Sustainability Report 2025

Moving forward. Doing better.

Kafrit Group

Working together
for the future of plastics.

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for the future of plastics.

This pdf uses links and an interactive table of contents to help you navigate.

Jump from chapter to chapter using the top menu on each page.

Choose what section you want to view on each chapter cover.

Return to the contents section by clicking the Kafrit "K".

Sustainability Report 2025

Opening statements

- A letter from our Chairman of the Board
- A letter from our Chief Executive Officer
- Thoughts from Kafrit Group's Sustainability and Global Projects Leader

Bringing a new level of sustainability to our operations and business practices

A letter from our Chairman of the Board

It is my pleasure to welcome you to Kafrit Group's 2025 sustainability report. Since publishing our first group-wide report, we have always remained committed to leading the way toward a more sustainable future with transparency and accountability.

For this reason, once more, this report will provide an honest overview of Kafrit Group's 2025 sustainability performance, as well as our ambitious plans and goals. In a time of fast-changing realities and while facing a wide range of uncertainties, we strongly believe it is right to stay on track. One thing we have consistently seen is that industry-wide collaborations and partnerships shape sustainability in the plastics processing world and beyond.We will continue involving ourselves where we can and appreciate others following our example.

Over the past years, Kafrit Group has grown significantly and strengthened its global presence. In 2025, we welcomed FINKE COLORS GER to our family, further expanding our capabilities and international footprint. Together with all our companies and teams around the world, we actively challenge ourselves to bring a new level of sustainability to our operations and business practices across all our locations.

Finally, I would like to thank our worldwide customers, suppliers, employees and shareholders for their long-lasting trust and partnership, especially during these challenging times.

Dr Itzick Sharir
Chairman of the Board

Dr Itzick Sharir
Chairman of the Board

Daniel Singer
Chief Executive Officer
of Kafrit Group

Embedding real progress by listening, learning and working together

A letter from our Chief Executive Officer

At Kafrit Group, sustainability has become part of how we do things every day.

In 2025, we continued to turn our intentions into action – making sustainability more present in decisions, operations, and the way we work with our partners and communities. This is not about being perfect, but about being honest, responsible and committed to improving step by step.

This report shares where we made progress, and where we still need to do better. We believe that being open about both is the right approach. Real progress comes from listening, learning and working together – across our teams, our value chain and our industry.

Our purpose – to unite talent and technology to drive the future of plastics, together – guides us every day. It shapes how we innovate, how we grow, and how we take responsibility for the impact we create.

I want to thank our employees for their commitment, our partners for their trust and our stakeholders for keeping us focused on what truly matters. Together, we are building a stronger, more responsible Kafrit Group – today and for the long term.

Daniel Singer
Chief Executive Officer

Reducing critical dependencies

Thoughts from Kafrit Group's Sustainability and Global Projects Leader

In 2025, we witnessed an important shift in how industries and societies talk about sustainability. Sustainability became less noisy; however, not less relevant.

As the world was shaken by political and economic tensions, some people feared sustainability would fall apart and become irrelevant after years in the spotlight. Instead, what I observe is that we have finally reached a level of maturity companies had been looking for, while distracted by too many external influences.

Nowadays, we talk about quantifiable, on-site implementation of sustainable processes as well as about real shortcomings. We involve ourselves in hands-on industry projects and come to the market with tangible product solutions. It is not about being the loudest or about publishing plans on how to solve the planet the fastest, but to simply reduce dependencies on critical resources and on poorly functioning systems. This is neither a linear development nor a sprint.

In that sense, sustainability even offers a form of continuity, as it contradicts pervasive short-term thinking and the growing number of uncertainties all around the world.

With that said, we at Kafrit Group cannot emphasise enough one aspect of our sustainability journey: Stakeholder engagement.

That is why for the first time, we asked EY to audit our sustainability efforts. Please have a look at their statement at the end of this report.

Be it our motivated employees, our appreciated industry partners, the communities in which we operate or the legislators that shape sustainability. We acknowledge our responsibility in a challenging environment and look forward to shaping the future of plastics, together.

Fabian Schulte

Fabian Schulte
Kafrit Group Sustainability and Global Projects Leader

Fabian Schulte
Kafrit Group Sustainability
and Global Projects Leader

Sustainability Report 2025

Kafrit Group overview

- About Kafrit Group
- Our global presence
- Our products and technologies
- Our purpose

Who we are

About Kafrit Group

We are a globally active, leading producer of masterbatches and compounds for the plastics processing industry, currently employing around 1000 people. In 2025, we achieved 1,293 million NIS turnover.

Today, a total production capacity of more than 175,000 mt and around 100 production lines reinforces our ambitions as a multinational player. We consist of 11 companies and hold 51% of PLASTICS-APP, a highly skilled plastics and polymers applicative innovation engineering lab.

FINKE COLORS GER, who joined Kafrit Group in October 2025, are included in this report. CONSTAB IND was only established at the beginning of 2026, so they are not yet included.

This report's disclosures and calculations do not include PLASTICS-APP operations as it is an innovation hub, rather than a production facility.

Born in the kibbutz

Our global presence

All of this began in 1973, when Kafrit was founded in kibbutz Kfar-Aza in Israel. Since then, the company has grown both organically as well as via acquisitions. Today, the group incorporates:

- KAFRIT IL and PLASTICS-APP in Israel
- CONSTAB GER, DELTA KUNSTSTOFFE GER and FINKE COLORS GER in Germany
- ADDVANZE SWE in Sweden
- CONSTAB CN in China
- US-based POLYFIL USA and BADGER COLOR USA
- The Canada-based companies KAFRIT NA and ABSA RESINS CA
- As well as the newly established company CONSTAB IND

What we do

Our products and technologies

With more than 50 years of producing masterbatches and compounds for the plastics processing industry, we draw on high levels of experience, expertise and technical know-how.

We develop and produce solutions which enhance the making of high-quality end-products in many different applications.

Colors, liquid colors and dry blends

Our concentrates are designed to provide color and shade to the final product across a wide range of applications, including injection, blow molding and more.

Agricultural film

Our agricultural masterbatches and compounds impart crucial properties to films, sheets and nets in agricultural use-cases such as greenhouses, tunnels, mulch and ground covers.

Polyethylene and polypropylene film

Our masterbatches are designed to optimize the production process of PE and PP films as well as to provide the films with desired, specific properties such as antioxidant, antislip, antiblock and others.

BOPP/BOPE film

Our BOPP/BOPE masterbatches are intended for films produced in biaxially-oriented stretching, allowing for differentiated mechanical properties and facilitating a smoother production process.

Polycarbonate

Our PC concentrates are made to impart properties such as UV protection, light scattering and transmission to roofing panels, glazing and other products made of polycarbonate.

Conductive compounds

Our conductive compounds protect sensitive electronic components from uncontrolled discharge and prevent electrostatic charge by systematically modifying plastic materials for applications such as injection molding, thermoforming and more.

PEX compounds for pipes

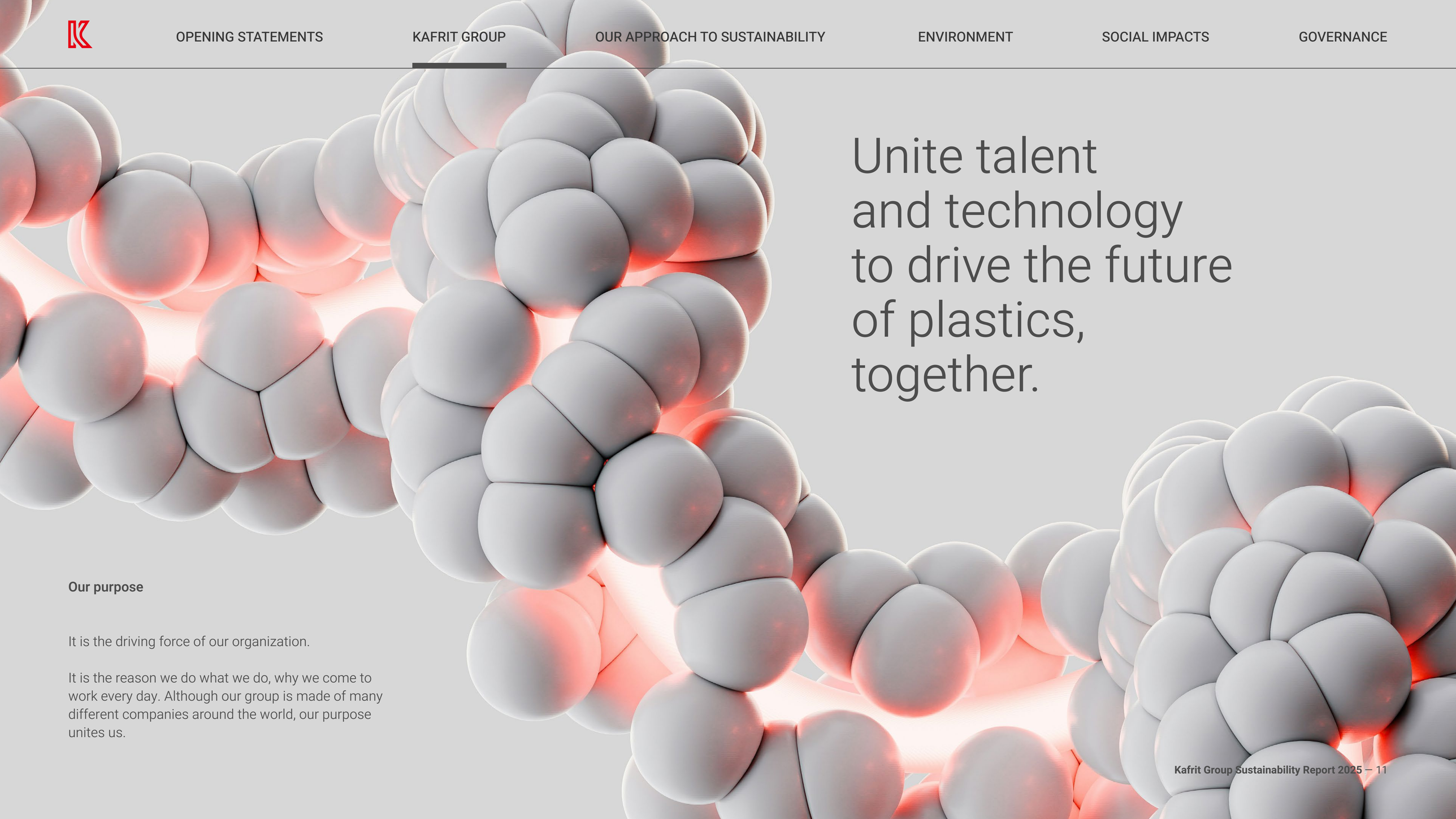
Our cross-linked polyethylene compounds are used to produce piping for hot water, underfloor heating, oil and gases, providing resistance to very high pressures and temperatures.

Flame retardants

Our flame retardants delay ignition, slow down flame progress, enable self-extinguishing and reduce combustible ingredients in the final product, applied in sheets, films, foams and more.

Custom-made, special and toll compounds

Our technical solutions provide different properties for different applications such as foaming agents, concentrates for fibers and nonwovens and other custom-made compounds.



Unite talent and technology to drive the future of plastics, together.

Our purpose

It is the driving force of our organization.

It is the reason we do what we do, why we come to work every day. Although our group is made of many different companies around the world, our purpose unites us.

Sustainability Report 2025

Kafrit Group's approach to sustainability

- Our strategy and pillars for a sustainable future
- Caring for the whole value chain
- Our Research and Development (R&D) capabilities
- An ambitious start-up redefining materials for consumer products
- Stakeholder engagement
- 2025 sustainability highlights and achievements
- Sustainability goals
- Materiality analysis
- Material ESRS topical standards

Sustainability is part of our identity

Our strategy and pillars for a sustainable future

Our sustainability strategy is based on five key pillars, which together are meant to holistically integrate environmental, social and governance considerations into our companies. Each of these pillars plays a crucial role in ensuring a comprehensive and effective sustainability approach.

Our sustainability aspiration is to make a better world through our people, product designs, aligned actions and collaboration with our stakeholders.

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1 Operating sustainably

We continuously limit the negative impact our operations have on the environment.

2 Living sustainably

We work to ensure that our people are safe and act according to our values.

3 Innovating sustainably

We help our customers to become more sustainable through product innovation.

4 Developing our business sustainably

We balance our portfolio through relevant business development and strategic alliances.

5 Reporting sustainably

We measure our actions, set long- and short-term goals, and work to achieve results and report on them.

Sustainability is part of our identity — Our strategy and pillars for a sustainable future

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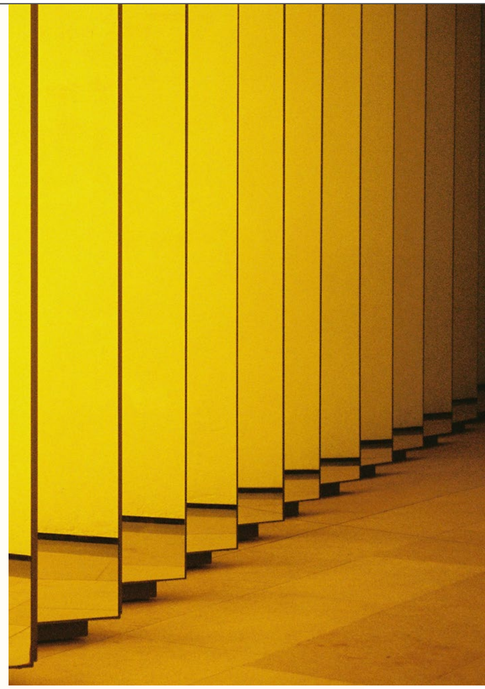
1 Operating sustainably

This pillar focuses on integrating sustainable practices into our core operations every day. This includes initiatives to reduce energy consumption, minimize waste generation, optimize water usage and enhance the overall efficiency of the production processes. Sustainable operations have a major impact on lowering our environmental footprint and contribute to the conservation of resources.



2 Living sustainably

We actively promote a culture of sustainability within and beyond the organization. Our top priority is occupational health and safety (OH&S) and this does not stop when leaving the premises. In addition, we support sustainable practices among all employees, such as using public transportation, staying physically active or participating in community sustainability projects.

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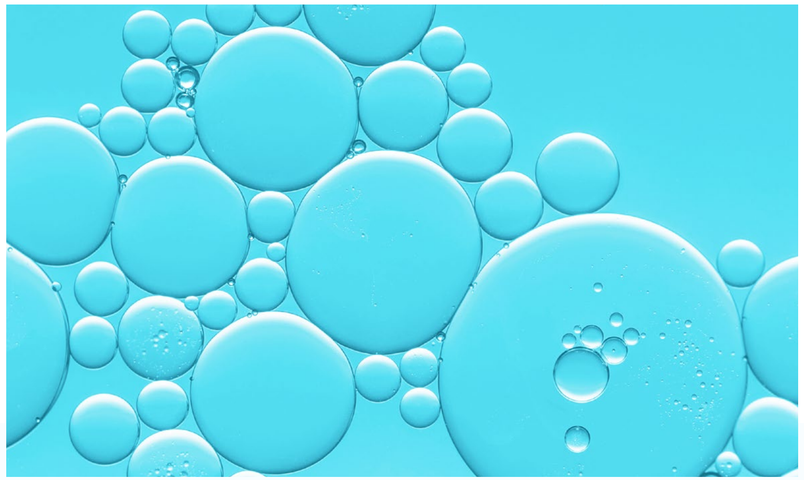

Innovation plays a key role in sustainability. We constantly invest in research and development to create innovative products, technologies and solutions that are more environmentally friendly and more socially responsible, helping our customers become more sustainable at their end.

3 Innovating sustainably

Sustainability is part of our identity —
Our strategy and pillars for a sustainable future

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4 Developing our business sustainably

Sustainability is an increasingly important factor driving business growth, so we frequently explore new markets and opportunities. This involves aligning our products and services with the growing demand for sustainable solutions, and partnering with relevant industry players from along the value chain.

At Kafrit Group, sustainability reporting is about transparently communicating our sustainability performance to all our stakeholders. Therefore, we have invested in establishing a robust sustainability reporting infrastructure that enables the whole group to meet emerging disclosure demands. This third group-wide sustainability report is to be considered in this sense.

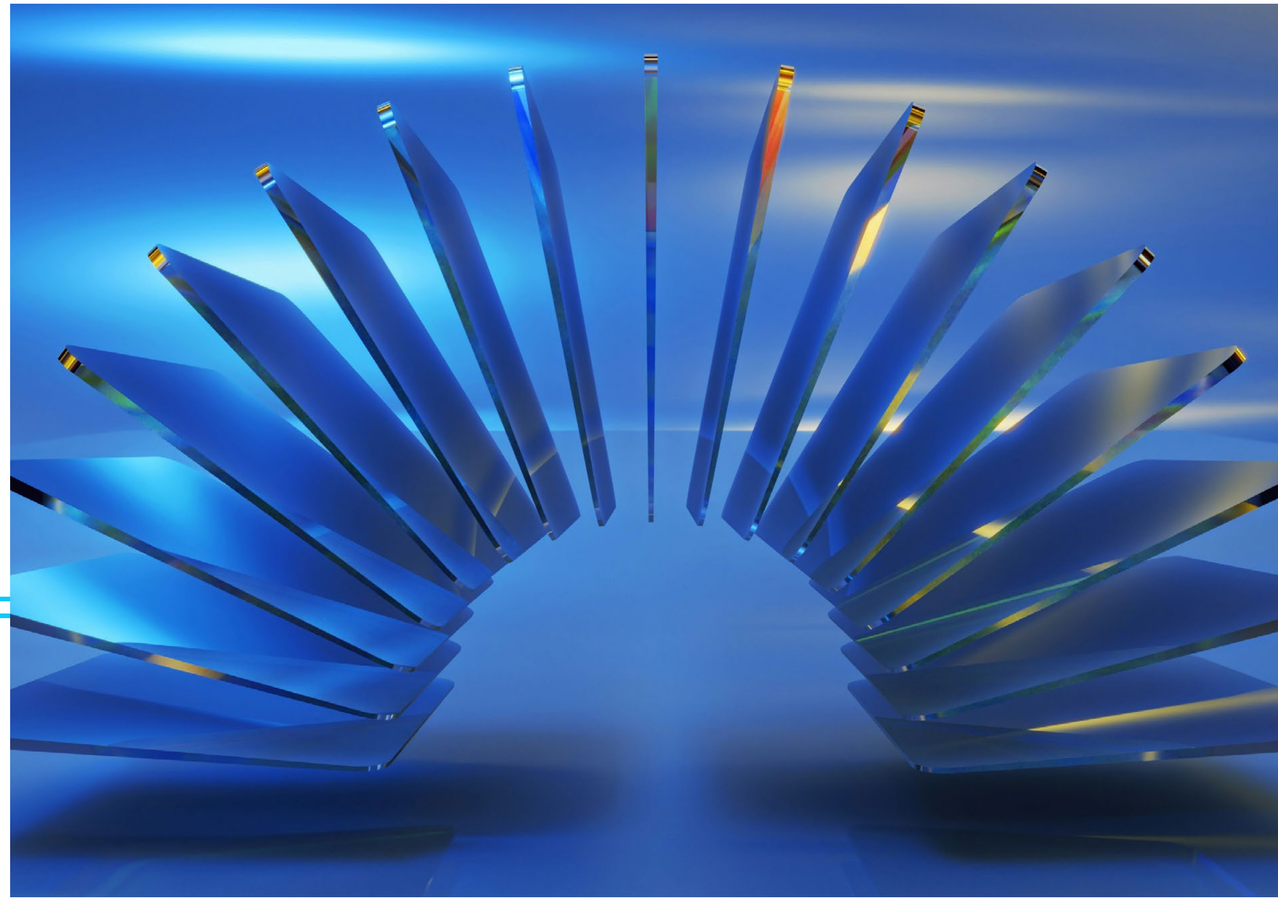
5 Reporting sustainably

Our place in the value creation

Caring for the whole value chain

Operating eleven production sites at the heart of a multifaceted, resource- and energy-intense, globally-dispersed value chain, we recognize the critical importance of adopting sustainable environmental, social and governance practices within our corporate operations. This forms a pivotal aspect of our business model and strategy.

Our business model relies on polymers and additives which are still mainly derived from (petro-)chemical processes. However, we have started looking into renewable and recycled sources as well, underscoring the significance of responsible supply chain management. The masterbatches and compounds we manufacture are crucial components for our plastics processing industry customers, such as producers of flexible packaging, agricultural film and pipes and sheet, as well as injection and blow molders.



Long-term value

Caring for the whole value chain

As we navigate the complexities of supplying more than 70 countries, our commitment to reducing our environmental footprint, promoting social responsibility and championing ethical governance remains steadfast. We believe these sustainability endeavors not only enhance our corporate reputation, but also create long-term value for all our stakeholders.

Suppliers

Producers of polymers and additives

Compounders

Solutions for plastic manufacturers

Plastic manufacturers

Final products

Consumers

Striving for the best solution

Our Research and Development (R&D) capabilities

With more than 50 years of experience in the production of masterbatches and compounds for the plastics processing industry, we know that research, development and innovation are cornerstones of our business activities. Every day, we aim to develop and produce solutions that enhance the manufacture of high-quality end-products in many different applications.

Our goal is to provide a product portfolio offering solutions at the forefront of innovation. Following our purpose – to unite talent and technology to drive the future of plastics, together – we employ R&D and lab teams consisting of more than 100 employees across the globe, most of them holding advanced science degrees. Our laboratories are located at our different sites in close connection to production and quality control facilities, and are furnished with sophisticated equipment.

Furthermore, cooperation with external research institutes continuously enriches our R&D processes. We also maintain strong connections with machine manufacturers and raw material suppliers around the world, as we strive to increase the benefits of the final products while optimizing the production process.

Special attention has recently been paid to start-ups and young technological companies working on serving the market with breakthrough innovation.

balena.

N3Cure CROSSLINKED SOLUTIONS

Sea Novel

NEMO nanomaterials

Of course, our customers are the most important stakeholder of our R&D efforts, as ultimately our ambition is to serve their needs best, every day.

All this work brings life to the “Innovating sustainably” and “Developing our business sustainably” pillars of our sustainability strategy, and we are proud to be a selected industry partner.

Case study: Balena

An ambitious start-up redefining materials for consumer products

Balena is an ambitious, innovation-driven start-up positioned at the forefront of sustainable materials engineering. Built on the belief that the materials the world relies on must evolve as quickly as modern lifestyles, the company is dedicated to reinventing plastics through circular, high-performance alternatives designed for real-world applications.

Operating with an independent innovation mindset, the company focuses on engineering smart, high-quality, and responsible material solutions tailored for modern living. Its approach emphasizes circularity, ensuring that materials are not only high-performing but also safe, non-toxic, and designed with end-of-life responsibility in mind.

A start-up focused on scalable impact

Balena's business model reflects the agility and ambition of a start-up. Rather than building large-scale manufacturing assets, the company follows a "fabless" model, leveraging existing production infrastructure. This allows Balena to rapidly scale its materials across industries while maintaining flexibility and cost efficiency. Kafrit Group is a minority shareholder and Balena's manufacturing partner. As such, Kafrit Group has the right to sell and distribute Balena's products.

Balena's innovation pipeline is structured to grow through lighthouse projects, R&D collaborations, and ultimately recurring material sales, creating a clear pathway from concept to mass-market adoption.

Independent innovation through advanced materials

At the core of Balena's value proposition is its proprietary BioCir® material portfolio — a range of bio-based, biodegradable, and recyclable polymer compositions. These materials are engineered to match or exceed the performance of traditional plastics while enabling circular product lifecycles.

Key product families include:

BioCir® Flex
A flexible elastomer alternative designed for footwear, toys, and accessories.

BioCir® X
A rigid material solution derived from renewable sources, applicable to eyewear, accessories and automotive.

BioCir® Foam
A lightweight, cushioning solution for applications such as footwear and accessories or automotive.

These materials are designed to integrate seamlessly into existing production lines, ensuring no compromise on performance or cost — a critical factor for industrial adoption.

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Case study: Balena — An ambitious start-up redefining materials for consumer products

Core applications and strong partnerships: Footwear, fashion bags, sports and toys

Balena's initial commercial focus lies in high-impact consumer goods sectors, where sustainable materials can deliver both performance and environmental value. These include:

Footwear
A primary application area, with high-performance, compostable elastomer materials designed for durability, cushioning, and energy return. Balena's BioCir® Flex materials are specifically positioned as replacements for conventional TPU in shoe soles and can be found in ***Stella McCartney*** and ***Good Man*** shoes.

Fashion bags
The company has created fully compostable handbag solutions in cooperation with ***Lemon Jelly***, highlighting its ability to merge sustainability with premium design in the fashion industry.

Mass sports products
Through collaborations with global sports brands such as the French giant ***Decathlon***, Balena's materials are integrated into scalable sporting goods applications, where performance and volume production are critical.

Toys
With compliance to standards such as EN71 and non-toxic design principles, Balena materials are suitable for toy applications, addressing safety and environmental concerns in this sensitive product segment.

This cross-sector applicability demonstrates the versatility of Balena's material platform and its potential to replace conventional plastics across multiple industries.

Vision and future outlook

Balena's ambition extends beyond niche innovation. By targeting large, high-growth material markets such as elastomers, foams, and rigid plastics, the company positions itself to become a standard-setter in next-generation materials.

Its scalable, plug-and-play approach, combined with strong industry partnerships and a clear sustainability vision, reinforces its role as a disruptive start-up with the potential to reshape how materials are designed, produced, and disposed of.

Balena represents a new class of materials start-ups — agile, partnership-driven, and deeply rooted in sustainability. By focusing on key sectors such as footwear, fashion bags, sports, and toys, and by collaborating with leading global brands, the company is translating independent innovation into tangible, scalable impact.

We love to partner

Stakeholder engagement

Stakeholder engagement is crucial to our business and sustainability efforts. We strongly believe in the power arising from the exchange of ideas, views and concerns, especially when it comes to sustainability.

For this reason, Kafrit Group as a whole and our different companies on their respective local levels actively seek to engage with a variety of stakeholders. This engagement happens via multiple channels and touches upon various topics which, together with our key stakeholder groups, are summarized on the next page.

We know our stakeholders look at what we do from many different perspectives. Some have internal insights while others come from a broader external scope and enrich our exchange of views with experiences and best practices collected elsewhere. Whichever their perspective is, it is always valuable for us to understand what our stakeholders think, since this is the only way to fully embed our sustainability ambitions into our group's network. With that said, and considering the role we play in the value chain, we are convinced that our sustainability journey can only be successful if all relevant stakeholders are part of it and have a say, following our purpose to unite talent and technology to drive the future of plastics, together.

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We love to partner — Stakeholder engagement

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Stakeholder engagement occurs at different hierarchy levels, occasions and practically every day.

The management teams at the local company level and the Kafrit Group leadership team meet regularly to discuss, analyze and solve potential findings called forth by stakeholders. Additionally, our Board of Directors is informed about views, concerns and interests of affected stakeholders in the quarterly board meetings.

Employees

Channels of engagement: Yearly performance reviews, ongoing intranet communication, team meetings, town hall meetings, company-wide sustainability approach.

Topics: Occupational health and safety (OH&S), well-being, belonging, sustainability strategy, economic development of the company, performance review, training, career development, compensation, collective bargaining.

Future employees

Channels of engagement: Social media, company website, recruitment days, campus presence.

Topics: Occupational health and safety (OH&S), well-being, belonging, sustainability strategy, economic development of the company, training, career development, compensation, community engagement.

Customers

Channels of engagement: Customer satisfaction survey, customer sustainability survey, social media, company website, trade fairs, conferences, factory tours, sales and technical meetings, R&D projects.

Topics: Product quality, customer service, technical expertise, sustainability strategy, innovation, regulatory information.

Suppliers

Channels of engagement: Social media, contractual negotiations, conferences, business reviews, R&D projects, trade fairs, technical meetings.

Topics: Performance review, product quality, sustainability strategy, innovation.

Shareholders

Channels of engagement: Quarterly reporting, company website, shareholders' general assembly.

Topics: Business performance, HR policy, CEO salary approval, sustainability strategy, occupational health and safety (OH&S), innovation.

Local communities

Channels of engagement: Community engagement activities, meetings with community leaders, social media, company website.

Topics: Sustainability strategy, employment opportunities, local support initiatives, environmental and health protection.

Authorities and other regulatory agencies

Channels of engagement: Regular communication and reporting as required by legislation.

Topics: Sustainability strategy, employment opportunities, environmental and health protection, regulation.

Research institutes

Channels of engagement: Campus presence, R&D projects, technical meetings, social media, company website.

Topics: Innovation, employment opportunities, technical expertise, sustainability strategy.

Industry associations

Channels of engagement: Collaborative initiatives, conferences, meetings.

Topics: Regulation, sustainability strategy, innovation.

Financial partners

Channels of engagement: Regular meetings, quarterly reporting, company website.

Topics: Sustainability strategy, sustainability considerations.

Board of Directors

Channels of engagement: Quarterly board meetings, quarterly financial and business reporting, individual meetings.

Topics: Business performance, business strategy, HR policy, M&A approval, budget approval, sustainability strategy, occupational health and safety (OH&S), innovation, compliance.

Working on progress, every single day

2025 sustainability highlights and achievements

We joined the Alliance to End Plastic Waste to support our ambition to promote circular thinking and collaboration

Our share of renewable energy consumption increased by 5%, now accounting for 49.7% of the overall energy consumption

Full integration of FINKE COLORS GER into our group-wide reporting*

We slightly increased the percentage of women in management positions to 31.9%.
At the Board of Directors level, still, 22% of all members are women

As in the previous year, we saw a high parental leave rate of 88.9%, underlining our support for combining work and family responsibilities

Unfortunately, we were not accident-free. Still, the group-wide OSHA rate reached a historic minimum of 0.38

Zero ethics or business conduct incidents were reported

It is the first time that we underwent a limited assurance process regarding our sustainability disclosure

Although not falling under the ESRS, Kafrit Group continued to apply a robust DMA process to build this report's backbone

*The full integration refers to the reporting period only. For FINKE COLORS GER comparisons with previous years are mostly unavailable.

What we strive for

Sustainability goals	Our goal	Where we stand
Emission reduction	A 50% reduction in SCOPE 1 and SCOPE 2 market-based emissions by 2030 across all companies, compared to the base year 2022.	We reached a 25.2% reduction without acquisitions and a 6.6% reduction including acquisitions.
Renewable energy	More than 50% of the energy consumed by all companies across our group will be renewable by 2030.	Our renewable energy use stands at 49.7% in 2025 — we are already close to the target.
Product Carbon Footprints (PCFs)	We will be able to provide PCF data for the whole product portfolio by 2027, showing that we acknowledge the importance of transparency in our value chain.	We made significant progress for our BOPP and PE products, broadened our data base and we have detailed plans to close the gap in the next two years.
OH&S	Everyday safe: zero incidents, accidents or injuries in 2025 as well as in the following years.	Although we decreased the OSHA rate significantly in 2025, we still had to report 3 incidents.
Performance reviews	Grow our talent in a transparent feedback culture, with an annual performance review for each employee by 2026.	61.8% of all our employees received a structured performance review in 2025. Thus, there is still work to do to close the gap before the end of 2026.
Belonging	An average of 50% women employed in management positions across the group by 2030, building on our past gender equity achievements.	The number of women employed in management positions improved slightly, rising to 31.9%.
Training hours	Increase individual employee training and education to 12 hours a year by the end of 2025, and then to 15 hours a year by the end of 2027.	2025 saw an average of 15.1 training hours per employee. This number still outperforms the 2027 goal on a gobal level. However, locally, some companies did not meet the 2025 goal.
Corruption and discrimination	Zero tolerance — every year upright: zero cases of corruption or discrimination.	We did not experience any cases of corruption or discrimination in 2025.

Defining what must matter most to us

Materiality analysis

Double materiality is a central concept in the EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). It encompasses:

- Impact Materiality: How the company's operations impact the environment, people and society
- Financial Materiality: How sustainability issues affect the company's financial performance, either as a risk or an opportunity

A robust Double Materiality Assessment (DMA) is critical to the credibility, relevance and strategic value of any sustainability report and it ensures responsiveness to evolving stakeholder expectations by enhancing transparency and comparability across companies and sectors.

Compared to our previous DMA, we broadened our efforts and conducted a profound DMA process, including topical expertise from within Kafrit Group.

In early 2025, a group of nine experts from across Kafrit Group, together with the Kafrit Group Sustainability Leader, met for a two-day on-site workshop to discuss and complete a list of impacts, risks and opportunities (IROs). As the internal experts represented all the topical standards of the ESRS as well as external stakeholder groups' views and different geographical perspectives, we tried to capture Kafrit Group's business reality in as much depth as possible. This meant considering:

- Our various and globally dispersed production sites
- The complex and mainly (petro-)chemical upstream value chain
- The broad customer base in the plastics processing industry

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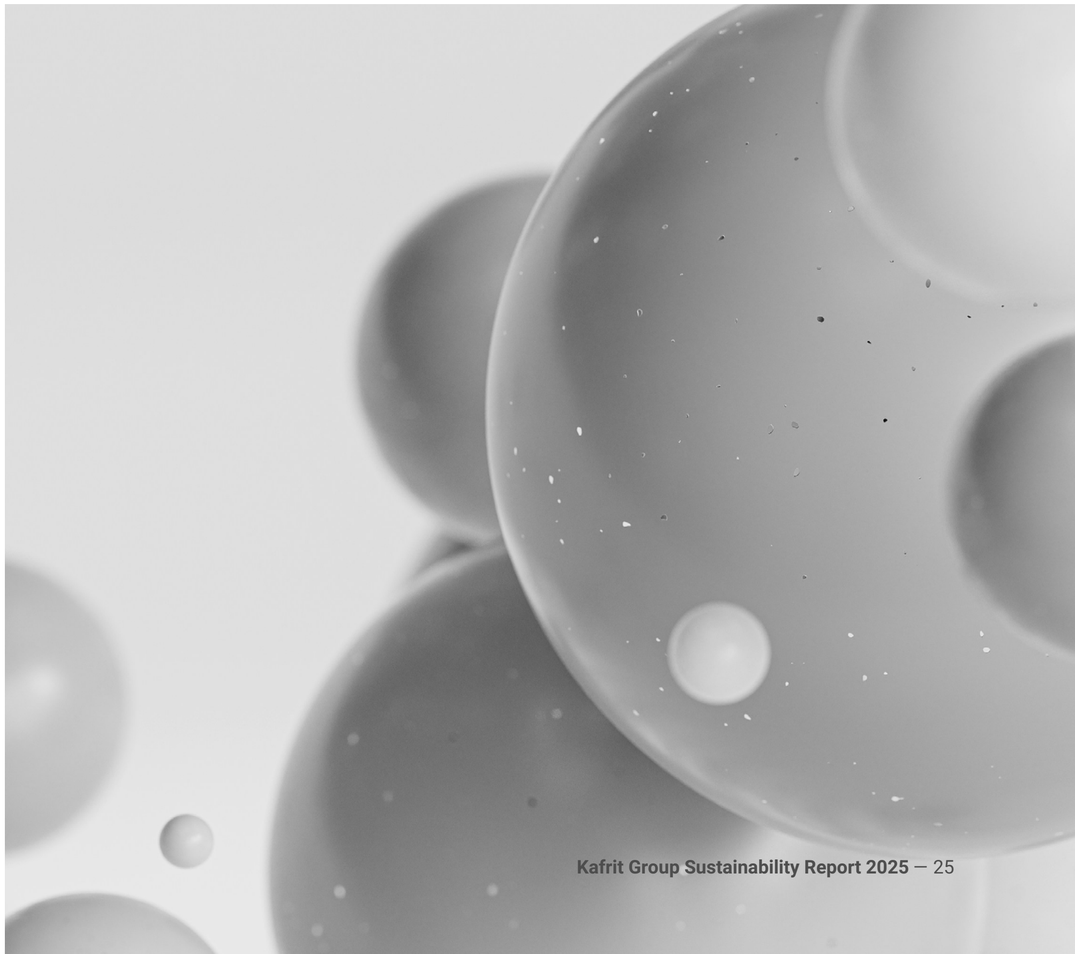

Defining what matters to us most — Materiality analysis

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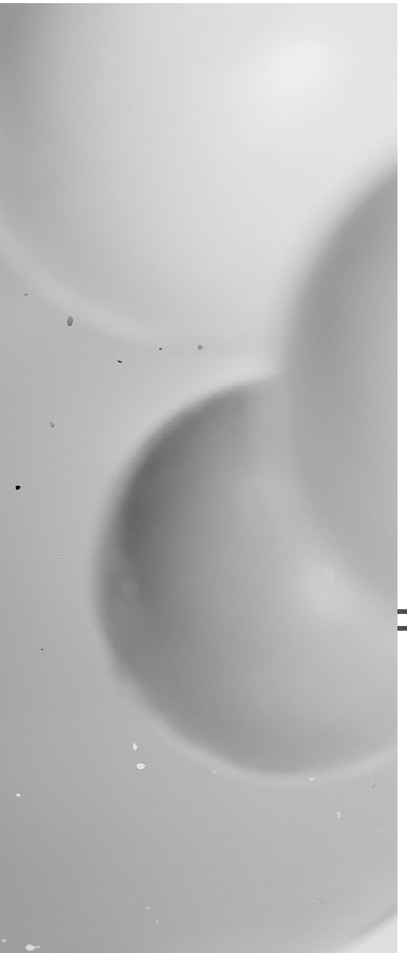


Altogether, 153 IROs were named and could be linked to either upstream, downstream or core value activities.

These IROs were subsequently evaluated in internal debates based on their respective nature (impact, risk or opportunity), by considering scale, scope, irremediability and likelihood for impact materiality, as well as severity and probability for financial materiality. We also paid attention to the applicable time horizon by differentiating between short-term (< 1 year), medium-term (< 5 years) and long-term (> 5 years) effects. Our evaluation was based on expertise, specific scientific releases and general news. The maximum score for impact materiality could be 15, the maximum score for financial materiality could be 5.

In the next step, we defined two threshold values, one for each type of materiality, over which scores and their respective IROs were considered material. These threshold values were 8.2 for impact materiality and 1.6 for financial materiality. Each threshold represented the midpoint within the specific evaluated range. As well as giving us an overview of all material IROs, it also gave us an overview of the material ESRS topical standards.

Eventually, 45 impacts, 7 risks and 6 opportunities were evaluated to be material. Except for ESRS G1 Business Conduct, all ESRS topical standards were represented by these material IROs. However, our DMA also showed that most material IROs were caused by upstream and downstream operations, less so by our core value activities. This is why we have been flexible in responding to some of the data points proposed by ESRS.

All material IROs regarding the ESRS topical standards E1-E5 will be shown at the beginning of the environment chapter of this report, whereas all material IROs concerning ESRS topical standards S1-S4 will be presented at the beginning of the social chapter. We have one company-specific IRO which will be handled together with some of the general disclosure requirements (ESRS 2) in this report's governance chapter.

We believe that both the formulation and evaluation of IROs, the threshold definitions and the final derivation of data points represents Kafrit Group's business activities adequately. However, we will discuss any potential shortcomings in our DMA process or data point choice with our valued stakeholders to improve upon in our next sustainability reports.

The results of our Double Materiality Assessment

Material ESRS topical standards

ESRS E - Environment

- E1 - Climate change
- E2 - Pollution
- E3 - Water and marine resources
- E4 - Biodiversity and ecosystems
- E5 - Resource use and circular economy

ESRS S - Social

- S1 - Own workforce
- S2 - Workers in the value chain
- S3 - Affected communities
- S4 - Consumers and end-users

ESRS G - Governance

- Company specific - Cyber security

Cross-cutting standards: ESRS 2 - General disclosures

Sustainability Report 2025

Advancing environmental performance

- IROs relevant to environment
- Energy and water consumption
- GHG emissions
- Waste and materials
- Pollution
- Biodiversity and ecosystems
- Biodiversity and water risk map

Key environmental issues

IROs relevant to environment

Policy statement

At Kafrit Group, we prioritize sustainable practices to minimize environmental impact. By reducing waste, conserving resources, preventing pollution, and focusing on energy efficiency, GHG management, water conservation and air pollution management, we uphold regulatory compliance and engage all stakeholders in our mission. Through innovation and accountability, we strive for continuous improvement, shaping a cleaner, more sustainable future.

ESRS E1 — Climate change

E1-2 Climate change mitigation

GHG emissions from upstream business operations contribute to climate change

Kafrit Group is supplied with polymers and additives, which are products of (petro-)chemical processes. Total GHG emissions caused by the (petro-)chemical industry account for significant volumes, e.g. 5% of total net GHG emissions in the EU in 2021. On a world-wide basis, the (petro-) chemical industry is associated with approximately 10% of global emissions. These emissions have an actual negative impact by contributing to global warming.

ACTUAL NEGATIVE IMPACT
SHORT TERM
UPSTREAM ON THE VALUE CHAIN

Recovery measures to mitigate climate related damages (e.g. floods, droughts, heat stress, etc.)

Climate change and resulting extreme weather events are likely to increasingly impact on Kafrit Group's operations and may cause financial risks to the production sites and employees. Several extreme weather events in 2025 such as hurricane Helene which hit Tennessee-based Impact Plastics devastatingly underline the growing risk that companies face. Once such an extreme weather event has occurred, there may be substantial costs for recovery.

RISK
MEDIUM TERM
CORE VALUE CHAIN

GHG emissions from downstream business operations contribute to climate change

Masterbatches and compounds are used downstream in applications such as plastic bags, rigid packaging and films. In the US, production of such plastic products accounts for 3% of total US energy consumption. Unfortunately, despite their high embodied energy use, many of these plastic materials still end up in landfills or in the environment (depending on geographies). Both energy usage and non-properly handled waste generates GHG emissions. These emissions have an actual negative impact by contributing to global warming.

ACTUAL NEGATIVE IMPACT
SHORT TERM
DOWNSTREAM ON THE VALUE CHAIN

E1-3 Energy consumption and mix

High energy usage in the (petro-)chemical industry

The (petro-)chemical industry represents the largest contributor to industrial energy demand worldwide. It accounts for about 10% of global total final energy consumption.

ACTUAL NEGATIVE IMPACT
SHORT TERM
UPSTREAM ON THE VALUE CHAIN

High energy usage in the plastics processing industry

The production of plastic products is energy-intensive but to a lower degree than (petro-)chemical activities.

ACTUAL NEGATIVE IMPACT
SHORT TERM
DOWNSTREAM ON THE VALUE CHAIN

ESRS E2 — Pollution

E2-1 Pollution of air

Air pollution during (petro-)chemical manufacturing processes

In addition to greenhouse gases (GHGs), chemical manufacturing may produce air emissions including sulphur dioxides (SOx), nitrogen oxides (NOx) and Hazardous Air Pollutants (HAPs). As with GHGs, these emissions typically stem from fuel combustion and feedstock processing. Relative to other industries, the chemicals industry is a more significant source of some of these emissions. These air pollutions can cause environmental and health hazards.

Air pollution during plastics processing (B2B customers)

In addition to greenhouse gases (GHGs), chemical manufacturing may produce air emissions including sulphur dioxides (SOx), nitrogen oxides (NOx) and Hazardous Air Pollutants (HAPs). As with GHGs, these emissions typically stem from fuel combustion and feedstock processing. Relative to other industries, the chemicals industry is a more significant source of some of these emissions. These air pollutants can cause environmental and health hazards. In addition, pollution of air also needs to be taken into account at plastic products' end-of-life in case they are incinerated or landfilled.

E2-2 Pollution of water

Water pollution during (petro-)chemical manufacturing processes

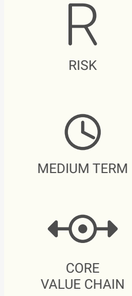
(Petro-)chemical manufacturing is connected to water pollution. Contaminants such as microplastics have been observed in industrial wastewater in the US coming from (petro-)chemical and plastics factories. At the same time, the EPA has recognized (petro-)chemical plants as potential sources of PFAS ("forever chemicals"). Uncontrolled wastewater pollution and a lack of sufficient state and federal enforcement pose real threats to downstream communities.

Water pollution during plastics processing

Plastics manufacturing is connected to water pollution. Contaminants, especially microplastics and used plastics products, have been observed in rivers and oceans around the globe.

Water pollution during plastics processing by PFAS -> potential PFAS ban

(Petro-)chemical manufacturing is connected to water pollution. The EPA has recognized (petro-)chemical plants as potential sources of PFAS ("forever chemicals"). As PFAS is currently under discussion to be banned, there is still a business risk to some of Kafrit Group's products containing PFAS materials. Some of Kafrit Group companies, however, have already discontinued PFAS completely (DELTA KUNSTSTOFFE GER and BADGER COLOR USA).



E2-3 Pollution of soil

Pollution of soil during (petro-)chemical manufacturing processes

Via contamination of harmful chemical substances, arising from (petro-)chemical manufacturing processes, negative impacts on soil can be observed which endanger soil organisms, reduce biodiversity, and finally deteriorate soil quality.

Pollution of soil during plastics processing

Also plastics manufacturing and end-of-life considerations of plastic products are connected to pollution of soil. Contaminants, especially microplastics, powder and liquids, are to be handled with great care.

E2-4 Pollution of living organisms and food resources

Pollution of living organisms and food arising from (petro-)chemical activities

Research has monitored increased contamination of food and living organisms such as seafood by (petro-) chemical products such as additives, pesticides and microplastics.

Pollution of living organisms and food arising from plastics processing activities

Research has monitored increased contamination of food and living organisms such as seafood by (petro-) chemical products such as additives (migrating out of food packaging), pesticides and microplastics. Cases have been recorded in which additives migrated to the surface of food packaging and contaminated food afterwards.

E2-6 Substances of very high concern

Chemical industry produces SVHC

Some substances of the chemical industry are for example SVHC substances (substances of very high concern). These are substances that may have serious and often irreversible effects on human health and the environment. Although SVHC is a term initially connected to the EU REACH legislation, other countries apply similar schemes to assess substances as well (e.g. Toxic Substances Control Act in the US). The ECHA regularly updates the list of SVHCs.

Plastics processing industry processed SVHC

Some SVHCs are processed by plastics processing companies. REACH regulation requires corresponding documentation to monitor health and environmental risks.

E2-7 Microplastics

Microplastics pollution is caused by (petro-)chemical activities

As (petro-)chemical activities are the precursor of any plastics processing product, it is obvious that they, in general, facilitate the occurence of microplastics.

Microplastics as a product of masterbatch and compound production

As per EU regulations 2023/2055, each synthetic polymer microparticle with a size between 0,1 µm and 5 mm is to be considered as a microplastic and needs to be regulated accordingly. This means that Kafrit Group companies operating in Europe are producing microplastics, by this definition, as the masterbatches and compounds are normally not larger than 5 mm. Each contamination, during production, transportation and usage therefore causes pollution with microplastics.

Microplastics contamination during plastics processing activities

While processing polymers, masterbatches and compounds, plastics processing companies need to be aware of the risk to cause pollution with microplastics, especially those based in Europe who need to comply with EU regulations for 2023/2025.

Microplastics contamination at plastics products' end-of-life (end-user perspective)

Plastics products that are not properly collected and utilized at the end of their life, often end up in the environment and slowly degrade into microplastic particles seen from a global perspective.

ESRS E3 — Water and marine resources

E3-1 Water consumption

Significance of water consumption in chemical manufacturing

Used primarily for cooling, steam generation and feedstock processing, water is a critical input in chemicals production. Generally, this negatively impacts on the availability of water as a natural resource. In Europe, the chemical and petroleum refining industries account for 11% of freshwater use.

- ACTUAL NEGATIVE IMPACT
- SHORT TERM
- UPSTREAM ON THE VALUE CHAIN

Significance of water consumption in masterbatch manufacturing

Used primarily for cooling, steam generation and feedstock processing, water is a critical input in masterbatch and compound production. Water scarcity may result in a higher risk of operational disruption for entities with water-intensive operations, and can increase water procurement costs and capital expenditures. There is no production without water.

- RISK
- MEDIUM TERM
- CORE VALUE CHAIN

E3-3 Water discharges

Volume of water discharges in chemical manufacturing

As the chemical industry has a high water consumption, water discharge is also high. This impacts on wastewater volumes that need to be processed afterwards.

- ACTUAL NEGATIVE IMPACT
- SHORT TERM
- UPSTREAM ON THE VALUE CHAIN

E3-4 Water discharges in the oceans

Wastewater discharges into oceans

Especially in the (petro-)chemical upstream value chain, we know that wastewater is sometimes discharged into oceans leading to a substantial negative impact.

- ACTUAL NEGATIVE IMPACT
- SHORT TERM
- UPSTREAM ON THE VALUE CHAIN

E3-5 Extraction and use of marine resources

Potential for algae to be used as a basis for biopolymer production

R&D work is ongoing to finally transfrom algae into well-working polymers with carbon neutral (potentially even carbon negative) characteristics. This could be a promising new technology.

- OPPORTUNITY
- LONG TERM
- CORE VALUE CHAIN

ESRS E4 — Biodiversity and ecosystems (direct impact drivers of biodiversity loss)

E4-1 Climate change

GHG emissions from upstream business operations contribute to climate change, and climate change contributes to biodiversity loss

Kafrit Group is supplied with polymers and additives, which are products of (petro-)chemical processes. Total GHG emissions caused by the (petro-)chemical industry account for significant volumes, e.g. 5% of total net GHG emissions in the EU in 2021. On a world-wide basis, the (petro-) chemical industry is associated with approximately 10% of global emissions. These emissions have an actual negative impact by contributing to global warming/climate change.

GHG emissions from downstream business operations contribute to climate change, and climate change contributes to biodiversity loss

Masterbatches and compounds are used downstream in applications such as plastic bags, rigid packaging, and films. In the US, production of such plastic products accounts for 3% of total energy consumption. Unfortunately, despite their high embodied energy use, many of these plastic materials still end up in landfills or in the environment (depending on geographies). Both energy usage and non-properly handled waste generates GHG emissions. These emissions have an actual negative impact by contributing to global warming/climate change.

E4-3 Direct exploitation

Direct exploitation of biodiversity to gain raw materials

As far as Kafrit Group is concerned, direct exploitation of biodiversity happens upstream for production/ mining of calcium carbonate ($CaCO_3$) and bromine.

E4-4 Invasive alien species

Chemicals and plastics as a primary vector for the spread of alien and invasive species

(Petro-)chemical manufacturing is connected to water pollution. Contaminants such as microplastics have been observed in industrial wastewater in the US coming from (petro-)chemical and plastics factories. Research found that plastics can act as a primary vector, carrying organisms to remote areas, but can also facilitate the secondary spread of alien species between points of invasion.

Plastics as a primary vector for the spread of alien and invasive species

Plastics manufacturing is connected to water pollution. Contaminants, especially microplastics and used plastics products, have been observed in rivers and oceans around the globe. Research found that plastics can act as a primary vector, carrying organisms to remote areas but can also facilitate the secondary spread of alien species between points of invasion.

E4-5 Pollution

Biodiversity losses due to chemical pollution

Chemical pollution involves pollution from direct sources such as industrial accidents or large-scale pollution from the widespread use of synthetic pesticides. Recent scientific findings provide evidence of chemical pollution as a driver of ecosystem losses, as much for terrestrial ecosystems as for aquatic ecosystems.

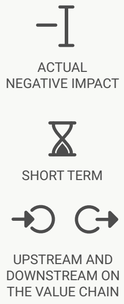
Biodiversity losses due to plastics pollution

Research states that pollution from synthetic chemicals leaches from consumer products such as flame retardants, plasticizers, water and grease repellents and pharmaceuticals.

E4-6 Others

Effects of production on biodiversity (noise, light, transport, etc.)

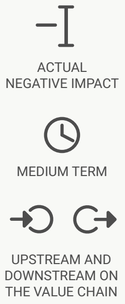
Noise, artificial light, and transportation do negatively impact on biodiversity and ecosystems.



E4-7 Impacts on the state of species

Chemical and plastics industries' impact on a species population size

Research suggests it is likely that due to chemical and plastics pollution as well as ingestion of macro- and microplastics, species and their subpopulations are impacted negatively. Still, research on population-level impacts is in its infancy to link plastic pollution to wildlife and ecosystems conservation.



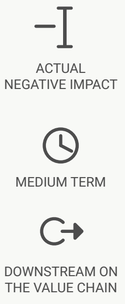
Offering of new masterbatch technologies that help foster species population sizes

Kafrit Group has developed a new masterbatch technology which is "bee-friendly" and helps foster bee populations.

E4-9 Land degradation

Microplastics contribute to land degradation

Especially microplastics, arising from both (petro-)chemical and plastics manufacturing processes, have negative impacts as they endanger soil organisms, reduce biodiversity and finally deteriorate soil quality.



E4-12 Impacts and dependencies on ecosystem services

Kafrit Group's operations depend to a medium degree on ecosystems services

Kafrit Group's operations depend to a medium degree on ecosystem services such as flood control, water supply, storm mitigation, rainfall pattern regulation and soil and sediment retention. A suffering ecosystem, and as a result diminished ecosystem services, pose a certain risk to business operations and their continuity.

ESRS E5 — Resource use and circular economy

E5-1 Resource inflows, including resource use

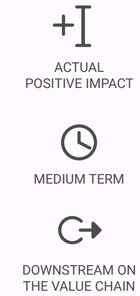
The potential for (petro-)chemical and plastics industries to usher in circular economy resource usage

Plastics manufacturers also have the potential to positively impact on circular economy resource inflows and resource usage. Some have started doing so already, e.g. some of DELTA KUNSTSTOFFE GER's, ABSA RESINS CAN's and BADGER COLOR USA's customers.

E5-2 Resource outflows related to products and services

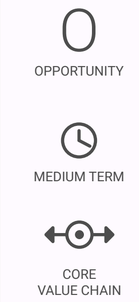
The potential for (petro-)chemical and plastics industries to commercialize circular products

Plastics manufacturers also have the potential to positively impact on (mainly) circular resource outflows and do so already e.g. for PET bottles.



The potential for (petro-)chemical and plastics industries to commercialize circular products

Fully circular masterbatches and compounds are not yet available, however Kafrit Group already offers technologies promoting recyclability and thereby circular business activities (e.g. BOPE, Crossitol) and products partially being based on recyclates (BADGER COLOR USA). Currently, experiments are being conducted with different qualities of recycled polymers as well as with renewable feedstock raw materials (e.g. lignin-based). Also, Kafrit Group collaborates with industry partners to foster circular economy activities. All of this builds a potential business opportunity for circular masterbatches and compounds, as also revealed by Kafrit Group's 2025 customer survey on sustainability.



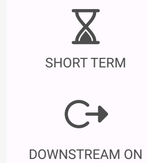
E5-3 Waste

Waste generation by (petro-)chemical and plastics processing activities

The generation of both hazardous and non-hazardous waste in the chemical industry increased by 21% between 2012 and 2018, with a drop between 2018 and 2020 most likely due to the COVID-19 pandemic. The amount of generated waste is marginally decoupling from the total gross value added by the chemical industry during this period, again most likely temporarily due to the COVID-19 pandemic.
The share of total generated waste categorised as hazardous remained stable at about 50% (5.8 million tonnes per year) between 2012 and 2020.

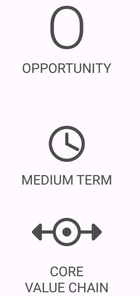
Waste generation by (petro-)chemical and plastics processing activities

The production of plastics products generates hazardous and non-hazardous waste. The waste caused by improper waste handling is not considered here but has already been considered in the pollution part of this report.



Cost savings through general waste reduction

By reducing waste volumes in general, Kafrit Group will be facing a financial opportunity as less money will need to be spent on waste disposal.



Valuing our resources

Energy and water consumption

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

Energy and water consumption remain critical parameters for understanding an organization's commitment to sustainable and responsible resource use.

Their importance lies not only in their direct impact on operating costs, but also in their broader environmental implications. As a group of manufacturing companies in the plastics processing industry, we rely heavily on both resources for our production processes.

Electricity powers our extrusion lines and molding machines, while water plays an essential role in cooling, as well as in drinking and sanitary use at our factories and offices. Consequently, both energy and water continue to be identified as material topics.

We are aware of our responsibility in this area. All group companies therefore continuously review their production processes and consumption patterns to identify opportunities for improvement.

While a group-wide energy and water policy and specific water-related targets are still under development, ISO standards such as ISO 14001 and ISO 50001 — already implemented in several companies and planned for further rollout — support us in strengthening our resource management practices.

Building on our long-standing conservation mindset, our ambition remains to establish quantifiable targets to formalize our efforts in the medium term.

In 2025, total energy consumption increased by 6% to 65,431 MWh compared to the previous year. This development reflects continued growth in operational activity across the group, namely the acquisition of FINKE COLORS GER as well as significant volume growth in CONSTAB CN. At the same time, the share of fossil energy sources decreased slightly, accounting for 50.3%% of total consumption (2024: 52.7%). Consumption from fossil-based purchased electricity, heat, steam, and cooling declined by 5.7%, indicating progress in reducing reliance on carbon-intensive energy sources.

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Valuing our resources — Energy and water consumption

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In parallel, renewable energy consumption, driven by additional volumes in CONSTAB CN, increased by 11.2%, reaching 32,517 MWh and representing 49.7% of total energy consumption. This positive development reflects continued efforts across the group to transition toward lower-emission energy sources.

Despite these improvements, energy intensity increased by 13% to 0.051 kWh/ILS, mainly influenced by the acquisition of FINKE COLORS GER and by changes in revenue.

Energy consumption

in MWh	2024	2025	'25 vs. '24
Total energy consumption	**61,755**	**65,431**	**6.0%**
Total energy consumption from fossil sources	**32,521**	**32,914**	**1.2%**
Fuel consumption from coal and coal products	0	0	
Fuel consumption from crude oil and petroleum products	904	1,309	44.8%
Fuel consumption from natural gas	3,872	5,426	40.1%
Fuel consumption from other fossil sources	0	3	
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	27,745	26,176	-5.7%
Percentage of fossil sources in total energy consumption	52.7%	50.3%	-4.5%
Total energy consumption from renewable sources	**29,234**	**32,517**	**11.2%**
Fuel consumption from renewable sources	0	0	
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	29,234	32,517	11.2%
Consumption of self-generated non-fuel renewable energy	0	0	
Percentage of renewable sources in total energy consumption	47.3%	49.7%	5%

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Valuing our resources — Energy and water consumption

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In 2025, total water withdrawal increased by 8.9% to 99,850 m³ compared to the previous year. At the same time, water intensity rose by 16.1% to 0.077 l/ILS, driven by higher operational activity (volume growth in CONSTAB CN, FINKE COLORS GER acquisition), the already mentioned decline in net revenue as well as both operational changes and a significant increase in staff at DELTA KUNSTSTOFFE GER.

The above stated figures underline the ongoing need to further decouple energy and water consumption from economic performance through efficiency measures and targeted investments.

Energy consumption

Category	2023	2024	2025	'24 vs. '23	'25 vs. '24
Total energy consumption related to Kafrit Group operations [MWh]	49,236	61,755	65,431	25.4%	6.0%
Net revenue in M-ILS	1,123	1,378	1,293	22.7%	-6.2%
Energy intensity kWh/ILS	0.044	0.045	0.051	2.2%	13.0%

Water withdrawal

Category	2023	2024	2025	'24 vs. '23	'25 vs. '24
Total water withdrawal [m³]	72,114	91,717	99,850	27.2%	8.9%
Net revenue in M-ILS	1,123	1,378	1,293	22.7%	-6.2%
Water intensity l/ILS	0.064	0.067	0.077	3.6%	16.1%

Our goal

In all that we do, we always consider our size and the resources we have. As both energy intensity and water intensity increased, this will force us to strengthen our efforts. **That said, Kafrit Group has already made a remarkable step forward toward our renewable energy goal – that more than 50% of the energy consumed by all companies across the group will be renewable by 2030.**

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Valuing our resources — Energy and water consumption

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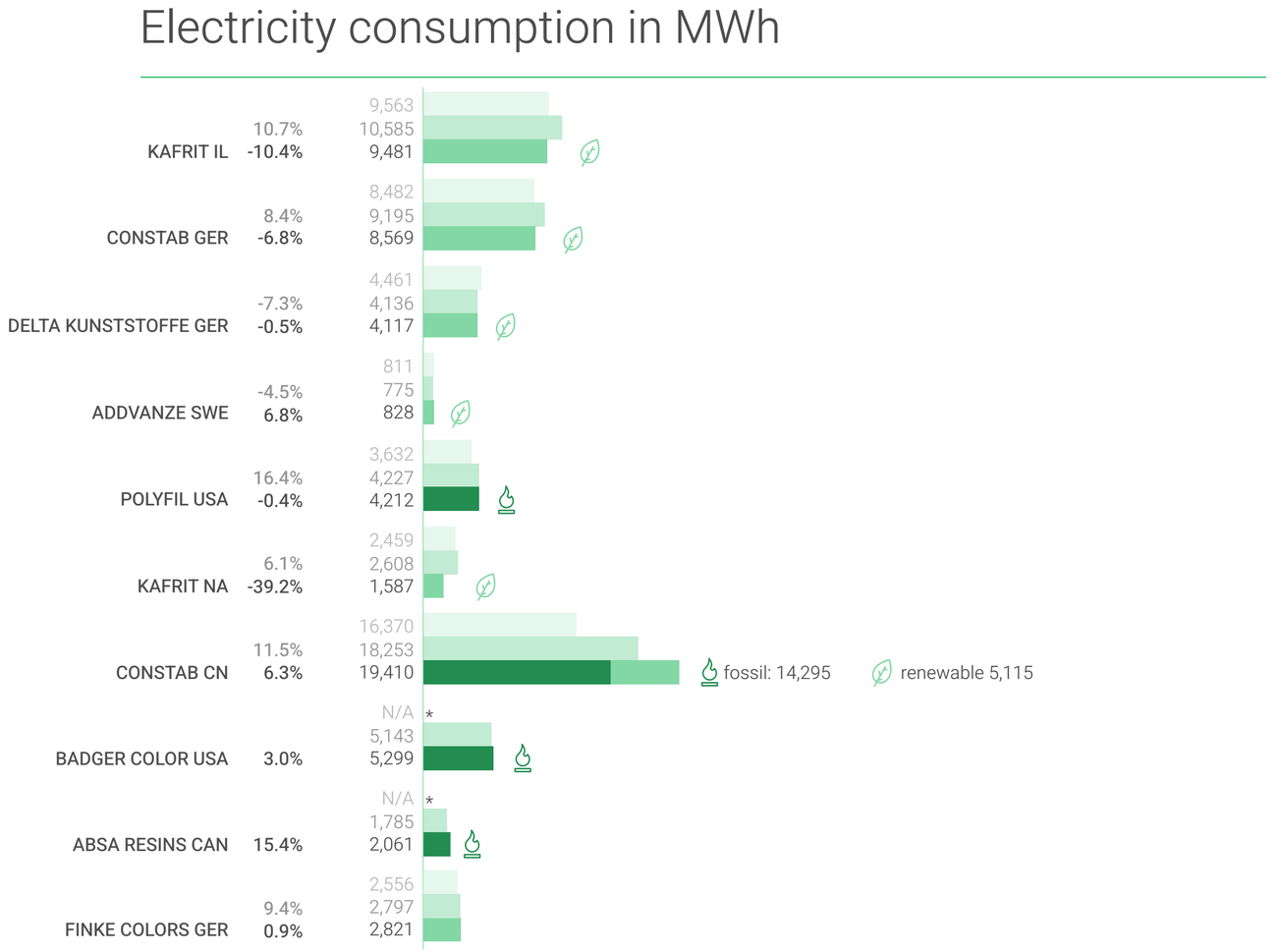
Reviewing electricity consumption and water withdrawal at a company level

We prioritize transparency, which is why we also publish company-specific electricity and water consumption data.

Increased electricity consumption at ADDVANZE SWE, CONSTAB CN, and ABSA RESINS CAN can be explained by relevant increases in production volumes.



* before acquisition, no data

Valuing our resources — energy and water consumption

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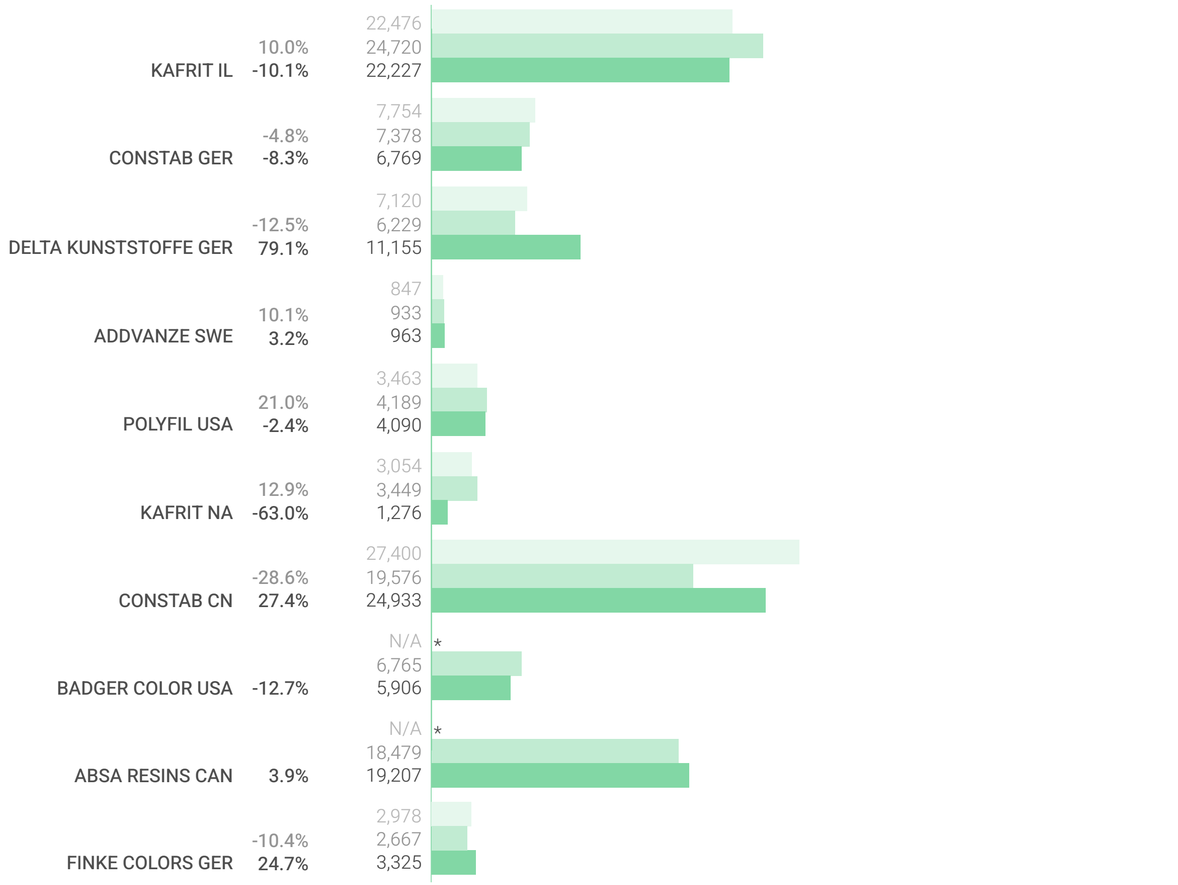
Reviewing electricity consumption and water withdrawal at a company level

The increase in water consumption in DELTA KUNSTSTOFFE GER results from operational changes which required more water withdrawal from the local provider instead of using an on-site cistern. Staffing also increased by approximately 26%, which resulted in 1,000 m³ additional water consumption. However, plans are already being discussed to improve operational efficiency in the short term.

The rise in CONSTAB CN can be explained by the increase in production (mentioned above). At the same time, a significant consumption reduction could be realized in KAFRIT NA due to efficiency gains and reduced production volumes.

Water withdrawal in m³



* before acquisition, no data

Assessing our environmental impact

GHG emissions

Working to reduce our environmental footprint

As in previous reports, we place particular emphasis on the critical issue of greenhouse gas (GHG) emissions, which represent a significant driver of global climate change. Mitigating these emissions is regarded not only as a corporate responsibility but also as a defining characteristic of global companies in the modern era. This became particularly important after the 2015 Paris Agreement and the establishment of the United Nations Sustainable Development Goals (UN SDGs), with a primary focus on SDG 13: Climate Action.

We view the reduction of GHG emissions as both an opportunity to demonstrate responsible corporate behavior and an indicator of strategic foresight. The effective implementation of emission reduction measures reflects an organization's preparedness to adapt to a future business environment increasingly shaped by climate-related regulations, standards, and stakeholder expectations. By prioritizing emission reductions, companies can make a meaningful contribution to mitigating global warming, thereby supporting the preservation of the planet while safeguarding their own long-term sustainability. This remains a complex and significant task, encompassing both environmental stewardship and the future resilience of the company.

At the same time, it is recognized that emissions constitute a key factor in determining ESG performance. The energy-intensive nature of Kafrit Group's operations inherently results in environmental impacts. In response, dedicated, company-specific sustainability roadmaps have been implemented across all Kafrit Group entities to enable a gradual reduction of emissions. By acknowledging both direct operational impacts and those arising along the upstream and downstream value chain, a foundation for transformation is established. This approach provides a platform for shaping a more sustainable and responsible business model.

Furthermore, systematic risk assessment supports the development of organizational resilience, ensuring long-term business continuity while minimizing environmental impact. Kafrit Group's double materiality assessment has further reinforced the importance of addressing GHG emissions as a priority area.

We actively involve our stakeholders in the transition toward more sustainable operations. We encourage readers of this report to engage in dialogue and share feedback or questions related to the findings presented.

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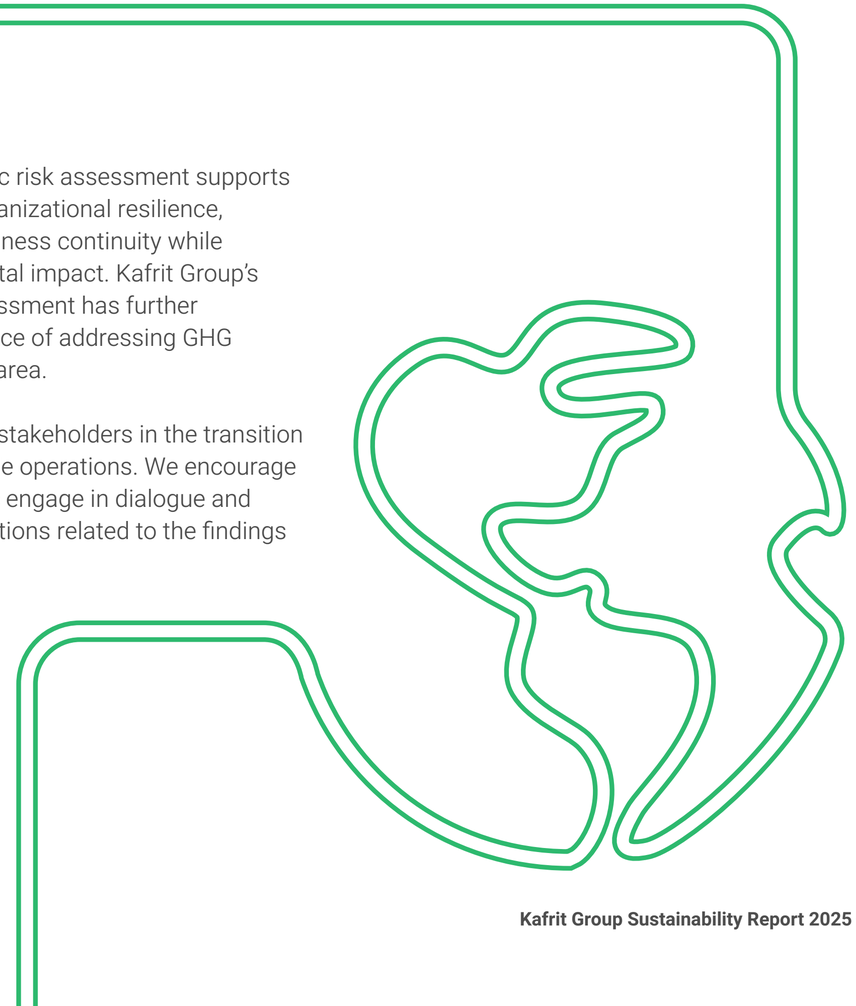

Assessing our environmental impact — GHG emissions

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Consolidating GHG emissions at a Kafrit Group level

When calculating our corporate carbon footprint (CCF), we follow the Greenhouse Gas Protocol which sets the standards for measuring and managing emissions, and is the world's most widely used GHG accounting scheme. As Kafrit Group we have executed the CCF calculation four times in a row, using 2022 as our GHG emissions base year. While we used the services of a third-party sustainability consulting firm to calculate 2022 emissions, Kafrit Group started using external carbon accounting software solutions in 2023. Since the beginning of 2025, the Berlin-based company Cozero has been our trusted partner to accurately calculate our carbon emissions.

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GHG methodology

All GHG calculations include the seven Kyoto Protocol gases - CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.

Also, all carbon calculations were carried out using the following emission factor sources: ADEME, AIB, BAFA, CAEP, CEDA, CO_2 Emissiefactoren, Cornell Hotel Sustainability Benchmarking study, DEFRA, EPA, EXIOBASE, Ecoinvent, GEMIS 5.0 Database, GHG Protocol, GLEC, IEA, OEKOBAUDAT, ProBas, specific research studies and the World Bank. Non-CO_2 gases were converted to CO_2e using IPCC 100-year Global Warming Potentials (GWPs) from either the IPCC Fifth Assessment Report (AR5) or the IPCC Sixth Assessment Report (AR6).

Kafrit Group's GHG emissions inventory has been consolidated using the operational control approach.

Consolidated Kafrit Group CCF

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1*	935	1,097	1,498	17.4%	36.5%
SCOPE 2 (market-based)	15,240	12,911	11,814	-15.3%	-8.5%
SCOPE 2 (location-based)	23,359	24,000	23,725	2.7%	-1.1%
SCOPE 3	7,655	11,184	12,341	46.1%	10.3%
Total emissions (market-based)	**23,830**	**25,192**	**25,653**	**5.7%**	**1.8%**
Total emissions (location-based)	**31,949**	**36,281**	**37,564**	**13.6%**	**3.5%**

SCOPE 3 emission breakdown

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
Category 1 - Purchased goods and services**	110	680	832	520.8%	22.4%
Category 2 - Capital goods	2,134	4,422	5,111	107.3%	15.6%
Category 3 - Fuel and other energy related activities	3,524	3,533	3,529	0.3%	-0.1%
Category 4 - Upstream transportation***	22	9	18	-59.1%	99.6%
Category 5 - Waste in operations	983	777	873	-21.0%	12.4%
Category 6 - Business travel (incl. hotel accommodation)	279	507	512	81.6%	1.0%
Category 7 - Employee commuting (incl. remote work)	604	1,198	1,465	98.3%	22.4%
Category 8 - Upstream leased assets	0	59	0	n/a	-100.0%
Total	**7,655**	**11,184**	**12,341**	**46.1%**	**10.3%**

*The company recorded 5.65 mt CO_2e of biogenic CO_2 emissions during the reporting period. In line with GRI 305-1, biogenic CO_2 emissions are disclosed separately and not included in the SCOPE 1 emissions total presented in this report.

Not including raw materials bought. * Only including exchange logistics between production sites and external warehouses.

Assessing our environmental impact — GHG emissions

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Compared with 2023 and 2024, 2025 shows higher SCOPE 1 and SCOPE 3 emissions, further reductions in SCOPE 2, and slightly increased total emissions, indicating mixed progress overall this year. However, excluding the FINKE COLORS GER acquisition, 2025 would have been 742 mt CO_2e (market-based) or 1,607 mt CO_2e (location-based) lower and therefore better than 2024.

At the same time, our GHG intensity increased from both a market-based and a location-based perspective. As with the energy and water intensity ratios presented earlier, this development was influenced by 6.2% revenue decrease compared to the previous year.

We see that the decrease in market-based SCOPE 2 CO_2e is due to an increase in the purchase of renewable electricity certificates, particularly in Europe and CONSTAB CN.

All in all, compared to the 2022 baseline (14,254 mt CO_2e), 2025 performance shows limited progress, with a 6.6% reduction overall. Without acquisitions, reductions would have improved to 25.2%. This indicates that our group's portfolio has a significant impact on our reduction target. However, a substantial improvement is still evident among the baseline-year companies.

Our goal

When exploring these GHG figures, it is crucial to note the importance of these indicators to our stakeholder engagement strategy. While these numbers signify our environmental impact, they also reflect our ongoing commitment to transparency, accountability and continuous progress in our environmental performance. To strengthen our ambitions in emission reduction, Kafrit Group strives for a 50% reduction in S**COPE 1 and SCOPE 2 market-based emissions by 2030 across all companies compared to the base year 2022.**

GHG intensity

Category	2023	2024	2025	'24 vs. '23	'25 vs. '24
Total emissions mt CO_2e (market-based)	23,830	25,192	25,653	5.7%	1.8%
Total emissions mt CO_2e (location-based)	31,949	36,281	37,564	13.6%	3.5%
Net revenue in M-ILS	1,123	1,378	1,293	22.7%	-6.2%
GHG intensity mt CO_2e/ILS (market-based)	0.021	0.018	0.020	-13.9%	8.6%
GHG intensity mt CO_2e/ILS (location-based)	0.028	0.026	0.029	-7.5%	10.4%

Emission reduction goal*

2022 mt CO_2e*	2025 (all) mt CO_2e	%	2025 (without acquisition**) mt CO_2e	%	2025 (without acquisitions***) mt CO_2e	%
14,254	13,311	-6.6%	13,046	-8.5%	10,658	-25.2%

*2022 = 920 mt CO_2e (SCOPE 1) + 13,334 mt CO_2e (SCOPE 2)
**FINKE COLORS GER = 265.57 mt CO_2e
***FINKE COLORS GER + ABSA RESINS CAN + BADGER COLOR USA = 2,653.11mt CO_2e

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Assessing our environmental impact — GHG emissions

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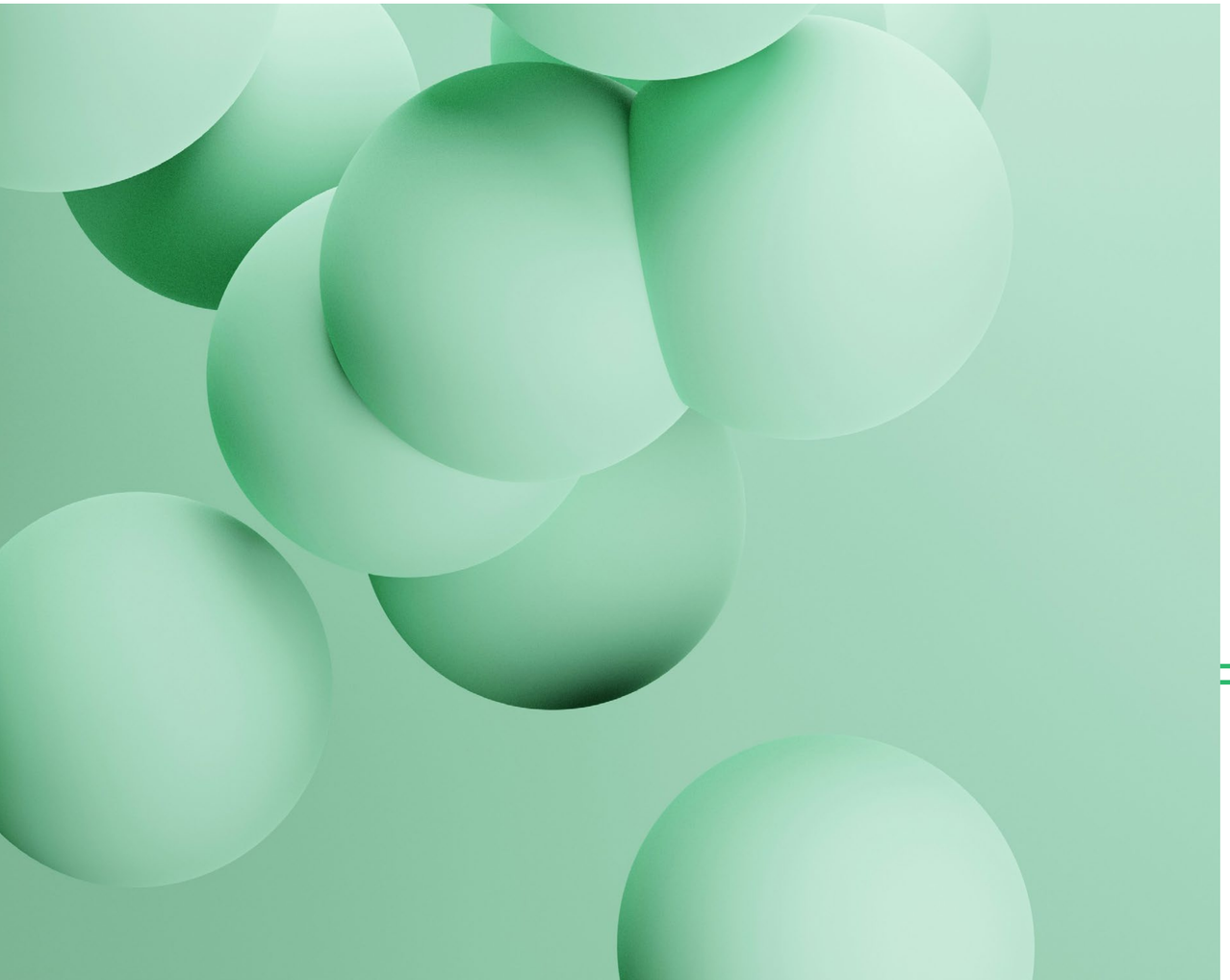

Reviewing CCFs at a company level

Since we take transparency and accountability seriously, we continue publishing each assessed company's CCF individually.

The analysis of the past years shows a mixed development across entities. Strong improvements are visible where green electricity was implemented at large scale, lowering SCOPE 2 emissions almost completely (KAFRIT IL, CONSTAB GER, DELTA KUNSTSTOFFE GER, ADDVANZE SWE, KAFRIT NA). CONSTAB CN remains the largest contributor but has seen improvement in emissions while significantly increasing the production volume after moving to the new facility.

Here, the ongoing extension of renewable electricity consumption remains an important lever for the entire group.

Recently integrated entities, such as ABSA RESINS CAN, BADGER COLOR USA, FINKE COLORS GER, have contributed additional emissions, highlighting portfolio-driven increases alongside operational progress.

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13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts

Assessing our environmental impact — GHG emissions

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Reviewing CCFs at a company level

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KAFRIT HQ

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	5	5	5	0.8%	1.8%
SCOPE 2 (market)*	0	2	4	n/a	101.8%
SCOPE 2 (location)**	0	2	4	n/a	101.8%
SCOPE 3	149	148	106	-0.9%	-28.0%
Total (market)*	154	155	116	0.6%	-25.2%
Total (location)**	154	155	116	0.6%	-25.2%

KAFRIT IL

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	211	112	178	-46.8%	58.3%
SCOPE 2 (market)*	3,280	7	5	-99.8%	-23.7%
SCOPE 2 (location)**	4,496	4,635	3,784	3.1%	-18.4%
SCOPE 3	2,527	3,541	4,458	40.1%	25.9%
Total (market)*	6,018	3,659	4,641	-39.2%	26.8%
Total (location)**	7,234	8,288	8,420	14.6%	1.6%

CONSTAB GER

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	273	279	319	2.1%	14.3%
SCOPE 2 (market)*	39	17	2	-56.9%	-89.7%
SCOPE 2 (location)**	3,252	3,230	2,635	-0.7%	-18.4%
SCOPE 3	1,203	1,138	1,113	-5.4%	-2.2%
Total (market)*	1,516	1,434	1,434	-5.4%	0.0%
Total (location)**	4,729	4,647	4,067	-1.7%	-12.5%

DELTA KUNSTSTOFFE GER

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	191	155	41	-18.6%	-73.8%
SCOPE 2 (market)*	959	0	3	-100.0%	N/D
SCOPE 2 (location)**	1,711	1,453	1,267	-15.0%	-12.8%
SCOPE 3	801	430	403	-46.4%	-6.2%
Total (market)*	1,951	585	447	-70.0%	-23.7%
Total (location)**	2,703	2,038	1,710	-24.6%	-16.1%

ADDVANZE SWE

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	22	5	7	-77.0%	33.9%
SCOPE 2 (market)*	90	9	11	-90.0%	19.0%
SCOPE 2 (location)**	22	19	30	-14.5%	59.8%
SCOPE 3	117	98	126	-15.8%	27.7%
Total (market)*	229	112	143	-50.8%	27.3%
Total (location)**	161	122	162	-24.1%	32.8%

POLYFIL USA

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	120	39	24	-67.2%	-39.3%
SCOPE 2 (market)*	1,514	1,494	1,431	-1.3%	-4.3%
SCOPE 2 (location)**	1,114	1,531	1,431	37.5%	-6.5%
SCOPE 3	610	704	691	15.5%	-1.8%
Total (market)*	2,244	2,238	2,146	-0.3%	-4.1%
Total (location)**	1,843	2,274	2,146	23.4%	-5.6%

*market-based
**location-based

Assessing our environmental impact — GHG emissions

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Reviewing CCFs at a company level

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KAFRIT NA

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	79	82	107	4.6%	30.0%
SCOPE 2 (market)*	27	26	16	-4.4%	-39.2%
SCOPE 2 (location)**	34	301	201	774.1%	-33.2%
SCOPE 3	339	201	231	-40.6%	14.7%
Total (market)*	445	310	354	-30.4%	14.3%
Total (location)**	452	584	539	29.3%	-7.8%

CONSTAB CN

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	34	38	41	11.6%	8.9%
SCOPE 2 (market)*	9,331	9,650	8,466	3.4%	-12.3%
SCOPE 2 (location)**	12,731	10,809	11,495	-15.1%	6.3%
SCOPE 3	1,909	3,194	2,453	67.3%	-23.2%
Total (market)*	11,274	12,881	10,959	14.3%	-14.9%
Total (location)**	14,674	14,041	13,988	-4.3%	-0.4%

BADGER COLOR USA

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	n/a	317	434	n/a	36.9%
SCOPE 2 (market)*	n/a	1,652	1,812	n/a	9.6%
SCOPE 2 (location)**	n/a	1,814	1,750	n/a	-3.5%
SCOPE 3	n/a	1,609	2,109	n/a	31.1%
Total (market)*	n/a	3,578	4,354	n/a	21.7%
Total (location)**	n/a	3,739	4,293	n/a	14.8%

ABSA RESINS CAN

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	n/a	64	80	n/a	25.4%
SCOPE 2 (market)*	n/a	54	62	n/a	15.4%
SCOPE 2 (location)**	n/a	206	261	n/a	26.7%
SCOPE 3	n/a	122	176	n/a	43.5%
Total (market)*	n/a	240	318	n/a	32.4%
Total (location)**	n/a	392	517	n/a	31.7%

FINKE COLORS GER

Category	2023 mt CO_2e	2024 mt CO_2e	2025 mt CO_2e	'24 vs. '23	'25 vs. '24
SCOPE 1	n/a	n/a	262	n/a	n/a
SCOPE 2 (market)*	n/a	n/a	3	n/a	n/a
SCOPE 2 (location)**	n/a	n/a	869	n/a	n/a
SCOPE 3	n/a	n/a	476	n/a	n/a
Total (market)*	n/a	n/a	742	n/a	n/a
Total (location)**	n/a	n/a	1,607	n/a	n/a

*market-based
**location-based

Assessing our environmental impact — GHG emissions

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Reviewing CCFs at a regional level

CCFs at a regional level

Category	Asia mt CO_2e	Israel mt CO_2e	Europe mt CO_2e	North America mt CO_2e
SCOPE 1	41	183	629	645
SCOPE 2 (market)*	8,466	9	19	3,320
SCOPE 2 (location)**	11,495	3,788	4,800	3,642
SCOPE 3	2,453	4,564	2,118	3,207
Total (market)*	10,959	4,757	2,765	7,171
Total (location)**	13,988	8,536	7,547	7,494

*market-based
**location-based

Fostering circular business practices

Waste and materials

We acknowledge and welcome the ongoing transformation of the plastics industry towards circular economy principles. Increasingly, companies are moving beyond the traditional linear “take-make-dispose” model and are embedding “reduce-reuse-recycle” strategies into their operations. This shift enhances resource efficiency, minimizes waste generation, and supports the creation of additional value from existing materials.

In line with these developments and to strengthen our corporate responsibility, Kafrit Group continues to actively engage across the value chain to promote circular thinking and collaboration. Our new Alliance to End Plastic Waste membership supports our ambition in this regard. At the same time, we further improve transparency in waste data collection and reporting. Waste accounting continues to follow local regulatory requirements and definitions, particularly regarding hazardous waste classification.

ALLIANCE TO END PLASTIC WASTE

The Alliance to End Plastic Waste (AEPW) is a global non-profit organization, headquartered in Singapore. It has the clear purpose to end plastic waste entering the environment and to create circular systems that keep materials and products in use for as long as possible. To do so, the AEPW engages with all stakeholders and brings together technology, ecosystem access, business model advisory, project implementation, deep industry insights, and scalable capital.

For 2025, we report a total waste volume of 3,999 mt, generated across our masterbatch and compound manufacturing operations. Waste streams mainly comprise lumps and material losses from extrusion processes, as well as raw material packaging, wooden pallets, paper, and municipal waste. As our products are polymer-based intermediate materials, reparability is not applicable. Compared to previous years, total waste volumes increased further, primarily reflecting continued business growth and production expansion.

At the same time, we stabilized waste recovery: 2,067 mt of waste was diverted from disposal through recycling and minor composting activities. This corresponds to a recycling rate of 51.7%, reflecting an almost identical level compared to 2024 and underlining our efforts to enhance circular material flows. Nevertheless, 1,931 mt of waste was directed to disposal, including 516 mt incinerated and 1,041 mt landfilled. Landfilling remains a structural challenge in certain regions, particularly in North America and parts of Asia, where access to alternative waste treatment infrastructure is limited. Addressing these constraints remains a key priority going forward.

Regarding hazardous waste, a total of 375 mt was generated in 2025. This waste is largely linked to specific product applications in the BOPP segment and corresponding regulatory classifications. The full volume of hazardous waste was incinerated in accordance with applicable regulations. Non-hazardous waste amounted to 3,624 mt, of which 2,067 mt were successfully diverted from disposal and 1,557 mt remained directed to disposal. No radioactive waste was reported for 2025.

While progress has been achieved in improving recycling rates and transparency, we recognize that further efforts are required across all regions to reduce absolute waste volumes, increase diversion from disposal, and strengthen the use of waste as a secondary resource input wherever feasible.

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Fostering circular business practices — Waste and materials

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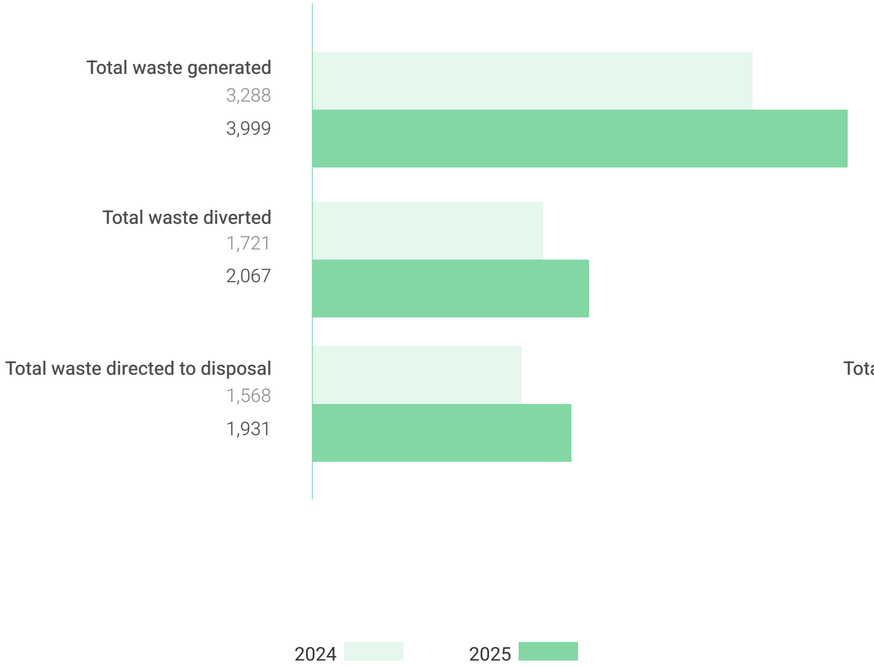
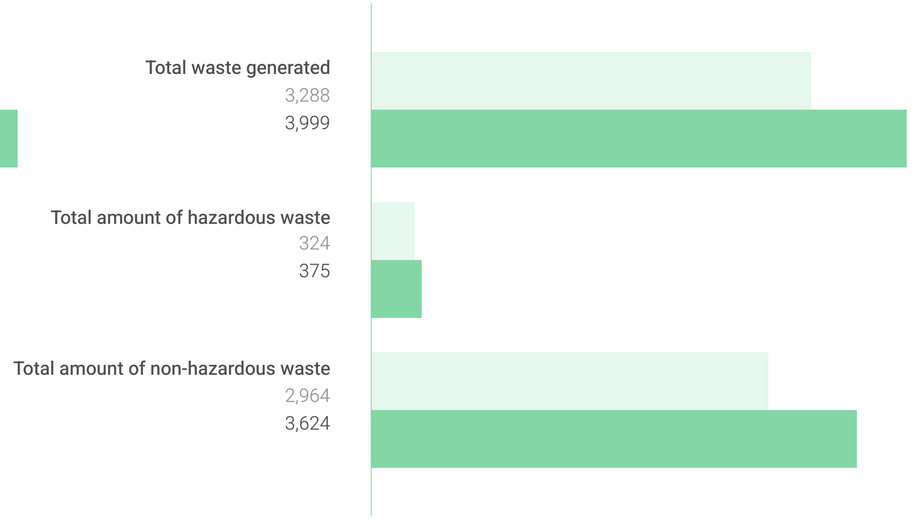
Waste generation in mt



Hazardous and non-hazardous waste in mt



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Fostering circular business practices — Waste and materials

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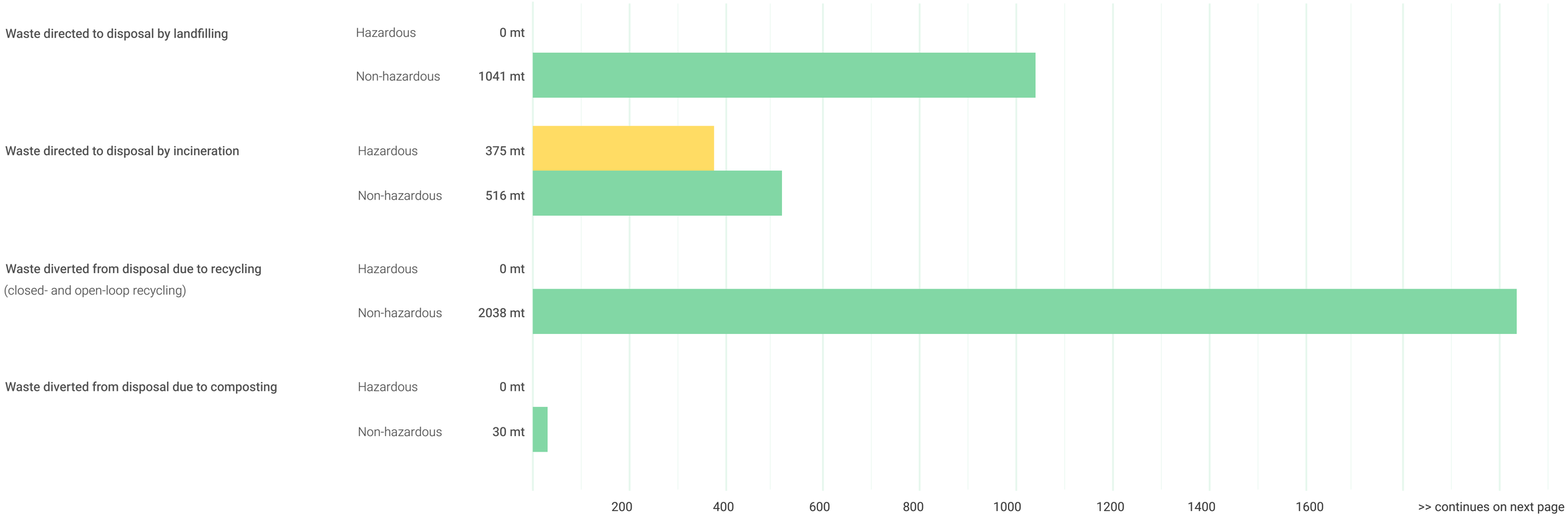
Detailed hazardous and non-hazardous waste overviews



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Fostering circular business practices — Waste and materials

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Reviewing waste at a company level

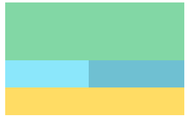
KAFRIT IL
Total: 664 mt
Diverted: 401 mt
Disposal: 263 mt
Non-hazardous: 664 mt
Hazardous: 0.14 mt

KAFRIT NA
Total: 58 mt
Diverted: 25 mt
Disposal: 33 mt
Non-hazardous: 58 mt
Hazardous: 0.2 mt

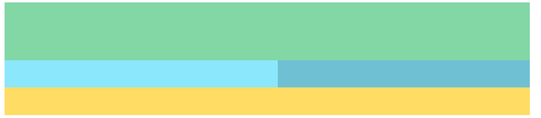
CONSTAB GER
Total: 245 mt
Diverted: 165 mt
Disposal: 81 mt
Non-hazardous: 180 mt
Hazardous: 65.03 mt

CONSTAB CN
Total: 882 mt
Diverted: 483 mt
Disposal: 399 mt
Non-hazardous: 575 mt
Hazardous: 306.176 mt

DELTA KUNSTSTOFFE GER
Total: 267 mt
Diverted: 125 mt
Disposal: 142 mt
Non-hazardous: 267 mt
Hazardous: 0.16 mt



BADGER COLOR USA
Total: 783 mt
Diverted: 407 mt
Disposal: 376 mt
Non-hazardous: 783 mt
Hazardous: 0 mt

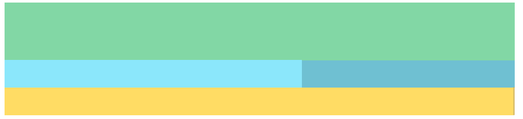


ADDVANZE SWE
Total: 110 mt
Diverted: 15 mt
Disposal: 95 mt
Non-hazardous: 110 mt
Hazardous: 0 mt

ABSA RESINS CAN
Total: 61 mt
Diverted: 2 mt
Disposal: 59 mt
Non-hazardous: 59 mt
Hazardous: 1.26 mt

POLYFIL USA
Total: 168 mt
Diverted: 0 mt
Disposal: 168 mt
Non-hazardous: 168 mt
Hazardous: 0.0 mt

FINKE COLORS GER
Total: 760 mt
Diverted: 443 mt
Disposal: 317 mt
Non-hazardous: 759 mt
Hazardous: 1.78 mt



Fostering circular business practices — Waste and materials

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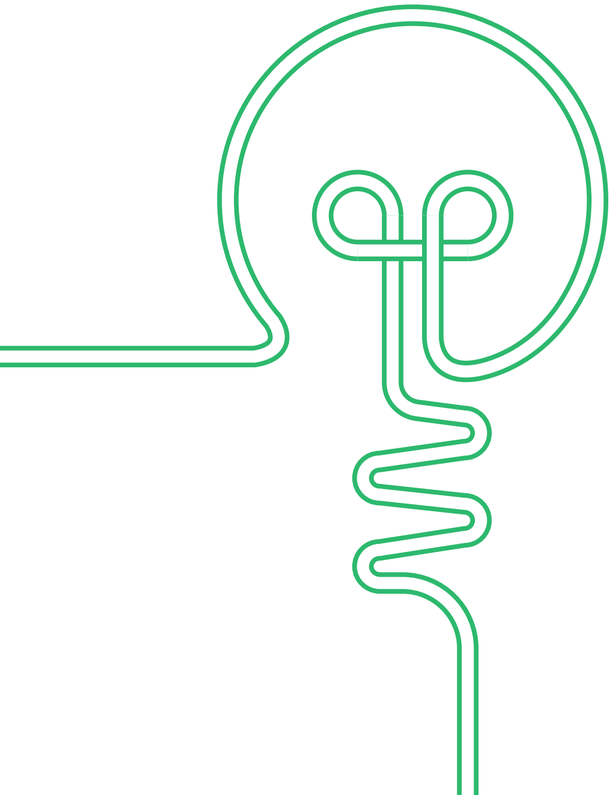
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Resource use and circular materials

Still, most of our material resource inflows result from fossil-based petrochemical processes. However, it is Kafrit Group's ambition to increase the volume of recycled and renewable input materials. Collaborations with start-ups, established value chain partners and research institutes drive our innovation efforts. One prominent project we continue to engage in via CONSTAB GER is the LOOPCYCLING consortium. Led by the IKV at RWTH Aachen University, Germany, it aims to achieve a new quality of mechanically recycled polymer, suitable for sensitive applications. This project will conclude by the end of 2026.

In addition, our R&D teams around the globe actively explore suitable raw material sources and discuss potential applications with our customers. This is because we strongly believe that the incorporation of circular business practices is a joint task for our stakeholders and us. Pricing, quality and availability of recycled and renewable input materials are integral success factors, and these parameters cannot be neglected when building more circular flows of material.

Thus, we incorporate recycled input materials in our products based on product specifications, customer demand, and specific applications. We experience yearly changes in recycled input materials due to changes in customer requirements and related production volumes. As such, changes in the group's reported recycled input volumes should be viewed in the context of production mix, customer demand, and process efficiency, rather than as a standalone indication of recycling performance.

When considering circular materials at a company level, ABSA RESINS CAN reported the highest share, processing 45.2% of recycled products and materials during the reporting period. DELTA KUNSTSTOFFE GER also remained a key entity processing circular materials within Kafrit Group. The portion of recycled input materials amounted to 7.0% of all raw materials used in 2025. Specifically for DELTA KUNSTSTOFFE GER, recycled input materials were used in selected applications which vary according to customer demand.

In addition, BADGER COLOR USA used 4.2% of secondary materials, primarily consisting of post-consumer recycled (PCR) resins. ADDVANZE SWE processed 2.2%. Further contributions include KAFRIT IL accounting for 0.2% while only minor volumes were processed by FINKE COLORS GER (0.03%) and CONSTAB GER (0.002%). No recycled materials were used at CONSTAB CN, KAFRIT NA, and POLYFIL USA during the reporting period. In total, 3.08%* of Kafrit Group's input materials in 2025 were recycled raw materials.

For certain entities such as KAFRIT NA, the use of circular materials remains constrained due to product requirements for drinking water contact-safe applications, which impose strict regulatory limitations.

Typically, none of the products in our finished-goods portfolio are intended to be reclaimed. However, in selected cases and often in close collaboration with customers, product packaging is partially reclaimed and reused within the value chain. We may see an increase in this specific activity due to the EU Packaging and Packaging Waste Regulation (PPWR) which will soon take effect.

Regarding renewable raw materials, as of today, initiatives mainly focus on our partners SeaNovel and Balena. More experimental work is needed to further explore alternative materials.

*Kafrit Group's 2025 disclosure regarding recycled input materials does not include recycled materials used in packaging.

Mitigating negative impacts

Pollution

When looking at our value chain, we still need to take the unchanged findings of our DMA seriously, clearly highlighting the actual negative impacts of pollution across multiple dimensions. Whether that is the pollution of air, water, soil, living organisms and food resources, substances of very high concern or the increasing problem of microplastics.

All these types of pollution are material in our value chain, primarily in the upstream and downstream operations, where we identified significant negative impacts on a global scale, often with very limited, if any options for a solution. PFAS, microplastics and air emissions such as sulfur dioxides (SOx), nitrogen oxides (NOx), and hazardous air pollutants (HAPs) are some of the most prevailing pollutants, in addition to greenhouse gases (GHGs) emitted by the global (petro-)chemical industry.

In our core value operations, we consider pollution of water and microplastics as material issues alongside our own carbon emissions.

Half of our group companies already have ISO 14001 certifications, showing our measurable commitment to continuous environmental improvement. Cleaner production in terms of less waste, less water withdrawal, less emissions, and less pollutants is the core idea of this certification. Although there is no formal global policy at the moment, we are preparing for the upcoming EU pellet-loss regulation (EU) 2025/2365. Exemplary actions taken include proper storage and handling of raw materials, additional training, regular site visits, and inspections.

We do not have any significant source of soil contamination at our facilities, and all waste is carefully handled, diverted or disposed of in compliance with specific local environmental regulations. In the rare event of any incidental spills, immediate response procedures are in place to contain and clean up the affected areas, preventing soil contamination. Regarding water pollution, all our production sites need to comply with local regulations and thresholds.

Wastewater is usually routed to publicly owned treatment works (POTWs), and there are no direct discharges to surface or groundwater. The wastewater mainly consists of process and sanitary waste, which is properly managed to ensure compliance with municipal treatment standards.

To sum it up, we can state that our companies act with a high degree of responsibility to mitigate and avoid negative pollution impacts.

Commiting to essentials

Biodiversity and ecosystems

Biodiversity is fundamental to maintaining the natural systems that support life on Earth, including the provision of essential resources such as food, water and clean air, as well as stable and resilient living conditions. For Kafrit Group, biodiversity is therefore not only an environmental concern but a critical factor underpinning long-term business continuity and sustainable value creation.

As a globally operating manufacturer within the plastics processing value chain, Kafrit Group is inherently connected to biodiversity impacts, particularly through upstream (petro-)chemical activities and downstream product applications. These activities contribute — directly or indirectly — to key drivers of biodiversity loss, including climate change, pollution, land degradation and the spread of invasive species.

At the same time, the company's operations depend on functioning ecosystem services such as water supply, flood control, storm mitigation and soil stability.

Disruptions to these services could pose risks to production processes, supply chains and operational resilience, highlighting biodiversity as a relevant business risk factor.

Beyond risk considerations, biodiversity also represents a broader responsibility within Kafrit Group's sustainability strategy. The organization recognizes that its position in a resource- and energy-intensive value chain requires alignment of business growth with environmental protection. This includes efforts to reduce greenhouse gas emissions, minimize pollution and improve resource efficiency, all of which contribute to mitigating biodiversity loss.

Furthermore, biodiversity is increasingly linked to opportunities for innovation. For example, the development of specialized solutions such as "bee-friendly" masterbatches demonstrates how product innovation can contribute positively to ecosystem preservation.

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As a result, biodiversity matters to Kafrit Group and we feel committed to:

- Minimizing negative impacts on biodiversity and ecosystems across our operations and value chain
- Supporting the protection and restoration of natural ecosystems
- Strengthening the resilience of ecosystem services essential to our business activities
- Promoting transparency regarding biodiversity-related impacts, risks and opportunities

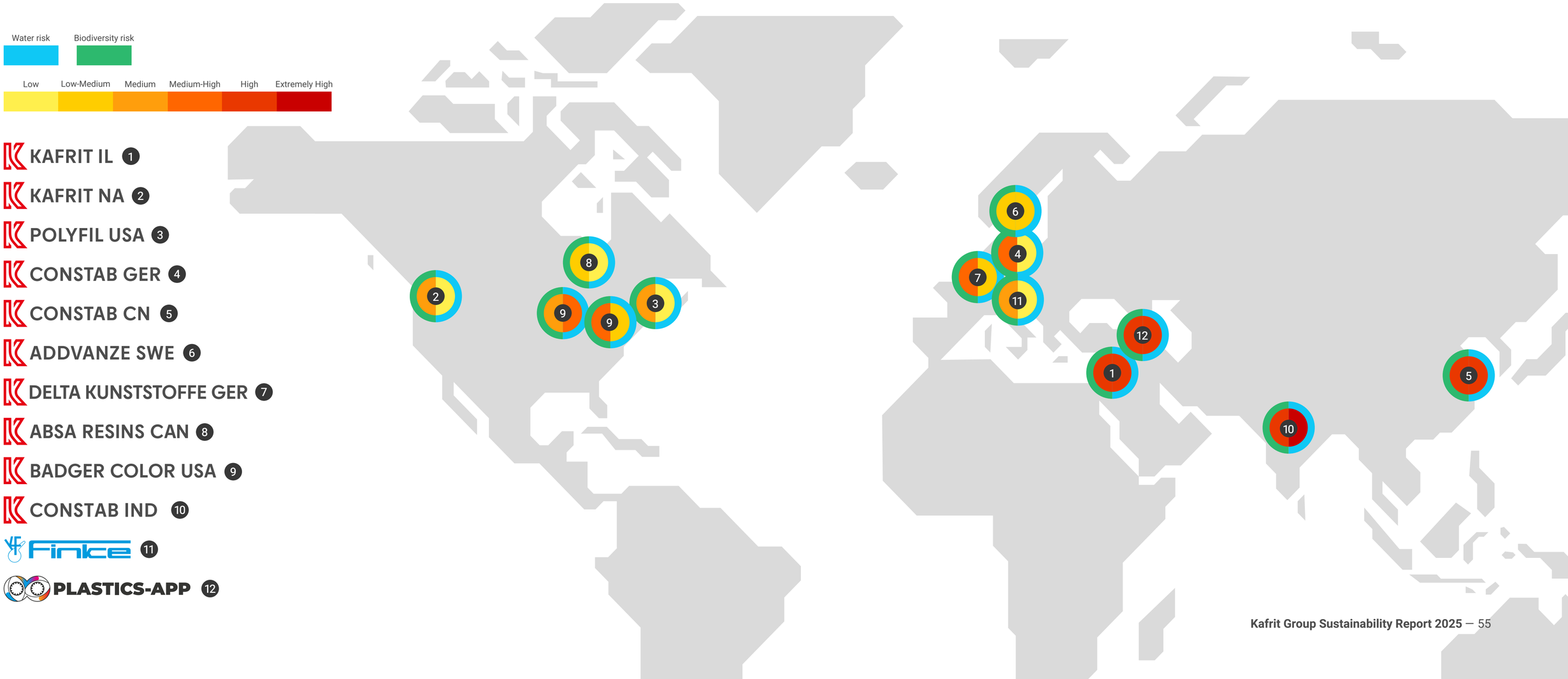
This is why we are in the middle of a group-wide effort to collect Product Carbon Footprint (PCF) data from our suppliers to be able to provide PCF data ourselves for all our products to our customers. We want to give our customers honest guidance regarding our products' environmental performance and where we need to improve. Be it in our own operations or upstream in the value chain.

Our goal

We will be **able to provide PCF data for the whole product portfolio of Kafrit Group by 2027**, showing that we acknowledge the importance of transparency in our value chain.

Biodiversity and water risk map

Water risk data source: *World Resources Institute (WRI) Aqueduct 4.0, accessed on June 16th 2026*
Biodiversity risk data source: *WWF Biodiversity Risk Filter (2026) ©2025 WWF Germany*



Sustainability Report 2025

Creating valuable social impacts

- IROs relevant to social impacts
- Belonging
- Occupational health and safety (OH&S)
- Labor rights and working conditions
- Facilitating training and education
- Community engagement
- End-user health and safety

Key social issues

IROs relevant to social impacts

Policy statement

At Kafrit Group, we are dedicated to foster a socially responsible business environment by championing fair labor practices, OH&S, belonging and community involvement.
We uphold human rights and underline our commitment to create sustainable value for our employees, the communities we serve and all our stakeholders.

ESRS S1 — Own workforce

S1-2 Working time

Operations in shift systems and at weekends

Kafrit Group is committed to local employment and working time laws. Nevertheless, as operations are running 24/7, partially also on the weekends, employees' working time is challenging (especially for blue-collar employees). Shift systems in Europe and Israel are rotating, while first, second and third shifts are fixed in North America. Studies show that shift work influences several health indicators.

ACTUAL NEGATIVE IMPACT
SHORT TERM
CORE VALUE CHAIN

Operations in shift systems and at weekends

Research shows that the risk of health issues, accidents/injuries at work and lower performance are increased by rotational shift work. All these risks can cause production losses and other financial consequences.

RISK
SHORT TERM
CORE VALUE CHAIN

S1-3 Adequate wages

Battle for talent in manufacturing industries

Kafrit Group is committed to paying adequate wages in all locations. However, the plastics processing industry has to compete with other industries paying higher wages in several of the group's locations (e.g. CONSTAB GER, DELTA, BADGER COLOR USA). There is a financial risk of production losses due to employees being poached and in recruitment and training costs for new employees.

RISK
SHORT TERM
CORE VALUE CHAIN

S1-7 Work-life balance

Improved working conditions thanks to work-life balance initiatives

Research shows that work-life balance measures such as parental leave help companies attract and retain talent, increase productivity and improve loyalty.

OPPORTUNITY
MEDIUM TERM
CORE VALUE CHAIN

S1-8 Health and safety

OH&S as a key priority

Despite all efforts, Kafrit Group has seen several OH&S incidents in the past year and not reached an OSHA rate of 0. Therefore, as of today, the group's operations have an actual negative impact on OH&S.

ACTUAL NEGATIVE IMPACT
SHORT TERM
CORE VALUE CHAIN

S1-9 Gender equality and equal pay for work of equal value

Promoting gender equality

Kafrit Group promotes gender equality and equal pay for work of equal value. For example, the group published a diversity goal for women employed in management positions in the 2023 ESG report.

ACTUAL NEGATIVE IMPACT
SHORT TERM
CORE VALUE CHAIN

S1-10 Training and skills development

Promoting training and development

Kafrit Group promotes training and skills development at all occupational levels. This is why the group published a group target on training hours per employee in the 2023 ESG report.

ACTUAL NEGATIVE IMPACT
SHORT TERM
CORE VALUE CHAIN

ESRS S2 — Workers in the value chain

S2-8 Health and safety

Prioritizing OH&S

OH&S is the key priority for all employees in Kafrit Group. This is also valid for workers in the value chain. The newly introduced *Supplier Code of Conduct* strengthens this message to any supplier.

ACTUAL NEGATIVE IMPACT
SHORT TERM
DOWNSTREAM ON THE VALUE CHAIN

ESRS S3 — Affected communities

S3-3 Water and sanitation

The (petro-)chemical industry's impact on affected communities' water and sanitation

The (petro-)chemical industry has a history of negative impacts on affected communities' water and sanitation systems. A report from the Houston Ship Channel underlines occurrence of water polution violations along the Ship Channel. Other sources state the extent of PFAS pollution of water in Europe's PFAS production hotspots.

ACTUAL NEGATIVE IMPACT
SHORT TERM
UPSTREAM ON THE VALUE CHAIN

ESRS S4 — Consumers and end-users

S4-4 Health and safety

Health hazards of chemicals in plastic products

Research shows that certain chemicals such as specific additives can cause health hazards to consumers when used in plastic products. Also, data availability to researchers concerning both the use and toxicity of numerous substances is not necessarily given. At the same time, agencies such as the ECHA (European Chemicals Agency) regularly check chemicals and decide whether to discontinue specific hazardous substances.

POTENTIAL NEGATIVE IMPACT
MEDIUM TERM
DOWNSTREAM ON THE VALUE CHAIN

Alternatives to hazardous chemicals in cooperation with B2B customers

Kafrit Group can generate additional business by being fast on finding replacements to exisiting solutions being based on hazardous chemicals. E.g. PFAS-free masterbatches as discussed above.

OPPORTUNITY
MEDIUM TERM
CORE VALUE CHAIN

S4-6 Protection of children

Health hazards of chemicals in plastic products for children

Today's children are surrounded by more plastics than ever before. Despite this, knowledge of the lifelong and intergenerational effects of exposure to this chemical cocktail remains limited. Plastic pollution in places where children live, learn and play, along with the presence of toxic chemicals in plastic products they use, highlight only part of this growing crisis. The invisible aspect of the crisis is the lasting health effects that will shape children's well-being from early development through to adulthood. Compared to adults, children absorb more pollutants relative to their size and are less able to eliminate them from their bodies, while their rapidly developing organs are more vulnerable to hazardous substances that can potentially lead to lifelong health consequences and permanent damage. Children also have more years of life ahead of them during which disease and disability may develop.

POTENTIAL NEGATIVE IMPACT
LONG TERM
DOWNSTREAM ON THE VALUE CHAIN

Creating a foundation for strength

Belonging

We are convinced that belonging is a vital component of our sustainability ambitions, not only from an ethical perspective but also in terms of strategic business value. A diverse, globally dispersed workforce, united by a shared understanding of corporate belonging, brings together a wide range of perspectives, experiences and backgrounds.

This diversity fosters innovation, strengthens problem-solving capabilities and allows us to leverage the full potential of our employees' knowledge and skills. The importance of belonging extends beyond the organization itself, influencing stakeholder perceptions and shaping relationships with clients, partners and the wider community.

Strengthening belonging in a structured and intentional manner is therefore both a moral imperative and a strategic business priority, contributing directly to our overall performance. In this context, our purpose, to unite talent and technology to drive the future of plastics, reflects our commitment to ensuring that every employee feels valued and integral to Kafrit Group.

Within this framework, and as part of our materiality assessment, we are transparent about our involvement in potential negative impacts and give high priority to working conditions and equal treatment within our workforce. By considering the complexities of our global operations, we ensure that concrete actions are implemented, thereby aligning our operational practices with our objective of embedding belonging as a core element of sustainability.

At the end of 2024, our total number of employees reached 821 (headcount), representing a significant increase of 52.6% compared to the previous reporting period. This was primarily driven by acquisitions completed in early 2024. This rapid growth made the integration of employees and the fostering of a shared sense of belonging a key focus and challenge during the reporting period.

By the end of 2025, the workforce further expanded to 1,027 employees, with the increase mainly attributable to the acquisition of FINKE COLORS GER. This continued growth further underscores the importance of systematically strengthening a sense of belonging across the group to ensure successful integration, cultural alignment and long-term employee engagement.

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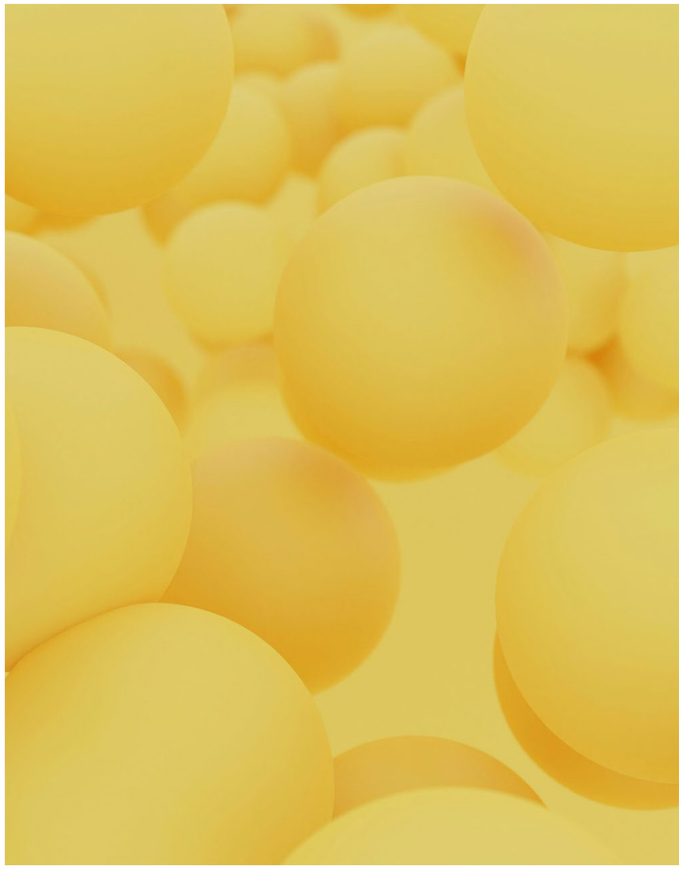

Creating a foundation for strength — Belonging

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Female representation

Due to the industrial nature of our operations, our own workforce remains predominantly male. At the end of 2025, our total workforce comprised 1,027 employees, of which 247 were female – or 24.1% of the workforce. While this is typical for the sector, we continue to see positive developments in some of our companies.

In particular, BADGER COLOR USA (34.1%), CONSTAB GER (28.1%), and KAFRIT IL (26.4%) continue to demonstrate comparatively higher levels of female participation and contribute to improving gender diversity across the group. Also, Kafrit Group's headquarters set an encouraging example, increasing its share of women from 0% to 28.6% in the reporting period.

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Achieve gender equality and empower all women and girls

Employees by gender

Company	Number of employees	Male	Female	Female representation per company
KAFRIT HQ	7	5	2	28.6%
KAFRIT IL	159	117	42	26.4%
CONSTAB GER	128	92	36	28.1%
CONSTAB CN	109	85	24	22.0%
ADDVANZE SWE	28	25	3	10.7%
DELTA KUNSTSTOFFE GER	102	83	19	18.6%
POLYFIL USA	38	33	5	13.2%
KAFRIT NA	25	21	4	16.0%
BADGER COLOR USA	232	153	79	34.1%
ABSA RESIN CAN	24	20	4	16.7%
FINKE COLORS GER	175	146	29	16.6%
Total	**1,027**	**780**	**247**	**24.1%**

Creating a foundation for strength — Belonging

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Female representation in management teams

In line with ESRS S1 disclosure requirements on workforce diversity, we monitor gender distribution across all entities and management levels. Consistent with prior years, female representation in management positions remains higher than in the overall workforce (31.9%; 30.4% in 2024). This reflects our ongoing efforts to promote gender diversity in leadership roles and to ensure equal opportunities for career development. We see a more balanced gender representation in management as a key driver for improved decision-making, innovation, and long-term business performance. We are committed to further increasing the share of women in leadership positions by 2030.

Company	Male	Female	Management (all levels)	Female representation
KAFRIT HQ	5	2	7	28.6%
KAFRIT IL	11	6	17	35.3%
CONSTAB GER	6	2	8	25.0%
CONSTAB CN	18	10	28	35.7%
ADDVANZE SWE	5	2	7	28.6%
DELTA KUNSTSTOFFE GER	5	2	7	28.6%
POLYFIL USA	6	1	7	14.3%
KAFRIT NA	3	1	4	25.0%
BADGER COLOR USA	11	9	20	45.0%
ABSA RESINS CAN	3	0	3	0.0%
FINKE COLORS GER	6	2	8	25.0%
Total	**79**	**37**	**116**	**31.9%**

Equal treatment and equal pay remain central to our approach in addressing impacts and risks related to our own workforce. Based on the information reported by group companies, no significant differences in remuneration between female and male employees performing comparable roles were identified in 2025. This supports our objective of ensuring fair working conditions and mitigating risks related to discrimination or unequal treatment across all operations.

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Our goal

We strive to achieve an average of 50% women in management positions across the group by 2030, building on our past gender equity achievements.

Creating a foundation for strength — Belonging

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Age groups and job profiles

A workforce made up of different age groups is a key asset for managing impacts and opportunities related to our own workforce. Age diversity supports knowledge transfer, strengthens innovation capacity, and contributes to long-term organizational resilience.

At the end of 2025, approximately half of our employees (51.0%) were aged between 30 and 50 years, representing the core of our workforce. Employees aged 50 and above account for 34.0%, while those under 30 account for 15.0%.

Compared to previous years, the proportion of employees under 30 remains at a solid level, confirming the continued success of our efforts to attract and integrate young talent into the organization. At the same time, the strong representation of experienced employees ensures the retention of critical know-how and supports stability across operations. This balanced age structure enables us to combine experience with new perspectives and is therefore an important factor for sustainable business development.

Regarding workforce structure by job profile, we continue to maintain a lean management structure. In 2025, employees in management positions represented 11.3% of the total workforce. This corresponds to a ratio of approximately one manager per nine employees and reflects an efficient organizational setup.

Operational roles remain the backbone of our business model. In 2025, 68.3% of employees were engaged in operative functions related to production and logistics, while 20.4% were employed in service and sales functions. These figures illustrate the industrial nature of our activities and confirm the continued focus on production excellence and customer-oriented services across Kafrit Group.

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Employees by age

Age groups	2024	Representation in %	2025	Representation in %
Under 30	140	17.1%	154	15.0%
30-50	418	50.9%	524	51.0%
50 and above	263	32.0%	349	34.0%
Total	**821**		**1,027**	

Employees by job profile

Job profile	2024	Representation in %	2025	Representation in %
Management (all levels)	115	14.0%	116	11.3%
Service and sales workers	141	17.2%	210	20.4%
Operatives	565	68.8%	701	68.3%
Total	**821**		**1,027**	

Creating a foundation for strength — Belonging

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Parental leave

Company	No. of employees entitled	Women	Men	No. of entitled employees taking parental leave	Women	Men	Parental leave rate per company
KAFRIT HQ	0	0	0	0	0	0	n/a
KAFRIT IL	2	2	0	2	2	0	100.0%
CONSTAB GER	5	1	4	3	1	2	60.0%
CONSTAB CN	10	2	8	10	2	8	100.0%
ADDVANZE SWE	8	1	7	6	1	5	75.0%
DELTA KUNSTSTOFFE GER	3	0	3	3	0	3	100.0%
POLYFIL USA	1	0	1	1	0	1	100.0%
KAFRIT NA	1	0	1	1	0	1	100.0%
BADGER COLOR USA	2	1	1	2	1	1	100.0%
ABSA RESINS CAN	1	0	1	1	0	1	100.0%
FINKE COLORS GER	3	0	3	3	0	3	100.0%
Total	**36**	**7**	**29**	**32**	**7**	**25**	**88.9%**

Parental leave

We see work-life balance as a key opportunity to enhance employee well-being, retention and productivity across our workforce. Helping employees balance professional and private responsibilities is therefore an integral part of our people management approach – including providing and actively encouraging parental leave.

In 2025, a total of 36 employees were entitled to parental leave across the group. Of these, 32 employees took up this option, corresponding to an 88.9% parental leave rate. This included all 7 entitled female employees and 25 of 29 entitled male employees, reflecting a continued high level of uptake among both genders.

While the overall parental leave rate slightly decreased compared to the previous reporting period, the figures remain consistently high, underlining our commitment to supporting employees during important life phases. Participation rates vary across entities but are predominantly at or close to full uptake, indicating broad acceptance of parental leave across the organization.

By enabling parental leave and fostering an inclusive culture that recognizes employees' diverse needs, we aim to mitigate risks relating to employee dissatisfaction and turnover, while strengthening long-term engagement and loyalty within our workforce.

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Creating a foundation for strength — Belonging

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Employee turnover

Employee turnover remains a relevant factor within our sustainability strategy, reflecting both organizational stability and our ability to retain and develop human capital. In line with a holistic understanding of sustainability, we consider workforce stability, a strong sense of belonging, and long-term employee development as key elements contributing to social and economic performance.

In industrial environments such as plastics processing, employee turnover is associated with operational risks. These include increased costs for recruitment and training, potential impacts on productivity and product quality, and the loss of company-specific knowledge. These challenges are further intensified by the demanding nature of shift systems and physically intensive work, which affect the availability and retention of qualified personnel.

Following an elevated turnover rate in 2024 (28.6%), Kafrit Group achieved an improvement in 2025. A total of 215 employees left the group, corresponding to a turnover rate of 20.9%. While this indicates a positive development seen from a global perspective, turnover remains at a level that requires continued management attention.

The main drivers of employee turnover remained largely consistent with the previous year, including competitive labor markets, working conditions related to shift systems, and individual employee circumstances. Addressing these factors is essential to mitigate risks related to workforce instability and strengthen long-term employee retention across the group.

Our most important commitment

Occupational health and safety (OH&S)

Occupational health and safety (OH&S) remains a top priority across Kafrit Group. It is regularly discussed at both a global leadership level and within local management teams. Given our position in the value chain, the materials we handle, and the nature of our production processes, we acknowledge that our operations may result in negative impacts on employee health and safety. Mitigating these risks is therefore a central focus of our management approach.

Despite comprehensive safety measures, including regular OH&S training and the provision of personal protective equipment (PPE) at all sites, our operations are not yet accident-free. However, we made significant progress in 2025, recording three work-related incidents in the reporting period. This corresponds to an OSHA rate of 0.38, representing a substantial improvement compared to previous years.

These results demonstrate the effectiveness of our ongoing efforts to strengthen safety awareness and systematically reduce accidents. Nevertheless, our ambition remains to achieve zero recordable incidents.

Each incident that does occur is thoroughly investigated, and lessons learned are shared across the group to prevent recurrence and continuously improve our safety standards. We actively promote a strong safety culture by encouraging employees to report unsafe conditions and to contribute to continuous improvement. Feedback from our workforce is actively considered and incorporated into our safety management processes.

No fatalities and no cases of recordable work-related ill health were reported in 2025.

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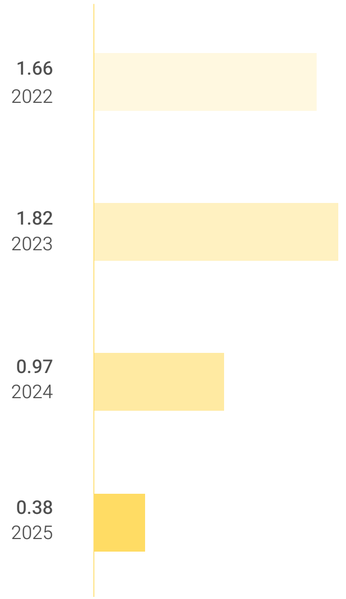
OSHA recordable incident rate*



*OSHA rate = No. of LTI/Working hours x 200k

Our most important commitment — Occupational health and safety (OH&S)

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Reviewing OH&S at a company level

All companies in Kafrit Group have dedicated health and safety management systems that are motivated by risk management guidelines, and which comply with national legal requirements. Moreover, joint management-worker health and safety committees are active in all companies as well. In these committees, management and worker representatives regularly meet and discuss past OH&S incidents, potential risks and OH&S management improvements.

We are especially proud that the ISO 45001 certification is on the rise in Kafrit Group, with KAFRIT IL, KAFRIT NA as well as CONSTAB CN already having established it.

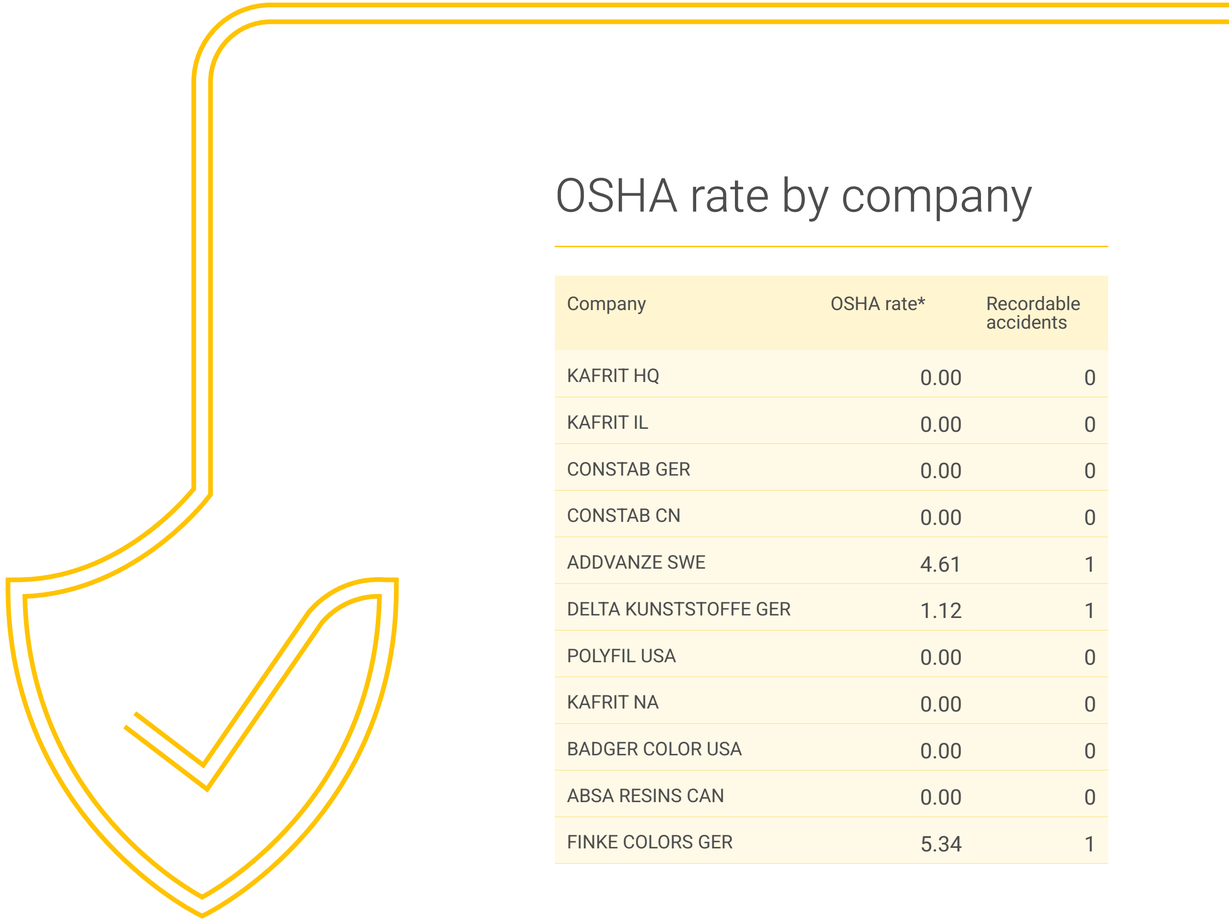
OH&S for workers in the value chain

In our DMA, we did not only highlight the importance of OH&S for our own workforce but also recognized its importance for the working conditions of workers in the value chain.

Far too many incidents and accidents still happen, especially in petrochemical operations, which is why *Kafrit Group's Supplier Code of Conduct* strengthens the priority of OH&S in upstream activities. We are aware of our group size; we know that we cannot have an impact on the whole value chain. Nonetheless, we demand that our suppliers protect their workers' health and safety as much as possible.

Our goal

Our OH&S ambition is to strive for perfection and everyday safe: **zero incidents, accidents or injuries in 2025 as well as in the following years.**



OSHA rate by company

Company	OSHA rate*	Recordable accidents
KAFRIT HQ	0.00	0
KAFRIT IL	0.00	0
CONSTAB GER	0.00	0
CONSTAB CN	0.00	0
ADDVANZE SWE	4.61	1
DELTA KUNSTSTOFFE GER	1.12	1
POLYFIL USA	0.00	0
KAFRIT NA	0.00	0
BADGER COLOR USA	0.00	0
ABSA RESINS CAN	0.00	0
FINKE COLORS GER	5.34	1

*OSHA rate = No. of LTI/Working hours x 200k

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

The foundation of fair work

Labor rights and working conditions

Our employees are our most important stakeholder group. They are driving the operations and business activities forward, and all of them are part of Kafrit Group's ESG efforts. Therefore, it is a key priority of the group and the local management teams to ensure that employment rights are respected and fostered everywhere.

As the group's operations are based in several countries, the local employment and social protection rights always form the basis. For all production sites, social protection against loss of income due to sickness, employment injury or acquired disability is established.

In our European production sites, as well as in KAFRIT IL and CONSTAB CN, there is social protection against loss of income due to unemployment, parental leave and retirement. Our workforce at POLYFIL USA is protected against loss of income due to parental leave, and our employees at KAFRIT NA are protected against loss of income due to unemployment. In addition, each company applies additional rules and agreements to shape and secure the employee's status.

Globally, we enforce the *Kafrit Group Code of Ethics and Conduct*, which applies to all group companies and forms the backbone for all additional employment rights. It describes a corporate culture in which various ethical business practices, OH&S considerations, a ban on forced and child labor, personal integrity, and sustainability play a vital role. Also, an embedded whistleblowing policy provides all employees with the right to report any violation of the Code of Ethics and Conduct or other company policies.

Collective bargaining agreements are subject to local circumstances. In Kafrit Group, employees at ADDVANZE SWE, CONSTAB CN, CONSTAB GER, FINKE COLORS GER and KAFRIT IL (partially) have such agreements in force. In all companies, adequate wages, in line with applicable industry benchmarks, are paid.

Finally, in the reporting year, no confirmed corruption incidents, reports related to whistleblower procedures, discrimination or harassment incidents, or severe human rights impacts (child labor, forced labor, and human trafficking) were brought to our attention.

Incidents

Company	Number of confirmed corruption incidents	Number of reports related to whistleblower procedure	Number of identified discrimination or harassment incidents or corrective actions	Number of identified severe human rights impacts incidents (child labor, forced labor and human trafficking)
KAFRIT HQ	0	0	0	0
KAFRIT IL	0	0	0	0
CONSTAB GER	0	0	0	0
CONSTAB CN	0	0	0	0
ADDVANZE SWE	0	0	0	0
DELTA KUNSTSTOFFE GER	0	0	0	0
POLYFIL USA	0	0	0	0
KAFRIT NA	0	0	0	0
BADGER COLOR USA	0	0	0	0
ABSA RESINS CAN	0	0	0	0
FINKE COLORS GER	0	0	0	0

Empowering our workforce

Facilitating training and education

Our purpose – to unite talent and technology to drive the future of plastics, together – remains the guiding principle across Kafrit Group. We recognize that it is our employees who bring expertise, commitment and innovation to life across our companies. Investing in training and education is therefore not a cost, but a strategic asset. Organizations that prioritize continuous learning not only future-proof their workforce but also strengthen their competitive position in an evolving business environment.

It is our ambition to embed this commitment through a wide range of opportunities for personal and professional development. These include structured onboarding processes for new employees, internal and external training programs, ongoing on-the-job coaching, and regular performance reviews conducted by managers across the group.

Performance reviews

Following the significant decline reported in 2024, performance review coverage improved in 2025 to 61.8% of employees receiving a formalized review across the group.

While this marks a clear recovery from the previous year, the overall level remains below our expectations and indicates that consistent implementation across all companies has not yet been achieved.

Performance review coverage continues to vary considerably between entities. Three companies, including CONSTAB CN, POLYFIL USA and KAFRIT NA, achieved full coverage, while others such as CONSTAB GER, DELTA KUNSTSTOFFE GER and FINKE COLORS GER reported significantly lower rates. This uneven performance highlights the need for further harmonization of processes and stronger managerial accountability across Kafrit Group.

Our ambition remains unchanged: to foster a transparent feedback culture and ensure that every employee benefits from an annual performance review by 2026. Additional efforts will be required to close existing gaps and ensure consistent application across all locations.

Our goal

We want to continue growing our talent in a transparent feedback culture, with **an annual performance review for each employee by 2026.**

Performance reviews by company

Company	No. of employees	Male	Female	Employees who received a formalized review	%
KAFRIT HQ	7	3	0	3	42.86%
KAFRIT IL	159	108	40	148	93.08%
CONSTAB GER	128	15	12	27	21.09%
CONSTAB CN	109	85	24	109	100.00%
ADDVANZE SWE	28	23	2	25	89.29%
DELTA KUNSTSTOFFE GER	102	33	2	35	34.31%
POLYFIL USA	38	33	5	38	100.00%
KAFRIT NA	25	21	4	25	100.00%
BADGER COLOR USA	232	111	31	142	61.21%
ABSA RESINS CAN	24	17	3	20	83.33%
FINKE COLORS GER	175	52	11	63	36.00%
Total	**1,027**	**501**	**134**	**635**	**61.8%**

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Empowering our workforce — Facilitating training and education

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Training hours

In 2025, total training hours across the group amounted to 15,491 hours, averaging 15.1 hours per employee. This reflects a solid level of investment in employee development and is in line with Kafrit Group's mid-term ambition, seen from a global perspective.

At company level, performance varies significantly. While entities such as DELTA KUNSTSTOFFE GER and CONSTAB CN demonstrate particularly high training intensity, others remain below the desired level and missed the 2025 target (12 hours/employee), indicating differences in training prioritization, scheduling, and data capture practices.

Although we have not achieved the 2025 target across all our companies, we continue to work towards our 2027 target. Our focus remains on ensuring a more balanced and consistent approach to training across all companies. On this basis, we will continue to strengthen employee training and development, ensuring that all employees benefit from structured and measurable learning opportunities aligned with our long-term growth strategy.

Our goal

We strive to **increase individual employee training and education to 15 hours a year by the end of 2027.**

Training hours by company

Company	Total training hours	No. of employees	Hours/employee	2025 target met
KAFRIT HQ	68	7	9.7	no
KAFRIT IL	2,451	159	15.4	yes
CONSTAB GER	831	128	6.5	no
CONSTAB CN	4,130	109	37.9	yes
ADDVANZE SWE	220	28	7.9	no
DELTA KUNSTSTOFFE GER	4,080	102	40.0	yes
POLYFIL USA	613	38	16.1	yes
KAFRIT NA	262	25	10.5	no
BADGER COLOR USA	2,216	232	9.6	no
ABSA RESIN CAN	351	24	14.6	yes
FINKE COLORS GER	270	175	1.5	no
Total	**15,491**	**1,027**	**15.1**	

Seeking close and responsible dialogue with our neighbors

Community engagement

For Kafrit Group, engagement with affected communities is an integral part of responsible business conduct. As a plastics processing company, we are aware of the scrutiny our industry faces, and the broader environmental and social challenges associated with plastics across the value chain. At the same time, as a mid-sized group with decentralized operations, our direct sphere of influence remains limited, especially in upstream segments of the global petrochemical value chain.

At a local level, our operations are closely embedded in the communities where we operate. Our sites employ more than 1,000 people worldwide and contribute to local economic development through job creation, tax revenue, and long-term industrial presence. We aim to be a constructive and trusted partner in these communities, avoiding any perception of being an external or uninvited actor.

From a value chain perspective, however, we recognize that communities located near upstream plastic production facilities may be exposed to adverse environmental and health impacts. These risks can include pollution of air, water, and soil, particularly affecting low-income, marginalized, or indigenous populations. Our double materiality assessment (DMA) confirmed a relevant actual negative impact relating to water and sanitation in upstream activities.

While such impacts are not observed in our own operations, we acknowledge our indirect linkage through the raw materials we process. Substances such as PFAS, which are currently under increasing regulatory and public scrutiny, exemplify the upstream risks that can be associated with plastics production.

As a downstream processor of polymers, our ability to directly influence upstream practices is inherently limited. We currently do not operate a dedicated, group-wide policy addressing impacts, risks, and opportunities related to affected communities. Nevertheless, within our sphere of control, we actively work to minimize negative impacts and enhance positive outcomes.

Our environmental efforts – particularly the reduction of greenhouse gas emissions, resource use, and waste generation – directly benefit the communities surrounding our sites. In addition, our focus on innovation, including the development of PFAS-free solutions and the advanced use of recycled materials, helps improve the sustainability profile of plastics, and supports positive long-term impacts beyond our immediate operations.

Engagement with local communities is primarily managed at site level. Our entities maintain regular contact with local authorities, including environmental and water regulators, and ensure compliance with applicable regulations. Furthermore, we foster open dialogue through initiatives such as site visits, open-day events, and participation in local forums and educational settings.

Given the diversity of our locations and community contexts, we rely on the proximity and experience of local management teams to address community needs effectively. While no harmonized, group-wide engagement framework is currently in place, this decentralized approach enables tailored, context-specific interactions aligned with local expectations.

11 SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable

Thinking all the way down

End-user health and safety

This report highlights the importance of OH&S in our core operations and upstream value chain activities. Moreover, as a masterbatch and compound producer for the plastics processing industry, our role in ensuring the personal safety of end users consuming plastic products is equally essential.

Although our business activities are usually several steps removed from consumer-facing products, our materials are eventually embedded in the final goods – from toys and food packaging to medical devices, school supplies and water pipes, just to name a few. This indirect yet undeniable link to the end-user – especially vulnerable populations like children – places an implicit duty of care on our operations. Children's exposure to harmful substances can have lifelong consequences due to their developing immune and neurological systems. Products such as colored toys, baby bottles and packaging may contain colorants, stabilizers, flame retardants, and other additives derived from masterbatches.

Kafrit Group's formulations and material choices, therefore, contribute to or mitigate potential safety issues such as migration of hazardous substances.

We employ highly skilled product safety experts within Kafrit Group who are specialists in raw materials and legislation. They make sure that the raw materials we buy and the products we produce are in line with scientific and legal requirements to protect end-user health and safety. Agencies such as the European Chemicals Agency (ECHA) or the US Food and Drug Administration (FDA) set the rules, as they act on behalf of end-users' health and safety. As legislation evolves, our product safety experts regularly attend workshops and seminars to stay informed about recent changes in the evaluation of specific raw materials that may affect our final materials, too.

Sustainability Report 2025

Embedding governance

- IROs relevant to governance
- Governance
- Ethics and integrity
- Human rights and sustainable procurement practices
- Cyber security

Key governance issues

IROs relevant to governance

ESRS — Company-specific

Company-specific Cyber security

Cyber security

There is a financial risk that cyber attacks may endanger the entire operations within Kafrit Group.

RISK

SHORT TERM

CORE
VALUE CHAIN

Policy statement

At Kafrit Group, our governance is founded on the principles of ethics, integrity and respect for human rights in all aspects of our operations. We are committed to conducting business responsibly, fostering transparency and holding ourselves and our partners to the highest ethical standards. As part of our ongoing efforts, we are increasingly integrating sustainable procurement practices to ensure a positive impact on people and the planet.

Earning trust every day

Governance

Board composition

Kafrit Group's Board of Directors is the highest governance body, and it consists of nine board members. All board members are non-executive members, amplifying diverse perspectives and fostering dynamic decision-making. Not having executive members on the board helps us maintain impartiality and balance. In 2025, our nine-member board comprised seven male members (77.8%). Nonetheless, the presence of two female board members (22.2%) enhanced our resolve toward promoting gender equity. Considering age groups, our board was homogenous with all members over 50 years old.

In accordance with the applicable law in Israel, there is no need for representation of employees or other workers and no need for representation from under-represented social groups in the Board of Directors.

The kibbutz Kfar-Aza, holding about 58% of the shares, appointed six board members, including the Chairman, who are dependent, whereas two independent board members were appointed by the minority in the General Assembly. In addition, and although not required by law, Kafrit Group decided to strengthen its Board of Directors by appointing an independent ninth director with no ties to the controlling shareholder. This director was elected by a simple majority in the General Assembly.

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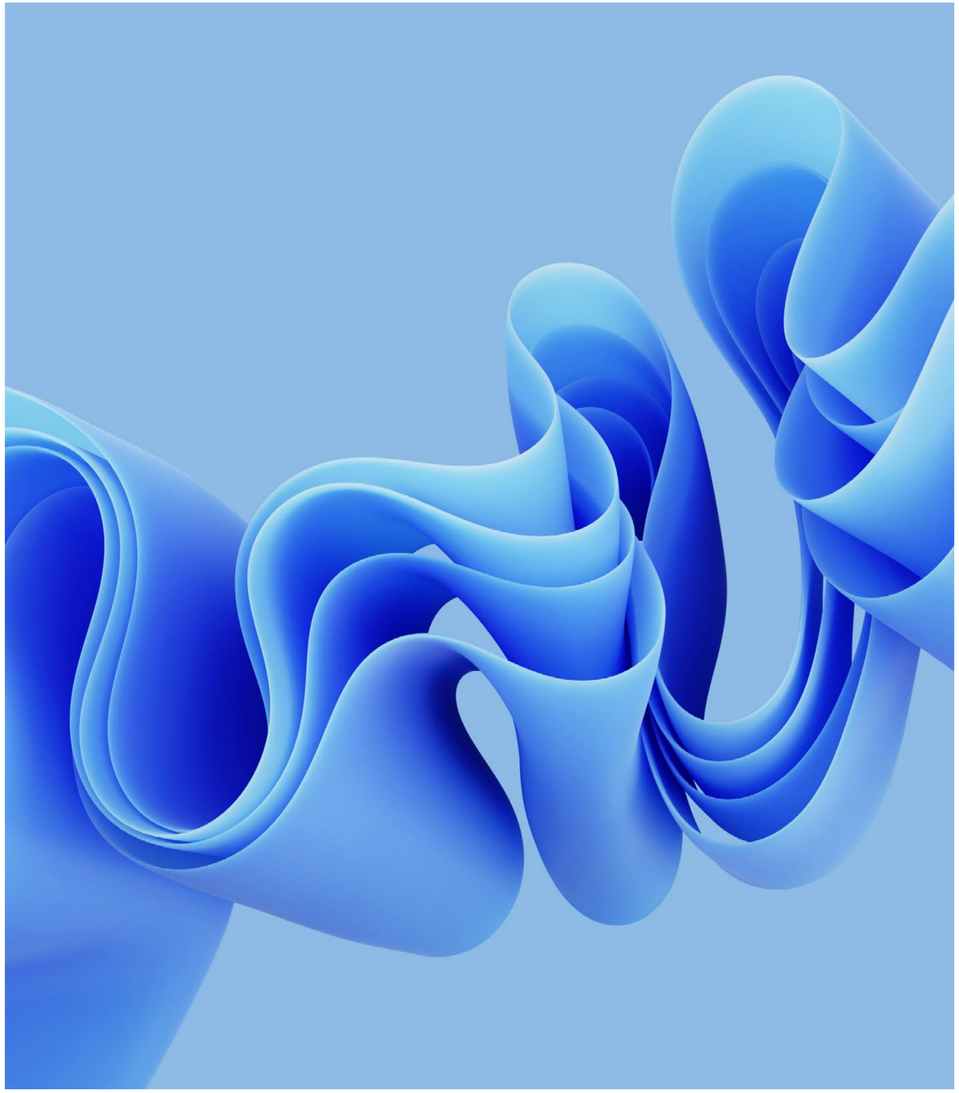

Earning trust every day — Governance

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Board expertise

The Board of Directors combines a broad range of professional expertise and industry knowledge that supports Kafrit Group's long-term success and commitment to responsible business conduct. Board members bring extensive experience in leadership, finance, international business, and corporate governance. Several members have deep knowledge of the plastics industry, providing valuable insights into operational challenges, market developments, and emerging sustainability trends. In addition, experience gained through service on the boards of other organizations contributes to diverse perspectives and strengthens strategic oversight.

The board's collective expertise supports effective decision-making, robust governance, and sustainable value creation. This diversity of experience enables constructive stakeholder engagement and reinforces confidence in the group's commitment to environmental responsibility, social sustainability, and ethical business practices.

Modus operandi

The Board of Directors receives a monthly report sent by the Kafrit Group CEO, which includes potential critical concerns. On top of that, at every Board of Directors' meeting, Kafrit Group's CEO and CFO review the main topics of the business, including general risk management. Also, the Kafrit Group Sustainability Leader presents progress on the group's sustainability agenda to the board at least once a year. In March 2025, the board of Directors approved the DMA results which form the backbone of this sustainability report. This is how Kafrit Group makes sure that impacts, risks and opportunities in relation to sustainability are regularly addressed and discussed in the group's highest governance body.

Remuneration policy

Kafrit Group has a remuneration policy in place which is publicly available. As of today, the remuneration policy is not yet linked to sustainability matters (incl. climate-related considerations) or sustainability-related targets. For the Kafrit Group Sustainability Leader, though, yearly incentive schemes are connected to defined internal sustainability targets and progress.

Fostering upright business conduct

Ethics and integrity

Code of Ethics and Conduct

Transparent governance and ethical business practices remain integral to Kafrit Group. The group and all companies uphold their commitment to high standards of ethics as a crucial part of their corporate culture by enforcing the *Kafrit Group Code of Ethics and Conduct*. Ethical decision-making is prioritized at all levels of the organization, ensuring long-term value creation for all stakeholders involved.

Each employee working for Kafrit Group needs to sign the Code of Ethics and Conduct as proof of having read and understood what is asked for.

Anti-corruption and anti-bribery

In 2025, we continued to uphold our strong commitment to ethical business conduct, integrity and transparency across all operations. No confirmed incidents of corruption or bribery were identified during the reporting period, and neither the company nor its employees were subject to any convictions for violations of anti-corruption or anti-bribery laws. Furthermore, no employees were dismissed or disciplined for involvement in corrupt practices.

Our commitment to responsible business conduct also extended throughout our value chain. No business relationships or contracts were terminated due to corruption-related misconduct or unethical behavior. As in previous years, the group incurred no financial penalties, fines or settlements related to corruption or bribery, resulting in a monetary value of zero for such sanctions in 2025.

The absence of corruption cases meant that no remedial actions were required during the reporting year. These results demonstrate the effectiveness of our governance framework. They also support our broader sustainability objectives, reinforcing our commitment to conduct business responsibly and in accordance with the highest ethical standards.

Our goal

We want to continue showing zero tolerance and meet our commitments – every year upright: **zero cases of corruption or discrimination.**

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Fostering upright business conduct — Ethics and integrity

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Raising concerns

We want to showcase a commendable commitment to high ethical standards. In this regard, the adoption of a whistleblower protection policy is a testament to this. Our whistleblower protection policy, as well as the grievance mechanism, are included in the *Kafrit Group Code of Ethics and Conduct*. This encourages all our employees to report on any violation and non-compliance of the Code of Ethics and Conduct or other company protocols or work instructions to the relevant supervisor or a member of the senior management team of each company. Also, each company is required to establish a place that is accessible to all its employees at any time, allowing for anonymous reporting of violations and non-compliance with the group's Code of Ethics and Conduct. Should a violation be reported, Kafrit Group will investigate the case diligently and in a timely manner.

Political contributions and lobbying activities

As a multinational group, Kafrit Group and its companies are neither involved in political activities in the respective countries or regions, nor do they try to influence political decision-making by paying financial or in-kind political contributions to any potential beneficiary. As a result, an overseeing representative is not nominated.

The same is true for direct lobbying activities in which neither Kafrit Group nor its companies are involved. Some companies, though, are members of local industry associations such as CONSTAB GER in the *German Industrievereinigung Kunststoffverpackungen e.V.* or involve themselves in legislative feedback processes by sharing expert opinions as done by KAFRIT NA in the past regarding the Canadian government's notice of intent to issue a section 46 notice for the Federal Plastics Registry.

Widening our angle

Human rights and sustainable procurement practices

As described throughout this report, Kafrit Group sincerely acknowledges the significance of environmental stewardship, social responsibility and ethical practices as part of how we want to conduct business. Based on this ambition, we have identified gaps in our current procurement practices, particularly in engaging with our suppliers on environmental assessments and human rights clauses.

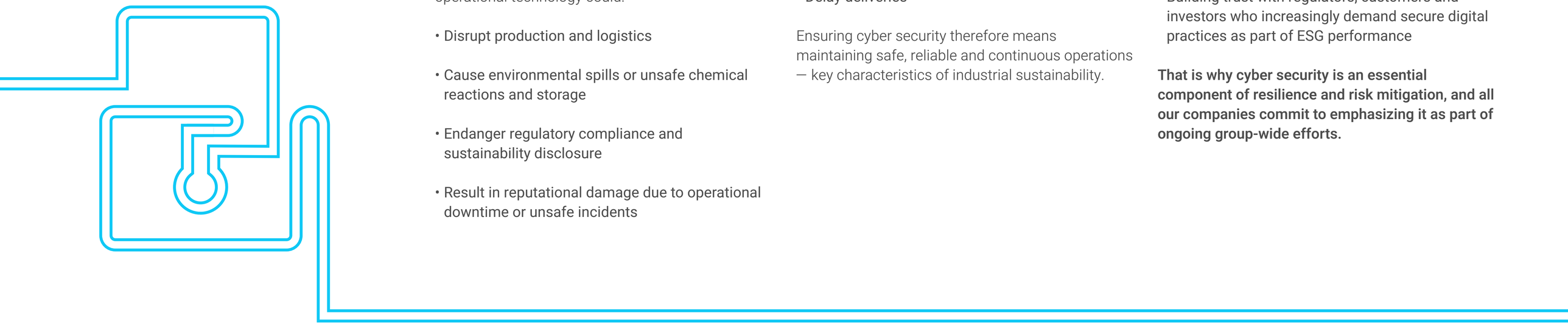
Since we know that a considerable proportion of our raw materials, as of today, trace back to (petro-) chemical production sites located all over the world with main hubs in North America, Central Europe, the Middle East and China, we acknowledge that sustainable procurement practices need to be established.

For this reason, we introduced a *Supplier Code of Conduct* in the past which we increasingly share with our suppliers, and we are currently working on a comprehensive sustainable procurement program that shall be established in Kafrit Group in the second half of 2026.

The realization and implementation of this program will not only contribute to our specific environmental compliance and general sustainability performance but also strengthen our stakeholder engagement.

Protecting our operations and people

Cyber security



Our DMA process revealed the importance of cyber security as a material company-specific risk. This is because we operate in the plastics processing industry which relies on automated systems, proprietary processes and precise formulations.

Cyber attacks on industrial control systems or operational technology could:

- Disrupt production and logistics
- Cause environmental spills or unsafe chemical reactions and storage
- Endanger regulatory compliance and sustainability disclosure
- Result in reputational damage due to operational downtime or unsafe incidents

At the same time, bearing in mind our global presence and the wide network of suppliers and logistics partners, cyber attacks targeting the value chain could:

- Interrupt material flows
- Delay deliveries

Ensuring cyber security therefore means maintaining safe, reliable and continuous operations — key characteristics of industrial sustainability.

We need to protect our people and communities as well. This is why cyber security is crucial for:

- Safeguarding employee and customer data
- Preventing intellectual property theft
- Building trust with regulators, customers and investors who increasingly demand secure digital practices as part of ESG performance

That is why cyber security is an essential component of resilience and risk mitigation, and all our companies commit to emphasizing it as part of ongoing group-wide efforts.

Sustainability Report 2025

Disclosures

» EY report

» Legal disclosure

Independent practitioner's assurance report

EY report

To the Management of Kafrit Industries (1993) Ltd.

Scope

We have been engaged by Kafrit Industries (1993) Ltd. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Kafrit Industries (1993) Ltd.'s Direct (Scope 1) GHG emissions, Energy indirect (Scope 2) GHG emissions and Recycled Input Materials Used (the "Subject Matter") contained in Kafrit Industries (1993) Ltd.'s (the "Company's") sustainable business ESG Report for the period from 1 January 2025 to 31 December 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Kafrit Industries (1993) Ltd.

In preparing the Subject Matter, Kafrit Industries (1993) Ltd. applied the Emissions 2016, GRI 305: 1-2 – scopes 1 and 2 GHG emissions and Materials 2016, GRI 301-2 – Recycled Input Materials Used (Criteria).

Kafrit Industries (1993) Ltd.'s responsibilities(E)

Kafrit Industries (1993) Ltd.'s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with Kafrit Industries (1993) Ltd. on January 13th, 2026.

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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Independent practitioner's assurance report — EY report

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Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement. EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process.
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period.
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended December 31, 2025, in order for it to be in accordance with the Criteria.

Tel-Aviv, Israel
July 27, 2026

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Disclaimer

Kafrit Industries (1993) Ltd. believes all information provided in this report is accurate and externally comprehensible. The report is based on sustainability metrics from 2025 and previous years, and, where real data is not available, data provided by reliable third-party agents is used. All forward-looking statements in this report are made based on the company's current expectations, evaluations and forecasts, and actual results may differ materially from those anticipated, in whole or in part, as a result of different factors including, but not limited to, changes in market conditions and in the competitive and business environment, regulatory changes, currency fluctuations or the occurrence of one or more of the company's risk factors. In addition, forward-looking statements are based on information in the company's possession while preparing the presentation.

The company does not undertake any obligation to update forward-looking statements made herein to reflect events and/or circumstances that may occur after this report was published.

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Kafrit Group

Sustainability Report 2025

Moving forward. Doing better.