

# SUSTAINABILITY REPORT

2022



# Table of contents

Message from the CEO

About this report

Our progress

## 1. Our company

- 1.1. Company profile
- 1.2. Corporate governance
- 1.3. Risk management and conformity
- 1.4. Integrity, ethics and good business practices
- 1.5. Cybersecurity
- 1.6. Value chain
- 1.7. Stakeholders
- 1.8. Materiality analysis
- 1.9. Awards, partnerships and affiliation

## 2. Our products

- 2.1. Supply chain and procurement of raw materials from responsible sources
- 2.2. Use of recycled raw materials
- 2.3. Quality and safety of the products in our portfolio
- 2.4. Sustainable products in the portfolio

## 3. Our care for the environment

- 3.1. Resource management
- 3.2. Greenhouse gas emissions and climate protection
- 3.3. Waste management and circular economy

## 4. Our care for the people

- 4.1. Caring for our employees
  - 4.1.1. Employee recruitment and retention
  - 4.1.2. Health and safety at work
  - 4.1.3. Equal opportunities, rights and freedoms
  - 4.1.4. Employee well-being
  - 4.1.5. Professional development and promotion in the workplace
- 4.2. Caring for local communities

## Our performance in figures

EU Taxonomy

GRI Index

SASB Index

## Esteemed investors, partners, colleagues,

In recent months, the country has been divided in two by an invisible hand: the south-west of the country has experienced torrential rains and floods, and the south-east is going through another season of soil drought. They are extreme. The past eight years have been the warmest on record, according to the Copernicus Climate Change Service. 2016 was the hottest. 2022 is sixth in this ranking.

We are facing realities that make us sweat, literally and figuratively. Aggregated data and expert studies show us that action is urgently needed while we can still reverse some of the effects of climate change. The urgency must be filtered rationally, with precise and assumed actions, not with the emotion of radical, utopian transformation.

The decade we are going through will be defining for the way the planet will look like in the future, and sustainable development, the transition to the circular economy must be assumed, in stages, and structured in concrete actions.

At TeraPlast we are aware that for a general good the beginning is in individual actions; first we put our own house in order. We have assessed our carbon footprint on Scope 1 and Scope 2, and the long-term goal is climate neutrality. We prepare ahead of time.

We are connected to the polymer processing market, aware of its evolution and are quick to adopt viable practices. Our group is part of relevant initiatives; we are a signatory of the UN Global Compact, part of organizations such as TEPPFA or VinylPlus, and in this capacity we have access to new trends, regulations or actions from which we are inspired to implement measures that may even become models for the domestic industry, as an invitation addressed to partners and competitors to join us on this path of sustainability.

More than ever, sustainable development and ESG values will also be determined in a company's long-term financial and operational performance, and adopting sustainability criteria early will bring definite benefits.

We have taken a leading role in promoting effective solutions for people and the environment. We are aware of the impact of climate risks on our activity and strive to proactively manage the risks specific to our own business. We are committed to working towards healthy communities, circular economy, low carbon footprint, caring for employees and transparent corporate governance.

### Objectives and concrete actions

Our group is currently the largest polymer processor in Central and South-Eastern Europe, with business of over 700 million lei and around 1,000 employees in 2022. We got here following the development strategy and appreciable investments that took into account not only the expansion of the business and the needs of the market, but also the need to have a sustainable future.

Considerable effort has been made to incorporate products with recycled material into our portfolio and to reduce the carbon footprint of our business.

By assimilating values, through innovation and adaptation, TeraPlast goes through qualitative and quantitative transformations that will bring added value in the long term for the organization, employees, shareholders and partners. An optimal starting point was to increase recycling capacity.

We are now the largest producer of micronized recycled rigid PVC in Europe. We use the recovered material in our processes, but we also sell it to third parties. Unfortunately, the domestic supply of raw materials for recycling is very poor and we import waste to have a sufficient load on the facilities so that the operations are efficient.

In parallel, we have developed products that contribute to the circular economy, that have a reduced carbon footprint or that reduce the impact on the environment. The biodegradable and compostable packaging portfolio, OK Compost certified by TUV Austria, was a major goal on our business sustainability agenda, and the development of this component, despite setbacks, shows us that it was the right decision.

Tackling climate change is not possible without innovation; the big changes will be brought about by new technologies or new approaches. TeraPlast makes a contribution in this direction as well, by expanding the use of recycled material. We have an international patent for the recipe of sewerage pipes with up to 100% recycled PVC.

We extend the use of reused material to as many products as possible in the portfolio, including polyethylene films. Another measure of sustainability is the lifetime of the products, and we produce polyethylene pipes for water transport and distribution, which have a lifetime of up to 100 years and are produced in accordance with PAS 1075 standard.

A substantial part of the Group's carbon footprint comes from the energy resources used, and one of the main actions has been the development of internal renewable energy capacities. Since 2020, a photovoltaic plant has been operational in the industrial park in Sărătel, and this year we are building a new unit to increase our energy independence.

In addition, we purchased electricity from sources considered green in an effort to reduce our carbon footprint. We do not believe in facade solutions but in applicable solutions with long-term effects.

Achieving sustainable development goals is not possible without digitization and automation of processes. The optimal use of resources, the reduction of waste and the increase of efficiency pass through new technologies. We use software and robots that increase our productivity and at the same time reduce the impact on the environment. We have implemented electronic invoicing solutions, digital signature, production scheduling with spectacular results on the regular business.

We keep ourselves updated to new solutions, we will adopt them quickly because the benefits are quantifiable, and any delay has the potential to be costly to the smooth functioning of the organization.

### Together on this road

We have invested almost 400 million lei in the last 5 years to integrate effective solutions for people and the environment. That's not just our tagline, it's our mission. The results achieved in 2022 make it the second best year in the Group's history. We have invested in and commissioned new capacities, launched new products and ticked off many of our targets on the complex journey to becoming the largest polymer processor in Central and South-Eastern Europe.

We are aware that we are not alone on this journey. A sustainable future requires joint effort, involvement from small to large and determination. We regularly talk to partners, decision-makers, various organizations. It is not only the indicated approach, but the necessary one. We are not in a bubble; we are part of an entire architecture, we are part of a value chain, and the exchange of information represents opportunities for harmonizing visions and concerted actions by virtue of common values.

In 2022, we took every opportunity to enter into a dialogue with decision-makers or non-governmental organizations, and we presented our strategies and purpose. I always found interested interlocutors.

Sustainability as a development strategy could be facilitated by state aid schemes as an effective tool to encourage sustainable investments. The business environment also needs such an incentive to enter this path that will bring us a better world.

The year 2022 brought many challenges. It brought the horrors of war close to us. As an organization we have not experienced a direct impact of the conflict. We have fully felt the indirect effects, coming through inflation, interest rates or the energy crisis. But we suffer, as humans, the emotional impact of the tragedy that our peers go through. The future world we want is not built with extreme violence at its foundation.

For the desired sustainability, it is not enough to set targets, but to advance on this path, even if challenges may arise in the short term. At TeraPlast we also experienced an interval in which the complex economic environment overlapped with the operationalization of recent investments. This situation does not get us off the rails from our major goals. Doubt has no place in our actions because we know it is the right choice.

It's a one-way road.

**Alexandru  
Stănean**

**CEO TeraPlast**



# About this report

This year we publish the fourth Sustainability Report for TeraPlast Group, through which we want to provide clear and transparent information on our sustainability performance related to the financial year 2022, for the companies: TeraPlast S.A., TeraGlass Bistrița S.R.L., TeraPlast Recycling S.A., TeraBio Pack S.R.L., Somplast S.A. Although it is part of TeraPlast Group, Somplast SA currently manages the location in Năsăud, without any more production activity. As a result, the company is only found in the information on employees, care for the environment and in the report containing the financial statements, not in detailing the rest of the material topics that are the subject of this report. The entities mentioned above are included in the consolidated financial statements of TeraPlast SA, the parent-company of TeraPlast Group, and the financial information in this report is based on the audited consolidated financial statements for the year 2022.

This report was prepared in accordance with the GRI Standards (Global Reporting Initiative) for the period January 1, 2022 - December 31, 2022, taking into account the SASB (Sustainability Accounting Standards Board) reporting framework. The full list of indicators used, related to the two reporting frameworks, can be found in the Table of Contents at the end of the report. The information presented has not been audited or ensured by a third party.

At the end of the report, you can also find information on TeraPlast Group's activities in the context of the European Taxonomy (Regulation 852/2020, on the establishment of a framework to facilitate sustainable investments and related delegated acts).

Sustainability reporting is carried out annually during the first semester, and the date of the last sustainability report, which includes information on 2021, is 30.06.2022. The reported period (January 1 - December 31) coincides with the period of the financial year.

For a more fluid presentation of information, in the section "Our performance in figures" extensive quantitative data can be found, while descriptive information and key quantitative data that pertain to each material aspect are highlighted in the dedicated chapter.


Changes in the reporting process and possible revisions to the quantitative data are briefly mentioned below and detailed in the dedicated sections. Also, in this report, the new GRI standards applicable from January 1, 2023 were followed: GRI 1 - Foundation 2021, GRI 2 - General Disclosures 2021, GRI 3 - Material Subjects 2021.

In this sustainability report, in order to improve the reporting process and ensure higher accuracy for reporting quantitative information, we made changes compared to the 2021 Sustainability Report, on the following topics:


- Our progress
- change in the formula for calculating the total amount of recycled waste (page 6)
- Supply chain and procurement of raw materials from responsible sources
- change in the formula for calculating the percentage of raw materials purchased from the Romanian market (page 39)
- inclusion of certain groups of procured auxiliary materials (page 39, TeraPlast – Other materials; TeraBio Pack – Other materials)
- Resource management
- update of the data on the Group's total energy consumption for year 2020, to include all the companies in the Group (page 68, year 2020)
- Greenhouse gas emissions and Climate protection
- inclusion of fuels consumed by TeraPlast's own transport fleet in the calculation of Scope 1 (page 69, 2021 table, HQ TeraPlast, diesel fuel and petrol)
- modification of the methodology for calculating the carbon footprint on Scope 2, by using emission factors specific to the electricity supplier (page 69, 2021 table, Scope 2 emissions)
- inclusion, in the calculation of the carbon footprint on Scope 2, of the guarantees of origin related to electricity from renewable sources procured from the supplier (page 69, 2021 table, Scope 2 emissions)
- Waste management and circular economy
- correction of waste quantities reported in 2021 to reflect the chosen unit of measure, as the unit of measure was in tons and the values were in kilograms (page 70, waste amounts)
- update in the calculation of two amounts of waste (page 70, TeraPlast Recycling, 2020 – other non-hazardous waste generated; TeraPlast, 2021 – wood packaging waste recovered internally)

For more information and feedback on this report you can reach out at:

 <https://www.teraplast.ro/>

 +40 741 270 439

 alexandra.sica@teraplast.ro

 1 TeraPlast Way, Sărățel village, Șieu-Măgheruș commune, Bistrița-Năsăud county, 427301, Romania

## Our progress

### Economic

	Unit	2021	2022	2021 vs 2022
Net revenue	mln. RON	615,1	711,1	15,60%
EBIT (profit before tax)	mln. RON	50,9	16,6	-67,40%
Net profit	mln. RON	42,3	15,4	-63,30%
Liabilities	mln. RON	288,2	352,1	22,20%
Equity	mln. RON	591,5	309,5	-47,70%
Market cap (average price at 30.12.2021, and 31.12.2022)	mln. RON	2.144,10	1.204,90	-43,80%

### Environment

	U.M.	2021	2022	2021 vs 2022
Total consumption of electricity	MWh	35.281	35.853	1,60%
The amount of electricity produced by the photovoltaic panels	MWh	1.732	1.870	8,00%
Total amount of recycled waste*	thousand tons	1,116	1,207	8,10%
Total CO <sub>2</sub> emissions (Scope 1)**	tCO <sub>2</sub> eq	3.708	2.887	-22,10%
Total CO <sub>2</sub> emissions (Scope 2, market based)**	tCO <sub>2</sub> eq	2.241	984	-56,10%
Total CO <sub>2</sub> emissions (Scope 3, market based)	tCO <sub>2</sub> eq	n/a	n/a	TBA in 2023
Total energy consumption	GJ	181.389	175.264	-3,40%
Percentage of energy provided by the photovoltaic plant from the total consumption	%	4,90%	5,20%	+ 0,3pp

### Social

	U.M.	2021	2022	2021 vs 2022
Employees (average number)	people	905	1.009	11,50%
Total training hours	hours	4.517	31.563,50	598,80%
Total investment in the community	mln. RON	1,7	1,76	3,50%

\* The total amount of waste includes waste generated by the companies of the Group and recovered by them or by third parties. The quantity does not include waste used as raw material for the manufacture of products in our portfolio. In the 2021 Sustainability Report, an error occurred when reporting the amounts of waste generated and their unit of measure, and the calculation formula included waste used as raw material.

\*\* The total amounts of CO<sub>2</sub> emissions on Scope 1 and 2 differ from those in the 2021 Sustainability Report because the emission factors used in their calculation have been changed. For more details, see section "Greenhouse gas emissions and Climate protection" of this Sustainability Report

# 1. Our company

Within this chapter:

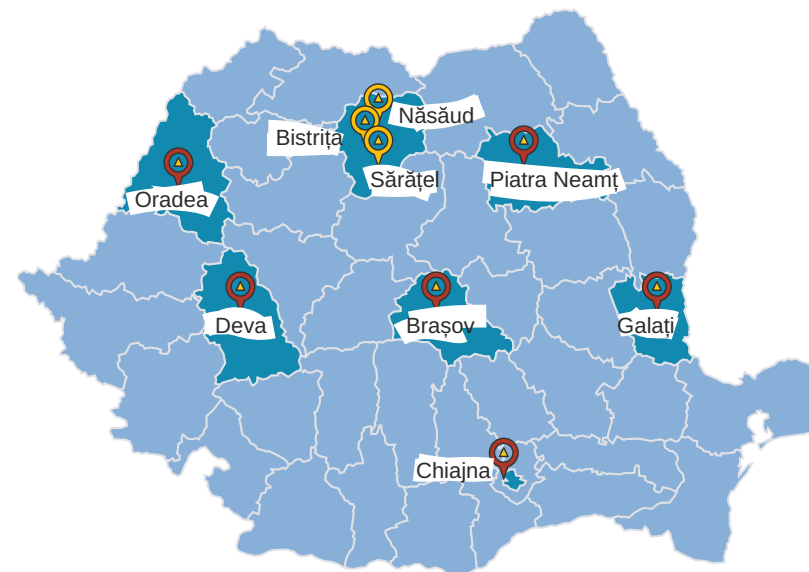
- 1.1 Company profile
- 1.2 Corporate governance
- 1.3 Risk management and conformity
- 1.4 Integrity, ethics and good business practices
- 1.5 Cybersecurity
- 1.6 Value chain
- 1.7 Stakeholders
- 1.8 Materiality analysis
- 1.9 Awards, partnerships and affiliation

# 1.1. Company profile

TeraPlast Group is one of the largest Romanian entrepreneurial groups and the largest polymer processor in Central and South-Eastern Europe.

The parent company of the Group is TeraPlast SA - a company listed on the Bucharest Stock Exchange since July 2, 2008. In the last 5 years, we have invested approximately 400 million lei in the development of the Group, through expansion of production capacities and new business lines. 2022 marked the first year of activity of the newest business in our portfolio - biodegradable and compostable packaging - and the commissioning period of the polyethylene systems factory for the transport and distribution of water and natural gas, respectively of the underfloor heating (NeoTer) and telecommunications infrastructure (TeraDuct) systems. These add to the existing capabilities and diversify the current portfolio to support the solid development of TeraPlast Group's business in the long term.

The Group's production activity is carried out in 3 locations in Bistrita-Năsăud county: Sărățel, Bistrița, Năsăud. The 8 factories are equipped with machines that have a high degree of automation and productivity.



- Distribution centers (own warehouses)
- Headquarters - Sărățel  
Production facilities (Sărățel, Bistrița, Năsăud)

**346.000 sqm**  
total surface of the Group's locations\*

**174.500 tons**  
of polymers - total production capacity of the Group



**TeraPlast SA, TeraPlast Recycling SA, TeraBio Pack SRL, Headquarters**  
1 TeraPlast Way, Sărățel village, Șieu-Măgheruș commune, Bistrița-Năsăud county, 427301, Romania

**TeraGlass Bistrița SRL**  
27A Tărpiului Street, Bistrița, Bistrița-Năsăud county, 420062, Romania

**Somplast SA**  
147 George Coșbuc Boulevard, Năsăud, Bistrița-Năsăud county, 425200 Romania

The address of our distribution centers are available on our website by accessing [this link](#).

*Note: In 2022 it was decided to open a distribution point in Hungary. It is not found in the information above because it started its activity in the first part of 2023.*

\*refers to the surfaces owned by the Group, does not include the rented spaces/surfaces.



In 2022, there were no significant reorganizations, acquisitions, disposals of assets or mergers within TeraPlast Group that would change its structure. The companies of our Group operate only under the jurisdiction of Romania, and the operational activity of the Group has the following structure:



TERAPLAST SA

Installation  
 Granules  
**520**

Parent company of TeraPlast Group.  
Listed on the Bucharest Stock Exchange since 2008.

- Systems for interior sewage
- Systems for exterior sewage
- Systems for transport and distribution of water and natural gas
- Rainwater management systems
- Cable protection systems
- Underfloor heating

- Plasticized and rigid PVC compounds
- HFFR compounds

To the above structure is added the company Somplast SA, whose production activity was transferred to the flexible packaging segment of TeraBio Pack. Currently, TeraPlast owns 70.75% of Somplast, which on 31.12.2022 had 17 employees and manages the location in Năsăud.



Average no. of employees 2022	Business lines	TeraPlast share	LEGAL NAME
			Product category

The volumes produced by the TeraPlast Group in 2022 had mixed evolution, largely determined by the market context in the case of the Installation and Granules business lines.

The year 2022 was the second best year in the history of TeraPlast Group, after the record levels of 2021. The group also completed the implementation of the most ambitious investment plan in its history, becoming the largest polymer processor in Central and South-Eastern Europe.

The turnover of TeraPlast Group increased in 2022 by 16% compared to 2021, reaching 711 million lei. EBITDA stood at 52.7 million lei, down 29% compared to the previous year, as a result of the volatility of raw material prices and a below-estimated level of water & sewerage works, financed from European and budgetary funds. The Installations & Recycling segment - "the engine of the Group" - despite the most challenging year in the last 5 years, managed to exceed the record EBITDA recorded in 2021.

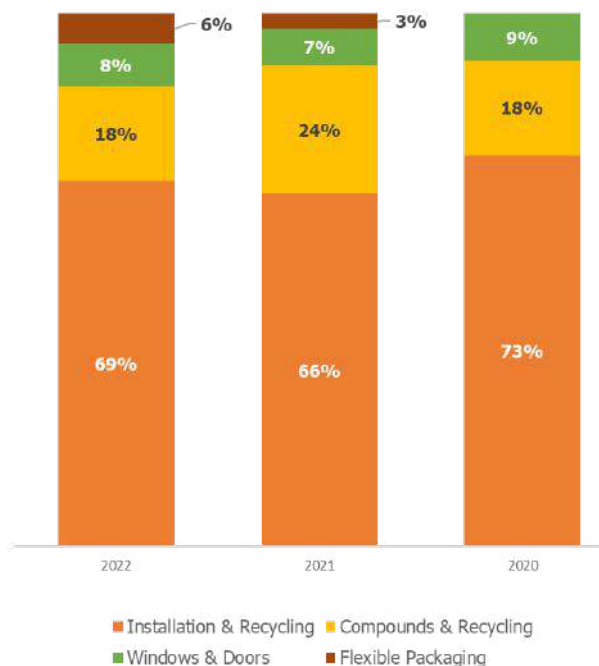
The EBITDA margin eroded during the year and reached 7.4% at the end of 2022. The result was mainly marked by the challenges faced by the Windows & Doors and Flexible Packaging segments, where delays in the indexation of selling prices were felt, respectively high start-up and market penetration costs. In addition, we have been impacted by both accelerated raw materials price increases and delays in market price increases.

The net profit of 2022 was almost 15.4 million lei, down 63% compared to the exceptional result of the previous year. The evolution was determined, on the one hand, by depreciation costs, against the background of the increase in the Group's asset base following the large investments made, and, on the other hand, by the increase in interest rates in lei, which for the Group meant an additional expense of 8.3 million lei in 2022 compared to 2021.

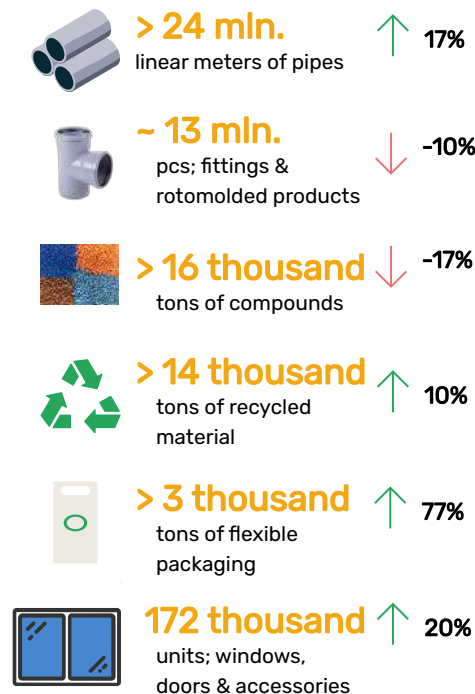
Complete information on the Group's evolution in 2022 is available by accessing the link [here](#).



### Business segments' weight in the consolidated turnover



### Evolution in volumes 2022 vs 2021



No.	Indicator		2022	2021	2020
1	Direct economic value generated	Revenue	711.127	615.111	396.180
		Operating costs	573.337	472.587	292.031
		Employee salaries & benefits	83.556	69.275	49.866
2	Direct economic value distributed	Payment to capital providers	9.874	1.582	4.927
		Pays to government	70.757	60.154	51.171
		Community investment	1.763	1.704	227
		<b>Total direct economic value distributed</b>	<b>739.287</b>	<b>605.302</b>	<b>398.222</b>
3	Economic value retained		-28.160	9.809	-2.042

## 1.2. Corporate governance

Increase of the performance of our Group is at the heart of our strategy and part of our vision. In this regard, corporate governance plays a significant role by setting strategic directions as regards resource management, internal and external practices, risks and objectives, operating principles, and operating rules.

All this is embodied in policies and procedures, and by monitoring and reporting our progress we ensure a high level of transparency and control - key aspects in protecting the interests of the public we interact with.

We believe that an incomplete or defective management of corporate governance can have negative effects on the reputation of our company as well as on our internal processes. We are careful to comply with legal provisions, to report timely and correctly both mandatory information and information that may be of interest to our public in the form of voluntary communications.

We are also careful to comply with the highest financial reporting standards to be able to prevent and manage potential risks in this area. The impact can also occur at the level of the supply chain and at an operational level, thus we believe good governance benefits all areas of our business.

We adhered to the Corporate Governance Code of the Bucharest Stock Exchange (for details see [pages 165-168 of the annual report](#)), we follow the recommendations of global initiatives regarding good governance and respond to suggestions received from shareholders who have extensive expertise in the field.

At the same time, through the team dedicated to investor relations, we try to maintain a constant dialogue with stakeholders, request and receive feedback, debate the company's activity in the area of governance and proactively identify any potential risks.

The Whistleblower system available on our website is a tool anyone can use to report potential violations or concerns about governance aspects and not only.

More details about our activity on the capital market in 2022 can be consulted in the [2022 Annual Report, at pages 17-21](#)

**Our company, TeraPlast SA, is listed on the Bucharest Stock Exchange (BSE) since July 2, 2008, under the symbol TRP.**

BSE TRP

Bloomberg TRP RO

**The TRP share is included in the following indexes:**  
 BET (BSE)  
 FTSE Russell Small Cap & Global All Cap  
 ROTX (WBAG)  
 CECE MID CAP (WBAG)  
 MSCI Frontier IMI (Investable Market Index)

### Corporate governance documents:

[Corporate governance statutes](#)

[Remuneration policy](#)

[Dividend policy](#)

[Forecasting policy](#)

[Audit Committee](#)

[Nomination and Remuneration Committee](#)

### Tools and channels used to interact with shareholders and investors:

- Press releases
- Periodic reports to the Bucharest Stock Exchange
- Quarterly conference calls with investors and analysts
- Press conference to present the annual results
- Investor's Day
- Dedicated newsletter
- Annual reports (annual report, sustainability report)
- One-on-one interactions (phone calls, 1:1 meetings, video conferences, e-mail)
- Conferences dedicated to the capital market organized by brokers
- Participation in conferences and talk shows dedicated to the capital market
- Promotion of main events

### Interaction with investors

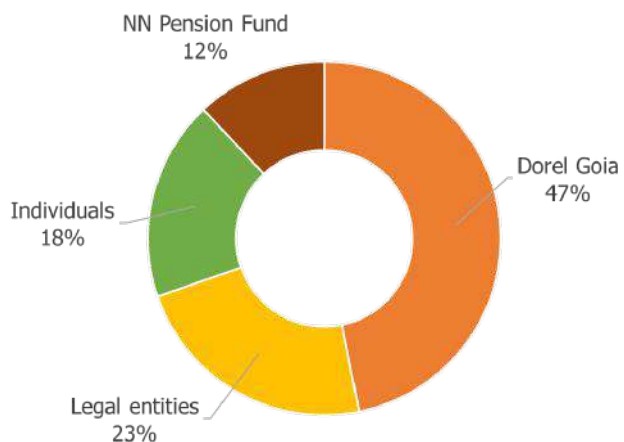
We have a responsibility towards our shareholders, to keep our promises to deliver value and to ensure the continuity and resilience of our Group's businesses regardless of the external environment.

We try to maintain a permanent dialogue with our shareholders and potential investors through the investor relations team whose contact details can be found on the dedicated website, as well as through more complex interactions at capital market events. Thus, we are connected to the preferences of shareholders, and we can ensure that our vision intersects with theirs. Also, we often choose to issue voluntary communications on the BSE to ensure the most uniform dissemination of information that may be of interest to shareholders, investors, brokers, and analysts.

In preparing the annual financial calendar we aim to provide stakeholders with the information within a reasonably short time after the end of the reported period, in order to provide complete and correct information.

We also promote the accessibility of shareholders in the voting process during general meetings, and as a result we implemented the eVote solution - a platform that offers an alternative to participate and vote at the GMS.

At the end of 2022, the company's shareholding included over 12 thousand shareholders. The majority shareholder is Mr. Dorel Goia, who owns 46,83%, followed by the NN Pension Fund, with 12,02%. Individuals own 18,33% of TeraPlast, and legal entities own 22,83%. The company's liquidity is supported through market-making services by the BRK Financial Group.

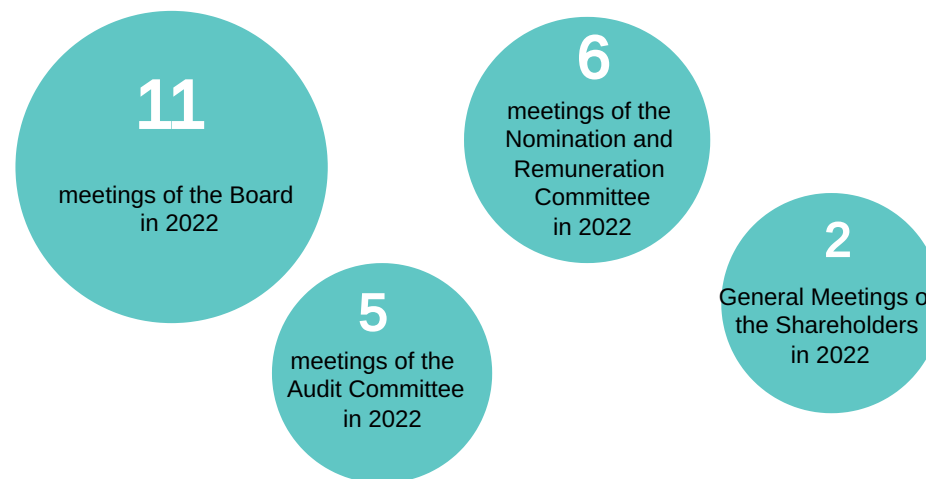


The corporate bodies of TeraPlast SA are the General Meeting of Shareholders, the Board of Directors, and the Executive Management. The activity of the Board of Directors is also supported by the 2 committees: the Audit Committee and the Nominating and Remuneration Committee.

The Board of Directors consists of 5 members, 1 of whom has an executive position (general manager), elected by the general meeting of shareholders for a 1-year term. The board members were re-elected in September 2022. The executive management is appointed by the Board of Directors and coordinates the activity of the operational management.

In the proposal and election of the administrators of the Board of Directors, and of the executive management respectively, we take into consideration the application of the principles as regards to the prevention of conflicts of interest, this being one of the main aspects that are the basis of our governance. Administrators have the obligation to notify about their capacity as a shareholder or board member of other companies, as well as other aspects related to their professional activity, and which may be relevant to the activity within TeraPlast. We expect TeraPlast administrators to avoid involvement in any situation that may raise risks regarding conflict of interest, ethics, and integrity, in accordance with our code of conduct. According to regulations, we also report the transactions that the persons with management responsibilities in our company carry out with TeraPlast securities on the Bucharest Stock Exchange.

Complete information about the members of the Board of Directors, the executive management and the committees are available in the dedicated sections on the [investors.teraplast.ro](http://investors.teraplast.ro) website – Board of Directors and Executive Management, Audit Committee, Nominating and Remuneration Committee.



## Board of Directors' structure

TeraPlast's Board of Directors is comprised of 5 members, appointed for 1-year terms. The terms of the directors presented below were renewed in September 2022.

<div style="background-color: #f9a825; padding: 5px; text-align: center; color: white;"><b>Dorel Goia</b> Chairman</div> <ul style="list-style-type: none"> <li>◦ Birth year: 1954</li> <li>◦ Experience: entrepreneurship</li> <li>◦ First time in the board: 2008</li> <li>◦ Experienced entrepreneur with extensive expertise in key areas</li> </ul>	<div style="background-color: #0072bc; padding: 5px; text-align: center; color: white;"><b>Lucian Anghel</b> Non-executive independent director</div> <ul style="list-style-type: none"> <li>◦ Birth year: 1972</li> <li>◦ Experience: banking, capital markets</li> <li>◦ First time in the board: 2021</li> <li>◦ Activity: Banca Românească</li> </ul>
<div style="background-color: #0072bc; padding: 5px; text-align: center; color: white;"><b>Vlad Neacșu</b> Non-executive independent director</div> <ul style="list-style-type: none"> <li>◦ Birth year: 1981</li> <li>◦ Experience: financial</li> <li>◦ First time in the board: 2020</li> <li>◦ Activity: Sens Unic Imobiliare SRL</li> </ul>	<div style="background-color: #0072bc; padding: 5px; text-align: center; color: white;"><b>Magda Palfi</b> Non-executive director</div> <ul style="list-style-type: none"> <li>◦ Birth year: 1967</li> <li>◦ Experience: banking</li> <li>◦ First time in the board: 2008</li> <li>◦ Activity: Raiffeisen Bank (Regional Corporate Director - Cluj Corporate Center)</li> </ul>
<div style="background-color: #00a68a; padding: 5px; text-align: center; color: white;"><b>Alexandru Stănean</b> Executive director (CEO)</div> <ul style="list-style-type: none"> <li>◦ Birth year: 1982</li> <li>◦ Experience: Business administration</li> <li>◦ First time in the board: 2007</li> <li>◦ Activity: TeraPlast SA (CEO)</li> </ul>	

<div style="background-color: #0072bc; padding: 5px; text-align: center; color: white;"><b>Audit Committee</b></div> <div style="border: 1px dashed black; padding: 5px; text-align: center;"> <p>Vlad Nicolae Neacșu (chair) Nadir Geafer Ali Magda Eugenia Palfi Lucian Claudiu Anghel</p> </div>	<div style="background-color: #0072bc; padding: 5px; text-align: center; color: white;"><b>Nomination and Remuneration Committee</b></div> <div style="border: 1px dashed black; padding: 5px; text-align: center;"> <p>Lucian Claudiu Anghel (chair) Dorel Goia Vlad Nicolae Neacșu Magda Eugenia Palfi</p> </div>
---	---



**2** independent non-executive directors

**1:4**  
women-men

Age group	No. of members in 2022	No. of members in 2021
<30 years	0	0
30-50 years	3	3
>50 years	2	2

## Remuneration policy

The main objective of our Group in terms of remuneration is to respect the principle of fairness, considering the business strategy, the culture and values of the organization, the long-term interests of the company and shareholders. It must also ensure the company's competitiveness in the labor market and contributes to the motivation and retention of the personnel covered by this policy.

The general remuneration framework supports the Group in achieving the established business, strategic and sustainability objectives.

The remuneration policy is approved by the General Meeting of Shareholders, and the Board of Directors approves the policy and monitors its implementation.

The Nominating and Remuneration Committee ensures that the general principles and remuneration and benefits policies of personnel whose professional activity has a significant impact on the Group correspond to the business strategy, objectives, values, and long-term interests of the organization. The Committee reviews the performance evaluation process and proposes the approval of the executive directors' benefits package to the Board of Directors.

The remuneration report for 2022 can be consulted [here](#).

*Note: In line with the objectives of continuous improvement and for maintaining competitiveness of the Group as an employer, in the annual AGM from April 28, 2023, the remuneration policy was updated and can be consulted [here](#).*

## Activity tracking

The dedicated team for investor relations collaborates closely with the executive management both in day-to-day operations and in setting goals and monitoring performance and potential risks, reporting regularly to the Board of Directors.

In 2022, the objectives set for this area of activity were reached. TeraPlast (TRP) shares were maintained in the FTSE Russell indices, and participation in investor events increased by 50% in 2022, fulfilling the goal of increasing the company's visibility among capital market participants in addition to media communication. The dividend policy and forecast policy were also finalized and updated, and they are available on the website dedicated to investors.

The perception study among individual and institutional investors was also carried out. In general, the opinion of the interviewed people about the company is very good.

The company's communication or governance framework is often "above" or "similar" to "companies of similar size". At the same time, the openness and availability of the IR (investor relations) team and the management towards interaction, and the pace and transparency of communications as regards to business developments are appreciated. A high degree of trust in the company's management was identified, TeraPlast being perceived as a company that quickly adapts to "the new".

The most important point for improvement identified in this area is the need for more clarity on the strategy and the expected evolution of the Group's business for a period of 3-5 years, preferably in the form of a document that conveys and details this strategy.

## Governance in the context of sustainability

As sustainable development must be integrated into business development, management of sustainability aspects is delegated to the CEO, with oversight and consultation from the Board of Directors whenever required. Thus, the CEO coordinates the sustainable development directions of the Group and delegates responsibilities of implementing the strategy to the dedicated teams according to the specifics of the project.

Performance monitoring and reporting is carried out by a dedicated team that collects, centralizes, and analyzes the data and is also responsible for its annual external reporting under the supervision of the CEO.

This process entails both the refinement of internal processes through specific procedures and policies, as well as the identification of new opportunities that contribute to amplifying the positive impact of our Group. At an operational level, we implemented procedures and policies to internally regulate the management and monitoring of activity in various areas such as environment, health and safety at work, waste, conduct, ethics, and anti-corruption etc..

All the activities of the Group are evaluated annually in the management meeting, and the efficiency and performance of the procedures and policies are also evaluated in the internal audit. Results are communicated to the executive management and, when required (there are more complex aspects to analyze or special situations), these results are also discussed together with the Board of Directors.

We support the Paris Agreement and are signatories to the UN Global Compact since 2021 and have the Sustainable Development Goals in mind in our annual strategy. We also report our progress on an annual basis.



As part of the partnership between the Bucharest Stock Exchange and Sustainalytics, which aims to evaluate listed companies in terms of ESG performance, our company agreed to publish the rating on the BSE Research Hub platform. It can be consulted by accessing the [dedicated section of the platform](#).

We are also founding members of ARIR - the Romanian Investor Relations Association. Within the association, we are actively involved in promoting the capital market, in promoting and implementation of good governance practices, as well as in the development and improvement of the regulatory frameworks on the local market.

Therefore, in addition to the annual evaluations in relation to our objectives, we also compare our performance with the results of various evaluations/ratings carried out by specialized third parties.

**2023 objectives:**

- Increasing TRP attendance at international events: + 3 events.
- Increase in the number of analysts covering the company: + 2 analysts.
- Retention of the FTSE Russell indices and the maximum score in the Vektor assessment.
- Analysis of the website dedicated to investors and its update from the perspective of organizing information



## 1.3. Risk management and conformity

Risk management is an essential aspect within the TeraPlast Group through which we identify and address potential threats and opportunities in order to minimize negative impact and maximize benefits.

In a world full of uncertainty and rapid change, our ability to identify, assess and manage risk becomes crucial for business survival and prosperity. Risk management has an important role in ensuring sustainable development of the activities we carry out and allows us to have a clear and realistic picture of risks and the impacts they generate within our processes, as well as the opportunities deriving from the good management of these relevant aspects. Proper management of this material theme protects our business from negative impacts at all levels, from operational to commercial, or as regards the Group's image.

### Our approach

The COVID 19 pandemic provided us with the opportunity to learn, adapt and improve our practices in a constantly changing environment. It highlighted the vulnerabilities of global supply chains and the need to diversify them and reminded us of the importance of risk management and financial reserves. It taught us to be more resilient in the face of crisis situations and to respond promptly and effectively to environmental and market changes, therefore we adapted our business model to cope with new requirements and we improved our business continuity plans.

The military conflict in Ukraine that began in February 2022 has shown us that, although we live in the 21<sup>st</sup> century in a civilized world, such conflict situations can have a significant impact on the market and costs, generating risks, but also various opportunities. The conflict has created significant instability in regional and global markets, with sudden price fluctuations, particularly in directly affected sectors such as energy, procurement, and transportation. Problems related to the supply infrastructure, commercial blockages and changes in transport routes caused delays, disruptions, and additional costs in the supply of raw materials and delivery of finished products. It also had an impact on exchange rates, causing considerable fluctuation in the value of national currencies.

Therefore, since the beginning of the military conflict, we analyzed the potential risks to the business and we were prepared to reduce the impact of the negative effects from the energy crisis and disruptions in the supply chains, especially by maintaining long-term partnerships and contracts.

The structure within the Group that actively participates in the identification and assessment of process, operational and strategic risks is the Internal Management System (SMI) department. Together with process manager, the SMI department analyzes the existing and possible impacts on the activities and identifies the necessary measures to reduce the risks and their effects, as well as to prevent the manifestation of other risks.

Activities with a high impact on the Group, such as investment decision, the launch of new products and expansion into new market segments, as well as the financial risks deriving from them, are analyzed by the top management. By properly assessing and managing risks, we increase the chances of success in whatever we set out to do, and we are prepared to face challenges from which we always emerge stronger.

By involving the top management, we ensure that the measures we set are appropriate for the adequate management of risks and the achievement of our long-term strategic objectives. All matters with a high impact on the Group's reputation and image are known to top management and are disseminated to stakeholders.

The measures determined to be appropriate for an adequate management of risks take the form of action plans, policies, procedures, work instruction, as well as specific health and safety instructions, instructions for fire prevention, fire extinguishing, evacuation in case of emergency and environmental protection.

Procedures and instructions in force are both centralized at Group level and specific to each company and process. The top management provides all the required resources to fulfill the established measures and to maintain the identified risks under strict control.

Within the SMI department there are persons responsible for carrying out internal audits in order to comply with the requirements of ISO 9001, ISO 14001 and ISO 45001 of the quality – environment – health and safety at work integrated management system, and at TeraBio Pack including for the activities certified according to the food safety management system FSSC 22000. In 2023 in TeraPlast we implement and certify the energy management system according to ISO 50001 and we have internal auditors certified in energy management.



Internal audits are carried out based on audit programs approved at the beginning of each year by the top management. In addition to verifying compliance with standard requirements, internal audits analyze the risks identified within each process and their relevance in the current socio-economic and business conditions. The resulting audit reports containing the identified improvement opportunities and the auditors' recommendations are disseminated to those responsible and to the top management..

Process managers together with the SMI department analyze the possible opportunities for improvement and propose measures and implementation deadlines which are brought to the attention of the top management for approval. The established measures are then implemented by the process managers with the support of the SMI department.

Legislative changes are communicated periodically by the Legal department centralized at Group level, and compliance with legal requirements is checked by each department separately, both through scheduled and unscheduled internal inspections, as well as through the analysis of existing documentation and the way activities are carried out, in accordance with legal requirements.

Internal audit is also carried out by a third party in processes such as procurement, sales etc. The third-party reviews compliance with applicable regulatory requirements and the Group's internal policies and procedures. Auditors' findings and recommended improvement opportunities are disseminated by the third party to the process managers and top management.

During the management meeting that takes place annually, the centralized results of the internal audits are presented, together with the response strategy established to maintain the impacts of identified risks under control, as well as the effectiveness of the measures taken to eliminate, reduce or keep risks under control.

### Performance

Through the Code of Conduct we pay special attention to the observance of principles referring to business ethics, professionalism, integrity, environmental protection, social responsibility, loyalty, transparency, equal opportunities, and non-discrimination, right and freedoms. We are committed to complying with the best corporate governance practices, as well as complying with legal regulations and moral norms regarding competitive behavior.

Our human rights policy reflects our compliance with international human rights directives, conventions, and standards, such as the European Convention on Human Rights, the Charter of Fundamental Rights of the European Union, and the Universal Declaration of Human Rights.

We are committed to respecting and promoting the right to human dignity, freedom and safety, private and family life. We promote diversity and inclusion, equity and equal opportunities and treatment, we support and demonstrate solidarity behavior. We request and provide feedback to our employees, partners, and collaborators because we promote a process of continuous improvement of the activities and personnel of each of the Group's companies.

The Code of Conduct and policies of the TeraPlast Group, including the anti-corruption policy, apply to all activities carried out within the Group and to all people who interact with it. The Code of Conduct and policies are approved by the top management and disseminated to all employees, being available on the Group's intranet, published on the TeraPlast website and promoted by display on LCD screens in the production departments, warehouses, and administrative headquarters.

În 2022, four meetings of the Analysis Commission took place within the Group, for TeraPlast, TeraPlast Recycling, TeraGlass, TeraBio Pack respectively. During the meetings, process risks and global risks were analyzed, and the risk assessment of each company was reviewed. At Group level, in 2022 there were no confirmed incidents of corruption and no contracts with business partners were terminated for reasons of corruption.

### For 2023, our priorities are:

- Approach to risk assessment in a unitary way at Group level
- Maintaining the certification of the food safety management system according to the requirements of FSSC 22000 scheme for food packaging, as well as the other certifications of the quality – environment – occupational health and safety integrated management system
- Transfer of TeraPlast Recycling's quality – environment – occupational health and safety management system certification to the location in Năsăud

## 1.4. Integrity, ethics and good business practices

In our view, following a solid set of rules and principles regarding ethics and integrity is vital for our Group's reputation, for the trust that employees, as well as partners and shareholders place in us, and also for healthy business development. Any potential conflict in this area can impact the company at financial level due to the potential legal implications that the violation of the ethics and integrity norms can rise.

### Our approach

Management of integrity, ethics and good business practices aspects is carried out on three levels.

The first, in the relationship with our employees where through the power of example, through specific materials and through dialogue we bring to their knowledge the norms that we must all learn in our daily activity.

Then, in the relationship with our partners – whether they are suppliers, customers, or collaborators – where a relationship based on trust, transparency and ethics is the basis of successful partnerships.

Last but not least, in the relationship with the stakeholders on the capital market. In this case, we are talking about transparent communication, compliance with capital market regulations and avoiding actions that may fall into the scope of conflicts of any kind.

The responsibility for compliance with the norms of ethics and integrity rests with each department coordinator who, in turn, is further accountable to the executive management and the rest of the corporate bodies. Aspects in this area are discussed in periodic meetings carried out by the management.

We implemented the whistleblower, publicly available to anyone who interacts with our Group. It is an accessible tool that can also be used under the protection of anonymity and where you can report situations that violate aspects in areas such as corruption, bribery, human and labor rights, violation of company policies and regulations, environment etc.

Complaints received through the whistleblower system are analyzed by the Ethics and Integrity Commission and are resolved depending on the specifics of each notification. Persons who send complaints through the whistleblower system can choose to send them anonymously.

In 2022, there were no anti-competitive, anti-trust or monopoly behavior court proceedings initiated involving TeraPlast or its subsidiaries.

### Competition policy

We are committed to comply with the right to competition and we are promoting fair competitive behavior in accordance with the norms and regulations in force.

Any agreements, associations between competitors or concerted practices that may have the effect of preventing, restricting or distorting competition within the internal market are prohibited in the conduct of our business and, in particular, the ones that:

- establish, directly or indirectly, purchase or sale prices or any other trading conditions;
- limit or control production, marketing, technical development or investments;
- share markets or sources of procurement;
- apply, in relations with commercial partners, unequal conditions for equivalent services, thus creating a competitive disadvantage for them;
- condition the conclusion of contracts on the acceptance by the partners of some additional services which, by their nature or in accordance with commercial usages, are not related to the subject of these contracts.

The abuse of a dominant position held in the domestic market or a significant part of it is prohibited in our Group's business.

### Anti-corruption policy

In our perception, corruption represents the abusive use of public power, to satisfy personal or group interests. This refers to a set of immoral, illicit, illegal activities, carried out with the aim of obtaining material or moral advantages or a higher social status using forms of coercion, blackmail, deception, bribery, purchase, intimidation.

We are committed to complying with anti-corruption norms and regulations and to promoting the fight against corruption, in all companies in which we are involved or in which we have interests, and in all the businesses we conduct. We do not tolerate any action or behavior that could be considered susceptible to active or passive corruption, preferential treatment, or favoritism. In our business, we primarily comply with the provisions of Law no. 78/2000 for the prevention, detection and sanctioning of acts of corruption. These provisions apply to company administrators as well as to our employees and suppliers.

### Conflict of interest policy

TeraPlast has established and implements internal policies at the Group level, which regulate the identification of existing or potential conflicts of interest, as well as taking any preventive measures in this regard.

Our employees, partners and shareholders must not get involved in any situation where their personal interest, directly or indirectly, conflicts with the interests of the Group, and this situation hinders their ability to act appropriately. In accordance with internal regulations, employees must immediately bring to the attention of company management any personal material interest they may have in relation to the transactions carried out by any company of the Group, or which the Group has business relations with, as well as any other conflict of interest.

The Group's Code of Conduct, as well as internal regulations and provisions in individual employment contracts address the norms of behavior that we must comply with in our professional activity. We do not tolerate any behavior that harms human and labor rights, or that increases the risk of conflicts of interest, corruption, or discrimination, among others. The Code of Conduct concentrates our Group's policies in several areas and can be consulted publicly by accessing [this link](#) on our website.

In 2022, the TeraPlast and its subsidiaries were not politically affiliated nor did they support activities of political parties. At the same time, in accordance with the principles of the Group in this area, no facilities or special conditions were granted to parties and/or organizations directly politically affiliated. Therefore, there is no information to report on monetary or in-kind contributions related to the political sphere.

### Our objectives for 2023

We aim for a performance fully aligned with the principles of ethics and integrity that we apply and promote, thus every year our goal is to have no incidents concerning aspects in this area.



## 1.5. Cybersecurity

As regards cybersecurity, the impact does not only occur at the company level on internal processes, if not correctly managed it also raises risks regarding the relationship with our partners. At the same time, the image and credibility of our Group may suffer in the event of incidents in this area. Among the risks that can arise on cybersecurity are personal data leaks, loss of information about the company or blocking the access to the Group's platforms and software.

It is therefore very important that our Group has a solid and well-rooted in reality cybersecurity activity, whether it is the software our colleagues work with, database management or data sharing that takes place between us and third parties.

We constantly monitor the security protocols in place and carry out tests in this regard, and when necessary, we implement new and improved solutions to ensure increased process safety. The websites of our Group collect personal data only within the forms, following the voluntary consent of the user. The policy for processing and management of this type of data (GDPR Policy) defines clear purposes in this regard, and security measures protect us against the leakage of such information.

We apply specific measures to ensure that we fully comply with current cybersecurity regulations and, through the work of our colleagues in the IT department, we are constantly strengthening these measures. At the same time, the online development manager updates and develops the websites of the companies within the Group and periodically evaluates their performance in terms of security.

We are a digitalization-oriented Group, and as a result we have various software that we use on a daily basis in areas such as production, sales, credit control and data analysis. Among them we mention WMS, RPA services, Qlik View and SAP. In the case of the latter, after completing the implementation of a higher version, namely SAP S/4 HANA, in TeraPlast in 2021, it was also implemented in TeraBio Pack in 2022. Colleagues in the commercial department use dedicated software through which orders are released directly into SAP, and information such as order history or prices are easily accessible.

Also in 2022, a 2-step authentication for e-mail and VPN was implemented and a "penetration test" was carried out to assess the security of the server and the websites of the Group. The safety of our data is also supported by the daily backup plan, as well as an offsite backup system with Disaster Recovery for the specific vital resources. At the same time, the cybersecurity incident prevention and protection software infrastructure was strengthened using professional solutions.

The implementation of the premium Wordfence solution took place last year according to the plans, successfully protecting us from an average of 2.000 attacks per month and providing valuable insight into the specifics of each of them.

In 2022, we did not register any substantiated complaints regarding violations of the rules concerning the management of personal data and/or loss of personal data of employees or collaborators of the companies of the Group.

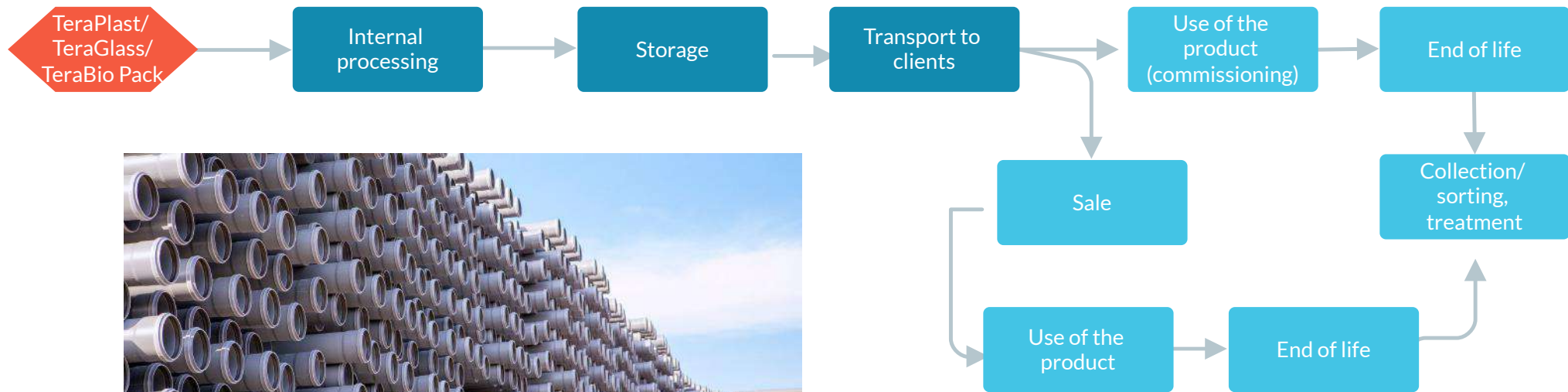
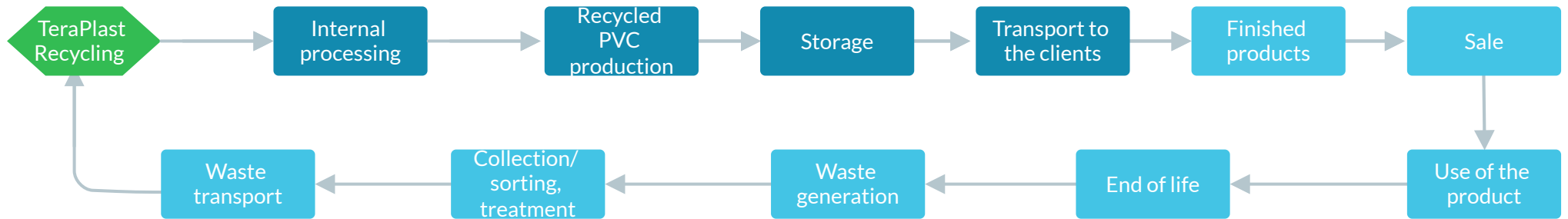
### 2023 Objectives

- The implementation of YOOZ, a solution for automating the registration of invoices, is extended to 2023, having been initiated but not completed in 2022.
- In the first part of the year, we aim to implement the S4/HANA version of SAP in TeraPlast Recycling.
- We aim to perform an assessment under the umbrella of Microsoft Solution Assessments: a set of industry-standard best practices that incorporate proven strategies for managing and optimizing an organization's IT assets



## 1.6. Value chain

Within TeraPlast Group, two schemes of the value chain are distinguished, depending on the specific activity of our companies. The rigid PVC recycling activity carried out by TeraPlast Recycling has a different value chain than the rest of the companies in the Group, as can be seen below. In the graphic representation, the subsidiary Somplast SA is not found since it only carries out asset management activity.



Through the specifics of the activity carried out at Group level, we currently address the construction market through the segments of installations and windows & doors, the manufacturing industry through the granules segment, the market of PVC processors through the recycling of rigid PVC and the market of flexible packaging through the portfolio of foils and films made of polyethylene and biodegradable material. Commercial relations are based on a B2B (business to business) business model, and the structure of our Group's customers can be summarized as follows:



The customers of the Installations and Windows & Doors business lines are represented by contracting companies, distributors, DIY stores.

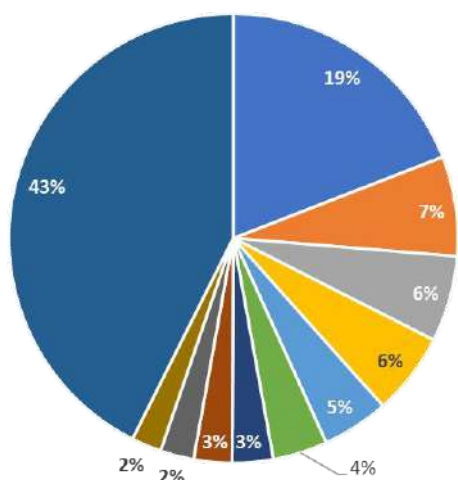


The customers of the Granules business, are producers whose raw materials are PVC granules, and processors of PVC through extrusion and injection, as well as in the case of our rigid PVC recycling business.

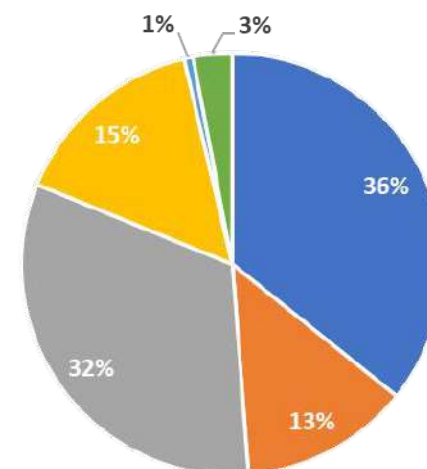


The client-base for the flexible packaging segment consists of large retailers, distributors and industrial companies that use films and foils for packaging goods.

We focus on the diversity of the customer and supplier base, in order to reduce the risks of a potential negative impact on the companies of the Group as regards the degree of dependence on them. The supply of recycled PVC is the only area where there is a greater dependence on a single supplier, through the purchase of recycled material from TeraPlast Recycling by TeraPlast SA. We believe that the potential risks that may arise from this situation are not significant because we have visibility over the processes and evolution of each business of the Group.



- Polymers and additives 1
- Polymers and additives 2
- Intra-group
- Polymers and additives 3
- Polymers and additives 4
- Polymers and additives 5
- Polymers and additives 6
- Polymers and additives 7
- Polymers and additives 8
- Polymers and additives 9
- Other suppliers



- Infrastructure
- DIY
- Reseller
- Manufacturer
- Constructor
- Occasional

### Dialogue with stakeholders in our value chain

We try to be as connected as possible with our value chain both through regular discussions with suppliers and/or customers, and through our own initiatives through which we get involved (for example collaboration with authorized third parties) or reports, certifications, and specific technical sheets that we request. We want to anticipate and prevent potential risks in our value chains and, at the same time, be as responsible as possible regarding the segment of the value chain in which we are located. As a result, one of the initiatives we are currently designing and implementing is refining our customer and supplier evaluation process.

On the other hand, we aim to protect our businesses from potential negative impacts caused by actors in the value chain. We constantly evaluate our partners from both a technical, where applicable, and credit risk perspective. We also evaluate customer satisfaction to identify our strengths in working with them, but especially the areas for improvement.

Beyond specific interactions with interested parties, we are at the disposal of those who wish to initiate a discussion about our activity through the contact channels on the websites of the Group's companies (e-mail or telephone), and in the case of topics related to the capital market and sustainability, contact details of the dedicated teams are available.



# 1.7. Stakeholders

As every year, taking into account the influence on our activity and the impact of our activity, in dedicated working sessions with representatives from several departments of the companies and together with management structures, we re-evaluated the list of stakeholders to determine if there are new categories of interest. Alongside the growth of our activity and the development of sustainability performance, we have identified a new category of internal stakeholders (Board) and three new categories of external stakeholders (Public Institutions, Press, General Public).



## Internal stakeholders

- Employees of TeraPlast Group
- TeraPlast's shareholders/investors
- Top management
- Executive management
- Board of directors

Starting this year, we have enhanced the stakeholder engagement process by implementing several tools and sessions that allow us a more detailed knowledge of stakeholders' needs and expectations.

Instrument	Engaged stakeholder category	Scope and description	No. of participants
Internal workshop	TeraPlast executive management	· detailed analysis of the material aspects by some of the most important categories of interested parties, who have detailed knowledge and extensive practical experience regarding the specifics of the activities of the Group companies	15
	TeraPlast top management	· quantitative assessment of each material aspect in terms of societal impact, environmental impact and business impact/relevance	
	TeraPlast Board	· updating the list of material topics	
Online survey	all categories	· quantifying the impacts of material aspects on the environment and the local community · collecting suggestions for improvement and comments from all interested parties, (under the protection of anonymity), regarding the management of material aspects by the Group companies · collecting other suggestions for improvement and general comments	117
Interviews	TeraPlast Group employees	· detailed analysis of each material topic	8
	Clients	· identifying potential risks and opportunities for Group's companies for each topic	
	Suppliers	· quantitative assessment of each material aspect in terms of societal impact, environmental impact and business impact/relevance · collecting other suggestions for improvement and general comments	



## External stakeholders

- Clients
- Investors interested in TeraPlast shares
- Suppliers
- NGOs
- Public institutions
- Press
- General public



As we want to develop our business in a harmonious and sustainable way, we make efforts to better understand the point of view of the parties regarding the business carried out by the Group companies. Thus, we have collected a number of suggestions for improvement and observations within the most recent stakeholder engagement activity, which we are analyzing from the point of view of the feasibility of being implemented, and where appropriate to develop and implement specific measures to address them.

**Among the received suggestions, we mention:**

- The developed products should be as easy as possible to be reused and reintegrated into the circuit;
- Energy efficiency and independence;
- Active involvement of employees, their families, the local community, society on a larger scale;
- Implementing and informing the public about effective methods of taking over plastic waste that can be integrated into the production flow;
- Involvement in social and environmental projects in other areas of the country;
- Educating the staff on the importance of respecting the selective disposal of waste and training them in this direction;
- Greater contribution to quality of life and training to explain the importance of sustainability;
- Implementation of solar or wind energy solutions.

At the same time, we were happy to once again receive appreciation from our collaborators:

*"As a customer and reseller of TERAPLAST SA products, I believe that we have a very good collaboration with the regional sales agent and with all the company representatives who were at our warehouse. I take this opportunity to express my gratitude for the way we have managed to solve all the problems that have arisen in over 15 years since we have been your partners."*



## 1.8. Materiality analysis

The materiality analysis methodology has not been updated compared to the previous reporting, following the concept of double materiality, whereby we analyzed and quantified each material aspect determined from the point of view of:

- **business relevance, taking into account the outside-in perspective of the impact that the topic has on the Group**
- **the impact on the environment and communities, taking into account the inside-out perspective of the impact that the activities carried out within the Group have on the environment and society**

As every year, the materiality analysis begins with the internal reanalysis of material aspects by an extended management team, taking into account the operational evolution and sustainability performance of our companies, but also the market and economic context in which we operate. We have not identified a need to update the list of material topics, they remain in specific categories, distributed according to the ESG (environment, social and governance) philosophy. The 3 dimensions still represent the base of our sustainability report, incorporating the main chapters:

<b>DIMENSION: GOVERNANCE</b> <b>CHAPTER: OUR COMPANY</b> <b>MATERIAL TOPIC: CORPORATE GOVERNANCE</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we support the protection of the environment by integrating specific measures in our activity, a fact that can only be achieved if we have a correct corporate governance that supports the protection of the environment at the highest strategic level	we create jobs; we increase the quality of people's lives by providing just and fair workplaces that support a good quality of life for our employees	we support competitiveness in the market and ensure the continuity and sustainability of the business, which leads to the contribution to the state budget through taxes and job creation

<b>DIMENSION: GOVERNANCE</b> <b>CHAPTER: OUR COMPANY</b> <b>MATERIAL TOPIC: RISK MANAGEMENT AND CONFORMITY</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we avoid emergency situations that can negatively impact the environment, accidental pollution or exceeding the maximum allowed values for pollutants, by correctly managing environmental risks and complying with environmental legislation	we avoid emergency situations that can negatively impact the health, safety and integrity of people, by correctly managing risks and complying with the regulations in force in the field of OSH, PSI and HR	we ensure the continuity and development of the company, which leads to maintaining competitiveness and a competitive environment beneficial to the economy

<b>DIMENSION: GOVERNANCE</b> <b>CHAPTER: OUR COMPANY</b> <b>MATERIAL TOPIC: INTEGRITY, ETHICS AND GOOD BUSINESS PRACTICES</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we maintain our integrity with regard to the environmental commitments we have made; we implement good practices in the business that allow the use of the correct environmental protection measures, using optimal technologies and processes to reduce the negative impact on the environment	by maintaining integrity at the company level, we respect the integrity of the people we collaborate with and of all our employees, including the protection of human rights; by implementing good practices in the business, we use correct protection measures and ensure the well-being of employees	we maintain the competitiveness of the company and the interest of customers, ensuring our economic growth leading to the contribution to the state budget through taxes and job creation

<b>DIMENSION: GOVERNANCE</b> <b>CHAPTER: OUR COMPANY</b> <b>MATERIAL TOPIC: CYBERSECURITY</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we avoid the failure of remotely operated equipment (including monitoring equipment), which may occur as a result of security breaches; this situation can lead to accidental pollution if it does not operate at optimal parameters	we avoid leakage of personal data; we avoid endangering people's personal safety	we avoid the leakage of legal data that can influence the competitiveness of the market or lead to industrial espionage, facts that destabilize the market economy

<b>DIMENSION: GOVERNANCE</b> <b>CHAPTER: OUR PRODUCTS</b> <b>MATERIAL TOPIC: SUPPLY CHAIN AND PROCUREMENT FROM RESPONSIBLE SOURCES</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we support the reduction of resource consumption	we support the creation of jobs in the fields of responsible product / raw material manufacturing; we help educate consumers by providing responsible products	we contribute to the creation of a green and circular economy by collaborating with suppliers of raw materials from responsible sources

<b>DIMENSION: GOVERNANCE</b>		
<b>CHAPTER: OUR PRODUCTS</b>		
<b>MATERIAL TOPIC: USE OF RECYCLED RAW MATERIALS</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we support the circular economy; we support the circularity of products and in this way the reduction of resource consumption	we support the creation of "green" jobs in fields that contribute to the circular economy	we contribute to the creation of a circular economy by collaborating with suppliers of waste / recycled raw materials

<b>DIMENSION: GOVERNANCE</b>		
<b>CHAPTER: OUR PRODUCTS</b>		
<b>MATERIAL TOPIC: QUALITY AND SAFETY OF THE PRODUCTS IN OUR PORTFOLIO</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we contribute to reducing the consumption of resources by offering safe and quality products, which lead to a longer life cycle	we contribute to the satisfaction and safety of end users	we maintain the competitiveness of the company and the interest of customers, ensuring our economic growth leading to the contribution to the state budget through taxes and job creation

<b>DIMENSION: GOVERNANCE</b>		
<b>CHAPTER: OUR PRODUCTS</b>		
<b>MATERIAL TOPIC: SUSTAINABLE PRODUCTS IN OUR PORTFOLIO</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we support sustainability as a core practice, which leads to the reduction of the overall environmental impact of the products we sell	we support the creation of jobs in the fields of manufacturing sustainable products/materials; we contribute to educating consumers by providing sustainable products	we contribute to the creation of a green and circular economy

<b>DIMENSION: ENVIRONMENT</b> <b>CHAPTER: OUR CARE FOR THE ENVIRONMENT</b> <b>MATERIAL TOPIC: RESOURCE MANAGEMENT</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we reduce the consumption of resources from our own activity	we contribute to a more sustainable future for all; we contribute by setting an example to the sustainability education of people who work directly within the company	we reduce operational costs, which leads to increased economic performance, which ensures the contribution to the state budget through taxes

<b>DIMENSION: ENVIRONMENT</b> <b>CHAPTER: OUR CARE FOR THE ENVIRONMENT</b> <b>MATERIAL TOPIC: GREENHOUSE GAS EMISSIONS AND CLIMATE PROTECTION</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we reduce the impact on the climate and atmosphere	we contribute to a more sustainable future for all; we contribute by setting an example to the sustainability education of people who work directly within the company	we reduce operational costs and ensure the competitiveness of our company in terms of sustainability, which leads to increased economic performance, and ensures the contribution to the state budget through taxes

<b>DIMENSION: ENVIRONMENT</b> <b>CHAPTER: OUR CARE FOR THE ENVIRONMENT</b> <b>MATERIAL TOPIC: WASTE MANAGEMENT AND CIRCULAR ECONOMY</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we reduce the impact on the environment; we support the circularity of products and the circular economy	we contribute to a more sustainable future for all; we contribute by setting an example to the sustainability education of people who work directly within the company	we reduce operational costs, which leads to increased economic performance, which ensures the contribution to the state budget through taxes

**DIMENSION: SOCIAL**  
**CHAPTER: OUR CARE FOR THE PEOPLE**  
**MATERIAL TOPIC: EMPLOYEE RECRUITMENT AND RETENTION**

actual and potential impacts generated by the proper management of material aspects

impact on the environment	impact on the people	impact on the economy
through the jobs available in our company, which are integrated into a responsible framework from the point of view of environmental protection, we support the interest of employees in this field, who will apply the concepts accumulated in their personal life, thus contributing to the protection of the environment in the community from which they are part of	we create jobs; we support the continuity of work of our employees	we maintain a stable framework for company development, which leads to increased economic performance, and ensures contribution to the state budget through taxes

**DIMENSION: SOCIAL**  
**CHAPTER: OUR CARE FOR THE PEOPLE**  
**MATERIAL TOPIC: HEALTH AND SAFETY AT WORK / EQUAL OPPORTUNITIES, RIGHTS AND FREEDOMS**

actual and potential impacts generated by the proper management of material aspects

impact on the environment	impact on the people	impact on the economy
by providing basic needs in the workplace, we support the development of employees in other areas such as education in responsibility / environmental protection, through which they can accumulate good practice concepts that they can implement in their daily work	we ensure a safe, healthy and fair working environment for our employees, leading to an increase in their quality of life	we avoid incidents that can generate sanctions, which lead to jeopardizing the image and financial losses, which endanger the development of the company, and leads to an increase in economic performance, and ensures the contribution to the state budget through taxes

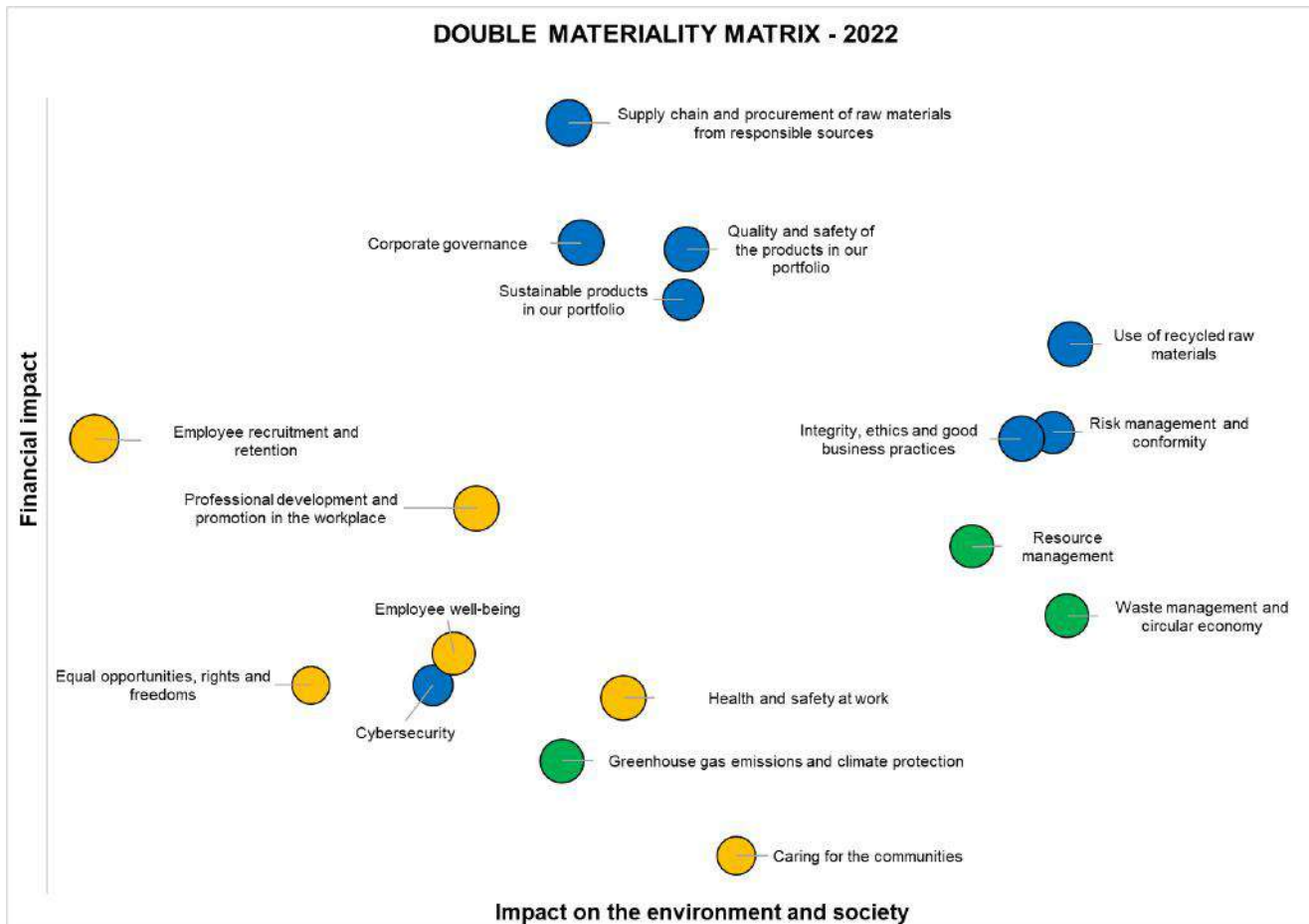
**DIMENSION: SOCIAL**  
**CHAPTER: OUR CARE FOR THE PEOPLE**  
**MATERIAL ASPECT: EMPLOYEE WELL-BEING**

actual and potential impacts generated by the proper management of material aspects

impact on the environment	impact on the people	impact on the economy
through the jobs available in our company, which are integrated into a responsible framework from the point of view of environmental protection, we support the concern of employees in this field, who will apply the concepts accumulated in their personal life, thus contributing to the protection of the environment in the community from which they are part of	we ensure a working framework that supports the well-being of employees, contributing to the increase of the quality of life	we keep a stable framework for company development through employee loyalty, which leads to increased economic performance, which ensures contribution to the state budget through taxes

<b>DIMENSION: SOCIAL</b> <b>CHAPTER: OUR CARE FOR THE PEOPLE</b> <b>MATERIAL TOPIC: PROFESSIONAL DEVELOPMENT AND PROMOTION AT WORK</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
we support a culture of professional and personal development for each colleague, which establishes the prerequisites for the accumulation of new information, including in the context of environmental protection, information that can later be applied in personal life	we contribute to increasing the quality of life by developing career advancement opportunities for our employees	we ensure the development of the company by developing well-trained employees, which leads to increased economic performance, which ensures the contribution to the state budget through taxes

<b>DIMENSION: SOCIAL</b> <b>CHAPTER: OUR CARE FOR THE PEOPLE</b> <b>MATERIAL ASPECT: CARING FOR THE COMMUNITY</b>		
actual and potential impacts generated by the <u>proper management</u> of material aspects		
impact on the environment	impact on the people	impact on the economy
through our CSR initiatives launched in the community (especially those related to environmental awareness) we contribute to reducing the environmental impact in local communities	through our CSR initiatives, we contribute to increasing the quality of life in local communities	we support local communities through CSR initiatives, thus contributing to the development of local markets



In order to continue the sustainable development of our companies, we seek to prioritize the strategic directions and related measures for which we will allocate resources.

Thus, the first step in this sense is the ranking of the material aspects using the results of the stakeholder engagement process through which quantitative data were collected regarding the impact on the business and on the environment and society for each material aspect separately.

By using several stakeholder engagement tools, we had the opportunity to more accurately calibrate the ranking of material aspects.

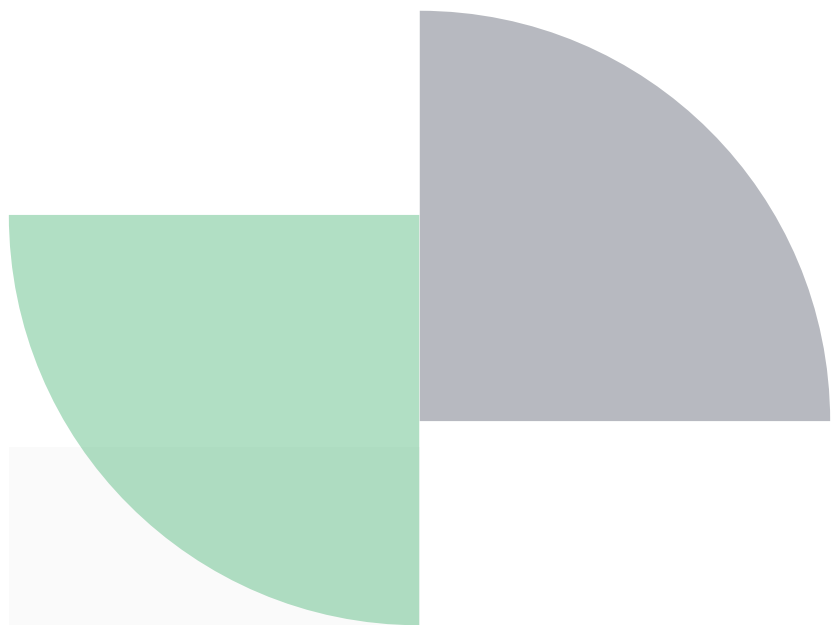
Using the methodology of double materiality, we obtained the matrix of material aspects, which will allow us to optimally organize our future sustainability development measures in TeraPlast Group.



## 1.9. Awards, partnerships and affiliation

### Associations of which TeraPlast Group, through its subsidiaries, is part of:

Foundation for the Global Compact – UN Global Compact (Signatory)  
 ARIR – Romanian Investor Relations Association  
 TEPPFA – The European Plastic Pipes and Fittings Association (TeraPlast CEO is a member of the Executive Committee)  
 European Bioplastics  
 Invest Club Transylvania  
 AFOR – Optic Fiber Association from Romania  
 APPFE – Partnership for European Funds Association  
 ASPAPLAST – Plastics producers association  
 ARA – Romanian Water Association  
 Vinyl Foundation – part of Recovinyl  
 PSC – Patronage of Construction Societies  
 APPCR – Professional Association of Cable Manufacturers in Romania  
 AmCham – Romanian-American Chamber of Commerce  
 CCIBN – Bistrița-Năsăud Chamber of Commerce and Industry  
 AIIR – Association of Installation Engineers from Romania



### Awards and honors received by TeraPlast in 2022:

- „Best company in relations with investors – the vote of individual investors” at the Gala organized by ARIR (Romanian Investor Relations Association at the Romanian Stock Exchange), title received by TeraPlast for the third consecutive year.
- Score 10 in ARIR’s Vektor Assessment based on 12 investor relations criteria, covering topics such as availability of information, contact details, corporate governance / policy documents, implementation of voluntary initiatives etc., score received by TeraPlast for the fourth consecutive year.
- “Best communication with journalists of an issuer in 2022. The financial media award” at the BSE Awards event organized by the Bucharest Stock Exchange, an award received by TeraPlast for the second consecutive year.
- The distinction “Excellence in management” in the CEO category, offered to Mr. Alexandru Stănean by Capital
- The award for “Best Board Design” at the ARIR Gala, awarded in collaboration with Envisia – Boards of Elite
- Silver Recognition following the Romania CST Index assessment from the Sustainability Index magazine carried out by The Azores Sustainability & CSR Services agency
- First place in the Companies with Romanian capital category at The Voices of Business Awards Bistrița, event organized by Transylvania Business.

# 2. Our products

Within this chapter:

- 2.1 Supply chain and procurement from responsible sources
- 2.2 Use of recycled raw materials
- 2.3 Quality and safety of the products in our portfolio
- 2.4 Sustainable products in the portfolio

We are proud of a tradition of more than 125 years in which we learned to adapt to any changes, developed and constantly improved our activities and products. After investments of 219 million lei in 2021-2022, we will continue in 2023 with total investments of over 100 million lei aimed at a new factory to produce stretch foil wrap and a new photovoltaic plant.

Our vision is to be leaders in the markets we operate, that is why the TeraPlast Group is the largest polymer processor in Central and Eastern Europe, TeraPlast is the leader in the granule market in Romania, TeraPlast Recycling is the largest producer of micronized recycled PVC in Europe, and TeraBio Pack has reached the top 5 producers on the Romanian market by the end of 2022.

**Installations business line – TeraPlast**

The portfolio of complete PVC, PP and PE systems for installations, together with a variety of accessories and fittings, offers our clients diversity, durability, and quality at the highest standards. The installations portfolio includes systems for:

- **Indoor sewers** – solutions for the evacuation and transport of domestic and rainwater from buildings and for the drainage of water in buildings. These include PP pipes and fittings, sound-absorbing PP pipes and fittings, PVC pipes for indoor drains, as well as siphons and accessories.

- **Outdoor sewers** – solutions for domestic and rainwater transport, solutions for inspection of sewerage networks. These include PVC pipes and fittings, PP and PE corrugated pipes and fittings, PE pipes and fittings for sewers, sewer accessories, sewer manholes, inspection manholes, monobloc or modular manholes, manhole covers. The system also includes PVC pipes with recycled material in 3 versions under the Gri(n) brand, with 50%, 55% and 100% recycled content

- **Transport and distribution of water and natural gas** – solutions for infrastructure networks. These include PE pipes and fittings for water and gas networks together with an extensive and varied range of fittings, pressure PVC-U pipes and fittings for water, fittings for water networks, PVC borehole pipes, water meter manholes, PE100-RC pipes with PP additive layer for a lifetime of up to 100 years.

- **Rainwater management** – solutions for the evacuation of rainwater from road or pedestrian surfaces, solutions for groundwater drainage, surface and depth drainage, underpasses and drainage for roads and railways. These include compact wall or corrugated PVC pipes, double wall corrugated PE pipes, street drains (geigers).

- **Cable protection** – solutions for the mechanical protection of electrical, telecommunication or optical fiber cables. These include buried PE corrugated pipes for electrical cable protection, PE pipes for telecommunication and fiber optic cable protection, rigid compact wall PVC-U pipes for electrical cable protection.

**New in 2022: Microducts for the telecommunication infrastructure – TeraDuct**, after the investment from 2021, production started in force from quarter 1 of 2022 offering solutions for optical cable protection, in the form of individual microducts – TeraDuct One, microducts in a linear shape ideal for MicroTrenching applications – TeraDuct Line, and microtubes in a polygonal shape for various configurations – TeraDuct Mix. The system also includes accessories such as connectors, cameras, various tools, and consumables.



**New in 2022: Underfloor heating – NeoTer**, is a state-of-the-art system with a high degree of energy efficiency and a low impact on the environment. We started production in Q1/2022 and we offer solutions for heating homes and offices, having as the main component of the system the NeoPE-XA pipes made of polyethylene crosslinked with peroxides and the NeoPE-RT type II pipes made from "raised temperature" polyethylene, as well as a wide and varied range of accessories. Whether it's an extension, new build or fit-out, NeoTer's team of professionals is at your service.



### Granules business line – TeraPlast

TeraPlast is the largest producer of PVC granules in Romania, and the granules portfolio includes the following types of products:

- **Plasticized PVC granules** – granules for electrical use that comply with the RoHS Directive and can be manufactured from plasticizers that are not on the REACH list of potentially hazardous substances (DINP, DOTP, DIDP), used for various flexible cord sheaths, flexible cords plug injections, insulation for sound cables and for automotive cables, colored or transparent granules for shoe soles, transparent granules for hose production.
- **Rigid PVC granules** – used for extrusion of protective tubes for electrical cables, gutters for electrical installations, fitting injection, injection accessories used in the manufacture of PVC joinery windows and doors, extrusion of paneling for interior and exterior, any other extrusion and injection applications.
- **HFFR granules** – halogen free and fire resistant, very useful in applications such as electrical cable protection.

### Rigid PVC recycling business line – TeraPlast Recycling

TeraPlast Recycling collects and recycles post-industrial and post-consumer rigid PVC from Romania and other European Union member countries such as the Netherlands, Italy, Germany, or Finland. In Romania we are the largest consumer of recycled PVC materials and the largest recycler of rigid PVC, and in Europe we are among the top 5 recyclers of rigid PVC with a processing capacity of up to 31.000 tons per year. We ensure the mechanical recycling of post-industrial and post-consumer PVC waste, with numerous waste sources such as joinery profiles, pipes, fittings, blinds, paneling, flashings, gutters. The products in TeraPlast Recycling's portfolio are:

- **500- and 1000-microns micronized PVC** – derived from pipes, joinery profiles or PVC profiles for construction, obtained by sorting and shredding PVC waste to sizes of 8-12 mm, separating metals and other contaminants, and pulverization into particles of the order of microns
- **Recycled granules** – regranulated PVC from the recycling of PVC joinery profiles, by mixing pulverized PVC waste with additives and fillers to obtain a material with characteristics as close as possible to the virgin raw material.

Through regular testing at authorized laboratories, we ensure that our products comply with the new European regulation as regards lead and its compounds in PVC. Micronized and recycled granules can be used in a wide range of finished products, from profiles and strips for various applications in the exterior and interior of buildings, platforms and terraces, multi-layer pipes and accessories for the transport of rainwater and domestic water.

### Windows and doors business line – TeraGlass Bistrița

TeraGlass has over 15 years of experience in the field of joinery manufacturing and successfully operates both on the Romanian market and on other European markets, in Spain and Portugal, Germany, France, Italy, Belgium, Hungary, Slovakia, Slovenia and others. The portfolio of TeraGlass includes the following types of products:

- **PVC door and window systems**, with 4 to 7 insulating chambers, with a long service life, modern design and excellent thermal and sound insulation, high sealing for dust and moisture. TeraGlass doors and windows offer a wide range of classic colors that imitate the structure of wood - white, mahogany, wenge, anthracite, oak, walnut, but also the option to choose to paint the profiles in any RAL color.
- **Aluminum door and window systems**, with anti-burglary features ensured by high resistance of the profiles, long service life, easy maintenance, great resistance even in the case of high temperature variations. We offer systems with thermal barrier or without thermal barrier, hinged or tilting, for small and large applications, from classic colors and imitations of natural elements to a practically unlimited range of RAL colors and corrosive protection.
- **Multiple window solutions** – they help to reduce energy consumption by offering very good insulation of the home, provide comfort regardless of the season, provide acoustic comfort and increased safety. Solutions include anti-burglary laminated glass packages, 4Season solar control glass, LowE glass for reducing costs, clear Float glass and decorative glass to maintain privacy.
- **Residential and industrial garage doors** made of sandwich panels with high-density polyurethane foam, residential "Drive me home" doors, or industrial "Drive in" doors
- **Curtain walls and harmonica doors** – with and without thermal barrier, intended for high energy efficiency constructions, shading systems, PVC and aluminum sliding systems, harmonic door systems.
- **Accessories and hardware fittings for various types of applications** – classic aluminum spacers or high-performance Warm Edge type, hardware systems that ensure a tight sealing of the joinery and prevent the access of cold air during the cold period and of heat during the summer, two-point, six-point or ten-point safety locks, handles with or without key, space handles, anti-panic fittings, door closers, blinds, roller blinds, insect nets, sill and jamb, ventilation systems for fresh air, and more.

TeraGlass offers professional installation services for carefully planned, on 3 plans of joinery insulation of the joint between windows or doors and masonry – the exterior layer with insulation against bad weather, the middle layer with thermal and sound insulation and the interior layer with vapor barrier.

### **Flexible packaging business line – TeraBio Pack**

The flexible packaging product portfolio addresses the packaging market in Romania and the European Union, in countries such as Austria, Germany, France, Belgium, Poland and others. In 2022, in TeraBio Pack we implemented and certified the food safety management system FSSC 22000, through the "Food Packaging" certification scheme consisting of ISO 22000 and ISO/TS 22002-4, as well as the additional requirements of FSSC 22000.

The product portfolio is structured in two divisions:

- **TeraBio** – we manufacture biodegradable and compostable flexible packaging: carrier bags, smile bags with perforated handles, bags on a roll or block-notes bags, biodegradable doggy bags, mulch film and waste bags. The bags have OK Compost Home and Industrial certification according to EN 13432 and the mulch film has OK Biodegradable Soil certification, both obtained from TÜV AUSTRIA Cert GmbH.
- **TeraPack** – we manufacture flexible polyethylene packaging: foils and films for industrial use, foils for construction, heat-shrinkable films, and polythene bags.

Towards the end of 2022, at Sărățel, we started installing the compounding facilities for biodegradable granules, a system that became functional starting from Q1/2023.



## 2.1. Supply chain and procurement of raw materials from responsible sources

Procurement is the operational foundation of a business and can directly influence its success, as the entire product portfolio is based on the quality and performance of raw materials. The procurement of raw materials from responsible sources brings multiple benefits to the TeraPlast Group, by protecting the environment, respecting human rights, and promoting sustainability. Through our commitment to purchase raw materials from responsible sources, together with our suppliers we contribute to the creation of a more sustainable world.

### Our approach

The purchasing department coordinates the entire raw material sourcing activity, conducts inventory and market analysis, and ensures that there are always safety stocks for key raw materials with a major impact on production and for those raw materials with longer lead times. Thus, we eliminate the risks that can lead to the loss of contracts, non-fulfillment of delivery deadlines, decreased reputation, or increased costs.

In the TeraPlast Group we evaluate and accept suppliers for several types of processes, namely suppliers of raw materials and packaging materials, complementary goods, suppliers of products and services for maintenance, machinery and equipment, transport services of finished products, personal protective equipment and other safety materials, waste transport services, IT products and services, and others. The main criteria by which we are guided when evaluating suppliers refer to technical and quality characteristics, employee safety, environmental protection, and commercial conditions.

Our suppliers of raw materials and machinery are renowned, globally recognized suppliers from Europe, Asia, and Africa. Each department that is purchasing products or services is responsible for analyzing and evaluating their specific suppliers. We are constantly negotiating with all our suppliers to obtain advantageous commercial conditions for both parties, but we are also concerned with expanding the existing portfolio of suppliers in order to permanently diversify our supply sources. We analyze criteria such as commercial conditions – price, delivery term, payment terms, but also quality and how to resolve complaints.

Starting from 2023, we will also analyze our suppliers from the perspective of environmental, social, and corporate governance (ESG) indicators.

In 2022, we increased the degree of diversification on the main raw materials, and their prices fluctuated in line with market trends. There is no risk of dependence on a single supplier or geographic area because we have an extensive partner base, which we update whenever needed.

We are constantly looking for raw materials that are more environmentally friendly, and before purchasing a new raw material, in addition to the technical data sheets and other related documents, we ask our suppliers for the safety data sheets to know what impact and what risks the product has or could have for human health and the environment.

Upon receipt of the raw materials, after the quantitative verification and of the accompanying documents, the raw materials are qualitatively checked by the technical quality control department (CTC), thus reducing the risk of obtaining non-compliant finished products, in the event of the use of inappropriate raw materials. If quality problems are detected, the purchasing department is informed to contact the suppliers in question in order to resolve the identified non-conformities.

Upon receipt of products for maintenance, IT, personal protective and work equipment etc., each responsible ensures that the products are accompanied by all necessary transport and quality documents, performing a visual analysis of the purchased products to detect any visible defects, thus reducing the risk of product damage during use and implicitly the increase of costs.

### In 2023, the main directions as regards to procurement, are:

- Updating and improving the supplier evaluation process, by improving the supplier assessment procedure and questionnaire
- Integrating environmental, social, and corporate governance (ESG) aspects into the supplier assessment questionnaire and establishing a materiality threshold for the selection of suppliers to which this evaluation applies
- Creation of a Code of Conduct for Suppliers

## Key figures on the supply of raw materials and auxiliary materials

TERAPLAST SA	Unit	2020	2021	2022	2022 vs 2021
Total base polymers (PVC, PP, PE)	tons	44.172	45.775	41.180	-10%
Other materials*	tons	16.484	18.054	15.138	-16%
<b>TOTAL</b>	<b>tons</b>	<b>60.657</b>	<b>63.829</b>	<b>56.318</b>	<b>-12%</b>
Base polymers from recycled materials vs total base polymers	%	25,80%	21,50%	23,70%	+ 2,2pp

\* Updated data for 2020 and 2021 as a group of various raw materials was not considered in the previous analysis

TERAPLAST SA	Unit	2020	2021	2022	2022 vs 2021
Auxilliary materials *	pc	17.378.684	21.458.067	18.735.639	-13%
	m <sup>2</sup>	145.864	13.989	0	-100%

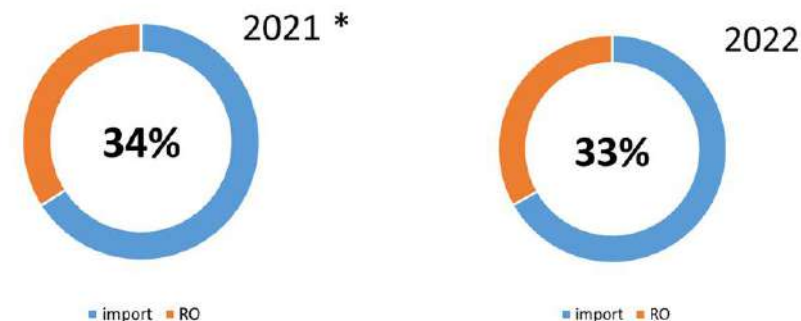
\* Auxilliary materials in m<sup>2</sup> decreased to zero due to the sale of the PVC profiles business line in 2021

TERABIO PACK	Unit	2021	2022	2022 vs 2021
Total base polymers (PE, biodegradable)	tons	870	2.945	239%
Other materials	tons	19	71	270%
<b>TOTAL</b>	<b>tons</b>	<b>889</b>	<b>3.016</b>	<b>239%</b>
Base polymers from recycled materials and biodegradable granules vs total base polymers	%	33,70%	29,10%	- 4,6pp

\* Updated data for 2021 as a group of packaging materials was not considered in the previous analysis

TERABIO PACK	Unit	2021	2022	2022 vs 2021
Auxilliary materials	pc	234.137	1.219.105	421%
	bag	123	424	245%

The percentage of raw materials purchased from Romania decreased in 2022 by approximately 1% compared to the percentage in 2021.



\* The 2021 percentage is different from the 2021 Sustainability Report percentage because we changed the calculation method from quantitative to value based, the latter being more complete and with a greater degree of comparability as regards the mix of raw materials.

TERAPLAST RECYCLING	Unit	2020	2021	2022	2022 vs 2021
Producer	tons	1.895	3.030	2.844	-6%
Recycler	tons	630	1.157	1.420	23%
Trader	tons	735	606	516	-15%
Collector	tons	6.041	8.930	9.681	8%
<b>TOTAL</b>	<b>tons</b>	<b>9.301</b>	<b>13.722</b>	<b>14.461</b>	<b>5%</b>

TERAGLASS BISTRIȚA	Unit	2020	2021	2022	2022 vs 2021
Glass	m <sup>2</sup>	133.430	139.509	185.646	33%
PVC and aluminum profiles	m	1.468.996	1.726.309	1.986.609	15%
Reinforcements	m	1.527.002	847.593	652.228	-23%

## 2.2. Use of recycled raw materials

The efficient use of recycled raw materials is an important aspect for us because it brings significant benefits by reducing the impact on the environment and greenhouse gas emissions, reducing costs, diversifying the supply chain by reducing dependence on finite resources, standing out in the market, and meeting its requirements as more and more consumers choose to support companies that use recycled raw materials and have sustainable practices.

### Our approach

The use of recycled raw materials has been part of the TeraPlast Group's development strategy for over 5 years, both through our direct involvement and investment in recycling activities, and through the purchase of recycled raw materials from the market.

Our investment in the rigid PVC recycling capacities of TeraPlast Recycling, which reached more than 5 million euros in total, places this company among the largest European recyclers of rigid PVC with a processing capacity of more than 31.000 tons annually. TeraPlast Recycling is the largest producer of micronized recycled rigid PVC in Europe, with micronized production increasing by 32% in 2022 compared to 2021.

At TeraPlast we use recycled PVC from TeraPlast Recycling as a raw material to produce our Gri(n) recycled PVC pipes in 3 versions:

- PVC pipes with multilayer structured wall, with an expanded core made of 100% recycled PVC and with outer walls made of virgin raw material (50% recycled content)
- PVC pipes with multilayer structured wall, with a compact core made of 100% recycled PVC and with outer walls made of virgin raw material (55% recycled content)
- Multi-layer structured wall PVC pipes with an expanded core made of 100% recycled PVC and outer walls made of 100% recycled PVC (100% recycled content)

Our approach to recycled raw materials also extends to TeraBio Pack, where we purchase from our suppliers including regranulate obtained from recyclate, which we use in our products.



### Our main directions in the short and medium term as regards the use of recycled raw materials are:

- Increasing by over 10% of the amount of recycled raw materials used
- Creating strategic partnerships with other suppliers of raw materials obtained from recyclate or from renewable sources
- Monitoring the reduction of the carbon footprint corresponding to the use of raw materials from recyclate or renewable sources compared to virgin raw materials
- Obtaining the Blue Angel label for flexible packaging by the end of 2023



## Performance

Of the base polymers (PVC, PP, PE) purchased by TeraPlast in 2022, over 23% were base polymers obtained from recyclate, of which over 80% were purchased from TeraPlast Recycling, the same percentage as in 2021.

At TeraBio Pack, in 2022 over 29% were base polymers from recyclate and biodegradable granules. Some of these biodegradable polymers contain a percentage from renewable sources and the difference is virgin raw material.

TERAPLAST SA	Unit	2020	2021	2022	2022 vs 2021
Total base polymers (PVC, PP, PE, including from recyclate)	tons	44.172	45.775	41.180	-10%
Base polymers from recyclate	tons	11.399	9.827	9.760	-1%
Base polymers from renewable sources	tons	0	0	0	n/a
Base polymers with renewable and recycled content	tons	0	0	0	n/a
Polymers from recyclate vs total polymers	%	25,80%	21,50%	23,70%	+ 2,2pp

TERABIO PACK	Unit	2021	2022	2022 vs 2021
Total base polymers (PE, biodegradable granules)	tons	869,9	2.945	+ 239%
Base polymers from recyclate and biodegradable granules	tons	0,4	210,1	-
Base polymers from renewable sources	tons	293,1	647,9	+ 121%
Base polymers with renewable and recycled content	tons	0	0	n/a
Polymers from recyclate vs total polymers	tons	0,00%	0,00%	n/a
Polymers from recyclate vs total polymers	%	0,05%	7,14%	+ 7,08pp



## 2.3. Quality and safety of the products in our portfolio

Quality is a key characteristic that influences a company's reputation and success in the market. High quality not only meets customer needs and expectations, but can help reduce costs by minimizing returns, complaints, and warranty costs. The TeraPlast Group is committed to providing services and products that comply with quality standards and that do not endanger life, health, work safety and do not have a negative impact on the environment.

### Our approach

TeraPlast Group products are certified and tested by various accredited/authorized bodies, institutes, and laboratories such as DIN CERTCO, IFT Rosenheim, ICECON Romania, SRAC or TÜV Austria. We also perform certain tests in the internal laboratory accredited by the national accreditation body RENAR, according to the requirements of the SR EN ISO/IEC 17025 standard, through accreditation certificate no. LI 279 (which can be found on the TeraPlast website). Accreditation is renewed every 4 years, and annual surveillance assessments take place between two renewals.

The internal laboratory performs various physical, physical-mechanical, physical-chemical, dimensional, and qualitative tests such as determination of longitudinal shrinkage under heat, determination of Shore hardness, determination of density, determination of shock, compression, tear resistance, determination of thermal stability, determination of strength at internal pressure, determination of ring stiffness, ring flexibility, determination of degree of cross-linking, and others.

During 2022 the number of tests on finished products was 26.251 compared to 19.413 in 2021, increasing by 35%, and 5.205 tests on raw materials, compared to 4.908 in 2021, increasing by 6%.

Determinations are carried out on a wide range of products, depending on their specifics, from raw materials to PVC, PP, PE pipes and fittings, PVC, HFFR and biodegradable granules, PVC and PE tubes for cable protection, microducts for fiber optics, underfloor heating pipes, PE films and biodegradable films.

Our internal research department carries out research and development activities for our product portfolio, with a budget of more than 250 thousand lei annually, which also includes personnel expenses. In 2022, the main projects in this area concerned PE-Xa floor heating pipes, PVC granules and HFFR granules. Thus, we developed recipes through which our granules have new, extended applications, but also recipes for improving our current products.

### Performance

Verification of the products on the manufacturing flow is carried out both by self-checking by the operator, adjusting technician, or technologist, and at the end of the production flow by the CTC and the shift technician. Checks are performed by the technician/CTC several times per shift, samples are taken, their dimensions are checked, and records are made of flow checks and of non-conformities, if any.

Non-conforming products are properly labeled and stored in a specially marked area to prevent their unintended delivery to customers. When delivered to customers, our products are accompanied by declarations of conformity or performance, guarantees, installation instructions, technical sheets, depending on the specifics of each type of product and each company within the Group. The documents are issued according to legal requirements in force and guarantee the quality of the products in our portfolio.

If our customers signal that certain products are non-compliant, we register the complaints based on an analysis, and we follow a specific treatment process for each company in the Group. Complaints are analyzed to find the causes that led to their occurrence, they are resolved in agreement with our customers, and internal measures are taken to prevent the occurrence of other similar complaints.

Non-compliant products found in the production flow as non-compliant or returned from customers following a complaint, are recycled internally, and reused in the manufacture of new products depending on the company in the Group or are handed over to authorized collectors and recyclers.

In 2022 we recorded only one significant (which exceeded the materiality threshold set internally) product quality complaint from our customers that was resolved with the return of the products, compared to 2021 when no significant complaint was recorded. In TeraPlast, the total complaints decreased in 2022 by 6,35% compared to 2021, and in TeraGlass they increased by 7,95% in 2022 compared to 2021.

In 2022, there were no incidents of violations of regulations or voluntary codes relating to product information, labelling, marketing communications, advertising, promotion, sponsorship, the impact of products and services on health and safety and the environment. No sanctions, fines or warnings were recorded.

In 2023, the main development directions in terms of product quality, as well as for preventing complaints, are:

- Continuing the development of granule recipes
- Improving recipes for PVC pipes in order to manufacture more environment-friendly products, for example by using organic stabilizers
- Reducing the number of complaints compared to 2022 by properly treating their causes



## 2.4. Sustainable products in the portfolio

The world we live in is constantly changing, and sustainable initiatives are increasingly important to protect the planet we live on.

Sustainable products mean increasing efficiency in the use of resources such as energy and water and implicitly reducing greenhouse gas emissions, reducing the impact on human well-being and health, long-term savings by decreasing production costs, but also compliance with increasingly strict legislation.

Investments in recycling activities and obtaining sustainable products are among the main strategic directions of the TeraPlast Group, because we strongly believe in protecting the environment in which we live and the people through continuous development and innovation.

### Our approach

TeraPlast Group offers efficient solutions for people and the environment. That is why TeraPlast has joined initiatives and commitments regarding the sustainable development of the plastics industry such as TEPPFA and the Vinyl Foundation, which promote the sustainable use of plastics, both by recycling and by manufacturing high-performance sustainable products from recycled plastics.

TeraPlast supports TEPPFA's principles of contributing to circular economy goals and the development of sustainable practices, processes, and products, as well as the Vinyl Foundation's principles and the VinylPlus initiative for reducing the carbon footprint and lessening the environmental impact by recycling PVC.

VinylPlus' initiative has helped years ago in the elimination of lead from stabilizers used in the manufacture of PVC products, thus contributing to the protection of consumer health, and increasing the recyclability of PVC. Even though today we still struggle with lead in the post-consumer PVC we recycle, recent legislative changes will help in the medium and long term to minimize lead content in new products that contain recycled PVC.

Together with TeraPlast, TeraPlast Recycling supports the VinylPlus initiative and the VinylPlus 2030 commitment to accelerate the transition of the PVC value chain to a circular economy.

Along with the VinylPlus initiative, TeraPlast and TeraPlast Recycling also support the Recovinyl initiative of the European PVC industry, participating in the process of monitoring the quantities of recycled PVC and its use in finished products.

TeraPlast Recycling is one of the largest rigid PVC recyclers in Europe and manufactures intermediate products such as micronized and granules, obtained from post-industrial and post-consumer PVC waste. PVC products are excellent for recycling when they reach the end of their life, as PVC can be repeatedly recycled up to 8 times without harming the component materials.

### Performance

At TeraPlast we use recycled PVC in 3 of our products for outdoor drainage systems, namely for the manufacture of Gri(n) pipes with a recycled content of 50%, 55%, and 100% respectively.

In 2022 we produced over 67.000 meters of Gri(n) pipes compared to almost 35.000 meters of Gri(n) pipes produced in 2021, up by 94%, although actual production started in 2021 at the end of April. Market demand for Gri(n) pipes increased by 173% in 2022 compared to 2021.

In the TeraBio Pack factory in Sărățel we produce biodegradable and compostable flexible packaging such as bags and waste bags with OK Compost Home and Industrial certification by TÜV AUSTRIA, mulch film with OK Biodegradable Soil certification also by TÜV AUSTRIA and starting from 2023 we will manufacture biodegradable granules. The biodegradable products obtained at TeraBio Pack are made from renewable raw materials such as potato starch and polylactic acid.

But sustainable products are not only those that include recycled or biodegradable material in their composition, products that are reusable, or for the manufacture of which energy from renewable sources is used. Manufacturing long-life products can also be considered a sustainable practice, as it reduces the need for frequent replacements and the related costs, as well as reducing greenhouse gas emissions from manufacturing products with shorter lives and a more frequent replacement.

The NeoTer underfloor heating system has an average lifespan of 50 years. Our pipe systems for internal sewers, external sewers, drainage, transport and distribution of water and gas, made of PVC, PP or PE, have an estimated service life of at least 50 years, and our water pressure pipes made of PE with an additive layer of PP have a lifespan of at least 100 years.

The finished products obtained through the TeraPlast Group's manufacturing activities are products with a chemically stable structure (pipes, fittings, granules, packaging, joinery). Under conditions of handling and use in accordance with the commissioning instructions, our products do not affect the health of consumers and the environment. Regarding human health, they do not generate dangerous substances or vapors, and contact with the products does not cause irritation of the epidermis or eyes. As regards the environment, under conditions of proper use from the moment of delivery of the products until the end of their life cycle, they do not pollute the environment and do not harm biodiversity and ecosystems in any way.

The micronized material obtained at TeraPlast Recycling is periodically tested in accredited laboratories, and the lead content is carefully monitored, being below the maximum allowed limit established by the European legislation. Under conditions of proper use, micronized PVC itself does not harm human health and the environment.

In 2022, no non-conformities were identified and there were no incidents of non-compliance with regulations as regards the impact of our products and services on the health and safety of consumers. No fines or warnings were received, and no breaches of voluntary codes were recorded.

**TeraPlast Group's initiatives in 2023 and in the near future as regards the sustainable products in our portfolio, are:**

- Evaluation of the packaging procedures for our products to identify additional opportunities to reduce their environmental impact
- Evaluation of the product portfolio to identify those for which an LCA type evaluation would be appropriate
- Implementation of ecological labeling (eco-labeling) by indicating the percentage of recycled content in the product, its specific carbon footprint, or the treatment method at the end of the life cycle, in the next two years
- Educating and raising consumer awareness of the importance of using products that are responsibly manufactured and have a low impact on the environment, by using the official communication channels of the Group



# 3. Our care for the environment

Within this chapter:

- 3.1 Resource management
- 3.2 Greenhouse gas emissions and climate protection
- 3.3 Waste management and circular economy

## 3.1. Resource management

Resource management is an important aspect of the activities of the TeraPlast Group, as it has a direct impact on the costs related to all processes within the Group.

Through effective management and including this aspect in our strategies, we strive to reduce resource consumption and improve the efficiency of all operations.

The importance of this aspect in the Group's strategies emerges from our initiatives in the use of raw materials from renewable sources, investments in the field of recycling, the manufacture of sustainable products, as well as investment in renewable energy sources.

### Our approach

TeraPlast Group is committed to taking all the necessary measures to make resource management more efficient, that is why we monitor electricity, water, and natural gas consumption monthly, which can also be viewed daily when necessary. We also monitor fuel consumption of the vehicles in our own fleet, as well as the amount of waste generated by us.

Our commitment to reduce resource consumption and waste amounts has its roots in TeraPlast since 2009, when we implemented and certified the environmental management system in accordance with the provisions of the ISO 14001 standard, part of the integrated management system quality – environment – health and safety at work.

Today, the environmental management system is implemented and certified in every company in the Group where production activities are carried out. In 2022, we carried out the first surveillance audit of the environmental component of the integrated management system, after the recertification in 2021. The improvement opportunities observed during the audit, as well as the auditors' recommendations, took the form of action plans, and some of the actions are already implemented on the date of issuing this Sustainability Report.

The environmental objectives are periodically analyzed by the management at the highest level, to ensure their achievement. The environmental protection activity is coordinated by a centralized internal department at Group level, with highly competent people having extensive experience in environmental protection, who ensure that all the necessary measures are taken to comply with the specific legal requirements and the requirements of the standard.

This department monitors the amounts of waste generated and transported to recyclers, the physical-chemical indicators in water and air, as well as the compliance of the activities carried out with the legal environmental requirements.

Utility consumption is monitored by a person with extensive experience appointed at Group level, who also has the function of energy manager.

We assessed the environmental aspects of each activity we carry out and analyzed their possible impact on air, water, and soil. The evaluation concluded that our activities have no significant impact on the environment.

The assessment of environmental aspects looks at both normal and abnormal working conditions, but also emergency situations. It found that minor effects to air, water and soil could be caused in the event of a major generalized emergency.

In order to eliminate the possible significant impact in the event of such an emergency situation, in TeraPlast there is a Private Service for Emergency Situations (SPSU) with personnel prepared to intervene in the event of an emergency situation occurring in the Sărățel Industrial Park. In the location from Bistrița and in Năsăud there is personnel trained and prepared for intervention.

We regularly train employees on the necessary measures to protect the environment through the selective collection of waste, the correct use of products containing hazardous substances and the separate collection of waste contaminated with hazardous substances, order, and cleanliness at the workplace, as well as the responsible consumption of water and electricity.

Employees are encouraged to report the existence of an environmental pollution hazard, or any other environmental irregularities by notifying their superior, the environmental department personnel or through the whistleblowing system available both on the website, and by e-mail or phone.

To ensure a high level of environmental protection and awareness of the importance of this aspect, the strategic directions we follow are:

- increasing the share of electricity from renewable sources
- carrying out actions to raise awareness among employees and other interested parties regarding the importance of protecting the environment, by using the official communication channels of the Group
- continuous improvement of environmental activity

## Energy

To highlight the importance of energy efficiency within our strategies, over time we have equipped the companies of the Group with state-of-the-art electrical systems and equipment, and in 2023 in TeraPlast we aim to implement the requirements of the ISO 50001 standard on energy management.

In June 2020, we inaugurated the largest rooftop photovoltaic plant in Romania at that time, with over 7.000 modules located on the production halls and buildings of the TeraPlast Industrial Park in Sărățel, Bistrița-Năsăud County.

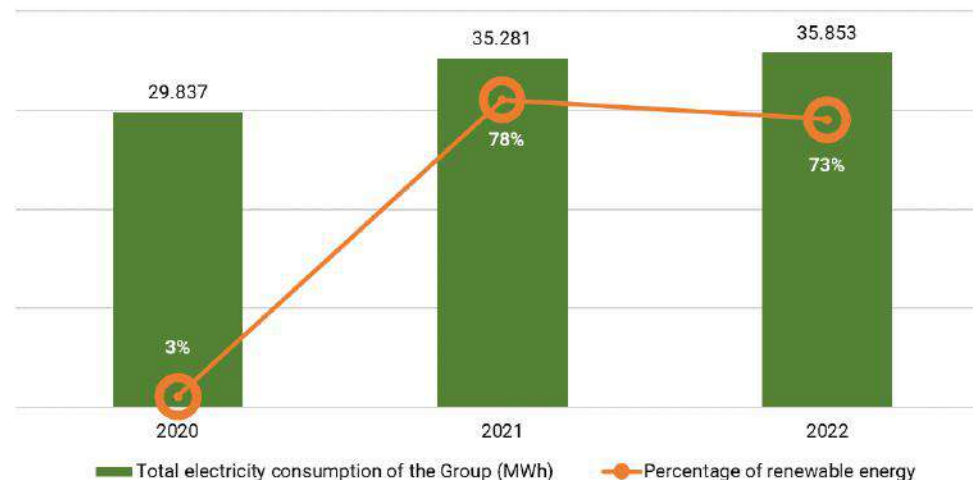
To highlight our commitment to increasing the share of renewable energy in our electricity consumption and reducing the Group's carbon footprint, in 2022 we started the project of a new photovoltaic plant with a total installed power of about 4,56 MWp and a power produced from 3,8 MW inverters, and after the completion of the new investment, the photovoltaic panels will occupy a total of over 35.000 square meters. Thus, we will contribute to reducing emissions by up to 3.200 tons of CO<sub>2</sub>eq annually.

Because we want to use renewable energy as much as possible, in 2022 we purchased only green energy. With the help of the rooftop photovoltaic plant installed in 2020, we managed to reduce our electricity consumption from the national mix and increase the percentage of electricity from renewable sources. Thus, in 2022 we increased the percentage of electricity from renewable sources in relation to the total electricity consumed by 0,3pp compared to the reference year 2021.

We considered the reference year to be 2021 because starting from 2021 we calculated the carbon on Scope 1 and 2 of the GHG Protocol (data presented in section 3.2) and starting from 2021 we will also calculate the carbon footprint of the Group on Scope 3.



Electricity consumption in 2022 in the TeraPlast Group



Compared to 2021, at the level of TeraPlast Group, the total electricity consumption increased in 2022 by 1,6% while production decreased by approximately 3,6%.

This higher electricity consumption per ton of finished product can occur due to several factors, such as the product mix, or the tests carried out for the commissioning of new production lines.

The amount of renewable electricity consumed, consisting of the electricity produced by photovoltaic panels and renewable electricity purchased from the electricity supplier, decreased in 2022 by approximately 5% compared to 2021, from 27.434 MWh to 26.076 MWh.

The percentage of electricity from renewable sources decreased in 2022 compared to 2021 due to the decrease with approximately 5% in the total consumption of electricity of TeraPlast SA, which represents over 70% of the entire electricity consumption of the Group.



## Water

The water supply of the Group's activities is done from the water network, and consumption is monitored by the utilities manager appointed at Group level, as well as by the persons with environmental responsibilities.

The water for fire installations in Sărățel can be supplied both from the water network and from an underground source through a drilled shaft and is stored in two tanks totaling 700 cubic meters.

According to the World Resource Institute map of regions with water stress, Bistrița-Năsăud County where we carry out our entire production activity is in an area with low to medium water stress (10-20%).

Over 80% of technological water is recirculated. In Sărățel, the wastewater resulting from production as well as the domestic water, pass through the two treatment plants in the TeraPlast Industrial Park and are then discharged into the Șieu river, while in Năsăud and Bistrița they are discharged into the sewerage networks of the cities.

Rainwater from the Sărățel platform passes through a decanter and oil product separator, before being discharged into the Șieu River. In Năsăud, rainwater is discharged into the Valea Spinului stream, a tributary of the Someșul Mare River, and in Bistrița it is discharged into the city's sewerage network.

The persons from the environmental department monitor the physical-chemical quality indicators of the treated wastewater and rainwater, according to the requirements established by environmental authorizations and water management authorizations issued by state institutions.

To ensure good wastewater treatment and to respond in time to the needs of the investments made in 2021-2022, we doubled the capacity of one of our treatment plants as early as 2020.

Company	Location	Water supply source	2020 (megaliters)	2021 (megaliters)	2022 (megaliters)
TeraPlast	Sărățel	the Bistrița - Teaca supply pipeline	25,682	16,114	18,501
TeraPlast Recycling			37,589	80,96	77,613
TeraBio Pack		TeraPlast water network	-	-	1,181
TeraPlast Recycling	Năsăud	distribution network of the city of Năsăud	-	-	0,568
TeraBio Pack & Somplast			-	1,598	0,568
TeraGlass Bistrița	Bistrița	distribution network of the city of Bistrița	1,515	2,043	1,754

In 2022 there were no significant incidents associated with authorizations in the field of water, the significance threshold being a value of more than 5.000 lei of monetary sanctions received as a result of an incident or a significant impact on biodiversity, water security and/or communities through pollution.

Since one of our values is "full compliance", we analyze any incident that could have an impact regardless of significance, because in our view such an approach reduces the risks of possible large-scale incidents.

## Biodiversity

At Sărățel we are in the immediate vicinity of the site of community importance ROSCI0400 Șieu-Budac, which is an integral part of the Natura 2000 ecological network.

With each new investment we analyze the impact it could have on the protected species in the area: otter (*Lutra lutra*), yellow-bellied toad (*Bombina variegata*) and seven species of fish: asp (*Aspius aspius*), Carpathian barbel (*Barbus carpathicus*), Kessler's gudgeon (*Romanogobio kessleri*), longbarbel gudgeon (*Romanogobio uranoscopus*), whitefin gudgeon (*Romanogobio vladkovii*), European bitterling (*Rhodeus amarus*) and Balkan spined loach (*Sabanejewia balcanica*).

Based on the documentation issued in order to obtain construction permits, as well as following the field inspection of the state institution that verifies compliance with the requirements of the legislation on protected natural areas (the National Authority for Protected Natural Areas), we obtained favorable approvals for the start of our investment projects in the TeraPlast Industrial Park, because they do not influence and have no negative effects on the biodiversity within the Natura 2000 site and on the protected species.

**As regards environmental protection and resource management, TeraPlast Group's commitments for 2023 are:**

- Maintaining environmental management system certification according to the ISO 14001 standard
- Certification of the energy management system in accordance with ISO 50001
- Trainings to increase employee awareness of the importance of conserving resources and avoiding waste
- Development of a distinct environmental policy, which includes concrete commitments regarding resource management

## 3.2. Greenhouse gas emissions and climate protection

Climate change leads worldwide to major disruptions of economic activities, both by changing weather patterns and producing extreme phenomena, as well as by facilitating the emergence of a resource deficit and because they lead to the implementation of stricter legislative requirements, changing consumer preferences, or changing investor perceptions of how companies manage their climate risks.

Industry has a significant impact on climate change through greenhouse gas emissions resulting from energy production and consumption, fossil fuel and refrigerant use. This aspect directly influences our activities by increasing the costs of manufacturing products due to the increase in the expenses of utilities and those of procurement of raw materials from responsible sources.

### Our approach

Emissions are monitored internally and reported to the state institutions by the Environment department, according to the legislation in force. The total emissions of greenhouse gases (GHG) are obtained at Group level by calculating the emissions resulting from the consumption of electricity, natural gas and fuels. According to legal requirements, we regularly monitor non-GHG air emissions (SO<sub>x</sub>, NO<sub>x</sub>, etc.) by analyzing gases resulting from the rotational moulding process (rotomoulding), from gas burners and central heating.

To analyze our impact on the environment and to identify opportunities to reduce the effects of climate change, in 2022 we calculated the carbon footprint of the Group on Scope 1 and Scope 2 according to the GHG Protocol, and in 2023 we will also calculate the carbon footprint on Scope 3. Once we have a vision of the group's total footprint, we will set short-, medium- and long-term reduction targets as part of our commitment to protecting the climate and the environment.

We actively contribute to reducing the impact we have on the environment and reducing the effects of climate change by investing in post-consumer and post-industrial PVC recycling technologies, manufacturing multilayer pipes with a recycled PVC core and GRI(n) pipes made entirely from recycled PVC.

In 2023 we implement the energy management system in accordance with the ISO 50001 standard and set indicators for increasing energy efficiency and implicitly reducing emissions. Through our new investment in the production of renewable energy we will contribute to reducing emissions by up to 3.200 tons of CO<sub>2</sub>eq annually.

As we are aiming for a paperless culture, in 2022 we started to implement the SAP HANA IT system in TeraBio Pack and it became functional from the first days of 2023. Also, in the first quarter of 2023 we started to transition TeraPlast Recycling to the new SAP HANA system. Our invoices are still issued predominantly from the computer system, as more and more companies adapt to the technological evolution.

The COVID 19 pandemic has helped us become more flexible at work, we have learned to use technology to communicate and collaborate effectively, regardless of location. We expanded the implementation of electronic signatures and further reduced paper consumption.

Starting from 2022, we analyze our eligible and non-eligible activities from the perspective of the EU Taxonomy according to Regulation no. 852/2020, and in the dedicated section of this sustainability report you can find the percentages of these activities. From 2023 we will analyze the climate risks of our eligible activities to see if they align with the EU Taxonomy and qualify as environmentally sustainable, thereby making a significant contribution to climate change mitigation or adaptation.



For the calculation of direct emissions from activities (Scope 1) we considered the following:

- The quantities of fuels used by the vehicles in our own fleet – diesel fuel and petrol
- The quantities of natural gas used in production and for heating spaces
- The quantity of refrigerant (R407C and R410A) loaded into the air conditioning and chiller systems

For the calculation of indirect emissions from the consumption of electricity related to the activities we carried out (Scope 2), we considered the amount of electricity purchased from the electricity supplier, as well as the electricity produced by the photovoltaic panel system located on the roofs of our buildings in the Industrial Park in Sărățel.

Scope 2 emissions were calculated using both GHG Protocol approaches:

- Using the emission factor of the national electricity grid (location based)
- Using the emission factor of the electricity supplier (market based)

The carbon footprint of TeraPlast Group on Scope 1 and 2 was calculated considering the approach that uses the emission factor of the electricity supplier (market based). To have a more accurate overview of the carbon footprint results on Scope 1 and 2, for indirect emissions related to electricity consumption (Scope 2) we modified the calculation methodology by using emission factors specific to suppliers (local factors vs emission factors taken from international databases).

In order to have comparable results between years, by changing the calculation methodology and the emission factors, we recalculated the emissions related to 2021, which was the reference year for us.

We also updated the method of calculating the fuel consumed by vehicles in the Group's own fleet. In addition to the fuels used for the operation of the installations and lifting equipment, we also included all the fuel consumption from the cars owned or controlled by the Group for the transport of people for work purposes, and the consumptions of vehicles controlled or owned by the Group used for transporting raw materials and finished products.

Therefore, the carbon footprint recalculated for the year 2021 (the base year) also includes the emissions related to the consumption of the newly included fuels.

Also, in the calculation of the carbon footprint for the year 2021 and for the year 2022, we also included the guarantees of origin issued on behalf of TeraPlast SA.

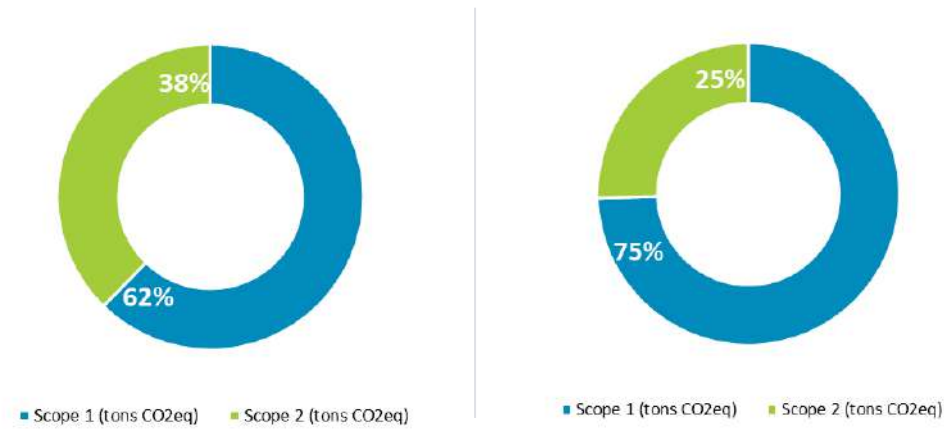
Guarantees of origin are electronic documents that represent proof that a given percentage or amount of energy was produced from renewable sources, in accordance with art. 3, paragraph (9) of the 2009/72/EC Directive of the European Parliament and the Council of 13 July 2009 on common rules for the internal electricity market and repealing Directive 2003/54/EC. A guarantee of origin certifies that 1 MWh of procured electricity was produced from renewable energy sources.

Thus, in 2021 we included in the calculation of the carbon footprint a number of 25.702 guarantees of origin, and in 2022 we included a number of 24.205 guarantees of origin.

**Our commitments to reduce greenhouse gas emissions for 2023 are:**

- Calculation of the carbon footprint for Scope 3 – emissions generated by external activities (supply chain, transportation activities, treatment at the end of the life cycle etc.)
- Development of a Climate Change Commitment following the calculation of the entire Group's carbon footprint (Scopes 1, 2 & 3)
- Establishing a plan with short-, medium-, and long-term measures to reduce the Group's carbon footprint and adapting business strategies to incorporate carbon footprint reduction targets

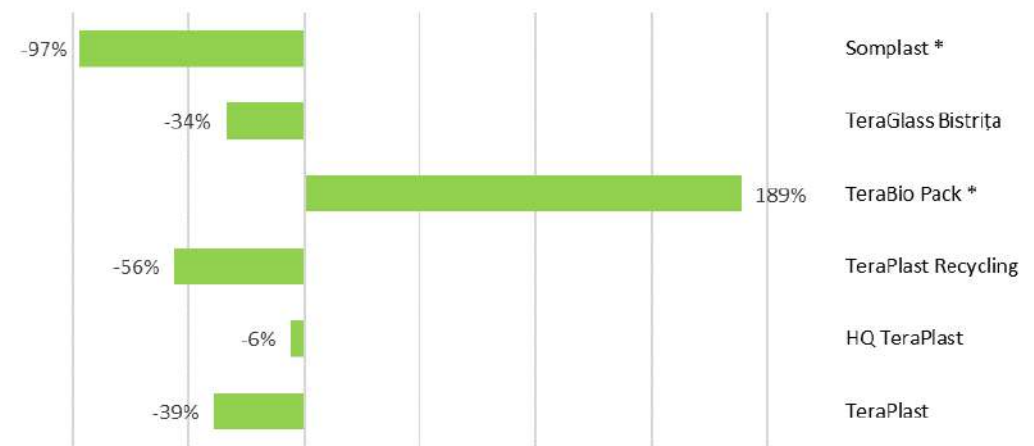
Scope 1 and Scope 2 in the TeraPlast Group in 2021 | Scope 1 and Scope 2 in the TeraPlast Group in 2022



The increase in Scope 1 emissions compared to Scope 2 emissions is due to the change of the emission factors for the calculation of Scope 2 emissions.

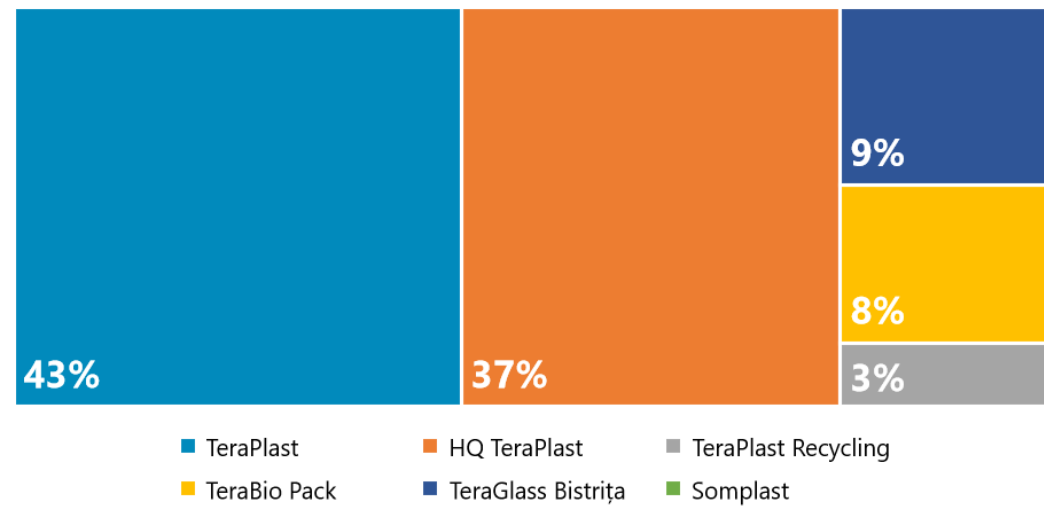
The carbon footprint of the Group on Scope 1 and Scope 2 (market-based) for 2021 is 5.948,7 tons of CO<sub>2</sub> eq, and for 2022 it is 3.871,3 tons of CO<sub>2</sub>eq, representing a decrease of 35% in 2022 compared to 2021. The reason for this decrease is the reduction of the emission factor of the electricity supplier by almost 3 times in 2022 compared to 2021.

2022 vs 2021 total Scope 1 & Scope 2 emissions evolution

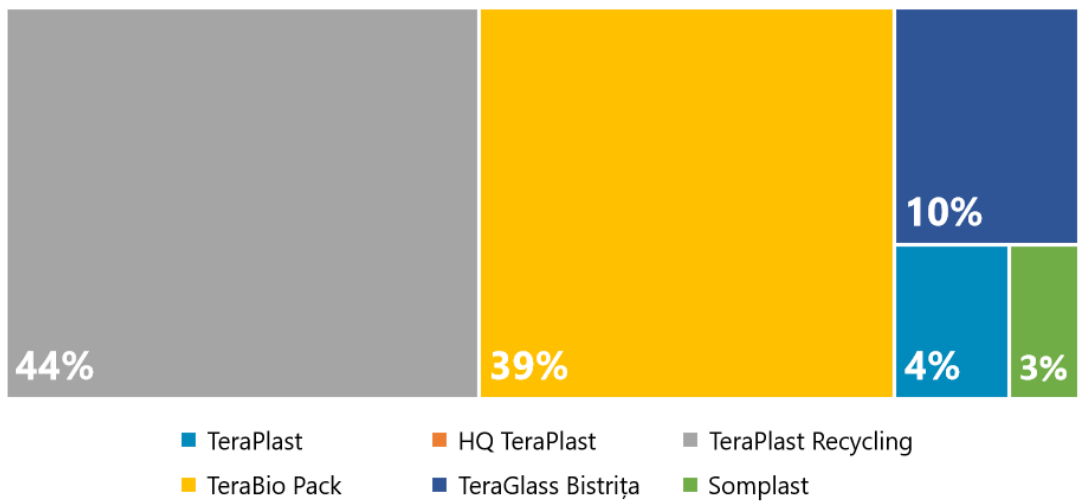


\* Decrease for Somplast and increase for TeraBio Pack are due to the fact that TeraBio Pack took over the entire production activity of Somplast in September 2021

Total emissions related to Scope 1 on Group's companies in 2022



Total emissions related to Scope 2 (market based) on Group's companies in 2022



## 3.3. Waste management and circular economy

TeraPlast Group recognizes the strategic importance of proper waste management, as we are aware that waste contributes to climate change and poses particular risks to the environment and human health.

In a constantly changing world we recognize the urgent need to adopt sustainable waste management practices to meet stakeholder expectations, achieve cost savings, stimulate innovation, contribute to the global transition to a circular economy, but also to comply with more restrictive legislative requirements.

### Our approach

The Group proves its commitment to the circular economy and waste management by:

- Investments in the development of post-industrial and post-consumer PVC waste recycling activities
- Investments in the development of biodegradable packaging manufacturing activities
- Investments in the development of packaging waste recycling activities
- Internal recycling of PVC, PP and PE waste resulting from production
- Development of products with up to 100% recyclate content, such as Gri(n) pipes, obtaining biodegradable foil and bags
- Meeting legal requirements for recycling of waste generated from our own activities

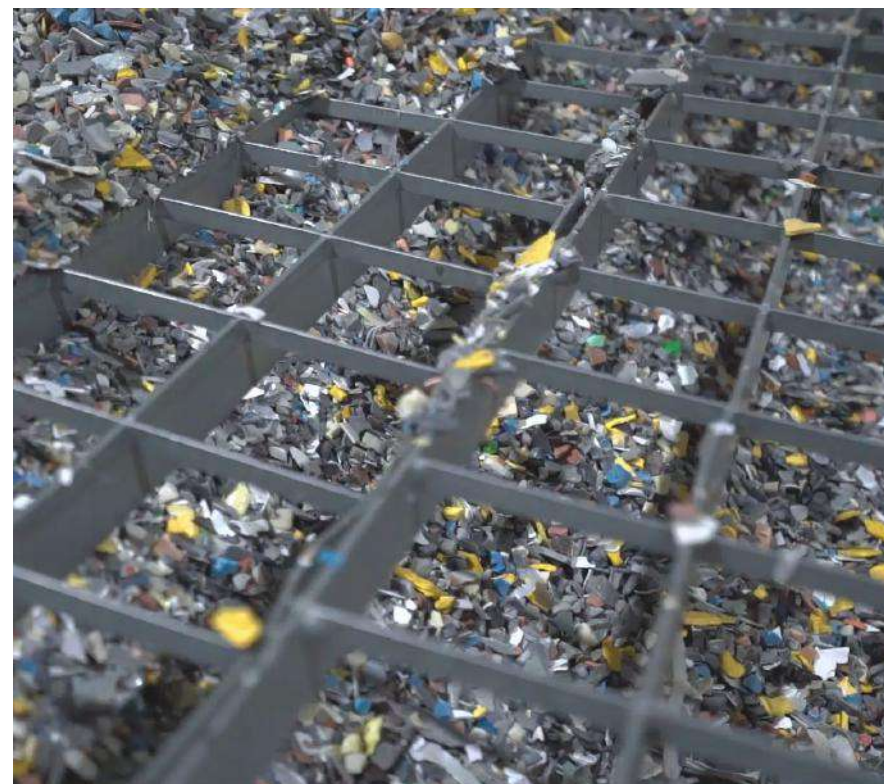
The internal environmental protection department ensures the daily monitoring of the amounts of waste generated by the Group's companies and their transport by authorized collection and recycling companies. On a monthly basis, the department reports to environmental authorities the amount of packaging placed on the market and the amount of packaging waste generated and recycled internally or by third parties. We comply monthly with the packaging waste recycling percentages established by the environmental legislation, which transposed the European directives in the field of packaging and packaging waste.

### Performance

Within the companies of the TeraPlast Group there are waste prevention and reduction plans which are reviewed annually, through which we establish the maximum percentage of disposed waste (hazardous and non-hazardous) calculated by reference to the total production in the respective year.

A total amount of 3.110 tons of waste was generated in the TeraPlast Group in 2022, down 5,2% compared to the 3.279 tons generated in 2021, as production decreased in

2022 compared to 2021 by 3,6%. Of the total amount of waste generated at Group level in 2022, 39% is waste recovered through internal recycling (wood packaging waste) and by third parties (paper and cardboard, wood, plastic, metal packaging waste etc.), increasing by 5pp compared to 2021. The 61% difference is disposed waste (line start-up waste, plastic sawdust and chips waste etc.), decreasing by 5pp compared to 2021.



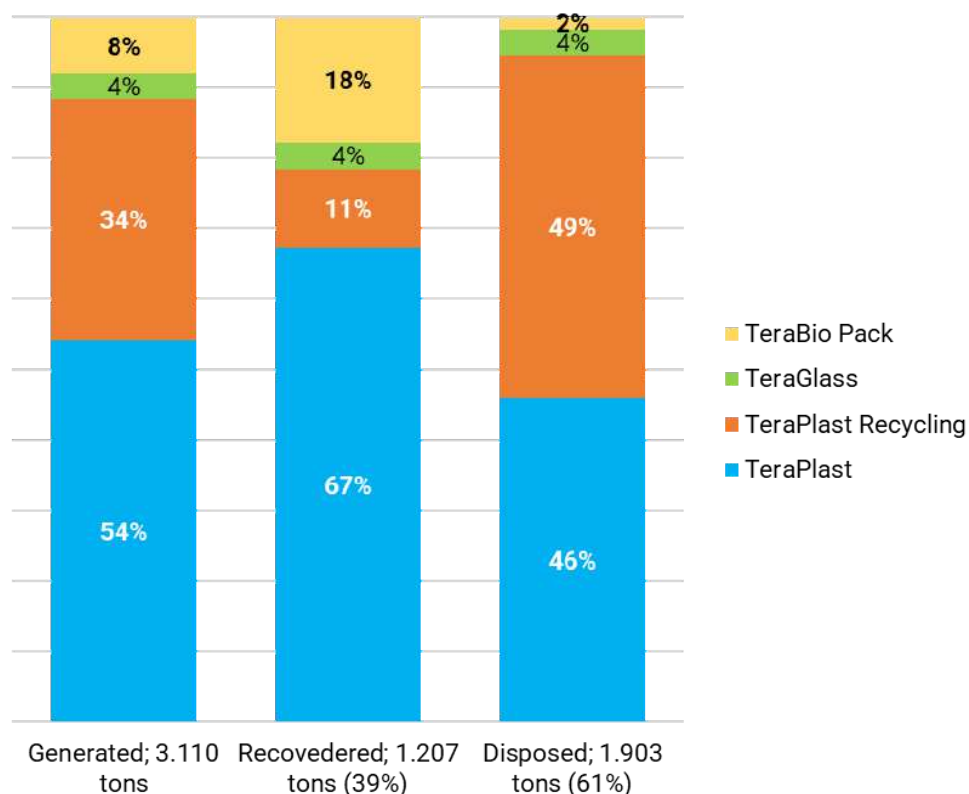
The decrease in the percentage of recovered waste by TeraPlast SA from the total waste recovered within the Group, from 85% in 2021 to 67% in 2022, is mainly due to the decrease of the amount of internally recycled wood packaging waste. This decrease occurred because the PVC joinery profiles business line was sold in Q1 2021. PVC joinery profiles were packaged on large wood pallets, and throughout 2021 they continued to return from the market, part of them being recycled within TeraPlast SA.

**Our 2023 directions for waste management and the circular economy are:**

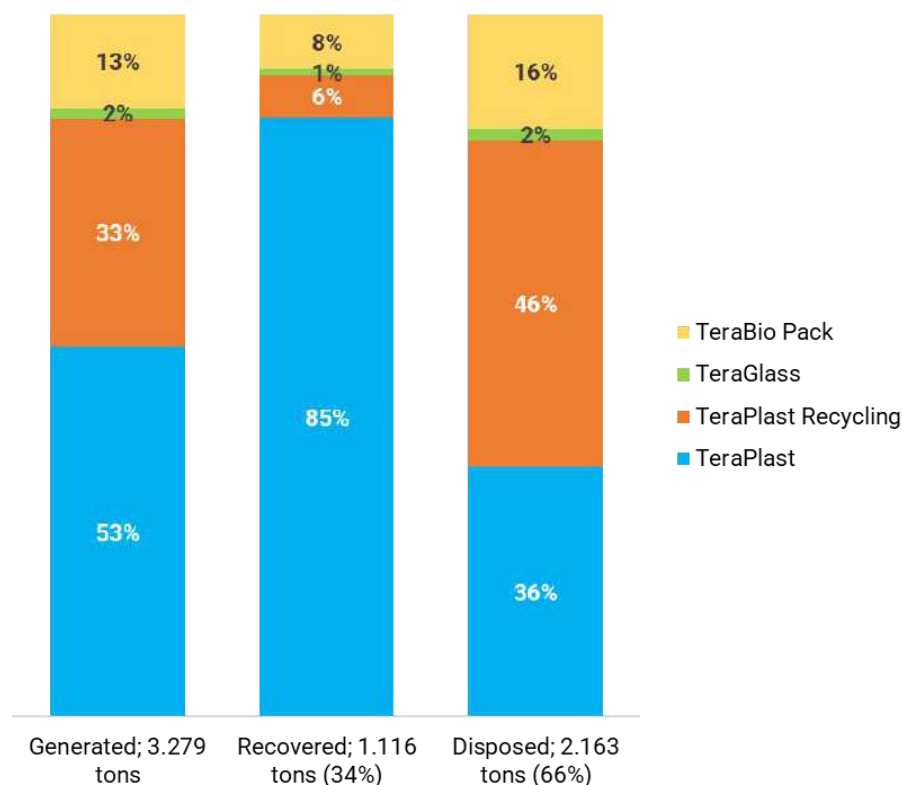
- Including our commitments to reduce the amount of generated waste within a distinct environmental policy
- Reducing the amount of disposed waste and increasing the degree of recovery of generated waste
- Trainings to increase employee awareness of the importance of selective waste collection and the benefits of recycling

The aspects above depend to a large extent on the quantities of finished products and on the product mix, therefore quantitative estimates for each year are not feasible.

Waste in 2022 (TeraPlast Group)



Waste in 2021 (TeraPlast Group)



# 4. Our care for the people

Within this chapter:

- 4.1. Caring for our employees
  - 4.1.1 Employee recruitment and retention
  - 4.1.2 Health and safety at work
  - 4.1.3 Equal opportunities, rights and freedoms
  - 4.1.4 Employee well-being
  - 4.1.5 Professional development and promotion in the workplace
- 4.2 Caring for local communities

## 4.1. Caring for our employees

Our colleagues are one of the driving forces behind our Group.

In 2022, the average number of employees at the group level was 1.009 people, 11% more than in 2021. Of these, 5% are part-time employees, and the rest are full-time employees.

The share of women in the Group's total employees reached 22% compared to 21% in the previous year. At the same time, there is an increase among colleagues who are part of the age category under 30 years old (+13% compared to 2021). Detailed quantitative information on the Group's employees can be consulted in the Performance in Figures chapter of this report

We are one of the largest employers in the county, and that entails responsibility for the well-being of our colleagues. During the past year, there were no business interruptions caused by abnormal situations in any of the group's companies. We are oriented towards efficiency and productivity in a professional setting, complying with all occupational health and safety rules, principles regarding non-discrimination, ethics and integrity, dialogue and collaboration being the key to the performance of our teams.

In our daily activity, we rely on collaboration to achieve common goals, on trust and desire for development. We promote these values internally and expect from our colleagues a behavior that fully complies with the norms of ethics and integrity, both in internal relations and in relation to third parties.

We believe in constructive feedback and try to be constantly connected to the challenges faced by our colleagues, in order to identify the most appropriate ways to create a harmonious and productive work environment.

In accordance with our internal integrity policy, we are committed to acting in good faith and with objectivity, respecting confidentiality and universal standards of business ethics. These principles apply to all TeraPlast Group companies, and we encourage the reporting of any violations. In this regard, we provide the whistleblower system which is publicly accessible on the Group's websites. Reports can also be sent anonymously, and according to the integrity warnings policy, they will be analyzed and resolved by the Ethics and Integrity Commission. The whistleblower system is available on our website, in the dedicated section, [here](#).

We comply with all labor relations regulations and with international human rights directives, standards and norms, such as the UN Universal Declaration of Human Rights, the EU Charter of Fundamental Rights, and the European Convention on Human Rights.

In addition, both through the internal policies included in the Code of Conduct and as a result of being a signatory of the UN Global Compact, we strengthen the provisions and commitments to respect good practices in terms of work, anti-corruption, health and safety of employees, human rights and non-discrimination both internally and in the business relationships we carry out.

We allocate time and resources to continuously improve the working environment and conditions. That is why, for 2023, we propose to increase the resources allocated to personal protective equipment to increase their quality. We will also continue the awareness program on the consequences of negligence at work and the obligation to wear protective equipment by implementing a program of controls and training.

### 2022 Key figures on the Group's employees

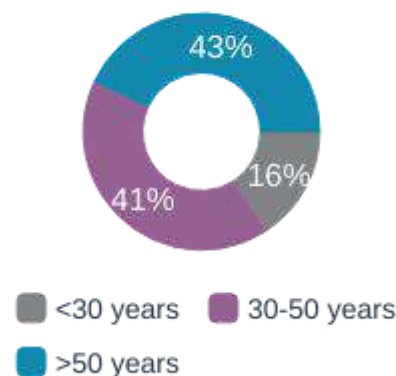
**1.009** employees

Average number; vs. 905 in 2021

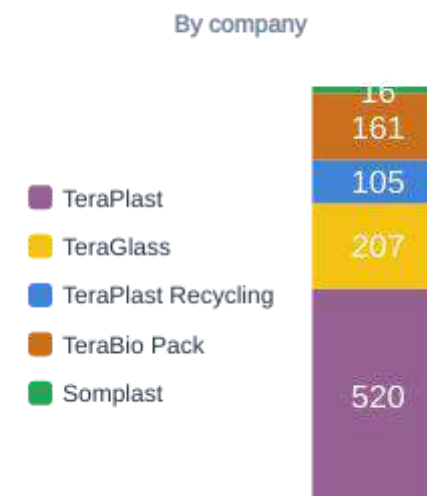
**22%** **78%**  
WOMEN MEN

2021: 21% women & 79% men

Age distribution



Number of employees





## 4.1.1. Employee recruitment and retention

We are a dynamic, growth-oriented Group, therefore qualified teams with a complex skill set are vital to our success. We operate in a climate that poses challenges in identifying qualified personnel, so employee retention is all the more important.

We believe that motivated employees, whose values intersect with those of our Group, can make a significant contribution to the performance of our businesses. We also promote a professional climate where our colleagues feel that they are treated and remunerated fairly, that their rights are not violated, and that their safety and the safety of their loved ones is not put at risk.

At the heart of the recruitment process coordinated by the HR department is the objective to balance the teams by intake of new colleagues with expertise who bring added value to the Group dynamics, or who can be trained to ensure the long-term sustainability of the workforce. In the recruitment process, we are also careful to include aspects such as building the right mix in terms of age, culture, personality, skills, and passions, while complying with principles related to equal opportunities, diversity, and non-discrimination.

On an annual basis, we evaluate our performance as regards the recruitment and retention of employees and try to identify the points for improvement, in order to maintain our competitiveness on the labor market and our attractiveness as an employer. Employees can be some of the best ambassadors for a company, and we encourage our colleagues to contribute to the recruitment process through referrals. In this regard, we also offer referral bonuses, with 48 such bonuses being awarded in 2022.

Accepted norms of behavior, as well as those that are not tolerated including in the labor recruitment process, are contained within the policies and provisions of the [Group's Code of Conduct](#). Any violation of labor rights and/or human rights can be reported through the [whistleblower system](#).

In 2022, 215 people terminated their employment with our Group. The personnel turnover rate was 21%. These values exclude job position terminations and independent reasons (retirement, death, disciplinary or due to inaptitude). In total, 396 people joined the Group during the past year, of which 82% were men and 18% were women. The majority of them, 42%, belong to the 30-50 age group, followed by those under 30 years of age, the remaining 22% being part of the over 50-year-old category. All our new colleagues are active in Romania.

The objective of hiring 40 non-EU citizens, with effects in the diversity promotion strategy, was 50% met. This recruitment objective aims to integrate 20 non-EU workers for TeraPlast and 20 for TeraGlass. In 2022, the selection process for all 40 people was completed, but only 2 of them were hired and integrated into the TeraGlass team, the delay in completing the recruitment process for the remaining 38 people was caused by external reasons beyond our control, related to the fulfillment of all legal formalities before the actual arrival in Romania.

### For 2023 we aim at:

- Hiring and integrating 20 non-EU workers in 2023 and encouraging gender diversity by promoting the available jobs among the female population.
- Reduction of staff turnover by at least 3%, supported by the implementation of a performance bonus system based on monthly KPIs for production and logistics areas.



## 4.1.2. Health and safety at work

Employees are the most valuable resource of the TeraPlast Group, as they are the engine that ensures proper functioning of all the activities. The health and safety of the employees in the workplace are fundamental aspects since they have a direct impact on efficiency and productivity and therefore on the performance of the entire business.

Proper management of this material aspect contributes to reducing the possibility of employee occupational injury and illness and therefore reducing the costs associated with accidents at work, illnesses and absenteeism caused by them, it leads to increasing the trust of the personnel in the company and to strengthening the reputation of a responsible employer.

Through correct behavior in terms of health and safety at work, fire prevention and firefighting, and emergency situations, incidents that can present dangers to the environment, such as pollution, can also be prevented.

TeraPlast Group is committed to taking all the necessary measures to provide a healthy and safe working environment for its employees in all the Group's companies, as well as for all the people who have access to the premises of our companies. To emphasize the importance of health and safety of all people working within the Group, and also to improve our approach in this area, we have implemented and certified the occupational health and safety management system in accordance with the provisions of ISO 45001, as part of the quality – environment – health and safety at work integrated management system.

The occupational health and safety management system is certified throughout the entire ecosystem of the Group and all our employees participate in maintaining compliance with standard requirements and for the continuous improvement of the activity they perform. All the people who have access to the premises of the Group's companies comply with the rules and measures established within this system.

	2020	2021	2022	2022 vs 2021
Average number and percentage of employees covered by the occupational health and safety management system*	771	905	993	10%
	100%	100%	98%**	- 2pp

\* The increase in the number of persons was mainly due to the development of the Group

\*\* The decrease in the percentage was due to the fact that the certified activity of Somplast SA was transferred to TeraBio Pack SRL which took over the entire production activities

In 2022 we carried out the first surveillance audit of the H&S component of the integrated management system, after the recertification in 2021. Improvement opportunities observed during the audit take the form of action plans and some of these actions were implemented at the date of issuing this Sustainability Report.

Occupational health and safety at work (OH&S), emergency preparedness and response, and fire prevention and firefighting activities are coordinated by an internal department centralized at Group level, with highly competent and specialized persons, who ensure that all necessary measures are taken to comply with specific legal requirements and standard provisions.

We identified the specific hazards for all our activities and assessed the risks of occupational injury and illness for all personnel using a method based on the severity and probability of occurrence. We established risk mitigation measures that have taken the form of employee prevention and protection plans.

In order to prevent occupational injuries and illnesses, we prepared instructions containing health and safety, fire prevention and fire extinguishing provisions specific for each machinery and activity our employees perform.

When we identify a new risk for occupational injury or illness, if employees report the existence of a hazard, as well as after the occurrence of incidents or accidents at work, we review the risk assessments, action plans and instructions to ensure that our employees operate in a safe and healthy environment.

The COVID 19 pandemic made us aware of the importance of health and safety protection at work. Since the beginning of the pandemic, we identified the specific hazards and took the necessary measures to reduce the risk of infection and limit the spread of the virus.

We implemented work from home and took strict organizational measures to reduce the virus spread to a minimum: we provided respiratory protection masks and disinfectants, we trained employees on the correct use of masks and proper hand disinfection, on the rules of social distancing and why to avoid crowding, and what measures to take if they have symptoms.

All employees are encouraged to report the existence of an imminent danger of occupational injury and illness, or any other irregularities in the line of H&S, fire extinguishing and firefighting (PSI), or emergency situations (SU) by notifying the hierarchical superior, personnel from the internal department of H&S, PSI and SU, or through the integrity warning system (“Whistleblower”) available both on the website and by email or phone. To ensure the prompt implementation of measures to protect the health and safety of employees, we recommend that they notify their hierarchical superior, who in turn notifies the internal department and, if necessary, the management.

We verify compliance with legal requirements and standard provisions through scheduled and unscheduled inspections and internal audits, and the established measures are followed through to completion. We periodically analyze the applicable legal requirements to ensure that we are up to date with all legislative changes, we inform employees and make them aware of the changes and how they should be implemented.

The main strategic directions we follow for a continuous improvement of employee safety and to protect their health, are:

- avoiding hazards
- assessment of risks that cannot be avoided and combating risks at the source
- ensuring safe working conditions and a healthy work climate
- employee consultation and participation in improving the OH&S conditions at work
- improving employees’ response in case of emergency
- continuous improvement of the entire activity in the fields of health and safety, emergency preparedness and response, fire prevention and firefighting

Based on the occupational injury and illness risks assessment, we provide our employees with personal protective equipment (PPE) and other safety materials, according to an internal regulative document approved by the management of each company of the Group. Through scheduled and unscheduled inspections, we check that the employees are wearing the provided PPE, and we also check for the existence of other risk aspects, such as alcohol consumption.

We periodically monitor the work environment using calibrated equipment or in collaboration with authorized laboratories, to ensure that the measures established to protect the health of our employees are effective. We provide employees with individual and collective means to reduce the risks existing in the work environment.

On the first day at work, every new employee goes through general-introductory training and specific workplace training. On this occasion, the new employee acquires knowledge regarding the basic legislation in the field of health and safety at work, emergency preparedness, fire prevention and fire extinguishing, the risks which he is subject to, the specific obligations for preventing accidents, occupational illnesses, and fires, first aid instructions, as well as how to respond in the event of an emergency.

Through written testing, we ensure that the new employee understood and acknowledged the obligations and measures established and communicated on the first day at work.

To refresh employee knowledge in the field of health and safety at work, emergency preparedness and response, fire prevention and firefighting, we train all employees monthly, quarterly or semi-annually, depending on the specifics of the activity they perform. If certain employees perform special activities, outside of their regular duties, we train them additionally for those activities. To ensure a permanent interaction of employees with the specific measures established for their own protection, on the LCD screens in the production sections, warehouses and in the administrative headquarters, we display visual materials with general and specific provisions of health and safety, the proper way to respond in emergency situations, fire prevention, fire extinguishing and environmental protection.

Regarding training and awareness in the fields of OH&S, fire preparedness and evacuation in case of emergency, 396 new employees were given general-introductory and specific workplace training in 2022. All the employees of the companies in the Group, an average number of 1.009 persons, were trained monthly, quarterly, or semi-annually depending on the specifics of their activity. Also, 657 persons went through internal authorizations for using the means of transportation and handling necessary to carry out the activity according to their job description.

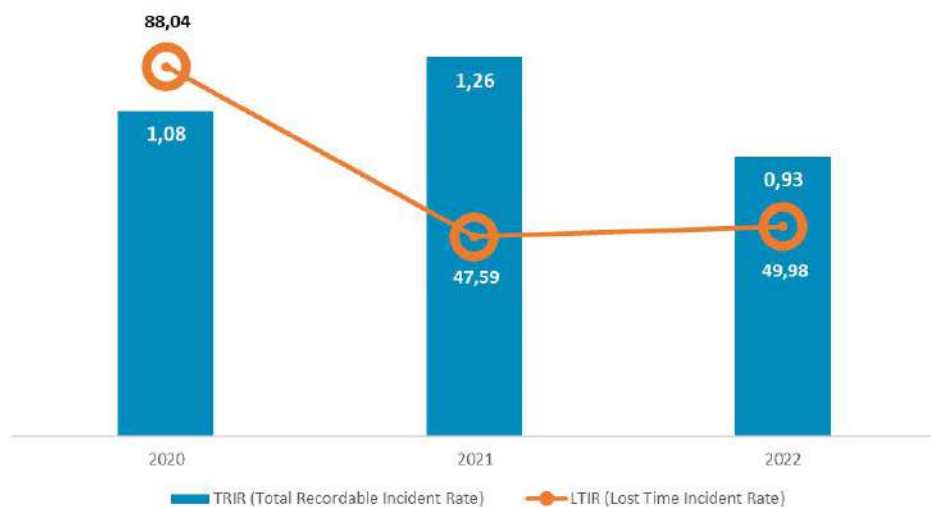
In 2022, the Group's strategy was continued to streamline and develop the personnel with duties of intervention in case of emergency and those with duties of training employees in the field of health and safety, fire prevention, firefighting, and emergency preparedness, thus an additional 114 people were trained.

The consultation and involvement of employees was carried out during the quarterly OH&S committees, and on other occasions if it was necessary. The employees participate in choosing PPE, reporting hazards or unsecure conditions in the workplace, as well as in the implementation of any collective measures needed to improve their safety at work.

At Group level, in 2022 there were a total of 8 events and, upon investigation carried out according to the legal requirements, 7 were classified as work accidents with lost time of at least 3 days, and 1 was classified as a minor accident with lost time of less than 3 days.

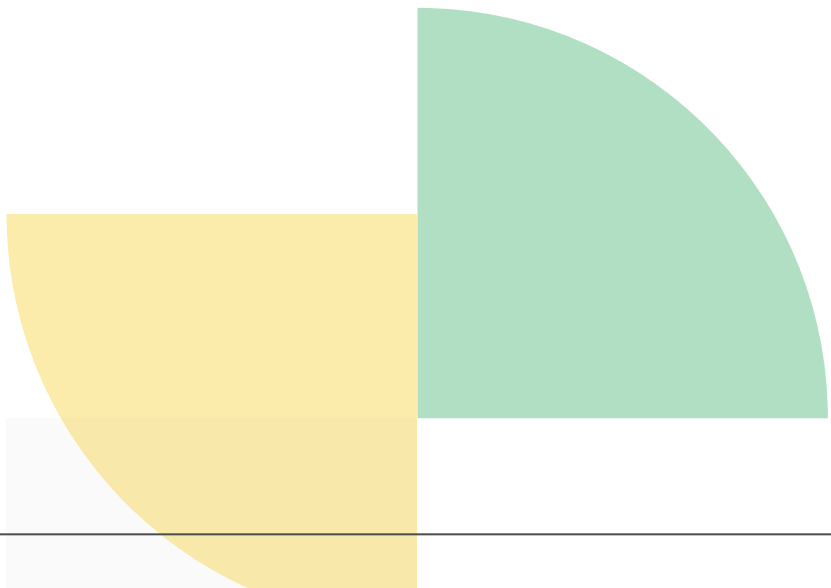
There were no fatal accidents, nor accidents with severe consequences (disability) and there were no road traffic accidents during working hours or on the way to and from work.

In 2022, there were 7 work accidents and 1 minor accident in the TeraPlast Group, 1 work accident less than in 2021, decreasing by 11%. In 2022 compared to 2021, the frequency of recorded accidents (TRIR) decreased by 26%, while the severity of recorded accidents increased by 5%.



**TeraPlast Group's commitments in terms of health and safety at work, emergency preparedness and response, fire prevention and firefighting for 2023 are:**

- Maintaining the certification of the health and safety management system according to ISO 45001
- Improvement of the measures established to prevent occupational accidents and illnesses, by simplifying the health and safety instructions and improving visual management
- Ensuring the state of health of employees
- Organizing simulations of emergency situations to improve the intervention and evacuation capacity of employees, so that by the end of 2023 at least 90% of the Group's employees participated in at least one simulation
- First aid training of at least 50 persons at Group level
- Development of a distinct policy for health and safety at work, emergency preparedness and response, fire prevention and fire extinguishing



## 4.1.3. Equal opportunities, rights and freedoms

In the Code of Conduct we included policies that outline the principles of equality and inclusion that we apply internally and externally, as well as the behaviors expected in this direction.

Our priority is to create an organizational culture beneficial to the professional development of our colleagues and which, at the same time, does not tolerate behaviors and practices that affect human rights or discriminate based on gender, ethnicity, age, social class, religion, or membership to vulnerable groups. At the same time, we are committed to creating an environment that favors harassment-free professional relationships and respects individual freedoms.

We respect the right to private information and provide procedures and tools to ensure that our colleagues and collaborators are handling personal data and privileged information responsibly.

We support the freedom of thought and expression and are concerned with respecting the right to human dignity, private and family life. We believe that a balance between work and personal life contributes to the health and motivation of our colleagues. Moreover, we consider it our duty, to the extent of our responsibilities, to contribute to the well-being of our colleagues and their families, as well as to ensure the necessary social services, according to the law.

In this regard, we run different specialization and qualification programs for our colleagues, to contribute to their professional development, which has a direct impact on performance and satisfaction. We are also open for young people who want to experience the professional environment from the role of an employee and specialize themselves – in 2022 we had a total of 30 students who were our colleagues in the companies of the Group during the summer vacation. More details about the dual education program in the section dedicated to professional development.

At the same time, we strive to communicate as efficiently as possible with the TeraPlast Group team out of consideration for the right to information, consultation, and association. We believe that violating these principles and norms of behavior can harm both the organizational climate and the performance of our businesses and the reputation of the TeraPlast Group.

None of our employees must be subjected to discriminatory behavior, or in turn for them to subject other colleagues, partners, or customers to discriminatory behavior, regardless of the criteria, practices that may harm moral integrity, or social norms.

Full provisions as regards our policies and accepted and prohibited behaviors can be found in the code of conduct which can be consulted at [this link](#).

The whistleblower system available publicly on the websites of the companies of the Group is one of the tools through which we encourage anyone who has objective information regarding violations of laws or integrity rules, policies, or procedures, by employees or collaborators, to report these irregularities.

Complaints can also be submitted anonymously, and our Group undertakes to analyze and resolve the identified irregularities through dedicated structures, and where the situation requires it, to remedy and/or prevent the context that allowed their occurrence. In this regard, the Ethics and Integrity Commission is responsible for the notifications received through the integrity whistleblower system and reports directly to the executive management, or if applicable to the Board of Directors, the results of the analysis and remediation. The committee consists of specialists in key areas of ethics and integrity, and the integrity manager is appointed by the executive management.

During the past year we registered 3 whistleblower complaints, an additional 2 complaints compared to 2021. Two of them were deemed irrelevant because one referred to a complaint about products purchased from a company that no longer is part of the TeraPlast Group, and the second contained incomplete information and referred to a request for quotation. The third complaint concerned the receipt of a salary slip to the wrong email address. Due to the security rules we apply, the recipient did not have access to confidential information because each individual employee has their own password which they use to access the content of the document. As a corrective action, the HR department has rechecked employee email addresses to prevent such situations in the future.

In 2022, no incidents of discrimination were recorded at the level of the TeraPlast Group, therefore no corrective actions were required in this regard.

### For 2023 our objectives are:

- No unanswered integrity warning and resolution;
- Increasing the degree of transparency of personnel decisions through direct communication through the visual channel and personnel training on equal opportunities and discrimination;
- Inviting the union representative to the meetings of the Board of Directors when measures affecting the Group's employees are discussed;
- Changing the work schedule for directly productive workers to shifts of 12/24 – 12/48, which will lead to the granting of a larger free time interval.

## 4.1.4. Employee well-being

We believe that satisfied employees are motivated and productive employees, and this has effects both in the performance of our businesses and in the lives of each of our colleagues. We recognize and respect the right to a decent standard of living. That's why we provide them with safe working conditions, and we are concerned with maintaining a fair level of remuneration based both on the market context and the needs it raises, as well as on the skills of each person. The minimum wage level within the TeraPlast Group is higher than the national minimum wage.

The team of the HR department monitors the attractiveness of the TeraPlast Group from the perspective of benefits granted to employees compared to other employers in the county, and to the salary level compared to the national level. Depending on the results and the immediate needs of the companies of the Group, the offered benefit packages are adapted.

Together with the Ethics and Integrity Commission, the manner in which transparency, objectivity and equal opportunities and treatment are respected in granting benefits to employees is verified.

In accordance with legal provisions and good practices as regards labor rights and freedom of association, the trade union is one of the main bridges between employees and the company. The union's duties include an annual negotiation of the collective labor agreement, and consultations with the union also take place in the event of the appearance of decisions likely to violate the provisions of the collective labor agreement, the rights and interests of employees or their safety. The collective labor agreement covers 100% of the employees in all TeraPlast Group companies, namely TeraPlast SA, TeraGlass Bistrița SRL, TeraBio Pack SRL and TeraPlast Recycling SA. For Somplast individual negotiations take place and specific performance incentives are applied, and a policy will be developed in this regard. Operational changes and/or affecting employee benefit schemes are communicated to our colleagues through official channels within 1-2 working days of their approval.

**For the year 2023**, we are proposing a job grading project that will help us in the fair assessment of incomes for corresponding positions, regardless of the department in which they are. This involves placing each position in the company's structure in a general classification of positions by grade, starting from a group of factors (responsibility, skill, experience, workload, impact of work etc.).

We will continue to purchase relevant salary studies to help us keep our income and benefits at market level.

We also aim the implementation of private health insurance and holiday vouchers.

Benefit	Full-time employees	Part-time employees
	Permanent employees	Fixed-term employees
Life insurance	x	x
Health insurance	x	x
Disability coverage	x	x
Parental leave	x	x
Retirement allowance	x	x
Stock Option Plan	x	x
Presence bonus	x	
Performance rewards	x	
Meal vouchers	x	x
Gift vouchers	x	x
Easter/Christmas/Company Day rewards	x	x
Birthday anniversary rewards	x	x
Help in case of family events	x	x
Rest or treatment tickets expenses coverage	x	x
Transportation or fuel expenses coverage	x	x
Access to training programs	x	x
Other programs dedicated to employee well-being	x	x

## 4.1.5. Professional development and promotion in the workplace

Developing the personal and professional skills of our colleagues was a priority area we focused on, as it has a positive impact on their job satisfaction, but also on their well-being and motivation.

In addition, increased productivity and skills development have a direct impact on the development of our businesses and the community by increasing the overall level of education. Employees who benefit from training courses are more likely to contribute with new ideas to the processes of their area of activity, and through specialization to achieve an increase in the quality of the work they perform. At the same time, the opportunities for internal promotion increase, so that the right persons for dedicated positions to be recruited internally.

We constantly offer opportunities in this area through recurring development and training programs and each year the coordinators of the activity areas can request additional training specific to each team, based on a training requirement sent to the HR department.

### Skills development

In 2022, 84 training topics were covered at Group level compared to 47 in 2021, an increase of 79%. In the same period, our colleagues accumulated a total of 31.564 training hours at Group level (compared to 4.517 in 2021), which means 31,28 training hours/employee, an increase of 526% compared to 2021.

### The main training topics last year were:

1. Production-specific technical qualifications
2. Guard & Security
3. Organizational culture, diversity, and inclusion
4. Leadership
5. Digital competences

One of the objectives assumed last year was the qualification of unskilled workers for the occupation "Plastic masses operator". Thus, in July 2022, the first group of 24 persons completed the course and obtained the qualification that ensures more efficient and qualitative work in the targeted field. Another 2 groups, consisting of 24 persons from TeraBio Pack, 4 persons from TeraPlast Recycling and 25 persons from TeraPlast, participated in the course, taking the exam, and obtaining the qualification in January and February 2023.

In addition, in 2022 we certified 45 workers for the occupation "Forklift operator" and we started a group of courses for the qualification "Overhead crane operator".

In 2022, the Group's strategy to improve the efficiency of the internal Guard & Security team was continued, we grew the Internal Service for Emergency Situations, as a result a series of courses were completed in this direction, such as H&S Inspector (34 persons), Technical staff PSI (12 persons), Firefighter servant (50 persons), Civil protection inspector (9 persons), First aid (9 persons).

During the past year, we achieved the objective of increasing the Group's employees' awareness of the importance of developing a sustainable organizational culture and a cohesive and inclusive group. In this sense, we have implemented the E-Learning program ValueUp@TeraPlast, created within the TeraPlast.lknowLMS platform. Tailored specifically to the needs and profile of the TeraPlast Group, the program has training modules aimed at areas connected to sustainability and CSR. Some of these modules are Diversity and Inclusion (32 persons), Multigenerational Workforce Management (31 persons), Business Etiquette (32 persons), Emotional Intelligence (27 persons), Work-Life Balance (2 persons), CSR (2 persons).

Another objective for 2022 was the development of Leadership competence and of the management team. Considering the diversity of the management team, this action was carried out on several levels. An external training was organized for the logistics team, which developed the leadership competence specific to the logistics area. 12 persons participated in a 2-day development program, followed by Leadership follow-up actions in warehouses. Another 12 leaders, especially from the area of support departments, completed E-Learning programs on the topic "How to become an inspiring leader".

Given the transition stage that the TeraPlast Group is going through, 30 persons, including 11 managers, attended the Management of Change course. In addition, the management team participated in specialization courses in their own or related fields of activity: Human resources manager (1 person) or Process improvement manager (2 persons), Head of service for emergency situations (2 persons).

Year 2022 was the year in which the foundations were laid for the implementation of a new SAP module, which generated a consistent number of training hours. More than 30 colleagues from different departments were trained on topics such as SAP Sales, SAP Controlling, SAP Production, SAP Transport and logistics, SAP Procurement, SAP Material management. Also, the E-Learning platform offered our colleagues the proper environment for developing MS Office, Social Media, Information Security, Digital and Automation skills. In 2023 we aim to increase the number of training hours by at least 10%.

## Evaluation

The Group's direction towards the digitization of the assessment process and the transition to an assessment system oriented towards the development of skills continued last year as well.

Based on the results of the Leadership@360 evaluation process, completed the previous year, which evaluated 8 leadership skills for 29 people from the top and middle management team, in 2022 a series of development programs were carried out as a follow-up (internal and external in-house courses, but also E-Learning modules) addressed to managers.

Between 2023 and 2024, we propose both the continuation of the leadership competence development programs, as well as a post-training evaluation of the management team.

Year 2022 was a year marked by extensive changes in the organizational structure of the companies in the TeraPlast Group, as well as personnel turnover, which is why the attention was rather directed towards ensuring the necessary personnel, towards the consolidation of new businesses and towards the integration of new employees. However, we implemented, for the first time, a process of certified assessment of the skills of operators in the TeraGlass production area.

50 employees were included in the CNC operation skills assessment project, of which 37 managed to complete the process and obtain the CNC Operator certification from the authorized commission. Beyond the attestation of skills, we believe that this action also aims to motivate and increase satisfaction among our employees.

Evaluation on the qualification matrix continued in 2022. Details about the specifics of this matrix were exposed in the previous report, [on page 63](#). Using this method, in 2022 we evaluated 249 employees (115 from TeraGlass, 64 from TeraPlast, and 70 from TeraPlast Recycling).

We have a performance-oriented organizational culture. That is why an important component in the evaluation process is the evaluation of the performance objectives set at the team level or, as the case may be, at the company level. Depending on the degree of achievement of the sales objectives on the assigned business line, the sales teams receive a monthly coefficient from the agreed sales bonus. In the case of the manufacturing teams, the production rationing procedure was implemented, which is translated into the monthly evaluation of the productivity of the operators at the department level and the allocation of a coefficient from the agreed bonus according to the monthly results.

## Dual learning

We are aware of the responsibility we have towards the community, and we are committed in our involvement in the training of future generations, not only at the educational level, but also at the level of developing professional skills.

In the summer of 2023, the 21 students from the first group of the dual learning project, developed in partnership with the "Grigore Moisil" Bistrița Technological High School and the Bistrița City Hall, will graduate for the occupation "Computer numerical control machine operators". There are already job applications from some of the students, but we will be able to determine a clearer measurement of the attractiveness of our companies following the project only towards the end of 2023.

As part of the program, in 2021 the second group of 12 students who will benefit from practical training through the dual education system at TeraPlast, began training, and in 2022 the 3rd group of students in dual education at TeraGlass began.

Each group has a 3-year training program where, in addition to access to knowledge, materials and equipment, guidance and supervision, we offer each student a monthly stipend of net 200 RON, transport and a meal for each day of training within the company. Depending on the field of activity, we carry out occupational medicine examinations and necessary medical analyses, as well as insurance in case of possible accidents, damages, or injuries during the practice period. To show our appreciation and motivate them, 3 of the most involved students receive a performance award worth 500 RON every year .

## Promotion at work

We place great emphasis on the continuous professional development of our employees. Therefore, promotion within the Group or at the current workplace is an important point in the human resources policy. The promotion process is triggered at the request of the direct superior of the respective position, after an evaluation of the acquired knowledge and skills, or when a new position appears in the organization chart, in which case the internal promotion prevails.

Starting from 2023, the promotion process will be formalized, including clear criteria and deadlines.



## 4.2. Caring for local communities

We believe it is our duty to get involved in the community in which we operate. We believe that, beyond the economic impact we have through the activity of our companies, by supporting local projects we contribute to the sustainable development of the community.

The benefits of such an approach translate into an increased level of well-being of individuals, increasing the quality of life and, in the case of educational projects, increasing the level of training.

In 2022 we got involved in several projects in areas such as sports, tourism, education, equal opportunities or encouraging performance. We have also supported humanitarian initiatives to support people in Ukraine who have left the path of war, through jobs for adults and supplies for children.

Some of the projects supported in 2022 are detailed below.

### Support to UTCN's seismic engineering team

Encouraging and promoting performance transcends the boundaries of our companies. Last year we supported the SDC seismic design team of the Technical University of Cluj-Napoca. They participated in the Seismic Design Competition held in Salt Lake City, USA, from June 27 to July 1, 2022. The event is an earthquake engineering competition organized by the Earthquake Engineering Research Institute for undergraduate students. The team, made up of students from the Faculty of Construction and the Faculty of Architecture and Urbanism, took first place - a remarkable result considering the 32 other teams from universities all over the world that participated in the competition.



### Via Transilvanica

Our group has been a supporter of Via Transilvanica since the beginning of the project in 2018. "The road that unites" reached 1,400 km of route in 2022 and passes through 10 counties of Romania, starting from Putna and stopping at Drobeta-Turnu Severin. Moreover, hikers have the opportunity to discover 7 cultural-historical lands along the route, which take them through the history and specifics of each area of our country. More than 8,000 volunteers contributed to the realization of this project, and the investments exceed 1.6 million euros.

We joined the initiators of Via Transilvanica, Tășuleasa Social, at the inauguration event and celebration of the full completion of the route that took place on October 8, 2022 in the Alba Carolina citadel.



### Mocănița of Transylvania

Apart from the impressive landscapes that we can discover in Bistrița-Năsăud county, there are parts of history that are waiting to be discovered and brought back to the public's attention.

One such project is Mocănița Transilvaniei, intended to rehabilitate and promote the narrow gauge railway route for the steam train in the Transylvanian Plain.

In 2021 we supported the rehabilitation activity of a part of the route, and last year we supported the event "The Story of Wine on the Bistrița Passages", which aimed to promote the route and local products from the Lechința Vineyard.

### Supporting local projects for students

In partnership with POV21, in 2022 we encouraged the performance and creativity of students from Bistrița-Năsăud county, and at the same time we supported projects aimed at facilitating their access to materials necessary for the scholar activity.

The Comunitarium Gala brought together again last year students with very good academic performance, who were each awarded with a laptop to facilitate their school preparation activity, especially in the context where many classes were held online. In addition to awarding prizes, the gala creates a dialog where students have the opportunity to hear successful people telling their story and offer useful advice for the students' development.

Within the POV Library project, we supported the collection of books and the equipment of a rural library in the county from scratch. In the 2022 edition, a total of over 7,000 books were collected and reached the school in Ilva Mare.

Talent comes in many forms, and we choose to support it when we see passion and commitment. Thus, we supported the Ruralis event, the 2022 edition that took place at Tiha Bârgăului. The event takes the form of a competition between the students of several schools in the county, which includes quizzes on the geography and history of Europe, but also portions that highlight the artistic talents of the students.

We also supported the school in Șieu-Măgheruș for several actions throughout the year with the aim of rewarding the students or organizing different activities for them.

We also believe that access to a safe and modern educational environment is a fundamental right of students. As a result, we started the steps to support the rehabilitation of the school roof in Valea Spinului, in Năsăud.



### Together for a healthy environment

In March 2022, in partnership with Tășuleasa Social, we participated in an afforestation action on a degraded land in Sânmihaiu de Câmpie, Bistrița-Năsăud county.

Together with over 700 volunteers, we planted 25,000 saplings of maple, ash and sessile oak on an area of 5 hectares.



# Our performance in figures



## Resource management

	2020*	2021	2022	2022 vs 2021
Total electricity consumption of the Group (MWh)	29.837	35.281	35.853	1,60%
Electricity produced by the photovoltaic panels (MWh)	831	1.732	1.870	8,00%
Electricity procured from renewable energy sources (for which were emitted Guarantees of Origin (GO), 1 GO = 1 MWh) (MWh)	-	25.702	24.205	-5,80%
Percentage of renewable energy	2,80%	77,80%	72,70%	-5,1pp
Total production of the Group (tons)	72.701	80.843	77.904	-3,60%
Electricity consumption per ton of finished product (MW/ton)	0,42	0,44	0,46	4,50%
Total fuel consumption (GJ)**	23.947	23.243	21.567	-7,20%
Total consumption of energy (GJ)***	162.845	181.389	175.264	-3,40%
Total consumption of energy per ton of finished product (GJ/ton)	2,24	2,244	2,25	0,30%

\* For the year 2020 we have updated the data to include complete information at the Group level, as these values were reported only at the level of TeraPlast SA.

\*\* The fuels used within the Group are diesel and gasoline, from non-renewable sources.

\*\*\* Includes electricity consumption, natural gas and fuel consumption for vehicles in own fleet. The conversion factors used are: 1 MWh of electricity = 3.6 GJ, 1 cubic meter of natural gas = 0.0373 GJ, 1 liter of diesel = 0.0386 GJ, 1 liter of gasoline = 0.0342 GJ.

## Greenhouse gas emissions and climate protection

emissions in kg CO2 eq for 2021	TeraPlast Group	TeraPlast	HQ TeraPlast	TeraPlast Recycling	TeraBio Pack	TeraGlass	Somplast
<b>Scope 1 emissions</b>							
Diesel	1.539.240	389.755	997.112	62.169	3.991	56.047	30.166
Petrol	50.392	0	41.742	0	0	7.684	967
Natural gas	1.762.440	1.344.199	83.340	0	0	234.213	100.689
Refrigerant R407C	125.048	125.048	0	0	0	0	0
Refrigerant R410A	230.820	230.820	0	0	0	0	0
<b>Scope 2 emissions</b>							
Procured electricity (location-based)	7.159.320	5.456.765	56.098	844.194	154.447	182.848	464.969
Procured electricity (market-based)	2.240.784	34.963	0	1.130.998	206.919	244.968	622.936
Electricity from photovoltaic panels	0	0	0	0	0	0	0
<b>Total Scope 1 emissions</b>	<b>3.707.940</b>	<b>2.089.822</b>	<b>1.122.193</b>	<b>62.169</b>	<b>3.991</b>	<b>297.943</b>	<b>131.822</b>
<b>Total Scope 2 emissions (location-based)</b>	<b>7.159.320</b>	<b>5.456.765</b>	<b>56.098</b>	<b>844.194</b>	<b>154.447</b>	<b>182.848</b>	<b>464.969</b>
<b>Total Scope 2 emissions (market-based)</b>	<b>2.240.784</b>	<b>34.963</b>	<b>0</b>	<b>1.130.998</b>	<b>206.919</b>	<b>244.968</b>	<b>622.936</b>

emissions in kg CO2 eq for 2022	TeraPlast Group	TeraPlast	HQ TeraPlast	TeraPlast Recycling	TeraBio Pack	TeraGlass	Somplast
<b>Scope 1 emissions</b>							
Diesel	1.265.145	209.778	867.990	74.200	44.437	68.740	0
Petrol	207.139	0	184.781	0	15.340	7.019	0
Natural gas	1.396.687	1.039.879	5.888	0	169.144	181.710	66
Refrigerant R407C	17.864	0	0	17.864	0	0	0
Refrigerant R410A	0	0	0	0	0	0	0
<b>Scope 2 emissions</b>							
Procured electricity (location-based)	7.252.254	5.176.122	20.774	947.755	828.489	224.083	55.031
Procured electricity (market-based)	984.488	41.566	0	434.795	380.080	102.801	25.246
Electricity from photovoltaic panels	0	0	0	0	0	0	0
<b>Total Scope 1 emissions</b>	<b>2.886.835</b>	<b>1.249.657</b>	<b>1.058.659</b>	<b>92.064</b>	<b>228.920</b>	<b>257.468</b>	<b>66</b>
<b>Total Scope 2 emissions (location-based)</b>	<b>7.252.254</b>	<b>5.176.122</b>	<b>20.774</b>	<b>947.755</b>	<b>828.489</b>	<b>224.083</b>	<b>55.031</b>
<b>Total Scope 2 emissions (market-based)</b>	<b>984.488</b>	<b>41.566</b>	<b>0</b>	<b>434.795</b>	<b>380.080</b>	<b>102.801</b>	<b>25.246</b>

## Waste management and circular economy

in tons*	TeraPlast			TeraPlast Recycling			TeraGlass			Somplast / TeraBio Pack**	
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	2022
<b>Waste generated by the organization:</b>											
paper and cardboard packaging waste	93,52	109,33	129,04	0	0,28	1,38	4,13	5,46	8,55	14,15	3,8
plastic packaging waste	13,2	181,75	180,06	6,91	13,55	34,41	1,56	1,19	6,81	72,28	207,27
wood packaging waste	849,01	572,71	447,56	12,02	18,2	28,54	0	0	13,84	0	2,72
other non-hazardous waste	701,59	852,9	908,69	703,99	1.036,43	999,71	31,37	40,44	84,59	343,34	28,95
hazardous waste	9,28	8,28	19,83	0	0	0	0	2,62	2,14	6,09	1,76
<b>Waste recovered internally:</b>											
paper and cardboard packaging waste	0	0	0	0	0	0	0	0	0	0	0
plastic packaging waste	0	0	0	0	0	0	0	0	0	0	0
wood packaging waste	715,82	215,27	62,5	0	0	0	0	0	0	0	0
other non-hazardous waste	0	0	0	0	0	0	0	0	0	0	0
<b>Waste recovered by third parties:</b>											
paper and cardboard packaging waste	93,52	109,33	129,04	0	0,28	1,38	4,13	5,46	8,55	14,15	3,8
plastic packaging waste	13,2	181,75	180,06	6,91	13,55	34,41	1,56	1,19	6,81	72,28	207,27
wood packaging waste	133,18	357,44	385,07	12,02	18,2	28,54	0	0	13,84	0	2,72
other non-hazardous waste	49,86	89,27	54,7	24,73	33,85	72,33	2,11	3,78	15,69	0	0
<b>Disposed hazardous waste:</b>											
incineration	9,28	8,28	19,83	0	0	0	0	2,62	2,14	0	0
landfilling	0	0	0	0	0	0	0	0	0	0	0
others	0	0	0	0	0	0	0	0	0	6,09	1,76
<b>Disposed non-hazardous waste:</b>											
incineration	387,53	263,05	281,1	0	0	0	0	0	0	0	0
landfilling	264,2	500,58	572,89	679,26	1.002,58	927,38	29,26	36,66	68,9	0	0
others	-	-	-	-	-	-	-	-	-	343,34	28,95

\* In the 2021 Sustainability Report, an error occurred when reporting the amounts of waste generated, so the unit of measure was listed as tons, while the amounts were in kilograms. There were also updated some values from 2020 and 2021 where there were small omissions in the calculation of quantities, marked in italics in the table above

\*\* Somplast joined the TeraPlast Group in December 2020, and from 2021 TeraBio Pack took over the entire production activity of Somplast

# Information on employees

Distribution by gender, type of contract and age group for total employees

	TeraPlast Group			Evolution '22/'21	TeraPlast			TeraGlass			TeraPlast Recycling			TeraBio Pack		Somplast	
	2020	2021	2022		2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	2022	2021	2022
<b>Total employees</b>	<b>771</b>	<b>905</b>	<b>1009</b>	<b>11%</b>	<b>548</b>	<b>532</b>	<b>520</b>	<b>172</b>	<b>179</b>	<b>207</b>	<b>51</b>	<b>66</b>	<b>105</b>	<b>49</b>	<b>161</b>	<b>79</b>	<b>16</b>
<i>of which women</i>	135	187	223	<b>19%</b>	96	92	85	32	36	47	7	10	14	21	70	28	7
<i>of which men</i>	636	718	786	<b>9%</b>	452	440	435	140	143	160	44	56	91	28	91	51	9
<b>Full time</b>	<b>744</b>	<b>857</b>	<b>958</b>	<b>12%</b>	<b>543</b>	<b>521</b>	<b>517</b>	<b>159</b>	<b>164</b>	<b>194</b>	<b>42</b>	<b>56</b>	<b>89</b>	<b>44</b>	<b>147</b>	<b>72</b>	<b>11</b>
<i>of which women</i>	117	160	194	<b>21%</b>	92	86	83	23	27	38	2	4	6	18	64	25	3
<i>of which men</i>	627	698	764	<b>9%</b>	451	435	434	136	137	156	40	53	83	26	83	47	8
<b>Part-time</b>	<b>27</b>	<b>47</b>	<b>51</b>	<b>9%</b>	<b>5</b>	<b>11</b>	<b>3</b>	<b>13</b>	<b>15</b>	<b>13</b>	<b>9</b>	<b>9</b>	<b>16</b>	<b>5</b>	<b>14</b>	<b>7</b>	<b>5</b>
<i>of which women</i>	17	27	29	<b>7%</b>	4	6	2	9	9	9	4	6	8	3	7	3	3
<i>of which men</i>	10	20	22	<b>10%</b>	1	5	1	4	6	4	5	3	8	2	7	4	2
<b>Permanent employees</b>	<b>761</b>	<b>877</b>	<b>993</b>	<b>13%</b>	<b>539</b>	<b>520</b>	<b>509</b>	<b>171</b>	<b>175</b>	<b>205</b>	<b>51</b>	<b>55</b>	<b>104</b>	<b>48</b>	<b>159</b>	<b>79</b>	<b>16</b>
<i>of which women</i>	132	181	218	<b>20%</b>	93	88	82	32	35	46	7	10	14	20	69	28	7
<i>of which men</i>	629	706	775	<b>10%</b>	446	432	427	139	140	159	44	55	90	28	90	51	9
<b>Age group</b>																	
<30 years	14%	14%	16%	<b>13%</b>	14%	14%	70	15%	17%	45	8	11%	15	14%	27	13%	3
30-50 years	58%	52%	41%	<b>-21%</b>	59%	51%	181	55%	53%	106	33	62%	61	51%	61	38%	6
>50 years	27%	34%	43%	<b>27%</b>	27%	35%	269	30%	30%	56	10	27%	29	35%	73	49%	7

In the table above, the average number of employees has been taken into account

# Information on employees

## Distribution by gender and age group according to employee category

Group level	2022	2021	in 2022			in 2021						
			%women	%men	<30 years	30-50 years	>50 years	%women	%men	<30 years	30-50 year	>50 years
<b>Group Total</b>	<b>1009</b>	905	22%	78%	16%	41%	43%	21%	79%	14%	52%	34%
<b>TeraPlast</b>	<b>520</b>	532	16%	84%	13%	35%	52%	17%	83%	14%	51%	35%
<b>TeraGlass</b>	<b>207</b>	179	23%	77%	22%	51%	27%	20%	80%	17%	53%	30%
<b>TeraPlast Recycling</b>	<b>105</b>	66	13%	87%	14%	58%	28%	15%	85%	11%	62%	27%
<b>TeraBio Pack</b>	<b>16</b>	49	43%	57%	17%	38%	45%	43%	57%	14%	51%	35%
<b>Somplast</b>	<b>16</b>	79	44%	56%	19%	38%	44%	35%	65%	13%	38%	49%

By category	2022	2021	in 2022			in 2021						
			%women	%men	<30 years	30-50 years	>50 years	%women	%men	<30 years	30-50 year	>50 years
Management	<b>101</b>	64	33%	67%	0%	64%	36%	38%	63%	1%	71%	28%
Support	<b>140</b>	133	54%	46%	19%	59%	22%	55%	45%	14%	65%	21%
Direct productive	<b>492</b>	426	14%	86%	21%	45%	34%	12%	88%	19%	49%	32%
Indirect productive	<b>221</b>	213	9%	91%	12%	45%	43%	8%	92%	14%	46%	40%
Sales	<b>55</b>	69	43%	57%	6%	83%	11%	36%	64%	12%	71%	17%

Management		2022	2021	in 2022			in 2021		
				<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
<b>TeraPlast</b>	women	<b>30%</b>	36%	0%	11%	19%	0%	24%	10%
	men	<b>70%</b>	64%	0%	26%	44%	0%	45%	21%
<b>TeraGlass</b>	women	<b>44%</b>	40%	0%	31%	13%	0%	30%	0%
	men	<b>56%</b>	60%	0%	38%	19%	10%	30%	30%
<b>TeraPlast Recycling</b>	women	<b>30%</b>	40%	0%	40%	0%	0%	40%	0%
	men	<b>70%</b>	60%	0%	40%	20%	0%	60%	0%
<b>TeraBio Pack</b>	women	<b>35%</b>	60%	0%	20%	15%	0%	40%	20%
	men	<b>65%</b>	40%	0%	35%	30%	0%	40%	0%
<b>Somplast</b>	women	<b>0%</b>	0%	0%	0%	0%	0%	0%	0%
	men	<b>100%</b>	100%	0%	100%	0%	0%	50%	50%

Board of Directors	2022	2021	% in 2022	% in 2021
men	<b>4</b>	4	<b>80%</b>	80%
women	<b>1</b>	1	<b>20%</b>	20%
<30 years	<b>0</b>	0	<b>0%</b>	0%
30-50 years	<b>2</b>	3	<b>40%</b>	60%
>50 years	<b>3</b>	2	<b>60%</b>	40%



## Information on employees

### Occupational health and safety, training, parental leave, new hires & turnover

	2020	2021	2022	2022 vs 2021
TeraPlast SA	6	7 + 1 minor	3	-63%
TeraPlast Recycling SA	1	0	1	-
TeraGlass Bistrița SRL	0	1	1 + 1 minor	100%
TeraBio Pack SRL (took over the activity of Somplast SA in 2021)	-	0	2	-
Somplast SA (stopped production in 2021)	0	0	-	-
<b>TeraPlast Group – Total work accidents and minor acc</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>-11%</b>
<b>TeraPlast Group – Total days lost due to work accident</b>	<b>569</b>	<b>339</b>	<b>429</b>	<b>27%</b>
<b>TeraPlast Group – Total hours worked by all employee</b>	<b>1.292.531</b>	<b>1.424.554</b>	<b>1.716.843</b>	<b>21%</b>
TRIR (Total Recordable Incident Rate, frequency of recorded accidents)*	1,08	1,26	0,93	-26%
LTIR (Lost Time Incident Rate, severity of recorded accidents)**	88,04	47,59	49,98	5%

Group level				Evolution
	2020	2021	2022	2021/2022
Total no. of training topics	32	47	84	79%
Total no. of training hours	1088	4517	31.564	599%
Training hours/employee	1,41	5	31,28	526%
No. of people trained	203	351	255	-27%
of which women	50	143	52	-64%
of which men	153	208	203	-2%
Managers	14	23	39	70%

\* TRIR calculation formula =  $\frac{\text{number of accidents at work} \times 200.000}{\text{number of hours worked by all employees}}$

\*\* LTIR calculation formula =  $\frac{\text{number of lost days due to accidents at work} \times 200.000}{\text{number of hours worked by all employees}}$

Information about parental leave - TeraPlast Group		2022	2021
Number of employees who were entitled to parental leave	women	11	7
	men	4	2
Number of employees who were on parental leave	women	11	7
	men	4	2
Number of employees who returned to work after parental leave	women	1	7
	men	0	2
Number of employees who returned to work after parental leave and were still employed 12 months after	women	1	6
	men	0	2

New employees	2022	%	2021	%
Employee medium no.	1009		905	
<b>total new hires</b>	<b>396</b>		<b>444</b>	
women	70	18%	102	23%
men	326	82%	342	77%
<30 years	161	41%	142	32%
30-50 years	161	41%	182	41%
>50 years	74	19%	70	16%

TeraPlast Group	2022
Fluctuation rate	21%
by gender:	
men	81%
women	19%
by age:	
<30 years	31%
30-50 years	48%
>50 years	22%

In 2022, only one employee had the end date of parental leave, and the other employees have the return date in 2023 and 2024, respectively. The employee returned from parental leave for a period of 4 months, and will benefit again in 2023 of this leave.

# EU Taxonomy

Regulation no. 852/2020 on the establishment of a framework to facilitate sustainable investment (EU Taxonomy), sets a common classification system for determining activities that are environmentally sustainable.

The EU taxonomy is relevant because it promotes transparency, coherence, and sustainability in economic sectors, helps guide investments to protect the environment, aligns policies, generates positive change, and contributes to the EU's goal of a sustainable and climate-neutral economy.

Reporting according to the taxonomy is done by companies that must report non-financial information according to articles 19a or 29a of Directive no. 34/2013 regarding environmentally sustainable economic activities.

The EU Taxonomy Regulation establishes 6 environmental objectives that reflect the main challenges and priorities of the European Union in terms of sustainability and combating climate change:

- (a) climate change mitigation;
- (b) climate change adaptation;
- (c) the sustainable use and protection of water and marine resources;
- (d) the transition to a circular economy;
- (e) pollution prevention and control;
- (f) the protection and restoration of biodiversity and ecosystems.

The European Union has issued delegated regulations to define the technical criteria and detailed requirements that must be met for an activity to be considered environmentally sustainable.

Through Delegated Regulation no. 2139/2021 amended by Delegated Regulation no. 1214/2022, the technical criteria are established only for the first two environmental objectives, namely climate change mitigation and climate change adaptation, and reporting according to the EU Taxonomy is done only for them.

Amended Delegated Regulation no. 2178/2021 establishes the manner of presenting information for environmentally sustainable economic activities and the methodology for complying with this obligation to provide information.

According to Delegated Regulation no. 2178/2021, economic activities can be of three types:

- aligned with the taxonomy criteria;
- eligible according to the taxonomy;
- non-eligible.

An economic activity is **aligned** to the taxonomy if it contributes substantially to one of the environmental objectives listed above, does not significantly harm any of these objectives and complies with the technical criteria established by the delegated regulations.

An economic activity is **eligible** according to the taxonomy if it is described in the delegated regulations, regardless of whether or not that economic activity fulfills all the technical criteria in those delegated regulations.

An economic activity is **non-eligible** according to the taxonomy if its description is not found in the delegated regulations containing the technical criteria.

The TeraPlast Group reports information on the proportions of its eligible and non-eligible activities according to the requirements of Regulation no. 852/2020 and the delegated regulations that complete it.

For FY 2022 we did not report information on activities aligned to the EU Taxonomy, but starting with the Sustainability Report for FY 2023 we will also include information on the Group's activities that are eligible and aligned to the technical criteria and requirements of the taxonomy.

## EU Taxonomy

### TURNOVER

For the turnover calculation, in the denominator we considered the consolidated turnover of the TeraPlast Group from the financial statements published for 2022, and in the numerator, we considered the turnover related to each activity classified as eligible according to the EU Taxonomy, as follows:

Manufacture of plastics in primary form (3.17) – the turnover includes sales of finished products of the Granules business line in TeraPlast and in TeraPlast Recycling.

Manufacture of energy efficiency equipment for buildings (3.5) – the turnover includes the sales of PVC and aluminum joinery in TeraGlass.

Freight transport services by road (6.6) – this activity is carried out only in TeraPlast, which is the only company in the Group that provides freight transport services to its customers with means of transport from its own fleet. This provision of services is not billed separately to the customer but is included in the selling price of the finished products. To calculate the turnover related to this activity we used the distance travelled (in kilometers) by each means of transport to the customers and the average annual cost per kilometer (market price) of transport with the same type of transport invoiced by third parties to TeraPlast. Thus, for each means of transport, we obtained the theoretical turnover that TeraPlast would have obtained if it had invoiced these services separately to its customers, at a market price.

The turnover in 2022 was 711,1 million RON, of which 199,6 million RON (28%) is represented by eligible activities according to the taxonomy. The main contribution to the eligible turnover is the activity Manufacture of plastics in primary form, with 145,5 million RON.

### CAPEX

To calculate the capital expenditures, we considered in the denominator the increases in the total tangible and intangible assets of the TeraPlast Group from the financial statements published for year 2022. In the numerator, we considered the increases in the tangible assets related to each activity identified as eligible according to the EU Taxonomy:

- Manufacture of plastics in primary form (3.17) – the CapEx related to this activity includes the increases recorded in tangible assets related to TeraPlast's and TeraBio Pack's Granules business lines, and those related to the production activities of TeraPlast Recycling, with the exception of the increases in tangible assets that are not related to the productive activities of the companies in the Group, such as those related to motor vehicles, IT equipment, means of communication etc. Also, increases in assets used for multiple lines of business in common were not considered.

- Manufacture of energy efficiency equipment for buildings (3.5) – related to this activity, we considered the recorded increases in tangible assets of TeraGlass, except for the increases in tangible assets that are not related to the productive activities, such as those related to motor vehicles, IT equipment, means of communication etc.
- Construction of new buildings (7.1) – within this activity, the CapEx includes only the elements that are strictly related to buildings, such as construction of production halls, warehouses etc., it does not include the accessories of the buildings.
- Acquisition and ownership of buildings (7.7) – the CapEx related to this activity includes the values derived from modernization of the production hall of Somplast.
- Installation, maintenance, and repair of renewable energy technologies (7.6) – CapEx related to this activity includes the values derived from investments for the new photovoltaic plant.

In 2022, the CapEx eligible according to the taxonomy represented 35% of the total CapEx of 92,3 million RON at the TeraPlast Group level. The largest contribution to the eligible CapEx was the activity Manufacture of plastics in primary form, which amounted to 21,5 million RON.

### OPEX

To calculate the operating expenses, in the denominator we considered the total repair and maintenance expenses of the TeraPlast Group from internal reports based on the accounting records from 2022. These include both the repair and maintenance works performed by third parties as well as those performed with our own personnel. In the numerator, we considered the repair and maintenance expenses related to the productive sector of the Group from internal reports from 2022 for each individual activity:

- Manufacture of plastics in primary form (3.17) – the OpEx related to this activity is determined by the repair and maintenance expenses to the production equipment of TeraPlast's Granules business line and the production equipment of TeraPlast Recycling. OpEx related to manufacturing assets that serve multiple lines of business in common were not taken into consideration.
- Manufacture of energy efficiency equipment for buildings (3.5) – OpEx is determined by the repair and maintenance expenses of TeraGlass.
- Freight transport services by road (6.6) – the repair and maintenance expenses for this activity are those related to the means of transport from our own fleet used to transport finished products and goods to customers.

Of the total OpEx of the TeraPlast Group in 2022, 57% is eligible according to the taxonomy, with the largest contribution coming from the activity Manufacture of plastics in primary form.

# EU Taxonomy

## TURNOVER

Economic activities (1)	Codes (2)	Absolute turnover (3) RON	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year N (18) %	Taxonomy aligned proportion of turnover, year N-1 (19) %	Category (enabling activity) (20) E	Category (transition activity) (21) T
				CM (5) %	CA (6) %	WM (7) %	CE (8) %	PO (9) %	BE (10) %	CM (11) YES/NO	CA (12) YES/NO	WM (13) YES/NO	CE (14) YES/NO	PO (15) YES/NO	BE (16) YES/NO					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																				
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Manufacture of plastics in primary form	3.17	145.473.201	20,50%																	
Manufacture of energy efficiency equipment for buildings	3.5	52.400.788	7,40%																	
Freight transport services by road	6.6	1.769.310	0,20%																	
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>199.643.299</b>	<b>28,10%</b>																	
<b>Total (A.1 + A.2)</b>		<b>199.643.299</b>	<b>28,10%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>511.483.149</b>	<b>71,90%</b>																	
<b>Total (A + B)</b>		<b>711.126.448</b>	<b>100%</b>																	

CM = climate change mitigation; CA = climate change adaptation; WM = water and marine resources; CE = circular economy; PO = pollution; BE = biodiversity and ecosystems

# EU Taxonomy

## CAPEX

Economic activities (1)	Codes (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safe-guards (17)	Taxonomy aligned proportion of CapEx, year N (18)	Taxonomy aligned proportion of CapEx, year N-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)
				CM (5)	CA (6)	WM (7)	CE (8)	PO (9)	BE (10)	CM (11)	CA (12)	WM (13)	CE (14)	PO (15)	BE (16)					
		RON	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO		%	%	E	T

### A. TAXONOMY-ELIGIBLE ACTIVITIES

#### A.1. Environmentally sustainable activities (Taxonomy-aligned)

##### CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)

#### A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

Manufacture of plastics in primary form	3.17	21.473.356	23,30%
Construction of new buildings	7.1	7.772.890	8,40%
Installation, maintenance, and repair of renewable energy technologies	7.6	1.888.668	2,00%
Acquisition and ownership of buildings	7.7	1.494.418	1,60%
Manufacture of energy efficiency equipment for buildings	3.5	76.284	0,10%
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>32.705.615</b>	<b>35,40%</b>
<b>Total (A.1 + A.2)</b>		<b>32.705.615</b>	<b>35,40%</b>

### B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

<b>CapEx of Taxonomy-non-eligible activities (B)</b>		<b>59.555.188</b>	<b>64,60%</b>
<b>Total (A + B)</b>		<b>92.260.803</b>	<b>100%</b>

CM = climate change mitigation; CA = climate change adaptation; WM = water and marine resources; CE = circular economy; PO = pollution; BE = biodiversity and ecosystems

# EU Taxonomy

## OPEX

Economic activities (1)	Codes (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards (17)	Taxonomy aligned proportion of OpEx, year N (18)	Taxonomy aligned proportion of OpEx, year N-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)
				CM (5)	CA (6)	WM (7)	CE (8)	PO (9)	BE (10)	CM (11)	CA (12)	WM (13)	CE (14)	PO (15)	BE (16)					
				%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO					
				RON	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																				
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Manufacture of plastics in primary form	3.17	5.555.289	49,60%																	
Manufacture of energy efficiency equipment for buildings	3.5	526.300	4,70%																	
Freight transport services by road	6.6	299.096	2,70%																	
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>6.380.685</b>	<b>56,90%</b>																	
<b>Total (A.1 + A.2)</b>		<b>6.380.685</b>	<b>56,90%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
<b>OpEx of Taxonomy-non-eligible activities (B)</b>		<b>4.828.851</b>	<b>43,10%</b>																	
<b>Total (A + B)</b>		<b>11.209.536</b>	<b>100%</b>																	

CM = climate change mitigation; CA = climate change adaptation; WM = water and marine resources; CE = circular economy; PO = pollution; BE = biodiversity and ecosystems

# GRI Index

## GRI Index

<b>Declaration of use</b>	TeraPlast SA reported in accordance with the GRI standard for the period January 1, 2022 - December 31, 2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI sectorial standards</b>	N/A

GRI standard relevance / Alternative source	GRI information element number and name	Page	OMISSION*			Sectorial Standard GRI ref. no.*
			OMITTED (E) REQUIREMENT (F)	REASON	EXPLANATION	
<b>General disclosures</b>						
<b>GRI 2: General disclosures 2021</b>	2-1 Organizational details	8				
	2-2 Entities included in the organization's sustainability reporting	8				
	2-3 Reporting period, frequency and contact point	5				
	2-4 Restatements of information	5				
	2-5 External assurance	5				
	2-6 Activities, value chain and other business relationships	21-25				
	2-7 Employees	56-64, 71-73				
	2-8 Workers who are not employees		2-8 Workers who are not	<i>Incomplete/unavailable information</i>		
	2-9 Governance structure and composition	13				
	2-10 Nomination and selection of the highest governance body		2-10 Nomination and selection of	<i>Constraint of confidentiality</i>		
	2-11 Chair of the highest governance body	13				
	2-12 Role of the highest governance body in overseeing the management of impacts	14				
	2-13 Delegation of responsibility for managing impacts	14				
	2-14 Role of the highest governance body in sustainability reporting	14				
	2-15 Conflicts of interest	12, 19				

## GRI Index

	2-16 Communication of critical concerns	14			
	2-17 Collective knowledge of the highest governance body		2-17 Collective knowledge of the	<i>Incomplete/unavailable information</i>	
	2-18 Evaluation of the performance of the highest governance body		2-18 Evaluation of the	<i>Constraint of confidentiality</i>	
	2-19 Remuneration policies	14	2-19 Remuneration	<i>Constraint of confidentiality</i>	
	2-20 Process to determine remuneration		2-20 Process to determine	<i>Constraint of confidentiality</i>	
	2-21 Annual total compensation ratio		2-21 Annual total compensation	<i>Constraint of confidentiality</i>	
	2-22 Statement on sustainable development strategy		2-22 Statement on sustainable	<i>Incomplete/unavailable information</i>	
	2-23 Policy commitments	19			
	2-24 Embedding policy commitments	19			
	2-25 Processes to remediate negative impacts		2-25 Processes to remediate negative impacts	<i>Incomplete/unavailable information</i>	
	2-26 Mechanisms for seeking advice and raising concerns	18			
	2-27 Compliance with laws and regulations	16-17			
	2-28 Membership associations	33			
	2-29 Approach to stakeholder engagement	24-25			
	2-30 Collective bargaining agreements	62			
<b>List of material topics</b>					
<b>GRI 3: Material topics 2021</b>	3-1 Process to determine material topics	24-25			
	3-2 List of material topics	26-32			
<b>Corporate governance</b>					
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	11, 26			
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	8			
<b>Risk management and conformity</b>					
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	16, 26			
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	18			
	205-2 Communication and training about anti-corruption policies and procedures	18			



# GRI Index

	205-3 Confirmed incidents of corruption and actions taken	17				
<b>Integrity, ethics, and good business practices</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	18, 27				
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	18				
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	19				
<b>Cybersecurity</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	20, 27				
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	20				
<b>Supply chain and procurement of raw materials from responsible sources</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	38, 27				
<b>GRI 204: Procurement practices 2016</b>	204-1 Proportion of spending on local suppliers	39				
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	39				
<b>Use of recycled raw materials</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	40, 28				
<b>GRI 301: Materials 2016</b>	301-2 Recycled input materials used	41				
<b>Quality and safety of the products in our portfolio</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	42, 28				
<b>GRI 416: Customer Health and Safety 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	42				
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	42				
	417-2 Incidents of non-compliance concerning product and service information and labeling	42				
	417-3 Incidents of non-compliance concerning marketing communications	42				
<b>Sustainable products in the portfolio</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	44, 28				
<b>GRI 301: Materials 2016</b>	301-3 Reclaimed products and their packaging materials	44-45				
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	45				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	45				
<b>Resource management</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	47, 29				

# GRI Index

<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	48, 68				
	302-3 Energy intensity	68				
	302-4 Reduction of energy consumption	48				
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	49				
	303-5 Water consumption	49				
<b>GRI 304: Biodiversity 2016</b>	304-2 Significant impacts of activities, products and services on biodiversity	49				
<b>Greenhouse gas emissions and Climate protection</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	50, 29				
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	51-52, 69				
	305-2 Energy indirect (Scope 2) GHG emissions	51-52, 69				
<b>Waste management and circular economy</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	53, 29				
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	47				
	306-3 Waste generated	53-54, 70				
	306-4 Waste diverted from disposal	53-54, 70				
	306-5 Waste directed to disposal	53-54, 70				
<b>Employee recruitment and retention</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	57, 30				
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	57, 73				
	401-3 Parental leave	73				
<b>Health and safety at work</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	58, 30				
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	58				
	403-2 Hazard identification, risk assessment, and incident investigation	58				
	403-5 Worker training on occupational health and safety	59				
	403-8 Workers covered by an occupational health and safety management system	58				
	403-9 Work-related injuries	59-60, 73				
<b>Equal opportunities, rights and freedoms</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	61, 30				
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	71-72				
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	61				
<b>Employee well-being</b>						

## GRI Index

<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	62, 30				
<b>GRI 2: General Disclosures 2021</b>	2-30 Collective bargaining agreements	62				
<b>GRI 401: Employment 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	62				
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	62				
<b>Professional development and promotion in the workplace</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	63, 31				
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	73				
	404-2 Programs for upgrading employee skills and transition assistance programs	63-64				
<b>Care for local communities</b>						
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	65, 31				
<b>non-GRI</b>	Investments in the community (mln. RON)	6				

\*A gray cell indicates that reasons for omission are not allowed or that a GRI Sector Standard reference number is not available.

# SASB Index

SASB Standard Reference	Name	Page
SASB - RT-CP-430a.2	Total aluminum purchased (tons), percentage from certified sources (%)	39
SASB - RT-CP-410a.1	Percentage (%) of raw materials from: (1) recycled content, (2) renewable resources, and (3) renewable and recycled content	41
SASB - RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	42
SASB - RT-CP-410a.3	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	38, 40, 43, 45
SASB - RT-CH-140a.3 / RT-CP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	48-49
SASB - RT-CH-130a.1 / EM-CM-130a.1 / RT-CP-130a.1	(1) Total energy consumed (GJ), (2) percentage grid electricity (%), (3) percentage renewable, (4) total self-generated energy (GJ)	68
SASB - IF-WM-110b.1	(1) Fleet fuel consumed (GJ), (2) percentage natural gas (%), (3) percentage renewable (%)	68
SASB - RT-CH-140a.1 / EM-CM-140a.1 / RT-CP-140a.1	(1) Total water withdrawn (m <sup>3</sup> ), (2) total water consumed (m <sup>3</sup> ), percentage of each in regions with High or Extremely High Baseline Water Stress (%)	49
SASB - RT-CH-140a.2 / RT-CP-140a.3	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	49
SASB - RT-CH-110a.1 / EM-CM-110a.1 / RT-CP-110a.1 / IF-WM-110a.1	Gross global Scope 1 emissions (tons CO <sub>2</sub> eq), percentage covered under emissions-limiting regulations (%)	50-52, 69
SASB - RT-CH-110a.2 / EM-CM-110a.2 / RT-CP-110a.2 / IF-WM-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	50-52
SASB - RT-CH-150a.1 / EM-CM-150a.1 / RT-CP-150a.1	Amount of hazardous waste generated (tons), percentage hazardous waste of total generated waste, percentage hazardous waste recycled of total hazardous waste	53-54, 70
SASB - IF-WM-000.D	Total amount (tons) of waste by type of client / supplier	53-54, 70
SASB - RT-CP-000.C	Number of employees	71
SASB - IF-WM-310a.2	(1) Number of work stoppages and (2) total days idle	73
SASB - RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	58-59
SASB - RT-CH-320a.1 / IF-WM-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate for (a) direct employees and (b) contract employees	59-60, 73
SASB - IF-WM-320a.3	Number of road accidents and incidents in which employees are involved during the work schedule	59
SASB - IF-WM-310a.1	Percentage of active workforce covered under collective bargaining agreements (%)	62



**TeraPlast<sup>®</sup>**