



02

+ value

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The value creation model

Altri's business model has the main objective of creating long-term value for all its stakeholders, aiming to maximize the positive impact on the various dimensions of sustainability.

To demonstrate the evolution of the value creation process, from the resources to the results achieved by the Altri Group, it is essential to have an integrated overview of the company's activity. The following figure illustrates the value creation model of 2022, based on the methodology of the <IR> Framework Integrated Reporting.



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- value

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The value creation model

resources

Human capital

- 816 direct employees
- 18% women
- 80 new hires
- 13% < 30 years
- Plan for gender equality

Natural Capital

- 90.4 thousand hectares of Forest managed by Altri
- 8.3 MtCO₂e Stock of CO₂e in forest biomass
- 93% of energy sources are non-fossil
- 96% of the raw materials used are renewable
- 20 m³ of water/ADt

Financial Capital

- €439 million cost of sales
- 50 M€ staff costs
- 255 M€ provision of external services

Intellectual Capital

- 1.7 M€ investment in R&D
- 55 interns
- 21 partnerships with universities and research centres

Social and Relational Capital

- 455 direct suppliers
- 81% expenses on domestic suppliers
- 23 relevant partnerships in sector entities and associations

Industrial Capital

- 3 industrial units of cellulosic fibres in Portugal

governance

Products

Cellulosic fibres and energy from renewable sources

Risks and Opportunities

Environmental • Social • Governance • Climate Change • Raw Materials • Digitization

Activities



Integrated forest management



Production of eucalyptus cellulosic fibres

Strategic Vectors

Developing and recovering the forest

Focus on excellence and technological innovation

Valuing people

Affirm sustainability as a factor of competitiveness

purpose



values



Integrity



Simplicity



Courage



Excellence

results

+ People

- 34 accidents with +3 lost days (internal and external workers)
- 23 thousand hours of training
- 29 women in leadership positions
- Turnover rate: 4.6%
- Total amount of remuneration: 50 M€

+ Forest + Environment

- 860,552 GJ of renewable energy sold to national grid
- 94,295 tCO₂ scope 1, 28,972 tCO₂ scope 2 (mkb), 328,995 tCO₂ scope 3
- 60,534 tons of recovered waste
- 10,167 hectares of conservation areas
- 7 biodiversity stations
- 70% consumption of certified wood

+ Competitiveness

- 1,066 M€ total revenue
- €301 million EBITDA
- 28% EBITDA margin
- 152 M€ Net Income

+ Excellence and Innovation

- 14 ongoing projects for the development of processes and new products
- 21 digital transition projects implemented

+ Community

- 234,255 euros for community development
- 42 young people at the Altri Summer Academy
- Strong involvement with neighboring communities

+ Future

- Production of 1.1 Mt of cellulosic fibres
- Gamma Project
- Caima Go Green
- Production of acetic acid and furfural
- Decarbonisation

2030
COMMITMENT

Altri's contribution to the SDGs is reflected in its 2030 Commitment.

Altri recognises the importance of the United Nations Sustainable Development Goals (SDGs) as part of a joint, global-ambition agreement that aims to end poverty, protect the planet, and improve the lives and prospects of all the world's citizens.

Altri supports all seventeen SDGs, with a focus on targets 5.5, 6.3, 6.4, 7.2, 8.8, 12.5 and 15.9 identified as more relevant to its agenda and more significantly impacted by its operations and products. The 2030 commitment arises both from the positive impacts of Altri that contribute to the SDGs, and from the awareness of the negative impacts that the company has the responsibility to mitigate.

Altri's 2030 Commitment has been updated during 2022 due to the following events:

- Distribution of dividends in kind of Greenvolt shares, date from which Altri Group lost control over the Greenvolt Group;
- Approval of the Science Based Target, with base year 2020, led to some reformulations in the initial targets for GHG Emissions and inclusion of new scope 3 categories, which did not affect significantly the previously established targets.

 + people



5.5

Gender Equality

The Plan for Gender Equality Altri 2022 has as its fundamental objective, in accordance with and for the purposes provided for in Article 7°; n.° 1, of Law n.° 62/2017, to contribute furthermore to achieving effective equality of treatment and opportunity between women and men, promoting the elimination of gender discrimination and fostering the reconciliation between personal, family and professional life.

 + forest



15.1
15.2

Forests

Forests are increasingly valued mainly for their potential in climate change mitigation. Sustainable forest management protects biodiversity and helps combating climate change. The Intergovernmental Panel on Climate Change (IPCC) recognises the importance of sustainable forest and soil management in combating climate change and protecting biodiversity. At Altri, we seek to focus on long-term planning to ensure that our forestry operations are prepared and adapted to climate change. Risks and opportunities related to climate change and forests and land use are taken into account in our risk management process, an integral part of Altri's management approach. Improved productivity and high quality of raw materials help to maximize benefits by replacing fossil-based products.



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altri

 + competitiveness


8.8

Growth

We emphasize an inclusive culture, with strong values and a sense of purpose, where the health and safety of employees always comes first. We continuously work for and commit to ensuring measures to promote increased health and safety for our employees. These measures range from our operations to security measures implemented during the global pandemic. We have an internal prevention policy to ensure the well-being and health and safety of our employees and service providers.



12.5

Production

Our operations are developed using renewable raw materials and are based on sustainable forest management, which contributes to the consumption and responsible use of resources. The world needs material consumption to be transferred to materials that are renewable and recyclable – circular bioeconomy – to combat climate change. Similarly, we seek to make our processes more efficient to generate less waste and to reintegrate the unavoidable waste in our production chain.

 + environment
6.3
6.4

Water

Forests play a key role in the natural maintenance of hydrological cycles and the absorption of CO₂, and for this reason they increase resilience to the impacts of climate change. The commitment to sustainable forest management contributes to SDG 6 – Clean water and sanitation. We also seek to reduce water use in our production processes, making them more efficient.



7.2

Energy

The consumption of energy from renewable sources is essential for reducing the ecological footprint and consequent mitigation of environmental impacts. At Altri we produce energy from renewable sources and we seek that the energy consumption of our industrial plants is also supplied by renewable sources.



13.2

Emissions

When not managed correctly, CO₂ contributes to global warming, while SO₂ and NO_x emissions influence air quality and can cause acid rain and soil acidification. The EU Emissions Trading System (EU ETS) – the first mandatory GHG emissions trading system – covers 40% of EU emissions and is one of the biggest regulatory elements in combating climate change. ETS grants carbon licenses to industries where costs related to climate policies are considered to cause companies to transfer production to countries outside the EU, with lower requirements. Altri is developing a tool to evaluate its emissions, from the forest to the final use of cellulosic fibres, to perform the calculation of emissions transversely and more adapted to reality. The advantage of this tool is to enable the calculation and disclosure of GHG emissions data, including avoided emissions and carbon sequestration in our forests. We intend to show that Altri contributes significantly to SDG 13 – Climate Action and render our operations and their impacts more transparent to customers.



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DEGREE OF COMPLIANCE* (2022)	2018 BASE YEAR	2022	2030 GOAL	SDG
Reduce the specific use of water (m ³ /ADT) in Altri's industrial units by 50%	20	20	10	
Reduce the organic load (COD, kg O ₂ /ADT) in Altri's industrial effluents by 60%	11	11	4	
100% of the primary energy consumed in the industrial units of Altri is of renewable origin	83%	93%	100%	
Double the number of women in leadership positions	19	29	38	
100% of process waste recovered or reused **	77%	64%	100%	
Reduce specific emissions of GHG from scope 1 and 2 by 51% (kgCO ₂ / ADT) ***	163 (2020)	109	65	

DEGREE OF COMPLIANCE* (2022)	2018 BASE YEAR	2022	2030 GOAL	SDG
Reduce scope 3 emissions by 25% (kgCO ₂ /ADT) ***	268 (2020)	288	201	
Increase the percentage of wood consumption with forest management certification by 40%	57%	70%	80%	
Double the area under natural conservation management (ha)	7.980	10.167	16.000	
Develop 13 biodiversity stations and biospots	2	7	15	
Walk toward achieving zero accidents with lost days****	n.d	34	0	

*Degree of achievement of the goal in relation to the goals set for the year 2021; **The indicator of Waste Recovery (ODS12) was revised for 2022, no longer considering the waste of Greenvolt plants ***SBT Base Year – 2020; ****More than 3 days lost

risks and opportunities

Risk management



Identifying
and prioritising
risks



Evaluating
risk factors
and control
mechanisms



Reflecting
about impact
magnitude and
probability o
f occurrence



Implementing
mitigation and
management
actions



Monitoring
of ongoing critical
factors

To ensure the long-term development of Altri, it is crucial to conduct a comprehensible reflection and action. This reflection should include the identification and monitoring of risks and opportunities that may impact Altri's activities in order to integrate this information into the decision-making process.

Understanding the current global context, taking into account the urgency of climate change and the potential impacts they may have on the business, enables Altri to take a proactive risk management approach. Through this approach, Altri identifies and proposes to mitigate risks in time, and accepts the challenge of converting them into opportunities.

For Altri, a substantive change with financial impact can be described as the one that can affect the company directly or its value chain: Financially, relevant changes in main

financial KPI (e.g. revenue), or strategically (e.g. changes that make it impossible to pursue Altri's strategic objectives).

Altri's risk management is carried out in a value-creation perspective, with a clear identification of threat situations that may affect business objectives. The Group's management, based on sustainability criteria, is becoming increasingly crucial within the organisation, and risk management is monitored in a holistic manner (including operational, environmental and social components), with increasing acuteness.

Within the Quality, Environment, Energy and Safety Management System, Altri applies a multidisciplinary integrated system in its processes of identification, evaluation, prioritisation, management and risk monitoring. Altri initiated in 2022 a project to align the risk management process with the COSO ERM 2017 and ISO 31000:2018 standards.

The review of the different risk and business opportunities analysis is done twice a year, which in turn leads to the annual review of mitigation and management actions of risks and opportunities.

During these analyses, Altri performs a cross-assessment between the magnitude of the impact and the probability of the occurrence, based on material topics, with the resulting relevance matrix allowing the prioritisation of the identified risks.

Opportunities

- Promotion of energy efficiency
- Promotion of the circular economy
- Forest heritage and its role in carbon sequestration
- Energy self-sufficiency
- Innovation and development of new products



Environmental

- Environmental impact of industrial units/Environmental restrictions on industrial production
- Fires and natural disasters
- Power injection restrictions on National Electrical Network

Risks

- Change of consumer selection criteria
- Organisation under renewal process with many young employees
- Increasing promotion of safe and healthy workplaces for all
- Balance between professional life and personal life



Social

- Identification of employees with the values and culture of the company
- Organisation under renewal process with many young employees
- Perception of the surrounding communities of the manufacturing units
- Industry reputation
- Accidents at work

- Good delegation/acceptance of responsibilities
- Clear guidance for objectives and goals
- Good communication ability
- Agility in decision making
- Issuing of relevant policies (e.g. Human Rights Policy, Participation in the Communities, etc)



Governance

- Risks related to ethics, anti-corruption and anti-trust
- Reputation risks
- Regulatory or legal non-compliance
- Transparency



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Opportunities

- Development and expansion of low carbon products/services
- Participation in carbon markets
- Use of low emission energy sources
- Use of more efficient production and distribution processes



Climate change

- Existing and emerging regulation/price increase of GHG emissions
- Stigmatization of the industry/changes in consumer preferences
- Increase in frequency and severity of extreme weather events
- Operational disturbances

Risks

- Renewable raw material
- Innovation and product and process development
- Wood from forests with certification of sustainable forest management



Raw materials

- Limitation on access to (certified) raw material at economically viable prices
- Constraints in the supply chain
- Loss of biodiversity
- Controversies related to the supply of wood
- Regulatory or legislative restrictions

- Digital transformation
- Optimisation of industrial processes and in the value chain
- Transparency and traceability of supply chains
- Improvements in communication and supervision
- Investment in technologically more advanced equipment



Digitalization

- Cyber attacks
- Legal risks related to compliance with data protection regulations
- Upskilling and reskilling of workers
- Energy needs

(Note: The Risks and Opportunities identified in the year 2022 are very similar or identical to the risks of last year, with the exception of the risk of new pandemics. Based on the experience of recent years, with the pandemic colloquially referred to as "COVID-19", it is known that this will be a risk to consider in the future. However, it was not considered relevant for this reporting year.)

2.3 share value

Stakeholders

In addition to sharing value with its stakeholders through its business model, Altri recognises the vital importance of its involvement in achieving long-term success. Altri's involvement is maintained through a constant dialogue, fundamental to identify its concerns, global trends and market expectations.

Stakeholder groups were identified, as well as the main mechanisms of dialogue with each group.

Policy makers



Biond, CEPI, Fit for 55, AEM (Portuguese Issuers Association);

Meetings

Written communication and proposal for revision, in a regulatory framework, at national and European Union level

Integrated Report

AltriNews

Website

Official Entities

Regular release of statistics and reports

AltriNews

Integrated Report

Website

Customers

Visits

Customer surveys

Evaluation of the external perception of customers

Strategic partnerships

AltriNews

Reports (Report and Accounts)

Website

Shareholders/ investors


Results releases

Conference calls

Reports (Report and Accounts)

AltriNews

Website



Communities/ Nongovernmental organisations

Financial donations

Collaboration in support to Social Solidarity Institutions;

Voluntary actions

Joint organisation of simulacra with fire-fighting corporations

Lending of the training ground for fire-fighters brigades

Assignment of computer equipment

Support for various School initiatives

Programme: Summer Academy

AltriNews

Integrated Report

Website



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Partners, Suppliers and Other Creditors

Qualification and evaluation of suppliers of services and raw materials;
 Training actions and information sessions to service providers and managers of these companies Partnerships with Biond
 Participation in the actions of safety technicians from external companies
 Paper Industry Safety Card (CSIP)
 Responsible behaviours programme
 Training in the Forest working front
 AltriNews
 Integrated Report
 Website



Academic Community

Protocols for collaboration with universities
 Curricular and professional internships
 Visits to the industrial units
 AltriNews
 Website



Media

Press releases
 AltriNews
 Website
 Integrated Report



Employees

Daily and weekly meetings
 Intranet
 Training actions
 Meetings (of Managers and Executives, with Trade Union Committees) Committee on Environment, Health and Safety at Work
 Linkedin
 AltriNews



2.3 share value

Suppliers

Aware of the importance of balancing financial performance and its contribution to sustainable development, Altri has been working along its value chain to drive innovation and find new solutions to some of the world's sustainability challenges.

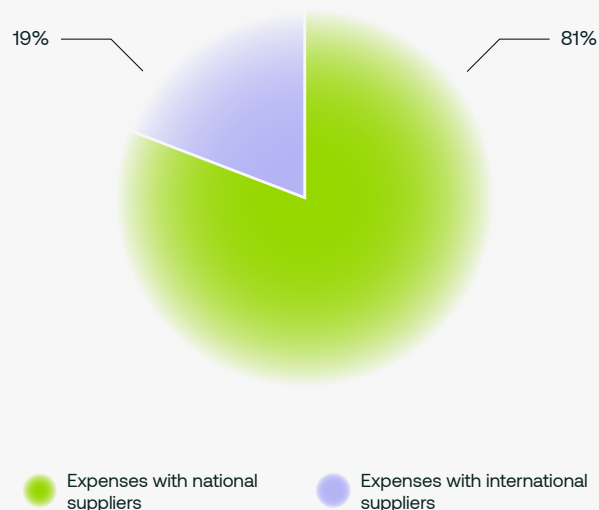
Suppliers are a key part of the value chain, as Altri's activity is intrinsically linked to the responsiveness of suppliers, both in the provision of services and delivery of materials, and in compliance with legal, tax requirements, environmental and sustainability policies. All these considerations are particularly relevant to maintaining a trust relationship with suppliers.

In the selection of its suppliers, Altri prioritises the choice of national suppliers to promote the local and national economy, and in 2022, 81% of the total expenses were spent with national suppliers.

In order to maintain a close relationship and facilitate verification of those requirements required by Altri, suppliers are requested to register with the External Services Qualification Portal ("PQSE" or "Portal") and provide the required documentation, that is validated and regularly checked by Altri's teams.

The information registered on the Portal also allows Altri to have greater knowledge about the management policies and practices of the suppliers. Currently, out of the more than 400 suppliers registered and approved to maintain contractual relations with Altri, there is already a significant percentage with relevant sustainability certifications. Through the portal, we can verify that only 18% of suppliers do not have any certification.

Supplier-related costs



The existence of PQSE allows the evaluation of suppliers to take place in a simple way, since this is also done through the Portal. The evaluation criteria relate not only to technical implementation, but also to extremely important points, such as environmental and health and safety at work. Suppliers are notified of the detailed result of the assessment upon completion of the assessment. Where necessary corrective measures are implemented, but there is a preference for preventive measures that are presented throughout the contractual relationship. We believe that this proximity improves the relationship with the supplier, making it possible to act in a preventive manner and consequently continuously improve the contractual relationship.



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In order to strengthen the commitment and alignment of the goals of the Altri Group with those of its suppliers, it is foreseen the publication of the Supplier Code of Conduct, which aims to achieve greater commitment, among other matters, with regard to the protection of the environment, of Human Rights and Labour Relations, with a view to achieving more sustainable action policies.

For the Group's most significant supplier group, the [Code of Conduct for Forest Service Providers](#), implemented since 2019, establishes that all those covered by the Code must guide their conduct in accordance with the Altri [Code of Ethics and Conduct](#). The Code applies to the employees, partners, suppliers and subcontractors of the Forest Service Providers, covering a significant part of the value chain and expanding the sphere of action.

Altri's Purchasing and Procurement Directorate is taking the first steps toward setting sustainability goals, being a step in the right direction, which is expected to be mandatory in the future. But moving from goals to results is a big challenge. Aligning internal stakeholders and external suppliers to the same goal is complicated and can quickly fall down if there is no traceability and due diligence to determine its compliance.

An action plan is under development to ensure the successful integration of Sustainable Procurement Policies. On the agenda for the plan, we have included the definition of incentives for sustainable purchases, the creation of metrics and tools to qualify suppliers' performance and to define strategies to collaborate with suppliers to increase compliance in terms of sustainability, and their position for the future.

Altri's tax approach and tax policy

In line with our values, Altri has a commitment to the stakeholders of complete transparency in the process of creating economic value.

As a responsible and prudent contributor, Altri is committed to ensuring compliance with tax laws, rules and regulations in all territories where business is developed, promoting conscious taxation, by encouraging fraud prevention and the fight against fraud, and by seeking to ensure that fiscal strategy is consistent with economic activity and trading and business strategies at the various locations.



The taxes paid are the natural reflection of a good financial performance

Committed to continuously improve economic and social performance

Altri believes that its business plays a leading role in contributing to the development of society through the taxes that we paid

Altri's fiscal strategy reflects the company's commitment to follow good fiscal practices through the principles of accountability and transparency. In order to ensure that this objective is achieved, supported by internal guidelines and strict compliance with local laws, international guidelines are adopted in the field of transfer pricing policies, thus enabling fiscal policy to be aligned with the best market practices. In view of the increasingly high reporting and communication standards, we further commit ourselves to proactively following and implementing a transparent fiscal policy and responsible fiscal action, fulfilling the contribution to the Society in the territories we operate in through the payment of taxes.

As with any other expenditure intrinsic to the process of creating economic value, tax expenditures are necessarily considered as a financial responsibility of Altri to its stakeholders. Tax is just one of the many factors that are taken into account in the decision-making process. Based on reasonable and justified motives in our decision-making process in reply to business activity, we consider the possible effects of tax incentives and other benefits or exemptions granted by the Government.

At Altri, we do not have any investments in operations in jurisdictions defined by the Council of the European Union as non-cooperating jurisdictions for tax purposes or in any jurisdictions of similar secrecy. According to our tax strategy our company locations are motivated by commercial and rational business reasons.

Fiscal Compliance and Governance

To ensure proper fiscal risk management and compliance with fiscal regulation, adequate and sufficiently qualified human resources are assigned. In this way, tax issues are managed by the tax team, which is complemented by the support of tax advisors, whose services are intended to assist in complying with local tax practices.

Given the dispersion of the teams that naturally arise with the presence in various jurisdictions, strong communication and ongoing dialogue between the central fiscal team and the fiscal teams present in each geography is promoted. In situations where there are uncertainties or questions about any subject, teams in each geography seek to expose the situation to the central team, and a strategy of action is defined together, a strategy that may require the involvement of tax advisors. Therefore, decisions are centralized in more complex situations.

↘

Altri Way

Based on the principles set out in the Group's [Code of Ethics and Conduct](#), Altri's fiscal policy describes the main principles and guidelines of taxation at Altri

Taxes are paid in accordance with applicable tax laws and regulations

Altri's fiscal policy is supported by comparative analyses of market best practices and related internal controls, with the objective of identifying and managing possible associated fiscal risks, ensuring compliance with local tax claims and requirements, as well as other existing requirements.

The Executive Committee is always informed of the main tax implications of the most relevant transactions which are subject to its approval.



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topics with value



In 2020, the stakeholder consultation process took place with the aim of obtaining different perspectives and identifying the most relevant sustainability topics (material topics) for Altri.

This materiality exercise was also an opportunity for Altri to monitor and review its processes. This challenged Altri to redefine goals, develop action plans and allocate the necessary resources in order to meet global sustainability challenges, acting locally.

During the materiality assessment, more than 100 stakeholders were consulted, who spoke about Altri's expectations, vision and sustainability performance, as well as alignment with the  Sustainable Development Goals, among other dimensions.



The process of stakeholder consultation resulted in 9 material topics, which will be addressed throughout the report:

- ➔ Ethics, Anti-Corruption Practices And Anti-Competitive Behaviour
- ➔ Human Rights
- ➔ Health, Safety And Well-Being Of Employees
- ➔ Forest Management And Biodiversity Protection
- ➔ Economic Performance
- ➔ Climate Change And Greenhouse Gas Emissions
- ➔ Energy Efficiency
- ➔ Waste Management
- ➔ Water Management