LOVO CHEMIE

EVIRONMENTAL SUSTAINABILITY REPORT

Contents

Lovochemie pays special attention to environmental protection

ISO 14001

CZK
137 Million
Environmental protection, safety, and occupational health costs in 2023

Gradually reducing emissions into all components of the environment, creating safe working conditions for employees, and preventing pollution are among the Company's fundamental goals. This commitment is evidenced by the successfully implemented EMS management system, which has been certified according to the ČSN EN ISO 14001 standard since 2004. In 2023, a supervisory audit of this system was conducted by BUREAU VERITAS. Another significant initiative is the "Product Stewardship" programme, implemented by the Company according to the rules of the European association of fertiliser manufacturers, Fertilizers Europe. The Company also regularly defends its right to use the Responsible Care logo for responsible business in chemistry and the Safe Enterprise title.

The main activities with a positive impact on the environment in 2023 included specific projects aimed at reducing air emissions from nitric acid plants and stabilising the operation of the fluidised bed boiler, which ensures highly efficient heat production for all industrial companies on the site as well as for the residents of Lovosice.

The Company recognises the need to implement improvement measures in other segments of its operations as well. Since 2017, a modern mechanical-biological waste water treatment plant has enabled the reuse of treated water back into the technological water production process. In the area of water protection, significant savings in water consumption and reductions in discharged pollution have been achieved. The favourable water consumption trends on the site are also significantly supported by recycling washing waters, steam condensates, and increasing the retention capacity of rinsing waters at the LAV production plant.

We have also implemented measures for dust removal in operations, reducing risks associated with the storage and handling of chemicals, and enhancing site security. Additionally, we have taken measures to increase operational safety, improve lighting conditions, and provide employees with protective equipment.

In 2023, the costs for environmental protection, safety, and occupational health amounted to 137 million CZK.

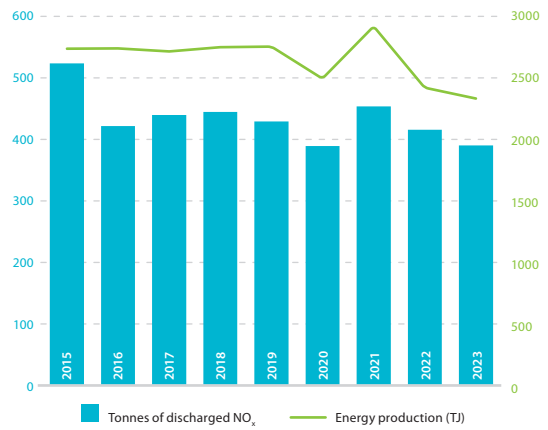
Lovochemie is a stable and promising employer that continuously reduces the negative impacts of its activities on the environment, enhances the safety and health protection of its workers.

Air and Climate Protection

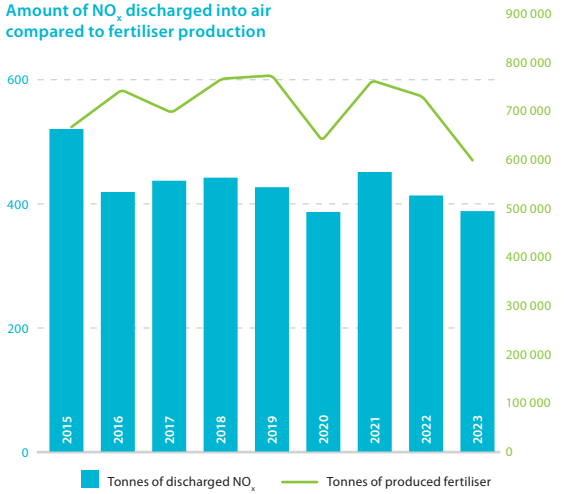
Year 2023 saw a year-on-year decrease in fertiliser production by more than 25%. This decrease was caused by instability in the fertiliser market and the response to the GREEN DEAL commitment. Air emissions are primarily influenced by energy operations, which depend partly on external energy consumers. The amount of SO_2 emissions remains low due to the operation of the new circulating fluidised bed boiler equipped with dry flue gas desulphurisation. Emissions of other pollutants from fertiliser production, such as nitrogen oxides, show a decreasing trend due to the high efficiency of selective reduction at the KD6 nitric acid production plant and the operation of end devices at the CN fertiliser production plant.

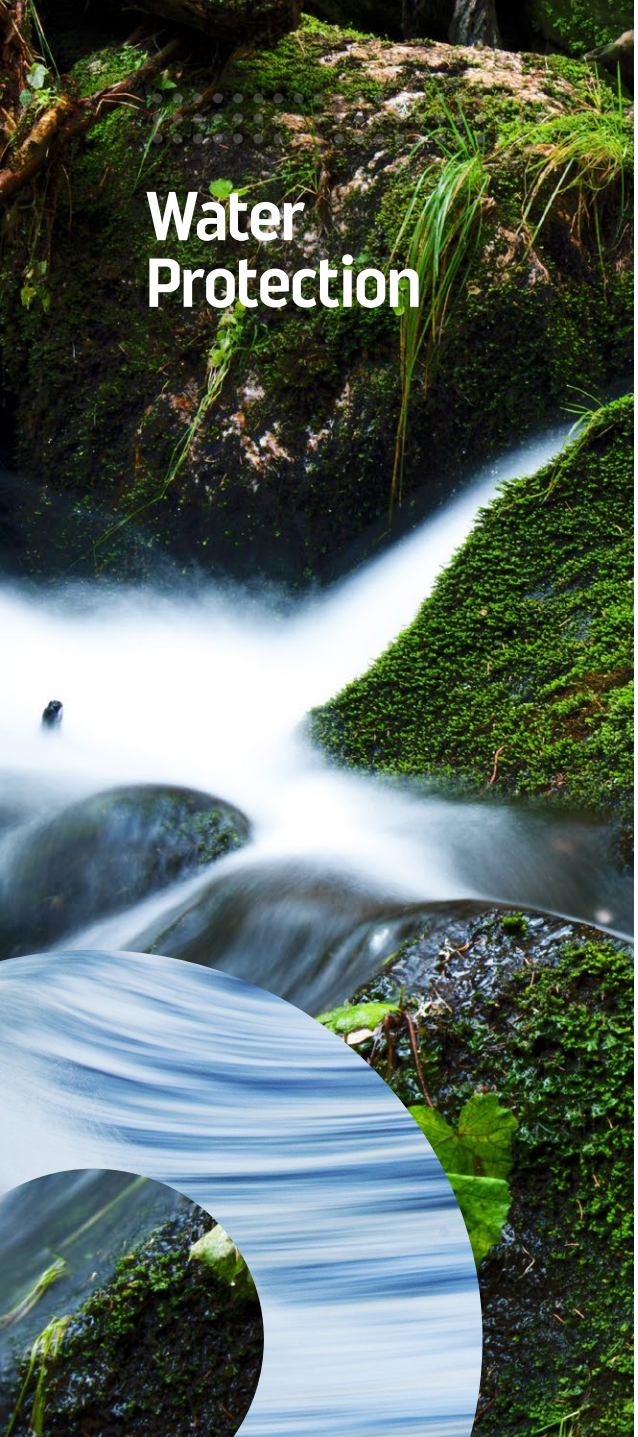
Greenhouse gas emission sources included in the EU-ETS (Emissions Trading System) are monitored and evaluated according to approved monitoring plans.

Amount of NO_x discharged into air compared to energy production



Amount of NO_x discharged into air compared to fertiliser production





Water Protection

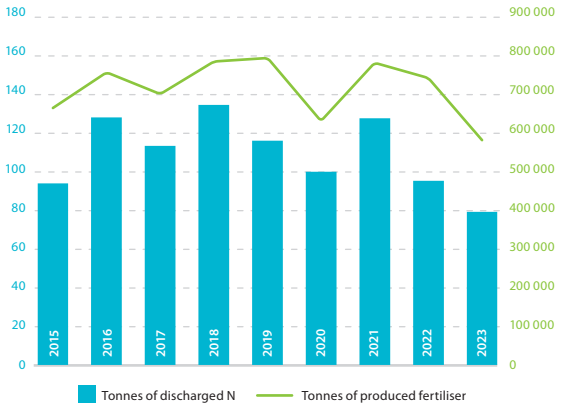
Waste Water

Waste water is treated at our own treatment plant, which also handles water treatment for external companies located on the premises. In water protection, the focus is mainly on inorganic nitrogen from mineral fertiliser production. Lovochemie consistently operates and continuously expands the rinsing water separation and recycling system at these production plants. The trend in reduced discharged nitrogen mirrored the decrease in fertiliser production in 2023. This effect was also seen in other parameters influenced by the activities of external companies. The amount of discharged phosphorus remains minimal due to reduced production of phosphate fertilisers. For the sixth consecutive year, all sewage water treated at the new mechanical-biological waste water treatment plant is reused in the production of technological water, and further tasks to reduce water consumption continue.

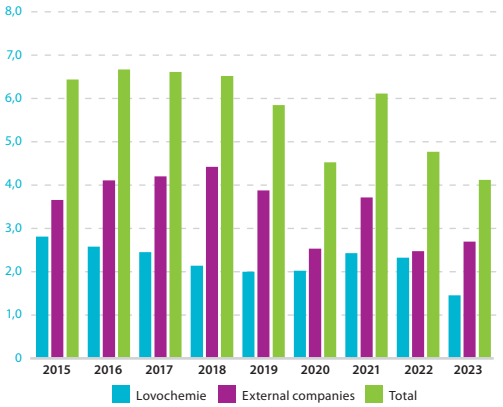
Ground Water

Another monitored area of the Company's environmental impact is ground water quality, which is regularly monitored at selected inspection wells on the Lovochemie premises. Most control samples show a decreasing trend, indicating not only the stable achievement of target parameters in previously remediated locations but also reduced soil contamination due to current Company activities.

Amount of inorganic nitrogen discharged into the Elbe compared to fertiliser production



Amount of waste water discharged into the Elbe in million m³

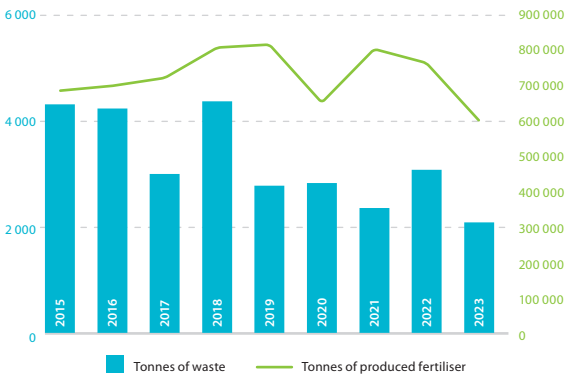


Waste Management

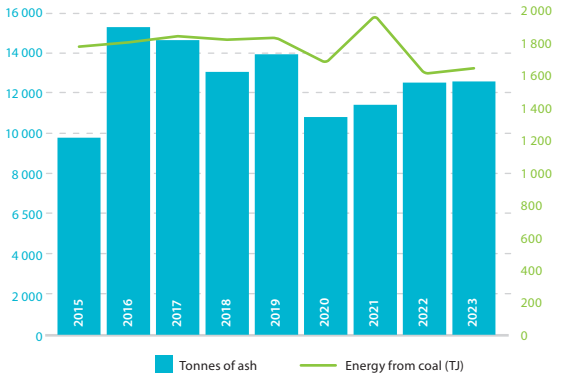
The Company handles waste production in compliance with legislation. Packaging waste recycling is ensured through a collective fulfilment agreement with EKO-KOM. In 2023, a total of 14,545 tonnes of waste was produced, representing a further reduction in waste production per tonne of fertiliser produced. Production plants are in standard operation, and the amount of waste produced is therefore stable. Reducing the amount of waste produced helps mitigate rising disposal costs. We continually seek additional opportunities for secondary raw material utilisation, although market demand remains low. We also consistently focus on projects aimed at returning non-conforming materials back into production.

Since 2016, ash from the K8 coal boiler is managed as waste, accounting for 86% of total waste produced. It is 90% used for material recycling and 10% for the solidification of hazardous waste.

Amount of waste compared to fertiliser production



Amount of produced ash compared to energy produced by a coal boiler



Reducing Environmental Risks

Lovochemie has established a system for preventing industrial accidents. Between 2010 and 2013, flood protection measures were built around the entire site. These measures reduce the risk of operational substance leaks into surface and ground water and enhance site safety during floods. The speed of mobile barrier installation is regularly tested during emergency drills.

An annual inspection is conducted under the Act on the Prevention of Major Accidents. For immediate response, there is the Company's fire brigade unit, which is part of the integrated rescue system and is equipped with the latest available technology.

Chemical Substances

Since 2018, Lovochemie has registered all manufactured substances under the REACH Regulation with ECHA, with ongoing updates to safety data sheets based on new findings in this field.

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

product stewardship
fertilizers

Occupational Safety and Health, Fire Protection

The Company ensures the safety of employees and contractors by strictly enforcing legislative and internal requirements and investing significantly in quality personal protective equipment.

In 2023, the OSH management system was inspected under the "Safe Enterprise" programme, a title which Lovochemie has continuously held since 2002. The final report confirmed that the legal person meets the criteria set by the updated 2017 version of the programme. The "Certificate" of the implemented OHS management system is valid until 1 November 2026.

Indicators of Occupational Accident Rate

Occupational Accident Rate	2018	2019	2020	2021	2022	2023
Number of employees in the organisation	702	678	658	655	653	656
Number of fatal accidents at work	0	0	0	0	0	0
Number of accidents at work requiring hospitalisation longer than 5 days	0	0	0	2	1	0
Number of other accidents with incapacity for work longer than 3 calendar days	5	7	4	9	14	14
Number of accidents at work per 100 employees (frequency)	0,71	1,03	0,61	1,37	2,14	2,13
Number of calendar days of incapacity for work due to accidents at work	658	303	385	735	718	1237
Number of cases of recognised occupational diseases	0	0	1	0	0	0

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