



**ADVANCED INDUSTRIES
PACKAGING**

Sustainability Report 2023

Published April: 3rd, 2024

**Disclaimer: the information contained herein is applicable
and actual in respect of 2023 only.**

Ireland, Ashbourne



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Statement from the CEO

Dear Stakeholders,

We are pleased to present Advanced Industries Packaging Group Sustainability Report for the year 2023.

The Group is a member of UN Global Compact since September 2018, follows the UNGC Ten Principles, UN Sustainability Development Goals and the EU 8th Environmental Action Program. We strive to stay on the cutting edge of sustainability management best practices. In 2022 the EcoVadis sustainability agency awarded AIP the gold level, placing the Group in the top 2% of all EcoVadis-rated companies. The next year, 2023 the Group achieved the platinum level, being placed into the top 1%.

The key premise of our Sustainability Strategy is that in ten years green markets will become a reality. Sustainability performance is becoming an ever more important factor of business success. Sustainability and financial corporate reporting are to be in alignment, both detailed, robust and reliable.

The year 2023 was marked with continued market decline, supply chain disruptions, growth of energy and commodity prices. AIP answer to these challenges was a shift of focus towards sustainability management, with a key goal in mind: to further prioritize our social and environmental impacts and identify untapped potential. We made a significant leap forward – the 2023 Sustainability Report is based on over 300 materiality disclosures. We applied advanced technological solutions to monitor impacts, including GHG emissions across all scopes, benchmarking remuneration and accounting for product carbon footprint. We stand ready to supply our customers with verified sustainable products, thus enhancing their competitiveness and to communicate verified sustainability metrics to all stakeholders, thus enhancing sustainability management across the value chain.

The year 2024 is expected to bring only slight market recovery, with uncertain macroeconomic environment and continued costs inflation. This dictates prioritizing business efficiency, including resource structure, stronger shifts toward renewables, decreasing GHG emissions. Sustainability remains an integral part of our business model, a driving force that underpins demand for our recyclable and low-carbon-intensity products.



Rinat Stark

About AIP Group

Advanced Industries Packaging Group is a brand name, comprised of holding company ARKA Merchants Ltd., 7 production sites in Germany, Denmark, the Netherlands, Italy, Romania, Czech Republic and Turkey, the Headquarter in Ireland and representative offices in Austria and France. The Group has production capacity of 769 million bags per year, and a large and diverse customer base, including major global producers of cement, chemicals, construction materials, dairy products and other food.

We produce paper sacks in a variety of designs intended for a broad range of uses and also consult customers on what could be the best packaging solutions for their products. Our company focuses heavily on the research and development of new technologies. The research centers we have in Germany, Denmark and in the Netherlands work for the entire Group and share their results with other companies of the Group operating out of Italy, Romania, Turkey and Czech Republic.

Our Production Sites

- Advanced Industries Packaging GmbH (Achern, Germany);
- Advanced Industries Packaging A/S (Aalborg, Denmark);
- Advanced Industries Packaging B.V. (Hoorn, the Netherlands);
- Advanced Industries Packaging S.R.L. (Ploiești, Romania);
- Advanced Industries Packaging S.P.A. (Varese, Italy);
- Advanced Industries Packaging s.r.o. (Úvalno, Czech Republic);
- Advanced Industries Packaging Ambalaj Sanayi Ve Ticaret Anonim Sirketi (Izmir, Turkey).¹

Our Story

Advanced Industries Packaging Group, known until 2023 as ARKA Merchants, is one of the leading global producers of paper packaging. The company traces its rich history back 130 years, to when the first production site began operating in the Netherlands.

- **2017:** ARKA Merchants experts developed a new type of packaging solution, the so-called smart sack with an embedded RFID chip.
- **September 2018:** ARKA Merchants' production facilities for paper packaging in Europe and Turkey join the UN Global Compact, thereby confirming their adherence to the principles of human rights, labor relations, environmental protection and anti-corruption activities.

¹ As of the date of publication of this Report, i.e. 3rd April, 2024, this entity was divested. Nonetheless, all info and data regarding this entity is pertinent to the 2023 Sustainability Report.

- **April 2022:** ARKA Merchants was awarded the Gold Level by the EcoVadis international rating platform on corporate, social and environmental responsibility.
- **June 2022:** The Group developed at its R&D facilities a working prototype of a fully recyclable plastic packaging components.
- **April 2023:** ARKA Merchants was awarded the Platinum Level by the EcoVadis international rating platform on corporate, social and environmental responsibility.
- **September 2023:** Rebranding ARKA Merchants into Advanced Industries Packaging Group.
- **October 2023:** Approval of the new Sustainability Development Strategy and transition to qualitatively new level of sustainability monitoring and reporting.

Our Values

- 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 – perfect sustainability across the value chain, acknowledge your personal responsibility for the future.

Governance

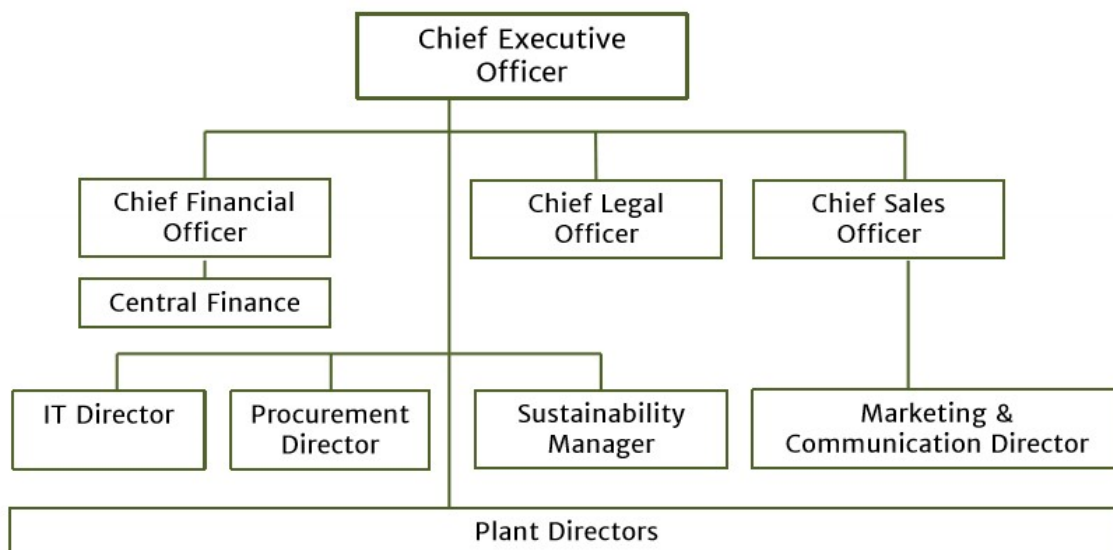


Figure 1. Governance Structure and Composition of the Group

The Group has the following governance structure that is contributing to the sustainability policies as described below:

CEO signs off on:

- Sustainability strategy;
- Sustainability goals;
- Policies.

C-level Officers decide on:

- Sustainability strategy;
- Sustainability goals;
- Policies.

Directors:

- Ensure implementation of approved strategy within the scope of their functional responsibilities;
- Develop new solutions and processes which improve the Group's sustainability performance.

Sustainability Manager:

- Performs sustainability impact assessments, sustainability monitoring and reporting;
- Develops new strategy plans aligned with the Group's goals and values.

Plant Directors implement:

- Policies;
- Sustainability measures;
- Report on sustainability KPIs.

Certifications and Recognition



Legal entity	Certificate name							
	ISO9001	HACCP	BRCGS	ISO22000	FSSC22000	FSC	ISO14001	ISO45001
ARKA Merchants Ltd. Ireland								
AIP Germany Achern plant	✓	✓	✓			✓		
AIP Denmark Aarlborg plant	✓	✓			✓	✓		
AIP Netherlands Zwaag plant	✓	✓	✓			✓		
AIP Romania Ploesti plant	✓			✓	✓	✓		
AIP Italy Varese plant	✓					✓		
AIP Czech Republic Uvalno plant	✓					✓		
AIP Turkey Izmir plant	✓			✓			✓	✓

External Initiatives and Memberships

Sustainability:

- UN Global Compact;
- Avetta;
- Ecovadis;
- FSC;
- Charta der Vielfalt (Diversity Charta);
- IDH Living Wage Initiative.

Paper sacks producers' organizations:

- EUROSAC;
- Cepi EUOKRAFT;
- GIPSAC GemPSI.



GRI 2: General Disclosures

Organizational Details

- GRI 2-1-a The legal name of a reporting name is Arka Merchants Limited (The Group).
- GRI 2-1-b Arka Merchants Limited is a privately held company.
- GRI 2-1-c Headquarters of The Group is in Unit 1 Block 4, Ashbourne Business Park, A84 E951, Ashbourne, Ireland.
- GRI 2-1-d The Group is operating in the following countries:
- Ireland (HQ);
 - Austria (administrative office);
 - Germany (manufacturing plant);
 - Denmark (manufacturing plant);
 - Netherlands (manufacturing plant);
 - Romania (manufacturing plant);
 - Italy (manufacturing plant);
 - Czech Republic (manufacturing plant);
 - Turkey (manufacturing plant);
 - France (administrative office).

Every manufacturing plant of The Group also includes an administrative office where management and sales personnel are operating from.

Entities Included in the Organization's Sustainability Reporting

- GRI 2-2-a The Group controls the following list of entities that are included in the Sustainability Report:
- Arka Merchants Limited;
 - Advanced Industries Packaging GmbH – Zweigniederlassung Wien;
 - Advanced Industries Packaging GmbH;
 - Advanced Industries Packaging A/S;
 - Advanced Industries Packaging B.V.;
 - Advanced Industries Packaging SRL;
 - Advanced Industries Packaging S.P.A.;
 - Advanced Industries Packaging s.r.o.;
 - Advanced Industries Ambalaj Sanayi ve Ticaret Anonim Sirketi;
 - Advanced Industries Packaging S.A.S..

GRI 2-2-b There is no difference in the reporting structure in comparison with the previous Sustainability Report.

GRI 2-2-c The publication date of the reported information is 3rd of April 2024.

Reporting Period, Frequency and Contact Point

GRI 2-3-a The reporting frequency of the Sustainability Report is annual.

GRI 2-3-b The reporting frequency of the Financial Report is annual.

GRI 2-3-c Date of publication of the current Sustainability Report is 3rd of April 2024.

GRI 2-3-d The contact point for questions about the report is:
Lena Schwarz
esg@advanced-industries-packaging.com.

Restatements of Information

GRI 2-4-a-i There were no restatements of information made from the previous reporting periods.

GRI 2-4-a-ii Since restatements are absent, there is no effect of the restatements.

External Assurance

GRI 2-5-a AIP Group (The Group) publicly discloses its policies. It elicits external assurance of its sustainability performance mainly from international certification bodies as well as external auditors, when affordable.

The Group engages external consultants to ensure reliability of the Group sustainability reporting and monitoring.

GRI 2-5-b-i However, due to economic reasons, there was no external assurance for the report produced for the current financial year.

Activities, Value Chain and Other Business Relationships

GRI 2-6-a Currently, The Group is active in two sectors: Manufacturing and Sustainable Solutions.

Manufacturing: Advanced Industries Packaging (AIP) is the second largest paper sacks manufacturer in Europe, producing packaging for B2B customers in a range of industries, including concrete, chemicals, construction materials, food, animal food, seeds, pharmaceutical, et al.

Sustainable Solutions: AIP maintains high sustainability performance, continually reduces its negative environmental impacts and promotes sustainability across its value chain. AIP evaluates suppliers' compliance with internationally recognized labor and human rights principles. Since AIP's key input material is paper, The Group stays particularly focused on achieving traceability to the fiber sources. AIP works to increase the share of fully recyclable and bio-degradable products in its output to improve downstream sustainability.

GRI 2-6-b-i No other relevant business activities related to E20 are conducted by The Group.

GRI 2-6-b-ii AIP Group pursues sustainability of its activities and promotes sustainability across **value chain.**

Supply Chain: The Group adheres to responsible sourcing of goods, materials, works and services, continually improving transparency of the supply chain.

As per The Group's Suppliers' Code of Conduct, suppliers are expected to comply with applicable regulations, have zero tolerance for corruption, forced and child labor, and are expected to follow international guidelines on sustainability and environmental standards.

With paper, virgin and recycled, being the key input material, we ensure that fiber supplies are produced in alignment with EU Timber Regulation, CITES, as well as other relevant regulations, and we focus on achieving traceability of the fiber source.

AIP does not engage in purchasing fiber supplies from countries under sanctions imposed on import or export of fiber supplies by the UN Security Council or the EU Council and makes reasonable efforts to exclude procurement of such supplies upward supply chain.

Manufacturing: Across all our manufacturing facilities we foster resource efficiency, feasible reduction of energy consumption, increase of share of renewable energy, as well as water and waste reduction together with wastewater treatment and waste recycling. We operate in a low-polluting industry, yet we reduced and intend to eliminate the usage of hazardous materials in our ink, which is water-based, and in adhesives. Quality Control is integrated into the operational processes; all manufacturing facilities have international quality certificates. AIP has no distribution partners, delivers its products directly to customers, and works on logistic arrangements to minimize the costs together with energy/fuel consumption.

Customer Engagement: Our customers are the base of our operations and the focus of our mission. We foster high quality of our product and of customer support, tailoring our products and services to customers' requirements including transparent communicating to them our ESG metrics, thus contributing to the transparency of the customers' supply chain.

Stakeholders Engagement: AIP maintains a feedback loop with suppliers and customers, to gather input for continuous improvement in value chain processes. It maintains accountability to shareholders and employees as well as opens dialogue with communities, media and public at large.

GRI 2-6-b-iii AIP operates B2B, with direct deliveries to customers, who use our sacks for packaging their products, such as cement, chemicals, construction materials, seeds, food and animal feed, etc.

Regarding the **downstream value chain** AIP labels sacks according to specifics of its content, as per the nature of a customer's products.

Caring about health and safety, we eliminated the use of any hazardous materials in our ink, which is fully water-based, and in adhesives. Our production facilities who produce packaging for food maintain respective quality certificates, e.g. BRCGS, FSCC 22000

For the line of products, where usage of P/E (films elements) is required, we are in the process of developing innovative solutions such as recyclable and bio-degradable film elements at our R&D facilities. We involve customers in this process, eliciting their contribution to R&D investments. Our goal is to use fully recyclable film over the

course of 2024-2025.

We follow all relevant regulations of regulative authorities. We try to optimize packaging of our products, thus contributing to the customers' waste reduction. We promote customers' responsibility of the products' end-life and seek respective product lifecycle information, including post-consumer waste management and recycling. We maintain dialogue with NGOs, industry membership and environmental organizations to stay on top of best practices in managing the entire product lifecycle.

GRI 2-6-c **Other business relationships** encompass a diverse array of external stakeholders, including specialized business consultants who provide expertise, collaborative partners within membership organizations that offer a network of support and resources, external auditors responsible for objective financial and operational oversight, and regulatory authorities that ensure compliance with legal standards and industry regulations. Each plays a pivotal role in guiding or regulating business practices and maintaining a robust, ethical, and compliant operational framework.

GRI 2-6-d **In comparison with the previous reporting period**, The Group restructured significantly the list of its paper suppliers in 2023.

Employees

GRI 2-7-a In 2023 **AIP Group employed 588 employees in total**, of which 474 were males and 114 females:

Ireland:	5 total, 1 male, 4 females;
Austria:	7 total, 4 males, 3 females;
Germany:	116 total, 86 males, 30 females;
Denmark:	100 total, 76 males, 24 females;
Netherlands:	59 total, 54 males, 5 females;
Romania:	94 total, 75 males, 19 females;
Italy:	64 total, 50 males, 14 females;
Czech Republic:	67 total, 60 males, 7 females;
Turkey:	71 total, 66 males, 5 females;
France:	5 total, 2 males, 3 females.

GRI 2-7-b-i In 2023 **AIP Group has had 578 permanent employees**, of which 471 were males and 107 females:

Ireland: 5 total, 1 male, 4 females;
Austria: 7 total, 4 males, 3 females;
Germany: 116 total, 86 males, 30 females;
Denmark: 100 total, 76 males, 24 females;
Netherlands: 59 total, 54 males, 5 females;
Romania: 94 total, 75 males; 19 females;
Italy: 58 total, 50 males, 8 females;
Czech Republic: 63 total, 57 males, 6 females;
Turkey: 71 total, 66 males, 5 females;
France: 5 total, 2 males, 3 females.

GRI 2-7-b-ii **AIP group employed only 10 temporary employees:**

Italy: 6 total, 0 males, 6 females
Czech Republic: 4 total, 3 males, 1 females

GRI 2-7-b-iii AIP Group has no employees with non-guaranteed hours.

GRI 2-7-b-iv In 2023 **AIP Group has had 564 full time employees**, of which 468 were males and 96 females:

Ireland: 5 total, 1 male, 4 females;
Austria: 7 total, 4 males, 3 females;
Germany: 112 total, 86 males, 26 females;
Denmark: 98 total, 76 males, 22 females;
Netherlands: 53 total, 51 males, 2 females;
Romania: 94 total, 75 males, 19 females;
Italy: 56 total, 50 males, 6 females;
Czech Republic: 63 total, 57 males, 6 females;
Turkey: 71 total, 66 males, 5 females;
France: 5 total; 2 males, 3 females.

GRI 2-7-b-v In 2023 **AIP Group has had 14 part time employees**, of which 11 were females and 3 males:

Germany: 4 total, 0 males, 4 females;

Denmark: 2 total, 0 males, 2 females;

Netherlands: 6 total, 3 males, 3 females;

Italy: 2 total, 0 males, 2 females.

GRI 2-7-c-i AIP Group compiles employee data using the following methodologies and assumptions:

Head Count: The Group reports employee numbers based on headcount. This means that it counts each individual employee as one, regardless of their full-time or part-time status.

Full-Time Equivalent (FTE): In addition to headcount, we use the concept of Full-Time Equivalent (FTE) in its reporting. FTE is a measure that standardizes part-time employees' contributions to be equivalent to full-time employees. It is calculated by dividing the total number of hours worked by part-time employees by the standard number of hours worked by full-time employees.

Assumptions: Based on employment contracts the employees are classified into full-time, part-time, temporary and contract workers.

Data Sources: Data is collected from HR records, payroll systems, providing reliable information about an employee's employment status, job role, and hours worked.

Consistency: Standardized definitions for employee categories and regular review of data collection and processing.

The above provides a comprehensive view of the workforce, allowing to understand the size and composition of employee base.

GRI 2-7-c-ii In compiling the data, we employed methodologies centered on full-time equivalents (FTEs) and the full average year.

The numbers are reported as an average across the reporting period to reflect a more

consistent and representative view of the workforce. This approach accounts for variations in employee numbers, part-time work and seasonal fluctuations.

Assumptions used in the data include standard working hours, the equivalence of part-time work to full-time work and the aggregation of temporary and permanent staff contributions. This methodology ensures a comprehensive and accurate representation of our workforce over the specified period.

GRI 2-7-d No relevant contextual information required to understand the information listed above.

GRI 2-7-e No significant fluctuations occurred in the number of employees during the reporting period and between reporting periods.

Workers Who Are Not Employees

GRI 2-8-a-i The most common type of workers is external experts. We hire external experts by using service agreements and contracts.

GRI 2-8-a-ii In reporting the total number of workers who are not employees, but whose work is controlled by the organization, we primarily include consultants, outsourced workforces, and service providers.

These individuals and groups typically engage in specialized tasks or projects, providing expertise in areas such as IT services, maintenance, security, or project-specific consultancy.

These contributions, while not from direct employees, are integral to the functioning and success of the organization.

In total we have 2 expert consultants.

GRI 2-8-b-i See GRI 2-7-c-i

GRI 2-8-b-ii See GRI 2-7-c-i

GRI 2-8-c No significant fluctuations indicated in the number of workers who are not employees.

Governance Structure and Composition

GRI 2-9-a See The Group's governance structure above, in the paragraph Governance.

GRI 2-9-b The highest governance body is the Board of Directors (BoD) comprised of six members of five males and one female. The BoD includes 4 C-level Officers and 2 Directors representing shareholders, and has no Chairperson. Due to the Group's size and limited number of senior managers, setting Committees at the BoD is impractical; functions which imply collective decision-making are performed by Committees (e.g. on Health and Safety, Internal Control) at plant level.

Delegation of Responsibility for Managing Impacts: Responsibility for overall business and sustainability management is vested with the Management Team (MT), i.e. C-Level officers.

Conflicts of Interest: The Group rigorously monitors possible conflicts of interest, with C-level team members of the BoD declaring any conflicts at each Board meeting.

Sustainability Monitoring and reporting is set bottom-up, from the plants to the MT, and is managed and coordinated by the Sustainability Manager.

Communication of Concerns (including anonymously), implied in every Group Policy and the Code of Ethics, is carried out via the Ethics Line (<https://advanced-industries-packaging.speakup.report/ru/ethicsline/home>).

Collective Knowledge: The MT includes subject matter experts in legal, financial, sales and sustainability areas. The governance structure and established business processes ensure knowledge-sharing.

GRI 2-9-c Tenure of C-level BoD members is the duration of the position. No Board members have other significant positions or commitments. Shareholders are represented by 2 independent Directors, i.e. 1/3 of the Board, represent shareholders.

Nomination and Selection of the Highest Governance Body

- GRI 2-10-a Four C-level Officers hold the BoD membership ex-officio, another two members are nominated by the shareholders.
- GRI 2-10-b-i C-level Officers are appointed to their positions through competitive non-discriminatory, meritocratic process, following key criteria:
- Competence;
 - Education;
 - Professional track records.
- Two BoD members representing shareholders are selected based on their relevant expertise.
- GRI 2-10-b-ii BoD members who are C-level Officers are appointed ex-officio, BoD members representing shareholders are nominated taking into consideration Board gender diversity.
- GRI 2-10-b-iii Independence of the Board members is ensured through screening their employment records, and through conflict-of-interest prevention provisions in their contracts.

Chair of the Highest Governance Body

- GRI 2-11-a, GRI 2-11-b, GRI 2-10-b-iv The Board of Directors does not have a chairperson.

Role of the Highest Governance Body in Overseeing the Management of Impacts

- GRI 2-12-a The BoD develops the Group purpose, value and mission statements, the MT approves strategies and policies.
- GRI 2-12-b The highest governance body directly oversees the organization's due diligence to manage The Group's impacts on the economy, the environment and people. The MT supervises the implementation of strategies and policies, ensuring that The Group's operations do not adversely affect its stakeholders and that positive impacts are

maximized. Transparency is ensured through detailed communication of the sustainability impacts in annual Sustainability Reports and other public disclosures. Accountability to stakeholders is maintained via detailed disclosures of material topics and the whistleblower provisions of each Policy. The MT's active oversight and engagement with stakeholders are integral to managing the Group's impacts effectively.

GRI 2-12-c The MT reviews the management of impacts annually.

Delegation of Responsibility for Managing Impacts

GRI 2-13-a-i The BoD appoints all senior executives, define their responsibilities and review annually their management of organization's impacts.

GRI 2-13-a-ii The highest governance body of the Group has delegated the responsibility for managing the organization's impacts to C-level officers and, for operational implementation, to Plant Directors.

GRI 2-13-b Operational performance is reported to the MT weekly, monthly and quarterly; impact on people and environment is reported to MT bi-annually, summary of impacts is reported to the BoD accordingly.

Role of the Highest Governance Body in Sustainability Reporting

GRI 2-14-a The highest governance body annually reviews the progress towards sustainability goals as outlined in its policies and the EAP. The process for managing impacts and reporting is described above, in GRI 2-9. The Management Team (MT) approves the organization's material topics in the process of reviewing the organization's management reports, focusing on assessing the KPIs, achievement of targets, as set in the policies and the EAP and putting in place corrective actions.

GRI 2-14-b The responsibility of the MT for reviewing and approving the reported information, including the organization's material topics, is evidenced by the MT's annual review of the implementation of sustainability strategy and the EAP, and by its approval of the Sustainability Report and related documents.

Conflicts of Interest

- GRI 2-15-a Conflict of interest prevention and mitigation clauses are included in the Code of Ethics, approved by the C-Level team (MT). C-level officers declare conflicts at each BoD meeting. No conflicts have been noted during the reporting period.
- GRI 2-15-b-i Cross-board memberships and/or shareholding are disclosed to stakeholders, no such memberships are applicable to the reporting period.
- GRI 2-15-b-ii Cross-shareholding with supplies, customers and other stakeholders are to be disclosed to shareholders, no such cross-shareholdings are noted within the reporting period.
- GRI 2-15-b-iv Interest relating to related parties must be disclosed and mitigated as per the Code of Ethics, no such interests are noted within the reporting period.

Communication of Critical Concerns

- GRI 2-16-a The Group established robust protocols to facilitate the communication of vital concerns, including:

Regular C-Level Declarations: At each BoD meeting, C-level executives are required to disclose any conflicts of interest or critical issues, thereby informing the Board and shareholders of potential impartiality risks.

Confidential Reporting and Whistleblowing Mechanism: The organization has instituted an Ethics Line, a confidential channel that empowers stakeholders to anonymously report any substantiated concerns (<https://advanced-industries-packaging.com/ethics-line/>), which are reviewed by the MT. The efficiency of these mechanisms is confirmed by the absence of conflicts or concerns recorded throughout the reporting period.

- GRI 2-16-b No harassments cases with an offender being employed or otherwise engaged with the AIP Group have been noted or recorded. One harassment case with the AIP member as a victim was reported to relevant stakeholders.

Collective Knowledge of the Highest Governance Body

GRI 2-17-a **Sustainability Training and Workshops:** The members of the highest governance body participate in training sessions and workshops on sustainable development and best practices in management of sustainability impacts.

Expert Consultations: Engaging with sustainability experts provides insights into specific areas of sustainable development relevant to The Group's industry and operations.

Participation in Sustainability Forums and Conferences: Participating in national and international forums on sustainability allows members to stay informed about global trends, challenges and solutions in sustainable development.

Regular Sustainability Reporting Review: Regular review of The Group's sustainability reports and related documents contribute to the Group business performance and operations' efficiency.

Stakeholders' Engagement: Active engagement with stakeholders, including employees, customers, suppliers, shareholder(s) and community ensures diverse perspectives on sustainability issues and impacts.

Evaluation of the Performance of the Highest Governance Body

GRI 2-18-a The BoD performs its self-evaluation against the benchmarks of top performing peers, as well as oversees disclosure of the Group's impacts to stakeholders. The MT defines sustainability objectives, reviews the implementation of all policies and manages integration sustainability goals in business processes.

GRI 2-18-b The MT reviews annually independent evaluations, performed by the internationally recognized organizations, external auditors and certification bodies of the applicable certificate standards.

GRI 2-18-c In response to the internally conducted evaluations the MT defines corrective actions to address the areas of improvements and fine-tune quantitative sustainability targets.

Process to Determine Remuneration

- GRI 2-20-a-i The BoD determines the overall remuneration policy within the Group, and jointly with the Plant Directors ensures that all employees at all plants are remunerated at or above the level of living wage. If necessary, respective budgetary allocations are provisioned in the Group's budgeting process, although no such provisions were necessary over the reporting period. The BoD determines remuneration of the senior Group-level management, and provides guidance to Plant Directors, who determine remuneration of their plant's employees.
- GRI 2-20-a-ii Evaluation of managing impacts by the shareholders is factored into determining remuneration.

Statement on Sustainable Development Strategy

- GRI 2-22-a The Group sees sustainable development as an imperative prerequisite of its business strategy. We are guided by our responsibility for the people, the community and future of the Planet, and we are convinced that over the next ten years sustainable product markets will become a reality; therefore we aim to stay a sustainability front-runner.

The Group operates in low-polluting industry with modest potential for reduction of its negative environmental impact. This industry specific provides a realistic opportunity to achieve a low-carbon business fit for the future and become a net zero business over reasonable time frame. Pursuit of this ambition dictates inclusiveness and our commitment to engage stakeholders in our challenging sustainability journey.

Policy Commitments

- GRI 2-23-a-i Reference to Intergovernmental Instruments:

AIP policies reference to United Nations Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These instruments provide a framework for responsible business conduct in various domains, including labor, environment, anti-corruption and human rights.

GRI 2-23-a-ii **Conducting Due Diligence:**

The policies stipulate the conduct of due diligence processes. This involves assessing and addressing the potential negative impacts of The Group's operations on the economy, environment, and society. Due diligence is crucial for identifying risks and implementing appropriate measures to mitigate them.

GRI 2-23-a-iii **Applying the Precautionary Principle:**

AIP's commitment to responsible business conduct may include applying the precautionary principle, especially in environmental matters. This principle suggests that in the face of uncertainty, The Group will take proactive steps to avoid potential harm to the environment or human health, even if some cause-and-effect relationships are not fully established scientifically.

GRI 2-23-a-iv, GRI 2-23-b-i

The Group fosters and promotes respect to human rights in its operations and its value chain in line with the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights and the Ten Principles of the UN Global Compact.

GRI 2-23-b-ii **Categories of Stakeholders and At-Risk Groups:**

The commitment pays particular attention to stakeholders who are most likely to be impacted by The Group's operations. This includes employees, customers, suppliers, local communities and shareholders.

Special attention is given to identifying and addressing the rights of at-risk or vulnerable groups. These might include children, indigenous people, women, migrant workers, disabled individuals and economically disadvantaged communities.

The policy acknowledges that these groups may face unique challenges and risks, and therefore, require specific consideration and protective measures.

GRI 2-23-c Labor and human rights policies: Code of Ethics, Environmental Policy, Procurement Policy (responsible sourcing); Suppliers' Code of Conduct.

GRI 2-23-d Policies are developed by relevant senior managers with subsequent review by the Management Team, followed by consultations with employees and other stakeholders.

GRI 2-23-e All policy commitments are applicable to The Group operations and Staff members' official duties, non-compliance with policy commitment triggers correction measures, relevant penalties as per respective policies may apply.

GRI 2-23-f AIP Group publicly discloses all Policies, which are guiding our activities related to our impact on economy, society and environment. Policies and sustainability objectives and specific actions are communicated internally through awareness training, and eliciting Staff member commitment to be guided by the policies' provisions.

With respect to external stakeholders, we maintain proactive dialogue with suppliers, eliciting their adherence to the Suppliers' Code of Conduct, as well as eliciting adherence of our customers to the best business practices, integrating such commitments in contractual relations.

The Group further pursues evaluations of suppliers and customers to ensure compliance with contractual provisions. The Group communicates its policies' implementations, including achievements and underperformance in a transparent manner to shareholders through reporting and audit's assessments.

Embedding Policy Commitments

GRI 2-24-a-i Policy commitments are translated into operational targets and KPI; policy implementation indicates measurable goals and targets and respective responsibilities of the managers.

GRI 2-24-a-ii Policy commitments are detailed in the operational procedures, including instructions on health and safety, procurement procedures, contractual templates. Compliance of the activities with the policies provisions is audited.

GRI 2-24-a-iii AIP Group embeds its policy commitments in relationship with suppliers and customers via eliciting suppliers' adherence to the Suppliers' Code of Conduct, via due diligence of suppliers and customers and via incorporating sustainability-related clauses in contracts with suppliers and customers.

In relations with communities all Group's significant locations maintain proactive dialogue to communicate the Group's sustainability targets and to discuss its impact

on people and the environment of communities.

GRI 2-24-a-iv The plants' management provides training to all employees on health and safety, ethical practices, human rights and environmental stewardship. In its practical activities, the Group enforces non-retaliation principle and encourages Staff members to raise their substantiated concerns.

This is complemented by theoretical workshops aiming to deepen the Staff members' understanding of sustainability agenda at large and of the market trends in sustainable development.

Mechanisms for Seeking Advice and Raising Concerns

GRI 2-26-a-i Contact points for raising questions and seeking advice on the practical application of the Policies are indicated in each Policy. Every Staff member has access to the Group Ethics Line to further increase their understanding of the Group's sustainability commitments.

Staff members are encouraged to raise their queries and concerns via whistleblowing mechanisms, as well as to make any relevant inquiries to senior management.

GRI 2-26-a-ii The same as per Group Ethics Line.

Compliance with Laws and Regulations

GRI 2-27-a No non-compliance cases during the reporting period were noted.

GRI 2-27-b No instances of non-compliance with laws and regulations.

Membership Associations

GRI 2-28-a UN Global Compact, Avetta, Ecovadis, FSC, IDH living wage initiative.

Membership in organizations: Eurosac, GIPSAC, GemPSI, Diversity Charta.



Figure 2. Membership Associations of the AIP Group

Stakeholders' Engagement

GRI 2-29-a-i The Group strives to engage stakeholders across its value chain, inclusion mechanisms are spelled-out in policies; regular dialogue is maintained with suppliers, customers, shareholders and communities.

GRI 2-29-a-ii Engagement with stakeholders aims to improve impacts on economy, environment and people across the value chain.

GRI 2-29-a-iii Engagement with stakeholders is ensured through:

- ongoing dialogue with suppliers and customers;
- responsible sourcing, evaluation of suppliers and ensuring their compliance with the Suppliers' Code of Conduct;
- reporting to the customers on The Group's impacts
- feedback and evaluation by the shareholders;
- reporting to the relevant authorities;
- disclosure of the financial statements and environmental records.

Any impact and advice from stakeholders are encouraged and taken into consideration.

Collective Bargaining Agreements

GRI 2-30-a 62.3% of employees of The Group are covered by collective bargaining agreements.

GRI 2-30-b Employees' working conditions and terms are defined in the Labor and Human Rights Policy.

Employees' working conditions and terms, not covered by collective bargaining agreements, are based on collective bargaining agreement that cover those Group's employees, who are members of such agreements.

GRI 3: Material Topics

Process to Determine Material Topics

GRI 3-1-a-i In 2023 The Group conducted another round of materiality assessment, further prioritizing its economic, social and environmental impacts and identifying untapped improvement potential. Key elements of this process:

- Managers from various functions ensured synergy of different expertise on potential risks and opportunities;
- Sustainability Manager with international track record was appointed;
- Identifying interconnections between monitoring of internal business processes and external reporting requirements improved the overall matrix of sustainability management;
- Active MT engagement allowed integrating materiality assessment in The Group's strategic vision and operational performance.

GRI 3-1-a-ii Assessment of Significance is based on the scale and reversibility of each impact (direct and indirect) through the value chain:

Stakeholder Engagement: Input from employees, customers, suppliers and shareholders to better assess different impacts.

Alignment with Corporate Strategy: We prioritized impacts in alignment with overall corporate strategy to focus on both commercial and sustainability drivers.

Risk and Opportunity Analysis: Impacts that posed significant risks or offered substantial opportunities for positive engagement were given higher priority.

Compliance and Legal Considerations: Impacts, that had compliance implications or were mandatory for reporting requirements, were given high priority.

Sustainability Goals and Targets: In the context of aligning assessment with the overall strategy, we focused on areas where we are making measurable progress.

Review and Approval by Executives: The prioritized list of impacts was approved by Management Team (MT) to ensure consistency with the strategic direction of The Group and the expectations of our leadership.

GRI 3-1-b In determining material topics AIP took into the account the views of various stakeholders and experts, ensuring a comprehensive materiality assessment related to our business operations, which involved:

- (i) MT (every C-level officer) has contributed his/her professional expertise in identifying topics that are material to our operations and strategy;
- (ii) Sustainability Consulting Firms (Offsetted UG (haftungsbeschränkt) and Kemi Ltd.) provided specialized expertise in identifying and prioritizing material topics that align with global sustainability standards and practices;
- (iii) impact from stakeholders, i.e. customers, suppliers, local communities and shareholders was elicited.

List of Material Topics

GRI 3-2-a GRI 201: Economic Performance;
GRI 202: Market Presence;
GRI 204: Procurement Practices;
GRI 205: Anti-corruption;
GRI 206: Anti-competitive Behavior;
GRI 301: Materials;
GRI 302: Energy;
GRI 303: Water and Effluents;
GRI 305: Emissions;
GRI 306: Waste;
GRI 308: Supplier Environmental Assessment;

GRI 401: Employment;
GRI 402: Labor/Management Relations;
GRI 403: Occupational Health and Safety Management System;
GRI 404: Training and Education;
GRI 405: Diversity and Equal Opportunity;
GRI 406: Non-discrimination;
GRI 407: Freedom of Association and Collective Bargaining;
GRI 408: Child Labor;
GRI 409: Forced or Compulsory Labor;
GRI 414: Supplier Social Assessment;
GRI 417: Marketing and Labeling;
GRI 418: Customer Privacy.

GRI 3-2-b New:

GRI 202: Market Presence;
GRI 402: Labor/Management Relations.

Management of Material Topics

GRI 3-3-a **Positive Impacts:**

Contributing to:

- economic growth and job creation with focus on local sourcing and partnership where feasible;
- well-being of employees and of community by fair remuneration above the living wage;
- forest stewardship upstream the supply chain by proactively ensuring responsible sourcing of suppliers;
- cleaner environment in the locations of operation by waste and wastewater treatment measures;
- mitigation of climate change by responsible energy management and emission reductions.

Negative Impacts (actual and potential):

Actual, usage of non-renewable energy sources, though reducing, use of non-

renewable energy, and GHG emissions from operations and transportation, but plausible reductions are planned, including investing in solar panel.

Potential: insignificant usage of non-renewable virgin forestry, in cases where the fiber cannot be fully traced upstream to the fiber source, - addressed through increasing the traceability.

Damage to employee's health, if health and safety management has shortcomings.

Legal and reputational risks of possible lack of regulatory compliance.

Remaining possibility of human rights violations upstream supply chain – addressed through increasing efforts in due diligence of suppliers.

GRI 3-3-b The Group discloses that, as any packaging manufacturer, we have certain negative environmental impacts, which cannot be avoided. These impacts arise from waste generation, carbon emissions and water usage, which are inherent to the production processes. It is essential for us and our stakeholders to recognize these aspects of our operations as we strive to understand and eventually mitigate our impact on the environment.

The Group undertakes actions to:

- reduce waste generation and increase the share of fully recycled waste;
- apply wastewater treatment;
- reduce energy consumption through saving and increase the share of renewable energy.

The Group EAP sets forth actions and measurable targets in managing these negative impacts.

GRI 3-3-c All the material topics above are governed by The Group's applicable policies, i.e. Environmental Policy, Labor and Human Rights Policy, Code of Ethics, Procurement Policy, IT Policy, and Supplier Code of Conduct Policy.

Each policy aims to foster highest standards of responsibility and ethical conduct in all aspects of The Group's operations. Policies' provisions are translated into measurable quantitative targets, which are detailed further in The Group's EAP.

GRI 3-3-d-i, GRI 3-3-e-ii Develop and implement Environmental Management System (EMS) encompassing all impacts to manage them systematically and in full alignment with business/financial management:

Increase the share of waste sorted to 100% of waste and the share of recycled and reused waste to 70% by end of 2024;

Ensure training of 100% of senior management in EU taxonomy and environmental risks' management over 2024;

Ensure traceability as to the fiber source of 90% of paper in the supply chain by end of 2025;

Reduce energy consumption by at least 2% via saving and innovative technological solutions;

Complete re-equipment of all significant locations with LED-lamps towards end of 2025;

Increase the share of recyclable and bio-degradable plastic elements of the products to 100% by end of 2025;

Perform Product Carbon Footprint assessment across all products and identify groups of products to be offered to the market as net zero in 2025-2026;

Join SBTi initiative towards 2025;

Design and implement an investment plan towards reducing GHG emissions by 50-60% over 2025-2028.

GRI 3-3-d-ii Each negative impact is addressed, quantitative reduction targets are set, actions to achieve those targets are defined in EAP.

GRI 3-3-d-iii Throughout The Group's operational spectrum, the assessment and management of positive impacts are systematically integrated into our business strategies and annual planning. This integration ensures the amplification of benefits, transcending mere financial gains to foster substantial community enrichment in our operational locales. Our investment strategies are meticulously crafted, aiming to elevate local community

welfare alongside bolstering our financial standing.

Our research and development teams are unwavering in their commitment to crafting sustainable products, with a sharp focus on optimizing resource efficiency and minimizing carbon footprints. This commitment to sustainability is a core tenet of our operational philosophy.

We actively promote and encourage our staff to participate in community service and volunteering, nurturing a profound culture of social responsibility. This engagement is complemented by strategic collaborations with NGOs, governmental bodies and sustainability-centric organizations, effectively magnifying the impact of our collective initiatives.

Monitoring and transparently reporting our positive impacts via sustainability reports and various communication platforms are integral to our operations. This openness provides a clear window for stakeholders to gauge the breadth and depth of our positive contributions. Regular dialogues with customers, suppliers and community members are pivotal, offering us invaluable insights into further enhancing the positive effects of our activities.

GRI 3-3-e-i Tracking actions' efficiency is a critical requirement of our sustainability management. To ensure that our actions yield the desired outcomes and continuously improve over time, we have established robust processes, including:

- Setting clear Key Performance Indicators (KPIs) in social, environmental and economic performance and review their achievement at the management and governance levels;
- Monitoring the KPIs and conducting regular evaluation and annual reporting to the BoD;
- Proactively seeking feedback and input from our stakeholders;
- Performing internal audits to ensure integrity of data and to identify any gaps and areas for improvement;
- performing benchmarking against Industry Standards and against peer groups;
- preparing annually comprehensive sustainability reports, following frameworks such as the Global Reporting Initiative (GRI) or the Sustainable Development Goals (SDGs), which detail the outcomes and effectiveness of our sustainability initiatives;
- using Technology and Data Analytics to allow data-driven approach to

- assessing efficiency of ESG management;
- continuously improving the above processes;
- undertake external audits where applicable and seek certifications as a testament to the effectiveness of our actions.

Through these processes, The Group ensures that actions are not only impactful but also continually evolving and improving.

GRI 3-3-e-iii Actions outlined in the sustainability-related policies and the EAP are monitored for effectiveness via applicable KPIs. Tangible progress in management negative and amplifying positive impacts has been achieved, including:

- reduction of water and energy consumption;
- reduction of carbon emissions;
- improved energy efficiency of operations;
- long-term relationship with key input suppliers;
- continuous improvement of ethical business practices and conduciveness of work environment;
- continuous improvement of sustainability monitoring and reporting practices;
- Increased outreach of our sustainability-related cooperation with stakeholders across value chain.

GRI 3-3-e-iv The key lesson learned is that systemic integrated approach to successful sustainability management is imperative. Goals, actions, their outcomes are interconnected, requiring a management system and management processes which allow tracking progress from sustainability objectives through policies to actions and reflecting clear outcomes in a measurable manner (KPIs). The Group continuously sharpens this approach.

More specifically:

- We have updated our sustainability-related policies, tying in a robust manner their implementation mechanisms with the environmental action plan;
- We've established KPIs measuring the outcomes of the actions;
- We are in the process of implementing sustainability management system based on modern data management solutions and software;
- We are investing in the training of Staff members to ensure their knowledgeable input in identifying area of improvements;
- We aim to introduce ever more sophisticated instruments of monitoring and reporting the sustainability performance (like SBTi) in order to ensure cross-

checking of our activities and outcomes.

GRI 3-3-f The Group acknowledges importance of stakeholder engagement in both informing our actions and evaluating their effectiveness. ‘

More specifically:

Informing Actions through Stakeholders' Engagement

Surveys and Feedback Sessions are periodically carried out with stakeholders, including customers, employees and community members, to gather insights on areas needing improvement or attention. Customer satisfaction surveys trigger improvement of products quality, customer support and communicating our ESG metrics to customer to enhance the quality of their ESG monitoring and reporting.

Stakeholder Meetings and Workshops: Regular meetings and workshops with stakeholders help us understand their expectations and concerns. For example, discussions with community leaders might lead to community development initiatives.

Collaboration with NGOs and Experts benchmarks our sustainability management against the best industry and global practices and keep us on the cutting-edge of innovations in these areas.

Evaluating Effectiveness of Actions through Stakeholders' Engagement

Feedback on Implemented Actions: We seek feedback from stakeholders on the actions we have implemented to assess efficiency of our recycling efforts, surveying customers to better understand their expectations.

Stakeholder Panels for Continuous Improvement stimulates proactive dialogue with stakeholders and strengthen systemic approach to sustainability management.

Impact Assessment Studies: participating in impact assessment studies in collaboration with external agencies and peers helps to understand the real-world impact of various actions.

In summary, this three-way communication ensures that our efforts are responsive to stakeholder needs and are achieving the desired outcomes.

Disclosures from the GRI Topic Standards

GRI 201: Economic Performance

Direct Economic value

Direct economic value is generated and distributed.

GRI 201-1-a-i Total revenue of The Group in FY23 was € 131,391,657.00.

GRI 201-1-a-ii Total operating costs, employee wages and benefits, payments to providers of capital, payments of government by country and community investments was € 123,357,622.00.

GRI 201-1-a-iii Total economic value retained: 'direct economic value generated' less 'economic value distributed' in FY23 was € 8,034,035.00.

GRI 201-1-b EVG&D separately by country is available above. There is no any other criterion to define significance for the distribution.

	Germany	Denmark	Netherlands	Romania	Italy	Czech Republic	Turkey
Revenue	€ 24,328,202.00	€ 33,824,086.00	€ 21,322,719.00	€ 20,584,771.00	€ 7,130,326.00	€ 4,933,521.00	€ 19,268,032.00
Costs	€ 23,092,150.00	€ 31,886,419.00	€ 18,128,340.00	€ 18,297,826.00	€ 8,047,762.00	€ 6,716,662.00	€ 17,188,463.00

Figure 3. Direct economic value of the AIP Group by countries of operations

Financial Implications and Other Risks and Opportunities due to Climate Change

GRI 201-2-a The Group has identified the following risks related to climate change.

Physical Risks:

Definition: These risks originate from the immediate effects of climate change, encompassing severe weather events such as floods, storms and droughts, alongside

progressive changes in climate patterns. Impact: Potential consequences include significant infrastructure damage, supply chain interruptions, increased insurance premiums and diminished operational efficiency;

Regulatory Risks:

Definition: These risks are associated with the evolving landscape of legal and policy measures related to environmental sustainability and climate change. Impact: They may result in heightened compliance expenses, monetary fines for violations and the need for operational adaptations to meet new standards;

Market Opportunities:

Definition: These are prospects created by market shifts that prioritize environmental sustainability. Impact: They encompass the development of eco-friendly technologies, penetration into markets valuing sustainability, and opportunities for cost savings through green finance initiatives;

Reputation Opportunities:

Definition: Benefits from the perception of the organization as a leader in sustainability and environmental stewardship. Impact: This leads to a fortified brand image, increased customer fidelity and a competitive edge driven by robust sustainability credentials.

Financial Assistance Received from Government

GRI 201-4-a-i Italian plant received 3900 EUR as a tax relief / credit. No other tax reliefs were received besides this one.

GRI 201-4-a-ii, GRI 201-4-a-iv, GRI 201-4-a-v, GRI 201-4-a-vi, GRI 201-4-a-vii No subsidies, awards, royalty holidays, financial assistance from ECAs or other financial incentives were received.

GRI 201-4-a-iii Italian plant received 7500 EUR as a governmental grant. No other grants were received besides this one.

GRI 201-4-a-viii, GRI 201-4-b German entity received 107937 EUR of financial benefits from the government, Italian plant received 8500 EUR. In total, AIP Group received 116437 EUR as a financial benefit from the Government

GRI 201-4-c No government presence in the shareholding structure.

GRI 202: Market Presence

Ratios of Standard Entry-level Wage by Gender Compared to Local Minimum Wage

GRI 202-1-a Average ratios of standard entry level wages for all genders are 2x or 2.5x more than a minimum wage in every geography.

GRI 202-1-b All workers of AIP Group are compensated higher, then the minimum wage.

GRI 202-1-c Official minimal wages determined by the government of the country of operations is being used for calculations.

GRI 202-1-d Significant locations of operations are based on geographical location and include:

- seven production sites, i.e. manufacturing key plants for The Group's operations and value chain; they contribute to 100% of The Group business volume;
- four management and representative offices, which manage The Group's market presence, logistics and overall business, financial and sustainability performance.

AIP Group has joined the IDH living wage initiative in 2023. Therefore, we have conducted the first living wages benchmark analysis for our Romanian plant. The analysis has identified that the average gap size for workers earning below living wage is 0%.

AIP-RO-Plant - Advanced Industries Packaging S.R.L. (Romania)

submitted

Year of wage data: 2023

Created on: 19-03-2024

Average living wage gap by job category

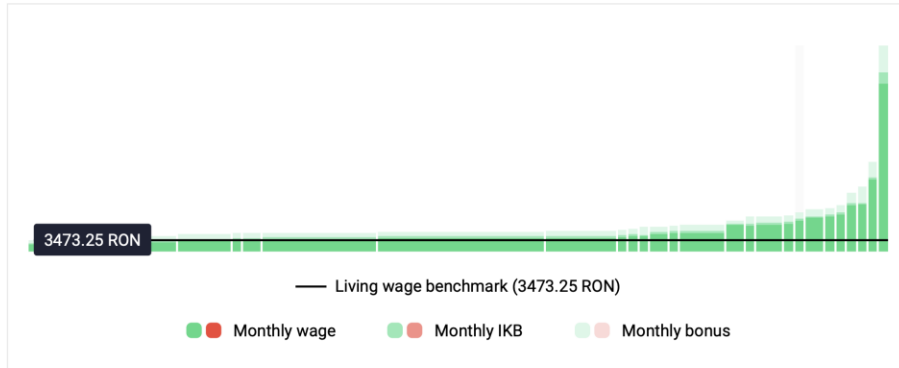


Figure 4. Average living wage gap by job category (AIP Romania)

Summary

Average gap size for workers earning below living wage (# and %)	0 RON (0%)
Currency	RON
Living wage benchmark methodology	WageIndicator Typical Family Methodology
Region	South-Muntenia
Gross monthly living wage benchmark (RON)	3473.25
Number of workers earning below living wage (# and %)	0 (0%)
Range of living wage gap size	0% to 0%
Average % of total wages paid in in-kind benefits	8.05%
Average % of total wages paid in bonus	23.69%
Total number of workers	92
Total Facility Living Wage Gap	0.00

Figure 5. Summary of the living wages analysis (AIP Romania)

Proportion of Senior Management Hired from the Local Community

- GRI 202-2-a On average, 47% of senior management members are hired from local communities.
- GRI 202-2-b Senior management are those Staff members, who make primary decisions within their entity and are accountable for the efficiency of their teams. Within The Group these are: Executives, Directors of functions and plants, Sustainability Manager, Chief Financial Controller and Head of Technical Team.
- GRI 202-2-c The definition of local community is based on the geographical location of the facility, owned by AIP Group.
- GRI 202-2-d Significant locations of operations are defined above (GRI 202-1-d).

GRI 204: Procurement Practices

Proportion of Spending on Local Suppliers

- GRI 204-1 85% of The Group's suppliers are local, the rest of the suppliers are in Australia and Brazil.

GRI 205: Anti-corruption

Confirmed Incidents of Corruption and Actions Taken

- GRI 205-3-a Total number and nature of confirmed incidents of corruption is 0 across all the entities in The Group.
- GRI 205-3-b Total number of confirmed incidents in which employees were dismissed or disciplined for corruption is 0 across all the entities in The Group.
- GRI 205-3-c Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption is 0 across all the entities in The Group.

GRI 205-3-d Total number of public legal cases regarding corruption brought against the organization or its employees is 0 across all the entities in The Group.

Operations Assessed for Risks Related to Corruption

GRI 205-1-a 100% of operations are assessed for risks.

GRI 205-1-b There were no significant risks identified.

Communication and Training about Anti-corruption Policies and Procedures

GRI 205-2-a 100% of governance body members receive the organizations' anti-corruption policy in every geographical location.

GRI 205-2-b 100% of The Group's employees in every geographical location are receiving the organization's anti-corruption policies and procedures.

GRI 205-2-c 100% of all AIP business partners receive the communication regarding the organization's anti-corruption policy.

GRI 205-2-d 100% of all the governance body members are receiving training on anti-corruption.

GRI 205-2-e 100% of all employees of The Group are receiving training on anti-corruption in every geographical location.

GRI 206: Anti-competitive Behavior

Legal Actions for Anti-competitive Behavior, Anti-trust and Monopoly Practices

GRI 206-1-a Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant is 0.

GRI 206-1-b No incidents of anti-competitive behavior have been recorded over the reporting period and at least five previous reporting periods, no legal actions have been undertaken against AIP Group.

GRI 301: Materials

Materials Used by Weight or Volume

GRI 301-1 The total weight of materials that are used to produce and package the organization's primary products and services during the reporting period is 60,926,7 kg.

GRI 301-1-a-i The total weight of non-renewable materials that are used to produce and package the organization's primary products and services during the reporting period is 4,324,770 kg.

GRI 301-1-a-ii The total weight of renewable materials that are used to produce and package the organization's primary products and services during the reporting period is 56,601,950 kg.

Recycled Input Materials Used

GRI 301-2-a Percentage of recycled input materials used to manufacture the organization's primary products and services on average is 0.013%.

Reclaimed Products and Their Packaging Materials

GRI 301-3-a Percentage of reclaimed products and their packaging materials for each product category on average is 0.0105%.

GRI 302: Energy

Energy Consumption within the Organization

GRI 302-1-a Total fuel consumption within the organization from non-renewable source is as follows:

- 51,109.85 liters of natural gas;
- 19,347 liters of diesel;
- 5,644 liters of gasoline;

GRI 302-1-b Total fuel consumption within the organization from renewable sources is 1,516 liters of gasoline.

GRI 302-1-c-i Total electricity consumption within the organization is 9,826,462.34 kWh.

GRI 302-1-c-ii Total heating consumption within the organization is 2,853,449.30 kWh.

GRI 302-1-e Total energy consumption within the organization is 12,679,911.67 kWh.

GRI 302-1-f The following methodologies and assumptions are used to calculate metrics that are related to the energy consumption:

ISO 50001 Energy Management Standards: Implementing these standards involves establishing an energy policy, setting targets for energy use, and designing action plans to reach these targets. This helps in systematic energy management;

Life Cycle Assessment (LCA): LCA is used to assess the environmental impacts associated with all the stages of a product's life, from raw material extraction through materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling;

Carbon Footprint Analysis: This methodology involves calculating the total greenhouse gas emissions caused directly and indirectly by an organization or product. It helps in identifying the main sources of energy consumption and associated emissions;

The Greenhouse Gas Protocol (GHG Protocol): This protocol provides a framework for measuring and managing greenhouse gas emissions. It includes scopes 1, 2, and 3 emissions, helping organizations to understand their full energy impact;

Benchmarking and Performance Standards: Comparing energy usage against industry benchmarks or performance standards to identify areas of high consumption and opportunities for improvement;

Data Collection and Analysis Tools: Utilizing advanced software and tools for collecting and analyzing energy usage data across various operations. This includes the use of energy meters and sub-metering for detailed insights;

Energy Audits: Conducting regular energy audits to assess energy use and efficiency in the organization. This helps in identifying opportunities for energy savings;

Use of Renewable Energy Calculations: Calculating the proportion of energy consumption met by renewable sources and assessing the impact of renewable energy initiatives.

These methodologies collectively contribute to a comprehensive understanding and effective management of energy consumption within The Group.

GRI 302-1-g The sources for conversion factors are generally accepted scientific conversion factors.

Energy Consumption outside the Organization

GRI 302-2-a Total energy consumption outside of the organization is 0.

GRI 302-2-b The methodology that is used for calculations is "The methodology of looking at a meter to measure energy consumption, such as electricity or gas, is scientifically referred to as "Direct Meter Reading" or "Manual Meter Reading". This method involves physically inspecting and recording the readings displayed on the meter. It's a straightforward approach to gather accurate, real-time data on the amount of energy consumed over a specific period. Direct Meter Reading is often used for billing purposes and is a traditional method for tracking energy usage in both residential and commercial settings.

GRI 302-2-c The sources of conversion factors are not available.

Energy Intensity

GRI 302-3-a	Energy intensity ratio per employee	Energy intensity ration per kg of sacks produced
	19228 kWh	0.2 kWh

- GRI 302-3-b Organization specific denominators are per kg of sacks produced, per employee.
- GRI 302-3-c All types of energy sources are used for calculating the energy intensity ratio: fuel, electricity, heating, cooling, steam.
- GRI 302-3-d Calculated ratio is using the energy consumption within the organization.

Reduction of Energy Consumption

- GRI 302-4-a Total reduction of energy consumption is 434,337 kWh.
- GRI 302-4-b Electricity is included in the reduction of energy calculation.
- GRI 302-4-c Basis year for calculation is 2020.
- GRI 302-4-d Standards are not applicable for this calculation due to the self-explanatory nature.

Reductions in Energy Requirements of Products and Services

- GRI 302-5-a Reductions in energy requirements of sold products and services achieved during the reporting period is 0.
- GRI 302-5-b Basis for energy reduction calculation is 2020.
- GRI 302-5-c Methodology of calculation is unnecessary due to the self-explanatory nature.

GRI 303: Water and Effluents

Interactions with Water as a Shared Resource

GRI 303-1-a The Group's interaction with water across operational processes is managed with a focus on conservation and minimizing environmental impact.

More specifically:

Water Withdrawal and Consumption: Water consumption is not required for operations, only for equipment cleaning and in kitchens and bathroom facilities. We use running water, no water comes from natural reservoirs or wells.

Water Conservation Measures: We equipped our significant locations with water saving (start-stop and faucet aerators) equipment. Technological Washing reduces the amount of water needed for cleaning equipment.

Water Treatment: Water treatment units are installed at all plants, including washing systems and wastewater collecting tanks.

Regular Maintenance: We prevent water leaks and ensure economic water usage.

Water Discharge: We discharge all possibly polluting substances (used in printing) together with water into sedimentation tanks with subsequent export to sewage treatment external facilities.

Water Quality Management: Regular audits of water quality are conducted to ensure our water usage and discharge do not negatively impact the environment or violate any regulatory standards.

GRI 303-1-b **Scope of Assessments:** All operational facilities utilizing water, including manufacturing facilities and administrative offices. We scrutinize water consumption in cleaning processes, facility maintenance, and employee utilities.

Timeframe for Assessments: We conduct monthly assessments at each site with a synthesized annual report scrutinized by the Management Team, ensuring timely and strategic oversight.

Water Treatment and Recycling: Our facilities are equipped with water treatment systems, ensuring superior water quality. Water management strategy includes the treatment and subsequent reuse of wastewater, significantly minimizing waste.

Water Accounting and Stress Tests: Water accounting process quantifies consumption across operations, while regular stress tests assess the efficiency of our water management strategies under diverse conditions.

Research on Potential Risks: We engage in ongoing risk analysis, focusing on locations with unique environmental challenges or regulatory frameworks, notably in Romania, Turkey, the Czech Republic and Denmark.

Plant Director Involvement: Plant Directors are entrusted to oversee water use assessments, ensuring adherence to relevant regulations and achieving water management goals.

GRI 303-1-c

Community Collaboration: Actively engaging with local communities to collectively address water conservation, enhance water quality and promote efficient wastewater treatment.

Supplier Water Management: Water Management aspects are included in suppliers' interviewing process.

On-Site Water Conservation: Implementing water-saving, including start-stop systems and faucet aerators to reduce water usage.

Advanced Washing Techniques: Adopting innovative washing methods at production facilities to minimize water requirements for equipment cleaning.

Recycling and Treatment Infrastructure: Equipping sites with advanced water treatment units to bolster recycling efforts and lessen the strain on local water bodies.

Maintenance and Prevention: Conducting regular upkeep of water infrastructure to prevent leaks and ensure efficient water distribution and collection.

Water Quality Audits: Undertaking periodic audits of water quality to continuously assess and enhance water management strategies across operations.

GRI 303-1-d **Water Condition Assessment:** We conduct thorough analyses of water availability, quality and compliance with regulatory frameworks.

Public Policy Alignment: Our targets are crafted to augment broader community initiatives in water stewardship and resource management.

Inclusive Stakeholders' Engagement: Engaging with local populations, environmental entities, and regulatory bodies enables us to integrate their insights into our goal setting, ensuring our objectives are pertinent and consequential.

Quantifiable Objectives: Drawing on the insights, we formulate specific, measurable targets aimed at enhancing water use efficiency, diminishing waste discharge, and advancing wastewater treatment methods.

Ongoing Review: Our objectives are subject to continuous evaluation and refinement, adapting to evolving local dynamics, shifts in regulatory requirements and operational performance outcomes.

Through this structured approach, we commit to establishing water-related goals that are not only challenging and attainable but also deeply rooted in the specific needs and sustainable practices of each locality we serve.

Management of Water Discharge-related Impacts

GRI 303-2-a-i In areas where local discharge requirements are absent, we base our standards on international best practices and balance following guidelines from global environmental agencies with own judgment about what is realistic and applicable.

GRI 303-2-a-ii Internal water quality standards and guidelines are rigorously implemented across all our facilities. These are regularly reviewed to reflect the latest scientific understanding and technological advancements in water treatment.

GRI 303-2-a-iii As packaging manufacture, we set our standards in line with peers, trying to be slightly ahead of the market trends.

GRI 303-2-a-iv The profile of the receiving water body is a critical factor in our effluent standards. We assess the ecological characteristics and vulnerability of local water bodies to ensure that our discharges do not adversely affect them. This involves analyzing factors like water flow, existing biodiversity and the capacity of the water body to assimilate effluents.

Water Withdrawal

GRI 303-3-a Total water withdrawal from all areas in megaliters is 26.132.

GRI 303-3-a-v Total water withdrawal from all areas distribution:

- Surface water: 9.853 ML;
- Third-party water: 9.608 ML;
- Freshwater: 6.671 ML,

GRI 303-3-d This data is based on the data obtained from invoices for utilities usage.

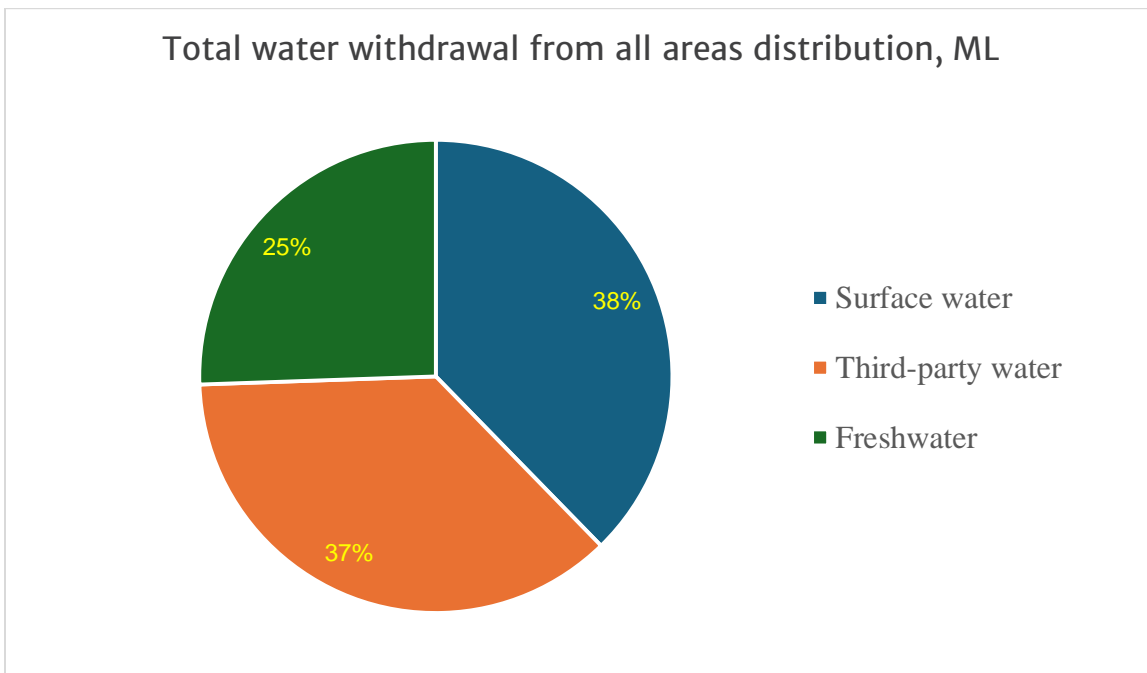


Figure 6. Total water withdrawal from all areas distribution in megaliters

Water Discharge

- GRI 303-4-a Total water discharge to all areas in megaliters is 17.769 ML.
- GRI 303-4-d, No substances of concern for which discharges are treated. No approach to set
GRI 303-4-d- discharge limits.
ii
- GRI 303-4-d- 0 incidents of non-compliance with discharge limits were identified.
iii
- GRI 303-4-e Data was compiled by using invoices.

Water Consumption

- GRI 303-5-a Total water consumption from all area is 8.3631 ML.
- GRI 303-5-b Total water consumption with water stress is 0.
- GRI 303-5-c No significant water storage during the reporting period.
- GRI 303-5-d In data compilation on water and energy use, several standards, methodologies, and assumptions are employed to ensure robust data quality, specifically:

Direct Measurements and Monitoring are the basis for data collection, including from meters and sensors to track water and energy usage in real-time, ensuring precise and reliable data.

Estimations and Modeling: In those rare cases where direct measurements are not feasible, we use estimations and modeling, such as calculating average consumption based on known parameters or employing industry-standard models to predict usage patterns.

Adherence to International Standards: Our data compilation methodology is based on international standards, i.e. guidelines from bodies like the International Energy

Agency (IEA) and the World Health Organization (WHO) for energy and water data, respectively.

Sector-Specific Factors: Considering our sector-specific operations in packaging processing, we apply relevant factors that are unique to our industry. This ensures that our data accurately reflects the unique environmental aspects of our business.

Assumptions and Basis of Calculations: We disclose the assumptions underlying our calculations and estimates, e.g. assumptions about the efficiency of equipment or average usage rates.

Reviews and Audits are performed periodically to ensure ongoing accuracy and relevance, adapting to any changes in technology, industry practices or regulatory requirements.

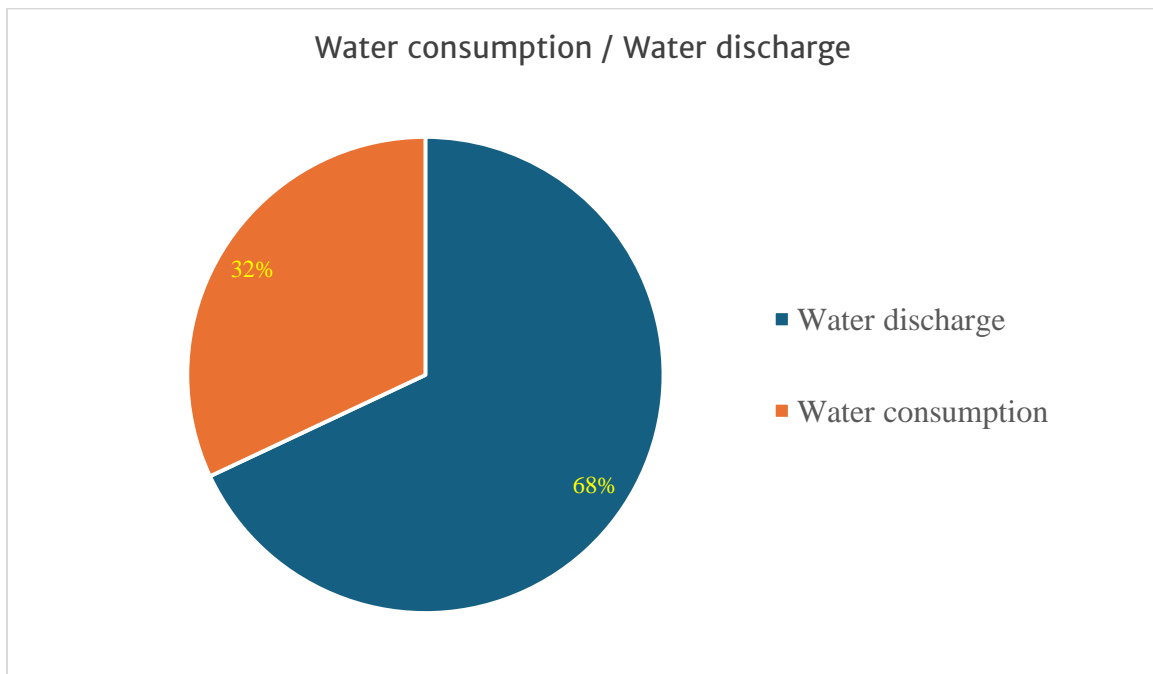


Figure 7. Water consumption vs Water discharge

GRI 305: Emissions

Contextual Disclosures, Necessary to Understand the Carbon Emissions Calculation Process

GRI 305-1-e, Source of the emission factors and the global warming potential (GWP) rates used, or
GRI 305-2-e, a reference to the GWP source is taken from the utility bills of an energy production
GRI 305-3-f company.

The following databases were used as a source of emission factors:

- EEA;
- GEMIS;
- BEIS;
- EXIOBASE;
- AIB;
- Data from invoices for electricity consumption.

GRI 305-1-f, Consolidation approach for emissions is equity share.
GRI 305-2-f

GRI 305-1-g, Main standard for the calculation is GHG Protocol; The Group used Offsetted Carbon
GRI 305-2-g, Accounting Platform to conduct the calculations.
GRI 305-3-g

GRI 305-1-b, CO2 gases are included in the calculation.
GRI 305-2-c, No biogenic emissions, due to the specifics of the business
GRI 305-3-b,
GRI 305-4-c

GRI 305-1-d, Base year for the calculation is 2020:
GRI 305-2-d

- 2020 was the first year, when we've collected and processed the CO2 emission data;
- No changes triggered recalculation of base year emissions.

The meticulous calculation of Scope 3 emissions, encompassing categories from purchased goods and services to end-of-life treatment of sold products, is crucial for a comprehensive understanding of an organization's total environmental impact.

This granularity not only provides insights into direct and indirect emission sources but also highlights areas for sustainable improvements across the entire value chain. For instance, including both upstream

and downstream transportation and distribution offers a full-circle view of emissions related to product movement, which is often overlooked.

When compared with average numbers for other industries, the detailed inclusion of categories like employee commuting and capital goods sets a high standard for emissions reporting.

Many industries focus predominantly on direct emissions (Scope 1) and energy indirect emissions (Scope 2), neglecting the broader impact captured under Scope 3.

This comprehensive approach to Scope 3 emissions calculation allows for more effective benchmarking, strategic planning and targeted actions to reduce carbon footprints, ultimately driving industries towards more sustainable practices and contributing significantly to global climate goals.

Direct (Scope 1) GHG Emissions

GRI 305-1-a Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent is 621.8.

GRI 305-1-c The total amount of biogenic CO₂ emissions in metric tons of CO₂ equivalent were not identified.

GRI 305-1-d CO₂ emissions (scope 1) in the base year, 2020, amounted to 1,064tCO₂e.

Energy Indirect (Scope 2) GHG Emissions

GRI 305-2-a Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent are not available due to the selection of location-based methods for calculations.

GRI 305-2-b Gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent is 3,316.064.

GRI 305-2-d CO₂ emissions (Scope 2) in the base year, 2020, amounted to 1,064 tCO₂e.

Other Indirect (Scope 3) GHG missions

GRI 305-3-a Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent is

109,692.02.

GRI 305-3-d Other indirect (Scope 3) GHG emissions categories and activities included in the calculation:

The following Scope 3 categories were included in the calculation:

- Purchased Goods and Services;
- Capital Goods;
- Upstream Transportation and Distribution;
- Waste Generated in Operations;
- Business Travel;
- Employee Commuting;
- Upstream Leased Assets;
- Downstream Transportation and Distribution;
- End-of-Life Treatment of Sold Products.

GRI 305-3-e Base year for the calculation is not available since 2023 is the first year when the Group is calculating its Scope 3 emissions.

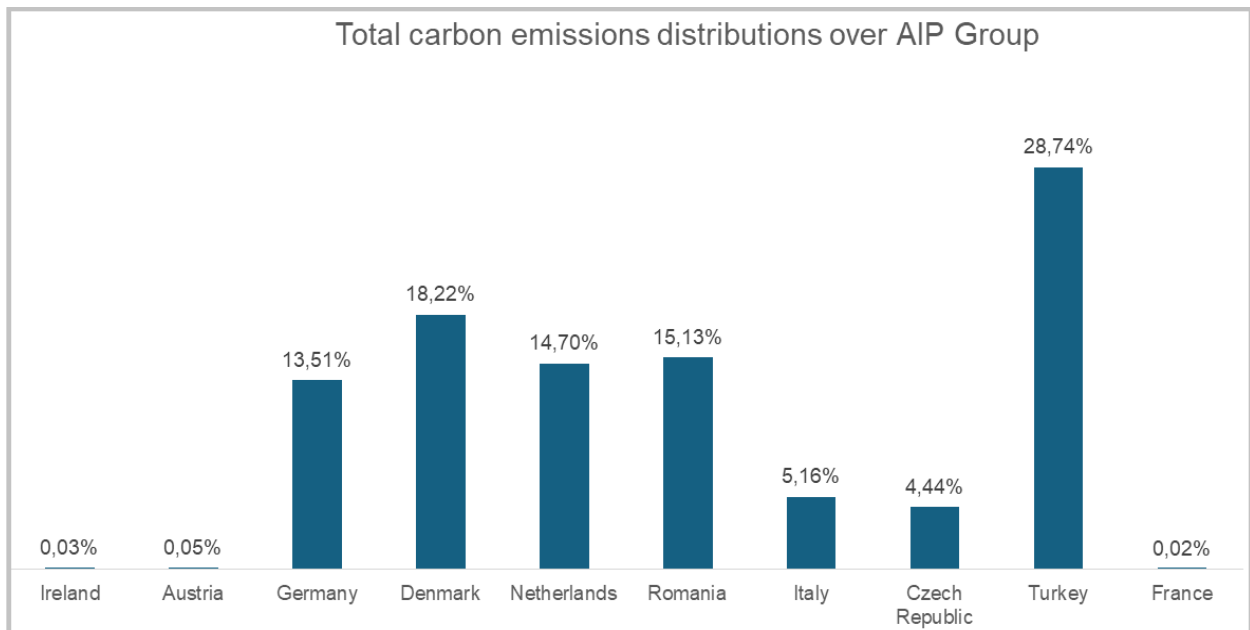


Figure 8. Percentage of contribution to the Group's carbon footprint by country

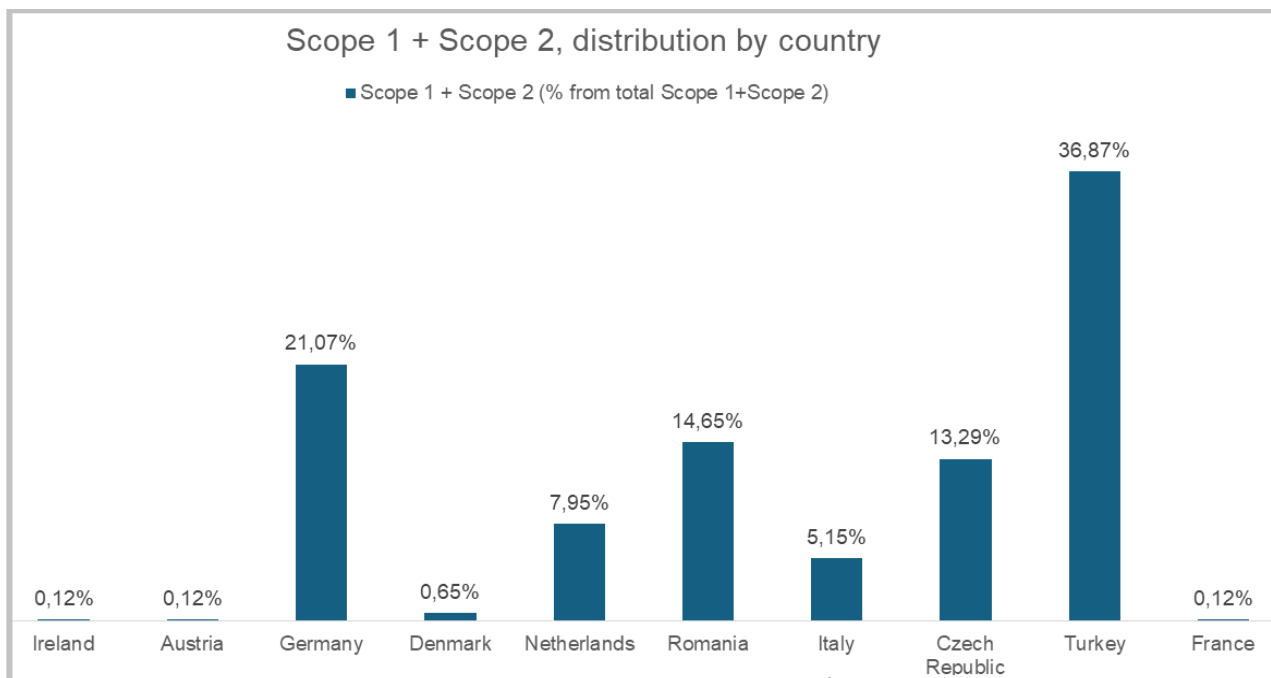


Figure 9. Distribution of Scope 1 and Scope 2 by country

	Scope 1 (tCO ₂ eq)	Scope 2 (tCO ₂ eq)	Scope 3 (tCO ₂ eq)	Total CO ₂	% from total	Scope 1 + Scope 2 (% from total Scope 1+Scope 2)
Ireland	0	4.8	33.259	38.059	0.03%	0.12%
Austria	0	4.8	48.192	52.992	0.05%	0.12%
Germany	122.610145	706.9268953	14529.39227	15358.92931	13.51%	21.07%
Denmark	25.78	0	20678.47769	20704.25769	18.22%	0.65%
Netherlands	41.952048	270.964941	16383.60324	16696.52023	14.70%	7.95%
Romania	87.83816952	488.932808	16611.02371	17187.79468	15.13%	14.65%
Italy	53.452688	149.488185	5655.116853	5858.057726	5.16%	5.15%
Czech Republic	70.98667	452.4818822	4524.665929	5048.134481	4.44%	13.29%
Turkey	219.1784685	1232.869365	31206.74366	32658.7915	28.74%	36.87%
France	0	4.8	21.543	26.343	0.02%	0.12%

Figure 10. Total carbon emissions of the AIP Group

GHG Emissions Intensity

- GRI 305-4-a Emissions intensity for the organization is calculated based on the number of kilograms of sacks produced – 57,188,000 kg. **~2kg of CO2e per 1 kg of sacks produced.**
- GRI 305-4-b Organization specific denominator for calculating the emissions intensity is a kg of sacks produced.
- GRI 305-4-c All Scopes of emissions are included in the intensity calculations.
- GRI 305-4-d Only CO2 gases are included in the calculations of emissions intensity.

Reduction of GHG Emissions

- GRI 305-5-a Total reduction of GHG emissions is 1,987.14 metric tons of CO2 equivalent in comparison with the base year.
- GRI 305-5-b CO2 gases are included in the calculations of emissions reduction.
- GRI 305-5-c See 305-1-d and 305-2-d.
- GRI 305-5-d Scope 1 and Scope 2. Emissions reduction for Scope 3 is impossible to calculate due to unavailability of data in the base year.
- GRI 305-5-e Main standard for the calculation is GHG Protocol, the Group used Offsetted Carbon Accounting Platform to conduct the calculations.

The Group has been monitoring its carbon emissions since 2020, therefore total emission reduction is as follows:

Source	Unit	Change 2023-2020	2023	2022	2021	2020
Scope 1	t CO2 eq	-41.52%	621.8	844.97	1270.97	1064
Scope 2	t CO2 eq	-31.78%	3316.06	3479.75	4016.69	4861
Scope 3	t CO2 eq	N/A	109692.017	N/A	N/A	N/A

Figure 11. Emission reduction since 2020

Emission reduction occurred due to an overall decline in production volume and the implementation of the environmental policies within The Group.

GRI 306: Waste

Waste Generation and Significant Waste-related Impacts

GRI 306-1-a The Group structures management of waste-related impacts throughout its value chain as follows:

Inputs/upstream value chain: Raw materials such as paper, polymers and inks used in sack production led to waste, therefore we source these inputs from the suppliers with high environmental performance, when feasible, paying attention to the suppliers' metrics in waste management area.

Activities/Operations: Manufacturing sacks involves printing, cutting, and assembling.

We focus on:

- reducing waste generation through optimizing cutting operations;
- rigorous equipment maintenance to avoid its malfunctioning, leading to excess of waste;
- safeguarding quality of sacks to bring the defective sacks to minimum.

Outputs/Downstream value chain: We work on improving final packaging of sacks. We are in the process of introducing fully bio-degradable plastic (film) elements of sacks with a view to reduce waste generation at the end of the sack's life cycle.

Management of Significant Waste-related Impacts

GRI 306-2-a In the detailed breakdown of our recyclability calculations, we began by categorizing each procured material by its potential for recyclability. The materials and their respective weights are as follows: inks, totaling 595 tons, and plastics, amounting to 3,730.2 tons, along with glue at 1,416 tons, were assigned a 0% recyclability rate, indicating that these components are not recyclable under our current process. Conversely, paper products, weighing a substantial 55,186.05 tons, were assigned a

100% recyclability rate due to their biodegradable and recyclable nature.

To determine the total recyclable weight, we:

- Multiplied the weight of each material by its respective recyclability rate.
- Summed these weights to find the total weight of recyclable materials.

The total weight of all materials used in production was then calculated by adding the weights of all categories. The recyclability percentage was derived by dividing the total recyclable weight by the total weight of all materials and converting this fraction into a percentage.

Upon performing these calculations, the total recyclable weight was found to be approximately 55,186.05 tons out of a total of 60,926.7 tons of materials used. This results in a recyclability percentage of roughly 90.6 %, a testament to our utilization of materials that support recycling and environmental sustainability efforts.

GRI 306-2-b When the waste generated by our organization in its own activities is managed by a third party, we employ a rigorous internal control process overseen by the Plant Director. This process involves regular checks to ensure that the third party manages the waste in accordance with both our contractual agreements and relevant legislative obligations. The Plant Director is responsible for monitoring and verifying the third party's compliance with waste management standards, ensuring they adhere strictly to the terms set forth and maintain the highest standards of environmental responsibility.

GRI 306-2-c The Group implements comprehensive processes to collect and monitor waste-related data, ensuring effective waste management and sustainability reporting, including:

Waste Audits: Regular waste audits are conducted at our facilities to identify the types and quantities of waste generated. This involves categorizing waste into hazardous, recyclable, non-recyclable materials etc.;

Data Collection Systems: We utilize data collection systems that record waste generation at different stages of our operations. This includes tracking raw material usage, production offcuts and packaging waste;

Waste Management Partnerships: We partner with waste management companies to

accurately track and manage waste disposal and recycling. These partners provide detailed reports on the types and amounts of waste processed;

Training and Engagement: Employees are trained in waste segregation and reporting procedures to ensure accurate on-site data collection. Employee engagement initiatives also help in identifying areas for waste reduction.

Digital Tracking Tools: Advanced digital tools and software are used for tracking and analyzing waste data. These tools enable real-time monitoring and facilitate data-driven decision-making.

Reporting and Review: Waste data is compiled into periodic reports for internal review and for informing our sustainability reporting.

Waste Generated

GRI 306-3-a Total amount of non-hazardous waste is 3,478.1 metric tons.
Total amount of hazardous waste is 28.90 metric tons.

GRI 306-3-b No contextual information required for data interpretation.

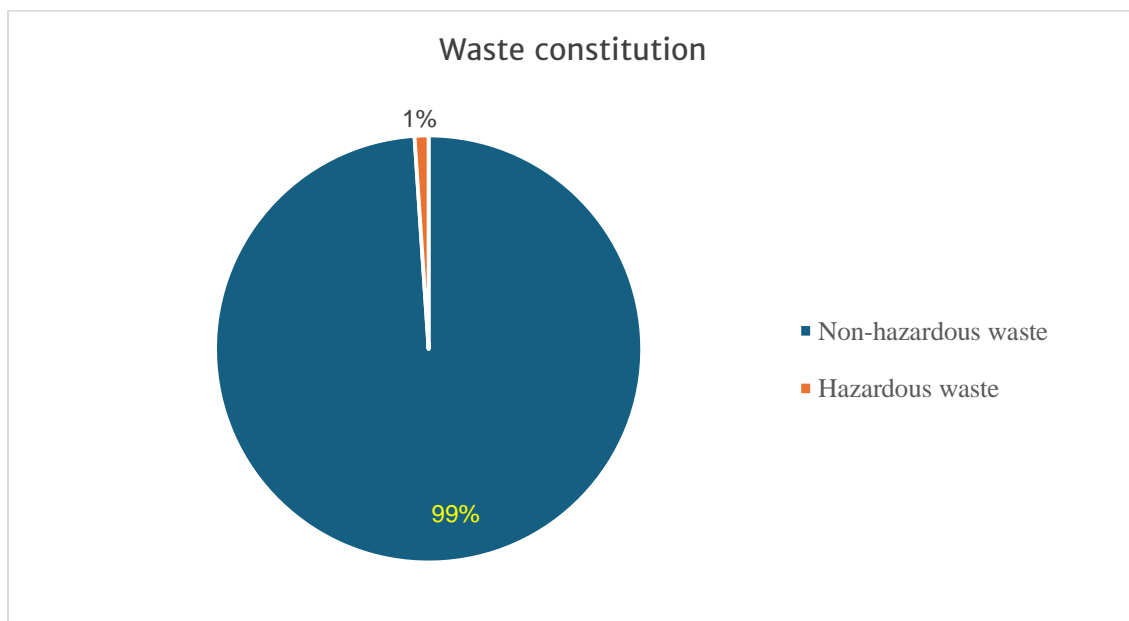


Figure 12. Hazardous and non-hazardous waste pie chart

Waste Diverted from Disposal

GRI 306-4-a Total weight of waste diverted from disposal in metric tons is 1,570 tones.

GRI 306-4-b, 1,114.7 tones - for recycling.

GRI 306-4-c 455.3 tones - preparation for reuse.

GRI 306-4-d The whole amount of waste is processed offsite.

GRI 306-4-e Contextual information is not necessary for interpretation of the data.

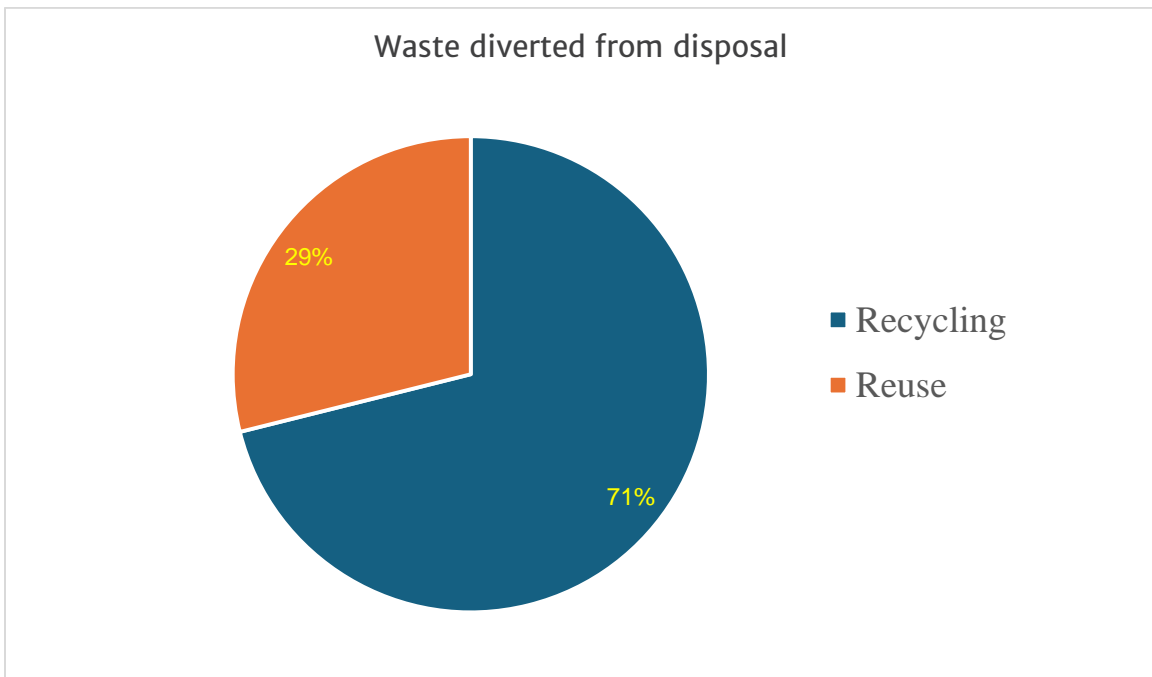


Figure 13. Waste diverted from disposal pie-chart

Waste Directed to Disposal

GRI 306-5-a Total weight of waste directed to disposal in metrics tones is 1,899.1 tones.

GRI 306-5-b Total weight of hazardous waste of hazardous waste directed to disposal in metric tons for incineration is 28.90 tones.

GRI 306-5-c Total weight of non-hazardous waste directed to disposal in metric tons for

incineration is 1,870.2 tones.

GRI 306-5-d All waste is processed offsite.

GRI 306-5-e No contextual information required to interpret the data.

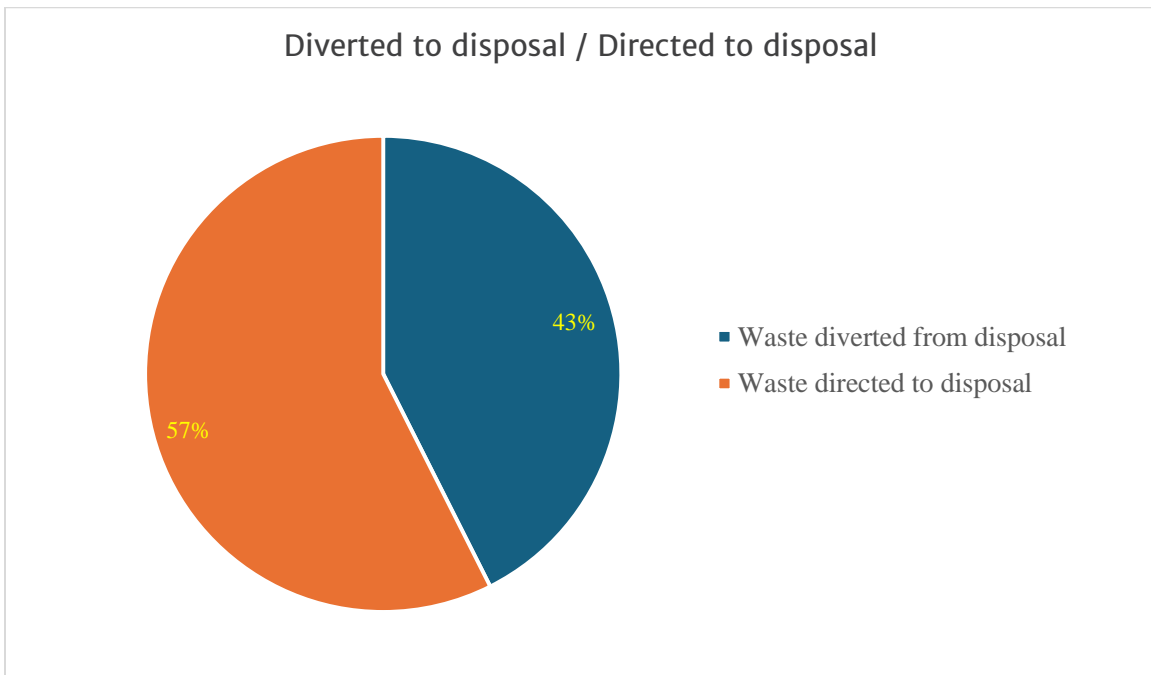


Figure 14. Diverted to disposal vs directed to disposal pie-chart

GRI 308: Supplier Environmental Assessment

New Suppliers that Were Screened Using Environmental Criteria

GRI 308-1-a All suppliers of The Group are screened using environmental criteria.

Negative Environmental Impacts in the Supply Chain and Actions Taken

GRI 308-2-a Total number of suppliers assessed for environmental impacts is 26.

GRI 308-2-b Number of suppliers identified as having significant actual and potential negative

environmental impacts is 25.

GRI 308-2-c No significant actual and potential negative environmental impacts were identified in the supply chain.

GRI 308-2-d 0% of suppliers are identified as having significant actual and potential negative environmental impacts.

GRI 308-2-e Paper is the key input material with the highest actual and/or potential negative environmental impact. Its production entails high water consumption at paper-producing stage and even higher at pulp-producing stage, it has high energy-intensity and generates a lot of waste. Most importantly, paper production is associated with deforestation risks at timber source.

The Group performs profound due diligence of paper suppliers, including screening of their upstream value chain with the objective to continually increase the traceability as to the virgin fiber source. The Group procures paper in alignment in all material aspects with the EU Timber Regulation, CITES, as well other relevant regulations such as e.g., Australian Illegal Logging, US Lacey Act, including compliance with rights to harvest, applicable taxes, licenses, requirements on protected sites and species, as well as in compliance with international standards on labor and human rights.

Paper is expected to be produced under Forest Stewardship Council (FSC) certificate.

Ink: All ink suppliers are screened for the absence of hazardous chemical materials in the product composition, 100% of ink procured is water-based.

Adhesives: The Group transits to fully starch-based adhesives, which required respective technological adjustments in operations. All glues suppliers are screened for the absence of hazardous chemicals.

Film (P/E) suppliers are screened for the absence of hazardous materials in the film composition and are evaluated as per the level of recyclability of plastic.

In the area of water- and energy consumption, GHG emissions and waste generation, The Group screens all suppliers' progress in proactive management of these negative impacts and their commitment to the best international standards of GHG emissions, waste and wastewater management.

GRI 401: Employment

New Employees' Hires and Staff Turnover

GRI 401-1-a as per GRI 2-7-a, GRI 2-7-b;

GRI 401-1-b as per GRI 2-7-a, GRI 2-7-b.

Benefits Provided to Full-time Employees that Are Not Provided to Temporary or Part-time Employees

GRI 401-2-a Health insurance is provided to all full-time employees of the AIP Group, encompassing comprehensive medical plans. These plans are inclusive of disability and invalidity coverage, safeguarding employees' income against the contingencies of long-term illness or injury.

Parental leave rights are guaranteed to all full-time employees, ensuring they receive the necessary time off during significant family milestones. Retirement plans, including pension schemes, are also extended to all full-time staff, contributing to their long-term financial security.

Moreover, The Group offers a variety of additional social benefits tailored to enhance the overall well-being and development of its employees. These include extra vacation days, opportunities for professional growth and wellness initiatives. The availability and specifics of these benefits may vary in alignment with the local labor regulations, cultural practices and the competitive standards of employee benefits in various operational regions.

Benefits provided to full-time employees are not always provided to part-time employees.

GRI 401-2-b See above, i.e. GRI 202-1-d.

Parental Leave

GRI 401-3-a, 100% of employees are entitled to parental leave, of which:

GRI 401-3-b

- In total 10 employees took parental leave (5 females, 5 males);
- returned to work after parental leave ended is 9 (6 males, 3 females). All these employees were still employed;
- The retention rate of female and male employees who took parental leave is 100%.

GRI 402: Labor/Management Relations

Minimum Notice Periods Regarding Operational Changes

GRI 402-1-a Minimum notice period of notice regarding the operational changed is 8 weeks.

GRI 402-1-b The notice period and provisions for consultation and negotiation are not specified in collective bargaining agreements.

GRI 403: Occupational health and safety management system

Occupational Health and Safety Management System

GRI 403-1-a The Group's Health and Safety (H&S) management system is rigorously established in compliance with all pertinent legal and regulatory requirements, including country-specific regulations that vary across our production sites. The system adheres to the methodology, assumptions and hazard taxonomy of the EU OSH (Occupational Safety and Health) Framework Directive and relevant ILO (International Labor Organization) guidelines.

Grounded in recognized industry-specific risk assessment and management strategies, our H&S management system ensures that operational processes comply with relevant manuals and instructions for safe equipment operation. Production sites maintain pertinent quality certifications and implement all H&S measures required by these standards, such as ISO 45001. Additionally, for operations in regions where OSHA (Occupational Safety and Health Administration) guidelines are applicable, we

diligently ensure that our practices are aligned with their standards for workplace safety.

GRI 403-1-b 100% of activities, operations and workers at plants (production sites) and offices are covered by occupational health and safety management system.

Hazard Identification, Risk Assessment and Incident Investigation

GRI 403-2-a Quality of Hazard Identification and Risk Assessment is ensured by:

- competency of H&S manager at each location with relevant certifications and training in occupational health and safety;
- adherence to respective industry- and international guidelines;
- adherence to equipment-related manuals and risk identified, therefore;
- raining of safety teams in the safety protocols and risk assessment techniques;
- internal and external safety audits.

Evaluation and Improvement of the Occupational Health and Safety Management System is ensured via:

- documenting findings of hazard identification and risk assessment;
- updates of safety protocols;
- modifying operational processes, if necessary;
- established feedback and whistleblowing mechanisms.

GRI 403-2-b Staff members at the plants and offices can report hazards and hazardous situations through:

- direct communication with supervisors;
- anonymous whistleblowing mechanisms;
- feedback to hazard identification reports;
- feedback provided while training, – under protection of reprisals or retaliation, as per The Group's Code of Ethics and Policies.

GRI 403-2-c Workers have the right to remove themselves from situations they believe could cause injury or illness, as per operational protocols and collective bargaining agreements with protection from reprisals as per The Group's Code of Ethics and Policies.

GRI 403-2-d Incident Investigation Process: Any work-related incident is investigated by a team comprising safety officers and relevant management personnel. Root cause of an incident is documented, triggering risk re-assessment of a process. Corrective actions are determined using the hierarchy of controls - starting from elimination and substitution, to engineering controls, administrative actions, and finally, personal protective equipment.

GRI 403: Occupational Health and Safety

Occupational Health and Safety Services

GRI 403-3-a Functions of Occupational Health and Safety Services (OHS):

Hazard Identification and Risk Assessment: Occupational health professionals regularly conduct workplace assessments to identify potential health hazards, ranging from safety and physical hazards to ergonomic risks in office settings;

Health Surveillance and Monitoring: Regular health check-ups and monitoring are conducted for employees to detect any workplace adverse impact on health;

Emergency Response and First Aid: Emergency response capabilities and first aid measures and respective equipment are in place;

Counseling and Support: We provide counseling services and support for mental health and stress management;

Health and Safety Training: Training on various health and safety topics, equipping them with knowledge and skills to identify and manage risks;

Regular Audits and Evaluations: Internal H&S audits are performed regularly, external audits are performed typically by certification bodies of location-specific international certificates (e.g. ISO, FSSC, etc.);

Confidentiality and Trust: The confidentiality of employee health information is strictly maintained, fostering an environment of trust, and encouraging employees to utilize these services without hesitation;

Integration with Safety Management: Occupational health services are integrated with our broader safety management system, ensuring a cohesive approach to workplace health and safety.

Employees' Participation, Consultation and Communication on Occupational Health and Safety

GRI 403-4-a Inclusive of Staff members in OHS risk assessment and management are ensured through:

- provisions regarding OHS management participation in collective bargaining agreements;
- consultations with workers prior to changes in operational process and installing new equipment;
- consultations with Staff members in reviewing process on OHS;
- involving workers in OHS risk assessment reviews;
- encouragement to proactively report any concerns via whistleblowing channels;
- regular training in OHS matters, where proactive feedback is encouraged;
- transparent OHS reporting and its full internal disclosure.

GRI 403-4-b Due to medium size of each significant location of The Group, joint management-workers OHS management work is not formalized in committees.

Employees' Training on Occupational Health and Safety

GRI 403-5-a Generic Occupational Health and Safety Training:

Safety Training: New employees take safety training and get access to workplace, only when they pass a respective test in safety protocols and their practical application.

Emergency Response Training: All employees are trained in emergency response, including fire safety, evacuation procedures, and first aid.
Ergonomics and Workplace Wellness: We provide training on ergonomics to prevent strain and injury, especially for office-based employees, and promote overall workplace wellness.

Training on Specific Work-Related Hazards and Situations:

- **Equipment and Machinery Operation:** Employees operating machinery or equipment receive thorough training on safe operation, maintenance and emergency stop procedures;
- **Personal Protective Equipment (PPE) Usage:** Training on the proper use, maintenance and disposal of PPE is provided, tailored to the specific types of equipment used in various job roles;
- **Occupational Health Risks:** Workers are trained to recognize occupational health risks, such as exposure to loud noise or toxic substances, and measures to minimize these risks.

Ongoing training sessions and refresher courses are conducted regularly to keep safety knowledge up-to-date and reinforce safe practices. Training is delivered in various formats, including in-person workshops, online courses and hands-on demonstrations to ensure effectiveness and engagement.

Promotion of Employees' Health

GRI 403-6-a Access to Non-Occupational Medical and Healthcare Services:

Healthcare insurance is provided to 100% of permanent Staff members, covers non-occupational medical services such as general practitioner visits, specialist consultations, hospitalization and emergency care;

Counseling: Budgetary provisions are in place to engage professional counsels to handle personal issues that employees might face, including mental health, stress management and family problems;

Wellness Initiatives: We organize wellness initiatives such as health screenings, vaccination drives. These initiatives are designed to promote general health and well-being and sometimes include partnerships with local healthcare providers;

Flexible Work Arrangements: To ensure that employees can attend to their non-

occupational healthcare needs, we offer flexible work arrangements. This might include flexible working hours, the option to work from home or leave policies that accommodate medical appointments;

Health Information and Resources: We provide employees with information and resources on healthcare services available in their area. This includes partnerships with local clinics or healthcare providers where employees can receive services at discounted rates;

Scope of Access:

The scope of access to non-occupational medical and healthcare services is designed to be comprehensive and inclusive, covering a wide range of health services beyond just occupational health.

All full-time employees typically have access to these benefits, and in some cases, part-time employees may also have access, depending on the terms of their employment.

GRI 403-6-b Voluntary Health Promotion Services and Programs:

Fitness and Physical Activity Programs: We offer programs such as gym memberships, onsite fitness classes. These initiatives address risks related to sedentary lifestyles and obesity;

Mental Health and Stress Management: Mental health is a key focus area, with services including stress management workshops, mindfulness sessions and access to counseling services. These programs aim to address risks like depression, anxiety and burnout;

Health Screenings and Preventive Care: Regular health screenings, such as blood pressure checks and cholesterol tests, are conducted. They help in early detection and management of health conditions like hypertension and high cholesterol;

Disease Management Programs: For employees with chronic conditions, we offer disease management programs that provide support and education on managing conditions like diabetes, allergies or heart disease;

Facilitating Access to Health Promotion Services:

- Communication: Information about health promotion services and programs is regularly communicated to employees through various channels like emails, intranet, and staff meetings;
- Ease of Access: We communicate all available health promotion facilities and digital resources for remote access.

Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships

GRI 403-7-a As described above, see GRI 403-1

Employees Covered by an Occupational Health and Safety Management System

GRI 403-8-a-
i The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system: 100% of such employees are covered by such a system. The system has been internally audited and certified by an external party.

GRI 403-8-b No Staff members have been excluded for this disclosure.

GRI 403-8-c Methodology, assumptions, hazards taxonomy are based on the EU OSH Framework Directive and relevant ILO guidelines.

Work-related Injuries

GRI 403-9-a-
i 0 Fatalities because of work-related injury occurred in The Group.

GRI 403-9-a-
ii 2 High-consequence work-related injuries occurred in The Group.

GRI 403-9-a- The number and rate of recordable work-related injuries for all employees is 15. The

- iii ratio is 0.02 per employee or 0.000075 per 200 000 hours worked.
- GRI 403-9-a-iv The main types of work-related injuries are cuts from a trowel or knife, sprained ankle, cutting damage, strip /trip / falls, limb injuries.
- GRI 403-9-a-v The number of hours worked for all employees is 1, 125, 156.00 hours.
- GRI 403-9-b For all workers who are not employees: The number and rate of fatalities because of work-related injury was 0.
- GRI 403-9-c-i The main work-related hazards that pose a risk of high-consequence injury are:
- Safety hazards (operating machinery and forklifts);
 - Physical hazards (loud noise, vibration, dropping heavy items). These were identified with the help of respective equipment H&S manuals, measuring noise and vibration with measuring equipment, comparing empirical findings with industry standards and international H&S guidelines.
- GRI 403-9-c-ii The above hazards (GRI 403-9-c-i) caused one injury (broken arm) during the reporting period.
- GRI 403-9-c-iii See above, as per GRI 403-6-a.
- GRI 403-9-d See above.
- GRI 403-9-f No employees have been excluded from this disclosure.
- GRI 403-9-g No contextual information is needed for the interpretation of data.

Work-related ill Health

- GRI 403-10-a, GRI 403-10-b For all employees: The number of fatalities, cases of recordable work-related ill health for all categories of employees were 0.
- GRI 403-10- We conduct regular risk assessments and safety audits to identify potential hazards,

c-i including ergonomic risks at the offices, noise risks, and risks of physical damage at production locations. Equipment operation manuals, training, employees' feedback and incidents reporting, and investigations are the tools for health and safety management.

GRI 403-10-
c-ii Hazards assessed and managed:

- Safety hazards (operating machinery and forklifts);
- Biological hazards - N/A;
- Chemical hazards - N/A;
- Physical hazards (loud noise, vibration, dropping heavy items);
- Ergonomic hazards;
- Work organization hazards (stress, unethical co-workers' behavior). In the reporting period 1 case of work illnesses was registered - broken arm because of inaccurate operating machinery.

GRI 403-10-
c-iii The Group Health and Safety management is based on the hierarchy of controls to manage risks. Top priority is eliminating the hazard where possible, followed by substitution, engineering controls, administrative controls, and personal protective equipment (PPE).

Elimination: Where feasible, we eliminate hazards altogether. Substitution: hazardous materials and processes were substituted with safer alternatives.

Engineering Controls: We implement engineering solutions, such as improved ventilation systems or safety guards on machinery, to reduce exposure to hazards.

Administrative Controls: This includes implementing safety protocols, regular training for employees and scheduling changes to reduce exposure to hazards.

Personal Protective Equipment (PPE): Where other controls can't fully mitigate risks, appropriate PPE is provided, and employees are trained in its use.

By proactively managing occupational hazards, we minimize risks of work-related ill health. Continuous monitoring, employee engagement and adherence to safety best practices are integral to our Health and Safety management.

GRI 403-10-d No employees have been excluded from the current disclosure.

GRI 403-10-e The methodology, assumptions, hazards taxonomy are based on the EU OSH Framework Directive and relevant ILO guidelines.

GRI 404: Training and Education

Average Hours of Training per Year per Employee

GRI 404-1-a-i Average hours of training (female): 23.375.

GRI 404-1-a Average hours of training (male): 23.

GRI 404-1-a-i Average hours of training: 20.19.

GRI 404-1-a- Average training hour by employees' category:
ii 24 hours - for plant workers, 20 hours - for office workers.

Programs for Upgrading Employees' Skills and Transition Assistance Programs

GRI 404-2-a Our organization engages in robust programs dedicated to enhancing employees' skills, spanning a variety of training initiatives and opportunities for professional development. Designed to address a broad spectrum of competencies, our programs cover everything from technical skills and sector-specific knowledge to leadership development and soft skills enhancement. Our offerings include practical on-the-job training, interactive workshops, enlightening seminars, advanced e-learning modules and structured mentoring relationships. Each component is specifically tailored to address changing needs of our workforce and the strategic goals of our organization.

GRI 404-2-b The Group encourages Staff members systematic training to enhance skills. We apply knowledge-sharing principle and disseminate information through meetings and workshops about the best practices and innovations in industry, supply information and learning materials. Particular attention is paid to developing leadership skills and personal accountability during interactive workshops, enlightening seminars and mentoring.

Percentage of Employees Receiving Regular Performance and Career Development Reviews

GRI 404-3-a 75% of high and medium management are receiving performance and career reviews. We are gradually extending the performance review process to every category of employees.

GRI 405: Diversity and Equal Opportunity

Diversity of Governance Bodies and Employees

GRI 405-1-a-i Total amount of senior managers is 21, of which female managers are represented by 7 employees [33%] and male managers are represented by 14 employees [66%].

GRI 405-1-a-ii Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

- under 30 years old - 0 [0%];
- 30-50 years old - 8 [38%];
- over 50 years old - 13 [62%].

GRI 405-1-a-iii Percentage of individuals within the organization's governance bodies in each of the following diversity categories: Other indicators of diversity where relevant (such as minority or vulnerable groups) – N/A due to absence of vulnerable groups.

GRI 405-1-b-i See GRI 2-7-a.

GRI 405-1-b-ii Percentage of employees per employee category in each of the following diversity categories:

- Under 30 years old - 41 [6%];
- 30-50 years old - 244 [40%];

- over 50 years old – 320 [54%].

GRI 405-1-b-
iii No other vulnerable groups

Ratio of Basic Salary and Remuneration of Women to Men

GRI 405-2-a 1/1 – no difference or salary discrimination between females and males

GRI 405-2-b Definition of “significant locations of operations” is the same as above.

GRI 406: Non-discrimination

Incidents of Discrimination and Corrective Actions Taken

GRI 406-1-a No cases of discrimination were identified during the reporting period.

GRI 406-1-b The Group has zero-tolerance to any forms of discrimination; no instances have been recorded for at least five latest reporting periods. We also evaluate possible hidden discrimination in our HR process and performance evaluation process and promote high standards of corporate culture, where discrimination has no place.

GRI 407: Freedom of Association and Collective Bargaining

Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining may be at Risk

GRI 407-1-a No operations and suppliers, in which the employees’ rights to exercise freedom of association or collective bargaining may be violated or at significant risk, either in terms of type of operation (such as manufacturing plant) or suppliers, were identified.

GRI 407-1-b Measures taken by the organization in the reporting period intended to support rights

to exercise freedom of association and collective bargaining are not applicable.

GRI 408: Child Labor

Operations and Suppliers at Significant Risk for Incidents of Child Labor

GRI 408-1-a-i The Group has zero tolerance for child labor, screens all suppliers and business relations for the absence of child labor. This principle is integrated in The Group's Labor and Human Rights policy, Code of Ethics and Suppliers' Code of Conduct. No incidents of child labor in any of our operations or within our supply chain have been recorded in the reporting period.

GRI 408-1-a-ii Total number of operations and suppliers considered to have significant risk for incidents of young workers exposed to hazardous work was 0.

GRI 408-1-b-i Total number of operations and suppliers considered to have significant risk for incidents of child labor either in terms of type of operation (such as manufacturing plant) and supplier was 0.

GRI 408-1-b-ii Total number of operations and suppliers considered to have significant risk for incidents of child labor either in terms of countries or geographic areas with operations and suppliers considered at risk was 0.

GRI 408-1-c Total number of measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor was 0.

GRI 409: Forced or Compulsory Labor

Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor

GRI 409-1-a-i The Group has zero tolerance for child labor, screens all suppliers and business relations for the absence of forced labor in any open or disguised forms. This principle is integrated in The Group's Labor and Human Rights Policy, Code of Ethics and Suppliers' Code of Conduct. No incidents of forced labor in any of our operations or

within our supply chain have been recorded in the reporting period.

GRI 409-1-a-ii No operations at any locations, no suppliers or business relations have been identified as having the risk of using forced labor.

GRI 409-1-b The Group has zero tolerance to forced labor and ensures that all employees have employment terms and conditions in full compliance with respective regulations and internationally recognized best practices. The Group performs due diligence of suppliers, customers and business relations to ensure absence of any forms of forced labor in the value chain, and that employment is voluntary and compliant with labor laws.

GRI 414: Supplier Social Assessment

New Suppliers that Were Screened Using Social Criteria:

GRI 414-1-a All suppliers of the AIP Group are screened with the social criteria.

Negative Social Impacts in the Supply Chain and Actions Taken:

GRI 414-2-a 100% of the suppliers are assessed for being compliant with social issues.

GRI 414-2-b No suppliers with potential negative social impacts were identified in the supply chain.

GRI 414-2-c The Group elicits adherence of all its suppliers to the Suppliers' Code of Conduct, which provision include absence of forced and child labor, compliance with relevant labor legislations, non-discriminative labor practices, compliance with minimum wages and working hours regulations, freedom of collective bargaining, maintaining safety of operations. Adherence to these norms and standards is assessed in due diligence process and fostered in the course of ongoing proactive dialogue with suppliers.

GRI 414-2-d Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon because of assessment is 0.

GRI 414-2-e Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated because of assessment is 0.

GRI 417: Marketing and Labeling

Requirements for Product and Service Information and Labeling

GRI 417-1-a-i The Group products (packaging sacks) are labeled as manufactures from paper produced under FSC certificate.

GRI 417-1-a-ii Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: Content, particularly regarding substances that might produce an environmental or social impact, is not applicable.

GRI 417-1-a-iii Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: Safe use of the product or service is not applicable.

GRI 417-1-a-iv Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: Disposal of the product and environmental or social impacts and not applicable.

GRI 417-1-a-v Critically important specifics of The Group's products require further explanations, i.e.:

- Our products per se do not require any labeling with information about hazardous substances etc., because our products are just packaging sacks;
- At the same time, we produce packaging for customers in various industries, and the sacks must be labeled according to the respective products, materials or other content, which our customer produce.

Therefore, we take the responsibility for:

- llabeling the sack according to the customers' requirements;
- providing our customers with feedback, when we believe, that any labeling

with respect to content is missing or should be improved.

In assisting our customers with adequate labeling, we pay particular attention to labeling the sacks, which would subsequently use for packaging chemicals, seeds, food, milk powder, animal food and pharma products.

GRI 417-1-b 100% of significant product or service categories covered by and assessed for compliance with such procedures in The Group.

Incidents of Non-compliance Concerning Product and Service Information and Labeling

GRI 417-2-a-i Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by incidents of non-compliance with regulations resulting in a fine or penalty was 0.

GRI 417-2-b At the AIP Group, we are committed to maintaining the highest standards of compliance with all relevant regulations and voluntary codes. No non-compliance was identified in the reporting period.

Incidents of Non-compliance Concerning Marketing Communications

GRI 417-3-a-i Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by incidents of non-compliance with regulations resulting in a fine or penalty was 0.

GRI 417-3-b No non-compliance cases during the reporting period were noted. The Group takes additional measure to enhance its customers' compliance with labeling requirements, as explained in GRI 417-1-a-v.

GRI 418: Customers' Privacy

Substantiated Complaints Concerning Breaches of Customers' Privacy and Losses of Customers' Data

- GRI 418-1-a-i Total number of substantiated complaints received concerning breaches of customer's privacy, categorized by: complaints received from outside parties and substantiated by the organization is 0.
- GRI 418-1-b Total number of identified leaks, thefts, or losses of customer's data is 0
- GRI 418-1-c The Group applies rules and procedures to ensure privacy and security of customers' data in paper documentation and in our digital data base. Specific IT-security rules and procedures apply; IT system is protected against unauthorized usage. **No complaints about breaches of customer's privacy or losses of customer's data have been elevated in the reporting period.**

Quantitative Targets

In the context of an ever-evolving global landscape, the commitment of businesses to Environmental, Social and Governance (ESG) principles signifies a strategic approach to sustainable success.

Quantitative targets are the backbone of our sustainability management as a well-defined framework for actions and progress measurement. By defining and reviewing quantitative goals, we commit to a path of accountability and ongoing enhancement in our operations.

This section outlines specific quantitative targets set across human rights, social, environmental domains resulting from a thorough evaluation process. We are dedicated to the continuous assessment and adjustment of our targets to address emerging challenges and opportunities, as well as advancements in the field of sustainability. We encourage our stakeholders to offer their insights and share effective practices.

Category	Indicator	Targets for FY24-FY30
Environment	Data tracking	To develop and implement the Environmental Management System to ensure robust and efficient data collection and analysis process.

Category	Indicator	Targets for FY24-FY30
Environment	Sorted waste	To increase the share of waste sorted to 100%.
Environment	Recycled and reused waste	To increase the share of recycled and reused waste to 70%.
Environment	Energy efficient lighting	To complete re-equipment of all significant locations with LED-lamps.
Environment	Sustainable materials	Increase the share of recyclable and bio-degradable plastic elements of the products to 100%.
Environment	Product carbon footprint	Perform Product Carbon Footprint assessment across all products and identify groups of products to be offered to the market as net zero.
Environment	GHG Emissions	To design and implement an investment plan towards reducing GHG emissions by 50-60%.
Environment	Fuel consumption	To reduce annual fuel consumption from non-renewable sources by 5%.
Environment	Water withdrawal	To reduce water withdrawal from all areas by 2% per year.
Environment	Water discharge	To reduce water discharge to all areas by 1% per year.
Environment	Water consumption	To reduce total water consumption by 2% per year.
Environment	GHG Emissions - Scope 1	To reduce Scope 1 GHG Emissions by 50% till the end of target period.
Environment	GHG Emissions - Scope 2	To reduce Scope 2 GHG Emissions by 60% till the end of target period.
Environment	GHG Emissions - Scope 3	To reduce Scope 3 GHG Emissions by 40% till the end of target period.
Environment	Hazardous and non-hazardous waste	To reduce non-hazardous waste by 0.5% pro rata to the production volume. To reduce hazardous waste to no more than 10% of overall waste output.
Governance	Sustainability reporting frequency	To keep the annual reporting frequency.
Governance	Compliance with laws and regulations	To have 0 instances of noncompliance with laws and regulations, resulting in 0 EUR of monetary fines.
Governance	Supply chain traceability	To ensure traceability as to the fiber source of 90% of paper in the supply chain.
Governance	SBTi initiative	To join the SBTi initiative.
Governance	Diversity of senior management	To keep the percentage of senior management hired from local communities higher than 40%.
Governance	Local suppliers	To keep the number of local suppliers higher than 80%.

Category	Indicator	Targets for FY24-FY30
Governance	Incidents of corruption	To keep 0 incidents of corruption across all the entities in The Group.
Governance	Assessment of operations for corruption risks	To keep the total percentage of assessed operations at 100%.
Governance	Anti-corruption for governance body members and employees	To keep the percentage of receivers of anti-corruption policies and education within governance body members and employees at 100%.
Governance	Social screening of suppliers	To keep the percentage of suppliers assessed for social issues at 100%.
Governance	Incidents of non-compliance concerning marketing communications	To keep the total number of incidents of non-compliance concerning marketing communications at 0.
Governance	Substantiated complaints concerning breaches of customer privacy and losses of customer data	To keep the number of identified leaks, thefts or losses of customer data at 0.
Social	Collective bargaining agreements	To cover 100% of employees by collective bargaining agreements.
Social	Senior management training	To ensure training of 100% of senior management in EU taxonomy and environmental risk management.
Social	Living wages	To increase the average ratios of standard entry level wages to 1.5 x higher than a living wage in every geographical location of The Group.
Social	Parental leave	To keep the entitlement for parental leave at 100% for employees of every category.
Social	Health and safety management system	To keep the total percentage of operations and employees covered by occupational Health and Safety management system at 100%.
Social	Fatalities because of work-related injury	To keep the number of fatalities because of work-related injury at 0.
Social	Work-related ill health	To keep the number of recordable work-related ill health at 0.
Social	Average hours of training	To keep the average hours of training higher than 20 for all groups of employees within every diversity category.
Social	Child labor	To keep the number of incidents of child labor at 0.
Social	Percentage of employees receiving regular performance and career development reviews	To keep the percentage of employees receiving regular performance and career development reviews higher than 70%.

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GRI Content Index

Statement of use	Arka Merchants Limited has reported in accordance with the GRI Standards for the period FY2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standard Available

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 12	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	p. 12				
	2-3 Reporting period, frequency and contact point	p. 13				
	2-4 Restatements of information	p. 13				
	2-5 External assurance	p. 13				
	2-6 Activities, value chain and other business relationships	p. 14				
	2-7 Employees	p. 16				
	2-8 Workers who are not employees	p. 19				
	2-9 Governance structure and composition	p. 20				

2-10 Nomination and selection of the highest governance body	p. 20				
2-11 Chair of the highest governance body	p. 21				
2-12 Role of the highest governance body in overseeing the management of impacts	p. 21				
2-13 Delegation of responsibility for managing impacts	p. 22				
2-14 Role of the highest governance body in sustainability reporting	p. 22				
2-15 Conflicts of interest	p. 22				
2-16 Communication of critical concerns	p. 23	GRI 2-15-b-iii	Information unavailable/incomplete	Data is not available	
2-17 Collective knowledge of the highest governance body	p. 23				
2-18 Evaluation of the performance of the highest governance body	p. 24				
2-19 Remuneration policies	N/A	all	Confidentiality constraints	Not disclosed due to the corporate policy	
2-20 Process to determine remuneration	p. 24	GRI 2-20-a-i, GRI 2-20-a-ii, GRI 2-20-a-iii, GRI 2-20-b, GRI 2-20-a-iii	Information unavailable/incomplete	Unavailable due to the absence of the process	
2-21 Annual total compensation ratio	N/A	all	Confidentiality constraints	Not disclosed due to the corporate policy	

	2-22 Statement on sustainable development strategy	p. 25				
	2-23 Policy commitments	p. 25				
	2-24 Embedding policy commitments	p. 27				
	2-25 Processes to remediate negative impacts	N/A	all	Confidentiality constraints	Not disclosed due to the corporate policy	
	2-26 Mechanisms for seeking advice and raising concerns	p. 28	GRI 2-26-a-i, GRI 2-26-a-ii	Information unavailable/incomplete	Unavailable due to the absence of the process	
	2-27 Compliance with laws and regulations	p. 28	GRI 2-27-c, GRI 2-27-d	Information unavailable/incomplete	Data is unavailable	
	2-28 Membership associations	p. 28				
	2-29 Approach to stakeholder engagement	p. 29				
	2-30 Collective bargaining agreements	p. 29				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 30	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	p. 31				
	3-3 Management of material topics	p. 32				
Economic performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 38				
	201-2 Financial implications and other risks and opportunities due to climate change	p. 38	GRI 201-2-a-i GRI 201-2-a-ii GRI 201-2-a-iii GRI 201-2-a-iv GRI 201-2-a-v	Information unavailable/incomplete	Company is not conducting a risk assessment	

	201-3 Defined benefit plan obligations and other retirement plans	N/A	all	Confidentiality constraints	Not disclosed due to the corporate policy	
	201-4 Financial assistance received from government	p. 39				
Market presence						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p. 40	GRI 202-1-c	Confidentiality constraints	Not disclosed due to the corporate policy	
	202-2 Proportion of senior management hired from the local community	p. 42				
Indirect economic impacts						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	N/A	all	Not applicable	Not identified as a material topic	
	203-2 Significant indirect economic impacts	N/A	all	Not applicable		
Procurement practices						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p. 42				
Anti-corruption						
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 43				
	205-2 Communication and training about anti-corruption policies and procedures	p. 43				
	205-3 Confirmed incidents of corruption and actions taken	p. 42				

Anti-competitive behavior						
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 43				
Tax						
GRI 207: Tax 2019	207-1 Approach to tax	N/A	all	Not applicable	Not identified as a material topic	
	207-2 Tax governance, control, and risk management	N/A	all	Not applicable		
	207-3 Stakeholder engagement and management of concerns related to tax	N/A	all	Not applicable		
	207-4 Country-by-country reporting	N/A	all	Not applicable		
Materials						
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 44				
	301-2 Recycled input materials used	p. 44				
	301-3 Reclaimed products and their packaging materials	p. 44				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 44	GRI 302-1-c-iii, GRI 302-1-c-iv, GRI 302-1-d-1, GRI 302-1-d-ii, GRI 302-1-d-iii, GRI 302-1-d-iv	Data is not available	No data points available to disclose these requirements	
	302-2 Energy consumption outside of the organization	p. 46				
	302-3 Energy intensity	p. 46				

	302-4 Reduction of energy consumption	p. 47				
	302-5 Reductions in energy requirements of products and services	p. 47				
Water and effluents						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p. 47				
	303-2 Management of water discharge-related impacts	p. 50				
	303-3 Water withdrawal	p. 51	GRI 303-3-a-i, GRI 303-3-a-ii, GRI 303-3-a-iii, GRI 303-3-a-iv, GRI 303-3-b-ii, GRI 303-3-b-iii, GRI 303-3-b-iv	Data is not available		
	303-4 Water discharge	p. 52	GRI 303-4-a-i, GRI 303-4-a-ii, GRI 303-4-a-iii, GRI 303-4-b-i, GRI 303-4-c-i, GRI 303-4-c-ii, GRI 303-4-b, GRI 303-4-d-i	Data is not available		
	303-5 Water consumption	p. 52				
Biodiversity						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	all	Not applicable	Not identified as a material topic	

	304-2 Significant impacts of activities, products and services on biodiversity	N/A	all	Not applicable		
	304-3 Habitats protected or restored	N/A	all	Not applicable		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	all	Not applicable		
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 55				
	305-2 Energy indirect (Scope 2) GHG emissions	p. 55				
	305-3 Other indirect (Scope 3) GHG emissions	p. 55				
	305-4 GHG emissions intensity	p. 57				
	305-5 Reduction of GHG emissions	p. 58				
	305-6 Emissions of ozone-depleting substances (ODS)	N/A	all		Data is not available	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A	all		Data is not available	
Waste						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 59				

	306-2 Management of significant waste-related impacts	p. 60				
	306-3 Waste generated	p. 61				
	306-4 Waste diverted from disposal	p. 62				
	306-5 Waste directed to disposal	p. 63				
Supplier environmental assessment						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 63				
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 63				
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 65				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 65				
	401-3 Parental leave	p. 65				
Labor/management relations						
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	p. 66				
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 67				

	403-2 Hazard identification, risk assessment, and incident investigation	p. 68				
	403-3 Occupational health services	p. 68				
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 70				
	403-5 Worker training on occupational health and safety	p. 70				
	403-6 Promotion of worker health	p. 71				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 72				
	403-8 Workers covered by an occupational health and safety management system	p. 73	GRI 403-8-a-ii, GRI 403-8-a-iii	Not applicable	Fully covered in GRI 403-8-a-i	
	403-9 Work-related injuries	p. 73				
	403-10 Work-related ill health	p. 74				
Training and education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 74				
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 75				

	404-3 Percentage of employees receiving regular performance and career development reviews	p. 75					
Diversity and equal opportunity							
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 76					
	405-2 Ratio of basic salary and remuneration of women to men	p. 76					
Non-discrimination							
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 77					
Freedom of association and collective bargaining							
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 77					
Child labor							
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	p. 77					
Forced or compulsory labor							
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 78					
Security practices							
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A	all	Not applicable	Not identified as a material topic		

Rights of indigenous peoples						
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A	all	Not applicable	Not identified as a material topic	
Local communities						
GRI 413: Local Communitie s 2016	413-1 Operations with local community engagement, impact assessments, and development programs	N/A	all	Not applicable	Not identified as a material topic	
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A	all	Not applicable		
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 80				
	414-2 Negative social impacts in the supply chain and actions taken	p. 79				
Public policy						
GRI 415: Public Policy 2016	415-1 Political contributions	N/A	all	Not applicable	Not identified as a material topic	
Customer health and safety						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	N/A	all	Not applicable	Not identified as a material topic	
	416-2 Incidents of non- compliance concerning the health and safety impacts of products and services	N/A	all	Not applicable	Not identified as a material topic	

Marketing and labeling						
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	p. 81				
	417-2 Incidents of non-compliance concerning product and service information and labeling	p. 82	GRI 417-2-a-ii, GRI 417-2-a-iii	Not applicable	Redundant disclosure, self-explanatory from GRI 417-2-a-i	
	417-3 Incidents of non-compliance concerning marketing communications	p. 82	GRI 417-3-a-ii, GRI 417-3-a-iii	Not applicable	Redundant disclosure, self-explanatory from GRI 417-3-a-i	
Customer privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 82	GRI 418-1-a-ii	Not applicable		
Topics in the applicable GRI Sector Standards determined as not material.						
TOPIC				EXPLANATION		
GRI 203: Indirect Economic Impacts				Can not be disclosed in full due to the confidentiality issues		
GRI 304: Biodiversity				Not applicable due to the absence of impact on biodiversity		
GRI 410: Security Practices				Company does not have any security personnel on the payroll.		
GRI 411: Rights of Indigenous People				Not applicable due to the absence of indigenous people		
GRI 413: Local Communities				Not applicable due to the absence of local communities		
GRI 415: Public Policy				Not applicable due to the absence of Public Policy related activities		
GRI 207: Tax				Can't not be disclosed in full due to the confidentiality issues		
GRI 416: Customer Health and Safety				Is not material since our products are not causing any danger for the end customer.		

GRI Statement of Use

The Group is committed to transparently communicating our environmental, social, and governance (ESG) performance to our stakeholders. This commitment is in line with our sustainability strategy and our aim to contribute positively to the global challenges outlined in the United Nations Sustainable Development Goals (SDGs).

This document serves as our Statement of Use regarding the Global Reporting Initiative (GRI) Standards. The GRI Standards are the world's most widely recognized framework for sustainability reporting, enabling us to report non-financial and financial performance with the same rigor and accountability.

GRI Standards Used

We have utilized the GRI Standards in our reporting process, specifically focusing on those standards and disclosures that are material to our business and stakeholders. This approach ensures that we address those areas of greatest impact and interest, aligning our reporting with our overall business strategy and sustainability commitments.

Material Topics

The material topics identified and reported in our sustainability report have been selected through a comprehensive materiality assessment process, involving internal and external stakeholder engagement. This process helps us to prioritize sustainability issues that have significant economic, environmental and social impacts or substantively influence the assessments and decisions of our stakeholders.

Stakeholder Engagement

Stakeholders' engagement is a key component of our sustainability strategy and reporting process. We engage with our stakeholders through a variety of channels to understand their expectations and concerns regarding our ESG performance. This engagement informs our materiality assessment, strategy development, and reporting priorities.

Commitment to Continuous Improvement

We are committed to continuously improving our sustainability performance and reporting. Feedback from our stakeholders is invaluable to this process, and we welcome comments and suggestions regarding our sustainability efforts and reporting practices.