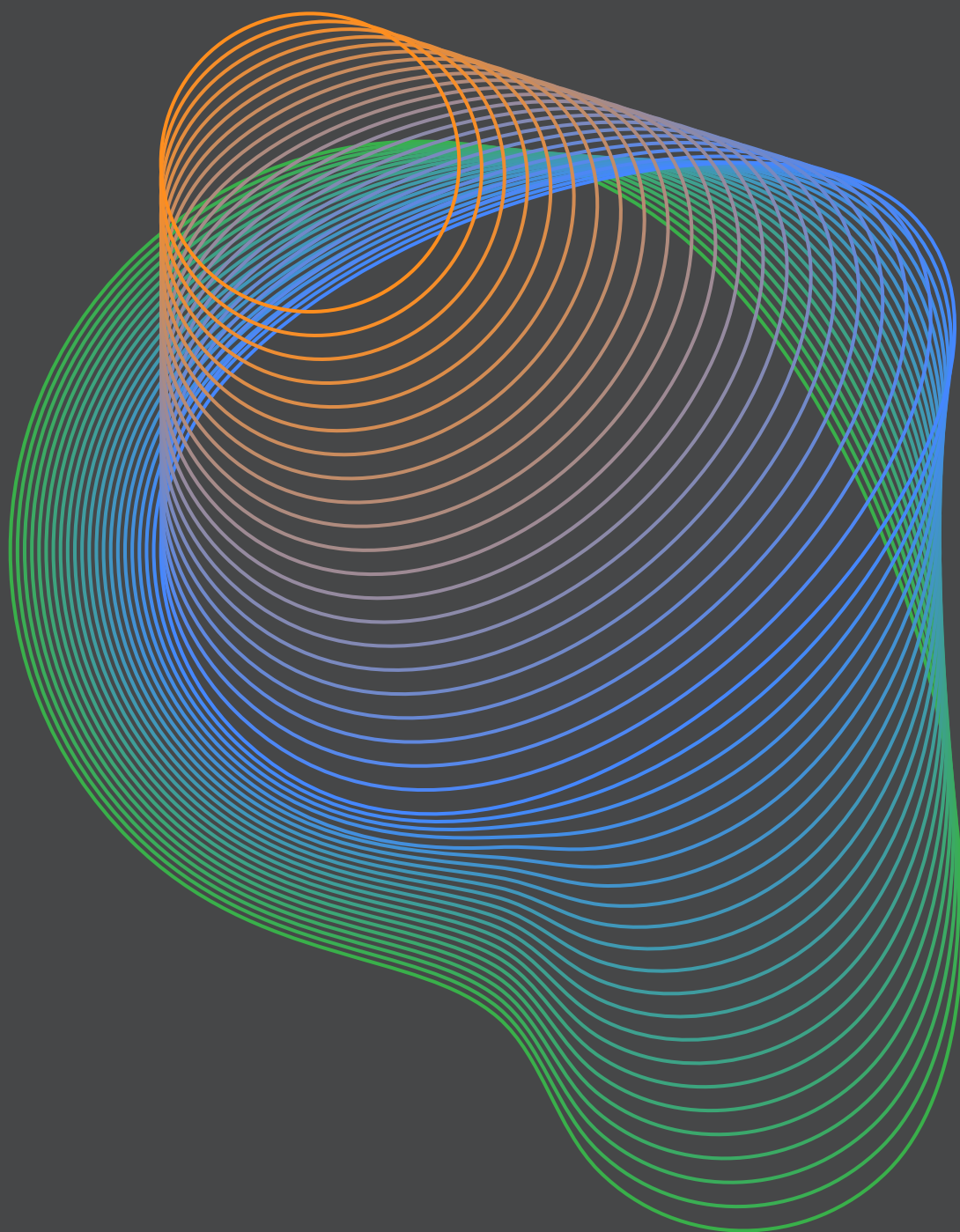


# PROMATERIS

## ESG REPORT

### 2021





## LETTER FROM THE CEO

The health crisis that spread so quickly throughout the world has demonstrated that we need to make some changes in the way we do business. For us, 2021 was a year when we worked towards developing a more resilient and sustainable supply chain. Once again, the Promateris team raised to the challenge, demonstrating we are a mature team, ready to confront and to thrive even in an adverse environment.

Creating shared value for our business and for our stakeholders is at the heart of our endeavor and guiding us in our daily activities. We approach maximizing long term value creation through: delivering value and impeccable business relations to our clients, creating economic opportunities for all our partners and employees, involvement in local communities, social and environmental concrete actions, improvement of our supply chains.

We believe responsibility starts with a clear understanding and transparent communication of the decision-making process within our company. This is why, 2022 is the second year

Promateris releases its ESG Report. This report reflects our commitment to social, environmental and good governance consciousness and offers all our stakeholders the possibility to track our performance.

Conducting business during a global pandemic only increased our prioritization of the health and safety of our employees. Their wellbeing is essential, and I am proud of the significant resilience my colleagues have demonstrated in continuing to deliver on our mission.

As I look at 2021 and the year ahead of us, I am confident that we have the right strategy, people, partnerships and energy to continue our work and to reach our purpose. By accomplishing our purpose, we can play an even greater role in the world's transitioning to a more bio-based future in packaging. And we are determined and motivated to make impactful environmental, social and economic progress for our company and for all our stakeholders in the years to come.

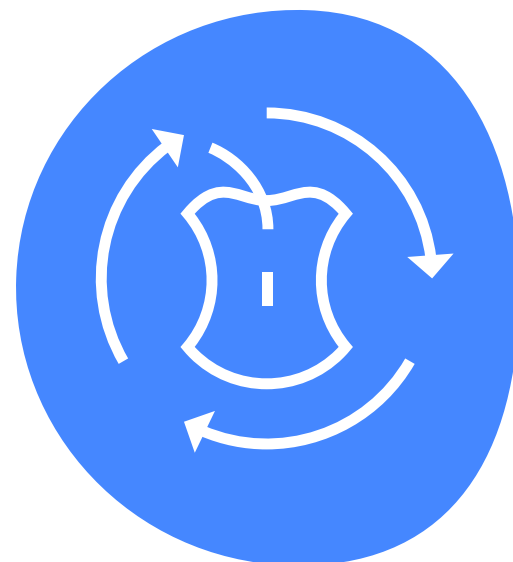
Tudor Georgescu,  
CEO of Promateris

## TABLE OF CONTENTS

<b>The market</b> .....	p. 5
<b>Important events 2020</b> .....	p. 6
<b>Company presentation</b> .....	p. 8
<b>Our products</b> .....	p. 20
<b>Social responsibility</b> .....	p. 24
<b>Environmental strategy</b> .....	p. 34
<b>Corporate governance &amp; Ethics</b> .....	p. 48

## WHY COMPOST?

When it comes to compostable packaging's importance, we ask the following question: "What is the biggest waste stream we have to manage?"



Obviously, the answer is bio-waste (either food or vegetable waste). Almost 60% of the total waste is represented by biowaste. This accounts for more than plastic and paper put together.

"What is the biggest contributor to greenhouse gas emission from all the waste that we generate?" Landfill biowaste emits methane, which is 80 times more polluting than CO<sub>2</sub>. Incineration and landfilling are the two main "treatment" options nowadays. What is the best solution for collection and biowaste treatment? What can we do regarding food contaminated packaging? How can we build innovative products that can be collected together with food waste in order to be recovered together and to avoid the food contamination issue? I consider building a composting infrastructure a ground zero priority for the European states, helping us in reaching the recovery targets imposed by the European Union. Composting is at the moment the best existing alternative for treating organic waste. It enables circularity, reduces greenhouse gas emissions from landfilling or incineration, it helps reducing contamination

within waste streams. Compostable packaging has a crucial role in managing organic waste streams. Compostable bin liners are preferred for collecting organic waste, since they can be recycled together. In the same time, other types of compostable packaging can be as well composted together with food scraps, thus reducing the risk of contamination for other streams. Moreover, certain packaging items, due to their multilayer design, can't be recycled and thus the only "treatment" option is incineration. Moreover, food packaging, if not designed in order to be collected within the organic stream, it increases the risk of contamination for other streams. Separate collection of organic waste and composting would simplify collection schemes for all the streams and would also reduce the plastic waste that is sent to incineration. We will focus our energy and resources in developing products that respect the principles of circular economy and we will continue to invest in manufacturing compostable packaging, since we strongly believe composting is the best way for treating organic waste streams.

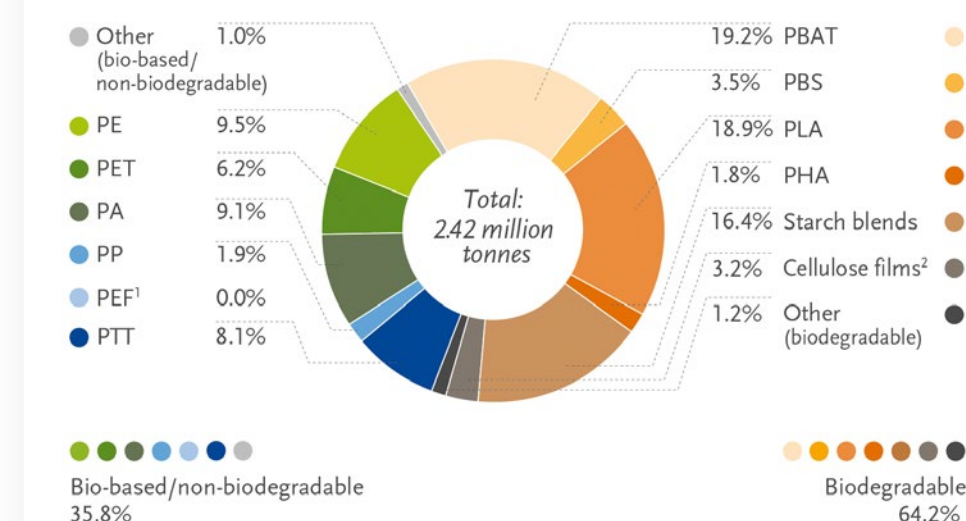
## THE MARKET

Global bioplastics production capacity is set to increase from around 2.11 million tonnes in 2019 to approximately 2.43 million tonnes in 2024.

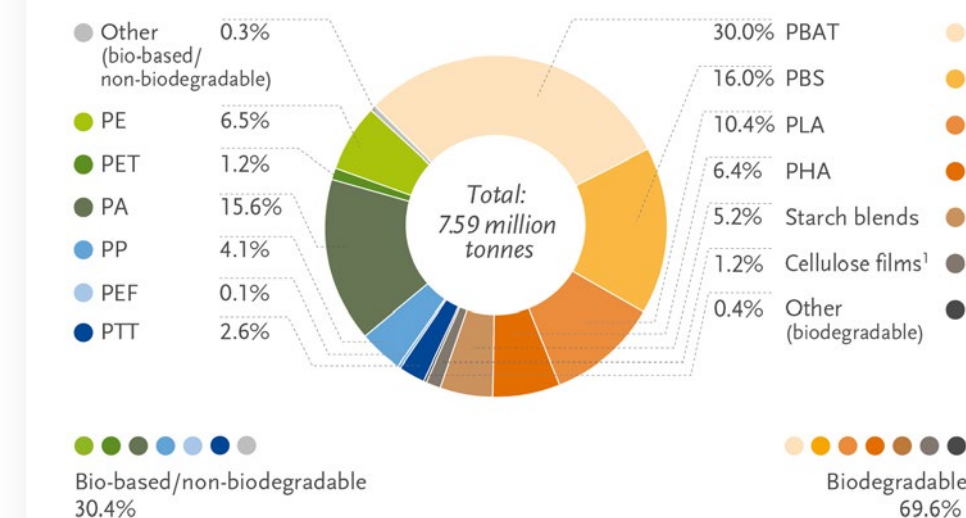
Bioplastics market growth at **10%** annually.

Bioplastics cover **10–15%** of the total plastics market

Global production capacities of bioplastics 2021 (by material type)



Global production capacities of bioplastics 2026 (by material type)





# IMPORTANT EVENTS 2021

In 2021 Promateris continued investments in biomaterials and reduced impact packaging, in order to consolidate its leader position in the CEE region. Below are the key highlights from 2021.

## Green Europe project finalised in 2021



In 2021 Promateris completed a new round of investments in the Buftea factory, in the total amount of 2.5 million euro. The capital was invested in the development of a production line of compostable packaging. Following the implementation of this project, 39 new jobs were created in Buftea, Ilfov County. The investment was co-financed by a grant of EUR 950.000 provided by Iceland, Liechtenstein and Norway through the EEA and Norwegian Financial Mechanism 2014-2021, within the "SMEs Growth Romania" program.

*Our ambition for Promateris is to become the largest European producer of bio-based and compostable bags, sitting at the forefront of green transformation in the EU. We are thrilled to announce the completion of this round of investments in our Buftea factory. Between 2018 and 2021, Promateris has invested over 10 million euros in bio-based packaging and we do not plan to stop here. Our goal is to invest additional 15 million euro over the next 5 years in projects that respect the principles of the Green Deal launched by the European Union. We are motivated to not only grow our business, but more importantly to continue generating a positive effect on the local economy, creating new jobs, but also contributing to the decarbonization of the Romanian industrial sector.*

## Development grants

### 1. BIO-BASED CIRCULAR SOLUTIONS

In the first quarter of 2021, Promateris was awarded a second grant from Innovation Norway in the amount of EUR 744.000 through "SME Growth Romania" program. The aim of the project is to produce biodegradable and compostable raw material, based on corn starch, in the Buftea factory. Corn starch products have a reduced environmental impact compared to plastic packaging and in the context of the European Green Deal, are currently in high demand. The project will be finalized in 2022 and Promateris will become the first company in Eastern Europe to produce corn starch based raw material.

*We will be able to bring at the forefront of our activity the experience of our highly specialized technicians and engineers in order to manufacture state of the art biopolymers. Moreover, through this project we aim to have a positive impact on the local bioeconomy and an integrated value chain, while promoting sustainable agricultural best practices. This way, we will support the export of high value-added products, and contribute to Romania's economic development while offering competitive advantages to local and regional manufacturers.*



### 2. ELECTRIC UP

Promateris was awarded the Electric UP grant in the amount of EUR 100.000 for the installment of solar panels. This is the first step in Promateris' transition to using renewable energy in the production process. The company aims that in the next 5 years more than 30% of the total energy used will be produced from alternative sources.

*Our ambition is to develop projects that will enable us to reduce our carbon footprint, both at company and product level. Thus, using green energy in the production process allows us to further reduce our products' carbon footprint. Therefore, we have set ambitious targets and we are working on several projects for the development of photovoltaic installations. In addition to the undeniable environmental benefits and contribution to the decarbonization of the Romanian industrial sector, these projects allow us to continue the company's development and generate a positive impact on the local economy.*

## Certifications

In 2021 Promateris obtained / renewed the following certifications: ISO 9001, 14001, 45001, 22000, attesting the organization's best practices.



## Company growth

**In 2021, the group registered a 36% increase in biodegradable and compostable packaging segment production compared to 2020. The company plans to increase production in this segment by 40% in 2022, thus consolidating its position as a regional leader in Central and Eastern Europe.**

## Digital transformation

Promateris' digital transformation is a priority for the management team. Celebrating 60 years since its birth, the company underwent major changes in order to design up-to-date modern business processes and operations. In 2021 the company is implementing a new ERP/MIS software, thus enabling real time manufacturing information & insights, business processes automatizations and cost optimizations.

## Industrial waste recycling

The bio-based compostable solutions are designed in order to enable circular supply chains rather than linear ones. We apply the same principle for our production processes, and we are proud to say that we have a 100% recycling and re-use rate of our technological waste. In 2021 we recycled 1.707 tones of industrial waste, of which we reintroduced in production 1.516 tones during the same year.





# VALUES

## We are what we value

Values are not mere words; they are the **"practice of our preaching"**, the catalyst of our behaviors, the invisible link, our tacit agreements, and non-written rules.

### Agility

We like to refer to ourselves as „agile pioneers” whose natural state is inquisitiveness and the power to make the most of whatever comes towards us. In this field of work and knowledge, the only way to stay ahead and see what’s coming is a state of positive alertness.

### Decisiveness

Being decisive takes the courage to experiment. We stand for entrepreneurial thinking and action and for this, we fight to create a safe environment, error-proof and guilt-free, where people can fail. If we allow individuals to fail sometimes, we know we’ll never fail as a team.

### Respect & Responsibility

Responsibility imbues the entire value chain: it flows towards employees who need both professional and personal growth, towards partners and clients, towards other institutions that play a role in the circular economy.

### Know-How & Competence

Preserving competence in a fast-paced world on innovative matters requires constant investment and constant questioning. Our realistic hope is to bring about better versions of materials and solutions, including better versions of ourselves.

# WHO WE ARE

We are a leading European manufacturing specialist in the emerging industry of sustainable products and solutions for the circular economy: from bio-based compostable packaging to end-of-life solutions, initiatives and partnerships for innovation.

# OUR BRAND PROMISE

We pledge to be an agile industrial player, a reliable long-term business partner, and a wise social counterpart in this collective venture for a more sustainable and healthier environment.

# OUR WHY

Our industry emerged out of an imperative, not out of a fad. We believe we came to a point of no return where the only way to matter is to act: in full speed and full responsibility. This fight does not have heroic looks, but it’s a fight worth taking. Progress doesn’t show up big, but rather as an incremental, maybe unspectacular improvement. The „next best”, the „better substitute” and „the more sustainable” material is the result of gradual tinkering. Breakthrough innovation and game-changing solutions do not come around too often in this field. What matters instead is

a certain patience for steady growth, stamina to keep the search alive, and a diligent resilience in a step by step endeavor.

So we are proud participants to this dialogue, runners in line, co-workers in daily advocacy of this global game called sustainability. Rather casual and a bit humble, but with the determination to leave a positive imprint in this world. Every new product, material or solution issued today might not be perfect, but it’s better than the previous. And for every inch of this „better”, it’s worth the fight.

# OUR HISTORY

## Half century of expertise

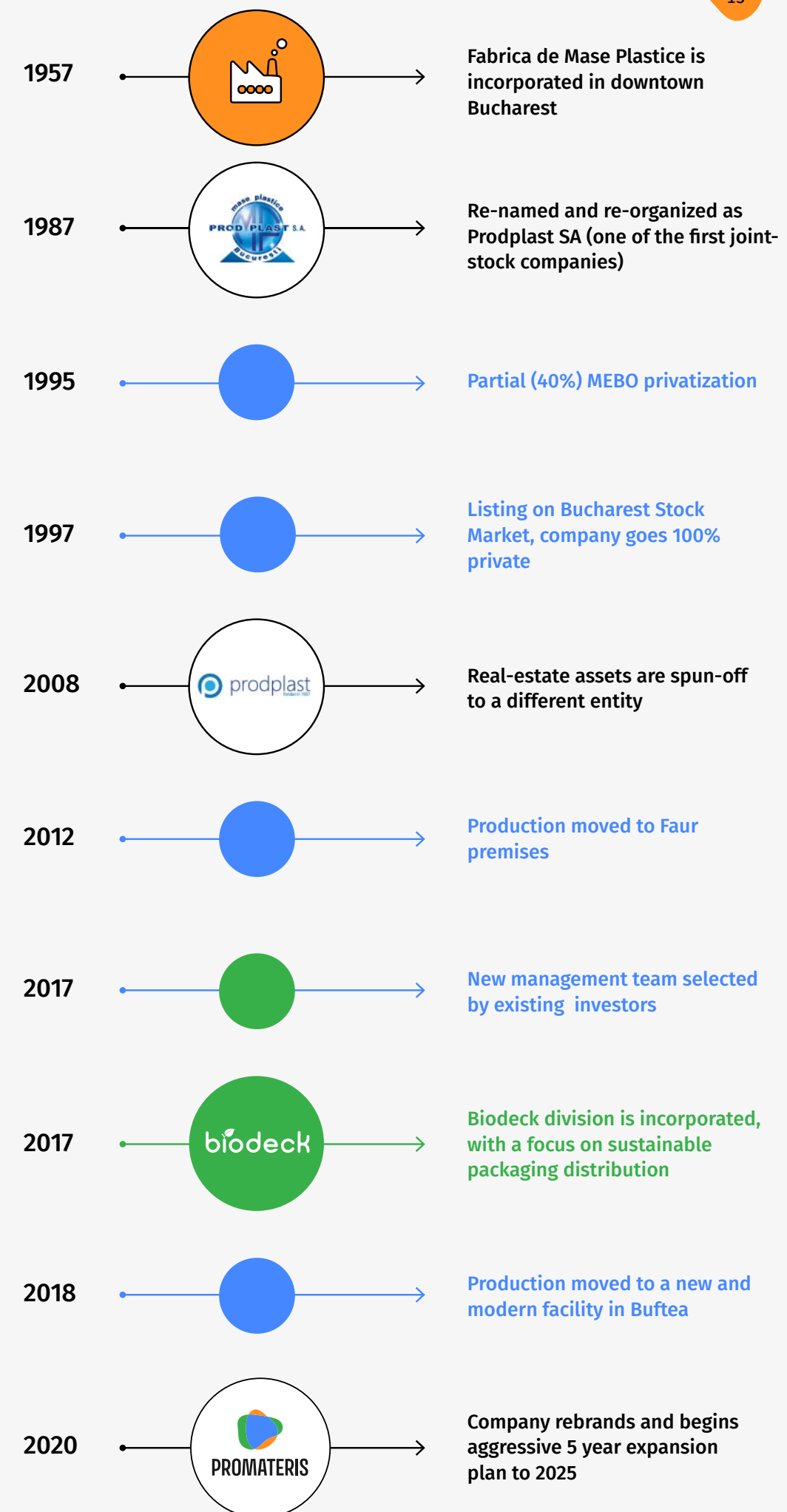


We are an entrepreneurial entity with roots in an East-European country, Romania: a small start more than 60 years ago, followed by an organic growth riding the wave of manufacturing opportunities.

We gained local leadership in more than half a century of manufacturing expertise in chemical engineering and established a reputation as a respected manufacturer. In the last years we have evolved from

a company with local ambitions to a regional player and a trusted counterpart in matters of sustainable packaging products and solutions for the circular economy, with investments in end-of-life solutions. The transition from plastic to bioplastic was a natural course of action. We now invest heavily in the latest technologies and place our bets at the forefront of R&D alliances to help close the circle. We work with top R&D labs in the world and export on three continents.

WE  
KNOW  
THE  
FUTURE





# THE PROMATERIS GROUP

## Circular Economy Solutions



MANUFACTURING



DISTRIBUTION





# COMPANY HIGHLIGHTS



## MARKET LEADER

65% market share in Romania on the bio-plastics sector Top 3 player for all other product types



## INTERNATIONAL PRESENCE

Contracts all across Europe, strong partnerships with large international clients



## FINANCIAL PERFORMANCE

Strong turnover growth: 34% CAGR over last 4 years Balance sheet with healthy & sustainable debt ratios



## MANAGEMENT

Dynamic & experienced management team, with a focus on sustainability and growth



## TECHNICAL CHAMPION

State of the art machinery and modern production facility



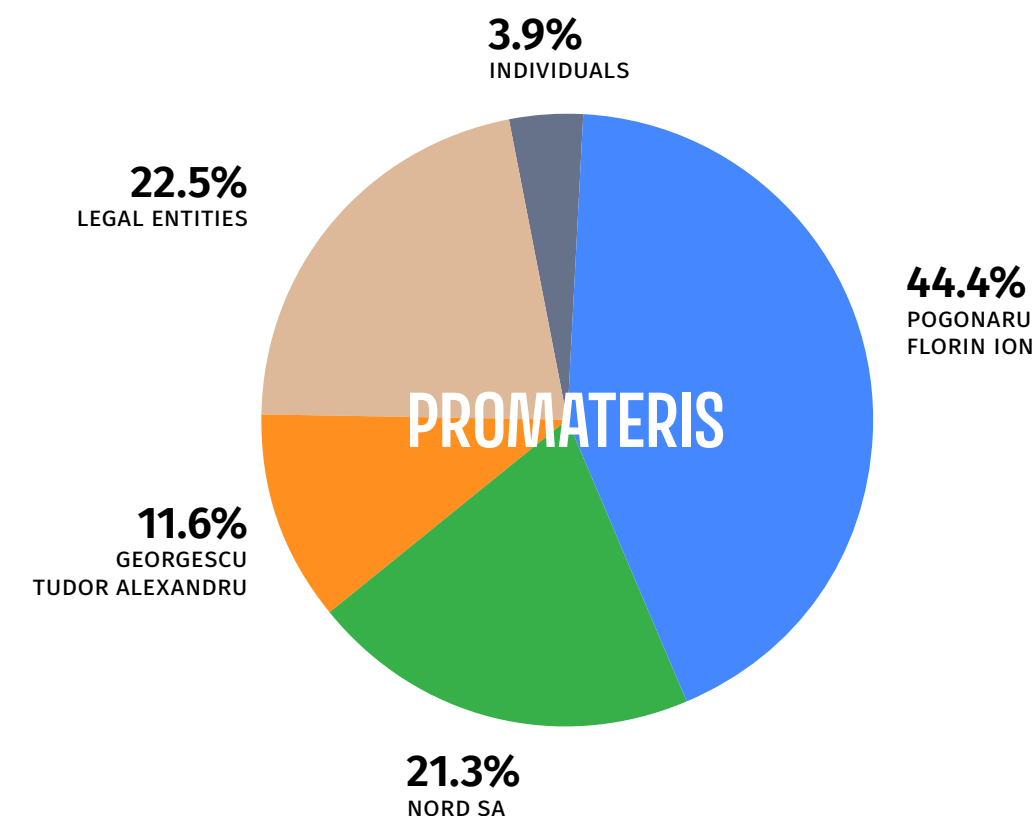
## GROWTH POTENTIAL

Ambitious but realistic growth strategy supported by company's vision, management & future investment

## OUR NEW PROFIT MODEL:

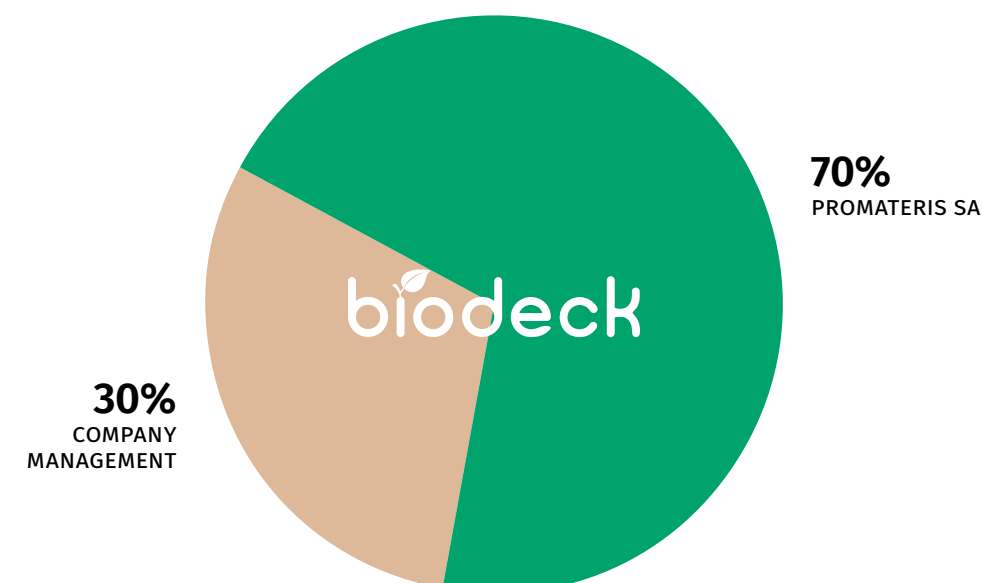
- Rethinking value proposition (product mix)
- Rethinking value network (platform integration – distribution, logistics, R&D – partnerships)
- Rethinking scale (capacity, sales)

# SHAREHOLDER STRUCTURE



## LISTED COMPANY

Starting 1997, Promateris is a listed company on Bucharest Stock Exchange Market under the **PPL** symbol.



# WHAT WE WANT TO REACH

We want to reach **€100 mil turnover BY 2025 at €15 mil EBITDA**. We plan to achieve this by maintaining and growing key markets and diversifying the production portfolio by also including paper bags.

We propose a staged approach in growing the market share & entering new markets, while leveraging existing experience and in-depth market knowledge.



## Team

customer centricity, focused on growth and efficiency



## Equipment & facility

state of the art equipment and production facilities



## Key clients

maintain high levels of satisfaction and client service



## Increase profitability

low-cost production, streamline processes, economies of scale in supply chain



## Embrace operational excellence philosophy

innovation, strategy alignment, engagement, exceed customer expectations



## Marketing

create and communicate content to positively influence sentiment of stakeholders (employees, customers, suppliers, creditors) in regards to adopting sustainable packaging alternatives



## Drive growth

continuous improvement to reach full potential

# BIODECK

> B2C distribution company specialised in offering sustainable packaging & retail solutions.  
> Strong brand that influences customer choice and creates loyalty



biodeck

Top of the mind choice for sustainable packaging in Romania

We are pioneers of innovative solutions for a new generation of sustainable packaging, whether it's plant-based products with a reduced impact on the climate or initiatives and partnerships that contribute to a transition towards the circular economy, which places us at the forefront of the challenge to ensure a more sustainable future.



OUR PORTFOLIO:  
**OVER 400 PRODUCTS**



carrier bags / bin liners / hot drinks cups / cold drinks cups / cutlery / takeaway boxes / bowls / lids / reusables

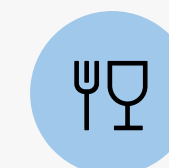
**OUR FRIENDS ON A MISSION:**



grocery stores



retail



cafes & restaurants



food trucks



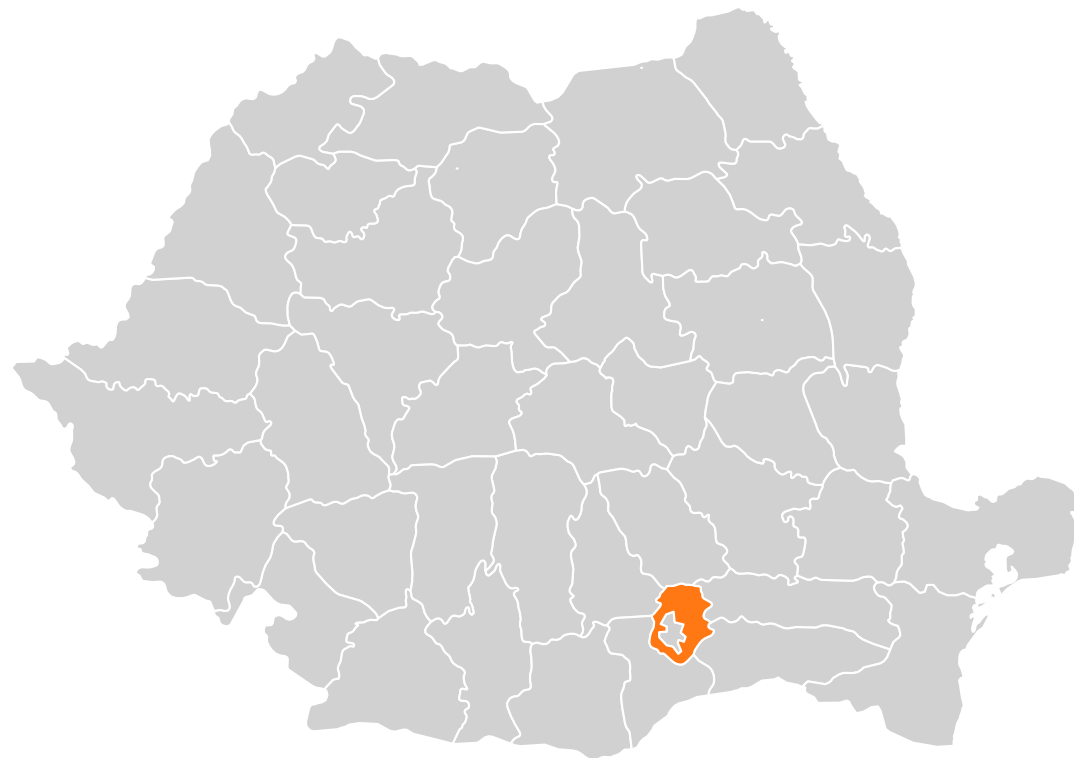
airlines



festivals & parties



# PRODUCTION SITE



Our group  
170 employees



Plant location  
Buftea, Romania



Production capacity:  
+10.000 tons/year  
(bioplastics +  
componding)



Production area:  
15.000 m<sup>2</sup>



Turnover:  
EUR: +38 MIL  
(consolidated)



# OVERVIEW OF MARKETS AND CUSTOMERS



## Modern retail chains

Our main clients are both DIY (do-it-yourself) retailers, such as Dedeman, Hornbach or Leroy Merlin and modern retail chains, such as: Carrefour, Kaufland, Cora, Auchan, Mega Image, Penny, etc.

## Manufacturers

Our clients are important international names in the manufacturing industry: packaging, agriculture, cable manufacturers, etc. We meet their requirements with high quality and reliable products that fit even the most exigent needs.

## The final consumer

Having in mind a more sustainable approach to consumption patterns regarding food waste and waste management, we offer a wide range of products that are designed to deliver both environmental and functional performance.

# DIVISIONS

## Bio-based & compostable

The new generation of bio-based compostable products are ideal for organic waste collection streams, together with the food waste, in order to be composted. This way, organic waste is diverted from landfill or incineration.

## Bio-recycling

The bio-based compostable solutions are designed in order to enable circular supply chains rather than linear ones. We apply the same principle for our production process, and we are proud to say that we have a 100% recycling and re-use rate of our technological waste.

## Compounds

Our compounding facility is specialized in the development and manufacturing of technical pellets for the electrical cables industry, as well for other specialty polymer-based compounds.

## BIO Compounding

The bio-compounding division is specialised in the production of BioMateris, a bio-based raw material used in the production of biodegradable and compostable products. We are the first company in Central and Eastern Europe to develop such a product, enabling a series of competitive advantages for local and regional manufacturers.

# TECHNOLOGY

## The factory



**Our factory** benefits from state of the art equipment for the production of both traditional polymer products and well as biobased and compostable packaging solutions. Our investments have been financed through a mix of company own sources, bank debt and non-refundable grants specifically aimed at circular economy champions.

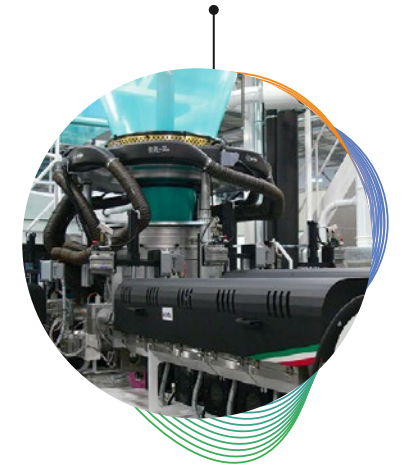
## R&D department



**Our R&D department** focuses on finding sustainable solutions for:

- single use plastic pollution
- waste management and biowaste recovery solutions
- improving production efficiency (zero waste)
- new product recipes

## Investments



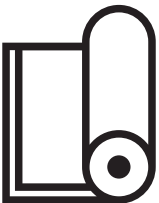
**Our on-going investments** are aimed at supporting the company's growth strategy and allowing it to maintain its competitive edge. We aim to increase capacity, diversify product lines (5-layer extruding) and vertically integrate production (biogranules compounding) with the support of EU funding as well as Norwegian grants.



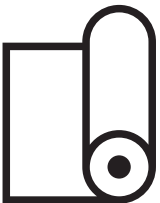
# OUR PRODUCTS

## Circular Economy Packaging for Modern Retail

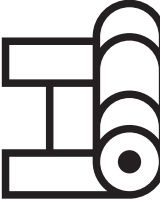
### COMPOSTABLE PACKAGING



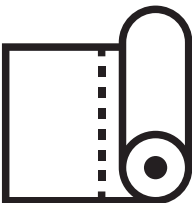
Biodegradable and compostable single-layer and double-layer film



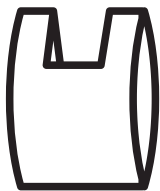
Biodegradable and compostable tubular film



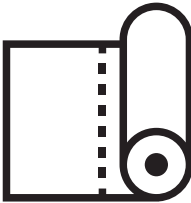
Fruit and vegetables shopper bag on a roll



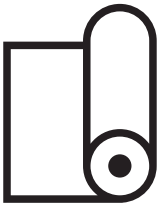
Bags on a roll



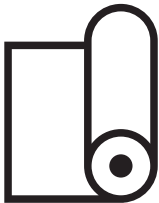
Shopper bags (t-shirt bags) and tear-off liasses. Shopper bags on a block



Bin liners

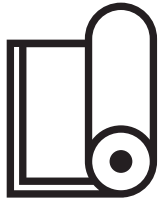


Compostable mulching film

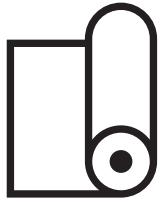


Compostable construction film

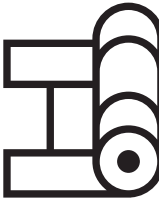
### RECYCLED PLASTIC PACKAGING



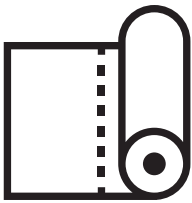
Recycled single-layer and double-layer film



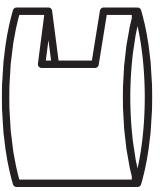
Recycled tubular film



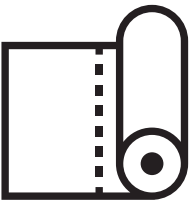
Fruit and vegetables shopper bag on a roll



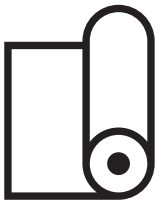
Bags on a roll



Shopper bags (t-shirt bags) and tear-off liasses. Shopper bags on a block

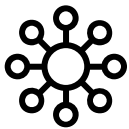


Bin liners

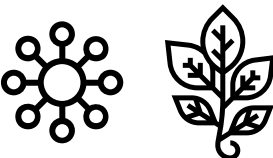


Recycled mulching film

### TECHNICAL COMPOUNDS



### BIO COMPOUNDS



### BIO RECYCLED PELLETS

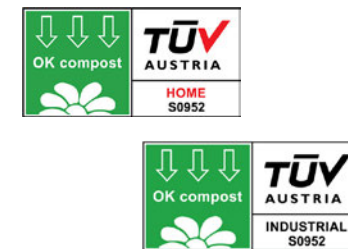


# OUR PRODUCTS



MATERIAL: High renewability, Non-GMO  
 COMPOSTABLE: EN 13432 compliant, OK Home Compost & Ok Industrial Compost Certified  
 THICKNESS & DIMENSIONS: Customizable according to client needs  
 PRINT: 6 colors  
 Made in Romania

# OUR CERTIFICATIONS



**Biodegradability & compostability certifications**  
 All our products are certified compostable and respect the EU standard EN13432



**Food Safety System Certification 22000**  
 The Scheme provides a certification model that can be used in the whole food supply chain. FSSC 22000 follows the food chain category description as defined in ISO/TS 22003.



**ISO 9001 Quality Management Systems**

ISO 9001 is defined as the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.



**ISO 14001 Environmental Management Systems**

ISO 14001:2015 helps an organization achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties.



**ISO 45001 Occupational Health & Safety**

Pursuing ISO 45001 certification is a way to demonstrate your commitment to your employees' health and well-being and to continuous safety improvement.

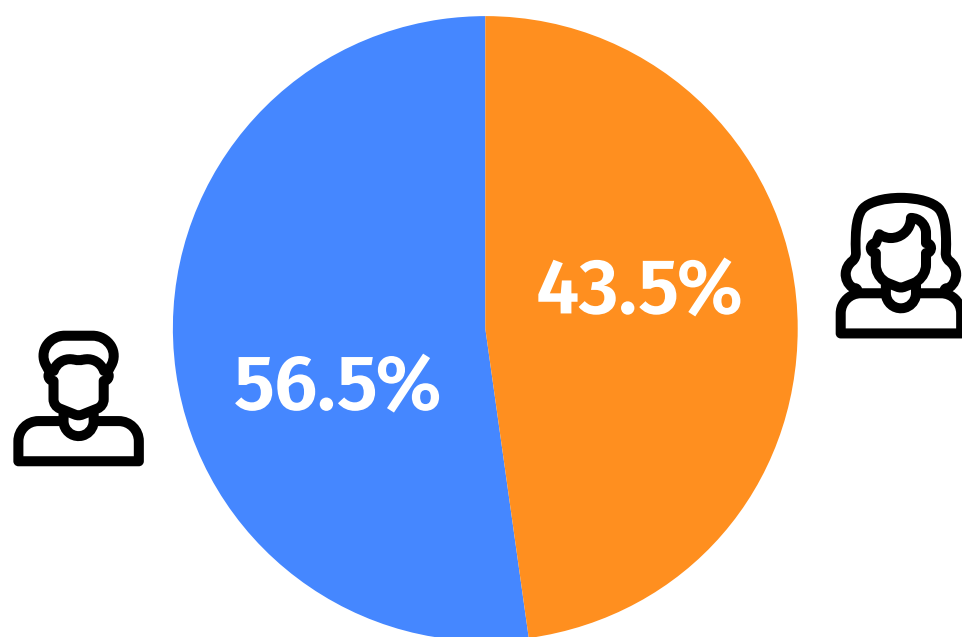
WE ARE PART OF:





# OUR EMPLOYEES

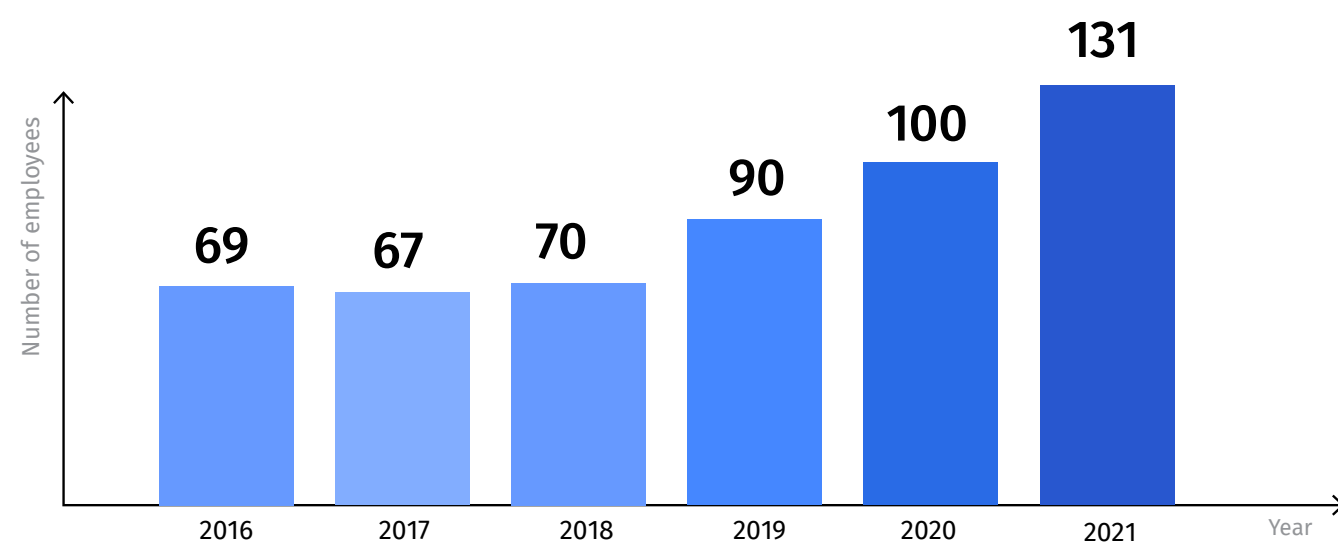
In 2021 Promateris had an average of 131 employees, of which more than 43,5% were represented by women. Regarding the income, there are no discriminations between genders, women having the same income level as men hired in similar positions.



Promateris is committed to:

- > retain the current employees
- > create new jobs

Most of our employees are contracted for an indefinite period of time.

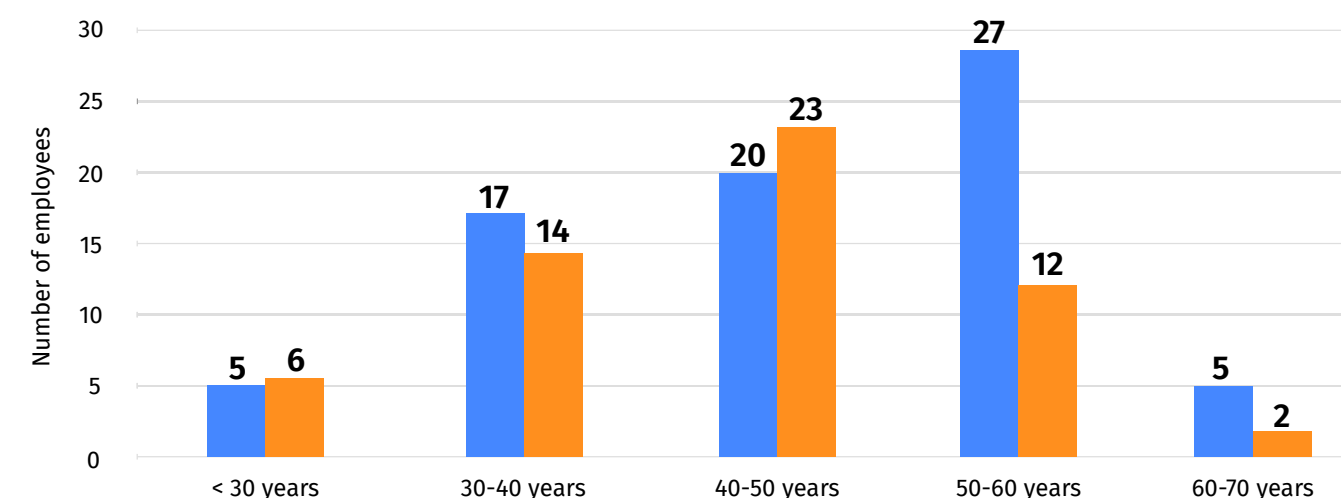


PROMATERIS is eager to co-operate closely with the local community, create employment opportunities, and facilitate training opportunities for employees. Fostering a good relationship with workers is of particular importance and it includes promoting awareness of and compliance with company policies and refraining from discriminatory or disciplinary action against workers who make bona fide reports on practices that contravene the law.

We conduct our activity based on common values of respect towards human dignity, freedom, democracy, equality, the rule of law, respect for all human rights. We promote inclusion, diversity, equality, gender balance and non-discrimination in all our activities.

The equipment we use in the manufacturing process is designed having in mind it's easiness of use for all genders, so that women are included in the manufacturing process. Women actively participate in the company's management, occupying key position for the company's daily activities.

## Age structure of the employees in 2021



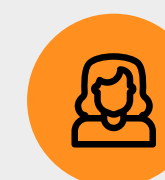
### WOMEN REPRESENTATION WITHIN THE COMPANY

50%

women in  
Top management  
positions

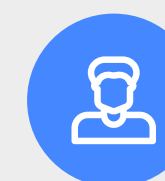
20%

women in  
Board of Directors



Total women employees: **57**

Average age (years): **44**



Total men employees: **74**

Average age (years): **47**

# COMPANY BENEFITS

Attracting top talent and keeping employees satisfied are key components of running a successful business. Benefits offer value to employees and help boost productivity and retention in a cost-effective manner.



1. **Meal vouchers**
2. Maximum legal **gift vouchers** for Easter, Women's Day, June 1 and Christmas.
3. **Gifts** for March 1, Easter and Christmas.
4. **13th salary** at the end of the year.
5. Monthly and quarterly **bonuses** based on the area of activity and KPIs.

6. 25% bonus for employees who work **night hours**.
7. **Overtime** is paid double.
8. **A meal break** of 30-45 minutes included in the work schedule.
9. **Coffee, tea, water**.
10. Increase of number of **free days** per year for employees who work for more than 17 years for the company.
11. **Reimbursement for all transportation** costs from home to the company and viceversa. The company also offers free transportation for all its employees.
12. **Paid days in case of family events** (birth, marriage, death, blood donation, moving to a new house, COVID, etc).
13. Various premiums and **benefits for special events** (birth, marriage, death, illness, birthday, retirement).
14. **Private health subscriptions**.
15. **Periodic PCR testing**, settlement of additional investigations for severe forms.

# TRAININGS

86

EMPLOYEES TRAINED  
CSR

10

MANAGERS TRAINED  
anti-corruption and  
anti-fraud behavior



# CORPORATE CULTURE



Promateris constantly invests in building a unique corporate culture, promoting inclusion, diversity, agility, expressing opinions, rewarding performance and preserving and respecting each employee's integrity and rights.

We focus on promoting professional and personal development, offering our employees support for continuing their studies, such as PHD programs or other forms of continuous learning (courses, seminars, trainings etc.) Our short and medium term strategy includes business processes redesigning in order to increase efficiency and decrease redundant tasks that our employees need to perform.

In 2021, 21 employees enrolled in a continuous learning program in order to develop their English speaking and writing skills.



Our strategy will enable the development of a corporate culture that is more efficient, flexible and which offers employees a context for growth. Today's workforce is dramatically changed compared to the one in the past. We are committed to offer a workplace that is more meaningful and full of opportunities of growth and development. Our sustainability strategy includes our employees, which are often part of our CSR campaigns in order to multiply our positive impact.

Promateris constantly revised the recruiting policy in order to make sure it both selects the most qualified and fitting employees within our culture, but in the same time to make sure it is an attractive and competitive employer. Every year, based on the company's business plan, we draft a recruitment plan, anticipating our needs for new employees. Young experts but also blue collar workers are equally appreciated and can find their place within our company. Our approach to talent management helps us in attracting and retaining employees who best fit within our corporate culture and with whom we will develop the next solutions in sustainability.

**We are aware that in order to have an impact there needs to be a collective effort. We are aiming to promote a culture of awareness, engagement, integration, productiveness and innovation in order to have a team of satisfied and highly motivated employees.**









# SUPPLY CHAIN

Promateris is committed to having both a performant and responsible supply chain.



Our principles of conducting a sustainable and responsible business are also applicable to our suppliers and to their obligation to respect human and labor rights, to fight against corruption and environmental protection.

In order to select new suppliers we conduct a self-assessment questionnaire, in accordance to ISO 9001, and to our internal standards for corporate social responsibility, covering issues such as: human rights, work rights, prohibition of child labor, measures set in place to combat forms of discrimination and anticorruption. We select suppliers who have a commitment in improving their business processes, compliance with standards regarding the above mentioned issues.

We are aiming to increase the number of local suppliers in order to decrease our environmental impact, while also considering the quality and pricing requirements they have to meet.

# OUR TRUSTED PARTNERS

Our main clients are both DIY (do-it-yourself) retailers, such as Dedeman, Hornbach or Leroy Merlin and modern retail chains, such as: Lidl, Carrefour, Kaufland, Cora, Auchan, Mega Image, Penny, etc.





# ENVIRONMENTAL STRATEGY

Progress doesn't show up big, but rather as an incremental, maybe unspectacular improvement. The „next best“, the „better substitute“ and „the more sustainable“ material is the result of gradual tinkering. Breakthrough innovation and game-changing solutions do not come around too often in this field. What matters instead is a certain patience for steady growth, stamina to keep the search alive, and a diligent resilience in a step by step endeavor.

## We are conducting our activity respecting the eco-design principles:

- 🍃 reduce the quantity of raw material used in production while maintaining the same functional properties
- 🍃 use materials that have lower environmental impact. In the past 3 years we reduced by 100% the polyethylene consumption, replacing it with bio-based compostable raw materials
- 🍃 100% recycle and re-use of technological waste, thus achieving our target of running a production process where we use the resources to the maximum
- 🍃 invest in machinery that is highly efficient from the energy consumption standpoint
- 🍃 testing of new material formulations in order to help us create products that are environmentally and functionally performant

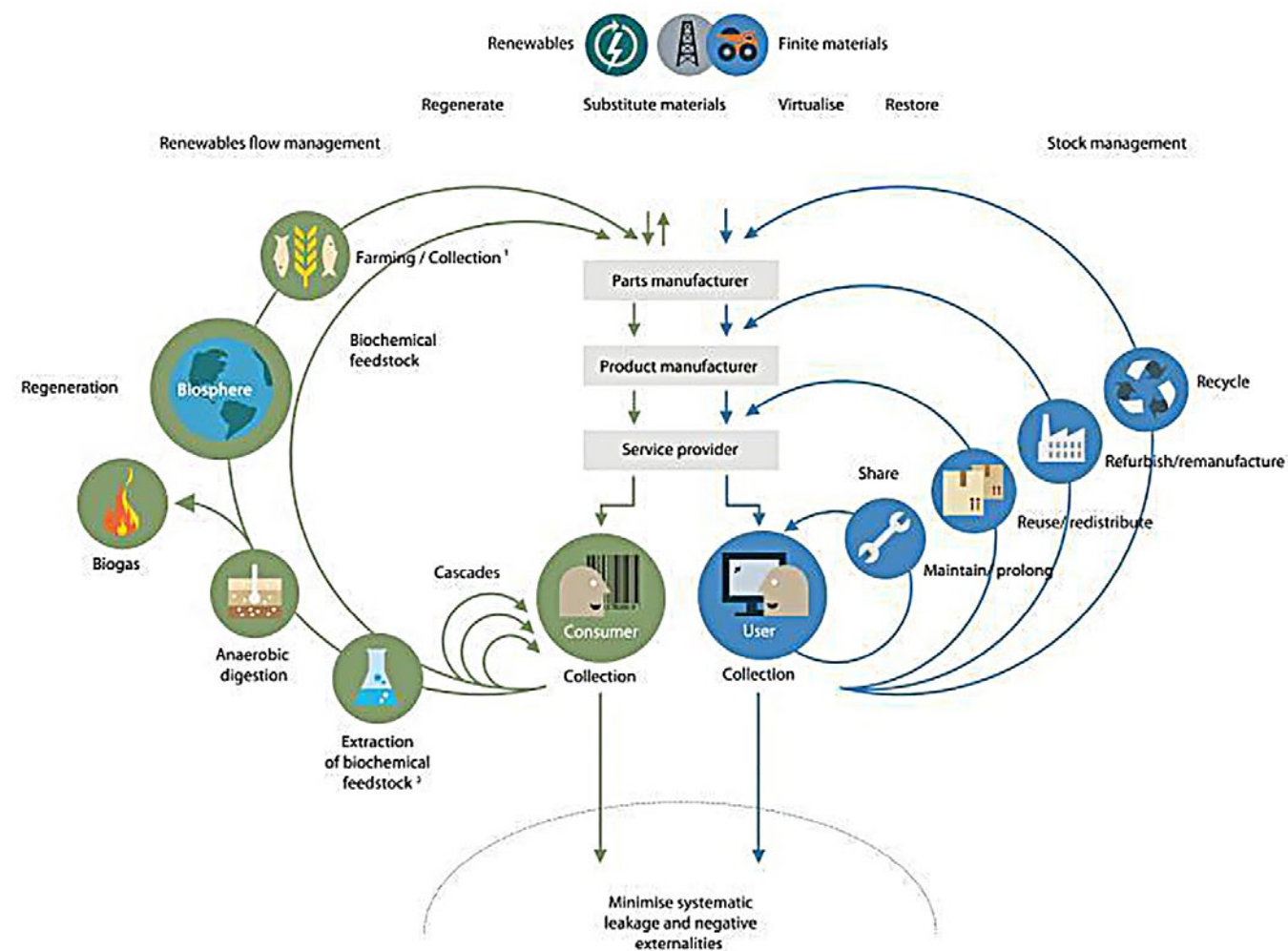


**In 2021 Promateris continued to grow its bio-based & compostable bioplastics production, providing packaging that is home compostable, in compliance with the Energy Transition for Green Growth Act.**

# CIRCULAR ECONOMY SYSTEMS

They are at the basis of our activity

CIRCULAR ECONOMY SYSTEM DIAGRAM



1. Hunting and fishing  
2. Can take both post-harvest and post-consumer waste as an input

SOURCE: Ellen MacArthur Foundation, SUN, and McKinsey Center for Business and Environment;  
Drawing from Braungart & McDonough, Cradle to Cradle (C2C).



# OUR PRODUCT ECO-DESIGN

## USE LESS:

Reduced resources to create the product

## COMMUNICATE:

Awareness towards consumer on the importance of closing the loop

## INTEGRATED VALUE CHAIN:

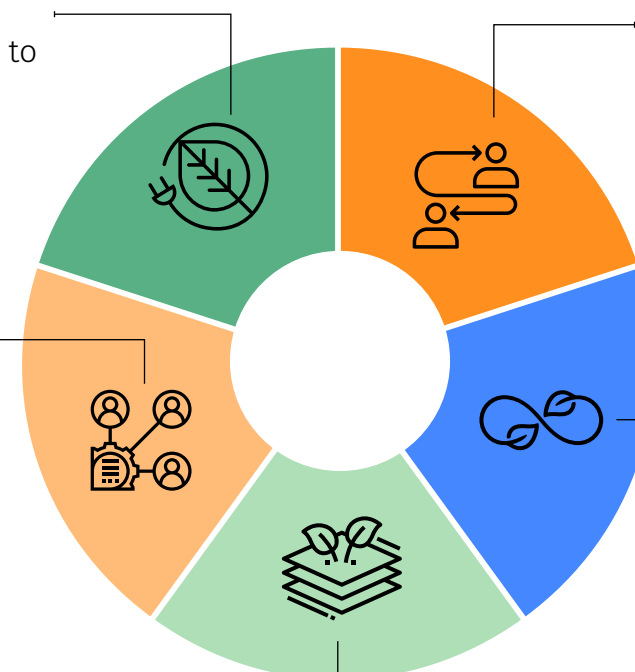
Key stakeholders collaborate together in developing innovative products

## MATERIALS:

Use low impact raw materials

## EXTEND THE LIFE CYCLE:

Increase products' shelf life



Considering the fast pace growth of the world's population, it's important to re-think the way we use precious finite resources. Changing the approach to production, consumption, processing, storage, recycling and treatment of biological resources is essential in order to avoid the rapid depletion of resources and climate change problems

**Eco-design is at the center of our preoccupation, in order to offer products with a closed loop life cycle, respecting the principles of circular economy.**





## Certification process as part of the sustainability strategy

Promateris is actively preoccupied to systematically reduce the impact our activities have on the environment. Thus, we consider two directions regarding this aspect:

**THE COMPANY APPROACH** — conducting our activity based on best industry practices:

- Food Safety System Certification 22000
- ISO 9001 - Quality Management Systems
- ISO 14001 - Environmental Management Systems
- ISO 45001 - Occupational Health & Safety

**THE PRODUCT APPROACH** — through our R&D laboratory we constantly develop formulations that enable us to include innovative environmental improvements to our products. Our aim is to reduce the negative impact our products have on the environment.

- EN 13432 - certified by TUV Austria

## INTERNAL WASTE MANAGEMENT

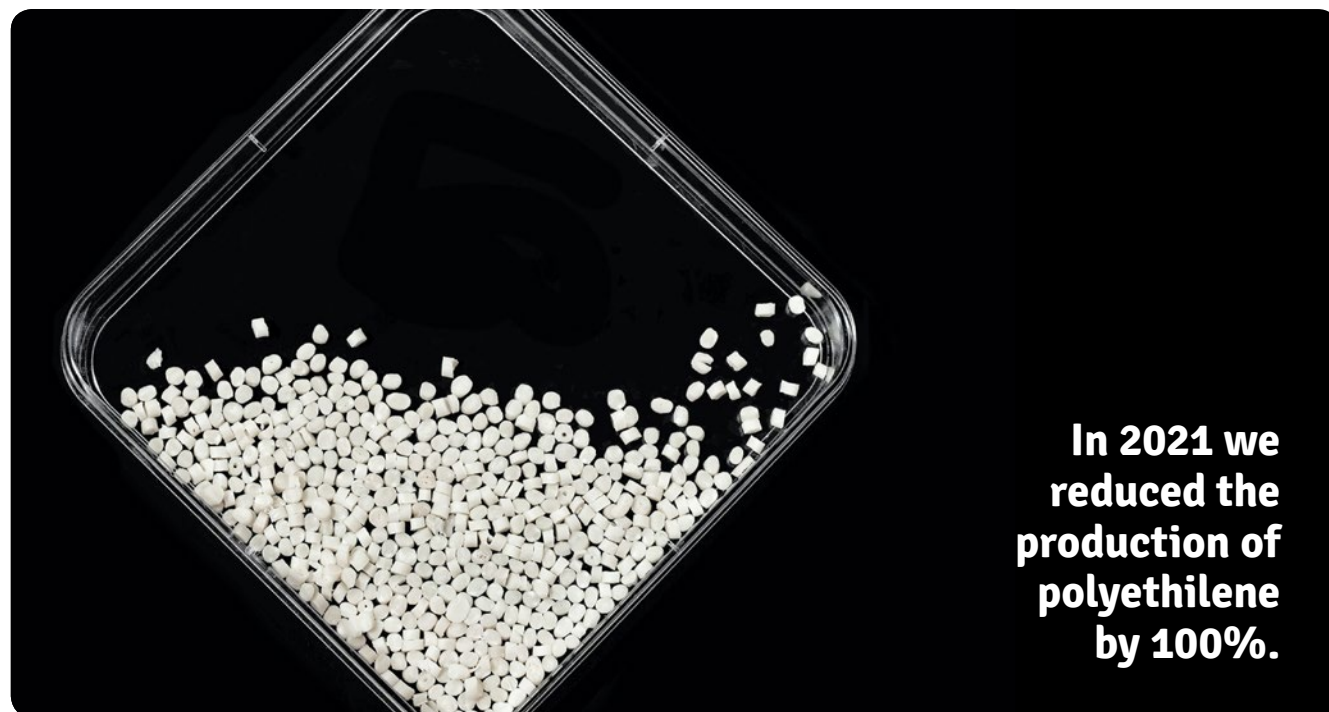


**In 2021 Promateris recycled 1.707 tons of bio-based industrial waste and re-introduced in production, in the same year, 1.516 tons.**

- Promateris installed in 2020 a highly automated bioplastic recycling line. The bio-based compostable solutions are designed in order to enable circular supply chains rather than linear ones. We apply the same principle for our production process, and we are proud to say that we have a 100% recycling and re-use rate of our technological waste.
- Residual bio-based and compostable waste from the manufacturing process is a high quality and valuable material. Our equipment is helping us re-granulate the bio-compounds in order to be fed back into production. This helps us achieve both our environmental and economical objectives.
- No other technological waste is produced in the manufacturing process.



# RAW MATERIAL CONSUMPTION



● In 2021 around 60% of our production is now represented by bio-based packaging, while the remaining 40% is represented by technical compounds.

● From a life cycle analysis standpoint, the raw material has the highest impact on the environment (approx. 70-80%). This is why our main focus was the transition to bio-based raw materials. We are committed in reducing further the usage of raw materials with an increased environmental impact. Instead, we will focus on using either plant based raw materials, either recycled materials.

● We continuously develop formulations that enable us to reduce the use of raw materials while preserving functional characteristics.

● We source more than 90% of our bio-based raw materials from suppliers that have the following certifications: TUV Austria Home & Industrial Compost & SOIL OK-Biodegradable, BPI Compostable in Industrial Facilities, DinCertco Compostable, eLabel certification, Environmental Technology Verification (ETV).

# ENERGY CONSUMPTION



● In 2021 Promateris was awarded the Electric Up grant in order to install a photovoltaic system generating 100kwp. This is the first step in Promateris' transition to the switch to using **renewable energy** in the production process. The project will be deployed by the end of 2022. We are committed to increasing our energy usage coming from renewable resources by at least 100kWp yearly.

● Our factory is equipped with **latest generation machinery**, highly performant from an energy consumption standpoint. All our procurement procedures include this requirement in order to proceed with the acquisition.

● Our ambition is to develop projects that will enable us to **reduce our carbon footprint, both at company and product level**. Thus, using green energy in the production process allows us to further reduce our products' carbon footprint. Therefore, we have set ambitious targets and we are working on several projects for the development of photovoltaic installations. In addition to the undeniable environmental benefits and contribution to the **decarbonization of the Romanian industrial sector**, these projects allow us to continue the company's development and generate a positive impact on the local economy.

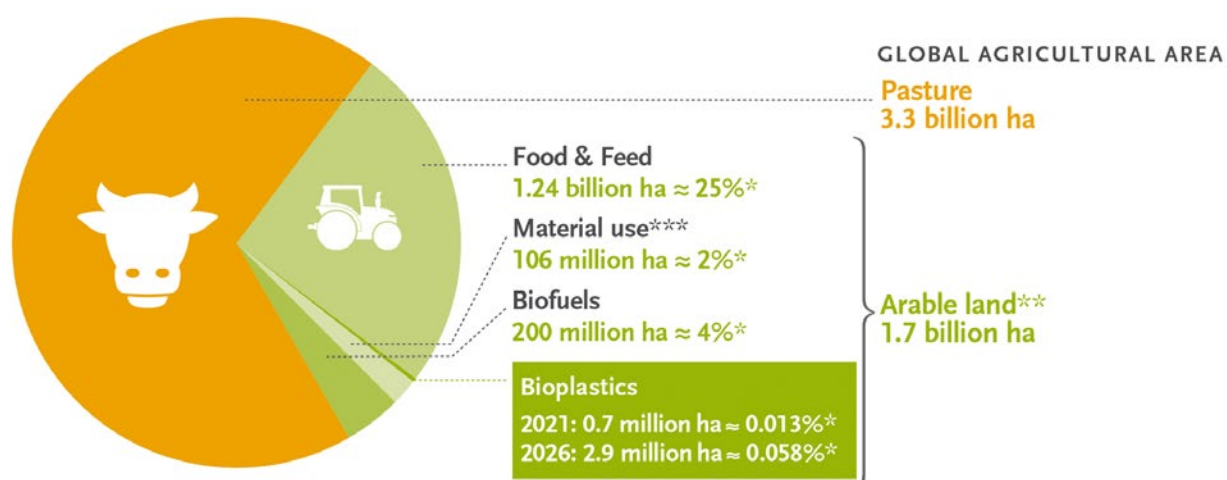


# LAND USAGE

The land used for the production of bioplastics was 0.016% in 2017 and is estimated to reach 0.021% in 2022. Promateris is watchful regarding the agricultural practices and the proper and sustainable use of resources.

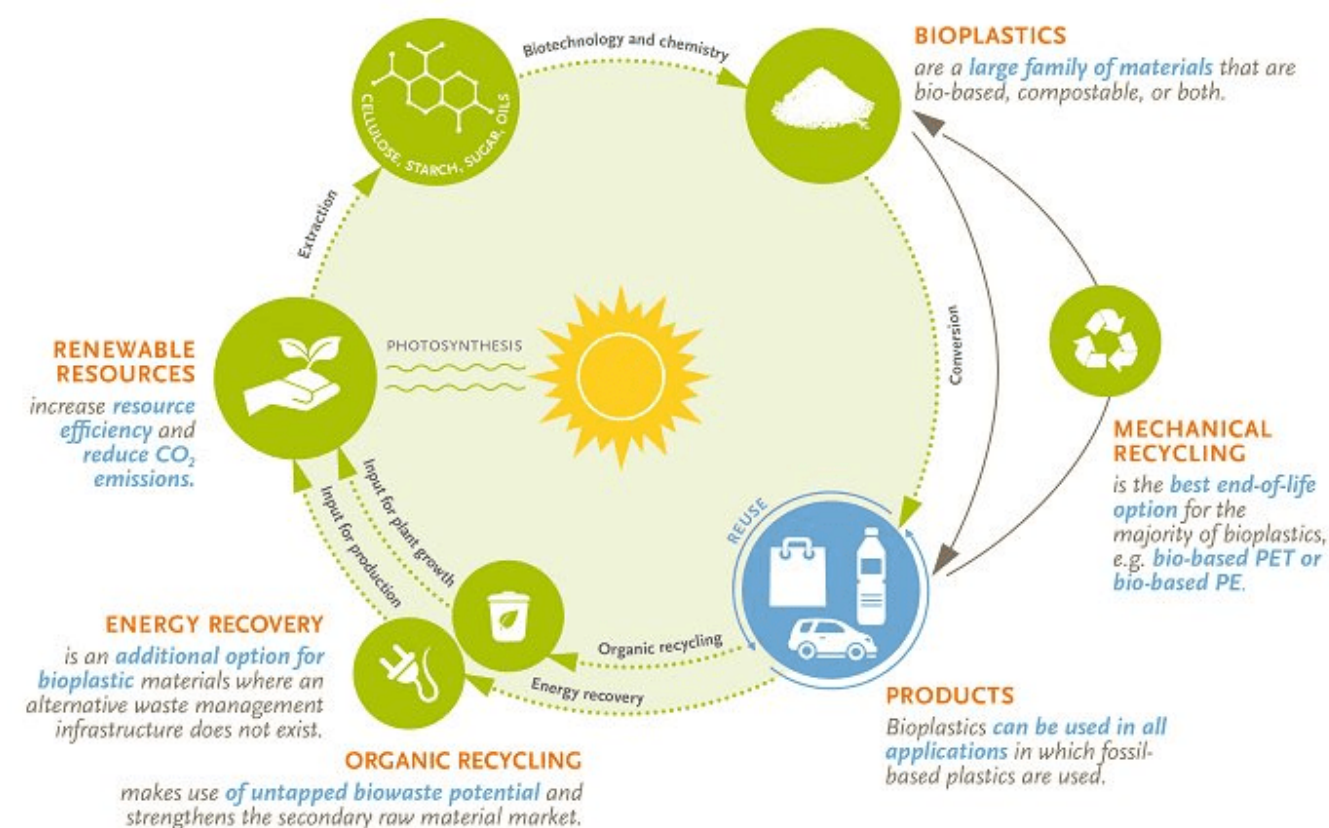
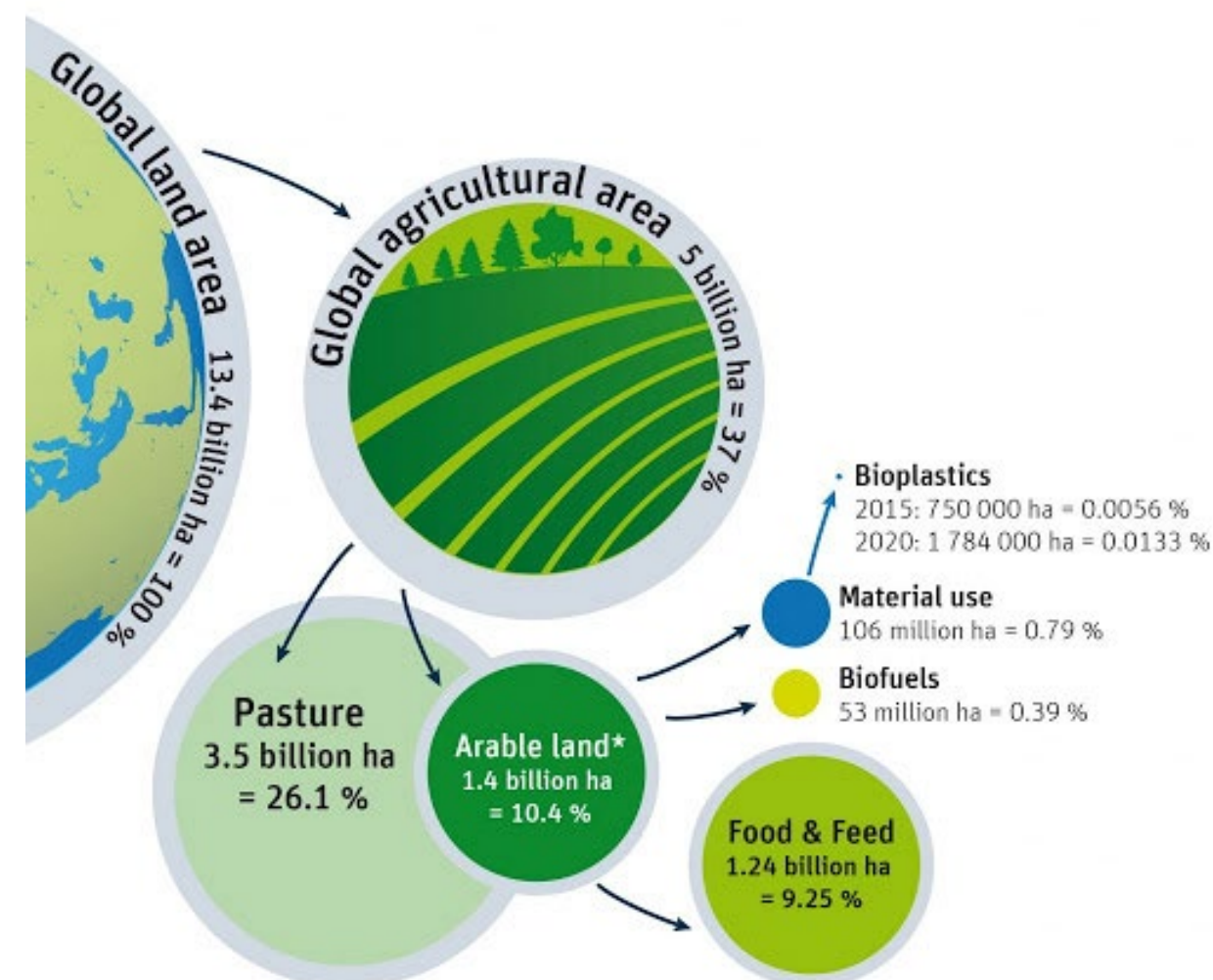
Along the estimated significant growth of global bioplastics production in the next five years, the land use share for bioplastics will increase to still below 0.06 percent. This clearly shows that there is no competition between the renewable feedstock for food, feed, and the production of bioplastics.

Land use estimation for bioplastics 2021 and 2026



Source: Source: European Bioplastics (2021), FAO Stats (2020), nova-Institute (2021), and Institute for Bioplastics and Biocomposites (2019), University of Virginia (2016). Info: [www.european-bioplastics.org](http://www.european-bioplastics.org)

The supplier from which we procure more than 90% of our bioplastics raw materials are **B Corp Certified**, attesting to the fact that their activity and business model goes beyond profit generation and is aiming to innovate and to increase the positive impact it has on society, environment and all the stakeholders.



# CORPORATE GOVERNANCE AND ETHICS

## Our approach to corporate governance includes:

- Effective Board and management oversight of strategy, risks, and opportunities
- Developing a talented and diverse pipeline of leaders
- Designing compensation programs to support our enterprise strategy and to ensure company reaches its growth strategy
- Engaging regularly with and receiving feedback from a wide variety of stakeholders, including shareholders, customers, associates, and suppliers

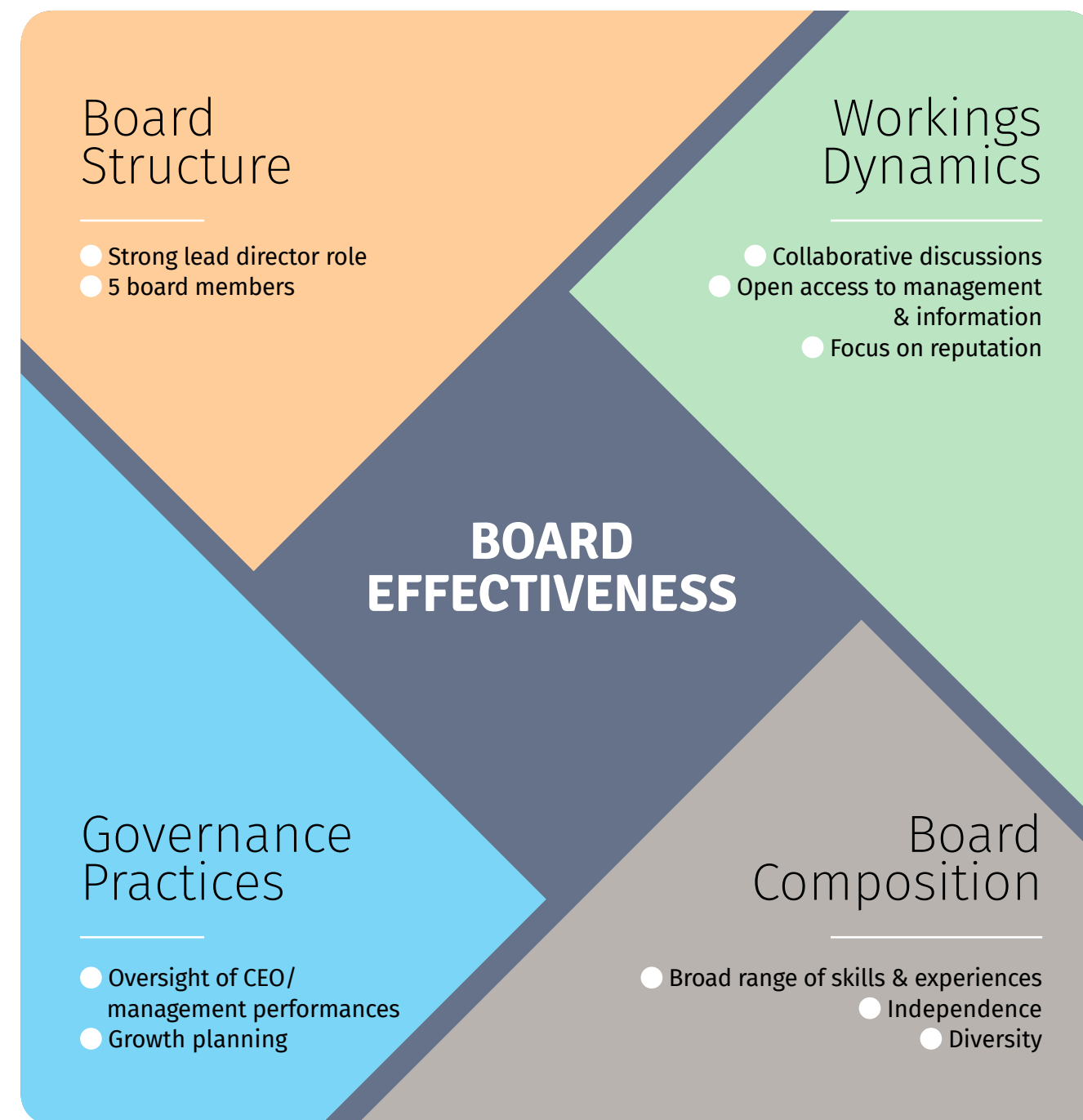
## BOARD OF DIRECTORS

Our Board is committed to effective and transparent corporate governance practices and overseeing the company's measures to set and reinforce our corporate culture. We are committed that our board of directors, our management team and all our employees share the same understanding and expectations in terms of responsibility, accountability, integrity.

In 2021 our Board of Directors focused on company growth and expansion, effective overseeing of the business, implementation and compliance of good governance practices. Over the last few years, the Board has

undergone significant changes in order to enhance the regulatory, financial reporting, business operations, corporate governance skills, retail collaboration experience, represented by the board.

Strong corporate governance begins with setting the structures and incentives to enable the company achieve its long term growth plan. Our approach to corporate governance includes maintaining a Board with diverse and complementary backgrounds and relevant experiences and skills in order to develop a skillful pipeline of leaders. We design our compensation programs to support our strategy and to align our leadership team with our culture, strategy and organizational structure. Our executive compensation programs are intended to motivate and retain key leaders, with the goal of generating strong operating results and creating alignment with our growth vision.



Our Board of Directors implemented **good governance practices** that allows them to fulfill their responsibilities in overseeing the company's activity and growth. The Board has a **balanced set of skills, knowledge and experience**, all relevant aspects for our business and in accordance to our strategy.



# STANDING COMMITTEES

**The Board has created a standing committee to enhance the effectiveness of the Board's oversight function and ensure appropriate focus on matters of strategic and governance importance.**

## INVESTMENTS COMMITTEE

The Board has appointed one standing committee for investments. Throughout the year, the Board and the committee oversee and guide management with respect to a variety of strategic matters such as investments, in order to enable further accelerated growth.

## OCCUPATIONAL HEALTH & SAFETY COMMITTEE

This committee was founded in 2021 with the aim of proposing procedures and policies that would improve the health and safety of our employees. This committee is also responsible for monitoring the correct implementation of these policies.



# TAX COMPLIANCE

Promateris is established in Romania and conducts operations across Europe.

We're a current income tax payer, in Romania, bringing value to the country in which we operate. We emphasize internal controls and transparency with global tax authorities, and we share information relevant to our business operations and tax profile. We emphasize transparency through reporting, and we are audited each year by an independent auditor, selected from the Big 4 companies. The independent audit process was conducted in 2020 by Deloitte.

**We've implemented systems and processes to assist us with our compliance with applicable income tax laws, supported by our internal accounting and financial teams. Promateris is listed on Bucharest Stock Exchange and complies with all the national and EU regulations. Our financial statements are publicly disclosed each year.**



# ANTI-CORRUPTION & ANTI-FRAUD POLICY

## GOVERNANCE



**In 2021 Promateris updated its Anti-corruption & Anti-fraud Policy, aiming to raise awareness of corruption and fraud risks, setting out the company's position and the standards expected from all the employees.**

Promateris is committed to conducting business with integrity and acting ethically in accordance with all applicable laws and regulations. We select our suppliers, business partners and collaborators, in accordance with these principles. We also expect all of our employees, consultants or individuals acting on our behalf to act in accordance with the same principles. Promateris operates according to a set of anti-corruption principles that have been developed in conjunction with existing legislation, in order to prevent corruption and to increase

the effectiveness of internal controls and anti-corruption programs. Last but not least, corruption affect the reputation of a company and its' stakeholders, which leads to a reputational risk with repercussions on the company's activities and development. Our anti-corruption code applies to all companies in the Promateris group, directly or indirectly controlled by Promateris SA, in all territories where the company operates. The anti-corruption code aims to prohibit, in any form, corrupt behaviors and is an integral part of the company's policies and procedures.

## Code of ethics

Promateris' Code of Ethics is an internal policy and external statement of our values, principles and expected behaviors. This code applies to all our employees and to all the companies in the Promateris group, directly or indirectly controlled by Promateris SA, in all territories where the company operates. Our code of ethics is a guiding policy in order to ensure that our employees act with honesty and integrity in all facets of our day-to-day operations.

## Human rights

We respect human rights in all our activities and seek to use our capabilities in order to improve our employees and our clients' lives.

SALIENT HUMAN RIGHTS ISSUES	KEY ASPECTS
Treating employees with respect	<ul style="list-style-type: none"> <li>• Payment for work</li> <li>• Freedom of association and collective bargaining</li> <li>• Growth opportunities for employees</li> </ul>
Promoting a safe and healthy work environment	<ul style="list-style-type: none"> <li>• Physical safety and security</li> <li>• Emotional safety</li> </ul>
Providing an inclusive and just work environment	<ul style="list-style-type: none"> <li>• Equity (gender, racial, etc)</li> <li>• Equal opportunity</li> <li>• Anti-discrimination &amp; harassment</li> <li>• Inclusion</li> </ul>
Zero tolerance for forced and underaged labor	<ul style="list-style-type: none"> <li>• Forced labor</li> <li>• Underage labor</li> <li>• Human trafficking</li> <li>• Vulnerability of certain employees</li> </ul>



# DELIVERING VALUE TO OUR CUSTOMERS

We aim to exceed customer expectations and provide value to individual customers, investors, and small businesses within the communities we conduct our activity. Customer centricity is at the heart of our proposal and are not just empty words.

We want to spread and enrich the vision, knowledge, and good practices of sustainability and deliver our contribution to progress. And there is no way to make performance in this field without a deep respect for professional business practices and moral social conduct: a deep respect for the word given, for the statements of promise towards stakeholders. Responsibility imbues the entire value chain: it flows towards employees who need both professional and personal growth, towards partners and clients, towards other institutions that play a role in the circular economy. The responsibility for our tiniest deeds and decisions ultimately becomes a responsibility for our own reputation.

We are working hard on constantly improving our customer experience through innovative products, high level of customer service, competitive pricing and anticipation of our clients' needs. In all our activities we want to deliver frictionless experiences in order to create a network of loyal and satisfied partners.



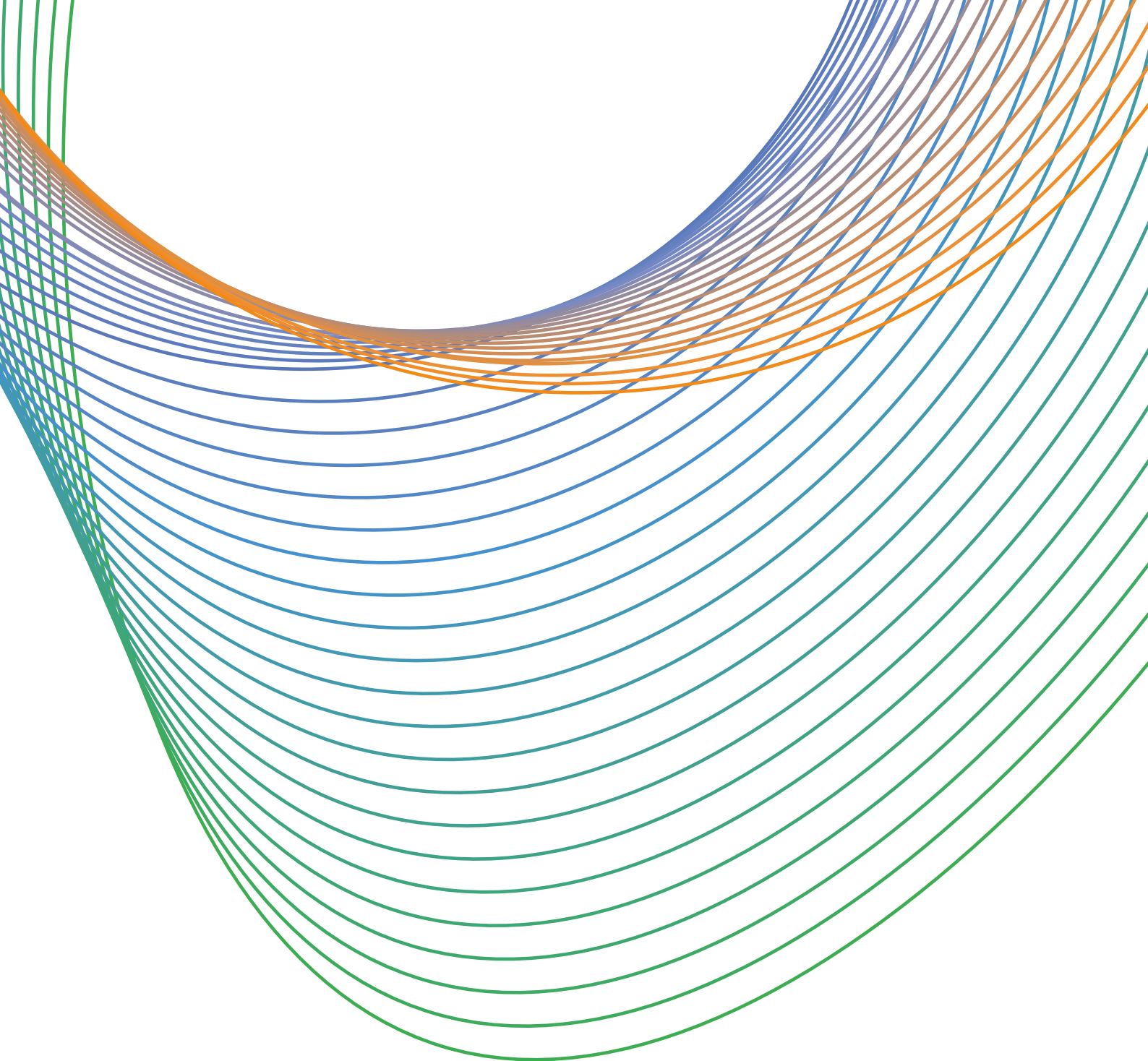
**GROWTH  
PARTNERSHIP  
VALUE  
RESPONSIVENESS  
TRUST**



# GRI STANDARDS

GRI standard	Indicator	Indicator name	Page
<b>GENERAL STANDARD DISCLOSURES</b>			
<b>GRI 102: General Standard Disclosures 2016</b>	GRI 102-1	Name of the organization	17
	GRI 102-2	Primary brands, products, and services	14-15, 19, 22, 26
	GRI 102-3	Location of headquarters	57
	GRI 102-4	Number of countries where the organization operates and the names of these countries	20-21
	GRI 102-5	Ownership and legal form	17
	GRI 102-6	Markets served	21
	GRI 102-7	Scale of the organization	28
	GRI 102-8	Information on employees and other workers	28-29
	GRI 102-9	Value chain	36-37
	GRI 102-10	Significant changes to the organization and its supply chain	36-37
	GRI 102-12	External initiatives adopted by the organization	27, 40-43
	GRI 102-13	Membership of associations	27
	GRI 102-14	Statement from senior decision-makers	2
	GRI 102-16	Values, principles, standards, and norms of behavior	10-11
	GRI 102-18	Governance structure	48-50
	GRI 102-40	List of stakeholder groups	48
	GRI 102-43	Approach to stakeholder engagement	18
	GRI 102-45	Entities included in the consolidated financial statements	17
	GRI 102-50	Reporting period	6
	GRI 102-52	Reporting cycle	6
	GRI 102-55	GRI content Index	56
<b>DETAILED DISCLOSURES ON MATERIAL TOPICS</b>			
<b>GRI 205 Anti-corruption 2016</b>	GRI 103-1	Explanation of the material topic and its boundary	52-53
	GRI 103-2	The management approach and its components	52-53
	GRI 103-3	Evaluation of the management approach	52-53
	GRI 205-2	Percentage of employees that have received training on anti-corruption policies and procedures	31
<b>GRI 306 Waste 2020</b>	GRI 103-1	Explanation of the material topic and its boundary	38-39
	GRI 103-2	The management approach and its components	38-39
	GRI 103-3	Evaluation of the management approach	38-39
	GRI 306-1	Waste generation and significant waste-related impacts	43
	GRI 306-2	Management of significant waste related impacts	43
<b>GRI 401 Employment 2016</b>	GRI 103-1	Explanation of the material topic and its boundary	32-33
	GRI 103-2	The management approach and its components	32-33
	GRI 103-3	Evaluation of the management approach	32-33
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	30-31
<b>GRI 403 Occupational Health and Safety 2018</b>	GRI 103-1	Explanation of the material topic and its boundary	34-35
	GRI 103-2	The management approach and its components	34-35
	GRI 103-3	Evaluation of the management approach	34-35
<b>GRI 405 Diversity and Equal Opportunity</b>	GRI 403-5	Worker training on occupational health and safety	34-35
	GRI 103-1	Explanation of the material topic and its boundary	28-29
	GRI 103-2	The management approach and its components	28-29
	GRI 103-3	Evaluation of the management approach	28-29
	GRI 405-1	Diversity of governance bodies and employees	28-29





1 Soseaua Bucuresti-Targoviste, Buftea, Ilfov, Romania  
**PROMATERIS.COM**