

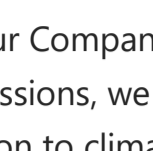


Dear Reader, Dear Partner,

We are pleased to recommend to your attention the 3rd issue of BorsodChem's Sustainability Newsletter, published on a semi-annual basis, in which we present our sustainability activities implemented and key results achieved in the first half of 2024, thereby ensuring full transparency of our Company's operations for our stakeholders.

As a chemical company, sustainable operation is especially important for us, and we consider our goal to have a positive impact on people and our planet while simultaneously achieving profitable operation as a great challenge. 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.**

REDUCING OUR GHG EMISSIONS



Certified product carbon footprint models

At our Company, we place a great emphasis on taking the inventory of our greenhouse gas emissions and the product Life Cycle Assessments. The GHG Inventory and determining the carbon footprint of our products allow us to map our environmental impacts and identify areas where we can reduce the carbon footprint of our Company. By continuously monitoring and managing our GHG emissions, we can make substantiated decisions, mitigate our contribution to climate change, and induce positive changes both for our Company and environment.

We started our product life cycle assessment project at the end of 2022, under which we have developed the product carbon footprint calculation models covering BorsodChem's all integrated technological processes and determined the carbon footprint of our key products (MDI, TDI, chlor-alkali products and PVC). As a significant milestone of the project, in the first quarter of 2024, we successfully verified our calculation models in regards of their methodological compliance with the requirements of the applicable standard by external, independent Third parties.

Our product carbon footprint values are not publicly available, but we share them with our stakeholders in the form of a declaration, upon request. Having the carbon footprint values for our products enables us to meet the expectations of our customers as well as the increasingly stringent legal requirements.

As a continuation of the project, we continuously update our product carbon footprint calculations to take account also the changes in methodological recommendations, and extend them to other products in our product portfolio. Our further goal is to spread the life cycle assessments to other environmental impacts of ours, as well.



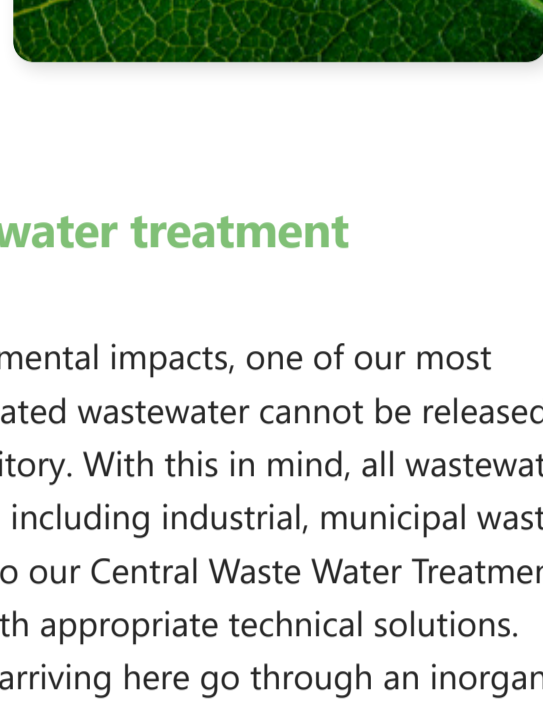
BorsodChem has renewed the ISCC Plus certification

We are proud to announce that BorsodChem has once again obtained the **ISCC Plus certificate** for the production and sales of sustainable products based on mass balance principle. Beside the sustainable MDI and TDI products, we have extended our certificate valid until June 2025 to our TPU products as well. This increase in the range of our certified products also proves our continuous commitment to sustainability and responsible procurement.

ISCC Plus is a globally recognized certification system that ensures the traceability of sustainable materials throughout the entire supply chain. Certification procedure is a strictly regulated process that requires compliance with sustainability requirements, including the reduction of greenhouse gas emissions, the economical use of water and land, and the responsible procurement of raw materials.

As part of our commitment to sustainability, we are working on the development of a sustainable premium product portfolio, ensuring that our products meet the highest sustainability standards and are produced using responsibly sourced materials, thus minimizing our negative environmental impacts.

For more information about our sustainability efforts and the development of our sustainable premium product portfolio, please visit our [website](#).



Energy saving in wastewater treatment

In order to minimize our environmental impacts, one of our most important principles is that untreated wastewater cannot be released in any way from BorsodChem's territory. With this in mind, all wastewater generated at the Company's site, including industrial, municipal waste water and rain water, is drained to our Central Waste Water Treatment Plant, where those are treated with appropriate technical solutions. Inorganic industrial wastewaters arriving here go through an inorganic wastewater treatment technology, while organic industrial wastewaters undergo biological treatment. In case of the latter, the most important task is to remove organic substances and nitrogen, which is solved with the help of microorganisms. The goal of air blower units used until now to ensure the aeration essential for the life of microorganisms required considerable amount of energy. With change in technology, we replaced these units with turbo compressors having more favourable parameters, thereby significant savings in electricity can be achieved. Based on the experiences gained during the test operation, which closed in the first half of 2024, our annual electricity savings can exceed 1,800 MWh per year.

REDUCTION OF OUR ENVIRONMENTAL IMPACT



Development of conscious water management: Establishing BorsodChem's water balance

BorsodChem withdraws all of the water required for our industrial production, which accounts for approximately 98% of our total water consumption, from the Sajó, one of the largest rivers in Northeast Hungary.

As a result of climate change, water flow of the Sajó has become more and more extreme in recent decades. However, the water yield of the river is also a key issue in regard of the operational safety of our Company, as we must provide the raw water necessary for our production activities even during the drought and low water periods in summer. In order to manage this significant risk, we started to set up our corporate water balance. The goal of the project is to make BorsodChem's water flows quantitatively transparent, and to find the intervention points, where a significant amount of water can be saved with the help of technological developments.

In the first phase of the project, we set up the plant level water balances, containing the incoming and outgoing water flows of all plants, with the main aim to ensure the measurability of water turnovers of the plants. For this, we assessed and ranked the water flows, where additional water meters need to be installed in order to improve measurability. Some of the new measuring devices were already installed during the annual overhaul in 2024.

By establishing the Company's water balance, we take a significant step towards creating sustainable management, as it facilitates the possibility for future developments by ensuring the availability of the required water base, and on the other hand the introduction and use of water-saving technologies. In addition, it enables a more conscious use of water at the plants during the production, and supports the optimization of the corporate water management.



Conscious selective waste management in the area of BorsodChem

Minimizing our environmental impact, as well as the safety and health of people, is a top priority for our company. One of the most important pillars in reducing our environmental impacts is the responsible corporate waste management, an integral part of which is the selective waste collection and recycling, whether it is municipal or industrial waste. Accordingly, the central management of waste generated on the territory of BorsodChem that is the selective sorting, pre-treatment, storage and preparation for disposal or sale of hazardous and non-hazardous waste generated, is a process operated at our Company for more than fifteen years. Due to our environmentally friendly approach, approximately two-thirds of our waste generated is recycled, and only one-third is disposed of by burning or landfilling.

Thanks to the conscious work of our Environmental Protection Department, trainings and lectures on our waste management are regular for both our employees and partners. We are proud of the fact that more than 3,200 employees working at our Company's sites take part in selective waste collection every day. The selective collection of waste generated in the technological fields is not only of an economic interest, but also of a key issue in regards of the waste hierarchy. It ensures that the individual types of waste, after being classified, can be sent to the appropriate waste management partners, who professionally take care of the utilization and disposal of the waste. With our regular trainings, we not only provide information for the employees about the company's waste management rules, but our main goal is also to form their attitude, so they use the experiences gained at workplace even at their home, thus improving their environmental awareness.

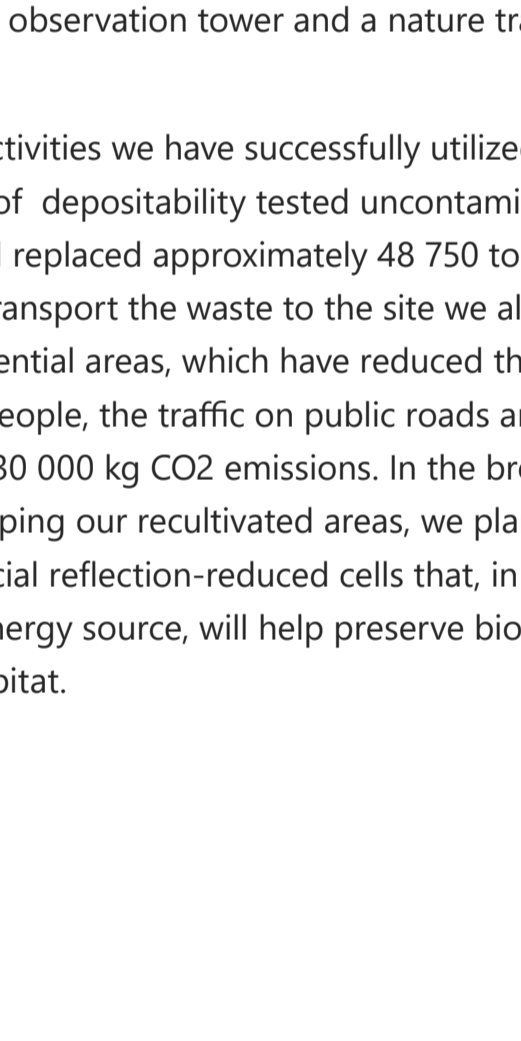
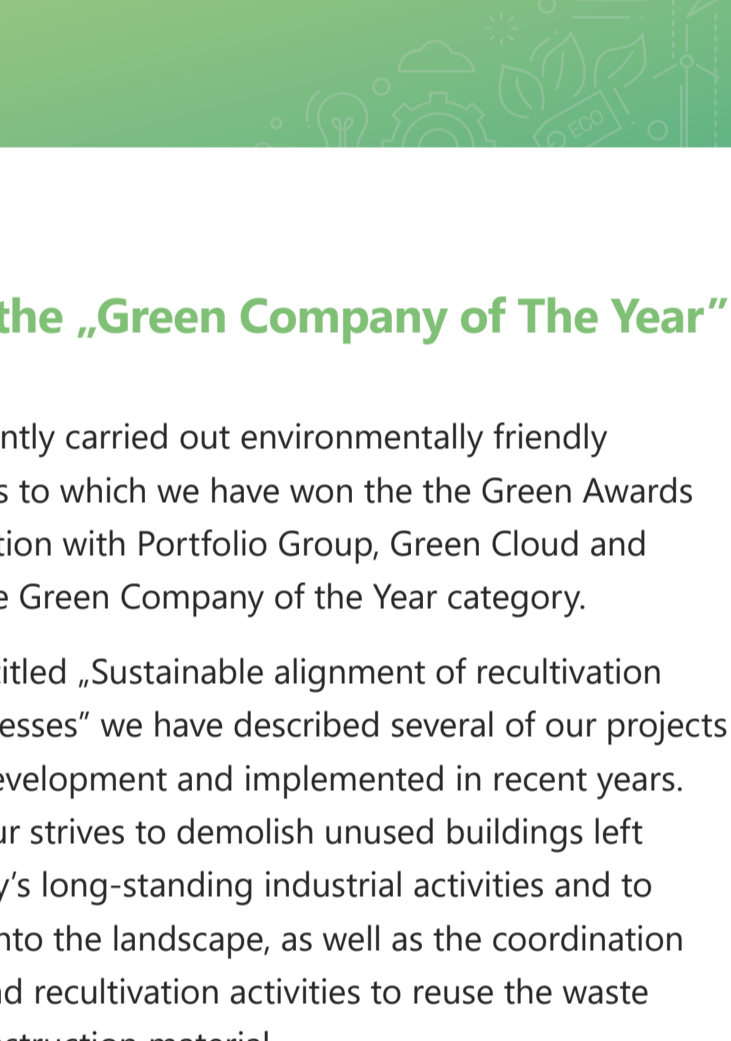
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Waste pyramid:

Levels of waste management

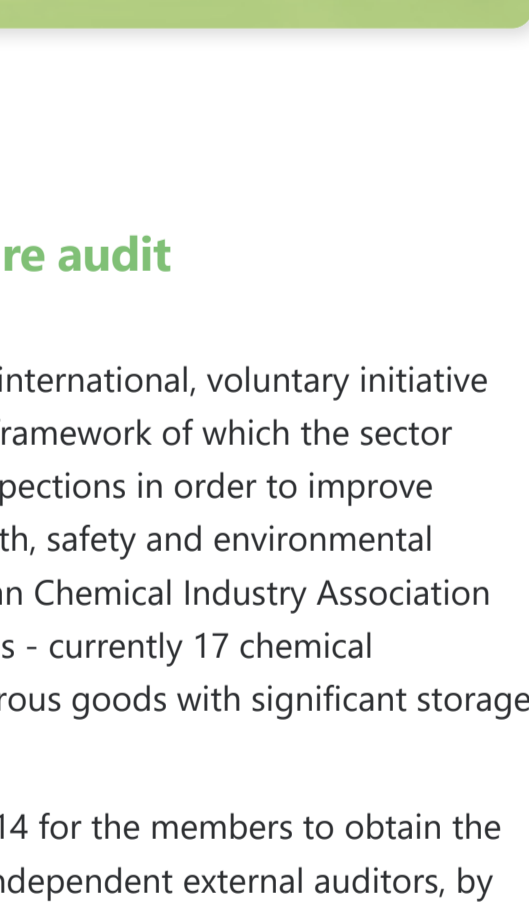
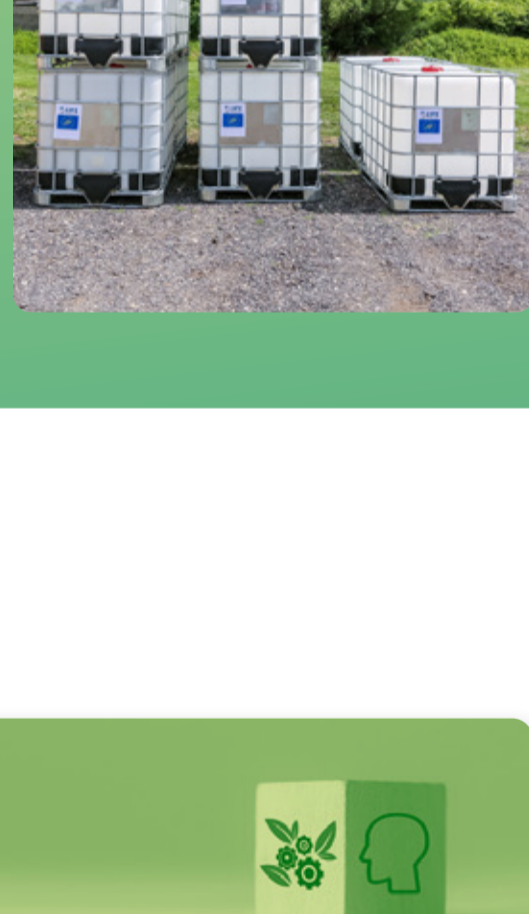


Adapting to climate change: Key results in the LIFE-CLIMCOOP project

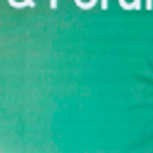
The LIFE-CLIMCOOP 'Cooperation of cities and local companies for climate change adaptation' project was also full of events in the first half of 2024. In connection with a deeper understanding of climate change and adaptation to it, we held an interactive workshop in Budapest on May 28, 2024 for interested municipalities and civil organizations with the title 'The role of blue-green infrastructure in mitigating climate change. Adaptive urban planning, urban development'. In the first half of the program, there were presentations on the role of blue-green infrastructure in climate adaptation, and then some relevant practices of the LIFE CLIMCOOP, LIFE-MICACC, and LIFE-LOGOS projects, as well as features of the sponge city concept were presented. In addition to domestic examples, international good practices were also highlighted, as well as financing options and the Hungarian regulatory framework of the blue-green infrastructure were also discussed.

On June 19, the '1st design workshop' with the title 'Innovation and business relations day in the Sajó basin' was held in Kazincbarcika. During the event, the experiences of the LIFE-CLIMCOOP project, the climate adaptation measures in Kazincbarcika, the corporate, community and individual risks of climate change, including its expected impacts, were presented. Furthermore, information were provided about the good practices collected during the project. The presentation on the risks related to the catchment area highlighted the need to extend the local, individual approach to the basin level cooperation.

Within the framework of the project closing in 2024, the Municipality of Kazincbarcika and BorsodChem Zrt. announced for the fourth and the last time a tender for distribution of rainwater collection containers. The success of the program is reflected in the five-fold oversubscription of applicants. Together with the 30 IBC containers handed over on June 24, we distributed a total of 120 pieces in the last four years of the project, thereby encouraging the local people to collect and reuse rainwater.



SOCIAL RESPONSIBILITY



Responsible Care - Success in Responsible Care audit

The Responsible Care Program is an international, voluntary initiative of the chemical industry, within the framework of which the sector has committed itself to strict self-inspections in order to improve its performance in all aspects in health, safety and environmental protection. In Hungary, the Hungarian Chemical Industry Association (MAVESZ) and its member companies - currently 17 chemical producers and distributors of dangerous goods with significant storage capacity - joined the program.

MAVESZ launched its program in 2014 for the members to obtain the certificate with the participation of independent external auditors, by which it intends to further strengthen its members' commitment to the principles and goals of Responsible Care.

Our Company achieved an outstanding result of 95.7% in the on-site Responsible Care auditing procedure conducted by MAVESZ at our site between March 4-7, 2024. In the auditors' opinion, the external appearance of our Company (tidiness and cleanliness), as well as internal order and discipline, work safety, fire protection, occupational health, chemical safety, REACH regulation, technical safety, prevention of serious accidents caused by hazardous substances and the regulations related to protection are of the highest quality among the chemical companies surveyed so far.

Our certificate issued by MAVESZ, which certifies that our Company's performance in environmental protection, safety, labour and health protection is in compliance with the requirements and standards of the Responsible Care® program, is available on the BorsodChem [website](#).

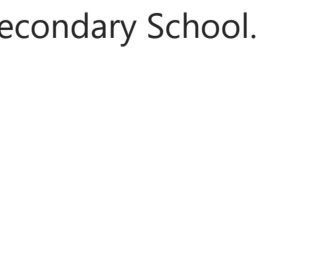
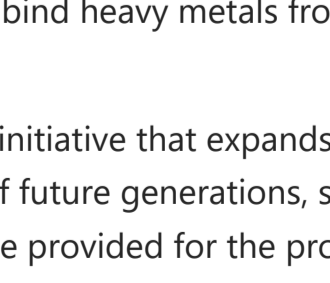
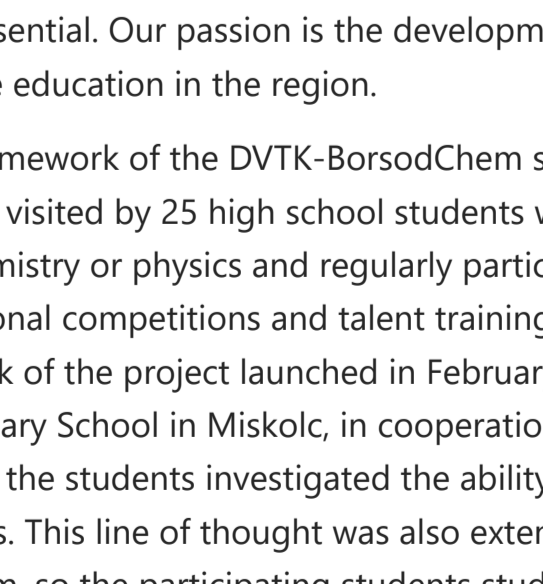
BorsodChem is among the top ESG companies in Hungary

The joint list of HVG and the Planet Fanatics' Network sustainability consulting company ranked the Hungarian large companies based on sustainability, social responsibility and corporate governance (ESG) aspects, for the second time now.

On the ESG top 40 list evolved by surveying more than 100 Hungarian companies, BorsodChem reached the prominent 11th position. Our Company was also included in the environmental and social top 10 lists, where it ranked 7th based on environmental aspects, and achieved the 9th place on the social list.

Our company has also received a special award for the highest participation rate in our equal opportunity trainings.

Commitment to sustainable development and social responsibility efforts play an important role in the Company's values, so it is a great pleasure for us that we could achieve such high positions.



ISO 9000 Forum at the BorsodChem Zrt.

BorsodChem, as one of Europe's market-leading manufacturers of plastic raw materials and inorganic chemicals, joined the participants of the well-known ISO 9000 Forum again in 2022. This year, our Company was the venue of the upcoming 10th ISO 9000 Forum on May 8, 2024.

It is an old custom of the association that beside the annual conference and professional presentations, they visit the factories of its members, which took place this year as well. Title of the professional day was the telling "Responsibility for the future of our children", since the use of sustainable technologies in the operation is a fundamental aspect for the BorsodChem and, of course, for its parent company WANHUA.

Representatives of the participating member companies could first listen to the Chief Operation Officer's greetings, and then the Director EHS's presentation with a title of "What can a chemical company do for the future?". After that, the Director Operation Centre encouraged to move the audience with interactive, team-building tasks during his presentation on energy management, and then the participants had the chance to take part in a factory bus-tour, where they could see BorsodChem's facilities.

Nothing could prove the usefulness of the event better than the fact that, based on their feedbacks, representatives of the partner companies attending the event found BorsodChem's sustainability efforts interesting and inspiring.

