



**Sustainability  
Report**

2023



# TABLE OF CONTENTS

ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

**AT A GLANCE – HIGHLIGHTS 2023** **3**

**MESSAGE FROM THE MANAGING DIRECTOR** **4**

**1 ABOUT THE COMPANY** **6**

**1.1. Profile** 7

**1.2. Vision and Values** 15

**1.3. History** 17

**1.4. Domestic and International Presence** 18

**1.5. Supply chain** 20

**1.6 Value Creation Network** 21

**2 SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS** **22**

**2.1. Stakeholders** 24

**2.2. Assessment of Substantive Issues** 25

**2.3. Value Chain and Impact** 31

**2.4. Partnerships and Participations** 35

**3 PROTECTION OF THE ENVIRONMENT** **36**

**3.1. Our Approach to Environmental Protection** 37

**3.2. Energy** 39

**3.3. Climate Change** 45

**3.4. Supply of raw materials** 51

**3.5. Water Quality Management and Assurance** 54

**3.6. Packaging Materials and Waste** 57

**4 VALUE CREATION FOR SOCIETY AND MAN** **65**

**4.1. Product Quality and Safety** 66

**4.2. Human Resources Development** 74

**4.3. Safeguarding Ethics and Human Rights** 92

**4.4. Health and Safety at Work** 96

**5 RESPONSIBLE CORPORATE GOVERNANCE** **101**

**5.1. Organizational Structure of the Company** 102

**5.2. Financial Performance** 108

**5.3. Business Ethics** 113

**5.4. Corporate Governance** 118

**6 ANNEX** **131**

**6.1. Annex I – GRI Content Index** 132

**6.2. Annex II – Table of Contents of the Guide**  
Athens Exchange ESG Disclosure Guide 2024  
(ATHEX ESG Reporting Guide) 139



ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

# AT A GLANCE - HIGHLIGHTS 2023



**ECOVADIS certification**



**2023 Sales Excellence AWARDS GOLD**

**BRANDED CONSUMER PRODUCTS**

**+36%**  
Sales Growth  
(2023 vs 2022)



**ARKADI: Full Integration**



**IFS HPC Certification**

**196**  
Employees

**€62.3 mil.**  
in net sales

**€34.2 mil.**  
in exports

**4**  
Lines of Business

**82,1%**  
of electrical energy  
from RES

**154**  
Years of Perpetual  
Operation



# MESSAGE FROM THE MANAGING DIRECTOR

GRI 2-22



**Menelaos Tassopoulos,**  
Managing Director

Today, it is clear that the success and business continuity of a company is not only related to short-term profits, but mainly depends on its ability to create long-term value for its stakeholders and its contribution to society and the environment. In Papoutsanis' efforts to be a sustainable business, we believe it is important not only to recognise the issues that concern us all, from the climate crisis to growing inequality globally, but also to demonstrate in practice the action we take.

These moments provide excellent opportunities to further innovate and to play our part with new solutions that will ensure that future generations continue to thrive. Through our emphasis on innovation, we seek new ways to meet consumer desires and customer challenges with products that not only contribute to a better quality of life, but also have minimal or positive impact on the environment.

Remaining true to our vision, we continue to create products in compliance with the highest standards for the domestic and international market, respecting the requirements and needs of our customers and aiming to improve the quality of life.

Our operation and business conduct has always been based on our heritage, innovation, care and ethos – values that have placed us at the forefront of the Greek and European soapmaking industry.

Respect and protection of the natural environment are the cornerstone of Papoutsanis' philosophy. In this context, we invest in green energy through the installation of PV and the acquisition of Guarantees of Origin from renewable energy sources, in fact, resulting in 30% of the total energy consumed coming from renewable sources. With the same objective, Papoutsanis invested in the creation of innovative products, including their packaging, produced from recycled raw materials (5.9% of our packaging raw materials in 2023 will originate from recycled materials).

Our strategy is inextricably linked to sustainable growth and aims to create and distribute added value for our customers, our consumers, our partners, our human resources and all other stakeholders through the Company's four business segments: branded products, hotel market, third party products (industrial sales, private label) and industrial soap sales.



For us, the protection of our employees' rights is of paramount importance, as highlighted in our Code of Conduct, which outlines the principles according to which the Company's employees must act and behave towards the Company and vice versa. These principles also apply to the Company's business partners.

To this end, in 2024 Papoutsanis obtained the Great Place to Work certification, received ISO 14001 certification – an international standard for the implementation of an Environmental Management System, and was upgraded to Ecovadis certification from Bronze to Silver.

### OUR COMMITMENT

- ✓ To protect the natural environment in which we operate and in which the our products are distributed and disposed of during the

life cycle. We aim to reduce greenhouse gas emissions by minimising energy consumption and using renewable energy sources as far as possible, minimise water consumption, increase the use of raw materials and packaging materials made from recycled materials and reduce the amount of waste sent for disposal.

- ✓ To operate, grow and evolve responsibly and transparently, with regulatory compliance as the basis of our corporate governance.
- ✓ Continue to invest in innovation and ensure the high quality of our products and the health and safety of our consumers.
- ✓ To continue to provide a healthy and safe environment for our employees through the continuous improvement of communication and cooperation between management and employees, the implementation of modern systems, and the use of the latest technology

evaluating their performance and promoting respect for and protection of human rights.

- ✓ To continue our positive financial performance by creating additional value for all stakeholders - employees and the local community, our customers, the country and our shareholders.

In conclusion, our purpose, thinking about a sustainable future for all, gives added meaning to our work to enhance our environmental and social impact. Innovation is key to our progress, education is essential to building the momentum for change, and partnership makes both much stronger.

In closing, I would like to emphasize that looking to the future, Papoutsanis is committed to continue to focus on its sustainable development, staying true to its vision and timeless values that have made it a pioneering Company in the soapmaking industry, creating additional value for its stakeholders.

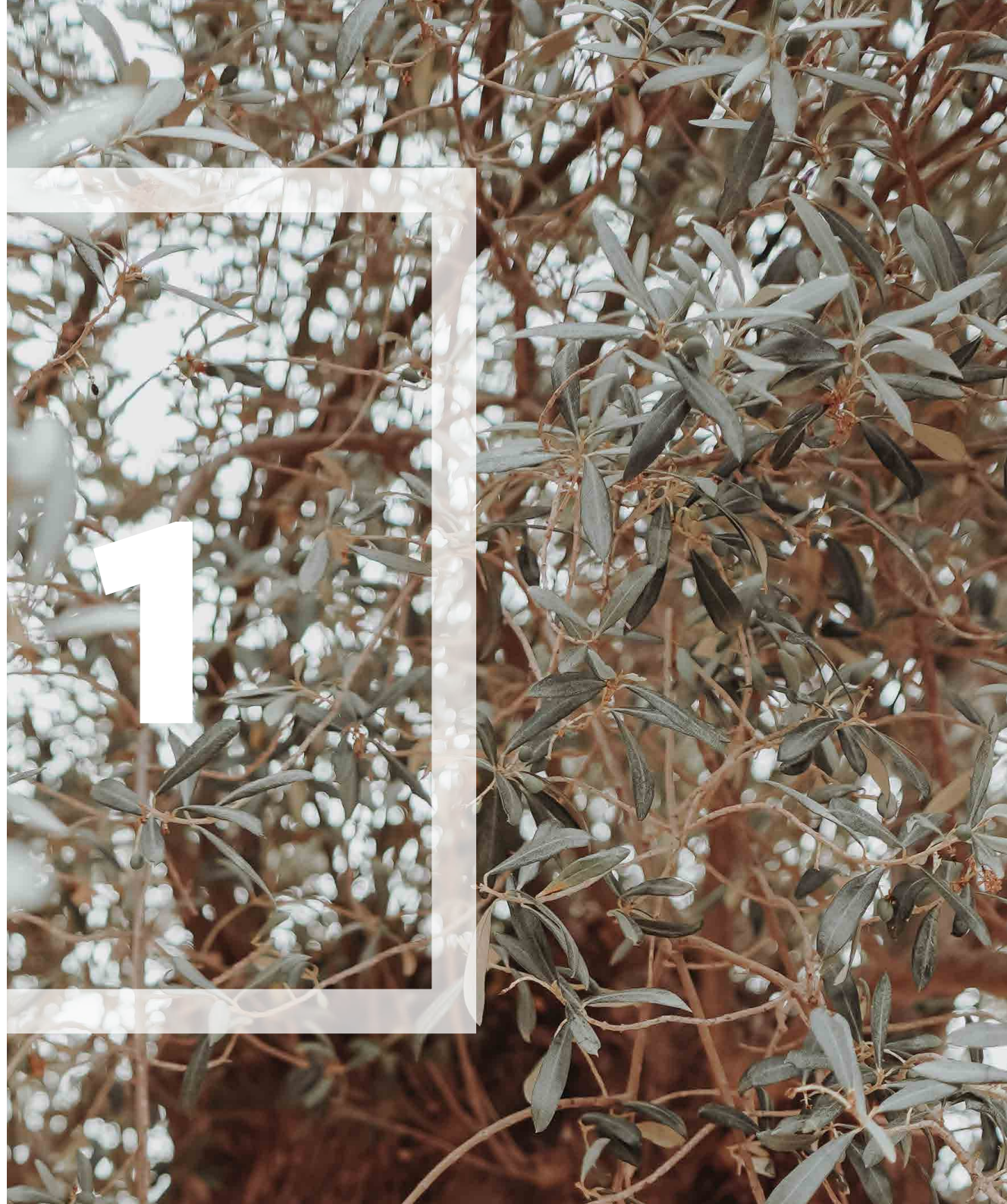
**Menelaos Tassopoulos**  
Managing Director



# ABOUT THE COMPANY

## CHAPTER CONTENTS:

- 1.1. Profile
- 1.2. Vision and Values
- 1.3. History
- 1.4. Domestic and International Presence
- 1.5. Supply Chain
- 1.6. Value Creation Network





# 1. About the company

## 1.1. PROFILE

GRI 2-1

Papoutsanis S.A. (hereinafter: "the Company" or "Papoutsanis") was founded in 1870 and is active in the production, import, export and general trading of consumer goods, such as soap, cosmetics and other personal care products, biocides and disinfectants, detergents and cleaning products for household and industrial use, as well as raw materials used for their manufacture.

The Company's facilities are located at 71<sup>st</sup> km of the Athens-Lamia National Road, in the area of Ritsona, in the Regional Unit of Evia, Greece. Papoutsanis has the form of a Public Limited Company and its shares are listed on the Athens Stock Exchange. The registered office of the Company is the Municipality of Chalkida of the Regional Unit of Evia of the Region of Central Greece.

Our products are available in Greece and all over the world with the main destination being Europe. More information can be found in [Chapter 1.4.](#)





## PRODUCTS

GRI 2-6

Papoutsanis is a leading Greek industrial company with a rich heritage and today is the largest producer of soaps and one of the largest producers of liquid cosmetics in Europe.

It has the largest vertically integrated and most technologically advanced production facilities in SE Europe and continuously produces innovative, top quality products with raw materials that consistently raise the bar of quality in both the Greek and international markets. Our customers include major retail chains, multinational

companies in the personal care and hygiene products and the distribution of hotel products, hotels and other. In 2023, the total number of pieces and packaging materials produced amounted to 251,381,302.

Based on sustainability, innovation, extroversion, respect for our historical past and 154 years of expertise and continuous presence in the domestic and international market, the Company plans its future on a daily basis through a strategic model of activity based on four business pillars:



**Branded  
Consumer Products**



**Third-Party and Private  
Label Manufacturing**



**Hotel  
Amenities**



**Specialized  
Soap Bases**





## 1. BRANDED CONSUMER PRODUCTS

Papoutsanis branded products are designed with the strictest quality standards and are based on the extensive expertise of the scientific team of the Research & Development Department of the Company. Our state-of-the-art industrial facilities manufacture products that make the most of ingredients found in nature combined with advanced formulations of modern cosmetology. The result is our well-known and timeless ranges of branded products, with a long-standing presence in the markets in Greece and abroad.

In addition, from the beginning of April 2020, Papoutsanis integrated the production of biocides and disinfectants into its core activities using part of its production line in its state-of-the-art plant in Ritsona, Evia.



## 2. HOTEL AMENITIES

Papoutsanis holds an important position in the production of hotel personal care products in Greece. The product lines under the brand names Olivia Thinks, Good to Declare, Olivia, Olive Care, Sarbacane, Le Jardin Med, Skin Essentials, UpC, Skin to Soul & Papoutsanis Kids are the choice of the largest hotel units in Greece, as well as luxury hotel chains abroad.

The high quality products of Papoutsanis are trusted for their guests by hotel chains in Greece and abroad.

Papoutsanis is constantly expanding its exports with its presence in leading hotel chains worldwide.





### 3. THIRD-PARTY AND PRIVATE LABEL MANUFACTURING

Our Company, with long experience and expertise in the cosmetics industry, is the main choice for some of the largest consumer goods (FMCG) and retail companies in Greece and around the world. Both the private label and branded products it produces on behalf of its customers have the Papoutsanis quality guarantee and its long-standing partnerships seal a relationship of trust and reliability.



#### PRIVATE LABEL PRODUCTS

Private label products are usually produced on behalf of supermarket chains and carry the brand name of the supermarket chain or group. In Greece, the company's share of the private label sector in the categories in which we operate (soaps, liquid soaps and bath wash) is more than 35% and is growing at an increasing rate with the continuous expansion of its portfolio through the production and design of new products and innovations, but also with the expansion of its partnerships with major retailers in Greece and abroad.



#### PRODUCTION OF PRODUCTS FOR THIRD PARTIES

An important area of activity and priority for our Company is the specialized production of products for third parties, mainly for multinational companies, which carry brands belonging to our customers. These are developed in cooperation with the Research & Development Department and the branded brands of our customers are produced with high quality standards and according to the specific specifications of our customers, both locally and internationally.



#### 4. SPECIALIZED SOAP BASES

The Company holds a significant position in the industrial supplies sector, since approximately 16% of its turnover comes from sales of special types of soap bases, mainly abroad, as a raw material for the manufacture of soaps, solid and liquid cosmetics and other special applications. The Company has developed significant expertise in the production of specialized soap base types and offers a wide range of options, which is constantly strengthening

its activities in countries such as France, Italy and the countries of Central and Northern Europe.

Its presence outside Europe remains equally dynamic, with exports to countries such as Australia and Mexico. Examples of the specialised types of soap base we offer are the following:



- **Soap bases using special oils**  
(e.g. olive oil, shea butter, coconut oil, sunflower oil, etc.)
- **Soap with special certifications such as ECOCERT/ COSMOS NATURAL, ECOCERT/ COSMOS ORGANIC, VEGAN, NORDIC SWAN etc.**
- **Synthetic soaps that can replace the corresponding liquid face, body and hair cleansing products (shampoos)**
- **Soap bases for special uses**  
(e.g. shaving noodles, soaps, solid body cleansers)





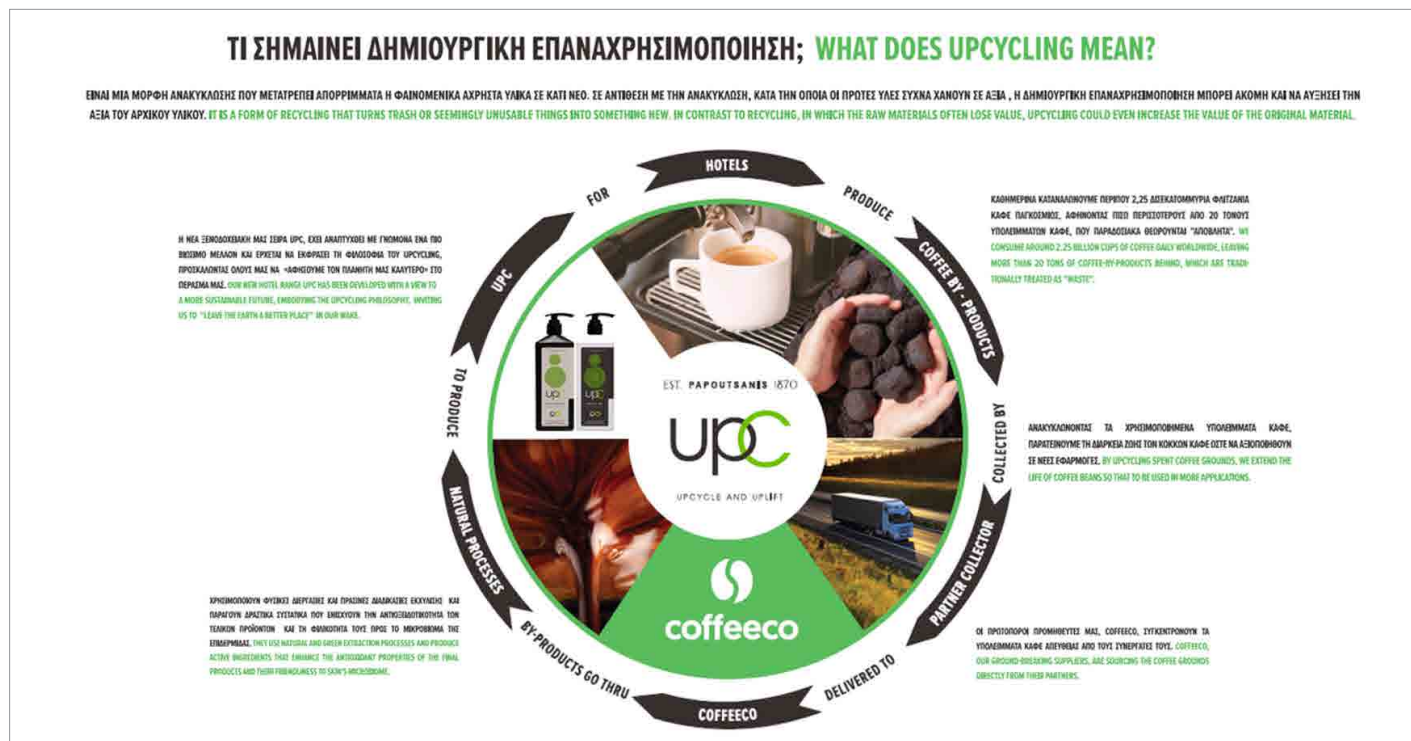
## SUSTAINABLE PRODUCTS

Remaining true to its corporate mission, which focuses on sustainable development, with respect to nature and the environment, the Company has proceeded in the development and production of sustainable products. These products fall into all of the above categories, while their creation aims to save energy and reduce the environmental impact caused by both the production process and the overall life cycle and use of the products.

A strong example is the new Vegan hotel range **UpC**, which has been developed in collaboration with a Greek startup and introduces the principles of the circular

economy in the hotel market. Utilising espresso residues, the **UpC** range incorporates the active ingredients extracted from them into the hotel product formula, while at the same time attempting to use them for packaging.

The new UpC range is part of a wider collection of sustainable hotel products, such as the premium "**Olivia Thinks**" range and the certified "**Good to Declare**" and "**Olivia Acts**" product ranges that contribute to reducing the environmental footprint and form part of the sustainability strategy for the protection of the environment.





The **Arkadi** range contributes to this goal, which is the top choice of consumers seeking sustainable solutions with an ecological character. The range is identified with the modern utilization of green soap and enzymes of 100% natural origin, proving that the **POWER OF NATURE** can bring safe and excellent results in the care and cleanliness of the home.

The new ARKADI era started with the brand's "anchor", the traditional green soap, which is relaunched in the summer of 2023 and, with sustainability in mind, is now available in paper packaging, saving 3.5 tons of plastic per year. This is followed by liquid soaps, in innovative packaging made from recycled nets (bottle made from at least 50% recycled fishing or agricultural nets) and two new integrated ranges of liquid dishwashing and detergent.

The new vegan ranges with green soap and the advanced "**PlantActive**" formula, with **enzymes of 100% natural origin**, are proven effective, even compared to the

best-in-class products in their class and have been designed with a view to reducing their environmental footprint:

- the packaging of detergents is made from recycled agricultural nets, with a minimum of 30%,
- the dishwashing liquids come in practical refillable pump packs and are accompanied by replacement sachets with 80% less plastic than the corresponding Arkadi pump pack – a great innovation for the category.
- ARKADI 2in1 liquid laundry detergent combines detergent & fabric softener for an even lower environmental footprint and greater economy

To conclude, Papoutsanis is continuously working on investments in new product technologies with minimal water and no plastic and has already introduced such proposals to the market, starting with the hotel industry with the **Olivia Thinks** solid shampoo and solid shower gel.



## STRATEGY FOR THE PROMOTION OF SUSTAINABLE PRODUCTS

Papoutsanis' Marketing department is responsible for promoting the sustainability and environmental benefits of the Company's products to the general public. The Company's goal for the near future is to increase the percentage of sales derived from products that are characterized as sustainable.

**A typical example of sustainable products is Solid Cosmetics, which are characterised by their low carbon footprint. In particular, solid shampoo bars require less water for their production, no plastic is used for their packaging and they occupy a smaller volume and therefore require less space during transport, thus reducing carbon emissions compared to the same amount of liquid shampoo.**



The promotion of sustainable products belonging to the hotel product category is carried out through:

- > the website and the online store of Papoutsanis
- > google ads, banners and search engine management and optimization
- > email/newsletters, press releases and press relations
- > participation in the XENIA exhibitions & Equip
- > one-to-one educational presentations to Papoutsanis clients
- > information material and QR codes for the respective products and series

Finally, the promotion of the Company's branded products to our customers is also done in the following ways:

- > sending samples and information material
- > letters and emails

and to final consumers by:

- > advertising on TV, radio and digital media
- > the Company's social networking accounts
- > press releases, press kits, articles and printed communication
- > information, promotion and distribution of samples in shops
- > customer marketing tools

It is noted that the majority of the above actions take place in waves during the first product placement/release and are repeated during the year depending on the Company's strategic plan and budget.



## 1.2. VISION AND VALUES

### OUR VISION

ATHEX A-G1

We are a Greek company with an international perspective. We believe in a future based on new ideas and we plan it step by step, with faith in our tradition and heritage and commitment to innovative products that are a benchmark in the domestic and global market.

The Papoutsanis signature is synonymous with authentic soap, pure raw materials and the unique ingredients of the Mediterranean region.

Our products evoke childhood memories, bringing to mind loved ones and inspiring trust as they are passed down from generation to generation. The experience and expertise developed during our long history spark the creation of pure personal care products at competitive prices that can meet every unique need of the modern consumer. Our vision is to be an example of an iconic Greek company that, driven by sustainable innovation, grows on sound, strong foundations and is a benchmark for flexibility, consistency and resilience.

Our mission is to ensure the well-being of consumers with quality personal and home care products that stand out in the market and respect people and the environment, while at the same time meeting the demands of the consumers who have consistently trusted us for the last 150+ years.





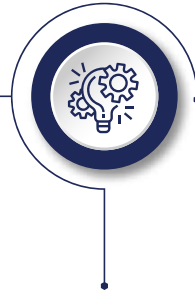
## OUR VALUES

These are the values we have faithfully followed for a century and a half. Values that characterize our course until today and have established us as pioneers in the Greek soap making industry.



### HERITAGE

We honor the heritage of the Papoutsanis signature and the Company's history since 1870 and we make sure to reflect it in every single product we create in our production line.



### INNOVATION

We invest in modern technologies that harness nature's treasures and combine them with advanced cosmetology to create innovative products. We follow the value of perpetual growth through constant research and search for new formulas that will create the next innovation with our signature. Products meet the needs of our consumers and partners and open up new horizons in the market.



### CARE

We make a daily commitment to our people, our consumers, our our partners, society and the environment with a sense of responsibility towards all, taking care of their needs and gaining their trust with innovative ideas and innovative production systems that ensure exemplary quality in our products.



### ETHOS

We make sure that we remain worthy of the trust we receive from our customers employees, our partners and the consumer audience. We invest in our people by providing the right working conditions, opportunities for progress and rewards, building a two-way relationship of loyalty and commitment every day.





## 1.3. HISTORY

### 154 YEARS OF UNINTERRUPTED PRESENCE



#### 1870

The Company is founded in Plomari, Lesvos by the visionary entrepreneur, Dimitrios Papoutsanis.

#### 1913

The Company's activities are transferred to Piraeus. A new chapter begins with the construction of one of the first soap factories in Greece. The first green Papoutsanis laundry soap is released in bars.

#### 1950

With the rise in the standard of living of the Greek society, Papoutsanis presents the iconic "Karavaki", an aromatic soap, which you can still find today on the shelves of super markets. In the 1970s, glycerine soap follows.

#### 1967

The factory is transferred to Kifissia. The Company expands into new categories and in 1972 it is listed on the Athens Stock Exchange. In 2001 the activities are transferred to Ritsona, to its new factory.

#### 2010

Introduction of new management and reorganization of the Company. In 2015 Papoutsanis develops the its 4<sup>th</sup> business pillar, starting to sell Special Soap bases (raw material for soap).

#### 2020

During the Covid-19 crisis, the Company gives priority to the production of biocides and antiseptics to meet its national needs. A strong period of innovation and sustainable growth is beginning.

#### 2022-23

Acquisition of Malikoutis S.A. With its new brand, Arkadi, Papoutsanis now enters new, large categories, those of Homecare (household care).



## 1.4. DOMESTIC AND INTERNATIONAL PRESENCE

GRI 2-6, ATHEX A-G1

Based in Vathi Avlida, in Chalkida, our company maintains a strong presence throughout Greece, Europe and in more than 35 countries around the world.

Through our partnerships with international trade giants, our signature products are distributed by retailers and major hotels abroad.

Our customers are classified by product categories in various channels such as retail, wholesale, hotels, private label products and industrial sales. Our products are sold in most European countries, America, Asia, Africa, New Zealand and Australia. The Company is committed to further developing natural sustainable products using sustainable raw materials and packaging materials made from recycled materials, thus aiming to contribute to the everyday well-being of its consumers who have trusted and purchased its products for the past 150+ years, while helping to reduce its environmental impact. It should be noted that when it comes to third party products, there is a growing demand for sustainable products and Papoutsanis is implementing more and more projects in this context.

SALES OF PRODUCTS BY REGION

	2020	2021	2022	2023
<b>GREECE</b>	51%	38%	34%	45%
<b>EUROPE</b>	45%	56%	52%	45%
<b>USA</b>	3%	4%	8%	6%
<b>ASIA - AFRICA</b>	1%	2%	6%	4%



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DEVELOPMENT  
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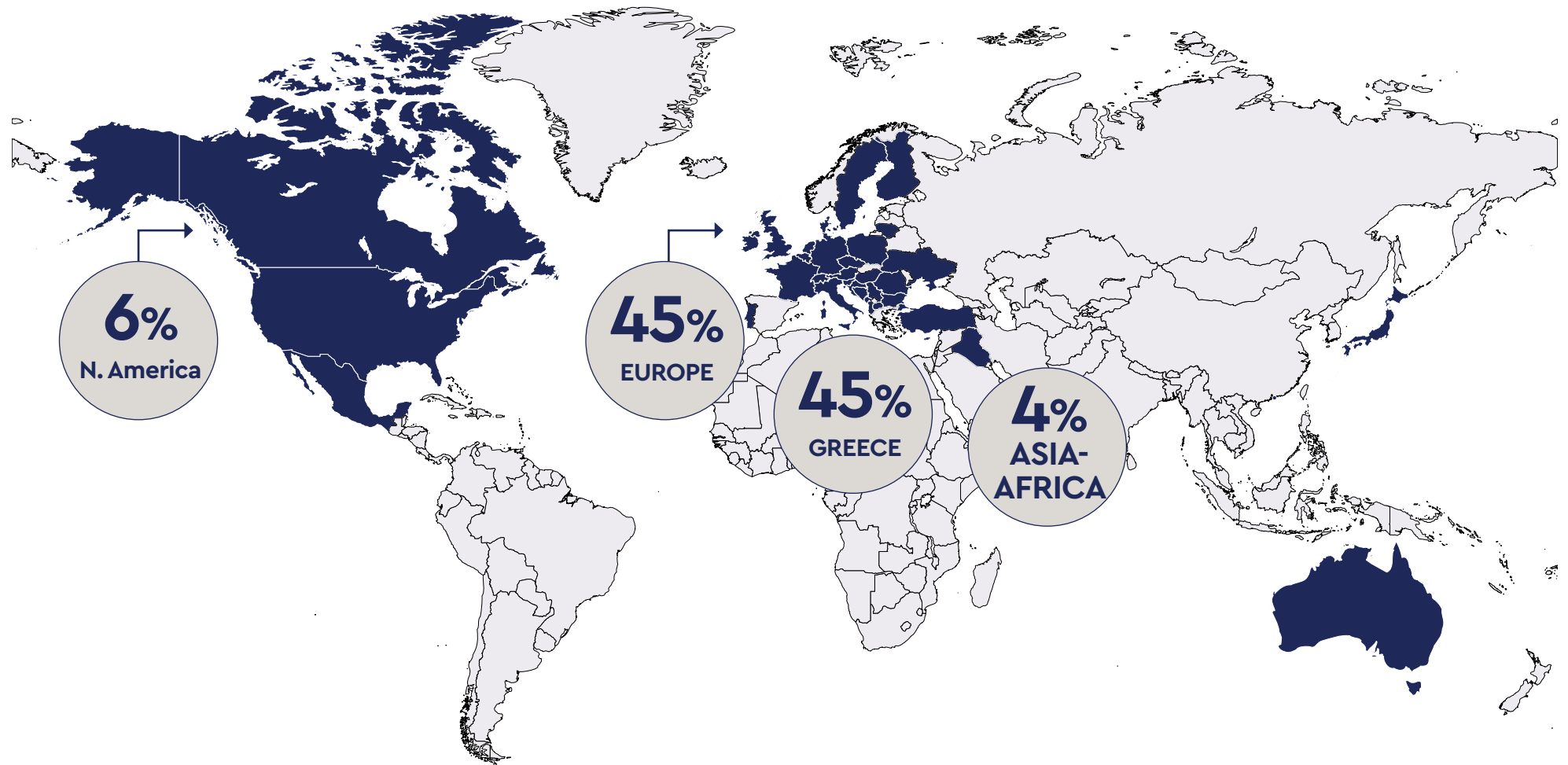
PROTECTION OF  
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RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

## EXPORTS CONSTITUTE 55% OF TURNOVER





## 1.5. SUPPLY CHAIN

GRI 2-6, ATHEX A-G1

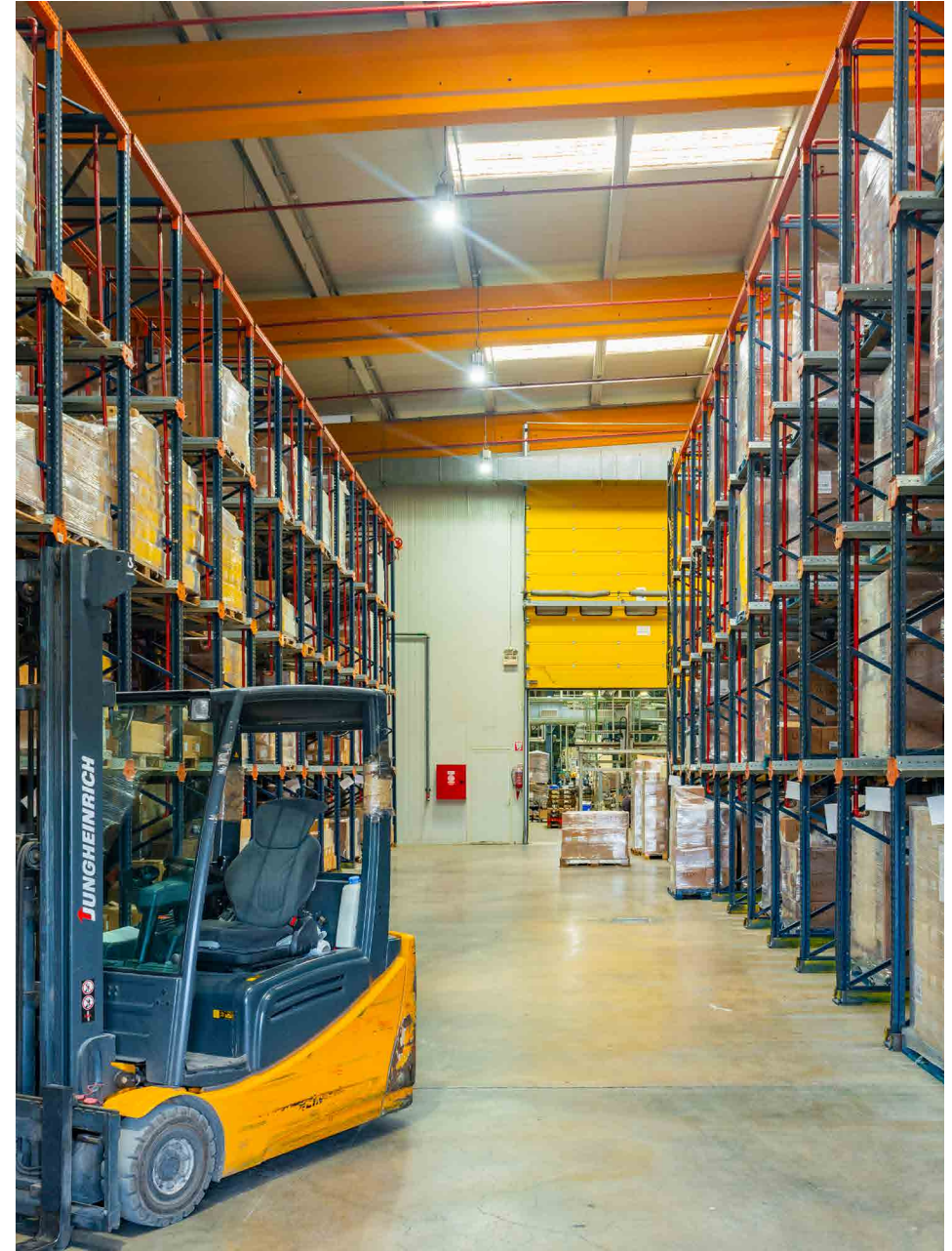
In Greece, the Company has an extensive distribution network with more than 3,500 points of sale of its branded products in the retail channel, pharmacies and hotel products.

The Company's Supply Chain Department has the overall oversight of the supply chain processes. The selection of partners is based on criteria of quality of infrastructure and services of the candidates, which also determine the subsequent maintenance of long-term cooperation relations.

The suppliers we work with fall into the following categories:

- > Raw materials
- > Secondary materials
- > Perfumes/Extracts
- > Packaging materials
- > Fixed Assets/mechanical equipment
- > Production/office supplies
- > Logistics
- > Service provision
- > Energy

In 2023, we collaborated with 995 suppliers in Greece, Europe and the US, with an estimated value of €53 million in payments to suppliers.





## 1.6. VALUE CREATION NETWORK

As the Company is constantly growing and expanding, and always with responsible management in mind, we ensure the integration and implementation of sustainability practices throughout our value chain.

### RAW MATERIALS

The raw materials used in the production of Papoutsanis' products are mainly oils, perfumes and chemicals. The raw materials used carry environmental certifications, which we acquire from highly reputable and reliable suppliers.

SEE SECTION 3.4

### RESPONSIBLE MANAGEMENT OF RESOURCES

Responsible use of resources, especially water and energy. By implementing efficient practices and adopting sustainable technologies, we aim to minimise consumption and optimise overall use.

SEE SECTION 3.2-3.5

### PACKAGING MATERIALS

Pioneering the testing and implementation of sustainable packaging materials with recycled content. Our packaging is a key part of our marketing strategy, providing key product information and ensuring protection during transport and storage.

SEE SECTION 3.6

### PRODUCT QUALITY AND CONSUMER SAFETY

Providing high quality products is a strong commitment for the Company. Rigorous standards and continuous improvements are designed to meet and exceed customer expectations, providing reliable and safe solutions.

SEE SECTION 4.1

### MORAL INTEGRITY & RIGHTS

Prioritising health and safety while respecting human rights and ethical standards in the workplace. Our commitment ensures a safe and respectful environment for all employees.

SEE SECTION 4.3-4.4



# SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

## CHAPTER CONTENTS:

- 2.1. Stakeholders
- 2.2. Assessment of Substantive Issues
- 2.3. Value Chain and Impact
- 2.4. Partnerships and Participations



# 2



## 2. Sustainable development in PAPOUTSANIS

GRI 3-1, 3-2, 3-3, ATHEX C-G3

Our Company is committed to the responsible management of the socio-economic and environmental impacts that occur throughout the supply chain. Our goal is to minimize the negative impacts and enhance the positive ones for our employees, consumers, customers, suppliers, partners and to contribute to the Greek economy, society and the natural environment, in line with the UN Sustainable Development Goals.

We ensure that our operations comply with and adhere to relevant laws on Sustainable Development, as well as the application of established standards, policies, internal guidelines and related procedures. In addition, we embrace voluntary agreements that are supported and accepted by Papoutsanis.

By incorporating sustainable development as a key objective in our operations, our Company seeks to achieve the following:

- Good packaging & waste management practices resulting from the Company's production activities.
- Adapting the Company's activities to combat the global phenomenon of climate change.
- Sustainable sourcing of raw materials.
- Good practices in managing available water resources and eliminating water depletion.
- Reducing Energy Demands and replacing energy resources with renewable and green energy.
- Safeguarding the safety and high quality of products.

- Investing in human resources and developing them appropriately through training and specialisation.
- Universal respect for Human Rights and strengthening of existing corporate ethics.
- Ensuring appropriate conditions to safeguard the occupational health and safety of stakeholders.
- Taking actions and decisions in the light of a transparent, fair, responsible and ethical business model.
- Ensuring high financial performance of the Company.
- Management of the Company's business affairs and decision-making processes.

**Papoutsanis was awarded in 2024, with the EcoVadis Silver Medal, placing her in the top 15% in terms of performance on sustainability issues worldwide. Our extroversion and commitment to sustainability principles consolidate our positive performance, constantly creating new growth prospects both domestically and internationally. These opportunities arise through the supply of quality products as well as through partnerships with external stakeholders.**





## 2.1. STAKEHOLDERS

DISCLOSURE 2-29, ATHEX C-S1

Papoutsanis attaches great importance to conducting meaningful communications with stakeholders, as this allows us to operate more efficiently, gain knowledge of market conditions and identify and minimize potential risks. We consider as a stakeholder of the Company anyone who affects or is affected by our economic, environmental and social activities.

To effectively implement our strategy and achieve our goals:



**We identify and categorise stakeholder groups.**

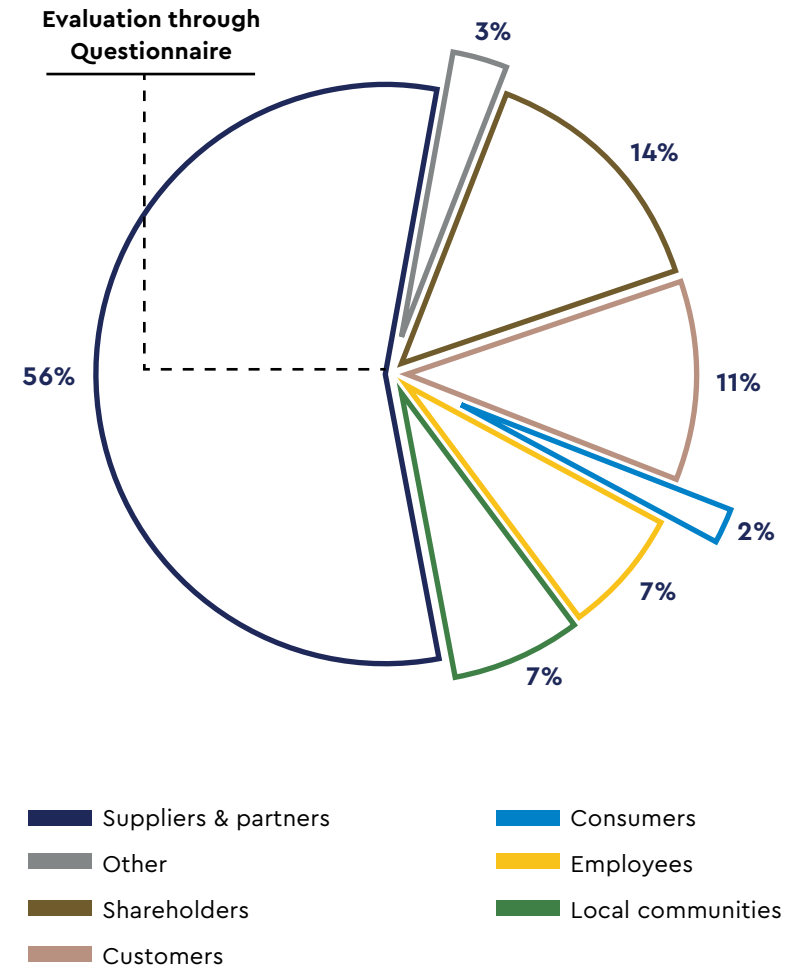


**We regularly evaluate and prioritise these groups, and we are constantly improving our methods of engaging and consulting with them.**



**We actively collect and address the primary needs and expectations of our stakeholders as they arise through our daily business activities and existing communication channels, such as telephone or email.**

MAIN GROUPS OF STAKEHOLDERS







## 2.2. ASSESSMENT OF SUBSTANTIVE ISSUES

DISCLOSURE 3-1, 3-2, 3-3, ATHEX C-G3

At Papoutsanis, we prioritize issues related to our economic progress and creating lasting value for our stakeholders. With this goal in mind, we have identified environmental, social and economic aspects of our operations that align with the needs and expectations of our stakeholders.

In addition, we recognise the wider impacts we have on the three key pillars of sustainability, Environmental, Social and Governance. The Company conducted a thorough

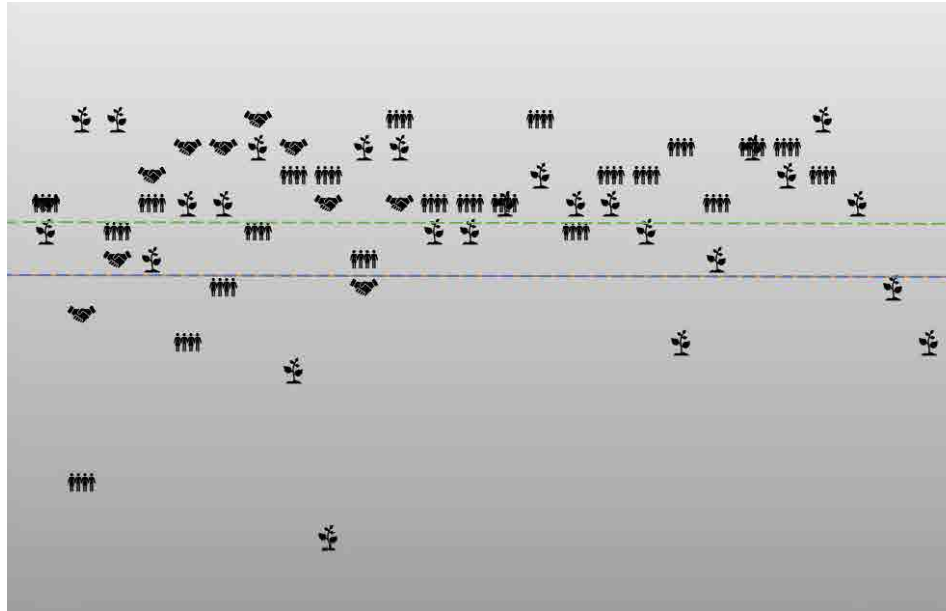
assessment of materiality analysis using the reporting guidelines outlined in the GRI International Standards.

Since the content and methodology for the preparation of the Materiality Analysis did not undergo any changes in the latest version of the GRI standards compared to the previous version, Papoutsanis did not proceed with the preparation of a new Materiality Analysis for the financial year 2023. Therefore, the content and results presented below are derived from the process applied for FY 2022.





## MATERIALITY ANALYSIS INDEX



The Substantive Issues Assessment was carried out in a framework of discrete steps:

➤ **Understanding the context of the organisation: extensive research and analysis was carried out to identify the most important issues in the sector. This analysis was conducted in conjunction with the Company's strategic priorities.**

➤ **Identifying actual and potential impacts: assessing and prioritising issues based on their impact on the economy, society and the environment.**

➤ **Conduct an Electronic Survey in the form of a questionnaire to include the views of all stakeholders and record the results.**

➤ **Count of scale 4 & 5 responses and setting a threshold:**

1] 53> responses with a 4-5 scale for environmental issues

2] 51> answers on a scale of 4-5 for the topics Social and Governance

➤ **Prioritisation of Material Issues**

➤ **Validation of the Papoutsanis' material issues by the BoD**



## 2.2.1 INVOLVEMENT OF STAKEHOLDERS

DISCLOSURE 2-29, ATHEX C-S1

The importance of effective communication with stakeholders cannot be underestimated when it comes to decision-making and achieving organisational objectives, as it plays a vital role in building trust and managing and mitigating potential risks in a timely manner. As appropriate, the Company strives to engage with each stakeholder group individually, always giving priority to the mutual benefits that can result from these interactions.

Papoutsanis conducted a survey through questionnaires, which were distributed to the various stakeholders in the value chain to ensure that the issues developed in this Report are aligned with the positive or negative impacts that affect the stakeholders. In this way, the importance of the different aspects was assessed and the findings were used to implement and target focused and appropriately tailored measures.



### SHAREHOLDERS

- > Sustainable sourcing of raw materials
- > Safeguarding the safety and high quality of products
- > Management of the Company's business affairs and decision-making processes



### CUSTOMERS

- > Good water management practices and elimination of water depletion
- > Universal respect for human rights and strengthening of existing corporate ethics
- > Management of the Company's business affairs and decision-making processes



### CONSUMERS

- > Adaptation of activities of the Society to combat the global phenomenon of climate change
- > Safeguarding the safety and high quality of products
- > Adoption of measures and decisions under in the light of a transparent, fair, responsible and ethical business model



### LOCAL COMMUNITIES - COMMUNITIES

(e.g. media, NGOs, local authorities, etc.)

- > Good packaging & waste management practices resulting from the Company's production activities
- > Universal respect for human rights and strengthening of existing corporate ethics
- > Taking actions and decisions in the light of a transparent, fair, responsible and ethical business model



### EMPLOYEES

- > Reducing energy demands and replacing conventional energy resources with renewable and green energy sources
- > Investing in human resources and developing them appropriately through training and specialisation
- > Taking actions and decisions in the light of a transparent, fair, responsible and ethical business model



### SUPPLIERS AND PARTNERS

- > Good packaging & waste management practices resulting from the Company's production activities
- > Ensuring appropriate conditions to safeguard the occupational health and safety of stakeholders
- > Ensuring high financial performance of the Company



### OTHER

- > Reducing energy demands and replacing energy resources with renewable and green energy sources
- > Taking actions and decisions in the light of a transparent, fair, responsible and ethical business model
- > Universal respect for Human Rights and strengthening of existing corporate ethics

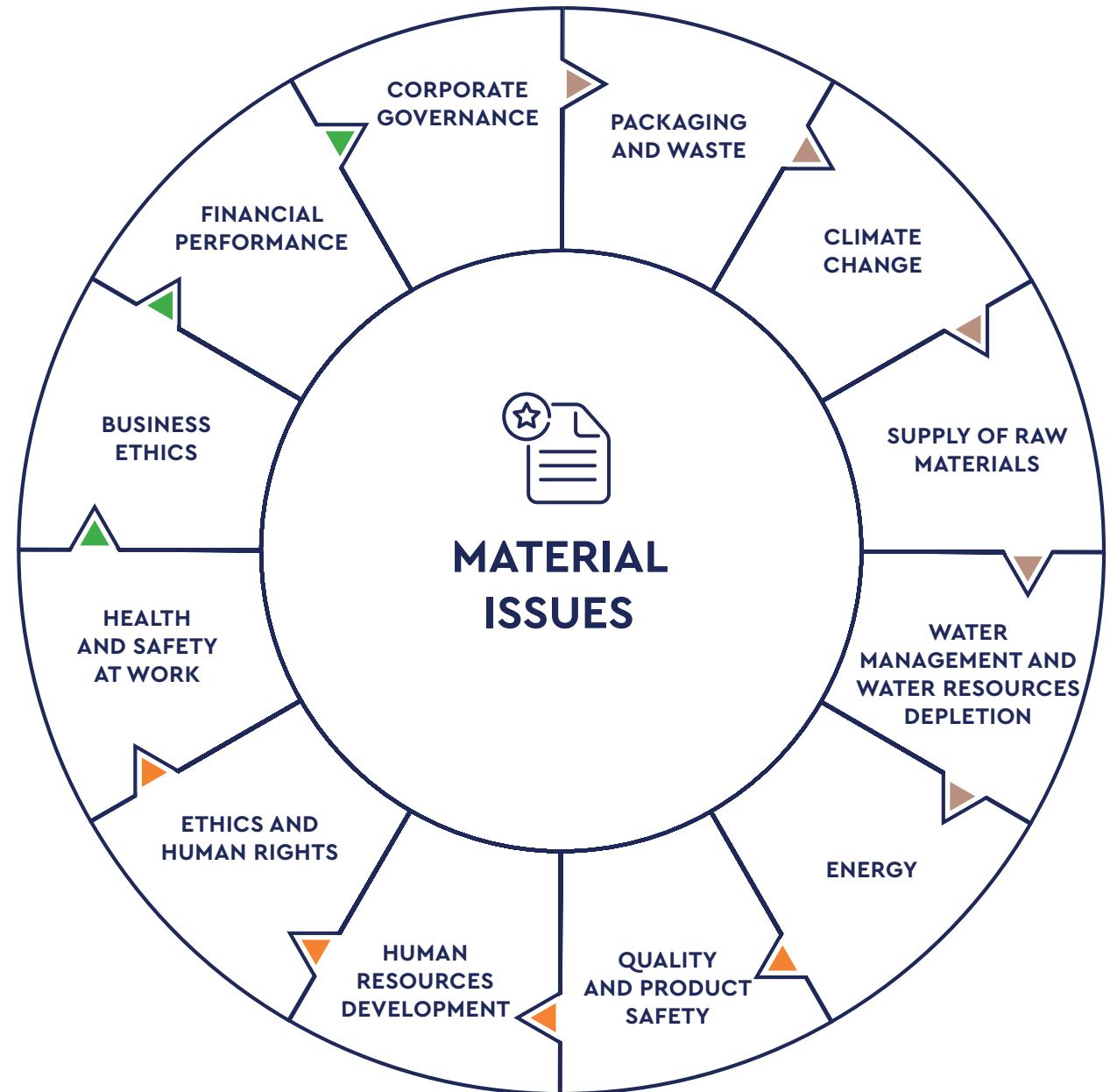


## 2.2.2 PRIORITISATION OF MATERIAL ISSUES

Following the collection of the results, as they emerged from the questionnaires, we proceeded to prioritise these issues, which include the economic, social and environmental impacts of our activities across our value chain, according to the principles of Comparability, Accuracy, Timeliness, Transparency, Reliability and Conclusions, as outlined in the GRI standards.

We aggregated the number of responses with a scale of greater than or equal to 4 as the degree of importance and set as a threshold the number of responses greater than or equal to 53 for the environmental issues and greater than or equal to 51 for the People & Society and Governance.

Through this process, the 12 Corporate Themes related to our activities with environmental, economic and social impacts across our value chain emerged.





## 2.2.3 FINALISATION OF MATERIAL ISSUES

In the final phase of the analysis, the results of the prioritisation stage were validated by the Company's senior management. This verification process adhered to the Principle of Completeness and the Principle of Stakeholder Participation, as described in the GRI Standards.

The content of the Materiality Analysis was determined through the process described in subsections 2.2.1 – 2.2.3.

For this report, the Company did not perform a repeat Materiality Analysis. Therefore, the content of this report is based on the Materiality Analysis performed in 2023 for Fiscal Year 2022.










# 2.3 Value Chain and Impact










GRI 2-6

The following table illustrates important information about our contribution to Sustainable Development. At its core, it represents our value chain, which includes activities carried out by the Company itself as well as by third parties such as suppliers, partners and customers. These activities take place both before and after our own activities, but are directly or indirectly linked to us and include both positive and negative impacts on the environment, society

and governance. For Papoutsanis, its contribution to the achievement of the UN Sustainable Development Goals (SDGs) is of paramount importance and the Company is committed to supporting the Sustainable Development Goals (SDGs) by identifying those that are aligned and relevant to its activities. To this end, the Company links the 12 Materiality Themes, as identified through investigation, to the SDGs.





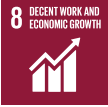



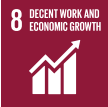
Sustainability Sector	Materiality issues	Opportunities and Risks related to Materiality Issues	Related Sustainable Development Goals	Stakeholder Groups
 <b>Environment</b>	<b>Packaging and Waste</b>	<ul style="list-style-type: none"> <li>➤ Compliance with relevant laws and regulations</li> <li>➤ Collectively addressing the challenges related to waste management</li> <li>➤ Sustainable packaging alternatives or implementation of circular economy approaches</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Climate Change</b>	<ul style="list-style-type: none"> <li>➤ GHG emissions during the production of products</li> <li>➤ Stricter climate regulations, (e.g. emission standards) and upcoming compliance costs, penalties or restrictions on production activities.</li> <li>➤ Building climate resilience within the supply chain</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Shareholders</li> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Employees</li> <li>➤ Local Communities – Communities</li> <li>➤ Suppliers and Partners</li> </ul>








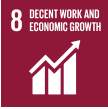

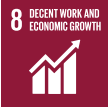


Sustainability Sector	Materiality issues	Opportunities and Risks related to Materiality Issues	Related Sustainable Development Goals	Stakeholder Groups
 <b>Environment</b>	<b>Supply of raw materials</b>	<ul style="list-style-type: none"> <li>➤ Environmental degradation, deforestation, habitat loss or pollution.</li> <li>➤ Sourcing raw materials from regions with poor labour practices and supply chain transparency challenges.</li> <li>➤ Reducing vulnerability to future disruptions by investing in long-term relationships with suppliers and adopting sustainable procurement practices.</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Water Management and Water Resource Depletion</b>	<ul style="list-style-type: none"> <li>➤ Availability of water and water resources</li> <li>➤ Water shortage and depletion of available resources</li> <li>➤ Responsible management and proper allocation of water resources</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Energy</b>	<ul style="list-style-type: none"> <li>➤ Dependence on fossil energy sources – fuel and energy price volatility</li> <li>➤ Disruptions in energy supply</li> <li>➤ Adoption of renewable energy sources and energy autonomy - efficiency</li> <li>➤ Access to financial loans and government grants</li> </ul>	   	<ul style="list-style-type: none"> <li>➤ Shareholders</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> </ul>





Sustainability Sector	Materiality issues	Opportunities and Risks related to Materiality Issues	Related Sustainable Development Goals	Stakeholder Groups
 <b>Man &amp; Society</b>	<b>Safety and Product Quality</b>	<ul style="list-style-type: none"> <li>➤ Inadequate quality control practices throughout the supply chain</li> <li>➤ Competitive advantage and superior product quality and safety standards</li> <li>➤ Risk reduction and compliance with regulatory standards</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Human Resources Development</b>	<ul style="list-style-type: none"> <li>➤ Senior managers and employees with high knowledge and expertise</li> <li>➤ Attracting and retaining employees</li> <li>➤ Effective use of human resources and increase in turnover</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Employees</li> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Ethics and Human Rights</b>	<ul style="list-style-type: none"> <li>➤ Equal rights and opportunities at work</li> <li>➤ Non-discrimination in all forms and types</li> <li>➤ Human rights throughout the supply chain</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Employees</li> <li>➤ Shareholders</li> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Health and Safety at Work</b>	<ul style="list-style-type: none"> <li>➤ Compliance with the available Regulatory Frameworks</li> <li>➤ Ensuring a safe working environment</li> <li>➤ Promotion of the Company's positive reputation</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Employees</li> <li>➤ Customers</li> <li>➤ Consumers</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>



Sustainability Sector	Materiality issues	Opportunities and Risks related to Materiality Issues	Related Sustainable Development Goals	Stakeholder Groups
 <b>Governance</b>	<b>Business Ethics</b>	<ul style="list-style-type: none"> <li>➤ Business Integrity and Transparency</li> <li>➤ Unethical business practices, fraud, bribery or environmental violations and defamation</li> <li>➤ Employee misconduct, conflict of interest, dishonesty and harassment</li> </ul>	  	<ul style="list-style-type: none"> <li>➤ Shareholders</li> <li>➤ Customers</li> <li>➤ Employees</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Financial Performance</b>	<ul style="list-style-type: none"> <li>➤ Economic downturn or slump</li> <li>➤ Financial prosperity for the Company and the local community</li> <li>➤ Timely payment of salaries and allowances to employees and partners</li> </ul>	 	<ul style="list-style-type: none"> <li>➤ Customers</li> <li>➤ Employees</li> <li>➤ Suppliers and Partners</li> <li>➤ Local Communities – Communities</li> </ul>
	<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>➤ Violation of shareholders' rights and moral hazard</li> <li>➤ Diversity and expertise of the Board of Directors</li> <li>➤ Transparency, Accountability and long-term strengthening and consolidation of strong sustainable frameworks</li> </ul>	   	<ul style="list-style-type: none"> <li>➤ Shareholders</li> <li>➤ Customers</li> <li>➤ Employees</li> <li>➤ Suppliers and Partners</li> </ul>



## 2.4. Partnerships and Participations

GRI 2-28

Papoutsanis recognizes that active participation in professional bodies and associations contributes to the development of our network of partnerships and the progress of the Company. It allows us to exchange valuable knowledge and continuously improve our products. In this regard, we actively support and participate in the following professional bodies and associations:



### Economic operators

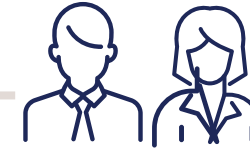
**We are members of the following organisations:**

- > of the Association of Greek Tourism Enterprises (SETE)
- > of the Association of Greek Industrialists (SEV)
- > of the Association of Plastics Industries
- > of the Association of Industries of Central Greece
- > of the Private Label Manufacturers Association (PLMAs World).
- > of the Hellenic Union of Entrepreneurs
- > of the Hellenic-Italian Chamber of Commerce
- > of the Hellenic-German Chamber of Commerce
- > of the Hellenic Institute of Procurement



### Environmental bodies

- > We are members of the Hellenic Recycling Recovery Society.
- > We are members of the international GreenPalm program that supports the sustainability of palm oil.
- > We are members of the international RSPO programme for the sustainability of palm oil. Certification to the RSPO standard.



### Social bodies

- > We are supporters of Race for the cure.
- > We have adopted the house of the Smile of the Child in Agios Nikolaos Chalkida.



# PROTECTION OF THE ENVIRONMENT

## CHAPTER CONTENTS:

- 3.1. Our approach to Environmental Protection
- 3.2. Energy
- 3.3. Climate Change
- 3.4. Supply of raw materials
- 3.5. Water Quality Management and Assurance
- 3.6. Packaging Materials and Waste





# Protection of the environment

## 3.1. OUR APPROACH TO ENVIRONMENTAL PROTECTION

GRI 3-3

Respect and protection of the natural environment is the cornerstone of Papoutsanis' philosophy. As part of this philosophy, our Company implements an environmental policy related to the optimization of plant operation and efficient energy consumption. In particular, our Company's environmental policy is firmly based on the following principles:

✓ **Compliance with the legislation**  
The Company's activities fully comply with the applicable European and national environmental legislation, always within the emission limits set out in its environmental permit (AEPO).

✓ **Responsible productive operation**  
The Company is fully aware of the environmental impacts of the production process and shall take all necessary measures to minimise them, as well as appropriate measures to prevent environmental risks.

✓ **Working with accredited contractors**  
The Company's partners regarding the management of waste (collection, transport, recovery, disposal) have all the necessary permits and follow good management practices, as required by the relevant legislation.

✓ **Transparency**  
The Company is engaged in an open dialogue on environmental issues. Committed to working with all its shareholders, governmental and non-governmental organisations, academic institutions, local communities and society in general.

✓ **Education**  
The Company's staff is kept up to date and is engaged in actively involved in environmental management issues, as the Company's objectives can only be achieved with the participation of all employees.

✓ **Continuous improvement**  
The Company is constantly striving to improve its environmental performance and reduce the environmental footprint of its operations by seeking environmentally friendly raw materials and developing innovative products to this end.



**Papoutsanis is committed by its Code of Conduct and Sustainable Development Policy to continue to reduce the environmental impact of its operational and business activities.**



Through initiatives and the continuous improvement of its environmental management systems, the Company contributes to the protection of the environment and the quality of life in its neighbouring areas. It is also committed to fully comply with all applicable environmental laws, including obtaining and maintaining all permits and approvals required to conduct its operations, proper handling, storage and disposal of materials in accordance with relevant laws, and timely and accurate reporting to the relevant government agencies.

For the reporting year 2023, the monitoring of the environmental impacts resulting from the Company's operations is achieved through the cooperation of most of the Company's departments. The head of the production line department is responsible for the compliance with procedures related to the reduction of the Company's environmental and climate footprint.





## 3.2. ENERGY

GRI 3-3

The Company applies practices to reduce its environmental footprint and implements actions to enhance energy saving. Specifically, as part of improving and maximizing the output of its production lines, in 2023 it invested in a series of initiatives worth €420,649 that contribute to improving energy efficiency and reducing energy consumption.

Typical steps that have been taken so far in this direction are the following:

- > **New warehouse of 2.000 sq.m. with pallet racks for automatic storage of packaging materials and finished products**
- > **Addition of a new warehouse 500 sq.m. for soap making**
- > **Changing panels in the existing warehouse to improve insulation**
- > **Installation of a synthetic soap mass production line to ensure sustainable development through the reduction of plastic packaging.**
- > **Purchase of new equipment and energy-efficient machinery for soap mass production and soap moulding.**
- > **Heat recovery from air compressors and use of hot water for office heating.**
- > **External thermal insulation of the masonry and installation of glazing in the office building.**



- > **Use of electric vehicles by Company employees, which are charged using the chargers installed at the Company's facilities.**
- > **Obtaining a Certificate of Guarantees of Origin (GOs) of energy from RES.**

In addition, in 2023, the Company's application for the installation of solar panels for net metering of the energy consumed for the production of energy from renewable sources was approved. This will contribute to the Company's efforts to reduce greenhouse gas emissions and energy costs through the renewable energy produced by the photovoltaic panels.

The energy consumed comes directly from the operation of its building infrastructure, including its offices and production plant, and the use of its company cars, and indirectly from its value chain.

The production unit accounts for the majority of the Company's energy consumption. In particular, natural gas is the main source of energy for the soap production process. The other processes are powered by electricity and in case of power outages, standby oil generators are operated. As part of our continuous monitoring of our energy performance, we systematically monitor our consumption through the bills issued by our gas and electricity suppliers.

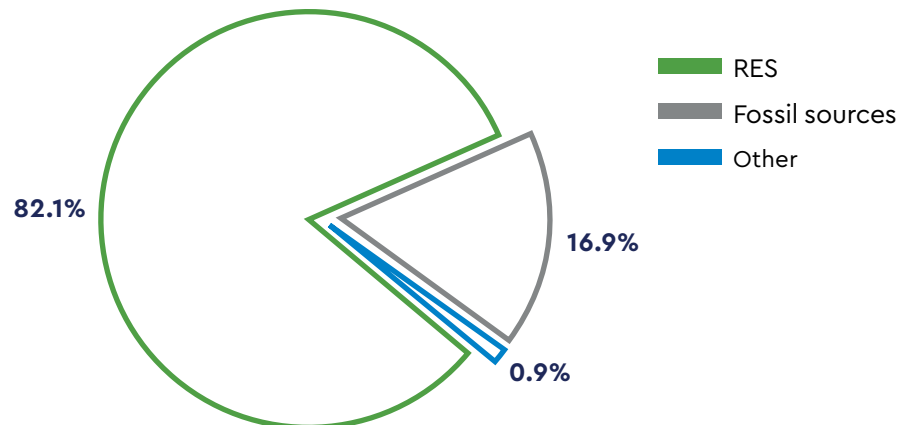


## THE PERFORMANCE OF THE PAPOUTSANIS

Papoutsanis recognises that Greenhouse Gas (GHG) emissions are emitted from the operation of the production plant and from its activities throughout the supply chain. As part of reducing GHG emissions, the Company has increased storage capacity at its facilities, leading to a reduction in the need to transport inventory to and from third-party warehouses, thereby reducing GHG emissions from these activities.

In 2023, the Company secured Guarantees of Origin from its provider through the IEPERP's Guarantees of Origin System for the largest share of electricity consumption. More specifically, the Company secured Guarantees of Origin for 74% of total electricity consumption. The remaining part of the required electricity was covered by the remaining energy mix of the energy provider. Based on the above and with respect to the origin of energy, 82.1% of the total electricity consumed was from renewable energy sources (RES), 16.9% from fossil sources, while the remaining 0.9% was from other energy sources.

ORIGIN OF ELECTRICAL ENERGY



GRI 302-1, ATHEX C-E3

### ELECTRICITY CONSUMPTION BY THE ENERGY PROVIDER

	2020	2021	2022	2023
<b>Total (GJ)</b>	21,064.0	24,670.8	29,622.7	25,857.1
<b>Total (MWh)</b>	5,851.1	6,852.9	8,228.5	7,182.5

### CONSUMPTION OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES

	2020	2021	2022	2023
<b>Total (GJ)</b>	0	24,429.6 <sup>(1)</sup>	28,400.4 <sup>(1)</sup>	21,236.1 <sup>(1)</sup>
<b>Total (MWh)</b>	0	6,786.0 <sup>(1)</sup>	7,889.0 <sup>(1)</sup>	5,898.9 <sup>(1)</sup>

<sup>(1)</sup> The renewable electricity was sourced through the acquisition of Guarantees of Origin (GOs) from the Company's energy supplier, as well as from part of the supplier's residual mix according to Table 5 of the 2023 Energy Mix Report of the IEEEEP.

### CONSUMPTION OF ELECTRICITY FROM NON-RENEWABLE SOURCES

	2020	2021	2022	2023
<b>Total (GJ)</b>	21,064.0	241.2	1,222.3	4,620.9
<b>Total (MWh)</b>	5,851.1	67.0	339.5	1,283.6





GRI 302-4, CORPORATE PERFORMANCE

VARIATION IN CONSUMPTION AND INTENSITY (ENERGY CONSUMPTION IN RELATION TO FIXED PRODUCTS) OF ELECTRICAL ENERGY

	2020	2021	2022	2023	Change from base year <sup>(2)</sup>
<b>Electricity consumption (GJ)</b>	21,064.0	24,670.8	29,622.7	25,857.1	22.8%
<b>Total number of pieces of products and packaging produced</b>	194,763,179	230,812,020	323,460,563	251,381,302	29.1%
<b>Electricity consumption per unit of product/packaging (GJ/unit)</b>	0.00011	0.00011	0.00009	0.00010	-4.9%

<sup>(2)</sup> The year 2020 has been used as the base year for the calculations due to the fact that it was the first year in which the Company collected reliable data.



ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

**ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES (GJ)**

	2020	2021	2022	2023
Electricity <sup>(3), (4)</sup>	21,064.0	241.2	1,222.3	4,620.9 <sup>(7)</sup>
Heating	42,287.3	50,259.3	47,220.7	41,589.9
• Natural gas	42,253.0	50,202.0	47,170.8	41,582.7
• Diesel for generators <sup>(5)</sup>	34.3	57.3	49.9	7.3
Diesel for road transport <sup>(6)</sup>	-	-	-	1,723.5
Petrol for road transport <sup>(6)</sup>	-	-	-	853.9
<b>Total</b>	<b>63,351.3</b>	<b>50,500.5</b>	<b>48,443.0</b>	<b>48,788.2</b>

(3) It results from the difference between the total amount of electricity consumed, as given by the energy supplier through the bills, and the renewable energy corresponding to the Guarantees of Origin and the renewable energy share of the supplier's residual mix.

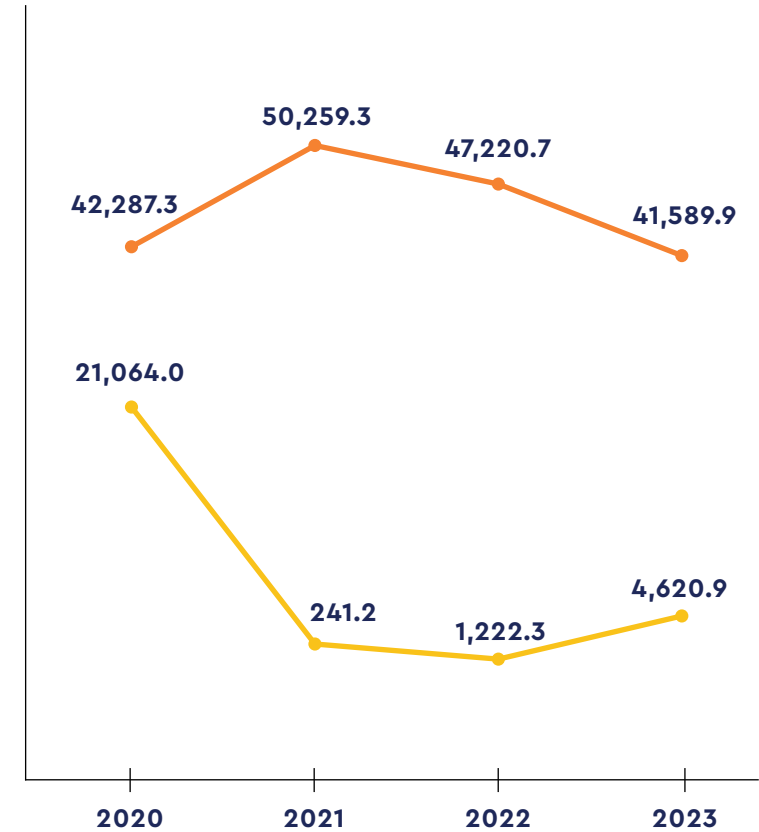
(4) Electricity and gas consumption data sent by the respective suppliers were used to determine electricity and gas. For the conversions of quantities to MJ, conversion factors from the latest National Inventory NIR were used [https://ypen.gov.gr/wp-content/uploads/2024/04/2024\\_NIR\\_Greece.pdf](https://ypen.gov.gr/wp-content/uploads/2024/04/2024_NIR_Greece.pdf).

(5) It should be noted that the total amount of diesel purchased by the company in 2023 was 2,200.1 Lt which was used to operate the two generators in emergency situations (power outage, transformer maintenance, etc.) and to operate a forklift truck.

(6) The Company tracked and recorded information on fuel consumption in company cars for the first time in 2023.

(7) The Company covered 74% of its total electricity consumption with Guarantees of Origin. The remaining part of the required electricity was covered by the remaining energy mix of the energy provider, in which the individual shares in Renewable Energy Sources, Fossil Sources, Nuclear Energy and CHP are distinguished.

**NON-RENEWABLE ENERGY (GJ)**



■ Electricity      ■ Thermal Energy



ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES (GJ)

	2020	2021	2022	2023
<b>Total<sup>(8)</sup></b>	<b>63,351.3</b>	<b>74,930.1</b>	<b>76,843.4</b>	<b>70,024.3</b>

(8) The result is the sum of total energy consumption from renewable and non-renewable sources.

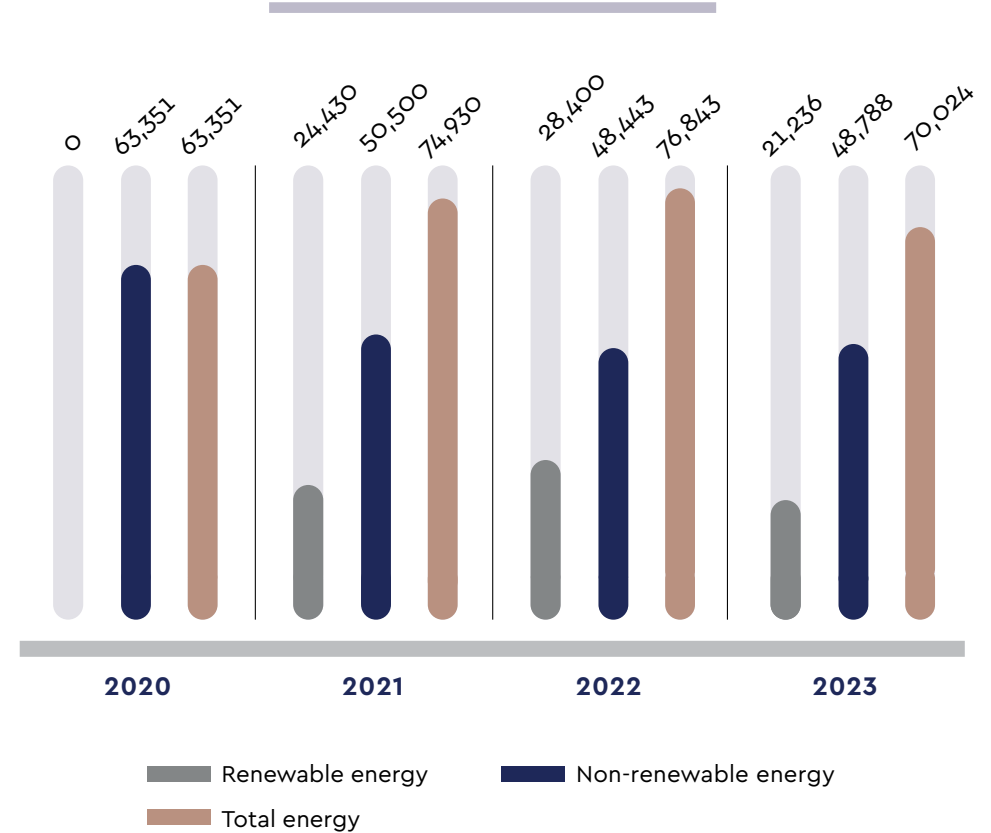
GRI 302-3

ENERGY INTENSITY OF THE COMPANY <sup>(9)</sup>

	2020	2021	2022	2023
<b>Intensity of thermal energy consumption for the production of soap mass and cosmetic mass</b>	<b>1,684</b> (MJ/ tn of product)	<b>1,746</b> (MJ/ tn of product)	<b>1,529</b> (MJ/ tn of product)	<b>1,523</b> (MJ/ tn of product)
<b>Consumption intensity electricity for the production plastics, packaging cosmetics and formatting</b>	<b>108</b> (MJ/ '000 of product)	<b>107</b> (MJ/ '000 of product)	<b>92</b> (MJ/ '000 of product)	<b>103</b> (MJ/ '000 of product)

(9) The energy intensity has been calculated separately for the production of soap masses and cosmetic and for the production of plastics, cosmetic packaging and moulding as the Company does not measure the production of plastics, cosmetic packaging and moulding products in mass units (tonnes). Energy intensity includes electricity (in the case of packaging products) and energy resulting from the combustion of natural gas (in the case of soap and cosmetics products).

TOTAL ENERGY CONSUMPTION (GJ)





## ATHEX C-E3

### ENERGY CONSUMPTION DURING THE PERIOD (MWH) <sup>(10), (11)</sup>

	2020	2021	2022	2023
<b>Electricity (Non-renewable sources) <sup>(12)</sup></b>	5,851.1	67.0	339.5	1,283.6
<b>Thermal Energy &amp; Road Transport <sup>(12)</sup></b>	11,746.5	13,960.9	13,116.9	12,268.7
<b>Total energy consumption from non-renewable sources</b>	17,597.6	14,027.9	13,456.4	13,552.3
<b>Total energy consumption from renewable sources</b>	0.0	6,786.0	7,889.0	5,898.9
<b>% consumption of energy from renewable sources</b>	0%	33%	37%	30%
<b>Total energy consumption within the Company</b>	<b>17,597.6</b>	<b>20,813.9</b>	<b>21,345.4</b>	<b>19,451.2</b>
<b>% of electricity consumption within the Company</b>	33.2%	32.9%	38.5%	36.9%

<sup>(10)</sup> The total energy consumed within the Company has been calculated as follows: (consumption of Non-renewable fuels) + (consumption of renewable fuels) + (electricity, energy for heating purchased for consumption) + (electricity, energy for heating produced by the Company and not consumed) - (electricity, energy for heating and cooling sold).

<sup>(11)</sup> The Company does not produce energy from renewable sources to cover its energy needs and therefore the total amount of energy produced from renewable sources (%) is zero.

<sup>(12)</sup> To calculate the quantities of electricity and natural gas, consumption data sent through invoices and bills from the electricity and natural gas supplier respectively were used.

ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX



### 3.3. CLIMATE CHANGE

GRI 3-3

For Papoutsanis, measuring its climate impact on the environment and actively mitigating it is an integral part of its culture. The first step in mitigating GHG emissions is the calculation of the Corporate Carbon Footprint due to the operation of its production units and its supply chain. Accordingly, the Company has systems in place to identify sources of emissions, quantify them and analyze and evaluate actions to reduce GHG emissions. In 2023, following the practices implemented

in recent years, the Company obtained Certificates of Guarantees of Origin (GOs) from the electricity provider and as a result 82.1% of the electricity consumed came exclusively from renewable energy sources (RES). This action resulted in maintaining Tier 2 GHG emissions at low levels, in line with the market-based approach. In terms of the Company's Tier 1 emissions, there was a 3% reduction compared to 2022 (from 2,634 tn CO<sub>2</sub> eq. to 2,552 tn CO<sub>2</sub> eq.).



GRI 305-1, 305-2, ATHEX C-E1, C-E2

#### GREENHOUSE GAS EMISSIONS OF CATEGORIES 1 & 2 <sup>(13)</sup>

	2020	2021	2022 <sup>(15)</sup>	2023 <sup>(15)</sup>
<b>Direct greenhouse gas emissions (Tier 1) [tn CO<sub>2</sub> eq.]</b>	2,450	2,912	2,634	2,552
<b>Indirect greenhouse gas emissions (Tier 2 - location based) [tn CO<sub>2</sub> eq.]</b>	2,467	2,890	4,522	3,588
<b>Indirect greenhouse gas emissions (Tier 2 - market based) [tn CO<sub>2</sub> eq.]</b>	2,283	23.6 <sup>(14)</sup>	258.5 <sup>(14)</sup>	743.6 <sup>(14)</sup>
<b>Total greenhouse gas emissions (Categories 1 &amp; 2 - location based) [tn CO<sub>2</sub> eq.]</b>	<b>4,917</b>	<b>5,802</b>	<b>7,156</b>	<b>6,140</b>
<b>Total Greenhouse Gas Emissions (Categories 1 &amp; 2 - market based) [tn CO<sub>2</sub> eq.]</b>	<b>4,733</b>	<b>2,935</b>	<b>2,892</b>	<b>3,295</b>

<sup>(13)</sup> The GHGs considered were carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs), while the quantification methodology followed was the operational control approach. The sources of the emission factors used are listed below:



### CO<sub>2</sub>:

- Oil, gas, electricity (based on location: YPEN – National Inventory Report 2024)
- Electricity (market-based: DEEPPERP – Residual Energy Mix 2023)

[https://ypen.gov.gr/wp-content/uploads/2024/04/2024\\_NIR\\_Greece.pdf](https://ypen.gov.gr/wp-content/uploads/2024/04/2024_NIR_Greece.pdf)

<https://www.dapeep.gr/wp-content/uploads/2024/07/%CE%95%CE%9D%CE%95%CE%A1%CE%93%CE%95%CE%99%CE%91%CE%9A%CE%9F-%CE%9C%CE%95%CE%99%CE%93%CE%9C%CE%91-2023.pdf>

### CH<sub>4</sub> & N<sub>2</sub>O:

- Oil, natural gas (Subsection 2 "Stationary Combustion" of Chapter 2 "Energy" and Subsection 3 "Off-road Transportation" of Chapter 3 "Mobile Combustion" of the IPCC Guidelines for National Greenhouse Gas Inventories)
- Electricity (based on location: Ministry of Energy – National Inventory Report 2024 & National Renewable Energy Inventory 2023 (National Renewable Energy Inventory 2023) (National Renewable Energy Inventory 2023 – National Renewable Energy Inventory 2023)
- Liquid Waste Treatment Plant (YPEN – National Inventory Report 2024)

[https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2\\_Volume2/V2\\_2\\_Ch2\\_Stationary\\_Combustion.pdf](https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf)

[https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2\\_Volume2/V2\\_3\\_Ch3\\_Mobile\\_Combustion.pdf](https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf)

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<https://www.dapeep.gr/wp-content/uploads/2024/07/%CE%95%CE%9D%CE%95%CE%A1%CE%93%CE%95%CE%99%CE%91%CE%9A%CE%9F-%CE%9C%CE%95%CE%99%CE%93%CE%9C%CE%91-2023.pdf>

### HFCs:

- Regulation (EU) 2020/1044

<https://eur-lex.europa.eu/legal-content/EL/TXT/?uri=CELEX%3A32020R1044>

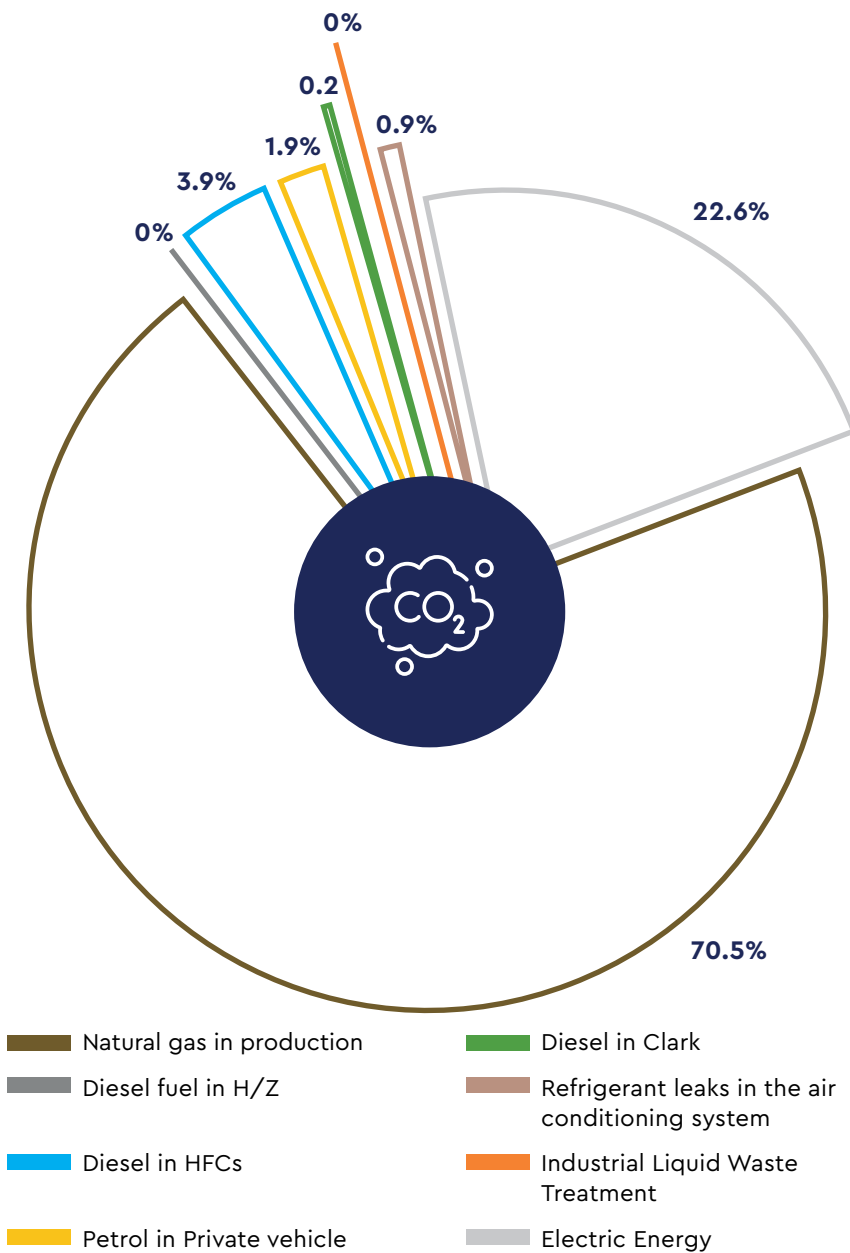
The year 2020 has been used as the base year for the calculations due to the fact that it was the first year in which the Company collected reliable data for the calculation of emissions.

<sup>(14)</sup> The significant reduction in Tier 2 market-based GHG emissions is attributed to the fact that in 2021, 2022 and 2023 the Company purchased Guarantees of Origin (GOs) from the electricity provider and therefore a high percentage of the electricity consumed came from renewable energy sources.

<sup>(15)</sup> The Company first developed a full GHG Inventory in 2022, and then for 2023. The method used to calculate the GHG Tier 1 & 2 emissions - location-based (location-based) and market-based (market-based) - was in accordance with the requirements and specifications of ISO 14064-1. In addition, the activity data and GHG emission results were externally verified by an Accredited Entity as part of the GHG Inventory review for National Climate Act compliance needs.



MARKET-BASED ALLOCATION OF GHG EMISSIONS BY SOURCE



**ATHEX A-G3, A-E7, A-G1, A-G6, GRI 2-24**

Papoutsanis recognises the importance of identifying, quantifying and mitigating GHG emissions to ensure that carbon neutrality can be achieved at the Agency level, and to contribute to carbon neutrality at the national and community level. The Company also complies with National Climate Law 4936/2022 by submitting an annual report of emissions related to its operations, beginning in 2023 for emissions in the previous fiscal year (FY 2022), and repeating the same process for each subsequent fiscal year.

For the current fiscal year (FY 2023), the Company has developed a GHG Inventory for the GHG emissions of Tier 1 & 2 according to ISO 14064-1. The GHG Inventory was externally verified by an independent body to ensure the reliability and integrity of the calculations and compliance with the requirements of the standard.

Finally, Papoutsanis, in full compliance with the specifications and requirements of the National Climate Law, is committed to reduce its total Category 1 & 2 GHG emissions, calculated at the appropriate product unit (tonnes CO<sub>2</sub> eq./tonne of product) by at least 30% by 2030 compared to the respective levels of 2019.

It is noted that the Company does not participate in a greenhouse gas removal or credit system, is not active in the fossil fuel sector (coal, oil and gas), chemical production, weapons, cultivation and tobacco production, and has not issued ESG bonds.



## ATHEX C-E1 & C-E2, CORPORATE PERFORMANCE INDEX

### VARIATION OF CATEGORY 1 & 2 GREENHOUSE GAS EMISSIONS IN RELATION TO PIECES OF PACKAGED PRODUCTS AND APPLIANCE MATERIALS

	2020	2021	2022	2023	Change from base year <sup>(16)</sup>
<b>Total greenhouse gas emissions (Tier 1 and Tier 2 - location based) [tn CO<sub>2</sub> eq.]</b>	4,917	5,802	7,156	6,140	25%
<b>Total greenhouse gas emissions (Tier 1 and Tier 2 - market based) [tn CO<sub>2</sub> eq.]</b>	4,733	2,935	2,893	3,295	-30%
<b>Total number of pieces of products and packaging materials produced</b>	194,763,179	230,812,020	323,460,563	251,381,302	29%
<b>Greenhouse gas emissions (Categories 1 &amp; 2 - location based) per piece of products and packaging materials [tn CO<sub>2</sub> eq./piece]</b>	0.000025	0.000025	0.000022	0.000024	-3%
<b>Greenhouse gas emissions (Categories 1 &amp; 2 - market based) per piece of products and packaging materials [tn CO<sub>2</sub> eq./ piece]</b>	0.000024	0.000013	0.000009	0.000013	-46%

<sup>(16)</sup> The year 2020 has been used as the base year for the calculations due to the fact that it was the first year in which the Company collected reliable data for the calculation of emissions.

ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

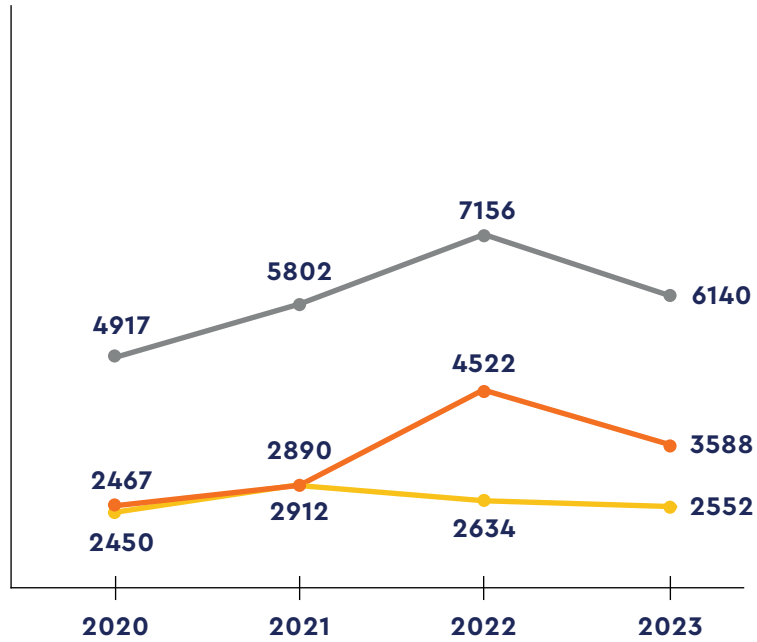
ANNEX





LOCATION - BASED

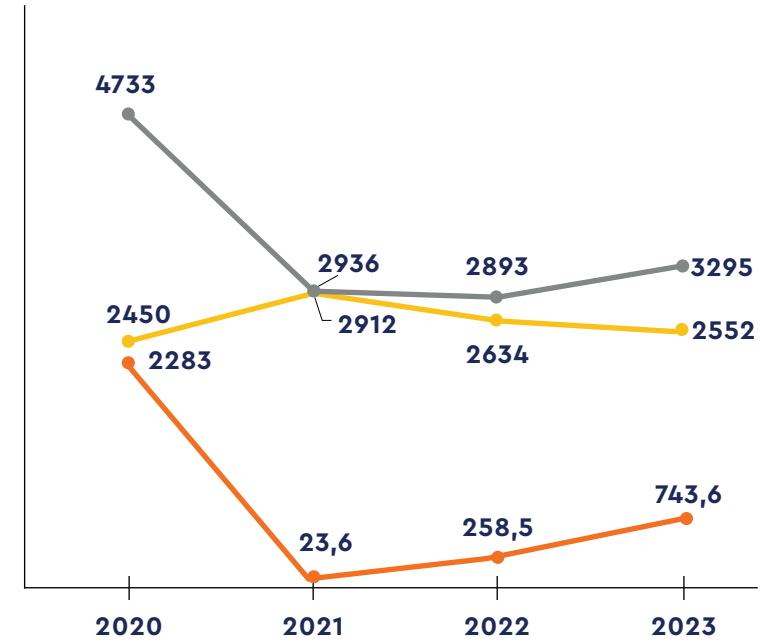
GHG EMISSIONS AS A FUNCTION OF TIME



■ Category 1 (tn CO<sub>2</sub> eq.)  
■ Category 2 (tn CO<sub>2</sub> eq.)  
■ Total GHG emissions (tn CO<sub>2</sub> eq.)

MARKET - BASED

GHG EMISSION RATE AS A FUNCTION OF TIME

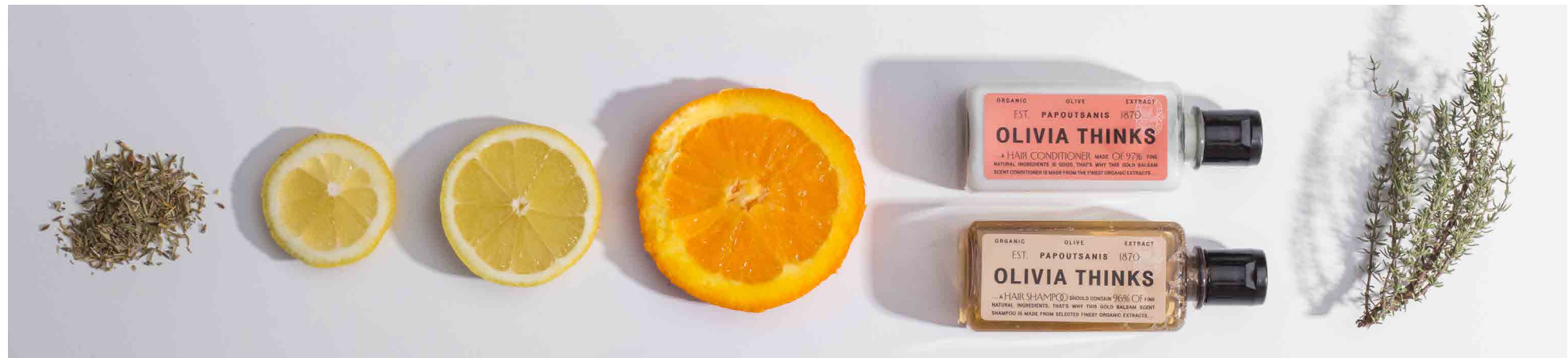


■ Category 1 (tn CO<sub>2</sub> eq.)  
■ Category 2 (tn CO<sub>2</sub> eq.)  
■ Total GHG emissions (tn CO<sub>2</sub> eq.)



GREENHOUSE GAS EMISSION INTENSITY

	2020	2021	2022	2023
Intensity of direct greenhouse gas emissions (Tier 1) [tn CO <sub>2</sub> eq./ tn of soap and cosmetic products]	0.098	0.101	0.085	0.093
Intensity of direct greenhouse gas emissions (Tier 1) [tn CO <sub>2</sub> eq./'000 pieces of packaging products]	0.013	0.013	0.008	0.010
Indirect greenhouse gas emission intensity (Tier 2 - location based) [tn CO <sub>2</sub> eq./ tn of soap and cosmetic products]	0.098	0.100	0.146	0.131
Indirect greenhouse gas emission intensity (Tier 2 - location based) [tn CO <sub>2</sub> eq./'000 pieces of packaging products]	0.013	0.013	0.014	0.014
Indirect GHG emissions intensity (Tier 2 - market based) [tn CO <sub>2</sub> eq./ tn of soap and cosmetic products]	0.091	0.001	0.008	0.027
Indirect GHG emissions intensity (Tier 2 - market based) [tn CO <sub>2</sub> eq./'000 pieces of packaging products]	0.012	0.0001	0.001	0.003





## 3.4. SUPPLY OF RAW MATERIALS

ATHEX SS-E8



### RAW MATERIALS

The raw materials used in the production and packaging of products are a key factor in their quality, safety, environmental and social impact. As a result, many industries, including soap and cosmetics producers, have switched to more sustainable solutions using raw materials certified to international environmental and social standards, as well as recycled and reclaimed packaging materials that reduce the negative impact of products on the environment. The shift to more sustainable solutions can be achieved either by using recycled materials in the manufacture of new products, while reducing the demand for non-renewable raw materials (virgin plastic), or by creating packaging with a higher recyclability rate.

To this end, and as part of its quality assurance policy, Papoutsanis invests in the creation of innovative products, including their packaging, using recycled raw materials. The main raw materials used in the Company's production process include various types of oils (e.g. palm oil), chemicals, perfumes, as well as paper and plastic used in the production of packaging.

### CERTIFICATES OF RAW MATERIALS

More specifically, given the large amount of different oils used in the production of cosmetics and soaps, the Company is a member and certified by the Roundtable on Sustainable Palm Oil (RSPO), a global initiative undertaken by stakeholders in the palm oil supply chain to further enhance environmental and social sustainability. The Company is also a member of the GreenPalm program, which is part of the same initiative.

In addition, the Company has a range of organic and natural cosmetics approved by ECOCERT (COSMOS ORGANIC and COSMOS CERTIFIED), which are produced with natural and organic raw materials. At the same time, Papoutsanis avoids the supply of raw materials with substances harmful to human health and the environment (e.g. micro-plastics & silicones, Parabens, mineral oil, petrolatum, Chloromethylisothiazolinone (CMIT), Phthalates, Triclosan, Triclocarban, Ethanolamine), while the majority of raw materials do not contain ingredients of animal origin, thus ensuring the certification of Vegan products.





## OUR PERFORMANCE

The ECOCERT and/or RSPO certified raw materials used for the production of the Company's products constitute 40% of the total supply of oils. Regarding raw materials for soaps and cosmetics, 14% is certified as renewable according to the ECOCERT and/or RSPO scheme/standard. Finally, regarding raw materials for product packaging, for the year 2023, 5.9% of the materials used are made of recycled PET (polyethylene terephthalate) and the remaining 94.1% of recycled PET, HDPE and PP (polypropylene), while PVC (polyvinyl chloride) is not used. This allows us to reduce the production of new plastic while recycling old plastic in a circular economy system.

GRI 301-1

### TOTAL MASS OF RAW MATERIALS <sup>(17)</sup>

	2020 <sup>(18)</sup>	2021	2022	2023
<b>Renewable (tn)</b>	2,900	5,500	6,600	4,500
<b>Non-renewable (tn)</b>	14,900	14,500	13,600	10,900
<b>Total (tn)</b>	17,800	20,000	20,200	15,400

*(17) The scope of raw materials includes all materials (chemicals, preservatives, etc.) and oils for the production of soaps and cosmetics.*

*(18) Raw materials for soaps and cosmetics were classified as renewable in the Sustainable Development Report 2020.*

### TOTAL MASS OF NON-OIL MATERIALS (CHEMICALS, PRESERVATIVES, ETC.)

	2023
<b>Renewable (tn)</b>	0.8
<b>Non-renewable (tn)</b>	6.2

## CORPORATE PERFORMANCE INDICATOR

For fiscal year 2023, none of the produced product pieces were recalled. However, one incident occurred in which a batch produced in 2016 was found to be nonconforming in terms of product labeling. The Company, after an appeal regarding the results of the analyses, decided to voluntarily recall the batches of the product in question. As a result, 403 lots of the product were recalled. However, the above is not within the scope of the present as it concerns batches of products produced in 2016.

### PRODUCTS RECALLED

	2023
<b>Sales of pieces of manufactured products and packaging materials</b>	251,381,302
<b>Pieces of manufactured products recalled</b>	0
<b>% of products recalled</b>	0%



ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

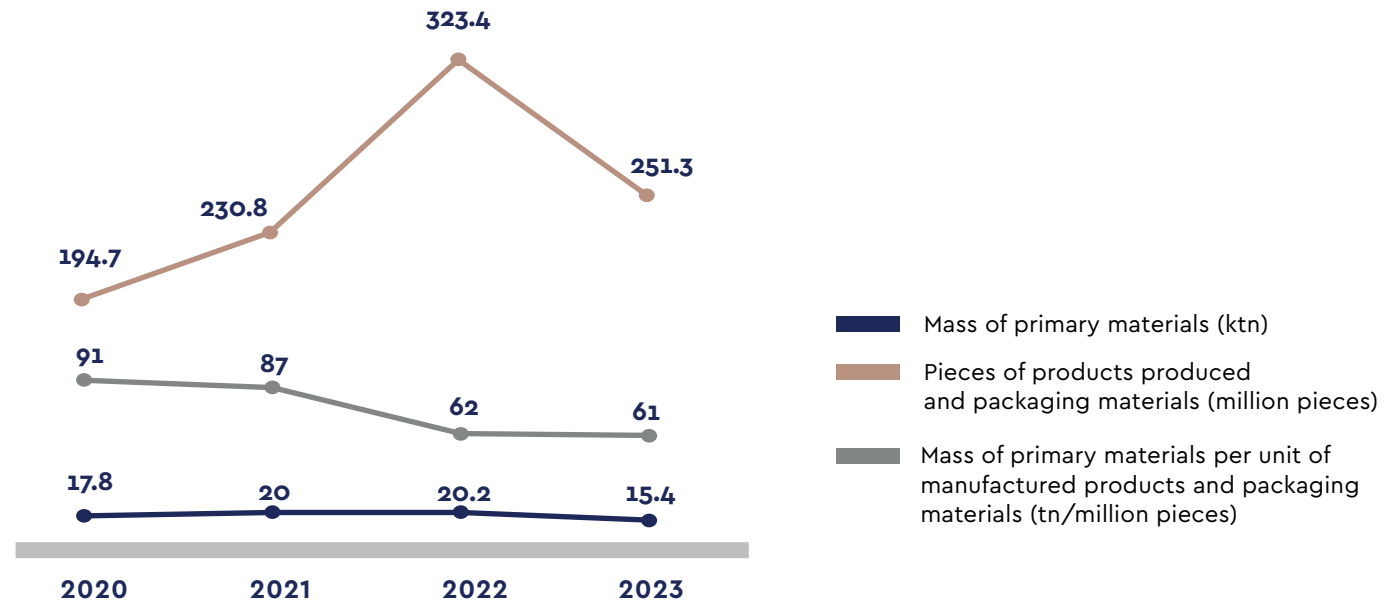
RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

COMPARISON OF THE MASS OF RAW MATERIALS IN RELATION TO THE PIECES OF PRODUCTS AND PACKAGING MATERIALS PRODUCED

	2020 <sup>(18)</sup>	2021	2022	2023	CHANGE FROM BASE YEAR
<b>Total mass of raw materials (tn)</b>	17,800	20,000	20,200	15,400	-13%
<b>Total number of pieces of products and packaging materials produced</b>	194,763,179	230,812,020	323,460,563	251,381,302	29%
<b>Mass of raw materials per unit of product and packaging material produced (tn/unit)</b>	0.000091	0.000087	0.000062	0.000061	-33%

COMPARISON OF THE MASS OF RAW MATERIALS IN RELATION TO PIECES OF PACKAGED PRODUCTS AND PACKAGING MATERIALS





## 3.5. WATER QUALITY MANAGEMENT AND ASSURANCE

### OUR APPROACH

GRI 3-3, 303-1, 303-2, ATHEX A-E4

Water is an integral part of the Company's production process and is used not only in production but also for cleaning, washing and disinfecting machinery.

The water used in all units comes from boreholes and is temporarily stored in tanks, ensuring continuous water supply and water autonomy. The Company recognizes that the operation of our plant and our entire production process has an impact on water, which is mainly related to water consumption.

To overcome this, the plant has installed a reverse osmosis unit (3 m<sup>3</sup>/h) to treat the water used for production. To save energy, a second reverse osmosis unit (1,5 m<sup>3</sup>/h) was added, which uses the waste water from the first unit to produce water for the boiler room. This helps to save about 65 m<sup>3</sup> of water per day.

In addition, realizing the importance of efficient management and reduction of water consumption, the cosmetics mass production operation has been automated for better productivity and water and material management. In the same direction, we have installed an automated Clean-in-Place (CIP) system in the production line to reduce water consumption as a significant amount of water can be reused in the cleaning process. In addition, the production of sustainable products, such as solid shampoo, requires the use of less water in the production process. To ensure water quality, quality checks are carried out every month on the quantities of water supplying the facilities.

In particular, water samples are sent to external laboratories for the analysis of the required parameters and special analyses are carried out on a daily basis by the Company's specialized team to monitor the physicochemical parameters.

In terms of stormwater runoff through our facility, there is a stormwater pipe installed around the perimeter of the plant that directs it to the municipal sewer that runs outside our facility.

As part of the responsible management and reduction of water consumption at our facilities, the Company also recognizes the importance of the disposal and impact of wastewater resulting from the operation of the plant. Specifically, in 2023, the Company treated 11,610 tonnes of wastewater from wash water and mother liquors at its biological treatment plant, which was subsequently released as surface water at the quality required by law.

After the biological treatment, the industrial, as well as minimal urban wastewater, is released as surface water, in accordance with the environmental conditions of the existing environmental permit (AEPO). In addition, the quality of the treated wastewater is controlled as specified in the environmental permit.

Tests at the biological treatment plant are carried out regularly to ensure good effluent quality<sup>(19)</sup> and, to date, all required physico-chemical parameters are within the permitted limits.



Bottled water is used to meet our drinking water needs and water obtained by reverse osmosis treatment is used for other needs. It is noted that the Company is considering the possibility of using treated water in its biological purification unit in cooling towers and – after additional treatment processes – in the soap production process.



## OUR PERFORMANCE

### DISCLOSURE 303-5

In 2023, our Company consumed 54.8 ML (1 ML = 1,000 m3) of water from drilling. It is worth noting that the condition of the groundwater systems in the Papoutsanis operating area has been assessed as good, both qualitatively and quantitatively. The good chemical status of the water indicates low or zero pollutant content, while the quantitative analysis shows that the aquifer is still viable <sup>(20)</sup>.

#### WATER USE <sup>(21)</sup>

	2020	2021	2022	2023
<b>Total water consumption (ML)</b>	57.7	63.5	90.7	54.8

<sup>(19)</sup> The status of these data does not currently allow for more detailed information on the treated waste generated by biological treatment to be provided in this Report. We intend to improve the reporting of information in the medium term.

<sup>(20)</sup> First Revision of the River Basin Management Plan of the Eastern Central Greece Watershed or Water Region (EL 07).

<sup>(21)</sup> Requirements b and c of GRI 303-5 have not been completed because no areas of water stress have been identified, according to the assessment of the water systems analysed in the First Revision of the River Basin Management Plan or the Water Region of Eastern Central Greece (EL07).



**CORPORATE PERFORMANCE INDICATOR**

WATER CONSUMPTION INTENSITY IN RELATION TO THE PIECES OF PRODUCTS AND PACKAGING MATERIALS PRODUCED

	2020	2021	2022	2023	CHANGE FROM BASE YEAR
<b>Total water consumption (ML)</b>	57.7	63.5	90.7	54.8	-5%
<b>Total number of pieces of products and packaging materials produced</b>	194,763,179	230,812,020	323,460,563	251,381,302	29%
<b>Water consumption per piece of product and packaging materials produced (ML/ piece)</b>	0.0000030	0.0000028	0.0000028	0.0000022	-26%

ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

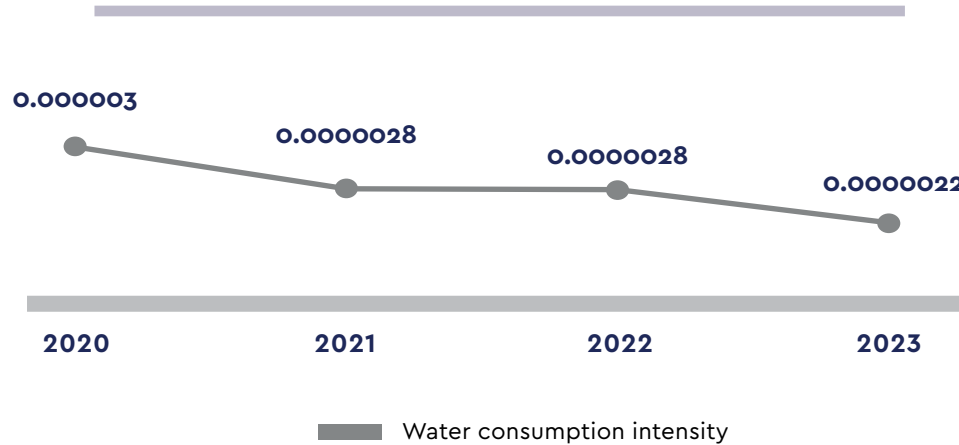
PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

WATER CONSUMPTION PER PIECE OF PRODUCT AND PACKAGING MATERIALS (ML/UNIT)







## 3.6. PACKAGING MATERIALS AND WASTE

### OUR PERFORMANCE

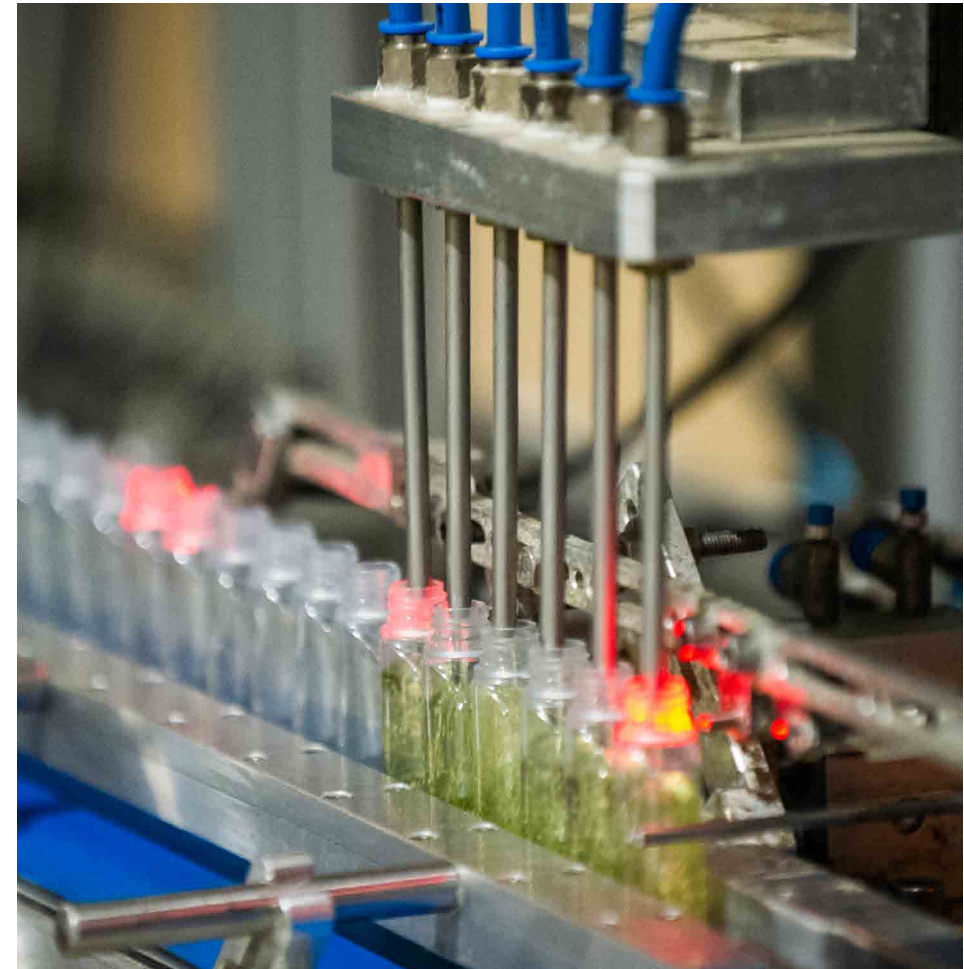
GRI 3-3, ATHEX SS-E5

The Company monitors developments in the field of packaging materials with recycled content and is a pioneer in the testing and application of such environmentally friendly packaging materials. For example, part of the cartons that the Company supplies to store the products it sends to its customers are made from recycled packaging materials.

In addition, the Company's decision to replace the plastic bundling film of Arkadi & Karavaki, with a paper one, resulted in a saving of 4.5tn of plastic.

Regarding the raw materials for product packaging, for the year 2023, 5.9% of the materials used are made from recycled PET and the remaining 94.1% from recycled polyethylene terephthalate (PET), high-density polyethylene (HDPE) and polypropylene (PP), while polyvinyl chloride (PVC) is not used. This allows us to reduce the production of new plastic while recycling old plastic in a circular economy system. Note that in 2023, the Company purchased 32.1 million soap cans certified to FSC standards.

Moreover, the packaging of the products is a key component of the Company's marketing strategy, as it provides the necessary information about the products and their quality. Packaging also ensures the necessary protection of the products during transport and storage.





ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

## OUR PERFORMANCE

TOTAL PIECES OF PACKAGING MATERIAL <sup>(22)</sup>

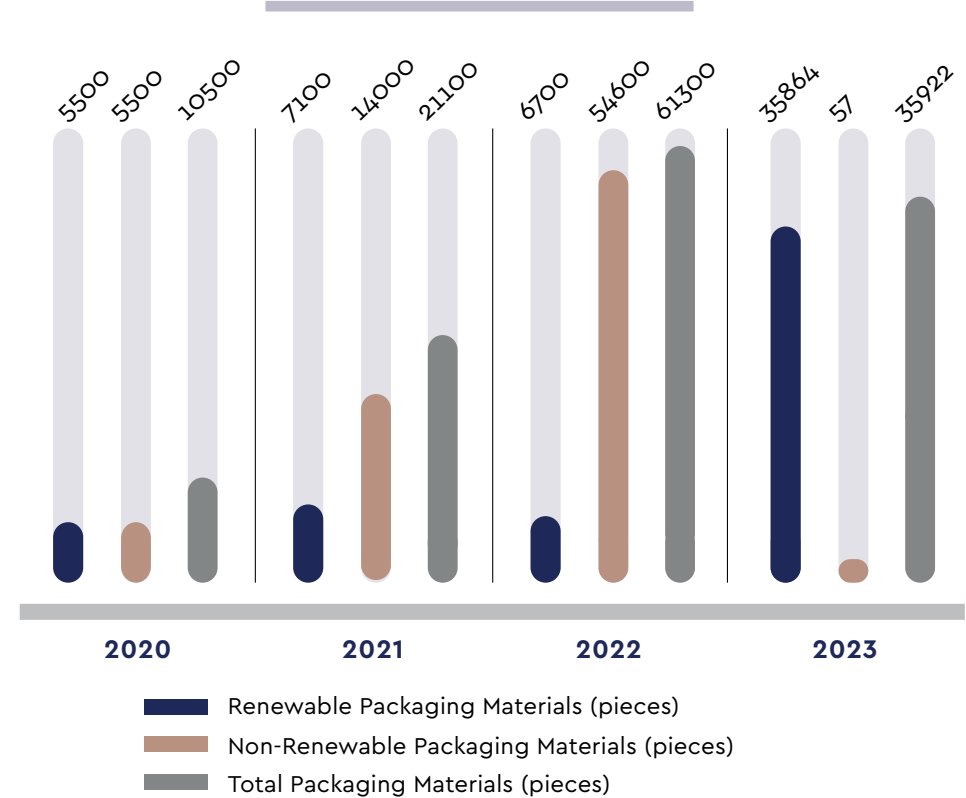
	2020	2021	2022	2023
<b>Renewables (pieces)</b>	5,500,000	7,100,000	6,700,000	35,864,855
- Soapboxes	4,700,000	3,600,000	5,400,000	32,089,375
- Cardboard boxes	800,000	3,500,000	1,300,000	3,775,480
<b>Non-renewables (pieces)</b>	5,000,000	14,000,000	54,600,000	57,519
- Soapboxes	1,800,000	10,000,000	51,700,000	0
- Cardboard boxes	3,200,000	4,000,000	2,900,000	57,519
<b>Total (pieces)</b>	<b>10,500,000</b>	<b>21,100,000</b>	<b>61,300,000</b>	<b>35,922,374</b>

*(22) The Company uses cartons and soap boxes as packaging materials, which are measured in pieces and could not be converted to units of mass until 2023. However, the Company is in the process of implementing a system for calculating the total weight of raw materials and packaging materials.*



**99.8%** Supply of renewable materials packaging on the total

PIECES OF PACKAGING MATERIAL <sup>(23)</sup>



*(23) Quantities of packaging materials are expressed in thousands (000) of pieces.*



**435%** Increasing the quantity of renewable materials packaging in 2023 compared to 2022



As far as recycled packaging materials are concerned, the percentage of soap boxes from recycled materials is 12.30% of the total number of boxes. The corresponding percentage of recycled cartons in relation to the total number of cartons is 92%, which is indicative of our commitment to reduce the environmental impact of our operations.

## CORPORATE PERFORMANCE INDICATOR

### % RECYCLED CONTENT OF PACKAGING MATERIALS

	2020	2021	2022	2023
<b>Total pieces of soap boxes</b>	6,500,000	13,600,000 <sup>(24)</sup>	57,100,000 <sup>(24)</sup>	32,089,375 <sup>(24)</sup>
<b>Total pieces of recycled soap cells</b>	4,700,000	3,600,000	5,400,000	3,948,693
<b>Pieces of recycled soapboxes to total pieces of soapboxes (%)</b>	72.31%	26.47%	9.46%	12.30%
<b>Total pieces of cartons</b>	4,000,000	7,500,000	4,200,000	3,832,999
<b>Total pieces of recycled cartons</b>	800,000	3,500,000	1,300,000	3,545,303
<b>Pieces of recycled cartons to total pieces of cartons</b>	20%	47%	31% <sup>(25)</sup>	92%

*(24) The radical increase is due to the significant growth observed in the hotel sector in 2021, 2022 and 2023, compared to the decline in 2020.*

*(25) The decrease is due to a shortage of recycled paperboard feedstock, which occurred in 2022.*



The Company does not use recycled raw material for the products produced. Consequently, the above table takes into account the total amount of recycled plastic raw materials related to packaging materials. In addition, it should be noted that the waste from Papoutsanis' production process is reused so that it is not subject to other management methods.

GRI 301-2, CORPORATE PERFORMANCE INDEX

**% RECYCLED PLASTIC RAW MATERIAL**

	2020	2021	2022	2023
<b>Total mass of plastic packaging materials (tn)</b>	685	643	895	775
<b>Mass of recycled content of raw materials of packaging materials (tn)</b>	35	48,3	63	46
<b>Total recycled content in relation to the total mass of raw materials of plastic packaging materials</b>	6%	7.5%	7.1%	5.9%





## SOLID WASTE

GRI 3-3, 306-1, 306-2

Limiting and reducing our Company's environmental footprint and complying with current legislation on waste management, storage, transport, recycling and disposal are high priority commitments.

Recognizing the potential negative effects on both the environment and human health from the irresponsible management of solid waste resulting from our activity, Papoutsanis proceeds to sort the waste generated by our offices and production process and cooperates with licensed companies for its collection and treatment. Our partners in waste management (collection, transport, recovery, disposal) have the necessary licenses and follow good management practices in accordance with the relevant legislation.

The collection of the dewatered sludge produced by the screw press is done in a metal storage container (open-type container) in a covered area. When the fullness of the container reaches a predetermined limit, the licensed Management Company is notified and with our own means (vehicle consisting of the tractor and the trailer) replaces the full container with a new empty one. After the above procedure is completed, the weighing is carried out and the required documents are signed, as well as the non-hazardous waste tracking form, which includes the data on the identification of the waste, the waste holder, the collector-transporter

and the reception facility. Most of the waste generated is sludge after secondary treatment of the effluent at the outlet of the biological treatment plant, which is produced and then recovered within the plant. This type of waste, after being appropriately treated, is sent for disposal.

## PACKAGING WASTE

ATHEX SS-E5

The packaging of our products is properly designed to maintain the quality of the products and reduce the environmental footprint. The design of the packaging is based on reducing the amount of plastic material used, without compromising the safety and quality of our products.

As far as packaging waste is concerned, the plastics production department reuses and recycles the raw material resulting from the crusher machine, thus reducing waste production and contributing to the saving of natural resources.

TOTAL WASTE (TN)

	2020		2021		2022		2023	
	Non-hazardous	Dangerous	Non-hazardous	Dangerous	Non-hazardous	Dangerous	Non-hazardous	Dangerous
<b>Waste water from aqueous washing liquids and mother liquors after secondary treatment in the biological treatment plant</b>	10,200	-	10,440	-	10,820	-	11,610	-
<b>Plastic packaging</b>	29.58	-	49.23	-	81.95	-	103.72	-
<b>Wooden packaging</b>	20.27	-	81.08	-	7.92	-	-	-
<b>Mixed packing</b>	209.97	-	316.69	-	331.37	-	228.31	-
<b>Metal packaging</b>	-	-	-	-	13.71	-	18.31	-
<b>Paints and varnishes</b>	-	1.47	-	0.31	-	-	-	-
<b>Organic waste of hazardous substances</b>	-	65.41	-	6.09	-	-	-	3.52
<b>Organic chemicals of hazardous substances</b>	-	2.82	-	0.89	-	10,26	-	12.64
<b>Mud from biological process</b>	274.60	-	356.59	-	218.99	-	192.47	-
<b>Unchlorinated engine oils</b>	-	2.56	-	0.03	-	0,09	-	0.05
<b>Paper and cardboard packaging</b>	132.31	-	129.03	-	217.09	-	198.21	-
<b>Discarded electronic equipment</b>	-	-	-	-	20.95	-	33.47	-
<b>Metals</b>	7.55	-	-	-	3.29	-	32.64	-
<b>Iron and steel</b>	6.35	-	91.60	-	-	-	-	-
<b>Absorbent materials, filter materials, wiping cloths, protective clothing contaminated with hazardous sub-stances</b>	-	0.01	-	0.01	-	0.01	-	10.00
<b>Other wastes (hazardous and non-hazardous)</b>	-	-	-	-	4.27	18.73	10.35	0.03
<b>Total</b>	<b>10,880.63</b>	<b>72.27</b>	<b>11,464.22</b>	<b>7.36</b>	<b>11,719.54</b>	<b>29.09</b>	<b>12,427.48</b>	<b>26.24</b>

ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX



ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

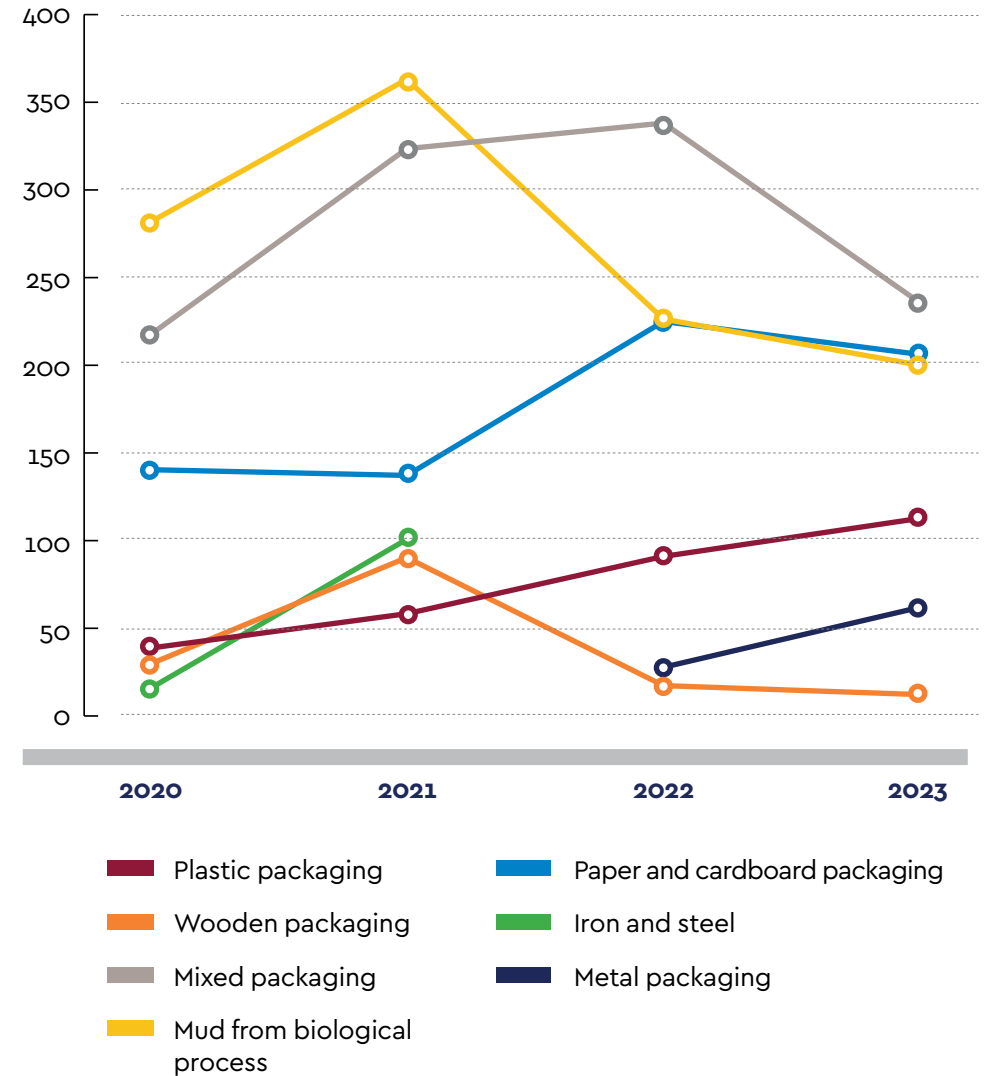
RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

**TOTAL NON-HAZARDOUS WASTE DIVERTED FROM DISPOSAL (TN)**

	2020	2021	2022	2023	Kind of Retrieved
Plastic packaging that was diverted from the disposal	29.58	49.23	81.95	103.72	R12
Wooden packaging diverted from the disposal	20.27	81.08	7.92	-	R12
Mixed packaging diverted from disposal	209.97	316.69	331.37	228.31	R12
Mud from a biological process that has been diverted from the disposal	274.60	356.59	218.99	192.47	R3
Paper and paperboard packaging diverted from disposal	132.31	129.03	217.09	198.21	R12
Iron and steel diverted from the disposal	6.35	91.60	-	-	R12
Metals & Metal packaging diverted from the disposal	-	-	17.00	50.95	R12
Discarded Electronic Equipment	-	-	20.95	33.47	R12
<b>Total</b>	<b>673.08</b>	<b>1,024.22</b>	<b>895.27</b>	<b>807.13</b>	

**NON-HAZARDOUS WASTE DERIVED FROM THE DISPOSAL**



THE TOTAL AMOUNT OF HAZARDOUS WASTE DERIVED FROM THE DISPOSAL <sup>(tn)</sup>

	2020	2021	2022	2023	Recovery Type
Organic waste of hazardous substances diverted from disposal	24.27	2.26	-	-	R13
Organic chemicals of hazardous substances diverted from disposal	2.82	0.89	10.26	12.64	R12
Colours and varnishes diverted from the mood	1.47	0.31	-	-	R12
Washing liquids and mother liquors diverted from disposal	-	-	18.67	-	R13
<b>Total</b>	<b>28.56</b>	<b>3.46</b>	<b>28.93</b>	<b>12.64</b>	

ANALYSIS OF INTER-PROCESS ACQUISITION <sup>(tn)</sup>

	2020	2021	2022	2023
Amount of non-hazardous waste managed with the R3 method <sup>(26), (27)</sup>	274.6	356.59	218.99	192.47
Amount of non-hazardous waste managed with the R12 method <sup>(26), (28)</sup>	398.48	667.65	655.33	614.66
Amount of hazardous waste managed with the R12 method <sup>(26), (28)</sup>	274.6	1.20	10.26	12.64
Amount of hazardous waste managed with the R13 method <sup>(26), (29)</sup>	132.31	2.26	18.67	-

THE TOTAL AMOUNT OF HAZARDOUS WASTE DERIVED FROM THE DISPOSAL <sup>(tn)</sup>

	2020	2021	2022	2023	Type of disposal
Waste water from aqueous washing liquids and mother liquors after secondary treatment in the biological treatment plant	10,200	10,440	10,820	11,610	D4 <sup>(30)</sup>
<b>Total</b>	<b>10,200</b>	<b>10,440</b>	<b>10,820</b>	<b>11,610</b>	

<sup>(26)</sup> Waste recovery was carried out off-site.

<sup>(27)</sup> R3: Recycling/recovery of organic substances not used as solvents (including composting and other biological transformation processes).

<sup>(28)</sup> R12: Exchange of waste to undergo any of the operations R1 to R11.

<sup>(29)</sup> R13: Storage of waste pending submission to any of the operations numbered R1 to R12 (except temporary storage pending collection at the place of production of the waste).

<sup>(30)</sup> Waste disposal was carried out off-site.





ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

# VALUE CREATION FOR SOCIETY AND MAN

## CHAPTER CONTENTS:

- 4.1. Product Quality and Safety
- 4.2. Human Resources Development
- 4.3. Safeguarding Ethics and Human Rights
- 4.4. Health and Safety at Work





## 4.1. PRODUCT QUALITY AND SAFETY

GRI 416-1, 416-2, ATHEX SS-S1

Papoutsanis associates its brand name with its high quality products and applies strict control and quality assurance procedures, adhering to ISO 9001:2015, ISO 22716:2007 and IFS HPC standards, the European and national

### PRODUCT QUALITY POLICY

Papoutsanis' mission is the care of our customers, the emphasis on quality products and consumer safety. Our goal is to be the most quality, productive and low cost producer of quality and safe products in a safe and healthy environment, thereby ensuring our customers' and our own profitability.

The Management is committed to ensuring that quality objectives are met by the implementation and continuous improvement of an integrated quality management system that complies with the requirements of ISO 9001:2015, ISO 22716:2007 and IFS HPC.

- > **Recognizing the current trends & customer needs.**
- > **Providing resources for the development of new products & services.**
- > **Investing in know-how, facilities, infrastructure and equipment.**
- > **By strictly following the rules of Good Manufacturing Practice (GMP), ensured by the application of the ISO 22716:2007 standard.**
- > **Manufacturing products of the highest quality, satisfying the requirements of our customers and consumers.**

legislation on cosmetics (Regulation (EC) No 1223/2009) and the guidelines set by the National Agency for Medicinal Products (EOF) as the national regulatory authority.



- > **Promoting certified services and products.**
- > **Ensuring a safe working environment.**
- > **Setting safe standards for products.**
- > **Identifying safety issues and taking the necessary measures.**
- > **Controlling and maintaining the level of service.**
- > **Applying the Law.**
- > **Protecting the environment and nature in every way.**
- > **Supporting sustainability.**
- > **Shaping and transmitting the product safety culture to employees.**

The quality strategy must be communicated to all levels of the organisation. Management, staff and partners must work as a team to support and improve the performance of the business. Responsibility for the implementation and continuous improvement of quality and safety standards is the responsibility and commitment of the Management of PAPOUTSANIS S.A.



The health and safety of consumers and the high quality of products are a universal practice for Papoutsanis, which is ensured through continuous quality controls, in the light of the requirements set by national and international legislation. In this way, the final products received by consumers are completely safe for use and have the highest quality standards.

Quality control takes place at all stages of the production, storage and transport of finished products, as well as during the process of selecting raw materials from distinguished partners – suppliers of the Company. Papoutsanis' Management is responsible for the implementation of quality standards throughout the Company's activities. The quality strategy applies to the entire human resources of the Company, i.e. the Management, employees and partners, who act cooperatively for the continuous improvement of the Company's performance and the consolidation of Papoutsani in the Greek and European market.

As part of our quality policy, our Company ensures quality assurance through internationally recognized standards. Our certificates are listed below:

**> We are members of the Sedex Members Ethical Trade Audit (SMETA), the most widely used standard in the world on corporate ethics and social responsibility. SMETA is the management system for companies**

**in assessing corporate responsibility and working conditions.**

**> We are members of the RSPO-the Roundtable on Sustainable PalmOil enhancing the sustainability of palm oil. The RSPO is an organization that promotes development through the production, purchase, financing and use of sustainable palm oil products in products used around the world.**

**> Sustainability certification based on life cycle assessment (LCA) \*.**

**> Certified organic cosmetics (COSMOS ORGANIC - ECOCERT).**

**> Certified natural cosmetics (COSMOS NATURAL - ECOCERT).**

**> Certified vegan products, which do not contain ingredients of animal origin.**

**> All Papoutsanis' finished products are not tested on animals.**

*\* Refers to a product code produced on behalf of a multinational*





## TRAINING AND EDUCATION ON PRODUCT QUALITY ISSUES

For the purpose of achieving and ensuring high quality products, appropriate know-how and continuous monitoring of the latest trends is required.

Papoutsanis invests in its human resources and provides continuous training to its staff, with the aim of training, familiarization and compliance with the strict specifications as defined by quality standards, based on a responsible corporate strategy in safeguarding the health and safety of the end consumer.

At the end of the trainings, participants are assessed for their understanding and training through scoring and receive certificates of attendance from external bodies. In case of failure in the examination, the training and assessment will have to be repeated.

## HEALTH AND SAFETY POLICY

Papoutsanis' Health and Safety Policy aims to enhance safety at work and safeguard the protection of our employees, partners and consumers from any intrinsic or external risk or unforeseen event.

During 2023 and in the context of quality assurance regarding the certifications held by the Company, inspections were carried out for ISO 9001, ISO 22716, IFS HPC and RSPO certifications.



## QUALITY CONTROLS

The production and packaging processes of Papoutsanis products are thoroughly controlled through the Unified Quality Management System, which combines the requirements of ISO 9001, ISO 22716 and IFS HPC standards. Specifically:



**Constant quality controls are carried out on all raw materials, which the Company procures from reputable and highly reputable suppliers.**



**Frequent "in-process" checks are carried out during the production process of the products to ensure that the required specifications are adequately covered**



**Laboratory tests are carried out on liquid and solid soap methods before approval for release to final consumers**



INDEX	DESCRIPTION	TARGET 2022	PERFORMANCE 2022	TARGET 2023	PERFORMANCE 2023
<b>Customer satisfaction</b>	% of the Company's performance in relation to the agreed customer needs and product specifications	80%	77.4%	80%	79.8%
<b>Product safety</b>	% of products that deviate from the legislation and have an impact on consumer health and safety or require a product recall, in relation to the total number of products produced	0%	0%	0%	0%

INDEX	DESCRIPTION	TARGET 2023	PERFORMANCE 2023
<b>Customer and Consumer Complaints about Soap bases</b>	% of the quantity of complaints as a percentage of the total quantity of soap bases sold	5%	5.73%
<b>Customer and Consumer Complaints about the Sold Cosmetics</b>	% percentage of quantity of complaints to total quantity of cosmetics sold	2%	1.14%
<b>Customer and Consumer Complaints about Sold Soaps</b>	% percentage of quantity of complaints to total quantity of soap bars sold	2%	1.69%
<b>Internal Quality Failures for the Production of Mass Cosmetics</b>	% non-conformity rate of all cosmetic masses produced. 'Non-conformities' means deviations from the specifications	1%	0.53%
<b>Internal Quality Failures for Soapstock Production</b>	% of non-conformities out of the total number of saponomas produced. 'Non-conformities' means deviations from the specifications	1%	0.55%
<b>Internal Quality Failures for the Production of Packaged Cosmetics</b>	% percentage of non-compliant cosmetics out of the total number of pieces produced. 'Non-conformities' means deviations from specifications	1.5%	1.11%
<b>Internal Quality Failures for the production of packaged soaps</b>	% of non-conforming soap bars out of the total bars produced. 'Non-conformities' means deviations from specifications	1%	0.82%



## STANDARDS OF GOOD INDUSTRIAL PRACTICE (GMPS)

Within the framework of the requirements of ISO 22176, good industrial practice rules are applied at all stages of the production process, which provide for:

- > **Expertise from suitably and adequately trained staff.**
- > **Special control, storage and sanitary facilities and appropriate technological equipment.**
- > **Special equipment and premises to ensure the health and safety of workers, as well as the disinfection/cleanliness of the facilities and technological equipment.**
- > **Raw materials that meet the specific, required specifications as to their type, their supply and the procedure followed for full testing.**
- > **Good practices in the handling and labelling of raw materials in both semi-finished and finished products.**
- > **Valid and acceptable documentation of all procedures and checks carried out.**

GRI 2-24, 414-1, ATHEX C-S8

## SUPPLIER ASSESSMENT

Recognizing the importance of working with suppliers that meet our high standards as a company, we evaluate our suppliers based on our supplier evaluation system, according to specific and objective criteria, which include:





## SUPPLIER EVALUATION

The final score that each supplier receives based on the above criteria is equal to its overall performance. The evaluation of each supplier is done by obtaining a score on a scale of 1 to 5 for each of the above criteria. Upon completion of the evaluation process, each supplier is placed in one of the following categories:

> Not acceptable (Score: <3)

> Acceptable with supervision (Score: 3-3.5)


> Approved (Score: >3.5)

Papoutsanis is considering possible collaboration with approved suppliers. It is feasible to work with suppliers that fall under the category "Approved with Supervision", provided that the collaboration is thoroughly and continuously monitored until the next evaluation.

For reasons related to the environmental management system, in addition to the points mentioned above:



Transport companies are assessed by completing a questionnaire provided to them. The purpose of this questionnaire is to help Papoutsanis understand the impact of its suppliers on its environmental activities and to determine how environmental performance can be assessed and, if necessary, improved.



Waste managers, professionals responsible for the maintenance of air conditioning and safety systems, as well as inspection and certification bodies, are assessed on the basis of their possession of the relevant licences required by law. Indicatively, these include the possession of a waste management permit for the specific wastes they manage and which are listed in the European Waste Catalogue (EWC), the possession of the necessary certificate and licence for the maintenance of air conditioning units and accreditation by a state body.

## ASSESSMENT AT THE SUPPLIER'S PREMISES

Regular assessment of our suppliers' facilities that have workshops, production facilities and laboratories for the purposes of production, processing and manufacturing is deemed necessary. Following an on-site visit to these facilities, the following are recorded in the form of a reference, the observations made

and taken into account in the evaluation process. Appropriate information shall then be provided to the supplier to enable him to comply in good time in the event of non-compliance, in order to ensure that cases of non-compliance are eliminated.



## QUALITY POLICY FOR THE SELECTION OF PACKAGING MATERIALS AND RAW MATERIALS

The Quality Assurance and R&D departments define the specifications that the raw materials and packaging materials supplied should have. Then, in collaboration with the Company's Procurement Department, the appropriate approved materials and their suppliers are identified. Management is committed to ensuring that quality objectives are met by implementing and continuously improving a system that complies with the requirements of ISO 9001:2015 and IFS HPC.

The quality requirements for packaging materials are documented in specifications tailored to the specific type of material. If deemed necessary by the quality control manager, specific specifications shall be recorded for each packaging material separately. In addition, for certain product categories, packaging materials made from recycled and environmentally friendly (organic) materials are selected.

The detailed requirements for incoming raw materials are documented in various sources, including the monographs of the Hellenic Pharmacy (HP), manufacturers' documents (specifications, MSDS) and customer requirements.



## SELECTION OF ENVIRONMENTALLY SUSTAINABLE RAW MATERIALS ON REDUCING THE ENVIRONMENTAL FOOTPRINT OF PRODUCTS

Provided that market access is not impeded and providing the opportunity for bidders to submit alternative offers, the Company, in order to limit the environmental impact of the product, selects raw materials where it deems necessary:

- ▶ providing the ability to rapidly biodegrade hazardous substances (less harmful).
- ▶ from suppliers that meet environmental criteria (e.g. ISO 14001, EMAS or equivalent certification), provide more environmentally friendly solutions and/or eco-labelled products or are members of a trusted environmentally oriented organisation (e.g. RSPO).





## OUR PERFORMANCE

GRI 416-1

### PERCENTAGE OF SIGNIFICANT CATEGORIES OF PRODUCTS AND SERVICES EVALUATED FOR THEIR IMPACT ON HEALTH AND SAFETY

PRODUCT CATEGORY	2021	2022	2023
Branded products	100%	100%	100%
Hotel products	100%	100%	100%
Third party products	100%	100%	100%
Industrial sales of soap masses	100%	100%	100%

GRI 416-2

In 2023, no incidents of non-compliance with regulations and/or voluntary codes relating to the health and safety of our products were identified or recorded.

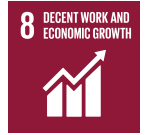




## 4.2. HUMAN RESOURCES DEVELOPMENT

### OUR APPROACH

GRI 404-1, 404-2, 404-3



Papoutsanis, with absolute respect to the human resources that staff the Company's departments, remaining in compliance with labor legislation and having as a guide the corporate Code of Conduct, which is available on the official website develops a series of actions aimed at the development of employees and the general management of human resources.

The Company provides a good working environment conducive to the success, development and safety of its employees, while motivating its people and encouraging cooperation to promote high commitment, with absolute respect and dignity as principles. These principles govern both our Company's relationships with employees and supervisor-subordinate relationships.

In particular, Papoutsanis applies the principles for the protection of human rights in recruitment and hiring processes and invests in its people to reward their commitment, innovation and contribution to the Company.



ATTRACTING NEW EMPLOYEES

TRANSPARENT AND OBJECTIVE  
RECRUITMENT PROCEDURES

CONTINUOUS EDUCATION - TRAINING  
OF EMPLOYEES THROUGH SEMINARS  
AND TRAINING PROGRAMMES

REGULAR ASSESSMENT OF  
INDIVIDUAL PERFORMANCE  
BY EMPLOYEE

REWARD AND DEVELOPMENT



ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

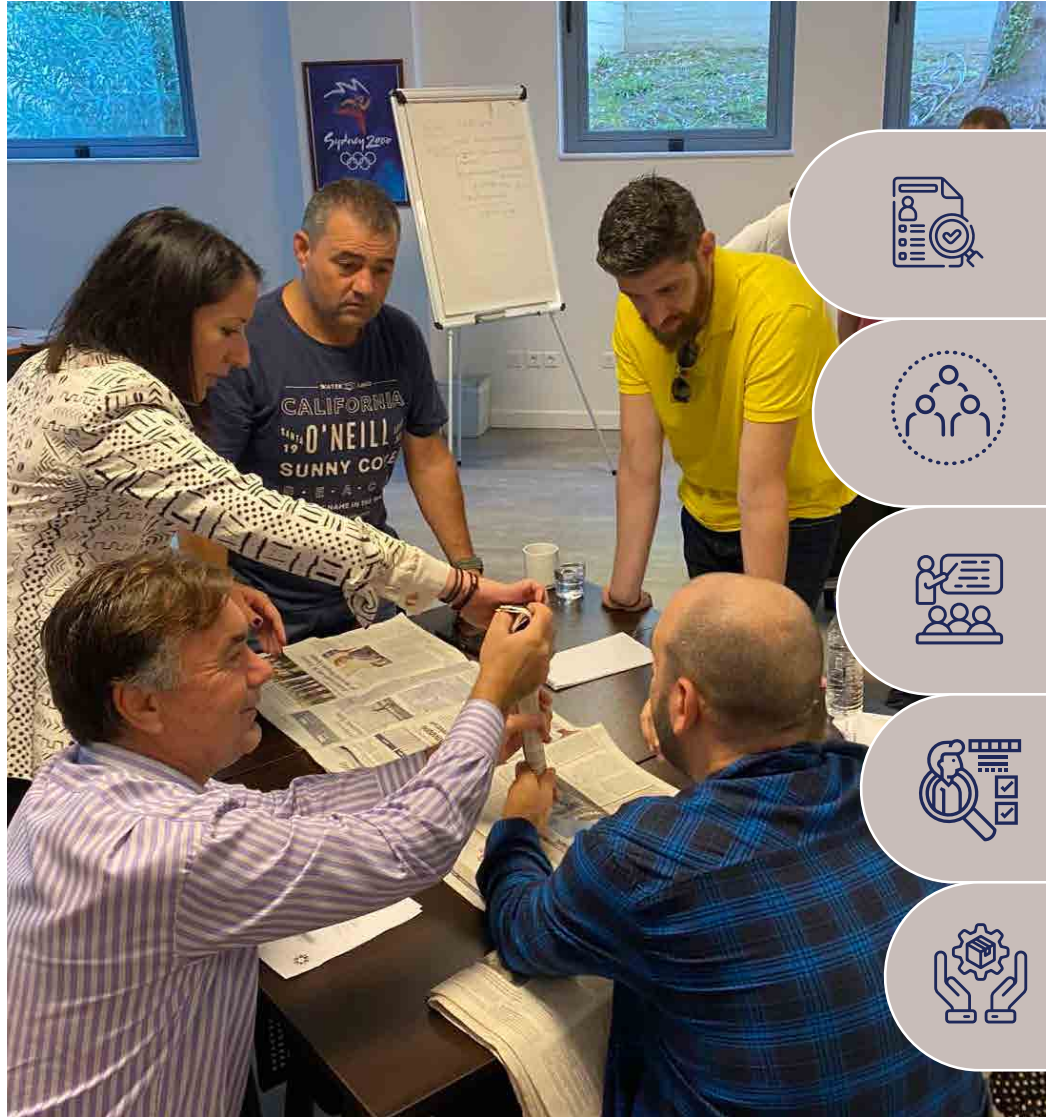
PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

## PROCEDURES AND PROGRAMMES FOR THE EMPLOYMENT, TRAINING AND DEVELOPMENT OF WORKERS



Recruitment and interviewing of new employees, recruitment and dismissal procedures



Integration of new employees into the appropriately designed working environment of Papoutsani, through the introductory training program for new employees



Continuous education and training of employees through educational programmes and seminars



Annual employee performance appraisal



Provision of products to employees of the Company for better knowledge and personal experience of the final product



## ATTRACTION AND RECRUITMENT OF WORKERS

Candidates can apply for available vacancies through our website, which is directly linked to the HR recruitment tool. At the same time, we post vacancies on various job posting websites, social media and recruitment networks.

CVs are evaluated and categorised into groups of candidates so that they are available in case a vacancy arises. In each search for a vacancy, the corresponding group of candidates is evaluated. After the initial screening, the interview process proceeds, which is defined in three stages. The first stage, depending on the level of the post, includes a numerical test and an assessment of English language proficiency. Detailed notes are taken during the interviews and then assessments are carried out by the head of department and the HR team.

In the second stage, 2-3 candidates are selected for further interviews or case studies depending on the level of the position, while the third stage involves the selection of the most suitable candidate and the negotiation of the salary and starting date. Throughout the selection process, all candidates are treated fairly and with full transparency, based on predefined objective criteria and merit-based evaluation standards.

During the interviews, the evaluator's aim is to identify skills of the candidates that may not be immediately apparent from their CV. This ensures a better assessment of their suitability for the job. In addition, the interviewer explores the candidate's values and their compatibility with our Company's corporate culture.

Similarly, candidates have the opportunity to present themselves and gather more information about the job. Overall, our interview and recruitment process



First stage

Second stage

Third stage

is designed to fairly and comprehensively assess candidates, fostering a mutually beneficial match between the selected individual and the position in question.

Furthermore, it is important to note that our Company actively participates in various internship programs, such as those managed by the Public Employment Service (PES), which links all universities. These initiatives have provided employment opportunities for young professionals. In addition, our Company has entered into partnerships with university networks, where jointly funded programmes have been utilised to create jobs for young scientists. An illustrative case of this occurred in 2023, when we successfully employed two (2) new employees through these channels, with one (1) of them hired into newly created jobs.



## Onboarding process for new employees

Our Company attaches great importance to the integration of new employees, as evidenced by the thorough induction process. The integration process of new employees is carried out as follows:

- 1 Introduction to the Society, including a review of our Code of Conduct and a formal introduction to the rest of the team.
- 2 A detailed explanation of safety regulations, guidelines for moving around the factory premises and instructions for the correct use of protective equipment.
- 3 One-on-one discussion with the employee's manager or supervisor to review training progress, introduce the employee to their new role and clarify roles and responsibilities.
- 4 Specialised training on GDPR regulations and comprehensive professional training provided by the most experienced mentor in the department.
- 5 Completion of a medical record by the occupational physician, ensuring that the health and welfare of the worker is taken into account.

By implementing these steps in the induction process, we aim to ensure the smooth and well-informed integration of new recruits into our Company's workforce.





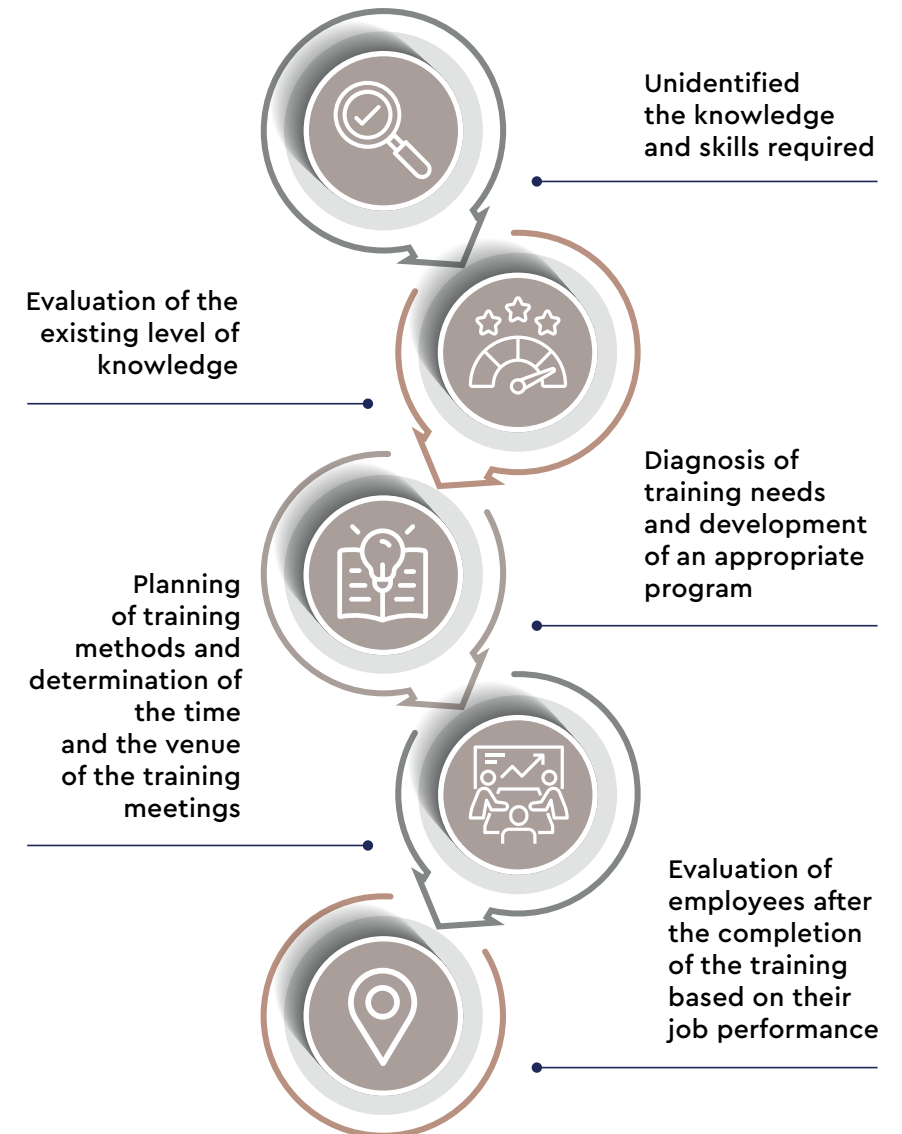
## CONTINUOUS EDUCATION - TRAINING OF EMPLOYEES

Through our training initiatives, we equip our employees with the specific skills and support they need to excel effectively in their roles. Training programmes are tailored to meet both the immediate demands of their current roles and the long-term development of our workforce.

The transfer of knowledge and the cultivation of the skills and abilities of our employees is of great importance to our Company, as it is the foundation for the achievement of our goals. Hence, these training activities are treated with utmost seriousness as they shape the future of our organization.

Our training strategy focuses on promoting personal development opportunities, enabling individuals to adapt to the demands of their jobs and cultivating their leadership skills. By emphasising these aspects, we aim to facilitate not only the professional development of our employees but also their overall development as individuals.

The stages of employee training include:





**OUR PERFORMANCE**

GRI 401-1

**RECRUITMENT OF NEW STAFF AND CYCLE OF WORKERS**

STUDY PERIOD: 2023

AGE GROUP	GENDER		
	WOMEN	MEN	TOTAL
People under 30 years old (<30 years old)	3	9	12
People aged 30 to 50 years (≥30 years & ≤50 years)	12	16	28
People over 50 years old (>50 years old)	1	1	2
% Total Recruitment of New Employees	WOMEN	MEN	TOTAL
<30 years old	7%	20%	27%
≥30 years old & ≤50 years old	29%	39%	68%
>50 years old	2.5%	2.5%	5%
%Total Employee Turnover	WOMEN	MEN	TOTAL
<30 years old	6%	17%	23%
≥30 years old & ≤50 years old	9%	57%	66%
>50 years old	5.5%	5.5%	11%

ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX



**OUR PERFORMANCE**

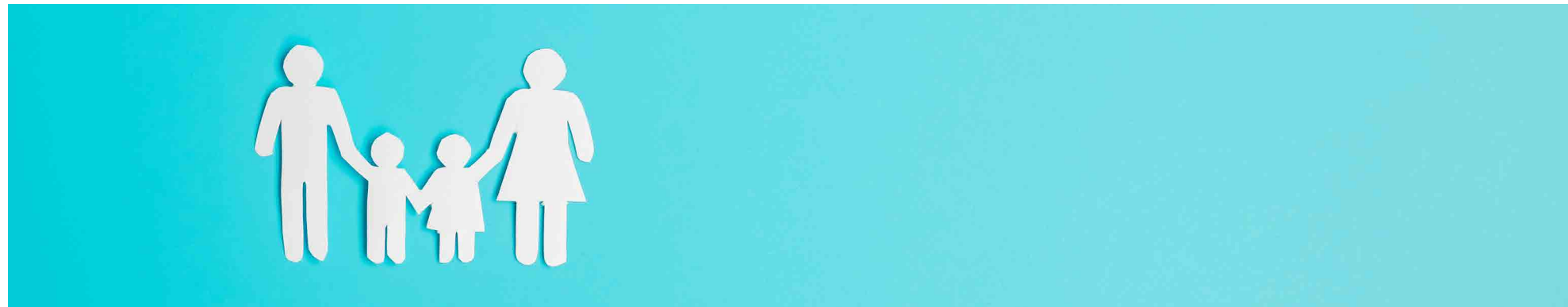
GRI 401-3

**PARENTAL LEAVE\***

STUDY PERIOD: 2023

CATEGORY	WOMEN	MEN
Number of employees entitled to parental leave	10	27
Number of employees taking parental leave	5	8
Number of employees still employed by the Company as of 31.12.2023	10	27
Number of workers still employed after 12 months	10	25

\*parental leave based on the definitions of the Labour Inspectorate has been calculated as the sum of: 1. 14 days of paternity leave, which must be taken at the birth of the child, 2. 9 months of special maternity protection benefit, 3. childcare leave and 4. parental leave of up to 4 months, which any employee with a child up to 8 years old and continuous employment with the Company for 1 year or more is entitled to exercise.







## CONTINUOUS TRAINING OF EMPLOYEES

GRI 402-1, GRI 404-2, ATHEX C-S5

Papoutsanis ensures a transparent and fair approach to operational changes within the organization by imposing a minimum **four (4) week** notice period for any significant adjustment that may affect employees. This policy underscores the Company's commitment to maintaining open communication and promoting a supportive work environment, allowing employees sufficient time to prepare and adapt to change. By adhering to this practice, Papoutsanis not only complies with regulatory requirements but also demonstrates its commitment to employee well-being and organizational integrity.

Following the **Mentoring & Coaching** program as a means for the development of its employees, which Papoutsanis adopted in May 2021, and which focuses on the skills of employees, mainly young executives in positions of responsibility, such as Junior Managers and more experienced staff, in 2023 Papoutsanis proceeded with interdepartmental sessions within the framework of the program.

The purpose of the in-departmental sessions was to develop leadership and management skills to ensure their seamless integration into Next Step Management and 8 employees participated.

At our Company, we prioritise the continuous training of our employees, starting from their initial recruitment and continuing throughout their tenure. This comprehensive training approach includes topics directly related to their specific roles and aligned with the Company's legal obligations. For example, our employees are trained on critical topics such as antiseptic manufacturing, GDPR compliance and the safe handling and storage of hazardous materials.





In addition, we provide additional opportunities to develop skills, including cultivating positive leadership qualities, refining your oral and non-verbal communication skills and improving your knowledge of business English. These complementary skills are identified and addressed based on the results of annual employee evaluations. To facilitate this training, we offer a variety of formats, including internal sessions led by trained Company personnel and external programs conducted by reputable training centers, such as seminars and long-term courses.

**ATHEX A-S2**

In the year 2023, the cost of external training, facilitated by external partners, amounted to €37,581.67. This amount does not include the costs related to the training conducted by the Company's staff and the salary costs of the persons attending these trainings.

We use a range of effective training methods, such as introductory sessions, on-the-job training, off-the-job training, mentoring, university programmes, postgraduate studies and job rotation. These approaches ensure that our employees receive the knowledge and develop skills necessary to excel in their roles and contribute to the growth and success of our Company.





## CONTINUOUS EDUCATION - TRAINING OF EMPLOYEES

GRI 404-2

During the reporting period of the study, the Company offered its employees a variety of technical training opportunities, along with skills and competence development programmes, which are listed below:





### Technical Trainings

- > ISO 22716:2007 Cosmetics GMPs
- > Tax Lessons
- > Industrial Costing in practice
- > Training in SAP
- > VNA handling training
- > Treasury Management



### Trainings for Skills Development

- > Microsoft 365 Administrator Essentials
- > Negotiation training
- > Leadership and team development
- > Executive leadership program



### Other Trainings

- > GMPs Good Manufacturing Practices
- > Health and safety rules
- > Good storage and transport practices WL-GMP-04
- > Good lab practices
- > Compliance obligations of companies for the approval and marketing of cosmetics, in accordance with the national legislation of the HOPE and the European Regulation 1223/2009
- > Safety Assessment Report for Cosmetic Production
- > Managing International logistics
- > All the changes with the new Labour Law – digital work card
- > Code of Conduct training
- > Information on the Working Rules
- > General Safety Rules for the use of forklifts
- > Training on policy to combat violence and harassment at work
- > Information Security Policy
- > Training on the emergency plan
- > Training of new recruits
- > Operation of the financial department



## OUR PERFORMANCE

GRI 404-1, ATHEX C-S5

### AVERAGE NUMBER OF HOURS OF TRAINING BY RACE AND HIERARCHICAL POSITION

STUDY PERIOD: 2023

GENDER	
Women	8.3
Men	5.9
POSITION IN THE ORGANISATION	
Members of the Directorate	12
Μέλη της Διεύθυνσης	66.5
Executives	9.4
Administrative Members	3.6
Labour Resources	3.8
10% higher paid workers**	3.5
90% of lower paid workers**	3.9

ATHEX A-G4

The variable remuneration of the CEO (Chief Executive Officer) amounted to 19% of the total remuneration.

The following formula was used to calculate the variable pay rate of the Company's CEO:

$$\% \text{ of variable pay} = \frac{\text{CEO's variable remuneration}}{\text{Total remuneration}} \times 100$$

\*\* The average number of training hours for the 10% (similarly for the 90%) of the highest paid workers was calculated by dividing the total number of training hours provided to the 10% (respectively 90%) of the highest paid workers by the total number of workers in the 10% (respectively 90%) of the highest paid workers.



## EMPLOYEE ASSESSMENT

Evaluation as a tool is a core function of the HR department. In a highly competitive global environment, companies need high performance and strong strengths to compete. Employees need to have insight into their appraisal results in order to shape their future career path. Our employee evaluation is a process through which determines the performance of different

individuals, compared to specific targets, and comparing the performance of employees against each other. Appraisal can be used in many ways so as to encourage the development of the employees themselves within the company and plays an important role in improving the functioning of our business, as well as enabling them to develop.

# 1

In broader terms, the main applications of employee evaluation include:

- > Setting performance expectations and setting targets for the development of the workers.
- > Identify specific training requirements to address skills gaps and growth areas.

# 2

On an annual basis, an individual performance evaluation of each employee in our Company is carried out. The evaluation process includes the following stages:

- > Evaluation of the employee's performance by the respective manager or supervisor.
- > Self-assessment by the employee.
- > Communicate the results of the evaluation to the Human Resources Department.

# 3

After the evaluation and notification phase, the results are analysed in detail and training requirements are identified. It is worth noting that in 2023 all employees, including the Company's executives, underwent this comprehensive evaluation process.



## OUR PERFORMANCE

GRI 404-3

### NUMBER OF EMPLOYEES EVALUATED FOR PERFORMANCE AND CAREER DEVELOPMENT

STUDY PERIOD: 2023

GENDER	
Women	69
Men	127
Other*	-
Not disclosed	-

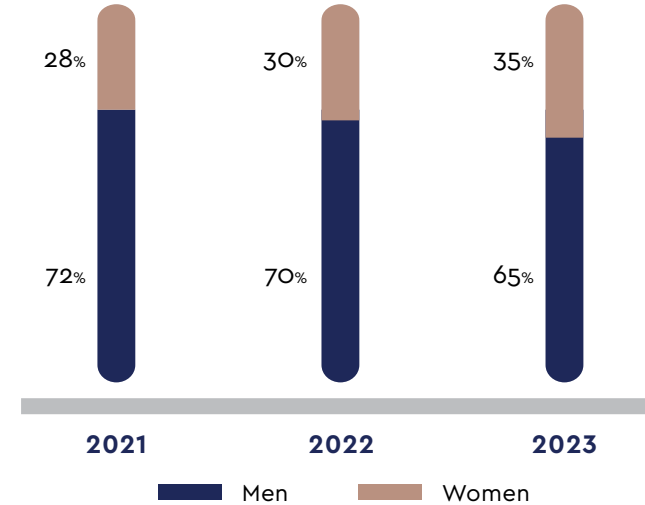
  

POSITION IN THE ORGANISATION	GENDER	
	Men	Women
Members of the Board of Directors	5	1
Members of the Directorate	5	5
Executives	16	6
Administrative Members	27	41
Labour Resources	73	16

\* Gender as defined by the employees themselves. Not necessarily identical to biological sex

GRI 2-7

### TOTAL NUMBER OF EMPLOYEES



**The percentage of female employees in the Company is 35.38%, which increased by 5.38% and 7.38% compared to the respective percentages in 2022 and 2021, respectively.**

(The percentage is obtained by dividing the total number of women in the Company by the average of the total number of employees (men and women) in the Company and then multiplying this number by 100 to obtain the percentage).



## OUR PERFORMANCE

GRI 2-7

STUDY PERIOD: 2023

	Women	Men	Other*	Not disclosed	Total**
<b>TOTAL NUMBER OF EMPLOYEES</b>					
	69	127	-	-	196
<b>TOTAL NUMBER OF EMPLOYEES WITH A CONTRACT OF INDEFINITE DURATION</b>					
	60	120	-	-	180
<b>TOTAL NUMBER OF EMPLOYEES WITH A FIXED-TERM CONTRACT</b>					
	9	7	-	-	16
<b>TOTAL NUMBER OF FULL-TIME EMPLOYEES (FTE)</b>					
	69	127	-	-	196
<b>TOTAL NUMBER OF PART-TIME EMPLOYEES (PTE)</b>					
	0	0	-	-	0

\* Gender as defined by the employees themselves. Not necessarily identical to biological sex  
 \*\* Data have been extracted from the personnel database maintained by Papoutsanis and the relevant employee numbers are expressed in Head Count, as suggested by GRI standards

GRI 2-8

Regarding the total number of employees who are not employees and whose work is controlled by the organization, out of 196 people, Papoutsanis employs:  
 > 1 person for an internship.  
 > 1 person on a fixed salary, who performs the duties of a lawyer and legal advisor for the Company.

In addition, in 2023, 93 workers were employed through partner contractors.

ATHEX C-S4

### EMPLOYEE MOBILITY INDEX

	2021	2022	2023
<b>Number of voluntary departures</b>	29	39	24
<b>Voluntary mobility index*</b>	16%	20%	12%
<b>Number of compulsory withdrawals</b>	11	6	11
<b>Non-voluntary mobility index**</b>	6%	3%	5,6%

\* The voluntary mobility rate was calculated by dividing the total number of employees who voluntarily left the company in 2023 by the average number of employees during the same year. The result was then multiplied by 100 to determine the rate.  
 \*\* The involuntary mobility rate was calculated by dividing the total number of employees who were obliged to leave the company in 2023 by the average number of employees during the same year. This number was also multiplied by 100 to obtain the percentage.





## OUR PERFORMANCE

ATHEX A-S3

WAGE DIFFERENTIAL BETWEEN THE TWO RACES (%)	2023
Governance Bodies – Board of Directors	2%
Senior Managers	-12%
Middle Management	9%
Employees	-2%
Total employees	6%

The following equations were used to calculate the percentage of the wage gap:

$$y_1 = \frac{s_m}{m} \quad (i) \qquad y_2 = \frac{s_w}{w} \quad (ii) \qquad GPG = \frac{y_1 - y_2}{y_1} \quad (iii)$$

$y_1$ : Average remuneration for male full-time employees on an annual basis (in € euros)

$y_2$ : Average pay for female full-time employees on an annual basis (in € euros)

$m$ : Total number of male full-time employees (in Head Count)

$w$ : Total number of female full-time employees (in Head Count)

$s_m$ : Total of all annual basic wages of all male full-time employees (including bonuses)

$s_w$ : Total of all annual basic wages of all female full-time employees (including bonuses)

GPG: Gender pay gap (%)



## OUR PERFORMANCE

GRI 2-21, ATHEX A-S4

REPORTING PERIOD	2021	2022	2023
<b>CEO – Employee remuneration ratio</b>	9.9	8.6	11.06
<b>Change in the CEO – Employee remuneration ratio</b>	-0.12	6.35	-4.29

The following equations were used to calculate the CEO-Employee pay ratio and the change in the pay ratio:

$$C_{\text{total}} = \frac{C_{\text{HPI}}}{C_{\text{ME}}} \quad (\text{iv}) \quad \quad \quad dtc_{\text{total}} = \frac{dtC_{\text{HPI}}}{dtC_{\text{ME}}} \quad (\text{v})$$

$C_{\text{total}}$ : CEO – Employee remuneration ratio

$C_{\text{HPI}}$ : Annual total remuneration for the highest paid person in the company – the CEO (in EUR €)

$C_{\text{ME}}$ : Median annual value of the total remuneration of all employees of the company, excluding the CEO (in EUR €)

$dtc_{\text{total}}$ : Change in the CEO – Employee remuneration ratio

$dtC_{\text{HPI}}$ : Percentage increase in the annual total compensation of the highest paid person in the company

$dtC_{\text{ME}}$ : Average percentage increase in the annual total compensation for all employees of the organisation, excluding the highest paid person

ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX



## OUR PERFORMANCE

GRI 2-30, ATHEX C-S7

The Company's commitment to trade union freedom goes beyond mere law, it is about creating an environment where employee participation and freedom of expression are treated as fundamental pillars of our organisational philosophy. It ensures not only the legal right of Papoutsanis employees to organize but also encourages active participation in union activities. At Papoutsanis, we respect the views and rights of trade union organizations,

constantly working with them to improve working conditions and employer-employee relations. We value the role of trade unions as representatives of workers and promote dialectical cooperation to resolve issues and promote workers' welfare. In doing so, we form an organic relationship with our workforce, enhancing overall efficiency and creating fair and balanced working conditions.

### EMPLOYEES COVERED BY COLLECTIVE LABOUR AGREEMENTS (%)

STUDY PERIOD: 2023

Sex	Women	Men	Other*	Not disclosed
<b>Number of employees covered by collective agreements</b>	69	127	-	-
<b>Total number of employees</b>	69	127	-	-
<b>Percentage of employees covered by collective agreements** (%)</b>	100%	100%	-	-

\* Gender as defined by the employees themselves. Not necessarily identical to biological sex

\*\* The percentage of employees covered by collective agreements was calculated by dividing the total number of employees employed by the Company in 2023 by the number of employees covered by collective agreements during the same year. The result was then multiplied by 100 to determine the percentage



## 4.3. SAFEGUARDING ETHICS AND HUMAN RIGHTS

GRI 2-23, ATHEX C-S6, ATHEX C-G5

Papoutsanis, with full respect for human rights and the safeguarding of ethics, recognizes diversity as a fundamental right and makes decisions regarding recruitment and partnerships, free of any kind of prejudice, based on the ability and suitability of potential employees and partners. The Company condemns discrimination of any kind on the basis of gender, religion, colour, sexual preference, physical characteristics, family status or other characteristics that deviate from the criteria for selecting employees or partners for the job or partnership to be undertaken.

Following an established policy, the Company selects its suppliers based on objective criteria relating to the quality and price of their products, their creditworthiness and reliability, as well as their prompt service and short delivery times. Of paramount importance for Papoutsanis is also the assurance of good employee treatment practices throughout the supply chain. Accordingly, the Company does not work with suppliers or partners who engage in unacceptable employee treatment practices, such as child exploitation, forced labour or other forms of mistreatment.

The Company maintains strict policies against any form of harassment, including sexual harassment, towards its employees within the workplace. Each employee's contract explicitly outlines their rights and responsibilities. Papoutsanis is committed to promoting a working environment that supports and safeguards human rights. In particular, the Company condemns forced labor and is committed to complying with the labor legislation governing the minimum wage, working hours, overtime and employee benefits. In addition, Papoutsanis fully supports



the rights of its employees to participate in trade unions to protect their interests, ensuring that they are free from any retaliation or intimidation. The Company diligently monitors developments in labour legislation, carefully reviewing reports relating to child labour and human rights, and fully complies with all relevant regulations.





GRI 2-23, 2-24, ATHEX C-S6

The Code of Ethics is the cornerstone for ensuring the responsible operation of the Company and safeguarding human rights. In light of the current legislation and based on the Code, the minimum age of employment for Papoutsanis has been set at 16 years.

In addition, the Company, through the implementation of the **Whistleblowing Policy**, promotes the anonymous or anonymous reporting and recording of incidents of human rights violations through a complaint box, both by employees and by suppliers or partners. It then evaluates them and takes the necessary measures to mitigate and eliminate them, where necessary.

Finally, Papoutsanis maintains an open and transparent channel of communication between management and employees, stressing the importance of equal opportunities. As part of this effort, regular communication events are organised, such as the New Year's cake cutting event, so that employees can raise questions and concerns directly to management, which in turn supports and stands firmly by each employee in every workplace incident, ensuring their right to equal opportunities.





ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PΑPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

CATEGORIES DIVERSITY	2022						2023					
	<30		30-50		>50		<30		30-50		>50	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
	<b>Governance Bodies - Board of Directors</b>						<b>Governance Bodies - Board of Directors</b>					
<b>Percentage of persons represented by category</b>	0%	0%	0%	0%	17%	83%	0%	0%	0%	0%	17%	83%
	<b>Category of Employees</b>						<b>Category of Employees</b>					
<b>Senior Managers</b>	0%	0%	46%	54%	0%	100%	0%	0%	50%	50%	50%	50%
<b>Middle Management</b>	25%	75%	29%	71%	0%	0%	33%	67%	39%	61%	30%	70%
<b>Employees</b>	27%	73%	33%	67%	25%	75%	25%	75%	29%	71%	25%	75%
	<b>Category of Employees</b>						<b>Category of Employees</b>					
<b>Administrative Staff</b>	56%	44%	56%	44%	50%	50%	48%	52%	56%	44%	32%	68%
<b>Workforce Staff</b>	0%	100%	15%	85%	21%	79%	0%	100%	19%	81%	25%	75%



The number of female employees in the company for 2023 was identified at **35,38%**. The percentage of female employees in managerial positions\* for the year 2023 was 36.8%, an increase of 15.8% compared to 2023 levels.

\*The percentage of female employees in managerial positions was calculated by dividing the total number of female employees in the top 10% of the highest paid employees for 2023 by the total number of employees in the top 10% of the highest paid employees for 2022. The result was then multiplied by 100 to determine the percentage.



## OUR PERFORMANCE

GRI 405-2

### CATEGORIES OF DIVERSITY

2023

#### RATIO OF BASIC SALARY AND REMUNERATION BETWEEN GENDERS, BY EMPLOYEE CATEGORY

### Hierarchical Position

Ratio

Governance Bodies - Board of Directors

1.02

Senior Managers

0.89

Middle Management

1.09

Employees

0.98

GRI 406-1

#### INCIDENTS OF DISCRIMINATION

Year

Recording and Status of Incidents of Discrimination & Corrective Actions

Number

2023

Number of Recorded Incidents of Discrimination for the period of the study

0

2023

Incidents of Discrimination assessed by the Company

0

2023

Restoration plans have been put in place

0

2023

Remediation plans have been implemented, with the results reviewed through the normal internal management control procedures

0

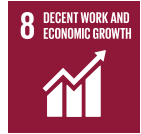
2023

Incident no longer subject to action

0



## 4.4. HEALTH AND SAFETY AT WORK

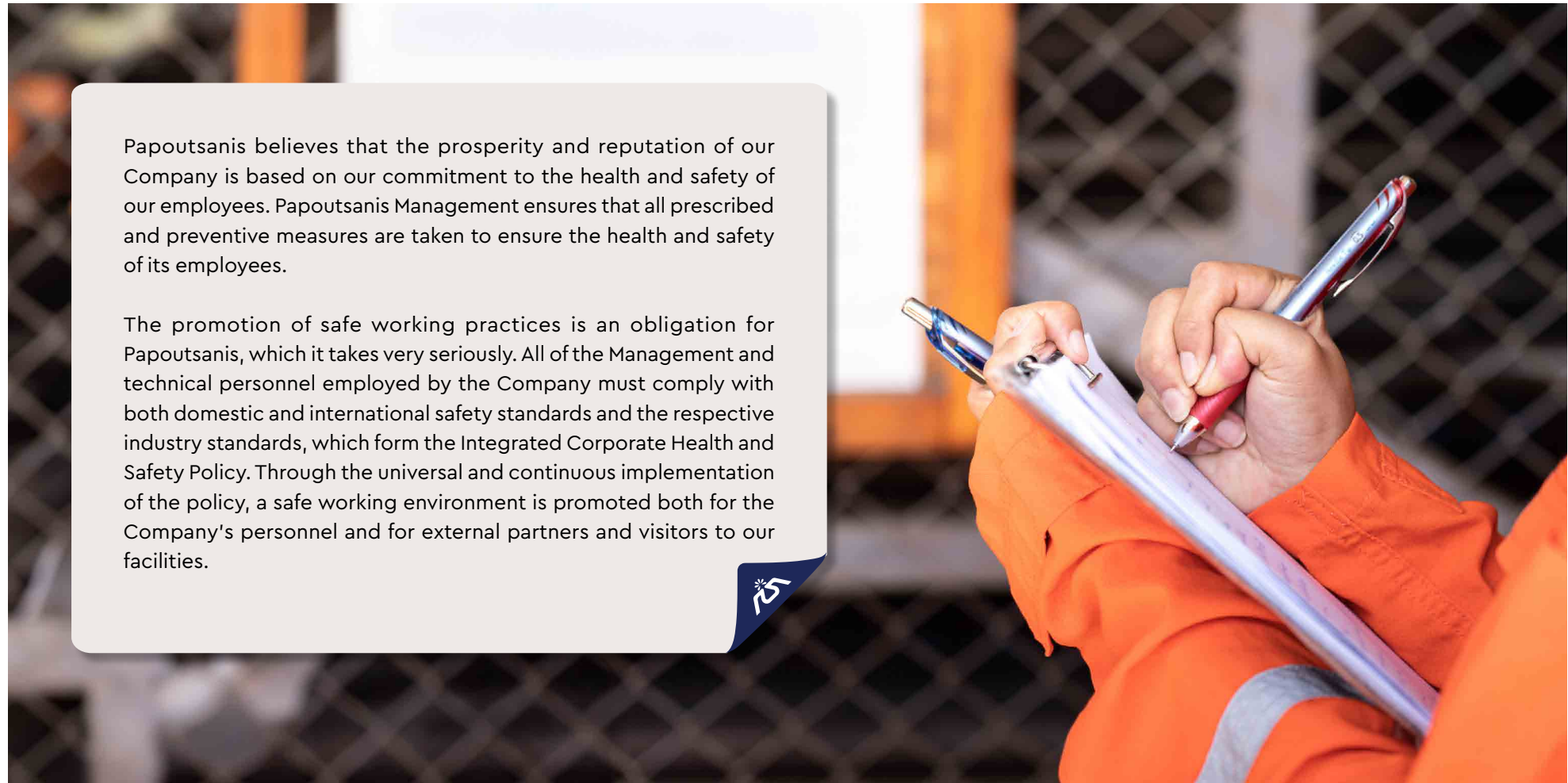


### CORPORATE HEALTH AND SAFETY POLICY

GRI 2-24, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Papoutsanis believes that the prosperity and reputation of our Company is based on our commitment to the health and safety of our employees. Papoutsanis Management ensures that all prescribed and preventive measures are taken to ensure the health and safety of its employees.

The promotion of safe working practices is an obligation for Papoutsanis, which it takes very seriously. All of the Management and technical personnel employed by the Company must comply with both domestic and international safety standards and the respective industry standards, which form the Integrated Corporate Health and Safety Policy. Through the universal and continuous implementation of the policy, a safe working environment is promoted both for the Company's personnel and for external partners and visitors to our facilities.







## CORPORATE HEALTH AND SAFETY POLICY

### Information & Staff Training

- > Enhancing efficiency & effectiveness of the workers
- > Commitment to comply with conditions and standards; and raising awareness of contractors
- > Optimal integration of new workers
- > Prevention and reduction of the negative effects of various psychosomatic disorders through specific seminars



### Health, Safety and Environmental Management Systems

- > Setting objectives for the optimisation of the management systems
- > Continuous evaluation and appropriate modification of targets for harmonisation with the current conditions



### Inclusion and Health & Safety issues Safety and Environment

- > In corporate decision-making
- > In the plan of operation of the establishments
- > In the context of the integrated management system



### Provided by First Aid

- > Through cells located in numerous locations (e.g. offices, production plant, etc.)
- > Through a team of specially trained staff in case of accidents
- > Continuous monitoring of equipment for safe conditions for completion of work

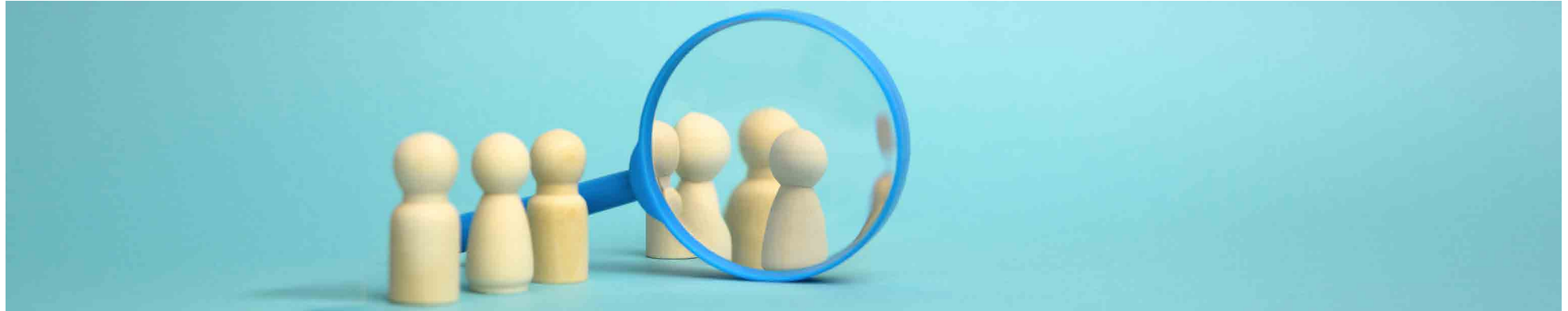


## CORPORATE HEALTH AND SAFETY POLICY

The health and safety policy keeps pace with existing conditions and is adapted appropriately in times of crisis (e.g. the Covid-19 pandemic). It is therefore evaluated and revised where necessary at regular intervals. For the purposes of managing the health and safety of our employees, we maintain cooperation agreements with an appropriately selected external partner, who becomes responsible for providing an Occupational Physician and Safety Technician with responsibilities related to preventive health and safety and staff health issues.



**The Company is certified by Sedex Members Ethical Trade Audit (SMETA).**



## OUR PERFORMANCE

GRI 403-8

### NUMBER OF EMPLOYEES COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Type of employee	Number	%
Employees and employees who are not employees but whose work and/or workplace is controlled by the Company	94	100
Employees and employees who are not employees, but whose work and/or workplace is controlled by the Company, who are covered by such a system which has been audited internally (internal audit)	94	100
Salaried employees and employees who are not salaried employees, but whose work and/or workplace is controlled by the Company, who are covered by such a system which has been audited and certified by an external verifier	-	-



## OUR PERFORMANCE

GRI 403-9, 403-10

### WORK-RELATED INJURIES

Indicators	2022	2023
<b>Total number of hours worked during the period under consideration*</b>	352,017.60	343,217.16
<b>Number of deaths related to work-related injury</b>	0	0
<b>Index of deaths related to work-related injury</b>	0	0
<b>Number of work-related injuries (high-consequence), excluding fatalities</b>	0	0
<b>Index of work-related injuries (high-consequence), excluding fatalities</b>	0	0
<b>Number of confirmed work-related injuries</b>	3	3
<b>Index of confirmed work-related injuries **</b>	0.00000852	0.00000874
<b>Type of injury</b>	2 (x) open rupturing trauma Car accident (when leaving work outside the factory premises)	2 (x) open rupturing trauma Car accident (when leaving work outside the factory premises)
<b>Number of deaths related to occupational disease</b>	0	0
<b>Number of injuries related to occupational disease</b>	0	0
<b>Type of Occupational Disease</b>	-	-

\* The total number of working hours has been calculated on the basis of the estimated number of working hours of the 196 full-time employees (31/12/2023) multiplied by the daily working hours (6,667 daily contracted working hours) multiplied by 22 working days over 12 months of work. Note that the total number of employees does not include employees who are not employees of Papoutsanis (e.g., interns, self-employed and outside contractors).

\*\* The indicator has been calculated on the basis of estimated working hours.



ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PΑPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

# RESPONSIBLE CORPORATE GOVERNANCE

## CHAPTER CONTENTS:

- 5.1. Organizational Structure of the Company
- 5.2. Financial Performance
- 5.3. Business Ethics
- 5.4. Corporate Governance

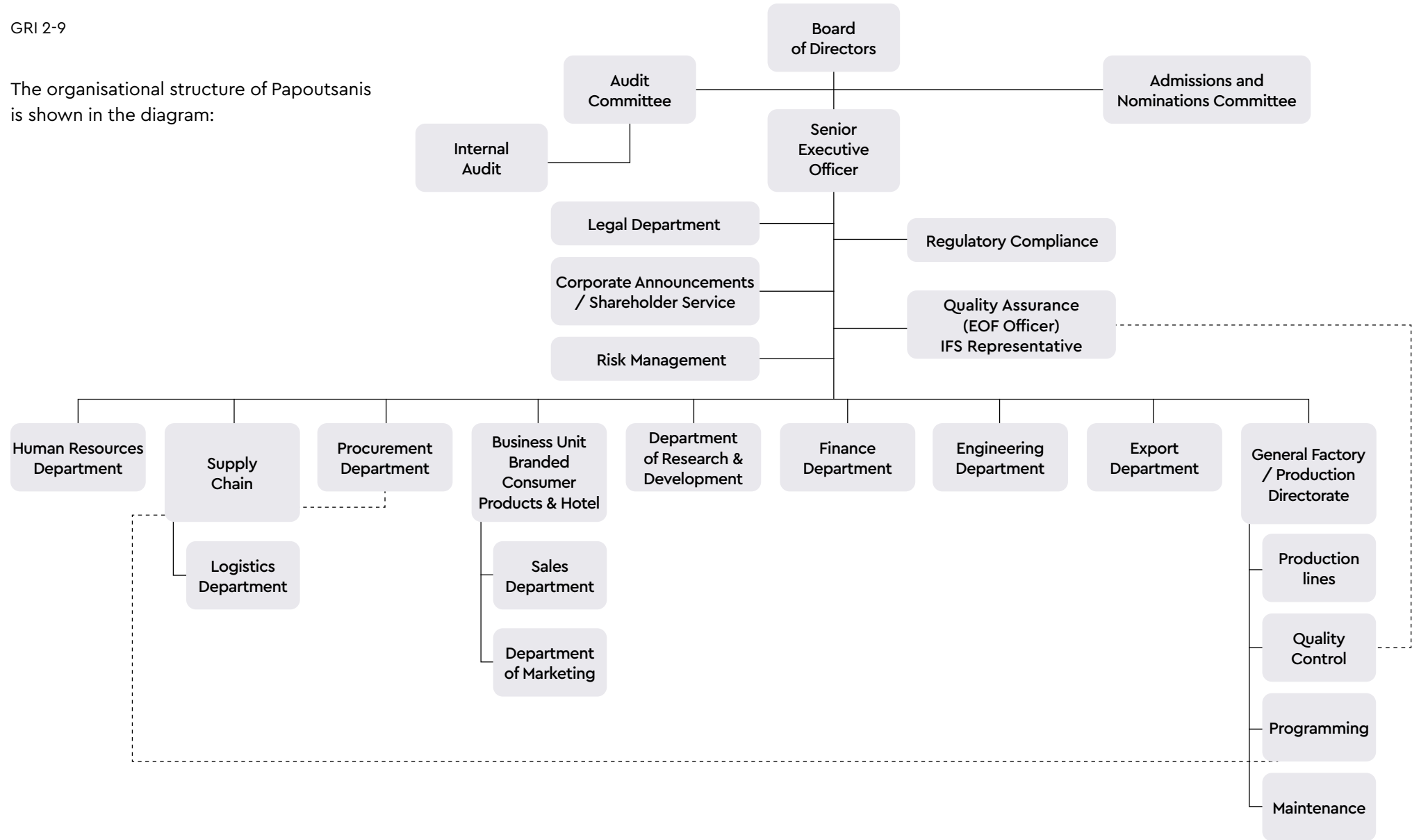




## 5.1. ORGANISATIONAL STRUCTURE OF THE COMPANY

GRI 2-9

The organisational structure of Papoutsanis is shown in the diagram:





GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, ATHEX C-G1

The **Board of Directors (BoD)** of Papoutsanis, acts collectively in matters of general administration and management of corporate affairs. The members of the Board of Directors are elected by the General Assembly and their term of office is set at three (3) years. The number of members of the Board of Directors is determined by the General Assembly, within the framework set by the Company's Articles of Association. The Board of Directors has the powers, authorities and duties granted to it by the Law, the General Meeting of Shareholders, the Company's Articles of Association and the corporate procedures from time to time. Within the above framework, the Board of Directors is the body that exercises the management of the Company, and its duties include decision-making and the responsibility to exercise full and effective control over all the Company's activities.

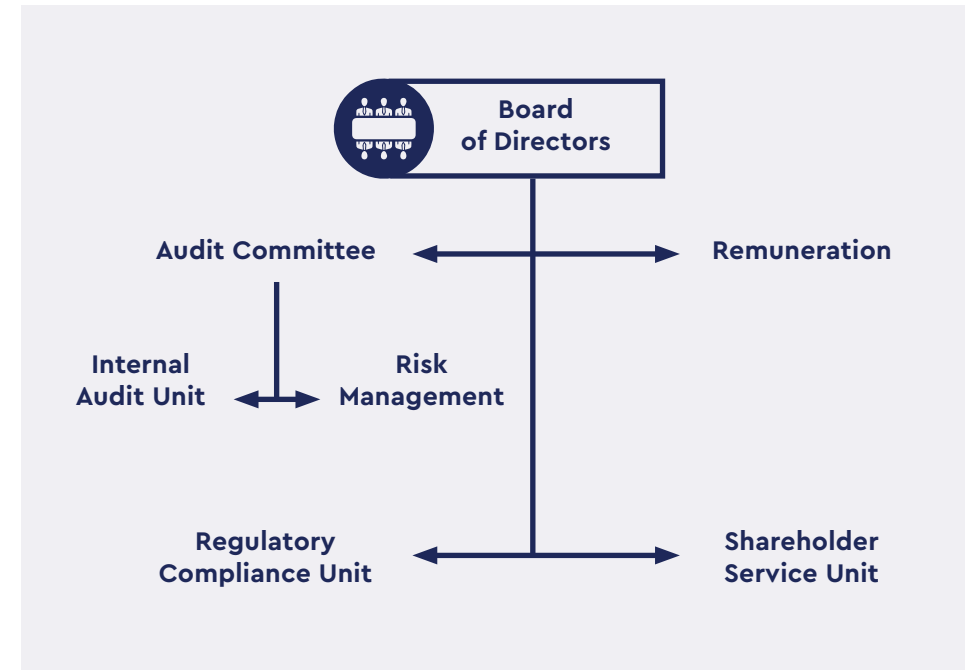
**In addition to the Board of Directors, the Company is composed of three additional Committees:**

- > The **Audit Committee**, elected by the General Meeting of Shareholders and evaluated by the members of the Board of Directors.
- > The **Remuneration and Nomination Committee**, whose members are selected and appointed by the Board.
- > The **Risk Management Committee**, whose members are senior management.

**The main responsibilities of the Board and the Committees are summarised as follows:**

The Board of Directors (Supreme Governance Body) is responsible for overseeing the direction of the Company's Sustainable Development Strategy, including the integration of environmental, social and governance-related (ESG) risks and opportunities into the Company's Strategy. Certain responsibilities for oversight of ESG issues and information are appropriately assessed and delegated to the most appropriate Committee or Department and the CEO, who are assigned responsibility for managing the issue.

The CEO, who has been given responsibility for overseeing Sustainability issues on a more direct basis, is responsible for reviewing and approving the reported sustainability information, including the Agency's Material Issues. He/she is also responsible for overseeing the management and performance of impacts (climate, environmental, social, etc.) through defined Key Performance Indicators (KPIs), and in collaboration with the Board, re-focus and redesign the Sustainability strategy and policies and implement actions and activities to achieve the Company's objectives.



The Chairman of the Board (Non-Executive Member) coordinates and directs the meetings and the general operation of the Board. He chairs the Board, has the authority to convene the Board in a meeting, to set the agenda, to ensure the good organization of the work and the efficient conduct of its meetings.



## OUR APPROACH

The evaluation and recruitment process of the Executives and the CEO is a transparent and meritocratic process, through which the dynamics of the corporate objectives, set in accordance with international standards and with the ultimate goal of achieving them, are determined.

The Company recognises the important contribution of its employees to its long-term prosperity and undertakes an assessment of existing staff before seeking external candidates. In this way, it offers opportunities for its employees to advance their careers.

The Board is composed of three (3) to fifteen (15) members and may be shareholders or non-shareholders, and always eligible for re-election and freely revocable. The Chief Executive Officer and his/her deputy(s) shall be elected by the Members of the Board of Directors following the constitution of the Board.

## ATHEX C-G1

The Board of Directors of Papoutsanis in 2023 consists of six Members, three non-executive and three executive. All Board Members have many years of experience in the areas of sustainability and ESG, which are areas of the highest importance and priority for the Company and which are taken into account in Papoutsanis' Sustainability Policy.

Since the Chairman of the Board is an executive member and in accordance with the Greek Corporate Governance Code (HCCG), the Vice Chairman of the Board has been appointed by the Board as a non-executive member. Specifically, the Members of the Board of Directors until 10/07/2024 are the following:

### MEMBERS OF THE BOARD OF DIRECTORS (UNTIL 10/07/2024)

<b>Chairman</b> (executive member)	<b>Georgios Gatzaros</b>
<b>Vice-Chairman</b> (non-executive member)	<b>Dimitrios Papoutsanis</b>
<b>Managing Director</b> (executive member)	<b>Menelaos Tassopoulos</b>
<b>Chief Financial Officer</b> (executive member)	<b>Mary Iskalatian</b>
<b>Independent member</b> (non-executive member)	<b>Christos Georgalis</b>
<b>Independent member</b> (non-executive member)	<b>Antonios Barounas</b>

### MEMBERS OF THE BOARD OF DIRECTORS (FROM 10/07/2024 ONWARDS)

<b>Chairman</b> (executive member)	<b>Georgios Gatzaros</b>
<b>Vice-Chairman</b> (non-executive member)	<b>Dimitrios Papoutsanis</b>
<b>Managing Director</b> (executive member)	<b>Menelaos Tassopoulos</b>
<b>Chief Financial Officer</b> (executive member)	<b>Mary Iskalatian</b>
<b>Non-independent member</b> (non-executive member)	<b>Christos Georgalis</b>
<b>Independent member</b> (non-executive member)	<b>Antonios Barounas</b>
<b>Independent member</b> (non-executive member)	<b>Eleni Koritsa</b>





ATHEX C-G1

COMPOSITION OF THE BOARD OF DIRECTORS	2021	2022	2023
Men Board members (%)	83%	83%	83%
Women Board members (%)	17%	17%	17%
<b>Total Board members (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Non-executive members of the Board of Directors (%)	50%	50%	50%
Executive members of the Board of Directors (%)	50%	50%	50%
<b>Total Board members (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Non-executive and independent members of the Board of Directors (%)	33%	33%	33%
Non-executive and non-independent members of the Board of Directors (%)	17%	17%	17%
Executive and non-independent members of the Board of Directors (%)	50%	50%	50%
<b>Total Board members (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

GRI 2-17, ATHEX C-G2

The Board of Directors (Supreme Governance Body) is responsible for overseeing the direction of the Sustainable Development Strategy and is responsible for the management of the Company's Sustainable Development issues. The Board members possess adequate knowledge and skills of Sustainable Development issues and keep abreast of the rapidly changing regulatory framework related to these issues. Typically, it is mentioned that energy efficiency, climate change and sustainability investments are included in the annual investment plan which is discussed and approved during the meetings by the Papoutsanis Board.



ABOUT THE COMPANY

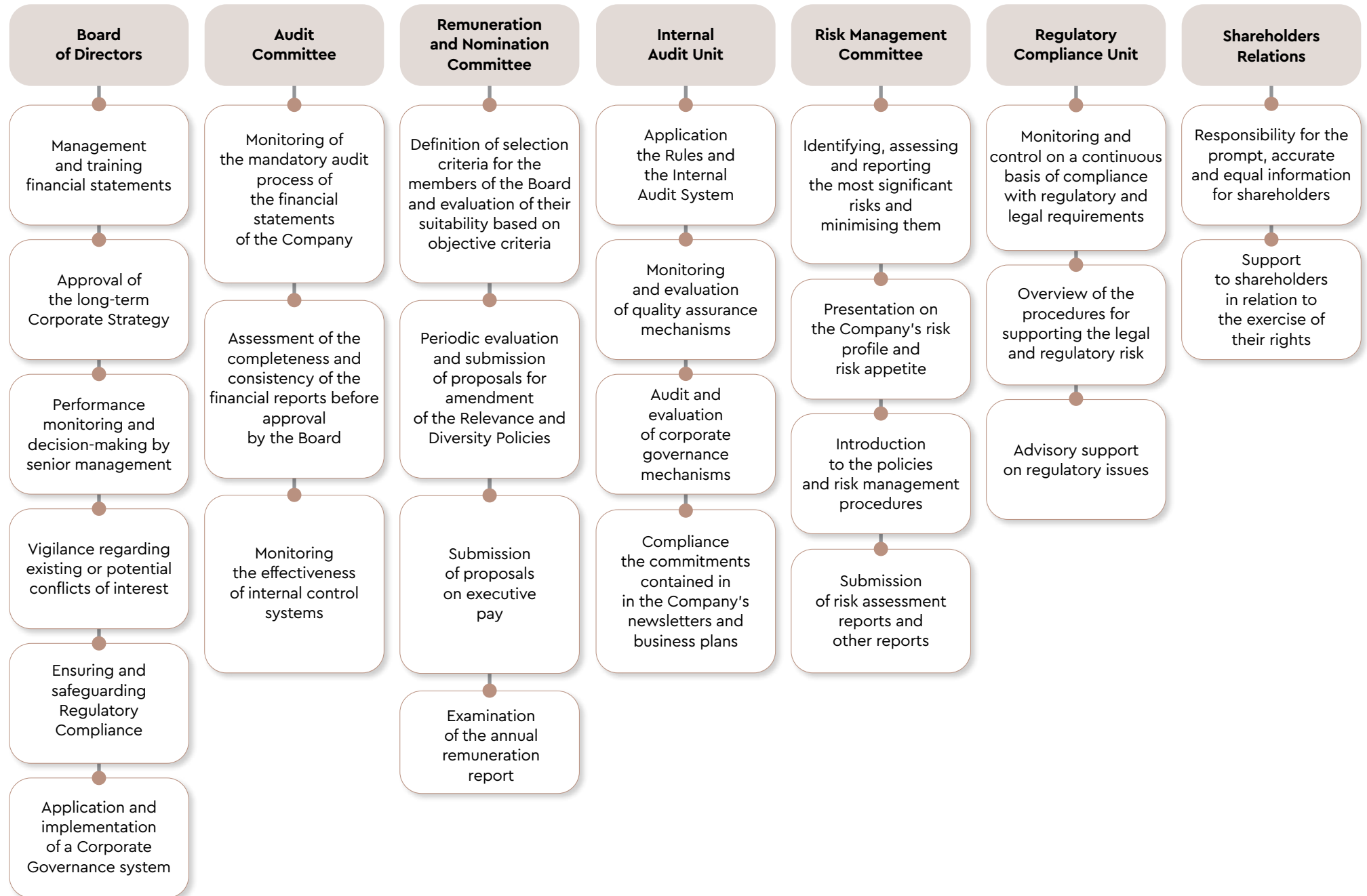
SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX





GRI 2-15

The members of the Board of Directors, as well as any third party to whom its powers have been delegated, have a duty of loyalty to the Company, in accordance with the requirements of the Internal Labour Regulation. In particular, the pursuit of self-interest that is contrary to the interests of the Company is prohibited. In addition, the members of the Board of Directors and any third party to whom they have been entrusted with supervisory responsibility must disclose in a timely and adequate manner both any self-interests that may arise from transactions of the Company – which fall within their duties, and any conflict of interest with those of the Company or related parties – both their own interests and those of persons who, by virtue of their status with the Company, fall within the scope of IAS 24 and 27.

Notification shall be made to the Board or, in case of urgency, to its Chairman. The person with a conflict of interest, if he is a member of the Board, shall abstain from discussing and voting on the items in question. As regards the holder of a power delegated by the Board, he shall also abstain from dealing with a matter in respect of which there is a conflict of interest. The Board of Directors, or the Chief Executive Officer upon notification of the former, shall delegate this case to another person who does not have a conflict of interest.

GRI 2-17, 2-18

The Company applies a policy for the evaluation of Board members, the purpose of which is to ensure its effective operation and the fulfilment of its role as the Company's Supreme Governance Body, responsible for the formulation of the Sustainable Development strategy, the supervision of management and the adequate control of both financial and sustainability-related information. In the context of staffing the Board of Directors with members with sufficient knowledge and experience in Sustainable Development issues, the Suitability Policy is implemented. The Suitability Policy aims to ensure the quality staffing, effective functioning and fulfilment of the role of the Board of Directors based on the overall strategy and the medium and long-term business objectives of the Company with the aim of promoting the corporate interest. The Board of Directors monitors the suitability of its members on an ongoing basis and, where deemed necessary in accordance with applicable legislation and the Suitability Policy, reassesses their suitability.

The evaluation procedures and the frequency with which they are implemented aim at identifying in a timely manner areas that may need improvement, providing appropriate information and initiating actions to ensure the effective functioning of the BoD. The members of the BoD are evaluated on a collective basis, which takes into account its overall functioning.



## 5.2. FINANCIAL PERFORMANCE

### OUR APPROACH

GRI 201-1, C-G8

Our Company, in the light of technological upgrading and innovation, promotes the sustainable, seamless and inclusive economic development of both the Company and the Greek society, providing decent working conditions and opportunities for full and productive employment for all stakeholders of the working population.

Papoutsanis' strategic and business policies recognise that sustainable economic growth requires securing employment opportunities and decent working conditions, without undermining natural ecosystems and disturbing the balance of Earth's life support systems, such as the climate, atmosphere and soil.

Papoutsanis' profile is shaped by the Company's vision, values and business ethics, which holds a strong position in both the domestic and the global market and aims to continuously invest in its human and business potential, focusing its attention on areas of high added value for the Company itself as well as for society and the environment.

In FY 2023, after the peak in material and energy prices at the end of 2022, there was a gradual levelling off, which is reflected in the gross margin which improved significantly, from 24% for the full year 2022 to 34% for the year 2023.

The completion of the strong investment plan of the previous three years, which has achieved a significant reduction in manufacturing costs, while boosting the growth prospects of turnover through new agreements offering higher quality products at competitive prices, contributed to the improvement of profitability indicators.



GRI 201-2

For Papoutsanis, the concept of sustainable development is intertwined with responsible action and actions, over time, to ensure the long-term prosperity of the company. Therefore, we aim to achieve a balance between environmental, social and economic aspects in all aspects during the decision-making process. The Company has a high level of environmental awareness and is committed to environmentally friendly production and resource conservation (water, materials and energy), as well as the development of innovative, high quality products with eco-friendly packaging design. Papoutsanis' ultimate goal is to actively contribute to mitigating climate change and therefore recognizes risks and opportunities arising from climate change that may create changes in the Company's operations, profit and costs.





## OUR PERFORMANCE

GRI 201-1

ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

YEAR	2020	2021	2022	2023
<b>Direct Economic Value Generated (€ thousand)</b>				
<b>Revenue</b>	40,842	54,769	70,750	62,275
<b>Operating costs</b>	27,374	40,230	57,134	46,446
<b>Employee Salaries and Allowances</b>	5,683	6,402	7,384	7,675
<b>Payments to Funding Agencies</b>	556	2,459	3,773	3,163
<b>Payments – Contributions to the State</b>	1,528	1,630	1,920	1,996
<b>Investing in Society</b>	201	162	175	429
<b>Direct Economic Value Distributed (€ thousand)</b>	35,342	50,883	69,057	59,708
<b>Undistributed Economic Value (€ thousand)</b>				
<b>Total</b>	5,500	3,886	1,693	2,567



## ATHEX A-S1

<b>TURNOVER</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Turnover from sustainable assets, products and services (€)	2,849,168	5,463,204	17,004,116	13,466,190
<b>Total turnover (€) *</b>	40,841,939	54,768,621	70,749,375	62,274,595
<b>Sustainable turnover (%) **</b>	<b>7%</b>	<b>10%</b>	<b>24%</b>	<b>22%</b>

<b>CAPEX</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Capital expenditures from viable assets, products and services (€)	2,650,000	3,942,274	2,910,749	778,980
<b>Total capital expenditure (€)</b>	4,996,597	10,228,246	10,583,770	4,508,774
<b>Sustainable capital expenditure (%) **</b>	<b>53%</b>	<b>39%</b>	<b>28%</b>	<b>17%</b>

<b>OPEX</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Operating expenses from viable assets, products and services (€)	7,573,847	18,770,632	12,921,883	9,279,442
<b>Total operating expenses (€)</b>	27,374,000	40,230,000	57,134,000	46,446,000
<b>Sustainable operating costs (%) **</b>	<b>28%</b>	<b>47%</b>	<b>23%</b>	<b>20%</b>

*The ATHEX AS-1 index has been calculated as follows:*

*Sustainable turnover (%)= Turnover from sustainable assets, products and services / Total turnover x 100*

*Sustainable capital expenditure (%)= Capital expenditure from viable assets, products and services / Total capital expenditure x 100*

*Sustainable operating Expenditure (%)= Operating expenditure from viable assets, products and services / Total capital expenditure x 100*

\* Total revenues include the Company's sustainable branded consumer products and sustainable third-party production products.

\*\* Assets, products and services are classified as environmentally sustainable according to articles 3 and 9 of the EU Taxonomy (6 environmental objectives).

RISKS AND OPPORTUNITIES AS A RESULT OF CLIMATE CHANGE

CATEGORY	PHENOMENON - ACTION	IMPACT ON PAPOUTSANIS (RISKS & OPPORTUNITIES)	MEASURES - ACTIONS
Physical	<b>Extreme weather events (floods, landslides, storms, etc.)</b>	<b>Danger</b> Extreme weather events may cause disruptions in the supply chain and problems in internal production, threatening business continuity	<b>Minimising risks</b> <ul style="list-style-type: none"> <li>• Selection of suppliers operating in the domestic market to keep supply chains short</li> <li>• Strengthening the Company's infrastructure to ensure the safety of products and production systems and the health of employees</li> </ul>
Physical	<b>Water and water resource depletion and periods of drought</b>	<b>Danger</b> Available water resources are constantly decreasing, especially during periods of drought and high temperatures (e.g. summer months). The reduction of available water may affect the company's production activity and disrupt business continuity	<b>Minimising risks</b> <ul style="list-style-type: none"> <li>• Continuous investment in water saving infrastructure, such as the installation of 2 reverse osmosis plants that led to the saving of 20m<sup>3</sup> of water per day</li> </ul>
Legal – institutional	<b>Increasing European requirements for the use of renewable energy and sustainable fuels (EU Directive 2013/2001)</b>	<b>Opportunity</b> The increased demands on the use of renewable energy sources may provide Papoutsanis with a competitive advantage over other companies that use conventional forms of energy and fossil fuels and enhance its profitability.	<b>Taking the opportunity</b> <ul style="list-style-type: none"> <li>• Natural gas combustion versus fossil fuels (e.g. fuel oil, fuel oil)</li> <li>• Granting permission for the installation of PV panels</li> <li>• Guarantee of Certificates of Origin (GOs) and coverage of 82.1% of energy requirements for the year 2023 (on all electricity only).</li> </ul>

ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

RISKS AND OPPORTUNITIES AS A RESULT OF CLIMATE CHANGE



ABOUT THE COMPANY

SUSTAINABLE DEVELOPMENT IN PAPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX

PRESS	PHENOMENON - ACTION	IMPACT ON PAPOUTSANIS (RISKS & OPPORTUNITIES)	MEASURES - ACTIONS
<p><b>Legal – institutional</b></p>	<p><b>Increasing European requirements for packaging and packaging waste (EU Directive 2018/852 EU)</b></p>	<p><b>Opportunity</b> Due to its proven willingness to invest in innovative packaging materials, the Papoutsanis benefits from increased requirements for recycled and recyclable packaging as outlined in the targets of Directive (EU) 2018/852, compared to the competition</p>	<p><b>Taking the opportunity</b></p> <ul style="list-style-type: none"> <li>• 5.9% of the materials used for raw material packaging are made from recycled PET (polyethylene terephthalate) and HDPE (high-density polyethylene-PCR),</li> <li>• 94.1% of materials used for packaging raw materials from recyclable PET, HDPE and PP (polypropylene)</li> <li>• PVC (polyvinyl chloride) is not used for the packaging of raw materials.</li> <li>• the Plastics Department reuses and recycles the unused raw material from the soap crusher, thus reducing waste production and contributing to the conservation of natural resources</li> </ul>
<p><b>Other</b></p>	<p><b>Change in consumer behaviour, habits and preferences</b></p>	<p><b>Opportunity</b> Sustainability and innovation in the company's products to simultaneously reduce the environmental footprint and increase profit</p>	<p><b>Taking the opportunity</b></p> <ul style="list-style-type: none"> <li>• New complete, premium range "<b>Olivia Thinks</b>" and certified product range "<b>Good to Declare</b>" belonging to the hotel products category of Papoutsanis</li> <li>• "<b>Aromatics</b>" range of the Company's vegan consumer products</li> <li>• Switch from plastic to paper packaging for Papoutsanis' green soap and reduce 3 tonnes of plastic in packaging materials by 2020.</li> <li>• Removal of the plastic film grouping "<b>Aromatics</b>" soaps into groups of four and upcoming reduction of 2 tons of plastic.</li> </ul>





## 5.3. BUSINESS ETHICS

### CODE OF CONDUCT

ATHEX C-G6

The Papoutsanis Code of Conduct sets out the principles according to which the Company's employees must act and behave. It also applies to the Company's business partners, including suppliers in all their connections and relationships with the Company. In addition, it sets out how the Company should conduct itself in relation to its employees and business partners. These principles include mutual respect and trust, dignity, compliance with applicable laws in Greece and the countries in which the Company operates and the protection of the Company's interests.

<https://www.papoutsanis.gr/Uploads/Documents/132102/INTEGRITY%20CODE.eng.pdf>

The Code of Conduct includes the Company's policies on business ethics, anti-corruption and conflict of interest and requires each employee to conduct business with integrity, in compliance with applicable laws and in a manner that precludes consideration of his or her own personal interests.

The BoD is informed of issues that fall under the Code of Conduct, and takes action to resolve them and avoid adverse consequences.





The Papoutsanis **Code of Conduct** covers the following topics:

Employment issues <b>1</b>	Conflict of interest <b>2</b>	Media requests <b>3</b>	Financial-economic and non-financial financial information <b>4</b>	Bribery and Corruption <b>5</b>	Gifts and Donations <b>6</b>
Unfair financial exploitation of privileged information <b>7</b>	Hygiene & Security <b>8</b>	Protection of the environment <b>9</b>	Assets <b>10</b>	Resources Technology information <b>11</b>	Suppliers and Customers <b>12</b>
External partners <b>13</b>	Commercial secrets and confidential information <b>14</b>	Consumer personal data <b>15</b>	Compliance with competition law <b>16</b>	Transactions with the public <b>17</b>	Retention of personal data files <b>18</b>
Exploitative labour practices <b>19</b>	Shareholder information <b>20</b>	Dealing with workers who proceed in complaints <b>21</b>	Reporting of possible infringements <b>22</b>	Consequences failure to comply with the Code of Conduct <b>23</b>	



## MANAGEMENT OF REPORTS AND CRITICAL CONCERNS

GRI 2-16, 2-26

In the context of recognizing and communicating critical concerns, the Company, through the Code of Conduct, urges its employees that if they know, or have reasonable grounds to suspect, that a violation of the Code or other Company regulations has occurred, they must immediately report such facts to the Chairman of the Board or the CEO.

The Company will not retaliate against any person who reports in good faith information about potential violations, or who participates in any investigation or proceeding by the Company or governmental authorities, unless it is determined that the information provided was knowingly false.

The Company also takes all necessary measures to keep confidential the identity of an individual and the information submitted by that individual and will only disclose it when such disclosure is made:

- is necessary to conduct an effective investigation and take appropriate action
- required by the legislation in force

Furthermore, the Company, through its Whistleblowing Policy, defines the principles and the operating framework according to which the Company receives, processes and investigates anonymous and/or anonymous reports and complaints of irregularities, omissions or other criminal acts brought to the attention of its staff, customers or suppliers or other third parties.

The purpose of this policy is to define the procedures through which the reporting of misconduct, either omissions or actions, which constitute or potentially constitute a violation or incitement to violate laws and regulations, values and principles set forth in the Company's Code of Conduct.



**Ensure the collection and investigation of all evidence and information related to each report/complaint submitted.**



**Ensuring an environment of trust and safety for its employees, customers and suppliers**



**Ensuring the anonymity and protection of persons making reports/complaints**



## CODE OF ETHICS

ATHEX C-G6

Business ethics refers to the way in which ethical principles are integrated into the operations of the business. Common issues that fall under the umbrella of business ethics include employer-employee relations, discrimination, environmental issues, bribery, insider trading and social responsibility.

The Papoutsanis Code of Ethics is a set of principles by which the Company's stakeholders are guided and informed in implementing business behaviours to maintain honesty, integrity and professionalism. The elements that make up the Code are as follows:





## OUR PERFORMANCE

GRI 205-1, 205-3

### INDICATORS RELATED TO CORRUPTION

	2020	2021	2022	2023
<b>Percentage of activities assessed for corruption-related risks</b>	100%	100%	100%	100%
<b>Significant corruption-related risks identified through the risk assessment</b>	0	0	0	0
<b>Total number of confirmed corruption-related risks</b>	0	0	0	0
<b>Total number of confirmed cases of corruption resulting in the removal or disciplinary action of employees</b>	0	0	0	0
<b>Total number of confirmed incidents of corruption that resulted in the termination or non-renewal of the contract with business partners</b>	0	0	0	0
<b>Number of corruption-related court cases against Papoutsanis or its employees</b>	0	0	0	0

GRI 206-1

Regarding anticompetitive behaviour, there were no pending or completed legal actions regarding anticompetitive behaviour and antitrust violations during the reporting period. As a result, there are no main results from completed legal actions, including any judgments or rulings.

GRI 2-27

In 2023, the Company did not identify any incidents of non-compliance with laws and/or regulations and therefore the total value of fines related to non-compliance with laws and regulations is zero.

ATHEX C-G5, ATHEX A-G2

The Company has and maintains a Business Ethics Policy, which recognizes and follows national and international business ethics laws. It is noted that in 2023 there were no business ethics violations by the Company and therefore the total amount of financial losses resulting from business ethics violations is €0.



## 5.4. CORPORATE GOVERNANCE

GRI 2-23, 2-24, ATHEX C-G4, SS-G1

The Company applies the Corporate Governance Code (CCG) of the Hellenic Corporate Governance Council (HCCG), with the exceptions published in the annual Corporate Governance Statement. The Code is available on the website of the Hellenic Economic and Social Council and in hard copy for all staff, at the Finance and Human Resources Departments and on the Company's official website.

The Code describes the role, responsibilities, size, composition of the Board members, the role and required qualities of the Chairman, as well as the procedures for the nomination of candidates, the operation and evaluation of the Board.

### POLICIES

The Company has developed a number of policies aimed at ensuring its smooth operation and improvement:

- > **Quality Policy**
- > **Risk Management Policy**
- > **Shareholder Communication Policy**
- > **Internal Audit System Evaluation Policy and Procedure**
- > **Sustainable Development Policy**
- > **Whistleblowing Policy (Whistleblowing)**
- > **Human Rights Policy**
- > **Diversity policy**
- > **Policy on preventing and combating violence and harassment**
- > **Health and Safety Policy**
- > **Information Security Policy**
- > **Training Policy of the Board of Directors and Managers**
- > **Policies and Procedures to prevent and deal with Conflict of Interest incidents**
- > **Policies and Procedures for the Company's Compliance with Legislative and Regulatory Provisions**
- > **Animal Testing Policy**
- > **Personal Data Protection Policy**



In the **Corporate Governance Statement**, the Company declares that it complies with the minimum requirements of the Code, as defined by the applicable Greek legislation, and deviates from certain provisions of the Code regarding "Special practices for listed companies" for which a deviation is provided for in the applicable legislation, justifying the reason for the deviation. The Company does not apply corporate governance practices beyond those required by law.

The above policies may include individual policies for the optimal achievement of their objectives, as in the case of the "Company's Policies and Procedures for Compliance with Legal and Regulatory Provisions".

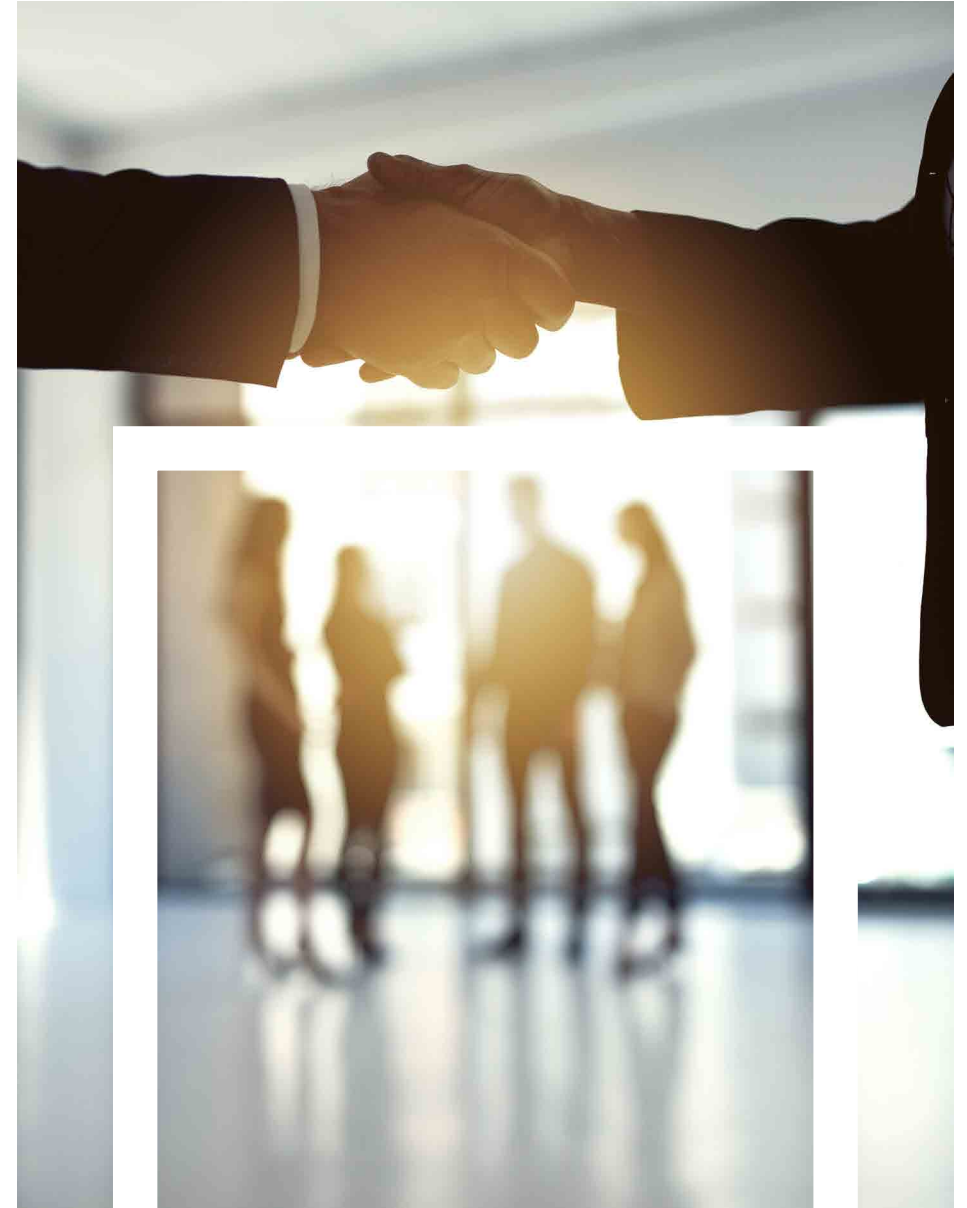


## COMPLIANCE POLICIES AND PROCEDURES

GRI 2-23, 2-24, ATHEX C-G4

The compliance policies and procedures implemented by the Company aim to ensure its ongoing compliance with the applicable institutional and regulatory framework, codes of conduct and standards of good practice in the conduct of its business. As part of the implementation of the compliance management system, the following policies and procedures of the Company apply, in addition to the Code of Conduct.

The Company is committed to operating in an environmentally and socially responsible manner, while working closely with its customers and community stakeholders to create a more sustainable future for all stakeholders. The reliable operation of the Company is considered a top priority and is essential to its sustainable success. Papoutsanis has established a number of policies covering the most important aspects of our culture and operations, which protect our business conduct and guarantee that our work and professional life are conducted in accordance with our values.





The Company has an Internal Audit Department, the purpose of which is to continuously monitor the proper and lawful operation of the Company, with the aim of ensuring compliance with the approved policies, procedures and management's instructions in each department and in each activity of the Company, the protection of its assets and the timely identification and correction of any risks to the operation of the Company.







# COMPLIANCE POLICIES AND PROCEDURES

## HUMAN RIGHTS POLICY

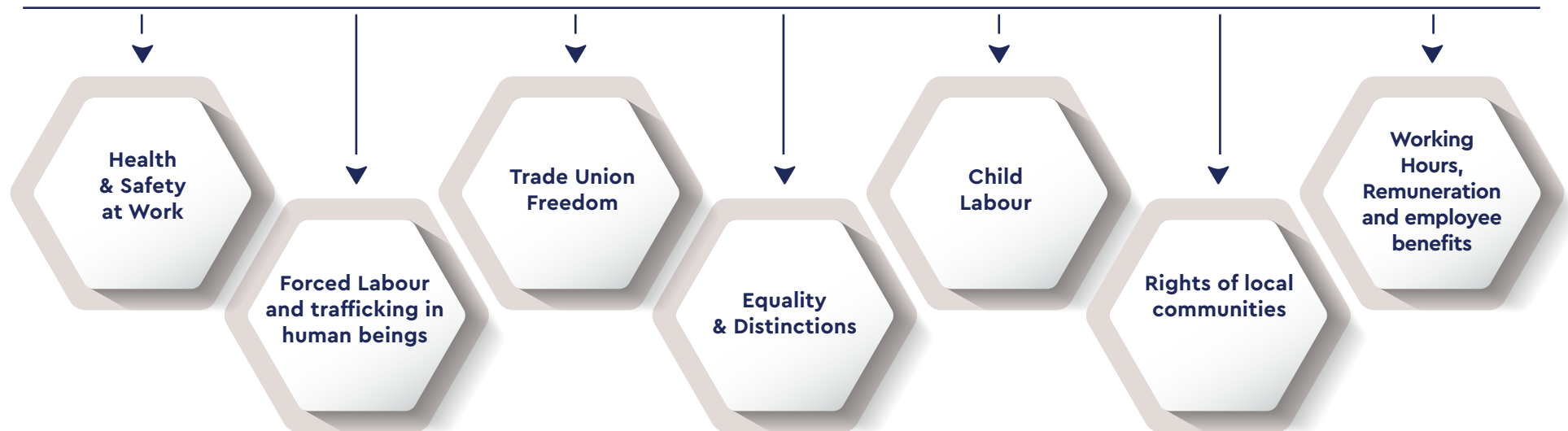
Papoutsanis recognises the importance of respectful, dignified and fair treatment of the people who make up its staff. Our Human Rights Policy sets out our principles and commitments to the promotion and protection of human rights in all aspects of our business.

Our policy has as a key objective to ensure a working environment where every member of Papoutsanis is treated with absolute respect and justice. We are

committed to promoting equality, encouraging diversity and preventing all forms of discrimination.

We combine the protection of human rights with service to society, promoting social well-being, while seeking practices that enhance sustainability and respect the environment. In this way, we create an integrated work culture that combines the well-being of individuals with social responsibility and environmental sustainability.

The Human Rights Policy includes the following elements:





# COMPLIANCE POLICIES AND PROCEDURES

GRI 2-19, 2-20

## REMUNERATION POLICY

Papoutsanis' Remuneration Policy sets the framework for the remuneration of senior executives, with the aim of maintaining useful and competent human resources in its workforce, as well as achieving the Company's long-term objectives. Through the establishment of decision-making processes on remuneration, fair limits on the relationship between fixed and variable remuneration, and a broader coherent framework with regard to the remuneration of the persons falling within its scope, the remuneration policy contributes to the business strategy, long-term interests and sustainability of the Company. The purpose of this policy is to contribute in a transparent manner to ensure that senior positions of responsibility have the opportunity to be appropriately incentivised in terms of remuneration so that the Company can attract high quality human resources, while mitigating distorted incentives in terms of remuneration.

Its scope of application applies to members of the Company's board of directors and the general or deputy director (if any). The approval of the policy is handled by the general meeting of shareholders and its review and revision by the Board of Directors. The duration of the policy and the treatment of conflicts of interest are described in detail in the remuneration policy. It also indicates how the salary and working conditions of the company's employees are taken into account when determining the policy, the types of remuneration (fixed, variable, and other benefits) and the relevant arrangements applicable to the executive members of the board of directors and the general manager and to the non-executive members of the board of directors.

Finally, the Company's contracts with persons falling within the scope of the remuneration policy and possible cases of deviations from the remuneration policy are mentioned.

## FIXED REMUNERATION

The executive members of the Board of Directors receive fixed remuneration within the framework of their employment relationship with the Company or any share – share option plan. They do not receive separate fixed remuneration in their capacity as members of the Board of Directors. The fixed remuneration reflects the breadth of their duties and responsibilities undertaken in light of market conditions and the Company's need to attract and retain high calibre executive directors.

Fixed remuneration is reassessed annually taking into account the performance of the economy, labour market remuneration levels and the performance of the Company, including its key financial indicators such as turnover, profit before tax and total assets. Following the relevant reassessment, an adjustment of fixed remuneration is permissible. The adjustment (increase) shall not exceed 10% of the fixed remuneration per year or 30% in total over the three-year period, i.e. comparing the fixed remuneration at the beginning and at the end of the three-year period, per person. Of the fixed remuneration at least 30% is in money.

## VARIABLE REMUNERATION

Variable remuneration shall be paid on the basis of annual targets, which shall be set no later than 1 April of the reference year. The targets for the reference year shall be set no earlier than 1 November of the preceding year, with the exception of share or share option schemes, where targets may be set in advance for a maximum period of four years.



## COMPLIANCE POLICIES AND PROCEDURES

The Board of Directors, taking into account the proposals of the remuneration committee, decides per executive on specific objectives of one or more categories, the type and size of variable remuneration linked to their achievement, whether the type and/or size of variable remuneration varies gradually in connection with the degree of achievement of the objectives or whether the achievement or not of the objective leads to the receipt or not of variable remuneration, and any other relevant matter.

All or any portion of the variable remuneration may consist of shares or share options.

It is clarified that in the case of stock option or free share plans, the value of the benefit will be calculated on the date of grant of the options or the date of a binding decision on the number and conditions of the free shares respectively, and will be calculated on the basis of the closing price of the share on that day or in another accepted manner according to the accepted economic science.

## OTHER BENEFITS

The Company, in the context of creating a competitive benefits package, may provide, by decision of the Board of Directors (in the making of which the executive who will receive the benefits does not participate), a mix of other benefits, such as a company car, and/or a mobile phone and/or coverage of its usage fees and/or fuel reimbursement on the basis of actual consumption, group and/or individual health insurance (including spouses and children), a pension plan and other benefits. In addition, they shall be reimbursed for expenses incurred in the performance of their duties.

## INTERNAL AUDIT UNIT

The Internal Audit Unit (I.A.U.) is staffed by the appropriate number and quality of the Company's human resources and has resources that allow it to carry out its mission in direct relation to the size and complexity of the Company. M.E.E. has established Internal Regulations, which are approved by the Board of Directors upon the recommendation of the Audit Committee.

As part of its general tasks, the I.A.U. monitors, controls and evaluates the following:

- > the implementation of the Regulations and the Internal Audit System,
- > the quality assurance mechanisms,
- > the corporate governance mechanisms,
- > compliance with the commitments contained in the Company's prospectuses and business plans.

In addition, the I.A.U. prepares reports to the audited units with findings on the above, as well as the risks arising from them, and suggestions for improvement. In addition, it submits reports to the Audit Committee at least quarterly, which include the most significant issues and recommendations on all of the above matters. It also plays a key role in monitoring the Company's Internal Control System and reviews the effectiveness of existing safeguards.



# COMPLIANCE POLICIES AND PROCEDURES

ATHEX C-G6

## RISK MANAGEMENT POLICY AND INTERNAL RULES FOR THE OPERATION OF THE RISK MANAGEMENT COMMITTEE

This Policy, which also serves the purposes of the Risk Management Committee Operating Regulation, has been prepared in accordance with the provisions of Law 4706/2020 on corporate governance, the Decision 1/891/30.9.2020 of the Hellenic Capital Market Commission and the Corporate Governance Code followed by the Company. The Management of the Company understands that it is exposed to a business environment with various forms and types of risks. Therefore, it has established and implemented a Risk Management System to be able to operate more effectively by minimizing the impact of risks on its operations and financial performance.

The Company recognizes the value of good organization in the risk management function, and therefore has implemented a transparent and well-defined structure for risk management. All employees, including the Papoutsanis Board, adhere to and execute the procedures outlined within the policy when involved in actions or activities that involve risk. The policy aims to establish an effective risk management framework in the Company.

The bodies responsible for overseeing risk management are:



The development of an effective risk management system requires several critical elements such as an appropriate organisational structure and function, clear roles and responsibilities, adequate resources, qualified staff and support infrastructure, understanding of the concept of risk, knowledge of risk management techniques, knowledge of outsourcing rules, appropriate internal communication, reliable data and reporting, adequate documentation and information, effective controls and the ability to ensure business continuity. The focus of good risk management is the identification and handling of these risks. This section outlines the fundamental principles and stages that underpin the Company's Risk Management System.



# COMPLIANCE POLICIES AND PROCEDURES

## RISK MANAGEMENT SYSTEM

- > Risks are identified following the definition of the Company's objectives and are linked to them
- > Risk categories: strategic, operational, reporting and compliance risks
- > The objectives are aligned with the eight components of risk management: internal environment, setting objectives, identifying events, risk assessment, risk assessment, risk response, control activities, information and communication and monitoring.
- > Integrated risk management addresses risks at the entity, division, business unit and subsidiary level.

- > Examination of compliance with the regulatory framework
- > Overview of the composition of the Board
- > Examination of the procedures for the development and monitoring of business plans and strategy and their review procedures
- > Setting and communicating objectives
- > Overview of the Code of Conduct

- > Examination of the procedures for setting specific operational effectiveness indicators and monitoring of any deviations of these deviations from the desired level



- > Risks at collective, directorate, division and subsidiary level
- > Examination of external factors (technological developments, competition, economic changes, etc.)
- > Risk monitoring tool
- > Risk classification

- > Strategic objectives
- > Operational objectives
- > Information objectives
- > Compliance objectives
- > Identification of risks that may affect the company's defined objectives/objectives
- > Indicative targets: profitability indicators, turnover growth, market share, customer satisfaction, number of staff, customer complaints, recruitment/resignation rate

ABOUT THE COMPANY

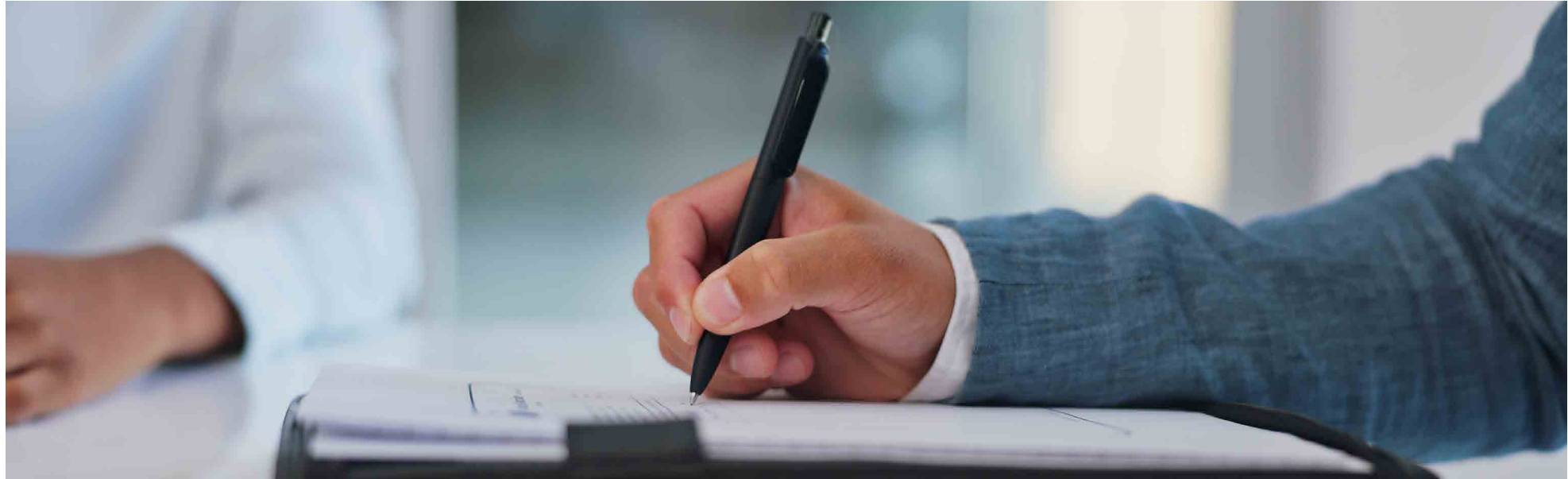
SUSTAINABLE DEVELOPMENT IN PΑPOUTSANIS

PROTECTION OF THE ENVIRONMENT

CREATING VALUE FOR SOCIETY AND MAN

RESPONSIBLE BUSINESS GOVERNANCE

ANNEX



## COMPLAINT MECHANISM AND REMEDYING OF NEGATIVE EFFECTS

GRI 2-25, 2-26, ATHEX SS-S9

Papoutsanis believes that developing a culture of transparency, responsibility and accountability is essential in our journey towards a sustainable and socially responsible future. Through continuous commitment and dedication to addressing negative impacts, we aim to adhere to the principles of sustainability, for the benefit not only of our Company, but also of the wider community and the environment in which we operate.

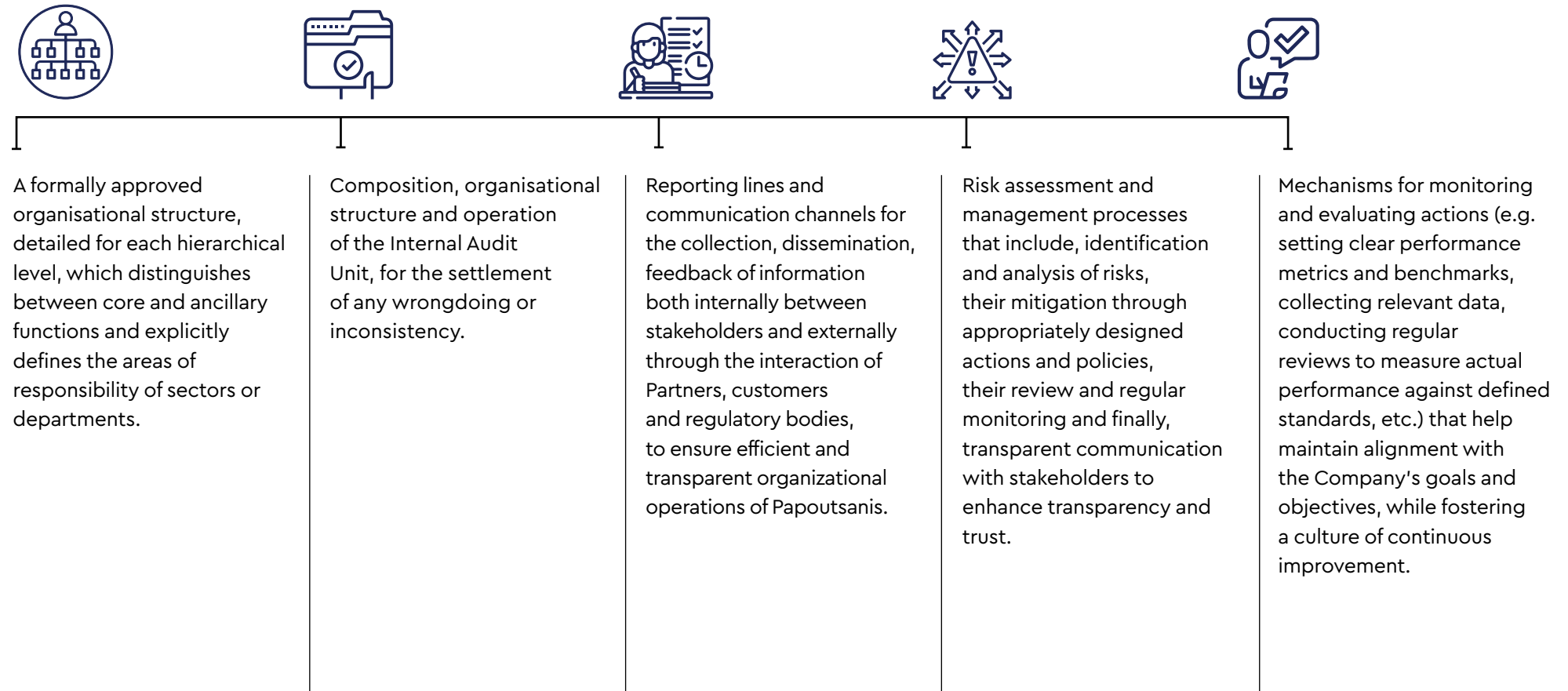
For this reason, the Company places particular emphasis on its commitment to address and remediate negative impacts arising from its activities. The Code of Conduct serves as a foundational document outlining our commitment to this purpose. Through our standing grievance mechanisms, we actively encourage

employees to and our stakeholders to express their concerns and highlight any issues related to our operations that may have caused or contributed to negative impacts. We believe in the power of open communication and the Internal Audit Unit acts as a vital link to ensure that any identified issues are addressed promptly.

The Company will not take any adverse action or punishment against any person who makes any complaint, allegation, report or person who participates or assists in the investigation of a possible violation of the Code of Conduct, unless the allegation was knowingly false. The Company shall maintain the confidentiality of such persons and complaints to the fullest extent possible.



The Company has a strong and capable Internal Control System (ICS) for both financial and non-financial reporting. The ICS reporting model includes a comprehensive set of elements designed to fulfill Papoutsanis' commitments to remediate the negative impacts it acknowledges it caused or contributed to:





## VALUES OF GOVERNANCE

### TRANSPARENCY AND INTEGRITY

Day-to-day decision making at all levels and functions of the Company is based to a significant extent on the values of integrity and personal responsibility for developing transparency.

### CONTROL MECHANISMS

The Company's governance structures are reinforced by the control mechanisms implemented by the Internal Audit Department. Control.

### MANAGEMENT OF RISK

Prevention and risk mitigation is the foundation of long-term success and strategic flexibility.

### DUTIES AND RESPONSIBILITIES

Setting clear boundaries on roles and responsibilities to promote efficiency and cooperation is a sign of the right governance.





## REPORTING METHODOLOGY

GRI 2-2, 2-3, ATHEX C-G7

This is Papoutsanis' 5th consecutive annual report and aims to inform the Company's stakeholders about the management of environmental, social and economic challenges and its sustainability performance. It also reflects the Company's commitment to transparent and responsible operations on the sustainable development axis.

Papoutsanis reports sustainability information "in compliance" with the GRI Standards for the period from 01/01/2023 to 31/12/2023 and includes the Company's responsible business practices, policies, actions, performance indicators and objectives, while reflecting its economic, environmental and social impacts across the entire range of its activities.

The Sustainability Report includes only the activities of the parent company and does not include relevant data of subsidiaries, partners, suppliers or other third party data. Updates and additional information on Papoutsanis' policies and practices are available on the Company's website [www.papoutsanis.gr](http://www.papoutsanis.gr).

This Report was published on 31 OCTOBER 2024.

### PRINCIPLES FOR DRAWING UP THE REPORT

The report follows the latest GRI (Global Reporting Initiative) Universal Standards 2021 (issued on February 05, 2024) and meets the requirements of the Athens Exchange ESG Disclosure Guide 2024. The report also makes reference to the UN SDGs (Universal Sustainable Development Goals).

This Report covers the Fiscal Year 2023 (01/01/2023 – 31/12/2023) and has been developed with the support and guidance of specialized consultants (data collection, evaluation and writing) of SustChem Technical Consulting's Sustainable Development Department ([www.sustchem.gr](http://www.sustchem.gr)).

### DATA COLLECTION AND INFORMATION SOURCES

The data and information presented are collected on the basis of the recording procedures and databases of the relevant management systems in place. Where the data presented have been processed or based on assumptions, the way or method of calculation shall be indicated.

### ENHANCING THE CREDIBILITY OF THE SUSTAINABLE DEVELOPMENT REPORT

The Company conducts internal audits to enhance the integrity and reliability of the Sustainability Reports. The audits ensure that the Company's sustainability performance is monitored and evaluated and provide reasonable assurance on the progress towards achieving the objectives. Management involvement in the internal audit process is considered essential and contributes to the formulation and redefinition of the Corporate Sustainability Strategy.



## LIMITATIONS AND IMPORTANT DIFFERENCES WITH PREVIOUS EXHIBITIONS

GRI 2-4, ATHEX C-G7

There are no specific limitations on the scope and boundaries of this document so as to affect the comparison of the sustainability data included and disclosed on an annual basis. However, changes have been applied to some of the methods or techniques for calculating/estimating the disclosure indicators (disclosures) presented in the Sustainability Report 2023 due to the revision of the GRI standards. Where revisions have been made, specific reference is made to the individual sections, tables or charts and the reasons for the revision are identified in the relevant sections.

The financial information included is fully consistent with that of the Annual Reports, which have been audited by statutory auditors – as required by law. The Annual Financial Reports and Sustainability Reports are available on Papoutsanis' website at the respective links.

[https://www.papoutsanis.gr/el/sxeseis-ependyton/oikonomika-apotelesmata -4\\_131338/](https://www.papoutsanis.gr/el/sxeseis-ependyton/oikonomika-apotelesmata -4_131338/) and [https://www.papoutsanis.gr/el/aeiforos-anaptiksi/ekthesi-aeiforou-anptyxis\\_132642/](https://www.papoutsanis.gr/el/aeiforos-anaptiksi/ekthesi-aeiforou-anptyxis_132642/).

## EXTERNAL ASSURANCE

GRI 2-5

The Company has not undertaken an external assurance of the content of the Report. As Papoutsanis we recognize the importance of the process for our stakeholders and we are considering the possibility of obtaining external assurance for our next reports, as it becomes mandatory in the context of compliance with the requirements of the Corporate Sustainability Reporting Directive 2022/2464.



## COMMUNICATION CHANNEL

GRI 2-3

The main objective of this report is to provide meaningful and complete information to all Papoutsanis stakeholders. If you have any comments or feedback that can help us in our continuous improvement efforts or any questions about this report, please feel free to contact us via the email address: [sustainability@papoutsanis.gr](mailto:sustainability@papoutsanis.gr)



# ANNEX

## CHAPTER CONTENTS:

- 6.1. Annex I – GRI Content Index
- 6.2. Annex II – Table of Contents of the Athens Exchange ESG Disclosure Guide 2024 (ATHEX ESG Reporting Guide)





## 6.1. ANNEX I - GRI CONTENT INDEX

### GRI 1: FOUNDATION 2021

<b>GRI 1: Foundation – Statement of use</b>	The information provided in this Report reflects the activities of Papoutsanis S.A. and presents the financial, environmental and social performance of the Company. The Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards for the period from 1 January 2023 to 31 December 2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard</b>	Not applicable

### GRI 2: GENERAL DISCLOSURES 2021

GRI	DISCLOSURE	REPORT SECTION	PAGE	External Assurance
<b>1. ORGANISATION AND REPORTING PRACTICES</b>				
<b>2-1</b>	Agency information	1.1. Profile	pp. 7	-
<b>2-2</b>	Entities included in the Sustainable Development Report	Reporting methodology	pp. 129	-
<b>2-3</b>	Reporting period, Frequency and Point of contact	Reporting methodology	pp. 129–130	-
<b>2-4</b>	Reprints of information	Reporting methodology	pp. 130	-
<b>2-5</b>	External assurance	Reporting methodology	pp. 130	-



GRI 2: GENERAL DISCLOSURES 2021

GRI	DISCLOSURE	REPORT SECTION	PAGE	External Assurance
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**2. ACTIVITIES AND EMPLOYEES**

<b>2-6</b>	Activities, Value Chain and Other Business Relationships	1.1. Profile 1.4. Domestic and international presence 1.5. Supply chain 2.3 Value Chain and Impacts	pp. 8, 18, 31	-
<b>2-7</b>	Employees	4.2. Human Resources Development	pp. 87, 88	-
<b>2-8</b>	Workers who are not employees	4.2. Human Resources Development	pp. 88	-

**3. ADMINISTRATION**

<b>2-9</b>	Governance Structure and Composition	5.1. Organisational Structure of the Company	pp. 102-103	-
<b>2-11</b>	President of the High Level Governance Body	5.1. Organisational Structure of the Company	pp. 103	-
<b>2-12</b>	Role of the High Level Governance Body in overseeing impact management	5.1. Organisational Structure of the Company	pp. 103	-
<b>2-13</b>	Assigning responsibility for impact management	5.1. Organisational Structure of the Company	pp. 103	-
<b>2-14</b>	Role of the High Level Governance Body in the Sustainable Development Report	5.1. Organisational Structure of the Company	pp. 103	-
<b>2-15</b>	Conflict of interest	5.3. Business Ethics	pp. 107	-
<b>2-16</b>	Communication of critical concerns	5.3. Business Ethics	pp. 115	-
<b>2-17</b>	Collective knowledge of the High Level Governance Body	5.1. Organisational Structure of the Company	pp. 105, 107	-
<b>2-18</b>	Evaluation of the performance of the High Level Governance Body	5.1. Organisational Structure of the Company	pp. 107	-
<b>2-19</b>	Remuneration policy	5.4. Corporate Governance	pp. 122	-

ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX



ABOUT  
THE COMPANY

SUSTAINABLE  
DEVELOPMENT  
IN PAPOUTSANIS

PROTECTION OF  
THE ENVIRONMENT

CREATING VALUE  
FOR SOCIETY  
AND MAN

RESPONSIBLE  
BUSINESS  
GOVERNANCE

ANNEX

GRI 2: GENERAL DISCLOSURES 2021

GRI	DISCLOSURE	REPORT SECTION	PAGE	External Assurance
2-20	Procedure for determining remuneration	5.4. Corporate Governance	pp. 122	-
2-21	Annual total compensation index	4.2. Human Resources Development	pp. 90	-
<b>4. STRATEGY, POLICIES AND PRACTICES</b>				
2-22	Sustainable Development Strategy Statement	Message from the CEO	pp. 4-5	-
2-23	Policy commitments	4.3. Ensuring Ethics and Human Rights 5.3. Business Ethics	pp. 92-93	-
2-24	Integration of policy commitments	3.3 Climate Change 4.1 Product Quality and Safety 4.3. Ensuring Ethics and Human Rights 4.4. Health and Safety at Work 5.3. Business Ethics 5.4 Corporate Governance	pp. 47, 70, 93, 96, 118, 119	-
2-25	Negative impact remediation process	5.4. Corporate Governance	pp. 126	-
2-26	Mechanisms for seeking advice and raising concerns	5.3. Business Ethics	pp. 115, 126	-
2-27	Compliance with laws and regulations	5.3. Business Ethics	pp. 117	-
2-28	Member Links	2.4. Partnerships and Participations	pp. 35	-
<b>5. INVOLVEMENT OF STAKEHOLDERS</b>				
2-29	Stakeholder engagement approach	2.1. Interested Parties 2.2. Evaluation of Substantive Issues	pp. 24, 27	-
2-30	Collective labour agreements	4.2. Human Resources Development	pp. 91	-



GRI 3: MATERIAL TOPICS 2021

GRI STANDARDS	DISCLOSURE	REFERENCE	PAGE	EXTERNAL ASSURANCE
<b>GRI 3: Material Topics 2021</b>	3-1 Procedure for the identification of Substantive Issues	2.2. Assessment of Substantive Issues	pp. 25	-
	3-2 List of Substantive Issues	2.2. Assessment of Substantive Issues	pp. 25	-
	3-3 Management of Substantive Issues	2.2. Assessment of Substantive Issues 3.1 Our approach to Environmental Protection 3.2 Energy 3.3 Climate Change 3.5 Water Quality Management and Assurance 3.6 Packaging Materials and Waste	pp. 25, 37, 39, 45, 54, 57, 61	-

PILLAR	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
<b>ENVIRONMENT</b>				
<b>Energy</b>	302-1: Energy consumption within the organisation	3.2. Energy	pp. 40, 42	-
	302-3: Energy intensity	3.2. Energy	pp. 43	-
	302-4: Reduction of energy consumption	3.2. Energy	pp. 41, 42	-
<b>Climate Change</b>	305-1: Direct (Tier 1) greenhouse gas emissions	3.3. Climate change	pp. 45	-
	305-2: Energy-related indirect (Tier 2) greenhouse gas emissions	3.3. Climate change	pp. 45	-
<b>Supply of raw materials</b>	301-1: Materials used by weight or volume	3.4. Supply of raw materials	pp. 52	-
<b>Water Quality Management and Assurance</b>	303-1: Interactions with water as a shared resource	3.5. Water Quality Management and Assurance	pp. 54	-
	303-2: Management of impacts associated with water discharge	3.5. Water Quality Management and Assurance	pp. 54	-
	303-5: Water consumption	3.5. Water Quality Management and Assurance	pp. 55	-



PILLAR	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
<b>ENVIRONMENT</b>				
<b>Packaging materials &amp; Waste</b>	301-2: Recycled Materials used	3.6. Packaging materials and waste	pp. 60	-
	306-1: Waste generation and significant waste-related impacts	3.6. Packaging materials and waste	pp. 61	-
	306-2: Management of significant impacts associated with waste	3.6. Packaging materials and waste	pp. 61	-
	306-3: Waste production	3.6. Packaging materials and waste	pp. 62	-
	306-4: Wastes diverted from disposal	3.6. Packaging materials and waste	pp. 63, 64	-
<b>SOCIETY</b>				
<b>Product Quality and Safety</b>	416-1: Health and safety impact assessment of product and service categories	4.1. Product Quality and Safety	pp. 66, 73	-
	416-2: Incidents of non-compliance related to health and safety impacts of products and services	4.1. Product Quality and Safety	pp. 66	-
	414-1: New suppliers screened on the basis of social criteria	4.1. Product Quality and Safety	pp. 66, 73	-
<b>Development of Human Resources</b>	401-1: New recruitments and turnover	4.2. Human Resources Development	pp. 79	-
	401-3: Parental leave	4.2. Human Resources Development	pp. 80	-
	402-1: Minimum notification periods for operational changes	4.2. Human Resources Development	pp. 81	-





PILLAR	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
<b>SOCIETY</b>				
<b>Development of Human Resources</b>	404-1: Average hours of training per year per employee	4.2. Human Resources Development	pp. 74, 85	-
	404-2: Employee skills upgrading and transition assistance programmes	4.2. Human Resources Development	pp. 74, 81, 83	-
	404-3: Percentage of employees receiving regular performance and career development reviews	4.2. Human Resources Development	pp. 74, 87	-
<b>Ensuring Ethics and Human Rights</b>	405-1: Diversity of governance bodies and employees	4.3. Ensuring Ethics and Human Rights	pp. 94	-
	405-2: Ratio of basic salary and earnings of women to men	4.3. Ensuring Ethics and Human Rights	pp. 95	-
	406-1: Incidents of discrimination and corrective actions	4.3. Ensuring Ethics and Human Rights	pp. 95	-
<b>Health and Safety at work</b>	403-2: Risk identification, risk assessment and incident investigation	4.4 Health and Safety at Work	pp. 96-98	-
	403-3: Occupational health services	4.4 Health and Safety at Work	pp. 96-98	-
	403-4: Worker participation, consultation and communication on health and safety at work	4.4 Health and Safety at Work	pp. 96-98	-
	403-5: Health and safety training for workers	4.4 Health and Safety at Work	pp. 96-98	-
	403-6: Promotion of employee health	4.4 Health and Safety at Work	pp. 96-98	-
<b>Health and Safety at work</b>	403-7: Prevention and mitigation of occupational health and safety impacts directly related to business relationships	4.4 Health and Safety at Work	pp. 96-98	-



PILLAR	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
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**SOCIETY**

<b>Health and Safety at work</b>	403-8: Number of workers covered by an occupational health and safety system	4.4. Health and Safety at Work	pp. 99	-
	403-9: Work-related injuries	4.4. Health and Safety at Work	pp. 100	-
	403-10: Work-related diseases	4.4. Health and Safety at Work	pp. 100	-

**GOVERNANCE**

<b>Financial performance</b>	201-1: Direct economic value created and distributed	5.2. Financial Performance	pp. 108	-
	201-2: Economic impacts and other risks and opportunities from climate change	5.2. Financial Performance	pp. 108, 111, 112	-
<b>Business Ethics</b>	205-1: Activities assessed for corruption-related risks	5.3. Business Ethics	pp. 117	-
	205-3: Confirmed incidents of corruption and actions taken	5.3. Business Ethics	pp. 117	-
	206-1: Legal actions for anti-competitive behaviour, antitrust and monopolistic practices	5.3. Business Ethics	pp. 117	-



## 6.2. ANNEX II – TABLE OF CONTENTS OF THE ESG DISCLOSURE GUIDE OF THE ATHENS STOCK EXCHANGE 2024 (ATHEX ESG REPORTING GUIDE)

PILLAR	ID	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
Environment	C-E1	Direct GHG emissions (Tier 1)	3.3. Climate change	pp. 45, 48–50	-
	C-E2	Indirect GHG emissions (Tier 2)	3.3. Climate change	pp. 45, 48–50	-
	C-E3	Energy consumption and production – total amount of energy consumed within the organisation in MWh	3.2. Energy	pp. 40, 44	-
	C-E3	Energy consumption and production – percentage of electricity consumed (%)	3.2. Energy	pp. 40, 44	-
	C-E3	Energy consumption and production – percentage of energy consumed from renewable sources (%)	3.2. Energy	pp. 40, 44	-
	A-E2	Risks and Opportunities from Climate Change	5.2. Financial Performance	pp. 111–112	-
	A-E3	Waste Management	3.6. Packaging materials and waste	pp. 62–64	-
	A-E4	Waste water disposal	3.5. Water Quality Management and Assurance	pp. 54	-
	A-E7	Carbon removals and credits	3.3. Climate change	pp. 47	-
	SS-E5	Environmental Impact of Packaging	3.6. Packaging materials and waste	pp. 57, 61	-
SS-E8	Chemical Substances in Products	3.4. Supply of raw materials	pp. 51	-	



PILLAR	ID	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
Society	C-S1	Stakeholder participation	2.1. Interested Parties 2.2. Evaluation of Substantive Issues	pp. 24, 27	-
	C-S2	Women workers	4.3. Ensuring Ethics and Human Rights	pp. 94	-
	C-S3	Women workers in managerial positions	4.3. Ensuring Ethics and Human Rights	pp. 94	-
	C-S4	Employee mobility	4.2. Human Resources Development	pp. 88	-
	C-S5	Employee training	4.2. Human Resources Development	pp. 81, 85	-
	C-S6	Human rights policy	4.3. Ensuring Ethics and Human Rights	pp. 92-93	-
	C-S7	Collective labour agreements	4.2. Human Resources Development	pp. 91	-
	C-S8	Evaluation of suppliers	4.1. Product Quality and Safety	pp. 70	-
	A-S1	Sustainable economic activity	5.2. Financial Performance	pp. 110	-
	A-S2	Training costs for employees	4.2. Human Resources Development	pp. 82	-
	A-S3	Gender pay gap	4.2. Human Resources Development	pp. 89	-
	A-S4	CEO – Employee remuneration ratio	4.2. Human Resources Development	pp. 90	-
	SS-S1	Product Quality and Safety	4.1. Product Quality and Safety	pp. 66	-
	SS-S9	Complaints Mechanism	5.4. Corporate Governance	pp. 126	-



PILLAR	ID	DISCLOSURE	REPORT SECTION	PAGE	EXTERNAL ASSURANCE
Governance	C-G1	Composition of the Board of Directors	5.1. Organisational Structure of the Company	pp. 103-105	-
	C-G2	Sustainable Development Supervision	5.1. Organisational Structure of the Company	pp. 105	-
	C-G3	Substantive issues	2. Sustainable Development in Papoutsanis 2.2. Assessment of Substantive Issues	pp. 23, 25	-
	C-G4	Sustainability Policy	5.3. Business Ethics 5.4. Corporate Governance	pp. 118-119	-
	C-G5	Business Conduct Policy	4.3. Ensuring Ethics and Human Rights 5.3. Business Ethics	pp. 92, 117	-
	C-G6	Personal Data Protection Policy	5.3. Business Ethics 5.4. Corporate Governance	pp. 113, 116, 124	-
	C-G7	Sustainable Development Report	Reporting methodology	pp. 129-130	-
	C-G8	Report on Financial Statements	5.2. Financial Performance	pp. 108	-
	A-G1	Strategy, Business Model and Value Chain	1.2. Vision and Values 1.4. Domestic and International Presence 1.5. Supply chain 3.3. Climate change	pp. 15, 18, 20, 47	-
	A-G2	Breaches of Business Conduct	5.3. Business Ethics	pp. 117	-
	A-G3	ESG objectives	3.3. Climate change	pp. 47	-
	A-G4	Variable Fees	4.2. Human Resources Development	pp. 85	-
	A-G6	ESG bonds	3.3. Climate change	pp. 47	-
	SS-G1	Management Policy, Risk Management	5.3. Business Ethics 5.4. Corporate Governance	pp. 118	-



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