38 "Antim I" Str, 9700 Shumen, Bulgaria, Fax: +35954800019, Phone: +35954 802 869,+35954823011
office@herti.bg, sales@herti.bg;

ADOPTED BY THE
BOARD OF DIRECTORS
November 2025

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT POLICY

I. INTRODUCTION AND SCOPE

This policy defines the principles, values and commitments of HERTI JSC as a socially responsible and sustainable company. Its aim is to integrate responsible business practices into all activities of the company, to support international standards and sustainable development goals and to create long-term value for shareholders, employees, partners and society.

II. CORPORATE GOVERNANCE AND ETHICS

HERTI JSC adopts good corporate governance as the basis of its development, ensuring:

- Transparency and accountability in the management;
- Balanced relationships between shareholders, management, partners and employees;
- Strict implementation of ethical business practices, anti-corruption policy and Ethical Trading Initiative (ETI) standards;
- Compliance with ESG principles and the requirements of the European **CSRD**.

III. MISSION AND VISION

Our mission is to meet the needs of customers and partners through innovative, sustainable and high-quality packaging solutions that protect nature.

Our vision is to be a strategic partner that combines economic success with a positive impact on people, society and the environment.

IV. GOALS AND STRATEGY FOR SUSTAINABLE DEVELOPMENT

- **Environment –** minimizing the ecological footprint, reducing carbon emissions and moving towards a circular economy;
- **Social responsibility –** ensuring decent working conditions, equality, a healthy and safe working environment;
- **Governance –** transparency, ethics and effective control in all business processes;
- **Society –** supporting education, culture and social development in the communities in which we operate;
- **Innovation –** investments in sustainable technologies and research and development.

The company develops and implements an ESG strategy with long-term and short-term goals, which:

- Follows international standards (UN SDGs, GRI, ISO 26000, ESRS);
- Includes annual measurement and reporting of key indicators:
  - Carbon intensity per 1000 caps;
  - Percentage of recycled and reused materials;
  - Staff satisfaction and engagement index;
  - Number of trainings and social initiatives conducted;
- Customer Satisfaction Index
- Provides publicity through annual sustainability reports.

V. BASIC PRINCIPLES

1. Sustainable economic growth and decent work

- Maintaining a modern production base through innovation and technological modernization;
- Implementation of a policy for diversity, equality and non-discrimination;
- Ensuring safe working conditions through internal rules, regular training and risk prevention programs;
- Creating a stimulating environment for development and career growth.

2. Sustainable consumption and environmental protection

- Development and implementation of waste management and circular economy policy;
- Regular energy audits and implementation of energy efficiency measures;
- Reducing greenhouse gas emissions and implementing low-carbon technologies;
- Staff training on sustainability and environmental protection issues.

3. Innovations and Infrastructure

- Support for research and development (R&D) with a focus on environmentally friendly materials and new technologies;
- Development of production processes with minimal environmental impact;
- Investing in digitalization and automation for higher efficiency.

4. Education and Health

- Preparation and implementation of annual training and development plans for staff;
- Collaboration with educational institutions for internship programs and career initiatives;
- Supporting health and social projects for employees and local communities.

5. Partnerships for sustainable development

- Active cooperation with local authorities, non-governmental organizations and the business community;
- Participation in public initiatives and support for cultural, educational and social causes;
- Public and timely disclosure of information to all stakeholders

VI. MONITORING AND REPORTING

HERTI JSC introduces mechanisms for:

- Regular monitoring of progress on ESG objectives;
- Annual reporting and publicity through a sustainability report;

This policy is subject to periodic review at least once every 3 years or upon significant changes in legislation or the strategic direction of the company.

This Policy was adopted by the Board of Directors at its meeting on 18.11.2025.