



Dear Reader, dear Partner!

We are pleased to present BorsodChem's Sustainability Newsletter, which we plan to publish on a semi-annual basis, reporting on our sustainability activities and key results during the given period, ensuring full transparency of our Company's operations for all of our stakeholders.

As a chemical company, sustainable operation is especially important to us, and we consider it as a major challenge to have a positive impact on people and our planet while simultaneously achieving profitable operation. **This approach covers every area of BorsodChem's operation, including the reduction of greenhouse gas emissions, the development of a sustainable product portfolio, sustainable procurement, water and environmental protection, occupational health and safety, and corporate social responsibility.** Our Newsletter provides a overview of our Sustainability Strategy implemented in 2022, based on our [Sustainability Policy](#), and the steps we took in the first half of 2023 to achieve our [Sustainability objectives](#).



Unveiling our vision: Our Sustainability Strategy

At BorsodChem, we believe that sustainability is not just a trend of today but an essential responsibility, as sustainable practices are indispensable in today's world of radically changing circumstances. In the third quarter of 2022, we introduced our comprehensive Sustainability Strategy, which represents a key milestone for our Company, taking a systematic step towards achieving our Sustainability objectives. We have set such clear goals that guide our actions and make our progress visible, measurable, and trackable. By exploiting our seven and a half decades of expertise and resources, we strive to achieve tangible changes in the most significant areas. Our Sustainability Objectives are supported by an Action Plan, which contains an initial 140 programs, aiming to make BorsodChem a recognized and exemplary chemical company not only in Hungary but also in Europe, and in unity with the Wanhua Group worldwide. We are committed to the medium and long-term reduction of greenhouse gas emissions. Our key target is to achieve net zero GHG emissions by 2050.

It is important to us to operate as a professional, smart, sustainable, visible and responsible company, creating long-term value for its shareholders, customers, employees, and society alike.



Achieving net zero GHG emissions by 2050

Strive for SBTi certified absolute carbon reduction target in 2023, with which we commit to set valid goals within two years

By 2030, our goal is to reduce the company's scope 1 and 2 CO₂ emissions by 30% compared to 2021

Use of less CO₂-intensive raw materials

Carbon reduction in logistics



Development of a premium sustainable product portfolio

Saved resources

minimizing waste generation, and reducing our carbon footprint

Healthy circularity



Sustainable procurement is an indispensable part of our operation

Motivating our suppliers to comply with BorsodChem's sustainability standards

Reducing GHG emissions in the supply chain

Promoting ethical practices, and respecting human rights



Water and environmental protection

We aim to reduce our water withdrawal from the River Sajó by 10% by 2030

To reach by 2040 that no wastes originating from our operations are disposed in landfills

Reduction of hazardous waste by 20% until 2024 (base year 2021)



Health and safety

Zero work-related lost time injuries by 2030

Zero LEVEL 2 process safety accidents by 2030



Employees and CSR

Professional, smart, sustainable, visible & responsible company

Creating long-term value for our shareholders, customers, employees, and society alike



Revolutionizing our product portfolio:

Introducing the first herald of bio-based solutions

We closed the year 2022 with a special event by introducing our new [bio-based thermoplastic polyurethane](#) (TPU) product, after successfully completing industrial-scale trial production on December 20, 2022. Our WHT-DECO87560® bio-based polymer product is commercially available from our Hungarian site. The polyol raw material of our TPU product with at least 70% bio-based content originates from a natural, renewable source, contributing 50% less to global warming effects, meeting our customers' needs, and contributing to sustainable solutions.

Towards clean energy:

Solar panel installation

Our [solar panel installation project](#) began at the end of 2022. In the first phase, we installed 550 solar panels on the roofs of four of our buildings, covering a total area of 2,100 m². In later phases of the project, we plan to install solar panels over an additional 48,87 hectares, with a nominal power of approximately 30 MW. The project will contribute not only to reducing our carbon footprint but also to mitigating our dependence on the grid and increasing our energy security.

Excellence in sustainability: Triple Platinum recognition from EcoVadis

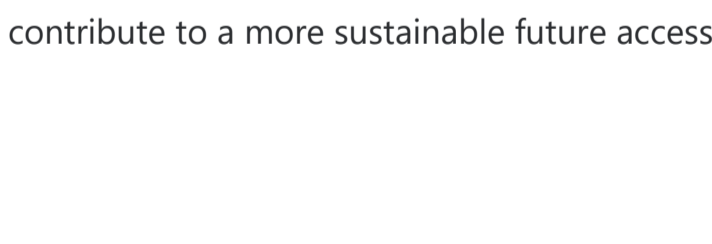
We are immensely proud to have won the [Platinum Medal](#) from EcoVadis for the third time in a row. The 80 points achieved out of 100 is an impressive testament to our efforts in sustainable development. The Platinum Medal is the highest recognition awarded by EcoVadis, indicating that BorsodChem ranks within the top 1% of evaluated companies in the industry in terms of sustainability and corporate social responsibility, demonstrating our uncompromising adherence to sustainable business practices.



Obtaining an ISCC Plus certificate

As a result of our commitment to sustainable development and responsible procurement, we obtained the [ISCC Plus certification](#) for the production of sustainable MDI and TDI products based on the mass balance approach.

ISCC Plus is a globally recognized certification system that promotes the use of sustainability information in chemical production processes, ensuring the traceability of sustainable raw materials throughout the supply chain. Certification is a strictly regulated process that requires compliance with sustainability criteria, including the reduction of greenhouse gas emissions, the economical use of water and land, and the responsible sourcing of raw materials. Our goal is to develop products that not only meet the needs of our customers, but also contribute to a more sustainable future accessible to everyone.



Revolutionary water management: key results in the LIFE-CLIMCOOP project

In September 2020, our project identified by LIFE19 CCA/HU/00132, titled "[LIFE CLIMCOOP](#) Cooperation of Cities and Local Companies for Climate Adaptation," was launched with the support of the European Union's LIFE program and co-financed by the Ministry of Innovation and Technology.

For the reuse of greywater of various origins (industrial wastewater, municipal rainwater, treated municipal wastewater) and to optimize BorsodChem Zrt.'s water use, we have acquired a water treatment pilot experiment. In the long term, this will help us in reducing industrial water withdrawal from the River Sajó by implementing the large-scale solutions tested during the pilot period.

In order to increase the climate awareness of the surrounding population, BorsodChem distributes a total of [120 IBC tanks](#) to the residents of Kazincbarcika within the framework of the project through a competitive process, encouraging local people and corporate employees to retain rainwater and use it for household purposes. On the Company's site, we have constructed a bus stop with a so-called green roof system. This attractive architectural solution, among others, contributes to the development of a climate-conscious work environment.

Complementing BorsodChem Zrt.'s sustainability efforts so far, we will also plant 1,500 indigenous trees within the framework of the project, mitigating the likelihood of urban heat islands. Through the commitments fulfilled so far in the project, BorsodChem Zrt. seeks to strengthen its contribution [to climate change adaptation](#).

Monitoring our environmental impact: The importance of the GHG Inventory

By completing a comprehensive GHG inventory, we gained valuable insight into our emissions, enabling us to identify areas to be improved, and develop strategies for reducing our environmental impacts. It provides stakeholders with an easy understanding of our environmental performance and presents our commitment to fighting against climate change.

We are proud to announce that our Company has completed its GHG Report certified by an independent third party. Our GHG Report detailing emission data is available on our website. The inventory has been prepared for the years of [2021](#) and [2022](#) according to the industry's leading standards, such as the [GHG Protocol](#), the [TFS Guidelines](#) and the ISO 14064 standard.

We are aimed at improving continuously our environmental performance, to contribute to a carbon free economy, thereby inviting others to take similar actions. About our invitation to view our GHG Report to learn more about our commitment to sustainability and efforts to reduce greenhouse gas emissions.

GHG emissions of BorsodChem

