



  
**PAPOUTSANIS**  
SINCE 1870

## SUSTAINABILITY REPORT 2022



# AT A GLANCE

**200**

Employees

**4**

Lines of Business

**3 new**

Sustainable Product Lines

**5**

Production  
Departments

**150**

Years of Experience

**70.8 million €**

In Net Sales

**63.7 million €**

Total Capitalisation

**46.4 million €**

Exports

**98%**

Increase in hotel amenities sales (compared to  
2021)

**37%**

of total energy consumed is generated by RES

**€42.8 thousand**

Value of products donated to support vulnerable social groups in  
cooperation with the DESMOS non-governmental organisation



**26+**  
New branded  
consumer  
products  
launched in 2022



**Branded  
Consumer  
Products**



**#1**  
in Solid  
Soap/disinfectants  
**#2** in Liquid Soap



**2x**  
New marketing  
campaigns and  
marked increase in  
investment



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# MESSAGE FROM THE MANAGING DIRECTOR

## Disclosure 2-22, ATHEX C-G4, A-G3

It has become eminently clear that success can no longer be based solely on short-term profits; it needs to take into account the positive impacts that an enterprise can have on society and the environment. In Papoutsanis' effort to be a sustainable enterprise, we believe it is important not just to identify the issues that concern us all – from the climate crisis to increased global inequality – but also to highlight the actions we take to address these issues. Such instances offer excellent opportunities for further innovation allowing us to play our part in developing new solutions that will ensure future generation will continue to prosper.

In 2022, although we faced a particularly challenging operating environment shaped mainly by higher energy costs and disruption in the supply chain, we managed to maintain a strong business momentum and continued to pursue our bold and ambitious goals. In 2022, Papoutsanis showed a significant growth of 29% in turnover and 36% in exports, but also increased sales in all areas of activity, confirming, despite the ongoing challenges, its resilience and successful strategy in the Greek and international markets. In the second half of 2022, the Company acquired and merged with the ARKADI soap maker, enhancing the Company's identity as a traditional Greek enterprise producing pure, top-quality products.

With our emphasis on innovation, we seek out new ways to satisfy consumer desires and customer challenges with products that not only bring joy to life but also have a minimal or positive impact on the environment.

As we remain true to our vision, we continue to create products that meet the highest standards on the domestic and international markets, with respect for the demands and needs of our customers and aimed at improving their standard of living. Our operation and business conduct have always been founded in our heritage, innovation, caring and ethos – values that have placed us on the front line of the Greek and European soap industry.

The respect and protection of the natural environment are the cornerstone of the Papoutsanis philosophy. To that end, in 2022 we reduced energy consumption from non-renewable energy sources by 4.1% compared to 2021, while 37% of the total energy consumed was derived from renewable sources. To that same end, Papoutsanis invested in creating cutting-edge products, including their packaging, manufactured from recyclable raw materials (7.1% of raw materials in our packaging in 2022 is from recyclable materials).

Our strategy is fully integrated with sustainable development and aims at creating and distributing added value for our customers, consumers, partners, human resources and all other stakeholders through the Company's four business sectors: branded products, hotel market, third-party products (industrial sales, private label) and industrial sales of soap bases.

For us, protecting our employees' rights is of the highest priority, as highlighted in our Code of Ethics. The Code describes the principles according to which Company employees must act and conduct themselves towards the Company and vice versa. These principles also apply to the Company's business partners (e.g. suppliers).

## OUR COMMITMENT

- To protect the natural environment in which we operate and in which our products are distributed and disposed of throughout their lifecycle, aiming at reducing greenhouse gas emissions, increasing the use of raw and packaging materials from recycled sources and to reducing waste diverted to final disposal.
- To operate, grow and develop responsibly, with regulatory compliance as the basis for our corporate governance.
- To continue ensuring the highest quality of our products and the health and safety of our consumers.
- To continue providing a healthy and safe working environment for our employees by constantly striving to improve relations between management and workers, applying modern performance evaluation systems and promoting respect and protection of human rights.
- To continue to improve our financial performance, creating added value for our local communities and the state.

In summary, our aim, having in mind a healthier future for all, adds meaning to our efforts towards sustainability and social impact. Innovation is the key to our progress; training is essential to building a force for change, and corporate cooperation makes both much stronger. In closing, I would like to stress that, as it looks to the future, Papoutsanis is committed to continuing to focus on its sustainable development, while remaining true to the vision and timeless values that placed it at the forefront of the soap manufacturing industry, and to creating added value for its stakeholders.

**Menelaos Tassopoulos**  
*Managing Director*

# 1

## ABOUT THE COMPANY

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**1.1. Profile**

**1.2. Vision and Values**

**1.3. History**

**1.4. Domestic and global presence**

**1.5. Supply chain**







# 1. ABOUT THE COMPANY

## 1.1. PROFILE

### Disclosure 2-1

Papoutsanis SA (hereinafter: the “Company” or “Papoutsanis”) was founded in 1870 and is active in manufacturing, importing, exporting, marketing and general trade of consumer goods, such as soap, cosmetics and other personal care products, biocides and disinfectants, detergents and cleaning products for home or industrial use, as well as raw materials used to manufacture them.

The Company’s facilities are located at the 71<sup>st</sup> km of the Athens-Lamia National Road, in the Ritsona area of the Regional Unit of Evia, Greece. Papoutsanis is organised as a Société Anonyme and its shares are listed on the Athens Exchange. The company's registered seat is the Municipality of Halkida, Regional Unit of Evia, Region of Central Greece.

Our products are marketed in Greece, Europe, the USA and Asia. For more information, see Chapter 1.4.



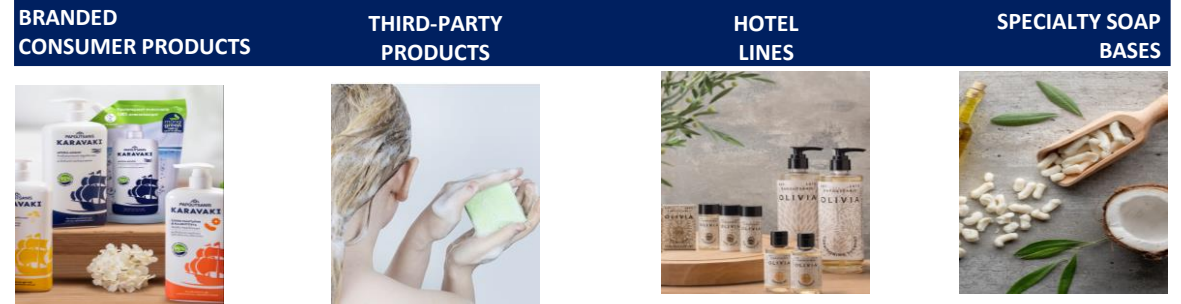
## PRODUCTS

### Disclosure 2-6

Papoutsanis is a leading Greek industrial company with a rich heritage, and is currently one of the largest manufacturers of soaps and liquid cosmetics in Europe.

It owns one of the largest verticalised and most technologically advanced production facilities in Southeast Europe and continuously produces innovative, top-quality products with raw materials that consistently raise the bar on quality in both the Greek and international markets. Our customers include major retail chains, multinational companies engaged in hygiene and hotel product distribution, hotels and others. In 2022, the total number of product units manufactured came to 323,460,563, significantly exceeding the number in 2021.

Guided by the key axes of sustainability, innovation, exportive orientation, respect for our historic past and 150 years of know-how and constant presence in the domestic and international markets, the Company plans its future on daily basis through a strategic model for action based on four main lines of business:





## 1. BRANDED CONSUMER PRODUCTS

The Papoutsanis line of branded products is designed to meet the most stringent quality specifications, and relies on the broad expertise of the scientific team working in the Company's Research & Development Department. Products manufactured at our ultra-modern industrial facilities make the most of ingredients found in nature combined with cutting-edge formulas in modern cosmetology. The result is the widely familiar and timeless lines of branded products that have conquered the markets in Greece and abroad.

Meanwhile, starting in early April 2020 with the approval of the competent authorities, Papoutsanis incorporated the production of biocides and disinfectants into its core activities, using part of its production line at the state-of-the-art plant in Ritsona-Evia.

**Aromatics**

**Natura**

**Karavaki**

**Papoutsanis Green Olive Soap**

**Papoutsanis Glycerine**

**Arkadi**

## 2. HOTEL LINES

Papoutsanis is a leader in the production of hotel personal care amenities in Greece. The product lines featuring the **OLIVIA, OLIVIA THINKS, OLIVE CARE, SARBACANE, KARAVAKI, Skin Essentials, Papoutsanis Kids, Le Jardin Med** and **Good to Declare** brands are the preferred choice of the largest hotels in Greece, as well as luxury hotel chains abroad. Major Greek and foreign hoteliers trust the high-quality Papoutsanis products for their guests. The company continues to expand its exports, making the Papoutsanis name prominent at some of the top hotel chains in the world.

## 3. PRIVATE LABEL AND THIRD-PARTY PRODUCTS

With its lengthy experience and expertise in the cosmetics industry, our Company has deservedly earned its place as the top choice for some of the largest fast-moving consumer goods (FMCG) companies and retail undertakings in Greece and throughout the world. Both its private label and branded products manufactured for third-party customers carry the Papoutsanis quality guarantee while its enduring partnerships reaffirm its relations of trust and credibility.

### PRIVATE LABEL PRODUCTS

Private label products are usually manufactured on behalf of supermarket chains and carry the trademark of the particular supermarket chain or group. In Greece, the Company's share of the private label market in our product categories (bar soap-liquid soap-shower gel) is more than 35%. It continues to grow at a rapid rate through the ongoing expansion of its portfolio with production and design of new products and innovations, while also adding new partnerships with major retail undertakings in Greece and abroad.

### THIRD-PARTY PRODUCTS

An important area of activity and a priority for our Company is contract manufacturing of products for third parties, mainly for multinationals, which carry the brand names owned by our clients. These products are developed in cooperation with the Company's Research & Development Department, and are made to the highest quality standards and according to the particular specifications of our clients on both a local and international level.



## 4. SPECIALTY SOAP BASES

The Company enjoys an important position in the industrial supply sector, as 20% of its turnover originates from the sale of special types of soap bases abroad for use as a raw ingredient to make soaps, solid and liquid cosmetics and other specialty applications.

The Company has acquired significant know-how in the production of specialty soap bases and offers a wide range of options, which continually strengthens its activity in countries like France and Italy, and others in Central and Northern Europe. It has an equally strong presence outside Europe, with exports to New Zealand, Australia and Mexico. Some of the specialty soap bases we offer include:

**Soap bases using special oils**  
(e.g. olive oil, shea butter, coconut oil, sunflower oil, etc.)

**Soap bases with special certifications, such as ECOCERT/COSMOS NATURAL, ECOCERT/COSMOS ORGANIC, VEGAN, NORDIC SWAN, etc.**

**Soap bases for special uses**  
(e.g. shaving noodles, potassium soap, solid body cleansing products)

**Melt & pour soap bases**

**Synthetic soap bases that can be used in place of liquid products for cleansing the face, body and hair (shampoos)**

## SUSTAINABLE PRODUCTS

Staying true to its corporate mission, which is centred on sustainable development, with respect for nature and the environment, the Company has moved towards developing and manufacturing sustainable products. These products fall under all of the above categories, while their creation is intended to save energy and reduce the environmental impacts caused both by the manufacturing process and by their total lifecycle and use.

Examples include the new premium line “**Olivia Thinks**”, and the certified “**Good to Declare**” and “**Olivia Acts**” product lines, which are part of Papoutsanis’ hotel amenities category and help reduce its environmental footprint as part of the strategic sustainability in place to protect the environment. Also contributing to this goal is the Company’s new **Aromatics** line, which is part of Papoutsanis’ branded consumer products category.

It is also noted that in 2020, the Company changed the Papoutsanis **green soap** packaging from cellophane to paper wrapping, resulting in a 3-ton decrease in plastic used in packaging materials. It also stopped using the plastic wrapper for **Aromatics** and **Olive** soaps in a four-bar pack. This will lead to the reduction of another 2 tons of plastic by the end of the current year.

Lastly, Papoutsanis relentlessly invests in new product packaging technology using minimal water and has already introduced such solutions to the market, starting from the hotel sector with the solid **Olive Thinks** shampoo bar and shower bar. These products have a far smaller environmental footprint compared to similar products in bottles, considering that bars use fewer packaging materials and no plastic whatsoever; they are lighter and smaller, and therefore easier to carry and store, while less energy is required for their manufacture.



## SUSTAINABLE PRODUCT PROMOTIONAL STRATEGY

The Papoutsanis Marketing Department is responsible for promoting the sustainability and “green” advantages of the Company’s products to the general public. The Company’s goal for the immediate future is to increase the percentage of sales deriving from products that are classified as sustainable.

A typical example of a sustainable product is **Solid Shampoo**, which has a low carbon footprint. More specifically, the solid bars of shampoo are light and compact, and therefore require less space during transport, thus reducing carbon emissions in relation to transporting the same quantity of liquid shampoo.

Furthermore, solid products have a substantially smaller environmental footprint during their manufacture and use, since they require less water during production and are sold in recyclable paper packaging using no plastic.



Sustainable products in the hotel amenities category are promoted through:

- ▶ the Papoutsanis website and e-shop
- ▶ Google ads, banners and search engine management and optimisation
- ▶ email/newsletters, press releases and media relations
- ▶ annual participation in the XENIA trade show
- ▶ one-on-one training presentations to Papoutsanis customers
- ▶ informational materials and QR codes for products and product lines

Lastly, the promotion of the Company’s branded products to our customers also takes place in the following ways:

- ▶ sending samples and informational material
- ▶ letters and email

and to final consumers through:

- ▶ advertisements on television, radio and digital media
- ▶ the Company’s social networking accounts
- ▶ news releases, press kits, articles and printed communications
- ▶ information, promotion and distribution of samples at stores
- ▶ customer marketing tools

It should be noted that most of these actions take place in waves during the first product placement/launch, and are repeated through the year depending on the Company’s strategic plan and budget.



## 1.2. VISION AND VALUES

### OUR VISION

We are a Greek company with an international outlook. We believe in a future based on new ideas and we plan for it step by step, with faith in tradition and our heritage and a commitment to innovative products that are a point of reference on the domestic and global markets.

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

Our products awaken childhood memories, bringing loved ones to mind and instilling trust as they are handed down from generation to generation. The experience and know-how that was cultivated throughout our lengthy history spark the creation of pure personal care products at competitive prices that can meet every unique need of the modern-day consumer. Our vision is to play a practical role in ensuring the well-being of consumers with quality personal care products that stand out on the market. At the same time, we will respond to the demands of the consumer public that has trusted us for the last 150-plus years.

### OUR VALUES

These are values we have adhered to for the last century-and-a-half. Values that have marked our course to the present day and have helped place us at the forefront of the Greek soap-making industry.

#### ▪ LEGACY

We fully respect the legacy of the Papoutsanis signature and the Company's historic course since 1870. We strive to reflect that in each and every product created on our production line.

#### ▪ INNOVATION

We invest in modern technologies that make the most of the treasures of nature and combine them with advanced cosmetology to create groundbreaking products. We believe in the value of perpetual growth through ongoing research and the search for new formulas that will lead to the next innovation bearing our signature. Our products meet the needs of consumers and our partners and open new horizons on the market.

#### ▪ CARE

We reaffirm our commitment daily to our people, our consumers, our partners, to society and to the environment with a deeply felt sense of responsibility, fulfilling their needs and earning their trust with forwarding-thinking ideas and cutting-edge production systems that ensure the exemplary quality of our products.

#### ▪ ETHOS

We strive to remain worthy of the trust placed in us by our employees, our partners and our consumers. We invest in our human resources, providing suitable working conditions, opportunities for advancement and reward to build a reciprocal relationship of loyalty and dedication day by day.

# 1.3. HISTORY



**1870**

Dimitris Papoutsanis builds the first steam-powered olive oil and soap production plant on the island of Lesvos.

**1913**

The Company relocated to Piraeus. It begins a new chapter with the construction of one of the first soap-making factories in Greece.

**1967**

Papoutsanis relocates its facilities to Kato Kifissia and expands its operations.

**1972**

The Company is listed on the Athens Exchange.



**2001**

Grand opening of the new model factory in Ritsona, Evia.

**2010**

New management Company reorganisation and accelerated growth.

**2015**

Papoutsanis develops its 4<sup>th</sup> line of business by entering the specialty soap base market.

**2020**

The Company prioritises the production of biocides and disinfectants in order to cover Greece's immediate needs.



## 1.4. DOMESTIC AND GLOBAL PRESENCE

### Disclosure 2-6

Based in Vathi-Avlida in Halkida, our Company maintains a strong presence in all of Greece, in Europe and in more than 25 countries throughout the world.

Through our partnerships with international commercial giants, products bearing our signature are also distributed by retail merchants to major hotels abroad.

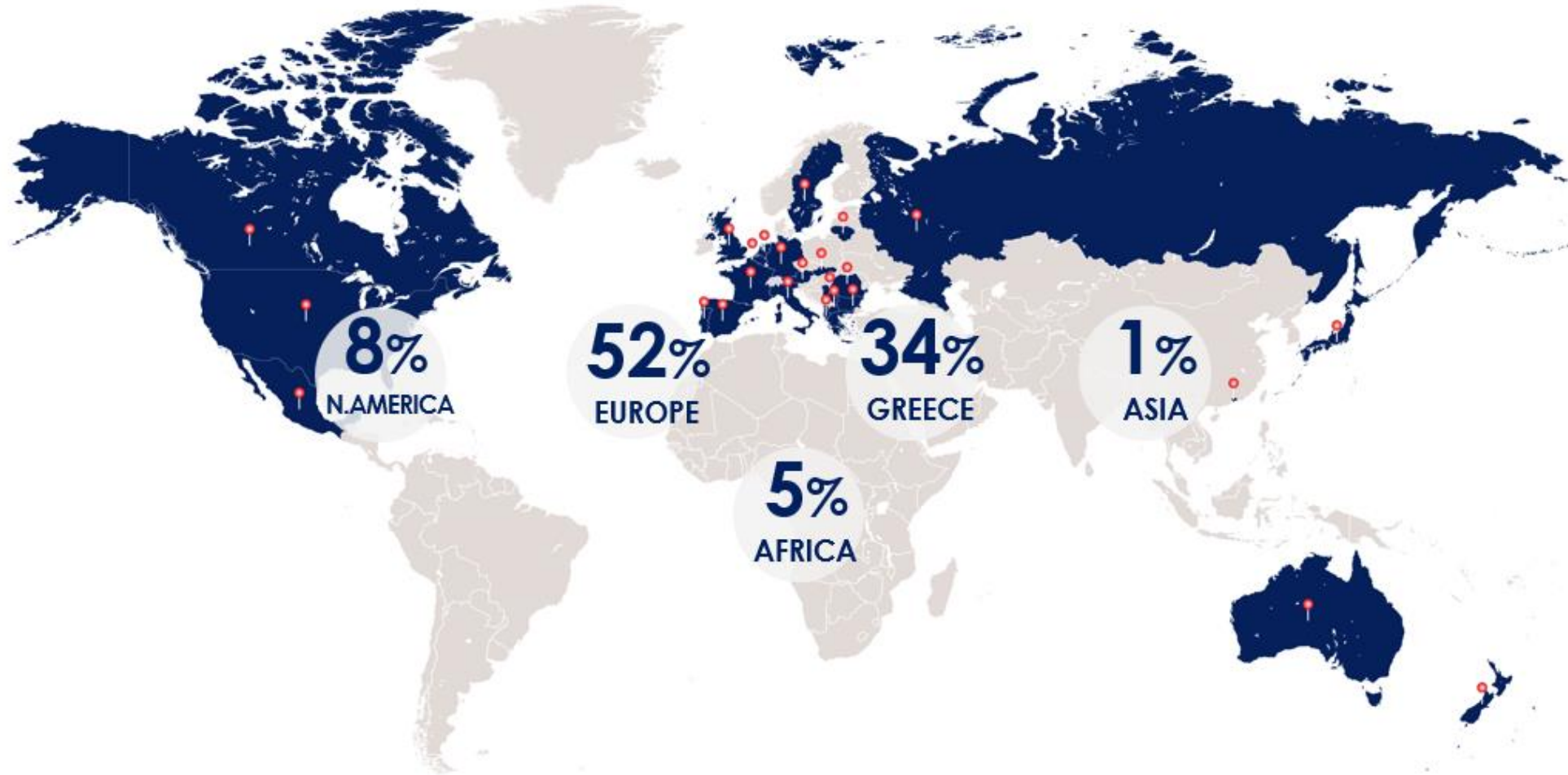
Our customers are sorted based on the product categories in various channels, such as retail, wholesale, hotels, private-label products and industrial sales. Our products are sold in most European countries, the USA, Asia, Africa, New Zealand and Australia. The Company is committed to further developing natural sustainable products by using sustainable raw materials and packaging made from recycled materials as a way of contributing to the daily well-being of its consumers, who have trusted and been buying its products for the last 150 years, while also helping to reduce its environmental impacts. As regards third-party products, a growing demand has been noted for sustainable products, and Papoutsanis has become more and more involved in projects in this area.

Company sales, as a percentage by region, are as follows:

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



## EXPORTS CONSTITUTE 66% OF TURNOVER



France, Germany, Italy, UK, Spain, Portugal, Poland, Cyprus, Belgium, The Netherlands, Austria, Sweden, Denmark, Finland, Switzerland, Serbia, Romania, Bulgaria, Lithuania, Ukraine, Czech Republic, Croatia, Hungary, USA, Canada, Mexico, Japan, Hong Kong, Australia, New Zealand, UAE, Israel, South Africa, Ivory Coast, Burkina Faso, Mali, Egypt, Kongo, Nigeria, Gabon, Tongo, Senegal



## 1.5. SUPPLY CHAIN

### Disclosure 2-6

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

The overall supervision of supply chain procedures has been entrusted to the Company's Supply Chain Department. Subcontractors are selected on the basis of criteria such as the quality of infrastructure and services they provide. The establishment of long-term business relationships is directly associated with the fulfilment of those criteria.

The suppliers we work with fall into one of these categories:

- Primary raw materials
- Secondary raw materials
- Fragrances/extracts
- Packaging materials
- Fixed assets/mechanical equipment
- Consumable production/office supplies
- Logistics
- Service providers
- Energy providers

In 2022, we engaged 798 suppliers in Greece, Europe and the USA, paying suppliers an estimated total of €59 million.



# 2

## SUSTAINABLE DEVELOPMENT AT PAPOUTSANIS

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**2.1. Stakeholders**

**2.2. Materiality Assessment**

**2.3. Value Chain and Impacts**

**2.4. Partnerships and Participations**



## 2. SUSTAINABLE DEVELOPMENT AT PAPOUTSANIS

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

Our Company is committed to responsibly managing the socio-economic and environmental impacts that occur along the entire supply chain. We aim to minimise negative impacts and bolster positive ones for our employees, consumers, customers, suppliers and partners, and in general to contribute to the Greek economy, society and the natural environment, in line with the UN's Sustainable Development Goals.

We ensure that our activities comply with and observe relevant laws on sustainable development, as well as implementing established standards, policies, internal guidelines and related procedures. We also embrace voluntary agreements that Papoutsanis supports and accepts. By incorporating sustainable development as a key goal within our operation, our Company seeks to achieve the following:

- Sound practices in managing packaging & waste generated by the Company's production activities.
- Adjusting the Company's activities to combat the phenomenon of climate change on a global scale.
- Sustainable procurement of raw materials.
- Sound management practices for available water resources and elimination of the water depletion phenomenon.
- Reduction in energy requirements and replacement of energy sources with renewable and green forms of energy.
- Safeguarding product safety and quality.
- Investing in human resources and appropriate development through training and specialisation.
- Universal respect for human rights and strengthening of existing corporate ethics.
- Ensuring proper conditions to safeguard the occupational health and safety of stakeholders.
- Taking measures and decisions from the perspective of a transparent, impeccable, responsible and ethical business model.
- Securing high financial returns for the Company.
- Managing the Company's business affairs and decision-making procedures.



Papoutsanis was awarded the bronze **EcoVadis** medal, placing it in the top 29% in terms of sustainable performance globally.

Our outward orientation and commitment to the principles of sustainability support our positive performance, consistently creating new prospects for growth at both a domestic and international level. These opportunities arise from our own product offerings and our partnerships with external bodies.



## 2.1. STAKEHOLDERS

### Disclosure 2-29, ATHEX C-S1

Papoutsanis places great emphasis on meaningful engagement with stakeholders, as this allows us to operate more effectively, to acquire knowledge on market conditions and to minimise potential risks. We consider Company stakeholders to be all those who affect and are affected by our activities. To more effectively apply our strategy and achieve our goals:

- We identify and categorise stakeholder groups.
- We regularly assess and rank these groups, while continually improving our methods for engagement and consultation with them.
- We actively collate and respond to the primary needs and expectations of our stakeholders, as these emerge through our daily operating activities and existing channels of communications, such as the telephone or e-mail.

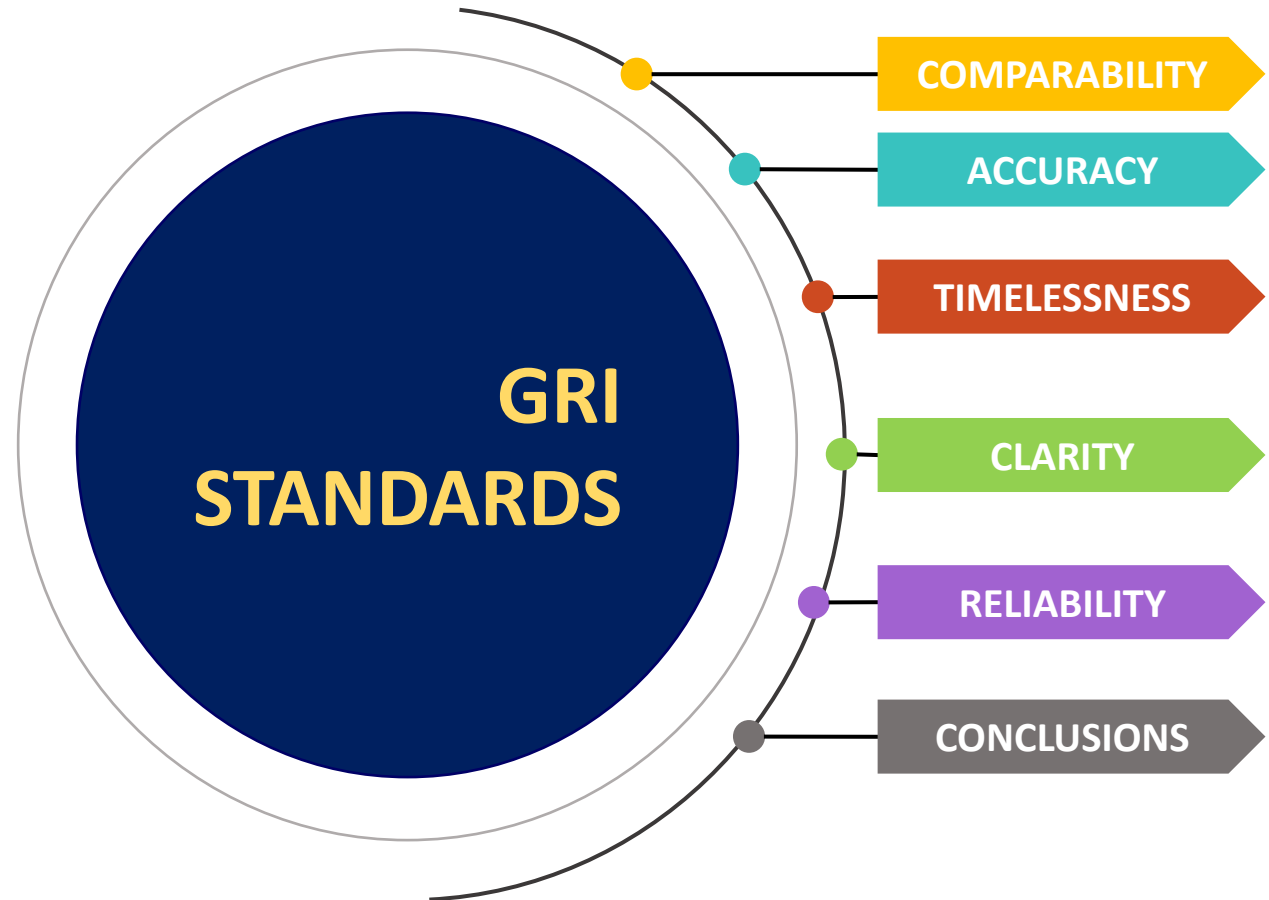
MAIN STAKEHOLDER GROUPS	STAKEHOLDER GROUP SHARE OF TOTAL (%)	SUSTAINABLE DEVELOPMENT ASSESSMENT
Shareholders	14%	Via questionnaire
Customers	11%	
Consumers	2%	
Local Communities	7%	
Employees	7%	
Suppliers & Partners	56%	
Other	3%	



## 2.2. MATERIALITY ASSESSMENT

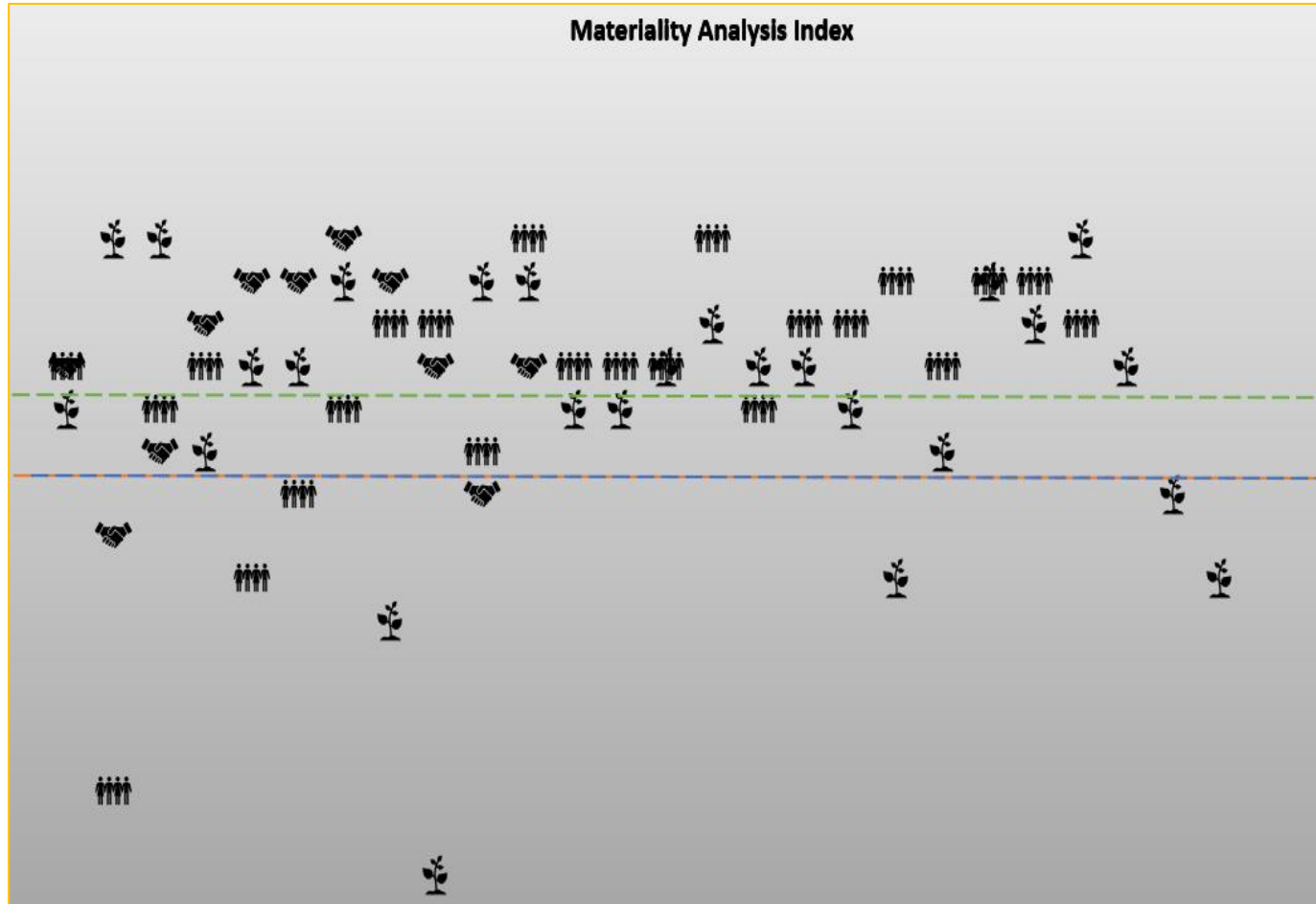
### Disclosure 3-1, 3-2, 3-3, ATHEX C-G3

At Papoutsanis, we give priority to topics related to our economic progress and creating lasting value for our stakeholder groups. With that goal in mind, we have identified the environmental, social and economic aspects of our activities, as they align with the needs and expectations of our stakeholders. In addition, we identify the broader impacts we have in the three key sustainability pillars: Environment, People and Society, and Governance, and in 2023, we conducted a detailed materiality assessment for 2022 using the reporting guidelines laid out in the new GRI Standards.





The materiality assessment was conducted within a framework of discrete steps:



Understanding the organisational framework – an extensive survey and analysis was undertaken to identify the material topics in the sector. The analysis was done in combination with the Company's strategic priorities.

Defining actual and potential impacts: Assessment and ranking of topics based on their impact on the economy, society and the environment.

Conducting an electronic survey in the form of a questionnaire to include the views of all stakeholders and recording the results

Measurement of responses on the scale of 4 & 5 and setting of minimum limit:  
 1) 53> responses on a scale of 4-5 on environmental topics  
 2) 51> responses on a scale of 4-5 on topics related to people & society, and governance

Ranking of material topics

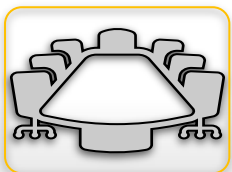
Validation of Papoutsanis material topics by the highest governance body (Board of Directors)



## 2.2.1 STAKEHOLDER INCLUSIVENESS

### Disclosure 2-29, ATHEX C-S1

The importance of effective communication with stakeholders cannot be underestimated when it concerns decision-making and achieving organisational goals, since it plays a vital role in building trust and the timely management and mitigation of potential risks. Depending on the circumstances, the Company strives to cooperate with each stakeholder group individually, always giving priority to the mutual benefits to be gained through such interactions. Papoutsanis conducted a survey using questionnaires which were distributed to various stakeholders along the value chain to ensure that the topics examined in this Report are aligned with the positive or negative impacts affecting those stakeholders. In this way, the importance of the various aspects was evaluated and the findings were used to implement and set targets for focused and suitably tailored measures.



#### SHAREHOLDERS

- Sustainable procurement of raw materials
- Safeguarding product safety and quality.
- Managing the Company's business affairs and decision-making procedures



#### CUSTOMERS

- Sound management practices for water resources and elimination of the water depletion phenomenon
- Universal respect for human rights and strengthening of existing corporate ethics
- Managing the Company's business affairs and decision-making procedures



#### CONSUMERS

- Adjusting the Company's activities to combat the phenomenon of climate change on a global scale
- Safeguarding product safety and quality.
- Taking measures and decisions from the perspective of a transparent, impeccable, responsible and ethical business model



### LOCAL COMMUNITIES (E.G. MEDIA, NGOs, LOCAL AUTHORITIES, ETC.)



- Sound practices in managing packaging & waste generated by the Company's production activities
- Universal respect for human rights and strengthening of existing corporate ethics
- Taking measures and decisions from the perspective of a transparent, impeccable, responsible and ethical business model

### EMPLOYEES



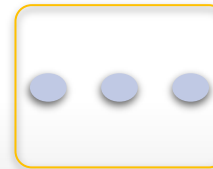
- Reduction in energy requirements and replacement of energy sources with renewable and green forms of energy
- Investing in human resources and appropriate development through training and specialisation
- Taking measures and decisions from the perspective of a transparent, impeccable, responsible and ethical business model

### SUPPLIERS AND CUSTOMERS



- Sound practices in managing packaging & waste generated by the Company's production activities
- Ensuring proper conditions to safeguard the occupational health and safety of stakeholders
- Securing high financial returns for the Company

### OTHER



- Reduction in energy requirements and replacement of energy sources with renewable and green forms of energy
- Taking measures and decisions from the perspective of a transparent, impeccable, responsible and ethical business model
- Universal respect for human rights and strengthening of existing corporate ethics



## 2.2.2 RANKING MATERIAL TOPICS

After collecting the results from the questionnaires, we proceeded to rank the topics that include economic, social and environmental impacts of our activities throughout our value chain, based on the principles of comparability, accuracy, timeliness, clarity, reliability and conclusions described in the GRI standards.

We gathered the number of responses on a scale greater than or equal to 4 as a materiality rating and set as the minimum limit the number greater than or equal to 53 on environment-related topics and the number greater than or equal to 51 for topics related to people & society, and governance.

This process highlighted 12 corporate topics that are related to our activities and have environmental, economic and social impacts throughout our value chain.





## 2.2.3 FINALISING MATERIAL TOPICS

During the final stage of the analysis, the results of the ranking phase were verified by the Company's senior management. This verification process complied with the principle of completeness and the principle of stakeholder inclusiveness, as described in the GRI Standards.

The contents of the materiality analysis were determined through the process described in sections 2.2.1 - 2.2.3.

For this Report, the Company did not conduct a repeat materiality analysis. Therefore, the contents of this Report are based on the new materiality analysis conducted in 2023 for Financial Year 2022.





## 2.3. VALUE CHAIN AND IMPACTS

### Disclosure 2-6

The diagram below depicts important information on our contribution to sustainable development. At its core, the diagram represents our value chain, which includes activities performed by the Company itself and by third parties, such as suppliers, partners and customers. These activities take place both before and after our own activities, but are linked to us either directly or indirectly, and include both positive and negative impacts on the environment, society and governance.

For Papoutsanis, its role in achieving the UN's Sustainable Development Goals (SDGs) is of utmost importance, and the Company is committed to supporting the SDGs, as it defines those which are aligned with and related to its activities. To that end, the Company links the 12 material topics, as they emerged following analysis, with the SDGs.

AREA OF SUSTAINABILITY	MATERIAL TOPICS	OPPORTUNITIES AND RISKS ASSOCIATED WITH MATERIAL TOPICS	LINKED SUSTAINABLE DEVELOPMENT GOALS	STAKEHOLDER GROUPS
 <b>Environment</b>	Packaging and waste	<ul style="list-style-type: none"> <li>Compliance with relevant laws and regulations</li> <li>Collective response to challenges related to waste management</li> <li>Sustainable alternative packaging solutions or application of circular economy approaches</li> </ul>	 	<ul style="list-style-type: none"> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>
	Climate Change	<ul style="list-style-type: none"> <li>Greenhouse gas emissions from product manufacturing</li> <li>More stringent regulations related to the climate (e.g. emissions standards) and anticipated cost of compliance, sanctions or limitations on production activities.</li> <li>Building climate resilience into the supply chain</li> </ul>	  	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> <li>Consumers</li> <li>Employees</li> <li>Local Communities</li> <li>Suppliers and Partners</li> </ul>
	Procurement of raw materials	<ul style="list-style-type: none"> <li>Environmental degradation, deforestation, habitat loss or pollution</li> <li>Procurement of raw materials from areas with poor labour practices and challenges to transparency in the supply chain.</li> <li>Reduced vulnerability to future disturbances by investing in long-term relationships with suppliers and adoption of sustainable procurement practices</li> </ul>	    	<ul style="list-style-type: none"> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>



AREA OF SUSTAINABILITY	MATERIAL TOPICS	OPPORTUNITIES AND RISKS ASSOCIATED WITH MATERIAL TOPICS	LINKED SUSTAINABLE DEVELOPMENT GOALS	STAKEHOLDER GROUPS
<b>Environment</b> 	Water Management and Water Resource Depletion	<ul style="list-style-type: none"> <li>Water and water resource availability</li> <li>Water shortage and water resource depletion</li> <li>Responsible management and rational allocation of water resources</li> </ul>	 	<ul style="list-style-type: none"> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>
	Energy	<ul style="list-style-type: none"> <li>Dependence on fossil fuels for energy and fluctuation in energy prices</li> <li>Disruptions in energy supply</li> <li>Adoption of renewable energy sources and energy autonomy-efficiency</li> <li>Access to financing loans and government subsidies</li> </ul>	  	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> <li>Suppliers and Partners</li> </ul>
	Product safety and quality	<ul style="list-style-type: none"> <li>Inadequate quality control practices throughout the supply chain</li> <li>Competitive advantage and superior product quality and safety standards</li> <li>Risk reduction and compliance with regulatory standards</li> </ul>	 	<ul style="list-style-type: none"> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>



AREA OF SUSTAINABILITY	MATERIAL TOPICS	OPPORTUNITIES AND RISKS ASSOCIATED WITH MATERIAL TOPICS	LINKED SUSTAINABLE DEVELOPMENT GOALS	STAKEHOLDER GROUPS
<b>People and Society</b> 	Human Resources Development	<ul style="list-style-type: none"> <li>Senior management and employees with extensive knowledge and expertise</li> <li>Employee recruitment and retention</li> <li>Efficient use of human resources and increased turnover</li> </ul>	 	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>
	Ethics and Human Rights	<ul style="list-style-type: none"> <li>Equal rights and opportunities at work</li> <li>Eliminating all shape and form of discrimination</li> <li>Human rights along entire supply chain</li> </ul>	 	<ul style="list-style-type: none"> <li>Employees</li> <li>Shareholders</li> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>
	Occupational Health and Safety	<ul style="list-style-type: none"> <li>Compliance with available regulatory frameworks</li> <li>Ensuring a safe work environment</li> <li>Promoting the Company's good reputation</li> </ul>	 	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Consumers</li> <li>Suppliers and Partners</li> <li>Local Communities</li> </ul>



AREA OF SUSTAINABILITY	MATERIAL TOPICS	OPPORTUNITIES AND RISKS ASSOCIATED WITH MATERIAL TOPICS	LINKED SUSTAINABLE DEVELOPMENT GOALS	STAKEHOLDER GROUPS
<b>Governance</b>  	Business Ethics	<ul style="list-style-type: none"> <li>Business Integrity and Transparency</li> <li>Unethical business practices, fraud, bribery or environmental violations and defamation</li> <li>Employee misconduct, conflicts of interest, dishonesty and harassment</li> </ul>	  	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> <li>Employees</li> <li>Local Communities</li> <li>Suppliers and Partners</li> </ul>
	Financial Performance	<ul style="list-style-type: none"> <li>Economic recession or downturn</li> <li>Economic prosperity for the Company and the local community</li> <li>Timely payment of salaries and benefits to employees and partners</li> </ul>	 	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Local Communities</li> <li>Suppliers and Partners</li> </ul>
	Corporate Governance	<ul style="list-style-type: none"> <li>Violation of shareholder rights and moral improprieties</li> <li>Diversity and expertise of Board of Directors</li> <li>Transparency, responsibility and long-term support and establishment of strong sustainable frameworks</li> </ul>	   	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Customers</li> <li>Employees</li> <li>Suppliers and Partners</li> </ul>



## 2.4. PARTNERSHIPS AND PARTICIPATIONS

### Disclosure 2-28

Papoutsanis recognises that active participation in professional organisations and associations helps to develop our network of partners and assists the Company's progress. It allows us to exchange valuable knowledge and to continually improve our products. At this time, we actively support and take part in these professional bodies and associations:



#### Economic organisations

##### We are members of the following:

- ▶ the Association of Greek Tourism Enterprises (SETE)
- ▶ the Hellenic Federation of Enterprises (SEV)
- ▶ the Association of Hellenic Plastics Industries (AHPI)
- ▶ the Association of Industries of Central Greece (SVSE)
- ▶ the Private Label Manufacturers Association (PLMA World).



#### Environmental organisations

- ▶ We are members of the Hellenic Recovery Recycling Corp. (HERRCO).
- ▶ We are members of the international GreenPalm programme, which supports palm oil sustainability.
- ▶ We are members of the international RSPO programme on palm oil sustainability. Certified to the RSPO standard.



#### Social organisations

- ▶ We support Race for the Cure.
- ▶ We have adopted the Smile of the Child Daycare Home in Agios Nikolaos in Halkida.

# 3

## ENVIRONMENTAL PROTECTION

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**3.1. Our approach to environmental protection**

**3.2. Energy**

**3.3. Climate change**

**3.4. Procurement of raw materials**

**3.5. Water quality management and assurance**

**3.6. Packaging materials and waste**





# 3. ENVIRONMENTAL PROTECTION

## 3.1. OUR APPROACH TO ENVIRONMENTAL PROTECTION

The respect and protection of the natural environment are the cornerstone of the Papoutsanis philosophy. As part of this philosophy, our Company implements an environmental policy related to the optimised operation of the plant and the efficient use of energy. In particular, our Company’s environmental policy is consistently based on the following principles:

Papoutsanis is committed through its Code of Ethics to continue to reduce the environmental impacts of its operating and business activities.

- **Legislative compliance**

The Company’s activities are fully compliant with current European and national environmental legislation, and are within emissions limits set out in its environmental permit conditions.
- **Responsible production function**

The Company is fully aware of the environmental impacts of the production process and takes all necessary measures to minimise them, as well as appropriate measures to prevent environmental hazards.
- **Collaboration with accredited contractors**

Our Company’s partners in waste management (collection, transport, recovery, disposal) hold all the necessary licenses and follow sound management practices, as stipulated by relevant legislation.

- **Transparency**

The Company has engaged in an open dialogue on environmental issues with all its shareholders, governmental and non-governmental organisations, academic institutions, local communities and the society at large.
- **Training**

Company personnel is kept up to date and is actively engaged in environmental management issues, as the Company’s objectives can only be attained through the involvement of all its employees.
- **Continuous improvement**

The Company continually strives to improve its environmental performance and to reduce the environmental footprint of its operations by sourcing environmentally friendly raw materials and developing sustainable products to achieve its aim.



Through initiatives and the continuous improvement of environmental management systems, the Company contributes to the protection of the environment and quality of life in its neighbouring areas. It is also committed to fully complying with all applicable environmental legislation, including obtaining and maintaining all permits and approvals required for its business activity, correct handling, storage and disposal of materials in accordance with pertinent legislation, as well as submitting timely and accurate reports to the competent state agencies that require them.

For the reporting year (2022), monitoring the environmental impacts of the Company's operation is achieved with the cooperation of most Company departments. The head of the Production Line Department is responsible for following procedures related to limiting the Company's environmental footprint.

- Addition of a new 500 m<sup>2</sup> warehouse for soap bases
- Change of panels in the existing warehouse to improve insulation
- Installation of production line for synthetic soap bases to ensure sustainable development by reducing plastic packaging
- Purchase of new equipment and highly energy-efficient machines for soap base production and soap moulding.
- Heat recovery from air compressors and use of hot water to heat offices.
- Exterior wall insulation and installation of glass panes on office building.
- Use of electric vehicles by senior Company executives, which are charged using the chargers installed on the Company's premises
- Obtained renewable energy Guarantee of Origin (GO) certificate.

## 3.2. ENERGY

The Company implements practices to reduce its environmental footprint and takes actions to enhance energy conservation. Specifically, as part of improving and maximising the output of its production lines, in 2022 it invested in a number of initiatives valued at €5,149,181 which help improve energy efficiency and reduce energy consumption.

Some of the steps that have been implemented to date along these lines are:

- New 2,000 m<sup>2</sup> warehouse with pallet racks for the automatic storage of packaging materials and finished products.

Additionally, the Company has applied to install a photovoltaic-based net metering system for energy generated from renewable sources. This action will contribute to the Company's efforts to decrease greenhouse gas emissions and the cost of energy through the renewable energy generated by the solar panels.

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

The production facility is responsible for the greater part of the Company's energy consumption. Specifically, natural gas is the main source of energy in the soap-making process. Other processes are powered by electricity and, in the event of power cuts, by auxiliary diesel generators.



The Company recognises that greenhouse gas emissions are released by the operation of its production plant and by its activities throughout its entire supply chain. As part of its efforts to decrease those emissions, the Company increased the storage capacity at its facilities, resulting in a reduced need to transport stock to and from third-party warehouses and therefore limiting greenhouse gas emissions related to these specific activities.

In 2022, the Company obtained renewable energy Guarantee of Origin certificates from its electricity provider and therefore 96% of the electricity it consumed was generated by renewable energy sources.

### PAPOUTSANIS' PERFORMANCE

As part of the continuous control of our energy performance, we systematically monitor our consumption through bills issued by natural gas and electricity suppliers

#### Disclosure 302-1, ATHEX C-E3

CONSUMPTION OF ELECTRICITY FROM ENERGY PROVIDER			
	2020	2021	2022
<b>Total (GJ)</b>	21,064.0	24,670.8	29,622.7
<b>Total (MWh)</b>	5,851.1	6,852.9	8,228.5

CONSUMPTION OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES			
	2020	2021	2022
<b>Total (GJ)</b>	0	24,429.6 <sup>(1)</sup>	28,400.4 <sup>(1)</sup>
<b>Total (MWh)</b>	0	6,786.0 <sup>(1)</sup>	7,889.0 <sup>(1)</sup>

<sup>(1)</sup> The amount of renewable electricity was derived by obtaining Guarantees of Origin (GOs) from the Company's energy provider.

#### Disclosure 302-4, Company Performance Indicator

CHANGE IN CONSUMPTION AND INTENSITY (ENERGY CONSUMPTION CORRELATED TO PRODUCTS PRODUCED) OF ELECTRICITY				
	2020	2021	2022	Change from base year <sup>(2)</sup>
<b>Consumption of Electricity (GJ)</b>	21,064.0	24,670.8	29,622.7	41%
<b>Total units of packaging products produced</b>	194,763,179	230,812,020	323,460,563	66%
<b>Consumption of Energy per unit product (GJ/unit)</b>	0.00011	0.00011	0.00009	-15%

<sup>(2)</sup> The year 2020 has been used as the base year for calculations due to its being the first year during which the Company collected reliable data.



ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES (GJ)			
	2020	2021	2022
Electricity <sup>(3), (4)</sup>	21,064.00	241.20	1,222.27
Thermal energy	42,287.29	50,259.29	47,220.68
• Natural gas	42,253.00	50,202.00	47,170.80
• Diesel for generators <sup>(5)</sup>	34.29	57.29	49.88
Diesel for road transport	-	-	-
<b>Total</b>	<b>63,351.29</b>	<b>50,500.49</b>	<b>48,442.96</b>

<sup>(3)</sup> Derived from the total consumed energy from the energy provider less the energy from renewable sources.

<sup>(4)</sup> Consumption data sent by the respective suppliers were used to determine electricity and natural gas. For conversions into MJ, the conversion factors published on <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023> were used.

<sup>(5)</sup> It is noted that the total amount of diesel the Company purchased in 2022 was 1,400 litres (49.88 GJ), which was used to operate two generators in emergency situations (power cuts, transformer maintenance, etc.) and a forklift.

COMPANY'S TOTAL ENERGY CONSUMPTION (GJ)			
	2020	2021	2022
<b>Total<sup>(6)</sup></b>	<b>63,351.09</b>	<b>74,930.09</b>	<b>76,843.36</b>

<sup>(6)</sup> This results from the sum of the total energy consumption from renewable and non-renewable sources.

#### Disclosure 302-3

COMPANY'S ENERGY INTENSITY <sup>(7)</sup>			
	2020	2021	2022
Energy intensity to produce soap and cosmetic bases	1,684 (MJ/tn product)	1,746 (MJ/tn product)	1,529 (MJ/tn product)
Energy intensity to produce plastics, cosmetic packaging and moulding	108 (MJ/'000 units)	107 (MJ/'000 units)	92 (MJ/'000 units)

<sup>(7)</sup> Energy intensity has been calculated separately for the production of soap and cosmetic bases and for producing plastics, cosmetic packaging and moulding, as the Company does not measure plastic production, cosmetic packaging and moulding in base units (tons). Energy intensity includes electricity (in the case of packaging products) and the energy derived from burning fossil fuels (in the case of soap and cosmetic base products).



ATHEX C-E3

ENERGY CONSUMPTION WITHIN THE COMPANY <sup>(8), (9)</sup>			
	(MWh) 2020	(MWh) 2021	(MWh) 2022
Electricity (non-renewable sources) <sup>(10)</sup>	5,851.1	67.0	339.5
Thermal energy <sup>(10)</sup>	11,746.5	13,960.9	13,116.9
<b>Total energy consumption from non-renewable sources</b>	<b>17,597.6</b>	<b>14,027.9</b>	<b>13,456.4</b>
Total energy consumption from renewable sources	0	6,786.0	7,889.0
% energy consumption from renewable sources	0%	33%	37%
<b>Total energy consumption within the Company</b>	<b>17,597.6</b>	<b>20,813.9</b>	<b>21,345.4</b>
<b>% electricity consumption within the Company</b>	<b>33.3%</b>	<b>32.9%</b>	<b>38.6%</b>

<sup>(8)</sup> The total energy consumed within the Company has been calculated as follows: (consumption of non-renewable fuels) + (consumption of renewable fuels) + (electricity, energy for heating purchased for consumption) + (electricity, energy for heating generated by the Company and not consumed) - (electricity, energy for heating/cooling that was sold).

<sup>(9)</sup> The Company does not generate energy from renewable sources to meet its energy needs; as such, the total amount of energy generated from renewable energy sources (%) is zero.

<sup>(10)</sup> To calculate electricity and natural gas, consumption data sent by the electricity and natural gas supplier, respectively, were used.



### 3.3. CLIMATE CHANGE

The Company recognises that greenhouse gas emissions are released by the operation of its production facilities and by its supply chain. Therefore, it has systems in place to reduce those emissions, such as increasing the on-site storage capacity of its facilities. This action was completed in 2021 and led to a reduction in the need to transport stock to and from third-party warehouses, thus limiting related emissions.

In 2022, in continuing the practice implemented in 2021, the Company obtained renewable energy Guarantee of Origin certificates from its electricity provider, based on which 96% of the electricity it consumed was generated by renewable energy sources. This energy helped to maintain greenhouse gas Scope 2 (market-based) at very low levels, compared to 2021. As regards the Company's Scope 1 emissions, a 10% decrease was noted compared to 2021 (from 2,912 tn CO<sub>2</sub> eq in 2021 to 2,634 tn CO<sub>2</sub> eq in 2022), despite the 40% increase in overall production.

#### Disclosures 305-1, 305-2, ATEX C-E1, C-E2

GREENHOUSE GAS EMISSIONS SCOPE 1 & 2 <sup>(8)</sup>			
	2020	2021	2022
Direct Greenhouse Gas Emissions (Scope 1) <sup>(9)</sup> [tn CO <sub>2</sub> eq]	2,450 <sup>(10)</sup>	2,912	2,634
Indirect Greenhouse Gas Emissions (Scope 2 – location-based) <sup>(9)</sup> [tn CO <sub>2</sub> eq]	2,467	2,890	4,522
Indirect Greenhouse Gas Emission (Scope 2 – market-based) <sup>(9)</sup> [tn CO <sub>2</sub> eq]	2,283	23.58 <sup>(10)</sup>	258.51 <sup>(10)</sup>
<b>Total Greenhouse Gas Emissions (Scope 1 &amp; 2 – location-based) [tn CO<sub>2</sub> eq]</b>	<b>4,917</b>	<b>5,802</b>	<b>7,156</b>
<b>Total Greenhouse Gas Emissions (Scope 1 &amp; 2 – market-based) [tn CO<sub>2</sub> eq]</b>	<b>4,733</b>	<b>2,935</b>	<b>2,892</b>

<sup>(8)</sup> The Company calculated the carbon footprint for 2022. The method used to calculate Scope 1 & 2 location-based and market-based greenhouse gas emissions was as specified in ISO 14064-1. Primary data and emission results were verified externally by an accredited body as part of the inspection for the needs of the National Climate Law.



<sup>(9)</sup> Greenhouse gases taken into account were CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, while the quantification methodology that was followed was based on the operational control approach. The sources of emissions factors used are listed below:

CO<sub>2</sub>:

- Diesel, natural gas, electricity (location-based: Ministry for the Environment – National Inventory Report 2023)
- Electricity (market-based: Operator of RES and Guarantees of Origin (DAPEEP) – Supplier energy mix 2022)

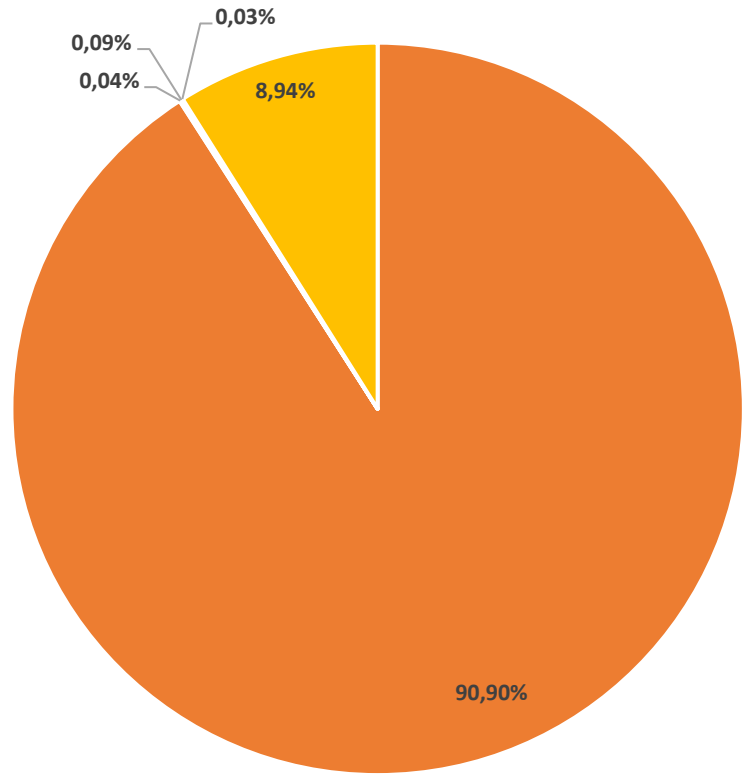
CH<sub>4</sub> / N<sub>2</sub>O:

- Diesel, natural gas (Chapter 2 “Stationary Combustion” in Volume 2-“Energy” and Subsection 3.3 “Off-road Transportation” of Chapter 3 “Mobile Combustion” of the IPCC Guidelines for National Greenhouse Gas Inventories)
- Electricity (location-based: Ministry for the Environment – National Inventory Report 2023 & Operator of RES and Guarantees of Origin (DAPEEP) – Supplier energy mix 2022)
- Wastewater Treatment Plant (National Inventory Report 2023)

The year 2020 has been used as the base year for calculations due to its being the first year during which the Company collected reliable data to calculate emissions.

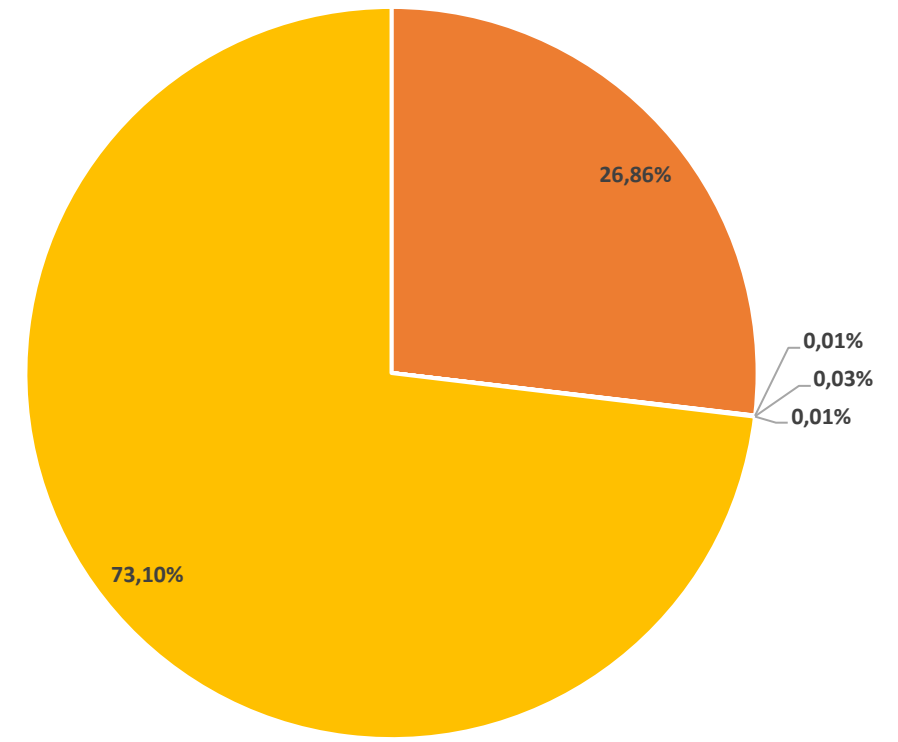
<sup>(10)</sup> The significant reduction in Scope 2 (market-based) greenhouse gas emissions is attributed to the fact that in 2021 and 2022, the Company purchased Guarantees of Origin certificates from its electricity provider; as a result, 96-99% of the electricity consumed was from renewable energy sources.

ALLOCATION OF GREENHOUSE GAS EMISSIONS BY SOURCE (MARKET-BASED)



■ Natural gas ■ Diesel (forklifts) ■ Diesel (generators) ■ Wastewater treatment ■ Electricity

ALLOCATION OF GREENHOUSE GAS EMISSIONS BY SOURCE (LOCATION-BASED)



■ Natural gas ■ Diesel (forklifts) ■ Diesel (generators) ■ Wastewater treatment ■ Electricity





#### ATHEX A-G3, Disclosure 2-24

Papoutsanis recognises the importance of identifying, quantifying and mitigating greenhouse gas emissions to ensure that carbon neutrality can be achieved at company level, as well as at national and Community level. The Company also complies with National Climate Law 4936/2022, annually submitting an emissions report on its activities and starting in 2023 with emissions for the previous year.

Therefore, in full compliance with the specifications and requirements of the National Climate Law, Papoutsanis is committed to reducing all Scope 1 & 2 greenhouse gas emissions by at least 30% by 2030, relative to base levels in 2019.



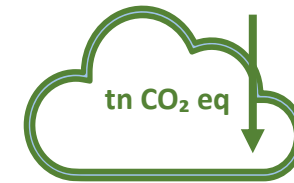


**ATHEX C-E1 & C-E2, Company Performance Indicator**

**CHANGE IN SCOPE 1 & 2 GREENHOUSE GAS EMISSIONS CORRELATED TO UNITS OF PRODUCTS PRODUCED**

	2020	2021	2022	Change from base year <sup>(11)</sup>
<b>Total Greenhouse Gas Emissions (Scope 1 &amp; 2 – location-based) [tn CO<sub>2</sub> eq]</b>	4,917	5,802	7,156	46%
<b>Total Greenhouse Gas Emissions (Scope 1 &amp; 2 – market-based) [tn CO<sub>2</sub> eq]</b>	4,733	2,935	2,892	-39%
<b>Total units of packaging products produced</b>	194,763,179	230,812,020	323,460,563	66%
<b>Greenhouse Gas Emissions (Scope 1 &amp; 2 – location based) per unit of packaging material products [tn CO<sub>2</sub> eq/unit]</b>	0.000025	0.000025	0.000022	-12%
<b>Greenhouse Gas Emissions (Scope 1 &amp; 2 – market based) per unit of packaging material products [tn CO<sub>2</sub> eq/unit]</b>	0.000024	0.000013	0.000009	-63%

<sup>(11)</sup> The year 2020 has been used as the base year for calculations due to its being the first year during which the Company collected reliable data to calculate emissions.





ATHEX C-E1, ATHEX C-E2

GREENHOUSE GAS EMISSION INTENSITY			
	2020	2021	2022
Direct Greenhouse Gas Emission Intensity (Scope 1) [tn CO <sub>2</sub> eq/tn soap and cosmetic base products]	0.098	0.101	0.085
Direct Greenhouse Gas Emission Intensity (Scope 1) [tn CO <sub>2</sub> eq/ '000 packaging product units]	0.013	0.013	0.008
Indirect Greenhouse Gas Emission Intensity (Scope 2 – location based) [tn CO <sub>2</sub> eq/tn soap and cosmetic base products]	0.098	0.100	0.146
Indirect Greenhouse Gas Emission Intensity (Scope 2 – location-based) [tn CO <sub>2</sub> eq/ '000 packaging product units]	0.013	0.013	0.014
Indirect Greenhouse Gas Emission Intensity (Scope 2 – market based) [tn CO <sub>2</sub> eq/tn soap and cosmetic base products]	0.091	0.001	0.0084
Indirect Greenhouse Gas Emission Intensity (Scope 2 – market-based) [tn CO <sub>2</sub> eq/ '000 packaging product units]	0.012	0.0001	0.001







## 3.4. PROCUREMENT OF RAW MATERIALS





## ATHEX SS-E8

### RAW MATERIALS

Raw materials used for the production and packaging of products are a decisive factor in their quality, safety, and their environmental and social footprint. As a result, many industries, including soap and cosmetics manufacturers, have turned to more sustainable solutions using raw materials certified to international environmental and social standards, as well as recyclable and recycled packaging materials that reduce the negative impacts of products on the environment. This shift to more sustainable solutions can be achieved either by using recycled materials to make new products, while at the same time reducing demand for non-renewable raw materials (virgin plastic), or by making packaging with a higher rate of recyclability.

To that end, and as part of the Quality Assurance Policy, Papoutsanis invests in developing innovative products, including their packaging, using recycled raw materials. The key raw materials used in the Company's production process include various types of oils (e.g. palm oil), chemicals, fragrances, and paper and plastic used to produce packaging.

### RAW MATERIAL CERTIFICATES

Specifically, given the sizeable quantity of the various oils used to produce cosmetics and soaps, the Company is a member of and certified by the Roundtable on Sustainable Palm Oil (RSPO), a global initiative adopted by stakeholders on the palm oil supply chain to further bolster environmental and social sustainability. The Company is also a member of the GreenPalm programme, which is part of the same initiative.

Additionally, the Company markets lines of organic and natural cosmetics approved by ECOCERT (COSMOS ORGANIC and COSMOS CERTIFIED), which are made with natural and organic raw materials. Papoutsanis also avoids sourcing raw materials with substances harmful to human health and the environment (e.g. micro-plastics & silicones, parabens, mineral oil, petrolatum, chloromethylisothiazolinone (CMIT), phthalates, triclosan and triclocarban, ethanolamine), while most of the raw materials used do not contain ingredients of animal origin, thus ensuring **Vegan** product certification.





## OUR PERFORMANCE

The certified (ECOCERT and/or RSPO) raw materials used to make the Company's products constitute 45% of the total oil supply. As regards raw materials for soaps and cosmetics, 14% are certified. As environmental responsibility and public awareness grow, an increasing demand has been noted in recent years for products using certified raw materials, and specifically oil-based certified raw materials.

### Company Performance Indicator

COMPARISON OF RAW MATERIAL MASS CORRELATED TO UNITS OF PRODUCTS PRODUCED				
	2020	2021	2022	Change from base year
Total mass of raw materials (tn)	17,800	20,000	20,200	13%
Total units of products produced	194,763,179	230,812,020	323,460,563	66%
Mass of raw materials per unit of product produced (tn/unit)	0.000091	0.000087	0.000062	-32%



### Disclosure 301-1

TOTAL MASS OF RAW MATERIALS			
	2020 <sup>(1)</sup>	2021	2022
Renewable (tn)	2,900	5,500	6,600
Non-renewable (tn)	14,900	14,500	13,600
Total (tn)	17,800	20,000	20,200

<sup>(1)</sup> Raw materials for soaps and cosmetics were classified as renewable in the 2020 Sustainable Development Report.



## 3.5. WATER QUALITY MANAGEMENT AND ASSURANCE

### OUR APPROACH

#### Disclosures 303-1, 303-2

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

The water used at all facilities comes from a well and is temporarily stored in tanks, ensuring continuous water supply and water independence. The Company recognises that the operation of our factory and our entire production process impacts water, and is mainly related to water consumption.

To overcome this, the factory has an installed reverse osmosis unit (3 m<sup>3</sup>/h) to treat the water it uses for production. For conservation purposes, another reverse osmosis unit (1.5 m<sup>3</sup>/h) was added which uses wastewater from the first unit to produce water for the boiler room. This helps to save approximately 20 m<sup>3</sup> of water daily.

In addition, fully aware of the importance of effective water management and reduced consumption, we have automated the production of cosmetic bases for better productivity and for water and material management. Along the same lines, we have installed an automated clean-in-place (CIP) system on the production line to reduce water consumption, given that a significant amount of water can be reused in the cleaning process.

Furthermore, the manufacture of sustainable products, such as solid shampoo, requires the use of less water during the production process and transport.

To safeguard water quality, quality checks are conducted monthly on the amounts of water that supply the facilities. More specifically, samples of water are sent to external laboratories for the analysis of the required parameters and special tests are conducted on a daily basis by the Company's specialised team to monitor physicochemical parameters.

As for channelling stormwater through our facilities, there is a stormwater pipe installed around the perimeter of the plant that directs it to the municipal pipeline running past our premises.

As part of the responsible management and reduction of water consumption at our facilities, the Company also recognises the importance of the disposal and impacts of wastewater resulting from the plant's operation. Specifically, in 2022, the Company treated 10,820 tons of wastewater from aqueous washing liquids and mother liquors at its treatment plan, which, having met the legally required quality standard, were then released as surface water.

After undergoing biological treatment, industrial and minimal municipal wastewater is released as surface water, in accordance with the environmental conditions in the current environmental permit. Additionally, the quality of treated wastewater is controlled as specified in the environmental permit.





Tests are conducted regularly at the biological treatment plant to ensure the good quality of wastewater<sup>(1)</sup> and, to date, all required physiochemical parameters are within allowable limits.

Bottled water is used to meet our needs for drinking water and the water treated through reverse osmosis is used for other needs. It is noted that the Company is examining the possibility of using treated water from its biological treatment plant in cooling towers and – after additional treatment – in the soap-making process.

<sup>(1)</sup> *The status of these data for the time being does not allow for more detailed information on treated waste generated by biological treatment in this Report. We plan to improve the reporting of this information in the interim.*

<sup>(2)</sup> *First Revision of the River Basin Management Plan or the East Central Greece Water District (EL 07).*

<sup>(3)</sup> *Requirements b and c of Disclosure GRI 303-5 have not been completed because no water-stressed areas have been identified, based on the water systems assessment analysed in the First Revision of the River Basin Management Plan or the East Central Greece Water District (EL 07).*

## OUR PERFORMANCE

### Disclosure 303-5

In 2022, our Company used 90.7 ML (1 ML=1,000 m<sup>3</sup>) of water from a well. It is worth noting that the status of the underground water systems in the area of Papoutsanis’ operation has been assessed as good, in terms of both quality and quantity. The chemical state of the water implies low or zero pollutant content, while the quantitative analysis indicates that the water table continues to be viable <sup>(2)</sup>.



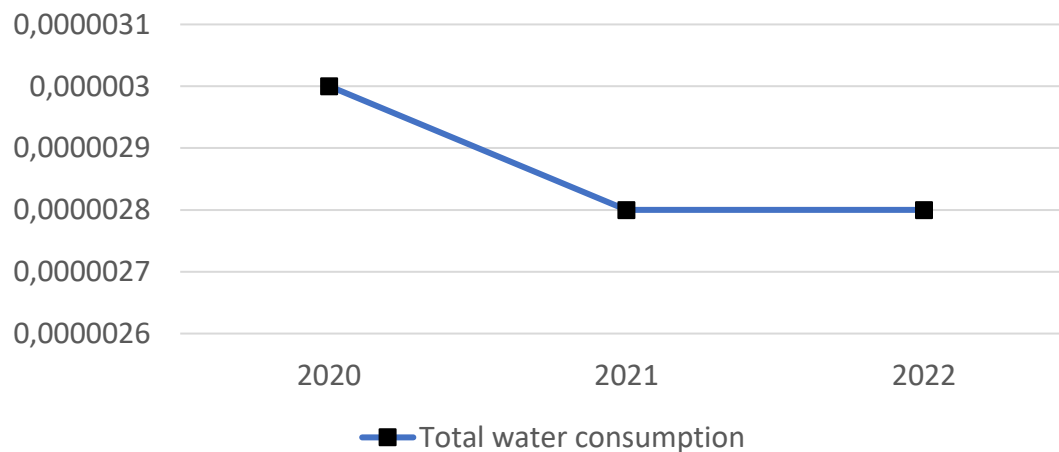
WATER USE <sup>(3)</sup>			
	2020	2021	2022
<b>Total consumption of water (ML)</b>	57.7	63.5	90.7



**Company Performance Indicator**

WATER CONSUMPTION INTENSITY CORRELATED TO UNITS OF FINISHED PRODUCT				
	2020	2021	2022	Change from base year
Total consumption of water (ML)	57.7	63.5	90.7	57%
Total units of packaging products produced	194,763,179	230,812,020	323,460,563	66%
Energy consumption per unit of finished product (ML/unit)	0.0000030	0.0000028	0.0000028	-5%

**ENERGY CONSUMPTION PER UNIT OF FINISHED PRODUCT (ML/UNIT)**





## 3.6. PACKAGING MATERIALS AND WASTE

### PACKAGING MATERIALS

#### ATHEX SS-E5

The Company monitors developments in the field of packaging materials using recycled components and is a pioneer in the testing and adoption of such environmentally friendly packaging materials. For example, part of the boxes procured by the Company to store the products it sends to its customers is made from recycled packaging materials.

As regards raw materials for product packaging, in 2022, 7.1% of materials used are made from recycled PET (polyethylene terephthalate) and the other 92.9% from recycled PET, HDPE and PP (polypropylene); no polyvinyl chloride (PVC) is used. This allows us to decrease the production of new plastic while also recycling old plastic in a circular economy system. Note that in 2022, the Company purchased 5.4 million boxes of soaps certified to the FSC standards.

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





## OUR PERFORMANCE

### Disclosure 301-1

Total units of packaging materials <sup>(1)</sup>			
	2020	2021	2022
<b>Renewable (units)</b>	5,500,000	7,100,000	6,700,000
<input type="checkbox"/> Boxes of soap	4,700,000	3,600,000	5,400,000
<input type="checkbox"/> Cartons	800,000	3,500,000	1,300,000
<b>Non-renewable (units)</b>	5,000,000	14,000,000	54,600,000
<input type="checkbox"/> Boxes of soap	1,800,000	10,000,000	51,700,000
<input type="checkbox"/> Cartons	3,200,000	4,000,000	2,900,000
<b>Total (units)</b>	<b>10,500,000</b>	<b>21,100,000</b>	<b>61,300,000</b>

<sup>(1)</sup> The Company uses cartons and soap boxes as packaging materials which are counted as units and cannot yet be converted to units of mass. However, the Company is in the process of implementing a system to calculate total weight of raw and packaging materials.



As regards recycled packaging materials, soap boxes made of recycled materials make up 9.46% of the total number of boxes. Similarly, recycled cartons make up 31% of the total number of cartons, which is indicative of our commitment to limiting the impact of our operation on the environment.

### Company Performance Indicator

% RECYCLED CONTENT OF PACKAGING MATERIALS			
	2020	2021	2022
Total units of soap boxes	6,500,000	13,600,000 <sup>(2)</sup>	57,100,000 <sup>(2)</sup>
Total units of recycled soap boxes	4,700,000	3,600,000 <sup>(3)</sup>	5,400,000 <sup>(3)</sup>
Ratio of units of recycled soap boxes to total units of soap boxes (%)	72.31%	26.47%	9.46%
Total carton units	4,000,000	7,500,000	4,200,000
Total recycled cardboard box units	800,000	3,500,000	1,300,000
Ratio of units of recycled cardboard boxes to total cardboard box units (%)	20%	47%	31%

<sup>(2)</sup> The dramatic increase is due to the significant growth in the hotel amenities sector in 2021 and 2022, after the drop in 2020.

<sup>(3)</sup> The decrease is due to a shortage in raw materials from recycled paperboard seen in 2021 and 2022.



The Company does not use recycled raw materials for the products it produces. Therefore, the resulting table above takes into account the total amount of recycled plastic raw materials used for packaging. In addition, it should be noted that the waste from Papoutsanis’ production process is reused so that it does not have to undergo other disposal methods.

**Disclosure 301-2, Company Performance Indicator**

% RECYCLED PLASTIC IN RAW MATERIALS			
	2020	2021	2022
Total mass of plastic packaging materials (tn)	685	643	895
Mass of recycled plastic in raw materials (tn)	35	48.3	63
Total recycled plastic content correlated to total mass of plastic raw materials	6%	7.5%	7.1%



## SOLID WASTE

### Disclosures 306-1, 306-2

Papoutsanis is firmly committed to limiting and reducing its environmental footprint, as well as fully complying with applicable legislation on waste management, storage, transportation, recycling and disposal.

Acknowledging that the environment and human health could be harmed by the irresponsible management of solid waste generated by our activity, Papoutsanis sorts the waste generated by our offices and the production process and contracts with licensed companies to collect and process it. Our Company's partners in waste management (collection, transport, recovery, disposal) hold the necessary licenses and follow sound management practices, as stipulated by the relevant laws.

The dewatered sludge generated by the screw press is collected in an open metal container in a covered area. When the contents reach a predetermined level, the licensed management Company is notified and, using our own equipment (tractor and trailer), it replaces the full container with an empty one. Once this process is complete, the material is weighed and the required papers are signed, along with the non-hazardous waste tracking form which lists the information identifying the waste, the waste owner, the collector-carrier and the receiving facility.

The majority of generated waste is the sludge derived from secondary treatment of wastewater at the biological treatment exit and which is produced and later recovered within the plant. This type of waste is appropriately treated and then shipped for disposal.

## PACKAGING WASTE

### ATHEX SS-E5

Our product packaging is properly designed to preserve product quality and reduce our environmental footprint. Packaging is designed to reduce the plastic used, without compromising the safety and quality of our products.

In terms of packaging waste, the plastics production department reuses and recycles unused raw material coming out of the soap crusher machine, thus reducing waste generation and helping to conserve natural resources.



## OUR PERFORMANCE

Disclosure 306-3, ATHEX A-E3



TOTAL WASTE (tn)						
	2020		2021		2022	
	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous
Wastewater from aqueous washing liquids and mother liquors after secondary treatment at the biological treatment facility	10,200	-	10,440	-	10,820	-
Plastic packaging	29.58	-	49.23	-	81.95	-
Wooden packaging	20.27	-	81.08	-	7.92	-
Mixed packaging	209.97	-	316.69	-	331.37	-
Metal packaging	-	-	-	-	13.71	-
Paints and varnishes	-	1.47	-	0.31	-	-
Organic waste with hazardous substances	-	65.41	-	6.09	-	-
Organic chemicals with hazardous substances	-	2.82	-	0.89	-	10.26
Sludge from biological treatment	274.60	-	356.59	-	218.99	-
Non-chlorinated machine oils	-	2.56	-	0.03	-	0.09
Paper and carton packaging	132.31	-	129.03	-	217.09	-
Electronic equipment for disposal	-	-	-	-	20.95	-
Metals	7.55	-	-	-	3.29	-
Iron and steel	6.35	-	91.60	-	-	-
Absorbent materials, filter materials, cloth wipes, protective clothing contaminated by hazardous substances	-	0.01	-	0.01	-	0.01
Other waste (hazardous and non-hazardous)	-	-	-	-	4.27	18.73
<b>Total</b>	<b>10,880.63</b>	<b>72.27</b>	<b>11,464.22</b>	<b>7.36</b>	<b>11,719.54</b>	<b>29.09</b>



Disclosure 306-4, ATHEX A-E3

TOTAL NON-HAZARDOUS WASTE DIVERTED FROM DISPOSAL (tn)				
	2020	2021	2022	Type of recovery
Plastic packaging diverted from disposal	29.58	49.23	81.95	R12
Wooden packaging diverted from disposal	20.27	81.08	7.92	R12
Mixed packaging diverted from disposal	209.97	316.69	331.37	R12
Sludge from biological treatment diverted from disposal	274.60	356.59	218.99	R3
Paper and paperboard diverted from disposal	132.31	129.03	217.09	R12
Iron and steel diverted from disposal	6.35	91.60	-	R12
Metals & metal packaging diverted from disposal	-	-	17.00	R12
<b>Total</b>	<b>673.08</b>	<b>1,024.22</b>	<b>874.32</b>	

TOTAL HAZARDOUS WASTE DIVERTED FROM DISPOSAL (tn)				
	2020	2021	2022	Type of recovery
Organic waste with hazardous substances diverted from disposal	24.27	2.26	-	R13
Organic chemical with hazardous substances diverted from disposal	2.82	0.89	10.26	R12
Paints & varnishes diverted from disposal	1.47	0.31	-	R12
Aqueous washing liquids and mother liquors diverted from disposal	-	-	18.67	R13
<b>Total</b>	<b>28.56</b>	<b>3.46</b>	<b>28.93</b>	



BREAKDOWN OF RECOVERY PROCESS (tn)			
	2020	2021	2022
Quantity of non-hazardous waste managed using R3 operation <sup>(4), (5)</sup>	274.6	356.59	218.99
Quantity of non-hazardous waste managed using R12 operation <sup>(4), (6)</sup>	398.48	667.65	655.33
Quantity of hazardous waste managed using R12 operation <sup>(4), (6)</sup>	274.6	1.20	10.26
Quantity of hazardous waste managed using R13 operation <sup>(4), (7)</sup>	132.31	2.26	18.67

<sup>(4)</sup> Waste recovery took place outside the facility.

<sup>(5)</sup> R3: Recycling/recovery of organic substances which are not used as solvents (including composting and other biological transformation processes).

<sup>(6)</sup> R12: Exchange of waste for submission to any of the operations numbered R1 to R11.

<sup>(7)</sup> R13: Storage of waste pending any of the operations numbered R1 to R12 (excluding temporary storage, pending collection, on the site where the waste was produced).



**Disclosure 306-5**

TOTAL NON-HAZARDOUS WASTE DESTINED FOR DISPOSAL (tn)				
	2020	2021	2022	Type of disposal
Wastewater from aqueous washing liquids and mother liquors after secondary treatment at the biological treatment facility sent for disposal	10,200	10,440	10,820	D4
<b>Total</b>	<b>10,200</b>	<b>10,440</b>	<b>10,820</b>	



# 4

## CREATING VALUE FOR SOCIETY AND PEOPLE

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**4.1. Product Quality and Safety**

**4.2. Human Resources Development**

**4.3. Safeguarding ethics and human rights**

**4.4. Occupational Health & Safety**



## 4.1. PRODUCT QUALITY AND SAFETY

### Disclosures 416-1, 416-2

The Papoutsanis name is linked to the high quality of its products and it has in place stringent controls and quality assurance procedures, in line with the ISO 9001:2015 standard, European cosmetic regulations (Regulation [EC] No 1223/2009) and the guidelines established by the National Organisation for Medicines (EOF) as the national regulatory authority in Greece.



### PRODUCT QUALITY POLICY

The Company is committed to providing outstanding quality for its customers. Our aim is to be the most efficient, qualitative and affordable manufacturer, while also maintaining a safe work environment that ensures profitability for both our customers and ourselves. Company management is committed to achieving quality-linked targets by implementing a system that is in line with the requirements of the ISO 9001:2015 standard, while at the same time:

- ▶ It identifies prevailing trends and meets customer demands.
- ▶ It allocates resources for the development of new products & services.
- ▶ It invests in know-how, facilities and equipment.
- ▶ It faithfully adheres to the principles of good manufacturing practice (GMP), assured through the implementation of the ISO 22716:2007 standard and described in detail below.
- ▶ It creates products of excellent quality.
- ▶ It ensures an absolutely safe work environment.
- ▶ It protects the natural environment in every possible manner.
- ▶ It supports and promotes sustainable development.
- ▶ It promotes certified services and products.





The health and safety of consumers and high-quality products are part of the Papoutsanis universal practice and are assured through ongoing quality controls that meet the requirements established by national and international legislation. In this way, the finished products that consumers receive are completely safe for use and meet the highest quality standards.

Quality controls are performed both during production, storage and transport of the finished products, and during the process of selecting raw materials from the Company's outstanding partners-suppliers. Papoutsanis Management is responsible for implementing quality standards throughout the Company's scope of activity. The strategy for quality applies to all of the Company's human resources, including Management, employees and partners, who work together to continually improve corporate performance and to establish Papoutsanis on the Greek and European markets.

As part of the quality policy, our Company ensures safety in quality through internationally recognised standards. The certificates we hold are listed below:

- We are members of the Sedex Members Ethical Trade Audit (SMETA), the most widely used certification in the world on issues of corporate ethics and social responsibility. SMETA is a corporate management system to assess issues of corporate responsibility and working conditions.
- We are members of the Roundtable on Sustainable Palm Oil (RSPO) to enhance palm oil sustainability. RSPO is an organisation that advances development through the production, procurement, finance and use of sustainable palm oil in products used all over the world.
- Sustainability certification based on the life-cycle assessment (LCA) \*.
- Certified organic cosmetics (COSMOS ORGANIC – ECOCERT).
- Certified natural cosmetics (COSMOS NATURAL – ECOCERT).
- Certified vegan products which contain no ingredients derived from animals.
- None of the ready-for-use products are tested on animals.

*\* Refers to an SKU manufactured for a multinational company*







## EDUCATION AND TRAINING IN PRODUCT QUALITY TOPICS

Achieving and safeguarding products of the highest quality specifications requires the appropriate expertise and ongoing monitoring of the latest trends. Papoutsanis invests in its human resources and provides continuing personnel education to ensure proper training, familiarity and compliance with strict specifications set by quality standards, as guided by a responsible corporate strategy that aims to protect the health and safety of end users. Once trainings are completed, participants are assessed on their level of understanding and training with a grading system and receive certificates of attendance from external bodies. In the event a passing grade is not achieved, the training and assessment must be repeated.

## HEALTH AND SAFETY POLICY

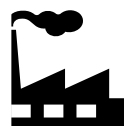
Papoutsanis' Health and Safety Policy aims at bolstering safety in the workplace and protecting our employees, partners and consumers from any endogenous or exogenous risk or unexpected event. In 2022, as part of the quality assurance based on the Company's certifications, inspections were performed in relation to the ISO 9001, ISO 22716 and RSPO certificates.

## QUALITY CONTROLS

The processes for production and packaging of Papoutsanis products are thoroughly controlled through the formal quality assurance system in accordance with the requirements of the ISO 9001 and ISO 22716 standards. In particular:



Ongoing quality controls are applied to all raw materials the Company procures from trustworthy and reputable suppliers.



Frequent "in-process" controls are also applied during the production process to adequately meet the required specifications.



Laboratory checks are also made on liquid and solid soap-making methods before they are approved for distribution to end consumers.



INDICATOR	DESCRIPTION	TARGET 2021	2021 PERFORMANCE	TARGET 2022	2022 PERFORMANCE
Customer satisfaction	% Company performance related to pre-agreed customer needs and product specification	80%	76.9%	80%	77.4%
Product quality	% products not in compliance (deviation from customer specifications or complaints) relative to the total products produced	< 0.01%	0.001% (liquids) 0.0002% (soaps) 0.014% soap noodle batches, liquid bulk batches 0.005%	0.5%	0.0012% (liquids) 0.00185% (soaps) 0.019% soap noodle batches 0.006% liquid bulk batches
	% critical products not in compliance (deviation from specifications, cannot be remedied or require product recall) relative to the total products produced	< 0.01%	0%	0.01%	0%
Repeated incidents of non-compliance	Statistical analysis of customer complaints on causes, trends, effectiveness of corrective measures	0.01%	0.0003%	0.01%	0.0005%

### RULES OF GOOD MANUFACTURING PRACTICE (GMPs)

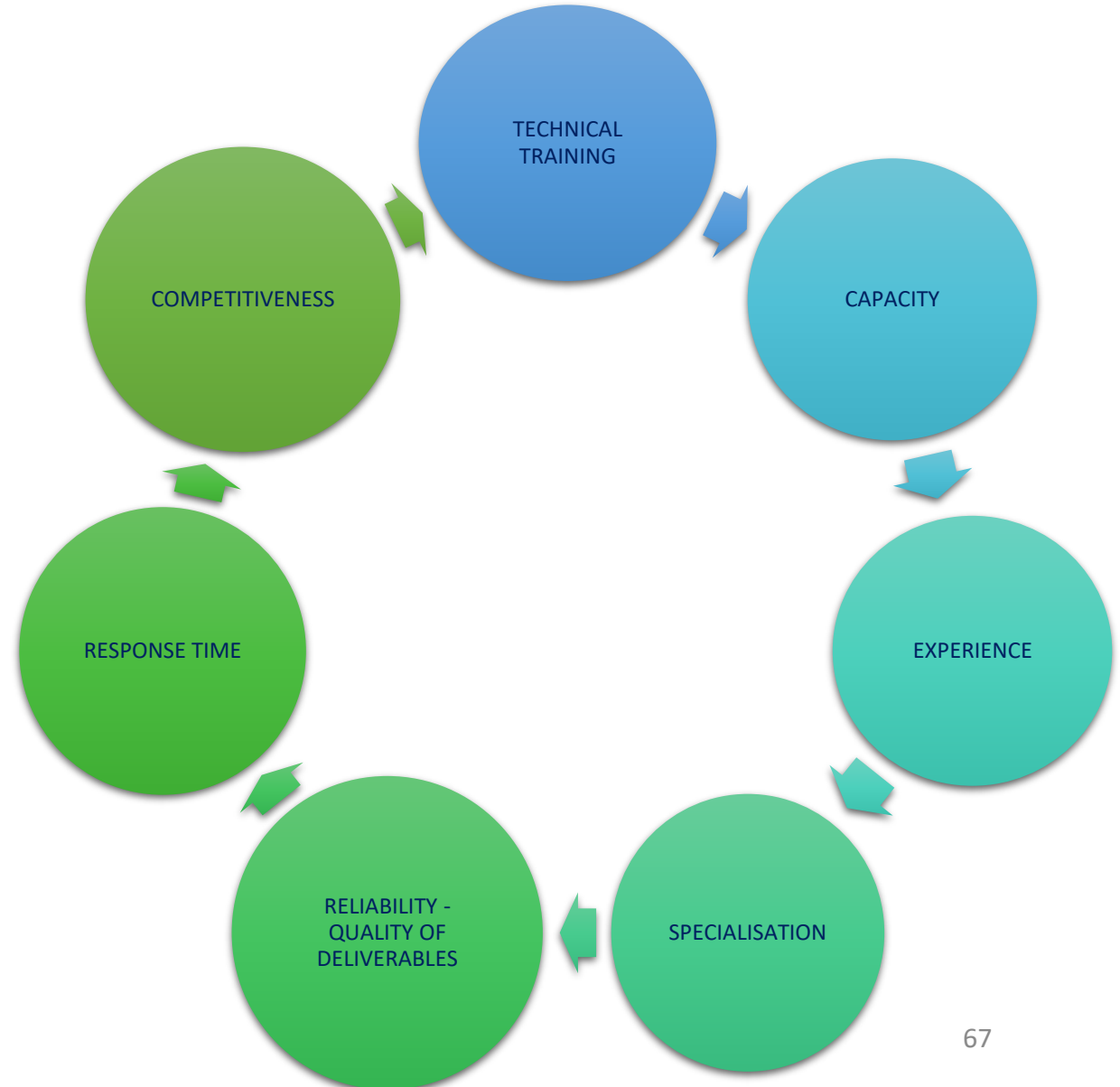
The rules of good manufacturing practice are applied at all stages of the production process as part of the requirements of the ISO 22176 standard and specify:

- ✓ Expertise by suitable and sufficiently trained personnel.
- ✓ Special areas for controls, storage and hygiene, and suitable technological equipment.
- ✓ Special equipment and spaces for protection of employee health and safety, as well as for cleaning/sanitising facilities and technological equipment.
- ✓ Raw materials that meet the specific requirements for type, supply and procedure applied for full control.
- ✓ Sound practices for handling and labelling of raw materials in semi-finished and finished products.
- ✓ Timely and acceptable documentation of all procedures and controls performed.

**Disclosures 2-24, 414-1, ATHEX C-S8**

### SUPPLIER SCREENING

Recognising the importance of our partnership with suppliers who meet our strict requirements as a company, we screen our them based on a supplier evaluation system we have in place and which is based on specific, objective criteria related to:





## SUPPLIER SCREENING

The final score given each supplier based on these criteria is equated with their overall performance. The evaluation of each supplier is based on a scoring scale of 1 to 5 on each one of the aforementioned criteria. Once the evaluation process is finished, each supplier is placed in one of the following categories:

- Unacceptable (Score: <3)
- Acceptable with supervision (Score: 3-3.5)
- Approved (Score: >3.5)

Papoutsanis reviews the potential cooperation with approved suppliers. It is possible to work with suppliers who fall into the “Acceptable with supervision” category, provided the partnership is diligently and continuously monitored until the subsequent evaluation.

For reasons related to the environmental management system, in addition to the points listed earlier:

- Transport companies undergo evaluation by filling out a questionnaire they are given. The aim of the questionnaire is to help Papoutsanis understand the impact of its suppliers on its environmental activities and to determine the manner in which environmental performance can be assessed and improved, if necessary.
- Waste operators, professionals responsible for air conditioning and security system maintenance and control-certification organisations are evaluated based on whether they hold the permits required by law. For example, these include permits to handle specific types of waste and which are on the European List of Waste (LoW), holding the necessary certificate and permit to perform maintenance tasks for air conditioning units and accreditation by a state body.

## EVALUATION OF SUPPLIER PREMISES

The regular evaluation of the facilities of our suppliers who have repair shops, production facilities and workshops for production, processing and construction is essential. Following each site visit of these facilities, any observations are recorded in a report and are taken into account during the evaluation process. Suppliers are then informed of findings so that, in the event of exclusion, they can take steps to remedy instances of non-compliance.



## QUALITY POLICY ON SELECTION OF PACKAGING AND RAW MATERIALS

The departments of Quality Assurance and R&D draw up the specifications that procured raw materials and packaging materials must meet. Thereafter, in collaboration with the Company’s Procurement Department, suitably approved raw materials and their suppliers are identified.

The quality requirements for packaging materials are documented in the specifications and adapted to the specific type of material. If the quality control officer deems it necessary, separate specifications are recorded for each packaging material individually. In addition, for certain categories of products, packaging materials made from recycled and environmentally friendly (organic) materials are selected.

The detailed requirements for incoming raw materials are documented in various sources, including the monographs in the Greek pharmacopoeia, construction documents (specifications, MSDS) and customer requirements.



## SELECTING ENVIRONMENTALLY SUSTAINABLE RAW MATERIALS TO REDUCE PRODUCT FOOTPRINT

On condition that market access is not obstructed, and by offering providers the opportunity to submit alternative offers, the Company – for the purpose of limiting the environmental impacts of the product, where it is deemed necessary – selects raw materials:

- ▶ which allow for rapid biodegradation of hazardous substances (less harmful).
- ▶ from suppliers who meet the environmental criteria (e.g. ISO 14001, EMAS or other equivalent certification), provide eco-friendly solutions and/or products with ecolabel certification or, lastly, are members of a reputable, environmentally oriented organisation (e.g. RSPO).



## OUR PERFORMANCE

### Disclosure 416-1

PERCENTAGE OF MAJOR CATEGORIES OF PRODUCTS AND SERVICES EVALUATED FOR IMPACT ON HEALTH AND SAFETY			
Product category	2020	2021	2022
Branded products	100%	100%	100%
Hotel amenities	100%	100%	100%
Third-party products	100%	100%	100%
Industrial sales of soap bases	100%	100%	100%

### Disclosure 416-2

In 2022, no incidence of failure to comply with regulations and/or volunteer codes related to the health and safety of our products was identified or recorded.



## 4.2. HUMAN RESOURCES DEVELOPMENT

### OUR APPROACH

#### Disclosure 404-1, 404-2, 404-3

With absolute respect for the human resources that staff the Company's departments, Papoutsanis fully complies with labour law and, guided by the corporate Code of Ethics which can be found on its website, develops a number of actions that aim to support staff development and overall HR management.

Papoutsanis provides a good work environment that fosters employee success, growth and safety, while also offering incentives for its people and encouraging cooperation to promote deep commitment, with respect and dignity as its foremost principles. These principles govern both our Company's relationship with employees, and relations between senior managers and their subordinates.

Specifically, the Company adheres to principles for protecting human rights in its procedures for recruiting and hiring new people, and invests in its people to reward their commitment, resourcefulness and contribution to the Company.







## PROCEDURES AND PROGRAMMES FOR EMPLOYEE HIRING, TRAINING AND DEVELOPMENT



RECRUITING NEW EMPLOYEES AND INTERVIEWS, EMPLOYEE HIRING AND DISMISSAL PROCEDURES



INDUCTION OF NEW EMPLOYEES INTO THE APPROPRIATELY DESIGNED WORK ENVIRONMENT AT PAPOUTSANIS, THROUGH THE INTAKE TRAINING PROGRAMME FOR NEW EMPLOYEES



ONGOING EDUCATION AND TRAINING FOR EMPLOYEES THROUGH EDUCATIONAL PROGRAMMES AND SEMINARS



ANNUAL EMPLOYEE PERFORMANCE EVALUATION



PROVISION OF PRODUCTS TO COMPANY EMPLOYEES TO INCREASE THEIR KNOWLEDGE AND PERSONAL EXPERIENCE OF THE FINISHED PRODUCT

## RECRUITING AND HIRING EMPLOYEES

Applicants can submit their application for available job opportunities through our website, which is directly linked to the electronic HR recruitment tool. We also publicise available job opportunities on various employment websites, social media and hiring networks.

CVs are screened and classified into candidate groups so they can be on hand in the event a suitable position becomes available. Whenever recruiting takes place to fill a position, the pool of candidates is screened. The first screening is followed by an interview process in three stages. Depending on the position level, the first phase includes an arithmetic test and an assessment of English language proficiency. Detailed notes are kept during the interview which are subsequently assessed by the head of the department and by the Human Resources team.

During the second phase, two to three candidates are selected for another interview and/or case study depending on the position level. The third phase involves the selection of the most suitable candidate and negotiations over salary and starting date. Throughout the selection process, all candidates are dealt with fairly and with complete transparency, based on predefined objective criteria and merit-based evaluation standards.



## RECRUITING AND HIRING EMPLOYEES

During the interviews, the assessor aims to identify candidate traits that may not be immediately apparent from their CV. This ensures a better assessment of their suitability for the job. In addition, the interviewer delves into the candidate's values to determine whether they are compatible with our Company's corporate culture.

Similarly, candidates have the opportunity to present themselves and to collect additional information about the job in question. Overall, our interviewing and hiring process has been designed to assess candidates fairly and thoroughly, ensuring a mutually beneficial match between the selected individual and the specific position.

Moreover, it is important to note that our Company actively participates in various internship and trainee programmes, such as those overseen by the Manpower Employment Organisation (OAED) ERDF, which links all universities. These initiatives have provided employment opportunities for young professionals. Additionally, our Company has entered into agreements with university networks which have made use of jointly funded programmes to create job opportunities for young scientists. One such case was in 2022, when we successfully hired eight new staff members through these channels, and five of them were hired to fill newly created positions.

## NEW EMPLOYEE INDUCTION PROCESS

Our Company places the utmost importance on the effective introduction of new employees, as demonstrated by the thorough induction process. The employee induction process includes the following key activities:

1. Introduction to the Company, including an overview of our Code of Ethics and a formal meeting with the rest of the team.
2. Detailed explanation of safety rules, guidelines for moving around the factory premises and instructions in the proper use of protective equipment.
3. One-on-one discussion with the director or employee's supervisor to review training progress, introduce the employee to their new role and to clarify roles and competencies.
4. Specialised training on GDPR regulations and comprehensive professional training provided by the most experienced mentor in the department.
5. Filling out a medical record by the occupational health physician to ensure the employee's health and well-being is taken into account.

By implementing these steps in the introduction process, we aim to ensure new hires have a smooth and well-informed induction into our Company's workforce.



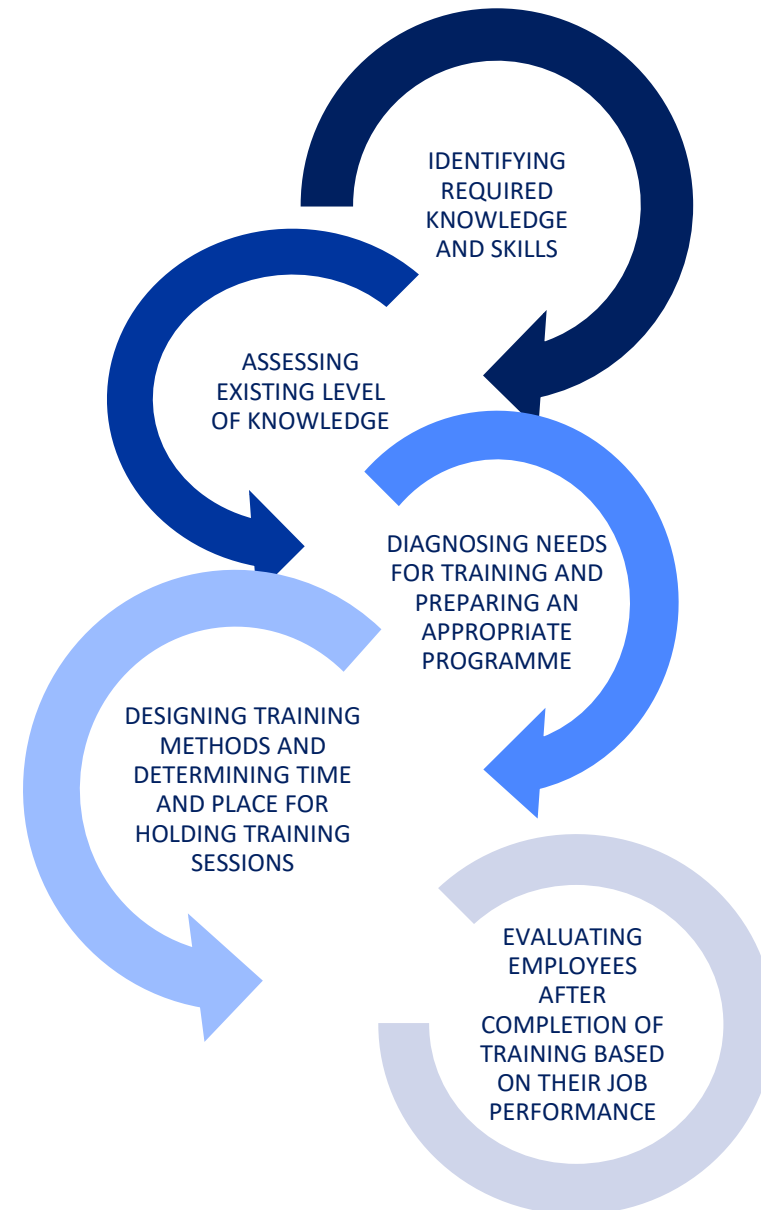
## EMPLOYEE CONTINUING EDUCATION - TRAINING

Through our educational initiatives, we provide our employees with the special skills and support they need to excel in their roles. The training programmes are designed to meet both the immediate requirements of their daily duties and to foster the long-term development of our workforce.

The transfer of knowledge and cultivation of our employees' skills and abilities is critically important to our Company, as it forms the foundation to achieving our goals. As such, these training activities are taken extremely seriously, since they shape the future of our organisation.

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

The employee training stages include:





## EMPLOYEE CONTINUING EDUCATION - TRAINING

### Disclosure, 404-2, ATHEX C-S5

In May 2021, Papoutsanis decided to incorporate a **Mentoring & Coaching** programme as a means of supporting its employee development. This programme has been designed to create individualised skill development plans for each participant and is led by a team of external mentors who work with our Company. Each employee takes part in weekly guidance sessions and **33 employees** have taken part in the programme to date.

The Mentoring & Coaching initiative is primarily aimed at new employees in positions of responsibility, as well as junior managers and more experienced personnel. The goal is to enhance their skills and ensure their smooth transition to Next Step Management.

The initial assessment conducted after the first six months of the programme yielded impressive results. Papoutsanis emphasises the development and advancement of its human resources, particularly new employees who greatly benefit from the guidance and support of well-trained coaches. The programme aims to maximise their skills, enhance their performance and facilitate their personal and professional fulfilment.

At our Company, we prioritise ongoing training of our employees, starting with their initial hire and continuing throughout their tenure. This integrated training approach includes topics which are directly related to their specific roles and are aligned with the Company's legal obligations. For example, our employees are trained in critical topics such as making antiseptics, compliance with GDPR and the safe handling and storage of hazardous materials.

We also offer additional opportunities for skill development, including cultivating positive leadership skills, perfecting verbal and non-verbal communication skills and improving knowledge of business English. These supplementary skills are specified and addressed based on the results of annual employee performance reviews. To facilitate this training, we offer a variety of forms, including in-house sessions led by the Company's trained personnel and outsourced programmes led by reliable training centres, such as seminars and long-term courses.

ATHEX A-S2



In 2022, the cost of outsourced training provided by contracting partners came to €66,232. This amount does not include expenses related to training conducted by Company personnel and the cost of salaries for people who attended the trainings. We use a number of effective training methods, such as introductory sessions, on-the-job training, off-site training, guidance, university programmes, post-graduate studies and job rotation. These approaches ensure our employees receive the necessary knowledge and develop skills so they can excel in their roles and contribute to the growth and success of our Company.



## EMPLOYEE CONTINUING EDUCATION - TRAINING

### Disclosure 404-2

During the reference period for the study, the Company offered its employees a variety of opportunities for technical training alongside programmes to develop skills and abilities, listed here:

TECHNICAL TRAININGS

10

SKILLS DEVELOPMENT TRAINING

7

OTHER TRAININGS

14



TECHNICAL TRAININGS	SKILLS DEVELOPMENT TRAINING	OTHER TRAININGS
Analysis Methods	5s	Emergency Response Plan
Receiving Raw Materials	Certificate in Supply Management	Training in guideline ΓΔ_03_10
ISO 22716 GMP for Cosmetics	Briefing on the VAT code, the MyData platform, intra-Community supply of goods	Policy on preventing and combating violence and harassment at work
BLENDED PROFESSIONAL CERTIFICATE PROGRAMME	Data modelling for Qlik Sense	Training on recycling management
H500	Budgeting & Financial planning	Good manufacturing practices (GMPs)
WMS	Business Coaching	Training on handling work accidents
Managing certified raw materials	CREATE VISUALIZATIONS WITH QLIK SENSE	Special issues with bond loans
Forklift training/General safety rules for forklift use		Changes in labour law – Digital work card
ORGANIC & NATURAL COSMETICS		Training in the Code of Ethics
Technical Safe Working Directive		Update on work regulation
		Health & safety rules
		Training new hires



## OUR PERFORMANCE

### Disclosure 404-1, ATHEX C-S5



#### TIME OF STUDY: 2022

#### DISTRIBUTION OF AVERAGE HOURS OF EDUCATION-TRAINING BY GENDER AND POSITION IN THE ORGANISATION

##### GENDER

Women	23
Men	10.5
Other*	-
Not stated	-

##### POSITION IN THE ORGANISATION

Members of the Board of Directors	4.1
Members of Senior Management	56
Management	34.6
Directors	9.8
Technical Staff	6.7
**Average training hours (top 10% of employees by total compensation)	39.6
**Average training hours (bottom 90% of employees by total compensation)	11.4

\* Gender as declared by employees themselves. Not necessarily the same as biological sex.

\*\* The average training hours for the top 10% (or the bottom 90%) of employees by total compensation was calculated by dividing the total number of training hours provided to each employee in the top 10% (or the bottom 90%) of employees by total compensation by the total number of employees included in the top 10% (or the bottom 90%) of employees by total compensation.

#### ATHEX A-G4

In 2022, Papoutsanis provided **6.35%** as variable remuneration to its employees.

To calculate the rate of variable remuneration for Company management, the following formula was used:

$$\% \text{ Μεταβλητών Αμοιβών} = \frac{\text{Ποσό μεταβλητών αμοιβών (€)}}{\text{Συνολικές αποδοχές στελεχών (€)}} \times 100$$

## EMPLOYEE EVALUATION

Performance evaluation as a tool is a key function of the Human Resources Department. In an intensely competitive global environment, businesses need high performance levels and strong advantages to respond appropriately. Employees must have a clear idea of their performance evaluation results so they can adjust their future course.

The evaluation of our employees is a process that defines the performance of different individuals by comparing it to specific targets and to the performance of other employees. Evaluation can be used in several ways to encourage the growth of the employees themselves within the Company and plays an important role in improving our Company's operation and employees' potential for advancement.



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

- Defining employee performance expectations and setting targets for their development.
- Identifying specific needs for training to address insufficient skills and growth areas.

Every employee at our Company undergoes an individual performance evaluation annually. The evaluation process includes the following steps:

- Each employee's performance is evaluated by their respective director or supervisor.
- The employee completes a self-evaluation.
- Results of the evaluation are notified to the Human Resources Department.

After the evaluation and notification phase, the results are analysed in-depth and training needs are identified. It is worth noting that in 2022, all employees, including the Company's senior management, underwent this comprehensive evaluation process.

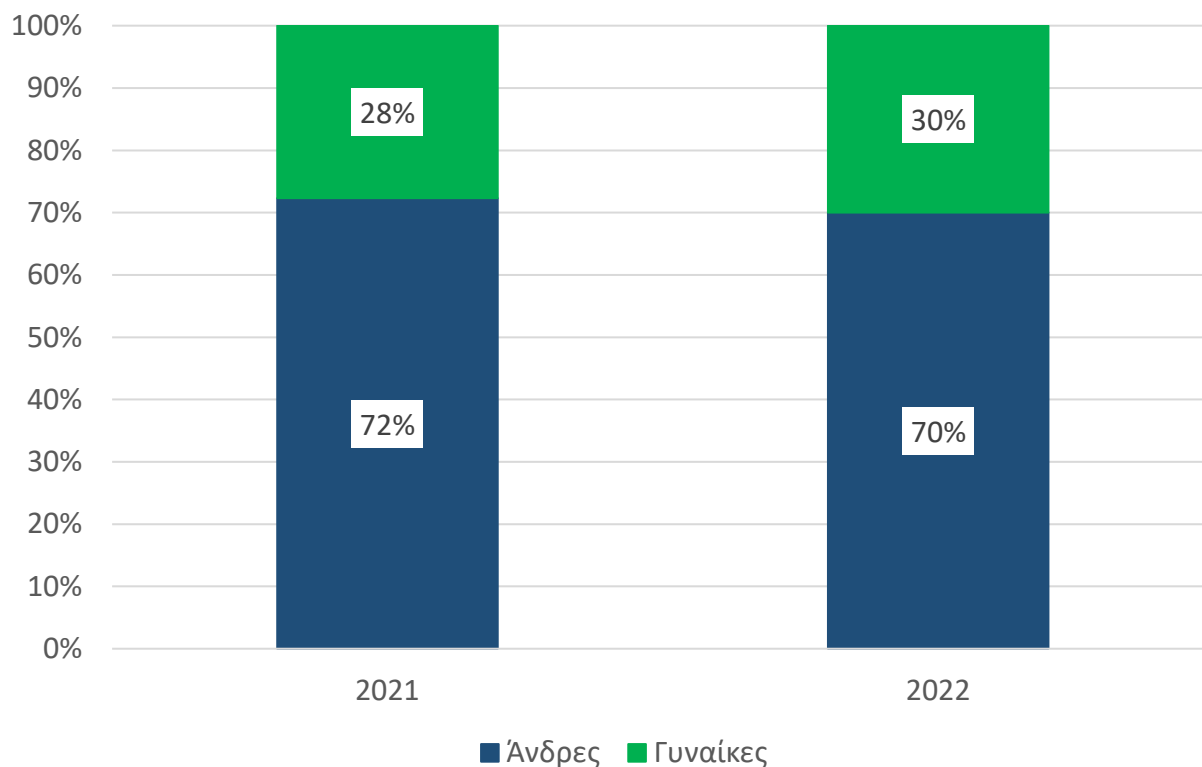




## OUR PERFORMANCE

### Disclosure 2-7

TOTAL NUMBER OF EMPLOYEES



The rate of women working at the Company is **30%**, which was up from 2021.

*(The rate is derived by dividing the total number of women at the Company by the average total employees [men and women] at the Company and multiplying by 100 to arrive at the rate.)*



**OUR PERFORMANCE**

**Disclosure 2-7**

TIME OF STUDY: 2022				
WOMEN	MEN	OTHER*	NOT STATED	TOTAL**
Total number of employees				
60	140	-	-	200
Total number of employees with indefinite duration contracts				
51	109	-	-	160
Total number of employees with fixed-term contracts				
27	8	-	-	35
Total number of full-time employees (FTE)				
136	59	-	-	195
Total number of part-time employees (PTE)				
0	0	-	-	0

\* Gender as declared by employees themselves. Not necessarily the same as biological sex.

\*\* All Company employees work at the Papoutsanis facilities in Ritsona, Evia. The data have been exported from the personnel database maintained by Papoutsanis, and employee numbers are expressed as head count, as recommended by the GRI Standards



## OUR PERFORMANCE

### Disclosure 2-8

As regards the total number of employees who are not on the payroll and whose work is overseen by the organisation, of 200 people, Papoutsanis employs:

- 1 person for practical work experience.
- 1 person on a fixed retainer to work as an attorney and legal advisor for the Company.

Also in 2022, 90 people were employed through partner contractors.

### ATHEX C-S4

REPORTING PERIOD	2020	2021	2022
Number of voluntary departures	12	29	39
Voluntary mobility index*	8%	16%	20%
Number of mandatory departures	14	11	6
Involuntary mobility index*	9%	6%	3%

\* The voluntary mobility index was calculated by dividing the total number of employees voluntarily leaving the Company in 2022 by the average number of employees during the same year. The result was multiplied by 100 to arrive at the rate.

\*\* The involuntary mobility index was calculated by dividing the total number of employees who were forced to leave the Company in 2021 by the average number of employees during the same year. This number was also multiplied by 100 to arrive at the rate.



## OUR PERFORMANCE

### ATHEX A-S3

REPORTING PERIOD	2020	2021	2022
Average yearly pay for men working full-time (€)	€34,213	€31,134	€31,607
Average yearly pay for women working full-time (€)	€30,021	€27,639	€29,252
Gender pay gap (%)	12%	11%	7%

To calculate the average yearly pay and the percentage pay gap, the following equations were used:

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

$y_1$  : Average pay for men working full-time on an annual basis (in €)

$y_2$  : Average pay for women working full-time on an annual basis (in €)

$m$  : Total number of men working full-time (Head Count)

$w$  : Total number of women working full-time (Head Count)

$s_m$  : Total of all annual basic salaries for all men working full-time (including bonuses)

$s_w$  : Total of all annual basic salaries for all women working full-time (including bonuses)

$GPG$ : Gender pay gap (%)



**OUR PERFORMANCE**

**Disclosure 2-21, ATHEX A-S4**

REPORTING PERIOD	2020	2021	2022
Annual total benefits for the highest-paid person in the Company – the CEO	€289,714	€288,447	€244,427
The median amount of total benefits for all Company employees, except the CEO*	€28,246	€29,259	€28,556
CEO pay ratio	10.3	9.9	8.6
Change in the CEO-to-employee pay ratio	-	-0.12	6.35

\* As there was a change in the GRI Standards and the ATHEX Reporting Guide, all median annual salaries (2020-2022) were recalculated to achieve consistency in the reported salaries. Based on the standards in effect until recently, the median annual pay of total benefits for all Company employees also took into account the CEO’s salary.

To calculate the CEO-to-employee pay ratio and its change, the following equations were used:

$$C_{total} = \frac{C_{HPI}}{C_{ME}} \quad (iv)$$

$$dt_{C_{total}} = \frac{dt_{C_{HPI}}}{dt_{C_{ME}}} \quad (v)$$

$C_{total}$ : CEO pay ratio

$C_{HPI}$  : Annual total benefits for the highest-paid person in the Company – the CEO (in €)

$C_{ME}$  : The median amount of total benefits for all Company employees, except the CEO (in €)

$dt_{C_{total}}$ : Change in the CEO-to-employee pay ratio

$dt_{C_{HPI}}$  : Percentage change in annual total pay for highest-paid person in the Company

$dt_{C_{ME}}$  : Average percentage change in annual total pay for all employees in the organisation, except the highest-paid person



## OUR PERFORMANCE

Disclosure 2-30, ATHEX C-S7

TIME OF STUDY: 2022				
PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS (%)				
Gender	Women	Men	Other*	Not stated
Number of employees covered by collective bargaining agreements	60	140	-	-
Total number of employees	60	140	-	-
Percentage of employees covered by collective bargaining agreements** (%)	100%	100%	-	-

\* Gender as declared by employees themselves. Not necessarily the same as biological sex.

\*\* The percentage of employees covered by collective bargaining agreements was calculated by dividing the total number of employees working at the Company in 2022 by the number of employees covered by collective bargaining agreements during the same year. The result was multiplied by 100 to arrive at the rate.



## 4.3. SAFEGUARDING ETHICS AND HUMAN RIGHTS

### Disclosure 2-23, ATHEX C-S6, ATHEX C-G5

With absolute respect for human rights and operating ethically, Papoutsanis recognises diversity as a fundamental right and takes decisions regarding hires and partnerships that are free of any discrimination but are based on the ability and suitability of potential employees and partners. The Company condemns any type of discrimination based on gender, religion, colour, sexual preference, physical traits or family status, or other characteristics that deviate from the criteria used to select employees or partners for the position or partnerships under consideration.

While following a fixed policy, the Company selects its suppliers based on objective criteria that relate to quality and price of products, solvency and reliability, as well as their prompt service and fast delivery times. Of the utmost importance for Papoutsanis is to ensure good employee management practices throughout its supply chain. Therefore, the Company does not work with suppliers or partners who engage in unacceptable employee management practices, such as child exploitation, forced labour and other forms of abuse.



The Company maintains strict policies against any form of harassment, including sexual harassment, against its employees within the workplace. Every employee’s contract explicitly outlines their rights and obligations. Papoutsanis is committed to promoting a work environment that supports and safeguards human rights. Specifically, the Company is ardently opposed to forced labour and is bound to comply with labour law that determines minimum wage, work hours, overtime and employee benefits. In addition, Papoutsanis fully supports the rights of employees to participate in labour unions to protect their interests, ensuring they will be free of any retaliation or intimidation. The Company diligently monitors developments in labour law, carefully reviewing reports related to child labour and human rights, and fully complies with relevant regulations.



**Disclosure 2-23, 2-24, ATHEX C-S6**

The Code of Ethics is the cornerstone for ensuring the Company’s responsible operation and the protection of human rights. In light of current law and based on the Code, the minimum age limit for working at Papoutsanis has been set as 16 years.

Additionally, the Company, in implementing the **Whistleblowing Policy**, promotes the anonymous or non-anonymous reporting and documenting of instances of human rights violations through a complaints box, by both employees and by suppliers or partners. The Company then evaluates and takes the necessary measures to mitigate and eliminate such occurrences, where deemed necessary.

Lastly, Papoutsanis maintains an open and transparent channel of communication between management and employees, with emphasis on the importance of equal opportunities. As part of this effort, regular communication events are held, such as the event for cutting the New Year’s cake, so that employees can raise questions and concerns directly with management, which in turn supports and stands beside every employee at every labour incident, protecting their right to equal opportunities.





Disclosure 405-1, ATHEX C-S2, ATHEX C-S3

CATEGORIES OF DIVERSITY	2021						2022					
	<30		30-50		>50		<30		30-50		>50	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Governance Bodies – Board of Directors												
Percentage representation of persons per category	0%	0%	0%	0%	17%	83%	0%	0%	0%	0%	17%	83%
Employee Level												
Senior Management	0%	0%	40%	60%	14%	86%	0%	0%	46%	54%	0%	100%
Middle Management	0%	0%	63%	37%	0%	100%	25%	75%	29%	71%	0%	0%
Employees	26%	74%	26%	74%	26%	74%	27%	73%	33%	67%	25%	75%
Employee Category												
Administrative Personnel	50%	50%	50%	50%	20%	80%	56%	44%	56%	44%	50%	50%
Workers/Technicians	0%	100%	11%	89%	24%	76%	0%	100%	15%	85%	21%	79%

The percentage of women employed at the Company in 2022 came to 30%. The percentage of women working in management positions\* for 2022 was **21%**, down **7%** from the rate in 2021.

\* The percentage of women in management positions was calculated by dividing the total number of women in the top 10% of employees with the highest compensation for 2022 by the total number of employees in the top 10% of employees with the highest compensation for 2022. The result was multiplied by 100 to arrive at the rate.



## OUR PERFORMANCE

### Disclosure 405-2

CATEGORIES OF DIVERSITY	2022	
	Women	Men
Ratio of basic salary and benefits between genders, by employee category		
Position in the organisation		
Governance Bodies – Board of Directors	€6,800	€7,378
Senior Management	€4,425	€4,511
Middle Management	€1,770	€2,243
Employees	€1,339	€1,329



**OUR PERFORMANCE**

**Disclosure 406-1**

2022		Incidents of Discrimination	
Number of documented incidents of discrimination for the review period			
0			
Status of discrimination incidents and actions taken by the Company			
The discrimination incidents were evaluated by the Company	Plans for remediation have been implemented	Plans for remediation have been implemented, and the results are being re-examined through the usual procedures of internal management controls	Incident that no longer requires action.
0	0	0	0

## 4.4. OCCUPATIONAL HEALTH AND SAFETY

### CORPORATE HEALTH AND SAFETY POLICY

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

Papoutsanis believes the prosperity and reputation of our Company are based on our commitment to the health and safety of our employees. Papoutsanis Management makes sure that all required precautionary measures are in place to safeguard the health and safety of its employees.

Promoting safe work practices is an obligation for Papoutsanis that it takes very seriously. All of Management and technical staff employed by the Company is required to comply with both domestic and international safety standards and with applicable sectoral standards, which determine the Integrated Corporate Health and Safety Policy. Through the universal and ongoing application of the policy, the Company promotes a safe work environment for its own human resources and for its external partners and visitors to our facilities.



**CORPORATE HEALTH AND SAFETY POLICY**

**Personnel Information & Training**

- Enhanced employee productivity & efficiency
- Commitment to complying with conditions and standards and increased contractor awareness
- Optimal new employee induction
- Prevention and reduction of negative effects of various psychosomatic disorders through special seminars

**Health, Safety and Environmental Management Systems**

- Setting targets for improving management systems
- Ongoing assessment and appropriate modification of targets in alignment with current conditions

**Inclusion and Health & Safety and Environmental Topics**

- In corporate decision-making
- In the facility operation plan
- As part of the cohesive management system

**First Aid**

- Through boxes located at numerous locations (e.g. offices, production unit, etc.)
- Through a team of specially training senior managers in cases of accidents
- Ongoing equipment checks to ensure safe conditions for task completion





## CORPORATE HEALTH AND SAFETY POLICY



The Health and Safety Policy is in line with current conditions and is adapted as needed in periods of crisis (e.g. Covid-19 pandemic). Therefore, the policy is evaluated and revised as necessary at regular intervals. For the purpose of managing the health and safety of our employees, we contract with a carefully selected external partner who is responsible for providing a Safety Technician and Occupational Doctor to deal with preventive issues related to personnel hygiene, health and safety.

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





## OUR PERFORMANCE

### Disclosure 403-9



#### NUMBER OF WORK-RELATED INJURIES

Indicators	2021	2022
Total number of hours worked during reporting period*	311,675.76	352,017.60
Number of fatalities related to work-related injury	0	0
Rate of fatalities related to work-related injury**	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0
Number of recordable work-related injuries	3	3
Rate of recordable work-related injuries	0.00000963	0.00000852
Type of injury	2 (x) Blunt-force trauma Light Burn	2 (x) Blunt-force trauma Traffic accident (while leaving work, outside plant premises)
Number of fatalities as a result of work-related ill health	0	0
Number of injuries related to work-related ill health	0	0
Type of work-related ill health	-	-

\*The total number of hours worked has been calculated based on the estimated number of hours worked by 200 full-time employees (at 31/12/2022) multiplied by daily hours worked (6.667 hours worked daily based on contract) multiplied by 22 days of work multiplied by 12 months of work. Note that the total number of employees does not include those who are not Papoutsanis employees (e.g. trainees, self-employed and external partners).

\*\* The indicator has been calculated based on an estimated 200,000 hours worked.

# 5

## RESPONSIBLE CORPORATE GOVERNANCE

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**5.1. Company's Organisational Structure**

**5.2. Financial performance**

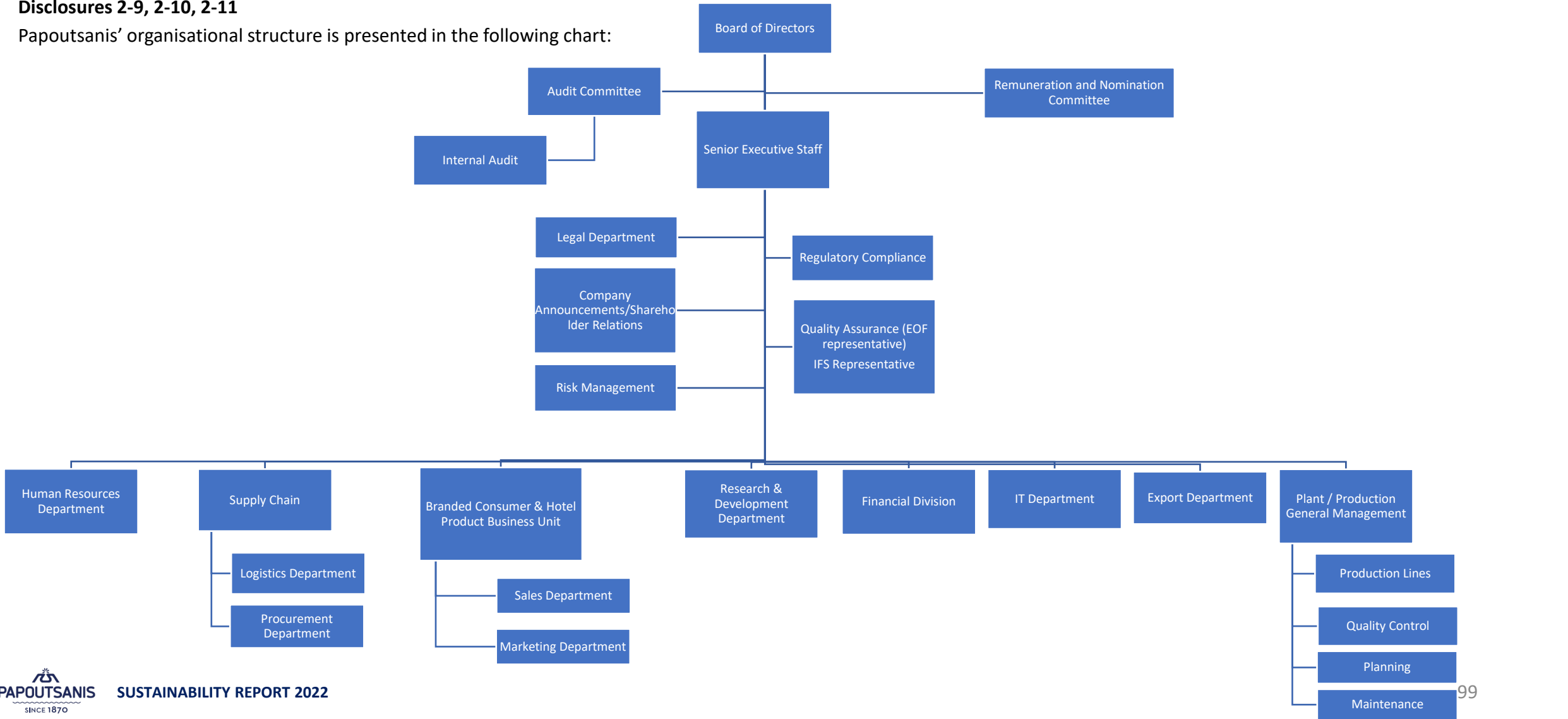
**5.3. Business Ethics**

**5.4. Corporate Governance**

# 5.1. COMPANY'S ORGANISATIONAL STRUCTURE

Disclosures 2-9, 2-10, 2-11

Papoutsanis' organisational structure is presented in the following chart:





**Disclosure 2-9, 2-13, 2-18, ATHEX C-G1**

The Papoutsanis **Board of Directors (BoD)** acts collectively in matters of general administration and management of corporate affairs. BoD members are elected by the General Assembly to serve three-year terms. Aside from the BoD, the Company also has two additional Committees:

- The **Audit Committee**, elected by the General Assembly and evaluated by BoD members.
- The **Remuneration and Nomination Committee**, whose members are selected and appointed by the BoD.

The main competencies of the BoD and the Committees are summarised as follows:

The Board of Directors is responsible for overseeing the direction of the Company's sustainability strategy, including incorporating environmental, social and governance (ESG) risks and opportunities into Company strategy. Certain ESG oversight responsibilities are aligned with the most appropriate committee or department, to which responsibility for day-to-day management of the issue is assigned.

BOARD OF DIRECTORS

- Management and drawing up of financial statements
- Approval of long-term corporate strategy
- Overview of senior management's performance and decision-making
- Vigilance relative to existing or potential conflicts of interest
- Ensuring and safeguarding regulatory compliance
- Applying and implementing a corporate governance system

AUDIT COMMITTEE

- Monitors the procedure and carrying out of mandatory audit of the Company's individual and consolidated financial statements
- Evaluates the completeness and cohesion of financial reports before they are approved by the BoD
- Monitors the effectiveness of internal audit systems, as well as the organisational structure and staff of the Internal Audit Division

REMUNERATION COMMITTEE

- Establishing criteria for selecting BoD members and assessing their suitability, based on objective criteria
- Periodic assessment and submission of recommendations for amending Suitability and Diversity policies

**Disclosure 2-12, 2-14**

The CEO (highest governance body) is responsible for review and approval of reported sustainability information, including the organisation's material topics. The CEO is also responsible for overseeing the management of impacts (climate, environmental, social, etc.) and with the BoD provide feedback and redesign strategy and sustainable development policies.



## OUR APPROACH

### Disclosure 2-10

The procedure for screening and hiring executives and the CEO is transparent and merit-based, and it helps define the dynamic of corporate goals established on the basis of international standards with the ultimate aim of achieving them.

The Company recognises the important contribution of its employees to its long-term prosperity, and evaluates in-house personnel before venturing to search for external candidates. In this way, it provides its employees an opportunity for advancement and promotion.

The BoD consists of 3 to 15 members and they can be shareholders. They can be re-elected and freely recalled. The CEO and their deputies are elected by a meeting of the Board of Directors.

### ATHEX C-G1

The Papoutsanis BoD consists of six members, three non-executive and three executive members. All BoD members have many years of experience in the areas of sustainability and ESG, which are areas of utmost importance and priority for the Company and are taken into account in Papoutsanis' Sustainable Development Policy.

Given that the Chair of the BoD is an executive member, in accordance with the Hellenic Corporate Government Code, the Vice-Chair of the BoD has been appointed by the Board as a non-executive member. Specifically, the members of the BoD up to 15 July 2024 are:

MEMBERS OF THE BOARD UP TO 15 JULY 2024	
Chairman (Executive member)	Georgios Gatzaros
Vice-Chair (Non-executive member)	Dimitrios Papoutsanis
Managing Director/CEO (Executive member)	Menelaos Tassopoulos
Chief Financial Officer (Executive member)	Mary Iskalatian
Independent member (Non-executive)	Christos Georgalis
Independent member (Non-executive)	Antonios Barounas



## ATHEX C-G1

COMPOSITION OF THE BOARD OF DIRECTORS	2020	2021	2022
Men on the BoD (%)	83%	83%	83%
Women on the BoD (%)	17%	17%	17%
Total members of the BoD (%)	100%	100%	100%
Non-executive Board members (%)	50%	50%	50%
Executive Board members (%)	50%	50%	50%
Total members of the BoD (%)	100%	100%	100%
Non-executive and independent Board members (%)	33%	33%	33%
Total members of the BoD (%)	100%	100%	100%

### Disclosure 2-17, ATHEX C-G2

The BoD oversees and manages the Company's Sustainable Development. Members of the Board have sufficient knowledge and skills relative to Sustainable Development issues and follow the rapidly changing regulatory framework associated with these issues. Indicatively, energy efficiency and investments in areas of sustainability are included in the annual investment plan, which is discussed and approved during Papoutsanis BoD meetings.



## 5.2. FINANCIAL PERFORMANCE

### OUR APPROACH

#### Disclosure 201-1

Aiming at technological upgrades and innovation, our Company promotes sustainable, uninterrupted and non-exclusive economic development for both the Company and Greek society, by providing dignified working conditions and opportunities for full-time productive employment for all stakeholders of the employed population.

Papoutsanis' strategic and business policies recognise that sustainable economic development is conditional on ensuring employment opportunities and dignified working conditions, but without undermining the natural ecosystems and disturbing balances in systems that support life on Earth, such as the climate, atmosphere and the ground.

The new Papoutsanis profile, shaped based on its vision, values and business ethics, holds a strong position on both the domestic and global markets, and aims to consistently invest in its human and business resources, with a focus on sectors that create high added value for both the Company and for the environment and society as a whole.

#### Disclosure 201-2

For Papoutsanis, the concept of sustainable development is an integral part of responsible action over the long term as a way of ensuring the Company's well-being into the future. As such, we aim to achieve a balance between environmental, social and economic aspects in all issues during the decision-making process. The Company is highly environmentally conscious and committed to promoting environmentally friendly production and resource conservation, as well as developing innovative, high-quality products that save water and energy and feature a greener package design. Papoutsanis' ultimate aim is to actively help mitigate climate change, and therefore identifies risks and opportunities that stem from climate change and can potentially affect the Company's operation, profits and expenses.





## OUR PERFORMANCE

### Disclosure 201-1

YEAR	2020	2021	2022
<b>Direct Economic Value Generated (€ '000)</b>			
Revenues (€ '000)	40,842	54,769	70,750
Operating costs	27,374	40,230	57,134
Employee wages and benefits	5,683	6,402	7,384
Payments to providers of capital	556	2,459	3,773
Payments-Contributions to Government	1,528	1,630	1,920
Investments in Society	201	162	175
Direct Economic Value Distributed (€ '000)	35,342	50,883	69,057
<b>Economic value retained (€ '000)</b>			
Total	5,500	3,886	1,693





## ATHEX A-S1

REVENUES	2020	2021	2022
Revenues from sustainable assets, products and services	2849168	5,463,204	17,004,116
Total revenues*	40,841,939	54,768,621	70,749,375
Sustainable revenues (%)**	7%	10%	24%
CapEx	2020	2021	2022
Capital expenditure from sustainable assets, products and services	2,650,000	3,942,274	2,910,749
Total capital expenditure	4,996,597	10,228,246	10,583,770
Sustainable capital expenditure (%)**	53%	39%	28%
OpEx	2020	2021	2022
Operational expenditure from sustainable assets, products and services	7,573,847	18,770,632	12,921,883
Total operational expenditure	27,374,000	40,230,000	57,134,000
Sustainable operational expenditure (%)**	28%	47%	23%

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

- *Sustainable revenues (%) = Revenues from sustainable assets, products and services / Total revenues x 100*
- *Sustainable capital expenditure (%) = Capital expenditure from sustainable assets, products and services / Total capital expenditure x 100*
- *Sustainable operational expenditure (%) = Operational expenditure from sustainable assets, products and services / Total capital expenditure x 100*

\* *Total revenues include the Company's sustainable branded consumer products, as well as sustainable third-party products.*

\*\* *The assets, products and services are classified as environmentally sustainable based on Articles 3 and 9 of the EU Taxonomy (6 environmental targets).*



Disclosure 201-2, ATHEX A-E2

CLIMATE CHANGE RISKS AND OPPORTUNITIES			
TYPE	PHENOMENON - ACTION	IMPACT ON PAPOUTSANIS (RISKS & OPPORTUNITIES)	MEASURES - ACTIONS
Natural	Extreme weather phenomena (flooding, mudslides, storms, etc.)	<p><b>Risk</b> Extreme weather phenomena can upset the supply chain and cause problems in internal production, threatening business continuity.</p>	<p><b>Minimising risks</b></p> <ul style="list-style-type: none"> <li>Selection of suppliers working in the domestic market to keep supply chains short</li> <li>Strengthening Company infrastructure to safeguard the safety of products and production, and employee health systems</li> </ul>
Natural	Depletion of water and water sources, and periods of drought	<p><b>Risk</b> Available water resources are constantly being depleted, particularly with periods of drought and high temperatures (e.g. summer months). The decrease in available water can affect the Company’s production activity and upset business continuity</p>	<p><b>Minimising risks</b></p> <ul style="list-style-type: none"> <li>Ongoing investment in infrastructure to conserve water, such as the installation of 2 reverse osmosis units resulting in saving 20 m<sup>3</sup> of water daily</li> </ul>
Legal – institutional	Increase in European requirements for using energy from renewable sources and sustainable fuels (Directive (EU) 2013/2001)	<p><b>Opportunity</b> Increased requirements for use of renewable energy sources could serve as a competitive advantage for Papoutsanis over other companies using conventional types of energy and fossil fuels and could increase its profitability</p>	<p><b>Grasping the opportunity</b></p> <ul style="list-style-type: none"> <li>Investment of €5,149,181 to improve energy efficiency</li> <li>Burning of natural gas instead of fossil fuels (e.g. fuel oil, petroleum)</li> <li>Application for permit to install solar panels</li> <li>Guarantees of Origin (GOs) certificates and coverage of 96% of energy requirements for 2022</li> </ul>



Disclosure 201-2, ATHEX A-E2

CLIMATE CHANGE RISKS AND OPPORTUNITIES			
TYPE	PHENOMENON - ACTION	IMPACT ON PAPOUTSANIS (RISKS & OPPORTUNITIES)	MEASURES - ACTIONS
Legal – institutional	Increased European requirements for packaging and packaging waste (Directive (EU) 2018/852)	<p><b>Opportunity</b> Due to its demonstrated great willingness to invest in innovative packaging materials, Papoutsanis takes advantage of increased requirements for recycled and recyclable packaging as described in the aims of Directive (EU) 2018/852, compared to its competitors.</p>	<p><b>Grasping the opportunity</b></p> <ul style="list-style-type: none"> <li>7.1% of materials used for raw material packaging are made from recycled PET (polyethylene terephthalate) and HDPE (high-density polyethylene-PCR),</li> <li>92.9% of materials used for raw material packaging are from recyclable PET, HDPE and PP (polypropylene)</li> <li>No PVC (polyvinyl chloride) is used for raw material packaging.</li> <li>the Plastics Department reuses and recycles the unused raw material from the soap crusher machine, thus generating less waste and helping to conserve natural resources</li> </ul>
Other	Change in consumer behaviour, habits and preferences	<p><b>Opportunity</b> Sustainability and innovation in Company products while reducing the environmental footprint and increasing profits</p>	<p><b>Grasping the opportunity</b></p> <ul style="list-style-type: none"> <li>New, complete premium "Olivia Thinks" line and "Good to Declare" certified product line, which are part of the Papoutsanis hotel amenities category</li> <li>The "Aromatics" line, from the Company's vegan consumer products</li> <li>Transition from plastic to paper packaging for Papoutsanis <b>green soap</b> and a reduction of 3 tons of plastic in packaging materials in 2020.</li> <li>Removal of plastic film for multiple packaging of "Aromatics" soap in groups of four and a resulting reduction of 2 tons of plastic</li> </ul>



## 5.3. BUSINESS ETHICS

### CODE OF ETHICS

#### Disclosures 2-15, 2-16, 2-26, ATHEX C-G6

The Papoutsanis Code of Ethics outlines the principles according to which Company employees must act and behave. It also applies to the Company's business partners, including suppliers in all their connections and relations with the Company. In addition, it sets out the manner in which the Company must behave relative to its employees and partners. These principles include mutual respect and trust, dignity, compliance with laws in effect in Greece and the countries in which the Company operates and the protection of corporate interests.

(<https://www.papoutsanis.gr/el/poioi-eimaste-2/kodikas-deontologias-132102/>)

The Code of Ethics includes the Company's policies on topics of corporate ethics, combating corruption and conflict of interest, and requires that each employee perform their activities with integrity in compliance with current law and in a manner that excludes scrutiny of their own personal interests.

The highest governance body is informed of issues that fall under the Code of Ethics and takes actions to resolve them and avoid adverse effects.

The Papoutsanis **Code of Ethics** covers the following topic areas:





## GOVERNANCE VALUES



### TRANSPARENCY AND INTEGRITY



Daily decision-making at all levels and operations of the Company is based to a significant extent on the values of integrity and personal responsibility for fostering transparency.



### CONTROL MECHANISMS



The Company's governance structures are supported by control mechanisms put in place by the Internal Audit Department.



### RISK MANAGEMENT



Risk prevention and mitigation is the foundation of long-term success and strategic resilience.



### DUTIES AND RESPONSIBILITIES



The definition of clear boundaries in roles and competencies to promote efficiency and cooperation is a sign of proper governance.

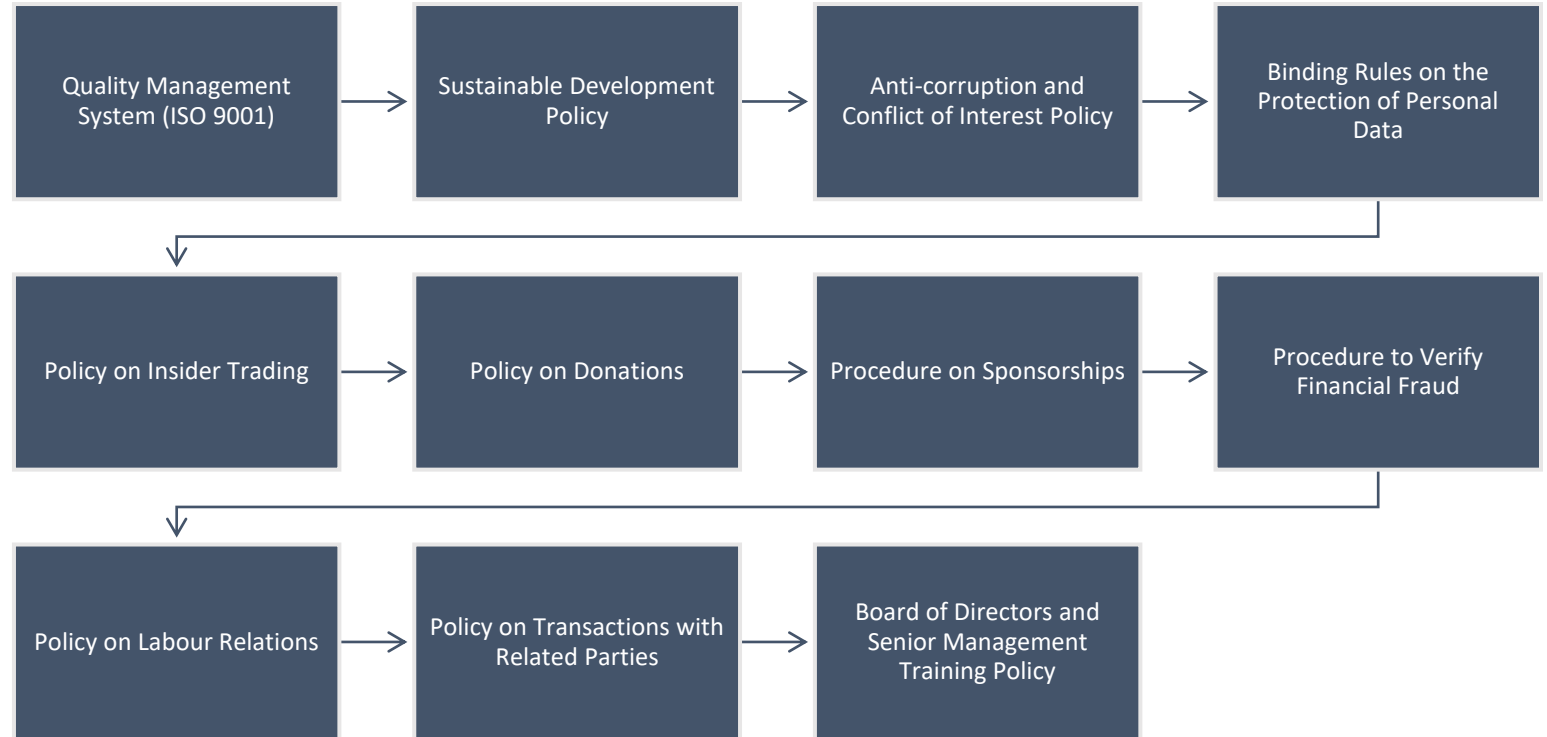


**POLICIES AND PROCEDURES IN REGULATORY COMPLIANCE**

**Disclosures 2-23, 2-24, ATHEX C-G4**

The compliance policies and procedures applied by the Company aim at ensuring its ongoing compliance with the current institutional and regulatory framework, codes of ethics and standards of good practice as it performs its activities. As part of implementing the regulatory compliance management system, the following Company policies and procedures are also in effect, in addition to the Code of Ethics:

The Company is committed to operating with environmental and social responsibility, while it works closely with customers and interested parties in the community to create a more sustainable future for all stakeholders. The Company’s trustworthy operation is a top priority and essential to its sustainable success. Papoutsanis has instituted a number of policies that cover the most important aspects of our culture and operations, aimed at protecting our business conduct and guaranteeing that our work and professional life are conducted in accordance with our values.





## OUR PERFORMANCE

### Disclosures 205-1, 205-3

CORRUPTION-RELATED INDICATORS			
	2020	2021	2022
Percentage of activities assessed for corruption-related risk	100%	100%	100%
Significant risks related to corruption that have been identified through risk assessment	0	0	0
Total number of verified corruption-related risks	0	0	0
Total confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0
Number of public legal cases regarding corruption brought against Papoutsanis or its employees	0	0	0

### Disclosure 206-1

As regards anti-competitive behaviour, during the reporting period there were no outstanding or completed legal actions relative to anti-competitive behaviour or violations of anti-trust laws. As a result, there are no final results from completed legal actions, including any decisions or judgements.

### Disclosure 2-27

In 2022, the Company did not identify incidences of non-compliance with laws and/or regulations, and therefore the total amount of fines related to non-compliance with the legal and regulatory framework was zero.

### ATHEX C-G5, ATHEX A-G2

The Company maintains a Business Ethics Policy, which recognises and follows national and international business ethics laws. Note that in 2022, there were no business ethics violations by the Company, and therefore, the total amount of financial losses resulting from business ethics violations is €0.



## 5.4. CORPORATE GOVERNANCE

The Company applies the Corporate Governance Code of the Hellenic Corporate Governance Council (HCGC), with the exclusions published in the annual Corporate Governance Statement. This Code is available on the HCGC website and in hard-copy form for all personnel at the Finance and Human Resources divisions and on the Company website.

The Code outlines the role, competencies, number and line-up of Board of Directors members, the role and required capacities of the Chairman, as well as the procedures for nominating new members, and the function and evaluation of the Board.

In the **Corporate Governance Statement**, the Company declares that it meets the Code’s minimal requirements, as specified by current Greek legislation, and deviates from certain provisions of the Code regarding “Special practices for listed companies” for which deviation is provided for in applicable law, justifying the reason for the deviation. The Company does not apply corporate governance practices over and above those required by law.

### POLICIES

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

- Risk Management Policy
- Shareholder Communication Policy
- Internal Audit System Assessment Policy and Procedure
- Sustainable Development Policy
- Whistleblowing Policy
- Board of Directors and Senior Management Training Policy
- Conflict of Interest Prevention and Remedy Policies and Procedures
- Legislative and Regulatory Compliance Policies and Procedures

These policies may include individual policies for optimal achievement of their goals, as in the case of “Legislative and Regulatory Compliance Policies and Procedures”.





**Disclosures 2-19, 2-20**

**REMUNERATION POLICY**

Papoutsanis’ Remuneration Policy sets out the framework for remuneration of senior management executives, with the aim of retaining useful and qualified human resources among its ranks and achieving the Company's long-term goals. By adopting decision-making procedures regarding remuneration, fair boundaries between basic and variable remuneration, and a broader cohesive framework for remuneration of those to whom it applies, the remuneration policy contributes to the company's business strategy, its long-term interests and to its sustainability. Its scope of application includes members of the Company's Board of Directors and the Managing Director and Deputy Managing Director (if applicable).

The policy is approved by the General Meeting of Shareholders, while the Board of Directors reviews and revises it. Its period of validity and handling of conflicts of interest are detailed in the Remuneration Policy. It also outlines the method by which payroll and working conditions for Company employees are taken into consideration when formulating the policy, the type of remuneration (basic, variable and other benefits) and the related regulations that apply to executive members of the Board and the Managing Director and to non-executive members of the Board.

Lastly, it refers to Company contracts with entities that fall within the scope of the Remuneration Policy and potential cases of deviation from the policy.

**FIXED REMUNERATION**

Executive members of the Board of Directors receive fixed remuneration as part of their employment agreement with the Company or part of a share distribution-stock option scheme. They do not receive separate fixed remuneration in their capacity as members of the Board of Directors.

Fixed remuneration reflects the range of duties and responsibilities they assume, in relation to prevailing rates on the market and to the company’s need to recruit and retain high-level executive officers.

Fixed remuneration is re-evaluated annually, taking into consideration the state of the economy, the remuneration levels in the labour market and the company’s course, including its key financial figures, e.g. turnover, earnings before tax and its assets overall. After such re-evaluation, an adjustment in fixed remuneration is permissible. The adjustment (increase) shall not exceed 10% of the fixed remuneration per year or 30% overall over the three-year period, in other words by comparing the fixed remuneration at the start and end of the three-year period for each person. At least 30% of fixed remuneration is in cash.

**VARIABLE REMUNERATION**

Variable remuneration is paid based on annual targets, which are set no later than 1 April of the reference year. The targets for the reference year are set no earlier than 1 November of the previous year, except for share distribution or stock option schemes, where the targets may be set in advance for a maximum period of four years.



The Board of Directors, taking into consideration the recommendations of the Remuneration Committee, decides on specific targets for one or more categories for each director, and the type and amount of variable remuneration associated with their achievement, whether the type and/or amount of variable remuneration gradually changes in connection with the degree of target achievement or whether the achievement/non-achievement of a target leads to receiving or not receiving variable remuneration, and any other related matter.

All variable remuneration, or any part of it, may comprise shares or stock options.

It is noted that, with regard to stock option or share distribution schemes, the value of the benefit will be calculated on the date the rights are granted or when a binding decision is taken about the number and conditions for granting free shares, respectively, and will be calculated based on the closing price of the stock on that day, or in another acceptable manner in accordance with the prevailing science of economics.

### OTHER BENEFITS

As part of creating a competitive benefits package, the Company may offer, by resolution of the Board of Directors (in which the director to receive the benefits does not participate) a mix of other benefits, such a company vehicle and/or mobile phone and/or coverage of phone fees and/or mileage allowance based on actual consumption, group and/or individual health insurance (which includes spouses and children), retirement plan and other benefits.

Additionally, expenses incurred which are necessary to performing their duty are compensated.

### INTERNAL AUDIT UNIT

The Internal Audit Unit (IAU) is staffed by the suitable number and quality of Company human resources, and has resources that allow it to accomplish its mission in direct relation to the size and complexity of the Company. The IAU has in place an Internal Regulation, which is approved by the Board of Directors following the proposal of the Audit Committee. As part of its general duties, the IAU monitors, audits and evaluates the following:

- the implementation of the Regulation and Internal Audit System,
- the quality assurance mechanisms,
- the corporate governance mechanisms,
- the fulfilment of commitments contained in the Company’s prospectuses and business plans.

Furthermore, the IAU draws up reports to audited units with findings regarding the above, outlining the risks arising from them and proposing improvements. Additionally, it submits reports to the Audit Committee at least on a quarterly basis which include the more significant issues and recommendations relating to all of the above areas. It also plays a leading role in monitoring the Company’s Internal Audit System, while also reviewing the effectiveness of existing safeguards.



**Disclosure 2-25**

Papoutsanis believes the development of a culture marked by transparency, responsibility and accountability is essential in our journey towards a sustainable and socially responsible future. Through an ongoing commitment and focus on addressing negative impacts, we aim to abide by the principles of sustainability to the benefit, not just of our Company, but also that of society in general and the environment in which we operate.

As such, the Company places particular emphasis on its commitment to respond and remedy negative impacts that result from its activities. Our Code of Ethics is useful as a fundamental document, describing our dedication to that purpose. Through established complaint mechanisms, we actively encourage our employees and stakeholders to express their concerns and raise potential issues related to our activities which may have caused or contributed to negative impacts. We believe in the power of open communication and our Internal Audit Unit functions as a vital link for ensuring a prompt response to any identified problems.

The Company has in place a strong and effective Internal Audit System (IAS) for both financial and non-financial reporting. The IAS reporting model includes an integrated set of data which aim to fulfil Papoutsanis’ commitments to remediating negative impacts which it recognises that it caused or contributed to:



An officially approved organisational structure, worked out in detail for each level in the hierarchy, which distinguishes between main and ancillary operations and explicitly lays out the areas of responsibility for divisions or departments.



Line-up, organisational structure and function of the Internal Audit Unit to settle any misconduct or inconsistency.



Lines of reporting and channels of communication for collecting, disseminating and gathering feedback information, both internally between stakeholders and externally through interaction with partners, customers and regulatory bodies to ensure Papoutsanis’ effective and transparent organisational functions.



Risk assessment and management procedures that include risk identification and analysis, mitigation through appropriately designed actions and policies, review and regular monitoring and, lastly, transparent notification of stakeholders to foster transparency and a sense of trust.



Mechanisms for monitoring and evaluating actions (e.g. defining clear performance metrics and reporting criteria, collecting relevant data, undertaking regular re-evaluations to measure actual performance relative to established standards, etc.) that help to ensure alignment with targets and the Company’s goals, while also cultivating a culture of ongoing improvement.



# REPORTING METHODOLOGY

## Disclosures 2-2, 2-3

This is the 4<sup>th</sup> consecutive Papoutsanis annual report and it aims at informing Company stakeholders about its performance in matters of sustainability. It also reflects the Company's commitment to transparent and responsible operation.

Papoutsanis has reported on sustainability-related information “**in accordance**” with the GRI Standards for the period 1 January 2022 to 31 December 2022, and includes the Company’s responsible business practices, policies, actions and goals, while also presenting its economic, environmental and social performance throughout the spectrum of its activities. The Sustainable Development Report includes only the activities of the parent company, as it does not include data on subsidiaries, partners, suppliers or other third parties. Updates and additional information on the policies and practices followed by Papoutsanis are available on the Company’s website, [www.papoutsanis.gr](http://www.papoutsanis.gr).

This Report was published 31 October 2023.

## REPORTING PRINCIPLES

The Report follows the new GRI Universal Standards 2021 guidelines (Global Reporting Initiative) and meets the requirements of the Athens Stock Exchange ESG Reporting Guide 2022. The Report also refers to the United Nations Sustainable Development Goals (SDGs). This Report refers to Financial Year 2022 (1/1/2022-31/12/2022) and has been prepared with the support and guidance of specialised consultants (data collection, assessment and writing) of the Sustainable Development Department at SustChem Technical Consulting ([www.sustchem.gr](http://www.sustchem.gr)).



## DATA COLLECTION AND SOURCES OF INFORMATION

The data and information presented here are collected based on the documentation procedures and databases of the relevant management systems in place. In cases where the data presented were submitted in processed form or were based on assumptions, the method or type of calculation is mentioned.

## LIMITATIONS AND SIGNIFICANT DIFFERENCES FROM PREVIOUS REPORTS

### Disclosure 2-4

There are no restrictions relative to the scope of application and boundaries of the 2022 Report that might affect the comparison of data included on an annual basis. However, changes have been made to some of the methods or techniques for calculating/evaluating disclosures presented in the Sustainable Development Report 2022 due to the revision of GRI Standards. Where revisions have been made, a specific reference is included in the relevant sections, tables or diagrams, clearly stating the reasons for the revision at those points.

Financial data included here are fully consistent with those in the Annual Reports, which have been audited by sworn auditors, as specified by law. The Annual Financial Reports and Sustainable Development Reports are available on the Papoutsanis website under the corresponding links.

[https://www.papoutsanis.gr/el/sxeseis-ependyton/oikonomika-apotelesmata-4\\_131338/](https://www.papoutsanis.gr/el/sxeseis-ependyton/oikonomika-apotelesmata-4_131338/) and [https://www.papoutsanis.gr/el/aeiforos-anaptiksi/ekthesi-aeiforou-anaptyxis\\_132642/](https://www.papoutsanis.gr/el/aeiforos-anaptiksi/ekthesi-aeiforou-anaptyxis_132642/).

## EXTERNAL ASSURANCE

### Disclosure 2-5

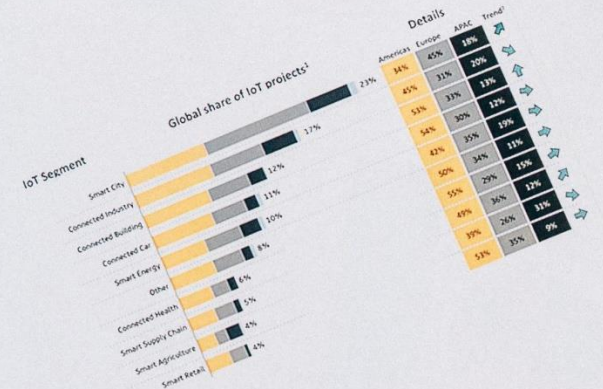
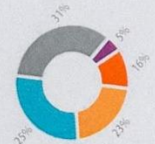
The Company has not obtained external assurance of the Report's content. We recognise the importance of the process for our stakeholders and we are examining the possibility for obtaining external assurance for our subsequent reports, since it will become mandatory as part of the Corporate Sustainability Reporting Directive.

## CONTACT POINT

### Disclosure 2-3

The main purpose of this Report is to provide substantive and complete information to all Papoutsanis stakeholders. If you have any comment or feedback that could help us in our ongoing efforts to improve, or any questions regarding this Report, you can contact us by e-mail at [sustainability@papoutsanis.gr](mailto:sustainability@papoutsanis.gr).





Region	Americas	Europe	APAC	Trend
Smart City	34%	45%	18%	↑
Connected Industry	45%	31%	20%	↑
Connected Building	34%	17%	13%	↑
Connected Car	35%	34%	11%	↑
Smart Energy	48%	50%	9%	↑
Other	34%	34%	11%	↑
Connected Health	31%	34%	12%	↑
Smart Supply Chain	31%	34%	11%	↑
Smart Agriculture	31%	34%	11%	↑
Smart Retail	31%	34%	11%	↑



# 6

## ANNEX

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**6.1. Annex I – GRI content index**

**6.2. Annex II – ATHEX ESG Reporting Guide content index**





## 6.1. ANNEX I – GRI CONTENT INDEX

### GRI 1: FOUNDATION 2021

#### GRI 1: Foundation – Statement of use

The information provided in this Report reflects the activities of Papoutsanis SA and presents the Company’s economic, environmental and social performance. The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards for the period 1 January 2022 to 31 December 2022.

#### GRI 1 used

GRI 1: Foundation 2021

#### Applicable GRI Sector Standard

Not applicable



## GRI 2: GENERAL DISCLOSURES 2021

GRI	Disclosure	Report Section	Page	External Assurance
<b>1. Organisation and Reporting Practices</b>				
2-1	Organisational Details	1.1. Profile	P. 10	-
2-2	Entities included in the Sustainable Development Report	Reporting methodology	P. 108	-
2-3	Reporting period, frequency and contact point	Reporting methodology	P. 108, 109	-
2-4	Restatements of information	Reporting methodology	P. 109	-
2-5	External assurance	Reporting methodology	P. 109	-
<b>2. Activities and Employees</b>				
2-6	Activities, value chain and other business relationships	1.1. Profile 1.4. Domestic and global presence 1.5. Supply chain	P. 10, 16, 18, 28	-
2-7	Employees	4.2. Human Resources Development	P. 83, 84	-
2-8	Workers who are not employees	4.2. Human Resources Development	P. 85	-
<b>3. Governance</b>				
2-9	Governance structure and composition	5.1. Company's Organisational Structure	P. 99, 100	-



## GRI 2: GENERAL DISCLOSURES 2021

GRI	Disclosure	Report Section	Page	External Assurance
2-10	Nomination and selection of the highest governance body	5.1. Company's Organisational Structure	P. 99, 101	-
2-11	Chair of the highest governance body	5.1. Company's Organisational Structure	P. 99	-
2-12	Role of the highest governance body in overseeing the management of impacts	5.1. Company's Organisational Structure	P. 100	-
2-13	Delegation of responsibility for managing impacts	5.1. Company's Organisational Structure	P. 100	-
2-14	Role of the highest governance body in sustainability reporting	5.1. Company's Organisational Structure	P. 100	-
2-15	Conflicts of interest	5.3. Business Ethics	P. 108	-
2-16	Communication of critical concerns	5.3. Business Ethics	P. 108	-
2-17	Collective knowledge of the highest governance body	5.1. Company's Organisational Structure	P. 102	-
2-18	Evaluation of the performance of the highest governance body	5.1. Company's Organisational Structure	P. 100	-
2-19	Remuneration policies	5.4. Corporate Governance	P. 113	-
2-20	Process to determine remuneration	5.4. Corporate Governance	P. 113	-



## GRI 2: GENERAL DISCLOSURES 2021

GRI	Disclosure	Report Section	Page	External Assurance
2-21	Annual total compensation ratio	4.2. Human Resources Development	P. 87	-
<b>4. Strategy, policies and practices</b>				
2-22	Statement on sustainable development strategy	Message from the Managing Director	P. 5	-
2-23	Policy commitments	4.3. Safeguarding ethics and human rights 5.3. Business Ethics	P. 89, 90, 110	-
2-24	Embedding policy commitments	3.3 Climate change 4.3. Safeguarding ethics and human rights 4.4. Occupational health and safety 5.3. Business Ethics	P. 41, 67, 90, 94, 110	-
2-25	Processes to remediate negative impacts	5.4. Corporate Governance	P. 115	-
2-26	Mechanisms for seeking advice and raising concerns	5.3. Business Ethics	P. 108	-
2-27	Compliance with laws and regulations	5.3. Business Ethics	P. 111	-
2-28	Membership associations	2.4. Partnerships and Participations	P. 31	-
<b>5. Stakeholder engagement</b>				
2-29	Approach to stakeholder engagement	2.1. Stakeholders 2.2. Materiality Assessment	P. 20, 23	-



## GRI 3: MATERIAL TOPICS 2021

GRI	Disclosure	Report Section	Page	External Assurance
2-30	Collective bargaining agreements	4.2. Human Resources Development	P. 88	-
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	2.2. Materiality Assessment	P. 19-26	-
	3-2 List of material topics	2.2. Materiality Assessment	P. 19-26	-
	3-3 Management of material topics	2.2. Materiality Assessment	P. 19-26	-

Material topic	Disclosure	Report Section	Page	External Assurance
<b>ENVIRONMENT</b>				
<b>Energy</b>	302-1: Energy consumption within the organisation	3.2. Energy	P. 35	-
	302-3: Energy intensity	3.2. Energy	P. 36	-
	302-4: Reduction of energy consumption	3.2. Energy	P. 35	-
<b>Climate Change</b>	305-1: Direct (Scope 1) GHG emissions	3.3. Climate Change	P. 38	-
	305-2: Energy indirect (Scope 2) GHG emissions	3.3. Climate Change	P. 38	-
<b>Procurement of raw materials</b>	301-1: Materials used by weight or volume	3.4. Procurement of raw materials	P. 47	-



## GRI 3: MATERIAL TOPICS 2021

Material Topic	Disclosure	Report Section	Page	External Assurance
<b>Water quality management and assurance</b>	303-1: Interactions with water as a shared resource	3.5. Water quality management and assurance	P. 48	-
	303-2: Management of water discharge-related impacts	3.5. Water quality management and assurance	P. 48	-
	303-5: Water consumption	3.5. Water quality management and assurance	P. 49	-
<b>Packaging Materials &amp; Waste</b>	301-1: Materials used by weight or volume	3.6. Packaging materials and waste	P. 53	-
	301-2: Recycled input materials used	3.6. Packaging materials and waste	P. 55	-
	306-1: Waste generation and significant waste-related impacts	3.6. Packaging materials and waste	P. 56	-
	306-2: Management of significant waste-related impacts	3.6. Packaging materials and waste	P. 56	-
	306-3: Waste generated	3.6. Packaging materials and waste	P. 57	-
	306-4: Waste diverted from disposal	3.6. Packaging materials and waste	P. 58	-
	306-5: Waste directed to disposal	3.6. Packaging materials and waste	P. 60	-



## GRI 3: MATERIAL TOPICS 2021

Material Topic	Disclosure	Report Section	Page	External Assurance
<b>SOCIETY</b>				
<b>Product Quality and Safety</b>	416-1: Assessment of the health and safety impacts of product and service categories	4.1. Product quality and safety	P. 63, 70	-
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	4.1. Product quality and safety	P. 63, 70	-
	414-1: New suppliers that were screened using social criteria	4.1. Product quality and safety	P. 65	-
<b>Human Resources Development</b>	404-1: Average hours of training per year per employee	4.2. Human Resources Development	P. 72, 81	-
	404-2: Programs for upgrading employee skills and transition assistance programmes	4.2. Human Resources Development	P. 72, 77, 79	-
	404-3: Percentage of employees receiving regular performance and career development reviews	4.2. Human Resources Development	P. 72	-
<b>Safeguarding ethics and human rights</b>	405-1: Diversity of governance bodies and employees	4.3. Safeguarding ethics and human rights	P. 91	-
	405-2: Ratio of basic salary and remuneration of women to men	4.3. Safeguarding ethics and human rights	P. 92	-



## GRI 3: MATERIAL TOPICS 2021

Material Topic	Disclosure	Report Section	Page	External Assurance
<b>Safeguarding ethics and human rights</b>	406-1: Incidents of discrimination and corrective actions taken	4.3. Safeguarding ethics and human rights	P. 93	-
	403-2: Hazard identification, risk assessment and incident investigation	4.4. Occupational health and safety	P. 94	-
<b>Occupational health and safety</b>	403-3: Occupational health services	4.4. Occupational health and safety	P. 94	-
	403-4: Worker participation, consultation and communication on occupational health and safety	4.4. Occupational health and safety	P. 94	-
	403-5: Worker training on occupational health and safety	4.4. Occupational health and safety	P. 94	-
	403-6: Promotion of worker health	4.4. Occupational health and safety	P. 94	-
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4. Occupational health and safety	P. 94	-
	403-9: Work-related injuries	4.4. Occupational health and safety	P. 97	-





## GRI 3: MATERIAL TOPICS 2021

Material Topic	Disclosure	Report Section	Page	External Assurance
<b>GOVERNANCE</b>				
<b>Financial performance</b>	201-1: Direct economic value generated and distributed	5.2. Financial Performance	P. 103, 104	-
	201-2: Financial implications and other risks and opportunities due to climate change	5.2. Financial Performance	P. 103, 106, 107	-
<b>Business Ethics</b>	205-1: Operations assessed for risks related to corruption	5.3. Business Ethics	P. 111	-
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ATHEX  
ESG INDEX



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# FEEDBACK FORM

**Which Papoutsanis stakeholder category are you in?**

- |  |  |
|--|--|
| <input type="checkbox"/> Employees                                 | <input type="checkbox"/> Customers   |
| <input type="checkbox"/> Members of the local community and NGOs   | <input type="checkbox"/> End consumers   |
| <input type="checkbox"/> Shareholders                              | <input type="checkbox"/> Suppliers   |
| <input type="checkbox"/> Representatives of financial institutions | <input type="checkbox"/> Representatives of legal authorities and institutional bodies |

If you are in a different group of stakeholders, please state what that is.

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**Please indicate to what extent you agree with the statements that follow in relation to the level of information presented in the Report.**

**(1)** Completely disagree, **(2)** Disagree, **(3)** Neither agree nor disagree, **(4)** Agree, **(5)** Completely agree

1. The principles and topics deemed critical for the Company's sustainable development have been covered
2. The sections are presented in a balanced and clear manner
3. The structure is understandable and easy to read
4. Graphs and tables are easy to understand
5. The visual presentation is satisfactory and the images enhance the Report

**Please note any sustainable development topic you believe was not mentioned and would like to have included in the next Report.**

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**Please note any other comment or suggestion you would like to communicate to the Company.**

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