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



message from the board

Dear readers,

Welcome to the 13th edition of the delfort CSR report, which presents delfort's view on a year that changed many things. Over the course of 2022, countries around the world managed to reduce the effects of the coronavirus pandemic to a minimum, yet the war in Ukraine caused long-term damage to value chains, which were previously considered to be secure.

The resulting shortages – particularly in the fields of energy and raw materials – fuelled the already high inflation and also caused companies to put sustainability in procurement processes on the backburner while they focused on securing supply chains.


And delfort was no exception! We also had to have a close look at this issue and decide on the actions we needed to take to secure the continuity of our production operations. For example, we took precautionary measures in our paper mills so that we could implement alternative heat sources instead of being dependent on gas for the heat we need to produce our paper. However, we also used this opportunity to prepare our heat production facilities for the use of renewable energy sources.

Furthermore, we have commissioned photovoltaic systems on our South Asian sites and launched other comprehensive projects at other locations.

It is exactly this combination of entrepreneurial necessity and future-oriented measures that have driven delfort forward throughout the past 15 years. Since 2007, when delfort made a clear commitment to make sustainability one of the key focuses of our corporate activity, a lot has changed. Since then, we have managed to reduce our carbon emissions significantly, we now need less water than ever before for our production processes and the electricity that we use primarily comes from renewable sources.

As we develop our solutions, we always make sure that we use as few raw materials as

message
from the
board



possible. Many of our product names start with the word "thin", which is a clear sign of our commitment to satisfy the needs of different users and industries with the lightest, thinnest papers possible. At the end of the day, lighter paper also means less pulp, reduced transportation space and weight, and less waste. Over the past 3 years, we have invested more than €100 million in the development and production of innovative and sustainable paper solutions, as well as in the sustainable renovation of our production facilities. Meanwhile, we are also investing heavily in the training and development of our staff in terms of both professional expertise and personal skills, with an additional focus on raising awareness in the areas of the environment, social issues and corporate governance.

This type of awareness is an absolute necessity if we want to play an active role in reaching our 2030 sustainability targets, which are based on the UN Sustainable Development Goals and the ten principles of the UN Global Compact.

We set these goals back in 2019 and have since taken many steps – both small and large – toward achieving them. Confirmation that we are on the right track came in 2022 when we won the EcoVadis Platinum award for the first time – an award that is only granted to the top 1% of more than 100,000 companies assessed by the ratings platform. And thanks to our efforts over the past year, we have also managed to secure the Platinum award in 2023.

However, we realize that we need to go beyond our 2030 goals if we want to achieve a zero-carbon footprint. We ratified our commitment to this ultimate goal at the beginning of 2023 by signing the Science Based Target initiative (SBTi) Net-Zero Standard. By setting ourselves the goal of carbon neutrality, we are going significantly beyond the mandatory targets currently in place. Furthermore, we have decided to focus our efforts and reports on the reduction of emissions in Scope 3, in addition to those in Scopes 1 and 2.

To this end, we began investigating the carbon footprint of our suppliers in 2022, while defining specific capital-intensive measures for delfort aimed at significantly reducing the size of our own footprint. The finalization of the investments planned in 2022 will enable us to operate around 20% of our paper production capacity with a zero-carbon footprint (with reference to Scopes 1 and 2) by 2026.

This report is intended to provide an insight into delfort's current position, what we have been able to achieve, and the setbacks that we have had to face. We are proud of everything that delfort – and especially delfort's employees – have achieved over the past few years, while also being well aware that this is only the beginning of our journey. The path to carbon neutrality is not an easy one, yet it is unavoidable if we want to prevent the impact of humanity from having severe consequences on our planet.

We trust that you will enjoy the insights provided in this CSR report.


Yours sincerely,



Martin Zahlbruckner
CEO



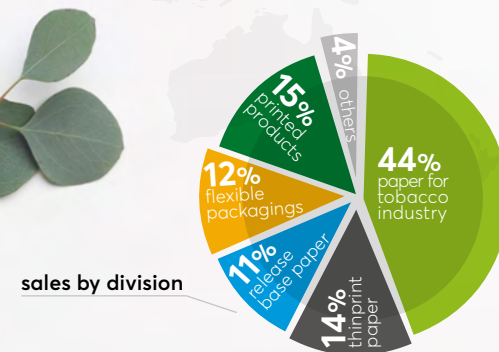
Roland Faihs
COO, CFO



Christoph Steger
CSO

message
from the
board

at a glance'22

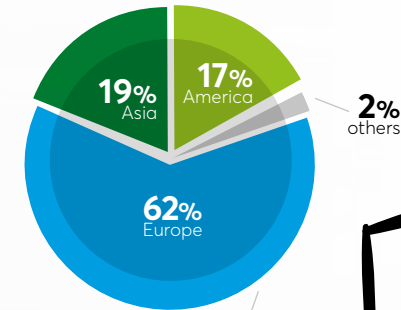


euro sales revenue

1,237bn €

km² of produced paper

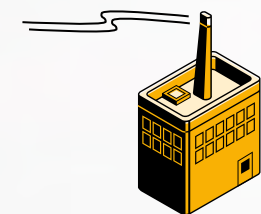
11,564



12% reduction of work-related injuries (A1+A2 accidents) per 1,000,000 hours worked compared to 2021.

patents & applications

582



reduction of

20%

of NO_x emissions in our paper mills per 1,000m² of net saleable paper compared to our 2016 baseline.

12% innovation rate



100% of our wood pulp suppliers are FSC™ / PEFC-certified

FSC-C109921

at a glance 2022

In 2023, delfort was awarded again a "Platinum" award by EcoVadis for outstanding achievements in the four areas of Environment, Labor & Human Rights, Ethics and Sustainable Procurement. Ranked in the top 1% of all rated companies, this recognition reinforces our presence as a highly sustainable supplier for our customers, especially as we fulfilled the strict certification requirements already in 2022, making this the second year in a row that we have been awarded the "Platinum" award.



SBTI NET-ZERO STANDARD

We are among the first companies in our industry to have committed to reducing greenhouse gas (GHG) emissions to net zero. At the start of 2023, we signed the Science Based Target initiative Net-Zero Standard.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

company profile

delfortgroup AG is a global innovation leader in developing, manufacturing and distributing specialty papers. Our team of 3,200 employees across more than 20 countries contributes to the success of our customers by providing lightweight, sustainable and functional paper solutions. Founded in 2006 and headquartered in Austria, our family-owned company runs

six paper mills, seven sales offices and seven converting facilities. With over 1,500 types of specialty paper delivered to more than 100 countries worldwide, our products can be found in various industries. You will find a general overview of our portfolio on this page, while our website provides a comprehensive insight into our vast product range.



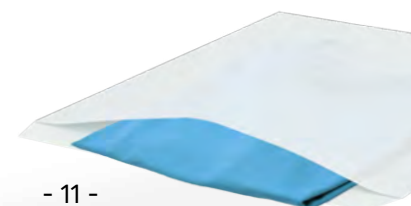
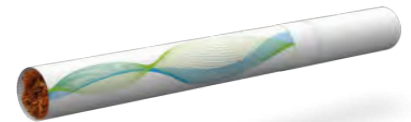
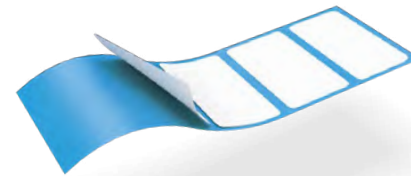
company profile

PRINTING & PUBLISHING:
books, catalogs, religious literature, guides, advertising tools, leaflets

LABELS:
release base paper

TOBACCO:
cigarette, plug wrap, tipping base paper

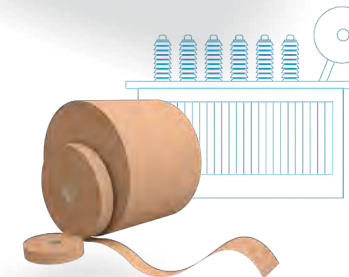
FASHION & LOGISTICS:
wrapping paper, bags



delfortgroup.com/products



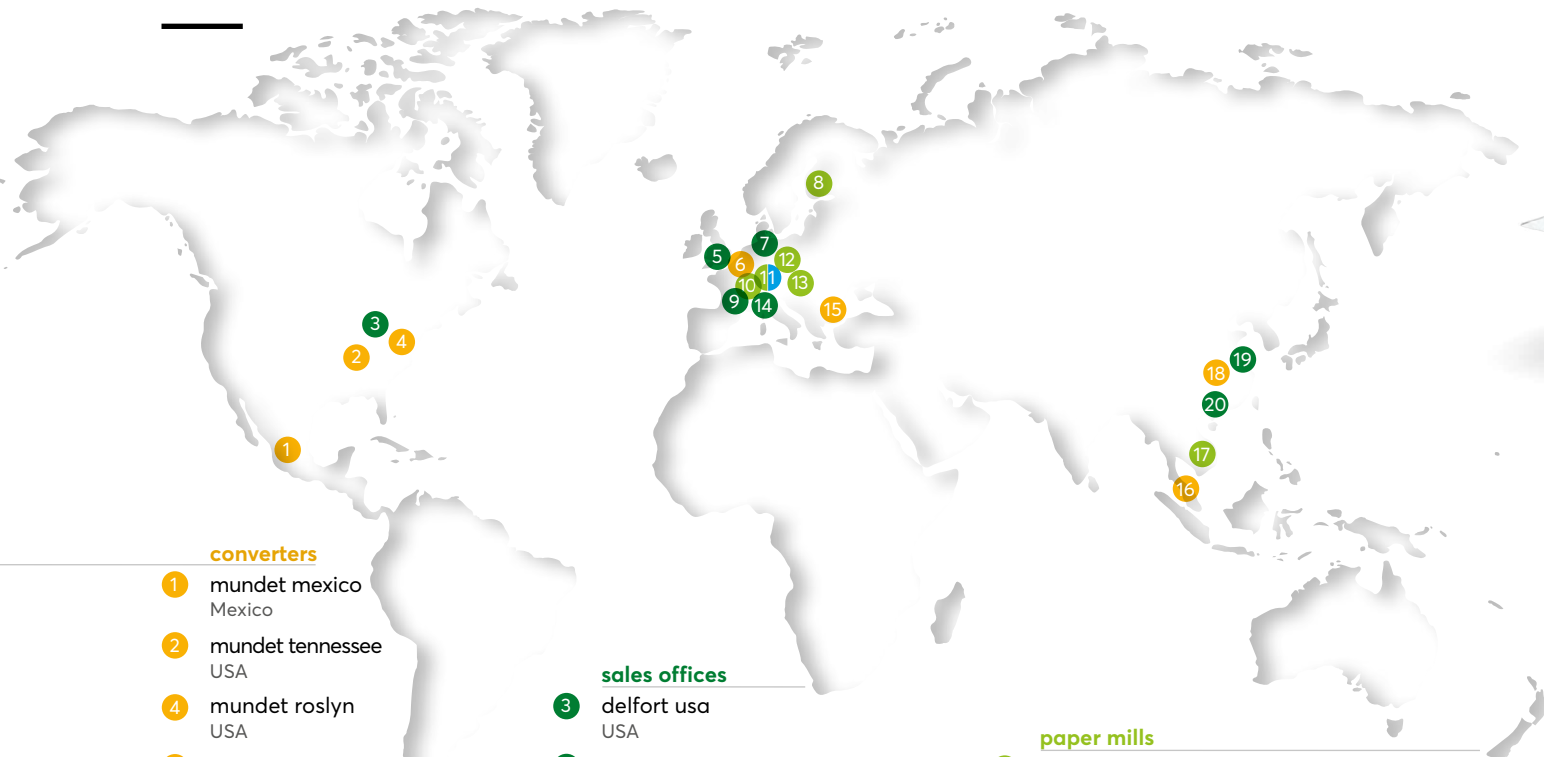
FOOD & COOKING:
eco-conscious food wrapping paper, bags



POWER, TRANSFORMERS & ENERGY STORAGE:
electrical insulation, crepe papers, battery separators



PHARMA, COSMETICS & HEALTHCARE:
leaflets, booklets



converters

- 1 mundet mexico
Mexico
- 2 mundet tennessee
USA
- 4 mundet roslyn
USA
- 6 deutsche benkert
Germany
- 16 benkert malaysia
Malaysia
- 18 zhejiang benkert
China
- 15 flexprint
Bulgaria

headquarters

- 11 delfort
Austria

sales offices

- 3 delfort usa
USA
- 5 delfort uk
UK
- 7 delfort germany
Germany
- 9 delfort france
France
- 14 delfort italia
Italy
- 19 delfort shanghai
China
- 20 mountain dragon
Hong Kong

paper mills

- 8 tervakoski
Finland
- 10 wattenspapier
Austria
- 11 feurstein
Austria
- 12 op papírna
Czech Republic
- 13 dunafin
Hungary
- 17 wattens vietnam
Vietnam

value chain

delfort's business areas cover the development, manufacturing, processing and distribution of specialty paper solutions. These solutions include cigarette, plug wrap and tipping base paper; packaging paper for food and non-food use; thin paper for pharma and cosmetics leaflets; religious literature and catalogs; label base paper; paper for electrical


applications and promotional printed products. Our customers represent a wide range of sectors and include converters, printers, manufacturers, brand owners, wholesalers and retailers. We source our raw materials and the necessary energy from approximately 4,500 suppliers. Our pulp comes from sustainably managed forests and suppliers are 100%


FSC™ / PEFC-certified. Our whole organization includes six paper mills, seven sales offices and seven converting facilities. Moreover, we work closely with R&D centers like delsci, laboratories and universities. We are members of selected associations and collaborate in several partnerships.

our value chain

SUPPLIERS

- Pulp from sustainably managed forests
- 100% FSC™ / PEFC-certified wood pulp suppliers
- Chemicals
- Energy
- Other raw materials
- Services

suppliers
 >4,500

 91%
 of our suppliers (by spend) successfully passed our supplier performance evaluation.

delfort 

We are innovation leaders in designing, manufacturing, converting and distributing specialty papers and solutions.

VALUE CREATION

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

collaborations with laboratories & universities

associations & partnerships

CUSTOMERS

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

1,500 
 paper grades

km² saleable paper
 11,564 

PRODUCTS

- Sustainable food wrapping paper
- Leaflets, booklets
- Release base paper
- Cigarette, plug wrap, tipping base paper
- Books, catalogs, religious literature, guides, advertising tools, sketch paper
- Electrical insulation paper, crepe paper, battery separator paper
- Wrapping paper and bags for fashion and logistics

paper mills
 6 

converters
 7 

delsci
 R&D partner for the development of sustainable barrier paper

sales offices
 7 

employees
 3,200 

 R&D center for tobacco solutions

stakeholders



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. These include our customers, suppliers, regulators, government officials, non-governmental organizations, standard-setting platforms and other members of society as described on the right. 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 taken into account for decision making, for example, during the product development process. As we are witnessing a growing need for more sustainable paper solutions, we increase our innovation capacity to develop eco-conscious products.

In addition, we are in regular contact with a variety of industry 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

CUSTOMERS

- Regular interactions through sales and service
- Strategy workshops
- CSR assessments
- Development workshop projects

EMPLOYEES

- Local employee surveys
- "Let's talk" annual personal development conversations
- Dialog with employee representatives
- Family days

OWNERS

- Annual strategy review
- Quarterly meetings

SUPPLIERS

- Regular engagement
- Compliance assessments and audits
- Supplier Code of Conduct
- Innovation workshops

LOCAL COMMUNITIES

- Dialog with city government and citizens
- Corporate volunteering programs

OUR MEMBERSHIPS

- Sustainable Packaging Coalition
- Foodservice Packaging Institute
- GreenBlue
- CEFLEX
- CELAB
- 360° Foodservice
- Econsense
- Cooperation Centre for Scientific Research Relative to Tobacco
- Tobacco Merchants Organization
- European Rolling Paper Association (ERPA)
- Global Tobacco and Nicotine Forum
- The Gravure Association of the Americas, Inc.
- Pharmaceutical Printed Literature Association
- The Document X-perts Network
- Book Chain Project
- FINAT

LARGER INTEREST GROUPS

- Community interest groups
- Media
- NGOs
- Research institutes
- Scientific communities
- Standards bodies and organizations
- Governments and regulators

stakeholders

materiality

In 2014, we performed our first materiality analysis, which we also carried out in 2015, 2016, 2018 and 2020. We followed a multiphase process, which started by researching topics that we and our stakeholders considered relevant in determining the impact of our business activities on sustainability and financial performance. We also considered data from reports, mandatory regulations, voluntary initiatives, news and social media to gain an evidence-based perspective on regulatory, strategic, and reputational risks and opportunities. After prioritization of the topics, we reviewed their validity by consulting employees during a series of internal workshops held on different sites around the world and defined priorities with the help of a "heat map". In 2020, we conducted a materiality survey, which asked internal experts and external business partners whether the key topics were still relevant, or whether new topics had emerged. In particular, the last survey showed that the topics covered in this report are still important. Nevertheless, we noticed that the prioritization of the topics had changed. For example, human rights topics such as child, forced or compulsory labor, non-discrimination, occupational health

and safety have become more important to our stakeholders. At the same time, environmental compliance, emissions, materials and usage of water and energy were found to be as important as they were in previous years.

The findings of this survey have helped us to shape our holistic CSR approach, aligning it directly with our business strategy and providing us with insights to drive stronger risk management and greater long-term value creation with the implementation of our sustainability plans.

Over the next few years, major changes are expected due to the introduction of new sector-specific standards and the EU's Corporate Social Responsibility Directive. We are pursuing a structured approach and would like to take these standards into account when conducting our next materiality assessment. At the time this report was written, we were just starting our next structured materiality approach and are aiming to implement it within the coming year.

On the right-hand page you will find our most important material topics that have been determined together with the board of directors and are reported in this document.



SECURE BUSINESS

- Responsible sourcing
- Economic performance



CLIMATE ACTIONS

- Energy & emissions
- Saving water



SUSTAINABLE PRODUCTS

- Responsible pulp sourcing
- Responsible product design



EMPOWER PEOPLE

- Health & safety
- Fair employment
- Developing talents

materiality

our strategy

— towards a
better tomorrow

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 every day by means of specialized and customized solutions, responsible production and operations, and a reliable supply chain. We achieve this by placing our customers at the center of our strategic focus and continually striving toward improvement and excellence for the benefit of our customers, our employees and our stakeholders.

STRATEGY IMPLEMENTATION

delfort wants to drive change in the specialty paper industry, leading by example with sustainable practices.

We deliver sustainable and renewable specialty paper solutions with the aim of supporting customers in their transition towards 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.

OUR VISION



CREATIVE COLLABORATION

Enabling customers to contribute to the healthiest planet possible

OUR MISSION



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

OUR STRATEGY



- We leverage our key competencies
- We reinforce our customers' excellence
- We contribute to a circular society
- We empower performance-driven teams
- We promote fair and balanced partnerships
- We foster solid business partnerships

our
sustainability
strategy

WE LEVERAGE OUR KEY COMPETENCIES



At delfort, we give paper superpowers. We create functional papers that perform. Therefore, we focus on market segments that require particularly functional, sustainable and lightweight solutions. Our portfolio includes cigarette, plug wrap and tipping base paper; packaging paper for food and non-food use; thin papers for pharma and cosmetics leaflets, religious literature and catalogs; label base paper; paper for electrical applications and promotional printed products. Each of these market segments is different. With our unparalleled 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 very efficient manufacturing processes are constantly being optimized to reduce energy, heat and water consumption. This approach eventually results in reduced greenhouse gas emissions and waste levels. Our products support circular economy principles such as recyclability and/or compostability.

WE EMPOWER PERFORMANCE-DRIVEN TEAMS



Our diverse mix of people, expertise and skills drives new innovations and more customer-centric services.

It is our ambition to ensure our people understand the role they play in the delivery of our products and services and to inspire them to perform at their best every day. Our employees make a significant contribution to our overall success. In fact, we see them as our most valuable resource as they provide our customers with the necessary expertise to achieve the most leading-edge, imaginative and sustainable goals. We fully support a culture that allows employees to reach their full potential. To keep pace with the fast and flexible transfer of new knowledge, we invest in life-long learning, supported by coaching and mentoring.

WE PROMOTE FAIR & BALANCED PARTNERSHIPS



For many years, delfort has built up an excellent network with R&D partners, laboratories, universities and research facilities for up-scaling innovation. By partnering with the cross-disciplinary team of scientists and technologists at delsci, we are taking the future of packaging to a whole new level. Vendors are an integral part of our business, which is why we foster partnerships with them based on mutual trust. Developing sustainable supply chains helps us to mitigate risk, enable on-time delivery, secure our supply of goods, improve processes, drive innovation and continuously re-evaluate and enhance our products in terms of sustainability and quality.

WE FOSTER SOLID BUSINESS PARTNERSHIPS



Our business strategy is designed to secure the continuous improvement of our solid business partnerships, which, in turn, allows us to invest in value-enhancing and sustainable projects for our customers. delfort aims to achieve controlled growth, taking into account the prevailing market situation. This growth will be based on qualified employees, industry-leading products and innovative specialty paper solutions. The increasing demand for sustainable and safe solutions further supports our growth. Equipped with financial reserves, we will deliver long-term value to our clients and stakeholders, resulting in responsibly manufactured products, sustainable operations and supply security.



SUPPORTING SUSTAINABLE DEVELOPMENT GOALS

We strive to contribute to larger societal goals aimed at unifying our collective global efforts to provide solutions and services more sustainably and strive towards a more equitable world for all. The 17 Sustainable Development Goals by the United Nations build the framework for our sustainability ambitions, and we support all of them.

As a specialty paper company, we have identified eight SDGs with particularly high relevance to our business. With our focus on those eight goals, we developed our Corporate Sustainability Goals, demonstrating our contribution to these essential global priorities for 2030.



sdgs.un.org

SIGNATORY TO THE UN GLOBAL COMPACT

At delfort, day-to-day business is guided by a policy of corporate responsibility that focuses on safety, sustainability, ethics, innovation and reliability. As a signatory to the UN Global Compact, delfort is committed to taking a responsible, principle-based and integrated approach to addressing the Compact's ten principles.



unglobalcompact.org

WE SUPPORT



our sustainability goals 2030

Sustainability is a key component of our company strategy, and we have a clear roadmap for 2030 and beyond. Our strategy is in alignment with the United Nations Sustainable Development Goals and the ten principles of the UN Global Compact. We take deliberate actions to address sustainability issues today to strengthen our business for tomorrow's customers, employees and communities.

Committed to doing business the right way, we have organized our ambitious sustainable development commitments into four key pillars. This clear and simple roadmap helps us navigate our sustainability journey and monitor our progress as we implement systematic changes. It encourages us to go above and beyond, providing our customers with a clear picture of where our journey is heading.

goals
2030

lead

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

8 DECENT WORK AND ECONOMIC GROWTH **12** RESPONSIBLE CONSUMPTION AND PRODUCTION

design

we innovate

SUSTAINABLE PRODUCTS

by offering renewable 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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION **13** CLIMATE ACTION **15** LIFE ON LAND

care

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

6 CLEAN WATER AND SANITATION **7** AFFORDABLE AND CLEAN ENERGY **9** INDUSTRY INNOVATION AND INFRASTRUCTURE **13** CLIMATE ACTION

live

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

8 DECENT WORK AND ECONOMIC GROWTH **9** INDUSTRY INNOVATION AND INFRASTRUCTURE **10** REDUCED INEQUALITIES

responsible sourcing



WHY IT IS IMPORTANT

- A sustainable business can only be achieved with the full involvement of all our suppliers.
- A reliable supplier management system helps us mitigate risks, ensure on-time delivery, secure the supply of raw materials, improve processes, drive innovation and enhance our products in terms of sustainability and quality.

COMMITMENT

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

GOALS 2030

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.

PERFORMANCE

84% of our suppliers (by spend) signed our Supplier Code of Conduct.



88% of our suppliers (by spend) successfully passed our supplier risk evaluation.



91% of our suppliers (by spend) successfully passed our supplier performance evaluation.



paper sites only

ACHIEVEMENTS

- Implementation of 100% responsible, value-driven procurement practices
- Definition of a supplier management framework
- Introduction of a Supplier Code of Conduct
- Sanction screening of new suppliers
- Introduction of assessment and audit process for existing suppliers
- Adoption of a multi-supplier strategy

responsible
sourcing

delfort has established a responsible sourcing practices framework that brings benefits to both our suppliers and delfort. It helps to mitigate risk, enable on-time delivery, secure the supply of materials, improve processes and drive innovation. It also implies to continuously re-evaluate and enhance products in terms of sustainability and quality by providing access to more sustainable materials and reducing GHG emissions along the supply chain. Our procurement practices are based on mutual respect, communication and close cooperation with our suppliers.

100% RESPONSIBLE, VALUE-DRIVEN PROCUREMENT PRACTICES

We are committed to building sound, value-driven procurement practices to manage business risk, improve the supply chain and create the most advanced solutions for our customers. We establish sustainable procurement and support our suppliers to act respectfully, transparently and with integrity, and share our high standards. We have therefore defined a supplier management framework based on standardized processes and activities to enable us to make fact-based decisions during the procurement process. The resulting transparency benefits risk mitigation as well as communication and collaboration with our suppliers.

We work with almost 4,500 suppliers in Europe, Asia, the Americas and Africa, which increases the complexity, scale and diversity of our supply chain. However, 93% of our suppliers are located in Europe and must follow strict legislative standards that ensure fair and safe working conditions and environmental standards.

We have put additional measures in place for suppliers from high-risk countries, for example, sanction screening before starting a business relationship (read more on page 28). We are also increasingly carrying out risk evaluations and audits. In the area of pulp purchasing, we gradually introduce logging permit and pulp transport document checks (read more on page 66).

2022 was characterized by disruptions in supply chains, as well as sanctions. This, combined with high demand, led to inflationary trends and supply chain issues in several areas like wood, agricultural products, chemicals, logistics and energy. Throughout the year, we were continuously assessing the business risks related to the current situation and set up mitigation measures in several areas. Among other things, we approved multiple new suppliers in 2022 to secure the availability of materials and services. Beside this multi-supplier strategy, we also procured alternative products, increased safety stock levels, fostered relationships with our key suppliers and many others.

OUR RESPONSIBLE SOURCING PROCESS

The supplier management framework is a central element of our strategic risk management system and compliance-based approach to responsible sourcing. It is a multi-stage process that starts before entering into a business relationship and includes an ongoing review and continuous improvement of existing supplier relationships. delfort follows a group-defined process containing clear criteria and conducts audits internally by the company's own lead buyers and quality managers. In addition to

classic criteria such as price, quality, capacity, certifications, credit rating, logistic infrastructure and the security of the supply chain, we also take social and environmental standards into consideration. For example, we find out whether suppliers have the relevant CSR certifications and if they have been assessed by external rating agencies like EcoVadis. We have also started to request GHG emission data from our suppliers to be able to report our supplier-related indirect emissions (Scope 3) in the future.

The comparably low number shows that there is still a long way to go in ensuring understanding and fostering commitment among

our suppliers. In the future, we would like to work with our suppliers to establish GHG emission reduction targets over the long term.

Our goal is to apply this supplier management framework by 2030, to 80% of delfort's raw material (pulp, fillers and chemicals) and packaging (by spend). We have achieved a result of 88% in 2021. We have only started to roll out this concept in our paper mills, so figures from our printing technology platform are excluded. This is attributable to the lower purchasing volume of the printing and converting sites compared to the paper mills. Nevertheless, we have plans to extend our reporting to our printing technology platform in the future.



responsible
sourcing

Supplier selection and onboarding

Prior to starting business or operations with new suppliers, we analyze the supplier by applying a systematic approach and evaluating them according to clearly defined criteria. The process starts by screening all new and potential business partners against a sanctions list to protect us from unknowingly doing illegal business with sanctioned companies, organizations or individuals. All our existing suppliers are screened automatically on a regular basis, and we receive an immediate alert if their status changes.

In addition to this, our approach includes initial risk evaluations with regard to the supplier's business viability and regulatory obligations.

At present, we do not conduct audits on the supplier's site to check the working environment in terms of social and environmental standards. We plan to enhance our supplier onboarding process within the next two years to include environmental and social performance in our assessment.

We require suppliers to apply the same principles to their own supply chains as we do to ours, irrespective of the jurisdiction in which they operate and the applicable laws. We expect all our suppliers to sign our Supplier Code of Conduct, which reflects the standards and business practices that we expect from all our suppliers. This 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. In 2020, we started implementing the Supplier

Code of Conduct with vendors who account for 80% of our spend – primarily raw materials (pulp, fillers and chemicals) and packaging. By the end of 2021, 84% of our suppliers (by spend) signed our Code of Conduct.

Our Supplier Code of Conduct has been prepared with full involvement of our board of directors and applies to any vendors, manufacturers, contractors, joint venture partners, agents, distributors and consultants with whom we collaborate.

Corporate Procurement is responsible for making sure that all procurement managers within the company are familiar with the policy. Information about the policy is communicated to them via all internal communication channels such as newsletters, the intranet, emails and meetings, and the policy itself is publicly available on our website.

The lead buyer and local procurement managers are accountable for ensuring that each supplier signs 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. The head of Corporate Procurement keeps track of the number of Codes of Conduct that have been signed with the ultimate aim of increasing this number year on year. The Supplier Code of Conduct is an important element for us to ensure that suppliers meet our high expectations. It is one of the first steps in a series of measures that we intend to implement over the coming years to assess the social and environmental footprint of our suppliers.



delfortgroup.com/downloads

Supplier performance evaluation

At least once a year, we assess whether our key suppliers comply with our specific criteria, using our internally developed vendor evaluation system. The results of this evaluation allow us to categorize vendors into one of three grades, based on performance. If any non-conformities are discovered, the supplier is required to take corrective measures. We monitor progress during the implementation of these measures, before re-assessing or re-auditing the supplier.

Supplier risk evaluation and the audit process

In 2022, we carried out a systematic risk analysis project to assess material availability among suppliers who account for 90% of our supplier spend across almost all our sites. We have established a systematic process to identify, assess and mitigate risks. This process will help us to ensure the availability of materials, reduce dependencies and make objective buying decisions.

The results show that, as a manufacturer of specialty paper, we require raw materials and special materials that are not always readily available. Our further strategy to minimize risks will include the qualification of additional suppliers (multi-supplier strategy), the qualification of alternative products and increasing safety stock levels.

At delfort, we conduct a two-step auditing procedure according to delfort standards. During the first step, our suppliers are required to fill out a self-assessment survey. We qualify them according to our own risk evaluation matrix, which also includes social

responsible
sourcing



and environmental criteria. During the second step, a team of delfort technicians, quality assurance agents and purchasers visit the supplier on their site to ensure that the answers provided in the self-assessment reflect the reality. The coronavirus pandemic and the corresponding travel restrictions limited our capacity to conduct on-site auditing in 2022. However, we managed to carry out supplier risk evaluations on suppliers that account for 88% of our supplier spend. We also check if a supplier is regularly audited by an independent CSR assessment specialist such as EcoVadis, FSC™ or PEFC. In 2021, this was the case for more than 91% of our suppliers (based on total spend).

Supplier development

Our lead buyers analyze the results of the questionnaires and audits according to a clearly defined standard process. Each supplier receives a copy of our evaluation of the questionnaire and audit, as well as an action plan. Additionally, we store all documents centrally on our intranet so that all purchasing managers, wherever they are based, can easily access them. If any sustainability deficits are identified, we engage with the supplier to understand the areas of risk and work with them collaboratively to define measures for improvement. Repeated violations will lead to termination of the supplier relationship. The supplier management framework is an

Annually in April, delfort conducts an evaluation of paper technology platform suppliers who accounted for 80% of the company's spend on raw material (pulp, fillers and chemicals) and packaging during the preceding calendar year, to ensure that these suppliers conduct their operations in a responsible way. As a result of this procedure, the figures provided here refer to 2021.

PERFORMANCE

In 2021, we signed up 637 new suppliers. In total, we assessed 80 of our existing suppliers using our structured supplier evaluation process, which also covers environmental and social aspects.

As a consequence of the Ukraine conflict, FSC™ and PEFC suspended their certification of wood and other forest products from Russia and Ukraine. delfort agreed with its suppliers to stop sourcing wood pulp and wood from Russia and Ukraine at the beginning of March 2022.

Four of our former suppliers were identified as having a significant potential negative environmental and social impact, hence the reason why delfort has terminated its relationship with these four companies.

We did not identify any other suppliers that had a significant actual or potential negative environmental and social impact, hence we were not required to agree on improvements as a result of the assessment.

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responsible
sourcing

essential part of our CSR strategy to make a positive impact on the value chain. At the same time, we recognize that we are already ahead of many others and that our success depends on getting all suppliers on board.

The first step of our journey involves focusing on the implementation of the Supplier Code

of Conduct, which requires our suppliers to comply with strict environmental and social standards. We have also made good progress with our supplier risk evaluation and auditing processes. However, this is an ongoing project that includes plans to enhance the auditing processes by including environmental and social criteria.

economic performance



WHY IT IS IMPORTANT

- Limited availability, caused by disruptions in supply chains, as well as sanctions, lead to inflationary trends and supply chain issues in several areas like wood, agricultural products, chemicals, logistics and energy.
- delfort's financial health gives stakeholders the confidence that the company is financially secure and forward-thinking.
- Equipped with financial reserves, we are able to further invest in our assets and machinery, R&D departments and innovative solutions, so that we can achieve our sustainability agenda 2030.

COMMITMENT

We aim for balanced, profitable growth, operational excellence, product and service leadership and an innovation-driven approach so that we are a solid and long-term partner to our stakeholders.

GOALS 2030

A solid equity structure with debt <2.5 times EBITDA.

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

PERFORMANCE 2022

We clearly exceeded our goal of achieving a solid equity structure as our balance sheet shows no net financial debt.

CAPEX over 3 years in relation to depreciation was 27%.



economic
performance

ACHIEVEMENTS

- Multi-supplier strategies were introduced, alternative products approved and safety stock levels increased.
- Contingency plans and specific actions to mitigate the impact of potential gas shortages in Europe were implemented.
- Multi-fuel concepts are being developed for individual sites.
- Energy supplies were protected as much as possible by means of supply contracts.

Since the beginning of 2022, we have been witnessing the situation in Ukraine and the development of a humanitarian crisis. Our thoughts are with all people who are suffering and we hope that peace can be established as soon as possible. The geopolitical crisis also shows how the global reliance on fossil fuels is impacting energy security, driving climate action and bringing consequences for the entire global economy.

In 2022, disruptions in supply chains, sanctions and high demand led to inflationary trends and supply chain issues in several areas such as wood, agricultural products, chemicals and logistics. delfort's mitigation actions in these fields included multi-supplier strategies, qualification of alternative products and increased safety stock levels, to name but a few.

In light of increased energy costs and shortages, delfort has drawn up contingency plans and implemented specific actions to mitigate the impact of potential gas shortages in Europe.

These actions include maximum protection of energy supplies in the case of curtailments due to the production of system-relevant products and public supplies, as well as district heating. delfort has started preparing multi-fuel concepts for individual sites. Additionally, delfort strived to ensure maximum protection of supply contracts and storage volumes in 2022, both in terms of natural gas and heating oil.

Despite the challenging circumstances, we were able to maneuver through the turbulent year and continue delivering to our customers. As a progressive company, we also provided stability for our employees. Our economic performance was a result of rigorous risk management, which helped us identify market conditions and respond to them in a timely manner. This led to a satisfactory operating result.

Our materiality analyses have shown that the financial health of delfort is of vital importance to our stakeholders. In particular, our suppliers, customers, employees and the wider communities within which we operate need to be confident that the company is financially secure and fit for the future. In this respect, we also report on several financial parameters that we have defined as indicators for evaluating our activities. These are listed below:

NET SALES

Overall, the company is solidly positioned. It achieved a satisfactory sales revenue of 1,234bn euro in 2022, reflecting a good order volume throughout the different business areas.

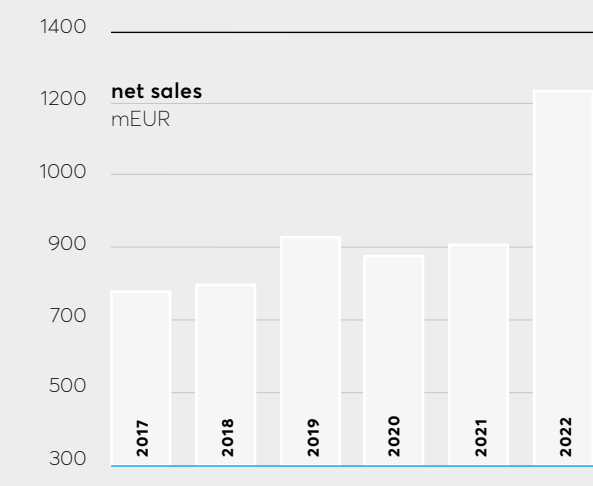
DEBT <2.5 TIMES EBITDA

In 2022, we clearly exceeded our goal of achieving a solid equity structure 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 -1.87. Our equity ratio remained strong at 75%.

CAPEX OVER 3 YEARS IN RELATION TO DEPRECIATION > 35%

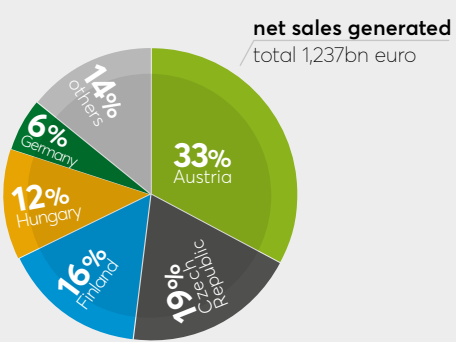
Over the last 3 years, our CAPEX investment in relation to depreciation was 27%, which was below our target of 35%.

Due to pandemic challenges and global supply difficulties, our top priority was to maintain deliveries to our customers. As a result, we have reduced our investment program last year.



	2018	2019	2020	2021	2022
Net sales ¹	€807m	€931m	€884m	€909m	€1,237bn
Equity ratio ²	76%	77%	81%	76%	75%
Equity in relation to debt ³	-	-1.7	-1.52	-2.29	-1.87
Operating investment rate ⁴	243%	285%	197%	98%	87%
Operating investment rate over 3 years in relation to depreciation ⁵	-	174%	165%	117%	27%

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

OPERATING COSTS

In 2022, operating costs (excluding HR and depreciation) were approximately 929m euro (2021: 600m euro). 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.

EMPLOYEE WAGES & BENEFITS

Total expenses for employee wages and defined benefit plans are approx. 179m euro (2021: 167m euro). Most of delfort’s retirement obligations are contribution-orientated (95.9%). Most of the countries where we operate have a state retirement plan, which is also funded through monthly social contributions. Benefit-oriented obligations only refer to former employees who are already retired.

PAYMENTS

delfort makes payments to capital providers, governments and communities in countries in which it operates.

As a family-owned company, delfort adopts a prudent dividend policy. It is in the shareholders’ interest to reinvest in the company so that it can continue developing sustainable next-generation products. For more details, we refer to our consolidated financial statement which is published via the Austrian company register latest by end of September 2023.

In 2022, delfort made over 50,000 euro voluntary donations to communities. These include financial support for charities, research institutes or local citizens associations. Furthermore, the group has paid approximately 37m euro to governments in the form of taxes.

FINANCIAL IMPLICATIONS, RISKS & OPPORTUNITIES DUE TO CLIMATE CHANGE

As stated in the chapter on risk management (page 100), climate change presents risks and opportunities to our company and stakeholders. delfort applies a precautionary approach to safeguard the group’s business and, consequently, its business partners from any threats. Climate change can impact our business in various ways, including water scarcity, high temperatures, hurricanes, floods and the risk of fires, 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.

We see the reduction of GHG emissions as a major lever for mitigating climate change. delfort is pursuing a clear plan for decarbonization, which is currently being finalized. This plan will also be backed by concrete measures and investment projects (see following chapter, from page 38).

At the same time, we deliver sustainable and renewable specialty paper solutions with the aim of supporting customers in their transition towards a circular economy. As an example, delfort is intensively researching and developing sustainable barrier papers for the food and consumer goods industry to substitute fossil-based, non-renewable materials.

As part of our ongoing materiality process (page 16), we are striving to implement an assessment process to identify risks and

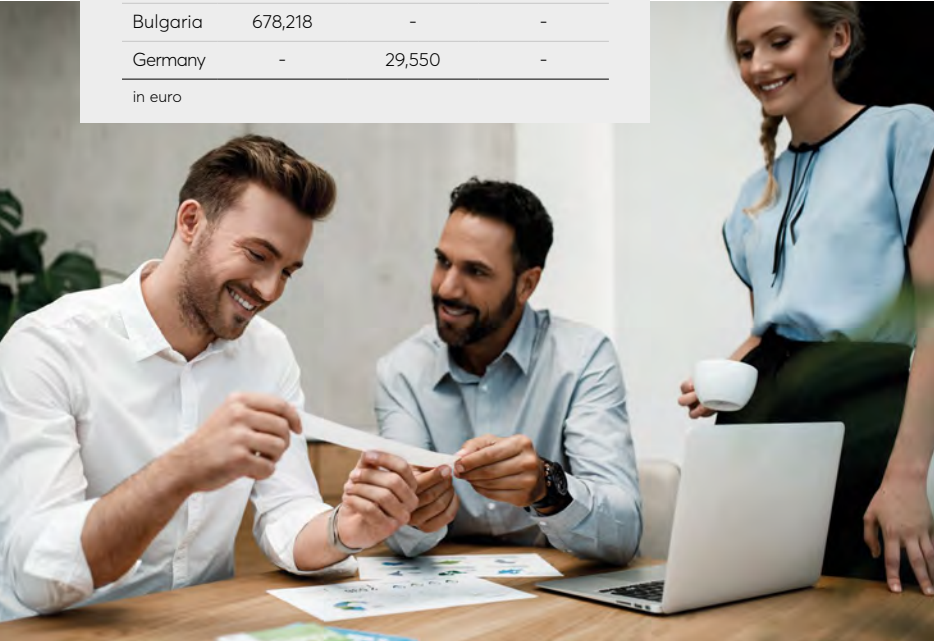
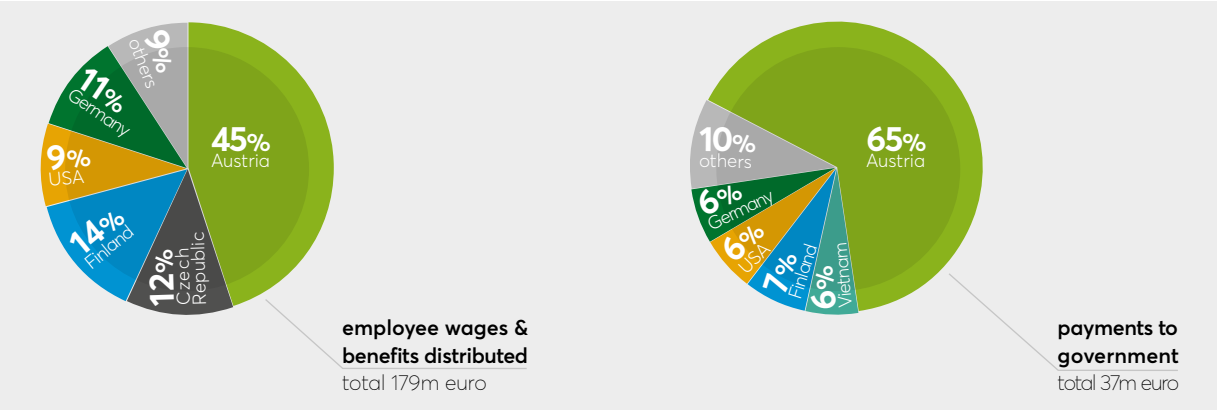
opportunities regarding climate change so that we can evaluate the financial implications in the future. We expect to be able to report on this in much greater detail, as well as provide data on KPIs (including financial implications in monetary units) by the time the CSRD reporting obligation comes into force.

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

In 2022, delfort received 3,36m euro of financial assistance from governments. This primarily includes subsidies, investment grants, as well as research and development grants.

	Subsidies	R&D & investment incentives	Others
Austria	-	507,625	195,697
Czech Republic	1,816,029	-	-
Finland	-	108,961	2,410
China	-	10,091	10,757
Bulgaria	678,218	-	-
Germany	-	29,550	-
in euro			

economic performance



energy & emissions



WHY IT IS IMPORTANT

- Global temperature increases from human-made GHG emissions cause dramatic and irreversible damage to ecosystems and our climate
- The worldwide energy demand is expected to grow, and over time, fossil fuels shall be displaced with low-carbon renewable energy sources to reduce our GHG emissions.
- Specialty papermaking is an energy-intensive industry which requires to optimize our power consumption over the long term.

COMMITMENT

We reduce our environmental footprint by optimizing production and manufacturing processes and efficiently using resources.

GOALS 2030*

To improve our energy efficiency by more than 15% per 1,000 m² of net saleable paper.

Reduction of GHG emissions by more than 20% per 1,000 m² of net saleable paper.

PERFORMANCE 2022*

7% reduction of thermal energy consumption per 1,000 m² of net saleable paper.

9.7% increase of electricity consumption per 1,000 m² of net saleable paper.

6% reduction in GHG emissions per 1,000 m² of net saleable paper (location-based).

20% reduction of NO_x per 1,000 m² of net saleable paper.



*Figures compared to baseline 2016, paper sites only.

ACHIEVEMENTS

- Certification according to ISO 14001, ISO 50001
- delfort Environmental Policy in place, and awareness trainings for optimized energy consumption completed
- Weekly energy risk management established, energy improvement projects completed
- delfort climate care program – progressing our roadmap to carbon neutrality
- Implementation of multifuel concepts and own green energy generation (e.g. PV)
- Real-time monitoring to track electricity, heat and water consumption
- Global Energy Expert Meeting in May 2022 (knowledge transfer)
- Corporate Carbon Footprint calculated – including spend-based approach for Scope 3
- Commitment to SBTi Net-Zero Standard (at the start of 2023)

energy & emissions



At delfort, we are committed to play our part in transforming our industry into one that is genuinely built around circularity. A key part of our transition is to reduce our environmental footprint and greenhouse gas emissions by optimizing production processes and efficiently using resources.

Papermaking is an energy intensive industry, requiring both heat (as steam) and electricity. delfort purchases electricity and steam, and generates its own heat and electricity.

STRATEGY, GOALS AND ROADMAP

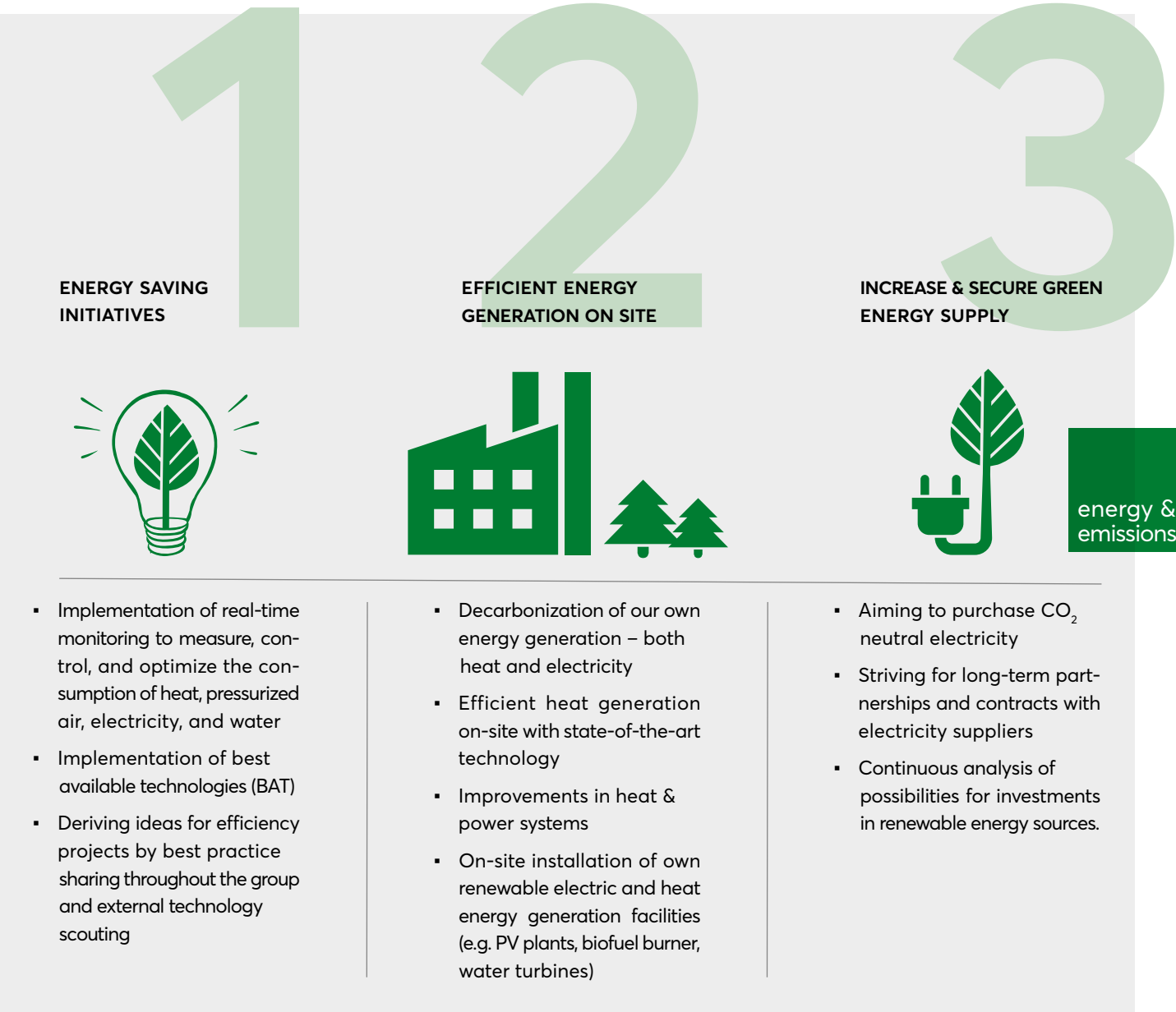
delfort has set itself a clear decarbonization goal that will go beyond statutory minimum requirements. To this end, a cross-functional project team headed by Corporate Manufacturing and Technical Affairs has developed the **delfort climate care program**, which is our roadmap towards net zero and the ending of our dependency on fossil fuels. This program comprises our long-term strategy considering interim targets and activities. It takes into account many aspects that contribute

to the reduction of GHG emissions and energy consumption, such as regulation and laws, market expectations and customer needs, best available technology and operations, purchasing of energy, raw materials and equipment, as well as reporting and disclosure. The program is a high-level roadmap and includes potential targets and activities at site level. It 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.

Already in 2019, we set two goals to be achieved by 2030, representing the first part of our journey:

- Improvement of energy efficiency by more than 15% per 1,000 m² of net saleable paper against baseline 2016.
- Reduction of GHG emissions by more than 20% per 1,000 m² of net saleable paper against baseline 2016 (location-based).

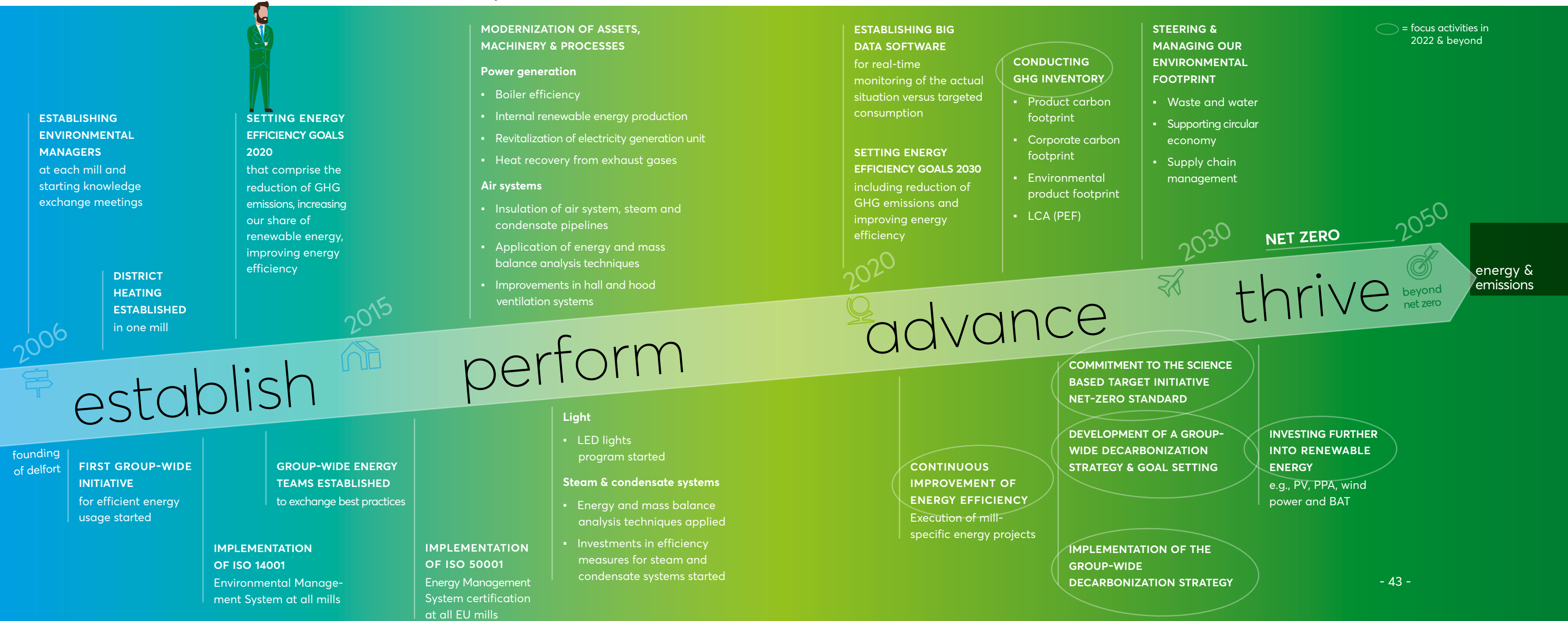
Since GHG emissions are directly linked to energy consumption our roadmap has three main priorities of action:



delfort climate

our roadmap to net zero

care program



ENVIRONMENTAL POLICY

delfort is part of the Emissions Trading System and has an environmental policy in place that outlines its ambitious intentions and direction to protecting public health and the environment. At delfort, we apply the precautionary principle, which aims to take preventive action despite a lack of certainty regarding the nature, extent, or probability of occurrence of potential damage, in order to avoid such damage from the very start. We make use of a systematic application of risk assessment and risk management, including risk mitigation and communication.

Elaborated with full involvement of, and approved by the board of directors, the environmental policy is applied to all sites and employees. It is based on the ISO 14001 Environmental Management System, used in ten of our sites and the ISO 50001 Energy Management System, used in six of our sites.

The head of Corporate Manufacturing and Technical Affairs (CMTA) and her team are responsible for bringing the policy to the attention of all employees within the company. They inform the general managers who communicate and assign the task to the executive managers on-site to integrate the policy into day-to-day business. It is communicated to all delfort employees using all internal communication channels, such as newsletters, intranet, email, and meetings, and it is publicly available on our website. This ensures that employees at all levels act responsibly and with awareness to organizational strategies, operational policies and procedures.



IMPLEMENTATION & MONITORING

We place emphasis on a continuous improvement process to achieve our defined sustainability goals for 2030. Thus, we break down the mid-term goals to annual goals – for each of our sites individually. Based on that, an action plan for environmental projects is set up and carried out on each site.

To monitor progress against our goals in the areas of heat, water withdrawal, electricity and the related GHG emissions on an ongoing basis, the head of CMTA conducts monthly review meetings and quarterly steering meetings with the general managers.

Additionally, the general managers report to the board of directors during their quarterly management result reviews. Any deviations that occur are discussed. Countermeasures are initiated in order to respond accordingly. In addition, the corporate energy manager, the energy experts from all our sites and the energy lead buyer meet every month to discuss our actual energy consumption development and best practices, to share knowledge and enforce energy efficiency improvement measures as well as possible cost reductions throughout the whole organization. With this method, we can identify actual and potential negative impacts and take further steps to prevent and mitigate them.



energy & emissions



PRIORITIES 2022

Like many other companies worldwide, delfort has been affected in 2022 by global impacts in the areas of energy and climate. On the one hand, due to the dependence on fossil fuels and the associated negative impacts on climate change. On the other hand, by energy supply bottlenecks caused by geopolitical conflicts, driven among other things by the Ukraine conflict.

To secure the energy supply for all sites, delfort has reinforced its risk management and established additional weekly meetings with the relevant departments, such as purchasing, raw materials, energy, finance and production to discuss measures to secure the availability of energy, the supply of purchased goods, our production, and the delivery to customers. Furthermore, delfort immediately started preparing multifuel concepts for all operational sites. We began converting our on-site heat generation facilities to alternative fuels. This will allow us to use biogenic fuels for paper production in the future, which will contribute to our decarbonization strategy.

In 2022, we took decisive steps to further advance our climate care program and the associated carbon neutrality target. We started to:

- calculate our corporate carbon footprint for Scope 1, 2 and 3 separately;
- develop our mid- and long-term decarbonization strategy;
- develop our decarbonization goals for Scope 1, 2 and 3;

- set up and enforce a strong organization in all areas and levels of responsibility to manage our corporate carbon footprint for Scope 1, 2 and 3 on our way to net zero.

COMMITMENT TO SBTI NET-ZERO STANDARD

delfort is committed to set near and long-term group-wide greenhouse gas (GHG) emission reduction targets in line with the Science Based Target initiative (SBTi) Net-Zero Standard. We have responded to the SBTi's urgent call for corporate climate action and agree to align with 1.5°C and net zero. Hence, we are among the first companies in the pulp and paper industry who have committed to reducing greenhouse gas emissions to net zero to contribute to the reduction of global warming. We signed our commitment at the start of 2023. The first step consists of analyzing our existing opportunities. Based on the outcome of this analysis, we can identify the goals that we are able to reach, and then define and submit our net zero short- and long-term targets to the SBTi for approval. We aim to halve emissions before 2030 and achieve net zero emissions before 2050 according to the SBTi.

The Net-Zero Standard covers a company's entire value chain emissions, including emissions produced by their:

- own processes (Scope 1);
- purchased electricity and heat (Scope 2);
- and that which in a company's production facilities and processes is mainly generated by purchased goods and transportation to the company's sites (Scope 3).

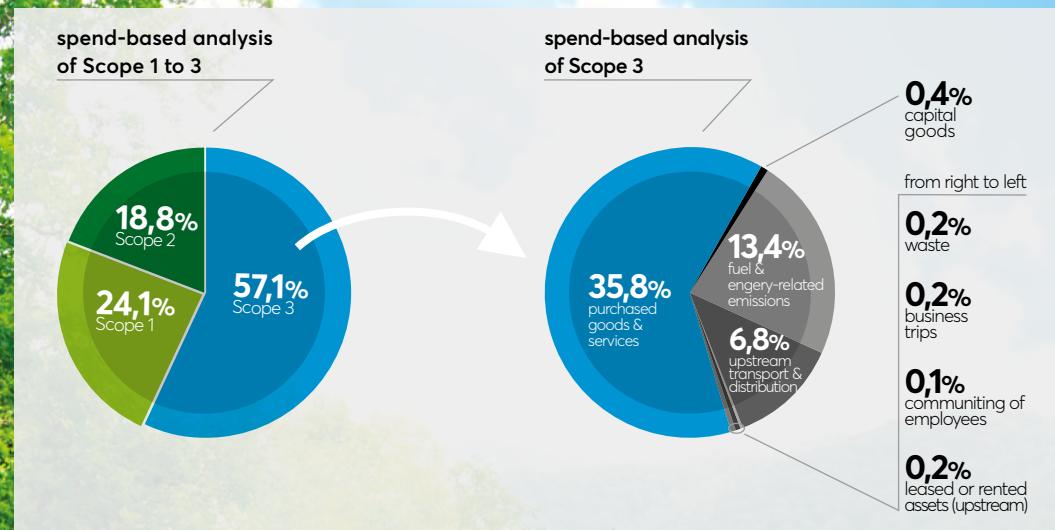


energy & emissions

GLOBAL ENERGY EXPERT MEETING & KNOWLEDGE EXCHANGE

After two years of pandemic restriction, we were able to hold our annual global energy expert meeting in presence for the first time again. The energy experts and operation managers from all our sites worldwide came together for a three-day meeting in spring, to exchange knowledge and best practices.

Key priorities included our decarbonization strategy and lessons learned regarding energy efficiency improvements for various machines that were rebuilt last year, as we faced higher energy consumption during the start-up phase. In several follow-up meetings, we reviewed the measures implemented to determine their viability and developed new ideas.



CORPORATE CARBON FOOTPRINT – SPEND-BASED APPROACH (GHG INVENTORY)

In the past years, delfort has already reported Scope 1 and 2 GHG emissions as a consolidated figure on group level. This year, we will report both KPIs by technology platform and for the whole organization due to an internal change in our reporting system that allows us to report more detailed figures from all our sites.

In the recent year we have started to collect Scope 3 GHG emissions from our suppliers. However, only a few suppliers can provide systematically tracked GHG emissions.

Therefore, we started to conduct a Scope 3 materiality analysis using the spend-based approach from Cradle to Gate with a well-recognized external consultant to understand the main emission categories within Scope 3. It analyzed which of our highest-spend suppliers are responsible for most of our Scope 3 GHG emissions. The result of the spend-based analysis (see pie chart) shows that only 43% of our total emissions are Scope 1 and 2, while the remaining 57% are Scope 3 emissions. We broke down Scope 3 emissions and found out that purchased goods and services, upstream transport and distribution as well as fuel and energy related emissions account for the majority of our Scope 3 emissions. Emissions from capital goods, waste, leased or rented assets (upstream), business trips and employee commuting only account for minor parts of our Scope 3 emissions.

We have only started this procedure and cannot yet provide a complete picture of our Scope 3 GHG emissions based on data from our operational sites. Therefore, the Scope 3 emissions are not yet included in the enclosed



tables (page 54). In a second step, we started to build a systematic calculation system for our Corporate Carbon Footprint (CCF) and Product Carbon Footprint (PCF) by using data and primary emission factors from our suppliers (if available), or from external databases for material types and fuel.

Due to this profound approach, we expect that the calculation will allow us to report our Scope 3 GHG emissions in the next sustainability report, at the earliest (in May 2023). Besides that, we work together with our suppliers on goals to also reduce their emissions within the following years.



EXECUTION OF ENERGY IMPROVEMENT PROJECTS

In 2022, we also continued to work on improving energy efficiency, for instance by using energy balances and replacing equipment with state-of-the-art machinery. Additionally, we have installed photovoltaic plants and have commissioned them by the end of 2022 reducing our GHG emissions by 725 t CO_{2e}/a. Further bigger photovoltaic systems at other locations are already being planned and are partly under execution. We also launched a control performance improvement project with the aim to optimize controls and settings on valves, motors, and pumps, which results in reduced energy consumption and lower GHG emissions. This knowledge is constantly shared within the group to further optimize production and energy consumption.

The direction towards net zero is clear, and the milestones are set. We are confident that in the coming years we will be able to

support our customers in achieving their climate targets and reducing their Scope 3 emissions through consistent implementation and further development of our climate care program.

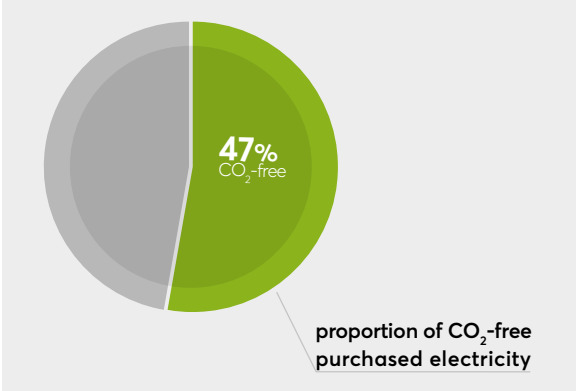
ENERGY CONSUMPTION

The reported energy consumption is made up of the total quantity of electricity purchased by the paper and printing technology platforms and the whole organization. We also report the proportion of CO₂-free purchased electricity using the market-based approach.

The figures show an increase in electricity consumption by 9.7% per 1,000m² of net saleable paper compared to the 2016 baseline. This was caused by various machine rebuilds, which are characterized by a higher energy consumption during the start-up-phase, before the energy level stabilizes. Additionally, we changed our portfolio mix and increased pro-

duction of our highly functional paper, which is more energy-intensive. The proportion of CO₂-free purchased electricity in 2022 was 47%, while our on-site renewable electricity generation amounted to 7%.

While developing our 2030 goals during the years 2018/2019, we established the year 2016 as a baseline. In historical comparison, 2016 was a successful year with very low specific consumption, and delfort wanted to set ambitious targets. In 2022, we achieved further reductions in thermal energy consumption of 7% per 1,000m² of net saleable paper, compared to our 2016 baseline. In the paper technology platform figures for 2022 there was an improvement of 11% per 1,000m² of net saleable paper compared to 2021. This indicates a steady improvement, which we attribute to the rebuilding and upgrading measures carried out on various machines over recent years, our continuous work on improving energy efficiency and the effect of energy projects executed in 2022.



REDUCTION OF GHG EMISSIONS

Since the beginning of 2023, we are able to report delfort emissions in greater detail. GHG absolute emissions for Scope 1 and Scope 2 are now reported separately for the paper and printing technology platforms and as the sum of both technology platforms on the report for the whole delfort organization. The specific emissions per unit of product (intensities) are reported separately for the paper and printing production sites as both technology platforms have different production processes and the specific GHG emissions for Scope 1 and 2 are different for paper and printing. Separate reporting shall create a higher level of insight than a combined figure for the whole organization would provide. Decreasing thermal energy consumption has resulted in an absolute reduction of 3% in Scope 1 emissions for the whole organization compared to the year 2021, whereas total Scope 2 emissions show an absolute increase of 6% in the market-based calculation. Progression of the paper group's GHG emission intensity towards our 2030 goal shows an increase of 35% per 1,000m² of net saleable paper compared to the 2016 baseline using the market-based approach, while the location-based approach shows a reduction of 6% on our 2016 baseline. This is evidence of our ambitious and intensive work on lowering emissions by our own efforts with energy efficiency programs. The reason for the increase in specific market-based emissions is related, on the one hand, to the focus of our purchasing strategy on securing the energy supply for our production sites and therefore delivery to our clients. On the other hand, we saw

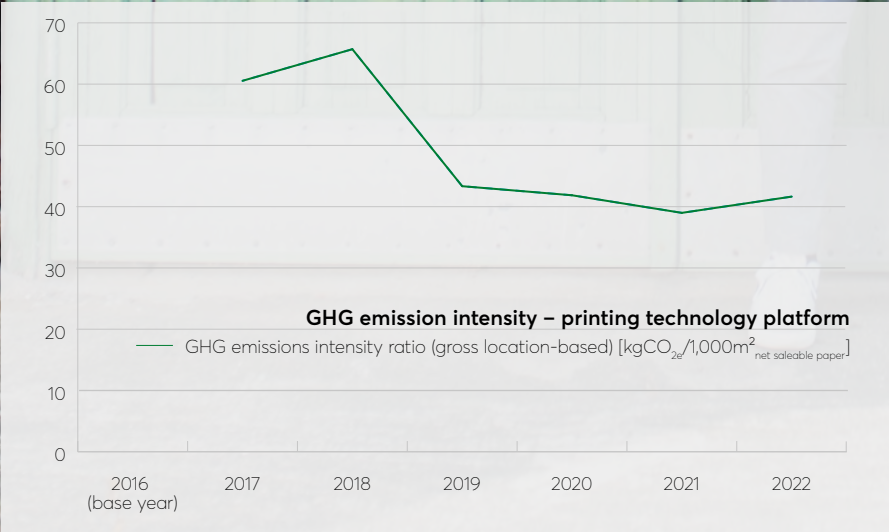
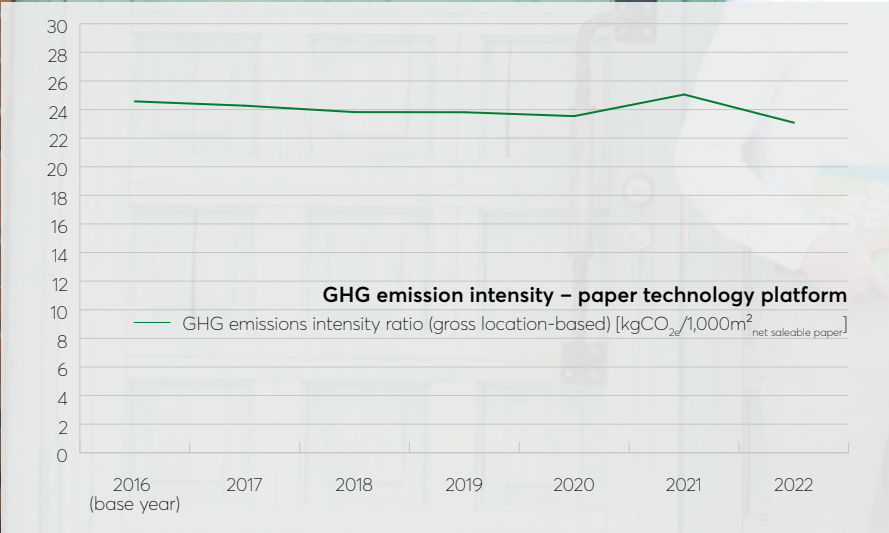
significant shortage in available renewable energy caused by the energy crisis in 2022. Furthermore, we focussed on asset investment to sustainably stabilize and reduce energy consumption and GHG emissions, instead of purchasing green energy certificates on the market, which does not benefit our customers in the long term.

REDUCTION OF AIR EMISSIONS

delfort's air emissions are the quantity and specific release of NO_x emissions to the environment. delfort achieved a 20% reduction of NO_x emissions per 1,000m² of net saleable paper compared to our 2016 baseline. This



downward trend represents a 17% improvement on 2021 and reflects the continuous energy efficiency improvements within the group and use of the best available technologies for energy generation onsite. Data on other air emissions is not significant. NO_x emissions are only available for the paper technology platform, since figures for the printing sites are not currently included in the delfort reporting system. We have started to define specifications with the intention of establishing more detailed system-based reporting across the group and will be able to publish these figures for the printing sites within the next two years.



energy & emissions

Paper technology platform	2016 <small>(base year)</small>	2017	2018	2019	2020	2021	2022
Energy consumption							
total purchased electricity [MWh] ¹	411,100	423,700	442,500	424,100	424,900	498,100	516,400
share of CO ₂ -free purchased electricity (gross market-based) [%] ²	80%	57%	55%	57%	58%	62%	48%
GHG emissions							
gross direct (Scope 1) GHG emissions [tCO _{2e}] ³	165,680	159,607	163,440	156,901	147,831	163,952	157,725
gross location-based energy indirect (Scope 2) GHG emissions [tCO _{2e}] ⁴	100,784	98,354	101,789	99,000	97,312	110,100	116,335
gross market-based energy indirect (Scope 2) GHG emissions [tCO _{2e}] ⁵	55,458	100,748	101,863	94,053	95,460	108,770	165,764
sum of direct and location-based indirect GHG emissions (Scope 1 & 2) [tCO _{2e}] ⁶	266,464	257,962	265,229	255,901	245,143	274,052	274,060
sum of direct and market-based indirect GHG emissions (Scope 1 & 2) [tCO _{2e}] ⁶	221,139	260,355	265,304	250,954	243,291	272,723	323,489
GHG emission intensity ⁷							
GHG emissions intensity ratio for the paper technology platform (gross location-based) [kg CO _{2e} /1,000m ² _{net saleable paper}] ⁸	24.57	24.27	23.82	23.81	23.54	25.05	23.08
GHG emissions intensity ratio for the paper technology platform (gross market-based) [kg CO _{2e} /1,000m ² _{net saleable paper}] ⁸	20.25	24.50	23.82	23.33	23.36	24.93	27.36
Nitrogen oxides ⁹							
NO _x [kg]	103,100	95,700	95,000	89,300	83,900	100,600	90,800
NO _x emission intensity [kg NO _x /1,000m ² _{net saleable paper}]	0.0093	0.0088	0.0083	0.0081	0.0078	0.0090	0.0075

Footnotes for all tables
The tables show KPI 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.

¹ 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.
² CO₂-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.
³ Scope 1 emissions include emissions from stationary combustion and partly from process & fugitive emissions (e.g. solvents) and are reported in metric tons of CO₂ equivalents (this includes CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ 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.
⁴ 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/>).
⁵ 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.
⁶ Calculation of the Scope 1 and Scope 2 emissions is based on the 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.
⁷ 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 in 2016 and the printing and paper technology platforms have different manufacturing processes.
⁸ 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: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.
⁹ The NO_x emissions are based on activity data measured on a monthly basis onsite. The NO_x 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 within the next two years.

Printing technology platform	2016 <small>(base year)</small>	2017	2018	2019	2020	2021	2022
Energy consumption							
total purchased electricity [MWh] ¹	16,600	15,800	31,400	32,200	31,800		32,300
share of CO ₂ -free purchased electricity (gross market-based) [%] ²	35%	35%	39%	43%	43%		42%
GHG emissions							
gross direct (Scope 1) GHG emissions [tCO _{2e}] ³	8,634	9,246	24,544	27,268	25,600		26,137
gross location-based energy indirect (Scope 2) GHG emissions [tCO _{2e}] ⁴	7,571	6,699	12,964	13,115	12,230		13,253
gross market-based energy indirect (Scope 2) GHG emissions [tCO _{2e}] ⁵	7,571	6,699	12,964	13,115	12,230		13,253
sum of direct and location-based indirect GHG emissions (Scope 1 & 2) [tCO _{2e}] ⁶	16,205	15,945	37,507	40,383	37,830		39,390
sum of direct and market-based indirect GHG emissions (Scope 1 & 2) [tCO _{2e}] ⁶	16,205	15,945	37,507	40,383	37,830		39,390
GHG emission intensity ⁷							
GHG emissions intensity ratio for the printing technology platform (gross location-based) [kg CO _{2e} /1,000m ² _{saleable}] ⁸	60.54	65.70	43.34	41.86	38.99		41.64
GHG emissions intensity ratio for the printing technology platform (gross market-based) [kg CO _{2e} /1,000m ² _{saleable}] ⁸	60.54	65.70	43.34	41.86	38.99		41.64

Whole organization	2016 <small>(base year)</small>	2017	2018	2019	2020	2021	2022
Energy consumption							
total purchased electricity [MWh] ¹	411,100	440,300	458,300	455,500	457,100	529,800	548,700
share of CO ₂ -free purchased electricity (gross market-based) [%] ²	80%	56%	54%	56%	57%	61%	47%
GHG emissions							
gross direct (Scope 1) GHG emissions [tCO _{2e}] ³	165,680	168,241	172,687	181,445	175,100	189,552	183,862
gross location-based energy indirect (Scope 2) GHG emissions [tCO _{2e}] ⁴	100,784	105,925	108,488	111,964	110,426	122,330	129,589
gross market-based energy indirect (Scope 2) GHG emissions [tCO _{2e}] ⁵	55,458	108,319	108,562	107,017	108,574	121,001	179,017
sum of direct and location-based indirect GHG emissions (Scope 1 & 2) [tCO _{2e}] ⁶	266,464	274,166	281,174	293,409	285,526	311,883	313,450
sum of direct and market-based indirect GHG emissions (Scope 1 & 2) [tCO _{2e}] ⁶	221,139	276,560	281,248	288,462	283,674	310,553	362,878

saving water



WHY IT IS IMPORTANT

- Water quality and increasing scarcity in many parts of the world pose a threat to humanity and the environment.
- Climate change worsens the impact of severe weather events such as floods, droughts, rising sea levels and changing rainfall patterns that cause, e. g. nutrient leaching, erosion and reduced availability of water.
- Specialty paper production is water-intensive. It is our responsibility to conserve, reuse and recycle water wherever possible.

COMMITMENT

We use water efficiently and responsibly by reducing water withdrawal and consumption as well as increasing water reuse and recycling.

GOALS 2030

To reduce our freshwater withdrawal by more than 20% per 1,000 m² of net saleable paper against baseline 2016.

PERFORMANCE 2022

1,4% reduction of freshwater withdrawal per 1,000 m² of net saleable paper against baseline 2016.



ACHIEVEMENTS

- Cooling water is kept in separate water circuits to reduce freshwater withdrawal
- Big data software is used to measure and optimize water withdrawal, consumption and discharge in real-time
- Implemented water-saving measures, such as drilling of own wells and setting lower cooling temperatures
- All production water is treated in our own or in municipal wastewater treatment plants

saving
water

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. As stated in our Environmental Policy (page 44), we apply a systematic approach to risk assessment, risk management, as well as monitoring and improving our water withdrawal, consumption and discharge. Our water stewardship management starts with understanding potential risks as well as our impact. We apply the WRI Aqueduct Water Risk Framework to determine water risk on each of our production sites with the professional support of an external partner. 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 operational or strategic challenges.



MANAGING WATER WITHDRAWAL

delfort's water stewardship strategy focuses on methods to close cycles through the recycling and reuse of water and to minimize the environmental impact through continuous water saving measures and wastewater treatment improvements.

Water is mainly used for two purposes – processing our raw materials and cooling. 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. To further improve our efficient use of water, in some cases we also reuse water supplied by another organization for cooling purposes.

For the production of our paper, we use groundwater from our own wells (35%) and surface water (65%), depending on availability at our mills.

In our target setting, we have focused on specific freshwater withdrawal, as we see a real effect of the active management to reduce water withdrawal per paper grade. When determining our improvement measures, we have considered the production conditions and possible improvements on site, the respective paper grades, and the amount of paper produced per site.

To manage our water withdrawal, consumption and discharge, we apply a systematic approach of data monitoring and controlling. We use big data software in our European mills to measure water withdrawal and other indicators in real-time on our machines and detect deviations from the expected targets online. This software helps us to understand the parameters influencing our water withdrawal and consumption during production. Since tracking takes place in real time, we can immediately counteract high deviations from previously

defined limits. It also allows us to improve the settings by detecting the golden runs with the lowest use of resources without compromising our quality.

delfort is constantly processing water-saving projects throughout the group. In 2022, we drilled an additional well at one of our sites to reduce surface water withdrawal. Another advantage is that the temperature of the water withdrawn from wells is lower, which thus enables a higher cooling capacity. It also reduces the energy required for the pumps in the cooling circuit.

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 fresh water. In addition to water savings, this results in lower energy consumption and higher process water temperatures.

saving
water



SECURING THE PURITY OF FINLAND'S RIVERS

On our site in Finland, delfort installed a new state-of-the-art unloading station for chemicals. The new unloading station is located inside the factory area, away from the river and the public access road. Safety basins enable the collection of chemicals in case of leakage, preventing chemicals from ending up in the wastewater treatment plant. These changes have significantly improved the mill's work, environmental and chemical safety, as well as the safety of passers-by.

MANAGING WATER QUALITY

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 (e.g. ISO 14001) identify particularly problematic substances and provide guidelines on how to reduce emissions and avoid harmful effects on water. delfort has decades of experience in the safe handling and treatment of process chemicals – including waste water-related issues – and follows these strict regulations.

We manage water quality by employing state-of-the-art water treatment technologies in line with national laws and requirements. The water for the production process is treated in our own or municipal wastewater treatment plants, according to the highest environmental standards. We regularly monitor wastewater quality parameters based on water mass balances available on each of our sites. Within the last few years, we have invested into wastewater treatment plants on the premises of three of our paper mills.

delfort also takes a precautionary approach and prepares for incidents through emergency plans. 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.

PERFORMANCE

We monitor the water withdrawal, consumption and discharge steadily through our online monitoring system and our water mass balances that exist on each paper site. This is part of our environmental management process as described in the chapter energy & emissions (page 38).

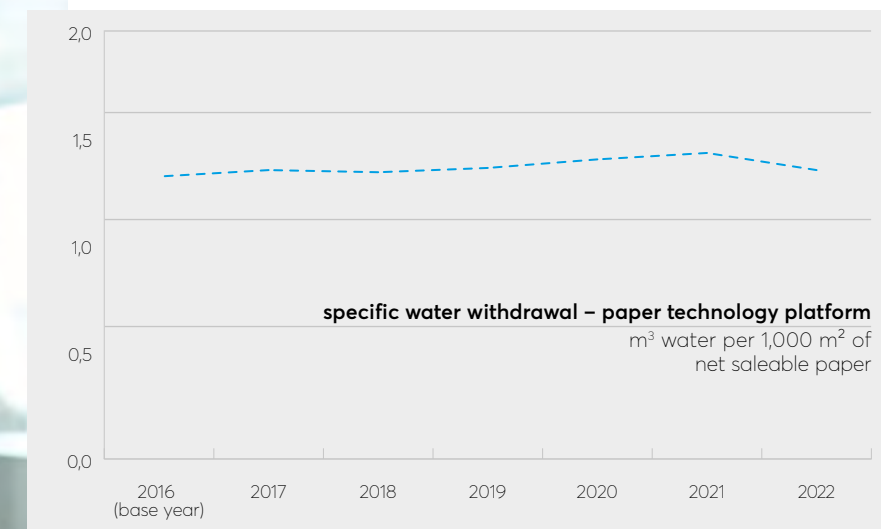
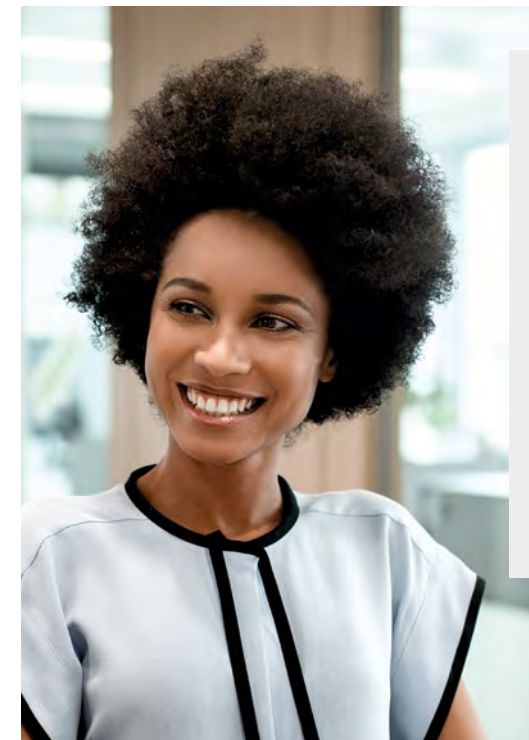
delfort has made important progress as, since 2022, it has been reporting its water figures by technology platform and for the whole organization. The water withdrawal figures are broken down into the various sources of water.

By looking at the figures for the total organization, we can see that most of the water is withdrawn from a surface water (55%) or

groundwater (37%) source, via our own wells. Only a minor volume (8%) is supplied by a third party.

Our water discharge figures indicate the destinations to which the water is discharged, and the processes with which it is treated (in accordance with legal requirements), before being released back into the environment. Most of the discharged water (84%) is released as freshwater to the surface (e.g. rivers). 16% of our water withdrawal needs no treatment and can be released directly back into the environment, while 68% is treated on site in our wastewater treatment plants. The remaining 16% is sent to municipal wastewater treatment plants.

saving water



Total organization Water withdrawal & discharge ¹	2016 <small>(base year)</small>	2017	2018	2019	2020	2021	2022
Water withdrawal by source [m³] ²	12,189,747	12,291,727	12,819,098	12,454,539	12,420,401	13,509,189	14,013,422
surface water (total) [m³]	7,263,519	7,180,734	6,897,689	7,343,108	7,478,395	8,230,674	8,375,305
groundwater (total) [m³]	4,926,228	5,110,993	5,921,409	5,111,431	4,942,006	5,278,515	5,638,117
seawater (total) [m³]	0	0	0	0	0	0	0
produced water (total) [m³]	0	0	0	0	0	0	0
Total third-party water withdrawal by withdrawal source [m³] ²	1,699,228	1,611,797	1,630,249	1,678,050	1,753,183	1,780,183	1,154,177
surface water [m³]	1,460,874	1,432,141	1,463,913	1,527,974	1,537,747	1,571,310	925,874
groundwater [m³]	238,354	175,323	163,596	129,044	159,663	152,656	148,304
seawater [m³]	0	0	0	0	0	0	0
produced water [m³] ³	0	4,333	2,741	21,032	55,773	56,218	79,999
Total water withdrawal [m³] incl. surface water, groundwater, seawater, produced water, third-party water (total)	13,888,975	13,903,524	14,449,347	14,132,589	14,173,584	15,289,372	15,167,599
specific water withdrawal - paper technology platform [m³/1000m² _{net saleable paper}] ⁴	1,32	1,35	1,34	1,36	1,40	1,43	1,30
net saleable paper – paper technology platform [km²]	10,499	10,263	10,753	10,367	10,066	10,637	11,564
Water discharge by destination							
surface water [m³]	11,330,940	11,238,244	11,655,428	11,600,288	11,535,340	11,857,093	11,693,988
groundwater [m³]	0	0	0	0	0	0	0
seawater [m³]	0	0	0	0	0	0	0
third-party water (total) [m³]	1,929,906	2,449,667	2,534,898	2,384,640	2,336,185	2,479,827	2,263,803
third-party water sent for use to other organizations [m³]	1,929,906	2,449,667	2,534,898	2,384,640	2,336,185	2,479,827	2,263,803
Total water discharge [m³] surface water, groundwater, seawater, third-party water (total)	13,260,846	13,687,911	14,190,326	13,984,928	13,871,525	14,336,920	13,957,791
Water discharge by freshwater & other water [m³]	13,260,846	13,687,911	14,190,326	13,988,595	13,875,615	14,340,104	13,960,897
freshwater (≤1,000 mg/l Total Dissolved Solids)	11,330,940	11,238,244	11,655,428	11,603,955	11,539,430	11,860,277	11,697,094
other water (>1,000 mg/l Total Dissolved Solids)	1,929,906	2,449,667	2,534,898	2,384,640	2,336,185	2,479,827	2,263,803
Water discharge by level of treatment [m³]	13,260,846	13,687,911	14,190,326	13,988,595	13,875,615	14,340,104	13,960,897
no treatment	2,403,654	1,871,103	2,199,619	2,288,874	2,102,761	2,087,308	2,217,464
water treatment onsite & released into the receiving waterbody ⁵	8,927,286	9,367,141	9,455,809	9,315,082	9,432,579	9,772,969	9,479,631
water treatment onsite & sent to municipal wastewater treatment plants	1,929,906	2,449,667	2,534,898	2,384,640	2,030,259	2,479,827	2,263,803
Emissions in discharged water after waste water plant ⁵							
COD [kg]	440,352	559,331	573,262	558,620	532,698	584,551	550,219
BOD [kg]	62,204	95,385	125,805	120,294	108,343	120,943	111,667
AOX [kg]	667	777	1,532	1,521	2,539	2,205	1,183
Total water consumption [m³] ⁶	778,910	765,788	811,841	796,704	772,754	843,058	876,926

Our water consumption represents the amount of water that evaporates during production, especially during drying processes. The water content of the products that leave our mills varies according to the equilibrium state of external conditions but is between five to ten percent.

The difference between water withdrawal and water discharge also depends on the variability of incoming products and their water content.

In line with our goals for 2030, the specific water withdrawal per 1,000m² of net saleable paper reported by the paper technology platform was reduced by 1,4% against the baseline of 2016. Compared to 2021, this represents an improvement of 8.9%.

The reduced water withdrawal volumes reflect the constant modernization and optimization of our paper machines, as well as our ongoing investment in water efficiency projects.



Footnotes for all tables (All figures are reported in m³)

¹ 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. The 2022 values for dunafin needed to be estimated using a three-year average due to technical issues with water measurement devices. These issues will, however, be fixed within the first few months in 2023.

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

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

⁴ 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.

⁵ All water discharged from our papermills has to comply with statutory emission limits regarding standard effluent parameters. We monitor water quality data for all discharges from effluent facilities that the group operates on-site (valid for Olsany, Wattens, Tervakoski and, as from 2018, for Dunafin) and release the water into the receiving waterbody safely within regulatory limits. Two mills have contractual agreements with third party facilities that treat the effluent before it is released back into the environment. At present, we do not have access to data on the quality of discharge for these third parties which are, however, also legally bound to comply with the same emission limits and strict water quality parameters that we have to respect in the facilities we manage.

⁶ 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 o the equilibrium state of external conditions but is between five to ten 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.

responsible pulp sourcing



WHY IT IS IMPORTANT

- Wood pulp from sustainably managed forests is the most important material used in our paper solutions.
- Deforestation and illegal logging are ongoing issues and require strict regulation.
- Responsibly sourced wood pulp is a natural and renewable raw material and a replacement for fossil-based materials. It is increasingly in demand, which can lead to shortages.

COMMITMENT

We support sustainably managed forestry and ensure a transparent supply chain, as testified by independent environmental, wood and fiber certification institutions.

GOALS 2030

To purchase wood pulp exclusively from suppliers that are certified by leading international forest certification programs, such as FSC™¹ and PEFC.

The share of certified wood pulp should be higher than 90%.

PERFORMANCE 2022

We sourced 100% of our wood pulp from FSC™ and/or PEFC-certified suppliers.



99% of our purchased wood pulp was FSC™ and/or PEFC-certified, remaining at a consistently high level.



¹ FSC-C109921

ACHIEVEMENTS

- 100% of our suppliers are FSC™ and/or PEFC certified
- All paper mills are certified FSC™ and/or PEFC Chain of Custody (COC)
- Our two largest converting facilities in the United States are certified by PEFC COC
- We have an audited FSC™ / PEFC Due Diligence System (DDS) for pulp sourcing now in place
- We comply with the EU Timber Regulation
- We are partnering with Canopy

responsible
pulp
sourcing



delfort wants to support its customers in their transformation to more sustainable products. We pursue our vision of providing a true, environmentally safe alternative to non-renewable materials. 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. In order to minimize the impact of the raw materials we use, delfort's strategy is focused around sustainable pulp.

RESPONSIBLE WOOD PULP SOURCING

We are committed to zero deforestation and zero illegal logging by procuring fiber exclusively from responsibly managed sources. All pulp

suppliers are certified by leading international forest certification programs, such as FSC™¹ and PEFC. These were our goals for 2022, which we achieved in full. We aim to source more than 90% of certified wood pulp each year. In 2022, we exceeded our target and achieved 99%. The remaining 1% is supplied exclusively from controlled origins according to FSC™ and PEFC standards. In addition, all our paper mills are certified FSC™ and PEFC Chain of Custody (COC).

Forest certification programs and Chain of Custody certification guarantee that our customers can trace the origin of our pulp. Our two largest converting facilities in the United States – accounting for nearly 90% of our production in North and Central

¹FSC-C109921



America – are both PEFC Chain of Custody (COC)-certified.

RISK-BASED APPROACH

To maintain our high standards, we apply a strict due diligence system (DDS) for sourcing pulp. This is linked to our supplier management framework (see page 26 and 69), which includes a clearly defined process for qualifying pulp suppliers before we start working with them.

During the selection phase, the pulp vendor is assessed to ensure that it is FSC™ and/or PEFC-certified, that the material complies with the EU Timber Regulation 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 assess-

ments are conducted to identify critical incidents related to suppliers, countries, wood or forests, and to identify changes in certification schemes or changes in ownership of our pulp suppliers.

In 2022, we updated the DDS procedure to comply with the latest requirements.

BAN ON RUSSIAN WOOD & FOREST PRODUCTS

As a consequence of the Ukraine conflict, FSC™ and PEFC suspended certification of wood and other forest products from Russia.

delfort agreed with its suppliers to stop sourcing wood pulp and wood from FSC™-banned countries from the beginning of March 2022. This brings us fully in line with the updated FSC™ and PEFC regulations.

responsible
pulp
sourcing



PARTNERING WITH CANOPY

In 2022, we established a partnership with Canopy Planet and committed ourselves to bringing forest conservation solutions from the margins to the mainstream. We also signed the Ancient and Endangered Forest Conservation Vision and Forest Fiber Procurement Policy. delfort is committed to demonstrating environmental and social leadership in the packaging paper industry. To achieve this, we promote renewable light-weight packaging and avoid sourcing from the world's ancient and endangered forests, as well as from other controversial fiber sources.

Our commitment includes:

- Protecting and conserving ancient and endangered forests, biodiversity and eco-systems
- Striving to maximize recycled content
- Supporting FSC™ forest certification
- Reducing our greenhouse gas footprint
- Preventing pollution
- Defining benchmarks, timelines and other accountability mechanisms

This policy is available on our website:

NEW FSC™ CORE LABOR REQUIREMENTS

FSC™ has incorporated new core labor standards into the specifications of its Chain of Custody certification. We have implemented these new standards across all our FSC™-certified sites to meet the following requirements: 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. Our full compliance with these new FSC™ core labor requirements 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.

EU TIMBER REGULATION

delfort supports the EU Timber Regulation to stop the trade of illegally harvested timber and timber products in the EU. To meet the requirements, we continuously enhance our efforts to trace the origin of wood sourced from pulp suppliers in high-risk countries. We verify, for example, that the necessary logging permits and wood transport permits are in

place to ensure the validity of information, document this process and make our records available to the authorities if required.

SUPPLIER MANAGEMENT FRAMEWORK

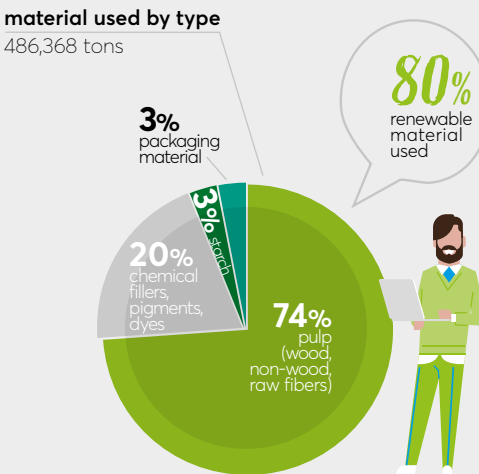
To manage responsible sourcing within our group in a structured manner, we have a solid supplier management framework in place (see page 26 and 69). It includes our Supplier Code of Conduct, a supplier risk evaluation process and supplier performance evaluations.

Our wood pulp suppliers are naturally evaluated as part of this framework.

We can report the following for 2022:

90% of our pulp suppliers (by spend) signed our Supplier Code of Conduct, and we carried out a risk evaluation of all our wood pulp suppliers. 90% of our suppliers (by spend) successfully passed our supplier performance evaluation, and 95% of our wood pulp suppliers were assessed by a certified, independent CSR institution (such as EcoVadis).

Approximately 80% of delfort's raw materials and packaging is renewable. This includes mainly pulp, starch, packaging and emballage paper, paper cores, end discs and pallets.



Non-renewable material includes chemicals, fillers and pigments, which we use in combination with other materials to manufacture high-performance specialty paper. We only use virgin fibers in our products. Most of them are approved for food contact or manufactured for hygiene applications and the law does not allow them to contain recycled content.

However, we are currently investigating the use of recycled materials for some of our specialty papers and expect to provide further information in our next CSR report.

For the purpose of standardization, the quantity of material used is reported in tonnes. 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.

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delfortgroup.com/downloads

responsible product design



WHY IT IS IMPORTANT

- There is a growing expectation from consumers, brand owners and retailers that materials used for all kinds of applications must contribute to a circular economy and reduce their impact on the environment.
- Specialty paper is ahead with top features such as renewability, recyclability and compostability, the lightness of the material with resulting savings in storage, logistics and GHG emissions.
- Impacts can occur all the way along the value chain – from raw materials to product design, production, conversion and end-of-life scenarios.

COMMITMENT

We are committed to delivering more sustainable products and solutions that enable our customers to achieve or exceed their sustainability goals.

GOALS 2030

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

PERFORMANCE 2022

76% of our new product developments fulfilled at least one of our sustainability framework targets.



ACHIEVEMENTS

- Implementation of our sustainable framework for responsible product design
- Collaboration with delsci – R&D center for the development of sustainable barrier paper
- State-of-the-art R&D center for tobacco solutions at our site in Wattens / Austria
- R&D departments at each of our sites
- Fully equipped laboratories, prototyping and pilot lines
- Certified and compliant to international standards and regulations

responsible
product
design



Genuine, sustainable product solutions are a real game-changer in terms of a better ecological footprint. At delfort, we support our customers as they transition toward more sustainable paper solutions. To this end, we conduct our

product development according to specially-defined criteria for responsible product design that reflects all stages of the value chain. The parameters comprise four essential steps, starting with raw materials, continuing with

efficient production and converting, as well as looking at the end use and disposal. We have developed this framework to support our goal to ensure 100% of our new product developments will fulfill at least one of our

sustainable framework criteria by 2030 (see graphic). We are well on track with achieving our goal: in 2022, 76% of our new product developments fulfilled at least one of our sustainability framework criteria.

OUR FRAMEWORK OF RESPONSIBLE PRODUCT DESIGN

RESPONSIBLE SOURCING

We make use of responsible and renewable raw materials, meaning that they originate from sustainable resources. Only fibers, chemicals and other raw materials that are certified and/or approved by legislation are used. We actively run programs to avoid or reduce use of potentially harmful substances. Additionally, we only procure from suppliers that endorse our high standards of societal and environmental responsibility.

EFFICIENT & CLEAN 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 & FACILITATE PROCESSABILITY

Our product design does not end at our factory gates, we also take further processability and converting processes into consideration. We thoroughly understand the ideal mixture of ingredients, paper production processes, coating and finishing. If everything is in perfect balance, the paper performs excellently, which eventually results in reduced use of resources, additional materials and colors or coatings at the converting facility.

DESIGNED FOR CIRCULARITY

We use our technology competence to design papers from renewable sources that perform excellently while being fully recyclable and/or compostable.

With this approach, we offer fiber-based alternatives with an optimized product lifespan.

responsible
product
design

SCALING UP WITH R&D

Driving sustainable and innovative solutions further requires skilled R&D teams, state-of-the-art R&D equipment and partnerships. At delfort, we operate R&D departments at each of our sites, fully dedicated to driving our customers' innovation further. Our skilled R&D teams regularly exchange knowledge, meet each other to identify opportunities for collaborative innovations and fully benefit from synergies across the group.

Fully equipped laboratories, rapid prototyping and pilot lines empower our unique ability to run fast and effective trials with small quantities for test phases. We house a state-of-the-art R&D center for tobacco solutions at our site in Wattens/Austria. We recently partnered with delsci to develop sustainable barrier paper for food and non-food applications. They develop high-performance barriers against water, vapor, mineral oil and grease, oxygen and aroma, as well as functional sealing for flexible paper packaging.

Besides that, delfort has built up an excellent network with external R&D partners, laboratories, universities and research facilities for up-scaling innovation for many years. We also participate in a variety of industry associations, multi-stakeholder organizations and non-profit initiatives (read more about our memberships on page 15). In this way, we support customers, retailers and brand owners to drive positive change by switching to innovative, sustainable paper solutions.

In 2022, we filed 54 patent applications, increasing our total patent portfolio to 582 patents and patent applications, of which nearly 75% have been granted already.



➔ R&D center for tobacco solutions in Wattens / Austria



➔ delsci – R&D center for the development of sustainable barrier paper

LEGISLATION & REGULATORY

At present, both the worldwide consumption of resources and materials and the global volume of waste are increasing at a rapid pace. The extraction and processing of resources causes high greenhouse gas emissions and enormous pressure on water and biodiversity.

In response, 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.

Additionally, several product solutions from delfort, e.g. for the food and tobacco industries, are subject to comprehensive and strict regulations regarding food contact and customer health and safety.

At delfort, a team of regulatory experts monitors the rapidly changing framework, anticipates shifts and exchanges regularly with the product management to ensure that our solutions are in strict compliance with regulations and applicable laws.

Our thinprint paper reduces weight and saves volume – the thinner the paper, the less raw materials are used to produce it.

Our sites are certified according to international standards (e.g. ISO) and products are in compliance 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 Product Directive) regulations where applicable.

Our products are also assessed by independent testing institutes for recyclability, compostability, food safety and more.

A full overview of our certifications can be found on page 106 and 107.



responsible
product
design

health & safety



WHY IT IS IMPORTANT

- delfort is responsible for health and safety in the workplace to ensure the well-being of employees, visitors and suppliers.
- Employees' health and well-being are basic prerequisites for the long-term success and growth of delfort.
- A safe working environment and health-promoting measures for employees ensure a committed and motivated workforce.

COMMITMENT

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

GOALS 2030

Zero fatalities and no Lost Time Accidents (LTA) on all sites.

Safety Awareness Talks (SATs) effective on all sites.

PERFORMANCE 2022

Zero fatalities.

12% reduction of work-related injuries (A1+A2 accidents) per 1,000,000 hours worked compared to 2021.

SATs implemented on all sites.

Despite COVID-19, we reached 255 SATs per 1,000 employees.



ACHIEVEMENTS

- Rework and disclosure of our Health & Safety Policy and our Safety Principles
- Certification according to ISO 45001
- Rollout of our Life Saving Rules
- Group-wide COVID-19 action plan in place
- Reinforcement of Safety Awareness Talks (SATs)
- Regular work safety assessments with management reviews carried out
- Management of risk processes and regular workplace assessments carried out
- Health and safety trainings further implemented
- Health management system ("thinkhealthy") in place

health & safety

SAFETY MINDSET

The health and safety of all white- and blue-collar employees, apprentices, external temporary staff and service suppliers has highest priority within delfort. This applies at the workplace, in home office, during business trips and all other types of employment in the course of performing work.

delfort has implemented an occupational health and safety management system based on globally uniform guidelines and processes for risk prevention, leadership culture, involvement of every co-worker, effective communication and risk management according to ISO 45001.

Our Goal Zero – no accidents – is obvious.



Since the establishment of the company in 2006, and again in 2022, no fatalities occurred. Additionally, we have achieved 365 accident-free days on 4 sites.

We also recognized a positive trend of our global work safety performance, achieving a 12% reduction of work-related injuries (A1+A2 accidents) per 1,000,000 hours worked compared to 2021.

HEALTH & SAFETY POLICY

Our global Health and Safety Policy is applicable for all sites, every delfort employee, and all visitors and sub-contractors onsite. It is based on international standards, such as ISO 45001, and national laws to emphasize the managers' obligation to act responsibly.

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).

- We comply with all legal, applicable regulations and national standards.
- We integrate health and safety in our business strategy and daily processes.
- We strive for continuous improvement of our management system, our performance and results as we set and follow up goals in all relevant areas to implement reasonable measures and sustainable corrective actions.
- We analyze, identify and manage all health and safety risks in the field of our business activities.

The board of directors is the highest policy-making body, it has approved our Health and Safety Policy. It 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 global established Work Safety Team. Our line-system supports us in bringing the policy and actions to attention throughout the hierarchy of the entire organization and to implement it on a day-to-day level. This policy is communicated to delfort employees using various internal communication channels, and it is publicly available on our website.



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GLOBAL SAFETY NETWORK

100% of our employees and workers who are not employees but whose work and/or workplace is controlled by the organization are covered by our occupational health and safety management system (own employees: 3,202, workers who are not employees: 115). Our occupational health and safety management system is regularly audited internally. In addition, six of our sites are certified to ISO 45001 and are regularly audited externally. Health and safety are a management responsibility throughout the delfort hierarchy. Each manager is responsible for occupational safety in their supervisory area. Additionally, we have dedicated work safety managers and safety trust persons on all our sites. 100% of employees are represented in formal, joint management-worker health and safety committees and at regular European Works Council meetings.

The topic of health and safety is a top priority for the delfort management team, and the board of directors is kept informed of all incidents immediately after happening. Each accident is individually analyzed, immediate actions are taken if necessary and mid- as well as long-term measures are decided to eliminate hazards and minimize risks in the future.

The group-wide monthly meetings within our globally established health and work safety team ensure delfort-specific learning and improvement of our health and safety measures. Once a year this team meets for a global health and safety meeting to address issues and align efforts on the health and safety strategy plan.

health &
safety

HAZARD IDENTIFICATION

We monitor and document all incidents, including safety observations, near misses and injuries. Reporting every incident is mandatory for all employees. We use templates (incident flash report) to record incidents and share them with all employees via intranet, meetings and conversations to learn from each other. It is also possible for employees to report unsafe conditions confidentially via safety trust persons. In addition, we use our daily Go & See meetings to make safety observations and near misses visible for co-workers and to take precautions. Furthermore, safety engineers and supervisors regularly evaluate the workplaces together with the respective employees to ensure safe and healthy pre-conditions at work.

All observations, deviations, near misses or injuries are documented, analyzed and followed up by the respective heads of department, and corrective action is taken to prevent recurrence. Learnings are shared via our global health and work safety team in monthly meetings.

Every employee acts according to our work safety principles. Our employees and contractors have the right to remove themselves from work situations that they believe could cause injury or sickness.

PARTICIPATION & COMMUNICATION

"Safety is everyone's job". Based on this principle, we engage our workforce in the development, implementation and execution of appropriate management systems and programs. We also apply the same precautionary approach to all subcontractors working on our sites. This starts by selecting qualified suppliers and



includes safety trainings and instructions as well as the application of all safety rules.

For preventive protection, delfort provides its production employees with the appropriate personal protective equipment free of charge, depending on the work assignment.

Every year, the sites conduct local work safety assessment meetings with the full involvement of the local general and first-level managers. This provides us with the opportunity to learn from best practices, define improvements and implement purposeful corrective action.

Another important method are our Safety Awareness Talks (SATs), which are already implemented on all our sites and for all employees. These are 5–10-minute discussions between two employees, regardless of hierarchy, location or department. The SATs aim to raise awareness of risks through face-to-face conversations and to share safety measures. Over the last few years, we have been able to steadily increase the number of SATs. In 2022, we reached an average of 255 SATs per 1,000 employees.

To firmly anchor our Life Saving Rules (LSR) and our work safety principles in everyone's mind we continued our large-scale internal communication campaign in 2021. Each individual site actively contributes to the content of the campaign by designing one specific LSR e-learning training and making it available to all other operations.

Additionally, the campaign is accompanied by various tools, such as intranet campaigns, posters and awareness signs throughout the buildings, employees' magazines and newsletters.

Workers covered by an occupational health & safety management system	2019	2020	2021	2022	2022 in %
Total workers ¹	3,293	3,219	3,163	3,317	100%
own employees and workers	3,200	3,120	3,076	3,202	100%
employees and workers who are not employees	93	99	87	115	100%
total workers covered by our occupational health and safety management system that has been internally audited ²	3,293	3,219	3,163	3,317	100%
total workers covered by our occupational health and safety management system that has been audited or certified by an external party ³	1,980	1,964	1,943	2,044	62%

¹ including own employees and workers who are not employees, number reported as headcount on August 31, 2022

² delfort's health & safety management system

³ delfort's health & safety management system and management system ISO 45001

Work-related injuries for all employees	2019	2020	2021	2022
Fatalities	0	0	0	0
Fatalities per 1,000,000 hours worked	0	0	0	0
Work-related injuries (A1+A2 accidents, excl. fatalities)	79	60	47	42
Work-related injuries (A1+A2 accidents, excl. fatalities) per 1,000,000 hours worked, LTI Frequency Rate ¹	15.9	11.4	9.1	8.0
Number of days lost due to work-related injuries (A1+A2 accidents, excl. fatalities), LTI Severity Rate ^{2,3}	0.32	0.31	0.21	0.21
Days inactive period due to work-related injuries ³	1,595	1,617	1,115	1,112
Recordable work-related injuries (A0+A1+A2+fatalities)	340	253	249	222
Recordable work-related injuries per (A0+A1+A2 fatalities) per 1,000,000 hours worked	68	48	48	42
Hours worked	4,983,028	5,254,387	5,187,105	5,249,480

¹ LTIFR (frequency rate): total number of lost time injury (A1+A2) * 1,000,000 / total hours worked

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

³ KPIs include employees and workers who are not employees



Work-related injuries for all workers who are not employees	2019	2020	2021	2022
Fatalities	0	0	0	0
Fatalities per 1,000,000 hours worked	0	0	0	0
Work-related injuries (A1+A2 accidents, excl. fatalities)	0	0	0	2
Work-related injuries (A1+A2 accidents, excl. fatalities) per 1,000,000 hours worked, LTI Frequency Rate ¹	0	0	0	11
Number of days lost due to work-related injuries (A1+A2 accidents, excl. fatalities), LTI Severity Rate ²	n.a.	n.a.	n.a.	n.a.
Days inactive period due to work-related injuries	n.a.	n.a.	n.a.	n.a.
Recordable work-related injuries (A0+A1+A2+fatalities)	0	0	0	2
Recordable work-related injuries per (A0+A1+A2 fatalities) 1,000,000 hours worked	0	0	0	11
Hours worked	126,752	160,323	157,677	183,881

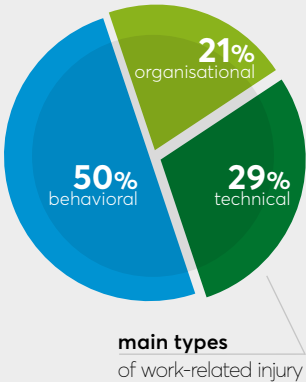
¹ LTIFR (frequency rate): total number of lost time injury (A1+A2) * 1,000,000 / total hours worked

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

Measures to prevent occupational accidents	2019	2020	2021	2022
Reported near misses	255	235	302	319
Reported near misses per 1,000 average productive employees	77	73	95	96
Reported safety observations	3,143	3,452	6,393	4,578
Reported safety observations per 1,000 average productive employees	80	89	168	115
Safety Awareness Talks	4,150	7,194	10,687	10,135
Safety Awareness Talks per 1,000 average productive employees	105	186	282	255
Average productive employees (average value per month within the reporting year)	3,006	3,191	3,146	3,203



Injuries from high-risk activities (main injury categories)	2022
Bruise / contusion	14
Twisting / sprain	9
Cutting	7
Bone fractures	3



TRAINING & E-LEARNING

Trainings on health and safety are part of our safety management approach and mandatory for all employees. Training is offered in a variety of formats, from e-learning courses or on-the-job training to safety instructions via brochures. During the onboarding process, every new employee is trained on safety instructions. In 2022, we continued our e-learning trainings on health and safety for our employees. In 2022, 87% of 1,808 assigned participants successfully completed the work safety trainings.

All other employees are expected to complete the training within the first quarter of 2023.

PROMOTION OF WORKER HEALTH

During 2022, COVID-19 was still strongly present, and we took appropriate measures for the health of our employees and the maintenance of operations. This included minimum distance rules, extra hygiene measures, provision of disinfectants, tests and protective equipment, remote working, restriction of external visitors

and suspension of all non-essential international meetings, trainings and business trips. Special attention was also paid to delivery service providers. Our logistics departments and security guards informed suppliers about our hygiene measures and optimized traffic flows to minimize contact points. Through our consequent documentation of COVID-19 infections, we were able to prevent infection clusters and protect the health of our employees. Additionally, this precautionary approach

helped us to avoid business interruptions. Especially in challenging times, it is important to promote the health of employees outside the workplace as well. To this end, we offer a wide range of medical and healthcare services such as doctors on site, psychiatrist and psychologist consultations, free medical check-ups and vaccinations. Additionally, we offer voluntary health promotion programs such as sponsored fitness courses, nutritional counseling and joint sports events.

health & safety

fair employment



WHY IT IS IMPORTANT

- To ensure that delfort employees stay healthy and are satisfied with their job (good working practices)
- To inspire people to unlock their full potential (a job with meaning and purpose)
- To avoid discrimination and other possible impairments of human rights
- To respond to changing employee expectations and improve our attractiveness as an employer by continuously developing our working practices and corporate culture

COMMITMENT

We give fair, equal and rewarding employment opportunities to our high-performing, diverse workforce, allowing people to utilize their individual talents and strengths.

GOALS 2030

To install our annual development review process on all sites.

PERFORMANCE 2022

Annual development review process implemented in 10 of 13 sites worldwide.



50% of all delfort employees completed development reviews.



ACHIEVEMENTS

- Let's Talk personal development review implemented on a large number of our sites
- Personnel development measurements
- Human rights policy introduced
- Policy on the avoidance of forced labor introduced
- Freedom of association and collective bargaining assured on all sites
- Code of conduct implemented on all sites
- Supplier Code of Conduct implemented
- Whistleblower system introduced

fair
employment

As a family-owned business, our social responsibility is deeply anchored in our DNA. We provide our employees with good working conditions to support their well-being and endorse a corporate culture characterized by open-mindedness, considerate cooperation, personal success and development. The diversity and variety of our team promotes the quality of our business decisions and contributes to the robustness of our company. A shared value base between employer and employees strengthens our business results and enhances the way our company is perceived externally.

PERSONAL DEVELOPMENT REVIEW

delfort is committed to ensuring 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 and set ourselves the goal of enabling every employee to have, by 2030, at least one annual conversation with their supervisor. In 2022, Let's Talk was implemented in 10 of our 13 paper mills and converters worldwide and 50% of all delfort employees completed one Let's Talk session (38% blue-collar workers, 74% white-collar workers).

Let's Talk is based on structured feedback meetings that improve communication and

relationships between supervisors and their employees. The plan includes a performance appraisal, feedback about the employee from his/her manager (and vice versa), the planning of development measures and identification of the employee's training needs. It enables employees to discuss their thoughts and ideas, and to plan training pro-actively, with the aim of supporting employees in aligning their performance and development with company goals and contributing to the continuous improvement of both the team and company processes.

Managers work through a structured form in the conversation, allowing them to concentrate on discussing competencies, personality, strengths and development. New supervisors are trained on how to use the Let's Talk form and how to provide constructive feedback. All employees are able to access the Let's Talk form on delfort's intranet. To increase the number of Let's Talk conversations, we actively encourage managers to conduct them. Likewise, the sites have to report the number of Let's Talk conversations 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 conversations accessible to every employee.



	blue collar	white collar
Percentage of employees who received a Let's Talk development review	38	74
The calculation is based on headcount.		

LABOR & 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. It can be summarized as comprising the following points:

- We aim to provide optimum working conditions, enabling everybody to utilize their full potential and continue to develop.
- We are committed to treating all employees fairly, impartially and equally. We ensure fair compensation and base decisions relating to employees strictly on work-related factors such as competencies, job performance and behavior in the work environment.
- 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. 12 out of our 13 locations are covered by collective bargaining agreements. Our Chinese site determines its own terms of employment based on collective bargaining agreements.
- We provide all employees with safe and healthy working conditions and an inspiring working environment. All employees are required to perform their tasks without putting themselves or others at risk.
- We do not tolerate any form of child labor, nor any form of forced labor. We do not

employ people below the legal working age/school-leaving age.

- Labor law is subject to the respective national laws in force.

Our Labor and Human Rights Policy is elaborated with full involvement of, and approved by the board of directors and applies to all sites, employees, subcontractors and suppliers. The policy is communicated to all delfort employees using all internal communication channels and is publicly available on our website. During our executive managers' meeting in 2022, we provided on-site training to our top management team on content, compliance and execution. Additionally, Corporate HR has ensured that the policy is implemented within the company by the local HR managers, who are each responsible for implementing and communicating the policy on their particular site.



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If employees identify a violation, they can report it to their supervisor, the legal department, or anonymously via the whistleblower hotline (see page 113). In 2022, no human rights incidents, no incidents of child labor, forced or compulsory labor were reported on our manufacturing sites in Europe, North America, Mexico, Vietnam, China and Malaysia, nor did we detect any incidents within the companies of our monitored suppliers.

fair employment

AVOIDANCE OF 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.

The policy is aligned with the EU Charter of Fundamental Rights and states the commitment to eliminate the violation of the Charter's fundamental principles and infringements on a person's rights at work. It prohibits forced labor and offers protection for victims of business-related human rights abuse, as well as ratifying and ensuring the effective implementation of ILO fundamental conventions. We apply a forced labor due diligence process based on the OECD due diligence procedure and periodically conduct checks in liaison with corporate divisions (HR, Procurement) to ensure full and continued compliance wherever relevant.

The policy is elaborated with full involvement of, and approved by the board of directors and applies to all sites. Corporate HR is accountable for its implementation within the company, bringing it to the attention of employees and making sure they are familiar with it. The information is cascaded down to local HR managers, who ensure that it is available on their specific site.

COMPENSATION AND BENEFITS

To ensure that we attract and retain exceptional talents, we strive to be a fair employer, offering fair compensation and benefits, a safe working environment, an engaging working atmosphere and long-lasting employment.

We offer both part-time and full-time employees the same opportunities and benefits including:

- Financial support for health consultations
- The delfort emergency fund: set up by delfort's owners to support employees financially in exceptional situations, e.g. a tragic emergency situation that are insufficiently covered by insurance
- Thinkhealthy: health program containing more than 400 customized activities, such as sponsored health checks and free fitness classes, to break up the working day
- Work-family balance: part-time work, flexible working hours, work at home
- delfort-specific global and local training programs and individual development plans
- Parental leave: our company is particularly committed to ensuring that both female and male employees have the opportunity to take parental leave (in compliance with local labor laws). We also focus on re-integrating women and men into the workplace after parental leave.

EMPLOYMENT 2022

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 481, compared to 356 exits, resulting in a year-end headcount of 3,202. Staff turnover was higher than last year at 11.1% (6.7% in 2021). 97% of our staff are full-time employees. We have succession planning in place on all sites to ensure the transfer of skills and knowledge, with the aim of counteracting the retirement rate of 2.4%, forecast for the next three years. As part of our talent development program, we encourage the promotion of skilled young employees.

New employee hires & employee turnover 2022	female number	male number	total	female number	male number	total
Europe						
new employee hires	60	250	310	11,4%	12,3%	12,1%
employee turnover	31	183	214	5,9%	9,0%	8,4%
Americas						
new employee hires	24	67	91	44,4%	34,7%	36,8%
employee turnover	19	52	71	35,2%	26,9%	28,7%
Asia						
new employee hires	30	50	80	33,3%	16,0%	19,9%
employee turnover	25	46	71	27,8%	14,7%	17,7%

Number of employee turnover excludes retirement of employees. Structured data collection throughout the group is currently not available for gender identity other than female and male, and age group.

delfort employees 2022	female	male	total
delfort total	699	2,533	3,202
Europe	525	2,028	2,553
full-time employees	459	2,010	2,469
part-time employees	66	18	84
Americas	54	193	247
full-time employees	53	192	245
part-time employees	1	1	2
Asia	90	312	402
full-time employees	90	312	402
part-time employees	-	-	-
total number of workers who are not employees			115

Numbers are reported in 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, permanent and temporary employees, non-guaranteed hours employees. Full-time and part-time employees are defined according to collective bargaining agreements or other legal regulations in respective countries. 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.

fair employment



developing talents



WHY IT IS IMPORTANT

- Vast yet specific knowledge is essential for driving the development of sustainable paper products
- Supporting the development of employees enabling them to grow their skills further
- A solid talent pool within the company creates successors for key positions in the future
- Skill development programs support long-term employment and enable our business to succeed

COMMITMENT

We train and develop our employees across all levels to leverage a highly skilled workforce and satisfying work environment.

GOALS 2030

To install a delfort-specific training program and renew it every two years.

PERFORMANCE 2022

Continuation of existing training courses as well as the launch of new programs, such as Modular Management Training and Project Management Training.



ACHIEVEMENTS

- Progress with the delfort training program
- Creation of a vast assortment of permanent e-learning courses
- Continuation of specialized training programs
- Implementation of Modular Management Training and Project Management Training programs
- Numerous employees finished the delfort trainee program
- Succession planning in place
- 91% of our apprentices became permanent employees

developing
talents



Our culture is characterized by strong motivation and high performance, so that everyone can grow and develop their strengths. The delfort training program supports employees, helping them to grow in their current position and to expand their potential for future roles. We believe that having the right employee with the right qualifications in the right position will ensure our competitiveness in the long-term. delfort is committed to creating and driving a range of development initiatives and enabling every employee to access them. Our group's internal "Education, Development and Training" procedure allows us to steer our employees' development process in a consistent way throughout their career with the group, granting everybody equal access to training and education. delfort has created a specific training program that undergoes continuous expansion and improvement. It comprises a number of core courses that, due to their importance, are permanently available. The vast majority of these are e-learning courses, a brief example of which includes:

- Work safety: assigned to 1,808 employees, completion rate 87%
- Energy awareness training: assigned to 79 employees, completion rate 100%
- IT security training: assigned to 230 employees, completion rate 100%

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.

Every two years, we review our programs to keep pace with the constantly changing world. In 2021, we launched new courses such as our Driving for Excellence leadership training, another round of our international trainee program, a lean management training course and project management training. These courses continued in 2022:

- Driving for Excellence leadership training – completed by 15 employees
- Business training for technical experts – completed by 12 employees
- Trainee program – 4 participants completed their 18-month on-the-job training
- Papermaking for non-papermakers – completed by 39 employees
- Project management training comprising five different modules – completed by 74 employees
- Lean Excellence training – completed by 28 employees

In 2022, we launched two international training programs: Modular Management and Project Management Training, which we plan to continue and further expand in 2023. Our employees collectively completed a total of 39,000 hours of training worldwide (12.18 hours/employee) in 2022.

During the year, around 83% of employees took part in at least one training session. Additionally, we train apprentices at our Austrian and German sites and took on 10 apprentices in 2022.

TRANSITION ASSISTANCE PROGRAMS

delfort is committed to a clearly defined HR exit management, leaving and outplacement process in compliance with applicable laws and regulations, as well as inherent succession planning and knowledge transfer. We provide transition assistance programs to support 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, the company offers job placement services conducted by external consultants to support the employee. In line with national legal requirements, terminated employees receive severance pay taking into account their age and years of service. Employees facing retirement are prepared and supported through long-term planning and exit interviews.

As part of our transition assistance program, we conduct succession planning and knowledge transfer to retain skills and knowledge 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. Any succession or new recruitment is discussed and agreed upon between the respective superior and the HR department. This process takes into account the team structure, future requirements, capacities, competencies and opportunities for personal development.

During annual development conversations, the manager and employee discuss possible succession scenarios and identify training needs for the position(s). In the event of an employee entering retirement, the manager plans sufficient time for a handover, to retain skills and knowledge within the company.

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.



governance & ethics

We build our business on a strong governance structure, which ensures a resilient, safe and inclusive organization. As a family-owned company with headquarters at the heart of Europe and sites all around the globe, it is a matter of course for us to meet the highest corporate governance standards. It is a personal concern of our owners and management team to create value for our employees, customers, business partners and the communities in which we operate. Adopting corporate governance best practices improves competitiveness, sustainability and operational performance, company reputation, and reduces operational risk and strategic hazards.

GOVERNANCE STRUCTURE



delfort has a dual management system, consisting of a supervisory board and a board of directors. Both form the highest governance body. As a family business, it is important to the owners that the governance structure is built on long-term nomination of responsible persons and trustful relationships between the highest governance bodies. The 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. All members of the supervisory board 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 continuously assesses the fitness of each director and nominates the board members as required, and according to the maturity of their contracts.

The board consists of Martin Zahlbruckner (CEO), since 2006, Roland Faihs (CFO and COO), since 2007, and Christoph Steger (CSO), who joined the board of directors as of 1st of January 2023. These three directors manage the company with a long-term oriented strategy and are, together with their executive teams, responsible for the management of the organization's impact on the economy, environment and people. The supervisory board bases its composition and the nomination of the board of directors on the fact that the members have the knowledge, skills and professional experience required to properly perform their duties, such as

management and leadership of an international company, business understanding related to the company's main areas of activity, research and development, finance, controlling/risk management, human resources and governance/compliance. The supervisory board monitors and evaluates the performance of the board of directors. They meet four times a year to align on strategic and operational tasks and to monitor performance against targets.

The board of directors is politically unbiased. All 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 (ÖZEPA), 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.

management level

SUPERVISORY BOARD

BOARD OF DIRECTORS

SUSTAINABILITY COMMITTEE

CORPORATE FUNCTIONS

- Business development
- Finance
- HR
- Innovation
- IT
- Legal
- Manufacturing and Technical affairs
- Marketing
- Procurement
- Sales processes
- Supply chain management

STRATEGIC BUSINESS AREAS

- Tobacco paper
- Packaging paper
- Thinprint paper
- Release base paper
- Electrical insulation paper
- Roll your own
- Fibers

operational level

PAPER MILLS

- dunafin
- feurstein
- op papirna
- tervakoski
- papierfabrik wattens
- wattens vietnam

PRINTING & CONVERSION

- mundet
- benkert
- flexprint

CSR COORDINATORS

MANAGING CSR

Sustainability is a strategic focus for delfort and its owners. This means consistently aligning our business activities to positive contributions for people and the environment. Clearly defined roles and responsibilities ensure effective sustainability management throughout the organization. The supervisory board appoints the board of directors to independently manage the company with the aim of sustainable value creation, determining the group's strategic orientation, including sustainability and ensuring its implementation. The board of directors is the first level of responsibility regarding our sustainability strategy and holds ultimate accountability for successful sustainability performance.

THE SUSTAINABILITY COMMITTEE

The board of directors has appointed a sustainability committee, which includes four major management teams:

- The CSR Operations Team consists of the corporate directors of HR, Legal, Finance, Procurement, Corporate Manufacturing and Technical Affairs and Marketing. This team advises the board of directors and has developed a groupwide management framework comprising our Sustainability Goals 2030, policies, systems, practices, commitments and actions. This framework is aligned by the board of directors, which also approves it. The team is also responsible for implementing the adopted measures throughout the group. They ensure the responsible management of business resources, oversee the due diligence process and make

sure that the company observes and complies with statutory regulations.

- The general managers on our sites, together with their team, implement delfort's sustainability program, take the appropriate measures for their site and are responsible for monitoring and compliance. 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.
- Our CSR Business Team is made up of managers from all our Strategic Business Areas and builds the interface between our company and our stakeholders. We engage in regular, personal contact with our customers and suppliers so that we can gain information on how best to support their sustainability goals. This builds market intelligence in terms of sustainability, which is communicated back to the CSR Operations Team via email or in person, so that we can develop appropriate sustainability strategies.
- The heads of our Strategic Business Areas take all customer feedback into consideration and drive sustainable product development management.

“We create, lead and maintain a responsible culture for our business partners built on business ethics, human rights, social and environmental principles, principles on anti-corruption, anti-competitive behavior and taxation compliance.”

governance & ethics



CSR REPORTING

The sustainability committee is responsible for collecting, reviewing and approving the information published in the CSR report. The board of directors has actively contributed, reviewed and approved the CSR report 2023. An external consultant reviews the data and information.

However, no external assurance was pursued for this reporting year.

As a family-owned business, delfort is not obliged to publish a CSR report. Nevertheless, we have been doing so on a voluntary basis annually since 2009 in accordance with the GRI Standards – and this year, for the first time, in accordance with the GRI Standards 2021. As we expect stricter auditing requirements in the coming years, we have begun to prepare for this by tracking and providing more and detailed KPIs in the future. With this structured and diligent approach, we strengthen the accuracy and transparency of the organization's sustainability reporting.



delfortgroup.com/sustainability

GOVERNANCE FRAMEWORK



As a way of guaranteeing compliance with laws and regulations and securing the highest corporate governance standards, delfort has established a robust risk management, policies, procedures, control and monitoring structures and permanent reviews. This allows us to identify risks and opportunities, measure our performance and improve ourselves constantly to meet our commitments to our stakeholders.

RISK MANAGEMENT

To understand the impact of the company inside out and to the company outside in, including those relating to the ESG topic area, delfort applies a systematic approach to risk management to protect the group and consequently business partners from harm. The board of directors, together with the corporate directors, assume extensive management and control tasks as part of a group-wide central control system. They ensure that risks are managed within specific risk indicators, including tolerance thresholds, and they also monitor that risks are kept within the 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. The timely identification, evaluation and response to those risks is an essential part of management activities. This 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 going beyond our operational risk



management. Based on the workshop results, appropriate actions are implemented which can include for example necessary, adequate business continuity policies, standards, guidelines, plans or the appointment of new risk committees for certain risk areas. As part of our risk management, we put a special emphasis on ESG related topics.

The corporate directors continuously monitor upcoming legislation, regulations and laws from countries where we operate and do business. They are also in regular exchange with associations, environmental and non-profit organizations to gather information about ESG development. This information and experiences are brought to the attention of the board of directors and shared throughout the group at executive level.

The following pages provide a summary of the risks that we regard as the most relevant to our business at this time and how we manage them. Further information on our management approach can be found throughout the report.



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 clients 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 systems 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 conflict in 2022. This may further increase energy and raw material prices, affect sales and the supply chain, and 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

cybercrime



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

- Regular cyber risk assessment
- Working together with cyber defense services to detect leakage threats, conduct penetration tests and simulate cyberattacks
- IT cyber security emergency risk plan implemented
- Company-wide phishing awareness campaigns and cyber security trainings on all sites
- Incident response team established (in case of cyberattacks)
- Upgrade of cyber security defense systems
- Permanent vulnerability scans

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 wellbeing of our employees could be affected.

- Regular development reviews underpinned by a common set of leadership behaviors, skills and competencies
- delfort specific training program and revision of content every two years
- 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
- COVID-19 hygiene and protective measures in place

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

governance & ethics



OUR POLICIES, RULES & PROCEDURES

- Policy to avoid bribery and corruption (p. 102)
- Policy to secure compliance with anti-trust and competition laws (p. 102)
- Policy to avoid money laundering (p. 103)
- Code of Conduct (on the right)
- Conflict of Interest Policy (on the right)
- Environmental Policy (p. 44)
- Gifts and Entertainment Policy (p. 102)
- Health and Safety Policy (p. 78)
- Labor and Human Rights Policy (p. 87)
- Supplier Code of Conduct (p. 28)
- Whistleblower Policy (p. 113)

All policies are available online:



delfortgroup.com/downloads

POLICIES & PROCEDURES

We build our business on legally and ethically impeccable actions and compliance to laws and regulations. delfort has a number of policies, rules and procedures for responsible business conduct in place that guide all our employees to act accordingly and which we outlined within the report.

All policies, rules and procedures have been approved from the highest level down to all management levels and communicated to every employee.

Code of Conduct

delfort is committed to ensuring that all of our national and international activities are conducted in accordance with all applicable legal and regulatory requirements and to the highest standards of ethical business conduct. We summarize our principles in our Code of Conduct, which is obligatory for every employee to follow.

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, Integrity and Transparency. It sets out a zero-tolerance policy towards bribery, fraud and other forms of corruption.

Any violations of the Code of Conduct result in the undertaking of disciplinary measures.

No violations against our Code of Conduct have been reported through grievance mechanism in 2022.

Conflict of Interest Policy

delfort is 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. Therefore, delfort has a Conflict of Interest Policy in place which provides guidance to employees on how they should handle any circumstances where a potential conflict of interest may arise. This includes:

- Business transactions directly entered into by delfort with family members or other related parties
- Business transactions with a business partner of delfort in which direct or indirect (through family members or other related parties) participations are held
- Business transactions with a business partner of delfort which employs a family member or a related party as a managing director, senior officer or regular employee

To avoid conflicts of interest, we have several mitigation activities in place. Employees are screened for conflicts of interest during the hiring process. Employees must disclose memberships in interest groups.

In the employment contract it is stipulated that secondary employment or the establishment of one's own company must be disclosed to the company and approved. Businesses with related persons must also be disclosed. As part of the yearly closing procedure the general managers must confirm that there was no conflict of interest driven by related party business. If the company held a business with related parties, it 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 procedure. On a group level potential conflicts of interest are included in the ongoing internal financial reporting procedure.

“We build our business on a strong governance structure, which ensures a resilient, safe and inclusive organization.”

governance & ethics



Policy to avoid bribery & corruption

The corporate conduct of delfort is based on acting responsibly, honestly and with integrity. delfort does not engage in or tolerate any form of bribery or corruption. It is contrary to the company's policy for any employee or third party acting on behalf of delfort to engage in any conduct which may constitute bribery or corruption. delfort respects all laws relevant to countering bribery and corruption in all the jurisdictions in which the company operates, particularly laws that are directly relevant to specific or local business practices.

It is the responsibility of every employee and business within delfort to ensure that its business practices in a particular jurisdiction comply with all local requirements and appropriate legal advice should be sought as necessary.

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

Policy to secure compliance with anti-trust & competition laws

The corporate conduct of delfort is based on free enterprise and fair and ethical competition within the framework of all applicable anti-trust and competition laws. As stated in our policy to secure compliance with anti-trust and competition laws, delfort does not engage in or tolerate any form of conduct which fails to comply with the requirements and spirit of anti-trust and competition laws. The fundamental objective of anti-trust and competition laws is to regulate anti-competitive behavior by businesses and individuals which 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 & Entertainment Policy

Our Gifts & Entertainment Policy is designed to ensure that the acceptance or offering of gifts and entertainment is reasonable, appropriate and, when necessary, subject to managerial approval. delfort employees are required to act in the best interests of the company, and to deal with customers, suppliers and other business relationships in a way that avoids their independent judgement on behalf of delfort being influenced by personal advantage – or any appearance that this may be the case.

Policy to avoid money laundering

The purpose of this internal guideline is to inform our staff about typical risk indicators to increase their awareness when there could be an activity related to money laundering as well as a procedure how to deal with this situation.

As a company we have a special corporate due diligence in place to secure that we

- identify our business partner ("know your customer"-process, sanction-check, etc.) in the onboarding process
- ensure the monitoring of changes within this partnership
- guarantee the documentation of our efforts in this process

We orient ourselves to the risk indicators created 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.



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) Chain of Custody ✓ **ISO 9001** Quality Management System ✓ **ISO 14001** Environmental Management System ✓ **ISO 50001** Energy Management System ✓ **ISO 22000** Food Safety Management System ✓ **ISO 17025** Laboratory calibration and testing certification ✓ **BRC Packaging** 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. ✓ **recyclability for food wrapping papers** ✓ **CZ-Bio-004** Awarded for the production of pulp and paper produced from organic hemp fibers. ✓ **RED cert** Certification of sustainable biomass, awarded for the processing of black liquor. ✓ **Nordic Swan Ecolabel** Awarded for thinbake® papers ✓ **Kosher** for thinbake® papers ✓ **Halal** for selected thinbake® and thinprint 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



PAPER MILLS



dunafin

FSC™
PEFC
ISO 9001
ISO 14001
ISO 45001
ISO 50001



feurstein

FSC™
PEFC
ISO 9001
ISO 14001
ISO 45001
ISO 50001
BRC Packaging



op papirna

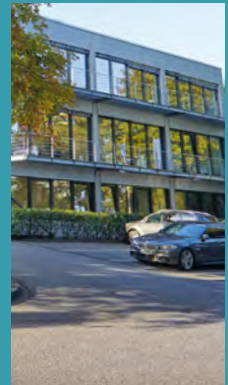
FSC™
PEFC
ISO 9001
ISO 14001
ISO 22000
ISO 45001
ISO 50001



tervakoski

FSC™
PEFC
ISO 9001
ISO 14001
ISO 22000
ISO 50001

PRINTING & CONVERSION



benkert

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



flexprint

FSC™
PEFC
ISO 9001
ISO 14001
ISO 22000
ISO 45001



mundet

PEFC
ISO 9001
ISO 14001 (Roslyn)
BRC Packaging



papierfabrik wattens

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



wattens vietnam

FSC™
PEFC
ISO 9001
ISO 14001



Customer privacy

It is of fundamental importance to delfort 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.

delfort and its subsidiaries 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.

delfort has established an internal data protection 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.

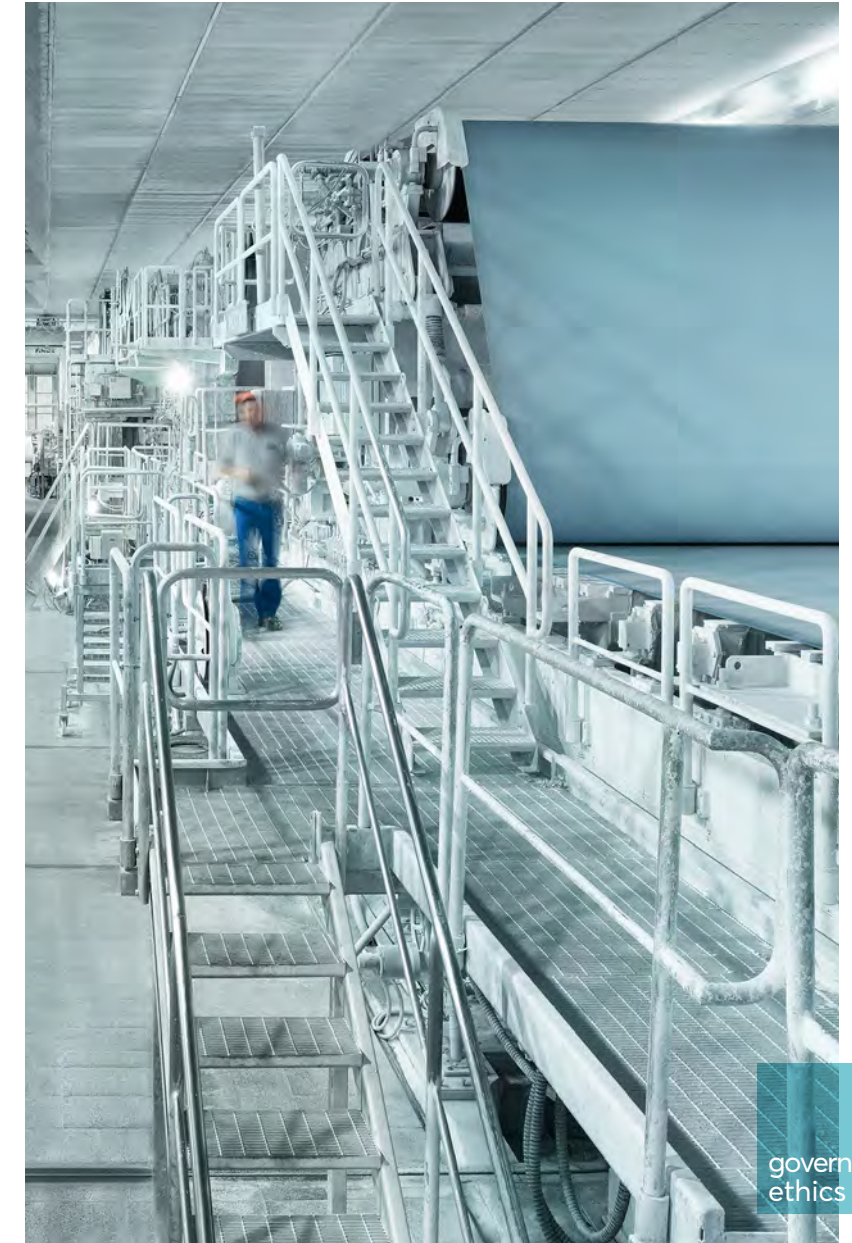
The company has a standardized process for handling inquiries from data subjects and data privacy violations, as well as for recording complaints. Any external, internal or supervisory authority inquiry to the company related to data protection is documented, reviewed and processed following the company's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

Compliance with laws & regulations

To our best knowledge, no significant instance of non-compliance with laws and regulations has occurred in the financial year 2022. 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.

Remuneration

delfort is committed to a structured and fair performance management process and competitive remuneration packages. This commitment and our process are described



governance & ethics

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 for members of the highest governance body and senior executives, including fixed pay and variable pay, sign-on bonuses or recruitment incentive payments, termination payments, clawbacks and retirement benefits. We ensure a coherent salary structure in each of our subsidiaries and throughout the company, which also complies with the principles of equal treatment. This procedure is in line with the business strategy, sustainability agenda and long-term interests of the company and considers our risk management.

delfort's compensation system includes fixed and variable pay.

Employees receive a fixed remuneration, which primarily reflects their professional experience and organizational responsibility. It is based on country-specific collective framework conditions, permanent and pre-determined. Additionally, the company offers a variety of locally adapted social and fringe benefits that are in line with local market conditions.

Variable remuneration packages relate to performance indicators like innovation and CO₂ reduction.

Every year, we review our remuneration packages and make necessary adaptations. This process includes among others: critical analysis of remuneration schemes, adaptation due to collective bargaining agreements,



determination of salary ranges for new hires, implementation or adjustment of social benefits, local fringe benefits and bonus programs.

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 currently reviewing the KPIs to be reported in the future, as well as developing a process. This will help us to adapt our remuneration system in the future and to take regulatory conditions into account.



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 (on the right), the corporate directors discuss with the board of directors whether our governance framework is up to date or if modifications are required.

The corporate directors review our corporate governance framework and related rules and procedures every year and make updates as necessary. 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.

More than 83 corporate policies, rules and procedures set the standard of how we operate our business. In 2022, two of them have been updated and eight new ones were added to ensure continued relevance to emerging issues.



CONTROL & MONITORING SYSTEMS

delfort has a defined steering and 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 the organization's 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. 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

During all meetings, sustainability issues and progress on our sustainability goals are discussed. This enables the sharing of information about sustainability developments inside and outside the company with the aim of rein-

“Robust processes, policies and management systems guarantee our supply security and help us to best serve our clients and deliver sustainable value.”

forcing the collective knowledge, skills and experience of the highest governance body. In addition, delfort has a team of regulatory 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 delfort's product solutions, e.g. for the food and tobacco industries, are subject to comprehensive and strict regulations regarding food contact, customer health and safety.

Critical concerns & grievance mechanism

The local management and general managers are closely linked to local 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. For our suppliers, 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 head of Strategic Business Areas and general managers. If the board confirms the concern as being critical, the information is passed on to the supervisory board. To determine whether a critical concern qualifies as significant, the severity of the impact resulting from the instance serves as a basis.

We pursue a preventive approach to mitigating the concerns of our stakeholders. We are fully committed to following up all our stakeholders' concerns, and 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 strongly 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 general managers. 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.

Whistleblower Policy

delfort's Whistleblower Policy is an important element to encourage and protect anyone who provides information on how delfort can improve. The policy describes the protection available to a person reporting a compliance concern, which matters are reportable, how the person can report concerns without retaliation and how delfort will support and protect the person.

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 prepared together with the board of directors, it applies to all delfort employees and is available on the intranet for all employees.

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 skillset 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.

In 2022, no compliance concern relating to business integrity was reported via the whistleblower tool.



governance & ethics

A man and a woman are standing against a light, neutral background. The man is in the foreground, slightly to the right, looking directly at the camera. He has short brown hair and is wearing a white button-down shirt. The woman is behind him, slightly to the left, and is out of focus. She has long brown hair and is also wearing a white top. The overall mood is professional and clean.

about this report

The data presented in this annual CSR report covers a full calendar year from January 1 to December 31, 2022; the same period we use for our financial reporting. Our last CSR report was published in May 2022.

This report has been prepared in accordance with the GRI Standards 2021. Our GRI index is available for download under delfortgroup.com/downloads.

The data presented 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 papírna, tervakoski, wattenspapier, wattens vietnam) and our seven converting facilities (mundet (in USA

and 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 for these facilities. Please refer to the notes accompanying the KPI tables throughout the report, which describe how this data has been transitioned into the global values presented. An external consultant reviewed the data and information for clarity, accuracy and completeness. However, no external assurance was pursued for this reporting year.

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

We are preparing for the EU's mandatory Corporate Sustainability Reporting Directive (CSRD), which is due to come into force in 2026. As a result, we are currently building a comprehensive reporting system that will include the required KPIs.

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