

Sustainability Report

2023

08.2024

balma

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Letter from the CEO

Dear All,

Let me take this opportunity and tell you something about Balma.

First of all, it is a company which designs and manufactures furniture. Our main business activity is arranging and furnishing office spaces.

However, there is much more to our company. Balma is about creating. It is about creating attractive and functional spaces. It is about creating individual worlds in which one can learn things, work and make the most of life.

Our drive to create comes from our enormous passion, our feeling of urgency and our responsibility. We never stop being amazed by artefacts which, once taken away from their environment, can be assigned a certain meaning. That assigned meaning will guarantee that these artefacts will stay alive. Otherwise, if things or objects lose their meaning, they just become dormant, until they finally die. The world consists of a multitude of things which in their primal sense we care about. The notion of 'caring' involves engagement. To care is to be involved. At Balma when we create different spaces we equip them with artefacts which can be meaningful in a variety of ways. It is

important because if these artefacts are meaningful, the users of those spaces will feel comfortable in them. We know how to design worlds consisting of items which evoke emotions and stimulate action.

We are a pro-ecology company. 'Ecology' is a term derived from a Greek word 'oikos' which means 'household, home' and also the environment around us. To act ecologically is to manage and use available resources in order to balance out social, economic and environmental goals. At Balma we believe that development can only refer to the world which fulfils three fundamental requirements. This world must be a place worth living for, worth living in, and worth belonging to.

We are aware that in order to create great things we must be humble and sensitive and we need to act carefully, cautiously, with foresight and imagination. We have been carrying out activities which we ourselves view as our obligation. We also get engaged in initiatives which may not be required by the law yet. However, even though it is not mandatory now, we do require the engagement of ourselves.

As far as our commitment and obligation are concerned, for many years we have been working on the basis of certified systems in accordance with ISO norms - following ISO 9001 within quality and management and ISO 14001 with regard to the environment.

This report collects and presents the activities we have undertaken in the environment and social areas as well as the activities related to corporate governance with the classification in accordance with ISO 26000. We treat those activities as best practices, which we continuously want to develop.



Michał Balcerciewicz

CEO Balma



About Report

For the needs of our first Sustainability Report, which shows the initiatives we took in 2023, we have assumed the methodology in accordance with ISO 26000.

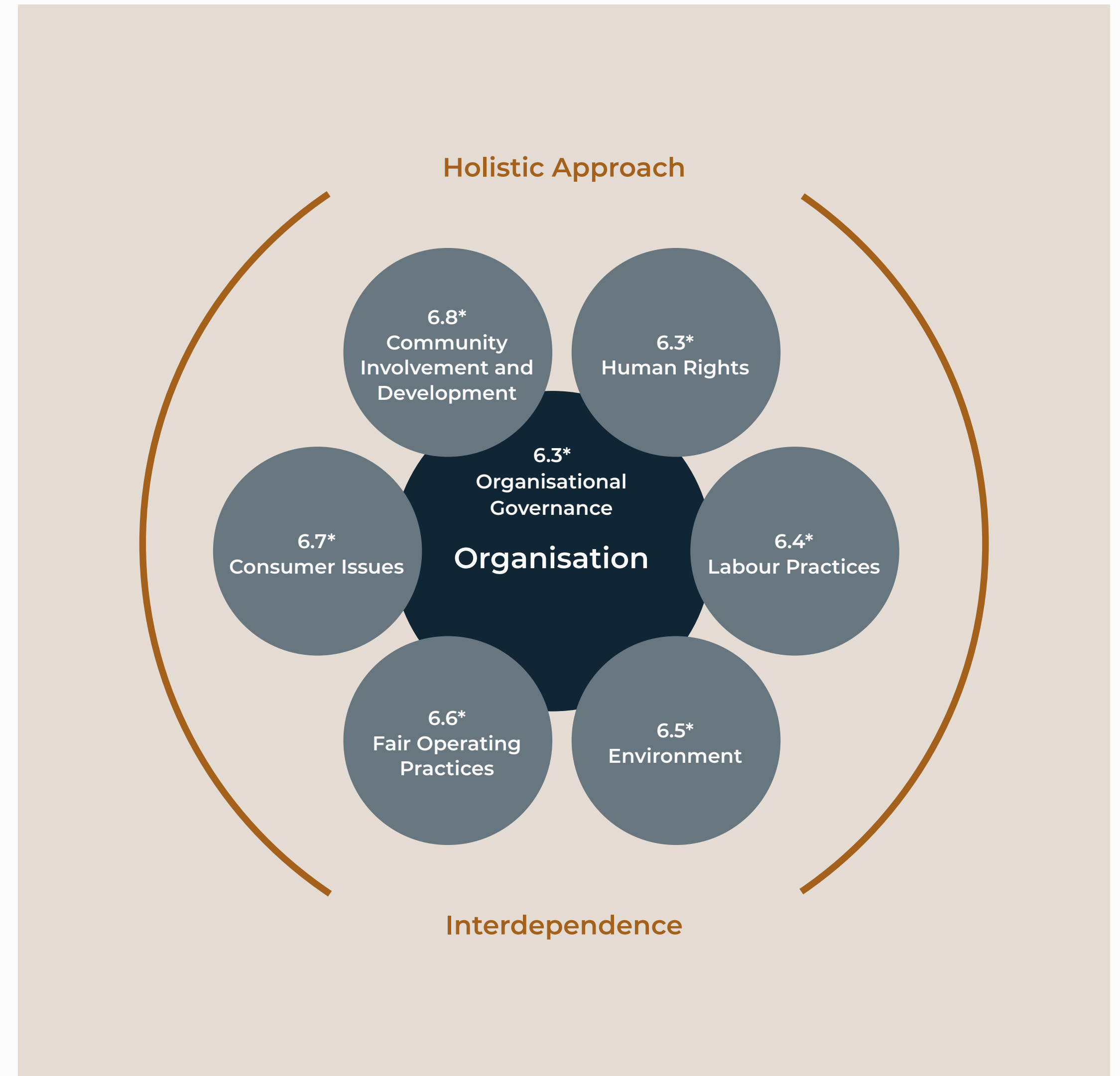
Following this norm, we have divided our activities into seven areas, i.e. Organisational Governance, Human Rights, Labour Practices, The Environment, Fair Operating Practices, Consumer Issues, and Community Involvement and Development.

While making this report we have also carried out a materiality assessment, to participate in which we have invited Balma management. Thanks to having done so, we have been able to identify the key stakeholders taking into consideration our impact on them and their significance to our business activities. That consideration has helped us even more precisely plan our strategic activities for the years 2024-2026.

When developing our strategy for the years 2024-2026 we have focused on 6 out of the 17 Sustainable Development Goals

(i.e. Goals: 4, 8, 9, 12, 13 and 17) because they are vital to us and they are consistent with the business strategy of Balma. We have also based our ESG strategy on the dialogue with the stakeholders, on market trends and on environmental and social challenges. The process of developing the ESG strategy has been supported by the feedback obtained from the research on satisfaction and involvement of employees and distributors, which was conducted at the turn of 2023/2024.

We strongly believe that this collection of all the activities we have performed so far within ESG as well as the strategic activities we have planned will become an inspiration to share best practices and will contribute to support the realisation of the assumptions of 2030 Agenda adopted by the UN.



Who We Are

For over 40 years, we have been manufacturing office furniture. Such a long-standing presence in the furniture industry has allowed us to gather extensive knowledge about the dynamics of office work and optimal functioning in such spaces.

Experts in the Industry

We have learned to accurately identify and define the needs of our clients, which has positioned us as a leader in creating products that enhance efficiency and comfort at work. Our products are not just office furniture; they are centres for building relationships, comfortable spaces for work, and also for relaxation and tranquillity.

Responsibility on Multiple Levels

Balma is synonymous with responsibility and timeless design. Balma also stands for aesthetics and functionality. The combination of innovation and full commitment from a team of experts, including designers, engineers, and researchers, allows us to set new standards in office furniture design and offer top-class products. This aligns with the principles of sustainable development.

Comprehensive Collaboration

By staying in touch with our clients, we can accurately respond to their needs and the needs of the market. We also have expert knowledge that allows us to advise on planning and implementing office projects, always with the users' comfort and safety in mind.

People First

Balma is about people - their needs, comfort, efficiency, but also for people. We strive to support our local community. We invest in the potential of young people, actively supporting education. We are co-initiators of the establishment of the Technical School Complex in Tarnowo Podgórze, with classes specialising in carpentry, upholstery, and tailoring. Students learn their trade in our factory, and many of them become our employees after completing their education.

5

Global Reach: we sell our furniture on five continents

13,000 m²

Factory Size: area covered by Balma Furniture Factory

124,185 pcs

Production Volume: pieces of furniture produced in 2023

130,000 m²

Material Usage: the average annual amount of boards used

Our Values

Thoroughness and accuracy

It is thoroughness and accuracy that determine how we view ourselves, how we feel about what we do and how we act. These two qualities affect our abilities to design and manufacture furniture. We have the necessary expertise, the right skills and the right attitude. Thoroughness signifies being professional at what one does. It refers to possessing the knowledge of design and production methodologies and to being able to apply this vast knowledge and adjusting it to the given circumstances when needed.

Accuracy signifies being able to use the explicit knowledge of reflecting on action. That relies on critical analysis of the state of knowledge and the assessment of its applications based on numerous criteria (such as cognitive, aesthetic, ethical, legal, technical, usage, and others). Our thorough and accurate design results from the thoughts and considerations we each time put into the whole designing process.

Awareness and commitment

Awareness and commitment influence the way people treat others. We should be sensitive and we should show empathy. We should be involved. We should be motivated to create. We should be encouraging development. We should be supportive when it comes to acting. The goal ahead of us is to create a world in which all inhabitants can easily find out who they are; the world in which everyone will feel good. This will be possible if people are allowed to live in the world of their choices, of their own values, and in the world where they are surrounded with important and valuable things. This world will also be a place in which people will be able to go beyond themselves. It will be the world which will offer them numerous opportunities. The world which will be built of the things which give them hope, confidence and a feeling of security, and which will make them happy. Designing has a vital role to play. After all, interiors and outdoor spaces are created for real people – made of flesh and blood. That is why, designing has to go hand in hand with real life, real life problems, people's dreams and expectations. That attitude calls for empathy which translates into feeling, imagination, patience and understanding.

Innovation and inclusion

In our opinion, innovation and inclusion are inseparable. They determine our approach toward the future. We want the things we create to last long, to mean something and to influence people and the way they perceive things and their surroundings. In order to achieve it, a designing process has to be rooted in life. On the one hand, it has to refer to the life which has passed but which has left a legacy for the future generations. On the other hand, designing needs to keep up with the present life which is dynamically changing. The designing process should not only reflect life of real people and real situations, but also their dreams. A designing process should make use of the past, history and traditions. At the same time, it should appeal to contemporary people. The process should also embrace tomorrow as tomorrow is actually today in design. A successful designing process needs an open dialogue and collaboration. It needs learning from mistakes and drawing conclusions for the future. Finally, it needs listening attentively to present-day opinions and sharing the responsibility for the future generations.



Impact Power

Stakeholders

Integral to the management of a sustainably developing company is the engagement of stakeholders. ISO 26000 lists stakeholders in its definition of social responsibility, considering their expectations as one of the seven core principles of corporate social responsibility.

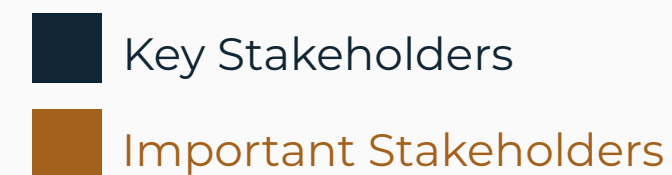
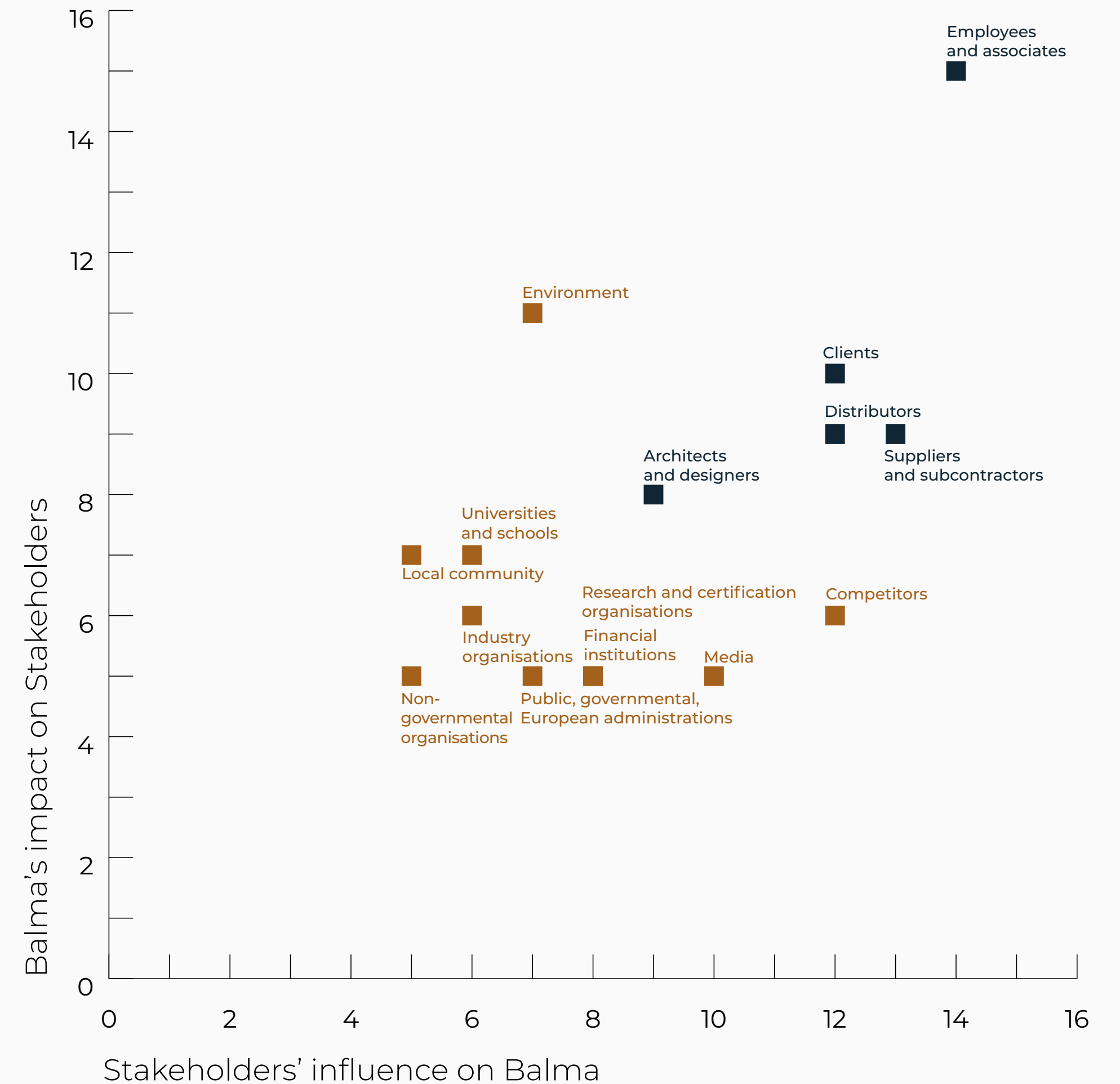
The survey of executives allowed us to characterise our key and important stakeholders. We determined the strength of our influence on them and the strength of their influence on our business.

Balma's key stakeholder groups are:

- Employees and associates
- Customers
- Suppliers
- Subcontractors (including assembly and service teams)

- Distributors
- Architects and designers

Additionally, we have identified other stakeholders important to our company, including: the environment, the local community, competitors, universities and schools, industry organisations, research and certification organisations, the media, financial institutions, administration: public, government and European, and NGOs.



Environmental Practices

Environmental well-being is fundamental to our operations, driving us to pursue innovative and sustainable solutions.

Carbon Footprint

We continuously monitor our carbon footprint.

Climate change is currently a critical challenge for the world. Our collective goal is to limit global warming (in line with the Paris Agreement) and strive towards achieving climate neutrality. Therefore, we have initiated the development of an action plan for our factory to mitigate climate change.

Since 2022, we have been tracking the carbon footprint of individual products, considering the raw materials used (such as MDF, chipboard, laminates, plywood, steel, natural veneer, PVC, and ABS edging). We also examine the amount of fuel, energy, and utilities consumed, as well as the use of chemicals, packaging, and various types of waste.

Conscious management of our carbon footprint and the solutions we have implemented – photovoltaic installations, changes in product packaging systems, and new production technologies – allowed us to reduce CO2 emissions by 18% of the company's total carbon footprint in 2023.

Climate change is one of the key challenges for the world and a significant concern for our stakeholders. Therefore, it is an important factor in setting the company's development directions and striving to mitigate the effects of global warming. We regularly monitor various factors, including the emission of volatile organic compounds (VOCs) produced by our wet paint shop. This coefficient is below 10% of the value permitted by the standard.



Green Energy

We use green energy

100% of the energy consumed at Balma is green energy, sourced from renewable sources, such as:

- Photovoltaic panels installed on the roof of the production hall (with plans for expanding this installation)
- A certified Green Energy supplier, Energia Polska Sp. z o.o.

Energy-Efficient Lighting

In 2023, we upgraded the lighting in all our buildings, including production halls, to new generation energy-efficient LED bulbs. This process involved replacing approximately 3,000 previously installed fluorescent lights, covering 75% of our fixtures across the company. We will continue this process gradually in 2024 and the following years.



approx. 1,200 m³

Biomass burned: approximately

approx. 40%

Reduction in propane-butane gas usage in forklifts compared to 2022

725 tons = 18%
CO₂ of the company's carbon footprint

Savings from decarbonization efforts in 2023

0

Number of formal complaints regarding environmental impact

approx. 3,000

Number of installed energy-efficient bulbs

2,6 tons

Amount of alternative fuels produced from powder-coating waste

6,3 tons

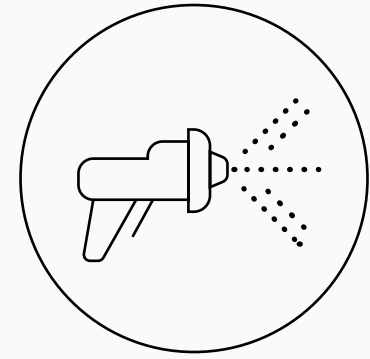
Amount of alternative fuels produced from plastics

1,4 tons

Amount of recycled plastic packagings



Investments

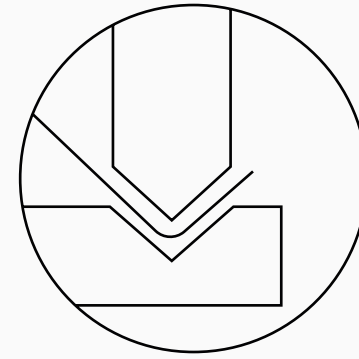


We Modernised the Paint Line

In 2023, we completed the installation of an automatic paint line. The change in powder-coating preparation and painting technology allowed us to:

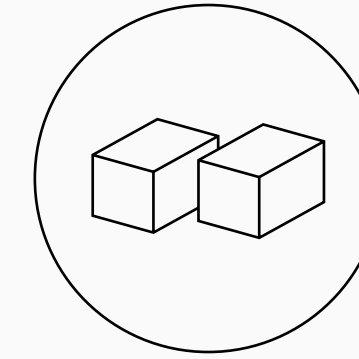
- increase efficiency
- improve the quality of the painted coating
- reduce paint consumption and dust emissions in the preparation process of semi-finished products for painting
- optimise gas and electricity consumption
- neutralise process wastewater in the factory's pre-treatment installation before disposal

We replaced the phosphating technology with an environmentally friendly zirconium technology. This modernisation also helped reduce dust and alleviate musculoskeletal strain, thereby improving the comfort and safety of our employees.



We Invested in a Press Brake

At the turn of 2023/2024, we purchased and commissioned a TRUMPF hydraulic press brake. This investment made programming, tooling, and sheet metal bending faster, safer, and more efficient. The investment allowed us to increase production efficiency and accuracy while optimising raw material and energy consumption.



We Responsibly Package Our Products

We ensure the minimization of packaging material usage by optimising packaging design. We also reduce the use of plastic packaging in favour of cardboard. We have expanded our cardboard packaging machine with an endless cardboard storage system. This integration aims to select the optimal width of cardboard for the current production task.

We also invested in the purchase of three strapping machines. By using straps made entirely from recycled materials, we have significantly reduced the use of adhesive tape that was previously used for packaging furniture.



Conscious Use of Resources

We optimise resource utilisation

We produce our furniture using chipboard that meets high-quality standards, as confirmed by certifications. We collaborate with renowned manufacturers such as Kronospan, Egger, and Pfleiderer.

In production planning, we ensure optimal resource utilisation. Our programmers, supported by advanced technologies, plan the cutting layouts for boards, sheets, and profiles. This approach enables us to use fewer raw materials and generate less production waste.

All these initiatives allow us to actively contribute to creating a better and more sustainable environment for future generations.



Conscious Waste Management

Amount of Production Waste Recycled in 2023:

34,9 tons

Paper and cardboard

2,2 tons

Sawdust and wood shavings

73 tons

Scrap metal

1,4 tons

Plastics

3,8 tons

Fly ash



Due to the implementation of a closed-loop painting process combined with a pre-treatment system, the amounts of wastewater generated containing total phosphorus, ammonium nitrogen, and nitrate nitrogen are significantly below permissible limits and amount to:

Results of Physical-Chemical Analysis of Industrial Wastewater

Parameter	Permissible Norm	Result with Uncertainty
Total Phosphorus	<= 10 mg/l	0,39 ±20% mg/l
Ammonium Nitrogen	<= 100 mg/l	2,0 ±14% mg/l
Nitrate Nitrogen	<= 10 mg/l	0,23 ±20% mg/l

Social

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"Yes" to employee needs and satisfaction	15
"Yes" to improving employee safety	16
"Yes" to the comfort and safety of production workers	16
"Yes" to team integration	17
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Labour Practices

"Yes" to employee needs and satisfaction

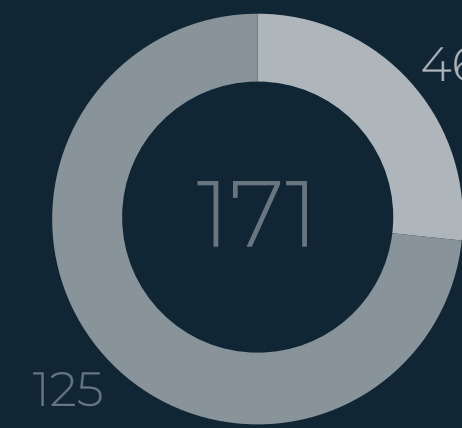
At the end of 2023, we conducted a survey among our employees, with a participation rate of 70% among administrative staff and 50% among production staff. The survey results allowed us to identify the level of employee satisfaction, their expectations, and planned actions. Employees highlighted key elements they value in our company, including people, job stability, and high-quality products. A significant portion of production staff also appreciated our environmental stewardship efforts. The majority of employees feel good and safe in our workplace, attributed to a positive atmosphere, teamwork, job stability, respect, offered benefits, and opportunities for learning and development. This is a very important result for us.

We carefully analysed the survey results and are committed to addressing them. Management plans to hold regular meetings with the Employee Council, launch a program for submitting rationalisation proposals and reporting irregularities, and introduce new benefits suggested by employees in the survey.

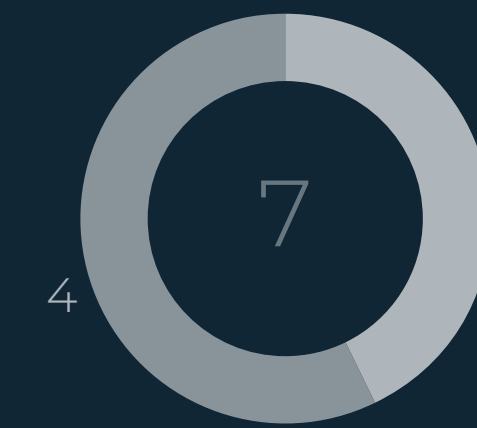


Employment

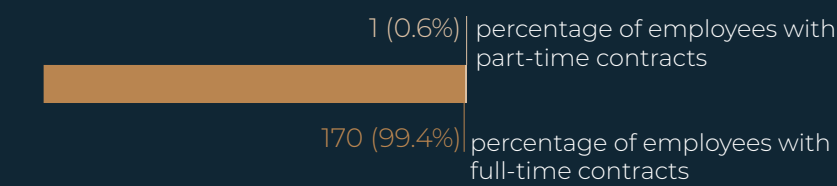
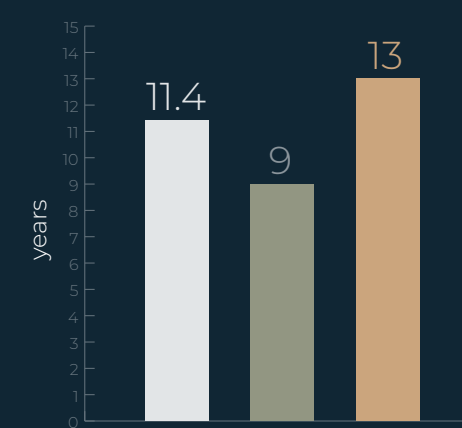
total number of employees under employment contracts



Gender Distribution in Senior Management



Average Length of Employment



Gender and Age Structure of Employees:

Age Group	Total	Women	Men
20 years and younger	6	0	6
21-25	10	3	7
26-30	12	6	6
31-35	16	7	9
36-40	26	7	19
41-45	23	9	14
46-50	30	8	22
51-55	24	2	22
56-60	15	3	12
61 and older	9	1	8
Total	171	46	125

Additionally, there are 15 students below 20 years of age from vocational schools among the total workforce.

3 (1.75%)
Number of employees with disabilities

6.41%

Sickness absence rate

94%

Percentage of employees from the local community (Wielkopolskie Voivodeship)

86%

Annual leave utilisation rate



“Yes” to improving employee safety

In 2023, in collaboration with the Volunteer Fire Brigade of Tarnowo Podgórne, we conducted exercises aimed at improving employee safety. Personnel responsible for fire suppression and evacuation underwent additional practical training on handling various threats. Additionally, we organised occupational health and safety training and a first aid course conducted by

specialists from the Rescue Centre, which included practical exercises. As part of our safety measures, we purchased an AED defibrillator easily accessible to employees and residents of the Tarnowo Podgórne municipality.

“Yes” to the comfort and safety of production workers

In 2023, we implemented a project aimed at improving the comfort and safety of production workers. By introducing electric pallet trucks and height-adjustable tables, we reduced the risk of accidents and occupational diseases associated with excessive physical strain. This project

received funding from the Prevention and Department of ZUS (Social Security Office.)

Safety

In 2023, we recorded:

- one workplace accident including zero fatalities
- zero occupational diseases or suspected cases
- zero commuting accidents to/from work

Other significant indicators related to safety and occupational hygiene:

21 employees
trained in basic first aid

100%
of employees trained in fire protection principles and hazards and risks associated with their positions

20 employees
trained in procedures for emergency response teams

100%
of production, maintenance, and warehouse employees trained in handling hazardous chemical substances



“Yes” to team integration

We care about creating a friendly work environment, so we focus on integrating our employees. We regularly organise meetings for them because we believe that building relationships outside of work enhances fruitful cooperation every day.

Every year, we celebrate Christmas together by organising a company Christmas party for our employees and friends of Balma. For many years, every autumn, we go to the Tatra Mountains together. There, we walk,

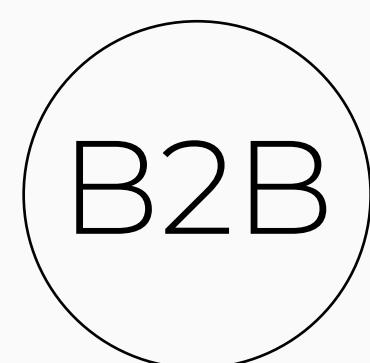
talk, and face the challenges of mountain trails and more.

During the summer months, engaging in team sports and friendly competition will undoubtedly become a cherished tradition. We understand that a touch of adrenaline and healthy rivalry make for a perfect way to bond after work.



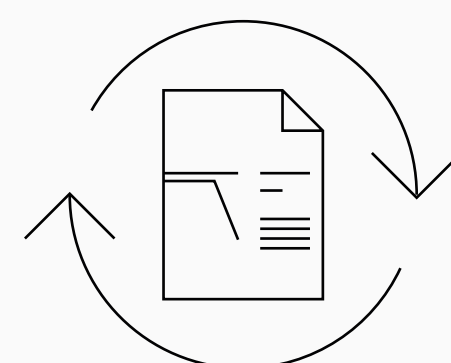
Consumer Issues

B2B Panel



Tools for distributors

To enhance relationships and the quality of work with our distributors, we have developed a tool for quick pricing of custom furniture pieces. In 2023, we expanded the capabilities of our quick pricing calculator. This convenient solution allows for obtaining a ready quote by selecting specific product features. The panel includes a register of quotes and complaints, providing easy access to transaction history.



Complaint Handling System

In 2023, we enhanced our complaint handling system, enabling customers to submit complaints through the balma.pl website. This allows them to stay informed about the progress of their complaints at every stage of the process, facilitated by a dedicated customer care representative. We view complaints as valuable insights that help us minimise discrepancies in our production processes. In 2023, we processed a total of 563 complaints, of which 405 were deemed valid, accounting for 72% of all submissions.

Market and production

We continuously strive to improve the quality of our production, which is reflected in customer satisfaction and a decrease in reported complaints.

In 2023, we processed a total of 563 complaints, of which 405 were deemed valid. This represents a decrease in reported complaints compared to 2022 by over 9%. The ratio of valid complaints to the number of finished products manufactured in 2023 was 0.4%.

29 countries

the number of countries where our products were present (including Poland)

approx.
100 000

the number of manufactured finished products in 2023



Balma for Architects and Distributors

3D Tools

We have created a rich library of 3D models, textures, and other essential materials that will greatly assist in project creation.

Materials and Samples

We possess advanced technological capabilities that allow us to manufacture furniture in various technologies, materials, and colours. We offer a wide range of finishes and a diverse colour palette. For our materials, we have compact, convenient, and functional sample boxes that are easy to use.

pCon

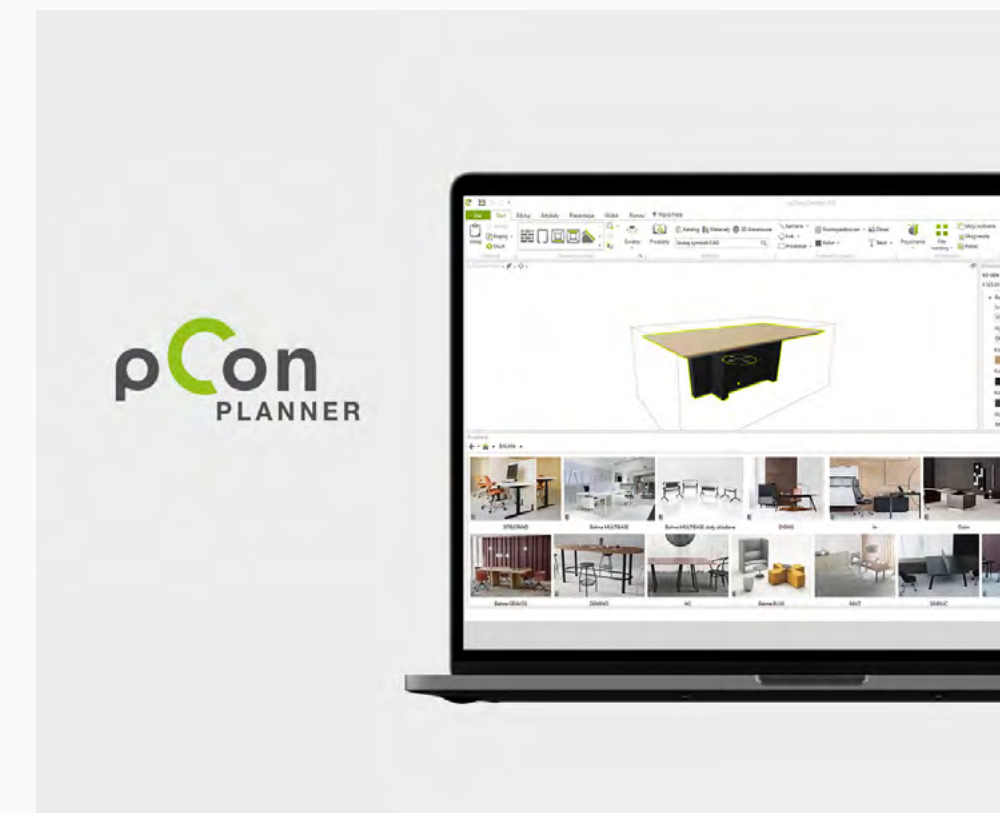
pCon tools are programs and applications for designing, presenting, and selling in the design and sales sector. Based on configurable data from furniture manufacturers, finishing articles, and interior equipment, pCon.planner usage is free for users. Access to OFML data can be obtained after verification by the Balma team.

Direct Support

We understand the critical importance of each project. We provide architects and designers collaborating with us with support at every stage of the project. We offer our knowledge and experience in project preparation and pricing. We carefully monitor the furniture production process at every step—from creating the offer and documentation to production and furniture installation at the client’s site. Because attention to every stage matters.

Custom Production

We fulfil custom orders tailored to existing spaces or designs. We can produce bespoke solutions tailored to the individual needs of the client. With our modern technological infrastructure and a team of highly skilled technologists, engineers, and designers, we are able to meet the greatest project challenges.



Collaboration is Key

We understand the importance of exchanging ideas and experiences, which is why we participate in numerous conferences, workshops, and industry meetings.

Pro Progressio

Since 2021, we have been a member of the Pro Progressio Club, which brings together organisations from the Modern Business Services sector and their direct and indirect environments. Through this collaboration, we participate in various publications, meetings, training sessions, and industry events.

Property Forum

In 2023, we took part in the XIII edition of the Property Forum conference in Warsaw. During the event, owners and CEOs of the largest real estate companies operating in Poland gathered. Representatives of Balma, along with a thousand other participants, discussed the most important trends in the office, warehouse, retail, hotel, and residential sectors.

Real Estate Market Forum in Sopot

In 2023, the 3rd edition of the Real Estate Market Forum took place in Sopot. We participated in this key event for the real estate industry, analysing data and insights from market leaders alongside hundreds of other attendees.

Dobry Wzór 2023 Exhibition

In 2023, we participated in the jubilee exhibition of the Dobry Wzór awards at the Institute of Industrial Design in Warsaw. During the event, objects that have participated in the Dobry Wzór competition over the past 30 years were presented. Among them was our table from the Mixt collection designed by Piotr Kuchciński, which was honoured with the Dobry Wzór award in 2005.



Accessibility Forum

In 2023, the first edition of the Accessibility Forum took place in Poznań, an event dedicated to universal design and architectural accessibility. This event was particularly important to us because we focus on the needs of people with disabilities and inclusivity in our work. The conference brought together representatives from the architectural, development, and construction industries to expand knowledge and seek inspiration for creating more accessible and friendly spaces for everyone. We had the pleasure of sharing our knowledge and experience in conscious design, presenting solutions that make our products suitable for use by people with disabilities.

”Safe Recovery Space” Workshop at the Design Plus Congress

In 2023, the seventh edition of the International Design Plus Congress under the theme ”Design on Prescription” took place in Szczecin. The meeting was dedicated to the role of creative industries and their unique impact on regional development, the economy, local identity, and business. The main goal of the congress was to support entrepreneurship by promoting innovative solutions that make the world a better place. The workshop aimed to revolutionise the approach to space arrangement in

patient rooms. Participants worked with our materials, exploring their properties and applications.

ARCHitectural Evening in Łódź

In 2023, we were a co-organizer and strategic partner of the ARCHitectural evening in Lodz - an event for architecture and design enthusiasts. During the event, Maciej Janczyk of Q2 Studio talked about the projects and challenges he faces in the architectural profession.

3D Poznań

In 2023, we became a partner of the 3D Poznań event, a meeting for people from the creative world. Design and three-dimensional technology enthusiasts had the opportunity to learn about market innovations and establish valuable contacts during the event.

Interior of the Year Awards Gala by the Association of Interior Architects

In 2023, the Association of Interior Architects (SAW) presented the winners of the ”Interior of the Year” competition during a gala at the Academy of Fine Arts in Warsaw. The event recognized the best private and public interiors of recent years. We contributed to the space arrangement for the gala, equipping it with our poufs and tables from the Plus collection, H2 tables, and Pung stools.



Fair Operational Practices

Quality confirmed by certificates

We test the strength, durability and stability of our furniture at the Furniture Testing Laboratory (LBM) European Certification, accredited by the Polish Center for Accreditation (PCA). Furniture is tested in accordance with testing procedures and European standards to ensure the highest quality, safety and functionality.

Additionally, many of our products, such as Minimus, Multibase, C8, G4, J_system, K2, and Plus, have certifications confirming their durability and ergonomics, issued by LBM for a period of 3 years.



Quality confirmed by testing

In 2023, we introduced the Bbox acoustic booth to our product range, which was tested at the acoustic laboratory of the Ship Design and Research Centre, accredited by PCA. The most important parameters were examined, including speech level reduction, cabin acoustic insulation, noise level, reverberation time, and sound absorption coefficient.

According to ISO 23351-1, in terms of speech level reduction, our booth fits into class B with a result of 28.8 dB.



Community Engagement and Local Development

We actively work towards the development of the local community by undertaking numerous activities.

For the Community

”Professional” – Collaboration with Vocational Schools

In 2023, we continued our collaboration with vocational schools through initiatives aimed at supporting young people in choosing their career paths. Our efforts include supporting novice carpenters by offering internships at our factory to students from the Technical School Complex in Tarnowo Podgórze and other vocational schools.

We also assist students preparing for state exams through workshops and hands-on practice. Our activities extend to organising tours to partner companies and encouraging youth to pursue specific trades and further development.



Local Community

We support the local community in various aspects, with education being a key focus.



15

Number of students from the local vocational school who pursued vocational training at Balma in 2023

175

Number of people who participated in training sessions and tours of our company

Balma for the Youth

We collaborate with career advisors from local primary schools, recognizing the importance of supporting youth education and inspiring them to shape their futures from an early age. We promote the pursuit of carpentry as a profession.

In 2023, we hosted numerous groups of primary and vocational school students from our region at our factory. We discussed their future educational paths and presented potential career and specialisation opportunities within our company. We shared our mission of development and introduced Balma as an innovative, ever-evolving place focused on the needs of employees, customers, and the changing world and environment. We also welcomed students from the fourth class of the State Secondary School of Art in Zakopane, who specialise in Artistic Furniture.

During each visit, we talked about our factory's operations, our daily work, and the career opportunities we offer.

Chair Restoration Workshops

In partnership with students and local organisations, we conducted chair restoration workshops, refurbishing chairs donated by the Fameg factory. The restored furniture was displayed at the Center for Democracy and Civic Integration in Tarnowo Podgórne and later auctioned off at the finale of the Great Orchestra of Christmas Charity (WOŚP).



Local Community Engagement

As part of our social activities, in cooperation with local institutions and communities, we engage in various initiatives.

Tree Planting Initiative

In collaboration with local institutions and communities, we participate in diverse social initiatives. One of these initiatives includes our involvement in an ecological project organised by the Municipality of Tarnowo Podgórze. During the #parkujmyrazem campaign, we planted several hundred trees in the emerging Social Park in Tarnowo Podgórze.

Lion's Run 2023

In 2023, the Balma team once again participated in the Lion's Run in Tarnowo Podgórze to promote a healthy lifestyle and to collectively nurture our passion for sports. We engaged in the event as families (in the Lion Cubs Run) and also as exhibitors and organisers of the relaxation zone.

Great Orchestra of Christmas Charity (WOŚP)

In 2023, we continued our support for the Great Orchestra of Christmas Charity (WOŚP) by donating our iconic Pung collection mobile stool in a vibrant burgundy colour for auction.



Practices in Organisational Orderliness

We operate in accordance with legal standards, while also adhering to our own principles, ideas, and aspirations. In 2023, we underwent an audit and certification for ISO 14001, as well as the renewal of our ISO 9001 certification. Since 1999, we have been operating in compliance with ISO 9001 standards, meeting criteria for quality management systems.

Integrated Management System

Integrated Management System confirms our compliance with current requirements and quality and environmental procedures.

Integrated Management System Policy of Balma

Balma Furniture Factory, with over 40 years of tradition, aims to ensure the highest quality of our products and meet the highest customer requirements as our primary goal. Our vision is supported by an Integrated

Management System based on ISO 9001 and ISO 14001 standards, continuously improved and adjusted to current market demands.

How do we manage with the environment in mind?

- We strive to improve operations and develop technologies to ensure a safe environment for employees and residents
- We reduce waste and pollution through

modern technologies and environmental protection measures

- We carefully select materials to ensure high quality and compliance with standards
- We design furniture with unique and ergonomic features
- We implement an Integrated Management System compliant with international health and environmental protection standards



Practices in the field of Human Rights

At Balma, we adhere to applicable legal regulations, principles of sustainable development, and an Integrated Management System (ISO 9001, ISO 14001).

This system, compliant with international standards, is our daily practice aimed at enhancing customer satisfaction and maintaining high standards of health and environmental protection. We respect the natural environment and take all possible actions to preserve its resources for future generations. We respect the right to privacy of every individual. We understand and embrace diversity. For us, every person, regardless of age, origin, orientation, etc., is equal and deserves respect.

Our actions are based on fundamental principles from international documents and norms such as:

- Universal Declaration of Human Rights,
- OECD Guidelines for Multinational Enterprises
- Charter of Fundamental Rights of the European Union
- United Nations Global Compact's Ten Principles
- International Labour Organization's regulations
- UN Guiding Principles on Business and Human Rights

Employee Council

For many years, our company has had an Employee Council composed of representatives elected by employees in free elections held every 5 years. This body represents the employees of Balma factory.

At the initiative of the Employee Council, regular meetings are held with the Management to discuss current employee-related matters. The Council serves as an informant to the Management on issues significant to the team.



ESG Strategy

Sustainable Development

The six pillars of our ESG strategy include

Main directions of our sustainable development

Our Goals

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Sustainable Development

At Balma, we consistently undertake initiatives in sustainable development across all areas of our operations. Our ESG strategy for the years 2024-2026 is based on dialogue with stakeholders, market trends, as well as environmental and social challenges, and supports the company's business goals.

Sustainable development is an integral part of our organisational culture, taking into account the expectations of employees and other stakeholder groups in the process of creating and implementing business strategy. We believe that such a strategy benefits both our organisation and the environment, promoting long-term development and improving quality of life for all of us.

We have adopted an ESG strategy that continues our previous actions and commitments in the social, environmental, and governance areas. The foundation of our ESG strategy lies in:

- responsible management
- our values
- ethical principles
- compliance with legal requirements
- dialogue with stakeholders to understand their expectations

The six pillars of our ESG strategy include:

1. Education – advisory and vocational training
2. Engagement in local community life
3. Wellbeing, encompassing health and safety, development, comfort
4. Sustainable management
5. Innovation and design
6. Environmental protection

Main directions of our sustainable development:

- | | | |
|----|--|---|
| 1. | Education and Advisory | <ul style="list-style-type: none"> • Practical vocational training and internships for secondary school students • Visits from local primary, vocational, and higher education schools combined with factory tours • Collaboration with universities in Poznań: Arts and Natural Sciences |
| 2. | Engagement in Local Community Life | <ul style="list-style-type: none"> • Collaboration with the Tarnowo Podgórze Municipality Office • Partnership with the Tarnowo Entrepreneurs' Association • Cooperation with vocational schools (I and II degree) from neighbouring districts • Collaboration with the Center for Democracy and Civic Integration |
| 3. | <p>Wellbeing</p> <ul style="list-style-type: none"> • Health and Safety • Development • Comfort | <ul style="list-style-type: none"> • Development and skills enhancement training for employees • Enhancement of employee benefits • Implementation of solutions to improve working comfort and ergonomics • Employee rationalisation proposal program • Employee integration • Development of employee volunteerism "Employees to Employees" |
| 4. | Sustainable Management | <ul style="list-style-type: none"> • Preparation and implementation of a Code of Conduct for employees • Preparation and implementation of a Code of Conduct for suppliers • Preparation and implementation of ESG Policies |
| 5. | Innovation and Design | <ul style="list-style-type: none"> • Automation of production processes • Sustainable furniture design and production • Inclusive design considering user diversity |
| 6. | Environmental Protection | <ul style="list-style-type: none"> • Environmentally friendly technological changes • Periodic calculation of carbon footprint and decarbonisation plan • Development of photovoltaic installations • Conscious management of rainwater and technological water • Minimisation and sensible waste management based on the 4 R principle: Refuse, Reduce, Reuse, Recycle • Environmental education • Optimisation of logistics processes • Actions in accordance with the Integrated Management System Policy (ISO 9001 and ISO 14001) |

Our Goals

Our ESG strategy for 2024-2026 aligns with the 2030 Agenda adopted by all 193 UN member states. These goals represent a plan of action for transforming and reshaping the world, where the needs of the current generation can be met sustainably, with respect for the environment and consideration for the needs of future generations.

We have selected six out of the seventeen Sustainable Development Goals (SDGs) that are of utmost importance to us.



In 2024 and the subsequent years, our actions and development will be guided by Goals:

4 (4.1, 4.3, 4.4): Quality Education



Education - where it all begins

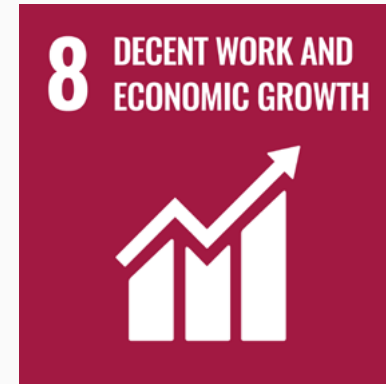
At Balma, we understand that high-quality education is fundamental to improving people’s lives and achieving sustainable development. Universal access to education enhances quality of life and enables innovative solutions to contemporary global challenges. Ensuring good quality education involves creating universal scholarship programs, workshops for teachers, and developing schools.

4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

8 (8.3, 8.5, 8.6, 8.8):
Decent Work and
Economic Growth



Balma for employees and the local community

Sustainable economic growth requires creating high-quality jobs that stimulate the economy without harming the environment, while providing fair working conditions for employees. It is essential to create new employment opportunities and ensure fair working conditions for the working-age population.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.6 Substantially reduce the proportion of youth not in employment, education or training.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

9 (9.4): Industry,
Innovation and
Infrastructure



Balma for innovation

Investing in infrastructure such as transportation, irrigation systems, energy, and information and communication technologies significantly contributes to sustainable development and strengthens societies. Effective investments in these areas play a crucial role in enhancing productivity and income, improving healthcare, and ensuring quality education. Technological progress is essential for achieving environmental goals, such as reducing carbon emissions. Without technology and innovation, industrialisation and thus social development would not be viable.

Greater investments in advanced technologies are necessary to increase the efficiency of manufacturing production.

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

12 (12.2, 12.5):
Responsible
Consumption
and Production



Balma for sustainable production and consumption

Sustainable consumption and production promote efficient use of energy and resources, the creation of resilient infrastructure, access to basic services, fair working conditions, including in the environmental sector, and improve quality of life. This approach contributes to achieving development goals, reduces economic, environmental, and social costs, enhances economic competitiveness, and helps eradicate poverty. Sustainable consumption and production lead to net benefits from economic activities by reducing resource consumption, minimising degradation and pollution while improving quality of life.

Implementing sustainable consumption and production requires coordination among producers, consumers, and other supply chain participants. Informing and educating consumers to increase awareness of sustainable consumption and lifestyles is essential. Information campaigns on standards, product labelling, and engaging consumers in public procurement issues can serve this purpose.

- 12.2** By 2030, achieve the sustainable management and efficient use of natural resources.
- 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

13 (13.3): Climate Action



Balma for the natural environment

The impacts of climate change, such as rising sea levels, extreme weather events, and increasing greenhouse gas emissions, pose a global challenge to humanity regardless of location. It is essential to coordinate international efforts to counteract these threats and support a low-emission economy.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

17 (17.16): Partnerships for the Goals



Balma for partnerships for sustainable development

Achieving the Sustainable Development Goals requires close partnerships among governments, the private sector, and society. These partnerships should be based on shared principles, values, and goals, focusing on both people and the planet. Such cooperation is needed globally, regionally, nationally, and locally.

Urgent actions are needed to unlock finances in the private sector for achieving the Sustainable Development Goals. Long-term investments, especially in sectors like energy, infrastructure, transport, and technology, are essential, particularly in developing countries. A clear strategy for public sector development is also necessary, including rebuilding monitoring, review, and regulatory systems to strengthen new investments and national oversight mechanisms.

17.16 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism.

balma

Fabryka Mebli Balma SA
ul. Poznańska 167
62-080 Tarnowo Podgórne
Poland

balma.eu

08.2024