



Due Diligence Policy

Contents

Purpose & Scope.....	3
The Policy.....	3
Sustainability Commitments.....	4
A. Internal Management.....	4
B. External Management	4
Integration of Sustainability in procurement practices	5
Risk Management	5
A. Our Risk Management Framework.....	5
1. Identification of Sustainability Risks	6
2. Risk Assessment and Prioritization	6
3. Mitigation Strategies.....	6
4. Monitoring and Reporting	6
5. Continuous Improvement.....	7
B. Methodologies of Assessment	7
Due Diligence Process.....	8

Purpose & Scope

This Due Diligence Policy describes the applicable principles, policies, and general procedures for the management of ESG risks in the supply chain.

The volume also outlines VIPA's positions, quality standards, and mandatory minimum operational procedures, required to manage the processes.

The scope of the Policy covers all VIPA's operational entities associated with Paper and Board operations, including all the relevant departments that are providing services for the Paper and Board division.

The Policy

VIPA's Due Diligence process is based on the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Guidelines for Multinational Enterprises. The process includes six steps: a) embed responsible business conduct, b) identify & assess adverse impact, c) cease, prevent or mitigate, d) track, e) communicate, f) provide for or cooperate (OECD, 2018).

VIPA's purchasing practices are focused on ethical supply chains. On that note, the company has a strict policy towards partnering with only certified manufacturers of goods, with established chains of custody, such as the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC). Nonetheless, the company has established an internal due diligence process, conducted with all its suppliers. This process is document based, it's conducted annually (unless conditions require otherwise), and is executed by the sustainability team. The purpose of VIPA's due diligence process is to assess and identify any risk in the supply chain and ensure that all partnerships are in accordance with VIPA Group's scope of ethical business conduct. The core documents facilitating the process are briefly explained as follows:

1. Origin Declaration – aligned with the existing timber regulation, the Origin Declaration focuses on providing traceability of the wood back to the forest by requesting information such as tree species, country of harvest, and suppliers' source.
2. VIPA's Responsible Supply Chain Standards- an insightful blueprint of VIPA Group's expectations towards its partners in regards with all the ESG disclosures (Environmental, Social, Governance)
3. DDS Questionnaire- a questionnaire assessing the operational system of the partner in regards with their policies and systems in place

All three documents are shared with the company's suppliers and are requested filled out, stamped and signed by the representative of the suppliers side

Sustainability Commitments

A. Internal Management

Our Actions include:

- Conduct business in accordance with relevant environmental laws and regulations.
- Operate our facilities with cross-functional leadership that drives continuous improvement and prevents harmful impacts such as pollution.
- Reduce our emissions through focused system optimization, energy conservation, renewable energy when and where feasible, and innovation for energy efficiency - within our direct operations and all our supplier and customer collaborations.
- Identify, mitigate, adapt to the physical risks of climate change, and ensure emergency preparedness.

B. External Management

Our Actions include:

- Ensure regulatory compliance of the supply chain is maintained through vigorous due diligence processes
- Educate, train, and assist our business partners in pursuing their sustainable development goals
- Mitigate our supply chain risks by continuously working with our partners towards achieving our collective sustainable, sectoral goals

To achieve progress and adherence to our values, we are committed to advancing the principles outlined in this policy on sustainability as well as continued risk mitigation and management of related ESG risks through Protocols for Monitoring and Due Diligence. The Group will ensure that each year it issues an annual report on Environmental and Social Responsibility in line with internationally recognized leading standards and frameworks.

Integration of Sustainability in procurement practices

VIPA Group expects its suppliers to act with due care and sustainability in the performance of their tasks. We have set out seven principles of sustainable procurement that we share with current and new suppliers. Moreover, several policies, such as knowing your vendor, due diligence, and VIPA's Responsible Supply Chain Standards, among others, are continuously monitored, further developed, and updated, to reflect our way of working.

- We expect suppliers to support and respect the United Nations Universal Declaration of Human Rights and to guarantee that they do not contribute to any kind of abuse, in line with supply chains' ethical management best practice.
- We expect suppliers to support diversity and inclusion, by not discriminating on grounds of race, religion or sex, gender orientation, age, physical capabilities, health status, political positions, nationalities, social or ethnic origin and union membership during employment and recruitment
- All forms of forced compulsory and child labor shall be eliminated
- Suppliers shall act responsibly to ensure employee health and safety
- Suppliers are expected to support, protect, and promote the environment, and comply with environmental laws and regulations applicable to their operational environment.
- Suppliers are expected to promote greater environmental responsibility for the use of goods and to support the VIPA Group in doing so by assisting in the mitigation of our impact on the environment, economy, and people
- Bribery and corruption in any form is prohibited. Any conflict of interest with suppliers must be declared, and engaging in any activity which might be interpreted as an attempt to affect the impartiality of staff shall not be tolerated.

Risk Management

A. Our Risk Management Framework

At VIPA Group we are committed to conducting our business operations in a responsible and sustainable manner. To effectively manage risks that may impact our sustainability initiatives, we have established a comprehensive risk management framework that aligns with our commitment to environmental stewardship, social responsibility, and economic viability.

1. Identification of Sustainability Risks

We recognize that sustainability risks can arise from various sources and may impact our operations, reputation, and stakeholders. Our risk identification process involves:

- Regular assessments of potential risks associated with our waste and recycled materials trading operations, considering environmental, social, and economic factors.
- Collaboration with relevant internal departments to identify risks related to compliance, regulatory changes, supply chain disruptions, and market volatility.

2. Risk Assessment and Prioritization

Once risks are identified, we evaluate their potential impacts and likelihood of occurrence. We assess risks based on their potential effects on:

- Environmental impact: Risks related to resource depletion, pollution, and ecological degradation.
- Social impact: Risks linked to labor practices, community engagement, and human rights.
- Economic impact: Risks affecting financial performance, market access, and long-term viability.

3. Mitigation Strategies

To address identified sustainability risks, we implement appropriate mitigation strategies:

- Preventive Measures: We proactively implement measures to prevent or minimize the occurrence of risks. This includes robust supplier assessment, due diligence, and compliance checks.
- Adaptive Strategies: We develop contingency plans to adapt to changing circumstances, such as market fluctuations, regulatory changes, or supply chain disruptions and developments
- Collaborative Efforts: We collaborate with partners, stakeholders, and industry associations to collectively address shared sustainability challenges and find innovative solutions.

If none of the above mitigation strategies don't provide the desirable outcomes, as stated in our Sustainability Policy, VIPA Group should consider the termination of the partnership.

4. Monitoring and Reporting

We continuously monitor the effectiveness of our risk mitigation strategies and adjust them as needed. This involves:

- Regularly reviewing sustainability risk assessments and updating them in response to changes in the business environment.
- Communicating and reporting on our risk management efforts to internal and external stakeholders through transparent and accurate sustainability reporting.

5. Continuous Improvement

We are committed to continually improving our sustainability risk management practices. This includes learning from incidents and near-misses, seeking opportunities for innovation, and staying informed about emerging sustainability trends and best practices.

By integrating risk management into our sustainability policy, VIPA Group strives to ensure the long-term viability of our business while minimizing adverse impacts on the environment and society.

B. Methodologies of Assessment

In today's fast-paced business world, incorporating and embedding risk management procedures into the core corporate operations is a key factor for maintaining readiness and establishing resilience. In VIPA, the ESG risks are overseen and managed by the sustainability department. The department assesses the industry's risks through:

Primary Assessment

In VIPA, the primary assessment of ESG risks is oriented in a dual Stakeholders' engagement approach. On the one hand, the department is constantly collaborating with the Commercial departments of the Group, for them to exchange insights into potential risks and challenges or concerns in the market. On the other hand, the Sustainability department keeps a close relationship and communications with all the relevant external stakeholders, as suppliers, customers, and institutions for both communicating and mitigating risks collaboratively.

Secondary Assessment

To stimulate primary assessment, a constant secondary assessment of the industry's risks takes place. This secondary assessment is based on numerous external standards such as the OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises, the Global Reporting Initiative (GRI) Standards, and the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD). In addition, the department is always alerted about new regulatory and market developments by thorough desktop analysis via blogs, forums, and newsletters from or regarding the EU (European Union) Commission. Nonetheless, our company is constantly engaging with the industry on best practices, via webinars, conferences and workshops.

Due Diligence Process

In VIPA we conduct sustainability due diligence processes regarding all our suppliers regardless of the effect certain regulations might or might not have on them due to the location where they operate. We strive to integrate all the relevant and applicable international laws and regulations into our due diligence processes and totally accept and apply the mindset "know your supply chain". The aim of the process is to identify, assess, monitor, control, and mitigate all the risks relevant to our supply chain.

Our end-to end Supplier Risk Assessment (SRM) includes:

- Acquiring internal and external data resources
- Analyzing and Prioritizing Risks
- Planning and Validating Corrective Actions
- Tracking and Monitoring Supply Chain's ESG performance

Our initial checks include:

- FSC and PEFC certifications (on a corporate level)
- Declaration of origin of wood
- Responsible Business Standards
- DDS Questionnaire

Thessaloniki, 01/01/2024

For **VIPA GROUP**

