



**MASTERPLAST GROUP  
ESG REPORT**

**2022**

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# 25 years

of quality  
service

*„As the largest Hungarian-owned construction materials manufacturer company in the Central European region with a history of more than 25 years, we support our partners in the **long term**. The key to our success lays in our colleagues, who represent **stability** and **reliable quality** for our customers.“*



## ▲ GREETINGS FROM THE PRESIDENT

### **I cordially welcome our Investors and all our interested Readers!**

We quickly became disillusioned with the comforts induced by the positive social and economic expectations for 2022: a severe war has broken out in our neighbourhood intensifying challenges in the global energy market and increasing vulnerability in many industries. Already in May 2022, the International Energy Agency reported that there has never been an energy crisis as complex and deep as the one we had to face. Based on Eurostat data, in 2022, nearly 20% of the EU population was defined as energy poor, meaning that they were unable to keep adequately warm in their homes.

The European Union and Hungary are among the most vulnerable in terms of energy dependence, due to our significant energy imports and its continuous growth. One of the most important reasons is that the 80% of the housing stock in Europe lacks insulation or is only minimally insulated. Many people have underestimated the capacity for adaptation of European society, but it was overruled by reality. We have experienced a significant reduction in energy consumption in Europe, thanks also to the weather. Although the expansion of locally produced and renewable energy has accelerated, relief can be considered only temporary. A sound solution must be found to build a more sustainable and competitive future.

As the largest Hungarian-owned manufacturer of insulation materials in the Central and Eastern European region, our responsibility extends far beyond our borders and our core business. With our accumulated knowledge and experience, we have provided concrete answers to the challenges mentioned above: we have increased our fiberglass mesh production capacity in the Subotica manufacturing base and accelerated our XPS investment. We also launched two EPS factory investments, one in Hungary and one in Italy. The latter immediately after the establishment of our Italian subsidiary, so that we now ensure our market presence in ten countries through our own subsidiaries. We evaluate as a serious achievement that, despite the generally negative stock market atmosphere, our vision has gained investors' confidence and we have been able to start laying the foundations for a further step up. By the second half of the decade, Masterplast can become the only insulation materials producer in the CEE region with significant manufacturing and market positions in both plastic and mineral insulation materials. Carrying out our plans to shape the future we have gained strength through new partners. We are proud to have established a strategic partnership with Market Építő and KÉSZ Group, two of the leading contractors and manufacturers in the Hungarian construction industry.

Of course, we have not been idle in our in-house environment either. We have transformed our energy management across the whole Group, developing a long-term energy concept for all our operations, also including comprehensive renewable energy investments. It is Hungary where it was implemented for the first time, and in the other areas the final touches of preparations were put at the end of 2022.

For us, our colleagues are our most important asset, so we are very proud that our company has been granted the „Family-Friendly Workplace” award. We are delighted to share our successes. And simultaneously to passing the EUR 200 million revenue mark for the first time in the history of our Group, we have also continued our social responsibility activities, be it the Hungarian Save the Children Foundation or supporting local communities.

Last year we also celebrated the 25th anniversary of our foundation. But besides joys, we also have to talk about the difficulties. Masterplast has begun setting up its operations in Ukraine 20 years ago, and by the time the war broke out, we had already 70 colleagues supporting the real estate investment and renovation efforts of Ukrainian residents and businesses, but unfortunately the military conflict intervened. After the initial shock of the war, our colleagues in Ukraine adapted to the situation and carried out professional reorganizations. And the entire Masterplast Group stood as one behind not only the support of our colleagues and their family members in their professional and personal lives, but also the complex and systematic assistance to help refugees and those staying in war affected areas.

At Masterplast we believe in the power of action, and we encourage everyone to do so. We hope that more and more people will join us because they understand that it is not the easy path that leads to long-term success and sustainability. It's important that every day we work for a better world, and that we continue to grow better. Our strong corporate culture and values are the foundation of our success. Despite all the challenges, we look into the future with positivity and a sense of opportunity. The year 2022 has strengthened our confidence that by building on a solid partnership with investor and stakeholder groups, we can make our environment more successful and sustainable in the long term.

With regards:

**Dávid Tibor**

President of the Masterplast Board

## 2022: FACTS AND FIGURES

## The Masterplast Group in numbers

### Awards and recognitions

THE BEST OF BSE 2022 - "The Share  
Capital Increase of the Year" Award



Family-Friendly  
Workplace brand



Construma award 2022  
title of honour



BCSDH For a Sustainable Future 2022 award  
Business Solutions  
- Circular Economy category



Lovable Workplaces Award 2022  
- Large company category



Business Superbrands  
2022 (11<sup>th</sup> time)



Business Superbrands Program

25 years  
presence in 10  
countries

6 product  
categories

5 000+  
products



# Environment

**~ 30 000 kWh**

power generated by pilot solar power plant

**30 000+**

residential buildings insulated with Masterplast products

**100%**

of polystyrene recycled



# S

**20%**

proportion of women in the board of directors

**~ EUR 215 000**

amount spent on donations

**20%**

under 30 years of age

**EUR 27+ million**

staff expenses

# Social



# G

# Governance

**EUR 6+ million**

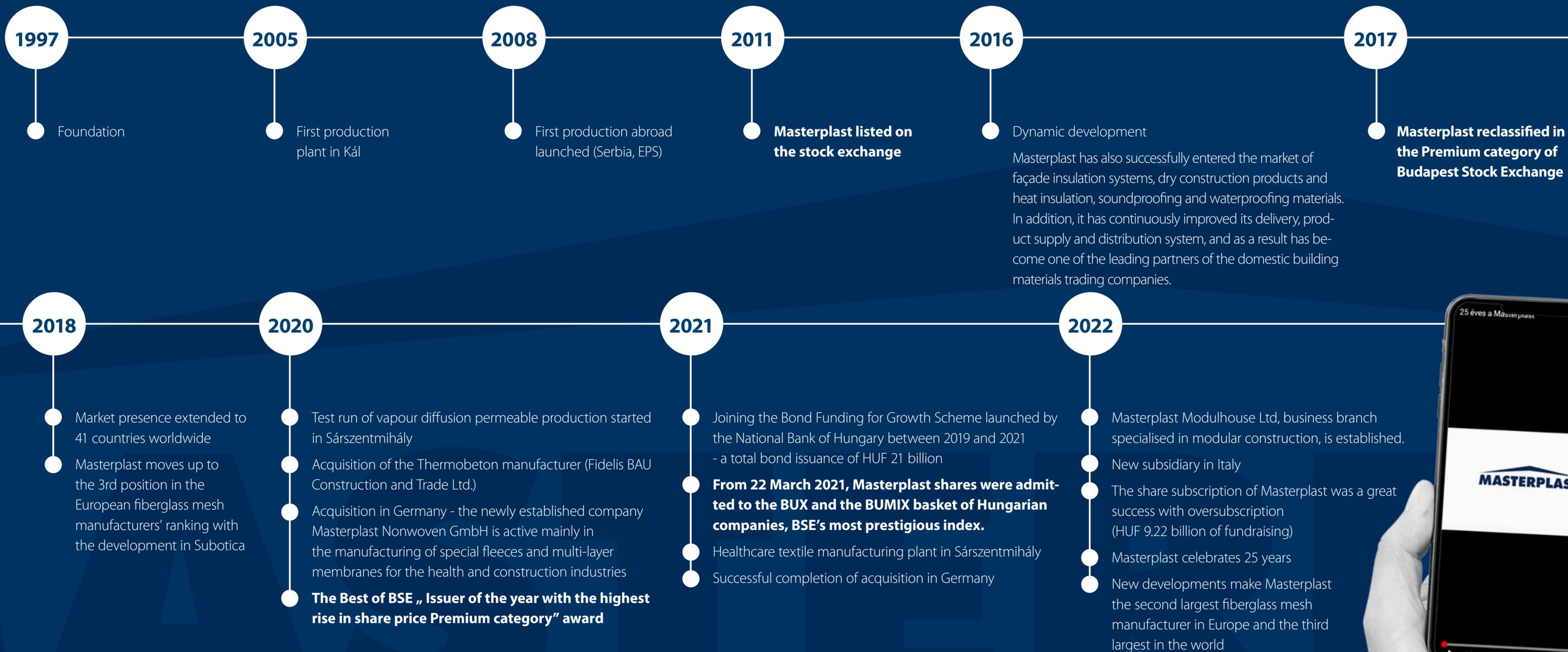
taxes, duties and contributions

**100%**

acceptance of a code of ethics by every colleague

# MASTERPLAST GROUP CELEBRATES 25 YEARS

## △ Our story over the past 25 years





## △ About our activities

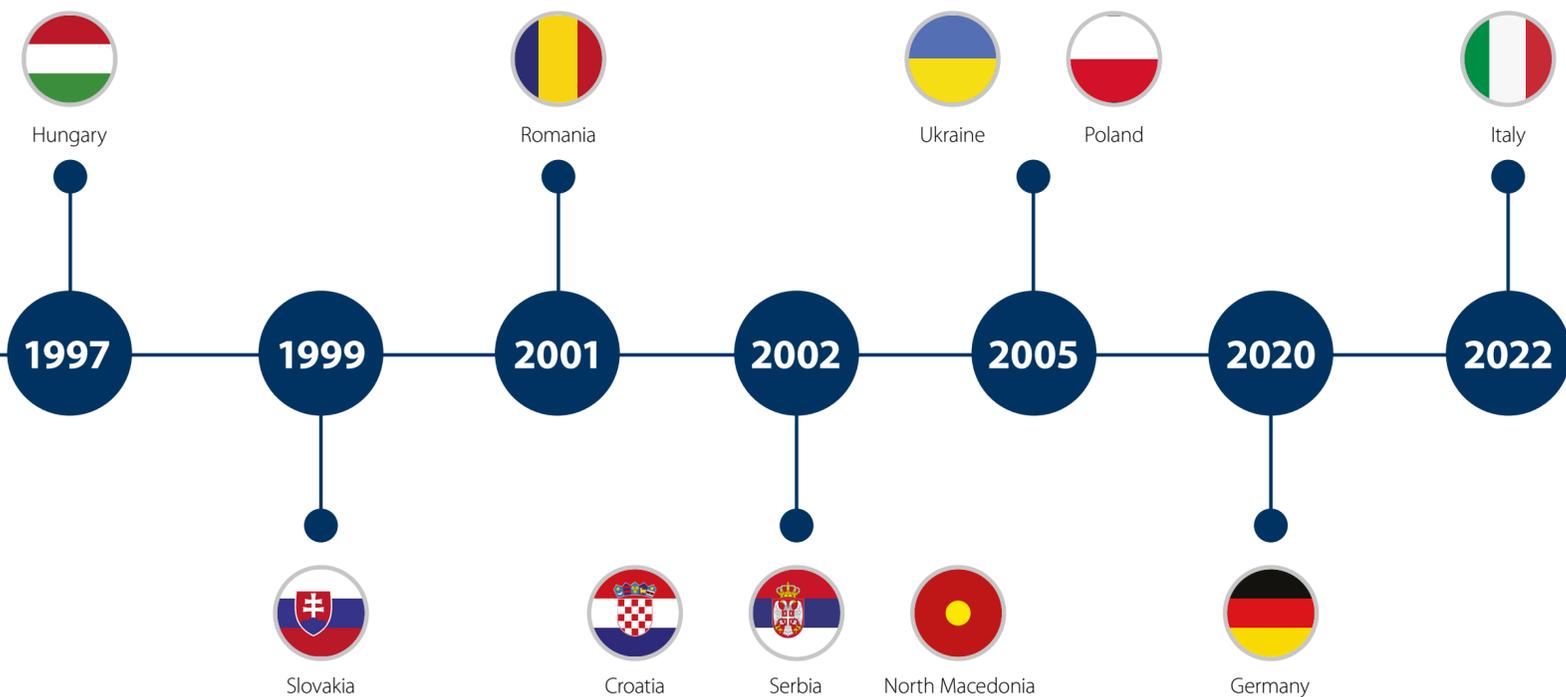
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With our subsidiaries, we ensure a **direct market presence in 10 European countries** and through our export partners we are present in most European countries.

We have a dominant position in the building thermal insulation, high roof insulation and dry construction systems markets, and a growing presence in the healthcare industry with our hygiene products.

We ensure our product supply through manufacturing at our production bases with ISO and TÜV certification in Hungary, Serbia and Germany and through strategic manufacturing partnerships. With our established customer-focused distribution system, with continuous quality control of the products manufactured and distributed, with stable product supply background and with flexible logistics solutions, we provide competitive business services to our partners.

The sound supply chain, the already implemented and ongoing investments in production and development, the strong financial background and last but not least the agile organisational culture provide a solid basis for further and sustainable growth.



## Production and sales



**Building insulation materials**



**Insulation systems**



**Healthcare textiles**



**Hygiene products**

### 6 product category

1. Façade insulation system
2. Roofing foils and roofing elements
3. Dry construction system
4. Heat insulation, soundproofing and waterproofing materials
5. Construction industry accessory products
6. Products for industrial use



**presence in 10 countries**



**production in 4 countries**



**300+ suppliers**



**5 000+ products**

Products with a comprehensive service package for our partners

#### Linked services:



**Professional logistics solutions**



**Continuous quality control**



**Technical background support**



**Personalised sales system**

## Presentation of the activities of the companies belonging to the Masterplast Group

Company name	Activity	Description
Masterplast Romania S.R.L., Romania (100% share of ownership)	Wholesale of construction materials	It has a nationwide network of partners and distributes the Group's full range of products. Its sales activities are regionally organised, with customers served from two company-owned operating points (Oradea and Bucharest), using mostly its own logistics facilities.
Masterplast YU D.o.o., Serbia (100% share of ownership)	Wholesale of construction materials, EPS and fiberglass production	The Group's largest subsidiary, its main activity is to serve the Serbian market, to ensure exports to neighbouring countries (Albania, Bosnia and Herzegovina, Montenegro and Kosovo) and to manufacture EPS insulation material, fiberglass and mesh corner protector profiles. The Serbian market is served from the company's own operational point in Subotica, with a full range of products.  The EPS production provides products mainly for the Serbian, Croatian and Hungarian markets, while the target markets for mesh corner protection profile and fiberglass products are mainly European Union countries. The logistics service for sales in Serbia is mostly provided by the company's own fleet.
Master Plast s.r.o., Slovakia (100% share of ownership)	Wholesale of construction materials	It serves its partners in Slovakia with a full range of products from its own headquarters in Diószeg and from a leased operational point in Eperjes, and exports to the southern regions of the Czech Republic near Slovakia.
Masterplast d.o.o., Croatia (100% share of ownership)	Wholesale of construction materials	Serves the Croatian market from Dályok with the full product range of the Group, partly with its own logistics assets.
MasterPlast TOV, Ukraine (80% share of ownership)	Wholesale of construction materials	With a steadily growing number of partners, it serves the Ukrainian market from 5 operational points. The company is headquartered in Uzhhorod and its logistics fleet is owned by the company.
Masterplast Sp. z.o.o., Poland (80,04% share of ownership)	Wholesale of construction materials	In the largest construction market in the region, it sells from a single operational point covering the whole country. The company is headquartered in Rokietnica (near Poznan) and uses partly its own logistics background and external logistics service providers to serve its partners.
Masterfoam Ltd., Hungary (100% share of ownership)	Foil production	Its main activity is polyethylene foam production suitable for use in the construction and packaging industries. Focusing on the insulation industry, ceasing the production of foam foils, the company decided to start the production of EPS insulation material. The installation of the machinery started at the end of 2022 and according to the company's plans, production can start in the second quarter of 2023.
Masterplast Medical Ltd.,Hungary (100% share of ownership)	Manufacturing of basic and finished healthcare products	The former name of the company is Masterplast Gyártó és Kereskedelmi Ltd., the date of the modification is 30 July 2021. The healthcare business unit of the Masterplast Group is specialized in the production of healthcare textiles and finished products. At a high level of quality it is able to serve the needs of the healthcare industry with a wide range of single-ply nonwoven fleece materials, as well as multilayer nonwoven textiles combined with film layers and finished products made from these materials. The company also produces single- and multi-layer industrial fleece for other industries (construction, agriculture, automotive, furniture, etc.). State-of-the-art production technology with a high degree of automation ensures consistent high quality.
Masterplast D.O.O., North-Macedonia (100% share of ownership)	Wholesale of construction materials	Serving its customers from a single operational point on its own premise, with its own logistics fleet.
Green MP Invest,Ukrajna (100% share of ownership)	Asset manager	Masterplast Plc decided to start the EPS investment in Ukraine in 2012, which was suspended in 2013 due to the political and market situation, and subsequently decided to stop the investment and sell the assets in 2016. The operation of Green MP Invest has been suspended for an indefinite period and the further exploitation of the company is under evaluation.
Masterplast Hungária Ltd., Hungary (100% share of ownership)	Wholesale of construction materials	It is the subsidiary with the largest turnover in the Group supplying and serving the Hungarian market as its main activity. Through its large network of partners, it has a full commercial coverage of the whole country and distributes the entire product range of the Group. It maintains an adequate stock level to provide a continuous, smooth and cost-effective partner service. The company is located in Sárszentmihály, and avails of its own logistics fleet for the predominant part of its partner services.

Company name	Activity	Description
Masterplast Modulhouse Ltd. Hungary (100% share of ownership)	Construction of residential and non-residential buildings	In modular construction, building units with a high level of interior completion are manufactured under industrial conditions. The subsidiary aims to become a major player in this rapidly evolving market as a preferred partner for general contractors of modular construction in Hungary. Therefore, a production plant of adequate size and production efficiency has been established in Hungary. Masterplast strives to become a building system manufacturer from a construction materials manufacturer and to offer modular solutions to contractors.
Masterplast International Ltd., Hungary (100% share of ownership)	Wholesale of construction materials	Its main activity is to serve export partners and to provide the subsidiaries of the group with products. The company has sales partners in almost every country in Europe and its product range consists mainly of façade insulation system elements and roofing foils. The partners are typically served by external fleets. Products are supplied to affiliated subsidiaries through this company from its headquarters in Sárszentmihály.
Masterplast Nonwoven GmbH, Germany (100% share of ownership)	Fleece and multilayer membrane production	It is expert in the production of non-woven industrial textiles. It is able to meet the high-quality needs of a wide range of industrial segments by developing single-ply nonwoven fleece raw materials, two- and three-ply nonwovens with adjustable vapour permeable foil coating, and specialised products.
Fidelis Bau Ltd., Hungary (100% share of ownership)	Thermobeton production	The manufacturer of “Thermobeton”, a lightweight insulating concrete made from recycled raw materials. Masterplast is the first company in the Hungarian construction industry to launch a circular economy model called “Hungarocell Green Program”. The principle of this unique programme is that Masterplast collects the unused off-cuts from the Hungarocell polystyrene and XPS products it supplies, which are processed by Fidelis BAU Ltd. and recycled into thermal insulation material.
Masterplast Italia Srl, Italy <sup>1</sup> (51% share of ownership)	Wholesale of construction materials	With 51% ownership of the company, MASTERPLAST ITALIA SRL was established on 13 April 2022 in Reggio Emilia, Italy. The co-founders of the subsidiary are individuals with extensive experience and business contacts in the local building materials market. The new company is established for the commercialization of thermal insulation materials in Italy. The company is also planning to start production in Italy following the launch of the Italian trading subsidiary. The new polystyrene thermal insulation material production plant will be established in Salerno, in the province of Reggio Emilia, in northern Italy, and could start production as early as 2023.
Masterplast Proizvodnja D.o.o., Serbia (100% share of ownership)	XPS production	The Group's second subsidiary in Serbia, where XPS insulating material production will be implemented as part of a greenfield investment. The investment started in the third quarter of 2021, and the industrial production will start in the second quarter of 2023, after the completion of the test production.
Masterprofil Ltd., Hungary (20% share of ownership)	Profile production	The company performs plasterboard profile manufacturing activities at the Group's site in Kál, supplying products to the subsidiaries of the Group.
T-CELL Plasztik Ltd., Hungary (24% share of ownership)	EPS production	The main activity of T-CELL Plasztik Ltd. is the production of polystyrene, in Hungary it manufactures EPS insulation material in two plants – in Hajdúszoboszló and Zalaegerszeg. Its products are mainly sold on the Hungarian market, where it has a market share of more than 10%.
MASTERWOOL MW-1 d.o.o., Serbia <sup>2</sup> (51% share of ownership)	Stone wool production	The company was founded to produce stone wool and is currently inactive.

<sup>1</sup> 95,5 % share of ownership since 16. March,2023.

<sup>2</sup> 100% share of ownership since 21. March, 2023.

## Our strategies

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The strategic goal of Masterplast is to maintain the dynamic growth rate planned to be achieved through greenfield investments, and to expand based on acquisitions and organic development. Geographically, the European Union and Serbia can be the area for development.

We plan to realize growth in our turnover and results in the market of **construction, healthcare, and modular construction** industry, as well as in the market of **industrial merchandising**.

The distributor subsidiaries of the Masterplast Group serve construction materials traders, purchasing companies and DIY chains. The structure of the construction materials distribution sector varies from country to country, therefore it is necessary to develop a specific sales policy for each market that ensure the highest market share and profitability.

Markets without a subsidiary are served through export departments. The objective is to have strong local strategic partners representing Masterplast products in the respective markets. The development of export activities ensure the strengthening of the market position of fiberglass, roof underlayment and the growth of the targeted market share in these segments in the European Union countries. A broad product range and a developing manufacturing background ensure increasing competitiveness. The value for partners relies primarily on security of supply, stable quality, product certifications and value for money.

2022 marks a new level for our Group in many areas. Among the many strategic steps previously planned, the most important ones implemented were the following.

## Achieved strategic goals of the Masterplast Group in 2022



### Fiberglass production

Investment worths **EUR 7.6 million**  
(as the third pillar of fibre glass production)

**150 million m<sup>2</sup> / annual capacity**  
**2<sup>nd</sup> largest manufacturer in Europe**



### Expansion of EPS manufacturing

Worth **EUR 4 million**  
**2 greenfield investments** launched in Hungary and in Italy

After **600 000 m<sup>3</sup> / year capacity**



### XPS production

Investment worths EUR 14 million in Subotica  
Providing our customers with high quality, high recycled material content and **own** manufactured<sup>3</sup> products

**200 000 m<sup>3</sup> / annual capacity**



### Roof underlayment manufacturing

With the completion of the acquisition in Germany, we continue to expand our manufacturing base.  
With our newly installed automated printing and custom packaging machines, we are further expanding our product range.

**One of Europe's largest manufacturers**

<sup>3</sup> From the second half of 2023.



## Key pillars of our dynamic growth and strategy

1. **Becoming a determining European manufacturer of insulating materials**
2. **Expanding the range of insulation products manufactured in-house**
3. **Entering the stone wool insulation production**
4. **Implementing the strategy through acquisitions and greenfield investments**

Besides making the world more sustainable through our products, sustainability and ESG are key selection and decision criteria for all strategic pillars. In our inorganic projects, we assess sustainability and ESG as a KO criterion if a target company does not reach a certain level of sustainability.

To support our further growth, we issued shares worth HUF 9.22 billion. We are particularly proud that we managed to do this in the midst of a war and recessionary environment with significant oversubscription.

It is a major achievement and an even greater responsibility to launch **value-creating** activities at a **socially collective level**.

*Sustainability and ESG are key selection and decision criteria in the case of each pillar of the strategy.*

*The energy crisis of 2022 had a profound impact and made decision-makers and consumers aware that sustainability is a priority.*

## Outlook - The energy crisis and sustainability in terms of numbers<sup>4</sup>

**75% of** the 25+ Bn m<sup>2</sup> **European real estate market** is residential housing

**80%** lacks insulation  
(or insulated to a minimum)

**~35% of European CO<sub>2</sub> emissions** can be linked to the residential sector

in total energy consumed, natural gas accounts for **~30%**

**The European thermal insulation market worth ~€11 billion, ~55% of which is made up of fibre insulation materials:** stone wool and fiberglass.



### Stone wool

- excellent thermal insulator
- outstanding soundproofing
- excellent fire-retardant properties

More than 2/3 of its raw material is composed of **volcanic igneous rocks, basalt and dolomite.**



### Glass wool

- excellent thermal insulator
- outstanding soundproofing

It can process significant quantities of flat waste glass, up to 80% compared to raw materials.

With the HUF 9.22 billion raised, we plan to build two fibrous insulation material factories, one for stone wool and one for glass wool respectively.

**~40%** of Europe's 320+ Bn m<sup>3</sup> of natural gas consumption is residential

**2/3** of the energy used by the population is used for heating and hot water production

<sup>4</sup> Source: Eurostat, IEA, Masterplast analysis

In terms of **strategic partnerships**, we consciously seek out companies that beyond their similar values, are internationally synonymous with professionalism, quality and reliability. That is why we decided to build, operate and develop our first fibrous insulation material factory (stone wool) together with Market Építő, Hungary's most professional building construction company. Masterplast is planning the implementation and long-term operation of a fiberglass manufacturing plant as well as a warehouse and logistics centre in Szerencs, for which HIPA provides non-refundable state-aid.



### GREENFIELD INVESTMENT AND SUSTAINABILITY

In both our greenfield investments, we are paying particular attention to:

- The use of electric technology during implementation
- Provision of energy supply
  - ensuring local energy supply to the plants
  - local solar power plants
  - use of waste heat recovery technologies
- Maximising ESG considerations in the design of the overall operation
- Use of the best, efficient and available technologies



### THE KEY PILLARS IN IMPLEMENTING OUR STRATEGY

- Our colleagues who represent the greatest value for us within the company
- Strong corporate culture and our values
- Empowering leadership
- Operational excellence and internal efficiency: a separate department at senior management level, reporting directly to the CEO, supports the development of the individual manufacturing bases
- Portfolio expansion: 2 EPS, 1 XPS, and 1 stone and 1 glass wool factory
- Digitalisation: we have launched and completed digitalisation projects in several areas, besides the transformation of business processes, also the promotion of e-commerce or launching a B2B web portal had a high priority

## Our mission, vision and values

### OUR MISSION



We are proud that we support the development of our partners as a cohesive team with competitive products and customer-oriented service.

### OUR VISION



As a decisive environmentally conscious European manufacturer, we contribute to the construction of energy-efficient buildings around the world.

*Our business philosophy is a harmonious combination of continuous development, a customer-focused approach and carefully nurtured partnerships.*

## Our values

### Customer focus

A long-term successful market cooperation, based on a personal, trusting relationship where we increase the competitiveness of our customers by providing a stable background and a high level of service.

### Teamwork

We believe in sincere human relations and well-organized cooperation as a result of which we achieve the jointly set goals through efficient and effective work.

### Responsibility

We make brave, independent and responsible decisions and fulfil our commitments as agreed.

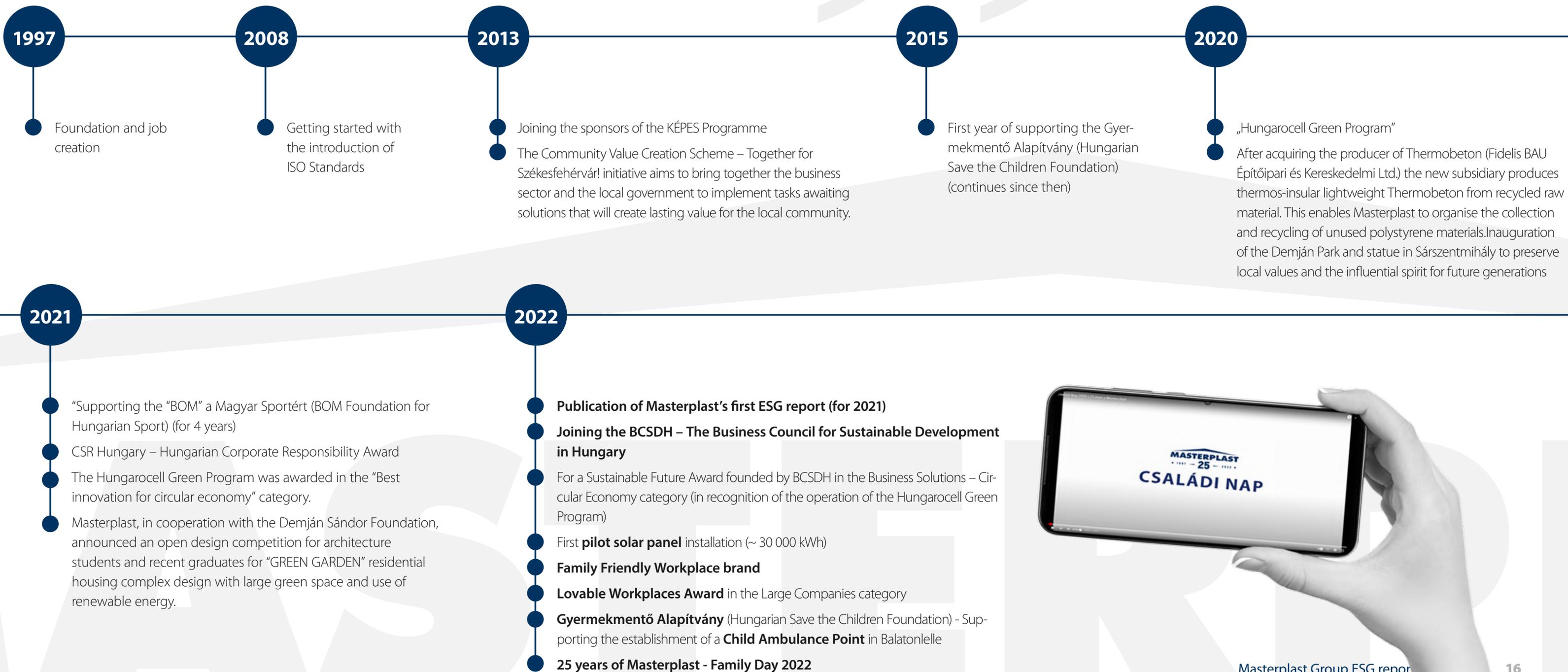
### Eager to development

With our open, self-motivated attitude, we provide fast and innovative answers to future challenges.

## ▲ SUSTAINABILITY AND ESG APPROACH AT MASTERPLAST

### △ Key milestones on our sustainability road map

*Sustainable mindset has guided our work since our foundation.*



## Our key objectives

At the end of 2019, our Group set out its vision until 2030. At the end of each year, on the basis of the vision, we set the milestones for the next strategic period and then update the main directions.

### We have set out two main directions for our corporate vision:

- As a leading environmentally conscious European manufacturer, we contribute to the construction of energy-efficient buildings around the world.
- As a healthcare products manufacturer, we serve a healthy society with modern hygienic products and solutions.

## Our key sustainability objectives



### Renewable energy use

Increasing the share of green electricity by 10%<sup>5</sup>



### Circular economy

Hungarocell Green Program



### Environmentally friendly packaging

Optimising product packaging<sup>6</sup>



### Responsible consumption

Introduction of products with green logo (certification)



### Green innovation

Use of 500 t of waste plastic for XPS production<sup>7</sup>



### Modular architecture

Reduction of waste generation and increase of recycling

<sup>5</sup> By 31 December 2025

<sup>6</sup> By 31 December 2023

<sup>7</sup> By 31 December 2026

## Our sustainable operation

For Masterplast, sustainability is about how we can evolve and get better every day, while supporting our environment and all stakeholders to grow, without compromising the resources of future generations. And we do this while making also a profit and supporting those around us thanks to the success achieved. We place a strong emphasis on sustainability and supply security in all our operations.

### A pioneering role with the implementation of the first circular economy in the construction industry

Assuming a pioneering role in the construction industry, we were the first to implement circular economy by recycling EPS and XPS waste and manufacturing a new product, Thermobeton.

### Energy strategy

In 2021, we prepared a group-level energy strategy for our company, and as a first step, we implemented a pilot project at the Hajdúszoboszló plant of T-CELL Plastics Ltd.

## Key elements of Masterplast's strategic energy programme

### At group level

installing solar panels

### At the level of individual operational unit

comprehensive energy awareness programmes

- coordinated top-down with bottom-up initiatives
- focus on: conscious energy use, manufacturing activities, optimization of electricity use and heating

### In Germany

- solar panels
- gas tanks
- production optimization (stop after production of a major set of products and then shift to another product)

### In Serbia

- waste heat recycling
- solar panel

## △ Our sustainability strategy

GRI 2: 2-22

### “It is not a sin to save, but wastefulness is.”

The European Union and all its Member States rely heavily on energy imports, on average more than 80% of the energy consumed. 30% of the energy consumed and almost 35% of CO<sub>2</sub> emissions are related to the energy use of real estate, 2/3 of which is used for heating and cooling buildings.

The simultaneous energy and economic crisis are an opportunity to strengthen sustainability and the circular model, and to educate our employees, our stakeholders and the market.

*The Masterplast Group is committed to achieve its sustainability goals. Its products and services directly support the enhancement of energy efficiency and the favourable energy consumption of buildings.*

As a cohesive team, we support our partners' development with competitive products and customer-oriented services. As a leading environmentally conscious European manufacturer, we contribute to an energy efficient building stock. As a healthcare products manufacturer, we serve society with modern hygienic products and solutions.

Masterplast, as a major player in the insulation materials market, makes a significant contribution to the improvement of energy efficiency and conscious energy consumption, and to the achievement of energy performance standards for buildings, in line with Hungary's energy efficiency targets to reduce final energy consumption by nearly 20% in 2030 compared to 2005 levels.

It constantly updates its strategy, based on analyses of the market, competitors and regulations. The medium-term strategy, outlined in January 2022, was updated and published at the end of September and beginning of October 2022 in a comprehensive programme, including a share issue, which ensures the effectiveness of its flexible business model, the continued growth of turnover and profit on an organic and acquisition basis in the construction, healthcare and modular architecture markets, by an organic integration of ESG objectives.

Until Q3 2022, the Masterplast Group had three EPS insulation material factories in its ownership. These produce facade insulation material from petroleum derivatives. Used properly, it can save ~150-200 times the energy used for input/production over its lifetime. Two of these plants are located in Hungary and one in Serbia. By Q3 2023, two more EPS plants will be handed over, one in Hungary and one in Italy. The former, while supporting the Hungarian market, will be able to produce significant quantities in a competitive way for the Slovakian market as large as the Hungarian insulation materials market, while our Italian factory will start its operation in the 5th largest insulation materials market in Europe, in a country where the majority of properties are not insulated at all. The capacity of these two factories is ~600 000 m<sup>3</sup>/year. All our EPS factories generate less than 1-2% waste during production. We will be able to recycle this volume.

The construction of an XPS insulation materials plant is underway in Subotica, with a planned capacity of 200 000 m<sup>3</sup>/year and its expected start of operations is scheduled for the first half of 2023. Similarly, XPS is made from petroleum-based products, but as a product it no longer emits carbon dioxide during its lifetime, and the plant is capable to produce a final product that meets the most stringent professional and regulatory standards processing up to 50% pure waste polystyrene. As part of its green innovation goal, the Masterplast Group has set a target to use 500t of waste plastic for XPS production by 31 December 2026.

The Group announced its entry into fibre insulation production with the manufacturing of stone wool at the end of September 2022. Stone wool is the insulation material with one of the most complex production technologies (melting furnaces at 1 500 to 1 700 degrees Celsius) and one of the most wide applicability (excellent thermal and acoustic insulation and fire-resistant). In addition, it is important to stress that the vast majority of the raw materials used for production are either natural materials („igneous rocks”) – basalt, diabase, dolomite – or waste („power plant slag”). Solar panels are also installed on the factory premises. This will be followed by a prefabricated glass wool project in January 2023.

As a unique example in Hungary, Masterplast entered the circular economy in 2020 with the acquisition of a Thermobeton factory. This factory is suitable for the production of Thermobeton from waste polystyrene, cement and other additives. This has involved the setup of more than 120 Eco-Points in Hungary, where the returned waste polystyrene off-cuts will be transported by Masterplast free of charge and recycled into new products.

In all our factories, we constantly monitor production efficiency, from entering of raw materials to delivery of the finished product. In this framework, we regularly launch projects of this kind. We are also comprehensively assessing and improving the energy competitiveness of our production points, either in our own investment or through the purchase of green electricity under PPAs, to make progress towards our commitments regarding green energy use aiming to increase the share of green electricity to 10% by 31 December 2025.

The construction industry of the future will combine all the above aspects – sustainable, efficient, energy-conscious – and strives to reduce waste and increase recycling. With this in mind, we have created our Modular business line, which is capable of producing 90+% or above finished buildings and building components under factory conditions, with close to zero waste, 365 days a year.

The foundation for all this is a value-based leadership. At Masterplast, our colleagues operate according to the pillars of Customer Focus, Teamwork, Responsibility and Continuous Development.

# OUR EXTERNAL AND INTERNAL STAKEHOLDERS

GRI 2-29

## Stakeholders of the Masterplast Group

In our day-to-day operations, we are in contact with a number of internal and external stakeholders. We place a high priority on maintaining active cooperation and dialogue with external and internal stakeholders. We maintain a constant communication with stakeholders, with particular attention to sustainability issues.



### Investors, shareholders



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

We work in close cooperation with all stakeholders who provide funds to Masterplast – banks, bond investors, shareholders – to achieve the most efficient capital allocation possible, as confirmed by rating agencies. We integrate our ESG approach and the assessment of sustainability issues into our cooperation.

- Investor roadshows
- Consultations with financial analysts
- Annual general meetings
- Regular publications
- Investor surveys (questionnaire, telephone interview)

### Employees



The focus of our cooperation is to create an open environment where we can talk directly about the opportunities and challenges ahead, we can identify development initiatives and ideas for improvement.

Achieving talent density requires working with colleagues who are able and willing to think and develop along values and in unity, taking also into account the importance of sustainability issues.

- Employee forums
- Regular performance appraisals
- Educational and development opportunities
- Employee focus group surveys

### Local communities



Masterplast is deeply embedded in the local communities where it operates, we understand their priorities and support communities to achieve their goals.

- Constant consultation with local authorities, organizations and leaders
- Local media coverage



### Customers



Our more than 150 sales managers are in close contact with our customers on a daily basis to better understand their needs and support them in line with market trends. With our sales experience in 40 countries, we successfully identify local characteristics and motivations, as well.

- Customer Open Days at Masterplast
- Sector Conferences
- Key account manager contacts

### Professional organizations



National and international professional organizations support sector continuity, knowledge sharing and continuous development. In close cooperation with them, we set targets and also in doing so we give priority to sustainability issues.

- Professional forums
- Individual meetings

### Suppliers



We build long-term and mutually beneficial collaboration with our suppliers. We provide continuous feedback to improve partnership, in line with the highest ethical standards. We also pay particular attention to sustainability issues in our supplier network.

- Supplier and manufacturer visits
- Direct consultations with supplier key account managers



## OUR KEY MEMBERSHIPS

GRI 2-28

We play an active role in industry associations, national and international representation bodies.

### Our engagements in 2022

- National Federation of Hungarian Building Contractors (ÉVOSZ), Domestic Building Materials Manufacturers' Section, president Dávid Tibor
- Confederation of Hungarian Employers and Industrialists (MGYOSZ)
- MAPI Hungarians on the Market Club
- ÉMI Non-Profit Limited Liability Company for Quality Control and Innovation in Building.
- MÉASZ Hungarian Building Materials and Construction Products Association
- MEPS (Association of Hungarian EPS Insulation Material Manufacturers)
- BCSDH (Business Council for Sustainable Development in Hungary)
- HBLF (Hungarian Business Leaders Forum/ Magyar Üzleti Vezetők Fóruma)
- KGTP (Circular Economy Technology Platform)
- Bay Zoltán National Network of Applied Research Institutes - Innovation Advisory Board

## OUR ESG APPROACH AND MATERIAL TOPICS

We carried out our first materiality assessment before our very first ESG report, however thanks to our holistic approach to ESG, also this year we paid particular attention to reviewing our operations and processes after one year, assessing real and potential impacts, **engaging our stakeholders** again. Through anonymous **online questionnaires, as well as face-to-face and telephone interviews** we asked for feedback from our top stakeholders, employees, investors, customers, suppliers, representatives of local communities, professional organisations and cooperating partners, thus also assessing the current situation and refreshing, updating the results of our previous survey.

Responses were processed and evaluated, and subsequently material topics and areas were identified which can be considered relevant from the perspective of Masterplast Group and its stakeholders. These were then prioritised in consultation and agreement with the management. Thereafter, a list of our material issues was compiled to guide the preparation of our 2022 Annual Report.

## Our material topics

 <b>Ethical business conduct</b>	 <b>Employee well-being</b>
 <b>Fair competition</b>	 <b>Labour force management</b>
 <b>Transparency and regulatory compliance</b>	 <b>Community engagement</b>
 <b>Agility and business model resilience</b>	 <b>Product quality and product sustainability</b>
 <b>Digitalisation</b>	 <b>Energy use</b>
 <b>Building science: modular architecture and the construction culture of the future</b>	 <b>Waste management</b>
 <b>Circular economy</b>	

We contribute to the achievement of the United Nations (UN) Sustainable Development Goals (SDGs) and support the achievement of the SDGs in relation to our material topics, in particular with the following.

## Our focus areas



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

As part of our reporting, we have identified the following GRI topics in addition to the mandatory GRI 2: General Disclosures. GRI 201: Economic Performance, GRI 202: Market Presence, GRI 205: Anti-Corruption, GRI 206: Anti-Competitive Behaviour, GRI 207 Tax, GRI 306 Waste, GRI 302 Energy, GRI 401 Employment, GRI 404 Training and Education, GRI 405: Diversity and Equal Opportunity, GRI 406 Non-Discrimination, GRI 413 Local Communities, GRI 418: Customer Privacy

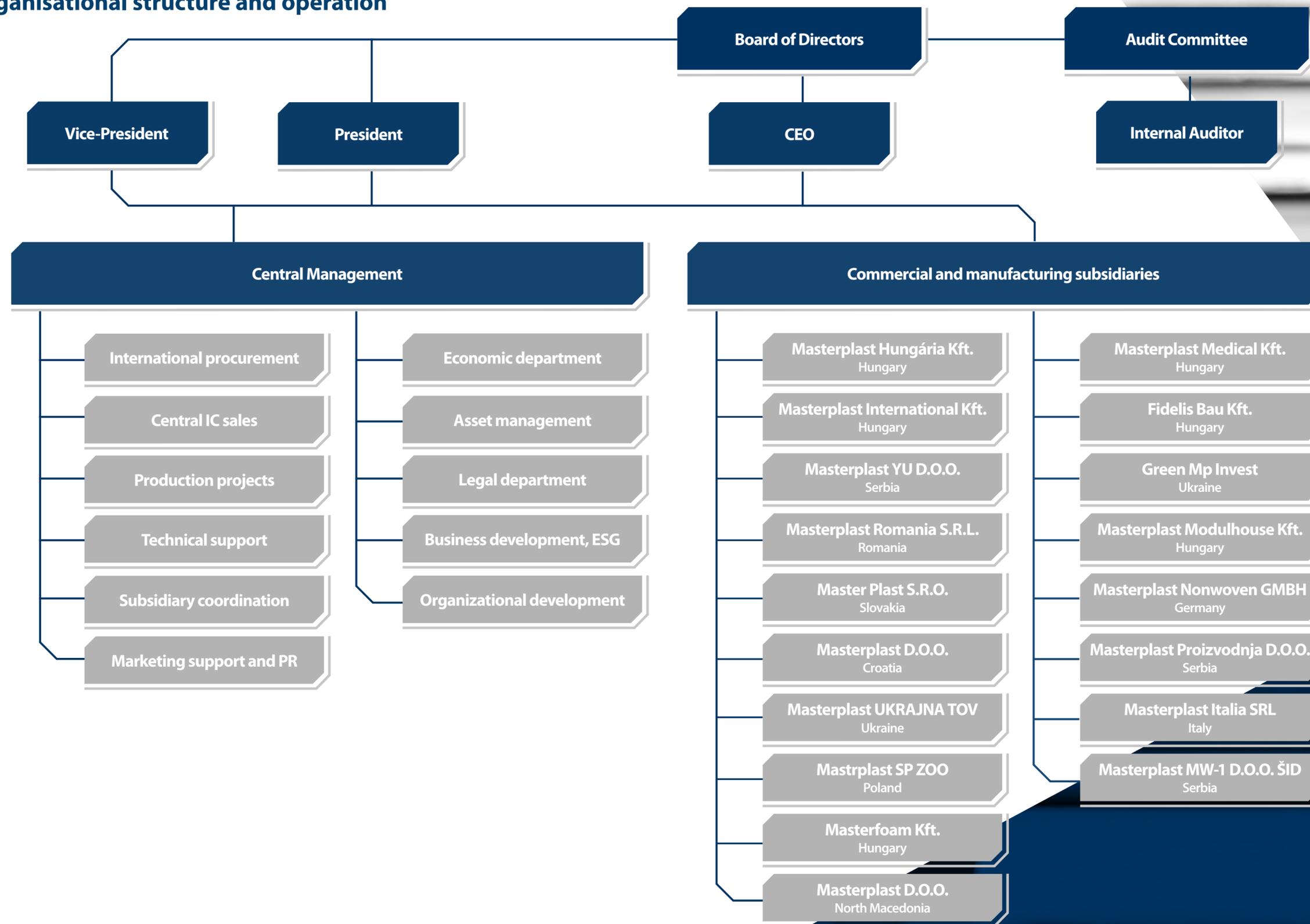
## OUR RESPONSIBLE CORPORATE GOVERNANCE

GRI 2: 2-9-2-21

It can be stated that Masterplast has earned its prestige and reputation for high ethical standards from its foundation. We strive to ensure that our business processes support stakeholders and create value by operating in line with international best practices and local regulations in the respective country. We believe that value-based thinking and well-structured corporate governance can provide a real foundation for long-term successful operation.

*Masterplast attaches high importance to aspects of sustainability, energy efficiency and environmental protection both in its internal processes and in the production and development of its products.*

## Organisational structure and operation



Name	Position	Assignment beginning (Beginning of Board of Directors membership)	End of assignment	Independence	Share ownership	Time served as a mem- ber of the Board of Directors /Directorate
Dávid Tibor	president of the Board of Directors	03.04.2008.	30.04.2023	non independent	4 548 057 pcs ordinary shares	Approximately 14.5 years
Balázs Ács	vice-president of the Board of Directors	03.04.2008.	30.04.2023	non independent	3 877 259 pcs ordinary shares	Approximately 14.5 years
Dirk Theuns	member of the Board of Directors	01.05.2014.	30.04.2023	independent	-	Approximately 8.5 years
Margaret Dezse	member of the Board of Directors	01.05.2020.	30.04.2023	independent	1 300 pcs ordinary shares	Approximately 2.5 years
Bálint Fazekas	member of the Board of Directors	01.05.2022.	30.04.2023	independent	1 145 pcs ordinary shares	Approximately half a year



The managing body of our company is the **Board of Directors**. As a body implementing a one-tier management system, the **Management Board** and the **Supervisory Board** perform their duties as defined in the Civil Code in a unified manner.

#### Members of the Board of Directors

The Board of Directors is composed of independent and non-independent members; it has 1 female member.

#### General Assembly

The General Meeting is the **supreme body** of Masterplast Plc, consisting of all shareholders. The General Meeting is responsible for deciding on the fundamental, strategic matters of Masterplast Plc. The matters subject to the exclusive competence of the General Meeting are determined by the Civil Code and the Articles of Association of Masterplast Plc.

#### Board of Directors

The Board of Directors is the ultimate decision-making body of the Company, except for matters falling within the competence of the General Meeting. The rules and competences of the Board of Directors are set out in detail in the Company's Articles of Association and the Rules of Procedures. In terms of the Articles of Association, the Board of Directors is composed of five members elected by the Annual General Meeting.

The President and the Vice-President of the Board of Directors are elected by the Board of Directors for the same period as the mandate of the Board. In the absence of the President of the Board of Directors, the Vice-President assumes his duties. Members of the Board of Directors can be a person who fulfil the requirements laid down in the legislations in force and in the Articles of Association, who is elected by the General Meeting and who accepted this appointment in a written declaration.

The **members of the Board of Directors** have an obligation to perform the management of the Company with the care generally expected of persons holding such office and on the basis of the best interests of the Company.

Membership of the Board of Directors terminates upon expiry of the term of appointment, through recall by the General Meeting of the Company, by resignation, upon occurrence of any statutory grounds for disqualification or by death of the member.

In case a member of the Board of Directors becomes aware of a reason that prevents him/her from continuing to fulfil his/her mandate (for example, due to the emergence of grounds for exclusion or conflict of interest by law or lack of time for other commitments), he/she is obliged to notify the President of the Board of Directors without delay and submit his/her resignation.

The Board of Directors is not involved in the day-to-day running of the operational management of the Company, which is managed by the **CEO**. **The primary objectives of the function of the Board of Directors are to monitor the operational activities and to define the strategy of the Company.** A member of the Board of Directors is considered to be independent if he/she has no other legal relationship with the public limited company other than his/her membership of the Board of Directors.

## Audit Committee

The duties and powers of the Audit Committee are set out in detail in Act V of 2013 of the Civil Code, Act CXX of 2001 on the Capital Market, the Articles of Association and the Rules of Procedures of the Company.

The Audit Committee of the Company consists of 3 members. The President of the Audit Committee is elected by the Audit Committee for a period covering the mandate of the Committee. Its members are elected by the General Meeting from among the independent members of the Board of Directors. At least one member of the Committee must have accounting or auditing competences.

## President of the highest governance body

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

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

- Strategic management,
- Operational management

The **Strategic Governance** level includes the activities of the General Assembly, the Board of Directors, the President, the Vice President, the Audit Committee, the Internal Audit.

The **Operational Management** includes Group Management, the Management and Subsidiary Management. The Subsidiary (Local) Management is carried out by Managing Directors/Executives, in accordance with the company's registration rights.

The **management of Masterplast Plc.** is performed by the management board of Masterplast Plc. on the basis of the Articles of Association, the resolutions of the General Meeting and the Board of Directors, as well as the Organisational and Operational Rule of Masterplast Plc. Its members are: the President, the Vice-President and the Chief Executive Officer

The **Board of Directors** is a body implementing a one-tire system of governance, which performs the statutory functions of the Directorate and the Audit Committee in a unified manner.

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

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

## △ Sustainability in corporate governance

Environmental awareness is playing an increasingly important role in human choices, and sustainability is becoming a fundamental concern. Laying the foundations for circular economy will be expected in all areas. The European Union's new strategy on climate has identified the improvement of the energy performance of buildings as a priority, and environmental awareness and sustainability are clearly reflected in construction and economic regulations. As an agile, resilient company, we have a high degree of responsiveness and by virtue of the entrepreneurial spirit and good decision-making skills of our colleagues, we have a competitive advantage. Sustainability, energy efficiency and environmental protection are high on our agenda, both in our internal processes and in the manufacturing and development of our products.

*Sustainability is a key pillar of our strategy.*

The **Supreme Body of Masterplast has a prominent role in the disclosure of sustainability reports.** The preparation of the report, the milestones for its implementation are agreed and approved through the CEO. The ESG/sustainability process is tracked through the Board of Directors.

### The Board of Directors and sustainability

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



*We believe that the key to a company's long-term success is a leader and management that understands the concept of sustainable development and is able to interpret it in a complex way in decision-making. By creating the Management Guidelines, our aim was to formulate a set of principles that provide guidance to managers of Hungarian companies in this respect.*



## Masterplast agrees and applies the BCSDH Corporate Governance Guidelines



### Strategic approach

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



### Responsible corporate governance

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



### Ethical operation

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



### Respect for fundamental values

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



### Environmental responsibility

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



### Partnership with stakeholders and interested parties

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



### Transparent operation

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

## △ Transparency and regulatory compliance

Our Group is committed to responsible, transparent and effective corporate governance and fair business practices. The Articles of Association of our company are publicly available and provide details of how we operate.



We place great emphasis on the implementation of corporate governance recommendations and guidelines, taking into account the organization and capabilities of the company and the group made up of its subsidiaries. The management, under the guidance of the Board of Directors, continuously improves its operational and control practices, regularly reviewing the principles applied to comply with the evolving international best practices also in this area.

The corporate governance practices of Masterplast Plc. are in line with the requirements of the Budapest Stock Exchange and the current capital market regulations. The Group pays particular attention to the BSE's corporate governance recommendations in its day-to-day operations and regulation. The regulations are available on the [https://www.masterplastgroup.com/document\\_folder/tar-sasagiranyitasi-dokumentumok](https://www.masterplastgroup.com/document_folder/tar-sasagiranyitasi-dokumentumok) website.

Link to the corporate governance report:

<https://bet.hu/newkibdata/128715404/FTJ%202021%20HUN.pdf>

### Decentralized operational model

The Masterplast Group operates according to a decentralized operating model, essentially with each operation and country having a high level of authorization – including also legal responsibility – and full responsibility for the stability of operations and the implementation of the strategy. This is regularly reviewed by the internal audit, which is accountable to the Audit Committee. The regular audit activity in each case starts with a detailed questionnaire, where diagnosis and risk analysis are defined within a given topic, on the basis of which the individual operations and functions are also examined on internal policies and legal compliance.

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



### Code of conduct and principles of action

#### Code of ethics

Anti-corruption policy  
Proper behaviour



### Articles of association

#### Remuneration policy

#### Group-level priority policies

Data Protection Policy  
Policy on the prohibition of insider dealing and market manipulation  
Information Technology Policy  
Product Master Data Management Policy  
Product Recall Policy  
Organisational and Operational Rules

## ■ Ethical conduct of business and fair competition

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

## ■ Key elements of the Masterplast Group Code of Ethics with regard to stakeholders

### In the case of customers and business partners

information protection,  
fair business conduct rules, (in compliance with antitrust, anti-cartel laws regarding competition and business conduct),  
managing conflicts of interest and incompatibilities,  
business gifts, representation and hospitality rules,  
prohibition of bribery and corruption.

### In relation to employees

communication,  
communication with managers,  
prohibition of discrimination,  
prohibition of provocation, abuse, violence, harassment,  
communication of expectations during work,  
protecting values,  
occupational health and safety, health protection (protection and improvement of physical and mental health),  
conflict of interest  
Loyalty and discretion in the use of social networks and protection of reputation.

### In relation to the shareholders of the Company

the prohibition of insider dealing,  
the treatment of confidential, protected information belonging to the Group,  
the protection of corporate property, assets and intellectual property.

### The Group's relationship with local communities and society

public engagement, prohibition of child and forced labour,  
social responsibility,  
environmental awareness.



## CODE OF ETHICS

- **Sets standards** for relationships with employees, as well as with customers, suppliers, competitors, shareholders, external stakeholders, communities, governments, other business partners, defining principles to ensure ethical and fair operations and business relationships.
- It includes the requirements and values that **underpin our operations and culture**.
- It is binding and applicable to all employees and those who are in business relationship or work with any of the companies of Masterplast Group.
- Further expectations for leaders: exemplary behaviour, promotion of open and honest communication, monitoring of ethical behaviour and reporting any activity signalling deviant deed.
- Applying **obligation of notification** in case of breaches of ethical standards.
- **Protection of the whistle-blower:** the whistle-blower cannot be retaliated against in any way for reporting.
- **Statement of conformity:** all employees engaged in business activities on behalf of Masterplast must certify by signature, at the time of taking up their employment and at any change thereafter, that they act in accordance with the Code of Ethics, have not been involved in bribery or corruption; have not breached the terms of the Code; and have no knowledge of any breach of the Code or, if so, have notified the competent person(s).
- **Audits on conformity:** compliance audits related to the Code are carried out by the internal auditor at all companies of the Group. The results of the audits are reported to the CEO.
- Apart from the rules, also the compliance with the code of ethics is checked by internal and external auditors. In case of any anomalies, they report them to the CEO. Of course, with empowered leadership and a honest corporate culture, any anomaly can be fixed earlier.



## CONFLICT OF INTEREST

### To avoid any suspected conflict of interest

- All employees of our Group are required to declare in **writing** any existing contractual relationship for the purpose of employment outside the Company upon joining the Group and the establishment of a contractual relationship during their employment, as disclosed in the Code of Ethics. If their close relatives are engaged in business activities in the same field of activity as the Masterplast Group or with competitors of the Group, the employee must also declare this in writing.
- The manager may establish further contractual relations for the purpose of employment by completing and accepting the annex to these rules. In addition, the manager is not allowed to acquire shares, with the exception of shares in a public limited liability company, in any other entity engaged in the same or similar activities as the employer or in any other entity with which the employer has a regular economic relationship, nor may he conclude in his own name or for his own benefit any transaction falling within the scope of the employer's activities. Furthermore, he is obliged to declare if his/her relative is a member of a business entity engaged in the same or similar activities as the employer, or in regular economic relations with the employer, or if he/she has established a contractual relationship for the purpose of employment as a manager with an employer also engaged in such activities.
- Employment shall be based solely on qualification, performance and expertise, and employees shall not be given undue preference or favouritism.
- In case an employee's personal interests are in conflict with the interests of the Masterplast Group, he/she has an obligation to inform his/her immediate superior, who has to find the most appropriate solution to the situation, considering the interests of the Group and the highest ethical standards, if necessary, with the involvement of the internal auditor.



## REMUNERATION POLICY

### The Remuneration Policy is defined according to

- the relevant legislation and
- the provisions of the Company's Articles of Association, as well as
- the resolutions of the General Meeting of the Company.

### The Remuneration Policy is prepared, adopted and submitted to the General Meeting by the Board of Directors.

A review of the Remuneration Policy may be initiated by the Board of Directors, in which case the Board of Directors submits a proposal for revision of the Remuneration Policy to the General Meeting.

### The Board of Directors is responsible for the implementation of the Remuneration Policy.

The Board of Directors acts in accordance with its Rules of Procedure in the decision-making procedures relating to the Remuneration Policy. A member whose remuneration may be affected by the decision cannot vote.

**The remuneration of the members of the Board of Directors, including the President and the Vice-President of the Board of Directors,** is determined by the General Meeting of the Company, taking into account the applicable legislation.

The remuneration of the members of the Board of Directors has to be determined that it is commensurate with the level of responsibility, does not impose an excessive financial burden on the Company, is in proportion to the executive's performance, the Company's economic results and number of employees, the social prestige of the position and its status in the economic sphere. The Chairman, the Vice-Chairman and the members of the Board of Directors are not entitled to any allowance regarding this legal relationship in the event of termination of their mandate.

The remuneration of the Board of Directors is fixed and its details are published on the BSE website.

The Group's employees in senior positions are rewarded on the basis of the individual legal entities, the divisions within those legal entities and the performance indicators achieved by the Group.

**The remuneration of the CEO** is determined by the Board of Directors.

When determining the basic salary of the Chief Executive Officer, the level of responsibility of the position, its importance in economic life and the economic objectives to be achieved have to be taken into account. Its level should be set in such a way that it does not impose an excessive financial burden on the Company and that it is proportionate to the performance of the CEO's duties and the financial results of the Company. The Chief Executive receives a fixed amount as his/her basic salary.

**The Executive Director's performance-based remuneration** and the specification of the amount of the bonus or other benefits to be paid has to be determined by the Board of Directors. For performance-based remuneration – in addition to the achievement of the key figures of the business plan - only a condition can be defined as a performance-based task that covers objectively determinable performance beyond the expected expertise and diligence of the job.

Those performance-based forms of remuneration or reward have to be applied that encourages efficient operation supporting the effective achievement of the business and economic objectives for the year.

Specific tasks related to the remuneration or performance-based remuneration has to be determined annually by the Board of Directors. Performance-based remuneration or the basic rules on remuneration has to be determined at the same time as adoption of the business plan or – in justified event – after that. The specification has to include the total amount of the bonus or performance-based remuneration, the task to be performed, with the proportions related to them, the time when any advance payment is due and the date of the evaluation.

The evaluation and accounting of performance-based remuneration and reward tasks are carried out annually at a date determined by the Board of Directors, with the final amount of performance-based remuneration or reward determined after the adoption of the financial statements closing the financial year.

The termination benefits of the CEO are governed by the provisions of the Labour Code.



## Transparent operations and intensive investor communication

Masterplast is committed to a high level of operational transparency and intensive investor communication.

The results of the established Portfolio Transparency Survey provide credible evidence of this. In the survey investment managers and analysts rate Hungary's listed companies according to aspects such as the quality of flash reports, the credibility of the data provided, or the quality of ad-hoc information shared.

According to the assessments, Masterplast was **ranked in the top 5 most transparent companies** in all categories examined and **achieved one of the highest improvements in 2022 based on the analysts' feedback.**

### Priority categories

- **The overall transparency of the company**

Masterplast breaks into the top 3 for the first time in its history.

- **The quality of ad-hoc information released**

Masterplast ranks in the top 5.

- **The competence of the investor relations officers**

In this category, high scores were achieved, as there was not possible to finish in the top 5 with a score below 8.4. Masterplast was the only company to increase its score in this category compared to the previous year.

- **Investor relations**

In this category, market participants can vote for professionals who are actively involved in relations with small and large investors and who contribute to the development of the domestic capital market. Masterplast's CEO, Róbert Nádas, received the highest number of votes from domestic analysts and fund managers, with 7 votes in a tie.



## Agility and business model resilience

At Masterplast, agility means building and running the organization with a high degree of flexibility within the limits of a large, listed company. Instead of methodologies and rigid structures, self-organizing teams manage business issues and avoid risks with a high degree of empowerment. This is based on value and expectation in our organization of continuous improvement, collaboration with colleagues, immediate feedback and direct, fact-based communication. It is also the basis for the high level of collaboration with our key stakeholders.

The year 2022 revealed all the benefits of that: the challenge continued in supplying raw materials and serving customers at the highest possible level. We are proud of our colleagues who, have been able to achieve even higher levels of stakeholder management, despite all the challenges of 2022. In particular, we must underline the extraordinary challenges without precedent in Masterplast's life, posed by the war in Ukraine. Two of our operational points were in war-affected areas, from where we were able to completely relocate colleagues and their families, as well as the majority of our products and technology, to the West from Kiev, and in 2022 we achieved 80% of the revenue of the record year 2021. As the only non-Ukrainian construction industry distributor, we have taken an active role in the rebuilding of the country, besides providing on-site assistance to war refugees. We were, and are, the only one who was able to support our customers in Ukraine by reorganizing our resources – from sourcing goods throughout the supply chain up to delivery to our customers.

## △ Digitalization – Digital transformation for operational efficiency

The past decade, and certainly the period since March 2020, has seen a significant speed-up in global digitalization. The question is no longer whether companies are making it or not, but rather that those who are not will be lagging behind and, if they are lucky, will only get in a disadvantaged competitive position.

### At Masterplast, digitization can and does create value in the following two areas

- Saving time
- Higher decision-making quality

As an example, by saving 1 minute/person/workday, we can reallocate the activities of 3 full-time employees to other, higher value-added activities at group level.

### Results achieved in 2022:

- Launch of electronic invoicing and reporting in the following countries:
  - Serbia
  - Croatia
  - Romania
- **Mastershop:** Masterplast customer portal
- Integration of NTCA NGM data processing in the ERP system
- Introduction of a production assistant software

In 2022, we have taken significant steps towards digitalization. The first major milestone in our digitalization plans was the launch of a B2B partner web shop called Mastershop, which we have opened to our contracted partners and resellers in January 2023.

One of the main goals of our project was to increase efficiency. Our partner web shop can demonstrate its efficiency in several areas:

- In the field of sales and marketing, it helps a faster and more consistent communication; (e.g., presentation of the available product range, product introduction and discontinuation, price changes, stock information, delivery lead times, promotions, direct factory delivery, etc.)
- In the field of customer service, it significantly reduces the amount of manual data entry and data reconciliation work.

We need to process and fulfil far more orders year after year, and to be more efficient, we believe it is important to keep the processing cost per order as low as possible.

Another key objective for us was to provide our partners with up-to-date data and information in real time, 24 hours a day, in the increasingly competitive world driven by digitalisation, and to enable them to use it in a self-service way in their purchasing decisions. This increases the chances that they will choose us rather than other manufacturers.

So, all in all, we are not only able to provide a higher level of service to our partners, but a further increase in the number of partners does not necessarily imply an increase in our human resource needs in the related areas.



## Building science: modular architecture and the construction culture of the future

Modular construction systems manufactured in operational prefabrication are becoming more and more widespread. Each is characterised by the use of a typified set of elements to increase efficiency.

### Modular system types

Depending on the extent to which the building is broken down into typified parts, different types of systems are distinguished.



#### Fast building construction technology (in common language)

A system broken down into customized columns, beams and frame elements.

Fixed on site, typically with dry construction methods.



#### Prefabricated house technology (in common language)

Complete wall and slab elements are produced in the factory, even with pre-fab mechanical engineering, windows and doors, flat pack building elements.

The operational and on-site work phases are split in a 50-50% proportion.



#### 3D box-like building modules

The module includes one or more rooms. The building itself is made up by joining together of the boxes.

This technology gives the highest level of prefabrication, thus minimising the work on site.

The flat pack modular construction solution is typical on the market. The **3D modular construction** solution can be considered as a completely new solution and there are few strong players in the market.

#### The 3D modular construction system of Masterplast

The system is based on an extremely strong steel frame system, designed to be so rigid at the corner that the ready-assembled module, with its compartments, can be transported without cracks or damage. The modules can be assembled side by side or piled up like building blocks. The Masterplast modules provide adequate headroom (265-270 cm free headroom) and 305 cm free width and 610 cm internal length. The modules can be combined to create larger spaces. The modules are designed using BIM 3D technology, and type plans are created for each module. The finished building can be quickly designed and produced by combining the different modules.

#### Inspired by strong megatrends

This construction method is inspired by the strong megatrends that result from the challenges of our time defining the construction culture of the future.

Megatrend	Masterplast Modulhouse, as solution
 <b>Professional workforce shortages</b>	Feasible with less skilled, but trained workers in operational prefabrication
 <b>Rapidly evolving demands</b>	Changing needs over the lifetime of a building: buildings often need to be refurbished, change function. Buildings constructed with Masterplast's Modul system can be extended, varied and even moved. When the building is no longer needed in a region, it does not remain neglected in its surroundings, but, even up to 2 or 3 times, can be moved to where it is needed.
 <b>Environmental awareness</b>	We minimize waste in operational prefabrication, giving preference to recycled materials and domestic production. The modules are highly recyclable. The implementation of projects in operational prefabrication on the basis of prototypes is much faster, the on-site construction work is very short and therefore has less impact on the immediate environment.
 <b>Operability</b>	The operation of a building is a major concern and cost throughout its life cycle. The operation and maintenance of modules built with a high technological discipline, based on well studied designs, is typically more affordable compared to buildings realized with conventional construction methods.
 <b>Efficiency, price pressure</b>	On-site construction is expensive. There are high material handling costs, skilled labour is expensive (and scarce), waste generation is high and the resulting environmental impact and resource waste is high. In operational production, work processes can be automated to a higher degree.

In the light of all this, we believe that modular construction will be a dominant part of the construction culture of the future.

To make this novel solution work efficiently and well, a huge amount of innovation and engineering development is needed. Development work involves a lot of challenges, theoretical and practical tests, which is time-consuming. The experiences of pilot projects are fed back. The whole building system takes several years to clean up and work itself out. But as a result of this long development work, a know-how is built up that makes this construction solution highly competitive and represents a great business potential for our company.

Management is committed to the domestic implementation of modular construction.

With this type of modular construction, buildings with various functions can be created, but at the beginning of our development phase we concentrate on principal buildings for halls (offices, changing rooms, meeting rooms, social areas) and for accommodation (workers' hostels, motels, hostels, dormitories). These are the types of buildings where the benefits of the construction system can be achieved most quickly - and where the delivery and installation of oversized modules is less challenging.

Among the longer-term objectives are the construction of residential houses, schools, kindergartens, service buildings for sports facilities.



*Our goal is to turn the modular construction system of Masterplast into a market leader in the region and a benchmark in the target markets.*

## △ Risks and opportunities

We pay particular attention to examining our operations from the perspective of the impacts climate change may have on our activities and the threats that may pose a major risk. Identifying risks, we also treat the situation as an opportunity, responding quickly and with flexibility to emerging issues in an ever-changing environment through our innovative solutions and agile operations.

Climate change is twofold: on the one hand, it has a natural cyclical pattern, but long-term trends are clear. Over the last 100 years, human activity has accelerated processes at an unprecedented scale to which nature has only partially adapted. Global warming, scarcity of water and increasingly frequent extreme weather conditions have serious implications for all inhabitants of the world.

What we see is that our own operation is not affected negatively. Indeed, through its core business Masterplast can and does actively react to mitigate the impacts of these processes. Adequately insulated buildings require much less energy. We continuously improve our operational processes, reduce waste generation, increase the waste recycling and reuse, increase the use of renewable energy, comprehensively assess and measure energy consumption and we implement awareness-raising campaigns, increase the use of waste heat.

To address negative impacts an action plan is prepared with feedback opportunity. The internal auditor reports the Audit Committee.

## △ Our economic performance

We believe, we can operate in an environmentally sustainable way if we provide a successful activity and service that creates value for our stakeholders. At Masterplast, we believe in long-term partnerships, which is the foundation of our strategy and success. We aim to achieve progress together with all our partners.

Our efficient business operations allow us to support our customers' and suppliers' growth along with our own. Furthermore, economically sustainable operations allow us to continuously improve our operations, support our colleagues and our machinery. Successful operations are both an opportunity and a responsibility to move forward with the communities where we are present, thinking together and supporting each other.

Masterplast's medium-term strategy outlines in detail how we plan to achieve our financial and operational objectives and sustainability ambitions. We believe this is the only way to create value for all stakeholders. Our colleagues are the primary pillars of successful implementation. With and through them, we can ensure that our company remains proactive in turbulent times. We constantly monitor and react to the relevant megatrends that affect us.

In the current context, sustainability and energy independence have become even more important. Masterplast, together with 150 sales representatives and hundreds of B2B partners, is making efforts to achieve Europe's energy independence and sustainability ambitions as soon as possible.

Megatrend	Risk	Opportunity
<b>Climate change adaptation</b>	Extreme climate conditions, emergence of extreme phenomena	Energy efficient building and construction industry solutions are gaining importance
	Changing of market and regulatory expectations	Increasing demand for energy-efficient solutions (e.g., increasing demand for insulation systems) Development of a circular economy Optimization of industrial processes and supply chains
	Rising prices and difficult availability of ingredients and raw materials	The importance of insulation is increasing Use and development of low CO <sub>2</sub> emission production methods
<b>Demography and urbanization</b>	Increasing pollution and waste generation	Waste collection and circular economy, The spread of modular construction Process efficiency
	Ageing society, health risks	Increase in demand for health products and services
	Widening inequalities	Refurbishment of old buildings
<b>Digitization and innovation</b>	Rise of urbanization	Housing demand increases, Increasing demand for energy efficiency, insulation
	Cyber security and data protection	Workforce development System and process improvements
	Legal risks related to data	Customer experience and new services
	Industry 4.0, the rise of digitalization	E-commerce Automated production and production development Developing and motivating the workforce
	Labour shortages, in particular among blue-collar workers	Technology investments Optimization of industrial processes and supply chains

## ▲ OUR ENVIRONMENTAL COMMITMENT

We are committed to innovations in support of the environment and strive to take responsibility for solving the ever pressing environmental problems.

Accordingly, both in operational and strategic decision making and in commercial policy, we give priority to compliance with environmental regulations and legislation, and to the use of environmentally sound new technologies wherever possible.

All of these are of great importance not only in the development of Masterplast's energy-efficient construction product structure, our sourcing and development of manufacturing technology, but also in the daily work of our employees. We expect all our employees to work in an environmentally responsible manner, bearing in mind the necessary – sufficient use of energy, the proper management of waste generated and the long-term impact of any activity on the environment.

The Group's operational area, sales, logistics and manufacturing units are not classified as hazardous technologies for the environment, they are not high-risk activities. Nevertheless, as responsible enterprises, the members of the Group comply with the relevant environmental regulations and strive to think and act in a forward-looking manner in a number of areas, without significantly increasing costs. At our sites, we carry out conscious waste management through selective waste collection and in-house recycling.

As a first step in the Group-level energy strategy launched in 2021, a pilot project was set up at the Hajdúszoboszló unit of T-CELL Plasztik Ltd. As a result, the total performance of the pilot solar panel launched in July 2022 was ~ 30 000 kWh.

### Energy crisis and insulation

In Hungary, 80% of the building stock is weakly insulated or not insulated at all, and there is no alternative to local or regional production of insulation material. The energy crisis, changes in the price of household energy and uncertainties about the future of the energy market are encouraging people to reduce their energy consumption in some way. According to a representative survey jointly conducted by GKI and Masterplast in December 2022, every eighth family plans to modernize their home to save energy (insulation, replacement of windows and doors, installation of a new heating solution) in the next year. The energy crisis has therefore confirmed that there is a massive need for insulation materials and their production in the region and that demand for insulation products is expected to remain strong even in a weaker market environment.

Insulation is an important step towards more efficient and lower energy consumption, as it means the best savings.

Masterplast offers a remedy tailored right for this situation. With the correct application of façade insulation materials, over their lifetime, one can save ~150-200 times the energy used for input/preparation.

*Sustainable, environmentally conscious operation is a key element of our strategy and long-term business plans. As a large ESG-conscious enterprise, we are particularly proud to be first in the Hungarian construction industry to establish a circular economy programme.*

## Business solution: circular economy

In 2022, Masterplast was granted the For a Sustainable Future Award in the Business Solutions – Circular Economy, in recognition of the implementation of the Hungarocell Green Program.



### A brief overview of the operation of the Hungarocell Green Program

#### Its steps

1. The consumer buys polystyrene.
2. Then the cutting residue, the unused polystyrene, is collected in the previously purchased bag.
3. The bag is dropped off at one of our partners, at one of the over one hundred Eco-Points.

#### Advantages

- Masterplast then creates a new thermal insulation material and product, Thermobeton.
- The latter can also be purchased at Eco Points.
- The product contributes to the reduction of carbon emissions in buildings throughout its life cycle.
- Provides an excellent eco-friendly solution.
- A smart cost-cutting option.

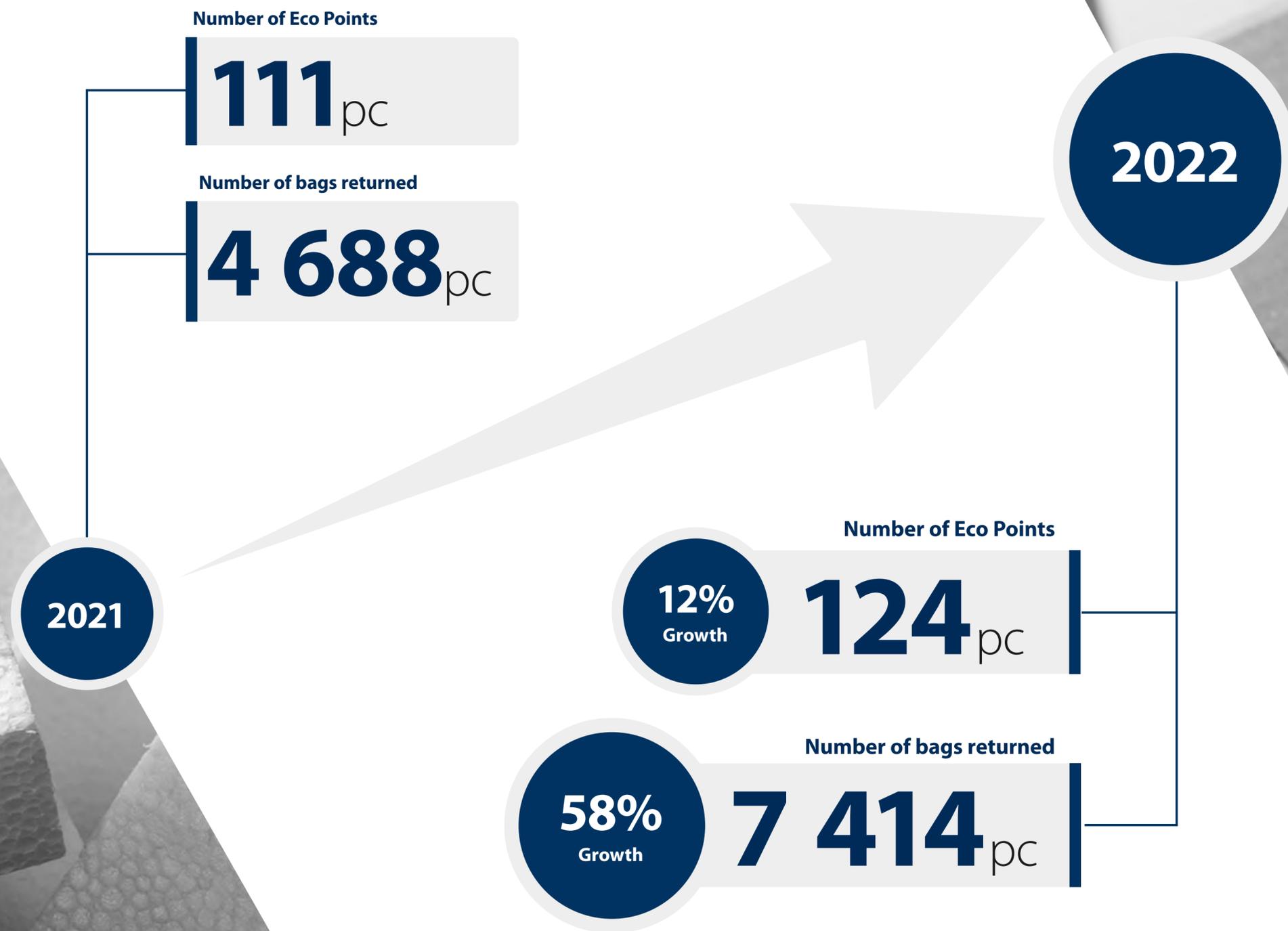
### Masterplast Eco Points

There are more than 100 Eco-Points for collection. The programme is gaining popularity and more and more partners are joining the programme.



*We are unique in the sense that we collect clean cutting scrap through our partners, transport it free of charge and reuse it to make a new product, Thermobeton.*

## Masterplast Eco Points



## Product quality and product sustainability

### Our quality management systems

As the largest Hungarian-owned construction materials manufacturer in the Central European region, we support our partners for the long term having more than 25 years of experience in product and service quality. The key to our success lies in ensuring consistent and reliable quality. Our main priority is to comply with the various standards and audits that review them.

The first ISO standard was introduced in 2008, and we now also apply ISO standards in the areas of quality assurance, quality management, environmental management systems, occupational health and safety management systems and energy management systems.

In 2022 we introduced the MSZ ISO 45001:2018 standard at the companies operating at the Sárszentmihály site and at Masterplast Modulhouse Ltd.

The achievement of quality objectives is measured by indicators based on the data available to us. In 2022, we undertook 9 audits, all of which were successfully completed.

## The ISO Standards of Masterplast Group

9001	14001	45001	50001
Quality assurance, quality management system	Environmental management system	Occupational health and safety management system	Energy management system
	 		

### Further compliance:

Our dry construction products comply with the harmonized European standard, they bear the CE mark, and they also fully comply with the fire and noise protection requirements tested in the Hungarian National Technical Assessment A-256/2015.

### Customer-focused service

In addition to our expertise and reliable production quality, our own manufacturing base gives the background to serve individual customer product requirements. Our certified products with CE marking meet all European quality requirements and industry demands. Our products are offered to our partners with a comprehensive and complex service package.

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

## THE EXCELLENCE OF A MASTERPLAST'S PRODUCT QUALITY LIES IN



Expertise



Reliable production quality



Own production base



Meeting individual needs



Continuous quality control



Certified products



Providing expert information



Advisory



Professional support, personalized sales system



A comprehensive, complex service package offered with the products



Technical and product knowledge training



Professional logistics solutions



Technical information line



Use of social media, blogs and vlogs in the presentation and utilization of products

### Complaints handling at Masterplast

In order to help our partners, customers, sales representatives or individuals as quickly and efficiently as possible, we need accurate information about the specific complaint. Complaints can also be submitted online via our website. Within 3 working days, our colleague gets in touch via one of the contact details provided. If the completed form is exhaustive and the complaint is justified, we carry out an on-site visit at a time agreed with the customer. When investigating the complaint, our colleagues take minutes of the on-site visit, take photos of the problematic material and location, and samples if necessary. The complaint will then be closed on the basis of the report, the photos, any eventually necessary material tests and available documents. The investigation of the complaint takes maximum of 30 days.

The complaints and requests received are evaluated, processed and, once the necessary conclusions have been drawn, they are used to improve our performance.

△ Main parameters of our consumption

Consumption trends for Masterplast at group level in 2022



Water consumption

3 213 141 m<sup>3</sup>



Natural gas consumption

3 273 408 m<sup>3</sup>



Electricity consumption

26 096 339 kWh



Gas oil

1 166 939 litres



Petrol

24 028 litres



LPG Motor gas

4 571 492 litres

Breakdown of energy consumption in kWh Masterplast Group 2022\*



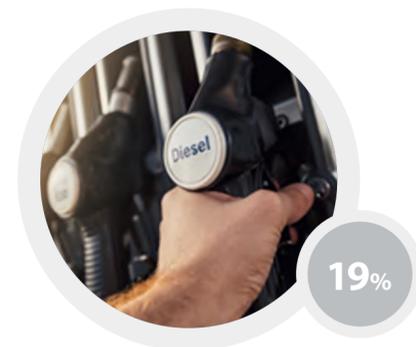
Natural gas

30 900 969 kWh



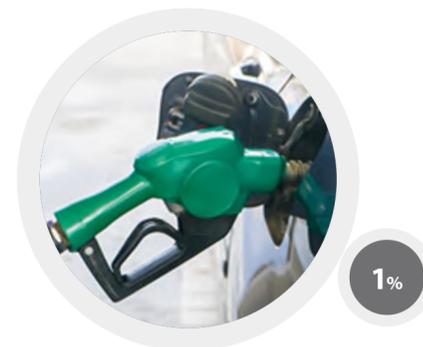
Electricity

26 096 339 kWh



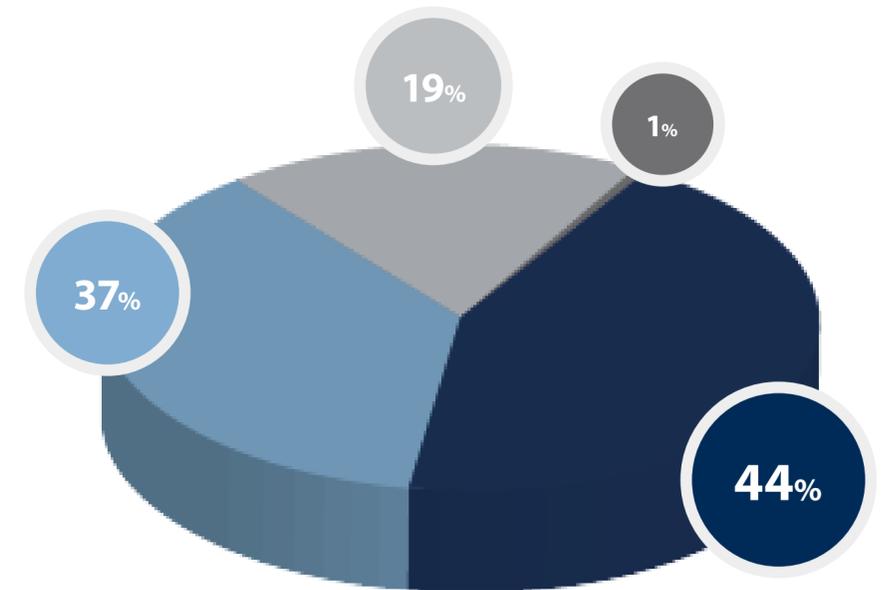
Gas oil

13 303 101 kWh



Petrol & LPG

391 035 kWh



**Total: 70 691 444 kWh**

\* The calculation contains rounded numbers.



## △ Energy consumption

Many of our subsidiaries are certified to the ISO 50001 standard. The standard provides guidance to continuously improve the energy performance of our Group, including energy efficiency, energy security, use and consumption. We also aim to reduce our energy consumption and thus our energy costs, while also reducing greenhouse gas emissions.

Masterplast uses energy in various forms, most of it as electricity in its production process. Energy is used in the commercial service in the form of fuel for the operation of the company's own fleet of vehicles. The first pilot solar panel installation with a capacity of ~30 000 kWh was launched in 2022.

What energy savings concern, in 2022, sub-meters were installed at the larger consumers as a pilot project, so energy saving variables are calculated from these data.

## △ Waste management

The Masterplast Group carries out manufacturing activities in more than 10 locations in 4 countries. These production sites generate nearly 100% of the total amount of waste within the Group. As a responsible company, in the framework of our comprehensive waste management programme, we strive to recycle the waste generated at each site in the same production process. If this is not possible, we collaborate with professional companies to recycle or treat the waste.

We monitor the waste generated at group level and constantly endeavour to collect waste separately, by type. We place great emphasis on reducing its generation keeping in mind the principle of prevention. We pay attention to the recovery and disposal of the waste we produce in the nearest suitable and authorized facility. At Group level, we strive to consider the life cycle of the products we manufacture and to plan product life cycle, reusability and disposal.

In our environmental training, we express our expectation to all our employees to generate as little waste as possible in their daily activities, to be committed to collecting waste by type and to fully comply with our guidelines.

### Managing significant waste impacts

The type and quantity of materials used in the manufacture of our products is an indication of the company's dependence on natural resources and the indirect impact of their exploitation. At the same time, Masterplast is continuously introducing measures to contribute to the conservation of resources through recycling, reuse and recovery.

95% of the waste generated in our manufacturing process can be recycled or reused. Under the Hungarocell Green Program, we collect and recycle the cutting scrap of insulation materials (EPS and XPS) we sell.

In the healthcare sector, the raw material for single-use healthcare products is fossil, but this is the desirable and currently unavoidable way to make cleaning of sheets and protective clothing with chemicals or at 90 degrees Celsius possible and to further reduce infections.

To handle the residual material generated beside the raw material, we have installed a recycling extrusion line to recycle 100% of the clean PE foam waste into our own production process to create a full value finished product.

Our waste management suppliers operate with the necessary authorizations. The management of waste handed over to them is checked during on-site

visits. Our records of hazardous and non-hazardous waste are kept in accordance with legal requirements, so that we can accurately track the quantities of waste. All types of waste are managed off-site.

Data on waste is collected in compliance with legal requirements.

### Waste generated

Owing to the growth of our company, the volume of waste generated has changed significantly compared to the previous year, due to new investments. As shown in the table, a significant part of our waste is non-hazardous waste, most of which can be recycled.

### Amount of recycled waste

Hazardous and non-hazardous waste generated on site that we cannot recycle, in all cases and without exception, is handed over for collection to our contracted partners with the appropriate licences.

## OUR RESPONSIBILITY TOWARDS SOCIETY

*For us, sustainability is also about discovering the ground-breaking local spiritual values, nurturing excellent examples, preserving and passing them on to future generations.*

Sándor Demján's first independent managerial activity as the director of the Gorsium ÁFÉSZ is linked to the location of Sárszentmihály. The Masterplast Group team preserves local community values and the excellent example of Sándor Demján's spirit and work.

The statue of Demján at the headquarters of the Masterplast Group in Sárszentmihály, Fejér County

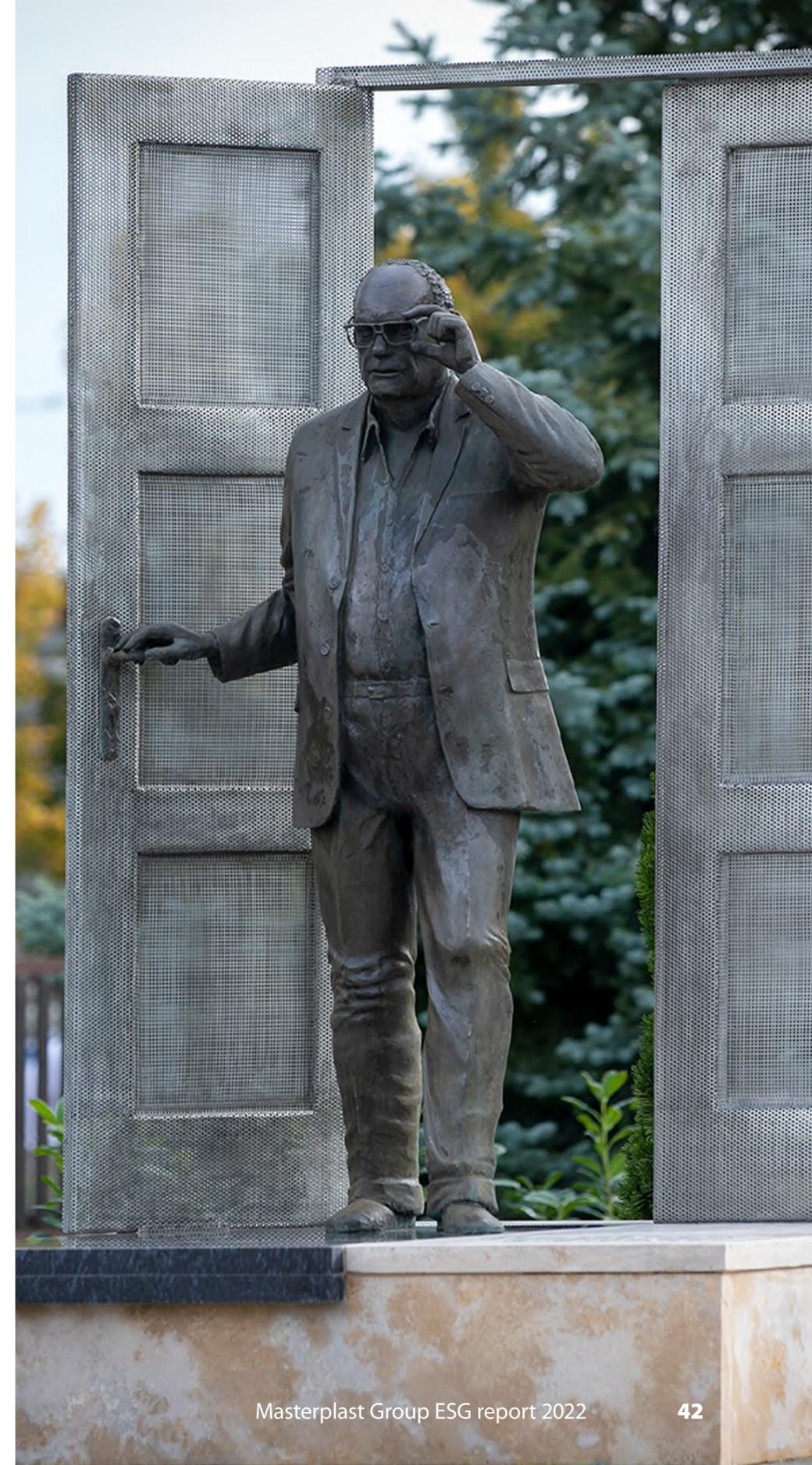


*"He embodies THE entrepreneur for me, who is **able to start flourishing in any circumstances and at any age**. Sándor Demján's first independent managerial assignment in his impressive career is related to Sárszentmihály. And I hope that Masterplast is a worthy follower of the successes of the former Gorsium ÁFÉSZ in this now prestigious village. We are therefore honouring his memory and his work with a statue in the place of the first truly great Demján achievement. I hope that his spirit will inspire lots of entrepreneurs of our time for pioneering ideas and their determined realization."*

*(Dávid Tibor president of Masterplast Plc.)*

### What message the example of Sándor Demján can leave for future generations?

- The spirit with which Sándor was leading the Gorsium ÁFÉSZ team 50 years ago is **still an example to follow today**.
- **It is possible to excel even in a small village within difficult economic and political circumstances.**
- And **to succeed**, a great team, many dedicated people who love their work, and a cohesive community will be needed. Just like the Masterplast community.



## ▴ Labour force management

The group-level human resources management and strategic objectives of Masterplast are responsive to the changes in our fast-evolving world. According to our philosophy, we can be successful if our ability to change and adapt speeds up and our agility increases. Expanding our management team with international experience and developing the organization's capacity for integration is therefore key to achieving our strategic goals. Another key human resource management commitment is to identify the potential of our employees, to recognize and retain the performance of talented employees who are of high importance to the company, and to motivate them continuously, even by further development of their skills and competences. Ensuring a sustained inflow of young people is necessary for the competitiveness of the organization.

The aim is to increase the talent density in key positions, and to recruit the most gifted, talented, motivated and high performing employees for the jobs in question. To broaden our employee base, we intend to expand our cooperation with secondary and higher education institutions, building on professional internships and traineeship programmes.

Our objective is to create a more lovable, flexible workplace and to strengthen our employee brand, making it more attractive and retaining. We pay particular attention to create and maintain an appealing working schedule and environment, developing our employees and providing them with opportunities for professional self-realization.

The achievement of the above group-wide objectives is fully supported by the internal organizational development manager of Masterplast, as well. The key to the success of the corporate strategy is its extensive communication, understanding and advocacy, which fosters employee engagement.

In our programmes and HR campaigns, sustainability-related topics and events are consciously included.

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*Together with our colleagues, we work to serve our partners' and consumers' needs in a professional, high-quality and sustainable way. As a responsible employer, we create jobs by employing more than 1 500 people in 10 countries across Europe.*

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### **Equal Opportunities Guidelines**

In accordance with the Masterplast Equal Opportunities Guidelines, particular attention is paid to the diversity of cultural and social environments and of employees also varying from country to country. It places great emphasis on non-discrimination and ensuring equal opportunities and equal treatment.

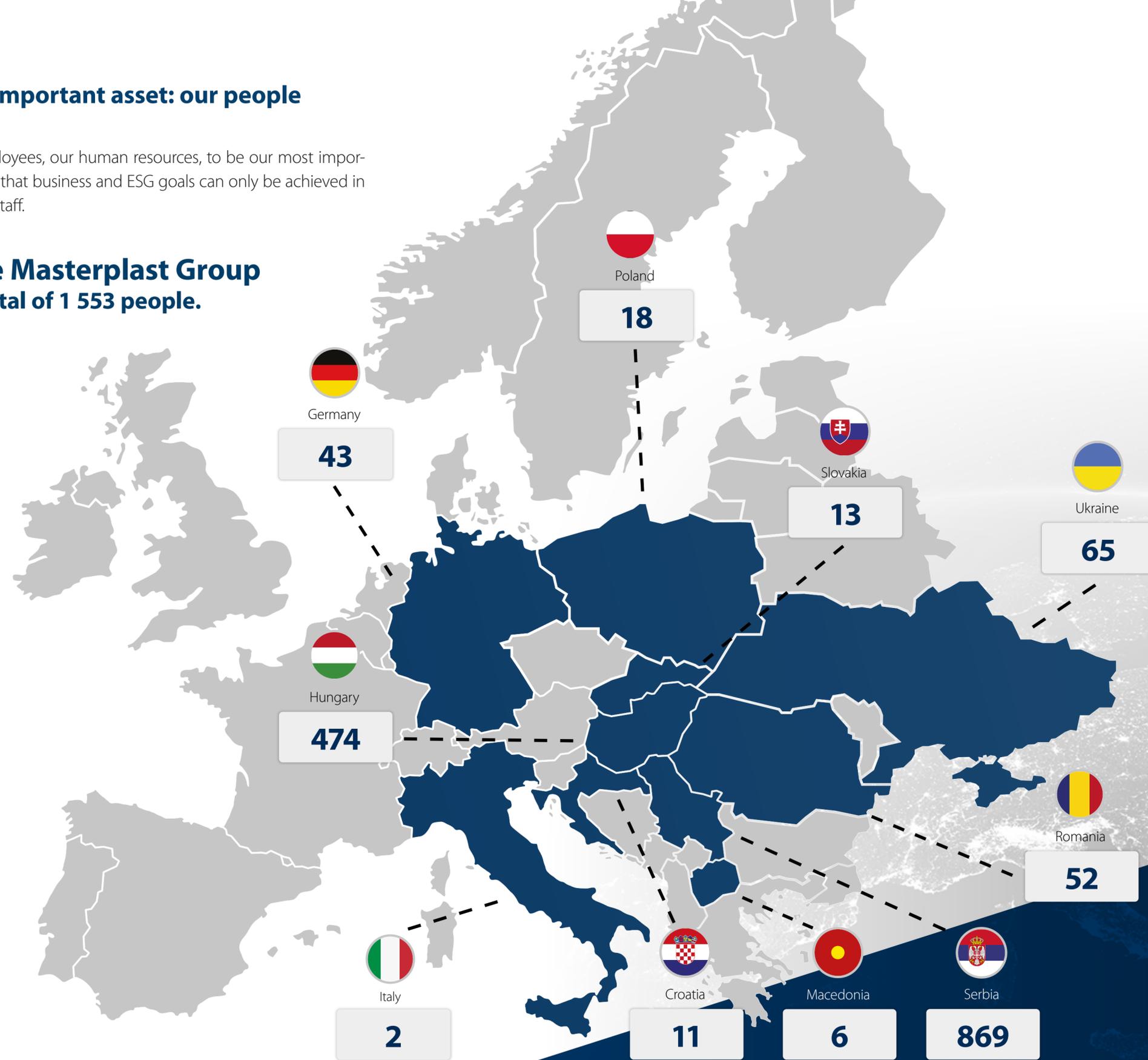
### **Respect for human rights**

Our Group respects fundamental human rights. All our employees are required to accept our Code of Ethics and its annual renewal.

## △ The most important asset: our people

We consider our employees, our human resources, to be our most important asset. We believe that business and ESG goals can only be achieved in partnership with our staff.

**In 2022, the Masterplast Group employed a total of 1 553 people.**



**Total number of female employees:**  
**483**



**Total number of male employees:**  
**1 069**

## △ The well-being of our staff

The driving force behind Masterplast's success is its dedicated team of employees. Hence, maintaining a positive working atmosphere and a family atmosphere, as well as providing working conditions that meet European standards, are of utmost importance to us. As a large, stable listed company, we provide a predictable and safe environment. We are proud that we live up to our employees' long-term expectations, as shown by a very low staff turnover. Open and direct communication, supportive team spirit and approachable managers make day-to-day work run smoothly. As a constantly developing company, we also offer individual development opportunities and chances to achieve career goals.

*Our strength lies in our team.*

Our working atmosphere is characterised by the forging of lifelong friendships. Our employees' wellbeing is underpinned by family days, team-building programmes, competitive salaries and a broad benefits package.

### Annual programme plan – with sustainability topics

We prepare a full-year programme plan, deliberately including **sustainability** issues. For example: World Water Day Quiz, Earth Day Quiz, Farmer and Sock Collection, Plastic Free July

### Special Masterplast initiatives

**Masterplast Facebook Staff Community** The primary purpose of our initiative is to inform our colleagues about current company news, organisational changes and community issues that affect the Masterplast Employee Team. We also use this platform to congratulate colleagues celebrating their name days and regularly organise prize draws and challenges related to interesting topics, further strengthening team spirit and engagement. We have organized a prize draw in connection with the participation of our brand ambassador, Fanni Illés in the Tokyo Paralympics, and we also joined the fundraising campaign of Masterplast Hungária Ltd. with a quiz. This was the platform where we launched our 25th anniversary crossword puzzle, but we didn't forget about the World Water Day, the Greenpeace's International Plastic Free July Challenge and the European Week for Waste Reduction.

**MasterRun** Masterplast's running community is also reasonably popular with stakeholders.

**Masterplast Library** Self-improvement, financial, business, educational and IT books for lending and community building

### Our special event in 2022

*Masterplast celebrates 25 years – Family Day 2022*



### Our main awards in 2022

- Family-friendly Workplace certificate
- Family-friendly and Lovable Workplace
- Gold Level Responsible Employer Certificate



## △ Attracting talents

Masterplast's philosophy is based on empowerment and talent density. Our goal is to employ colleagues who can identify with us on a value basis, and we provide them with an environment where they can realize themselves.

### Professional internship programme

Since its establishment, Masterplast has been providing higher education students with the opportunity to write their thesis and gain work experience (1-6 months). Since 2006, we have helped many of our new entrants in their practical preparation. It can now be claimed that the knowledge and experience gained during the internship is a good basis for employment within the Group, for long-term career development and even for international career development. We welcome young talents primarily in the fields of export, international trade, logistics, marketing and PR, HR, controlling and accounting. Due to the Group's regional location and market presence, candidates who are fluent in one of the following languages and actively use them at a communicative level will have the opportunity to pursue international opportunities within the Group: English, German, French, Italian, Romanian, Serbo-Croatian, Slovakian.

## △ Our commitment to the community

We implement our corporate social responsibility programme on the basis of carefully defined principles. In our donation practices, we pay special attention to future generations. Masterplast subsidiaries work closely with local governments on projects and developments that create lasting value for local communities.

In Hungary, Masterplast – involving its partners – has been supporting the **Gyermekmentő Alapítvány (Hungarian Save the Children Foundation)** since 2015 with the purchase of medical diagnostic devices and educational equipment. Masterplast has supported amateur team sports through its programmes since its establishment, financing the athletic and academic careers of young Hungarian talents. Masterplast has financially supported the training of Fanni Illés, a Paralympic swimmer who became Olympic champion already as a Masterplast brand ambassador. In Serbia, the Masterplast classroom at the Subotica Tech – College of Applied Sciences provides a suitable environment for in-depth learning for engineering students. We wish to continue the undertaken projects and initiatives also in the future.

## ■ Our donation policy

In order to ensure that help always gets to the right place, at the right time, and in a transparent manner, Masterplast implements its corporate social responsibility programme on the basis of carefully defined principles. Accordingly, the Group applies strict ethical standards in its donation activities and expects the same from all its employees. Decisions on funding are based on professional, strategic and ethical guidelines. The company seeks to shape its donation strategy to serve the interests of value creation for both the society as a whole and the Group.

In its donation practices, the company focuses on programmes supporting the well-being of children and helping them to have a full life. In addition, also awareness-rising among children is important to the Masterplast Group, therefore it supports programmes in the framework of which competitions are organized and special programmes are designed for students, school groups, schools, as well as special programmes encouraging participants in sustainable development, sustainable architecture, urban development and environmental protection. The Group is also happy to embrace initiatives to educate local communities about health sports as well as to promote healthy lifestyle.

Our Group sets a high priority not only to participate as an employer in the economic and social life of its immediate environment, but also to support the work of foundations and associations assuming social responsibility.

## ■ CSR Action Plan 2022

In line with our CSR Strategy, our already started long-term social responsibility programmes also continued this year, while several companies carried out significant donation actions in support of refugees in relation to the war in Ukraine. In addition, targeted local CSR activities at subsidiaries were significantly extended.

The company's CSR activities continue to make a difference by focusing on **5 broad areas**. The guiding principle in our donation policy is to pursue a social benefit approach, implementing programmes with a broad outreach and with a positive impact on people's lives.

### 5 focus areas of Masterplast's corporate social responsibility



*Child welfare, child health*



*Environmental protection, circular economy*



*Sport promotion, health protection*



*Local value creation, individual grants*



*Supporting for professional programmes*

**In 2022, the company has allocated ~EUR 215 000 for its large-scale corporate social responsibility programmes.**

## War in Ukraine

In 2022, the war opened up a major new area for social engagement for the company. Several members of the Group joined the solidarity action related to the assistance of the wave of war refugees and contributed with substantial donations to help people. Donations from Hungarian companies reached their destination with the help of Hungarian aid organizations and NGO's, a part of the goods was targeted to Ukraine – Transcarpathia, where the in-kind donations helped to manage the internal migration wave. The total value of the donations exceeded €15 000.

## Gyermekmentő Alapítvány (MGYA – Hungarian Save the Children Foundation)

The cooperation launched in 2015 continued. The company, as the main sponsor of the Foundation, supported the work of the NGO in 3 areas.

*Tax 1% fundraising campaign supported by marketing expertise and financial resources*

*The implementation of construction works of the Balatonlelle Save the Children Point was supported by the company through its professional network within the construction industry providing high value professional support (cost-free planning, provision of a technical manager in charge at a symbolic price, construction expenses at cost price) as well as free supply of construction materials*

*“Let’s Save Children Together” fundraising campaign – New pediatric ambulance car*

The previous life-saving first aid protocol training organized with great success had to be suspended during the Covid pandemic. The Foundation and the Company collaborated to restart it and in December 2022 the free training resumed. In 2023, the free, organised first aid training for teachers could be continued with the joint efforts of MASTERPLAST and MGYA.

## Local value creation

### Support to local government of Sárszentmihály

Since the beginning of its operations in Sárszentmihály, the company has fostered good relations with the local government and helped the development of the municipality with significant grants. In the year 2022, the company supported the construction project of the new kindergarten in Sárszentmihály through a financial contribution to the Sárszentmihály Public Foundation.



## KÉPES Programme

The KÉPES Programme, i.e., the Community Value Creation Scheme – Together for Székesfehérvár! was launched in 2013 and brings together more than 20 companies of the city and aims to improve education. Masterplast has been a supporter of the programme since its beginning, and thanks to the partnership, smart classrooms have been set up in nine schools, and several school and kindergarten courtyards, bathrooms and social areas have been renovated.

*In 2022, the courtyard of the Németh László Primary School, the II Rákóczi Ferenc Hungarian-English Bilingual Primary School and the Kossuth Lajos Primary School could be renovated thanks to the joint efforts of the companies participating in the KÉPES Programme.*

*Companies participating in the programme jointly held a career guidance day in Székesfehérvár at the II Rákóczi Ferenc Hungarian-English Bilingual Primary School.*



## CORVINUS Enterprise development

On 1 March 2022, the graduate students of the BCE (Budapest Corvinus University) Master Programme of Business Development attended a factory visit at the headquarters of Masterplast Plc. in Sárszentmihály.

## Health and environment:

Let's make it clear, water clear! In 2022, the company launched a group-wide health and environmental awareness programme called „Pure Water Without Waste”. The programme aims to motivate employees to drink clean water instead of soft drinks and to radically reduce the amount of plastic waste generated by the consumption of beverages.

All employees were given reusable water bottles made from recycled materials and water filtering dispensers were installed at each of our subsidiaries. And when receiving guests, cleanable glasses and water jugs have taken the place of disposable plastics. Employees have responded very positively to the initiative and the programme is running successfully.

## Masterplast Swallow rescue

After two successful years, in 2022, the company's local swallow rescue programme continued, providing 200 ceramic swallow nests free of charge to local residents, thus enhancing the chances of survival and reproduction of these useful birds.



**FECSKEMENTÉS 2.0!**  
IDÉN IS SEGÍTS HOGY SEGÍTHESSÜNK

**AZ IDEÁLIS  
FECSKETTHON  
5 FŐ JELLEMZŐJE:**

- A közelben van víz és sár lelőhely, kanális, tó vagy patak
- Fecskék által lakott környéken
- A közelben tartanak háztáji állatokat
- A ház szélvédett oldalán, esővédett helyen
- A fészek alja sárral és száraz fűvel bélelt

A felszerelt fészkekről várjuk a képeket!

**MASTERPLAST**

## Supporting animal protection associations nationwide – 800 000 under pad nappies

In the healthcare business unit of Masterplast, the output of the prescribed test operation of the incontinence bed pad production line has been meaningfully utilized thanks to an employee initiative. Under the programme, the company was able to supply animal protection associations nationwide with under pad nappies, which have been of great help to NGOs such as the Hangya Közösség (Ant Community), the ASKA Foundation and the Vagabond Animal Protection Association.



## Sport sponsorship:

### Masterplast has been the main sponsor of the National Mini-football Association since 2015

The National Mini-Football Association (OMFSZ) is an organization active in small-sided football in Hungary. Small-sided football is the most popular amateur grassroots sport in Hungary today. The company supports the work of the organization with financial contributions and marketing expertise. In 2022, the main events related to the organization were the participation of the Hungarian national team at the European Championship in Kassa, the EMF EURO CUP and the organization of the national championship, as well as the Videoton BKE – Fehérvár Football Festival.

### BOM Foundation

In 2021, Masterplast signed a 4-year sponsorship contract with the „BOM” Foundation for Hungarian Sport. For the BOM Foundation and its strategic partners, the National Olympic Committee and the Hungarian Paralympic Committee, it is important to encourage young people to pay special attention to self-improvement and to their studies in addition to their sports careers, enabling them to achieve further success in many areas of life in the future.

The „BOM” Foundation for Hungarian Sport has been a key strategic partner of the National Olympic Committee (MOB) since 2018, and since 2019 the Hungarian Paralympic Committee has also been a partner of the organization. MOB and BOM have merged the MOB Olympic Pathway Programme and the BOM Foundation’s scholarship programme in the course of the joint work. The scholarship programme is designed to support the athletic and academic careers of young Hungarian talents preparing for the Olympics.



Paralympic champion Fanni Illés is brand ambassador of Masterplast

### Ice hockey – Masterplast has been the main sponsor of the Hydro Fehérvár AV19 ice hockey team since 2021

The Ifj. Ocskay Gábor Ice Hockey Academy – the first in the country – started its operation on 1 April 2010 in Székesfehérvár. The primary goal of the Academy was to introduce premium ice hockey training at the highest possible level. The training at the Academy provides all the conditions that allow players to focus exclusively on their studies and hockey.

### Professional programme:

#### Hungarian Association of Building Insulation Workers, Roofers, Tinsmiths and Carpenters (ÉMSZ)

In 2022 Masterplast was a diamond sponsor of the Hungarian team participating in the Roofing World Championships in Switzerland.

The company supported the team’s preparation with workwear and the necessary roofing membranes and additional products for the construction of the sample roofs, and sponsored the trip to Switzerland.



## Our main activities through our subsidiaries

### Romania

#### Bookland Association



Education plays a leading role within communities. Supporting education we can achieve long-term development. In 2022, 16 schools in the country's most underdeveloped regions were renovated under the programme. The programme has improved the learning opportunities and future prospects of hundreds of young schoolchildren. The comprehensive school renovation programme was supported by the company with thermal insulation materials and construction materials for energy efficiency upgrades.



### Slovakia

#### Vem Camara Capoeira, Galánta



An organization instructing young people in the sport of Capoeira and healthy lifestyle is located near Diószeg.

#### Let's hold each others' hands! - Občianske združenie Milan Štefánik „Držme sa za ruky“



The company supported an event organized for mentally handicapped children, where popular Slovak artists performed for charity in the courtyard of Eszterházy Castle in Galánta, and donations were used for the transportation of the children, catering and expenses related to the organization of the event.

### Croatia

- NK Borac Football School
- Football Club "Šokadija" Duboševica
- Motorcycle Club "Otočki pirati" Batina
  - supporting the local community and government

Let's save our planet together!

#### Education for the next generation

**As a company committed to corporate social responsibility, we have always made it a priority to help our environment and stand up for causes that really matter. We believe that the shortest way to the youngest, to future generations, is through fairy tales.**

Education for sustainable development can be most effective if it starts at as early an age as possible. That is why we felt as a special responsibility to support the publication of the book entitled Planet Protecting Daily Life, written and illustrated by Zsófia Tímár.



**Zsófia Tímár's book:  
Planet Protecting Daily Life**

- The author of the book **addresses environmental protection in the form of a fairy tale, also understandable for the youngest.**
- **She gives practical tips** for everyday life, be it is grocery shopping, personal hygiene, the use of objects, transport or energy consumption.
- It is a kind of **green guide** and **compass for future generations.**
- It helps to understand what is happening on the Earth and how they, as children, can help to preserve a **live-able planet.**

Further information



The main characters of the book are the members of the Molnár Family, Mum, Dad, Luca and Ábel.

We can follow four days of their life through almost 90 pages, made with 100% recycled paper as part of their commitment to environmental protection and waste reduction! Thanks to recycled paper, many trees have been saved from being cut down, and their production requires less water and energy.

**ABOUT OUR REPORT**

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

**ESG Report of Masterplast Group for 2022**

Masterplast Plc. has prepared its ESG report for the reporting period between 1 January 2022 and 31 December 2022 in accordance with the current GRI standard.<sup>8</sup>

**Full name:**

MASTERPLAST Nyilvánosan Működő Részvénytársaság

**Short name:** Masterplast Plc.

**Seat:** Hungary, 8143 Sárszentmihály, Árpád utca 1/A

**Shareholders with more than 5% ownership of the series introduced**

Number of shares issued 16 850 631 (pieces)

Name	Share of ownership (%)	Number of shares
<b>Dávid Tibor (with Balázs Ács 50%+1 pieces)</b>	26.99	4 548 057
<b>Balázs Ács (with Dávid Tibor 50%+1 pieces)</b>	23.01	3 877 259

**Operational area:**

Hungary,

In addition: North Macedonia, Croatia, Poland, Germany, Italy, Romania, Serbia, Slovakia, Ukraine

**Date of publication of the report:** 27.04.2023

**Reporting period:**

The reporting period covers the period from 1 January 2022 to 31 December 2022, corresponding to the financial year 2022. The data reported relate to 31 December 2022.<sup>9</sup>

**Date of publication of the previous report:** 27.04.2022

**Reporting frequency:** annual

**Entities included in the reporting:**

The published information relates to the domestic and foreign activities and companies of Masterplast Plc.<sup>10</sup>

**Standard:**

The report has been prepared on the basis of the guidelines of and in accordance with the GRI Standards in force ("GRI Standards 2021"), without external independent assurance.

Using the Standards, we also describe the methodology for the selection of materiality topics and update of our previous survey (published in our very first ESG Report).

**Further information:**

GRI index:



ESG table:



Further information: [fenntarthatosag@masterplast.hu](mailto:fenntarthatosag@masterplast.hu)

<sup>8</sup> GRI (Global Reporting Initiative) <https://www.globalreporting.org/standards>

<sup>9</sup> Figures other than these are clearly indicated in the Report. In case of priority and where appropriate we also include information and actual figures before 2022 to show trends in development.

<sup>10</sup> For more details, see the chapter "Presentation of the activities of the companies belonging to the Masterplast Group".