

**Dear Reader,
Dear Partner,**

We are pleased to present BorsodChem's Sustainability Newsletter, which we 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 for 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 presents a few steps, which we did in the second half of 2023 in order to achieve our sustainability aspirations.



Our Sustainability Report IV completed

We are proud to announce that our Company has prepared its [Sustainability Report](#), for the fourth time, in which we summarized the significant events and results from the sustainability point of view of the business years 2021 and 2022 along the essential topics of interest to our Company's external and internal stakeholders.

BorsodChem Zrt. prepared its report according to the requirements of Global Reporting Initiative (GRI) standard „in accordance with“ for the period from January 1, 2021 to December 31, 2022, which was certified by an independent expert organization according to the AA1000AS standard.

Over the past few years, our Company has taken significant steps in the field of sustainable development, environmental, social and corporate responsibility. We formulated all of our efforts and commitment in our Sustainability Policy and Strategy. Achieving our goals is crucial not only for the success of BorsodChem, but also for the chemical sector as a whole, since our industry has a significant role in the fight against climate change. Being aware of all this, we are determined to stand as an example by demonstrating our continuous efforts to reduce our environmental footprint, increase our social responsibility and create a sustainable supply chain in the chemical industry. Our commitment to sustainability, responsible operation and ethical business practices are also reflected in our EcoVadis Platinum medal received now for the third time.

Reducing our GHG emissions:

Launching our new aniline plant

In 2023, we put into operation our MNB-Aniline plant with a capacity of 200 000 tons/year, which provides a significant part of our main raw material for the production of MDI, one of our Company's core products. Our new plant was installed with a by-product incineration system, which ensures that the concentration of gases emitted by the plant always remains below the limit value prescribed by current legislation. Both process units of the new plant comply with the requirements of the BAT (Best Available Techniques) international standard, while having IPPC (Integrated pollution prevention and control) permits, which require the highest level of environmental protection and industrial safety performance during the operation.

In addition to the improvement of product quality, the economic and environmental advantages of the project are the saving on transportation costs and the reduction of our carbon footprint thanks to the on-site production, as well as the mitigation of the supply security risks.

We increased our production capacity of nitric acid required for the production of aniline by establishing a new weak nitric acid plant (WNA-2), in which we put into operation a new tail gas cleaning unit, which significantly reduces the amount of greenhouse nitrogen oxides leaving the technology. Thanks to this, the GHG emissions of our new plant are almost 90% lower than the old one.

For the treatment of new wastewater streams with excess nitrogen and organic matter content generated in our new plants, we also expanded the capacity of our Wastewater Treatment Plant. As a result of our developments, we reduce the amount of nitrogen (ammonium, nitrate, nitrite) and suspended solids emitted into the River Sajó, as well as improve the quality of the activated sludge, and we also achieve savings on our electricity consumption.

Thanks to the establishment of our new technologies, we can reduce our GHG emissions by about 14 000 tons of CO₂e per year.

Commissioning of our new Power Plant

In order to meet our increased energy demand as a result of our new investments, we launched our new natural gas-fired combined heat and electricity power plant in 2023. Our power plant capacity increased to 100 MW with the establishment of our second own power plant with an outstanding 90% cogeneration efficiency.

In addition to reducing our dependence on the grid and increasing our energy security, the project also contributes to reducing our carbon footprint.



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

The [LIFE19 CCA/HU/00132](#) "LIFE CLIMCOOP-Cooperation of cities and local companies for climate adaptation" project, which will be completed in August 2024 is being implemented with the support of the LIFE program of the European Union and with the co-financing of the Ministry of Innovation and Technology. The main goal of the project is to find answers to the challenges of climate change, especially in the area of adaptation to extreme weather events.

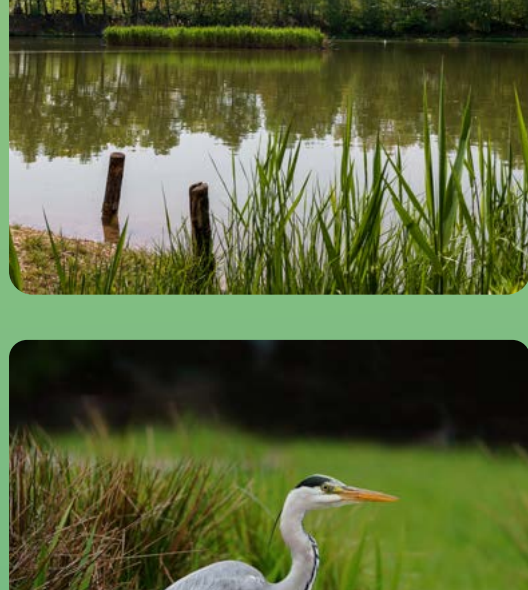
In the framework of the project, we purchased an [innovative technological device](#), with the help of which, we were able to develop procedures that enable the efficient reuse of various gray waters (industrial wastewater, municipal rainwater, treated municipal wastewater). The purpose of this is to ensure the water demand of the new investments launched by the Company, as well as to facilitate adaptation to the extreme weather conditions caused by climate change.

The water entering the water purification prototype, passing through several technological units, reaches the water quality that is suitable even for direct technological use. Thanks to the experiments carried out during the project, we optimized treatment procedures for various water qualities, thereby mapping the company's water recycling possibilities. Based on the experiences and measurement results gained during the operation of the prototype, the Company may be able to recycle a significant amount of water.

Through these results, the LIFE-CLIMCOOP project not only improves the company's internal water management, but can also serve as an example for other cities and companies, encouraging cooperation and innovation in the field of adaptation to climate change. The results achieved in the field of sustainable water management can provide further inspiration for organizations facing similar challenges.

In order to increase the climate awareness of the surrounding population, together with the 30 IBC containers handed over in 2023, BorsodChem has distributed a total of 90 IBC containers so far in the project period among the residents of Kazincbarcika through a tender, and donated 8 IBC containers to local kindergartens and primary schools, thereby encouraging local people and corporate employees to retain rainwater and use it for household purposes.

In close cooperation with the Aggtelek National Park, we installed a bird observation tower next to the area of the recultivated salty lake. During its integration into the landscape, we preserved the favorite habitats of protected and highly protected birds (e.g. gullipans and storks) preferring salty soil.



Reducing our environmental footprint

Recultivation activity

Since 2018, BorsodChem Zrt. has been carrying out the recultivation of hazardous waste landfills. In 2023, we successfully completed the closure of cassette 1, and are currently working on filling cassette 2.

During the project, our Company implements several steps to reduce environmental impact. We reuse construction and demolition waste from the demolition of our old plants and technologies for recultivation purposes, thereby avoiding the extraction and supply of large quantities of virgin materials, and we also do not burden the environment by transporting and disposal of our demolition waste to landfills. Last year, we recycled more than 11 700 tons of non-hazardous demolition and operational waste in the area.

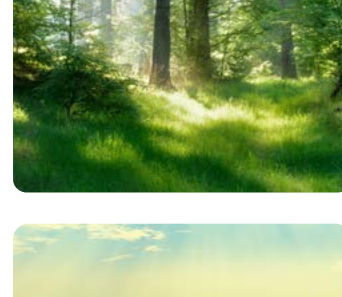
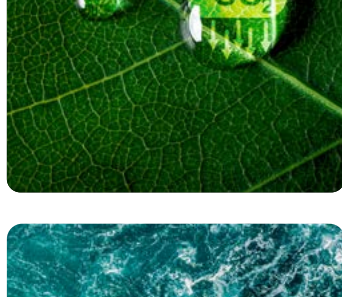
During the planning and designing of the landfill, we also took sustainability aspects into account. For waste transport, we have developed an approach road bypassing settlements, thanks to which we avoid burdening the population of the surrounding areas with noise and dust arising from transportation, as well as we can reduce our CO₂ emissions by optimizing the transport route.

Demolition of old plants, disposal activities

BorsodChem Zrt. pays special attention to the demolition of buildings left over from industrial activities of the past decades and are out of service today, as well as suitable integration of the areas into the landscape.

The tasks include demolition of nearly 30 dangerous, out-of-service buildings, the first large-scale of which was the demolition of the Polymer I building in 2017. Demolition works are carried out in coordination with our ongoing recultivation activities, thus increasing their efficiency. Keeping in mind the principles of sustainability and waste management, a significant part of the concrete/construction waste generated during demolition is reused for our construction and recultivation activities.

By carrying out the demolition works in this way, we are taking a big step towards the professional elimination of our „heritage“ from the old industrial activities and ensuring to develop a landscape worthy of a company striving for sustainable operation. By demolishing our old buildings, brownfield areas are obtained, thus avoiding the use of industrially untouched, greenfield areas.



Protecting our environment drop by drop

Condition assessment of Sajó

The River Sajó, located in the immediate vicinity of BorsodChem, is of high importance for our operation, as we provide the amount of water required for our operation from this source.

Due to the Natura 2000 classification, we place a great emphasis on the condition of the river. In addition to testing the water quantity and quality of the river, our Company also conducts annual survey of its environmental condition, the primary purpose of which is to monitor any changes in the ecological status that may have occurred in the Sajó. Our aim is to achieve, maintain, and ensure long-term good ecological status according to the EU Water Framework Directive, which includes priorities for water management and water protection.

Thanks to several-year continuous investigations, today we have a series of more than ten years of data, which enables to establish trends and can be considered unique even at national level. During the assessment of the basic ecological condition of the areas affected by our emissions and the background areas, groups of organisms belonging to the different levels of the food chain are examined, so we can get a comprehensive picture of the effects affecting the given area.



Our employees' well-being:

Lovable workplace, caring company

A DreamJobs has announced for the seventh time the Lovable Workplaces competition, for which 1 834 companies submitted their applications in 2023. The recognition was awarded to 150 SMEs, 50 large companies and 30 Romanian companies having achieved the best results, furthermore 8 professional special prizes were also awarded.

Our Company, on its [company profile](#) could present itself and the initiatives that support our attractiveness, as well as our measures to retain employees, the actions to manage the migration of employees and how we value our colleagues.

We are highly pleased that, in addition to BorsodChem once again reinforcing the camp of **Lovable Workplaces** and being among the most attractive workplaces in Hungary, the jury also awarded our Company with **the Most Innovative Company Special Award** based on our measures introduced to increase attractiveness and retention.

The benefit Prize, founded in 2019, is a unique, comprehensive competition in our country, which provides an opportunity for companies to present all the methods and programs with which they support employee well-being as a caring company.

At the competition announced for the second time in 2023, among nearly 100 successful applications, our Company received the **„Professional Special Award in the Generation Z category“**. According to the jury's reasoning, BorsodChem Zrt. is an employer that makes plenty of contributions to provide young people with continuous trainings, developments, a predictable career path, and continuous support to follow it from the first minute of the employment. Among the benefits offered by us, there are many elements - such as housing allowance, home-building allowance for career starters - that help to retain Generation Z employees, as well as to strengthen their commitment and satisfaction.

