



INNO-COMP Ltd.

Sustainability Report

2023.



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Message from the CEO

2-22

We are delighted to present our organization's sustainability report for the year 2023, which is another milestone in our group's history.

The report provides a comprehensive analysis and presentation of the Group's environmental, social and corporate governance activities and initiatives. We cannot ignore that our actions in the present affect our future. We are, therefore, becoming more aware of our production processes and business operations. The development of our products, the recycling of by-products, and the training of our colleagues all support business continuity and sustainable development. This is what we would like to share with our readers.

Despite all our hopes, 2023 was the year when post-pandemic effects, the war in Ukraine, and an atmosphere of recession appeared at once in the European market. For us, this materialized in continuously decreasing market prices, increasing costs, declining demands, and exceptionally high electricity prices. 2023 was the year of market survival, where the partnerships established in the past years supported business continuity, since we all could only forecast demand in a very short term. Interestingly, it was in this market environment that we received considerable requests for materials containing regranulates for the first time. Sustainability reached a

new level at our company and was integrated into our development processes. We take pride in the fact that our largest automotive partners entrusted us with development tasks that already comply with the EU's sustainability regulations set to take effect in 2031.

In 2023, we finalized our solar park installation project, ensuring the necessary human and financial resources. This became the largest non-productive investment in the history of Inno-Comp Ltd.

We further increased the role of our waste recovery subsidiary within the group by introducing new IGR materials. The primary objective of InnogaV is to turn the by-products and collected waste into valuable raw materials for the Inno-Comp Group.

We are responsible for the safety and wellbeing of our employees, so we pay special attention to providing optimal working conditions for them. Our "Safety First" policy aims to prevent accidents at work with modern safety equipment, the use of warning signs and regular trainings. We have been operating without any major accidents for years, which demonstrates the success of our initiatives. We are proud that our employees can work together as a community: many of them have been part of the Inno-Comp team for decades.

Corporate social responsibility is a key activity for us, which we mainly focus on our city and immediate environment. Our main priority in 2023 was again the support of children and young people, particularly in the fields of education and sports. We are delighted to have established cooperative programs with local organizations that have now become traditions.

We have more work to do in our ESG focus areas, not only because of the increasingly stringent legal requirements, but to reach our own goals and ESG vision. We have already taken the first steps, with more to follow. We have compiled our ESG strategy, where we focus on improving our operational processes and reducing our environmental impact.

I hope that by reading our ESG report, readers will get an accurate picture of the Group's current position towards sustainable development.

I wish you a pleasant reading!

Péter Torma
Managing Director

1. Introduction

1.1. About the report 2-1, 2-2, 2-3, 2-4

As a plastic compounder, we recognise our environmental and social responsibility and commitment to sustainability has become a key part of Inno-Comp's company philosophy. In line with customer, owner and management expectations, our goal is to maintain stakeholder satisfaction and trust. To this end, Inno-Comp has committed to report on its activities in the form of an ESG¹ report.

In our report released in 2024, we present sustainability results for fiscal year 2023. The report was prepared in line with the Global Reporting Initiative (GRI) standards. The GRI indicator table is included in the report, containing the GRI disclosures reported in each chapter.

The report presents the activities of Inno-Comp's Hungarian operation (referred to as Inno-Comp Kft., Inno-Comp Hungary or ICH) and its Czech subsidiary (referred to as Inno-Comp Bohemia s.r.o., Inno-Comp Bohemia or ICB).

Reporting organisation	Inno-Comp Kft.
Central address of the organisation	Tiszaújváros Vegyészek útja 8.
Report scope	Inno-Comp Kft. és Inno-Comp Bohemia s.r.o.
Reporting period	2023.01.01. - 2023.12.31.
Reporting cycle	Annual
Financial reporting period	Annual and biannual reporting period
Reporting standard used	"with reference to GRI Standards (2021)" - The Report was prepared using GRI Standards (2021).
Third-party authentication	The information and data contained in this Report have not been authenticated by a third party.

We welcome your questions and feedback regarding our ESG Report at esg@innocomp.hu

¹Environmental, Social and Governance used in the report as a synonym for sustainability

1.2. Material topics 3-1, 3-2

In our report, we intend to present the ESG aspects most relevant to Inno-Comp Kft. and Inno-Comp Bohemia s.r.o. We did not need to make changes to the relevant topics for our company, so we continued with the material topics identified in last year’s ESG report. In 2023 we assessed which ESG topics directly or indirectly impact the operation, financial results and strategy of our company. The assessment was conducted according to the GRI Standards (2021) international reporting standard.

Prior to the assessment, we compiled a list of potential material ESG topics based on benchmark analysis. Inno-Comp’s executives then assessed these topics based on two main criteria: the company’s impact on stakeholders and the impact of topics on the company. In establishing the final order of the material topics, we compared the evaluation of the management with industry-specific recommendations from international organizations (MSCI² and SASB³) to produce the list of material topics included in the report.

As a result, 11 material topics were identified, for the measurement and reporting of which we used indicators defined by GRI standard. The material topics were reviewed in 2024, the results of which we publish in this report.

	List of material topics	Corresponding chapter	Corresponding subsection
1	Working conditions	Inno-Comp as an employer	Working conditions
2	Climate and environmental protection, with focus on GHG emissions	Our environmental impact	Reducing our carbon footprint
3	Business ethics and compliance	Responsible corporate governance	Business ethics and compliance
4	Waste treatment and recycling	Our environmental impact	Waste management and recycling
5	Circular economy and sustainable solutions	Our environmental impact	Circular economy and sustainable solutions
6	Employee wellbeing, talent development	Inno-Comp as an employer	Employee wellbeing, training and development
7	Stakeholder engagement	Social responsibility	Stakeholder engagement
8	Responsible energy use	Our environmental impact	Responsible energy use
9	Supporting local communities	Social responsibility	Supporting local communities
10	Water management	Our environmental impact	Water management
11	Data security and privacy	Responsible corporate governance	Data security and privacy

List of material topics of Inno-Comp

² Morgan Stanley Capital International

³ Sustainability Accounting Standards Board

2. About INNO-COMP

2.1. What we do 2-6

Inno-Comp Kft. was established on 1 January 1999, as a joint venture between the plastics industry raw material manufacturer TVK Nyrt., then operating in Tiszaújváros, and PCG Polyconsult AG, a family business. The first integrated polypropylene compounding company in Central and Eastern Europe was established with its seat in Tiszaújváros, about 180 km east of Budapest. Inno-Comp Bohemia s.r.o. – 60% owned by Inno-Comp Kft. – started its operation in October 2008 in Litvínov, Czech Republic, to ensure a more efficient supply to our customers throughout Europe.

Both our production plants are located at the same site as the two largest polyolefin producers of the region, MOL Petrochemicals Zrt. in Tiszaújváros (hereinafter: MPK) and Unipetrol RPA in Litvínov. This physical proximity

provides Inno-Comp and its customers with a number of long-term strategic advantages.

Our commitment to environmental protection led to the formation of InnogaV, a regranulate manufacturer, in January 2019, of which Inno-Comp is a co-owner. Quality control of the recycled material production allows us to provide our partners with the best service for these products.

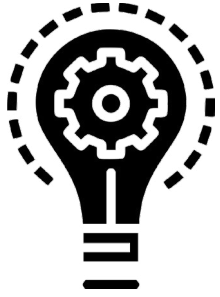
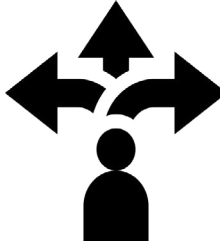




Polyethylene (PE) and polypropylene (PP) - collectively polyolefins - are the most widely used synthetic plastics.

A compound is a composite material or plastic composite base material.

Regranulate is plastic waste grained to usable size for recycling.

Our business is constantly focused on meeting customer and regulatory requirements, innovation, flexibility and sustainability.

	<p>Innovation</p>	<p>One of our most important objectives is to achieve error-free operation by improving our processes in product and technical development. In the future, we would like to continue to focus on improving customer and procurement-oriented processes and supporting sales activities. We operate an integrated enterprise resource planning (ERP) system, thus our more efficient internal processes help us better serve our customers' needs.</p>
	<p>Flexibility</p>	<p>We respond as quickly as possible to changes and challenges of the economic environment and to customer needs, based on our expertise and capacity.</p>
	<p>Compliance</p>	<p>We aim to become the primary supplier to our customers and to continuously monitor and meet the growing needs of the market while protecting our environment</p>
	<p>Sustainability</p>	<p>Sustainability is a key factor in our products' lifecycle. Our products are designed to support ecological and social development opportunities. We strive to reduce the use of raw materials, electricity, water and other resources. We keep waste levels as low as possible and recycle as much as possible.</p>

Inno-Comp's corporate values

Inno Comp's corporate values

We place great emphasis on ensuring that our products meet the highest quality standards while being committed to environmental and social responsibility. Through our dedication to innovation, we continuously improve our products and technologies to meet the evolving market and environmental demands.

Our management is committed to fostering a quality- and environment-conscious corporate culture, continually improving our management systems and environmental performance, and fulfilling compliance obligations. We focus on reducing pollutant emissions from our facilities and equipment and increasing the proportion of recyclable waste. We strive for energy efficiency in our operations, and actively seek opportunities to utilize renewable energy sources. Our goal is to reduce our environmental footprint both in production and across the entire company.

We seek mutual benefits in our business relationships. We value the feedback and opinion of our employees, customers, suppliers, and subcontractors.

Our customer-centric approach allows us to tailor our products to meet customer needs and build long-term, mutually beneficial partnerships. These core values ensure that Inno-Comp Ltd. is a reliable, competitive, and responsible market player, while also contributing to sustainable development.



2.2. Our Products

Our INNOPOL and INNOBATCH

product portfolio consists mainly of polypropylene compounds, which can be mineral-filled, glass fibre reinforced or modified with elastomer (flexible plastic).

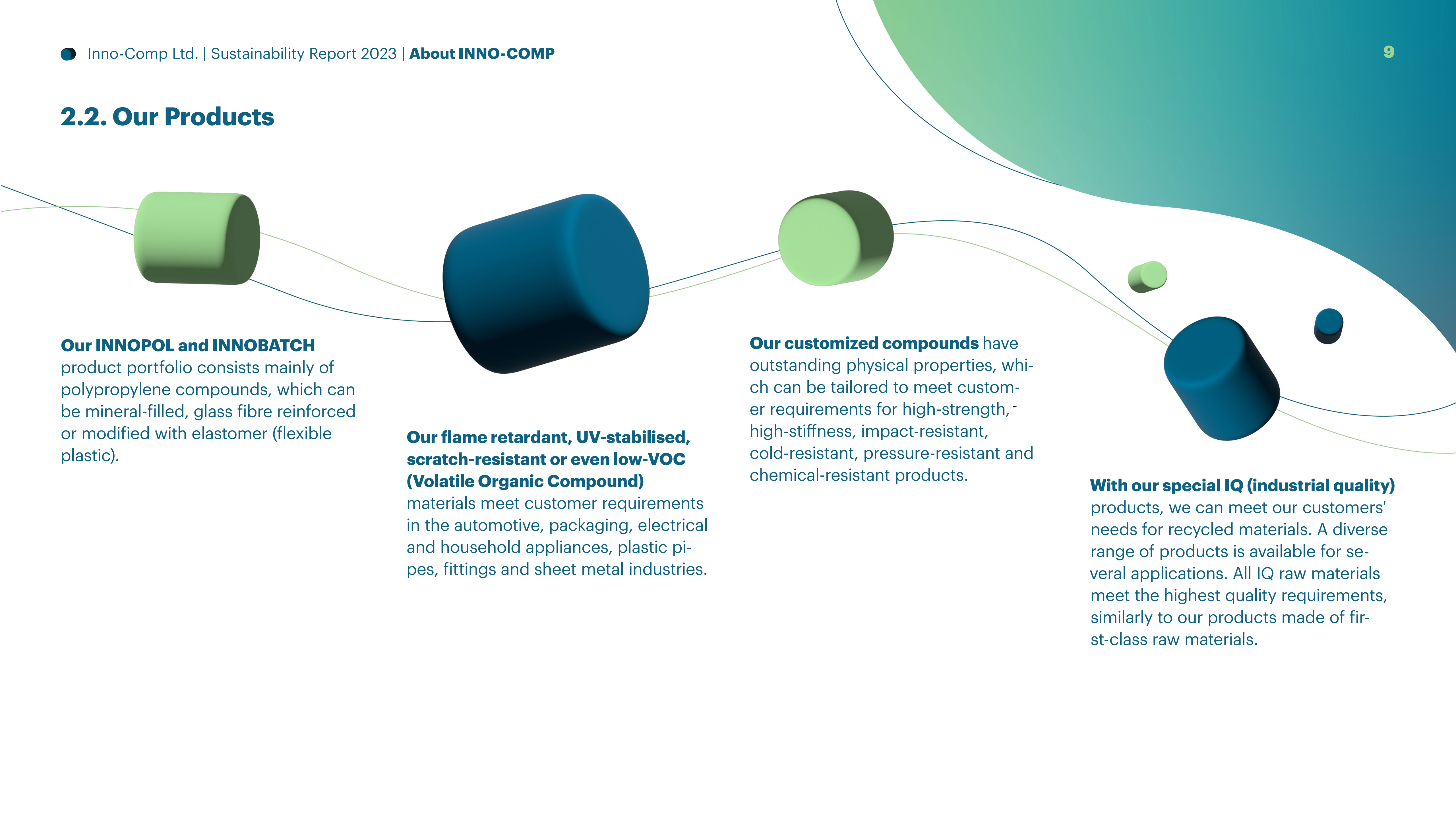
Our flame retardant, UV-stabilised, scratch-resistant or even low-VOC (Volatile Organic Compound)

materials meet customer requirements in the automotive, packaging, electrical and household appliances, plastic pipes, fittings and sheet metal industries.

Our customized compounds have outstanding physical properties, which can be tailored to meet customer requirements for high-strength, high-stiffness, impact-resistant, cold-resistant, pressure-resistant and chemical-resistant products.

With our special IQ (industrial quality)

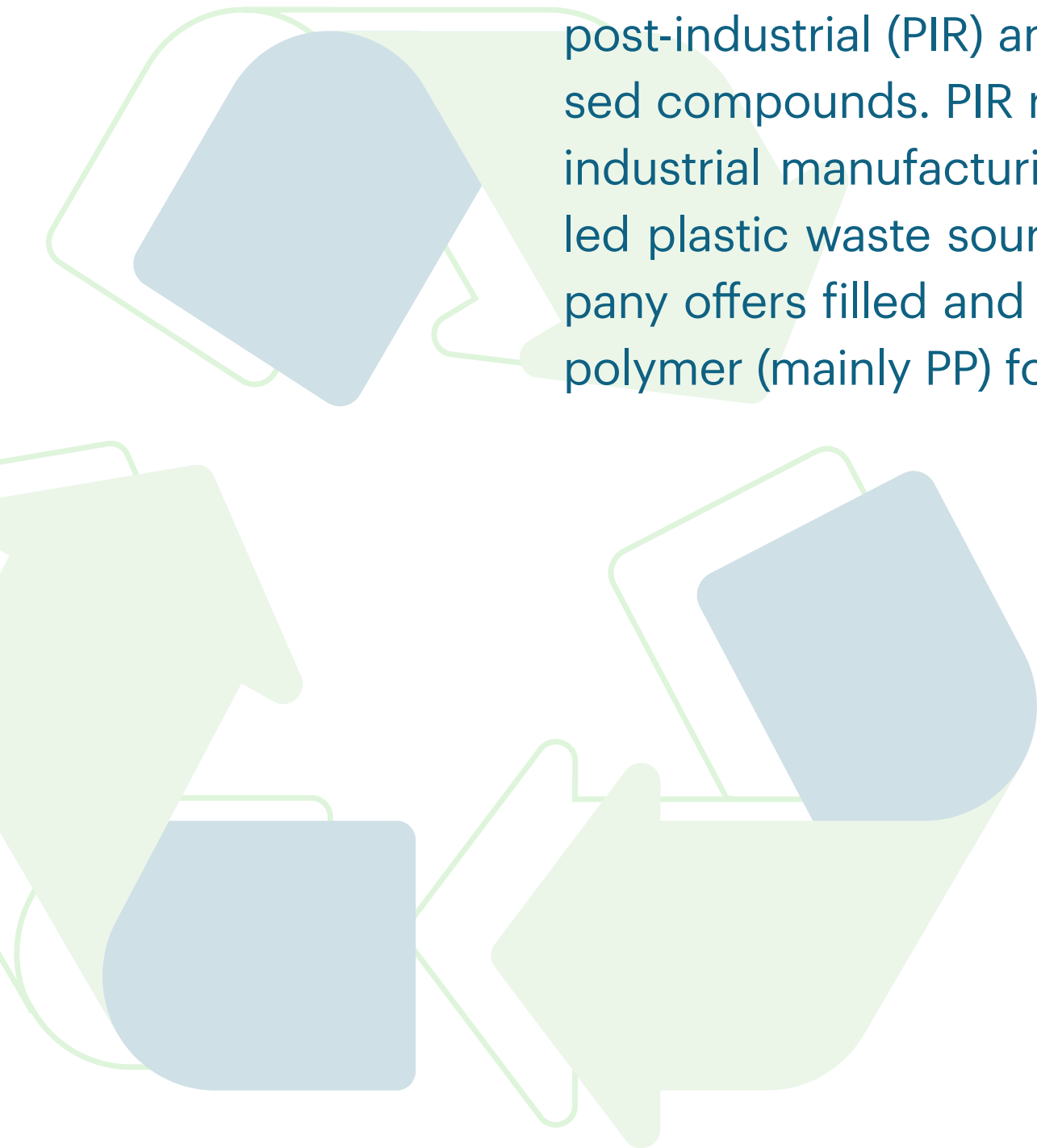
products, we can meet our customers' needs for recycled materials. A diverse range of products is available for several applications. All IQ raw materials meet the highest quality requirements, similarly to our products made of first-class raw materials.



Sustainable solutions

Recycled solutions

By using recycled materials in our production processes, we significantly reduce the demand for virgin resources and minimize waste. Our recycled products can be divided into post-industrial (PIR) and post-consumer (PCR) regranulate-based compounds. PIR refers to plastic waste generated during industrial manufacturing processes, while PCR means recycled plastic waste sourced from end-user materials. Our company offers filled and reinforced products based on recycled polymer (mainly PP) for several applications.



Bio solutions

Our bio-polymer based products primarily include PLA (polylactic acid) based compounds. Our non-bio-polymer products based on PPH, PPC and random copolymer can be filled with bio-fillers, for example wood fibre, powder; agricultural residue, hemp, etc.



We build on the knowledge we have gained from previous developments and research results to create experimental recipes that meet customer requirements. Our products are widely applicable across various industries, with our IQ and biocomposite products contributing to the production of lighter, more durable, and environmentally friendly plastic products, thus helping our partners apply sustainable solutions.

Application areas

<p>Automotive industry</p>	<p>INNOPOL automotive materials are widely used in the automotive industry, providing additional benefits to end users.</p>	<p>Engine compartment: lamp-housings battery compartments, air deflector parts, cable channels, engine covers Interior: door panels, sun-visors, seat covers, air grids, pillar trims, consoles, glove boxes, HVAC parts, instrument panels Exterior: bumper parts, grills, trims, boot casings, hubcaps, mudguard parts</p>
<p>Household and electrical appliances</p>	<p>INNOPOL materials for household and electrical appliances can be used reliably in the production of small and large sized plastic parts.</p>	<p>Household appliances: washing machines, dishwashers, dryers, refrigerators, vacuum cleaners, irons, industrial cleaning equipment Electrical appliances: hairdryer parts, parts of lamps and lighting fixtures, electrical switches and switching components, sockets, lawn-mower casings Do-it-yourself tools: casings, metal inserted plastic parts</p>
<p>Pipes and fittings, sheets</p>	<p>INNOPOL polypropylene homopolymer, block- and random copolymer based raw materials for manufacturing of pipes and sheets can be used in general applications and in special areas as well.</p>	<p>Primary applications: indoor and outdoor sewage systems, pipelines and pipe fittings used in chemical plants, pressure pipes, pipes and other components for drinking water and heating systems, pipes having high impact strength, flame retardant pipes, corrugated pipes, coextruded pipes, sheets for large containers, profiles</p>
<p>High filler-content materials</p>	<p>Our high filler-content INNOBATCH materials (50-70% filler content) can be fed as masterbatches. These materials are semi-finished products from a user point of view and allow the user to determine the optimal feeding rate during the processing operation. This way, significant cost saving can be achieved without deteriorating the quality.</p>	<p>Applications: sheets and profiles, multi-layer sheets, packaging containers and boxes, garden furniture, food packaging (well-printable and breathable films)</p>

2.3. Our memberships in organizations 2-28

Inno-Comp places great emphasis on active involvement in industry associations. To share experiences, best practices and shape the future, we are members of the following organisations:

Inno-Comp Group

European Masterbatchers and Compounders Association (EuMBC)

European Plastics Converters Association (EuPC)

Inno-Comp Kft.

National Association of Entrepreneurs and Employers (VOSZ) Borsod-Abaúj-Zemplén County Organization

Chamber of Commerce and Industry of Borsod-Abaúj-Zemplén County (BOKIK)

Association of Hungarian Pipe Manufacturers

Association of Hungarian Plastics Industry Companies

European Plastic Pipes and Fittings Association (TEPPFA)



2.4. The Inno-Comp Group in numbers

	2 main production sites
	114 Hungarian és 47 Czech employees
	Nominal capacity of 130 thousand tonnes
	Business partners in 32 countries worldwide
	More than 1000 ongoing projects per year
	Success rate of over 30%, nearly a third of the products under development will be included in the portfolio
	53 thousand tonnes of products sold in 2023

2.5. Stakeholder involvement 2-29, 413-1, 413-2

The key to our long-term, sustainable and responsible operation lies in maintaining strong and lasting relationships with our stakeholders. We continuously analyse our stakeholders to maintain this: we assess the risks affecting our short- and long-term operations in relation to all external and internal stakeholders, and we also define requirements to enhance the efficiency of our collaboration.

We believe it is essential for our colleagues to understand and support our sustainability goals, as their involvement ensures that environmental and social considerations, such as waste reduction and energy efficiency, are integrated into daily activities.

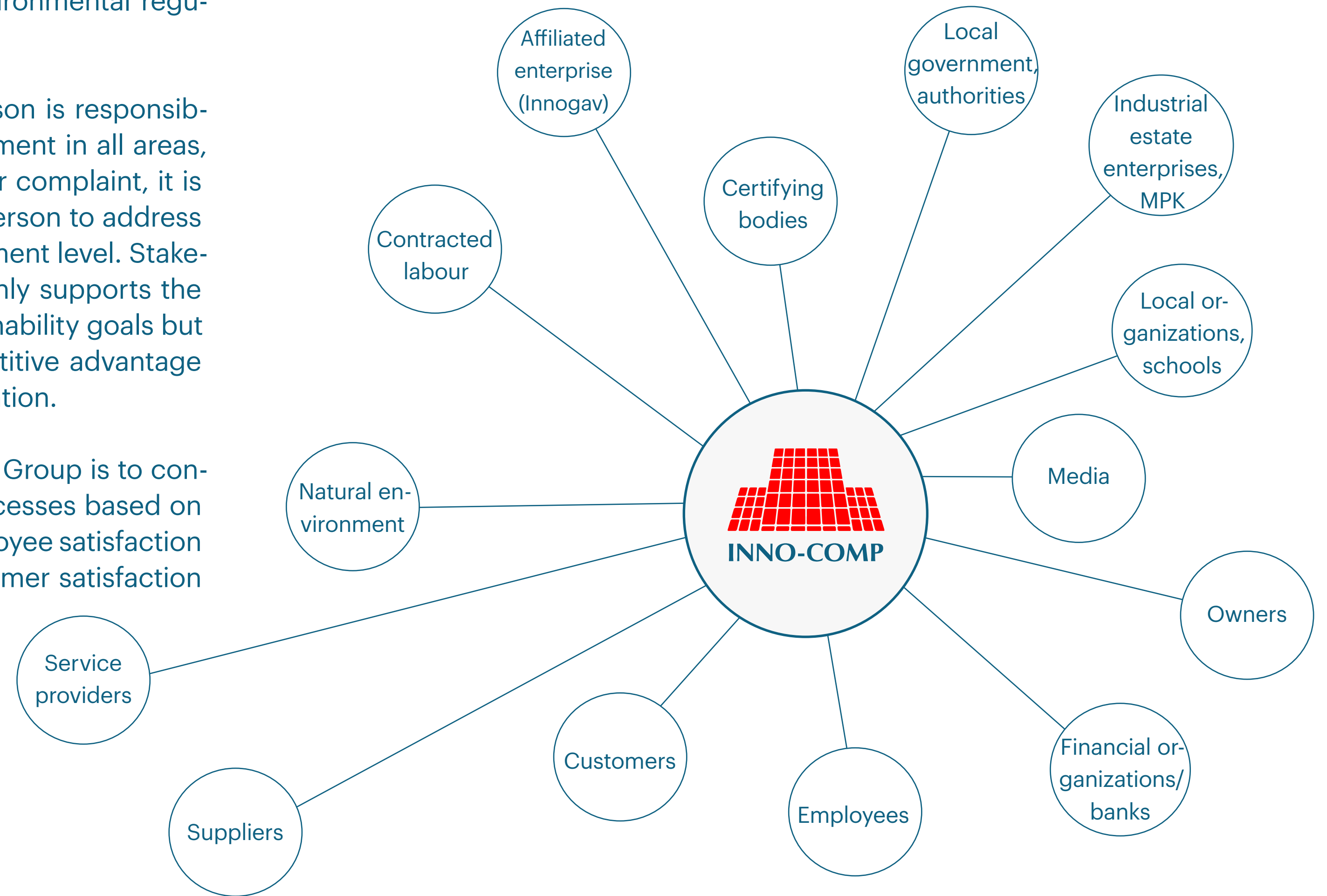
Together with our suppliers and business partners, we constantly work on developing a sustainable supply chain and expanding our portfolio of products containing regrulated and bio-based materials, making it a priority to understand our customers' needs and expectations.

Through our community engagement activities, we support local organizations, strengthening our corporate social res-

ponsibility strategy. We collaborate with governmental and local authorities to ensure compliance with environmental regulations and standards.

A designated contact person is responsible for stakeholder engagement in all areas, and in case of a request or complaint, it is the responsibility of this person to address it or to bring it to management level. Stakeholder engagement not only supports the achievement of our sustainability goals but also enhances our competitive advantage and positive market reputation.

An important factor of the Group is to continuously improve our processes based on feedback. We assess employee satisfaction every two years and customer satisfaction annually.



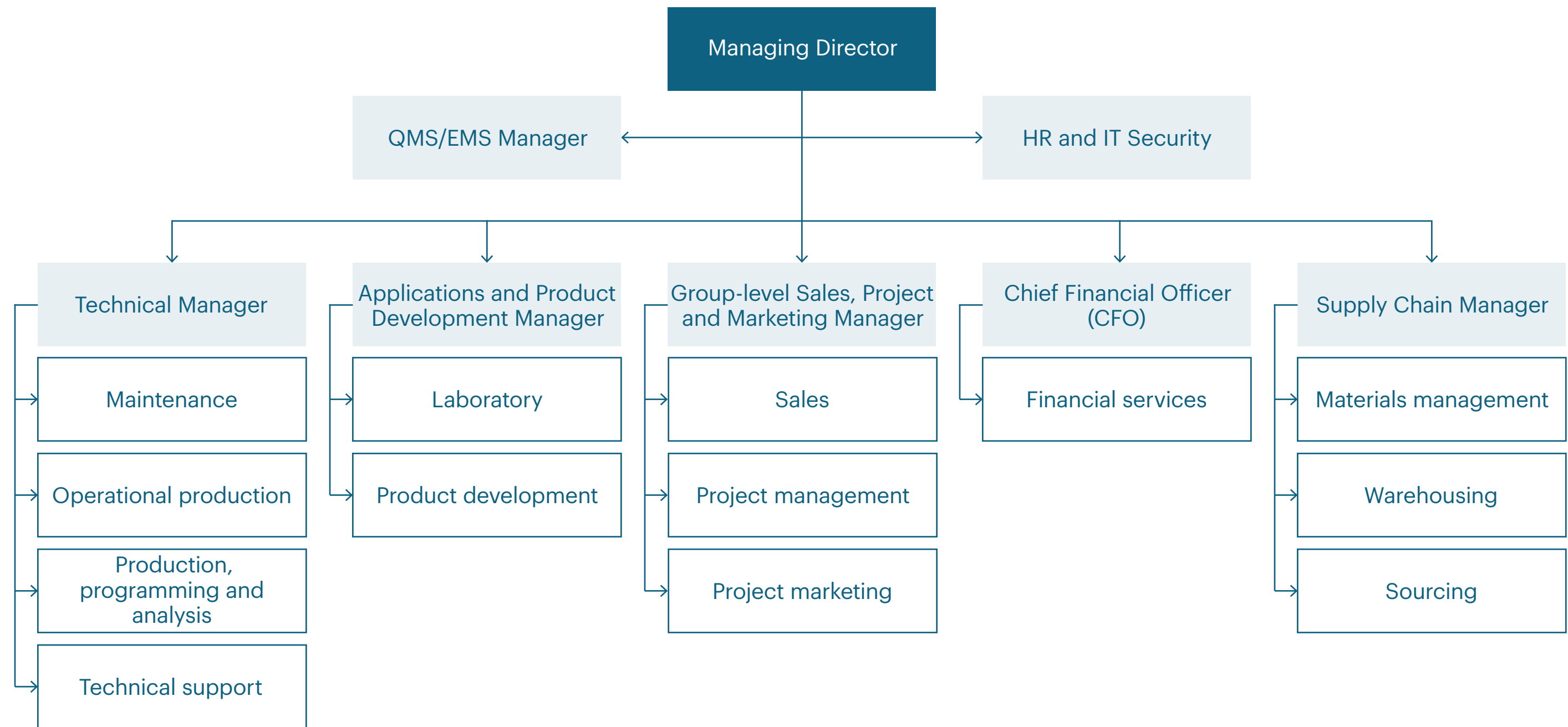
Stakeholders of the Inno-Comp Group

3. Responsible corporate governance

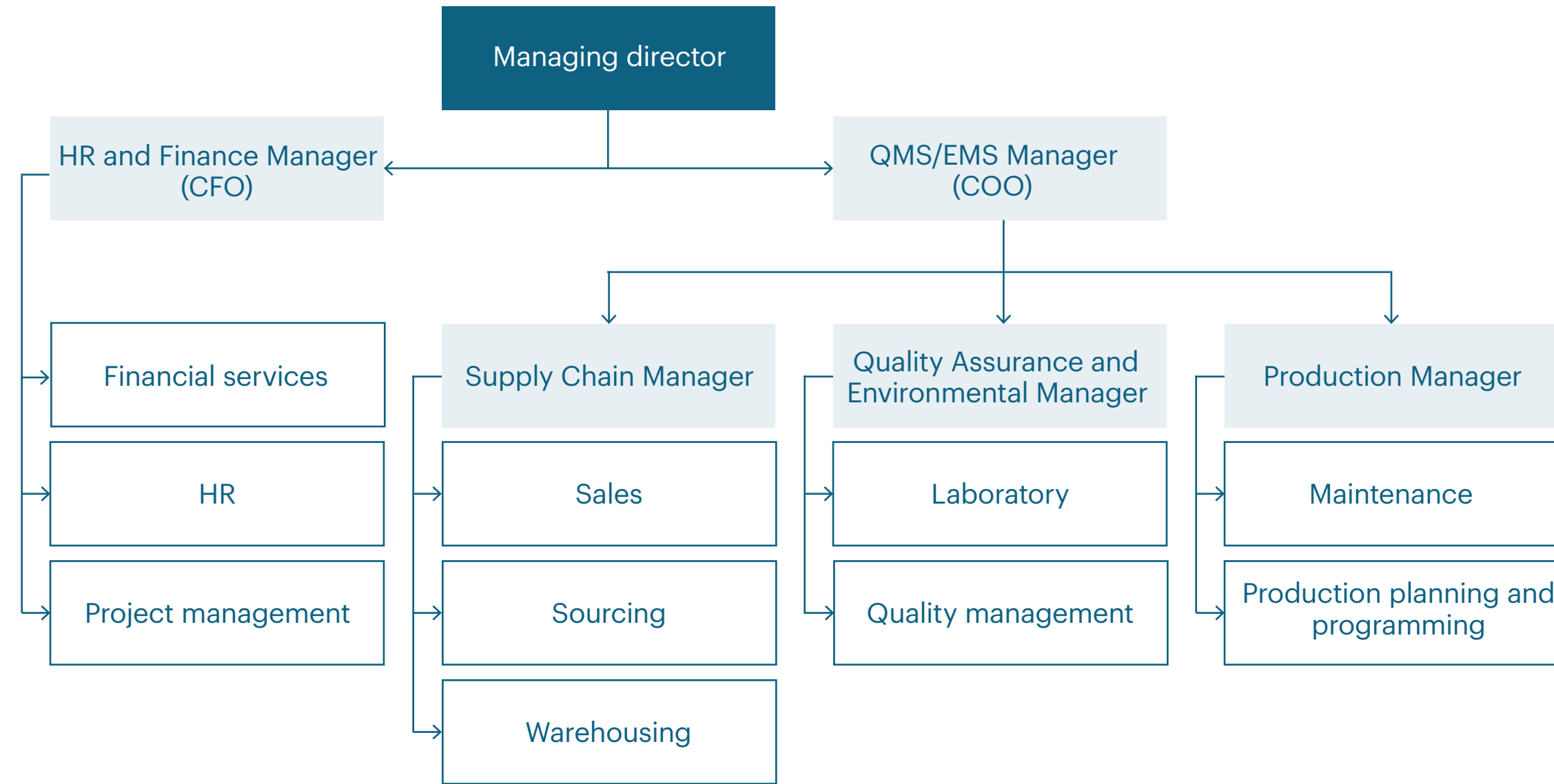
3.1. Governing bodies 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-25, 2-26

The corporate governance structure of Inno-Comp allows for the local management of subsidiary affairs while creating synergy among different sites. Ownership interests are primarily represented by the managing directors, responsible for the management of each site. Alongside the top-level management, an informal governing body (Board) also functions as a decision-making entity, ensuring that the interests of employees and the organization are met. In addition, the Board is also responsible for making strategic decisions and proactively addressing sustainability matters, taking environmental, social and economic factors into account. They set specific sustainability goals and metrics, and through regular evaluations they ensure that these goals are met on time and any potential challenges are handled properly.

The Board is led by the managing directors and its members include the advisor representing ownership interests, as well as management responsible for certain areas of the Hungarian and Czech sites, such as the Chief Financial Officer (CFO) and the Quality and Environmental (QMS/EMS) Managers. The appointment of members to the Board depends on their job function. The articles of association and the job descriptions of the managers ensure that there is no conflict of interest.



Corporate governance structure of Inno-Comp Hungary



Corporate governance structure of Inno-Comp Bohemia

The Board holds regular meetings to discuss key governance issues of the Hungarian and Czech subsidiaries. Its responsibilities include ESG-related monitoring, approval and decision-making tasks, as well as strategy making. Employees can seek guidance directly from management on processes and critical issues within the organization, by email, telephone or in person.

We regularly seek our stakeholders' views on our operations. In case of negative feedback, we review the issue as soon as possible with the involvement of the relevant departments and, if needed, the managing director. In 2023, we received no complaints from our stakeholders regarding the operation of the company.

The training of managers allows them to make appropriate decisions. In order to comply with the increasing ESG-related requirements of our suppliers and the tightening regulatory requirements, our management participates in webinars hosted on customer and supplier portals, where they keep up to date with the latest market expectations and trends.

Management receives an annual results-based assessment of sustainability performance, the framework for which is set by the CEO.

Handling of complaints

Our employees can report or seek advice from their superiors through both formal and informal channels, and our relationship is characterized by open and honest communication. We support the community building of employees and condemn all forms of discrimination.

The whistleblowing system is based on the Code of Ethics and Conduct for Employment Relationship. In the event of violations of the ethical standards set out in this document, particularly the prohibition of child labour, equal treatment and harassment, employees are encouraged to report such issues. We protect whistleblowers during the complaint handling mechanism, which is handled according to the General Data Protection Regulation (GDPR) of the European Union.

Our complaint handling mechanism extends to external reports in accordance with the provisions of Act XXV of 2023 on complaints, public interest disclosures, and rules related to whistleblowing, specifically Section 18, Paragraphs (1) and (2) a). Accordingly, in addition to current employees, former employees, prospective employees in the recruitment process, interns, contracted private entrepreneurs, individual companies, contracted businesses, subcontractors, suppliers, and persons under the supervision and direction of an agent may also file a report. Upon receiving a complaint, we acknowledge it typically within 1-2 business days and inform the complainant about the investigation process.

We have specific procedures and instructions to prepare for extraordinary events related to accidents, emergencies and adverse environmental impacts. As our production site is located within an industrial park, we deal with any negative impacts centrally, following a strict procedure. In the event of any emergency, we follow the Alarm Instruction issued by MPK, through which external parties are notified. Inno Comp Kft. publishes a Rescue Plan for its employees, which contains detailed steps in case of an emergency.

3.2. Business ethics and compliance 2-23, 2-24, 2-27, 205-3, 206-1, 207-1, 207-2, 207-3

Inno-Comp operates with integrity, honesty, fairness and full compliance with all applicable laws and regulations. The rules on business conduct and ethical operation apply to all legal entities that are part of the Inno-Comp Group or in which the Group has a majority stake.

Our activities are regulated by numerous European Union and domestic laws, and the number of regulations and requirements related to sustainability is continuously increasing at both EU and national levels. Compliance with these regulations is ensured by the internal policies of the Inno-Comp Group, and any violation of the rules results in sanctions. We focus on preventing any violation of regulations, social or environmental harm. We consider it essential that all colleagues are aware of the guidelines applicable to them, and we educate them on the importance of adhering to the laws.

The Inno-Comp Code of Conduct defines the basic principles of our ethical operation. The Code provides guidance for conducting our activities, but the ultimate responsibility for appropriate business conduct and ethical behavior rests with our employees. As a trusted partner, Inno-Comp does not make any commitments that it cannot keep. Inno-Comp and its employees always comply with applicable laws and regulations, and is accordingly responsible for their decisions and actions.

Principles guiding the behaviour of our employees:

- **Act lawfully and honestly.**
- **Act with integrity.**
- **Avoid any conduct that could damage or threaten Inno-Comp's reputation.**
- **Keep Inno-Comp's business interests in sight.**

We expect our business partners, suppliers and customers to comply with the principles of our operations. If we detect violations of company policies from our partners, we will ask them to take corrective actions. If this is not done within a reasonable time, we terminate the business relationship.

Our expectations towards our partners:

- **Compliance with applicable legislation**
- **Anti-corruption**
- **Respect for fundamental human rights**
- **Prohibition of child labour**
- **Ensuring health and safety of employees**
- **Compliance with environmental laws and international standards**

Human rights and working conditions

Our human rights policy is in line with the principles of the European Union and the United Nations. Where national legislation and international human rights standards differ, we follow the higher level of regulation. In the event of a contradiction, we consider compliance with national laws to be our primary responsibility, while striving to respect international standards as much as possible.

We condemn all forms of child and forced labour and exploitation. We conduct our activities at our sites according to prevailing laws and regulations. We expect our busi-

ness partners to strictly reject child labour and comply with laws prohibiting it. If we detect human rights violations from a supplier, customer or other business partner, we terminate the business relationship. We typically employ our employees under the age of 18 through summer student employment in accordance with domestic legislation. They do not come into contact with dangerous substances or perform heavy, physical work.

Workers have the right to fair and equal treatment, decent working conditions, social protection and access to training. To this end, we follow the European Commissi-

on's action plan on the European Pillar of Social Rights, as well as international legislation and collective agreements.

We guarantee our employees' rights for free association allowing them to join trade unions without retaliation, harassment or intimidation.

Anti-corruption

We expect fair business conduct from our employees. They must not offer or accept, directly or indirectly, any financial or other benefit for business or other advantage. They must refrain from any activity or conduct which might create the appearance or suspicion of bribery. Corruption may not only lead to disciplinary action, but may also have criminal consequences. Only reasonable, symbolic gifts that do not affect business relationships are considered acceptable.

We are proud that there have been no cases of corruption in the operation of our Hungarian and Czech sites in recent years.



Fair Trade

All employees are responsible for complying with the relevant competition laws. This is particularly true for marketing, sales and purchasing staff who are in contact with competitors.

We strive for full compliance with relevant antitrust, competition and fair trade laws. We follow the following principles to maintain fair competition:

- Our trade policy and prices are determined independently and are not directly or indirectly agreed with competitors or other unrelated parties.
- We always gain our customers and market share through fair competition.
- We treat our customers and suppliers fairly.



No legal proceedings for anti-competitive behaviour have ever been brought against our group of companies.

Taxation

At Inno-Comp, we believe it is important to conduct our business in a conscious and lawful manner. Every year we prepare a tax strategy, which is approved by the management. A reliable debtor rating supports our company's market position.

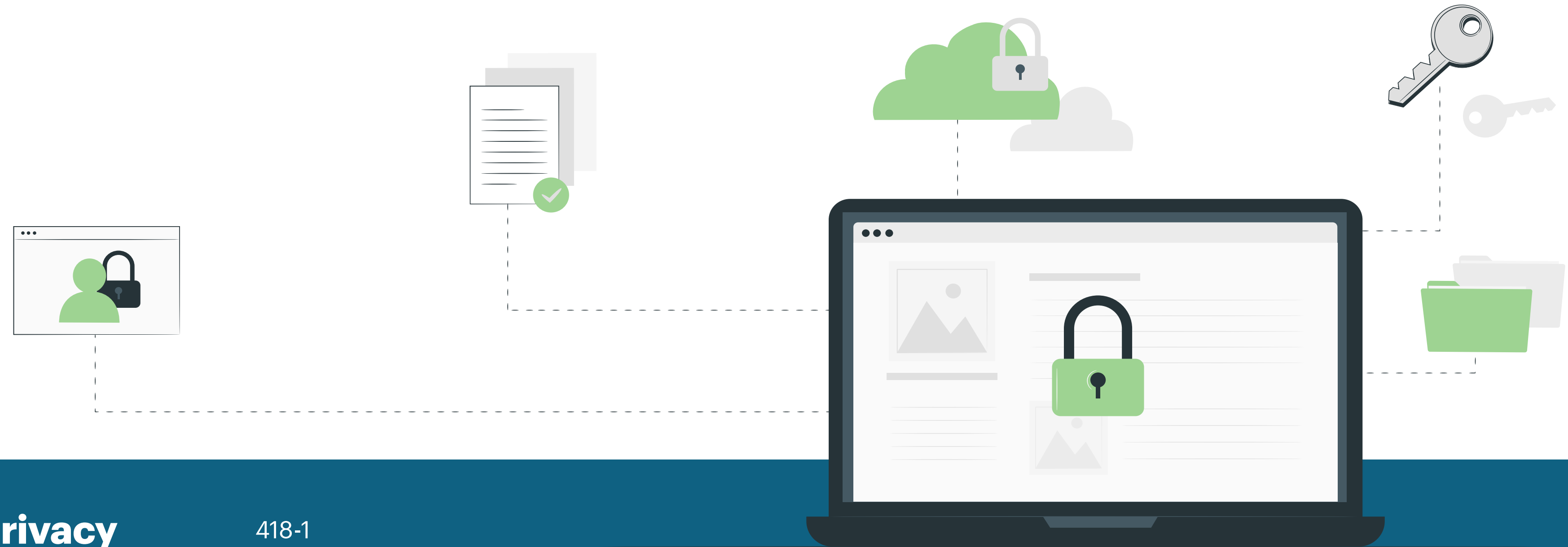
The CFO is responsible for our tax governance system and compliance with tax strategy. The organization's tax approach is integrated into each business decision, we always examine their tax implications and make decisions based on them. Tax risks are managed through con-

tinuous regulatory monitoring. Staff at our Czech site regularly consult tax specialists and advisors to ensure proper operation. In case of changes relevant to the company, we propose modifications to the administration and its structure.

We do not tolerate unethical or illegal tax conduct, either within the organization or by our partners. If the possibility of illegal tax conduct arises, we will not continue the business relationship with the partner, but there have been no such cases to date. We keep the management

and owners informed about the results of comprehensive tax audits.

Public policy advocacy related to taxation is carried out through interest representation bodies (National Association of Entrepreneurs and Employers (VOSZ), Chamber of Commerce).



3.3. Data security and privacy

418-1

Protecting the privacy of our partners, customers and employees is an essential part of our organization’s integrity. Our data management processes are designed to comply with the European Union's General Data Protection Regulation (GDPR).

All information that is not, or not yet public is considered confidential. This includes trade secrets, business, marketing and service plans, consumer insights, engineering and manufacturing ideas, product recipes, designs, databases, records, payment information, and any undisclosed financial or other data. Unless required by law or authorized by management, employees may not disclose confidential information or authorize disclosure. This obligation continues after termination of employment.

Employees shall use their best efforts to avoid accidental disclosure, taking special care to store or transmit confidential information.

Protecting sensitive data and preventing data leakage are built into all our business processes. As part of our privacy policy, we do not store personal information beyond what is necessary. Our policies specify how long data will be stored. Where the policy does not justify the retention of data, we delete unnecessary data within a regulated framework. Our employees have the right to request information at any time about their personal data the company processes, on the legal basis and purposes.

With the advancement of technology, cybersecurity threats, viruses, and other attacks from external parties targeting IT systems pose an increasingly significant threat to companies. To prevent the loss or leakage of corporate and personal data, as well as unauthorized access to confidential and sensitive information, we have developed a data protection system that safeguards against such threats. We strive to stay up-to-date and enhance our systems as soon as possible.

We have not received any complaints about data loss or privacy violations due to our consciously designed data management structure.

4. Our environmental impact

Protecting our natural and immediate operating environment is part of Inno-Comp's core philosophy. In addition to the ISO 9001 quality assurance system, which has been in place since the company was founded, we introduced the ISO 14001 environmental management system in 2002. To meet the high requirements of automotive suppliers, we have been operating a quality management system compliant with ISO/TS 16949:2009 since 2007 and IATF 16949 since 2018.

We continuously test the quality of our products in our organoleptic⁴ laboratory with the help of Technologiezentrum Wasser (TZW) in Karlsruhe. The test results are certified quarterly by the Institute.

Most of our products are certified by independent, external institutions (Element Materials Technology⁵, Underwriters Laboratories (UL)⁶, Autodesk Moldflow⁷, MÜKI Labor Kft.⁸, TÜV Austria⁹ etc.). These documents not only

support sales, but also meet mandatory requirements in certain markets.

As a plastic compounder and energy-intensive plant, we believe it is important to be aware of our own environmental impact. We have been monitoring our environmental indicators such as water, steam and electricity consumption for more than 10 years. Similarly to this, we strive for continuous improvement considering other indicators too, in order to minimize our environmental footprint. Given that we are significant energy consumers due to our technology, improving energy efficiency and increasing the proportion of renewable energy sources are among our key objectives. Various types of waste are generated during the manufacturing process, including plastic waste and other industrial by-products. Inno-Comp is committed to minimize this and recycle the generated plastics waste, including the processing of both post-industrial (PIR) and post-consumer (PCR) plastics.

Our environmental goals include improving our environmental performance, protecting natural resources, and ensuring regulatory compliance. To achieve these, we have planned nearly 30 new programs for the years 2023-2024. We have assigned responsible people to each environmental program, assessed the necessary resources, and set deadlines to facilitate their implementation.

The programs planned for 2023 were completed on time, while the goals set for 2024 have been partially achieved or are in the process of being implemented. The following tables outline the environmental objectives of Inno-Comp Kft. and Inno-Comp Bohemia.

⁴ Based on sensory perceptions

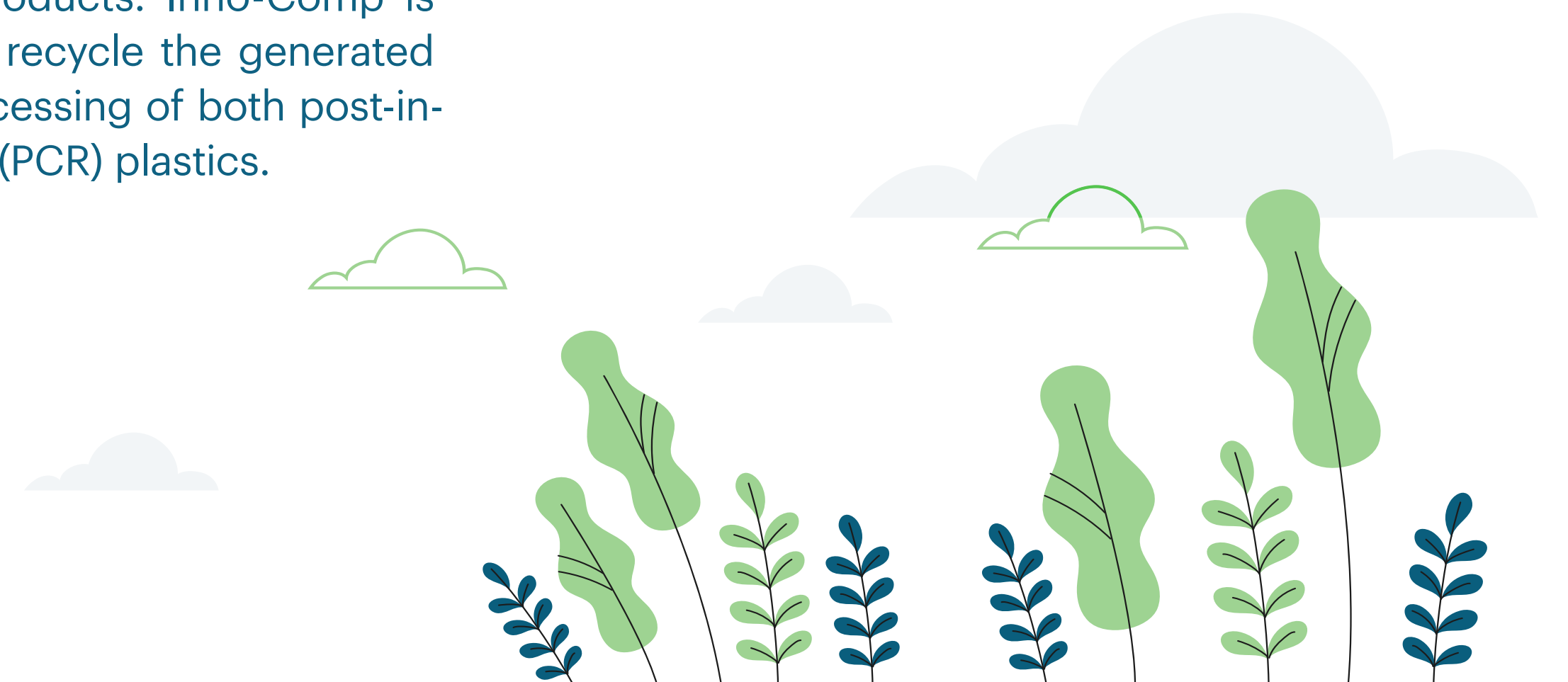
⁵ Pressure resistance tests

⁶ Flammability tests combined with UL certification

⁷ Injection molding simulation tests for tool design

⁸ Automotive standards compliance tests

⁹ Biobased products compliance certification



2023-2024		
Objectives	Targets	Action
Improving environmental performance	Use of 300 tonnes of regranulate per year	<ul style="list-style-type: none"> • Establishment of a regranulate dosing line on Line 1. When larger amounts of regranulate are used, it can no longer be added to the mix • Development of a regran material loading system for Line 9 (including crane, cellular feeder, piping, switch, and control system) • Further breakdown of IGR 31 type regranulate for easier processing • Initiation of dedicated projects for IGR
	Finding a waste processor for unaccepted lump types	<ul style="list-style-type: none"> • Reprocessing the entire amount of lumps generated (excluding glass fiber lumps)
	Zero working days lost due to accidents at work, improvement of working conditions, health protection	<ul style="list-style-type: none"> • Purchase of cleaning equipment – reduction of solid emissions, prevention of accidents from slipping • Replacement of batteries in electric lifts • Renovation of the cable support system at the silo park pipe bridge • Exploring safe methods for filling silo trucks from big-bags • Exploring technological solutions to replace foot valve bags with hose packaging • Establishment of automatic packaging for products on Line 8
Protection of natural resources	Reduction of energy consumption per unit quantity	<ul style="list-style-type: none"> • Initiating the replacement of factory doors and windows • Installation of energy-saving lighting on production lines • Preparation for the acquisition of a new extruder • Integration of submeters for Lines 8 and 9 • Installation of a solar power system

Primary objectives of Inno-Comp Hungary (2023-2024)

2023-2024		
Objectives	Targets	Action
Regulatory compliance	Coordination of surveys and IFS queries necessary for ESG (Environmental, Social, and Governance) reporting	<ul style="list-style-type: none"> Data necessary for reporting are accessible and retrievable
	Periodic accredited measurement of noise and workplace dust	<ul style="list-style-type: none"> The accredited measurements took place
	Rationalizing electrical supplies during new investments to ensure fire protection isolation (regulatory compliance)	<ul style="list-style-type: none"> The installation of the solar power system complied with regulatory expectations

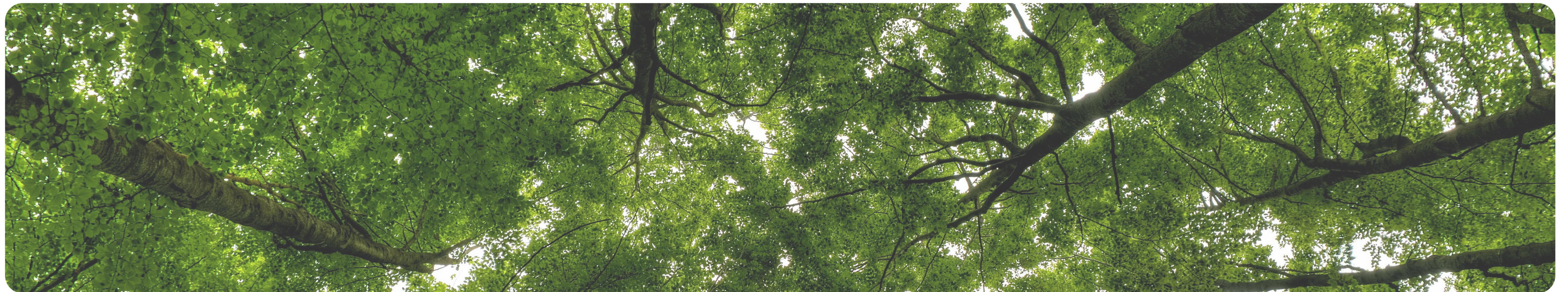
Primary objectives of Inno-Comp Hungary (2023-2024)



Our Czech subsidiary set the following objectives for the years 2023-2024:

2023-2024	
Objectives	Targets
Reducing internal production scrap rate	Maximum 1,12% internal scrap rate
Increasing the proportion of regranulate usage	Regranulate use in at least 900 tonnes of finished product

Primary objectives of Inno-Comp Bohemia (2023-2024)



4.1. Reducing our carbon footprint

305-1, 305-2, 305-3

Our commitment to environmental protection and reducing Inno-Comp's environmental impact is embedded in our company's mission and is an integral part of our daily processes through our corporate strategy. As customer demands regarding quantifying our carbon footprint are increasing, this has become a priority at Group level.

As a customer expectation, supplier questionnaires from various ESG rating organisations have been introduced. In this context, the Group has participated in the CDP (Carbon Disclosure Project) Climate Change and Water Security ques-

tionnaires in 2022 and 2023, achieving a rating of C and C- in 2023. The questionnaire for 2023 underwent significant changes in 2024, and our CDP report was completed on time and is currently awaiting evaluation. Our goal is to improve our previous CDP rating and, in the medium term, to implement processes that were identified as lacking in the 2023 questionnaire, such as providing verified data, setting ambitious targets, and managing Scope 3 emissions. Collaboration with suppliers and the introduction of sustainability requirements are expected to enhance our performance.

A short-term objective, also driven by customer expectations, is to participate in the EcoVadis questionnaire and to issue a responsible statement outlining our commitment to participate in reducing global warming.



CO₂



Our GHG emissions

Our direct (Scope 1) GHG emissions from our core business include petrol and diesel consumption of our company cars and the diesel consumption of our machinery. In determining our indirect (Scope 2) emissions, we quantified the purchased electricity and steam energy consumption. The 5 emission categories not directly related to our activities but generated by the use of manufactured products and our suppliers' operations (Scope 3) that were identified as relevant are shown in the table below. In calculating our emissions, we have followed the GHG Protocol methodology.

	2023		
	Inno-Comp Hungary	Inno-Comp Bohemia	Total
Total GHG¹⁰ emissions (t CO2e)¹¹	3997	3683	7680
Scope 1 GHG emissions (t CO2e)	68	24	92
Emissions from fuel use	68	24	92
Scope 2 GHG emissions (t CO2e)	1624	2262	3886
Location based Scope 2 emissions (electricity, heating and steam)	1624	2262	3886
Scope 3 GHG emissions (t CO2e)	2305	1397	3702
Upstream ¹² transport and distribution	65	699	764
Business travels and employee commuting	101	3	104
Downstream ¹³ transport and distribution	2139	695	2834

Since the majority of our emissions come from our Scope 2 energy consumption (electricity, steam), reducing our energy use is a priority in our environmental goals. Direct GHG emission reductions can be achieved by optimising manufacturing processes, careful production planning, cleaning production lines and purchasing the most efficient machinery. We have been and will continue to focus on these steps. We plan to reduce our Scope 3 emissions from transport and distribution mainly by optimizing processes and bulk shipping.

Scope 1,2 and Scope 3 emissions of the Inno-Comp Group by site (2023)

¹⁰ GHG: greenhouse gas

¹¹ Tonnes of CO2 equivalent (CO2 equivalent)

¹² GHG emissions related to the transport of purchased raw materials

¹³ GHG emissions associated with the distribution of goods sold

4.2. Materials – circular economy and sustainable solutions 301-1, 301-2

The idea of a circular economy guided our strategic decisions when developing Inno-Comp's product portfolio. The high quality of our products promotes the long life of durable consumer goods, while the integration of recycling in our production processes reduces our environmental impact.

	2023		
	Inno-Comp Hungary	Inno-Comp Bohemia	Total
Total materials used (t)	31 185	18 146	49 331
Non-renewable materials used (t)	30 854	17 840	48 694
Polypropylene raw material	22 769	10 724	33 493
Filling materials (chalk, talc, glass fibre)	6154	6418	12 572
Additives, masterbatches, flame retardants	1337	497	1834
Packaging materials	66	43	109
Regran - purchased PIR (post industrial recycled)	528	135	663
Regran - purchased PCR (post consumer recycled)	0	23	23
Renewables/ recycled materials used (t)	331	306	637
Pallets	313	211	524
Packaging material (cardboard)	18	65	83

Materials used within the Inno-Comp Group by site (2023)

A portion of the polymer raw materials used at Inno-Comp Kft., specifically PP powders, are delivered via pipeline from MOL Petrochemicals Ltd. to the storage silos, from where they are again transported to the plant for processing via pipeline. Another portion, the PP granules, arrive in 25 kg bags, packed into 1375 kg pallets, sourced from multiple polymer manufacturers.

In 2023, due to customer demands, the use of regranulate raw materials significantly increased at Group level. In addition to the regranulate sourced from InnogaV, our subsidiary, the procurement and incorporation of PIR and PCR regranulates into production also started, which represents a significant step towards achieving Inno-Comp's sustainability goals. This process not only supports the advancement of circular economy but also contributes to reducing the ecological footprint of plastic manufacturing. The use of recycled materials allows the company to meet the increasingly stringent regulations and growing customer expectations for environmentally friendly products more effectively.

Some compounds include fillers such as talc, chalk, glass fibre, or less frequently, a combination of these. These substances are used to modify the physical properties of the finished product.

The concentration of additives and stabilizers generally fall within the range of a few tenths of a percent. Stabilizers protect the product from the effects it encounters during manufacturing, storage, processing, and usage, including heat and UV radiation. Masterbatches are typically used in concentrations of 1-3% to achieve the desired color.



For packaging, we use polyethylene bags, big bags¹⁴, and octabins¹⁵. The former is suitable for packaging 25 kg of granules, while the latter two can hold 1375 kg of granules. We strive to use larger packaging sizes to continuously reduce the amount of packaging materials used, driven both by environmental and cost-saving considerations.

We reduced the use of polyethylene bags at Inno-Comp Kft. from 65% to 25% since 2017. We have replaced the required amount with a more environmentally friendly material: since 2022, we have been using polyethylene bags containing 30% regrunulate for bagged products, as well as 30% regrunulate content folded hose and shrink caps for packaging unit loads.

We are constantly examining the efficiency of our supply chain to minimize material loss and reduce our ecological footprint in packaging as well. The diagram below summarizing the changes in packaging formats shows that we have successfully reduced the 25 kg bagged product packaging by an additional 2%, while increasing silo shipments by 5% compared to the previous year.

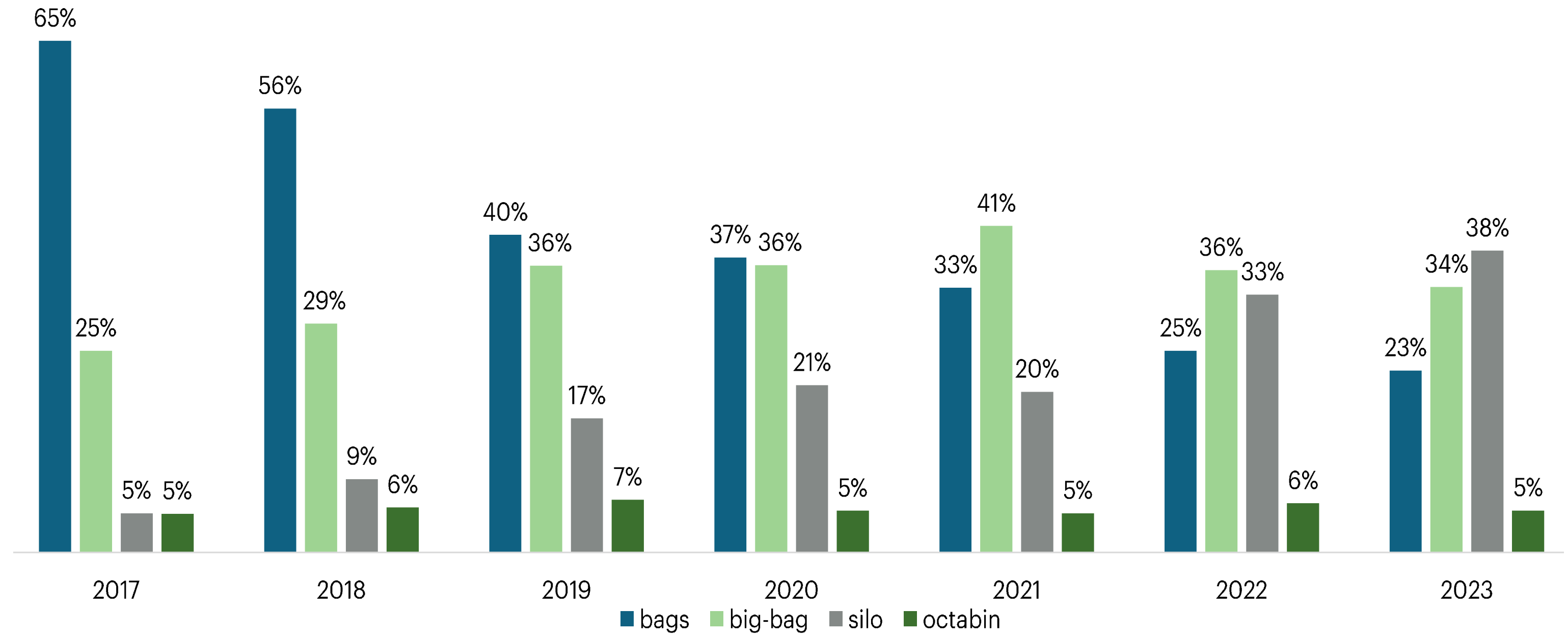
¹⁴ Woven polypropylene bag

¹⁵ Heavy-duty octagonal packaging made of corrugated cardboard





In 2023, our Czech site used more than 305 tonnes renewable packaging material, which is 26 tonnes more than in the previous year. In addition, they also saved approximately 5 tonnes of PE-based packaging material. Due to our customers' demand for lower recycled content, over 120 tons less recycled material was used in their products.



Development of packaging formats at Inno-Comp Hungary (2017-2023)

	2023	
	Inno-Comp Hungary	Inno-Comp Bohemia
Share of recycled materials used (%)	2%	0,87%
Total materials used (t)	31 186	18 145
Recycled materials used (t)	529	158

Share of recycled materials within the Inno-Comp Group (2023)

Based on the circular economy concept, we aim to keep the internal recycling rate as high as possible. This is currently 2% for our Tiszaújváros plant, which is a practical maximum adapted to the capabilities of our production processes. The recycling rate depends on our customer needs and orders, but at the same time, our environmental targets for the next two years include increasing our regranulate usage.

Most products manufactured by our company are incorporated into consumer durables (cars, household appliances, pipes), so sustainability is a fundamental factor in the life cycle of our products. In line with customer expectations and EU regulations, Inno-Comp has significantly expanded its sustainable product range in recent years, which are divided into two groups:

- 1.** Our company offers filled products based on recycled polymer (mainly PP) for several applications, primarily as consumer durables for the automotive industry.
- 2.** Since 2018, we have been developing/manufacturing bio-composite products - even in compostable quality - partly targeting the packaging technology market, in particular single-use plastics. Bio-composite can even meet automotive standards with certain compromises.



We implemented innovative developments to reduce our environmental footprint: we started using fillers from renewable sources. Natural fibres have been used in thermoplastics for decades, but the use of agricultural by-products (such as seeds from various stone fruits) is a new development. While these materials are usually burned or landfilled, the new technology at Inno-Comp adds them to compounds to produce faster-degrading bio-composite products.

Our new bio-composite product line has a wide range of applications. They are environmentally friendly alternatives to injection-moulded parts for the car industry, garden paving, furniture, flower holders and other products currently made from non-natural materials.

4.3. Waste treatment and recycling

306-1, 306-2, 306-3, 306-5

Like any manufacturing company, the operation of Inno-Comp generates numerous by-products, inadequate materials and residues. With careful production planning (product changes or machine cleaning measures), we continuously reduce potential low-quality products. We try to make the best possible use of these in-house, with unused residues being reused elsewhere, recycled, sent to landfill or, in the case of hazardous waste, incinerated.

Our businesses have been collecting waste by EWC¹⁶ codes for many years. Non-hazardous plastic waste with EWC code 070213 must be collected by the plant separately, grouped according to further use categories. Process waste (lumps, start-up materials, production scrap, cleaners, etc.) are sold to waste processors and then reused in regranulate form by Inno-Comp and other injection moulding companies.

For this reason, we have established our subsidiary InnogaV, from where – after proper sorting – the regranulate is returned to Inno-Comp for use in our own production processes.

Polyethylene-based packaging materials (bags of incoming goods) are also collected separately and then regranulated.

A very small proportion of our waste going to incineration is hazardous, these typically being packaging materials and bottles of hazardous materials. Non-hazardous mixed waste is sent to landfills: garbage from plant cleaning, broken pallets, torn films and bags. We have not yet succeeded in substantially reducing the volume of these in relation to production volume, so we plan to implement further actions in line with changes to internal regulations.

¹⁶ European Waste Classification for Statistics

	2023		
	Inno-Comp Hungary	Inno-Comp Bohemia	Total
Total waste disposal (t)	82,28	44,63	126,91
Hazardous waste disposal	0,77	44	44,77
Waste incineration (with energy recovery)	0,77	33	33,77
Landfilled	0	11	11
Non-hazardous waste disposal	81,51	0,63	82,14
Waste incineration (with energy recovery)	0	0,63	0,63
Landfilled	81,51	0	81,51

Waste directed for disposal by site (2023)



Our use of materials and waste reduction are motivated by transitioning to a circular economy; the two go hand in hand in our activities. At the start of our operations, waste reduction through recycling of internal plastic waste was driven by cost reduction. Today, both our internal motivation and customer needs are shifting our production structure towards recycled plastics.

	2023		
	Inno-Comp Hungary	Inno-Comp Bohemia	Total
Total waste diverted from disposal (t)	599,4	122	721,4
Hazardous waste diverted from disposal	1,08	0	1,08
Hazardous waste prepared for reuse	0	0	0
Recycled hazardous waste	1,08	0	1,08
Non-hazardous waste diverted from disposal	598,32	122	720,32
Non-hazardous waste prepared for reuse	133,80	122	255,8
Recycled non-hazardous waste	464,52	0	464,52

Waste diverted from disposal and sold, by site (2023)

In 2022, we diverted 561.45 tonnes of waste from disposal, and in 2023 this increased to 720.3 tonnes, which we sold to recycling companies.

We are aware that optimizing our operations is the best way to reduce the amount of waste we produce, but we also consider selective waste collection in our offices important. Our employees demonstrate a high level of awareness, partly thanks to our internal training materials on selective waste collection. At Inno-Comp Bohemia, we have successfully established the necessary environment for selective waste collection in the new container office, while at Inno-Comp Kft, this process is in progress. In 2023, a significant step towards creating a paperless office was taken by the Inno-Comp Kft's sales team, followed by the finance department, which has substantially reduced the amount of office paper waste.

4.4. Responsible energy use 302-1, 302-4, 302-5

Electricity accounts for nearly 88% of our energy consumption. In our operations, we consider it important to raise awareness among our employees about the importance of energy management. We also draw attention to activities such as switching off the electricity or unplugging mobile phone chargers. Our ambition to save energy is obviously reflected in the operation of our plants as well.

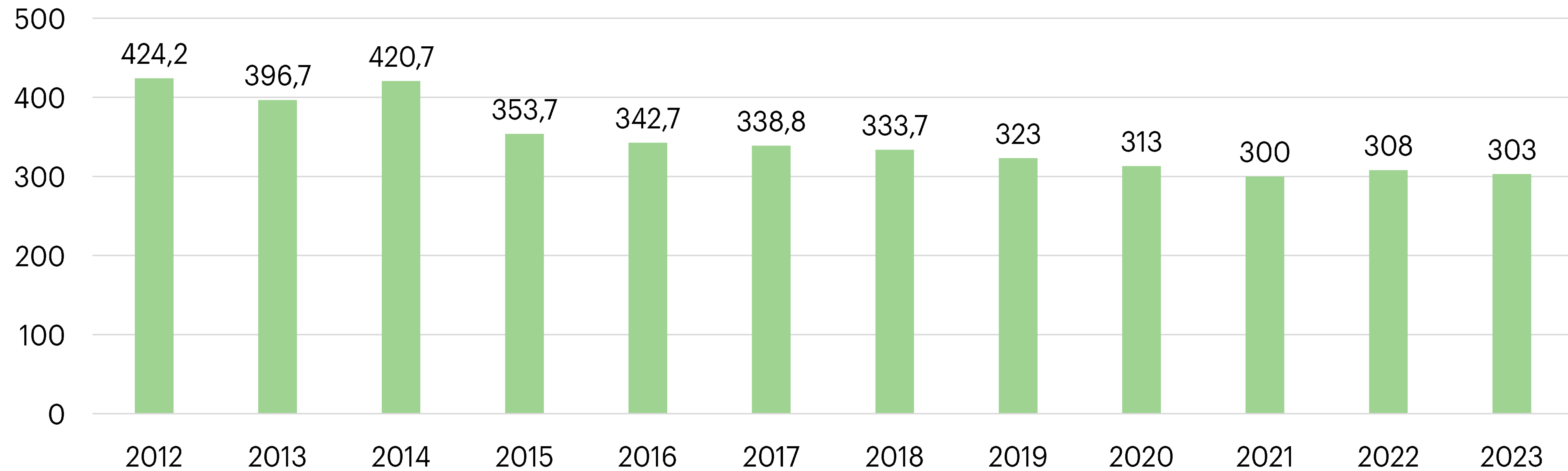


	2023		
	Inno-Comp Hungary	Inno-Comp Bohemia	Total
Total energy consumption within the organization (MJ)	32 365 068	19 297 844	51 662 912
Fuel consumption	1 003 200	345 644	1 348 844
Petrol	889 200	57 490	946 690
Diesel	114 000	288 154	402 154
Energy consumption	31 361 868	18 952 200	50 314 068
Electricity	29 242 868	18 151 200	47 394 068
Steam	2 119 000	801 000	2 920 000

Inno-Comp's energy consumption by site (2023)

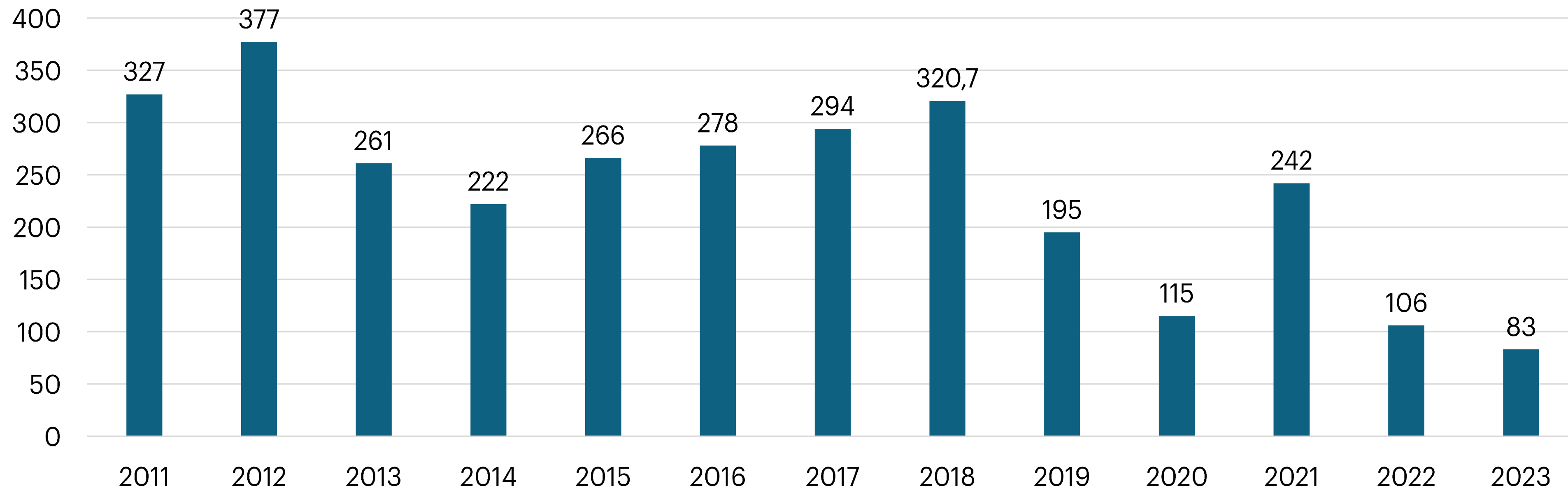
Inno-Comp Kft. always expects compliance with the highest energy saving standards, even if this sometimes involves higher procurement costs. These investments pay off in the long term:

while in 2012 we used 424,2 kWh of electricity to produce one tonne product, in 2023 this reduced to 303 kWh.



Electricity consumption of Inno-Comp Hungary by kWh/tonne of product produced (2012-2023)

Although our steam consumption is primarily determined by the temperature of the winter months, the recently renovated network and the replacement of the windows and doors in the production building have allowed us to reduce our steam energy consumption compared to previous years. The installation of meters enables us to monitor energy usage daily, allowing us to detect any technological issues in the case of unusual data immediately. Although steam usage for heating the production building in our Czech plant increased in 2023 compared to previous years due to the winter weather, we achieved some savings by redirecting the waste heat from the compounding production lines back into heating the production facility.



Steam energy consumption of Inno-Comp Hungary by MJ/tonne of product produced (2011-2023)

Solar power system

In 2023, we conducted a comprehensive energy audit to explore opportunities for reducing our energy consumption. The report provided a detailed analysis of potential building energy efficiency upgrades, options for modernizing lighting systems to energy-efficient ones, and the application of renewable energy sources. As a result, the installation of a solar power system began at our Tiszaújváros plant, marking a significant step towards sustainable energy use.

The system is expected to generate 645,000 kWh of energy annually, entirely from green sources, covering 6.6% of our total energy consumption. Additionally, based on the energy audit we identified further development opportunities that could make our operations even more efficient and sustainable in the long term.

Thanks to this investment, we are expected to save approximately 285 tons of CO2 emissions per year, significantly contributing to reducing our carbon footprint and achieving our environmental goals.



4.5. Water management 303-1, 303-2, 303-3

Our Hungarian compounding plant is directly linked to the PP3 polymer production plant of MPK, from where polymer powder enters the silo park of Inno-Comp Kft. through a pipe network. MPK supplies the electricity, steam, recirculation water, deionised water, air and nitrogen necessary for the operation of our compounding plant. The wastewater generated during the operation of the compounding plant is discharged via a transfer station to MPK's own wastewater treatment plant. The plant of Inno-Comp Kft. has a separate sewage, contaminated and non-contaminated rainwater drainage system covering the entire plant area. Our Czech plant also operates under the same model, in cooperation with ORLEN Unipetrol.

At Inno-Comp's plants, process wastewater is generated during the following technological processes and is discharged to the dusty wastewater system:

Recirculation cooling water used in the cleaning of production lines, which may be contaminated with polymer dust, and possibly with oil, metal or rust.

In the cutting water system of extruders using desalinated (deionized) water, the recycled water constantly needs to be replaced as it becomes contaminated during use. Water discharged from the cutting water system may be contaminated with polymer dust or pellets.



The quantity of recirculated cooling water used in our technology is primarily determined by the water consumption of the extruder machines, but the quantity produced and the type of product also affects the required cooling water. Thanks to the settings of the newer extruders, **we have successfully reduced our water consumption over the years.**

	2023	
	Inno-Comp Hungary	Inno-Comp Bohemia
Total water abstraction (m3)	916 348	429 311
Recirculated cooling water	914 238	427 000
Deionized water	2 110	2 311

Inno-Comp's process wastewater use (2023)

Industrial wastewater from the plant and contaminated rainwater are pre-treated in a dust sedimentation basin in the process area. The pre-treated wastewater is discharged in a closed system to the Central Wastewater Treatment Plant of MPK, where it is cleaned using physical-chemical and biological oxidation processes. Water quality is assessed quarterly in the dust sedimentation basin in accordance with

the Self-Monitoring Plan, and the periodic renovation of the sedimentation basin ensures that there is no soil and groundwater contamination resulting from any potential damage to the basin. The cooling water, our most used medium, is fully separated from the produced product, so that microplastics are not discharged into the water network.

To align with international best practice, our group-wide ambitions include joining the Operation Clean Sweep (OCS) initiative, which aims to prevent plastics generated during production from entering the environment.

5. Inno-Comp as an employer

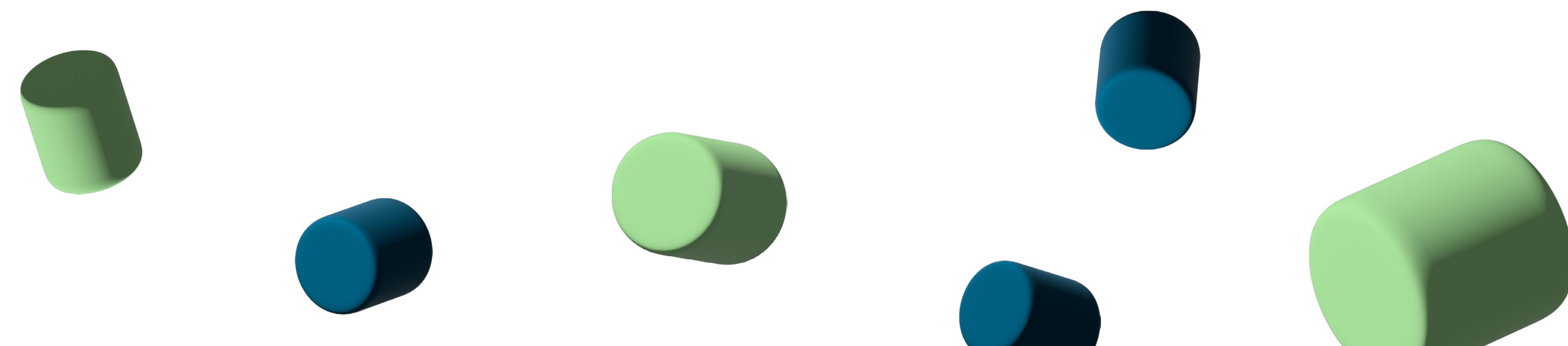
Ensuring the satisfaction of our employees is in our best interest as a manufacturing company, since having the right workforce at the right time and in the right quantity is essential to sustain our operations. At Inno-Comp we work together in a family atmosphere, and it is important that all our employees feel appreciated. Employee turnover is low, and it is not rare that our employees work with us until they retire. Current employment market conditions, however, challenge our organization as well.

The biggest challenge in recent years has been attracting young employees to our company. As market trends change the perception of certain jobs, it is increasingly difficult to offer young people a valuable proposition that encourages them to join our organization. In 2023, there were 4 new employees under the age of 30 at the Group level, which is certainly a forward-looking, positive trend.

In the long term, an ageing workforce structure could threaten the development of an internal knowledge base, so this is an area of particular focus for us. We recognize and support our employees through our competitive benefits system, strive to create employee well-being, and attract and retain more young employees. In addition, we strive to be active on digital platforms where potential young people are easily accessible, such as LinkedIn, where we regularly post news and updates about our company. Furthermore, we also pay special attention to supporting local schools and communities.

Creating a safe and healthy working environment is a primary objective for us. Safety and security at work is a top priority in our production processes. We provide our employees with a full range of protective equipment and regular health and safety training to ensure their correct

use. We have implemented comprehensive occupational safety and accident prevention measures for their protection. In addition to basic accident prevention, we support work through occupational welfare measures, run health promotion programs, and support the health of our employees outside work as well.

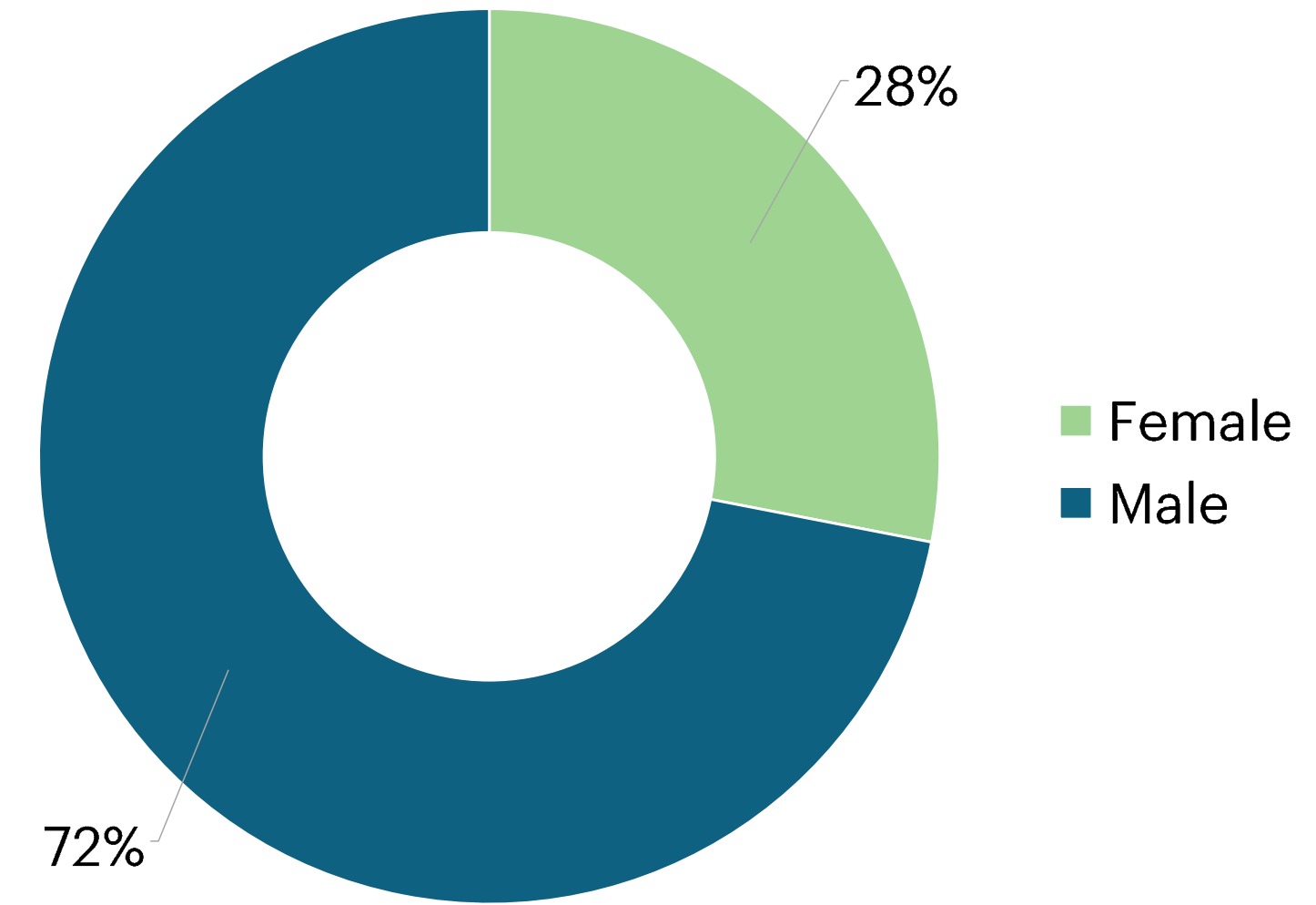


5.1. Working conditions 2-7, 2-8, 2-30, 401-1, 403-3, 403-5, 403-9, 403-10

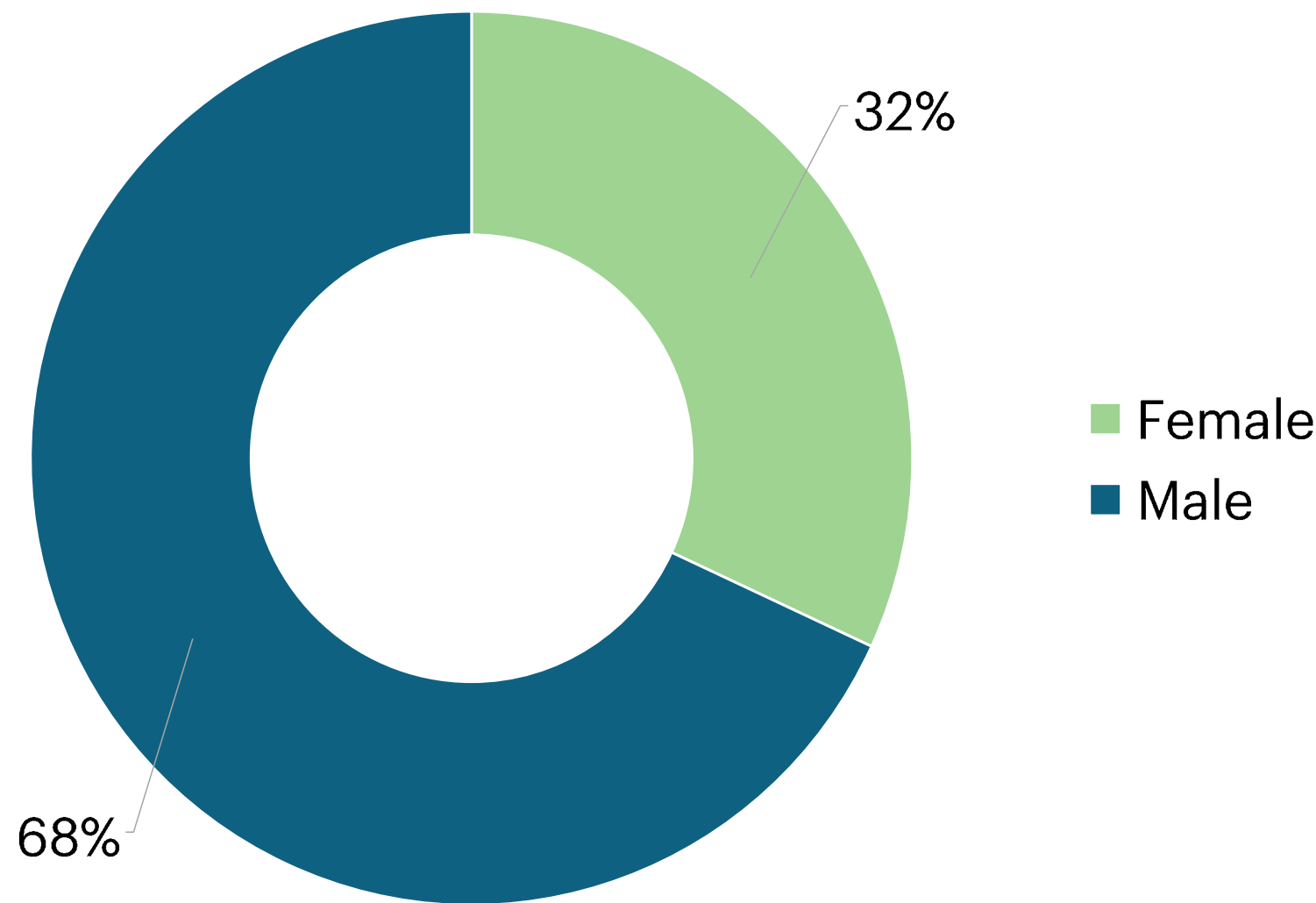
In 2023, we had 114 employees in Hungary, while in Czechia we have an employee base of 47 people. Our workforce is made up of physical and intellectual workers. Physical work typically consists of operational production tasks related to manufacturing processes. As a result, about 70% of our employees are men.

Except for the managing director, our employees work under collective agreements, mostly with an open-ended, full-time contract. In some cases, part-time employment is also available. Our physical workers often start their employment on a one-year fixed-term contract, which after one year is typically converted to an open-ended contract based on mutual agreement. Part of those employees whose

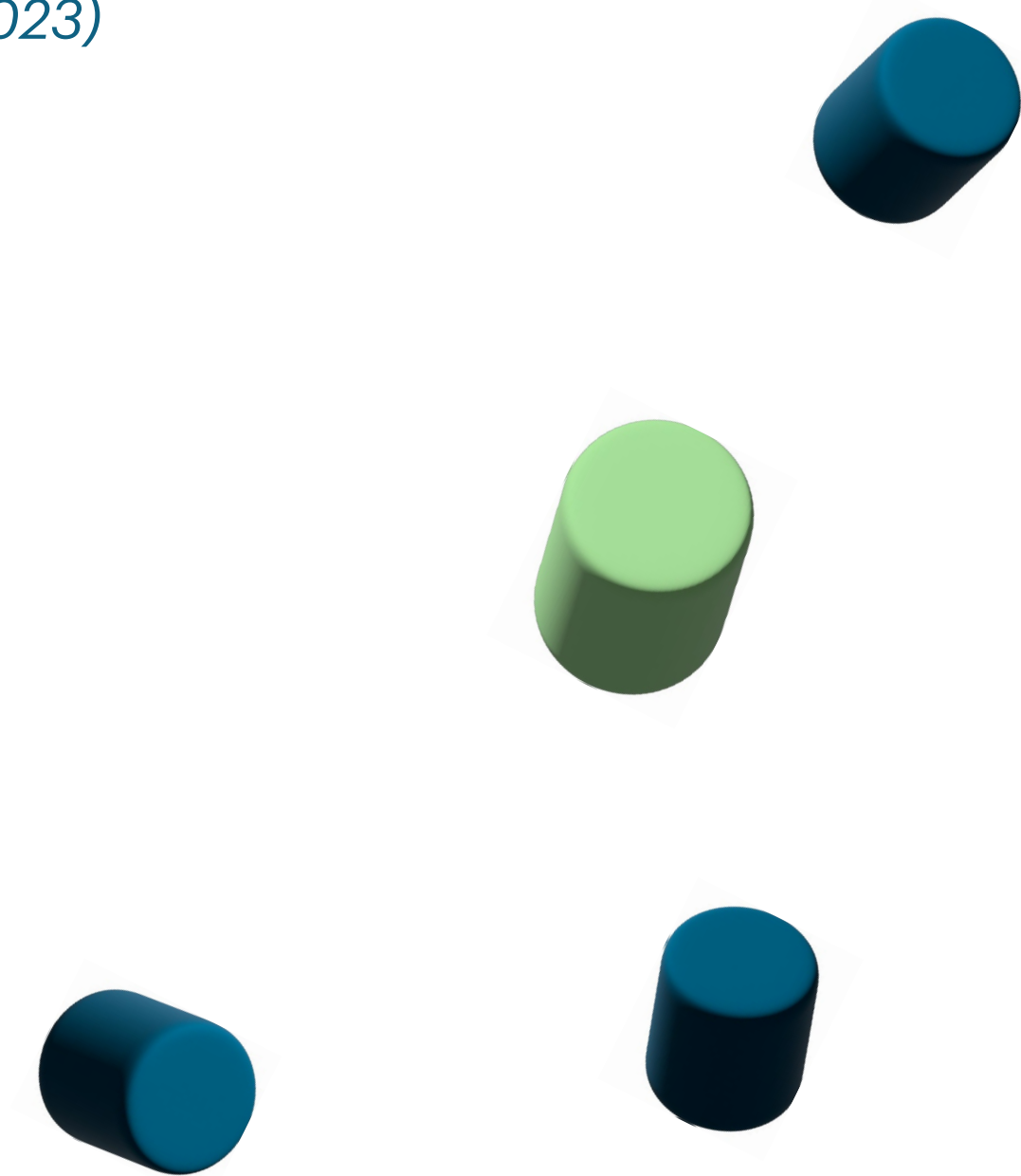
work schedule differs from the general working hours have unrestricted work schedule, while some of our warehouse, laboratory and technical office staff have flexible working hours.



Share of female and male employees at Inno-Comp Hungary (2023)



Share of female and male employees at Inno-Comp Bohemia (2023)



Employee data ¹⁷	2023	
	Inno-Comp Magyarország	Inno-Comp Bohemia
Total number of employees	114	47
Female	32	15
Male	82	32
Number of employees with open-ended contracts	108	47
Female	32	15
Male	76	32
Number of employees with fixed-term contracts	6	0
Female	0	0
Male	6	0
Number of full-time employees	112	44
Female	32	14
Male	80	30
Number of part-time employees	2	3
Female	0	1
Male	2	2

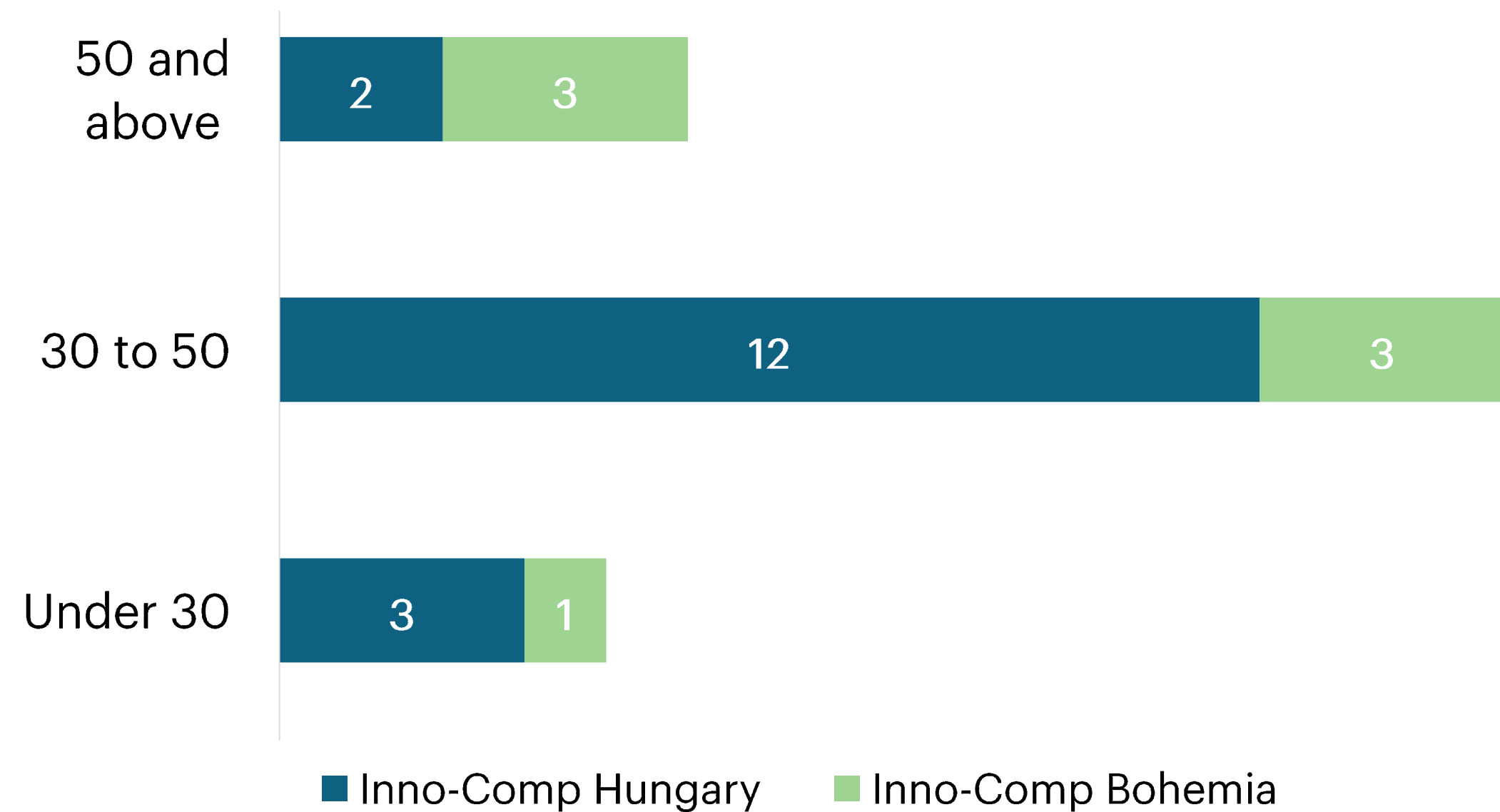
Number of employees of Inno-Comp Kft and Inno-Comp Bohemia by gender and employment type (2023)

We support the development of young employees, so we welcome numerous interns every year. In 2023, we employed 3 interns and 16 student workers at our Tiszaújváros site, who worked in office and non-hazardous production-related roles. Our interns, usually completing their university internship, have the chance to gain experience and apply their theoretical knowledge in practice while working at our company.

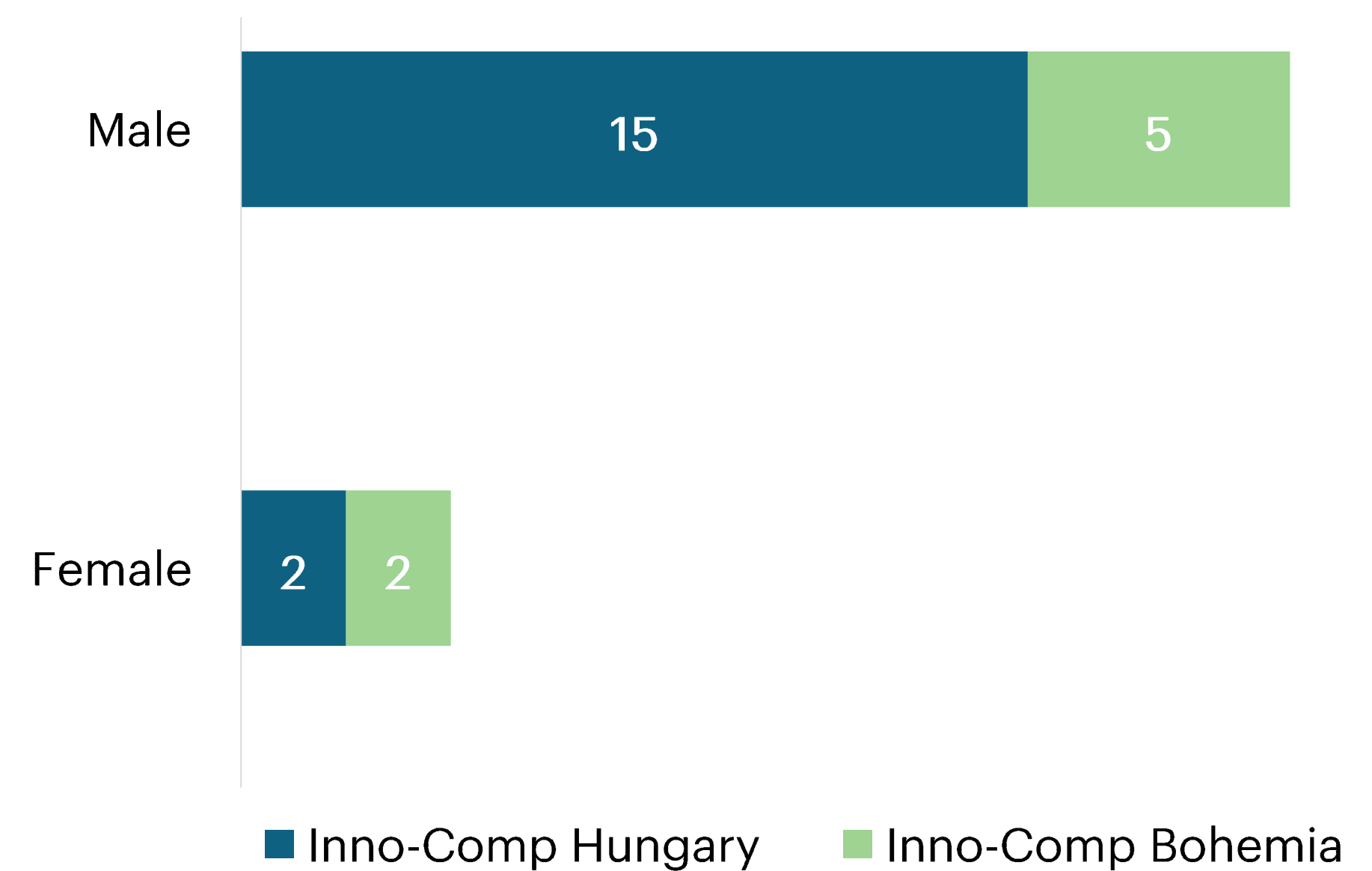
Occasionally, after completing their internship, students secure full-time positions at our company, particularly in office roles. With this we not only secure the replacement of workforce but also support the career launch of the younger generation, while they, in return, enrich our team with valuable knowledge.

¹⁷ Headcount at the end of the reporting period

At Inno-Comp we strive to build a reliable and stable employee base. Despite the changing market conditions of recent years, our organisation has not experienced high turnover. The new entrant-leaver ratio balance each other out year-by-year, so we operate with a near-constant headcount. The organizational structure of our Czech subsidiary changed at the end of 2023, resulting in a more efficient, task-oriented management, contributing to the optimal use of resources, transparency of work processes and customer-oriented operation.



New entrants by age (2023)



New entrants by gender (2023)



	2023	
	Inno-Comp Hungary	Inno-Comp Bohemia
Total employees¹⁸	114	47
Number of new entrants	17	7
Female	2	2
Male	15	5
Under 30 years	3	1
Between 30-50 years	12	3
50 years and above	2	3
Share of new entrants	14,90%	14,90%
Number of exiting employees	14	8
Female	1	2
Male	13	6
Under 30 years	2	3
Between 30-50 years	10	1
50 years and above	2	4
Share of exiting employees	12,30%	17,00%

Share of new entrants and exiting employees by gender and age group (2023)

¹⁸ Headcount at the end of the reporting period

Health and safety at work

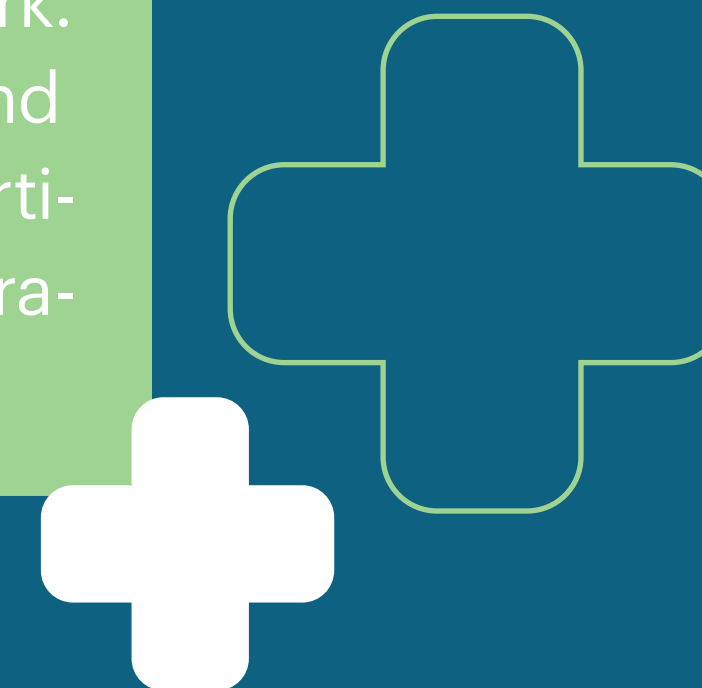
The main activity of our company is related to plastic manufacturing processes, which requires increased occupational health and safety measures. Our primary objective is to prevent workplace injuries and illnesses and to operate accident-free. At Inno-Comp Kft., occupational health and safety policies and procedures are developed by an external health, safety and environmental protection (HSE) expert. These are adopted by the Parity Board, consisting of the HSE expert, managing director, technical manager and occupational safety representative. If necessary, members of the Board may involve the employees concerned in the decision-making. The Board meets twice a year. Policies are available on the ERP system and intranet.

Safety is our top priority. Work-related risks and their management are documented in our internal document entitled Occupational Safety Risk Analysis and Chemical

Risk Assessment. In case of emergency, we act according to our Rescue Plan, which is also known in detail by our staff. Our employees are constantly informed about the proper handling of substances containing hazardous ingredients. Our employees are provided with protective clothing and other necessary sanitary products, if their job description requires it, as detailed in the Protective clothing, equipment, drinks and sanitary products policy.

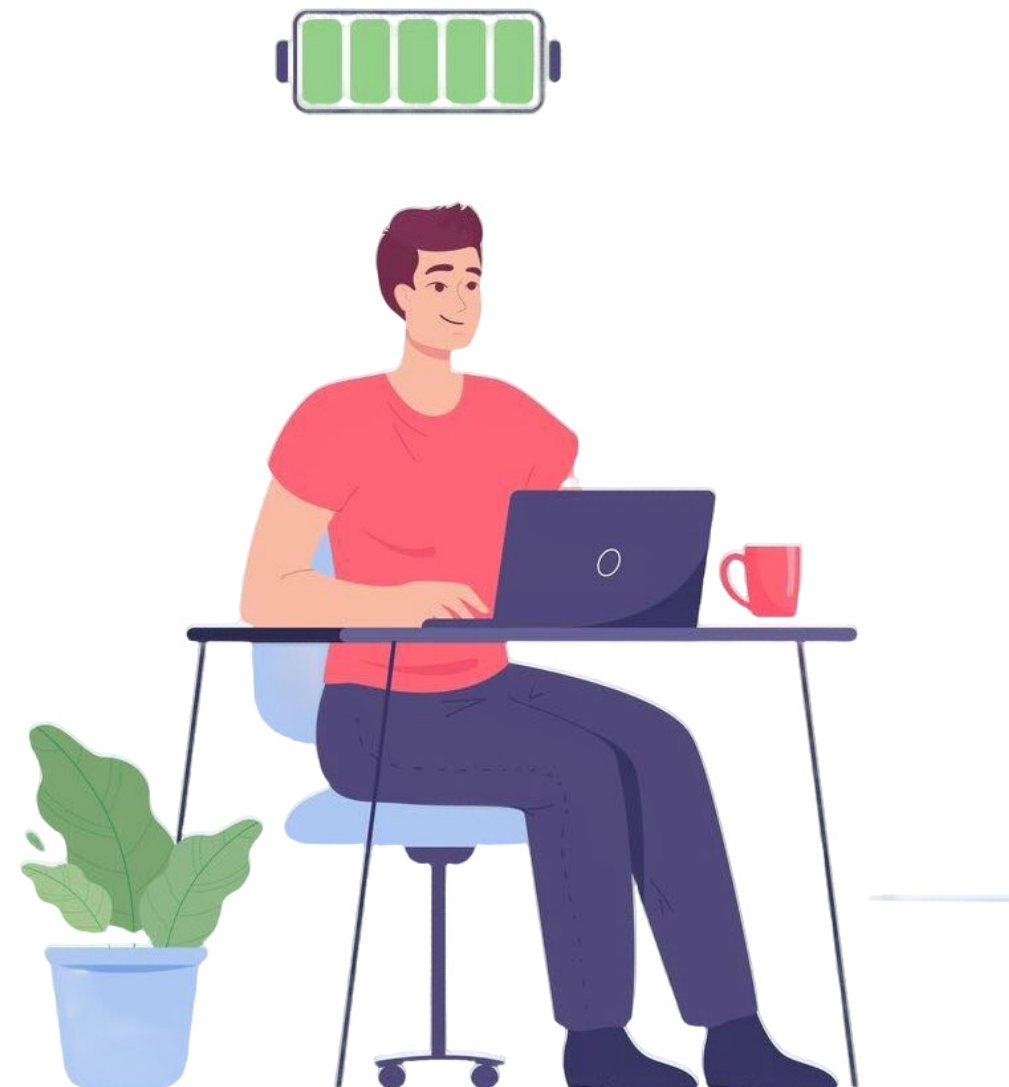
Our employees undergo occupational medical examinations every year. We organize regular trainings to maintain safety at work. In addition to the annual occupational and fire safety training, our employees participated in conflict stress management trainings in 2023.

A top priority of ours is to minimize workplace accidents, aiming for zero. Despite our employees' awareness and our preventive measures, unfortunately, two workplace accidents requiring extended sick leave occurred in 2023. One injury was caused by the inadequate condition of the factory floor, while the other resulted from inattention. Therefore, we regularly remind our employees to report any changes in workplace conditions that could pose risks and to seek assistance in any problematic situations. Our objective is not only to create a safe working environment but also to foster a workplace culture where employees are aware of the importance of risk prevention.



For a sustainable corporate operation, besides ensuring physical safety, we consider the mental and emotional health of our employees, their personal and family well-being, and the establishment of a proper work-life balance to be of great importance as well.

The well-being of our employees directly influences productivity, creativity, and effective work, making it crucial to cultivate a positive and supportive workplace atmosphere that promotes the preservation of our employees' mental health. Every year, we strive to maintain good relations among our employees and support effective stress management through the organization of family days, company events, and team-building activities. Regular trainings, events, and flexible working hours contribute to increasing employee satisfaction, while creating healthy boundaries between work and private life results in motivated and sustainable workforce in the long term. The well-being of our employees is a priority for our company, as it strengthens community and enhances commitment to the organization.



Ethical standards and code of conduct

Our employees are both carriers and shapers of Inno-Comp's image. It is in our fundamental interest to strengthen the reputation of our organisation through their conduct, behaviour and appearance.

The principles of conduct applicable to all employees in the Group are set out in the Code of ethics and rules of conduct for employees. Our management are expected to set a personal example and monitor their subordinates' compliance with ethical principles. We strive to maintain a supportive working environment, and it is the responsibility of managers to support their subordinates when issues arise and to ensure that a staff member who raises a concern is not disadvantaged in any way. Equal and fair treatment between colleagues and in a manager-subordinate relation is a fundamental expectation. We condemn all forms of harassment and discrimination.

Any employees who in good faith seek advice, raise concern or report misconduct is acting in accordance with ethical standards. Our employees may report ethical issues or concerns in the first instance to their line manager or anonymously via the dedicated email platform. Complaints received are investigated by the Ethics Committee, which consists of the managing director, the quality and environmental manager and the HR generalist. During the investigation, the Committee will hear the concerned parties, a report will be drafted and a decision will be taken. If it is confirmed that a misconduct has occurred, the consequences will be decided according



to the seriousness of the problem. The outcome of the procedure may range from a written reprimand to the initiation of disciplinary proceedings and a fine. Follow-up after the announcements is also important. In the event of a personnel conflict, HR staff monitor the development of relations and changes in the workplace climate and, if necessary, take further steps to resolve them and reconcile employees.

5.2. Workers' well-being, training and development 2-19, 2-20, 2-21, 202-1, 401-2, 404-1, 404-2

Remuneration

We categorize our colleagues based to their job titles and provide equal pay for the same job categories. The remuneration for each job title depends mainly on the complexity of the roles, employee qualifications and experience.

Incentives in addition to basic remuneration are typical for our employees in management positions and other key areas. For them, annual business objectives are set,

and they receive bonus payment if targets are met. Business targets are set jointly by the owner, the managing director and the head of the respective area. Our physical workers are paid production bonus based on management decision if production targets are met.

Annual remuneration is in line with market conditions. During the annual salary planning, the management takes into account the benefits offered by other companies as

well as employee feedback and satisfaction. In recent years, we have implemented uniform wage increases in response to inflationary pressures. In 2023, all our workers' wages increased by 15,03%.

	2023	
	Inno-Comp Hungary	Inno-Comp Bohemia
Female	1,5	1,16
Male	1,5	1,39

Share of general entry level wage to local minimum wage by gender (2023)

Full-time and part-time employees receive a unified benefit package, with no difference between them in terms of fringe benefits. Fringe benefits vary by location. Employees working at both the Hungarian and Czech site receive an annual fringe benefit allowance and voluntary pension fund support. To facilitate the commute to work for our Hungarian colleagues, employees travelling by car are entitled to reimbursement of expenses. Our Czech colleagues are entitled to a health care package, and they can also use their fringe benefit allowance to purchase extra vacation days.

Training and development of employees

Continuous development and training of our employees is one of the keys to our business success. Our employees can take part in numerous external and internal trainings, most of which supports professional development, such as trainings related to machine operation and production technology. Our goal is to support the continuous development of our employees in the field of sustainability as well, and to provide them access to new, valuable knowledge, as our sustainable progress is mainly due to the dedication of our colleagues.

We support individual growth through professional training, enabling every employee to follow a career path that aligns with their skills and expertise. Individual training also contributes to the collective knowledge and expertise of the Inno-Comp Group, which is essential for successful operation and growth. In 2023, our colleagues had the opportunity to participate in supported IT and skill development training. Area-specific trainings, such as professional conferences and leadership trainings contribute to the professional success of managers.

The internal trainings of Inno-Comp Group are mostly related to quality and environmental management topics and informations about modified internal processes. Our new employees, including those starting a new role, participate in an educational program to help them integrate into our company. During the program, they learn about the general principles of the company, the departments and the work of those. For the system operator, warehouse and quality controller positions a post examination must be taken.

Each year, a corporate training budget is allocated, which area managers can distribute among their subordinates. Individual training plans are determined jointly by the employee and their manager, with the possibility of defining individual focus areas.

In 2023, the number of training hours per employee in Tiszaújváros was 31.39 hours among both our male and female employees.

At our Czech site, our employees receive mandatory occupational health and safety training every two years. In addition, they have the opportunity to participate in individual trainings on professional topics. The number of external training courses depends on the annual training budget, which is decided by the managing director.



6. Social responsibility

In addition to the stable employment of local workers, in its 25 years of operation, Inno-Comp Kft. treated social responsibility as a priority. Over the past 15 years, we focused our support entirely on local communities, and as a result, have many ties to communities in Tiszaújváros.

6.1. Supporting local communities 2-19, 2-20, 2-21, 202-1, 401-2, 404-1, 404-2

Sports sponsorship have been part of the company's life for almost 20 years. Among the first beneficiaries of our sponsorship were the Inno-Comp rally team and our strongman race staff, whose preparation and participation in the competitions we supported.

Among the beneficiaries were the Tiszaújváros Gymnastics Club, the most successful and largest team in the seventh division of the Hungarian Gymnastics Federation with 90 members, and the Tiszaújváros Kayak-Canoe and Dragon Boat Association, the primary youth training centre for the sport.

The emblematic flagship sporting event of Tiszaújváros is the Triathlon World Cup, which has been held for more than two decades. We have been regular supporters of the multi-day sports and cultural festival associated to the competition for the past 12 years. Running and later cycling on Inno-Comp Day is a popular mass sport-

ing event, usually attended by nearly a thousand people, of whom around a hundred are our own employees and their families. The evening concerts are enjoyed by thousands of locals and residents.

We believe that education is the key to a better future, so we also consider it important to educate our own employees and the local community. We have been supporting the Vándor Sándor Music School of Tiszaújváros for more than 10 years, which the school uses to purchase and repair musical instruments. Thanks to this partnership, all our colleagues can enjoy the high-standard performance by the children and their teachers at our company's birthday party.

The Sunflower Foundation, which supports children with special educational need of the local Éltés Mátyás School, is our long-standing partner. Over the years, we have purchased sports and technical equipment and toys for the

40-50 children studying there and funded activities such as therapeutic horseback riding and camping.

Inno-Comp Bohemia continues sponsoring the Account of Our Heart Foundation, which is linked to the famous local ice hockey club of Litvínov, Czech Republic and helps the severely ill and/or handicapped children from the local region to return to ordinary life. Since 2020, we have contributed to this project with around 4000 EUR.

Annex

GRI Content Index

Indicator number	Indicator name	Where to find	Comment/Reason for omission
GRI 2: General disclosures 2021			
1. The organization and its reporting practices			
2-1	Organizational details	1.1. About the report	
2-2	Entities included in the organization's sustainability reporting	1.1. About the report	
2-3	Reporting period, frequency and contact point	1.2. Material topics	
2-4	Restatements of information		
2-5	External assurance		The Inno-Comp Group's 2023 ESG report will not be certified by a third party.
2. Activities and workers			
2-6	Activities, value chain and other business relationships	2.1 What we do	
2-7	Employees	5.1 Working conditions	
2-8	Workers who are not employees	5.1 Working conditions	
3. Governance			
2-9	Governance structure and composition	3.1 Governing bodies	
2-10	Nomination and selection of the highest governance body	3.1 Governing bodies	
2-11	Chair of the highest governance body	3.1 Governing bodies	
2-12	Role of the highest governance body in overseeing the management impacts	3.1 Governing bodies	
2-13	Delegation of responsibility for managing impacts	3.1 Governing bodies	
2-14	Role of the highest governance body in sustainability reporting	3.1 Governing bodies	
2-15	Conflicts of interest	3.1 Governing bodies	
2-16	Communication of critical concerns	3.1 Governing bodies	No critical incidents occurred during the reporting period.
2-17	Collective knowledge of the highest governance body	3.1 Governing bodies	
2-18	Evaluation of the performance of the highest governance body	3.1 Governing bodies	
2-19	Remuneration policies	5.2 Workers' well-being, training and development	

Indicator number	Indicator name	Where to find	Comment/Reason for omission
GRI 2: General disclosures 2021			
2-20	Process to determine remuneration	5.2 Workers' well-being, training and development	
2-21	Annual total compensation ratio	5.2 Workers' well-being, training and development	The managing director's annual total compensation is 355% higher than the median annual total compensation of all employees.
2-22	Statement on sustainable development strategy	Message from the CEO	
4. Strategy, policies and practices			
2-23	Policy commitments	3.2 Business ethics and compliance	
2-24	Embedding policy commitments	3.2 Business ethics and compliance	
2-25	Processes to remediate negative impacts	3.1 Governing bodies	
2-26	Mechanisms for seeking advice and raising concerns	3.1 Governing bodies	
2-27	Compliance with laws and regulations	3.2 Business ethics and compliance	
2-28	Membership associations	2.3 Organisational memberships	
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	2.5 Stakeholder involvement	
2-30	Collective bargaining agreements	5.1 Working conditions	
GRI 3: Essential Topics 2022			
Disclosures on material topics			
3-1	Process to determine material topics	1.2. Material topics	
3-2	List of material topics	1.2. Material topics	
205 Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	3.2 Business ethics and compliance	
206 Anticompetitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2 Business ethics and compliance	
207 Tax			
207-1	Approach to tax	3.2 Business ethics and compliance	
207-2	Tax governance, control, and risk management	3.2 Business ethics and compliance	
207-3	Stakeholder engagement and management of concerns related to tax	3.2 Business ethics and compliance	

Indicator number	Indicator name	Where to find	Comment/Reason for omission
GRI 3: Essential Topics 2022			
301 Materials			
301-1	Materials use by weight or volume	4.2 Circular economy and sustainable solutions	
301-2	Recycled input materials used	4.2 Circular economy and sustainable solutions	
302 Energy			
302-1	Energy consumption within the organization	4.4 Responsible energy use	
302-4	Reduction of energy consumption	4.4 Responsible energy use	
302-5	Reductions in energy requirements of products and services	4.4 Responsible energy use	
303 Water and effluents			
303-1	Interactions with water as a shared resource	4.5 Water management	
303-2	Management of water discharge-related impacts	4.5 Water management	
303-3	Water withdrawal	4.5 Water management	
305 Emissions			
305-1	Direct (Scope 1) GHG emissions	4.1 Reducing our carbon footprint	
305-2	Energy indirect (Scope 2) GHG emissions	4.1 Reducing our carbon footprint	
305-3	Other indirect (Scope 3) GHG emissions	4.1 Reducing our carbon footprint	
306 Waste			
306-1	Waste generation and significant waste-related impacts	4.3 Waste treatment and recycling	
306-2	Management of significant waste-related impacts	4.3 Waste treatment and recycling	
306-3	Waste generated	4.3 Waste treatment and recycling	The data shown refer to ICH
306-5	Waste directed to disposal	4.3 Waste treatment and recycling	
401 Employment			
401-1	New employee hires and employee turnover	5.1 Working conditions	
401-2	Benefits provided to full-time employees that are not provided to temporary or par-time employees	5.1 Working conditions	
403 Occupational health and safety			
403-3	Occupational health services	5.1 Working conditions	

Indicator number	Indicator name	Where to find	Comment/Reason for omission
GRI 3: Essential Topics 2022			
403-5	Worker training on occupational health and safety	5.1 Working conditions	
403-9	Work-related injuries	5.1 Working conditions	
403-10	Work-related ill health	5.1 Working conditions	
404 Training and education			
404-1	Average hours of training per year per employee	5.2 Workers' well-being, training and development	The data shown refer to ICH, no data are available for ICB.
404-2	Programs for upgrading employee skills and transition assistance programs	5.2 Workers' well-being, training and development	
413 Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	2.5 Stakeholder involvement	
413-2	Operations with significant actual and potential negative impacts on local communities	2.5 Stakeholder involvement	
418 Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.3 Data security and privacy	

Sources

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- <https://www.flaticon.com/free-icon/flexibility>
- <https://www.vecteezy.com/compliance-vector-icon>
- <https://www.freepik.com/icon/sustainability>
- <https://www.pexels.com/photo/blue-solar-panel-board>
- <https://www.freepik.com/free-vector>