



Driving Sustainable Transformation

About This Report



The 2023 Sustainability Report highlights Filtrona’s environmental, social, and governance (ESG) initiatives, outlining the company’s ESG goals and the progress made in executing its ESG strategy.

Our inaugural report encompasses the entirety of the calendar year from January 1st to December 31st, 2023, unless otherwise specified. It includes all operations and activities across Filtrona and its subsidiaries.

Reporting Frameworks

Our reporting is guided by international frameworks, and standards to ensure accuracy, reliability, and comprehensiveness. These include:

- Global Reporting Initiative (GRI) Standards
- Sustainability Accounts Standards Board
- Value Reporting Foundation

We believe that adherence to these frameworks not only enhances the credibility of our sustainability reporting but also reinforces our commitment to transparency and accountability.

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Introduction

We Are Filtrona



Key Highlights

What We Have Achieved

“Our culture is deeply rooted in both innovation and sustainability. As a result, we remain focused on our customers, while protecting the environment.”



Environmental



Zero Waste

To Landfill (ZWTL) at all sites



29% Reduction

of net CO₂ emission from 2022 (Scope 1, 2 combined)



32% Renewable energy used



Social



26% Female Leaders

(Management role)



26% Female

gender diversity (Out of the overall number of 1820 people)



53% Reduction

in accidents from 2019, with zero fatality and permanent disability cases



Governance



ESG Committee

formally established to implement Filtrona's ESG policy and practices



97% Completion

compliance training (For those that are required to attend)



Ecovadis Bronze Award

Who We Are

Filtrona Spirit

We trust and respect one another, we create excellence through teamwork.

We do the right thing, we are accountable for our actions and deliver what we promise.

We are passionate and committed to do our best to become the best.



Our Vision is
to support our partners to transform and grow.

Our customers are our long-term partners as we support and grow with them to meet ambitious Environmental, Social and Governance targets.

Our Mission is
to be a responsible, customer-focused innovation leader, creating excellence in sustainable solutions for today and tomorrow.

Together with our partners, we drive sustainable transformations internally and externally as we create impactful positive changes on our planet. All our stakeholders (employees, suppliers and partners) are informed of our environmental policy as we continue to build a sustainable path forward.

Environmental Protection and Sustainability
is at the heart of our innovation journey.

We use environmentally safe and sustainable resources. Wastage is greatly reduced as we source responsibly from recyclable materials. Taking our green step further, our environmental management system is ISO14001 accredited.

Innovation for Sustainability
drives the development of our operations.

Filtrona is committed to continue its innovative development of more renewable, degradable and environmentally sustainable products. The plastic-free and biodegradable options available in our ECO Range of products is evidence of our commitment to build a greener world.

What We Do

Filters

We are the only global and independent provider of filter solutions and scientific services.

Scientific Services

Our scientific services offer commercial testing to help customers meet regulatory and product development requirements.



We have 100 years of expertise in filter design and production

→ Through partnerships with our customers, we create filters that perfectly align with our customers' unique requirements and enhance their brands.



With multiple manufacturing sites worldwide, we ensure timely and cost-effective delivery of products.

- Filtrona has 11 manufacturing facilities, 3 Innovation Centres, one accredited laboratory, and a Centre of Excellence focused on sustainability.
- Our advanced R&D centres collaborate with leading material suppliers, research institutions, and universities to stay at the forefront of filter technology and materials.



Our scientific tests

- Include ignition propensity, mainstream and side-stream smoke, tobacco testing and GOTHIA TEK®. We also offer bespoke product development and validation of specific products and needs.
- Our comprehensive tests can be performed on all tobacco products including cigarettes, tobacco, e-Cigarettes and oral tobacco, Roll-Your-Own (RYO), and Heated Tobacco Products (HTP).



Reflections From Our Leadership

CEO Statement

Our mission is unambiguous: as a leader in innovation and a dedicated partner to our customers, we are committed to driving product and operational transformations for sustainable solutions, both now and in the future.

Dear Esteemed Reader,

It is my privilege to present to you the Filtrona Environmental, Social, and Governance (ESG) Report for the year 2023. This inaugural report not only details our sustainability strategy, milestones, and initiatives over the previous 12 months but also outlines the commitments we have made towards achieving our forward-looking objectives as the only global and independent provider of filter solutions and scientific services. With 11 manufacturing sites around the world, we are acutely aware of our business's impact on the global environment and communities. This understanding drives our core strategy of sustainability and environmental protection, a commitment solidified by our 100-year history of innovative product development and supporting our customers in their transition to sustainable products.

Our mission is unambiguous: as a leader in innovation and a dedicated partner to our customers, we are committed to driving product and operational transformations for sustainable solutions, both now and in the future.

This mission is supported by our ambitious objectives, which are anchored in a robust strategy and governance framework designed to guide our path towards sustainability. The essence of our Vision 2028 ESG strategy focuses on market share expansion, innovation-led transformation, and excellence in business delivery. Our sustainability agenda is multifaceted, aimed at improving our environmental footprint through waste reduction, increased use of renewable energy sources, and a portfolio of sustainable products. We are equally focused on enhancing

our social contributions, particularly in health and safety, community relations, and diversity and inclusion, while also refining our governance mechanisms to include business ethics, equity, and compliance within a robust governance structure.

The achievements of 2023 stand as a testament to our dedication. A key milestone in our innovation journey has been the development of biodegradable filters, which have four times lower carbon footprint and decompose more rapidly than traditional cellulose acetate filters. Our ECO Range, a portfolio of plastic-free, biodegradable filters, demonstrates our commitment to minimising carbon footprints and enhancing degradability. The launch of six innovative products in our ECO Range along with the acquisition of six new utility model patents, marks significant progress. Furthermore, the establishment of a new Centre of Excellence in Budapest, Hungary, represents a leap forward in our capabilities to produce sustainable filters, including our new ECO HTP solutions for the growing heated tobacco product market.

Our progress in sustainability is also evident in our operational achievements: achieving Zero Waste To Landfill (ZWT) at all our production sites, reducing our CO₂ emissions by 29%, and increasing our use of renewable energy by 25%. The Bronze Ecovadis rating we attained speaks to our accomplishments, and we are actively working towards achieving the silver award in 2024. Additionally, notable advances in workplace safety and diversity—with female leadership now constituting 26% of our workforce—underline our commitment to create an inclusive and safe working environment.

Our efforts extend beyond operational achievements, with our community engagement initiatives ranging from educational support in India to healthcare projects in Hungary, reflecting our deep commitment to making a positive impact to the communities where we operate.

Looking ahead to 2024, we are focused on establishing a baseline for Scope 3 emissions, reducing our carbon footprint further, revising our labour and human rights policies, introducing new products in our ECO Range, and launching campaigns focused on ethics, compliance, and intellectual property awareness. By the year 2050, we aim to exclusively offer sustainable, biodegradable products, achieve net-zero emissions, significantly reduce our waste generation, and halve our energy usage. Our commitment to a zero-accident workplace, promoting community engagement among our employees, and achieving 40% female representation in senior management positions by 2040 underscores our long-term vision for sustainability.

I extend my heartfelt gratitude to the Filtrona team for their unwavering dedication and effort, which has been pivotal in reaching our goals last year. Together, we are committed to advancing sustainable progress, both within our organisation and across the communities where we operate, paving the way for a more sustainable future for all.

Sincerely,

Robert Pye
Chief Executive Officer
Filtrona



Creating Sustainable Value

“ At Filtrona, sustainability is not only a business practice. It is also embedded in our ethos and is a fundamental driver for our and our customers' success. We truly believe that preserving the environment and reducing our footprint is a mission for all of us. ”

Hugo Azinheira

Global Director, Innovation and ESG



Our Approach To Sustainability

“As a market leading multinational company, environmental protection and sustainability is at the heart of our innovation journey.”

As a supplier and committed partner to the tobacco industry, we are committed to helping the industry move towards using more sustainable filter solutions and ensure they have a ready supply.

In 2023, Filtrona and SWM co-organised a networking event with the participation of other tobacco industry suppliers, at InterSupply 2023, in Dortmund, Germany to showcase the range of alternative materials that are available to customers. Our message to our customers is clear - we are ready to help them shift from using CAT to alternative sustainable materials by working with our suppliers of non-woven materials to support their transformation to plastic-free products.

Filtrona will continue to invest in our equipment and R&D in alternative materials. Together with our suppliers such as SWM, McAirlaid's, Greenbutts and SQP, we are ready to help our customers make the transition to plastic-free, sustainable filter solutions.

We are reshaping our business practices to seamlessly integrate sustainability into our daily operations by implementing Vision 2028 ESG strategy.



Key ESG Goals



ENVIRONMENTAL



Responsible Waste Management

Zero Waste

To Landfill (ZWTL) at all sites are achieved

- Lower energy consumption
- All manufacturing sites to be carbon neutral by 2040
- **Net Zero Emission by 2050**

Filtrona's list of certification obtained: ISO9001, ISO14001, ISO45001, ISO50001, SA8000, ISO17025 (FIC lab), BRC (British Retail Consortium)



Sustainable

Plastic-free Products by 2050

25%
by 2030

50%
by 2040

100%
by 2050



SOCIAL

We protect our people, support community development and deliver a positive social impact.



Zero Injuries

and Lost-Time Incidents (LTIs)

- Uphold labour and human rights policies



40%

Female Representation
in management roles
by 2040



CSR Activities

- Across all sites



GOVERNANCE

Our sustainability efforts are guided by a clear structure, involving senior management and all business areas.



100% employees trained for ethics and compliance



Regulatory Compliance

ESG Committee to oversee progress

100% KYC & KYS*

- Annual Compulsory Basic Compliance Training

* KYC: Know Your Customer Compliance
KYS: Know Your Supplier Compliance

Sustainability Governance

“We are committed to conducting business with integrity, fairness, and transparency.”

Filtrona has a comprehensive strategy in place focusing on 3 major areas - environment, society and governance - where the company aims to make progress in line with a comprehensive action plan.

Our sustainability governance structure has been established to review progress, environmental impacts, social interactions, governance practices and manage risks.

All activities are conducted in accordance with applicable legal and regulatory requirements and to the highest standards of ethical business conduct. We are committed to equal opportunities at work that encourage everyone to feel comfortable and to be themselves at work.

The Executive Leadership Team (ELT) oversees the Group’s governance by regularly reviewing policies and practices to align with stakeholder needs and improve governance standards.

The establishment of a formal ESG programme, along with a clear responsibility assignment matrix (RACI), emphasises our commitment to ESG initiatives.

Sustainability Governance Structure

CORPORATE GOVERNANCE FRAMEWORK	RISK FRAMEWORK	ESG COMMITTEE	RISK AND COMPLIANCE COMMITTEE
A Corporate Governance Framework guides best practices, promoting compliance with laws and encouraging transparent governance. This framework is managed by the Legal, Compliance, Risk & Governance Function (LCRG), supported by the Global Strategy & Business Development Director, to ensure the Group’s compliance and sustainable growth.	We employ a Risk Framework to identify, evaluate, and manage significant risks, focusing on mitigation rather than elimination. There are specific programmes in place for commercial and contract review, health and safety, environmental, sanctions and export control compliance.	The ELT established an ESG Committee in 2023. The ESG Committee assists the ELT in overseeing the management of all relevant ESG matters while driving continuous improvement and ensuring alignment with international standards such as the Global Reporting Initiative (GRI) and Corporate Social Responsibility Directive (CSRD). It has access to resources, training, and conducts annual performance reviews, recommending changes when necessary.	The ELT delegates certain compliance and risk responsibilities to its Compliance & Risk Committee. The Committee has responsibility to oversee the management of Regulatory Compliance and Risks. In order to do this, the Committee directs and oversee the Group’s implementation of compliance programmes, policies and procedures required to meet all applicable legal, compliance and regulatory requirements. The ELT and its committees regularly review terms of reference to ensure they remain fit for purpose.

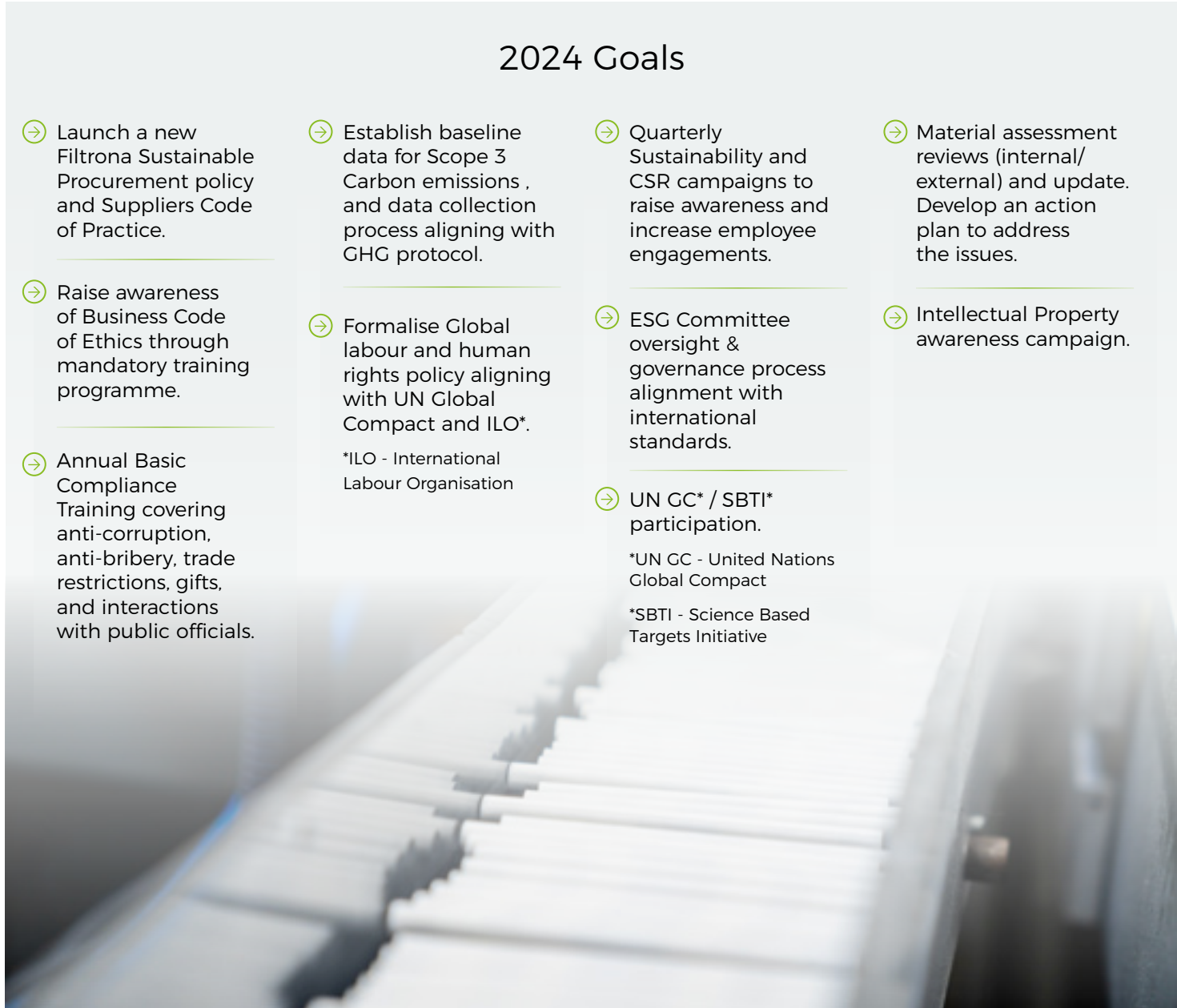
Three Lines of Defence





2024 Goals

- Launch a new Filtrona Sustainable Procurement policy and Suppliers Code of Practice.
- Establish baseline data for Scope 3 Carbon emissions , and data collection process aligning with GHG protocol.
- Quarterly Sustainability and CSR campaigns to raise awareness and increase employee engagements.
- Material assessment reviews (internal/ external) and update. Develop an action plan to address the issues.
- Raise awareness of Business Code of Ethics through mandatory training programme.
- Formalise Global labour and human rights policy aligning with UN Global Compact and ILO*.
*ILO - International Labour Organisation
- ESG Committee oversight & governance process alignment with international standards.
- Intellectual Property awareness campaign.
- Annual Basic Compliance Training covering anti-corruption, anti-bribery, trade restrictions, gifts, and interactions with public officials.
- UN GC* / SBTI* participation.
*UN GC - United Nations Global Compact
*SBTI - Science Based Targets Initiative



Engaging Our Stakeholders

Achieving sustainability is not a solitary journey. It demands active engagement and collaboration with a diverse group of stakeholders, each with unique perspectives, needs, and roles.

“At Filtrona, our commitment to sustainability is underpinned by inclusivity, ensuring that we listen to, collaborate with, and address the concerns of all our stakeholders.”

We place paramount importance on engaging with our employees and customers, as we strive to fulfil our strategic vision on filters.

Our employees are at the forefront of our sustainability initiatives, advocating for eco-friendly practices. Simultaneously, our collaborations with customers fuel our innovations.

We embed ESG principles into our daily operations, aligning personal goals with sustainability targets. We facilitate discussions with our **employees** on sustainability through platforms such as SharePoint, internal workshops, and town hall meetings. We provide sustainable products tailored to our **customers’** changing demands. Engaging via social media, news-

letters, and innovation sessions, we grasp their needs.

Together with our **suppliers and partners**, we pursue shared sustainability objectives, ensuring positive impacts across the supply chain.

Investors and shareholders shape corporate behaviour and drive value creation. We work proactively with **regulatory bodies** to align their considerations with our decision-making. We partner with external **sustainability experts**. Their insights and expertise keep us informed about the latest best practices and innovative initiatives.

We partner with **local communities** for sustainable development. Through com-

munity projects and dialogue, we address local needs and promote social and economic empowerment. We launched several projects to engage local communities, and drive employee participation in community services (see: *Contribution to Society*).

We place paramount importance on engaging with our employees and customers.



Determining Materiality

“By focusing on material ESG issues, we can drive innovation, improve operational efficiencies, and contribute to long-term value creation for our stakeholders.”

Our materiality validation process is a structured approach designed to identify and prioritise the most significant issues affecting our business and stakeholders. It involves a series of comprehensive steps to ensure thorough scrutiny and alignment with our strategic objectives. In the fiscal year 2023, we undertook a rigorous review of our material issues to reaffirm their continued relevance and resonance within our operations and across stakeholder interests.

This review encompassed a detailed examination of various ESG (environmental, social, and governance) standards and emerging industry trends, including but not limited to the global reporting initiative (GRI) topic standards, sustainability accounting standards board (SASB) guidelines, and the UN Sustainable Development Goals (SDGs). Additionally, we consulted leading global analyst reports such as CDP, FTSE ESG index, and MSCI ESG index to gain insights into evolving market dynamics and expectations. Furthermore, we conducted a thorough comparative analysis against our industry peers at local, regional, and global levels.

This desktop review allowed us to benchmark our material matters and associated risks, revealing areas where our sustainability commitments stand out and where opportunities for improvement exist. The findings from this analysis were instrumental in shaping our approach to addressing material issues and advancing our sustainability agenda. Following the validation process, the identified material matters underwent scrutiny and approval by key management stakeholders. This ensured alignment with our strategic priorities and underpinned our commitment to delivering sustainable solutions that create value for our customers, communities, and shareholders alike.



Environmental
**Cultivating
Environmental
Stewardship**

“At Filtrona, each and every one of us is highly committed to driving the ESG pathway as a responsible business, in order to create a sustainable future for everyone.”

Lay Moi Kow
Global Operations Director



Environmental Management

Why Does It Matter?

We are dedicated to reducing pollution and combating climate change by enhancing the sustainability of our operations and fostering innovation. By working together with our customers and partners, we are poised to make a substantial environmental impact as we serve customers in 120 countries worldwide.

Our Approach

Through innovation and partnerships, Filtrona's sustainability journey is marked by a dynamic shift in product portfolio, a rigorous pursuit of circularity in materials, and reducing CO₂ emission.

At the core of Filtrona's environmental strategy is the rapid conversion of our product portfolio to align with the rising tide of eco-consciousness and reach for net zero emission. By providing plastic-free and biodegradable options today, Filtrona is positioning our customers at the vanguard of sustainability, catalysing the wider market shift towards environmentally conscious products.

Initiatives

Our objective is to provide our customers with value-driven, scientifically formulated solutions tailored to their specific needs.

In 2023, we advanced the development of simpler Heated Tobacco Products (HTP) filters, streamlined

filter construction, and enhanced the design of sustainable alternative filters to minimise tow consumption. We also evaluated and tested various alternative materials. Furthermore, our partnerships with suppliers such as SWM and McAirLaid's were deepened to lessen our environmental footprint. We initiated innovation projects with key customers, including BAT and Imperial, and our laboratories provided support to PMI in testing novel products, alongside expanding our development endeavours in China and contributing to the generation of new knowledge.

We are proud to utilise McAirLaid's non-woven, plasticiser-free, and resin-free, 100% cellulose Genia fleece, paper-like product in select filter models. Beyond these key suppliers, we engage in collaborations with leading manufacturers of non-woven materials, including SWM, SQP, BMJ, Hengfeng, and Delfort, to source superior alternative materials that align with both our standards and those of our customers.

As a leading innovator in sustainable filter manufacturing, we are dedicated to assisting our customers in the shift towards more environmentally friendly products. This commitment led us to further develop our ECO range of plastic-free, biodegradable filters, explore new materials, and continuously test them for efficacy and sustainability. We have refined our processes to advance the development of non-woven alternatives to traditional cellulose acetate tow (CAT).

Our approach includes a comprehensive assessment of the entire product lifecycle to evaluate the carbon emissions associated with the supply chain of our filter products – from raw materials through production and distribution to our customers. **These efforts are pivotal to our ambition of achieving net-zero carbon emissions by 2050 across Scopes 1, 2 and 3, underscoring our commitment to sustainability and environmental responsibility.**

Achievements in 2023

By partnering with suppliers to pioneer sustainable raw materials, such as cellulose tow, recycled content, and paper substrates, Filtrona is expanding the boundaries of what's possible in product development.

The introduction of non-woven, plastic-free raw materials within the ECO Range represents a tangible commitment to reducing plastic usage. By increasing these offerings, we not only boost our own sustainable metrics but also empower customers to make greener choices. While co-developing new products with customers, we ensure that they align with the market's needs and contribute to sustainability.

Outlook

- Drive increased sustainability awareness across the organisation with sustainability campaigns.
- Engage suppliers in our sustainability journey, launch our Sustainable Procurement policy and Supplier Code of Conduct.
- Extend scope of product carbon footprint analysis for wider range of products.
- Introduce 6 new ECO Range products in 2024.

Innovation

New product launches with sustainable materials:

25% by 2030

50% by 2040

100% by 2050

This trajectory showcases a pace that outstrips the industry average, evidencing our dedication to leading the charge in sustainability.

Filtrona introduced three new products within its ECO Range, signalling the beginning of a significant transition.

Waste Management

Why Does It Matter?

Effective waste management practices are essential to cut pollution related to our operation and safeguard employees' health and safety by minimising unnecessary risks. **Our goal is to minimise waste generated from our activity, and in a short-term to achieve Zero Waste To Landfill (ZWTL).**

Our Approach

By optimising inventory management and production planning, we ensure resources are allocated judiciously, minimising waste right from the start. All waste streams are stored separately and clearly labelled so that employees can handle them appropriately. We apply waste hierarchy - a ranking system for waste management practices - to manage waste responsibly and eco-consciously for each type of waste at their sites. Embracing closed-loop manufacturing, we promote recycling and reuse throughout our production processes, further reducing waste and conserving valuable resources.

Additionally, our yearly audit on waste reduction serves as a crucial tool for assessing progress and identifying areas for improvement.

Initiatives

Filtrona's commitment to sustainability strongly supports the use of circular economy concepts in our waste management practices. As opposed to viewing trash as a burden, we see it as a precious resource that may be reused, recycled, or repurposed, helping to create a more sustainable future.

From production processes to office operations, we have implemented a range of initiatives to minimise waste generation, driving tangible reductions across the board. Recovery methods, such as the Waste to Energy boilers at our sites in Hungary, Thailand and Indonesia, reducing landfill use, and cutting of greenhouse gas emissions by converting filter process waste into energy.



Achievements in 2023

We send approximately **50%** of the **total waste generated to recycling.**

100% of manufacturing sites achieved **ZWTL**. ZWTL is achieved when 99% or greater of generated waste is diverted away from landfill.

Outlook

→ We aim for better integration of Circular economy concepts in our business practices e.g. raw material optimisation to prevent wastage, improve internal reuse and recycling of materials, engaging stakeholders (suppliers and customers) for materials use.

- Finetune performance metrics for waste management and waste tracking & target setting.
- Continue to maintain ZWTL practices.
- Consider the waste impact in product innovations.



Energy Management

Why Does It Matter?

Energy management sits at the heart of our Vision 2028 ESG strategy and informs every aspect of our business planning, recognising its vital role in shaping our environmental footprint and greenhouse gas emissions. By reducing our energy usage and embracing renewable sources, we aim to substantially shrink the carbon footprint of our operations and lessen our contribution to climate change.

Our Approach

From this fundamental understanding, we derive our priorities and a strategic plan for decarbonisation and reducing energy consumption. We have charted an aggressive, long-term course centred on boosting energy efficiency and progressively expanding our renewable energy portfolio. Employing a structured, phased approach, we are committed to advancing steadily towards our environmental targets.

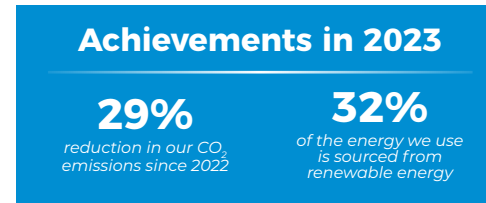
Key actions to achieve goals include efficient energy consumption monitoring, increased use of renewable energy, lifecycle analysis, and annual audits.

Initiatives

- Solar Roof projects in Dubai, Indonesia and India. As we transition into 2024, the momentum towards sustainability shows no signs of slowing down, with two major projects currently in progress in Indonesia and Dubai. The solar project in Indonesia is poised to make a substantial impact, with a capacity of **506 kWp**. Upon completion, it is expected to generate **790 MWh** annually, leading to the avoidance of **632 tons of CO₂ emissions** per year. This accounts for **15% of the total energy consumption** at the Indonesia site.
- Meanwhile, in Dubai, efforts are underway to harness solar energy with a capacity of **240 kWp**. Once operational, the system will generate **388 MWh** annually, resulting in the avoidance of **196 tons of CO₂ emissions** per year. This represents a significant milestone with the solar project expected to contribute to **30% of the total energy consumption** at our Dubai site.
- **Energy efficiency projects across all sites.**
- **Data verification by external party.**
- **Scope 3 emission data collection protocol / Product carbon footprint extension.**

Achievements in 2023

- 3 Solar Roof projects with **853 tonnes of CO₂ emissions** avoided per year.
- **20%** of our energy usage is derived from renewable sources.
- Compared to 2022, we decreased our energy consumption and improved energy efficiency **by 3%**.



Filtrona participated in the Carbon Disclosure Project (CDP) for Climate Change, Forests (Timber) and Water Security, and attained a minimum 'C' grade across all three classifications.

Total Emissions (Metric Tonnes CO ₂ equivalent)		
	2022	2023
Scope 1	3,135	2,655
Scope 2	16,081	10,899
Total	19,216	13,554

Outlook

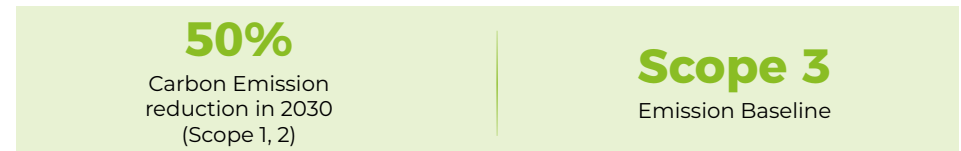
Filtrona is dedicated to reaching our Net Zero emission target with plans recognised by the Science Based Targets initiative (SBTi). This key step confirms that the company's decarbonisation strategy meets rigorous climate science standards. By 2040, we plan to achieve carbon neutrality for Scopes 1 and 2 emissions.

As compared to 2022, we will reduce our carbon emissions by

- 50% by 2030 (Scope 1, 2)
- All manufacturing sites to be carbon neutral by 2040 (Scope 1, 2)
- Net Zero emission by 2050 (Scope 1, 2, 3)

A key aspect of Filtrona's strategy is grid decarbonisation, which involves transitioning the electricity grid towards less carbon-intensive sources. This shift relies not just on technological advancements but also on sustained dialogue with authorities and energy providers to stay abreast of changes in carbon emission factors.

The implementation of energy efficiency projects is another cornerstone of our plan. By upgrading HVAC systems and air compressors, we aim to minimise energy loss and maximise efficiency. These practical steps are critical in reducing energy demand and, consequently, greenhouse gas emissions.



Social

Focusing On What Matters

“Filtrona’s dedication to employee well-being and work-life balance fosters a resilient culture of innovation, driving towards sustainable development and leaving a positive impact on lives and communities, that extends beyond profit margins.”

Joyce Ng

Global Human Resources Director



Employee Development & Talent Management

Why Does It Matter?

Our people are the key to our success. With a steadfast commitment to nurturing talent and safeguarding well-being, our workforce initiatives underscore our dedication to fostering a thriving, inclusive, and secure workplace environment.

Our Approach

Our talent management strategy safeguards against risks from key departures, especially in senior roles, ensuring stability and continued success. We have an employee development plan in place that encompasses performance management, talent management, and development and training programmes. Meanwhile, we advocate for employees to proactively manage their development in partnership with their managers.

Initiatives

1. Training and Development

In addition to sites and functional training done locally, we also run ad hoc training programmes tailored to meet the evolving needs of our workforce. From workshops on personal effectiveness, such as “7 Habits for Highly Effective People,” to specialised sales training sessions, we empowered employees with the knowledge and skills needed to excel in their roles.

2. Talent Mobility

Filtrona provided opportunities to our employees supporting their career growth through cross regional / functional assignments and personal development.

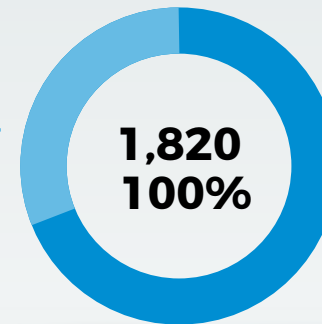
3. Centre of Excellence

Furthermore, we established a Centre of Excellence across functions, bringing talents from within and external to support business growth and profitability.

All Employees Headcount

Gender ratio as of 31 December 2023

Female
474 // 26%



Male
1,346 // 74%



“Our people are the key to our success.”

Employee Development & Talent Management

Achievements in 2023

We prepared Talent Review and Succession Planning to maintain leadership continuity and tackle future challenges. Performance Management, a crucial part of our approach, facilitates clear, multi-step communication to meet our objectives.

In 2023, Filtrona encouraged cross-functional and cross-regional mobility. For example:

Filtrona had
31 employees

relocate internationally,
to countries such as

- China
- Hungary
- Thailand
- USA



Outlook

Currently localised, these initiatives are being standardised for a global rollout in 2024. We encourage employees to take charge of their development by actively engaging with their managers, providing a tailored and empowering learning journey.

- A more focused performance development approach consisting of driven goals, behaviours aligned to our values and people development plan.
- A structured learning plan to support employee's professional and personal growth in the company.
- An effective talent map to grow talent from within and at leadership level.

Diversity, Equity & Inclusion (DE&I)

Why Does It Matter?

At Filtrona, the commitment to diversity and inclusion is a core part of who we are and how we operate. **Our goal is to build not only a fair and inclusive culture but also a diverse talent pipeline that mirrors the communities in which we operate.** We strive to establish a workplace where every employee feels valued and respected.

Our Approach

Our dedication to creating an equitable workplace is integrated into every aspect of our human resources policies, shaping a culture where everyone is encouraged to be their authentic selves and where opportunities are equally accessible to all.

We recruit, develop, and reward based on merit, ensuring that our workplace is free from discrimination. **Our policies explicitly prohibit discrimination on the basis of race, colour, language, caste, national or ethnic origin, sexual orientation, religion, disability, gender, marital status, or age.**

Initiatives

Our dedication to diversity begins with our recruitment process. The recently launched Recruitment Policy is built on the pillars of equal employment opportunity, diversity, and inclusion, ensuring that our hiring practices are fair and equitable for all candidates. This policy lays the foundation for a diverse workforce that reflects the varied tapestry of our global community.

Our non-discriminatory policies cover the entirety of an employee's career, from recruitment to retirement. To ensure all team members are aligned with our diversity and inclusion goals, we provide company-wide training. This feedback acts as a crucial metric for assessing our effectiveness as a fair and inclusive employer.

Our commitment to diversity and equality extends beyond internal policies to encompass a range of social initiatives. **These include alignment with *UN SDGs and ILO standards on human rights, and CSR campaigns celebrating international observances like Women's Day and local cul-**

tural celebrations. Each initiative is an opportunity to promote diversity and inclusion, both within and outside our organisation.

The Bangkok site is notable for its inclusive hiring practices, particularly the employment of individuals with disabilities in the production support team. In Hungary, Filtrona provides accommodation, Muslim prayer rooms, and

language support for our Indonesian employees. Cultural celebrations such as Indonesian Day are also observed.

These initiatives exemplify our holistic approach to DE&I, ensuring that all employees feel valued and supported regardless of their background.



* **ILO standards** - International labour standards are legal instruments drawn up by the ILO's constituents (governments, employers and workers) and setting out basic principles and rights at work.

UN SDGs - Sustainable development has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Diversity, Equity & Inclusion (DE&I)

Achievements in 2023

In 2023, Filtrona employed 1,820 individuals, demonstrating a diverse mix in terms of age, gender, and geographic region, including 474 women and 1,346 men. This means our workforce was made up of 26% women and 74% men. The gender distribution within management positions mirrored this closely, with women making up 26% and men 74%. Additionally, women accounted for 31% of the 262 new hires in 2023 (exclude China JV).

Gender	Total employees	Grade 4 and above	New hires
Female	26%	26%*	31%
Male	74%	74%	69%

* 1. data in the table excluded third party agency workers
 2. Female Grade 4 and above data for excluded China JV

Outlook

To further promote equity, we are establishing forums and committees dedicated to driving these values throughout the workplace. A key focus of our diversity efforts is gender representation, particularly in leadership positions.

We aim for

40%

female representation in senior management by 2040

enhance gender diversity.

Achieving diversity in managerial roles across every site by 2030 is another milestone we are determined to reach.



Employee Well-being & Workplace Health and Safety

Why Does It Matter?

Employee health, well being and safety stand as critical pillars of Filtrona’s corporate ethos. We understand that ensuring the physical and mental well-being of our team is essential to fostering an environment where everyone can thrive and grow.

Our Approach

Our health, safety, and environmental (HSE) strategy is built on four foundational pillars: People, Standardisation, Risk Reduction, and Environmental Sustainability.

- The **People** pillar enhances safety culture through accountability programmes and ESG awareness training.
- **Standardisation** ensures consistent HSE excellence across the supply chain, with rigorous external verification of HSE data planned for 2024.
- **Risk Reduction** is about maintaining safe operations with regular safety campaigns and thorough compliance audits.
- The **Environmental Sustainability** pillar commits to significant carbon emissions reduction, developing comprehensive carbon footprint management, and engaging in global sustainability events.

Initiatives

Employee Engagement Surveys: Both Filtrona and our employees evaluate their well-being scores to identify and bridge any gaps.

Filtrona’s Wellness Programme: This initiative is designed to engage employees in maintaining their health through various activities and resources that promote physical fitness and mental resilience. Activities and policies are aimed at reducing turnover, boosting motivation, and enhancing work productivity.

Employee Satisfaction: Through a variety of activities, Filtrona promotes good health, career development, and overall satisfaction among our staff.

Establishing a Happy Workplace: The concept includes eight aspects of happiness, and to name a few: physical activities, financial literacy, and community engagement.

Enhanced Benefits for Mental Health: We provide comprehensive support for mental health including counselling services, mental health days, and programmes aimed at reducing stress and promoting mental well-being.

Happy Workplace: A Journey Towards Employee Well-being

Filtrona is dedicated to fostering a workplace that promotes the happiness and well-being of every team member. Inspired by the World Health Organisation and the Thai Health Promotion Foundation’s guidelines, our company has undertaken a holistic approach to improve both the physical and mental health of our employees.

In 2021, facing challenges like the COVID-19 pandemic and economic uncertainty, Filtrona Bangkok focused on enhancing workforce well-being through a partnership with the Thai Health Promotion Foundation. This collaboration led to the development of the Happy Workplace Project, which targets key aspects of a fulfilling work environment, including physical health and financial stability, emphasising a comprehensive strategy for employee happiness, which is promoted through clubs for activities like sports and CSR, along with a music radio programme for relaxation and news updates. Training sessions on income-expense accounting to foster financial awareness and encourage savings are also part of the activities.

Bringing Happiness Beyond Work

Filtrona has breathed life into its happy workplace concept with several employee clubs and activities:

- **Sports Clubs:** Badminton, football, and walking-running clubs offer regular physical activities, while an open yoga class led by an employee provides a space for relaxation and fitness at work.
- **Community and Social Responsibility:** The company’s CSR and online market clubs engage employees in meaningful community service, such as supporting local schools and the Phaya Thai Babies Home.
- **Music and Education:** A music radio programme offers relaxation and entertainment, while training on income-expense accounting raises financial literacy among employees.
- **Fun and Engagement:** FUN FAIR activities and challenges like the “Walk & Run Team Challenge” and the “One spirit One goal” campaign encourage participation and foster a sense of community.



Employee Well-being & Workplace Health and Safety

Achievements in 2023

- Across all manufacturing sites, we implemented a comprehensive **Safety Management System**, comprising key elements such as risk assessment, hazard control, health and safety policies, training and awareness, incident reporting and investigation, emergency preparedness, and regulatory compliance.
- All sites implement an HSE management system certified with **ISO 45001**, focusing on injury and risk prevention.
- These initiatives are underpinned by Filtrona's commitment to achieving key performance indicators (KPIs), including **Zero Injuries and Zero Lost Time Incidents (LTIs)**, while also prioritising employee engagement through collective bargaining and employee association initiatives.
- To realise our vision on mental and physical health, we have developed a comprehensive action plan that focuses on engaging with our employees, understanding their needs, and providing them with the tools and support necessary to maintain their safety and well-being.



Outlook

- We are set to introduce a Supplier Health, Safety, and Environmental (HSE) policy and assessment protocol in 2024. This will pave the way for the implementation of the ISO26000 system during 2025-2026. To ensure integrity and compliance, all these initiatives will undergo HSE Data verification by an independent external party.
- Through this integrated approach, we can actively shape industry standards and foster a safer, healthier, and more sustainable future for all our stakeholders.
- We aim to achieve a workplace with **Zero Injuries and Zero Lost Time Incidents (LTIs)**. This goal reflects our commitment to not just adhere to health and safety standards, but to set new benchmarks for excellence in workplace safety. We also aim to ensure that all of our suppliers align with our approach for health and safety programmes.



Human Rights

Why Does It Matter?

Human rights serve as a benchmark for assessing how we treat our people, essential to the well-being of individuals and the health and advancement of our workplace community.

Our Approach

We are firmly committed to non-discrimination, equal opportunity, fair wages, safe working conditions, and the freedom of association, alongside the stringent prohibition of child and forced labour in compliance with labour laws and regulations.

Initiatives

Several sites within the group host unions and employee associations with no history of conflicts or incidents, reflecting the company's constructive engagement with its workforce. Notably, the US Richmond site has a two-year collective bargaining agreement in place, while the UK Nottingham site upholds an ongoing agreement, underscoring the value placed on dialogue and negotiation. In Thailand, the establishment of a welfare committee empowers employees to engage in welfare discussions, representing their interests effectively.

Achievements in 2023

At the heart of our commitment are the Filtrona sites in Asia, including Indonesia and India, which have been certified to SA8000 standards. This prestigious international certification endorses organisations that prioritise and implement socially responsible workplace practices. The certification is a testament to our adherence to high standards in treating its workforce with the dignity and respect they deserve.

Our locations around the world have ISO45001 accreditation for occupational health and safety management systems, emphasising our dedication to risk and injury prevention and our commitment to creating safe working conditions for all employees.

Outlook

We aim to align policies with the UN Sustainable Development Goals and ILO human rights standards. This indicates that our operations contribute to sustainable development and uphold principles of inclusivity, labour rights, and diversity. We seek to impact society positively while fostering responsible corporate responsibility.



Contributions to Society

Why Does It Matter?

Our community contributions enhance social cohesion, spur economic growth, and affirm our commitment to collective responsibility and ethics, highlighting the intertwined success of individuals, our company, and society.

Our Approach

Filtrona's dedication to social responsibility extends beyond the scope of our business operations, reaching into the heart of the communities where we operate.

Our CSR strategy focuses on identifying significant social issues aligned with our values to maximise impact using our resources and expertise. While maintaining a global outlook, we allow local sites to tackle challenges specific to their communities.

The effectiveness of our efforts is evaluated through annual audits and social responsibility assessments, guiding our future initiatives.



Initiatives in 2023

In 2023, Filtrona **Singapore** participated in a global donation drive to support humanitarian efforts following the earthquake in Türkiye, Syria, and surrounding regions. This initiative took place from February 20 to March 3, 2023, and successfully raised money which was donated to the Red Cross.

At **Filtrona Nottingham**, employees rallied to support victims of the earthquakes in Türkiye and Syria with a donation contributed to the British Red Cross in 2023. In September, the team hosted a "World's Biggest Coffee Morning" with a bake-off competition, raising money for Macmillan Cancer Support.

The festive spirit of giving continued at Christmas with a raffle, the proceeds of which benefited Ashfield Care Home, supporting their dementia care services.

Looking ahead to 2024, the site plans to leverage the Company's paid volunteer day for local community projects like painting schools and helping in care homes.

Our **Paraguay** facility supports the local community and volunteer firefighters with annual donations for National Police Day and firefighter support, and food for schools on Children's Day. With easier donation consent compared to the past, we aim to further aid with essentials like water dispensers.

In **Indonesia**, Filtrona's CSR activities include humanitarian relief through voluntary employee donations for Gaza conflict victims, scholarships for employees' children, reservoir cleaning initiatives outside the factory, and donations to support elderly orphans.

In **Hungary**, Filtrona's 2023 CSR activities included raising funds for the Turkish earthquake victims and supporting a homeless kindergarten. Upcoming plans for 2024 involve donations to the NOÉ animal shelter, the Zoo Foundation, tree planting, supporting the Bethesda Children's Hospital, forest cleanup, participating in the Spar Budapest Marathon for the disabled, supporting the Csillagom Foundation for the disabled, and donating games and food to the Baptist charity service.



In **India**, Filtrona has provided assistance to 25 children with diverse abilities, including educational and living aids. We have also constructed classrooms and toilet facilities for a school in Aralumallige village, Doddaballapur, and provided four class teachers with the opportunity to enhance education for 690 students across two schools.

Furthermore, Filtrona has aided 30 children with Type-I Diabetes, including insulin and accessories, and donated four tricycles for physically-challenged individuals. An ongoing project in India is to install 46 solar street lights in nearby villages for improved night safety.

Achievements in 2023

We prioritised creating employee awareness about community service through targeted communication plans, aiming to foster a culture of volunteerism. We have established ambitious targets to boost global employee involvement in community service. In 2022 and 2023, 30% of our workforce participated in these initiatives.

Governance

Committed to Strong Governance

“We respect our surrounding environment; we commit to working in that environment in a responsible way because we have committed to do the right thing.”

Patrick Meredith

Global Strategy & Business Development Director



Ethics & Integrity

“Proactively addressing issues and ensuring transparency are crucial for upholding a culture of trust and safety within our organisation”

Key Compliance Priorities in 2023



The Code of Ethics was revised in 2023 to define the principles that guide staff in determining the correct course of action in a ‘Be Smart Be Sure’ culture.

We prepared a KYS (Know your suppliers) process as part of the compliance review process for all new and existing suppliers.

Why does it matter?

Ethics and integrity are fundamental at Filtrona, helping us build trust, make smart decisions, be transparent, and solidify the governance which supports our business endeavours. Commitment to our core values is key to our lasting business success.

Our approach

At Filtrona, we are strongly committed to ethical and integral business practices as key to lasting success. This principle ensures we consistently earn and keep the trust of our customers, suppliers, investors, and stakeholders, going beyond mere regulatory compliance to uphold our values daily.

Initiatives

A key element of our ethical commitment is ensuring that all employees feel safe to raise concerns. In 2022, we reinforced our commitment to providing a secure environment where issues can be reported confidentially and without fear of retaliation. This open-door policy is crucial for maintaining transparency and addressing issues proactively, fostering a culture of trust and safety within the organisation.

Understanding the importance of awareness and training, Filtrona has

made a significant investment in educational programmes. Starting in 2023, and continuing annually, these initiatives are designed to ensure that our Business Ethics standards are fully understood and integrated into our daily work.

To support our ethical practices, we have developed a robust infrastructure, including the formation of Legal, Compliance, Risk & Governance Function (LCRG), the Compliance & Risk (C&R) Committee, and the Executive ESG Oversight Committees with clear Terms of Reference (TORs). These bodies are tasked with driving and monitoring our ethical standards, ensuring that Filtrona not only sets high expectations but also meets them. The establishment of conflict-of-interest policies, whistleblower/right-to-speak hotlines, and regular policy deployment further solidifies our commitment to an ethical workplace.

Achievements in 2023

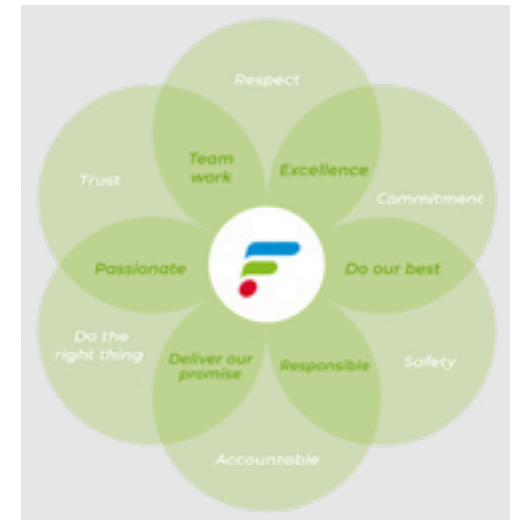
Recognising the complexities of modern business, Filtrona has developed a comprehensive **Business Ethics** framework designed to guide our employees in making ethical decisions. Introduced in 2022, this framework is bolstered by a suite of policies and guidance notes, ensuring

that ethical considerations are at the forefront of our operations. This structured approach enables us to navigate ethical dilemmas with clarity and confidence.

Our internal **Code of Ethics**, part of the Compliance Framework, operationalises our values. In 2023, we revised the Code, and in 2024, we’re concentrating on increasing awareness of its content.

Outlook

In 2024, we aim to enhance our Business Safety – Governance and Compliance framework and implement Ethics Compliance Trainings.



The corporate values of the Filtrona Spirit.

Product Innovation & Intellectual Property

Our approach

Discarded cigarette butts are among the most littered items on the planet. We have the capability and expertise to design, test and manufacture innovative and sustainable filter solutions.

Filtrona boasts a significant IP portfolio with over 600 patents in 40 countries and 200+ trademarks. Our strategic focus on eco-friendly and sustainable filters is evident as they make up 60% of all recent filings. Product innovation is our most impactful way to benefit consumers and the environment on a large scale.

We pursue partnerships with like-minded innovators to jointly create new IP and advance sustainability. We are continuously expanding our ECO Range portfolio. This programme aligns with the EU Single-Use Plastics Directive (SUPD), influencing global trends towards reducing single-use plastics in tobacco products. We develop and manufacture biodegradable filters that degrade much more rapidly than filters constructed with cellulose acetate. ECO Range plastic-free biodegradable filters have 4 times lower carbon footprint and higher degrad-

ability compared to cellulose acetate filters. We develop a bespoke product range leveraging our scientific expertise to offer solutions across our entire customer base and technologies.

Initiatives

The Innovation team employs a comprehensive process for generating new filter concepts for development. Our ideation for new products primarily comes from three sources: Subject Matter Experts (SMEs), Voice of the Customer (VoC), and Voice of the Market (VoM).

- **SMEs** are our in-house industry specialists at Filtrona, leveraging their extensive experience to feed valuable ideas into our innovation pipeline.
- **VoC** represents the input and needs from our tobacco customers, guiding us in crafting filters that meet their precise requirements and specifications.
- **VoM** involves the continuous observation and analysis of market trends, consumer behaviours, and regulatory shifts to anticipate the products that will shape the industry's future.

Target Operating Model Implementation

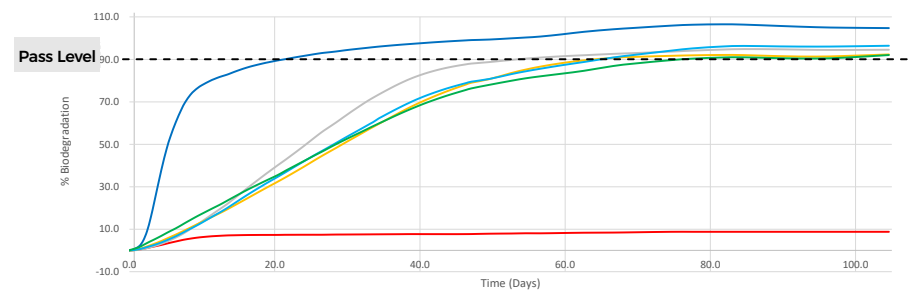
We introduced a **Target Operating Model (TOM)**, ensuring our organisational structure was already optimised and aligned with our goals. This achievement stems from our continuous efforts to restructure the team, enhancing it with skilled and experienced personnel, especially under the demanding conditions in Indonesia, a key location where our principal customers reside and competition for talent is intense. Following the TOM's endorsement, we successfully attracted and onboarded highly qualified industry professionals.

Filter Innovation Centres

- **2018:** Launched three development centres and lab services
- **2023: Accredited Lab**
Accredited Cigarettes Laboratory with the capability to test 200 cigarettes constituents including Heated tobacco aerosol and vapours.
- **Centre of Excellence** launched in Budapest, Hungary
- **The China Development Centre (CDC)**, located in Xiamen, Fujian province, has pooled the expertise of Filtrona Filters with the tobacco expertise from Fujian IC, comprising a total of 17 members. The centre has capabilities for developing combustible filters and a laboratory dedicated to Chinese Virginia blend cigarettes. It has successfully developed 16 utility patents and introduced 2 new product innovations.

Biodegradability Testing

Our ECO range biodegrades more rapidly than filters constructed with other standard materials



Sample	Reference Cellulose	Cellulose Acetate*	Sample B	Sample C	Sample S	Sample M
Biodegradation % Compared to Cellulose Reference After 105 Days	100	8.7	92.1	92.3	94.5	96.4

1. ISO14855-1 Biodegradability of Plastic Materials Under Controlled Composting Conditions
 2. Graph shows raw data of overall biodegradation curves. Table shows final result "normalised" to the cellulose reference.
 3. Test conditions: samples were tested as full filter rods (not ground into powder). The biodegradation percentage above 100% can be explained by a synergistic effect, also called priming.

Capabilities:

- Perform analytical testing supporting Product Development
- Perform testing of ingredients in:
 - ▶ Tobacco
 - ▶ Tobacco products, including;
 - ▷ Conventional Tobacco Products
 - ▷ Reduced Risk Products (RRPs)
- Testing cigarettes and cigars for regulatory submissions globally
- Active CORESTA member of HTP and Cigar Smoking Method (CSM) Sub-Group
- ISO17025 Accredited Laboratory and new scope expansion

OUR LABORATORY IS ONE OF THE FEW GLOBALLY ACCREDITED, INDEPENDENT SCIENTIFIC SERVICES FOR TOBACCO FILTRATION

Product Development & Management	Scientific Services	Global Filters Design	Filter Samples Library	Certified Sensory Panel
<ul style="list-style-type: none"> • Proprietary Development • Customer-sponsored developments • PMO Methodology • Engineering Support • Development of New Processes and Technologies 	<ul style="list-style-type: none"> • Perform Analytical Testing (commercial and proprietary) • Support Understanding of Current proportions - e.g.: Thermal Diffusion • Develop New Methods for Heated Tobacco Products (HTP) 	<ul style="list-style-type: none"> • Creation of New Filter Specifications • Stewardship of Specifications • Standardisation and Rationalisation of Raw Materials • Governance of PRC and Creation of New TLA's • Coaching of New Designers • Support to Operations • Development of Design Tools 	<ul style="list-style-type: none"> • Preserving 100 Years of Filters Development History • Web-based Integrated Database System • Accessible Source of Knowledge 	<ul style="list-style-type: none"> • Certified Panelist Team • Perform Sensory Analysis for Newly Developed Filter • Conduct a Comprehensive Analysis of Smoking Experience • Support Proprietary and Customer Developments



Centre of Excellence in Hungary

In August 2023, we opened a new Centre of Excellence (COE) in Budapest, Hungary, to enhance our production of sustainable filters.

This COE houses advanced filter manufacturing machines to boost production capacity and speed-to-market for eco-friendly tobacco product filters. It aims to support tobacco companies in developing sustainable products by utilizing our innovative filter designs, processing techniques, and material knowledge.

The facility focuses on creating filters for a variety of tobacco applications, using non-woven, wood pulp-based materials to offer plastic-free alternatives in line with global demands for environmental sustainability.



Achievements in 2023

Revenue of innovations

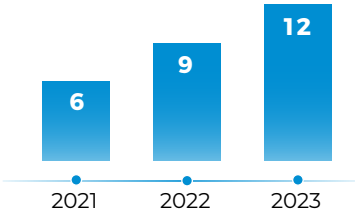
in first year of launch:

4%

on top of the target

12 new products developed, a mix of ECO Range, HTP and Combustibles.

New products developed:



- We submitted eight new patents for consideration and achieved approval for 52 patents globally. In addition, we obtained approval for 11 patents in - China and successfully transferred 18 patents to CTFE as part of a co-ownership agreement.
- Established a sensory panel as an additional service for customers. While still developing proficiency, it's a crucial offering to enhance our comprehensive support to clients.
- Overachieved Samples Delivered On Time In Full target (OTIF) and reached 99.4% in 2023.



12 product launches
in 2023

Scientific Thought leadership

- In 2023 Filtrona submitted two scientific papers to **The Tobacco Research Conference**.



KPI	Achievements		
	2021	2022	2023
Product Launches	6	9	12
Patent Application	5	6	8
OTIF (Samples)	98.2%	99.0%	99.4%

Filtrona's ECO Range Products



ECO Tube™ (Silm)



ECO Tube™ (Thin Wall)

Outlook

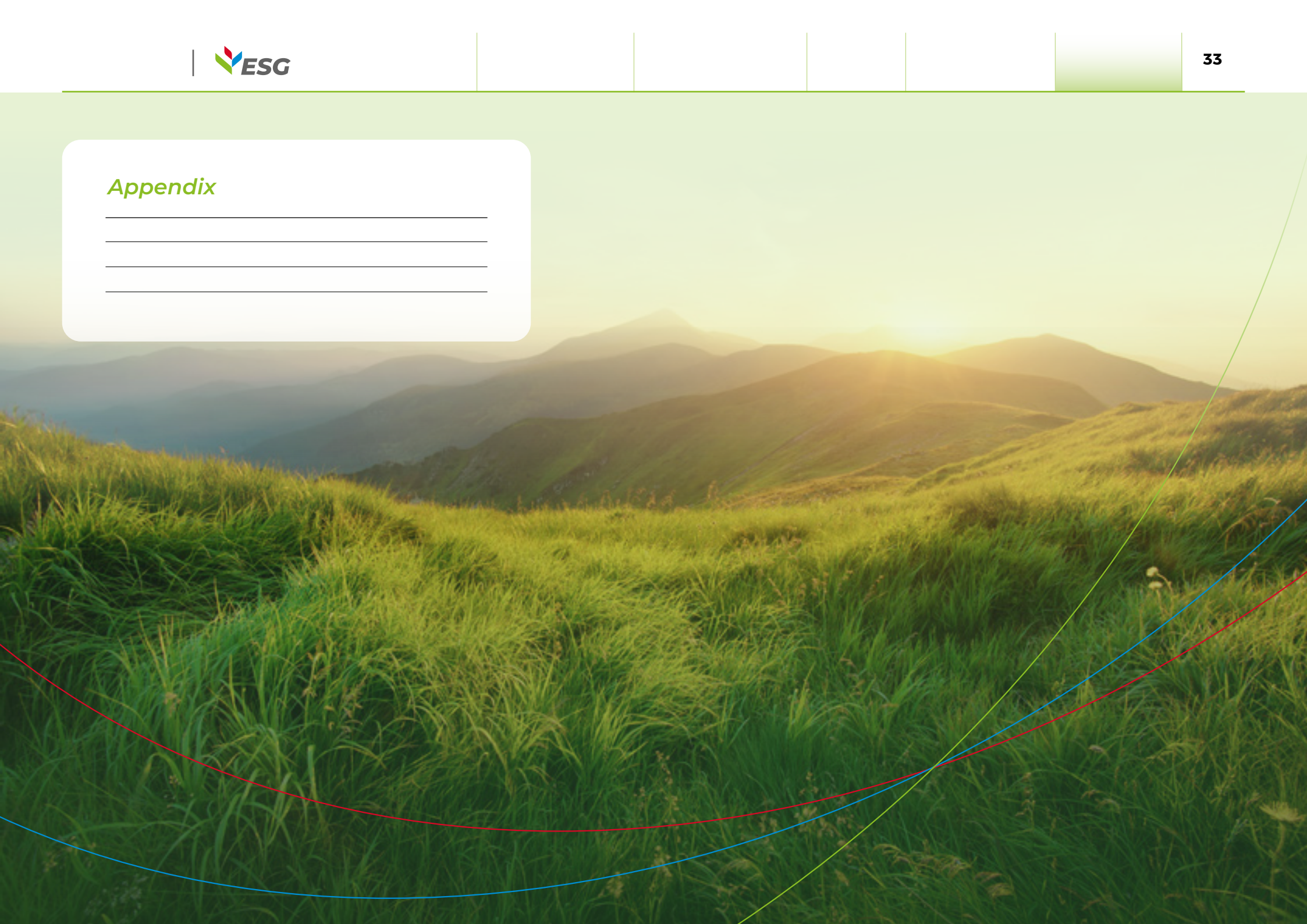
We aim to offer a complete portfolio of **sustainable, plastic-free products by 2050.**

25% by 2030

50% by 2040

100% by 2050

Appendix



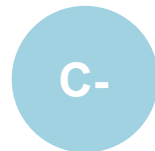
Carbon Disclosure Project Scorecard



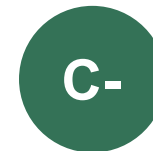
CDP Score Report
CLIMATE CHANGE 2023



CDP Score Report
WATER SECURITY 2023



CDP Score Report
FORESTS 2023 - Timber



Ecovadis Sustainability Rating 2023 Certificate

ecovadis

FILTRONA GROUP HOLDINGS LTD (GROUP)

has been awarded a

Bronze medal

as a recognition of their EcoVadis Rating

- OCTOBER 2023 -



You are receiving this score/medal based on the disclosed information and news resources available to EcoVadis at the time of assessment. Should any information or circumstances change materially during the period of the scorecard/medal validity, EcoVadis reserves the right to place the business' scorecard/medal on hold and, if considered appropriate, to re-assess and possibly issue a revised scorecard/medal.

Valid until: October 2024
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Statement of Assurance



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Filtrona Group Holdings Ltd. (hereafter referred to as Filtrona) to perform an independent verification and provide assurance of the Filtrona Sustainability Report 2023. The main objective of the verification process is to provide assurance to Filtrona and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to selected sustainable performance information (subject matter) within the assurance scope which is included in Filtrona Sustainability Report 2023.

The management of Filtrona was responsible for the preparation of the Sustainability Report. The objective and impartiality of this Report is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Sustainability Report 2023.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process entails a restricted verification of five subject matters as listed below. Details are provided in Appendix 1.

Subject matter
GHG Emission – Scope 1 & Scope 2
Solar generation
Water consumption
Gender data
Accident data

The verification was carried out by SIRIM QAS International between June and July 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Report includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of the work did not involve verification of other information reported in Filtrona's Sustainability Report 2023.
- The verification process was conducted remotely and did not involve physical inspections of any of Filtrona's corporate offices or plants. And,
- The verification team did not verify any contractor or third-party data.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Filtrona relating to the accuracy of some of the information contained in the statement. In response to the raised findings, the Sustainability Report was subsequently reviewed and revised by Filtrona. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues related to the selected subject matters. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Filtrona has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Filtrona Sustainability Report 2023 is fairly stated;
- The level of disclosure of the selected sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.

List of Assessors.

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamoorthy : Team Member
- 3) Ms. Hazwani Yob : Team Member
- 4) Ms. Suzalina Kamaralarifin : Team Member

Statement Prepared by:


AERNIDA BINTI ABDUL KADIR
 Team Leader
 Management System Certification Department
 SIRIM QAS International Sdn. Bhd.
 Date: 3 July 2024

Statement Approved by:


Ts. MD ADHA BIN RAHMAT
 Senior General Manager
 Management System Certification Department
 SIRIM QAS International Sdn. Bhd
 Date: 11 July 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (3 July 2024).

GRI Content Index

Statement of use	Filtrona has prepared this GRI Content Index with reference to the GRI Standards for the period January 1 - December 31, 2023. GRI 1 Foundation was used with no sector guidelines currently applying to the organisation.
GRI used	GRI 1: Foundation 2021

GRI standard/ Other source	Disclosure Number	Disclosure	Location
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General Disclosures

	ORGANISATION & REPORTING PRACTICES				
GRI 2: General Disclosures 2021	2-1	Organisational details	Page 5, 6		
	2-2	Entities included in the organisation's sustainability reporting	Page 5, 6		
	2-3	Reporting period, frequency and contact point	Page 2		
	ACTIVITIES AND WORKERS				
	2-6	Activities, value chain and other business relationships	Page 5, 6		
	2-7	Employees	Page 20, 21		
	2-8	Workers who are not employees	Page 20, 21, 22, 23		
	GOVERNANCE				
	2-9	Governance structure and composition	Page 11, 12	Page 29	
	2-10	Nomination and selection of the highest governance body	Page 11, 12	Page 29	

GRI standard/ Other source	Disclosure Number	Disclosure	Location
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General Disclosures

GOVERNANCE					
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	Page 11 , 12	Page 29	
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 11 , 12	Page 29	
	2-13	Delegation of responsibility for managing impacts	Page 11 , 12	Page 29	
	2-14	Role of the highest governance body in sustainability reporting	Page 11 , 12	Page 29	
	2-15	Conflicts of interest	Page 11 , 12	Page 29	
	STRATEGY, POLICIES & PRACTICES				
	2-22	Statement on sustainable development strategy	Page 9, 10		
	2-23	Policy commitments	Page 9, 10	Page 29	
	2-24	Embedding policy commitments	Page 9, 10	Page 11, 12	Page 29
	2-27	Compliance with laws and regulations	Page 11,12	Page 29	
STAKEHOLDER ENGAGEMENT					
2-29	Approach to stakeholder engagement	Page 13			

Material Topics

GRI 2: General Disclosures 2021	3-1	Process to determine material topics	Page 14		
	3-2	List of material topics	Page 14		

GRI standard/ Other source	Disclosure Number	Disclosure	Location		
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Material Topics

INDIRECT ECONOMIC IMPACT					
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 27		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Page 27		
	203-2	Significant indirect economic impacts	Page 27		

Environment

MATERIALS					
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 16, 17		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Page 17		
ENERGY					
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 18		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 18		
	302-2	Energy consumption outside of the organisation	Page 18		
	302-4	Reduction of energy consumption	Page 18		

GRI standard/ Other source	Disclosure Number	Disclosure	Location
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Material Topics

Environment

EMISSIONS			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 18
GRI 305: Water and Effluents 2016	305-1	Direct (Scope 1) GHG emissions	Page 18
	305-2	Energy indirect (Scope 2) GHG emissions	Page 18
	305-5	Reduction of GHG emissions	Page 18
WASTE			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 17
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 17
	306-2	Management of significant waste-related impacts	Page 17
	306-3	Waste generated	Page 17

GRI standard/ Other source	Disclosure Number	Disclosure	Location
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Material Topics

Category: Social

EMPLOYMENT			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 20, 21, 22, 23
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 20, 21, 22, 23
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 24, 25
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 24, 25
	403-3	Occupational health services	Page 24
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 24
	403-5	Worker training on occupational health and safety	Page 24
	403-6	Promotion of worker health	Page 24
	403-8	Workers covered by an occupational health and safety management system	Page 25
	403-9	Work-related injuries	Page 25

GRI standard/ Other source	Disclosure Number	Disclosure	Location
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Material Topics

Category: Social

TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 20
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Page 20, 21
LOCAL COMMUNITIES			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 27
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