



**ADVANCED INDUSTRIES
PACKAGING GROUP**

Sustainability Report FY 2024

Published on 9 April 2025

**Disclaimer: the information contained
herein is applicable and actual
in respect of 2024 only**

Austria, Vienna



Leadership Letter

I am pleased to present the Advanced Industries Packaging Group (AIP) Sustainability Report 2024, which showcases the progress we have made across our sustainability priorities and targets over the last financial year.

We are proud to voluntarily move this year to the European Sustainability Reporting Standard. The key ESRS principle – double materiality assessment – is instrumental to integrate sustainability management in the overall strategy, to prioritize actions and identify untapped opportunities.

Sustainability challenges continue to grow in scale and complexity, we all need to step up ambitions and double-down on impacts, adhering to the principles of the UNGC and contributing to the UN Sustainable Development Goals.

At AIP, this means stepping up our progress in most material impacts – climate, resource-efficiency and social well-being of our employees and those in the value chain. We speed-up emission reduction and tighten decarbonization targets in alignment with the EU Green Deal – Transition to Net-Zero. We work towards delivering to our customers the pilot line of net-zero products already by end-2025.

Transition to circular, net-zero economy involves re-imagining business models, rethinking stakeholders' engagement and fostering collaboration across sectors and businesses to restore and regenerate ecosystems while building natural capital.

With the modern slavery in many places in the world, we stepped-up due diligence across the value chain, consistent with our commitment to the UN Declaration of Human Rights and the ILO Principles and Fundamental Rights at Work.

We are grateful to our customers, suppliers, to our Directors and all Staff Members, who have contributed to the progress detailed in this Report.

Rinat Stark
CEO,
Advanced Industries Packaging Group

Content Index

SECTION	DISCLOSURE	PAGE
ESRS 2		
1. Basis for preparation	BP-1 – General basis for preparation of the sustainability statement	6
	External initiatives, memberships and recognition	6
	BP-2 – Disclosures in relation to specific circumstances	7
	BP-3 – Incorporation by reference	7
2. Governance	GOV-1 – The role of the administrative, management and supervisory bodies	7
	GOV-2 – Information provided to and sustainability matters addressed by the management body (MT)	8
	GOV-3 – Integration of sustainability-related performance in incentive schemes	9
	GOV-4 – Statement on sustainability due diligence	9
	GOV-5 – Risk management and internal controls over sustainability reporting	9
3. Strategy	SBM-1 – Market position, strategy, business model(s) and value chain	10
	SBM-2 – Interests and views of stakeholders	12
	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy. Double materiality summary	12
4. Impacts, risk and opportunity management	4.1. Disclosures on the materiality assessment process	14
	IRO-1 – Processes to identify and assess material impacts, risks and opportunities	14
	IRO-2 – Disclosure Requirements in ESRS covered by the sustainability statement	16 Annex Table 1
	4.2 Reporting on opportunities	16
	4.3 Disclosure content on policies and actions	16
	MDR-P – Policies adopted to manage material sustainability matters	16
	MDR-A – Actions and resources in relation to material sustainability matters	17 Annex Table 2
5. Metrics and targets	Disclosure Content – Metrics DC-M – Metrics in relation to material sustainability matters	17 Annex, Table 4
	Disclosure Content – Targets DC-T MDR-T-Tracking effectiveness of policies and actions through targets	17 Annex Table 3
ESRS 1		
Environment	ESRS 1 E1 – Climate change	19
	E1-1 – Transition plan for climate change mitigation	20
	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	21
	E1-2 – Policies related to climate change mitigation and adaptation	22
	E1-3 – Actions and resources in relation to climate change policies	22
	E1-4 – Targets related to climate change mitigation	22
	E1-5 – Energy consumption and mix	22
	E1-6 – Gross Scopes 1,2 and 3 and Total GHG emissions	22

	E1-7 - GHG removals and GHG mitigation projects financed through carbon credits	23
	E1-8 - Internal carbon pricing	23
	E1-9 - Potential financial effects from material physical and transition risks and climate-related opportunities	23
	ESRS 1, E-2 - Pollution	24
	ESRS 1, E-3 - Water and marine resources	24
	E3-1 - Policies related to water	24
	E3-2 - Actions and Resources related to water	24
	E3-3 - Targets related to water	24
	E3-4 - Water management performance	25
	E3-5 - Water intensity performance	25
	E3-7 - Potential financial effects from water-related impacts, risks and opportunities	26
	ESRS 1, E4 - Biodiversity	26
	ESRS 1, E-5 - Resource use and circular economy	26
	E5-1 - Policies related to resource use and circular economy	26
	E5-2 - Actions and resources related to resource use and circular economy	26
	E5-3 - Targets related to resources and circular economy	27
	E5-4 - Resource inflow	27
	E5-5 - Resource Outflow	27
	E5-6 - Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	28
Social	ESRS 1, S-1 - Own workforce	28
	S1-1 - Policies related to own workforce	29
	S1-2 - Processes for engaging with own workers and workers' representatives	29
	S1-3 - Channels for raising concerns	29
	S1-4 - Targets related to managing material impacts, risks and opportunities	29
	S1-5 - Action on material impacts on own workforce and their effectiveness	29
	S1-6 - Approaches to mitigating material risks and pursuing material opportunities related to own workforce	29
	S1-7 - Characteristics of Employees	30
	S1-8 - Characteristics of non-employee workers	30
	S1-9 - Training and Skills Development indicators	30
	S1-10 - Coverage of the health and safety management system	30
	S1-11 - Performance of H&S management system	30
	S1-12 - Working Hours	30
	S1-13 - Work-Life Balance indicators	30
	S1-14 - Fair remuneration	30
	S1-15 - Social security eligibility coverage	30
	S1-16 - Pay gap between women and men	31
	S1-17 - Annual total compensation ratio	31
	S1-18 - Discrimination incidents related to equal opportunities	31
	S1-19 - Employment of persons with disabilities	31
	S1-20 - Differences in the provision of benefits to employees with different employment contract types	31
	S1-21 - Grievances and complaints related to other work-related rights	31
	S1-22 - Collective bargaining coverage	31
	S1-23 - Work stoppages	31

	S1-25 - Identified cases of severe human rights issues and incidents	31
	S1-26 - Privacy at work	31
	ESRS 1, S-2 - Workers in the value chain	32
	S2-1 - Policies related to value chain workers	32
	S2-2 - Processes for engaging with value chain workers about impacts	32
	S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns	32
	ESRS 1, S-3 - Affected communities	33
	S3-1 - Policies related to affected communities	33
	S3-2 - Processes for engaging with affected communities about impacts	33
	S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns	33
	S3-4 - Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	33
	ESRS 1, S-4 - Consumers and end-users	33
	S4-1 - Policies related to consumers and end-users.	33
	S4-2 - Processes for engaging with consumers and end-users about impacts	34
	S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	34
	S4-4 - Actions on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	34
	S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	35
Business conduct	G1-1 - Corporate culture and business conduct policies	35
	G1-2 - Management of relationships with suppliers	36
	G1-3 - Prevention and detection of corruption or bribery	36
	G1-4 - Confirmed incidents of corruption or bribery.	36
	G1-5 - Political influence and lobbying activities	36
	G1-6 - Payment practices	36
	Reporting period, frequency and contact information	37
	External Assurance	37
Annexes		
	Table 1. Double materiality assessment: impacts, risks and opportunities (ESRS 2, SBM/IRO)	38-43
	Table 2. Actions and resources related to material sustainability matters (MDR-A)	44-47
	Table 3. Targets (MDR-T) and Transition Plan (E-1)	48-50
	Table 4. Metrics - DC-M, AIP Group KPI Dashboard, 2024	51-60
	AIP Mid-Term Strategy, as approved by the Management Team on 20.03.2023	61-63

Basis for Preparation

BP-1 – General Basis for Preparation of the Sustainability Statement

1. This statement is for the holding company Advanced Packaging Group GmbH, registered at Schwarzenberg Platz, 3, 1010, Vienna, Austria. Advanced Packaging Group GmbH holds 8 significant locations:

Production sites:

- Advanced Industries Packaging GmbH, Germany (thereafter DE);
- Advanced Industries Packaging A/S, Denmark (DK);
- Advanced Industries Packaging B.V., Netherlands (NL);
- Advanced Industries Packaging SRL, Romania (RO);
- Advanced Industries Packaging S.P.A., Italy (IT);
- Advanced Industries Packaging S.R.O., Czech Republic (CZ).

Offices:

- Advanced Industries Packaging Limited, Ireland (IR);
- Advanced Industries Packaging SAS, France (FR).

2. AIP voluntary complies with the CSRD reporting, except its requirement for integrated sustainability and financial reporting. The scope of consolidation in this ESRS Sustainability Statement is the same as in the Financial Statement¹. All entities in the scope are exempted from the CSRD individual reporting.

3. To ensure coherence with EU legal framework, completeness and quality of the performed IRO assessment, AIP uses the following regulations and guidelines:

- EU Directive 2022/2464 of the European Parliament and of the Council, as regards corporate sustainability reporting;
- EU Commission Delegated Regulation 2023/2772, as regards sustainability reporting standards;
- EU Regulation 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment;
- EFRAG IG 1 Materiality Assessment;
- EFRAG IG 2 Value Chain;
- EFRAG IG 3 List of ESRS Datapoints;
- Other EFRAG guidelines (ESRS 1; ESRS 2: ESRS 1 – E1-E5; S1-S4; ESRS 2- G1-1).

External Initiatives, Memberships and Recognition

4. Since 2023 Advanced Industries Packaging Group holds the Platinum Ecovadis level, being assessed at a company in the top 1% of over 150.000 companies rated by Ecovadis.



¹ This Sustainability Statement excludes from the reporting boundaries. AIP plant in Turkey, which the Group divested in February 2024, but includes in its consolidated financial statement as required by the IFRS.

5. The statement covers all material actors of the AIP value chain:

- (a) suppliers of input materials and equipment;
- (b) transportation of inputs;
- (c) suppliers of energy, water;
- (d) own workforce;
- (e) water and waste management contractors;
- (f) customers and end-users;
- (g) communities.

BP-2 – Disclosures in Relation to Specific Circumstances

6. **Time horizons.** As per the ESRS, section 6.4.

7. **Value chain estimation.** Metrics include value chain data estimated using indirect sources, which are identified alongside the disclosures to which they refer.

8. **Sources of estimation and outcome uncertainty.** Internationally recognized databases. Accuracy is to be improved through the increase of primary data from value chain actors, as those progress with their own disclosures. Uncertainty pertains to assessing impacts determined by the macro-economic factors.

9. **Changes in preparation and reporting errors of prior periods.** No prior periods; previous reports have been prepared as per GRI standard.

BP-3 – Incorporation by Reference is Marked as per the ESRS Codes.

Governance

GOV-1 – The Role of the Administrative, Management and Supervisory Bodies

10. **Board of Directors (BoD)**, the highest supervisory body, has 4 members, o/w 3 males, 1 female (gender diversity ratio of 33%). **Management Team (MT)**, the highest management body, has 4 members, who are C-level Officers, o/w 3 males, 1 female (gender diversity ratio of 33%). Several functions are delegated by the MT to the Director Level Officers, who work on their subject matters in daily contact with the MT members. Total number of top management positions (C-level and Directors level) is 15, of which females hold 5 (gender diversity ratio 50%)

Chart I. AIP roles and responsibilities in managing sustainability matters



10.1. C-Level:

- CEO – overall management of impacts, risks and opportunities (IRO);
- Chief Sales Officer – management of overall sales, product portfolio and market-related IRO;
- CFO – financial IROs;
- Chief Legal Officer – compliance with the legislations and standards, management of regulatory risks, due diligence of customers.

10.2. Director Level:

- Procurement Director – IRO management in the supply chain;
- Sales Team Director – IRO management in the customer base;
- Sustainability Director – DMA and IRO assessment, their management jointly with the relevant C-level Officers and Directors, training the workforce in sustainability matters;
- Marketing Director – IRO management related to market performance;
- IT Director – risk management of the ERP system, data privacy.
- Plant Directors – economic performance of a respective production site, workforce management, including remuneration, working hours and conditions, health and safety, social dialogue, career development, training, as well as engagement with the local regulators, NGOs and communities at large.

11. The MT consists of subject matter experts in converting, legal, compliance, financial, general management. The Directors are subject matter experts in sales, procurement, sustainability, marketing and IT. The range of competencies is relevant to impacts. Identified gaps are covered by outsourced expertise (e.g. in IT).
12. Roles, responsibilities and mandates of the C-level Officers and Directors are spelled in the AIP Policies, which are reviewed annually.
13. Procedures and controls are spelled out in the respective procedural documents assembled in **AIP Policy and Procedure Manual**, including thresholds of decisions-making authority. Key controls are ensured by the AIP ERP. Application and efficiency of control are subject to MT quarterly reviews.
14. The management of sustainability topics is integrated vertically, horizontally and cross-functionally into AIP organizational structure, as referenced in GOV-2, GOV-3, and GOV-5 below.

GOV-2 – Information Provided to and Sustainability Matters Addressed by the Management Body (MT)

15. The MT reviews monthly and quarterly: (i) due diligence performed by the Procurement, Sales, Marketing and Plants' Directors; and annually (ii) results and effectiveness of policies, actions, metrics and targets. During the reporting period sustainability matters, addressed by the MT included:
 - policies;
 - living wage of the workforce across all production sites;
 - health and safety mechanisms across all production sites;
 - review of sourcing practices and of the potential to diversifying supply chain;
 - progress towards targets together with required actions and resources;

- investment solar energy project at the AIP, Germany;
- program of performing life cycle assessment (LCA) and environmental product declarations (EPD) at the AIP DK;
- program to launch a range of Net-Zero products in 2025, including assessment of the products' carbon footprint (PCF) reductions.

GOV-3 - Integration of Sustainability-Related Performance in Incentive Schemes

16. The C-level Officers and Directors are assessed against KPIs, i.e. integral sustainability performance indicators. Share of KPI-linked compensation varies between 10-30%, approved as: (i) for personnel by the Plant Directors, (ii) for the Directors – by the MT, (iii) for members of the MT – by the CEO; (iv) of the CEO – by the BoD.

GOV-4 - Statement on Sustainability Due Diligence

17. AIP conducts due diligence across the value chain following OECD Due Diligence Guidance and with consideration to the CSDDD checklist. The process encompasses:

- **Own operations:** working conditions and remuneration, health and safety, social dialogue, ethical conduct, quality management (Plant Directors);
- **Supply chain:** compliance with applicable regulations, compliance with international EU regulations, patterns indicative of child and/or forced labor, human trafficking, patterns indicative of fraud, provenance of supplies, suppliers' certificates, suppliers' compliance, conduct, social and environmental assessment (Procurement and Sustainability Directors);
- **Customers:** compliance with applicable regulations, human rights respect, patterns indicative of child and forced labor; patterns indicative of fraud, customers sustainability performance and sustainability strategies and priorities, risks and opportunities related to customer demand (Sales Teams Director and Marketing Director);
- **The Group financial management**, preventing fraudulent behavior (CFO and Central finance);
- **The Group regulatory compliance and due diligence of customers** (Chief Legal Officer);
- **The Group corporate culture**, best ethical practices (CEO and Chief Legal Officer).

GOV-5 - Risk Management and Internal Controls over Sustainability Reporting

18. Risk management covers all impacts assessed as material, which process is described under IRO-1 below, p.p.34-38, results are presented in Table 1, Annex. Controls over monitoring and reporting on sustainability are embedded in technical procedures on key operational processes and the ERP, the "Four-Eye Principle" is applied. Reporting is reviewed regularly by Plant Directors and quarterly by the MT.

18.1. **Regulative (potential):** non-compliance with regulations and the best practices. *Mitigated* through (i) compliance with applicable laws and regulations; (ii) adhering to international guidelines, including UNGC, UN Sustainability Development Goals, OECD Guidelines for Multinational Enterprises, ILO Declaration on Fundamental Principles and Rights at Work; EU Environment Policy; EU Timber regulation². Management of these risks is *integrated* in the work process of the Chief Legal Officer with contribution from Procurement, Marketing and Sustainability Directors.

18.2. **Market:** downturns of EEA markets, cost of funds. *Mitigated* (*within the scope of AIP control*) by: innovative product solutions, supreme products' quality and

² To be replaced by the EU Deforestation Regulation

customer support, building long-term arrangements with customers. *Integrated* in the work of the Sales Team Director, Marketing Director, R&D facilities, controlled by the Chief Sales Officer, as well as via ongoing MT dialogue with customers.

18.3. **Supply chain:** craft paper supply and price volatility. *Mitigated* through building long-term contractual relations with suppliers, diversifying suppliers' base. *Integrated* in the work of the Procurement Director with *control* by the Sustainability Director and the CEO.

18.4. **Climate-change:** (i) shortages of virgin paper under the high-climate scenario. *Mitigated* by geographical diversification of suppliers and increase of the recycled paper share, integrated in the work of the Procurement Director under the control of the CFO and CEO; (ii) fluctuations of energy prices, *monitored* by the Plant Directors; (iii) slippages on the pathway to net-zero, mitigated by monitoring of actions and targets by the Sustainability Director.

18.5. **Circular economy:** (i) excessive resource input and waste generation. *Mitigated* by improving operating processes, preventing equipment malfunctioning, optimizing waste management by the Plant Directors and monitored by the Sustainability Director; (ii) deficiencies in re-use and recycling of end-products, mitigated by applying market innovative solutions (Procurement Director, Plant Directors), developing proprietary solutions (R&D facility) with controls by the Chief Sales Officer.

18.6. **Own workforce:** (a) dependency and (b) potential negative impact on workforce. *Mitigated* by best affordable remuneration and social benefits, career and personal development. *Integrated* in the functions of the Plant Directors, Financial Controllers, monitored via employees' satisfaction surveys and relevant KPI.

18.7. **Consumers and end-users:** revenue loss due to inaccurate products' labeling, deficiencies in data privacy protection and in product environmental characteristics. Mitigated by quality control by the Plants' quality managers, under oversight of the Marketing Director, Sales Team Director and IT Director.

19. **Responsibility for sustainability reporting** is vested with the Sustainability Director with contribution from the Plants' sustainability managers. Controls are exercised by the CEO. Periodic reporting to the MT is referred to in p.15.

Strategy

SBM-1 – Market Position, Strategy, Business Model(s) and Value Chain

20. AIP is the second largest paper sack manufacturer in EEA. Customer sectors are food, diary, cement, building materials, chemicals, minerals, animal feed, seeds. No changes in the products in the reporting period, no products are under bans in any markets.

21. Headcount by areas:

Chart II. AIP Headcount

LOCATION	MALE	FEMALE	HEADCOUNT (TOTAL)
Germany (DE)	69	27	96
Denmark (DK)	81	16	97
Netherlands (NL)	59	5	64
Romania (RO)	74	20	94
Italy (IT)	47	7	54
Czech Republic (CZ)	65	7	72
Office, Vienna (AU)	5	4	9
Office, Dublin (IR)	1	3	4
Office, Paris (FR)	2	3	5
TOTAL	403	92	495

22. Breakdown of total revenue as per financial statement sectors³:

Chart III. Revenue by sectors *

	TURNOVER (€)	SHARE (%)
Food	37.710.870	30,00
Cement	20.521.367	17,91
Building materials	21.222.078	16,88
Diary (milk powder)	16.556.362	13,17
Chemicals	11.497.974	9,15
Animal Feed	8.181.372	6,51
Refuse	2.923.499	2,72
Minerals	2.424.326	1,93
Agrobusiness	1.193.910	0,95
Miscellaneous	979.117	0,78
TOTAL	123.210.875	100,00

* Revenue in the amount of 2.499.121€ in cement sector (which totals the Group 2024 turnover to 125.709.997 €) was generated at the AIP plant in Turkey, which was divested in February 2024. This revenue is excluded to maintain consistency of the sectorial structure with the Double Materiality Assessment and actions, targets and metrics.

23. **Sustainability Goals.** AIP Strategy's underlying premise is at all time to contribute our fair share to the 17 UN Sustainability Development Goals. We focus on:

- improving product portfolio structure with increase of share of products for diary, human food, animal feed and other segments with higher profit margin;
- developing a line of net-zero products, targeted to customers with higher sensitivity to PCF of packaging;
- ensuring full products recyclability and reusability with the initial focus on the vertically integrated customers;
- perfecting customer support, including communicating to customers verified products' sustainability-related metrics;
- fostering high standards of corporate culture and business conduct, including respect to human rights, inclusiveness, absence of corruption and forms of fraud.

24. Intended direction is consistent with the set goals (p.21), the main challenge being equipment modernization in the medium-term towards resource and energy efficiency. Critical short-term projects are (i) deployment of own solar electricity at the AIP DE; and (ii) launching a line of net-zero products.

25. Business model is being a not-integrated manufacturer of sacks (converter), focused on client diversification, agility and innovative solutions. **Upstream value chain** encompasses white and brown craft paper, film, ink, adhesives. AIP gathers inputs from upstream part of value chain, involving (i) due diligence; (ii) certification; (iii) suppliers' interviews; (iv) random audits. Particular focus is placed on sourcing paper, which traceability as to the fiber source is confirmed by the respective suppliers' certificates. **Downstream value chain** encompasses B2B customers (first-tier customers), with whom AIP works directly and second-tier customers, who are the end-users, providing inputs on the products' end-of-life.

SBM-2 – Interests and Views of Stakeholders

³ No activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006.

26. AIP key stakeholders are:

- own workforce;
- shareholders;
- suppliers;
- customers;
- communities;
- NGOs;
- regulators.

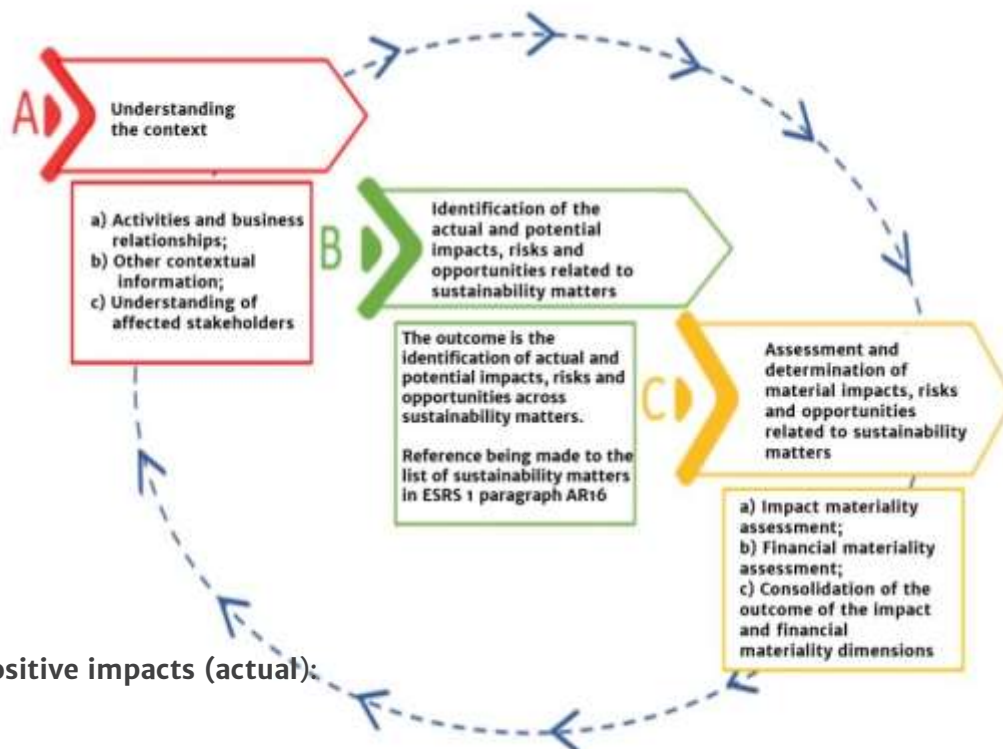
Dialogue with stakeholders is based on trust, the stakeholders' inclusiveness and providing them feedback about how their views are taken into account, as it is spelled out in the AIP Policies.

27. Training and team brainstorming with **employees** contribute to operational efficiency, strengthen corporate culture and employee satisfaction. Accountability to shareholders and joint strategic planning ensure enhancing of company value. **Suppliers** stimulate optimizing logistics and planning and help to improve working capital efficiency. **Customers** dictate products' quality characteristics and, stimulate innovative solutions, which improve circular design and reduce climate-related impacts downstream in the value chain. Communities help us to keep remuneration at and above living wage level, direct our efforts regarding emissions reductions, water and waste management, act as an additional lever of maintaining high level of business conduct.
28. C-level Officers and Directors are the key actors in the dialogue with the stakeholders. MT reviews **quarterly** procurement and sales reports and the Plants' reports on overall performance and engagement with communities and authorities.

SBM-3 - Material Impacts, Risks and Opportunities and Their Interaction with Strategy

Double Materiality Summary

Chart IV. Double Materiality Assessment and its Reflection in the Sustainability Statement



29. Positive impacts (actual):

- AIP growth, based on responsible inputs sourcing, operational efficiency high standard of corporate culture, and stakeholders' engagement contributes to AIP economic performance and to well-being of the affected communities.
 - Responsible sourcing, own SOPs in compliance with applicable regulations, delivering to customers products, supported by declarations of conformity, ensure that AIP economic activities contribute to environmental and social objective of stakeholders in the value chain in compliance with the DBSH principle.
 - Paper is the key input in the supply chain (97,7% of inputs), as well as the key component of the AIP finished products delivered to customers. To ensure continuity of provenance of paper as a wood-based material and product, AIP maintains FSC® certificate (**license code FSC-C018056**), communicating this verified provenance across the value chain.
 - AIP activities contribute to national GDP of the countries of AIP operations and local budgets;
 - AIP activities contribute to employment and local per capita income.
30. **Positive impacts (potential)** are associated with (i) maintaining socially responsible workforce management and business conduct (**S1**); (ii) fostering best practices in relations with customers (**S4**) and (iii) maintaining high standard of business conduct (**G1**). These positive potential impacts are assessed as having **high materiality**.
31. **Negative impacts (actual)** from the AIP business model are mainly associated with the **circular economy (E5) and climate change (E1)**, which, therefore, are assessed as having high materiality. These impacts are addressed in the Strategy and Policies, their management is steered to their mitigation with clear qualitative and quantitative targets supported by measurable actions.
32. **Negative impacts (potential)** could arise in any of high materiality areas, their prevention is being monitored and managed.
33. The **Matrix of double materiality assessment, impacts, risks and opportunities** is presented in Table 1 (SBM), Annex, and is described in more details below:
- 33.1. **E1-Climate change.** AIP production has low energy intensity and low level of GHG emissions. Yet, this material topic is assessed to have high materiality due to its opportunities for strengthening the AIP competitive advantages. This assessment is reflected in the AIP Strategy (Annex). Considering the risks, associated with outdated equipment with significant locked-in emissions, AIP divested in the reporting period a high energy-consuming asset, i.e. the Plant in Turkey.
- 33.2. **E2- Pollution.** Air pollution is limited to moderate level of GHG emissions (**E-1**), which materiality is assessed and accounted for under **E17**. No water or land pollution arises from AIP activities. Hence, this topic is assessed as having low materiality.
- 33.3. **E-3 Water.** Operations of production sites are intrinsically low-water-consuming (water withdrawal per site is c.a. 25% of the level an average small manufacturing factory). This topic is assigned low materiality, bears no risks and opens only marginal opportunities, i.e. water re-use for technical washing, water treatment in sedimentation tanks, prevention of leakages and installation of water saving equipment in offices have marginal positive impacts on AIP financials.
- 33.4. **Bio-diversity** is assessed as not material: no sites are located at or near biodiversity sensitive areas. Actual negative impacts on biodiversity are concentrated in the supply chain, specifically in cultivation and harvesting forestry resources. AIP pursues traceability as to the fiber source of virgin paper, with 98% of paper suppliers being FSC®-certified and compliant in with the EU Timber regulation (to be replaced by EUDR).

- 33.5. **E5 -Circular economy.** Key impacts result from consumption of: (i) virgin paper, i.e. harvesting of forestry resources with limited renewability; (ii) energy from non-renewable sources and (iii) input materials, which production requires significant energy consumption (plastic film). They are further associated with waste generation and products recyclability and re-usability and the actual end-users' practices in recycling and re-use.
- 33.6. **S1-Own workforce.** Human resources are the most valuable AIP asset. Although no actual negative impacts are identified, AIP continuously improves working conditions, health and safety mechanisms and set challenging targets related to workforce remuneration, work-life balance, career development.
- 33.7. **S2 -Workers in the value chain.** Actual and potential impacts on value chain workers do not originate from or are connected to AIP strategy and business models. Most of the suppliers and customers are large manufacturers with brand reputation. AIP engagement in assessing impacts on value chain workforce is focused on due diligence regarding human rights and labor conditions. Compliance with the international regulations and best practices on human rights and compliance with applicable labor regulations is established across the value chain.
- 33.8. **S3 - Affected communities.** Communities of the AIP production sites are not affected by AIP environmental negative impacts. Positive impacts include (i) job creation; (ii) contributing to local budgets and per capita income; (iii) promoting high business and ethical standards; (iv) support to the NGOs. This area is assessed as having low materiality, yet, nurturing relationship with communities is a priority. Interests of local authorities, NGOs and public are given due consideration in decision-making processes.
- 33.9. **S4 Consumer and end-users** are assessed as a topic of high materiality. Their satisfaction with the AIP supplies is the basis of AIP economic performance. In this area AIP strives to make its strongest competitive advantages such factors as:
- products' quality;
 - products' conformity with compliance regulations, adhered to by customers;
 - customer support;
 - products' environmental characteristics, i.e. supplying products (i)with 98,8% recyclability rate; (ii) fit for re-use; (iii) with lower than industry-average carbon footprint.
- 33.10. **G1-Business conduct.** Although no negative impacts have been identified in this area for the last 6 reporting periods, highest standard of business conduct comprises the basis of AIP business model and reputation. AIP fosters absence of actual and perceived fraudulent activities or corruption, fair competition, high respect to human rights across the value chain, inclusive management and secure channels for raising concerns and grievances.

Impacts, Risk and Opportunities Management

4.1. Disclosures of the Materiality Assessment Process

IRO-1 – Processes to Identify and Assess Material Impacts, Risks and Opportunities

34. The key objective of identifying, assessing and prioritizing impacts, risks and opportunities is to integrate the results of the IRO assessment in the AIP business model, strategy, and the overall management processes.

35. IRO is identified across the entire value chain, with the most accuracy, based on primary data, in respect to own activities and first-tier suppliers and customers. The process is organized as follows:
- **Defining scope:**
 - (i) analyzing AIP context, mapping the value chain;
 - (ii) defining the stakeholders' engagement;
 - **Developing long-list of relevant topics** (ESRS 1, AR16 and other);
 - **Identifying IRO** for each topic jointly with key stakeholders;
 - Assessing **actual Impacts** (scale, interconnections, remediability, threshold values) per respective ESRS criteria and prioritizing Impacts' materiality;
 - Assessing **potential Impacts** according to respective guidelines (p. 35);
 - Developing list of material topics;
 - **Mapping** material matters with datapoints;
 - Carrying out **Gap Analysis**;
 - Assessing **Risks:** (i) identifying hazards, (ii) prioritizing risks by likelihood and severity; (iii) identifying synergies in risk management; (iv) defining actions and controls to either eliminate risks or minimize their impacts;
 - Assessing **Opportunities:** (i) performing market research, and analysis of best practices; (ii) matching risk management with opportunities assessment (risk-benefit analysis); (iii) prioritizing opportunities according to their impacts and costs (sensitivity analysis);
 - Carrying-out assessment of the enterprise-specific impacts (cyber security; data protection, products safety, business continuity/financial sustainability/responsible investments; tax transparency, customer satisfaction and engagement).
36. Risks and opportunities are considered from a financial perspective, if it can reasonably be expected that they have a material short, medium or long-term financial impact on AIP sustainable performance. The results of the above analysis comprise the **IRO Matrix** (Table 1, Annex).
37. The following sources of information are used:
- due diligence of (i) own operations (processes and procedures); (ii) first-tier suppliers; (iii) first-tier customers;
 - interviews with stakeholders (shareholders, customers, suppliers, communities);
 - primary data (invoices, ERP data on the supply chain, operations and sales, measuring equipment data);
 - past records of KPI (2020-2023);
 - questionnaires, surveys;
 - whistleblower reports;
 - research
38. **IROs** related to own **workforce, climate change and circular economy**, which are the topic with high materiality, are integrated in the management process and reviewed annually.
39. Financial effects of material risks are mainly concentrated in the supply chain, financial opportunities – in the (i) customers' demand, (ii) products' pricing and (iii) production costs.

IRO-2 – Disclosure Requirements in ESRS Covered by the Sustainability Statement

4.2. Reporting on Opportunities

40. Sector of manufacturing paper packaging has strong growth potential: paper packaging has considerably better environmental characteristics compared to other packaging solutions. Improvement of products' environmental characteristics is a priority opportunity downstream.
41. Climate mitigation and circular-economy opportunities arise upstream as long as recyclable and organic-based inputs are less expensive than natural-resources and chemical-based ones. Exception is bio-degradable p/e coating, which tends to increase the products' costs by ca. 20%. Most significant opportunities in these two material matters arise in own operations, specifically in optimization of resources management and waste management.
42. Specifically, pursued opportunities include:
- strengthening brand's reputation by being a sustainability front-runner;
 - increasing market share through better pricing based on cost-efficiency;
 - costs reductions in (a) resource management, (b) energy consumption and increasing the share of renewable energy;
 - proprietary bio-degradable p/e coating, together with offsetting partially its costs by cost reduction of input materials and energy;
 - securing incremental revenues associated with promoting products re-use;
 - applying circular solutions of waste management;
 - developing climate neutral products, gradually increasing their share;
 - securing high-skilled motivated personnel through better remuneration, social benefits, career and personal development opportunities;
 - optimization of HR management.

4.3. Disclosure Content on Policies and Actions

MDR-P – Policies Adopted to Manage Material Sustainability Matters

43. AIP Policies covers **all material matters**. They are publicly disclosed, available to all stakeholders, aligned with each other and reviewed annually. Their scope of application are **all AIP Staff members and the actors in the value chain**, who are expected to adhere to AIP commitments. They follow international guidelines and principles: UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, EU Circular Economy Action Plan. They define **quantitative targets**, roles and responsibilities, sanctions, whistleblowing mechanisms and no-retaliation principle. The CEO is accountable for their implementation.
- 43.1. **Labor and Human Rights Policy objective** is to foster high standard of respect to human rights of own workforce and workers in the value chain. It aims at preventing violations of human rights, including forced and child labor and discrimination. It promotes diversity, inclusion and social dialogue. AIP commits itself to provide appropriate working conditions, remuneration at least at the living wage level, maintain safe and healthy workplace, perform regular health checks, regular evaluation of emergency equipment, updated emergency plans, provide health care, disability care, apply overtime work only under exceptional

circumstances, provide employees with training and personal development opportunities.

- 43.2. **Sustainable Procurement Policy** aims to balance supply chain sustainability with costs optimization through responsible sourcing. It commits AIP and its suppliers to fair competition, transparency and capacity building. It sets criteria of suppliers' eligibility, which is determined via suppliers' due diligence. It stays particularly focused on procuring paper in compliance with relevant regulations, purchasing paper produced under the FSC®, or PEFC Chain of Custody certification.
- 43.3. **Suppliers' Code of Conduct** sets the Group's standards for environmental, social and ethical performance of suppliers in areas of statutory compliance, human rights, labor conditions, health and safety, environmental performance, prevention of fraud and corruption.
- 43.4. **Environmental Policy** fosters best practices of resources' sourcing and use and of managing environmental impacts. It commits to the EU Circular Economy Action Plan and the goals of the Paris Agreement. It articulates continuous improvement of energy efficiency, affordable own renewable energy deployment, corporate and products carbon footprint reductions. The nexus of its commitments it **to achieve climate-neutrality by 2040.**
- 43.5. **Code of Ethics** sets rules for maintaining high standards of corporate culture and business practices, expecting from all AIP Staff Members integrity, ethical conduct, acting with honesty and propriety and be guided by the Group's interests. It articulates avoidance of conflict of interest, confidentiality, accountability, mutual respect. It specifically articulates the Group's zero tolerance to fraud and corruption, and mechanisms of their prevention.
- 43.6. **Data Protection Policy** sets rules for collecting and processing data within the Group, as well as of the Group's counterparts with the objective to ensure that any stakeholders' data is protected and not misused.

MDR-A – Actions and Resources in Relation to Material Sustainability Matters

44. Actions and resources related to achieving the sustainability goals set in Policies are presented in Table 2, Annex as per ESRS-II Application Requirements 23 and 24.

Metrics And Targets

Disclosure Content – Metrics DC-M – Metrics in Relation to Material Sustainability Matters

45. AIP monitors, reviews and publicly disclose on an annual basis its metrics on material sustainability matters, which are presented in AIP KPI Dashboard 2024 (Table 4, Annex).

Disclosure Content – Targets DC-T

MDR-T – Tracking Effectiveness of Policies and Actions through Targets

46. Targets in every AIP Policy (p.43) track the Policies' effectiveness. They address prevention and mitigation of negative impacts, and serve as a guide to better assess opportunities. Targets' base year is 2023. Targets are both challenging, nonetheless realistic, as evidenced by AIP performance in prior periods.

47. Targets matrix in the short- medium- and long-term are presented in Table 3, Annex. They are cross-referenced by material matters and match the IRO matrix (Table 1, Annex) and the matrix of action and resources (Table 2, Annex).

48. **Methodologies and assumptions** behind targets and metrics are as follows:

48.1. **Data collection:** primary data from the ERP system; accounting ledgers; approximations for items with low materiality; sector specific data where primary data is not available;

48.2. **Data sources:**

- (a) Energy consumption: market-based with energy mix per invoices;
- (b) Emission factors sources: EEA; GEMIS; BEIS; EXIOBASE; AIB; ClimaTiq;
- (c) Substances of concern: REACH Restricted Substance List 2023;
- (d) Employees remuneration: primary data and IDH living wage benchmarks.

48.3. **Methodology:**

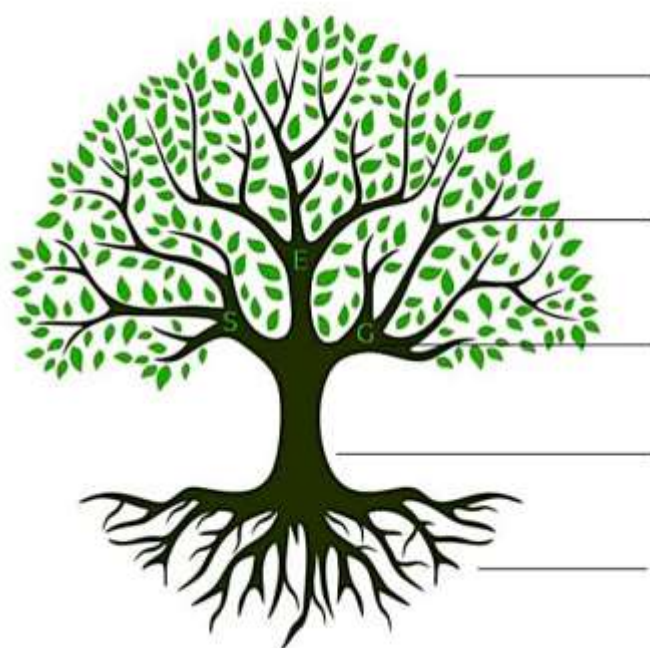
- (a) **Energy consumption:** past trends are factored-in with regressive coefficients; pace of affordable replacement of combustion transport with electric one and of partial equipment modernization are factored-in according to the Group's financial forecasts;
- (b) **Share of renewable electricity:** (i) past trends in energy-mix improvements are factored-in with progressive coefficients, which are location-specific; (ii) planned deployment of own solar energy is factored-in;
- (c) **Water withdrawal:** past trends, showing regressions, targeted increase of secondary use of water for technical cleaning, setting targets for water re-use in technical cleaning;
- (d) **Substances of concern in the waste:** Application of more granulated approach according to the REACH list of substances;
- (e) **Emissions:** (i) SBTi methodology; (ii) modelling, factoring-in (a) changes in the inputs structure, (b) wider application of bio-degradable coating; (c) customers' willingness to replace white paper with brown; (d) interviews of the film suppliers regarding their planned technology changes aimed to reduce film emission factors;
- (f) **Employees remuneration:** (i) factoring-in results of living wage benchmarking, (ii) remuneration comparative analysis across plants; (iii) revenue stream forecast;

48.4. **Significant assumptions:**

- (a) for input material, where emission factors are not available in the above databases, proxies are the closest analogues;
- (b) transportation-related emissions are measured by distances;
- (c) products' end-of-life: based on surveying customers, who possess primary data (i.e. vertically integrated corporations, where consumers are at the same time end-users), their median actual recycling rate of AIP products is 94 %; hence we have conservatively reduced this value to 70% as a median actual recycling rate for all customers).

49. KPI of the 2024, disaggregated by locations, are presented in Table 4, Annex.

Chart V. CONJUNCTION BETWEEN ESRS 2 AND ESRS 1



ESRS data points (leaves)

If data points (DP) are not relevant, they can be excluded. In addition, company-specific DP may need to be supplemented.

ESRS PATs & Metrics (twigs)

Information on concepts, measures, and objectives (PATs – Policies, Actions, and Targets) depends on the materiality of the topics. Regarding metrics (DR & DP), the criterion of relevance is decisive.

ESRS Thematic Standards (branches)

The ten thematic standards are divided into the areas of environment (E1–E5), social (S1–S4) and governance (G1).

ESRS 2 (trunk)

The general and fundamentally mandatory disclosures of ESRS 2 form the basis for understanding the sustainability report and the processes and governance structures implemented within the company.

ESRS 1 (roots)

The concepts and principles of ESRS 1 form the basis for understanding material topics.

Environment

50. As per the environmental goals, set forth by Article 9 of the EU Taxonomy Regulation 2020/852, and applying the definition of environmentally sustainable activities as per Article 16 (“Enabling activities”) with reference to Article 8 of the said Regulation, AIP states that its turnover is derived from environmentally sustainable activities. AIP activities:

- have GHG emission levels matching or surpassing the best performers in the sector;
- do not hamper development and deployment of low-carbon alternatives.

ESRS 1, E1 – Climate Change

51. Disclosures related to climate change⁴ are described above (ESRS 2). They are detailed below and summarized in the Tables of Annex as follows:

- Table 1 – Impacts, Risks and Opportunities (ESRS 2/SBM/IRO) related to climate change;
- Table 2 – Actions and Resources (MDR-A), including in management of climate-related IROs;
- Table 3 – Targets (MDR-T) and Transition Plan for climate change mitigation (E-1);

⁴ Methodology ref: WBCSD, World Resources Institute, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Revised edition, 2004; and World Resources Institute, World Business Council for Sustainable Development. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, 2011; IPCC 5th Assessment Report

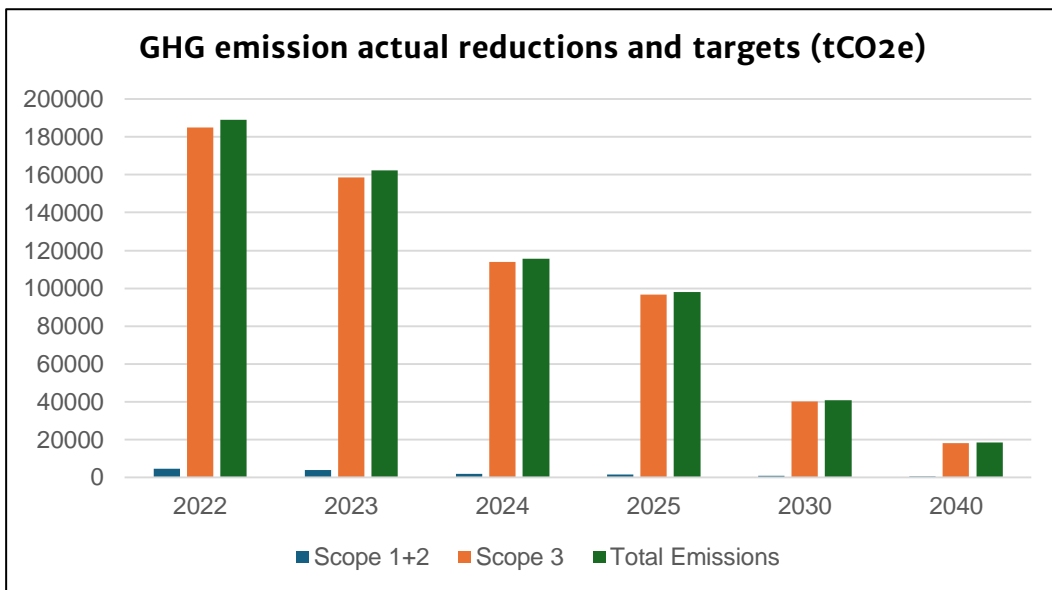
- Table 4 – KPI Dashboard 2024, i.e. metrics related to all sustainability matters, including energy consumption and GHG emissions.

52. Over 2017 – 2021 AIP has been monitoring and managing emissions reductions across Scopes 1 and 2, with the baseline of 2017. Present targets for Scope 1, 2, and 3 emission reductions are set in 2023, i.e. the adjusted baseline, as presented in the Transition Plan (Table 3, Annex).

E1-1 - Transition Plan for Climate Change Mitigation

53. Reducing global emissions by 95% by 2050 as per the EU Green Deal is a monumental task demanding rapid economic transition, with collective actions of businesses, governments, communities and individuals. Recognizing its part of global responsibility and considering the low climate impact of its activities, AIP challenges itself with the goal of achieving climate neutrality by 2040. Transition plan, presented in Table 3, Annex is approved by the MT. Progress in implementing the plan could be tracked through the said table, which includes disclosures of prior periods, thus demonstrating the dynamics. GHG emission reduction targets are SBTi-aligned (compatible with the 1.5 °C global warming limit as per Paris Agreement), with **some targets surpassing the SBTi-defined levels**.

Chart VI. GHG Emissions actual reductions and targets (tCO2e)



54. AIP is not excluded from the Paris-Aligned Benchmarks (PAB).

55. Consistency with the inventory boundaries is ensured through disclosing emissions by (i) subsidiary and country; (ii) operating segments; and (iii) GHG source type, as presented in the KPI Dashboard 2024 (Table 4, Annex). The base year is 2023, to be updated in 2028. Progress in emissions reduction in prior periods is disclosed in Table 3, Annex.

56. **Assumptions** are in line with the profile of the converting sector. GHG emissions for Scope 1+2 together stand at 3-4% of the total GHG emissions. **Critical assumptions**, thus, relate to (i) Scope 3; and (ii) demand trends for low-carbon packaging, the latter being pivotal for the opportunities assessment:

- (a) Decarbonization levers include: (i) switching from fossil fuels to electricity, increasing the share of clean power; (ii) increasing the share of recyclable input solutions (paper, plastic, adhesives); (iii) achieving full recyclability and/or reusability of products; (iv) applying other innovative solutions;
- (b) Input materials have the trend of substituting natural resources with its recyclable analogues, and chemical-based input with organic, the pace largely depend on customer demand for:
 - replacing white paper with brown with lower carbon footprint;
 - willingness to absorb the costs of innovative barrier solutions;
 - acceptance of recycled paper usage;
- (c) As per EU PPWR, plastic elements of the products must not exceed 5% of weight, substituting pure plastic with alternatives is included in the targets of the p/e suppliers;
- (d) Transportation emissions would reduce according to pace of replacing gas and diesel-based vehicles with electric at the sector-average speed. This pace, in its turn, is assessed and forecasted on the basis of research of infrastructure for tanking electrical vehicles and forecasts of gasoline prices;
- (e) Downstream Scope 3 emissions depend on product end-of-life, with steepest reduction curve, since (i) AIP products are mostly recyclable, and (ii) forecast, based on surveys, of AIP customer appetite to changing product design towards better circularity and using materials with lower carbon footprint;
- (f) Primary data on downstream Scope 3 emissions is used for customers, who are also end-users, i.e. for vertically integrated conglomerates; for the rest of the customers, recycling and re-use ratios are assumed to be 30% lower;
- (g) Lower-carbon packaging is assumed not to carry price premiums, but is likely to increase the sales volume;
- (h) Price-premium for net-zero products is assumed to be 1-1,5 % in 2025-2027 and up to 5-6% thereafter, indirectly positively correlating with the proximity of the first-tier AIP customers to retail. Conservatively low level of price premiums reflects low share of sacks PCF in the overall customers' carbon footprint;

57. In prioritizing decarbonization levers, short-term financial considerations are balanced with developing long-term comparative advantages and meeting the stakeholders' expectations.

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

58. Beyond the disclosures by reference to ESRS 2 SBM-3, further detailing, related to climate change includes:

58.1. **Resilience** to climate change is related to high-climate scenario.

58.2. **Scope** includes risks from (i) equipment malfunctioning (high resilience); (ii) electricity outages and shortages (low resilience to be managed in the medium-term by backing up grid electricity supply with own renewable energy deployment); and (iii) shortages of paper supply (medium resilience, managed by on-going geographical diversification of paper suppliers).

58.3. **Climate-related transition risks** in own operations are possibly increased prices for (i) low carbon input materials and (ii) carbon credits to offset non-reduceable residual CCF. AIP has no operations with high climate-related impacts, which might have to be discontinued to achieve climate neutrality. In the supply chain transition risks are limited to shortages in virgin paper (above). Downstream value chain risks have medium materiality, because (i) although about half of the AIP

customers (in cement, building materials and chemicals) have high climate-related impacts; but (ii) all customers produce products of first necessity and regardless of their pathways to climate neutrality, they would not have to discontinue their activities and which would need respective packaging.

58.4. **Climate-related transition opportunities** include (i) increase of AIP market share based on development of low-carbon products; and (ii) cost-cutting by replacing natural materials with their recycled equivalents.

E1-2 – Policies Related to Climate Change Mitigation and Adaptation

59. Disclosed by reference to MDR-P, p.43.

E1-3 – Actions and Resources in Relation to Climate Change Policies

60. Disclosed by reference to MDR-A (Table 2, Annex).

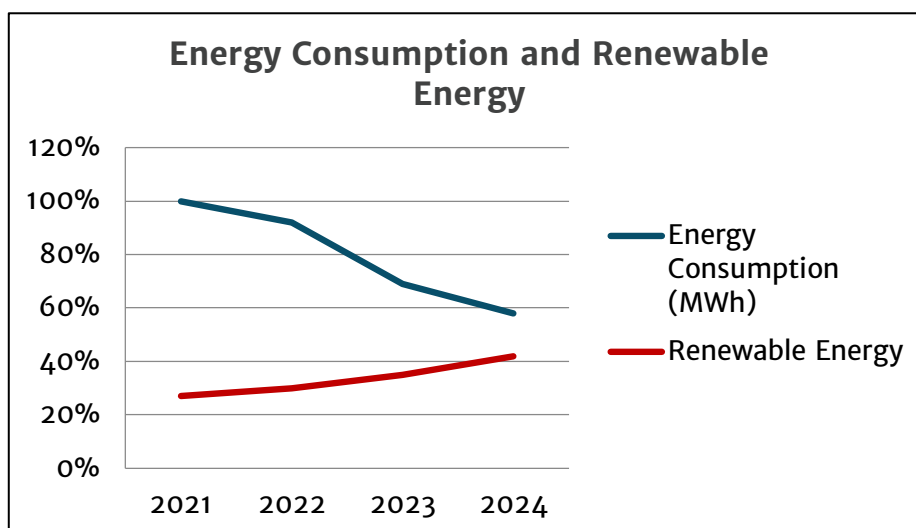
E1-4 – Targets Related to Climate Change Mitigation

61. Disclosed by reference to MDR-T (Table 3, Annex); metrics are disclosed in the KPI Dashboard 2024 (Table 4, Annex).

E1-5 – Energy Consumption and Mix

62. AIP has information about its energy consumption and its energy mix available. They are disclosed in the KPI Dashboard 2024 (Table 4, Annex).

Chart VII. Energy Consumption and Renewable Energy



E1-6 – Gross Scopes 1, 2 and 3 and Total GHG Emissions

63. Disclosed in the KPI Dashboard 2024 (Table 4, Annex). The following is not relevant to AIP operations: (i) fuel and energy-related activities; (ii) processing of sold goods; (iii) downstream leased assets; (iv) franchises; (v) financial investments. GHG intensity based on net revenue is 965,3 tCO₂e/mln EUR.

64. AIP measures, monitors and manages its Corporate Carbon Footprint (CCF) across Scopes 1, 2, and 3 across all production sites. It measures, monitors and manages Product Carbon Footprint (PCF) at four production sites, i.e. DE, DK, NL, RO. In the reporting period we contracted external auditor to verify both the CCF and PCF against the ISO14067 standard, with a view to obtain in 2025 ISO14067 certificate for the said four production entities.

E1-7 – GHG Removals and GHG Mitigation Projects Financed through Carbon Credits

65. In its approach to reduction, removal and offsetting climate change impacts, AIP focuses on utilizing a hierarchical approach, i.e. **prioritizing GHG mission reductions** and removal enhancements within the value chain over **offsetting**.

66. Continued PCF reducing over 2020–2024 indicates that the **production sites** is about to reach the level, beyond which the emissions cannot be further reduced under the given economic and technological circumstances.

67. To verify the above, AIP is engaged with an emissions' auditor, intending to verify the PCF of the entire product palette of the Plants in DE, DK, NL, RO. Upon certification of the PCF AIP intends to finance mitigation of climate change impacts with carbon credits.

68. The pilot mitigation project financed through verified carbon credits is planned for end-2025 for selected line of products on the basis of progress during 2020–2024, as disclosed by reference to MDR-T and E-1 (Table 3, Annex). AIP will apply requirements and guidelines of the ISO14068 standard, verification by an independent third party, ensuring additionality and absence of double counting while investing in activities, which permanently remove emissions from the atmosphere.

E1-8 – Internal Carbon Pricing. AIP does not practice internal carbon pricing.

E1-9 – Potential Financial Effects from Material Physical and Transition Risks and Climate-Related Opportunities

69. **Physical risks** can include only damage to facilities due to weather disasters, which likelihood is assessed as not material, since no AIP locations are exposed to extreme heat, wind or water hazards. Exposure to physical risks concentrates upstream, including (i) electricity shortages and black-outs; (ii) shortages of virgin paper due to draught, heat waves, wildfire. These risks may adversely affect AIP revenue and cashflow up to 40 mln EUR. They are managed through (i) geographical diversification of virgin paper suppliers; and (ii) backing-up electricity supply by own deployment in the mid-term.

70. **Transition risks:** (i) replacement up to 20–25% of assets before the end of their life-time, due to the lack of their energy efficiency; (ii) price increase of low carbon input materials; (iii) price increase on the market of carbon credits to offset residual emissions.

71. **Opportunities. Revenue:** potential growth of the market size and revenues from net-zero products and innovative circular solutions are limited to segments of customers, sensitive to circular design of the products' packaging. These segments amount in the reporting period to 4,2% and 50,2 mln EUR. Net revenue increase is assessed to be of up to 30 mln EUR. **Costs:** potential saving arises from (i) transition to renewable electricity; and (ii) increase of the share of recycled paper in paper input. Cost reduction could be up to 9 mln EUR **on the assumption of the present price levels of recycled paper, fuel, grey and renewable electricity.**

ESRS 1, E2 - Pollution

72. Pollution is assessed as not material. **Air pollution** is measured inside the production facilities with portable monitors, which measure specific pollutants with accuracy at a high temporal resolution. The assumption is that outside pollution cannot exceed the levels inside the facilities, since no activities take place outside, except moving supplies and finished products with the electrical forklifts. Except for pollution associated with fuel combustion of the vehicles, and no other types of pollutants are identified. **Water pollution** is assessed as not material by reference to disclosures under E-3. **Land pollution:** is assessed as not material, there are no hazardous substances (as per REACH list) in the waste across all 6 Plants. Waste management and treatment are disclosed by reference to E-5.

ESRS 1, E3 - Water and Marine Resources

73. Marine resources are excluded from reporting as not relevant to AIP activities.

E3-1 Policies Related to Water. Disclosed by reference to MDR-P, p.43

74. Water consumption in activities is limited to cleaning equipment (“technical washing”) and consumption in offices. Only running water is used. Water-related provisions of the Environmental Policy promote reducing waste withdrawal by reusing wastewater for technical washing where feasible. No AIP production sites are located in areas of high-water stress.

75. Material impacts on water are concentrated in the supply chain, mainly in paper and pulp production, and production of p/e film. Water impacts in the downstream are not material, because AIP products are not further processed.

76. **Strategy, Governance and Materiality Assessment:** IRO, actions, targets and metrics related to water are disclosed in Annex (Table 2, Table 3 and Table 4, Annex).

E3-2 Actions and Resources Related to Water

77. Disclosed in Table 3, Annex and by reference to MDR-A, p. 45. Detailed measures include: (i) maintenance to prevent leakages of any kind; (ii) adequately maintaining water treatment units, including washing systems and wastewater collecting tanks; (iii) regular assessments of water treatment by laboratory tests of discharged water at every facility; (iv) discharge all substances of concern into sedimentation tanks with subsequent treatment ; (v) laboratory checks before discharging wastewater in public collectors, (vi) regular water quality audits and inspections by authorities.

E3-3 – Targets Related to Water

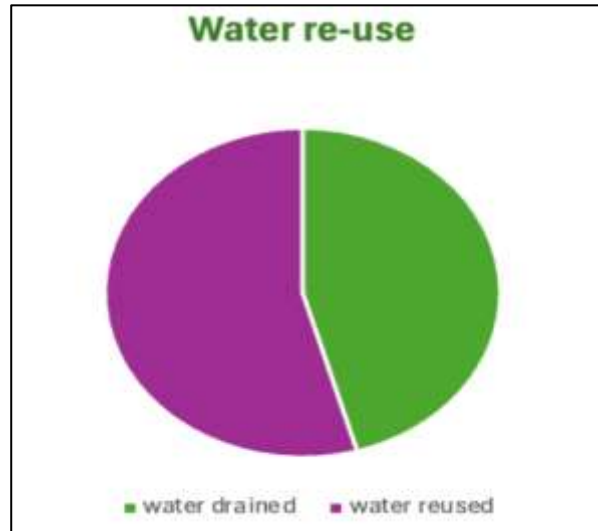
78. Disclosed in Table 3, Annex and by reference to MDR -T, paragraphs 46-49. Since 2022 AIP reduced water withdrawal by 23%, the share of currently treated and re-used water stands at 57%, further realistic reductions could be result from better water treatment after technical washing with a view to increase water re-use to 61% in 2025. Water consumption per ton of products is higher than plant-average at (a) AIP DK, due to

implementation of a High-Care Zone with top hygienic standard for producing sacks for milk powder; and (b) at AIP CZ due to the still pending improvements in SOPs.

E3-4 – Water Management Performance

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

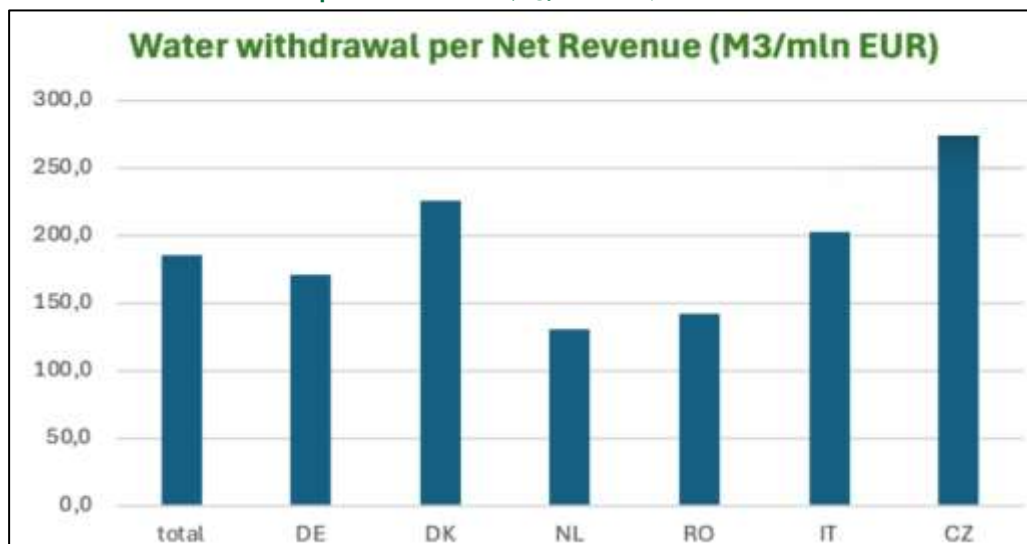
Chart VIII. Water re-use



E3-5 – Water Intensity Performance

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

Chart IX. Water withdrawal per Net Revenue (M3/mIn EUR)



E3-7 – Potential Financial Effects from Water-Related Impacts, Risks and Opportunities

Assessed as having low materiality, disclosed in the KPI Dashboard 2024 (Table 4, Annex).

ESRS 1, E4 - Biodiversity

79. No AIP production sites are located at or near biodiversity sensitive areas. Actual and potential negative impacts on biodiversity are concentrated in the supply chain, in cultivation and harvesting forestry resources for pulp production. AIP follows the principle of traceability as to the fiber source, with 98% of its paper suppliers being FSC®-certified and in compliance with the EU Timber regulation (to be replaced by the EU Deforestation Regulation). Biodiversity is excluded from reporting.

ESRS 1, E5 - Resource Use and Circular Economy

Disclosures related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities.

Disclosed by reference to IRO-1 (methodology), pp. 34-38; and S3 below (consultation process with communities).

E5-1 – Policies Related to Resource Use and Circular Economy

80. Disclosed by reference to MDR-P, p. 43. Following the guidelines of the EU Circular Economy Action Plan, they address:

- 80.1. transitioning away from extraction of virgin non-renewable resources by gradually increasing (i) share of energy from renewables; (ii) share of recycled paper in its total volume; (iii) transition to fully bio-degradable and compostable plastic elements of its products and to organic-based adhesives and ink; and
- 80.2. securing and contributing to the regenerative production of renewable resources and the regeneration of ecosystems by (i) deployment own energy capacities based on renewable energy and (ii) by offsetting its emission, which could not be otherwise reduced by the good provenance carbon credit to support investments in ecosystem regeneration.

E5-2 – Actions and Resources Related to Resource Use and Circular Economy

81. These are disclosed in Table 2 and Table 4, Annex and by reference to MDR-T, paragraphs 46-49. Specifically, AIP practices:

- 81.1. Suppliers' environmental due diligence with the view to procure input materials with the best recyclability rate, with particular focus on:
 - increasing the share of organic-based glue and maintaining the practice of sourcing only water-based ink;
 - sourcing p/e film with consideration to its recyclability and bio-degradability.
- 81.2. Equipment maintenance focused on:
 - (i) preventing excessive use of materials; and (ii) prolong the equipment lifetime;

- optimizing OEE to reduce energy consumption;
- preventing waste generation;
- optimizing waste management methods, with priority to recycling and disposal through composting.

81.3. Continuously improving products' design towards circularity, e.g:

- ca 18% of products can be dismantled and fully recycled according to the end-user waste streams;
- ca. 3,3% of products are bio-coated with fast degradable substances (the pace of progress depends entirely on customers' willingness to absorb/share the higher costs of such coating).

E5 -3 Targets Related to Resources and Circular Economy

Disclosed in Table 2, Annex.

E5-4 Resource Inflow

82. The key principles of resources management include:

- optimizing operational processes to reduce absolute volumes of inputs and waste generation;
- maintaining FSC® certificate (*license code FSC-C018056*), this confirming verified provenance of the paper, which is the key input supply and the key component of the finished products;
- increasing the share of recycled paper at a pace, acceptable to consumers and end-users;
- replacing plastic elements of products with bio-degradable polymer;
- replacing chemical-based glue with organic-based.

83. The pathway to increased circularity depends greatly on the customers, who are cautious about possibly compromised packaging quality as a result of using recycled inputs, and are reluctant to compensate for the higher costs of bio-degradable polymers. AIP expects this trend to change only in the medium-term under the growing regulative and market pressure for circularity.

84. Metrics on the resource inflow are presented in the KPI Dashboard 2024 (Table 4, Annex). They are disaggregated by input categories, equipment, energy, locations and countries. Methods of data calculations: (i) primary (direct measurements of volume of fuel, electricity and input materials used) and (ii) invoices.

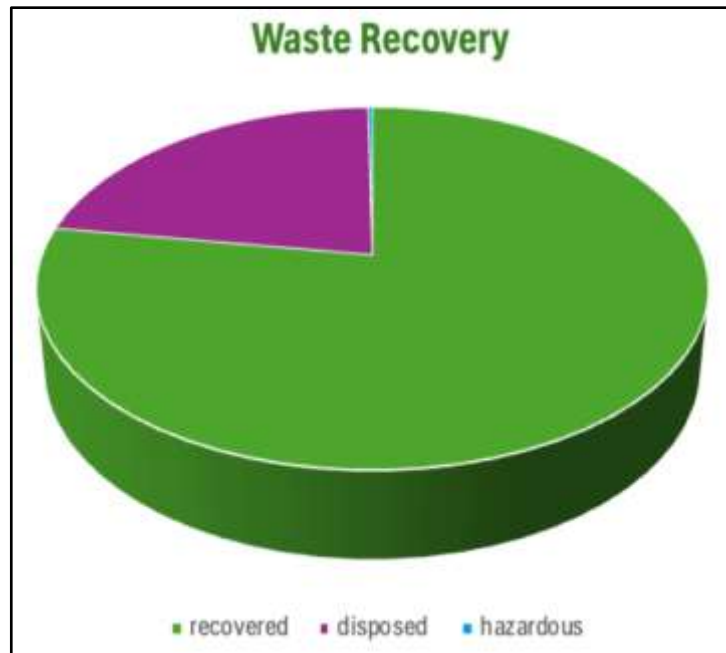
E5-5 - Resource Outflow

85. **Products and materials.** The described above measures in the resource inflow management work for the outflow, contributing to circular product design and their recyclability. AIP products recyclability rate is 98,8 %. Reliably assessed products' re-use is tracked across those first-tier customers, who are also end-users, i.e. vertically integrated manufacturers: assessment demonstrates that although 69% of products are actually recycled, their re-use is so far immaterial (1-4%).

86. **Waste.** AIP claims to be economical in resources management, with low waste generation per ton of output (average 60 kg, including office and food-related waste). Electronic waste is limited to used batteries, which are submitted to public recycling

centers, there is no non-metallic materials and/or textiles. Food waste is limited only to that from employee's meals (separate waste stream), metals and plastic are sorted as separate waste streams and delivered to specialized waste management contractors.

Chart X. Waste Recovery



E5-6 – Potential Financial Effects from Resource Use and Circular Economy-Related Impacts, Risks and Opportunities

87. These are disclosed in the overall IRO assessment (Table 1, Annex).

Social

ESRS 1 S-1 - Own Workforce

88. AIP Group regards its Staff Members as its main asset. The Group is committed to equitable and just treatment of all Staff Members. It cultivates and fosters conducive and rewarding corporate culture. It engages with suppliers and customers to ensure respect to human rights fair remuneration, social protection and appropriate working conditions across the value chain. AIP and the overwhelming majority of its business partners have quality certificates of high social performance.

89. Strategy and governance of human resource management are disclosed by reference to GOV2, SBM 2 and 3. IRO assessments are presented in Table 1, Annex, actions and resources – in Table 2, Annex, quantitative targets – in Table 3, Annex and 2024 performance metrics – in the KPI Dashboard 2024, Table 4, Annex.

S1-1 - Policies Related to Own Workforce

90. These are **Labor and Human Rights Policy** and **Code of Ethics** disclosed by reference to MDR-P, p.43. AIP applies technical procedures related to health and safety, prevention of fraudulent activities, procedures for travel, use of corporate assets (computers, phone, etc.), included in **the AIP Policies and Procedures Manual**.

S1-2 - Processes for Engaging with Own Workers and Workers' Representatives

91. Each of AIP Plants has less than 100 Staff Members, thus the management is engaged with **them daily and directly**. Impacts are discussed with the working councils, and are managed jointly with them. Lessons learned from impacts' monitoring are factored in decision-making process via (i) employees satisfaction surveys; (ii) training in sustainability matters; (iii) decisions about bonuses, which are taken with engagement of working councils. 92% of workforce is covered by the participation in working councils, 79% - by collective bargaining agreements. AIP does not commit to increasing these coverages, since they are strictly voluntary.

S1-3 - Channels for Raising Concerns

92. AIP Staff Members have all opportunities to raise their concerns on any job-related matters, including working conditions, safety, sanitation, working hours, work-life balance, remuneration, social security, training, equal opportunities, freedom from discrimination, special conditions for people with disabilities, deficiencies in operational processes, suspicion of corruption, fraud or any other misconduct. Concerns may be communicated to the Plant Directors, as well as to any relevant C-level Officer. They can be raised anonymously through the whistleblowing channel: <https://advanced-industries-packaging.com/ethics-line/set> in compliance with the EU Whistleblower Directive. This hotline for complaints and grievances is linked to an acknowledged third party's platform **SpeakUp**. Mechanisms are spelled in each of the AIP Policy, the link to the **SpeakUp** whistleblowing platform is available on the AIP website, and its efficiency is assessed via Staff satisfaction surveys and by the number and the nature of complaints being directly assessed) by the Chief Legal Officer. Applicable remediation measures are then determined by a relevant Director under the control of the Chief Legal Officer. In the reporting period no complaints were recorded.

S1-4 - Targets Related to Managing Material Impacts, Risks and Opportunities

93. No identified negative impacts on workforce. Actions and targets in preventing potential negative impacts, advancing positive impacts are disclosed in Tables 1 and Table 3, Annex. Performance in the social area is disclosed in the KPI Dashboard 2024 (Table 4, Annex). Progress to targets is tracked by the management and members of the working councils, via satisfaction surveys and by monitoring the workforce turnover.

S1-5 - Action on Material Impacts on Own Workforce and Their Effectiveness

94. Disclosed in Table 2, Annex. Additional initiatives include: (i) increasing the internal mobility and work from home, where plausible; (ii) flexible work hours; (iii) counselling; (iv) joint entertainments and celebration of meaningful events.

S1-6 - Approaches to Mitigating Material Risks and Pursuing Material Opportunities Related to Own Workforce

95. As per p.125 below, material risks require rather prevention than mitigation. The key avenue of pursuing opportunities is (i) strengthening personnel loyalty, dedication and self-motivation by staying a competitive employer; and (ii) fostering high corporate

culture, focused on respect, acknowledgement, inclusiveness and knowledge-sharing, while maintaining transparency and accountability.

S1-7 – Characteristics of Employees

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-8 – Characteristics of Non-Employee Workers

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-9 – Training and Skills Development Indicators

96. Disclosed in the KPI Dashboard 2024 (Table 4, Annex). It is impractical to disaggregate each category of employees by gender: the blue-collar employees are mainly males due to sector-specific high capital-intensity, while white collar employees are ca 40:60 males and females, receiving training equally. No training provided to non-employees, since those are external experts/consultants.

S1-10 – Coverage of the Health and Safety Management System

97. All employees are covered by health and safety management system, which follows the WHO standards regarding comprehensiveness, health care providers' competence, facilities' quality, non-discrimination. Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

98. All production sites hold ISO 9001 certificates, and AIP RO holds also ISO 14001 and ISO45001. All employees are covered by annual health checks, paid by a respective significant location.

S1-11 – Performance of H&S Management System

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-12 – Working Hours

99. There are no own workers or non-workers with working hours per week exceeding 48 hours. Median weekly working hours per person amount to 33,9 hours.

S1-13 – Work-Life Balance Indicators

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-14 – Fair Remuneration

100. **Methodology** used is the IDH living wage benchmark analysis, which covers in the reporting period 6 locations (DE, DK, RO, AU, IR, FR), i.e. 71,2% of employees. AIP has consistent remuneration policy across locations, on this basis, we assert that no employees and/or contract workers are paid below living wage as disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-15 – Social Security Eligibility Coverage

101. All AIP employees are eligible for social security as per the government programs, covered by health insurance, entitled to annual vacations, family leaves and child care.

Some of the non-workers are also covered by private medical insurance plans, paid by the AIP.

S1-16 – Pay Gap between Women and Men: No gap.

S1-17 – Annual Total Compensation Ratio

102. The ratio of the annual total compensation ratio of the highest paid individual to the median annual total compensation for all employees is calculated on the basis on living wage matrix, and is equal to 5,32, as disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-18 – Discrimination Incidents Related to Equal Opportunities

103. No discrimination incidents have been reported since 2017 either to management, or via anonymous whistleblowing channels.

S1-19 – Employment of Persons with Disabilities

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-20 – Differences in the Provision of Benefits to Employees with Different Employment Contract Types

104. All permanent full- and part-time employees are covered with (i) annual paid vacations; (ii) health care; (iii) childcare; (iv) family-related leave; (v) retirement provision; (vi) training and skills development programs. Some contractual workers also have paid health care. Temporary employees are not covered by benefits, except for training on par with permanent employees.

S1-21 – Grievances and Complaints Related to Other Work-Related Rights

105. In the reporting period 1 complaint was received at AIP, AT via management reporting lines; it was resolved by the parties involved under the supervision of CEO. No complaints were received via whistleblowing channels.

S1-22 – Collective Bargaining Coverage

Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

S1-23 – Work Stoppages

No work stoppages due to strikes or boycotts in the reporting period.

S1-25 – Identified Cases of Severe Human Rights Issues and Incidents

No such cases occurred in the reporting period and /or since 1017.

S1-26 – Privacy at Work

106. AIP information security system is composed from a set of both organizational and technical measures aiming to reduce risks related to protection personal data (availability, integrity and confidentiality):

- control of physical access to the infrastructure of information systems (access monitoring and control system, video surveillance, etc.);
- ensuring the continuity of the power supply of the data center (use of Uninterruptible Power Supply, generators, etc.);
- ensuring network security of the infrastructure (e.g. firewall etc.);
- login procedure and all further communications are done through encrypted VPN tunnel;
- use of an up-to-date anti-virus software on servers and workstations of users;
- segregation of duties in the information systems;
- users' access control (including a three-tiered authorization process);
- separation of test and production tools;
- secure data transfer protocols.

107. Internal data privacy self-assessments on annual basis is performed by an external consultant. No data breaches involving workers' data have occurred during the reporting period.

ESRS 1 S-2 - Workers in the Value Chain

108. Material IRO is disclosed by reference to SBM-3 and IRO -1, as well as Table 1, Annex. No risks or opportunities originate from the workers in the value chain, since 98% of suppliers and over 60% of customers have quality management certificates and a strong brand reputation. In the supply chain there are potential health and safety risks: workers involved in (i) harvesting forestry resources, (ii) producing pulp and paper, as well as plastic. These risks are assessed as low through AIP due diligence of suppliers and suppliers' certifications. In the downstream value chain AIP customers are mainly also large manufacturers, potential risks to health and safety are identified regarding customers in segments of (i) minerals; (ii) chemical products; and (iii) construction materials. They are assessed as low through AIP due diligence, customers' certifications, customers' annual reports and their ratings of financial risks (S&P, Moody's) and sustainability risks (Ecovadis, Morningstar Sustainalytics).

S2-1 – Policies Related to Value Chain Workers

109. Provisions on monitoring human rights and labor conditions of the value chain workers are included in the Sustainable Procurement Policy and Code of Ethics as disclosed by reference to MDR-P, p.43.

S2-2 – Processes for Engaging with Value Chain Workers about Impacts

110. Based on the assessed low materiality of matters related to value chain workers, AIP engagement is limited to due diligence of human rights and labor conditions.

S2-3 – Processes to Remediate Negative Impacts and Channels for Value Chain Workers to Raise Concerns

111. AIP is not an actor in remediating negative impacts, and those have not been identified in the due diligence of suppliers and customers. Value chain worker can raise concerns through the AIP public whistleblowing channel.

ESRS 1, S-3 - Affected Communities

112. Key matters are disclosed by reference to **SBM-2** (Interests and views of stakeholders, **SBM-3** (Material IRO) and the Tables 1-4, Annex.

S3-1 - Policies Related to Affected Communities

Disclosed by reference to MDR-P, p. 43.

S3-2 - Processes for Engaging with Affected Communities about Impacts

113. All AIP locations are engaged with local communities' legitimate representatives (authorities and NGOs). The frequency is regular; engagements include (i) participation in the deliberations of local elected bodies, (ii) dialogue with authorities and regulators.

114. The Plant Directors are responsible for this engagement and for integration of the communities' views in plants' decision-making. C-level Officers at the locations in AU are directly engaged with local authorities, NGOs.

S3-3 - Processes to Remediate Negative Impacts and Channels for Affected Communities to Raise Concerns

115. Negative impacts are disclosed by reference in SBM-3. Affected communities, like all other actors in AIP value chain, can raise concerns directly to Plants Directors and/or the whistleblowing channel, accessible on AIP web-site (**SpeakUp**). Equally important that plant employees are active members of local communities' matters, being an additional channel of mutual communication.

S3-4 - Taking Action on Material Impacts on Affected Communities and Approaches to Mitigating Material Risks and Pursuing Material Opportunities Related to Affected Communities and Effectiveness of Those Actions

116. In AIP Strategy it is embedded that the Group's development and growth should be assessed as having positive impacts on the local communities by contributing to the local domestic product, budget, job creation and income level (SBM-3). AIP material negative impacts on communities are limited within the climate-change (emissions) and circular design (waste management) topics, actions in those areas are disclosed by reference in E-1, E-4 and in Table 2, Annex.

ESRS 1, S-4 - Consumers and End-Users

117. Customers, their interests and expectations comprise the very basis of AIP sustainable development in all areas, as is largely disclosed by reference to SBM-2, SBM-3 and the Tables 1-4, Annex. Customers are B2B businesses, 94,6,% of end-users are also B2B business, while 5,4% are retail.

S4-1 - Policies Related to Consumers and End-Users

Disclosed by reference in MDR-P, p. 43.

S4-2 - Processes for Engaging with Consumers and End-Users about Impacts

118. Engaging with consumers is the focus of the overall AIP management processes at the levels of production sites and in the Headquarters (AU), and includes:

- (a) encouraging consumers due diligence of AIP operational processes, on-site audit of any aspects of production sites' activities;

- (b) providing them with declarations of products conformity with regulations and customer requirements;
- (c) disclosing financial statements, audit reports, sustainability reports, policies, procedures, annual KPIs, health and safety audits;
- (d) implementing at the DK facility High Care zone, with special hygienic and sanitary requirements, where production of packaging food products is concentrated;
- (e) supplying consumers with PCF of all products;
- (f) conducting regular meetings to discuss impacts, the level of AIP customer support, customers' requests and expectations.

119. AIP production sites attain particular importance to obtaining/maintaining quality management certificates, as presented below:

Chart XI. AIP Group's certificates

PLANT	CERTIFICATE NAME							
	ISO 9001	HACCP	BRCGS	ISO 22000	FSSC 22000	ISO 45001	ISO 14001	FSC®
2024 AIP DE	✓	✓	✓					✓
AIP DK	✓	✓			✓			✓
AIP NL	✓	✓	✓					✓
AIP RO	✓			✓	✓	✓	✓	✓
AIP IT	✓							✓
AIP CZ	✓							✓

S4-3 – Processes to Remediate Negative Impacts and Channels for Consumers and End-Users to Raise Concerns

120. All instances of AIP inadvertent negative impacts, e.g. inadequate product quality, errors in labelling, are spelled out in contracts with customers, with provisions regarding the scope, timeframe of remedying, compensation, etc.
121. Consumers are assigned account managers, who are responsible for customer support, addressing any customer's concerns and reconciling differences. The Sales Team Director and Chief Sales Officer are responsible for meeting all customer requests and addressing their concerns. Effectiveness of customer management is assessed on a monthly basis by the MT via sales reports, analytical reports, benchmarking AIP sales against the sector peers. Over 60% of AIP customer base are long-term clients, providing evidence of trust. AIP performance related to customers and users, disclosed by location, country and types of impacts is presented in the KPI Dashboard 2024 (Table 4, Annex).

S4-4 – Actions on Material Impacts on Consumers and End-Users, Mitigating Material Risks and Pursuing Material Opportunities Related to Consumers and End-Users

122. Actions to maintain the absence of negative impacts on consumers and to advance positive impacts encompass (i) maintaining top quality of products and of customer support, and (ii) continuously improving products' environmental characteristics. These actions mitigate potential risks and drive opportunities, as disclosed by reference to MDR- A and Table 2, Annex. Effectiveness of actions is tracked via volumes of customers' orders, profit margins, market analysis, testing customers' demand for innovative product features.

123. Processes of preventing events of material negative impacts and their timely remediation are based on the quality check of each production phase and of the final product, which is the core responsibility of a Quality Manager at each Plant. Efficiency of the processes is assessed by customer account managers in their daily work and at the weekly reviews of the product portfolio performance by the MT.

124. Consumers data is protected, no instances of its inadvertent misuse are registered in the reporting period. Data protection procedures are spelled-out in Data Privacy Policy and are embedded in the IT processes.

S4-5 – Targets Related to Managing Material Negative Impacts, Advancing Positive Impacts, Managing Material Risks and Opportunities

125. Targets in preventing potential negative material impacts, advancing positive impacts and driving opportunities are focused on steadily improving (i) climate change-related product characteristics and (ii) product circular design. Targets are closed by reference in MFR-T and in Table 3, Annex.

Business Conduct

126. This section is expected to be read in conjunction with the disclosures under the ESRS 2 on Governance (GOV), Strategy (SBM) and Management of impacts, risks and opportunities (IRO), and in Tables 1-4, Annex.

G1-1 – Corporate Culture and Business Conduct Policies

127. Core values of Advanced Industries Packaging Group:

- Leadership – have the courage to make things differently;
- Integrity – stay real and accountable;
- Excellence – stretch your potential to be the best at what you do;
- Teamwork – support each other and disseminate best practices and knowledge, we achieve more together than individually;
- Stewardship – consistently improve sustainability across the value chain, acknowledge your personal responsibility for the future.

128. AIP commitments to the above values are articulated in the **Code of Ethics** with Appendix 1. “**Guidelines on Fraud Prevention**”, consistent with the UN Convention against Corruption, in **Suppliers’ Code of Conduct**, and in **AIP Policies and Procedures Manual**, as disclosed in MDR-P, p. 43.

129. Strategic levers of fostering corporate culture are:

- Efficiency of reporting lines;
- Inclusiveness;
- Promoting diversity;
- Transparency;
- Personal accountability of Staff Members for actions within the area of their responsibilities.

130. Mechanisms for identifying, reporting and investigating concerns about

unlawful behaviour or behaviour in contradiction of the **Code of Ethics** are in technical procedures related to finance, procurement, data privacy and are ensured by the architecture of AIP IT systems.

G1-2 – Management of Relationships with Suppliers

131. Disclosed by reference to GOV-4 (Statement on due diligence), GOV-5 (Risk management and controls), SBM-2 (Interests and views of stakeholders).
132. The Group's **Procurement Policy** articulates suppliers' social and environmental assessment. Technical procurement procedures enforce contractual discipline, including timely payments to suppliers and the alignment of the procurement and the financial management processes. Technical procurement and financial procedures, with control functions embedded, are the main instruments of prevention of any fraudulent activities.

G1-3 – Prevention and Detection of Corruption or Bribery

133. The "Four-Eye" principle is embedded in procurement, sales and financial procedures. The Staff Members are obliged to monitor daily activities in their workplace for patterns, indicative of fraudulent activities. Relevant Staff Members shall make their risk assessment of AIP counterparties for patterns, indicative of fraudulent activities and/or money laundering, and are accountable for incorporation of anti-fraud and anti-money laundering clauses in contracts, agreements and other documents. The Staff Members have duty to report any facts or risks of corruption, money-laundering or any other fraudulent activity. If according to the Staff Member's best judgement, the matter cannot be dealt by the direct line manager, the Staff Member should elevate it to the level of the Group's CFO or Chief Legal Officer. Alternatively, substantiated suspicions are expected to be communicated through the channel for anonymous whistleblowing, which is set up in compliance with the EU Whistleblower Directive. The Staff members raise their awareness about fraud detection and prevention through periodic training.
134. Each case of suspected corrupt or fraudulent behaviour is investigated by a respective Plant Director jointly with a Quality Manager. No cases of actual or suspected corrupt or fraudulent behavior have been opened in the reporting period, as disclosed in the KPI Dashboard 2024 (Table 4, Annex).
135. Training in ethical matters, including anti-corruption/anti-bribery is provided to all the Staff Members annually, explaining forms of fraud and corruption, methods of identifying their indicative patterns, and of their prevention, as defined by procedures included in AIP Policies and Procedures Manual.

G1-4 – Confirmed Incidents of Corruption or Bribery

None. Disclosed in the KPI Dashboard 2024 (Table 4, Annex).

G1-5 – Political Influence and Lobbying Activities

Not applicable.

G1-6 – Payment Practices

136. 100% of suppliers are paid as per contractual terms, on average within 30 days after the goods delivery and invoicing.

Reporting Period, Frequency and Contact Information

The reporting frequency of the Sustainability Report is annual. The reporting frequency of the Financial Report is annual. Date of publication of the current Sustainability Report is 9th of April 2024.

Contact Information:

Advanced Industries Packaging Group
Schwarzenbergplatz 3,
1010 Vienna, Austria

E-mail: office@aip-papersack.com

Phone: +43 139 50 60 5000

The contact point for questions about the report is:

Lena Schwarz, esg@aip-papersack.com

External Assurance

AIP Group elicits external assurance of its sustainability performance mainly from international certification bodies as well as external auditors, when affordable. In year 2025 the Group is not an in-scope company under the EU CSRD for reporting for 2024. The Group performed voluntary this Report according to the ESRS reporting standard. On this basis AIP limited external assurance for 2024 to engaging external consultants to ensure reliability of the Group sustainability monitoring and reporting.

Annexes

Table 1 - Double Materiality Assessment: Impacts, Risks, Opportunities (ESRS 2, SBM/IRO)

Material Topic	Impact	Type	Nature	Concentration	Materiality (%)	Risks	Opportunities	Financial materiality (EUR '000 p/a)	Time-horizon
E1 Climate change					high materiality: 80				
	use of petroleum-based vehicles	actual	negative	operations	30	not material, as Scope 1 emissions amount for ca. 3% of total	costs reduction via replacing combustion with electrical vehicles	192	FY2029
	engagement in energy-efficiency programs	actual	positive	operations	40	n.a.	cost reduction from accelerated reduction of Scope 2 GHG emissions	39	on-going
	GHG emissions	actual	negative	operations	95	Low risk: emissions are moderate due to specifics of sector (converting)	achieving targets compatible with 1.5 degrees limit by 2040	70-90	on-going
	input materials with high GHG emission factors: plastic	actual	negative	operations	60	(i) dependency on new plastic solutions availability, (ii) regulatory risks	developing p/e elements' with low emission factors, thus increasing products competitiveness	145,6	FY2029
	materials with high GHG emission factor: ink	actual	negative	operations	30	increase of water-based ink price	full transition to water-based ink to improve circular design	40	completed
	materials with high GHG emission factor: adhesives	actual	negative	operations	40		full transition to organic/starch-based adhesives to improve circular design	20-45	FY2029

	energy with high GHG emissions factors	actual	negative	operations	50	increased costs of energy	increasing share of renewables reduces total GHG; cost of renewable energy are so far lower that those of natural resources	no reliable forecast	n.a.
	reducing and removing products' GHG	potential	positive	operations	60	perceived greenwashing, if done not meticulously	offering customers carbon zero products, increasing revenue	2025 – 70 2026 – 150 2027 – 240	FY2040
E2 Pollution					<u>not material</u>				
	pollution of air	actual	negative	operations	accounted above	accounted above	accounted above	n.a.	
	pollution of water	potential	negative	operations	not material	finest, regulatory penalties	n.a.	up to 80	
E3 Water					<u>low materiality: 20</u>				
	high water consumption of pulp and paper production	actual	negative	supply chain	60	n.a.	n.a.	n.a.	
	water consumption in own operations	actual	positive	not material	15	no risks identified	costs savings by increasing share of water re-use	56	FY2030
	wastewater treatment	actual	positive	operations	15	no risks identified	costs savings by increasing share of water re-use	56	limit of reduction in FY 2030
E4 Bio-diversity					<u>not material</u>				
	cultivating and harvesting primary forestry resources	actual	negative	supply chain	-	penalties and reputational damage due to poor paper provenance	brand strengthening due to sourcing certified paper	up to 500	all paper certified by FY 2030
E5 Circular economy					<u>high materiality: 80</u>				
	non-renewables: gas and petroleum products	actual	negative	operations	30	not material due to low share of non-renewable natural resources	not material due to low share of non-renewable natural resources	accounted above	
	non-renewables in electricity-mix	actual	negative	supply chain	40	not material due to low share of non-renewable natural resources	not material due to low share of non-renewable natural resources	accounted above	

	non-renewable forestry resources	actual	negative	supply chain	90	shortages of virgin paper	faster increase of recycled paper share with marginal costs reduction	accounted above	
	non-recyclable plastic components	actual	negative	supply chain	70	potential non-compliance with the PPWR	developing p/e elements' with low emission factors, thus increasing products competitiveness	accounted above	
	waste generation	actual	negative	operations	70	slippages on the recyclability targets	reducing waste generation, marginally reducing costs	accounted above	
	substances of concern in waste structure	actual	positive	operations	5	higher costs of waste disposal	eliminating substances of concern in waste, waste management costs savings	accounted above	
	use of recycled paper	actual	positive	operations	80	product quality damage	potential cost savings based on lesser price of recycled paper	not quantifiable	
	products circular design (recyclability/re-usability)	actual	positive	operations	90	loss of products competitiveness	high environmental quality distinguishes AIP products and strengthen its competitiveness	not quantifiable	
	products end-of-life	actual	positive	downstream	90	lack of customers' responsible products end-use	promoting products re-use and recycling	12,5	
S1 Own workforce					high materialiy, 95				
	human rights	actual	positive	operations	100	actual and perceived discrimination among internal stakeholders and of the external actors	brand strengthening due to high standard corporate culture	n.a.	
	remuneration compared to living wage level	actual	positive	operations	100	loss of qualified workforce in case of remuneration below living wage	reducing workforce dependancy due to remuneration above living wage	700	
	health and safety hazards	potential	negative	operations	100	health and safety risks	reducing workforce dependancy by maintaining H&S top quality	n.a.	

	workforce dependency	potential	negative	operations	70	workforce skills not matching operational requirements	building strong core of loyal competent workforce	not quantifiable	
	gender pay gap	actual	positive	operations	100	no risks	securing qualified loyal workforce	n.a.	
	professional growth	actual	positive	operations	75	limited career development opportunities	ensuring personal and professional development, disseminating knowledges in the communities	n.a.	
	channels to raise concerns	actual	positive	operations	90	internal conflicts	adequate response to possible shortcomings in operating processes and management	n.a.	
								n.a.	
S2 Worker in value chain					low materiality: 25			n.a.	
	human rights respect	actual	positive	value chain	20	risks have low likelihood, since 98% of suppliers and 75% of customers have quality certificates and strong brand reputation	no additional opportunities identified	n.a.	
	labor conditions	actual	positive		30			n.a.	
					-			n.a.	
S3 Affected Communities					low materiality: 25				
	job opportunities and household income	actual	positive	own operations	40	n.a.	increasing income per capita in the local communities	n.a.	
	air pollution from GHG emissions	actual	negative	own operations	10	own operations	strengthening ties with the communities by devoted reduction of GHG emissions	n.a.	

	civic dialogue and NGO support	actual	positive	own operations	20	communities conflicts	securing conducive social environment	n.a.	
S4 Consumers& end-users					high materiality: 95				
	products quality	actual	positive		100	high(depletion of customer base in case of poor products quality)	quality certificates secure stability of the customer base and revenue	n.a.	
	customer support	actual	positive		70	medium (volume reduction, customers losses)	making top customer support a compitative advantage secures market share	not quantifiable	
	packaging labeling inconsistent with consumers' products	potential	negative		30	low (loss of reputation and revenue, wasted financial resources)	proper products labeling strengthens marketing and sales	n.a.	
	mis-use of consumers data	potential	negative		50	low (violation of human rights, legal fines and litigations, loss of clients and suppliers)		not quantifiable	

G1 Business Conduct					<u>high materiality: 90</u>				
	fraud and corruption prevention	actual	positive	own operations	100	high (financial losses, fines, litigations, lack of access to funding, reputational risks)	zero-tolerance to corruption, pro-active fraud prevention recognized by suppliers, customers and banks	not quantifiable	
	discrimination	actual	positive	own operations	50	low	zero-tolerance to any forms of discrimination strengthens the brand reputation	not quantifiable	
	corporate culture quality	actual	positive	own operations	80	low	AIP achievement, strongly recognized by stakeholders and market at large	not quantifiable	
	channels for raising concerns	actual	positive	own operations	60	low	adequate response to all possible shortcomings in operating processes, management, human right protection		
	non-compliance with the established corporate culture standards	potential	negative	own operations	70	low (loss of self-motivation, employee dissatisfaction)	building a strong, motivated team of management and employees sharing AIP mission, core values and strategy		

Table 2 -Actions and resources related to material sustainability matters (MDR-A)

No	Topic	Action	Scope	Affected stakeholders	Outcome	Completion	Assumptions/Fin.resources '000EUR	
2024								
1	SBM	New quality certificates obtained	RO	consumers/ end-users	ISO14001, ISO45001 -RO	2024 and on-going	2,4	
		Quality certificates audited and renewed	DE, DK,NL, IT	consumers/ end-users	BRCGS -DE, NL; ISO9001 -DE,DK, NL, IT; FSC -IT	2024 and on-going	93,8	
		Technological Environmental Reporting and Monitoring (ERM) system implemented	AIP Group	value chain	Key monitoring functions active	2025	26,0	actual
		EcoVadis assessment performed	AIP Group	value chain	AIP is in top 1% of rated companies, Platinum level	on-going	3,6	actual
		AIP joined Diversity Charta	AIP Group	value chain	Active membership	2024 and on-going	0,2	actual
2	E-1 Climate change	Energy consumption reduced	AIP Group	own operations	see KPI dashboard, Table 4	on-going	0	
		Electricity-mix improved towards larger share of renewable sources	AIP Group	own operations	see KPI dashboard, Table 4	on-going	0	
		GHG emissions reduced	AIP Group	own operations, consumers	see KPI dashboard, Table 4	on-going	current expenses	
		Product carbon footprint (PCF) measured	DE,DK,NL,RO,IT	own operations, consumers	80% products with measured PCF; metrics are supplied to customers	on-going	accounted above	actual
		Market-based bio-degradable p/e coating procured and applied	RO	own operations, consumers	provided to customers on demand	on-going	14,2	actual
		Proprietary bio-degradable p/e coating solution developed	DK	own operations, consumers	provided to customers on demand	on-going	24,0	actual

3	E-3 Water	Water withdrawal reduced	AIP Group	own operations	see KPI dashboard, Table 4	on-going	current expenses	
		Water treatment/recycling program in place (devices to re-use water, sedimentation tanks)	DE	own operations	all facilities have water treatment programs, see KPI, Table 4	completed	40	compared with 2021
4	E-5 Circular Economy	Suppliers' due diligence performed	AIP Group	supply chain	98% paper suppliers FSC®-certified; all have relevant international certificates	on-going	96,00	
		FSC® certificates consolidated	AIP Group	own operations		completed	17,9	actual
		Engagement with suppliers improved	AIP Group	own operations, supply chain	see KPI dashboard, Table 4	on-going	accounted above	
		Waste generation reduced, waste management improved	AIP Group	own operations	see KPI dashboard, Table 4	on-going	10,5	actual
		Recyclability rate of end-products increased	AIP Group	own operations, consumers	Recyclability rate 98%	on-going	ca 0	price of recycled paper is about the same as of virgin
		A line of products with fully circular design	DK	own operations, consumers	11% products have circular design: be dismantled and recycled by components	on-going	16,0	actual
		LCA of selected products	DK	own operations, consumers	LCAs for 25% of products	2025	40,0	actual
5	S-1 Own workforce	IDH living wage benchmark analysis performed	RO,NL,IT,AU, IR,FR	workforce, shareholders	71 % workforce covered	2024	5,22	actual
		Remuneration not below living wage	across all locations	own operations	100% own employees covered	2025	540,0	
		Health and safety audit performed	AIP Group	workforce	2024 audit completed	on-going	n.a.	
		Employees' performance evaluation	AIP Group	workforce	45% employees covered	on-going	n.a.	
		Training provided	AIP Group	workforce	average training hours p/employee of 18,5	on-going	60	actual

2025								
6		Remuneration >= 10% above living wage	across all locations	0	72% own employees covered	2025	580,0	Budget
7		Sustainability Statement completed	AIP Group	own operations, consumers	Reportin is CSRD-compliant	on-going	25,7	actual
8		Share of recycled paper input increased	AIP Group	own operations, consumers	share of recycled paper to be increased to 12%	2027 and on-going	ca 0	price of recycled paper is about the same as of virgin
9		Plastic film products components reduced	AIP Group	own operations, consumers	plastic film components to be reduced to<5%	2025 and ongoing	2,4	budget
10		GHG emissions reduced	AIP Group	value chain	see KPI dashboard, Table 4	on-going	3,14	
11		Environmental Products Declarations	DK,NL	Consumers	120 EPDs registered	2025	85,0	based on actually produceds EPD in registration process
12		Obtaining ISO14067 certificates	DE, DK,NL, RO	Consumers	ISO14067 obtained	2025	47	in process
13		Launching pilot phase of climate neutral sacks	DE, DK,NL, RO	Consumers	not less than 20% of products offered as climate neutral	2025	340,0	contract + forecast
14		Residual PCF of pilot products verified and offsetted with good provenance carbon credits	DE,NL	Consumers	ISO 14068 obtained	2025	293	planned and budgeted
2026								
15		Net-zero products' full-fledged program		Consumers	45 % of products offered as climate neutral	2040	563	45% of 50K carbon x 18 EUR +validation
16		LCA of selected products, obtaining EPDs	DE, DK, NL	Consumers	over 200 EPDs	on-going	487,5	forecast based on customer demand
17		Living wage adjustment	across all locations		100% own employees covered	on-going	718	forecast

Investments

18		Solar energy project at AIP DE			tech. specs developed 2024; implementation started 2025	2026	3 020,0	as per DE info
19		Energy efficient printing equipment				2024	2 275,0	
20		Other equipment modernized to higher energy class					237,0	
Financial resources			2024	2025	2026			
OpEX			990	1 377	1 969			
CapEx			2 532	1 910	2 110			

Table 3 – Targets (MDR-T) and Transition Plan (E-1)

Base Year 2023, Scope of Application: All Locations										
Topic	Topic	Target	Unit	Prior Period	Base Value	Reporting Period	Target Level			
				2022	2023	2024	2025	2030	2040	2050
E-1 Climate change	E-5	Electricity from renewable sources	%	28	35	41	48	75	98	to be UPD
	E-5	Electric/hybrid fleet	%	43	47	67	56	100	100	100
	E-1	Emissions, scope 1+2	tCO2e	4324	3937,8	1714	1300	600	200	0
	E-1	Upstream Scope 3 emissions (before removals/offsetting)*	tCO2e	107 620	89 530	113 211	96 000	40 000	18 000	to be UPD
	E-1	Downstream Scope 3 emissions**	tCO2e	76 300	68 024	698	660	200	0	to be UPD
		Scope 3 emissions, sub-total		183 920	157 554	113 909	96 660	40 200	18 000	
	E-1	Total GHG emissions (before removal/offsetting)	tCO2e	188 244	161 491	115 623	97 960	40 800	18 200	to be UPD
	E-1	Net-zero products	%	0	0,0	0	18	50	100	100
	SBM	Emissions' removal via carbon credits	tCO2e	0	0	0	17 633	20 400	18 200	to be UPD
	SBM	Total GHG emissions after removal	tCO2e	188 244	161 491	115 623	80 327	20 400	0	0
	E-5	Energy-intensity on net turnover***	tCO2e/EUR mln	not included	1 214	965	816	340	152	0
E-3 Water	E-3	Water withdrawal	ML	28 602	22 135	22 420	19 974	17 250	to be UPD	to be UPD
	E-3	Water treatment/recycling program in place (e.g. water treatment plant, devices installed to re-use water etc)	%	85	85	100	100	100	to be UPD	to be UPD
	E-3	Share of re-used water	%	32	35	57	61	75	to be UPD	to be UPD
	E-3	Water saving equipment installed	%	65	67	67	80	100	100	100
E-5 Circular economy	E-5	FSC®-certified paper	%	52	58	65	80	98	100	100
	E-5	Circular material use: recycled wood-based materials (paper)	%	2,2	5,0	5,4	15	25	to be UPD	to be UPD

	E-5	Organic-based adhesives	%	44	47	52	75	90	100	100
		Water-based ink	%	85	99	100	100	100	100	100
	E-5, E-1	Circular design:highly compostable p/e film	%	0	40	65	85	100	100	100
	E-5, E-1	Circular design: bio-degradable coating	%	0	1,5	3,2	8	30	to be UPD	to be UPD
	E-5, E-1	Circular design: easy dismantle,repurpose and recycle	%	6	11	18	28	60	to be UPD	to be UPD
	E-5	Circular product design: recyclability rate	%	72	91	98	99	100	100	100
	E-5	Waste generation	tons	4 667	3 100	3 872	3 490	2 900	to be UPD	to be UPD
	E-5	Waste with substances of concern	tons	88,1	12,1	9,1	5,0	1,0	0	0
	E-5	Share of waste diverted from disposal, o/w:	%	74,6	81,0	87,1	90,0	95,0	to be UPD	to be UPD
		Recovered		36,6	54,0	65,1	72	80	to be UPD	to be UPD
		Recycled		38,0	27,0	22,0	18	15	to be UPD	to be UPD
	E5, E-1	Suppliers with audit performed	%	43	60	96	100	100	100	100
S-1 Own workforce	S-1, SBM	Risk of incidents of forced and/or child labor		0	0	0	0	0	0	0
	S-1, SBM	Employees covered with living wage benchmark analysis	%	0	15	71	100	100	100	100
	S-1, SBM	Employees paid at living wage level	%	90	100	100	100	100	100	100
	S-1, SBM	Employees paid at over 10% of living wage level	%	50	60	84	100	100	100	100
	S-1, SBM	Gender pay gap	%	0	0	0	0	0	0	0
	S-1.	Employees trained in health and safety matters	%	100	100	100	100	100	100	100
	S-1, GOV	Average training hours per employee (other than in H&S and equipment operation)	%	12	12	16	20	28	to be UPD	to be UPD
	S-1	Employees covered by collective bargaining agreements	%	63	63	81	Coverage by CBA is voluntary, i.e out of management control.			
	S-1, GOV	Employees with annual performance review	%	5	39	46	55	70	0	0
	S-1	Lost-time injury events	#	8	5	5	3	0	0	0

S-3 Affected Communities		Reducing negative impacts	disclosed in E-1, Climate change, since no negative impacts except for GHG emissions							
		Advancing positive impacts	contributing to local budgets, jobs creation and per capita income by striving to increase revenues; no quantitative credible targets can be set							
		Managing material risks and opportunities related to communities.	no material risks beyond those disclosed in E-1. Qualitative target in opportunities management is to recruit well-educated and self-motivated young employees							
S-4 Consumers and end-users	S-4, SBM, GOV	Products with information on recyclability	%	60	95	59,2	90	100	100	100
	S-4	Products with PCF measured	%	0	0	84	90	100	100	100
	S-4.	Fully recyclable products	%	60	91	98	98	99	100	100
	S-4.	Net-zero products	%	0	0	0	18	50	100	100
G-1 Business conduct	G-1	Fraud risk assessment and fraud prevention mechanisms are incorporated in operational procedures	% of processes	65	82	94	100	100	100	100
	G-1, GOV	Disclosure of outside interests of C- and D-level Officers	%	100	100	100	100	100	100	100
	G-1	Upstream value chain partners assessed for patterns of fraud, and for fraud prevention procedures	%	60	70	97	100	100	100	100
	G-1	Downtream value chain partners assessed for patterns of fraud, and for fraud prevention procedures	%	60	60	90	95	100	100	100
	G-1	Cases of fraud, corruption bribery	# cases	0	0	0	0	0	0	0
	G-1	Cases of non-compliance with Code of Ethics	# cases	0	1	0	0	0	0	0
* for targets comparability retroactive computing is performed for prior periods as follows: Scope 3 emissions for 2022 , adding the category "inputs transportation" to Scope 3 for 2023										
** emissions from transportation of finished products to customers are not yet included in Scope 3, downstream										
*** for targets comparability the net revenue is assumed to be constant										

Table 4 - Metrics - DC-M, AIP Group KPI Dashboard, 2024

MATERIAL TOPIC	Unit	TOTALS	Germany	Denmark	Netherlands	Romania	Italy	Czech Republic	Austria (HQ)	Ireland	France	Comments
Turnover and Workforce												
Turnover	€ mln	123,21	23,12	35,64	22,58	22,58	12,02	7,27	n.a . (Office)	n.a . (Office)	n.a . (Office)	
Net revenue	€mln	119,77	22,94	35,06	21,97	21,95	10,98	6,87	n.a . (Office)	n.a . (Office)	n.a . (Office)	
Number of employees	persons	495	96	97	64	94	54	72	9	4	5	
E-1 Climate Change												
Energy												
Fuel consumption, petroleum products	ML	54,5	11,2	12,4	7,42	9,2	9,3	4,9	0,0	0,0	0,0	
Fuel consumption, natural gas	M3	0,000	0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Energy consumption, electricity	MWh	8 477	2 098,0	1 112,0	1 112,0	1 988,1	1 133,7	980,0	20,9	12,5	19,9	
Energy consumption other, heating, cooling, drying	MWh	2 097	93,2	1 599,0	173,4	52,5	71,8	74,6	16,0	9,6	6,9	
Total renewable energy consumption	MWh	4 392	1 190	1 112,0	0,0	934,4	1 031,7	85,3	15,2	9,0	14,9	
Share of renewable energy consumption	%	41,5	54,3	41,0	0,0	45,8	85,6	8,1	41,3	40,7	55,7	
Electric/hybrid fleet (both forklifts & corporate cars)	%	67,3	68,4	68,8	78,6	58,0	65,9	64,0	n.a.	n.a.	n.a.	
Facilities with energy-saving lighting equipment (LED-bulbs, stop-and-go switchers)	%	97	76,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	

Emissions												
Scope 1 CO2 emissions	t CO2e	345	114,1	7,5	45,6	79,8	28,4	69,9	0,0	0,0	0,0	
Scope 2 CO2 emissions location-based	t CO2e	1 580	435,5	3,7	343,9	370,7	191,8	229,5	2,1	1,3	1,1	
Scope 2 CO2 emissions market-based	t CO2e	1 363	418,4	0,0	368,4	292,6	49,2	229,5	2,1	1,3	1,1	
Scope 3 CO2 emissions, of which:	t CO2e	113 909	15 697,1	43 877,2	15 792,7	21 560,2	11 762,7	5 218,7	0,0	0,0	0,0	
<u>Upstream, o/w:</u>	t CO2e	113 211	15 588,2	43 743,9	15 696,6	21 372,9	11 665,3	5 143,6	0,0	0,0	0,0	
purchased goods and services	t CO2e	64 487	11 068,7	16 511,3	10 909,8	13 920,4	7 326,5	4 749,9	0,0	0,0	0,0	
input transportation	t CO2e	48 668	4 512	27 220	4 770	7 443	4 331	392	n.a.	n.a.	n.a.	
waste generated in operations	t CO2e	28	7,1	6,5	5,7	4,5	3,0	1,2	0,0	0,0	0,0	
business travel and commuting	t CO2e	28	0,4	6,0	11,1	5,0	4,8	0,5	0,0	0,0	0,0	
<u>Sub-total, "cradle to gate" emissions</u>	t CO2e	115 131	16 137,8	43 755,1	16 086,1	21 823,5	11 885,5	5 443,0	0,0	0,0	0,0	
<u>Downstream</u>	t CO2e	698	108,9	133,3	96,2	187,3	97,4	75,1	0,0	0,0	0,0	
transportation to customers	t CO2e	not included	0,0	0,0	0,0	0,0	0,0	0,0				
end of life treatment of products	t CO2e	338,81	54,4	88,9	56,6	74,9	39,0	25,0	0,0	0,0	0,0	
Total GHG emissions - Corporate Carbon Footprint (CCF)	t CO2e	115 617	16 229,6	43 884,8	16 206,7	21 932,6	11 840,3	5 518,1	2,1	1,3	1,13	
% of Scope 3 calculated on primary data	%	87,5	89,0	89,0	89,0	89,0	89,0	80,00	0,00	0,00	0,00	
GHG intensity of output	tCO2e/ton	1,51	1,38	2,30	1,33	1,37	1,38	1,1	n.a.	n.a.	n.a.	
GHG intensity based on net revenue	tCO2e/€ mln	965,3	707,4	1 251,8	737,8	999,3	1 078,0	803,18	n.a.	n.a.	n.a.	

E-3 Water												
Water withdrawal	ML	21 032	2 728,0	7 922,0	2 868,0	3 128,0	2 224,0	1 892,0	90,0	91,0	89,0	
Water treatment/recycling program in place (e.g. water treatment, devices to re-use water etc)	%	85,7	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.	
Water saving equipment used (e.g. automatic start-stop system)	%	66,7	100,0	100,0	100,0	100,0	100,0	0,0	n.a.	n.a.	n.a.	
Water recycled and reused	ML	12 703	1 909,6	5 545,4	1 764,0	1 407,6	1 112,0	964,0	n.a.	n.a.	n.a.	
Share of water recycled and re-used	%	60,4	70,0	70,0	61,5	45,0	50,0	51,0				
Total weight of pollutants emitted to water	tons	0,7	0,0	0,0	0,0	0,6	0,0	0,1	n.a.	n.a.	n.a.	Laboratory tests before the water's disposal into public collectors
Water withdrawal per net turnover	ML/€mln	175,6	118,9	226,0	130,6	142,5	202,5	275,4	n.a.	n.a.	n.a.	
E-5 Circular Economy												
Resources inflow, of which:	tons	57 475	9 662,0	14 782,0	9 590,0	12 704,6	6 648,1	4 088,0	0,0	0,0	0,0	
Paper white	tons	14 611	3 892,0	2 788,0	2 837	3 120,5	952,16	1 021,0	0,0	0,0	0,0	
Paper brown	tons	36 749	4 613,0	9 348,0	5 847	8 930,1	5 202,21	2 809,0				
Plastic	tons	4 489	850,0	2 352,0	674	244,5	233,04	135,0	0,0	0,0	0,0	
Glue	tons	1 165	242,0	220,0	194	273,8	169,355	66,0	0,0	0,0	0,0	
Ink	tons	461	65,0	74,0	38	135,7	91,325	57,0	0,0	0,0	0,0	
Packaging for finished products	tons	3 780	587,8	893,0	845,0	756,55	382,0	316,0				
Certified wood or wood-based products/materials	%	98,0	Single value for the Group, since paper procurement is centralized.									
Recycled wood or wood-based products/materials	%	5,4	5,1	5,8	5,1	5,0	5,0	6,2	n.a.	n.a.	n.a.	
Material use efficiency program in place (e.g. re-using material, production process optimised, etc)	%	100,0	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.	

Resources outflow		56 720	9 376,6	14 897,0	9 468,0	12 374,3	6 540,1	4 058,0	n.a.	n.a.	n.a.	
Quantity of sack produced	'000 pcs	408 559	56 463	65 148	48 845	129 992	65 415	42 696	n.a.	n.a.	n.a.	
Weight of sacks produced	tons	52 848	8 492	13 866	8 824	11 684	6 076	3 906	n.a.	n.a.	n.a.	
Total Weight of Waste												
Waste generation	tons	3 872	884,6	1 031,0	644,0	690,3	464,0	152,0	2,15	1,72	1,89	
Waste generation intensity	waste/output	0,07	0,10	0,07	0,07	0,06	0,08	0,04	n.a.	n.a.	n.a.	
Total weight of non-hazardous waste		3 863	881,70	1 031,00	644,00	687,92	464,00	148,20				
Total weight of recovered/recycled waste	tons	2 941	829,0	1 001,0	597,0	202,6	168,0	143,0	n.a.	n.a.	n.a.	
Share of the waste recycled/recovered	%	76,0	93,7	97,1	92,7	29,3	36,2	94,1	n.a.	n.a.	n.a.	
Total weight of hazardous waste	tons	9,1	2,9	0,0	0,0	2,4	0,0	3,8	n.a.	n.a.	n.a.	
Recycling program in place (e.g. equipment and procedures)	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Product End-of-Life												
Product Carbon Footprint (PCF), weighted average	kgCO2e/kg	0,83	0,783	0,793	0,942	0,717	0,762	not included	n.a.	n.a.	n.a.	
Circular design (dismantle and easy recycle)	%	17,6	21,0	24,0	18,0	15,0	14,0	0	n.a.	n.a.	n.a.	
% of products with information on recyclability	%	59,2	35,0	65,0	53,3	0,0	92,0	100,0	n.a.	n.a.	n.a.	Any info on sacks requires customer's consent
Products recyclability rate	%	98,8	98,9	99,6	99,0	98,7	98,0	98,0	n.a.	n.a.	n.a.	
Products actually recycled	%	69,0	78,1	85,7	77,8	42,6	57,8	n.a.	n.a.	n.a.	n.a.	

Workforce Characteristics												
Employees with permanent contracts	%	94,9	95,8	100,0	79,7	97,9	96,3	97,2	77,8	100,0	100,0	
Temporary employees (FTE)	%	2,2	1,7	3,2	5,0	0,9	0,9	2,2	1	0	0	
Part time employees (FTE equivalent)	%	1,3	1,67	0,4	7,23	0	0	0	0	0	0	
Employees trained on human rights issues (child & forced labour, discrimination)	%	100	100	100	100	100	100	100	100	100	100	
Employees below 15 years	persons	0	0	0	0	0	0	0	0	0	0	
Employees with disabilities	persons	16	10	0	0	0	4	2	0	0	0	
% of employees with disabilities	%	3,2	10,4	0,0	0,0	0,0	7,4	2,8	0,0	0,0	0,0	
Facilities accessible to disabled people	%	54,4	100	100	100	0	90	0	100	0	0	
% of female employees	%	19,5	28,1	16,5	7,8	21,3	13,0	13,9	42,9	75,0	60,0	
% of women in senior management positions	%	39,9	100,0	13	20	45,0	14,3	30,0	33,3	25,0	20,0	
% of women in the Management Board	%	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	25,0	
Number of new employees	persons	43	5	7	1	20	2	7	1	0	0	
Labor and HR certification obtained	%	17	0	0	0	100	0	0	n.a.	n.a.	n.a.	
Remuneration												
Compensation for the highest paid individual to the median compensation for all employees (annual)	ratio	5,32	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Employees covered by living wage analysis (IDH)	%	71,2	100	100	25	100,0	25,0	25,0	100,0	100,0	100,0	
Employees and contract workers paid below living wage	%	0,0	0	0	0	0,0	0,0	0,0	0,0	0,0	0,0	
Average unadjusted gender pay gap	%	0,0	0	0	0	0,0	0,0	0,0	0,0	0,0	0,0	

Social Security Coverage												
Employees with health care	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Employees with child care allowance	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Employees with retirement provisions	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Employees with company pension (on top of legislatively-mandated)	%	1,4	4,2	0,0	0,0	0,0	0,0	0,0	22,2	25,0	0,0	
Employees eligible for paid annual vacation	%	100	100	100	100	100	100	100	100	100	100	
Health & Safety												
Total number of hours worked	#	857 967	165 755	208 995	90 216	177 892	90 104	94 429	15 984	6 912	7 680	
H&S procedures in place	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
% of employees provided with personal protective equipment	%	100	100	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.	
Noise risk procedures in place (or measures to prevent noise e.g. headphones provided, silencers installed etc) - what is available	%	100	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.	
H&S audit done	%	100	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.	
% of workforce represented in joint management-workers H&S committee	%	70,6	8,7	100,0	18,0	100,0	100,0	100,0	100,0	100,0	100,0	
% of employees trained on H&S issues	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Number of fatalities as a result of work-related injuries and work-related ill health;	#	0	0	0	0	0	0	0	0	0	0	
Number of days lost due to injuries		6	2	0	3	0	1	0				
Number of lost time injury events	#	5	1	0	2	0	1	1	0	0	0	
Number and rate of recordable work-related injuries;	#	0,01	1,0	0,0	0,0	0,0	0,0	0,0	0	0	0	
Accident frequency rate [number of lost time injury events] x [1,000,000/hours worked]	#	5,5	6,03	0	22,17	0,00	11,10	10,59	0,00	0,00	0,00	

Accident severity rate [number of days lost due to injuries] x [1,000/total hours worked]	rate	0,006	0,01	0,00	0,03	0,00	0,01	0,00	0,00	0,00	0,00	
Absentee rate: total days lost due to absenteeism/total scheduled working days x 100	rate	3,1	9,1	4,7	7,5	0,0	3,1	3,8	0,0	0,0	0,0	
Number of cases of recordable work-related ill health	#	0	0	0	0	0	0	0	0	0	0	
Social Dialogue												
Employees covered by collective agreements	%	92	77,6	100,0	100,0	100,0	100,0	100,0	0,0	0	0	
Employees represented by workers' council	%	79	8,7	100,0	100,0	100,0	100,0	100,0	0,0	0	0	
Training and Development												
Employees who received annual performance review	%	46	20,0	20,6	0,0	100,0	4,0	100,0	100	100	100	
Employees with training plan	%	79	100,0	90,0	55,3	100,0	50,0	48,0	100	100	100	
Employees who received skill development training	%	84	58,5	100,0	60,0	100,0	100,0	100,0	43	29	0	
Training hours p/person, employees blue collar*	hours p.a.	20	22,1	21,9	11,0	24,9	21,5	16,8	n.a.	n.a.	n.a.	assessment, no records due to the change of management
Training hours p/person, employees white collar*	hours p.a.	15	16,7	18,3	6,0	20,4	20,6	5,7	26,1	19,0	12,4	assessment, no records due to the change of management
Training hours p/person, D- and C- level*	hours p.a.	13	18,2	16,6	16,0	18,3	16,7	16,0	52,5	21,0	5,0	assessment, no records due to the change of management

Work-Life Balance												
Employee satisfaction rate	%	89,7	84,0	90,0	83,0	92,0	86,0	100,0	100,0	100,0	100,0	
Stress prevention measures (subsidised sports/meditation, counselling, work-life balance measures etc)	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.
Retention rates of employees that took, maternity, paternity and/or parental leave	%	100	n.a.	n.a.	n.a.	n.a.	100,0	n.a.	n.a.	n.a.	n.a.	n.a.
Consumers and End-Users												
Customers with performed due diligence	%	89,5	90,0	92,0	90,0	85,0	90,0	90,0	n.a.	n.a.	n.a.	
Quality certificates obtained/renewed	#	22	3	3	4	6	2	2	0	1	1	
Declarations of products conformity provided on request	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.
Customer audit performed on AIP sites	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.
Customers health- and safety-related certificates, i.e.BRCGS, FSSC22000; ISO22000												
Sustainability scorecard supplied to interested customers	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.
Carbon footprint of products (PCF) measured and communicated to interested customers	%	80,7	98,0	98,0	96,0	96,0	96,0	0,0	n.a.	n.a.	n.a.	
Other												
Environmental risk assessment done	%	100	100,0	100,0	100,0	100,0	100,0	100,0	100,0	n.a.	n.a.	n.a.
Environmental management standard implemented	%	50	100,0	100,0	0,0	100,0	0,0	0,0	n.a.	n.a.	n.a.	

Business Conduct												
Incidents related to discrimination	#	0	0	0	0	0	0	0	0	0	0	
Whistle-blowing system installed	%	100	100	100	100	100	100	100	100	100	100	
% of employees trained on business ethics issues	%	100	100	100	100	100	100	100	100	100	100	
Special approval procedure for gift available	%	100	100	100	100	100	100	100	100	100	100	
Data anonymisation process installed	%	100	100	100	100	100	100	100	100	100	100	
Number of reported incidents through whistleblower mechanism	#	0	0	0	0	0	0	0	0	0	0	
Number of confirmed incidents related to corruption	#	0	0	0	0	0	0	0	0	0	0	
Number of confirmed information security breaches	#	0	0	0	0	0	0	0	0	0	0	
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	#	0	0	0	0	0	0	0	0	0	0	
Monetary fines for non-compliance with environmental, social or economic laws and regulations	€	0	0	0	0	0	2,97	0	0	0	0	
% of employees who signed code of conduct	%	49	6,3	0	0	100	100	100	100	100	100	In DK, NL and to an extent in DE, this is not practiced
Risk assessment performed in compliance with CSRD/ EFRAG IG	%	100	100	100	100	100	100	100	100	100	100	
Certifications obtained (e.g. BRC, ISO14001, ISO45001)	%	67	100	100	100	100	0	0	n.a.	n.a.	n.a.	

SUSTAINABLE PROCUREMENT			Paper	Plastic	Glue	Ink
% of total spent	%	100	79,7	14,4	4,0	2,0
% of contracts with sustainability clauses (i.e. contracts AIP-supplier)	%	100	100	100	100	100
% of suppliers who signed Suppliers' code of conduct	%	83	74	88	70	100
suppliers who were audited	%	87	91	75	80	100
suppliers with due diligence performed (including on child and forced labor, human trafficking, discrimination)	%	100	100	100	100	100
suppliers who are certified	%	100	100	100	100	100
supplier who provide primary data on sustainability metrics	%	30	11,8	25	60	25
paper traced to the origin of fiber source	%	100	99,7	n.a.	n.a.	n.a.
procurement employees trained on sustainability topics	%	100,0	n.a.	n.a.	n.a.	n.a.
% of suppliers covered by a CSR risk analysis	%	93,4	73,53	100	100	100
% of assessed suppliers who have gone through capacity building on sustainable procurement	%	92,3	91,7	87,5	90,0	100,0
Percentage of suppliers with diversity status ownership/from minority background	%	n.a.	n.a.	n.a.	n.a.	n.a.

AIP Mid-Term Strategy

Advanced Industry Packaging Group set forth this Strategy for 2023 -2028, approved by its management on 20 March 2023.

The Strategy reflects the *business model* of Advanced Industries Packaging (thereafter “AIP”, or “the Group”), a non-integrated packaging converting manufacturer, the second largest EEA producer of paper sacks. The objective of the Strategy is to recalibrate the business model to new patterns of market competitive advantages.

The packaging sector is pivotal to the resilience of the EU economy, as a strategic autonomy asset and as a key element to guarantee the security of products supply. For this reason, it is essential for AIP to continually review its operational processes, supply chain, and provide customer with cutting-edge quality packaging.

AIP strategy is based on our values shared by all AIP management and employees:

- ◇ Leadership – have the courage to make things differently;
- ◇ Integrity – stay real and accountable;
- ◇ Excellence – stretch your potential to be the best at what you do;
- ◇ Teamwork – supporting each other and disseminating the best practices and knowledge, we achieve more together than individually;
- ◇ Stewardship – strengthen sustainability across the value chain, acknowledge your personal responsibility for the future.

The key premise of our Strategy is that sustainability performance is becoming an ever more important factor of success, and that in ten years green markets will become a reality.

Customers

Our customers are the ultimate base of our sustainable development. Packaging market is getting ever more competitive, we need to sharpen our competitive advantages. Our strategic focus is put on:

- ◇ top quality of products;
- ◇ supreme customer support;
- ◇ offering to customers increasing range of sustainable and innovative product features;

We intend to offer extensive range of products features to meet the unique needs of customers, and help them to find the right combination of protection, strength, and print finish. In forming portfolio structure, we need to:

- ◇ obtain quality certificates tailored to the needs of key customer groups.
- ◇ promote innovative solutions and products by adequate information and motivation.
- ◇ enhance customers’ sustainability performance through (i) increasing the share of fully recyclable products; (ii) communicating to customers verified sustainability metrics
- ◇ place particular focus on bringing to the market net-zero products and gradually increase their share

Supply Chain

Strategic requirement is to balance cost-efficient stable supply of input materials with their sustainability characteristics. As a non-integrated packaging manufacturer, we intend to secure stable supply of paper, a highly volatile commodity. Systemic risks of stable paper supply are associated with:

- ◇ Cyclical markets' performance with potential shortages of paper supply during the high growth phases;
- ◇ Absolute shortage of virgin paper in high-climate scenario.

To mitigate these risks AIP focuses on:

- ◇ Strengthening long-term relationship with paper suppliers;
- ◇ Diversifying geographical spectrum of paper suppliers;
- ◇ Increasing the share of recycled paper at a pace according to customers' expectations;
- ◇ Securing growing product volumes as an instrument of leveraging paper allocation;
- ◇ Continuously optimizing the resource structure

AIP fosters responsible sourcing of input materials via rigorous suppliers due diligence, focused on screening their performance in areas of human rights, fair competition, financial transparency and business conduct.

Strategic direction in the area of paper supply is to maintain full traceability as to the fiber source, while at the same time increasing the share of recycled paper input. As for other key input materials, we maintain using only water-based printing supplies, and would accelerate transition to organic adhesives, and environmentally- friendly plastic/film supplies, adjusting respectively suppliers' selection.

We plan to reduce dependency on purchased plastic and coating supplies by developing innovative proprietary solutions at our R&D facilities.

Operational Processes

The main challenge in the medium-term is to produce packaging products that are totally based on natural renewable materials which are biodegradable and can, in turn, be reused in organic agriculture. Innovative ideas, R&D and changes in the operational processes are the drivers of this approach. Our strategic goal in the long term is to ensure products' circular design, thus meeting the customer expectations and contributing to developing circular economy.

Utmost attention should be paid to energy efficiency being one of the instruments of our environmental management. We intend, in particular, to:

- ◇ optimize SOPs;
- ◇ review and gradually replace at an affordable pace the elements of equipment with their equivalents of higher energy efficiency classes;

We intend to continue investments in equipment modernization at an affordable pace, and leverage on AIP high sustainability performance to secure better price of funds. In the longer-term we aim to focus on obtaining financing investment primarily through green funding.

Financial Management

Strategic directions include:

- ◇ finalize centralized procurement and cash-pooling;
- ◇ better align pricing to portfolio structure and value-added from innovative solutions;
- ◇ maintaining and improving financial management reporting and put in place more rigorous technical procedures of financial decision-making;
- ◇ significantly review and update the Group IT system, ensuring integration between the Group-level and plant-level accounting and financial management

Human Resources

With the view to maintain AIP position as *highly competitive employer*, we focus on:

- ◇ competitive remuneration and social benefits.
- ◇ optimizing operating process to ensure better work-life balance.
- ◇ provide broad career opportunities to personnel.
- ◇ develop long-term relationship with educational institutions to enhance our recruitment opportunities

With our values, we endeavor to set the example and to lead in all aspects of our business as well as sustainability. We dare to take the initiative and constantly ask ourselves what more we can do, what we can do better.