



MASTERPLAST GROUP ESG Report

This report was made on the basis of and in accordance with the guidelines of the currently effective GRI Standards 2021.

2023

CONTENTS

Welcome from our Owner	3
About our Report	4
2023: Facts and Figures	7
Economic Performance	8
About Masterplast Group	9
Membership associations	13
Our stakeholders	15
Material topics	17
Megatrends	19
ESG Facts and Figures: Masterplast Group (2023)	20
Sustainability Strategy	21
Environment	24
Materials and products	25
Circular economy	28
Product quality and product sustainability	29
Waste	30
Energy consumption	35
Emissions	40
Building science: modular architecture and the building culture of the future	43
Society	44
Employment	44
Training and education	50
Local communities	53
Occupational health and safety	56
Governance	59
Governance at Masterplast Group	59
Ethical operation and compliance	62
Agility and business model flexibility	64
Digital transformation	64
GRI content index	65
GRI Glossary	77





WELCOME FROM OUR OWNER

GRI 2-22

Dear Investor, Dear Reader,

In 2023, we were faced with a recessive industry environment, adverse macroeconomic conditions and limited market opportunities. Nevertheless, our agile culture and our flexibility to change have enabled us to make decisions that ensure the long-term sustainability and effectiveness of our Group in difficult situations.

In addition to our energy efficiency, cost reduction and efficiency improvement measures, we have focused on implementing our production and technology development projects, and all these had a positive impact on our sustainability indicators. We have optimised our headcount, reorganized our governance structure and, in the last quarter of the year, we set up our Green Committee creating a solid basis for clearly integrating the ESG approach and sustainability aspects into our strategic and operational functions along prioritised selection and decision making criteria.

Given the European Union's REPowerEU plan and Fit for 55% package, our medium-term business outlook is quite positive. We have always been optimistic about the launch of energy modernisation programmes for buildings in 2024, but during the preparatory work for our report it became clear that a new programme

to support the energy modernisation of residential buildings in Hungary will be launched, and with its broad product portfolio, our Group will be able to contribute to the implementation of this programme.

The EU Energy Performance of Buildings Directive also supports us in achieving our strategic goals. Nearly 75% of the existing buildings are low efficiency and need an extensive energy renovation. 55% of the required energy reduction will have to be achieved by renovating the worst performing buildings. For residential buildings, the average primary energy consumption needs to be reduced by at least 16% by 2030 and by 20-22% by 2035. With its products and insulation materials, Masterplast will thus be able to make a significant contribution to reducing emissions across Europe.

With our product portfolio and the use of our insulating materials, we enable energy-efficient thermal insulation of institutional and residential buildings, actively contributing to the reduction of energy consumption in the buildings specified by the European Union. We will help achieving energy consumption indicators for the insulation of buildings and institutions with extra priority and responsibility. This is confirmed by our latest investments and projects. In the first quarter of 2023, we expanded our capacity with EPS production in Kál, followed by an XPS factory in Szabadka and an EPS factory in Italy. Our sustainability and environmental objectives are served by the construction projects of our modular prefabricated component business, where the construction of buildings under factory conditions limits the generation of waste on site. Launched jointly with our co-investors, our stone and glass wool production projects also progressed as planned last year.

This is the third time our ESG report provides a comprehensive insight into the steps we have taken on the path to sustainability and our plans for the future. In this report, we present our progress in the use of renewable energy, energy efficiency and circular economy in 2023. As a pioneer of circular economy in Hungary, I am particularly proud that last year we managed to recover more than 6 million litres of waste through 139 Eco Points under the Hungarocell Green Program, and upgraded the program with an ISO certification in March 2024.

We see reaching out to and engaging the next generation as key to sustainability. As in previous years, in 2023 we gave young people the opportunity to get to know our Group through an apprenticeship or a dual training programme, giving them the chance to meet us again as Masterplast employees. In 2023, we tripled the

number of training hours for our staff and paid particular attention to work safety and OHS trainings, which, together with our proper health and safety procedures, improved our accident indicators, and we continued to record zero fatalities.

Since the foundation of our company, we have been committed to being a responsible company that creates jobs, supports local communities and serves good causes through social responsibility, whether it is about child welfare, the environment, sports or professional programmes, promoting sustainability and awareness in the construction industry in the latter case.

We are determined to contribute to the achievement of the Sustainable Development Goals (SDGs) of the UN 2030 Agenda we have identified as key issues, and to the EU's net zero climate targets for 2050 by consciously reducing our CO2 emissions. There is still a long way to go, but year by year, in line with the current expectations of investors and financial institutions, the regulatory environment and the Hungarian ESG laws, we strive to present our sustainability indicators in an increasingly comprehensive way to our stakeholders and interested parties.

Our operation consciously based on ESG principles and the European regulatory environment requires us to take responsibility for the entire value chain and to look beyond our own activities and screen our suppliers and cooperation partners along environmental and human rights aspects, thus ensuring the sustainable operation and transparency of the entire value chain, and to filter out and eliminate any risks that may arise.

We consider our employees our greatest asset, so I would like to thank them for their loyalty and dedication, and I am sure that our achievements in sustainability will serve as an example to others in the industry.

Sincerely:

Dávid Tibor

Chair of the Board of Directors
Masterplast Nyrt.

ABOUT OUR REPORT

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

Our ESG Report is published in **Hungarian** and **English** to inform our investors, the Budapest Stock Exchange, our stakeholders and all interested parties. We aim to provide clear and transparent information about our sustainability efforts, our achievements and the impacts of our activities on the environment, the society, the economy and human rights.

Scope of our report: The published information refers to MASTERPLAST Nyrt. (Full name: MASTERPLAST Nyilvánosan Működő Részvénytársaság, Registered seat: Hungary, 8143 Sárszentmihály, Árpád utca 1/A). and its domestic and foreign activities and companies.¹

Area of operation: Hungary and: Croatia, Germany, Italy, North Macedonia, Poland, Romania, Serbia, Slovakia, Ukraine

Reporting period: The reporting period corresponds to the 2023 financial year between 1 January 2023 and 31 December 2023. The data published in this ESG Report reflect the situation on 31 December 2023.²

Reporting frequency: Our report is published annually.

Place and means of publication: This report and our previous reports are available at www.masterplastgroup.com under the heading For Investors/Releases at <https://www.masterplastfenntarthatosag.hu/esg> and at the website of the Budapest Stock Exchange (BSE). Sustainability aspects are also taken into account in our publication practice, which is why the report is published online only. This is the third ESG report and the second GRI report of our Group. Our previous report was published on 27.04.2023.

The date of publication of this report: 25 April 2024

Standard: The Masterplast Group prepared its Sustainability Report for the reporting period from 1 January 2023 to 31 December 2023 according to and in compliance with the GRI Standards 2021 of the Global Reporting Initiative (GRI) which came into force on 1 January 2023.³

The industry-specific standard linked to the GRI standard was not available at the time of our report, so we were unable to take it into account.

This report has been prepared with no external, independent certification.

Data sources: The data presented in this report have been collected and by the relevant entities and fields of the Masterplast Group and validated by the managers thereof.

Management approval: The full content of our ESG report, including its material topics, is published with the approval of the Green Committee, the Board of Directors and the Chair of the Board of Directors of Masterplast Group.

The GRI content index and glossary are a mandatory part of the publication: [page 65.](#)

Further information: In preparing our reports, we take into account the views of our stakeholders. Thank you in advance for your cooperation! Your feedback is important to us, so if you have any questions or suggestions about our report, please let us know at fenntarthatosag@masterplast.hu.



¹ For more details, see the chapter *About Masterplast Group*.

² Any other data is clearly indicated in the report.

³ GRI (Global Reporting Initiative) <https://www.globalreporting.org/standards>

2023: FACTS AND FIGURES

Masterplast Group in numbers



Roof foil manufacturing

a key player in Europe



Fiberglass mesh manufacturing capacity

2nd in Europe, 3rd globally



EPS sales

2nd largest market share in Hungary

55%

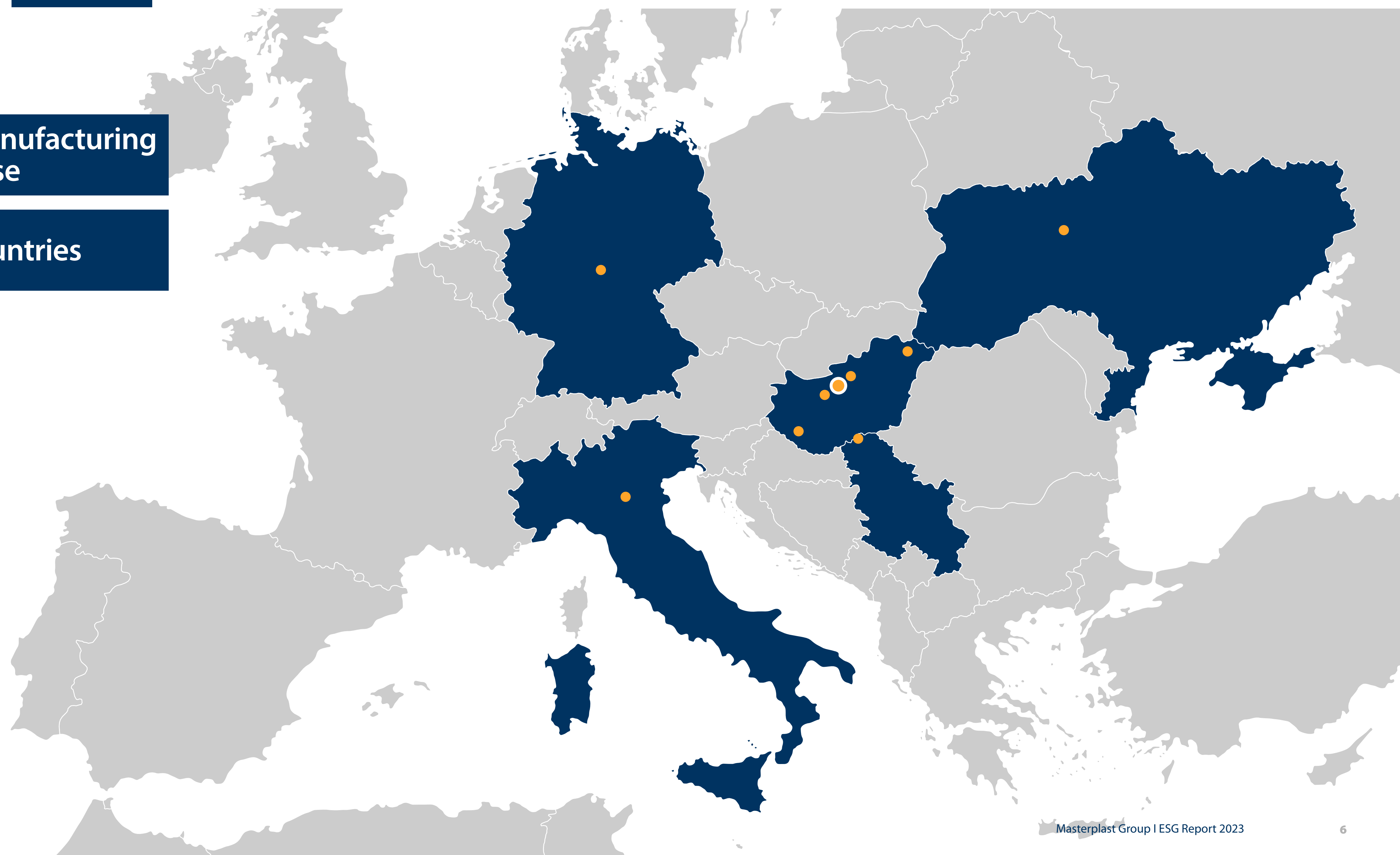
Sales share of own products in 2023

75%

Target for 2030

10 manufacturing base

5 countries



 **Hungary**
 Sárszentmihály
 Székesfehérvár
 Csór
 Kál
 Hajdúszoboszló
 Zalaegerszeg

 **Serbia**
 Subotica (Szabadka)

 **Germany**
 Aschersleben

 **Italy**
 Salerno

 **Ukraine**
 Kyiv (Kijev)

2023: FACTS AND FIGURES

Awards and honours



Grand prize in the category of Hungarian architecture

Dávid Tibor, President and CEO of Masterplast Nyrt. (Fejér County organisation of the National Association of Entrepreneurs and Employers, 17th Fejér County Prima Gala)

Entrepreneur of the Year Award

Balázs Ács, Vice President of Masterplast Nyrt. (Fejér County organisation of the National Association of Entrepreneurs and Employers, 17th Fejér County Prima Gala)



Responsible Employer of the Year Special Award, 2023

[Masterplast to receive the Responsible Employer of the Year Special Award \(youtube.com\)](#)

Masterplast ranked Top 4 in the Portfolio Transparency Survey

(2022: Top 7)

Company	Rank	Last year's rank	Score *	Last year's score *	Score change
Alteo	1	1	8,61	8,94	-0,33
OTP	2	2	8,57	8,77	-0,20
ANY	3	4	8,07	8,33	-0,26
Masterplast	4	7	8,00	7,74	0,26
Richter	5	6	7,99	7,95	0,04

Source: Portfolio

* Average score, 1=lowest, 10=highest

Portfolio carried out its transparency survey for the 22nd time. In this survey, fund managers and analysts score Hungarian listed companies on criteria such as the quality of their flash reports, the credibility of the information they provide and the quality of the occasional information they provide.

„With the capital increase in 2022, our investor base was further expanded, giving extra value to our transparent operation we had paid great attention to anyway. We are delighted that our efforts have been positively received by the market and investors. We will do our utmost to keep it that way in the future.”

Róbert Nádasi,

Deputy CEO of Masterplast Nyrt.

ECONOMIC PERFORMANCE

The economic performance of Masterplast Group in a sustainability approach (EUR)

		2022	2023
Direct economic value generated (i)	Revenues	201 780 346	145 190 520
Economic value distributed (ii)	Operating costs	154 210 658	126 996 640
	Employee wages and benefits	26 976 927	21 613 492
	Payments to providers of capital	-	-
	Payments to government	6 036 942	3 520 863
	Community investments	215 000	189 717
	Total economic value distributed	133 485 673	152 320 712
Economic value retained (i-ii)	Retained profit	68 294 673	-7 130 192



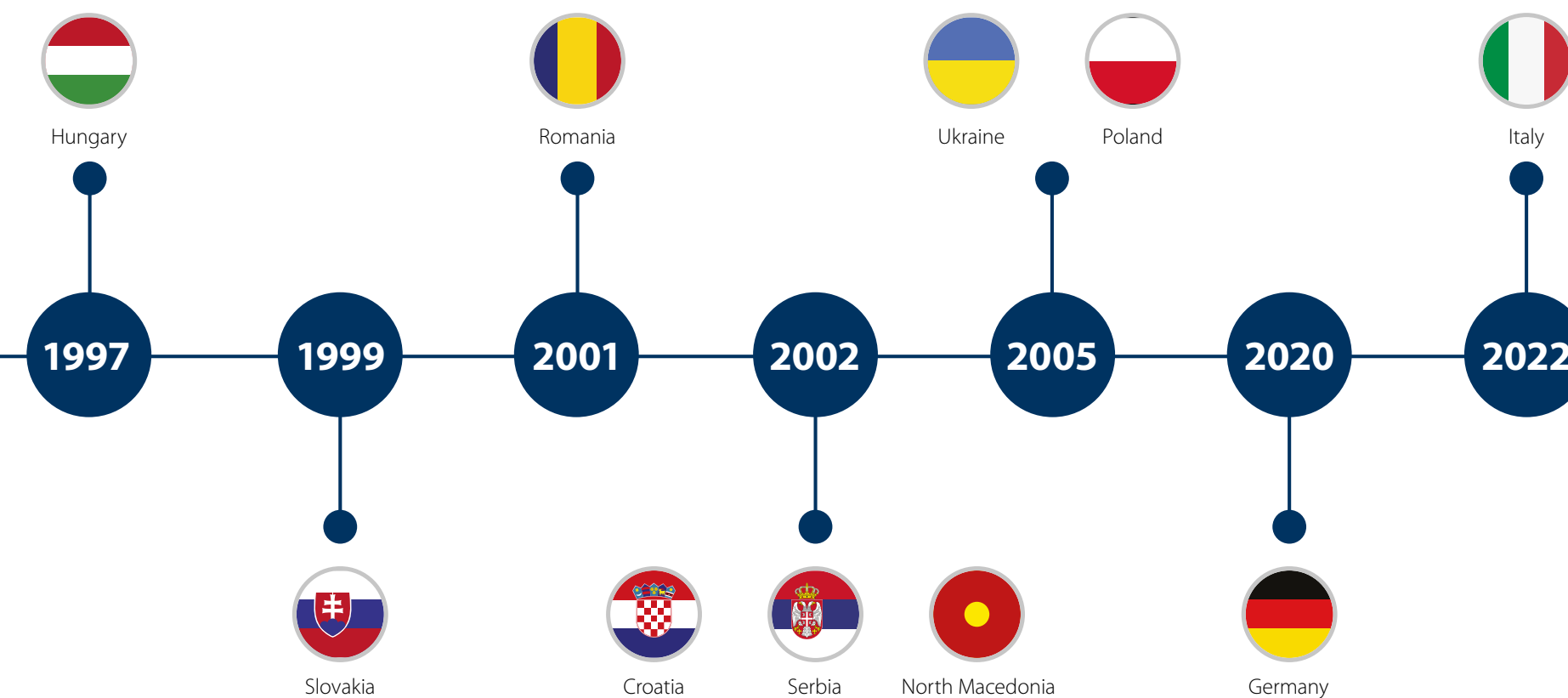
ABOUT MASTERPLAST GROUP

GRI 2-6

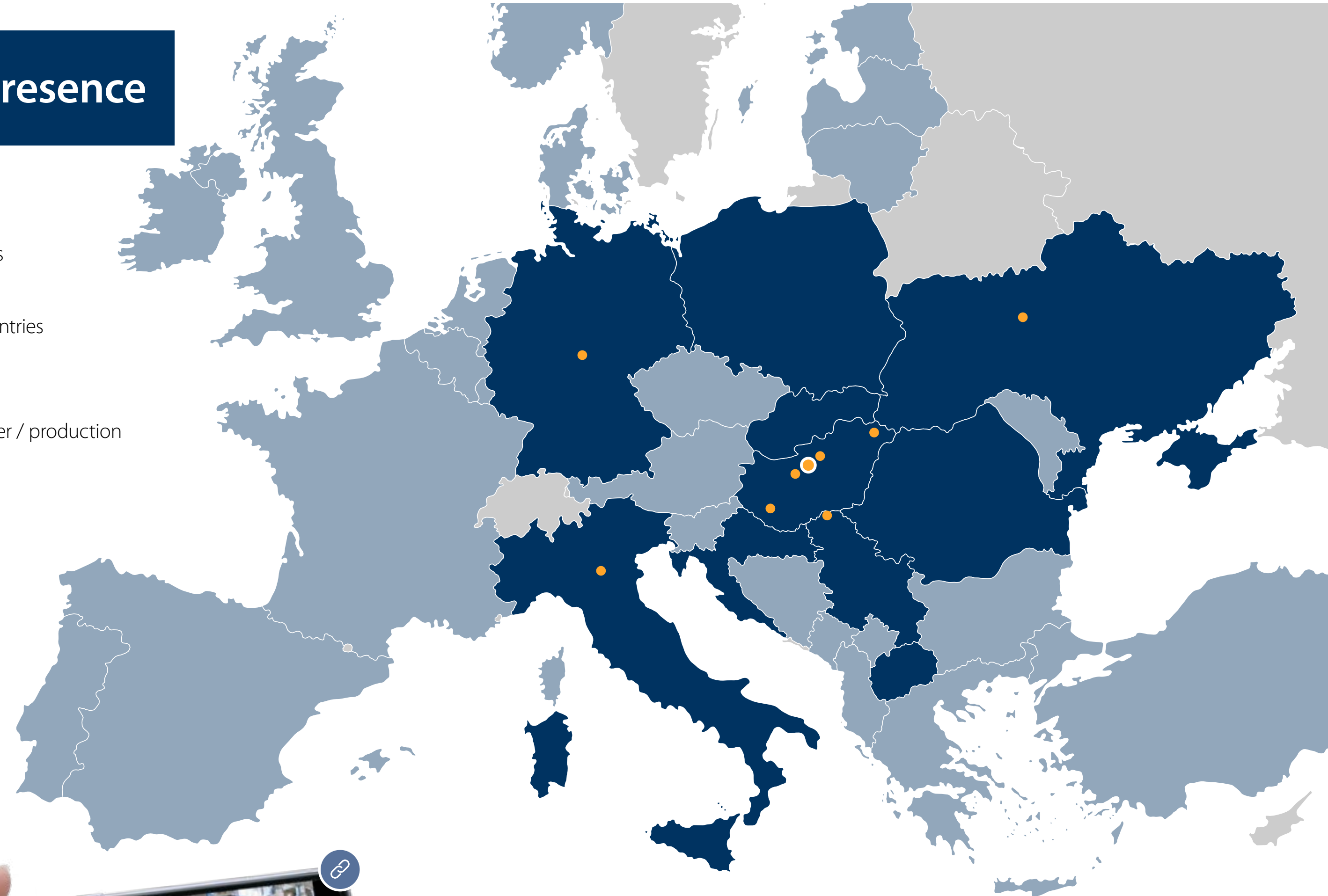
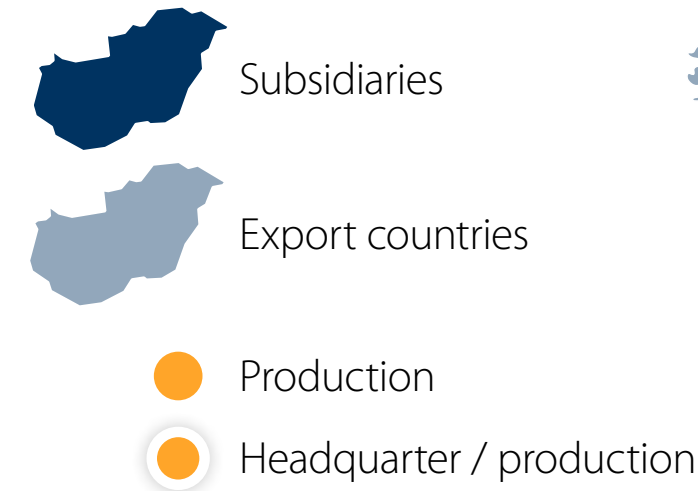
Founded in 1997, Masterplast Group is the largest Hungarian-owned building materials manufacturing company in the Central European region. It has a direct market presence in 10 European countries through its subsidiaries and is present in most European countries through its export partners. It has a strong position in the market for façade insulation, high roof insulation and dry construction systems.

It ensures its product background mainly through manufacturing at its ISO and TÜV certified production sites in Hungary, Serbia and Germany and through strategic manufacturing partnerships. In 2020, the company entered the healthcare segment, and its strategic goal is to make the modular business division a success as soon as possible. Due to the growing demand for fibre insulation materials, the company's focus in 2023 was on the establishment of stonewool and glass wool insulation material plants to meet the needs of the Hungarian and Central and Eastern European markets, and its production development plans are now in the implementation phase in both targeted product segments.

Masterplast provides competitive business services to its partners through a well-established customer-oriented sales system, continuous quality control of manufactured and distributed products, a stable product supply background and flexible logistics solutions.



Market presence



We are the Masterplast Group ([youtube.com](https://www.youtube.com))

- Our story → [Company history - Masterplast \(masterplastgroup.com\)](https://www.masterplastgroup.com)
- Our mission and vision → [Mission and vision - Masterplast \(masterplastgroup.com\)](https://www.masterplastgroup.com)
- Our values → [Values - Masterplast \(masterplastgroup.com\)](https://www.masterplastgroup.com)

Presenting the value chain of Masterplast Group



Masterplast prioritises **sustainability, energy efficiency, environmental protection** and **human rights** aspects **throughout its entire value chain**, both in its internal processes and in its sourcing of raw materials, as well as in the manufacturing, development, distribution and sales of its products.

The subsidiaries of Masterplast Group serve building materials distributors, purchasing companies and DIY chains, paying particular attention to the specific requirements and conditions of the building materials trade sector, which varies from country to country.

Markets without a subsidiary are served through export departments. The aim is to have strong local strategic partners representing Masterplast products in the given region. The most important values for our partners are the security of supply, a stable quality, product certification and a good price-value ratio.



Manufacturing base Sárszentmihály HUNGARY

- Roof underlayment production
- Medical textile production
- Medical final product manufacturing


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Manufacturing base Csór HUNGARY

- Thermobeton

[READ MORE](#)



Manufacturing base Székesfehérvár HUNGARY

- Modulhouse

[READ MORE](#)



Manufacturing base Subotica SERBIA

- Fiberglass mesh production
- EPS polystyrene production
- ETICS profiles
- XPS Insulation

[READ MORE](#)



Manufacturing base Kál HUNGARY

- Extruded PE foam production
- Dry construction profile production

[READ MORE](#)



Manufacturing base Aschersleben GERMANY

- LINOPORE manufacturing

[READ MORE](#)



Manufacturing base Zalaegerszeg/Hajdúszoboszló HUNGARY

- EPS insulation production

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Manufacturing base CALERNO ITALY

- EPS insulation production

[READ MORE](#)

Masterplast Group companies and their business activities

Company name	Place of registration	Activities
MASTERPLAST ROMANIA S.R.L.	Romania	Wholesale of building materials
Masterplast YU D.o.o.	Serbia	Wholesale of building materials, manufacturing of EPS, fiberglass mesh, edge protection profile with mesh
MASTER PLAST s.r.o.	Slovakia	Wholesale of building materials
MASTERPLAST d.o.o.	Croatia	Wholesale of building materials
MasterPlast TOV	Ukraine	Wholesale of building materials wholesale, manufacturing of edge protection profile with mesh
MASTERPLAST Sp. z o.o.	Poland	Wholesale of building materials
MASTERFOAM Gyártó és Ker. Kft.	Hungary	Manufacturing of EPS
Masterplast Medical Kft.	Hungary	Manufacturing of raw materials and finished products for health care and roofing foils
Masterplast D.O.O.	Macedonia	Wholesale of building materials
Green MP Invest	Ukraine	Asset management
Masterplast Hungária Kft.	Hungary	Wholesale of building materials
Masterplast Modulhouse Kft.	Hungary	Modular prefabricated units manufacturing
Masterplast International Kft.	Hungary	Wholesale of building materials
Masterplast Nyrt.	Hungary	Asset management, holding
Masterplast Nonwoven GmbH	Germany	wholesale, manufacturing of fleece and roof foils
Fidelis Bau Kft.	Hungary	Manufacturing of Thermobeton
Masterplast Italia Srl.	Italy	Wholesale of building materials, manufacturing of EPS
Masterplast Proizvodnja D.o.o.	Serbia	Manufacturing of XPS
PIMCO Kft	Hungary	Manufacturing of stone wool
MIP Alapanyaggyártó Zrt.	Hungary	Manufacturing of rock wool
MASTERPROFIL Gyártó és Kereskedelmi Kft.	Hungary	Manufacturing of profiles
T-CELL Plasztik Kft.	Hungary	Manufacturing of EPS
MASTERWOOL MW-1 d.o.o., Szerbia	Serbia	Manufacturing of stone wool ⁴

⁴ No activity.

Key events at Masterplast Group in 2023 ⁵

1.

The first Masterplast Modulhouse building was erected in Sárszentmihály, followed by the construction of the second building in Szerencs (the office building of the glass wool production hall)

2.

Acquisition of a project company for the development of glass wool production

[READ MORE](#)

3.

Strategic cooperation between Masterplast's Modular prefab component manufacturing business and KÉSZ Group



4.

BAU 2023 Munich - Participation in Europe's most prestigious construction exhibition



[VIDEO](#)

[READ MORE](#)

5.

Masterplast Medical presented its new product developments as a manufacturer at the Congress of the Hungarian Hospital Association



[READ MORE](#)

6.

Under a strategic cooperation agreement, a 50-50 % joint venture with Market Építő Zrt. was established for the construction of stone wool thermal insulation plants on 9 June 2023 (MIP Alapanyaggyártó Zrt.)

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7.

Selena Group acquires a 50% share in the glass wool production project in Szerencs in a strategic partnership

[READ MORE](#)

8.

New thermal insulation plant inaugurated in Subotica

[READ MORE](#)

9.

Logistics development: new industrial hall built at Masterplast Nonwoven GmbH in Germany

[READ MORE](#)

10.

In autumn 2023, two solar panel development projects were completed at the company's central site in Sárszentmihály

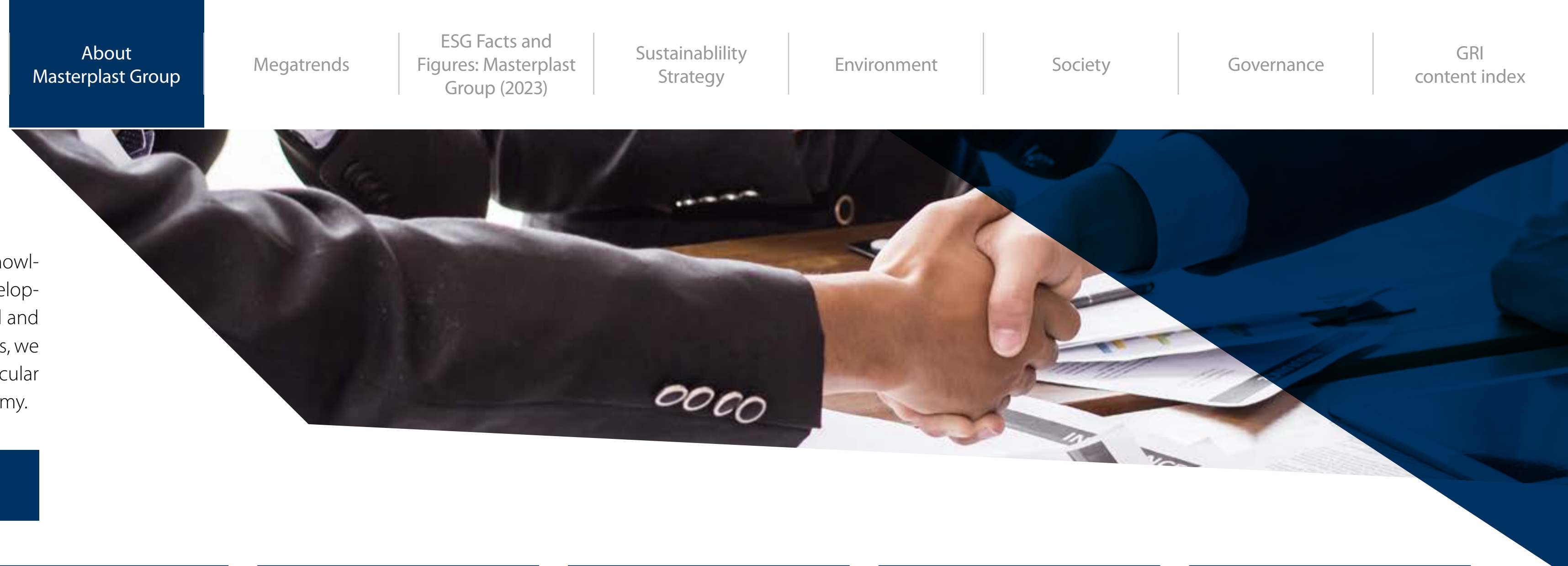
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11.

A new polystyrene insulation production plant in Italy inaugurated at the end of November

[READ MORE](#)

⁵ The key CSR events of 2023 are presented under Society.




Membership associations

GRI 2-28

Our membership associations provide an opportunity for valuable partnerships, knowledge acquisition, knowledge sharing, exchange of experience, continuous development, learning and sharing of good practices. As a member of numerous national and international professional organisations, industry associations and advocacy groups, we play an active role in promoting sustainability programmes. We are paying particular attention to the work of professional forums related to ESG and the circular economy.

Our memberships and key social commitments in 2023

						
<p>ÉVOSZ (National Federation of Hungarian Building Contractors) Vice President Dávid Tibor is the President of the Section of Hungarian Building Material Manufacturer Member of the Lean Working Group</p>	<p>MGYOSZ (Confederation of Hungarian Employers and Industrialists)</p>	<p>MAPI (Hungarians on the Market Club)</p>	<p>ÉMI (Non-profit Limited Liability Company for Quality Control and Innovation in Building)</p>	<p>MÉASZ (Hungarian Building Materials and Building Products Association)</p>	<p>MÉVSZ (Hungarian Building Chemicals and Plaster Association)</p>	<p>MEPS (Hungarian EPS Insulation Manufacturers' Association)</p>
						
<p>BCSDH (Business Council for Sustainable Development in Hungary)</p>	<p>KGTP (Circular Hungary)</p>	<p>Bay Zoltán Nonprofit Ltd. for Applied Research (Network - Innovation Advisory Board)</p>	<p>ESG Club Hungary</p>	<p>KÖVET (Association for a Sustainable Economies)</p>	<p>VOSZ (National Association of Entrepreneurs and Employers)</p>	



Építési
Vállalkozók
Országos
Szakszövetsége

ÉVOSZ

Within the National Federation of Hungarian Building Contractors

[Section of Hungarian Building Material Manufacturer](#)

President of the Section:
Dávid Tibor

The objectives of the Section in connection with Hungarian building material production and distribution activities:

- analysis and evaluation of market processes,
- making regulatory, support and market control proposals to strengthen domestic production,
- strengthening the manufacturing culture and professional training, promoting the proper use of products together with architects and contractors,
- promoting domestically produced building materials and strengthening the brand

The members of the management of our Group also consider it important to promote sustainable operation and knowledge sharing through their social engagement in professional, non-profit organisations.

- Tivadar Bunford, Managing Director of Masterplast YU Ltd., a member of the management of Masterplast Group, is also a member of the **Managing Committee of the Serbian and Vojvodina Chambers of Commerce.**
- Flórián Lukács is a member of the board of the PackPlus Cluster (Masterfoam membership)



Our stakeholders

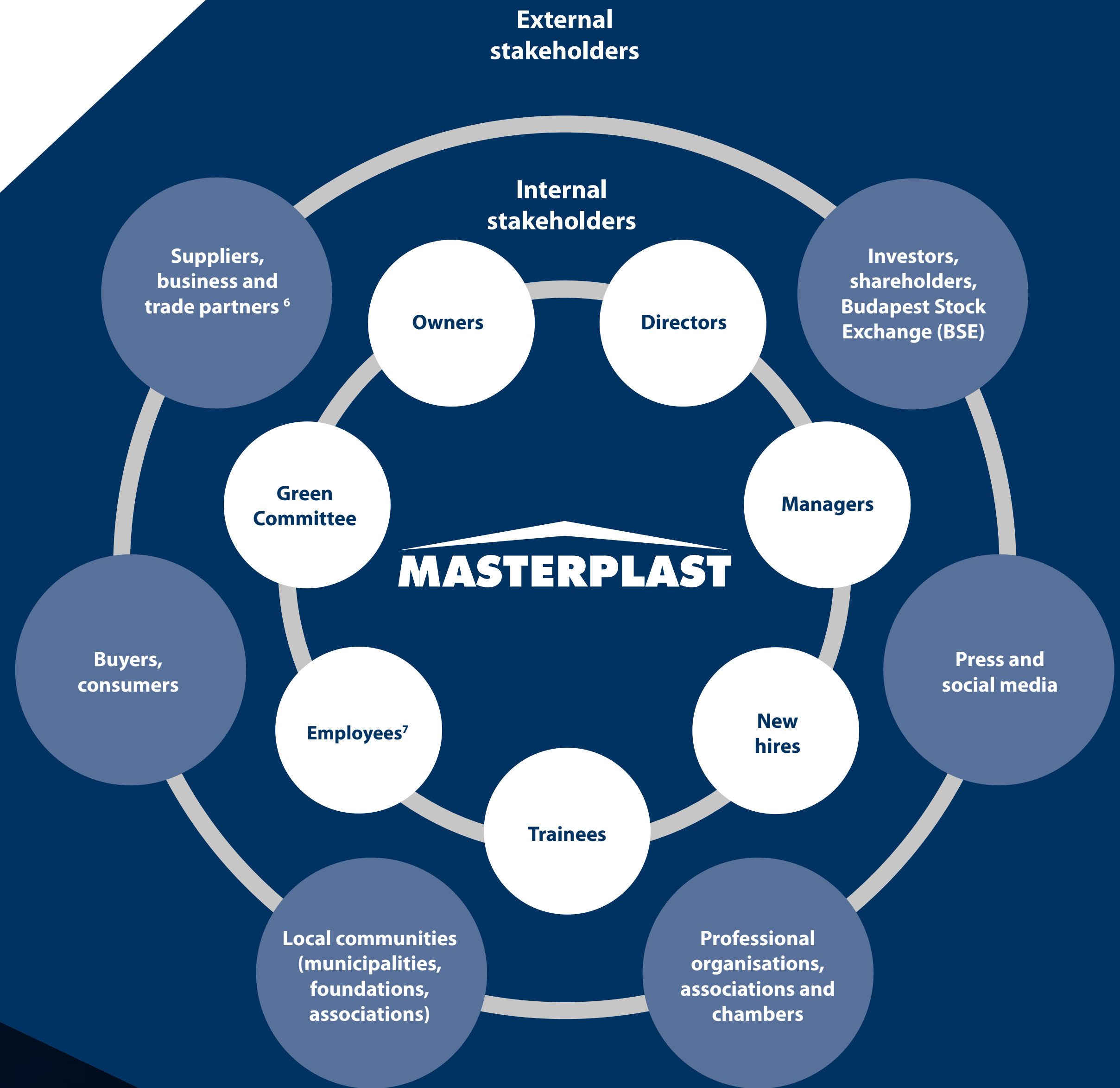
GRI 2-29

As a responsible company, it is essential for us to maintain contact, dialogue and effective cooperation with our internal and external stakeholders. It is also key for us to lead by example and to monitor the sustainability context of our activities and business relationships.

Stakeholder analysis and stakeholder engagement

We have identified as our stakeholders the individuals and groups who are affected by us or who affect our operations, or whose interests are or may be affected by the activities of our group of companies. Our aim is to develop active and reciprocal communication with our stakeholders.

Stakeholders of Masterplast Group



⁶ Including companies certifying management systems and products, insurance companies and public utility providers.

⁷ Including employee representation.

Methods of communication and cooperation with Masterplast Group's key stakeholders

- Investor information forums (annual)



- Consultations with Analysts (ongoing)
- Annual shareholder meetings (annual)
- Regular publications (ongoing)
- Investor surveys (on request)

Investors, shareholders and financial market actors



We are in constant, active contact with investors and capital markets.

We work closely with all stakeholders who provide funding to Masterplast - such as banks, bond investors, shareholders - to achieve the most efficient capital allocation possible, as supported by rating agencies. We integrate our ESG approach and the investigation of sustainability issues into our cooperation.



Employees

The focus of our cooperation is to create an open environment where we can talk openly about the opportunities and challenges ahead and identify development initiatives and ideas for improvement. Achieving talent density requires working with colleagues who are able and willing to think and develop together along values, taking sustainability issues into account.

- News, programmes via e-mail and in a closed Facebook group (regular)
- Communication emails on priority topics, e.g. green newsletter (ongoing)
- Employee forums (annual)
- Management discussion on performance evaluation and training and development opportunities (at least once a year)
- Employee focus group surveys (at least every two years)

Local communities



It is important for us to be an integral part of the local communities in each of our sites, building effective dialogue to understand each other and support them in achieving their goals.

- E-mail, telephone and face-to-face consultations and contacts (ongoing)
- Keeping in touch with local authorities, organisations, local leaders (regular)



Customers

Our sales colleagues work closely with our customers on a daily basis to understand their needs, to help them follow market trends and to provide them with support based on our selling experience in nearly 40 countries and, on the other hand, to effectively identify local characteristics and motivations.

- Customer Open Days at Masterplast
- Industry conferences
- Trade exhibitions
- Key account manager contacts
- B2B platform as the main communication channel (including the publication of special promotions)

Professional organisations



National and international professional organisations support industry continuity, knowledge sharing and continuous improvement. We work closely with them on setting goals where we always prioritise sustainability issues.

- Professional forums (regular)
- Professional cooperation, joint programmes (ongoing)
- Individual meetings (ongoing)



Suppliers

We focus on building long-term, mutually beneficial partnerships with our suppliers. To develop a strong partnership, we provide continuous feedback while maintaining the highest ethical standards. We pay particular attention to sustainability, environmental and human rights issues in our supplier relationships.

- Contact by e-mail (regular)
- Personal contacts, visits to suppliers and manufacturers (regular)
- Direct meetings with suppliers' key account managers (regular)
- Supplier forums, surveys, trainings (annual)
- Participation in international exhibitions


Material topics

GRI 3-1, GRI 3-2

For the material topics serving as the basis of our report, we have identified the positive and negative impacts of our activities on the environment, the economy, the society and human rights that are relevant to sustainability. In our materiality assessment, nearly 400 stakeholders let us know which sustainability issues they consider important to our operations. The views of our internal stakeholders (employees, managers, etc.) were sought through an online, anonymous questionnaire. The views of our external stakeholders (investors, suppliers, customers, partners, professional associations, local community representatives, etc.) were gathered through anonymous online questionnaires and telephone interviews.

Our materiality assessment took into account stakeholder feedback, current trends, economic and regulatory environments, industry benchmark analysis and ESG experts' advice. In addition to this, we have monitored the sustainability-relevant issues where have the largest impact also by taking into consideration feedback received through satisfaction surveys, complaints management procedures and stakeholder forums. After the analysing the results, we identified what kind of and how significant (real or potential, positive or negative) impact our company has on the given material issues.

In this ESG report, we present our sustainability activities based on a list of material issues prioritised and approved by our Green Committee and the Chairman of our Group Board. As a final step, the relevant GRI topic-specific standards have been assigned to the material topics. In addition, we have included content in each area to help you get a more comprehensive picture of our Group's operations and performance.

-  **Agility and business model flexibility**
-  **Transparency and regulatory compliance**
-  **Digitalisation**
-  **Energy use and emissions**
-  **Building science: modular architecture and the building culture of the future**
-  **Ethical business conduct**
-  **Waste management and use of materials**
-  **Circular economy**
-  **Commitment to community, local communities**
-  **Workforce management, attracting young people**
-  **Employee welfare, occupational health and safety**
-  **Product quality and product sustainability**
-  **Fair competition**

We contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations (UN) and also support the achievement of sustainable development goals related to our material topics.



- 9. **Industry, innovation and infrastructure**
- 11. **Sustainable cities and communities**
- 12. **Responsible consumption and production**

In preparing our report, we identified the following topics based on the GRI Standards in addition to the mandatory GRI 2: General disclosures:



Economic

- GRI 201: Economic Performance
- GRI 202: Market Presence
- GRI 203: Indirect Economic Impacts



Governance

- GRI 205: Anti-corruption
- GRI 206: Anti-competitive Behaviour
- GRI 207: Tax



Environmental

- GRI 301: Materials
- GRI 302: Energy
- GRI 305: Emissions
- GRI 306: Waste



Social

- GRI 401: Employment
- GRI 403: Occupational Health and Safety
- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity
- GRI 406: Non-discrimination
- GRI 413: Local Communities
- GRI 414: Supplier Social Assessment
- GRI 418: Customer Privacy

Double materiality

We plan to make our next comprehensive double materiality assessment in 2024. To strengthen our risk management procedures, sustainability and ESG (environmental, social and governance) issues are analysed along two dimensions, financial materiality and impact, in the double materiality assessments. Both qualitative and quantitative aspects are taken into account for the assessment.

MEGATRENDS

GRI 3-3, GRI 201-2

Our Group pays particular attention to **megatrends**, i.e. the **long-term, comprehensive changes** that **affect society, the economy and industrial and manufacturing activities**. These trends will permanently transform the future of humanity and, therefore, it is vital that we prepare for them in a timely and conscious way.

Global trends also carry significant **risks**, but they also offer **opportunities** for change. With our innovative solutions and agile operation, we respond quickly and flexibly to the problems that arise in our constantly changing environment.

For all of our operations, we have assessed the negative **physical risks** associated with potential climate change (e.g. floods, earthquakes), but these are negligible in all of our operations. In addition, we have also reviewed the **transitional risks**, i.e. the risks associated with the transition to carbon neutrality. Compliance with tightening regulations and legislation and the necessary measures are managed at Group level by our **Green Committee**.

Due to its core business, the production of insulating materials, Masterplast can actively combat the risks posed by climate change. Properly insulated buildings can save at least 40% energy.

To address negative impacts, we'll prepare an action plan with feedback possibility. We have also made it a priority in our plans to fully identify our financial exposure to climate risks.

Masterplast's opportunities from the analysis of megatrends and risks

Megatrend	Risk	Opportunity
Adapting to climate change	Extreme climatic conditions, extremities	<ul style="list-style-type: none"> Energy efficient building solutions spread, insulation gains importance
	Regulatory change and compliance costs	<ul style="list-style-type: none"> Increasing demand for energy-efficient solutions (e.g. rising demand for insulation systems, introduction of EU subsidies)
	Price increase and availability issues of base materials and raw materials	<ul style="list-style-type: none"> The importance of insulation is increasing Use and development of low CO2 emission production methods
Demography and urbanisation	Increasing pollution and waste generation	<ul style="list-style-type: none"> Waste collection and the rise of the circular economy
	Ageing society, increasing health risks	<ul style="list-style-type: none"> Increasing demand for health products and services
	Growing inequalities	<ul style="list-style-type: none"> Renovation of old buildings, the rise of insulation materials
	Labour shortages, especially among manual workers	<ul style="list-style-type: none"> The spread of modular construction
	Increasing degree of urbanisation	<ul style="list-style-type: none"> Increasing demand for housing Energy efficiency and insulation
Digitalisation and innovation	Cyber security and data protection	<ul style="list-style-type: none"> Workforce development System and process improvements Industrial process and supply chain optimisation
	Legal risks related to data	<ul style="list-style-type: none"> Customer experience and new services
	Industry 4.0, the rise of digitalisation	<ul style="list-style-type: none"> E-commerce, increasing online sales, online B2B platform Automated production and production development Innovative product developments

We also use the double materiality criteria to check our operation, analyse our impact, how climate change affects our activities and the positive, negative, actual or potential impacts of our company and activities on the environment, society, human rights and the economy. Based on this impact analysis, we have identified our material topics, which are discussed in detail in the relevant chapters.



ESG FACTS AND FIGURES: MASTERPLAST GROUP (2023)

30,000+

Strong contribution to meeting the 2050 climate goals with homes insulated with Masterplast products

6+ millió litres

unused material recovered as a pioneer of the circular economy through

139

Hungarocell Green Program via Eco-points

7,965.78 tonnes CO₂e

Scope 1

5,831.97 tonnes CO₂e

Scope 2

~ 300,000 kWh

renewable energy capacity⁸

162

solar panels⁹

95%

recycled waste during production¹⁰

27%¹¹

reduction in total annual energy consumption

20%

female quota on the board of directors

21+ million EUR

personnel costs

3.5 million EUR

taxes, duties and charges

~ EUR 190,000

spent on community investments, donations

19 hours

training time per person¹²

23,609 hours

total time spent on training

5,590 hours

spent on occupational health and safety training

0

fatal accident

0

occupational disease

1

Green Committee meeting monthly

100%

adoption of a code of ethics by all new colleagues

14001

Hungarocell Green Program Certificate¹³

9001

14001

45001

50001

13485

ISO certificates

344

items received MDR (Medical Device Regulation) certification

⁸ Based on completed investments, calculated at full annual capacity.

For more information, see under *Energy consumption*.

⁹ in 2023, in Sárszentmihály.

¹⁰ in 2023. For details, see under *Waste and Materials* and products.

¹¹ in 2023. For details, see under *Energy consumption*.

¹² for the total of 1,267 employees.

¹³ Hungarian standard MSZ EN ISO 14001:2015

SUSTAINABILITY STRATEGY

GRI 2-22

As a leading European manufacturer and player in the insulation materials market, we contribute significantly to increasing the number of energy efficient buildings, as our products and services help increasing energy efficiency and achieving good energy consumption in buildings, thereby supporting the compliance with energy performance standards for buildings, in line with the energy efficiency targets of Hungary and the EU.



Insulation is the key to energy efficiency

In the case of residential buildings (detached houses, semi-detached houses, etc.), the following estimated¹⁴ energy savings are foreseen.

Complete external insulation: **~40%**

Roof structure insulation under the roof: **~10 %**

Attic insulation: **~10%**

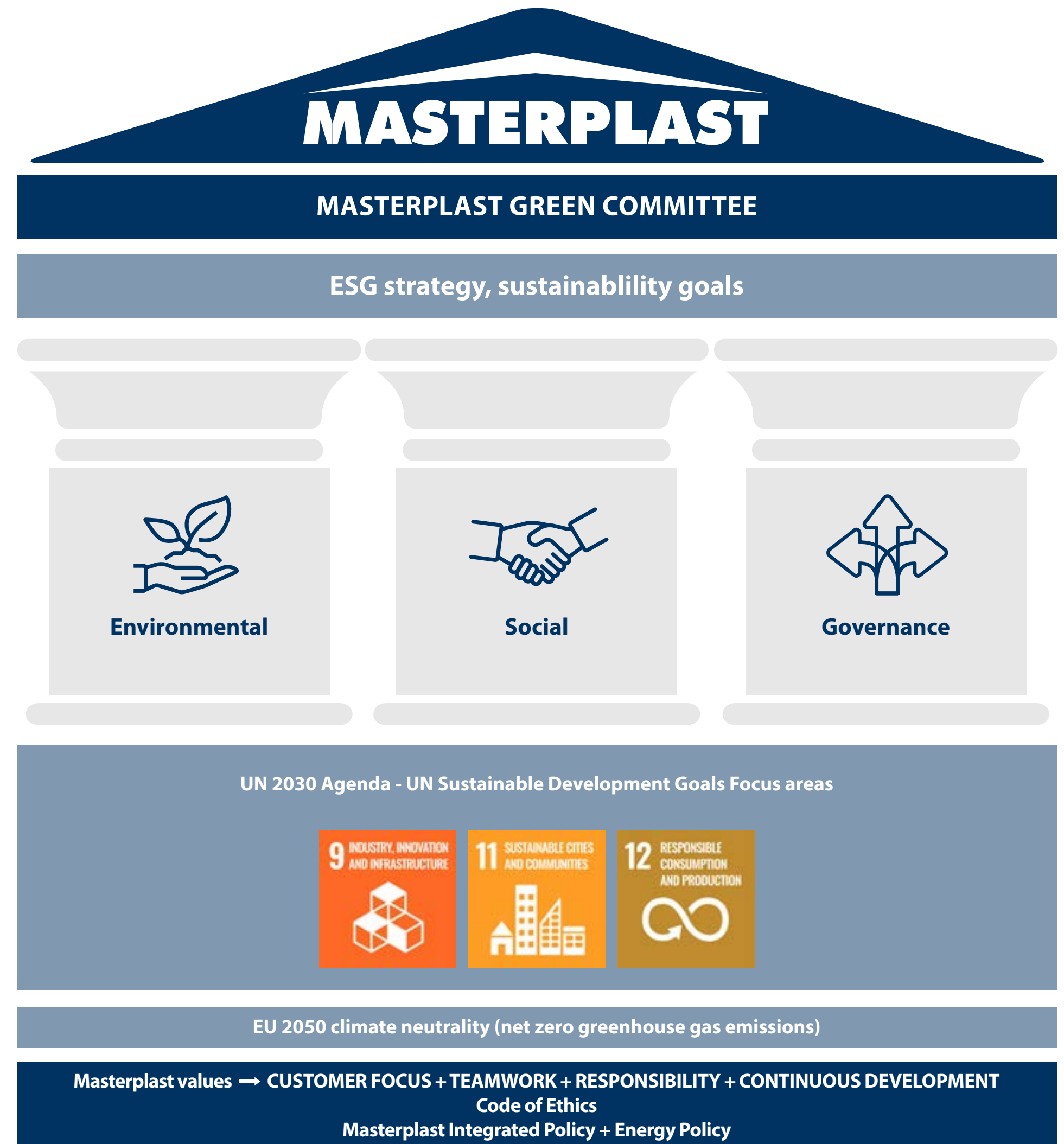
Modernisation or replacement of the heating system: **~30%**

New windows: **~10%**

Insulation – particularly of existing buildings –**is the key to energy efficiency**, because a thermal envelope can achieve up to 70% energy savings.

Insulation materials significantly contribute to reducing the emission levels of buildings responsible for the highest emissions, and this will ensure long term demand for Masterplast products. With our products, we contribute significantly to saving heating and cooling costs in residential and non-residential properties, thereby reducing the CO₂ emissions of buildings.

Key pillars of the sustainability strategy of Masterplast Group



¹⁴ Source: [Modernisierung: Welche Maßnahme bringt wie viel? | Stiftung Warentest](#)

Our sustainability strategy is based on the principles and commitments set out in the values, Code of Ethics and Integrated Policy of Masterplast Group, takes into account the EU's climate neutrality goal for 2050 and contributes to the achievement of the Sustainable Development Goals of the UN 2030 Agenda. It defines its priorities under the 3 pillars of ESG, with a specific focus on environmental, social and governance aspects.

The support of our **Green Committee** ensures the prevalence of sustainability principles in management decisions. While making our operational and strategic decisions, we pay particular attention to sustainability aspects and ESG expectations and compliance. To achieve our long-term goals, we give priority to sustainability and ESG thinking and integrate them into the day-to-day operations of our Group. We understand sustainability not just in our own operations, but along our entire value chain.



Our environmental goals

- Corporate carbon inventory-based emission reduction targets
- Increase the use of renewable energy
- Pioneering role by implementing Hungarocell Green Program, the first circular management system in the construction industry
- Sustainable packaging of Masterplast products
- Introduction of green innovations
- Recycle the cutting waste of Masterplast Medical healthcare products
- Production of building modules with the advance of modular architecture



Our social objectives

- Promote responsible consumption by expanding the range of sustainable, certified products
- ESG training for suppliers
- Public awareness raising on energy efficient building insulation (public, institutional)
- Actively pursue our donation activities
- Active support for local communities
- Aim for zero major accidents in the context of quality assurance



Our governance objectives

- Sustainability assessment and evaluation of suppliers along the entire value chain
- Enhance quality assurance with additional certificates
- ESG awareness raising (through newsletters and other actions focusing on energy efficiency and environmental awareness)

Our sustainability priorities

Our achievements in 2023

Reduce carbon emissions

With a corporate carbon footprint analysis and inventory in 2023, we laid the foundations for measuring and monitoring the emissions of the entire Masterplast Group to set a specific goal as soon as possible.

Renewable energy use:

Increase the share of green electricity by 10%¹⁵

Shift to renewable energy sources, solar investments, small solar power plants
Further information: under Energy consumption

Circular economy: Hungarocell Green Program

We continued our unique best practice programme, the operation of which is now acknowledged with a certificate (MSZ EN ISO 14001:2015).
Increased the number of Eco Points (12.1%)
Increased the number of bags recovered (40.2%)
Further information: under Circular economy

Circular economy: Optimise the packaging of Masterplast products for sustainability¹⁶

We assessed the needs of our consumers, but we have not yet made any changes to our current practice. However, by meeting our obligations with under the newly introduced EPR and by paying the fees, the conscious use of packaging materials has become a more focal issue.
Further information: under Materials and products, Waste, and Circular economy

Green innovation: 500 t of plastic waste used for XPS production¹⁷

Recycling, the use of plastic waste, is a focal point of our activities.
Further information: under Materials and Waste

Circular economy: Recycle the cutting waste of Masterplast Medical products

Circular economy, recycling cutting waste and the use of materials are key. The results achieved and the data presentable are detailed in the Environment chapter of our current ESG report.

Modular architecture

In 2023, the first Masterplast Modulhouse model building was built, and we launched another strategic cooperation.
Further information: under Modular architecture

Responsible consumption: Introducing products with a green logo (certification)

We are constantly exploring the possibilities, especially with regard to the current regulations of the Hungarian Competition Authority and the EU (e.g. EU Green Claims, EU Ecolabel).
In 2023, we continued preparations for the EPD (Environmental Product Declaration).

We are continuously improving our production procedures, reducing our waste generation, increasing recycling and reuse, increasing the use of renewable energy, comprehensively assessing and measuring energy consumption and launching awareness campaigns, increasing the use of waste heat.

We have reorganised our energy management across the whole Group and developed a long-term energy concept for all our operations, including comprehensive renewable energy investments.

We consistently assess the environmental factors and impacts of our activities, while also evaluating the energy consumption impacts of our operations and investments.

Every unit of our Group actively cooperates with its immediate and wider environment. Supporting the future generation and promoting the development of young professionals is a cornerstone of our integrated policy, and we also implement through our products and services.

We believe that ensuring transparency and providing information on our goals and achievements, as well as our future objectives is key. All of this is reported in our annual ESG reports.

¹⁵ by 31 December 2023

¹⁶ by 31 December 2023

¹⁷ by 31 December 2023



ENVIRONMENT

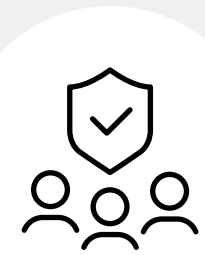
Our Group sets out the details of its environmental activities in a company policy. The purpose of this policy is to define the Group's rules, practices, procedures and responsibilities that are essential for the implementation of the **Group's environmental policy**, to provide a framework for these, to ensure the conditions for the work carried out to protect the environment, to describe the process of measures taken to reduce the environmental impact of activities, coordinated by the Environmental Engineer of the Asset Management Department of Masterplast.

Our environmental principles

Precaution, prevention and recovery



Responsibility



Cooperation



Awareness, information and publicity

Our Group runs an ISO 14001:2015 compliant Environmental Management System in which our environmental engineer measures and records environmental factors and impacts. The implementation of the system and the detailed rules for its operation are described in the **Integrated Management Manual**.

Our environmental priorities:

- Water quality protection
- Air quality protection
- Waste management
- Chemical substance management
- Noise and vibration control
- Soil protection
- Emergency activities

Compliance with environmental regulations and legislation, and the use of new environmentally sound technologies wherever possible, are a priority in both operational and strategic decision-making, as well as in trade policy. And the members of our Group, as responsible businesses, follow and comply with all applicable environmental regulations and rules.



Materials and products

GRI 301

Insulation materials significantly contribute to reducing the emission levels of buildings responsible for the highest emissions, and this will ensure long term demand for products manufactured and distributed by Masterplast. With our products, we contribute significantly to saving up to about 60% of the heating and cooling costs in residential and non-residential properties, thereby reducing the CO₂ emissions of buildings.

Our Group is continuously implementing measures to contribute to resource conservation through recycling, reuse and recovery. Our circular economy approach is presented in a separate chapter.

Based on current technological knowledge, insulation materials used in the building materials industry cannot be replaced although they are a focus of continuous innovation. We also use non-renewable petroleum derivatives to manufacture our products. We consider it important to monitor the type and quantity of materials used in production and to gradually increase their quality, so that we can also monitor the dependence on natural resources and the indirect impact of their exploitation.

An overview of the products manufactured by Masterplast Group¹⁸

Detailed information about Masterplast products: <https://www.masterplastgroup.com/product-category-list>

EPS (expanded polystyrene foam)	Its raw material is a thermoplastic, polymerised styrene (hydrocarbon), which is produced from crude oil. The steps of manufacturing include expanding the tiny beads at high temperature and pressure, then moulding, steam fusing and pressing them to form large blocks of EPS. EPS thermal insulation has excellent thermal insulation properties and is widely used to insulate buildings.
XPS (extruded polystyrene foam)	XPS is made from crude oil-based raw materials and does not emit carbon dioxide as a product. The polystyrene balls are heated to meltable state and then extruded, the molten polystyrene is fed into a machine called an extruder, where it is pressed out under pressure and temperature into a long, thin sheet. The extruded sheet is cooled to solidify, forming an endless ribbon of solid foam of the thickness of 20-200 mm. XPS thermal insulation has excellent thermal insulation properties and is widely used to insulate buildings. XPS polystyrene is an important component of thermal insulation systems, and with the increasing energy requirements for buildings, its market is expanding rapidly and there is no substitute product alternative. XPS thermal insulation is ideal for use on surfaces in contact with moisture or in construction environments subject to high loads, such as plinth and basement insulation, thermal insulation of load-bearing substrates and slab roofs, and green roofs.

Fiberglass mesh	It is made with different technologies (woven or laid) from glass fibre and coating woven together with a special process. It is extremely strong and durable, and easy to handle and install. It is also resistant to moisture and corrosion, making it an ideal choice for wet or high humidity environments.
Edge protection profile with mesh	Used to reinforce the positive corners of façade thermal insulation systems. It is made of a perforated PVC profile combined with an alkali-resistant glass fabric mesh. Embedded in a layer of plaster, it increases the protection and mechanical resistance of corners. As the glass fibre mesh does not need to be folded over, it speeds up construction.
Roof foil	Roof foil is usually made from polyethylene or polypropylene, which are treated using special processes to make them waterproof and weatherproof. It effectively protects the roof from moisture and extreme weather conditions, contributing to the long-term protection and durability of the roof structure.
Plasterboard profile	Plasterboard profiles are usually manufactured from steel or aluminium at Masterprofil's premises. They are lightweight and durable so plasterboards can be positioned and fixed in a stable way. They can be used flexibly in different construction projects.
Modular building elements	Modular construction makes for faster construction times as the building elements are prefabricated, so the time needed for site works is significantly reduced. It offers a cost-effective solution by standardising prefabricated components and minimising weather delays to reduce costs. It is an environmentally friendly alternative as less waste is generated during the construction process and energy efficiency can be improved when designing buildings. The flexibility of modular buildings means that they can be easily extended or rebuilt in the future and that ensures long-term adaptability. Modular construction can guarantee high quality standards as the prefabricated components are produced in a controlled manufacturing environment.
Fleece	It is a textile usually made of polypropylene. The raw material is not woven but heat set. It has good wear resistance and high tensile strength. Applications: agriculture, health care, furniture industry, automotive industry, filtration.
Thermobeton	Unique in Hungary, Masterplast entered the circular economy in 2019 with the purchase of a Thermobeton factory. The plant produces Thermobeton from waste polystyrene, cement and other additives. In 2023, we had as many as 139 Eco-Points in Hungary, where Masterplast collects the returned polystyrene cutting waste, transports it free of charge and creates a new product from it.

¹⁸ We will be able to publish data on our production of stone wool and glass wool after the year following the start of production.

Materials used by Masterplast Group

The main raw materials used in Masterplast's production include polypropylene (PP), EPS, GPPS and glass fibre, which we cover with a polymer-based coating. Our main packaging materials are wood and foil. We used 9,729.3 tonnes of materials in total in the production and packaging of Masterplast Group products. The manufacturing activity is concentrated in 7 entities within the group (Masterfoam Kft.; Masterprofil Kft.; Masterplast Medical Kft.; Nonwoven GmbH; FidelisBau Kft.; MASTERPLAST YU D.o.o.; T-CELL Plasztik Kft.). The companies of the group that process the largest quantities of raw materials are MASTERPLAST YU D.o.o., Masterplast Medical Kft. and T-CELL Plasztik Kft.

Materials used for the production and packaging of Masterplast Group products at key production sites ¹⁹



Masterplast companies	Masterfoam Kft.		T-CELL Plasztik Kft.		Masterprofil Kft.		MASTERPLAST YU D.o.o.		Masterplast Medical Kft.		Masterplast International Kft.	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Total weight (tonnes) or volume (m³) of all materials used	1,145 t	577.3 t	5,038.7 t	3,181.7 t	4,262 t	1,636 t	33,700 t	27,800 t	3,287.397 t PP raw material + additives + recycled materials (t) 114.785 t wood (t) 14.978 t foil (t)	4,046.573 t PP raw material + additives + recycled materials (t) 84.998 t wood (t) 14.654 t foil (t)	11 t	0 t PP raw material + additives + recycled materials (t) 83.475 t wood (t) 65.811 t foil (t)
Non-renewable materials used	1,100.5 t	577 t	5,038.7 t	3,181.7 t	4,184 t	1,607 t	N/A	N/A	3,285.153 t PP raw material + additives + recycled materials (t) 114.785 t	4,016.708 t PP raw material + additives + recycled materials (t) 84.998 t wood (t) 14.654 t foil (t)	0 t PP raw material + additives + recycled materials (t) 74.832 t wood (t)	0 t PP raw material + additives + recycled materials (t) 83.475 t wood (t)
Renewable materials used	44.5 t	0 t	0 t	0 t	77.3 t	29 t	2,800 t	2,100 t	2.244 t recycled materials (t)	29.865 t recycled materials (t)	0 t recycled materials (t)	0 t recycled materials (t)

¹⁹ Own data supply, based on Masterplast data



During production, a significant amount of reuse and recycling takes place in our subsidiary in Subotica, as well as at the sites of T- CELL Plasztik Kft, and Masterplast Medical Kft. Compared to 2022, the share of recycled raw materials decreased in both the renewable and non-renewable category. The amount of recycled materials decreased due to the successful optimisation of our production processes, and we are of course aiming to increase recycling in the coming years. At the same time, Masterplast is continuously introducing measures to contribute to resource conservation through recycling, reuse and recovery, which are described in the circular economy approach.

Percentage of recycled materials used by the key production sites of Masterplast Group ²⁰

Masterplast companies	Masterfoam Kft.		T-CELL Plasztik Kft.		Masterprofil Kft.		MASTERPLAST YU D.o.o.		Masterplast Medical Kft.		Masterplast International Kft.	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Year												
Percentage of recycled raw materials used	10.71%	8.75%	8.045%	8.045%	0%	0%	1.20%	1.08%	0.068%	0.738%	0%	0%

Masterfoam Kft. is the largest recycler of raw materials, with a recycling rate of nearly 9% in 2023, and T-CELL Plasztik Kft. also has a high recycling rate (8%). The amount of recycled materials decreased compared to 2022 due to the successful optimisation of production processes.

By-product recycling

Powder is a by-product of the manufacturing process generated while edges and other production wastes are reground. In the case of Masterfoam Kál and the Hajdúszoboszló and Zalaegerszeg sites of T-CELL Plasztik Kft., this powder is recycled after being separated from ground beads. Further recycling of the powder by-product is being planned in the XPS production in Subotica. The three sites listed above are

²⁰ Own data supply, based on Masterplast data

licensed by the competent authority for the production of secondary raw materials, and the EPS edges cut during the activities at the sites qualifies as a by-product.

It is fed into silos through a closed system, and then pressed with a separate compaction unit in Kál and Hajdúszoboszló into a briquette-like material that facilitates storage and transport (packaging - in closed cardboard octabins or big-bags, which are recycled from the packaging of incoming raw materials). An essential feature of the compression method is that it does not negatively affect further use. In the Kál plant, the white and graphite systems are separated, which makes for the selective collection of the powder by-product. The amount generated depends on production intensity, but usually is around 1-2 t/year.

Re-used products and packaging materials

In 2023, Masterplast prepared for the EPR system to be implemented and will provide the necessary data to the authority. The Group incorporated the provision of the EPR Directive in its environmental rules and has been complying with existing legislation since July 2023. Masterplast registered on the MOHU (MOL Hulladékgazdálkodási Zrt.) Partner Portal and made the first mandatory reporting to the authority as of 15 October. In the case of packaging materials, the EPR scheme makes companies interested to take into account and minimise the environmental impact of packaging materials in their design and manufacturing and ensure that they are recycled or otherwise responsibly managed at the end of their life. This scheme encourages companies to find and use more sustainable packaging solutions and contributes to waste reduction and environmental protection. In addition to the EPR system, Masterplast also contributes to an increased recycling of products and packaging materials through its Thermobeton and Hungarocell programs.

Circular economy

Masterplast is committed to a sustainable future, contributing to environmental protection through the implementation of a circular economy. Construction waste amounts to several million tonnes per year, posing a significant environmental impact; its recycling is crucial for environmental protection and for the interests of future generations.

Within the framework of the circular economy, Masterplast Group was searching for, and has provided a clear solution to that issue.

We take pride in Masterplast Hungária Kft. being the first in the Hungarian construction industry to launch a green program, offering environmentally conscious options for customers choosing Masterplast products, by ensuring free handling of leftover polystyrene materials generated during insulation work.

What makes us unique is our process of collecting clean cutting waste through partners, dispatching it free of charge, and using it to produce a new insulation material called [Thermobeton](#). Thus, the product contributes to reducing carbon emissions from buildings throughout its entire lifecycle, representing an excellent environmentally friendly solution.



The **Hungarocell Green Program is the first circular economy model operating within a certified system in the Hungarian construction industry.** It has won several sustainability awards and offers significant cost savings for end-users while reducing the environmental impact.

Hungarocell Green Program Certification

The Hungarocell Green Program is compliant with INTERCERT Certification Institute's certification as per Hungarian standard **MSZ EN ISO 14001:2015**.



Masterplast Eco-Points and the trend of collected bags

	2021	2022	2023	Change compared to previous year
Number of Eco-Points	111	124	139	+12.1%
Number of returned bags²¹	4,688	7,414	10,394	+40.2%

Masterplast Eco-Points for Hungarocell disposal

<https://www.hungarocell.hu/masterplast-ok-pontok-hungarocell-leadashoz>

²¹ Volume of a bag: 0.6 m³



Product quality and product sustainability

Our quality management systems

As the largest Hungarian-owned manufacturer of building materials in Central Europe, we have been providing long-term support to our partners with over 25 years of experience in product and service quality. Our key to success lies in ensuring constant and reliable quality. It is a key criteria for us to conform to various standards and to undergo audits that review such conformity. Since we introduced our first ISO standard in 2008, we have expanded to include quality assurance, quality management, environmental management, occupational health and safety management, and energy management systems. In 2022, we implemented the MSZ ISO 45001:2018 standard at our Sárszentmihály site and at Masterplast Modulhouse Kft.²²

Masterplast Group's ISO standards ²³

9001	14001	45001	50001	13485
Quality assurance, quality management	Environmental management system	Occupational Health and Safety Assessment Series - OHSAS (MEBIR in Hungarian)	Energy management system	Medical devices quality management system

New certificate: ISO 13485:2016 (MP Medical)



Our certified products meet all European quality requirements and industry standards in all respect. Our dry construction products comply with the harmonised European standard, bear the CE mark²⁴, and fully meet the fire and noise protection requirements described in the Hungarian National Technical Assessment A-256/2015.

Quality control in the production of roofing foils

We conduct standard tests in our own laboratories to improve product quality. We measure the tensile strength of roofing foils and, using a Gintronic device, the vapour permeability of our products. Leakage tests assess the waterproofing capability, and monitor air permeability, of the foils. Roofing foils also undergo UV aging tests with measurements for several months. We test the fire resistance of our products in combustion chambers. Our quality control package also includes colourimetric tests.

Further information:



Notable achievements in 2023:

- In the healthcare segment, we put significant efforts to product development and to obtaining healthcare product certifications.
- The Hungarocell Green Program run by Masterplast Hungária Kft. was granted a MSZ EN ISO 14732:2015 certificate.
- In 2023, we were granted **MDR (Medical Device Regulation)** certification for **344** healthcare products (items).
- Our range of certificates expanded to include the **ISO 13485** quality management systems for medical devices.

One of our future plans is to obtain Environmental Product Declarations (EPD) for our strategic products, for which preparatory work has already begun.

Customer-oriented service

In addition to our expertise and reliable production quality, our own manufacturing base ensures the background for serving the customers' individual product needs. Our certified and CE-marked products meet all European quality requirements and industry standards in all respect. We offer our products to our partners with a fully-fledged, complex service package.

Keys to the excellence of Masterplast product quality

- Expertise
- Reliable production quality
- Our own manufacturing basis
- Serving unique requests
- Continuous quality control
- CE-marked, certified products
- Professional information
- Consultancy
- Professional background support, personalised sales system
- Fully-fledged, complex service package offered with products
- Training in technical and product knowledge
- Professional logistics solutions
- Technical information hotline
- Use of social media, blogs, vlogs for product presentations and utilisations

²² Masterplast Modulhouse Kft. obtained the 9001, 14001, 50001 and 45001 certificates on 6 April 2023.

²³ Masterfoam: 9001, 14001, 45001, 50001; MP Hungária: 9001, 14001, 45001, 50001; MP Inter: 9001, 14001, 45001, 50001; MP Medical: 9001, 14001, 45001, 50001; MP Modulhouse: 9001, 14001, 45001, 50001; Nyrt: 9001, 14001, 45001, 50001; Masterprofil: 50001

²⁴ Healthcare products also bear the CE mark.

Involvement of external stakeholders into our quality management systems

Stakeholders	Mode of involvement into sustaining and developing product quality	Frequency
Customers	Complaint management (online page on our website)	Available 24/7
Suppliers	Complaint management (online page on our website)	Available 24/7

Waste

GRI 306

Our production operations and the waste produced in the course thereof have diverse impacts on our environment, which drives the Group to put waste management among our top priorities. We contribute to the reduction of environmental load through strategic involvement, specific commitments and solutions.

Prudent operation and responsible waste management

We maintain an environmental management system in conformity with the ISO 14001:2015 standard that serves as the basis for our responsible waste management operations, contributing to the mitigation of the negative impacts on the environment. Additionally, we act in accordance with our environmental regulations and our hazardous waste management regulations in fulfilling our obligations related to waste.

The majority of our annual waste generation stems from our manufacturing activities. As a responsible corporation, within the framework of our comprehensive waste management program, we strive to utilise the waste generated at various sites within our production processes. If that is not feasible, we have the waste recycled or handled within our collaboration with specialised companies.

Waste generated is monitored at Group level. Waste is separated and collected by the type as set forth in our Group’s environmental policy. We pursue eco-conscious waste management at our facilities through selective waste collection and internal recycling. Bearing in mind the principle of prevention, we focus on generating less waste. We work to ensure that the waste we produce is recycled and disposed of at the nearest, appropriate, and licensed facilities. We strive at Group level to analyze the lifecycles of our products and to plan their lifetimes, reusability, and disposal.

In educational sessions about environment protection, we communicate to all our employees the expectation to minimize waste generation in their day-to-day activities, to be committed to participating in selective waste collection, and to fully comply with our relevant guidelines.

Management of significant waste-related impacts

95% of the waste generated during our manufacturing process is recyclable or reusable. Under the auspices of the Hungarocell Green Program, we collect and recycle the cutting waste from the insulation materials (EPS and XPS) that we sell.

Our waste management suppliers operate in possession of the required licenses. The handling of the transferred waste is checked during on-site visits to their facilities. We maintain records of hazardous and non-hazardous waste in accordance with regulatory requirements, which allows us to accurately track their quantities. All types of waste are managed off-site.

Data on waste is collected in compliance with legal requirements for the whole Group. We have waste management and hazardous waste regulations. As our main activities in 2023 focused on the preparation for the EPR, all our Hungarian companies made registration with MOHU and for the EPR in 2023. No environmental fine was imposed in the operational areas of Masterplast Group in the reporting period.



Information for stakeholders

Information for employees

We provide general guidance to the new hires and call their attention to mandatory selective waste collection. Every new employee undergoes environmental training, which is followed by mandatory annual refresher training. The effectiveness of training is assessed in written tests. Our employees who work with hazardous or non-hazardous waste receive introductory training, and strong emphasis is put on continuously refreshing and updating their skills.

Waste declaration

We keep up-to-date records of all waste generated in the Group. We submit waste declarations on time in compliance with reporting obligations, helping authorities monitor waste management and track information on waste – such as quantity, composition, origin, recovery, etc. – to make progress towards waste reduction, circular economy and sustainability goals.

Awareness raising and shaping mindset

We pay special attention at Masterplast that our employees appropriately handle and reduce waste both at their workplaces and in their private environments. To this end, our **Green Newsletter** regularly informs them about the importance of selective waste collection and about important world days (e.g. World Water Day), for which we organise various programs and activities. Our key goal is to shape our employees' environmentally conscious mindset. Also, we encourage them to take an active part in promoting waste reduction and sustainability.

Waste generated

Masterplast's waste is made up mainly of packaging waste, including paper, foil, wood, and metals generated during manufacturing and commercial processes; hazardous waste is, for instance, the items contaminated with oil. Our main operations primarily generate non-hazardous paper and cardboard packaging waste, plastic packaging waste, and wood waste, from the sale of goods, materials, and raw materials. Cardboard, paper, and plastic packaging materials are stored in closed cardboard boxes in specially designed covered areas, according to waste categories. Wood waste is also



stored in specially designed areas. Non-hazardous waste generated on-site has been handed over in full to our contractual partner which holds valid permits and licenses. As per treatment method codes E0206 and G0001.

Annual waste at Masterplast Group's central premises and major production units in 2023 ^{25,26}

Waste generated in 2023	Masterplast Nyrt.	Masterplast International Kft.	Masterplast Medical Kft.	Masterplast Hungária Kft.	Masterplast Modulhouse Kft.	Total
Total weight of waste generated (tonne)	10.630	107.301	41.892	45.852	29.885	235.560
Hazardous waste produced (tonne)	0.085	65.283	4.075	18.654	0.345	88.442
Non-hazardous waste produced (tonne)	10.545	42.018	37.817	27.198	29.540	147.118

²⁵ Own data supply, based on Masterplast data

²⁶ It is our ongoing endeavour to improve our data supply and to publish increasingly granular data every year.

Annual waste at Masterplast Group subsidiaries' central premises and major production units ²⁷

Waste generated in 2023	Masterplast YU D.o.o.	T-CELL Plasztik Kft.	MASTERFOAM Gyártó és Ker. Kft.	MASTERPLAST d.o.o.	MASTERPLAST Sp. z o.o.	MASTER PLAST s.r.o.	MASTERPLAST Nonwoven GmbH	MASTERPLAST ROMANIA S.R.L.	MasterPlast TOV	Masterplast Italia Srl.	Total
Total weight of waste generated (tonne)	1273.181t	17.05t	5.98t	28.75t	N/A	N/A	360t	N/A	N/A	N/A	1684.96t
Hazardous waste produced (tonne)	-	0.04t	0.2t	0.34t	N/A	N/A	N/A	N/A	N/A	N/A	0.4t
Non-hazardous waste produced (tonne)	1273.181t	17.01t	5.96t	28.41t	N/A	N/A	N/A	N/A	N/A	N/A	1324.56t

In 2023, 1,922.56 tonnes of waste were generated in total, a decrease compared to 2022 (2,399.38 tonnes). Hazardous waste amounted to 82.022 tonnes in 2023. (15.18 tonnes in 2022). The growth of hazardous waste is partially attributable to the test production with the new technology.

Non-hazardous waste was 1,480.538 tonnes in 2023. (2,384.2 tonnes in 2022). With the fine-tuning of the technological setting, the quantity of generated waste has decreased. Furthermore, the environmental management training sessions also contributed to the generation of less waste than in the previous year.

Recycled waste

Hazardous²⁸ and non-hazardous waste generated on-site is handed over to our contractual partner for recycling. To be environmentally conscious, we use special-purpose machines in the field of waste management, such as a PE waste shredder and compactor (which can achieve a compaction ratio of up to 1:50) and a baling machine. Hazardous waste generated on-site is handed over to our contractual partner with treatment mode code G0001 while non-hazardous waste with treatment mode codes E0206, G0001 and R3c. In 2023, our Sárszentmihály site produced 16,553 tonnes of regranulate with a recycling machine, an amount we used up in our products.

Our major plans include the use of an additional recycling machine, which we already ordered in 2023.

EPS waste materials generated during the production of EPS insulation material are recycled back into the production process in a closed system through in-line grinding and conveyor systems. Dust generated during the grinding process is also collected by material type (white and graphite) in a closed system installed in the process line, and sold compressed as a by-product to an XPS manufacturing plant under an authority

license (HE/HGO/00501-5/2024).²⁹ The packaging materials of raw and auxiliary materials supplied for our production processes are collected separately and disposed of either as paper (HAK15010) or foil (HAK150102) packaging waste.

Annual recycled waste at Masterplast Group's central premises and major production units in 2023 ^{30,31}

Masterplast companies	Masterplast Nyrt.	Masterplast International Kft.	Masterplast Medical Kft.	Masterplast Hungária Kft.	Masterplast Modulhouse Kft.	Total
recycled waste(tonne)	10.545	42.018	37.817	27.198	29.540	147.118
paper and cardboard packaging waste	-	5.620	6.500	4.030	0.740	16.890
plastic packaging waste	-	23.500	22.797	8.990	0.300	55.587
iron and steel	-	0.065	6.840	-	-	6.905
other	2.905	0.013	-	0.418	28.500	31.836
communal	7.640	12.820	1.680	13.760	-	35.900

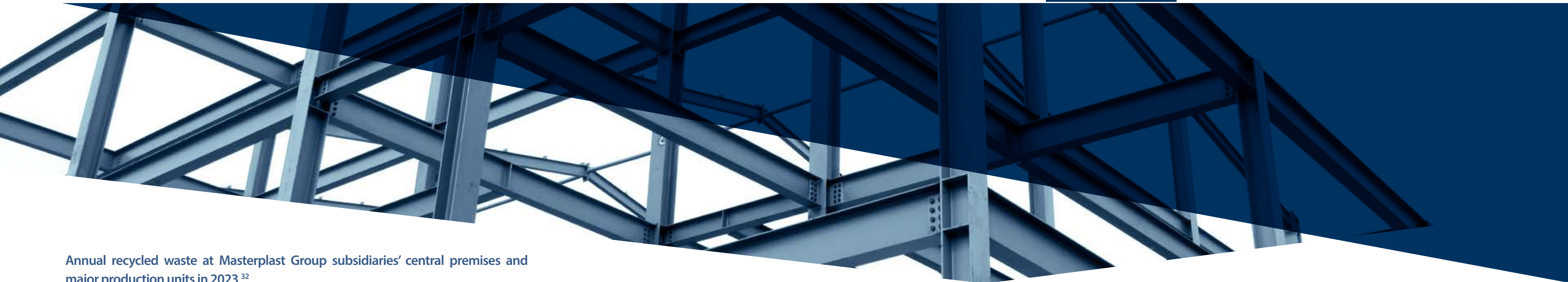
³⁰ Own data supply, based on Masterplast data

³¹ It is our ongoing endeavour to improve our data supply and to publish increasingly granular data every year.

²⁷ Own data supply, based on Masterplast data

²⁸ Hazardous waste generated is handed over to our partners with treatment method code G0001.

²⁹ For Masterfoam Kft. and T-CELL Plasztik Kft. Our sites hold licences to produce secondary raw materials.



Annual recycled waste at Masterplast Group subsidiaries' central premises and major production units in 2023 ³²

Masterplast companies	Masterplast YU D.o.o.	T-CELL Plasztik Kft.	MASTERFOAM Gyártó és Ker. Kft.	MASTERPLAST d.o.o.	MASTERPLAST Sp. z o.o.	MASTER PLAST s.r.o.	MASTERPLAST Nonwoven GmbH	MASTERPLAST ROMANIA S.R.L.	MasterPlast TOV	Masterplast Italia Srl.	Total
recycled waste(tonne)	1,273.181t	17.01t	5.96t	28.41t	N/A	N/A	225t	N/A	N/A	N/A	1,549.56t
paper and cardboard packaging waste	N/A	11.46t	3.42t	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16.05t
plastic packaging waste	N/A	5.5t	2.54t	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.7t
iron and steel	N/A	0.005t	N/A	28.41t	N/A	N/A	N/A	N/A	N/A	N/A	33.41t
other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
communal	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The total amount of waste recycled at Masterplast and its subsidiaries' sites was 1,549.56 tonnes in 2023.

³² Own data supply, based on Masterplast data

Notable achievements in 2023:

Usage of recycled raw materials at Masterplast Nonwoven GmbH's site

Our German subsidiary has been using its own recycled materials for a long time, and has also initiated cooperation with an external recycling company as well as with a customer in the furniture market to use the industrial waste in the framework of a project. Our goal was to produce Recycled Nonwoven Spunbond fabric that conforms to the Global Recycled Standard (GRS)³³ certification and thus to reduce the quantity of used materials.

Waste directed to disposal

Non-recyclable waste from the manufacturing processes (including raw and coated glass fibre and glass fabric) is landfilled. Recyclable waste (paper, plastic, wood, metal) generated during manufacturing and commercial activities is transferred for recycling to an authorised service provider. Over the recent period, we have decreased the amount of landfilled industrial waste compared to the previous year by optimising production activities.

Masterplast Group subsidiaries' annual waste handed over for disposal, 2023^{34,35}

Masterplast companies	Masterplast YU D.o.o.	T-CELL Plasztik Kft.	MASTERFOAM Gyártó és Ker. Kft.	MASTERPLAST d.o.o.	MASTERPLAST Sp. z o.o.	MASTER PLAST s.r.o.	MASTERPLAST Nonwoven GmbH	MASTERPLAST ROMANIA S.R.L.	MasterPlast TOV	Masterplast Italia Srl.	Total
Quantities of hazardous waste handed over for disposal (tonne)	909.79 t	0.02t	0.34t	N/A	N/A	N/A	N/A	N/A	N/A	N/A	910.15

Masterplast generated 35.900 tonnes of communal waste in 2023. Disposal of all our waste occurs off-site. The quantity of waste handed over by Masterplast Group for disposal in 2023 was 946.05 tonnes in total.

³³ The Global Recycled Standard (GRS) is an international, voluntary standard that sets requirements for and checks the percentage of recycled material in products. The goal of GRS is to facilitate corporate environmental and social responsibility in the production process, thereby advocating the use of recycled materials, reducing industrial waste and improving the transparency of recycling practices. The source of recycled content can be tracked and traced in products certified by the standard, and it is ensured that no harmful social and environmental practices are applied in the production process.

³⁴ Own data supply, based on Masterplast data

³⁵ N/A is defined as less than >1 tonne.

Energy consumption

GRI 3-3, GRI 302

We strongly believe that using energy more efficiently and choosing renewable energy sources are vital in fighting climate change. Responsible management of natural resources and efficiency improvements are of key importance for our Group. In 2019, at our larger entities we introduced ISO Integrated Management Systems, including the ISO 50001 standard as an integral part of it. That standard provides guidance to continuously improve the energy performance of our Group, including energy efficiency, energy security, use and consumption. We also aim at lowering our energy use and, thus, our energy costs, while reducing the volume of greenhouse gas emissions.

At Group level, we purchase the energy we consume, from the national grid. We use energy in various forms, mostly as electricity in our manufacturing processes. Energy is also used in our commercial services in the form of fuel during the operation of the Company's own fleet of vehicles.

We secure energy for our Hungarian entities' consumption through Group level procurement tenders, while our foreign subsidiaries purchase the necessary quantities from energy traders in the countries concerned.

Total energy consumption at Masterplast Group was 184 446 436 MJ in 2023. Due to our conscious energy management, that represents a 27% decrease compared to 2022. We also manage the energy consumption of a number of our major energy consumer manufacturing entities.

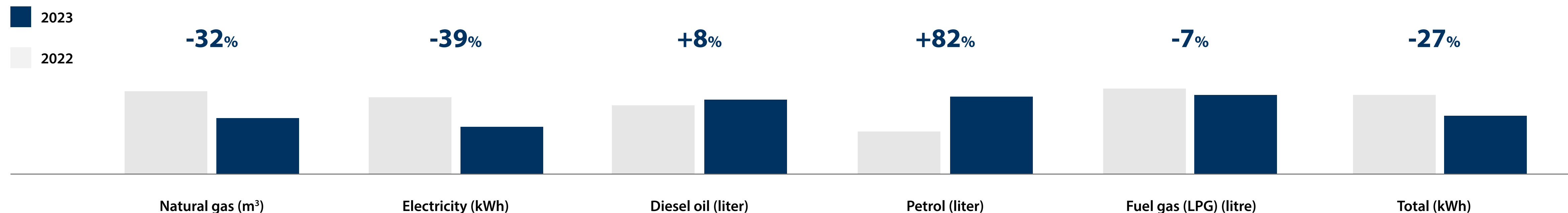
Our total fuel consumption in the reporting period was made up of three parts, out of which diesel, petrol and motor gas (LPG) amounted to 1,263,848, 43,715 and 149,946 litres, respectively, in 2023.

Masterplast Group's total energy consumption³⁶

	Unit	Masterplast Group 2022	Masterplast Group 2023	Change
Natural gas	m3	3,273,408	2,210,584	-32%
	kWh	31,824,800	21,491,793	-32%
	MJ	114,569,280	77,370,454	-32%
Electricity	kWh	26,096,339	15,978,011	-39%
	MJ	93,946,820	57,520,840	-39%
Diesel oil	litre	1,166,939	1,263,848	+8%
	kWh	11,410,070	12,357,627	+8%
	MJ	41,076,253	44,487,458	+8%
Petrol	litre	24,028	43,715	+82%
	kWh	215,585	392,223	+82%
	MJ	776,104	1,412,001	+82%
Fuel gas (LPG)	litre	162,005	149,946	-7%
	kWh	1,097,135	1,015,467	-7%
	MJ	3,949,687	3,655,683	-7%
Total	kWh	70,643,929	51,235,121	-27%
	MJ	254,318,145	184,446,436	-27%

³⁶ Own data supply, based on Masterplast data

Masterplast Group's total energy consumption



Masterplast Group's energy consumption³⁷ (detailed, in 2023)

Energy source	Unit	MASTERPLAST Nyrt. Sárszentmihály	MASTERFOAM Gyártó és Ker. Kft.	MASTERPROFIL Kft.	Fidelis Bau Kft.	Masterplast YU D.o.o.	MASTERPLAST d.o.o.	MASTERPLAST Sp. z o.o.	MASTER PLAST s.r.o.	MASTERPLAST Nonwoven GmbH	MASTERPLAST ROMANIA S.R.L.	MasterPlast TOV	T-CELL Zalaegerszeg	T-CELL Hajdúszoboszló
Natural gas	kWh	559,443.55	898,376.48	48,200.64	0.00	13,204,917.44	0.00	46,331.52	1,430,886.88	50.22	17,586.72	1,881,439.20	2,741,479.84	290,411.00
Electricity	kWh	5,156,219.00	187,795.00	62,692.00	18,462.00	6,511,050.03	22,335.00	18,929.00	6,450.00	3,178,038.00	264,417.47	61,091.52	211,112.00	279,420.00
Diesel oil	kWh	6,117,297.00	21,363.60	16,427.40	0.00	4,496,604.60	99,050.72	228,256.16	198,365.81	19,740.92	1,684,300.87	1,513,566.37	7,368.39	5,528.20
Petrol	kWh	72,618.00	15,310.20	410.40	0.00	0.00	0.00	84,894.77	0.00	64,877.51	0.00	168,465.89	0.00	91,776.61
Fuel gas (LPG)	kWh	57,496.00	0.00	2,684.00	0.00	256,262.20	17,013.38	64,763.40	12,785.60	0.00	162,282.10	11,847.70	59,053.40	3,958.80
Total	kWh	12,163,460.55	1,122,845.28	130,414.44	130,414.44	24,468,834.31	138,399.10	436,047.64	263,932.93	4,693,543.32	2,111,050.67	1,772,558.20	2,158,972.96	3,122,163.43

³⁷ Own data supply, based on Masterplast data

Out of the Masterplast Group's subsidiaries, the Subotica sites had the highest energy consumption, accounting for almost half (47%) of the total energy consumption in 2023. MASTERPLAST YU DOO mostly uses natural gas and electricity of the main energy sources, while Masterplast's Sárszentmihály site is also a major electricity consumer, reaching one third of total consumption. In terms of fuel consumption (diesel, petrol, LPG), the most significant users are our Sárszentmihály site, our Serbian and Ukrainian subsidiaries, which collectively represent more than 70% of the total fuel consumption.

Energy efficiency measures at Masterplast Group

We have installed sub-meters in several steps at our major consumer entities to properly monitor our energy use and to have clear information about consumption levels at any time, thus having control over our consumption.

The first sub-meters were installed in 2020, followed by additional installations in 2023 due to regulatory tightening.

Machine upgrades at all manufacturing points

Reviews for energy upgrading were conducted as part of the Factory Rescue Program in 2023, replacing obsolete light sources by LED lighting. Continuous energy auditing of buildings is carried out according to the existing ISO standard. We are looking at options for sourcing green energy for factories under construction.

In 2023, Masterplast Nyrt's new natural gas supply pipeline network was completed, enabling natural gas in technological quantities to be delivered. The focus is on exploring and putting in use a new technology in production; and additional natural gas sub-meters may also be necessary to assess gas consumption for comfort purposes, for heating buildings and for the technological process separately in the future.

Notable achievements in 2023:

An **energy project worth HUF 40 million** was handed over at Masterplast Medical Kft's production unit at Sárszentmihály, in which phase correction equipment was installed and control measurements were made. The project will deliver significant energy savings through the state-of-the-art equipment that efficiently reduces energy costs and supports environmentally friendly operations. As a result of the

project, energy quality and operational safety have improved. Further information: <https://www.masterplastgroup.com/2024/02/12/energiaveszteseg-kizarva-a-masterplast-gyartoegysegeben/>

Planned projects at the site of our German subsidiary, MASTERPLAST Nonwoven GmbH

- **Use of solar energy**

The company is planning to install a PV system on the roof of the new warehouse building. The roof structure has already been designed to support the new technology. The system can produce about 400,000 - 500,000 kWh/year, which corresponds to about 10% of our electricity consumption.

- **Combined heat and power plant installation**

Using a cogeneration (CHP) power plant could cover about 80% of our current gas based heating needs and 20% of our electricity needs. The feasibility of that project is currently explored with an external industrial partner (also in the context of project 2.3).

- **Switching the heating system from gas to electricity (infrared radiators)**

An essential part of our manufacturing process is the transversal pull of the non-woven foil laminate to achieve its air permeability. In this production step, the laminate is stretched from its original width of 2400 mm to a width of up to 5000 mm in a more than 30 metre long channel heated up to 150 degrees Celsius. The heat is produced by gas-fired heaters, which at full capacity consume 3 million kWh/year of energy, resulting in high energy losses. The goal is to investigate whether the necessary temperature can be achieved by installing IR (infrared) radiators. The expected energy saving is about 50%, i.e. 1.5 million kWh, amounting to EUR 50000 per year.

- **Reduction of electricity costs**

The replacement of lighting by LED technology reduces electricity consumption by 65%.

Transition to LED lighting and reduction of heating costs

In the second half of 2023, all lighting in the Masterplast Nonwoven GmbH plant was replaced by LED lights. That has reduced annual electricity consumption from 150,000 kWh to 50,000 kWh and decreased costs from EUR 30,000 to EUR 10,000 per year. The installation of timers for heating systems limits the heating operation to periods when the rooms are in use, significantly reducing costs and energy consumption.

Completed actions and further plans for renewable energy sources

Masterplast Group's key objective is to gradually transition to renewable energy sources to enhance energy efficiency and sustainability. As part of that objective, small-scale solar power plants are being established at various sites in Sárszentmihály, Zalaegerszeg, Hajdúszoboszló, and Kál. The facilities at each site have different capacities and their annual production forecasts also differ. With the introduction of new small-scale power plants, Masterplast will significantly reduce the environmental impact of their energy consumption and enhance operational efficiency. The Company is committed to such sustainable projects that contribute to environmental protection and to combating climate change.

*We pay particular attention to fostering more efficient operations also in terms of energy consumption by switching to **renewable resources** and **green electricity**.*

Major renewable energy projects at Masterplast

Sárszentmihály 1 (Family POD – 65 kWp)

Solar capacity: 50 kWp AC, 65 kWp DC
 Start of generation: 01.11.2023³⁸
 Annual production forecast: 72 MWh = **72,000 kWh**
 Consumption of the site in 2023: 96 098 kWh
 Proportion of replaced energy: **74.92%**

Sárszentmihály 2 (Group POD – 65 kWp)

Solar capacity: 50 kWp AC, 65 kWp DC
 Start of generation: 01.12.2023
 Annual production forecast: 72 MWh = **72,000 kWh**
 Consumption of the site in 2023: 589,780 MWh
 Proportion of replaced energy: **12.2%**

Sárszentmihály 3 – (Sárszentmihály POD – 615 kWp)

Planned solar capacity: 499 kWp AC, 615 kWp DC
 Start of generation: 26.03.2024
 Annual production forecast: 676 MWh = **676,000 kWh**
 Consumption of the site in 2023: 4,470,341 kWh
 Proportion of replaced energy: **15.12%**

Sárszentmihály – TERV 1 115 kWp

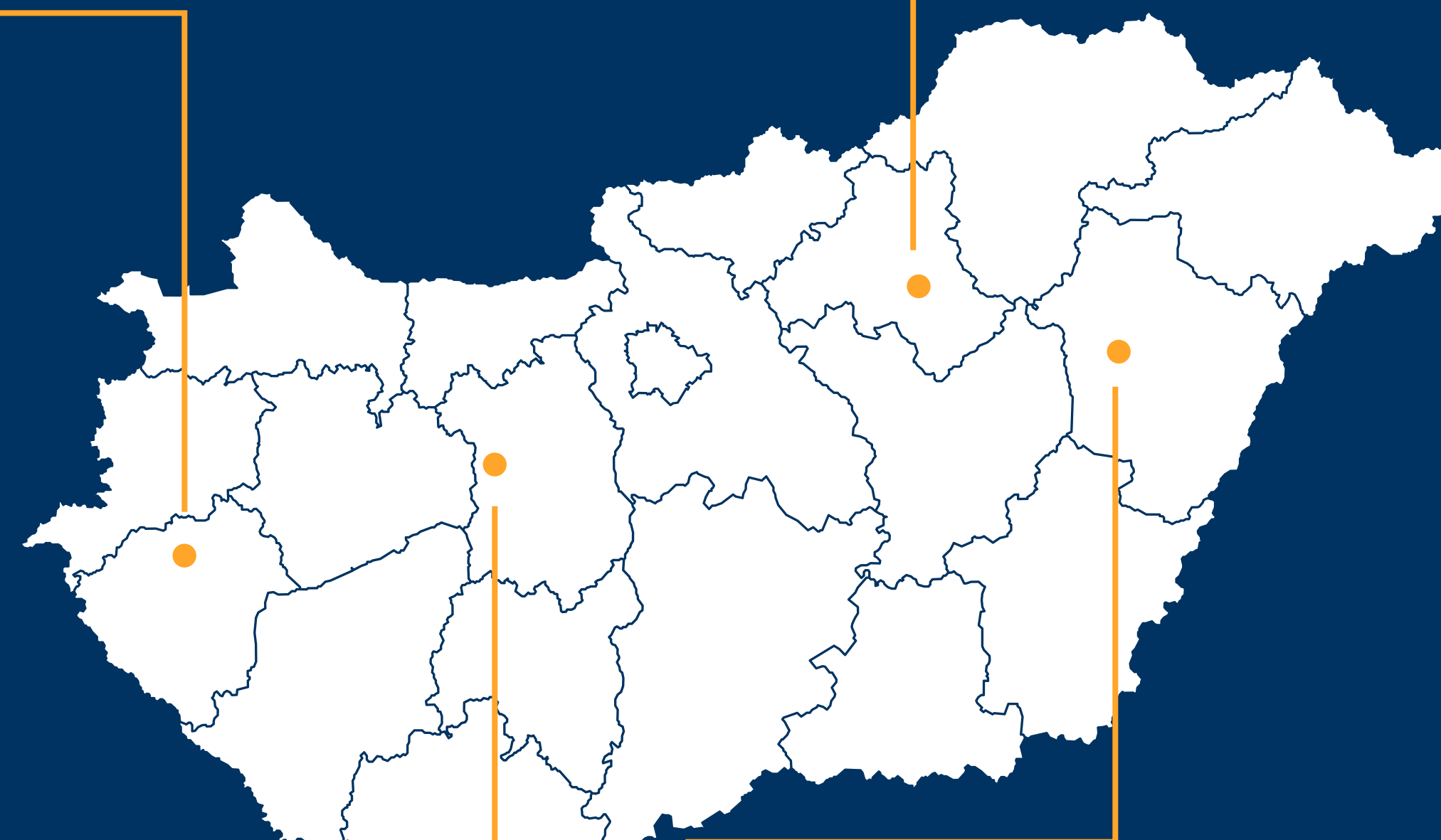
Planned solar capacity: 1000 kWp AC, 1115 kWp DC
 Start of generation: 26.03.2025
 Annual production forecast: 1,352 MWh = **1,352.000 kWh**
 Consumption of the site in 2023: 4,470,341 kWh
 Proportion of replaced energy: **30.24%**

Zalaegerszeg

Solar capacity: 50 kWp AC, 65kWp DC
 Start of generation: 25.08.2022
 Annual production forecast: 71.5 MWh = **71,500 kWh**
 Consumption of the site in 2023: 229 MWh
 Proportion of replaced energy: **31%**

Kál

Solar capacity: 150kWp AC, 174 kWp DC
 Start of generation: 01.07.2024
 Annual production forecast: 144 MWh = **144.000 kWh**
 Consumption of the site in 2023: 250.87 MWh = 250,487 kWh
 Proportion of replaced energy: **57.49%** (estimate)



Hajdúszoboszló

Solar capacity: 50 kWp AC, 65 kWp DC
 Start of generation: 01.07.2022
 Annual production forecast: 78 MWh = **78,000 kWh**
 Production in 1 - 8 in 2023: 63 MWh
 Consumption of the site in 2023: 380 MWh
 Proportion of replaced energy: **20.5%**

³⁸ As this is a pilot, the above data are not intended as a reference for later, normal operation.

Further plans:

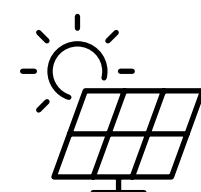
In spring 2024, a small-scale power plant with a capacity of 0.5 MWh was commissioned at Masterplast’s central site, and a 150kWp solar power plant was ordered for the Káli site. In addition, we also plan to expand the Sárszentmihály solar power plant with a capacity of 500 kWp in the second half of 2024. Following the completion of the current installation project, we intend to start expanding the solar power plant at the Sárszentmihály medium voltage POD.

Energy intensity ³⁹

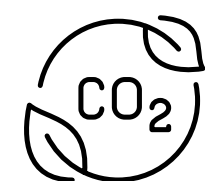
In 2023, it was 184 446 436 MJ, which is nearly one third less than in the previous year. Compared to 2022, electricity consumption per employee has decreased by a quarter, natural gas consumption per employee has dropped by 17%, while fuel consumption per employee has increased by 8%. In total the energy consumption per employee was 40,438 kWh per capita in 2023.

Energy saving

Significant energy savings were achieved in 2023 with the installation of 162 solar cells on Masterplast Group’s head office building, whose renewable energy covers a part of our energy consumption.



162
Number of solar panels



53 200 kg
Saved CO₂



132 kWp
Output

Details: [Masterplast head office to cover a part of its electricity needs from renewable energy sources \(youtube.com\)](https://www.youtube.com/watch?v=...)

Fleet management

The majority of our fleet (over 60%) are Euro 6 vehicles, and we also have hybrid and electric vehicles. Our goal for the future is to improve the composition of our fleet and to increase the share of electric vehicles along with the number of charging stations serving them at the Group’s sites.

	2022	2023	Change
Total employee headcount ⁴⁰	1,553 persons	1,267 persons	-18%
Total energy consumption (kWh)	70,643,929	51,235,121	-27%
Total fuel consumption (kWh)	12,722,790	13,765,317	+8%
Electricity consumption per employee (kWh per capita)	16,804	12,611	-25%
Natural gas consumption per employee (kWh per capita)	20,492	16,963	-17%
Fuel consumption per employee (kWh per capita)	8,192	10,864	+33%
Energy consumption per employee (kWh per capita)	45,489	40,438	-11%

³⁹ Own data supply, based on Masterplast data

⁴⁰ Number of employees in total on 31 December in 2022 and 2023.



Emissions

GRI 3-3, GRI 305

Tackling climate change in line with the Paris Agreement requires us to know our corporate carbon footprint. That is why the first step in our climate action plan is measurement, meaning the completion of a carbon inventory in order to identify where our activities generate the highest emissions as well as where and how reductions can be made in the future.

Our corporate carbon footprint

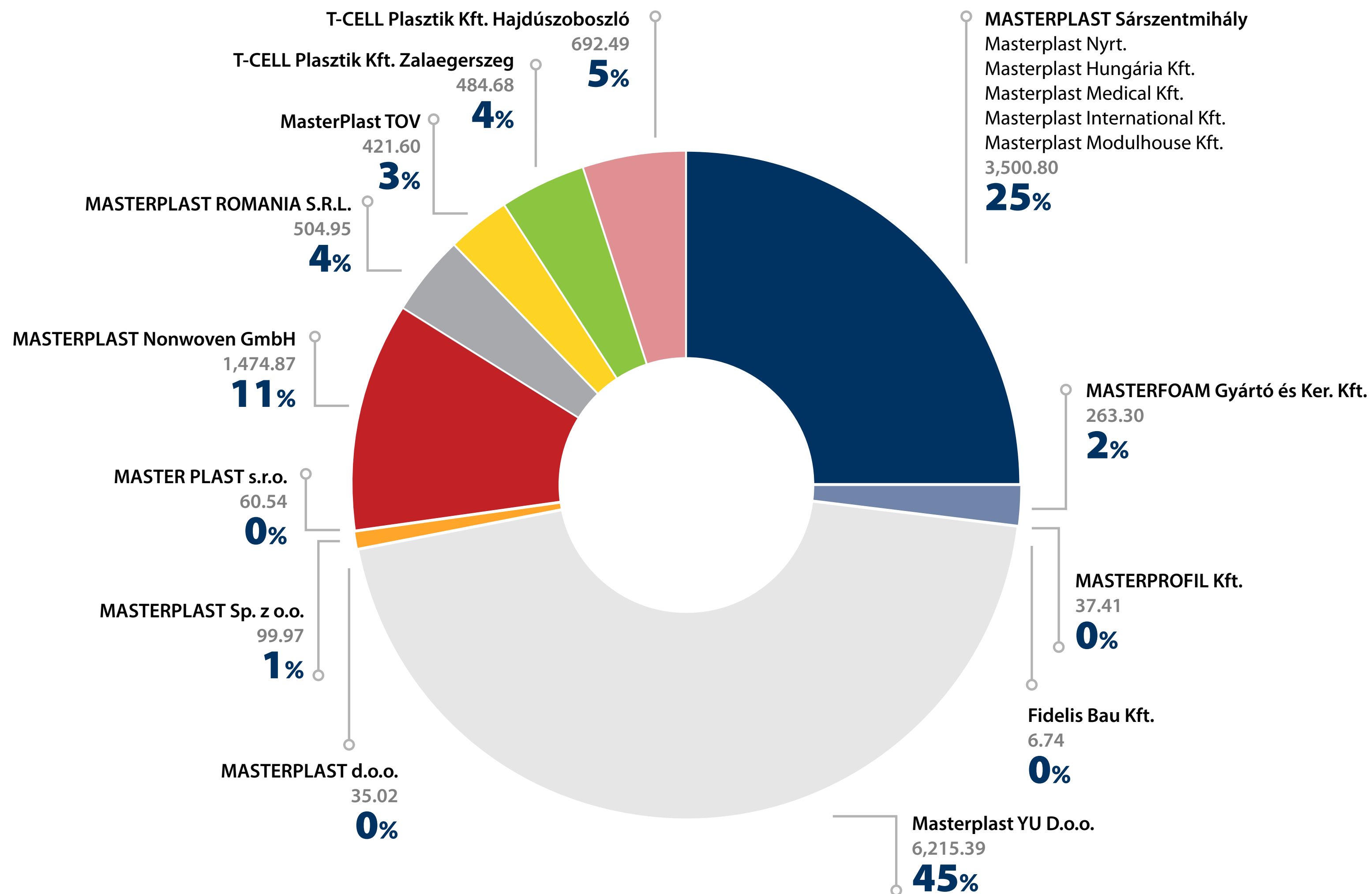
The annual Corporate Carbon Footprint of our Group was calculated by an external specialist based on the guidelines of the *Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard* (GHG Protocol).

The 2023 version of our Corporate Carbon Inventory report is publicly available on our website.

Masterplast Group emissions in 2023

	Energy consumption related CO ₂ emissions	Emissions	Unit
Scope 1	Natural gas	4,340.57	tonne CO ₂ e
	Fuel petrol	97.86	tonne CO ₂ e
	Fuel diesel	3,296.68	tonne CO ₂ e
	LPG	230.68	tonne CO ₂ e
Scope 2	Electricity	5,831.97	tonne CO ₂ e
	Total Scope 1	7,965.78	tonne CO₂e
	Total Scope 2	5,831.97	tonne CO₂e
	Total Scope 1+2	13,797.76	tonne CO₂e
	GHG emission per capita	10.89	tonne CO₂e

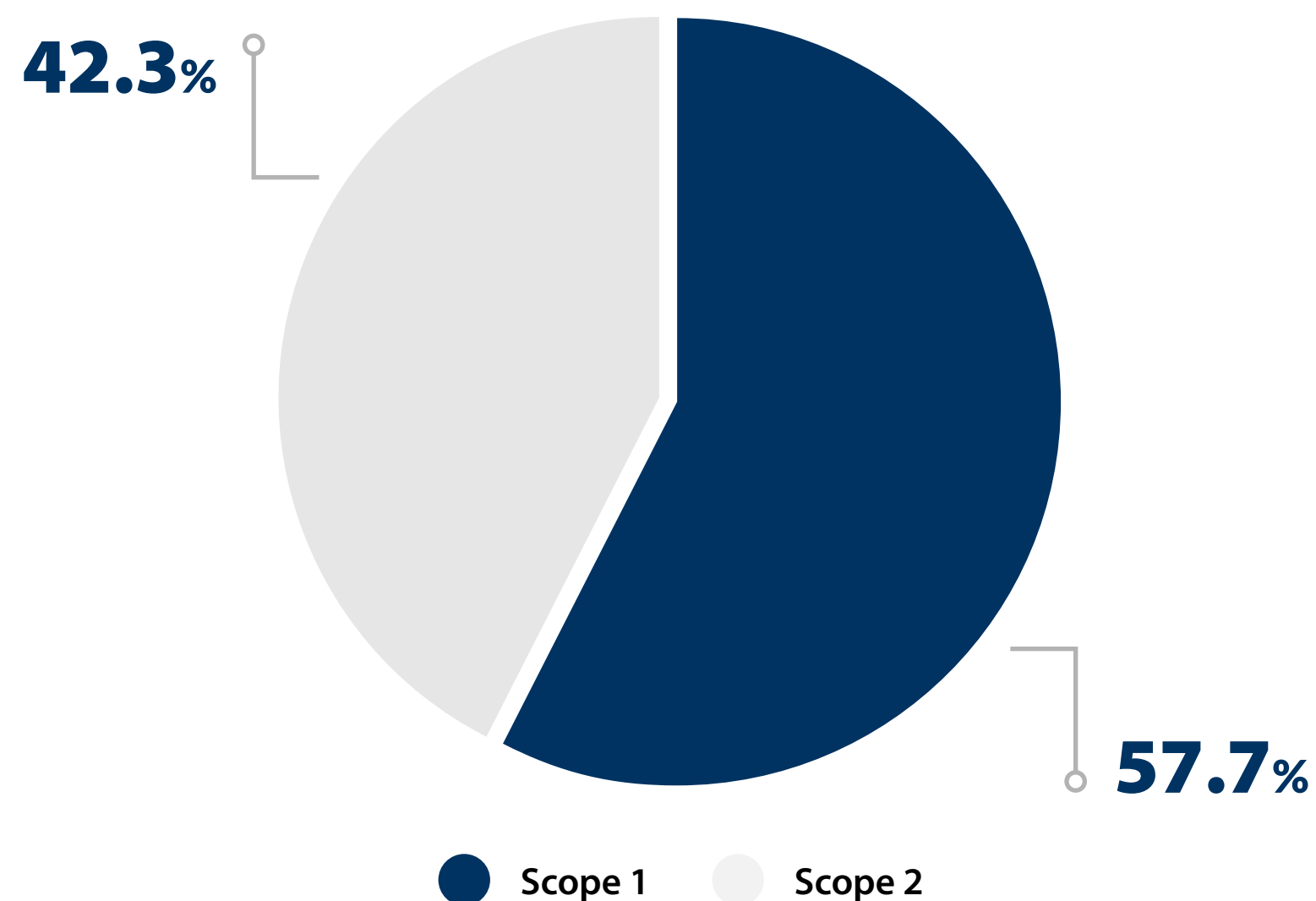
Annual aggregated Scope 1 and 2 emissions from companies, t CO₂ e / year



Our Group's emission in Scope 1 was 7,965.78 tonnes of CO₂e in 2023. Most of it (26.3%) stems from fuel consumption. Out of fuel types (diesel, petrol, LPG), diesel accounts for 80% of fuel consumption.

Our Scope 2 emission was 5,831.97 tonnes of CO₂e in 2023. Scope 2 derives from the purchased electricity.

Masterplast Group total emission from Scope 1 and 2, t CO₂e thousand/year, %



Total annual	t CO ₂ e /year	%
Scope 1 and 2 emissions	7,965.78	57.7%
Scope 1	5,831.97	42.3%
Total	13,797.76	100%

The Group's operations generate no significant emissions from combustion or other fugitive (leakage) greenhouse gas emissions at any of our sites.

The point sources at our sites are measured by an accredited body on a regular basis as per the legal requirements. Licensing documentation for point sources is prepared by the Asset Management and Operations Department, where the necessary statutory authorisations are available.

Our most significant emission items are emissions to the air from manufacturing and emissions from logistics and distribution activities. However, the emission intensity of in the production of insulating materials can be considered low.

As we are expanding our business activities, we continue to focus on the objective of specific CO₂ emission reductions, contributing to the preservation and improvement of the employees and local population's health condition.

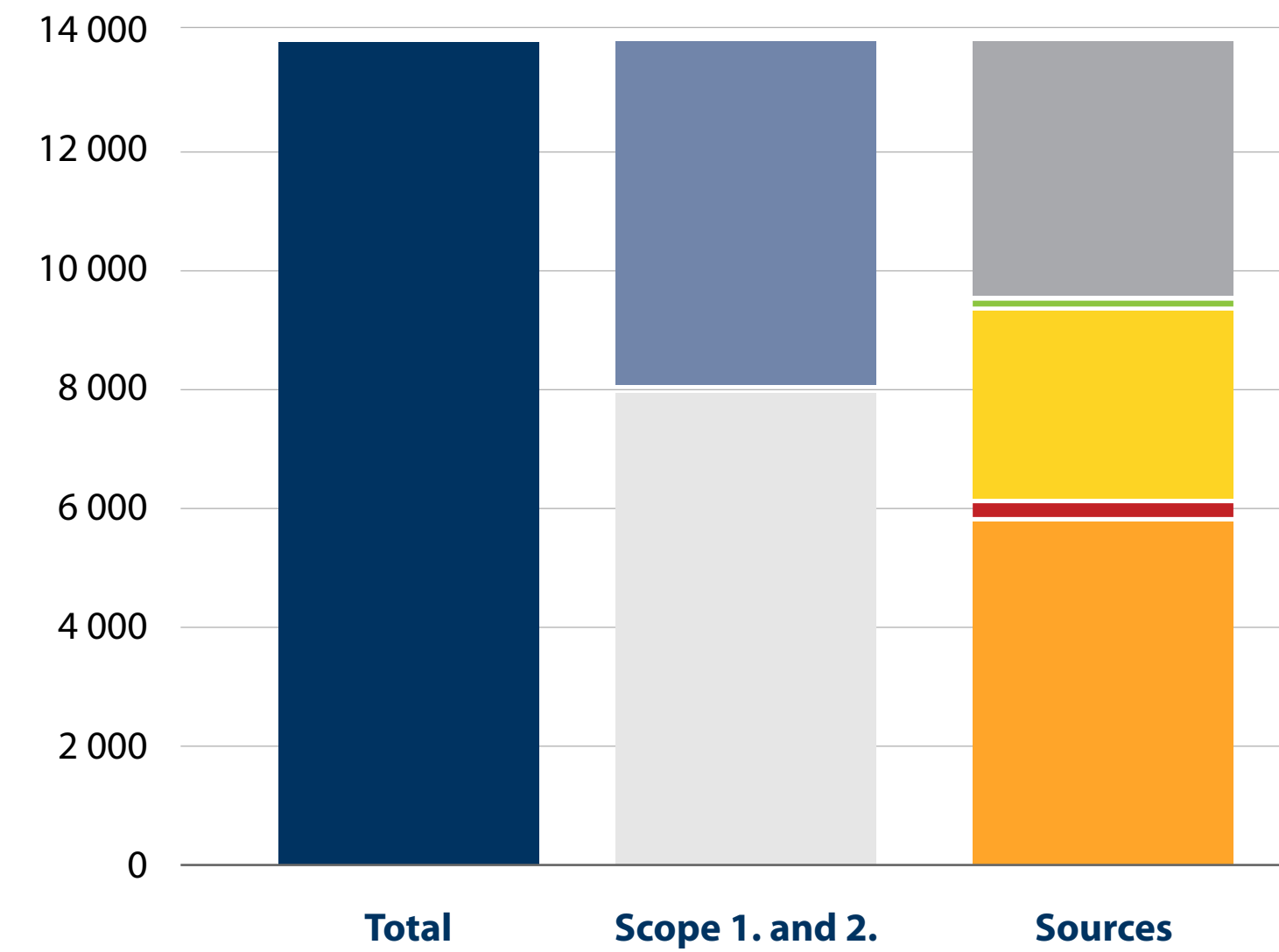
Masterplast Group total Scope 1 and 2 emissions, t CO₂e/year (financial year 01.01.2023 – 31.12.2023)

Scope	Emission sources	t CO ₂ /year	t CH ₄ /year	t N ₂ O /year	t CO ₂ e/year	%
Scope 1	Natural gas	4,340.48	0.0774	0.0077	4,340.57	31.5%
	Petrol	97.85	0.0042	0.0008	97.86	0.7%
	Diesel oil	3,296.52	0.1335	0.0267	3,296.68	23.9%
	LPG	230.67	0.0037	0.0004	230.68	1.7%
	Total	7,965.53	0.2187	0.0356	7,965.78	57.7%
Scope 2	Electricity purchased	5,831.97	0.0000	0.0000	5,831.97	42.3%
Total		13,797.50	0.2187	0.0356	13,797.76	100%





Annual aggregated Scope 1 and 2 emissions from companies, t CO₂ e / year



	Total	Scope 1. and 2.	Sources
Electricity purchased			5,831.97
LPG			230.68
Diesel oil			3,296.68
Petrol			97.86
Natural gas			4,340.57
Scope 2		5,831.97	
Scope 1		7,965.78	
Total	13,797.76		

Scope 1 and 2 emission reduction

We have identified a number of measures by which we can clearly reduce our emission:

- Energy saving measures applied in operations
- Energy saving linked to manufacturing
- Use of green energy and renewable resources
- Energy management
- Educate and engage our employees to drive energy efficient operation (e.g. Green Newsletter)

Our results are detailed under *Energy consumption*.

Further achievement in 2023

A new warehouse

The warehouse capacity at the Masterplast Nonwoven GmbH site used to be very limited. As a result, all the logistical operations were outsourced, and most of the produced finished goods were transferred to the forwarder's warehouse, from where they were delivered to customers. The auxiliary materials and consumables needed for production, such as cylinders, pallets or packaging film, were delivered first to the forwarder's warehouse and then dispatched from there as required. As a result of that commuting traffic, more than 550 trucks transported goods between our plant and the forwarder's warehouse; and a space of more than 3,000 m² was continually rented.

The new warehouse on the site was completed in September 2023 and has been active since then.

As a result, the transport costs between the forwarder's warehouse and Masterplast, along with the associated emissions and fuel consumption, have been eliminated. Additionally, the temporary rental fees for the forwarder's warehouse and the complicated organisational and communication efforts with the external service provider have also ceased to exist.

Further information

[Logistics development in Germany - Masterplast \(masterplastgroup.com\)](https://www.masterplastgroup.com)



Building science: modular architecture and the building culture of the future

Although modular construction can be used to erect buildings with a wide range of functions, in our early development phase we focus on main hall buildings (offices, changing rooms, meeting rooms, community rooms) and accommodation buildings (workers' hostels, motels, hostels, dormitories). Our longer-term goals include the construction of residential buildings, schools, kindergartens, and service buildings for sports facilities. Our objective is to make Masterplast's modular building system the market leader in the region and the benchmark in target markets.

In 2023, we reached a major milestone in achieving our goal, as the first Masterplast Modulhouse buildings were built in Sárszentmihály and later in Szerencs, and in the same year we established a strategic cooperation with KÉSZ Group on modular building elements.

Hungary's largest building materials manufacturer was the first major player in the region to begin a production development project and production.

Strategic cooperation between Masterplast and KÉSZ Group

"We see a strong interest in modular building technology and expect a positive market reception. After the delivery of the first building modules and reference buildings, we want to start the operational production of building elements, in which our strategic cooperation with KÉSZ Group represents an important milestone. We are striving for a mutually beneficial cooperation, and striving to exploit the business synergies inherent in the collaboration of two major Hungarian construction companies. We count on our partner as a stable supplier of steel structures, who in turn, as a customer, will support the faster penetration of the modular construction technology in the market by executing major projects." Masterplast Vice-President Balázs Ács is the Operative Manager of the Modular Building Element Production Division

Further information:

<https://www.masterplast.hu/2023/01/31/strategiai-egyuttmukodes-a-masterplast-es-a-kesz-csoport-kozott>

The modular building could be implemented as a result of a unique investment in manufacturing development. Energy efficiency, fast execution time, high technical scope and precise quality characterise the new technology.

Work with low demand for a construction site

Large quantities of building modules can be pre-manufactured in addition to the normal production operations. Another advantage is that buildings can be constructed quickly and with low demand for on-site labour. Customers will get buildings that can be completed in a few weeks, with precise quality and high technical content.

Available throughout the year

The production process is independent of season, time of day and weather, and can run 365 days a year.

Compact building modules and road transportability

The selection and installation of materials are standardised, and parallels or right angles do not depend on the precision of a builder's hand.

Energy efficiency

In Masterplast's modular building system, energy category AA will be the starting grade for building elements. Our future plans include the development of a new building module. It is designed to turn a building into an island-like, self-sustaining active house through energy generation and storage. The module can also be a supplement to previously installed building modules.

Further parameters:

- Different sizes. Excellent acoustics and thermal insulation.
- It can also satisfy strict energy requirements.
- Ceiling heights of 2.65-2.7 metres, large, potentially interconnected spaces without visible dilatation.
- High operational quality based on standards.
- Fast project implementation – production at the plants can run in parallel with licensing.
- Quick project design phase, precise costs are available as early as the beginning of business planning.
- It can be relocated several times during its lifetime.
- Limited waste is generated during production (collected separately) and construction.



SOCIETY

Employment

GRI-2-7, GRI-2-8, GRI 3-3, GRI 401, GRI 405-1

As a responsible employer and a European Group planning for the long-term and focusing on sustainability, we create jobs, have an impact on local communities, as well as on the economy and society through taxes paid to the state budget. Job creation is key to economic growth and employment, through which we also raise the society's standard of living.

The key to our Group's success lies in our dedicated team of employees, which is why it is important for us to maintain a positive working environment and a family atmosphere. Our goal is to create an attractive workplace and further strengthen our employee brand, which helps to attract young people and increase employee retention.

Annual programme plan – with sustainability topics




We prepare a full-year programme plan with a purposeful focus on sustainability topics. For example: World Water Day Quiz, Earth Day Quiz, etc.

In the competition published and organised by National Employment Non-profit Public Company Kft. (OFA), we were granted the special award **“Responsible Employer of the Year”** in 2023.

Video

<https://www.youtube.com/watch?v=xaPiJQ8vTvY>




Employment data of Masterplast Group⁴¹

	2022	2023	Change (%)
 Total employee headcount	1,553	1,267	-18%
 Employed in Hungary	474 (30%)	401 (32%)	-15.4%
 Employed abroad	1,079 (70%)	866 (68%)	-19.74%

In 2023, our Group employed a total of 1,267 (FTE) people, a decrease of 18% compared to the previous year due to the known recessionary industry conditions. 32% of our people are employed in **Hungary** and **68% at our foreign entities**.

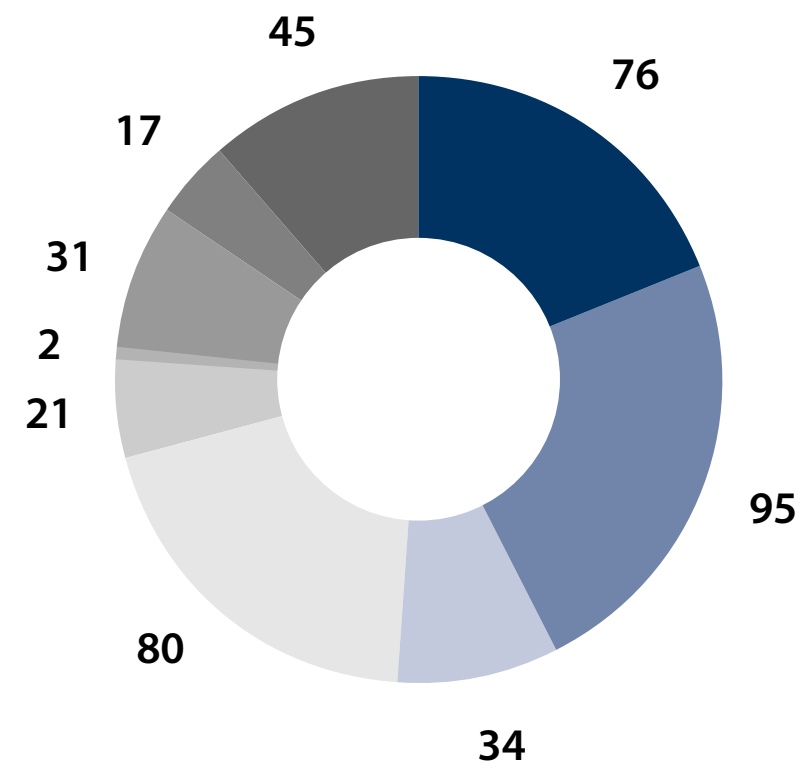
⁴¹ In FTE, based on the data of 31 December 2023 and 31 December 2022.

Active employees of the Masterplast Group by female and male employees

	2022	2023	Change (%)
 Number of active employees	1,499	1 207	-19%
 women	440 (30%)	340 (28%)	-23%
 men	1,059 (70%)	867 (68%)	-18%

In 2023, of our **active employees (1,207 people)** a total of **340 are women (28%) and 867 are men (72%)**. The number of active employees show a decrease by 19% compared to the previous year.

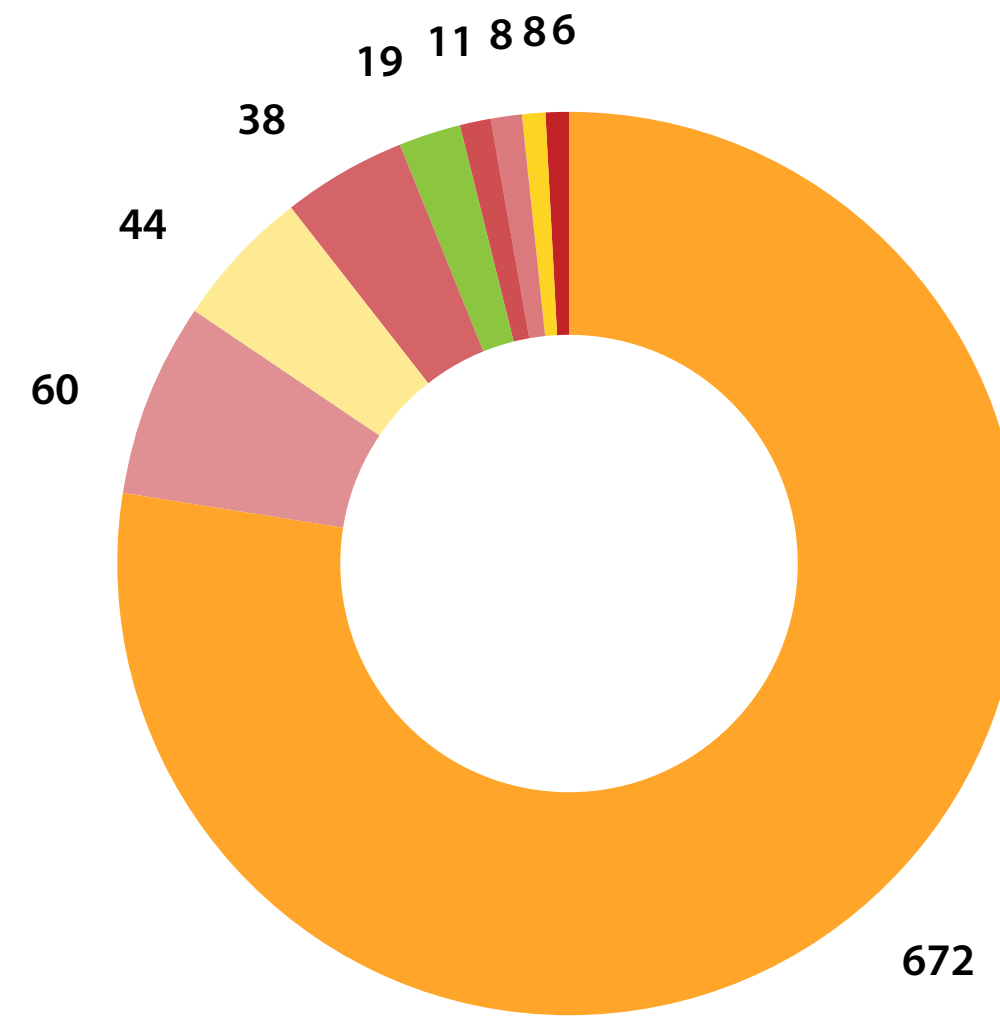
Employees of the Masterplast Group by countries (2023)



Hungary

Employed in Hungary: 401 (32%)

- MASTERPLAST Nyrt.
- MASTERPLAST Hungária Kft.
- MASTERPLAST International Kft.
- MASTERPLAST Medical Kft.
- MASTERPLAST Modulhouse Kft.
- Fidelis Bau Kft.
- Masterfoam Kft.
- Masterprofil Kft.
- T-CELL Plaszтик Kft.



Foreign countries

Employed abroad: 866 (68%)

- Romania
- Poland
- Slovakia
- Ukraine
- Serbia
- Germany
- Macedonia
- Italy
- Croatia



Employees of the Masterplast Group by entities (2023)



	TTL	NYRT	HUNG	INTL	Medical	Modul-house	Fidelis Bau	Foam	Profil	T-CELL	RO	SK	SRB	MAC	SRB-PROIZV	HR	PL	UA	DE	ITA
Total employee headcount (persons)	1,267	76	95	34	80	21	2	31	17	45	38	8	644	6	28	8	19	60	44	11
Employees with permanent (indefinite term) employment contract	1,093	75	95	34	80	21	2	31	16	45	38	8	494	6	13	8	15	60	43	9
Women	328	42	10	7	12	1	0	14	1	4	8	2	192	1	0	6	4	19	3	2
Men	765	33	85	27	68	20	2	17	15	41	30	6	302	5	13	2	11	41	40	7
Employees with definite term employment contract	190	1	0	0	0	0	0	0	17	0	0	0	150	0	15	0	4	0	1	2
Women	65	0	0	0	0	0	0	0	1	0	0	0	62	0	1	0	1	0	0	0
Men	125	1	0	0	0	0	0	0	16	0	0	0	88	0	14	0	3	0	1	2
Number of active employees	1,207	68	95	34	78	21	2	29	17	44	38	7	609	6	28	7	19	50	44	11
Women	340	34	10	7	10	1	0	12	1	3	8	1	223	1	1	5	5	13	3	2
Men	867	34	85	27	68	20	2	17	16	41	30	6	386	5	27	2	14	37	41	9
Number of inactive employees	60	8	0	0	2	0	0	2	0	1	0	1	35	0	0	1	0	10	0	0
Women	52	8	0	0	2	0	0	2	0	1	0	1	31	0	0	1	0	6	0	0
Men	8	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	4	0	0
Number of employees by type of employment (persons)		76	95	34	80	21	2	29	17	45	38	7	609	6	28	7	19	50	44	11
Full-time employees	1,190	68	94	32	78	19	2	27	16	44	38	7	608	6	27	7	19	46	41	11
Women	335	34	9	7	12	1	0	10	1	4	8	1	223	1	1	5	5	10	1	2
Men	855	34	85	25	66	18	2	17	15	40	30	6	385	5	26	2	14	36	40	9
Part-time employees	28	8	1	2	2	2	0	2	1	1	0	0	1	0	1	0	0	4	3	0
Women	16	8	1	0	0	0	0	2	0	0	0	0	0	0	0	0	0	3	2	0
Men	12	0	0	2	2	2	0	0	1	1	0	0	1	0	1	0	0	1	1	0

In 2023, we employed a total of 1,093 people with permanent employment contract of indefinite term. The number of employees with employment contract of definite term was 190. We employed a total of 1,190 people full-time, and the number of part-time employees was 28. The largest number of employees of the Masterplast Group is in Serbia.

In order: Masterplast Nyrt., Masterplast Hungária Kft., Masterplast International Kft., Masterplast Medical Kft., Masterplast Modulhouse Kft., Fidelis Bau Kft., MASTERFOAM Gyártó és Ker.Kft, MASTERPROFIL Gyártó és Kereskedelmi Kft., T-CELL Plasztik Kft., MASTERPLAST ROMANIA S.R.L. , MASTER PLAST s.r.o. , Masterplast YU D.o.o., Masterplast D.O.O., Masterplast Proizvodnja D.o.o., MASTERPLAST d.o.o., MASTERPLAST Sp. z o.o., MasterPlast TOV, Masterplast Nonwoven GmbH, Masterplast Italia Srl.



Diversity indicators (2023)



Proportion of women on the Board of Directors: **20%**



Average proportion of women among directors: **8%**



Average proportion of women among leaders: **32%**



Proportion of active female employees: **28%**

Average age of employees	42
Women	39
Men	42
blue collar	40
white collar	40

Rate of employees based on the distance between their home and their workplace



percentage of people from the local community, who go to work from within 25km **85%**



people who go to work from outside a 25km radius **11%**



people who go to work from outside a 50km radius : **4%**

Our Group HR strategy focuses on retaining and developing existing employees, increasing their commitment, thereby reducing turnover, as well as on attracting young people and the future generations. The **Organisational and Operational Rules**, the **Human Rights Policy** and the **Code of Ethics** serve as compasses for our work.

The most important characteristics in carrying out our work:

- We respect human rights, equally for our employees, partners, related stakeholders, or interns and students at our company.
- **We are committed to implementing lawful, fair employment and remuneration practices.** Recruitment and hiring, training, remuneration and career progression is based on qualification, performance, skills and experience.
- **We help in a targeted way, a high-quality balance between work and family.**
- We strongly oppose any direct and indirect use of child labour, slavery, or any other form of forced and compulsory labour or bondage.

Employee turnover




Monitoring the entry and exit rates and tracking turnover is key to the effective and secure functioning of our Group. Identifying the reasons for leaving is essential to retaining the right workforce. We conduct exit interviews to identify the reasons leading to termination, and develop and implement action plans, where required, to ensure effective workforce management.

We regularly measure and summarise data on our new hires and exits in a given the period. In 2023, our Group's exit rate (turnover rate for exiting employees) shows an increase of 44% (vs. 36% in 2022) compared to the previous year for optimising headcount, while the new hire rate of 21% (vs. 41% in 2022) represents a decrease compared to the previous reporting period.

The challenge of 2023 for those working in manufacturing was high turnover, as well as the lack of professionals and reliable workforce at several sites. Our response was to increase the wages of those working in production, as well as to transform our remuneration and incentive system.

New and exiting employees at the Masterplast Group

	2022	2023
 Number of exits	534 (172 female, 362 male)	538 persons (152 female, 386 male)
 Total active headcount	1 499 persons	1 207 persons
 Employee turnover rate (percentage of exits)	36%	44%

	2022	2023
 New hires	609 (178 female, 431 male)	253 (60 female, 193 male)
 Total active headcount	1 499 persons	1 207 persons
 New hires rate	41%	21%

Communications and contact

Communication with our colleagues is in person, via e-mail, telephone, in a closed social media (Facebook) group, and at events. We find it important to keep contact with our colleagues on maternity leave, invite them to our events and keep in touch with them in order to make their future return to work easier.

As a responsible company, we have a key role in making the return process after parental leave smooth and supportive for families.

Our events with a priority focus on HR

Many internal corporate events are organised at Group level, such as family days and sports days. We follow the holiday calendar and pay attention to offer a celebration of Santa Claus and Christmas events for our employees. In recognition of our female colleagues, we surprise them with a small gift on Women's Day.

Jubilee

Lojális kollégáinkat elismeréssel, értékes ajándékokkal jutalmazzuk, ezzel is megköszönve hűségüket, elkötelezettségüket cégcsoportunk iránt, mindez országonként eltérő menetrendben történik, megünnepeelve már akár az 5. jubileumi évet vagy 10, 15, 20 éves jubileumot.

Average number of years at the Masterplast Group by total headcount (years)	6.7
Women	6.7
Men	6.9
blue collar	5.2
white collar	7.3

Health promotion and sports support initiatives are described in detail in the chapter *Occupational Safety and Health*. Our **training courses and education** events, as well as our **CSR** activity performed as part of social **responsibility** are discussed in a dedicated chapter.

Long term absence due to childbirth (parental leave) at Masterplast Group

Total number of employees eligible for parental leave	2022	2023
Men	1,442	1,261
Women	647	544
Total	2,089	1,805

Total number of employees taking parental leave	2022	2023
Men	2	1
Women	55	61
Total	57	62

Total number of employees returning to work in the reporting period after their parental leave	2022	2023
Men	0	0
Women	12	19
Total	12	19

Total number of employees returning to work after their parental leave who are still employed 12 months after their return to work	2022	2023
Men	0	0
Women	11	11
Total	11	11

Return to work rate	2022	2023
Total number of employees returning to work in the reporting period after their parental leave	12	19
Total number of employees taking parental leave	57	62
Return to work rate (%)	21	31

Workforce retention rate	2022	2023
Total number of employees returning to work after their parental leave who were still employed 12 months after their return to work	11	11
Total number of employees returning to work in the previous reporting period(s) after their parental leave	12	19
Retention rate (%)	92	58

Training and education

GRI 2-17, GRI 3-3, GRI 404

As the largest Hungarian-owned building materials manufacturing Group in the Central European region, training and education are important issues in our operation, as this is how we create the corporate values we represent, high quality and professional, up-to-date expert knowledge, as well as the successful acquisition of agile operation and digital competencies in a changing world.

Attracting talents

Our corporate philosophy is based on empowerment and talent density. Our goal is to employ colleagues at the Group who can identify with us on a value basis, and therefore, we provide them with an environment where they can achieve self-realisation.

It is essential for our sustainable operation to address the next generation, to operate dual training and internship programmes, in this way offering them an opportunity to gain experience and attract talented young people.

Dual education

Our Group offers students the opportunity to gain practical experience while working at our company during their studies, and to gather up-to-date knowledge on manufacturing processes. As an accredited dual training site, students in secondary education are also welcome to complete their summer internship. Further information: <https://www.masterplastgroup.com/dualis-kepzes/>

Internship programmes

The programme provides the students with the opportunity of gaining insight into the daily operation of our Group, and putting the theoretical knowledge gained during their studies into practice. Further information: <https://www.masterplastgroup.com/gyakornoki-program/>

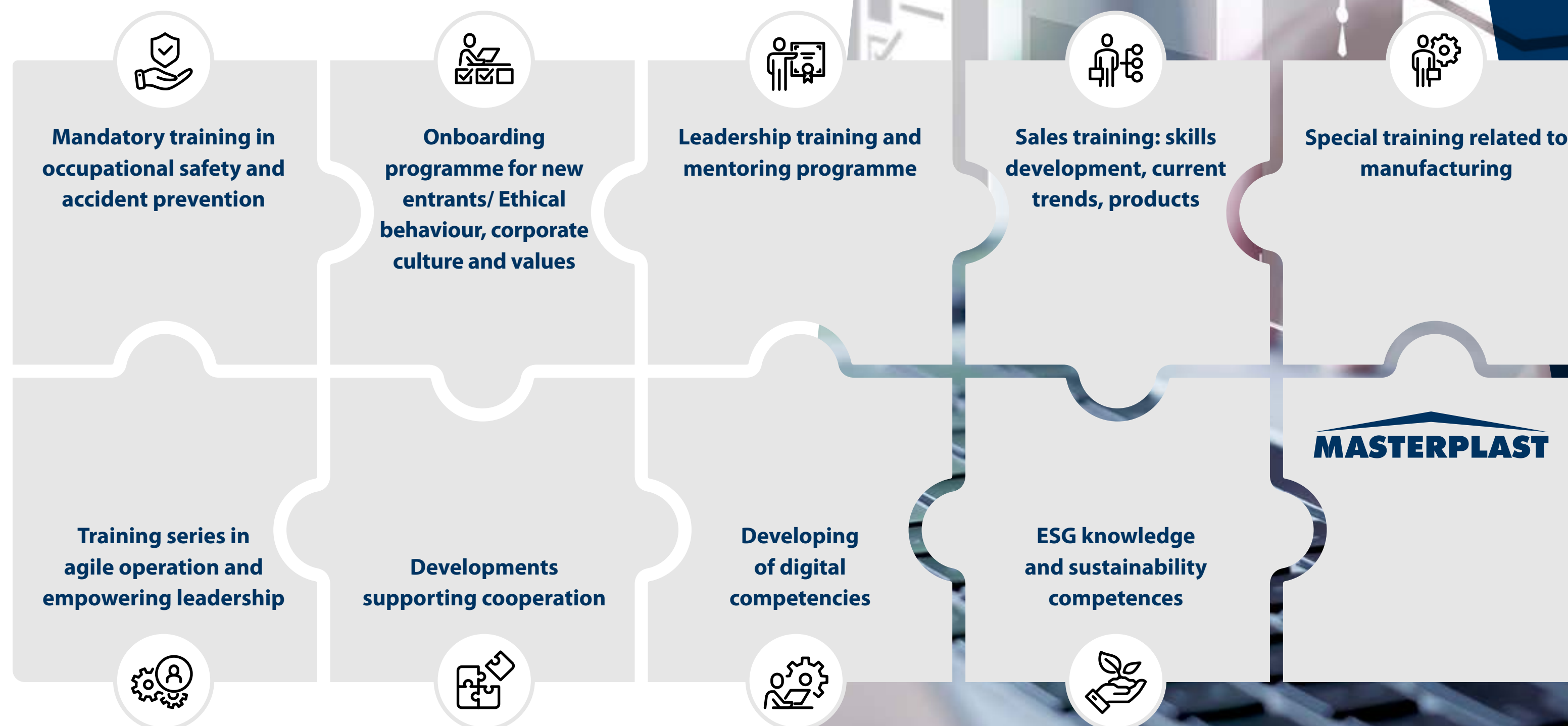
In order to attract young people, **we are in contact with several secondary and higher education institutions**, and we welcome interns to take part in our programmes. **Organised by the Ministry of Foreign Affairs and Trade and the Tempus Public Foundation**, we also provide opportunity for foreign students to spend

1-3 months of their internship at our company within the framework of the **Stipendium Hungaricum Scholarship Program**. We provide consultancy and give lectures on our business at several higher education institutions We also offer the possibility for elementary school students to visit our company.

Performance appraisal and career progression

Each colleague is evaluated by his/her direct manager in group-wide, regular performance reviews. In 2023, management performance reviews covered 100% of employees. For our sales colleagues, the practice of monthly evaluations with regional managers is essential for the successful management of the activity. Performance reviews provide an opportunity for both parties to give feedback, as well as to discuss future goals and further career plans and paths.

Masterplast Group's priority training programmes



Onboarding Programme

We mentor our new colleagues until the end of their probationary period. During our **onboarding programme**, we focus on understanding the culture, values and **ethical operation** of our Group (**Code of Ethics**) and help the integration of new entrants.

We also help our colleagues returning from parental leave or other absences during their return to the world of work and the corporate environment, paying special attention to providing information on changes in the Group.

Sales training

We organise special sales and product training courses for our sales colleagues to strengthen their skills and follow sales trends.

Training for our employees in manufacturing

For our employees working in manufacturing, it is of utmost importance to share knowledge about special machines, raw materials and products. In addition, occupational safety and accident prevention training is particularly relevant for them. (For more information see the chapter *Occupational safety and health*.)

Leadership training and mentoring programme

For those in leading positions, in addition to developing their knowledge of the company and their positions, priority is given to gaining a thorough understanding of the company culture. In addition, a mentoring programme is in place to support their integration.

Training series to promote agile operation

We started our training series to promote agile operation in 2022 and continued it in 2023. This training series helps people in both management and other positions learn and apply the skills of **empowering leadership** style.

Cooperation and digital competences

A comprehensive development process has been launched to further strengthen cooperation between departments and develop the competences needed for digital transformation.

Increasing sustainability and ESG knowledge

We closely monitor EU and national regulatory publications on corporate sustainability reports and supplier due diligence (CSRD, CSDDD, Hungarian ESG Act, etc.) with a sustainability focus in order to start preparing for them in a timely and appropriate manner, and to identify and set actions and measures within the Group to ensure compliance.

We believe it is important to train our employees and managers and help them to participate in the events of BCSDH, Követ Association and the non-profit organisation ESG Club Hungary – as a member company – and to strengthen their knowledge by presentations and sharing of best practices.

Within the framework of the Group Management Forum and Green Committee meetings, we help our senior executives and decision-makers to prepare for the changing ESG requirements in an agile way through informative presentations, lectures, briefings and concise knowledge sharing, in this way further strengthening the integration of sustainability aspects into decision-making.

In 2023, through the Board of Directors attending, among others, special ESG events, we gained knowledge about the importance of ESG at a presentation by MSCI, about sustainable bank financing options and the rules for compliance with the Whistleblower Protection Act.

Further information:

<https://esgclub.hu/rendezvenyek/esg-club-hungary-2023-evi-oszi-rendezveny>

Our clear goal is to provide an opportunity to get an insight into the current ESG updates at our Green Committee meetings through renowned experts of the sector, guest speakers and learning about best practices.



Advanced training in driving technique for sustainability and fuel efficiency

In 2023, we launched a training in driving technique for⁴² our truck drivers. Colibri tools by Secret Control GPS Kft. were installed in our trucks, then we trained our colleagues in actual driving situations in the form of internal training. We expect this initiative to result in lower fuel consumption.

We implemented a number of training and education programmes in 2023. As a result, our **per capita training time** indicator at the Group level amounted to a total of **19** hours for our 1,267 employees. This represents a **threefold increase** compared to 6.5 hours in 2022 for 1,553 employees. **Our occupational health and safety training increased by 81.67%** from 3,077 hours in 2022 to 5,590 hours in the reporting period of year 2023, ensuring that risks from our manufacturing activities are minimised and further reduced. Blue collar and white collar employees equally attend our training courses, with the number of blue collar workers typically higher as they perform manufacturing activities.

Our good practices in Hungary in our internal and external training

Our internal training in support of sales work

We believe that professional sales work can only be carried out if our colleagues are also constantly trained on the technical parameters of our products. The annual technical training of our sales colleagues includes technical tests, presentations by supplier partners, presentations on new products introduced at the company or other important technical topics. Our colleagues in sales are required to write a test on product knowledge and the use of products 4 times a year.

External training courses – knowledge transfer and awareness-raising as part of our social engagement

We believe it is important to share our product knowledge accumulated in the Masterplast Group, both within and outside our memberships in professional organisations, in this way shaping mindsets and strengthening the professional image of our Group.

Our company is represented with presentations on Masterplast roofing foils at national and regional trade events of ÉMSZ (Hungarian Association of Building Insulators, Roofers, Tinsmiths and Carpenters). A special feature is that these are advertised by the Association as professional training courses subject to registration, for which MÉK (Chamber of Hungarian Architects) points are awarded, and the training courses also allow us to directly reach out to a very large number of participants, mostly designers, engineers, technical inspectors and senior executives of construction companies. In 2023, we reached out to nearly 200 experts at the regional days held in Tatabánya and Kaposvár.

Training of reseller partners

Directly by the sales representative, or through presentations by the technical department of Masterplast Hungária Kft., in order to share in-depth technical knowledge. We also give presentations at the trade events of our major partners, with many suppliers invited.

At the 2023 Construma Expo, our presentation on Linopore roofing foils was attended by approximately 250-300 people at the “ÉMSZ Roofing specialists’ meeting”.

Our Group sponsors the ÉMSZ Roofing World Championship, further detailed in the chapter *Local communities*.

Average hours of training per employee at the Masterplast Group	2022	2023
combined time of internal and external training per year (hours)	10,236	23,609
white-collar employees participating (persons)	824	389
blue-collar employees participating (persons)	1,090	458
combined time of occupational health and safety training (hours)	3,077	5,590

⁴² For Masterplast Hungária Kft.







Local communities

GRI 3-3, GRI 413

Our activities and infrastructure have a significant economic, social and environmental impact on local communities. The local taxes we pay also make a significant contribution to the prosperity of the settlements, and as an employer creating jobs, our Company has a positive impact on community life.

Masterplast's social responsibility programme is implemented following strict ethical standards, in a transparent and thoughtful way. The main directions of our group-wide social responsibility are detailed and published on our website in the chapter CSR Strategy.

The 5 focus areas of corporate social responsibility of the Masterplast Group

 <p>Welfare and health of children</p>	 <p>Environmental protection, environmental awareness</p>	 <p>Sports and health</p>	 <p>Local value creation</p>	 <p>Supporting professional programmes and raising awareness</p>
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In 2023, our Company provided EUR 190,000 in support of its wide scale of social responsibility programmes.

Masterplast's priority CSR activities

- The Masterplast Group has been a supporter of **Magyar Gyermekmentő Alapítvány** (Hungarian Save the Children Foundation) since 2015, and its main sponsor since 2020. The sponsorship includes financial donations to designated equipment purchases, marketing and professional support, and the implementation of joint education projects. Every year, thousands of parents, teachers and sports coaches receive first aid training through cooperation, and our financial support drives the renewal of the Foundation's equipment fleet and the implementation of its infrastructure investments.

- The Company has actively supported the **KÉPES** scheme since 2013, established by the cooperation of the Municipality of Székesfehérvár and local companies to support local community projects, primarily to implement renovation and modernisation projects in local kindergartens and schools.
- Masterplast supports developing environmentally conscious attitude by implementing a number of small projects, including tree planting, swallow rescue, ditch cleaning, a selective waste collection system, and reducing the use of single-use plastics.

Masterplast Sparrow Rescue



- **Masterplast also supports competitive sports**, on a national level through sponsoring the **BOM Foundation for Hungarian Sports**, which supports young Hungarian sports talents and future Olympic athletes, while on a regional level by sponsoring the **HYDRO FEHÉRVÁR AV19** ice hockey team, and on an individual level by sponsoring Fanni Illés, Paralympic swimming champion.

- Since it was established, the Masterplast Group has been the main sponsor of the **National Minifootball Association**, making sports opportunities available to a wider range of amateur athletes.

- **A Magyar Gyermekmentő Alapítvány és a Masterplast:** A Masterplast a szélesebb körű társadalmi felelősségvállalás elkötelezett híveként munkatársai és partnerei segítségével 2015 óta, kibővült aktivitással támogatja a Magyar Gyermekmentő Alapítványt. Az Alapítvány az együttműködés révén hatékonyabban képes ellátni küldetését, aminek során évente több, mint 2000 esetben lát el speciális gyermekmentési feladatokat az Országos Mentőszolgálat koordinációjával és több, mint 2500 embert elsősegély oktatását végzi el.

The first step of the collaboration was to launch its “Let’s save the children together” drive, which aims to provide financial support for the Foundation to purchase the designated medical equipment through involving partners and customers.

- CSR activities at Masterplast’s subsidiaries are constantly expanding. In Subotica, the Serbian subsidiary is implementing a programme to purchase equipment for the hospital and to support higher education. In Romania, the local company is supporting a long-term school renovation programme; in Croatia a children’s football team, while in Poland families fleeing the war in Ukraine are supported.

In 2023, we supported communities with the following activities:



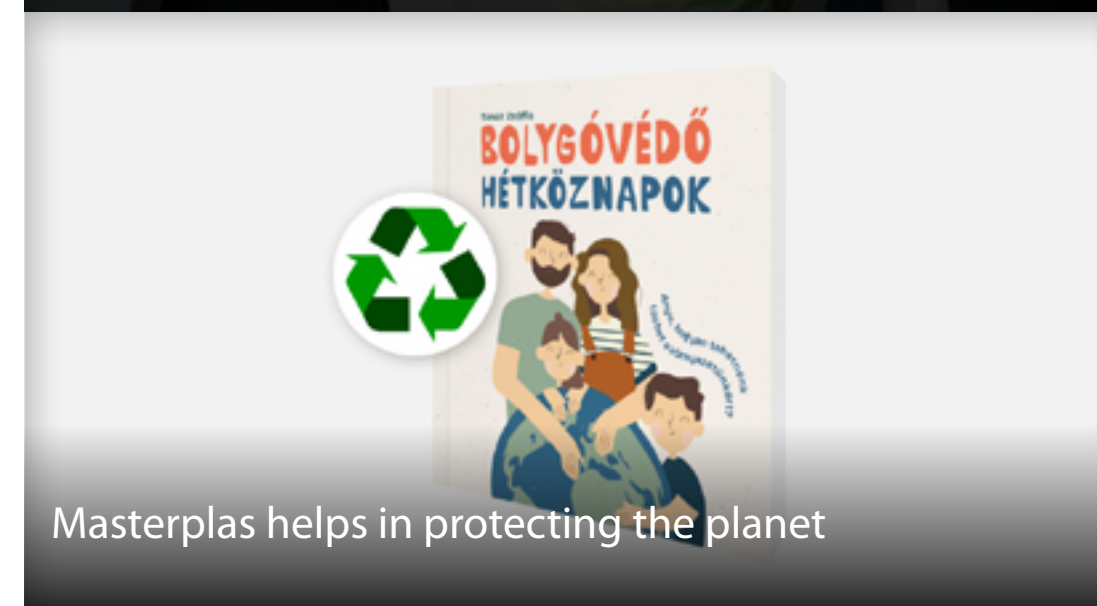
Masterplast donation for ambulance



Career Orientation Day at Masterplast’s Sárszentmihály head office



Masterplast first aid course



Masterplast helps in protecting the planet



KÉPES Community Programme continues in Székesfehérvár



Renovation of storm-stricken homes



New kindergarten building inaugurated in Sárszentmihály



Ambulance day with pediatric ambulance in Városliget



Life here will be better for everybody



We discussed self-awareness and career orientation with students in Enying



Masterplast technical knowledge sharing with the students of Jáky Vocational School, Székesfehérvár



FTC Academy professionals got trained to help in major emergencies

Social media

We continuously inform our target group through our Instagram, Facebook and YouTube channels. In 2023, our featured videos covered the following topics.



Blood donation



First aid course by MGYA at the Cistercian Grammar school



Students of Cistercian St. Stephen Grammar School received first-aid training



Handing over donations to Hangya közösség (Ant community)



Save the children point at UltraBalaton race



"Vállvetve Apával" day (Go to Work with Father) at Masterplast



The new kindergarten building was inaugurated at Sárszentmihály



Handing over donations to Lámpás Alapítvány (Lámpás Foundation)



Masterplast headquarters supplies its electricity demand partially from renewable energy sources



Warmth from the heart – The energetic renovation of Levendula residential facility has been completed

Occupational health and safety

GRI 3-3, GRI 403

As a manufacturing Group, one of the key areas of risk management, i.e. occupational health and safety, is of key importance to us; it includes creating safe working conditions and protecting the health of our employees, as well as compliance with the relevant legislation.



Masterplast Group safety and health policy

- Our goal is to create a workplace free from the risk of accidents, health and environmental hazards.
- The safety and health measures are taken in the interest of employees
- We comply with laws, regulations and standards relating to occupational health and safety and environmental protection
- All managers are responsible for the safety and health of direct reports at work
- We expect all employees to actively participate in the prevention of accidents, incidents and occupational diseases, and in creating a pleasant environment and atmosphere.

Management of occupational health and safety risks

As required by law, we carry out an occupational safety risk assessment to identify potential hazards (hazard sources, emergency situations) and define the persons at risk, classify risk types (accident, health impairment); and fully comply with occupational health requirements.

Dealing with dangerous situations

It is crucial for us to identify and avoid dangerous situations. In addition, we are prepared to respond to any situation that may arise. In the event of a fire alarm, all colleagues must proceed as per the instructions given at the regular fire safety training, in the Fire Evacuation Plan and the Fire Safety Regulations. In the event of an accident, the instructions given at the regular occupational safety training and the contents of the Occupational Safety Policy must be followed. Our occupational and fire safety policy covers all worksites, all employees (students, contracted workers), all employees of subcontractors working at our sites and partners visiting our plants.

ISO 45001

We fully comply with occupational safety legislation and the requirements of **standard MSZ ISO 45001 Occupational Health and Safety Assessment System (OHSAS)**. By applying the standard, we ensure comprehensive hazard management and risk reduction through defining goals and responsibilities, we support compliance with current regulations and improve the way health and safety is viewed. Our certificate is renewed regularly. The proportion of our employees audited externally and internally is 92% among the companies taking part in writing the report. Our goal is to increase this rate to 95% next year.



Occupational safety training, on-the-job training, testing

We pay particular attention to ensuring that our employees have the theoretical and practical knowledge, skills and competence in respect of occupational safety and occupational health throughout their employment. To ensure efficiency, the training material is composed of theoretical (and, depending on the nature of the work, practical) parts, as set out in the Training Thematic annexed to the Occupational Health and Safety Policy. After the training, our employees take an exam to test the knowledge acquired.

Form of the occupational safety training

- preboarding training
- on-the-job training
- annual occupational safety and fire safety training
- training in the event of a change of job or position
- training on the introduction of new technology
- training when a workplace, work equipment is modified or new work equipment is installed
- extraordinary training.

Content of training and on-the-job training

- rights and obligations of employees based on occupational health and safety legislation
- provisions of the Occupational Health and Safety Policy relating to the person and the position
- accident hazards and conditions for eliminating them
- use of collective and personal protective equipment, risks and legal consequences of failure to use them
- requirements of technological, operational, handling and maintenance instructions for the job
- dangerous and harmful environmental effects, methods of protection and recovery, handling of dangerous substances
- obligations in the event of accidents
- road safety, health, fire safety and environmental protection requirements for safety and health at work.

Workers' representation in the field of occupational safety

Employees of the Masterplast Group are entitled to elect a representative or representatives from among themselves to represent their rights and interests in relation to safe working activities that do not endanger health.

Occupational health medical examination

We require our employees to undergo occupational health medical examinations before their first day at work, and annually thereafter, regardless of the activity or job, to comply with legal requirements and for prevention.



Accidents

Accidents and cases of occupational illness are always investigated in accordance with our Occupational Health and Safety Policy and the legislation in force. In 2023, a total of 38 accidents occurred, 33 of which were reportable to the occupational health and safety authority. Of the accidents that occurred during the reporting period, 2 were classified as serious and 31 as non-serious, the majority of which occurred in manufacturing, typically due to inattentive conduct.

Number of work accidents and occupational diseases among employees of the Masterplast Group

	2022	2023	Compared to previous year
Number of fatal accidents	0	0	unchanged
Serious accident	3	2	33.33% decrease
Reportable accidents	47	33	29.79% decrease
Number of cases of occupational diseases	0	0	unchanged
Number of traffic accidents involving personal injury	0	0	unchanged

While in 2022 there were 5⁴³ reportable accidents in Hungary and 29 in Serbia, in the 2023 reporting period the number of significant reportable accidents in Hungary decreased by over 50% compared to the previous year, and there was also some decrease in Serbia (2023: 26 accidents, 2022: 29 accidents). Compared to the previous period, we noticed a 33.33% decrease in serious accidents, and a 29.79% decrease in significant accidents at group level. Thanks to our occupational health and safety activities and our priority training courses, we achieved a significant reduction in these indicators compared to the previous year. In the reporting period 2023, as in the previous year, there were no fatal accidents, and the number of occupational diseases remained unchanged at zero cases. The most common types of occupational injuries were surface cuts and hand injuries. Temporary agency workers had no sick leave carried over to the reporting period. In 2023, the Masterplast Group was not imposed an occupational safety fine.

Improving the health of our employees

As a responsible employer, it is important for us to maintain and improve the health of our employees. We have created a pleasant relaxation area at our headquarters complete with a small library where our colleagues can have a break from stressful situations. In addition, our colleagues are welcome at the community spaces, the relax terrace and a coffee, the drink and snack vending machine; we also provide refreshments and fruit snacks at some of our regular meetings and special events to encourage a healthy lifestyle. Our internal coach is available to any member of staff to help them deal with difficult situations.

Our [MasterRun](#) runner community has been active for the third year. In 2023, several teams from our Company entered the UltraBalaton race and the Székesfehérvár City run. In addition, our team members of small-sided football do a lot to protect their health and to raise awareness about the love of sports. We support commuting to work by bicycle, providing bicycle storage and shower facilities for our employees at our headquarters.



⁴³ Nyrt, Med, Int ,Hu, Mod, Fid, M.Foam, M.Profil, T-Cell

GOVERNANCE

Governance at Masterplast Group

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-15, GRI-23, GRI 2-24, GRI 2-25, GRI 2-26, 405-1

Operation of the organisation

General Meeting

The General Meeting, comprising all shareholders, is the **supreme body** of Masterplast Nyrt. The General Meeting is responsible for deciding on the fundamental, strategic matters of Masterplast Nyrt. Matters in the exclusive competence of the General Meeting are determined by the Civil Code and the Articles of Association of Masterplast Nyrt.

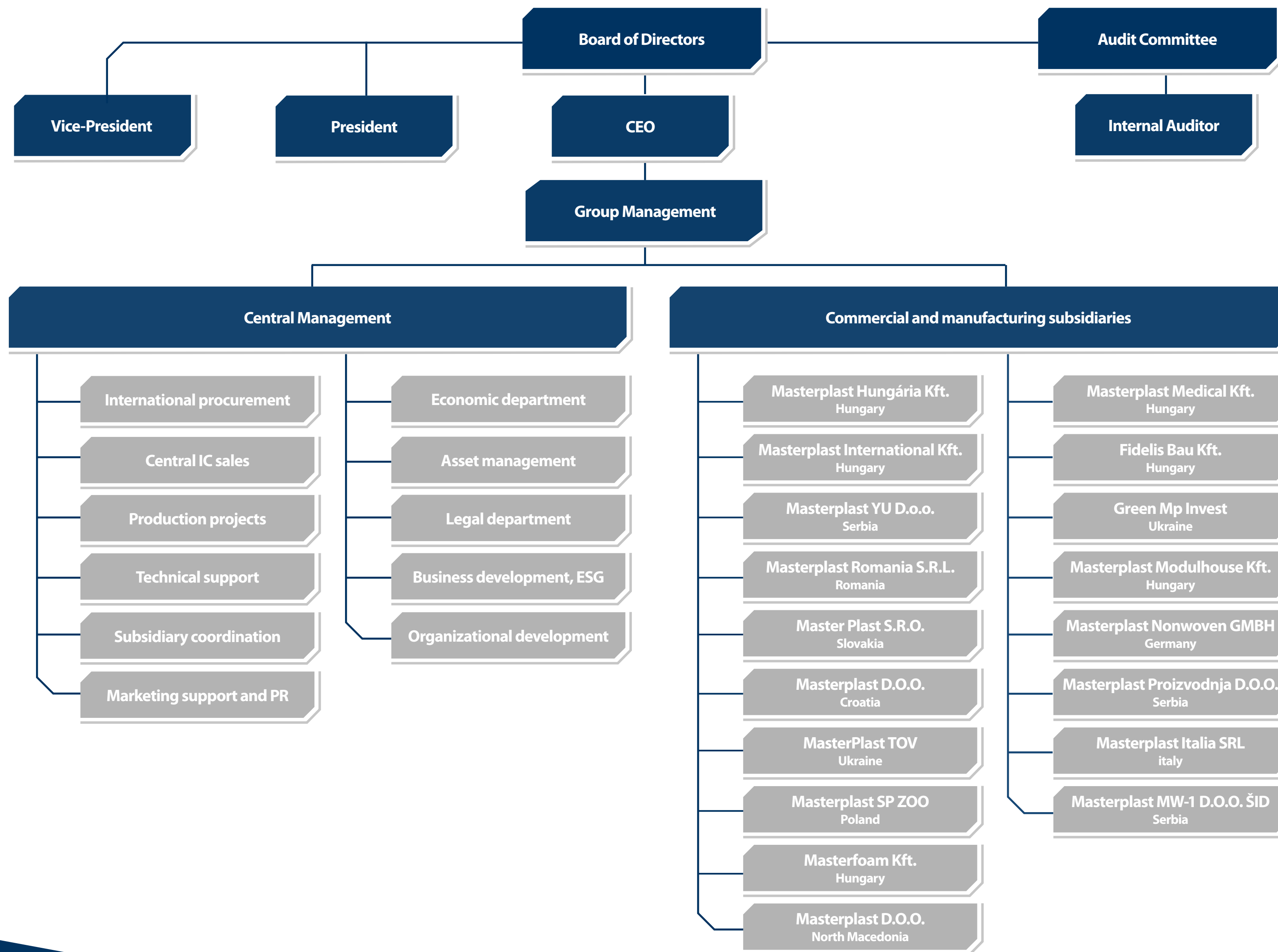
Board of Directors

The Board of Directors is the executive body of Masterplast Nyrt. Its powers and duties are set out in the Board of Directors' Rules of Procedure currently in effect. According to the Articles of Association, the Board of Directors consists of five members elected by the annual General Meeting. The president and the vice-president of the Board of Directors are elected by the Board of Directors for a term of office equal to the term of office of the Board of Directors.

The Board of Directors do not participate in the day-to-day operational activities of the organisation of Masterplast Nyrt. The operational activities of Masterplast Nyrt. are managed by the Chief Executive Officer employed by the company and elected by the Board of Directors.

The primary objective of the Board of Directors is to approve the strategy of the Group and to control the operational activities.

Organisational structure and operation⁴⁴



⁴⁴ The organisation chart does not apply to the management of minority-owned firms.

The Board of Directors



5 person
total (3 are independent and 2 are non-independent)



20%
proportion of women on the Board of Directors

Név	Beosztás	Függetlenség
Dávid Tibor	President of the Board of Directors	non-independent
Balázs Ács	Vice-president of the Board of Directors	non-independent
Dirk Theuns	member of the Board of Directors	independent
Margaret Dezse	member of the Board of Directors	independent
Bálint Fazekas	member of the Board of Directors	independent



President of the highest governance body

Dávid Tibor is the President of the Board of Directors and a senior executive of Masterplast Nyrt.

The management of the Masterplast Group can be divided into two main parts:

- Strategic management,
- Operational management.

The **Strategic management** level includes the activities of the General Meeting, the Board of Directors, the President, the Vice-president, the Audit Committee, the Internal Audit, as well as forums and decision-making platforms related to strategic management.

The **Board of Directors** is a body implementing a unified system of governance, performing the statutory functions of the Board of Directors and the Supervisory Board.

The Board of Directors of Masterplast develops the Group-level strategy. Each year it updates the medium-term strategy, the implementation of which is assessed at the regular quarterly meetings of the Board of Directors on the basis of Group-level figures and the implementation of projects.

The chief executive officer is appointed by the **Board of Directors**. Through the CEO, it ensures the operational implementation of the established and agreed strategy by selecting and shaping the management team, is responsible for the development and maintenance of key strategic processes and systems.

The Company has a three-member **Audit Committee**; the members are elected by the General Meeting from among the independent members of the Board of Directors for the same period as their membership in the Board of Directors. The Audit Committee elects its chair from its members, adopts its resolutions by a simple majority of votes. The powers of the Audit Committee are defined in the Articles of Association of Masterplast Nyrt. The responsibilities of the Audit Committee includes the professional management and control of the Internal Audit department, determining the professional requirements for the Auditor, and monitoring their activities. Its powers and duties are contained in the Audit Committee Rules of Procedure currently in effect.

Operational management includes professional/operational tasks performed by Group Management members, subsidiary management, as well as activities at forums and meetings related to operational management. Subsidiary (local) management is carried out by managing directors/company executives, in accordance with the power of procuration. [Link](#)

Masterplast Nyrt. is managed by the Group management of Masterplast Nyrt. on the basis of the Articles of Association, the resolutions of the General Meeting and the Board of Directors, and the Organisational and Operational Regulations of Masterplast Nyrt. The main task of Group management is to make the decisions affecting the Group under the leadership of the CEO, and to coordinate operating principles and strategies. It is also responsible for preparing and coordinating operational proposals and preparing the strategy of the Masterplast Group for approval by the Board of Directors. Supporting the operation and business of the company, preparing the operational business and development concepts of the Company, and defining the strategic goals of the company.

Sustainability in corporate governance

Sustainability, human rights, energy efficiency and environmental aspects are of paramount for Masterplast both in its internal processes and in the manufacturing, development and entire value chain of its products.

Green Committee

Masterplast Group's Green Committee was established by the CEO in 2023 to support the company's commitment to ESG, as well as the sustainable environmental protection policy, social responsibility and corporate governance strategy. The Green Committee assists the CEO in developing, integrating, implementing and monitoring ESG-specific topics and issues within the overall strategy of the Company, coordinating ESG-based initiatives and policies.

The continuous training of Green Committee members on ESG issues is considered a key issue. Details are provided in the chapter *Training and education*.

The Board of Directors and sustainability

In 2022, Masterplast Nyrt. became a member of the BCSDH – Business Council for Sustainable Development in Hungary. The BCSDH is a community of companies committed to sustainable development, working together to accelerate the transformation of systems necessary for a climate-neutral, nature-positive and more equitable future.

Masterplast agrees and applies the BCSDH's responsible corporate governance guidelines



Strategic approach

The management of a company with a complex understanding of sustainability develops its business strategy ensuring the sustainability of its market operations by integrating long-term, value-creating economic, environmental and social aspects and provides the necessary resources for its implementation.



Responsible corporate governance

A manager appointed from among the company's senior decision-makers is responsible for sustainability performance. Managers at all levels also have individual responsibilities for the sustainable operation of the organisation. The management incentive scheme also includes environmental and social objectives.



Ethical operation

The company operates legally and fairly. It sets out the required behaviour in writing, ensures resources necessary for complying with it and extends it to all its stakeholders.



Respect for fundamental values

The company regards the protection of human life and safety, equal treatment and the right to a healthy environment and mental health as fundamental values and respects them in its business decisions, in accordance with the UN Guiding Principles on Business and Human Rights.



Environmental responsibility

The life-cycle approach and the combined consideration of economic benefits and environmental impact are key elements in the company's decisions. It is committed to the environment and extends this responsibility throughout its supply chain (suppliers, partners, customers), in particular with regard to its objectives of zero net greenhouse gas emissions and biodiversity protection.



Partnership with stakeholders and interested parties

The company engages with its stakeholders and interested parties, maintaining open, two-way communication in order to achieve mutual satisfaction and long-term partnership. It builds on the opportunities of its size and position to lead by example. It takes into account and gives preference to sustainability in its choice of business partners. It also seeks to integrate sustainability principles into regulatory processes through professional organisations and broad partnerships.



Transparent operation

The company continuously collects reliable data and information on its activities, economic, environmental and social impacts, identifies risk factors, makes them available and regularly provides its relevant partners with authentic information.



Ethical operation and compliance

GRI 2-15, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27

Our Group is committed to responsible, transparent and effective corporate governance and fair business practices. Our Company's **Articles of Association** are publicly available and provide details of how we operate. We place great emphasis on the implementation of corporate governance recommendations and guidelines, taking into account the organisation and capabilities of the Company and the Group made up of its subsidiaries. The management, under the guidance of the Board of Directors, continuously improves its operational and control practices, regularly reviewing the principles applied to comply with the evolving international best practices in this area as well.

The corporate governance practices of MASTERPLAST Nyrt. comply with the requirements of the Budapest Stock Exchange and the prevailing capital market regulations. The Group pays particular attention to the BSE's corporate governance recommendations in its day-to-day operations and regulation. The regulations are available on [this website](#).

Embedding ESG aspects in the operation of the Masterplast Group

The parameters of sustainability and ESG approach are holistically integrated into our Group's operations. Substantive topics identified along sustainability are supervised as follows.

The main pillars of the Masterplast Group's corporate governance and operations



Code of conduct and principles of action

- Code of Ethics
- Human Rights Policy
- Supplier Code of Conduct and Ethics



Articles of Association

- Remuneration policy

CSR Directive

Group level policies

- Rules of Operation and Organisation
- Privacy Policy
- Integrated Policy
- Environmental Policy
- Occupational Safety Policy
- Policy on the prohibition of insider dealing and market manipulation
- IT Policy
- Product Master Data Management Policy
- Product Recall Policy
- Other: Corporate Identity Manual

Sustainability topic

Person in charge of coordinating the topic

Managing the Group's economic, social, human rights and environmental impacts considered important in connection with sustainability
 ESG strategy development
 ESG strategy commitments
 Publication of ESG reports

Green Committee

Employment, human capital management
 Training, education

HR manager

Environmental management system
 Energy management
 Quality management system and product quality assurance
 Occupational Health and Safety Assessment Series - OHSAS (MEBIR in Hungarian)

Head of Asset Management and Operations
 Environmental protection engineer

Ethical conduct of business and fair competition

We conduct our business according to high ethical standards and respecting laws. As a responsible company, we do our utmost to ensure that basic ethical standards are fully integrated into our day-to-day work, in the relationships between employees and in our relations established with customers, owners, suppliers and all stakeholders. We are committed to pursue ethical and transparent business practices, and to competing with our competitors in a goal-oriented but fair manner.

It is binding and applicable to all employees and those who are in **business relationship** or work with any of the companies of the Masterplast Group.

Further expectations for leaders: exemplary behaviour, promotion of open and honest communication, monitoring of ethical behaviour and reporting any activity implying deviant deed.

Statement of conformity: All employees engaged in business activities on behalf of Masterplast must certify by signature, at the time of taking up their employment and at any change thereafter, that they act in accordance with the Code of Ethics, have not been involved in bribery or corruption; have not breached the terms of the Code; and have no knowledge of any breach of the Code or, if so, have notified the competent person(s).

To avoid any suspected conflict of interest

All employees of our Group are required to declare in **writing** any existing contractual relationship for the purpose of employment outside the Company upon joining the Group and the establishment of a contractual relationship during their employment, as contained in the Code of Ethics. If their close relatives are engaged in business activities in the same field of activity as the Masterplast Group or with competitors of the Group, the employee must also declare this in writing.

Method of whistleblowing

You may report violations of laws, ethical standards or significant risks **anonymously** through the Masterplast Group's Whistleblowing Tool (www.masterplastgroup.com). The whistle-blower may not be retaliated against in any way for reporting.



For customers and business partners

- Information protection
- Fair competition
- Management of conflicts of interest, incompatibility
- Prohibition of bribery and corruption



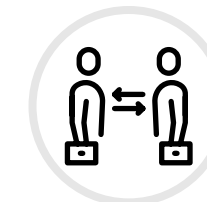
In relation to employees

- Incompatibility
- Prohibition of discrimination
- Prohibition of provocation, abuse, violence, harassment
- Occupational health and safety, health protection (protection and improvement of physical and mental health)
- Loyalty and discretion in the use of social networks and protection of reputation



In relation to the shareholders of the Company

- Prohibition of insider dealing
- Treatment of confidential, protected information belonging to the Group
- Protection of corporate property, assets and intellectual property.



The Group's relationship with local communities and society

- Public engagement
- Prohibition of child labour and forced labour
- Corporate social responsibility
- Environmental awareness



Agility and business model flexibility

At Masterplast, agility means building and operating the organisation with a high degree of flexibility within the limits of a large, listed company. Instead of methodologies and rigid structures, self-organizing teams manage business issues and avoid risks with a high degree of empowerment. This is based on the fact that continuous improvement, cooperation with colleagues, immediate feedback and direct, fact-based communication are values and expectations in our organisation. The high level of cooperation with our key stakeholders is also due to the above. We are proud of our colleagues who have been able to achieve even higher levels of stakeholder management, despite all the challenges in 2023.

The **Basics of Cooperation**, a code developed jointly, is part of our corporate culture defining how to communicate with each other, how to operate the organisation and our systems, and also supporting teamwork that ensures mutual respect. It is aimed at communicating openly, honestly and critically at all levels.

Key points of the Basics of Cooperation

- Express your opinion and make a decision!
- Understand your colleague and be open!
- Give feedback and accept the same from others!
- Ask for and provide help!
- Agree on specific and realistic deadlines!

Major results in 2023

A new senior management structure has been established, which helps to respond quickly in the current difficult external market environment and represents a step forward in the management of the Group. In this new structure, each organisational unit of the Company operates under the direction of a senior manager, based on a well-defined division of labour.

Senior management places great importance on involving employees, and therefore, it informs all employees in a monthly newsletter on the work going on at the management

meetings, on the current status of the projects and the decisions made. This is necessary in order to provide everyone with the required context for making independent, responsible decisions. In order to establish the context, further strengthen involvement, and ensure efficient and coordinated operation, the company established the Directors' Forum to provide a platform for coordination, knowledge and information sharing by the directors having a defining role in the operation of the company and directly managed by senior management.

In 2023, the themes of the quarterly workshop-style meetings focus on digitalisation, maximising efficiency, further developing the manufacturing culture and on EU schemes on energy modernisation of buildings. This is also supported by a series of workshops addressing the topics, held for organisational units.

Digital transformation

Since 2020, global digitalization has gained more grounds than in the past decade, with all its advantages and disadvantages. At Group level, we analyse the advantages, dangers and opportunities of digitalisation.

Digital transformation for operational efficiency

For the Masterplast Group, digitalisation creates value mainly in terms of saving time and high quality decision-making.

The first great milestone of our digitalisation plans was the launch of our B2B partner online shop. In the first quarter of 2023, we opened the doors of the Hungarian virtual space to our contracted partners and resellers, and the Romanian and Serbian markets joined at the end of the year.

The main objective was to increase efficiency in several affected areas:

- It helps sales and marketing to communicate faster and more consistently, for example, by presenting the available product range, the fact of price changes, stock information, delivery lead times, direct factory deliveries and promotions
- In the field of customer service, we have significantly reduced the amount of manual data entry and data reconciliation work.

Another key objective for us was to provide our partners with up-to-date data and information in real time, 24 hours a day, in the increasingly competitive world driven by digitalisation, thus supporting them in their purchasing decisions.

The first experiences in Hungary

Of the total number of partners, **48%** have registered for the online shop, and **~66%** of the partners using the online hop have already ordered through the online interface. Overall, nearly **50%** of our orders are placed on the digital platform.

In 2023, our main achievement was the launch of the customer portal (B2B), but in addition, we continued to introduce electronic invoicing and data services at our foreign subsidiaries.



GRI CONTENT INDEX

Statement of use

Masterplast Group has reported in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	About our Report	4	
	2-2 Entities included in the organization's sustainability reporting	About our Report	4	
	2-3 Reporting period, frequency and contact point	About our Report	4	
	2-4 Restatements of information	About our Report	4	
	2-5 External assurance	About our Report	4	

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
	2-6 Activities, value chain and other business relationships	About Masterplast Group	9	<p>Disclosures published on the Budapest Stock Exchange website:</p> <p>Information on the acquisition of a project company for the development of glass wool production https://bet.hu/site/newkib/hu/2023.01./Tajekoztatas_uveggyapot_gyartasfejlesztési_projektceg_vasarlasarol_128834312</p> <p>Information on the strategic cooperation agreement between MASTERPLAST Nyrt. and KÉSZ Holding Zrt. https://bet.hu/site/newkib/hu/2023.01./Tajekoztatas_a_MASTERPLAST_Nyrt._es_a_KESZ_Holding_Zrt._kozotti_strategiai_egyttmukodesi_megallapodas_letrejtoterol_128838150</p> <p>Information on the transfer of shares https://bet.hu/site/newkib/hu/2023.02./Tajekoztatas_uzletresz_atruhasarol_128845554</p> <p>Information on the acquisition of a stake in the Italian subsidiary https://bet.hu/site/newkib/hu/2023.03./Tajekoztatas_olaszorszag_i_leanyvallalat_uzletreszenek_megszerzeserol_128858162</p> <p>Information on the acquisition of a stake in the Serbian subsidiary https://bet.hu/site/newkib/hu/2023.03./Tajekoztatas_szerbiai_leanyvallalat_uzletreszenek_megszerzeserol_128859869</p> <p>Information on the joint venture of MASTERPLAST Nyrt. and MARKET Építő Zrt. https://bet.hu/newkibdata/128907284/T%C3%A1j%C3%A9koztat%C3%A1s_MIP_HU.pdf</p> <p>Information on the strategic cooperation with Selena FM S.A. https://bet.hu/newkibdata/128916753/Selena_HU.pdf</p> <p>Information on the signing of the investment agreement with Selena FM S.A. https://bet.hu/site/newkib/hu/2023.07./Tajekoztatas_a_Selena_FM_S.A.-val_letrejtott_befektetesi_megallapodas_alairasarol_128928116</p> <p>Information on the share capital increase of PIMCO Kft. https://bet.hu/site/newkib/hu/2023.11./Tajekoztatas_PIMCO_Kft._torzstoke-emeleserol_128975757</p>
	2-7 Employees	Employment	44	
	2-8 Workers who are not employees			We employed 12 persons who worked mostly as semi-skilled workers or operators in production.

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
	2-9 Governance structure and composition	Governance	59	
	2-10 Nomination and selection of the highest governance body	Governance	59	
	2-11 Chair of the highest governance body	Governance	59	
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance	59	
	2-13 Delegation of responsibility for managing impacts	Governance	59	
	2-14 Role of the highest governance body in sustainability reporting	About our Report, Governance	59	
	2-15 Conflicts of interest	Ethical operation and compliance	59	

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
	2-16 Communication of critical concerns			<p>The Chairman/Vice-Chairman informs the Board of Directors in the scope of a Board meeting or by e-mail. Being a listed company, all actions are public. Any and all matters that have an impact on share price are always discussed by the Board of Directors, and are shared not only with the Board, but also with the public. Such matters are published on the website of the Budapest Stock Exchange (www.bet.hu). As a premium category company, we undertake to publish quarterly reports in addition to the annual and half-yearly reports. (A quarterly report is not a mandatory commitment.)</p> <p>Public disclosures in 2023: Investor information (27 April 2023) https://bet.hu/site/newkib/hu/2023.04./A_2023._aprilis_27-i_befektetoi_tajekoztato_prezentacioja_128879358 Information on the acquisition of a glass wool production development project company https://bet.hu/site/newkib/hu/2023.01./Tajekoztatas_uvegyapot_gyartasfejlesztési_projektceg_vasarlasarol_128834312 Information on the strategic cooperation agreement between MASTERPLAST Nyrt. and KÉSZ Holding Zrt. https://bet.hu/site/newkib/hu/2023.01./Tajekoztatas_a_MASTERPLAST_Nyrt._es_a_KESZ_Holding_Zrt._kozotti_strategiai_egyuttmukodesi_megallapodas_letrejotterol_128838150 Information about credit rating https://bet.hu/site/newkib/hu/2023.06./Tajekoztatas_hitelminositessel_128909121 Information on the joint venture of MASTERPLAST Nyrt. and MARKET Építő Zrt. https://bet.hu/newkibdata/128907284/T%C3%A1j%C3%A9koztat%C3%A1s_MIP_HU.pdf Information on the strategic cooperation with Selena FM S.A. https://bet.hu/site/newkib/hu/2023.06./Tajekoztatas_a_Selena_FM_S.A.-val_letrejovo_strategiai_egyuttmukodesrol_128916753 Information on the signing of the investment agreement with Selena FM S.A. https://bet.hu/site/newkib/hu/2023.07./Tajekoztatas_a_Selena_FM_S.A.-val_letrejott_befektetesi_megallapodas_alairasarol_128928116 Information about credit rating https://bet.hu/site/newkib/hu/2023.11./Tajekoztatas_hitelminositessel_128980221 Information on the termination of the investigation against MASTERPLAST Romania S.R.L. https://bet.hu/site/newkib/hu/2023.12./Tajekoztatas_a_MASTERPLAST_Romania_S.R.L.-lel_szembeni_nyomozas_megszunteteserol_128998674 Updated forecast of 2023 results https://bet.hu/site/newkib/hu/2023.12./Frissített_2023._évi_eredmény-előjelzés_129000041</p>
	2-17 Collective knowledge of the highest governance body			<p>The General Meeting is the supreme body of the company, consisting of all the shareholders. The supreme management body is the Board of Directors with Margaret, Dirk and Bálint Fazekas as independent members. The Audit Committee is elected by the General Meeting from the independent members of the Board of Directors, therefore, the three of them are the Audit Committee which is chaired by Margaret Dezse, who has comprehensive experience. Dirk Theuns is the European leader of IKO Group, one of the leading insulation material manufacturers in the world. He supports the integration of Western European sustainability trends and norms into Masterplast Group. The third independent member of the Board of Directors is Bálint Fazekas, CEO of Euronics, the Hungarian electronics retailer with the widest national coverage. He gives digitalisation and technology focused support to help achieve the sustainability ambitions of Masterplast Group.</p> <p>Additional information on 2023 is available in the <i>Training and education</i> chapter.</p>

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
	2-18 Evaluation of the performance of the highest governance body			<p>The Board of Directors assesses its performance every year before the re-election of its members. Since all of our Board members were or are also members in the Board of Directors or Supervisory Board of other companies, they have comprehensive experience for making a pragmatic and factual assessment of the work they jointly and individually did in the previous 12 months. These inputs are also instrumental in determining the composition, duties and responsibilities of the Board of Directors in the next cycle.</p> <p>Remuneration is effected on the basis of a General Meeting resolution following the decision of the Board of Directors. Being a listed company, this information is also published on the website of both the company and of the Budapest Stock Exchange.</p>
	2-19 Remuneration policies			https://www.masterplastgroup.com/wp-content/uploads/2023/04/3_melleklet_javadalmazasi_politika_hu.pdf
	2-20 Process to determine remuneration			https://www.masterplastgroup.com/wp-content/uploads/2023/04/3_melleklet_javadalmazasi_politika_hu.pdf
	2-21 Annual total compensation ratio			These data will be published in the following ESG Reports.
	2-22 Statement on sustainable development strategy	Welcome from our Owner, Sustainability Strategy	3, 21	
	2-23 Policy commitments	Governance	59	
	2-24 Embedding policy commitments	Governance	59	
	2-25 Processes to remediate negative impacts	Governance	59	
	2-26 Mechanisms for seeking advice and raising concerns	Governance	59	
	2-27 Compliance with laws and regulations	Governance	59	
	2-28 Membership associations	Membership associations	13	
	2-29 Approach to stakeholder engagement	Our stakeholders	15	
	2-30 Collective bargaining agreements			There is no collective agreement in place.

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material topics	17	
	3-2 List of material topics	Material topics	17	
	3-3 Management of material topics	Megatrends Material topics, Governance	19, 17, 59	
Economic performance				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic performance	8	
	201-2 Financial implications and other risks and opportunities due to climate change	Megatrends	19	
	201-3 Defined benefit plan obligations and other retirement plans			There is no such obligation.
	201-4 Financial assistance received from government			We did not collect dedicated data on top of the information published in the financial report
Market presence				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			Masterplast sets the prevailing salaries in line with the parameters of the advertised job, particularly based on responsibility, regardless of the gender of the employee or the prevailing minimum wages. The salary of Masterplast employees are higher than the prevailing minimum wages.
	202-2 Proportion of senior management hired from the local community			At major sites with production or distribution operations, over 90% of senior management are from the local community, including all operations.

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Indirect economic impacts				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported			<p>Masterplast Group completed several investment projects. The investments made or to be completed in the near future by each factory have the potential to significantly reduce Europe's energy dependency, the current account deficit of the user countries and the monthly expenditure of the population, while at the same time 90%+ of our employees are from the local communities in these factories, which also reduces our manufacturing carbon footprint and ensures the stability of local communities.</p> <p>We also informed our stakeholders publicly in FY 2023 about the inauguration of the Subotica plant and the details of the production start in our Italian factory.</p> <p>Plant inauguration – Masterplast opened a new thermal insulation plant in Subotica</p> <p>Masterplast launches production in Italy - Masterplast (masterplastgroup.com)</p> <p>EPS production in Kál</p> <p>https://bet.hu/site/newkib/hu/2022.07./Tajekoztatas_hozigeteloanyag_gyarto_kapacitas_boviteserol_128760354</p>
	203-2 Significant indirect economic impacts			We did not collect public data on this matter.
Anti-corruption				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption			In addition to the principles of the Code of Ethics applicable to all employees and the audits performed by our internal audit function, we constantly monitor any potential misconducts. There were no corruption cases in 2023.
	205-2 Communication and training about anti-corruption policies and procedures			<p>The provisions of the Code of Ethics are mandatory for all employees, consequently everybody is aware of the anti-corruption conduct. We fully complied with the requirements on anti-corruption conduct.</p> <p>This topic is part of the induction training for new hires who also have to sign a declaration on observing the provisions of the Code of Ethics.</p>
	205-3 Confirmed incidents of corruption and actions taken			Our whistleblowing system enables anonymous reporting of corruption incidents. We did not have corruption incidents in 2023.
Anti-competitive behavior				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			We did not have anti-competitive behaviour related incidents in the 2023 reporting period.

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Tax				
GRI 207: Tax 2019	207-1 Approach to tax			As a listed company, we fully comply with the tax regulations in all countries where we operate.
	207-2 Tax governance, control, and risk management			As a listed company, we fully comply with the tax regulations in all countries where we operate. In a case concerning the import of products subject to anti-dumping affecting suppliers of our Romanian subsidiary, published on 22 December 2023, the authority terminated the investigation without any indictment - in the absence of evidence of an offence committed, non-legally binding - and ordered the release of the lock on assets applied as a precautionary measure. Disclosure: https://bet.hu/site/newkib/hu/2024.02./Tajekoztatas_a_MASTERPLAST_Romania_S.R.L.-lel_szembeni_nyomozas_jogeros_megszuntetesrol_129020725 The investigation was terminated with a legally binding effect on 22 February 2024: https://bet.hu/site/newkib/hu/2024.02./Tajekoztatas_a_MASTERPLAST_Romania_S.R.L.-lel_szembeni_nyomozas_jogeros_megszuntetesrol_129020725
	207-3 Stakeholder engagement and management of concerns related to tax			As a listed company, we fully comply with the tax regulations in all countries where we operate.
	207-4 Country-by-country reporting			As a listed company, we fully comply with the tax regulations in all countries where we operate.
Materials				
GRI 301: Materials 2016	301-1 Materials used by weight or volume 301-2 Recycled input materials used 301-3 Reclaimed products and their packaging materials	Materials and products	25	

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Energy				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy consumption	35	
	302-1 Energy consumption within the organization			
	302-2 Energy consumption outside of the organization			
	302-3 Energy intensity			
	302-4 Reduction of energy consumption			
	302-5 Reductions in energy requirements of products and services			
Emissions				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emissions	40	
	305-2 Energy indirect (Scope 2) GHG emissions			
	305-3 Other indirect (Scope 3) GHG emissions			
	305-4 GHG emissions intensity			
	305-5 Reduction of GHG emissions			
	305-6 Emissions of ozone-depleting substances (ODS)			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			
Waste				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste	30	
	306-2 Management of significant waste-related impacts			
	306-3 Waste generated			
	306-4 Waste diverted from disposal			
	306-5 Waste directed to disposal			

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Employment				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment	44	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			All employees are eligible for parental leave and the reimbursement of commuting expenses as per law.
	401-3 Parental leave	Employment	44	
Occupational health and safety				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	Occupational health and safety	56	

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Training and education				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training and education	50	
	404-2 Programs for upgrading employee skills and transition assistance programs			
	404-3 Percentage of employees receiving regular performance and career development reviews			
Diversity and equal opportunity				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employment	44	
	405-2 Ratio of basic salary and remuneration of women to men			
Masterplast sets the prevailing wages in line with the parameters of the advertised job, particularly based on responsibility, regardless of the gender of the employee or the prevailing minimum wages.				
Non-discrimination				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			All Masterplast Group employees are required to become familiar with and adhere to the Code of Ethics. We identified no discrimination related incidents in the 2023 reporting period.
Local communities				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Local Communities	53	
	413-2 Operations with significant actual and potential negative impacts on local communities			

GRI Standard	Disclosure	Chapter	Page	Direct answer / In case of omission: Justification of the reason for the omission
Supplier social assessment				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria			Masterplast Group, with over 300 suppliers, regularly assesses the social impact of its stakeholders, including suppliers. In 2022, we began surveying our suppliers based on comprehensive online and telephone consultation, and we are assessing the positive and negative social impacts of their activities. A Supplier Code of Conduct governs our policies regarding and interactions with suppliers, including the disclosures we request from them. In compliance with the Hungarian ESG Act and EU regulations, we give priority to the assessment of our entire value chain and the management of any risks identified.
	414-2 Negative social impacts in the supply chain and actions taken			We did not identify any risks in 2023.
Customer privacy				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			As a listed group, data security and integrity are paramount. The priority areas for data protection - HR, Legal, Procurement, Sales and IT - operate within a strict framework with the support of a Data Protection Officer. The details are set out in the Group privacy policy. The Group privacy policy is supplemented, where appropriate, by additional policies specific to subsidiaries. The HR function sets out the rights and obligations of stakeholders in a privacy notice. The privacy notice is publicly available on our website. There were no stakeholder complaints, data theft, loss or leak since the release of Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR).

In the absence of a valid sector standard, its use is not relevant.

The following relevant topics (Circular Economy, Product quality and product sustainability, Building science: modular architecture and the building culture of the future, Agility and business model flexibility, Digital transformation) are not covered by the GRI Standards.

GRI GLOSSARY

BCSDH	Business Council for Sustainable Development in Hungary	Magyarországi Üzleti Tanács a Fenntartható Fejlődésért
CSR	Corporate Social Responsibility	Társadalmi felelősségvállalás
ÉMI	Non-Profit Limited Liability Company for Quality Control and Innovation in Building	Építésügyi Minőségellenőrző Innovációs Nonprofit Kft.
ÉMSZ	Hungarian Association of Building Insulation Workers, Roofers, Tinsmiths and Carpenters	Épületszigetelők, Tetőfedők, Bádigosok és Ácsok Magyarországi Szövetsége
EPS	Expanded polystyrene foam	Expandált polisztirol hab
ÉVOSZ	National Federation of Hungarian Building Contractors	Építési Vállalkozók Országos Szakszövetsége
GRI	Global Reporting Initiative	Globális Jelentéskészítési Kezdeményezés
GVH	Hungarian Competition Authority	Gazdasági Versenyhivatal
KGTP	Circular Economy Technology Platform	Körforgásos Gazdaság Technológiai Platform
MAPI	Hungarians on the Market Club	Magyarok a Piacon Klub
MAR	Market Abuse Regulation	Piaci visszaélésről szóló rendelet
MÉASZ	Hungarian Building Materials and Construction Products Association	Magyar Építőanyag és Építési Termék Szövetség
MEPS	Association of Hungarian EPS Insulation Material Manufacturers	Magyarországi EPS Hőszigetelőanyag Gyártók Egyesülete
MGYOSZ	Confederation of Hungarian Employers and Industrialists	Munkaadók és Gyáriparosok Országos Szövetsége
Ökopont / Eco Point	There are 139 sites in Hungary where you can drop off clean EPS waste free of charge.	Magyarország területén található 139 olyan telephely, ahol a tiszta vágási EPS hulladékot díjmentesen le lehet adni.
SDG	Sustainable Development Goal	Fenntartható Fejlődési Cél
Thermobeton	EPS ground, coated with cement and a special surfactant.	EPS őrlemény, cementtel és speciális felületaktív anyaggal bevonva.
XPS	Extruded polystyrene foam	Extrudált polisztirol hab



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