LETTER FROM THE CEO

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

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

We believe responsibility starts with a clear understanding and transparent communication of the decision-making process within our company. This is why, 2022 is the second year Promateris releases its ESG Report. This report reflects our commitment to social, environmental and good governance consciousness and offers all our stakeholders the possibility to track our performance.

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

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

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

“What is the biggest contributor to greenhouse gas emission from all the waste that we generate?” Landfill biowaste emits methane, which is 80 times more polluting than CO2. Incineration and landfilling are the two main “treatment” options nowadays. What is the best solution for collection and biowaste treatment? What can we do regarding food contaminated packaging? How can we build innovative products that can be collected together with food waste in order to be recovered together and to avoid the food contamination issue? I consider building a composting infrastructures a ground zero priority for the European states, helping us in reaching the recovery targets imposed by the European Union. Composting is at the moment the best existing alternative for treating organic waste streams. It enables circularity, reduces greenhouse gas emissions from landfilling or incineration, it helps reducing contamination within waste streams. Compostable packaging has a crucial role in managing organic waste streams. Compostable bin liners are preferred for collecting organic waste, since they can be recycled together. In the same time, other types of compostable packaging can be as well composted together with food scraps, thus reducing the risk of contamination for other streams. Moreover, certain packaging items, due to their multilayer design, can’t be recycled and thus the only “treatment” option is incineration. Moreover, food packaging, if not designed in order to be collected within the organic stream, it increases the risk of contamination for other streams. Separate collection of organic waste and composting would simplify collection schemes for all the streams and would also reduce the plastic waste that is sent to incineration. We will focus our energy and resources in developing products that respect the principles of circular economy and we will continue to invest in manufacturing compostable packaging, since we strongly believe composting is the best way for treating organic waste streams.

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

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

Bioplastics market growth at 10% annually.

Bioplastics cover 10–15% of the total plastics market

Global production capacities of bioplastics 2021 (by material type)

Global production capacities of bioplastics 2026 (by material type)

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

**Green Europe project finalised in 2021**

In 2021 Promateris completed a new round of investments in the Buftea factory, in the total amount of 2.5 million euro. The capital was invested in the development of a production line of compostable packaging. Following the implementation of this project, 39 new jobs were created in Buftea, Ilfov County. The investment was co-financed by a grant of EUR 950,000 provided by Iceland, Liechtenstein and Norway through the EEA and Norwegian Financial Mechanism 2014-2021, within the ‘SMEs Growth Romania’ program.

**Development grants**

1. **BIO-BASED CIRCULAR SOLUTIONS**

   In the first quarter of 2021, Promateris was awarded a second grant from Innovation Norway in the amount of EUR 744,000 through the ‘SME Growth Romania’ program. The aim of the project is to produce biodegradable and compostable raw material, based on corn starch, in the Buftea factory. Corn starch products have a reduced environmental impact compared to plastic packaging and in the context of the European Green Deal, are currently in high demand. The project will be finalized in 2022 and Promateris will become the first company in Eastern Europe to produce corn starch based raw material.

2. **ELECTRIC UP**

   Promateris was awarded the Electric UP grant in the amount of EUR 100,000 for the installment of solar panels. This is the first step in Promateris’ transition to using renewable energy in the production process. The company aims that in the next 5 years more than 30% of the total energy used will be produced from alternative sources.

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

Our ambition is to develop projects that will enable us to reduce our carbon footprint, both at company and product level. Thus, using green energy in the production process allows us to further reduce our products’ carbon footprint. Therefore, we have set ambitious targets and we are working on several projects for the development of photovoltaic installations. In addition to the undeniable environmental benefits and contribution to the decarbonization of the Romanian industrial sector, these projects allow us to continue the company’s development and generate a positive impact on the local economy.
Certifications
In 2021 Promateris obtained/renewed the following certifications: ISO 9001, 14001, 45001, 22000, attesting the organization’s best practices.

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

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

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

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

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

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

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

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

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

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

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

So we are proud participants to this dialogue, runners in line, co-workers in daily advocacy of this global game called sustainability. Rather casual and a bit humble, but with the determination to leave a positive imprint in this world. Every new product, material or solution issued today might not be perfect, but it’s better than the previous. And for every inch of this „better”, it’s worth the fight.
We are an entrepreneurial entity with roots in an East-European country, Romania: a small start more than 60 years ago, followed by an organic growth riding the wave of manufacturing opportunities.

We gained local leadership in more than half a century of manufacturing expertise in chemical engineering and established a reputation as a respected manufacturer. In the last years we have evolved from a company with local ambitions to a regional player and a trusted counterpart in matters of sustainable packaging products and solutions for the circular economy, with investments in end-of-life solutions. The transition from plastic to bioplastic was a natural course of action. We now invest heavily in the latest technologies and place our bets at the forefront of R&D alliances to help close the circle. We work with top R&D labs in the world and export on three continents.
THE PROMATERIS GROUP

PROMATERIS MANUFACTURING

Circular Economy Solutions

biodeck DISTRIBUTION
HIGHLIGHTS

OUR NEW PROFIT MODEL:
• Rethinking value proposition (product mix)
• Rethinking value network (platform integration – distribution, logistics, R&D – partnerships)
• Rethinking scale (capacity, sales)

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

INTERNATIONAL PRESENCE
Contracts all across Europe, strong partnerships with large international clients

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

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

TECHNICAL CHAMPION
State of the art machinery and modern production facility

GROWTH POTENTIAL
Ambitious but realistic growth strategy supported by company’s vision, management & future investment

SHAREHOLDER STRUCTURE

22.5% LEGAL ENTITIES

3.9% INDIVIDUALS

44.4% POGONARU FLORIN ION

11.6% GEORGESCU TUDOR ALEXANDRU

21.3% NORD SA

70% PROMATERIS SA

30% COMPANY MANAGEMENT

LISTED COMPANY
Starting 1997, Promateris is a listed company on Bucharest Stock Exchange Market under the PPL symbol.
WHAT WE WANT TO REACH

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

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

Team
- customer centricity, focused on growth and efficiency

Equipment & facility
- state of the art equipment and production facilities

Key clients
- maintain high levels of satisfaction and client service

Embrace operational excellence philosophy
- innovation, strategy alignment, engagement, exceed customer expectations

Drive growth
- continuous improvement to reach full potential

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

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

BIODECK

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

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

OUR PORTFOLIO:
OVER 400 PRODUCTS

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

OUR FRIENDS ON A MISSION:
grocery stores / retail / cafes & restaurants / food trucks / airlines / festivals & parties
**PRODUCTION SITE**

Our group
170 employees

Plant location
Buftea, Romania

Production capacity:
+10,000 tons/year (bioplastics + composting)

Production area:
15,000 m²

Turnover:
EUR: +38 MIL (consolidated)

**OVERVIEW OF MARKETS AND CUSTOMERS**

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

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

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

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

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

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

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

TECHNOLOGY

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

R&D department
Our R&D department focuses on finding sustainable solutions for:
• single use plastic pollution
• waste management and biowaste recovery solutions
• improving production efficiency (zero waste)
• new product recipes

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

COMPOSTABLE PACKAGING

- Biodegradable and compostable single-layer and double-layer film
- Biodegradable and compostable tubular film
- Fruit and vegetables shopper bag on a roll
- Bags on a roll
- Shopper bags (t-shirt bags) and tear-off liasses. Shopper bags on a block
- Bin liners
- Compostable mulching film
- Compostable construction film

RECYCLED PLASTIC PACKAGING

- Recycled single-layer and double-layer film
- Recycled tubular film
- Fruit and vegetables shopper bag on a roll
- Bags on a roll
- Shopper bags (t-shirt bags) and tear-off liasses. Shopper bags on a block
- Bin liners
- Recycled mulching film

TECHNICAL COMPOUNDS

BIO COMPOUNDS

BIO RECYCLED PELLETS
OUR PRODUCTS

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

OUR CERTIFICATIONS

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

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

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

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

ISO 45001
Occupational Health & Safety
Pursuing ISO 45001 certification is a way to demonstrate your commitment to your employees’ health and well-being and to continuous safety improvement.

WE ARE PART OF:
In 2021 Promateris had an average of 131 employees, of which more than 43.5% were represented by women. Regarding the income, there are no discriminations between genders, women having the same income level as men hired in similar positions.

Promateris is committed to:
> retain the current employees
> create new jobs

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

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

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

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

**Age structure of the employees in 2021**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 years</td>
<td>5</td>
</tr>
<tr>
<td>30-40 years</td>
<td>17</td>
</tr>
<tr>
<td>40-50 years</td>
<td>20</td>
</tr>
<tr>
<td>50-60 years</td>
<td>23</td>
</tr>
<tr>
<td>60-70 years</td>
<td>12</td>
</tr>
</tbody>
</table>

**Women Representation within the Company**

- Total women employees: 57
- Average age (years): 44
- 20% women in Board of Directors
- 50% women in Top management positions
COMPANY BENEFITS

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

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

TRAININGS

1. Meal vouchers
4. 13th salary at the end of the year.
5. Monthly and quarterly bonuses based on the area of activity and KPIs.
**CORPORATE CULTURE**

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

We focus on promoting professional and personal development, offering our employees support for continuing their studies, such as PHD programs or other forms of continuous learning (courses, seminars, trainings etc.).

Our short and medium term strategy includes business processes redesigning in order to increase efficiency and decrease redundant tasks that our employees need to perform.

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

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

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

We are aware that in order to have an impact there needs to be a collective effort. We are aiming to promote a culture of awareness, engagement, integration, productiveness and innovation in order to have a team of satisfied and highly motivated employees.
We consider the importance of providing a safe and healthy environment for all our employees, visitors and customers, at the forefront of our activity. We constantly design and implement programs within our company in order to reduce the frequency and severity of injuries and illnesses at the workplace. The Covid-19 pandemic has reinforced the importance of safety measures in the workplace. We implemented a series of actions in order to inform and to protect our employees: work process redesign in order to avoid unsolicited gatherings or encounters, protection equipment and supplies (masks, gloves, sanitizers, etc).

Our employees are constantly trained and informed in order to better preserve their safety in the workplace. In 2021 we registered no accidents or injuries within our premises. Our facilities are required to comply with applicable, legally mandated standards for workplace safety and health.

Safer behavior, safer people

In 2021 Promateris became ISO 45001 certified, going through procedures and processes restructuring, in order to improve safety and health working conditions for our employees. This enabled us to prevent work related injuries and ill health, ending 2021 without any major injuries within our facilities.

This helped us eliminate hazards and minimize OH&S risks (including systemic deficiencies) and address health and safety management system nonconformities.

→ 29 employees participated in first aid at work training, covering the most common emergencies and accidents that could happen in the workplace

→ 24 employees participated in a first intervention training for emergency situations. The training was delivered by qualified professionals ensuring that we are providing our employees with the highest standards of knowledge and skills supported with up-to-date relevant industry practices and protocols.

→ 73 employees participated in a training session regarding the use of hazardous substances in the workplace. This safety training program informs employees about the safe handling of chemicals in the workplace and the major hazard areas associated with the use of hazardous materials, thus increasing awareness regarding safety standards and worker responsibility. In the production process there are clear procedures and protocols set in place related to handling hazardous substances in the workplace.

Equipment training

Our employees are undergoing relevant equipment training in order to be adequately trained for machinery usage and to ensure health and safety in its use, supervision or management. All the employees who use equipment are receiving continuous training for the purposes of health and safety and risks which such use may entail and the precautions to be taken.
**Supply Chain**

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

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

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

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

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

**Our Trusted Partners**

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

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

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

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

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

They are at the basis of our activity

CIRCULAR ECONOMY SYSTEM DIAGRAM

OUR PRODUCT ECO-DESIGN

USE LESS:
Reduced resources to create the product

COMMUNICATE:
Awareness towards consumer on the importance of closing the loop

INTEGRATED VALUE CHAIN:
Key stakeholders collaborate together in developing innovative products

EXTEND THE LIFE CYCLE:
Increase products' shelf life

MATERIALS:
Use low impact raw materials

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

Eco-design is at the center of our preoccupation, in order to offer products with a closed loop life cycle, respecting the principles of circular economy.
Certification process as part of the sustainability strategy

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

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

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

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

→ EN 13432 - certified by TUV Austria

Promateris installed in 2020 a highly automated bioplastic recycling line. The bio-based compostable solutions are designed in order to enable circular supply chains rather than linear ones. We apply the same principle for our production process, and we are proud to say that we have a 100% recycling and re-use rate of our technological waste.

Residual bio-based and compostable waste from the manufacturing process is a high quality and valuable material. Our equipment is helping us re-granulate the bio-compounds in order to be fed back into production. This helps us achieve both our environmental and economical objectives.

No other technological waste is produced in the manufacturing process.
RAW MATERIAL CONSUMPTION

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

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

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

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

ENERGY CONSUMPTION

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

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

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

In 2021 we reduced the production of polyethilene by 100%.
LAND USAGE

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

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

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

Our approach to corporate governance includes:

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

BOARD OF DIRECTORS

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

In 2021 our Board of Directors focused on company growth and expansion, effective overseeing of the business, implementation and compliance of good governance practices. Over the last few years, the Board has undergone significant changes in order to enhance the regulatory, financial reporting, business operations, corporate governance skills, retail collaboration experience, represented by the board.

Strong corporate governance begins with setting the structures and incentives to enable the company achieve its long term growth plan. Our approach to corporate governance includes maintaining a Board with diverse and complementary backgrounds and relevant experiences and skills in order to develop a skillful pipeline of leaders.

We design our compensation programs to support our strategy and to align our leadership team with our culture, strategy and organizational structure. Our executive compensation programs are intended to motivate and retain key leaders, with the goal of generating strong operating results and creating alignment with our growth vision.

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

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

INVESTMENTS COMMITTEE

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

OCUPATIONAL HEALTH & SAFETY COMMITTEE

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

TAX COMPLIANCE

Promateris is established in Romania and conducts operations across Europe.

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

We’ve implemented systems and processes to assist us with our compliance with applicable income tax laws, supported by our internal accounting and financial teams. Promateris is listed on Bucharest Stock Exchange and complies with all the national and EU regulations. Our financial statements are publicly disclosed each year.
In 2021 Promateris updated its Anti-corruption & Anti-fraud Policy, aiming to raise awareness of corruption and fraud risks, setting out the company's position and the standards expected from all the employees.

Promateris is committed to conducting business with integrity and acting ethically in accordance with all applicable laws and regulations. We select our suppliers, business partners and collaborators, in accordance with these principles. We also expect all of our employees, consultants or individuals acting on our behalf to act in accordance with the same principles. Promateris operates according to a set of anti-corruption principles that have been developed in conjunction with existing legislation, in order to prevent corruption and to increase the effectiveness of internal controls and anti-corruption programs. Last but not least, corruption affect the reputation of a company and its' stakeholders, which leads to a reputational risk with repercussions on the company's activities and development. Our anti-corruption code applies to all companies in the Promateris group, directly or indirectly controlled by Promateris SA, in all territories where the company operates. Our code of ethics is a guiding policy in order to ensure that our employees act with honesty and integrity in all facets of our day-to-day operations.

**Human rights**

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

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DELIVERING VALUE TO OUR CUSTOMERS

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

We want to spread and enrich the vision, knowledge, and good practices of sustainability and deliver our contribution to progress. And there is no way to make performance in this field without a deep respect for professional business practices and moral social conduct: a deep respect for the word given, for the statements of promise towards stakeholders.

Responsibility imbues the entire value chain: it flows towards employees who need both professional and personal growth, towards partners and clients, towards other institutions that play a role in the circular economy. The responsibility for our tiniest deeds and decisions ultimately becomes a responsibility for our own reputation.

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

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