



Vajda papír

**VAJDA-PAPÍR GROUP
ESG REPORT**

We provide an insight into our approach

to a sustainable future,
covering Environmental, Social
and Governance issues.

DEAR READER,

As a family-owned company with a generational culture, sustainability has underpinned our operations for decades as naturally encoded in our DNA. We have always shown care and awareness towards our environment, our customers, our employees and other stakeholders in direct contact with us – be they investors, suppliers, the contractors behind our investments, or even the local communities, the representatives of the organisations we are in contact with through our supports and donations, and also the people in need.

Over the last 10 years, we have invested HUF 40 billion to run our production and operations with the most modern, environmentally friendly and sustainable technologies as far as possible.

In 2021, our Group reached a major milestone on the road to sustainability. We are particularly proud that, following our previous investments and innovative developments, Vajda-Papír Kft. – playing a leading role – was the very first industrial manufacturing company in Hungary to issue a green bond, thus underlining our commitment to sustainability and environmental awareness.

This awareness guided us when we decided to present our activities to date and our commitments for the period ahead in our first ESG report. We provide an insight into our approach to a sustainable future, covering Environmental, Social and Governance issues.

As a responsible leader, I pay particular attention to the achievement of our sustainability goals, and I believe it is of key importance to meet the progressively stringent ESG-specific regulatory requirements. My goal is that the ESG approach more and more permeates our entire Group, so that we reduce our ecological footprint also by setting cutting-edge standards and an example for others.

I encourage our readers and investors to join us to learn more about the pillars of our future-proofing operation and to follow our steps year by year towards our common future and sustainability.

Yours sincerely

Attila Vajda



Attila Vajda
CEO and owner
of Vajda-Papír Group



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ABOUT OUR REPORT

The information published in our first ESG report relates mainly to the **domestic activities of Vajda-Papír Group¹ in Hungary**. However, we briefly present also our subsidiary in Norway (Vajda- Papír Scandinavia). The report encompasses information in this respect, as well.

The period of analysis embraces primarily **the calendar year 2021** and the data reported relate to 31 December 2021. Figures different from the data at the end of 2021 are clearly marked. To provide readers with comprehensive disclosure, we also include information and actual figures prior to 2021 in case of priority topics and where appropriate, to show trends in development.

Our Group made significant progress in the implementation of its green strategy in the field of sustainability already this year, and we are just now presenting our achievements and activities so far in 2022, as well. In addition, we believe it is important also to share with our readers our plans for the future.

For 2023, **when we publish our next ESG report**, we will provide a comprehensive and detailed overview of the activities of Vajda-Papír Group in Hungary and abroad (Norway).

Reports are prepared taking into account the current regulatory environment and future applicable standards, so that we can present our activities in line with them.

¹ Vajda-Papír Kft, Vajda Real Estate Kft, VP Group Kft.



OVERVIEW: FACTS AND FIGURES

The Vajda-Papír Group

Hungary's market leader in hygienic paper manufacturing

100% Hungarian, family ownership

Founded: in **1999**

Founders and owners: **Attila Vajda and Szilvia Vajdáné Csata**

Our products:

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



Number of our employees:

in total **621** persons

HUNGARY
505 employees

- Budapest **281** persons
- Dunaföldvár **138** persons
- Székesfehérvár **86** persons

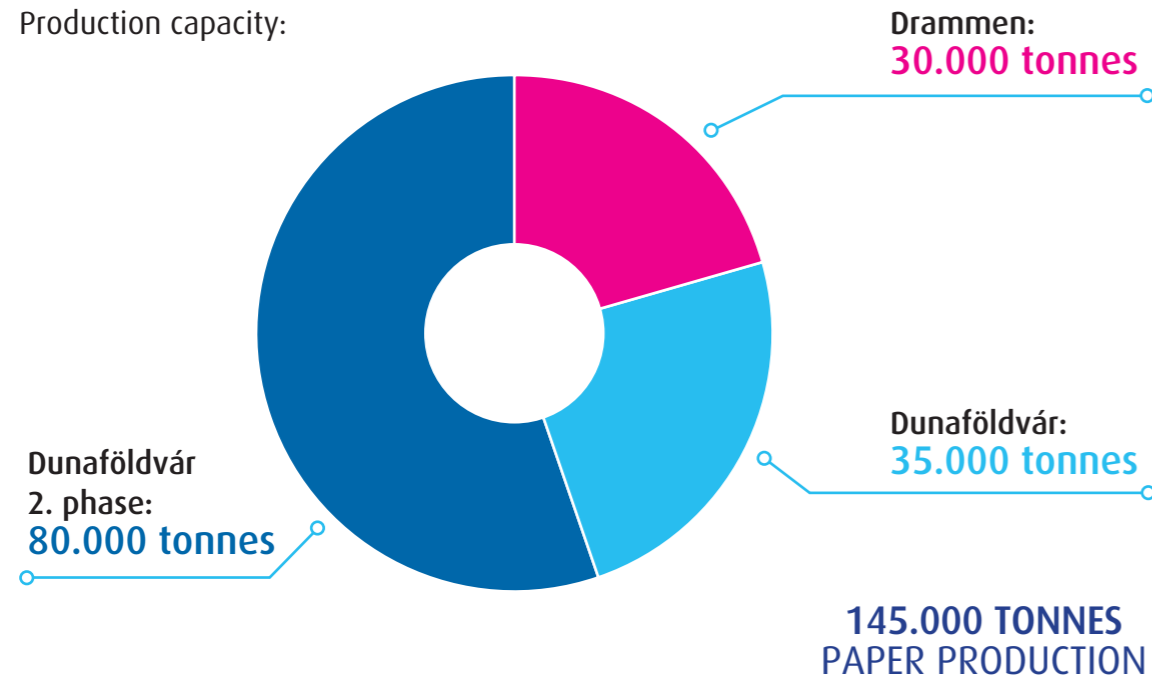
NORWAY **116** persons

Our factories:

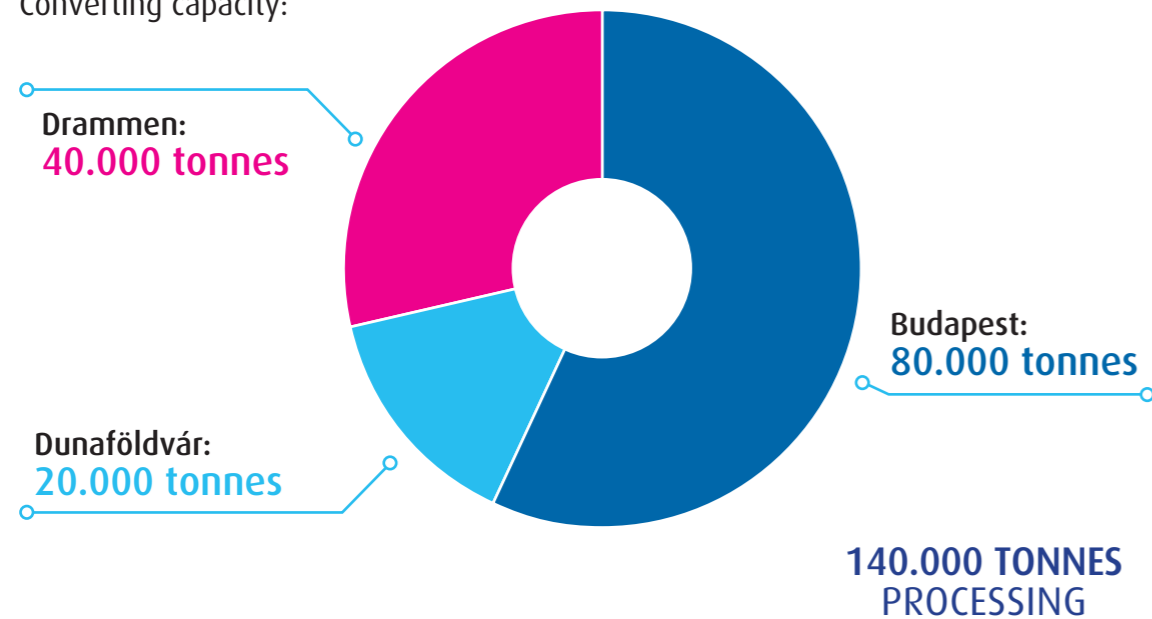
BUDAPEST; DUNAFÖLDVÁR; SZÉKESFEHÉRVÁR, (Hungary) and DRAMMEN (Norway)

ANNUAL CAPACITY OF OUR FACTORIES

Production capacity:



Converting capacity:



At the forefront of sustainability solutions

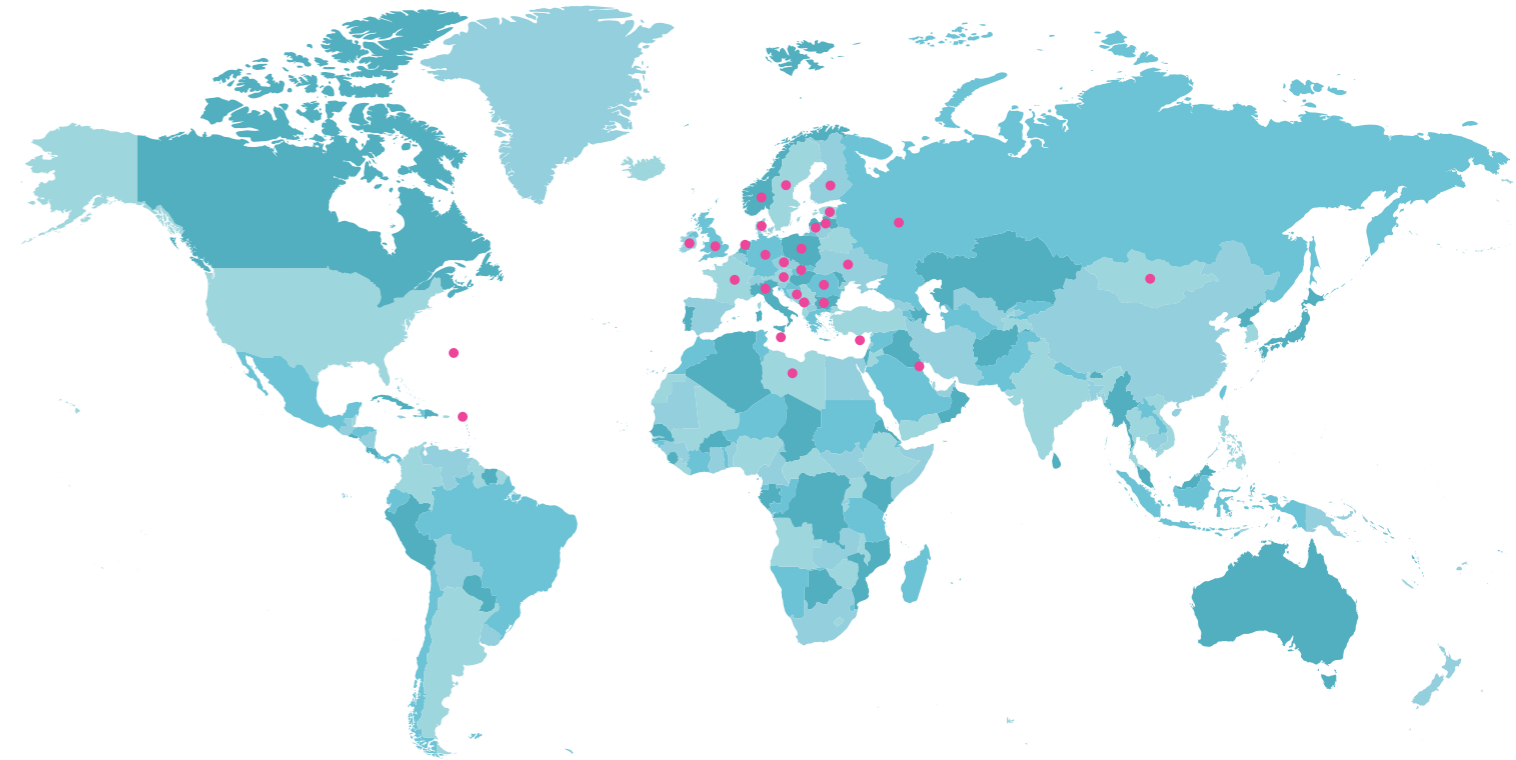
- ✓ Hungary's first industrial manufacturer to issue green bonds of HUF 9.9 billion (2021, Vajda-Papír Kft.)
- ✓ **Green Committee**
- ✓ [Green Bond Framework](#)
- ✓ [Second Party Opinion](#)



Export sale

TO MORE THAN 30 COUNTRIES:

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



Vajda-Papír Group is member of the **Outstanding Exporter Partnership Programme (OEPP)** established by the Ministry of Foreign Affairs and Trade.

SCOPE RATINGS: B+ STABLE

Our key financial data (2021)



Consolidated sales **HUF 25,956 million.**

Consolidated EBITDA **HUF 1,522 million.**

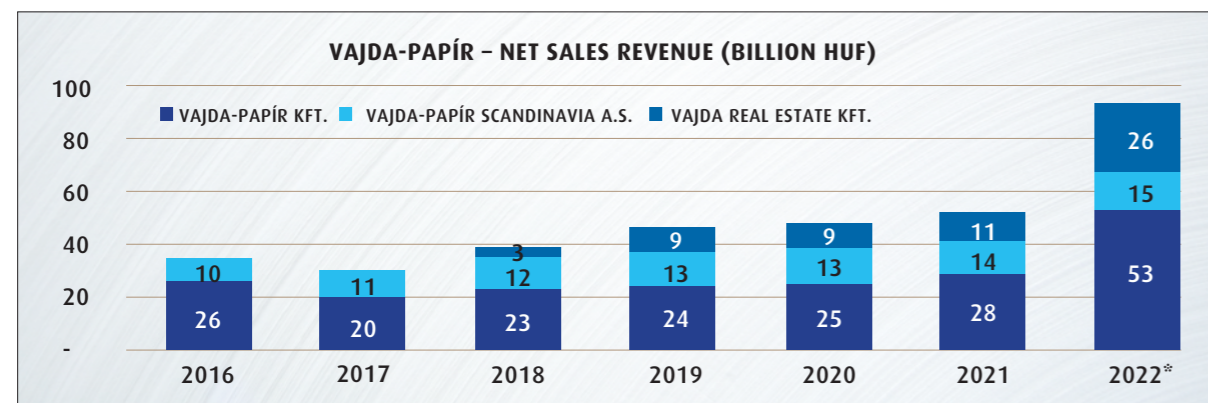
Consolidated pre-tax result **HUF 382 million.**

ABOUT THE VAJDA-PAPÍR GROUP

As a leading European manufacturer and trader of branded hygiene household and away-from-home paper products, the history of our group dates back to 1999, when we founded Vajda-Papír Kft. as a family business. Over the last two decades, our group has become a market player with significant results also on the international scene due to a conscious strategy. All the while, we have preserved our flexible and innovative operation, typical of a family business, since it is a crucial factor in responding more efficiently and quickly to the demands of our evolving world and our consumers.

We are growing in a sustainable and dynamic way.

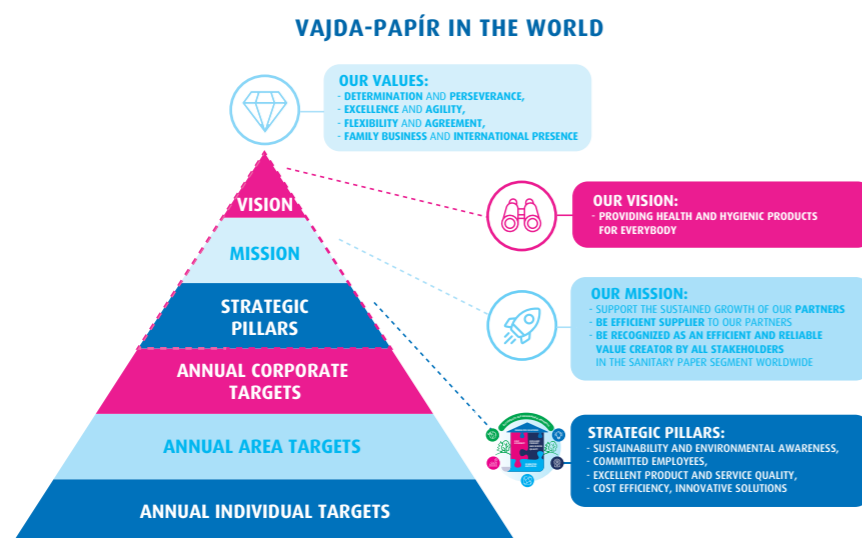
The Vajda-Papír Group consists of three Hungarian companies (Vajda-Papír Kft, Vajda Real Estate Kft, VP Group Kft.) with the same ownership.



Since 2013 our Group is proud to include a Norwegian subsidiary (Vajda-Papír Scandinavia AS).

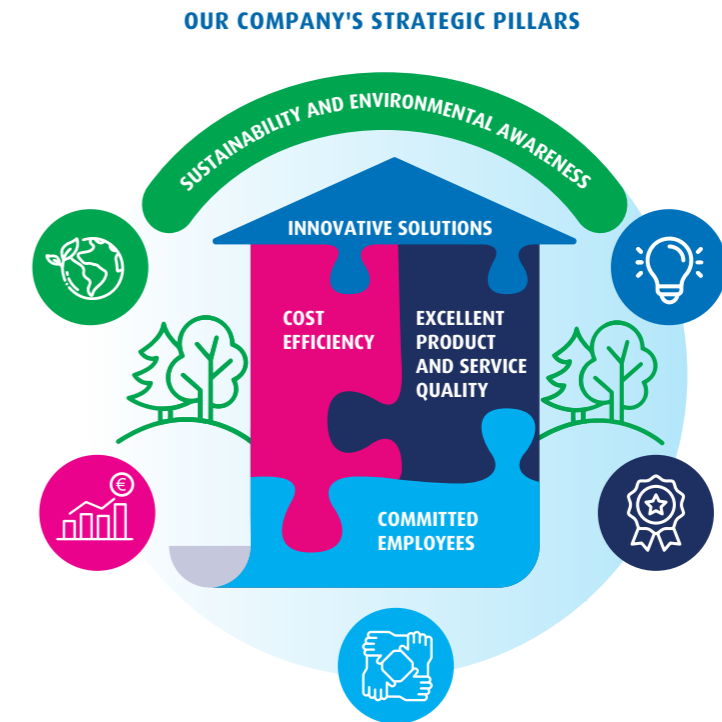
Our corporate mission and vision based on sustainability

We work every day to meet the demands of our customers at a high level. We consider sustainability to be of key importance in every stage of our production and sales activities.



We believe that our success is driven by our corporate values. We have determination and perseverance at the heart of our Group's values. We work with agility and strive for the best results, quality and excellence in every situation.

Sustainability and environmental awareness are of key importance for us.



In our operations, we blend flexibility - a feature of our family business - and integrated corporate management methods, indeed necessary to successfully compete in the international arena.





Our mission

We wish to contribute to the sustainable growth of our stakeholders. That's why we attach great importance to being an efficient supplier for our customers, to be recognised as an efficient and value-creating partner.

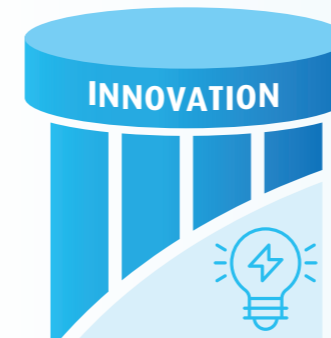
Our vision

Sustainability, green solutions and circular economy are important elements of our Group's vision., which we can achieve by producing healthcare and hygienic products that are **accessible to all, in a sustainable way, continuously reducing our ecological footprint.**

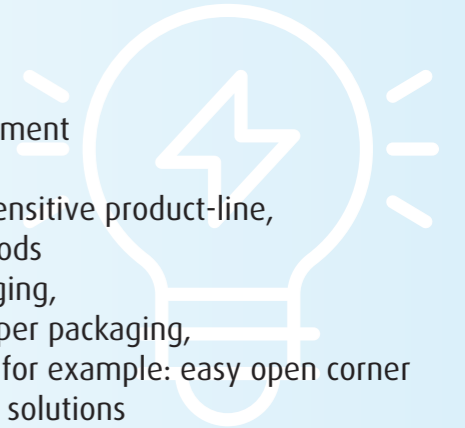
Our innovative, efficient and sustainable operation

The paper industry is an energy-intensive industry. Therefore, **we pay special attention to the innovative, efficient and sustainable operation**, to the environmentally friendly production starting from product development through manufacturing and transport to sales. We strive to minimise our impact on the environment in all our activities.

OUR FUTURE-PROOF SOLUTIONS



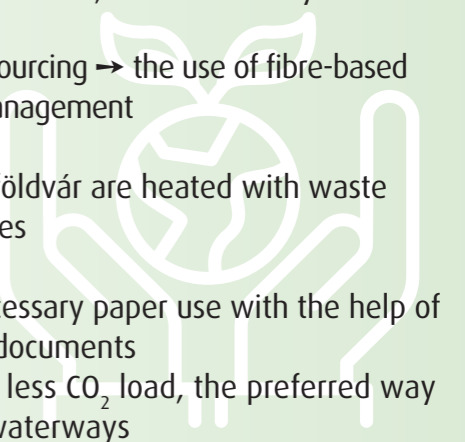
- innovative production technology
- modern machinery
- modern, automated processes
- continuous innovative product development
 - ✓ paper towels without rolls,
 - ✓ fragrance- and colourant-free Sensitive product-line,
- creation of innovative packaging methods
 - ✓ elimination of secondary packaging,
 - ✓ biodegradable, compostable paper packaging,
 - ✓ innovative packaging methods, for example: easy open corner opening, open&close packaging solutions



- efficient business operations
 - ✓ a quality assurance system guarantees stable quality and product manufacturing in compliance with current industry regulations
 - ✓ efficient human resource management
 - ✓ regulated work processes = ensuring safe working conditions
 - ✓ knowledge sharing → exchange of the best production know-how among production plants
 - ✓ a cost- and energy-efficient approach to everyday activities
- efficient production
 - ✓ energy efficient approach
 - ✓ enhancing the use of green technology and renewable energy
 - ✓ efficient waste management → recycling of 100% of waste generated in the case of base paper



- environmentally friendly production with modern, environmentally sound technical solutions
- environmentally conscious raw material sourcing → the use of fibre-based paper from certified responsible forest management
- eco-friendly management and operation
 - ✓ offices and social areas in Dunaföldvár are heated with waste heat from technological processes
 - ✓ energy-saving luminaires (LED)
 - ✓ paperless office, avoiding unnecessary paper use with the help of electronic invoices and other e-documents
- environmentally responsible transport, less CO₂ load, the preferred way of sourcing raw materials realised by waterways
- environmentally conscious products with „eco-friendly solutions“
- consumer education on environmentally friendly products (green labels)

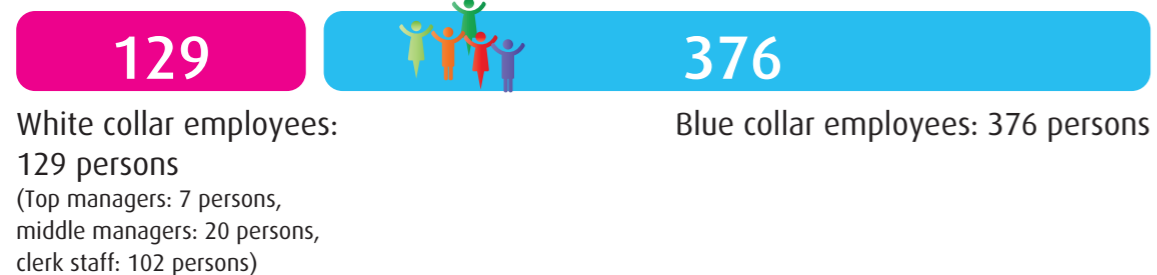




OUR EMPLOYEES

Together with our colleagues, we work every day to meet our customers' needs at a professional level and in a sustainable way. **As a responsible employer, we create jobs by employing more than 500 people in Hungary.**

Number of our employees in 2021, in Hungary



Number of our employees per site in 2021

Budapest
281 persons

Dunaföldvár
138 persons

Székesfehérvár
86 persons



OUR MARKET LEADERSHIP POSITION



- ✓ In the paper towel category, Vajda-Papír is the leading brand supplier on the Hungarian household hygiene paper market*.
- ✓ In the toilet paper and tissue categories, Vajda-Papír's branded products claim a confident second position on the surveyed Hungarian market*.

Our flagship manufacturer brand, the Ooops!

Our brand, born in 2011, is well known and popular among our consumers as a hygienic paper product. Our branded products occupy a market-leading position in the category of quality hygienic tissue and paper towels of the domestic production.

Key features of Ooops! products

- ✓ Produced from raw materials sourced from FSC® certified responsibly managed forests and other controlled sources
- ✓ Innovative, handy packaging
- ✓ Economic
- ✓ Easy-to-carry packaging
- ✓ Skin-friendly raw material



Ooops! Professional

In 2018 we addressed a new customer segment, the industrial market, and introduced our **Ooops! Professional** brand.

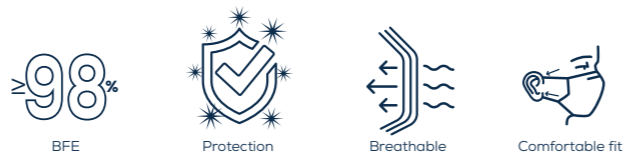


* Based on the September 2022 database report provided by AC Nielsen Piackutató Kft.



Our innovative achievement is our surgical face mask, produced within the health-care product category. Our product is manufactured with state-of-the-art technology, a production line made in Europe and from high quality raw materials.

Our innovative solution to effectively tackle the COVID-19 pandemic



SURGICAL FACE MASK

Production capacity



Characteristics of Oops! Professional Surgical Face Mask 3 ply Type IIR:

- ✓ **Medical device Class I.** (CE marking)
- ✓ **Medical device classified as IIR type**
- ✓ Product manufactured in regulated, controlled and validated cleanroom (ISO 14644-1 Standards)
- ✓ Bacterial filtration efficiency is over 98%-ot
- ✓ Perfect breathability combined with high filtration
- ✓ High elastic round ear loop and 120 mm long nose clip, longer than average that assures easier shaping and perfect, comfortable fit



THIS IS HOW WE RUN OUR FACTORY – CORNERSTONES OF SUSTAINABLE MANUFACTURING

We produce **145,000 tonnes** of paper products **every year** and we do this **with the utmost responsibility** as to environment, as to the attitude towards our employees, not to mention the use of available raw materials, the use of energy and water and the planning of transportation routes.

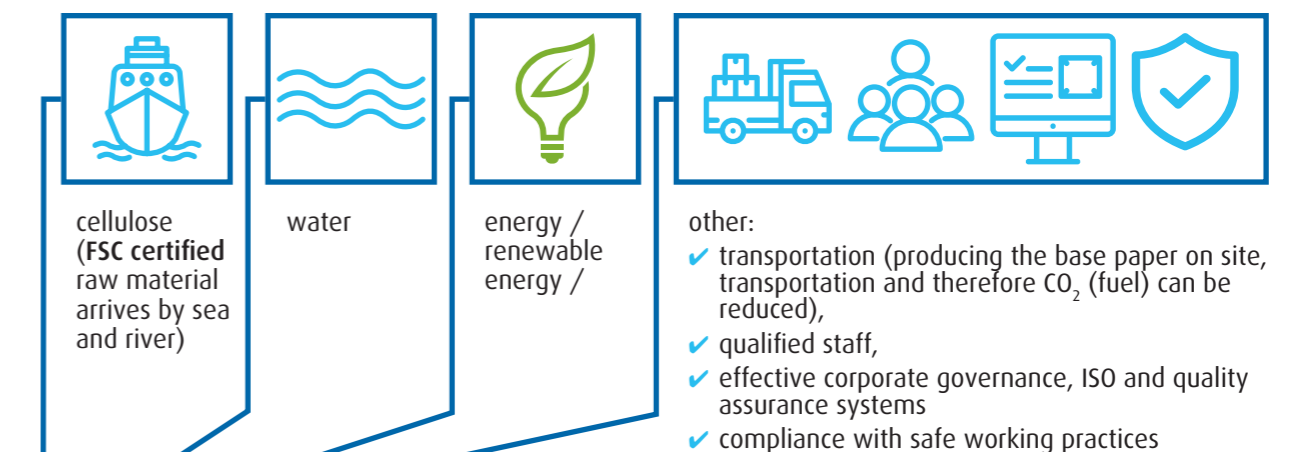
Our slogan "We produce with love" reflects that our customers come first. With our products, we make people's everyday lives easier and create the basic conditions for following hygiene rules, thus contributing to a better world.

THIS IS HOW WE RUN OUR FACTORY

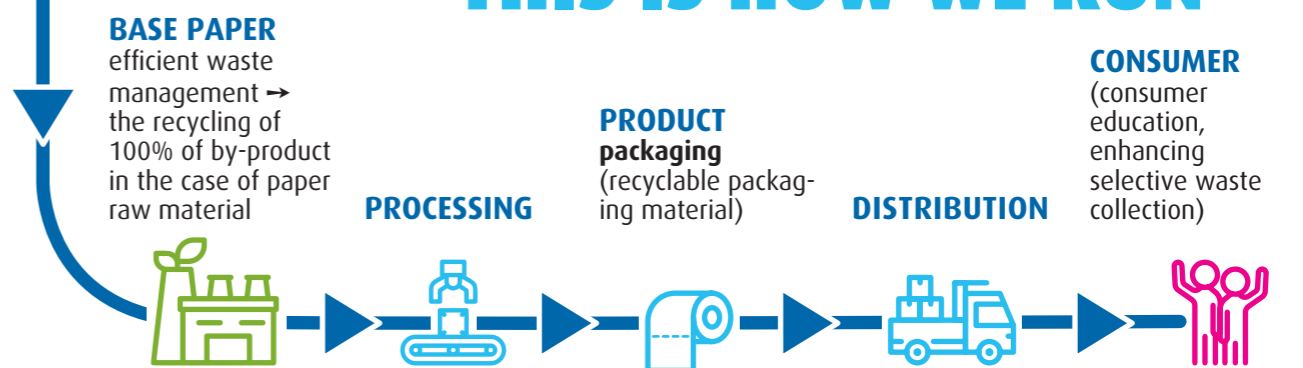
- ✓ In our factories we use only raw material from FSC certified responsibly managed forests and other controlled sources.
- ✓ All by-products from the production process are utilised.



Ingredients for paper production and processing



THIS IS HOW WE RUN



THE PRODUCTION UNITS OF OUR GROUP

In Hungary Abroad



HUNGARY

Vajda-Papír – Budapest

- ✓ Built in 2008
- ✓ More than 300 employees
- ✓ Annual capacity
Finished product production: 80,000 tonnes (toilet paper, paper towels, tissues)

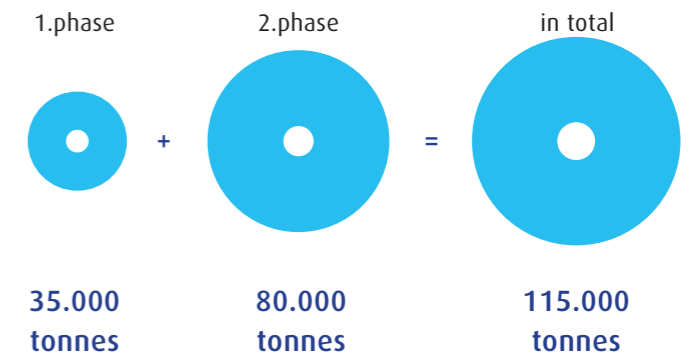
Vajda Real Estate – Dunaföldvár

- **Built in 2018** (integrated mill to produce hygiene household paper products and base paper)
- **Expansion in 2022, new production unit** (new base paper production hall, base paper warehouse and cellulose storage and preparation areas)
- More than 100 employees + 50 new jobs created with the starting of the 2. production unit

Annual capacity

Base paper production:
35.000 tonnes
+ 2.phase 80.000 tonnes
= 115.000 tonnes

Finished product manufacturing:
20,000 tonnes (toilet paper,
paper towels, napkins)



Dunaföldvár – production unit expanded in 2022

- = state-of-the-art paper mill in Europe, and the biggest one in the region
- ✓ With the the most modern and energy efficient technology available
 - ✓ With one of the largest capacity paper machines in Europe

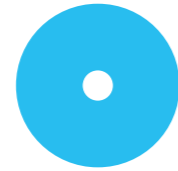




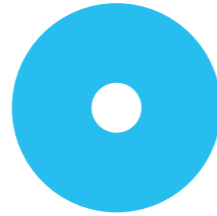
NORWAY

Vajda-Papir Scandinavia

- More than 100 years old paper mill
- Member of Vajda-Papír Group since 2013
- More than 100 employees
- Annual capacity:



Base paper production:
30.000 tonnes



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

Our paper mill on the banks of the Drammen River has been supplying high-quality tissue paper products for over 100 years, using environmentally friendly and sustainable resources. Vajda-Papir Scandinavia was founded in 2013 and employs more than 100 people.

In our next ESG report, we will present our Norwegian subsidiary in more detail, yet we would like to share some key figures here:

„same job – same pay“

In line with our strict equal opportunities policy, we apply the same pay for the same job, regardless of gender.

Number of our employees in 2021, in Norway



In total: 116 persons



Employees on indefinite contract:
101 persons

Employees on fixed-term contract:
15 persons

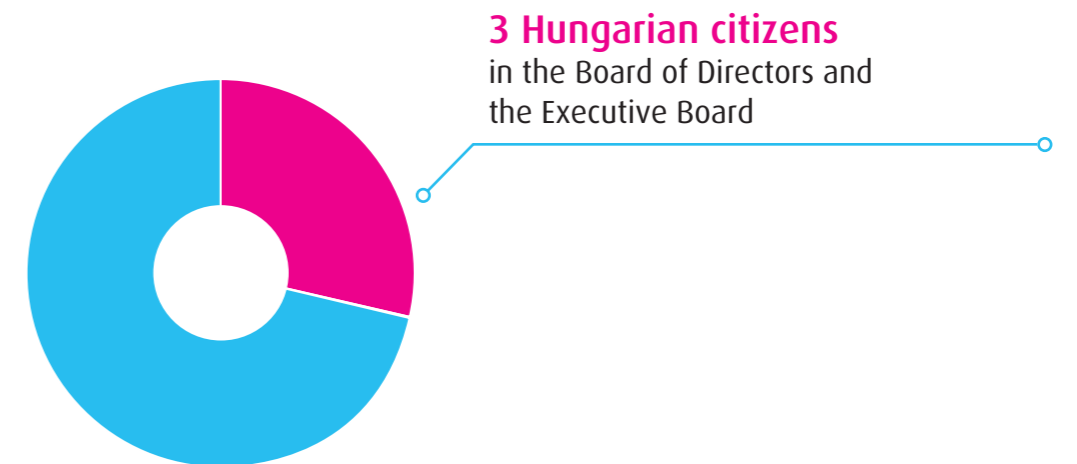
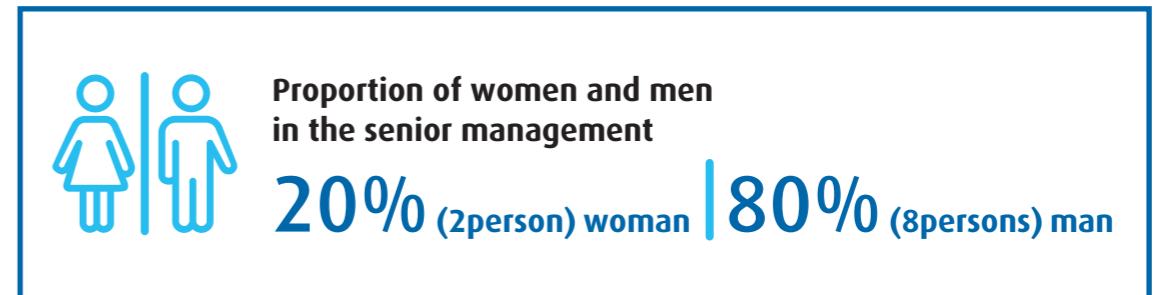


Female employees: 16 persons

Male employees: 100 persons

AGE		
Under 30	18 persons	15,5%
Between 30-50	57 persons	49,1%
Over 50	41 persons	35,3%
Total: 116 persons		

Average age of our employee's: 45 years



3 Hungarian citizens
in the Board of Directors and
the Executive Board

TRAININGS	
Total training hours	932
Average training hours per employee / Annual training hours per person	45/20
Average training cost per person	NOK 2,000
Total training costs	NOK 214,629



Our eco-friendly products and solutions

In developing innovative products, we take into account current market trends and the demands of our environmentally conscious consumers. We are also prepared for the future generation of young, conscious consumers who will increasingly pay attention to sustainability and the use of environmentally friendly products in their purchasing decisions.

We also place a high priority on consumer education, and we believe it is essential to raise their awareness of the opportunity to choose eco-friendly products. In addition, on our products, we clearly communicate to our consumers that we are committed to sustainability, that circular economy and low environmental impact are important for us.

Labels and icons on our products provide correct information. A QR code on the package allows the customer to get more information about the products.

Our Ooops! products, featuring the "ECO friendly Solutions" label, serve as a purchase preference for our environmentally conscious customers. **Currently**, we offer **8 products** of this type to our consumers, and **by the end of 2022**, we expanded our range of products with **13 further types**.



Our packaging labels provide consumers with clear information about our environmentally conscious products and circular economy solutions. We also draw our consumers' attention to the possibility of recycling.



The meaning of our Eco Friendly Solutions logo

A unique manufacturer logo on our eco-friendly, environmentally conscious Ooops! products.

- ✓ We use cellulosic raw material sourced from responsibly managed forests (FSC certified) for the product/packaging.
- ✓ The packaging material is 100 % reusable.
- ✓ We use renewable, green energy in manufacturing our products and in our operations.



The meaning of our 100% recyclable paper packaging logo

A unique manufacturer logo on our Ooops! Nature products.

- ✓ Paper-based packaging material,
- ✓ 100% reusable,
- ✓ biologically compostable, natural material.

More of our eco-friendly solutions

- ✓ Producing **tube-free** paper towels means **less waste** produced.
- ✓ We use **recycled paper** raw material to produce the light beige ECO-Natura eco-friendly product.
- ✓ **Economic packaging** – as a result, our 100-meter paper towel packs require fewer units of recyclable plastic.

A new life of plastics

We have introduced a **PCR 60% packaging material** in order to **replace 2/3 of the primary polyethylene material with a post-consumer recycled polyethylene material**, thus reducing our carbon footprint.



This packaging is made from 60% recycled plastic to reduce our ecological footprint.

We increased to 60% the proportion of recycled materials in the majority of primary and secondary plastic product packaging, reducing the use of new plastic by almost 600 tonnes.

Recycle it!

On our products with recyclable packaging, we also actively involve our consumers and raise awareness of the importance of selective waste collection.



újrahasznított papírból
from recycled paper



kevesebb műanyag
less plastic



részben újrahasznított műanyagból
contains recycled plastic

RECYCLE ME!



On our 100% recyclable packaging a marking identifies the packaging material. Find out the local, valid waste management legislation and place the waste in the appropriate recycling bin.

LANDMARKS ON OUR ROAD TO SUSTAINABILITY

Since our foundation, we have been driven by our natural desire for innovation, sustainable development and efficiency. We work and produce with love and we are always looking for new ways to improve, to innovate and to grow in a sustainable way. We would like to present the main landmarks on our road, so far achieved.




We are constantly
increasing
the proportion
of recycled
materials



Milestones of the Vajda-Papír Group inspired by sustainability

- ✓ Introduction of a large company structure, independent management board team (five executives in the top management of the company)
- ✓ Development of a corporate vision
- ✓ Launch of our Ooops! brand



 Further modernization: energy-saving and environmentally friendly production, setting up a centrally controlled heating, cooling and lighting system


Greenfield investment in Budapest: state-of-the-art energy recycling production, new processing line recovers braking energy into the grid.




2004

- ISO**
- ✓ Expansion of the machinery and modernisation of existing equipment.
 - ✓ Implemented ISO 14001:2004 management system as a clear step in terms of our commitment to the environment.

2001

- 
- ✓ The first year of major investment and company development.
 - ✓ Meeting the consumers' demand with the purchase of a machinery suitable also for the production of paper towel and toilet paper.
 - ✓ Creating new jobs with the enlargement of the staff.

1999

- 
- ✓ Business start-up
 - ✓ Increasing consumer demand → innovation and expansion of machinery

2011




Set Vajda-Papír Scandinavia: take-over of an existing factory, guaranteeing 100 jobs and increase of direct production capacity

2013

2010


2014

- 
- ✓ Investment of HUF 1.8 billion to increase capacity with the most modern and efficient energy recovery solution available at the time
 - ✓ 500+ employees at group level

2015/16

- 
- Achieved significant energy savings and safer working conditions through the installation of three state-of-the-art automatic tissue production lines

2017

- 
- The use of modern stretch-film palletizer machines for the safe palletizing of products and shipments

2022

- ✓ Support Ukrainian refugees offering jobs and hygienic products
- ✓ Dunaföldvár production unit, 2. phase factory inauguration and starting up in the spirit of energy efficiency
- ✓ Honoured by The Factory of the Year 2021 award
- ✓ Protect biodiversity: surrounding bank swallows nesting in the construction area with the help of local environmentalist.
- ✓ Continuing the "You all are heroes!" campaign: in cooperation with the Hungarian Charity Service of the Order of Malta, Vajda-Papír helps three thousand people with disabilities for a year.



2021



- ✓ The first industrial manufacturer in Hungary to issue green bonds (HUF 9,9 billion)
- ✓ Continuing the „You all Heroes!” campaign: supporting hundreds of disadvantaged families (more than 20 tonnes of donations)
- ✓ Investment of HUF 1,4 billion: ensuring a shorter supplier chain with the most modern and efficient surgical face mask production line inspired by sustainability

2020

- ✓ 600 jobs guaranteed and 50 new jobs created
- ✓ Introduction of degradable, compostable paper packaging (instead of plastic packaging)
- ✓ Cooperation in the relaunch of full-time vocational training in paper- and processing industry
- ✓ "You all are Heroes!" campaign: donation of more than 10 tonnes of sanitary paper products



2019



- ✓ Production of coreless Ooops! paper towel
- ✓ The beginning of the introduction of Eco-friendly solutions products

2018



A greenfield investment of HUF 15 billion in Dunaföldvár

- Hungary's most modern integrated (paper making and processing machine), state-of-the-art hygienic paper mill opens with the best technology in terms of environmental protection and energy efficiency.
- Created more than 100 new jobs
- Planted hundreds of trees
- CO₂ emissions from previous transports are reduced by local production of base paper.



In our next report, we will provide more details on our further plans, but we would already like to outline our goals for the future.

- We wish to contribute to the main goals of the Paris Agreement on climate protection and to keep temperature rise below 1.5°C following the application of the **SBTi (Science Based Targets Initiative)**. By committing to these science-based targets, we are also giving a more concrete view of the timeframe and the extent to which we need to reduce greenhouse gas (GHG) emissions. We have already taken the first steps in this direction in the fourth quarter of 2022.
- By 31 December 2023, we would like to establish the Vajda-Papír Foundation to help people in need more effectively.
- Looking for innovative solutions, we are constantly monitoring the methods available to increase energy efficiency.

Our paramount plans

- ✓ SBTi (Science Based Targets Initiative)
- ✓ Vajda-Papír Foundation



OUR AWARDS AND RECOGNITIONS

The successful results of more than two decades of professional work, our high quality products and now also our factory have been recognised by numerous awards. We are proud that our work so far has been impressive for our external stakeholders and for independent experts, as well as for the decision-makers in the award committees. This reassures us that we are on the right path and the awards encourage us to continue to provide an example and outstanding performance.

Our outstanding recognitions



The Factory of the Year 2021 Composite Award and Professional Grand Prize

To the Dunaföldvár mill, one of the world's most modern hygiene paper mills.

K&H Family Companies Excellence Award, Social Responsibility, Environmental Sustainability category

For the actions taken in 2020 in the exceptional situation caused by the pandemic, by which our Group contributed to the improvement of the quality of life of local communities and members of society who are in need of support.



Further awards:

- 2021 FACTORY OF THE YEAR – BEST PRODUCTION UNIT
- 2021 FACTORY OF THE YEAR – BEST MANAGEMENT PROCESSES
- 2021 FACTORY OF THE YEAR – ENERGY EFFICIENCY
- 2021 FACTORY OF THE YEAR – INDUSTRY 4.0
- 2021 K&H FAMILY COMPANIES EXCELLENCE AWARD
- A'DESIGN AWARD 2019
- PENTAWARDS 2019
- QUALITY-INNOVATION AWARD, 2016
- PEGAZUS AWARD 2010, 2009

ESG ROADMAP: OUR SUSTAINABLE DEVELOPMENT GOALS

We actively contribute to the achievement of the 17 United Nations (UN) Sustainable Development Goals (SDGs) that are relevant to our Group.

Our roadmap up to 2030 sets clear goals which are in line with the UN Sustainable Development Goals. We consider our commitments towards achieving zero emissions by 2050 as an essential duty.



We make our commitments with responsibility, not only as a duty, but at the same time as an opportunity to **set a good example** along active communication.

UP TO 2030



OUR SPECIFIC OBJECTIVES IN LINE WITH THE UN SUSTAINABLE DEVELOPMENT GOALS:

Our green strategic goals set out in our Green Bond Framework

With regard to paper production in Dunaföldvár:

- to reduce water consumption (less than 5.5 m³ / tonnes)
- to reduce specific energy consumption (less than 2,800kWh/tonnes)
- to increase the use of renewable energy by 50
- to decrease CO₂ emissions

3 GOOD HEALTH AND WELL-BEING



Health and well-being

Since the coronavirus outbreak, responding with flexibility to increased consumer demand, we help the production of everyday hygiene products by mobilising our modern manufacturing capacity, thus contributing significantly to ensure and maintain human well-being.

We also aim to keep seizing the opportunity with our innovative approach to broaden the range of our sustainable hygiene products.

10% of our current product range is eco-friendly products with the Eco Friendly logo that we increased to 26% by the end of 2022 with 13 additional products

Our target is that the number of our eco-friendly products reaches 45% by 2023.



Quality education

To support the dual vocational training in the paper industry, our experts contribute to the training programme with 1,000 hours of training (e.g. practical training or updating and keeping up-to-date the teaching materials).

Training of our employees

Our goal is to increase average training hours per employee by 25% until 2023.



Clean water and sanitation

By 2030, we will reduce our water consumption in production and operations by 20%.



Affordable and clean energy

By 2030, we will increase the share of renewable energy in our own operations and at the sites of our group by 50%.



Responsible consumption and production

Until 2030, we will further reduce our waste generation through prevention, reduction, recycling and re-use.

In cooperation with our retail partners, we are working to replace secondary packaging, i.e., to place rolled products in shops on pallets rather than in stock-keeping units. The expansion of this initiative is underway. In the case of rolled products we can save nearly 1 kg of LDPE film per pallet, significantly lightening our environmental footprint. The pallet packaging will represent 20% of the total volume of products sold.



Taking action to combat climate change

We are committed to continuously reducing carbon emissions. We aim to reduce our Scope 1, Scope 2 emissions by 5 % until 2030.

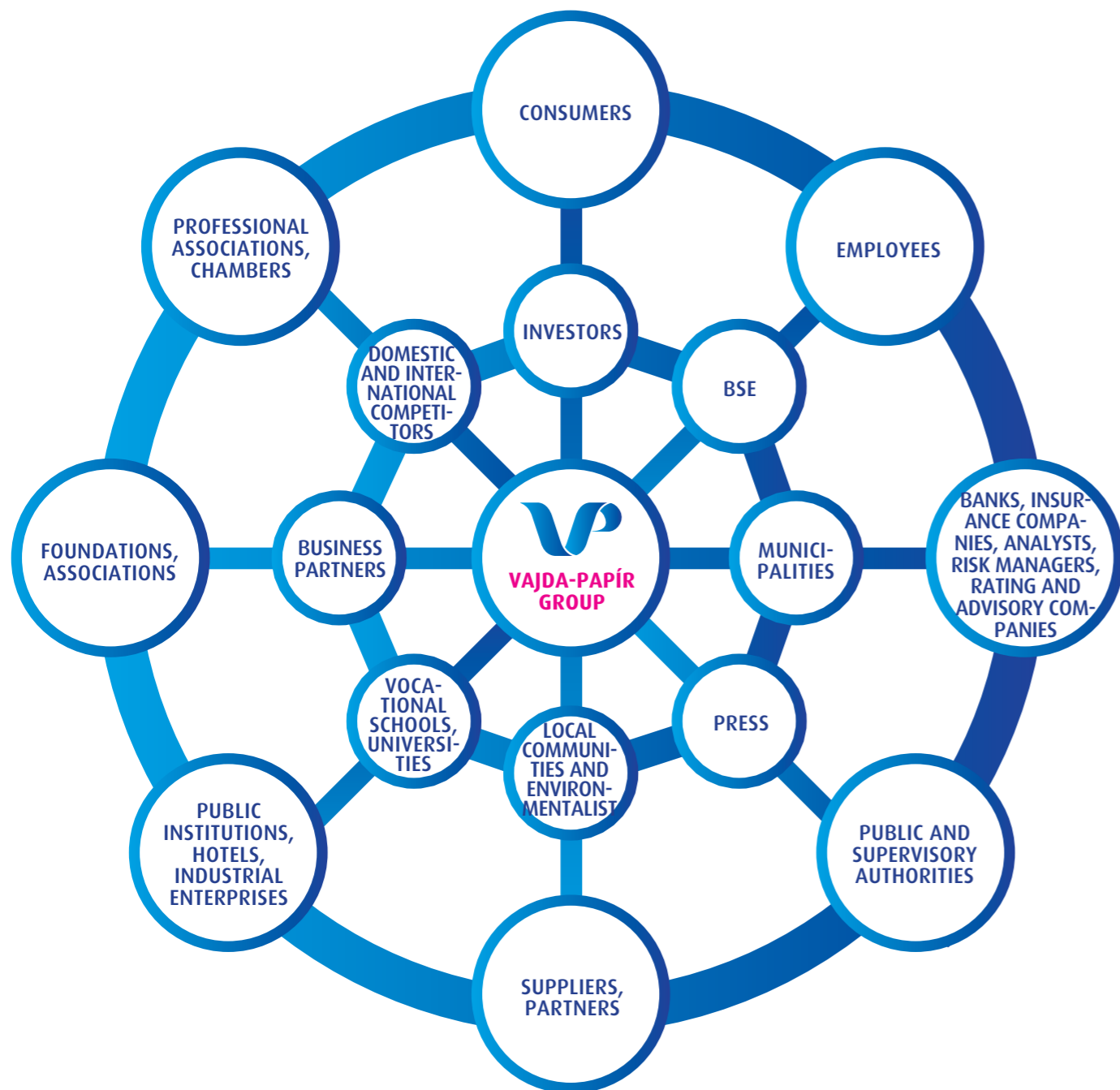
BY 2050

→ CARBON-NEUTRAL VAJDA-PAPÍR GROUP

Carbon-neutral Europe

OUR EXTERNAL AND INTERNAL STAKEHOLDERS

In our everyday operations, we connect with a number of internal and external stakeholders. We keep active **communication** with our stakeholders. In the course of our consultations, we pay particular attention to **sustainability issues** and through our example and attitude we influence others: consumers, suppliers or employees.



We play an active role in the following organisations:

- ✓ Hungarian Association of Packaging and Material Handling
- ✓ Hungarians on the Market Club
- ✓ ESG Club Hungary

OUR ESG APPROACH AND MATERIALITY ISSUES

We take a holistic approach to ESG within our Group's overall operations. In our materiality assessment, we have taken into account the current economic situation, stakeholder expectations, sustainable development goals and we have also carried out a benchmark analysis in relation to our domestic and European competitors. Building on these insights, we focus on the issues presented in the present ESG report.



OUR COMMITMENT TO THE ENVIRONMENT

Green bond issuance and our commitments set out in our green strategy

Our green bond issuance demonstrates our commitment to environmental awareness, contributing to the climate protection, sustainability and energy efficiency goals of our planet and our country. In order to use the funds raised in line with our commitments and to ensure that green principles prevail in our investment decisions, we have established a **Green Committee**. Our **Green Bond Framework** covers all the regulated details, from the use of proceeds to our reporting obligations.

We are proud to be the first industrial manufacturing company in Hungary (Vajda-Papír Kft.) to issue a green bond.

Purpose of fund: expansion of Dunaföldvár plant

HUF **9,9 billion**

GREEN BOND ISSUANCE

Maturity: 10 years

Production capacity: + 50% increase
(+ 70 thousand tonnes)

Commitments and further details:
[in the Green Bond Framework](#)



The main sustainability benefits of the investment:

- ✓ Base paper production line = production of own raw material (base paper) = predictability = self-sufficiency = local production = shorter supplier routes ⇒ reduction of CO₂ emissions due to transport = savings of more than 400,000 litres of fuel = lower CO₂ emissions
- ✓ cutting-edge technology = **environmentally friendly production**
- ✓ **reducing specific energy consumption** from 2900 kW below 2800 kW/tonne of paper produced
- ✓ **increasing energy efficiency** = increasing the proportion of renewable energy to 50%



- ✓ **sustainable water and wastewater management** = biological treatment of water from paper production (50%: reintroduced into the Danube River, the other 50% of treated water is filtered again through a special equipment this quantity of water can be reused in paper production).
- ✓ **reduction of water use** from 12 m³ to 5.5 m³/tonnes
- ✓ **application of products, production technologies and processes adapted to the circular economy**

OUR ECO-FRIENDLY SOLUTIONS

Minimising our impact on the environment and gradually reducing our ecological footprint through our daily activities and production is a priority for our Group. Knowing and measuring our annual carbon footprint is a fundamental milestone in this process, since only against this background can we make concrete commitments.

Our CO₂ emissions³

Our emissions are reported by ClimatePartner GmbH, based in Munich. The GHG Protocol standard was used for the calculation. The first assessment is for the year 2020.

In the meantime, our Group has expanded its production capacity with one⁴ of the highest capacity paper machines on the continent, using the most modern, energy-efficient technology available. Our emissions have increased compared to 2020 as our operation expanded and our freight fleet has grown, and so the previous freight emissions also appear in our Group.

³ The measurement results refer to Vajda-Papír Kft. and Vajda Real Estate Kft., without Székesfehérvár.
⁴ 27,854.191 t CO₂ (Year 2020), 30,581.208 t CO₂ (Year 2021)

Trends in our specific CO₂ emissions⁵

	Year 2020	Year 2021
Scope 1 emission ⁶	10,432.02 t CO ₂	11,370.48 t CO ₂
Scope 2 emission ⁷	10,739.72 t CO ₂	9,764.64 t CO ₂
Specific value	0.76009 (t CO ₂ / t paper)	0.69111 (t CO₂ / t paper)

Our logistical tools

In our plants we use 100% electrically powered lifting machinery and electric forklifts for logistical functions and we keep the most efficient fleet of company cars and trucks with the highest EUR engine classification.

Due to the raw materials and technology used in the paper industry, our warehouses and production plants are particularly flammable areas where the operation of machinery with internal combustion engines is prohibited. That is why we use 100% electric forklift trucks. We currently operate 32 Linde electric battery-powered forklift trucks in our Hungarian units, with more to come. Our batteries are of premium quality, have a 15% higher capacity and energy storage systems allow use without recharging during a given shift.



Annual run of forklift trucks: 49,000 hours
 Average fuel consumption of diesel forklift trucks:
 3.5 liter / operating hour ⇒ **Over the last 4 years, we achieved CO₂ and other pollutant emissions savings equivalent to emissions due to the consumption of 171,500 litres of fuel.**

Our efficient transport tools

In expanding our own fleet, we give preference to the purchase of low-emission vehicles. We have expanded our transport fleet with 17 modern EURO VI DAF XF480 truck tractors.

We are replacing our current Volvo vehicles with new vehicles with lower fuel consumption and emissions to lighten our carbon footprint. Our long-term plans include the purchase of electric trucks and the development of an infrastructure for their charging.

Our fuel saving premium scheme

We organise transportation with the help of an in-house integrated software. We are monitoring the actual consumption of our vehicles on a daily basis and integrate the tested software into our corporate management system, thus ensuring bonuses for our drivers in a bonus-malus system, so promoting sustainable, conscious operations.

⁵ The measurement refers to Vajda Real Estate Kft, Dunaföldvár.

⁶ According to the report by ClimatePartner GmbH, it includes direct emissions from company vehicles, direct emissions from company facilities and own-generated heat.

⁷ According to the report by ClimatePartner GmbH, it includes electricity purchased for own use.

Eco-friendly packaging

We use biodegradable, compostable paper packaging, 100% recyclable plastic packaging for our products, and more and more paper products are packed in materials containing 60% recycled and recyclable material.

It is our strategic goal to increase the proportion of recycled materials in all our product packaging to 60 percent, reducing new plastic use by almost 600 tonnes.

Eliminating secondary packaging

By extending the elimination of secondary packaging – in agreement with our partners – **we can save nearly 1 kg of plastic per pallet.**

Circular economy

More and more of our packaging features communication highlighting the importance of recycling wrapping material. Our aim is to address as many consumers as possible and involve them in the practice of circular waste management.

The proportion of recycled paper in processing is less than 5%. In paper production, 100% of material from chipping, edge trims and cut-offs generated during processing are pulped again and recycled.

Waste management

Hazardous substances used in paper production and maintenance activities are stored in a covered, closed and designated place. Waste is treated selectively, and we keep its volume to a minimum.



Protection of our waters

We pay particular attention to surface water and soil and groundwater protection in our plants.

We biologically treat the fibrous water generated during paper production so that its purity becomes acceptable to nature and it can be directly returned to the Danube river. 50% of the biologically treated water is filtered once more through a special equipment to reach the purity of well water. We can then reuse this water ourselves in the paper production process.

Environmentally friendly production and operation

We also pay special attention to sustainability in production and operation:

- ✓ at our plant in Dunaföldvár, we have installed the most environmentally friendly technologies
- ✓ **electricity used** in our Budapest plant is **100% from renewable energy sources**⁸
- ✓ through participation in the **Green Partner programme**, we contribute to environmentally friendly sustainable development, in our Soroksár central plant we use future-friendly green energy⁹



Preserving and protecting biodiversity

Our plant in Dunaföldvár is functional in harmony with living creatures in its environment (field vole, skylarks, field and predator birds etc.). We solved the protection of the nesting bank swallows on the construction site of our factory expanded in 2022 by the installation of a surrounding fence. In this project, we worked closely together with local environmentalist association¹⁰ and with their help we ensured the preservation of biodiversity.



⁸ The data refers to the year 2021 and Vajda-Papír Kft.

⁹ The data refers to the year 2021 and Vajda-Papír Kft.

¹⁰ Duna-Dráva Nemzeti Park Igazgatóság (Danube-Drava National Park Directorate)

We contribute
to sustainable
economic
development



OUR SOCIAL RESPONSIBILITY

Social responsibility has been an active part of our Group's operations since its foundation. We support our local communities, we care about the health of our employees and providing a safe workplace, as well as being committed to preserving and supporting the paper industry profession and training.

COVID-19 posed a new challenge for all of us. And special situations require special solutions, which is why it was not a question for us to take effective action when the coronavirus erupted. Almost overnight, we provided a solution for supplying the domestic population with protective masks, adding this new product to our portfolio of previous products.

Since the pandemic, we have increased toilet paper production from an average of 2 million to 3 million rolls per day, and boosted production of paper towels by 20 percent and paper tissues by 10 percent.

On average, one member of a Hungarian family uses 9 kilograms of sanitary paper products per year, which means that the Group can meet the sanitary paper needs of 13 million people in an average year.

Human capital

Paper manufacturing and processing was a particularly important industry in Hungary until 1989. From that time on, many factories were closed down. That is why it is even more important for us that we now employ more than 500 people at group level.

We contribute to sustainable economic development not only by creating hundreds of jobs, but also with the taxes we pay.

Our colleagues ensure the sustainable course of business of our group. According to our philosophy, we employ motivated, dedicated people, so we appreciate loyalty and experience, whilst also investing in new skills and resources that foster continuous development and growth. Our people are our most important internal stakeholders, without whom we could not be successful. That is why we recognise our colleagues who work for us and reward them with nearly twenty extra benefits.

Appreciation of our staff



The wide range of extra-wage benefits:

- ✓ making products available for household use
- ✓ travel allowance
- ✓ providing corporate hot food catering
- ✓ housing allowance, accommodation for people arriving from the surrounding area
- ✓ discount on the purchase of glasses
- ✓ supporting the purchase of monitor and office chair for those working from home
- ✓ providing shuttle buses for people travelling to work from a distance
- ✓ non-salary compensations (cafeteria)
- ✓ supporting travel home for the weekend
- ✓ Christmas bonus
- ✓ guild membership
- ✓ condolence grant
- ✓ discounted banking service
- ✓ discounted telephone package
- ✓ events (Women's Day, Santa Claus package for employees' children, team-building trips)



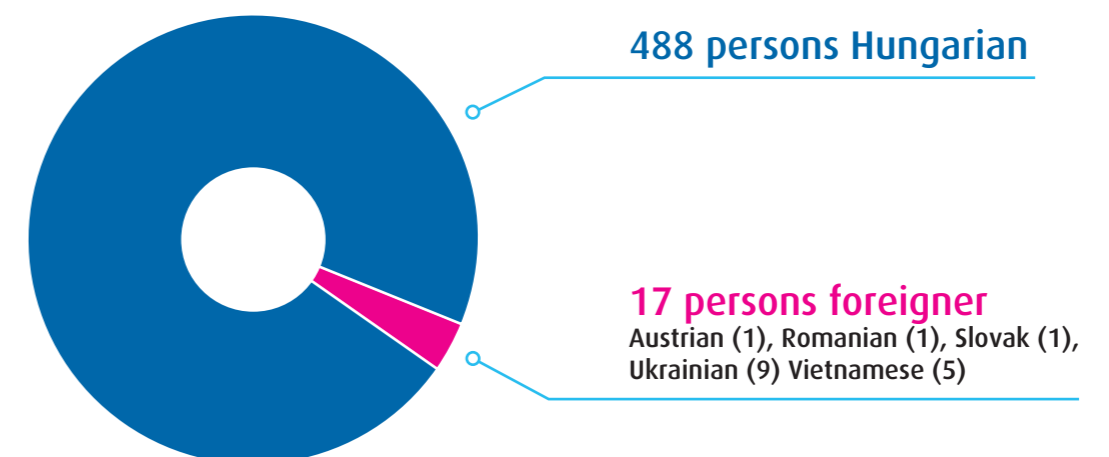
Supporting utilities costs

Supporting our employees in the energy crisis is also a priority, therefore from November 2022 we offer a gross **monthly energy cost subsidy of HUF 30,000** for our lower wage employees, in this way helping more than 100 people/families.

Supported workers are not employed at minimum wage.

Workforce diversity


A wide range of nationalities are represented in our staff, demonstrating that diversity is a key concept for us. Our Hungarian colleagues work together with Austrian, Romanian, Slovak, Ukrainian and Vietnamese employees. In our next report, we will also present the employee composition of our Norwegian subsidiary.



It is important for us that in our staff we also work with people under 30 and over 50.

AGE		
Under 30	82 persons	16.2%
Between 30-50	312 persons	61.8%
Over 50	111 persons	22.0%
Total: 505 persons		

We are also delighted to welcome more and more women into the middle and senior management of our company.



Women in senior management position: 1 person (12.5%)
Women in middle management position: 7 persons (35%)

Average age of employees 41.9 years
No difference between female / male wages

With the war breaking out in 2022, we have offered and created nearly 100 jobs for refugees from Ukraine, and in our Group's factories in Dunaföldvár, Székesfehérvár and Budapest, we have provided the opportunity for work, a secure income and accommodation.



Training and education of staff

Without adequate staff, we would not be able to achieve our strategic goals. We pay great attention to the training and development of our staff. Besides developing professional competencies, we offer training underpinning work safety and implementing operational processes at a high level. We pay particular attention to mandatory training, refresher training and fire drills, as these provide the basis for our safe working practices.

Due to the coronavirus, our traditional trainings have been scaled back in 2021. However, as soon as the epidemic slowed down, we restarted our training and our education plan for the coming years.

Training plan

Every year, our company also prepares a development plan for the development of different competences, including training in digital, technological-technical, management and language-communication competences. We plan to provide 150-200 hours of training for each employee, which we intend to implement on the basis of a successful tender.

TRAININGS	2022	2022-2024
Total training hours	75,000	388,000
Average training hours per employee / Annual training hours per person	152	776
Average training costs per person (HUF)	1,894,737	1,859,794
Total training costs (HUF)	288,000,000	1,443,200,000

Internal communication

A good working atmosphere is based on communicating with your colleagues at the right frequency and level. We believe it is important to keep our colleagues informed about what is happening within our Group, and by doing so, we also increase their engagement. For internal communication, we use modern solutions, such as **Viber-based ChatBot** system. Not only mandatory information necessary for work (e.g., policies) is accessible, but also miscellaneous news, current company news in the form of articles or CEO video messages, or even with an invitation to a team-building meeting. We track the number of people who read the news communicated to use this feedback for the continuous improvement of our internal communication solutions. In our internal communications, we also give a special place to the further reinforcement of Ooops! both as a corporate and consumer brand.

Employee satisfaction

We measure staff satisfaction annually through a comprehensive satisfaction survey and evaluate the results. Where we have areas for improvement, we elaborate an action plan to increase satisfaction. If necessary, depending on the current situation, we also carry out shorter, so-called mood barometer or pulse check surveys to provide quick feedback on current situations.

Appointments

Based on a structured career plan, we enable our staff to move up through appointment to a higher position, or even to change careers by transferring to another job. Through performance appraisals, we assess our staff's personal insights and their work in achieving the goals set. We provide an opportunity for a personal self-evaluation, which is completed by a manager's assessment at the end of the appraisal process. We consider this important for both intellectual and physical workers.



Mentoring programme

Our mentoring programme has been successfully launched, and it is a unique feature that it was preceded by a mentor "training" programme. Mentors follow and support new entrants in their daily life for six months. The extra work volunteered is of course rewarded financially, as a way of thanking our enthusiastic colleagues for helping new colleagues to come on board as quickly as possible.

Dual vocational training, trainee programme

With dual training and classic trainee programmes, we address the young generation, hoping that they will become committed professionals of our Group in the long term.

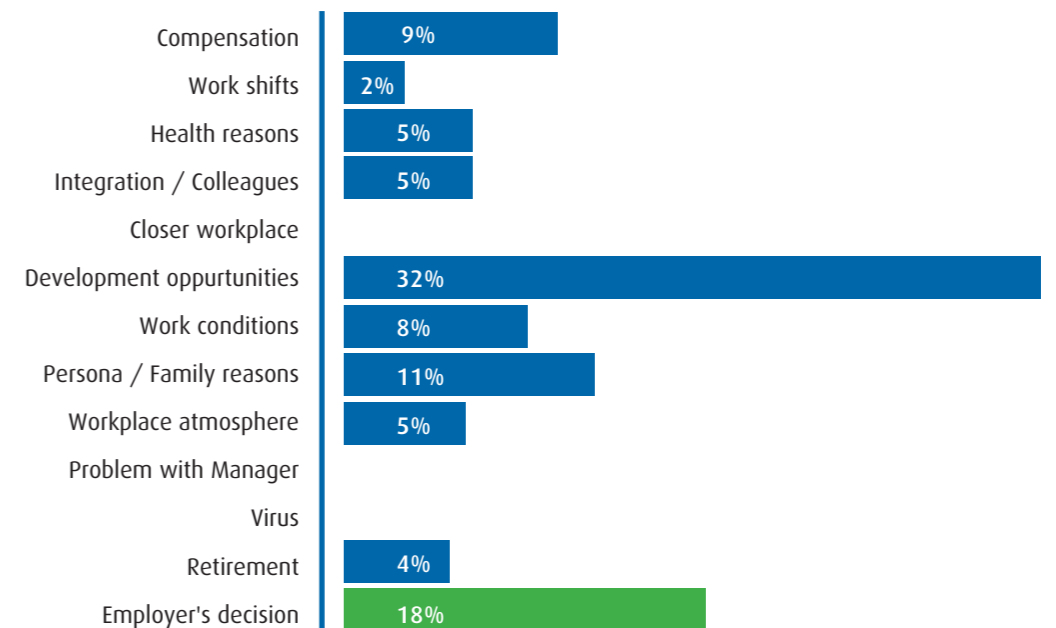
Employee turnover

We analyse the trends of colleagues leaving and employees joining our Group to understand the reasons for leaving, to identify the problem and to plan our next steps by setting up an action plan. In 2021, our turnover rate, broken down between our sites, ranged between 32 and 50.

PLANT	ACTIVE	LEFT	
Budapest	292	94	32%
Dunaföldvár	127	52	41%
Székesfehérvár	86	43	50%
Total:	505	189	

We interview every colleague who leaves to talk to them and find out why they are leaving. This information is collected, analysed and a concrete action plan is drawn up to ensure effective workforce management.

Reasons for leaving revealed during exit interviews



A healthy and safe workplace

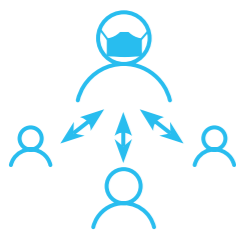
The health and safety of our employees is of the highest importance in the life of our Group, as it provides the basis for our quality operations, especially since the outbreak of COVID-19.

We are committed to safeguarding the health of our employees, therefore the introduction of strict health protection measures and constantly updated procedures is given high priority in our daily work.

Work in the factory is carried out under the strictest safety precautions, with all the necessary hygiene and protective equipment provided. We have the highest hygiene and product safety certifications in the industry, covering raw and auxiliary material sourcing, receiving, storage, preparation, product manufacturing and sales processes, locations and personnel involved (e.g. HACCP, FSC, BRC, Nordic Ecolabel).

A more than HUF 100 million annual budget was spent on health protection in 2021 at corporate level. The installation of sanitizing machines and equipment at our sites in Hungary and Norway, and the supply of masks, gloves and disinfectants to more than 600 workers, as well as extra cleaning and sanitizing routines, represent significant additional effort.

We are proud that our epidemic control protocol has become an international example and that our measures to tackle the pandemic have been recognised as outstanding in Europe by Lloyd's Register in the UK.



Our current COVID policy is updated according to external circumstances and daily/weekly forums of senior managers. Our current preventive rules:

- ✓ no clustering
- ✓ mask wearing also in production areas
- ✓ limiting the number of people during pauses

Compulsory training

We provide compulsory training for our staff joining, and we organise mandatory annual refresher courses to keep them safe. Mandatory fire and workplace safety drills have a key role, but these are combined with additional trainings as well.



Supporting vocational training in the paper industry

Vocational training in the paper industry ceased in Dunaújváros in 2006, and there has been no full-time education in the country since then. Our Group has made a major contribution to the re-launch of vocational training in the paper industry after more than twenty years and to the conclusion of a dual training partner agreement with the Zsuzsanna Lorántffy Technical School and College of the Dunaújváros Vocational Training Centre.

We took a lion's share in the relaunch of vocational training in the paper industry, and in the preparation of the necessary educational materials. This was a deliberate decision on our part, and we are proud to have been the only ones representing the paper industry to be involved in reaching this special milestone.

None of these would have been possible without our highly skilled professionals, our Quality Assurance Manager with over 15 years of experience and our now retired Technical Manager with over 40 years of professional expertise.

The experts at Vajda-Papír have made a significant contribution to the design of the training and output requirements for the new paper industry professions and specialisations.

The training offers marketable knowledge, focusing on the acquisition of practical skills: students can learn and practise in a company environment, they can even learn and practise with their future employer.

Technology is changing rapidly in the paper industry, which means that increasingly creative, reflective workers are required who can adapt quickly to changes. This makes the re-launched vocational training essential in a rapidly expanding market where the value added and the contribution to GDP, the number of people employed and the value of investment are growing spectacularly year after year.

With this step, the predictability of the future of the company and the sector has been strengthened by providing appropriate vocational training, following an agreement with the Dunaújváros Vocational Training Centre on the re-launch of vocational training in the paper industry.

OUR DONATION ACTIVITIES

We are present in the life of local communities and we are a **major supporter of the Hungarian Charity Service of the Order of Malta and the Hospitaller Order of the Brothers of Saint John of God**. It has become a tradition in the life of our company to donate our products to those in need.

A core mission of our Group is to promote social responsibility and donations. In our CSR activities, we attach great importance to helping those in need. As Hungary's leading manufacturer of hygienic paper, we feel as our duty to support disadvantaged people with our products,

The cooperation with the Hungarian Charity of the Order of Malta started in 2020, and since then we have donated more than 42 tonnes of hygienic paper products to support programmes providing opportunities for children and supported hundreds of disadvantaged families with a year's supply of hygienic paper products nationwide.



In-kind supports

42 tonnes worth HUF
of product donation **78.5 million**

Year 2020 Ferenc Jahn South Pest Hospital:
~ 500 kg HYGIENIC PAPER PRODUCTS
Saint Pantaleon Hospital in Dunaújváros:
~ 500 kg HYGIENIC PAPER PRODUCTS
Hungarian Charity Service of the Order of Malta and the Hospitaller Order
of the Brothers of Saint John of God in Hungary:
10 TONNES HYGIENIC PAPER PRODUCTS

Year 2021 Hungarian Charity Service of the Order of Malta and the Hospitaller Order
of the Brothers of Saint John of God in Hungary:
20 TONNES HYGIENIC PAPER PRODUCTS

Year 2022 Hungarian Charity Service of the Order of Malta:
11 TONNES HYGIENIC PAPER PRODUCTS¹¹

Cash donation

For the "Lapátolók Sportegyesület" (Paddlers Sports Club) and
the Association of Hungarian Women (For the Coronavirus Orphans).

¹¹ 2022: 10 tonnes of donations worth more than HUF 30 million.



You all heroes!

We are proud to have successfully involved the Oops! customer community and our retail partners in our campaigns. Since April 2020, we thank everyday heroes for their stamina with the "You are all heroes!" logo. In cooperation with the Hungarian Charity Service of the Order of Malta, we help families who live in the institutions of the charity organization or have a direct relationship with the organisation.

Corporate volunteering

Voluntary donations, voluntary fundraising and voluntary work are also high on the agenda of our Group. Our staff also collect the most essential donations – non-perishable food, canned meat and meat-free food, tea, biscuits, sugar, baby food, mineral water, as well as hygiene products: nappies, toothpaste, toothbrushes, wet wipes, intimate hygiene products, toiletries – which are also handed over to the charity service.

Voluntary work at Soroksár

In the autumn of 2022, we helped Napsugár Kindergarten II (Budapest, Soroksár), located in our neighbourhood, with the voluntary work of nearly half a dozen colleagues to carry out the autumn works in the yard. Through voluntary cooperation, lending ten hard-working hands in a sortie with a few rakes, brooms and sacks, we quickly prepared the kindergarten yard for the winter days. To show their gratitude, the children in the kindergarten offered warm tea and greasy bread to our colleagues.

We help together

We are committed to continuing in the future to volunteer with our colleagues to help local communities and people in need.



Supporting local communities

In our day-to-day work, we are keen to support local communities and also to be present in their lives, making a contribution to society where we can, and as far as we can.

Through the support of the Hungarian Charity Service of the Order of Malta, we also reach out to a variety of local communities, which is enhanced also by the voluntary donations and support of our colleagues.

The outbreak of COVID-19 entailed a special year for everyone, and just in this difficult period we felt the need to support the hospitals in Dunaújváros and South Pest.

With the help of our colleagues, we attend village fairs and are happy to support local initiatives and events suggested by our own colleagues, so that we can get closer to local communities. Preserving the cleanliness of our environment is of utmost importance to us, therefore we actively participate in litter picks in the surrounding area of our factory along the Danube River.



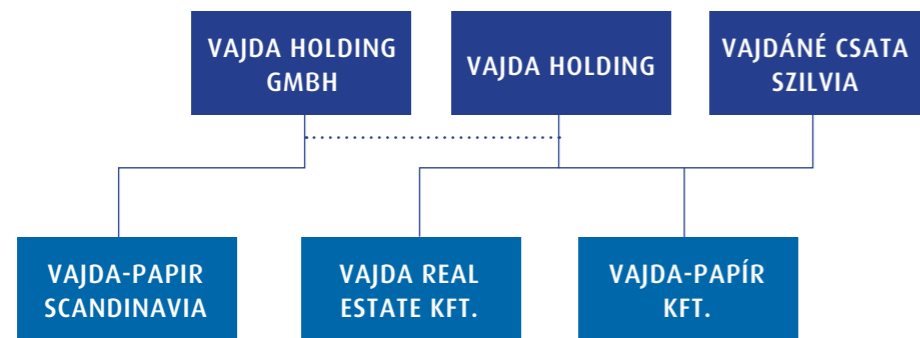
KEY FEATURES OF OUR CORPORATE GOVERNANCE

We are proud that by now we are able to manage the day-to-day running of our company in a flexible and agile way, using structured corporate methods, but still as a family-owned company.

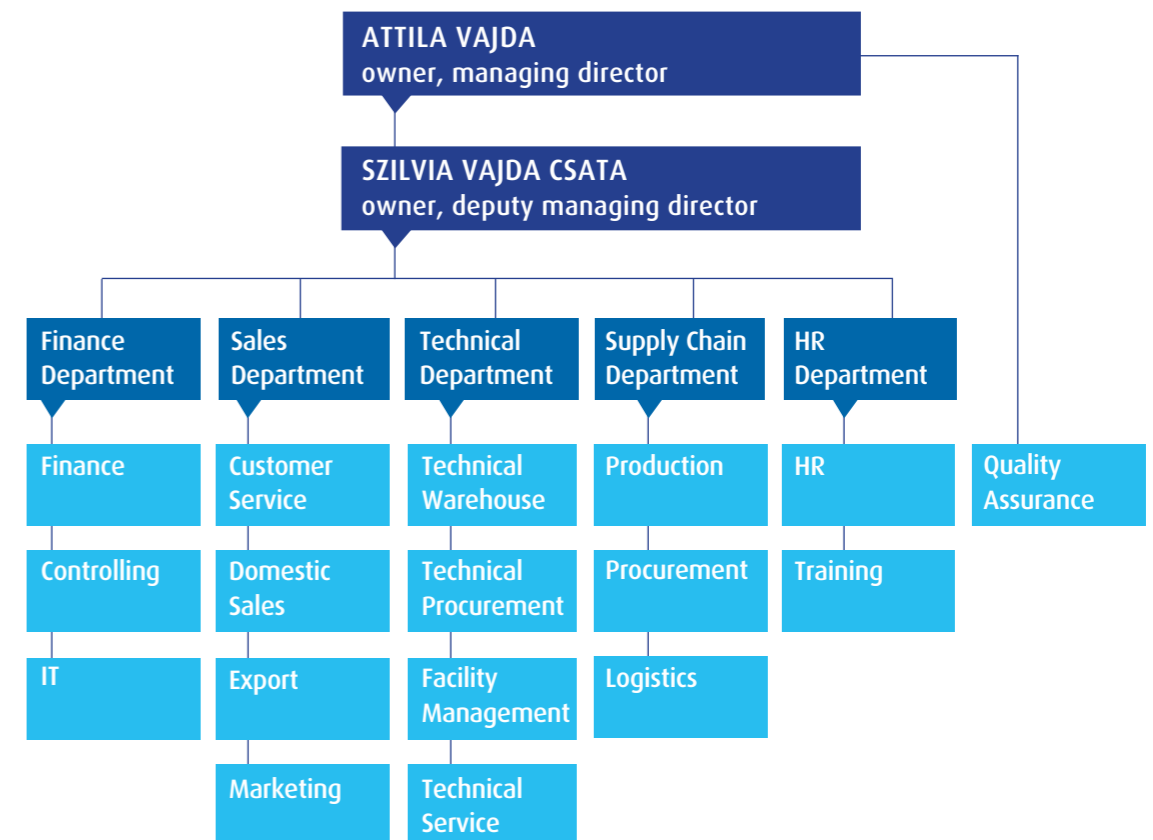
Corporate governance in large companies

The Vajda-Papír Group is managed by its owners and directors. There is no separate management in each company. All are led by the managing director, Attila Vajda with a team of directors.

Strategic decisions for the company are taken jointly by the director and the directors. Attila Vajda, one of the owners of Vajda-Papír Group, has been working 25 years in the FMCG sector. He has been active in the paper industry for 23 years and is responsible for strategy and business development, as well as management. Also, Szilvia Vajdáné Csata, co-owner of Vajda-Papír Group, has 23 years of experience in the paper industry.



Organisational structure



Various meetings make the owners' and management's toolbox efficient.



Proportion of women and men

Among owners: **50% women**

In senior management: **12,5% women**

Green Committee

Decisions on green investments, as set out in the Green Bond Framework, are taken by the company's **Green Committee**.

Our corporate governance complies with various policies and rules. Our HR area is subject to strong regulation, with written policies covering the basics of operations, from training, cafeteria benefits, recruitment, work from home, office etiquette, occupational safety and fire regulations to mentoring. The employee handbook provides a clear framework for colleagues. From the point of view of professional careers, GDPR policy guarantees data protection, additional quality policies ensure reliable operations.



Our main regulations

- ✓ HR / cafeteria, recruitment, work from home, office etiquette, mentoring programme
- ✓ occupational safety
- ✓ fire regulations
- ✓ remuneration policy

Code of ethics and conduct

Our Group also lays down written policies on ethics and conduct. We strive to maintain best practice in all our industrial and commercial activities; therefore it is essential that we apply the highest legal and ethical standards with regard to all our Employees. Honesty, integrity and full compliance with all applicable laws are just a few examples of the requirements that have to govern the professional and human conduct of our employees and thus the entire activities of our Group.

The business environment and the continuous evolving of customer expectations require that we put down our Code of Ethics and Conduct in writing and review it regularly. In this way, we can ensure that it also reflects the best practice at international level, defines the most appropriate business practices and highlights core standards of conduct that cannot be derogated from. These principles and values cover all aspects of our company's operations, apply to all its activities and all its employees.

The reputation and further success of our company depends to a large extent on the personal commitment of each of us to promote the values of Vajda-Papír and to adhere to ethical behaviour without compromise in the course of our business activities. Therefore, we expect everyone, regardless of their job or place of work, to commit to the standards set out in this Code and to act with these principles in mind in their daily work.

Among others, the Code covers environmental, occupational safety and social responsibility issues, as well as fair employment and work practices, equal treatment, prohibition of employment of children and minors, avoidance of conflicts of interest and insider trading, rules on gift-giving, money laundering and use of social media.

Quality customer service

Informing consumers and customers is a priority for the Vajda-Papír Group. Those interested are guided directly to our website by modern QR code labels, where they can also find information in various languages. In addition, further product information is provided: for example, consumers buying toilet paper can also find out more about the innovative tissue paper product.

We also pay particular attention to the feedback from consumers. All questions received are answered and eventual complaints are investigated.

Each product can be traced in a secure and transparent way, and the relationship with the consumer and the product journey can be verified. Of course, the products manufactured are also covered by product liability insurance, further minimising risks.

Complaint handling

The systematic operation of our complaint-handling process allows us to eliminate the causes of existing and potential nonconformities and to prevent their occurrence or recurrence in the future.



On the basis of our complaint handling procedure,

- ✓ deviations recorded in internal audit reports,
- ✓ customer feedback, complaints and claims,
- ✓ problems reported by staff,
- ✓ actual and potential quality nonconformities,
- ✓ errors detected during audits (including those by the authorities),
- ✓ requirements resulting from changes/modifications in legislation or standards,
- ✓ **standardised solutions and measures are introduced on the basis of the investigation and identification of the causes of existing and potential quality problems** identified during the implementation of the annual quality objectives, the process measurements and analyses

In this way the recurrence of errors or problems is **blocked**, and at the same time **the continuous improvement of product quality, environmental compliance and management system is guaranteed**.

For quality measurement of claims and complaints, a monthly threshold is set each year. Monthly values and trends are monitored. In case of outliers (in case of a drastic increase) an immediate investigation is carried out.

At least once a year, the management reviews the number and trend of complaints as part of the screening carried out by the management. Deviations may be possible if justified by external or internal processes.

We investigate all complaints and claims.

As part of the investigation necessary to unambiguously identify the root cause of the problem, special attention is paid to the determination of the number of occurrences. On this basis, we distinguish between problems that are specific to a single product/process and those that affect several of them. Given the nature of the problem, an effective corrective investigation is carried out to prevent recurrence. If the root cause is not correctly identified, a new investigation is carried out.

We **communicate effectively** talking face-to-face every day during scheduled operational meetings to continuously improve our outputs and making consequent decision.








If a process-changing or critical failure should occur, we notify it in writing (preferably by e-mail), including the description of the process.

In case of a problem involving any authority and partner, we use written communication channels agreed with the official partner.

OUR CERTIFIED CORPORATE GOVERNANCE SYSTEMS

As a responsible multinational company, it is essential that we ensure the safe and efficient operation of the Group on the basis of internationally accepted corporate governance systems, combined with the necessary supervisory audits. We do our utmost to keep energy consumption arising from our operations as low as possible, and we also keep a close eye on the requirements of standards both for processes and for quality in order to provide a high-quality service to our Customers.

Our certified corporate governance systems¹²

Name of the certified corporate governance system	Logo of the certification	Our goal
ISO 13485 (MSZ EN ISO 13485:2016 Standard)		Essential for the design, manufacture, stocking and sale of TYPE IIR surgical face masks.
ISO 9001, ISO 14001¹³ (MSZ EN ISO 9001:2015 és MSZ EN ISO 14001:2015 Standard)		To provide a high-level service for our customers, with a focus on process-orientedness and quality as core values.
ISO 50001¹⁴ (MSZ EN ISO 50001:2012 Standard)		Increasing our energy performance to keep our operational energy use as low as possible.
HACCP (Hazard Analyze and Critical Control Points)		To control the entire production process of our products that come into direct contact with food. It covers raw and auxiliary material sourcing, receiving, storage, preparation, product manufacturing and sales processes, locations and personnel involved.
FSC® (Forest Stewardship Council®) COC (Chain of Custody)		We produce certified products in FSC MIX category. This is our contribution to environmentally sound, economically viable and socially responsible forest management. With the CoC traceability standards, everything is transparent, as the wood can be traced from logging through paper manufacturing to the finished product.
Nordic Ecolabel		An ecolabelling scheme managed by northern European countries (Norway, Sweden, Finland, Denmark and Iceland) that indicates the environmental impacts of the provision of products and services. Products that have a lower harmful environmental impact than the threshold are certified with the eco-label. Our company has voluntarily undertaken to join and follow what is set out in the Nordic Ecolabel Criteria (product life cycle analysis, impact of waste produced, quality, health and functional aspects)
BRC¹⁵ BRC Global Standard Consumer Products		We ensure compliance with the highest hygiene and product safety requirements in the industry, starting from sourcing, through production and delivery.

¹² From 2022, Vajda Real Estate Kft. has ISO 9001, 14001, 50001, Nordic Ecolabel certification and an FSC license (FSC-C141931).

¹³ The company has been operating the two systems continuously and in parallel since 2004.

¹⁴ Vajda-Papír Ltd. has held this certificate since 2016.

¹⁵ The company earned this certification in 2015. The company manufactures and distributes products according to the Consumer Products Issue of BRC.

Our supplier policy

We expect our suppliers of raw materials to source their products from certified replanted forestry and to minimise their ecological footprint and CO₂ emissions as much as possible during shipping, so that transportation is done in the most environmentally efficient way (RO-LA, waterways). Packaging material use shall be minimised or reduced to zero.

It is preferable if the supplier has a carbon inventory and carbon neutrality project management as well as uses green, renewable energy.

Risk management

Our Group is taking care to evaluate if and how our activities may be affected by climate change and any related potential risk.

In terms of climate change, the amount of annual precipitation can have a negative impact. Although Hungary is one of the best-supplied areas in terms of average rainfall (Dunaföldvár, proximity to the Danube), the reduction in rainfall could result in a reduction of water abstraction by water users.

Our Group assesses and manages a variety of risks, but also recognises opportunities inherent in those risks to find innovative solutions to the problems arising from our ever-changing environment.

Opportunity to introduce energy-efficient solutions and to rise the uptake and use of renewable energy	Opportunity to introduce new innovative hygiene products	Opportunity to strengthen the circular economy, efficient waste management, recycling (used water)	OPPORTUNITY
Climate risk	Demographic and urbanisation trends	Lack of resources	
Potential risks: energy and raw material price rises, extreme and hardly predictable weather conditions, regulatory risks, annual amount	Potential risks: negative trends in quality of life, appearance of new viruses	Potential risks: changing supplier behaviour, shortage of raw materials, water constraints	RISK



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