



MERCOR Group

Non-financial report

for the financial year 1 April 2023–31 March 2024

Gdańsk, 28 June 2024

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Introduction

Legal basis for the report

This non-financial statement (hereinafter: the statement, the report), prepared in accordance with the Non-Financial Information Standard (nFIS), includes the MERCOR Group's non-financial information for the period 1 April 2023–31 March 2024 and forms an integral part of the Directors' Report on the operations of the MERCOR Group.

The information herein is reported in line with the requirements of the following legal acts:

- The "Directive" | understood as Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.
- The "Act" | understood as the Accounting Act of 29 September 1994 (as amended by the Act Amending the Accounting Act of 15 December 2016, which implemented the Directive into Polish law).
- "EC Guidelines" | understood as Communication 2017/C 215/01 Guidelines on non-financial reporting (methodology for reporting non-financial information) and the new EC guidelines on climate and non-financial reporting published on 18 June 2019.
- "nFIS" | understood as the Non-Financial Information Standard, an environmental regulation developed in coordination between the Polish Association of Listed Companies and Foundation for Reporting Standards published by the Polish Ministry of Finance and available, *inter alia*, on its website.
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- GHG Protocol Corporate Accounting and Reporting Standard.

Significant stakeholders and non-financial topics

A materiality assessment was carried out as a preparatory step to this report to identify internal and external stakeholders material to the MERCOR Group. The materiality assessment was carried out in May and June 2017.

Tools used for the assessment included:

- analysis of the Group's operating processes and supply chain,
- regulatory analysis covering provisions of general laws as well as industry-specific codes, best practices and other guidance,
- interviews with selected members of the Group's key management personnel (10 people were interviewed).

The assessment identified 13 material stakeholder groups and 7 material non-financial topics, which are discussed in detail further on in this report, as well as material non-financial risks related to those areas.

Material stakeholders include:

- competitors of the respective business lines,
- suppliers,
- investors,
- shareholders (current owners and potential shareholders),
- general contractors,
- designers/architects,
- fire risk assessors,
- staff (employees and contractors),
- industry associations,
- universities (fields of study: civil engineering, architecture, fire engineering),
- research institutes,
- trade and financial media,
- banks and financing institutions.

The following have been selected as material non-financial topics:

in the environmental area:

- materials from non-renewable sources,
- environmental pollution – emissions,

in the social and market area:

- employment and pay,
- employee relations,
- occupational health and safety,
- staff development and education,
- other social and market aspects.

Key performance indicators

Key performance indicators are detailed in the "Report specification" section on the last page of this report. For some of the key indicators, the Group had available input data for the entire financial year 2023/2024. In the case of some indicators, only the parent's data was available, which is noted for each such indicator.

Sustainable development and climate risk management

The Mercor Group's business decisions are based on a financial rationale, but they also take into account environmental and social considerations. A large part of the Group's products help improve energy efficiency. The Group operates a 1 MW solar PV farm as well as two smaller farms with a capacity of 48 kW each at the Company's manufacturing plants in Cieplewo near Gdańsk and Mirosław near Płock. Furthermore, an energy storage facility is being constructed at the manufacturing plant in Mirosław. In addition to savings from less expensive energy, these projects allow us to further our objective of becoming a net-zero company.

Elmech-ASE is developing a smart energy management technology based on the production of energy storage facilities. It also develops other solutions with a substantial positive impact on the sustainable development and environmental protection policy. The Company embraces state-of-the-art technologies,

involving electricity quality improvements, energy storage facilities, photovoltaics and cogeneration, to reduce its carbon footprint and fossil fuel consumption.

Furthermore, its board plant in Płock is engaged in sustainable manufacturing operations and it does not generate any waste. It has a closed-circuit water system and the production waste is ground and reused in the manufacturing process. The heat produced is recovered by a recuperator and recycled. The Mercor Group also seeks to expand its portfolio of LEED- and BREEAM-compliant products and solutions. Most of its building structure protection products are eco-certified to confirm compliance with the above requirements. The Mercor Group's Management Board aligns the Company's day-to-day operations with its long-term climate risk management strategy. Non-financial reports for future periods will include expanded information on the identified short-, medium- and long-term risks, threats and opportunities arising from climate change, and a scenario analysis of the resilience of the Group's business model and strategy to climate change assuming a global temperature rise of less than 2°C and of more than 2°C compared to the pre-industrial era. The Mercor Group is also working to continue the acquisition of and deepen the source data for GHG calculations in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and with the CSRD Directive.

Governance [G]

G.1. Overview of the business model and strategic development focus

G1.1 Overview of the development strategy in place, including social and environmental considerations

MERCOR S.A. was established in 1988. Together with ten operating subsidiaries, the Group is one of the leaders of the European market for passive fire protection systems. The Mercor Group's comprehensive product offering includes smoke and heat exhaust systems, rooflight systems, fire ventilation systems, fire protection of building structures and fire separating elements. The Group has eight manufacturing plants in several European countries, including four in Poland, and nearly 920 employees.



The MERCOR Group is one of the European market leaders in passive fire protection systems and the leading industry player in Poland. MERCOR provides comprehensive services, cooperating closely with building designers and contractors. The Company offers assistance in the selection and design of fire protection systems, manufactures equipment for such systems, delivers them to construction sites and installs them, and then provides maintenance services to guarantee their long useful lives. Most of MERCOR's products are manufactured to order based on a customer's desired product features while adhering to safety standards and relevant regulatory requirements.

MERCOR has provided safety solutions for 36 years now. The Company's track record includes hundreds of projects delivered for customers in Poland and abroad. In recent years, MERCOR and the Group companies have been successfully establishing footholds in new export markets in eastern and western Europe, while expanding their presence in Asia, Africa and South America. Leveraging its expertise that goes hand in hand with innovation, the Group creates new solutions to address challenges of the contemporary civil engineering sector.

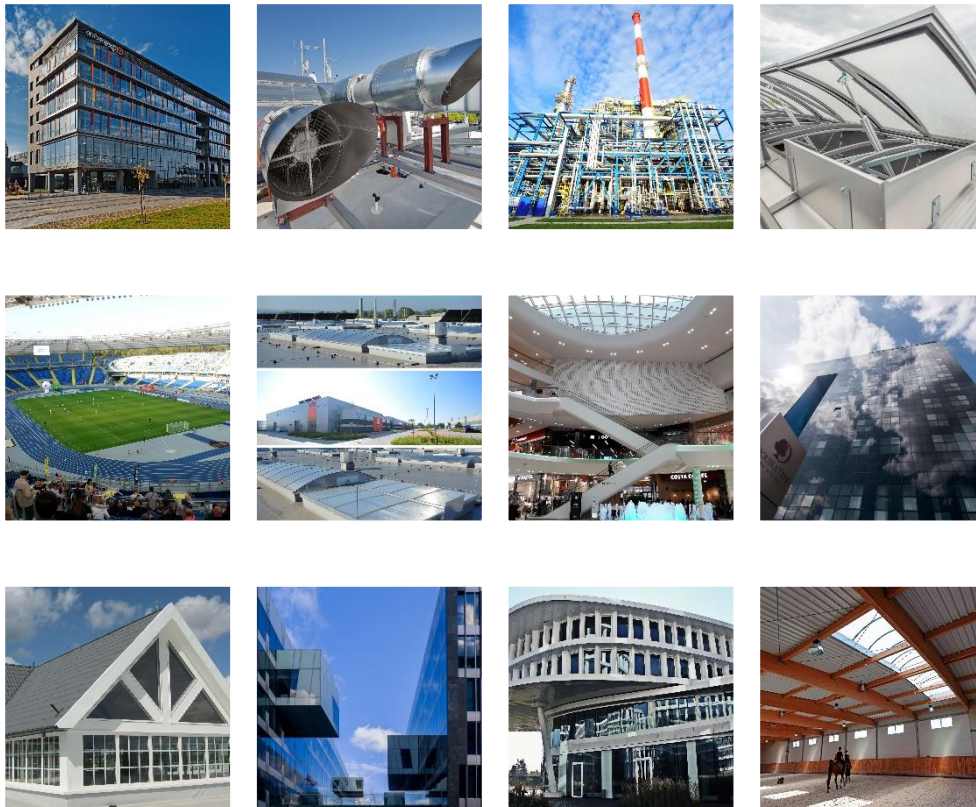
Selected MERCOR Group credentials

The Group has delivered safety solutions for a number of building structures and industrial facilities in export markets. In Europe: the airports in Kiev, Lviv, Prague, Madrid and Barcelona, a new terminal at the Charles de Gaulle Airport in Paris, a modern railway station in Afragola (Italy), the European Investment Bank and the European Court of Auditors in Luxembourg; the Henriksdal wastewater treatment plant (Sweden); RWE's coal-fired power plant in the Netherlands; production facilities of Rolls Royce Deutschland, the Olympic Stadium in London; retail chains: Hypernova, Kaufland, Tesco, IKEA; corporations including: Peugeot, Opel, Michelin, Volkswagen, Volvo and Renault, Suzuki; manufacturing plants, including: Kronostar, Pilkington, Whirpool, Flex, Sanitas, Coca-Cola, Pepsi-Cola, Ferrero Rocher, Weyerhaeuser, Ikea, Samsung; tunnels: AVE high-speed train tunnel in Malaga and Alicante, M-30 tunnels in Madrid, tunnels in Bilbao (Spain) and Sevine (France), Smestad tunnel in Oslo (Norway). In Asia, the Group provided safety solutions for the Al Salam Tunnel, Baynoonah St. Tunnel as well as tunnels in Al Ras Al Akhadar (UAE) and Doha (Qatar); Singapore's largest road project: Marina Coastal Expressway.

The largest projects in Poland include:

the Warsaw Metro, the Warsaw Stock Exchange, Hilton Hotels in Warsaw, Gdańsk and Łódź, the National Bank of Poland in Warsaw, the National Library, airports in Warsaw, Kraków, Katowice, Wrocław, Gdańsk, Poznań and Łódź; refineries, including: Lotos, Refinery in Gorlice, PKN Orlen Płock, the LMG Gas Production Site, the Lotos Petrobaltic platform, the Koziencice power plant; the POLIN Museum of the History of Polish Jews in Warsaw, the Apartamenty Złota 44 residential development project in Warsaw, Amber Expo Gdańsk, the Copernicus Science Centre in Warsaw, logistics parks (including Panattoni), the Lidl distribution centre (in Wyszaków).

Selected credentials



MERCOR Group history

The current structure of the MERCOR Group, its product portfolio and strong leadership in Central and Eastern Europe have resulted from the Group's strong growth and numerous successful acquisitions over the last 36 years.

Timeline:

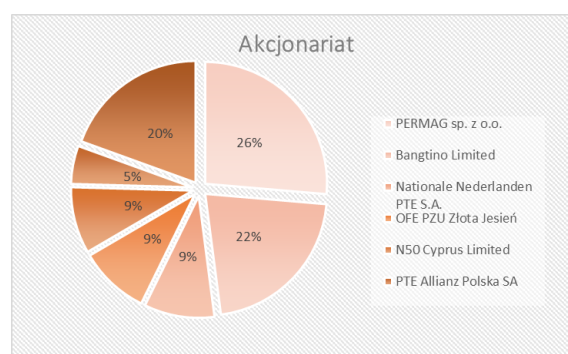
- 1988 – MERCOR is incorporated
- 1993 – manufacture of fire doors starts
- 1997 – manufacture of continuous rooflights and smoke vents starts
- 2000 – manufacture of fire ventilation systems starts
- 2005 – acquisition of Hasil in the Czech Republic and Slovakia
- 2006 – Romanian and Ukrainian subsidiaries are established and a manufacturing plant is opened in Ciepłewo near Gdańsk
- 2007 – MERCOR is listed on the Warsaw Stock Exchange
- 2008 – acquisition of Tecresa (Spain)
- 2010 – a subsidiary is established in Russia
- 2014 – subsidiaries are established in the Czech Republic and Slovakia
- 2015 – acquisition of Dunamenti Tűzvédelem (Hungary)
- 2017 – purchase of shares in DFM Doors
- 2020 – a subsidiary is established in Russia
- 2021 – purchase of a 50% stake in Elmech-ASE
- 2022 – mcr Tech Lab is established

Stable ownership structure

The parent's shareholding structure has remained stable for years.

- Its shares have been listed on the Warsaw Stock Exchange since 19 July 2007.
- Number of shares: 15,569,277
- Shareholding structure as at the date of this report:

Shareholder	Number of shares	% ownership interest
PERMAG Sp. z o.o.	4,102,994	26.35%
Bangtino Limited	3,675,502	23.61%
Nationale Nederlanden PTE S.A.	1,454,465	9.34%
OFE PZU Złota Jesień	1,452,947	9.33%
N50 Cyprus Limited	1,250,853	8.03%
PTE Allianz Polska S.A.	791,018	5.08%
Other	2,841,498	18.25%
Total	15,569,277	



Akcjonariat	Shareholding structure
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Strategy of the MERCOR Group

In August 2020, the Management Board prepared and announced the MERCOR Group strategy for 2020–2023. The strategic goals and objectives are neither forecasts nor estimates of actual results (including financial results) and refer only to the intended direction for 2020–2023. The key objective of the strategy is to ensure sustainable growth of the Company’s shareholder value. This objective has been formulated and built on from a number of perspectives:

The financial perspective

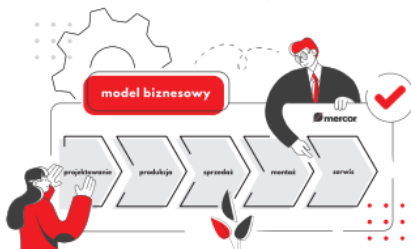
STRATEGIA z perspektywy finansowej



The financial objective was to achieve a return on equity (ROE) of 13% annually over the strategy horizon. This means that the target net profit growth for the Mercor Group in 2020–2023 was approximately PLN 3 million annually. The Mercor Group strategy assumed the interest-bearing debt (loans, leases) to EBITDA ratio of 3.0 as a safety metric. EBITDA stands for operating profit before depreciation and amortisation, and therefore it includes revenue and all operating expenses except for depreciation and amortisation, making it a fairly accurate representation of the Mercor Group’s cash flows from core business. The indicator helps match debt levels to the organisational scale and supports a focus on investments that would generate maximum future benefits.

The external customer perspective

STRATEGIA z perspektywy klienta zewnętrznego



The Group’s strategy relies on a business model involving the supply of state-of-the-art fire protection technologies. Mercor’s competitive advantage stems from its comprehensive approach. We sell solutions, not just products. We accompany our customer throughout all project stages, from design to tendering, manufacturing, delivery and assembly, to equipment and system maintenance. The solutions we offer are tailor-made, which means they are mostly designed to suit individual customer needs.

The Mercor Group’s strategic market objective is to maintain its leading position in new fire protection technologies in Poland, Hungary, Slovakia, the Czech Republic and Spain. The Group also seeks to gain a firm foothold in other export markets. In October 2020, a subsidiary was established in England. Achievement of the market objective in 2020–2023 was confirmed by generating 60% of the Mercor Group’s revenue outside of Poland.

STRATEGIA z perspektywy klienta zewnętrznego



The internal customer perspective



The Company's internal customers include all Mercor Group employees and partners. Their joint efforts are focused on meeting the product and service demands of external customers. In order to balance the interests of these customer groups, we need to generate profit margins sufficient to ensure product development, investment capabilities and access to capital. In this way, the Company can ensure product availability, continuity of employment for internal customers, guaranteed deliveries to external customers and stability for shareholders.

The knowledge and learning perspective



The Mercor Group runs approximately 30 R&D projects. The new ones are as follows:

- Mcr Silboard silicate boards manufactured by the Building Structure Protection Division, which are set to become one of key drivers of the Group's business scale.
- Developing and scaling up the production of fire separating elements by DFM Doors. New products include several variants of fire gates and top-quality steel doors in aluminium frames.
- In the Natural Smoke Exhaust Division: spot vents, continuous rooflights with enhanced thermal insulation performance, as well as increasing use of aluminium and PVC in the Division's products.
- Development and use of state-of-the-art technologies for power supply, visualisation, control and equipment integration in the Fire Ventilation Division.
- The ERP, BIM, PDM, BMS and SFC systems integrate our activities at the level of the Company, manufacturing, sales and equipment performance at the customer's site.

The internal process perspective

The Mercor Group seeks to achieve a competitive advantage through operational excellence. Ongoing drivers of change and organisational growth:

STRATEGIA z perspektywy procesów wewnętrznych



process management

- ✓ specialised manufacturing
- ✓ LEAN
- ✓ production planning
- ✓ function sharing at corporate level
- ✓ efficiency-related KPIs
- ✓ scaling up of sales
- ✓ organisational improvements

Social responsibility is also an element of our strategy. Mercor creates its products to high energy efficiency standards, in line with the idea of smart and energy-efficient buildings. In line with its safe manufacturing strategy, the Company minimises waste, GHG emissions and other environmental pollution. Production processes are optimised through the elimination of welding, reuse of packaging and recuperation of energy. Mercor intends to become a net-zero company in terms of energy consumption, while supporting renewable energy solutions. The Mercor Group also intends to add LEED- and BREEAM-compliant products and solutions to its portfolio. The EcoCard, i.e. documentation created specifically for each product based on globally available tools for the assessment of its impact on the environment, humans and the surroundings, is available for an increasing number of the Mercor Group's products.

STRATEGIA z perspektywy procesów wewnętrznych



The investor perspective

STRATEGIA z perspektywy inwestora



What shareholders expect from their investments in Mercor stock are regular dividend payments and share value growth. In its strategy, Mercor has set a target dividend payout ratio of 30% of the profit earned, but investments, crises or acquisitions must be allowed for, as they may result in a departure from that target. The Mercor Group buys back its own shares to maintain a high share value.

Mission and values of the Mercor Group

We deliver safety to our customers by offering comprehensive engineering systems and services in the area of passive fire protection for building structures.

Misja i wartości Grupy Mercor:



- ✓ effective and consistent improvement of product and service quality,
- ✓ continuous improvement of the quality management system,
- ✓ identification of and compliance with the applicable legal requirements.

We have established ourselves as one of the industry leaders and we pursue further development objectives with a particular focus on customer satisfaction and product reliability. In our day-to-day activities, we are committed to:

- ✓ comprehensive customer service and meeting customer demands,
- ✓ hiring professionals and supporting their growth,
- ✓ improving production in line with global standards and advanced technologies,

This policy underpins our business success. Therefore, we intend to remain on this path, with full conviction that we exist and grow thanks to our customers and for our customers, as their satisfaction is the best guarantee of our success.

G1.2 Overview of the business model, including a description of the supply chain, with a particular focus on its social and environmental impacts

The business model adopted by the MERCOR Group is based on the following business areas: Trading and manufacturing companies with a separate sales department, R&D departments and manufacturing plants:

- MERCOR S.A. (the parent – Poland)
- Tecresa Protección Pasiva S.L. (Spain)
- Mercor Proof (Russia)
- TOB Mercor (Ukraine)
- Mercor Dunamenti Tűzvédelem Zrt (Hungary)
- DFM Doors Sp. z o.o. (Poland)

Trading companies distributing products manufactured by the MERCOR Group's plants:

- Mercor Czech Republic s.r.o. (Czech Republic)
- Mercor Slovakia s.r.o. (Slovakia)
- Mercor Fire Protection Systems s.r.l (Romania)
- Mercor Fire Protection UK LTD

The principal business of the parent and the Group consists in the manufacture, sale, installation and maintenance of passive fire protection systems. The Group's offering includes all four product categories within this industry:

- fire separation elements (doors, gates, panel walls),
- smoke and heat exhaust systems, rooflight systems,
- fire ventilation systems,
- fire protections of building structures.

GRUPA MERCOR				
	Oddymianie grawitacyjne	Wentylacja pożarowa	Ogniochronne zabezpieczenia konstrukcji	Oddzielenia ppoż
ZAKŁAD PRODUKCYJNY	Cieplewo k. Gdańska, Gdańsk, Tuła k. Moskwy (Rosja)	Cieplewo k. Gdańska, Lwów (Ukraina)	Madryt (Hiszpania), God (Węgry), Mirosław k. Płocka	Opole
PRODUKTY/USŁUGI	klapy oddymiające, świetliki stałe, wylazy dachowe, klapy wentylacyjne, pasma świetlne, kurtyny dymowe, klapy żaluzjowe, system okienny OSO, automatyka zasilająco-sterująca	wentylatory oddymiające, klapy przeciwpożarowe, zawory odcinające, wentylatory bytowe, systemy nadciśnienia klatek schodowych, systemy wentylacji strumieniowej garaży, automatyka zasilająco-sterująca,	systemy płyt ogniochronnych, systemy natryskowe, systemy przejść instalacyjnych, systemy powłok pęczniejących, systemy płyt magnezowych, natryskowe tynki akustyczne	Drzwi
SPÓŁKI Z GRUPY	działalność prowadzona jest we wszystkich spółkach Grupy, przede wszystkim w ramach MERCOR SA, Mercor Proof i Tecresa.	działalność prowadzona jest w większości spółek z Grupy, przede wszystkim w ramach MERCOR SA, Mercor Proof, Mercor Rumunia, Mercor Czech Republic.	działalność prowadzona jest w większości spółek z Grupy, przede wszystkim w ramach MERCOR SA, Mercor Tecresa i Dunamenti Tuzvedelem.	działalność prowadzona jest przez spółkę DFM Doors - spółkę odpowiedzialną za badania i rozwój.
ZASTOSOWANIA	hale produkcyjne i magazynowe; centra logistyczne; budynki użyteczności publicznej; budynki handlowo- usługowe; budynki mieszkalne	hale produkcyjne i magazynowe; centra logistyczne; budynki użyteczności publicznej; budynki handlowo- usługowe; budynki mieszkalne; budynki biurowe	hale produkcyjne i magazynowe; centra logistyczne; budynki użyteczności publicznej; budynki handlowo- usługowe; budynki mieszkalne; budynki biurowe; instalacje i budowle przemysłowe	centra logistyczne; budynki użyteczności publicznej; budynki handlowo- usługowe; budynki mieszkalne; budynki biurowe

Grupa Mercor	Mercor Group
Oddymianie grawitacyjne	Natural smoke exhaust systems
Wentylacja pożarowa	Fire ventilation systems
Ogniochronne zabezpieczenia konstrukcji	Fire protection of building structures
Oddzielenia ppoż	Fire separations
Zakład produkcyjny	Manufacturing plant
Produkty/usługi	Products/services
Spółki Grupy	Group companies
Zastosowania	Application
Cieplewo k. Gdańska, Gdańsk, Tuła k. Moskwy (Rosja)	Cieplewo near Gdańsk, Gdańsk, Tula near Moscow (Russia)
Cieplewo k. Gdańska, Lwów (Ukraina)	Cieplewo near Gdańsk, Lviv (Ukraine)
Madryt (Hiszpania), God (Węgry), Mirosław k. Płocka	Madrid (Spain), God (Hungary), Mirosław near Płock
Klapy oddymiające, świetliki stałe, wylazy dachowe, klapy wentylacyjne, pasma świetlne, kurtyny dymowe, klapy żaluzjowe, system okienny OSO, automatyka zasilająco-sterująca	Smoke vents, fixed skylights, roof hatches, ventilation vents, continuous rooflights, smoke curtains, louvered vents, smoke exhaust windows, power supply and control units
Wentylatory oddymiające, klapy przeciwpożarowe, zawory odcinające, wentylatory bytowe, system nadciśnienia klatek schodowych, system wentylacji strumieniowej garaży, automatyka zasilająco-sterująca	Smoke exhaust fans, fire dampers, cut-off fire valves, intake and exhaust fans, overpressure systems for staircases, jet ventilation systems for garages, power supply and control units
System płyt ogniochronnych, systemy natryskowe, systemy przejść instalacyjnych, systemy powłok pęczniejących, system płyt magnezowych, natryskowe tynki akustyczne	Fire protection boards, spray systems, sealing systems, intumescent coating systems, magnesium board systems, spray acoustical coating
Drzwi	Doors
Działalność prowadzona jest we wszystkich spółkach Grupy, przede wszystkim w ramach MERCOR SA, Mercor Proof i Tecresa	The business is carried out by all Group companies, mainly by MERCOR S.A., Mercor Proof and Tecresa
Działalność prowadzona jest w większości spółek z Grupy, przede wszystkim w ramach MERCOR S.A., Mercor Proof, Mercor Rumunia, Mercor Czech Republic	The business is carried out by most Group companies, mainly by MERCOR S.A., Mercor Proof, Mercor Romania, Mercor Czech Republic
Działalność prowadzona jest w większości spółek z Grupy, przede wszystkim w ramach MERCOR SA, Mercor Tecresa i Dunamenti Tuzvedelem	The business is carried out by most Group companies, mainly by MERCOR S.A., Mercor Tecresa and Dunamenti Tuzvedelem

Działalność prowadzona jest przez spółkę DFM Doors- spółkę odpowiedzialną za badanie i rozwój	The business is carried out by DFM Doors, a research and development company
Hale produkcyjne i magazynowe; centra logistyczne; budynki użyteczności publicznej; budynki handlowo-usługowe; budynki mieszkalne	Manufacturing and warehouse facilities; logistics centres; public buildings; retail and commercial buildings; residential buildings
Hale produkcyjne i magazynowe; centra logistyczne; budynki użyteczności publicznej; budynki handlowo-usługowe; budynki mieszkalne; budynki biurowe	Manufacturing and warehouse facilities; logistics centres; public buildings; retail and commercial buildings; residential buildings; office buildings
Hale produkcyjne i magazynowe; centra logistyczne; budynki użyteczności publicznej; budynki handlowo-usługowe; budynki mieszkalne; budynki biurowe; instalację i budowlane przemysłowe	Manufacturing and warehouse facilities; logistics centres; public buildings; retail and commercial buildings; residential buildings; office buildings; industrial facilities and building structures;
Centra logistyczne; budynki użyteczności publicznej; budynki handlowo-usługowe; budynki mieszkalne; budynki biurowe	Logistics centres; public buildings; retail and commercial buildings; residential buildings; office buildings

Supply chain

The Procurement Department of MERCOR S.A. has in place a procedure that details the supplier selection and evaluation criteria. In addition, before a first purchase, the Department verifies whether the supplier has the required documents for the material / goods concerned (approvals, certificates, as appropriate). Quality may be checked by ordering and testing a sample batch. Information relating to such checks is recorded.

Every calendar year, by the end of April, the heads of procurement units undertake periodic supplier evaluations together with contact persons working with the respective suppliers.

The ability to meet the requirements of quality and ISO standards is a crucial criterion in the supplier selection process. Without it, the choice of supplier could be flawed, as components supplied could fail to meet European standards. Our external suppliers are based in EU member states, Switzerland and, to a lesser extent, China (Tecbor boards supplied by a Group company).

MERCOR S.A. takes a range of measures to prevent unforeseen events, including material and equipment shortages and supply constraints or substantial changes in commercial terms. These include:

- supplier audits prior to selection or in the course of cooperation with a supplier,
- selecting suppliers based not only on the most attractive pricing, but also top quality and work organisation;
- supplier diversification – the desirable situation is to have three suppliers for any material or piece of equipment,
- optimum inventory management;
- sending framework purchase orders and/or demand forecasts to suppliers.

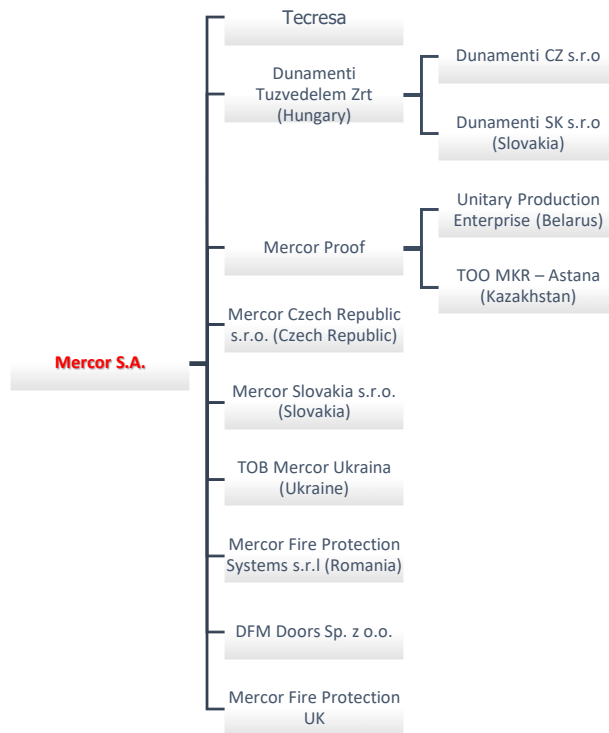
The supplier selection and evaluation steps allow us, on the one hand, to successfully meet the needs of MERCOR's internal and external customers, and, on the other, to cooperate with good, proven suppliers not posing a risk to MERCOR's business.

G.2 Governance

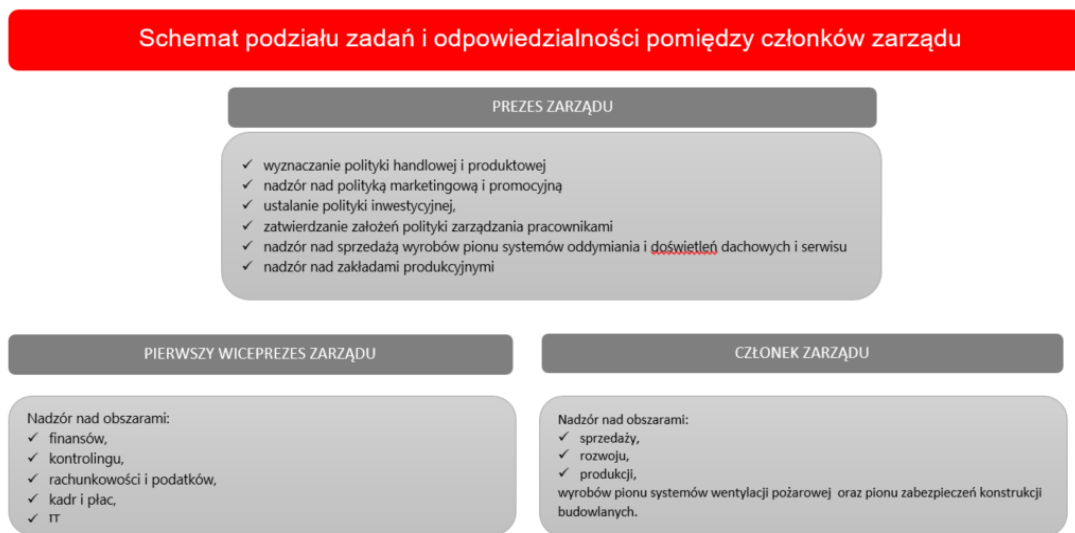
G.2.1 Description of the management structure

Management structure

The overarching objective of the MERCOR Group is to consolidate its leadership in Central and Eastern Europe and strengthen its position as one of the main European players in the market for passive fire protection systems, which is reflected in the structure of the MERCOR Group companies.



The Group has the following chart of remits and responsibilities in place, covering all areas of the Group's operations:



Schemat podziału zadań i odpowiedzialności pomiędzy członków zarządu	Chart of remits and responsibilities for Management Board members
Prezes Zarządu	President of the Management Board
Wyznaczenie polityki handlowej i produktywnej	Defines the trading and manufacturing policies
Nadzór nad polityką marketingową i promocyjną	Supervises the marketing and promotion policies
Ustalenie polityki inwestycyjnej	Determines the investment policy
Zatwierdzenie założeń polityki zarządzania pracownikami	Approves the HRM policy

Nadzór nad sprzedażą wyborów pionu systemów oddymiania i doświetleń dachowych i serwisu	Supervises the sales of smoke exhaust and roof lighting products and maintenance services
Nadzór nad zakładami produkcyjnymi	Supervises manufacturing facilities
Pierwszy Wiceprezes Zarządu	First Vice President of the Management Board
Nadzór nad obszarami	Supervises the following areas:
Finansów	Finance
Kontroliingu	Controlling
Rachunkowości i podatków	Accounting and taxes
Kard i płac	HR and payroll
IT	IT
Członek Zarządu	Member of the Management Board
Nadzór nad obszarami	Supervises the following areas:
Sprzedaży	Sales
Rozwoju	Development
Produkcji	Manufacturing
Wyrobów pionu systemów wentylacji pożarowej oraz pionu zabezpieczeń konstrukcji budowlach	Fire ventilation systems and building structure protection products

G.2.2. List of certified management systems

CERTIFICATES HELD BY MERCOR S.A.:

ISO 9001:2015

Scope: Design, manufacture, sale, installation and maintenance of passive fire protection systems

First certification date: June 2000

ISO 45001:2018

The certificate covers only one of the product divisions. Scope: Sale and installation of fire protection systems for steel and reinforced concrete structures

First certification date: April 2012.

CERTIFICATES HELD BY DUNAMENTI:

ISO 9001:2015

First certification date: February 2000

ISO 45001:2018

First certification date: January 2012

ISO 14001:2015

First certification date: March 2001

CERTIFICATES HELD BY TECRESA

ISO 9001:2015

First certification date: January 2002

ISO 14001:2015

First certification date: January 2014

ISO 45001:2018

First certification date: January 2019

G.2.3. Description of the internal control system, including the monitoring of social and environmental aspects of the business

MERCOR S.A. has no separate department responsible for internal control. Compliance with the applicable internal procedures is monitored through audits performed by designated persons, who normally carry out tasks within their respective organisational units. Internal audits are performed based on an annual plan prepared by the manager in charge of organisational and economic matters. During a year, every manager and director may signal a need for additional audits not included in the original plan. Each audit is concluded with a report to the Management Board and head of the organisational unit at which the audit was performed. Audits may also lead to proposed changes in internal procedures.

19 audits were performed in the reporting period. Each audit was concluded with a report that was subsequently submitted to the Management Board and the owner of the audited area. In areas where non-compliances were identified, the person responsible was obligated to implement corrective and preventive measures.

G.3 Social and environmental risk management

G.3.1 Description of the approach to risk management and integration of social and environmental aspects

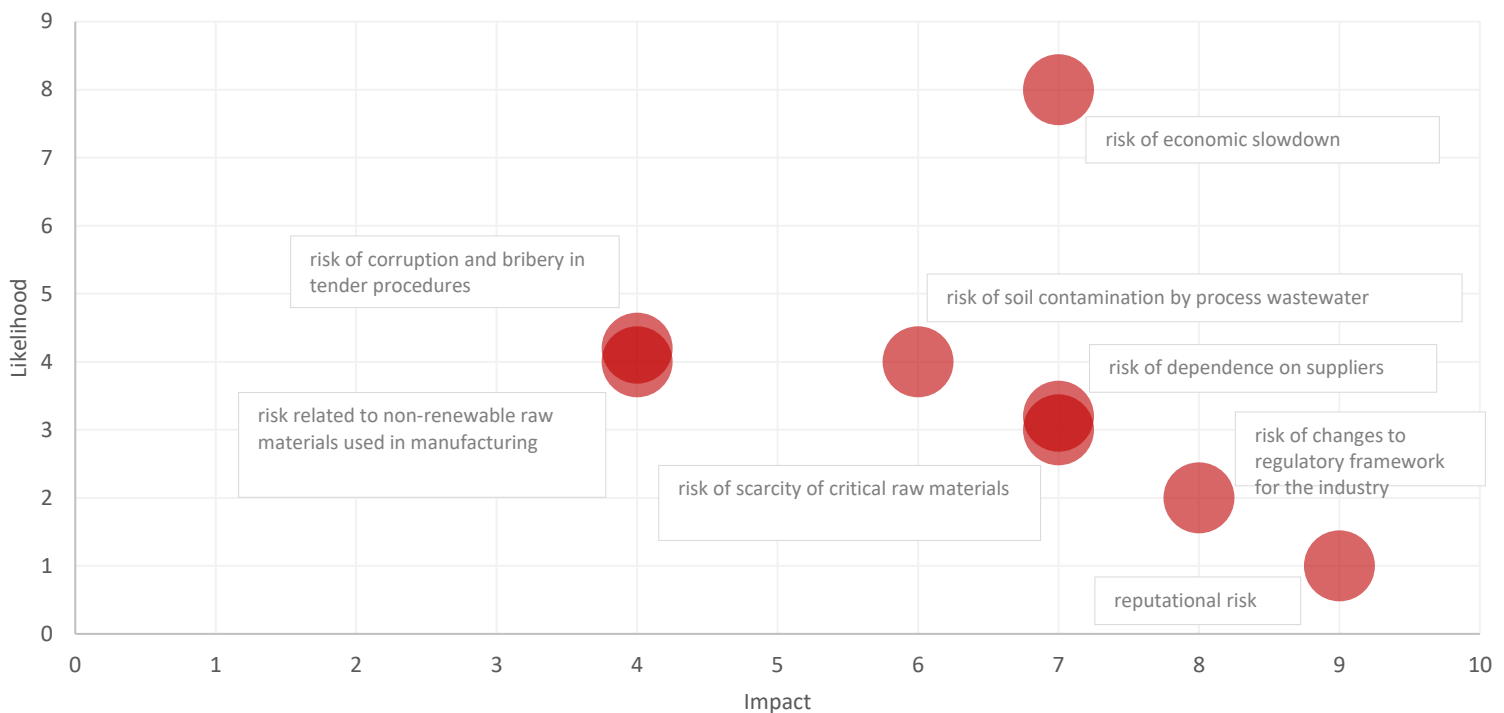
The Management Board of MERCOR S.A. monitors on a continuous basis all risks in the external and internal environment that may affect the Company and its Group, as well as the delivery of its growth strategy. The particular focus is on risks in the following areas:

- Operational risk monitored with respect to the operating activities.
- Environmental risk associated with the impact of the Group's operations on the environment and climate change.
- Risks in the employee area, related to the Group's HR management.
- Social and market risks – monitoring of risks related to the supply chain management, local communities and legal regulations pertaining to the industry.
- Financial and strategic risks related to the management of financial flows at the Group and ability to secure funds for continued development, taking into account the volatility of the macro- and microeconomic environment.

G.3.2 List of identified social or environmental risks with their brief description

As regards social or environmental risks, eight risk types were identified, for which likelihood and impact on the Group were determined. Both likelihood and impact were assessed on a scale from 1 to 10, where 1 means low likelihood or low impact and 10 means very high likelihood or very high adverse impact, as appropriate.

AREA	RISK FACTORS	LIKELIHOOD	IMPACT	MATERIALITY
social and market	Risk of corruption and bribery in tender procedures	4	4	moderate
social and market	Risk of dependence on suppliers	3	7	moderate
social and market	Risk of changes to regulatory framework for the industry	2	8	moderate
social and market	Risk of economic slowdown	8	7	high



social and market	Reputational risk	1	9	moderate
environmental	Risk related to non-renewable raw materials used in manufacturing	4	4	moderate
environmental	Risk of soil contamination by process wastewater	4	6	moderate
environmental	Risk of scarcity of critical raw materials (steel, aluminium, polycarbonate, board production materials)	3	7	moderate

The chart below presents the matrix of selected environmental and social risks. Given their assumed likelihood and impact, the selected risk factors are not among those posing the greatest threat to the Group. However, in the reporting period the Group developed a risk management system and determined risk mitigation measures for each area, designating individuals responsible for risk management. The frequency of risk monitoring and response methods were also defined. The risk management system was approved by the Company's Audit Committee.

G.4 Ethics management

G.4.1 Information on whether the organisation has in place a formal Code of Ethics or an equivalent document addressing the organisation's needs

Employees of the parent are required to follow rules of ethical conduct in the following areas:

- organisation of their own work,
- business and other official meetings,
- cooperation between employees,
- telephone communication,
- email communication,
- good practice,
- confidentiality,
- responding to adverse situations,

- responsibility for quality assurance,
- personal development in the workplace,
- treatment of new employees,
- organisational rules.

The rules are set out in the following internal documents: Anti-Corruption Policy and Gift Policy.

In the Hungarian subsidiary Dunamenti, the Organisational Rules and Operational Rules contain a section on ethical conduct.

In future periods, the parent will take steps to formalise ethical principles at other Group companies and possibly to expand the scope of contracts with suppliers by adding ethical commitments.

G.4.2 Number of ethical audits carried out at suppliers, number of audits that identified any irregularities

None.

G.4.3 Number of ethical audits carried out at the organisation at the request of its customers, number of audits that identified any irregularities

None.

G.4.4 Number of suppliers who signed the Ethics Charter/ commitment to comply with the organisation's ethical standards

No such activities were carried out.

G.4.5 Number of grievances raised with potential breaches of ethical standards (where possible, by reporting through internal and external channels)

None.

G.4.6 Number of ethical trainings and their participants

No such trainings were carried out. Nonetheless, the principles of the Code of Ethics are available to all employees of the parent and periodically reminded to the Company's employees.

G.4.7 Percentage (%) of contracts with trade partners that include an ethical clause (in value terms)

None.

Environmental area [E]

E.1 Direct and indirect impacts: raw materials and consumables

(In this area, the presented figures refer to data sourced from the parent)

E.1.1 Type and quantity (e.g. by weight, volume) of the raw materials / consumables (with possible indication of those from renewable sources, recycled, sustainability certified)

Key materials used by the parent include:

- aluminium sheet,
- aluminium profiles,
- steel and galvanised steel sheet, galvanised profiles, stainless steel and black steel (steel and zinc coated steel),
- polycarbonate,
- polyester.

These materials originate from non-renewable sources, but it should be noted that aluminium sheet, aluminium profiles, as well as other types of sheets and profiles are recycled. Similarly, polycarbonate and polyester are transferred for milling and can be reused. The table below shows the consumption of materials in kilograms in the financial years 2023/2024 and the volume of waste sold for reuse.

material	2023/2024			2022/2023		
	consumption [kg]	sold for scrap [kg]	share	consumption [kg]	sold for scrap [kg]	share
aluminium sheet	517,218	121,207	23%	521,240	101,310	19%
aluminium profiles	633,308	35,015	6%	690,346	32,840	5%
steel and galvanised steel	3,984,671	755,016	19%	3,932,277	725,900	18%
polycarbonate	730,186	60,035	8%	703,429	56,475	8%
polyester	212,396	6,560	3.1%	243,174	1,000	0.4%

E.2 Direct and indirect impacts: fuels and energy

In the Group's operations, energy is used mainly at the eight manufacturing plants and, to a lesser extent, at the head office of the parent and other companies.

In accordance with the Energy Efficiency Act, an energy audit was performed in September 2021 at the parent's manufacturing plants and offices.

E.3 Direct and indirect impacts: water

In the Group's operations, water is used mainly at the eight manufacturing plants and, to a lesser extent, at the head office of the parent and other subsidiaries. Work is currently in progress to get a more detailed picture of the monitoring of water consumption across the Group. Non-financial reports for future periods will present more accurate data, which will help optimise water management.

E.4 Direct and indirect impacts: biodiversity

There are no valuable natural areas in the immediate vicinity of the Group's manufacturing plants and the Group has no direct impact on such areas or habitats of valuable fauna and flora species.

E.5 Direct and indirect impacts: emissions into the atmosphere – carbon footprint

The Company has taken steps to measure the **carbon footprint** of its business. These include monitoring of greenhouse gas emissions.

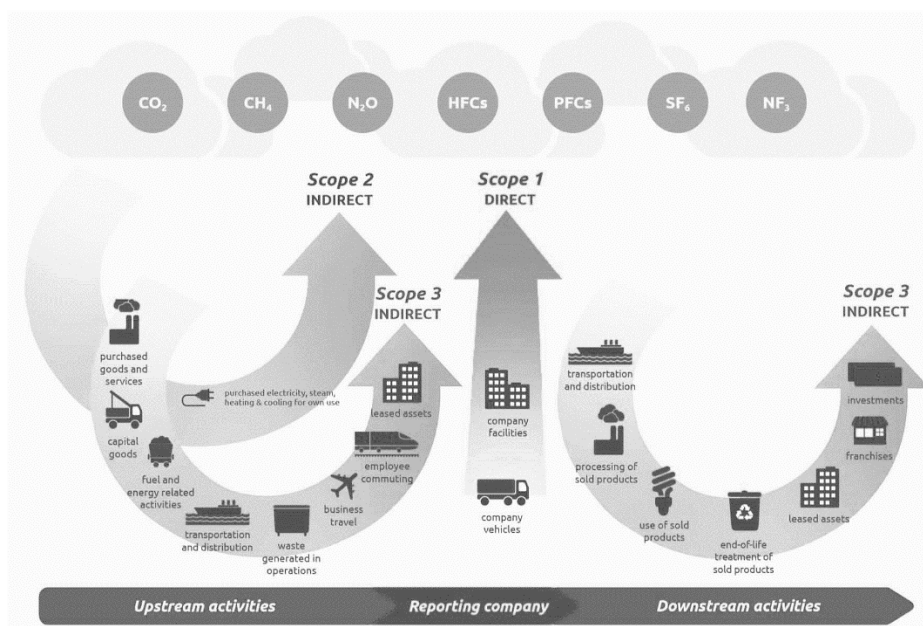
According to Greenhouse Gases Protocol (GHG Protocol), greenhouse gas emissions are divided into three categories to better understand their sources.

Emission scopes

Scope 1 – All direct emissions from activities conducted by the organisation or under its control. These include on-site combustion of fuels, gas boilers, fleet vehicles and air conditioning spills.

Scope 2 – Indirect emissions from electricity purchased and consumed by the organisation. These emissions are associated with energy generation and are ultimately used by the organisation.

Scope 3 – All other indirect emissions from sources not owned or controlled by the organisation. These typically account for the largest share of carbon footprint, including business travel, procurement, waste and water-related emissions.



Source: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

Sources and measurement of emissions

Greenhouse gas emissions for each category of data representing the respective sources are calculated by converting them into CO₂ equivalent. Thus, emissions are reported as CO₂ equivalent (CO₂e), which captures the effects of other gases contributing to climate change, i.e. methane or refrigerants.

The sources of emissions are identified for each Scope. A study prepared by the European Network of Construction Companies for Research and Development (ENCORD) enumerates the key sources of emissions for construction companies.

SCOPE_1	SCOPE_2	SCOPE_3
<ul style="list-style-type: none"> •1. FUEL (PROJECTS) •2. FUEL (PREMISES) •3. FUGITIVE •7. VEHICLE FUEL 	<ul style="list-style-type: none"> •4. ELECTRICITY (PROJECTS) •5. ELECTRICITY (PREMISES) •6. IMPORTED HEAT •7. VEHICLE FUEL 	<ul style="list-style-type: none"> •7. VEHICLE FUEL •8. PUBLIC TRANSPORT •9. SUB-CONTRACTORS •10. WASTE •11. MATERIALS •12. PRODUCTS

Source: based on ENCORD Construction CO₂e Measurement Protocol. A Guide to reporting against the Green House Gas Protocol for construction companies; https://ghgprotocol.org/sites/default/files/ENCORD-Construction-CO2-Measurement-Protocol-Lo-Res_FINAL_0.pdf

INDICATORS

During the period covered by this report, several sources of greenhouse gas emissions were identified within Scope 1, Scope 2 and Scope 3. Emissions within each Scope were converted into CO₂ equivalent.

Source:	tCO ₂ – Mar 2024	tCO ₂ – Mar 2023	tCO ₂ – Mar 2022	tCO ₂ – Mar 2021	Scope
Fuel (projects)	3,267.6	3,139	3,139.50	3,180	1
Fuel (premises)					1
coal	53.80	55.20	82.94	57.2	
natural gas	121.5	123.61	160.38	133.93	
Electricity (premises)	1,685.23	1,733.62	2,122	5,503	2
Vehicle fuel	198.04	201.66	130.24	109	1
Vehicle fuel	56.62	50.42	32.56	27.27	3

E.6 Direct and indirect impacts: waste and wastewater

In the Group's operations, waste and wastewater are mainly generated at the seven manufacturing plants and, to a lesser degree, at the head office of the parent and other subsidiaries. The data presented below shows fuel, gas and electricity consumption at the manufacturing plant in Mirosław. Work is currently under way to get a more detailed picture of waste collection and wastewater discharge. Non-financial reports for future periods will present more accurate data, which will help optimise wastewater and waste management.

WASTE TYPE	AMOUNT TRANSFERRED
Waste preparation mixture before thermal processing (grinding dust)	264.65

E.7 Other aspects of direct and indirect environmental impacts

E.7.1 Description of other significant environmental pollutants emitted in the course of the company's operations (including quantifiable measures, if possible)

The Group has not identified any other pollutants.

E.7.2 List of environmental failures and possible contaminations during the reporting period (including description of their nature)

There were no failures with environmental consequences.

E.7.3 List of potential breaches of environmental legislation for which administrative proceedings have been initiated

None.

E.7.4 Total amount of final penalties imposed for breaches of environmental legislation

None.

E.8 Enhanced environmental responsibility: products and services

Buyers of fire protection systems expect solutions ensuring the highest safety, fire performance and energy efficiency, but also affordable. The range of products and services currently offered on the market does not fully meet these expectations, which prompted MERCOR to undertake research and development work within several areas.

As regards smoke exhausting and roof lighting solutions, the mechanical and thermal parameters of those currently available on the Polish market, such as heat transfer coefficient, mechanical strength, energy intensity, thickness and weight, are less than satisfactory, which means they cannot provide a sufficient degree of reliability, fire resistance and resistance to other conditions, such as snow load. The components of solutions produced so far have relatively low thermal insulation properties, and the quality of their plastic treatment does not ensure a good fit of parts. This made MERCOR assume that only materials subjected to numerically controlled treatment would lead to better and more reliable products. Moreover, smoke exhausting products are used together with control systems which, in their basic functionality currently offered on the European market, allow only simple (basic) management of the devices. In the information era, this is no longer sufficient. Greater process automation is needed with the use of data collected and processed by modern control centres. The legislative context is also very important for this product category – the new Technical Conditions 2014-2021 underline the need to reduce energy consumption and introduce new provisions concerning thicker insulation layers relative to the existing heat transfer standards [W/m²K]. Products offered by the Polish market have not yet been fully adapted to these requirements, which creates the need for such solutions and which encouraged MERCOR to start a several-year long process of research and development. One of its results is a window smoke exhaust system called mcr OSO Therm 75 and a family of smoke vents mcr Ultra Therm and mcr S-THERM with a heat transfer coefficient (U) of 0.9 [W/m²K].

Significant advantages:

- major improvement of thermal parameters by using energy-efficient insulation materials and hot profiles in which metal elements are separated from each other by insulation materials, being also structural elements of the plastic products or profiles,

- better fit of products in the building structure thanks to numerical treatment,
- control systems for these solutions will be equipped with advanced functions for automatic transmission of data on their operation, which will support maintenance and failure prevention,
- full alignment of the products with new standards for buildings in accordance with Technical Conditions 2014-2021.

With respect to construction solutions, including mainly fire protection boards, the Polish market still does not offer adequate solutions that would meet the technical requirements for a very wide range of construction applications. The boards currently available on the market are still too thick, too heavy, difficult to process and not sufficiently resistant to external factors. For the time being, the national standard thickness of the walls of smoke exhaust ducts (made of fire protection boards) with a fire resistance of 120 minutes is 50 mm. Moreover, the solutions available in Poland are not durable enough to ensure sufficient protection against external factors. Addressing these needs, MERCOR started a several year-long research and development programme, which has helped create mcr Silboard, a fire protection calcium silicate board which, according to the R&D concept, is to be one of the lightest on the market, not imposing a significant burden on the building structure and even offering savings on structural elements.

mcr Silboard is made from 10% recycled materials and is 100% recyclable. The materials used to make the board have a low environmental impact.

Significant advantages:

- multipurpose – the board can have several dozen applications,
- thickness of only 40 mm for EIS120 protection ducts (2-hour fire resistance),
- very favourable weight/thickness ratio, with a high fire-resistance rating,
- for indoor use with the possibility of partial exposure to atmospheric conditions,
- high mechanical strength, easy treatment and simple, quick assembly,
- non-toxic and not containing any substances harmful to health,
- full resistance to biological corrosion (fungi, bacteria).

The newly built board plant in Płock will conduct sustainable production, and it does not generate any waste. It has a closed-circuit water system and the production waste is ground and reused in the manufacturing process. The heat produced is recovered by a recuperator and recycled.

Mercor's building structure protection products meet the multi-criteria requirements of BREEAM and LEED environmental certificates. BREEAM (BRE Environmental Assessment Method) is currently one of the most commonly applied methods in Europe for rating buildings by their environmental performance. It was created in 1990 by BRE (Building Research Establishment).

LEED (Leadership in Energy and Environmental Design) is currently one of the world's most widely used green building certification systems based on multiple criteria. The certification is carried out in 120 countries, covering all types of buildings – from commercial to residential. The World Green Building Council network is being expanded into new countries. In Europe, national Green Building Councils (GBCs) have already been established in 25 countries. LEED was established in 1998 by the USGBC (U.S. Green Building Council), a non-profit organisation committed to promoting green building standards.

The building structure protection products are also covered by the EcoCard, i.e. documentation created specifically for each product, based on globally available tools for the assessment of its impact on the environment, humans and the surroundings. EcoCard is a tool used by assessors, consultants, architects, contractors and specialists in sustainable construction, allowing them to easily and quickly determine whether

a product can contribute to successful certification of a building. Such information is useful in seeking LEED and/or BREEAM certificates.

Building structure protection products covered by the EcoCard:

mcr PS collar, mcr PS-25 band, mcr Polylack Elastic, mcr Polylack F, mcr Polylack K, mcr Polylack KG, mcr PS-Bandage, mcr Silboard, mcr Tecbor, mcr Tecwool F.

As regards ventilation systems, there are two types of protection systems for vertical evacuation routes (i.e. staircases) available on the market, namely electronic systems and mechanical systems. They are designed to ensure safe evacuation through a staircase protected from smoke by means of special devices triggered by a fire. The two systems have their pros and cons, which must be considered on a case-by-case basis, keeping in mind the type of building and the requirements it must meet. The main limitation for mechanical systems is the height of a building. These solutions cannot be effectively applied at buildings classified as high, i.e. a large part of modern high-rise structures (office buildings, hotels, and residential towers). Another limitation for mechanical solutions is the area of the roof over the staircase where no large smoke vents can be installed. The problem with electronic systems is that they are often oversized, meaning that larger than necessary devices are installed, which significantly drives up costs (both of purchase and operation). To the best of MERCOR's knowledge, before the solutions that the Company has developed and keeps refining, there were no hybrid systems on the market, or at least on the European market, that would combine the best of the two worlds. As a result of its R&D work, the Company has rolled out and is developing such system in two options: mcr EXi (with a smoke flap) and mcr EXi-F (with an inverter).

Significant advantages:

- a hybrid system combining the features of both mechanical and electronic systems,
- a flexible system with a wide spectrum of market applications; easily adaptable to a wide range of building types.

The high fire resistance products are fully aligned with the National Smart Specialisation "Smart and Energy Efficient Construction" section "Materials and Technologies" point 1: "Materials of higher parameters, especially construction and insulation qualities, with elevated resistance to aging processes, vapour-permeable, low embedded energy, high flame resistance, low emission, thermo-reflexive and manufactured from plant raw materials and technologies for their production".

E.9 Alignment with Taxonomy for sustainable activities; taxonomy-aligned turnover, OpEx and CapEx

The Mercor Group is taking first steps to demonstrate the degree of its alignment with the EU Taxonomy for sustainable activities. The relevant obligations were introduced by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment. In the Regulation, the climate and environmental objectives of the European Union are expressed in terms of technical criteria for assessing whether an activity can be considered sustainable. Such assessment covers the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The Mercor Group is one of Poland's largest players of the passive fire protection industry. The Group's comprehensive product offering consists of smoke and heat exhaust systems, rooflight systems, fire ventilation systems and fire protection of building structures. Following a review of the Group's business, it was determined that it did not qualify as Taxonomy-eligible within the scope of Annex I and Annex II to the delegated act.

In connection with actions taken under the adopted business strategy and following the acquisition of shares in Elmech-ASE Sp. z o.o., which is launching the production and sales of energy storage systems, the Company has undertaken a review of the Technical Screening Criteria. Following the review, it was found that the activities qualify as contributing substantially to climate change mitigation and cause no significant harm to any of the other environmental objectives. These are support activities, as storage of renewable energy helps reduce electricity consumption and, consequently, reduces greenhouse gas emissions. The activities qualify as Taxonomy-eligible under Annex I to the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139) as activity 4.10. Storage of electricity.

ELMECH-ASE Sp. z o.o. is only starting to sell energy storage systems. Currently, its operations account for less than 0.01% of the Mercor Group's turnover, and an even less share of the group's OpEx and CapEx, which is an insignificant level. Detailed data on the percentages of Taxonomy-aligned turnover, CapEx and OpEx will be disclosed in the following financial years, as the company's business grows.

The Mercor Group earns revenue from other Taxonomy-eligible economic activities, such as activity 5.9. Material recovery from non-hazardous waste and activity 6.6. Freight transport services by road. These activities account for a negligible fraction of the Group's revenue, and therefore were not assessed against the Technical Screening Criteria. Other revenue is derived from Taxonomy non-eligible economic activities under Annex I and Annex II to the delegated act.

Social area [S]

S.1 State aid and public procurement

(In this area, the presented figures refer to data sourced from the parent)

In the period 1 July 2015–31 December 2022, the parent carried out a project named *Comprehensive solutions for passive fire protection of buildings, along with construction of a demonstration system*, co-financed by the European Regional Development Fund as part of the measure: R&D projects of enterprises under Smart Growth Operational Programme 2014–2020.

S.1.2 Value of state aid (financial support and grant equivalents)

In April 2023, the Company received PLN 244,746.72 in settlement of the last request for payment. For the entire project implementation period, the Company received co-financing of PLN 6,861,045.80. The funding covered 40% of the total eligible expenditure under the project.

S.2 Employment and pay levels

S.2.1 Number of employees in FTEs by type of employment contract (by age and sex) at the end of the reporting period

Age	FY 2023/2024	
	Men	Women
Workforce at the MERCOR Group	742	180
<20 years	9	3
21–30 years	139	42
31–40 years	217	66
41–50 years	220	52
51–60 years	110	14
>60 years	47	3

Number of employees in FTEs by grade/employee group (by age and sex) at the end of the reporting period

Position	Men	Women
Management/ administrative	60	65
Sales	117	71
Manufacturing: white collars	65	29
Blue collars	500	15
Total	742	180

(For other indicators pertinent to this area, the presented figures refer to data sourced from the parent).

S.2.2 Number of new hires in FTEs by type of employment contract (by age and sex)

Age group	Women	Men	Total
<20	0	0	0
21-30	9	14	23
31-40	6	13	19
41-50	2	10	12
51-60	0	3	3
>60	0	1	1
Total	17	41	58

S.2.3 Number of leavers in FTEs in the reporting period (by age and sex)

Age group	Women	Men	Total
21-30	6	7	13
31-40	4	6	10
41-50	1	8	9
51-60	2	4	6
>60	1	2	3
Total	14	27	41

S.2.5 Number of outsourced employees

There are six outsourced employees.

S.2.6 Number of employees with disabilities and their percentage share in total workforce

There are four employees with disabilities, which means a 1.3% share in total workforce at the parent entity level.

S.2.7 Average remuneration of employees under employment contracts

The average gross remuneration of employees under employment contracts was PLN 10.2 thousand.

S.2.8 Number and average remuneration of foreigners working for and under the supervision of the company (whether own employees or employees of third parties to whom work is outsourced) originating from countries whose economic condition is inferior to that of Poland or where human rights violations are likely to occur, by country of origin (e.g. Belarus, Ukraine, Russia, Bulgaria, Romania, Moldova, Vietnam, the Philippines, North Korea, China)

Currently, the manufacturing plants in Poland have 33 employees from Ukraine and one employee from Algeria. Their remuneration is the same as that earned by Polish employees in equivalent roles.

S.2.9 Ratio of average gross remuneration of women to average gross remuneration of men by grade/employee group (e.g. executives, managers, other employees)

department	Women/men
Mid-level positions	92%
Management and executive positions	89%

S.2.10 Ratio of the average remuneration of management board members to the lowest wage paid by the company (wage ratio, per FTE)

The ratio of the average remuneration of management board members to the lowest wage paid by the Company is 9.7.

S.2.13 Total annual contributions to the State Fund for Rehabilitation of the Disabled (PFRON)

The annual contributions to PFRON totalled PLN 435 thousand in 2023.

S.2.14 Percentage of women who, after childbirth and return to work, left employment within the next 12 months

Three women left employment within 12 months of their return to work after childbirth.

S.2.15 Information on additional non-pay benefits available to employees (such as additional insurance, medical plans, occupational pension scheme, employee share ownership, fitness cards, housing loans)

The MERCOR Group companies offer their employees medical plans, co-payments for fitness cards, home improvement loans, holiday allowances.

S.3 Employee relations and freedom of association

Currently, the Group has no formal procedure in place for reporting employment- and management-related grievances and violations.

S.3.1 Total number of trade unions at the company (representative and otherwise)

There are no trade unions at the Company.

S.3.2 Percentage (%) of employees who are members of trade unions (union membership rate)

Not applicable.

S.3.3. Number of strikes in the last year and the estimated impact on the company's related performance (if strikes occurred, describe the reason, form, duration, and any arrangements made)

No strikes took place at the Company.

S.3.4 Information on whether a procedure for reporting grievances and violations (hotline) is in place and on what basis (e.g. a relevant policy). If so, how many grievances concerning employment

practices were reported, reviewed, and resolved (how many grievances were reported and how many were resolved in the period)

The Company is prepared to respond if any grievances or violations are reported via the hotline. To date, the Company has not recorded any grievances related to employment practices.

S.3.5 Information whether a works council has been appointed at the workplace – and, in the case of representation other than a works council and trade unions, whether such employee representatives were appointed by way of elections in which all employees could participate

No works council has been appointed at the Company.
All employees could participate in the elections of employee representatives.

S.3.6 Information on whether and, if so, how and with what results, the company has maintained a documented dialogue with employees, in the form of regular formal meetings, to discuss mutual expectations and the nature of the most frequently raised matters, and how the company's governing bodies respond to them

The Group is engaged in ongoing formal dialogue with its employees (communicating matters important to the Group), as well as in informal dialogue (listening to opinions on matters important to employees). The organisational structure of Group companies enables direct contact with the local Management Board or Managing Director.

S.4 Occupational health and safety (OHS), including the COVID-19 situation

Occupational health and safety data were compiled on the basis of data from the parent's manufacturing plants.

S.4.1 – S.4.9 Work-related injuries

Work-related injuries: 2 (in the previous period: 4)

INDICATORS

$W_1 = 5.01$ – accident rate (in the previous period: 10.07)

$W_2 = 5.50$ – accident severity rate (in the previous period: 129.5)

S.4.10 Occupational health and safety during the epidemic

The most important aspect during the COVID-19 epidemic was to ensure the continuous provision of services and safe working conditions for Mercor's employees and contractors. Procedures were adopted that included the following measures:

- restriction on in-person meetings and working sessions;
- provision of access to, and strict enforcement of the use of, personal protective equipment, including sanitisers and, where required, gloves and masks;
- restriction on the use of common locker room space. These places undergo regular cleaning and disinfection of touch surfaces, such as door handles, handrails, handles, and tabletops;
- reduction of the canteen seating capacity (to allow a minimum distance between people of 1.5m) or introduction (where possible) of the option of having breakfast breaks at workstations;
- introduction of shift work to prevent physical contact between teams;
- taking the temperature of external drivers;
- introduction of face mask mandates for external suppliers and visitors present on the premises;
- ensuring, as far as possible, that rooms are aired regularly and air conditioning is not used (where possible);
- ensuring a minimum distance of 1.5m between employees, unless impossible due to the nature of their jobs. Where work cannot be done keeping the minimum distance – use of personal or collective protective equipment;
- requesting employees whose jobs permitted such arrangements to work remotely (home office);
- in the period when schools and kindergartens were closed, remote work arrangements were made available to all employees who wanted to stay at home with their children while continuing to provide work.

In July 2023, the state of the epidemic was lifted in Poland.

S.5 Staff development and education

(In this area, the presented figures refer to data sourced from the parent)

The following activities are carried out at MERCOR S.A. as part of its staff development and education programmes:

Employee Ideas Programme (“EIP”)

The Employee Ideas Programme empowers our workforce to contribute valuable proposals for enhancing their workplace, as well as optimising various organisational processes and areas of operation. The primary objective is to harness the ideas and creativity of employees, who are closest to the processes, products, and customers. This approach is pivotal in driving continuous improvement. The Employee Ideas Programme is one of the tools delivering valuable process and organisational innovations. In the period covered by this report, out of several dozen submissions, as many as 32 ideas were implemented.

Learning Mercor

Learning Mercor is an internal knowledge and experience sharing project for employees of the MERCOR Group, who are trained by their colleagues. The MERCOR team includes experts in a number of fields, such as Excel, AutoCad, negotiations, self-presentation, etc., who have taken part in the project as internal trainers.

Employee Referral Programme

The Employee Referral Programme is strategically crafted to tap the potential of MERCOR S.A. employees by leveraging their network of contacts and connections to source high-quality candidate recommendations for employment within our organisation.

mcr edu

For several year now, Mercor S.A. has run mcr edu workshops for architects, designers, assessors, as well as representatives of contractor companies and investors. The purpose is to provide a platform for sharing fire safety expertise and exchange experience. A new area of activity within the initiative is an online project based on education days.

The mcr edu educational series is developed by leveraging new technologies, where knowledge is shared via innovative communication channels such as podcasts, webinars or YouTube tutorials. Traditional forms of promotion through education, i.e. lectures at universities relevant to our industry and for student research groups, will be resumed as soon as it is epidemiologically safe to do so.

S.5.1 Average number of training hours (or training days) per employee (by sex and employee category) – for training organised by the employer

So far, no such statistics have been compiled.

S.6 Diversity management

(In this area, the presented figures refer to data sourced from the parent)

S.6.1 Information on whether an anti-harassment policy and anti-discrimination policy have been put in place by the employer

The Internal Workplace Harassment Policy was adopted by Internal Order No. 06/2015 dated 14 October 2015. The goal of the Policy is to support efforts fostering positive relations between employees. In accordance with the Policy, harassment is understood as any conduct or behaviour affecting an employee or directed against an employee, involving persistent and continued persecution or intimidation, leading the employee to underestimate their professional competences, with the effect or intention of humiliating, degrading, isolating the employee, or eliminating them from the team.

S.6.1 Number of reported incidents of discrimination, workplace harassment, sexual harassment, etc.

No such incidents were recorded.

S.6.2 Number of confirmed incidents of discrimination, workplace harassment, sexual harassment, etc.

No such incidents were recorded.

S.6.3 Number of subcontractor audits to prevent discrimination

No such audits were performed. Before a supplier is selected, thorough information on the entity is gathered to confirm, among other things, its compliance with generally accepted employment standards and working conditions.

S.7 Human rights

The Group has not adopted a formal human rights policy, but it follows the general principles set out in domestic and international law.

No human rights violations were recorded at the Group companies, and supplier audits have not identified any such violations, either. The Group's supply chain includes companies based in Asian countries, which carry a risk of human rights abuses, and therefore this issue is considered in the supplier selection process.

S.8 Child and forced labour

The Group has not implemented a formal human rights policy, in particular against the economic exploitation of children and against the use of forced or compulsory labour. In its business, the Group follows the general principles set out in domestic and international law. The Group adheres to the fundamental principle of strict prohibition on child labour and forced labour at Group companies.

S.9 Local communities and social engagement

MERCOR is committed to integrating its business activities with initiatives oriented toward social needs. During the past financial year, it collaborated with the Museum of Gdańsk on several new projects. One highlight was the creation, on the Company's initiative, of a limited edition album, "The Third Dimension of Gdańsk". The publication consists of three parts, featuring photographs from 1906–1914, 1940, and contemporary photos. It also includes stereoscopic images. The descriptions of monuments and historic places were authored by the esteemed enthusiast of Gdańsk history, Professor Andrzej Januszajtis. The Company also supported the Amber Museum, a branch of the Museum of Gdańsk, by producing a calendar and puzzles showcasing an 18th century amber cabinet crafted by Johan Georg Zerneck. The amount transferred to the Museum totalled PLN 45,557.07. Additionally, MERCOR donated PLN 75,000.00 for the acquisition of portraits of the Gdańsk-born painter and illustrator Daniel Chodowiecki and his wife, by Anton Graff, which are now part of the Museum of Gdańsk's collection.

Under a sponsorship agreement signed in the financial year 2022/2023 with the Iskra Sports Club of the Polish Navy Academy in Gdynia to cover the costs of the female sailing team's participation in the Polish Sailing Champions League, the RS21 Polish Cup and the *Women on Water* series, in the financial year 2023/2024 MERCOR supported the team with a donation of PLN 64,040.00. Additionally, the Company contributed to the children's football tournament organised by NOWA Football Academy of Gdynia by providing gifts worth PLN 5,792.97 for the young participants of the WINTER CUP 2023.

The Company donated PLN 25,000.00 to the Board of the Szczecin Province Unit of the Voluntary Fire Brigades Association of Poland to support its activities, and funded a prize for the top student at the Main School of Fire Service in Warsaw: a laptop valued at PLN 5,403.71.

A donation of EUR 1,800.00 was also provided for the *5th penneRUN 6.0* charity event. The full amount of proceeds from starter packs purchased by the participants was transferred to an association that helps leukemia patients.

The subsidiary Mercor Slovakia supported a charitable initiative for disabled children *Chyt' Me Sa Za Ruky* with a donation of EUR 500.00, and contributed EUR 1,500.00 to the volleyball club of the Bratislava Police. DFM Doors transferred PLN 500.00 to the public benefit organisation *Aktywni Tak Samo*.

S.9.1 Number of grievances submitted by the local community, their subjects and measures taken by the company in response

No grievances were submitted.

S.10 Anti-corruption

The Company and the Group's anti-corruption policies are governed by the Anti-Corruption Policy and Gift Policy, Best Practice for GPW Listed Companies, and applicable internal procedures.

S.10.2 Number of reported corrupt behaviours

None.

S.10.3 Number of confirmed incidents of corruption

None.

S.11 Product and consumer safety

The Group has implemented a procedure to deal with non-conforming products identified after delivery, installation or placement in service – if the customer is not aware of the non-conformity.

The procedure includes the following steps:

No.	Responsible person (function)	Action/activity	Deadline, record	Detailed description
1	Every employee	Identifying a non-conformity in a product that has been installed or delivered to the customer's site and notifying the relevant Head of Division	AX module Inventory Management / Non-conformity	
2	Head of Division	Assessing risk associated with the product non-conformity and deciding on how to proceed	AX module Inventory Management / Non-conformity	Risk to the life and health of the customer or facility users
No.	Responsible person (function)	Action/activity	Deadline, record	Detailed description
3	Head of Division	Instructing designated persons to inform the customer and on how to remove the defect	immediately	The Head of Division is required to inform the Management Board of the situation and any decisions taken
4	Designated person	Communicating the risk and the date and manner of defect removal to the customer	In writing	
5	Designated person	Removing the defect		

S.11.1 Number of incidents involving violations of product and service safety procedures

There were no incidents involving violations of product and service safety procedures.

S.11.2 Administrative proceedings carried out against the company (e.g. by the Office of Competition and Consumer Protection) and amount of fines for non-compliance with consumer safety laws and regulations

The Office of Competition and Consumer Protection did not carry out any proceedings against the Company concerning consumer safety issues.

S.12 Marketing communications

Since the beginning of its operations, the MERCOR Group has taken a proactive approach to developing the fire safety market. A strong emphasis on education, which we see as the most valuable form of promotion, has long been the invariable hallmark of our marketing and promotional policy.

For years, we have run mcr edu workshops for architects, designers, fire risk assessors, as well as representatives of contractor companies and investors. The training sessions are held several times a year in selected cities across Poland. Their participants are given an opportunity to exchange knowledge, views and experience between themselves and with our speakers. We also provide internships, workshops and lectures, as well as consultations for students, especially students of technical universities.

In pursuit of our commitment to fire protection, the Company consistently endeavours to foster awareness and understanding of pertinent legal frameworks and technological solutions. Our key achievements include industry-recognised book publications (guides), numerous articles in specialised press, participation in trade fairs and conferences, and active membership of technical organisations and seminars, e.g. of the Association of Fire Engineers and Technicians (SITP) and the Association of Polish Architects (SARP).

Recently, Mercor has leveraged new technologies and advanced communication channels, such as podcasts, webinars and YouTube video tutorials, in its marketing communications.

S.12.1 Number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications (including advertising, promotion, and sponsorships)

No such incidents were recorded.

S.12.2 Administrative proceedings carried out against the company by the Office of Competition and Consumer Protection and amount of fines for non-compliance with laws and regulations concerning the reliability and ethics of marketing communications

The Office of Competition and Consumer Protection did not carry out any proceedings against the Company concerning the reliability and ethics of its marketing communications.

S.13 Privacy protection

As part of our commitment to safeguarding privacy and personal data, we approach this matter with utmost diligence, adhering to both Polish and European legal frameworks.

S.13.1 Number of incidents involving leaks or unauthorised use of personal data (of customers, employees)

There were no such incidents.

S.13.2 Administrative proceedings carried out against the company and amount of fines for non-compliance with personal data protection laws and regulations

No such proceedings were carried out against any Group company or companies.

S.14 Product labelling

The Group has implemented a product identification procedure. The procedure covers materials and components to be incorporated into MERCOR's final products and the final products themselves. Products are labelled in accordance with the applicable regulations and guidance arising from the Technical Approval certification, CE Certification or Standard applicable to the product concerned.

S.14.1 Number of incidents involving non-conforming product labelling

No such incidents were identified.

S.14.1 Administrative proceedings carried out against the company by the Office of Competition and Consumer Protection and amount of fines for non-compliance with laws and regulations concerning non-conforming product labelling

The Office of Competition and Consumer Protection did not carry out any proceedings against the Company concerning non-conforming product labelling.

S.15 Other social and market aspects

S.15.1 Actual average payment period

The actual average payment period is 73 days.

S.15.2 Actual average collection period

The actual average collection period is 85 days.

S.15.3 Standard payment term in contracts with suppliers

The standard payment term in contracts with suppliers is 60 days.

For key materials, the standard payment term is 90 days.

S.15.4 Percentage (%) of payables settled within contractual deadlines (in value terms)

The percentage (%) of payables settled within contractual deadlines is approximately 50%.

S.15.5 Administrative proceedings carried out against the company by the Office of Competition and Consumer Protection and amount of fines related to anti-competitive and market-restricting practices

No administrative proceedings are being carried out against the Company by the Office of Competition and Consumer Protection in relation to any anti-competitive and market-restricting practices.

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