


The background of the cover features a close-up photograph of a pair of hands cupping a mound of dark, rich soil. A small, vibrant green seedling with two leaves is growing out of the soil. The background is a soft-focus green, suggesting a natural, outdoor setting. In the top right corner, there is a blue circular logo with the word "PAYER" in white. A large, dark green semi-circular shape overlaps the bottom left of the image, serving as a backdrop for the title and date.

PAYER

A stylized graphic of a leaf, composed of a network of white lines and dots, resembling a wireframe or a molecular structure. It is positioned on the left side of the green semi-circle, above the title.

SUSTAINABILITY REPORT

MARCH 2024 | VERSION 1



**What we do today
determines what the
world of tomorrow
will look like.**

Marie von Ebner-Eschenbach

PAYER SUSTAINABILITY REPORT

MARCH 2024 | VERSION 1

The current version of our Sustainability Report is based on European Sustainability Reporting Standards (ESRS) but is not yet fully conforming.

FOREWORD OF THE CEO

I am delighted to present the inaugural Sustainability Report of PAYER Group which marks a significant milestone in our journey towards a more sustainable future. We have made great progress, and I am very proud of the commitments we have honored in integrating sustainability into our business practices. We at the PAYER Group recognize that sustainable development is essential to the long-term well-being of our company, our stakeholders and our planet. The purpose of this report is to be transparent about our sustainability performance, achievements and aspirations. Aligned with our strategic pillar „Sustainable and responsible business“ and in line with our core values and principles, we made significant progress in various areas of sustainability during the reporting period. Here are some highlights:

ENVIRONMENTAL STEWARDSHIP:

- We continually reduce our carbon footprint by implementing energy-efficient technologies and renewable energy sources across our operations.
- We implement waste reduction initiatives and increased recycling efforts, leading to a significant decrease in waste sent to landfills.

SOCIAL RESPONSIBILITY:

- We strengthen our commitment to diversity, equity, and inclusion within our workforce, promoting a culture of respect, fairness, and equal opportunities.
- We engage with local communities through various initiatives, volunteering, and partnerships to address social challenges and contribute to community development.

ECONOMIC RESILIENCE:

- We support sustainable procurement practices by engaging with suppliers who share our commitment to ethical conduct, environmental responsibility, and social equity.
- We invest in employee training and development programs to enhance skills, foster innovation, and drive long-term business success.



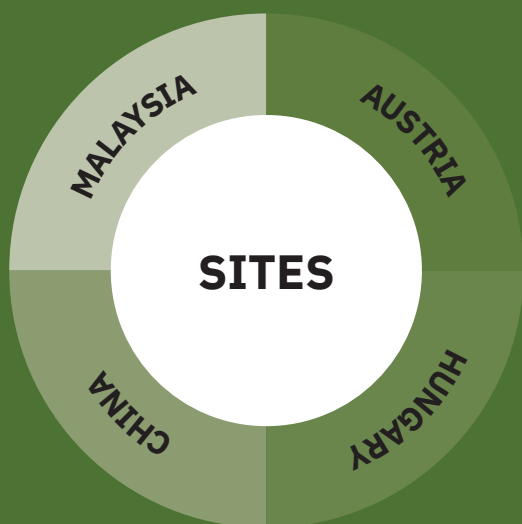
Whilst we are proud what we have achieved, we are aware there is much more to do. As we move forward, we strive for continuous improvement and strive to set new standards for sustainability excellence. Thanks to the great cooperation with local universities such as Graz University of Technology, we are sure that we can meet all requirements.

We have set ourselves ambitious goals looking to the future, which we will align our sustainability efforts within the coming years. In cooperation with our strategic partners, we are constantly developing not only technologically, but also in Environment, Social & Governance. Our sustainability goals take a holistic approach that includes the environment, customers, suppliers, and our own business.

As we confront the complex challenges of the 21st century, sustainability will remain a top priority for us at PAYER Group. By adopting sustainability as a driver of innovation, growth, and resilience, we are confident that our organization will continue to thrive in a rapidly changing world. I would like to express my heartfelt gratitude to our employees, customers, partners, and stakeholders for their unwavering support and dedication in our sustainability journey. Together, we can work towards creating a brighter, more sustainable future for generations to come.

Sincerely,
Michael Viet
CEO PAYER Group

COMPANY SPECIFIC FACTS



BUSINESS UNITS



ANNUAL PRODUCTION

over **10** million products
for consumer
goods sector

over **20** million consumables
for medical sector

SHARE OF SALES REVENUES BY BUSINESS UNITS

MEDICAL
19,4m EUR

**CONSUMER
GOODS**
108,3m EUR

NUMBER OF EMPLOYEES

145
PAYER AUSTRIA

320
PAYER HUNGARY

340
PAYER CHINA

81
PAYER MALAYSIA

SUSTAINABILITY FACTS

49%
of the Management
are women

40%
of the advisory
board are women



SHARE OF FEMALE EMPLOYEES

56%

PAYER AUSTRIA



59%

PAYER HUNGARY



70%

PAYER CHINA



57%

PAYER MALAYSIA



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ABOUT THE REPORT

ABOUT THE REPORT

GENERAL INTRODUCTION

This is the first sustainability report from the PAYER Group, which includes:

- PAYER AUSTRIA International Technologies GmbH in Reiteregg, Austria
- PAYER HUNGARY Industries Hungary Kft. in Ajka, Hungary
- PAYER CHINA Electric Personal Care Products Co. Ltd. in Suzhou, China

The information presented in this report relates to the activity from the 1st of January 2023 to the 31st of December 2023. The baseline year, to which some goals at PAYER relate, is set in 2020.

The PAYER Group declares its sustainability efforts in accordance with the European Sustainability Reporting Standards, which are subject to the Corporate Sustainability Reporting Directive presented by the European Commission. There are three categories of ESRS:

- General standards (not sector-specific)
- Topical standards (not sector-specific)
- Sector-specific standards

Firstly, the general standard is related to general disclosures about the PAYER Group and its process of fulfilling the requirements of the CSRD. The topical standards are based on the three pillars of ESG, which are further elaborated in this report. These standards are not specific to any sector of the economy. Finally, the sector-specific standards related to material topics specific to the PAYER Group.

To decide on which standards are material, the PAYER Group conducted a materiality analysis and communicated its results with key stakeholders.

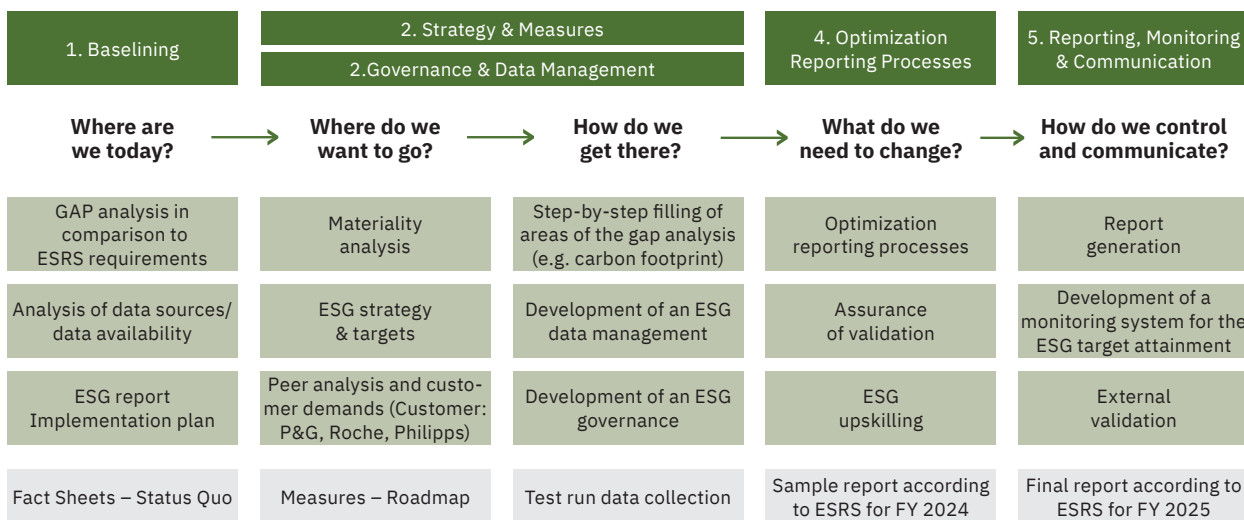
The data from the recent expansion by the PAYER Group to Sungai Petani, Malaysia is not included in the annual sustainability report yet.

The report was approved by the Executive Board without external assurance. The PAYER Group intends to report annually on its progression towards a sustainable future.



The following illustration shows the ESG roadmap of the PAYER Group's sustainability efforts. A gap analysis and the analysis of ESG-relevant available data started already in 2022, and planning for a sustainability report began. A simple materiality analysis was already carried out in 2023. Due to the changes in the European Corporate Sustainability Reporting Directive and the related European Sustainability Reporting Standards, it was revised in 2024 in the sense of a double materiality. Also in 2023, the sustainability strategy was set up, after the screening of customer and other stakeholder requirements, and goals and corresponding measures were formulated. Furthermore, data management and governance were significantly improved in 2023. In 2024, PAYER will primarily focus on process improvements, ESG upskilling, and the implementation of measures as well as the monitoring of the target achievement.

2022 2025



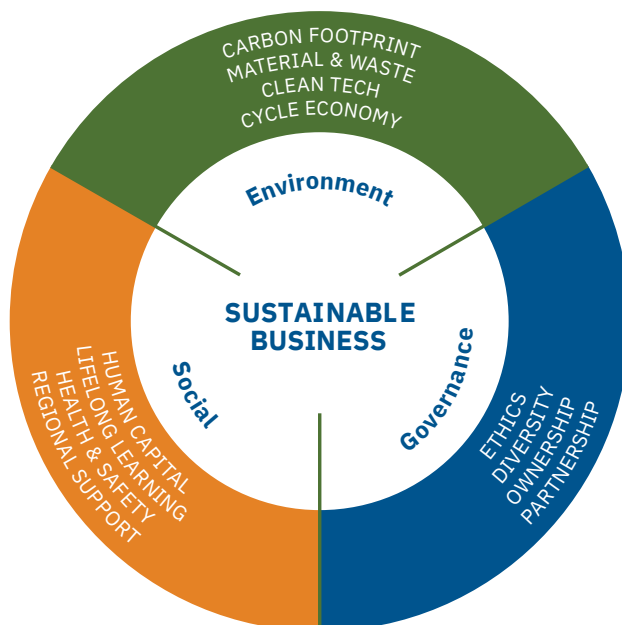
ESG Report (CSRD/ESRS, EU Taxonomy, EU DD Directive etc.)

Steps
Results

THREE PILLARS OF SUSTAINABILITY

The consensus is that sustainability is based on three pillars and that they are generally used in sustainability reporting standards like the ESRS or goals like the SDGs. They each correspond to different topics.

The three pillars of sustainability - Environment, Social and Governance - are the fundamentals of a sustainable business at PAYER. As a result of the materiality analysis conducted in the framework of the ESRS, the following topics, containing the three pillars, are material for the PAYER group.



ENVIRONMENT: This topic discusses how the company interacts with its surroundings and the potential risks or opportunities that arise from its dependence on natural resources. It also covers the impact of PAYER's value chain on the environment. To understand these interactions,

we consider all aspects of the value chain, from the extraction of natural resources to supply chain and production, to the distribution of the company's products, their use phase, and their effect on the environment at the end of their life.

THE ESRS ON THE TOPIC "ENVIRONMENT" COVER A PLENTITUDE OF SUB- & SUB-SUB-TOPICS:

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	MATERIALITY
E1 Climate change	Climate change mitigation		Material
			Material
	Climate change adaptation		Material
E2 Pollution	Energy		Material
			Material
			Material
			Material
			Material
	Microplastics		Material
E3 Water and marine resources	Water	Water consumption	Material
		Water withdrawals	Material
		Water discharges	Material
	Marine resources	Water discharges in the ocean	Not material
		Extraction and use of marine resources	Not material
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	Not material
		Land-use change. Fresh water-use change and sea-use change	Material
		Direct exploitation	Not material
		Invasive alien species	Material
		Pollution	Material
		Others	Not material
	Impact on the state of species	Species population size	Not material
		Species global extinction risk	Not material
	Impacts on the extent and condition of ecosystems	Land degradation	Material
		Desertification	Not material
		Soil sealing	Not material
	Impacts and dependencies on ecosystem services		Not material
E5 Resource use and circular economy	Resource inflows, including resource use		Material
	Resource outflows related to products and services		Material
	Waste		Material

SOCIAL: Corporate sustainability encompasses a company's social responsibilities towards not only its own workforce but also the workers in the upstream and downstream value chain. Additionally, the local communities and the end-users of PAYER products are relevant stakeholders who may have concerns that need to be addressed. A sustainable company

provides excellent working conditions for its employees, procures materials from sources that meet high standards for the workers in the value chain, and involves affected stakeholders in the decision-making process.

THE ESRS ON THE TOPIC “SOCIAL” INCLUDES FURTHER SUB-TOPICS:

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	MATERIALITY
S1 Own workforce	Working conditions	Secure employment	Material
		Working time	Material
		Adequate wages	Material
		Social dialogue	Not material
		Freedom of association, the existence of work councils and the information, consultation and participation rights of workers	Material
		Collective bargaining, including rate of workers covered by collective agreements	Material
		Work-life balance	Material
		Health and safety	Material
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal work	Material
		Training and skill development	Material
		Employment and inclusion of persons with disabilities	Material
		Measures against violence and harassment in the workplace	Material
		Diversity	Material
	Other work-related rights	Child labor	Material
		Forced labor	Material
		Adequate housing	Not material
		Privacy	Material
S2 Workers in the value chain	Working conditions	Secure employment	Material
		Working time	Material
		Adequate wages	Material
		Social dialogue	Material
		Freedom of association, including the existence of work councils	Material
		Collective bargaining	Material
		Work-life balance	Material
		Health and safety	Material
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Material
		Training and skill development	Material
		The employment and inclusion of persons with disabilities	Material
		Measures against violence and harassment in the workplace	Material
		Diversity	Material

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	MATERIALITY
	Other work-related rights	Child labor	Material
		Forced labor	Material
		Adequate housing	Not material
		Water and sanitation	Not material
		Privacy	Material
S3 Affected communities	Communities' economic, social and cultural rights	Adequate housing	Material
		Adequate food	Material
		Water and sanitation	Material
		Land-related impacts	Not material
		Security-related impacts	Not material
	Communities' civil and political rights	Freedom of expression	Not material
		Freedom of assembly	Material
		Impacts on human rights defenders	Not material
	Rights of indigenous people	Free, prior and informed consent	Material
		Self-determination	Not material
		Cultural rights	Material
S4 Consumer and end-users	Information-related impacts for consumers and/or end-users	Privacy	Material
		Freedom of expression	Material
		Access to (quality) information	Material
	Personal safety of consumers and/or end-users	Health and safety	Material
		Security of a person	Material
		Protection of children	Not material
	Social inclusion of consumers and/or end-users	Non-discrimination	Material
		Access to products and services	Material
		Responsible marketing practices	Material

GOVERNANCE: The third pillar of corporate sustainability pertains to a company's governance. This includes transparency regarding existing cases of corruption,

prevention of corruption and bribery, fair payment practices, and whistleblower protection.

THE ESRS ON THE TOPIC "GOVERNANCE" INCLUDES ONE SUB-TOPIC:

TOPIC	SUB-TOPIC	SUB-SUB-TOPIC	MATERIALITY
G1 Business conduct	Corporate culture		Material
	Protection of whistleblowers		Material
	Animal welfare		Not material
	Political engagement		Material
	Management of relationships with suppliers, including payment practices		Material
	Corruption and bribery	Prevention and detection, including training	Material
		Incidents	Not material

The ESRS obligates PAYER to report on specific material datapoints identified in the materiality analysis process, as described in this sustainability report.

UN SUSTAINABLE DEVELOPMENT GOALS

In the year 2015, 193 member states of the United Nations signed the “Agenda 2030 for Sustainable Development”, which includes 17 goals for sustainable development (SDGs). This global plan includes targets for the protection of the planet, the fight against poverty, discrimination, hunger, the achievement of world peace and justice on a national, international and a global level. The specific SDGs that are most relevant to PAYER are supporting the company in its decision-making process so that it has a significant impact on sustainability by 2030. Especially SDGs 3, 4, 5, 8, 9, 12, 13, and 16 are directly addressed by PAYER:

3 GOOD HEALTH AND WELL-BEING

PAYER is committed in promoting good health and well-being among its employees by offering a variety of benefits and encouraging their participation.

4 QUALITY EDUCATION

PAYER provides its employees with educational opportunities in the workplace. These programs not only focus on business-related topics but also provide them with skills that can be useful in their personal lives.

5 GENDER EQUALITY

At PAYER we ensure the full and effective participation of women and equal leadership opportunities at all levels of decision-making. We actively encourage women to take on challenging tasks and responsibilities.

8 DECENT WORK AND ECONOMIC GROWTH

PAYER has a diverse workforce that is capable of meeting challenging demands and remaining a top competitor in the market. The company is committed to protecting labor rights and the environment while producing high-quality consumer goods and medical devices in a sustainable manner.

9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE

PAYER is committed to integrating new digital technologies and innovative measures into its daily operations. To further diversify its innovation portfolio, the company collaborates with colleges and universities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

PAYER understands its responsibility to procure materials sustainably, reduce waste generation, use natural resources efficiently and assess product emissions levels. The company aims to design its products using circular principles in the future.

13 CLIMATE ACTION

PAYER has set clear goals to reduce its greenhouse gas emissions, which will be achieved by responsibly handling resources, using high-end technology in production, and establishing a sustainable supply chain.

16 PEACE, JUSTICE, AND STRONG INSTITUTIONS

PAYER has a clear policy on business ethics and governance, which prohibits violence, abuse, forced and child labor, corruption, and bribery in its own operations and the value chain.



Source: Federal Chancellery Republic of Austria



INFORMATION ON THE COMPANY

INFORMATION ON THE COMPANY

PAYER is a well-established leader in the manufacturing industry with over 75 years of experience. We operate seamlessly across four locations worldwide, ensuring global accessibility and exceptional service delivery to our esteemed clientele. Our team of about 1,000 skilled professionals is relentlessly committed to delivering excellence in every aspect of our operations, setting us apart from our competitors. We operate through two distinct business units: Consumer Goods and Medical. Every year, we manufacture more than 10 million consumer goods to meet the varied needs and preferences of consumers around the world. In the medical field, we manufacture over 20 million consumables annually, which play a significant role in advancing healthcare globally. These impressive statistics demonstrate our dedication to innovation, quality, and customer satisfaction, which have been instrumental in our continued success in the industry.

CORPORATE STRUCTURE

Our company excels in various key areas including Concept and Development, Industrial Engineering, Tool Making, Plastic Injection Molding, Metal Processing, Assembly, Packaging and Quality Assurance. As a leading global manufacturing partner, PAYER offers comprehensive support to companies as a single-source solution provider. With our diverse competencies and unwavering commitment to quality, we empower our clients to bring innovative products to market efficiently and effectively, and our vision is to be the most trusted source of leading brands.



INDUSTRIES

Our company operates in the two business units Consumer Goods and Medical offer a diverse range of products and services within these areas to meet the needs of our customers.

In the Consumer Goods segment our focus is a wide range of products that aim to enrich and simplify our customers' daily lives. This category is divided into four main segments:

- Grooming, Styling, Shaving and Epilating
- Beauty Care
- Household Appliances
- Lifestyle Products

In the Medical sector, our focus is on providing high-quality medical products and services to improve the health and well-being of people worldwide. Our products are categorized into the following primary areas:

- Diagnostics
- Patient Care
- Surgery
- Consumer Health

In both business units, we collaborate with our customers as a global manufacturing partner covering the entire value chain from development to production with our unique know-how and experience.

LOCATIONS

PAYER is a global company headquartered in Austria with three additional locations worldwide. Two of these sites are in Europe, located in Austria and Hungary, while the other two are in Asia, namely China and Malaysia. This global presence strategically positions PAYER to effectively serve its diverse clientele across continents, ensuring seamless collaboration and efficient delivery of services and products.



PAYER Austria is the Technology & Innovation Center of the PAYER Group and has about 145 employees. We are located near Graz in the Sonneck Castle and have an innovative medical production facility with clean and grey room facilities. Additionally, departments such as Product Management, Global Technology & Innovation Management, and Industrial Engineering are located here.

PAYER's Technology & Innovation Center focuses on global research, product development, and testing. We strive to create innovative product solutions with the latest integrated technologies. To ensure the highest product quality and process security, PAYER uses cutting-edge technology and equipment. We have an extensive 100 square meter clean and grey room facility and injection molding stations directly feeding into the area. This allows us to carry out the production, testing, and packaging of complex medical components under controlled conditions. Moreover, we place special emphasis on cutting technology at the Cutter Competence Center, where PAYER manufactures the Austrian Performance Cutter that is of very high quality and enables extremely precise shaving.

PAYER Hungary in Ajka is an important production center of the Group. The site, established in 1992, is located midway between Graz and Budapest and has about 320 employees. The focus is on tool production, injection molding, assembly, and quality assurance as well as control. The production facility spans 9,300 square meters and features a unique, fully equipped tool shop with state-of-the-art machinery. PAYER Hungary produces high-quality multi-component and multi-cavity tools, developed with the help of sophisticated molding simulation techniques. We also have a 180 square meter grey room to produce mother & child personal health products. These are assembled on a semi-automatic line, including end-of-line testing and packaging.

PAYER China in Suzhou is one of PAYER's Asian production centers. We have been operating since 2003, and currently employ more than 340 highly committed employees in engineering R&D, injection molding, assembly, and quality assurance as well as control. The site is located just west of Shanghai and spans over 12,000 square meters. PAYER China is a modern production facility featuring more than 30 plastic injection molding machines and an assembly hall. We manufacture entire devices using different processes and technologies. The products are assembled and packaged on semi- as well as fully automated assembly lines. PAYER China's strengths are the scale-up production possibilities, efficient adaptability to market changes due to a reliable local supplier base, and high degree of automation regarding key processes ensuring highest quality standards for millions of products every year.

PAYER Malaysia in Sungai Petani is the second production center in Asia, established in 2021. Located east of Penang, we currently employ about 80 employees who work in the areas of tool making, injection molding, assembling, and quality assurance as well as control. The site is currently equipped with 12 molding machines and various machines (CNC, EDM milling, wire cut) for the local tool area. PAYER Malaysia has a capacity of 5 manual assembling lines, including inspection rooms, and has a quality and testing area to assure and ensure the highest quality.

WHAT WE STAND FOR

In 1946, Eduard Payer founded our company. As a leading developing partner, we proudly serve a growing number of large international brands for a wide range of products: from the development to the intricacies of the production process, we cover the entire value chain with unique know-how and experience. Today, as PAYER Group supplies a broad and diverse range of high-quality products and services around the world, we equally try to be the best in everything we do, and we do it as one company.

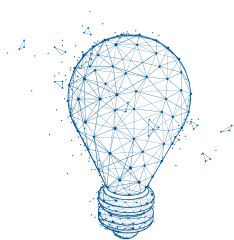
Our vision is therefore very clear: ONE PAYER TO BE NUMBER ONE! This is our guiding principle and it means that we strive to be the best in everything we do. This vision releases a lot of energy in the organization and drives us to become the leader in markets, in which we operate together with our strong global partners.

OUR VALUES

Our Core Values form the basis of our company and inspire our day-to-day operations. They guide us in everything we do. The world may change, but our values remain.



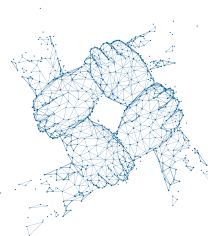
CUSTOMER FOCUS is at the forefront of our work, and this focus has led us to establish partnerships with leading brands. Our partners trust us to provide high-quality products, and we are grateful for the opportunity to grow alongside them.



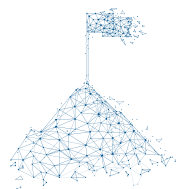
Our dedication to INNOVATION has allowed us to persevere even during times of change and crisis. We have evolved from a shaver producing company to a versatile partner in various fields.



The strong sense of OWNERSHIP that we embrace has earned us the trust of our partners. We take responsibility for the products and services we provide to our customers, and we always strive to ensure positive results for our company.



TEAM SPIRIT has been a key component of our success over the years. Our strength lies in our team's collective effort, with each individual contributing their unique strengths to our shared goals.



Finally, our PASSION TO WIN has driven us to exceed our own expectations and to go above and beyond to satisfy our stakeholders. We will continue to harness this passion as we strive for ONE PAYER TO BE NUMBER ONE.





HOW WE ACT ON SUSTAINABILITY

HOW WE ACT ON SUSTAINABILITY

OUR SUSTAINABLE COMPANY

Our company is committed to utilizing resources responsibly and protecting the environment for a sustainable future. We strive to improve our operational efficiency and effectiveness while creating long-term value for our customers, employees, and the enterprise. We believe that every decision we make impacts our journey towards a sustainable future. Our mission is to enrich lives, advance sustainability, and deliver excellence through our premium products and innovative technologies. We prioritize creating safe work environments, responsible resource management, minimizing our carbon footprint, and partnering with suppliers committed to sustainable practices. As a responsible corporate citizen, we aim to contribute to a sustainable world and preserve our planet and quality of life. We have set ambitious goals in the areas of Environment, Social and Governance (ESG).

GOVERNANCE

To create the basis for sustainable development, we established a sustainability governance for PAYER Group. The ESG

Board, consisting of the CEO, CFO, Chief People & Culture, Sustainability Officer, Business Unit Heads, Production Unit Heads and Head of Technology, is responsible for the sustainability strategy, its implementation and objectives. The ESG Coordinator manages the ESG working groups, who are responsible for various sustainability projects throughout the sites. The ESG champions act as the first contact persons per site for the ESG coordinator when it comes to the implementation of certain sustainability measures. The working groups' composition varies depending on the objectives, and they report to the ESG Coordinator, who is responsible for monitoring progress in achieving sustainability targets. This structure allows for targeted and guided execution, ensuring that all sustainability activities are implemented in close coordination with the Executive Board and aligned with the business strategy. The PAYER Advisory Board is regularly informed about the progress and results of the measures taken.





Sustainability is part and an important pillar of the entire PAYER business strategy. This underlines the importance and is essential for creating value for our company, our customers, and our employees.

THE COMPANY'S SUSTAINABILITY STRATEGY

In 2023, PAYER started a strategy process with the target of sustainable growth by 2030. Our strategic directions and focus areas were adjusted as a result. The strategy is based now on five pillars:

- Customer's first Choice
- Employer of Choice
- Acting Sustainably and Responsibly
- Driving Technology Leadership
- Creating an excellent and resilient operation

We have a responsibility towards our environment and the communities in which we operate. In our daily tasks, we strive to design our operational processes in such a way that they are ecologically compatible and at the same time remain economically profitable.



Harald Riedlhuber,
General Manager Global Operations Region Europe



BEING CUSTOMER-ORIENTED

We constantly aim to exceed our customers' expectations and combine our success with our customers' success.

EMPLOYING EXCEPTIONAL PEOPLE

We aim to be employer of choice and attract top talents and we ensure a diverse workforce.

ACTING SUSTAINABLY AND RESPONSIBLY

We reduce environmental impact, promote social responsibility and maintain ethical business practices for a sustainable future.

SCALING TECHNOLOGY INNOVATION

We shape the future by creating innovative solutions throughout our activities.

ACTING IN A FLEXIBLE & AGILE MANNER

We build operational resilience through productivity, flexibility and resistance.

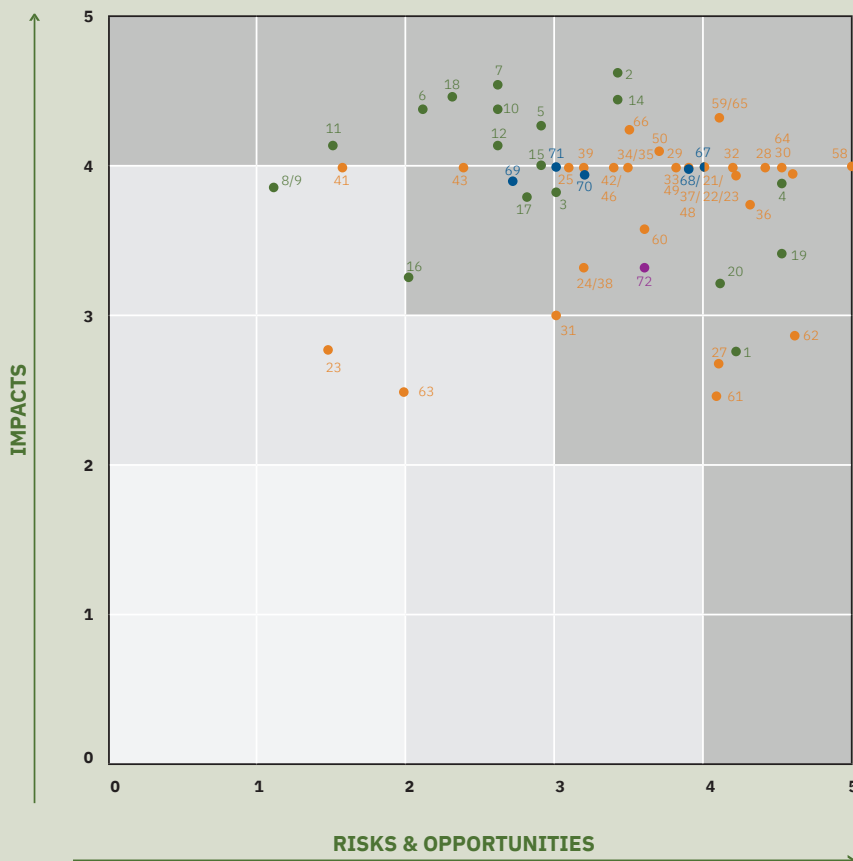
CREATING VALUE FOR
ENTERPRISE, CUSTOMER
& EMPLOYEE

MATERIALITY ANALYSIS

Within its sustainability statement, PAYER has defined the time intervals as follows:

DEFINITION	FUTURE TIME INTERVAL
Short-term	Reporting period in the financial statements (= 1 year)
Mid-term	1 to 5 years
Long-term	More than 5 years

Due to minor variation in the data points from short to medium term to long term and for better clarity, this depiction does not differentiate between time horizons.



● Environment	● Social	● Social	● Social
1. Climate change adaptation	21. Secure employment	41. Work-life balance	61. Health and safety
2. Climate change mitigation	22. Working time	42. Health and safety	62. Security
3. Energy	23. Adequate wages	43. Gender equality	63. Protection of children
4. Pollution of air	24. Social dialogue	44. Training and skill development	64. Non-discrimination
5. Pollution of water	25. Freedom of association & the existence of work councils	45. Inclusion of people with disabilities	65. Access to products and services
6. Pollution of soil	26. Collective bargaining	46. Measures against violence and harassment	66. Responsible marketing practices
7. Pollution of living organisms and food resources	27. Work-life balance	47. Diversity	
8. Substances of high concern	28. Health and safety	48. Child labor	● Governance
9. Substances of very high concern	29. Gender equality	49. Forced labor	67. Corporate culture
10. Microplastics	30. Training and skill development	50. Privacy	68. Protection of whistleblowers
11. Water consumption	31. Inclusion of people with disabilities	51. Adequate housing	69. Political engagement
12. Water withdrawals	32. Measures against violence and harassment	52. Adequate food	70. Management of relationships with suppliers
13. Water discharges	33. Diversity	53. Water and sanitation	71. Prevention and detection of corruption and bribery
14. Land use change, fresh water -use change and sea-use change	34. Child labor	54. Land-related impacts	
15. Invasive alien species	35. Forced labor	55. Freedom of assembly	● Entity-specific disclosure
16. Pollution of biodiversity and ecosystems	36. Privacy	56. Free, prior and informed consent	72. Regional value creation
17. Land degradation	37. Secure employment	57. Cultural rights	
18. Resource inflows, including resource use	38. Working time	58. Privacy	
19. Resource outflows related to products and services	39. Freedom of association & the existence of work councils	59. Freedom of expression	
20. Waste	40. Collective bargaining	60. Access to (quality) information	

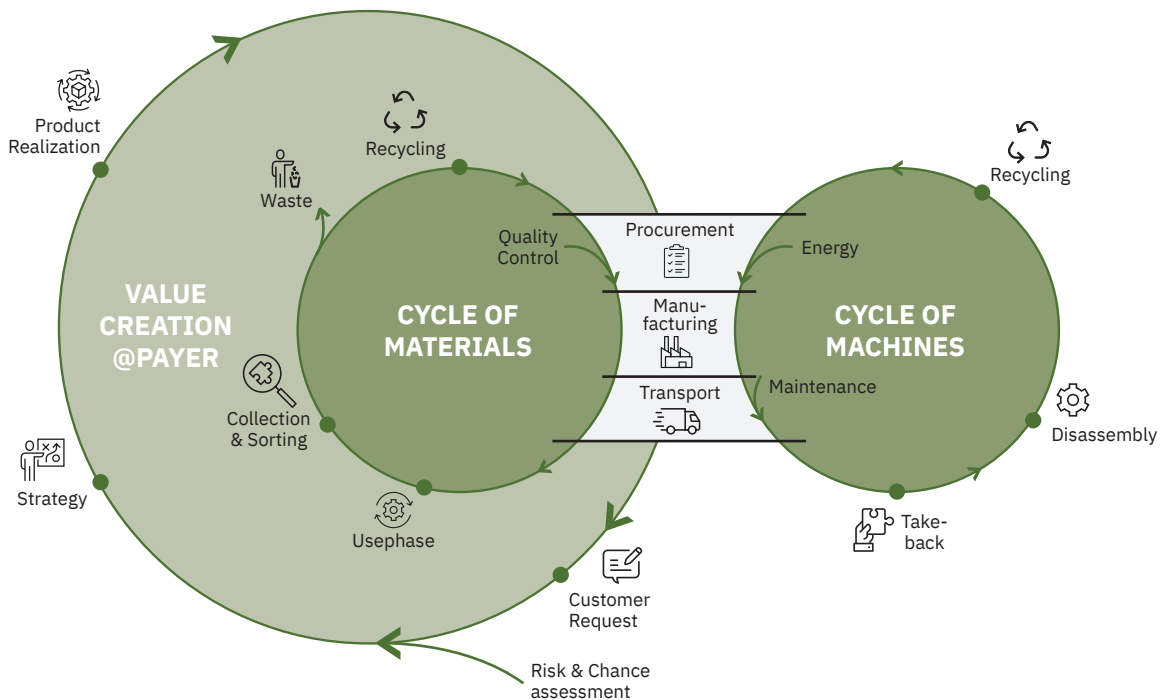


VALUE CHAIN

PAYER's value chain begins with the extraction of raw materials. These materials are processed by actors in the upstream value chain, enabling high-quality and innovation-driven production at the consumer goods and medical sectors.

The materials that PAYER procures for its products include plastics, metals, rubber, electrical components, and packaging materials such as cardboard and foil. Procurement also includes machines, operating resources such as energy, accessories, and general equipment. The services procured include consultations in tool making, prototype development, IT, as well as other services from transport companies, banks, consultants, recruiters, rental, and maintenance.

PAYER accompanies the entire process for its customers, starting with a concept and its development, followed by prototyping and industrialization. The manufacturing process includes metalworking, plastic injection molding, and product assembly. The final steps to finalize the product include quality control, testing, and packaging. Other services at the PAYER Group locations include maintenance of the tools, repairs, logistics, transport, waste management, as well as the exchange of resources and communication with trusted stakeholders.



We see sustainability not just as an isolated endeavor, but as an integrative process that encompasses the entire value chain - from product development and production through to delivery and disposal.

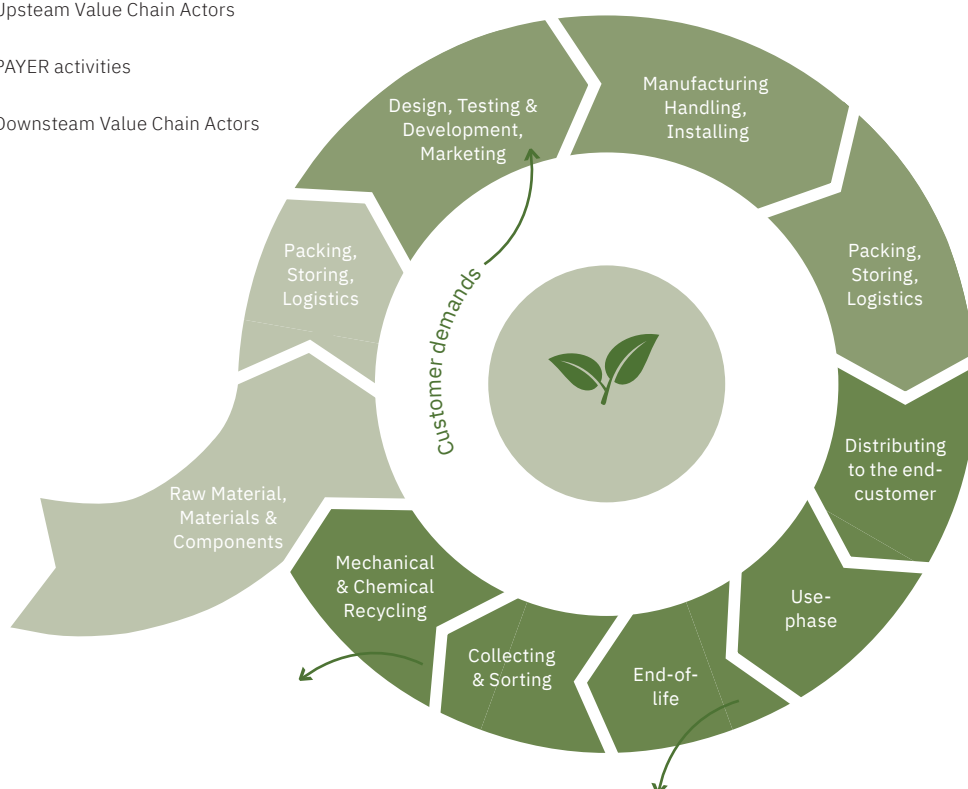


Manfred Meisenbichler,
Head of Global Program Management

After the PAYER products leave the locations, many further steps are required until they reach their end-of-life phase. The stakeholders in the downstream value chain include PAYER customers, service providers, end-users, and waste disposal companies. Along the downstream value chain, the activities of the stakeholders range from the transport, storage, and assembly of the goods to their distribution via direct or online sales. To ensure that these activities run smoothly, key stakeholders are required for maintenance, waste disposal, worker protection, including medical support, and cleaning activities.



- Upstream Value Chain Actors
- PAYER activities
- Downstream Value Chain Actors



DESCRIPTION OF MATERIAL DATAPOINTS

The identifiable impacts, risks and opportunities (IROs) relate to the specific datapoints, that are corresponding to the “Sub(-sub)-topics” of the ESRS. Their identification was worked out in the materiality analysis, which includes the concept of double materiality. This relates to considerations on a “Inside-Out” and an “Outside-In” perspective on impacts, risks and opportunities. The impacts of PAYER on external stakeholders were reviewed and the potential financial risks or opportunities that these external stakeholders pose to PAYER were considered. The assessment of impacts, risks and opportunities was evaluated in several workshops by the ESG Board.

For the “Inside-Out” perspective, which relate to impacts, PAYER had to evaluate:

- The severity of the impact
 - Its scale
 - Its scope
 - Its remediability (only for negative impacts)
- The probability of occurrence

The “Outside-In” view, which relates to risks and opportunities, consider the following parameters:

- The size of the financial effect
- Its probability of occurrence

All categories for these parameters are based on qualitative information and they were scored with 1 (minimal relevance) to 5 (very high relevance). Once the specific impact, risk or opportunity was scored on their parameters, the severity was calculated by using the mean value, which was further connected to the probability of occurrence by the arithmetic mean to represent the overall score of the impact. For the risks and opportunities, the overall score is simply the mean value of their two parameters.

After the assessment of the material IROs and to identify the material topics, the scores of the IROs were connected to their corresponding Sub(-sub)-topics, where they are further aggregated to the level of the ESRS topics by following a “bottom-up-approach” described in the ESRS. Finally, a detailed description on how PAYER evaluates their view on double materiality relating to the ESRS topics follows:

ESRS TOPIC	IMPACTS	RISKS	OPPORTUNITIES	PRIMARY AREA OF EFFECT
E1 Climate change	An increased emission of GHG & energy demand due to expansion leads to environmental strain. PAYER tries to reduce its emissions by decreasing the company's energy demand and promoting public transport for its employees.	Governmental regulations for climate change mitigation could increase costs for PAYER. Due to the locations of the company's sites, they might be affected by extreme weather conditions like heat waves or excessive rainfall.	Technological advances in energy production & storage let PAYER be more sustainable. Financial incentives for sustainable practices, like employee commuting by public transportation, lead to happier employees and an improved image of the company.	The whole value chain
E2 Pollution	The procurement of metals, packaging materials, and plastics is connected to environmental pollution. Motorized transport leads to further pollution of air, water, and soil. PAYER has a high demand for plastics, which are used in packaging and non-sustainably produced. At their end-of-life phase, PAYER products produce microplastics.	Regulations to decrease pollution can increase production costs for PAYER. If these regulations are dismissed, PAYER might be fined in future scenarios.	A shift towards packaging designed along circular principles is crucial in the future. Regional procurement and electrified company cars lead to less pollution and an improved image of PAYER.	The whole value chain
E3 Water and marine resources	The production of supplies for PAYER has a high-water demand, e.g. the production of cartons and steel. Wastewater from upstream value chain actors might pollute the environment.	Water shortages might arise in geographical areas due to climate change. Costs for resource-intensive supplies could increase in the future.	No opportunities were identified.	The upstream value chain, activities at PAYER
E4 Biodiversity and eco-systems	Supplies for PAYER are produced under the destruction of ecosystems due to non-sustainable farming. This includes the destruction of habitats for native fauna and humans. Invasive species might get distributed by the sea transport of PAYER products.	If the PAYER supplies are not procured sustainably, costs along the value chain could increase.	No opportunities were identified.	The upstream value chain, activities at PAYER

ESRS TOPIC	IMPACTS	RISKS	OPPORTUNITIES	PRIMARY AREA OF EFFECT
E5 Resource use and circular economy	PAYER intensifies resource shortage with its high demand for electrical and electronic equipment. The procurement of these supplies causes risks for the environment and workers in the value chain.	An increasing demand for the raw materials used in PAYER products might increase the costs for PAYER in the future. Procedures for recycling could increase the costs for PAYER products since this process is still very expensive.	PAYER products have chances for resource optimization, increased financial performance, and less waste production. This decreases spending and leads to an improved image of PAYER products.	The whole value chain
S1 Own workforces	PAYER supports its workforce through high working standards including modern working and training conditions, diversity within the company, zero tolerance of discrimination, and strict data protection.	PAYER might be fined if data about its workforce, technologies, or innovations get leaked.	A highly motivated workforce calls in sick less often and is very productive. An improved image benefits PAYER.	PAYER activities
S2 Workers in the value chain	PAYER demands similarly high employment standards from its suppliers and customers regarding employees in the value chain as it does from its employees. In addition, customer and supplier data are treated very carefully.	Geopolitical conflicts could affect the productivity of PAYER negatively. If stakeholder data gets leaked, PAYER might be fined.	PAYER commits its suppliers and customers to uphold high working conditions for their employees. This leads to workers' good health and satisfaction in the value chain.	The whole value chain
S3 Affected communities	Stakeholders in the downstream value chain support local communities, including indigenous people, with PAYER products in times of crisis. Informative projects, nature protection, or refurbishment projects are also organized. Negative impacts include the destruction of the communities' living environment by the procurement of materials.	No risks were identified.	No opportunities were identified.	The up-and downstream value chain
S4 Consumers and end-users	It is very important for PAYER to: Keep its stakeholders' data safe, listen to feedback, provide access, and guarantee the safety of PAYER products. Negative impacts could arise if dangerous additives in plastics impact the consumer's health.	PAYER might get fined if the consumer's health is negatively impacted through a PAYER product.	PAYER's image might be improved by listening to feedback and implementing these measures,, providing transparency, information, and a frequent marketing presence.	The downstream value chain, PAYER activities
G1 Business Conduct	Transparency about PAYER values, business practices, and the high standard in its contracts is very important. Based on its policies, the company maintains a high level of governance and rejects any kind of political involvement, corruption, or bribery.	No risks were identified.	PAYER's efforts to provide transparency and fair competition improve the company's image. The reliability of PAYER as a business partner allows for long lasting-relationships with stakeholders.	The whole value chain
Entity-specific disclosure: Regional value creation	PAYER maintains its regional roots by supporting local sporting or cultural events. In addition, numerous collaborations are organized with regional stakeholders to support local value creation.		PAYER's efforts to support local communities lay the foundation for regional and sustainable value creation. It improves the image of the company and attracts potential workforce.	The whole value chain

Due to unidentifiable impacts, risks or opportunities, a score for some datapoints on their sub-(sub-) topics is excluded from this sustainability report. These are shown in the following table.

TOPIC	SUB-(SUB-)TOPIC	REASON
E3 Water and marine resources	Marine resources	PAYER and its value chain have no connection to marine resources and are not dependent on them, so there are no impacts, financial risks, or opportunities.
E4 Biodiversity and ecosystems	Climate change	PAYER and its value chain have no direct influence on the local climate in biodiversity-rich ecosystems and are not dependent on them, so there are no impacts, financial risks, or opportunities.
	Direct exploitation	PAYER and its value chain do not directly exploit any ecosystems with its activities.
	Species' population size	PAYER and its value chain have no direct influence on the state of species and are not dependent on it, so there are no impacts, financial risks, or opportunities.
	Species global extinction risk	PAYER and its value chain do not directly increase the extinction risk of any species with its activities, so there are no impacts, financial risks, or opportunities.
	Desertification	PAYER's or its value chain's activities do not take place in areas where desertification occurs and they are not dependent on them, so there are no impacts or financial opportunities.
	Soil sealing	PAYER's or its value chain's activities do not involve the sealing of soil and they are not dependent on it, so there are no impacts, financial risks, or opportunities.
	Impacts and dependencies on ecosystem services	PAYER and its value chain do not impact nor use any ecosystem-related services, so there are no impacts, financial risks, or opportunities.
S1 Own workforce	Adequate housing	PAYER is not responsible for the housing of its workforce, so there are no impacts, financial risks, or opportunities.
S2 Workers in the value chain	Adequate housing	PAYER and its value chain are neither responsible for, nor dependent on this work-related right. There are no impacts, financial risks, or opportunities.
	Water and sanitation	PAYER and its value chain are neither responsible for nor dependent on this work-related right. There are no impacts, financial risks, or opportunities.
S3 Affected communities	Security-related impacts	PAYER and its value chain have no security-related impacts on the rights of local communities and the company is not dependent on them, so there are no impacts, risks, or opportunities.
	Freedom of expression	PAYER and its value chain have no impact on the freedom of expression of affected communities and the company is not dependent on them, so there are no impacts, financial risks, or opportunities.
	Impacts on Human Rights Defenders	PAYER and its value chain have no impact on human rights defenders and the company is not dependent on them, so there are no impacts, financial risks, or opportunities.
	Self-determination	PAYER and its value chain have no interaction with the self-determination of indigenous people and the company is not dependent on it, so there are no impacts, financial risks, or opportunities.
G1 Business Conduct	Animal welfare	There are no animals involved in PAYER's and its value chain's activities and they are not dependent on them, so there are no impacts, financial risks, or opportunities.
	Incidents of corruption and bribery	No incidents of corruption and bribery were identified, so there are no impacts, financial risks, or opportunities.

COMMUNICATION WITH STAKEHOLDERS

In order to maintain transparency, we have communicated the identification and emphasis of material sub-topics with our stakeholders. We have requested feedback and opinions from them which have been considered in the process. This step ensures that the concerns of the stakeholders are taken into account, particularly concerning impacts, risks and opportunities that may arise in the value chain. Our stakeholder assessment was conducted with sending out a questionnaire. We introduced the concept of double materiality and then presented our interpretation of the ESRS topics, as well as our views on the material sub-topics. Stakeholders were then asked to indicate whether they agreed with our views or not, and also to provide feedback on their reasons. We considered all the feedback we received in the scores of the material datapoints, and finalized the material topics included in this report.



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It is crucial that we view sustainability not only as an ethical obligation, but also as a financial opportunity. By integrating sustainable practices into our financial strategy, we can ensure long-term value creation and risk mitigation.



Melanie Schaffer-Iljic,
Chief Financial Officer

STATEMENT ON DUE DILIGENCE

Sustainable value creation is a key component of the strategic direction at PAYER. We want to deliver high-quality consumer goods, healthcare, and medical products sustainably for a global market. Therefore, it is necessary for PAYER to reflect on current ESG topics and anticipated future developments. Our ESG governance hierarchy outlines a clear chain of command for addressing sustainability-related challenges. However, we understand that achieving our vision at PAYER requires effort and commitment at every level of the hierarchy. This is why the role of Chief People & Culture and Sustainability Officer is crucial, as it combines both perspectives - serving as the ESG coordinator and being a member of the Executive Board. This ensures that sustainability is integrated into PAYER's strategy and management system and that we remain current and adaptable in a dynamic corporate environment.



OUR PEOPLE SOCIAL ASPECTS

OUR PEOPLE

SOCIAL ASPECTS

THE WAY WE DO BUSINESS

In 1946, our company was founded by Eduard Payer with a vision to develop and produce the best shaver for men. Today, PAYER Group supplies a diverse range of high-quality products and services worldwide, striving to be the best in everything we do. Our vision is therefore “ONE PAYER TO BE NUMBER ONE”.

With facilities and employees across Europe and Asia, our company culture is driven by our core values. These values make work at PAYER rewarding and enjoyable, resulting in high satisfaction levels of our customers and end-users. They also form the basis of our leadership model, guiding our employees in their commitment and personal growth. This brings positive attitudes and exceptional motivation to our common enterprise, attracting and developing exceptional people who ensure our future as a leading, sustainable, and diverse company.

THE PAYER EMPLOYER VALUE PROPOSITION

Our focus on achieving top performance is not an individual effort, but a team effort. Our everyday work is characterized by a strong team spirit and an unwavering passion to be the best. As a team, we always go the extra mile and strive to exceed our own expectations. At PAYER, we consider ourselves a family that works side by side to achieve our goals. We're constantly seeking new and diverse talent who share our drive for success. We encourage our employees to develop their skills and reach their full potential, and we offer a wide range of learning and development opportunities to support them.

We value our employees' accomplishments and respond to their individual needs by promoting their growth and offering flexibility and a variety of benefits. As a family-owned business, we prioritize job security, a clean production environment, sharing knowledge, treating each other with respect, and fostering open communication and freedom of expression.

Furthermore, we demonstrate our appreciation through fair and above-standard pay based on qualifications and experience. By encouraging the commitment of everyone, we can secure our future as a diverse and sustainable industry leader.

We strive to empower our employees to engage in sustainable practices and develop innovative solutions that lead to a positive social impact. By putting people at the heart of our sustainability efforts, we strive not only for long-term organizational resilience, but also to strengthen our employees' commitment to our corporate vision and values.



Daniela Riedler,
Chief People & Culture, Sustainability Officer

WORKFORCE DEVELOPMENT & ENGAGEMENT

We prioritize the professional development of our employees, ensuring they are engaged with company information and receive necessary training.

Our Targets:

- ❏ Execution of employee performance reviews with her/his supervisor at least every two years at each site
- ✅ Support of further training for all employees within PAYER (without temporary workers) for receiving 5 training hours on average per year by 2030
- ❏ Implementation of 2 staff meetings per year at each site for transparent communication
- ❏ Set-up of a new internal communication and information platform, called PAYERconnect, in 2023

❏ Goal not yet achieved ✅ Goal achieved

EXCEPTIONAL PEOPLE DRIVE OUR BUSINESS



THE PAYER LEADERSHIP MODEL

Driving Success Through Shaping the Future with Passion. Our core values are the foundation of our company and guide us in our daily operations. Leadership plays a vital role in upholding these values. Every employee who exhibits our business practices is a PAYER leader and serves as a role model for others. At PAYER Group, we highly value everyone's commitment to go the extra mile, whether it's for our customers or for personal growth and development. In a culture of mutual respect, effective communication, and continuous improvement, PAYER leaders set ambitious goals and propel the company forward. Our PAYER Leadership Model focuses on five key areas.

- Driving ONE PAYER
- Delivering Results
- Driving Improvement
- Developing People
- Being Self-Aware

EDUCATION & TRAINING

We provide a variety of opportunities to our diverse and highly motivated workforce, starting from the first day of a traditional apprenticeship until retirement. Our team members are encouraged to continuously develop their skills, sharpen their focus, and grow their personalities throughout their careers, reflecting our PAYER values.





PAYER Academy

In today's world, there are many changing phenomena that can have a strong impact on the business environment. It is important to be prepared and able to adapt to complex and volatile circumstances to achieve sustainable success. To accomplish this, lifelong learning and personal development are crucial. A few years ago, we introduced the PAYER Academy, a sophisticated development program for all employees of the PAYER Group.

The program focuses on six main areas:

- ONE PAYER
- Leadership
- Innovation
- Project Management
- Technical Skills
- Sustainability



It is now 2024 and we are celebrating the first anniversary of the PAYER Academy which has been operational for five years. We are thrilled that our training programs have been well received and are highly valued by our employees. The PAYER Academy is a key part of our PAYER Group People & Culture Strategy which is aligned with our overall corporate strategy. It provides a framework for cultivating “Exceptional People” and helps us to:

- drive PAYER's growth and transformation
- ensure employability and foster personnel development
- promote high value and culture orientation
- support leadership and collaboration

We believe that our employees' personal and professional growth is essential to our success in the future. Our goal is to help our employees expand their skills, achieve their professional goals, and continuously develop. In addition to the PAYER Academy, we also encourage employees to participate in further training and continuing education and support their growth according to their requirements and position.

PARTNERS

To gain additional know-how and strengthen our network we focus on strong partnerships with universities such as:

- UNI for LIFE, University of Graz
- Graz University of Technology, TU Graz
- FH Joanneum, University of Applied Sciences
- FH Campus 02, University of Applied Sciences
- Montanuniversität Leoben



Dipl.-Ing. Dr. mont. Dr.-Ing. E.h. Peter Moser
Montanuniversität Leoben:

“Montanuniversität Leoben is pleased to support PAYER International Technologies GmbH with its expertise in the evaluation of substances and the recyclability of materials. The topic of sustainability plays an important role for both the Upper Styrian educational institution and the Styrian company.”



Univ.-Prof. Dipl.-Ing. Dr.techn.
Christian Ramsauer Graz University of Technology,
Institute of Innovation and Industrial Management:

“PAYER is a pioneer for sustainability. My team and I are delighted to be making a contribution to increasing energy efficiency and therefore sustainability for the company. Potential for energy savings is being leveraged and the path to a net-zero CO2 balance has begun.”



Mag. rer. soc. oec. Stephan Witzel
UNI for LIFE, University of Graz:

„The close cooperation between PAYER and UNI for LIFE, the continuing education organization of the University of Graz, has led to a synergetic partnership aimed at offering high-quality and practical learning concepts to learners at PAYER. Through the exchange of know-how and resources, innovative teaching methods can be developed and practical training opportunities created within the framework of this partnership. Together, we are pursuing the goal of meeting PAYER’s high standards for modern in-company training.“



FH-Prof. Mag. Dr. Astrid Oberzaucher
FH Campus 02, University of Applied Sciences,
Department Marketing & Sales:

„The long-standing cooperation and collaboration with PAYER teaches our marketing and sales students in every project how important the two topics of marketing and sales are for B2B companies and how necessary it is to take a strategic approach. We are particularly pleased that graduates from our department can be recruited as employees for PAYER and again and that employees decide to study with us.”



FH-Prof. Mag. Dr. Martin Tschandl
FH Joanneum, University of Applied Sciences,
Department Industrial Management:

„When you deal with PAYER, you immediately notice that innovation, technology and spirit are very important. This fits perfectly with our Industrial Management degree programs and graduates and leads to a win-win-win between PAYER, the university and the students.”

PAYER AUSTRIA

APPRENTICESHIP

At our location in PAYER Austria, we train young people to become specialists in five different areas. The advantage of working at PAYER is that our apprentices benefit from our experience and expertise and get to know all fields of activity in the respective apprenticeship.



METAL ENGINEER IN TOOL MAKING

Maintenance, assembly and manufacturing of tools and devices for the assembly of components



PLASTICS ENGINEER

Operation, control and programming of injection molding machines in the area of medical technology



ENGINEER WITH FOCUS ON MECHANICAL ENGINEERING

Preparation of drawings and design of products



IT WITH FOCUS ON SYSTEM ENGINEERING

Support, configuration and optimization of IT infrastructure



MECHATRONICS WITH FOCUS ON AUTOMATION

Modifying existing mechatronic systems according to specifications and plans and adapting them to new requirements

Furthermore, PAYER Austria is a member of “Ausbildungsverbund – ABV mein Job“. Companies of the Technology Region Lipizzanerheimat and the LFI Styria intensively work on securing skilled workers and promoting technical apprenticeships. This education network offers young people from the region future-oriented opportunities. Due to our membership, apprentices of PAYER receive additional training as part of the apprenticeship scheme.





PAYER CHINA

INTERNAL TRAINING: LEARNING ENGLISH

English is a key training content in the PAYER China program. The program began in February 2023 and involves 40 colleagues. The learning process contains using a learning app enables convenient access to the content. The learning period spans over six months, during which colleagues follow a two-step approach. First, an initial assessment is conducted, and then they engage in self-study. To meet the improvement requirements, each colleague dedicates an average of 24 minutes per day, totaling 12 hours per month, to English studies. The goal is to achieve at least a 2-level improvement. By maintaining their commitment to learning, they will reap the rewards of their efforts.



PAYER HUNGARY

LEADERSHIP DEVELOPMENT PROGRAM FOR MIDDLE AND SENIOR MANAGERS

The role of leadership has changed significantly over the years, making the ability to self-reflect a key factor for successful leadership. It is often made difficult by the isolation that comes with leadership, which means less feedback. That is why the leadership development process started in 2023 with two comprehensive programs in line with the PAYER Leadership Model. In total 35 employees took part in these programs. For senior managers a 360-degree assessment and for middle managers the ARPe© based organizational development was chosen.

The 360-degree assessment was used to provide detailed feedback on leadership competencies. It showed how the respondent assesses his own performance and how his subordinates, colleagues and boss assess his performance in the most important leadership areas. Based on the

feedback received, development goals were worked on together with a coach.

Recognition and appreciation of the critical role of middle management is key in our company. A leader who perceives his own inner strength and acts confidently and at the same time responsibly displays the power in the organization that ensures efficiency and innovation. The ARPe© based leadership development program is an attitude-level, integrated development system. It has a long-term effect on the organizational culture of the group and the company.



PAYER GROUP

PAYER LEADERSHIP & SUSTAINABILITY DAY 2023

In 2023, we held the “PAYER Leadership & Sustainability Day 2023” under the motto Shaping the Future with Passion. During the event, our CEO, Michael Viet, introduced the new corporate PAYER strategy to the attendees. The agenda of the event included a comprehensive overview of our strategy with regards to culture, leadership, and people, sharing of best-practice initiatives from all sites, an update on our sustainability efforts, and two keynote presentations by external speakers on leadership and sustainability. Furthermore, we recognized the exceptional work of our teams by presenting the PAYER Exceptional People Award 2023, which was awarded to all the Chinese teams that contributed to building the site in Malaysia.

It was great to experience to have all the team members from different sites in one room. Our Austrian and Hungarian colleagues were able to benefit from the very modern amenities of the Institute for Innovation and Industrial Management at Graz University of Technology. To ensure the participation of our Chinese and Malaysian colleagues in the room, they were invited to join the event online. They gave their presentations remotely and were able to follow the proceedings via video. It was really a successful event for our PAYER family, allowing us to learn from each other and shape the future with passion.



PAYER CHINA VISITS HEADQUARTERS IN AUSTRIA

In May 2023, three colleagues from PAYER China visited the company's headquarters in Austria. During their stay, the Chinese participated in productive meetings and informative site tours, and also made close connections with the Austrian team members. One of the most memorable experiences was when they spent an evening together at a traditional restaurant, enjoying delicious Austrian cuisine and exchanging cultural insights. The visit of the colleagues from PAYER China not only strengthened the bonds between global teams, but also provided a wonderful opportunity for cultural exchange and mutual understanding. We are proud to witness such cooperation and unity within our organization.








NEW INTRANET: PAYERCONNECT

In June of 2023, our new internal communications platform, PAYERconnect, was launched. The primary purpose of the platform is to provide news, information, templates, and guidelines. PAYERconnect is designed to create a central point of contact to share information quickly and efficiently and to strengthen communication within the PAYER Group. We have a subpage named "ONE PAYER" that contains all the crucial information, guidelines, and policies for all PAYER locations. The categories include Austria, Hungary, China, and Malaysia, and they provide location-specific information in the respective language. We encourage our employees to actively use PAYERconnect and share their experiences and ideas. By working together, we can make this platform an even more valuable resource for all of us.

WORKFORCE RIGHTS & WELLBEING

We prioritize the safety, well-being and right of every employee.

Our Targets:

-  Maintaining equal pay for work of equal value at all sites
-  Achieving a 45% share of women in leadership and management positions at all sites by 2030
-  Reaching a Total Recordable Injury Rate (TRIR) below 1,0 every year
-  Receiving 0% reports regarding infringing human rights every year
-  Launching a health & well-being program, accessible by 100% of every PAYER employee, "Our People: PAYER – WE CARE" by 2025 at every site



HEALTH & SAFETY FIRST

PAYER's main objective is to protect our people, the environment, our customers, and our suppliers.

We always prioritize ensuring a safe and healthy workplace, and are committed to maintaining a clean, healthy, and safe working environment. To achieve this, we involve our employees and external safety representatives in the safety process, making it a crucial part of our corporate culture.

 Goal not yet achieved  Goal achieved

PAYER FOR DIVERSITY

We are different. We are equal. We are all together ONE.

At PAYER, we recognize that diversity is crucial to our organization's success. We wholeheartedly promote and value employees from different cultural backgrounds, genders, ages, experiences, and educational levels. This combination leads to the development of new, creative ideas and drives continuous improvements, resulting in high-quality project outcomes. Each employee is accountable for contributing their unique skills and knowledge towards PAYER's sustainable corporate success. We are confident that our commitment to diversity is a key factor that sets us apart from our competitors success.

We firmly believe that our differences make us stronger. This is why we embrace diversity in all its forms. We understand that a diverse workforce brings fresh perspectives, ignites creativity and drives innovation.

Our commitment to diversity goes beyond just representation. We cultivate an inclusive culture where every voice is heard, valued, and respected. We acknowledge the unique talents and contributions that everyone brings to the table, and we celebrate the diverse experiences that make up our team. We believe in providing equal opportunities to all, regardless of their background or identity.



FACTS & FIGURES

14

DIFFERENT NATIONALITIES

59%

OF THE WORKFORCE
IN PIH ARE WOMAN



70%

OF THE WORKFORCE
IN PIC ARE WOMAN



56%

OF THE WORKFORCE
IN PIT ARE WOMAN



23%

OF SUPPLIER FOR PIC
HAVE WOMAN AS LEADERS



49%

OF THE MANAGEMENT
ARE WOMAN



40%

OF ADVISORY BOARD
ARE WOMAN



WORKING @ PAYER

PAYER is a family-owned business with locations and customers worldwide. Our employees are given the opportunity to work in a global and familiar environment. At PAYER, we value team spirit, passion, knowledge sharing, and respect among our employees. Our team is committed to going the extra mile to accelerate the growth of our business.

PAYER BENEFITS

PAYER offers comprehensive benefits that prioritize the well-being and success of our employees. We believe in investing in our employees' development by providing ongoing training and professional development opportunities, as well as support for furthering education and career advancement. Additionally, we offer a range of benefits to help achieve a healthy work-life balance. We take pride in our benefits package, which reflects our commitment to our employees' well-being and success.



FLEXIBLE WORK TIME MODEL

PAYER offers the option of flextime, taking time off in the form of individual hours, half and full days, as well as increased home office options, depending on individual needs.



CANTEEN

PAYER employees get the possibility to buy food at each site and to spend their breaks in the respective canteen. Depending on the site, employees can order food from a delivery service at a central point of contact, buy sandwiches and other snacks or rather order food at the site.



EDUCATION & TRAINING

PAYER has a clear focus on employee training and development at all levels. This includes, among other things, the PAYER Academy, partnerships with universities and career development and opportunities.



PARKING & PUBLIC TRANSPORT

At each site, employees have the possibility to park their cars in front of the company. Furthermore, the locations can be reached by public transport on a regular basis.

MORE BENEFITS



FAMILY FRIENDLY COMPANY

PAYER is a company with a family atmosphere, where employees are not just a number and good cooperation is a top priority.



INTERGENERATIONAL WORKING

Employees of all ages share knowledge and ideas with each other and interact with respect.



OPERATIONAL HEALTH MANAGEMENT

PAYER offers extensive occupational health management to ensure the health & safety of our employees. This includes a company doctor, vaccinations, health tests and various health offers.



EVENTS FOR EMPLOYEES

At PAYER, we host exciting cross-site events, such as the PAYER Technology & Innovation Day, as well as internal Christmas parties and joint celebrations at the sites.



PAYER - WE CARE

PAYER AUSTRIA

At PAYER Austria we firmly believe that the health and well-being of our employees is essential to achieve this goal. Therefore, we have launched a comprehensive program called "PAYER - WE CARE" to promote employee well-being. This program includes various initiatives and measures to support our employees' physical and mental health, such as health education, healthy lifestyle activities, and stress management programs. It includes:

- Benefits platform for employee offers
- Cooperation with regional shops and suppliers for employee discounts
- Cooperation with a local Kindergarden for childcare
- Occupational psychology counseling
- Fitness offers
- Financial support for the purchase of a public transport ticket
- Healthy Month of May
- Food allowance
- Possibility of financial support for a bike



HEALTHY MONTH OF MAY

PAYER Austria has launched the “Healthy Month of May” campaign to encourage its employees to adopt a healthy lifestyle. The campaign includes various activities such as providing fresh fruit baskets in different areas of the company every day in May, a salad buffet every Thursday, and a muesli breakfast once during the month.

The company is also promoting sports activities, such as participating in the Business Run in Graz, which brings together employees from various companies to promote health and teamwork. PAYER Austria’s participation in the Business Run not only encourages physical activity but also strengthens team dynamics and creates lasting memories.

Through the “Healthy Month of May” campaign, PAYER Austria is setting an example by promoting the well-being and health of its employees. It provides healthy food options and opportunities for active recreation, which helps to raise awareness of a healthy lifestyle and creates a pleasant working environment for all employees.



FIT@PIT, an internal initiative of PAYER Austria, which is created and organized by the employees themselves. The company provides financial support to this initiative. The primary aim of FIT@PIT is to organize sporting events such as, bowling, archery, hiking or skiing once a month, exclusively for PAYER Austria employees. This helps foster a sense of community within the organization. Every participant who takes part in any event receives their own FIT@PIT shirt as a gift from the company.



PAYER MALAYSIA

EXOTIC FRUIT DAY

At the end of June 2023, PAYER Malaysia held a small celebration on site after a successful production run with the customer. During this, employees enjoyed various fruits such as durian, rambutan & mangosteen.

PAYER HUNGARY

SUMMER CAMP FOR CHILDREN OF PAYER PARENTS

In August 2023, 21 children attended the PAYER summer camp. It was a great opportunity for parents to have their children looked after during the holidays, especially when their employer organizes such a program. The camp lasted for a week, and the activities were designed for children aged 8 to 14. Two experienced camp teachers put together a super fun program of activities that included visiting various places and trying out different things. The Babucska Children’s Centre was the central location of the camp, where the children met every morning, and from there, they went on to their daily activities. On the opening day of the camp, our company hosted them and took them on a factory tour to show them where their parents worked. They were given an opportunity to write messages on the company notice board and were also given PAYER pencils and backpacks to use at school. During the camp, they visited the Veszprém Zoo, the local beach, went on a trip to Sümegi Castle, did arts and crafts, played sports, and watched a retro cinema. They made some cool friendships, and on the last day, they were able to make little surprises and souvenirs for their parents and each other.





WORKERS IN THE VALUE CHAIN

At PAYER Group, we are committed to upholding our core values, which prioritize the safety and wellbeing of our employees, protection of the environment, and serving the communities we operate in. We believe in social responsibility and strive to ensure sustainability in all aspects of our operations, from sourcing to purchasing.

We also recognize the importance of ensuring fair and ethical treatment of workers throughout our value chain. To achieve this, we have established our requirements for suppliers, which are outlined in the PAYER General Terms and Conditions of Purchase and our Supplier Code of Conduct, launched in 2023. Our Supplier Code of Conduct specifically focuses on areas such as labor rights, human trafficking, environmental impact, and ethical business practices. By prioritizing these areas, we aim to enhance the sustainability of our operations and contribute to a more responsible and ethical supply chain.

- Adhering to the laws and regulations of the countries where we operate.
- Promoting exemplary standards in economic, social, ethical, and environmental practices.
- Identifying and mitigating risks associated with our procurement procedures.
- Sharing our practices with all stakeholders, both internal and external, and raising awareness among our suppliers.

In line with our commitment to the highest standards, we expect our suppliers to uphold similar values in their business practices, including but not limited to:

- Compliance with Laws and Regulations
- Working Conditions
- Environment
- Ethic und Integrity
- Data Protection and Data Security
- Fair Competition

In terms of working conditions, our Business Partners must ensure that their employees are treated fairly and work in safe and healthy environments.

- Complying with all applicable labor laws and regulations, including working hours, wages, and benefits.
- Providing a safe and sanitary working environment that complies with all applicable occupational health and safety laws.
- Prohibiting all discrimination including gender, skin color, religious beliefs, nationality, sexual orientation, or other personal characteristics.
- Prohibiting child labor, i.e., that no employees under the legal minimum age are employed.
- Prohibiting forced or compulsory labor, i.e., that employees can work voluntarily without pressure.

We are always working on improving our sustainable procurement practices by developing and updating our standards.



SUSTAINABLE PRODUCTS FOR OUR CONSUMERS AND END-USERS

As a responsible organization, it is our duty to develop and manufacture components and products that are free of errors. This is to ensure the health and safety of patients and consumers who rely on our products.

To meet our objectives, we have set the following targets:

- ❧ Achieving a 0% complaint or reported failure rate annually in the “Medical” business unit.
- ❧ Attaining 95% customer satisfaction in the areas of “Accessibility of contact persons” and “Speed of response” in the yearly online customer satisfaction analysis.
- ❧ Accomplishing 95% customer satisfaction in the area of “Flexibility regarding short-term changes” in the yearly online customer satisfaction analysis.

These objectives are crucial to ensuring that we meet the needs of our customers in the medical sector as well as in our business unit Consumer Goods while upholding the highest standards of quality and service. We are firmly committed to achieving these goals and continuously working towards improving our performance.

In a region with a huge industrial presence, it is vital that we take our responsibility to the environment and the communities in which we operate seriously. Our focus is on continuously optimizing our operations to minimize environmental impact while increasing efficiency.



Alvin Cheong,
General Manager Global Operations Region Asia

The results of the Customer Satisfaction Analysis indicate significant improvements particularly in our communication with customers. Our ambition is to provide speed in responses and ensure the availability of contact persons to the best of our ability. While there are also still a few areas for improvement, according to our customers, we are already very well positioned in this regard.





OUR
ENVIRONMENT
ENVIRONMENTAL
ASPECTS

OUR ENVIRONMENT

ENVIRONMENTAL ASPECTS

We live in a world that is constantly changing and full of uncertainties. To ensure the long-term sustainability of our family-owned business, we focus on the responsible and sustainable use of our resources while protecting our environment. By improving our efficiency and effectiveness, we aim to generate long-lasting and sustainable value through our performance, expertise, innovation, and continuous development for all our stakeholders:

- Customer Value
- Enterprise Value
- Employee Value

Our goal as an organization is to take responsibility for creating safe workplaces for all our employees, protecting the environment, promoting sustainable development, and conserving natural resources as much as possible. We aim to achieve this by implementing a sustainable business strategy and complying with our compliance policies.

RESOURCE USE & CIRCULAR ECONOMY

Our goal is to minimize waste by using raw materials and packaging materials that can be recycled or reused. To achieve this, we have included a separate step in our product development process.

Our targets are as follows:

- 🍃 50 % of the plastic granulate as well as electronics which we use for consumer goods will be made out of recycled materials in 2040 vs. 2020
- 🍃 100 % of our consumer goods packaging will be designed to be recyclable or reusable in 2030
- 🍃 50 % reduction in virgin petroleum plastic resin in our consumer packaging by 2030

🍃 Goal not yet achieved 🌿 Goal achieved

DEVELOPMENT OF SUSTAINABLE INNOVATIONS

SUSTAINABLE ALTERNATIVES FOR PLASTICS

Plastics are primarily made from petrochemical materials, which are finite resources and contribute to greenhouse gas emissions. However, there are sustainable alternatives to traditional plastics that can be made from renewable feedstocks like cellulose. Additionally, reusing plastic from disposed products that have reached the end of their life is in line with the circular economy concept. This concept aims to keep materials in a closed loop and avoid the need for new resources.

However, post-consumer recycled (PCR) or post-industrial recycled (PIR) plastics are currently not extensively used due to quality concerns. These concerns are related to the degradation of plastic chains during processing and usage, such as due to UV light. Additionally, the collected plastic waste is often impure and contains unwanted residues. Nevertheless, in recent years, the availability and quality of mechanically recycled materials have increased. The mechanical recycling process of thermoplastics involves collecting, sorting, and washing plastic waste, which is then remelted in a compounder to homogenize, further purify, and re-add additives such as flame retardants. Another emerging topic is chemical recycling, in which the recycled plastic is “refurbished” at the molecular level to be identical to virgin material.



At PAYER, we have initiated an internal project to identify our most frequently used plastic grades for which bio-based, PCR or chemically recycled alternatives are feasible and available. We are developing testing strategies to identify the right sustainable alternatives that still meet the product-specific requirements. This is another step towards reducing the environmental footprint of our future products.

Our focus is on using technology and innovation as tools to create a more sustainable future. This means that we strive to shape our technological developments and innovations in such a way that they address environmental and social challenges.



René Zengerer
Head of Global Technology & Innovation Management

SUSTAINABLE PACKAGING

Growing awareness of environmental impacts and Green Deal requirements has led to an increase in eco-friendly products. Packaging is a crucial part of every product as it protects products during handling, transportation, and storage. However, the traditional dependence on plastic is no longer suitable. The aim is to switch to plastic-free packaging solutions, which poses a major challenge for both our customers and PAYER. Finding high-quality alternatives to plastic is not easy. Many eco-friendly materials lack the smoothness of plastic or produce paper dust, creating challenges in passing required packaging tests. Scratches on products and accessories are the most common failure criteria. Despite these obstacles, our commitment to sustainability remains unwavering.

The challenge is to find a balance between sustainability and functionality. Packaging must continue to effectively protect products while being visually appealing in the marketplace and improving the unpacking experience for the

consumer. Achieving this balance requires collaboration and innovation across the supply chain. Ultimately, sustainable packaging is not just a trend but a necessity. By working with our business partners to find practical solutions, we can ensure our products are packaged responsibly and meet consumer needs without compromising the health of our planet.

INTEGRATING SUSTAINABILITY INTO PRODUCT DEVELOPMENT

Research Work in Cooperation with the Institute for Innovation and Industrial Management at Graz University of Technology

As part of a master's thesis, we aim to examine the impact of ecological sustainability in the product development process of a Consumer Goods division product, specifically a beard trimmer. We will analyze the current state of the product development process and identify opportunities to improve and reduce the environmental impact of future product development processes, as well as explore the potential implementation of sustainability practices at PAYER. The research project includes an in-depth literature review on the topics of sustainability, product development and sustainability in product development as well as a thorough analysis of the company's current product development process. We will conduct a life cycle assessment (LCA) of the flagship product, focusing on material and energy flow.

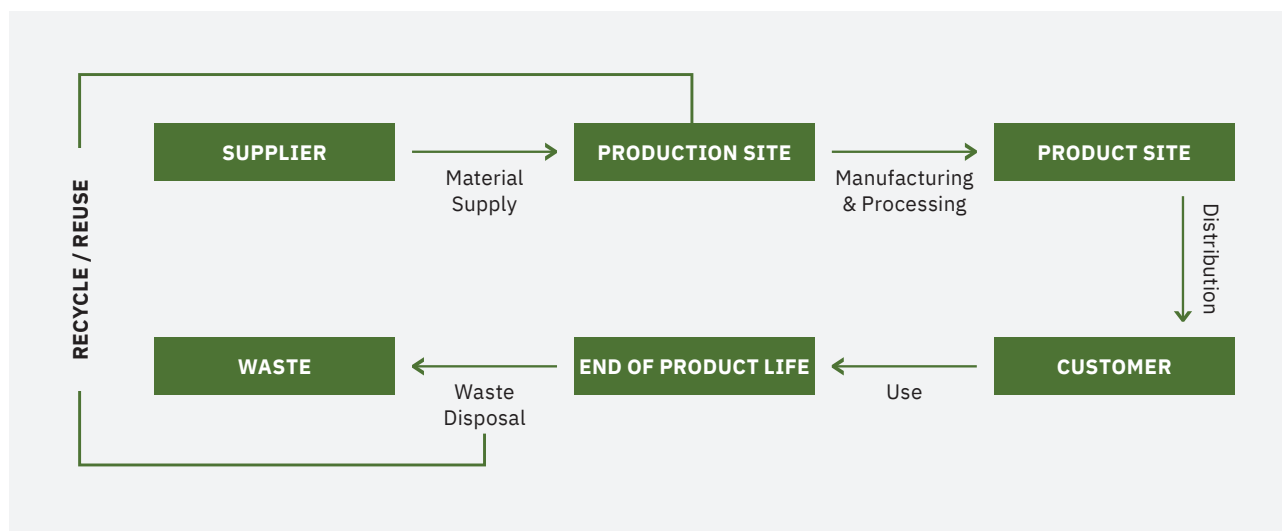
Our aim is to minimize the ecological footprint of our products through innovative technologies and sustainable materials. We are committed to developing products that are durable, use energy efficiently and are easily recyclable at the end of their life cycle.



Kurt Maurer
General Manager Business Unit Consumer Goods

The goal is to use the information collected and benchmark values from the LCA to identify specific barriers, opportunities, and areas where PAYER can influence its environmental impact. We plan to propose a revised product development

model at the end of our work. The results of our research will be available in October 2024. Boundaries of the planned LCA to be performed:



Source: Master Thesis by Lovro Susek, 2024

CLIMATE CHANGE

We are committed to taking actions that support climate resilience and prevent climate change.

Our targets are as follows:

- 🌱 Identification of Scope 1, 2, and parts of 3 of greenhouse gas emissions at PAYER Europe within within the Greenhouse Gas Balance Analysis
- 🌱 Implementation of measures to reduce energy consumption identified on the basis of the Energy Flow Analysis

GREEN ENERGY FOR SUSTAINABLE TRANSPORT

An interim storage facility is used to store materials and manufactured parts for a strategic project at the Austrian site, ensuring optimal logistics. The goods are transported from the production site to the warehouse and back in close cooperation with a local logistics company using green electricity. A specially branded electric truck is used for this purpose. With a range of around 300 km, it easily covers the short distances from Gleisdorf to St. Bartholomä and back.

GREENHOUSE GAS BALANCE AND ENERGY FLOW ANALYSIS

Research Work in Cooperation with the Institute for Innovation and Industrial Management at Graz University of Technology.

The project was conducted as a part of a master's thesis that lasted for seven months, from April to October 2023.

The primary objective of the project was to establish a framework for targeted CO₂ reduction and to develop measures to achieve greenhouse gas reduction goals. To perform the energy flow analysis, the system boundary was defined around the operations that took place within the site located in Austria. The greenhouse gas balance considered self-generated emissions (Scope 1 and Scope 2), such as primary and secondary energy consumption, production activities, and selected Scope 3 emissions with a significant impact, such as energy and fuel-related activities, business trips, commuting, downstream transport, and distribution at PAYER Austria and Hungary.

GREENHOUSE GAS BALANCE AT PAYER AUSTRIA AND PAYER HUNGARY

For the primary CO₂ balance assessment, emission factors were used to collect and prepare data from sites in Austria and Hungary where greenhouse gas emissions occur at PAYER. This includes:

- Energy input: Electricity and heating with biomass;
- Mobility: Business travel by plane, employee commuting, company-owned cars, and utility vehicles;
- Transportation by truck, sea, and air.

🌱 Goal not yet achieved 🌿 Goal achieved

The results indicate that PAYER Austria emitted 463 tons CO₂eq in 2022 within the system boundary. A breakdown of these emissions provides a more detailed perspective on the major emission sources:

- Employee commuting with 42%
- Company-owned cars and utility vehicles with 23%
- Business travel by plane with 17%
- International transport between the sites PAYER Austria and PAYER China
- Energy consumption with 6%

There are no direct emitters of greenhouse gases from production at PAYER Austria. Only the company-owned cars and light-duty utility vehicles contribute to PAYER Austria's Scope 1 emissions.

The CO₂ balance of PAYER Austria profits tremendously from the consumption of UZ46 certified green electricity and the sustainable production of heat from the adjacent biomass power plant, that is operated by local providers.

The assessment of the greenhouse gases at PAYER Hungary covered the following sources for emissions:

- Energy input: Electricity and heating with fossil fuels
- Mobility: Employee commuting and the company-owned cars

At PAYER Hungary about 1410 tons of CO₂eq were emitted. These results can be explained by looking at the specific shares of the emissions:

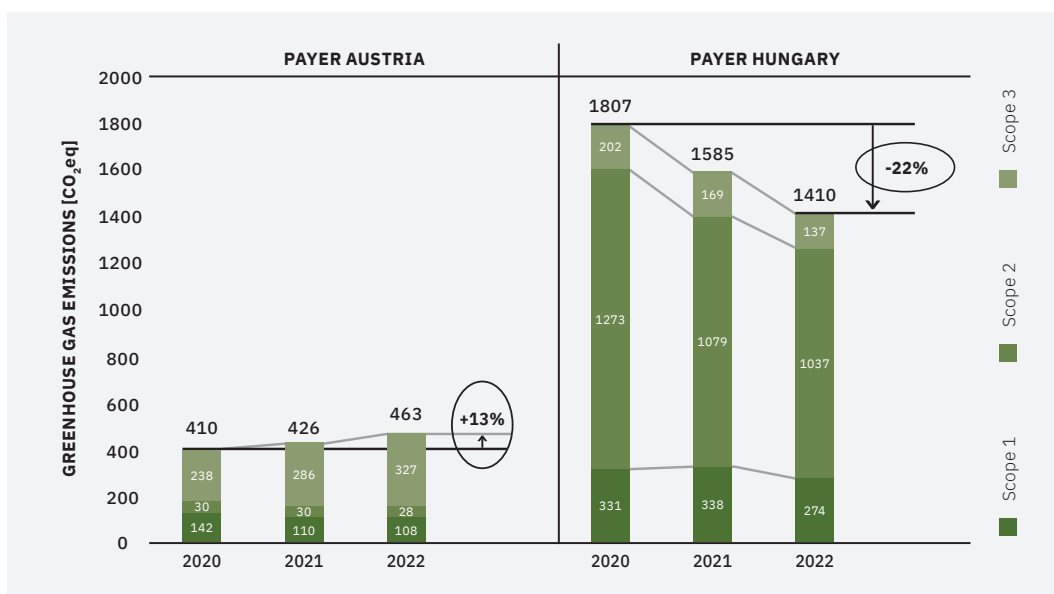
- The energy input relates to a share of 87%.
- Employee commuting makes up the 13%.

The emissions sources at PAYER Hungary and PAYER Austria are opposite. The Hungarian factory relies on fossil resources for power, while the Austrian factory sources its power from 100% renewable energy. Therefore, green energy sourcing is a significant lever for reducing greenhouse gas emissions.

EMISSIONS DEVELOPMENT FROM 2020 TO 2022

According to the greenhouse gas balance report, the emissions of PAYER Austria and PAYER Hungary decreased by 334 tons of CO₂eq in 2022 in comparison to 2020. This resulted in a total reduction of 397 tons CO₂eq at the Hungarian plant within three years, which corresponds to 22%. However, these gains were offset by an increase in emissions at in Austria, where the emissions grew by 13% compared to 2020. At PAYER Austria Scope 1 and 2 emissions decreased between 2020 and 2022 due to less frequent use of the company-owned cars and a reduction in heat use. However, Scope 3 emissions increased by 23% in those three years, because of more frequent business travels by plane and employee commuting.

In PAYER Hungary, all emissions decreased by 2022 compared to 2020. The largest reduction measure was identified with the saving of the consumption of natural gas, which decreased the scope 1 emissions by 32%. The reductions of scope 2 and 3 relate to a decreased energy demand and less frequent employee commuting.

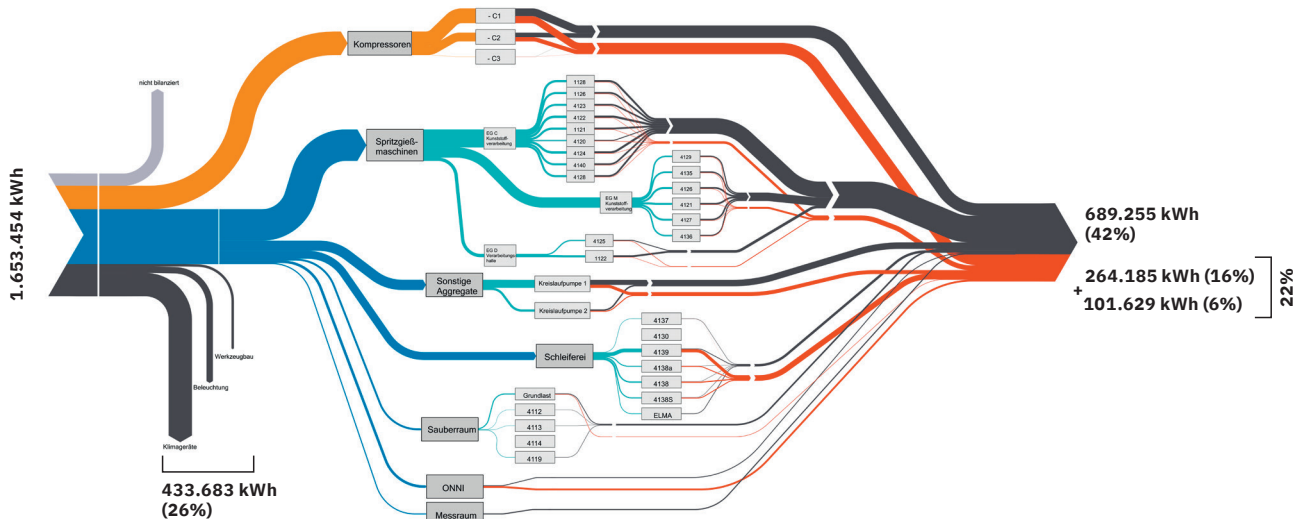


Source: Master Thesis by Fabian Sporrer, 2023

ENERGY FLOW ANALYSIS

The aim of the energy flow analysis was to visualize the energy streams at PAYER Austria and thus identify potential for energy savings. The process included the collection and

generation of energy-related data. This data was analyzed, and the corresponding energy flows were visualized in a Sankey diagram.



Source: Master Thesis by Fabian Sporrer, 2023

The energy flow analysis identified that a share of 64% of the consumed energy falls under the main processes used for production at PAYER Austria. Out of this 42% of the total electricity consumption falls under the category of effective energy that is necessary for production. The other share of 22% relates to the optimization potential, where measures could be identified. From the total amount of electricity, a share of 26% is consumed in air conditioning, lighting and tool making, while a share of 10% was unidentifiable and cannot be optimized without changing conditions.

Based on these results, 13 measures for the reduction of CO₂ emissions and electricity consumption were declared for PAYER Austria. With a complete implementation, 28% greenhouse gas emissions and 14% of the energy demand are saved. Furthermore, this leads to a decrease in energy related costs of 21%. These assumptions were supported by metrics like an amortization period and potential emissions reduction in absolute value.

POLLUTION

The PAYER Group strives to reduce pollution from the company's activities and products, as outlined in the environmental policy. In line with environmental legislation at the local, national, and international levels, PAYER has implemented pollution reduction measures. Among these

are waste prevention, waste management when waste is unavoidable, more sustainable packaging, the use of recycled materials, and resource-saving product design. Since all production involves the generation of waste, PAYER works with a clear waste management system at each site so that no pollution occurs. We aim to constantly reduce the amount of waste we produce and to improve the design of our products, including packaging, in line with the circular concept.

In addition, PAYER is actively working to improve its pollution prevention measures and introduce clean production techniques.

Finally, together with its employees, suppliers, customers, and communities, PAYER seeks to raise awareness of environmental protection. We provide training, resources, and support to empower individuals to make informed decisions and take actions that help reduce pollution.







OUR COMPANY GOVERNANCE ASPECTS

OUR COMPANY GOVERNANCE ASPECTS

BUSINESS CONDUCT

According to the PAYER Code of Business Conduct we are committed to protecting our company, our employees, our customers, our suppliers and our community.

Our targets:

-  Set-up of whistleblowing platform with data protection and protection of whistleblowers in 2023.
-  All employees are trained the Code of Business Conduct (including online test) when joining PAYER within the onboarding plan.
-  Exclusive selection of and cooperation with suppliers who renounce child labor to 100%.
-  Confirmation of alignment with the Supplier Code of Conduct as a prerequisite for cooperation

While the Code of Business Conduct was drawn up in 2022, further important guidelines and policies were established in 2023, which are of particular importance for PAYER and describe the business practices in more detail and govern the organization.

- Health and Safety Policy
- Labor and Human Rights Policy
- Modern Slavery and Forced Labor Policy
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing Policy
- Sustainable Procurement Policy
- Supplier Code of Conduct

PAYER CODE OF BUSINESS CONDUCT

PAYER's core values and principles, to which all employees are dedicated globally, are the guides in everyday operations. The PAYER Code of Business Conduct specifies the values and supports further implementation by establishing a set of non-negotiable, minimum standards of conduct in key areas.

The commitment to maintaining a strong ethical and compliant culture is reflected in these. Adhering to the outlined guidelines will ensure a harmonious work environment and promote the values that define PAYER as an organization.

COMPLIANCE WITH THE CODE

We will consult the code, comply with its provisions and seek guidance when in doubt.

COMPLIANCE WITH LAWS, REGULATIONS AND DIRECTIVES

We always abide by the law.

HUMAN RIGHTS, RESPECT AND INTEGRITY

We consider human rights to be fundamental values.

DISCRIMINATION

We encourage diversity and respect the dignity of our colleagues.

PRIVACY POLICY

We protect the personal data of employees, customers, suppliers and other business partners.

CONFLICT OF INTEREST

As a matter of principle, we act in the interest of PAYER.

BUSINESS OPPORTUNITIES

We are committed to promoting PAYER'S business.

FAIR COMPETITION

We believe in the importance of fair and free competition.

SENSITIVE INFORMATION

We value and protect our company's confidential information and we respect the confidential information of others.

FRAUD, PROTECTION OF COMPANY ASSETS AND ACCOUNTING

We insist on honesty and respect the company's assets and property.

BRIBERY AND CORRUPTION

We denounce any form of bribery and corruption.

GIFTS, HOSPITALITY AND INVITATIONS

We base our business and competitive standing on quality and competence.

DONATIONS AND SPONSORING

We recognize our social responsibility.

WORKFORCE SAFETY

We see the safety and health of employees as core values.

PROTECTING THE ENVIRONMENT AND THE CLIMATE

We see environmental protection and climate protection as a key task.

HEALTH AND SAFETY

The goal across the organization is to take responsibility for creating safe workplaces and protecting all employees by implementing a sustainable business strategy and complying with the Health and Safety Policy. Protecting a clean, healthy, and safe working environment as ensuring a safe and healthy workplace is always a top priority. With the effective involvement of employees and the external safety representative, safety in the workplace is part of the corporate culture. Due to that, continuous management, control, and monitoring of risks in the workplace is ensured. The suppliers and service providers are required to comply with equivalent health and safety standards.

LABOR AND HUMAN RIGHTS

PAYER is committed to upholding the highest standards of labor rights and human rights across all aspects of operations and supply chains. The responsibility to respect and promote the rights of all individuals involved in business activities, including employees, contractors, suppliers, and the communities in which PAYER operates is highly respected. The commitment to labor and human rights is integral to the core values and fundamental to achieving business objectives sustainably and responsibly. The Labor and Human Rights Policy outlines the firm commitment to promoting fair and equitable treatment, ensuring safe working conditions, and upholding the dignity and well-being of all individuals affected by PAYER's operations.

MODERN SLAVERY AND FORCED LABOR

Child labor and forced labor represent widespread challenges on a global scale. As a leading global employer and purchaser of services and goods, PAYER Group recognizes its significant role in addressing these pressing issues. In line with the commitment to treating all individuals with dignity and respect, PAYER Group has established the following Principles:

- Unequivocally condemn the use of child labor or forced labor in any of the operations and facilities worldwide.
- To stand firmly against the exploitation of children, their involvement in hazardous work, and any form of physical punishment, abuse, or involuntary servitude of workers.
- Expectations to suppliers and contractors to adhere to the same high standards. Should any supplier or contractor fail to correct violations of these Principles after being made aware, PAYER will terminate the business relationship.

- For these Principles, a "child" is defined as anyone under the age of 15.
- Support of temporary workplace internship and apprenticeship programs for young individuals with a minimum age of 15, as well as customary seasonal employment, if they are under close supervision and their well-being, safety, health, and mandatory education are safeguarded.
- Sourcing is tasked with overseeing the implementation and enforcement of these principles on a global scale by suppliers and contractors.

PAYER Group remains steadfast in its commitment to upholding these Principles and contributing to the eradication of child labor and forced labor worldwide.

ANTI-BRIBERY AND ANTI-CORRUPTION

PAYER Group is committed to conducting business with integrity, transparency, and strict adherence to ethical standards. It acknowledges the challenges posed by bribery and corruption on a global scale and recognizes the pivotal role in combatting these issues. Bribery and corruption undermine fair competition, erode trust, and jeopardize the standing in the business community. PAYER Group remains steadfast in its commitment to upholding these Principles and contributing to the eradication of bribery and corruption worldwide.

WHISTLEBLOWING

PAYER is committed to ensuring compliance with company regulations and fostering an ethical corporate culture by adhering to the highest standards regarding fair dealing, honesty, and integrity in its business activities. The management is committed to open communication within the company as well as to adhering to high ethical standards. Committing criminal acts within or from within the company is not tolerated. Therefore, a set of rules relating to communicating relevant risks within the company was set up. PAYER encourages the reporting of all instances of suspected unethical, illegal, corrupt, fraudulent, or undesirable conduct related to the company's business. Furthermore, safeguards and measures for individuals who disclose such conduct without fear of victimization or retaliation are provided. Any leads are investigated promptly and without exception. Internal whistleblowers are informed promptly about the status of the investigation. Whistleblowers are not discriminated against in any way within the company because they have made a report in good faith. On the contrary, employees who discriminate against whistleblowers can expect disciplinary consequences.

SUSTAINABLE PROCUREMENT

At PAYER Group, all actions are guided by core values, emphasizing the dedication to protecting people, the environment, customers, suppliers, and the communities to be served. Social responsibility and striving for sustainability across all aspects of the operations, from sourcing to purchasing, is prioritized. Through the procurement policy, the sustainability of operations by adhering to the laws and regulations of the countries where PAYER operates is enhanced, exemplary standards in economic, social, ethical, and environmental practices are promoted, and risks associated with procurement procedures are identified and mitigated. In line with the commitment to the highest standards, the suppliers are expected to uphold similar values in their business practices regarding compliance with laws and regulations, working conditions, environment, ethics and integrity, data protection and data security as well as fair competition. To ensure the high standard standards of sustainability and ethical behavior also with all PAYER Business Partners a Supplier Code of Conduct was created. It defines the ethical principles and general requirements that PAYER imposes on its suppliers, including service providers, consultants, independent contractors, agents, or other third parties acting on behalf of PAYER, regarding their responsibility for people and the environment.

In the medical technology industry, we have a special responsibility towards people, healthcare facilities and the environment. Our products and services should not only help to heal people and improve their well-being, but also protect the environment and conserve resources.



Maurice Deuss,
General Manager Business Unit Medical

REGIONAL VALUE CREATION

SUPPORTING SOCIETY

At PAYER, we are deeply committed to conserving our resources and supporting regional and nature-based projects. We understand the importance of protecting and preserving our environment and take our responsibility to make a sustainable contribution seriously. For this reason, we are actively committed to implementing various initiatives aimed at conserving and protecting our resources.

In this context, several projects are carried out that benefit both regional communities and nature. These projects range from supporting local environmental protection organizations to implementing measures for reforestation and the protection of endangered animal species. We are also involved in projects to promote renewable energy and reduce our environmental footprint.

Through our ongoing efforts and investments in these projects, we strive to have a positive impact on our environment and the communities in which we operate. We firmly believe that through joint efforts and collaboration with other organizations and stakeholders, significant progress can be made in environmental protection and sustainable development.



CORPORATE SOCIAL RESPONSIBILITY

PAYER Bees – Bee Careful!

Bees make a precious contribution to nature. They do not only provide us with honey, wax and propolis, but above all they have an enormous importance for the ecological balance on earth. By pollinating plants, bees contribute significantly to the maintenance of biodiversity and reproduction of wild plants. Bees are threatened with extinction. Causes include modern agriculture, climate change, and various pathogens and viruses. Sustainable management and the responsible use of resources are our corporate responsibility. We are therefore committed to actively counteracting bee mortality by providing habitats for bees. Since May 2021, we have been sharing our company premises with two bee colonies and producing around 50 kg of honey every year, which we give away to our employees.



PRESENTS & FOOD AND DRINKS OF REGIONAL SUPPLIERS

In general, PAYER tries to buy regional products to support farmers and companies in the immediate vicinity and to keep transport distances as short as possible. For example, the free apples for all employees as well as fruit juices in returnable glass bottles are obtained from regional suppliers. This procedure is also followed when procuring gifts for employees for Christmas or birthdays.



CHRISTMAS CHARITY

We traditionally carry out a charity campaign each year. Donations for families in need of the region are collected and donated by PAYER employees. Used but in good condition, children's toys, dolls, stuffed animals, books, sweets, durable food, toiletries, and cleaning supplies are donated. Due to the current situation in the world donations are more important than ever.



SUPPORT OF LOCAL CULTURAL EVENTS

Besides the above-mentioned actions, PAYER also supports local cultural events to uphold the culture and to strengthen and encourage efforts by people from the region. Events, which are usually supported, are for example classical music concerts or theater plays.



EASTER EGG PAINTING

In April 2023, PAYER Hungary had the pleasure of hosting a special event where interested colleagues had the opportunity to immerse themselves in the world of egg painting. The esteemed guest, Ildiko Balogh, a renowned folk industrial artist, joined them for this special experience. PAYER Hungary enjoyed the event and looks forward to exploring more artistic endeavors together in the future.

VOLUNTARY LEAF COLLECTION

The PAYER Hungary colleagues love the fact that the company site has many deciduous trees, but surely in autumn, when the leaves are falling, the gardeners cannot cope with the many tasks alone. In November, the team managed to collect more than 100 bags of leaf litter in about three hours on a Thursday afternoon. The delicious tea and bread and butter after the work was done was certainly enjoyed and the day ended with good conversations.





TESZEDD! 2023 - VOLUNTEERING FOR A “CLEAN HUNGARY”

Hungary’s largest voluntary waste collection movement, which took place for the 11th time with the support of the Ministry of Energy. The national campaign aims to make the environment cleaner through voluntary action. The team of PAYER Hungary combined this Saturday program with some team building, getting to know each other better during a joint hike and a bacon barbecue.



CELEBRATING THE DAY OF BIRDS AND TREES

With the cooperation of Ottó Herman, the Day of Birds, and Trees, which became official in 1906, is celebrated every year on May 10. Paying tribute to birds and trees is a worthy symbol of peaceful coexistence and the protection of our common natural values. We live in a time when active action and cooperation are needed at both the individual and community levels to pass on a more livable and sustainable world to our children and grandchildren. In this spirit, employees planted trees in the PAYER Hungary courtyard to contribute to a better environment.

DATA SECURITY & PRIVACY

PAYER protects the personal data of employees, customers, suppliers, and other business partners. All this data is processed within the scope of their business operations. The protection of personal data is taken very seriously. Any processing of personal data (e.g., collection, use, disclosure, publication, and storage) is only allowed in compliance with the applicable legal provisions and the PAYER Data Protection Guidelines. All employees are required to handle personal data carefully and conscientiously. The data protection measures correspond to the data protection regulation of the European Union.





REVIEW & OUTLOOK

REVIEW & OUTLOOK

WHAT WE ACHIEVED



In 2022, the PAYER Group started with its preparation for the first EcoVadis sustainability certification and continued with it in the beginning of 2023. Our efforts paid off as we received the bronze medal from **EcoVadis** in June, which placed the PAYER Group in the upper 50% of rated companies when it comes to sustainability. This award marks a significant milestone on our journey towards sustainable business practices. With the clear goal of becoming more sustainable in mind, we ambitiously worked on the preparation for the next year's certification and for the first sustainability report under the European Sustainability Reporting Standards (ESRS). The data collection required for any sustainability report has begun and continues throughout the next few years to monitor our progress. Furthermore, projects like the double Materiality Analysis, a Greenhouse Gas Balance Analysis, and an Energy Flow Analysis in cooperation with Graz University of Technology were finalized. While the Life Cycle Assessment of one of our flagship products started at the end of the year, 2023. The recognition from EcoVadis motivates us to pursue and continually improve our lofty objectives. Our achievements in 2023 demonstrate our ongoing efforts and commitment to improving our serious corporate sustainability and responsibility in this area.



ENVIRONMENTAL:

- Identification of Scope 1, 2, and parts of 3 of greenhouse gas emissions at PAYER Europe within the Greenhouse Gas Balance Analysis
- Implementation of measures to reduce energy consumption identified on the basis of the Energy Flow Analysis

SOCIAL:

- Support of further training for all employees within PAYER (without temporary workers) for receiving 5 training hours on average per year by 2030
- Implementation of 2 staff meetings per year at each site for transparent communication
- Set-up of a new internal communication and information platform, called PAYERconnect, in 2023
- Maintaining equal pay for work of equal value at all sites
- Achieving a 45% share of women in leadership and management positions at all sites by 2030
- Receiving 0% reports regarding infringing human rights every year

GOVERNANCE:

- Set-up of whistleblowing platform with data protection and protection of whistleblowers in 2023.
- All employees are trained the Code of Business Conduct (including online test) when joining PAYER within the onboarding plan.
- Exclusive selection of and cooperation with suppliers who renounce child labor to 100%.

FUTURE PERSPECTIVES



In 2024, we will further assume our responsibility for becoming more sustainable. Our continuous communication of our new, company-wide policies assures that there is a vivid implementation of the goals that we set ourselves. The results of the Life Cycle Assessment will give us a deeper insight into the carbon footprint at product level so that we can act accordingly. We will also continue to pursue our ambitious goals and the measures taken to achieve them.

ENVIRONMENTAL:

- 50 % of the plastic granulate as well as electronics which we use for consumer goods will be made out of recycled materials in 2040 vs. 2020
- 100 % of our consumer goods packaging will be designed to be recyclable or reusable in 2030
- 50 % reduction in virgin petroleum plastic resin in our consumer packaging by 2030
- Reduce Scope 1 & 2 GHG emissions by 50 % in 2030 vs. 2020
- Reduce Scope 3 GHG emissions by 100 % in 2040 vs. 2020
- Purchase 100 % renewable electricity globally at all sites by 2030
- Reduce Global Upstream Finished Product Freight emissions intensity by 50% in 2040 vs. 2020

SOCIAL:

- Execution of employee performance reviews with her/his supervisor at least every two years at each site
- Reaching a Total Recordable Injury Rate (TRIR) below 1,0 every year
- Launching a health & wellbeing program accessible to 100% of every PAYER employee, "Our People: PAYER – WE CARE" by 2025 at every site
- Achieving a 0% complaint or reported failure rate annually in the "Medical" business unit.
- Attaining 95% customer satisfaction in the areas of "Accessibility of contact persons" and "Speed of response" in the yearly online customer satisfaction analysis.
- Accomplishing 95% customer satisfaction in the area of "Flexibility regarding short-term changes" in the yearly online customer satisfaction analysis.

GOVERNANCE:

- Confirmation of alignment with the Supplier Code of Conduct as a prerequisite for cooperation



Our journey into publicly accessible sustainability reporting begins with this report. To ensure transparency, comparability, and accuracy, we have chosen to rely on proven standards. Therefore, this report has been prepared using the ESRS. We will continue to improve our sustainability report throughout the years, as it serves as an important tool for communicating with our internal and external stakeholders. The aim is to track the effectiveness of our measures over time using objective and scientific criteria to ensure that we achieve our sustainability goals.



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LIST OF ESRS DISCLOSURE REQUIREMENTS

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LIST OF PAYER METRICS – SOCIAL

METRIC	SPECIFICS	UNIT	2021	2022	2023
The headcount of employees	Male	HC	344	311	299
	Female	HC	570	530	506
	Other	HC	0	0	0
	Total	HC	914	841	805
The headcount of permanent employees	Male	HC	334	304	291
	Female	HC	551	515	481
	Other	HC	0	0	0
	Total	HC	885	819	772
The headcount of temporary employees	Male	HC	10	7	8
	Female	HC	19	15	25
	Other	HC	0	0	0
	Total	HC	29	22	33
The headcount of non-guaranteed hours employees	Male	HC	0	0	0
	Female	HC	0	0	0
	Other	HC	0	0	0
	Total	HC	0	0	0
The headcount of full-time employees	Male	HC	335	300	287
	Female	HC	543	504	483
	Other	HC	0	0	0
	Total	HC	878	804	770
The headcount of part-time employees	Male	HC	5	5	4
	Female	HC	18	15	13
	Other	HC	0	0	0
	Total	HC	23	20	17
The rate of employee turnover		%	43,1	43,1	27,3
The percentage of employees from minority/vulnerable groups		%	2,4	4,2	4,6
The percentage of employees from minority/vulnerable groups at management level		%	0,2	0,1	0,2
The headcount of employees in the management board		HC	23	21	22
The headcount of employees covered by collective bargaining agreements	PAYER employees	HC	124	136	127
	PAYER temporary staff	HC	13	18	17
	EEA employees	HC	137	154	144
	Non-EEA employees	HC	0	0	0

METRIC	SPECIFICS	UNIT	2021	2022	2023
	Employees at sites with existing workers' representatives	HC	137	154	144
The % of total employees covered by collective bargaining agreements	PAYER employees	%	13,6	16,2	15,8
	PAYER temporary staff	%	1,4	2,1	2,1
The collective bargain coverage rate within the EEA		%	15,0	18,3	17,9
The collective bargaining coverage rate outside the EEA		%	0,0	0,0	0,0
The percentage of employees covered by workers' representatives		%	15,0	18,3	17,9
The headcount of employees					
Management	Male	HC	25	19	22
	Female	HC	14	14	15
	Other	HC	0	0	0
	Total	HC	39	33	37
White collar workers	Male	HC	128	124	119
	Female	HC	90	97	97
	Other	HC	0	0	0
	Total	HC	218	221	216
Blue collar workers	Male	HC	174	149	142
	Female	HC	463	412	386
	Other	HC	0	0	0
	Total	HC	637	561	528
Apprentices	Male	HC	5	8	7
	Female	HC	1	0	0
	Other	HC	0	0	0
	Total	HC	6	8	7
The % of employees in the management	Male	%	2,7	2,3	2,7
	Female	%	1,5	1,5	1,9
	Other	%	0,0	0,0	0,0
The % of total employees	Male	%	37,6	37,0	37,1
	Female	%	62,4	63,0	62,9
	Other	%	0,0	0,0	0,0
The distribution of employees					
Under 30 years old	Headcount	HC	130	105	105
	Percentage	%	14,2	12,5	13,0
Between 30 and 50 years old	Headcount	HC	599	545	518
	Percentage	%	65,5	64,8	64,3
Over 50 years old	Headcount	HC	171	173	165
	Percentage	%	18,7	20,6	20,5
Adequate wages for all workers			YES	YES	YES
Social protection of all workers			YES	YES	YES

METRIC	SPECIFICS	UNIT	2021	2022	2023
The percentage of persons with disabilities subject to legal restrictions on the collection of data			0,88	1,31	1,12
The headcount of persons with disabilities	Male	HC	2	3	2
	Female	HC	6	7	7
	Other	HC	0	0	0
	Total	HC	8	10	9
The percentage of employees that participated in performance and career development reviews					
Management	Male	%	56,0	78,9	68,2
	Female	%	64,3	50,0	33,3
	Other	%	0,0	0,0	0,0
	Total	%	59,0	66,7	54,1
White collar workers	Male	%	88,3	86,3	105,0
	Female	%	84,4	84,5	105,2
	Other	%	0,0	0,0	0,0
	Total	%	86,7	85,5	105,1
Blue collar workers	Male	%	107,5	100,7	102,1
	Female	%	97,0	98,5	98,7
	Other	%	0,0	0,0	0,0
	Total	%	98,1	99,1	99,6
Apprentices	Male	%	0,0	62,5	71,4
	Female	%	0,0	0,0	0,0
	Other	%	0,0	0,0	0,0
	Total	%	0,0	62,5	71,4
The average number of training hours per employee					
Management	Male	h/employee	23,6	18,4	9,8
	Female	h/employee	43,0	41,5	12,0
	Other	h/employee	0,0	0,0	0,0
	Total	h/employee	30,5	28,2	10,7
White collar workers	Male	h/employee	39,6	37,7	35,7
	Female	h/employee	30,2	23,1	27,1
	Other	h/employee	0,0	0,0	0,0
	Total	h/employee	35,7	31,3	31,8
Blue collar workers	Male	h/employee	17,5	18,8	20,7
	Female	h/employee	15,4	15,7	17,0
	Other	h/employee	0,0	0,0	0,0
	Total	h/employee	16,0	16,5	18,0
Apprentices	Male	h/employee	72,8	22,3	11,3
	Female	h/employee	0,0	0,0	0,0
	Other	h/employee	0,0	0,0	0,0
	Total	h/employee	60,7	22,3	11,3
The % of workers covered by PAYER's health and safety management system	Based on legal requirements/re-cognized standards or guidelines	%	100,0	100,0	100,0

METRIC	SPECIFICS	UNIT	2021	2022	2023
	Which has been internally audited and/or audited or certified by an external party	%	58,2	60,8	60,2
The number of fatalities as a result of work-related injuries and work-related ill-health			0	0	0
The number of recordable work-related accidents			4	2	4
The rate of recordable work-related accidents		Accidents/ 10 ⁶ h	2,9	1,1	2,4
The number of cases of work-related ill health			0	0	0
The number of days lost to work-related injuries and fatalities from work-related accidents, ill health and fatalities from ill health		days	32	14	83
The rate of recordable work-related injuries with days lost, by temporary staff		Accidents/ 10 ⁶ h	0,0	0,0	0,0
The number of lost workdays for temporary staff		days	53	0	0
Severity rate of injuries with days lost, for temporary staff		days/ accidents	26,5	0,0	0,0
The % of employees entitled to take family-related leaves		%	66,3	67,9	68,8
The % of employees that took family-related leaves	Male	%	4,7	5,2	5,6
	Female	%	7,2	7,5	8,4
	Other	%	0,0	0,0	0,0
	Total	%	11,9	12,7	14,0
The total number of incidents of discrimination, including harassment			0	0	0
The number of complaints filed through channels to raise concerns			0	0	0
The total amount of fines, penalties and compensations for damages as a result of the incidents of discrimination, harassment and complaints		€	0,00	0,00	0,00
The number of severe human rights issues and incidents connected to PAYER's workforce			0	0	0
The total amount of fines, penalties and compensation for damages as a result of the severe human rights issues and incidents		€	0,00	0,00	0,00
The amount of hours worked		h	2.042.998	1.776.981	1.686.202

LIST OF PAYER METRICS – ENVIRONMENT

METRIC	SPECIFICS	UNIT	2021	2022	2023
Energy consumption and mix	Coal and coal product	MWh	0,000	0,000	0,000
	Crude oil and petroleum products	MWh	7,5	7,0	7,1
	Natural gas	MWh	1.084,9	871,5	849,3
	Other fossil resources	MWh	0,000	0,000	0,000
	Purchased or acquired energy from fossil resources	MWh	7.453,0	6.853,3	6.875,7
The total energy consumption from non-renewable resources	Fossil sources	MWh	8.545,4	7.731,7	7.732,1
	Nuclear sources	MWh	0,000	0,000	0,000
Total energy consumption from renewable resources	Fuel consumption from renewable sources	MWh	0,000	0,000	0,000
	Consumption of purchased or acquired energy from renewable resources	MWh	2.292,2	2.069,7	1.974,5
	Consumption of self-generated non-fuel renewable energy	MWh	0,000	0,000	0,000
Energy intensity based on net revenue		kWh/€	74	75	76
The total energy production from renewable resources		MWh	0,000	0,000	0,000
Scope 1 GHG emissions	at PIT	kg CO2eq	110.400	108.500	166.774
	at PIH	kg CO2eq	310.877	257.884	260.678
	at PIC	kg CO2eq	15.182	15.842	16.502
	total	kg CO2eq	436.459	382.226	443.954
Scope 2 GHG emissions (location-based)	at PIT	kg CO2eq	304.863	275.270	262.609
	at PIH	kg CO2eq	1.016.067	940.052	896.084
	at PIC	kg CO2eq	1.764.015	1.607.360	1.733.110
	total	kg CO2eq	3.084.945	2.822.682	2.891.803
Scope 2 GHG emission (market-based)	at PIT	kg CO2eq	38.748	33.970	32.175
	at PIH	kg CO2eq	471.122	435.876	415.489
	at PIC	kg CO2eq	1.017.308	927.005	999.371
	total	kg CO2eq	1.527.179	1.196.851	1.447.036
Total weight of recovered waste		kg	446.162	316.708	315.457
Total amount of non hazardous waste generated		kg	445.138	316.708	315.457
Total amount of radioactive waste		kg	0	0	0
Total water consumption		ML	14,0	14,1	16,9
Total amount of recycled or reused water		ML	5,6	5,0	4,4

LIST OF PAYER METRICS – GOVERNANCE

METRIC	SPECIFICS	UNIT	2021	2022	2023
The total number of confirmed incidents of corruption and/or bribery			0	0	0
The number of convictions and the amount of for violation of anti-corruption and anti-bribery laws			0	0	0
The number of confirmed incidents where workers were dismissed or disciplined for corruption or bribery-related incidents			0	0	0
The number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption and bribery			0	0	0
The total monetary value of financial and in-kind political contribution made directly or indirectly by PAYER		€	0,00	0,00	0,00
The number of reports filed through the whistleblower procedure			0	0	0
The number of confirmed information security incidents			0	0	0

IMPRINT

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INFORMATION

This sustainability report has been prepared carefully and conscientiously.
We have tried to ensure that the data and presentations are correct.
Figures have been rounded to improve readability. Despite extensive efforts
to avoid spelling, rounding and typing errors, these cannot be completely ruled out.

