



LET'S  
REVOLUTIONIZE  
PAPER

52

our roadmap  
to net zero



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This report has been prepared in  
accordance with the GRI Standards  
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future-fit  
solutions for  
packaging



# letter from the board

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Dear readers,

This is the future we want to see: the best specialty paper imaginable on the healthiest planet possible. That is why we challenge ourselves every day to drive sustainability through innovation. Across our business areas, we strive for responsibility, efficiency, and resilience. We are dedicated not only to making a better product, but also a better world — and to be better ourselves. That passion moves us and motivates us to think beyond.


We all need to play our part in transforming our industry into one that is genuinely built around circularity. A key part of our transition to a more circular economy is to make our sustainable solutions highly functional, more powerful than ever, yet still affordable. Through our commitment, we contribute to a transformation of sustainable, lightweight, and functional paper solutions whilst making our business more resilient as we move into the next decade.

During 2021, we took many positive steps and showed good progress on our set of Sustainability Goals 2030, which are aligned with the UN Sustainable Development Goals (SDGs). Having recently signed the UN Global Compact, we are committed to taking a responsible, principle-based, and integrated approach to addressing the Compact's Ten Principles.

We are proud that we have, once again, earned our reputation of being a stable, secure, and progressive partner to our stakeholders. In 2022, delfort was awarded a platinum medal by EcoVadis for our outstanding achievements in the areas of Environment, Labor & Human Rights, Ethics and Sustainable Procurement. Ranked in the top 1% of all 75,000 companies rated annually by EcoVadis, this recognition reinforces our presence as a highly sustainable supplier for our clients.

“ Every minute and money we spend on our sustainability vision is an investment to stay relevant for our customers and to contribute to a better tomorrow. ”





Also in 2021, delfort signed the Charter of Trust for Paper Drinking Straws, making a commitment to meet and even go beyond all legal requirements in the EU with our FibreStraw® paper. By choosing delfort FibreStraw® paper, manufacturers and consumers have the guarantee of a clean, hygienic and ecological product, contributing to a better future and clean oceans.

We have embraced new breakthroughs in innovating solutions contributing to circular packaging solutions. With our R&D partner DELSCI, we invented sustainable barrier paper for food packaging that is more powerful than ever before. Equipped with ecological barrier properties, the paper keeps oil and grease but also flavor inside the packaging while keeping oxygen out and being fully compostable and/or recyclable.

While 2021 was still strongly influenced by COVID-19, we learned to work together even closer. We remain deeply thankful to all our front-line workers for their tireless efforts in helping to keep others safe and our business running. Despite the inevitable impacts to our business, delfort responded with commendable resilience and ingenuity, delivering a good set of results in very challenging circumstances.


delfort's business strategy of a solid risk management culture, long-term value creation,

and earnings stability enabled us to close the year with satisfactory turnover of 909m Euro. Thanks to our healthy balance sheet, we rigorously pursue our commitment to constant investments into sustainable improvements, modernization of assets, and our product and process innovation.

Despite the urgency of the fight against COVID-19, we always keep the persistent ecological challenges, such as the climate, resource conservation, and biodiversity, in mind. Sustainability is dominant at delfort and an integral part of our strategic principles. As part of our strategy, we are setting a strong focus on energy-efficiency and GHG emissions with a comprehensive set of actions that we summarize under the "delfort climate care" program. It supports our 2030 goals of ambitious reduction targets and beyond.

There is much more to do, and our direction is clear. We will continue inspiring and building meaningful relationships with our clients, making it easy for everyone to master the transition towards more sustainable paper solutions, and scaling circular business models. We are excited for the year ahead. By being open to new possibilities and embracing collaboration and partnerships, we have the capabilities to empower our clients in leading their industries towards a sustainable future. And that is what we intend to do.

*Yours  
Sincerely.*

  
Dr. Martin Zahlbruckner  
CEO

  
DI Roland Faihs  
COO-CFO

letter from  
the board



delfort ...



... is awarded platinum medal by EcoVadis.

More on page 19

WE SUPPORT



... became signatory to the United Nations Global Compact.

More on page 21



... signs Charter of Trust for Paper Drinking Straws.

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# our 2021 highlights

← look here  
↓

 **100%**  
of our wood pulp suppliers are FSC™ / PEFC certified

 **76%**  
of our new product developments in 2021 fulfilled our sustainability framework criteria

at a glance  
2021

 **24/7**  
safety mindset. Goal Zero prevention program ongoing

 **909m**  
Euro sales revenue

 **0**  
accidents for 365 days at 4 sites

 **527**  
patents & applications

 **41,000**  
hours of training



# community engagement

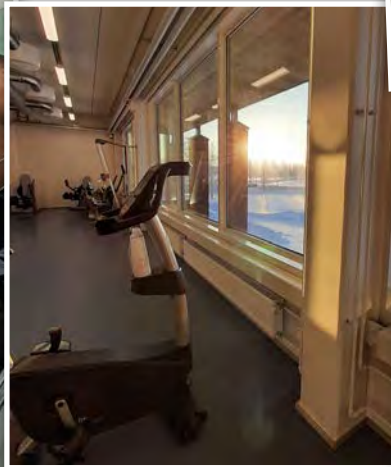
## DELFORT SPORTS ARENA

### OPENED IN TERVAKOSKI FINLAND

For years, our paper mill tervakoski has supported local mobility initiatives and children's activities. Our delfort arena is yet another symbol of our commitment to promoting a healthy lifestyle for the local community, our employees, their children and friends. Opening in spring 2021, the area of more than 3,000 m<sup>2</sup> offers facilities for various sports, a gym, a cafe, and a 240-seat auditorium for events.



Sports arena in tervakoski, Finland



## DELFORT KIDS CLUB

This year, children of our employees at feurstein and wattenspapier could again enjoy all-inclusive day care during the delfort kids club. A week full of delightful experiences where growing, bonding, and laughing together were combined with learning fun and useful skills related to sustainable living.



delfort kids club



Helping in Vietnam

## HELPING THE UNFORTUNATE IN VIETNAM

For more than 30 years, people like founder Má Mूर्ी have been caring for disabled children, children with cerebral palsy, orphans, and elderly people at Thiện Duyên shelter. Again, wattens vietnam supported the people there with practical gifts and donated 200,000,000 VND.



#delfortees, run!

## RUN, #DELFORTEES, RUN!

At delfort, we tied our sneakers and hit the road to raise money for various charities supporting those in need.

One of them was the [WINGS FOR LIFE](#) run. delfort employees run for those who can't. They joined patrons across the globe to raise funds for spinal cord injury research. Employees at our dunafin mill in Hungary raised money for the [AVERY DENNISON](#) sport challenge. And, in Austria, delfort feurstein was sponsor of the delfort [HELDENLAUF \(HERO RUN\)](#).

community engagement

engagement



# company profile

As a global innovation leader in the development, manufacturing, and distribution of specialized and functional papers, we contribute to the success of our clients every day. With over 1,500 types of specialty paper delivered to more than 100 countries worldwide, our specialty paper can be found in various industries. We offer solutions that include packaging paper for food and non-food, thin papers for pharma and cosmetics leaflets, religious literature and catalog printing, label base paper, cigarette, plug wrap, and tipping base paper, papers for electrical applications, and promotional printed products.

10,637  
km<sup>2</sup> of produced paper

3,076  
employees

909m  
Euro sales revenue

2006  
founded in

## WORLDWIDE AND BY YOUR SIDE

Our core philosophy of creative collaboration and our diverse team of 3,076 employees empowers us to develop tomorrow's pioneering paper today. Headquartered in Austria, our privately-owned company proudly runs six paper mills across Austria, Hungary, Czech Republic, Finland, and Vietnam; seven sales offices in France, China, USA, Germany, Italy, Hong Kong, and the UK; and seven converting facilities in the USA, Mexico, Bulgaria, Germany, Malaysia, and China.

“ We invent revolutionary paper – ultralight, sustainable and designed to fit your exact need. ”

### converters

- 1 Mundet Mexico  
Mexico
- 2 Mundet Tennessee  
USA
- 4 Mundet Roslyn  
USA
- 6 Deutsche Benkert  
Germany
- 16 Benkert Malaysia  
Malaysia
- 18 Zhejiang Benkert  
China
- 15 Flexprint  
Bulgaria

### headquarters

- 11 delfort  
Austria

### sales offices

- 3 delfort usa  
USA
- 5 delfort uk  
UK
- 7 delfort germany  
Germany
- 9 delfort france  
France
- 14 delfort italia  
Italy
- 19 delfort shanghai  
China
- 20 Mountain Dragon  
Hong Kong

### paper mills

- 8 Tervakoski Oy  
Finland
- 10 Papierfabrik Wattens  
Austria
- 11 Dr. Franz Feurstein  
Austria
- 12 OP Papírna  
Czech Republic
- 13 Dunafin  
Hungary
- 17 Wattens Vietnam  
Vietnam

company  
profile

# our businesses

## FASHION & LOGISTICS

Luxury fashion and accessory brands know why delfort paper is the best choice for revealing exclusivity. The look and feel of our wrapping paper is unique. The bonus: it is compostable and recyclable. Our white or colored papers are still robust enough to optimally protect the luxury items. They support gorgeous colors and sharp prints that do not bleed.



FASHION & LOGISTICS

LABEL BASE

## LABEL BASE

The self-adhesive labeling industry looks to delfort when it comes to ultra-light release base papers. Our line boasts superior quality in strength, transparency, silicone holdout, runnability, cost effectiveness, and functional properties for silicone coating, lamination, and die-cutting. A wide range of grades meets individual end-use, such as high-speed labeling or variable information printing (VIP) labels for logistics and retail.

## TOBACCO

As a full-service provider to the tobacco industry, we support our customers with the perfect solution for cigarette, plug wrap & tipping paper, rolling paper, special solutions for tobacco heated products, and cigarette packaging. Customers benefit from our state-of-the-art equipment and a fully integrated innovation process that drives fast and flexible solutions.



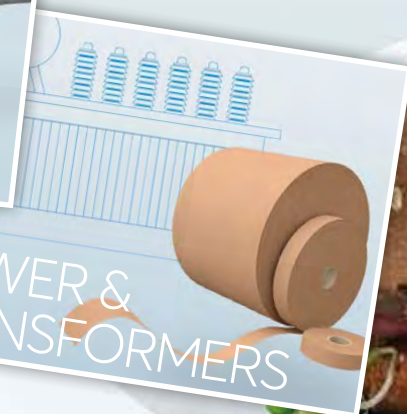
TOBACCO

100  
years of electrical insulation paper

POWER & TRANSFORMERS

## POWER & TRANSFORMERS

In 2021, we celebrated 100 years of being among the leading manufacturers of highly functional electrical insulation paper, and we expanded our portfolio with excellent crepe papers. It plays an integral role in insulating cables, particularly those that are submerged or underground. Our line includes semiconductive, thermally upgraded, and high-density papers for submarine cables, ground cables, transformers, oil, and resin impregnated bushings and capacitors.



## FOOD & COOKING

We design sustainable food packaging paper for a better tomorrow. Our portfolio is made with renewable resources. These ultrathin, bio-coated papers contribute to a circular economy and reduce our dependency on fossil-based materials. Equally noteworthy are our baking papers – which perform exceptionally well from the freezer to the oven – and our confectionary wrapping papers.



FOOD & COOKING

PRINT & PUBLISHING

## PRINT & PUBLISHING

Our thinprint paper is so light that you get twice the knowledge on half the paper. The reason: our thinprint paper reduces weight and saves volume. It is used for what would be very thick books or scientific literature, allowing vast amounts of information to be printed on a smaller space, resulting in lighter books, catalogs, religious literature, guides, advertising tools, and leaflets. That makes reading twice as enjoyable!



PHARMA, COSMETICS & HEALTHCARE

## PHARMA, COSMETICS & HEALTHCARE

Whiteness, brightness and printed opacity distinguish our paper for leaflets, and make them stand out from the crowd. Our pure paper products are tailored to the high demands of leaflets and product information, self-diagnosis, and laboratory analysis and filtration. Super light, yet resistant, they stand up to the rigors and speed demands of the most sophisticated folding patterns.

our businesses



# our value chain



## 1\_RAW MATERIAL

Sustainability at delfort starts with sourcing responsible raw materials. For example, wood pulp comes only from 100% FSC™<sup>1</sup> and/or PEFC certified wood suppliers. The procurement of certified wood is our biggest lever to support biodiversity.

<sup>1</sup> FSC-C109921

At delfort, we promote sustainability and a precautionary approach at every step of the value chain. From sourcing raw materials to production, cutting, printing, refinement and converting. People, suppliers, communities, and businesses around the world are connected to our activities that add value to products. Through close collaboration with our business partners, we can create greater social, environmental, and economic value.

## 2\_PURCHASING

At delfort, we purchase raw materials, energy, products, and services from around 4,500 suppliers; approx. 92% are located in Europe. We only purchase from suppliers who share our social, financial and environmental standards.



## 3\_OPERATIONS

At our six paper mills and seven converting facilities, operational efficiency is conducted at the highest level. We focus on the reduction of GHG emission, water consumption, and efficient energy use. We supply heat to local district heating systems.



## 4\_TRANSPORT

Through close collaboration with transport companies, we utilize energy-efficient options whenever possible, such as optimized routes and energy-efficient vehicles with alternative fuel options.



## 5\_CUSTOMERS

Our customer base comprises converters, printers, packaging manufacturers, and brand owners. We support them in reaching their sustainability goals by replacing non-renewable materials with fiber-based solutions.

## 6\_CONSUMERS

Consumers encounter delfort's paper solutions throughout their daily lives – everything from packaging papers to leaflets, literature, catalogs, label base papers, tobacco products, graphic papers, and electrical applications.



## 7\_CIRCULARITY

Paper contributes to the transition towards a circular economy. Made from renewable material, our paper is designed with an appropriate end-of-life strategy, which includes recyclability, compostability, and soil- and marine-degradability.

our value chain

## our key stakeholder groups

### CUSTOMERS

- regular interactions through sales and service
- customer questionnaires
- CSR assessments

### EMPLOYEES

- local employee surveys
- let's talk – appraisal
- dialog with employee representatives
- family days

### OWNERS

- quarterly reporting meeting

### SUPPLIERS

- regular engagement
- compliance assessments and audits
- Supplier Code of Conduct

### LOCAL COMMUNITIES

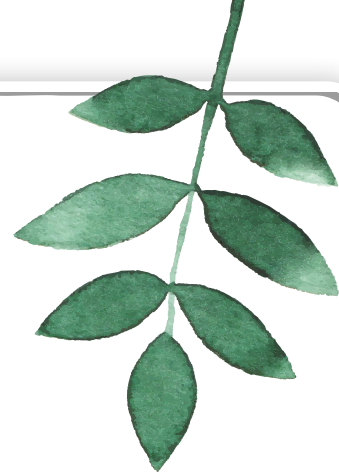
- dialog with city government and citizens
- corporate volunteering programs

## our memberships

- Sustainable Packaging Coalition
- Foodservice Packaging Institute
- GreenBlue
- CEFLEX
- CELAB
- 360° Foodservice
- Econsense
- Cooperation Centre for Scientific Research Relative to Tobacco
- Tobacco Merchants Organization
- European Rolling Paper Association (ERPA)
- Global Tobacco and Nicotine Forum
- The Gravure Association of the Americas, Inc.
- Pharmaceutical Printed Literature Association
- The Document X-perts Network
- Book Chain Project
- FINAT

## larger interest groups

- community interest groups
- media
- NGOs
- research institutes
- scientific communities
- standards bodies and organizations
- governments and regulators



# stakeholders

The challenges delfort faces as a multinational business are diverse and complex. Open dialogue with our key stakeholders is crucial to identify global trends and market expectations. Collaborating with a broad range of stakeholders is the foundation upon which we build our strategic priorities, effective product design, and service development.

Our stakeholder engagement is based on both structured and ad hoc interaction across all our business areas and at group level. We also actively monitor social media

discussions in order to understand opinions and constantly adapt our business to market needs.

delfort participates in a variety of industry associations, multi-stakeholder organizations, and non-profit initiatives. Through these memberships, we work closely with leading companies from different sectors to develop sustainable business approaches and to debate social and environmental topics on a global and local level.

stakeholders



### EXTERNAL RECOGNITION

In 2022, delfort was awarded a platinum medal by EcoVadis for our outstanding achievements in the areas of Environment, Labor & Human Rights, Ethics and Sustainable Procurement.

Ranked in the top 1% of all companies, this recognition reinforces our presence as a highly sustainable supplier for our clients. Sustainability is a fundamental part of our business focus, and we will continue to strive towards excellence in 2022 and beyond.

On a regular basis, delfort is independently assessed by third-party sustainability audits and CSR ratings, such as EcoVadis, Achilles, and by customers with individual surveys. All of the feedback we gain from these assessments is immediately incorporated into the ongoing process of improving our sustainability agenda.



# materiality

At delfort, we have a robust materiality process, which enables us to keep pace with emerging priorities and stakeholder expectations. Building on this, our CSR agenda reflects the most important topics for our stakeholders and business partners.

At delfort, we gain insights into expectations, leading practices and emerging topics with ongoing stakeholder dialogues and materiality

analysis. We focus on stakeholder groups that are most affected by our activities, such as customers, employees, suppliers, and local communities. To identify and prioritize the issues we discuss in the report, we have conducted regular materiality analysis since 2014. Additionally, we include data from voluntary initiatives, mandatory regulations, industry reports and sector news to get an evidence-based perspective on risks and opportunities.

As the company is headquartered in the heart of Europe, we also consider the importance of the European Green Deal, the 2030 Agenda for Sustainable Development Goals, and the Paris Agreement on climate change.

We see continued strong momentum on the CSR agenda in society as the expectations and ambition levels of our customers, investors, regulators, and civil society continue to rise. Nevertheless, we also detect that within our specialty paper industry the nine material topics we are reporting on still remain relevant to our stakeholders, although priorities are shifting slightly but not significantly.

This report references the GRI Standards 2016: Core Option. The GRI Index can be found in the annex on page 98.

materiality

## SUPPORTING THE SDGs

We strive to contribute to larger societal goals aimed at unifying our collective global efforts to provide solutions and services more sustainably and drive towards a more equitable world for all. The 17 Sustainable Development Goals by the United Nations build the framework for our sustainability ambitions, and we support

all of them. As a specialty paper company, we have identified eight SDGs with particularly high relevance to our business. With our focus on those eight goals, we developed our delfort-specific Sustainability Goals 2030, demonstrating our contribution to these crucial global priorities for 2030.

<https://sdgs.un.org/>



## SIGNATORY TO THE UN GLOBAL COMPACT

At delfort, our day-to-day business is guided by a policy of corporate responsibility that focuses on safety, sustainability, ethics, innovation, and reliability. Having recently signed the UN Global Compact, we are committed to taking a responsible, principle-based and integrated approach to addressing the Compact's Ten Principles.

<https://www.unglobalcompact.org/>

## WE SUPPORT



# our strategic priorities 2030

Sustainability is a key component of our company strategy, and we have a clear roadmap for 2030 and beyond. It tackles the topics that are most material to our business and our stakeholders, and translates our overall sustainability efforts into tangible goals.

Based on regular stakeholder dialogues and our materiality analysis, we have structured our ambitious sustainable development commitments into four main topics. This clear and simple roadmap will guide us to navigate our sustainability journey and monitor our progress creating systematic

change. It helps us to go above and beyond, delivering our clients a clear picture of where the journey is heading. Additional information on our commitments and our set of key performance indicators and targets can be found throughout the report.

care

we leverage

## CLIMATE ACTIONS

Optimizing our production and processes and efficiently using resources

- 20% reduction of specific GHG emissions\*
- 15% improvement of specific energy efficiency\*
- 20% reduction of specific freshwater usage\*

\* baseline 2016



design

we innovate

## RESPONSIBLE PRODUCTS

Offering renewable and sustainable choices supporting circular economy

- responsible wood pulp sourcing, purchased only from certified suppliers
- 100% of new products will fulfill our sustainability framework



live

we

## EMPOWER PEOPLE

Promoting an inclusive, safe and rewarding working environment

- zero fatalities and no Lost Time Accidents at all sites
- 100% access to annual development reviews for all employees
- 100% access to delfort-specific training program for all employees



lead

we support your

## SECURE BUSINESS

Maintaining a responsible, resilient, and safe organisation

- 100% committed to conducting our business ethically, responsibly, and in compliance with applicable laws and regulation
- 100% responsible, value-driven procurement practices



strategic priorities



# building on our capabilities



Our holistic approach to sustainability responds to the challenges that endanger our planet and people. We at delfort are fully committed to driving change in the specialty paper industry, setting an example for sustainable practices. Through designing and manufacturing functional, sustainable, and lightweight papers from renewable resources, we aim to make the circular economy become an everyday reality.

The biggest global challenge impacting societies is – undoubtedly – climate change. Additionally, growing population and increased consumption mean the planet's resources are further exploited. The time to act is now – and we are more than willing to do it. We offer true, environmentally safe alternatives to non-renewable, fossil-based materials, making it easy for everyone to master the transition to cleaner paper solutions today. It is about growing in ways that make a difference to our colleagues, our customers, our business, and our planet. We will achieve this by placing our customers at the center, and by creating further customer value. To accelerate our contribution to a better tomorrow, we build on our capabilities, namely our financial stability, manufacturing excellence, innovation, human skills, and sustainable practices. Sustainability is firmly anchored in our business strategy and in all departments that define goals and translate them into action. We will use our capabilities to further drive sustainability in our company. We invite everyone to collaborate with us and look into a greener future with an eco-conscious company.



Our skilled and dedicated employees are the driving force to accelerate new ideas, methods, and products.

## SKILLED EMPLOYEES



## STRONG BALANCE SHEET



Team up with a sound and solid company to secure your long-term competitiveness.



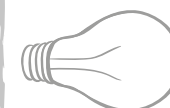
Your current innovations are secure! Our assets, machinery and processes are state of the art and well prepared for future innovations.

## ADVANCED TECHNOLOGIES

## SUSTAIN- ABILITY & EFFICIENCY



Responsible operations throughout the value chain mitigate environmental impacts while increasing efficiency and lowering costs.



We invest significantly in R&D to ensure your next-generation products will leverage your business.

## INNOVATIVE SOLUTIONS

strategic  
priorities



# governance & ethics

We build our business on a strong governance structure, which ensures a resilient, safe, and inclusive organization. Robust processes, policies and management systems guarantee our supply security and help us to best serve our clients.

# secure business

## COMMITMENT

We create, lead, and maintain a responsible culture for our business partners built on business ethics, human rights, social and environmental principles, principles on anti-corruption, anti-competitive behavior, and taxation compliance.

## GOALS

### 2030

Corporate governance policy reviewed annually to ensure continued relevance to emerging issues.

At least one significant, targeted "corporate governance-related" action to be initiated each year.

## PERFORMANCE

Corporate governance policy up to date. Renewal of eight rules and procedures, addition of nine new rules and procedures.



Robust risk management program installed to respond to cyber security.



governance  
& ethics



**SDG 8** Decent work and economic growth

- 8.7 // Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.



## SUPERVISORY BOARD

## BOARD OF DIRECTORS

CORPORATE  
FUNCTIONS

- Business development
- Finance
- HR
- Innovation
- IT
- Legal
- Manufacturing, Technical affairs
- Marketing
- Procurement
- Sales processes
- Supply chain management

STRATEGIC BUSINESS  
AREAS

- Tobacco industry
- Ecopac paper
- Thinprint paper
- Release base paper
- Electrical insulation paper
- Roll your own
- Fibers

## PAPER MILLS

- dunafin
- feurstein
- op papírna
- tervakoski
- papierfabrik wattens
- wattens vietnam

## PRINTING &amp; CONVERSION

- mundet
- benkert
- flexprint

## CSR COORDINATORS

management level

operational level

## RELEVANCE

As a family-owned company with headquarters in the heart of Europe and sites globally, it is a matter of course for us to meet the highest corporate governance standards. Adopting corporate governance best practices improves competitiveness, sustainability and operational performance, company reputation, and reduced operational risk and strategic hazards. Additionally, it is a personal concern of our owners and management team to create value for our employees, customers, business partners and the communities in which we operate.

Two of our most important 2030 goals reflect how we responsibly manage our business:

- Corporate governance policy reviewed annually to ensure continued relevance to emerging issues.  
read more under "evaluation of corporate governance policy"
- At least one significant, targeted "corporate governance-related" action to be initiated each year on top of our continuous policy execution.  
read more under "cyber security" (page 35)

## MANAGING CSR

At delfort, the highest administrative body to steer sustainability is the Board of Directors, consisting of Roland Faihs (CFO and COO) and Martin Zahlbruckner (CEO). The Board of Directors approves all group policies, long-term strategic objectives, management standards and policies. Together with delfort's robust management team, consisting of the

Heads of Business Areas, General Managers, and Corporate Functions, they define a group-wide management framework comprising our Sustainable Goals 2030, policies, systems, practices, commitments, and actions. This framework is executed operationally at all our sites, and is continuously improved. CSR coordinators at all operation sites support the implementation of CSR improvement actions.

## PRECAUTIONARY APPROACH

At delfort, we apply the precautionary principle for protecting human health and the environment from damage. It applies specifically to the innovation and development of new solutions for our clients as well as our manufacturing process. The precautionary approach is closely linked to how we conduct our business and includes a robust risk assessment, management, and communication.

EVALUATION OF CORPORATE  
GOVERNANCE POLICY

delfort conducts its business in a reliable and transparent way, and in compliance with all applicable laws. More than 70 corporate rules and procedures set the standard of how we operate our business. They guide our teams and help them to operate in a streamlined, consistent way throughout the group. Reviewing our corporate governance policy annually is a matter of course to us. This year again, the departments involved have reviewed our internal policies for compliance. Eight of them have been updated and nine new ones have been added to ensure continued

relevance to emerging issues. Part of this update was a new delfort policy on our zero tolerance of forced labor. The policy describes our effective due diligence process to identify and address potential and actual adverse human rights impacts linked to all our operations, products or services, including our supply chains and business relationships. For greater transparency, we also published our environmental policy that outlines delfort's ambitious intentions and direction to minimize our impact on the environment. It sets objectives and defines principles related to our environmental performance considering the way we design, manufacture, supply, and distribute our solutions. Every year, we also evaluate our progress on our sustainability goals 2030, and follow up with operational projects. In this way, we guarantee that emerging issues are considered, ensuring that appropriate mitigation plans are in place to prevent mishaps.

#### CODE OF CONDUCT

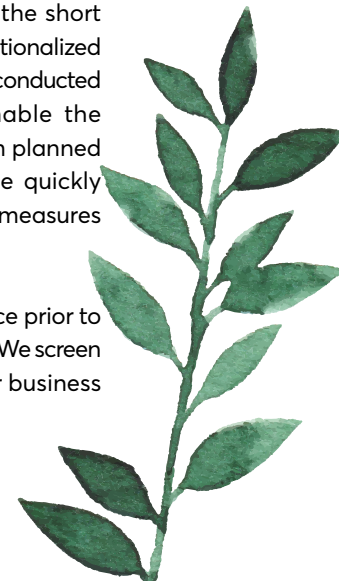
To ensure compliance with applicable laws, regulations and best practices, delfort has implemented a comprehensive Code of Conduct, which is binding for all group managers and employees. It outlines our duty to create, lead, and maintain a responsible culture built on business ethics, human rights, social and environmental principles, anti-corruption principles, taxation, and political involvement. Any violations of the Code of Conduct result in the undertaking of disciplinary measures under applicable national laws, corporate

agreements, and contracts with employees. Again in 2021, we continued our e-learning courses for our Code of Conduct, which we already started two years ago. The courses are a very valuable learning tool to improve the readiness of our employees to recognize and prevent misconduct, empowering them to promote a culture where employees are encouraged to raise concerns if they come across ethical dilemmas or misconduct.

#### RISK MANAGEMENT

In order to identify, evaluate and deal with risks effectively, delfort has effective risk management systems in use throughout its worldwide locations. The monitoring of operational risks is carried out in the management of the individual companies in coordination with the headquarters and corporate department. It addresses sustainable development, IT security, financial, operational and compliance risks. With regard to the current corona crisis, appropriate crisis management teams have been set up throughout the group to periodically evaluate the situation and take appropriate measures in the short term to counter identified risks. Institutionalized planning and controlling processes conducted by the corporate department enable the identification of any deviations from planned standards. As a result, risks can be quickly identified, and appropriate countermeasures taken.

Additionally, we exercise due diligence prior to starting new businesses or operations. We screen new and potential partners on their business



governance  
& ethics





product groups	production location							
	dunafin	feurstein	op papírna	tervakoski	wattenspapier	wattens vietnam	benkert	flexprint
cigarette & plugwrap paper for tobacco industry		✓	✓		✓	✓		
tipping base paper for printers of the tobacco industry		✓	✓	✓				
printed products for tobacco & packaging industry							✓	✓
release base paper for pressure-sensitive industry	✓			✓				
thinprint paper for pharma & cosmetics industry			✓	✓				
thinprint paper for print & publishing industry		✓	✓	✓				
packaging paper for food & retail industry	✓	✓		✓				

practices to protect us from partnering with sanctioned companies, entities or individuals. We use third-party screening processes like Know Your Customer (KYC) and state-of-the-art technology combined with human expertise to meet regulatory obligations and make right decisions. In this way, we prevent our company from being associated with corrupt practices.

CONTINGENCY PLANNING

Constantly managing our ongoing production and securing our partners a reliable supply means having appropriate risk management systems in place. We operate state-of-the-art paper machines, using the most modern equipment, and we conduct proactive and regular maintenance activities. Ongoing quality checks of our machines ensure high reliability of our machines and minimize the risk of breakdowns. Additionally, we have a strategic contingency plan in place, ensuring full flexibility as our papers can quickly be switched between machines within the group.

FINES, NON-MONETARY SANCTIONS AND SIGNIFICANT LEGAL ISSUES

delfort was not the subject of any legal actions for anti-competitive behavior, antitrust, or monopoly practices in the previous year. Additionally, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data. delfort has not received any fines or non-monetary

sanctions for non-compliance with relevant laws and regulations in the social economic area in 2021.

COVID-19

During 2021, COVID-19 was still present in our everyday lives, and affected our employees while carrying out their jobs. Throughout the year, we monitored the situation very closely to prevent infection clusters at an early stage and keep our employees healthy.

The comparatively low numbers of quarantine and cases have shown that our precautionary approach and our strictly observed hygiene measures had a strong impact and avoided business interruptions. The measures we had already established in 2020 were continued in 2021. This included minimum distance rules, extra hygiene measures, provision of disinfectants, COVID testing partly on location, and protective equipment, remote working, restriction of external visitors and suspension of all non-essential international meetings, training, and travel. By working with local governments and associations, delfort was able to offer and execute workplace vaccination opportunities for its employees very quickly. These unique and challenging times have emphasized the exceptional level of collaboration and teamwork within our organization. More than ever, we profited from our network and communities as well as our agility, collaboration, and ability to share best practices.



governance & ethics



## WHISTLEBLOWER PROCEDURE

delfort's Whistleblower Policy is an important element in detecting corrupt, illegal or other undesirable conduct. delfort strongly encourages its employees to speak up if they suspect or witness any matters of concern. This policy has been developed in accordance with the Directive 2019/1937/EU on the protection of persons who report breaches of union law. delfort encourages the reporting of any suspected or actual misconduct, such as illegal, improper, dishonest or unethical conduct, bribery or corruption, agreements and concerted practices, breaching customer confidentiality or privacy, breach of legal or regulatory requirements.

In 2021, one compliance concern relating to business integrity was reported via the Whistleblower tool. The delfort management team diligently investigated the compliance concern, and took appropriate corrective actions.

## CYBER SECURITY

Digitalization in all areas of our business creates enormous value for our customers. At the same time, cyberattacks are on the rise, and we are aware of that. We at delfort are fully committed and do everything to protect the availability of our products and our supply chain, the confidentiality of information, and the integrity of data from cyberattacks. For this reason, we continued to take great measures to protect our operations from disruptions, IP data, recipes, patents, engineering data, and data we hold from our business partners and employees. In 2021, we initiated a comprehensive cyber risk assessment to review where organizational cyber risks can occur, and consequently to strengthen our resilience and business continuity capabilities. This comprehensive risk analysis was carried out starting with workshops with participants from all departments along our value chain. A long list of all potential risks was elaborated, these were ratified according to severity and likelihood, and ultimately prioritized. Derived from this analysis, we have worked to improve our mitigation actions such as our crisis and recovery management, business continuity plans, emergency exercises and management plans, vulnerability analysis and penetration tests, and regular trainings for employees.

In particular, cyber security training has been one of the top priorities in 2021. Already started in 2020, we continued to roll this cyber security

training out to further locations. From 2019 to 2021, we assigned it to 1,890 mainly white collar workers and achieved a completion rate of 84.3%.

The courses significantly enhance the knowledge around potential cyber risks for our employees, and boost our defense against attacks. Subsequently, a companywide phishing awareness campaign was carried out, including the dispatch of a deceptive phishing e-mail to employees.

The comparatively good results have proven the importance and learning success of our cyber security training. delfort also works together with cyber defense services to detect any technical vulnerabilities, gaps or anomalies related to cyber risks. Through this, we detect leakage possibilities, conduct penetration tests and simulate cyberattacks.

With headquarters and operations in Europe, we comply group-wide with the European General Data Protection Regulation (GDPR). In 2021, 5 applications for private data removal were requested (mainly by candidates) and carried out. Furthermore, we detected no substantiated complaints regarding breaches of customer privacy or losses of customer data.

Once more, we took all possible measures to avoid IT security grievances to ensure the highest level of data protection, and to maintain our security standards in the future.

governance  
& ethics





# world-class competitiveness

delfort has a solid balance sheet with high equity and liquidity and is thus able to deliver long-term security to our clients and stakeholders. Equipped with financial reserves, we are able to further invest in our assets and machinery, our R&D departments, and our innovative solutions to leverage our sustainability agenda 2030.



# secure business

## COMMITMENT

We aim for balanced, profitable growth, operational excellence, product and service leadership, and an innovation-driven approach to being a solid and long-term partner to our stakeholders.

## GOALS

### 2030

Solid equity structure.  
Debt shall be <2.5 times EBITDA.

Continuous investments in assets, machinery, equipment, and processes measured by CAPEX over 3 years in relation to depreciation being higher than 35%.

Continuous assessment of risks and active management (minimum 2 risk committee meetings per quarter).

## PERFORMANCE

We far exceeded our target for a solid equity structure as our balance sheet shows no net financial debt.

CAPEX over 3 years in relation to depreciation was 117%.

10 risk committee meetings per annum. Additional COVID-19 risk committee established.



economic  
performance



## SDG 8 Decent work and economic growth

- 8.7 // Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.



RELEVANCE

Global megatrends influence the company's actions, and place high demands on the safety, quality, sustainability and recyclability of specialty papers. In the packaging industry in particular, virgin fiber papers are increasingly replacing plastic packaging. The coronavirus pandemic has increased the demand for clean and safe paper solutions, especially for end-use applications in the food industry and logistics. On the other hand, the pandemic has decimated the demand for papers for print & publishing. In this changing environment, it is important for customers to rely on a long-term partner who is financially stable and has the flexibility to respond quickly to changing market situations and to invest into sustainable practices.

MANAGEMENT APPROACH

delfort aims for controlled growth, taking into account the prevailing market situation. This growth will be based on qualified employees, industry-leading products, and innovative specialty paper solutions. The increasing demand for sustainable and safe solutions further supports our growth. Consequently, our investments in these products ensure our competitive advantage.

At delfort, we focus on two factors: a strong balance sheet with a high equity ratio and, secondly, investments in our value-adding assets, processes, and technologies.

A monthly reporting system helps us identify market conditions, trends and risks, and respond to them in a timely manner. As a benchmark for evaluating our activities, we have set several financial management parameters:

2%  
OTHERS

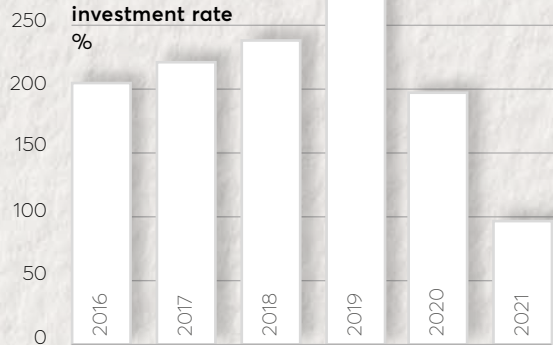
16%  
AMERICA

63%  
EUROPE

19%  
ASIA

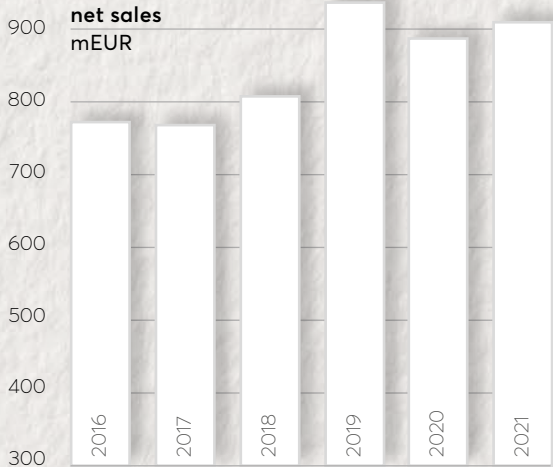
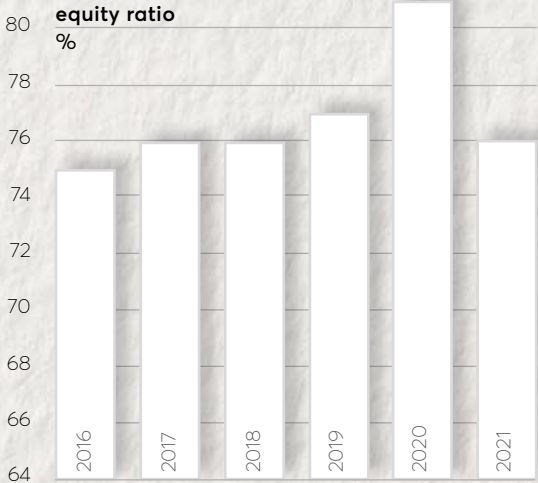
sales by market

- Maintaining a solid equity structure in which debt shall be <2.5 times EBITDA.
- Continuous update of assets, machinery, equipment, and processes measured by CAPEX over 3 years in relation to depreciation being higher than 35%.
- Continuous assessment and active management of risks, with a minimum of two risk committee meetings to be held per quarter.
- Additionally, delfort publicly reports net sales, investment rate, and equity ratio.



10,637  
km² produced paper

economic performance





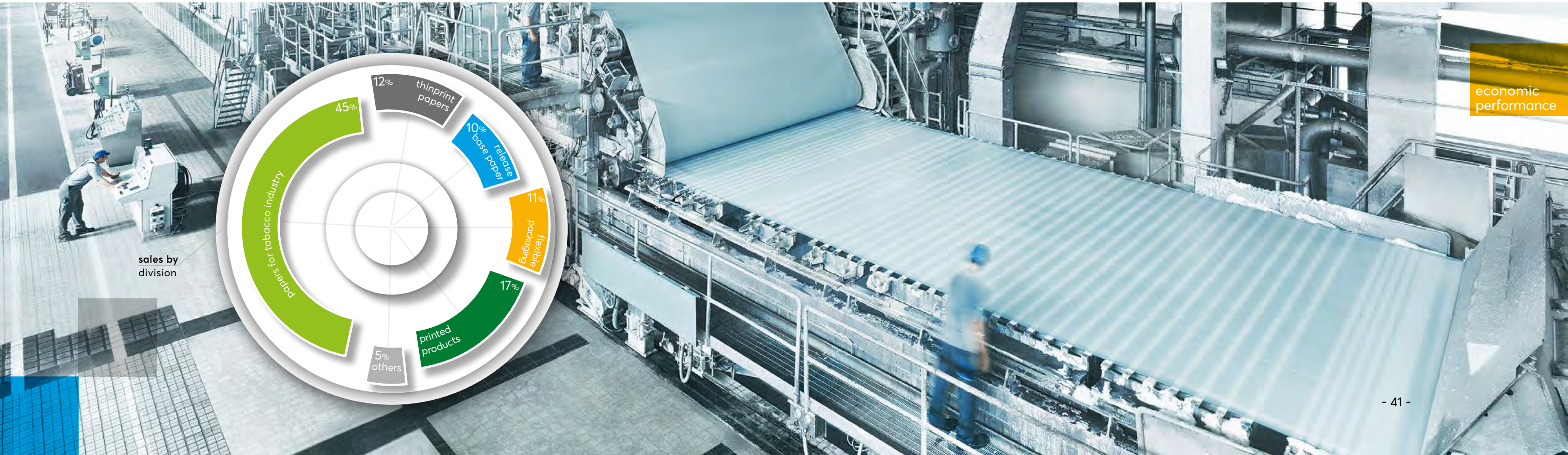
PERFORMANCE

In 2021, delfort was able to continue its positive development with a total production of 10,637 km<sup>2</sup> of paper. Despite the ongoing influences of COVID-19, we achieved a sales revenue of 909m Euro, reflecting a good order ratio throughout our business areas. 2021 was characterized on the one hand by the global economic recovery, strong demand, positive growth, and improved labor markets. On the other hand, a new variant of the COVID-19 virus has led to new restrictions. Rising raw material prices in the pulp, gas, and energy sectors also increased production costs.

In 2021, our equity ratio remained strong at 76% and we far exceeded our target for a solid equity structure as our balance sheet showed no net financial debt. We were able to carry on investing in our R&D, machines, and processes. Over the last 3 years, our CAPEX investment in relation to depreciation was 117%, and we therefore significantly surpassed our target of 35%. We truly believe that continuously investing in innovation and capabilities creates value for our clients and society with respect to our sustainable product portfolio, responsible operations, and secure supply chain.

Through strong risk management within the group, we were able to anticipate and navigate any impacts on our business. In 2021, our regular risk assessment committee met 10 times, well above the minimum target of eight meetings per annum. Again in 2021, we continued the COVID-19 risk meetings we had already established in 2020. The core team includes members from all relevant departments and functions, and meets on a regular basis to immediately mitigate occurring risks related to the pandemic.

Overall, the group is solidly positioned in the current situation with its product portfolio. Also, in the future, we will concentrate on our strong financial position to provide the flexibility for making long-term business decisions and creating value for our business partners. A market-oriented product portfolio, innovations and the expansion of sales and service offerings will continuously contribute to the stabilization and expansion of market shares in the individual segments of the group.



economic performance





# responsible procurement practices

Responsible supply chain management encompasses a host of benefits that include financial, social and, of course, environmental aspects. We work closely with our suppliers, who share our vision of building upon principles of ethics, integrity, respect for people and the environment. This is how we guarantee efficiency, compliance, and responsible product solutions.

# secure business

## COMMITMENT

We build prosperous, value-driven procurement practices to manage business risk, improve the supply chain, and create the most advanced solutions for our customers.

## GOALS

### 2030

80% of delfort's raw materials (pulp, fillers, chemicals) and packaging spend shall be qualified against delfort's supplier management framework.

## PERFORMANCE

81% of suppliers signed our Supplier Code of Conduct.



72% of supplier spends qualified against our Supplier Risk Evaluation.



83% of supplier spends qualified against our Supplier Performance Evaluation.



responsible  
sourcing



### SDG 8 Decent work and economic growth

- 8.7 // Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.



### SDG 12 Responsible consumption and production

- 12.2 // By 2030, achieve sustainable management and efficient use of natural resources.





## RELEVANCE

Conducting a responsible business must take the full value chain into consideration, including upstream and downstream of our operations. This does not only include the right quality and cost structure, but also focuses on a secure, sustainable and responsible purchasing policy. Vendors are an integral part of our business – that is why we foster trustworthy collaborations with them based on mutual respect, close dialogue, and a reasoned evaluation approach. Developing sustainable supply chains helps us to mitigate risk, enable on-time-delivery, secure our supply of goods, improve processes, drive innovation, and continuously re-evaluate and enhance our products in terms of sustainability and quality. Responsible sourcing is also an important theme in the UN Global Compact. As a participant of the UN Global Compact, we are fully committed to deliver on our part.

## MANAGEMENT APPROACH

At delfort, we want to work with suppliers who share our principles of ethics, integrity, and respect for people and our environment. We work with almost 4,500 suppliers in Europe, Asia, the Americas, and Africa, which increases the complexity, scale, and diversity of our

supply chain. However, 92% of our suppliers are located in Europe and must follow strict legislative standards that ensure fair and safe working conditions and environmental standards.

The European Union continuously adapts its legislation to new, occurring environmental risks. As a result, we rarely detect infringement from our European suppliers as they are bound to a high level of social and environmental business practices.

## GLOBAL NETWORK OF PROCUREMENT TEAMS

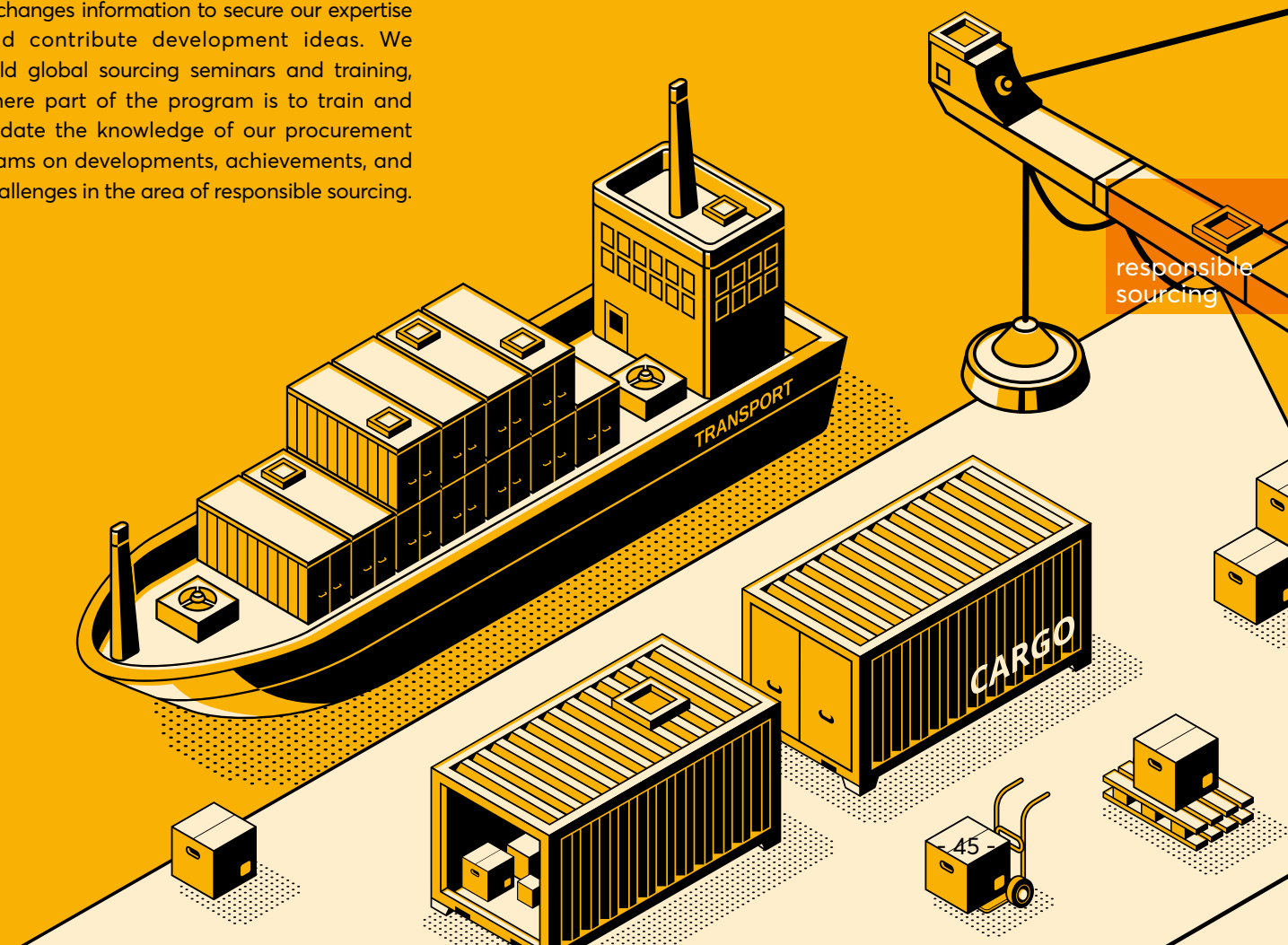
We steer responsible sourcing by dividing the task among Lead Buyers and Regional Buyers. Lead Buyers are responsible for handling assessments and negotiations concerning suppliers of the most important commodity groups. Regional Buyers oversee purchasing from regional suppliers. Agility and lean organizational structures enable our global procurement teams to collaborate closely to optimize purchasing and manage potential disruption. It ensures we can efficiently procure and shift raw materials between operations to meet short-term increases in orders. Additionally, we exchange supplier assessments

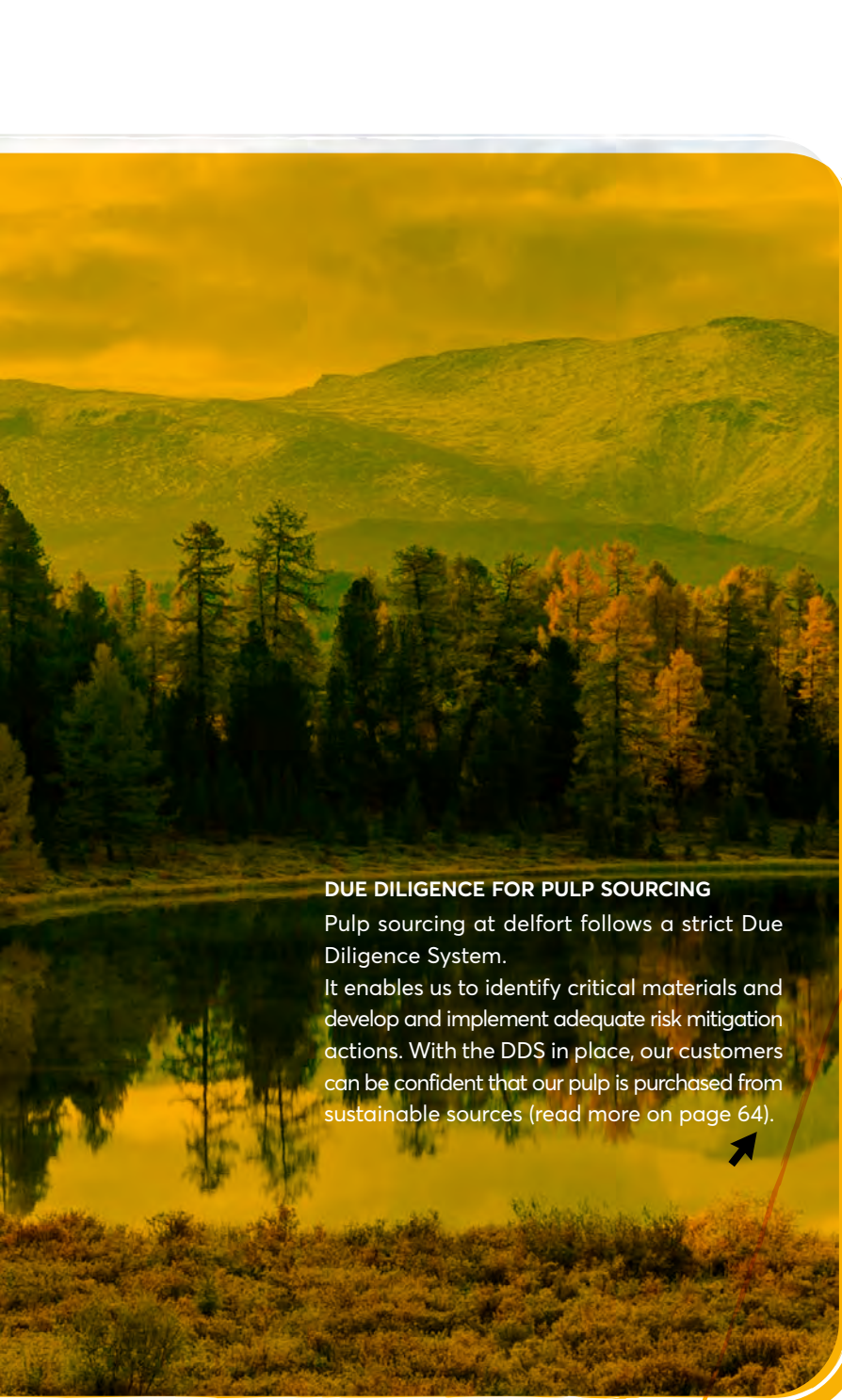
and evaluations to identify vulnerable suppliers quickly and make the purchasing process more efficient.

Within delfort, we hold strict sustainable sourcing principles that are mandatory for all Lead and Regional buyers. They contain principles related to the environment, quality, labor, health and safety standards. In this way, our sourcing is transparent, reliable, and fair.

Our global procurement team regularly exchanges information to secure our expertise and contribute development ideas. We hold global sourcing seminars and training, where part of the program is to train and update the knowledge of our procurement teams on developments, achievements, and challenges in the area of responsible sourcing.

The teams also proof methods and potential ways to advance our sustainability performance throughout the group regularly. The purchasing teams support the individual departments in identifying enhancements towards more sustainable solutions. To name a few examples, the team is identifying and qualifying fossil-free packaging solutions for our products, shortening transport routes through local sourcing, and implementing recycling systems for pallets and bobbin rings.





**DUE DILIGENCE FOR PULP SOURCING**

Pulp sourcing at delfort follows a strict Due Diligence System. It enables us to identify critical materials and develop and implement adequate risk mitigation actions. With the DDS in place, our customers can be confident that our pulp is purchased from sustainable sources (read more on page 64).

**OUR SUPPLIER MANAGEMENT FRAMEWORK**

To manage responsible sourcing within our group in a structured manner, we have established our Supplier Management Framework, which is built on three fundamental management practices: A Supplier Code of Conduct, a Supplier Risk Evaluation, and a thorough Supplier Performance Evaluation.

**SUPPLIER CODE OF CONDUCT**

Our Supplier Code of Conduct reflects the standards and business practices that we expect from all our suppliers encompassing the areas of Business Integrity, Labor Standards, Quality, Health & Safety of People and Products, Environment & Sustainability, and Management Practices. We require suppliers to promote the same principles in their own supply chains, irrespective of the jurisdiction in which they operate and the applicable laws. At the time this report was written, 81% had signed our Code of Conduct, and we were on track to increase this number through to the end of the year.

**SUPPLIER RISK EVALUATION**

At delfort, we conduct a 2-step auditing procedure. Our suppliers are required to fill out a survey for self-assessment before receiving a team of technicians, quality assurance agents, and purchasers from delfort for an on-site visit. Additionally, we use an internal risk evaluation matrix that enables us to identify risk factors. If we recognize improvement areas, we collaborate with the supplier to find solutions for necessary changes and corrective actions. Again in 2021, COVID-19 and the corresponding travel restrictions limited our on-site auditing process. We evaluated Supplier Risk Evaluations of suppliers for 72% of supplier spends. As travel restrictions are likely to continue in 2021, we are considering a concept that allows remote and/or online audits. Furthermore, we are planning to include more relevant sustainability aspects to react in a timely manner on emerging issues.

**KNOW YOUR CUSTOMER**

A critical part of our regulatory framework is our due diligence process prior to starting new business or operations. We use third-party screening processes to prevent us from engaging with sanctioned companies, entities or individuals. Thus, we meet regulatory obligations and secure our business from interruptions.

**SUPPLIER PERFORMANCE EVALUATION**

At least once a year, we evaluate whether our most important suppliers comply with our defined criteria. For this, we use our specially developed vendor evaluation system, which categorizes vendors into three performance grades. If any non-conformities are discovered, the supplier is required to take corrective measures, which we closely monitor. In 2021, we conducted a Supplier Performance Evaluation for 83% of our supplier spends. 17% of our suppliers did not fully meet our requirements, but were not classified as high risk. We engaged with them to understand the areas of risk identified and worked with them collaboratively to set clear expectations and further development opportunities. All of these suppliers implemented appropriate measures, and business relations could be maintained. As part of our future strategy, we will leverage the digitalization of our performance evaluation assessments using digital platforms to share questionnaires and handle supplier responses more transparently. Effective third-party management also plays an essential role in our Supplier Performance Evaluation. In 2021, more than 65% of our pulp, chemicals, and packaging suppliers were assessed by a certified, independent CSR rating. We consider these results in our evaluation.

responsible  
sourcing



# energy & emissions

Driving carbon emissions to zero is a race against time. Achieving this objective requires a holistic approach, which includes energy efficiency measures at our sites, the adoption of renewable energy sources wherever possible, and consequently the reduction of GHG emissions related to upstream and downstream processes. At delfort, we are fully committed to contributing to a clean and healthy environment for current and future generations.

# climate actions

## COMMITMENT

We reduce our environmental footprint by optimizing production and manufacturing processes and efficiently using resources.

## GOALS

**2030**  
Improvement of energy efficiency by more than 15% per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.

Reduction of GHG emissions by more than 20% per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.

## PERFORMANCE

4% increase of thermal energy consumption per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.

17% increase of electricity consumption per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.

1,7% increase of GHG emissions per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016 (country mix).

3,4% reduction of NO<sub>x</sub> per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.



energy & emissions



**SDG 7** Affordable and clean energy

- 7.2 // By 2030, substantially increase the share of renewable energy in the global energy mix.

- 7.3 // By 2030, double the global rate of improvement in energy efficiency.



“ We are well set to contribute our part. ”

## RELEVANCE

The global population continues to grow and is predicted to reach 10.9 billion by 2100. As a consequence, the energy consumption is expected to increase dramatically. Currently, coal, oil and gas make up around 80% of the energy demand worldwide, which is directly related to GHG emissions.<sup>1</sup> The need for a 'clean start' is urgent, and many countries are taking initiatives. As a frontrunner, the European Union has made a pledge to be climate-neutral by 2050 – an economy with net-zero greenhouse gas emissions. This objective is at the heart of the European Green Deal and in line with the EU's commitment to global climate action under the Paris Agreement, which delfort fully supports. The project list is long and includes, amongst others, energy reduction goals, deployment of renewable energy, clean and safe mobility, industrial modernization, carbon captures and storage, through to creating negative emissions. The strategy outlines a vision of the deep economic and societal transformations required, engaging all sectors and businesses.

## MANAGEMENT APPROACH

At delfort, we face the challenge of total economic and societal transformations with a comprehensive set of actions that we summarize under the "delfort climate care" program. Since our founding in 2006, we have achieved good results in terms of GHG emission reduction and energy efficiency. Nevertheless, rather than stop, we stretch

further and approach the topic from a holistic side. Only in this way we can contribute to a clean and healthy environment for current and future generations.

## DELFORT CLIMATE CARE PROGRAM

We at delfort are fully committed to energy-efficiency and decarbonized production aiming for net zero emissions. To achieve this, we have a clear "climate care" roadmap in place, which includes many aspects to manage the scale and complexity of the challenges. It is a holistic program that considers all aspects, starting with regulation and laws, market expectations and customer needs, best available technology and operations, purchasing of energy, raw materials and equipment, through to reporting and disclosure. It determines our mid- and long-term strategy for increasing our energy efficiency and reducing our GHG emissions, and is an ongoing process of analysis, development and implementation of actions and monitoring according to our Continuous Improvement Process.

The underlying principle of our climate care program is that GHG emissions are strongly interlinked with our energy consumption, which is generated through fuel combustion and through electricity purchase from grid. To follow our pathway towards energy efficiency and net zero emissions, we focus on three approaches:



### 1) EFFICIENT ENERGY USE

- Implementation of real-time monitoring
- Optimization of heat, electricity, pressurized air, and water during real-time production
- Deriving efficiency projects by best practice sharing throughout the group

### 2) EFFICIENT ENERGY GENERATION

- Efficient energy production on-site
- Investing in and improving heat & power systems

### 3) GHG EMISSIONS REDUCTION

- Renewable energy generation
- Investments in Best Available Techniques (BAT)

In 2020, we started to collaborate also with external partners to tackle and develop our decarbonization strategy for the paper sites as a first step towards net zero.

We take into account all sites and processes within our group in order to make the best possible decisions and keep on track. A set of actions will consequently help us to follow our path towards our reduction goals, as described on the following pages.

energy & emissions

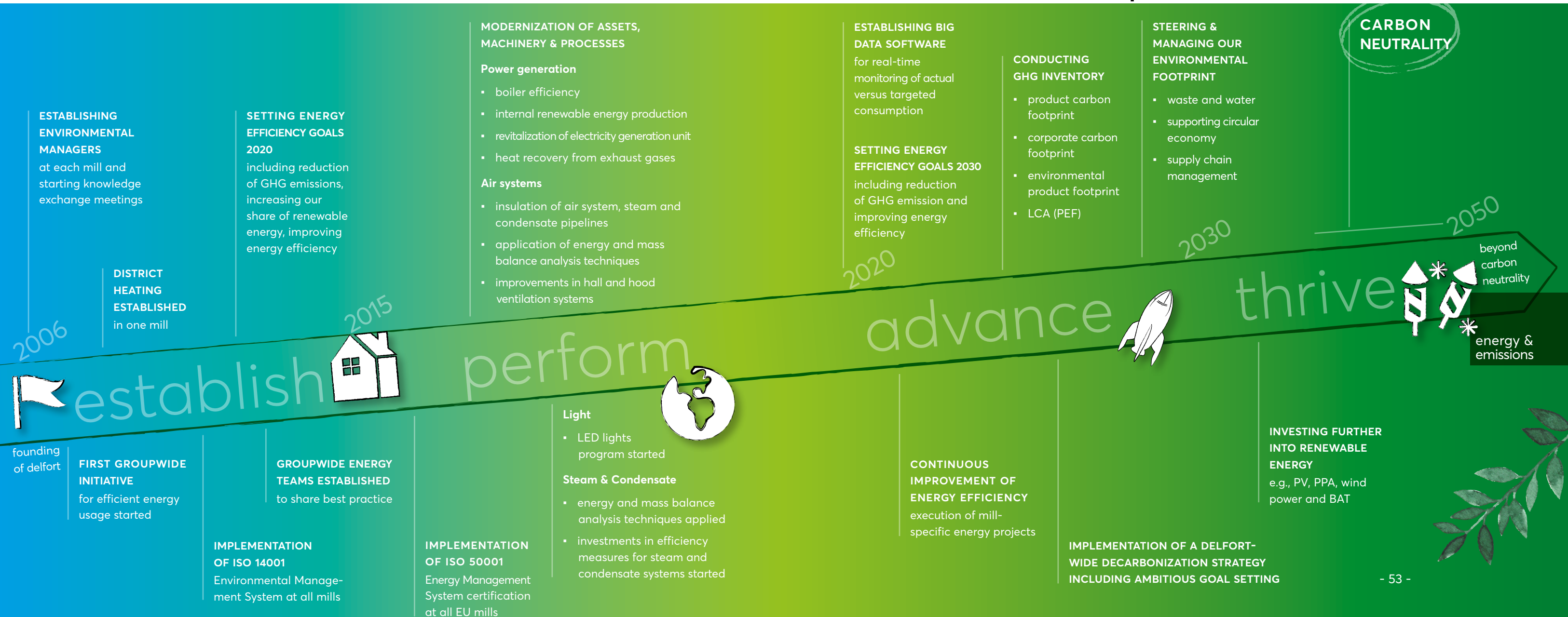




# delfort climate

# care program

## our roadmap to net zero



## REAL-TIME MONITORING

Change can only start with evaluation of the status and an excellent data basis of consumption figures to make sound decisions for improvements. We implemented big data software solution across the group that allows us to monitor the consumption of heat, electricity, pressurized air, and water in real-time directly at the machine and for each specific paper grade. The collected data enables us to proactively detect and constantly evaluate actual consumption against targeted consumption. The machine operator can detect a deviation from the expected target at the moment of origin and can, therefore, initiate timely corrective measures. Additionally, the collected data offers further possibilities to optimally harmonize the interplay of heat, water, energy, and pressurized air, which eventually results in consumption reduction. Since 2017, we have started to collect online data in all our European mills with plans in place to roll it out to other sites in Asia and the USA. The real-time monitoring has increased our employees' awareness on consumption during the ongoing production process. The data is analyzed daily in our Go & See meeting and contributes to daily process optimization as well as long-term project tracking.

## ENERGY MANAGEMENT SYSTEMS

delfort is part of the EU Emissions Trading System and has appropriate systems and processes in place to manage the energy demand of papermaking. As part of the approach, we have implemented certified energy management systems (ISO 50001) at all European paper mills and at one of

our printing sites to reduce overall energy consumption. In every operating company, our energy experts are responsible for implementing our energy reduction measures. We promote and support an extensive exchange of information between our experts to learn from best practice examples and improvement opportunities. Once a year, they meet for a Global Energy Expert Meeting which focuses on knowledge exchange, reference projects, and technology and process updates. Additionally, virtual meetings for all teams take place once per month so that we can work daily to improve on-site processes.

## ENVIRONMENTAL RISK MANAGEMENT

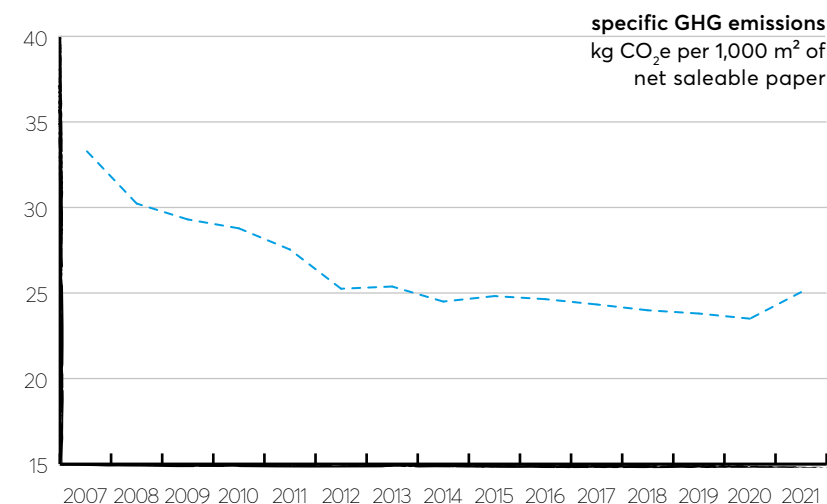
At delfort, we have implemented environmental risk management to evaluate options for protecting public health and the environment. Our assessment of risk considers both short- and long-term risks, including how these risks are changing, together with emerging risk areas. These are reviewed on an ongoing basis, and formally by senior management and the Board at least four times a year. The basis for our environmental risk management approach is the ISO 14001 Environmental Management System, which we hold in ten of our sites (see page 64). We thus place an emphasis on a continuous improvement process to achieving our defined environmental goals. The continuous improvement process is based on the Plan Do-Check-Act (PDCA) method. Every year, annual goals are defined for all our sites individually. Based on that, an action plan for environmental topics is elaborated, which is consequently carried out by every

site. A framework of policies and procedures helps us to set out the non-negotiable standards of environmental excellence. As a part of our quarterly management review the progress is documented, assessed, and further steps are determined. Additionally, external audits in regard to ISO 14001 and 50001 are carried out and renewed regularly.

## OUR OPTIMIZATION PROJECTS ON-SITE

An essential part of our climate care program is the investment in our assets and machinery. The upgrade to modern units within our power generation, air, steam and condensate systems and our production processes eventually results in optimized energy consumption and reduced GHG emissions.

As part of our ongoing optimization measures, we implemented further measures in power generation such as the efficiency improvements of boiler houses in 2021. Additionally, we continued our project study concerning renewable energy generation on-site, the replacement of old lighting systems by energy-saving LED systems, and the optimization of the refining process at the production sites. We realized improvements of the steam and condensate systems in various mills. To monitor and track the performance of energy, water & pressurized air systems, we further implemented our real-time monitoring throughout our production sites using online visualization and big data software in daily operation. Additionally, we carried on the improvement projects of steam and condensate systems in several mills.



energy & emissions



In addition to our ongoing optimization measures, our partnerships with integrated calcium carbonate (PCC) producers contribute to the reduction of GHG emissions on-site. Precipitated calcium carbonate is an essential raw material in paper production. delfort has integrated PCC suppliers on-site in three of our paper mills. For the PCC production, CO<sub>2</sub> is needed, which we emit in our own on-site heat generation, and can thus partially reduce our GHG emissions.

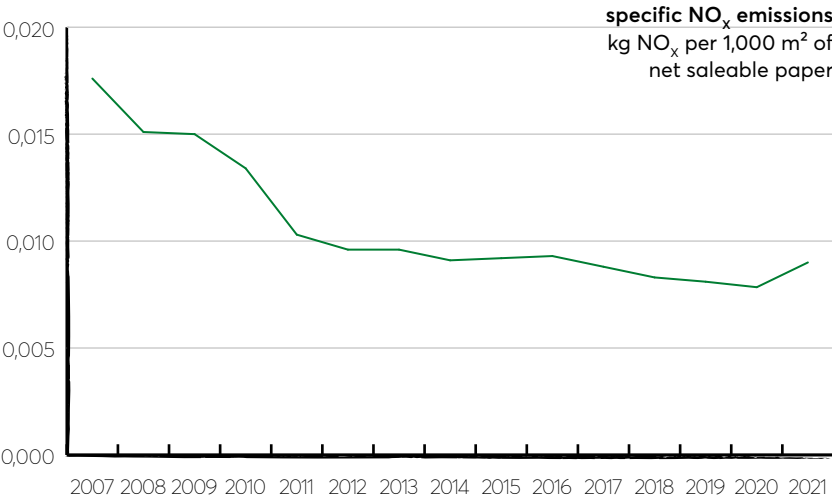
TRAINING AND EDUCATION

Knowledge sharing across the group is one important element to steadily optimize our energy efficiency and GHG emissions. For this reason, delfort’s energy experts meet once a year for a Global Energy Expert Meeting to focus on knowledge exchange, best practice sharing, reference projects and technology

updates. We also conduct quarterly steering committee meetings with every production location to actively drive our current energy projects and detect deviations and implement corrective actions timeously. Besides that, we use e-learning courses to sensitize our employees on awareness and energy optimization in our daily business. This e-learning course was already rolled out to some of our paper mills, including office areas. It has been assigned to 730 employees with a completion rate of 79.9%.

PERFORMANCE

Specialty papermaking is an energy-intensive process, in particular for our highly functional papers, demanding higher energy consumption than commodity papers. In 2021, we conducted various machine re-builds and a mayor paper machine start-up. During the start-up-phases



it is usual to face a higher energy consumption until the energy level stabilized. Therefore, we saw a 4% increase of thermal energy consumption per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016, and a 17% increase of electricity consumption per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016. At the same time, the share of our on-site renewable electricity generation was 8%.

GHG emissions and NO<sub>x</sub> emissions are closely related to fossil-based energy generation. To disclose the relationship between energy and GHG emissions, delfort reports on combined Scope 1 GHG emissions (resulting from fuels consumed on-site) and Scope 2 GHG emissions (resulting from purchased electricity), as well as reporting on NO<sub>x</sub> emissions resulting from fuels consumed on-site.

The development of the GHG emission values resulting from paper production excluding converted paper shows that we were able to reduce them by 31% per 1,000 m<sup>2</sup> of net saleable paper since the company was founded in 2006 (country mix). In 2021, GHG emissions per 1,000 m<sup>2</sup> of net saleable paper increased by 1.7% against the baseline 2016 considering the country mix.

In 2021, we have reached a very low, stable value for NO<sub>x</sub> emissions showing a 3.4% reduction per 1,000 m<sup>2</sup> net saleable paper against baseline 2016. Additionally, an impressive 57% reduction against our founding year 2006 was achieved, which reflects the usage of Best Available Technology (BAT) and the continuous energy efficiency improvements over the years within the group.







# saving water

The availability and access to clean and safe drinking water is fundamental to human wellbeing and a basic human right. Using water as efficiently as possible has been part of our environmental standards since our founding. We continue to strengthen our efforts to conserve fresh water by reducing consumption and increasing water reuse and recycling.

# climate actions

## COMMITMENT

We use water efficiently and responsibly by reducing water consumption and increasing water reuse and recycling.

## GOALS

### 2030

Reduction of freshwater usage by more than 20% per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.

## PERFORMANCE

14% increase of freshwater usage per 1,000 m<sup>2</sup> of net saleable paper against baseline 2016.



### SDG 6 Clean water and sanitation

- 6.4 // By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity to substantially reduce the number of people suffering from water scarcity.

saving water



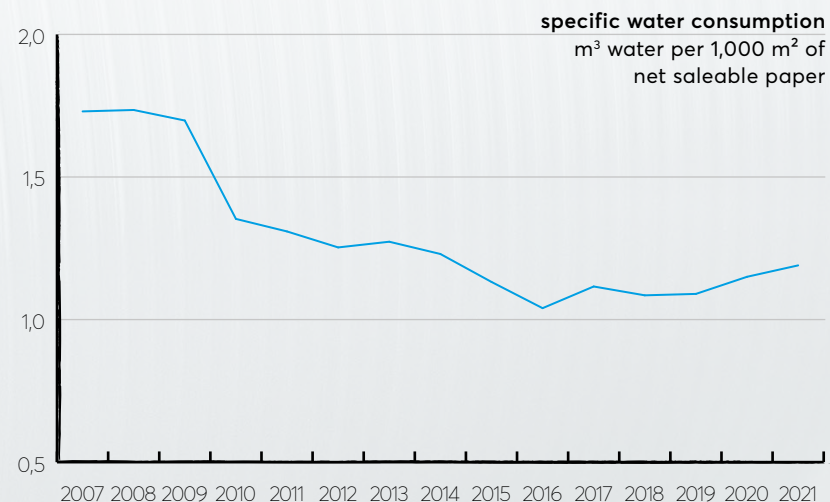


## RELEVANCE

Water quality and scarcity are significant global issues: two billion people live in countries experiencing high water stress, and still all over the world wastewater flows back into ecosystems without being treated. Climate change worsens these impacts by increasing the likelihood of water-related disruptions such as floods, droughts, rising sea levels and changing rainfall patterns. Clean water is a basic human right and essential for thriving biodiversity. It is our responsibility to conserve water, reuse and recycle wherever possible, and keep it clean for future generations. As paper production is a water-intensive industry, we have set ourselves an ambitious goal: to reduce our specific water usage per 1,000 m<sup>2</sup> of net saleable paper by more than 20% by 2030 compared to our 2016 baseline.

## MANAGEMENT APPROACH

We have been working to reduce our water impacts across each part of the value chain since the founding of delfort in 2006, paying attention to global and local impacts. Our water stewardship strategy focuses on water awareness and efficiency as well as impact measurement throughout our value chain. In all our operations, we monitor and report our water consumption to provide an indicator of water efficiency improvements. We apply big data software in our European mills, with plans in place to roll it out globally. With this software, we can measure water consumption and other indicators in real-time and detect deviations from the expected targets online. Corrective actions and learnings are possible within a short time.



We apply the WRI Aqueduct Water Risk Framework to better understand and assess risks. We have found the overall water risk score for our paper mills and printing and converting facilities is low to medium. We are investigating the risks further and developing appropriate contingency plans to mitigate any possible operational or strategic challenges.

We mainly use water within our operations for two purposes - to process our raw materials and for cooling. We keep cooling water in separated water circuits in order to reduce industrial freshwater withdrawal. In both areas we have savings or various projects for re-use of water in place. The heat in the cooling water is recovered for internal processes, which eliminates the need for additional heat generation and avoids the resulting greenhouse gas emissions. After that the water is returned to the environment in pristine conditions.

Depending on the availability in different mills, we use groundwater from our own wells (35%) or surface water (65%). To further enhance our efficient use of water, in some cases, we also make use of water that has previously been used by another organization for cooling purposes. We operate wastewater treatment plants in all our paper mills, which treat the water from our production before it returns to nature. Within the last few years, we have invested into wastewater treatment plants at three of our paper mills and are constantly processing water-saving projects throughout the group.

## PERFORMANCE

The production of specialty, lightweight, and highly functional papers requires higher water consumption compared to commodity grades, mainly in material preparation and coating. Furthermore, water consumption for specialty papers varies greatly depending on the functionality the paper must perform and the intended end-use application. Additionally, our paper grades need extremely pure water, presenting limitations for the closure of water circulation within the mills.

Since its founding in 2006, delfort has continuously invested in water efficiency projects and modernization of its paper machines. This has resulted in a reduction of absolute water consumption by 14% against 2006, although our paper production has increased by 45%. The specific figures show a decrease of 37% since 2006. However, when we defined our new sustainability goals 2030 three years ago, we also set a new baseline year 2016. With reference to the 2016 baseline year, we observe an increase of water consumption by 14% per 1,000 m<sup>2</sup> of net saleable paper in 2021.

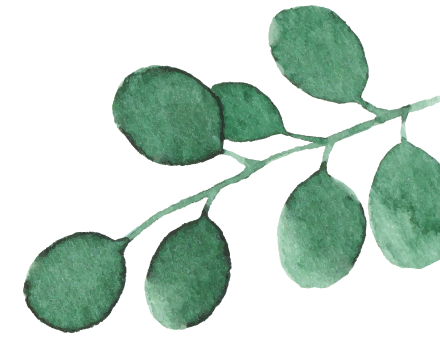
The increase is attributable to several influences. In 2021, we conducted various machine rebuilds and a mayor paper machine start-up. Inevitably, the start-up phases leads to a comparatively higher water consumption at those specific sites while the new machines are ramped up, and performance is tested and optimized. Additionally, to maintain the quality of our highly functional papers and to fulfill customer requests for highly functional grades, water demand increased.

saving  
water





# certified & compliant



[WWW.DELFORTGROUP.COM/CERTIFICATES](http://WWW.DELFORTGROUP.COM/CERTIFICATES)

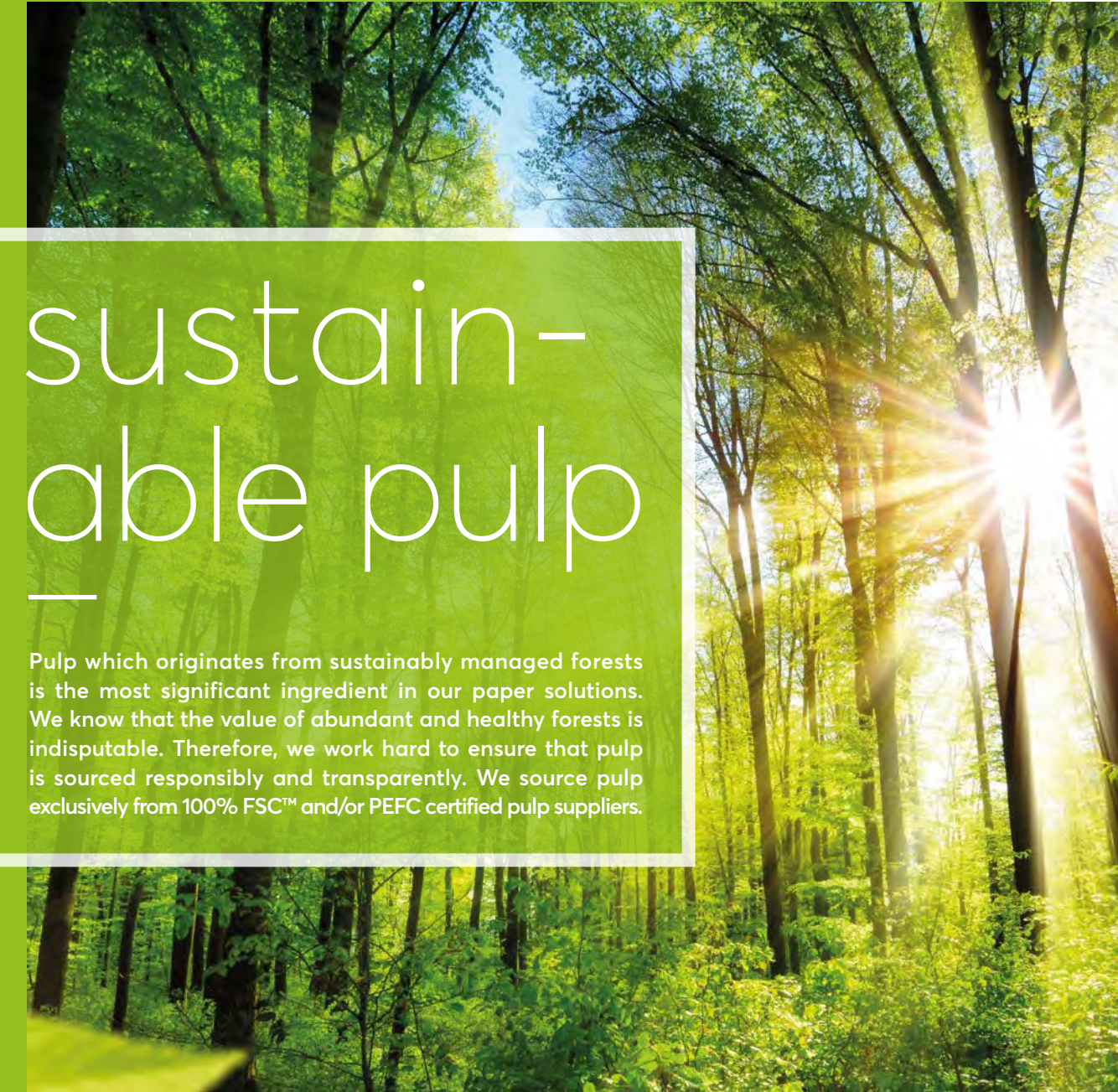
✓ **EUTR** All of our fiber procurement is evaluated in terms of compliance with the EU Timber Regulation (EUTR) standards, ensuring that our fibers originate entirely from a controlled and/or uncontroversial wood source. Next to PEFC and FSC™, our ongoing compliance with EUTR offers our stakeholders full security and confidence that the pulp in our supply chain is sourced according to the highest environmental regulations. ✓ **REACH** Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is an EU regulation that requires all companies manufacturing or importing chemical substances into the European Union in quantities of one ton or more per year to register these substances. We continuously monitor chemicals as they are updated in the REACH database so that we are prepared ahead of time for any changes in regulations and allowable materials. ✓ **FSC™ & PEFC** (FSC-C109921) Chain of Custody ✓ **ISO 9001** Quality Management System ✓ **ISO 14001** Environmental Management System ✓ **ISO 50001** Energy Management System ✓ **ISO 22000** Food Safety Management System ✓ **ISO 17025** Laboratory calibration and testing certification ✓ **BRC Packaging** Global Standard for Packaging and Packaging Materials ✓ **ISO 45001** Occupational Health and Safety Management

certifications  
& compliance

## PRODUCT CERTIFICATIONS

✓ **EN13432, ASTM D 6400, ASTM D 6868** Biodegradable and compostable certification for flexible packaging paper in feurstein. Biodegradable and compostable certification for thinbake® paper in tervakoski. ✓ **recyclability for food wrapping papers** ✓ **CZ-Bio-004** Awarded for the production of pulp and paper produced from organic hemp fibers. ✓ **RED cert** Certification of sustainable biomass, awarded for the processing of black liquor. ✓ **Nordic Swan Ecolabel** Awarded for thinbake® papers ✓ **Kosher** for thinbake® papers ✓ **Halal** for selected thinbake® and thinprint papers ✓ **Bio-degradable marine** for fibrestraw® and thinbarrier® eco ✓ **Biodegradable soil** for fibrestraw® ✓ **Certificate of compliance** for food packaging for teabag paper ✓ **Certificate of compliance** FDA, Directive 94/62/EC, Regulation (EC) No. 1935/2004, BfR Recommendation XXXVI for cigarette, plugwrap, RYO papers, leaflet papers, flexible packaging, and straw wrap papers. ✓ **Biodegradability and compostability** for RYO paper and straw wrap paper





# sustain- able pulp

Pulp which originates from sustainably managed forests is the most significant ingredient in our paper solutions. We know that the value of abundant and healthy forests is indisputable. Therefore, we work hard to ensure that pulp is sourced responsibly and transparently. We source pulp exclusively from 100% FSC™ and/or PEFC certified pulp suppliers.

# responsible products

## COMMITMENT

We support sustainable forestry and ensure a transparent supply chain through independent environmental, wood, and fiber certification systems.

## GOALS

### 2030

Purchasing wood pulp exclusively from suppliers that are certified through leading, international forest certification programs, such as FSC™<sup>1</sup> and/or PEFC.

<sup>1</sup> FSC-C109921

The share of certified wood pulp should be higher than 90%.

## PERFORMANCE

100% FSC™ and/or PEFC certified pulp supplier.



The share of purchased wood pulp that is FSC™ and/or PEFC certified continues to remain high at 97.4%.



**SDG 12** Responsible consumption and production

- **12.2** // By 2030, achieve the sustainable management and efficient use of natural resources.



**SDG 15** Life on land

- **15.2** // By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially

increase afforestation and reforestation globally.

- **15.a** // Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.
- **15.b** // Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

sustainable  
pulp



RELEVANCE

In today's world, customers and consumers expect responsible products and a transparent supply chain. More than ever before, natural raw materials that are renewable or have little impact on the environment are in high demand. At delfort, we buy raw materials, services, and products, mainly in the categories of fiber, chemicals, energy, logistics, and other indirect purchases. Pulp is the primary ingredient in our paper and pulp products. Therefore, we strongly support forest certifications, because transparency and traceability are powerful tools to enhance sustainable supply chains and to combat global problems like illegal logging and its dire consequences.

Sustainable forestry generates innumerable short and long-term benefits for our environment, society, and economy – one of which

is a balanced approach between harvesting and replanting. After a harvest, trees are replanted or naturally regenerated with a regrowth rate equal to or greater than harvested wood. This approach ensures the maintenance and restoration of the forest's ecosystem and biodiversity.

MANAGEMENT APPROACH

At delfort, responsible pulp sourcing is a priority. We have made it our goal to purchase wood pulp exclusively from suppliers that are certified through leading, international forest certification programs, such as FSC™ <sup>1</sup> and/or PEFC. We closely monitor the challenges surrounding deforestation and illegal logging both of which affect our ecosystem, biodiversity, climate, and livelihoods. We are fully committed to zero deforestation and combatting illegal logging by procuring fiber exclusively from responsibly managed sources. As a specialty paper producer with headquarters in the European Union, we also fully comply with the EU Timber Regulations. We require rigorous tracing practices and documentation of the origin of all pulp. Suppliers must provide evidence that all pulp is sourced from controlled, non-controversial sources. delfort has a strict Due Diligence System (DDS) for pulp sourcing in place. It enables us to identify critical materials and develop and implement adequate risk mitigation actions. The process starts with the selection of appropriate suppliers. During our first material approbation, and later once a year, we review the used wood species as well as their origins. Additionally, we conduct intermediate risk assessments if

<sup>1</sup> FSC-C109921



we gain evidence of critical activities related to suppliers, countries, wood and forest issues, if we identify changes in certification schemes, and if the ownership of our pulp suppliers changes. We analyze and revise all data to determine whether materials are in line with the current requirements of FSC™ and/or PEFC. Our DDS process has been evaluated by auditors of FSC™, PEFC, and the EU Timber Regulation (EUTR), and is constantly optimized and followed up.

PERFORMANCE

In 2021, we once again achieved our goal as we sourced exclusively from 100% FSC™ and/or PEFC certified wood pulp suppliers. Additionally, the share of purchased wood pulp that is FSC™ and/or PEFC certified continues to remain high at 97.4%. All our paper mills are certified by FSC™ and/or PEFC Chain of Custody (COC) certification. Our two largest converting facilities in the United States – accounting for nearly 90% of our production in North and Central America – are certified by PEFC Chain of Custody (COC) certification.

sustainable  
pulp



# responsible product design

Keeping a balanced ecosystem in mind, we continuously work on clever approaches to reduce the environmental impact of our products without compromising on quality and functionality. Designing functional paper solutions, for us, means taking the whole lifecycle into consideration. From the raw materials to the way the product is designed, processed, as well as the end-of-life scenario.



# responsible products

## COMMITMENT

We are committed to delivering more sustainable products and solutions that enable our customers to achieve or exceed their sustainability goals.

## GOALS

### 2030

100% of our new product development projects will fulfill at least one of our framework targets.

## PERFORMANCE

In 2021, 76% of our new product developments fulfilled at least one of our sustainability framework targets.



**SDG 12** Responsible consumption and production

- 12.2 // By 2030, achieve the sustainable management and efficient use of natural resources.



**SDG 13** Climate action

- 13.3 // Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

responsible  
product  
design



## RELEVANCE

There is a growing expectation from consumers, brands, and retailers that materials used for all kinds of applications are from responsible sources, recyclable, or compostable to reduce their impact on the environment.

In the environmental categories in particular, specialty papers are ahead of other materials such as plastic, glass, or metal. Accordingly, the top motives are compostability and recyclability, the lightness of the material, and the resulting

savings in storage, logistics, and GHG emissions. When it comes to food packaging, functional paper is perceived as an excellent solution to protect the packaged goods during the logistics chain until their final consumption to avoid product loss and food waste. However, some properties expected to meet the different barriers or functional requirements can be more challenging for the recycling process. Therefore, functional paper must be designed

in a way that does not hamper recycling, while ensuring that the expected role is fulfilled.

## MANAGEMENT APPROACH

Optimizing existing products sustainably and developing new products that represent a real alternative to fossil-based materials constantly drive our research work forward. In doing so, we look at the entire lifecycle

of our products, starting with the design of our specialty paper, continuing with efficient production and converting, and looking at the end use and disposal. We have developed a framework that supports our goal to ensure 100% of our new product developments will fulfill at least one of **our sustainable framework criteria** by 2030.

## OUR FRAMEWORK OF ...

### RESPONSIBLE SOURCING

We make use of responsible and renewable raw materials, meaning that they originate from sustainable resources and/or are recyclable, and/or compostable. Only fibers, chemicals, and other raw materials that are certified and/or approved by legislation are used. We actively run programs to avoid or reduce use of potentially harmful substances. Additionally, we only procure from suppliers that endorse our high standards of societal and environmental responsibility.

### EFFICIENT & CLEAN PRODUCTION

During our manufacturing processes, we steadily optimize the use of resources, such as energy, heat, water, and raw materials.

We invest in energy conservation and renewable energy, which eventually results in reduced greenhouse gas emissions from our operations.

## ... RESPONSIBLE PRODUCT DESIGN

### OPTIMIZE & FACILITATE PROCESSABILITY

Our product design does not end at our factory gates, we also take the further processability and converting process into consideration. We thoroughly understand the ideal mixture of ingredients, paper production processes, coating, and finishing. If everything is in perfect balance, the paper performs excellently, which eventually results in reduced use of resources, additional materials, colors, or coatings at the converter.

### DESIGNED FOR CIRCULARITY

We use our technology competence to design mono-material papers from renewable sources that perform excellently while being fully recyclable and/or compostable.

With this approach, we offer fiber-based alternatives with an optimized product lifespan.

responsible  
product  
design

### WORLD CLASS INHOUSE R&D COMPETENCE

Because the demands on sustainable solutions are constantly increasing, delfort strives to stay ahead of the game, which we accomplish thanks to our vast experience in developing lightweight papers and anticipating market shifts.

We operate R&D departments at each of our sites. These departments thoroughly understand the ideal mixture of ingredients, paper production processes, coating, and finishing. Fully equipped laboratories, rapid prototyping, and pilot lines empower our unique ability to run fast and effective trials with small quantities for test phases. Our global R&D teams regularly exchange knowledge to identify opportunities for collaborative innovations and fully benefit from synergies across the group. In this way, and with constant scouting for new materials and technologies, we are constantly developing further.

### PRODUCT QUALITY AND SAFETY

Several product solutions from delfort, e.g. for the food and tobacco industries, are subject to comprehensive and strict regulations regarding food contact and customer health and safety.

We ensure the safety of products for various end-uses through strict compliance with regulations and applicable laws. Our sites are certified according to international standards (e.g. ISO 9001, ISO 22000 and/or BRC) and products are in compliance with regulations from the FDA (U.S. Food and Drug Administration) and the EU TPD (European Union Tobacco Product Directive) as

well as the advices from the German Advisory Body BfR (Bundesinstitut für Risikobewertung) regulations where applicable.

We have comprehensive internal and external quality controls in place, from sourcing to the final product, and carry out regular testing throughout the production. We employ a team of experts in quality assurance, regulatory affairs, product integrity, and product safety to address health and safety across the lifecycle of our products. Additional assessments by independent external experts confirm the safety of our products for all anticipated product applications and our full legal compliance to regulatory requirements. With this systematic approach, we can guarantee, to the best of our knowledge, that no negative implications from our products are known or expected.

### PERFORMANCE

Our quest to be a partner of sustainable change for our clients is underlined by our goal that all our new product developments will fulfill at least one of our sustainable framework criteria by 2030. We are well on track with achieving our goal: in 2021, 76% of our new product developments fulfilled at least one of our sustainability framework criteria.

To secure our pioneering achievements, and to protect the best interests of our customers, delfort files patent applications on a regular basis. In 2021, we filed 27 patent applications, increasing our total patent portfolio to 527 patents and patent applications, of which nearly 73% have been granted already.



### PRODUCT DEVELOPMENT WITH PARTNERSHIPS

Through our extensive network of partners, we identify and facilitate the opportunities for collaborative innovation that will drive our progress towards our and our customers' goals. For many years, delfort has built up an excellent network with R&D partners, laboratories, universities, and research facilities for up-scaling innovation.

By partnering with the cross-disciplinary team of scientists and technologists at DELSCI, we take the future of food packaging to a whole new level. Together, we aim to transform traditional packaging into paper-based alternatives that perform and are durable without devastating the environment. Already, they are hard at work, researching solutions for high-performance barriers against water, vapor, mineral oil and grease, oxygen and aroma, as well as functional sealing for flexible paper packaging.

In 2021, DELSCI built a Rapid Prototyping Facility to complement its existing laboratories at the location of our paper mill in Austria. The 140m<sup>2</sup> high-tech lab facilitates pilot coating and packaging, as well as latest test equipment for rheology and recyclability. This new laboratory will empower delfort and DELSCI to drastically shorten the product development time of new barrier paper grades. It will allow us to provide customers with coated test reels and even with ready-made test packages. In-house upscaling new barrier grades from laboratory to pilot to production scale is now possible.

responsible  
product  
design



# future fit- solutions

## DELFORT PAVES THE WAY TO SMOOTH PFAS-FREE PACKAGING TRANSITION

New legislations and restrictions worldwide are expected to significantly reduce the use of perfluoroalkyl and polyfluoroalkyl substances (PFAS). PFAS are chemicals that are used to make materials grease-resistant so that the grease of your juicy burger does not leak through the wrapper. Food-on-the-go brands that depend on PFAS in their food packaging look to delfort for support. Our iconic **thinbarrier® eco range** guarantees consumers safe and sustainable food packaging free of PFAS. It is equipped with a plant-based coating, making this mono-material recyclable where facilities are available. The **thinbarrier® eco range** is perfect for most greasy food applications such as hamburger wrapping and french fry bags. It is a shining star, offering excellent grease-resistance and optimal moisture vapor transition rate, meaning no soggy foods.

[www.delfortgroup.com/PFAS-free](http://www.delfortgroup.com/PFAS-free)

## DELFORT SIGNS CHARTER OF TRUST FOR PAPER DRINKING STRAWS

The Charter of Trust for Paper Drinking Straws, initiated by 360° Foodservice, gives consumers and businesses a reliable way to identify paper straws that comply with EU regulations and food contact material guidelines. By signing the Charter, we guarantee that any substance of concern is absent from our fibrestraw® paper, that we obtain all mandatory EU certifications, and that we are regularly audited against these requirements by independent, qualified certifying bodies. fibrestraw® paper is compliant and safe – good for the environment and good for you!

Specialty PAPER that complies with



[www.delfortgroup.com/Charter-of-Trust](http://www.delfortgroup.com/Charter-of-Trust)

responsible  
product  
design





## COMPOSTABLE PACKAGING ON THE RISE

Zero-waste alternatives for food service packaging are gaining popularity with cities, companies, and individuals alike. delfort is proud to help meet the growing demand for compostable packaging by developing products that will break down with industrial composting technologies. In 2021, our iconic QSR wrapping paper **thinbarrier® eco FIT** was certified as compostable by the Composting Manufacturing Alliance (CMA). The CMA certification process confirms that **thinbarrier® eco FIT** was tested in real world processes and is truly compostable. Understanding why some products disintegrate, and others do not, is the starting point towards designing a truly ecological packaging paper for us. In addition to being certified compostable by CMA, our line of **thinbarrier® eco FIT** packaging papers is free from perfluoroalkyl and polyfluoroalkyl substances (PFAS). Both the paper and barriers are produced from sustainable ingredients and offer excellent grease resistance and heat retention.

[www.delfortgroup.com/compostable-certified](http://www.delfortgroup.com/compostable-certified)



## UNIQUE PACKAGING INNOVATION GIVES OAT HULLS A NEW LIFE

Oats, they're in your bread ... and now they're also in your bread bags! Thanks to the support of delfort, customers of Fazer have received their loaves of bread in limited edition paper bags made with 25% oat hulls. delfort provided its expertise and pilot paper machine in tervakoski in Finland to develop a unique, limited "paper capsule collection". The idea behind the project was to incorporate oat hulls from Fazer's oat mill, a by-product of the food industry, into packaging.

This unique packaging innovation is the result of a creative collaboration. The first prototype of an oat hull bag was created as a joint HerääPahvi! project by Tampere University of Applied Sciences, the Natural Resources Institute Finland and Design Forum Finland.

[www.delfortgroup.com/oat-hull-paper](http://www.delfortgroup.com/oat-hull-paper)



responsible  
product  
design

“ We have 1,000 ideas in mind!  
What´s yours? ”





# health & safety

We want to prevent accidents and illnesses from happening, so we take responsibility for the health and safety of our employees every single day. For this reason, we steadily improve and renew our prevention programs, supported by industry-leading methods and dedicated safety experts.

empower people

## COMMITMENT

We provide a safe, healthy, and supportive working environment and continuously invest in safety initiatives beyond statutory minimum requirements.

## GOALS

**2030**  
Zero fatalities and no Lost Time Accidents (LTA) at all sites.

Safety Awareness Talks (SATs) effective at all sites.

## PERFORMANCE

Zero fatalities.

15 LTA per 1,000 employees.

SATs implemented in all sites.  
Despite COVID-19, we reached 283 SATs per 1,000 employees.



**SDG 8** Decent work and economic growth

- **8.8** // Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants and those in precarious employment.

goal  
zero  
be safe @work

health & safety



#### RELEVANCE

Enabling employees to work under safe and healthy conditions is part of our social responsibility as an employer, and an expression of respect. In addition, maintaining our employees' capabilities and productivity is of crucial importance for our business success. At delfort, our employees work under considerable health and safety threats, such as high temperatures, the handling of heavy loads, the use of chemicals, and the operation of machinery. However, we do everything we can to make sure that, at the end of the day, everyone returns home safe to their families. So, our Goal Zero – no accidents – is obvious.

#### MANAGEMENT APPROACH

We at delfort operate on the basis of globally uniform guidelines for risk prevention. Our Health and Safety Policy serves as overarching, internationally valid group regulation. It is based on international standards – such as ISO 45001 – and national laws to emphasize the managers' obligation to act responsibly. However, it also underscores the employees' own responsibility. Every worker is involved in a safety network with the responsibility of creating a positive safety culture. Therefore, we engage our workforce in the development, implementation, and execution of appropriate management systems and programs. We also apply the same precautionary approach to all subcontractors working at our sites. This starts by selecting qualified suppliers and includes safety trainings and instructions and the application of all safety rules.

delfort's safety culture is based on three columns: our line-system, our safety awareness talks, and our regularly conducted work safety assessment.

#### LINE-SYSTEM

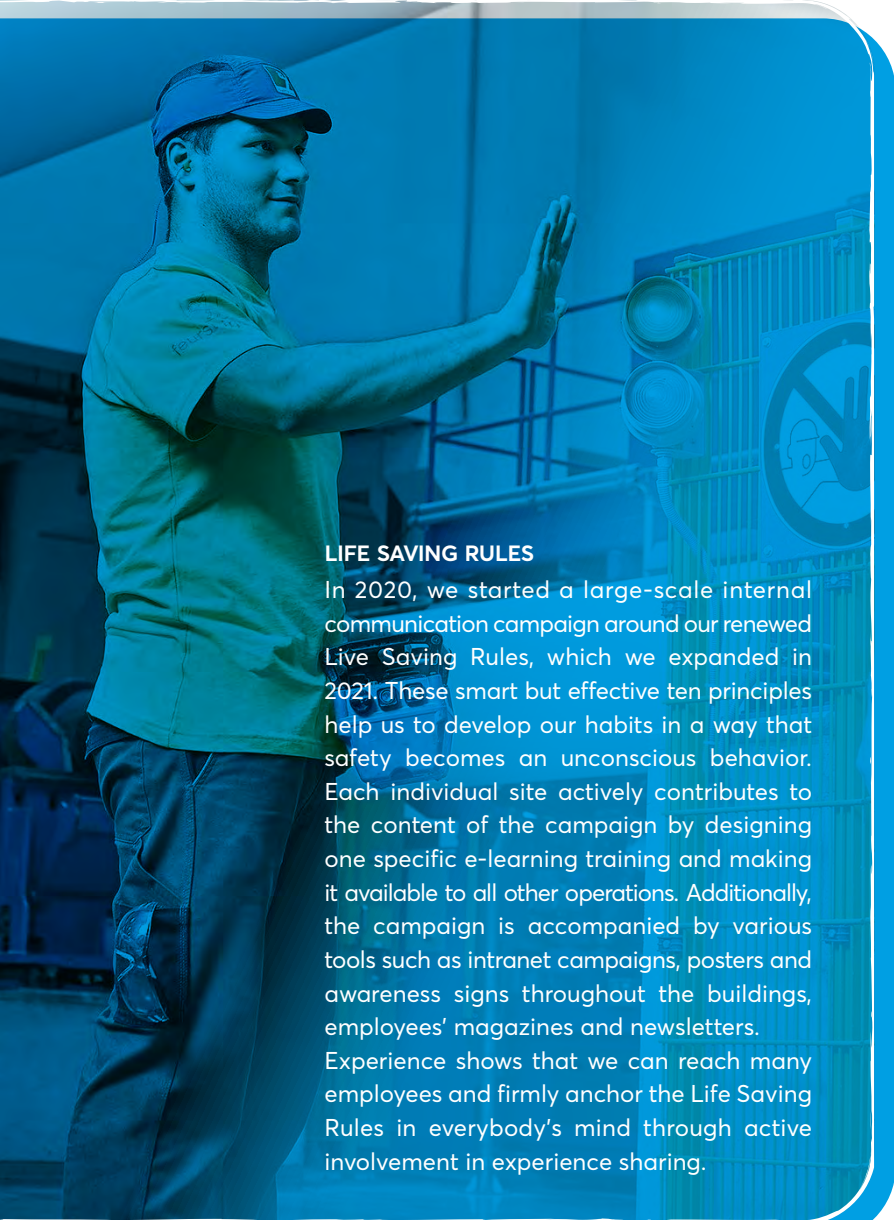
Health and safety is a management responsibility throughout the hierarchy of the entire organization. Roles are clearly defined – each manager is responsible for occupational safety in their supervisory and functional area. In all sites, we have dedicated work safety managers, who take care of all related work safety activities, and we have work safety trust persons representing workers. 100% of employees are represented in formal, joint management-worker health and safety committees and at regular European Works Council meetings.

Every day, we start our Go & See meetings with safety observations and near misses to take particular precautions. Every manager leads by example, sets clear tasks, and does not tolerate unsafe behavior. In case of recurring deviations, we set clear consequences.

#### SAFETY AWARENESS TALKS

Already established in 2019, delfort has started Safety Awareness Talks (SATs) in all our locations. These are 5-10-minute face-to-face conversations between two employees, regardless of hierarchy, site or department. The SATs are aimed at increasing the awareness of risks by personal face-to-face conversation and exchanging safety actions. SATs support our Goal Zero and help to foster a positive safety culture





**LIFE SAVING RULES**

In 2020, we started a large-scale internal communication campaign around our renewed Live Saving Rules, which we expanded in 2021. These smart but effective ten principles help us to develop our habits in a way that safety becomes an unconscious behavior. Each individual site actively contributes to the content of the campaign by designing one specific e-learning training and making it available to all other operations. Additionally, the campaign is accompanied by various tools such as intranet campaigns, posters and awareness signs throughout the buildings, employees' magazines and newsletters. Experience shows that we can reach many employees and firmly anchor the Life Saving Rules in everybody's mind through active involvement in experience sharing.

that encourages each individual to identify risks to prevent accidents from happening. SATs are implemented in all our operations, and we have reached an average of 283 SATs per 1,000 employees, which represents a growth of 51% in comparison to last year.

**WORK SAFETY ASSESSMENT**

We use the work and safety assessments as a medium to document, evaluate, and learn from potential risks to be able to prevent accidents. Near misses are collected and analyzed for accountability and improvement. In 2021, we documented and shared 302 near misses from all areas, which served as a basis for defining and implementing corrective actions. Every year, the sites conduct local work safety assessment meetings with the full involvement of the local general managers and local management. This provides us with the opportunity to learn from best practices, define improvements, and implement purposeful corrective action.

**PERFORMANCE**

In 2021, there have again been no fatal accidents since the establishment of the company in 2006. We are proud that we have achieved 365 accident-free days at 4 sites. We also recognized a positive trend of our global work safety performance, achieving a 21% reduction of lost time accidents compared to 2020. In 2021, we had 15 lost time accidents per 1,000 employees, which is the lowest number since the founding of delfort in 2006. Nevertheless, it is disappointing that we have

not met our goal of zero accidents, and we will continue to work hard to achieve this goal.

In 2021, we continued our e-learning trainings on health & safety. This training aimed to keep our employees and sub-contractors healthy by raising safety awareness and sensitizing them. To enforce synergies and cooperation, each site created one e-learning training that was shared quarterly with all colleagues worldwide. In 2021, 93% of 2,100 assigned participants completed the work safety training.

In October 2020, we released a new health & safety policy. It outlines delfort's ambitious intentions and direction to provide a safe, healthy, and supportive working environment and to ensure high quality standards to serve our customers and stakeholders. The HS Policy defines principles and sets objectives related to our HS performance. It provides the framework for setting right and responsible targets, getting actions done, and measuring results.

Our work safety assessments and near-miss reporting reveal that the root causes of incidents are most probably unsafe behavior. Therefore, we push harder on behavior-based safety initiatives in order to improve the safety culture and leadership. Additionally, our Safety Awareness Talks (SATs) show small but steady progress at all our participating sites. In combination with our e-learning training courses and our Life Saving Rules campaign, we expect that our actions will show further improvements.



0 accidents for 365 days at 4 sites

health & safety





# fair employment

delfort is a great place to work and an employer of choice for top talents. Employees can expect trust-based relationships, compensation and benefits, and a stable workplace environment. We strive to go beyond legal requirements, offering fair, equal, and rewarding employment.

# empower people

## COMMITMENT

We give fair, equal, and rewarding employment opportunities to our high-performing, diverse workforce, allowing people to utilize their individual talents and strengths.

## GOALS

### 2030

Annual development review process installed at all sites.

## PERFORMANCE

Annual development review process implemented in 10 of 13 sites worldwide. 42% of all delfort employees completed development reviews.



### SDG 8 Decent work and economic growth

- 8.8 // Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants and those in precarious employment.



### SDG 9 Industry, Innovation, and Infrastructure

- 9.2 // Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.



### SDG 10 Reduced inequalities

- 10.2 // By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



fair  
employment



## RELEVANCE

Working in a job with meaning and broader purpose inspires people to unlock their full potential. They are more satisfied, engaged, take on challenges, and collaborate effectively. Additionally, we witness new employees' expectations towards greater involvement, a flexible workplace, and freedom of choice. Therefore, we strive to constantly evolve and improve our employment strategy and work hard on our internal delfort culture.

## MANAGEMENT APPROACH

Our diverse mix of people, expertise, and skills drives new innovations and services. It is our ambition to ensure our people understand the role they play in its delivery and to inspire them to perform at their best every day.

Our fair employment strategy is underpinned by four strategic pillars:

- Let's talk development review
- human rights and diversity
- talents development
- compensation and benefits

## LET'S TALK PERFORMANCE REVIEW

With creating and implementing a continuous two-way dialog, we are promoting respect and self-worth in an inspirational work environment. An essential tool therefore is our annual development review, Let's talk. This annual development review gives our employees a platform to express concerns and receive

constructive feedback. It allows us to better understand the various lifestyles and cultural differences of our international employees. At the same time, morale is boosted by allowing employees to be heard and openly recognized for their achievements.

Once a year, employees sit down with their supervisor to discuss both company and personal goals, strategic objectives, and professional development. Managers apply a structured guideline for the development review, allowing them to concentrate on competencies, personality, strengths, and development. They will reflect on the past year's performance while setting goals for employees' immediate and long-term development. We have made it a goal for 2030 to make annual Let's talk sessions accessible to every employee at all facilities. In 2021, Let's talk was implemented in 10 of our 13 paper mills and converters worldwide. 42% of all delfort employees completed development reviews.

We look forward to rolling out the program to further sites and employees within the next years, making annual Let's talk sessions accessible to every employee.

## HUMAN RIGHTS AND DIVERSITY

We welcome diversity because we are convinced that a wealth of perspectives and individual experience is our strength to build on. We endeavor to create the optimal workplace environment in which all employees can perform, innovate, and develop to their fullest potential.



fair  
employment



We focus on:

- Human rights. We are committed to being fair and equal and respecting the fundamental human rights of all people in our own operations, across our supply chains, and in the communities where we operate.
- Fair jobs for all. We support meaningful jobs with fair compensation and benefits in safe and secure workplaces, where everyone has the right to freedom of association. We do not tolerate any form of child labor or forced labor in our own operations or our supply chain.
- Inclusion & diversity. We enable inclusive, diverse workplaces that promote equity for all. We value each individual employee and never discriminate based on gender, age, religion, race, social background, disability, ethnic or national origin, nationality, political affiliation, union membership, family status, pregnancy, sexual orientation, gender identity, or gender expression.

#### TALENTS DEVELOPMENT

delfort is made up of exceptional talents dedicated to creating highly functional and specialty papers. Talent management is one cornerstone of our success in guaranteeing high performance and speed to our clients. A significant number of employees have built and grown their careers over many years with us. We actively promote career mobility and offer our employees the opportunity to advance through internal programs. Various internal and external development programs, as well as on-the-job-training, enabled them to build up their specific knowledge. This helps us to assign the right people to various roles as they arise.

As this topic is material to us and our clients, we dedicate a separate chapter to this topic. Please read more about how we are developing our talents from page 92.

#### COMPENSATION & BENEFITS

We want to attract, retain and value our employees through competitive working practices, demonstrating our recognition for their significant motivation and expertise. Consistent with our equality approach, we offer both part-time and full-time employees the same opportunities and benefits.



#### fair pay

We have competitive wage structures aligned with market standards and are committed to gender pay equality. We engage with unions, works councils and employee representatives to ensure fair and sustainable collective labor wage agreements. Employees are rewarded for their individual and business performance. We are increasingly looking at total rewards when benchmarking our remuneration levels.

#### health support

We support our employees with additional compensation such as health care, disability coverage, and retirement provision. In case of family emergencies, accidents, or disease, delfort's owners set up the delfort Social and Relief Fund Association in 2018 to help people through significant financial and psychological burden.

#### work-family balance

Reflecting our employees' expectations for more flexibility, we support part-time work, flexible work hours, and remote working. At delfort, both female and male employees have appropriate parental leave opportunities, and we focus on re-integrating women after maternity leave by offering appropriate return-to-work opportunities and conditions. We offer appropriate working models including part-time, full-time, remote working, and flexible work schedules.

#### collective bargaining

At delfort, we are proud of our very respectful and positive relationship with workers' organizations. We promote freedom of association and appreciate very high employee loyalty, labor peace, and constructive, collaborative cooperation. Across all our European locations, 99% of our employees are covered by collective bargaining agreements.

#### Thinkhealthy

With our thinkhealthy program, we offer our employees a compensation program to break their daily working routine. Implemented at all sites, it includes more than 400 customized activities, like sponsored health checks or free fitness classes. Additionally, we offer free medical check-ups and vaccinations – this year specifically for COVID-19 – and doctor, psychiatrist, or psychologist consultations.

#### education

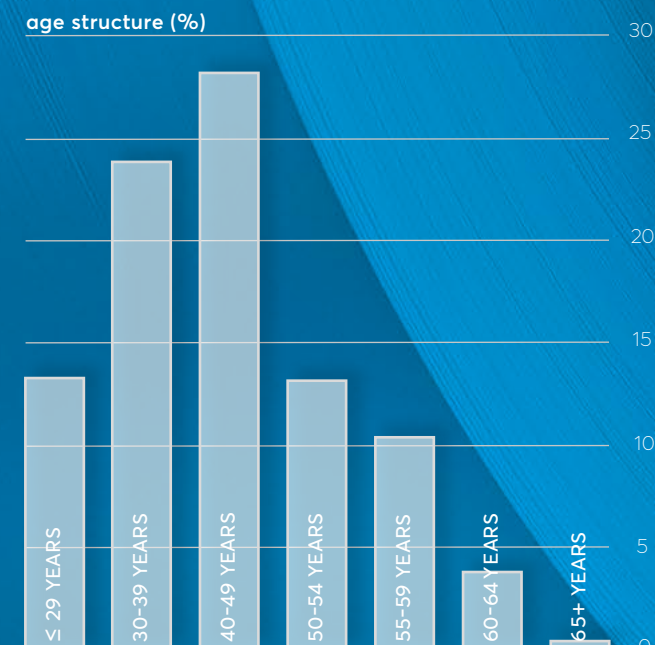
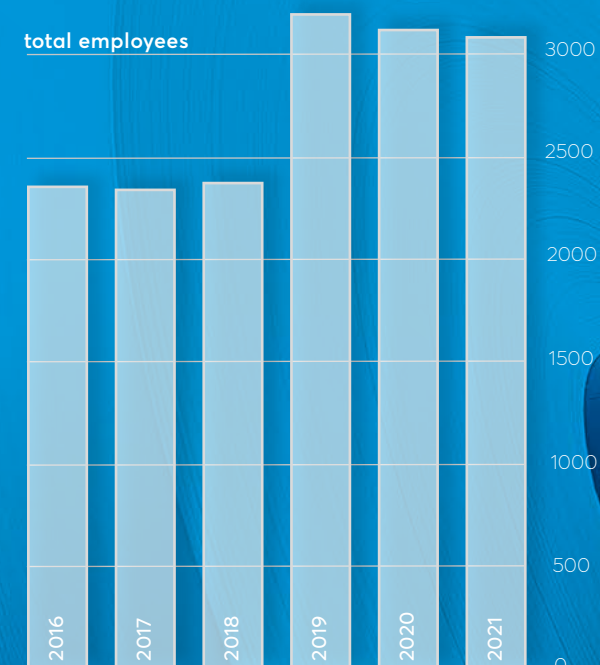
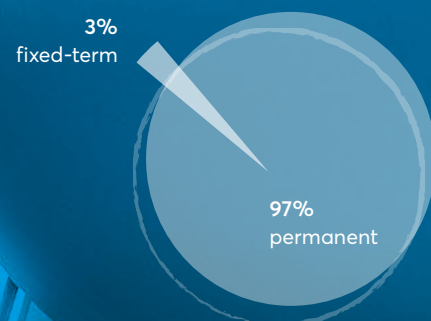
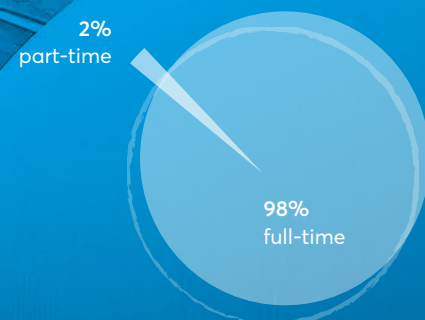
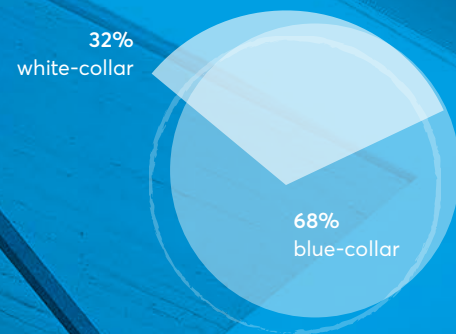
We support every talent – from junior to senior talent – with advancement opportunities to accelerate career growth. delfort offers students the possibility of writing a master thesis, internships and trainee programs. A delfort-specific training program offers experienced workforce advanced and subject-specific education.

fair  
employment



## EMPLOYMENT FIGURES

Employment figures across delfort sites remained stable with no significant changes to number of employees, turnover or staff structure. New hires for the year totaled 205, compared to 192 exits, resulting in a year end headcount of 3,076. Staff turnover was 6.7%. As would be expected for a manufacturing business, the majority of the workforce is blue collar at 68%, and white-collar workers at 32%. Reflecting delfort's commitment to recruiting and retaining a quality workforce, 97% of our staff are on permanent contracts with only limited use of fixed term contract staff to fulfill specific project work. The age distribution is well balanced between long-term, experienced and young, developing talents. We have succession planning in place for skills-transfer at all our facilities to balance the retirement rate of 2.4% in the next three years. As part of our talent development program, we emphasize the promotion of young talents.



fair  
employment





# developing talents

At delfort, we promote creativity and collaboration. We welcome individuals who are trailblazers that move forward in the spirit of innovation at delfort. In turn, every employee can expect comprehensive training and professional development programs to reach their full potential. Global training programs and development opportunities await our employees throughout their career at delfort.

# empower people

## COMMITMENT

We train and develop our employees across all levels to leverage a highly skilled workforce and satisfying work environment.

## GOALS

### 2030

Install delfort-specific training program and renew it every two years.

## PERFORMANCE

Start of new Driving for Excellence leadership training, new lean management training, project management training, and second round of delfort's trainee program.



**SDG 8** Decent work and economic growth

- **8.6** // By 2020, substantially reduce the proportion of youth not in employment, education or training.

“ We'll pave the way for a professional career path ”



developing talents



## RELEVANCE

At delfort, we play our part by developing and incorporating specialty paper into everyday products for a better tomorrow. Innovation, and the people who bring those innovations to life, are essential for the rapid development of sustainable paper products. From our earliest days, we can rely on the vast knowledge of our paper specialists. Investing in our employees' skill sets in the long-term prepares us for emerging trends and opportunities and attracts the best talent.

## MANAGEMENT APPROACH

To keep pace with the fast and flexible transfer of new knowledge, we invest in life-long learning supported by coaching and mentoring. Through this approach, we give our employees, and thus our customers, a competitive edge. The tricky part is that this level of expertise is not available in standard training. To facilitate this, we equip our employees with a variety of customized trainings and courses globally. These programs cover all professions within delfort and are tailored to different hierarchies and knowledge levels.

We also train apprentices ourselves at the sites in Austria and Germany and employed 28 apprentices in 2021.

41,000  
HOURS OF  
TRAINING

We enable every employee – from apprentices, interns, and university graduates to experienced employees with many years of experience – to benefit from valuable training opportunities to allow employees to reach their full potential.

## PERFORMANCE

delfort focuses on promoting lifelong learning, employability, and digital skills. In 2021, around 85% of employees took part in at least one training session. We are proud of our employees who completed a total of 41,000 hours of training worldwide in 2021.

Our delfort-specific training programs evolve and are renewed every two years to maintain a force to be reckoned with in a constantly changing world. In 2021, we fulfilled this goal with the implementation of a leadership training called Driving for Excellence, and we started another round of our international trainee program. Additionally, we implemented a project management training and a lean management training. Please find further details in the infobox.

Some of our courses are a permanent part of our training program due to their intrinsic importance. This included a vast assortment of e-Learning courses, to which new topics and classes were added, including work safety (assigned to 2,100 employees, completion rate of 93%), Code of Conduct (assigned to 270 employees, completion rate of 93.7%), and energy saving (assigned to 730 employees, completion rate of 79.9%). Additionally, we conducted webinars like the papermaking for non-papermakers and business trainings.

### DRIVING FOR EXCELLENCE PROGRAM

Driving leadership culture within the company has always been a priority at delfort. Last year, 18 participants from different mills and various operational, sales and administrative departments started their Driving for Excellence Program, which will also continue in 2022. In 6 sessions and more than 120 hours of training, our employees started to expand their knowledge in leadership and management skills. In addition, to create real impact, the development of each participant is fostered by an intense guided self-reflection and coaching process.

### LEAN MANAGEMENT TRAINING

Employees attended in-person and online trainings to learn the fundamental principles of lean management and operational excellence. This training specifically focused on methods for creating a more effective business by eliminating wasteful practices and improving efficiency. In 2021, 45 employees completed these trainings. The trainings will continue in 2022.

THIS IS AN EXCERPT  
OF OUR NEW, GLOBAL TRAINING  
COURSES FROM 2021

### DELFORT'S MANAGEMENT TRAINEE PROGRAM II

In 2021, we welcomed 4 young talents who wanted to kickstart their career with delfort's unique trainee program. During the 18-month program, they will enjoy holistic on-the-job training, individual development plans, networking events, and exciting tasks from the first day. A job rotation abroad will complete their international experience and further build their area of expertise with key insights.

### PROJECT MANAGEMENT TRAINING

A key focus area this year was implementing company-wide standards and guidelines regarding project management. By following a structured approach, we can guarantee best practices are followed and that resources are being used efficiently. 93 employees attended 13 different project management trainings in 2021. The trainings will be expanded across the company in 2022.

developing  
talents

all data is presented by calendar year		2016	2017	2018	2019	2020	2021
economic performance	Net sales <sup>a</sup>	€ 782m	€ 780m	€ 807m	€ 931m	€ 884m	€ 909m
	Equity ratio <sup>b</sup>	75%	76%	76%	77%	81%	76%
	Equity in relation to debt <sup>c</sup>				-1.7 times	-1.52 times	-2.29 times
	Operational investment rate <sup>d</sup>	205%	222%	243%	285%	197%	98%
	Operational investment rate over 3 years in relation to depreciation <sup>e</sup>				174%	165%	117%
corporate governance	Production – net saleable paper	10,499 km <sup>2</sup>	10,263 km <sup>2</sup>	10,753 km <sup>2</sup>	10,367 km <sup>2</sup>	10,066 km <sup>2</sup>	10,637 km <sup>2</sup>
	Risk committee meetings per year				12	11	10
	Corporate governance policy reviewed annually				achieved	achieved	achieved
sourcing	At least one governance-related action				achieved	achieved	achieved
energy & emissions	delfort raw materials (pulp, fillers, chemicals) and packaging spend qualified against delfort supplier management framework				70%	74%	78%
	Total purchased electricity within the organization <sup>f</sup>	411,000 MWh	440,300 MWh	458,200 MWh	455,400 MWh <sup>g1</sup>	457,000 MWh <sup>g1</sup>	529,800 MWh
	Total GHG emissions <sup>g</sup>	221 kt CO <sub>2</sub> e	276 kt CO <sub>2</sub> e	281 kt CO <sub>2</sub> e	289 kt CO <sub>2</sub> e	284 kt CO <sub>2</sub> e <sup>g1</sup>	311 kt CO <sub>2</sub> e
	GHG kg/1,000 m <sup>2</sup> net saleable paper <sup>g</sup>	20.25	24.50	23.82	23.33	23.36	24.93
	Total NO <sub>x</sub>	103 t	96 t	95 t	89 t	84 t	101 t
water	NO <sub>x</sub> kg/1,000 m <sup>2</sup> net saleable paper <sup>h</sup>	0.0093	0.0088	0.0083	0.0081	0.0078	0.009
	Total freshwater consumption <sup>i</sup>	10.9 million m <sup>3</sup>	11.5 million m <sup>3</sup>	11.7 million m <sup>3</sup>	11.3 million m <sup>3</sup>	11.7 million m <sup>3</sup>	12.7 million m <sup>3</sup>
pulp	Freshwater consumption m <sup>3</sup> /1,000 m <sup>2</sup> net saleable paper <sup>i</sup>	1.04	1.12	1.09	1.09	1.15	1.19
	Wood pulp suppliers certified by FSC™ <sup>j</sup> and/or PEFC	100%	100%	100%	100%	100%	100%
products	Proportion of wood pulp certified by FSC™ <sup>j</sup> and/or PEFC	92.4%	93.2%	94.1%	94.2%	95.0%	97.4%
	New product developments fulfilling at least one of our sustainability framework targets				64%	69%	76%
fair employment	Total workforce <sup>k</sup>	2,377	2,351	2,387	3,200	3,120	3,076
	Total staff turnover <sup>l</sup>	9.9%	9.9%	8.7%	8.6%	4.9%	6.7%
	Annual performance reviews					530	1,296
health & safety	Total A1+A2 accidents <sup>m</sup>	37	52	43	79	60	47
	A1+A2 accidents per 1,000 employees <sup>m</sup>	16	23	18	26	19	15
	Reported near misses <sup>m</sup>	329	182	207	255	235	302
	Near misses per 1,000 employees <sup>m</sup>	145	81	88	85	74	96
	Safety Awareness Talks per 1,000 employees <sup>m</sup>				115	188	283
Average hours of training per year per employee					10	14	13.3
developing talents							

SECURE  
BUSINESS

KPI table of key  
performance  
indicators

# summary

- data till 2016 includes the mills dunafin, feurstein, op papírna, tervakoski, wattens-papier, and wattens vietnam.
- for 2016, economic and social data for the acquired mundet facilities is included. However, environmental data for these facilities was not included due to ongoing integration.
- data from 2017 onwards includes all values for the economic, environmental, and social KPIs for all facilities within the group.
- for 2019, economic and social data for flexprint (acquired in Dec. 2019) is also included, while environmental data is excluded.
- data from 2020 includes all values for the economic, environmental, and social KPIs for all facilities within the group.

CLIMATE  
ACTION

RESPONSIBLE  
PRODUCTS

EMPOWER  
PEOPLE

- a) Net sales for the group of companies  
b) Equity/total assets  
c) Total investments of the year (without goodwill) in relation to depreciation (without goodwill)  
d) Capital expenditure/depreciation  
e) Total investments of the year (without goodwill) minus depreciation divided by the depreciation (without goodwill) as 3 years average.  
f) Total purchased electricity within the organization includes all externally supplied electricity (including power used for the small pulping operations at OP Papírna) minus electricity sold to the grid  
f1) Total purchased electricity was adjusted for 2019, 2020 and 2021 due to the correction of the sum for the benkert printing sites  
g) CO<sub>2</sub>e emissions are calculated using emission factors for fuels and electricity. Emissions from electricity are calculated using emission factors provided by delfort's electricity suppliers where possible and relate to the specific electricity mix supplied rather than national grid averages. Where this information is not available emission factors from IEA have continued to be applied. Specific consumption refers to paper production only (without pulp, printing sites, and sales to third parties).  
g1) Total CO<sub>2</sub>e emissions were adjusted for 2020 due to corrected factors for emissions of fuels and volatile solvents at some of our printing sites.  
h) Specific emissions refers to paper production only (without pulp, printing sites, and sales to third parties)  
i) Production water only, i.e. not including water used for cooling purposes which is returned to the environment unchanged  
j) FSC-C109921  
k) Headcount excluding sales offices  
l) All exits excluding retirements and internal transfers (excluding sales offices)  
m) Including average productive employees only

KPI  
summary



# GRI index table

This report has been prepared in accordance with the GRI Standards 2016: Core option. The index below details our disclosure on performance and progress.

	disclosure no.	disclosure title	corresponding sections from this report
GRI 102	102-1	Name of the organization	contacts (p. 104-105)
	102-2	Activities, brands, products, and services	company profile (p. 12-13) and our businesses (p. 14-15)
	102-3	Location of headquarters	company profile (p. 12-13) and contacts (p. 104-105)
	102-4	Location of operations	company profile (p. 12-13) and contacts (p. 104-105)
	102-5	Ownership and legal form	company profile (p. 12-13)
	102-6	Markets served	company profile (p. 12-13) and economic performance (p. 36-41)
	102-7	Scale of the organization	company profile (p. 12-13) and economic performance (p. 36-41)
	102-8	Information on employees and other workers	fair employment (p. 84-91)
	102-9	Supply chain	our value chain (p. 16-17)
	102-10	Significant changes to the organization and its supply chain	about this report (p. 103)
	102-11	Precautionary Principle or approach	governance and ethics (p. 29)
	102-12	External initiatives	certified and compliant (p. 62-63)
	102-13	Membership of associations	our stakeholders (p. 18-19)
	102-14	Statement from senior decision-maker	letter from the board (p. 4-7)
	102-16	Values, principles, standards, and norms of behavior	governance and ethics (p. 26-35)
	102-18	Governance structure	governance and ethics (p. 26-35)
	102-40	List of stakeholder groups	our stakeholders (p. 18-19)
	102-41	Collective bargaining agreements	fair employment (p. 89)
	102-42	Identifying and selecting stakeholders	our stakeholders (p. 18-19)
	102-43	Approach to stakeholder engagement	our stakeholders (p. 18-19)
	102-44	Key topics and concerns raised	materiality (p. 20-21)
	102-45	Entities included in the consolidated financial statements	contacts (p. 104-105)
	102-46	Defining report content and topic boundaries	our stakeholders (p. 18-19), materiality (p. 20-21), about this report (p. 103)
	102-47	List of material topics	our strategic priorities 2030 (p. 22-23)
	102-48	Restatements of information	KPI summary table (p. 97), about this report (p. 103)
	102-49	Changes in reporting	about this report (p. 103)
	102-50	Reporting period	about this report (p. 103)
	102-51	Date of most recent report	about this report (p. 103)
	102-52	Reporting cycle	about this report (p. 103)
	102-53	Contact point for questions regarding the report	contacts (p. 104-105) and imprint (p. 106)
	102-54	Claims of reporting in accordance with the GRI Standards	the content (p. 2), about this report (p. 103)
	102-55	GRI content index	GRI content table (p. 98-99)
	102-56	External assurance	not applicable, see letter from RISE (p. 102), no external assurance was pursued for this reporting year
GRI 103	103-1	Explanation of the material topic and its Boundary	covered throughout the report, plus additional detailed information in a separate document available on request
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

	no	specific standard disclosures	corresponding sections from this report	omissions/pages
GRI 200	201-1	Direct economic value generated and distributed	p. 36-41, 96 Indicators: Net sales, equity ratio, investment rate equity in relation to debt, operational investment rate over 3 years in relation to depreciation	Data for economic value distributed deemed commercially sensitive. As a privately owned business, delfort only discloses summary financial information
	301-1	Materials used by weight or volume	p. 12, 39, 96 Indicators: Production – net saleable paper, Consumption – proportion of purchased FSC™/ PEFC-certified wood pulp	For commercial confidentiality reasons, delfort does not report on total weight or volume of materials used
	302-1	Energy consumption within the organization	p. 48-57, 96 Indicators: Total purchased electricity	For reasons of commercial confidentiality, delfort does not report detailed energy consumption data
	302-4	Reduction of energy consumption		
	303-1	Water withdrawal by source	p. 58-61, 96 Indicators: Total freshwater consumption, freshwater consumption per 1,000 m² of net saleable paper	Only production water consumption is reported, thus water used for cooling purposes, which is returned to the environment unchanged, is not included
	305-1	Direct (Scope 1) GHG emissions	p. 48-57, 96 Indicators: Total GHG emissions, GHG emissions per 1,000 m² of net saleable paper	For reasons of commercial confidentiality, delfort reports a combined total for direct (Scope 1) and indirect GHG emissions (Scope 2)
	305-2	Energy indirect (Scope 2) GHG emissions		
	305-4	GHG emissions intensity	p. 48-57, 96 Indicators: kg CO₂e per 1,000 m² of net saleable paper	
	305-7	Nitrogen oxides (NOₓ), sulfur oxides (SOₓ), and other significant air emissions	p. 48-57, 96 Indicators: Total NOₓ emissions, NOₓ emissions per 1,000 m² of net saleable paper	
	308-1	New suppliers that were screened using environmental criteria	p. 42-47, 96 All new suppliers have been screened	
GRI 400	401-1	New employee hires and employee turnover	p. 90, 96 Indicators: Total workforce, staff turnover, total hires	delfort's reporting focuses on stakeholder-indicated priorities. Therefore, for employment data, which is not a stakeholder-indicated priority, delfort only reports total figures regarding employment status and types of contract without providing further detailed segmentation
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 88-89 We offer both our part-time and full-time employees the same opportunities and benefits	Accident reporting data is deliberately anonymized (by employment contract, gender, age, etc.) to encourage reporting by all groups, and therefore no detailed breakdown by employee type is presented
	403-2	Hazard identification, risk assessment, and incident investigation	p. 78-83, 96 Indicators: Total and rate of A1+A2 accidents, total and rate of reported near misses	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p. 78-83, 96 100% of employees are represented in formal, joint management-worker health and safety committees	
	404-1	Average hours of training per year per employee	p. 92-95, 96 Indicator: Total training hours. Ca. 13.3 hours of training per employee in 2021.	Transition assistance programs, which have not been indicated as a priority by our stakeholders, are omitted from this report
	404-2	Programs for upgrading employee skills and transition assistance programs	p. 92-95 Indicators: Type and scope of skill development programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 84-86, 96 Indicator: Type and scope of annual development review process	
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 42-47 Indicator: Type and scope of delfort's supplier management framework	
	408-1	Operations and suppliers at significant risk for incidents of child labor		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		
	414-1	New suppliers that were screened using social criteria	p. 42-47 All new suppliers have been screened	no such fines or non-monetary sanctions for non-compliance with relevant laws and regulations in 2021
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
	419-1	Non-compliance with laws and regulations in the social and economic area		

# UN Global Compact

## Communication on Progress

delfort is a signatory to the United Nations Global Compact, a set of Ten Principles covering the areas of human rights, labor, environment, and anti-corruption. This report serves as our Communication on Progress in implementing the principles of the UNGC and supporting broader UN goals. The tables show where relevant content can be found in this report.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



### HUMAN RIGHTS

UN Global Compact Principles	corresponding sections from this report
Principle 1: Support and respect human rights	our value chain (p. 16-17) evaluation of corporate governance policy (p. 29-30) Code of Conduct (p. 30), www.delfortgroup.com/code-of-conduct responsible sourcing (p. 42-47) Supplier Code of Conduct (p. 42-47) fair employment (p. 84-91)
Principle 2: Non-complicity in human rights abuses	evaluation of corporate governance policy (p. 29-30) Code of Conduct (p. 30), www.delfortgroup.com/code-of-conduct responsible sourcing (p. 42-47) Supplier Code of Conduct (p. 42-47) fair employment (p. 84-91)

### LABOUR

UN Global Compact Principles	corresponding sections from this report
Principle 3: Uphold the freedom of association and collective bargaining	collective bargaining (p. 89)
Principle 4: Elimination of forced and compulsory labour	evaluation of corporate governance policy (p. 29-30) Code of Conduct (p. 30), www.delfortgroup.com/code-of-conduct responsible sourcing (p. 42-47) human rights and diversity (p. 86-88)
Principle 5: Abolition of child labour	evaluation of corporate governance policy (p. 29-30) Code of Conduct (p. 30), www.delfortgroup.com/code-of-conduct responsible sourcing (p. 42-47) human rights and diversity (p. 86-88)
Principle 6: Elimination of discrimination	evaluation of corporate governance policy (p. 29-30) Code of Conduct (p. 30), www.delfortgroup.com/code-of-conduct responsible sourcing (p. 42-47) human rights and diversity (p. 86-88)

### ENVIRONMENT

UN Global Compact Principles	corresponding sections from this report
Principle 7: Precautionary approach to environmental challenges	our value chain (p. 16-17) precautionary approach (p. 29) responsible sourcing (p. 42-47) climate actions (p. 48-63)
Principle 8: Promote greater environmental responsibility	our value chain (p. 16-17) our strategic priorities (p. 22-23) responsible sourcing (p. 42-47) climate actions (p. 48-63) delfort Environmental Policy (p. 30), certifications and compliance (p. 62-63) responsible product design (p. 68-77)
Principle 9: Development and diffusion of environmentally-friendly technologies	climate actions (p. 48-63) responsible product design (p. 68-77)

### ANTI-CORRUPTION

UN Global Compact Principles	corresponding sections from this report
Principle 10: Action against corruption, including extortion and bribery	risk management (p. 30-33; 37-41) whistleblower procedure (p. 34) evaluation of corporate governance policy (p. 29-30) Code of Conduct (p. 30), www.delfortgroup.com/code-of-conduct responsible sourcing (p. 42-47) Supplier Code of Conduct (p. 42-47) know your customer (p. 47)



## LETTER FROM RISE REGARDING THE SUSTAINABILITY REPORT FOR DELFORT

Since the outset of its sustainability journey, delfort has engaged external expertise from RISE to guide them in the sustainability reporting process so that they can confidently self-declare that the report is prepared in accordance with the Core option of the GRI Reporting Guidelines. This letter summarises RISE's view of the strengths and weaknesses of the reporting process, based on our experience working closely with delfort during the development and implementation of their sustainability strategy over the past fourteen years. It is stressed that this letter and the support provided should not be considered as external assurance.

### NATURE OF THE SUPPORT PROVIDED

This is the fourteenth year in which the RISE team has provided support to delfort. During the first year, support was provided during the formulation of their sustainability approach and selection of their initial KPIs, and subsequently through the process of preparing their first sustainability report. This process helped to build delfort's internal competence for future reporting. For subsequent reports, RISE has provided informal data validation and helped delfort to benchmark the content against the GRI guidelines. Similar support has been provided during the production of this year's report.

### OBSERVATIONS ON PROGRESS MADE

**Targets and commitments** – previously delfort pursued a series of targets to be achieved by 2020, against a baseline year of 2006. The targets were based on material aspects such as staff safety, sustainable forest management, reduced GHG emissions, water consumption and improved energy efficiency. In the papermaking sector, these are challenging topics. Following on from these original targets, delfort has now defined and committed to a new set of sustainability targets to be achieved by 2030 compared against the new baseline of 2016. These targets are appropriately ambitious and are focused on material topics, continuing on the theme of improvements already made or re-addressing targets that proved more challenging up to 2020.



### DELFORT SUSTAINABILITY PROCESS – CHALLENGES AND OPPORTUNITIES


**Broadening the disclosures** – the GRI standard disclosures are prescriptive. For some standard disclosures GRI prescribes further detailed breakdown of data (e.g. by geography, by gender, etc.) than delfort currently makes available. Where this is the case, it is clearly acknowledged in the available supporting information. There is currently no indication that greater breakdown is required by delfort's stakeholders. Therefore, RISE considers that the current disclosures provided are appropriate for reporting. However, this should continue to be revisited each year, and preparations should be made in readiness to disclose further detail if required by stakeholders.

**Changing shape of the business** – since the inception of the business in 2006, delfort has grown both geographically and in terms of its operations. The incorporation of converting operations into the group of companies complicates the reporting process. Currently, whilst absolute data is reported for the entire business, the specific KPI data reported per unit of production focuses on the papermaking activities only. This is understandable, as the papermaking activities account for the majority of the impacts (e.g. >90% of reported GHG emissions). Nonetheless, it may be helpful for stakeholders more closely aligned to the converting operations to be able to review separate KPI data specific to production associated with the converting operations only.

**Sustainability and papers for cigarettes** – amongst delfort's products are papers for cigarettes. This is a legitimate business activity. The environmental, economic and social performance of delfort is evaluated on this basis.

### QUALIFICATIONS AND INDEPENDENCE OF RISE

RISE Innventia, an integral part of RISE Research Institutes of Sweden, is a world leader in research, development and consulting relating to pulp, paper, graphic media, packaging and biorefining. Our expertise is focused on leading our industries in the transition towards a circular and bio-based economy. The consultancy activities provide independent technical, strategic, market and sustainability services to organizations throughout these supply chains. The sustainability team combines the skills of environment and sustainability professionals with sector-specific knowledge. More information can be found at [www.ri.se/en](http://www.ri.se/en)

  
Michael Sturges  
Lead consultant for RISE

# about this report

The data presented in this report covers a full calendar year of data from January 1 to December 31, 2021. This report has been prepared in accordance with the GRI Standards 2016: Core option. Further information regarding our approach to the application of the GRI guidance and details of specific disclosures and omissions is available as a separate document on request. The data presented in this current report conforms to the same key performance indicators and restrictions that applied to previous issues.

Since our first corporate social responsibility report, which provided KPI data stretching back to our baseline year of 2006, delfort has grown considerably. During this time, we have acquired wattens vietnam, mundet, benkert, and flexprint. Because of data limitations, no attempt has been made to re-baseline or adjust past group-wide data presented in

the report by retrospectively incorporating data for these facilities. However, we have integrated data of all new facilities into our reporting in line with the integration of each business into delfort systems. Please draw your attention to the notes on page 97 accompanying the KPI summary table, which details how this data has been transitioned into the overall presented values.

Please also note, that economic, environmental, and social impacts associated with delfort's special fibers operations at op papirna remain outside the boundaries of this report. This reflects the minor scale of these operations, representing less than 2% of the overall business from delfort's paper mills.

Looking ahead, delfort will continue producing our corporate social responsibility report annually.



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