

corporate social  
responsibility  
report 2024



delfort  
creative collaboration

the **future** is light



# another year on our sustainability mission

This report has been prepared in accordance with the GRI Standards 2021.

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This brochure is a summary of our 2023 sustainability highlights. The full version of the report is available at:  
[delfortgroup.com/sustainability](https://delfortgroup.com/sustainability)

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# the future

message from the board

# is light

Dear readers,

We would like to take the opportunity of this 14<sup>th</sup> edition of the delfort CSR report to cast a look back at 2023. Our extensive research efforts have borne substantial fruit in the form of further advances in the sustainability of delfort solutions. All of our product development revolves around the concept of DfCE (design for the circular economy). Not only do we focus on ensuring that our products are recyclable, but we also make sure that they contain as little raw material as possible.

One of delfort's core competences lies in being able to fulfill the needs of our customers by delivering **extremely lightweight papers that are also robust and functional**. This is the philosophy behind our development of genuine alternatives to existing materials for – and in collaboration with – our customers, enabling them to save up to 80% volume in waste. We are also focusing on the re-use of fibers, which allows us to close the recycling



loop. In markets that do not have adequate waste collection systems in place yet, the compostability of our products is of key importance.

In line with the UN Sustainable Development Goals and the Ten Principles of the UN Global Compact, we continuously work toward driving delfort's sustainability forward on all levels. Having invested no less than €79 million in the modernization of our production facilities and in processes to reduce carbon emissions in 2023, we are sending a clear message to our commitment toward net zero, which is also reinforced by our commitment to the Science Based Target initiative (SBTi) Net-Zero Standard. According to our decarbonization roadmap, we will reduce the group's total carbon emissions by 35% until 2026 (baseline 2023, Scope 1 & 2).

Our progress was primarily enabled by the very close relationships we have with many of our business partners, with whom we have been able to define and pursue tangible target ranges. Our thanks go to all these partners for their commitment.

However, we would not have been able to achieve such results were it not for the backing of our outstanding employees.

# delfort

Supported by a comprehensive training and professional development program in the areas of the environment, social affairs and corporate leadership, our employees are the guarantors of us achieving our shared goals. Every single day, they show an intrinsic commitment to go the extra mile to bring us one step closer to net zero.

Testimony to our successful performance is the Platinum award that we received again from EcoVadis in 2024 – an award that is only granted to the top 1% of the 300,000+ companies that they assess worldwide.

Last but not least, delfort is also focusing on sustainability in terms of corporate governance. The generation change that was started in 2022 will be finalized in 2024. Roland Faihs will be taking on a new role within our group in July 2024, after serving for 17 years as CFO and COO. He hands over the reins to Hannes Kinast as COO and Ilkka Saarinen as CFO, who have joined the existing team of Martin Zahlbruckner (CEO) and Christoph Steger (CSO). Both Hannes and Ilkka have moved internally within delfort, ensuring continuity in delfort's contribution to a better and more sustainable world.

This report provides an insight into the progress that delfort has made in 2023. It was a year marked by a multitude of challenges and uncertainties. Having now entered its second year, the war in Ukraine threw its shadow over the entire global economy, and the reignition of the conflict in the Middle East brought additional uncertainty.

Furthermore, high inflation has continued, contributing to a significant change in consumer behavior in virtually all areas in which delfort operates. However, our portfolio has enabled us to benefit from the situation in different business segments despite the challenges – thanks to the continuing trend that is driving forward product sustainability. We were not able to meet all of our ambitious goals in full. But where there's a gap, there's an even greater will to go another extra mile. We are well aware that the path toward net zero carbon emissions is a challenge that requires a lot of effort from employees, customers and suppliers. However, it is a path that is absolutely necessary – and we can manage it, together!

We hope that you will find this CSR report inspirational and look forward to receiving your feedback at [sustainability@delfortgroup.com](mailto:sustainability@delfortgroup.com).

Yours sincerely,  
(from left to right)

Hannes Kinast

Roland Faihs

Christoph Steger

Ilkka Saarinen

Martin Zahlbruckner

sustainability



contact details  
see page 36

# we revolutionize paper

Founded in 2006 and headquartered in Austria, delfort is a global innovation leader in developing, manufacturing and distributing specialty papers. We are a team of 3,220 employees who collaborate across more than 20 countries. Our family-owned company runs six paper mills, seven converting facilities and seven sales offices. With over 1,500 types of specialty paper delivered to more than 100 countries worldwide, our products can be found in various industries.

High standards and enthusiasm for what we do are not only reflected in our core philosophy of creative collaboration but can be felt in every single project.

Tomorrow's needs will always drive the paper industry to evolve – and delfort with it. We encourage and support industries in their transition toward circularity, as we unlock the power of renewable resources, and we shape papers' future.



top performer

### a safe place to work

Our occupational safety campaigns again contributed to a 26% reduction of work-related injuries compared to 2022. Additionally, we have achieved 365 accident-free days on 14 sites.



### EcoVadis platinum medal

2024 is the third year in a row that EcoVadis has awarded us with the "Platinum" medal for outstanding achievements in the areas of Environment, Labor & Human Rights, Ethics and Sustainable Procurement.



### "B" in CDP's 2023 rating

We have been recognized by the global environmental non-profit organization CDP in all three categories with the very good rating of B/B- for our management in corporate transparency and environmental performance. We received a B rating in forests and a B- in climate change and water security.



### united forces for recyclability

As a member of 4evergreen, we join more than 100 companies in advancing the sustainability and circularity of the fiber-based packaging industry with recyclable solutions.

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secure business  
sustainable products  
climate actions  
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company governance  
about this report

our

# products

# lightness

Ultra-light. High-performing. That's what our portfolio is all about. While our papers weigh up to half as much as conventional paper, they feature excellent functionality.

Learn more about delfort's specialty papers



## design, sketch & archive

Specialty paper in the true sense of the word: archive paper engineered for enduring lifespans, outstanding design paper or easy-to-use transparent sketch paper.

## baking & cooking

Whether for professional or household use, our papers offer excellent release and grease-resistant properties for high-temperature cooking, baking, frying and grilling.

## thinprint

Unleash the power of our lightweight thinprint papers for accurate and easily readable texts and product information, perfect for any publications and leaflets.

## release base & label face

Superior strength, transparency, silicone resistance, cost-efficiency and quality – the ideal solution for silicone coating, lamination and die-cutting.

## non-food packaging

We customize our paper solutions to your needs: Highly transparent, super light, colored, versatile, wrinkle-resistant, robust and rich to the touch.

## laboratory & analysis

Our laboratory, LIP testing and analysis papers are perfectly manufactured for filtration, analysis and laboratory applications.

## electrical insulation

Let's power up the future! Our electrical insulation and crepe papers are leading the markets and can be applied in the most demanding high voltage environments.

## food packaging

What a blast! Be part of a sustainable future with our fiber-based food packaging solutions, available with or without barrier.

## prints & flexibles

Explore our packaging with outstanding and colorful printing designs: shrink sleeves and cosmetic packages, bottle labels and tobacco pouches, to name but a few.

## battery separator

Our advanced fiber-based battery separators are an important part of lithium-powered battery applications.

## cigarette & tobacco

We offer modern equipment, experienced experts and a fully integrated innovation process for all cigarette paper and packaging needs.

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about this report

# how we create value

customers world-wide: at least

1,600

mio. end-users around the globe

at least 330

euros sales revenue

1.14<sub>bn</sub>

## KEY INPUTS

- Responsibly sourced wood-based materials
- Energy with the smallest possible and economically viable CO<sub>2</sub> footprint
- Services & products supplied by companies with the highest standards and impeccable business practices

## VALUE CREATION

- Skilled employees
- Sustainable & innovative solutions
- Advanced technologies
- Efficient production
- Sound & solid business partner



## PRODUCTS

- Baking & cooking papers
- Battery separator papers
- Cigarette & tobacco solutions
- Design, sketch & archive papers
- Electrical insulation papers
- Food packaging papers
- Non-food packaging papers
- Release base & label face papers
- Laboratory, LIP testing & analysis papers
- Leaflet papers
- Print & publishing papers
- Prints & flexibles

## CUSTOMERS

- Converters
- Printers
- Manufacturers
- Brand owners
- Wholesalers
- Retailers

5,300  
suppliers

3,220  
employees across more than 20 countries

1,500  
paper grades

10,017  
km<sup>3</sup> saleable paper

our

... toward a better future!

# strategy



Learn more about our strategy

## VISION

To enable customers to contribute to the healthiest planet possible

## MISSION

To support the success of our customers by means of specialized solutions, responsible operations and a reliable supply chain

Empowered by our core philosophy of creative collaboration, we want to enable customers to contribute to the healthiest planet possible. Our mission is to support the success of our customers by means of tailor-made solutions. We achieve this by placing our customers at the center of our strategic focus and continually striving toward improvement and excellence.

## STRATEGY

To deliver sustainable and functional specialty paper solutions with the aim of supporting customers in their transition toward a circular economy by focusing on fairness and equality in all our partnerships



We leverage our key competencies.



We reinforce our customers' excellence.



We contribute to a circular economy.



We empower performance-driven teams.



We promote fair and balanced partnerships.



We foster solid business partnerships.

# sustainability

## goals

# 2030

We are well prepared to address challenges and to strengthen delfort for the future. Four pillars define our path, as we navigate our sustainability journey. We monitor progress and implement systematic changes. For 14 years now, we have been providing our customers with a clear picture of where our journey is heading.

Below you will find the 2030 goals we set for ourselves in 2019.

### WE SUPPORT



We support the UN Global Compact and the UN Sustainable Development Goals.



## we support your SECURE BUSINESS

by running a responsible, resilient and safe organization

- 100% committed to conducting our business ethically, responsibly, and in compliance with applicable laws and regulation
- 100% responsible, value-driven procurement practices



## we innovate SUSTAINABLE PRODUCTS

by offering functional and sustainable choices, and supporting circular economy

- Responsible wood pulp sourcing, purchased only from certified suppliers
- 100% of new products will fulfill our sustainability framework



## we leverage CLIMATE ACTIONS

by optimizing our production and processes, and efficiently using resources

- 20% reduction of specific GHG emissions\*
  - 15% improvement of specific energy efficiency\*
  - 20% reduction of specific freshwater usage\*
- \*baseline 2016



## we EMPOWER PEOPLE

by promoting an inclusive, safe and rewarding working environment

- Zero fatalities and no Lost Time Accidents on all sites
- 100% access to annual development reviews for all employees
- 100% access to our delfort-specific training program for all employees



# a viable supply chain



**We build prosperous, value-driven procurement practices to manage business risk, improve the supply chain and create the most advanced solutions for our customers.**

By 2030, 80% of our raw materials (pulp, fillers and chemicals) and packaging by spend will be procured in accordance with our supplier management framework.

goal

## performance & achievements '23

89%

of our suppliers (by spend) successfully passed our risk evaluation

86%

of our suppliers (by spend) successfully passed our performance evaluation

84%

of our suppliers (by spend) signed our Supplier Code of Conduct

### supplier management framework

We ensure that our suppliers share our principles of ethics, integrity and respect for people and our environment. The tools we use to manage this are our [Supplier Code of Conduct](#), [supplier performance evaluation](#) and [supplier risk evaluation](#). Our supply chain is complex and characterized by diversity, as we work with more than 5,300 vendors in Europe, Asia, America and Africa. In the interests of our customers, we attach great importance to risk management and compliance with legal standards that ensure fair and safe working conditions and environmental standards.

### let's supply change

We strive for long-term partnerships and strictly adhere to due diligence requirements. Our lead buyers conduct supplier audits and check if our suppliers apply social and environmental standards. CSR certifications and external ratings from independent agencies like EcoVadis make sure that our suppliers comply with our stringent standards. 92 % of our supplier spend was assessed by certified, independent CSR assessment agencies. Furthermore, we've initiated the practice of soliciting GHG emission data from our suppliers. This not only enables us to report our indirect emissions (Scope 3), but it also allows us to collaborate with our suppliers to reduce these emissions.

It is in our and our customers' interest that we cooperate only with trustworthy, compliant and righteous suppliers.



Group-wide standardization of our supplier risk evaluation and performance evaluation



Development of a uniform risk evaluation sheet for the entire group, as well as standardized guidance for the auditing process



Adoption of a multi-supplier strategy to secure availability of materials



Sanction screening "Know your Supplier (KYS)" before starting a business relationship with suppliers from high-risk countries



Trainings for lead buyers to support fast adoption of the updated procedures



Learn more about our commitment to responsible sourcing

secure business

# a solid

# & long-term partner

We aim for balanced, profitable growth, operational excellence, product and service leadership and an innovation-driven approach.

A solid equity structure with debt <2.5 times EBITDA.

goal

Continuous investment in assets, machinery, equipment and processes measured by CAPEX over 3 years in relation to depreciation being higher than 35%.



## performance & achievements '23



Learn more about our commitment to economic performance

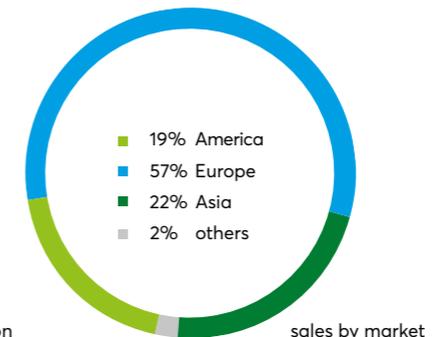
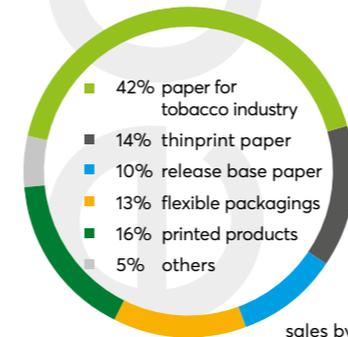
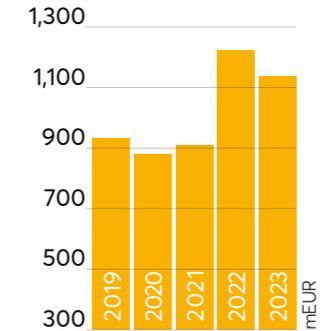
### a sustainable business partner

2023 was a year marked by a multitude of challenges affecting the entire global economy: the war in Ukraine, the conflict in the Middle East, the high inflation – contributing to a significant change in consumer behaviour in virtually all areas in which delfort operates, and affecting the prices of raw materials as well as the supply chain.

Our rigorous risk management helped us identify market conditions and respond to them in a timely manner. We managed to maneuver through the challenging year, to continue delivering to our customers, to provide stability for our employees, and we have made progress on our sustainability agenda.

### net sales

delfort is solidly positioned. In 2023, the company achieved a satisfactory sales revenue of 1.14 billion euros, despite the challenging market situation that led to a decline in order volumes. As market dynamics evolve, delfort remains agile and adaptable, consistently striving for innovation to maintain a competitive edge. The resilient strategy has enabled the company to navigate adversities with determination.



# 80%

### a strong equity ratio

delfort is a stable and solid business partner with excellent levels of equity and liquidity. In 2023, our equity in relation to debt (total investments of the year without goodwill in relation to depreciation without goodwill) was -2.34.

At the same time, our equity ratio improved to 80%. These figures demonstrate our financial stability despite the turbulent global economy.

### high investment rate

Our research efforts have enabled us to advance the sustainability of our product portfolio. In 2023, we have invested no less than €79 million in the modernization of our production facilities and in processes to reduce carbon emissions. Over the last 3 years, our CAPEX investment in relation to depreciation was 46%.

While in the previous year, it was our top priority to maintain deliveries to our customers, and we had to reduce our investment program, we were back on track in 2023 and exceeded our target of 35%.

# 46%

sustainable products

# responsible

## pulp sourcing

# 100%

of our wood-pulp was sourced from FSC™ and/or PEFC-certified suppliers

We have always been committed to sustainable forestry and continued, in 2023, to purchase our pulp exclusively from suppliers that are certified by leading international forest certification programs.

By 2030, we aim to purchase 100% certified pulp.

goal



Learn more about our commitment to responsible pulp sourcing



## performance & achievements '23



### controlled origins

We source the remaining 1% exclusively from controlled origins according to FSC™ and PEFC standards.

### always in the lead

In mid-2023, the EU Deforestation Regulation came into force. It ensures deforestation-free supply chains, to bring down greenhouse gas emissions resulting from deforestation and assists in the fight against global biodiversity loss.

In the run-up, we worked together with Preferred by Nature and prepared ourselves optimally for the EUDR.

### sustainable forestry is a priority

Our suppliers only harvest as much wood as can grow back. Either trees are replanted or they grow back naturally – ecosystems and biodiversity are kept safe. When selecting our suppliers, we ensure that the long-term economic, social and environmental benefits of the forest are preserved for future generations.



All paper mills are certified FSC™ and/or PEFC Chain of Custody (COC).



All our converting facilities are certified PEFC Chain of Custody (COC).



We have developed a comprehensive due diligence process to assess all our pulp for compliance with current regulations (e.g. EU Timber Regulation and EU Deforestation Regulation) and various certification schemes such as FSC™ or PEFC. These include social risk assessment and ancient and endangered forest assessment.



We are partnering with Canopy to protect ancient and endangered forests.



We are well prepared for the entry into force of the EU Deforestation Regulation.

# lightness

## carries weight

We are committed to delivering more sustainable products and solutions that enable our customers to achieve or exceed their sustainability goals with all our product development revolving around the concept of design for the circular economy.

By 2030, 100% of our new product development projects will fulfill at least one of our sustainability framework targets.

goal

80%

of our product developments fulfilled at least one of our sustainability framework targets



### responsible sourcing

We already take sustainability into account when sourcing our raw materials. This includes, however, is not limited to pulp, chemicals, packaging and other raw materials.



### efficient & clean production

We continually optimize the use of resources such as energy, heat, water and raw materials in our manufacturing processes. We invest in energy conservation and renewable energy.



### optimize & facilitate processability

We optimize our papers for further processing and finishing processes, which can lead to reduced ink or coating applications, for example.



### designed for circularity

We use our technology expertise to develop papers from renewable sources that have superior performance and are recyclable and/or compostable.



We are working on the development of applications that allow for recycled content.



Our team of regulatory experts ensures we and our solutions comply with applicable regulatory requirements (e.g. PFAS-free, SUPD, PPWR, EU TPD, FDA, BfR) and national laws.



R&D departments on each of our sites establish a network with external R&D partners, laboratories, universities and research facilities.



Fully equipped laboratories, rapid prototyping and pilot lines to run fast and effective trials with small quantities for test phases



State-of-the-art R&D center for tobacco solutions (Wattens/Austria)



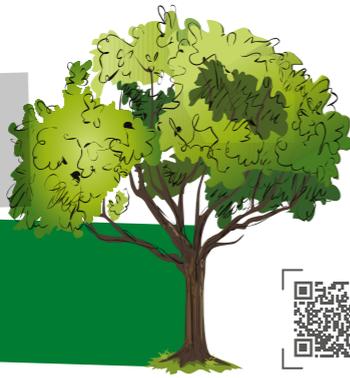
Collaboration with R&D partner delsci to develop barrier packaging paper for food and non-food applications (Traun/Austria)



Learn more about our commitment to responsible product design

# our path to

# net zero



Learn more about our commitment to net zero

We are committed to a clear decarbonization roadmap and have created a corridor of different scenarios. Through collaborative efforts with our customers, we can leverage rapid decarbonization possibilities, fostering a joint approach.

By 2030, we aim to improve our energy efficiency by more than 15%\* and to reduce our specific GHG emissions by more than 20%\*.

## goal

\*per 1,000 m<sup>2</sup> of net saleable paper, compared to our baseline 2016

## performance & achievements '23

In 2023, we achieved a 7.2% reduction in specific heating energy and a 4.7% reduction in NO<sub>x</sub> compared to our base year of 2016. The decrease in heat consumption is associated with an energy-saving project.

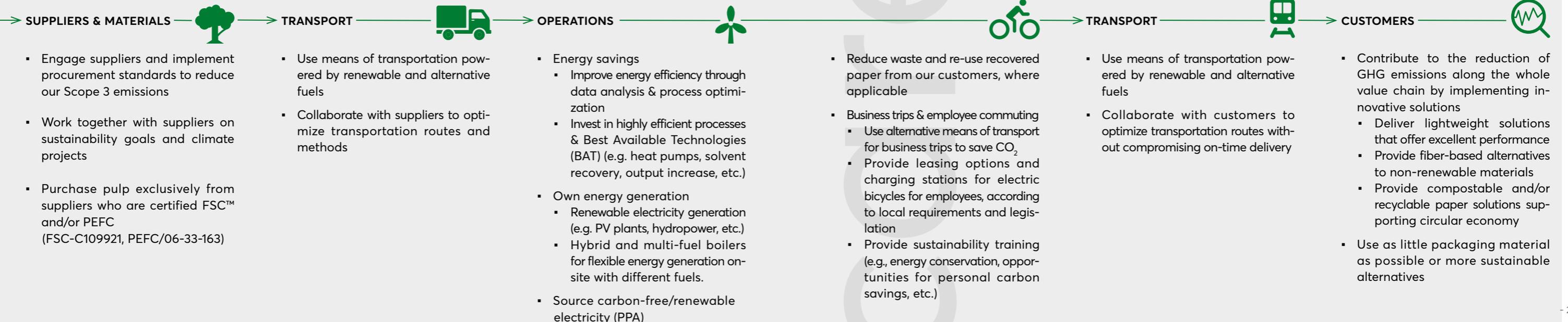
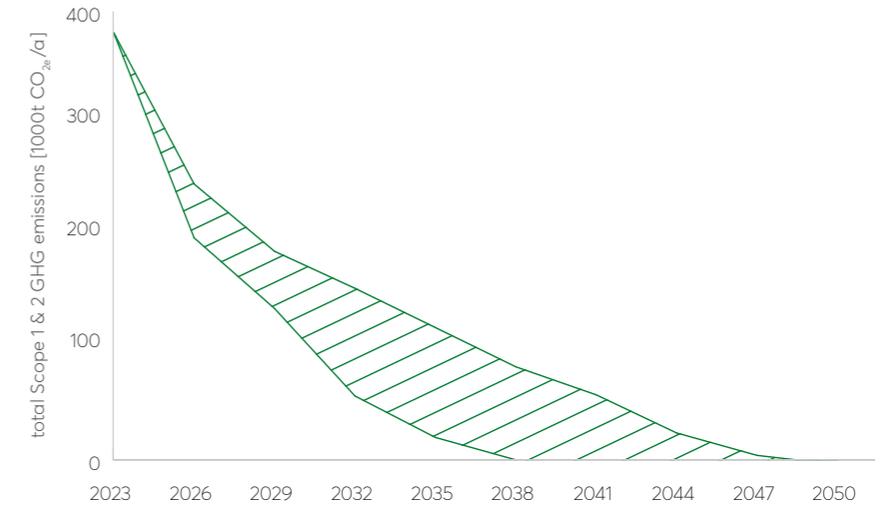
Our specific electricity consumption increased by 15%, and our specific GHG emissions increased by 10.8%. This is linked to reduced output and frequent standstill periods caused by economic challenges in 2023.

We plan to invest 200 million euros in improvement and decarbonization projects over the next ten years. Our most conservative reduction goal already surpasses the targets outlined in the SBTi Net-Zero Standard.

Committed to SBTi Net-Zero Standard



decarbonization roadmap



We are continuously monitoring and optimizing water consumption, as well as increasing reuse and recycling.

The illustration below provides an overview of our water management, including measures and figures for key KPIs. In 2023, we slightly increased our specific freshwater withdrawal by 1.2% per 1,000m<sup>2</sup> of net saleable paper\*.



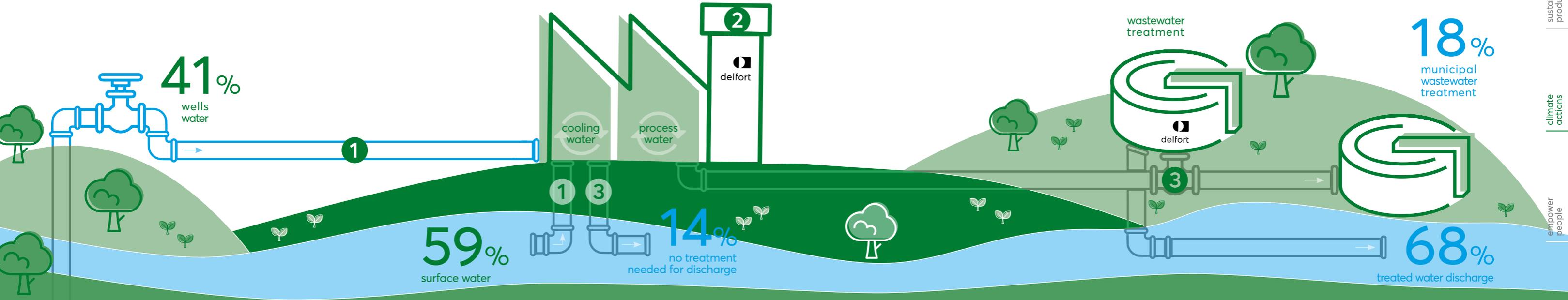
Learn more about our commitment to saving water

# water management

By 2030, we aim to reduce our freshwater withdrawal by more than 20% per 1,000 m<sup>2</sup> of net saleable paper\*.

goal

\*compared to our baseline 2016



## 1) WATER WITHDRAWAL

Our water sources are groundwater from our own wells (41%) and surface water (59%). As our high-quality papers require extremely pure water, we treat extracted water prior to use to prevent the introduction of any impurities.

We apply the WRI Aqueduct Water Risk Framework to determine water risk and evaluate water stress on all our sites that depend on high volumes of water.

We continuously invest in water efficiency projects, process optimization and Best Available Techniques to reduce our water withdrawal volumes.

## UNLOADING STATIONS FOR CHEMICALS

Safety basins enable the collection of chemicals in case of leakage. This prevents chemicals from ending up in the wastewater treatment plant.

## 2) WATER CONSUMPTION

We differentiate between usage and consumption of water. Water consumption corresponds to the volume of water that evaporates during paper production, especially in the drying section. Water usage refers to cooling water and process water.

We keep cooling water in separate circuits to reduce freshwater withdrawal and use the warm water for internal processes.

We reuse clarified water to clean our paper machines, which reduces the freshwater consumption of our mills.

## 3) WATER DISCHARGE

All water discharged from paper mills is continuously monitored due to the fact that some paper sites discharge water to freshwater bodies and surface water. Monitoring this water ensures that discharges are always well within the limits for each production site, in compliance with standards and regulations.

# safe together

delfort creative collaboration

**8** Celebrate success – Safety Champion Award  
Nominate your personal safety champion and reward contribution

**7** Record incidents & near misses  
Report, analyze and share lessons learned about near misses and incidents to reduce accidents

**6** STOP, THINK, then ACT – risk perception and evaluation  
Evaluate risks – nothing is so urgent that we can't stop and think before acting – we do everything safely

**5** Practice 5 s + 1 s  
Increase orderliness and cleanliness everywhere

**4** Carry out Work Safety Walks  
Encourage Work Safety Walks as a tool to increase Safety Observations

**3** Observe – look for potential risks  
Increase Safety Observations to reduce accidents & incidents

**2** Communicate – speak up for safety  
Be part of our SAT Initiative! We take care of each other with courage – say something but with respect

**1** Perform Safety Awareness Talks (SAT's)  
Perform SAT's – our established initiative to create awareness for a safe working environment

## a safe place to work

We provide a safe, healthy and supportive working environment and continuously invest in safety initiatives beyond statutory minimum requirements.

We aim to achieve zero Lost Time Accidents on all sites.

By 2025, we aim to achieve 500 Safety Awareness Talks per 1,000 employees per month.

# 26%

reduction of Lost Time Accidents (A1 + A2) compared to 2022

## performance & achievements '23

production sites achieved at least 365 (up to 1188) accident-free days

### we raise awareness for safety

Every two years, we run a group-wide occupational safety campaign, which focuses on various aspects of health and safety. It ensures that we all keep an eye on identifying, highlighting and eliminating potential health and safety risks. In 2023, we also conducted a survey among our global work safety team to gain further insights into all operating companies. The aim of this survey was to assess the internal safety culture perception and to identify weaknesses. Our findings are integrated into our occupational safety campaigns.

The so-called Life Saving Rules campaign came to an end in 2023, and our new campaign – Safe Together – was launched. It consists of eight chapters, each of which will be addressed for three months.

### leaders are role-models

Targeted awareness raising is important to ensure that safe working conditions stay sustainably anchored in the entire company. Our work safety leadership training has been developed in 2023 and will start with a pilot phase in spring 2024 with 88 operational leaders (2 delfort sites) to measure the impact and optimize content, if necessary. A workshop in December 2023 served to prepare everybody involved.



# ZERO

fatalities since the establishment of delfort in 2006



Learn more about our commitment to health & safety

empower people

# a desirable employer



We support diversity in the workplace and provide equal opportunities for employment. Our employees are fairly rewarded for their performance and have equal access to career development so that they can grow their individual talents and strengths.

We will roll out our annual development review process to all sites no later than 2030 and provide all employees access to annual development reviews.

goal

## performance & achievements '23

65%

of our employees have completed a development review

### a hub for excellence

Long-term employment and mutual appreciation – this is what we aim for. We promote diversity in our global teams. A broad portfolio of experiences, skills, and mindsets boosts creativity and innovation, to the great benefit of our customers.

In annual personal development reviews employees and managers discuss on performance, training needs, mutual feedback and development opportunities. Additionally, we offer training and education and more than 400 customized activities to support our employees' physical and mental health.

As a family-owned business it is self-evident for us to respect the fundamental human rights of all people within our own company, our supply chains and the communities in which we operate. Appropriate policies and their strict monitoring ensure our compliance. In 2023, we implemented a new Diversity, Equality and Inclusion Policy and started to train all our employees regarding its content.

### benefits

Individual, locally adjusted benefits accessible for all employees

- healthcare support
- modern working equipment & safe workplaces
- mental health & fitness courses
- family events & activities



### human rights

#### performance assessment

In 2023, we implemented an annual Human Rights Performance Assessment at board level, concerning our own operations and our supply chain.

The aim of this assessment is to discuss any incidents, risks or impacts regarding labor and human rights, or topics that might have been reported through our whistleblower channels. We also track our performance and review our related policies as part of the assessment. We agree on appropriate measures to minimize risks, future targets and training initiatives.



Learn more about our commitment to fair employment

canteens & meal allowances

flexible, life-phase-oriented working conditions

emergency fund for employees

empower people

we unlock

# growth potential



We train and develop our employees at all levels and in a variety of local and global development initiatives tailored to their needs to create a highly skilled workforce and a satisfying work environment.

We aim to implement a group-wide, tailor-made training program that will be reviewed and adjusted as necessary on a regular basis, but at least every two years.

goal

## performance & achievements '23

### optimal conditions for excellent talents

Throughout the group, we support the development of our employees and enable them to strengthen their skills. With the support of our training program, people grow in their current positions and expand their potential for future roles within delfort. We provide equal access to education and training for all our employees.

### the best performance for our customers

A solid talent pool within the company guarantees successors for key positions in the future. Specific skill development programs support long-term employment and enable our business to succeed. This approach ensures the long-term stability of delfort. We deliver the best quality and solutions, and we will always have the right skills to develop, produce and distribute specialty papers.

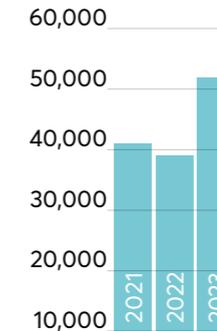
### equal training hours for blue & white collar employees

Vast yet specific knowledge is essential for driving the development of our sustainable specialty paper. In 2023, our employees collectively completed a total of 52,000 hours of training worldwide (Ø 16h/employee). The figures show that our blue collar and white collar employees completed almost the same hours of training, aligning with our diversity strategy aimed at ensuring equal training opportunities for all employees.

average training hours per employee



total training hours



Five delfort training programs have been reviewed and updated in 2023



Creation of a vast assortment of permanent e-learning courses about, for instance, work safety, human rights and IT security



100% of our apprentices became permanent employees



International Trainee Program finished in 2023 and next start planned in 2024



Learn more about our commitment to developing talents

# double materiality

## & stakeholder engagement

Corporate social responsibility, as well as our journey toward net zero, is a strategy that we chose to follow many years ago. Since then, we have continually set ourselves tangible goals that reinforce this commitment and ensure that we remain leaders in these key areas. These are based on materiality analyses, which allow us to determine which sustainability issues are of key importance to our stakeholders and to us as a company. We carried out our first materiality analysis in 2014; others followed in 2015, 2016, 2018 and 2020.

In 2023, with the support of an external partner, we started the preparatory process for implementing the EU Corporate Sustainability Reporting Directive, which now provides for a comprehensive double materiality analysis. As this process had not yet been completed at the time this CSR report was prepared, the reported topics relate to the 2020 materiality analysis.

In the course of 2023, we carried out the following steps for our double materiality analysis: First, we drew up a longlist of potentially relevant sustainability topics in accordance with the European Sustainability Reporting Standards

(ESRS), determined initial impacts, risks and opportunities and reduced the topics to a shortlist. In comprehensive workshops for the environmental, social and governance categories, the impact of our business activities on people and the environment (impact materiality) and the financial opportunities and risks (financial materiality) for each topic on the shortlist were developed and evaluated together with managers and employees. Following the workshops, the matrix resulting from the assessment was checked and reviewed once again for consistency. At the beginning of 2024, we prepared a detailed overview of the results. Together with the Board of Directors, the Corporate CSR Committee will now develop the strategic implications of this analysis, revise existing targets and KPIs and define new targets and KPIs.



### BOARD OF DIRECTORS

With the highest level of responsibility for delfort's CSR strategy, the Board of Directors sets sustainability goals and holds ultimate accountability for the company's sustainability performance.



### HEAD OF ESG

In association with the Board of Directors, the Head of ESG connects, coordinates and steers all sustainability resources to drive forward and implement delfort's CSR strategy.



### CORPORATE CSR COMMITTEE

All departments with central group functions – Finance, Work safety, Energy & Climate Care, CAPEX, Operations Excellence, Purchasing, HR, Legal, Marketing, IT – work toward department-specific sustainability goals and play an important role in the creation and execution of delfort's groupwide CSR framework, policies, and initiatives, as well as in driving delfort's CSR strategy forward.

### MANAGING DIRECTORS

The managing directors of all operating companies have sustainability goals integrated in their objectives.

They are responsible for contributing to and implementing delfort's CSR strategy, including (but not limited to) the delfort climate care program as well as policies, initiatives and commitments on their respective sites.

### SBA HEADS

The Heads of our Strategic Business Areas (SBA) have specific sustainability goals.

They are responsible for contributing to and integrating delfort's CSR strategy in their respective SBA with regard to our customers and business partners, as well as for driving sustainable product development.

### CSR BUSINESS TEAM

The CSR Business Team members are key players from our Strategic Business Areas.

They are the interface between delfort and our stakeholders with regard to CSR matters and play an important role in representing market expectations and needs with regard to our company.



### CSR COORDINATORS

On all production sites, CSR Coordinators serve as dedicated contacts for internal business partners with regard to sustainability issues. They also support the implementation of sustainability measures.



### EMPLOYEES

help to integrate sustainability in our business activities

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the world map on page 6

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layout & content: Mag. Christine Fiegert  
Michaela König, MA

publisher: delfortgroup AG, Fabrikstrasse 20,  
4050 Traun, Austria

printed on: delfort paper; cover: Terreus Smooth pure  
white 270 g/m<sup>2</sup> / 183 lbs; core: thinstar plus  
60 g/m<sup>2</sup> / 41 lbs

design: anders-artig.at

production: Hoehl-Druck Medien & Service GmbH,  
Gutenbergstraße 1,  
36251 Bad Hersfeld, Germany

printing process: sheet-fed offset

pictures: ©fukume, Sergey Nivens, IDEA ROUTE/Shutterstock.com  
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# the future is light

In our quest to minimize the need for non-renewable materials and support a circular economy, our scientists are developing something truly remarkable – ultra-lightweight barrier papers for food and non-food packaging that perform. Lightweight paper means less raw materials and less weight. This highlights the benefits of reducing greenhouse gas emissions in transportation and minimizing storage space requirements.



Interested?  
Learn more about  
our barrier paper



# continuing our sustainability mission

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our 2023 sustainability highlights.

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## our strategy toward a better future

We drive change in the specialty paper industry, leading by example with sustainable practices. We deliver functional specialty paper solutions with the aim of supporting customers in their transition toward a circular economy by focusing on fairness and equality in all our partnerships. Therefore, we have set ourselves very clear goals that we consistently pursue in our daily operations.

### We leverage our key competencies

At delfort, we give paper superpowers. We create specialty papers that perform. Therefore, we focus on market segments that require particularly functional, sustainable and lightweight solutions. Each of our market segments is different. With our outstanding scientific and regulatory expertise, together with our key innovative solutions, we enable our customers to maintain their excellence.

### We reinforce our customers' excellence

Customization is key at delfort. Through our deep understanding of customer needs, complex situations and technical demands, we create invaluable results that put customers ahead of the competition. We thoroughly understand the ideal mixture of ingredients, paper production processes, coating and finishing. To speed up development processes, all our sites have access to R&D departments. Fully equipped laboratories, rapid prototyping and pilot lines enable us to run fast trials with small quantities during test phases. Our state-of-the-art technology and processes deliver high-performance paper for efficient converting.

### We contribute to a circular society

At delfort, we look at the whole lifecycle of our solutions, from the origin of raw materials to the way they are designed, produced and processed, including how they can be recycled or degraded after use. We provide true fiber-based alternatives to non-renewable materials. Our products support circular economy principles such as recyclability and/or compostability.

### We empower performance-driven teams

Our employees come from diverse backgrounds and possess a wide range of expertise and skills, which drives innovation and enables us to provide customer-focused services. We are committed to ensuring that our employees understand the importance of their role in delivering our products and

services and are motivated to perform at their best every day. We value our employees as key contributors to our overall success and create a culture that fosters their professional growth and development. To maintain up-to-date knowledge, we prioritize life-long learning, supported by coaching and mentoring.

### We promote fair and balanced partnerships

For many years, delfort has established a strong network with R&D partners, laboratories, universities, and research facilities to scale up innovation. By collaborating with the cross-disciplinary team of scientists and technologists at delseci, we are taking the future of packaging to a new level. Vendors are a crucial part of our business, and we foster partnerships with them based on mutual trust. Developing sustainable supply chains helps mitigate risk, ensure on-time delivery, secure our supply of goods, improve processes, drive innovation, and continuously enhance our products in terms of sustainability and quality.

### We foster solid business collaborations

Our business strategy is designed to ensure the continuous improvement of our solid business partnerships, which in turn allows us to invest in value-adding and sustainable projects for our customers. delfort aims to achieve controlled growth, taking into account the prevailing market situation. This growth will be supported by qualified employees, industry-leading products, and innovative specialty paper solutions. The growing need for sustainable and reliable solutions supports our growth. With ample financial resources, we are committed to providing long-term value to our customers and stakeholders by producing responsible products, maintaining sustainable operations, and ensuring supply security.



## VISION

To enable customers to contribute to the healthiest planet possible

## MISSION

To support the success of our customers by means of specialized solutions, responsible operations and a reliable supply chain

## STRATEGY

To deliver sustainable and functional specialty paper solutions with the aim of supporting customers in their transition toward a circular economy by focusing on fairness and equality in all our partnerships

## responsible sourcing

Our procurement practices are based on mutual respect, communication and close cooperation with our suppliers. Standardized processes and activities are defined in our supplier management framework and result in transparency that benefits risk mitigation as well as collaboration with our suppliers.

Our supplier management framework helps us to manage business risk, improve the supply chain and create the most advanced solutions for our customers. We made it our goal that by 2030, 80% of delfort's raw materials (pulp, fillers and chemicals) and packaging by spend will be procured in accordance with delfort's supplier management framework.

In 2023, we once again exceeded our target with a result of 86%. It is important to note that this number only reflects the result from our paper technology platform, as figures from our printing technology platform are excluded due to their lower purchasing volume.

Our supplier performance evaluations are conducted by our own lead buyers and quality managers, following a group-wide defined process with clear criteria. We assess our suppliers on criteria such as price, quality, capacity, certifications, creditworthiness, logistics infrastructure, supply chain security, as well as environmental and social standards.

We collaborate with over 5,300 suppliers across Europe, Asia, the Americas, and Africa. Of these, 879 new suppliers joined our supplier pool in 2023. 92% of our suppliers are located in Europe. We use additional measures for suppliers from high-risk countries, for example, sanction screening, Know Your Supplier (KYS) before starting a business relationship and are increasingly carrying out risk evaluations and audits. 92% of our suppliers (by spend) have been assessed by certified independent CSR assessment agencies such as Ecovadis.

### Supplier management framework

Annually in April, we conduct an evaluation of those suppliers for the paper technology platform who accounted for 80% of our spend on raw material (pulp, fillers and chemicals) and packaging during the preceding calendar year.

The figures resulting from this evaluation refer to 2022. We assessed 101 of our existing suppliers using our structured supplier evaluation process, which also covers environmental and social aspects.

Four phases define how we manage our supplier relationships around the globe.

**1-Onboarding.** A critical part of our regulatory framework is our due diligence process prior to starting new business or operations. We use third-party screening processes and KYS to prevent us from engaging with sanctioned companies, entities or individuals.

All suppliers are required to sign our Supplier Code of Conduct, which upholds the same standards as our own. This Supplier Code of Conduct covers the areas of business integrity, labor standards (such as freedom of association and collective bargaining, avoidance of forced, compulsory and child labor), quality, health and safety of people and products, the environment and sustainability, and management practices.

The lead buyers and local procurement managers are accountable for ensuring that each supplier signs our Supplier Code of Conduct. The head of Corporate Procurement keeps track of the number of Supplier Codes of Conduct that have been signed with the ultimate aim of increasing this number year on year. The policy is publicly available on our [website](#). In 2022, 84% of our suppliers (by spend) signed our Supplier Code of Conduct (paper technology platform only).

**2-Supplier performance evaluation & audit process.** At least once a year, we use our internally developed supplier performance evaluation system to assess our key suppliers' compliance with our standards. This self-analysis is carried out by employees from purchasing, quality management and logistics. The results are shared and discussed with the supplier.

Additionally, we conduct audits with selected suppliers. In a first step our suppliers complete a self-assessment survey that includes social and environmental criteria. Based on their

performance, they are assigned to one of three levels. In the second step, a team of delfort technicians, quality assurance agents and purchasers visit the supplier on site to ensure that the answers given in the self-assessment reflect the reality. In the case of non-conformities, suppliers are required to take corrective action. We monitor the progress of these actions before reassessing or re-auditing the supplier. In 2023, we initiated a process to develop a standardized, group-wide supplier performance evaluation process that will be conducted once a year and the resulting data analyzed. In the future, environmental and social performance will have a greater impact on a good performance rating.

In 2022, 86% of our suppliers (by spend) were qualified against our Supplier Performance Evaluation (paper technology platform only).

**3-Supplier risk analysis.** A systematic risk analysis process helps us ensure the availability of material, reduce possible dependencies and make objective purchasing decisions. In 2022, we carried out a systematic risk analysis project for 90% of our suppliers (by spend). As a result, we began to implement a strategy that included qualifying additional suppliers (multi-supplier approach), qualifying alternative products, and increasing safety stock levels. This process will be updated in 2024 to include financial and regional risks. If a supplier is found to have a significant potential negative environmental and social impact, we will terminate our relationship with the company (selective phase-out).

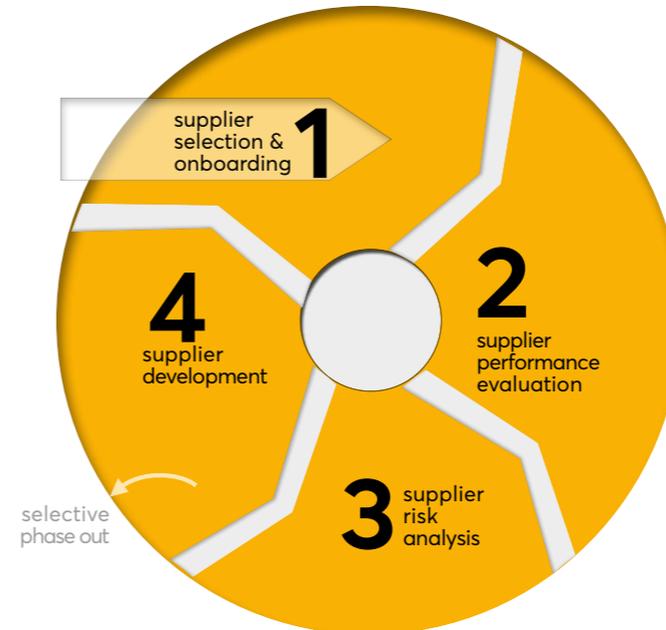


In 2022, 89% of our suppliers (by spend) were qualified against our Supplier Risk Analysis (paper technology platform only).

**4 - Supplier development.** Our lead buyers analyze the results of the questionnaires and audits according to a clearly defined standard process.

The supplier is provided with a copy of our evaluation and an action plan. If any sustainability deficiencies are identified, we engage with the supplier to understand the risk areas and work together to define actions for improvement.

Repeated failure to comply will result in the termination of the supplier relationship. We did not find any of our evaluated suppliers to have a significant actual or potential negative environmental or social impact in 2022. Due to our efforts in supplier relations, we did not need to agree on any improvements resulting from our evaluation or audits, nor did we have to terminate our relationship with any company during the reporting period.



→ responsible sourcing highlights

## economic performance

2023 was a year marked by a multitude of challenges and uncertainties. Having now entered its second year, the war in Ukraine threw its shadow over the entire global economy, and the reignition of the conflict in the Middle East brought additional uncertainty. Furthermore, high inflation has continued and contributed to a change in consumer behavior in virtually all areas in which delfort operates. However, our portfolio has enabled us to benefit from the situation in different business segments despite the challenges – thanks to the continuing trend that is driving forward product sustainability.

The financial stability of delfort is vital to our stakeholders. In particular, our suppliers, customers, employees and the wider communities in which we operate need to be confident that the company is financially secure and fit for the future.

We strive for balanced and profitable growth, operational excellence, product and service leadership, and an innovation-driven approach to ensure that we remain a reliable and long-term partner to our stakeholders.

To assess our performance, we have defined two key objectives – a solid equity structure with debt <2.5 times EBITDA, and continuous investment in assets, machinery, equipment and processes measured by CAPEX over 3 years in relation to depreciation being higher than 35%. Furthermore, we also report on various financial parameters in accordance with the GRI Standards 2021.

The previous year demonstrated that the market is sensitive to geopolitical uncertainties, which caused an increase in volatility. We adapted cautiously, taking into account the impact of high energy prices and rising inflation on personnel, raw materials and logistics costs. Although we faced challenges, we navigated through the turbulent year successfully, ensuring uninterrupted service for our customers. As a forward-thinking company, we also prioritized maintaining stability for our employees.

Our strong economic performance was a direct result of rigorous risk management, which enabled us to assess market conditions and adapt quickly. This approach resulted in a solid operating result.

With substantial financial reserves at our disposal, we are poised to make additional investments in our assets, machinery, research and development departments, and innovative solutions.

This strategic allocation of resources aligns with our commitment to achieving the goals outlined in our 2030 sustainability agenda.

### Net sales

Overall, the company is solidly positioned. We achieved a satisfactory sales revenue of 1.14bn euros in 2023, reflecting sufficient order volumes in all our businesses.

### Debt <2.5 times EBITDA

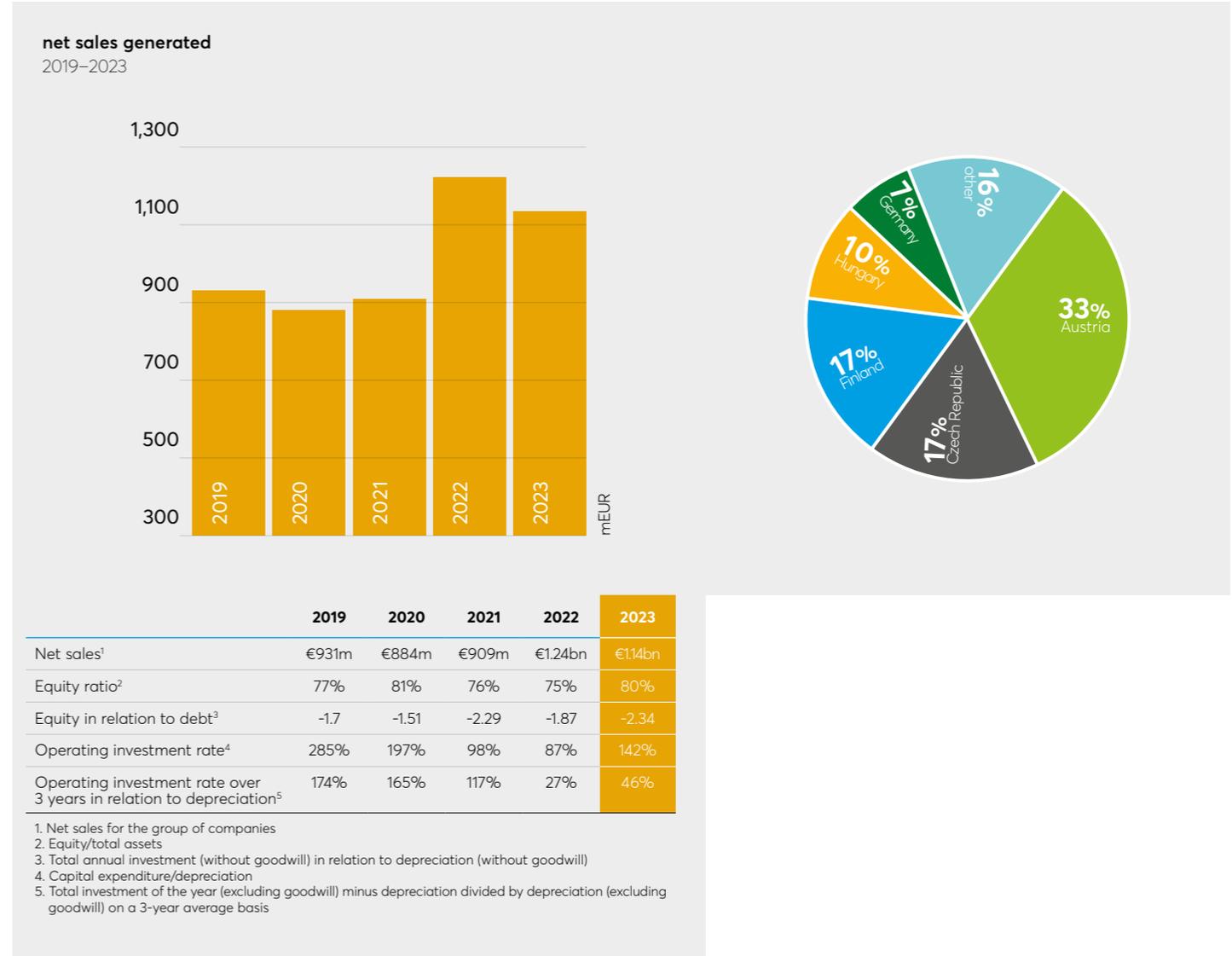
Our goal is a solid equity structure with debt <2.5 times EBITDA. In 2023, we again exceeded this target, as our balance sheet shows no net financial debt. Equity in relation to debt (total investments of the year without goodwill in relation to depreciation without goodwill) was -2.34. Our equity ratio remained strong at 80%.

### CAPEX investments

Our goal is a continuous investment in assets, machinery, equipment and processes measured by CAPEX over three years in relation to depreciation, at a rate greater than 35%. We have also exceeded this target, with a performance of 46% over the last three years.

### Operating costs

In 2023, operating costs (excluding HR and depreciation) were approximately 740m euros (2022: 929m euros). These costs include material expenses, energy and other received services, maintenance, administration and distribution expenses and other operating costs. Expenses for materials, energy and maintenance account for more than 80% of these operating costs.



	2019	2020	2021	2022	2023
Net sales <sup>1</sup>	€931m	€884m	€909m	€1.24bn	€1.14bn
Equity ratio <sup>2</sup>	77%	81%	76%	75%	80%
Equity in relation to debt <sup>3</sup>	-1.7	-1.51	-2.29	-1.87	-2.34
Operating investment rate <sup>4</sup>	285%	197%	98%	87%	142%
Operating investment rate over 3 years in relation to depreciation <sup>5</sup>	174%	165%	117%	27%	46%

1. Net sales for the group of companies  
 2. Equity/total assets  
 3. Total annual investment (without goodwill) in relation to depreciation (without goodwill)  
 4. Capital expenditure/depreciation  
 5. Total investment of the year (excluding goodwill) minus depreciation divided by depreciation (excluding goodwill) on a 3-year average basis

→ economic performance highlights

## Financial implications, risks & opportunities due to climate change

We continuously analyze our climate-related risks and opportunities as a basis for adapting to climate change. Climate change presents both risks and opportunities for delfort and our stakeholders. We conducted a comprehensive 360-degree analysis to identify potential disruption risks to our supply chain and our own operations. These risks could lead to increased costs, reduced profits, and limited growth. In the [risk management](#) section, a detailed and updated overview of identified risks and mitigation measures is available. We take a precautionary approach to protect our business and our business partners from potential threats.

Reducing global greenhouse gas emissions is critical to mitigating climate change. We are contributing by committing to a clear roadmap for decarbonization by 2050, which we are continuously updating. Since 2009, we have reported on our progress in our annual CSR report. Our roadmap is supported by a series of scenario calculations, concrete actions based on these calculations and long-term investment projects.

In the [energy & emissions section](#), we provide detailed information on the steps we plan to take and where we stand today.



At the same time, we offer specialty paper solutions to help customers transition to a circular economy. Please see our [product design section](#) for more information.

As part of our ongoing [materiality process](#), we are currently implementing a group-wide assessment process to identify all relevant climate-related risks and opportunities for the entire group and to evaluate the financial implications.

We expect to be able to report on this in much greater detail and provide data on KPIs, including financial impact in monetary terms, by the time the CSRD reporting requirement comes into force.

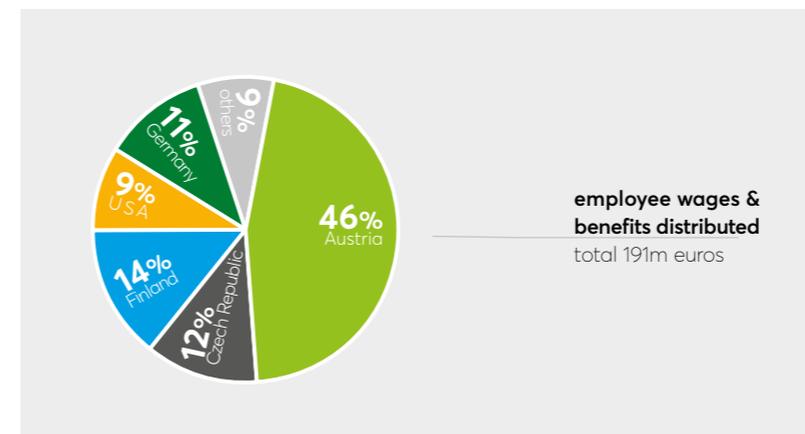
## Financial assistance received from government

In 2023, we received approximately 14m euros of financial assistance from governments. This mainly includes subsidies, investment grants, as well as research and development grants. The table below provides an overview of the government assistance and the related amounts per category of assistance on group-level.

	Subsidies	R&D & investment incentives	Others
in euros	12,241,371	1,746,665	322,232

## Employee wages & benefits

Total expenses for employee wages and defined benefit plans are approx. 191m euros (2022: 167m euros). Most of our retirement obligations are contribution-orientated (97.7%). In the majority of the countries in which we operate, there is a state retirement plan that is also funded through monthly social contributions. Benefit-oriented obligations only refer to former employees who are already retired.



## Payments

Payments are made to capital providers, governments and communities in the countries where we operate. As a family-owned company, we follow a prudent dividend policy. It is in the best interests of our shareholders to reinvest in the company so that it can continue to develop the next generation of sustainable products.

We are a significant employer and maintain strong local connections with surrounding communities. To support these connections, we provide funding on a voluntary basis. We support projects worldwide, carried out by local citizen associations, research institutes, universities and other organizations, including charitable projects. Our donations amount to up to 100,000 euros per year.

In 2023, we paid approximately 36 million euros in taxes to various governments. The majority of the tax payments were made in Austria (over 70%), followed by Vietnam (just under 7%), the USA (over 6%), and Germany (over 5%). Finland accounted for just over 3% of the tax payments listed above, while Hungary and Malaysia accounted for less than 3%.

## responsible pulp sourcing

Wood pulp is the main component of our products and offers a unique, sustainable alternative due to its renewable nature. We work with recognized and reputed certification bodies to provide assurance that our wood pulp is sourced responsibly and transparently.

It is our goal to purchase wood pulp exclusively from suppliers that are certified by leading international forest certification programs, such as FSC™ and PEFC. By 2030, we aim to purchase 100% certified pulp. In 2023, 100% of our wood-pulp was sourced from FSC™ and/or PEFC-certified suppliers, and 99% of the purchased wood pulp was FSC™ and/or PEFC certified (FSC-C109921; PEFC/06-33-163). The remaining 1% is supplied exclusively from controlled origins according to FSC™ and PEFC standards.



We are committed to zero deforestation and zero illegal logging by procuring fiber exclusively from responsibly managed sources. In order to minimize the impact of the raw materials we use, our strategy is focused on sustainable pulp.

### Chain of custody (COC)

Forest certification programs and Chain of Custody certification guarantee that our customers can rely on strict standards in forestry operation and along the supply chain. All our paper mills are certified FSC™ and PEFC Chain of Custody. All our converting facilities are certified PEFC Chain of Custody. These chain of custody certifications provide credible assurance that we only use pulp originating from sustainably managed forests at every stage of our product manufacturing process.

### FSC™ and PEFC banned countries

In case of significant conflicts or similar incidents, certification bodies ban wood and other wood products from certain regions. We have made an agreement with our suppliers to refrain from sourcing wood pulp and wood from countries that have been banned by FSC™ and PEFC.

### FSC™ core labor requirements

FSC™ has incorporated higher core labor standards into the requirements of its Chain of Custody certification: abolition of child labor, elimination of all forms of forced or compulsory labor, elimination of discrimination with respect to employment and occupation, upholding freedom of association, and the effective recognition of the right to collective bargaining. The full compliance with these FSC™ core labor requirements of our certified paper mills is additional proof of our already high human rights standards. Additionally, we worked on identifying evidence of implementation in self-assessments that are verified by auditors.

### Strict due diligence system

To maintain our high standards, we apply a strict due diligence system (DDS) for sourcing wood pulp. This is linked to our [supplier management framework](#). During the selection phase, we assess the pulp vendor to ensure that it is FSC™ and/or PEFC-certified, that the material complies with the EUDR, and that the species of wood used, as well as its origin, is traceable. We also conduct on-site visits of supplier operations. Intermediate risk assessments help to identify critical incidents related to suppliers, countries, wood or forests, as well as changes in certification schemes or in ownership of our pulp suppliers. In 2023, we updated the DDS procedure to comply with the latest requirements.

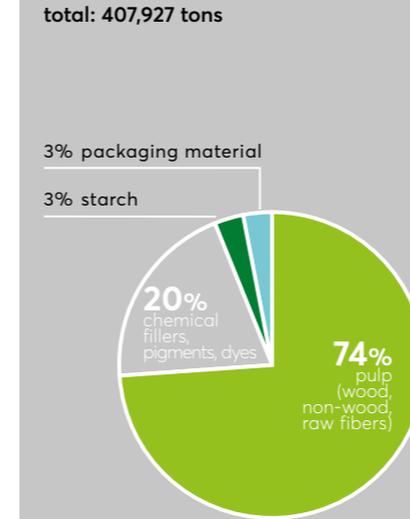
### Material used by type

Paper, as a highly renewable material, is underlined through its main natural raw material, namely pulp. Approximately 80% of delfort's paper raw materials and packaging is renewable. This includes pulp, starch, packaging and emballage paper, paper cores, end discs and pallets.

Non-renewable material includes chemicals, fillers and pigments, which are used in combination with other materials to manufacture high-performance specialty paper.

For the purpose of standardization, the quantity of material used is reported in tons. In the case of certain packaging material (plastic and paper cores, wood pallets, etc.), where the quantity used is recorded in units, we have converted the data into weight, based on an informed estimation.

Most of our products are approved for food contact or manufactured for hygiene applications and therefore are required to be produced using only virgin fibers. Please refer to the chapter [responsible product design](#) for more extensive information.



### EU Deforestation Regulation

For nearly a decade, the European Timber Regulation (EUTR) has been in force. In mid-2023, it was replaced with the EU Deforestation Regulation (EUDR) to ensure deforestation-free supply chains, to bring down greenhouse gas emissions resulting from deforestation and to assist in the fight against global biodiversity loss. In the run-up, we are working together with Preferred by Nature and are preparing ourselves optimally for the EUDR. We regularly assess the new regulation regarding its progress and prepare our processes for future compliance with all requirements.

### Partnering with Canopy

We committed ourselves to bringing forest conservation solutions to the mainstream and to demonstrating environmental and social leadership in the packaging paper industry. To achieve this, we avoid sourcing from the world's ancient and endangered forests, as well as from other controversial fiber sources, we strive to prevent pollution and to reduce our greenhouse gas footprint. Our partnership with Canopy means active cooperation, information exchange and direct contact in case of need. This provides interesting insights regarding solutions or approaches to solve or handle issues that involve our suppliers. Whenever a query arises, we get in touch with our suppliers to learn about the circumstances and possible solution scenarios. In 2023, 99.5% of our wood pulp suppliers (by spend) signed our Supplier

Code of Conduct, and we carried out a risk evaluation of all our pulp suppliers. More than 80% of our pulp suppliers (by spend) successfully passed our Supplier Performance Evaluation, and 96% of our pulp suppliers were assessed by a certified, independent CSR institution (such as EcoVadis).

The information provided in this chapter refers to our wood pulp sourcing. Please read also the chapter [responsible sourcing](#) for extensive information on our general procurement practices.

→ [pulp sourcing](#) highlights

## responsible product design

In our quest to minimize the need for non-renewable materials and support a circular economy, our scientists are developing something truly remarkable – ultra-lightweight papers that perform, are responsible and fit for purpose. At delfort, we strive to meet the growing expectations of different users and industries with the lightest papers possible, because lightweight paper means less raw materials and less weight. This highlights the benefits in terms of GHG savings in transport and reduced storage space requirements. In addition, our specialty papers are leading the way with outstanding key attributes such as renewability, recyclability and compostability.

To design products that consider material efficiency and circular design, we apply our framework of responsible product design (sustainability framework), which reflects all stages of the value chain. This includes examining the entire life cycle of our products, from the design of our specialty papers to efficient production and converting, as well as end use and disposal (see sustainability framework description on the right). Our aim is to ensure that 100% of our new product developments will meet at least one of our sustainability framework criteria by 2030. We are well on track to achieve our goal: In 2023, 80% of our new product developments fulfilled at least one of our sustainability framework criteria.

### Scaling up with R&D

Our customers can rely on skilled R&D teams, state-of-the-art R&D equipment and partnerships to drive sustainable and innovative specialty paper solutions.

We have R&D departments at each of our sites. Our fully equipped laboratories, rapid prototyping and pilot lines enable us to conduct fast and effective trials during test phases.

At our site in Wattens (Austria), we have a state-of-the-art R&D center for tobacco solutions.

At our site in Traun (Austria), we have partnered with R&D expert delsci to develop sustainable barrier papers for both food and non-food applications. A team of over 25 skilled experts develops high-performance paper with barriers against water, vapor, mineral oil, grease, oxygen and aroma, as well as functional sealing for flexible paper packaging. In 2023, delsci expanded its cutting-edge coating laboratory to include a comprehensive shelf-life testing facility. This expansion underscores our commitment to supporting our customers in their transition to barrier paper packaging. By enhancing our in-house packaging development and adding shelf-life testing, our customers receive comprehensive support throughout the development process, from concept to market-ready packaging.

## Our framework of responsible product design

### Responsible sourcing

All raw materials are sourced responsibly with fibers, chemicals and other raw materials being certified and/or approved by legislation. Furthermore, we only procure from suppliers that endorse our high standards of societal and environmental responsibility.

### Efficient production

During our manufacturing processes, we steadily optimize the use of resources, such as energy, heat, water and raw materials. We invest in energy conservation and renewable energy, which will result in reduced greenhouse gas emissions from our operations.

### Optimize processability

Our product design takes into consideration not only what happens within our factory gates, but also the processability and converting processes that come after. We have a thorough understanding of the ideal mixture of ingredients, paper production processes, coating and finishing. When everything is in perfect balance, the paper performs excellently, resulting in reduced use of resources, additional materials and colors or coatings at the converting facility.

### Designed for circularity

Our technology expertise enables us to create papers from renewable sources that perform excellently and are recyclable and/or compostable. This approach provides fiber-based alternatives with an optimized product lifespan.

In addition, we've built a strong network of external R&D partners, laboratories, universities and research facilities. This has helped us to scale innovation over the years. We also participate in various industry associations, multi-stakeholder organizations and non-profit initiatives to support our customers, retailers and brand owners in driving positive change (→ [Memberships associations](#)).

### Patents

In 2023, we filed 51 patent applications, increasing our total patent portfolio to 633 patents and patent applications, of which nearly 73% have been granted already. All patents granted and in force at the end of the reporting period amounted to 335.

### Legislation & regulatory

Countries around the world are setting climate targets and implementing programs to advance the circular economy. The result is evolving legislation and regulatory frameworks. The challenge is a lack of harmonization across countries and regions, as well as constantly evolving modulations. In addition, several of our product solutions, such as those for the food and

tobacco industries, are subject to extensive and strict regulations regarding food contact, consumer health and safety. At delfort, a team of regulatory experts monitors the rapidly changing environment, anticipates changes, and communicates regularly with product management to ensure that our solutions are in strict compliance with regulations and applicable laws.

Our sites are certified according to international standards such as ISO. Our products comply with regulations from the German Advisory Body BfR (Bundesinstitut für Risikobewertung), FDA (U.S. Food and Drug Administration) and the EU TPD (European Union Tobacco Products Directive) regulations where applicable. Additionally, our products undergo assessment by independent testing institutes for recyclability, compostability, food safety and more (→ [Certifications](#)).



### PFAS-free food packaging

As a leading manufacturer of specialty papers, we have taken on the challenge of developing and producing sustainable packaging papers that are free of engineered perfluorinated and polyfluorinated chemicals (PFAS/PFC). In recent years, we have established our own and independent research facilities to promote the research and development of PFAS alternatives. In addition, we have initiated several collaborations with universities and many with customers. Our R&D investments have enabled us to offer PFAS-free papers on an industrial scale that are perfect for food wrapping and packaging.

→ **product design** highlights

## energy & emissions

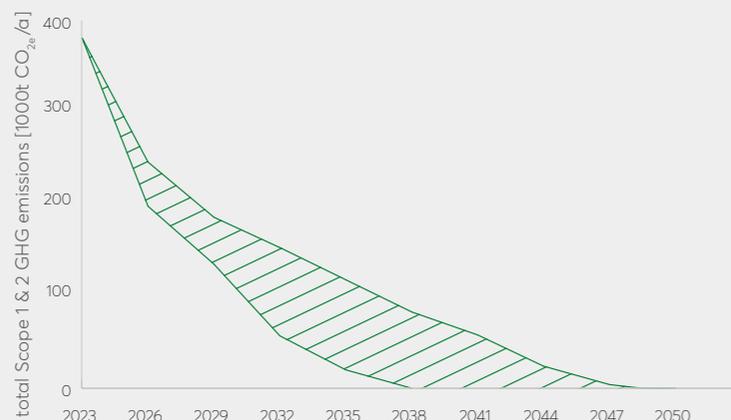
We prioritize energy transition, innovation and circularity to lead a significant shift within our industry. Our primary objective is to contribute to solving the challenges at hand by setting clear decarbonization goals.

### Our roadmap to net zero

Our goal is to create and implement a comprehensive decarbonization roadmap that not only aligns with our customers' sustainability requirements, but also remains economically tenable. To accomplish this goal, we must consider various dynamic factors that may arise in the future and affect our decarbonization strategy. These factors include changes in our product portfolio based on customer needs, the security of energy and water supply, geopolitical uncertainties, regulatory demands, advances in product and technology and the effects of climate change, among others.

To prepare for an uncertain future, we use scenario planning to analyze various potential outcomes and to adapt quickly to changing circumstances and customer needs. Our decarbonization corridor for Scope 1 and 2 – delfort's climate care program – has been agreed with all decision makers (managers with relevant functions on all operational sites), including the board of directors, the program's sponsors and promoters.

**decarbonization corridor**  
for Scope 1 and 2



We have created a decarbonization corridor that extends from a commitment already surpassing the linear minimum reduction goals outlined in the SBTi Net-Zero Standard by 2048 to even more rapid decarbonization possibilities. This acceleration can be achieved through collaborative efforts with our customers, fostering a joint approach.

Our goal is to decrease our greenhouse gas emissions and global environmental impact through genuine innovations in products, technology and processes. The time line and path to our net zero goal will depend on the progress of these innovations and our careful evaluation of economic and environmental factors.

To achieve a balance between economic and environmental factors for our customers and stakeholders, we have developed a catalog that includes various measures such as emission reductions, investment costs and operational costs. These plans consider the potential for changes in our product portfolio, the adoption of new technologies, and the necessity to remain competitive in a dynamic market.

We will continue to seek new opportunities for development while maintaining our adaptability to respond effectively to future changes and challenges. Our primary focus is to serve our customers and stakeholders to the best of our ability.

Setting the pace: Our commitment surpasses the minimum reduction goals outlined in the SBTi Net-Zero Standard.

### SBTi Net-Zero Standard

We are committed to setting company-wide greenhouse gas (GHG) emission reduction targets in line with the Science Based Target initiative (SBTi) Net-Zero Standard. We aim to achieve at least a 50% reduction in emissions by 2030 and attain net zero emissions by 2050.

Our latest scenario exceeds the minimum requirements set by the Science Based Targets initiative (SBTi). Our targets will include all Scope 1, 2 and 3 GHG emissions. We signed our commitment at the beginning of 2023 and started analyzing our existing options. Based on the results of this analysis, we have defined our short- and long-term net zero targets for Scope 1 and 2 and will submit these, along with our Scope 3 reduction targets, to SBTi no later than the end of this year.

### CDP

We have been recognized by the global environmental non-profit organization CDP in all three categories with the very good rating of B/B- for our management in corporate transparency and environmental performance.

We received a B rating in forests, and a B- rating in climate change and water security. CDP evaluates companies on a scale from A to D based on the comprehensiveness of disclosure, awareness and management of environmental risks.

The ratings demonstrate our commitment to environmental responsibility and sustainability. The results indicate a significant level of transparency, and that we actively manage all three areas.

### Plan, do, check, act

To ensure continuous improvement, we break down long-term goal-setting into site-specific objectives on an annual basis. Subsequently, each site develops and implements an action plan for environmental projects.

We conduct ongoing monitoring of heat, water and electricity figures, as well as related GHG emission reduction progress, through monthly reviews by the Corporate Manufacturing and Technical Affairs (CMTA) team and quarterly steering meetings with managing directors. During quarterly management result reviews with the board of directors, managing directors report on progress and discuss any deviations, initiating countermeasures as needed. In addition, the corporate energy manager, energy experts from all sites, and the energy lead buyer meet once a month to discuss actual energy consumption, share best practices, and enforce efficiency measures and cost reductions organization-wide.

This approach allows us to identify and effectively address current and potential negative impacts, as well as opportunities.

### Managing our decarbonization roadmap (Scope 1 and 2)

Our roadmap has three priorities of action:

#### Energy saving initiatives



- Real-time monitoring to measure, control and optimize the consumption of heat, pressurized air, electricity and water
- Using Best Available Technologies (BAT)
- Deriving ideas for efficiency projects by best practice sharing throughout the group and external technology scouting.

#### Efficient energy generation on-site

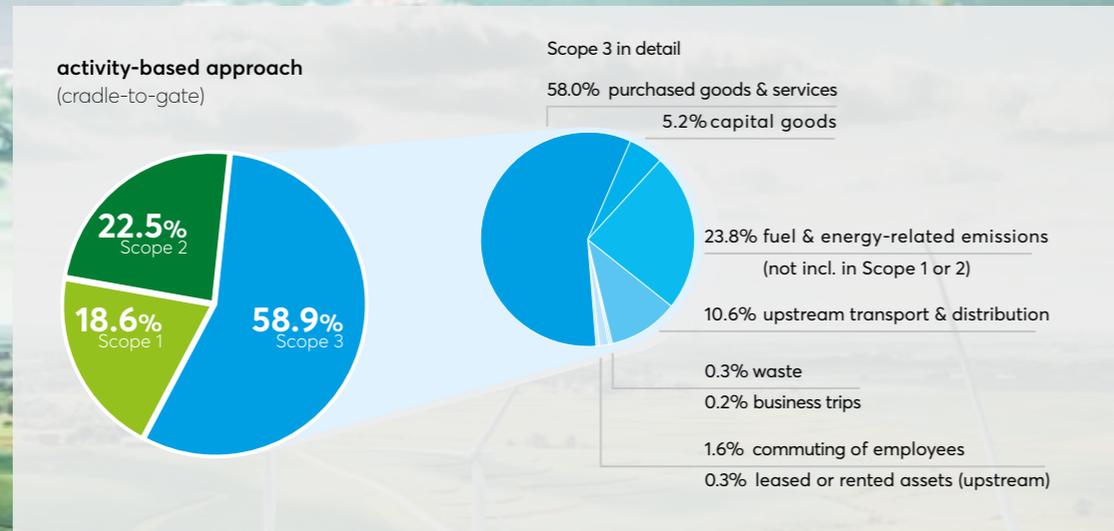


- Decarbonization of our own energy generation by the installation of hybrid and multi-fuel boilers
- Improvements in heat & power systems including the potential use of hydrogen in the long term
- Continuous analysis of possibilities for investments in renewable electric and heat energy generation facilities on-site (e.g. PV plants, hydropower, etc.)

#### Secure energy supply & enforce green transition



- Purchasing carbon-neutral/renewable electricity
- Striving for long-term partnerships and contracts with electricity suppliers (PPA)



## Corporate and Product Carbon Footprint (CCF, PCF)

In our last CSR report, we disclosed, for the first time, Scope 1 and 2 GHG emissions categorized under the distinct technology platforms (paper production and printing), alongside one consolidated figure for the entire organization. This serves as the baseline for our decarbonization strategy. In addition, we started with the calculation of our Scope 3 emissions.

In a first step, to understand our impact in terms of Scope 3 emissions, we conducted a materiality analysis for all 15 Scope 3 categories with a reputable external consultant using a spend-based approach. This analysis shows the Scope 3 categories that contribute the most to our GHG inventory: purchased goods and services, upstream transportation and distribution, as well as fuel and energy-related emissions. This indicates the materiality of the different Scope 3 categories, but does not provide a complete picture of the Scope 3 GHG emissions of our business areas.

Therefore, we collected the activity data for purchased goods throughout the group in their original units (kg or pieces of material), as well as the necessary conversion factors from our suppliers to convert the data to the target unit (activity-based approach).

We continued to engage our suppliers to provide GHG footprint data to improve the data quality and accuracy of our Scope 3 emissions figures, and to decrease the proportion of secondary data (which is obtained from databases such as Ecoinvent or other reliable sources) for our calculations. In the second quarter of 2024, we will validate the calculation of all Scope 3 categories for 2023 using a mixed approach of activity-based and spend-based data (see graph on the left). The planned validation and certification of the calculation model ensures the correctness of our base year emissions



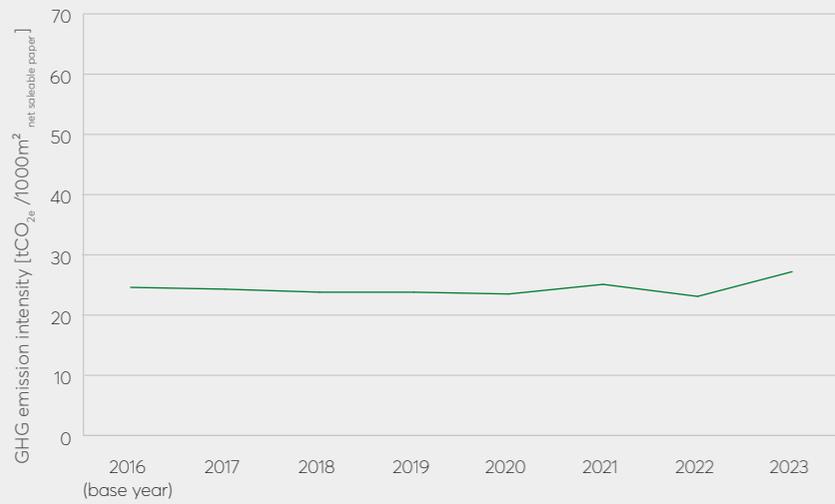
and serves as the basis for automatic calculations in the future.

Our next step is to support our customers with the Product Carbon Footprint declaration for our products. For the activity-based and certified Corporate Carbon Footprint of all scopes (especially Scope 3, including its decarbonization roadmap), we expect to report detailed figures (together with the SBTi targets that will include Scope 3) in the next CSR report.

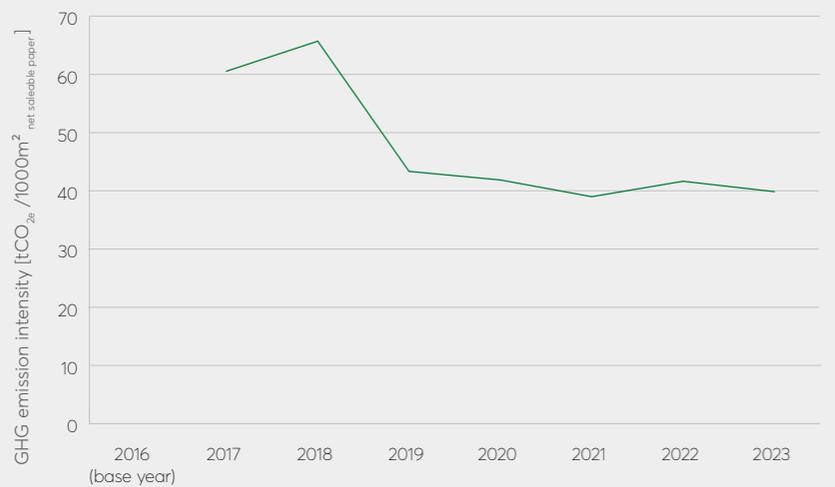
## Carbon pricing

To better plan our low-carbon investments across the group, we apply an internal shadow carbon price that is aligned to the price of allowances in an emissions trading scheme. This approach assists in identifying and seizing low-carbon opportunities and in anticipating stakeholder expectations. The shadow price is used in various decision-making processes, including capital expenditure, operations, risk management, opportunity management and long-term strategy. It also enables us to prepare for potential future carbon taxes in the different countries we operate. All energy investments and efficiency projects are evaluated based on their potential for energy savings, reduction of CO<sub>2</sub> emissions, water conservation and reduction of fiber loss.

specific GHG emissions Scope 1 & 2 – paper technology platform



specific GHG emissions Scope 1 & 2 – printing technology platform



### Priorities 2023

In 2023, we continued to advance our climate care program and associated net zero goal. Many of our CAPEX investments include energy efficiency projects directly linked to GHG emission savings. Most of these are long-term projects, and in 2023 we began planning for them primarily as follows:

- Convening a global meeting of energy experts and operations managers from each site to develop detailed measures for energy conservation and decarbonization
- Using big data software in our European mills to measure the consumption of heat, electricity, pressurized air and water in real-time directly at the machine
- Minimizing consumption during standstill periods
- Installation of decarbonization measures for one delfort site (accounts for approx. 20% of group-wide Scope 1 and 2 emissions compared to our new SBTi baseline year 2023) to enable its decarbonization for Scope 1 and 2 emissions by 2026
- Preparing boiler houses for burning alternative and biological fuel sources at three paper mills
- Planning of a hybrid boiler house for one paper mill
- Planning of PV plants for several paper mills and printing sites
- Negotiating and contracting Power Purchase Agreements (PPA)

### Energy consumption

In 2019, we set a goal to achieve by 2030: to improve our energy efficiency by more than 15% per 1,000m<sup>2</sup> of net saleable paper against baseline 2016 for the paper technology platform. We break down our reporting into the thermal energy and electricity consumption of our paper mills.

In 2023, we achieved a 7.2% reduction in thermal energy consumption per 1,000m<sup>2</sup> of net saleable paper compared to our 2016 baseline. The electricity consumption figures for the paper mills indicate a 15% increase per 1,000m<sup>2</sup> of net saleable paper compared to the 2016 baseline.

The increase in specific values can be attributed to a reduction in paper production, resulting in a lower output of -13.4% compared to the previous year. During non-production periods, we allocated time to maintenance and cleaning tasks, which required the use of energy and water resources. In 2023, we analyzed downtime to identify measures for minimizing water, electricity, compressed air and heat usage during periods of interruptions. In addition, we diversified our portfolio mix by conducting paper trials during downtimes, which do not result in saleable paper. The initiation of machine rebuilds and modernizations also contributed to higher energy consumption during the start-up phase.

### GHG Emissions

We report the absolute and specific GHG emissions for Scope 1 and 2 separately for the paper and printing technology platforms, as well as the total emissions for the entire delfort organization. We report separately because the two technology platforms are based on different production processes and have different end products. This approach provides a deeper level of insight than just a combined number for the entire organization.

Back in 2019, we set ourselves a target to achieve by 2030: to reduce our GHG emissions by more than 20% per 1,000m<sup>2</sup> of net saleable paper against baseline 2016 for the paper technology platform. Historically, 2016 was a successful year with very low specific consumption, and we wanted to set ambitious targets. However, this target is only the first step of our journey, as we plan to replace it once we have calculated and verified our SBTi targets.

In 2023, the absolute GHG emissions and GHG emission intensity for the paper technology platform increased compared to our 2016 baseline due to various reasons. In the past, one of our facilities sourced carbon-neutral steam from an external organization. This energy source became unavailable in 2023, resulting in increased emissions. Additionally, at another site, there was a change in the supplier mix for the available energy source. In 2023, economic challenges led to reduced production at most of our paper and printing sites. Standstills and smaller order volumes per contract caused a relatively high number of necessary grade changes. As a consequence, more cleaning was required, particularly at the paper machines, leading to increased water and energy consumption and higher GHG emissions.

The proportion of CO<sub>2</sub>-free purchased electricity in 2023 was 38%. Our on-site renewable electricity generation amounted to 7%.

### Air emissions

We only disclose information about the quantity and specific release of NO<sub>x</sub> emissions into the environment. Data on other air emissions is not significant. At present, NO<sub>x</sub> emissions data is only available for the paper technology platform. Printing technology platform figures are not yet included in our reporting system. In 2023, we achieved a -4.7% reduction of NO<sub>x</sub> emissions per 1,000m<sup>2</sup> of net saleable paper compared to our 2016 baseline. This downward trend reflects the continuous efficiency improvements within the group and use of the Best Available Technologies for energy generation on-site.



→ energy & emissions highlights

Paper technology platform	2016 (base year)	2020	2021	2022	2023
<b>Energy consumption</b>					
total purchased electricity [MWh] <sup>1</sup>	411,100	424,900	498,100	516,400	468,200
proportion of CO <sub>2</sub> -free purchased electricity (gross market-based) [%] <sup>2</sup>	80%	58%	62%	48%	38%
<b>GHG emissions [tCO<sub>2e</sub>]</b>					
gross direct (Scope 1) <sup>3</sup>	165,680	147,831	163,952	157,725	148,920
gross location-based energy indirect (Scope 2) <sup>4</sup>	100,784	97,312	110,100	116,335	131,228
gross market-based energy indirect (Scope 2) <sup>5</sup>	55,458	95,460	108,770	165,764	196,848
sum of direct and location-based indirect (Scope 1 & 2) <sup>6</sup>	266,464	245,143	274,052	274,060	280,148
sum of direct and market-based indirect (Scope 1 & 2) <sup>6</sup>	221,139	243,291	272,723	323,489	345,769
<b>GHG emission intensity [kg CO<sub>2e</sub>/1,000m<sup>2</sup><sub>net saleable paper</sub>]<sup>7</sup></b>					
ratio (gross location-based) <sup>8</sup>	24.57	23.54	25.05	23.08	27.23
ratio (gross market-based) <sup>8</sup>	20.25	23.36	24.93	27.36	33.78
net saleable paper [km <sup>2</sup> ]	10,499	10,066	10,637	11,564	10,017
<b>Nitrogen oxides<sup>9</sup></b>					
NO <sub>x</sub> [kg]	103,100	83,900	100,600	90,800	94,400
NO <sub>x</sub> emission intensity [kg NO <sub>x</sub> /1,000m <sup>2</sup> <sub>net saleable paper</sub> ]	0.0093	0.0078	0.0090	0.0075	0.0089

Printing technology platform	2017 <sup>7</sup>	2020	2021	2022	2023
<b>Energy consumption</b>					
total purchased electricity [MWh] <sup>1</sup>	16,600	32,200	31,800	32,300	28,900
proportion of CO <sub>2</sub> -free purchased electricity (gross market-based) [%] <sup>2</sup>	35%	43%	43%	42%	46%
<b>GHG emissions [tCO<sub>2e</sub>]</b>					
gross direct (Scope 1) <sup>3</sup>	8,634	27,268	25,600	26,137	23,967
gross indirect location-based energy (Scope 2) <sup>4</sup>	7,571	13,115	12,230	13,253	11,848
gross indirect market-based energy (Scope 2) <sup>5</sup>	7,571	13,115	12,230	13,253	11,283
sum of direct and indirect location-based energy (Scope 1 & 2) <sup>6</sup>	16,205	40,383	37,830	39,390	35,815
sum of direct and indirect market-based energy (Scope 1 & 2) <sup>6</sup>	16,205	40,383	37,830	39,390	35,250
<b>GHG emission intensity [kg CO<sub>2e</sub>/1,000m<sup>2</sup><sub>saleable</sub>]<sup>7</sup></b>					
ratio (gross location-based) <sup>8</sup>	60.54	41.86	38.99	41.64	40.49
ratio (gross market-based) <sup>8</sup>	60.54	41.86	38.99	41.64	39.85
net saleable paper [km <sup>2</sup> ]	268	965	970	946	885

Whole organization	2016 (base year)	2020	2021	2022	2023
<b>Energy consumption</b>					
total purchased electricity [MWh] <sup>1</sup>	411,100	457,100	529,800	548,700	497,100
proportion of CO <sub>2</sub> -free purchased electricity (gross market-based) [%] <sup>2</sup>	80%	57%	61%	47%	38%
<b>GHG emissions [tCO<sub>2e</sub>]</b>					
gross direct (Scope 1) <sup>3</sup>	165,680	175,100	189,552	183,862	172,888
gross indirect location-based energy (Scope 2) <sup>4</sup>	100,784	110,426	122,330	129,589	143,076
gross indirect market-based energy (Scope 2) <sup>5</sup>	55,458	108,574	121,001	179,017	208,131
sum of direct and indirect location-based energy (Scope 1 & 2) <sup>6</sup>	266,464	285,526	311,883	313,450	315,963
sum of direct and indirect market-based energy (Scope 1 & 2) <sup>6</sup>	221,139	283,674	310,553	362,878	381,019

#### Footnotes for all tables

The tables show KPIs separately for the paper technology platform (incl. feurstein and wattenspapier in Austria, dunafin in Hungary, op papírna in Czech Republic, tervakoski in Finland, wattens vietnam) and printing technology platform (incl. mundet in Mexico, Tennessee and Roslyn, benkert in Germany, Malaysia and China, flexprint in Bulgaria) and as the sum of both technology platforms on the report for the whole delfort organization. The figures include data from all the mundet locations as from 2017, all the benkert sites are included from 2019 and flexprint has been part of our printing technology platform since 2020. For this reason, figures for 2016 are not reported for our printing technology platform.

<sup>1</sup> Total purchased electricity across the whole organization includes all externally supplied electricity (including power used for the small pulping operations at op papírna) minus electricity sold to the grid.

<sup>2</sup> CO<sub>2</sub>-free purchased electricity (gross market-based) is based on the purchased electricity mix according to the proof of origin of electricity suppliers, if available. Otherwise, the electricity generation of the respective country according to IEA is used.

<sup>3</sup> Scope 1 emissions include emissions from stationary combustion and partly from process & fugitive emissions (e.g. solvents) and are reported in metric tons of CO<sub>2</sub> equivalents (this includes CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub> according to emission factors based on law and supplier data, if applicable, and take account of a global warming potential rate over 100 years). The emissions from mobile combustion and process & fugitive emissions (e.g. refrigerants, wastewater treatment) are not included. Scope 1 emissions exclude biogenic GHG emissions as they are not applicable for either the paper or printing technology platform.

<sup>4</sup> The location-based Scope 2 emissions include emissions from purchased & on-site generated electricity and steam. Site-specific emission factors based on the IEA emissions data base of the respective country are used for calculation and include all gases according to the IEA standard (<https://www.iea.org/>).

<sup>5</sup> The market-based Scope 2 emissions include emissions from purchased & on-site generated electricity and steam. The market-based approach uses the emission factors according to the proof of origin of electricity suppliers, if available, which includes all gases. Otherwise, the calculation is made using site-specific emission factors based on the IEA emissions database of the respective country and includes all gases according to the IEA standard.

<sup>6</sup> Calculation of the Scope 1 and Scope 2 emissions is based on a consolidation approach (operational control) and uses activity data from paper and printing sites which are collected with the monthly energy reporting. Therefore, direct measurements of fuel and energy consumption onsite are used and energy mass balances are applied to approve and check these figures. For calculation of the GHG emissions the activity data are multiplied by the emission factors.

<sup>7</sup> The 2030 goals for GHG emission intensity relate to the GHG emission intensity ratio for the paper technology platform (gross market-based), due to the fact that the printing technology platform joined delfort after 2016 and the printing and paper technology platforms have different manufacturing processes.

<sup>8</sup> GHG emission intensity is the sum of Scope 1 and Scope 2 emissions (separated into gross location-based and gross market-based) and includes all gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>.

<sup>9</sup> The NO<sub>x</sub> emissions are based on activity data measured on a monthly basis onsite. The NO<sub>x</sub> emissions are only available for the paper technology platform, as figures for the printing sites are currently not included in the reporting system. However, we are currently working intensively on establishing a groupwide reporting system to enable these figures to be reported for the printing sites.

## saving water

At delfort, we are committed to using water efficiently and responsibly. Our goal for 2030 is to reduce our freshwater withdrawal by over 20% per 1,000 m<sup>2</sup> of net salable paper compared to our 2016 baseline. To achieve this goal, we have developed a water stewardship strategy that focuses on closing cycles through water recycling and reuse, minimizing environmental impact through continuous water-saving measures and improving wastewater treatment. We apply a systematic approach to risk assessment, risk management, as well as monitoring and improving our water withdrawal, consumption and discharge.

We use water in various applications such as process water, cooling water and feedwater for boiler houses. While water is essential for the paper production, it is only used for cooling purposes and personal hygiene in the converting operations. The production of high-quality specialty paper requires pure water, resulting in biological and physical limitations for the closure of water circles in the mills. Depending on the mix and applications, water consumption for specialty papers is commonly higher than in the production of commodity paper grades.

Our continuous investments into efficiency improvements, smart water technology and process optimizations will support us to further reduce our water withdrawal.

### Water withdrawal

We apply the WRI Aqueduct Water Risk Framework to determine water risk at each of our production sites. Few of our sites – located in catchments of potential water stress – have been subject to more detailed site-specific risk assessments which revealed only low or medium water risks. For that reason, we do not report water withdrawal from and discharge to water stress areas. In addition to further investigating the risks, we are developing appropriate contingency plans to mitigate any possible environmental, operational or strategic challenges.

To manage our water withdrawal, consumption and discharge, we apply a systematic approach of data monitoring and control. We use big data software in our European mills to measure water withdrawal and consumption in real-time on our machines, and to detect deviations from the expected targets online. This software-driven approach helps us to understand the parameters that affect our water withdrawal and consumption during production. Since tracking occurs in real-time, we can immediately counteract any deviations from previously defined limits. It also allows us to enhance the settings by identifying the golden runs that use the fewest resources without compromising the quality of our products.

We withdraw water from the surface (55%) or from groundwater (41%), via our own wells. A minor volume (4%) is supplied by a third party. In comparison to papermaking, the water consumption for the converting operations is minimal, and only water supplied by the municipal network is used.

In 2022, additional wells were drilled at one of our sites to reduce surface water withdrawal. Further well drills are planned at this site for 2024. One advantage of using well water is that it is typically cooler than surface water, resulting in a higher cooling capacity with less freshwater withdrawal. This, in turn, reduces the electricity consumption of the pumps. At one site, we performed a very detailed analysis of the water circuits and adjusted the settings of the controls to reduce the overflow of warm water into the drain and thus the withdrawal of freshwater. In addition to water savings, this results in lower energy consumption and higher process water temperatures.

In 2023, the specific water withdrawal per 1,000 m<sup>2</sup> of net saleable paper reported by the paper technology platform increased by 1.2% compared to our 2016 the baseline. Compared to 2022, the specific value increased by 2.6%.

There are two main reasons for the increase in absolute and specific water consumption volumes: We carried out two major rebuilds of paper machines; the testing phases of new paper grades require higher water consumption per unit of production. In 2022, we improved compared to the high levels in 2020 and 2021. However, the actual consumption value has not fully recovered yet.

In 2023, economic challenges caused reduced production at most of our paper and printing sites. In addition to standstills, smaller order volumes per contract resulted in a relatively high number of necessary grade changes on our paper machines. Therefore, more cleaning was necessary, which also led to increased water and energy consumption.

### Water consumption

Water for specialty paper production is mainly used for two purposes – processing our raw materials and cooling. Our water consumption mainly corresponds to the volume of water that evaporates in the drying section of our paper production. We keep cooling water in separate water circuits to reduce freshwater withdrawal. The heat from cooling water is recovered for internal processes, and the water is returned unchanged to the environment.

The water content of the products that leave our mills varies according to the equilibrium state of external conditions but is between five to seven percent. The difference between water withdrawal and water discharge also depends on the variability of incoming products and their water content.

### Water discharge

Sustainable specialty paper production is subject to strict criteria, above all regarding wastewater and water treatment. National or regional legislation, as well as industry standards and certification systems (such as ISO 14001, IPPC Integrated Pollution Prevention and Control) identify particularly problematic substances and provide guidelines on how to reduce emissions and avoid harmful effects on water. We manage water quality by employing state-of-the-art water treatment technologies in line with national laws and requirements.

Wastewater that is purified before discharge is primarily generated from stock cleaning after machine downtime (standstill) or grade changes, process water and white water from wire and felt cleaning.

We have on-site tertiary wastewater treatment plants at four out of six paper mills and one primary treatment plant, all of which adhere to the highest environmental standards.

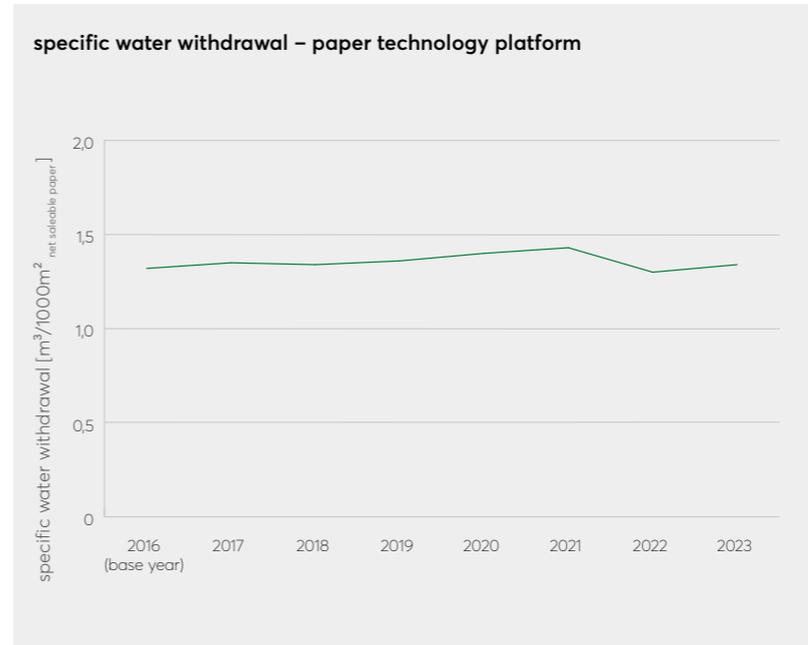
At the primary effluent treatment plant, we treat discharges and monitor their water quality before sending the preliminarily treated wastewater to a local water treatment plant under municipal discharge permits. Primary treatment involves pH adjustments, flocculation, sedimentation and filtration of water.

Final wastewater treatment for one paper mill is contracted out to third parties.

The tertiary effluent treatment plants remove impurities, such as nitrogen and phosphorus, as well as other dissolved inorganic substances, through coagulation, sedimentation, activated carbon adsorption and ion exchange methods. This process allows the water to be safely released back into the environment.

The wastewater from our converting sites is discharged to municipal wastewater treatment plants. As no process water is required at these sites, the wastewater does not require any special treatment before it is discharged to a municipal wastewater treatment plant.

Most of the discharged water is released as freshwater to the surface (e.g. rivers). 14% of our water withdrawal requires no treatment and can be directly released back into the environment. 68% is treated on-site in our



→ saving water highlights

<b>Whole organization Water withdrawal &amp; discharge [m³]<sup>1</sup></b>	<b>2016</b> (base year)	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Water withdrawal by source<sup>2</sup></b>	<b>12,189,747</b>	<b>12,420,401</b>	<b>13,509,189</b>	<b>14,013,422</b>	<b>12,918,242</b>
surface water (total)	7,263,519	7,478,395	8,230,674	8,375,305	7,444,569
groundwater (total)	4,926,228	4,942,006	5,278,515	5,638,117	5,473,673
seawater (total)	0	0	0	0	0
produced water (total)	0	0	0	0	0
<b>Total third-party water withdrawal by withdrawal source<sup>2</sup></b>	<b>1,699,228</b>	<b>1,753,183</b>	<b>1,780,183</b>	<b>1,154,177</b>	<b>574,773</b>
surface water	1,460,874	1,537,747	1,571,310	925,874	366,220
groundwater	238,354	159,663	152,656	148,304	126,695
seawater	0	0	0	0	0
produced water <sup>3</sup>	0	55,773	56,218	79,999	81,859
<b>Total water withdrawal incl. surface water, groundwater, seawater, produced water, third-party water (total)</b>	<b>13,888,975</b>	<b>14,173,584</b>	<b>15,289,372</b>	<b>15,167,599</b>	<b>13,493,016</b>
specific water withdrawal - paper technology platform [per 1,000m <sup>2</sup> <sub>net saleable paper</sub> ] <sup>4</sup>	1.32	1.40	1.43	1.30	1.34
net saleable paper – paper technology platform [km <sup>2</sup> ]	10,499	10,066	10,637	11,564	10,017
<b>Water discharge by destination</b>					
surface water	11,330,940	11,535,340	11,857,093	11,693,988	10,704,938
groundwater	0	0	0	0	0
seawater	0	0	0	0	0
third-party water (total)	1,929,906	2,336,185	2,479,827	2,263,803	2,342,908
third-party water sent for use to other organizations	1,929,906	2,336,185	2,479,827	2,263,803	2,342,908
<b>Total water discharge surface water, groundwater, seawater, third-party water (total)</b>	<b>13,260,846</b>	<b>13,871,525</b>	<b>14,336,920</b>	<b>13,957,790</b>	<b>13,047,846</b>
<b>Water discharge by freshwater &amp; other water</b>	<b>13,260,846</b>	<b>13,875,615</b>	<b>14,340,104</b>	<b>13,960,896</b>	<b>13,051,104</b>
freshwater (≤1,000 mg/L Total Dissolved Solids)	11,330,940	11,539,430	11,860,277	11,697,094	10,708,195
other water (>1,000 mg/L Total Dissolved Solids)	1,929,906	2,336,185	2,479,827	2,263,801	2,342,908
<b>Water discharge by level of treatment</b>	<b>13,260,846</b>	<b>13,875,615</b>	<b>14,340,104</b>	<b>13,960,896</b>	<b>13,051,104</b>
no treatment	2,403,654	2,102,761	2,087,308	2,217,464	1,791,073
water treatment on-site & released into the receiving waterbody	8,927,286	9,432,579	9,772,969	9,479,631	8,917,122
water treatment on-site & sent to municipal wastewater treatment plants	1,929,906	2,030,259	2,479,827	2,263,801	2,342,908
<b>Emissions in discharged water after wastewater treatment plant<sup>5</sup></b>					
COD [kg]	440,352	484,783	543,001	550,219	442,975
BOD [kg]	62,204	86,179	101,724	111,667	82,464
AOX [kg]	667	2,539	2,205	1,183	1,163
<b>Total water consumption<sup>6</sup></b>	<b>778,910</b>	<b>803,989</b>	<b>843,152</b>	<b>877,017</b>	<b>740,192</b>

#### Footnotes

All figures are reported in m<sup>3</sup>.

<sup>1</sup> According to GRI, reporting of water withdrawal and discharge for water stress areas is not applicable as our WRI aqueduct-water-risk-framework shows no or low to medium water risks. Water withdrawal and discharge are calculated using operating data that is measured on a monthly basis and reported on a corporate level. Due to technical issues with water measurement devices, the 2022 values for one site had to be estimated using a three-year average. These issues were resolved in 2023.

<sup>2</sup> The paper technology platform only withdraws freshwater (≤1,000 mg/l total dissolved solids).

<sup>3</sup> Produced water from the printing technology platform mainly consists of drinking water and process water for cooling purposes.

<sup>4</sup> The method of calculating water withdrawal for the paper technology platform follows GRI guidelines. This means that water withdrawal includes pulp consumption and unpolluted discharged water that requires no treatment.

<sup>5</sup> All water discharged from our paper mills needs to comply with statutory emission limits with regard to the standard effluent parameters. delfort monitors water quality data for all discharges from effluent facilities that the group operates. This ensures that the discharges of each mill are safely within regulatory limits. Some mills, however, have contractual agreements with third party facilities that treat the effluent before it is released back into the environment. At present, delfort does not have access to data on the quality of discharge for these third parties. These third-party facilities, however, are also legally bound to comply with the same emission limits and strict water quality parameters that delfort has to respect in the facilities it manages.

<sup>6</sup> Water consumption corresponds to the volume of water that evaporates during paper production, especially during drying. The water content of the products that leave our mills varies according to the equilibrium state of external conditions but is between five to seven percent. The variation between water withdrawal and water discharge figures can also be explained by the variability in the water content of incoming products, as well as inaccuracies in the measurement of water withdrawal and water discharge.



wastewater treatment plants, while the remaining 18% is sent to municipal wastewater treatment plants.

We regularly monitor wastewater quality parameters based on water mass balances available at each site. Key parameters, such as pH value and temperature, are continuously measured. Automatic water sampling ensures daily analyses of parameters such as chemical oxygen demand (COD), solid content and 5-day biological oxygen demand (BOD).

We adopt a precautionary approach and prepare for potential incidents through emergency plans that are easily accessible to all employees. These comprise precise procedures in the event of water contamination and corresponding instructions for action. Additional buffer tanks or ponds protect against the discharge of wastewater into the sewer system or the environment. There were no incidents of water contamination in 2023.

→ saving water highlights

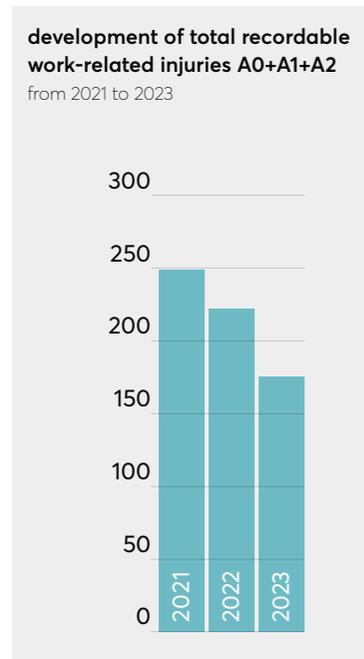
## health and safety

The health and safety of all white- and blue-collar employees, as well as apprentices, external temporary staff and service suppliers, has highest priority within delfort. This applies in the workplace, when working from home, during business trips and in all other situations where work is performed. Our ultimate goal is no accidents at all (Goal Zero).



We manage our goal with the help of our occupational health and safety management system. This is based on global, uniform guidelines and processes relating to risk prevention, leadership culture, effective communication and risk management according to ISO 45001.

Since the company was established in 2006, there have been no fatalities. We achieved a 25% reduction in Lost Time Accidents (A1 + A2) per 1,000,000 hours worked in 2023, compared to 2022. At seven of our sites, no accident occurred during the entire 2023 reporting period. At two of our sites, no accident occurred for over 1,000 days. As of the end of 2023, the site with the best safety record had gone 1,188 days without any accidents.



### Hazard identification

We monitor and record all incidents, including safety observations, near misses and injuries. Reporting via incident flash reports is mandatory for all employees. We publish these reports on the intranet and share them in meetings and discussions, to learn from others' experiences. Employees may also report unsafe conditions confidentially via safety trust persons, who have been appointed at all sites. In addition, we use our daily Go & See meetings to make co-workers aware of sources of risk and danger so that necessary precautions can be taken. Safety engineers and supervisors regularly evaluate workplaces together with employees to ensure a safe and healthy working environment. All heads of department analyze and

follow up any observations. Corrective action is taken to prevent recurrence. Learnings are shared via our global health and work safety team in monthly meetings. Employees and contractors must follow our occupational health and safety principles and have the right to leave a working environment if they believe that it could cause injury or sickness.

### Global safety network

100% of our employees, as well as workers who are not directly employed by delfort but whose work and/or workplace is controlled by us, are covered by our occupational health and safety management system, which is regularly audited internally. In addition, seven of our sites are certified according to ISO 45001 and are regularly audited externally. Each manager is responsible for occupational safety in the area under their supervision. In addition, all of our sites have dedicated work safety managers and safety trust persons. All employees are represented in formal, joint management-worker health and safety committees and at regular European Works Council meetings.

Our global occupational health and safety team meets virtually once a month to share, learn and evolve our health and safety practices. In addition, the team holds an annual meeting on global health and safety at one of our sites, rotating the location each year. During this meeting, one agenda item is to conduct a site audit and present the results for discussion with the managing directors.

### Participation and communication

We engage our workforce in the development, implementation and execution of appropriate management systems and programs and apply the same precautionary approach to all subcontractors working on our sites. For preventive protection, delfort provides its employees with the required personal protective equipment free of charge, depending on the

work assignment. Every year, the sites conduct several local work safety assessments with the full involvement of the local general and first-level managers.

Another important aspect is our Safety Awareness Talks (SATs), which have already been implemented on all of our sites. These are 5 to 10-minute discussions between nominated work safety coaches and employees, regardless of their department and location. The SATs aim to raise awareness of risks through face-to-face discussions, in which safety measures are shared. Over the last few years, we have been able to steadily increase the number of SATs that have taken place. In 2023, we reached an average of 378 SATs per 1,000 employees. As we have already achieved our first goal to implement SATs on all our sites, we now tackle the next target of achieving an average of 500 Safety Awareness Talks per 1,000 employees per month. In the group-wide digital news channel, occupational safety managers keep the organization informed when a team or site has achieved a specific number of accident-free days, months or years.

### Health and safety awareness

During the reporting period, the work safety team, with the support of the managing directors, conducted safety culture perception surveys among employees at two of our sites to gather insights regarding possible weaknesses. Every two years, we develop and implement group-wide health and safety campaigns. In 2023, the Life Saving Rules campaign was completed, while a new one – Safe Together – has been developed. It is also planned to last for two years and consists of eight topics, each of which will run for three months. The campaign aims to ensure that each employee maintains sustainable awareness of health and safety.

Also, training is mandatory for all employees and offered in a variety of formats, including e-learning courses and on-the-job sessions. Workers who are not directly employed by delfort are informed about possible risks and hazards via safety instructions before they start working. Every new delfort employee is trained on safety instructions during the onboarding. In 2023, we continued the e-learning training on work safety for delfort employees. 6,200 assigned participants successfully completed these work safety trainings. Additionally, local on-site training is organized based on the requirements of each location.

### Work safety leadership program

We provide occupational health and safety training to individual workers and employees, as well as to managers. In close cooperation with all delfort sites, we have developed a tailor-made training program for operational leaders. Targeted awareness raising is important so that leaders can optimally serve as role models. Before the training program is rolled out to the group, we are launching a pilot phase in spring 2024 with two of our

sites (88 operational leaders) to measure the impact and optimize content, if necessary. A workshop in December 2023 served to prepare everybody involved.

### Promotion of employee health

Promoting employee health is important to us, even outside of work. To this end, we offer a wide range of medical and health services, such as on-site doctors, psychiatrist and psychologist consultations, free medical check-ups and vaccinations. In addition, we offer voluntary health promotion programs such as sponsored fitness classes, nutrition counseling and group sports events.

Our occupational health services respect an employee's right to privacy. delfort will not use an employee's participation in such services and programs or related health records as a criterion in making employment or hiring decisions, including termination, demotion, promotion or offer of employment, compensation, or other favorable or unfavorable treatment. There have been no reported or confirmed cases of work-related illness since the company was founded in 2006.

→ **health and safety** highlights

## 2023 in numbers

The KPIs related to our occupational health and safety management system include measures to prevent accidents and figures on work-related injuries:

Employees and other workers covered by an occupational health & safety management system	2021	2022	2023	2023 in %
<b>Total workers<sup>1</sup></b>	<b>3,163</b>	<b>3,317</b>	<b>3,292</b>	<b>100%</b>
delfort employees	3,076	3,202	3,221	100%
workers not directly employed by delfort	87	115	71	100%
total workers covered by our occupational health and safety management system that has been internally audited <sup>2</sup>	3,163	3,317	3,292	100%
total workers covered by our occupational health & safety management system that has been audited or certified by an independent body <sup>3</sup>	1,943	2,044	1,988	62%

<sup>1</sup> including delfort employees and workers who are not employees but whose work and/or workplace is controlled by delfort, as per headcount on September 30, 2023

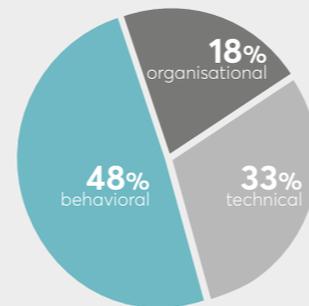
<sup>2</sup> delfort's health & safety management system

<sup>3</sup> delfort's health & safety management system and management system ISO 45001

Measures to prevent occupational accidents	2021	2022	2023
Reported near misses	302	319	292
Reported near misses per 1,000 average productive employees	95	96	89
Reported safety observations	6,393	4,578	4,861
Reported safety observations per 1,000 average productive employees	168	115	123
Safety Awareness Talks	10,687	10,135	14,932
Safety Awareness Talks per 1,000 average productive employees	282	255	378
Average productive employees (average value per month within the reporting year)	3,146	3,203	3,227

Injuries from high-risk activities (main injury categories)	2023
Cuts	8
Bruising / squeezing	6
Fractures	5
Twists / sprains	3

### Main types of work-related injury



Work-related injuries among all employees	2021	2022	2023
Fatalities	0	0	0
Fatalities per 1,000,000 hours worked	0	0	0
Work-related injuries (A1+A2 accidents, excl. fatalities)	47	42	31
Work-related injuries (A1+A2 accidents, excl. fatalities) per 1,000,000 hours worked, LTI frequency rate <sup>1</sup>	9.1	8.0	6.0
Number of days lost due to work-related injuries (A1+A2 accidents, excl. fatalities), LTI severity rate <sup>2,3</sup>	0.21	0.21	0.22
Absence days due to work-related injuries <sup>3</sup>	1,115	1,112	1,125
Recordable work-related injuries (A0+A1+A2+fatalities)	249	222	175
Recordable work-related injuries (A0+A1+A2+fatalities) per 1,000,000 hours worked	48	42	34
Hours worked	5,187,105	5,249,480	5,175,891

Work-related injuries for all workers not directly employed by delfort	2021	2022	2023
Fatalities	0	0	0
Fatalities per 1,000,000 hours worked	0	0	0
Work-related injuries (A1+A2 accidents, excl. fatalities)	0	2	0
Work-related injuries (A1+A2 accidents, excl. fatalities) per 1,000,000 hours worked, LTI frequency rate <sup>1</sup>	0	10.9	0
Number of days lost due to work-related injuries (A1+A2 accidents, excl. fatalities), LTI severity rate <sup>2</sup>	n.a.	n.a.	n.a.
Absence days due to work-related injuries	n.a.	n.a.	n.a.
Recordable work-related injuries (A0+A1+A2+fatalities)	0	2	0
Recordable work-related injuries (A0+A1+A2+fatalities) per 1,000,000 hours worked	0	11	0
Hours worked	157,677	183,881	156,209

#### Footnotes for both tables:

<sup>1</sup> LTIFR (frequency rate): total number of lost time injuries (A1+A2) \* 1,000,000 / total hours worked

<sup>2</sup> LTISR (severity rate): number of days lost due to injuries \* 1,000 / total hours worked

<sup>3</sup> KPIs include delfort employees and workers who are not employees but whose work and/or workplace is controlled by delfort



→ health and safety highlights

## fair employment

Led by the principles of human rights, we aim to provide our employees fair, equal and rewarding employment opportunities. We prioritize trust-based relationships, fair compensation, and talent retention beyond compliance with ethical and legal standards.

### Personal development reviews

We ensure a culture of open feedback between employees and managers. As a central tool for promoting appreciative and supportive collaboration, we have introduced the Let's Talk annual personal development review. Our goal is to install our annual development review process on all sites no later than 2030 and provide all employees access to annual development reviews. By 2023, Let's Talk was implemented in ten of our 13 sites worldwide and 65% of all delfort employees completed at least one Let's Talk session.

female	male	blue collar	white collar	total
73%	63%	57%	81%	65%

Percentage related to total number of employees in each category (female, male, blue collar, white collar)

The concept includes a performance appraisal, feedback from the employee's manager and, vice versa, the identification of the employee's training needs and the planning of development measures. delfort aims to support employees in their performance and development within a culture of continuous improvement, aligning personal goals with those of the company so that both – individuals and the company as a whole – will benefit.

Managers work through a structured form in the review, allowing them to concentrate on discussing competencies, personality, strengths and development. Supervisors are trained on how to use the Let's Talk form and how to provide constructive feedback.

Employees are able to access the Let's Talk form on delfort's intranet. To increase the number of Let's Talk reviews, managers are actively encouraged to conduct them. Likewise, delfort sites are required to report the number of Let's Talk reviews conducted on a quarterly basis.

We look forward to rolling out the program to further sites over the coming years, making annual Let's Talk reviews accessible to every employee.

Wherever possible, we offer our employees individual and flexible working arrangements, ranging from part-time employment to remote working options. Based on local legal frameworks, we provide our employees with life-phase-oriented working conditions and balanced shift models.

### delfort employees 2023

Employment figures across delfort sites remained stable with no significant changes in the number of employees, turnover or staff structure. New hires for the year totaled 232, compared to 219 exits, resulting in a year-end

employees 2023	female	male	total
delfort total	691	2,530	3,221
Europe	553	2035	2,588
permanent	493	1,946	2,439
temporary	57	92	149
non-guaranteed hours employees	1	1	2
full-time	488	2,018	2,506
part-time	65	17	82
Americas	46	184	230
permanent	44	183	227
temporary	2	1	3
non-guaranteed hours employees	-	-	-
full-time	44	184	228
part-time	2	-	2
Asia	92	311	403
permanent	90	303	393
temporary	2	8	10
non-guaranteed hours employees	-	-	-
full-time	92	311	403
part-time	-	-	-
total number of workers who are not employees			71

These numbers reflect the headcount at the end of the reporting period. Structured data collection throughout the group is currently not available for gender identity other than female and male. Full-time and part-time employees are defined according to collective bargaining agreements or other legal regulations in their respective country. Workers who are not employees include external staff, subcontractors, and leasing personnel who work on a medium-term basis (> 1 month) for the company. They mainly perform blue collar jobs e.g., in production and maintenance.

headcount of 3,221. 97% of our staff are full-time employees. 21% of our workforce are female, 79% are male. All figures reflect the composition of our entire workforce, from specialty paper production and converting to general administration and management.

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nationalities successfully work together across the group

### New employee hires and employee turnover

The following tables show the total number and rate of new employee hires and turnover by age group, gender and region.

New employee hires & turnover 2023 total and in percent	female	male	age group <30	age group 30-50	age group >50	total
<b>Europe</b>						
new hires	36 (1.39%)	136 (5.26%)	75 (2.9%)	83 (3.21%)	14 (0.54%)	172 (6.65%)
turnover	28 (1.08%)	115 (4.44%)	34 (1.31%)	88 (3.40%)	21 (0.81%)	143 (5.53%)
<b>Americas</b>						
new hires	6 (2.61%)	26 (11.30%)	10 (4.35%)	15 (6.52%)	7 (3.04%)	32 (13.91%)
turnover	7 (3.04%)	44 (19.13%)	17 (7.39%)	25 (10.87%)	9 (3.91%)	51 (22.17%)
<b>Asia</b>						
new hires	5 (1.24%)	23 (5.71%)	15 (3.72%)	13 (3.23%)	-	28 (6.95%)
turnover	7 (1.74%)	18 (4.47%)	10 (2.48%)	9 (2.23%)	6 (1.49%)	25 (6.20%)

Employee turnover reflects the number of employees leaving the company, with the exception of those leaving on retirement. Structured data collection throughout the group is currently not available for gender identity other than female and male.



→ fair employment highlights

## Respecting human rights

We are committed to behaving in a fair manner and respecting the fundamental human rights of all people within our company, across our supply chains and in the communities in which we operate. Our principles are stated in our company [policies](#), reflecting our high standards regarding human rights topics such as child, forced or compulsory labor, non-discrimination, the rights of indigenous people, diversity and equal opportunity, as well as occupational health and safety. Whenever an incident occurs, delfort's top management responds immediately with appropriate action. In 2023, no incidents were reported on our sites in Europe, North America, Mexico, Vietnam, China or Malaysia, nor did any of our monitored suppliers report any incidents. If employees identify a violation, they can report it to their supervisor, the legal department, or anonymously via the [whistleblower hotline](#).

## Human Rights Performance Assessment

In 2023, we implemented an annual Human Rights Performance Assessment that covers both our own operations and our supply chain. The aim of this assessment is to discuss any incidents, risks or impacts regarding labor and human rights, or topics that might have been reported through our whistleblower channels, to track our performance, agree on appropriate measures to minimize risks, decide on future targets and on training initiatives. The assessment also serves to review and update the related policies. In 2023, minor amendments were discussed and two policies will be reviewed and improved in 2024. The Human Rights Performance Assessment involves the board of directors, dedicated managers from the HR, purchasing, ESG & regulatory and legal departments.

## Parental leave

We are particularly committed to ensuring that employees of all genders have the opportunity to take parental leave in compliance with local labor laws. We maintain communication with our staff throughout their parental leave and plan their return to work, including working hours, tasks and responsibilities, together in good time. We offer them individual flexible or part-time opportunities based on local legal regulations. This structured process is also supported by reintegration training.

Parental leave	female	male	blue collar	white collar	total
employees that took parental leave	23	10	13	20	33
employees that returned to work after parental leave ended	9	9	7	11	18
employees that returned to work and were still employed 12 months after their return	6	8	8	6	14

Structured data collection for other KPIs related to parental leave not available throughout the group

## Compensation and benefits

We offer fair compensation and benefits that both meet the individual needs of our employees in every phase of their life and are in line with the legal framework, local conditions and needs of our international locations. We offer part-time and full-time employees the same opportunities and benefits, including:

- healthcare support, e.g. doctors, psychologists, free medical check-ups, vaccinations
- Think Healthy program: healthcare program containing more than 400 customized activities, such as sponsored health checks and free fitness classes
- the delfort emergency fund, which was set up by delfort's owners to financially support employees in exceptional situations, when these are insufficiently covered by insurance, e.g. family emergencies, accidents, sudden illness affecting employees and their families
- in-house canteens, meal allowances, free fruit baskets
- events and activities, e.g. family days and team sport events
- delfort kids club to support parents during the school holidays
- holiday gifts for employees
- coupons and discounts in local stores
- modern working equipment and safe workplaces
- company pension plans

## Collective bargaining agreements

Please refer to our company governance section for information on [collective bargaining agreements](#).



## developing talents

Our culture is characterized by strong motivation and high performance, so that everyone can develop and fully utilize their strengths. We believe that having the right employee with the right qualifications in the right position will ensure our competitiveness in the long-term. Our internal education, development and training process allows us to manage the development of our employees in a consistent manner throughout their careers with delfort, providing equal access to education and training for all.

We aim to implement a group-wide, tailor-made training program that will be reviewed and adjusted as necessary on a regular basis, but at least every two years. The delfort training program supports employees, helping them grow in their current position and to expand their potential for future roles. Our employee development initiatives comprise local and global training programs such as modular management trainings, lean trainings or project management workshops, customized coaching plans and internal vertical and lateral career opportunities. As part of our talent development program, we encourage the promotion of internal, skilled employees.

### Training programs

In 2023, our employees collectively completed a total of 52,000 hours of training worldwide (16 hours/employee).

Our HR team defines a number of core courses that, due to their importance, are permanently available. The majority of these are e-learning courses, a brief example of which includes:

- work safety (6,200 sessions completed in 2023)
- environment (390 sessions completed in 2023)
- IT security training (180 sessions completed in 2023)

We also propose a variety of customized training programs and courses that we continually revise and update based on our business needs, new technologies and best practices, to keep pace with our continuously changing environment. The following courses continued in 2023:

- Business training for technical experts – completed by 13 employees
- Trainee program – 2 participants completed their 18-month on-the-job training
- Paper making for non-paper makers – completed by 38 employees
- Project management training comprising five different modules – completed by 45 employees

In 2023, we reviewed our Driving for Excellence program. It is a group-wide management training and covers topics like business management, self organization, leading others and leading oneself. It consists of different modules, typically lasts for 10 months per edition and includes individual coaching. Network meetings with former participants ensure constant sharing of experiences, strengthening and growing management skills to meet the needs of our customers in the best possible way. We plan the launch of the next international training group to take place in 2024.

In 2023, we launched additional local leadership programs at two sites.

Our project management training courses have been reviewed and adjusted in 2023.

We conducted the preparation phase for a new delfort safety leadership training at two sites in 2023 and will start with pilot trainings in 2024.

We have also developed a printing training edition to complement the internal business and paper making training offered annually. These trainings are designed to give all delfort employees a professional insight into the production and printing of our specialty papers, making them true industry experts.



### Apprentices and interns

We attach great importance to training young people to become excellent professionals. We offer apprenticeships for both blue collar and white collar professions at our Austrian and German sites and have taken on 11 new apprentices in 2023. There are currently 25 apprentices at delfort. In 2023, all delfort apprentices who had completed their training became permanent employees.

In addition, we maintain close cooperation with schools and universities, support young students in gaining experience and attract future employees through internship programs.

### Onboarding

We use a structured onboarding process at all locations to support new employees from the start of their employment. New employees receive all relevant information and contacts on their first day at work. They are informed about group-wide processes and guidelines, with a focus on health and safety.

### Transition assistance, exits and knowledge transfer

At delfort, we use clearly defined exit and outplacement processes in compliance with applicable laws and regulations, as well as inherent succession planning and knowledge transfer. We offer transition assistance programs to help employees who are retiring, whose employment has been terminated, or who can no longer perform their current job. In the latter case, we try to find alternative employment opportunities within the company and provide the employee with retraining. In certain cases of termination of employment, delfort offers job placement services conducted by external consultants to assist the employee. In accordance with local laws, terminated employees receive severance pay based on age and years of service. Employees approaching retirement are prepared and supported through

long-term planning. As part of our transition assistance program, we conduct succession planning and knowledge transfer to retain skills and expertise within the company and ensure that a written record of valuable information exists. This leads to improved performance and innovation and is available for all key positions within the company. Once a year, the process is reviewed by the HR department and considers the team structure, future requirements, capacities, competencies and opportunities for personal development.

During annual development reviews, the manager and employee discuss possible succession scenarios and identify training needs. In the event of an employee entering retirement, the manager plans sufficient time for a handover. All employees leaving the company attend an exit interview as part of the leaving and outplacement process so that delfort can use feedback to put any necessary improvements in place.



→ **developing talents** highlights

## company governance

**As a family-owned company with headquarters at the heart of Europe and sites around the world, we pursue the strictest corporate governance standards, which ensures a resilient, safe organization.**

Our owners and management team strive to create value for our employees, customers and business partners, as well as for the communities in which we operate. Adopting corporate governance best practices improves competitiveness, sustainability and operational performance and company reputation, while reducing operational risk and strategic hazards.

### Governance structure

Our dual management system consists of a Supervisory Board and a Board of Directors. Both constitute the company's highest governance body. It is important to the owners that the governance structure is built on long-term nomination of responsible persons and trustful relationships between the members of the boards.

delfort's Supervisory Board is composed of four representatives of the shareholders – one of the latter who is appointed as chair of the supervisory board – and two members of delfort's Works Council. None of these board members are executive managers at delfort. All members of the supervisory board and board of directors are male. They are not members of an under-represented social group. All board members are politically unbiased. They attend legally mandatory as well as voluntary trainings which ensure that they have the necessary professional knowledge, personal characteristics and experience to perform the duties associated with their position.

The supervisory board nominates the board members as required, and according to the maturity of their contracts. Factors related to diversity do not affect eligibility. The supervisory board continuously assesses the fitness of each director, monitors and evaluates their performance. The supervisory board and the board of directors meet four times a year to align on strategic and operational tasks and to monitor performance against targets.

The board of directors consists of Martin Zahlbruckner (CEO), since 2006, Roland Faihs, (CFO and COO), since 2007, who retires from his functions as of June 30<sup>th</sup>, 2024, Christoph Steger (CSO), since 2023, as well as Hannes Kinast (COO) and Ilkka Saarinen (CFO), who both joined the board of directors as of 1<sup>st</sup> of January 2024.

These directors manage the company with a strategy focused on long-term success and are, together with their executive teams, responsible for the management of its impact on the economy, the environment and mankind.

### Managing CSR

Sustainability is a strategic focus within delfort and for its owners. Clearly defined roles and responsibilities ensure effective sustainability management throughout our organization. The supervisory board appoints the board of directors to independently manage delfort with the aim of creating sustainable value, determining our strategic orientation – including sustainability – and ensuring its implementation. The board of directors bears the primary responsibility for our sustainability strategy and is ultimately accountable for its success.

In association with the board of directors, the head of ESG & Regulatory connects and coordinates four major management teams and steers all sustainability resources to drive forward and implement delfort's CSR strategy: the Corporate CSR Committee, the Managing Directors, the SBA Heads and the CSR Business Team. (Please refer to our [organizational chart](#) for more information on our sustainability governance.)

CSR coordinators on all sites support the implementation of CSR improvement measures and serve as dedicated contacts for business partners who have queries regarding sustainability issues. Employees help to integrate sustainability into our daily business activities. The above-mentioned management teams are responsible for collecting, reviewing and approving the information published in our CSR reports. The board of directors has actively contributed, reviewed and approved the CSR report 2024.

### Risk management

To fully comprehend the impact of the company (inside-out) and to the company (outside-in), including the impacts relating to ESG topics, we employ a systematic risk management approach to safeguard the group and our business partners.

The board of directors, along with the corporate directors, assume significant management and control responsibilities as part of a group-wide central control system. They ensure that risks are managed within specific indicators, including tolerance thresholds, and monitor that risks are kept within established levels.

In our risk management approach, we distinguish between a narrow scope for operational risk coverage and a wide scope for strategic risk coverage. Timely identification, evaluation and response to those risks are essential management activities.

Our risk management is based on a uniform, group-wide reporting system conducted on a monthly basis for operational risks. For strategic risks, we conduct a risk workshop at least once a year to evaluate the risk landscape of delfort from a 360-degree perspective beyond our operational risk management. After reviewing the workshop results, appropriate actions will be taken. These actions may include implementing necessary and adequate business continuity policies, standards, guidelines or plans, or appointing new risk committees for specific risk areas.

As part of our risk management strategy, we prioritize ESG-related topics. The corporate directors continuously monitor upcoming legislation, regulations and laws from countries where we operate and conduct business. They also regularly exchange information with associations, environmental groups, and non-profit organizations to stay informed about ESG developments. This information and experience is brought to the attention of the board of directors and shared throughout the executive level of the company. The following pages provide a summary of the risks that are most relevant to our business at this time and how we manage them.

“ We create, lead and maintain an ethical culture for our business partners based on principles of business ethics, human rights, social and environmental responsibility, anti-corruption, anti-competitive behavior and tax compliance. ”



→ sustainability governance

# risk management

## climate change



Climate change can impact our business in various ways such as water scarcity, water pollution, high temperatures, hurricanes, floods, fire risks, as well as changes to vegetation boundaries and growing conditions.

This could cause increased disruption to our supply chain and manufacturing, and it could result in increased costs, reduced profit and reduced growth.

- Monitoring government policy and actions to combat climate change and taking proactive actions to be able to rapidly comply with these policies
- Reducing delfort's own GHG emissions, energy and water consumption by implementing the delfort climate care program
- Monitoring raw material trends to help customers master the transition from fossil-based materials to renewable materials
- Supplier Code of Conduct, supplier risk evaluation and supplier performance evaluation to prevent negative social and environmental impacts along the supply chain

## economy



delfort's earnings are affected by economic developments, cost variations, default in payment, currencies, interests and changes in sales volumes. This can have impact on the company's financial position.

- Monthly monitoring and updating of our forecast of business results and cash flows
- Central treasury management system as effective management and control system in place
- Central and industry-standard insurance management
- Hedging transactions for foreign currency risks
- Active working capital management system

## geopolitical uncertainty



delfort operates around the world and is exposed to economic and political instability. The global economy was particularly affected by the Ukraine and Middle East conflicts in 2023. Unfortunately, we have to expect that these will continue for some time. These conflicts may further increase energy and raw material prices, affect sales and the supply chain, and those may impact the future competitiveness of our operations.

- Regular risk meetings including definition of mitigation plans for energy, raw materials, emissions, interests and taxes, logistics and capex
- Appropriate contract agreements taken to reduce volatilities
- Risk mitigation by qualifying new suppliers and increasing supplier diversity to secure the availability of materials and services

## cybersecurity



Cyberattacks in the form of system disruptions, loss of information and intellectual property (IP), ransomware and malicious software could potentially have major consequences in terms of costs and availability of services and products.

- Regular cyber risk assessments
- Continuous development of state-of-the-art technical and organisational measures
- Ongoing enhancements to improve intrusion detection in close collaboration with cyber defence services
- Conducting penetration tests
- Company-wide phishing awareness campaigns and cyber security trainings on all sites
- Improved ability to respond to incidents
- Continuous vulnerability scanning and remediation

## talents



A skilled workforce is essential for the continued success of our business. There are several risks we are dealing with, such as a high level of competition for a limited talent pool, an evident skill gap in the general workforce, and the well-being of our employees could be affected.

- Regular development reviews underpinned by a common set of leadership behaviors, skills and competencies
- A training program that is updated on a regular basis and tailored to the needs of the specialty paper industry
- Development and succession plan to upskill and reskill employees for future roles
- Training of apprentices and provision of a trainee program for young talents

## health & safety



The delfort work environment includes shift work, high temperature and other industry-typical conditions.

- Systematic occupational health and safety management
- ISO 45001 occupational health and safety standard
- Continuous safety awareness campaigns

## legal & regulatory



delfort is subject to national and regional laws and regulations in diverse areas such as corporate governance, employment, taxes, product safety, product claims, patents and issues on the environment.

- Dedicated legal and regulatory specialists monitor and review our practices
- Establishing standards to ensure that all employees are aware of and comply with the specific regulations and laws that are relevant to their jobs
- Know Your Customer (KYC) legitimization checks of new customers to prevent corrupt practices

## Collective knowledge of the highest governance body

We have a defined steering process and schedule in place to address and monitor topics relating to the financial context, critical concerns, risks and opportunities. The executive management team (managing directors, corporate directors) reports to the board of directors according to a reporting calendar that is defined at the beginning of the year and ad-hoc.

The board of directors evaluates the performance of the executive management team and oversees our due diligence procedure and other processes that identify and manage the organization's impact on the economy, environment and mankind. Four times a year, the board of directors reports to the supervisory board and informs them about critical concerns, relevant risks and opportunities and proposes appropriate action. During these meetings, sustainability issues and progress on our sustainability goals are discussed. The supervisory board reviews progress and effectiveness and approves any further action required, strategy adjustment and preliminary steps in areas that will be relevant in the future.

This enables the sharing of information about sustainability developments inside and outside the company with the aim of reinforcing the collective knowledge, skills and experience of the highest governance body. The supervisory board evaluates the board of directors' ESG performance. This independent evaluation is also reflected in annual bonus payments. Changes to the composition of the highest governance body and organizational practices have not been necessary to date in response to the evaluation of the ESG performance of the board of directors.

delfort also has a team of legal experts who monitor the rapidly changing regulatory framework and anticipate amendments. They communicate regularly with our product management to ensure that our solutions are in strict compliance with regulations and applicable laws. This is important as several of our product solutions, e.g. for the food and tobacco industries, are subject to comprehensive and strict regulations regarding food contact, customer health and safety.

## Evaluation of the corporate governance framework

It is our goal to review our corporate governance framework annually to ensure continued relevance to existing and emerging issues. As part of our structured and regular reporting process, the corporate directors discuss with the board of directors whether our governance framework is up to date or if modifications are required. The need for adaptations arises, for example, from changes in national laws and regulatory requirements, adjusted processes and internal controlling procedures, as well as from emerging threats. All new or changed rules and procedures are subject to a specified approval process.

## Remuneration

We are committed to a structured and fair performance management process and competitive remuneration packages. This commitment and our process are described in our internal group procedure "Compensation and Benefits", which applies to all our sites.

We aim to provide a fair and performance-related salary structure, including fixed pay and variable pay, sign-on bonuses or recruitment incentive payments, termination payments, clawbacks and retirement benefits for members of the highest governance body and senior executives.

This procedure is in line with the business strategy, sustainability agenda and long-term interests of the company and considers our risk management.

Senior managers receive a fixed remuneration, which primarily reflects their professional experience and organizational responsibility. Variable remuneration packages for executives relate to performance indicators like innovation and CO<sub>2</sub> reduction.

Our remuneration packages take the operational and regional environment into account. We ensure a coherent salary structure in each of our subsidiaries and throughout the company. Remuneration schemes for all employees are based on country-specific collective framework conditions and are agreed with the employee in advance. Additionally, the company offers a variety of locally adapted social and fringe benefits that are in line with local market conditions (→ [Compensation and benefits](#)). We annually review our remuneration packages and make necessary adaptations. This process includes among others: critical analysis of remuneration schemes, adaptation due to collective bargaining agreements or based on performance, determination of

salary ranges for new hires, implementation or adjustment of social benefits, local fringe benefits and bonus programs, completely independent of gender, race, age, religion, etc.

The supervisory board and board of directors adopt and periodically review the remuneration system and have overall responsibility for overseeing its implementation. In preparation for the upcoming CSRD standards, delfort is developing a group-wide process to report the required KPIs in the future. This will help us to adapt our remuneration system in the future and to take regulatory conditions into account.

## Membership associations

The delfort board members are involved in the work of industry associations, such as the association of the Austrian paper industry (Austropapier), the Austrian Association of Pulp and Paper Chemists and Technicians (OZEPA), the Confederation of European Paper Industries (CEPI), as well as the trade association within the Austrian Economic Chambers and the Upper Austrian Federal Economic Chambers. delfort benefits from the key insights and experience that this brings with it.

We are also a member of numerous initiatives to network, share and promote product development and the circular economy. The list below is in alphabetical order:

- 360° Foodservice – the collaborative platform for sustainable service of food and drinks in Europe
- 4evergreen – perfecting circularity together
- Book Chain Project
- Canopy – for the conservation of ancient and endangered forests
- CEFLEX – a circular economy for flexible packaging
- CELAB – toward a circular economy for labels
- Cooperation Centre for Scientific Research Relative to Tobacco
- Econsense - Forum for Sustainable Development of German Business
- European Rolling Paper Association (ERPAA)
- FINAT - European association for the self-adhesive label industry
- Foodservice Packaging Institute
- Global Tobacco and Nicotine Forum
- GreenBlue – to advance sustainable practices
- MLPS – Medical Leaflets Patient Safety
- Pharmaceutical Printed Literature Association
- Sustainable Packaging Coalition
- Sustronics Consortium - Sustainable and green electronics for circular economy

## Stakeholder engagement

We define our stakeholders as individuals or organizations that are directly or indirectly affected by our activities, or that may have an impact on our activities or our ability to provide products and services. We apply the category approach to identify stakeholders. These include our customers, suppliers, regulators, government officials, non-governmental organizations or standard-setting platforms and other members of society. We are in regular contact with our stakeholders throughout the year to hear and understand their views and share our own perspectives on relevant topics, issues and challenges. We engage in constant dialogue and two-way communication, e.g. during customer visits, fairs, events and meetings with local authorities. We discuss our role in society, our products and services, our business performance and other issues, taking our stakeholders' opinions into consideration before making decisions. Communication takes place between experts within our business areas, both on a mill level (with local communities, for example) and at a corporate director and board level. Our stakeholders' opinions are considered for decision making, for example, during the product development process. In addition, we are in regular contact with a variety of industry

- The Document X-perts Network
- The Gravure Association of the Americas, Inc.
- Tobacco Merchants Organization

associations, multi-stakeholder organizations, and non-profit initiatives. Due to this network, we work closely with leading companies from different sectors to develop sustainable business approaches and debate social and environmental topics at a global and local level.

our key stakeholders	interaction
customers	<ul style="list-style-type: none"> <li>Regular interactions through sales and service</li> <li>Strategy and innovation workshops</li> <li>CSR assessments</li> <li>Development projects</li> </ul>
employees	<ul style="list-style-type: none"> <li>Local employee surveys</li> <li>"Let's talk" annual personal development reviews</li> <li>Dialogue with employee representatives</li> <li>Family days</li> </ul>
owners	<ul style="list-style-type: none"> <li>Annual strategy review</li> <li>Quarterly meetings</li> </ul>
suppliers	<ul style="list-style-type: none"> <li>Regular engagement</li> <li>Compliance assessments and audits</li> <li>Supplier Code of Conduct</li> <li>Innovation workshops</li> </ul>
local communities	<ul style="list-style-type: none"> <li>Dialogue with city governments and citizens</li> <li>Corporate volunteering programs</li> </ul>

Larger interest groups include community interest groups, media, NGOs, research institutes, scientific communities, standards bodies and organizations, governments and regulators.

2-30

### Collective bargaining agreements

We are glad of our good working relationships with workers' organizations. We promote freedom of association and appreciate high employee loyalty, labor peace and constructive cooperation. 79% of our employees are covered by collective bargaining agreements, all other employees are covered by individual agreements or local company agreements like at our sites in China and Malaysia that comply with the high delfort working standards.

2-15, 2-16, 2-23, 2-24, 407-1, 408-1, 409-1

### Policies and procedures

We build our business on legally and ethically impeccable operations that comply with all applicable laws and regulations. delfort has put in place a number of firmly established policies, rules and procedures. These commitments reference international guidelines and fulfil the very high legally binding standards in the countries where our sites are located. They stipulate, for instance, conducting due diligence, applying the precautionary principle, as well as respecting human rights.

Our policies are elaborated with full involvement of and approved by the board of directors. They apply to every employee, director, officer and other individual working for the company, such as contractors, agency workers and suppliers. Internal policies are communicated to all delfort employees using our internal communication channels, mainly the Intranet and related Teams channels. During executive steering meetings and other global meetings, our corporate directors and managing directors are being briefed regarding any update or changes in our policies. It is their responsibility to cascade the information accordingly. Our line-system supports us in bringing policies and actions for responsible business conduct and human rights to attention throughout the hierarchy of the entire

organization and to implement them on a day-to-day level. Policies that apply to external stakeholders are available on our [website](#).

As soon as a new policy is published, relevant employees are trained about its content via e-learning sessions (→ [Training programs](#)). External stakeholders are not trained on implementing the commitments.

More than 88 corporate policies, rules and procedures set the standard of how we operate our business. In 2023, 8 of them have been updated and four new ones were added to ensure continued relevance to emerging issues. Selected policies are available in several languages.

### Code of Conduct

Our Code of Conduct is based on the precautionary principle and contains binding rules built on our key principles of Excellence and Sustainability, Respect and Responsibility, as well as Integrity and Transparency. It sets out a zero-tolerance policy toward bribery, fraud and other forms of corruption and is obligatory for every employee to follow. Any violations of the Code of Conduct result in the undertaking of disciplinary measures. No violations against our Code of Conduct were identified or reported in 2023. We align new policy commitments with our management policies and integrate the commitments into operational procedures, where applicable. The managing directors are responsible to ensure that all procedures are applied in day-to-day business operations.

### Supplier Code of Conduct

We implement commitments with and through business relationships. Our pre-qualification processes and screening criteria are consistent with the expectations stipulated in our Supplier Code of Conduct. When a new supplier is approved, they are obliged to sign the Supplier Code of Conduct before we start doing business with them (→ [Management of supplier relationships](#)).

### Conflicts of interest policy

We are committed to ensuring that all employees, including the highest governance body, avoid any activities that might lead to – or suggest – a conflict between their personal interest and the interests of the company. the policy provides guidance to employees on how they should handle any circumstances where a potential conflict of interest may arise. This includes:

- business transactions that delfort directly enters into with a member of an employee's family or other related party
- business transactions that delfort enters into with a business partner in which a delfort employee holds participations, whether directly or indirectly (through family members or other related parties)
- business transactions with a delfort business partner which employs a delfort employee's family member or related party as a managing director, senior officer or regular employee.

To avoid conflicts of interest, we have several mitigation measures in place. Employees are screened for conflicts of interest during the hiring process and must disclose memberships in interest groups. The employment contract stipulates that secondary employment or the establishment of one's own company must be disclosed to the company and approved. Business conducted with related persons must also be disclosed. As part of the annual closing procedure, the managing directors must confirm that there was no conflict of interest by conducting business with related parties. If the company conducted business with related parties, the details must be disclosed. delfort employees are required to inform their line manager of any conflict or potential conflict of interest or report it via our [Whistleblower policy](#). On a group level, potential conflicts of interest are included in the ongoing internal financial reporting procedure.

“Our policies are elaborated with full involvement of the board of directors.”

→ [delfort policies & certificates](#)

## Policy to avoid bribery & corruption

We do not engage in or tolerate any form of bribery or corruption. It is the responsibility of every employee and entity within delfort to ensure that its business practices in a particular jurisdiction comply with all local requirements. Appropriate legal advice should be sought when necessary.

Monitoring compliance with this policy includes reviewing the nature and extent of payments made to or received from third parties, reviewing the assessment of bribery and corruption risks, and implementing compliance requirements such as training and certifications.

## Environmental policy

We participate in the Emissions Trading System and have an environmental policy that outlines our intentions to protect public health and the environment. At delfort, we apply the precautionary principle, which aims to take preventive action despite uncertainty regarding potential damage, in order to avoid such damage from the start. We employ a systematic approach to risk assessment and risk management, including mitigation and communication. We implement our environmental policy through the ISO 14001 Environmental Management System ([→ Certifications](#)), which is used at eleven sites. The policy has been elaborated with full involvement of the board of directors and is applied to all sites and employees. The Corporate Manufacturing and Technical Affairs (CMTA) department, led by its head, is responsible for disseminating the policy to all employees within the company. They inform the managing directors, who then communicate and assign the task of integrating the policy into day-to-day business to the operational managers on-site. We distribute the information to all delfort employees through a variety of internal channels, including newsletters, the intranet, email and meetings. Additionally, the policy is publicly available on our website. This ensures that employees at all levels act responsibly and with awareness of organizational strategies, operational policies and procedures.



## Policy to secure compliance with anti-trust & competition laws

We do not engage in, or tolerate, any form of conduct that fails to comply with the requirements and provisions of anti-trust and competition laws. The fundamental objective of these laws is to regulate anti-competitive behavior by businesses and individuals that may be to the detriment of customers and competitors. It is the responsibility of each delfort employee to ensure compliance with the terms of this policy.

## Gifts and entertainment policy

This policy is designed to ensure that the acceptance or offering of gifts and entertainment is reasonable, appropriate and, when necessary, subject to managerial approval. Our employees are required to act in the best interests of delfort and to maintain relationships with customers, suppliers and other business partners without their individual judgement being influenced by personal advantage, or without this appearing to be the case.

## Policy to avoid money laundering

The purpose of this internal guideline is to inform our staff about typical risk indicators to raise their awareness about potential money-laundering activities and provide a procedure for dealing with this type of situation. delfort has a corporate due diligence process in place to ensure that employees identify business partners ("Know Your Customer" assessment, sanction-check, etc.) during the acquisition process, ensure the monitoring of any changes within this partnership and compile a written record of this process. We orient ourselves around the risk indicators defined by the Financial Action Task Force (FATF) as an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

## Health and safety policy

This policy is based on international standards, such as ISO 45001, and national laws to emphasize the managers' obligation to act responsibly. It is applicable for all sites, every delfort employee, all visitors and sub-contractors on-site. To prevent accidents, we apply the precautionary principle and do everything to maintain zero fatalities and achieve no work-related injuries on all sites (Goal Zero).

The board of directors is supported by the departments Corporate Manufacturing and Technical Affairs as well as Corporate HR, who develop and implement group-wide health and safety guidelines and actions together with the globally established Work Safety Team.



## Labor and human rights policy

We are committed to behaving in a fair manner and respecting the fundamental human rights of all people within our own company, across our supply chains and in the communities in which we operate. Our Labor and Human Rights Policy clearly defines the strictest standards to which we adhere and is based on the ten principles of the UN Global Compact. We give particular attention to delfort and third-party employees and are committed to treating all employees fairly, impartially and equally. We do not tolerate any form of child labor.

## Policy to avoid forced labor

At delfort, we are committed to protecting human rights and prohibiting forced or compulsory labor. Our policy on avoidance of forced labor outlines potential risks in both our operations and supply chains and defines

precautionary actions. It describes our risk assessment methods and the structured approach we take in the event of a risk being identified.

## Diversity, equality and inclusion policy

In 2023, our Corporate HR department implemented a new Diversity, Equality and Inclusion Policy, and trained employees in specific positions via e-learning. This policy ensures that there is no discrimination, particularly regarding age, disability, gender reassignment, sexual orientation, marriage and civil partnership, pregnancy and maternity/paternity, race, religion or belief, nor pay and benefits, parental leave, etc. It applies to every (prospective) employee, student, contractor, volunteer, service user or supplier connected with delfort.

## Whistleblower policy

Our whistleblower policy plays an important role in detecting corrupt, illegal or other undesirable conduct. We take all reports under this policy seriously. The policy describes the protection available to a person reporting a compliance concern, which matters they are able to report, how the person can report concerns without fear of retaliation, and how delfort will support and protect the person reporting the incident. Compliance concerns may be reported either by email or through an anonymous form on the delfort intranet.

This policy has been developed with regard to Directive 2019/1937/EU on the protection of persons who report breaches of Union law. It has been approved by the board of directors, applies to all delfort employees and is

[→ delfort policies & certificates](#)

available on the intranet for all employees to access.

delfort will promptly investigate any reasonable report of compliance concerns. The task of investigating the matter will be allocated based on the nature of the issue raised and the skill-set needed to review such a matter. If appropriate, delfort may also engage a third party to assist with the investigation process. Any third party involved will be subject to strict confidentiality obligations.

If employees identify a violation, they can report it to their supervisor, the legal department, or anonymously via the whistleblower hotline.

In 2023, no compliance concern relating to business integrity was reported via the whistleblower tool.

2-27

### Compliance with laws and regulations

To our best knowledge, no significant instance of non-compliance with laws and regulations has occurred in the financial year 2023. To determine whether an incident of non-compliance with laws and regulations qualifies as significant, the severity of the impact resulting from the instance serves as a basis.

2-16, 2-25, 2-26, 2-27

### Critical concerns and grievance mechanisms

We enable stakeholders to raise concerns about, and seek remedy for potential and actual negative impacts on them. Local management and managing directors are closely linked to groups of interest and stakeholders. Local communities, customers, partners and suppliers can address delfort with any impacts that might occur. If customers are affected by any kind of negative impact, our sales teams and the heads of Strategic Business Areas are their point of contact. Our suppliers can address the purchasing team at headquarters and at the sites, as well as the heads of procurement are their point of contact in the event of critical concerns.

Any critical concern is immediately reported to the board of directors, and similarly, if the board identifies any critical concern, they bring it to the attention of the executive team.

If the board confirms the concern as being critical, the information is passed on to the supervisory board.

We pursue a preventive approach to mitigating the concerns of our stakeholders, and we are fully committed to following up on all of them. As few concerns reach us, our strategy focuses on finding individual solutions and remedy impacts.

However, no significant concerns or grievances were submitted to delfort during this reporting period.

delfort encourages its employees to seek advice on implementing the organization's policies and practices and to raise concerns about the organization's business conduct or any critical issues. Our Code of Conduct clearly states that violations or potential violations shall be reported immediately to the respective direct superior, any member of the local top management or to the legal department. Employees can also lodge complaints at worker's unions, which are discussed with the respective managing directors. We are glad of our very respectful relationships with workers' unions and follow up all concerns to resolve them in the best interests of both parties.

418-1

### Data privacy

It is of fundamental importance to us to protect the data of customers, suppliers and employees in the best possible way, to prevent data misuse and to be able to guarantee the protection of privacy and personal rights in data processing.

Together with all our subsidiaries, we are fully committed to treat personal data confidentially. Since the EU-GDPR came into force, a central data protection management system including all necessary measures has been implemented to comply with the resulting local regulations and laws. All measures taken and processes implemented are focused on the business customer segment (B2B). Since 2018, delfort has internal rules and procedures in place that oblige all employees globally to handle customer, supplier and employee data carefully and in accordance with current regulations. This also regulates measures such as data protection-friendly default settings (Privacy by Default and Privacy by Design). All our employees are informed of these applicable rules centrally via our intranet.

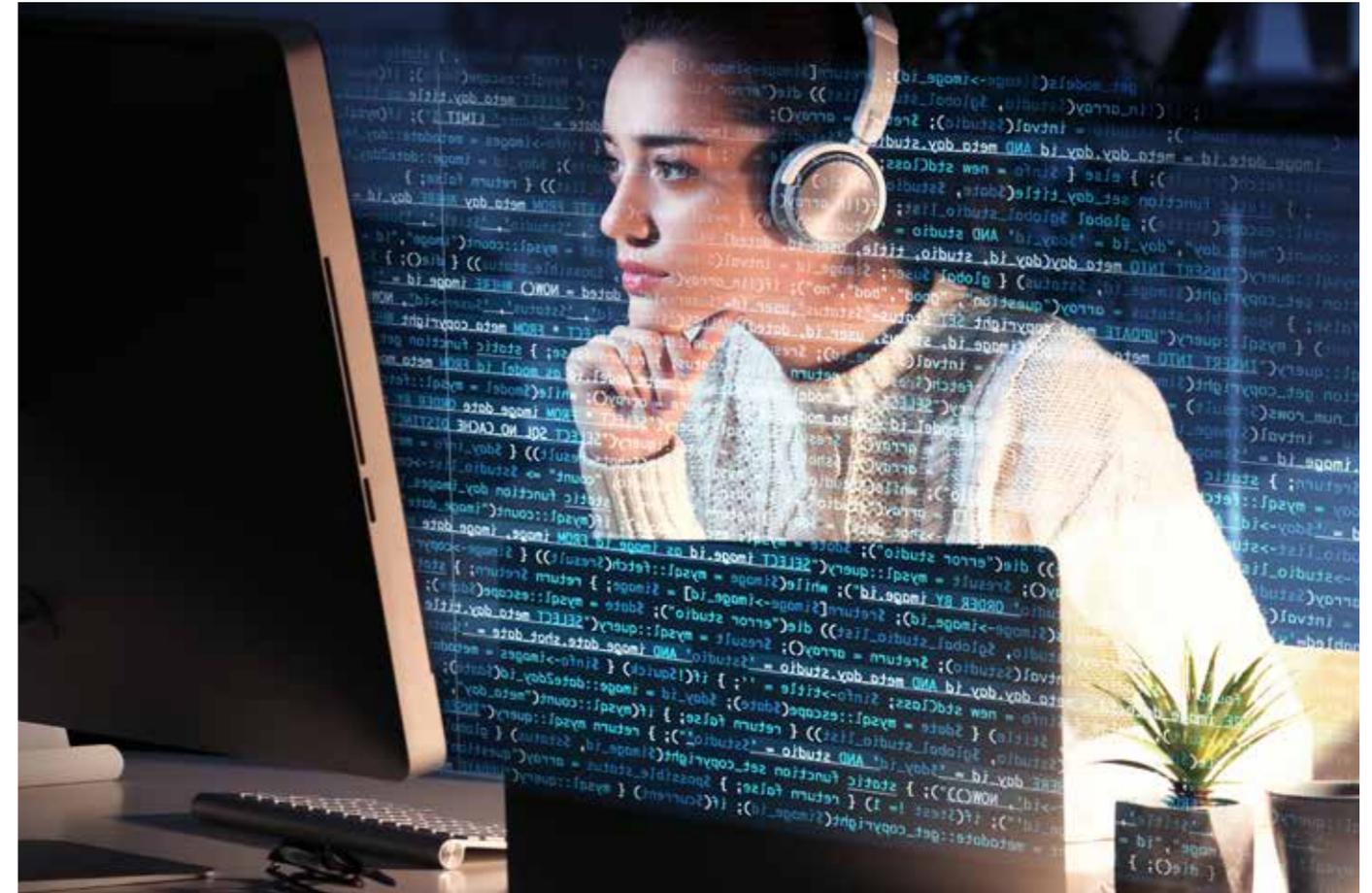
We have established an internal data protec-

tion team including nine responsible persons from all European subsidiaries. This team ensures that the processing of data complies with all applicable national laws and regulations and, among other things, deals with any inquiries regarding the protection of data subjects' rights. It maintains regular communication within the company and contributes to further development of procedures.

Our established processes are reviewed by data protection experts on a regular basis and are adapted to current state-of-the-art technology.

We have a standardized process for handling inquiries from data subjects and data privacy violations, as well as for recording complaints. Any external, internal or supervisory authority inquiry to the company related to data protection is documented, reviewed and processed following the company's data

protection procedures. delfort has recorded neither from internal, external nor regulatory bodies any data protection incidents. There were no complaints received from any sides, and no loss of customer, supplier or employee data since the EU GDPR came into force.



# certifications

We apply independent, non-governmental, internationally recognized standards and certification schemes to ensure the quality, safety and efficiency of our products, services and systems.

✓**EUTR** All of our fiber procurement is evaluated in terms of compliance with the EU Timber Regulation (EUTR) standards, ensuring that our fibers originate entirely from a controlled and/or uncontroversial wood source. Next to PEFC and FSC™, our ongoing compliance with EUTR offers our stakeholders full security and confidence that the pulp in our supply chain is sourced according to the highest environmental regulations. ✓**REACH** Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is an EU regulation that requires all companies manufacturing or importing chemical substances into the European Union in quantities of one ton or more per year to register these substances. We continuously monitor chemicals as they are updated in the REACH database so that we are prepared ahead of time for any changes in regulations and allowable materials. ✓**FSC™** & **PEFC** (FSC-C109921, PEFC/06-33-163) Chain of Custody ✓**ISO 9001** Quality Management System ✓**ISO 14001** Environmental Management System ✓**ISO 50001** Energy Management System ✓**ISO 22000** Food Safety Management System ✓**FSSC 22000** Food Safety Management System (recognized by the Global Food Safety Initiative) ✓**ISO 17025** Laboratory calibration and testing certification ✓**BRCGS Packaging Materials** Global Standard for Packaging and Packaging Materials ✓**ISO 45001** Occupational Health and Safety Management

## Product certifications

✓**EN13432, ASTM D 6400, ASTM D 6868** Biodegradable and compostable certification for flexible packaging paper in feurstein. Biodegradable and compostable certification for thinbake® paper in tervakoski. Biodegradable certification for selected teabag papers in wattens. ✓**Recyclability** for food wrapping papers. ✓**EZ-BV-SP06/S8** Awarded for the production of pulp and paper from organic hemp fibers. ✓**Nordic Swan Ecolabel** Awarded for thinbake® papers. ✓**Kosher** for thinbake® papers. ✓**Halal** for selected thinbake®, thinprint and teabag papers. ✓**Biodegradable marine** for fibrestraw® and thinbarrier® eco. ✓**Biodegradable soil** for fibrestraw®. ✓**Certificate of compliance** for food packaging for teabag paper. ✓**Certificate of compliance** FDA, Directive 94/62/EC, Regulation (EC) No. 1935/2004, BfR Recommendation XXXVI for cigarette, plugwrap, RYO papers, leaflet papers, flexible packaging and straw wrap papers. ✓**Biodegradability and compostability** for RYO paper and straw wrap paper. ✓**SNI 3755** for selected cigarette and tipping papers.

## paper mills



dunafin

- FSC™
- PEFC
- ISO 9001
- ISO 14001
- ISO 22000
- ISO 45001
- ISO 50001



feurstein

- FSC™
- PEFC
- ISO 9001
- ISO 14001
- ISO 45001
- ISO 50001
- BRCGS Packaging Materials



op papirna

- FSC™
- PEFC
- ISO 9001
- ISO 14001
- ISO 22000
- ISO 45001
- ISO 50001



tervakoski

- FSC™
- PEFC
- ISO 9001
- ISO 14001
- ISO 22000
- FSSC 22000 (PM11)
- ISO 45001
- ISO 50001

## printing & conversion



benkert

- FSC™ (CN)
- PEFC
- ISO 9001
- ISO 14001
- ISO 45001 (CN)
- ISO 50001 (D)



flexprint

- PEFC
- ISO 9001
- ISO 14001
- FSSC 22000
- ISO 45001



mundet

- PEFC
- ISO 9001
- ISO 14001 (Roslyn)
- BRCGS Packaging Materials (Tennessee)



papierfabrik wattens

- FSC™
- PEFC
- ISO 9001
- ISO 14001
- ISO 17025
- FSSC 22000
- ISO 45001
- ISO 50001



wattens vietnam

- FSC™
- PEFC
- ISO 9001
- ISO 14001

# GRI Content Index

Our Corporate Social Responsibility Report 2024 has been prepared in accordance with the GRI Standards (GRI 1: Foundation 2021) for the period 01.01.2023 – 31.12.202. This Content Index helps you navigate the reported disclosures and information.

GRI	Disclosure	Chapter (page/s)	Reason for omission	Explanation
<b>GRI 2: General Disclosures 2021</b>				
GRI 2: General Disclosures 2021	2-1 Organizational details	contacts (36–37)		
	2-2 Entities included in the organization's sustainability reporting	contacts (36–37)		
	2-3 Reporting period, frequency and contact point	CSR reporting (96), legal information (38)		
	2-4 Restatements of information	CSR reporting (96)		
	2-5 External assurance	CSR reporting (96)		For this reporting year, no external assurance was pursued.
	2-6 Activities, value chain and other business relationships	we revolutionize paper (6–7), how we create value (10–11), CSR reporting (96)		
	2-7 Employees	fair employment (70–73)	information incomplete	The group does not collect structured data on gender identities other than male/female. We are currently establishing a group-wide reporting system to comply with the upcoming CSRD and expect to collect and report the required data within the next three years.
	2-8 Workers who are not employees	fair employment (70–73)		
	2-9 Governance structure and composition	company governance (76–87)		
	2-10 Nomination and selection of the highest governance body	company governance (76–87)		
	2-11 Chair of the highest governance body	company governance (76–87)		
	2-12 Role of the highest governance body in overseeing the management of impacts	managing CSR (76)		
	2-13 Delegation of responsibility for managing impacts	managing CSR (76)		
	2-14 Role of the highest governance body in sustainability reporting	managing CSR (76)		
	2-15 Conflicts of interest	policies and procedures (82–85)		
	2-16 Communication of critical concerns	critical concerns and grievance mechanisms (86), policies and procedures (82–85)		
	2-17 Collective knowledge of the highest governance body	collective knowledge of the highest governance body (80)		

GRI	Disclosure	Chapter (page/s)	Reason for omission	Explanation
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	governance structure (76)		
	2-19 Remuneration policies	remuneration (80–81)		
	2-20 Process to determine remuneration	remuneration (80–81)		
	2-21 Annual total compensation ratio		confidentiality constraints	As a family-owned company, we consider this information to be confidential as it could provide insight into the salary structure of the board of directors.
	2-22 Statement on sustainable development strategy	our strategy toward a better future (42)		
	2-23 Policy commitments	policies and procedures (82ff)		
	2-24 Embedding policy commitments	policies and procedures (82ff)		
	2-25 Processes to remediate negative impacts	critical concerns and grievance mechanisms (86)		
	2-26 Mechanisms for seeking advice and raising concerns	critical concerns and grievance mechanisms (86)		
	2-27 Compliance with laws and regulations	compliance with laws and regulations (86)		
	2-28 Membership associations	membership associations (81)		
	2-29 Approach to stakeholder engagement	stakeholder engagement (81f)		
	2-30 Collective bargaining agreements	collective bargaining agreements (82)		
<b>Material Topics</b>				
GRI 3: Material Topics 2021	3-1: Process to determine material topics	double materiality (34)		
	3-2: List of material topics	sustainability goals 2030 (14–15)		
	3-3: Management of material topics	secure business (16–17; 44–45), (18–19; 46–49), sustainable products (20–21; 50–51), climate actions (24–25; 54–61), (26–27; 62–65), empower people (28–29; 66–69), (30–31; 70–73), 32–33; 74–75), customer privacy (87)		

# GRI Content Index (continuing)

GRI	Disclosure	Chapter (page/s)	Reason for omission	Explanation
<b>Secure Business</b>				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	economic performance (46-49)		
	201-2 Financial implications and other risks and opportunities due to climate change	economic performance (46-47) risk management (78-79)		
	201-3 Defined benefit plan obligations and other retirement plans	economic performance (46-49)		
	201-4 Financial assistance received from government	economic performance (49)	information incomplete	Only totals per category are shown, as we report at group level.
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	responsible sourcing (44-45), responsible pulp sourcing (50-51)		
	308-2 Negative environmental impacts in the supply chain and actions taken	responsible sourcing (44-45), responsible pulp sourcing (50-51)		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	responsible sourcing (44-45), responsible pulp sourcing (50-51)		
	414-2 Negative social impacts in the supply chain and actions taken	responsible sourcing (44-45), responsible pulp sourcing (50-51)		
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	customer privacy (86-87)		
<b>Climate Actions</b>				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	energy & emissions (58-61)	confidentiality constraints	Energy represents a significant proportion of the production costs for paper and board products, as well as converting processes. Specifying details about our energy consumption, energy intensity and fuel sources would provide competitors with considerable insights into delfort's production costs and profitability. We deem this information commercially sensitive and therefore only partially disclose the required information. More specifically, we only disclose the total amount of electricity purchased by the organization.
	302-2 Energy consumption outside the organization		not applicable	Papermaking is energy-intensive. The proportion of energy consumption outside the organization is low compared to the energy consumption of paper production and printing processes. As a result, this KPI is not significant and therefore immaterial.

GRI	Disclosure	Chapter (page/s)	Reason for omission	Explanation
GRI 302: Energy 2016	302-3 Energy intensity	energy & emissions (58-61)	confidentiality constraints	Energy represents a significant proportion of the production costs for paper and board products, as well as converting processes. Specifying details about our energy consumption, energy intensity and fuel sources would provide competitors with considerable insights into delfort's production costs and profitability. We deem this information commercially sensitive and therefore only partially disclose the required information. More specifically, we only disclose the total amount of electricity purchased by the organization.
	302-4 Reduction of energy consumption	energy & emissions (58-61)		
	302-5 Reductions in energy requirements of products and services		not applicable	delfort's products do not consume energy during their consumption or use.
GRI 303: Water and effluents	303-1 Interactions with water as a shared resource	saving water (62-65)		
	303-2 Management of water discharge-related impacts	saving water (62-65)		
	303-3 Water withdrawal	saving water (62-65)		
	303-4 Water discharge	saving water (62-65)		
	303-5 Water consumption	saving water (62-65)		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	energy & emissions (54-61)		
	305-2 Energy indirect (Scope 2) GHG emissions	energy & emissions (54-61)		
	305-3 Other indirect (Scope 3) GHG emissions	energy & emissions (54-61)	information incomplete	After our last year's spend-based approach, we recognized that the main contributions within Scope 3 are attributable to purchased goods and services, fuel- and energy-related emissions, and upstream transport and distribution. Emissions from capital goods, waste, leased or rented assets (upstream), business trips, and employee commuting represent only a minor amount of our Scope 3 emissions. We conducted an activity-based approach for Scope 3.1 (purchased goods and services) and Scope 3.4 (upstream transport and distribution). The collected data revealed that 59% of our total emissions are accounted for by Scope 3. However, primary emission factors for purchased goods are not fully available due to the lack of information from our suppliers. Therefore, we used emission factors from a secondary database. We are in the process of establishing a reporting system for the entire group and anticipate reporting these figures within the next two years.
	305-4 GHG emissions intensity	energy & emissions (54-61)		
	305-5 Reduction of GHG emissions	energy & emissions (54-61)		

# GRI Content Index (continuing)

GRI	Disclosure	Chapter (page/s)	Reason for omission	Explanation
GRI 305: Emissions 2016	305-6 Emissions of ozone-depleting substances (ODS)		information unavailable	Data that enables the calculation of emissions of ozone-depleting substances is not available yet as no reporting system is in place. We will conduct a material-based GHG inventory in 2023, including the amount of refrigerants, so that we will be able to calculate the level of emissions. We expect this analysis to allow us to report our emissions of ozone-depleting substances within the next three years.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	energy & emissions (54-61)	information incomplete	The following data is not available yet as no reporting system is in place: air emissions from sulphur oxides (SOx) and other significant air emissions (persistent organic pollutants (POP), volatile organic compounds (VOC), hazardous air pollutants (HAP) and particulate matter (PM)). We are currently establishing a group-wide reporting system and expect to report these figures within the next three years.
<b>Responsible Products</b>				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	material used by type (51)		
	301-2 Recycled input materials used		not applicable	delfort only uses virgin fibers in its specialty papers. Most of these are approved for food contact or manufactured for hygiene applications and the law does not allow them to contain recycled content.
	301-3 Reclaimed products and their packaging materials		not applicable	Many of delfort's paper solutions are recyclable but no detailed information is available about the end user's recycling or waste collection process after utilization.
<b>Empower People</b>				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	employment figures (71)		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		not applicable	At delfort, there are no benefits provided to full-time employees that are not provided to temporary or part-time employees.
	401-3 Parental leave	parental leave (72)		We collect partial structured data on parental leave to calculate KPIs required for 401-3 parental leave. Currently, we are establishing a group-wide reporting system to comply with the upcoming CSRD and expect to report these figures when the CSRD reporting obligation takes effect.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	health and safety (66-69)		
	403-2 Hazard identification, risk assessment, and incident investigation	hazard identification (66)		
	403-3 Occupational health services	safety network (66)		
	403-4 Worker participation, consultation, and communication on occupational health and safety	participation and communication (66-67)		

GRI	Disclosure	Chapter (page/s)	Reason for omission	Explanation
	403-5 Worker training on occupational health and safety	health and safety awareness (67)		
	403-6 Promotion of worker health	promotion of employee health (67)		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	promotion of employee health (67)		
	403-8 Workers covered by an occupational health and safety management system	global safety network (66)		
	403-9 Work-related injuries	2023 in numbers (68-69)		
	403-10 Work-related ill health		information unavailable	As a manufacturing company, workplace health and safety incidents are mostly physical accidents rather than work-related ill health. Due to data protection, we are unable to track statistics here.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	developing talents (74-75)		
	404-2 Programs for upgrading employee skills and transition assistance programs	developing talents (74-75)		
	404-3 Percentage of employees receiving regular performance and career development reviews	personal development reviews (70)		
GRI 407: Freedom of Association & Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	supplier management framework (44-45), fair employment (72-73), policies and procedures (85)		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	supplier management framework (44-45), fair employment (72-73), policies and procedures (85)		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	supplier management framework (44-45), fair employment (72-73), policies and procedures (85)		

## CSR reporting

We have been publishing an annual CSR report in accordance with GRI standards on a voluntary basis since 2009. The data presented in this annual CSR report covers a full calendar year from January 1 to December 31, 2023 – the same period we use for our financial reporting. Our last CSR report was published in May 2023.

The data compiled in this document reports the same key performance indicators (KPIs) and applies the same restrictions as in previous issues. It presents all KPIs for our six paper mills dunafin, feurstein, op papirna, tervakoski, wattenspapier, wattens vietnam, and our seven converting facilities mundet (in the USA and in Mexico), benkert (in Germany, Malaysia and China) and flexprint. During recent years, we have acquired wattens vietnam, mundet, benkert and flexprint. We closed delfortgroup printing services in 2021 and benkert UK in 2022. Because of lacking data, no attempt has been made to re-baseline or adjust historic group-wide data presented in the report by retrospectively incorporating data from these facilities. Please refer to the notes accompanying the KPI tables throughout the report, which describe how we have arrived at the global figures presented. No external assurance was pursued for this reporting year.

Economic, environmental and social impacts associated with delfort's special fibers operations at op papirna remain outside the boundaries of this report. This is due to the minor scale of these operations, representing less than 2% of the total business from delfort's paper mills.

**Transparent paper packaging is a game changer!** The unique combination of our expertise, agile product development and collaboration with our customers has resulted in a specialty paper that can be heat-sealed, allows easy visibility of bag contents and enables efficient barcode scanning. It is made from renewable materials and is recyclable according to the CEPI method. Our lightweight transparent papers have both OK Compost Home and OK Compost Industrial certifications. They are luxurious to the touch and create a positive end-user experience.

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**layout & content:** Mag. Christine Fiegert  
 Michaela König, MA  
**publisher:** delfortgroup AG, Fabrikstrasse 20,  
 4050 Traun, Austria

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