



Vajda papír

# Vajda-Papír Group

## ESG Report 2022

This report was made on the basis of and in accordance with the guidelines of the currently effective GRI Standards 2021.

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# Welcome

Dear Reader,  
Dear Investor!

I am pleased to share our second ESG report on the sustainability efforts of Vajda-Papír Group with you. It was paramount for us in preparing this report to present our ambitions and achievements for 2022 and future plans in line with the current GRI (Global Reporting Initiative) standard.

ESG compliance is always at the heart of our strategic decisions. We have integrated sustainability aspects, climate risks and our associated opportunities for action into our decision-making processes. We have defined and are continuously improving our ESG-specific information and data disclosure, and ESG performance indicators related to our business operations.

Our operations have a positive impact on society and the local communities as we create secure jobs, support those in need, while we pass on our professional skills and offer opportunities for the next generation in the paper industry by saving the paper trade and supporting dual education. As an energy-intensive business, we are intent on reducing our environmental footprint through efficient production processes and innovative solutions. Energy efficient solutions and the protection of the environment were already top priorities for the first development phase of the Group's Dunaföldvár plant, then the second phase, financed from the issuance of green bonds, boasts even more sustainable solutions. We are planning to use only renewable energy in our operations by 2030.

We have been at the forefront with our bonds listed on the XBond market and in the green product category of the Budapest Stock Exchange, and with our Green Committee that has been active since 2021. It is a strategic goal for me as a responsible leader to fulfil our 2050 net zero action plan. The only way to achieve climate neutrality in the European Union is by jointly setting our sights on this goal taking the necessary steps together and helping each other through consistent action plans adapted to our company. It is important for us to have an objective view of our entire value chain, therefore, the due diligence of our suppliers will enable us to make more accurate decisions driven by sustainability.

It is key for me as the owner of a modern company group to translate the ESG approach into practice, and I am intent on being the driving force behind this as managing director. I believe that the only way to keep our company competitive and future-proof and pass it on to future generations is if we efficiently integrate ESG considerations into our activities and decisions.

Yours sincerely:

**Attila Vajda**

CEO and owner of Vajda-Papír Group



# About our Report

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

## Vajda-Papír Group ESG Report 2022

### Vajda-Papír Group

Hungarian head office:

2330 Dunaharaszti, Némedi út 51.

### Entities covered in this report and their respective operational areas:

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

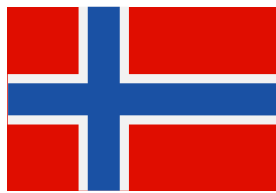


#### Hungary

Vajda-Papír Kft.

Vajda Real Estate Kft.

VP Group Kft.



#### Norway

Vajda-Papír Scandinavia AS

### Reporting period:

The reporting period corresponds to the financial year between 1 January 2022 and 31 December 2022. The data published in this ESG Report reflect the situation on 31 December 2022.

**Reporting frequency:** annual

**Standard:** GRI Standards 2021 „in accordance with the GRI Standards”

This report was developed based on the guidelines of and in compliance with the effective GRI Standards (GRI Standards 2021), without independent certification.

There is no GRI sectoral standard in effect at this time.

**Report publication date:** 31 December 2023

This is the second ESG report of the Group, and the first made according to GRI Standards.

**Further information:** [esg@vajdapapir.com](mailto:esg@vajdapapir.com)

Vajda-Papír Group created its sustainability report for the reporting period between 01 January 2022 and 31 December 2022 with consideration of and in compliance with the guidelines of the prevailing GRI Standards (“GRI Standards (GRI Standards 2021)”).

# 2022 in the context of sustainability



**~20**  
fringe benefits



**100** jobs offered to both  
Transcarpathian Hungarians and  
Ukrainians fleeing the Ukraine



**21**  
sustainable products



**3 000**  
people with disabilities supported



**32**  
worth of in-kind donations



**75 000**  
training hours



**77%**  
recycled waste



**1 894 737**  
average training cost per person



**98.65%**  
non-hazardous waste

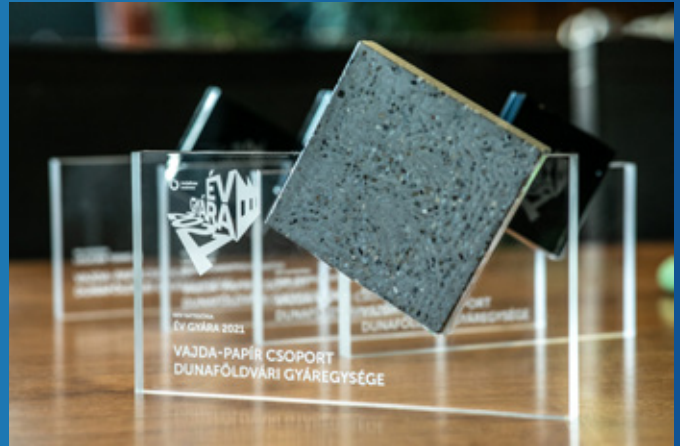


**288 000 000**  
total training cost

## Outstanding recognitions in 2022:

### “Factory of the Year 2021 Combined Award”

The Dunaföldvár unit as one of the world’s most advanced hygiene paper mills of Vajda-Papír Group, the market leader manufacturer of hygiene paper products in Hungary received the Factory of the Year 2021 Combined Award that was presented for the seventh time in 2022.



*Attila Vajda, owner and managing director of the Vajda-Papír Group received the Factory of the Year 2021 Award from Gyula Zoltán Pomázi, president of the Hungarian Intellectual Property Office.*



### “Award for Largest Training Programme of the Year” (2022)

*Deputy Minister of Foreign Affairs and Trade Levente Magyar and CEO of HIPA István Joó presented the award to Attila Vajda, founder and managing director of the company at the gala event of Investor of the Year 2022.*



### HR Manager of the Year 2022 – CSR Award





# About the Vajda-Papír Group

(GRI 2-6)

**Vajda-Papír Group comprises three companies in Hungary (Vajda-Papír Kft., Vajda Real Estate Kft. and VP Group Kft.) and a Norwegian subsidiary (Vajda-Papír Scandinavia AS), and all four companies have the same owners.**

Vajda-Papír Kft. was established by Attila Vajda and Szilvia Vajdáné Csata.

We are a company manufacturing hygiene household paper products (toilet paper, kitchen paper towels, paper tissues and paper napkins) and distributing away-from-home chemical products. We started as a family business in 1999, and now we have over 700 employees in our units in Budapest, Dunaföldvár, Székesfehérvár, and in Drammen, Norway.

-  **Vajda-Papír Kft.** - Produces and distributes hygiene paper products.
-  **Vajda Real Estate Kft.** - Owner of the Group's properties in Hungary. The company has been producing base paper required for hygiene products and selling it to Vajda-Papír Kft. since the production capacity development in Dunaföldvár in 2018.
-  **VP Group Kft.** - Provides business consultancy to Vajda-Papír Kft.
-  **Vajda-Papír Scandinavia AS** - Norwegian subsidiary of the Vajda-Papír Group



# Facts and figures



Established: **1999**



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



Hungary's market leader  
in hygiene paper manufacturing



**100%** Hungarian, family ownership



Commendable example as Hungary's **first industrial manufacturer** to issue green bonds of HUF 9.9 billion<sup>1</sup>



## Budapest Stock Exchange

Listed in the Xbond Corporate Bonds and Green Products category as issuer<sup>2</sup>

<sup>1</sup> The green bonds were issued by Vajda-Papír Kft. in 2021.

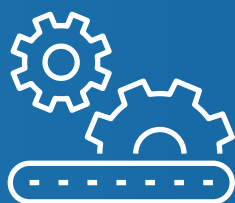
<sup>2</sup> Vajda-Papír Kft.



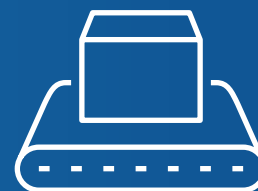
Vajda-Papir Scandinavia






Budapest  
Székesfehérvár  
Dunaföldvár






**145 000 tonnes**  
paper production capacity



**140.000 tonnes**  
converting capacity

-  Drammen (Norway): 30 000 tonnes
-  Dunaföldvár: 35 000 tonnes
-  Dunaföldvár 2.ütem: 80 000 tonnes

-  Drammen (Norway): 40 000 tonnes
-  Budapest: 80 000 tonnes
-  Dunaföldvár: 20 000 tonnes



### 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 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)

#### Annual capacity

**Base paper production:** 35,000 tonnes

+ Phase 2: 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

**115 000** tonnes  
Base paper production

**20 000** tonnes  
Finished product  
manufacturing



 [Vajda-Papír image film](#)



### Vajda-Papir Scandinavia AS

#### Drammen

More than 100 years old paper mill

Member of the Vajda-Papír Group since 2013

#### Annual capacity:

Base paper production: 30,000 tonnes

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

**30 000** tonnes  
Base paper production

**40 000** tonnes  
Finished product  
manufacturing

## Product range

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



## Market leadership in Hungary



In the paper towel category, Vajda-Papír is the leading brand supplier in the Hungarian household hygiene paper market. <sup>3</sup>

In the toilet paper and tissue categories, Vajda-Papír's branded products claim a confident second position in the surveyed Hungarian market. <sup>4</sup>

<sup>3</sup> Based on the September 2022 databank report supplied by AC Nielsen Piackutató Kft.

<sup>4</sup> Based on the September 2022 databank report supplied by AC Nielsen Piackutató Kft.



### **Our flagship manufacturer brand, Ooops!**

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

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

### **Sales to more than 30 countries**

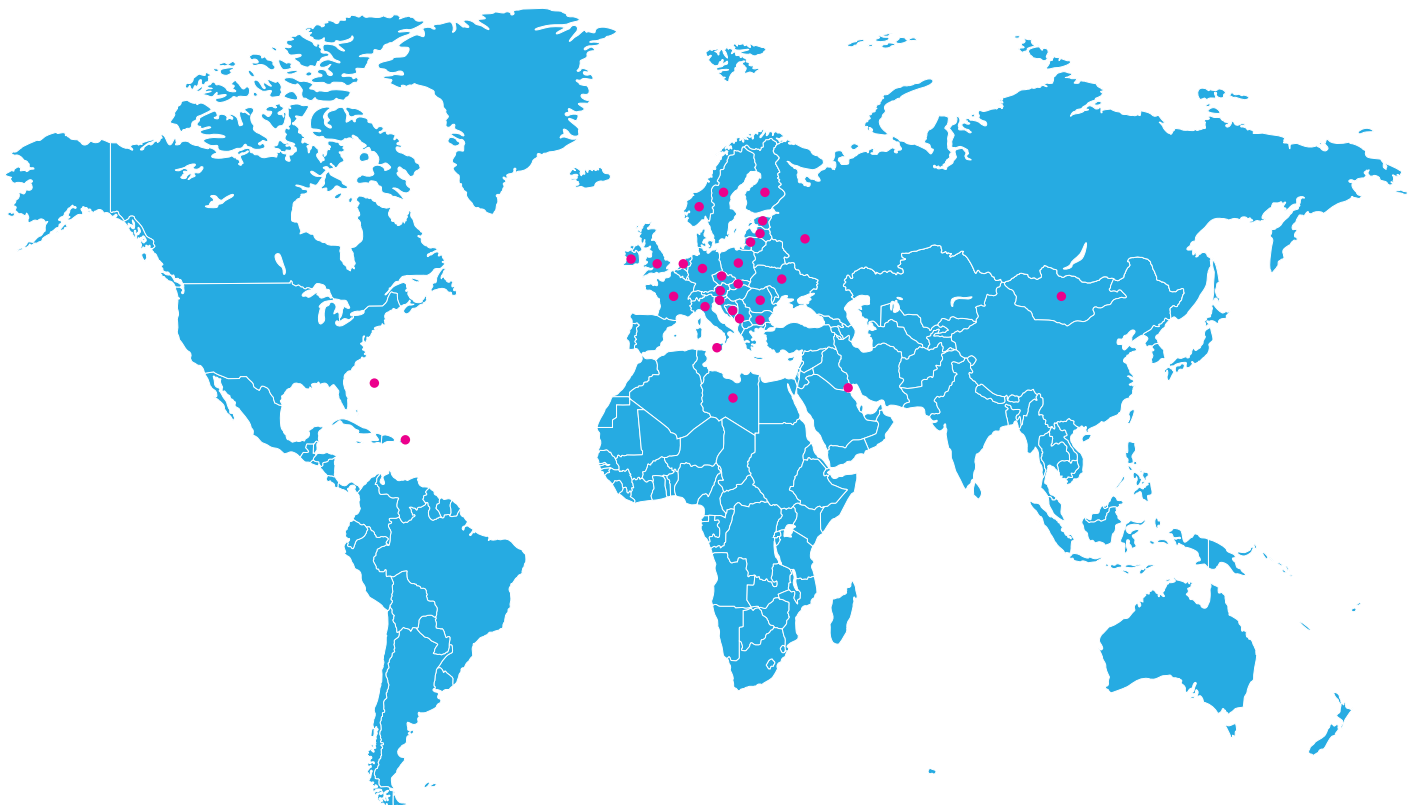
Norway, Sweden, Finland, Denmark, the Netherlands, United Kingdom, Ireland, Germany, France, Austria, Latvia, Lithuania, Estonia, Czech Republic, Slovakia, Poland, Italy, Croatia, Malta, Romania, Bulgaria, Ukraine, Russian Federation, Republic of Cyprus, Republic of Bosnia and Herzegovina, Libya, Mongolia,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



### **Ooops! Professional**

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

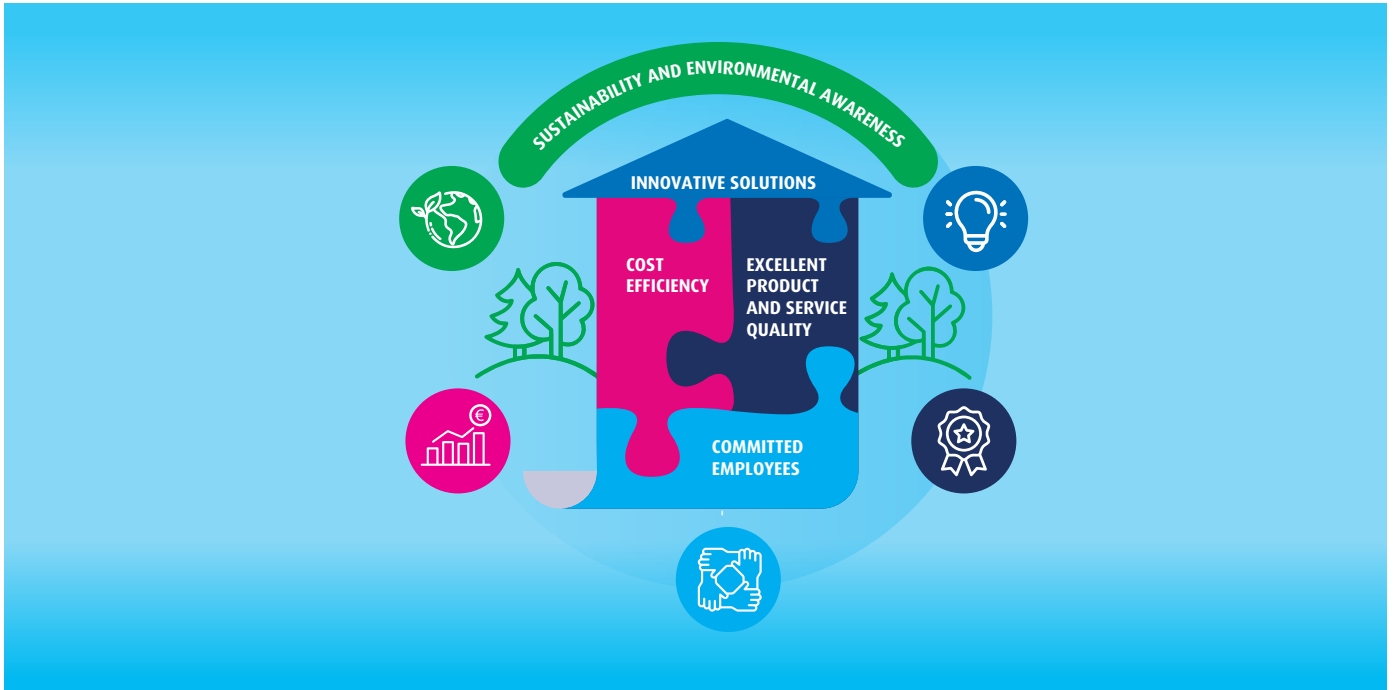
Our innovative achievement is our surgical face mask, produced within the healthcare product category. Our product is manufactured with state-of-the-art technology, a production line made in Europe and from high quality raw materials.



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

# Our values, mission and vision

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 operations, and along our whole value chain.



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.

Our operation combines the flexible approach of a family business and integrated corporate management methods, a critical component in the international competition landscape.



## Our mission - What is our purpose?

- To support the perpetual growth of our partners
- To be an efficient supplier to our partners
- To be perceived by all stakeholders globally as an efficient and reliable value driver in the sanitary household paper products sector



## Our vision - Where do we want to be?

- Supply sanitary and hygiene products to all

Further information: Website link: [Mission, vision, corporate values | Vajda Papír \(vajdapapir.hu\)](https://www.vajdapapir.hu)

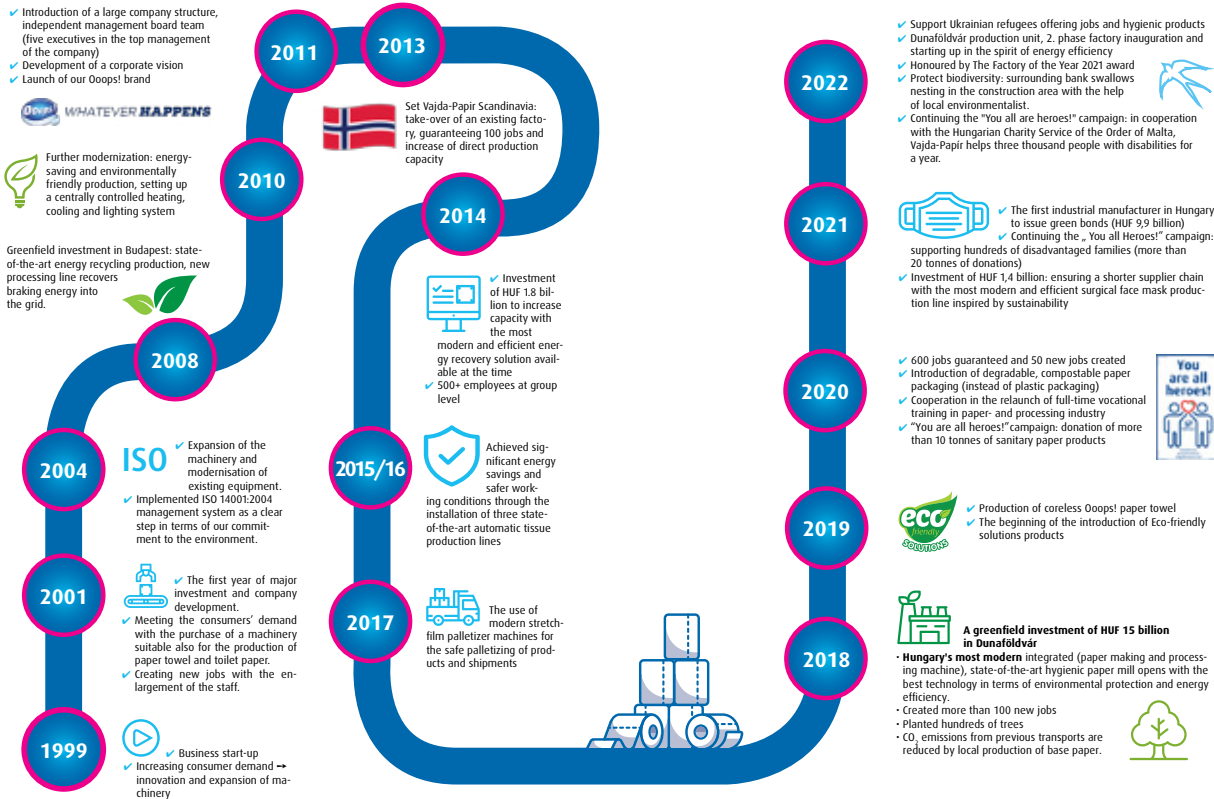
## Our story and major milestones of our sustainability journey

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 presented the main events of our journey in detail on page 28-29 of our first ESG report.

### Milestones of the Vajda-Papír Group inspired by sustainability



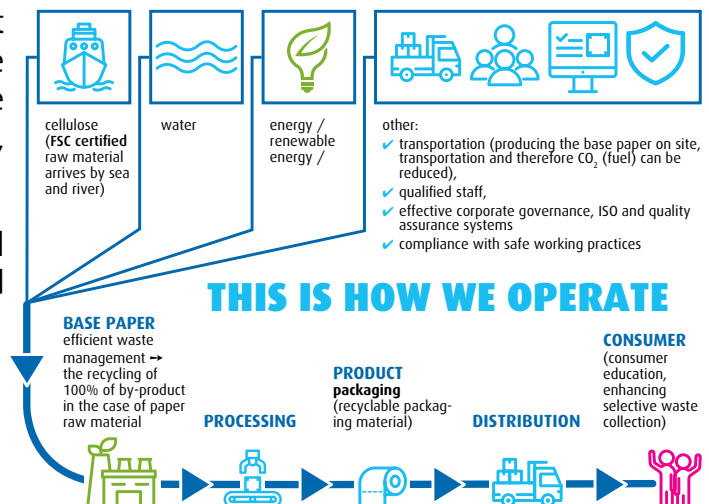
Further information:



## This is how we run our factory – cornerstones of sustainable manufacturing

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.

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

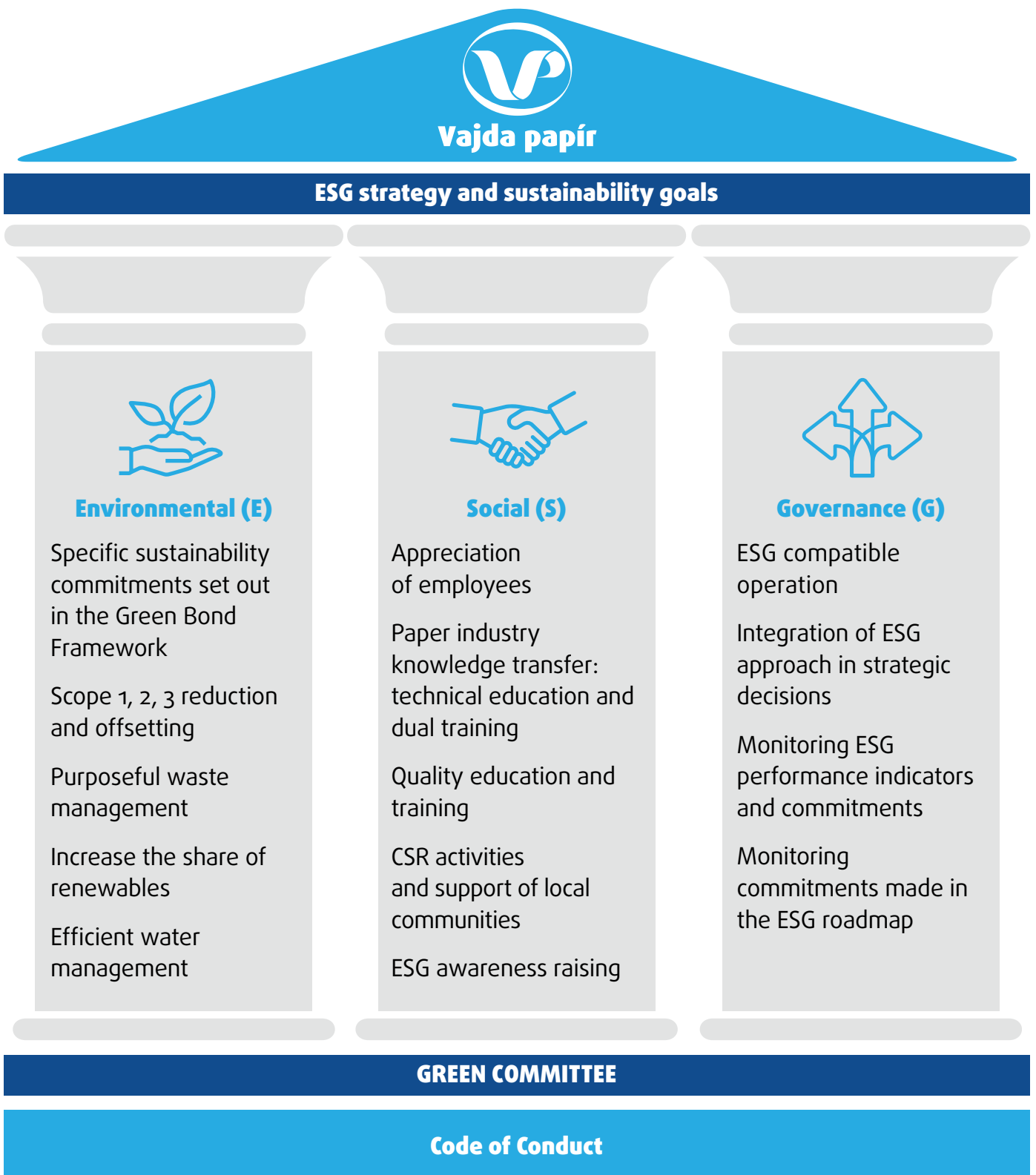


# ESG strategy

(GRI 2-22)

We take a holistic approach to ESG within our Group's overall operations. 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.

## Fundamental pillars of the ESG strategy of the Vajda-Papír Group



## ESG Roadmap

We actively contribute to the achievement of the 17 United Nations (UN) Sustainable Development Goals (SDGs) that are relevant to our Group. Our roadmap sets clear goals aligned

with the UN Sustainable Development Goals. Achieving net zero emissions by 2050 is on top of our agenda.

### Our specific objectives aligned with the UN sustainable development goals by 2030



#### Our green strategic goals set out in our Green Bond Framework

with regard to paper production in Dunaföldvár:

- **reduce water consumption** (less than 5.5 m<sup>3</sup>/tonne)
- **reduce specific energy consumption** (less than 2,800kWh/tonne)
- **increase the use of renewable energy by 50%**
- **CO<sub>2</sub> emissions reduction**

#### 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 are environmentally friendly bearing the Eco Friendly logo. We increase this to 26% by adding 13 more products by the end of 2022. **Our target is to reach 45% with eco-friendly products in our portfolio 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).

#### Employee training

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

6 CLEAN WATER AND SANITATION



### Clean water and sanitation

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

7 AFFORDABLE AND CLEAN ENERGY



### Affordable and clean energy

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



### Responsible consumption and production

Until 2030, we will continue to reduce our waste generation through prevention, reduction, recycling and reuse.

In cooperation with our retail partners, we are working to replace secondary packaging, i.e. multipacks of our rolled products in shops with pallets. 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. Pallet packaging will represent 20% of the total volume of products sold.

13 CLIMATE ACTION



### Tackling climate change

We are committed to continuously reducing carbon emissions.



# Our stakeholders

## Materiality assessment

(GRI 3-1, 3-2)

In conformity to the GRI Standards requirements, we identified our stakeholders to develop our ESG strategy and prepare the materiality assessment. We designed a questionnaire to seek the opinion of our key stakeholders about how

the our activities and sustainability are related and which sustainability related topics with an actual or potential, negative or positive impact on our operations should we focus on.



## Stakeholders

(GRI 2-29)

We interact with a number of internal and external stakeholders in our daily operations. We keep active communication with our stakeholders.

In the course of our communication, we pay particular attention to sustainability issues and through our example and attitude we influence others: consumers, suppliers and employees



In our materiality assessment we considered the current economic situation, the expectations of our stakeholders and sustainable development goals. Our sustainability activities are presented in this ESG report in line with the list of material topics approved by the managing director of the Group.

## List of material topics

### Environmental protection



**Green Bond**  
/ Green Bond Framework <sup>5</sup>



**Waste**  
(GRI-306)



**Emissions**  
(GRI-305)



**Energy**  
(GRI-302)



**Water and effluents**  
(GRI-303)



**Sustainable products**  
(GRI-417) <sup>6</sup>

### Society



**Employment**  
(GRI-401)



**Training and education**  
(GRI-404)



**Occupational health and safety**  
(GRI-403)



**Local communities**  
(GRI-413)



**Diversity and equal opportunity**  
(GRI-405)

### 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)



**Business ethics and compliance**  
(GRI 2-15, GRI 2-16, GRI 2-23,  
GRI 2-24, GRI 2-26, GRI 2-27)



**Anti-corruption**  
(GRI-205)



**Anti-competitive behaviour**  
(GRI-206)



**Economic performance**  
(GRI-201)



**Quality management** <sup>7</sup>



**Procurement practices**  
(GRI-204)



**Customer privacy**  
(GRI-418)



**Indirect economic impacts**  
(GRI-203)

<sup>5</sup> No GRI standard exists for this material topic

<sup>6</sup> GRI-417: Marketing and labelling standard

<sup>7</sup> No GRI standard exists for this material topic

# Major association memberships

(GRI 2-28)



## Active corporate citizenship in the development of the ESG ecosystem in Hungary:

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

The founders of ESG Club are accomplished professionals in the field of sustainable finance who intend to create an independent professional community where members can share their insights on best practices and receive information on the regulatory environment based on sustainable development guidelines, its focus areas and the requirement criteria of the reporting obligation.

Further information: <https://esgclub.hu/rolunk>

*We are particularly proud to play an active social role in the evolution of the ESG ecosystem in Hungary as one of the founding members of the nonprofit ESG Club Hungary.*

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## Further association memberships:



### Hungarian Association of Packaging and Material Handling (CSAOSZ)

<http://www.csaosz.hu>



### Hungarians on the Market Club (MAPI)

<https://mapiklub.hu>



### Family Business Network Hungary (FBN-H)

<https://www.fbn-h.hu>



### Hungarian Association of Family Businesses (CSAVE)

# Environmental protection

## Green bond

We are proud to be the first industrial manufacturing company in Hungary to issue a green bond.<sup>8</sup> Our green bond issuance demonstrates our commitment to environmental awareness, contributing to the global climate protection, sustainability and energy efficiency goals.

### The commitments we set out in our strategy upon issuing the green bond

Our green strategic goals set out in our Green Bond Framework for paper production in Dunaföldvár:



- **to reduce water consumption**  
(less than 5.5 m<sup>3</sup>/tonnes)
- **to reduce specific energy consumption**  
(less than 2,800kWh/tonnes)
- **increase the use of renewable energy by 50%**
- **CO<sub>2</sub> emissions reduction**

We give priority to developing action plans required to deliver on our commitments and monitoring their progress. We publish our results in an impact report in accordance with the criteria laid down in the green framework, in the year following the opening of the new Dunaföldvár factory, our investment project completed in 2022.

<sup>8</sup> The green bonds were issued by Vajda-Papír Kft. in 2021.

## Sustainability benefits of our investment financed from the green bond issued in 2021:



reduced specific energy consumption from 2900 kW to under 2800 kW /  
tonne of paper produced



proportion of renewable energy increased to 50%



sustainable water and waste water management = biological treatment  
of water from paper production (50% is returned into the Danube, the  
other 50% of treated water is filtered again through a special equipment  
→ this water can be used again in paper production



water consumption reduced from 12 m<sup>3</sup> to 5.5 m<sup>3</sup>/tonne



application of products, production technologies and processes adapted to  
circular economy

# Waste management

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

Our paper production operations and the waste produced in the course thereof have diverse impacts on our environment, which drives the Group to put waste management among our top priorities. We contribute to the reduction of environmental load through strategic involvement, specific commitments and solutions.

## Prudent operation and responsible waste management

We maintain an environmental management system in conformity with the **ISO 14001:2015** standard that serves as the basis for our responsible waste management operations, contributing to the mitigation of the negative impacts on the environment.

Our **responsible waste management** focuses on identifying, measuring and minimising waste quantities, hazards to the environment and max-

imising the potential of the waste generated by way of setting targets and launching projects to achieve these targets.

Waste data are collected and reported in compliance with the statutory requirements in effect at all times. All non-hazardous waste generated by our Group that we cannot recycle is always handed over to our contracted partners who hold the relevant licences. We also have appropriate controls in place within the organisation, and we regularly monitor and evaluate their performance and our results, thereby improving and developing our waste management practices.






A policy sets out strict standards for the collection of hazardous waste at the plant. At group level, hazardous waste generated by our operations at our sites and plants accounts for 1.35% of our total waste output. Hazardous waste is the property of our Group from the moment it is generated until it is handed over for disposal, therefore, as the responsible owner, we manage it in compliance with the effective regulations on hazardous waste, and collect it in chemically resistant containers.

Vajda-Papír Group produced a total of 1,616.61 tonnes of waste in 2022, comprising 98.65% non-hazardous waste and 1.35% hazardous waste. The tables below also show the detailed annual waste figures.



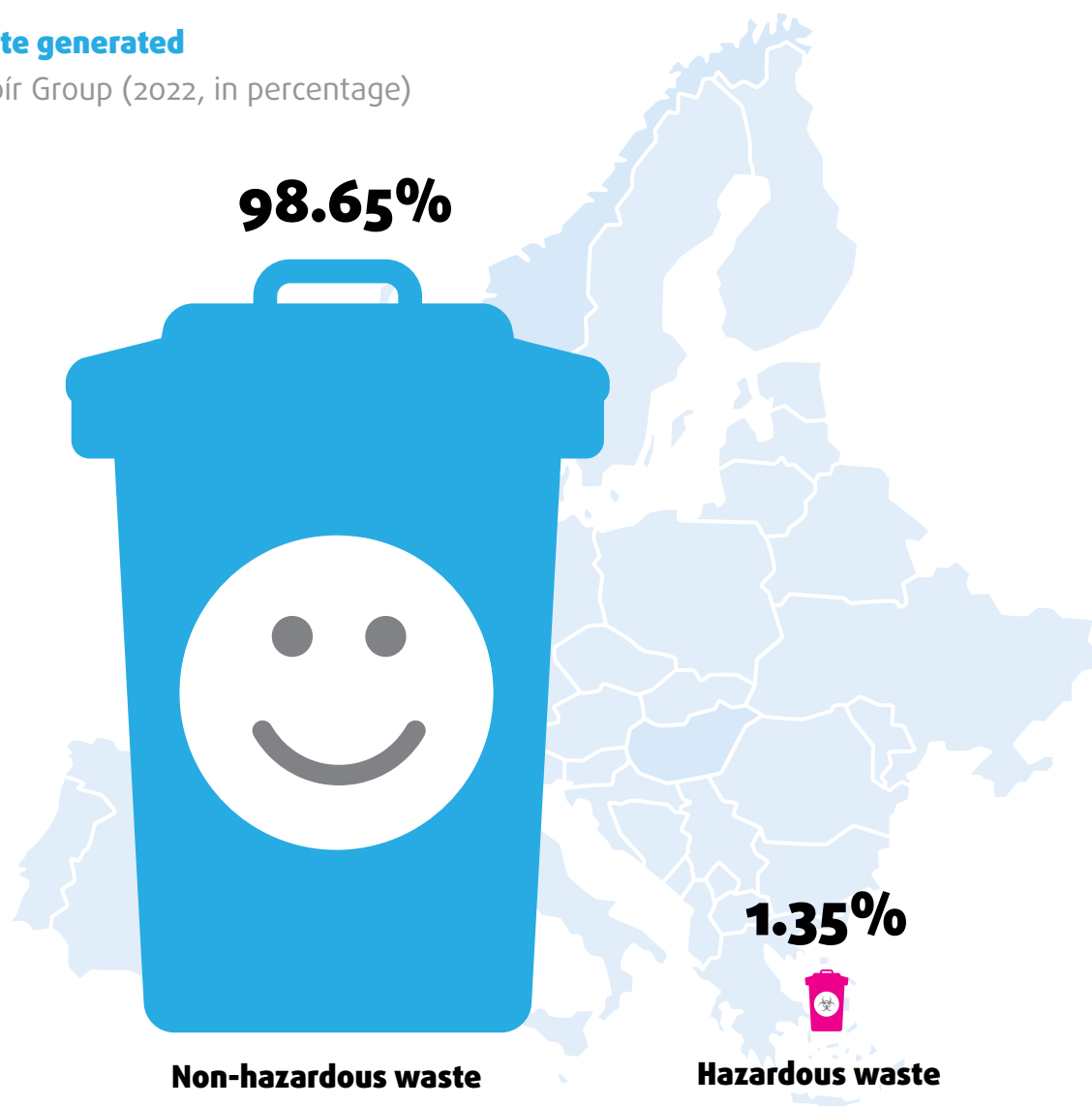
## Total waste generated

(Vajda-Papír Group, 2022, in tonnes and percentage)<sup>9</sup>

					
Waste generated (tonne)	Vajda-Papír Kft.	Vajda Real Estate Kft.	VP Group Kft.	Vajda-Papír Scandinavia AS	Vajda-Papír Group Total
Non-hazardous waste	474,70	858,29	0	261,79	<b>1 594,78</b> (98.65%)
Hazardous waste	16,89	0,00	0	4,95	<b>21,84</b> (1.35%)
<b>Total waste generated</b>	<b>491,58</b>	<b>858,29</b>	<b>0</b>	<b>266,74</b>	<b>1 616,61</b> (100%)

## Total waste generated

Vajda-Papír Group (2022, in percentage)



<sup>9</sup> The data are based on the 2022 waste declaration of Vajda-Papír Kft. and Vajda Real Estate Kft., and the database of Vajda-Papír Scandinavia AS. VP Group Kft. does not produce waste as the company does not have manufacturing or technological operations..

Types of **non-hazardous** waste produced by the companies of Vajda-Papír Group in 2022 according to the quantities reported in the waste declaration were as follows



	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia AS
<b>Non-hazardous waste</b>	030308 wastes from sorting of paper and cardboard destined for recycling (163,940 kg)	030307 other wastes containing hazardous substances from physical and chemical processing of metalliferous minerals (15,900 kg)	food waste (1.2 t) timber (16.9 t) mixed residual waste (46.7 t) e-waste (0.36 t) metal (70.8 t)
	080114 sludges from paint or varnish (64,290 kg)	030308 wastes from sorting of paper and cardboard destined for recycling (57,540 kg)	brown paper (100.86 t) office paper (0.150 t) plastic foil/packaging (24.8 t)
	150102 plastic packaging (109,535 kg)	030310 fibre rejects, fibre-, filler- and coating-sludges from mechanical separation (622,100 kg)	
	150106 mixed packaging (49,840 kg)	150102 plastic packaging (4,700 kg)	
	160304 inorganic waste (17,810 kg)	150104 metallic packaging (105,050 kg)	
	200101 paper and cardboard (69,280 kg)	160119 plastic (16,140 kg)	
		200139 plastic (36,860 kg)	

Types of **hazardous** waste produced by the companies of Vajda-Papír Group in 2022 according to the quantities reported in the waste declaration were as follows.



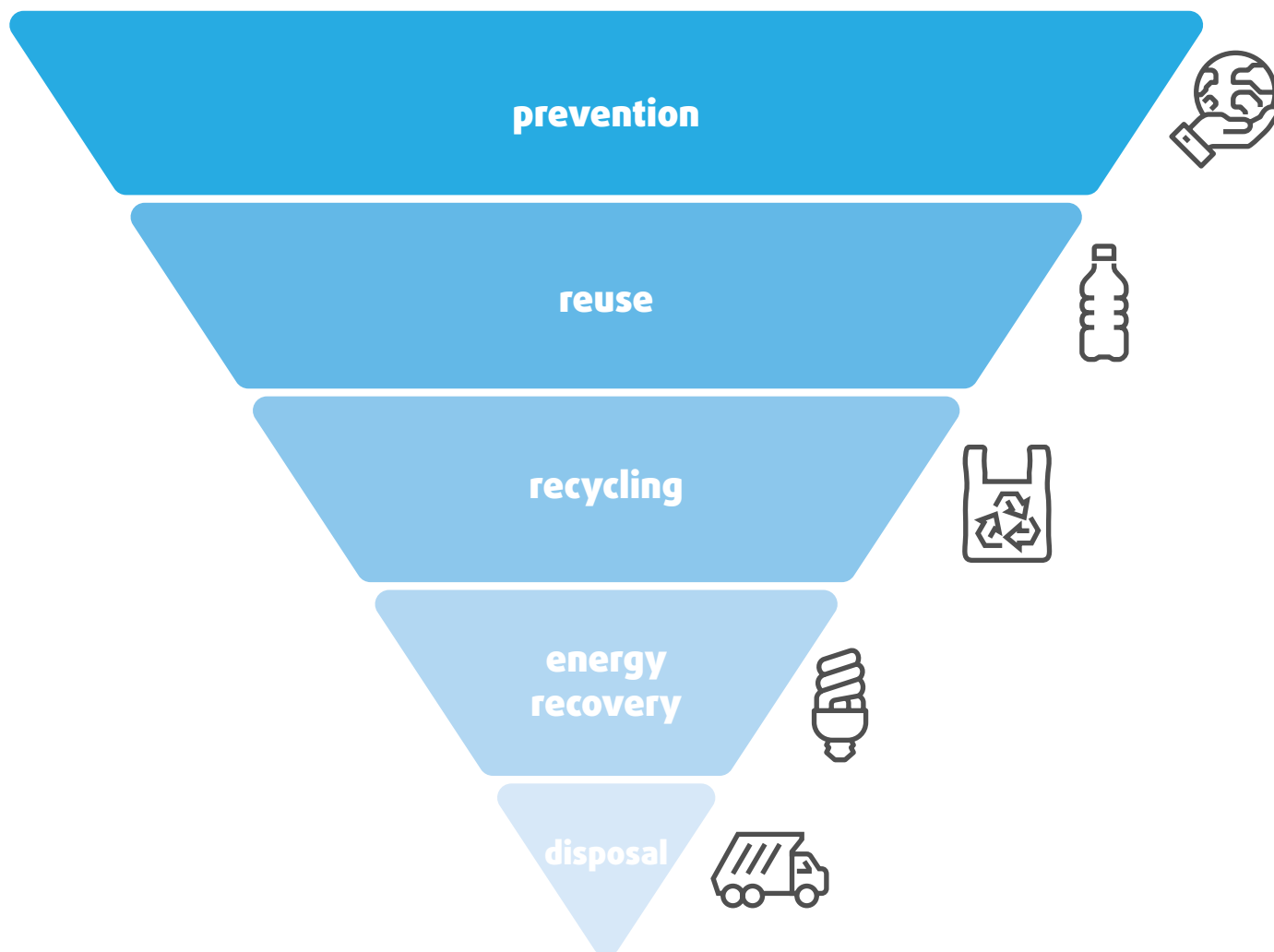
	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Scandinavia AS
<b>Hazardous waste</b>	130205* mineral-based non-chlorinated engine, gear and lubricating oils (731 kg)	No hazardous waste produced.	oil (1.7 t)
	130508* mixtures of wastes from grit chambers and oil/water separators (15,720 kg)		grease (0.062 t)
	150110* packaging containing residues of or contaminated by hazardous substances (60 kg)		oil filter (0.105 t)
	150110* metallic packaging containing a hazardous solid porous matrix (e.g. asbestos), including empty pressure containers (35 kg)		paint/glue/solvent (0.094 t)
	150202* absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances (10 kg)		sprinkler cans (0.095 t)
	200121* fluorescent tubes and other mercury-containing waste (250 kg)		lamps (0.080 t)
	200135* discarded electrical and electronic equipment containing hazardous components (80 kg)		acidic waste (2.08 t)
			organic waste not otherwise specified (0.790 t)

## Recycled waste

Waste management is an important aspect of environmental protection and sustainability. The EU waste hierarchy is a principle that helps our

Group to define how to manage waste, minimise environmental impacts and increase efficiency.

## EU waste hierarchy: Five-step hierarchy of waste management



We also want to reduce our environmental impact from paper production through recycling, therefore, we focus on increasing the proportion of waste we recycle from the waste we generate.

In 2022, we made significant progress as 64.23% of the total waste generated at Group level was either recycled or directed to recycling in Hungary.

Our Norwegian subsidiary, Vajda-Papir Scandinavia SA, delivers its waste to Norsk Gjenvinning

(<https://www.norskgjenvinning.no>) for recycling and disposal. The company, which has won several awards and recognitions, is Norway's largest recycling and environmental provider. As we currently do not have detailed information on the further processing of the waste directed to recycling, we present the total amount of waste recycled/recovered and waste delivered for disposal in view of our total waste output.

## Waste recycled, or delivered for recovery or disposal in view of the total annual waste generated at Vajda-Papír Group

(2022, in tonnes and percentage)

Total waste generated	Vajda-Papír Kft.	Vajda Real Estate Kft.	VP Group Kft.	Vajda-Papír Scandinavia AS	Vajda-Papír Group Total
<b>Total waste generated</b>	491,58	858,29	0,00	266,74	<b>1 616,61</b> (100%)
<b>Waste recycled or directed to recycling in Hungary</b>	342,76	695,54	0,00	N/A Norsk Gjenvinning	<b>1 038,30</b> (64.23%)
<b>Waste directed to disposal in Hungary</b>	148,83	162,75	0,00	N/A Norsk Gjenvinning	<b>311.58</b> (19.27%)
<b>Waste delivered to Norsk Gjenvinning (Norway) for recovery / disposal</b>	./.	./.	./.	<b>266,74</b>	<b>266.74</b> (16.50%)

## Distribution of waste recycled, or delivered for recovery or disposal in view of the total annual waste generated at Vajda-Papír Group

(2022, in percentage)



**76.92% of the total waste generated by the operations of the Group in Hungary was recycled or delivered for recovery.**

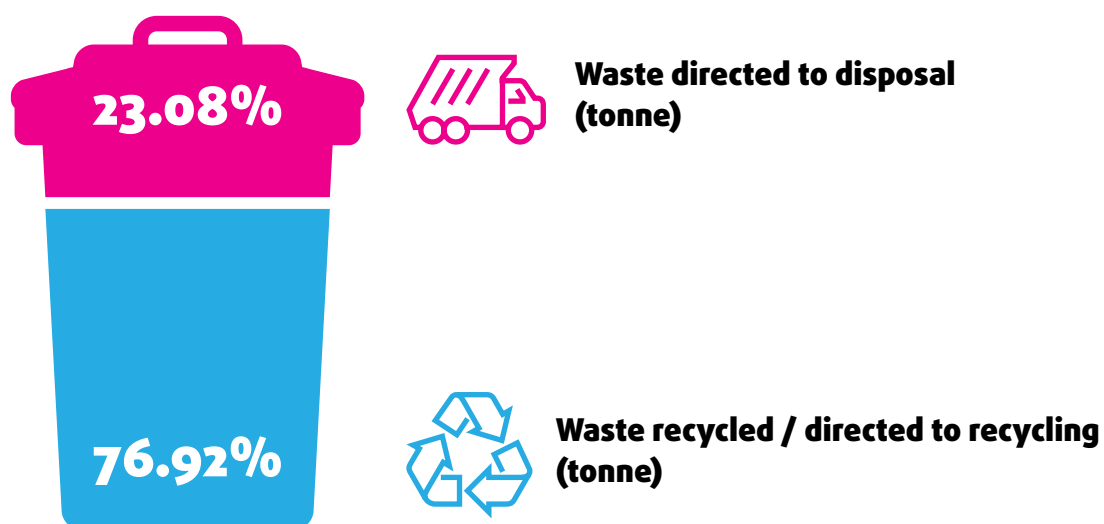
## Distribution of waste recycled, or delivered for recovery or disposal in view of the total waste generated by Vajda-Papír in Hungary

(2022, in tonnes and percentage)

	Vajda-Papír Kft.	Vajda Real Estate Kft.	Vajda-Papír Group, Hungary
Total waste (tonne)	491,58	858,29	1 349.87
Recycled / directed to recycling (tonne)	342,76	695,54	<b>1 038.30</b> (76.92%)
Directed to disposal (tonne)	148,83	162,75	<b>311.58</b> (23.08%)

## Distribution of waste recycled, or delivered for recovery or disposal in view of the total waste generated by Vajda-Papír in Hungary

(2022, in percentage)



Waste recycled or directed to recovery of all the waste types produced in 2022 by the relevant Hungarian businesses of the Vajda-Papír Group.

	Vajda-Papír Kft.	Vajda Real Estate Kft.
<b>Types and quantities of waste recycled or directed to recycling</b>	Recipient type: ,R' 030308 wastes from sorting of paper and cardboard destined for recycling (163,940 kg) 150102 plastic packaging (109,535 kg) 200101 paper and cardboard (69,280 kg)	Recipient type: ,R' 030307 other wastes containing hazardous substances from physical and chemical processing of metalliferous minerals (15,900 kg) 030308 wastes from sorting of paper and cardboard destined for recycling (57,540 kg) 030310 fibre rejects, fibre-, filler- and coating-sludges from mechanical separation (622,100 kg)

Waste directed to disposal of all the waste types produced in 2022 by the relevant Hungarian businesses of the Vajda-Papír Group.

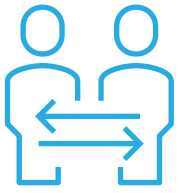
### Waste types directed to disposal from the total waste generated by Vajda-Papír in Hungary

(2022, in tonne and percentage)



	Vajda-Papír Kft.	Vajda Real Estate Kft.
<b>Types and quantities of waste to disposal</b>	Recipient type: ,G' - Delivered for collection, pretreatment and disposal unknown	Recipient type: ,G' - Delivered for collection, pretreatment and disposal unknown
	080114 sludges from paint or varnish (64,290 kg)	
	150106 mixed packaging (49,840 kg)	150102 plastic packaging (4,700 kg)
	160304 inorganic waste (17,810 kg)	150104 metallic packaging (105,050 kg)
	130205* mineral-based non-chlorinated engine, gear - and lubricating oils (731 kg)	160119 plastic (16,140 kg)
	130508 mixtures of wastes from grit chambers and oil/water separators (15,720 kg)	200139 plastic (36,860 kg)
	150110* packaging containing residues of or contaminated by hazardous substances (60 kg)	
	150110* metallic packaging containing a hazardous solid porous matrix (e.g. asbestos), including empty pressure containers (35 kg)	
	150202* absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances (10 kg)	
	200121* fluorescent tubes and other mercury-containing waste (250 kg)	
	200135* discarded electrical and electronic equipment containing hazardous components (80 kg)	

## Information for stakeholders



### Information for employees

New hires are provided general guidance in the Employee Handbook that also draws their attention to mandatory selective waste collection. Our employees who work with hazardous or non-hazardous waste receive introductory training, and their relevant skills are continuously refreshed and updated.



### Waste declaration

We keep up-to-date records of all waste generated in the Group. We submit accurate waste declarations on time in compliance with reporting obligations to help authorities monitor waste management and track information on waste – such as quantity, composition, origin, recovery, etc. – to make progress towards waste reduction, circular economy and sustainability goals.



## Waste management solutions

We seek efficient waste management throughout our value chain. Our efforts in this respect are as follows.

- We recycle, and reprocess 100% of reject paper, a by-product of paper production, contributing to environmental protection.
- 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 (e.g. producing coreless paper towels generates less waste during the product life cycle).
- We are developing innovative packaging methods, and apply cutting-edge solutions to reduce the amount of packaging materials. We strive to eliminate secondary packaging, and our portfolio also includes degradable, compostable paper packaging.



- We educate our consumers:
  - We place relevant information on our product packaging to raise awareness of the importance of recycling.
  - We also reinforce the importance of packaging recycling in our communications, including the social media.



- Responsible sourcing of raw materials ensures that we use fibre from certified, responsibly managed forests to produce paper.
- We collect waste selectively and do not mix cellulose with plastic. After compression, this also generates savings on transport.
- We also avoid unnecessary paper use within the Group by using electronic invoices and other e-documents (e.g. policies, work instructions, product specifications).
- We support litter picking campaigns around our sites and seasonal clean-ups of institution yards.

## Strategic objective

Waste management forms a key component of our ESG strategy with the following specific commitment:



### Responsible consumption and production

**Until 2030, we will continue to reduce our waste** through prevention, reduction, recycling and reuse..

In cooperation with our **retail partners**, we are working to replace secondary packaging, i.e. multipacks of our rolled products in shops with pallets. 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. Pallet packaging will represent 20% of the total volume of products sold.

#### Key steps taken in 2022 to achieve the above target::

- In 2022, we reviewed the framework and made a decision. In the scope of our first target, we will develop and obtain authority approval for the collection and recovery of non-hazardous paper waste in 2023. To this end, we set up a suitably-sized waste storage area.
- We have extended 60% PCR packaging to most articles of the Ooops! toilet paper portfolio and to private labels where it was feasible.
- We have made the elimination of secondary packaging a top priority in new tenders. For our existing partners, we implemented palletised packaging to suit their value chain.
- For each article, we reviewed the maximum product quantity that can fit a pallet for transport (taking into account the logistical constraints of our partners). Where possible, we formed higher stacks with a view to reducing the environmental impact.

# Scope 1,2,3 emissions

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

Tackling climate change in line with the Paris Agreement requires us to know and measure our corporate carbon footprint. One of our strategic goals is to become carbon neutral by 2050, contributing to the successful achievement of the European Union's climate target.

Our climate action plan starts with measurement, that is the measurement parameters and inventory identifying where our activities generate the highest emissions and where reductions can be made in the future. A major factor since our very first carbon inventory made in 2020 is that our Group has expanded its production capacity by installing one of the largest output paper machines in Europe, boasting cutting-edge, energy efficient technology, consequently our emissions compared to previous years have increased by virtue of ramped up operation and larger transport fleet. This also means that the Scope 3 emissions of the transport companies we engaged previously are now Scope 1 emissions of the Group.

## Our corporate carbon footprint

Our Group has measured its annual Corporate Carbon Footprint (CCF) since 2020 in collaboration with ClimatePartner GmbH (Munich, Germany). Annual Corporate Carbon Footprint is calculated based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).

## Data collection and calculation

CO<sub>2</sub> emissions were calculated based on the company's consumption data and emission factors identified by ClimatePartner. Calculations were mainly based on primary data, however, secondary data from reliable sources were used where primary data were not available. Emission factors were obtained from scientifically recognised databases (e.g. ecoinvent, DEFRA).

## CO<sub>2</sub> equivalents

Corporate carbon footprint is calculated in CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in view of total emissions. This means that the calculations reckoned with all relevant greenhouse gases in the IPCC<sup>11</sup> Assessment Report. Greenhouse gases include carbon dioxide (CO<sub>2</sub>), methane (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). Each of these gases has a different capacity to warm the Earth's atmosphere and they remain in the atmosphere for different lengths of time. Making their impacts comparable requires them to be converted to CO<sub>2</sub> equivalents (CO<sub>2</sub>e) as a base unit and multiplied by their global warming potential (GWP) that describes how much a gas can warm the atmosphere over a certain period, usually 100 years, compared to CO<sub>2</sub>. For example, methane has a GWP of 28, so the warming effect of methane is 28 times higher than that of CO<sub>2</sub> over a 100-year timeframe.

<sup>11</sup> Intergovernmental Panel on Climate Change

## Electricity: market- and location-based approaches







Electricity emissions were calculated using both the market-based and location-based method. This dual reporting approach is recommended by the GHG Protocol.

In the market-based method, the company provided specific emission factors of the electricity purchased if they were available. In the absence

of these specific factors, the factors on the electricity mix of the country of operation were used, or lacking those, the average grid mix of the country were applied.

The report also presents the location-based method. This method is used to calculate the average electricity grid of the country. This enables the emission figures of the company to be compared directly with the national average.

## Carbon footprint of the Vajda-Papír Group in 2022<sup>12</sup>

	 Vajda-Papír Kft.	 Vajda Real Estate Kft.	 VP Group Kft.	 Vajda-Papír Scandinavia AS <sup>13</sup>	  Vajda-Papír Group
GHG emission, Scope 1 (tonnes of CO <sub>2</sub> equivalent)	1 879,85	18,22	-	./.	<b>1 898,07</b>
GHG emission, Scope 2 (tonnes of CO <sub>2</sub> equivalent)	1 705,47	29 297,91	-	N/A	<b>31 003,38</b>
GHG emission, Scope 3 (tonnes of CO <sub>2</sub> equivalent)	2 162,05	7 462,43	-	N/A	<b>9 624,48</b>
					<b>42 525,93</b>

Emission sources are divided into three categories in line with the GHG Protocol:

### Scope 1

All direct emission of the company, such as emissions of the equipment and vehicle fleet owned by the company.

### Scope 2

Emissions from purchased energy, such as emissions generated by electricity and district heating.

### Scope 3

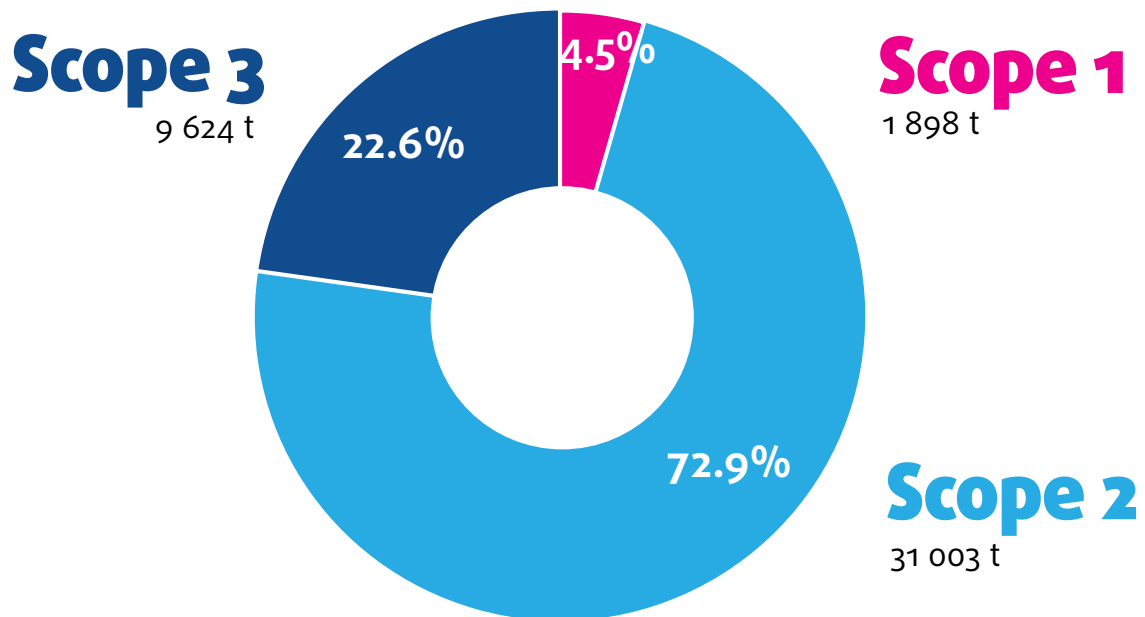
All other emissions not controlled directly by the company, including employee travels and product disposal.

<sup>12</sup> The measurement results refer to Vajda-Papír Kft. and Vajda Real Estate Kft., without Székesfehérvár. There are no scientifically calculated data available for the Scope 2 and 3 emissions of the Norwegian subsidiary Vajda-Papír Scandinavia AS. Scope 1 data available: 10,162 tonnes of CO<sub>2</sub>e / 23,164 tonnes of paper produced.

<sup>13</sup> This data can be estimated based on the available data.

## Largest emission sources - greatest potential for reduction

In terms of CO<sub>2</sub> emissions, the highest Scope 2 emissions (72.90%) in 2022 were electricity (37.90%) and heat (35.00%).



### Our action plan to reduce emissions

By reason of our green bond issuance, our Green Bond Framework and relevant strategic commitment both aim to purposefully reduce our emissions and achieve climate neutrality by 2050.

Given our energy-intensive operations, we particularly focus on achieving our emission reduction targets, and we are aware that we need to be ready to finance climate projects to achieve net zero emissions, therefore, we have started to explore the options.

### We have identified the following actions in 2022 to reduce our Scope 1 and 2 emissions:

- Energy saving measures linked to operation and manufacturing
- Educate and engage our employees to drive energy efficient operation
- Develop and implement an energy saving procedure (Energy Efficiency, Neat Office Policy)

# Energy consumption

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

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

Paper industry is an energy-intensive business, accordingly we pay particular attention to efficient production and raising awareness of energy efficiency. We have made a strategic commitment when we issued our green bonds to focus on the share of renewable energy in our own operations and at the Group sites.

## 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 that has the latest energy-efficient technology available installed. Key parameters from the investment:

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






We seek innovative solutions to improve our energy management and are constantly on the lookout for potential methods to increase energy efficiency. It is crucial to educate and engage our staff to forward energy efficient operations. We have also set out energy efficiency guidelines

in our energy savings policy. We seek to reduce our consumption by using energy efficient lighting (LEDs) and additional efficiency improvements in our business operations, like using waste process heat for the heating of our offices and employee welfare facilities in Dunaföldvár.

## Vajda-Papír Group energy consumption in 2022

	 Vajda-Papír Kft.	 Vajda Real Estate Kft.	 VP Group Kft.	 Vajda-Papír Scandinavia AS	 Vajda-Papír Group
<b>Total annual energy consumption</b> (Megajoule)	17 221 723	336 280 925	-	255 009 600	608 512 248
Annual energy saving	-	-	-	N/A	./.
<b>Total annual renewable energy generation</b>	-	-	-	N/A	./.
<b>Annual electricity consumption</b> (kWh)	4 533 546	39 675 910	-	27 270 212	71 479 668
<b>Annual gas consumption</b> (thousand m <sup>3</sup> )	24	6 929	-	6 680	13 633
<b>Annual district heating consumption</b> (GJ)	-	-	-	N/A	./.

## Vajda-Papír Group fuel consumption in 2022

	 Vajda-Papír Kft.	 Vajda Real Estate Kft.	 VP Group Kft.	 Vajda-Papír Scandinavia AS	 Vajda-Papír Group
<b>Diesel oil</b> (l)	68 358	200	-	8 154	76 712
<b>Petrol</b> (l)	28 895	-	-	0	28 895
<b>Fuel gas / LPG</b> (l)	-	-	-	100	100

A significant part of our group level electricity consumption in 2022 is related to manufacturing, namely Vajda Real Estate Kft. and Vajda-Papír Scandinavia AS. The same applies to our annual gas consumption. Diesel oil accounted for the majority (73%) and petrol made up a smaller share (27%) of our fuel consumption in the reporting period. Fuel gas consumption occurred at our

Norwegian subsidiary, however, this cannot be expressed as a percentage.

Calculations of energy intensity, specific energy savings and reductions are scheduled after the year following the completion of the 2022 investment project.

## Strategic objective

The use of affordable and clean energy is a key part of our ESG strategy with the following specific commitment:



### Affordable and clean energy

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

## Key steps taken in 2022 to achieve the above target:

We have identified the necessary projects and prepared the investment plan.



# Water management

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






Paper production requires a significant amount of water, which is why water management matters and measurements are relevant aspects in our operation. Our green strategic goals set out in our Green Bond Framework include a commitment to slash our water requirement for paper production in Dunaföldvár from 12 m<sup>3</sup> to 5.5 m<sup>3</sup> or less by 2030.

Half of the water from our paper production in Hungary is discharged into the Danube after biological

treatment, and the other half is filtered again in a 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 prevailing regulations.

## Vajda-Papír Group water consumption in 2022

	 Vajda-Papír Kft.	 Vajda Real Estate Kft.	 VP Group Kft.	 Vajda-Papír Scandinavia AS	 Vajda-Papír Group
<b>Total annual water consumption (litre)</b>	3 407 000	321 741 000	-	292 370 000	617 518 000
<b>Of this: third party water from utilities</b>	3 407 000	6 434 000	-	9 689 000	334 837 000
<b>Of this: withdrawal from own well</b>	-	315 307 000	-	N/A	315 307 000

## Strategic objective

Reducing water consumption is a key aspect of our ESG strategy with the following specific commitment:



### Clean water and sanitation

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

## Key steps taken in 2022 to achieve the above target:

We optimised the production process on the PM1 line resulting in lower water consumption.

# Sustainable products

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

The European Union puts sustainable growth on top of its agenda, and sets out guidelines that stimulate demand for sustainable products and encourage consumers to make environmentally responsible choices based on relevant and credible information. In support of these efforts, as well as resource efficiency and circular economy, we direct our product development, commercial and marketing communication focus towards sustainability, product quality, compliance with current regulatory requirements and the growing environmental awareness of consumers.

## Labelling and differentiation of sustainable products

We work to ensure that our marketing communications, as well as the logos and pictograms on our product packaging enable consumers to clearly

identify sustainability information. To this end, we inform our consumers about circular waste management and our sustainability actions to help them make informed purchasing decisions. Our labels empower consumers to make environmentally conscious, sustainable choices underlining that the raw materials of the product are from responsibly managed forests, and – to promote circular waste management – indicating the recycled plastic content of the packaging and advocating selective waste collection.

We carry out marketing communication responsibly, avoiding misleading and untruthful claims, following professional codes (e.g. Code of Advertising Ethics) and green marketing recommendations and practices.

## Birth of sustainable products, communication and pictograms at the Vajda-Papír Group



**Product quality, sustainable production, innovation, circular economy**



**Growing environmentally conscious consumer behaviour**



**Legal and regulatory compliance**

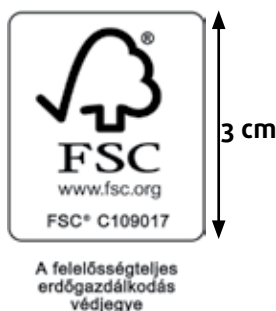
In developing innovative products, we take into account current market trends and the demands of our environmentally conscious consumers. We are also prepared for the future generation of young, conscious consumers who will increasingly pay attention to sustainability and prefer environmentally friendly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

## Sustainable products

The logos and pictograms on our products clearly show our consumers the sustainability criteria the offered products fulfil.





The unique “**ECO friendly Solutions**” manufacturer logo on our Ooops! products from Q4 2019 indicates that we use **(FSC® certified)** pulp from responsibly managed forests and other controlled sources for our products and packaging, and that the packaging material used is 100% recyclable.



The **FSC® (Forest Stewardship Council®) international trademark** indicates that a product is made from raw materials sourced from FSC® certified responsibly managed forests and other controlled sources. Forester minimise the negative impacts of wood harvesting on plants, animals and other living creatures in the forest when logging the trees used to make certified wood products, in this case paper. Biodiversity and ecological balance are taken into account during harvesting and reforestation. At the same time, responsible forest management also ensures the long-term social and economic well-being of workers and local communities, respecting the rights and interests of local communities. The certification applies to the entire product chain.

## FSC® certificates of Vajda-Papír Group

FSC®	Licence number	Certificate code	Certificate scope
VALID	FSC-C109017	CU-COC-819240 CU-CW-819240	Vajda-Papír Kft. (Hungary) 
VALID	FSC-C141931	CU-COC-859624 CU-CW-859624	Vajda Real Estate Kft. (Hungary) 
VALID	FSC-C132141	DNV-COC-002376	Vajda-Papír Scandinavia AS. (Norway) 



### Nordic Swan Ecolabel

Products certified by the Nordic countries (Norway, Sweden, Finland, Denmark and Iceland) and bearing the Nordic Swan Ecolabel promote resource efficiency, energy and water conservation, and the reduction of emissions and climate impact mitigation. Assessment for the certification also looks at the entire life cycle of the product from raw material use and production through recycling and disposal to biodiversity conservation, with a focus on health, chemical use, quality and certified fibre content.

A list of our Nordic Swan eco-labelled products is available at <https://svanemarket.no>. The products of the Hungarian companies and our Norwegian subsidiary are listed under licence numbers **5005 0052 (Vajda-Papír Kft.)**, **2005 0100 (Vajda Real Estate Kft.)** and **2005 0021 (Vajda-Papír Scandinavia AS)**.



The unique, **100% recyclable paper packaging** manufacturer's logo on our Oops! Nature products indicates that the product packaging is paper-based, consequently fully recyclable after the proper selective collection of the clean packaging, which also promotes eco-friendly consumer behaviour.



Our products in packaging made of **30-60% recycled plastic** are bear these logos.



újrahasznosított papírból  
from recycled paper\*

**Recycled paper** used to make our ECO-Natura products is also marked.



We have introduced packaging containing 60% post-consumer recycled polyethylene (PCR), that is plastic recycled from waste collected separately by consumers, in order to replace two-thirds of the virgin polyethylene with recycled material. The caption **"A new life of plastics"** on the packaging of our green products conveys this information to our consumers.

In 2022 we increased the proportion of recycled materials in the majority of primary plastic packaging to 60%, reducing the use of virgin plastics by almost 600 tonnes.





### Compact rolls

The use of pragmatic, compact rolls compared to conventional solutions results in lower energy consumption and CO<sub>2</sub> emission during production, transportation and storage.



### Coreless paper rolls

Our coreless paper towels produce less waste as the input material used for the core is not processed during manufacturing. For example, the core of Ooops! Maxi paper towels weighs 28 grams. Ooops! Express is a coreless paper towel, so the lack of the core results in less paper waste for Ooops! Express. This means over 21 tonnes of less paper waste per year is generated thanks to the coreless paper towels of Vajda-Papír, including manufacturer brands, commercial private labels and away-from-home ranges.



### Economic packaging

As a result of economic packaging, our 100-meter paper towel packs require fewer units of recyclable plastic. For example, the paper volume of 100 metres of Ooops! Maxi single roll paper towel is equivalent to 5 packs of Ooops! Sensitive double roll paper towel. The former – due to its compact roll design – is in a packaging of only 12 grams, while the latter is in five packs of 7 grams, a total of 35 grams, so that the economic packaging of Ooops! Maxi paper towel requires 2/3 less packaging material than classic packaging.



### Consumer education

We also use our marketing activities to raise consumer awareness of the importance of recycling and selective waste collection. We highlight this sustainability step on our product packaging with the caption **“Recycle it!”**.



## Sustainable products of Vajda-Papír Group in 2022

### Number of sustainable, eco-friendly products:

Ooops! Express 375 2-ply 1 roll paper towel

Ooops! Maxi 3-ply 6 rolls toilet paper

Ooops! Eco-Natura beige 3-ply 8 rolls toilet paper

Ooops! Eco-Natura peach 3-ply 8 rolls toilet paper

Ooops! Eco-Natura 2-ply 1 roll paper towel

Ooops! Nature 2-ply 1 roll paper towel

Ooops! Nature 3-ply 6 rolls toilet paper

Ooops! Junior 3-ply 16 rolls toilet paper

Ooops! Everyday 3-ply 10 rolls toilet paper

Ooops! Everyday 3-ply 24 rolls toilet paper

Ooops! Everyday 3-ply 32 rolls toilet paper

Ooops! Classic Sensitive 3-ply 4 rolls toilet paper

Ooops! Classic Kamilla 3-ply 4 rolls toilet paper

Ooops! Classic Sensitive 3-ply 8 rolls toilet paper

Ooops! Classic Kamilla 3-ply 8 rolls toilet paper

Ooops! Classic AloeVera 3-ply 8 rolls toilet paper

Ooops! Classic Sensitive 3-ply 16 rolls toilet paper

Ooops! Classic AloeVera 3-ply 16 rolls toilet paper

Ooops! Classic Sensitive 3-ply 4 rolls toilet paper

Ooops! Classic Sensitive 3-ply 32 rolls toilet paper

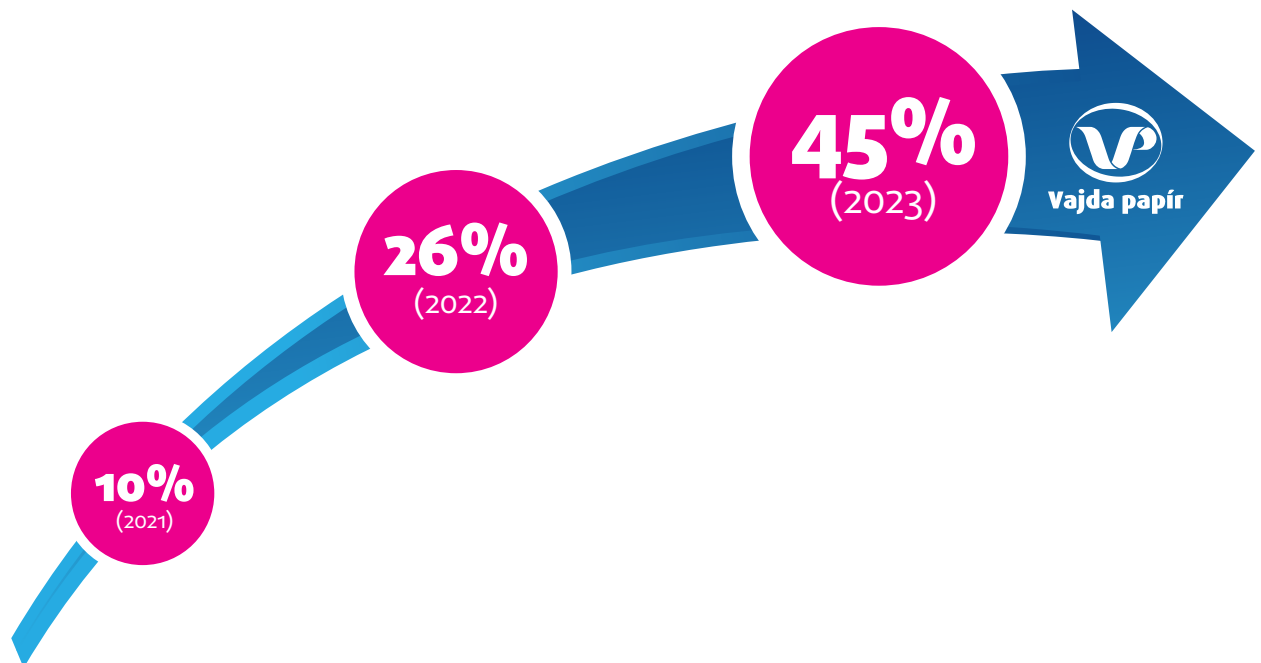
Ooops! Excellence 3-ply 1 roll paper towel

Rövidítések jelentése: KT=papírtörölő; TP=toalettpapír; PZS=papír zsebkendő; rtg=réteg; tek=tekercs



### ECO friendly Solutions

We offered 21 types of “ECO friendly Solutions” labelled Ooops! products from our Hungarian facilities to our environmentally conscious consumers at the end of 2022.



A key pillar of our ESG strategy is to increase the range of sustainable hygiene products manufactured at our Hungarian sites. We **increased the scale** of sustainable products in our overall product portfolio **to 26%** by the end of 2022, and our ambition is to reach 45% by 2023.

### Responsible marketing: fair marketing and product communication, clear labelling

Sustainable operation for us includes fair and explicit information to consumers in conformity to the prevailing requirements. Access to this information helps our current and prospective consumers and partners to make informed choices and purchase decisions.

All product information materials in our consumer marketing communication are subject to validation by the relevant Group quality assurance functions before release to ensure that the information complies with consumer protection, fair trading and other legal requirements.

We pursue our marketing, product communication and labelling activities in compliance with the relevant regulatory requirements. The Group communicates transparently and responsibly with consumers, avoiding misleading, unfair or unethical marketing and labelling practices, and contributing to sustainable consumption and the protection of consumer rights.

The Group did not identify any non-compliance with regulations and/or voluntary codes related to the product and service information, product marking, labelling and marketing communication activities in FY 2022.



## Digital product display

Details of our products and other parameters for consumers and business partners are available on our website. Further information is available on the website of Vajda-Papír

<https://vajdapapir.hu/termekek>

## Usage and handling instructions

We provide our consumers with detailed and clear information on product use and handling in conformity with the regulations in force. The instructions for use and handling for each product category cover the following:

- information on the safe use of the product, detailed description,
- product storage information,
- potential changes to the product if not stored properly,
- information on product packaging and its recyclability (e.g. waste management code),
- product disposal information,
- instructions on how to use the tube or other remaining parts and on selective waste collection,
- product packaging labelling on the raw material and typical dimensions,
- warnings for use by children,
- information on product conformity to sustainability criteria (e.g. raw material from sustainable managed forests, trademark, unique licence number),
- contact details on the product packaging consumers may reach out to if they have further questions.

Detailed product usage and handling instructions are available on our website in both Hungarian and English.

<https://vajdapapir.hu/dynamic/documents/hasznalati-es-kezelesi-utmutatok/Toalettpapir.pdf>



## QR code

Consumers can read the usage instructions for the relevant product category via a direct link to our online platform by scanning the QR code on the product packaging with their mobile phone.

# Society

## Our most valuable asset: Our people

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

We are a company with a sustainable, long-term mindset that creates jobs, and we contribute to sustainable economic development in Europe with over 700 jobs in Hungary and Norway in

our Group and the taxes we pay. We work every day with our employees to serve our customers' needs professionally and sustainably, delivering high quality products.

### Employment data of the Vajda-Papír Group <sup>14</sup>



**708**  
total employee headcount



**594**  
employees in Hungary



**114**  
employees in Norway



**32%**  
female

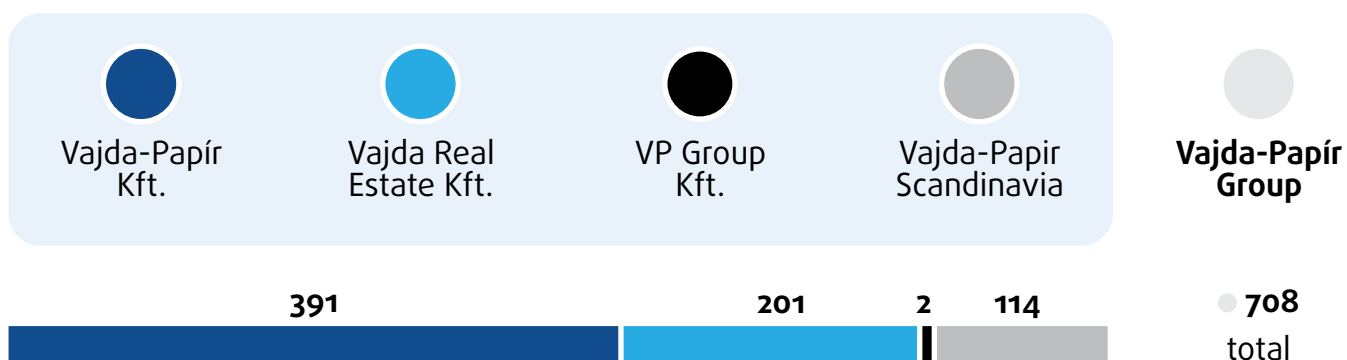


**68%**  
male

<sup>14</sup> The above figures reflect the situation as of 31 December 2022.



## Total number of employees (persons)



### permanent (indefinite) employment contracts



#### ↳ female



#### ↳ male



### number of fixed-term employees

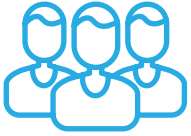


#### ↳ female

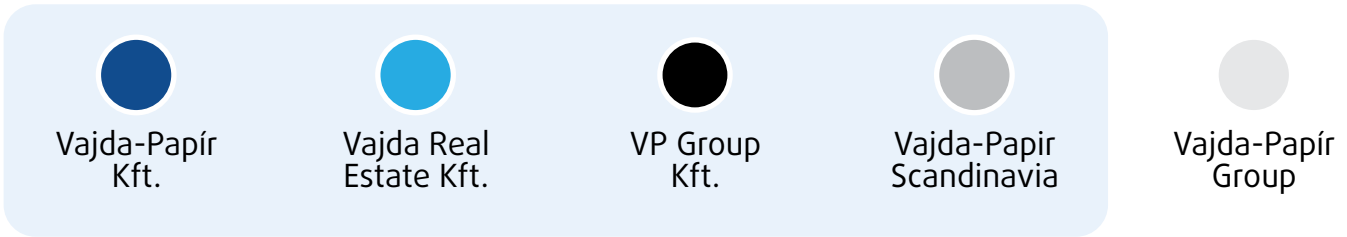


#### ↳ male





## Total number of employees (persons)



### number of active employees



#### ↳ female



#### ↳ male



### number of inactive employees



#### ↳ female



#### ↳ male





## Number of employees by type of employment (persons)



Vajda-Papír Kft.



Vajda Real Estate Kft.



VP Group Kft.



Vajda-Papír Scandinavia



Vajda-Papír Group

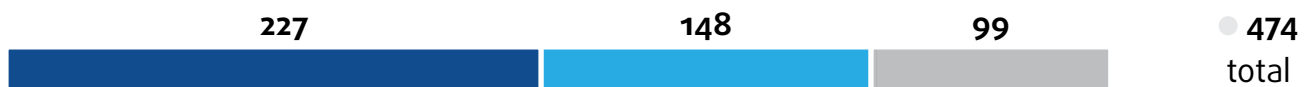
### employed full time



#### ↳ female



#### ↳ male



### part-time employees



#### ↳ female

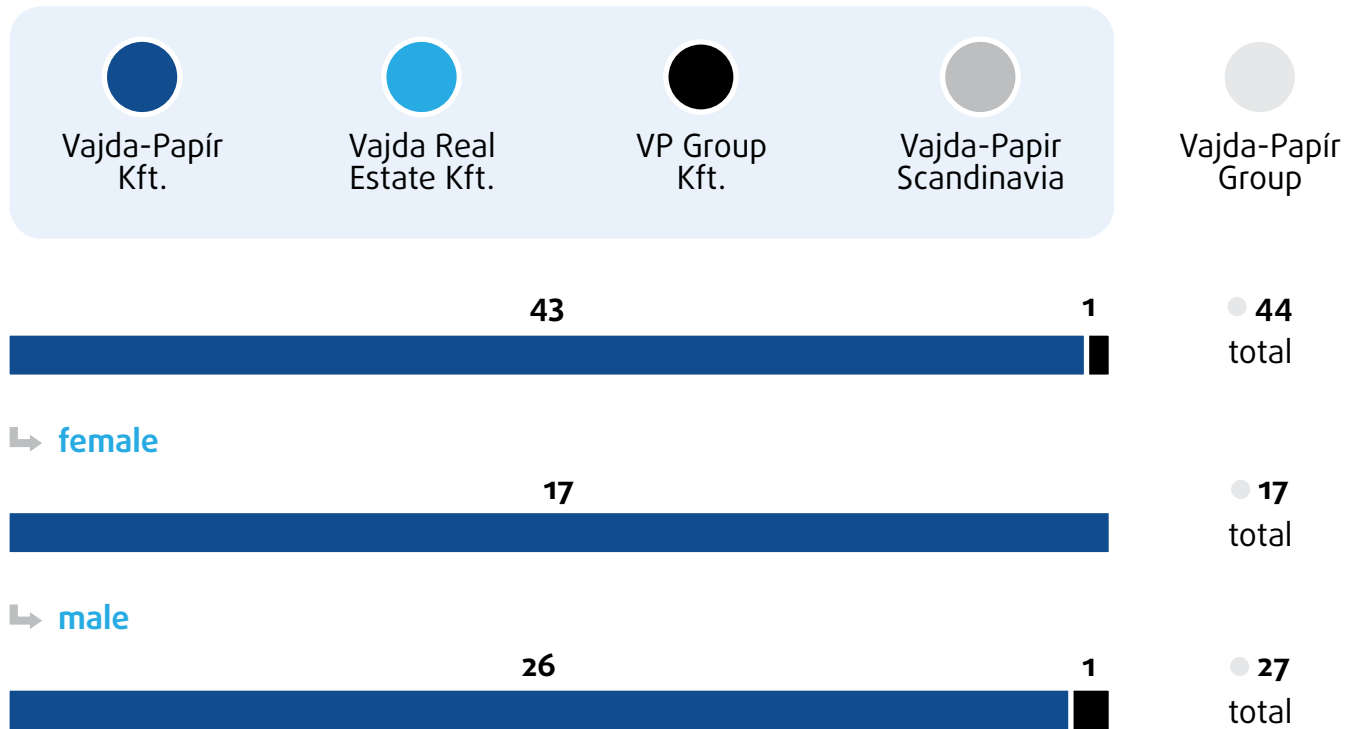


#### ↳ male





## Number of non-employed employees (temporary, hired, contractor, etc.)



### Responsible employment policy

Two key elements of our Group's responsible employment policy is an employer-employee relationship based on fair employment, and legally compliant business operations at all times. This covers the provision and regulation of appropriate working conditions, remuneration, working time and rest periods, statutory leave, management of occupational health and safety issues, employee recruitment, hiring and exit procedure, parental leave, and ensuring a healthy and safe working environment. We also look after the well-being of our employees, employee experience and satisfaction.

We operate based on clearly defined principles, which are also set out in our Code of Conduct. As a fair employer, respect for fundamental human rights and equal treatment is a prime concern. We also have a set of policies and procedures for human resources management processes. We regulate, among other things, the processes governing cafeteria benefits, recruitment, remote work, office procedures and the mentoring programme.

We also apply our employment policies to work outside the Group's direct control, that is to temporary and leased staff engaged otherwise, contractors and suppliers.

## Key HR policies

General principles	Training	Recruitment	Special policies
<ul style="list-style-type: none"><li>• Code of Conduct</li><li>• Employee Manual</li></ul>	<ul style="list-style-type: none"><li>• Training and Development Policy</li></ul>	<ul style="list-style-type: none"><li>• Recruitment</li><li>• Employee Referral Programme</li></ul>	<ul style="list-style-type: none"><li>• Energy Efficiency, Neat Office Policy</li><li>• Travelling Policy</li><li>• Cafeteria Policy</li><li>• Remote Work Policy</li></ul>



The Group HR function is responsible for the design, development and effective operation of the Group's organisational and HR systems and processes, as well as for the supply, development and retention of professionals required to

achieve our goals. HR is a high priority function In both the Hungarian Group and the Norwegian subsidiary, reporting directly to the managing director.

	Vajda-Papír Kft.	Vajda Real Estate Kft.	VP Group Kft.	Vajda-Papír Scandinavia	Vajda-Papír Group
<b>Number of employees taking parental leave</b>	<b>12</b>	<b>10</b>	<b>0</b>	<b>5</b>	<b>27</b>
female	10	2	0	3	15
male	2	8	0	2	12
<b>Number of employees returning to work after the end of parental leave during the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>
female	0	0	0	3	3
male	0	0	0	2	2
<b>total number of workers re- turning to work after the end of parental leave who were still employed 12 months after re- turning to work</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
female	0	0	0	3	3
male	0	0	0	1	1

The return to work rate in 2022 was 18.52%<sup>15</sup>

<sup>15</sup>  $(5:27) * 100 = 18,52\%$



### Employee turnover

Monitoring the entry and exit rates, and tracking turnover is key to the effective functioning of our Group. We regularly measure and summarise data on our new hires and exits in a given period. In 2022, employee fluctuation at the Group was 39.5% for exits and 47% for new hires.

Identifying the reasons for leaving is essential to retain the right workforce. We conduct exit interviews to identify the reasons leading to termination, and develop and implement action plans, where required, to ensure effective workforce management.

### New and exiting employees at Vajda-Papír Group in 2022

Vajda-Papír Group (total)	
<b>Number of exits</b>	273 (123 female, 150 male)
Total active headcount	692
<b>Employee turnover rate (percentage of exits)</b>	<b>39.5%</b>

Vajda-Papír Group (total)	
<b>New hires</b>	325 (112 female, 213 male)
Total active headcount	692
<b>New hires rate</b>	<b>47.0%</b>

## Attracting new talent

One of the keys to the sustainable development of our Group is to select employees with the right motivation and expertise, and to promote their professional development so as to retain and rely on them in the long term.

We guarantee equal opportunities throughout the recruitment process, and in no case do we impose or accept age, gender, race, religion, colour or origin criteria. Pursuant to the Labour Code, we employ only people over 18, or, where youth under 17 are employed, this is only done with the permission of their legal representative, in compliance with the relevant section of the Labour Code.

We actively use our company website for recruitment, where we also list open positions by location. There is a special section highlighting current vacancies, dedicated to career starters. We use job portals, social media (Facebook, LinkedIn) and, where appropriate, newspaper job adverts to find the right people. We also use applications received through our Referral Programme in our selection processes.

In addition, we also have our internal recruitment process, where the job profile for a particular position is advertised internally, thus providing our employees with a promotion opportunity.

## Onboarding

We focus on the in-depth introduction of our company culture and operations to new hires during the onboarding process. Our employee handbook, specialised basic training, and mentoring programme help them to settle in quickly and seamlessly. It is also important for us that new employees see their own added value as useful from day one, increasing their commitment and reducing the risk of future turnover.

## Mentoring programme

Our mentors support new hires in their daily work for six months in the scope of our mentoring programme. A special feature of the programme is that we prepare mentors in advance for the tasks ahead of them. The extra work is rewarded financially and with special benefits as a way of thanking our enthusiastic colleagues for assisting new colleagues in quick onboarding.



## Career plan

Based on a career plan, we enable our staff to move up through promotion or pursue a new career by transferring to another job.

## Incentive and benefit scheme

Our people are our most important internal stakeholders, without whom we could not achieve success. We also express our appreciation and recognition of our employees through – nearly 20 – fringe benefits.

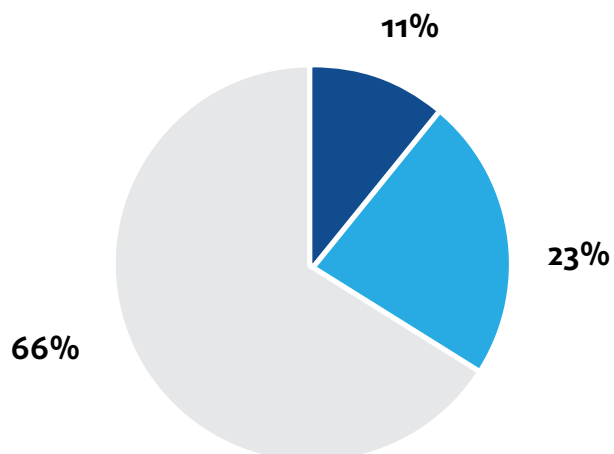


## non-salary compensations

- ✓ cafeteria
- ✓ providing corporate hot food catering
- ✓ making products available for household use
- ✓ travel allowance
- ✓ shuttle buses for long-distance commuters
- ✓ supporting travel home for the week-end
- ✓ discounted banking service
- ✓ discounted telephone package
- ✓ discount on the purchase of glasses
- ✓ supporting the purchase of monitor and office chair for people in home office
- ✓ housing allowance, workers' hostel for people who live far
- ✓ service anniversary recognition bonus
- ✓ events:
  - ✓ women's day
  - ✓ Santa Claus gift package for employees' children
  - ✓ team building trips
- ✓ Christmas bonus
- ✓ bereavement allowance
- ✓ utilities cost allowance
- ✓ In this period of energy crisis, we are intent on giving more support to our people, therefore, in November 2022 we introduced an energy allowance of HUF 30,000 gross per month for low salaried employees.<sup>16</sup> We help over 100 people / families through this support.

<sup>16</sup> Supported workers are not employed at minimum wage.

## Vajda-Papír Group employees distribution based on their distance between their home and their workplace



- Those who work from outside a radius of 50 km
- Those who work from outside a radius of 25 km
- From the local community (within 25 km)

In addition to the statutory commuting allowance for our employees, we also provide a bus service for those who travel to work from a distance.

### Performance review

We assess our staff on the basis of measurable performance, their performance on the job and their progress. Our merit- and performance-based values condemn all forms and manifestations of personal prejudice. Annual personal targets are

closely linked to our strategic and sustainability objectives, mission and vision.

We assess our employees' personal insights and their efforts in achieving the set targets during performance reviews. They also get an opportunity for self-evaluation, which is completed by their supervisor's assessment at the end of the review process. This is essential for both white and blue collar employees.





### OUR VALUES

- **Determination** and **perseverance**
- **Excellence** and **agility**
- **Flexibility** and **agreement**
- **Family business** and **international presence**



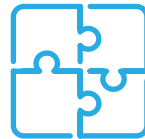
### OUR VISION:

- Providing **health** and **hygienic** products for everybody



### OUR MISSION

- Support the sustained growth of our **partners**
- Be **efficient supplier** to our partners
- **Be recognized as an efficient and reliable value creator by all stakeholders** in the sanitary paper segment worldwide



### STRATEGIC PILLARS

- **Sustainability** and **environmental awareness**
- **Committed employees**
- **Excellent product** and **service quality**
- **Cost efficiency, innovative solutions**





### Annual corporate targets



A safe, healthy and environmentally friendly workplace



Optimal inventory composition throughout the supply chain



A committed work community, team spirit



Professional partner management for high customer satisfaction



An economically stable company in continuous operational and process development



Outstanding service accuracy



Excellent and up-to-date expertise, training of future generations



Social responsibility, charitable activities



Efficient production

**Corporate targets are achieved together!**

## Remuneration principles

The performance of directors and managers in the Group is evaluated on the basis of indicators linked to targets. Their performance score is also linked to the company's financial results. Strategic sustainability commitments are also embedded in the remuneration process at all levels of management.

### Annual total compensation ratio

This 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), which was 3.9 in FY 2022. The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total

compensation for all employees (excluding the highest-paid individual) in FY 2022 is as follows: 11% (the highest) vs. 14.5% (all employees). Two highest-paid persons were compared to all blue and white collar employees. Remuneration, in addition to salary, includes bonus, stock awards and other compensation.

### Employee experience and satisfaction

Employee satisfaction is measured annually through a comprehensive employee **satisfaction survey**. The results are evaluated, and an action plan is developed to increase satisfaction. However, depending on the actual situation, we also launch shorter surveys, such as a mood barometer or pulse check, to get quick feedback from our employees on specific situations.



## Team building

An essential part of employee experience and satisfaction is a sense of belonging, which is just the purpose of our team building events. In 2022 we held our traditional summer rowing team day, where we further improved team spirit.

To mark the start of the Giro d'Italia and the associated Tour de Hongrie, our Ooops! brand as sponsor also brought together an enthusiastic group of employee supporters to celebrate the biggest cycling events

## Internal communication

We use a variety of channels and forums to effectively reach and involve our employees and communicate company information.

For internal communication, we use modern solutions, such as Viber-based ChatBot system. The application does not only allow to access mandatory work related information (e.g. policies), but also the latest company news, video messages and invitations to team building trips.

We measure how many of our employees read the news posts, and use this feedback to con-

Tour de Hongrie 2022



tinuously improve our internal communication solutions.

Strengthening Ooops! as a corporate and consumer brand has a dedicated place in our internal communications. The HR function coordinates the Group's internal corporate communications and their development to share efficient and up-to-date information with employees.



**The following forums are used for company information sharing among our employees:**

- notice board
- company newsletter (monthly)
- Ooopsi-Maxi, our virtual assistant (Viber-based chatbot)
- executive and/or director briefings



In case of problems or requests, employees can contact their line manager. In accordance with our Group's Open Doors policy, all employees have

the right to approach any manager or officer of the company if they believe that the nature of the problem warrants it.

We are particularly proud that in 2022 the HR Director of our Hungarian Group received the CSR Special Award in the "HR Manager of the Year 2022" competition, an objective recognition of Balázs Tóth's outstanding work in the field of corporate social responsibility.



The **HR Manager of the Year CSR Special Award** 2022 was given to Balázs Tóth, HR Director of Vajda-Papír Kft.



# Training and education

(GRI 404)

Paper production and the associated technologies are constantly evolving, and we also need to comply with ever-growing criteria in our business operations. With advanced digitalisation and modern technologies, we can only be successful with our investments and increase our competitiveness with highly qualified and committed employees who embrace continuous development. In order to address the impact on the industry, we are more committed to the training and development of our staff than before, as we can only achieve our strategic goals with employees with the right skills and qualifications.

## Support of vocational training in the paper industry

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 played a major role in producing the necessary educational materials. 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. Our experts have also helped to define the training and output requirements for the new paper industry professions and specialisations.

## Dual training

Vajda-Papír Group developed and launched a dual training programme in the 2021/2022 academic year in close cooperation with the Zsuzsanna Lorántffy Technical School and College of the Dunaújváros Vocational Training

Centre in which students acquire theoretical knowledge, practical skills and competences with the involvement of the sector's stakeholders. In the scope of the agreement with the vocational school, our Group was actively involved in defining the relevant marketable competences to ensure that the curriculum is based on real needs and the young generation of professionals can rise to the challenge of changing industrial production trends. 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. The programmes address the next generation, hoping that they will become committed professionals of our Group in the long term.

## Annual training and education plan

The professional skills of our people are vital for the successful and sustainable operation of the Group. One of the main objectives of on-the-job trainings is to ensure safe work, quality in production, and full compliance with occupational and fire safety standards. To ensure that training runs smoothly and efficiently, we prepare a training plan each year covering all key competences: digital, technical and process, leadership, sustainability, language and communication skills. The training plan applies to all employees regardless of their position or responsibilities. Planned training sessions are partly funded by grants.



## Comprehensive training project

The Group implements a 24-month comprehensive training project **as of 1 July 2022** addressing the development of both professional and soft

skills of our employees. The training will reach almost all our employees, who will be offered a range of training opportunities as follows.

Key training topics	Main training goals
<b>5S and LEAN basics</b>	Shaping the corporate mindset to improve the efficiency of manufacturing and organisational work, providing insights into the basics and methods of LEAN philosophy, the essence of KAIZEN philosophy, LEAN Management philosophy and the role, steps and standards of 5S, thereby increasing our efficiency.
<b>Quality management in the paper industry</b>	Enhancing competences for the operation of paper machinery: development of energy-conscious, sustainable thinking in paper production, performance orientation, pursuit of quality, accuracy and compliance, acquisition of the relevant competences. Improving product knowledge: overview of the quality characteristics of finished paper products to enable workers to master the relationship between production steps and the quality characteristics of the final product. Background to BRC, FSC, ISO and other certifications.
<b>Robotisation and linked areas</b>	Safety requirements related to robot operation, data backups and reloads, axes and coordinate systems - Understanding the basic functions and structure of robots, operation and use of Teach Pendant, file operations, programmed movements and editor commands.

## Further topics offered in the scope of the comprehensive training project:

- Advanced user skills of Microsoft Office tools
- Opportunities provided by the ERP system
- Maintenance skills upgrades (pneumatics, controls, etc.)
- Current purchasing and sales methods
- Time management
- Leadership skills development

A number of training courses and groups (e.g. Office, 5s and LEAN, IFS (ERP) systems) were launched in the 2022 reporting period.

Almost 150 employees attended training in the first groups in 2022. The training courses apply to all white collar and, in some cases, all blue collar employees.

### Vajda-Papír Group training expenditure in 2022

Training	In 2022	Between 2022-2024
Total training hours	75 000	288 000
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

### Strategic objective

**Quality education** is a key component of our ESG strategy with the following specific commitment:



#### Quality education

Our professionals in support of dual vocational training in the paper industry contribute several hundred hours to the training programme (e.g. practical training or updating teaching materials).

#### Employee training

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

### Key steps taken in 2022 to achieve the above target:

- Besides our general training plan, we launched a comprehensive 24-month training programme in 2022, making major progress in increasing the average training hours per employee by 50%.
- Our expert employees are actively involved in the vocational dual training programme.



### **“Award for Largest Training Programme of the Year” (2022)**

The “Award for Largest Training Programme of the Year” was presented to Vajda-Papír by the Ministry of Foreign Affairs and Trade in cooperation with the Hungarian Investment Promotion Agency (HIPA).

Levente Magyar, Deputy Minister of Foreign Affairs and Trade and István Joó, CEO of HIPA presented the award to Attila Vajda, founder and managing director of the company at the gala event of Investor of the Year 2022.

The commendation at the award ceremony highlighted that Hungary’s leading manufacturer of hygiene paper products, Vajda-Papír Group started as a family business in 1999 and has grown into a high-tech tissue corporation supplying paper products to more than 30 countries. The company has launched a €4 million training project for 500 employees, 60 of whom joined the workforce thanks to a new €64.2 million investment in its Dunaföldvár mill the previous year.

The program aims to improve the knowledge of paper raw materials and increase the efficiency of processing and base paper production machines. In addition, workers can improve their skills, among others, in terms of modern production methods and IT.





# Occupational health and safety

(GRI 403)

As a manufacturing group, safe working conditions, the protection of our employees' health and permanent compliance with law are key for us.

We strive to avoid previously identified unsafe situations in our work, but also to be adequately prepared to deal with any potential events. In the event of a fire, all employees must proceed as per the instructions given at the regular fire safety training, in the Fire Evacuation Plan and the Fire Safety Regulations. In the event of an accident, the instructions from the regular occupational safety training and of the Occupational Safety Policy apply. Our Occupational and Fire Safety Policy applies to all employees (students, contracted workers, etc.), visitors and external contractors.

## **Management of occupational health and safety risks**

As required by law, we carry out an occupational safety risk assessment and chemical risk assessment to identify potential hazards (haz-

ard sources, emergency situations) and define the persons at risk, classify risk types (accident, health impairment); and fully comply with occupational health requirements.

## **Mandatory training**

We also point out the importance of safe working practices in our Code of Conduct and in our training for new employees, and we uncompromisingly in compulsory and refresher training, and fire drills as they are the foundations for safe working practices.

Our specific safety training aims to provide our employees with a comprehensive understanding of the requirements of safe working practices to avoid health risks and of the mandatory procedures. Training is part of working time and is repeated at prescribed intervals. Completion is entered in the training record signed by the instructor and the participants.

## Occupational safety training

Our aim is to provide our staff with all the relevant information in a comprehensive structure. Key training points:

- Legal background of occupational safety, with special regard to Act XCIII of 1993 (Labour Safety Act)
- Rights and obligations of employees and the employer.
- Employment prerequisites, particularly occupational health examination
- Concept and content of risk assessment
- Personal protective equipment and work equipment: allocation, inspection before use, storage, maintenance, reporting 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 telephone numbers
- Behaviour in plant areas, moving around, storage of materials and specific hazards
- Different risks of jobs and how to deal with them
- Specific hazards of working near machinery and equipment
- Slips, trips, falls and their consequences, risk management
- Lessons learned from previous accidents and injuries

## Work accidents at Vajda-Papír Group in 2022

	Vajda-Papír Kft.	Vajda Real Estate Kft.	VP Group Kft.	Vajda-Papír Scandinavia	Vajda-Papír Group
<b>Workplace accidents in the relevant year</b>	<b>12</b>	<b>13</b>	<b>0</b>	<b>10</b>	<b>35</b>
Number of fatal accidents	0	0	0	0	0

There were a total of 35 accidents on Group level in 2022 with no fatal accidents.

# Corporate social responsibility and support of local communities

(GRI 403)

Our support policy focuses on people in need and local communities. We believe that our donation efforts can only be beneficial if we take a long-term view and responsibility for helping our fellow human beings facing difficulties.

For this purpose, we built a long-standing partnership with the Hungarian Charity Service of

the Order of Malta, renowned for its charitable dedication. Under their professional guidance, we are the major sponsor of programmes providing long-term help to people in need to make a real difference to their situation. We are also ready to take up initiatives, events and village fairs recommended by our employees where we can support local communities.

## Main pillars of our support policy

### Long-term cooperation and partnership



**Special support of the Maltese Charity Service**



**High quality product donations and financial support**



**Support of local communities**

## Donation activities

As Hungary's leading hygiene paper manufacturer, it is clear that donating high-quality products as part of our charitable efforts to vulnerable social groups who have very scarce financial resources to obtain even basic daily hygiene supplies. We have always prioritised social responsibility, particularly the support of deprived people. Helping vulnerable groups in society is a priority

at all times, and companies can take a significant burden off the social networks that serve those in need by assuming more corporate social responsibility.

In 2022, in cooperation with the Hungarian Maltese Charity, we helped care for refugees from Ukraine in dedicated shelters and help points; and in partnership with the charity, we donat-



ed 10 tonnes of hygiene paper products to help meet the needs of 3,000 people with disabilities – in 22 residential institutions, 16 day care centres and 27 support services – for a whole year. We also made an in-kind donation to the ‘Kéznyújtás a Rászorultakért’ Charitable Foundation that distributed our hygiene paper products to the needy during the winter. We donated goods worth HUF 32 million<sup>17</sup> to help the deprived people during the reporting period.

<sup>17</sup> Gross market value.

We also made a cash donation, which is the most effective means of supporting recreational sports activities. In this spirit we transferred a total of HUF 825 000 to ‘Lapátolók’ Dragon Boat Sport Club in 2022.

### War in Ukraine

In our changing world, we are sensitive to people who are vulnerable due to crisis situations that require immediate solutions. Due to the prolonged war in Ukraine, helping people living in and fleeing the war-torn area was a top priority in 2022, in cooperation with the Maltese Charity Service that provided short and long-term life counselling and suggestions to war refugees. As a constantly growing and expanding group, we offered nearly 100 jobs to both Hungarian and Ukrainian-speaking people from Transcarpathia fleeing the Ukraine, creating opportunities for work, in the Group’s factories in Dunaföldvár, Székesfehérvár and Budapest, and secure income and housing.



photo: Hungarian Maltese Charity

The war urged us to accelerate our charity efforts, accordingly we strengthened our cooperation with the Maltese Charity Service and donated 1 tonne of hygiene paper products to Ukrainian refugees at shelters and help points.

**Vajda papír** **Ooops!**

A Vajda-Papír 100 munkahely lehetőséget ajánl fel az ukrajnai harcok elől menekülő, biztos jövedelemre vágyó munkavállalóknak.\*

Vajda-Papír offers 100 job opportunities for people fleeing the fighting from Ukraine and looking for a secure income.\*

Vajda-Papír proponuje 100 robocích miest'ch dla ľudí p'rt'ukajucích v'yd bojov'ich d'j' z Ukra'ini i šukajucích bezp'ecnij doh'od.\*

**INFORMÁCIÓ / INFORMATION / ІНФОРМАЦІЯ**

## Voluntary actions

The proof of success of the Group's charity programmes is that our employees often readily get behind our initiatives with donations, support or by volunteering. Our employees also actively contributed to our key initiative in 2022 to help the needy in Ukraine by collecting non-perishable food and toiletries.

Protecting and preserving the cleanliness of our immediate environment is important to us, which is why we also take part in litter picking campaigns near our factory on the banks of the Danube, and we are open to support specific, ad hoc requests. For example, in autumn 2022, we joined the gardening teams in the courtyard of the Soroksár kindergarten near our head office.

## You are all heroes!

We lead by example to encourage our business partners and customers to take social responsibility. They are welcome to join our Group's charity activities in the scope of our "You are all heroes!" charity programme launched several years ago, also by joining the Ooops! community and making purchases, we can do something together to support good causes.



The beneficiaries of our campaign in 2022 were people with disabilities and their families via the Maltese Charity Service. We provided the charity's 22 residential institutions for people with disabilities, 16 day care centres and 27 support services with a year's supply of hygiene paper products.





## Equal opportunities

(GRI 405)

Equal treatment and equal opportunities are fundamental basic notions in our business. This means respecting differences based on gender, colour, religion, origin, ethnicity, nationality, age, physical disability or marital status. We also expect our staff to respect equal treatment and opportunities as set out in our Code of Conduct.

We ensure equal opportunities and appropriate treatment for all applicants to our Group. Jobs are held based on professional criteria; women and men have an equal opportunities to develop and succeed in their careers, also in management positions.

There is no difference between women's and men's salaries. Pays are determined according to the job value of the position advertised, regardless of gender or minimum wage. In Norway, we pay the same salary for the same job regardless of gender under the strict "same job - same pay" equal opportunities policy.

The diversity of our employees is not only reflected in their age, gender and professional experience, but also in their nationality – another aspect of diversity within the Vajda-Papír Group in Hungary and Norway. We also had Austrian (1), Ukrainian (15) and Vietnamese (4) employees at our Hungarian sites in 2022.



## Female employees



### Number of female workers on the last day of the year



### ↳ Number of female employees in senior management on the last day of the given year



### ↳ Number of women among middle managers





## Age diversity



Vajda-Papír Kft.



Vajda Real Estate Kft.



VP Group Kft.



Vajda-Papír Scandinavia



Vajda-Papír Group

### Number of employees **under 30 years of age** on the last day of the given year



#### ↳ female



#### ↳ male



### Number of employees **between 30-50** on the last day of the given year



#### ↳ female



#### ↳ male





## Age diversity



Vajda-Papír  
Kft.



Vajda Real  
Estate Kft.



VP Group  
Kft.



Vajda-Papír  
Scandinavia



Vajda-Papír  
Group

### Number of employees **over 50 years** of age on the last day of the given year



#### ↳ ebből nő



#### ↳ ebből férfi



### Women and men in the management of Vajda-Papír Group

50% of the ownership is held by women in Hungary. There is one woman director (20%) in the senior management. All the executives of the Norwegian subsidiary are men.

## Managing directors and functional directors

Gender diversity  
of managing directors  
and functional directors

  
Hungary

  
Norway

**Total**

6

2

↳ male (persons)



↳ female (persons)



### Green Committee

**Number of members**

3

↳ male (persons)



↳ female (persons)



# Corporate governance

## Governance at Vajda-Papír Group

(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)

### Transparent business operations

We operate as an international group structured around corporate governance methodology, but we have also retained the core assets of our

family business – agility, flexibility and openness to innovation – to drive sustainable development and strengthen our competitiveness.

### Owners of Vajda-Papír Group

#### Attila Vajda – managing director, owner

The owner of the Vajda-Papír Group established Vajda-Papír Kft. in 1999, which he still manages as founding owner. Employing his professional and business experience he developed the two-person family business into Hungary's leading hygiene paper group. Through years of consistent work, he is now responsible for the successful operation of an international group of companies with over 700 employees. By virtue of his position in the Hungarian group, he is in charge of setting the strategic direction, driving the growth and achieving the goals of the business. Attila Vajda ensures smooth and efficient operations, as well as the profitability and sustainability of the business.



The key to his success lies in his ability to adapt to change, embracing innovations, problem solving and decision making prowess.



**Szilvia Vajdáné Csata – deputy managing director, owner**

She has supported the operations of Vajda-Papír Kft. since 2004 as founding owner and deputy managing director. Her main responsibility is to oversee the seamless operational functioning of the company, primarily in the administrative function and logistics. This also includes liaising with government agencies and financial institutions. In addition to her management function, she gives operational support to the company. She also plays an important role in providing background support to Attila Vajda. She started her career in transport and business administration.

**Hungary**

Vajda-Papír Group in Hungary is managed by its owners and directors.

The companies have no dedicated management, but are managed by managing director Attila Vajda with the team of directors.

Strategic – including sustainability and ESG – decisions for the company are taken jointly by the managing director and the functional directors.

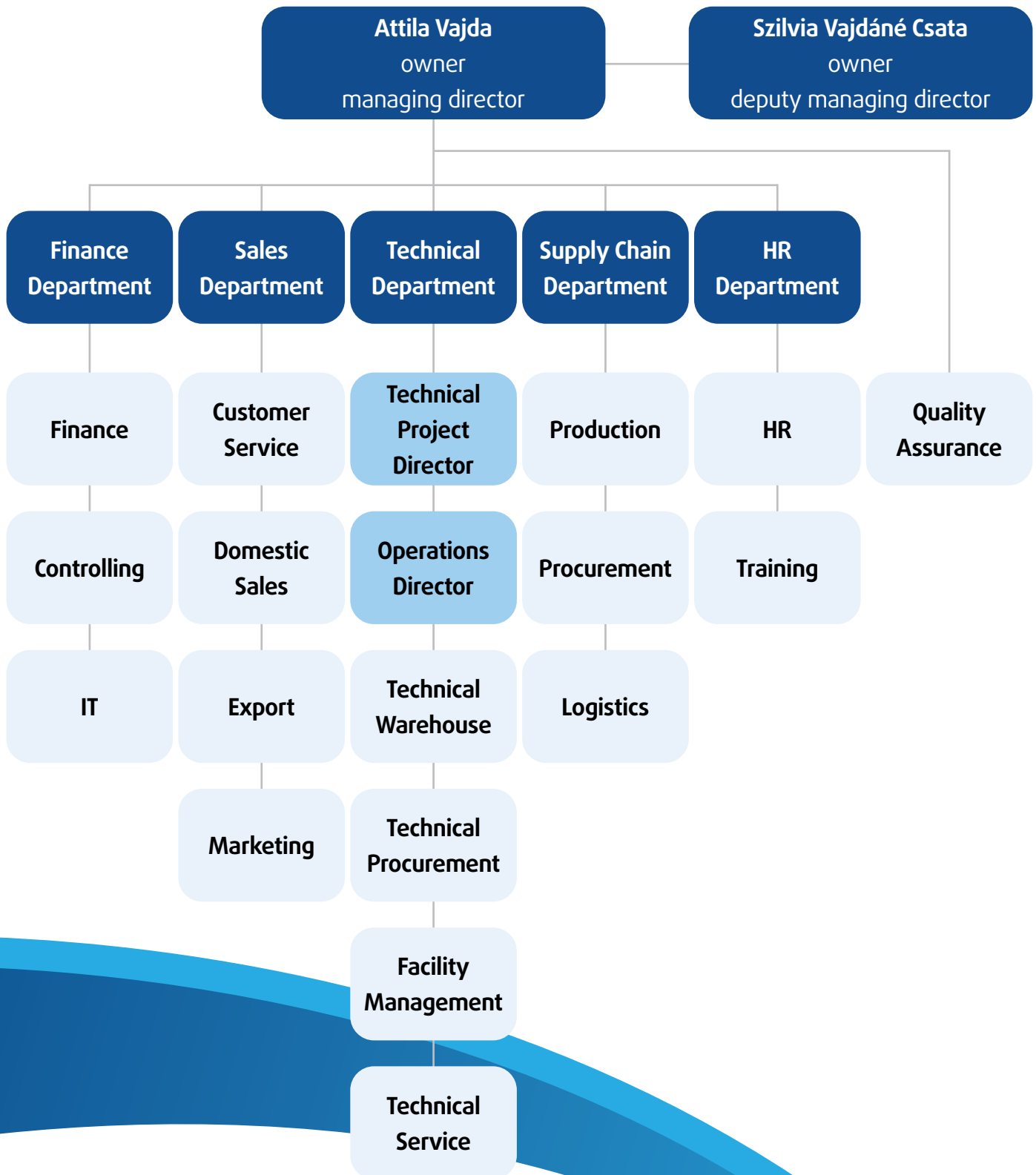
The management of the Norwegian subsidiary is described in more detail after presentation of the Hungarian operations.

We are present in the Xbond corporate market of the **Budapest Stock Exchange**<sup>18</sup> (BSE) and through our bonds in the green product category.

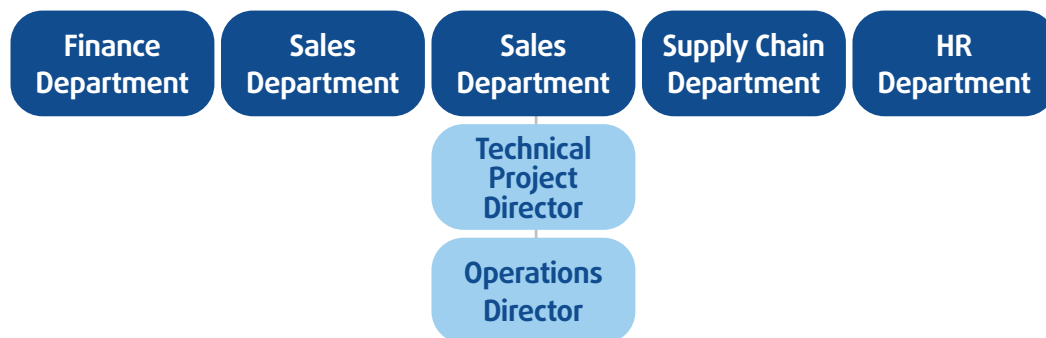
<sup>18</sup> Vajda-Papír Kft. is present in BSE in the XBond category and with green bonds issued in 2021 in the green products category.

## Organisation and operation

The **managing director**, also one of the Group's owners, is the supreme manager of the organisation in charge of the operational activities of the company.



## Members of the Board



The managing director was assisted by the directors of the strategically five most important areas in 2022. The directors are selected on the

basis of their relevant competences essential to the Group's activities and operation.

### Julianna Kozmáné dr. Kiss – Finance Department – CFO

She had headed the Finance Department with considerable experience as the finance director of Vajda-Papír Kft. since 2019. Previously, she demonstrated her competence as a financial manager at Hungarian and international companies in various sectors (manufacturing, trade), driving efficient and profitable operations. In addition to accounting, taxation and financing processes, she has a strong knowledge of project and change management.



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

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

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### Szabolcs Sztaniszláv – Sales Department – Sales and Marketing Director

He has been with the Vajda-Papír Group since 2018. He started his career as a domestic sales manager, then an internal selection in 2022 took him to 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, optimising the product portfolio, making new product launches, and purposefully advancing the company's image and brand building. In line with this, he also coordinates sales operations to grow profitability. He gained extensive knowledge in commercial practices as a sales and key account manager, and as a middle manager earlier in his career.

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

He has been in charge of the efficient technological and technical execution of projects supervising and coordinating the planning and production process in compliance with standards, and manages the utilisation of the company's real estate since 2008, as the Technical Director of Vajda-Papír Kft. and Vajda Real Estate Kft. His professional management of the technical tasks contributes to the smooth and optimal production of quality products. He was also involved in product development early in his career, honing his practical skills contributing to his success in subsequent positions as company manager and technical director, typically in paper companies.



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.

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***„Our Group is also addressing the challenges of technical operations and maintenance by focusing on our long-term green strategy. These positive attributes have been instrumental in a number of good decisions in operations and opting for the best solutions in technology.***

***István Podlovics has a major role in the early stages of innovation and product development. He works for the success of the company with as much commitment and professionalism as I do.”***

***(Attila Vajda, owner of Vajda-Papír Group)***

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## János Schoner – Technical and Operations Director

As of 2022, the responsibilities of the Operations Director of Vajda-Papír Kft. include the efficient use of resources, the management and coordination of production, maintenance and facility management with a KPI-based, efficiency driven approach. He is also the owner of development and production processes. All this is done applying the theory and practice of Lean, 5S and TPM management methods. He was exposed to the specificities of several sectors in his professional career, in particular the automotive industry, where as a manager he acquired a forward-looking, strategic mindset to deliver better productivity indicators and achieve operational targets.



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

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## Balázs Tóth – HR Department – Human Resources Director

He has been the Human Resources Director of Vajda-Papír Kft. since 2019 ensuring the smooth and efficient operation of the entire HR function of the organisation. He leads and supervises the HR strategy development, the compensation and performance review system, organisational development, the development and communication of HR policies (e.g. Code of Conduct, training strategy, etc.), and, where appropriate, compliant management of violations and complaints. He actively shapes our corporate culture and driving employee loyalty leveraging his previous multi-sectoral experience.



He first focused on mastering the English language and obtained a teacher's degree in English from the Teacher Training College of Szent István University. He then obtained a degree in financial economics from the Faculty of Finance and Accountancy of the Budapest University of Economy. He attended an executive coach training course at the Academy of Executive Coaching in London.



## Meetings

Meetings, as part of the Group's governance system, are a management tool for achieving the company's objectives. The purpose of meetings is to share information, coordinate the work of directors, prepare management decisions, assist the implementation of decisions and to provide managers and employees a forum to seek and give advice and advice to resolve extraordinary matters.

**Monthly progress meetings** are held to review the controlling report, draw up action plans to achieve the targets, review business operations

and the evolution of liquidity, and to discuss the internal matters of the company. It is also a forum for discussing sustainability and ESG relevant issues, expanding and sharing ESG-specific and sustainability knowledge and insights.

The last three months' results and future plans are presented at the **quarterly middle management forums**. The meeting is also the venue for brainstorming and exchanging views with middle managers, and to follow up on the Group's ESG strategy commitments.

## Integration of sustainability in operations

### Green Committee

We established the Green Committee on 7 May 2021 during the development of our Green Bond Framework. The Green Committee oversees the use of Green Bond funds, as well as the Group's sustainability efforts and strategic commitments. The Committee has a terms of reference and meets quarterly.

Members: Deputy Managing Director, CFO, Quality Management Manager, Product Development and EHS Manager.

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

## A ubiquitous ESG mindset in the Vajda-Papír Group business

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
<b>Major social responsibility actions</b>	<b>Managing directors</b>
<b>Management of the Group's economic, social, and environmental impacts</b> <b>ESG strategy, sustainability goals, commitments</b> <b>ESG mindset and awareness raising</b> <b>Annual ESG reporting</b> <b>Review, monitoring and, where required, redefinition of ESG strategy commitments</b> <b>Business ethics and compliance</b>	<b>Managing directors and directors</b>
<b>Monitoring the commitment under the Green Bond Framework and the goals attached to the ESG strategy</b>	<b>Green Committee</b>
<b>Coordination of the development of ESG reports</b> <b>Preparation of the allocation report and impact analysis linked to Green Bond issuance</b>	<b>CFO</b>
<b>Quality assurance, quality management</b> <b>Occupational safety</b> <b>Sustainable raw materials, sustainable products</b> <b>Environmental KPIs: Scope1, 2, 3 emissions, energy efficiency, consumption, waste management, water consumption</b>	<b>Quality Management, Product Development and EHS Manager</b>
<b>Human capital management</b> <b>Training, education – dual training</b> <b>Equal opportunities</b> <b>Ethical operation</b>	<b>HR Director</b>

The managing director and CFO of Vajda-Papír Group, and all functional areas involved in ESG reporting – involving the HR Director, Quality Management, Product Development and EHS Manager, and Marketing – have a key role in

collecting the data and information required for sustainability reporting and in the production of the report. The ESG report ready for publication is approved by the managing director.



## Norway

### Vajda-Papir Scandinavia AS

According to the owners' decision, the Group's subsidiary in Norway is managed by the managing director of Vajda-Papir Scandinavia AS. Weekly meetings provide a forum for discussion between the owners and the managing director.

### Organisational structure of Vajda-Papir Scandinavia AS

#### Managing director

Sales

#### EHS

(Environment,  
Health and Safety)  
Quality management

HR

Supply chain

Finance

Production

### Mark Watkins - Managing Director (Vajda Papir Scandinavia AS)

He has been heading Vajda-Papir Group's subsidiary in Norway (Vajda Papir Scandinavia AS) since 2019. With more than 15 years of hands-on experience, his supportive leadership has led international teams to success in achieving definite corporate targets. He achieved significant success and efficiencies within the FMCG sector by coordinating and motivating teams across different organisational structures, borders and functions. He has a strong knowledge and extensive practical experience across the entire value chain of the forest industry, with a special focus on operations and technical areas.



He is open-minded, enthusiastic and always works as agreed, but may also challenge the established best practices to improve and develop continuously. He is keen to inspire and empower his colleagues.

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

The Norwegian subsidiary also details its sustainability principles in its Code of Conduct. Its details are described in the *Business ethics and compliance* chapter.

# 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)

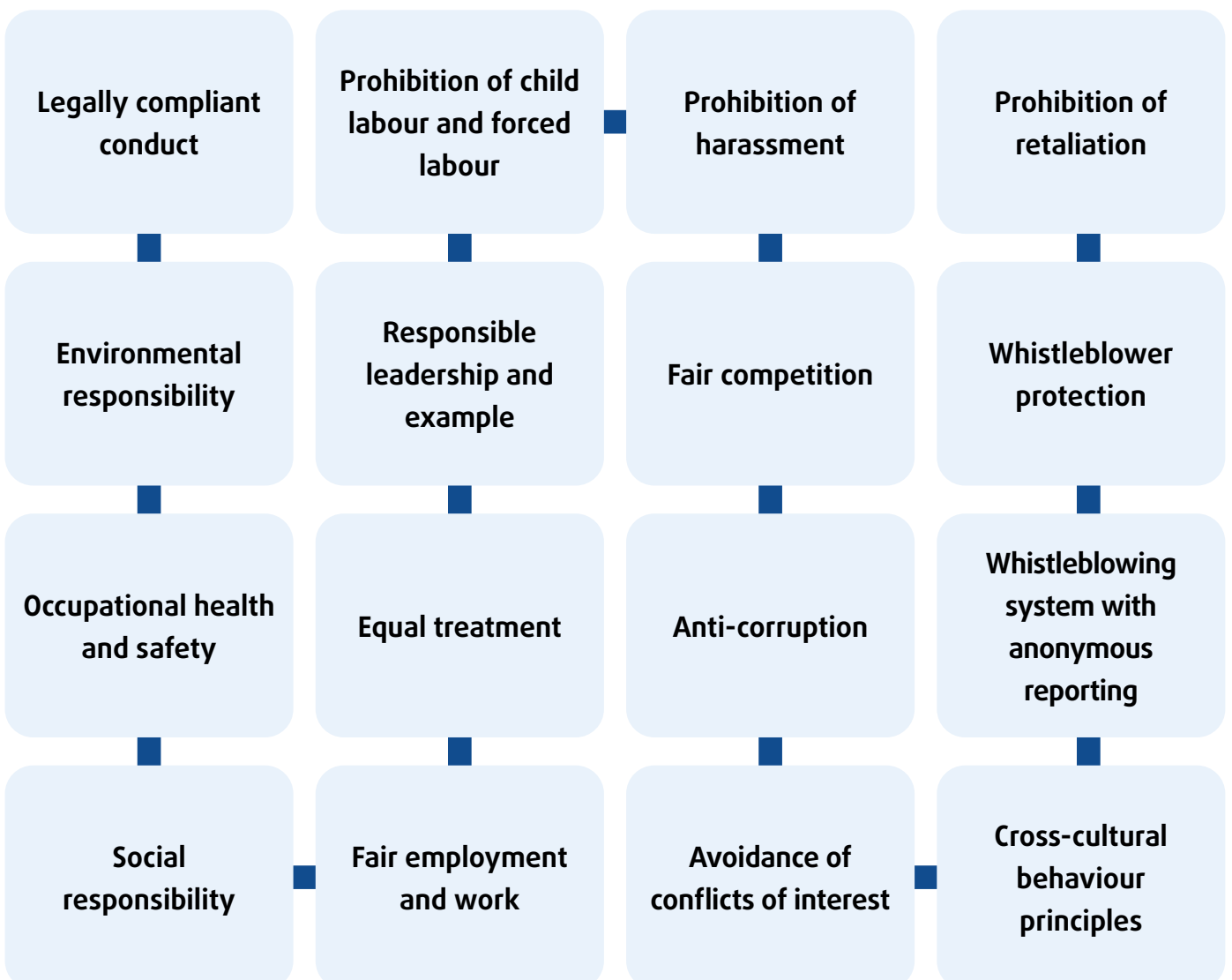
Our ethical business operations are based on law-abiding conduct and legal compliance. It is essential therefore that we set the strictest legal and ethical requirements for all our employees and contracted workforce. These requirements are set out in the Code of Conduct.

## Code of Conduct

### Mandatory for the whole workforce

Detailed communication and acceptance of our Code of Ethics and Conduct is part of the onboarding and induction process for all our employees. At the start of employment, we request our employees to sign a written statement accepting and complying with the guidelines set out in the Code of Conduct. The statement must be submitted to HR.

## Key elements in the Code of Conduct of Vajda-Papír Group



## The Code of Conduct, inter alia, covers the following points:

- **Fair competition and anti-corruption**
- **Conflict of interest**
- **Equal treatment and equal opportunities:** We respect differences of gender, colour, religion, origin, ethnicity, nationality, age, physical disability and marital status.
- **Prohibition of child labour and forced labour:** Supporting and adopting the United Nations Convention on the Rights of the Child and the principles of the International Labour Organisation (ILO), our Group is committed to the prohibition of child labour and forced labour.
- **Prohibition of harassment**
- **Environmental, safety and social responsibility:** The relevant details of the Code of Conduct are described in the Environmental protection, Society, and Occupational health and safety chapters.
- **General principles of employment, fair employment and decent work:** The details are set out in the Society chapter.
- **Management responsibilities:** Further details are in the Governance at Vajda-Papír Group chapter.
- **Disciplinary procedures**
- **Freedom to establish an interest representation body:** Pursuant to Section 231 (1) of the Labour Code, employees and employers of Vajda-Papír Group have the right – in accordance with the conditions prescribed by law – to establish together with others, without any form of discrimination whatsoever, interest representation organisations for the promotion and protection of their economic and social interests, and, at their discretion, to join or not to join an organisation of their choice, depending exclusively on the regulations of such organisation.
- **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 ethnic groups. It is important for our employees to have advanced communication and social skills, because they are essential for building and maintaining international relationships. The Group expects an appropriate level of responsibility from employees. We also believe that our senior officer should have a moral obligation to learn about the customs and acceptable standards of behaviour in other countries and cultures in order to attain the high standards Vajda-Papír aspires to.
- **External and internal communication**
- **Social media use**
- **Political neutrality**

## Sanctions

All alleged breaches of the Code of Conduct are investigated. Demonstrated breaches may result in disciplinary action, a written warning, removal from position, withholding payment at the statutory rate and, in severe cases, termination of employment. **Sanctions are always commensurate with the severity of the misconduct and do not offend human dignity.**

## Whistleblowing system

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

## Anonymity

Misconduct may be reported anonymously via the Group's Viber chatbot for internal communication and on our website. Further information: <https://vajdapapir.hu/vallalat/visszaeles-bejelentes><sup>19</sup>

## Prohibition of retaliation

Except in cases of bad faith, the whistleblower may not be disadvantaged for making the report, and we do not tolerate any retaliation, discrimination or sanctions against the whistleblower.

## Whistleblower protection

The identity of the whistleblower is not disclosed, as the case may be.

<sup>19</sup> The new Whistleblowing Policy was created in July 2023. Further information: <https://vajdapapir.hu/vallalat/visszaeles-bejelentes>





## Code of Conduct of our Norwegian subsidiary

### Key elements of the Code of Conduct of Vajda-Papir Scandinavia

- The Code of Conduct is based on our values and serves as a common compass for all employees.
- Our values commit us to acting in line with the highest ethical standards and conduct our business in a **responsibly and sustainably**. This should be reflected in everything we do.
- **We care about people and the environment around us.**
- **We work safely.**
- We are a **driver for sustainable, green solutions** and we put health, the environment and quality of life first in everything we do. We act seriously and responsibly in the interest of future generations.
- **We conduct our business with integrity and transparency.**
- **Make it better** – we are an organisation learning together, always looking for improvements and new solutions. We leverage our diversity and add value by working closely with customers, partners and society. We have an inclusive culture, we are humble and we show trust and respect for each other.
- **Creating customer value** – We actively contribute to helping our customers achieve their goals. We know them and their customers. Their needs are the starting point for us to develop good solutions.
- In addition to our employees, our ethical principles are also binding on **our external stakeholders**, such as suppliers, consultants, intermediaries and agents, who must comply with the relevant parts of our Code of Conduct when working with us.
- We respect the principles of human rights, labour, environment and the fight against corruption.

**Reporting ethical violations:** to a supervisor or the HR manager, either by e-mail or via the internal system.


**Investigation of cases:** We investigate reported cases and concerns without delay and take appropriate action.

## **COMPLIANCE: Compliance with policies**

Compliance and transparency are essential for the successful operation of our Group. For this purpose we defined principles in our Code of

Conduct, which we are all bound to observe. This is complemented by the specific policies and controls of business functions.

### **> Fundamentals of compliant governance at Vajda-Papír Group**



Responsible management principles  
***Exemplary management***

Functional policies and controls

Principles defined in the Code of Conduct  
***Mandatory for all employees and stakeholders***

## Presence in the Budapest Stock Exchange

Our company's presence in the Budapest Stock Exchange requires us to comply with the current regulatory environment and to operate and communicate transparently and in conformity with legal requirements.

### The company made the following disclosures on the Budapest Stock Exchange website for 2022:

- Vajda-Papír Kft. allocation and impact report, 2022 (Allocation and impact report of the green bond issue)
- Vajda-Papír Kft. Annual executive report, 2022
- Vajda-Papír Kft. Consolidated annual financial report, 2022
- Vajda-Papír Kft. and Vajda Real Estate Kft. Annual report, 2022
- Vajda-Papír investor presentation, December 2022
- 17 November 2022 Scope rating: Scope downgrades Vajda-Papír to B with Negative Outlook <sup>20</sup>

**Further information:** [https://bet.hu/oldalak/ceg\\_adatlap/\\$issuer/3599](https://bet.hu/oldalak/ceg_adatlap/$issuer/3599)

## Exemplary conduct and leadership

The perseverance and leadership of our leaders is essential for the effective and proper operation of our company. Our Code of Conduct also defines what we expect of our managers for efficient and successful operation on top of what is set out in their job descriptions.

<sup>20</sup> Current information: 03 November 2023  
Scope Ratings GmbH: "Scope affirms Vajda-Papír's B rating and revises Outlook to Stable from Negative"

## Leadership in the management of Vajda-Papír Group

### **Lead by example**

Constructive and active collaboration

### **Retention and management of confidential information**

### **Knowledge transfer**

Sharing professional knowledge, training new employees

### **Constant development of leadership skills and professional knowledge relevant to the Group**

Including the development of sustainability and ESG approach relevant knowledge

### **Advocating the lawful interests of the Group**

acting in their own competence

### **Reporting concerns and critical situations**

(For example, concerns regarding non-compliance with policies or guidelines, misconduct, actual or presumed fraud, etc.)

## Anti-corruption

We require all our employees to strictly comply with our anti-corruption policy. Our employees are informed in detail about our Group's anti-corruption practices and the consequences of misconduct in our Code of Conduct. All new em-

ployees are required to peruse and thoroughly understand the Code of Conduct and sign a written statement of acceptance. We also provide general training for new employees, which also covers a general introduction to our core values, policies and ethical business practices.

### **Key policies and information sources on anti-corruption**

- Code of Conduct
- Disciplinary Procedures (Annex 1 to the Code of Conduct)
- Anti-corruption Policy
- Privacy Notice on the protection of personal data
- Training of new employees on the Code of Conduct, and their annual obligation to declare cognizance of and compliance with the Code of Conduct.

### **Channels for reporting corruption concerns**

- Whistleblowing system for reporting incidents of corruption
- The relevant regulation defines the reporting channel or platform. (E.g. via Viber used for internal communication, on the company website or on an independent platform )
- Reports can be submitted directly to the managing directors, the HR director or the line manager.

There were no substantiated incidents of corruption at our Group in the 2022 reporting period.

<sup>21</sup> <https://vajdapapir.hu/vallalat/visszaeles-bejelentes>

## **Prohibition of anti-competitive behaviour and unfair market practices**

Our Group competes intensely in the market for business, and is committed to free and open competition. Employees are required to avoid any activity that is in conflict with the laws governing competitive practices in the market. Our Group and our employees must not engage in unfair market practices under any circumstances. We do not tolerate the questionable collection of information and, accordingly, our employees must not engage in or facilitate prohibited or unethical, illegal practices concerning confidential or sensitive information of our competitors.

It is mandatory to prevent the discussion of prohibited topics to maintain fair competition, and colluding with competitors in prohibited topics may be unlawful and constitutes an immediate violation of the Code of Conduct.

### **Examples of prohibited topics.**

- Pricing
- Costs
- Marketing plans
- Market portfolio
- Technology guidelines, innovations
- Distribution of customers

The foregoing also creates a risk of fair competition for the areas affected by the subject matter.

If a competitor raises a prohibited topic, even if only subtly, Vajda-Papír employees must object and discontinue discussing the topic. As a last resort, they should leave and report the incident to their manager.

There were no incidents of anti-competitive behaviour in the 2022 financial year.

## **Conflict of interest**

All Group employees are required to declare if they or any close relatives hold a ownership/business share or an executive position in a company whose activities may correspond to those of any entity in the value chain, such as any supplier, customer or competitor of the Group.

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

## **Fines imposed on Vajda-Papír Group**

No fines related to our professional activities were imposed in 2022.

# Economic performance

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

Economic performance (2022)		VP Group Kft. HUF	Vajda Real Estate Kft. HUF	Vajda-Papir Scandinavia AS NOK
<b>Direct economic value generated</b>	<b>Revenues</b>	<b>55 217 862</b>	<b>29 225 318</b>	<b>472 123 430</b>
<b>Economic value distributed</b>				
	Operating costs	53 879 787	28 391 426	344 094 831
	Employee wages and benefits	2 595 509	1 187 700	85 298 686
	Payments to providers of capital	0	0	
	Payments to government	585 812	243 154	9 401 438
	Community investments	8 771	0	0
	<i>Total economic value distributed</i>	<i>57 069 879</i>	<i>29 822 280</i>	<i>438 794 955</i>
<b>Economic value retained</b>	<b>Retained profit</b>	<b>-2 015 251</b>	<b>1 524 828</b>	<b>33 328 475</b>

The Group began a 24-month comprehensive training project with 50% state funding. Details of this are presented in the Training and education chapter.



## Risk management

Our Group focuses on assessing the potential impacts of climate change on its activities, and based on this understanding, identifying the climate risks that could mean the primary threat to its operations. In terms of climate change, the amount of annual precipitation can have a negative impact. Although our region in Hungary has the highest average rainfall (Dunaföldvár,

proximity of the Danube), reduced rainfall could result in limiting water withdrawal for 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.

	Climate risk	Demographic and urbanisation trends	Lack of resources
RISK	<p><b>Potential risks:</b> rise of energy and raw material prices, extreme and hard to predict weather conditions, regulatory risks, annual precipitation levels</p>	<p><b>Potential risks:</b> negative trends in the quality of life, emergence of new viruses</p>	<p><b>Potential risks:</b> changing supplier behaviour, raw material shortage, water constraints</p>
OPPORTUNITY	<p><b>Opportunity</b> to introduce energy-efficient solutions and to extend and boost the use of renewable energy</p>	<p><b>Opportunity</b> to introduce new, innovative hygiene products</p>	<p><b>Opportunity</b> to drive circular economy, efficient waste management and recycling (used water)</p>

# Indirect economic impacts

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

The investment in Dunaföldvár – winning the Factory of the Year award – created jobs in the region. We saved the future of paper industry

by resurrecting dual vocational training. The details of this are described in more detail in the Society chapter.

## Quality management

Quality management is key to Vajda-Papír Group as it guarantees the high product quality, continuous improvement, and the long-term success and sustainability of our company. We strive to exceed our customers' expectations in terms of performance, flexibility and technology when it comes to quality, delivery or customer service.

Reliability, ethical business conduct, mutual respect and recognition are values our business partners appreciate. We conduct our business with speed and flexibility, we are open to new opportunities and have a cooperative attitude, constantly searching for common interests and opportunities, and make every effort to compro-

mise within the bounds of economic rationality. We particularly value long-term relationships and strategic alliances based on these principles. We are very thorough about minimising environmental impact and complying with the strictest standards in our operations.

As a responsible company, it is critical to expand our range of sustainable products and source certified raw materials from responsibly managed forests. The individual performance and expertise of our people, as well as sound business practices are important to deliver quality and ensure profitable operation.

**Our Quality Management, Product Development and EHS Manager leads and oversees the organisation, sustainable development and management of our complex management systems (quality, environment and energy management, hygiene and industry standards)** by coordinating the associated tasks, quality duties and monitoring their implementation through annual work plans and audits. His key tasks also include securing supplier quality, building employees' quality awareness, continuous product and service quality improvement, enhancing customer quality satisfaction and complaints management. He plays a critical role in ensuring legal compliance, such as occupational health and safety, environmental protection and employment.

We are certified to the highest hygiene and product safety standards in the industry, and have an internal governance manual, quality policy and documentation system in place.

### **Certified corporate governance systems** <sup>22</sup>

As a responsible group, 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.

*<sup>22</sup> As of 2022, Vajda Real Estate Kft. has ISO 9001, 14001, 50001, Nordic Ecolabel certification and an FSC licence.*



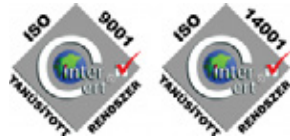
Certified corporate governance system	Logo of the certification	Our goal
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**ISO 13485**  
(Hungarian standard MSZ EN ISO 13485:2016)



Required for the design, manufacture, stocking and sale of TYPE IIR surgical face masks.

**ISO 9001, ISO 14001** <sup>23</sup>  
(Hungarian standard MSZ EN ISO 9001:2015 and MSZ EN ISO 14001:2015):



To provide a high-level service for our customers, with a focus on process-orientedness and quality as core values.

**ISO 50001** <sup>24</sup>  
(Hungarian standard MSZ EN ISO 50001:2019)



Increasing our energy performance to keep our operational energy use as low as possible.

**HACCP**  
(Hazard Analysis 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.

**BRC** <sup>25</sup>  
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.

**FSC® (Forest Stewardship Council®)**  
COC (Chain of Custody)



Vajda Real Estate Kft. FSC Identifier: CU-COC-859624

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



Vajda Real Estate Kft. Nordic Ecolabel identifier: 2005 0100

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 joined Nordic Ecolabel voluntarily and agreed to comply with its criteria. (Product life cycle assessment, impact of waste, quality, health and functional aspects)

<sup>23</sup> The company has been using the two systems continuously and in parallel since 2004.

<sup>24</sup> Vajda-Papír Kft. earned this certification in 2016.

<sup>25</sup> The company earned this certification in 2015. The company manufactures and distributes products according to the Consumer Products Issue of BRC.

**FSC:** Certification criteria include maintaining biodiversity and ecological balance during logging and (re)forestation, and ensuring the rights and interests of local workers and communities in the area. The 10 FSC principles and 56 criteria specify these in detail.

**FSC principles:** Principle 1: Compliance with Laws and FSC Principles, Principle 2: Tenure and Use Rights and Responsibilities, Principle 3: Indigenous Peoples' Rights, Principle 4: Community Relations and Workers' Rights, Principle 5: Benefit from the Forest, Principle 6: Environmental Impact, Principle 7: Management Plan, Principle 8: Monitoring and Assessment, Principle 9: Maintenance of High Conservation Value Forests, Principle 10: Plantations

Further information: Certified corporate governance systems and product certifications | Vajda Papír (vajdapapir.hu)

### Customer satisfaction and complaint management

We keep a close eye on the requirements of standards both for processes and for quality in order to provide high-quality service to our customers. Our consistent complaint management process allows us to eliminate the causes of existing and potential nonconformities and to prevent their occurrence or recurrence in the future.

The **complaint management process** applies standardised solutions and actions that prevent the recurrence of errors or problems, and at the same time guarantee the continuous development of product quality, environmental compliance and management system. 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 conducted.

### We investigate all complaints and claims.

As part of the investigation process, the root cause of the problems is identified, 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 **efficiently communicate** how the shortcoming emerged, the findings of the root cause analysis, the corrective and preventive actions at the morning or scheduled operations meetings. We communicate any process-changing or critical failures 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.

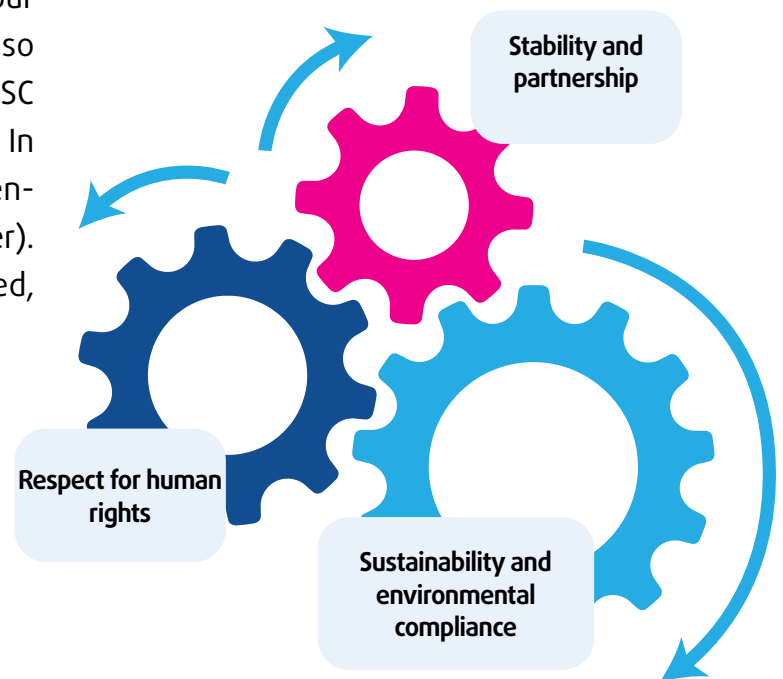
# Procurement practices

(GRI 204)

In our procurement practices, we strive for stability, good relationships, on-time payments and long-term partnerships. The majority of our suppliers operate in Europe, which is also why it is essential that our partners also consider the priorities under the ESG approach and the prevailing regulations. It is imperative that our partners respect human rights norms. We also expect responsible raw materials use (e.g. FSC label) as defined in our supplier guidelines. In terms of transport, we recommend the most environmentally efficient means (RO-LA, water). Minimum packaging material use is encouraged,

and a carbon inventory, net zero carbon project management and green, renewable energy are advantages for suppliers.

## Key attributes of procurement practices at Vajda-Papír Group



# Data protection

(GRI-418)

We operate in full compliance with the EU Data Protection Regulation and the rules regulating the data controller's or processor's activities regarding personal data protection, including the assignment of responsibilities, training of staff involved in data processing operations, and the related audits.

## Processing by the data protection officer

We also give priority to the processing of employment related data. Our privacy policy is publicly available on our website.

[https://vajdapapir.hu/dynamic/VP\\_Adatkezelesi-tajekoztato-es-Hozzajarulo-nyilatkozat\\_Jelentkezok.pdf](https://vajdapapir.hu/dynamic/VP_Adatkezelesi-tajekoztato-es-Hozzajarulo-nyilatkozat_Jelentkezok.pdf)

## Substantiated complaints concerning breaches of privacy and losses of data

Compliant operation, maximum adherence to laws and regulations, and cooperation with the supervisory authorities are of utmost importance for the Group.

There were no stakeholder complaints, data theft, loss or leak since the release of Regulation (EU) 2016/679 of the European Parliament and of the Council or during the 2022 reporting period.

# GRI glossary

**5S**

5S is a lean tool and methodology primarily used for establishing clean and well-organised workplaces. Understanding and the right application of 5S is a precondition for the introduction and successful maintenance of lean.

**CCF** Corporate Carbon Footprints

**CSR** Corporate Social Responsibility

**CSRD** Corporate Sustainability Reporting Directive

Compliance

Compliance is a measure of an individual's or organisation's ability to abide by the laws, rules, standards and ethical norms that apply to its activities.

**FSC®** Forest Stewardship Council Trademark of responsible forest management.

The core activity of FSC is the promotion and operation of a certification scheme for responsible forest management. The FSC certificate guarantees that forest managers, timber companies, furniture factories, etc. that hold this certificate accept and comply with the strict FSC standards and regulations, and that the products they market meet the criteria for environmentally and socially responsible production and manufacturing. Certification criteria include maintaining biodiversity and ecological balance during logging and (re)forestation, and ensuring the rights and interests of local workers and communities in the area.

**ESG** Environmental, Social, Governance

**EHS** Environmental, Health and Safety

**GHG** Greenhouse Gas

**GRI** Global Reporting Initiative

**GWP** Global Warming Potential Global Warming Potential; an index to quantify greenhouse gas emissions.

<b>ILO</b>	International Labor Organization	The ILO Fundamental Principles are human rights that all member states must respect and promote, regardless of whether they have ratified the conventions that lay them down.
		ILO is a United Nations agency specialising in the field of labour and social security law. ILO was established in 1919 (the driving forces for the its creation were unemployment and inflation after World War I), and became the first specialised agency of the UN.
<b>IPCC</b>	Intergovernmental Panel on Climate Change	
<b>Kaizen</b>	Kaizen (改善 in Japanese) is a Japanese concept expressing that people can implement and improve any activities and their results in all areas of life. Kaizen is primarily used by companies in production and services to improve quality and the efficiency of processes, and to achieve other goals set. Kaizen is the combination of two kanjis: change (kai) towards goodness (zen).	
<b>LEAN</b>	Business organisation and management methodology aimed to manufacture goods and deliver services eliminating inefficiencies. Lean philosophy is based on Toyota Motor Corporation's Toyota Production System, or more recently Thinking People System.	
<b>Scope 1</b>	Direct emissions that occur from sources that are controlled or owned by an organisation. (fuel, natural gas)	
<b>Scope 2</b>	Indirect emissions from purchased electricity used by the organisation.	
<b>Scope 3</b>	All other emissions not controlled directly by the company, including employee travels and product disposal.	
<b>UN SDGs</b>	United Nations Sustainable Development Goals (SDGs)	

# GRI Index

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# Contact

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