens), modifications to fencing and plant buildings;
- **organisational measures:** restricting noisier activities to daytime hours, scheduling logistics (loading/unloading) outside early morning and night-time hours, operational procedures (e.g. closing hall doors);
- **monitoring:** operational noise measurements in response to reports; evaluation of the effectiveness of measures and any necessary adjustments;
- **additional environmental measures:** the Clean Sweep programme (prevention of granulate spills), regular cleaning and the planting of greenery on the site and in the surrounding area to improve the quality of the environment and the comfort of residents living near the facility in the long term.

Funds are allocated from the EMS and maintenance budgets for the implementation of noise abatement measures and other environmental investments; in 2025, these costs amounted to approximately CZK 2.6 million.

8.2. Indicators and Targets for the Affected Communities (S3–5)

The SILON group did not set any separate, measurable performance targets for the affected communities for the period under review. Management in this area is based on preventive measures, compliance with statutory limits and the ongoing monitoring of reports and environmental indicators.

Measures implemented concerning community impact:

- to keep noise levels within the statutory limits in all affected areas;
- maintaining auditable records of reports and corrective actions, including traceable correspondence and processing deadlines.

Metrics Used

In order to monitor the effectiveness of actions in relation to their impact on the affected communities, the company uses the following metrics:

- the number of reports and complaints received from communities during the period under review;
- the number of repeat reports regarding the same source following the implementation of corrective actions;
- the results of operational noise measurements carried out while investigating complaints.

The metrics are based on internal records of complaints and EHS measurement records. The methodology is based on operational records and measurements carried out in accordance with applicable technical procedures; its reliance on reports and individual measurements taken at specific times is a limitation. A repeat report concerning the same source is regarded as an indication that the original corrective action was ineffective and is subject to a fresh review.

Monitoring and Evaluation

Performance is assessed during annual management reviews in accordance with ISO 14001 and internal EMS audits; monitoring and measurement processes in the EHS area are governed by internal documentation (in 2025, document PEMS-MP02-05 replaced the previous guideline SEMS05, effective from October 2025).

A study was carried out regarding noise pollution and confirmed compliance with the statutory limits; in the event of complaints, ad hoc measurements are carried out and any necessary immediate corrective actions are taken.

In 2025, no instances of non-compliance with the UN Guiding Principles on Business and Human Rights influencing the affected communities were recorded in the group's operations or in any part of the value chain; the noise complaints recorded were investigated and found to be unfounded.

The range of monitored indicators may be expanded in the future as the IMS system is further developed.

9. ESRS S4 Consumers and End Users

This chapter is based on the material impact and opportunities (see the overview in Table 1) associated with consumers and end users, and specifies them further in accordance with the requirements of the ESRS S4 standard.



9.1. Policies and Actions Relating to Consumers and End Users (S4-1 to S4-4)

The SILON group adheres to a policy of product safety, truthfulness and clarity in the information it provides, and the proper handling of complaints in the IMS. This framework is underpinned by internal documents and guidelines that are binding on all employees and are available on the intranet (e.g. QG01, QG03, QG08, PP2450-08).

Policies relating to consumers and end users are consistent with internationally recognised frameworks, in particular the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. During the period under review, no instances of non-compliance were recorded in relation to consumers or end users in the downstream value chain.

The Company Policy sets out the group's commitment to complying with legislative requirements, ensuring the safety and quality of its products, and providing accurate and transparent information to customers. The policy is available on the intranet and is regularly reviewed by the company's management (see Chapter 1.2). The Code of Conduct (see Chapter 6.3) supplements these principles with a duty to communicate honestly, a ban on misleading practices and a requirement to respect the rights of customers and end users. It also includes a commitment to environmental protection, open communication and responsible conduct.

The quality management system (QG01, QG03) ensures that the sales process, the validation of materials and the preparation of technical documentation (TDS, IPN, MSDS, etc.) are carried out in a consistent and controlled manner. Customer feedback is evaluated annually through questionnaires, and the results are used as input for management reviews and quality KPIs.

Management of impacts on consumers and end users is handled by the quality, technical support, EHS and sales units as a part of their standard operating budgets; the company does not monitor any funds allocated specifically for this area.

Complaints and Claims Handling Processes and Customer Engagement (S4-2, S4-3)

Claims are handled in accordance with document PP2450-08 – Customer Claims Management, QG08 – Non-conforming Products Management and the 8D/RCaA methodology. Every claim is recorded, analysed and assessed in the Lessons Learned database, which is used to prevent non-conformities from recurring. Responsibilities are divided among the Quality, Sales, Technical Support, Production and Logistics Departments. The effectiveness of corrective actions is monitored using KPIs, in particular the timeliness of claim resolution; the standard deadline for rectifying non-conformities is 30 days. The lead auditor verifies the effectiveness of the measures taken and, in the event of a serious claim, may announce an unscheduled internal audit.

Cooperation with customers takes place via the customer portals and standardised communication processes defined in the IMS. Technical and safety data sheets, declarations of conformity and manuals are drawn up and revised in accordance with the relevant guidelines and the SEMS02 communication instructions. Operational responsibility for communication lies with the sales, technical support and quality units.

The company has established policies to protect whistleblowers from retaliation when using reporting and complaints channels; these principles are described in the policy and the whistleblowing system (see Chapter 10).

Measures Relating to Positive Impacts and Opportunities (S4-4)

Impact on Health and Safety

For selected product ranges, SILON uses non-flammable or mineralised fillers (e.g. ATH, MDH), which limit the spread of flame and smoke in applications for public spaces. The use of non-flammable components enhances the safety of end users in vehicles, tunnels and other public spaces where a fire would have serious consequences. The specifications and recommended uses are set out in the technical data sheets (QG01, QG03). Testing and metrological assurance are carried out according to IMS procedures for testing and validation, with any non-conformities being addressed through the claims system (see S4-2 above).

Opportunity for Active and Transparent Communication

Consistent version control of documentation, timely provision of technical data and rapid technical support strengthen customer confidence and facilitate entry into new markets.

The effectiveness of actions is monitored using KPIs pursuant to QG21, in particular:

- the timeliness and completeness of technical documentation;
- the deadline for submitting claims;
- the proportion of recurring non-conformities.

The system's effectiveness is further verified by internal and external audits (e.g. the VDA 6.3 process audit and the F449 product audit), the findings of which are incorporated into corrective actions and management reviews.

9.2. Indicators and Objectives for Consumers and End Users (S4–5)

The SILON group has established a set of KPIs to monitor the quality of deliveries, product safety and the effectiveness of communication with customers in the IMS. KPIs are reviewed on a monthly basis and are used to manage operational and reputational risks in relation to consumers and end users.

Key indicators:

- on-time delivery (OTD) – target value ≥ 100 per cent;
- claims rate – the number of customer claims as a proportion of the total number of deliveries; the objective is a sustained year-on-year decline;
- number of premium frame runs – monitoring of non-standard production runs initiated to ensure continuity of deliveries; the objective is to minimise exceptional interventions;
- escalation, escalation status – monitoring of active cases requiring immediate corrective action; the objective is to keep the number of open cases to a minimum.

These indicators make it possible to monitor the reliability and stability of deliveries and to prevent risks that could adversely affect end users. The metrics are defined in the internal IMS system and are based on operational data relating to quality and logistics. The calculations are based on internal records of claims, deliveries and escalated cases; the fact they depend on the accuracy of the input operational data is a limitation. The indicators are not validated by an external body outside the audit and reporting verification process.

Customer Satisfaction Survey

The SILON group strives to continuously improve customer satisfaction by:

- customer evaluations in external systems and Tier 1 customer audits;
- regular satisfaction surveys evaluating:
  - the quality of communication and proactive approach;
  - technical support;
  - problem solution;
  - documentation;
  - the quality of packaging and support during development.

The findings serve as a basis for reviewing quality targets and developing customer services, with the aim of achieving a year-on-year improvement.

Monitoring and Accountability Process

The objectives are defined in the IMS and updated at least once a year during the review of strategic indicators (see Chapter 1.3). The target value is set as a relative percentage indicator for the SILON group's production deliveries, with an annual review and ongoing monthly monitoring; the baseline reference period is the previous calendar year. The Quality Department, in cooperation with the Sales and Production Departments, is responsible for monitoring KPIs. The results are reported regularly to the company's management, which decides on corrective and preventative action. The combination of quantitative indicators and customer feedback makes it possible to identify, at an early stage, areas where it is appropriate to adjust processes or KPI targets. The overall objectives and method for evaluating them are in line with the disclosure requirements pursuant to ESRS 2 MDR-T.

10. ESRS G1 Corporate Conduct



Governance Framework and Approach to Materiality (ESRS 2 GOV-1, IRO-1 in Relation to G1)

The requirements for disclosing information on the role of management, the internal control system and the procedures for identifying material impacts, risks and opportunities are set out in the general parts of ESRS 2 (see Chapters 1.2, 1.3 and 1.4). This chapter follows on from them and sets out specific details regarding the business' conduct pursuant to ESRS G1 (ethics, supplier relationships, payment practices and prevention of corruption).

An independent assessment of compliance with internal procedures and IMS requirements is carried out through the internal audit system (see Chapter 1.2.1). Internal auditors are appointed by management and their competences are regularly evaluated.

10.1. Business Conduct Policies and Corporate Culture (G1-1)

The business' conduct is based on a combination of core policies and internal processes, which are already described in detail in other sections of the ESG report. This chapter summarises them in relation to the ESRS G1 requirements.

Code of Conduct, Whistleblower Protection and Related Policies

The basic document is the Code of Conduct for Employees, which sets out principles regarding integrity, the prohibition of corruption, conflicts of interest, discrimination and breaches of legal regulations and internal guidelines. The 'Integrity' chapter also includes a prohibition of bribery, money laundering and unlawful payments, as well as rules on the acceptance and giving of gifts. The group's commitments regarding human rights and responsible conduct are set out in more detail in the Code of Conduct for Suppliers (see Chapters 6.1 and 7.1). Both codes are available to employees on the intranet and externally on the SILON group's website, and apply to all entities in the group. Other tools for fostering the corporate culture are the company ombudsman, to whom employees can turn with their reports, and social dialogue, which is governed by the collective agreement concluded with the union organisation.

The policies are in accordance with the relevant legislation and with international frameworks on responsible business conduct and human rights (including the principles of the United Nations Convention against Corruption (UNCAC) and the requirements of Act No. 171/2023 Coll. on whistleblower protection), which are set out in Chapter 7.1.

The whistleblower protection system, including secure communication channels and rules on confidentiality and the prohibition of retaliation, is described in Chapters 1.3.2, 6.3 and 7.3. The SILON group uses an internal whistleblowing system (the SmartFP module) and additional channels (see Chapter 6.3). The group is subject to the legal requirements set out in Directive (EU) 2019/1937 and its national implementation – details of the investigation process (registration, assessment, appointment of an independent investigation team, investigation, recommendations for corrective actions and case closure), the roles of those receiving reports and investigators, as well as preventative measures against retaliation, are set out in the "Whistleblower Protection" document or on the company's website and in Chapter 6.3. Selected employees (recipients of notifications) and investigators receive specific training on these procedures from the HR Department. SILON expressly prohibits retaliatory measures against whistleblowers; measures to prevent retaliation include confidentiality, restricted access to a whistleblower's identity, the option to report anonymously and the separation of employment-related decisions from the investigation process. Where retaliation is identified, an investigation will be launched and corrective or disciplinary action taken. No employee may be penalised or discriminated against for making a report in good faith.

Table 21: Training and Management of Corruption Risks in the SILON Group (2025)

Indicator	Number	%
Total number of employees	327	100
Employees trained in anti-corruption measures	281	85.9
Employees acknowledging anti-corruption policies	327	100
Employees in functions at risk	39	11.9
At-risk employees trained	28	72.8

The number of reported breaches of the Code of Conduct is monitored as a part of regular KPI reporting; in 2025, no cases of corruption or bribery were recorded, nor were there any legal proceedings relating to these areas.

Training and Awareness

The principles of ethical conduct, the prohibition of corruption and conflicts of interest, the rules on gifts, reporting channels and the protection of whistleblowers are part of regular internal training sessions for all staff. The training courses also cover topics such as conflicts of interest, the prohibition of bribery and the basic elements of incident investigations; they are intended primarily for administrative, procurement, sales and other roles where there is an increased risk of a conflict of interest.

The human resources management framework and education plan are set out in guideline QG12 and related documents, and are summarised in the chapters on employee development, 6.3 and 6.7. Training courses take place at regular intervals (typically annually); completion of these courses is recorded in the internal information system, and their effectiveness is verified, for example, through tests or questionnaires. A separate training programme for management on anti-corruption has not yet been introduced, but the principles of ethics and anti-corruption behaviour form part of the training for new management staff.

Innovation and a Customer-focused Approach as a Part of the Culture

SILON CZ R&D s.r.o. fosters a corporate culture focused on innovation and customer needs – it develops new product ranges which, once launched, are mass-produced by other entities in the group. New products are showcased on the website and at trade fairs, complete with technical data sheets, and serve to strengthen long-term relationships with customers in various regions.

10.2. Supplier Relationships and Payment Practices (G1-2, G1-6)

Supplier Relationship Management (G1-2)

The SILON group actively manages its relationships with suppliers through transparent procurement and supplier evaluation processes, which are described in detail in Chapter 7. Suppliers are evaluated via self-assessment and questionnaires prior to being included on the approved list (see Chapter 7.2); key suppliers are required to sign the CoC for Suppliers or, where applicable, to submit equivalent internal policies in accordance with SILON's requirements.

An annual supplier evaluation includes an assessment of risks associated with social and environmental impacts, including risk management for raw materials that may affect the safety of final products. When selecting new suppliers, SILON takes into account ESG indicators, which include, for example, waste management, the emissions burden, compliance with OHS regulations and respect for human rights. An evaluation also takes into account factors such as reliability, supply quality and the financial stability of suppliers, in order to ensure a stable and sustainable supply chain in the long term.

Selection procedures and the approval of suppliers are carried out in accordance with uniform internal IMS procedures and are designed to ensure fair and transparent dealings with suppliers. Selected key suppliers are also subject to periodic quality, safety and sustainability audits, during which their environmental, social and ethical management systems are also assessed.

Supplier Sustainability Evaluation

In 2025, a basic assessment of selected suppliers was carried out in the area of sustainability management. The results are summarised in Table 22: a total of 83 suppliers (28 per cent) have signed the Code of Conduct (CoC) for Suppliers; social impacts were assessed for 21 important suppliers and environmental impacts for 56 suppliers.

Table 22: Supplier Assessments and Follow-up Actions in the SILON Group in 2025

Type of action	Indicator	Number
Code of Conduct for Suppliers (CoC)	Number of suppliers with a signed CoC	83
	% of suppliers signed CoC	28.2
Social impact assessment	Number of suppliers assessed	21
	Number of suppliers with an identified negative impact	1
	% of suppliers with plan for improvement	0
	% of suppliers where relationship terminated	0
Environmental impact assessment	Number of suppliers assessed	56
	Number of suppliers with an identified negative impact	8
	% of suppliers with plan for improvement	62.5
	% of suppliers where relationship terminated	0

The shortcomings identified among selected suppliers were addressed in 2025 through routine communication and ongoing monitoring, without the need to terminate the business relationship or implement formal CAPA plans. These findings are being used in the further development of the evaluation system and ESG due diligence in the supply chain (see Chapters 7.2 and 7.3).

Payment Practices regarding Suppliers (G1–6)

The payment process, including the creation of orders, the reconciliation of acceptance documents and invoices, and the approval of liabilities, is described in guideline QG06 and in a related document, the Signature Regulations. The contractual payment terms and conditions are set out in the company's General Business Terms and Conditions.

Responsibility for payment practices in the SILON group lies with the purchasing and accounts departments. As a standard practice, payment terms for supplier invoices are agreed within a range of 30–60 days, although shorter payment terms may also be accepted for selected suppliers (some suppliers offer a financial discount for early payment). Payments are made once a week as a part of a regular payment run, during which all outstanding liabilities are settled.

SILON maintains clearly defined payment terms and conditions, which form part of its contractual relationships with suppliers, and ensures fair treatment regardless of the size of a supplier. The aim is to establish long-term, stable and reliable cooperation. Late payments are treated as non-conformities, which are monitored as a part of regular financial checks, and more serious cases are addressed by management during the monthly IMS review.

The average time taken to settle invoices in 2025 was approximately 45 days, calculated from the start of the contractual or statutory payment period. An analysis of payments showed that:

- 92 per cent of payments were made in accordance with the payment terms and conditions (i.e. paid no later than 7 days after the due date in the weekly payment cycle);
- any minor 'overruns' are caused by technical or formal shortcomings in the documents, or by the fact that the due date falls shortly after a regular payment run has taken place.

Payment reporting does not currently distinguish between categories of suppliers based on size (SMEs/others). The company confirms that there are currently no legal proceedings pending in relation to late payments or payment liabilities on the part of SILON.

The calculation of payment deadlines is based on an analysis of payment data for the period 1 January 2025 to 31 December 2025, which included all payments made. This approach provides a representative and realistic picture of the company's payment discipline and its impact on the supply chain.

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