

Sustainability

Report | 2024



POLYKEMI GROUP

polykemi 

rondo 

scanfill 

TABLE OF CONTENTS

CEO speaks.....4

Important events during the year5-7

Value creation model8

Our journey to net-zero9

Sustainability & Regulations.....10

About Polykemi Group.....11-12

Market overview 13-14

ISCC PLUS 15

Sustainability Aspects/Areas16

Our own product – Sustainable plastic 17-26

Responsible business.....27-29

Attractive employer30-34

Community involvement.....35-36



Auditor's report for companies preparing the statutory sustainability report separate from the annual accounts

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Polykemi AB, corporate identity number 556114-3461

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2024 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Ystad on the date shown in my electronic signature
Öhrlings PricewaterhouseCoopers AB

Ann Rickard Nilsson
Authorized Public Accountant

CEO SPEAKS

It is "business as usual" here at Polykemi Group, meaning that we continue to work tirelessly to satisfy not only our customers and other stakeholders but also our own needs and wishes to develop and future-proof our business. The past year has been filled with both ups and downs as the world around us has been more unpredictable than anticipated. All things considered was 2024 a year among other in a row of years of both profit and growth.

We have continued our work of getting the new production units in Chongqing (China) and Gastonia (USA) into "black" figures and both show a potential to become profitable and cash flow positive within the foreseeable future.

The international investments are physical signs of our strategy to be a global supplier with local production on the three continents of Europe, Asia, and North America – a global supplier and a local producer. The Materialsmart®-concept, which we launched in 2021, where we can report the CO₂ footprint of our materials from our various production units, has continued to evolve and the work with a major update of the system is being implemented.

Sustainability is an issue of high-priority to us and in our business growth concept "Golden Globe", one of the goals, along with profitability, satisfied customers, and proud employees, is to be recognized as a leader in sustainability in the areas where we can make a difference while simultaneously strengthening our competitiveness.

To ensure this some major investments for recycling was made during 2024 in both Sweden and in China. In Ystad, a new larger extrusion unit for recycling of polymer waste products was installed and in China a similar, but a bit smaller, unit was installed in Kunshan. This was possible after receiving the permit from the local government as the first company in 16 years to be allowed to handle, recycle and sell products of recycled back ground. In Chongqing investment in equipment for blending and regripping plastic waste intended for our line of recycled products. Sister companies of the now more than 45 year old Swedish company Rondo Plast AB has been founded in both locations in China.

Strategically, Materialsmart® is an important factor to ensure a sustainable business model of today and for the future for both us and our customers. The trend in inquiries regarding higher content of recycled products from our customers has continued to grow and our commitment to this has not wavered.

To make a prediction for the near future is at present even harder than normal as the "big elephants" on the political scene seems to be dancing different types of war dances and out of tune to the "music". However, our plans for evolving the company group is in accordance with the goals set in the Golden Globe project but this can change if need for calibration to the world economy are anticipated. As a result the investments for 2025 are roughly 50–60 million SEK and will hold various investments ensuring our continued development and fulfillment of the company motto: "If you stop getting better, you stop being good"

A thing that can be predicted with 100% certainty is that Polykemi Group will remain a family owned and operated company... This is a certainty as the owners after 6 years of intense but positive work regarding the future management of the company have found that the best solution is to let the next generation, who are willing, eager, educated and capable, to take over the leadership after Ola and Lars. A full decision on the how's and when's are yet to be decided but the way forward is decided.

In summary, despite the uncertain political and economic environment that 2025 have come to start with is it my belief that 2025 will be summarized at yet another year of improvement, hard work and as good result as we ever had hopes to achieve, with these unusual conditions. I am totally convinced that our team work enabling everyone to participate and influence the daily work will ensure our common goals and the best possible result for 2025.

Ola Hugoson
CEO for Polykemi AB



Important events during the year



INVESTMENTS AND EQUIPMENT UPGRADES IN 2024

In 2024, we made several important investments and upgrades to our production equipment to strengthen our capacity and sustainability efforts.

At the beginning of the year, we installed our new Extruder 19, a state-of-the-art Coperion ZSK92 MC18. The machine is specially designed to handle PC/ABS with recycled raw material, thanks to an innovative screw design and an improved material handling system. This allows us to produce REZYcom PBL more efficiently and with even higher quality.

We have also commissioned a new Erema, a plastic recycling machine, equipped with laser filters and a preheated knife barrel. This investment means more efficient filtration and reduced material waste, reinforcing our commitment to circular material flows.

To secure the operation of our existing extruders, a planned motor replacement was carried out on Extruder 10. The work was carried out smoothly during a scheduled production stop, and the old motor was sent for refurbishment for future use.

These investments are part of our continuous development to meet market demands for quality, sustainability and efficiency.

We also built a mezzanine level (extra floor) above the interim sites (storage sites) in the east part of the factory. This is to create extra storage space for production equipment.



SHARP INNOVATION FOR THE FUTURE

In a unique collaboration, the Swedish manufacturers Morakniv, Rondo Plast (Polykemi Group), Alleima and TK Pac have come together to develop a knife that is largely made from recycled material.

The idea of realizing a vision to develop a knife that reduces the climate footprint in various parts of the manufacturing process, without compromising quality, was born during 2023.

Recycled plastic compounder Rondo Plast, steel producer Alleima and packaging producer TK Pac not only have production in Sweden, just like Morakniv, but the manufacturing processes are also partially or entirely powered by green energy, which gives the collaboration another dimension from the sustainability aspect. The knife handle and case are made from our recycled REZYcom PP in different shades of gray. This innovation demonstrates that collaboration is key for enabling changes insustainability efforts.



MAJOR INVESTMENTS STRENGTHEN POLYKEMI'S GLOBAL LABORATORY

Over a six-year period, Polykemi has invested nearly one million euros in around 70 new test specimen tools and new injection molding machines for all laboratories at our five production sites.

This is to strengthen global testing capacity and ensure high-quality and standardized testing of our plastic materials worldwide.

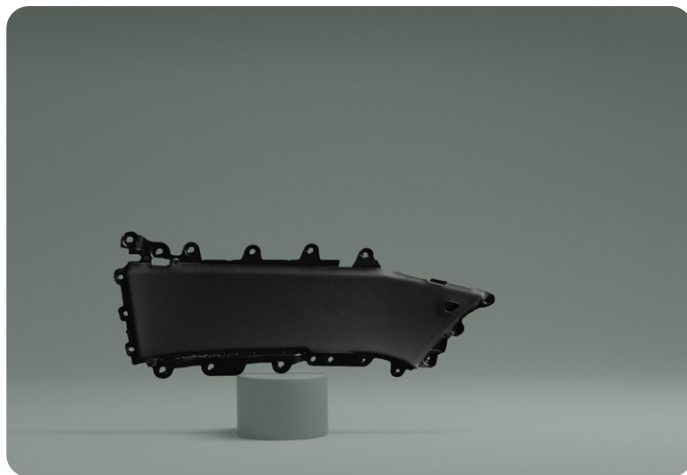
Identical testing processes across the world

The new tools meet our high-quality standards and comply with current ISO norms. Both the test specimen tools and equipment are the same at our five facilities, which enable identical testing in Sweden, China, and the USA.

Goal achieved through successful collaboration

During the process, Polykemi collaborated with German company wf plastic GmbH, the producer of the specimen tools. They made it possible for us to create tools for both our internal quality controls and customer-specific test specimens.





RECYCLED PLASTICS DELIVER REVOLUTIONARY RESULTS

High-quality recycled plastics perform just as well as virgin-based materials in molds originally designed for virgin plastics. This has been proven in collaboration between Polykemi and Simoldes Plastics, a supplier to leading automotive brands such as Stellantis, VW Group, Renault–Nissan–Mitsubishi, BMW, Toyota, Scania, and Mercedes–Benz.

By seamlessly transitioning from virgin to recycled materials, Simoldes Plastics can achieve significant CO₂ savings —estimated at 54 – 68% per manufactured part — through Polykemi’s Materialsmart® concept. Extensive testing on components like door panels confirmed that premium recycled plastics work flawlessly in existing molds, proving that smart material choices are key to sustainability in the automotive industry.



POLYKEMI AND SYSAV PARTNER FOR NEGATIVE EMISSIONS

Polykemi has signed a letter of intent with Sysav for the future purchase of negative emission certificates from Sysav’s planned CCUS facility in Malmö. By capturing and storing biogenic CO₂, the facility—expected to be operational by 2030 — will contribute to permanent negative emissions.

Sysav’s CCUS technology aims to capture around 400,000 tons of CO₂ annually, providing climate-saving solutions for businesses and municipalities. A full-scale investment decision is planned for 2027.

“Our partnership with Sysav is a key step in our sustainability journey. By purchasing negative emissions, we ensure that our climate impact is minimized, even in areas where technical solutions are not yet available,” says Jörgen Andersson, Chief Quality & Environmental Officer at Polykemi.



Value creation model

The value creation model illustrates Polykemi Group's operations by outlining the resources we utilize, how these resources are transformed within our operations, and the value we generate for various stakeholders. Our operations result not only in the plastic compounds we produce and sell but also in the impact we have on our surroundings, such as employee salaries, carbon dioxide emissions, and contributions to the UN sustainability goals.

Figure 1

RESOURCES

**FINANCIAL
RESOURCES**
97 MSEK

**HUMAN
RESOURCES**
361
employees

**RELATIONSHIP
RESOURCES**
700 customers
400 suppliers

**NATURAL
RESOURCES**
24 718 MWh energy*
34 642 m³ water

MANUFACTURING AND MATERIAL RESOURCES

5 st
production units
(Ystad (two), Gastonia,
Kunshan and Chongqing)

37 000
tons of virgin
plastic material

16 000
tons of recycled
plastic material

13 000
tons minerals
and reinforcements

2 000
tons additives
and pigments

750
tons packaging
materials**

*of which 100% renewable **corrugated cardboard and plastic.

BUSINESS AND OPERATIONS

WE ARE

Polykemi Group –
Family owned company,
founded in Ystad.

OUR MISSION

World Class compounder,
a local producer and
global supplier.

WE STRIVE TO

Satisfied customers and
employees, profitable
growth and sustainability

WE BELIEVE IN

If you stop getting
better, you stop being
good.

WE OFFER

With customized plastic compounds made from both virgin and recycled world-class raw materials, we offer the market our extensive experience and in-depth knowledge – safely and without compromising on quality or sustainability.

RESULTS

MANUFACTURING AND MATERIAL RESOURCES

65 000
tons plastic
compounds

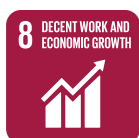
53
MSEK reinvested
in operations

250
MSEK salaries & social
security contributions

25
MSEK tax

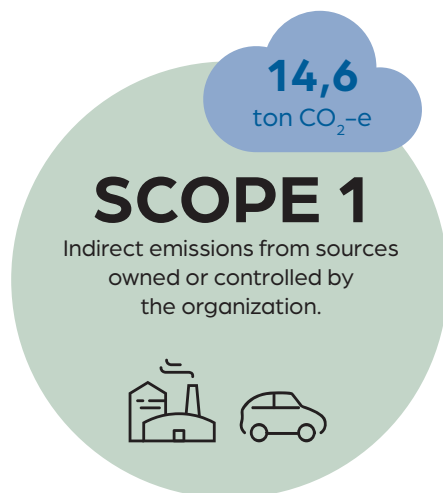
11 800
reduced emissions CO₂
compared to 2023 (scope 1 and 2)

CONTRIBUTION TO THE GLOBAL GOALS

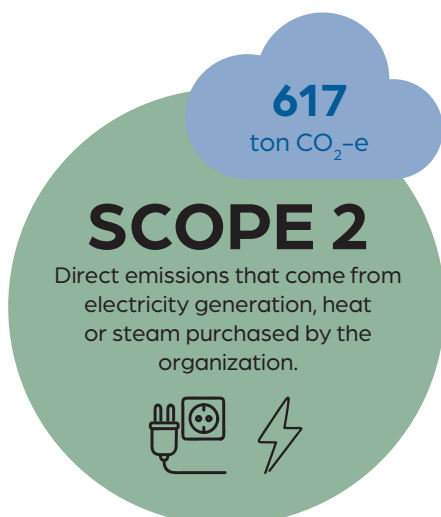


Our journey to net-zero

99,5 % of our total emissions scope 1-3 is driven by the rawmaterials we purchase which is driven by the decisions made from our customers. The influence we have on scope 3 is therefore limited to the quality of the advise we can give. This does not mean that we are idle. The target we have set for scope 1 & 2 is to be true net-zero by 2030. We have an ambition to reduce our scope 3 emission by 5% annually.



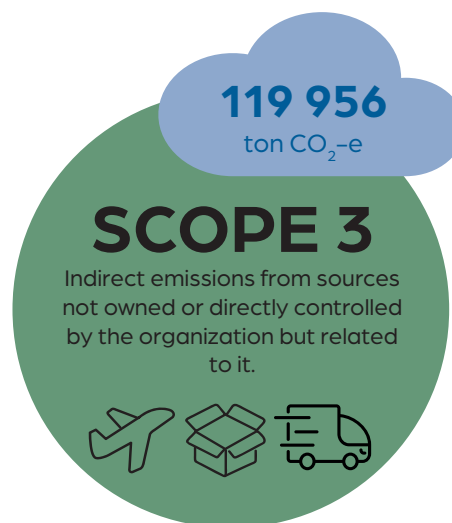
Our primary driver for Scope 1 is our fleet of company cars. We are transitioning from ICE to PHEV/BEV with a rapid pace in the regions where it makes sense. Both with infrastructure and energy mix. We know that a BEV charged with the standard energymix in China has higher global emissions than an ICE even if we can statistically claim the opposite. We have to have a holistic approach and evaluate all data to make the right decision.



The primary driver for Scope 2 is our energy consumption. We are using renewable energy for our Swedish plants since 1995 but due to the way energy markets function, we were only able to implement this for our other producing units from January 2024.

By true net-zero, we intend to compensate for the residual emissions from our operation and energy consumption with CCUS-technology (Carbon Capture, Utilization and Storage). We already have a letter of intent in place for a new CCUS installation at the waste powerplant in Malmö where we will be able to purchase CDR-instruments (Carbon Dioxide Removal) from the part of the operation which is based on biogenic carbon. Since we are not considering renewable energy as carbon neutral due to the infrastructure needed for production and distribution, we have to compensate since we are not able to reach zero just by our global usage of such energy.

The main impact we can achieve is by advising our customers towards better material solutions via our Materialsmart® concept. Since we do not have the final say, it is very difficult to set hard targets. We have ambitions which we partly fulfill with better sourcing of rawmaterials with the help of our LCA. We can suggest more sustainable material solutions to our customers and then improve our sourcing by selecting the supplier with the lowest footprint and drive other suppliers in the right direction.



Transport is of course also important and we have a strong focus on reducing the need for transportation as much as possible with local sourcing to our production plants. By embracing the Swedish saying "Many small streams will become a river" all is important to reach a solution which meets all requirements without compromising on cost, supply and quality.

Sustainability & Regulations

LAWS AND GUIDELINES WITHIN ENVIRONMENT AND CHEMICALS

Polykemi Sweden uses an external consultant (Ramboll) to conduct audits of our operations, thereby ensuring that we comply with all legal requirements. Additionally, we are connected to the legal monitoring system Notisum in Sweden, China, and the USA, ensuring that we always have access to current legislation in each respective country.

At all of our production sites within the Polykemi Group, local authorities conduct various inspections throughout the year. All inspections by local authorities have resulted in approved outcomes without any remarks on our operations. During the past year (2024), Polykemi Group has not committed any violations of environmental legislation or local regulations.

ADDITIVE CHEMICALS

The EU's chemical ordinance, REACH, came into force on 1 June 2007. REACH contains among other things rules for registration of substances, prohibitions or other restrictions of substances, requirements for permits for particularly dangerous substances and rules for informing customers. A company that manufacture, import or sell goods or chemical products in EU/EES are obliged to follow these rules.

The REACH regulation also contains rules for users of chemical products. All substances are covered by REACH and so consequently, most companies within the EU are affected by the regulation. In order to fulfil the requirements of the regulation all companies affected are forced to identify and handle the risks connected to the substances that you manufacture, import or sell within the EU. Everyone who uses chemicals in our line of business must comply with these regulations.

All chemicals handled by the various production sites of Polykemi Group comply with the requirements of MSDS, which are expected to contain information within 16 different areas. All MSDS are available in our chemical management system called Eco Online, accessible to all employees. Eco Online also provides system support for REACH legislation and its various lists, including the inventory list, restriction list, and candidate list. In 2024, we will implement a new system support for chemicals and MSDS called Lisam, replacing Eco Online at all production sites within the Polykemi Group.

UN GLOBAL SUSTAINABILITY GOALS

The 17 global sustainability goals are indicative of the countries' commitment to establishing a clear plan for the work that is necessary up to 2030, in order for

the development to be sustainable in the long term. The rapidly growing awareness that it's necessary to transition against a more sustainable resource utilization will place entirely new demands on the industry.

These goals can also be linked to existing activities and goals within the Polykemi Group.

EU TAXONOMY REGULATION

The Polykemi Group recognizes that the EU taxonomy framework is evolving and that our reporting will evolve as more targets are adopted and more guidance and practices are established. We are also aware that the EU is considering introducing additional technical review criteria. Currently, none of the Polykemi Group's products or services are associated with economic activities covered by the EU Taxonomy Regulation.

OUR VALUE CHAIN – SUSTAINABILITY RISKS AND RISK MANAGEMENT

In our sustainability efforts, we work on reducing the impact within our own operations. We also rely on other actors to increase sustainability in the value chain. Polykemi Group's ambition is to reduce the negative impact of its operations on the environment and to work towards creating value for customers, consumers, and other stakeholders. Starting from our value chain helps us identify how best to manage our impact, how we create value for our stakeholders, and what risks we must be prepared to manage. We exert influence both upstream and downstream in the value chain but have varying degrees of ability to influence in different stages.

About Polykemi Group



POLYKEMI BACKGROUND

Ever since the company was founded in the spring of 1968, the basic concept has been the same: to manufacture customised plastic compounds and to strive to do it better than anyone else in the world. From the very beginning, Scandinavia was chosen as the principal market, and even today Scandinavia continues to be an important market, even though we currently work in most European countries and around the world.

Our strength lies in continually being one step ahead and in being able to offer customised product ranges with solutions so unique and creative that no one else can compare with us on like terms. This involves inter alia our documented skill in colour adaptation, multiple reinforcements and fibres in a large quantity of various polymers, and our ambition to co-operate closely with our customers where security, close personal contacts, a high level of skill and problem-solving abilities are our guiding principles.

Polykemi is an innovative knowledge-based company that satisfies the market's demand for absolutely world-class end products.

FAMILY-OWNED COMPANY

Polykemi Group is a family-owned company with 361 employees. The main office is located on Bronsgatan 8, Ystad, Sweden, and houses all of the company's main

functions, such as sales, technical customer support, purchasing, administrative support functions, as well as research and development.

The Polykemi Group includes the parent company, Polykemi AB, as well as Rondo Plast AB and Scanfill AB, which are also located in Ystad. In China, we have two companies and production units, one founded in 2007 and the other in 2023. On the other side of the Pacific Ocean in the USA we have been around since 2013, and since 2023 we also have our own factory. In addition, there are also our own subsidiaries and sales offices in Denmark, Germany, Mexico and the Czech Republic.

BOARD & GROUP MANAGEMENT – SUSTAINABILITY GOVERNANCE

Composition and expertise of the board

According to the company's articles of association, the board of directors of the various companies within the Polykemi Group shall consist of a minimum of five and a maximum of eight members, as well as a maximum of two alternates. In 2024, the board comprised five members and one employee representative, with zero women and five men.

The board acquires and maintains expertise in the field of sustainability. This is accomplished through lectures and participation in workshops on current and relevant topics, as well as through regular status reports on

sustainability efforts within the Polykemi Group and current issues in the external environment.

DIVISION OF RESPONSIBILITIES FOR SUSTAINABILITY

It is the responsibility of the board and executive management to ensure that work in environmental, occupational health and safety, review of ethical guidelines, social responsibility, and sustainable economic development complies with the rules, strategies, and goals set. This responsibility also includes presenting a sustainability report according to valid regulatory aspects in connection with the annual financial statements. The parts concerning environmental work are delegated from the CEO to the Environmental & Quality Manager. The operational sustainability work extends from, for example, product development and purchase department and through cross-functional collaborations with HR regarding occupational health and business ethics.

THE BOARD’S INVOLVEMENT IN SUSTAINABILITY ISSUES

The foundation of Polykemi Group’s sustainability work lies in the company’s significant sustainability issues, which have been identified through an impact and materiality analysis, as well as the company’s values. These values are summarized in Polykemi Group’s Code of Conduct (on page 27), which is approved by the board.

During the board meetings, the board receives information and has the opportunity to provide input regarding objectives and follow-ups in the sustainability area.

Critical sustainability-related issues and whistleblower cases are communicated to the board as needed. During the year, no such cases have been reported to the board.

The management review, which includes aspects of sustainability work, is held four times a year, and the sustainability report, compiled once a year. This reporting methodology strengthens communication between owners, the board, and the operational business.

EVALUATION OF THE BOARD

In the evaluation, one should consider competence, commitment, and the member’s contribution within and outside meetings. Within the framework of assessing the member’s competence, the evaluation also includes an assessment of competence relevant to Polykemi Group’s sustainability impact. The evaluation has not resulted in any changes to the composition of the board.

THE BOARD CONSISTS OF

INTERNAL

Ola Hugoson	b. 1957
Lars Hugosson	b. 1962
Nermin Sazic	b. 1972
<i>(Union representative)</i>	

EXTERNAL

Torbjörn Wistrand	b. 1948
<i>(external chairman of the board)</i>	
Bengt Jönsson	b. 1960
<i>(Co-opted member)</i>	

Market Overview

POLYKEMI AB

Polykemi AB produces and sells customized plastic compounds based on virgin- and high quality recycled raw materials to customers in more than 25 different countries all over the world. In spite of us encountering many different cultural differences in our day-to-day work, the way of doing business is very similar. The market for plastic use in Europe and in other parts of the world is subject to constant growth, and those involved in this market know each other rather well.

As an independent plastic compound producer, we purchase our raw materials, fillers, additives and color pigments directly from the world's major manufacturers. We customize, manufacture and deliver plastic compounds according to the wishes and demands of our customers, so that they can injection-mold and deliver parts to the end consumers. Our compounds are being used in industrial segments such as the automotive industry, household appliances, construction, electronics, white-goods, medicine and more.

We are constantly trying to develop ourselves, to get better at what we do and continue to be where our customers are. We aim to be a local producer and global supplier.

Polykemi is ISO 9001 and 14001 certified and can provide all customers CO₂ emission certificates on all materials based on a third party certified LCA analysis

RONDO PLAST AB

Rondo Plast AB works with recycling, upgrading and refining of recycled plastic raw materials or plastic items. Rondo Plast offer its customers a complete standard program of compounds based on recycled plastics, in addition to this, there is an opportunity to customize recycled plastic material solutions according to the customer's wishes and needs.

In addition to the strong domestic market in Sweden, customers are mainly located in the Nordic countries. Environmental awareness, as well as what we consider to be the obvious desire to recycle plastic, has been our guideline ever since 1980 when Rondo Plast was founded.

In recent years, the use and willingness to use, recycled plastic materials has increased substantially around the world, which pleases us. The trend is clear, the use of recycled plastics globally will increase significantly in the future.

Rondo Plast is ISO 9001 and 140001 certified.

SCANFILL AB

Scanfill produces foil for the thermoforming industry. The subsidiary was founded in 2008 and production is located in Ystad in southern Sweden.

Scanfill is dedicated to the development and production of packaging material with the market's most frequently used materials; PP, PET and PS. Our production meets the market's high quality and sustainability standards. From its base in southern Sweden, our production enjoys natural geographical proximity to our main market, Europe.

Thanks to Polykemi's wide range of materials, Scanfill can also offer both fossil-based and fossil-free plastic materials. Scanfill's materials are available in two series: Scanfoil and Scanfill foil. Scanfoil is highly adaptable in meeting customer requirements and offers bio-based raw materials or recycled plastic raw materials as alternatives. Scanfill Foil consists of a material where the proportion of plastic raw material is reduced by as much as half and is reinforced with minerals instead. The stronger material enables a reduction in the thickness of the packaging and thus its weight.

Scanfill produces materials that comply with the standards our customers' products demand; it customizes them in its own development department and conducts food compatibility tests as required. Scanfill is ISO 9001 and 14001 certified and can provide all customers CO₂ emission certificates on all materials based on a third party certified LCA analysis

POLYKEMI INC. (USA)

Polykemi Inc. was founded in 2013 and has been established with offices and production in Gastonia, North Carolina, since 2023.

Our long and prosperous experience of production for the European market and an extensive presence on the American market have enabled us to lay the foundations for a confident start of our own production of customized plastic materials on the American continent. In 2023, we began production to get closer to our American customers, as well as our Canadian and Mexican customers.

Because Polykemi Inc. supplies the same product range as Polykemi Sweden and Polykemi Compounds in China, we are able to offer our customers the same high-quality virgin- and recycled based materials on three continents, but produced locally in order to save time, money and the environment.

Polykemi Inc. is certified according to both ISO 9001 and

ISO 14001. We hold a full LCA study of our operations in the US which also is 3rd party certified and we can provide our customers CO₂ emission certificates on all materials produced at our factory.

POLYKEMI COMPOUNDS (Kunshan & Chongqing) Co. Ltd

Polykemi Compounds (Kunshan) Co. Ltd. was founded in 2005 in Shanghai. In 2007, we inaugurated our first production unit outside Sweden, in Kunshan, west of Shanghai. We also sell and distribute customized compounds to the Australian market from Kunshan and attend to other markets in Southeast Asia.

Polykemi Compounds (Chongqing) Co. Ltd. was founded in 2023 with the establishment of a production unit, after ten years of operating a sales office in the region. We produce and sell customized plastic materials in Chongqing, in the Sichuan Province, mainly for central China as well as the south-western parts.

We have built our organization in China in order to keep pace with market growth while prioritizing high-quality on plastic materials, short contact channels, flexible deliveries and accessible customer support.

Because Polykemi Compounds supplies the same product range as Polykemi Sweden and Polykemi Inc. in the United States, we are able to offer our customers the same materials based on high-quality virgin and recycled raw material on three continents, but produced locally in order to save time and money.

We see the same trend in China as we see in Europe, that the interest from our customers to use recycled plastic is constantly increasing. Therefore, we have invested in equipment (mill, mixing systems and metal check) to upgrade recycled plastic raw material as well as quality control via XRF and DSC. We have also strengthened the purchasing department to be able to increase activity to find the right sources of raw materials for recycled plastic.

Both our factories in China are certified according to ISO 9001 and ISO 14001. We hold a full LCA study of our operations in China which also is 3rd party certified and we can provide our customers CO₂ emission certificates on all materials produced at our factories.

POLYKEMI GROUP

Polykemi develops and produces customer adapted plastic compounds at five production units globally and delivers all over the world. Polykemi Group consists of 10 companies that work closely together.

As the parent company, Polykemi AB in Sweden acts as the hub for strategy and day-to-day operations for the entire Group. At the head office in Ystad in southern Sweden, we develop, produce and deliver high quality plastic compounds primarily for the European market. The subsidiaries include two manufacturing units in China and one in the US, as well as sales offices in Denmark, Germany, The Czech Republic and Mexico, all of which are responsible for their respective markets.

Rondo Plast, one of our two Swedish subsidiaries, upgrades and produces recycled plastic materials, while Scanfill produces plastic materials for plastic packaging.

Because we place great value on being close to our customers, we also work closely with sales partners and agents all over the world.

ISCC PLUS SUSTAINABILITY CERTIFICATION



Polykemi and its subsidiary Scanfill and Rondo are now certified according to ISCC PLUS. Polykemi and Scanfill were first certified in 2023 and in 2024 we have worked with ISCC PLUS to certify our company Rondo for recycled materials. Our work yielded results and in November 2024 we had the third-party certification audit that resulted in Rondo AB becoming certified for recycled materials and bio-based materials.

The certification guarantees total traceability in the production and delivery of bio-circular mass balance certified plastic raw material – another step towards increased sustainability and reduced climate footprint.

AN OBVIOUS STEP IN A CONSCIOUS MARKET

The ISCC PLUS certification is part of the Polykemi Group's global efforts for a progressive and sustainable industry, but also a natural effect of increasing customer awareness. ISCC PLUS is not a stand-alone project but an integral part of our long-term strategy for sustainable material management. We see the certification as a foundation for continued development of products where both technical requirements and environmental impact are in focus.

For our customers, ISCC PLUS certification means that they can:

- Possibility to use certified bio-based or recycled content in their products
- Meet increasing demands from both EU regulations and end customers
- Be part of sustainability-classified supply chains
- Gain a clear competitive advantage in the market

BIO-BASED, BIO-CIRCULAR and RECYCLED MATERIALS BECOME TRACEABLE

Through ISCC PLUS, we can ensure that both of these raw material types are sustainably produced, correctly accounted for and fully traceable throughout the entire value chain – from origin to finished product.

Technically, we have been able to offer this type of both bio-based and bio-circular materials before, but now with certificates specifying how much biomaterial our supplier used in their process, and how much we then used in our materials, we can give the customers an exact traceability.

WHAT IS MORE TO COME

In 2025 we will go through a recertification for Polykemi and Scanfill and during this process we will add recycled materials to our certification. This means that in the second half of 2025 all three of our companies here in Ystad will be ISCC PLUS certified for bio-based, bio-circular and recycled materials.

Our ambition is to be a driving force in the transition to a circular plastics industry, where recycled materials are not just an option – but a first choice.

By combining bio-based solutions and advanced recycling with credible certification, we position ourselves as a leading supplier in technologically advanced, circular plastic production. It's not just a step towards fossil-freedom – it's a competitive advantage.

Sustainability Aspects/Areas

The result of dialogues with stakeholders, in connection with our sustainability work, has resulted in a framework consisting of four areas. Within these four areas, we have prioritised a series of aspects.

On the following pages, we describe more specifically how we control and monitor our four prioritised areas.



OWN PRODUCT – SUSTAINABLE PLASTIC

The business operation within our various companies in the Polykemi Group is based on plastic, and that is our very core operation. Many people take it for granted that we as a company must take a great amount of responsibility for our core operation, and we now do this by addressing it as its own area.

Prioritised aspects within the area are:

- Energy use
- Transports (CO₂ impact)
- Recycled/renewable raw materials
- (LCA – CO₂ impact)
- Product development
- Production/technical development
- Waste/spill



ATTRACTIVE EMPLOYER

In order for a company to develop, we need skilled co-workers and furthermore we need to attract and recruit new ones. Generating confidence, a sense of well-being and pride among Polykemi Group co-workers makes them good ambassadors.

Prioritised aspects within the area are:

- Working environment
- Expertise/personal development
- Equality/diversity



RESPONSIBLE BUSINESS

Responsible business is about confidence and can be associated with our values – Professionalism, Responsibility, Interactivity, Respect and Honesty.

Prioritised aspects within the area are:

- Financial results
- Customer and suppliers relationships
- Values, anti-corruption



COMMUNITY INVOLVEMENT

Polykemi Group's owners and management have always had a big heart in being a local company that can act both locally and globally.

Prioritised aspects within the area are:

- Social commitment, sponsoring of associations etc.
- Local investments

Our own product

Sustainable Plastic

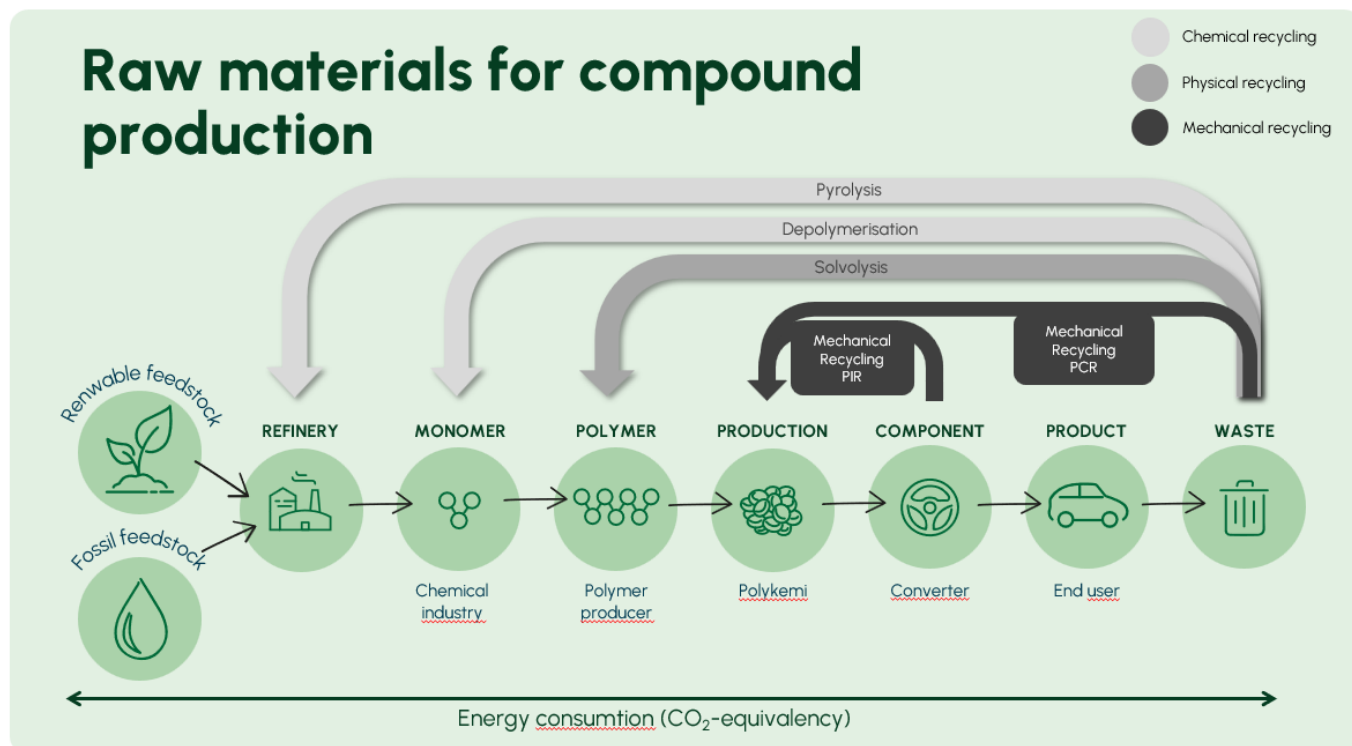


Figure 2

The main product that we purchase, refine (compound) and sell is plastic. When it comes to our own product (plastic), it is important to point out that the material is not hazardous to the environment, either on its own or in compounds. The reason it is considered an important area is that our main activity is entirely based on plastic, which originates from fossil oil, contributing to negative climate impact (increased CO₂ emissions).

To our own product – sustainable plastic – we have associated the following prioritised aspects:

- Materialsmart® – CO₂ impact of materials according to Scope 3 (based on Polykemi LCA report)
- Energy use
- Transports (CO₂ impact)
- Recycled/renewable raw materials
- Product development
- Production/process technology development
- Waste/spill

RECYCLED PLASTIC RAW MATERIALS

The increased focus on the global environmental situation has in many ways changed the perspectives of producers and consumers. The modified view has entailed, for example, a substantially increased interest in recycled plastic raw materials. It has also entailed a

change with regard to the requirements on recycled plastic raw materials.

Today, recycled plastic raw materials are used more and more often in highly qualified applications, which places more stringent demands than ever on recycled plastic raw materials. For more demanding applications, having a major environmental benefit and an attractive level pricing is not enough. Superior technical know-how is crucial in ensuring that the commodity has the sufficient, necessary and essential product quality.

With a strong foundation in environmental focus, expertise, quality, and history, Rondo Plast AB holds a unique advantage – backed by over 40 years of experience in upgrading and refining recycled plastic raw materials. Our parent company, Polykemi AB, has for more than 55 years developed world-leading expertise in the field of technical compounding.

The goal for Polykemi Group is to increase the proportion of recycled plastic raw material in our production. The goal for Polykemi Group Sweden (2024) was to use at least 25% of recycled material in our production (The result for 2024 was a 25% share of recycled material).

We have noticed an increased demand and focus on plastic compounds that should contain a certain percentage of PCR (Post-Consumer Recycled). A large part of the recycled material we currently use comes from PIR (Post-Industrial Recycled). This is related to upcoming legislative proposals in the automotive industry (EVL – End-of-Life Vehicles), where there will likely be requirements for a certain % of PCR inclusion in all new car models. Learn more about the process of raw materials for compound production in figure 20 on page 25.

RENEWABLE/BIO-BASED MATERIALS – ISCC PLUS CERTIFICATION

As we mentioned during “important events during the year”, Polykemi and its subsidiary, Scanfill, have undergone certification according to ISCC PLUS. This certification ensures total traceability in the production and delivery of biocircular mass-balanced certified plastic raw materials – another step towards increased sustainability and reduced carbon footprint.

The ISCC PLUS certification is part of Polykemi Group’s global efforts towards a progressive and sustainable industry, but also a natural outcome of increasing awareness among customers.

We must be able to demonstrate what we are doing to reduce the carbon footprint of our materials. It is no longer a request from customers; it is a requirement. The certification enables us to offer high-performance materials that reduce the amount of fossil raw material and ultimately the carbon footprint.

INFORMATION ABOUT THE ISCC PLUS CERTIFICATION

Certification to the ISCC PLUS standard provides recognition for recycled and bio-based materials that may be waste from other production processes, but can now be used as raw materials in a variety of applications from packaging to textiles. ISCC PLUS certification provides traceability along the value chain and verifies that companies meet critical environmental and social standards in this emerging field.

Today, a number of fossil-free material alternatives are also available on the market. These fall under the category of biomaterials. The raw material for the production of biomaterials can be e.g. starch from corn, sugar or cellulose and is called biomass. Thanks to new methods and a more sustainable approach,

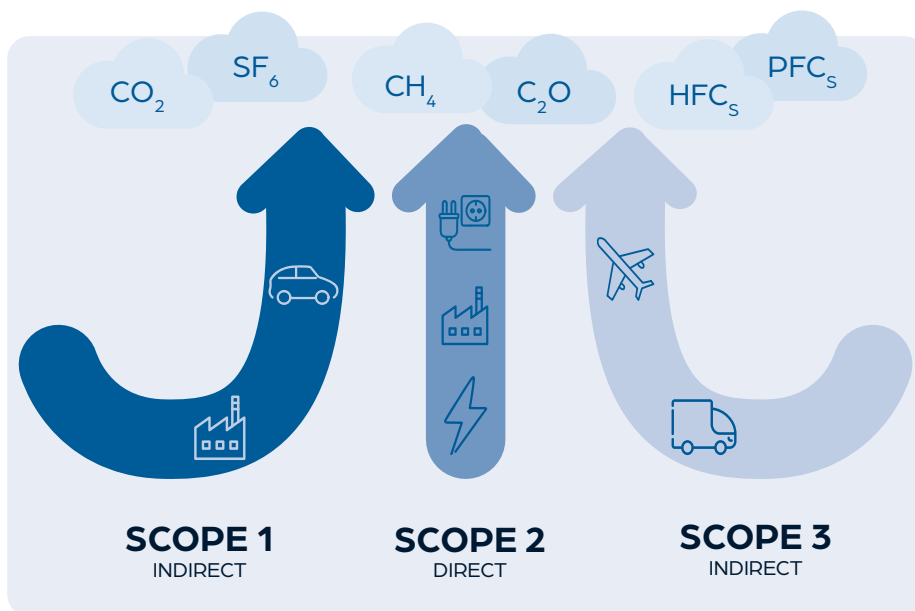
technologies have been developed to produce the gas from renewable raw materials such as tall oil, recycled vegetable oil, forestry and food industry residues.

To ensure that the materials are produced under sustainable conditions, ISCC PLUS certification is required. This guarantees that as much fossil-free (bio-based) plastic raw material is added to the incoming plastic raw material as is present in our outgoing finished plastic compounds. The principle is called mass balance and works in the same way as when you, for example, sign an electricity contract with renewable energy.

ISCC PLUS certification is based on six fundamental principles relating to ecological, social, economic and legal requirements. In addition to nature protection, the protection of workers’ rights or the payment of fair wages, for example, are relevant to passing the audit.

The areas covered by the certification are:

- Conservation of natural areas characterized by high biodiversity or which can store a lot of carbon (High Conservation Value = HCV).
- Application of ‘good’ agricultural practices, such as maintaining soil fertility or preserving water quality and reducing the use of pesticides.
- Safe working conditions are maintained, e.g. by training employees and providing appropriate protective clothing.
- Compliance with human rights and labor laws and ensuring responsible working conditions that promote health.
- Compliance with applicable laws and regulations
- Adherence to good governance practices.



SCOPE 1 Indirect emissions from sources owned or controlled by the organization.			
ENERGY USE IN THE ORGANIZATION		2024	2023
Direct energy use: Gasol Sweden (ton)		0,55	0,5
CO ₂ -e Gasol Sweden(ton)		1,7	1,5
Figure 3			
COMPANY CARS		2024	2023
SWEDEN	Total CO ₂ -e (ton)	14,6	15,7
	Number of cars Fossil fuel	6	6
	Number of cars EI/electric hybrid	37	37
KUNSHAN (CN)	Total CO ₂ -e (ton)	17,1	17,6
	Number of cars Fossil fuel	5	5
	Number of cars EI/electric hybrid	0	0
CHONGQING (CN)	Total CO ₂ -e (ton)	0	-
	Number of cars Fossil fuel	0	0
	Number of cars EI/electric hybrid	0	0
USA	Total CO ₂ -e (ton)	10,2	3,4
	Number of cars Fossil fuel	3	1
	Number of cars EI/electric hybrid	0	0

Figure 4

SCOPE 2 Direct emissions that come from electricity generation, heat or steam purchased by the organization.			
ELECTRICITY CONSUMPTION		2024	2023
SWEDEN	Total energy use (MWh)	24 718	23 614
	Total CO ₂ -e emissions (ton)	617	590
	Energy use per ton produced (MWh)	0,42	0,44
	CO ₂ emissions per ton produced	0,01	0,01
	District heating Sweden (MWh)	432	542
KUNSHAN (CN)	Total energy use (MWh)	4 451	3 821
	Total CO ₂ -e emissions (ton)	535	2 730
	Energy use per ton produced (MWh)	0,518	0,46
	CO ₂ emissions per ton produced	0,12	0,38
CHONGQING (CN)	Total energy use (MWh)	1 010	762
	Total CO ₂ -e emissions (ton)	121	289
	Energy use per ton produced (MWh)	0,425	0,7
	CO ₂ emissions per ton produced	0,12	0,38
USA	Total energy use (MWh)	2 051	1 478
	Total CO ₂ -e emissions (ton)	246	177
	Energy use per ton produced (MWh)	0,25	0,445
	CO ₂ emissions per ton produced	0,12	0,12

Figure 5

SCOPE 3 Indirect emissions from sources not owned or directly controlled by the organization but related to it.			
CO₂ EMISSIONS DURING TRANSPORT		2024	2023
Deliveries (ton)		3 030	2 910
FLIGHTS (TON)		2024	2023
Total CO ₂ -e emission		68	65,5
CO ₂ -e emission Europe		24,8	23,3
CO ₂ -e emission Asia/USA		42,6	42,2
MATERIAL USE		2024	2023
SWEDEN	Total material use (ton)	53 061	50 928
	CO ₂ -e emissions (ton)	119 956	134 091
	Average emissions kg CO ₂ -e/kg material produced	2,26	2,50
	Recycled material (ton)	16 184	12 019
	Recycled material (%)	30,5%	23,6
KUNSHAN (CN)	Total material use (ton)	8 964	7 256
	CO ₂ -e emissions (ton)	24 325	20 209
	Average emissions kg CO ₂ -e/kg material produced	2,71	2,89
	Recycled material (ton)	1 076	497
	Recycled material (%)	12	10,9
CHONGQING (CN)	Total material use (ton)	2 481	1 166
	CO ₂ -e emissions (ton)	9 688	-
	Average emissions kg CO ₂ -e/kg material produced	3,9	-
	Recycled material (ton)	201	79
	Recycled material (%)	8,1%	7,3
USA	Total material use (ton)	3 925	2706
	CO ₂ -e emissions (ton)	7 636	-
	Average emissions kg CO ₂ -e/kg material produced	1,95	-
	Recycled material (ton)	2 241	1 942
	Recycled material (%)	57,1%	71,4

Figure 6

Figure 7

Figure 8



SPIRAL ECONOMY

The plastic that once was a juice bottle, dairy packaging or toothpaste tube is not waste. It is a valuable raw material that can be used in a completely new way. Plastic packaging can be recycled up to seven times before it will lose those mechanical properties needed for it to be used in a product; at which point it is better to convert it into energy.

Recycled plastic reduces carbon dioxide emissions by at least 70–90 % when compared to new oil based plastics. A major advantage of distributing recycled plastic to different segments or industries, through the spiral economy concept, is that the demand for recycled material will be much higher. The demand gets higher when compared with materials that must stay in the same sector to maintain a closed cycle where restrictions can easily be found through legislation or demand.

Do you see plastic waste as a danger to the climate? Please don't! It is a valuable raw material that helps us create a sustainable future. A shampoo bottle can become part of a car, or a toothpaste tube can become a part of a designer chair.

MATERIAL-SMART LCA SIMULATION TOOL FOR THE CO₂ FOOTPRINT OF MATERIALS

As we have mentioned under "important events during the year", we have continued to work and develop the concept that we call Materialsmart®. We now see that this work provides direct new business by helping our customers to make materialsmart solutions based on the CO₂ footprint of the material.

This gives the customer correct and necessary conditions to be able to calculate their own climate impact on a produced part. The next step is to conduct an LCA mapping at our new production units in the US (Gastonia) and in China (Chongqing), this data will then be incorporated into the Material smart concept.



PRODUCTION & TECHNICAL PRODUCT DEVELOPMENT

Without the inertia found in major organisations, the development department can quickly start a project for a customer, no matter whether it pertains to white goods, household appliances, vehicles or some other end product. In dialogue with the customer, we offer creative and unique solutions that are not restricted to a static product range.

LABORATORY – COLOUR ADAPTATION FOR PLASTIC

Polykemi Group feels that one of the fundamental pillars behind giving our customers high-quality compounds is that we have a well-developed laboratory. At present, the laboratory can conduct around 60 different tests in order to ensure that the compound for the customer has the desired properties.

The work of the laboratory is conducted by well-trained workers with specialist knowledge in the fields of polymers, additives and pigments, and have at their disposal access to a large selection of speciality instruments for testing and inspecting plastic raw materials.

Another important parameter is to ensure that we get the same test results at our different laboratories in Sweden, China and the USA. We have therefore invested heavily in acquiring the same test equipment (brands/models) for our different test methods, this allows us to build a standardized way of working and more easily update on various changes in eg. ISO standards. In addition to solid competence training of staff, we also make global test comparisons between our various laboratories in Sweden, China and the USA.

One of the absolute strengths is that we can adapt the colour of all of our compounds as our customers wish. The laboratory is covered by a matching department whose task is to contribute with specialist expertise within the field of pigment – nuance – tolerance development. The matching department serves customers by producing desired colour samples in various compounds in our formulations.

ENERGY CONSUMPTION

To reduce CO₂ emissions and to keep our energy costs down, it is important that we as a company both work to make our operations more energy efficient and choose energy from sustainable sources. We only use electricity and district heating as energy sources to feed our premises and our other business operations. The lion's share of our energy consumption is found in supplying our extruder lines with electricity. The electricity that is purchased by Polykemi Group Sweden comes 100% from renewable energy sources such as solar energy and wave energy.

The company has a cross-functional energy group with representatives from environment and quality, maintenance (electricity) and production (the same organizational model is also available in our factories in China and the USA). The energy group works to execute the goals and action plans put forth to reduce the company's energy consumption.

For our production units in the USA and China, starting January 2024, we will join the International Tracking

Standard Foundation, which is a way to promote fossil-free energy production. Below is a brief overview of this setup. An I-REC for electricity is called an I-REC(E) and is an exchangeable energy attribute certificate (EAC) that conveys information about the production of an electricity unit, such as where the electricity was produced, the capacity of the production facility, and the energy source. I-REC(E) can be used for a variety of (voluntary) requirements, including Scope 2 reporting, national energy reporting, and general end-user claims, allowing all electricity users to make a conscious and evidence-based choice for electricity, in all countries where service providers are accredited by the International Tracking Standard Foundation.

Polykemi Group Sweden is covered by the Act (2014:266) on energy mapping for large companies, this means that we must implement and report the following elements to the Energy Agency: • Overall energy mapping. • Detailed energy mapping (at least every 4 years). • Follow-up energy reporting/energy efficiency improvements (every year). Polykemi Group Sweden has conducted an overall energy audit in 2024 and we are working with a detailed energy audit that will be ready in the end of 2025. We have hired a certified consulting company to carry out both energy audits.

EXTRUDER ENERGY CONSUMPTION

At the Polykemi Group, our ambition is to deliver the highest possible product quality with the lowest achievable energy input. While product quality may seem unrelated in this context, it's important to recognize that the energy, CO₂ emissions, and natural resources invested in each pellet are effectively lost if the product is discarded. That loss cannot be compensated simply by reducing energy input.

In essence, we strive to identify the sweet spot where energy efficiency meets top-tier product performance. Although this may sound straightforward, managing a portfolio of over 1,500 unique products across three continents, each with its own specific characteristics, makes it a complex task.

To support this effort, we have implemented a method to measure Specific Mechanical Energy (SME) input, and developed a digital tool called, POLYdig, to monitor it.

SME is a well-established metric used in the extrusion industry to measure energy input. By analyzing key parameters from the extruder, we can calculate energy usage in kWh/kg. Over time, we've defined tolerance ranges for each product, allowing us to consistently find the right balance between energy efficiency and product quality.

To monitor and analyze production in real time, Polykemi has developed POLYdig, a digital tool designed to capture and interpret signals from the extruders. It enables both historical analysis and live performance

monitoring, providing valuable insights for improving efficiency and output. As a result, further development of the POLYdig platform remains a strategic priority for Polykemi.

TRANSPORTS

A significant sustainability aspect for Polykemi Group is our transportation. Transport of various kinds have a major impact on CO₂ emissions in the world. Today, we make considerable use of truck transports for delivery of the company's raw materials and finished materials.

In order to reduce the impact on the environment, our transport and logistics department works to optimise transportation to our customers. This is done by means of a consolidated shipment of materials, as well as warehousing at the subsidiary in the Czech Republic and concession warehouses at a number of customer locations.

In 2024 the company did a follow-up on the CO₂ emissions of our transports with respect to the transportation of the company's raw materials and finished materials. As a requirement, our expeditors shall apply European standard EN16258 (c- emissions calculation) in order to calculate their CO₂ emissions.

Transportations in China is done both with trucks and by boat (via river); however, in the current situation we have no information to report with regard to CO₂ emissions for Chinese transports.

We also report the CO₂ emissions concerning our business trips. This is presented in figure 4 and 6 in page 18.

WASTE AND REFUSE

Plastic lumps

The largest fraction of waste occurring in our production consists of plastic lumps. We take care of these ourselves and sort them out according to material in order then to be able to grind these clumps in their own shredders into smaller plastic particles/bits. The ground material then becomes a new input plastic commodity that we can use again in our production. We take care of our own waste in the same way in both Sweden, China and the USA.

Plastic bags

Another major waste fraction is our empty plastic bags (25kg bags) in which we receive our raw material. These plastic bags are collected and compressed (a total of approx. 52 tonnes during the year) into larger plastic bales. These plastic bales can then be processed by a special machine (Ereman) that we have at the Rondo plant. Ereman transforms (tears or melts down) these plastic bags so that we get a regranulated material which we can in turn use as our own produced recycled

input material during the compounding at Polykemi Group. In China and the USA, we collect and compress plastic bags, which are then sold for recycling.

Waste water – water treatment

In our flushing system (both in Sweden and in the USA), we handle filter cleaning, water drainage from sweeper and process water from vacuum pumps. From this facility, we have connected an internal filter cleaning which ensures that we can purify all water that passes through this flushing facility. After this filter cleaning, the water passes through an oil separation plant before being discharged into the municipal wastewater. We regularly verify that we meet the requirements for municipal wastewater by sampling the outgoing water.

In China, we have chosen a different type of vacuum pumps (dry vacuum pumps) that generate dry waste, which is collected and sent off for disposal (via a certified company). Our facilities in China (Kunshan and Chongqing) are equipped with a filter on the outgoing water that is approved by the local regulatory authorities.

Other Waste

At Polykemi Group in Sweden, all other waste (including hazardous waste) is handled by our contractor Stena Metall. In China and the USA, we also have agreements with certified companies that can receive and handle our other waste.

Follow-up of our waste fractions is presented in figure 11–19 on page 23–24.

PROJECT FOR REDUCING PLASTIC WASTE IN OUR SEAS

Sometimes we can read in the media that plastic is one of the greatest environmental threats. The seas are littered with discarded plastic containers, fish die of microscopic plastic particles and what are known as ghost nets float around in large islands killing fish. As a company within the plastic industry, we find it is important that we take our responsibility with regard to this plastic waste found in our oceans.

Even if Polykemi Group is not causing this plastic waste from our own business operation, we want to reinforce our will and ambition to take part in an international effort to reduce the amount of plastic waste.

That is why we have joined Operation Clean Sweep (<https://opcleansweep.org/>), which is a global body dedicated to the reduction of plastic waste in our seas.

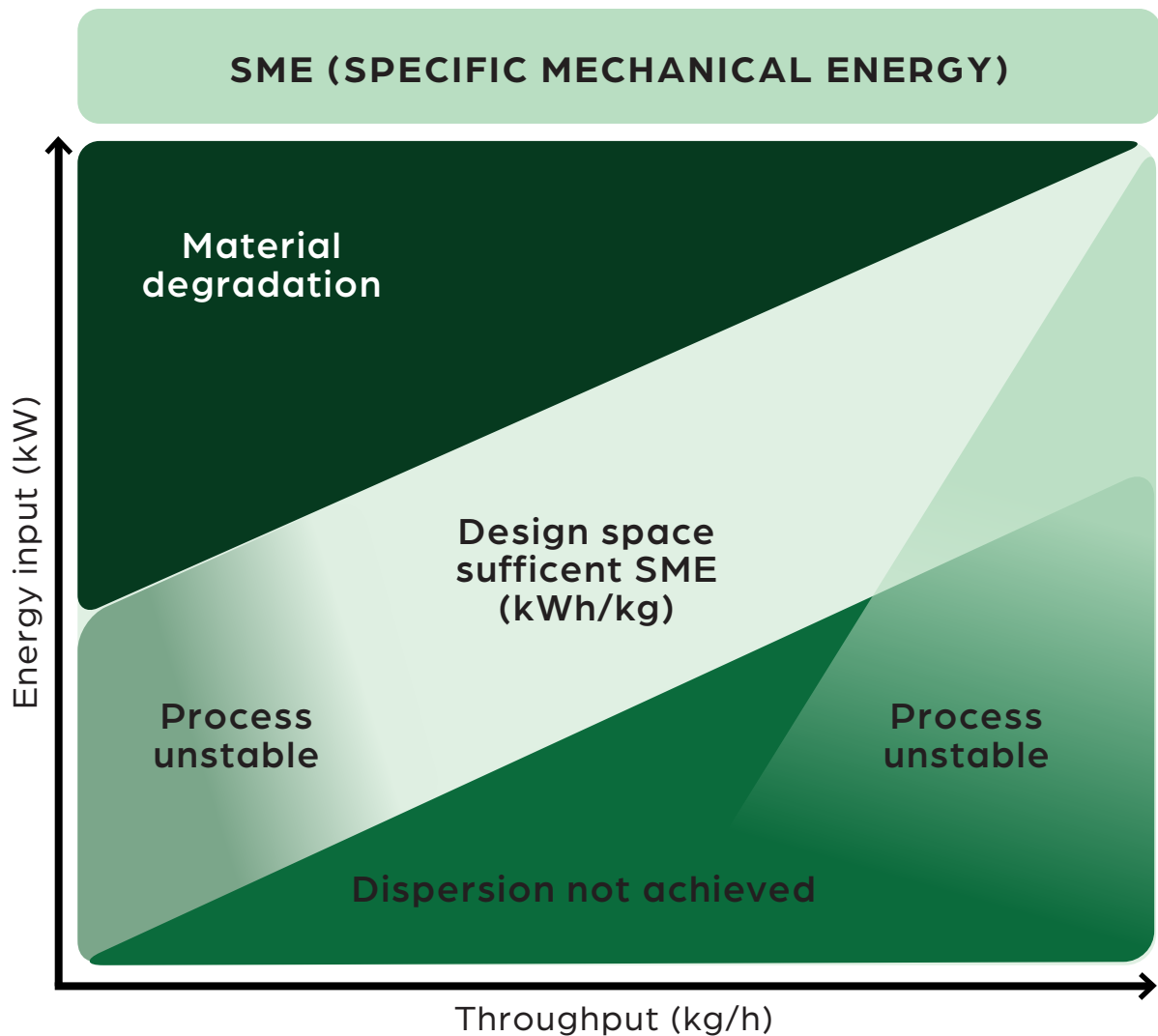


Figure 10

SME is a well-established metric used in the extrusion industry to measure energy input. By analyzing key parameters from the extruder, we can calculate energy usage in kWh/kg. Over time, we've defined tolerance ranges for each product, allowing us to consistently find the right balance between energy efficiency and product quality.

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Figure 11

TOTAL WASTE WEIGHT	2024	2023
Burnable waste Sweden (ton)	872	669
Burnable waste Kunshan, China (ton)	44,6	48,3
Burnable waste Chongqing, China (ton)	8,08	1,25
Burnable waste USA (ton)	181	140



Figure 12

RECYCLED TYPES SWEDEN	2024	2023
Cardboard (ton)	278	260
Plastic package (ton)	64	152
Metal (ton)	32	49,8
Electronics (ton)	0,8	1,2



Figure 13

USED PACKAGING MATERIAL	2024	2023
Plastic material Sweden (ton)	104	184
Plastic material Kunshan, China (ton)	0,33	35
Cardboard/paper Sweden (ton)	385	505
Cardboard/paper Kunshan, China (ton)	–	19,2
Metal Sweden (ton)	0,1	0,5
Pallet Kunshan, China (ton)	–	147



Figure 14

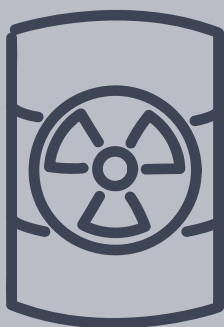
COMPLAINED MATERIAL *	2024	2023
Sweden (ton)	248	209
Sweden (%)	0,33	0,36
Kunshan, China (ton)	20,4	7
Kunshan, China (%)	0,26	0,1
Chongqing, China (ton)	0	0,55
Chongqing, China (%)	0	0,04
USA (ton)	108	4,8
USA (%)	2,5	0,18



Figure 15

WATER USE	2024	2023
Polykemi (m³) Municipal water	33 591	25 552
Rondo and Scanfill (m³) Municipal water	33 111	29 475
Kunshan, China (m³)	15 082	11 420
Kunshan, China m³ Municipal water	14 126	812
Chongqing, China (m³)	2 908	3 877
Chongqing, China (m³) Municipal water	1 875	0
USA (m³)	3 665	3 961
Total water use (m³)	104 358	75 097

Collection data is done using either internal computer systems or by means of external data collection.



HAZARDOUS WASTE SWEDEN (by selection)	2024	2023
Waste oils (tons)	1,2	2,6
Oil products fixed (tons)	0,3	0,2
From oil separator (tons)	9,6	9,6
Paint waste (tons)	0,1	0,1

Figure 16

HAZARDOUS WASTE KUNSHAN, CHINA (by selection)	2024	2023
Waste oils (tons)	0,84	0,99
Oil products fixed (tons)	0,08	0,04
Packaging plastic waste (tons)	69,42	38,45
Dust waste (tons)	12,61	12,58
Waste activated carbon (tons)	5,10	6,69

Figure 17

HAZARDOUS WASTE CHONGQING, CHINA (by selection)	2024	2023
Waste oils (tons)	3,15	0,6
Oil products fixed (tons)	0	0
Packaging plastic waste (tons)	1,28	0
Dust waste (tons)	0,6	0
Waste activated carbon (tons)	0,21	0,16

Figure 18

HAZARDOUS WASTE USA (by selection)	2024	2023
Waste oils (tons)	0	–
Oil products fixed (tons)	0	–
Packaging plastic waste (tons)	1,4	–
Dust waste (tons)	3	3
Waste activated carbon (tons)	12	15

Figure 19

Our compounding process

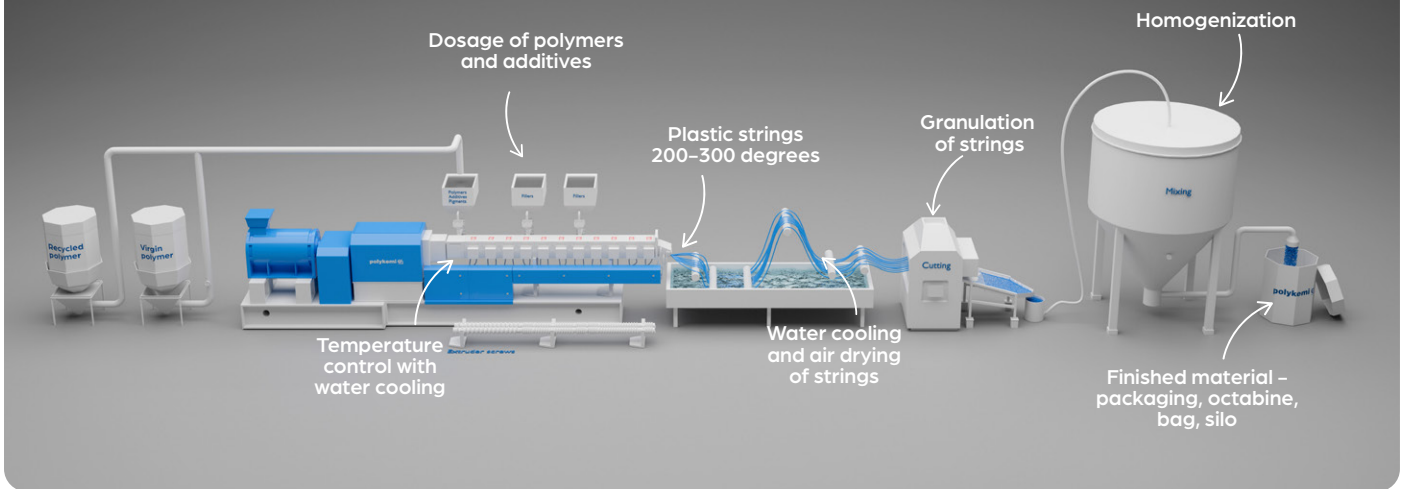


Figure 20

Supplier chain for raw material

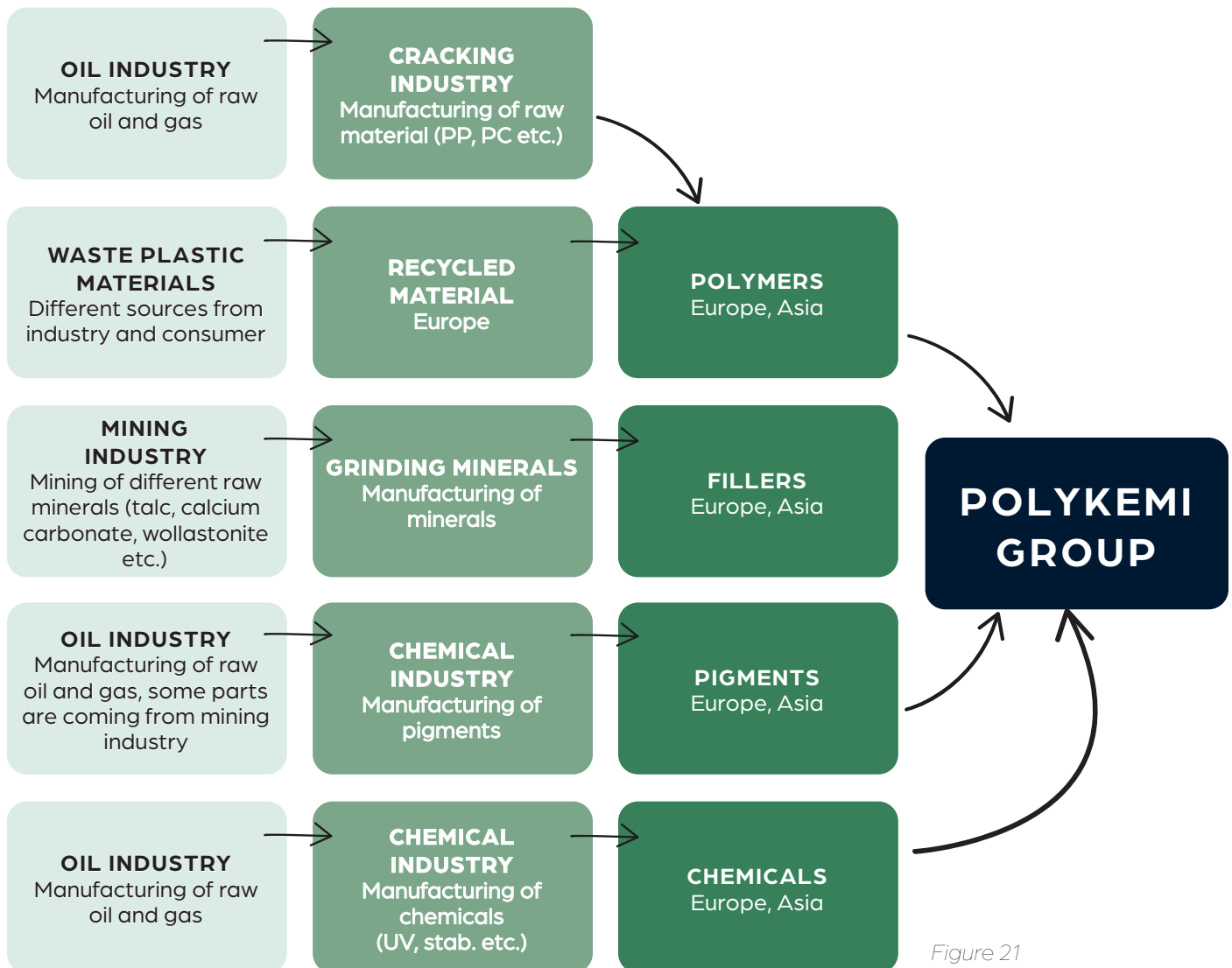


Figure 21

Responsible business



FINANCIAL RESULTS

For us, it goes without saying that our trademark should stand for sound values, and our financial responsibility is a prerequisite in order for us to be able to take responsibility for our part of the development of the community.

Polykemi Group's overall goals and strategies state that the company should have a business model for growth and be perceived by our customers as a local producer and a global supplier.

Our sustainability work must be integrated with the economic goals that the Board of Directors has established for the business operation, as both aspects affect each other – everything is connected. Polykemi Group's financial goals are to be able to demonstrate turn-over, profit and equity ratio.

Achieving economic goals also has other aspects regarding the opportunities to contribute to sustainable development. A solid economic basis is a requirement in order to be able to be a stable business partner for suppliers and customers. Economic success is also a vital factor in order to be able to be an attractive employer. This gives us the possibility for our co-workers to improve, which in turn gives us the possibility to attract the right staff. We must attain our economic goals in order to be able to invest in a sustainable working procedure; at the same time, we need to work toward sustainability in order to be able to attain our economic goals in the long run.

CUSTOMER RELATIONS

Polykemi Group strives toward long-term customer relations based on credibility and attentiveness. We see clear connections between satisfied customers and profitability – both for Polykemi Group and for the customer. Regularly visiting our customers serves as a good tool for us in better understanding our customers' conditions, development, needs and wishes, as well as following up on our own performance. We feel that it is also important as much as possible to invite customers to visit Polykemi Group. Each year, the respective agents and subsidiaries prepare a market report.

We also conduct customer surveys to find out what our customers think about us. The positive opinions about us or that we are very flexible and that we hold personal dialogue with the customer. We also have a technical customer support that helps our customers at their locations with regard to fine-tuning new materials,

injection moulding settings or other technical aid. With the help of the written market reports, we can investigate and initiate improvements in general for Polykemi Group as a whole, for a specific market or a specific customer.

The reports are submitted to the CEO and management team/board of directors who, together with the sales department and subsidiaries or agents, decide on different strategies and possible improvements and actions for our different markets.

SUPPLIER RELATIONS

Polykemi Group has a supplier standard where we evaluate our suppliers' performance with regards to quality, product safety, environmental impact, chemicals handling, codes of conduct and human rights.

The supplier standard is based to mirror the 10 principles set out in the UN Global Compact. Follow-up is conducted using supplier assessments, questionnaires, site visits and even audits in certain cases.

All major global raw materials suppliers and more than 94% of the total supplier base in 2024 were approved suppliers according to the aforementioned standard. In 2024, 98% of the new suppliers also signed on to our supplier standard.

SUPPLIER GOVERNANCE AND CONTROL PROCESS

All new suppliers and, at least every 5th year already approved suppliers, are asked to respond on a Supplier's questionnaire about how they work with, among other things, the Code of Conduct and UN Global Compact.

Within this questionnaire the supplier also needs to agree to follow Polykemi Group's Suppliers code of conduct. During the year we also follow up the general performance of the supplier base. All deviations regarding quality and delivery performance are registered as they appear.

Twice a year all deviations are looked at in a cross functional meeting deciding the impact and seriousness of the deviations. Depending on the results the supplier relation could continue as normal, render in some kind of improvement program or in worst case end up with termination.

We will continue the work involved in constantly improving and monitoring the performance of our suppliers. During the year we have both established a new Suppliers code of conduct and started to work with a new digital system keeping track of the supplier base.

LOCAL SUPPLIERS

Polykemi Group has an outspoken strategy to support local suppliers on all locations. Whenever possible, Polykemi Group chooses to work with local suppliers to protect and keep the local community alive.

By nature, this local strategy is not viable for raw materials but to a high extend to products and services that support the production, certain marketing products and office supplies. Of these purchases roughly 40 % are made from local suppliers.

VALUES, ANTICORRUPTION

Our Code of Conduct is available on page 28 as well as on our website and it applies to all employees of the Polykemi Group. It is produced by the management, and along with the Board of Directors, they are responsible for implementing this among all employees. This is followed up during the management review and the Code of Conduct is also addressed in the introduction program for all new employees at all production sites within the Polykemi Group.

WORKSHOP IN SUSTAINABLE BUSINESS DEVELOPMENT

On a number of different occasions, we have conducted an education and workshops with regard to sustainable business development, as well as our Code of Conduct.

The education has been conducted on all of our production sites and with different groups and departments. During these workshops, the various concepts are clarified and our core values associated with the company's sustainability work are discussed.

Discussions are held with regard to how the individual employee can contribute to improving the sustainability work as time goes on. A particular focus has been on implementing the company's Code of Conduct, where all participants had an opportunity to discuss the various parts of the Code of Conduct based on their own work situations. The workshop is also addressing situations concerning bribery and corruption.

GLOBAL COMPACT

Global Compact (GC) was presented at the UN "Millennium Summit" in 2000. The GC provides a guideline and a tool for companies and organizations in the exercise of their operations on how to positively influence the area of human rights, working conditions, environment and corruption.

Polykemi Group has not signed onto the Global Compact, but it stands behind the 10 principles and has incorporated them into the Code of Conduct. Polykemi Group is as an independent company not connected to any political organization.

Code of Conduct

Our Code of Conduct is the basis for all company actions, Polykemi Group companies and employers should in all circumstances act on the Code.



COLLEAGUES

Polykemi Group respects and supports the UN Convention on Human Rights and encourages its businesses and employees to promote compliance with the Convention.

All of the company's work should be conducted in a safe and healthy working environment to be maintained in accordance with applicable laws and regulations. Child labor or work, carried out by force or threat of force, is not accepted by the company according to ILO Convention C138 and C182. All employees should be treated with respect and dignity. No employee should be subjected to physical, sexual, psychological or verbal abuse.

All employees should be treated equally. No job applicant or employee should be subjected to discrimination or harassment based on gender, race, religion, lifestyle, background or origin.

All employees should have working hours that are paid for consistently with applicable law, regulations and collective agreements.

Freedom of association and right to collective bargaining and agreements shall be respected throughout the company, in accordance with applicable law, regulations and ILO Convention.

ENVIRONMENT

Polykemi Group has been certified according to the environmental standard ISO 14000 since 1998, meaning that we are committed to work for a positive development in the environmental field and actively minimizing or, where necessary, completely removing the risks to the environment from our operations. The company will follow its environmental policy and operate in compliance with all applicable environmental laws and regulations.

Chemicals and other materials that are considered hazardous to people or the environment should be handled, moved, stored, reused and disposed of safely. Hazardous substances should be minimized or replaced by less hazardous alternative substances. Waste and all types of emissions to air, water and soil shall be minimized and monitored.

Use of natural resources should be continuously reduced through systematic improvement and more efficient production processes.

BUSINESS PRINCIPLES

Polykemi Group must maintain high standard of business ethics, to respect local laws and not take advantage of actual or incorporated corruption, bribery, fraud or extortion.

Polykemi Group shall not enter into transactions in which gifts, payments or other benefits can be awarded to affect any party.

UN GLOBAL COMPACT

The ten guiding principles of the Global Compact member companies and organizations:

HUMAN RIGHTS

1. Support and respect for the protection of international human rights within their sphere of influence.
2. Not being involved in human rights violations.

WORKING CONDITIONS

3. Uphold the freedom of association and right to collective bargaining.
4. Eliminate all forms of forced labor
5. Abolition of child labor.
6. Do not discriminate in employment and occupation.

ENVIRONMENT

7. Support a precautionary approach to the environmental challenges.
8. Take initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

CORRUPTION

10. Work against all forms of corruption, including extortion and bribery.

Attractive employer



Polykemi Group's co-workers, within all levels and areas, form the driving force that allows us to reach our set goals. The company's responsibility therefore involves creating the very best opportunities for co-workers to succeed in their tasks. We do this fundamentally by means of creating secure employment, clear divisions of responsibilities and decisions, good information and opportunities to make a difference and to develop within the company.

EMPLOYEE VISION

The company's work on issues involving organisation, teamwork, leadership, issues concerning conditions, working environment and education, is governed by our personnel vision.

The vision consists of five points (see figure 22 on page 31) that clarify that we want to be considered an attractive employer, both by our employees and by the outside world, as well as by those seeking employment from us. The vision is developed in dialogue with all co-workers, where everyone during a number of seminars has had the opportunity to acquaint himself with and offer viewpoints on the content within that vision. The changes and the measures we implement shall always resonate with the staff vision.

EDUCATION

The opportunities for education and personal development are very important parts. For Polykemi Group, education does not only involve classroom instruction, but rather above all it is about the opportunity to learn more on the job, via colleagues, and the opportunities to try new tasks. Education and development are planned at our goal and performance reviews, which are held each year between the employees and their immediate supervisors. All employees (100%) during the past year have undertaken a goal and performance review. Education hours distributed among our co-workers are presented in figure 32 on page 33.

In 2024 we have continued to work with our project POLYacademy, our tailored training program for all employees. This is a way for Polykemi Group to ensure that we have the right skills for all our staff and that we can achieve our goal and vision Golden Globe 2031.

EXPERTISE/PERSONAL DEVELOPMENT

In 2024, we continued with the implementation and development of an IT system called Confidence Tool. This is an IT tool that allows us to better monitor, control and develop the skills of our employees, both from a current and a development perspective.

This tool supports and develops the following processes:

- Introduction and education of new employees
- Goal and performance review
- Skills assessment/development
- Educations

SIGNIFICANCE OF LEADERSHIP

In order to achieve a responsibility and participation among the co-workers that the company finds necessary in order to achieve good results, positive leadership is required. Managers and supervisors within the company are those co-workers that can generate a good basis to allow all of our co-workers to feel that they have an opportunity to reach both personal goals and common goals.

we have continued with the successful education for senior operators that was started in 2023. We know that we need to develop our leadership and the competence of our leaders and employees in our production.

New leadership program

As part of our internal Golden Globe development work, we have continued to implement our leadership programs for all department managers, senior operators and pool coordinators. To achieve the vision and goals of the future Polykemi Group, we need to also develop the leaders of the future.

What is the goal with the leadership training program?

The leadership training program aim to contribute to a sustainable workplace with common goals and a shared vision about the future. We would like for the training to create an open dialogue, engage in commitment, participation and fun. We believe that if we can achieve this we will also get better results.

What is the agenda of the program?

For the leadership program, we have used an external company. The one-year program is structured around three themes: "Leading myself", "Leading others", and "Communication in leadership":

- **Leading myself:** Development of a good leadership at Polykemi Group. We create a consensus on how the leadership at Polykemi Group should be and what company values to lead from. Polykemi Group also works with how to develop self-leadership and awareness on how your own behaviour affects others. In order to lead others you need to be able to lead yourself.
- **Leading others:** Development of cooperation on work groups and organisations. We create understanding for how groups works and what prerequisites there needs to be in order to create efficient groups and good cooperation's. We also work with how you as a leader can work active with creating a good cooperation within your own group and between groups.
- **Communication in leadership:** Development of a leaders ability to communicate and give feedback. We work with methods that enables us to delegate, involve and provide continues feedback to co-workers. We also work with handling attentions and difficult situations in the everyday life.

Sustainable development

Another focus is to translate theories and knowledge into practice. This is conducted through hands-on training and using case-stories from everyday situations to train on. A lot of good framework is already existing in the organization, for example the long-term work with Golden Globe, the view of leadership and employeeship, the internal work philosophy, the staff vision and the values. The idea is that everything we do should be taken advantage of and connected to each other. We try to support each other into finding an efficient and good way forward and to be perceived as a world-class company.

How do we know that it works?

After completing the programme, a follow-up event is being held with the groups where we follow up on how the learning has worked, a sort of guarantee to make sure that they have had use for the training. An evaluation of the programme is also conducted, where we link goals and expectations to achieved results. As an example, the results from the stakeholder analysis in 2023 showed that the comparison between manager and employee is largely the same perception of how we work with competence and leadership (4.2 and 4.6 of 5.0).

OCCUPATIONAL HEALTH AND SAFETY

We are constantly working to improve our working environment, both physically and psycho-socially. Since 2021 we are certified according to ISO 45001 for Polykemi Group Sweden, i.e. Polykemi, Rondo and Scanfill.

The management system for work environment is on our intranet and is available to all employees. The system is built with a process approach with integration to ISO 9001/ISO14001 where it should be easy to find different routine descriptions and processes for different aspects of our health and safety work.

The priority areas for Polykemi Group Sweden are presented in figure 31 on page 33.

We are continuously working on an investment program to improve the air quality in our production premises where different types of air filters are installed on the extruder ventilation. The investment program also includes measures for general air and ventilation in our premises.

Various types of work environment issues at our factory in China (Kunshan) are always given high priority both by us and by local authorities. Among other things, audits called "production safety controls" have been carried out by the Chinese authorities. All audits have received a well-approved result from the authorities. As a step towards reducing the lifting load for operators, we have invested in an automated robot for handling 25kg sacks at our factory in Kunshan, China.

SICK LEAVE & OCCUPATIONAL INJURIES

Polykemi Group works to prevent the need for sick leave and occupational injuries. This is done in close cooperation with the occupational health services, physiotherapists and preventive healthcare consultants.

Training is conducted on an ongoing basis during working hours to those co-workers that have incipient problems with their backs, necks and shoulders. Sick leave is quickly addressed in a discussion between employees and their immediate supervisors in order to plan for what support or activities a co-worker needs in order not to end up spending a protracted amount of time on sick leave. See figure 23-26 on page 31 for more information about sick leave.

Sport and fitness exercise have in many ways been an important issue for Polykemi Group. Since 2006, the company's exercise and strength training facility in our premises, named Byggeriet, has been available for all employees at Polykemi Group.

EMPLOYEE VISION

1. Professionalism

- Focus on customers. We are there for the customers and must satisfy their needs.
- Targeting. See your role in the big picture, we are working towards common goals.
- Cost consciousness. Do your work as if you owned the business.

2. Responsibility

- Take responsibility for your workplace, tasks and yourself.
- Dare to try new ways, but learn from mistakes. Delegate as much as possible.
- Keep your promises. A seemingly small mistake can have major consequences later.

3. Respect

- Have respect for your colleagues. Accept that others sometimes do better.
- Follow the decision. Then you can demonstrate respect for the wholeness and strategy.
- Listen to others. Assume that all people mean well and want to develop Polykemi Group.

4. Interactivity

- Be friendly towards customers, insiders and suppliers.
- See the general picture. Think about the needs and wishes the surrounding people have.
- Be involved and influence others. Your thoughts are important. Make your voice heard.

5. Honesty

- Be clear, direct and honest. You will receive the same in return.
- Dare to speak up. Say it openly and constructively.
- Give both praise and criticism. Both are essential for success.
- Allow to reconsider. Those who are listening and want to improve can also reassess.

Figure 22

SICK LEAVE ACTIVITIES		2024
SWEDEN	Sick leave, short-term	2,1%
	Sick leave, long-term	1,5%
	Sick leave, total	3,6%
	Workplace accidents with sick leave (number/100 pers)	0
	Injury rehabilitation	0

Figure 23

KUNSHAN (CN)	Sick leave, short-term	0,75%
	Sick leave, long-term	0,28%
	Sick leave, total	1,03%
	Workplace accidents with sick leave (number/100 pers)	2%
	Injury rehabilitation	0

Figure 24

CHONGQING (CN)	Sick leave, short-term	0,53
	Sick leave, long-term	0
	Sick leave, total	0,53
	Workplace accidents with sick leave (number/100 pers)	0
	Injury rehabilitation	0

Figure 25

USA	Sick leave, short-term	3%
	Sick leave, long-term	0%
	Sick leave, total	3%
	Workplace accidents with sick leave (number/100 pers)	2
	Injury rehabilitation	0

Figure 26

SAFETY COMMITTEES

The safety committee is responsible for the overall work concerning the work environment at the company; it is they that produce the goals and action plans for the various activities that are to be implemented. We have safety committees both in Sweden and in China they consist of: Technical manager, work environment technician, production manager, staff manager, department manager and safety representatives from various departments. In total there are 12 (4 % of the labour force) people working on the safety committees.

LAWS AND GUIDELINES

Polykemi Group naturally abides by all contracts and by all labour legislation. Health and safety issues are managed and comply both local legislation (in Sweden, China and the US) and EU legislation. There are also several other governing policy documents:

- **Personnel vision**
- **Work environment policy**
- **Equality and diversity**
 - Equal-opportunities policy
 - Policy against harassment
- **Code of Conduct: Rules of behaviour**
- **Global Compact**

All co-workers within the Polykemi Group (except China) are covered by collective agreements, both collective agreement employees and salaried personnel. This means that the companies base all issues concerning conditions and negotiations on the guidelines set out in the collective agreement. For more important changes in the operation, no period of notice is stated in the collective agreement; however, the company initiates discussions with the relevant union and provides notice of any changes in accordance with the Employment (Co-determination in the Workplace) Act. All co-workers have been trained with regard to the various policy documents. All the employees receive a welcome binder with complete documentation and a course concerning policy issues.

In China, there is a professional central organisation, ACFTU, which has ten subordinate trade associations. No other unions are allowed in China. ACFTU can sign collective agreements, but it only does this with major multinational companies.

No fines, sanctions or other legal measures have been taken against us regarding anti-competitive activities, violations or breaches of laws or directives having to do with the provision of products or services, fraud, discrimination at the workplace or anything similar. No incidents have occurred with regard to corruption. We have not violated any provision regarding the labelling of products, nor the social or economic fields or within marketing communication.

EQUALITY AND DIVERSITY

Crucial to our striving to attain a positive diversity with a great degree of openness is our policy document for equal opportunities, as well as our policy against harassment.

EQUAL-OPPORTUNITIES POLICY

We believe in a business operation based on openness and diversity. This creates a positive working climate and greater opportunities for the company to achieve successes within various fields. There shall be no obstacle against working in our work environment on the basis of sex. Neither shall there be any discrimination on the basis of sex, age, creed, sexual proclivity or ethnic and national background. We reject all forms of discrimination. We do this through active work in our everyday operation, where the corporate administration, supervisors and co-workers together take responsibility for noticing and for dealing with discriminatory behaviour. In 2024, no cases of discrimination reported.

POLICY AGAINST HARASSMENT

Co-workers within Polykemi Group shall have a safe working environment where everyone is treated with respect. One of the company's values is respect, which is about treating other people in the way one wishes to be treated, and on all occasions showing respect for one's

co-workers. This entails not needing to be subjected to any type of workplace bullying.

Polykemi Group does not tolerate any employee subjecting his work colleagues to bullying, sexual harassment or harassment on the basis of sex. This means that someone having bullied another person at work may be subjected to disciplinary measures within the framework of the legal system.

The Managing Director is responsible for the policy. Every person in a supervisory capacity is responsible for the implementation of the policy and for carrying out measures according to the action plan, with the support of the human resources manager.

WHISTLEBLOWER FUNCTION

According to the Whistleblower Act, individuals should be able to report misconduct both within a workplace and to an authority. A wide range of people will be able to use the whistleblowing system and be protected from retaliation. In addition to employees, volunteers, interns, consultants and shareholders will be included in the protected group of people.

Polykemi Group has via its Code of Conduct (page 28) described how we handle the whistleblower function, this also includes various reporting channels that employees can use.

ORGANISATION AND EMPLOYEES

On 1 January 2024, number of employees amounted to 361 co-workers within the entire Group. See figure 27-32 on page 33 for more information.

Polykemi Group constantly conducts payroll surveys prior to the annual payroll review to ensure that salaries are in phase with responsibilities and authorisations. We apply individual pay structures, and within the proximate future, we will introduce a model to facilitate the work of evaluating performance in relation to the requirements of the position.

AFTER WORK ACTIVITIES

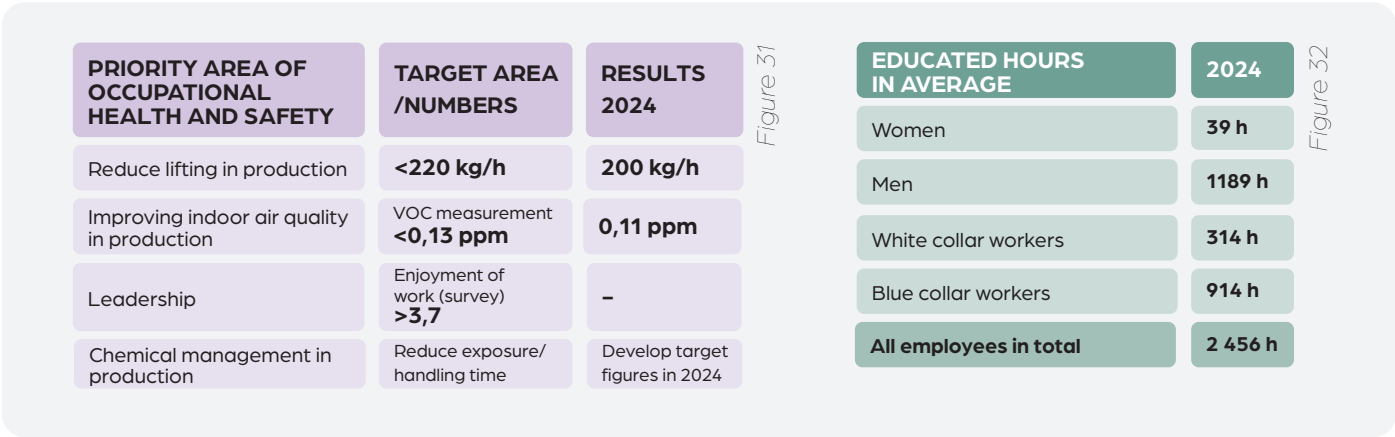
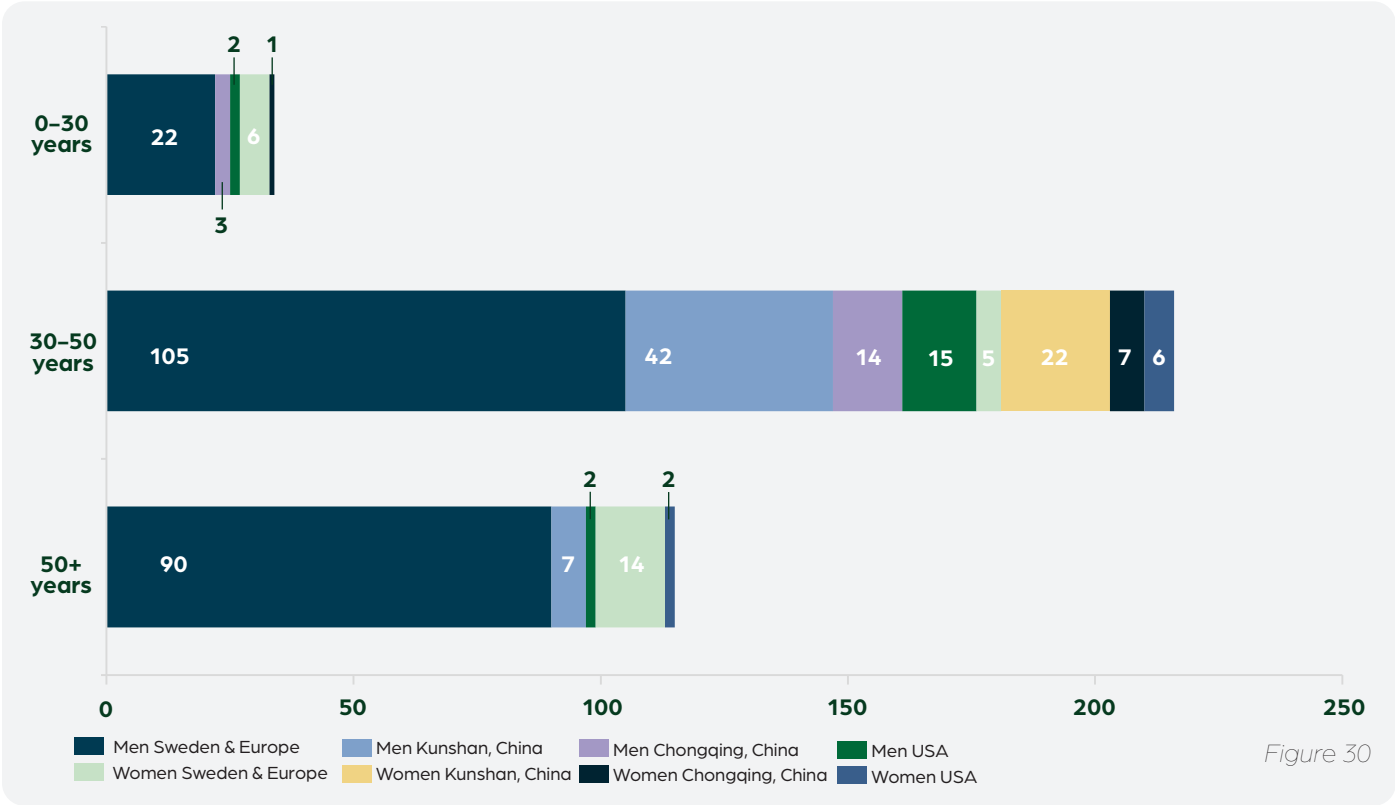
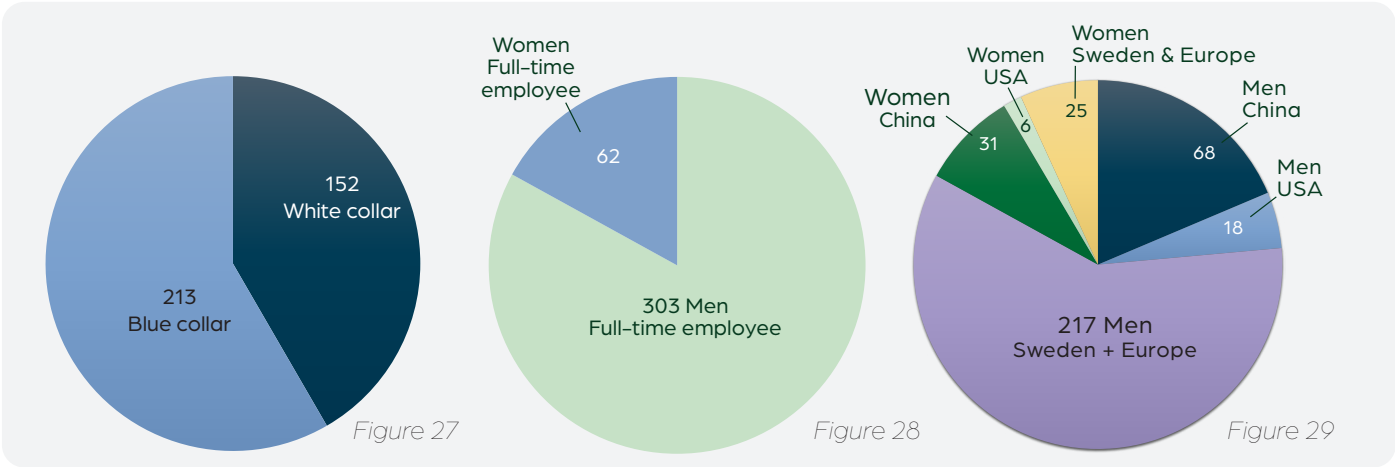
Socializing outside of work with your colleagues is an important part of creating a community and social belonging, simply having fun together both at and outside of work!

Every year, several different activities are organized for our Polykemi employees, during the past year (2024) we have had the following activities:

- Ice hockey match
- Family day at the Ystad Wildlife Park
- Cooking class
- A barbecue as a gesture of appreciation for all the hard work
- Handball match
- Christmas dinner together with partners

Organization and employess

Polykemi Group



Community involvement



GLOBAL AND LOCAL

CSR and sustainability are very much about how a company, through its activities, can affect social conditions in the community at large, and even on the international level. Our company has an opportunity to influence the situation both in and around our community, and partly also to influence all our stakeholders both on the local and global scale.

COMMUNITY

Polykemi Group plays an active role in the public debate in Ystad. Through various forums, we discuss the most important entrepreneurial and social issues with other business owners and municipal and parliamentary representatives. For Polykemi Group it is important to participate in the debate in order both to influence and to create an open dialog with our municipal key stakeholders. We also cooperate with schools where we can offer internships, and are able to inform the students about different career options. Visits at our facilities from school classes are organized enabling them to see our work in progress.

AMBIENT ENVIRONMENT

By ambient environment we refer to companies or individuals living or staying close to our operations. Because our manufacturing activities are ongoing around the clock, it is primarily three things that can be affected by us: transports, noise and plastic smell.

To minimize the impact on our environment, we have a single access road to Polykemi Group Sweden for trucks. As noise and plastic smell from our factory are things that could be of concern to the nearby community, we are following various control programs on internal procedures, to ensure that we are acting within the given rules and restrictions.

INVOLVEMENT IN THE LOCAL COMMUNITY, SWEDEN

Commitment to the community is one of the driving forces for Polykemi Group and its owners. We have a large involvement in the local sports clubs and culture associations. Examples of such involvement and financial support is presented on page 35.

Do you really sell more plastic materials through local sponsorship? No, that is highly doubtful but it will increase the employer brand name in a positive way, as the positive effect of the various clubs and associations successes will reflect back to company name and to the pride of the employees.

For Polykemi Group, it is also important to use the various club networks to establish contacts with local suppliers and thus, also be involved and contribute to a healthy and prosperous business life.

INVOLVEMENT IN THE LOCAL COMMUNITY, CHINA

In China, there's a system called Hukou, which aims to control urban migration. Hukou grants access to social benefits, but only within the registered area, typically one's birthplace or hometown. Consequently, migrant workers' children often lack access to education in the areas where their parents live and work. Polykemi assist our employees and families by helping them find permanent housing in the area where we operate and by providing financial support for their children's education.

INVOLVEMENT IN THE LOCAL COMMUNITY, USA

Polykemi AB has always been an active and proud sponsor of the local handball club Ystads IF since the beginning of the company. While starting a factory in the USA, we extended our sponsorship to support also the U.S. men's national team and their determined effort towards the 2028 Olympics in Los Angeles.



SPONSORSHIPS

70%

of our sponsorship goes to various sports activities such as:

- Ystads IF Handboll
- Svenska Handbolls landslaget AB
- Ystad Simsällskap
- Ystad golfklubb
- Åhus Beachhandboll
- GK Splitt
- YIF Fotboll
- Österlens Ridklubb
- Abbekås Golfklubb

30%

of our sponsorship goes to cultural and other activities such as:

- Tillsammans firar vi jul
- Star for Life Namibia
- Aktiv skola
- Nattvandrarerna
- Musikhjälpen
- Support till Ukraina
- Sommarteatern Ystad