

Vajda-Papír Group
ESG Report

2023



Vajda papír

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Letter from the Owner

GRI 2-22

Dear Reader, dear Investor,

We closed the 2023 financial year with an outstanding result, growth in volumes and a significant increase in profitability, driven by our productivity improvements, the use of innovative solutions and energy efficiency measures. There was another reason for celebration in 2023 as our Norwegian factory, Vajda-Papír Scandinavia AS, the only Hungarian-owned company producing and distributing daily consumer goods in Norway, celebrated the 10th anniversary of its foundation.

With our Green Bond listed on the XBond market and in the green product category of the Budapest Stock Exchange and with our Green Committee we are among the most ESG-conscious companies, and now, after years of preparatory work, we have taken another decisive step in the field of sustainability.

Our next report will provide more details, but we can already reveal that we have joined the Science Based Targets Initiative (SBTi) so that we can set ourselves climate targets that are defined and communicated transparently, and put our fight against climate change on a stronger footing. We are to set out a detailed roadmap for our near-zero emissions by 2030.

In 2023 we continued to play an active role in re-launching training in the paper industry, investing £1.4 billion in 2022-23 to educate employees since we need properly trained workers to increase efficiency. As a result, we won the "Largest-volume training programme of the Year" award. Our results demonstrate we are on the right track backed by state-of-the-art technology, environmentally conscious production and continuous employee education. The gain is twofold: we are increasing the added value of the paper industry and also contributing to the strengthening of the national economy.

Over the past 10 years we have invested around HUF 40 billion to ensure the sustainable technologies for our hygienic paper production and operations.

Today we are proud to say that by producing our own raw material we can make significant savings in fuel consumption (through reduced shipments), around 400 thousand litres annually. We have reduced our carbon dioxide emissions and made our production process more sustainable: we manufacture 1 tonne of base paper with up to 26% less electricity and 70% less water than paper mills using less innovative technologies. Our key commitments

to sustainability include increasing renewable energy use by 50% and reducing water use by 20% by 2030. We also aim to become a carbon neutral company by 2050.

Embedding sustainability considerations, climate risks and the related potential in our decision-making processes have also significantly contributed to our success.

This is the third time we have published an ESG report on our progress regarding our sustainability strategy and our current activities.

Best regards,

Attila Vajda
CEO and owner
of Vajda-Papír Group



About our report

(GRI 2-1, 2-2, 2-3, 2-4, 2-5, 2-14)

We publish our ESG report to inform our stakeholders, the Budapest Stock Exchange, our investors and all interested parties in **Hungarian** and **English**¹. Our aim is to provide clear and transparent information about our sustainability efforts, our achievements and the impact of our activities on the environment, society, economy and people.

Vajda-Papír Group ESG Report for 2023

Vajda-Papír Group

Hungarian address:

2330 Dunaharaszti, 51. Némedi út (road).

The entities covered in the report and their respective operation areas:

Vajda-Papír Group comprises two Hungarian companies (Vajda-Papír Kft., Vajda Real Estate Kft.) and a Norwegian subsidiary (Vajda-Papír Scandinavia AS), and all three companies have the same owners.

Hungary

Vajda-Papír Kft.

Vajda Real Estate Kft.

Norway

Vajda-Papír Scandinavia AS

Data sources:

The data published was provided by the different units of Vajda-Papír Group, used after structuring and review.

Management approval:

The Vajda-Papír Group ESG report and the list of material topics are published with the approval of the CEO.

The GRI index and glossary **are a mandatory part of the publication.**

¹ The Hungarian and the English versions are identical in content.

**Reporting period:**

The reporting period corresponds to the financial year from 1 January 2023 to 31 December 2023. The data reflects the status as of 31 December 2023 ².

Reporting frequency:

annual

Standard:

The Sustainability Report was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI) GRI Standards 2021³, which came into force on 1 January 2023. The report has been prepared without external, independent certification.

There is no GRI sector-specific standard in effect at this time.

There are two material issues (green bond and quality management) for which there are no GRI standards.

Report publication date: 20.12.2024.

(The previous ESG report was published on 31.12.2023.)

This report is the third ESG report of the group and the second report prepared in accordance with the GRI standards.

More information:

esg@vajdapapir.com

² Any additional data will be clearly indicated in the report.

³ GRI (Global Reporting Initiative) <https://www.globalreporting.org/standards>

2023: Facts and figures

25+

years of Vajda-Papír

10th

celebration of the Norwegian
company Vajda- Papir
Scandinavia AS

35%

market share in the
household paper market

50%+

income from exports

B+

Scope Ratings
(earlier: B-)

700+

employees at
group level

10.6

HUF billion EBITDA

6.3

HUF billion Group
profit before tax

105+

HUF billion cumulative
consolidated annual turnover

15%+

export sales
volume growth ⁴

⁴ Compared to the previous year. In the domestic market a 8.5% decrease in volume.

Highlights and events in 2023

10 years of Vajda-Papír in Norway, a further strengthening of our position in the Scandinavian market

On the occasion of the anniversary, Minister of Foreign Affairs and Trade Péter Szijjártó visited the factory in Norway.

Scope Ratings GmbH affirmed Vajda-Papír's issuer credit rating 'B' and upgraded its outlook on the rating from negative to stable.

Long-term debt rating due to the issuance of the bond has also been upgraded from B to B+.

Presence at the CMS trade exhibition in Berlin

Our participation in the CMS Berlin trade show in September 2023 was a major event for our AFH (away from home) business, with 21,000 visitors from 80 countries around the world. Over 3 and a half days we held 60 meetings, 49 with new interested parties and 11 with our existing partners. Our visitors came from 18 different countries, mostly from Germany.



Awards

Construction Industry Award of Excellence for Vajda-Papír's factory in Dunaföldvár

Vajda-Papír Group and the general contractor STRABAG Generálépítő Kft won the 2023 Construction Industry Award of the ÉVOSZ in the industrial and energy construction category.



Award for the Largest Training Programme of the Year

At the "Investor of the Year" gala The Ministry of Foreign Affairs and Trade (MFA) in cooperation with the National Investment Promotion Agency (HIPA) awarded the companies with the most significant investments for the past year.



Responsible Employer of the Year 2023

3rd place, OFA Award 2023

About Vajda-Papír Group

Vajda-Papír Group comprises two Hungarian companies (Vajda-Papír Kft., Vajda Real Estate Kft.) and a Norwegian subsidiary (Vajda-Papír Scandinavia AS), all companies with the same ownership. Vajda-Papír Kft. was founded in 1999 by Attila Vajda and Szilvia Vajdáné Csata.

We are a manufacturer of hygiene household paper products (toilet paper, kitchen paper towels, paper tissues and paper napkins) and a distributor of away-from home and chemical products. Started as a family business in 1999, we now employ more than 700 people in our plants in Budapest, Dunaföldvár, Székesfehérvár and Drammen in Norway.

Vajda-Papír Kft. produces and distributes hygiene paper products.

Vajda Real Estate Kft. is the owner of the Group's properties in Hungary. Since 2018, following the establishment of the production capacity in Dunaföldvár, it has been producing base paper for hygiene products and selling it to Vajda-Papír Kft.

Vajda-Papír Scandinavia AS: The Norwegian subsidiary of Vajda-Papír Group.

We want to get our products to as many households as possible because we believe that products with great value for money should not be a privilege but a basic service available to all. That's why we try to be present in the best-known supermarkets, hypermarkets and drugstores with the widest network of outlets in the country.

Main customers



Facts and figures

Vajda-Papír Group



Year of foundation:
1999



Founders: Attila Vajda and
Szilvia Vajdáné Csata



The market leader
hygiene paper
manufacturer in Hungary



100% Hungarian,
family company



Hungary's first industrial
manufacturer with an
exemplary HUF 9.9 billion ⁵
green bond issuance



Listed on the Budapest
Stock Exchange in the
category of Xbond
Corporate Bonds and
Green Products ⁶

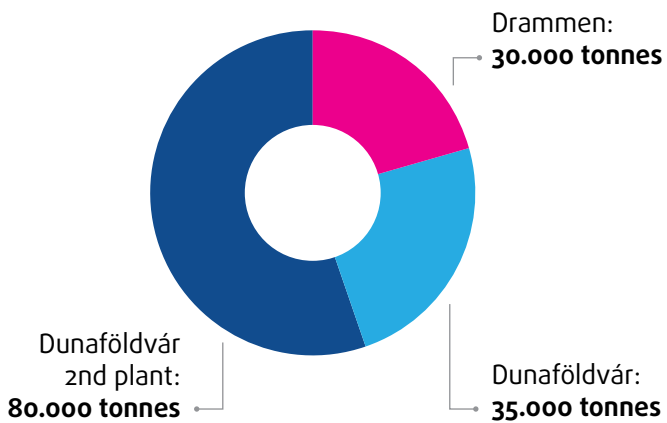
⁵ The green bond was issued by Vajda-Papír Kft in 2021.

⁶ Vajda-Papír Kft.

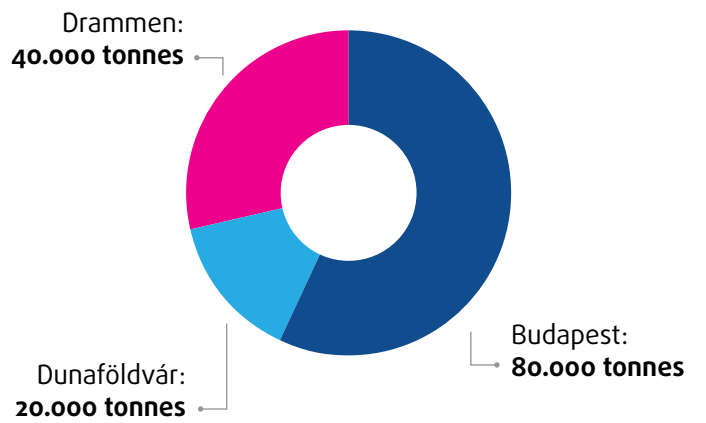
Presence



Base paper production capacity
145.000 tonnes of paper production



Processing capacity
140.000 tonnes of processing



Hungary

Vajda-Papír - Budapest

Built in 2008

Annual capacity: finished product manufacturing: 80.000 tonnes (toilet paper, paper towels, tissues)

Vajda Real Estate - Dunaföldvár

Built in 2018 (integrated mill producing hygiene paper products and base paper)

2022 expansion: new mill (new base paper production hall, base paper warehouse and pulp storage and preparation areas)

Annual capacity

Production of base paper: 35,000 tonnes+ 2. phase 80,000 tonnes = 115,000 tonnes

Production of finished products: 20,000 tonnes (toilet paper, paper towels, napkins)

Dunaföldvár - the factory expanded in 2022 = Europe's most modern paper manufacturing plant, the largest one in the region

- with the most modern and energy-efficient technology available
- with one of the largest capacity paper machines in Europe



Norway

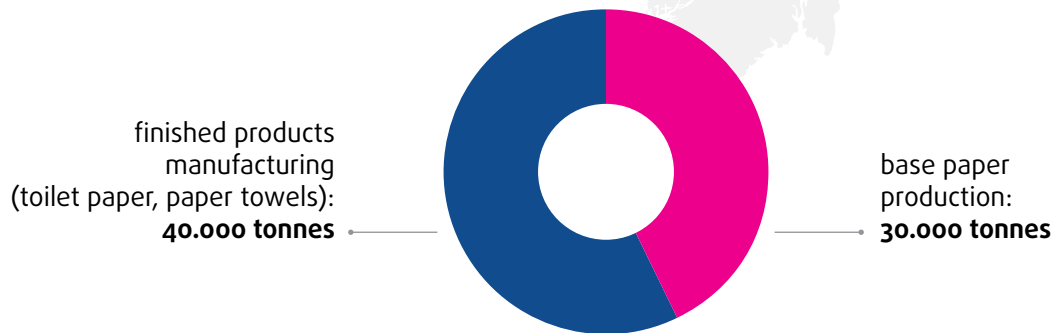
Vajda-Papír Scandinavia AS Drammen

more than 100 year-old paper mill
member of Vajda-Papír Group since 2013

Annual capacity:

base paper production: 30,000 tonnes

finished product manufacturing: 40,000 tonnes (toilet paper, paper towels)



Product range

toilet paper, paper tissues, paper towels, paper napkins; industrial products, surgical face masks



Market leadership in Hungary

No.1



In the paper towel category Vajda-Papír is the leading brand supplier in the Hungarian household hygiene paper market. ⁷

No.2



In the toilet paper category Vajda-Papír's branded products are ranked second in the Hungarian market ⁸

⁷ Based on the September 2023 database report from AC Nielsen Market Research Kft.

⁸ Based on the September 2023 database report from AC Nielsen Market Research Kft.



Our flagship manufacturer brand, Oops!

The Group supplies multiple manufacturer brands to stores throughout Hungary and also produces a large number of private label items for retail chains.

Our brand, created in 2011, is a popular hygiene paper product well-known for customers. Our branded products are market leaders in the domestically produced quality hygiene tissue and paper towel category.



Oops! Professional

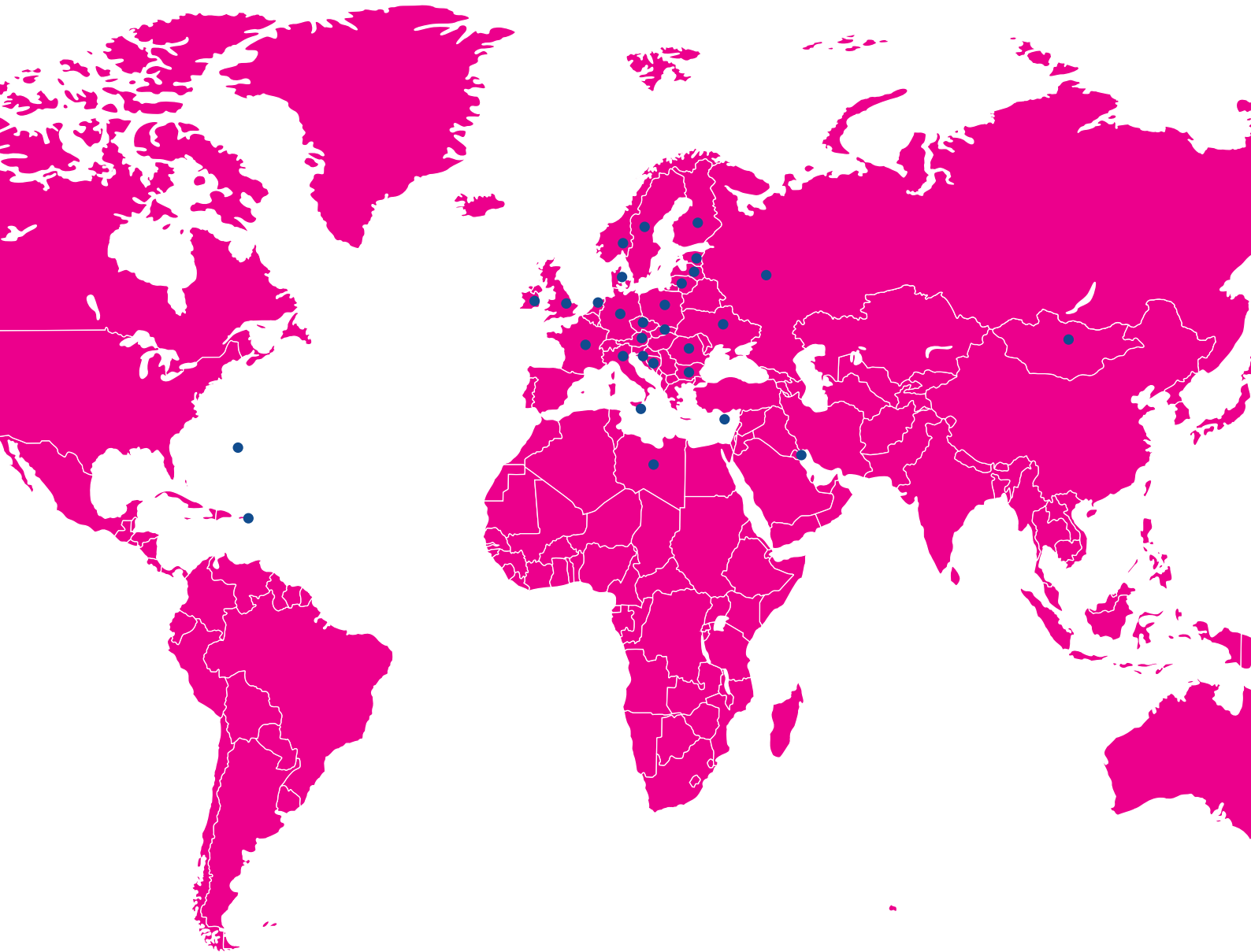
In 2018 we targeted a new customer segment, the industrial market, and introduced our Oops! Professional brand.

An innovative achievement is our surgical face mask, produced within the healthcare product category. Our product is manufactured with the latest technology, a production line made in Europe and from high quality raw materials.



Sales in more than 30 countries

Norway, Sweden, Finland, Denmark, the Netherlands, the United Kingdom, Ireland, Germany, France, Austria, Latvia, Lithuania, Estonia, the Czech Republic, Slovakia, Poland, Hungary, Italy, Croatia, Malta, Romania, Bulgaria, the Ukraine, the Russian Federation, the Republic of Cyprus, Bosnia and Herzegovina, Libya, Mongolia, Kuwait, Bermuda, St. Martins Island)



Vajda-Papír Group is a member of the Ministry of Foreign Affairs and Trade's Outstanding Exporter Partnership Programme (KEPP).

Our values, mission and vision

We work every day to meet the needs of our customers at a high level. We regard sustainability to be a key factor at every stage of our production and sales operations, along our whole value chain.



Sustainability and environmental awareness



Innovative solutions



Committed employees



Cost-efficiency



Excellent product and service quality

We believe that our success is driven by our values. We have determination and perseverance at the heart of our Group's values. We are agile in our work and strive for the best results, quality and excellence in every situation. We combine the flexible approach of our family business with the integrated business management methods essential to compete on an international level.



Our mission – What is our purpose?

- to support the continuous growth of our partners
- to be an efficient supplier to our partners
- to be perceived as an effective and reliable value creator by all stakeholders in the sanitary household paper products segment around the world



Vision - Where do we want to be?

- to supply sanitary and hygiene products for all

Further information: [mission, vision, corporate values](#) | [Vajda Papír \(vajdapapir.hu\)](http://Vajda Papír (vajdapapir.hu))

Our history and key milestones on the journey to sustainability

Since our foundation we have been driven by our natural desire for innovation, sustainable development and efficiency. We love what we do, we love what we produce, and we are always looking for ways to become better, to innovate in a sustainable way, and to grow further.

The main milestones of our journey so far are described in detail on pages 28-29 of our first ESG report.



Major association memberships

(GRI 2-28)

We take an active role in professional organisations. Our memberships provide us with the opportunity for valuable professional and partner collaboration, exchange of experience, sharing and discussing good practice.

Other organisational memberships:

- Hungarian Association of Packaging and Material Handling (CSAOSZ) Hungarians on the Market Club (MAPI)
- (FBN-H)
- Hungarian Association of Family Businesses (CSAVE)



As a founding member of the non-profit organisation [ESG Club Hungary](#) we play an active role in shaping the ESG ecosystem in Hungary.

Dr. Julianna Kozmáné Kiss (CFO of Vajda-Papír) is a board member of the ESG Club Hungary non-profit organisation.



Our stakeholders

(GRI 2-29)

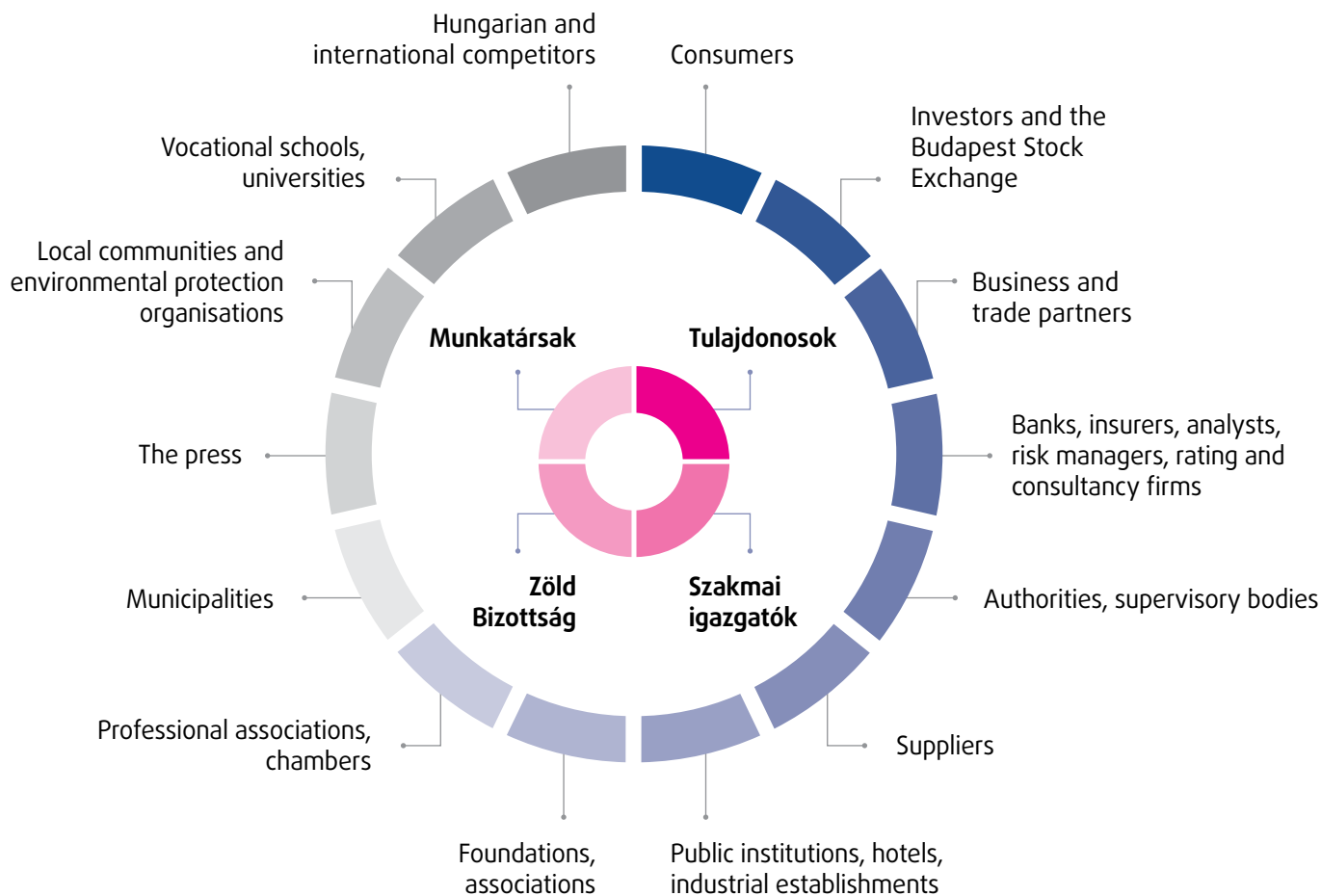
As a responsible corporate citizen we listen to our internal and external stakeholders and actively communicate and effectively cooperate with them. Our stakeholders' feedback is also taken into account when measuring our positive and negative impacts on society, human rights, the economy and the environment.

Stakeholder analysis

Our stakeholders are individuals and groups who are affected by our activities and have an impact on our operations, whose interests we affect through our activities.

We interact with a wide range of internal and external stakeholders in our day-to-day operations. We communicate with them actively. We pay particular attention to sustainability issues in our communication and influence our stakeholders by example.

Stakeholders of Vajda-Papír Group



Vajda-Papír Group and its key stakeholders at a glance

Key stakeholders	The aim of the cooperation	Method and frequency of contact
Employees	We provide our employees with up-to-date and targeted information necessary for work, and also with news affecting our activities.	<ul style="list-style-type: none"> • Billboards (regular) • Company magazine (monthly) • Our virtual assistant, Qoosi Maxi (regular) • Executive and/or director briefings (regular) • Communication emails on priority topics (regular)
Buyers	A regular contact with our customers is essential in order to map and assess their needs, to understand their level of satisfaction with our products and the further related parameters.	<ul style="list-style-type: none"> • E-mail communication (regular) • Personal visits (regular) • Customer satisfaction survey (annual) • Face-to-face meetings, exhibitions (occasional)
Educational institutions	In our professional partnerships, we are developing cooperation with educational institutions. In addition, we actively participate in dual training, both in theoretical and professional knowledge transfer.	<ul style="list-style-type: none"> • Professional collaborations (ongoing) • Participation in dual training (continuous)
Suppliers	We strive to build reliable and stable partnerships with our suppliers while paying particular attention to monitoring sustainability, environmental and human rights issues.	<ul style="list-style-type: none"> • Daily business contact (regularly) • Supplier questionnaire (regularly, but at least once a year)

Material topics

(GRI 3-1, 3-2)

Prior to preparing this report we thoroughly assessed the need to update our latest materiality assessment but we did not identify any relevant economic, regulatory, social or company changes that would significantly affect our operations or the impact of our activities on human rights and the environment, and therefore we did not carry out a new materiality assessment.

The material topics on which our report is based were identified by the materiality assessment carried out in the second half of 2023 in accordance with the guidelines published in the GRI standards in force from 1 January 2023. More than 100 recipients were interviewed through an online questionnaire




with the option to respond anonymously. Our internal stakeholders are the employees and management; our external stakeholders are customers, suppliers, professional organisations, partners, educational and financial institutions etc. They provided us with valuable feedback on the environmental, governance, economic and social aspects of our company's operations.

Our impact assessment took into account the current economic situation, the expectations of our stakeholders and our sustainable development goals. In our ESG report we present our sustainability activities according to a list of material topics approved by the CEO.

Double materiality assessment

We are preparing for compliance with the CSRD Directive and the ESRS standard in our next survey, thus we are conducting a double materiality analysis.

List of material topics

 ENVIRONMENT	 SOCIETY	 CORPORATE GOVERNANCE
<p>Green Bond / Green Bond Framework ⁹</p> <p>Waste management (GRI-306)</p> <p>Scope 1,2,3 emissions (GRI-305)</p> <p>Energy consumption (GRI-302)</p> <p>Water management (GRI-303)</p> <p>Sustainable products (GRI-417) ¹⁰</p>	<p>Employment (GRI-401)</p> <p>Training and education (GRI-404)</p> <p>Occupational health and safety (GRI-403)</p> <p>Social responsibility and support for local communities (GRI-413)</p> <p>Equal opportunities (GRI-405)</p>	<p>Corporate governance (GRI 2-9; GRI 2-10; GRI 2-11; GRI 2-12; GRI 2-13; GRI 2-14; GRI 2-15; GRI 2-16; GRI 2-17)</p> <p>Business ethics and compliance (GRI 2-15, GRI 2-16, GRI 2-23, GRI 2-24, GRI 2-26, GRI 2-27)</p> <p>Anti-corruption (GRI-205)</p> <p>Anti-competitive behaviour (GRI-206)</p> <p>Economic performance (GRI-201)</p> <p>Quality management ¹¹</p> <p>Procurement practices (GRI-204)</p> <p>Data protection (GRI-418)</p> <p>Indirect economic impact (GRI-203)</p>

⁹ There is no GRI standard for the given material topic

¹⁰ GRI-417: Marketing and labelling standard

¹¹ There is no GRI standard for the given material topic

ESG strategy

(GRI 2-22)

Key sustainability achievements in 2023

SBTi

(Science Based Targets Initiative), joining the initiative ¹²

32

million HUF
donation of goods

1,4

billion HUF for
staff training



¹² After the preparatory work the company joined when preparing the present report in the first half of 2024.

Key pillars of Vajda-Papír Group's ESG strategy



ESG STRATEGY AND SUSTAINABILITY OBJECTIVES



ENVIRONMENTAL

- Specific sustainability commitments outlined in the Green Bond Framework
- Scope 1,2,3 reduction and compensation
- Conscious waste management
- Increasing renewable energy
- Efficient water management



SOCIAL

- Appreciation of staff
- Paper industry knowledge transfer: vocational and dual training
- Quality education and training
- CSR activities and support for local communities
- ESG awareness-raising



CORPORATE GOVERNANCE



- ESG-compatible operation
- Embedding ESG thinking in strategic decisions
- Tracking ESG performance indicators and commitments
- Monitoring commitments set out in the ESG Roadmap

GREEN COMMITTEE

CODE OF ETHICS AND BUSINESS CONDUCT

ESG Roadmap

Our roadmap sets clear targets in line with the UN Sustainable Development Goals. Our main goal by 2050 is to achieve carbon neutrality.

Our clearly defined targets in line with the UN Sustainable Development Goals	Our results achieved in 2023
 <p>Targets in our green bond framework concerning paper manufacturing in Dunaföldvár:</p> <ul style="list-style-type: none"> • to reduce water consumption (less than 5.5 m³ / tonne) • to reduce specific energy consumption (less than 2800 kWh/tonne) • to increase the use of renewable energy by 50% • to reduce CO₂ emissions 	<p>We publish our results in our annual "Allocation & Impact Report" on the website of the Budapest Stock Exchange.</p> <p>Our 2023 report</p>
 <p>Health and well-being</p> <p>Our target for our environmentally conscious products was to reach 45% in our portfolio by 2023.</p>	<p>In 2023 we reached it for our processed finished products.</p> <ul style="list-style-type: none"> • Number of FSC-Mix Credit labelled goods: 65% (260/400) --> total 66% (65 + 1) • PEFC-labelled: 1% (4/400) • PCR packing 60 goods (nearly 15% of active goods), expansion ongoing • Vajda Real Estate Kft. 244 goods (total: 78% (77+1)) • FSC-Mix Credit with trademark: 190 / 244, 77% • PEFC labelled: 2 / 244, 1% • Without FSC and PEFC: 52 goods



Quality education

Our target was to increase the training hours per employee by 25% by 2023.

In 2023 we spent HUF 1.4 billion on trainings. Thanks to this we won the “Highest Volume Training Programme of the Year Award” and successfully reached our goal for 2023.



Water consumption

We will decrease our water consumption for manufacturing and in our operations by 20% by 2030.

In 2023, as part of an optimisation project we took measures to meet our targets. We reported on our water consumption set out in our Green Bond in our “Allocation & Impact Report” publication, see above in the first point.



Renewable energy

We will increase the share of renewable energy in our own operations and at our Group sites by 50% by 2030.

In 2023 the necessary preparations to reach this goal were completed.



Responsible consumption and production

By 2023 we will further reduce waste generation through prevention, reduction, recycling and reuse.

With our retail partners we aim to deliver our rolled products on pallets instead of secondary, i.e. collector packaging. For palletised products we can save nearly 1 kg of LDPE film per pallet, significantly reducing our environmental footprint. Palletised products will account for 20% of the total quantity sold.

In 2023 in cooperation with our suppliers we took steps to extend the use of PCR packaging.

(In addition, we made preparations for 2024, when our aim is to introduce sachets, collection bags, blanket films and probably stretch films with a minimum of 30% PCR content.



Taking action against climate change

We are committed to continuously reduce our carbon-dioxide emissions.

In 2023, preparations have been made for investments to achieve the target.

Corporate governance

Responsible corporate governance

(GRI 2-9; GRI 2-10; GRI 2-11; GRI 2-12; GRI 2-13; GRI 2-14; GRI 2-15; GRI 2-16; GRI 2-17, 405-1)

Our long-term, successful operations are guaranteed by our stable and transparent corporate governance. We operate as an international group of companies structured according to corporate governance methodology.

In addition, we have preserved our key strength stemming from being a family business, being agile, flexible and innovative, thus strengthening our sustainable development and competitiveness.

Owners of Vajda-Papír Group



The owners of Vajda-Papír Group, Attila Vajda and Szilvia Vajdáné Csata started Vajda Papír Kft. in 1999 with Attila Vajda being the founder and managing director of the company to this day. Based on his professional and business experience he has turned the initially two-person family business into a market leader in the production of hygiene paper in Hungary. With his consistent work as owner, he is now responsible for the successful operation of an international company with more than 700 employees. In his position at the domestic company he is responsible for setting the strategic direction of the firm, driving growth and achieving its goals. He is responsible for ensuring that the business runs smoothly, efficiently and sustainably.

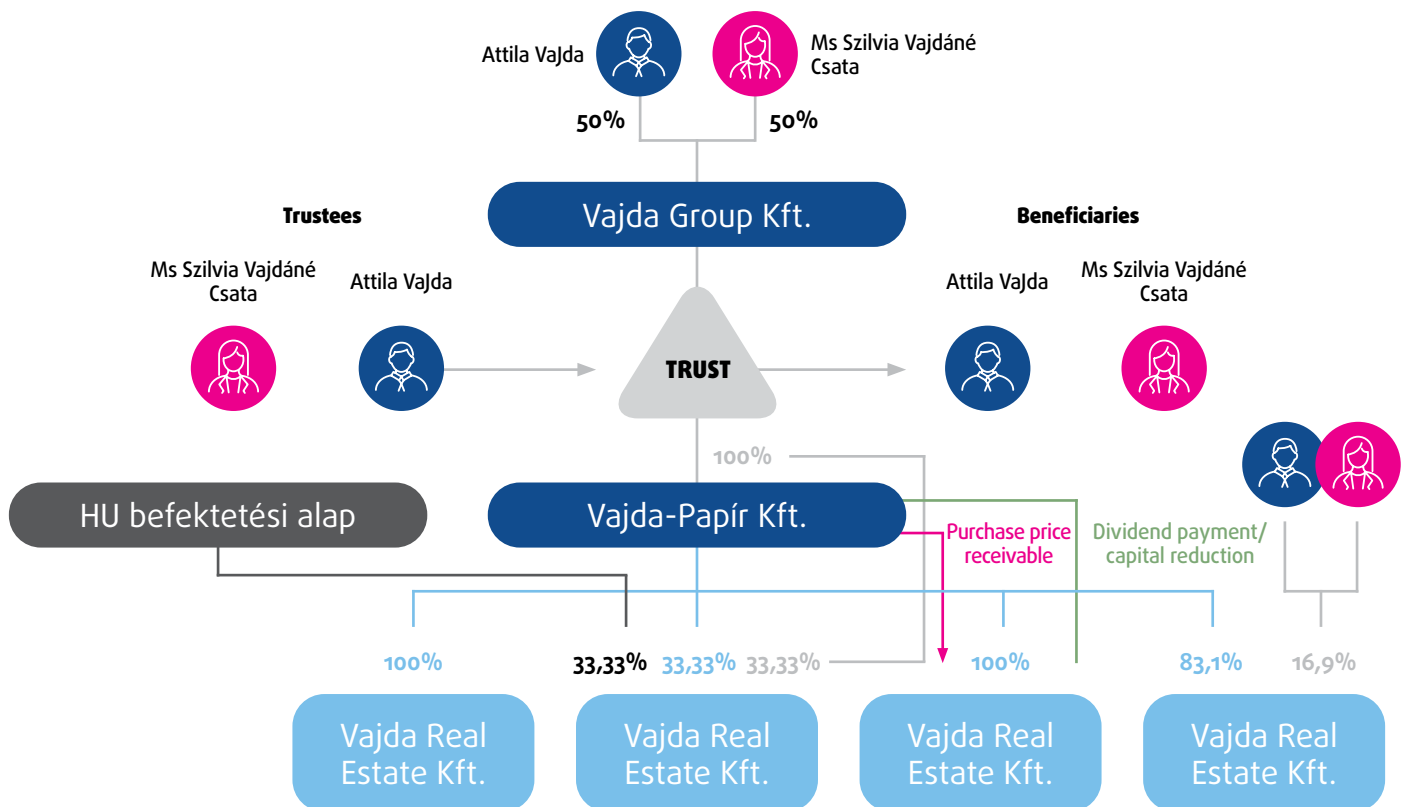
The key to his success lies in his ability to adapt to change, his openness to innovation and his effective problem-solving and decision-making skills.

Vajda-Papír Group is managed in Hungary ¹³ by the managing owner and the directors. There is no dedicated management in the Hungarian companies but are managed by Attila Vajda together with the team of directors. Strategic decisions affecting the company including sustainability and ESG-related considerations are taken jointly by the CEO and the directors.

We are listed on the Budapest Stock Exchange (BSE) Xbond corporate market ¹⁴ and with our green bonds in the green product category.

Organisational structure

Under the Deed of Trust dated 4 September 2023 the private owners and Vajda-Papír Kft. transferred their existing shares to the Trustee by way of an asset deal.

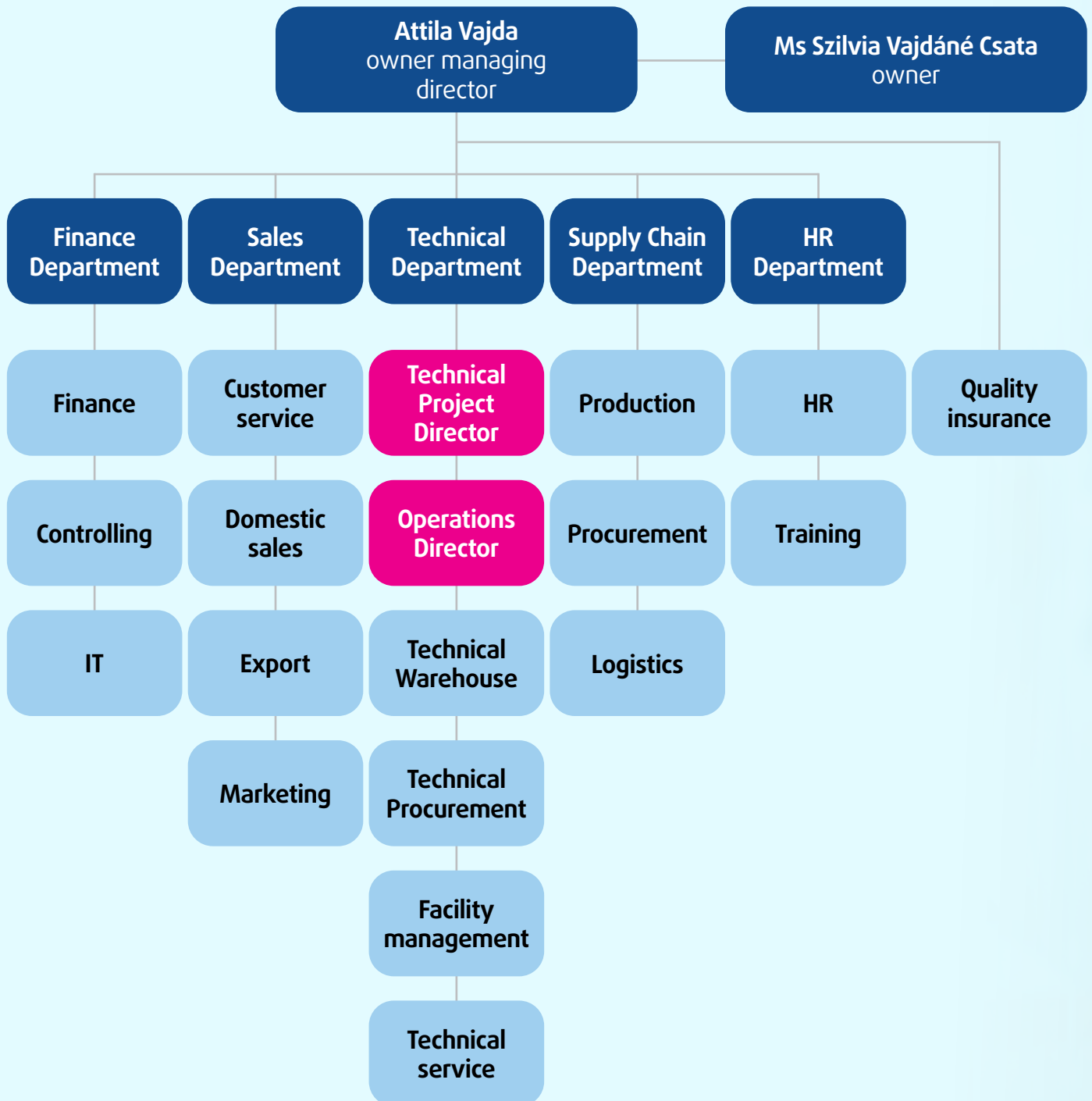


¹³ The management of the Norwegian subsidiary is described in detail after the Hungarian operations.

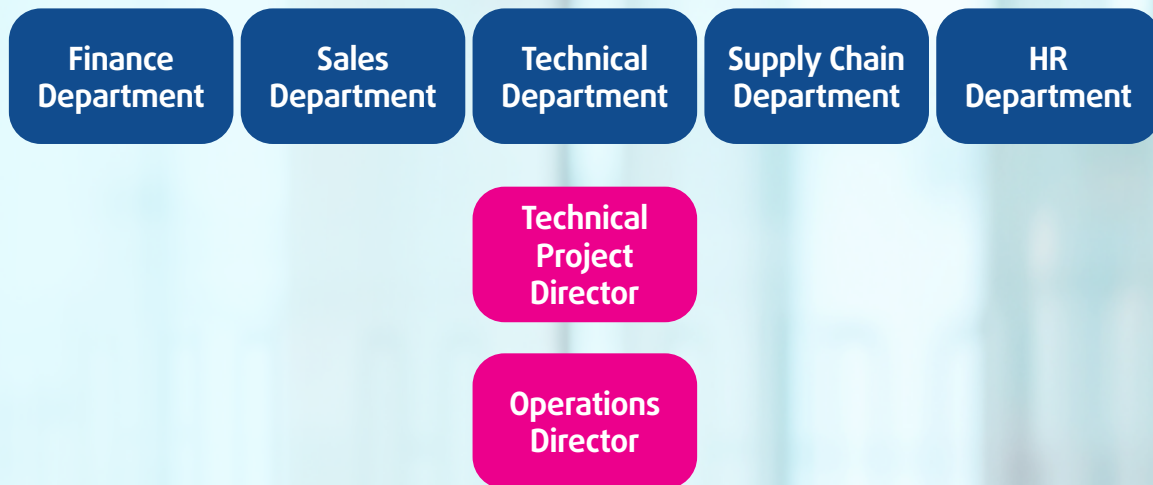
¹⁴ Vajda-Papír Kft. is present in BSE in the XBond category and with green bonds issued in 2021 in the green products category.

Organisational operation

The **Chief Executive Officer** is the primary manager of the company, the person who directs the company's operative activities and is also one of the owners.



Members of the Board



In 2023 **the CEO's work in Hungary** was supported by five directors responsible for the most strategically important areas in Hungary. The selection of the directors is based on the availability of relevant competences essential for the company's activities and operations.



Julianna Kozmáné dr. Kiss - Finance Department - CFO

She has headed the Finance Directorate of Vajda-Papír Kft. as the Chief Financial Officer with significant professional experience since 2019. In the years before she was a financial manager of domestic and international companies in various industries (production, trade), where she proved her competence and contributed to the efficient and profitable operation of the companies. In addition to accounting, taxation and financing, she has sound knowledge of change and project management.

She holds a PhD in finance from Corvinus University of Budapest and is a chartered accountant.

She has been a board member of the non-profit organization ESG Club Hungary since its foundation in 2021.



Szabolcs Sztaniszláv - Sales Department - Sales and Marketing Director

He has been with Vajda-Papír Group since 2018. He started his career as a domestic sales manager, and in 2022, after internal selection, he reached the next stage of his career as the Sales and Marketing Director of Vajda-Papír Kft., leading his team with a market-oriented mindset, setting strategic directions, optimizing the product range, introducing new products and supporting the corporate image. In line with this, he also coordinates sales activities to increase profitability. Earlier in his career he gained extensive knowledge in sales practices as sales and key account manager and as a middle manager.

He graduated from the Faculty of Chemical Engineering at the Budapest University of Technology and Economics, also attending a number of other sales-oriented courses.



István Podlovics - Technical Department - Technical Project Director

As Technical Director of Vajda-Papír Kft. and Vajda Real Estate Kft. he has been responsible for the efficient technical and engineering performance of projects since 2008, supervising and managing the design and production process in compliance with standards and managing the utilization of the company's real estate property. He ensures the smooth and optimal production of quality products under optimal conditions. Early in his career he was also involved in product development, which helped him to develop his professional skills and to successfully perform his management and technical leadership roles in different companies, typically in the paper industry.

He studied mechanical engineering, economics and engineering at the Budapest University of Technology and Economics and obtained an MBA degree, and attended the Marketing Manager programme of Corvinus University of Budapest, among other specialised courses.



János Schoner – Technical and Operations Director

Since 2022 the responsibilities of the Operations Director of Vajda-Papír Kft. include the efficient use of resources and the KPI-based and efficiency-oriented management and coordination of production, maintenance and facilities management. He also manages development activities and production processes applying the theory and practice of Lean, 5S, TPM management. During his professional career he has learned the specificities of several sectors, in particular the automotive industry where he acquired a future-oriented, strategic approach in order to achieve better productivity indicators and successful operational objectives.

He graduated from the Kecskemét College of Mechanical Engineering and Automation and subsequently obtained an MBA in corporate management at János Neumann University. He also attended leadership development, Lean and other courses.



Balázs Tóth - HR Department - Human Resources Director

He has been responsible for the smooth and efficient operation of the entire human resources function of the organisation as the Human Resources Director of Vajda-Papír Kft. since 2019. He oversees the development and communication of the HR strategy, the remuneration, compensation and performance appraisal system, organisational development and the human resources policies (e.g. Code of Ethics, training strategy, etc.) and, where appropriate, compliant management of violations and complaints. Throughout his career, and drawing on his cross-sectoral experience, he has played a key role in building a corporate culture and reinforcing the loyalty of his colleagues.

He first mastered the English language and obtained a degree in English language teaching from Szent István University Teacher Training College. Subsequently, he obtained a degree in financial economics at the Budapest University of Finance and Accounting. In London he attended an executive coach training course at the Academy of Executive Coaching.



Meetings

Meetings, as a part of the corporate governance system, are a management tool for achieving corporate objectives. The purpose of the meetings is to provide information, coordinate the work of the directors, prepare management decisions, assist in their implementation, and provide managers and employees with the opportunity to seek advice and counselling to resolve extraordinary matters.

Monthly performance meetings are used to review the results of the business, develop action plans to achieve the plan, review the course of business, review the financial liquidity situation, and discuss issues related to the internal life of the company. Sustainability and ESG related issues are also discussed at this forum besides as ESG specific knowledge development and raising sustainability awareness.

Quarterly middle management forums are used to present the results of the past three months, plans for the future, and to encourage middle managers to brainstorm, exchange views and follow up on the vision set out in the Group's ESG strategy.

Embedding sustainability in business operations

Green Committee

On May 7 2021 we established our Green Committee to develop our Green Bond Framework, which, in addition to the use of Green Bond funds, oversees the company's sustainability efforts and strategic commitments. The Committee has a charter and meets quarterly.

Members: CFO, Quality Management, Product Development and EHS Manager

The operation of the Committee ensures that sustainability is fully observed in strategic decisions.

The ESG mindset of Vajda-Papír Group

The ESG approach is holistically integrated into our Group's operations. Material sustainability topics are assigned to the relevant management levels.

Sustainability topic	Responsible manager and/or committee
<ul style="list-style-type: none"> • Key social commitments 	Managing directors
<ul style="list-style-type: none"> • Managing the Group's economic, social and environmental impacts • ESG strategy and sustainability goals and commitments • ESG mindset and raising awareness • Annual ESG reporting • Reviewing and monitoring the commitments set out in the ESG strategy and redefining them as necessary • Business ethics and compliance 	Managing directors and directors
<ul style="list-style-type: none"> • Monitoring Green Bond Framework commitments and ESG strategy targets 	Green Committee
<ul style="list-style-type: none"> • Coordinating the preparation of ESG reporting • Preparation of an issuance report and impact analysis linked to the Green Bond issue 	CFO
<ul style="list-style-type: none"> • Quality management • Occupational safety and health • Sustainable raw materials, sustainable products • Environmental KPIs: scope1,2,3 emissions, energy efficiency, consumption, waste management, water consumption 	Quality Management, Product Development and EHS Manager
<ul style="list-style-type: none"> • Human capital management • Training, education - dual training • Equal opportunities • Ethical operation 	HR Director

The CEO and CFO of Vajda-Papír Group have a key role in the collection of data and information required for the sustainability report and in the compilation of the report, as do all the professional areas involved in the ESG reporting, including the HR Director, Quality Management, Product Development Management, EHS Manager, Marketing, etc. The ESG report prepared for publication is approved by the CEO.

Norway

The owners of Vajda-Papír Group also have other international paper industry interests in Norway.

In December 2023 Vajda-Papír Scandinavia became a subsidiary of the Vajda-Papír Kft. and its balance sheet items were consolidated in the consolidated financial statements for 2023.

Vajda-Papír Scandinavia AS

Based on the owners' decision the company's subsidiary in Norway is managed by the Managing Director of Vajda-Papír Scandinavia AS. Weekly meetings provide a forum for discussion between the owners and the Managing Director.

Managing Director





Mark Watkins - Managing Director (Vajda-Papír Scandinavia AS)

He has been Managing Director of Vajda-Papír Group's subsidiary in Norway (Vajda-Papír Scandinavia AS) since 2019. With more than 15 years of hands-on experience behind him he has led international teams to success as a supportive leader in achieving their ambitious corporate objectives. He has achieved significant success and impact within the FMCG sector by managing and motivating teams across organisational structures, boundaries and disciplines. He has extensive knowledge and wide-ranging practical experience across the forest industry value chain, with a special focus on operations and technical areas.

An open-minded person who is enthusiastic and always true to his word, someone who can question even the best practices in order to make progress and development. He is keen to inspire his colleagues and to encourage them to take responsibility for their own work.

He graduated from the Vienna University of Technology with a degree in civil engineering after completing several specialisation courses.

The Norwegian subsidiary also sets out its policies on sustainability in detail in its Code of Ethics. ¹⁵

¹⁵ More details are provided in the "Business ethics and compliance" section of our ESG 2022 report.

Business ethics and compliance

(GRI 2-15, GRI 2-16, GRI 2-23, GRI 2-24, GRI 2-26, GRI 2-27, GRI 205: GRI 205-1, GRI 205-2, GRI 205-3, GRI 206: GRI 206-1)

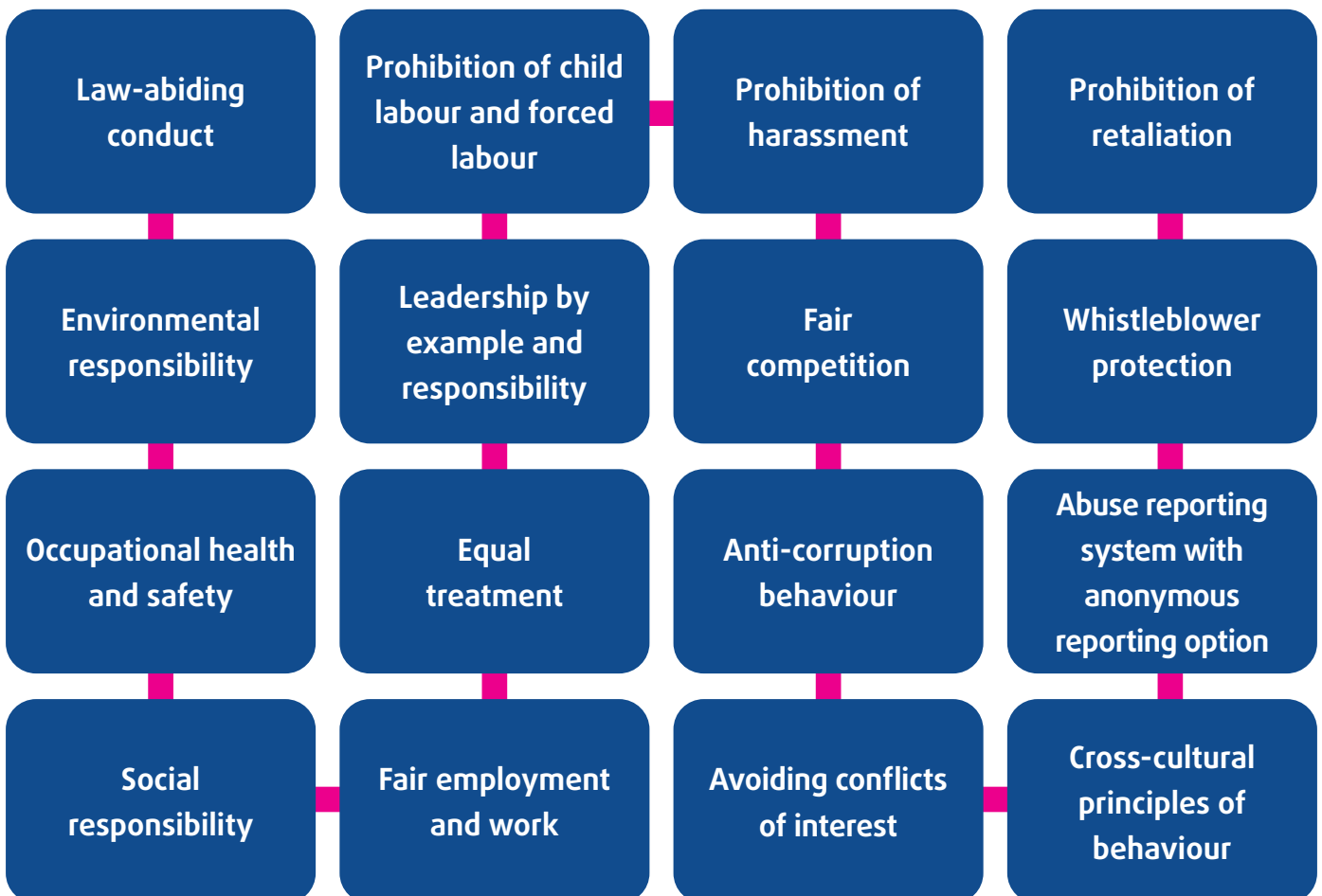
Our ethical business operations are based on law-abiding conduct and legal compliance. To this end, it is essential that we apply the highest legal and ethical standards to all our employees, including contracted workforce. These expectations are set out in our Code of Ethics and Conduct.

Code of Ethics and Conduct

Mandatory for all our employees

Our Code of Ethics and Conduct is communicated and then accepted as part of all our employees' induction procedure. At the start of employment the employees must sign a written statement on accepting and complying with the guidelines set out in the Code of Conduct and then submit it to HR.

Key elements of the Code of Ethics and Conduct of Vajda-Papír Group



The Code of Ethics and Conduct regulates the following points, among others:

- **Fair competition and anti-corruption**
- **Conflict of interest**
- **Equal treatment and equal opportunities:** We respect differences on the basis of gender, colour, religion, origin, ethnicity, nationality, age, physical disability or marital status.
- **Prohibition of child labour and forced labour:** Supporting and accepting the United Nations Convention on the Rights of the Child and the International Labour Organization (ILO) core principles, our Group has made the prohibition of child labour and forced labour an absolute necessity.
- **Prohibition of harassment**
- **Environmental, occupational health and safety and social responsibility:** The details covered in the Code are described in the chapters "Environment", "Society" and "Occupational health and safety".
- **General principles of employment, decent work and fair employment:** More details are given in the chapter "Society".
- **Management responsibilities:** For more details see the chapter "Managing Vajda-Papír Group".
- **Disciplinary procedures**
- **Free establishment of an interest representing body:** pursuant to Article 231 (1) of the Labour Code, employees or employers of Vajda Group have the right to form, together with others, an interest representing body or to join or to refrain from joining the body of their choice, solely in accordance with the rules of the body concerned, in the interests of promoting and protecting their economic and social interests, under the conditions laid down by law and without any discrimination.
- **Principles of conduct in international and intercultural relations:** as a group with international partners and a Norwegian subsidiary we work in many countries and across several ethnic groups. We consider it important for our employees to have advanced communication and social skills, as these are essential when building and maintaining international relationships. The Group expects an appropriate level of responsibility from employees and we also believe that senior staff should feel a responsibility to learn about the customs and acceptable standards of behaviour in other countries and cultures in order to achieve the high standards to which Vajda-Papír aspires.
- **External and internal communication**
- **Social media use**
- **Political neutrality**



Sanctions

Any alleged breach of the Code will be investigated. If a breach of the rules is found, it may lead to disciplinary action, a written warning, loss of job, loss of pay at the statutory rate, or in serious cases, termination of employment. **In all cases, the sanction will be proportionate to the misconduct and will not offend human dignity.**

The whistleblowing system

We expect our employees to report any breach of the regulations or internal rules or any significant risk they may discover. The procedure for investigating whistleblower reports, the details of the obligation to provide information and the handling of personal data are also set out in the policy.

Anonymity

Misconduct may be reported anonymously via the Viber-based chatbot for internal communication as well as through our website.

For more information: <https://vajdapapir.hu/vallalat/visszaeles-bejelentes> ¹⁶

Prohibition of retaliation

Except in cases of bad faith, the whistleblower shall not suffer any disadvantage for making the notification, and we do not tolerate any retaliation, discrimination or sanctions against the whistleblower.

Anonymous whistleblower protection

The identity of the whistleblower is not disclosed, depending on the case.

COMPLIANCE: Compliance with policies

Regular and transparent operations are essential to the success of our business. In order to achieve this we are all committed to uphold our Code of Ethics and Conduct complemented by sector-specific rules and regulations.

Our company's presence on the Budapest Stock Exchange requires compliance with the current regulatory environment, and transparent operation and communication in accordance with legal requirements. Disclosures are published on [https://bet.hu/oldal/ceg_adatlap/\\$issuer/3599](https://bet.hu/oldal/ceg_adatlap/$issuer/3599).

¹⁶ In July 2023, the new Whistleblowing Policy was created. For more information: <https://vajdapapir.hu/vallalat/visszaeles-bejelentes>

Fundamentals of good corporate governance in Vajda-Papír Group



Leading by example and leadership excellence

The commitment and leadership of our leaders is essential to the effective and orderly running of our business. Our Code of Ethics and Conduct also defines our expectations to our managers in addition to the duties set out in their job descriptions.



Roles of Vajda-Papír Group executives



LEADING BY EXAMPLE

Constructive and active cooperation



RETENTION AND MANAGEMENT OF CONFIDENTIAL INFORMATION



KNOWLEDGE TRANSFER

Sharing professional knowledge, training new employees



CONTINUOUS DEVELOPMENT OF LEADERSHIP SKILLS AND PROFESSIONAL KNOWLEDGE RELEVANT TO THE GROUP

Including the development of ESG-related skills relevant to sustainability



PROMOTING THE GROUP'S INTERESTS

Acting on their own initiative



REPORTING CONCERNS AND CRITICAL SITUATIONS

(e.g. non-compliance, policy violations, unethical behaviour, actual or suspected fraud etc.)

Anti-corruption

We require all our employees to comply strictly with our anti-corruption policy. Our employees are informed in detail about our anti-corruption practices and the consequences of misconduct in our Code of Ethics and Conduct. All new employees are required to thoroughly understand it and accept it in writing. We also provide general training for new employees covering a general introduction to our core values, policies and ethical business conduct.

Key policies and information sources on anti-corruption

- Code of Ethics and Conduct
- Disciplinary measures (Annex 1 to the Code of Conduct and Ethics)
- Anti-corruption Policy
- Privacy notice on the protection of personal data
- Orientation of new entrants by studying the Code of Ethics and Conduct and signing acceptance declaration

Channels for reporting corruption concerns

- A whistleblowing system is available to report incidents of corruption.
- Its availability is defined in the regulations, e.g. via Viber or a web-based, independent interface ¹⁷.
- Reports can be submitted directly to the managers, the HR Director or the line manager.

There were no substantiated incidents of corruption at our Group in the reporting period 2023.

¹⁷ <https://vajdapapir.hu/vallalat/visszaeles-bejelentes>

Prohibition of anti-competitive behaviour and unfair market practices

We compete intensively for business and are committed to free and open competition. Employees must avoid any activity that is contrary to competition laws. Our company and our employees must not engage in unfair market behaviour under any circumstances. We do not tolerate questionable information gathering and, accordingly, our employees must not engage in or facilitate any prohibited or unethical illegal practices that target confidential or sensitive competitive data.

Preventing the discussion of prohibited topics is mandatory in the interest of fair competition, and cooperation with competitors on prohibited topics may be illegal and constitutes an immediate violation of these Rules. Prohibited topics may include, but are not limited to pricing, costs, marketing plans, market portfolio, technical guidelines, innovations, customers and customer allocation. The above also creates a risk to fair competition in the areas concerned. If a competitor raises a prohibited topic, even if only subtly, Vajda-Papír employees should object and stop the discussion of the topic. Ultimately, they should leave and report the incident to their supervisor.

There were no incidents of anti-competitive behaviour in 2023.

Conflict of interest

All group employees are required to voluntarily declare whether they or any close relative holds an ownership/business share or an executive position in a company whose activities may correspond to those of any entity in our value chain, such as any supplier, customer or competitor.

A conflict of interest exists when an employee has a private or personal interest which may affect their ability to make objective decisions in the performance of their duties. Violations of this rule are sanctioned.

Fines at Vajda-Papír Group

In 2023 there were no fines related to our professional activities.

Economic performance

(GRI 201, 201-1, 201-2, 201-3, 201-4)

Direct economic value produced and distributed in 2023

	VP Group Kft. (VPP) HUF, thousand	Vajda Real Estate Kft. HUF, thousand	Vajda-Papír Scandinavia NOK
Direct economic value generated revenues	57 954 076	35 473 998	501 991 615
Economic value distributed			
operating costs	48 394 669	29 127 705	312 906 089
employee wages and benefits	3 035 541	1 865 638	122 102 739
payments to investors	0	0	0
payments to the treasury	1 065 511	498 729	14 753 813
community investments	10 369	0	0
total economic value distributed	52 506 090	31 492 072	449 762 641
Economic value retained retained profit	5 447 986	3 981 926	52 228 974

Risk management

Financial impacts of climate change, managing risks and taking advantage of opportunities

Our company pays attention to assessing the effects of climate change on its activities and the risks it could pose to business. The amount of annual precipitation linked to climate change can have a negative impact on us. Although Hungary is one of the best-supplied areas in this respect (Dunaföldvár, the proximity to the Danube), less rainfall could limit water withdrawal for users.

We assess and manage the various risks but also recognise opportunities for innovative solutions to the problems arising in our rapidly changing environment.

	Climate risk	Demographic and urbanisation trends	Lack of resources
Risk	<p>Possible risks: energy and raw material prices increase, extreme weather conditions difficult to predict, regulatory risks, annual rainfall</p>	<p>Possible risks: changes in quality of life, emergence of new viruses</p>	<p>Possible risks: changing supplier behaviour, shortage of raw materials, water restrictions</p>
Opportunity	<p>Opportunity introduction of energy efficient solutions and greater use of renewable energy</p>	<p>Opportunity introduction of new innovative hygiene products</p>	<p>Opportunity strengthening the circular economy, efficient waste management, recycling (used water)</p>

We launched a comprehensive 24-month training project with 50% public funding in 2022 ¹⁸

¹⁸ Details of this are presented in the "Training and education" section of our ESG 2022 report.

Indirect economic impacts

(GRI 203, 203-1, 203-2)

We were the first industrial producer in Hungary to issue a 10-year green bond in 2021, details of which are described in our green bond framework. We report on the allocation and the positive impact of the investment in annual reports also published on the website of the Budapest Stock Exchange. [Our 2023 report can be found here.](#)

Our investment in Dunaföldvár (also awarded the Factory of the Year) has created jobs in the region. By relaunching the dual vocational training in the paper industry we saved the future of the paper profession ¹⁹



¹⁹ Details of this are described in more detail in the "Society" chapter of our 2022 ESG Report.

Quality management

The corporate governance systems of Vajda-Papír Group are designed with a focus on long-term sustainable operation, raising the standards of our performance and efficiency and exceeding customer expectations. We are certified to the highest standards of hygiene and product safety in the industry, and have an internal corporate governance manual, quality policy and documentation system.

Certified Management Systems ²⁰

Quality management system	Quality management system	Quality management system	Quality assurance system for medical devices
<p>ISO 9001 ²¹ (MSZ EN ISO 9001:2015 standard)</p> 	<p>ISO 14001 (MSZ EN ISO 14001:2015 standard)</p> 	<p>ISO 50001 ²² (MSZ EN ISO 50001:2019 standard)</p> 	<p>ISO 13485 (MSZ EN ISO 13485:2016 standard) ²³</p> 

²⁰ Vajda Real Estate Kft. has been ISO 9001, 14001, 50001, Nordic Ecolabel certified and FSC licensed since 2022, Vajda-Papír Scandinavia AS has an ISO 9001, ISO 14001 management system.

²¹ The company has been continuously operating a quality management system and an environmental management system since 2004.

²² Vajda-Papír Kft. obtained this certificate in 2016.

²³ For the design, manufacturing, stocking and sale of TYPE IIR surgical face masks.

We can prevent manufacturing, supply and delivery non-conformities by clearly defining key elements of our business. Our operations are based on internationally administered corporate governance systems with the necessary supervisory audits to determine whether the operation of the management systems complies with internal requirements as well as with applicable standards, rules and other regulations. In 2023 there were 10 audit days held at Vajda-Papír Group.

”

Use of materials sourced from certified responsible forestry is key.

”

²⁴ For further information, see: <https://vajdaPapir.hu/fenntarthatosag/tanusitott-vallalatiranyitasi-systems-es-products-minositeseik>

²⁵ The company has been certified since 2015. The company manufactures and distributes products in BRC Product Category 4.

²⁶ Vajda Real Estate Kft. FSC ID: CU-COC-859624

²⁷ Vajda Real Estate Kft. Nordic Ecolabel ID: 2005 0100

²⁸ Vajda-Papír Kft. licence number: PEFC/41-31-32, Vajda Real Estate Kft. licence number: PEFC/41-31-33

CERTIFICATIONS

In 2023 both Vajda-Papír Kft. and Vajda Real Estate Kft. obtained the PEFC environmental certificate testifying that they comply with PEFC standards and regulations, and that the products they sell meet the requirements of environmentally and socially responsible production and manufacturing.

Vajda-Papír Group Certificates ²⁴

HACCP

Hazard Analyze and Critical Control Points

BRC ²⁵

BRC Global Standard Consumer Products

FSC® ²⁶

Forest Stewardship Council

Nordic Ecolabel ²⁷

PEFC ²⁸

Program for the Endorsement of Forest Certification Schemes



At Vajda-Papír Group the Quality Management, Product Development and EHS Manager is responsible for the organisation, sustainable development and management of the operation of the management systems in place, such as quality, environment, energy management, hygiene and industry standards, as well as for the quality tasks and the monitoring of their implementation through annual task plans and audits. They have a cardinal role in ensuring compliance with regulations such as health and safety, environmental protection and employment. Ensuring supplier quality levels, enhancing staff quality awareness, product and service quality, improving customer satisfaction and complaints management are also key tasks.

Customer satisfaction

We do our utmost to provide our customers with a high standard of service and assess their satisfaction annually. In the online satisfaction survey for 2023 our customers rated our activities and products with a 4.5 on a scale of 1 to 5.

We also examine our customers' decision-making preferences to clarify the criteria they follow when opting for our products, and found that product quality, the FCS brand and value for money are the most important decision factors. This is followed by economical packaging, quality of customer service, speed of delivery, staff expertise as well as clear labelling. Further important factors are the publication of appropriate product information, the quality of products with product certification and of sustainable products besides European production. We identify and evaluate customer feedback and incorporate it into our business decisions, revising our plans and adapting to needs.

We also plan to actively inform our customers about our sustainability efforts, as we have found from the survey feedback that communicating about ESG also influences the perception of our company and products.

Complaints

Our complaints management system allows us to identify existing and potential non-compliances and to **prevent** their future occurrence and recurrence. **By operating a complaints management procedure** we also ensure the continuous improvement of product quality, environmental compliance and management systems. For quality measurement a monthly threshold is set each year for complaints and grievances. Monthly values and trends are monitored and if there is a drastic increase, an immediate investigation is carried out.

We effectively discuss problem occurrences, root cause investigations, and corrective and preventive actions during morning meetings or scheduled operational meetings. In the event of a major or critical failure, we provide information about it in writing (preferably by e-mail), together with a description of the failure. If there is a problem involving the Authority and the Partner, we use the agreed communication channels. No specific complaints were identified in 2023.

Supplier rating

We are a company responsible for our entire value chain thus it is essential to monitor the activities of our suppliers, their quality and sustainability aspects, also required by our ISO systems partly by personal audits, mostly through a very detailed measurement system covering 19 aspects, carried out by our Strategic Procurement department.

For 2023 we conducted an online survey along the different dimensions of sustainability issues as part of our ESG-focused operations. As a result we established that 80% of our suppliers have clearly published sustainability commitments and all responding suppliers have an OHS and BSI policy. A further positive point is that 95% of the suppliers who responded also have sustainability, environmental and sustainable procurement policies. 70% support local communities and local issues (schools, kindergartens, charities or employing local workers). 55% of them regularly make sustainability/ESG reports (with a lower proportion among Hungarian suppliers). It is also positive that 80% of our surveyed suppliers have standards and certifications. 63% measure CO₂ emissions, of which scope 1, 2 are the most typical, the measurement of scope 3 emissions is not yet widespread.

As a result of our assessment we have not identified any negative impacts on the environment, society and human rights. Our aim is to further develop the annual supplier survey to gather more detailed information and thus have a better overview of our entire value chain for better decisions and corrective actions if necessary.

Procurement practice

(GRI 204)

In our procurement practice we strive for stability, good relations, on-time payments and long-term partnerships. The majority of our suppliers are active in Europe so they should also consider ESG and regulatory priorities as well as respecting human rights.

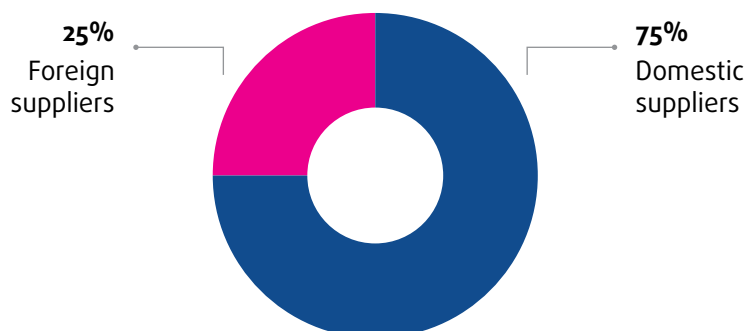
Our supplier policy expects responsible use of raw materials (e.g. FSC label). In terms of transport, we recommend the most environmentally efficient means (RO-LA, waterways) and encourage minimum packaging material use. A carbon inventory, carbon neutral project management and the use of green, renewable energy is an advantage for suppliers.

A Vajda-Papír Csoport beszerzési gyakorlatának kiemelt jellemzői



Distribution of our suppliers ²⁹

In 2023 we had a total of 2 460 suppliers, 75% (1 832) domestic and 25% (628) from abroad.



4 environmental supplier screenings were carried out in Norway in 2023.

²⁹ Concerning the domestic activities of Vajda-Papír Group.

Data protection

(GRI-418)

We operate in full compliance with the Data Protection Regulation and the rules on personal data protection regulating the activity of the data controller or processor.

Data processing

We handle work-related data carefully. Our Privacy Policy is publicly available on our website: https://vajdaPapir.hu/dynamic/VP_Privacy-Policy-Hozzajarulo-all-data_records.pdf

Substantiated complaints about data breaches and data loss

Our company attaches the utmost importance to regular operations, maximum compliance with laws and regulations and cooperation with the supervisory authority.

No complaints, data theft, data loss or data breaches have occurred regarding our stakeholders since the release of the European Parliament and Council Regulation (EU) 2016/679 (GDPR).

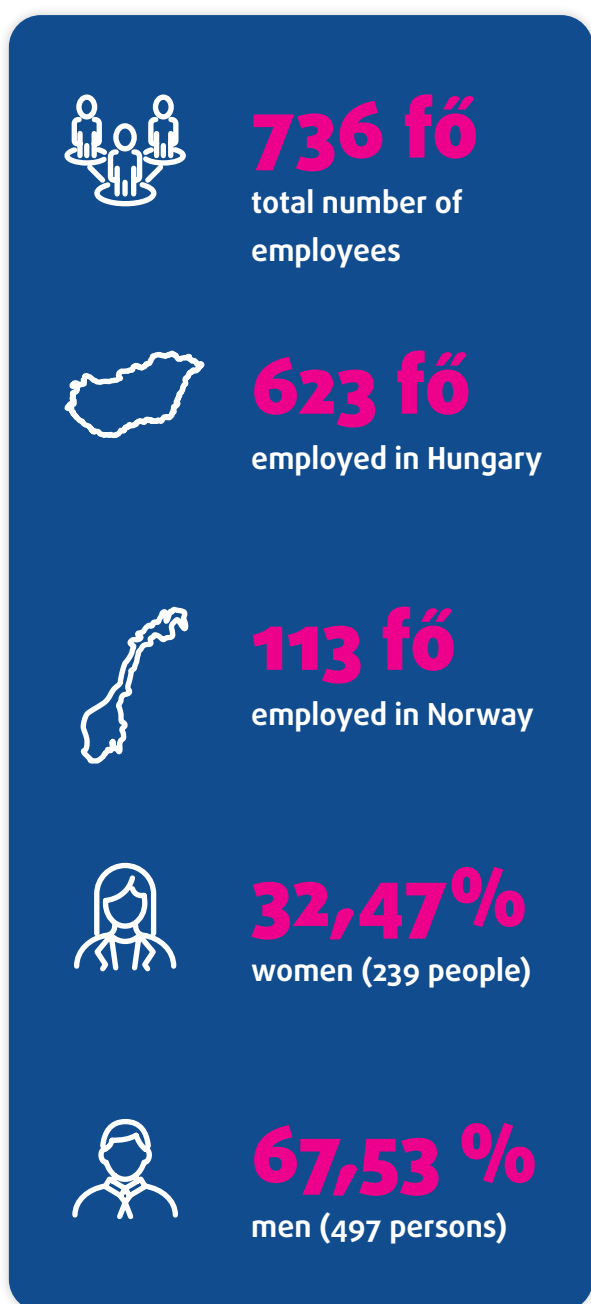


Society

Our main value: our employees

(GRI-2-7, GRI-2-8, GRI-401, GRI-401-1, GRI-401-2, GRI-401-3)

Employees of Vajda-Papír Group ³⁰



Our company actively supports the sustainable development of the European economy by paying taxes and creating jobs in Hungary and Norway, thus contributing to social welfare and economic stability.

Responsible employment policy

We are committed to responsible employment practices based on fair and equitable employer-employee relations and compliance with the law at all times. Our employment policy is based on clearly defined principles as set out in our Code of Ethics and Conduct. Respect for fundamental human rights and the promotion of equal treatment are key to us, and so is defining proper working conditions, remuneration, working hours and rest periods, statutory leave, health and safety management, the recruitment and hiring of workers, the dismissal of employees, parental leave management and the healthy and safe working environment. We are committed to the well-being of our employees and to employee experience and satisfaction.

³⁰ Az adatok 2023. december 31-i napra vonatkoznak.

The rules regarding human resources management, the cafeteria system, staffing, teleworking, working hours and the mentoring programme are also regulated for our own workers and non-employee contractors, outsourced, hired or external contractors and suppliers alike.

HR is responsible for the design, development and effective operation of the management and HR processes, and for hiring, developing and retaining the right workforce. This is a priority function reporting directly to the Managing Director in both the Hungarian group and the Norwegian subsidiary, and is regulated transparently.

Key HR policies

- **General guidelines:** Code of Ethics and Conduct, Employee Handbook
- **Training:** Training and Development Policy
- **Staff recruitment:** Recruitment, Employee Referral Programme
- **Special policies:** Energy Efficiency, Neat Office Policy, Travel Policy, Cafeteria Policy, Teleworking Policy



	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia AS	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Total number of employees	403	220	113	736	708
The number of employees with permanent employment contracts					
Women	169	56	14	239	229
Men	234	164	99	497	478
Total	403	220	113	736	708
Number with a fixed-term contract					
Women	0	0	0	0	1
Men	0	0	0	0	1
Total	0	0	0	0	2
Number of active workers					
Women	153	52	14	219	214
Men	233	164	99	496	478
Total	386	216	113	715	692
Number of inactive workers					
Women	16	4	0	20	19
Men	1	0	0	1	1
Total	17	4	0	21	20
Number of employees by type of employment					
full-time employees					
Women	168	52	14	234	227
Men	232	164	99	495	474
Total	400	216	113	729	701
Part-time employees					
Women	1	2	0	3	2
Men	2	2	0	4	3
Total	3	4	0	7	5
Number of non-employees					
Women	22	0	0	22	17
Men	27	0	0	27	27
Total	49	0	0	49	44

In 2023 we employed a total of 736 people, 623 in Hungary and 113 in Norway. 32.47% of our employees (239) are women and 67.53% (497) are men, with total headcount increasing by 3.95 percent compared to the previous year (2022: 708). The total number of full time employees was 729, of which 234 were female and 495 male.

Staff turnover

Identifying and tracking turnover trends is a key indicator of the success of workforce management. Measuring and analysing staff turnover is a strategic HR task having a direct and indirect impact on competitiveness and sustainability. In 2023 our Group's turnover rate of employees leaving the company was 35% below the 39.5% of the previous year, while the new employee rate was 24.6% compared to 47% in the previous year.

New and exiting employees at Vajda-Papír Group in 2023

Number of exits	250 (99 women, 150 men)
Total active headcount	715
Staff turnover (percentage of exits)	35%
Number of new hires	176 (87 women, 89 men)
Total active headcount	715
New hires rate	24.6%

It is essential to identify exit reasons in order to retain the right workforce, which is why we conduct exit interviews as part of our exit process to identify the risks that lead to departures, and develop and implement an action plan to ensure effective workforce management.

We optimise **onboarding processes** where we familiarise new employees with our corporate culture and operations, helped by our employee handbook and a specialised training and mentoring programme.

Through **our mentoring programme** our in-house mentors support newcomers for six months. A special feature of the programme is that we prepare mentors in advance for the tasks and challenges they will face.

Attracting talented workers

Our skilled and motivated employees are key to our sustainable operation. We select our employees with care and support their professional development to ensure the long-term success of our company and the satisfaction of our employees.

For **recruitment** we use the internal application process, our internal Referral Programme, job portals, our corporate website and social media (Facebook, LinkedIn).

Career and performance appraisal

Our well-developed **career plan** encourages professional development and advancement. We create opportunities for advancement through promotion or trying new jobs through internal recruitment and transfers, enhancing their individual career paths and long-term commitment.

In the framework of our employee **performance appraisal system** we assess our staff on the basis of their performance and their ability to develop. We use appraisals to assess our staff's expectations and their contribution to achieving our goals. We provide an opportunity to share their personal, individual perspective with us, which is concluded with a managerial assessment as part of the process, essential for both intellectual and physical workers.

Vajda-Papír in the world



OUR VALUES

- Determination and perseverance,
- Excellence and agility
- Flexibility and consensus
- Family business and international presence



OUR VISION

- Health and hygiene products for all



MISSION

- Supporting our partners' folyamatos growth
- Be efficient suppliers to our partners
- All stakeholders in the household sanitary paper segment should see us as an efficient and reliable value creator in the world



MISSION

STRATEGIC PILLARS

ANNUAL CORPORATE OBJECTIVES

ANNUAL TERRITORIAL OBJECTIVES

ANNUAL INDIVIDUAL OBJECTIVES



STRATEGIC PILLARS

- Sustainability and environmental awareness
- Dedicated staff
- Excellent product and service quality
- Cost-effectiveness
- Innovative declarations

Annual corporate objectives



A safe, healthy and environmentally friendly workplace



An optimal stock mix throughout the supply chain



A committed community of colleagues, team spirit



Professional partner management for high customer satisfaction



An economically stable company constantly growing in operations



Outstanding service accuracy



Excellent and up-to-date expertise, training



Social responsibility, charitable activities



Efficient production

Together we will achieve the company's objectives!

Employee experience and satisfaction

We use a staff survey to measure satisfaction, evaluate the results and develop an action plan annually to increase satisfaction.



Team building

We regularly organise company and family days to strengthen teamwork, a key element of employee experience and satisfaction. We organised our annual summer rowing team day in 2023 again.



Internal communication

We also use a variety of tools (e.g. notice boards, monthly company newsletter) and forums (e.g. executive and/or director briefings) to communicate company information. Internally our company's virtual assistant Ooopsi-Maxi, a Viber-based chatbot, is also an effective tool.

We are committed to creating an open and supportive working environment where all employees are encouraged to discuss problems and requests. Under our **"Open Doors"** policy our employees can approach not only their line manager but also any manager or officer in the company if the nature of the problem requires so, fostering trust, encouraging dialogue and helping effective problem management, which in turn guarantees a transparent corporate culture.



Incentive and benefits scheme

We express our appreciation and recognition to our employees through nearly twenty different benefits currently. These foster a competitive and attractive working environment that supports long-term sustainable development and employee engagement.



Fringe benefits

- cafeteria
- providing hot meals
- providing products for household use
- travel allowance
- shuttle buses for long distance commuters
- support for a weekend trip home
- discounted banking services
- discounted phone plans
- discount on purchasing eye-glasses
- for home-office workers: support for the purchase of monitors and chairs
- workers' hostels for people from the countryside, a housing support

Events:

- women's day
- Santa Claus gift pack for the children of workers
- team building excursions
- Christmas bonus
- bereavement allowance
- public utilities subsidy
- In the energy crisis we are intent on giving more support to our employees, and from November 2022 we have offered a gross monthly energy allowance of HUF 30 000 per month for the lowest 31 earners. This support helps more than 100 people/families.

³¹ Supported employees are not employed at a minimum wage.

Parental leave

The issue of parental leave is a key factor in the development of workplace culture and the labour market. In view of the impact it has on the family life of workers, we support parental leave and the smooth return to work, which, if done properly, fosters sustainable operations and a good work-life balance.

Total number of Vajda-Papír Group employees on parental leave and trends in long-term related absences in 2023

	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia AS	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Number of people taking parental leave	16	8	4	28	27
women	13	1	1	15	15
men	3	7	3	13	12

In 2023 a total of 28 people - including 15 women and 13 men - took parental leave, none returned to work in the reporting period.

Rermuneration policy

In our company the performance of directors and managers is reviewed based on target indicators and also depends on the company's financial performance and success. The annual total remuneration ratio shows the annual total compensation ratio for the organisation's highest-paid to the median annual total compensation for all employees (excluding the highest-paid individual).

Training and education

(GRI 404)

Besides the continuous evolution of paper production and related technologies, we also have to comply with several criteria in our business operations. With the rise of digitalization and new technologies, the successful implementation of our investments and the increase of our competitiveness is only possible with well-trained, open-minded and committed employees. To manage all this we pay particular attention to the training and development of our workforce, as employees with the right skills and qualifications are key to long-term sustainability.

Training plan

The success and of our company is based on the professionalism of our employees. The primary aim of training is to ensure the safety and quality of work as well as full compliance with occupational health and safety and fire safety regulations. To this end **a training plan is drawn up each year** covering the key competences needed to run the company, including digital, technical, management, sustainability, language and communication skills. The plan applies to all employees regardless of their position or role. Necessary funding is partly provided by grants. Continuous training and development helps to update the knowledge of our staff and maintain their competitiveness and the long-term sustainability and success of the company.

Through training, we equip employees with the knowledge and skills necessary for safe work practices, in compliance with occupational health and fire safety regulations.

Comprehensive training programme

On 1 July 2022 we launched a 24-month training project to develop the professional and soft skills of our employees. Our employees are encouraged to participate in a variety of training courses covering different areas of professional and personal development. The training modules offer a wide range of options and are accessible to all our employees, thus facilitating continuous knowledge and skills acquisition. The programme includes training topics such as 5S and LEAN basics, quality management in the paper industry, robotisation, Microsoft Office skills, ERP systems, various maintenance skills (pneumatics, controls, etc.), different purchasing and current sales techniques, time management and leadership skills.

In 2023 493 employees were trained, both physical and intellectual workers.

Hours and costs of comprehensive training in Hungary	2022.	2023.
Total training hours	75 000	197 452
Annual training hours per person	152	401 ³²
Average training cost per person (HUF)	1 894 737	1 681 941
Total training costs (HUF)	288 000 000	829 196 728

In addition, a total of 44 271 741 HUF were spent on training in Hungary and Norway, of which 1178 hours of health and safety at work.

In 2023 we invested 22 682 541 HUF and 2027 hours in training our employees in Norway. The training courses included first aid, safety, crane and lifting training as well as specialised trainings.

24 people in Hungary received an initial, introductory training on behavioural and ethical principles for managers. In Norway a total of 24 hours of ethics training were held in the year.

SUPPORT FOR VOCATIONAL

Our Group played a significant role in the relaunch of vocational training in the paper industry after more than twenty years and in drawing up a dual training partner agreement between the Lorántffy Zsuzsanna Technical School and Vocational Training Centre of Dunaújváros and our company. We played a key role in the preparation of the training materials and none of this would have been possible without our highly knowledgeable professionals including our Quality Assurance Manager and our active retired Technical Manager with over 15 and 40 years of experience, respectively. Our staff also helped determine training and exit requirements for new paper industry professions and specialisations, supporting the training of future paper professionals and the sustainability of vocational education and training.

³² 2023-ban 493 munkavállaló részvételére került sor.

”

Vajda-Papír was the first in Hungary to receive dual training accreditation for vocational technician training in paper manufacturing, processing and packaging material manufacturing.

”

Dual training

Vajda-Papír Group in close cooperation with the Lorántffy Zsuzsanna Technical School and Vocational Training Centre of Dunaújváros developed and launched a dual training programme in the 2021/2022 academic year, where theory is complemented by practical skills and competences. Within the framework of the agreement our partnership has contributed significantly to the definition of these marketable skills, so that the curriculum is based on real needs and the young generation of professionals can keep pace with changing industrial production trends. Also, students can learn and practise in a corporate environment, potentially with their future employer. We are targeting the younger generation hoping that they will become dedicated professionals in our company. **For more information:** <https://www.vajdaPapir.hu/hireink/ujraindul-magyarorszagon-a-papiro-industrial-skills-tomore-evcade-sunet-utan>

In 2023 Vajda-Papír took an active role in the re-launch of paper industry training investing HUF 1.4 billion.

In 2023 Pannon Secondary School and Vajda-Papír jointly launched a vocational training course for boiler engineers.





"Award for the Largest Training Programme of the Year"

Our company programme won the "The Largest Training Programme of the Year" award in 2023. We involved more than 500 employees in the €4 million training project, including new workers at the Dunaföldvár plant with the aim of deepening paper-related knowledge and increasing production efficiency.

The joint recognition of the Ministry of Foreign Affairs and Trade (MFA) and the National Investment Promotion Agency (HIPA) confirms that besides increasing production we place great emphasis on environmental protection, education and the retention of employees and managers with significant experience and industry expertise. This also contributes to enhancing the region's job retention capacity and the added value of the paper industry. More information: <https://vajdapapir.hu/hireink/az-ev-legnagyobb-volumenu-kepzesi-programja-dijat-nyerte-el-a-vajda-papir>

Health and safety at work

(GRI 403)

Creating a safe working environment, protecting the health of our employees and complying with all legal requirements is a top priority. Our work is aimed at proactively preventing and responding to potential emergencies while being prepared to deal with any possible incident.

In the event of fire, all our employees must act in accordance with the instructions of the Fire Evacuation Plan and the Fire Safety Regulation. In the event of an accident, the lessons learnt in the regular occupational safety training and the guidelines of the Occupational Safety and Health Regulations shall be the guiding principles. Occupational and fire regulations apply to

all our employees, including students, non-employees, as well as visitors and external contractors. Policies and instructions ensure that all involved parties are aware of the safety and fire protection requirements.

Managing occupational health and safety risks

As required by the law, we carry out an occupational safety risk assessment and chemical risk assessment to identify potential hazards (hazard sources, emergency situations) and define the persons at risk, classify risk types (accident, health impairment); and fully comply with occupational health requirements.



Mandatory trainings

We raise awareness of the importance of safe work in our Code of Ethics and Conduct as well as in the training we provide to our new staff, and we also pay special attention to mandatory trainings, refresher trainings and fire drills, which are the foundation of our safe work.

Our specific OSH training aims to provide our employees with a comprehensive understanding of the requirements for safe work that does not endanger health and safety, and of the mandatory procedures. The training is part of the working time and is repeated at required intervals. Its completion is recorded in an audit logbook, including signatures.



Occupational safety and health education

A priority for our company is to ensure that occupational health and safety is implemented and maintained. The aim of our training programme is to inform our staff about all the latest OSH information and to prepare them to recognise and manage occupational hazards.

Key training points:

- the legal background of occupational safety with special regard to Act XCIII of 1993 (Labour Safety Act)
- rights and obligations of employer and employee
- employment prerequisites, particularly occupational health examinations
- the concept and content of risk assessment
- personal protective equipment and work equipment: allocation, inspection before use, storage, maintenance, reporting of anomalies, replacement
- marking, storage and use of hazardous substances/mixtures, material safety data sheets
- accident: what to do if an accident happens, how to treat the injured, first aid, location of the first aid kit, emergency phone numbers
- on-site behaviour, moving around, materials storage and specific hazards
- different risks of jobs and how to deal with them
- special hazards of working near machinery and equipment
- slips, trips, falls and their consequences, risk management
- lessons learned from previous accidents and injuries

Accidents among Vajda-Papír Group employees in 2023

	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia SA	Vajda-Papír Group 2023	Vajda-Papír Group 2022t
Number of accidents at work in 2023	6	19	0	25	35
Number of fatal accidents	0	0	0	0	0

In 2023 our company's safety performance improved with the number of accidents down by ten compared to 2022, attributable to quality trainings, commitment to employee safety and a strong focus on prevention. From a sustainability point of view this reduction improves well-being at work and creates a healthy and safe working environment, essential for long-term sustainable operations. In addition, it is particularly important to highlight that there were no fatalities at work in 2023 either, which confirms that our health and safety procedures and trainings evolve and particular attention is paid to health and safety, contributing to stability.



Social responsibility and support for local communities

(GRI-413)

We pay particular attention to being active in local communities and contributing to their development through our support. Our corporate social responsibility policy focuses primarily on supporting those in need and local communities. We have a long-standing, value-creating partnership with the Hungarian Charity Service of the Order of Malta known for its charitable dedication. With their professional guidance we support programmes and initiatives as a major sponsor, providing long-term help to people in need to make a real difference to their situation. We are also happy to take up local community events, village fairs and initiatives recommended by our employees where we can support local people.

The main pillars of our support policy



Special support to the institutions of the Hungarian Maltese Charity Service



Donations of quality products and financial support



Supporting local communities

- At the beginning of 2023 the representatives of Bárka Foundation in Budapest received an Oops! product donation from us. The paper products were used in their day-care centre for adults with disabilities and autism and in their residential care centre. Our donation supported the daily life of the two institutions for five months.
- In February 2023 our products were delivered to families with seriously and chronically ill children in need of support through “Ments életet Közhasznú Alapítvány” (Save Lives Foundation).
- In spring 2023 we supported the 9th Garbage Harvest on the Danube bank and in the vicinity of Dunaföldvár with products and the active participation of our colleagues. The organiser of the event was “Aztakeservit” Association which is actively involved in the preservation of our environment.

•

- In June 2023 we supported the 17th Veréb-Kövesfalvi children's goalkeeping camp in Abaújszántó with Ooops! hygiene paper products. The aim of the foundation under the same name is to give young people, especially disadvantaged children, the chance to play. They run boarding summer camps for local and district children. In 2023 31 children and young people participated in the boarding camp and 10 more visited for the day, some accompanied by their parents and grandparents - all using our products during their stay.
- The kindergarten near our Budapest factory celebrated its 50th anniversary in 2023, and on this occasion we supported the adults and children of the institution with our indispensable hygiene paper products.
- In the autumn we donated products to "Kéznyújtás a Rászorultakért" Foundation, also active in the Soroksár area, through which local families in need were aided.
- In the autumn of 2023 we provided 3000 people living in elderly care with a year's supply of hygiene paper products in cooperation with the Hungarian Charity Service of the Order of Malta. The charitable organisation provides daily care to approximately 2700 elderly people across 27 residential and 7 day-care facilities as well as through home assistance and emergency response care. The donation worth over HUF 30 million (calculated at the suggested gross retail price) totalling 10 tons was received by Father Imre Kozma, the founder of the Hungarian Charity Service of the Order of Malta and the residents of the elderly care home of the House of Providence on Fő street on 15th November 2023 at the charity's headquarters.

Our donation activities

As Hungary's leading hygiene paper manufacturer it is clear to us that in addition to our charitable activities, by donating high quality products we also help vulnerable groups to whom even getting the most basic daily hygiene products poses difficulty. Over the reporting period we helped those in need with nearly HUF 32 million³³ in material goods.

³³ Piaci bruttó érték.

Equal opportunities

(GRI-405)

Equal treatment and equal opportunities is a priority for our company and is one of our core principles.

We also pay particular attention to promoting equal opportunities in recruitment. We make sure that our employees and applicants are not discriminated against based on gender, colour, religion, origin, ethnicity, nationality, age, physical disability or marital status. The principles of equal treatment and equal opportunities are set out in our Code of Ethics and Conduct and are binding on all our staff.

Positions are filled on a purely professional basis; women and men have equal opportunities to develop and succeed in their careers, also in management positions. We do not discriminate between male and female employees in terms of pay; salaries are set on the basis of the value of the job, regardless of gender differences and minimum wage rates. Based on the principle of 'same job - same pay', as applied in Norway, we pay the same salary for all employees, regardless of gender, if they hold the same job.

The diversity of our workforce is not only reflected in their age, gender, professional experience but also in their nationality. We are proud that the diversity of our Hungarian and Norwegian colleagues is also reflected in their nationality. In 2023 we had Austrian, Ukrainian and Vietnamese employees working at our Hungarian sites.



Employee diversity at Vajda-Papír Group in 2023

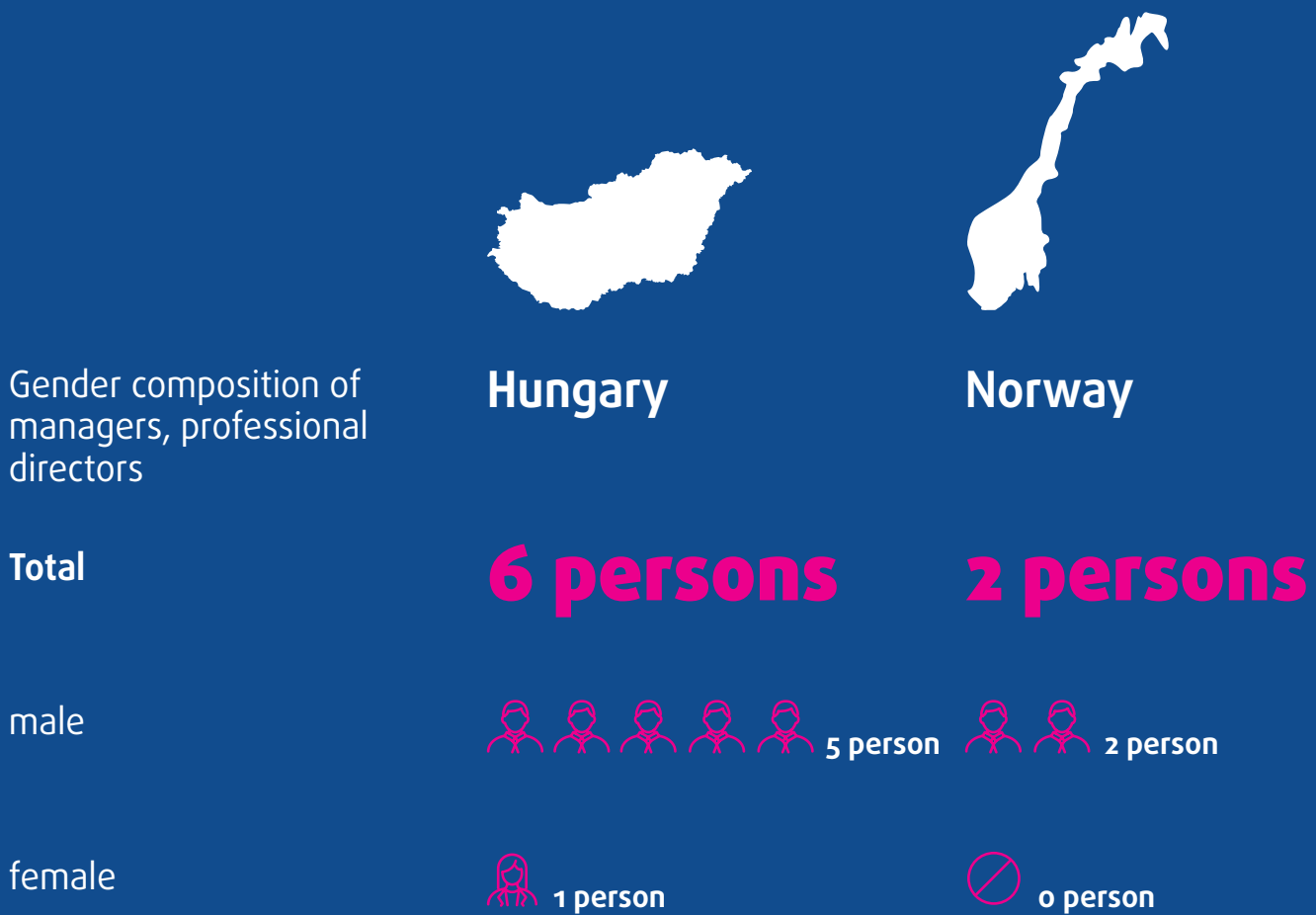
	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia AS	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Number of employees under 30 on the last day of the reporting period					
women	11	14	2	27	44
men	4	41	11	56	68
Total	15	55	13	83	112
Number of employees aged 30-50 on the last day of the reporting period					
women	27	30	9	66	127
men	12	101	56	169	295
Total	39	131	65	235	422
Number of employees aged over 50 on the last day of the reporting period					
women	7	10	3	20	60
men	10	17	37	64	157
Total	17	27	40	84	217
Number of female employees on the last day of the reporting year					
Female employees in the top management on the last day of the reporting year	1	0	2	3	5

We are a multigenerational company, with men and women and different nationalities working together. Our employment practices strictly prohibit any form of discrimination. We received no complaints of discrimination in 2023. This reflects our company's commitment to creating an inclusive working environment and contributing to social sustainability.

RATIO OF WOMEN TO MEN IN THE MANAGEMENT OF THE VAJDA-PAPÍR GROUP

We have a 50% female ownership rate in Hungary. We have 1 female director in senior management (20%). The Norwegian subsidiary is managed by male senior managers.

Managers and professional directors





Environment

Green Bond

Our Green Bond - outstanding in several respects



First industrial green bond in Hungary

This is the first ever green bond in Hungary issued by an industrial production company, demonstrating our corporate commitment to sustainability and also setting an example for other industries in going green.



Support for major environmental objectives

The proceeds from the bond supports specific, measurable sustainability goals (such as drastically reducing water use, increasing energy efficiency, increasing the share of renewable energy sources and reducing transport pollution). This will contribute significantly to achieving climate protection goals.



Exemplary ESG compatibility

We meet strict sustainability and ESG criteria, which strengthens the position of Vajda-Papír among sustainable companies in Hungary and internationally alike. Transparency and the results achieved are also important factors for investors.

For more information on our Green Bond please contact

Framework: <https://www.vajdapapir.hu/fenntarthatosag/zold-kotveny-keretrendszer>

Our results are reported in detail in the "[ESG Strategy](#)" section of this publication, as well as [in the "Allocation and Impact Report 2023:" report](#) published on the website of the Budapest Stock Exchange and our corporate website.

Materials used

(GRI-301)

Sustainable material use in the paper industry is key to conserving natural resources and reducing environmental impact. Our company is committed to sustainable manufacturing practices reflected in the use of certified pulp raw materials from responsibly managed forests and other controlled sources, and the full recycling of manufacturing by-products, contributing to responsible forest management and waste minimisation.

The pulp needed for paper production is sourced from two main geographical areas. The long pulp comes from Scandinavia, mainly Sweden and Finland, and the short pulp from South America. The majority of it is shipped by sea and then transported by road to our plant in Dunaföldvár. In our state-of-the-art factory the raw material is turned into a semi-finished product, the so-called base paper.

Materials used in Hungary	
<i>Total weight of materials used for production and packaging in 2023. in tonnes</i>	
Paper production (Vajda Real Estate Kft.)	
cellulose	63 487
tube (cardboard)	345.369
process chemicals (paper production. heat generation. water treatment)	429.89
pH stabiliser	191.80
wet strength	582.920
stretch film	43.835
Paper processing (Vajda-Papír Kft.)	
packaging material (LDPE. PP)	457.428
stretch film	110.307
tube paper	2 674.726
cardboard (cardboard box. cardboard divider)	398.835
box insert	70.976
fragrance	3.233
dyes	5.823
Use of recycled raw materials (%)	
packaging material (LDPE. PP)	39%
tube	100%
tube paper	100%
cardboard (cardboard cores. cardboard divider)	100%

Materials used in Norway	
<i>Total weight of materials used for production and packaging in 2023. in tonnes</i>	
Paper machine	
cellulose	14 266.201
paper cylinder	1.490
cylinder protection agents	54.600
pH stabilizer	12.000
de-foaming agents	4.750
wet strength	82.220
Processing	
polyethylene film	318.613
stretch film	37.568
cardboard - cores	1 063.434
cardboard (other)	21.649
cleaning agents	41.780
Use of recycled raw materials (%)	
polyethylene film	41
cardboard cores	100
cardboard (other)	100



Waste management

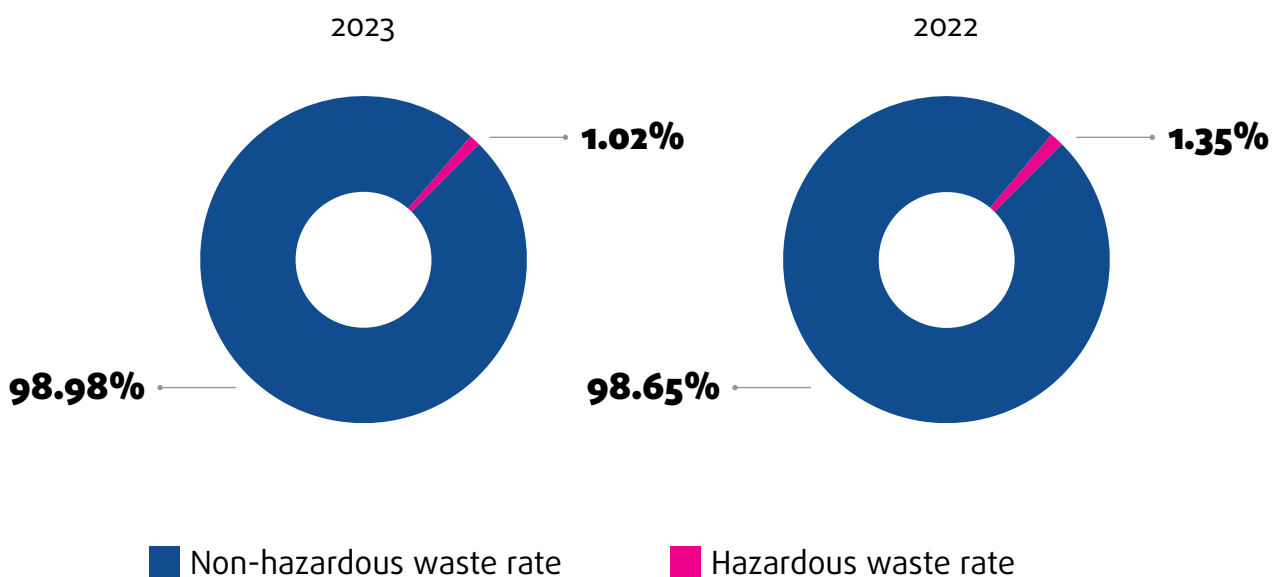
(GRI 3-1, GRI 306: 306-1, 306-2, 306-3, 306-4, 306-5)

The environmental impacts of waste generation from our paper production activities require particular attention. Waste management is a key issue in our company strategy where we aim to minimise our environmental impact through specific commitments and targeted measures.

Environmental management system and responsible waste management

We operate an ISO 14001:2015 compliant environmental management system as the basis of our responsible environmental management practices. This system helps us to identify, mitigate and manage the environmental impacts of waste. Our aim is to control, monitor and reduce the amount of waste generated and maximise recycling opportunities. To this end we set specific targets and implement programmes. Waste data is collected and reported in compliance with relevant legislation. All non-hazardous waste that we cannot recycle is handed over to authorised partners. We have put in place stringent procedures at an organisational level and regularly assess the performance of our partners to further improve our waste management processes.

In 2023 the total amount of waste generated at Vajda-Papír Group was 2 360.077 tonnes, higher than last year (1 616.610 tonnes) due to the expansion of production capacity. The total amount comprised 2 336.005 tonnes of non-hazardous and 23.967 tonnes of hazardous waste. In percentage, 98.98% was non-hazardous and 1.02% hazardous waste, showing no significant change compared to the previous year.



Annual waste generation (tonnes)	Vajda-Papír Kft.	Vajda Real Estate Kft.
Total waste generated	349.402	1 710.305
Non-hazardous waste	332.465	1 703.505
Hazardous waste	16.937	6.800
Type and quantity of non-hazardous waste	<p>200101 - paper and cardboard - 70 045 kg 150101 - paper and cardboard packaging waste - 2 230 kg 150102 - plastic packaging waste - 52 560 kg 150106 - other mixed packaging waste - 20 800 kg 030308 - waste from the sorting of paper and cardboard destined for recycling - 57 640 kg 070213 - plastic waste - 9 920 kg 080114 - sludges from paints or varnishes other than 080113 - 103 270 kg 160304 - inorganic waste other than 160303 - 16 000 kg</p>	<p>030310 - fibre rejects, fibre-, filler- and coating sludges from mechanical separation - 1 313 760 kg 030308 - Waste from sorting of paper and cardboard destined for recycling - 189 280 kg 170405 - iron and steel - 102 460 kg 150104 - metal scrap - 62 290 kg 200139 - plastics - 17 100 kg 160119 - plastics - 6 640 kg 170203 - plastic - 3 100 kg 150101 - paper and cardboard packaging waste - 5 100 kg 150102 - plastic packaging waste - 3 520 kg 170402 - aluminium - 220 kg</p>
Type and quantity of hazardous waste	<p>080111* - waste paints and varnishes containing organic solvents or other dangerous substances - 145 kg 130205* - mineral-based non-chlorinated engine, gear and lubricating oils - 277 kg 130508* - mixtures of waste from grit chambers and oil/water separators - 16 350 kg 200135* - discarded electrical and electronic equipment other than those mentioned in 20 01 21 and 20 01 23 - 165 kg</p>	<p>130205* - mineral-based non-chlorinated engine, gear and lubricating oils - 6 835 kg</p>
Amount of waste recycled/transferred for recovery	<p>according to the type of waste recipient: E - 21 170 kg (150101 - 1 240 kg, 150102 - 19 930 kg) G - 157 997 kg (150101 - 990 kg, 150106 - 20 800 kg, 080114 - 103 270 kg, 160304 - 16 000 kg, 080111* - 145 kg, 130205* - 277 kg, 130508* - 16 350 kg, 200135* - 165 kg) R - 170 235 kg (200101 - 70 045 kg, 150102 - 32 630 kg, 030308 - 57 640 kg, 070213 - 9 920 kg</p>	1 673.110
Types and quantities of waste recycled/transferred for recovery		n/a
Amount of waste sent for disposal		37.195
Types and quantities of waste sent for disposal		n/a

Annual waste generation (tonnes)	Vajda-Papír Scandinavia	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Total waste generated	300.370	2 360.077	1 616.610
Non-hazardous waste	300.140	2 336.005	1 594.780
Hazardous waste	0.230	23.967	21.840
type and quantity of non-hazardous waste	food waste 0.03, woodwork 41.5, mixed residual waste 66.02, e-waste 1.27, metal 56.64, brown paper 106.9, office paper 0.12, plastic film/packaging 27.6		
type and quantity of hazardous waste	lamps 0.23	0.000	
amount of waste recycled/transferred for recovery	100% N/A all waste sent to NG= Norsk Gjenvinning, Norwegian recycling	1 673.110	1 616.620
Types and quantities of waste recycled/transferred for recovery	n/a	0.000	n/a
Amount of waste sent for disposal	n/a, all waste sent to NG= Norsk Gjenvinning	37.195	n/a
Types and quantities of waste sent for disposal	n/a	0.000	n/a



Hazardous waste management

In 2023 the amount of hazardous waste we generated decreased marginally, amounting to 1.02% (1.35% in 2022). We have strict internal policies for the management of hazardous waste. Hazardous waste is treated as the property of the company from its generation to its disposal and all relevant regulations are complied with. This type of waste is collected in special chemical-resistant containers.

Recycled waste rate

Waste management is a key aspect of environmental protection and sustainability. The Waste Pyramid of the European Union is a fundamental principle that helps us to set the standards for waste management, thus minimising our environmental impact and increasing our efficiency. We also want to reduce our environmental impact from paper production through recycling, thus we are making efforts to increase the proportion of recycled waste.

The percentage of waste recycled or sent for recovery at Vajda-Papír Group entities was 71% in 2023.

Information for stakeholders

For our new employees the Employee Handbook provides comprehensive guidance with special emphasis on mandatory selective waste collection. Staff who deal with hazardous or non-hazardous waste receive regular training to ensure they have up-to-date knowledge and can manage their tasks in line with expectations.

Waste registration and declaration

We submit accurate waste declarations on time to help authorities monitor waste management. The information we provide such as quantity, composition, origin and use of waste contributes to waste reduction efforts and the development of a circular economy.



Waste management solutions

- We recycle and reprocess 100% of reject paper, a by-product of paper production.
- 100% of unwound paper, trimmings and cuttings generated during processing are repulped and reprocessed, while cuttings are 100% recycled.
- Our innovative solutions help us produce less waste. For example, producing coreless paper towels generates less waste.
- We use innovative packaging methods and modern solutions to reduce the amount of packaging materials and eliminate secondary packaging.
- We pay special attention to educating our consumers: we raise awareness to the importance of recycling through our product packaging and in our communication.
- We also use electronic invoices and other e-documents to avoid unnecessary paper use within the company.
- We support litter picking campaigns around our sites and seasonal clean-up of yards.

Scope 1,2,3 emissions

(GRI 305, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7)

The calculation of the annual corporate carbon footprint, Scope 1,2 and 3, is based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). In 2023 we calculate emissions for Vajda Papír Kft. Székesfehérvár and Vajda-Papír Scandinavia AS as well. The Scope 1 and 2 emissions for 2022 have been updated to reflect the revised energy consumption data.

In 2023 Scope 3 (47.3%) is the largest of the total Scope 1,2,3 emissions generated by Vajda-Papír Group. Scope 1 (25.6%) and Scope 2 (27.1%) emissions are nearly equal. Among the companies, Vajda Real Estate Kft. has the largest share (60.2%), but Vajda-Papír Scandinavia AS (23.6%) and Vajda Papír Kft. Budapest (15.1%) also have significant shares.

Scope 1. emissions come from the use of natural gas and fuel.

Scope 2. emissions come from electricity use.

Scope 3 emissions come from the outputs of goods and services we purchase, operational waste, end-of-life waste from handling sold products, inbound transport, business travel, employee commuting and outbound transport.

Corporate carbon footprint of Vajda-Papír Group in 2023 (and 2022 ³⁴)

	Vajda-Papír Kft. Budapest	Vajda Real Estate Kft. Dunaföldvár	VP Group Kft. Székesfehérvár	Vajda-Papír Scandinavia AS Norvégia	Vajda-Papír Group 2023	Vajda-Papír Group 2022
GHG emissions, Scope 1 (tonnes CO ₂ equivalent)	2 665.9	21 989.6	10.0	6 588.7	31 254.3	16 657.6
GHG emissions, Scope 2 (tonnes CO ₂ equivalent)	1 536.9	19 714.4	157.7	11 678.1	33 087.1	16 136.5
GHG emissions, Scope 3 (tonnes CO ₂ equivalent)	14 188.5	31 690.7	1 182.4	10 582.4	57 644.0	9 624.5
Total	18 391.4	73 394.8	1 350.0	28 849.2	121 985.4	42 418.6

³⁴ The 2022 data is for Vajda-Papír Kft. and Vajda Real Estate Kft., excluding Székesfehérvár. For the calculation of Scope 2 and Scope 3 of the Norwegian subsidiary, Vajda-Papír Scandinavia AS, no systematic data was available.

The intensity indicator for GHG intensity was the product sold in tonnes. Intensity rate for 2023 for aggregated Scope 1, 2 and 3 was 121 985.4 tonnes CO₂ equivalent / intensity indicator (tonnes CO₂ sold product in tonnes: 111 173.381)= 1.09.

Largest emission sources - largest reduction potential

Scopes 1 and 2 have the highest CO₂ emissions from natural gas (58.5%) and purchased electricity (37.4%) in 2023.

Measures to reduce our Scope 1 and 2 emissions in 2023:

- Energy saving measures linked to operation and manufacturing
- Educating and empowering our employees to drive energy efficient operation
- Development and implementation of an energy saving procedure (Energy Efficiency, Neat Office Policy)

Measures to reduce Scope 3 emissions in 2023:

- Optimisation of incoming and outgoing transport
- Rationalising business travel
- Reducing waste generation

Energy consumption

(GRI 302, 302-1, 302-2, 302-3, 302-4, 302-5)

The paper industry is an energy-intensive industry, so we pay special attention to efficient production and raising awareness, and we have also made a strategic commitment to increase the share of renewable energy in our own operations and in our company's sites as part of our green bond issuance.

We are committed to efficient energy use. Within our company, Vajda-Papír Kft. and Vajda Real Estate Kft. has been certified to MSZ EN ISO 50001:2015 since 2016 and 2022, respectively. We do our utmost by operating in compliance with the standards to achieve our energy targets and to minimise the energy consumption associated with our operations.

Modern and energy efficient technology

Our Dunaföldvár mill, expanded in 2022, is the most advanced paper mill in Europe' and the largest in the region with state-of-the-art technology installed. Key parameters from the investment:

- Specific energy consumption reduced from 2900 kW to 2800 kW / tonne of paper produced.
- The investment increases the share of renewable energy to 50%.

We aim to reduce our heating consumption by using energy-saving light bulbs (LEDs) and other efficiency-boosting measures, such as waste-to-energy heating in the offices and social rooms of our Dunaföldvár site. We are committed to educating and involving our staff in our energy-efficient operations. We have also implemented energy efficiency guidelines in our energy saving procedures.

Energy consumption of Vajda-Papír Group

	Vajda-Papír Kft. Budapest	Vajda Real Estate Kft. Dunaföldvár	VP Group Kft. Székesfehérvár	Vajda-Papír Scandinavia AS Norvégia	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Total annual energy consumption (Megajoule)	51 327 161	586 405 995	1 732 670	232 560 793	872 026 620	608 512 248
Annual energy savings (Megajoule)	-	-	-	N/A	-	./.
Total annual renewable energy production (Megajoule)	-	-	-	N/A	-	./.
Annual electricity consumption (kWh)	4 210 796	54 012 113	432 016	31 994 742	90 649 667	71 479 668
Annual gas consumption (thousand m ³)	14.94	11 528.10	5.21	4 982.32	16 530.58	13 633

A significant part of our 2023 Group level energy consumption is related to manufacturing and is generated by Vajda Real Estate Kft and Vajda-Papír Scandinavia AS. Compared to the previous reporting period, our total energy consumption increased by 43%, electricity consumption by 27% and natural gas consumption by 21%. This is due to increased production capacity.

Fuel consumption of Vajda-Papír Group

	Vajda-Papír Kft. Budapest	Vajda Real Estate Kft. Dunaföldvár	VP Group Kft. Székesfehérvár	Vajda-Papír Scandinavia AS Norvégia	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Annual gas oil consumption (litres)	982 658.66	200.00	0.00	5 654.00	988 512.66	681 598.00
Annual petrol consumption (litres)	33 148.25	-	0.00	0.00	33 148.25	28 895.00
Motor gas / LPG consumption (kg)	0.00	-	0.00	100.00	100.00	100.00

In the reporting period 96.7% of fuel consumption was diesel, gasoline 3.2%. Our Norwegian subsidiary used motor gas, not measurable in percentage. Our annual diesel consumption increased by 45% due to transportation demands arising from increased production.

Water management

(GRI 303: 303-1; 303-2; 303-3; 303-4; 303-5)

The paper industry requires a significant amount of water which is why water management issues and measurements are relevant topics in our operation. Our Green Strategic Goals set out in our Green Bond Framework include a commitment to reduce our water use for paper production in Dunaföldvár from 12 m³ to 5.5 m³ or less by 2030.

Half of the water from our paper production in Hungary is discharged into the Danube after biological treatment, and other half is filtered again in special equipment to be ready for reuse in paper production. We plan to quantify this once we know our post-investment data beyond one year.

We report on our water management to the water authorities, in compliance with the regulations.

Water consumption of Vajda-Papír Group

	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia AS	Vajda-Papír Group 2023	Vajda-Papír Group 2022
Annual water consumption (litre)	6 436.00	572 495.00	268 392 000.00	268 970 931.00	617 518 000.00
Water consumption from utilities	6 436.00	9 134.00	1 621 000.00	1 636 570.00	334 837 000.00
Use from own well	-	563 361.00	N/A	563 361.00	315 307 000.00
Water reused from total water consumption (litre)	-	-	N/A	-	./.
Volume returned to the mains sewerage system (litre)	6 436.00	178 678.00	398 000.00	583 114.00	
Water discharged to own sewage collection	-	(393817)	276 002 000.00	276 002 000.00	

We significantly reduced our water consumption by optimising our production processes in 2023.

Sustainable products

(GRI 417-1, 417-2, 417-3)

It is key for us that our customers are given sustainability information through the logos and pictograms in our product labels. We reported on our activities in detail [in our ESG 2022 report](#).

Our sustainability strategy commitment and its status is briefly described in [the ESG Strategy section](#) of this publication.

We conduct our marketing, product communication and labelling activities in accordance with all applicable regulatory expectations. We communicate transparently and responsibly with our customers and avoid misleading, unfair and unethical marketing and labelling practices.

In the financial year of 2023 our Group made no infringements in relation to product and service information, product marking, labelling and marketing communication.

GRI index

GRI content index	Disclosure	Chapter title	Page number	Reason for omission and/or annotation
GRI 2: General Disclosures 2021	2-1 Organisational details	About our report	6.	
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	2-10 Nomination and selection of the highest governance body	Responsible corporate governance	30-48.	
	2-11 Chair of the highest governance body	Responsible corporate governance	30-48.	
	2-12 Role of the highest governance body in overseeing the management of impacts	Responsible corporate governance	30-48.	
	2-13 Delegation of responsibility for managing impacts	Responsible corporate governance	30-48.	
	2-14 Role of the highest governance body in sustainability reporting	Responsible corporate governance	30-48.	
	2-15 Conflicts of interest	Responsible corporate governance	30-48.	
	2-16 Communication of critical concerns	Responsible corporate governance	30-48.	Scope rating report 03.11.2023. Vajda-Papír Kft. SCOPE rating report"

GRI content index	Disclosure	Chapter title	Page number	Reason for omission and/or annotation
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	2-30 Collective bargaining agreements			Not relevant.
GRI 3: Key issues	3-1 Process to determine material topics	Our material topics Responsible corporate governance	24-25. 30-39.	
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	201-3 Defined benefit plan obligations and other retirement plans			No relevant.
	201-4 Financial assistance received from government	Economic Performance	49-50.	
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Impressum

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