

*Sustainability in every label,
integrity in every action*



 Prime Label

PRIME LABEL INVESTMENT COMPANY

- Sustainability in every label, integrity in every action

“We want to accompany our customers in their transformation towards a closed-loop economy. For many of them, this is a huge challenge, often difficult to implement due to cost and technological limitations.

Our ambition and role is to be the first-choice partner on this path - thanks to the competence of our team, our access to raw materials that allow the labels to meet the highest standards in compliance with legal requirements, and the education we provide to our customers.

We won't make these decisions for them, but we can be the best ambassador for the circular economy in the area of labels and printing.”



Arkadiusz Sapiecha
CEO

Key highlights*

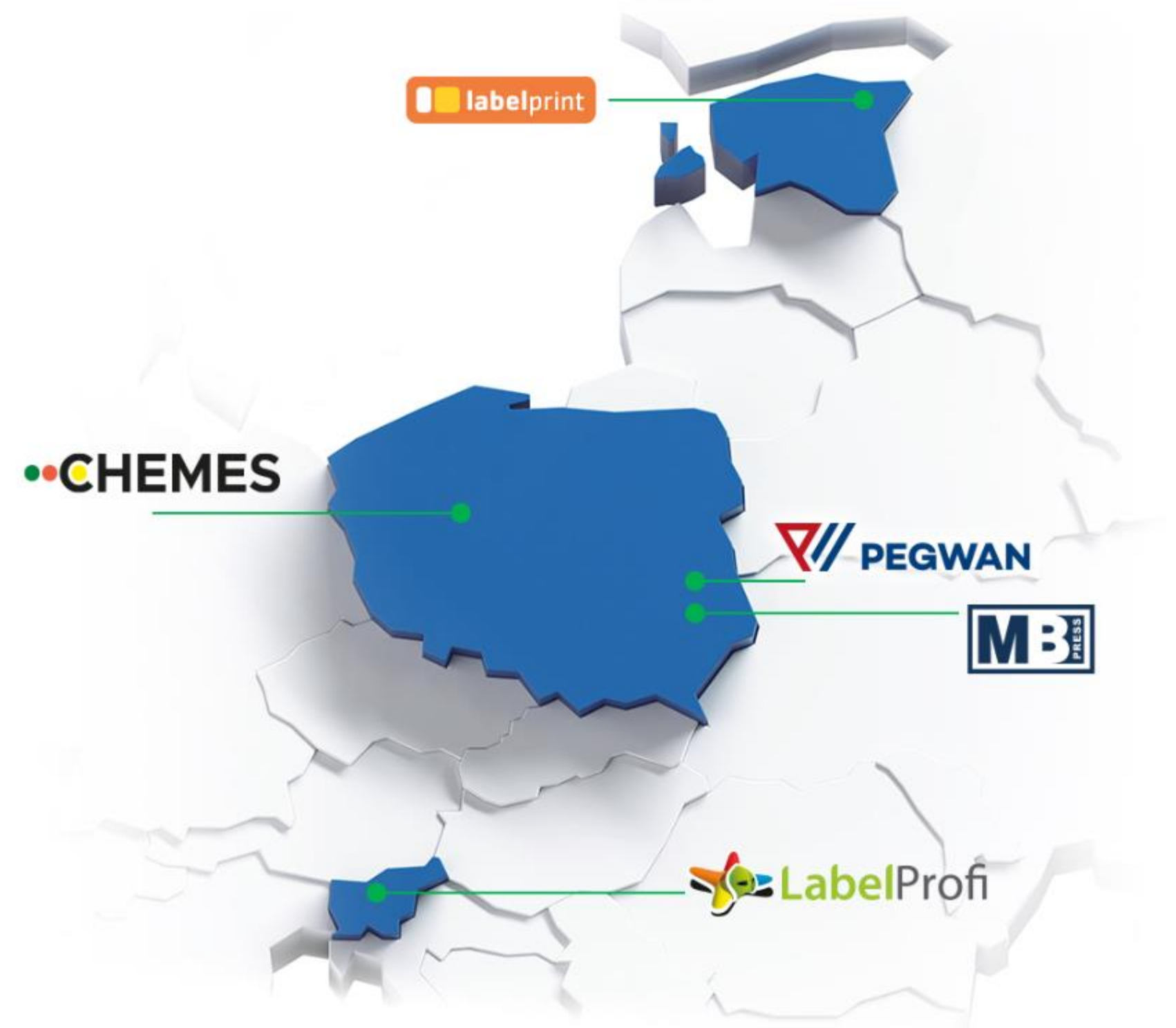
# employees	473	# clients	2,776
% of female employees	35%	# suppliers	1,221
unadjusted gender pay gap	13.5%	mEUR revenues 2024	100

* End of 2023

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- ❖ Prime Label was established through the merger of two Polish companies: Embe Press (May 2019) and Chemes (July 2019)
- ❖ Subsequently the Group acquired LabelProfi (Slovenia, December 2020) and LabelPrint (Estonia, August 2021)
- ❖ Prime Label is focused on resilient end markets (incl. food, beverage, pharmacy, household, Health and beauty, logistics) delivering its customers a comprehensive product offering (mainly PSLs, wrap arounds and shrink sleeves) printed in flexo and digital
- ❖ Through a leading market position, long term relations with its customers, healthy customer mix between blue-chip and mid-sized companies and a great focus on continuous improvement and procurement synergies, Prime Label has demonstrated ability to maintain industry leading margins
- ❖ The Prime Label become an undisputed leader in the label sector in the CEE region - # 1 position in the market.
- ❖ +25% revenue CAGR across the last 5 years – stronger growth vs the market.
- ❖ Based on organic work, continuous improvement approach and economy of scale, the Group started to achieve market leading margins (~ EBITDA margin at above average sector range and above international peers).
- ❖ Prime Label established one-stop-shop product offer – every label printed in all main technologies available in the Group
- ❖ Continuous improvement activities and focus on waste reduction and hazardous waste reduction monitoring – waste level reduced by 1 p.p. annually
- ❖ Sustainable solutions at all facilities including implementation of CO2 level calculations and various energy consumption initiatives as solar systems installed at 3 facilities already.



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Main products



Self-adhesive
labels



Wrap around
labels



Shrink
sleeves



Wet glue
labels



Flexible
packaging



Multilayers
& booklets

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Main clients



Food



Beverages



Health and Beauty



Household



Logistics



Pharma

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Sustainable solutions - Exploring Prime Label's environmental innovations and decarbonization paths in Packaging

Prime Label was recently recognized for its efforts, receiving 2 Silver Medals in the Ecovadis assessment in 2023.

The company recognizes an opportunity to support its clients and consumers in adopting behavior that can reduce negative environmental impact. Therefore, Prime Label's sustainability priorities are centered on implementing eco-innovations in products and decarbonization efforts.

Decarbonization serves as a value driver in both cost reduction and building a stronger position and reputation. Actions aimed at expanding the range of environmentally sustainable products enable the generation of new revenue streams. This holistic approach enables Prime Label to reach clients that prioritize the development of sustainable products.

Product innovations in line with eco-design

The Group is following the philosophy of 3R: Reduce, Reuse, Recycle. The 3R approach emphasizes minimizing waste generation by reducing consumption, finding alternative uses for items, and recycling materials whenever possible. Prime Label Group integrates eco-design principles into its product innovations to meet the demands of customers seeking sustainable packaging solutions aligned with circular economy principles. The group's portfolio includes self-adhesive label products for „wet wipes,” which facilitate a reduction in raw material thickness of packaging or the elimination of laminated, multilayer structures. Additionally, ongoing projects aim to reduce the thickness of wrap-around labels as well as enabling full recyclability due to their mono-material composition.

This approach extends to the shrink sleeves segment, with efforts focused on slimming down materials and reducing PVC usage, while implementing perforations to enhance packaging recycling efficiency. Consumer awareness regarding the benefits of label separation from the packaging remains low in Poland, therefore the company plans to launch an information campaign to promote environmentally friendly practices.

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Sustainability in labels – is it possible?

What does it mean – a sustainable label?

- ❖ Optimized energy usage in the production process
- ❖ Production powered by renewable energy
- ❖ Less materials used
- ❖ As much monomaterials content as possible
- ❖ Recyclable
- ❖ Washable inks
- ❖ Bio-based labels



What's Prime Label response?

REDUCE

- ❖ Implemented process of reducing the basis weight/thickness of materials
- ❖ Promoting construction containing recycle

RECYCLE

- ❖ Expanding product portfolio that supports recycling
- ❖ Promoting monomaterial constructions
- ❖ Using wash off labels to support recycling

REUSE

- ❖ Making permanent labels resistant to washing process
- ❖ Supporting liner pickup program offered by our Suppliers

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Sustainability in Prime Label's product offering – examples



PAPER

ECO RECOMMENDATION

- paper with recycled content rMC
- thinner paper eg. RAFNXT+ and thinner liner
- avoid opaque paper where possible

PAPER WITH WASH-OFF ADHESIVE

- the washing temperature varies by region
- application: logistics, deposit bottles

COMPOSTABLE PAPER

- wide range of facematerials

FSC CERTIFICATION



POLYETHYLENE LABELS

ECO RECOMMENDATION

- foil with recycled content rPE 85, 80
- cthinner material PE WHITE 65
- rPE WHITE 80 recycled content 100%

FILM PE CLEAR 65

- plastic reduction -20%
- trial production required

PE PCR WHITE 85 VS PE WHITE 85*

Reduction of CO₂ emission -23%
Energy reduction -33%
Water saving -21%



POLYPROPYLENE LABELS

ECO RECOMMENDATION

- foil with recycled content rPP
- thinner material PP 50, 40

FILM RPP 60

- recycled content >90% PCR

PP40 TOP CLEAR VS PP60 TOP CLEAR*

Reduction of CO₂ emission -23%
Energy reduction -33%
Water saving -21%

* Based on the LHM calculations

“It is important to speak a common language with our clients. So together we strive to understand the sector’s ESG challenges and opportunities.

Consequently, our efforts are aimed at improving the sustainability of our products.”



Huber Warda

Sales Director,
EmbePress,
Prime Label

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Starting with the supply chain

SUSTAINABILITY PROCURMENT POLICY

Introduction

At Prime Label Group we are committed to making a positive contribution to society and the environment by developing and implementing ethical business practices that allow us to deliver financial success while ensuring our business strategy and operations are conducted in a responsible manner in our total value chain. We pride ourselves on being an ethical business, and we expect the suppliers and business partners with whom we work to share these standards. In doing this, we seek to create value for our shareholders and our broader stakeholders, including our employees, our business partners, and the communities in which we operate.

The Prime Label's Code of Conduct is in line with the UN Guiding Principles on Business and Human Rights and is based on the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

This policy applies to all Prime Label business partners, suppliers and service providers.

The provisions of this policy extend to all the Supplier's employees, including those engaged informally, on short-term contracts, or on a part-time basis. It is the responsibility of Suppliers to ensure that their sub-suppliers and other third parties acting on their behalf do not violate the standards of the Prime Label Code of Conduct, which includes without limitation responsibility for communicating its content.

60% of suppliers already signed the Code of Conduct for Business Partners

"ESG screening and "sustainable" dialogue with our suppliers became an integral part of our business."



Jacek Zalewski,
Chief Procurement Officer

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Highest standards in Quality, Environment, Health & Safety




- ❖ The packaging materials we supply come into direct contact with the product, including foodstuffs, which is why safety and meeting the most stringent quality requirements are so important to us.
- ❖ Food safety is our priority, which is why we adhere to the principles of good manufacturing practices and testing methods, as well as all food safety regulations.
- ❖ Our products meet the highest standards, as evidenced by our **BRC Global Standard Packaging Materials** certification.
- ❖ As part of the development and improvement process, we subject our products to testing and evaluation by accredited laboratories.
- ❖ We offer a range of products that are characterized by advanced technology and functionality, enabling us to protect consumer goods, ensuring their safety and hygiene for the consumer and thereby extending the life of the product.
- ❖ We also support the safety and health of our employees in their daily duties by providing appropriate working conditions and equipping workplaces with the necessary protective equipment.
- ❖ The continuous monitoring of all our sites to continuously improve processes and the working environment, as well as the implemented standards of the **ISO 45001:2018** "Occupational Health and Safety Management System", allow us to identify and assess the risks associated with the printing industry on an ongoing basis. Through active management, we ensure an environment free of accidents and occupational illnesses
- ❖ **ISO 9001:2015** quality management standard
- ❖ **ISO 14001:2015** environment management standard
- ❖ **DPG certification.** Deutsche Pfandsystem GmbH
- ❖ **FSC Certification**

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Good Governance as a business foundation

 PRIME LABEL INVESTMENT COMPANY S.A.

Code of Conduct

We promote responsible business conduct, including decent working and environmental standards within all Prime Label Group plants and in our total value chain. We cooperate closely with our suppliers, distributors and other partners in pursuit of our aim for continuous improvement for people, society and the environment.

This Code of Conduct covers human rights, workers' rights, the environment, corruption and animal welfare. It is in line with the UN Guiding Principles on Business and Human Rights and is based on the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Our Principles

- 1. Human Rights (UN Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights)**
 - 1.1. Human rights must be supported and respected within the Group own operations and in the supplier chain.
 - 1.2. It must be ensured that neither employees nor business partners participate, directly or indirectly, in violations of human rights. This also includes situations when the company fails to pose questions of human rights or benefits from violations that are carried out by a third party.
- 2. Child Labour (UN Convention on the Rights of the Child Art. 32, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146)**
 - 2.1. The minimum age for workers shall not be less than 15 and comply with:
 - the national minimum age for employment, or;
 - the age of completion of compulsory education, whichever of these is higher. If local minimum is set at 14 years in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.
 - 2.2. There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.
 - 2.3. No person under the age of 18 shall be engaged in labour that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development, including night work.

Almost 65% of employees trained on Code of Conduct and Whistleblowing Procedure

Target for 2024 - 100%

"We implement policies with the intention that they will live in the organization. Therefore, training in this area is absolutely crucial for us"



**Joanna Wiśniewska,
Group Sustainability Manager**

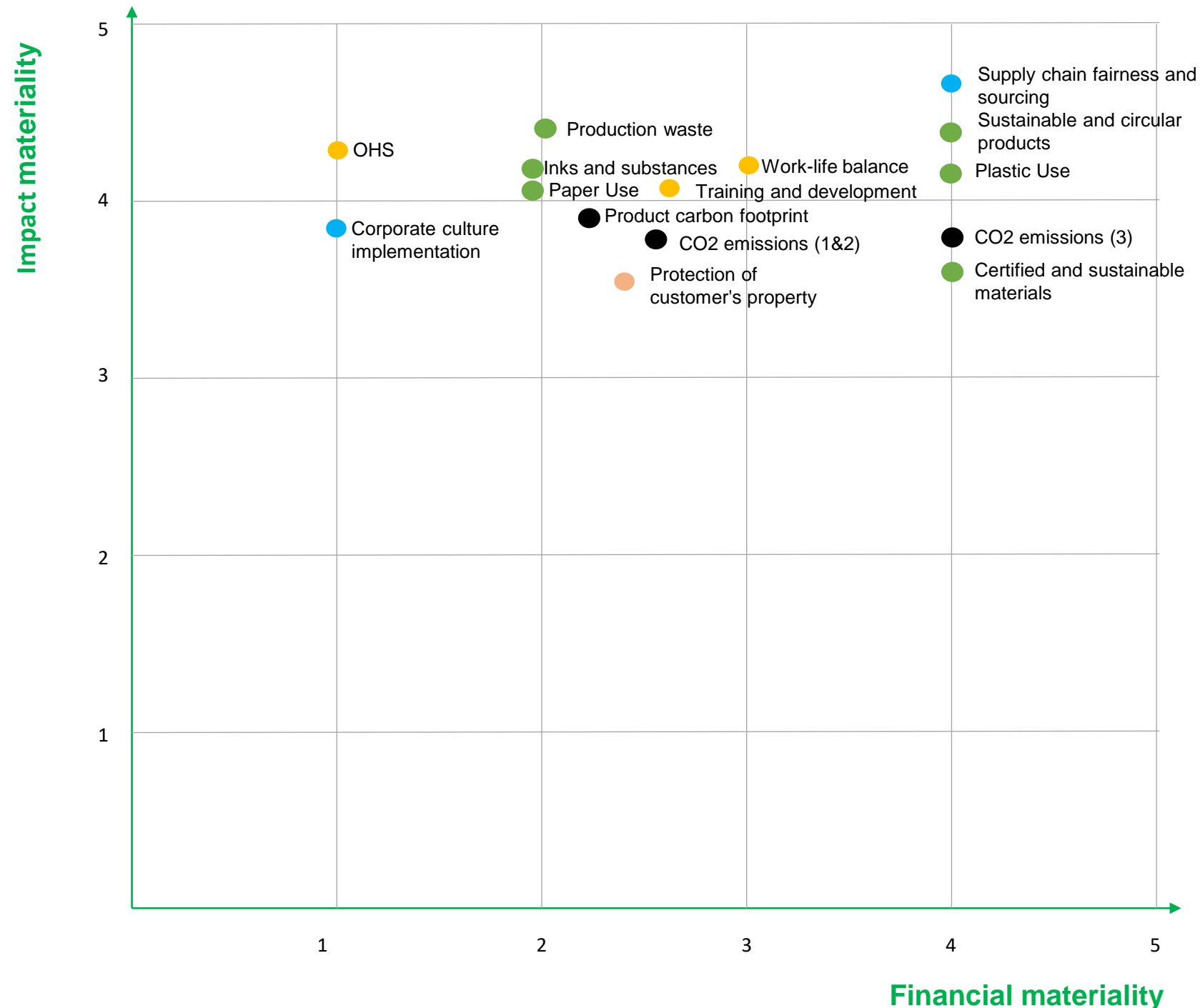
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ESG material topics according to ESRS and double materiality assessment

Prime Lable conducted a dual materiality analysis in accordance with ESRS guidelines.

The analysis process and its results formed the basis for the development of the ESG Strategy and are also the foundations for launching the work of developing and publishing a balanced development report in the following years.



- **Climate change**
- **Circular economy**
- **Own workforce**
- **Business conduct**
- **Consumers and end-users**

ESG topics to be reported:

- **E1:**
 - **Climate change** mitigation
 - Other: Product **carbon footprint**
- **E5:**
 - Resources inflows, including **resource use**
 - **Waste**
 - Resource outflows related to products and services
- **S1:**
 - **Working conditions**
 - **Equal treatment** and opportunities for all
- **S4:**
 - Own indicator/ disclosure related to protection of **customer property**
- **G1:**
 - **Corporate culture**
 - Management of **relationships with suppliers**

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The ESG Strategy for PRIME LABEL by 2026

Resilient partnerships

We focus on building lasting partnerships based on ethics and transparency, ensuring that our business partners, especially suppliers, operate sustainably. This allows us to deliver high-quality products to our clients.

Implementing sustainable procurement practices for all suppliers

Satisfied team

We strive to ensure that our team members feel supported and have opportunities for growth. The skills of our team are crucial in supporting our clients, and we work together to achieve this while maintaining a healthy work-life balance.

Measuring and Improving Employee NPS

Sustainable labels

We aim to ensure sustainability in every label. To achieve this, we not only focus on using sustainable materials but also operate our production processes to minimize negative environmental impact.

**Reducing GHG emissions
Decreasing production waste**

Circular economy advocate

Our goal is to expand our eco-label offering. We aim to be the partner of choice for our clients, helping them adapt their packaging to meet new regulatory and consumer challenges in the circular economy.

Offering portfolio with eco-friendly alternatives
All strategic B2B clients educated

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The ESG Strategy – key values and KPIs:

Resilient partnerships



#Our values #Ethical governance #Supply chain fairness
#Client's property protection

Governance

- ❖ Number of board meetings on implementation of ESG strategy
- ❖ Number of training hours for board member(s) on ESG-relevant topics

Value chain management

- ❖ % of suppliers who have signed the supplier code
- ❖ % of suppliers audited

Corporate culture

- ❖ Number of reported and resolved ethical violations.
- ❖ % of employees trained on Code of Ethics, Anti-Corruption and Whistleblowing Policy

Satisfied team



#Health and safety #Diversity #Work-life balance #Employee development.

H&S

- ❖ Reduction in accidents rates annually, Number of near misses identified

Employee satisfaction

- ❖ Employee satisfaction index.

Work-life balance

- ❖ Number of days of holiday not taken, % of employees who took parental leave in relation to those entitled

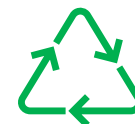
Training and development

- ❖ Total hours of training provided per employee per year, Average number of training hours per employee

Diversity

- ❖ % change in diversity in leadership roles. % of adjusted gender pay gap

Circular economy advocate



Cross-market collaboration for circular solutions #Clients' education

Eco-friendly products

- ❖ Number of new sustainable product lines launched.
- ❖ % of our products have eco-friendly alternatives

Customer education

- ❖ % of customers reached and educated on circular economy practices.
- ❖ % of revenue derived from sales of eco-friendly alternatives
- ❖ Number of supply chain partners engaged in circular economy initiatives

Sustainable labels



#Reduced materials #enabling recycling #bio-based labels #Innovative product design
#Responsible sourcing #GHG emission reduction #Product carbon footprint

Partnerships with suppliers

- ❖ Number of supply chain partners engaged in circular economy initiatives

GHG & energy efficiency

- ❖ % of reduction in CO2 emissions in operations.
- ❖ % of energy efficiency improvement (YoY)
- ❖ Product carbon footprint

Resources

- ❖ % of renewable/recycled/certified materials used in production.
- ❖ Reduction in raw material usage per production unit

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Decarbonization Strategy

In 2023, EmbePress was the first Prime Label Group company to develop a decarbonization strategy. The first step was to calculate the scale of emissions according to the international GHG Protocol methodology for Scope 1, 2 and 3 for the 2022 base year. The company has joined the Science Based Targets initiative (SBTi), which means accepting a commitment to set short-term, science-based emission reduction targets. The company is currently finalizing the development of a decarbonization strategy and setting science-based emission reduction targets to join the 4,000 companies worldwide, which contribute to the long-term goal of limiting global warming to 1.5°C above pre-industrial levels.

Reduction targets for Scope 1 and 2 and Scope 3 emissions are being prepared, with an expectation to decrease the CO2 emissions by half within the next 3 years. Similar analysis will be performed in other Prime Label Group companies within the next several months. The company already deployed onsite PV installations that power the production site.

EmbePress has also calculated the carbon footprint for the first product 'Foil Label'. The company aims to be the first player in the market to offer information on the carbon footprint of all products. It plans to calculate the carbon footprint and run Life Cycle Assessment (LCA) analysis for additional products in 2024.

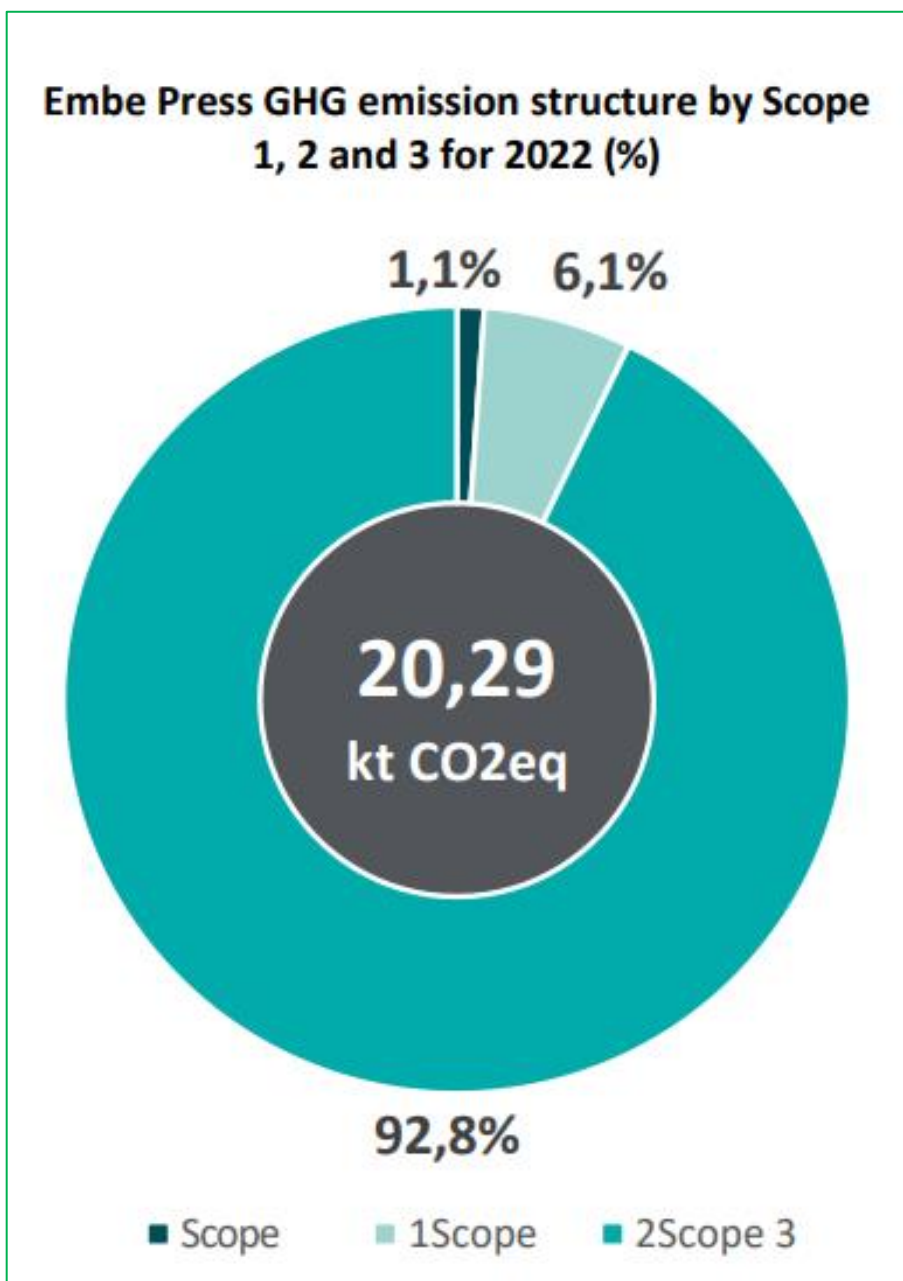
Prime Label Group has implemented governance of all ESG aspects by introducing a Group Sustainability Manager function. The person in the position has already implemented a number of strategic ESG workshops for members of Management Boards of the Prime Label Group companies focused on development and implementation of action plans and increasing awareness on various aspects of ESG.

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Decarbonization EmbePress

EmbePress as the first company from Prime Label developed a decarbonization strategy – verified and confirmed by the SBTi. All companies are to follow this path.



Parameter / Area	ELECTRICITY	COMBUSTION OF GAS	MOBILE FUELS	REFRIGERANTS
Share of emissions scope 1&2 (2022)	84%	10%	5%	1%
Decarbonisation of the emission stream	easy	difficult*	moderate	difficult*
Decarbonisation initiatives analysed	<p>Consumption in buildings</p> <ul style="list-style-type: none"> Create an energy strategy identifying key investments and a favourable form of power purchase agreement Purchase of energy with a certified guarantee of origin Purchase of cPPA Own investment in RES Optimisation measures (e.g. automation of lighting, automation of air conditioning use) In the case of new buildings or the retrofitting of existing buildings, designing the facilities as sustainably as possible Implementation of audit recommendations energy <p>Consumption by technical vehicles</p> <ul style="list-style-type: none"> Replacing equipment with more energy efficient 	<ul style="list-style-type: none"> Heat pump installation in new facilities Replacement of generators with powered by biofuels Heat source replacement in the current facilities Purchase of biogas (instead of gas) Solar collectors Implementation of the recommendations of energy audits <p><i>*changes to existing facilities may be more difficult to implement</i></p>	<p>Passenger cars</p> <ul style="list-style-type: none"> Gradual replacement of the car wasps with electric, hybrid, Use of HVO100 in place of diesel Modification of car allocation policy <p>Technical vehicles</p> <ul style="list-style-type: none"> Gradual transition to electric appliances powered by green energy 	<ul style="list-style-type: none"> Replacement for factors with a lower GWP (a feasibility study on factor substitution is needed to determine the degree of difficulty of the investment) Optimisation measures (regular inspections of installations to reduce failures/leaks) Implementation of the recommendations of energy audits

Legend: Evaluation opportunities for decarbonisation of the emissions stream

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To learn more, visit our website:

<https://prime-label.com/>

