

SUSTAINABILITY REPORT

2023

The report is based on the current GRI Standard in force („GRI Standards 2021”) and prepared in accordance with it.



BorsodChem
Chemistry for generations

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ABOUT OUR REPORT

GRI 2-1, 2-2, 2-3, 2-4, 2-5, 2-14

Our main objective in publishing our Sustainability Report is to provide all stakeholders and interested parties with clear and transparent information about our sustainability efforts, our achievements so far and the impacts of our activities on the environment, society, economy and human rights in **English** and **Hungarian**.¹³

Scope of our Report:

Our Report presents the activities of BorsodChem Zrt., a 100% owned subsidiary of Wanhua Chemical Group Co. Ltd., in Hungary. The information and data published relate solely to the impacts of the activities of BorsodChem Zrt. (full name: BorsodChem Zártkörűen Működő Részvénytársaság, registered office: 3700 Kazincbarcika, Bolyai tér 1., Hungary), our site in Kazincbarcika, our development centre in Gödöllő and our commercial office in Budapest, and do not cover the activities of our subsidiaries. The headquarters of BorsodChem Zrt. and the centre of its production activities in Hungary can be found in Kazincbarcika, our site is located in the administrative area of the settlements of Kazincbarcika, Berente and to a lesser extent Múcsony. A different scope is applied for our [GHG emissions](#) and [Energy consumption](#), which will be indicated and detailed separately in the relevant chapter.

Reporting period:

The reporting period covers the period from 1 January 2023 to 31 December 2023, corresponding the financial year 2023.¹⁴

Reporting frequency:

Our Sustainability Report will be published annually from FY 2023 onwards, as decided by the Board of Directors in preparation for compliance with the regulatory environment, for both the CSRD¹⁵ directive and the Hungarian ESG Act.

Place and means of publication:

This Report and our previous reports are publicly available on our website <https://borsodchem.com>, and are published in **electronic format only**, taking into account sustainability considerations.

The date of publication of the Report:

February 2025

Standard:

BorsodChem Zrt. has prepared its Sustainability Report for the reporting period from 1 January 2023 to 31 December 2023 by taking into account and pursuant to the “in accordance with” requirements of the Global Reporting Initiative (GRI) standard, “GRI Standards 2021”¹⁶, which came into force on 1 January 2023.

At the time of our reporting, no industry-specific standards linked to the GRI Standards were available, thus we were not able to take any such standards into account.

It is also important to note that there are no applicable GRI standards in place for three material topics (product quality, innovation and adaptation to climate change).

¹³ There is no difference in content between the Hungarian and English publications.

¹⁴ The figures in the tables refer to 31 December 2023. Data that differ from this will be clearly indicated in the Report.

¹⁵ CSRD (Corporate Sustainability and Responsibility Directive)

¹⁶ GRI (Global Reporting Initiative) <https://www.globalreporting.org/standards>

Restatements of information:

Restatements of information from previous reporting periods can be found at GRI 2-4 in the GRI Index.

External assurance:

The Report [has been assured](#) by external, independent Third party.

Data sources:

The data published in the Report were provided by the BorsodChem Zrt.'s organizations, which were used after systematization and peer review.

Management approval:

Our company's Sustainability report and our list of material topics are published with the approval of the President of BorsodChem Zrt. and the Chief Operation Officer responsible for sustainable development and the Director General Office responsible for communication.

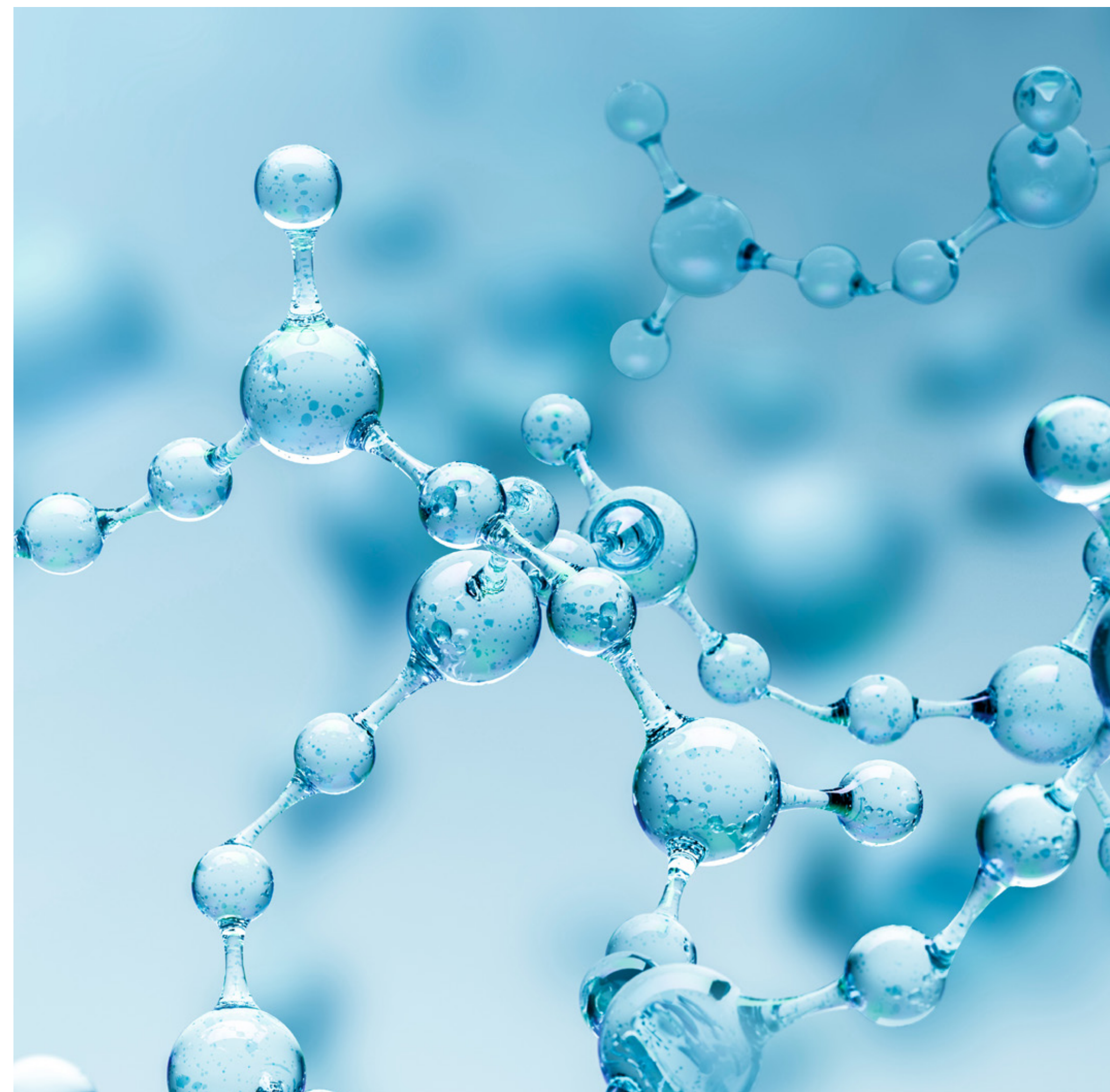
Mandatory part of the publication is the [GRI index](#) and the [Glossary](#).

Additional information:

The views of our stakeholders are important for us and we take them into account when preparing our reports. If you have any questions or suggestions, please let us know using the contact details below.

Dr. Zoltán Fejes, Officer Sustainability Group

E-mail: sustainability@borsodchem.eu



PRESIDENT GREETINGS

GRI 2-22

**Dear Reader,
Dear Partners, Dear Colleagues, Dear Interested Parties,**

Our Company, BorsodChem, has reached a notable milestone in its history, as we are celebrating the 75th anniversary of the establishment of our legal predecessor. Over the past three quarters of a century, our Company has become a major player in the European chemical industry in manufacturing plastic raw materials and inorganic chemicals. As one of the largest companies in the region and a responsible employer, we provide a secure livelihood for more than 3,200 employees. Our growth, however, also imposes a great responsibility on us as our operation makes a significant impact on our environment and local communities.

One of the main aims of our Sustainability Report is to provide You with detailed and transparent information on our progress in this field over the last year. Thanks to our commitment to sustainability, the goals set in our Sustainability Strategy have been successfully integrated into our daily operations, and thus all of our employees work together to make them a success. To achieve our objectives, we continued to implement a number of improvements also in 2023 that demonstrate our progress in sustainability.

As one of the largest energy consumer in Hungary, our long-term sustainability goals clearly include optimising our energy management, increasing the rate of renewable energy in our consumption and reducing our greenhouse gas emissions. As a result of our investments in recent years, we have installed solar panels on the roofs of several of our buildings, launched our



new Aniline plant and our second natural gas-fired “BC Power II” power plant with outstanding efficiency, all of which successfully contribute to increasing our energy efficiency and reducing our corporate emissions.

In addition to energy management, we also pay particular attention to reducing the impacts of climate change and protecting against its negative effects. As part of our LIFE Climate Adaptation project launched in 2020, in the spirit of biodiversity, we have transformed our former saltwater reservoirs and in close cooperation with the Aggtelek National Park, created a wetland/water

habitat for protected birds and plants, which serves as a good example of how to reconcile economic development with nature conservation while taking sustainability considerations into account. To make the area accessible to the general public, we have established a bird observation tower and even an educational trail to present the bird life of the water habitats.

We also seek to keep the fundamental sustainability values in mind in our developments, giving priority to the release and use of brownfield sites for new investment. In this spirit, we have also demolished our last, long-vacant mercury technology building and properly reclaimed the site, thus successfully opening a new, more environmentally conscious era in the life of our Company. In recognition of our responsibility to our employees, we won the “Lovable Workplace” title again in 2023 at the DreamJo.bs competition and “The Most Innovative Company” special award for our initiatives and retention elements that support the attractiveness of our Company. In the beneFit Prize competition, we were awarded a special professional prize in the Generation Z category for providing young people with ongoing trainings, predictable career paths and benefits that strengthen their retention and commitment. These awards confirm that we are on the right way in developing our workplace culture.

In addition to training our own employees, we are also committed to shaping the social attitudes. On the occasion of the World Water Day, we made a number of interesting presentations to raise awareness of the importance of protecting our waters, and together with the Municipality of Kazincbarcika and the local people, we started to prepare for the negative effects of climate change in the framework of the LIFE project.

A good example of our customer-oriented approach is the fact that, in order to adapt to the ever-changing market needs, we have successfully obtained ISCC Plus certification, with which we took



a major step towards developing sustainable and responsible procurement. In order to prepare for the expected changes in the future as well as to comply with EU CSRD guidelines and Hungarian ESG and accounting laws, we will prepare and publish our Sustainability Report annually from 2024 onwards.

In recognition of our sustainability efforts, in 2023 we were awarded the Platinum Medal by EcoVadis, an independent international rating organisation, for the third time, placing us in the top 1% of the actors of the chemical industry assessed by them worldwide.

I would like to say thanks all those who have contributed to our success so far.

I believe that through our joint efforts we can successfully meet the sustainability challenges of the future.

Sincerely,

László Kruppa

President

BorsodChem Zrt.

INTRODUCTION



INTRODUCTION

Briefly about BorsodChem

Our company headquarters: Kazincbarcika, Bolyai tér 1.

Other locations: Budapest, Szabadság tér 7., Gödöllő, Pattantyús Ábrahám körút 12.



75+
years of industry experience



3 200+
employees



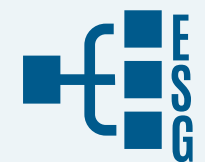
100%
owned by
Wanhua
Chemical Group
Co. Ltd.⁶



12
Sustainability
Goals



140
Programs in the
Sustainability
Action Plan



5
sustainability
reports



3
EcoVadis
Platinum Medals

⁶ since 31 January 2019

BRANCH OFFICES

ISTANBUL, SARIYER, BEYBI GIZ PLAZA A BLOCK NO. 1, MASLAK MAH.MEYDAN SK., TURKEY;
ZAGREB, BRESCENSKOG 4, CROATIA

TO SUPPORT OUR SALES ACTIVITIES, WE HAVE ESTABLISHED SALES OFFICES IN SEVERAL COUNTRIES, WHICH ENABLE US TO HAVE A DIRECT PRESENCE IN THE REGIONS CONCERNED, SO WITH OUR MORE IN-DEPTH MARKET KNOWLEDGE WE CAN MAINTAIN CLOSER RELATIONSHIP WITH OUR CUSTOMERS AND RESPOND MORE EFFECTIVELY TO MARKET CHANGES AND NEW CHALLENGES.

WE HAVE SALES OFFICES IN ISTANBUL AND ZAGREB, AS WELL AS SALES SUBSIDIARIES IN ITALY, BRAZIL, RUSSIA AND SPAIN.



SUBSIDIARIES AND PROPORTIONS OF OWNERSHIP⁷

BC-KC FORMALIN KFT. (3702 KAZINCBARCIKA, BOLYAI TÉR 1.)	69.6%
BC-ENERGIAKERESKEDŐ KFT. (3702 KAZINCBARCIKA, BOLYAI TÉR 1.)	100.0%
BC-MCHZ S.R.O. (70903 OSTRAVA MARIANSKÉ HORY CHEMICKA UL. 1., CZECH REPUBLIC)	100.0%
WANHUA BORSODCHEM ITALIA S.R.L. (VIA LARGA N 6. 20122 MILAN, ITALY)	100.0%
WANHUA BORSODCHEM LATIN-AMERICA COMÉRCIO DE PRODUTOS QUÍMICOS LTDA. (ALAMEDA RIO NEGRO 503, OFFICES 701 AND 704 CEP: 06454-000, ALPHAVILLE, BARUERI (SÃO PAULO STATE)	99.9%
BC POWER ENERGIATERMELŐ II. KFT. (3700 KAZINCBARCIKA, BOLYAI TÉR 1.)	100.0%
WANHUA BORSODCHEM RUS LLC (105064 MOSCOW, ZEMLYANOY VAL. 9. OFFICE 4060, RUSSIA)	99.9%
POLIMER SZOLGÁLTATÓ KFT. (3702 KAZINCBARCIKA, SZENT FLÓRIÁN TÉR 2.)	100.0%
CHEMATUR TECHNOLOGIES A.B. (69146 KARLSKOGA, BAGGÄNGSVÄGEN 43., SWEDEN)	100.0%
WANHUA CHEMICAL EUROPE INNOVATION S.L. (08940 BARCELONA, CORNELLÁ DE LLOBREGAT CARRETERA DE HOSPITALET 147, SPAIN)	100.0%

⁷ Subsidiaries and proportions of ownership of BorsodChem Zrt. as at 31 December 2023.

OUR OPERATIONAL LOCATIONS IN HUNGARY

BUDAPEST BRANCH OFFICE

Szabadság tér 7. H-1054 Budapest, Hungary
Platinum Tower floor 7.

TDI products:

tdisales@borsodchem.eu

MDI products:

mdicomponentsales@borsodchem.eu

PVC products:

pvcsales@borsodchem.eu

Chlor-alkali products:

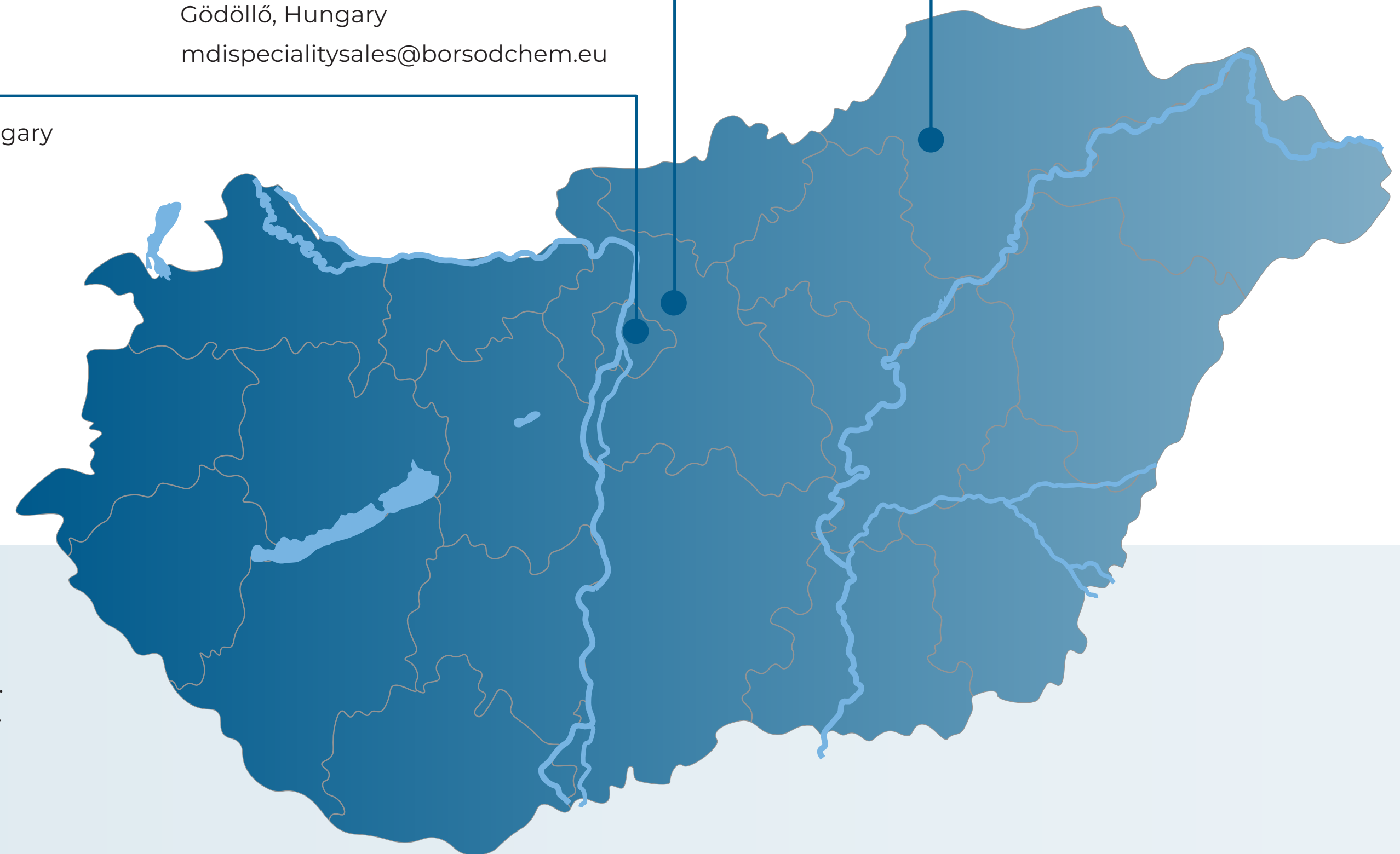
chloralkalisales@borsodchem.eu

GÖDÖLLŐ SITE

Industrial Park
Pattantyús Ábrahám krt. 12., H-2100
Gödöllő, Hungary
mdispecialitysales@borsodchem.eu

KAZINCBARCIKA SITE

Bolyai tér 1., H-3700 Kazincbarcika, Hungary.
+36 48 511 211
bc@borsodchem.eu

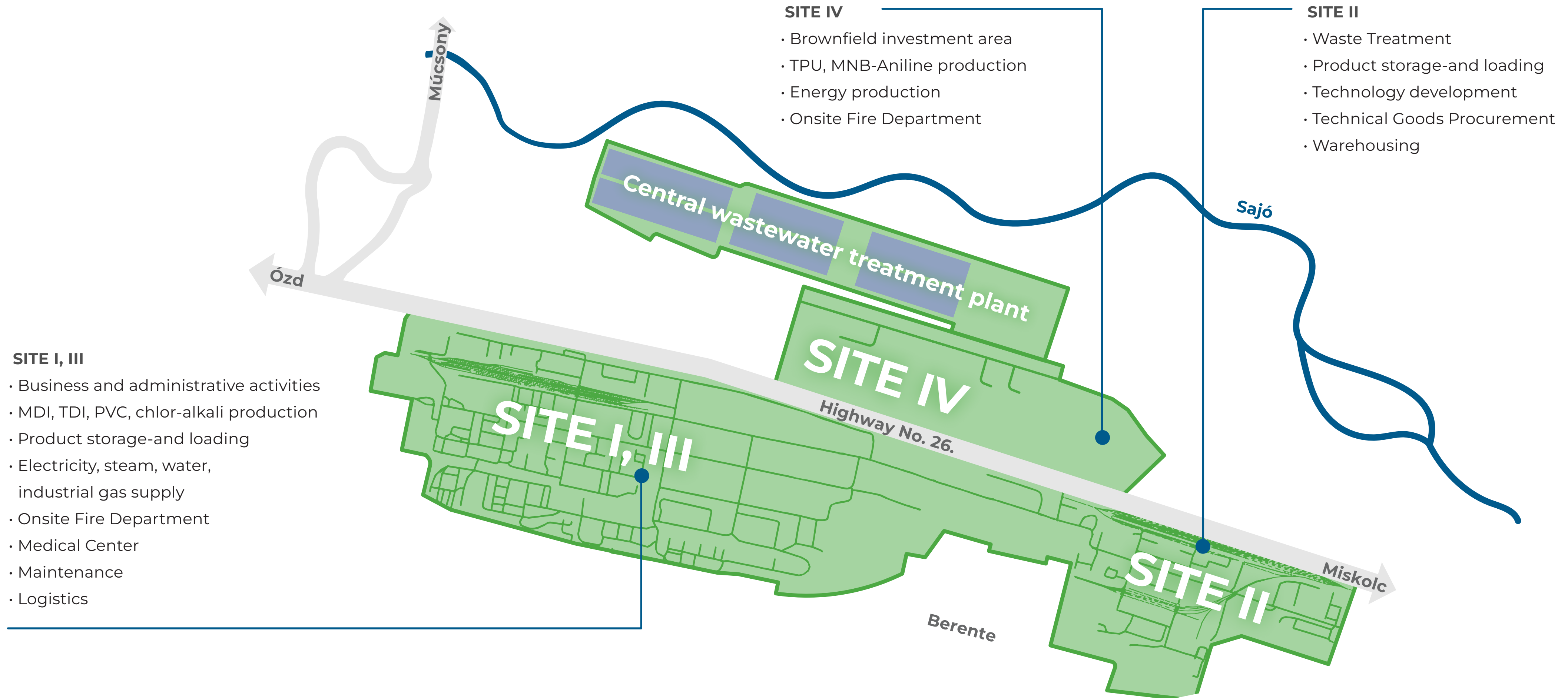


The Kazincbarcika site is the centre of our Company and our production activities in Hungary. Our site here is located on almost 450 hectares in the administrative area of the settlements Kazincbarcika, Berente and, to a lesser extent, Múcsony. We operate a research and development centre in Gödöllő, and we manage our commercial activities from our sales offices as well as our sales subsidiaries in Budapest and abroad.⁸

⁸ You can find contact details for our sites, offices and subsidiaries in the "Contact" section of our website. <https://borsodchem.com/contact>

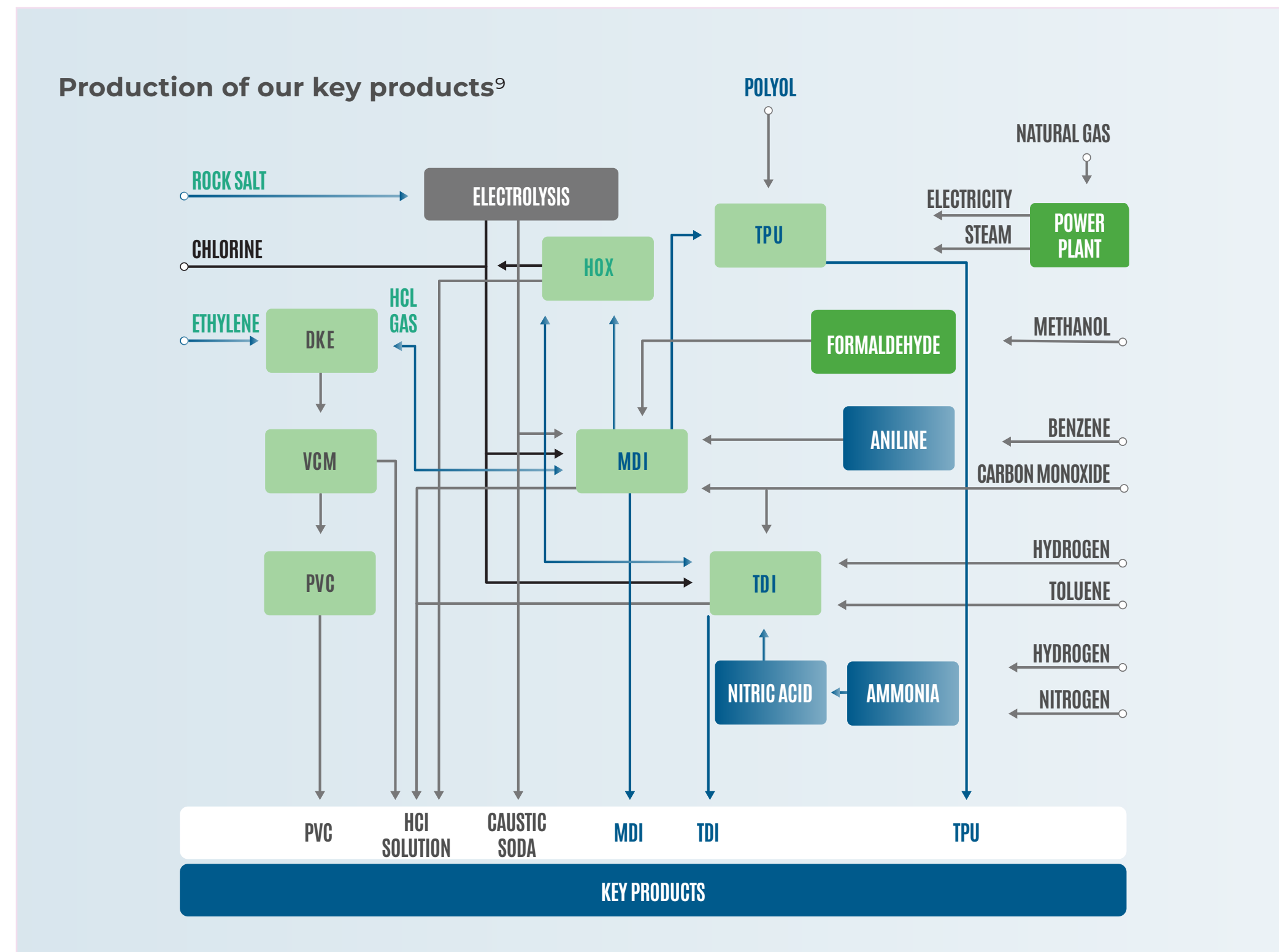


BORSODCHEM'S KAZINCBARCIKA SITE



Main focus of our activities

Main activities of our Company are the production of plastic raw materials as well as organic and inorganic chemical raw materials. We are one of Europe’s leading manufacturers of MDI (methylene diphenyl diisocyanate) and TDI (toluene diisocyanate) products, PVC (polyvinyl chloride) powders as well as specialty chemicals and raw materials. We provide chemical raw materials to a wide range of industries, including automotive, construction, footwear and clothing, furniture, pharmaceutical and rubber industry. Our isocyanate production has been further expanded and from 2020, thermoplastic polyurethanes (TPU) were also added to the Company’s product range.



The main raw materials for our MDI products are aniline and formalin, which have been sourced externally so far, but in 2023 we launched our own aniline plant to improve our continuous operation and reduce Scope 3 emissions arising from the transportation. The benzene, raw material for aniline production, as well as a part of the aniline required for MDI production, will continue to be sourced externally. The latter is imported from our subsidiary in the Czech Republic (BC-MCHZ s.r.o.). The aforementioned formalin is purchased from our subsidiary (BC-KC Formalin Kft.), which is located on our Kazincbarcika site.

The main raw materials for the production of our other isocyanate key product, TDI, are toluene and nitric acid. Nitric acid is produced in our own plant in Kazincbarcika, and toluene is sourced from several European suppliers.

Ethylene, the raw material for PVC production, and rock salt, the raw material for chlorine production, also come from European suppliers.

Our products in everyday life

WE DEVELOP AND MANUFACTURE WORLD-CLASS CHEMICAL RAW MATERIALS FOR OUR CUSTOMERS IN A SUSTAINABLE WAY, WHICH CAN BE USED TO CREATE VERSATILE, INNOVATIVE AND HIGH-QUALITY PRODUCTS FOR A WIDE RANGE OF INDUSTRIES, MEETING THE CONSTANTLY INCREASING AND DEMANDING REQUIREMENTS OF CONSUMERS.

⁹ Our integrated production activities have been presented in details in our [previous Sustainability Report](#) on pages 22-23.

Our main products

We supply our raw materials to more than 30 industries to make products that we use in our everyday lives. They provide comfort, safety and durability in our buildings, furniture, cars, clothing, homes and more, contributing to the increase in energy efficiency, environmental protection and sustainability in many different forms.

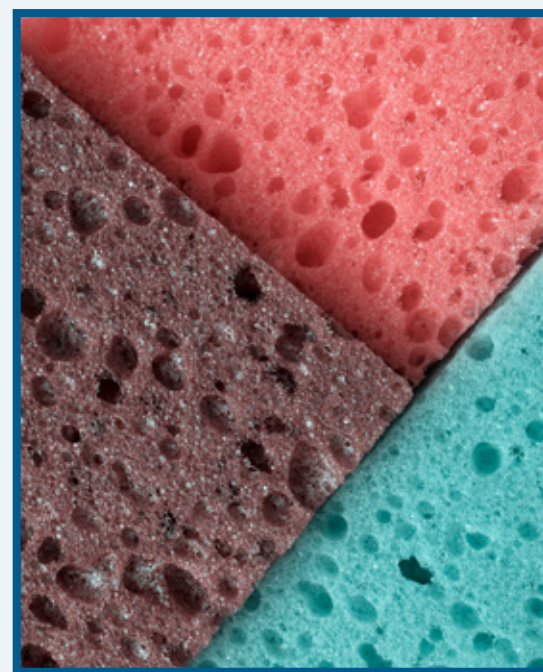
More information about our products is available on our website:

<https://borsodchem.com/en/our-products>

To find your way around our full range of products, you can search by application, product type and product name on our website's "**Product Finder**". <https://borsodchem.com/en/product-finder>

We sell the majority of our products in Europe, mainly in Central and Eastern Europe, but we are also present on the markets of North and South America, Africa, the Middle East and the Far East. In 2023, we exported our products to 67 countries, proving that we are a globally known supplier.

We also strive to involve and support local and EU-level companies in sourcing of raw materials, auxiliary and packaging materials, which means that 95% of our suppliers are partners from the European Union.



ISOCYANATES

Under the ONGRONAT® brand, we offer a wide range of isocyanate products for PU (polyurethane) applications



ONGROVIL® PVC RESIN




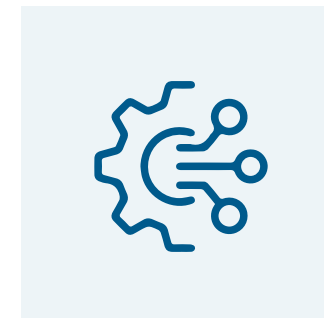



PVC has been a popular material in the construction industry, electrics and electronics for decades due to its unique physical and technical properties. Furthermore, PVC is one of the most versatile, safe, and cost-effective raw materials in the packaging industry.



CHLOR-ALKALI PRODUCTS

Our range of chlor-alkali products are essential components for many organic and inorganic chemical products, but also provide a wide range of solutions for the metal industry, water and wastewater treatment.

Our history in terms of sustainability

						
1949	1991	1994-1996	2003	2010-2016	2017	2018
<ul style="list-style-type: none"> Establishment and job creation 	<ul style="list-style-type: none"> A major transformation has taken place at BorsodChem: the company's predecessor, Borsodi Vegyi Kombinát, has been transformed into BorsodChem Részvénytársaság, a joint-stock company. As part of the transformation, BorsodChem has significantly changed its operations to adapt to the market economy environment, thereby enabling competitive operation both domestically and internationally. 	<ul style="list-style-type: none"> Certification of quality management and then environmental management systems (QMS, EMS) 	<ul style="list-style-type: none"> Integrating QMS-EMS into the Company's operations 	<ul style="list-style-type: none"> Introduction of Occupational Health and Safety Management System (OHSMS) according to the OHSAS standard Certification of Energy Management System (EnMS) 	<ul style="list-style-type: none"> Publication of the first Sustainability Report for the 2016 reporting period First EcoVadis rating (Silver Medal) 	<ul style="list-style-type: none"> CFO Master recognition for outstanding financial and economic performance in the corporate sector EcoVadis Gold Medal (Gold 2018)

EcoVadis is an international rating organisation that primarily measures and assesses the extent to which a company has integrated sustainability and CSR principles into its business and management systems, including companies in global supply chains. An independent and globally recognised organisation with a unique methodology that analyses and assesses the sustainability performance of around 75 000 organisations in more than 150 countries and 200 industries. The analysis assesses a company's performance in the areas of environment, labour and human rights, ethics and sustainable procurement, identifying strengths and areas for improvement.





2019

- Full integration of Borsod-Chem Group into Wanhua Chemical Group completed
- Establishment of Borsod-Chem “Mini Hospital”
- Planting 700 trees to celebrate our 70th anniversary
- Integrating sustainability considerations into supplier rating
- EcoVadis Gold Medal for the second time (Gold 2019)
- Conducting a customer satisfaction survey
- Introduction of an e-Learning education system
- Customer audits (automotive, ethical)



2020

- Publication of our Supplier Code of Ethics
- Implementation of the ISO 45001 Occupational Health and Safety Management System (OHSMS)
- Implementation of the ISO 28000 Supply Chain Security Management System
- Year of customer orientation
- Developing a joint climate strategy in cooperation with the Municipality of Kazincbarcika and the University of Miskolc within the LIFE-CLIMCOOP project, launching the LIFE-CLIMCOOP project



2021

- EcoVadis Platinum Medal (Platinum 2021) for sustainability and CSR activities implemented in 2020
- Certification of the ISO 28000 Supply Chain Security Management System
- Starting the development of the Sustainability Strategy
- The first GHG inventory is completed (Scope1, 2)
- Joining the scope of the supporters of the United Nations Global Compact (UNGC)



2022

- EcoVadis Platinum Medal for the second time (Platinum 2022) for sustainability and CSR activities in 2021
- Business Ethics Award in multinational company category
- Completing the development of the Sustainability Strategy
- Launching the product Life Cycle Assessment (LCA) project
- Verification of GHG inventory 2021-2022
- Publication of the first [UNGC Report](#)



2023

- EcoVadis Platinum Medal for the third time (Platinum 2023) for sustainability and CSR activities in 2022
- CFO of the Year award for the best financial and economic management performance of the year
- Obtaining ISCC Plus certification
- Completion and verification of the first full (Scope1-3) corporate GHG inventory for the years 2021-2022, and developing product carbon footprint (PCF) calculation models

In the Customer Satisfaction Survey in 2019, our partners rated our flexibility, customer communication, consistent product quality and logistics highly. Based on the results of the survey, we have implemented nearly 200 improvement initiatives in 2020, further enhancing our flexibility by introducing product warehousing in many parts of Europe, increasing production stability through automation and improving plant maintenance.

Our key professional memberships

GRI 2-28

BorsodChem, as an active member of several Hungarian and international professional organisations, takes a proactive role in projects for sustainable development, climate policy and environmental protection. Through our memberships, we have the opportunity for valuable professional cooperations and partnerships, exchange of experiences, as well as sharing and discussing good practices. In 2023, we have continued to demonstrate a high level of commitment through our activities in support of the organisations' programme.

Our key memberships

MAVESZ (Hungarian Chemical Industry Association) <https://mavesz.hu/hu>

As one of the **founders** of the Hungarian Chemical Industry Association and an active member for almost three decades, we contribute to the competitiveness of our industry by developing a number of solutions.

MKE (Hungarian Chemical Society)

The society, founded in 1907, is an organisation of people interested in chemistry and the chemical industry, based on voluntary and individual activity. Its main objectives are to exchange, evaluate and publish professional information; to provide a forum for the professional community; to raise the level of knowledge of Hungarian chemists, chemical engineers, chemistry teachers and other professionals actively involved in the work of the public benefit society (collectively referred to as: chemists); to get recognition for the professional work of Hungarian chemists (also abroad); to promote the understanding of the importance of chemistry and its acceptance in society at all times; to contribute indirectly to the development of domestic chemical science, chemical education and the chemical industry (including the pharmaceutical industry).

In addition to BorsodChem Zrt.'s corporate membership, BorsodChem Employers' Group has also been operating since 1962 to represent the interests of individual members. The main activity of the Group is to organise the annual Borsod Chemical Industry Day and to support the organisation of the National Student Chemistry Days every two years.

ISO 9000 FORUM

Founded on 14 December 1994, FÓRUM is an association of organisations that have a certified management system or are committed to promoting a quality approach and implementing quality improvement tools. The Association considers it an important task to establish organisational communication in the quality society through professional dialogues and broad exchanges of views.



Our participation in professional associations abroad and in Hungary

MEMBERSHIPS IN HUNGARY	INTERNATIONAL MEMBERSHIPS
HUNGARIAN CHEMICAL INDUSTRY ASSOCIATION (MAVESZ)	III (INTERNATIONAL ISOCYANATE INSTITUTE) MNB&DNT SAFETY CONFERENCE (MDSC)
HUNGARIAN CHEMICAL SOCIETY (MKE)	ISO 9000 FÓRUM EGYESÜLET
CONFEDERATION OF HUNGARIAN EMPLOYERS AND INDUSTRIALISTS (MGYOSZ)	ISOPA (EUROPEAN DIISOCYANATE AND POLYOL PRODUCERS ASSOCIATION)
HUNGARIAN ASSOCIATION FOR INNOVATION (MISZ)	PU EUROPE
HUNGARIAN HYDROLOGICAL SOCIETY (MHT)	EURO-MOULDERS
CIRCULAR ECONOMY TECHNOLOGY PLATFORM (CETP)	EUROPEAN PANEL FEDERATION
NATIONAL ASSOCIATION OF ESTABLISHMENT FIRE BRIGADES (LTSZ)	EURO CHLOR
PUBLIC BENEFIT ORGANISATION OF INTERNAL AUDITORS IN HUNGARY	EPCA (THE EUROPEAN PETROCHEMICAL ASSOCIATION)
BAZ COUNTY CHAMBER OF COMMERCE AND INDUSTRY (BOKIK)	AC-FIDUCIAIRE
ASSOCIATION OF INDUSTRIALISTS OF NORTHERN HUNGARY	SNPU (SYNDICAT NATIONAL DES POLYURÉTHANES)
HUNGARIAN CREDIT MANAGEMENT ASSOCIATION	NVPU (NEDERLANDSE VERENIGING VAN POLYURETHAAN HARDSCHUIMFABRIKANTEN)
HUNGARIAN PRIVATE RAIL CAR ASSOCIATION	IVPU (INDUSTRIEVERBAND POLYURETHAN-HARTSCHAUM E. V.)
	IMA (INSULATION MANUFACTURERS ASSOCIATION LTD)
	FEICA (ASSOCIATION OF THE EUROPEAN ADHESIVE AND SEALANT INDUSTRY)
	EUROPUR (EUROPEAN ASSOCIATION OF FLEXIBLE POLYURETHANE FOAM BLOCKS MANUFACTURERS)
	SIPUR (POLISH ASSOCIATION OF PUR AND PIR INSULATION PRODUCERS AND PROCESSORS)



OUR STAKEHOLDERS

GRI 2-29

As a responsible company, it is key for us to develop an active dialogue and effective cooperation with our internal and external stakeholders. With their involvement, we define our positive and negative impacts on society, human rights, the economy and the environment.

Stakeholder analysis

As our stakeholders, we have identified those individuals and groups who are or may be affected by our activities, who have an impact on our operations, and whose interests are or may be affected by our activities. That's why we nurture our relationships with them and seek opportunities for joint cooperation.



STAKEHOLDERS OF BORSODCHEM

EXTERNAL STAKEHOLDERS

- SUBSIDIARIES
- PROFESSIONAL ASSOCIATIONS AND ORGANISATIONS
- PUBLIC AUTHORITIES
- LOCAL COMMUNITIES AND MUNICIPALITIES
- CUSTOMERS
- EDUCATIONAL INSTITUTIONS
- SUPPLIERS
- MEDIA

INTERNAL STAKEHOLDERS

- OWNER
- EMPLOYEES¹⁰
- TRADE UNION

OTHER STAKEHOLDERS:

FUTURE GENERATION/STUDENTS AND TRAINEES

Our indirect goals often coincide with those of our stakeholders, and we are aware that they can only be achieved through joint cooperation.

¹⁰ President (level n), Director/Chief Officer/Vice President (n-1), Head of Department/Director (n-2), Department Manager/Manager/Senior Manager (n-3), Chief Foreman/Foreman/Shift Manager/Group Leader/Officer (n-4), Employee (n-5)

Overview of BorsodChem Zrt.'s relations with its key stakeholders

KEY STAKEHOLDERS	THE AIM OF THE COOPERATION	METHOD AND FREQUENCY OF CONTACT
EMPLOYEES	In cooperation with our employees, we focus on sharing up-to-date and targeted news about our activities and creating a culture in which we can openly discuss, both horizontally and vertically, current events, challenges and opportunities for further development, taking into account both the Company's and our employees' interests and concerns.	<ul style="list-style-type: none"> • News, trainings, programmes published on the intranet (regularly) • Communication emails on priority topics (regularly) • "HR Let's chat" programmes (monthly) • BorsodChem's internal electronic newspaper (BC Click) about significant events concerning the company (quarterly) • Roundtable discussions with top managers, "CoffeeTime meetings" (quarterly) • Employee forum (annually) • Employee satisfaction survey (at least every two years) • Consultation through advocacy groups (regularly) • HR visits (occasional) • Sustainability Newsletter (half-yearly)
OWNER	As a wholly-owned subsidiary of Wanhua in China, BorsodChem's priority is to assure our owner that we are providing the most stable and highest value for them, with the highest quality of expertise.	<ul style="list-style-type: none"> • Preparation of reports (regularly) • Top management meetings (regularly) • Mutual factory visits (occasionally)
TRADE UNIONS	We have always strived to develop a positive social dialogue with trade unions to achieve our common goals. In our discussions, we try to define a common set of criteria that will ensure business continuity, successful and stable operations, while supporting employee satisfaction and security.	<ul style="list-style-type: none"> • Executive level liaison with Vice President HR and Communication (monthly) • Sustainability Newsletter (half-yearly)
SUBSIDIARIES	It is important for our subsidiaries to always have up-to-date information available to them regarding corporate goals and strategies, and to be informed in a timely manner of internal changes affecting our Company.	<ul style="list-style-type: none"> • Management and Top Management meetings (regularly) • Newsletters, brochures (quarterly)



KEY STAKEHOLDERS

THE AIM OF THE COOPERATION

METHOD AND FREQUENCY OF CONTACT

PROFESSIONAL ORGANISATIONS AND ASSOCIATIONS

As an integrated, complex chemical organisation, there are many problems arising in our day-to-day operations or during the planning of our developments that are really challenging to solve, even for a large company. We believe that open communication with professional organisations and associations, knowledge sharing and mutual professional assistance and joint representation of interests will give us a great advantage in solving the arising problems.

- Conferences, events (occasionally)
- Meetings, discussions (regularly)
- Circulars (occasionally)
- Professional questionnaires (occasionally)
- Sustainability Newsletter (half-yearly)

PUBLIC AUTHORITIES

It is important for us to maintain good relations with the authorities, as knowledge of and compliance with the relevant legal requirements, as well as smooth administration and cooperation, are essential for the efficient operation of our Company.

- Authorisation processes and consultations (continuously)
- Inspections and audits by authorities (continuously)
- Mandatory reports and data provision, reporting obligations (continuously)
- Open days for authorities (occasionally)
- Sustainability Newsletter (half-yearly)

LOCAL COMMUNITIES AND MUNICIPALITIES

Through cooperation and communication with local communities, our priority is to be an integral part of Kazincbarcika and the surrounding settlements. It is important for us to provide information and to have an effective dialogue in order to understand and mutually support each other.

- Company brochure (continuously)
- Corporate website (continuously)
- Sustainability Newsletter (half-yearly)
- Municipal Open Days (occasionally)
- Online communication, for example via social media (continuously)

CUSTOMERS

Regular contact with our customers is essential in order to map their needs and to understand their level of satisfaction with our work and products. We also provide help for them to keep up to date with market trends through our professional events.

- E-mail communication (regularly)
- Personal visits (regularly)
- Customer satisfaction survey (every two years)
- Customer forum (occasionally)
- Personal meetings, exhibitions, conferences (occasionally)
- Sustainability Newsletter (half-yearly)



KEY STAKEHOLDERS

THE AIM OF THE COOPERATION

METHOD AND FREQUENCY OF CONTACT

EDUCATIONAL INSTITUTIONS

We develop close cooperation with educational institutions through our joint professional and research programmes. However, we also consider it important to play an active role in dual training, both in terms of the transfer of professional theoretical knowledge and practical skills.

- Professional collaborations (continuously)
- Research programmes (continuously)
- Participation in dual training (continuously)

SUPPLIERS

We strive to build long-term, mutually beneficial partnerships with our suppliers, while paying particular attention to endorsing our sustainability, environmental and human rights objectives.

- Daily business contact (regularly)
- Supplier audits (regularly)
- Sustainability Newsletter (half-yearly)

FUTURE GENERATION / STUDENTS AND TRAINEES

Our Company has been a leader in the industry in the region for decades, for which it is essential to have motivated and highly qualified and skilled workforce for all segments of the company. Our aim is not only to provide young workers with attractive career opportunities, but also to help them acquire the appropriate skills.

- Launching and supporting vocational trainings in secondary and higher education institutions (continuously)
- Dual training, traineeship programme (ongoing)
- Organising factory visits (occasionally)
- Presentations to learn more about the Company (occasionally)
- Supporting researches and programmes (continuously)



MATERIAL TOPICS



MATERIAL TOPICS

GRI 3-1, GRI 3-2

Before compiling our Report, we carefully considered the need to update our latest materiality survey. However, we did not identify any relevant economic, regulatory, social or corporate changes that would have significantly affected our operations or the impacts on human rights or the environment arising from our activities, and therefore we did not conduct a new materiality assessment before preparing our Sustainability Report 2023.

The material topics underlying the Report were identified on the basis of the materiality survey carried out in December 2022 – January 2023¹¹. The material topics have been defined in line with the guidelines published in the GRI standards being in force from 1 January 2023. Nearly 2200 stakeholders participated in the questionnaire survey carried out at the end of 2022, with the option to provide anonymous feedback. Our internal stakeholders included employees, board members, secondary school and university students. Among our external stakeholders, customers, suppliers, NGOs, trade unions, public authorities, local government representatives, professional associations, subsidiaries, media, educational and financial institutions, as well as other companies operating in the Kazincbarcika site area have provided us with useful feedback on the materiality of environmental, corporate governance, economic and social issues identified earlier as relevant in our Company’s operations.

DOUBLE MATERIALITY
IN 2024, A NEW DOUBLE MATERIALITY ANALYSIS WILL BE CARRIED OUT TO COMPLY WITH THE CSRD DIRECTIVE.

¹¹ Detailed description of the materiality assessment in 2022 can be found in Chapter 2.1 of our previous Sustainability Report <https://borsodchem.com/en/download/30/borsodchem-sustainability-report-2021-2022> pages 8-10

Impact analysis

We take into account the human rights, environmental, social and economic impacts of our investments and actions, which we also make publicly available, already at the planning stage in the process of making management and Senior Management’s decisions. Where the risk value of our activities makes it necessary, BorsodChem takes measures or initiates programmes to mitigate actual or potential negative impacts.

LIST OF OUR MATERIAL TOPICS



Environmental

- Energy consumption
- Greenhouse gas emissions
- Water use and condition of surrounding waters
- Compliance with environmental regulations
- Waste management
- Climate change adaptation
- Waste water treatment and discharge



Corporate Governance

- Product quality
- Anti-corruption
- Innovation



Social

- Occupational health and safety
- Human rights and compliance with standards of ethical behaviour
- Training and education of employees
- Appropriate working conditions
- Employment, number of employees



Economic

- Economic performance

An aerial photograph of a two-lane asphalt road winding through a dense, lush green forest. A small blue car is driving on the road, positioned in the center of the frame. The forest consists of tall, thin evergreen trees. The lighting is bright, suggesting a sunny day. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text.

OUR SUSTAINABILITY STRATEGY

OUR SUSTAINABILITY STRATEGY

GRI 2-12, GRI 2-13, GRI 2-22

We prepared our Sustainability Strategy¹¹ in 2022 in line with the global sustainability ambitions of our parent company (Wanhua Chemical Group), our [Sustainability Policy](#) and based on our long-term business strategy.

Based on the 3 pillars of sustainable development – economy, environment and society – we have defined the seven focus areas of our Sustainability Strategy and the related [Sustainability Objectives](#).

In our Sustainability Objectives, we have set milestones for 2030 and 2050 align with the European Union's climate policy.

Implementation and evaluation of the Sustainability Objectives

The achievement of our Sustainability Objectives is supported by our Sustainability Action Plan developed in 2022 and including 140 sustainability programs aligned with our business plan, which we have built into our integrated management system. Our parent company also makes a significant contribution to our sustainability ambitions through its active and motivating activities. Embedding sustainability in our business plans is key to achieving and monitoring our goals.



¹¹ The Sustainability Strategy was developed in 2022.

1. SUSTAINABILITY PRINCIPLES ARE THE BASE OF ALL MANAGEMENT DECISIONS

- 2. NET ZERO CARBON EMISSIONS BY 2050
- 3. STRIVE FOR SBTI CERTIFIED ABSOLUTE CARBON REDUCTION TARGET BY 2030
- 4. SCOPE 3 EMISSION REDUCTION



6. CONTINUOUS IMPROVEMENT OF SUSTAINABILITY IN THE SUPPLY CHAIN



GREENHOUSE GAS EMISSION REDUCTION

CIRCULARITY

SUSTAINABLE PROCUREMENT

SUSTAINABILITY MANAGEMENT SYSTEM

EMPLOYEES AND CORPORATE SOCIAL RESPONSIBILITY

WATER AND ENVIRONMENTAL PROTECTION

HEALTH AND SAFETY

5. SUSTAINABLE, PREMIUM PRODUCT PORTFOLIO BY 2050



- 7. 10% REDUCTION IN WATER WITHDRAWAL FROM RIVER SAJÓ BY 2030
- 8. ZERO WASTE TO LANDFILL BY 2040
- 9. MINIMISING ENVIRONMENTAL IMPACTS



- 10. ZERO WORK-RELATED LOST TIME INJURIES BY 2030
- 11. ZERO LEVEL 2 PROCESS SAFETY ACCIDENTS BY 2030



12. PROFESSIONAL, SMART, SUSTAINABLE, VISIBLE AND RESPONSIBLE COMPANY

Our main achievements in 2023

On the pathway towards achieving our objectives

SUSTAINABILITY MANAGEMENT SYSTEM

- By creating and actively managing our Sustainability Management System, we have integrated sustainability principles into management decisions, helping us to achieve our goals and engage our people.

REDUCING GREENHOUSE GAS EMISSIONS

- By completing a comprehensive, third-party verified GHG inventory, we have established our emission profile and the basis for developing a targeted reduction roadmap, allowing us to identify areas for improvement and evolve targeted strategies to reduce our environmental impacts.
- With the start-up of our new Aniline plant, we have reduced our GHG emissions arising from the transport of purchased raw materials by around 26 thousand tonnes of CO₂e.
- As part of our solar panel installation project, we have installed 550 solar panels on the roofs of four of our buildings (Hotel BorsodChem, 2 office buildings and the 800-person Changing Room), covering a total area of 2,100 m², to generate clean and renewable energy.
- We expanded our railway fleet with a new locomotive, the Effishuner 1000 model from the Czech CZ LOKO factory. Its emission of harmful substances meet the most stringent, Stage V emission standards, which also results from its 10% lower fuel consumption compared to our current vehicles.
- As part of our product life cycle analysis (LCA) project, we developed and validated our product carbon footprint (PCF) calculation models covering BorsodChem's integrated technological processes and determined the carbon footprint of our main products – MDI, TDI, chlor-alkali products and PVC.

CIRCULARITY

- We have obtained our ISCC Plus certification for manufacturing and sales processes of sustainable MDI and TDI products using the mass balance principle.

SUSTAINABLE PROCUREMENT

- We have integrated the evaluation of our suppliers according to sustainability aspects into our rating system.

WATER AND ENVIRONMENTAL PROTECTION

- By purchasing innovative technology – pilot water treatment equipment – and using it, we have been able to develop processes that allow the efficient reuse of various grey waters (industrial wastewater, urban stormwater, treated municipal wastewater), thus reducing the pressure on living water resources.
- On 22 March 2023, World Water Day, we also highlighted the importance of the issue through presentations and awareness-raising projects.
- In 2023, we launched our Water Balance programme to monitor and control our water use, which provides a quantifiable overview of individual water flows and clearly identifies the points of intervention needed.
- When designing our new plants, we took into account the separate collection of rainwater already in the planning phase, in preparation for its future collection and use, thus replacing thousands of cubic metres of raw water.

- We have continued our water use reduction programmes, the progress of which we keep the Senior Management up-to-date.
- In 2023, we launched a project to increase the recharge of certain water and wastewater streams to mitigate the effects of droughts, which will enable us to replace approximately 1 million m³ of water withdrawn from the river Sajó.
- By recycling construction and demolition waste from dismantling of our old plants and technologies for recultivation purposes, we avoided the extraction and supply of large quantities of fresh raw materials, and we did not pollute the environment by landfilling and disposing of our demolition wastes.
- In 2023, more than 11,700 tonnes of non-hazardous demolition and operational waste was reused in the recultivation areas.
- In 2023, we successfully completed the closure of the Cassette 1 hazardous waste landfill in the sludge area, and are currently filling Cassette 2.
- In line with the requirements of the Environmental Protection Agency, the decommissioning of the mercury cathode technology at the Chlorine plant was completed and the demolition of the former Caustic soda plant was started at the end of 2023.

HEALTH AND SAFETY

- We have introduced that safety, sustainability, health and environmental considerations are given the same weight as economic interests in decision-making. In the course of their work, all employees of BorsodChem are responsible for the protection of their own and others' health, the environment and work equipment.
- We renewed and operate consciously our corporate governance system, meeting also the requirements of ISO 45001.
- We have successfully renewed our licence for periodic inspections of pressure equipment through a certification audit and continued to act as an operator inspection organisation in 2023.

- We have made and published our new HSE training film
- We have developed an electronic HSE control system (ISC).
- We further developed our processes for workplace risk assessment, identifying 985 risks.
- We have increased the number of emergency drills in technological areas.
- We continued to demolish and dispose of our old, hazardous plants and buildings, which also contributed to the achievement of our health and safety objectives.
- In 2023, BorsodChem achieved the mercury-free status, thereby strengthening the protection of not only our environment, but also the health and safety of our employees.

EMPLOYEES AND CORPORATE SOCIAL RESPONSIBILITY

- We regularly held sustainability trainings and awareness-raising presentations for our employees, partners and the general public.
- We planted a total of 690 saplings in more than 10 locations, including a local school, further greening our environment.
- 8 IBC tanks were donated to local kindergartens and primary schools, and a total of 30 IBC tanks were distributed to Kazincbarcika residents through a competition, encouraging local people and employees of the Company to retain and use rainwater for domestic purposes.
- We have developed a bus stop with a so-called green roof system.
- In close cooperation with the Aggtelek National Park, we installed a bird observation tower next to the recultivated Salty Lagoon area, which has been integrated into the landscape to preserve the habitats of protected and highly protected birds (e.g. avocet and black-winged stilt) that particularly favour saline soil.
- In 2020, we launched an initiative, with the aim of turning it into a tradition, to convert the minutes spent by our employees with leisure physical activities in the actual year into cash, and use it for donation. As a result, in 2023 we supported the Kazincbarcika Social Service Centre Association and the Miskolc Air Rescue Base with a total of around HUF 2,500,000.

ECONOMIC PERFORMANCE



ECONOMIC PERFORMANCE

GRI 3-3, GRI-201-1, GRI 201-3¹², GRI 201-4

BorsodChem is committed to sustainable operation and in achieving its economic performance, it pays particular attention to the ESG aspects and their overall presentation. In order to strengthen our Company's efficient operation and market position, we continued to implement our previously started investments and developments in the past period.

A key achievement in 2023 was the commissioning of our Aniline plant at our Kazincbarcika site, where the most important raw material of MDI, one of our key products, is produced. The construction of the Aniline plant has a number of sustainability benefits, as it has an economic impact on our Company's operations by saving on freight costs due to the on-site production of raw material, and results in a further reduction of our carbon footprint¹³ compared to the aniline previously supplied from China. In doing so, we have also taken a significant step towards reducing the risk of security of supply, contributing to the more efficient operation of our Company, both from an environmental and economic point of view. Further investments are also reinforcing this ambition, as we have established a new nitric acid plant for aniline nitration and a new power plant to supply the new plants and the increased capacity of the MDI plant. In addition to energy efficiency, improvements in wastewater treatment have also played an important role, allowing us to properly handle the wastewater flows that have changed due to the new plants.

We are aware that as a major European company, we have an important role to play in strengthening our national economy. We create jobs through our new plants and investments, and we also ensure the effective functioning of local communities by hiring new workers. Our investments also generate orders for design, construction, supply and manufacturing companies, thereby generating additional revenue. All of this significantly increases the employment rate in the region and contributes to additional government revenue at the national level.



OUR COMPANY FACED THE ENERGY CRISIS WITH A WELL-DEVELOPED HEDGING STRATEGY AND A THOROUGHLY REDUCED INDEBTEDNESS RATIO. YET, UNDER THE ECONOMIC LEADERSHIP OF ISTVÁN HEGEDŰS, CFO, WE HAVE INVESTED EUR 665 MILLION IN FIVE YEARS AND ESTABLISHED A FOREIGN SUBSIDIARY. ISTVÁN HEGEDŰS, WHO HAS BEEN WORKING IN HIS FIRST JOB FOR 21 YEARS, WAS CHOSEN BY THE JURY OF THE FUTURE OF FINANCE CONFERENCE 2023 AS THE BEST FINANCE AND ECONOMICS LEADER OF THE YEAR.

¹² Information is disclosed in the GRI Index.

¹³ Further details are presented in Chapter „Our main achievements in 2023”

OUR POLICIES AND COMMITMENTS ON ECONOMIC PERFORMANCE

Based on our parent company, Wanhua Chemical Group Co. Ltd.'s experience in production technology, we have made significant progress in increasing cost efficiency. Important factors of the progress are the advantages of sharing the knowledge accumulated in the fields of raw material production, technical and product development, and application technology, as well as the combination of the two companies' market knowledge. All of these make a fundamental contribution to increasing the Group's competitiveness.

BorsodChem's and Wanhua's mutual knowledge sharing in technology and product development, as well as the global market presence, contribute to strengthening our market position and producing higher value-added products. With the involvement of our colleagues, we have further optimised our processes using LEAN and ESP ideas, which have not only improved our economic performance but also reduced our environmental impact.

We provide knowledge transfer for our employees and help them to participate in professional trainings and acquire the knowledge they need. More details are presented in the Chapter "[Education and training](#)".

To achieve our objectives, we implement programmes aligned with our business plan **as part of our integrated Quality, Environment, Occupational Health and Safety, as well as Energy Management System (QMS-EMS-OHSMS-EnMS)**, through which we aim to continuously improve energy performance, optimise specific energy consumption and reduce environmental emissions.

FINANCIAL COMPLIANCE AND DISCLOSURES

BorsodChem Zrt.'s CFO is responsible for the operation of the financial area. Our aim is to ensure that our financial, accounting and taxation processes comply with the accounting and taxation legislation in force, which we support through internal and external audits as well. BorsodChem Zrt. prepares its individual annual reports in accordance with the Hungarian Accounting Act, while the consolidated financial statements of the BorsodChem Group presenting its financial performance are prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

We publish our financial results in individual and consolidated Annual Report and Business Report. The owner and the management are informed through the monthly report prepared by the Controlling Department on the development of the balance sheet, profit and loss and cash flow items, as well as the profitability of the products sold.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED BY BORSODCHEM

GRI 201-1

Economic value generated and distributed (EUR)

	2020	2021	2022	2023
DIRECT ECONOMIC VALUE GENERATED	1 412 615 254	2 590 192 564	3 065 510 005	2 270 824 088
REVENUES	1 412 615 254	2 590 192 564	3 065 510 005	2 270 824 088
ECONOMIC VALUE DISTRIBUTED	1 203 312 503	1 924 751 847	2 863 686 114	2 290 987 788
OPERATING COSTS	1 102 362 763	1 777 900 845	2 727 867 355	2 169 634 216
EMPLOYEE WAGES AND BENEFITS	84 548 006	105 616 693	96 701 251	115 882 147
PAYMENTS TO CAPITAL INVESTORS	0	0	0	0
PAYMENTS TO THE STATE TREASURY	16 265 871	41 144 023	39 001 213	5 315 137
COMMUNITY INVESTMENTS	135 863	90 286	116 296	156 288
ECONOMIC VALUE RETAINED	209 302 751	665 440 717	201 823 891	-20 163 700

In 2023, in difficult economic environment, our Company achieved lower revenues compared to the previous two years, mainly as a result of falling market prices and decreasing demand. The purchase price of materials required for manufacturing of our products and energy costs were lower, however, these changes could not compensate for the decline in sales prices.

As a result, our company has achieved a negative profit after tax in 2023, which is EUR 222 million or 110% lower than it was in 2022. In addition to the decrease in sales of EUR 805.1 million, other incomes increased by EUR 10.4 million. Payments to the state treasury fell by EUR 33.7 million, or 86.4%. Wages and benefits paid to employees increased by 19.8% and community investments by 33.3%. The level of sales revenue fully covered the operating costs.

The average unit price of all main products decreased in 2023 compared to 2022. The sales volume of MDI and caustic soda also decreased, while the sold quantity of TDI, Polyol and PVC increased.

We increased our MDI production capacity from 350 kt/y in 2022 to 400 kt/y in 2023, relying further on the growing demand for our key products in the long term.

The majority of our products are sold in Western Europe (45.5%) and Central and Eastern Europe (30.9%), with a smaller share in Hungary (15.3%). We are also present on the market in North and South America, Africa, the Middle East and the Far East.

In 2023, we started to familiarise ourselves with the European Union CSRD Directive and prepare for the reporting format, including compliance with the EU Taxonomy. In addition, we pay special attention to the information on the transposition of the European Directive into national legal practice, the Hungarian ESG Act as a framework law, and the parts of the Hungarian Accounting Act relating to reporting on sustainability issues.

BorsodChem's measures and costs to avoid climate change risks

MEASURES	COSTS (EUR THOUSAND)
CONSTRUCTION AND COMMISSIONING OF ANILINE PLANT	173 800
INSTALLATION OF SOLAR PANELS ON THE ROOFS OF BUILDINGS AND OFFICE BUILDINGS	209
WASTE WATER TREATMENT PROJECTS	
WASTE WATER TREATMENT CAPACITY EXPANSION	6 665 (IN 2023: 487)
SALTY WASTE WATER RESERVOIR LIFE PROJECT	1 083
	234
WASTE MANAGEMENT IMPROVEMENTS	40
RECUITIVATION ACTIVITIES, SALTY LAGOON AND SLUDGE AREA	2 245
DEMOLITION AND UTILIZATION OF OLD PLANTS	9 890

Total monetary value of subsidies received from the government during the reporting period (EUR)

	2020	2021	2022	2023
I. TAX RELIEFS AND TAX CREDITS	7 726 523	26 770 115	0	0
II. GRANTS	174 619			
III. INVESTMENT, RESEARCH AND DEVELOPMENT SUBSIDIES	4 670 369	1 008 041	108 755	113 307



ENVIRONMENTAL PROTECTION

ENVIRONMENTAL PROTECTION

Energy consumption

GRI 3-3, 302-1, 302-2¹⁴, 302-3, 302-4

BorsodChem is one of the largest energy consumers in the country, as our production technologies require significant energy consumption.

Our Company's electricity demand is partly covered by energy purchased from external source, from the national electricity grid (in which the rate of energy from renewable sources is increasing year-by-year), and we also have our own natural gas-fired co-generation power plants, which, in addition to our electricity needs, can also supply the steam required for our production processes. Thermal energy is generated during chemical processes in several technologies of ours, which the production units of our Kazincbarcika site are able to share with each other in the form of steam, thanks to their integration.

We are aware that we must use the energy we consume the most efficiently for the sake of our sustainability ambitions and responsible management.

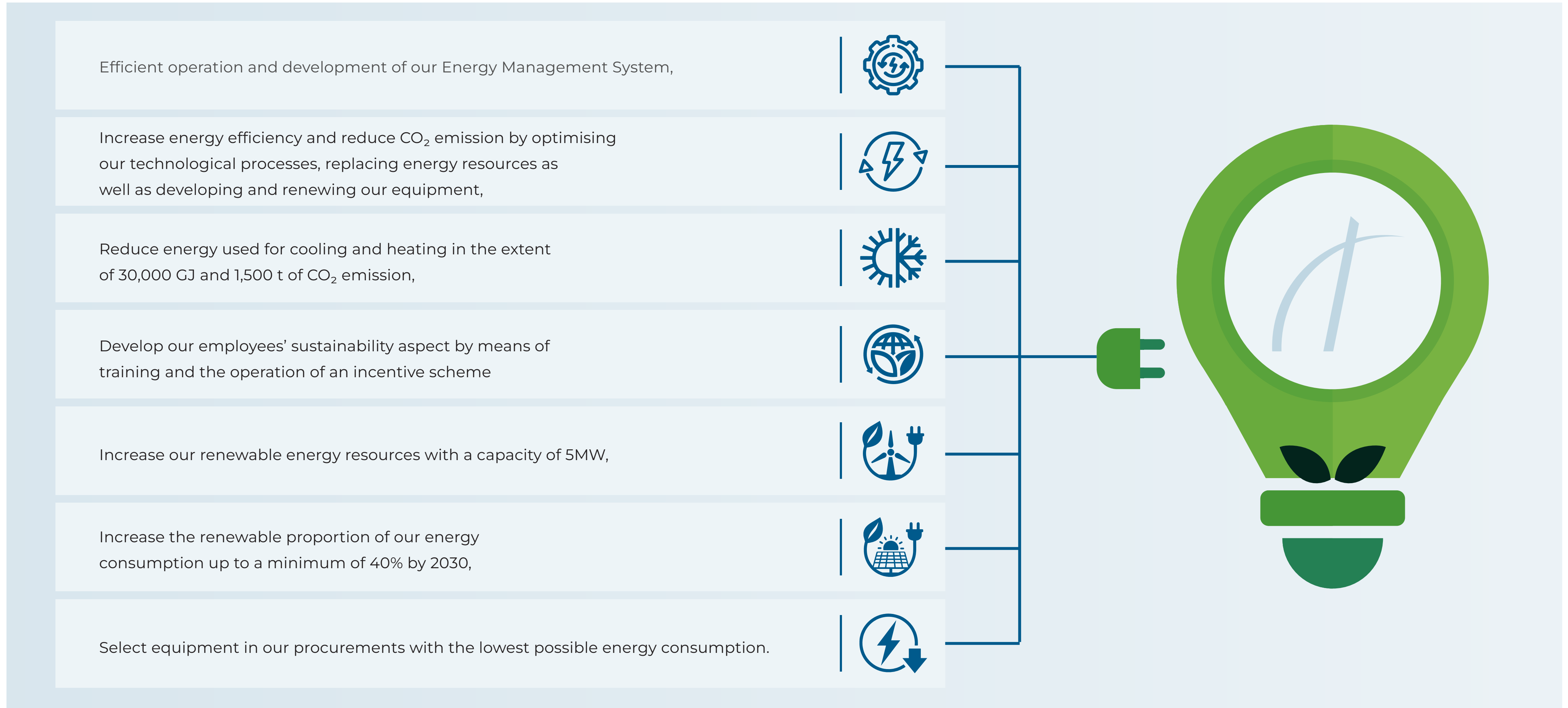
In accordance with the [ISO 50001 standard](#), we have developed our Energy Management System (EnMS), which has been supporting our energy management since 2016 as one of the pillars of our Integrated Management System.

Within the EnMS, we have formulated and published for our stakeholders our [Energy Policy](#) and [Objectives](#), which we review, update as required, and publish on our website every three years. When reviewing our Energy Objectives in line with our Sustainability Strategy, we have defined and updated in detail our targets to be achieved in the period 2022–2024.

¹⁴ Information is disclosed in the GRI Index.



BORSODCHEM'S PRIORITY ENERGY OBJECTIVES (2022-2024)



To achieve our objectives within the EnMS, we implement EnMS programmes aligned with our Company’s business plan. Our top managers are informed of the progress of annual energy efficiency improvement programmes through reports and management reviews.

In 2023, we have launched 33 energy saving programmes, of which the following are of particular importance:

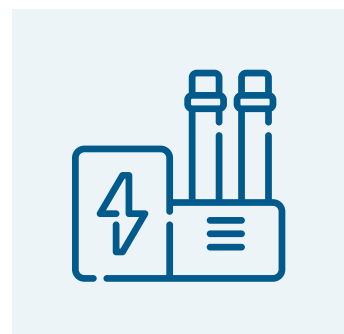
- Upgrading pump separator vessels at our TDI Plant
- Elimination of a plate heat exchanger at our TDI plant

As a result of these programmes in 2023, we will achieve additional energy savings of 10 714 GJ/year (2 976 MWh/year).

Our priority goal is to **achieve** at least **150,000 MWh of energy savings** compared to the base year 2021, by implementing our programmes in the period 2022–2024. Through continuous improvement and optimised processes, **we aim to achieve at least a 3% improvement in energy efficiency at Company level.** By fulfilling these targets, we aim to take another step towards sustainability.



Our total savings attained through our energy saving projects implemented in 2022–2023 was 183 658 GJ (51 016 MWh) compared to the base year 2021.



In 2023, our new gas-fired combined heat and electricity generating power plant was commissioned, reasoned not only by our increased energy demand due to our new investments, but also by our strive to become independent from external sources of supply. With the installation of a second, highly efficient cogeneration plant with an efficiency of almost 90%, **our electricity generation capacity has increased to ~100 MW.**

Our ambition is to move as much as possible towards the use of renewable energy. To this end, we intend to purchase a part of the renewable electricity from the market in the future, and to increase the own production of it.

In 2022, we launched our project to install solar panels, which will allow us to further **reduce our dependence on the grid and increase our energy security through our own renewable energy production.** By using clean and renewable energy sources, we will significantly reduce our negative impact on the environment.



In the first phase of the project, in **2023, 550 solar panels were installed on the roofs of four of our buildings, covering a total area of 2 100 m²,** reaching another milestone on the road to reduce our Company’s carbon footprint.

We are committed to continuing the successful and efficient installation process, so in the further phases of the project our Company plans to install a solar power plant on 48.9 hectares with a nominal capacity of approximately 30 MW.

Energy consumption within the organization
GRI 302-1

We monitor the energy consumption of each activity of ours on a daily basis using our continuously improved measurement systems. Our managers are informed about the results of the measurements in form of reports. As part of our reporting and information service processes, production plants report weekly to the senior manager responsible for production on changes in specific energy values in the actual period. In addition, the manager responsible for energy management provides information quarterly to the top management on the current development of the planned/actual values.

A significant part of our energy consumption consists of purchased, non-renewable energy. In our natural gas-fired combined heat and power plants, we produce electricity in smaller quantities and steam in larger quantities to meet our energy needs. The majority of our fuel consumption consists of non-renewable natural gas, while the smaller part is gasoline and diesel oil, as well as renewable biogas generated during wastewater treatment processes. When calculating our energy consumption, we considered all natural gas, electricity and steam used, regardless of their use for technological or building energy purposes.

BorsodChem Zrt.'s total energy consumption¹⁵ in GJ¹⁶

	2020	2021	2022	2023
TOTAL FUEL CONSUMPTION	1 409 869	1 468 766	1 292 257	1 620 913
NON-RENEWABLE SOURCES	1 406 889	1 456 298	1 278 758	1 617 305
NATURAL GAS	1 383 716	1 432 778	1 258 226	1 596 816
PETROL	2 654	2 552	2 494	1 707
DIESEL / FUEL OIL	20 520	20 968	18 038	18 782
RENEWABLE SOURCES	2 980	12 468	13 500	3 608
BIOGAS	2 980	12 468	13 500	3 608

¹²Our energy consumption data are based on measured values. BorsodChem Zrt.'s total energy consumption does not include energy consumption data of our commercial office in Budapest. It is included in the rental fee of the office. Their quantity is unknown. Data in the table do not include energy sold to our subsidiaries and external users. Total energy consumption = fuel consumption + purchased energy + self-produced energy – sold energy. To avoid double accounting, energy demand of self-produced electricity and steam was considered in the natural gas consumption. In BorsodChem Zrt.'s energy consumption, electricity and steam produced by the Company's energy producing subsidiaries is accounted as purchased energy.

¹³In 2020, majority of the generated biogas can not be reused due to technological problems. The anaerob system in our Waste Water Treatment Plant did not operate in the period of April-November in 2023, thereby both generated and reused volume of biogas decreased, which was replaced with natural gas.

	2020	2021	2022	2023
PURCHASED ENERGY	12 261 586	12 958 912	11 904 091	11 534 120
NON-RENEWABLE SOURCES	12 261 586	12 958 912	11 904 091	11 534 120
ELECTRICITY	5 673 939	6 026 933	5 592 209	5 423 304
STEAM	6 587 647	6 931 979	6 311 882	6 110 816
ENERGY SELF-PRODUCED	1 268 594	1 326 525	1 083 248	1 402 982
NON-RENEWABLE SOURCES	1 268 594	1 326 525	1 083 248	1 402 144
STEAM	1 268 594	1 326 525	1 083 248	1 402 144
RENEWABLE RESOURCES	-	-	-	838
ELECTRICITY	-	-	-	838
ENERGY SOLD	848 093	870 410	913 072	966 308
NON-RENEWABLE SOURCES	848 093	870 410	913 072	966 308
ELECTRICITY	813 830	827 959	860 269	911 302
STEAM	34 263	42 451	52 803	55 005
TOTAL IN-HOUSE ENERGY CONSUMPTION	14 091 957	14 883 794	13 366 524	13 591 708

Total energy consumption of BorsodChem Zrt. and its subsidiaries located in Hungary (GJ)^{17,18}

	2020	2021	2022	2023
TOTAL FUEL CONSUMPTION	9 356 771	9 702 175	10 885 429	10 363 330
NON-RENEWABLE SOURCES	9 353 791	9 689 707	10 871 930	10 359 722
NATURAL GAS	9 330 618	9 666 167	8 656 953	10 339 222
PETROL	2 654	2 552	2 494	1 707
DIESEL / FUEL OIL	20 520	20 988	2 212 483	18 793
RENEWABLE SOURCES	2 980	12 468	13 500	3 608
BIOGAS	2 980	12 468	13 500	3 608
PURCHASED ENERGY	5 238 502	5 637 532	5 181 328	4 300 532
NON-RENEWABLE SOURCES	5 238 502	5 637 532	5 181 328	4 300 532
ELECTRICITY	4 551 108	4 832 451	4 577 629	3 608 244

	2020	2021	2022	2023
STEAM	687 394	805 081	603 699	692 288
ENERGY SELF-PRODUCED	1 268 594	1 326 525	1 083 248	1 402 982
NON-RENEWABLE SOURCES	1 268 594	1 326 525	1 083 248	1 402 144
STEAM	1 268 594	1 326 525	1 083 248	1 402 144
RENEWABLE RESOURCES	-	-	-	838
ELECTRICITY	-	-	-	838
ENERGY SOLD	826 504	846 815	891 124	948 784
NON-RENEWABLE SOURCES	826 504	846 815	891 124	948 784
ELECTRICITY	792 241	804 364	838 321	893 779
STEAM	34 263	42 451	52 803	55 005
TOTAL IN-HOUSE ENERGY CONSUMPTION	15 037 363	15 819 417	16 258 881	15 118 060

¹⁷ In accounting for our total energy consumption, we included the energy producing (BC Erőmű Kft., BC Power II Energiatermelő Kft.) and other subsidiaries under our operational control and operating at our sites in Hungary, in accordance with our GHG Inventory. Our energy consumption in 2020-2022 was recalculated following the methodology of our GHG Inventory. Our energy consumption data are based on measured values.

BorsodChem Zrt.'s total energy consumption does not include energy consumption data of our commercial office in Budapest. It is included in the rental fee of the office. Their quantity is unknown. Data in the table do not include energy sold to our subsidiaries and external users. Total energy consumption = fuel consumption + purchased energy + self-produced energy – sold energy. To avoid double accounting, energy demand of self-produced electricity and steam was considered in the natural gas consumption.

¹⁸ In 2020, majority of the generated biogas can not be reused due to technological problems. The anaerob system in our Waste Water Treatment Plant did not operate in the period of April-November in 2023, thereby both generated and reused volume of biogas decreased, which was replaced with natural gas.

The amount of consumed energy varies depending on the level and composition of our annual production, the values in the tables have developed accordingly.

The energy intensity, i.e. total energy consumption per unit of product¹⁹, decreased in 2023 compared to 2022, and we also experienced a fall in the amount of energy used to produce our products²⁰ due to the exceptional market situation and the temporary drop in demand for our products.

Energy intensity
GRI 302-3

Energy intensity indicator of the organisation (GJ/t)

	2020	2021	2022	2023
TOTAL ENERGY CONSUMPTION (GJ)	14 101 293	14 889 865	13 370 760	13 591 992
PRODUCTION VOLUME (t)	1 093 492	1 124 596	972 177	972 035
ENERGY INTENSITY ²¹ (GJ/t)	12.9	13.2	13.8	14.0

¹⁹ In the calculation, the production volume of key products corresponds to the total annual quantity of MDI, TDI, PVC and Caustic soda production.

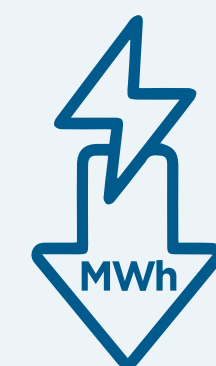
²⁰ Total energy use = energy purchased + own energy production – energy sold

²¹ Energy intensity = total energy consumed (GJ) / production volume of key products (tonnes).

²² Energy saving projects audited under Energy Efficiency Obligation System (EKR) and launched in 2023. In the calculation, we considered the implementation date of the project and the annual amount of energy savings allowed to be accounted, compared to the status preceding the implementation.

Reduction of energy consumption
GRI 302-4

Amount and type of energy consumption reduction²²



3 455 GJ/year

TDI PLANT 3621 PUMP SHUTDOWN IN 2023 – **ELECTRICITY SAVINGS**



7 258 GJ/year

TDI PLANT UP3613B PUMP UPGRADE IN 2023 – **STEAM ENERGY SAVINGS**

Greenhouse gas emissions

GRI 3-3, GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6²³, 305-7

BorsodChem Zrt., as a chemical company committed to responsible and sustainable development, assesses and prepares an inventory of its greenhouse gas (GHG) emissions to establish its emission reduction strategy and to monitor the achievement and implementation of the Sustainability Objectives. Accounting for our GHG emissions allows us to map our environmental impacts and identify our high intensity emissions, as well as identify intervention points where we can reduce our corporate carbon footprint. We receive quantitative feedback on the effectiveness of our carbon reduction investments and it provides a right basis for decision making regarding our new investments.

We prepared a full scale voluntary greenhouse gas inventory – covering Scope 1, Scope 2 and Scope 3 emission categories – for the first time for the 2021 business year, which was also set as the base year for the inventory.

Our Company has published its GHG Report annually since the 2021 reporting period in order to transparently inform our investors, customers and other internal and external stakeholders about our environmental performance and GHG emissions in line with our commitments undertaken in our Sustainability Policy and Strategy.

Our corporate GHG emissions reports for 2021, 2022 and 2023 are available on our website for all interested parties. ^{24, 25, 26}

Our GHG Reporting has been prepared in accordance with the requirements set out in the GHG Protocol Corporate Accounting and Reporting Standard¹⁶ and in the standard MSZ EN ISO 14064-1:2019 “Greenhouse gases” Part 1: “Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (ISO 14064-1:2018)”¹⁷.

The accounting of our Scope 3 emissions is based on the GHG Protocol’s (Scope 3) accounting and reporting standard¹⁸ and the World Business Council for Sustainable Development (WBCSD) “Guidance for Accounting & Reporting Corporate GHG Emissions in the Chemical Sector Value Chain”¹⁹. Scope 3 emissions are calculated by emission category according to the guidelines of the GHG Protocol Standard (“minimum requirements”).

Our GHG Inventory has been audited by an independent third-party for compliance with the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

BorsodChem Zrt. applies the operational control approach to account for the emissions.

The statements in some chapters of our Sustainability Report apply to BorsodChem Zrt., but we use a different scope and approach for our GHG inventory.

²⁶ Information is disclosed in the GRI Index.

²⁷ <https://borsodchem.com/en/borsodchem-zrts-report-on-greenhouse-gas-emissions-in-2021>

²⁸ <https://borsodchem.com/en/borsodchem-zrts-report-on-greenhouse-gas-emissions-in-2022>

²⁹ <https://borsodchem.com/en/borsodchem-zrts-report-on-greenhouse-gas-emissions-in-2023>

³⁰ The Greenhouse Gas Protocol; A Corporate Accounting and Reporting Standard

³¹ ISO 14064-1:2018 Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

³² Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard

³³ World Business Council for Sustainable Development (WBCSD); Accounting and Reporting Corporate GHG Emissions in the Chemical Sector Value Chain

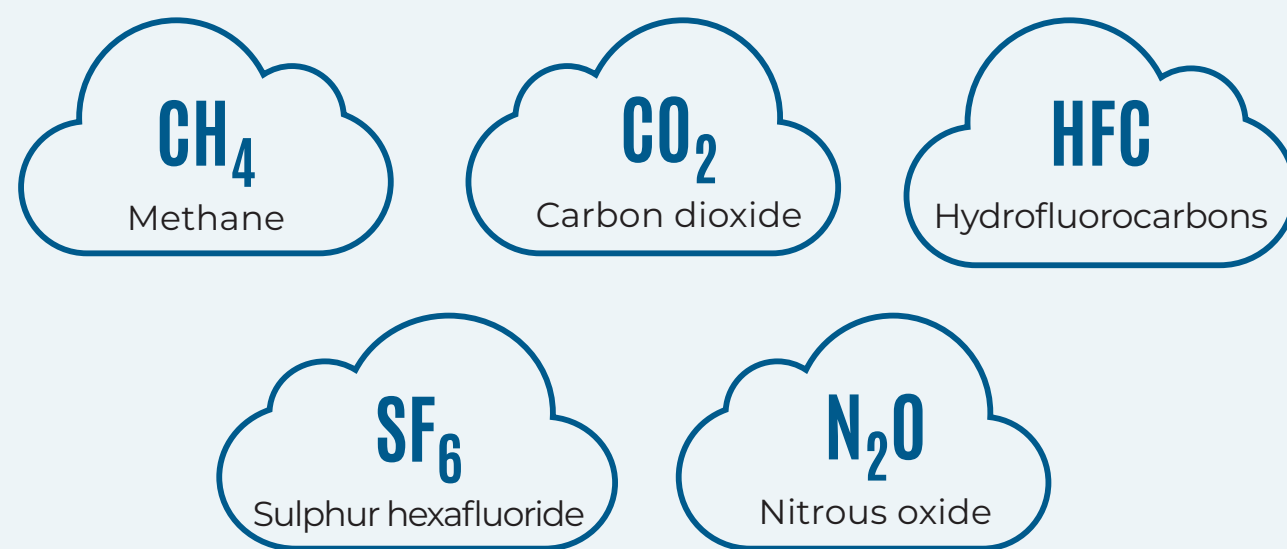
Based on the decision of our company's management, we aim to fully assess and report the GHG emissions of the facilities operating on our sites in Hungary. Accordingly, the **organisations included in the GHG Inventory** are:

- BorsodChem Zrt.'s own facilities located at its sites in Hungary (Kazincbarcika, Berente, Múcsony, Gödöllő, Budapest), and
- the subsidiaries operating in Hungary over which BorsodChem Zrt. has 100% operational or majority control, including the establishment of operating rules and regulations, investments, developments, and energy efficiency-enhancing projects.

Emissions of offices, branches and subsidiaries operating outside Hungary are not accounted in the GHG Inventory.

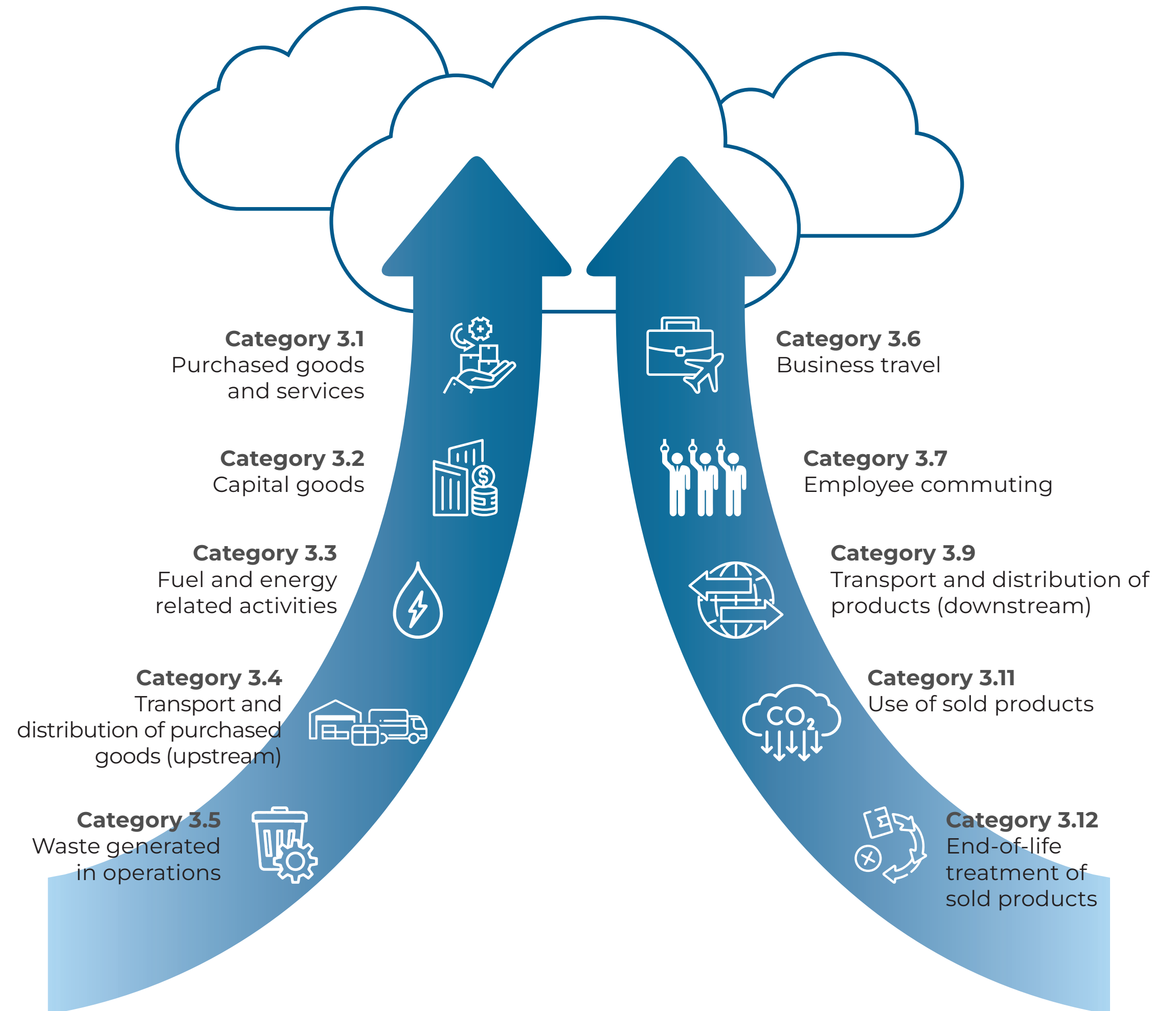
In our GHG Inventory we take into account emissions from the manufacturing and sale of products from BorsodChem Zrt.'s production activities in Hungary, and our sources – facilities, subsidiaries – with emissions exceeding 1% of our total emissions.

Greenhouse gases included in our corporate GHG Inventory:



Nitrogen trifluoride (NF₃) and Perfluorocarbons (PFCs) are not used at our Company.

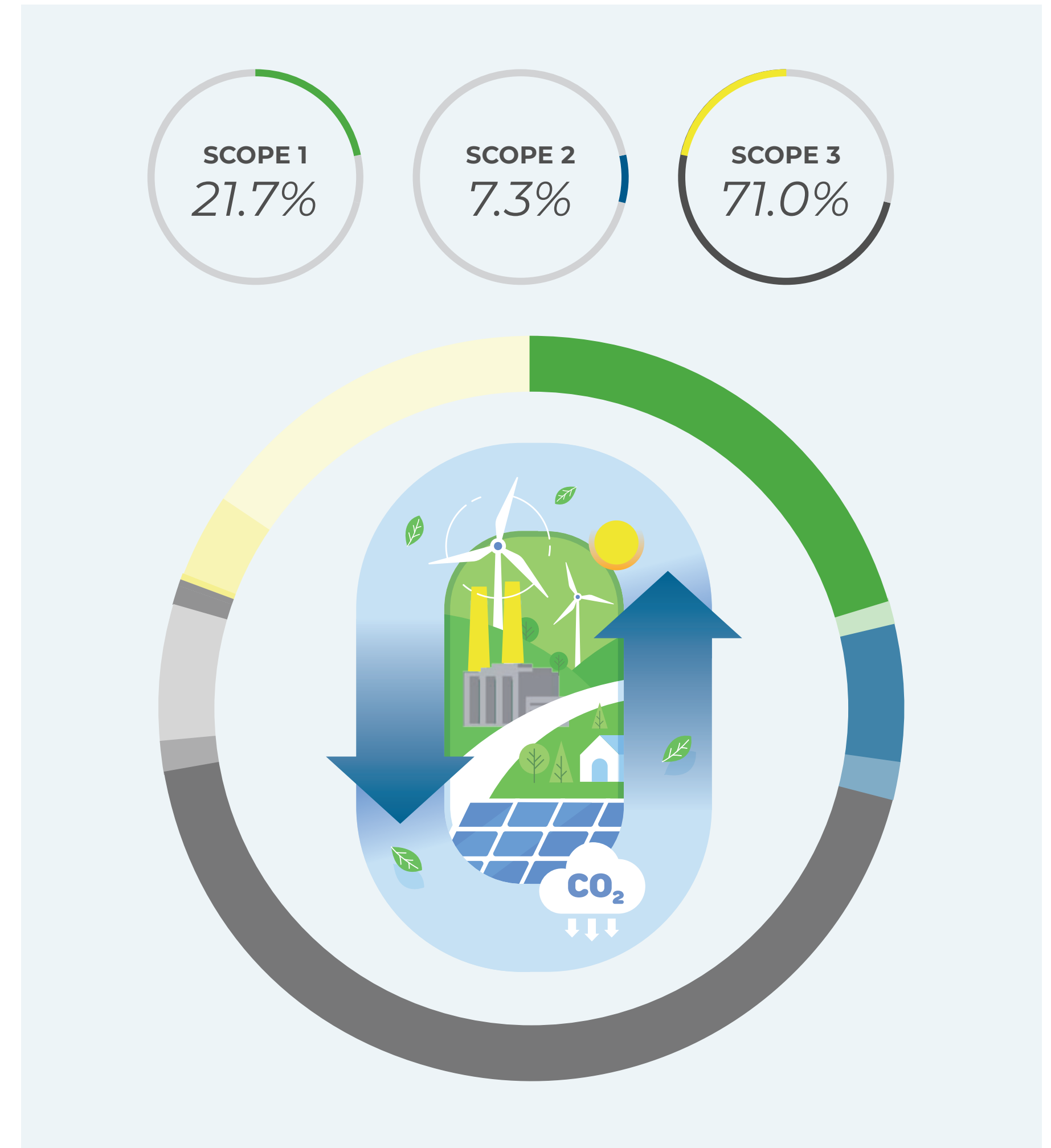
In our GHG Inventory, our Scope 3 indirect emissions are accounted for in the following categories relevant to our Company's activities:³¹



³¹ Detailed reasoning for exclusion of emission categories are included in Chapter 2.6 of our GHG Reports published on our website. For availability please see footnotes 28, 29 and 30.

Our GHG emissions for 2023 (tonnes CO₂e/year) ³²

	EMISSIONS (TONNE CO ₂ E/YEAR)	EMISSIONS RATE (%)
SCOPE 1		
DIRECT EMISSIONS FROM STATIONARY COMBUSTION	534 051	94.46%
DIRECT EMISSIONS FROM MOBILE COMBUSTION	1 509	0.27%
DIRECT EMISSIONS FROM INDUSTRIAL PROCESS	22 767	4.03%
DIRECT FUGITIVE EMISSIONS (HFCS, SF ₆)	7 069	1.25%
TOTAL:	565 395	100%
SCOPE 2		
INDIRECT EMISSIONS FROM THE USE OF PURCHASED ELECTRICITY	150 939	79.54%
INDIRECT EMISSIONS FROM THE USE OF PURCHASED STEAM	38 837	20.46%
TOTAL:	189 776	100%
SCOPE 3		
PURCHASED GOODS AND SERVICES	1 135 098	61.23%
CAPITAL GOODS	36 198	1.95%
FUEL- AND ENERGY-RELATED ACTIVITIES	152 313	8.22%
TRANSPORT AND DISTRIBUTION OF PURCHASED GOODS (UPSTREAM)	22 929	1.24%
WASTE GENERATED IN OPERATIONS	6 460	0.35%
BUSINESS TRAVEL	197	0.01%
EMPLOYEE COMMUTING	4 520	0.24%
TRANSPORT AND DISTRIBUTION OF PRODUCTS (DOWNSTREAM)	94 976	5.12%
USE OF SOLD PRODUCTS	749	0.04%
END-OF-LIFE TREATMENT OF SOLD PRODUCTS	400 244	21.59%
TOTAL:	1 853 691	100%



³² Detailed description of methodologies and data sources of our GHG emission calculations are included in Chapter 6 of our GHG Reports published on our website. For availability, please see footnotes 28, 29 and 30.

Our Scope 1 emissions in 2023 were 565,395 tonnes CO₂eq. The largest share (94.5%) of this is from stationary combustion emissions.

Our scope 2 emissions in 2023 were 189 776 tonnes CO₂eq., of which 79.5% came from indirect emissions of purchased electricity and 20.5% from indirect emissions of purchased steam.

In expanding our operations, our primary concern is to reduce specific CO₂ emissions, also with a view to contributing to the preservation and improvement of the health of our employees and the local population.

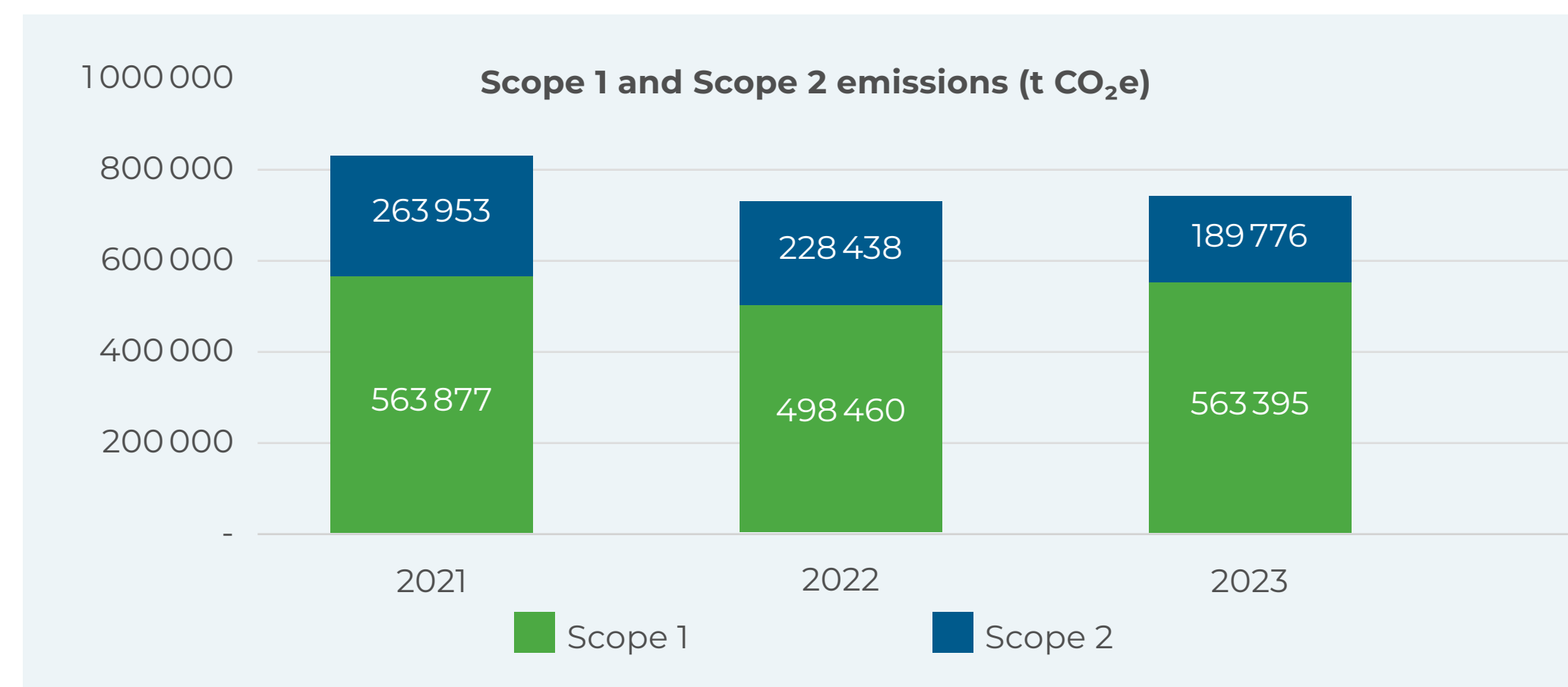
RECALCULATION OF GHG INVENTORIES FROM PREVIOUS YEARS

Cumulated effects from changes in the applied calculation methodologies, emission factors, as well as calculation errors discovered during the preparation of our GHG inventory for 2023 does not reach the 10% substantial changes set out in our recalculation policy. Nevertheless, our Company has decided to recalculate its GHG inventory for 2021 and 2022. Our GHG inventories are available on our [website](#), with the changes highlighted.

Explanation of the changes resulting from the recalculation of the base year inventory

EMISSION CATEGORY	REASON FOR CHANGE
SCOPE 2 2.1 CATEGORY: INDIRECT EMISSIONS FROM THE USE OF PURCHASED ELECTRICITY	CHANGES IN EMISSION FACTOR
SCOPE 2 2.2 CATEGORY: INDIRECT EMISSIONS FROM THE USE OF PURCHASED STEAM	REVISION OF QUALIFIED ESTIMATION (BY EXPERT)
SCOPE 3 3.1 CATEGORY: PURCHASED GOODS AND SERVICES	IMPROVEMENT IN THE ACCURACY OF ACTIVITY DATA
SCOPE 3 3.3 CATEGORY: FUEL- AND ENERGY-RELATED ACTIVITIES	DISCOVERED CALCULATION ERROR AND IMPROVEMENT IN THE ACCURACY OF ACTIVITY DATA


Scope 1 and Scope 2 emissions (2021-2023)



Our Scope 1 and Scope 2 emissions by GHG type: ³³

YEAR	GHG EMISSIONS	CARBON DIOXIDE		METHANE ³⁴		NITROGEN-OXIDE		HFCs		SULPHUR-HEXAFLUORIDE	
		t CO ₂	t CO ₂ e	t CH ₄	t CO ₂ e	t N ₂ O	t CO ₂ e	t HFC	t CO ₂ e	t SF ₆	t CO ₂ e
2021	SCOPE 1 ³⁵	525 135	525 135	-	-	70	20 975	12	17 285	0,02	481
	SCOPE 2	263 953	263 953	-	-	-	-	-	-	-	-
2022	SCOPE 1 ³⁵	476 848	476 848	-	-	53	14 002	2	7 001	0,03	609
	SCOPE 2	228 438	228 438	-	-	-	-	-	-	-	-
2023	SCOPE 1 ³⁵	539 653	539 653	-	-	70	18 673	4	7 069	0	0
	SCOPE 2	189 776	189 776	-	-	-	-	-	-	-	-

Biogenic carbon dioxide emissions



2021: 1 012 tonnes CO₂e
2022: 968 tonnes CO₂e
2023: 213 tonnes CO₂e

Biogas with a high methane content is generated in industrial wastewater treatment activities at our Company, all of which is burnt. Most of it is recycled as heat by burning it in a combustion unit, replacing natural gas, while the unused biogas is flared.

Avoided emissions

By recycling the biogas produced, significant methane emissions are avoided. Our emissions avoided as a result:



2021: 8 878 tonnes CO₂e
2022: 8 606 tonnes CO₂e
2023: 1 919 tonnes CO₂e

Our avoided emissions are reported as data for information purposes in our GHG Report. We do not account for the resulting emission savings in our GHG inventory.

³³ Applied GWP values and their data sources are included in details in our GH Reports published on our website.

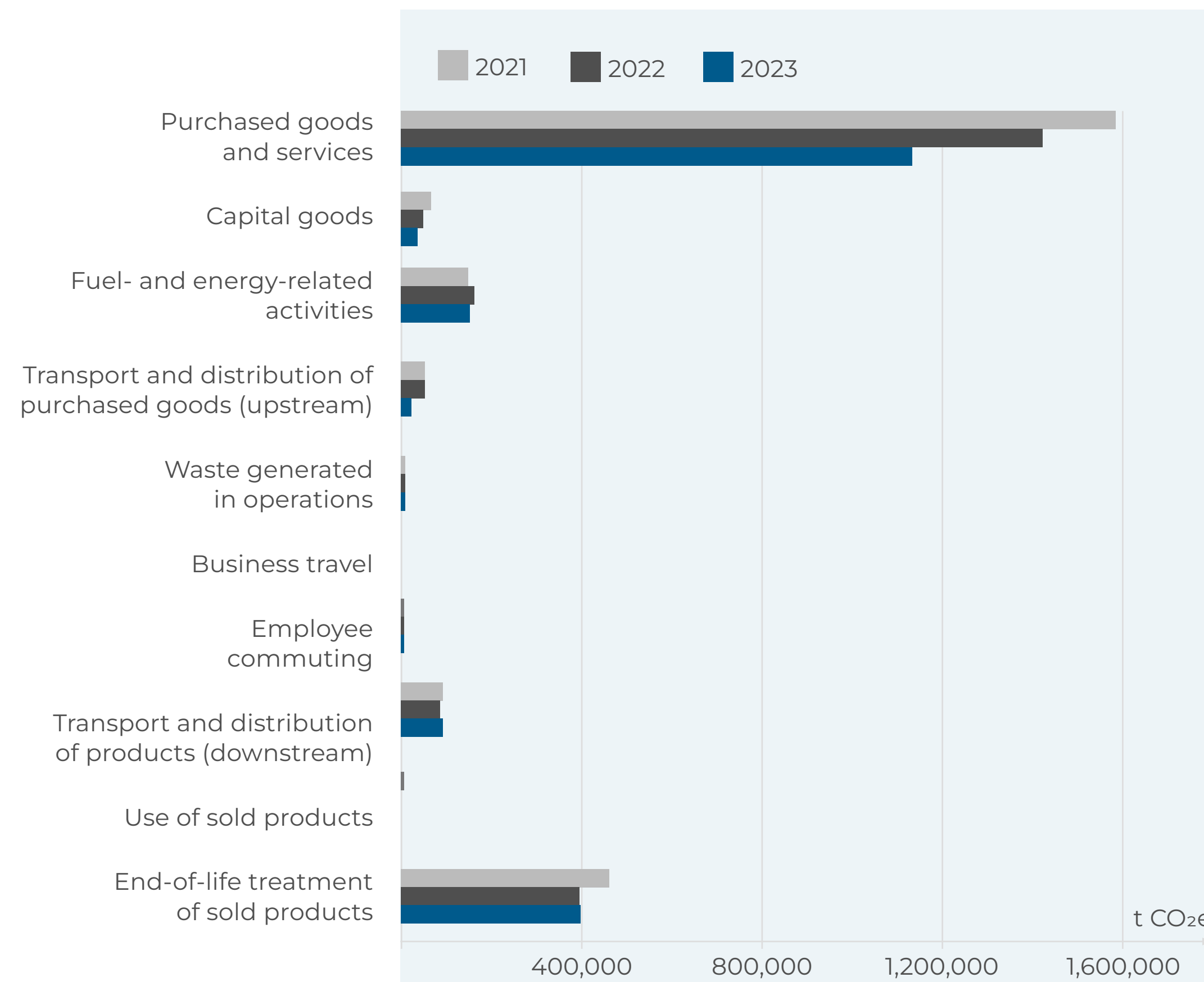
³⁴ Methane: Methane is generated during the waste and wastewater treatment activities of our Company. Biogas with a high methane content generated in our wastewater treatment activity is burnt and recycled as heat. Thus, direct methane emissions from the activity are not typical. The amount of methane generated during the decomposition of waste placed in landfills is negligible.

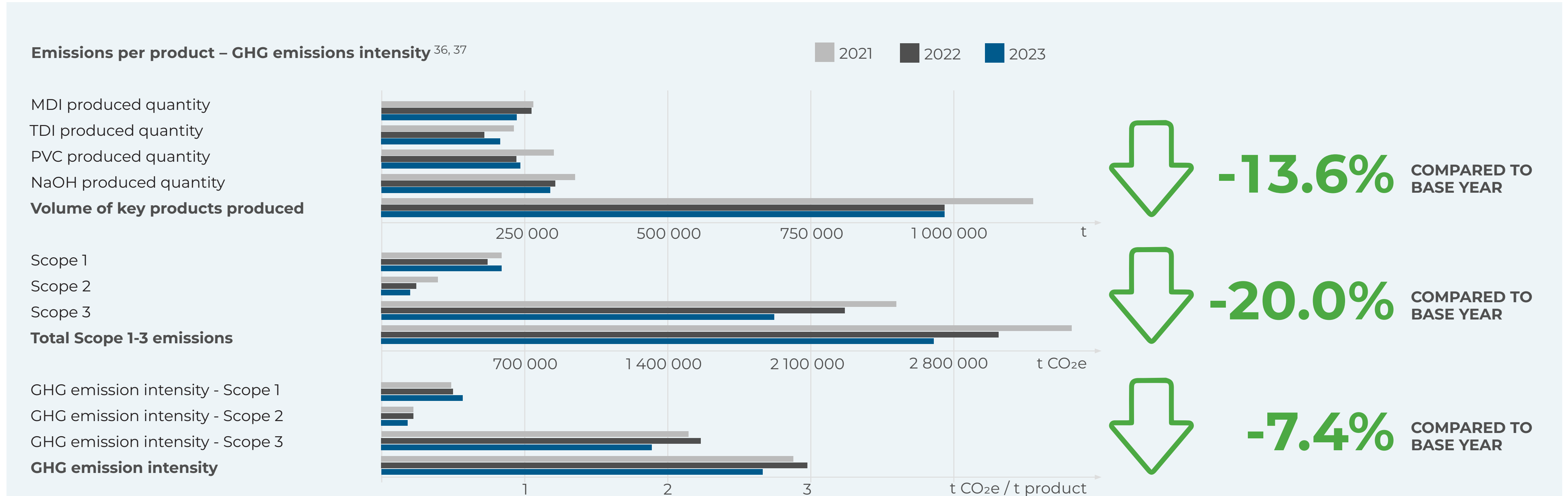
³⁵ A N₂O, HFC and SF₆ emissions were converted to CO₂ equivalent using the Global Warming Potential (GWP) values applicable according to the current regulatory reporting requirements. For methane (CH₄), a more recent value was used.

Scope 3 emissions (2021–2023)

Scope 3 – indirect emissions (t CO₂e)

	2021	2022	2023
PURCHASED GOODS AND SERVICES	1 590 617	1 427 342	1 135 098
CAPITAL GOODS	65 179	50 008	36 198
FUEL- AND ENERGY-RELATED ACTIVITIES	150 909	164 676	152 313
TRANSPORT AND DISTRIBUTION OF PURCHASED GOODS (UPSTREAM)	53 766	52 124	22 929
WASTE GENERATED IN OPERATIONS	6 526	6 457	6 460
BUSINESS TRAVEL	9	75	197
EMPLOYEE COMMUTING	3 770	4 129	4 528
TRANSPORT AND DISTRIBUTION OF PRODUCTS (DOWNSTREAM)	94 627	86 902	94 976
USE OF SOLD PRODUCTS	1 833	1 083	749
END-OF-LIFE TREATMENT OF SOLD PRODUCTS	464 722	395 082	400 244





Our GHG emissions in 2023 are 20.0% lower compared to the recalculated base year inventory, partly due to a decrease in capacity utilisation and sales volumes (-13.6%) compared to the base year due to the changing global economic situation. A further reduction of almost 6.5% in emissions is attributable to our improvements and programmes to support our emission reduction targets, which is also reflected in the reduction of our emissions intensity per tonne of product (-7.4%).

	2021	2022	2023
PRODUCTION VOLUME OF KEY PRODUCTS [t]	1 124 546	972 177	972 035
TOTAL SCOPE 1-3 EMISSIONS [t CO ₂ E]	3 259 787	2 914 776	2 608 862
GHG EMISSION INTENSITY [tCO ₂ E / t PRODUCT]	2.9	3.0	2.7

³⁶ GHG emissions intensity = GHG emissions (tCO₂e) / production volume of key products.

³⁷ In the calculation, the production volume of key products corresponds to the total annual quantity of MDI, TDI, PVC and Caustic soda production

The commissioning of our new aniline plant and our second natural gas-fired combined heat and electricity generating plant has led to an increase in our Scope 1 emissions.

However, the following measures have contributed to **reduce our emissions**:

- Within our Scope 1 emissions,
 - our N₂O emissions decreased by about 2 thousand tonnes, due to our new weak nitric acid plant (WNA II), which has been launched in autumn 2021 and is equipped with technology that results in nearly 90% less N₂O emissions compared to our existing nitric acid plant (WNA I).
 - BorsodChem has a programme for the continuous replacement of high GWP refrigerants. Compared to the base year, around 10 000 tonnes of CO₂ equivalent emissions were saved thanks to the refrigerant replacement programmes, as well as modernising our cooling systems.
- The followings have contributed to the significant reduction in our Scope 2 emissions:
 - a reduction in the amount of electricity purchased due to an increase in own electricity production, and
 - the volume of steam purchased also decreased, due to lower production levels compared to the base year and increase in self-production of steam.
- The significant reduction in Scope 3 emissions (11.8% compared to the base year) is attributable to our new Aniline plant, as the plant’s start-up significantly reduced our emissions from the extraction and production (Category 3.1) and transport (Category 3.4) of purchased goods.³⁸

Significant air emissions

Our emissions in the atmosphere include nitrogen oxides, sulphur dioxide, carbon dioxide, particulate matter and volatile organic compounds. We monitor our emissions into the atmosphere at the frequency specified in our permits under national legislation and EU BAT regulations, and we also operate continuous flue gas monitoring circuits at some of our point sources. We use the results of these measurements to prepare our annual reports to the authority.

³⁸ Please see in Chapter „Our main achievements in 2023“.

To continuously reduce our emissions, we have a comprehensive performance management and incentive system based on Key Performance Indicators (KPIs) in place at our plants, we evaluate our results annually and we also seek to minimise emissions through continuous technological improvements. Our emissions are publicly available through the website of the National Environmental Information System (OKIR). In addition to monitoring our emissions, we also regularly test and monitor the air quality of our environment, which includes measuring general pollutants as well as specific pollutants in our production technology.

Significant air emissions (kg)

	2020	2021	2022	2023
NOX	60 036	60 358	41 178	41 125
SOX	85	103	97	7
PERSISTENT ORGANIC POLLUTANTS (POPS)	10 ⁻⁵	0	10 ⁻⁵	10 ⁻⁵
VOLATILE ORGANIC COMPOUNDS (VOCS)	9 500	7 697	6 791	8 203
HAZARDOUS AIR POLLUTANTS (HAPS)	11	148	62	143
PARTICULATE MATTER (PM)	5 879	14 537	12 954	22 537
TOTAL SIGNIFICANT ATMOSPHERIC EMISSIONS (KG)	75 511	82 843	61 082	72 015

The annual emission values in the table are accumulated data based on the results of point sampling.

Water use and condition of surrounding waters

GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5

Water is an indispensable part of our lives, but it is also one of the main raw materials used by various industries. It has a significant impact on the global economy, and its availability, accessibility and quality can determine the success or failure of businesses and industries. Water scarcity, pollution and climate change are just some of the major challenges facing our water resources today. Our company is committed to water and environmental protection, which is a pillar of our Sustainability Strategy. We have set a Sustainability Objective to minimise our water consumption and reduce our water withdrawals from the Sajó River by 10 percent by 2030 compared to 2021.

Water withdrawal

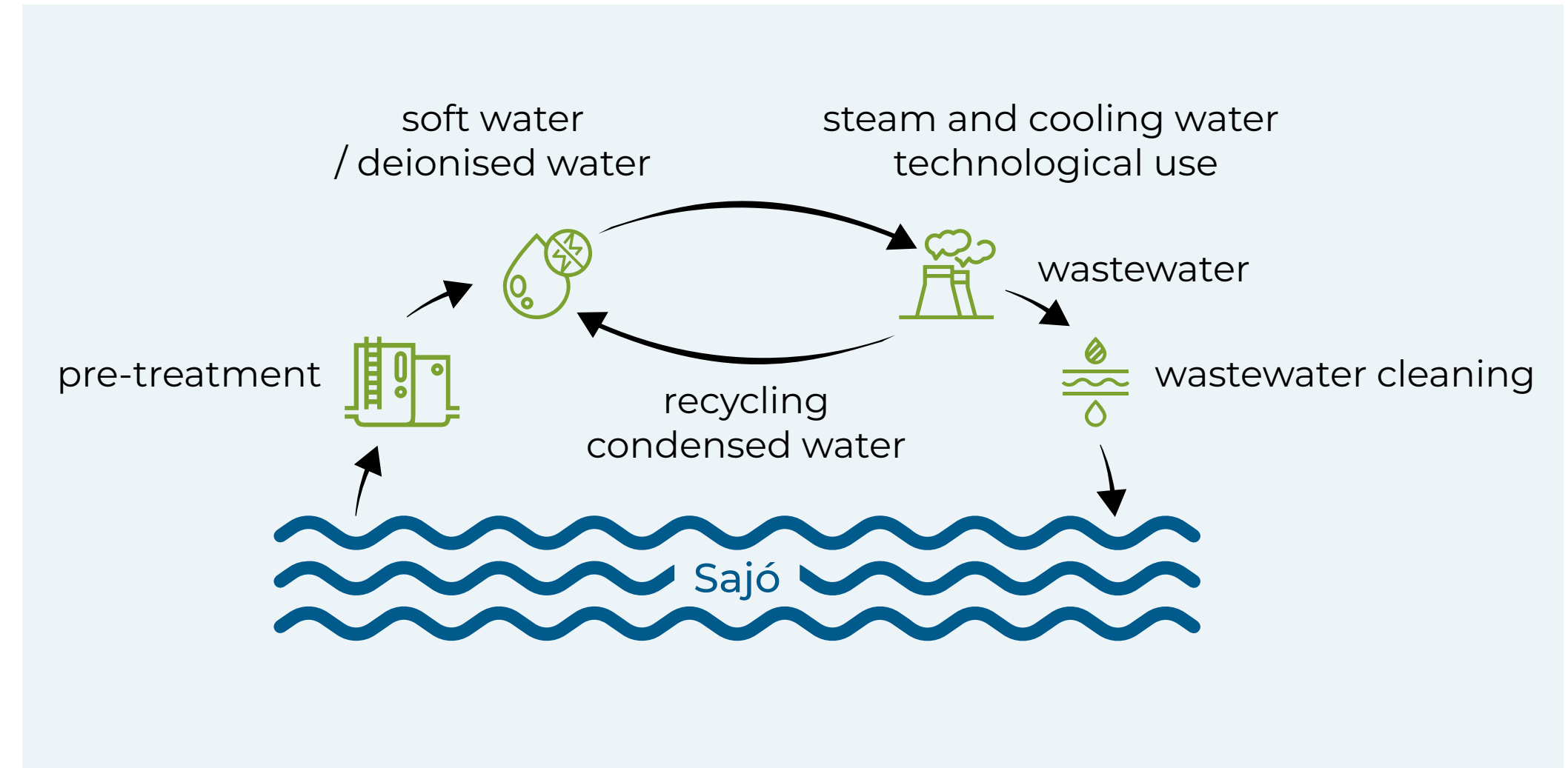
GRI 303-1

Our Company obtains the water it needs for its production processes from the river Sajó, which is not considered an area with water stress according to the requirements set in the GRI standard. This represents 98% of our total water use.

After pre-treatment, the raw water is used to produce soft water, which is essential for our cooling towers, and deionised water, which we mainly use to produce steam.

To mitigate the effects of large water withdrawals, our company seeks to recycle as much of each water stream as possible, including by collecting condensed water and recycling it for reuse in steam generation.

The wastewater streams generated are pre-treated at our plants as necessary, and after the



cleaning process carried out at the Central Wastewater Treatment Plant, they are returned to the Sajó. We are able to return a large volume of the water withdrawn from the river, around 75%, after treatment into the recipient. The 25% difference is due to evaporation from our cooling towers and the incorporation of water into our products.

Due to the design of our wastewater treatment system developed according to strict requirements, we do not discharge untreated wastewater from BorsodChem under any circumstances.

Compared to the amount of water used for industrial purposes, our use of drinking water is marginal, accounting for only about 2% of our total water consumption. Drinking water is supplied by the North Hungarian Regional Waterworks (ÉRV Zrt.) from wells with waterfront filtration and from the reservoir of Lázberc.

GRI 303-3

Total water withdrawal by source (thousands m³)³⁹

	2020	2021	2022	2023	DIFFERENCE
SURFACE WATER	8 935	9 119	9 053	9 353	+3.3%
THIRD-PARTY WATER	352	205	144	190	+31.9%

Our corporate water consumption is affected by several factors, as our production activity is a complex process. However, our experience so far has shown that weather conditions have a strong influence on our water withdrawal and consumption. With higher average temperatures, we need to increase the load on our cooling towers, so we have more water loss due to evaporation.

Water discharge

GRI 303-4

Total water discharge by recipient (thousands m³)⁴⁰

	2020	2021	2022	2023	DIFFERENCE
SURFACE WATER	6 666	7 083	6 724	6 700	-0.3%

In 2023, the volume of treated wastewater discharged by our Company into the receiving river Sajó remained at the same level as in 2022.

³⁹ The table does not include the water withdrawal data of BorsodChem Zrt.'s Gödöllő site and commercial office in Budapest, as these volumes are negligible compared to the total withdrawal of the Company. Rental fee of office rooms in Budapest includes the costs of drinking water supply and the detailed content of the rental fee is managed as confidential information by the lessor.

⁴⁰ The table does not include the water discharge data of BorsodChem Zrt.'s Gödöllő site and commercial office in Budapest, as these volumes are negligible compared to the total cleaned water discharge of the Company. Rental fee of the office rooms in Budapest includes the costs of wastewater discharge and treatment and the detailed content of the rental fee is managed as confidential information by the lessor. Quantity of BorsodChem Zrt.'s total water discharge [thousand m³] = quantity of cleaned wastewater discharged by the Waste Water Treatment Plant [thousand m³] – quantity of wastewater taken over from the subsidiaries / external partners [thousand m³]. Water quantities are based on measured values.

GRI 303-5

Total water consumption (thousands m³)

	2020	2021	2022	2023	DIFFERENCE
TOTAL WATER CONSUMPTION	2 622	2 240	2 473	2 843	+15.0%

As mentioned above, evaporation from cooling towers, which are essential for the technologies, is responsible for a large part of our Company's water consumption. In 2023, several plants (Air Separation Unit ASU-II/Linde, Aniline Plant, BC Power II power plant) were successfully started up at Site IV, which resulted in a sharp increase in the evaporation rate of our cooling tower installed here, which has been operating at basic level so far. Moreover, this value may also be strongly affected by weather conditions.

Water as a resource is of primary importance to maintain the stable operation of BorsodChem. Due to the risk of extreme weather events caused by climate change, we are focusing on multiple water uses and water recirculation, which will reduce the amount of raw water withdrawn from the Sajó and mitigate the negative effects of a possible drought.

In addition to the activities described above, we also carry out a condition survey every year to monitor changes in the ecological status of the river Sajó due to its Natura 2000 adjacent areas. Our goal is to achieve, maintain and ensure the long-term good ecological condition in accordance with the EU Water Framework Directive containing priorities for water management and water protection. Thanks to several years of continuous analysis, we now have a dataset of more than ten years, which allows us to identify trends that are unique on a national scale. Through our baseline assessment of the ecological status of the areas affected by our emissions and of the background areas, we look at groups of organisms at different levels of the food chain to get a comprehensive picture of the impacts on the area.

In 2023, we have launched and continued several actions that mitigate the negative impacts of hectic water flows caused by climate change and the impacts of BorsodChem on the river Sajó as a recipient.

Among our projects launched in 2023, we highlight the following:

Revolutionary water management:

Our “LIFE CLIMCOOP-Cooperation between Cities and Local Businesses for Climate Adaptation” project, LIFE19 CCA/HU/00132, launched in September 2020, is supported by the European Union LIFE programme and co-funded by the Ministry of Innovation and Technology, has been implemented and closed in November 2024.

A key objective of the project is to **find answers to the challenges of climate change**, particularly in the field of the adaptation to extreme weather events.

Within the framework of the project, we acquired an **innovative technological equipment** that enabled us to develop processes **for efficient reuse of various grey waters (industrial wastewater, municipal rainwater, treated municipal wastewater)**.

The purpose is to meet the water demands of the new investments launched by the Company and to facilitate adaptation to extreme weather conditions caused by climate change.

Thanks to the experiments carried out during the project, **we have optimised the treatment procedures for various water qualities, thus exploring the water recycling potential of our Company**. Based on the experiences gained and the measurement results obtained during the operation of the water treatment prototype, our Company can recycle a significant amount of water.

Through these results, the LIFE-CLIMCOOP project **will not only improve the internal water management of our Company, but can also serve as a model for other cities and companies, encouraging cooperation and innovation in climate change adaptation**. Achievements in sustainable water management can provide further inspiration for organisations facing similar challenges.

Setting up a high precision water balance for BorsodChem: As a responsible company, BorsodChem strives to monitor the raw materials it uses as carefully as possible. In order to optimise our own water use, it is necessary to quantify our individual water flows to identify intervention points where we can save significant amounts of water through technological improvements. As a first step, we have started to set up our corporate water balance and to further improve the measurability of our major water flows.

In addition to our larger projects, we strive to implement as a comprehensive range of preventive and mitigating measures as possible to mitigate the negative impacts that our Company’s operations may cause. We allocate not only the necessary financial resources but also internal and external expertise to our activities in this area.

For the year 2023, the following priority actions are among these initiatives:

- We have upgraded our Wastewater Treatment Plant technology to be ready for the special wastewater streams of our new plants (HPM, Aniline).
- We continued our water consumption reduction programmes, which are continuously monitored and their progress is reported to the Senior Management.
- We have implemented our investments for wastewater concentration reduction: reducing suspended solids of PVC wastewater, ODCB content of TDI wastewater, closed floor sewer system and stripping expansion in PVC Plant (upgrading pre-treatment equipments).
- We have built our rainwater collection system at Site IV in order to successfully increase the amount of recycled water in the future and reduce the hydraulic load on our Wastewater Treatment Plant.
- During the recultivation of the Salty lagoon area, we successfully eliminated the pools storing earlier salty water generated during production.

These initiatives include our projects **through which we support local communities** and mitigate the negative impacts we cause..

- In our Wastewater Treatment Plant, we treat also the municipal wastewater from Berente, thus helping the local community.
- To protect the nearby water base, we have set up a telemetric system with acquiring special devices financed by our Company for monitoring changes in the condition of underground waters.

WE ARE PROUD THAT OVER THE PAST NEARLY 10 YEARS WE HAVE MADE A LOT OF EFFORTS TO REMOVE OUR OLD INDUSTRIAL “HERITAGE” IN ORDER TO CREATE THE CLEAN AND ORDERLY ENVIRONMENT THAT IS WORTHY OF SUCH A LONG-STANDING AND ENVIRONMENTALLY CONSCIOUS COMPANY, AND TO WHICH ALL RESIDENTS OF THE NEIGHBORHOOD AREA HAVE A RIGHT.

Impact analysis of our water consumption

Impacts caused by BorsodChem:

- The water vapour rising from our cooling towers can cause industrial snow and fog to form in winter due to the weather conditions.
- As a result of the open cooling towers, there is a lot of evaporation loss, which has to be replenished with pre-treated water taken from the river Sajó.
- During the summer low-water period, our water withdrawal is specifically the highest, so our impact on the river Sajó is the greatest then.

However, our activities are affected by the following factors in terms of water consumption:

- Due to climate change, the water flow of the Sajó is becoming more extreme, which could also jeopardise the operational safety of the Company, as the change in water output poses a serious risk to the stable operation.
- Water uses on the upstream side, such as water storage and use in Slovakia (transboundary catchment areas) and other pollutant inputs can have potentially negative impacts on our operations, over which we unfortunately have just a little or no control.

Our water management framework:

We operate our water management in line with integrated management systems, as well as corporate rules, policies, and objectives developed in accordance with international and Hungarian laws and regulations.

We have established comprehensive control processes to ensure the controlled operation of our framework:

- We continuously monitor the status and results of our actions and objectives, and report them to the Senior Management.
- We carry out regular environmental impact identifications and self-audits to assess the quality and quantity of wastewater discharged by our plants.
- We monitor and evaluate the annual KPIs (key performance indicators) and organisational key tasks aligned with the achievement of our Company's objectives on a quarterly basis.
- We investigate environmental incidents that occur in our operations and, where necessary, take actions to eliminate the identified cause, the effectiveness of which is monitored.
- Our internal instructions that govern our operations are reviewed periodically and amended based on our operational experience.
- The waste water and waste targets set for each plant at the beginning of the year are reviewed and assessed on a quarterly basis.

Our efforts and results are continuously monitored against our internal expectations and shared with our stakeholders:

- Our Integrated Pollution Prevention and Control (IPPC) licence, which include our main developments, are publicly available on the website of the North Hungarian Environmental, Nature Protection and Water Inspectorate.
- Our Sustainability Report presents our water withdrawal and discharge data as well as our water use improvements, their assessment and future development targets, which we publish on our website.
- We give presentations to stakeholders on the improvements and their effectiveness on open days for the authorities and the public.
- The technological developments presented in the LIFE project are shared with the stakeholders (Kazincbarcika Municipality, University of Miskolc) during the dedicated open days.

WORLD WATER DAY

In 2023, on World Water Day, our Company held presentations, giving visitors an insight into the mathematical analysis of the impacts of climate change on water management and precipitation.

The visitors had the opportunity to see the experimental water treatment plant installed in the framework of our EU funded LIFE-CLIMCOOP project.

World Water Day is also an opportunity to raise awareness of the inestimable value of water and to commit to taking real action to ensure sustainable use of water resources and equal access to water.



Waste water management

Our waste water treatment operations comply with current national legislations and EU regulations (Best Available Techniques; BAT) and the limits set out in these frameworks.

The limit values of pollutants and components set by the national legislation and EU regulations are continuously monitored and managed in the appropriate way to ensure that the treated wastewater discharged meets the required parameters as well as our own expectations.

Our waste water treatment system, which is designed to meet stringent requirements, has been described in details in our previous reports, however, we would like to emphasise the fact also in this report of ours that we do not discharge untreated wastewater back into the Sajó under any circumstances. We strive to recycle as much of the water we take from the Sajó as possible, thereby reducing our ecological footprint.

During the reporting period, our Company complied with the limits set by national legislation in all cases. The official inspections did not reveal any overrun of limits or deficiencies at our Company.

During 2023, an internal action plan was established to ensure long-term compliance with the applicable technological and territorial limits for waste water discharge in all operating conditions.

As a key step in this process, the environmental investments needed to meet the limit values in the long term have been launched at our DKE/VCM plant. These investments include **designing of a new state-of-the-art VCM process unit**, after the construction of which, the currently operating technology lines will be shut down.

With our continuous expansion and new plants, it has become essential to upgrade our Wastewater Treatment Plant in order to be able to handle the new wastewater flows successfully. As a result of our persistent work, we are proud to report that in 2023, the technological development of the Wastewater Treatment Plant was successfully completed and the trial operation started.

We also have our Waste Water Recycling Project (WWRP) underway: Fluctuations in the water yield of the Sajó caused by climate change pose a significant environmental risk to the operational security of our Company. In order to mitigate the effects of drought periods, our Company aims to increase the return of water and wastewater flows. By collecting and pre-treating some of our water and wastewater streams and returning them to production, we will be able to replace hundreds of thousands to millions of m³ of water extracted from the Sajó. One important milestone will be the recultivation of the so-called “Factory I basins” located at our Wastewater Treatment Plant and the reuse of their full storage capacity (approximately 195 000 m³), which we plan to use to return 2 000 000 m³ of water to our production annually, thus reducing our impact on the river Sajó.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

GRI 3-3

As a responsible company, we place great emphasis on meeting the requirements of the relevant national and European environmental regulations, as well as BorsodChem's own internal expectations at a high level. We monitor, evaluate and integrate changes in legislation and operate in compliance with them at all times. Our Company operates a range of management systems, including the Environmental Management System (EMS, ISO 14001), which provides us with principles to guide us in our day-to-day activities. The basic objective of the EMS is to identify significant environmental risks by analysing environmental impacts and factors, and to help the company to develop sustainable operations by identifying and monitoring compliance obligations.

All of our manufacturing technologies have an individual Integrated Pollution Prevention and Control (IPPC) licences. Ongoing monitoring, enforcement and control of the regulations set forth in these is part of our daily work. In our technological processes, we apply the best available techniques. These include the solutions that are used to prevent, reduce and mitigate the impact on the environment as a whole, and is the basis for setting the limit values and levels of emissions.

Our environmental performance is monitored at both the level of individual organisational units and the Company as a whole, based on external legislation and the internal requirements set by the EMS. We undertake compliance going beyond the legislation with our international professional association memberships. The activities related to the company-wide inspections, audits and data analysis of each environmental element are coordinated by BorsodChem Zrt.'s Environmental Protection Department.

During our investments, developments and expansions, we assess and take into account the potential environmental impacts and risks already in the designing phase, as well as pay due attention to minimise them during the construction, trial operation, normal operation and decommissioning phases.

Minimising the environmental impacts of our business activities is defined as a priority objective in our Sustainability Strategy and our commitment to this is also confirmed in our HSE Policies. To achieve the directions defined in our HSE Policy, Sustainability Policy and Sustainability Strategy, we have set a number of objectives that demonstrate our commitment to the environment and environmental awareness as well.

We ensure the compliance with our corporate obligations through our business relationships, with a pre-qualification process before engaging a new supplier/service provider, when we make sure that the potential partner can meet our expectations and regulations.

The issue of environmental noise emission is a major challenge for BorsodChem, as due to the location of our site, the Company is bordered by residential buildings all directions, almost next to the fence. As a result of noise impacts on population exceeding the limit values, the Authorities required us to prepare an Action Plan in 2013. It was a monumental task even at European level, as one of the first steps was to develop a 3D model of BorsodChem's entire site in Kazincbarcika, which is essential for the spread of noise emissions and monitoring of the noise protection investments. In 2014, our Company prepared an Action Plan, which was approved by the Authority. Finally, a 10-year, 3-phase Action Plan was launched in 2015 to reduce environmental noise emissions, which included noise abatement investments that represented a significant financial outlay even for a large company of BorsodChem's size. To date, 18 noise abatement interventions have been implemented, resulting in significant noise reductions in both Kazincbarcika and Berente. In 2023, we started the implementation of the third and last phase of our Noise Management Action Plan, which also includes grandiose investments, and when completed, our Company is expected to meet the required limits. In addition, in case of our new investments, we pay special attention already in the planning phase to ensure that noise emission does not cause an additional load at assessment points in residential areas.

An important part of our corporate incentive system is the evaluation of environmental activities such as waste management, energy consumption, water use, and waste water emissions. Our employees are regularly informed about the Integrated Management System (approved objectives, implementation measures, operational experiences, etc.) through regular trainings. We involve our employees, inform them about their contribution to the achievement of the objectives and the business plan, and for their motivation, the BorsodChem's performance management system offers a solution.

We are aware that as a major chemical company of outstanding size, also at European level, we have a significant impact on our environment. To ensure transparency of these impacts, we regularly carry out an analysis and risk assessment of the environmental impacts of our day-to-day activities. Through these processes, in addition to external and internal environmental factors, we also identify and analyse risks related to our stakeholders and, where necessary, we define actions for their management, which are assessed and reviewed on a quarterly basis. In 2023, we developed a new method for identifying environmental impacts based on the requirements of the Environmental Management System (EMS), which integrates identifications and risk assessments to speed up and harmonise impact assessments.

Our Company has not been subject to any significant fines or non-monetary sanctions in relation to its environmental performance, either in the past or in the 2023 reporting period.⁴¹

In 2023, there were no environmental fines imposed by the authorities on BorsodChem.

We inform stakeholders about our environmental investments and developments in a variety of ways:

- We inform BorsodChem's Senior Management on a quarterly basis about the progress of our environmental targets.

- The IPPC review documents containing our environmental improvements and their assessments are publicly available on the website of the Department of Environment, Nature Protection and Waste Management of the Borsod-Abaúj-Zemplén County Government Office.
- On open days for authorities, the public and the municipalities
- On our corporate website
- In our Sustainability Reports,
- On our internal communication interfaces,
- On media platforms
- In sustainability and general newsletters.

THE MERCURY-FREE BORSODCHEM PROGRAMME AIMS TO REDUCE OUR ENVIRONMENTAL IMPACT FROM THE USE OF MERCURY TO ZERO.

Mercury-free BorsodChem programme

In 2023, we continued the follow-up works of our "Mercury-free BorsodChem" programme, under which the Caustic Soda plant, which was closed decades ago, has been dismantled. During this phase of our activity, environmental and health protection played also a key role, which was ensured by continuous environmental and biomonitoring through groundwater, waste and air measurements, as well as urine and blood testing of the employees involved in the demolition. By the end of 2023, a concrete surface (sarcophagus) was built in place of the cell room, on which a warehouse is planned to be installed in the future. With the construction of the concrete sarcophagus and the final removal of the remaining metallic mercury in 2023, an era of our Company that stretches back to the past finally came to a successful end.

⁴¹ BorsodChem considers a fine of more than EUR 1,000 to be a significant fine.

Waste management

GRI 3-3, GRI-306-1, 306-2, 306-3, 306-4, 306-5

The framework of our waste management is outlined by the principles and measures set out in our HSE Policy and Objectives, as well as in our programmes supporting the objectives of our Sustainability Strategy. As an environmentally conscious large company, we know that every material used and waste generated has an impact on the environment, the economy and society. In line with the principles of sustainable development, one of our key objectives is to minimise these impacts, and to achieve this, we use the waste hierarchy as a guiding principle in our waste management. In addition to environmental awareness and social responsibility, it is also demanded by economic considerations.

Taking into account the different levels of the waste hierarchy, our primary objective in our production and operations is to produce zero waste. To achieve this, we try to recycle into the production all the material generated in it. In case of inherently generated waste, we make significant efforts to recycle, reuse, and utilize it for energy recovery, as well as to pre-treat it, in order to reduce its environmental impact. All tasks related to waste collection, pre-treatment, recycling and disposal can be carried out by our partners having the required licences.

In recent years, BorsodChem has made great efforts to demolish abandoned industrial buildings that are no longer in use, and to recycle the demolition waste generated. Some of the demolition waste is recycled after pre-treatment and reused as building material, thereby saving the purchase, transport and use of thousands of tonnes of mined material. Other waste from demolitions is recycled in [our reclamation activities](#), so we do not burden the capacity of nearby landfills with it. After reclamation, they are available as brownfield investment development sites for new industrial facilities or for the installation of a potential solar power plant, thus avoiding the use of “green” sites.

Waste that cannot be recovered by any of the above waste treatments due to its composition is disposed of by landfilling or incineration. In order not to burden other landfills receiving municipal waste, we have built and operate our own non-hazardous waste landfill, where we can only dispose of our Company’s non-hazardous inorganic waste.

Sustainability considerations were also taken into account when planning and establishing our landfill. We have developed an access route for the delivery of waste that bypasses the settlements, so that we do not unnecessarily burden the population of the surrounding areas with noise and dust from transport, and we can reduce our CO2 emissions by optimising the transport route. For the construction of the above road, we also used material reclassified from concrete waste from demolitions.



In order to analyse environmental impacts and identify significant impacts, we carry out environmental impact factor identification for our activities every year, one of the main elements of which is the assessment and environmental risk classification of the waste generated. For wastes that have been identified as having a significant impact, a risk reduction programme is put in place, due to which there's a decrease in the amount or hazard level of the waste. The progress of these programmes is continuously monitored and evaluated on a quarterly basis.

For controlling the amount of waste generated at the plants, specific waste indicators are assigned to them at the beginning of the year. These indicators show the amount of waste as a function of the product produced, and their main objective is to optimise processes and reduce the impact of breakdowns.

To improve waste management, we continuously transfer established and good practices to other plants through knowledge sharing and present them to management during the regular annual evaluation of major shutdowns.

We also run a LEAN programme at our company, supporting more creative, efficiency-boosting ideas and initiatives in waste management.

For the purpose of achieving the waste recovery rates required by the European Union, we have concluded a contract with the Hungarian waste management concession company (MOHU) mandated by the state. Under the contract, only third parties who are MOHU's contracted subcontractors and hold a valid and appropriate licence can handle our waste under the concession. Because of the different composition of the waste, we have contracts with several waste management partners.

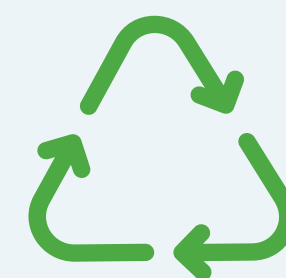
Our activities related to waste management are carried out in accordance with the relevant legal regulations. We have developed an SAP-based system for recording processes, with the help of which we track the path of wastes from their generation to their handover to the treatment partner. We prepare our declaration about wastes annually to the Department of Environmental Protection, Nature Protection and Waste Management of the Government Office of Borsod-Abaúj-Zemplén County.

Reducing our environmental footprint – Recultivation activities

To reduce our Company's environmental footprint, we are carrying out a comprehensive recultivation activity. Through these projects, we aim to reduce our Company's impact on the environment in a way that is also economically beneficial for us..

OUR RECULTIVATION ACTIVITIES IN 2023

- The recultivation works of the M5 saltwater storage pool in the area of Salt Lake, which have been ongoing since 2021, **were successfully completed in 2023 with the installation of the cover layer and the implementation of the grassing.**
- In the case of the M2 salt water storage pool in the area of Salt Lake, **the HDPE foil sealing of the basin was completed in 2023 and the installation of the cover layer started.** The process is expected to be completed in 2024 by grassing of the area.
- Work on the recultivation of the hazardous waste landfill cassette Z1 in the sludge area started in 2018, and **the final sealing of the cassette was completed** in several stages **in 2023.** In the hazardous waste landfill cassette Z2, recultivation work was also carried out in a similar way to Z1. In 2023, **waste recovery in the Z2 cassette was ongoing**, so the final technical closure of the Z2 cassette is expected to start in 2024.
- **The demolition** of the Granulating Plant building, which started in 2021, **was successfully completed in 2023.** The construction and demolition debris from the demolition was recycled **in the Z2 basin in 2023.**
- Overall, it can be said that during 2023, we recycled **more than 11 700 tonnes of non-hazardous demolition and operational waste** on our sites.



More than **11 700 tonnes**
OF NON-HAZARDOUS WASTE RECYCLED

Waste generated
GRI 306-3

Waste generated by waste composition (t) ⁴²

	2021	2022	2023	DIFFERENCE
HAZARDOUS WASTE	7 024	11 507	12 250	6.5%
NON-HAZARDOUS WASTE	87 561	18 693	24 623	31.7%
TOTAL WASTE GENERATED	94 585	30 200	36 873	22.1%

Our largest waste stream is the sludge-like waste generated in water- and wastewater treatment and the technology of Chlorine Plant, but the amount of construction and demolition waste – not directly related to production – is also significant.

The difference in volume of the non-hazardous waste between 2022 and 2023 is due to waste from demolition and sludge-like water softening and dried sewage sludge waste associated with our production. The largest share of this is demolition waste, resulting from increased building demolitions. The amount of wastes generated, reused and handed over for disposal are tracked in WMS (Waste Management System) module in the SAP software. Data required in accordance with the GRI were collected by treatment modes and treating partners from this system.

Amount of waste recycled
GRI 306-4

BorsodChem aims to carry out its waste management activities based on the waste hierarchy. For the waste generated, we develop processes through pre-treatment and technological modifications that facilitate and create the conditions for waste recovery.

Waste recovered by composition of waste (t) ⁴²

	2021	2022	2023	DIFFERENCE
RECOVERED HAZARDOUS WASTE	472	624	738	18.3%
RECOVERED NON-HAZARDOUS WASTE	83 213	16 184	21 710	34.1%
TOTAL WEIGHT OF RECOVERED WASTE BASED ON WASTE COMPOSITION	83 685	16 808	22 448	33.6%

Several factors are responsible for the increase in hazardous waste recovery between 2022 and 2023. On the one hand, due to technological changes in the Ammonia and Nitric Acid plants, the purity of the sulphuric acid produced in these plants has been reduced and it is not possible to sell them as a product. Because of their composition, they are difficult to use and should be disposed of as waste, but to avoid this, we recycle the resulting sulphuric acid in our technology. In addition to sulphuric acid waste, we also recover waste isocyanates (from TDI, MDI and PU Loading) and organic solvents (from HPM Plant and Isocyanate Laboratory) through energy recovery from incineration.

⁴² Amount of waste generated at BorsodChem Zrt.'s Gödöllő site is not significant (0.03% of the Company's total waste generated). In the rented office rooms in Budapest commercial activities are carried out by a small number of employees. The rental fee includes the costs of waste treatment, and the detailed content of the rental fee is managed as confidential information by the lessor, but based on our estimations amount of generated waste is also negligible. These amounts of wastes are included in the table due to the above reasons.

As regards non-hazardous waste, the difference is caused by waste from demolition operations, as explained above, and sludge-like waste from water softening and dried sewage sludge associated with our production.

In the following, we present the breakdown of recoverable hazardous and non-hazardous waste by recovery operations.

Waste recovered by recovery operation (t) ⁴²

	2021	2022	2023	DIFFERENCE
HAZARDOUS WASTE				
TOTAL ON-SITE RECOVERY	0	0	0	0 %
TOTAL OFF-SITE RECOVERY	472	624	738	18.3%
RECYCLING	252	378	454	20.1%
OTHER RECOVERY OPERATIONS	220	246	284	15.4%
TOTAL HAZARDOUS WASTE RECOVERED	472	624	738	18.3%
TOTAL HAZARDOUS WASTE RECYCLED	252	378	454	20.1%
TOTAL HAZARDOUS WASTE TREATED BY OTHER RECOVERY OPERATIONS	220	246	284	15.4%

⁴² Amount of waste generated at BorsodChem Zrt.'s Gödöllő site is not significant (0.03% of the Company's total waste generated). In the rented office rooms in Budapest commercial activities are carried out by a small number of employees. The rental fee includes the costs of waste treatment, and the detailed content of the rental fee is managed as confidential information by the lessor, but based on our estimations amount of generated waste is also negligible. These amounts of wastes are included in the table due to the above reasons.

	2021	2022	2023	DIFFERENCE
NON-HAZARDOUS WASTE				
TOTAL ON-SITE RECOVERY ⁴³	71 094	12 434	11 735	-5.6%
PREPARING FOR REUSE	71 094	12 434	11 735	-5.6%
TOTAL OFF-SITE RECOVERY	12 119	3 750	9 975	166.0%
RECYCLING	11 585	3 471	9 847	183.7%
OTHER RECOVERY OPERATIONS	261	279	129	-53.8%
TOTAL NON-HAZARDOUS WASTE RECOVERED	83 213	16 184	21 710	34.1%
TOTAL NON-HAZARDOUS WASTE PREPARED FOR REUSE	71 094	12 434	11 735	-5.6%
TOTAL NON-HAZARDOUS WASTE RECYCLED	11 858	3 471	9 847	183.7%
TOTAL NON-HAZARDOUS WASTE TREATED BY OTHER RECOVERY OPERATIONS	261	279	129	-53.8%
TOTAL WEIGHT OF RECOVERED WASTE	83 685	16 808	22 448	33.6%

⁴³ The successful completion of the Sludge Area recultivation project is an important milestone for our Company from a sustainability perspective. Due to exemplary implementation of the project, we consider it essential to highlight the results of this waste recovery, therefore we have applied a different waste breakdown compared to the previous Sustainability Report. The on-site recovery includes all wastes recovered in the recultivation works. Our Company has decided to modify retroactively the breakdown of wastes, to ensure that readers of the Sustainability Report can have an overall picture of our recovery activities.

We do not recycle hazardous waste on site at BorsodChem, that's why we do not present data in this category.

Our recoverable **hazardous waste is recycled off-site** by duly licensed external partners. It can be seen that the amount of hazardous waste recycled, mainly sulphuric acid and lubricating oils from operations, has increased compared to 2022. There was also an increase in the amount of hazardous waste recovered through other recovery operations, by which we mean energy recovery through incineration. We mainly recovered organic solvents and isocyanate waste under this category.

In the category **Preparation for reuse**, we have included waste from demolition utilized in our own, non-hazardous landfill. Through this activity, we have successfully recovered a huge amount of waste, with which we did not burden other landfills, and we have saved the use of thousands of tonnes of material for recultivation purposes.

In case of **Total waste recovered off-site**, we mainly sold iron and other metal waste from demolition to external partners. The value for Other recovery operations has been significantly reduced, as the amount of green waste sent for composting was heavily influenced by the weather.

During 2023, we sold **4,344 tonnes of recyclable waste**. The sales revenue was EUR 1.2 million, which includes also the revenue from the sale of oil and battery waste classified as hazardous waste.

During the year, 68.6 tonnes of waste was delivered **abroad** (of which 63.9 tonnes were spent catalysts sent for recycling, and 4.6 tonnes metallic mercury waste from the dismantling of the mercury cell room for disposal).

Waste for disposal
GRI 306-5

The **disposal of waste** generated at BorsodChem is carried out by specialised companies authorised for that. The amount of waste disposed of was mainly from the large-scale demolition works carried out at the company.

Waste sent for disposal by waste composition (t) ⁴²

	2021	2022	2023	DIFFERENCE
DISPOSED HAZARDOUS WASTE	6,535	10,855	11,532	6.2%
DISPOSED NON-HAZARDOUS WASTE	3,998	3,654	3,077	-15.8%
TOTAL WEIGHT OF WASTE DISPOSED	10,533	14,508	14,609	0.7%

In case of non-hazardous waste disposed of, the decrease was due to an increase in the recovery rate of soil and stones from demolitions. Another significant factor in the reduction was that the volume of the PVC resin waste was much lower, due to the reduction in the number and impacts of breakdowns in 2023.

⁴² Amount of waste generated at BorsodChem Zrt.'s Gödöllő site is not significant (0.03% of the Company's total waste generated). In the rented office rooms in Budapest commercial activities are carried out by a small number of employees. The rental fee includes the costs of waste treatment, and the detailed content of the rental fee is managed as confidential information by the lessor, but based on our estimations amount of generated waste is also negligible. These amounts of wastes are included in the table due to the above reasons.



Waste for disposal by disposal operations (t) ⁴²

	2021	2022	2023	DIFFERENCE
HAZARDOUS WASTE				
TOTAL ON-SITE DISPOSAL	-	-	-	
TOTAL OFF-SITE DISPOSAL	6 535	10 855	11 532	6.2%
INCINERATION (WITH ENERGY RECOVERY)	1 011	1 178	1 234	4.7%
LANDFILL	5 457	9 669	10 299	6.5%
OTHER DISPOSAL OPERATIONS	67	8	-	-100.0%
TOTAL HAZARDOUS WASTE FOR DISPOSAL	6 535	10 855	11 532	6.2%
TOTAL HAZARDOUS WASTE DISPOSED OF BY INCINERATION (WITH ENERGY RECOVERY)	1 011	1 178	1 234	4.7%
TOTAL HAZARDOUS WASTE DISPOSED OF BY LANDFILL	5 457	9 669	10 299	6.5%
NON-HAZARDOUS WASTE				
TOTAL ON-SITE DISPOSAL	1 916	2 321	2 342	0.9%
LANDFILL	1 916	2 321	2 342	0.9%

	2021	2022	2023	DIFFERENCE
TOTAL OFF-SITE DISPOSAL	2 082	1 333	735	-44.9%
INCINERATION (WITH ENERGY RECOVERY)	217	144	263	82.5%
LANDFILL	1 865	1 189	472	-60.3%
TOTAL NON-HAZARDOUS WASTE FOR DISPOSAL				
TOTAL HAZARDOUS WASTE DISPOSED OF BY INCINERATION (WITH ENERGY RECOVERY)	217	144	263	82.5%
TOTAL HAZARDOUS WASTE DISPOSED OF BY LANDFILL	3 781	3 509	2 814	-19.8%

The main difference in our **non-hazardous waste disposal** data in the category of incineration **with energy recovery** compared to the previous year was caused by dried sewage sludge generated mainly from the operation of the wastewater treatment plant. For the request of the plant, part of the dried sewage sludge was disposed of in an incinerator instead of landfilling, in order to improve the combustion properties of the waste streams destined for incineration and to respect the waste hierarchy.

The amount waste disposed of on **Off-site landfills** significantly decreased in 2023. The main reasons for this were that land waste from remediation activities and industrial waste from PVC plants – caused by breakdowns - reduced.

⁴² Amount of waste generated at BorsodChem Zrt.'s Gödöllő site is not significant (0.03% of the Company's total waste generated). In the rented office rooms in Budapest commercial activities are carried out by a small number of employees. The rental fee includes the costs of waste treatment, and the detailed content of the rental fee is managed as confidential information by the lessor, but based on our estimations amount of generated waste is also negligible. These amounts of wastes are included in the table due to the above reasons.

Climate change adaptation

GRI 3-3

Direct and indirect impacts of climate change may significantly affect BorsodChem's operation. Extreme weather events (e.g. extreme heat, heavy rainfall, stormy winds) can have a negative impact on our industrial activities and business activities, which must be taken into account. These factors can affect the production, water use or even result in damages in buildings. The extremes caused by climate change also reduce workers' physical activity and concentration ability, which may even increase the risk of accidents. In the spirit of adaptation, BorsodChem provides rooms with temperature suitable for work for the employees. In the event of a heat alarm, additional measures are put in place to protect the workers' health.

BorsodChem, together with the University of Miskolc and the Municipality of Kazincbarcika, has launched its climate adaptation project (LIFE-CLIMCOOP), which is supported by the LIFE programme of the European Union and co-financed by the Ministry of Innovation and Technology. In the course of the project, BorsodChem Zrt. and the Municipality of Kazincbarcika – together with several participants – have created a partnership and cooperation in which the members help each other to adapt to the changed and constantly changing environment. The project therefore aims to take concrete actions that benefit all partners and reduce the risks of harmful effects of the climate change.



THE KEY OBJECTIVE OF THE PROGRAMME IS TO PROMOTE ADAPTATION TO THE IMPACTS OF CLIMATE CHANGE AND REDUCE CLIMATE RISKS.

Within the LIFE-CLIMCOOP project, we are increasing the resilience of both our Company and the surrounding residential areas, so positive impacts of the activities implemented within the project on our employees and the surrounding population can already be realised.

BorsodChem's commitments to reduce the impact of climate change under the LIFE project

Managing the challenges of periods of extreme rainfall or water scarcity (protecting against flash floods, reducing vulnerability to floods, managing risks of BorsodChem's cooling and industrial water supply, preparing for potential risks of summer drinking water supply, reducing vulnerability to drought)

Protecting human health against heat waves and other climate impacts (preparing the health care system for summer surplus, continuing and expanding responsive municipal and corporate practices, implementing (urban) architectural solutions to mitigate the effects of heat waves, implementing health awareness, developing a local regulatory environment responsive to heat waves)

Reducing the vulnerability of the region to storm damage both in relation to BorsodChem and Kazincbarcika (reducing the vulnerability of BorsodChem and the built environment of the municipality to storm damage, strengthening the resilience of the local leisure economy)

Improvement and territorial extension of natural areas and municipal green spaces (application of adaptive forest management solutions in the area, mitigating the risk of forest and bush fires, preservation and enhancement of biodiversity, development of green and blue infrastructure networks),

Strengthening urban, regional and corporate climate awareness, increasing the effectiveness of responses (raising awareness of climate impacts and more sustainable lifestyles/activities, promoting information flow between regional actors, integrating climate adaptation content into municipal and sectoral strategy documents, preparing for climate-related climate challenges in the global economy and geopolitics)

Maintenance and further development of cooperation mechanisms between the city of Kazincbarcika and BorsodChem for the purpose of climate adaptation (regional dissemination of locally developed adaptive good practices, maintenance of the established climate adaptation institutional elements and filling them with content)

Our major achievements in 2023:

- Within the framework of the project, we continued our tree planting programme and as a result, a total of 690 tree saplings were planted in 2023 on the territory of BorsodChem. The planting of trees significantly helps to reduce particulate matter concentrations and noise impacts in the immediate vicinity of our Company, and also helps to prevent the formation of heat islands in the summer.



- In order to reuse grey water of different origins (industrial wastewater, municipal rainwater, treated municipal wastewater) and to optimise the use of water by BorsodChem, we have installed a pilot water treatment plant, which will also help to reduce the water withdrawal from the Sajó for industrial purposes in the long term, by applying the solutions tested during the project period on a large scale.
- In order to increase the climate awareness of the surrounding population, our Company donated 8 IBC tanks to local kindergartens and primary schools in 2023 and distributed a total of 30 IBC tanks to Kazincbarcika residents through a competition, encouraging residents and the Company's local employees to conserve and use rainwater for domestic purposes.
- Within the Company's premises, we have built a so-called green roof bus stop and, in close cooperation with the Aggtelek National Park, we have installed a bird observation tower next to the recultivated area of Salt Lake, which has been integrated into the landscape to create a habitat for protected and specially protected birds (e.g. avocets and black-winged stilt) that are particularly fond of sodic soils. In the same area, we have also created an educational path with information boards about local birdlife.
- To compensate for extreme weather conditions, our social and technology service buildings are being continuously insulated.

ONE OF THE MAIN PRODUCTS OF BORSODCHEM ZRT. IS MDI, ONE OF THE MAIN COMPONENTS OF PUR FOAMS USED FOR BUILDING INSULATION, THUS DIRECTLY CONTRIBUTING TO CLIMATE CHANGE ADAPTATION AND ENERGY USE REDUCTION.

Each step of adaptation to climate change is well quantified by the results achieved under the LIFE project.

Results achieved under the LIFE programme

UNIT OF MEASUREMENT		2021	2022	2023
NUMBER OF IBC TANKS	PCS	27	33	30
AMOUNT OF WATER CLEANED BY "LIFE PROTOTYPE"	LITRES PER HOUR	./.	./.	1 000
NUMBER OF TREES PLANTED	PCS	./.	850	690



Tree plantings implemented by BorsodChem Zrt. ⁴⁴

YEAR	PLACE OF PLANTING	NUMBER OF PLANTED TREES (PIECES)
2017	BERENTE	173
2018	BERENTE	80
2019	MÚCSONYI VÉDERDŐ, SAJTÓSZENTPÉTER, KAZINCBARCIKA/BERENTE	870
2020	./.	./.
2021	./.	./.
2022	KAZINCBARCIKA/BERENTE	850
2023	KAZINCBARCIKA/BERENTE	690

We keep employees, local residents, suppliers and our partners informed about the measures we are taking to adapt to climate change and the results of such measures. This takes the form of lectures, workshops as well as printed newsletters and locally distributed papers on the subject.

More information is available electronically on the websites of the [Project](#), of the City and our [Company](#).

In cooperation with the City, we are running a Climate Platform to promote adaptation, and we are making our methods, experiences and strategies available to other cities and companies. In doing so, we are also committed to helping society as a whole work together to reduce the impacts of climate change and to protect against it.

⁴⁴ In 2020 and 2021, tree plantings can not be implemented due to COVID. Trees were planted by BorsodChem Zrt. in 2022 and 2023 within the frame of the Life programme.

A close-up photograph of several hands of different skin tones and ages clasped together in a circle. The hands are positioned in the center of the frame, with fingers interlaced. The background is a warm, golden-yellow glow, suggesting sunlight or a bright indoor light source, which creates a soft, ethereal atmosphere. A bright sunburst effect is visible in the upper right corner. The overall composition conveys a sense of community, solidarity, and mutual support.

SOCIAL

SOCIAL RESPONSIBILITY

Our HR strategy, our employer brand

GRI 401, GRI-3-3

Our Company is a prominent player in the chemical industry, but in addition to our professional manufacturing activities, we are also proud that as one of the most important employers in the region we have been able to build an exemplary operation that will support our long-term sustainable operations.

Our vision is to run a liveable, loveable and successful company. This reinforces the commitment and satisfaction of our employees and is attractive to the labour market as well. We believe that diversity is a major contributor to our success.

Organisational culture is a set of values, norms and beliefs. We strive to ensure that these define our culture too. Our employees play a key role in shaping our organisational culture, because they have the opportunity to decide what they believe in and, more importantly, how they behave based on the followed norms.

A healthy and positive organisational culture is formed by the correct employee behaviours that are in line with both the Company's regulations and the management's expectations. It has an influence on employees' overall satisfaction, attitude towards the work environment, the effective performance of tasks, as well as understanding and achieving the business objectives.

Over many years, we have developed a working environment and culture that attracts talented employees, as well as retains and motivates our existing employees.

Our employer brand is made up of several key elements. Among these, we highlight the following, which are presented in more detail in the rest of this chapter:

- 1. Talent and Career Development:** we place a strong emphasis on talent and career development. We offer a wide range of training programmes, mentoring opportunities and promotion schemes that support our employees' professional development and long-term career goals.
- 2. Competitive Benefits Packages:** our salary system and benefits packages are based on the latest labour market studies and benchmarks. We ensure in this way that our employees receive fair and competitive financial recognition.
- 3. Health Promotion Programmes:** we pay special attention to the health and well-being of our employees. We offer a wide range of health-care programmes, such as health screenings, sporting opportunities, mental health programmes and support.
- 4. Positive Workplace Culture:** collaboration, open communication and teamwork are key to our workplace culture. We believe that a positive and supportive workplace culture encourages innovation and creativity, and increases motivation, which contributes to the success of our Company.

5. Community and Team Building Programmes: we regularly organise community and team building programmes to strengthen the team spirit and employee relations. These events contribute to a positive working atmosphere and the engagement of our colleagues.

6. Social Responsibility: we are committed to corporate social responsibility (CSR). We actively participate in community and environmental initiatives that have a positive impact on our reputation and make our Company more attractive to our future employees.

7. Innovative and Forward Thinking: we are constantly looking for the opportunities to improve. We are open to new ideas and initiatives that contribute to the preservation and development of our culture.

Our Company is recognised not only by our employees, but also by the national profession, with prizes and awards. We are particularly proud of the following recognitions:

- **The Sportiest Workplace in Hungary:** The Hungarian Recreational Sports Association announced a competition for schools, law enforcement and workplace teams in connection with the Challenge Day. In 2023, our Company joined the challenge with the largest number of teams, a total of 61, at national level. We also managed to “conquer” the top of the podium thanks to the performance of one of our teams. Thus, in 2023, we won the title of Hungary’s Sporties Workplace in the workplace category.
- **Lovable Workplaces Award:** Our Company was one of the top 50 large companies in the Lovable Workplaces competition, where we presented the attractiveness of our employer brand, our support methods related thereto, our measures for appreciation of employees, as well as the initiatives through which we ensure employee retention. In recognition of all this, we received the jury’s Most Innovative Company Special Award.

- **benefit Prize:** We also applied for the benefit Prize, which provides the opportunity for companies to present themselves, who as a caring company promote employee well-being through their methods and programmes. This year, our Company was awarded the professional special prize in the Generation Z category. We are extremely proud of this award, as the jury recognised in its justification all the efforts that our Company makes towards young people by providing them with training, developments, predictable career paths and ongoing support from the very first moment of their employment, all complemented by a benefits package that helps to retain and to build the engagement of Generation Z employees.

- **Responsible Employer of the Year:** Within the framework of the “Responsible Employer of the Year” competition announced by Országos Foglalkoztatási Közhasznú Nonprofit Kft., we could return home by placing 1st of the special prize “FiatalokÉRT” (“For Young People”) in the category of large companies and by placing 3rd in the Responsible Employer category.



Employment

GRI 2-7, GRI 2-8, GRI 2-30, GRI 3-3, GRI 401-1, GRI 401-2

As a major employer in the region, we have an impact on local communities, and through the taxes we pay into the national budget, on the economy and society. Adapting to changes, continuously improving our human resource management and our Company's compliance with sustainability criteria are key from the perspective of job creation.

In our HR activities, we continuously analyse and manage the positive and negative impacts of our employment activities. The focus of our personnel management is on replacing headcount shortages resulting from turnover and providing the workforce skilled properly to operate complex technologies safely and efficiently that required for BorsodChem's newly built plants. This is a major challenge for our Company, as vocational training in the chemical industry is not resolved either at national or regional level. A further difficulty is that the majority of young people fresh out of the school system are not oriented towards the heavy chemicals industry offering employment with a multi-shift schedule.

To ensure the right number and composition of the workforce, our Company also maintains close relations with [higher and secondary, as well as with primary education institutions, to promote chemical industry professions](#). Attracting, developing and retaining an excellent, skilled workforce is essential to the long-term success of our business.

We try to compensate for the shortage of skilled workers in the chemical industry through our own vocational training programmes, and we place great emphasis on ensuring the skills and professional development of our employees. As a training centre, our Company participates in secondary and tertiary dual training, runs internship and scholarship programmes and seeks to establish close relationships with future employees already during their studies.



Career guidance short film: <https://www.youtube.com/watch?v=Qy0NZkaDsLQ>

Internal communication:

Effective internal communication with our employees is a key factor in the effectiveness of our HR activities.

In the Chapter “[Stakeholders](#)”, we summarised the communication tools we use to reach our employees, as well as the purposes and frequency of these communications.

In the case of our internal communication activities we do not only inform our employees about the most important information and changes, but also share our successes with them.

In addition, feedback and measuring employee satisfaction are also important for us. Knowing our employees’ wellbeing, their opinion shared in relation to our operation and their working environment is essential to help identify areas where change is needed. This will help us to further improve our workplace culture and develop a work environment that is beneficial for both our employees and our Company in the long term, and can create a healthier, more productive and more motivated atmosphere.

We also conduct our employee satisfaction surveys in order to map this.

Our employees are free to choose whether they wish to participate in our surveys online or by responding in paper form. Anonymity is fully guaranteed in respect of both forms of the surveys. The survey framework is designed and the results are processed in accordance with the standards set out in our Code of Ethics and Compliance Guidelines.

In addition, our employees have the possibility to make their comments anonymously, among others, in connection with the survey (in case of any grievance or violation of their rights) through our ethics line system.

Overview of BorsodChem Zrt.’s employees

In 2023, BorsodChem Zrt. employed a total of 3,223 persons, which was practically unchanged compared to the previous year.

Almost 80% of our employees are males, which is due to the nature of our activities (heavy industry, chemical industry). Our female employees are mainly employed in clerical and non-physical jobs and their share has been slightly increasing over the last 3 years (2021: 19%, 2022: 19.3% and 2023: 19.64%).

Total number of employees by gender ⁴⁵

GRI 2-7

	BREAKDOWN BY GENDER	2021	2022	2023
	FEMALE	610	625	633
NUMBER OF EMPLOYEES ⁴⁶	MALE	2 586	2 609	2 590
	TOTAL:	3 196	3 234	3 223

⁴⁵ Number of employees is presented in Full-Time Equivalent (FTE).

⁴⁶ Closing number of employees at the end of the year, 31 December.

BREAKDOWN BY GENDER		2021	2022	2023
NUMBER OF FULL-TIME AND PART-TIME EMPLOYEES WITH INDEFINITE TERM CONTRACT	FEMALE	547	546	550
	MALE	2 391	2 432	2 436
	TOTAL:	2 938	2 978	2 986
NUMBER OF FULL-TIME AND PART-TIME EMPLOYEES WITH FIXED-TERM CONTRACT	FEMALE	63	79	83
	MALE	195	177	154
	TOTAL:	258	256	237
TOTAL		3 196	3 234	3 223

More than 70% of our part-time colleagues are female employees, typically mothers with young children use this opportunity.

BREAKDOWN BY GENDER		2021	2022	2023
NUMBER OF FULL-TIME EMPLOYEES	FEMALE	603	614	625
	MALE	2 583	2 606	2 587
	TOTAL:	3 186	3 220	3 212
NUMBER OF PART-TIME EMPLOYEES	FEMALE	7	11	8
	MALE	3	3	3
	TOTAL:	10	14	11
TOTAL		3 196	3 234	3 223

Number of employees by locations of operation ⁴⁷
GRI 2-7

The majority of our staff (97.8%) are employed in Kazincbarcika. In 2023, the number of employees employed in Kazincbarcika remained almost the same as in the previous period.

REGIONS AND LOCATIONS OF OPERATION	2021	2022	2023
BUDAPEST	34	34	32
KAZINCBARCIKA	3 122	3 160	3 151
GÖDÖLLŐ	20	20	20
ABROAD	20	20	20
TOTAL:	3 196	3 234	3 223

⁴⁷ Number of employees is presented in Full-Time Equivalent (FTE).

REGIONS AND LOCATIONS OF OPERATION	2021	2022	2023
BUDAPEST	27	29	26
KAZINCBARCIKA	2 873	2 911	2 921
GÖDÖLLŐ	18	18	19
ABROAD	20	20	20
TOTAL:	2 938	2 978	2 986
NUMBER OF FULL-TIME AND PART-TIME EMPLOYEES WITH INDEFINITE TERM CONTRACT			
BUDAPEST	7	5	6
KAZINCBARCIKA	249	249	230
GÖDÖLLŐ	2	2	1
ABROAD	-	-	-
TOTAL:	258	256	237

REGIONS AND LOCATIONS OF OPERATION	2021	2022	2023
BUDAPEST	33	33	31
KAZINCBARCIKA	3 113	3 147	3 141
GÖDÖLLŐ	20	20	20
ABROAD	20	20	20
TOTAL:	3 186	3 220	3 212
NUMBER OF FULL-TIME EMPLOYEES			
BUDAPEST	1	1	1
KAZINCBARCIKA	9	13	10
GÖDÖLLŐ	-	-	-
ABROAD	-	-	-
TOTAL:	10	14	11

During 2023, there was no change in the distribution of forms of employment either. 92.6% of our employees have an indefinite term employment contract. Full-time employment is the dominant form of employment at our Company, the rate of employees covered thereby reaches 99.6%.

Number of persons in non-employee relationship

GRI 2-8

Regions and locations of operation (head count/FTE)

	2021	2022	2023
BUDAPEST	-	-	-
KAZINCBARCIKA	62	50	59
GÖDÖLLŐ	-	-	-
ABROAD	-	-	-
TOTAL:	62	50	59

Our non-employee workforce is made up of higher education students participating in dual training, secondary school students in dual training and employees with a contract relationship, whose number increased by 18.0% in 2023 compared to 2022, compensating for the previous decline. As a result of our cooperation established with educational institutions, we have succeeded in increasing the number of students participating in dual training. Thereby our Company supported to acquire the necessary professional skills and contributed to the labour supply.

New employee hires 2021-2023 (head count/FTE)

GRI 401-1

SITE	NUMBER OF NEW EMPLOYEES	2021	2022	2023
BUDAPEST	MALE	1	-	2
	<30	1	-	1
	30-50	-	-	1
	50<	-	-	-
	FEMALE	3	-	2
	<30	2	-	1
	30-50	1	-	1
	50<	-	-	-
	TOTAL FOR BUDAPEST:	4	-	4
	KAZINCBARCIKA	MALE	317	184
<30		139	74	74
30-50		167	101	119
50<		11	9	16
FEMALE		36	53	53
<30		17	26	22
30-50	14	24	27	

SITE	NUMBER OF NEW EMPLOYEES	2021	2022	2023
	50<	5	3	4
	TOTAL FOR KAZINCBARCIKA:	353	237	262
GÖDÖLLŐ	MALE	-	2	-
	<30	-	1	-
	30-50	-	1	-
	50<	-	-	-
	FEMALE	-	-	2
	<30	-	-	2
	30-50	-	-	-
	50<	-	-	-
	TOTAL FOR GÖDÖLLŐ:	-	2	2
	TOTAL OF NEW HIRES:	357	239	268

New entrants are hired to replace employees leaving the Company, and to meet additional headcount demand arising from the expansion of our operational tasks. Their number increased by 12.1% in 2023 compared to 2022, mainly due to our newly implemented investments. The distribution by sites did not change, but the share of new entrants aged 30-50 has increased slightly (from 52.7% in 2022 to 54.9%). The distribution by genders also changed slightly, with the proportion of male entrants rising from 77.8% to 78.7%.

Employee turnover

In the life our Company, the turnover rate is 4% of the total number of employees, which is low compared to companies with a similar profile at national level.

Although our turnover rate is significantly lower than the Hungarian labour market average, we would like to mitigate this indicator as much as possible in line with our values. To achieve this, we have put in place a comprehensive package of measures.

MEASURES TO REDUCE EMPLOYEE TURNOVER:



Introducing measures and programmes to increase employee satisfaction



Expanding the range of benefit elements



Implementation of motivation programmes



Identifying reasons for leaving through exit interviews and incorporating lessons learned into our operations and management reports



Promoting opportunities for employees to express their opinion through different communication channels

We analysed in detail the composition of our migrating employees and the reasons for their leaving.

Also in 2023, higher employee turnover was found among engineers and operators. A common reason for engineers to leave was a change of residence due to family reasons.

One of the reasons for the migration of workers with other profiles and skills is that several new job-creating investments were launched in the Hungarian labour market last year, resulting in extremely intense competition for skilled labour.

Generational characteristics also play a role in the departure of younger generations. According to our analyses, around 60% of our colleagues leaving the Company had a 2 years or less employment and were mainly from the younger generation.

Furthermore, the opportunities offered by the Borsod region are not attractive enough for many employees, as the area does not have a retention force, in which the employees plan for the long-term plans.

For several colleagues, moving abroad or to the Budapest region was the reason for leaving.

Number of employees leaving the Company 2021-2023 (head count/FTE)
GRI 401-1

SITE	NUMBER OF EMPLOYEES LEAVING	2021	2022	2023
BUDAPEST	MALE	1	1	-
	<30	-	1	
	30-50	1	-	
	50<	-	-	
	FEMALE	3	-	2
	<30	-	-	
	30-50	3	-	1
	50<	-	-	1
	TOTAL FOR BUDAPEST:	4	1	2
KAZINCBARCIKA	MALE	123	150	211
	<30	28	36	60
	30-50	65	65	97
	50<	30	49	54
	FEMALE	32	31	41
	<30	5	8	5
	30-50	5	6	18
	50<	22	17	18
	TOTAL FOR KAZINCBARCIKA:	155	181	252

SITE	NUMBER OF EMPLOYEES LEAVING	2021	2022	2023
GÖDÖLLŐ	MALE	-	-	2
	<30	-	-	2
	30-50	-	-	
	50<	-	-	
	FEMALE	1	1	1
	<30	-	-	1
	30-50	1	-	
	50<	-	1	
TOTAL FOR GÖDÖLLŐ:		1	1	3
TOTAL NUMBER OF EMPLOYEES LEAVING:		160	183	257

The number of employees leaving increased by 40.4%. The reasons for migration have been presented in detail above. However, inflation, as well as the intense workforce demand and wage spiral induced by increased new investments in Hungary can be clearly highlighted among the reasons for leaving. To the greatest extent, male employees aged between 30 and 50 chose to leave the Company.

Loyalty at BorsodChem Zrt.:

We are proud of the fact that, according to 2023 statistics, the average number of years spent by the employees at our Company (years of service) reached 13.9 years, which is almost 4 years higher than the national average. This also proves that commitment is a very important value at our Company.

We believe that the values we represent, our benefits package and our efforts made to retain workforce all contribute to this result.

But we also remember to recognise the loyalty of our employees in a worthy way.

FOR THIS, WE HAVE DEVELOPED THE FOLLOWING FRAMEWORK:

- Our employees are entitled to a cash reward for at least 25 years employment at BorsodChem, and in the case of more than 35 years of service time, their commitment is also recognised in the form of a souvenir item in addition to the cash award.
- Employees who have been working in rotating shifts for more than 20 years are rewarded with a recreational allowance, which is paid by transferring it to the employee's Széchenyi card. After 5 years of shift work, we pay an extra allowance for the night shift work, which is gradually increased every 5 years.
- Under the Collective Agreement, our colleagues receive a retirement bonus, with which we would like to recognise their loyalty.
- To strengthen the commitment of our young colleagues to our Company, we developed a career path system that offers them a predictable long-term perspective at our Company.

Remuneration of our employees

GRI 2-19, GRI 2-20, GRI 21, GRI 401-2

2023 continued to be defined by a changing, and in many cases uncertain, economic environment. One of the main elements of this was inflation, which was one of the highest in Hungary within Europe. In this framework, we had to provide a competitive income for our employees, which posed significant challenges for our Company, as the level of our production costs remained high and the market demand for our products fell significantly. However, we are proud that despite all this, we managed to implement a number of measures that could compensate for the negative effects of the economic circumstances regarding our workers' remuneration.

Our measures concerning the remuneration package during 2023:

- We implemented two wage increases to alleviate the financial difficulties caused by the extremely high inflation burdening our employees. **The combined total of the two raises exceeded one quarter of our employees' basic salaries on average.**
- The annual **bonus for the year 2022 and the 13th monthly bonus according to the Collective Agreement** were paid.
- In addition to the two wage growths, **we were able to increase the annual budget of Cafeteria allowance for our employees by more than 50%.**

When designing our remuneration system, we placed great emphasis on ensuring that it includes as wide range and transparent elements as possible.

The transparency we represent means, among other things, that for any job or any employee, we can provide evidence of the way in which the level of remuneration is determined, the principles on which it is based and the facts and data sources from which it is derived.

A perfect example of this is our practice applied in the case of our retraining courses, where the salary band available for the given job position is communicated in advance for our colleagues participating in the training programme.

This is also the direction of our initiative to prepare for compliance with the EU Pay Transparency Directive, which will make full disclosure mandatory in respect of all employees (jobs).

In the field of remuneration, we always keep in mind the principles of internal fairness and external competitiveness. During the year 2023, we launched a comprehensive review of our remuneration policy, resulting in a framework with a stronger emphasis on a performance-based approach. One of the best examples of this is to take into account the employee's performance indicator of the previous year when determining the rate of pay increase in a given year.

The main pillars of our remuneration system

GRI 2-20

- Compensation system based on job evaluation and performance
- Collective Bargaining Agreement
- Equal treatment principle (gender, religion, origin, etc. are irrelevant in determining certain income levels).
- Framework aligned to the Hungarian labour market benchmark of job classes, job-families (ensuring competitiveness)

Remuneration policies

GRI 2-19

We are not in a position to disclose information on the remuneration package and policies for members of the highest governance body and senior executives due to their confidential nature.

Total annual compensation rate

GRI 2-21

The amount of compensation paid to our employees is managed confidentially, but regarding the level thereof, we can declare, that it increased significantly (by 23%) compared to 2022. This is mainly due to the large increase in wages and benefits package (such as the raise of the amount of Cafeteria) in 2023.

Collective agreements

GRI 2-30

The role of the trade union is key in the life of our Company, as a well-functioning trade union system is beneficial not only for the employees but also for the employer in the long run, as a stable and satisfied workforce ensures the success and competitiveness of our Company.

We are proud of the constructive cooperation we were able to establish with trade unions representing the representative groups of our employees from the very beginning of their existence.

Keeping contact with the presidents or individual representatives of the trade unions' is primarily the responsibility of the HR managers, as set out in the Cooperation Agreement. The focus of the discussions is primarily on annual wage negotiations, but any issues concerning the working conditions and remuneration of the employees are discussed during the meetings.

We run various joint programmes with the trade unions to support and provide assistance to our employees. These include the solidarity, the funeral and the relief funds.

Our Company's commitment to the trade unions is demonstrated by the fact that we also play a significant role in their operation, whether it is the wages of the union leaders, the deduction of union fees from wages or the provision of premises to the trade union. Joining the trade unions is also guaranteed for all new entrants, giving them the opportunity to represent their interests as widely as possible.

Employees covered by the Collective Bargaining Agreement (head count/FTE)

	2021	2022	2023
TOTAL EMPLOYEES	3 196	3 234	3 223
TOTAL NUMBER OF EMPLOYEES COVERED BY THE COLLECTIVE BARGAINING AGREEMENT	3 176	3 214	3 203
PERCENTAGE OF TOTAL EMPLOYEES COVERED BY THE COLLECTIVE BARGAINING AGREEMENT	99.4%	99.4%	99.4%

99.4% of our employees are covered by the Collective Bargaining Agreement, and this percentage has remained stable at this level. Our employees who are not covered by the Collective Bargaining Agreement are employed either abroad or under their own national labour law.



Benefits:
GRI 401-2

We offer our employees a comprehensive benefits package with which we ensure competitive remuneration.

THE MAIN ELEMENTS OF THE BENEFITS PACKAGE:

 <p>Optional benefits within the Cafeteria: Day care and nursery services, SZÉP card, SZÉP card with a portion above the preferential tax limit, Voluntary Pension Fund, Voluntary Health Care Fund, Edenred Gift Card, Cash</p>	 <p>Employer's contribution of 4.0% of gross basic salary to a voluntary pension fund (in case of own contribution of minimum 2.0%)</p>	 <p>Recreation allowance (for employees spent at least 20 years in shift work, through Széchenyi card)</p>
 <p>Health insurance service at an external service provider</p>	 <p>Interest-free loan for construction, purchase, extension or modernisation of housing</p>	 <p>Childbirth allowance</p>
 <p>Mini Hospital on the Company site</p>	 <p>Housing allowance for local settlement provided for up to 4 years</p>	 <p>Support for first married couples</p>
 <p>Group personal insurance</p>	 <p>Career start support (non-refundable)</p>	 <p>Back-to-school allowance</p>
 <p>5+5 days of paternity leave with full absence allowance</p>	 <p>Housing support (non-refundable) for young employees</p>	 <p>"You Can Count on Us" programme (anonymous and free expert advice on personal, legal, financial issues and healthier lifestyles)</p>

Employees taking parental leave
GRI 401-3

Total number of employees taking parental leave (head count/FTE)

	2021	2022	2023
MALE	0	0	0
FEMALE	55	53	55
TOTAL	55	53	55

Total number of employees returning to work after the end of parental leave in the reporting period (head count/FTE)

	2021	2022	2023
MALE	0	0	0
FEMALE	12	17	18
TOTAL	12	17	18

Total number of employees returning to work after the end of parental leave and still in employment 12 months after returning to work (head count/FTE)

	2021	2022	2023
MALE	0	0	0
FEMALE	9	10	17
TOTAL	9	10	17

100% of our employees taking parental leave are women. Our male colleagues are also given this opportunity both by law and by our Company, but they have not required it so far. For our male employees, we provide full payment of the absence allowance for the 5+5 days of paternity leave as an extra benefit.

Return to work rate

	2021	2022	2023
TOTAL NUMBER OF EMPLOYEES RETURNING TO WORK AFTER THE END OF PARENTAL LEAVE IN THE REPORTING PERIOD (HEAD COUNT/FTE)	12	17	18
TOTAL NUMBER OF EMPLOYEES TAKING PARENTAL LEAVE (HEADCOUNT/FTE)	55	53	55
PERCENTAGE OF RETURNEES (%)	21.8	32.1	32.7

Labour force retention rate

	2021	2022	2023
TOTAL NUMBER OF EMPLOYEES RETURNING TO WORK AFTER THE END OF PARENTAL LEAVE AND STILL IN EMPLOYMENT 12 MONTHS AFTER RETURNING TO WORK (HEAD COUNT/FTE)	9	10	17
TOTAL NUMBER OF EMPLOYEES RETURNING TO WORK AFTER THE END OF PARENTAL LEAVE IN THE PREVIOUS REPORTING PERIOD(S) (HEAD COUNT/FTE)	10	12	17
RETENTION RATE (%)	90.0	83.3	100.0

The health and safety of our employees

GRI 3-3, GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9

The safety of our workers:

As a major chemical company, we are aware that our activities have high safety risks and direct and indirect environmental impacts. When managing risks, in addition to increasingly stringent legal requirements, the expectations of stakeholders and owners are also reflected in the applied risk management procedures and in the achievement of the levels of risk that are acceptable. We respect the human rights to safe work and environment, therefore we are committed to preventing personal injuries, environmental damages and hazards, and reducing the risks of HSE arising from our activities.

In our Code of Ethics we have also stated our commitment and responsibility to create the conditions for safe work, minimise the risk of accidents and develop a safe environment. In line with our safety policy, we consistently strive to continuously improve occupational, fire and environmental safety. In order to achieve this, it is essential to have technologically unexceptionable plants and equipment, employ highly skilled and qualified staff, as well as to develop an active and conscious HSE culture.

As a responsible employer, over many years we have developed a complex and integrated framework that ensures a high standard of health and safety protection for our employees and that largely meets both the requirements of the laws and the expectations of our stakeholders (employees, partners, owners).

The main pillars of our framework are:



In our previous reports, we also described in detail the regulatory framework and the risk management software, which we have implemented in order to identify and manage potential hazards and risks in a timely manner.

The basic aim of the HSE trainings and the applied communication tools is not only to inform our employees and external stakeholders, such as contractual partners executing works at our sites, students participating in dual trainings, etc., about the regulations, but also to enable them to organise their work and manage the safety risks they face, taking into account their knowledge, experiences and the information available to them.

Hazard identification, risk assessment, and incident investigation

GRI 403-1, 403-2

Our Occupational Health and Safety Management System (OHSMS) covers the assessment and identification of risks, as well as the definition and implementation of the risk mitigation measures.

However, our governance system is not only based on legal requirements and expectations, but also includes our internal policies, which focus on risk identification and assessment, and applicable to all of our sites, activities and employees.

In the course of our operation, we have already identified numerous types of risks, for which we manage several types of risk assessment processes. To meet occupational safety and health requirements and to identify and reduce risks occurring during work, we carry out the risk assessments of the workplaces and our process systems much more frequently than required by law, on an annual basis.

Our consolidated database provides an opportunity for a complete and consistent risk assessment and management (e.g. occupational, chemical, technological, psychosocial).

The organisational units are made interested by setting targets, as each area joins the system with its own programme. In 2023, our Company had around 50 programmes in place to promote occupational safety and health protection. One such initiative was the “Reducing Employees’ Exposure at the Workplace” programme implemented at the PVC plant, by which we aimed to reduce exposure to vinyl chloride and noise. Another relevant example was the programme “Improving HSE Performance in TDI Manufacturing” completed by the TDI Plant, through which it was possible to raise the safety culture to a higher standard by providing monthly educational and informative materials to external contractors present in the TDI manufacturing area.

Our regulatory framework comprehensively addresses risk identification and assessment, our philosophy and the applied methodologies. Accordingly, we have a number of internal regulations, directions and instructions in this topic. We consider the following ones to be of particular importance:

- Safety Philosophy
- Process Safety Risk Management (PSRM) Regulation
- Occupational Safety Policy
- Occupational Health Policy
- Rules for the Investigation and Management of Incidents
- HSE Risk identification, assessment
- Safety training scheme
- Change Management Policy
- Fire Safety Policy
- Plant Emergency Response Rules
- Regulations and instructions relating to the installation, periodic inspection and operation of dangerous equipment (pressure equipment, electrical equipment, hoists) and installations
- Instructions on the requirements for the HSE of Contracting Entities
- Site HSE Policy
- Law Enforcement and Protection Policy

Unfortunately, despite all our efforts and measures, accidents do happen in our Company. The investigation and handling of incidents is set out in separate regulations. We record the causes and the lessons learned from the accidents, as well as related data in our dedicated Incident Management System, and we prepare annual comprehensive evaluations using them. From the risks identified, we define company and unit-level tasks with appointing responsible persons and deadlines.

Accident statistics

NUMBER OF WORK-RELATED INJURIES	2021	2022	2023
TOTAL NUMBER OF WORK-RELATED INJURIES	61	50	58
MALE	52	41	54
FEMALE	9	9	4
TOTAL NUMBER OF SERIOUS ACCIDENTS	-	-	-
MALE	0	0	0
FEMALE	0	0	0
TOTAL NUMBER OF ACCIDENTS TO BE REPORTED	16	18	18
MALE	15	18	18
FEMALE	1	-	-

NUMBER OF HOURS WORKED	2021	2022	2023
TOTAL NUMBER OF HOURS WORKED	5 598 034	5 780 065	5 631 118
NUMBER OF AC4 EVENTS	16	18	18
NUMBER OF DAYS LOST DUE TO ACCIDENTS	470	835	769

The table above shows that the number of workplace accidents increased by 16.0% from 2022 to 2023, mainly associated with operations related to new investments. There were no fatalities or serious injuries regarding any of the accidents. The accidents were mainly caused by human carelessness and included injuries from slipping, falling, cuts and contact with chemical substances.

In order to eliminate the hazards of injuries and minimise risks, we continuously monitor and analyse safety-related non-conformities identified during our periodic, regular inspections and work to remove them. We monitor and document the progress of all these in our weekly, monthly, quarterly reporting system. In addition, technological risks are analysed before the start-up of any new plants or parts of a plant by preparing HAZOP studies, which are reviewed at least every 5 years.

Number of employees involved in external and internal audits (head count/FTE)

	2021	2022	2023
NUMBER OF EMPLOYEES	2 950	2 895	2 965
WORKERS WHO ARE NOT EMPLOYEES OF THE COMPANY BUT WHOSE WORK AND/OR WORKPLACE IS UNDER THE CONTROL OF THE ORGANISATION	62	50	59
TOTAL	3 012	2 945	3 024

Rate of our employees involved in both external and internal audits is nearly 100%, thereby we also strive to raise prevention of the accidents and occupational safety to the highest standard.


Proportion of employees involved in external and internal audits as a percentage of total number of employees (%)


	2021	2022	2023
EMPLOYEES	92.3%	89.5%	92.0%
WORKERS WHO ARE NOT EMPLOYEES OF THE COMPANY BUT WHOSE WORK AND/OR WORKPLACE IS UNDER THE CONTROL OF THE ORGANISATION	100.0%	100.0%	100.0%
TOTAL:	92.4%	89.7%	92.1%


Occupational health services, promotion of employees' health:
GRI 403-3, 403-6


At BorsodChem, as a heavy chemical manufacturing company, the provision of occupational health services has a high priority.


In the field of **Occupational Health** the following **free-of-charge services** are available to our employees:

- 


We operate a 24/7 medical service, which provides healthcare for the employees at any time of the day. This is particularly important for those working in shifts.
- 


We provide **regular (once-a-year) health checks** for all of our employees, including blood tests, eye examinations and ultrasound screenings.
- 

Mini Hospital: our Company has its own mini hospital, where a wide range of special services are available, so employees can receive professional medical care and health screening examinations on site. The mini hospital has specialists in 15 different specialties, including internal medicine, orthopaedics, dermatology, etc.
- 

Medicover partnership: we work as a contracted partner with Medicover healthcare provider, thereby a specific range of Medicover services, including regular screenings and specialist treatments, are available free of charge for all of our employees.
- 

Health campaigns and vaccinations: we regularly organise health campaigns and provide various vaccinations, such as flu shots, contributing also thereby to maintaining employees' health and preventing illnesses.

- 

We have our own ambulance service at our Kazincbarcika site, which can intervene quickly and provide professional first aid services to our employees, as well as ensure their transport to our own Mini Hospital and, if necessary, to the appropriate health care institution.
- 

First aid training and equipment: trained first aiders and appropriate equipment are provided in each shift. Regular first aid trainings are given to the employees to enable them to intervene effectively in an emergency.

Quality improvement and ensuring access to services

- **Continuous equipment development:** We are constantly expanding and upgrading the devices of the Mini Hospital and specialised services to always ensure the availability of the most advanced technological background.
- **Online login interface:** We also ensure the possibility to make an appointment with the Mini Hospital through online interface, which provides a fast and convenient way for booking for the employees.
- **Services provided locally:** Many healthcare services are available free of charge on the Company's own site, therefore our employees do not have to travel long distances to access them.
- **Awareness raising posters:** We display awareness posters at our premises informing employees about the available healthcare services and the way how to access them.

Within this framework, we are making extensive efforts to ensure that our employees have quick and local access to all the healthcare services they need, while ensuring high quality of services through continuous improvements, developments and modernisation.

Worker participation, consultation and communication on occupational health and safety

GRI 403-4

Our Company ensures with a comprehensive and integrated approach that our employees are actively involved in implementation and development of occupational health and safety, which in the long term improves working conditions and reduces the risk of work-related accidents and illnesses.

To this end, we have introduced a number of structured solutions and initiatives covering the following topics:

Joint Safety Committee: Quarterly meetings are held to discuss current issues of occupational health and safety, including employee complaints, concerns and annual results.

HSE coordinators and risk assessment: Each plant has an HSE coordinator who is responsible for managing local safety and health issues. We regularly carry out risk assessments with the participation of employees, ensuring that they are actively involved in identifying and managing risks in the workplace.

EHS Steering Committee: Our Committee established specifically for this purpose, has meetings regularly to review and define the main directions of the occupational health and safety activities. The Committee plays a key role in developing and implementing the Company's safety strategies.

Communication tools and campaigns

- **The Company's news portal:** Our Company runs a news portal where, among others, we regularly inform our employees about implemented developments, achievements and campaigns in the field of HSE.
- **HSE campaigns:** We regularly organise HSE campaigns to raise employees' awareness of the importance of occupational health and safety.
- **SAP Success Factor:** To track the HSE activities and trainings, our Company uses the SAP Success Factor system (our training platform), which allows the transfer of up-to-date knowledge regarding this topic and the traceability thereof.

Information and training materials: Information and training materials published by the HSE units are available to all of our employees, ensuring the possibility to be continuously informed and improve knowledge in the field of occupational health and safety.

Delegated labour representatives and complaints handling: Our OSH representatives, delegated by the colleagues from among themselves, monitor annual tasks and objectives, as well as ensure that employee complaints and concerns are properly handled by both the employer and the employees. We continuously improve our HSE processes by reporting and analysing our annual results.

Worker training on occupational health and safety

GRI 403-5

BorsodChem has an extensive occupational health and safety training structure in place to ensure that all employees are adequately trained and informed about occupational safety regulations and practices. 2,813 employees of ours participated in 4-hour safety training sessions organised by our Company in 2023, and in addition, smaller-scale training sessions in some of our plants also supported the transfer of the necessary knowledge and information on this topic.

Our training system and communication tools are featured by:

Safety training for new recruits: We provide mandatory safety training for new recruits to familiarise them with the Company’s safety standards, regulations and procedures. This training is given on their first day of work and includes the provision of information on basic safety rules and emergency procedures.

Safety training: We hold quarterly safety training sessions to update our employees’ knowledge and remind them on safety regulations. These training sessions cover a variety of topics, including old and new safety regulations, case studies and practical examples.

Comprehensive safety and fire protection training: Every four years, all of our employees working in technological processes undergo a comprehensive training in occupational safety and fire protection and they have to pass an exam to prove their knowledge. This training covers all important aspects of safety and fire protection in the workplace in detail, ensuring workers have up-to-date knowledge and skills in this regard.

First aid training: We provide first aid trainings for our employees so they can respond effectively in an emergency.

Training on the issuance of permits: There are several types of trainings that our colleagues can attend in this category, such as training for issuing permits for performance of work, work involving a fire risk and for work in confined spaces.

Post-testing system: We operate a post-testing system in our plants to ensure that workers regularly take exams on their knowledge of the work processes they handle and related safety issues. This system continuously assesses and updates workers’ knowledge of safety at work.

Monthly information sharing: We endeavour to regularly inform our colleagues about the current safety situation, new regulations and events. We share this information on meetings with our HSE coordinators and plant managers, who ensure training them further for the employees concerned.

Safety trainings/testing held for supplier contractors and visitors: We also provide comprehensive safety training and testing for the employees of contractors working on our sites. This training ensures that contractors are also aware of our Company’s safety standards. The training is completed online via a tutorial film, which, in addition to Hungarian, is available in other 9 languages. For visitors, the same training helps to explain the HSE rules to them.

Plant-specific hazards training: In addition to the general safety training, we also provide a detailed introduction to the hazards and preventive measures specific to the given plant before the start of work.

Safety training for students: We provide specific safety trainings for the students, thereby our young employees are also properly informed about occupational safety.

Employees covered by the occupational health and safety management system
(head count/FTE)

	2021	2022	2023
NUMBER OF EMPLOYEES	3 196	3 234	3 223
WORKERS WHO ARE NOT EMPLOYEES OF THE COMPANY BUT WHOSE WORK AND/OR WORKPLACE IS UNDER THE CONTROL OF THE ORGANISATION	62	50	59

Our employees' health:

As a responsible employer, our Company places great emphasis not only on the safety of our employees, but also on their health and its preservation.

Accordingly, we have developed an extremely comprehensive care system, with elements that contribute to the preservation of not only to the physical but also to the mental health of our employees.

The priority financial benefits under this framework are:

- Since 2018, we have been offering our employees insurance covering healthcare services (health insurance).
- We have been operating a mini hospital on our site (since July 2019), where our employees can participate in voluntary screening tests and, in case of certain acute problems, can obtain specialist medical examinations (in 15 specialties), treatments once a year per specialty.

We support the prevention of our employees' health not only with financial benefits, but also with awareness-raising.

In this spirit, we have launched and continued to organise a number of "traditional" programmes:

- Health Week: we organised the first Healthy Lifestyle Challenge programme series in 2018, which we also organised in 2023.
- In September 2023, we continued our thematic programmes (prevention, healthy nutrition, stress management, exercise) and also the competition for winning the title of the Most Sporty Area of the Year, under the slogan "Keep fit". We implemented the following programmes:
 - To promote healthy meals in our canteens, every Wednesday for 3 weeks, our employees received a cereal-based product with their lunches and then, on World Coffee Day, with their coffee purchased at the cafeteria.

- Our employees also had the opportunity to buy meat products and honey originating from sustainable farming.
- We provided guidance to our employees in form of a dietetics lecture on the relationship between cholesterol and cardiovascular diseases, followed by various screening tests, medical massages and lifestyle advice.
- We held a variety of physical exercise demonstrations, by which we re-joined the European Week of Sports. As part of this, our employees could run, hike or cycle different distances (3, 9, 15 and 21 km).

- In 2023, we continued to develop our complex health and physical activity programme. With the title "Let's help navigate the secrets of healthy lifestyle", we again organised a series of lectures focusing on mental wellbeing, in cooperation with the experts of the "You Can Count on Us!" Programme. Within the framework of this programme, the main focus was on mental health.

In February 2023, we also held a workshop on time management as part of the programme series. Then in March, a psychologist helped us to learn about mindfulness ("conscious presence"), including the methods thereof, and how to consciously incorporate it into our daily routine to improve our health and well-being.

- Within the scope of the You Can Count on Us programme, in partnership with CGP Europe Kft., we introduced a framework for providing anonymous and free of charge expert advice to employees and their immediate family members on personal, legal, financial issues and in relation to healthier lifestyles, in 24 hours a day, on 365 days a year.
- Our health promotion initiatives also include free participation in various sporting events sponsored by the Company (e.g. running or cycling races), as well as free use of a swimming pool and a fitness room.
- In May, the BorsodChem –Isocycle Riders team with more than 100 members circled the Lake Tisza for the first time at the 16th Tour de Tisza Lake event. In September, nearly 90 runners of our Company completed the 10th BorsodChem Kolorfutás (Colour Run) in Kazincbarcika and about 40 participants completed the 33rd BorsodChem Bódva Valley Marathon in Edelény.

Our commitment to education and training

GRI 3-3, GRI 404-1, 404-2, 404-3

Our training framework:

The rapid development of the chemical industry and its demand for knowledge mean that there is a constant need for highly skilled workers. Our technologies require specialised knowledge that regular school system cannot provide, therefore we offer comprehensive and intensive training programmes to ensure our safe and efficient operation. We work closely with secondary and higher education institutions to contribute to the development of conditions for vocational training.

As the school-based education does not provide a sufficient number of chemists and engineers and they lack the necessary specialised technological skills, we fill these gaps through our internal training programmes. Our constant innovation activity requires us to keep our professionals' knowledge up to date, so all our employees regularly attend specialised training sessions. By providing dual training and practical opportunities, we ensure that students in secondary and higher education gain an insight into the chemical industry during their studies.

Our internal training system is governed by a set of internal regulations (Training Policy, Talent Management Code, Career Paths Code). For our employees, regular health and safety trainings are provided, and we also take care of the required official trainings.

We highly value the knowledge of our professionals, so we operate a mentoring system and organise internal training sessions to share their knowledge. We have established a talent programme for our colleagues with high-potential skills, which, in addition to improving professional knowledge, includes skills development trainings. We support the further education of our employees by providing training leave. We offer a series of training courses for our new engineers to learn BC technologies and processes.

In addition to professional training, we also offer skills and competency development courses, which are mostly carried out with the involvement of by external companies. With the support of their managers, our employees can choose from a wide repertoire of training topics that suit them best.

Within employee development, it is not only possible to implement the wide range of programmes offered by HR, but also to meet individual needs. These types of trainings are launched at the request of the managers of the areas concerned.

Average training hours per employee

GRI 404-1

Training hours per year

	2021	2022	2023
BY GENDER			
FEMALE	63 954	56 853	81 051
MALE	5 636	5 485	7 227
BY EMPLOYEE CATEGORY			
WHITE-COLLAR EMPLOYEES	58 318	51 368	73 824
MANUAL WORKERS	63 953	53 539	81 051
	13 452	21 500	22 545
	50 501	32 039	58 506

Our internal trainings are mainly professional trainings, implemented face-to-face and, increasingly, in the form of e-learning. A significant proportion of our external training sessions comprises training to obtain qualifications required by the public authorities, participation in specialised courses and conferences. The trainings range widely from 1-2-hour lectures to months-long courses.

The number of training hours provided to our male employees represents 91.1% of the total training hours. This is mainly due to the fact that regulatory and other training hours tend to be high in jobs that are predominantly occupied by male colleagues.



Talent management:

Talent management is at the heart of our Company and a key element of our HR strategy.

To this end, we launched a number of initiatives in previous years, but this activity came into focus for the entire Group in 2022, as talent promotion was a priority management topic within the Group in that year.

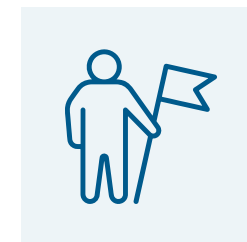
We have developed a talent management system consisting of 4 pillars. Within the programme, we provide professional trainings for young talents, experts, as well as talented employees considered as potential successors in leadership and supervisor positions. Within the framework of the programme, we provide development programmes for 200 of our employees.



Young Talent: we provide our young, career-starter employees with the opportunity to get to know our Company in full. The criteria for participation is at least 1 year of employment at BorsodChem. Young people involved in the programme can choose one of our experts to mentor them and support their development.



Expert Talent: this 2-year programme offers development opportunities to our experts who have worked at our Company for at least 5 years. Participants receive trainings mainly in developing their soft skills.



Leadership Talent: those of our employees who are selected as leadership talent can participate in this 3-year programme. In addition to trainings, their development is also supported by mentors.



Supervisor Talent: our physical workers are prepared for the position of foreman in this element of the programme.

We also invite the participating employees to give feedback on our Talent Management programme by completing a questionnaire about their satisfaction with it. All programme elements are assessed, as well as the learning outcomes, satisfaction with the trainers, the composition of the programme and the online training platform. This helps us to ensure that the quality of the programme meets not only our professional criteria, but also the expectations of our participating colleagues.

Under the UP! Talent Programme, we launched a competition in February 2023 with the aim to provide our colleagues participating in the programme with the opportunity to develop their lecturing and presentation skills, as well as to demonstrate their skills within the Company. The assigned project tasks covered a wide spectrum, from making a career guidance short film, through designing a game on a topic related to BC, to the themes of a more sustainable office environment and working practices.



In 2023, we also launched a basic training programme for our young engineer employees to acquire BorsodChem-relevant knowledge needed to perform their jobs.

We continued our in-house training for “BC Technological System Operators”, which has become our number one source of skilled labour supply. During the training, which is organised with the assistance of our own professional trainers, our colleagues can learn the basic chemical and engineering concepts, terms and knowledge that are generally useful for mastering all of our plant technologies.

In the case of our BC Technology System Operators training, we conduct a questionnaire survey after 6 months among graduates and their managers, in which they evaluate how the training helped them to start their learning process, and what a solid basis they were provided for acquiring knowledge regarding our operational technologies. Information on the progress of the programmes is regularly provided in the quarterly management meetings.

Performance assessment:

In addition to talent management, we also place great emphasis on the performance assessment process.

We believe that performance assessment is an extremely important tool for developing and motivating employees and achieving organisational goals. Thereby we can ensure that our employees' performance meets expectations and that they are given feedback and opportunities for continuous improvement.

In the course of performance management, we expect to set as specific goals as possible for our employees, as this is a way to give them direction in their work and motivate them to continuously improve.

In addition, positive feedback and recognition increases our employees' motivation and satisfaction. Recognition for the good performance encourages them to continue working at high standards.

At the same time, performance assessments give our managers the opportunity to identify the training and development needs of their employees. This can help to develop appropriate training programmes and improve the skills of our employees. At the same time, the goals and feedback discussed during the performance assessment help in career planning of the employees and identifying career opportunities.

Regular assessments provide an opportunity to identify and manage performance problems at an early stage, so we can prevent the development of more serious problems and ensure continuous performance improvement.

The results of performance assessments are the basis for making our decisions on remuneration and benefits, thereby ensuring that our salary structure is fair and performance-based.



Number of employees participating in regular performance and career development assessments (head count/FTE)

GRI 404-3

	2021	2022	2023	ADDITIONAL INFORMATION
BY GENDER	3 105	3 198	3 190	
FEMALE	622	622	634	
MALE	2 483	2 576	2 556	
BY EMPLOYEE CATEGORY	3 105	3 198	3 190	
CATEGORY 1	9	9	9	SENIOR MANAGERS
CATEGORY 2	28	30	31	MIDDLE MANAGERS
CATEGORY 3	80	81	81	LINE MANAGERS
CATEGORY 4	261	263	265	LOWER-LEVEL MANAGERS
CATEGORY 5	2 727	2 815	2 804	EMPLOYEES IN INDEPENDENT ROLES

Our performance assessment and career development framework has a very high employee participation rate of 99%. This wide range of participation ensures that all of our employees, regardless of their gender or position, have the opportunity to receive feedback on their performance and to define their career development path.

Annual percentage of employees participating in performance and career development interviews

	2021	2022	2023
NUMBER OF EMPLOYEES PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	3 105	3 198	3 190
TOTAL WORKFORCE ⁴⁸	3 196	3 234	3 223
	97.2%	98.9%	99.0%

Annual percentage of female employees participating in performance and career development interviews

	2021	2022	2023
NUMBER OF WOMEN PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	622	622	634
NUMBER OF FEMALE EMPLOYEES ⁴⁹	610	625	633
	102.0%	99.5%	100.2%

Annual percentage of men participating in performance and career development interviews

	2021	2022	2023
NUMBER OF MEN PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	2 483	2 576	2 556
NUMBER OF MALE EMPLOYEES	2 586	2 609	2 590
	96.0%	98.7%	98.7%

⁴⁸ Closing number of employees at the end of the year, 31 December.

⁴⁹ The number of female employees corresponds to the closing number of employees in the reporting period. The number of employees participating in performance and career development assessments includes also employees who left the Company during the year.

Annual percentage of employees participating in performance and career development interviews by employee categories ⁵⁰

	2021	2022	2023
NUMBER OF CATEGORY 1 EMPLOYEES PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	9	9	9
NUMBER OF CATEGORY 1 EMPLOYEES	9	9	9
	100.0%	100.0%	112.5%
NUMBER OF CATEGORY 2 EMPLOYEES PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	28	30	31
NUMBER OF CATEGORY 2 EMPLOYEES	26	27	28
	107.7%	111.1%	110.7%
NUMBER OF CATEGORY 3 EMPLOYEES PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	80	81	81
NUMBER OF CATEGORY 3 EMPLOYEES	78	82	82
	102.6%	98.8%	98.8%
NUMBER OF CATEGORY 4 EMPLOYEES PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	261	263	265
NUMBER OF CATEGORY 4 EMPLOYEES	260	265	260
	100.4%	99.2%	101.9%
NUMBER OF CATEGORY 5 EMPLOYEES PARTICIPATING IN PERFORMANCE AND CAREER DEVELOPMENT ASSESSMENTS	2 727	2 815	2 804
NUMBER OF CATEGORY 5 EMPLOYEES	2 823	2 851	2 845
	96.6%	98.7%	98.6%

⁵⁰ Number of the employees corresponds to the closing number of employees in the reporting period, including also the new employees entering during the period of performance assessment. Number of employees participating in performance and carrier development assessments includes also employees who left the Company and who changed category during the year. In case of new employees entering during the year, should their trial period ends in the last quarter of the actual performance assessment period, individual key tasks for them are determined, and performance and carrier development interviews are conducted with them in the following assessment period only.

Cooperation with educational institutions:

Besides training our employees, it is essential that we work together with vocational and other educational institutions to develop a training structure that will ensure for us to have an adequate supply of skilled and qualified employees. This will help us to replace our retiring professionals and to manage any temporary shortages of expertise arising due to staff turnover.

We continued to focus on this activity in 2023 as well.

The following issues are highlighted in relation to this:

- We organised again **our mid-year apprenticeship programme for chemical technician students**, whereby the students have the opportunity to gain theoretical and practical knowledge in a laboratory environment once a month.
- In the framework of **secondary dual training**, we concluded vocational training contracts with 24 chemical technicians from the Irinyi János Reformed Educational Centre. We continued the chemistry faculty course launched in collaboration with the Szalézi Szent Ferenc Secondary Grammar School, which aims to raise the interest of 11th and 12th grade students in chemical careers at either secondary or higher education levels, and to prepare students for the chemistry maturity examination. For them, **we organised a visit to our site in Kazincbarcika in spring 2023**, where the students had the opportunity to take part in a laboratory tour, and later, in December 2023 they could visit our research and development centre in Gödöllő. From 2023 onwards, the classes of the elective course are held in the Company's newly designed training laboratory.
- We put a special emphasis **on the recruitment of young career-starter professionals with higher education qualifications**, as a result of which 17 fresh graduates – mainly chemists, chemical engineers and mechanical engineers – could launch their careers at BorsodChem in 2023.
- Students have the opportunity to **choose BorsodChem Zrt. as a dual training place** in four faculties (chemical engineering, materials engineering, mechanical engineering, economy) at both the bachelor's and master's level at **three universities** (Miskolc, Debrecen, Pannon).



Raising our employees' ESG awareness:

Our sustainability activities also involve sensitising our employees to ESG issues. We are implementing a number of programmes and initiatives in this area and raising our employees' awareness of these issues through targeted communication. Consciousness in this area is very important to ensure that our employees are not only aware of the importance of sustainability, but also actively engage in it, both at work and in their private lives. We are convinced that integrating the aspects of sustainable development into everyday decisions and focusing on a life-cycle approach will ensure and promote the long-term operation of our Company.

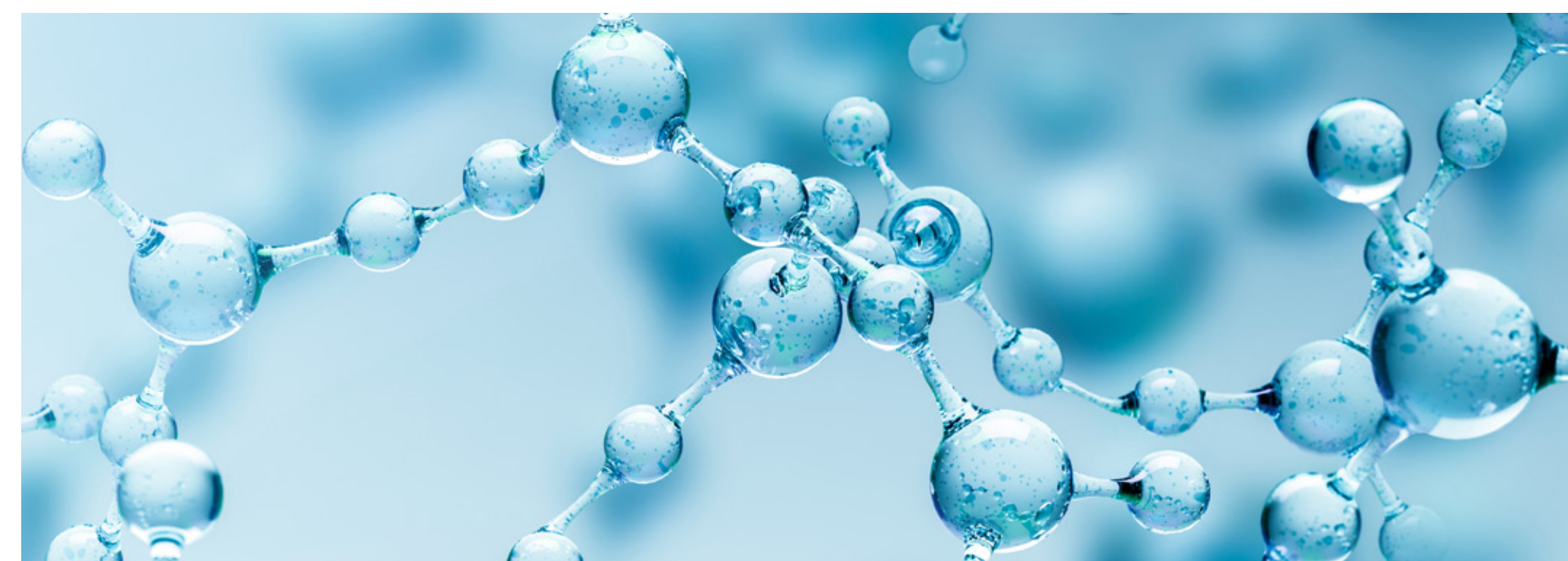
In the recent period, we implemented the following measures to promote environmentally conscious way of thinking:

- **We provided training for our employees** to improve and widen their knowledge on EMS (Environmental Management System), environmental protection and sustainability.
- In 2023, **we continued our programme aimed at the reduction of water use** and, working closely with several plants, to support projects that will significantly contribute to decreasing BorsodChem's water consumption once implemented.
- Within the framework of the LIFE project, we also put a strong emphasis on developing an environmentally conscious approach. **We organised a "Climate Adaptation Day" to raise our employees' awareness on environmental issues through a series of informative, educational presentations.**
- Within the scope of the **UP! Talent Programme**, we advertised one of the optional themes for project works with the title **"More sustainable office environment and working practices"**, thereby raising also awareness on sustainability issues.
- **ESG relevant performance indicators were built into our annual targets/agreements.**

Communication with stakeholders

During our Talent Management program, we conduct a questionnaire survey among the participants to assess the satisfaction with our Program. During the survey, participants evaluate every program element, the utilization of the knowledge they acquired, their satisfaction with the trainers, the contents of the program and the online platform.

In case of our BC Technological System Operator Course, we conduct a questionnaire survey for each group and their managers within six months after completing the training. During the survey, participants evaluate to what extent the training facilitated them to start their learning phase, and how stable foundations they gained during the training for learning the plant technologies. We regularly provide information on the progress of our programs through the quarterly management reports.



OUR OBJECTIVES FOR 2024 INCLUDE PROVIDING ALL OF OUR EMPLOYEES WITH THE BASIC KNOWLEDGE NEEDED TO UNDERSTAND ESG THROUGH AN E-LEARNING VIDEO ON SUSTAINABILITY, AND ASSESSING THE LEVEL OF KNOWLEDGE TRANSFERRED THROUGH A QUESTIONNAIRE.

IN ADDITION, WE ALSO UNDERTAKE THAT OUR ESG TEAM, WITH THE ASSISTANCE OF A CONSULTANT, PROVIDES FIELD-SPECIFIC SUSTAINABILITY TRAININGS FOR OUR EMPLOYEES AND MANAGEMENT, ENSURING THAT THE KNOWLEDGE RELEVANT TO THEIR RESPONSIBILITIES IS AVAILABLE TO ALL OF OUR COLLEAGUES.

Corporate Social Responsibility (CSR)

For BorsodChem, Corporate Social Responsibility (CSR) is a corporate governance practice that is integrated into all fields of its operations to achieve sustainable development. The aim of CSR is to ensure that BorsodChem conducts its chemical industrial activities in a responsible manner, also taking into account environmental and social impacts and expectations. We believe that conscious and committed corporate social responsibility goes beyond standards and focuses on building and developing good relationships.

We are convinced that applying the principles of corporate social responsibility will help us achieve our long-term goals and enhance our reputation in the region.

Through its activities, our Company contributes to the economic growth and to improving the quality of life in the region. Through the jobs we create and the taxes we pay, as well as our health promotion and cultural development programmes, we provide significant support to our domestic communities, especially local ones.

BorsodChem Zrt.'s donation policy reflects the principle that it should be an integral part of the communication strategy, so the values included are reflected in the donation activities pursued by our Company.

Supporting local communities and organisations is a key objective in our social responsibility, accordingly in 2020, we launched a program to convert the minutes spent with physical activities by our employees in their leisure time to money for donation purposes, through which we provided HUF 1 500 000 support to the Kazincbarcika Social Service Centre and HUF 1 000 000 to the Miskolc Air Rescue Base in 2023.

[Our LIFE project](#) is an excellent example that we not only do good through our donation activities, but also educate the future generations and the residents of Kazincbarcika to be aware of water management.

Among our sponsorships provided in 2023, in addition to the aforementioned initiative of converting minutes of physical activities into financial donation, we would also like to highlight our role as a Major Supporter of the Business Ethics Award, in the framework of which, as an awarded multinational company committed to ethical behaviour, we actively contribute to raising the ethical standards of business life in Hungary.

In addition to our other social responsibility activities implemented in the region, we have become the title sponsor and the main supporter of the 33rd Bódva Valley Marathon, which we organised in partnership with the Edelény Runners' Association. The Association's values and aspirations embody everything that our Company's social responsibility and sustainability objectives include, and we have found a worthy partner in their organisation.

Once again, we contributed as a gold-level sponsor to the successful organisation of the Kazincbarcika Colour Festival, and the BorsodChem Colour Running as a title sponsor.

Another part of our activities supporting local communities was our contribution to the Municipality of Sajószentpéter for the maintenance and renovation of various public facilities, infrastructure, tangible assets and the arrangement of cultural events.

We also support kindergartens, schools and children's programmes in the region by organising firefighting demonstrations and "foam parties".

As title sponsor, we joined the DVTK Sports Club's scholarship programme, which provides the sixty most talented secondary school students in Miskolc with special support for preparation in four science subjects.



We assisted the Szabó Szabolcs Memorial Foundation for Science Education to operate a mobile chemistry laboratory in Borsod-Abaúj-Zemplén County. Additionally, we supported the activities of the Confucius Institute of the University of Miskolc and contributed to the organisation of the cultural programmes of local communities, sports clubs and municipalities in the region.

We also have a strong commitment to supporting specialised university education, and we have developed extensive cooperation for many years to promote this programme. We have been in partnership with the University of Miskolc since 2002; the BorsodChem Department of Chemical Technology was established in 2008, the first full-time chemical engineering bachelor's programme started in 2019, followed by a master's programme in 2021, and from 2022, correspondence chemical engineering courses are also launched in Kazincbarcika. We signed a cooperation agreement with the University of Debrecen in 2018, since 2019 we have been operating the outplaced BorsodChem Department at our site and organising regular factory visits. Our Company attaches great importance to its relationship with university students, offering scholarship programmes, internships and diploma work opportunities within the scope of this initiative.

In the autumn of 2023, our Company donated 10 trees to the Tompa Mihály Reformed Primary School in the framework of the LIFE project, with which we would like to make the environment greener in the name of sustainability and replace the trees that had previously become dangerous due to their old age and therefore cut down in the schoolyard.



**CORPORATE
GOVERNANCE**

CORPORATE GOVERNANCE

Responsible corporate governance

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-23

Our long-term, sustainable operations are guaranteed by our responsible and transparent corporate governance.

ORGANISATIONAL AND OPERATIONAL STRUCTURE

The organisational and operational structure of BorsodChem Zrt. is determined in the [Deed of Foundation](#).

Governance structure and composition⁵¹

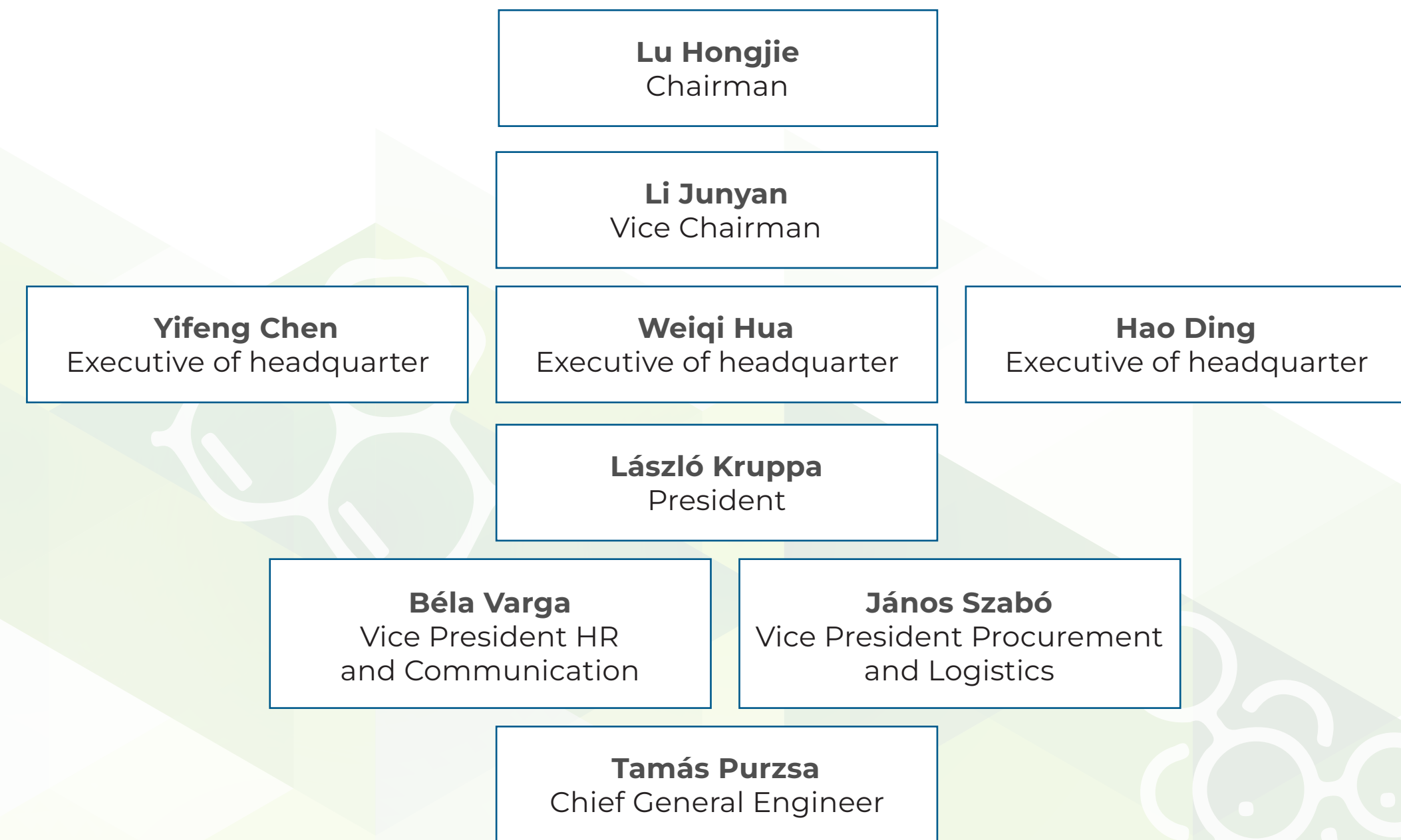
The governing body of BorsodChem Zrt. is the Board of Directors, which is responsible for making decisions related to the Company's Management. According to the Deed of Foundation, the election and removal of the members of the Board of Directors falls within the competence of the Sole Shareholder.

Members of our Management team come from a diverse range of social and cultural backgrounds. The Board of Directors consists of nine members, including four Hungarian and five Chinese, as well as one female and eight male members. Roles of the Chairman and the President are separated. The Chairman is responsible for the operation of the Board of Directors and for strategic management, while the President is responsible for the daily operation of the Company, for operation and execution. Three members of the Board of Directors are employed by the Parent Company and independent of the Company's operative management. The Supervisory Board

⁵¹ The Company's Sustainability Steering Committee is introduced in Chapter Corporate governance along the dimensions of sustainability.

consisting of three members is independent of the Company's operative management and the Board of Directors.

BorsodChem Board of Directors in 2023



Supervisory Board of BorsodChem



In order to eliminate concerns on conflict of interests, the **Chairman of the Board of Directors** is a non-executive member in our organization. The members of the Board of Directors are required to report immediately to the Board of Directors and the Chairman of the Supervisory Board if there is a conflict of interest or any reason or circumstance that would justify their exclusion. In our organization, there are no relationships leading to conflicts of interest.

Appointment of the members of the Board of Directors

According to our Deed of Foundation, the members of the Board of Directors are appointed by the Owner for a term of three years. Appointments are made in accordance with the mandatory requirements of the legislation in force, in addition to which competence, experience and conflicts of interest are also important selection criteria.

The members of the Board of Directors, as well as the Chairman, have relevant professional qualifications (in engineering or economics) and extensive experiences. No external stakeholders were involved in the course of the selection process.



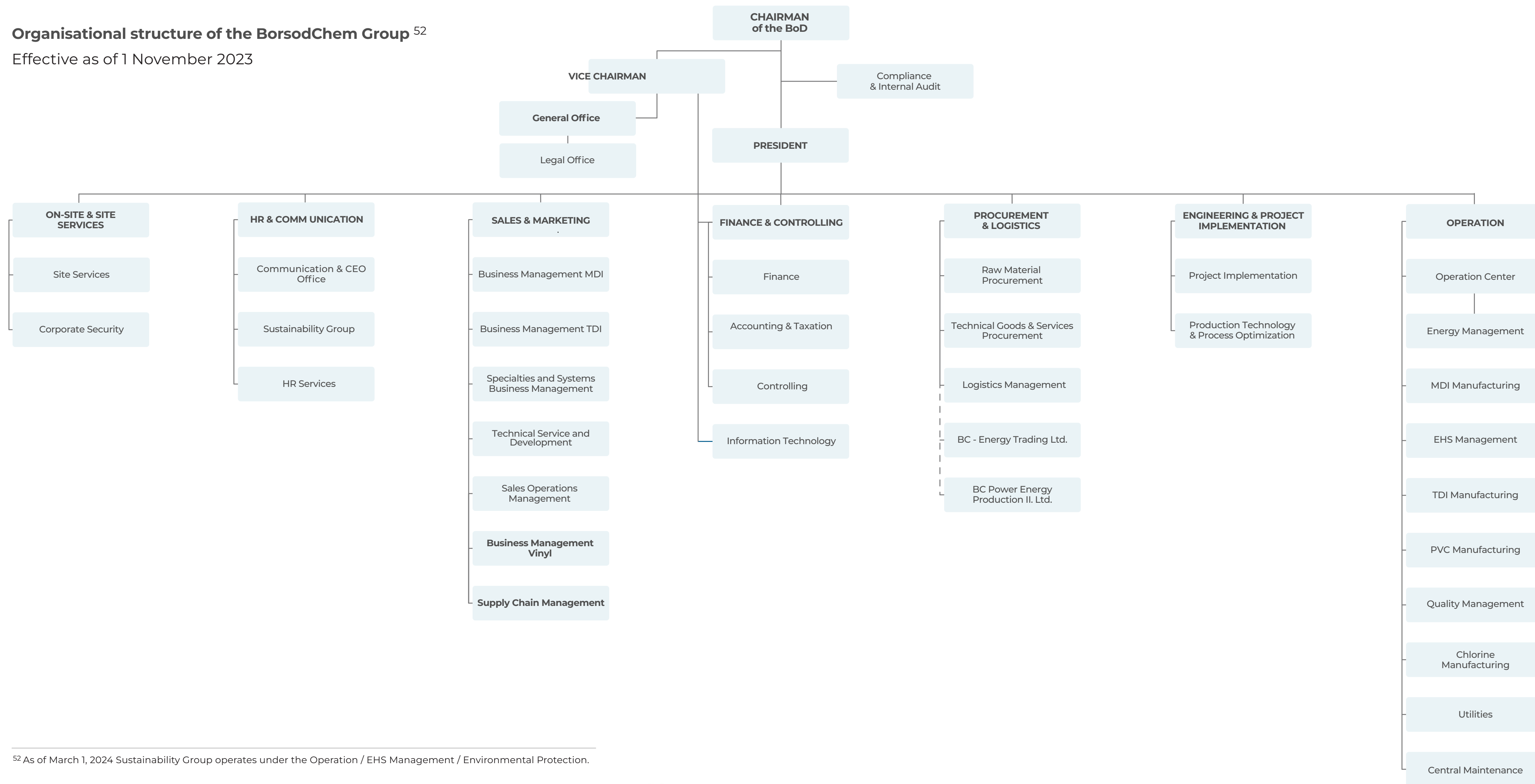
Management levels

n level	President
n-1 level	Senior Executives (Vice President, Chief Officer)
n-2 level	Middle managers (Director)
n-3 level	Managers (Senior Manager/Manager)
n-4 level	Lower-level Managers (Officer, Deputy Manager, Chief Foreman, Foreman)

Since our previous Sustainability Report, our corporate governance structure has not changed significantly.

Organisational structure of the BorsodChem Group ⁵²

Effective as of 1 November 2023



⁵² As of March 1, 2024 Sustainability Group operates under the Operation / EHS Management / Environmental Protection.



Our Company is organised along functional lines, a structure that effectively serves our strategic objectives. Heads of departments are responsible for implementing the corporate strategy and coordinating operational processes. The establishment of the corporate strategy is the responsibility of the owner.

The Board of Directors is made up of leaders from a wide range of disciplines, ensuring that critical issues are coordinated at the highest level.

No critical issues were reported in the 2023 reporting period.

OUR MANAGEMENT SYSTEMS

The responsible, efficient and sustainable operation of BorsodChem is based on a well-established **integrated corporate governance system**, which includes quality management, health and safety, safety and energy management, environmental management and supply chain security management subsystems. Our integrated management system does not only help our Company to comply with ethical and legal requirements, but also to identify further opportunities for improvement and to establish target setting and monitoring systems to support our development projects.

Standards used in the integrated management system

- MSZ EN ISO 9001:2015 Quality Management System (QMS)
- MSZ EN ISO 14001:2015 Environmental Management System (EMS)
- MSZ ISO 45001:2018 Occupational Health and Safety Management System (OHSMS)
- MSZ EN ISO 50001:2019 Energy Management System (EnMS)
- ISO 28000:2008 Supply Chain Security Management System (SCS)
- SA 8000:2014 Social Engagement Scheme

Our commitment to all these areas is set out in our Quality Policy, our HSE Policy, our Energy Policy, our Supply Chain Security (SCS) Policy and our Sustainability Policy.

We ensure the monitoring and control of the proper functioning of our Integrated Management System, the definition and implementation of the necessary corrective and preventive measures through internal audits, management meetings, annual management reviews and on-site inspections, and in case of deviations, we define and implement corrective measures.

Our management systems are certified by an external independent third party.

CORPORATE GOVERNANCE ALONG THE DIMENSIONS OF SUSTAINABILITY

In order to implement the principles of sustainable development, our Company established its Sustainability Management System and defined the sustainability responsibilities of the different levels of organisation. BorsodChem's Sustainability Objectives are implemented with the involvement of our internal stakeholders through the Sustainability Management System. In 2023, we established an internal regulation for the operation of our Sustainability Management System, with the aim to clearly define and monitor the activities needed to achieve the objectives of our Sustainability Strategy at each level for our internal stakeholders, our employees. Quarterly performance assessment reports are made and management reviews are carried out on an annual basis.

Management levels of BorsodChem Zrt.'s Sustainability Management System

Level I	SUSTAINABILITY STEERING COMMITTEE (CHAIRMAN OF THE BOARD, PRESIDENT, VICE PRESIDENTS AND CHIEF OFFICERS)
Level II	OFFICER SUSTAINABILITY, CLIMATE TASK FORCE
Level III	DIRECTORS, MANAGERS
Level IV	EMPLOYEES

Tasks assigned to the specific levels of BorsodChem Zrt.'s Sustainability Management System

Level I	<p>Sustainability Steering Committee</p> <p>Our Sustainability Steering Committee consists of the Chairman of the Board, the President, the Vice Presidents and the Chief Officers.</p>
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The main tasks of the Committee include, among others, reviewing and approving BorsodChem's Sustainability Policy, Sustainability Strategy, Objectives and Action Plan, appointing Sponsors responsible for the implementation of the Sustainability Strategy and approving the projects supporting its implementation, promoting sustainability principles and considerations in decision-making, monitoring the progress of sustainability projects, regularly reviewing and evaluating sustainability performance indicators, regularly communicating sustainability activities to

stakeholders, providing and annually reviewing the resources needed to implement these activities, as well as raising awareness of sustainability principles at all levels of the Company.

Level II	<p>Officer Sustainability, Climate Task Force</p> <p>Prepares materials for decision making for the Sustainability Steering Committee, ensures the implementation of operational tasks supporting the sustainability strategy at corporate level, reports on the results achieved and strives to promote a sustainability approach throughout the company in the form of training sessions.</p>
Level III	<p>Directors, Managers</p> <p>At the organisational level under their management, they ensure the implementation of operational tasks supporting the sustainability strategy and report on the results achieved.</p>
Level IV	<p>Employees</p> <p>In the course of their work, they are responsible for ensuring that the corporate sustainability approach is increasingly applied and integrated into their daily activities.</p>

Senior management plays a major role in the preparation of our annual sustainability targets and reporting. The members of the Board monitor the commitments and KPIs made within the framework of the Sustainability Strategy in the course of quarterly reporting. In all cases, the Sustainability Report is published with the approval of the President of BorsodChem Zrt., the Chief Operation Officer responsible for sustainable development and the Vice President HR and Communication responsible for communications.

Sustainability knowledge transfer and knowledge sharing

Flexible adaptation to a changing environment, lifelong learning and gaining experiences in current focus areas are important for companies to operate in line with the sustainability guidelines and the ESG approach. We prepared a specific ESG training action plan for our entire organisation, details of which are outlined in the [“Society” section](#) in a comprehensive way.

Continuous improvement of the ESG knowledge of senior managers is key to the future of our business. External consultants and internal professional organisational units provide assistance in this. In 2023, a special focus was on the introduction of EU Taxonomy, various certifications, standards and industry trends in the form of trainings.

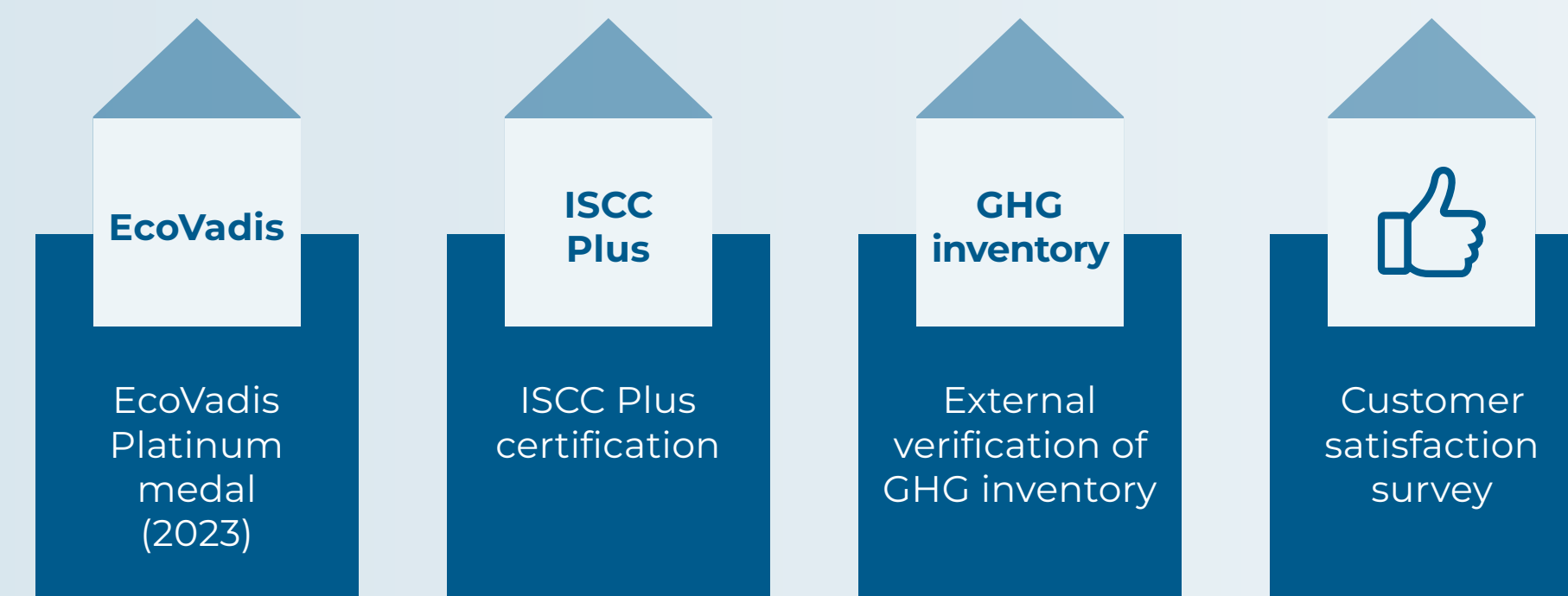
Our sustainability performance

Effectiveness and efficiency of our Company’s sustainability efforts, as well as the performance of the management responsible for implementing the strategy are assessed annually by external, independent organisations in accordance with an objective system of criteria. Within organisation assessment ⁵³ of the sustainability-related performance of the Company’s Board of Directors is conducted yearly based on determined KPIs ⁵⁴. Following evaluation of the results of internal and external, independent assessments, improvement actions are determined through involvement of the relevant organisational units. Execution of the Sustainability Strategy and the improvement actions are supervised by the Sustainability Steering Committee (members: Chairman of the Board, President, Vice Presidents and Chief Officers).

⁵³ Further details on page 109 in our [previous Sustainability Report](#)

⁵⁴ Annual HSE and sustainability-related KPIs (such as number of accidents, injuries, safety waste management GHG emissions, energy savings, etc.) support the achievement of the objectives.

The main pillars of BorsodChem’s objective feedback



Our future plans



One way of an objective assessment is to take part in the **EcoVadis** evaluation, in which our Company has participated for the seventh time since 2017. In 2023, we were awarded the Platinum medal for the third time by the international rating organisation, confirming that we are on the right way, and we are able not only to maintain, but also to improve our results year by year, based on our constantly increasing scores.

Our compliance with the International Sustainability and Carbon Certification (**ISCC**) standards demonstrates our ability to keep up with the ever-changing market demands and to offer our customers sustainable products produced by using bio-based and circular raw materials. **ISCC Plus** is a globally recognised certification system that verifies the traceability and sustainability of materials at all stages of the supply chain. In addition, the external validations of our GHG inventory and product carbon footprint calculations were also significant milestones.

Ongoing feedback on **customer satisfaction** is provided by completing the “Customer Satisfaction Report” section of the Sales Managers’ “Visit Report” on their customer visits. Furthermore, **customer satisfaction** is assessed at least every two years through a separate questionnaire survey. The answers given to the sustainability-related questions in the customer questionnaire provide us with useful feedback in which fields we need to make further improvements.

In addition to the above, the Group-wide **CDP** assessment is of great importance to our Company, and therefore BorsodChem is committed to preparing for the CDP assessment in the medium term.

To consciously achieve our climate goals, our Company intends to make further future commitments to join the Science Based Targets initiative (**SBTi**).

RESPONSIBLE AND SUSTAINABLE PROCUREMENT

Our supply chain management system ensures the scheduled supply of raw materials in the right quantity and quality from the shortest possible geographical distance.

The main raw materials for our operations are sourced largely from Hungary, neighbouring countries and our Czech subsidiary, and to a lesser extent from Western Europe and the Far East.

Technologies of our plants are interwoven, so in addition to exploiting the benefits of our integrated production system, we can also pay increased attention to the efficient use of our incoming raw materials, including the avoidance of unnecessary movements of goods or maintaining unreasonably high-level inventories. We are committed to achieving our business goals in a responsible and sustainable way by focusing on the aspects of sustainability in our operations and supply chain. Our strategic objective is to further increase the vertical integration of our supply chain, reduce the proportion of raw materials sourced from more distant external sources, as well as our costs and the environmental impacts of transportation. To achieve this, we expanded our production system with our Aniline and new Nitric Acid plants, as well as with our second power plant increasing the security of our energy supply.

By improving our supply chain, we aim to develop and maintain long-term cooperations with suppliers and service providers who establish and maintain transparent, fair partnerships that include compliance with the current standards of ethics, occupational safety, health and environmental regulations.

The Wanhua Group considers the application of sustainable procurement principles as one of the main criteria in the selection and evaluation of suppliers. Before we engage a new supplier or service provider, we conduct a pre-qualification process to ensure that our prospective partner meets our expectations and standards. We evaluate the performance of our existing suppliers and service providers annually.

In 2023, we surveyed more than 100 of our qualified suppliers on their sustainability practices and ethical operations in the form of a questionnaire. As part of the due diligence, 60% of the invited suppliers responded to our questionnaire. The results were assessed and taken into account in the evaluation of our suppliers' performance in 2023. 40% of the respondents had a sustainability report in place, while 20% of respondents could provide information on the carbon footprint of their products. The answers to the ethical questions were evaluated separately by our Compliance. 81% of the respondents have a Code of Ethics/corporate policy in place on ethical issues.

In 2022, our Company issued its Supplier Code of Ethics, which includes all the expectations towards our suppliers that we have beside our business contracts and that our Company otherwise considers to be binding also on itself.

RISK MANAGEMENT

GRI 2-12, GRI 2-13

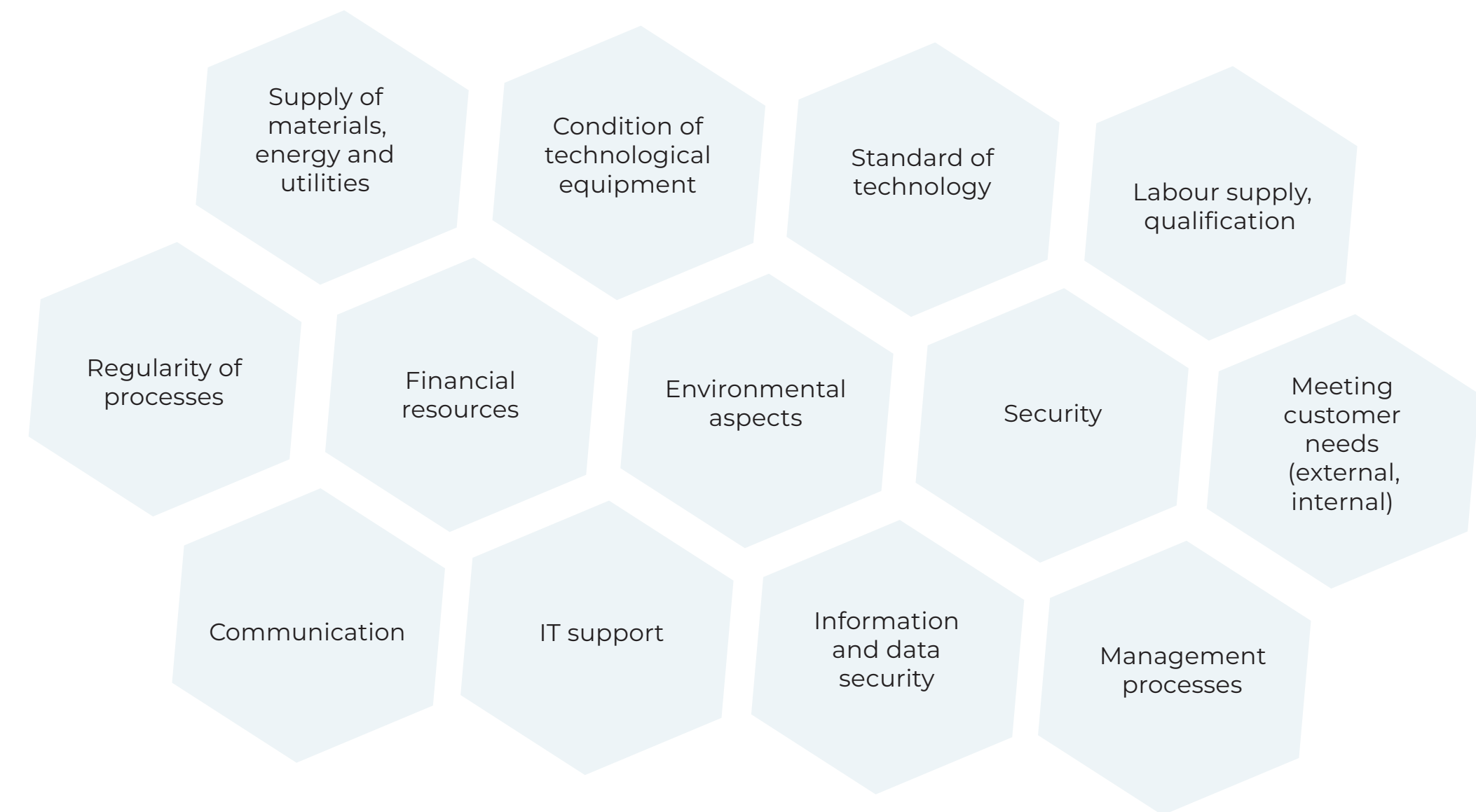
For BorsodChem Zrt., risk management plays a central role in ensuring sustainable operations, because as a major chemical company we are aware that our operations entail high safety risks, as well as direct and indirect environmental impacts. Our aim is to identify, assess and manage risks that could affect the operation, reputation and long-term success of our business and that might have negative impacts on our environment. Through a transparent and effective risk management system, we minimise potential negative impacts while taking advantage of the arising opportunities.

Risk management framework

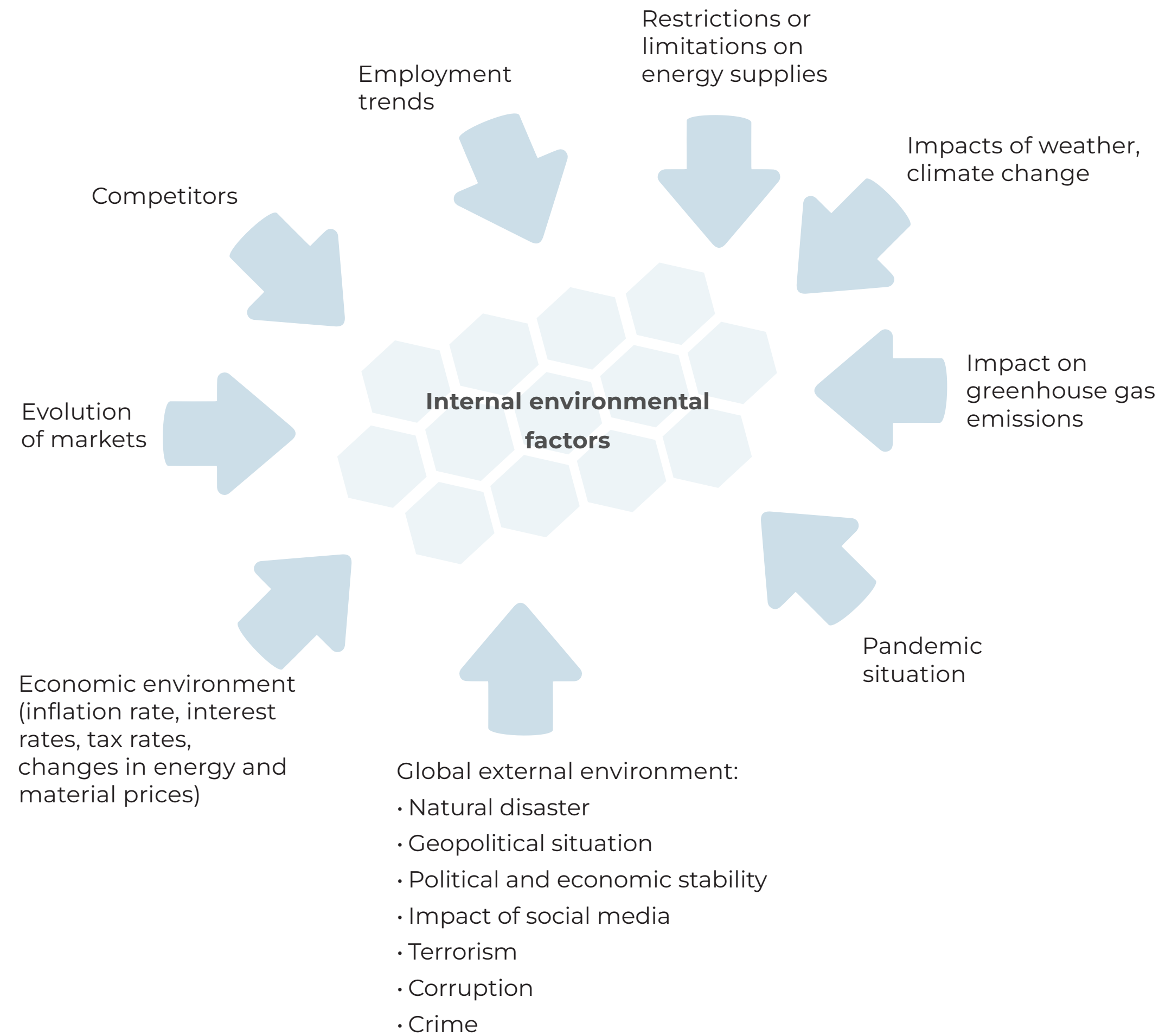
BorsodChem's risk management framework is based on the following key elements:

1. **Risk assessment and identification:** We regularly assess and identify risks to our business, including environmental, social, economic and regulatory factors. The head of each organisational unit is responsible for assessing the risks associated with the processes in the area concerned. When identifying risks, which is carried out in teamwork, external and internal environmental factors and the expectations of relevant stakeholders are taken into account.

The following items were identified as internal environmental factors:



Our external environmental factors include:



Stakeholders are those individuals, groups and organisations that are affected by our Company's activities and vice versa, who affect our Company.

2. **Risk assessment:** Risks are assessed based on their likelihood of occurrence and potential impact. In the course of the assessment, we define their risk levels, classifying them into low, medium and high categories. If the level of risk requires it, a proposal may then be made, which can be a measure to reduce the likelihood or impact of the risk. After setting relevant priorities and developing appropriate responses, we document each risk through our internal system.

3. **Monitoring and reviewing risks:** We continuously monitor the risks and the measures taken to manage them. We review the progress of risk management measures and the status of each task on a quarterly basis, and then we document them in the system established for this purpose. We prepare reports regularly to the management and our stakeholders, ensuring transparency and accountability.

Our risk management system is also supported by the following structural elements:

- Independent Compliance and Internal Audit function (reporting directly to the CEO and the Supervisory Board)
- Integrated HSE system
- Risk management policies
- Code of Ethics
- Supplier Code of Ethics

In each chapter of our report, we present in detail the measures we have taken to manage the risks related to the given topics, and in this section we focus exclusively on individual risks with high priority and their management, demonstrating their nature with some examples from 2023.

Key risks and their management

1. Environmental risks:

- **Climate change:** To mitigate the effects of climate change, we are investing in energy-saving technologies and renewable energy sources, such as the construction of our BC Power II power plant, the installation of solar systems, and we can mention here our large number of tree planting projects.
- **Environmental impacts:** We are constantly improving our manufacturing processes to minimise emissions and waste generation. We are reducing our environmental impacts year by year by continuously complying with increasingly strict national and EU regulations.

2. Social risks:

- **Employees' safety and health:** We follow strict health and safety standards and regularly provide trainings for our employees on the relevant topics. In addition, when developing and updating our technologies, we prefer to apply the best available, safest processes and procedures, and in this spirit, we pay special attention to safety protocols concerning our employees, for example, during the operation of our Aniline plant.
- **Relations with communities:** We maintain active dialogues with local communities and support them through a range of social and environmental programmes. Within the LIFE programme, in the framework of the climate adaptation project, we have prepared a heat alert plan for the residents of Kazincbarcika and the BorsodChem Zrt. in cooperation with local communities and the University of Miskolc.

3. Economic risks:

- **Market volatility:** We reduce the impacts of changes in demand for products and fluctuating purchase and sales prices by diversifying our product portfolio and opening new markets. The establishment of our new subsidiary in Spain, the Wanhua Chemical Europe Innovation, is the part of this strategy.
- **Regulatory risks:** We carefully follow the international and local regulations and ensure that our operations comply with them in all respects.
- **Exchange rate, revaluation and interest rate risk:** In order to save the operating result, incomes and expenses in foreign currencies, as well as the effects of certain balance sheet items and interest payable on loans, are managed by means of special hedging transactions. In this spirit, we entered into cross-currency interest rate swaps on our loans taken out in 2023.

4. Business continuity risks:

- **Technological failures:** We modernise our infrastructure and implement regular maintenance programmes. The new power plant and the installation of solar systems also increases the security of our course of business.
- **Natural disasters:** Contingency plans have been developed and regular exercises are held to ensure professional and quick respond to and elimination of emergencies.

BorsodChem Zrt. is committed to continuously improving its risk management practices and adapting to changing environmental, social and economic challenges. Our aim is to ensure the long-term sustainability and success of our Company's operations, while creating value for all of our stakeholders.

Business Ethics and Compliance

GRI 2-10, GRI 2-15, GRI 1-16, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205

We are committed to standards and principles that ensure fair and lawful operations and strive to reduce the risk of corruption. Operating in a spirit of sustainability, we are committed to upholding the generally accepted ethical standards and rules of business environment at all times and to ensuring that our employees are also bound by them.

All new entrant colleagues receive an extract from our Code of Conduct and undergo mandatory ethics training. In addition, our employees attend annual ethics training sessions.

KEY FEATURES OF BORSODCHEM'S OPERATIONS:



Legal compliance

- We comply with all applicable laws and regulations in force in the legislative field of the business activities of our Company, including requirements for accounting and auditing activities, anti-corruption and anti-money laundering legislation.
- We conduct our business activities in full compliance with the regulations and restrictions affecting international trade.



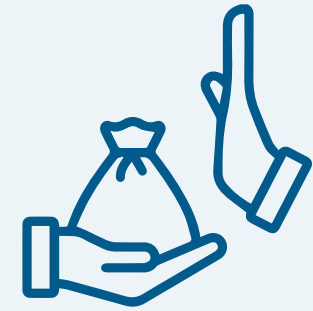
Transparency

- We ensure the completeness and correctness, accuracy and timeliness of the information provided in all documents and reports published by our Company in external and internal forums.
- All transactions related to our operations are recorded and documented in accordance with the applicable laws and regulations.
- We apply these principles in our everyday communication as well.



Fair competition

- Our Company aims to set an example of integrity to other organisations and society. Accordingly, we wish to become Europe's leading producer of plastic raw materials in fair competition.
- In our cooperation with our partners, we pay special attention to compliance with the rules of competition law.
- Our senior management' work is also supported by training sessions held in this topic.
- Legal, competition law and other compliance is monitored and ensured by our Legal Office.
- We constantly monitor internal needs and external requirements to ensure that we have all the resources necessary for compliance.



Anti-corruption

- Corruption limits economic and social development, and may impose legal and reputational risks for our Company.
- In the spirit of fair operations, we fight against all forms of corruption and we commit all of our employees to do the same.
- We also expect our partners to comply with these standards.
- We investigate all corruption and other ethical affairs consistently and impartially.
- We have an internal regulatory framework in place to help us prevent and deal with corruption, including our Anti Fraud Policy, our Ethics Line Policy, and our Code of Ethics.



Respect for human rights

- Employee relations at our Company are based on the dignity of every human being and respect for fundamental human rights.
- We apply the principle of equal treatment, as set out in our Collective Bargaining Agreement, consistently during the recruitment, employment of our employees and the termination of employment.
- We respect our employees' rights to freedom of association and collective bargaining. We engage in constructive dialogue and fair interest reconciliation with our employees' interest representation bodies.
- We are firmly opposed to any behaviour that violates an individual's rights, whether it is discrimination, harassment or violence of any kind, child labour or forced labour.

MEASURES TO ENSURE COMPLIANCE

Compliance

Our Company has an individual organisational unit for the compliance and internal audit function. Compliance & Internal Audit is completely independent from the corporate management, reporting directly exclusively to the President and the Supervisory Board. Its main tasks are to investigate and support the compliance with internal rules, the observance of ethical standards, as well as the prevention of fraud and corruption.

We investigate all incidents where violations of our ethical standards are assumed. Proven infringements and abuses result in accountability of the persons concerned.

Our ethical values are based on three policies that are accessible to everyone: Code of Ethics, Anti Fraud Policy and Ethics Line Policy. We introduce our ethical values to our employees through regular training and ensure that knowledge of these values is adequately deepened. We apply this system of policies on an ongoing basis and impose the compliance with it as an obligation towards our own employees.

Ethics Line

For more than a decade, our Company has operated a so-called Ethics Line, which is available to all employees and any external parties. It serves as an independent and confidential channel, where anyone can make comments, complaints and ask for advice on the ethical operations of BorsodChem Zrt. The notifier's personal data are treated confidentially, but it is also possible to make contact anonymously. We handle and investigate reported cases in accordance with our Ethics Line Policy. We also place great emphasis on the effective remedy of potential impacts on human rights through the complaints handling system.

Regulations on ethics

Ethics Line Policy <https://borsodchem.com/en/download/27/ethics-line-policy>

Anti Fraud Policy <https://borsodchem.com/en/download/27/anti-fraud-policy>

Code of Ethics <https://borsodchem.com/en/download/27/code-of-ethics>

Supplier Code of Conduct <https://borsodchem.com/en/download/27/supplier-code-of-conduct>

We expect our suppliers to follow our ethical guidelines, which we have summarised for our suppliers in our Supplier Code of Conduct.

Ensuring the ethical conduct of business and the protection of human rights

BorsodChem complies with all legislation that supports and ensures respect for human rights.

In the course of our ethical operations, we define the responsibilities of our Company to ensure that human rights due diligence and ethical business practices are embedded in our daily operations and along our entire value chain as well.

As stated in the UNGC report, the Director Compliance & Internal Audit is primarily responsible for the protection of human rights. The Director, together with the Vice President HR and Communication and the Director EHS, ensures that human rights are taken into account and appropriately addressed in the Company's internal policies and processes.

Our Code of Ethics sets out a framework for the protection of human rights, the creation of safe working conditions and the fight against corruption. In the BC-QM-012 Social Commitment Policy human rights and employment issues are further elaborated and delegated to other policies of ours. The field of safe working conditions involves complex EHS regulatory and management systems.

Commitments regarding the working conditions of employees are an integral part of our EHS activities. Human and labour rights rules and expectations are an integral part of our Company's culture and operations, thanks to decades of our conservative legal compliance practices.

The implementation of corporate obligations is guaranteed through business relationships via insurance contracts, framework contracts with health service providers, contracts related to EHS activities (mainly employees are concerned in this).

To achieve our goals, we offer ethics training for all new employees, and we also provide annual refresher ethics training sessions to ensure raising awareness and the success of the practical application.

We informed our colleagues through our internal electronic portal, the Intranet on our joining the UN Global Compact, which also focuses on respect for human rights.

Our UNGC report is available on the Company's website.

Feedback mechanism

In its corporate governance, BorsodChem provides the following platforms to ensure feedback to its stakeholders on its operations and the implementation of its responsible business policies, on any questions they may have about them, and on any concerns or propositions they may have.

Feedback platforms on BorsodChem's operations and responsible business conduct

NAME OF THE PARTY CONCERNED	COMMUNICATION CHANNEL
EACH OF THE PARTIES CONCERNED	ETHICS LINE
OUR EMPLOYEES	ROUND TABLE DISCUSSIONS WITH SENIOR MANAGEMENT COFFEE TIME MEETING WITH PRESIDENT AND CEO HR LET'S CHAT HR VISITS
LOCAL COMMUNITIES	CORPORATE WEBSITE PUBLIC OPEN DAY
PUBLIC AUTHORITIES	PUBLIC AUTHORITIES OPEN DAY
EDUCATIONAL INSTITUTIONS	OFF-SITE LECTURES AND FACTORY VISITS DUAL TRAINING PROFESSIONAL COLLABORATIONS RESEARCH PROGRAMMES JOB FAIRS CHEMISTRY FACULTY COURSE
LABOUR SUPPLY	BC CHEMISTRY CLASS SERIES CHEMICAL INDUSTRY CAREER GUIDANCE DAY CAREER GUIDANCE FACTORY VISITS CHEMISTRY STUDY CIRCLE

Highlights for 2023:

- We continued the practice introduced in 2022, whereby our employees can voluntarily confirm their commitment to the ethical values of our Company **by signing** a so-called **Declaration of Integrity**. By signing this declaration, our employees firmly reject all forms of fraud and corruption. We are pleased that 91% of the employees has signed the document.
- We continued to provide regular **training** on our **ethical** values, ensuring that our scale of values is deepened.
- In 2023, 85% of our employees repeatedly attended ethics and anti-abuse training. The training covered issues such as conflicts of interest, business gifts, as well as fraud and corruption.
- The ethics training held in 2023 also focused on human rights issues.

Conflict of interest

The leaders of the BorsodChem Group always serve as an example for other employees of the Company. Leaders must comply with all paragraphs of the Code of Ethics to the letter and avoid even the appearance of a conflict of interest.

With regard to the members of the Board of Directors, the Rules of Procedure of the Board of Directors require members to report immediately to the Board of Directors and the Chairman of the Supervisory Board any conflict of interest related to their person or any reason or circumstance that would justify their exclusion.

The BorsodChem Zrt.'s Code of Ethics sets out detailed guidelines on the subject of and the management of conflicts of interest.

The Collective Bargaining Agreement (Article 12.1 of the Collective Bargaining Agreement) includes a requirement for all employees that if an employee intends to enter into an additional employment relationship or other working relationship or other legal relationship during the period of employment with our Company, he or she must notify the Vice President Communication & HR in advance.

In 2023, there were no conflict of interest incidents in relation to any of our stakeholder groups.

Compliance with laws and regulations

GRI 2-27

NUMBER OF INSTANCES OF NON-COMPLIANCE WITH LAWS AND REGULATIONS	2020	2021	2022	2023
INSTANCES FOR WHICH SIGNIFICANT FINES WERE INCURRED	0	0	1	0
INSTANCES FOR WHICH NON-MONETARY SANCTIONS WERE INCURRED	0	0	0	0
TOTAL	0	0	1	0

NUMBER AND FINANCIAL VALUES OF FINES	2020	2021	2022	2023
NUMBER OF FINES IMPOSED (PIECES)	0	0	1	0
FINANCIAL VALUE OF FINES IMPOSED (HUF)	0	0	25 000 000	0

Threshold value of significant fines: Our Company considers a fine of over EUR 25 000 to be a significant fine.⁵⁵

In 2023 reporting period, there was no significant fine imposed on our Company for instances of non-compliance with laws and regulations.

⁵⁵The threshold of 25 thousand EUR was determined by the CFO decision, taking into account the value of fines imposed previously on the Company in relation to its overall operation (e.g. HSE, environment protection).

DEFENCE AGAINST CORRUPTION

GRI 3-3, GRI 205-1, GRI 205-2, GRI 205-3

We distance ourselves from all forms of abuse and corruption, which we consider incompatible with our operations. However, our Company does not operate in isolation from its environment, so we must also be prepared for the fact that corruption is and will be present in our business life.

Ethical standards, compliance measures, codes of conduct, recurrent training and leadership by example are all in place to everything in our power to filter out the risks of corruption.

In 2021, BorsodChem [signed](#) the United Nations Global Compact, and by doing so, we, along with the companies that signed the Compact, committed to the ten principles of social responsibility in the areas of human and labour rights, the environment and anti-corruption.

The expectation of the UN Global Compact is that the CEO annually confirms the Compact's support for the principles set out therein. The preparation of the 2023 Annual Report is underway (in 2024), and reaffirmation of support for the basic principles is expected to take place.

Risk assessment

In 2021, our Company conducted a fraud risk assessment of its key business processes, including Purchasing, Logistics (freight forwarding and warehousing), Sales, Finance, HR and Product Loading, among others. The assessment covered around 35% of the Company's business processes. The risk assessment at the time did not identify any areas or processes that were considered to be at high risk and it was determined that it would not be repeated every year. A new analysis is planned for 2025, adapted to the current situation.

Our anti-corruption activities are ensured by the following measures:

- We are steadily increasing the proportion of managers and employees who participate in annual ethics and anti-corruption training. (We made a commitment in this regard in our Sustainability Report (2019–2020, p. 31.) and UNGC [Report](#). These anti-corruption measures are also available on the UNGC website and on the BorsodChem website.
- We educate our employees through our Code of Ethics and ethics training sessions, and ask them to sign the Integrity Statement to confirm their commitment to BorsodChem's ethical values and to firmly reject all forms of fraud and corruption.
- In 2021, we set out our expectations to our business partners in the areas of human rights, ethics, anti-corruption and environmental protection by introducing a Supplier Code of Conduct. The Supplier Code of Conduct is part of our contractual relations.

Our Company's anti-corruption behaviour has the following positive effects on our stakeholders and the environment:

- Maintaining an ethical employee community
- Maintaining and strengthening employees' trust in our Company.
- Compliance-based business conduct.
- Setting an example for colleagues and in business life, especially regarding the scope of suppliers.

GRI 205-2

Number and percentage of board members, managers and employees participating in anti-corruption training

	2020	2021	2022	2023
PERCENTAGE OF BOARD MEMBERS PARTICIPATING IN ANTI-CORRUPTION TRAINING	44.4%	44.4%	55.5%	11.1%
NUMBER OF PARTICIPANTS IN TRAINING	4	4	5	1
NUMBER OF BOARD MEMBERS	9	9	9	9
NUMBER OF BOARD MEMBERS RECEIVING ANTI-CORRUPTION RULES	9	9	9	9

	2020	2021	2022	2023
PERCENTAGE OF EMPLOYEES PARTICIPATING IN ANTI-CORRUPTION TRAINING	78.2%	85.5%	91.7%	85.0%
NUMBER OF EMPLOYEES	2 382	2 734	2 967	2 741
N-1 LEVEL (SENIOR MANAGERS)	5	7	8	1
LEVEL N-2 (MIDDLE MANAGERS)	17	21	21	19
LEVEL N-3 (LINE MANAGERS)	75	78	77	71
LEVEL N-4 (LOWER-LEVEL MANAGERS)	262	257	261	248
LEVEL N-5 (EMPLOYEES IN INDEPENDENT ROLES)	2 023	2 371	2 600	2 402

GRI 205-3

In the 2023 reporting period, we investigated an incident of suspected corruption involving two of our employees. The employees were in breach of the internal procurement rules in force. As a result, there is no need to introduce new rules, but compliance with existing rules is essential. Our Company filed a complaint in the above-mentioned case, but the investigation did not reach the prosecution, criminal enforcement stage, so we do not consider this to be a public law case.

Our Company dismissed the two employees on the grounds of loss of trust.

Product quality⁵⁶

GRI 3-3

The importance of product quality is key for our Company, and to ensure this, excellent work and collaboration of many areas is required: from protecting the health and safety of our employees and consumers, through ensuring strict international and domestic regulatory compliance, as well as promoting the research and development needed to produce high quality products, to ensuring long-term competitiveness and successful operations.

OUR CHEMICAL INDUSTRY ACTIVITIES ARE DRIVEN BY THE PURSUIT OF EXCELLENCE, WITH THE AIM OF PRODUCING HIGH QUALITY RAW MATERIALS FOR OUR CUSTOMERS USING THE BEST AVAILABLE TECHNOLOGIES.

Quality Policy

Our goal is to earn the lasting trust of our current and prospective customers with consistent, reliable quality products.

ALL OUR STAFF MEMBERS ARE RESPONSIBLE FOR THE QUALITY AND CONTINUOUS DEVELOPMENT OF THEIR OWN WORK.

⁵⁶ There is no GRI standard for this material topic.

OUR COMMITMENT TO QUALITY POLICY:

ACTIVE LEADERSHIP ROLE TO ENSURE QUALITY

DIRECT INVOLVEMENT OF OUR STAFF AND DEFINITION OF RESPONSIBILITIES

THE PRINCIPLE OF PROVIDING MUTUAL BENEFITS IN THE DEVELOPMENT OF PARTNERSHIPS

INFORMING OUR SUPPLIERS ABOUT THE AMBITIONS AND NEEDS OF BORSODCHEM

CONTINUOUSLY IMPROVING THE QUALITY OF OUR PRODUCTS AND SERVICES TO MEET OUR CUSTOMERS' NEEDS AS FULLY AS POSSIBLE

STRIVING FOR EXCELLENCE, USING AN ISO 9001 COMPLIANT QUALITY MANAGEMENT SYSTEM AND A SYSTEMATIC AND PROFESSIONAL RISK-BASED APPROACH

The [Quality Policy](#) of BorsodChem and [our related objectives](#) can be found at the links on our website.

Laboratory tests

Our Company controls and tests all of its products at all stages of production – from the receipt of foreign goods, through in-process inspections, to the delivery of the final product –, based on documented quality control plans and workplace operation/handling instructions. A major part of the testing, quality control as well as environmental and safety measurements of various materials at our Company is carried out in the laboratories belonging to the Quality Management Department, and a smaller part in the laboratories of the plants or by an external accredited laboratory.

We monitor our manufacturing processes, their impact on the health, safety and environment of our employees and the proper technical condition of our production equipment through laboratory tests. Since 1993, the Analytical Laboratory of the Quality Management Department has steadily been maintaining its accredited status according to MSZ EN ISO/IEC 17025. We continuously improve our accredited testing methods, instruments and techniques, and train our staff to comply with the laws, regulations and the needs arising within the Company.

We currently have nearly 200 accredited test methods. Our work is also supported by state-of-the-art Laboratory Information Management System (LIMS) software.

Regular review and maintenance of our integrated management systems

BorsodChem's integrated management system involves the interconnection of five management systems (quality management, environmental management, occupational health and safety management, energy management, supply chain security management).

Our Company developed an integrated management system that is operated taking into account stakeholder and customer needs, as well as legal requirements. This ensures that our products, our environmental, health and safety performance, our energy management and our supply chain security performance meet the relevant requirements.

To ensure continuous improvement, we regularly define our Quality, HSE, Energy and Supply Chain Security Objectives and actions to achieve them, also taking into account the tasks identified during the risk assessments.

Review

Our Company carries out regular reviews of all elements of the integrated management system, identification of the discrepancies, introduction of the necessary corrective actions and monitoring their implementation, based on documented procedures.

During the reporting period, an external surveillance audit of the integrated system was carried out between 12–15 June 2023 at our sites in Kazincbarcika, Gödöllő and Budapest ⁵⁷. As a result of the successful audit, our QMS, EMS, OHSMS, EnMs certificates continued to be valid.

The proper and integrated operation of the ISO 28000 Supply Chain Security Management System was confirmed by a surveillance audit ⁵⁸ on 26-27 October 2023.

The functioning of our systems is also checked through internal audits based on an annual review programme. In the year 2023, 912 system elements were reviewed for compliance with ISO 9001 / ISO 14001 / ISO 45001 / ISO 50001 / ISO 28000 requirements and our own procedural rules.

We also carried out on-site audits of our suppliers and service providers based on a plan approved during the reporting period, and also in case of other current problems.

Statistical analyses are carried out for non-conformities, incidents involving EMS, OHSMS, EnMS, SCS related complaints about materials and services purchased, as well as customer complaints.

All non-compliant products are identified and segregated to prevent careless use or dispatch. We keep records of the non-compliant products, including the product ID, quantity and description of the non-compliance.

⁵⁷ The audit was carried out by SGS Hungária Kft.

⁵⁸ The audit was carried out by URS Hungária Kft.

OUR PRODUCTS ⁵⁹ HAVE EARNED THEMSELVES AN UNDISPUTED REPUTATION. YOU CAN FIND CONSUMER PRODUCTS, UTENSILS, PARTS AND CONSTRUCTION MATERIALS IN MANY AREAS OF LIFE, AS THE RAW MATERIALS WE PRODUCE ARE USED IN THE CONSTRUCTION, AUTOMOTIVE, FURNITURE AND CLOTHING INDUSTRIES, AMONG OTHERS. WE ARE COMMITTED TO PRODUCING MODERN RAW MATERIALS FOR MANUFACTURE OF PRODUCTS ESSENTIAL IN OUR EVERYDAY LIFE THAT ENSURE THEIR LONG LIFE AND VERSATILITY.

Customer feedback

We always investigate our customers' complaints and regularly assess their satisfaction. We document all stages of the customer complaint investigation in our internal application, and record the agreement made with the customer. As part of our internal investigation, we also conduct 8D analysis, an accepted method of problem identification, analysis and improvement in the field of quality assurance, in cases where we are required to do so by our regulations. We monitor the effectiveness of the corrective action taken and, in the event of a significant or recurring complaint, we re-examine the actions we took previously to ensure that they are corrected as soon as possible.

⁵⁹ MDI, TDI, PVC and chlor-alkali products.

Involving BorsodChem's external stakeholders to ensure product quality and its continuous improvement

TARGET GROUP CONCERNED	METHOD OF COMMUNICATION AND/OR INVOLVEMENT	FREQUENCY
CUSTOMERS	CUSTOMER SATISFACTION SURVEY	EVERY TWO YEARS
	SALES MANAGER VISITS TO CUSTOMERS	REGULARLY
	CUSTOMERS' MEETINGS	AD HOC NATURE
	CUSTOMER RATINGS	AD HOC NATURE
	ON-SITE AUDIT OF OUR CUSTOMERS	AD HOC NATURE
SUPPLIERS, SERVICE PROVIDERS	DATABASE DEVELOPED TO MANAGE COMPLAINTS	PERMANENTLY AVAILABLE
	ANNUAL PRE-MAINTENANCE MEETING	ANNUALLY
	ON-SITE AUDITS	REGULARLY
	TECHNICAL CONSULTATIONS	AD HOC NATURE
LOCAL COMMUNITIES	CITIZENS' FORUM	AD HOC NATURE
	ONLINE COMMUNICATION (WEBSITE, CENTRAL EMAIL AND SOCIAL MEDIA)	AD HOC NATURE

Customer satisfaction with product quality (2019-2023)

YEAR OF CUSTOMER SATISFACTION SURVEY	SATISFACTION LEVEL (ON A SCALE FROM 1 TO 10)
2019	9.0
2021	9.1
2023	9.2

Based on the customer satisfaction surveys conducted by-annually, satisfaction level with resilience of the product quality is steadily around point 9 on a scale from 1 to 10 (where 1 - unsatisfied, 10 - satisfied). During this reporting period, the results of the answers given to the question „How satisfied are you with the consistency of BorsodChem’s product quality compared to other Suppliers?” was the best, point 9.2 so far.

In our customer satisfaction survey, our customers were asked about their satisfaction with our Company’s performance in respect of several topics, for example pricing, safety of supply chain, contact keeping and quality of communication, product development services, sustainability, product quality, etc. The survey was conducted through an online, self-developed questionnaire available in 5 languages, with a so-called compulsory commenting system, which means that respondents had to give a reasoning in case they scored a question with point 6 or less. The scope of the respondents covered all our customers to whom we sell at least 80% of the annual total volume of products sold.

On-site audits

Every year, we receive more and more requests from our customers to fill their questionnaires or issue declarations. In these, they ask for information and declarations not only on the functioning of our management systems, but also on new international requirements, their own standards, our commitments and compliance with EU directives.

In 2023, a total of 3 customers carried out on-site audits at our Company. The audit findings were interpreted, processed and action plans were developed to achieve the quality targets.

Supplier rating system

We evaluate our suppliers and subcontractors in several steps to ensure that the products ordered and services used by BorsodChem Zrt. meet our expectations, are of the highest quality and comply with the relevant environmental, safety and sustainability standards.

We have extended our pre-rating system to all new suppliers and service providers. The purpose of pre-rating is to make sure that our partners are able to meet our expectations and requirements. This is carried out with a questionnaire or on the basis of an on-site visit of the partner’s premises. In 2023, we conducted on-site audits at 14 of our suppliers. We make contract with partners who meet the pre-rating criteria.

The annual assessment of supplier/subcontractor partners is carried out in team work. During the reporting period, 9 teams – broken down by special fields – carried out annual assessment at our Company. The criteria were tailored to the activities of the suppliers or service providers being assessed. In the overall assessment, we also take into account the results of their pre-rating and their efforts to achieve sustainable development.

Our partners are informed in writing of the result of their rating. Companies carrying out maintenance, refurbishment and investment-related works are assessed weekly during annual shutdowns and priority projects, based on their performance during the assessment period.

If the supplier’s/subcontractor’s performance shows a deterioration or fluctuation in quality, or any other problem – of safety, environmental nature – we exclude the supplier from our partners in the most severe cases, and in less serious cases we increase the scope and frequency of the checks, and manage the evolved situation through on-site audits and technical consultations.

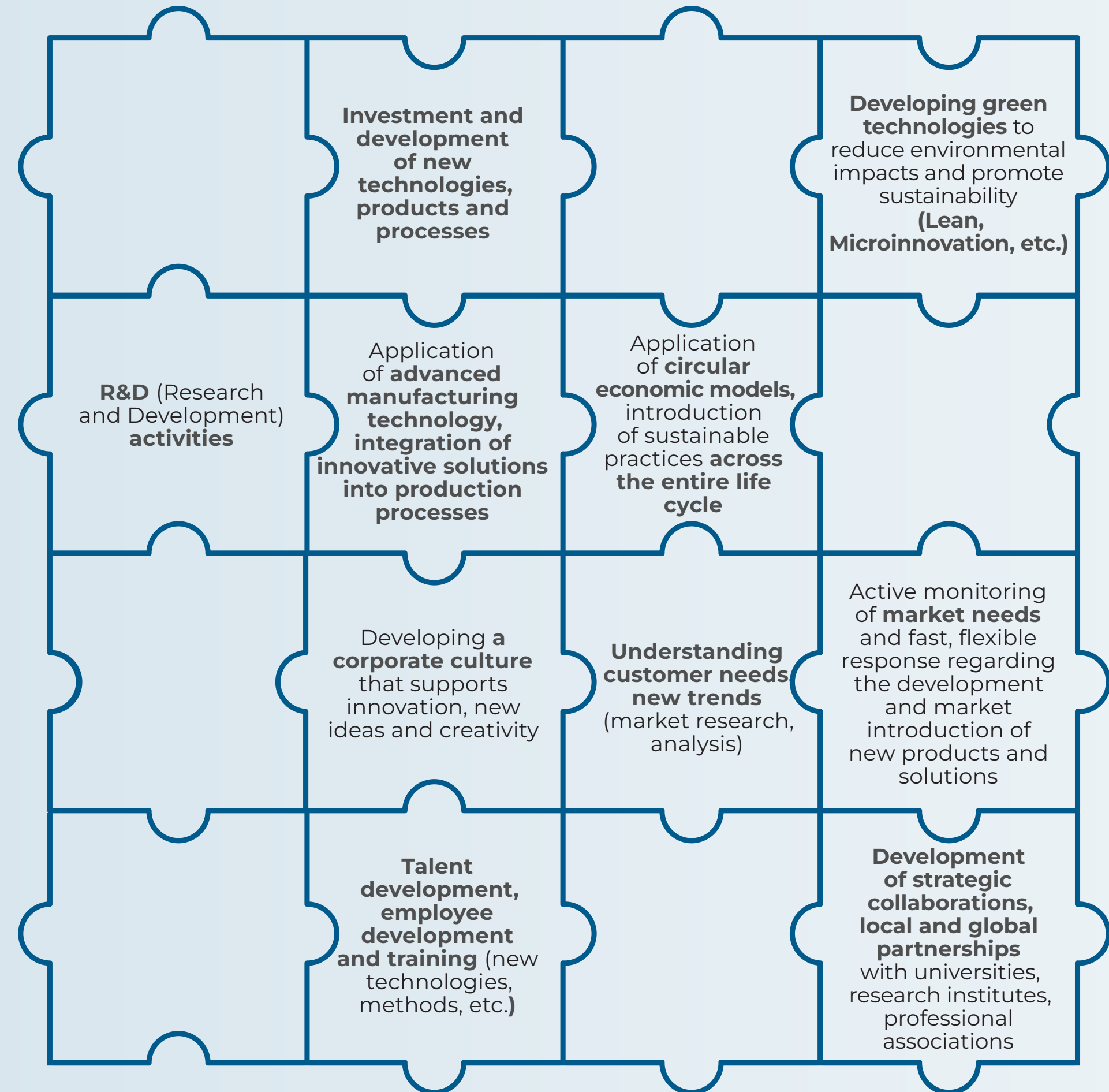
Innovation⁶⁰

GRI 3-3

Continuous innovation and innovation-driven operations are essential to our competitiveness and future-proof operations, which is why we place a strong emphasis on our investments, product and technology developments. Innovation is also a creative activity that requires continuous improvement in our business processes, is present in our corporate culture, in the training of our employees, in the development of our processes and in our R&D activities. In our innovative technological solutions and product development processes, it is crucial to respond to market trends, customer needs and to work closely with stakeholders.

WE ARE ALWAYS LOOKING FOR INNOVATIVE AND FORWARD-LOOKING SOLUTIONS TO MEET THE EXPECTATIONS OF OUR STAKEHOLDERS.

Key building blocks for the successful integration of innovation at BorsodChem



⁶⁰ There is no GRI standard for this material topic.

LEAN management provides an effective tool to increase our innovation capacity. Continuous improvement and employee involvement help us to respond flexibly to the changing market environment and our customers' expectations. Following the trend of previous years, in 2023 our employees continued to be outstanding in terms of innovative ideas. 9,142 development ideas were submitted on the LEAN platform, of which 7,189 were implemented. 2-3 out of 3-4 development proposals per person were implemented, which, considering the number of our employees, corresponds to a success rate of 78%!

Product and technological development tasks are the responsibility of the various professional fields of BorsodChem. However, a policy that focuses exclusively on innovation is not reasonable to be developed, as **an innovative approach permeates the entire Integrated Management System.**

On the part of our units working on development projects, compliance with the increasingly strict requirements of Hungarian legislation and the best available technological requirements (**Best Available Techniques, BAT**) also requires continuous innovation. Best available techniques are those that are practicable under the available technical and economic conditions and are the most effective in terms of providing a high level of protection for the environment as a whole. This approach is of primary importance in the operation of BorsodChem, as one of the criteria for obtaining the Integrated Pollution Prevention and Control permit required for the operation is that the planned activity complies with the best available techniques. The mandatory use of BAT ensures that companies operating in the market use technologies with lower emissions. These requirements represent a continuous necessity for improvement for companies to reduce their emissions. The European Commission regularly reviews BAT documents and gives producers 4 years after their publication to implement technological improvements. The operation of BorsodChem is a very complex process and therefore we have to take into account the BAT requirements of several fields, which requires a very comprehensive and forward thinking approach both in the development of existing systems and the design of new facilities.

Details of our innovative developments and future objectives are presented in several forums:

- We report to our external stakeholders on our website and in our Sustainability Reports published there. In addition, our regular Sustainability Newsletter helps to provide comprehensive information.
- During the environmental permitting processes for our developments, we inform the public about all of our projects subject to authorization through public hearings, fulfilling our obligations.
- In order to ensure transparent communication, we hold an annual open day with the participation of BorsodChem's management for regional municipalities, representatives of public authorities and the general public. In the event, participants can obtain an insight into our current investments, information on our future plans as well as our activities in the field environmental and social responsibility.
- The Integrated Pollution Prevention and Control (IPPC) permit required for the investments and our review documents are publicly available [on the website](#) of the Department of Environment, Nature Protection and Waste Management of the Borsod-Abaúj-Zemplén County Government Office.

Our innovative investments

Over the past decade, BorsodChem has implemented a large-scale investment programme supporting innovation, technological development and modernisation, and we also continued this exemplary practice in 2023.

Our major investment activities in 2023

- Activation of Aniline plant ⁶¹
- Commissioning of a by-product incineration system at the Aniline plant to reduce the concentration of pollutants in the gases generated by the process
- In the WNA-2 plant, use of EnviNOX catalyst to reduce the concentration of nitrogen oxides released from the plant
- Wastewater treatment capacity expansions and improvements to treat wastewater from new plants
- The use of special wastewater pre-treatment equipment in the PVC plant to reduce the suspended solids content of the wastewater.
- Launch of WWR project to increase recycled water volumes
- Establishing a water balance and water quota accounting system
- Installation of 2,100 m2 of solar panels on roof surfaces, increasing the share of renewable energy in the energy mix
- Commissioning of a new natural gas-fired combined electricity and heat generation power plant to reduce direct GHG emissions
- Successful completion of recultivation activities (clean-up of the Sóstó basins and landfill recultivation in the sludge site area)
- Continued investment in noise reduction

Cost of BorsodChem’s investments (2020-2023)

	2020	2021	2022	2023
INVESTMENT PERFORMANCE VALUE (THOUSAND EUR)	213 154	261 138	206 465	176 353
ENVIRONMENTAL INVESTMENT COSTS (THOUSAND EUR)	12 101	14 466	10 504	9 313

THROUGH OUR INVESTMENTS AND R&D ACTIVITIES, WE ARE ENABLING THE RIGHT TO A CLEAN ENVIRONMENT TO PREVAIL, THEREBY MAKING SIGNIFICANT CONTRIBUTIONS NOT ONLY TO INDIVIDUAL HEALTH AND WELL-BEING, BUT ALSO TO SUSTAINABILITY AND FUTURE GENERATIONS.

Number of BorsodChem’s R&D projects (2020-2023)

	2020	2021	2022	2023
NUMBER OF R&D TOPICS PER YEAR	18	14	14	12
NUMBER OF OUR R&D PROJECTS FUNDED PARTIALLY FROM EXTERNAL SOURCES	1	2	2	1

⁶¹ One of the main raw materials for MDI production.



Our product developments

Innovative product developments are essential to help us serve our customers' needs at higher standards. To do this, it is key for us to constantly monitor industry trends and to be open to implementing technological innovations.

Towards sustainable products

The market is focusing on increasing the share of non-fossil raw materials, which requires our Company to develop a new, sustainable product portfolio. Our premium, sustainable product portfolio represents higher added value, competitive advantage, high prestige, social recognition and lower-level environmental impact. However, all this creates a significant need for innovation, which can lead to closer cooperation between stakeholders – be they suppliers, customers, R&D organisations, universities or even professional associations. The majority of our raw materials are currently still fossil-based, as most of our strategic raw material suppliers are petrochemical or chemical companies (refineries, crackers), where replacement of fossil-based production is an option that is difficult or expensive to implement. Due to the complexity and high cost of the steps required to make the transition, sustainable raw materials are currently available in limited quantities and at high prices, and the vast majority of bio-based raw materials currently available on the market are from first generation (directly agricultural) sources.

Diversified raw materials

Diversification of sources is important, so in addition to bio-based raw materials, we are also looking at the availability of second-generation sources (such as agricultural waste), bio-circular materials (such as used cooking oil) and raw materials made from recycled waste, both from existing and potential suppliers.

One of our commitments in our Sustainability Strategy is to contribute to the production of 1 tonne of sustainable, bio or bio-circular MDI and TDI products by sustainable raw material procurement by the end of 2024. The main milestones of this are market research, assessment of procurement opportunities, addressing potential suppliers, discussions on common directions (e.g. preferred sustainable sources), carbon footprint of raw materials. Our current trials are on benzene and toluene, the main raw materials for MDI and TDI, but we will gradually expand them also to other raw materials as required.

We launched Ongronat NEO B and C products in 2024, which are the equivalents of our MDI and TDI products, produced from bio/bio-circular raw materials under the ISCC Plus system on the basis of mass balance approach:

Ongronat 1065 - Ongronat NEO 1065 B and Ongronat NEO 1065 C
 Ongronat 1080 - Ongronat NEO 1080 B and Ongronat NEO 1080 C
 Ongronat 1100 - Ongronat NEO 1100 B and Ongronat NEO 1100 C
 Ongronat 2100 - Ongronat NEO 2100 B and Ongronat NEO 2100 C
 Ongronat 2500 - Ongronat NEO 2500 B and Ongronat NEO 2500 C
 Ongronat 2510 - Ongronat NEO 2510 B and Ongronat NEO 2510 C
 Ongronat 3000 - Ongronat NEO 3000 B and Ongronat NEO 3000 C

OUR GOAL IS TO DEVELOP A PREMIUM SUSTAINABLE PRODUCT PORTFOLIO BY 2050, AND TO SUPPORT THE TRANSITION TO SUSTAINABLE PRODUCTION THROUGH INNOVATIVE TECHNOLOGIES AND THE START-UP OF PRODUCTION PLANTS.

ISCC Plus

In 2023, we successfully obtained the ISCC Plus certification, which, alongside our commitment to sustainability and responsible sourcing practices, demonstrates our ongoing drive for sustainable innovation and reducing our environmental impact.

ISCC Plus is a globally recognised certification scheme that verifies the traceability and sustainability of organic and recycled/circular materials along the entire supply chain. Achieving ISCC Plus certification is a significant advantage and a step forward in the development of our sustainable product portfolio.

With ISCC Plus certified bio-MDI and bio-TDI products, we can successfully serve our customers' needs.



EXTERNAL ASSURANCE





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This is a translation of the Hungarian Report
INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

To the management of BorsodChem Zrt.

Scope

We have been engaged by BorsodChem Zrt. (hereinafter 'the Company', or 'BorsodChem') to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on the Sustainability Report prepared by BorsodChem for the financial year from 1 January 2023 to 31 December 2023 ("Subject Matter") in accordance with the Global Reporting Initiative Standards 2021 ("Criteria").

The scope of our work is to express limited assurance regarding the Subject Matter, by expressing:

- ▶ conclusion on five specific sustainability disclosures in the Subject Matter whether those are in line with the requirements of the Criteria:
 - 2-27 Compliance with laws and regulations
 - 302-1 Energy consumption within the organization
 - 303-4 Water discharge
 - 306-4 Waste diverted from disposal
 - 404-3 Percentage of employees receiving regular performance and career development reviews
- ▶ conclusion whether the Subject Matter overall fulfils the Criteria.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Subject Matter, and accordingly, we do not express a conclusion on this information.

BorsodChem's responsibilities

BorsodChem's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.



EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), and the terms of reference for this engagement as agreed with BorsodChem on 9 December 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and have the required competencies and experience to conduct this assurance engagement.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ We conducted interviews with key personnel and management of BorsodChem from the Compliance and Internal Audit department, the Legal Office, the EHS Management department, and HR Services department to obtain an understanding of BorsodChem's governance structure, policies and internal controls relevant for the preparation and presentation of the Subject Matter.



- ▶ We conducted an interview with the director of Environmental Division overseeing the Sustainability unit (Director EHS) to obtain an understanding of the process for collecting, collating and reporting the Subject Matter during the reporting period from 1 January 2023 to 31 December 2023.
- ▶ We conducted an interview with key personnel of the Sustainability unit on the application of the Criteria during the reporting process.
- ▶ We reviewed the narrative content of the Subject Matter and the presentation of the selected disclosures to assess whether:
 - ▶ The selected disclosures in the Subject Matter are consistent with other information obtained from interviews or from internal policies or other external or internal communications about BorsodChem's sustainability agenda;
 - ▶ The selected disclosures in the Subject Matter are consistent with the requirements of the Criteria.
- ▶ We reviewed the reporting of the selected five sustainability disclosures by:
 - ▶ Conducting interviews with BorsodChem key personnel responsible for managing, collating, and reviewing data at the corporate level;
 - ▶ Observing whether the data was generated and presented according to the Criteria set for the specific disclosures;
 - ▶ Undertaking analytical review procedures on each sustainability disclosure, including assessing significant incidents of non-compliance with laws and regulations, reviewing data for energy consumption within the organization, examining water discharge data, evaluating waste diversion data, and verifying the percentage of employees receiving regular performance and career development reviews.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter, in order for it to be in accordance with the Criteria.

Budapest, 17 March 2025

(The original Hungarian version has been signed.)

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GRI CONTENT INDEX

Statement of use BorsodChem has reported in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.

GRI 1 used GRI 1: Foundation 2021

Applicable GRI Sector Standard(s) No sector-specific standard was available in time of reporting.

GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
General disclosures			
	Organisation and its reporting practices		
GRI 2: General Disclosures 2021	2-1 Organizational details	4-5, 10.	
	2-2 Entities included in the organization's sustainability reporting	5.	The Company prepares its financial statement on consolidated basis, while its Sustainability Report for the scope of BorsodChem Zrt. A different scope is applied for our GHG emissions and energy consumption. Our GHG Inventory and energy consumption cover the BorsodChem Zrt. and its subsidiaries operating in Hungary.
	2-3 Reporting period, frequency and contact point	4-5.	BorsodChem publishes its financial report annually and its Sustainability Report also annually as of the financial year 2023.

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.

GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
	2-4 Restatements of information	5.	<p>GHG inventory of the previous years have been recalculated as detailed in the chapter “Greenhouse gas emissions”.</p> <p>Our energy consumption is accounted for the scope of BorsodChem Zrt., as well as the BorsodChem Zrt. and its subsidiaries operating in Hungary. This report includes our energy consumptions in GJ instead of MWh as in our previous Sustainability Reports. Total energy consumption of BorsodChem Zrt. and its subsidiaries for 2020-2022 were recalculated according to the methodologies of the GHG Inventory. Data were corrected in accounting of our fuel oil consumptions: fuel oil (diesel oil) use of BorsodChem Zrt.’s VCM plant and BC Erőmű Kft. was also accounted as in our recalculated GHG Inventories for 2021, 2022 and 2023. Compared to our previous report, accounting of steam consumption was completed with quantities of self-produced steam produced by utilization of thermal energy generated during the chemical processes in the technologies. In published version of our Sustainability Report 2021-2022, data of “Self production” volumes were incorrectly presented under “Energy sold”, while at „Total in-house energy consumption” the actual values of “Energy sold” were presented.</p> <p>Water discharge data were corrected to align to the scope of BorsodChem Zrt.</p> <p>BorsodChem Zrt. modified retroactively the distribution of its wastes in order to give comprehensive information on its recultivation activity. Further details are in chapter “Waste management”.</p>
	2-5 External assurance	5. , 124.	
	Activities and workers		
	2-6 Activities, value chain and other business relationships	6-10.	<p>2-6-b-ii: BorsodChem Zrt. and the member of its value chain carry out their activities in the chemical industry sector.</p> <p>2-6-c: We handle it within BorsodChem’s supply chain.</p>
	2-7 Employees	65-67.	

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
	2-8 Workers who are not employees	73.	
	Governance		
	2-9 Governance structure and composition	94-95.	2-9-b: Our Company's highest governance body is the Board of Directors, which as a single entity is responsible for managing and overseeing the organisation's impact on economy, environment and society.
	2-10 Nomination and selection of the highest governance body	94-96.	2-10-b-ii: No diversity criteria have been defined for the appointment and selection of the highest governance body.
	2-11 Chair of the highest governance body	94-96.	https://borsodchem.com/en/download/30/borsodchem-sustainability-report-2021-2022 (page 32)
	2-12 Role of the highest governance body in overseeing the management of impacts	26-27. 101-107.	
	2-13 Delegation of responsibility for managing impacts	26-27. 101-107.	
	2-14 Role of the highest governance body in sustainability reporting	5. , 102.	
	2-15 Conflicts of interest	99. , 112.	
	2-16 Communication of critical concerns	110-111.	
	2-17 Collective knowledge of the highest governance body	103.	
	2-18 Evaluation of the performance of the highest governance body	103.	https://borsodchem.com/en/download/30/borsodchem-sustainability-report-2021-2022 (page 49)

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GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
	2-19 Remuneration policies	77-79.	BorsodChem Zrt.'s Annual report, 31 December 2023, Supplementary notes, page 29: https://e-besza-molo.im.gov.hu/oldal/kereses_megjelenites?b=7ROH%2bR4VzyGcME5E774pHw%3d%3d&so=1&o=-HOvROdVFKWVmXZO8S7FpdQ%3d%3d More detailed information to be disclosed is confidential, it is BorsodChem's intellectual product.
	2-20 Process to determine remuneration	77-79.	There is no remuneration consultant involved in setting remuneration and no remuneration committee overseeing the remuneration. Voting by stakeholders (including shareholders) on remuneration policies and proposals is not relevant to BorsodChem. Remunerations (e.g. extraordinary work fee, remuneration for standby duty, other fringe benefits) are determined in accordance with a wage system based on job evaluation and performance management and aligned with the Collective Bargaining Agreement. Remuneration procedure is approved by the Board of Directors. Comprehensive, three-level performance management and incentive system of BorsodChem: https://borsodchem.com/en/download/30/borsodchem-sustainability-report-2021-2022 (page 109, left column)
	2-21 Annual total compensation ratio	78.	The information to be disclosed is confidential, it is BorsodChem's intellectual product.
	Strategies, policies and practices		
	2-22 Statement on sustainable development strategy	6-7, 26-29.	
	2-23 Policy commitments	101-104., 108-112.	BorsodChem's operations are not associated with vulnerable groups. The UNGC does not require due diligence or the application of the precautionary principle. Protection of human rights: https://borsodchem.com/en/download/30/borsodchem-sustainability-report-2021-2022 (page 41-43) Supporting of the Principles set forth in the Compact is confirmed every year by the President, according to the requirements of UNGC, and the policies are also approved by the President.
	2-24 Embedding policy commitments	108-112.	

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
	2-25 Processes to remediate negative impacts	110.	The Company's grievance mechanism is operated through the so-called Ethics Line. Further details in: https://borsodchem.com/en/download/27/ethics-line-policy . Such and similar manageable impact did not occur in the current reporting period.
	2-26 Mechanisms for seeking advice and raising concerns	110-111.	
	2-27 Compliance with laws and regulations	112.	2-27-b-ii: During the 2023 reporting period, our Company did not receive any significant fines, reaching or exceeding the value of EUR 25 000, due to non-compliance with legal or regulatory requirements.
	2-28 Membership associations	17-18.	
	Stakeholder engagement		
	2-29 Approach to stakeholder engagement	19-22.	
	2-30 Collective bargaining agreements	78.	99.4% of our employees are covered by collective bargaining agreement. Employees who are not covered by the Collective Bargaining Agreement, are employed outside of Hungary or in accordance with the labour law of their countries.
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	24.	
	3-2 List of material topics	24.	

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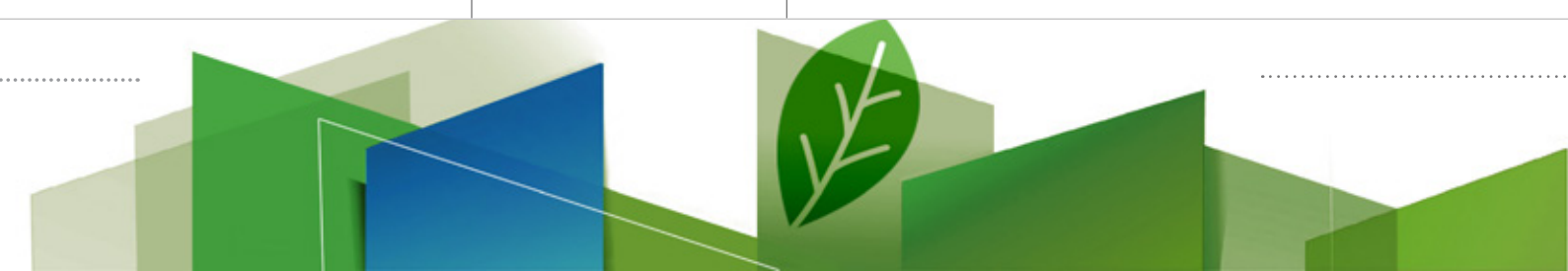
Environmental material topics

GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	35-40.	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	37-40.	<p>302-1-2.1.4, -a, -b, -e: BorsodChem collects its data on steam consumption in GJ, on natural gas and electricity consumption in MWh, and presents in GJ in this report in accordance with the requirements of the standard. (1 Wh = 3 600 J)</p> <p>Quantity of natural gas measured in m³ is converted to MJ with the heating value provided by the natural gas supplier. (Annual average heating value of natural gas in 2023: 35.07 MJ/gNm³). BorsodChem measures the quantity of biogas in m³, and converts it to MJ with the heating value determined by the authorities. (32 MJ/m³)</p> <p>Petrol and diesel oil consumption is recorded in litres. They are converted to kg using density data from literature (petrol: 0.75 kg/litre, diesel oil: 0.85 kg/litre), and to GJ with heating value specified in EU regulation 2018/2066 (Annex 6, Article I) (petrol: 44.3 GJ/t, diesel oil: 43.0 GJ/t).</p> <p>302-1-g: Based on methodology applied in BorsodChem's GHG Inventory.</p> <p>In case of BorsodChem, 302-1-c, ii-iii: heating and cooling consumption is not relevant 302-1-d, ii-iii. sold heating and cooling is not relevant.</p>
	302-2 Energy consumption outside of the organization		In case of BorsodChem, energy consumption outside of the organisation is not significant.

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GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
	302-3 Energy intensity	40.	BorsodChem collects its data on steam consumption in GJ, on natural gas and electricity consumption in MWh, and presents in GJ in this report in accordance with the requirements of the standard. (1 Wh = 3 600 J) Quantity of natural gas measured in m ³ is converted to MJ with the heating value provided by the natural gas supplier. (Annual average heating value of natural gas in 2023: 35.07 MJ/gNm ³). BorsodChem measures the quantity of biogas in m ³ , and converts it to MJ with the heating value determined by the authorities. (32 MJ/m ³) Petrol and diesel oil consumption is recorded in litres. They are converted to kg using density data from literature (petrol: 0.75 kg/litre, diesel oil: 0.85 kg/litre), and to GJ with heating value specified in EU regulation 2018/2066 (Annex 6, Article 1) (petrol: 44.3 GJ/t, diesel oil: 43.0 GJ/t).
	302-4 Reduction of energy consumption	40.	BorsodChem collects its data on steam consumption in GJ, on electricity consumption in MWh, and presents in GJ in this report in accordance with the requirements of the standard. (1 Wh = 3 600 J)
Greenhouse Gas emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	41-48.	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	41-48.	Our GHG Inventory has been assured by a third-party independent from the external auditor of our Sustainability Report.
	305-2 Energy indirect (Scope 2) GHG emissions	41-48.	
	305-3 Other indirect (Scope 3) GHG emissions	41-48.	
	305-4 GHG emissions intensity	47.	
	305-5 Reduction of GHG emissions	47-48.	
	305-6 Emissions of ozone-depleting substances (ODS)		BorsodChem does not emit ozone-depleting substances (ODS), not relevant.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	48.	



GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
Water use and condition of surrounding waters Wastewater management			
GRI 3: Material topics 2021	3-3 Management of material topics	49-54.	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	49-54.	BorsodChem collects data on water consumption and wastewater treatment in thousands of m ³ , therefore uses this unit of measurement in this report. (1 MI = 1 000 m ³)
	303-2 Management of water discharge-related impacts	49-54.	BorsodChem collects data on water consumption and wastewater treatment in thousands of m ³ , therefore uses this unit of measurement in this report. (1 MI = 1 000 m ³)
	303-3 Water withdrawal	49-50.	BorsodChem collects data on water consumption and wastewater treatment in thousands of m ³ , therefore uses this unit of measurement in this report. (1 MI = 1 000 m ³) Total volume of water withdrawal from the river Sajó and purchased from third-party is freshwater, as concentration of total dissolved solids is less than 1000 mg/l. In case of BorsodChem, the category of water from third parties includes only purchased drinking water, thus this term is included in the report.

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
	303-4 Water discharge	50.	<p>BorsodChem collects data on water consumption and wastewater treatment in thousands of m³, therefore uses this unit of measurement in this report. (1 MI = 1 000 m³)</p> <p>100% of total water discharge is to surface water, the river Sajó.</p> <p>303-4-a-ii, iii, iv: Water discharge to groundwater, seawater and water source from third-party is not relevant for BorsodChem. This statement is based on the sources set in the GRI standard.</p> <p>303-4-b-i: Water discharged by BorsodChem is not considered freshwater, as concentration of total dissolved solids is higher than 1000 mg/l.</p> <p>303-4-c: Water discharge to areas with water stress is not relevant for BorsodChem. This statement is based on the sources set in the GRI standard.</p> <p>303-4-d: Priority substances of concern in water discharged by BorsodChem: KOI, pH, total floating materials, ammonia, nitrates, nitrites, total inorganic nitrogen, total mercury, BOI, AOX. Beyond the compliance with the national legal regulations, for water discharge EU limits are also relevant, which are prescribed in the CWW BAT (Common Waste Water and Waste Gas Treatment/ Management Systems in the Chemical Sector).</p> <p>303-4-d-iii: Non-compliance with the regulations were not stated in relation to wastewater discharge in case of BorsodChem.</p>
	303-5 Water consumption	50.	<p>BorsodChem collects data on water consumption and wastewater treatment in thousands of m³, therefore uses this unit of measurement in this report. (1 MI = 1 000 m³)</p>
Waste management			
GRI 3: Material topics 2021	3-3 Management of material topics	57-62.	

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GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	57-58.	
	306-2 Management of significant waste-related impacts	57-58.	
	306-3 Waste generated	59.	The waste generated covers hundreds of different waste identification codes (HAK), therefore data are treated aggregated.
	306-4 Waste diverted from disposal	59-61.	The waste generated covers hundreds of different waste identification codes (HAK), therefore data are treated aggregated.
	306-5 Waste directed to disposal	61-62.	The waste generated covers hundreds of different waste identification codes (HAK), therefore data are treated aggregated.
Climate change adaptation			
GRI 3: Material topics 2021	3-3 Management of material topics	63-65.	
Company-specific disclosure	Number of planted trees (by year and location)	65.	
Compliance with environmental regulations			
GRI 3: Material topics 2021	3-3 Management of material topics	55-56.	
GRI 2: General Disclosure 2021	2-27 Compliance with laws and regulations	56.	Our Company did not receive any environmental fines due to non-compliance with legal or regulatory requirements in 2023.

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



Corporate governance material topics

GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
Defence against corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	113-114.	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	113.	
	205-2 Communication and training about anti-corruption policies and procedures	114.	
	205-3 Confirmed incidents of corruption and actions taken	114.	
Product quality			
GRI 3: Material topics 2021	3-3 Management of material topics	115-118.	
Company-specific disclosure	Customer satisfaction with product quality	118.	
Innovation			
GRI 3: Material topics 2021	3-3 Management of material topics	121-123.	
Company-specific disclosure	Annual costs of investments (investment performance value, environmental investment costs)	121.	

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



Social material topics

GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
Appropriate working conditions Employment, number of employees			
GRI 3: Material topics 2021	3-3 Management of material topics	67-80.	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	73-76.	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		There is no benefit that part-time employees cannot receive.
	401-3 Parental leave	80.	BorsodChem does not have any policies, agreements or contracts in place that allow for parental leave at an organisational level beyond the statutory maternity leave.
Occupational health and safety			
GRI 3: Material topics 2021	3-3 Management of material topics	81-87.	

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	82-83.	
	403-2 Hazard identification, risk assessment, and incident investigation	82-83.	
	403-3 Occupational health services	84.	
	403-4 Worker participation, consultation, and communication on occupational health and safety	85.	
	403-5 Worker training on occupational health and safety	85-86.	
	403-6 Promotion of worker health	87.	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81.	
	403-8 Workers covered by an occupational health and safety management system	83.	
	403-9 Work-related injuries	87.	

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
Training and education of employees			
GRI 3: Material topics 2021	3-3 Management of material topics	88-95.	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	88.	
	404-2 Programs for upgrading employee skills and transition assistance programs	88-95.	GRI 404-2b: Not relevant. (In the event of termination by the employer, employees receive severance pay specified in the Collective Bargaining Agreement.)
	404-3 Percentage of employees receiving regular performance and career development reviews	91-92.	
Human rights and compliance with standards of ethical behaviour			
GRI 3: Material topics 2021	3-3 Management of material topics	108-112.	
GRI 2: General Disclosures 2021	2-23 Policy commitments	108-112.	BorsodChem's operations are not associated with vulnerable groups. The UNGC does not require due diligence or the application of the precautionary principle. Protection of human rights: https://borsodchem.com/en/download/30/borsodchem-sustainability-report-2021-2022 (page 41-43) Supporting of the Principles set forth in the Compact is confirmed every year by the President, according to the requirements of UNGC, and the policies are also approved by the President.
	2-24 Embedding policy commitments	108-112.	
	2-25 Processes to remediate negative impacts	110.	The Company's grievance mechanism is operated through the so-called Ethics Line. Further details in: https://borsodchem.com/en/download/27/ethics-line-policy Such and similar manageable impact did not occur in the current reporting period.
	2-26 Mechanisms for seeking advice and raising concerns	110-111.	



Economical material topics

GRI Standard, indicator	Disclosure	Location ⁶²	Direct answer / In case of omission, justification of the reason
Economic performance			
GRI 3: Material topics 2021	3-3 Management of material topics	31-33.	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	32.	
	201-3 Defined benefit plan obligations and other retirement plans		BorsodChem does not provide defined benefit or other retirement plans for its employees, however, it offers an employer's contribution of 4% of the gross basic salary to a voluntary pension fund, subject to the 2% own contribution of the employees.
	201-4 Financial assistance received from government	33.	

⁶² In the case of several pages of references, the descriptions in the Report point to the chapter(s) and the page numbers concerned.



GLOSSARY

ASU

Air Separation Unit

BAT

Best Available Technology/Techniques. The technology that can be applied under acceptable technical and economic conditions and is most effective in protecting the environment as a whole.

CAPEX

Capital Expenditures

CFO

Chief Financial Officer

CO₂e

Abbreviation for carbon dioxide equivalent, a standard unit of measurement for expressing the impact of different greenhouse gases (GHGs)

CSR

Corporate Social Responsibility

CSRD

Corporate Sustainability Reporting Directive, EU Corporate Sustainability Reporting Directive

Dual materiality analysis

This is a methodology designed to help companies identify and assess environmental, social and governance (ESG) factors that have a significant impact on the company's financial performance and/or a significant impact on the environment and society.

EMS

Environmental Management System

EnMs

Energy Management System

EHS

It is made up of the initials of the words Environmental, Health, Safety, meaning environmental protection, health protection, safety at work.

ESG

ESG is a set of criteria that can be integrated into investment decisions to assess the environmental, social and governance impacts of a company or country from a sustainability perspective.

ESP

Employee Suggestion Program

FTE

Full-Time Equivalent, a measure unit of the number of employees.

GHG

Greenhouse gases.

GRI

Global Reporting Initiative

GWP

Global Warming Potential. It is a measure of how much a particular greenhouse gas (GHG) contributes to global warming compared to carbon dioxide (CO₂)

HSE

see EHS

ISCC

International Sustainability and Carbon Certification

LCA

Life-cycle Assessment

LEAN

A business organisation system designed to make the Company run as economically as possible, while minimising losses.

MNB

Mono-nitro-benzol

MDI

Methylene diphenyl diisocyanate

MOHU

MOL Hulladékgazdálkodási Zrt.

OHSAS

Occupational Health and Safety Assessment Series

OHSMS

Occupational Health and Safety Management System

SBTi

Science Based Targets initiative

Scope 1

Scope of direct emissions from activities owned or controlled by the organisation, such as the scope of emissions from fuel or natural gas consumption.

Scope 2

The scope of indirect emissions means e.g. emissions from generation and transport of electricity, steam purchased and used by the organisation.

Scope 3

Any additional indirect emissions that occur along the supply chain or during upstream and downstream activities (e.g. procurement processes, transport, logistics, employee travel, etc.).

SDGs

United Nations Sustainable Development Goals (SDGs)

Stakeholder

Interested party

PVC

Polyvinyl chloride

PU

Polyurethane

QMS

Quality Management System

Tier 1

The term “Tier 1” supplier in the supply chain means that this supplier supplies components, materials or services directly to the company that manufactures the final product.

TDI

Toluene diisocyanate

TPU

Thermoplastic polyurethane

UNGC

United Nations Global Compact

WNA

Weak Nitric Acid

WWRP

Waste Water Recycling Project



Imprint



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