Sustainability report

elasto

PROMOTION FOR LIFE

FACTS AND FIGURES.

Since
2015
elasto has been FSC certified.

16 electric vehicles in the company fleet.

30 E-charging stations on the company premises.

Since
1999
elasto has been certified in accordance with the DIN EN ISO 9001 quality standard.

273 Tonnes CO_2 per year
are saved in emissions thanks to the **1560 solar modules** on the logistics centre in Sulzbach-Rosenberg.

We were able to **reduce** our electricity consumption **by 25%** in the period **2021 – 2023.**

93%
of items from own production are shipped without polybags.

Annual energy savings of 30,000 KWh
by converting to LED lighting in the print shop and external facilities.

1,5 million kWh
per year output from photovoltaic systems

elasto
Promotion for Life.

„As a family-run company with a tradition going back over 40 years, we are used to a pioneering and dynamic approach. That is why we regard sustainability not as an additional activity but as a central element of our positioning.“

01

Dear readers,

We are pleased to present our second sustainability report. This report gives us the opportunity to provide you with comprehensive information about our contribution to sustainable development and the specific measures we have taken. It also allows us to compare progress with our first report, analyse changes and identify potential for improvement.

For us at elasto, sustainability is an ongoing process that is constantly evolving - especially in times of noticeable environmental change. We therefore take our responsibility seriously. With comprehensive energy and environmental management and a constantly growing range of environmentally friendly products, we want to actively make a difference. The growing demand from our customers encourages us to introduce new sustainable products to you.

For us, shaping the future responsibly is not an abstract concept. As a family-run company with over 40 years of tradition, foresight and dynamism are deeply rooted in our corporate culture. We see sustainability not as a side issue, but as the core of our corporate strategy. In 2024, we will continue to expand our sustainability management in order to fulfil our responsibility to the environment, society and our employees. Our aim is not just to fulfil legal requirements - we want to actively lead the way and continuously increase our commitment.

Digitalisation is also an important part of this journey: with our employee app, we are improving internal communication and creating an efficient flow of information. At the same time, we are automating more and more processes by updating our ERP system in order to make our workflows even more efficient.

We are aware that more is always possible - and necessary - in the area of sustainability. That is why we are continuing on our path to enable future generations to have a hopeful future. With this in mind, we hope you enjoy reading our latest sustainability report and that you gain many exciting insights.

elasto

PROMOTION FOR LIFE

Frank Sperber
Managing Partner

Marcus Sperber
Managing Partner

Tobias Rösch
Managing Partner

Brief portrait.

„elasto has been enabling brands to create a tangible presence since 1980, including solutions for conveying individual messages – with the personalised service of a family-owned company. Our versatile repertoire guarantees an all-round positive brand experience: we rely on both sustainable and "Made in Germany" plastic production, as well as efficient global sourcing. We focus on items that inspire customers with their benefits – and also make an impression in terms of sustainability.“

02

A modern and diversified portfolio.

As an international company with over 330 employees worldwide, we have been producing, importing, refining and selling promotional and merchandising items, premiums and POS materials since 1980. With over 200 million products sold each year, we are one of Europe's leading suppliers of promotional products.

„We focus on items that inspire customers with their benefits – and also make an impression in terms of sustainability.“

Thanks to our modern and efficient facilities, we are already able to produce more than half of the items we sell annually at our headquarters in Sulzbach-Rosenberg. This guarantees short decision-making processes, reliable planning, and maximum flexibility. At our location in Hohenstadt, we specialise in mould making solutions. Our CAD designers there provide support in the planning, demonstration and execution of individual development orders.

If desired, we can take complete responsibility for implementation and processing, from creative brainstorming to 3D prototyping and manufacturing – all from a single provider. Our modular fulfilment approach provides holistic solutions that are perfectly tailored to individual customer requirements. Our professional order fulfilment includes a comprehensive range of services that cover the entire process chain – from concept to successful marketing. Conceptual design not only includes careful planning but also expert advice from our service staff. In addition, our e-commerce portfolio includes the design and implementation of full-service shops according to customer requirements.

Our contribution to sustainable development.

Whatever the service from our wide range, elasto offers innovative products and modern concepts. And this is true across all the different stages in our value chain. We are consolidating our local site, focusing on production in Germany as well as working with regional, national and international suppliers. We invest extensively in product development, thereby contributing to the economic growth of our company at all sorts of different levels.

In order to make a holistic contribution to sustainable development, we do not just take a socio-economic perspective but also adopt a wide range of measures to protect the climate and the environment. These initiatives include supporting the introduction of extensive measures aimed at reducing CO_2 emissions and the implementation of modern recycling concepts. We consistently pursue these efforts across the entire company in order to do justice to our sustainability aspirations.

Company timeline.

03

1980

Foundation of the new company elasto form by Gerhard & Hertha Sperber in Hersbruck, Germany.

1991–1992

Foundation of the Meplast GmbH subsidiary in Mupperg/Sonneberg, Germany.

Foundation of elasto form Bohemia GmbH in Pilsen, Czech Republic.

1987

Acquisition of the 12,000 m² site in Sulzbach-Rosenberg.

1999

TÜV certification according to the DIN EN ISO 9001 quality standard.

Move into the company headquarters in Sulzbach-Rosenberg.

2002

Opening of the branch offices in Shanghai and Ningbo.

2003

Production expansion at the Technology Centre in Hohenstadt.

2005

Opening of the Hong Kong office.

2008

Foundation of elasto form Suisse.

2010

Foundation of elasto form Polska.

2013

Acquisition of HNC Import-Export & Vertriebs AG.

2021–2023

New building and thus expansion of production capacity at the main site in Sulzbach-Rosenberg.

2017

elasto is certified according to the new DIN EN ISO 9001:2015 standard.

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In this Sustainability Report, the elasto Group (hereinafter referred to as elasto) provides a transparent and comprehensive insight into its sustainability strategy and performance. The report covers the entire corporate group for the year 2023. To ensure that the information is as up-to-date as possible, we have also included information from the first half of 2024.

Sustainable corporate governance.

„Economically, environmentally and socially:
What we do today determines what the world of tomorrow will look like. For this reason, we are focussing primarily on reducing CO_2 emissions through our own measures. These include, for example, heat recovery and photovoltaic systems, the use of recyclable materials, electric vehicles in the company fleet, the exclusive use of recycled paper and cardboard, and efficient lighting management. In addition, we are exploring the use of bio-based plastics and recyclates, and we use FSC-certified wood and paper products.“

04

OUR UNDERSTANDING OF SUSTAINABILITY.

For us, sustainability means combining economic success with social and environmental responsibility. As a family-run company, it is in our DNA to operate in a way that is fit for the future. We want future generations to inherit a company that is stable and fit for the future; one that creates added value for society in our region in the form of modern, secure jobs. At the same time, we see it as our duty to leave the ecological environment intact for our children and our children's children.

At elasto, we are convinced that embedding sustainability in the business model is the best foundation for future viability. Economic success is inconceivable without customer satisfaction, which is why quality is such an important area of activity and a key component of our sustainability management.

High-quality products are also distinguished by robust materials and a long service life, which not only saves money but also natural resources. For us, quality means basing our processes and procedures on recognised standards, so we can assess their strengths and weaknesses and make continuous improvements. Ultimately, quality means continuously exploring and optimising all internal company processes. This understanding of sustainability is vital for us and has shaped the structure of this report.
This philosophy essentially involves:

In a complex and dynamic world, it is not always easy or completely possible to reconcile these goals. Nevertheless, we can trust that our moral compass will always point us in a direction that combines business goals with environmentally and socially responsible behaviour.

OUR CODE OF CONDUCT.

To make it easier for people to grasp this concept of responsibility, we have set out our values and principles in a corporate code of conduct. These guidelines apply to all employees regardless of their function or position. Fair conduct and an open and respectful communication structure are central components of our corporate culture.“

- Respect for human rights and compliance with the law.
- Respectful coexistence without discrimination.
- Rejection of child labour.
- Condemnation of forced labour and punishment.
- No conflicts of interest by accepting gifts.
- Right to freedom of association.
- Full compliance with pay and working time specifications.
- Comprehensive occupational health and safety.
- Responsible stewardship of the environment and climate.

COMMUNICATION WITH OUR STAKEHOLDERS.

As a globally oriented family business, we maintain an open and honest exchange with our stakeholders. We take this to mean any external or internal individuals or groups with an interest in our company.

The stakeholders identified in our materiality analysis are shown in the following figure. In addition, we are always ready to listen to groups with concerns that have not yet been explicitly cited.

We are aware that we can only achieve our goals if our customers are satisfied with our products and services, if we enjoy the confidence of our suppliers and financial partners, if our employees feel comfortable in the company, and if we are valued as a company at our different locations.

Although we have known many of our stakeholders for decades and maintain personal contact with them, we regularly carry out a comprehensive stakeholder analysis as part of our sustainability strategy. This has enabled us to identify our stakeholders in a structured way and to engage in a systematic dialogue with them.

We use various communication channels and forms of dialogue to keep our stakeholders up to date and stay in touch with them.

Constructive dialogue gives us the opportunity to learn more about current issues and thereby continuously develop our business.

PERSONAL COMMUNICATION.

Personal conversation is, wherever possible, one of our preferred forms of dialogue. We value getting to know our business partners in person, so we can be directly available to respond to their questions and requests. At the same time, our policy is to cut out the middleman when it comes to the concerns of our employees. Being open to suggestions and new perspectives is what distinguishes us as a family-run company.

In addition to personal conversations on site, we can also be reached by telephone. This enables flexible and personal service, individual order processing, and consideration of last-minute changes. Our consultancy team has over 30 employees, who conduct more than 700 calls a day, providing advice and support to our clientele – from technical issues to logistics.

„We believe in getting to know our business partners personally and providing them with individual support.“

VIRTUAL COMMUNICATION.

We have also greatly expanded our virtual and digital communication in recent years. The studio we set up specifically for this purpose allows the production of various formats, giving us the ideal way to pass on interesting and useful information from the company. For instance, we have created promotional films for a wide range of corporate divisions and produced digital training courses for internal communications.

We have also expanded the options for virtual consultations and established a video conferencing system that is available to all employees for internal and external meetings with our business partners.

Although we have found that virtual formats cannot completely replace face-to-face meetings, these are a valuable alternative in many cases; especially when coordination is needed at short notice or the content to be discussed does not justify the financial and environmental impacts associated with travel.

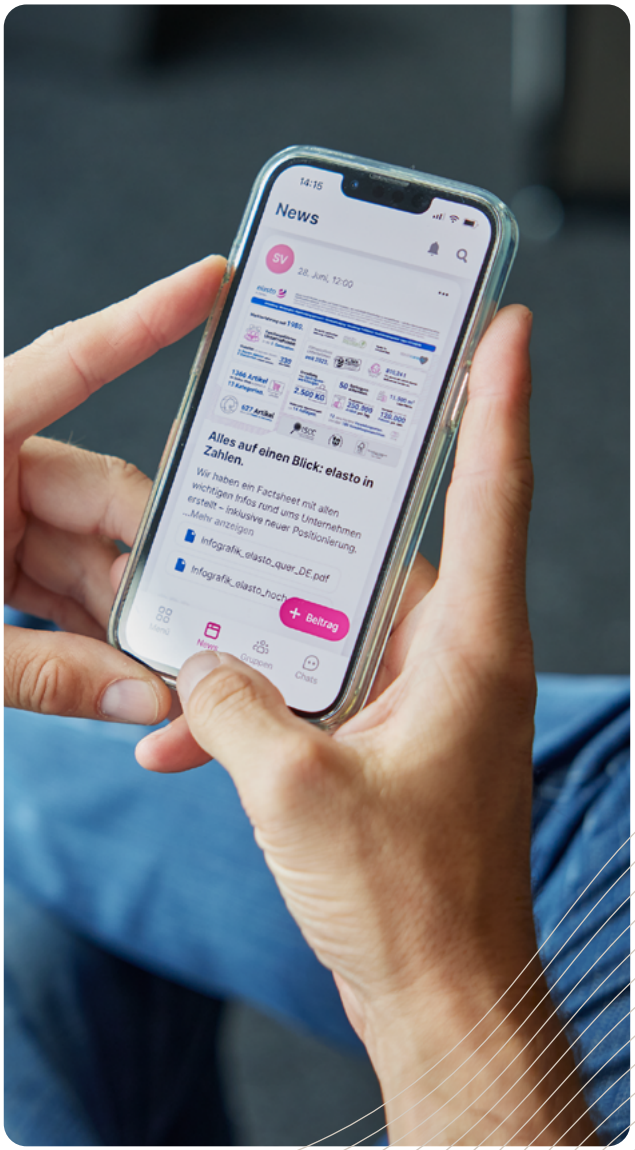
We have made it our goal to find the right balance between personal and virtual appointments in the future.“

INTERNAL COMMUNICATION.

We have also adopted a new approach in terms of online communication. Since 2021, we have been managing internal communication using the elasto employee app. This replaces the intranet and bulletin-board notices and is available to employees at all times even without a PC workstation. It enables immediate and timely publication of important information. This is an enormous advantage, especially for our employees in production.

„Through the app, all employees can now be reached simultaneously, regardless of location or shift patterns.“

The result has been improved reach and accessibility because almost all employees have a smartphone. Before the app was introduced, 70 percent of the workforce did not have their own email address and could only be reached via cumbersome notices. With a three-shift operation in production and at several locations, this system of communication involved disproportionate effort. The introduction of the app has created a more focused channel of communication and strengthened our feedback culture.



EXTERNAL COMMUNICATION.

Enabling stakeholders to give us systematic input is an integral part of our corporate governance and quality management. What better way could there be to achieve continuous improvement than by receiving feedback from our product and service users? That is why we regularly conduct online surveys with our customer base.

We also use our homepage and social media channels (such as Facebook and Instagram) as sources of information and dialogue. These channels allow us to provide product information and news about our company, and details about our sustainability management. These channels have extensive reach and are an important way for us to report on our wide range of interventions and activities, not simply to promote transparency, but also to create greater awareness of these important issues.

facebook.com/elasto.form.werbemittel

instagram.com/elasto.de

linkedin.com/company/elasto-form-kg

YouTube elasto

Sustainability management.

„At elasto, we know that everyone can contribute to greater sustainability in the company – whether it's with new ideas and suggestions, or by getting involved with their implementation. We want to promote this potential even further in future, by creating a constructive environment that enables employees to make targeted suggestions and implement them successfully. Our goal is for everyone to actively look for improvements. The aim is to make sustainability management an even more dynamic and vital part of our day-to-day business.“

05

OUR SUSTAINABILITY ORGANISATION.

Sustainability is a strategic task. For us, this means economic activity with a long-term focus that generates added value for people and the environment. That is why our corporate and sustainability strategies are closely entwined.

In order to ensure effective sustainability management we have created clear responsibilities and accountabilities. The first level of responsibility lies with our management. It actively helps to shape our sustainability strategy and promotes its implementation within the company. We have also created a dedicated position for our sustainability management since March 2024. This allows us to collate information, continuously improve our sustainability strategy and implement new measures in collaboration with the internal sustainability team. In this way, we send a clear signal within the company structure that emphasises the importance of the topic.

Our sustainability team plays a particularly important role in both regards. The team consists of diverse employees from all areas of the company to ensure our ideas are comprehensive, cross-functional and well-coordinated. We feel it is important to take coordinated action, rather than implementing isolated measures. Our team members also act as a mouthpiece in their respective areas to raise awareness of sustainable conduct with all employees and – if necessary – to convince them of the merits.

> **„One of the most important tasks for our team is to raise awareness of sustainability and to dispel any concerns.“**

Important roles, such as responsibility for environmental protection or occupational safety, have either been directly integrated into this team or work closely alongside them. There are significant overlaps here in terms of related topics and responsibilities. We want to actively exploit these synergies. In particular, existing practical knowledge and expertise represent valuable resources.

OUR HIGHER-LEVEL MANAGEMENT APPROACH.

Based on our sustainability organisation, we operate with a cohesive set of management systems that help us seek ongoing improvements in our economic, environmental and social performance. For elasto, quality means not only providing our clientele with high-quality products and services, but also achieving continuous improvements in our own structures and processes. This holistic understanding of quality thus encompasses anything that might impact our business model and processes.

„Our main goal is to learn more about interrelationships, rather than viewing individual factors in isolation.“

As we describe in more detail in the section on maintaining our economic performance, we are aware that this also depends on our social and environmental performance. Conversely, social and environmental sustainability are only possible with a solid economic foundation.

This holistic approach is also applied to our management systems, which we see as interacting rather than separate, even if at first sight they might appear to address different issues. For example, we are certified in accordance with DIN EN ISO 9001, and we apply a holistic quality management system in our company based on this standard. For us, this means improving all our processes, which is why we see close links to our energy and environmental management. The same applies to our successful Sedex Members Ethical Trade Audit, which is one of the most widely used verification processes for sustainable and ethical behaviour in business relationships.

Operational implementation takes place in our various divisions along the value chain. Here, the aim is to integrate sustainability even more closely into process flows in the future. The same principle holds for the enabling functions in our company, such as HR management and IT. Once again, we see great potential here for becoming even more sustainable. We have found that a focus on sustainability can be a valuable aspect of our employer branding because more and more people (especially younger people) want to work for a socially and environmentally responsible employer. As a company that makes extensive use of IT solutions, we also see great opportunities in the area of technology; not just in terms of the energy efficiency of our hardware, but also with regard to the question of how we can use IT systems to make our processes even more efficient and thus more environmentally friendly.

> **Insufficient social and environmental responsibility leads to risks in the context of supplier selection and evaluation, and thus to the loss of orders.**

EFFECTIVE RISK MANAGEMENT.

The implementation and linking of management systems make a significant contribution to improved risk management at elasto. To ensure our long-term business success and achieve our social and environmental goals, it is vital to be aware of the financial and non-financial risks we face.

These risks are very diverse in nature. As an international company, we are subject to political and economic risks that can lead to instability in our supply chain. This can also be associated with a risk of price increases and with restrictions affecting our potential markets. Risks to supply chain stability can also be environmental, as the increased prevalence of extreme weather phenomena (e.g. storms or heavy precipitation) results in more frequent logistical problems.

However, supply chain problems are not only rooted in logistics; they may also be caused by the increasing scarcity of natural resources themselves, resulting in shortages of materials that we are directly or indirectly dependent on as a manufacturing company. This problem with resources is already causing visible price increases. But that is not all. In the worst case, it can mean that certain products can no longer be manufactured at all or that production processes become obsolete.

One risk that is primarily rooted in social developments is demographic change. Like other companies, at elasto we are competing for qualified workers, and our rural position often puts us at a disadvantage compared to our urban competitors in terms of the attractiveness of our location.

> **”**
> **Lack of sustainability has become a risk for employee loyalty and motivation, both with regard to potential employees and existing staff.“**

Expectations in this regard have also risen in the business-to-business sector, in which elasto primarily operates. Insufficient social and environmental responsibility leads to risks in the context of supplier selection and evaluation, and thus to the loss of orders. But financial and political stakeholders also expect a more rigorous evaluation of risks. Deviant behaviour could make it more difficult to access capital or even result in legal sanctions and penalties.

For this reason, at elasto we systematically record external risks and assess the probability of occurrence and the level of potential damage. This allows us to take targeted steps to minimise or completely eradicate risks. To ensure we draw on the broadest possible expertise, we take a structured approach to involving our managers in the risk identification and assessment process. We also expect this to reinforce an awareness of risks by those in positions of responsibility when it comes their professional activities, thus enhancing their ability to identify and address risks at an early stage.

Our risk and sustainability management has an outward as well as inward perspective. We are in constant exchange with our stakeholder groups and are always open to new ideas. We are also sensitive to critical issues and can identify potential risks more quickly. This open approach also means we get valuable input through dialogue with our customer base and with other companies, politicians, civic organisations and scientists. In line with the United Nations Sustainable Development Goals (SDGs), we believe that "partnerships for the goals" (Goal 17) are the best approach to shaping a worthwhile future.

This partnership approach, supported by active dialogue with individual stakeholders, is also reflected by the development of our sustainability strategy.

Sustainability strategy.

Since 2021, we have established and continuously developed our own sustainability strategy. The initial focus was on bringing together the numerous sustainability activities that elasto was already rigorously pursuing. This placed a key emphasis on directly linking our corporate strategy and sustainability strategies. We also felt it was important to systematically identify and analyse the sustainability issues that are relevant to us and to exploit potential for improvement where necessary. This strategy, therefore, is a guide for the design and focus of all our sustainability-related activities.

06

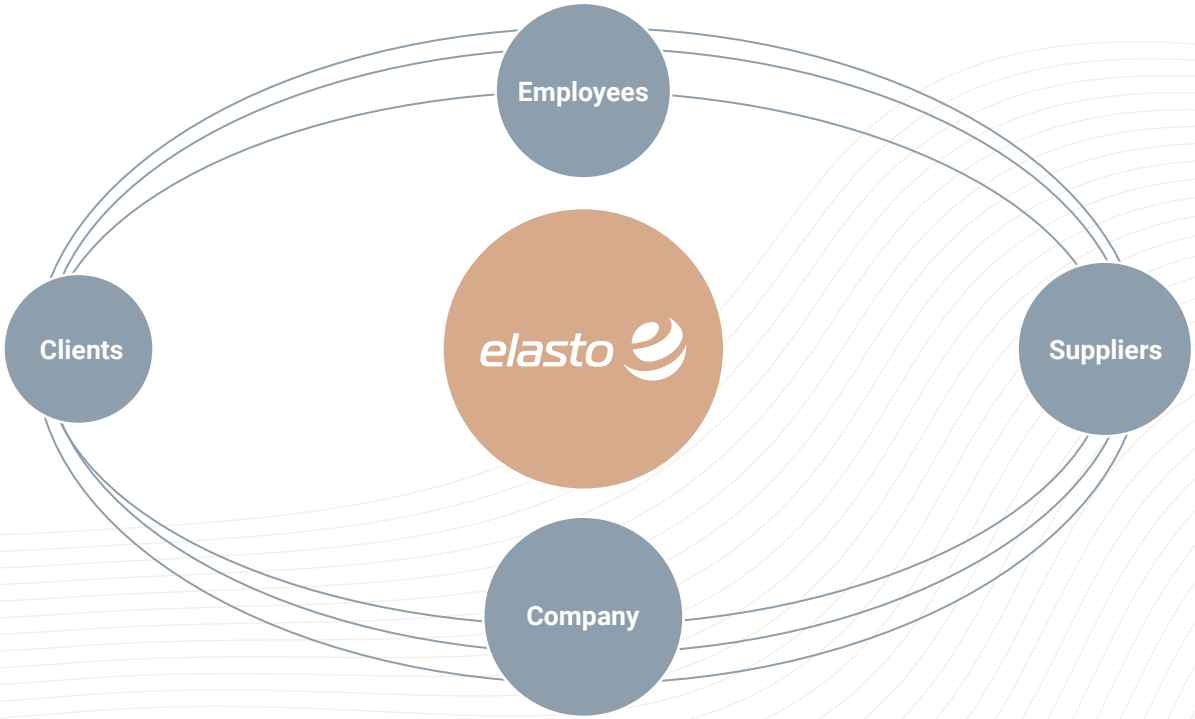
STRATEGY PROCESS AND STAKEHOLDER ANALYSIS.

The first step in our strategy process was a comprehensive inventory of existing sustainability activities and the associated responsibilities, structures and processes. In order to get as accurate a picture as possible of sustainability at elasto, we involved both management and executives from all areas. We also had an external sustainability check carried out in 2024 with the support of a consulting agency in order to obtain an objective view of our activities to date.

In the next step, we carried out a stakeholder analysis to analyse the possible interests, demands and viewpoints of various stakeholders.

We have analysed the interests of our customers, suppliers, employees and society and defined relevant topics in thematic employee teams.

In addition to examining the status quo and analysing relevant interest groups, the double materiality analysis is part of our strategy process.



Our analysis has shown that some of our activities in the area of sustainability have been established for years without having been previously designated as a strategy in this area.“

MATERIALITY ANALYSIS.

A materiality analysis serves to identify and prioritise the most important ecological, economic and social issues. It was important for us to consider the material topics from both an inside-out and outside-in perspective. The inside-out perspective looks at the impact of our business activities on the climate, environment and society. The outside-in perspective also focuses on the effects of climate change and other challenges on us as a company.

In this way, we are able to determine where we can further strengthen positive contributions to sustainable development and reduce negative ones. In order to use a widely recognised guideline for the analysis here too, we have referred to the United Nations SDGs and looked at which of the 17 goals we can make the greatest contribution to sustainable development. The scope of our influence is represented in the materiality matrix by different circle sizes. In future, we want to use further measurement and evaluation methods to better identify the measures on which we have the greatest influence along our value chain. We also want to do this even more intensively in dialogue with our stakeholders.

As already explained in our sustainability management, dialogue with our stakeholder groups is of particular importance to us. After all, their interests and expectations are crucial to our acceptance in society and our business success. This is why it is important for us to ask our stakeholders which sustainability issues they consider to be material for elasto; also because we deliberately want to avoid a narrow view of things. The dialogue with our stakeholders helps us to gain insights and perspectives from both inside and outside our company and to promote a shared understanding of the need for action, opportunities and priorities. We therefore see stakeholder dialogue not only as a contribution to fair and transparent dealings with our stakeholders, but also as valuable input for us to identify weaknesses and potential.

”

The central question for us was to consider the positive and negative economic, ecological and social effects arising from our business model and our activities.“

KEY SUSTAINABILITY ISSUES.

In total, we analysed 18 key sustainability issues in our new assessment. Inconsequential or minor issues are not shown here due to lack of materiality.

Following the comprehensive analysis described above, the key issues dictate more than just the content of this report. They also represent the focal points for our sustainability strategy and enable targeted, systematic processing for the coming years.

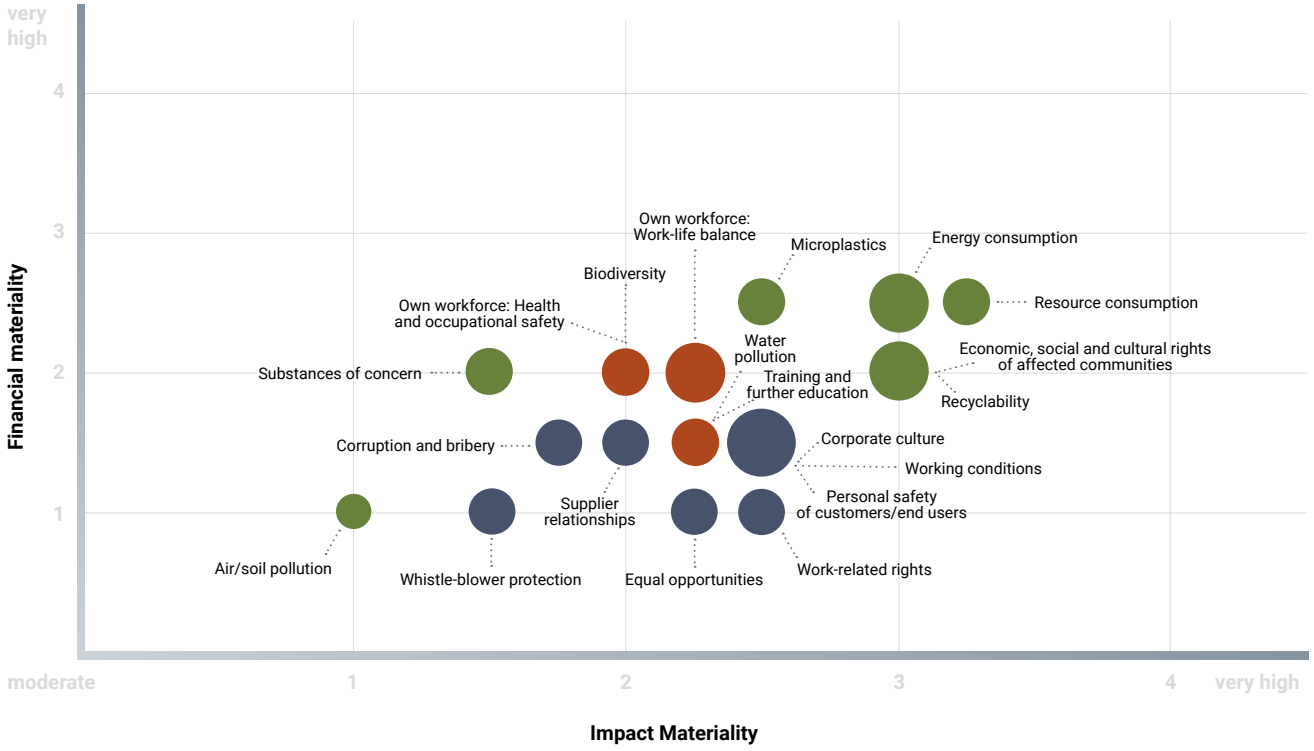
As a result, in the next step of our strategy process, we defined concrete goals that we want to achieve in the context of the 18 themes. In the following sections, we explain what these are and how we aim to pursue them.

Materiality analysis

Effects of the company's actions on the three dimensions of sustainability

- **Ecology**
- **Economy/value chain**
- **Social**

Note: For overlapping areas only one colour is displayed.

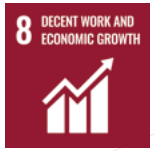


Maintaining economic performance capability.

"At elasto, we believe that sustainable management is a prerequisite for lasting success – even during periods when the prevailing conditions are difficult. This secures elasto's future growth and is, therefore, a fundamental component of our business model and corporate strategy. Our objective is to bring products to market that are designed to be sustainable along the entire value chain. We see economic and environmental sustainability as being in harmony rather than opposition. The same applies to fair treatment of our stakeholders, which we regard not as a cost factor but as a building block of our economic performance."

07

OUR MANAGEMENT APPROACH TO MAINTAINING ECONOMIC PERFORMANCE.



Without economic success no company can contribute to long-term sustainable development. As a medium-sized company, that is why robust, forward-looking management is an essential building block of our DNA.

„Business decisions are made prudently and after careful consideration of the possible consequences.“

Entrepreneurial independence is paramount in order to maintain our freedom to make decisions as a family-run company. This is evident in our strategic, operational and financial autonomy. The former is achieved through innovation, knowledge management and the systematic development of products and processes. In terms of relevant expertise, we consciously endeavour to retain control and avoid being dependent on the goodwill or development performance of others – especially in such a competitive environment, where continuous improvement in ever shorter cycles is what determines success or failure.

Our operational independence is ensured through a carefully designed supply network, avoiding dependencies on individual suppliers. We also protect our supply chains as far as possible against unknown factors in the form of political or economic instability. The upheaval caused by the coronavirus pandemic has highlighted the fragility of international logistics and the supply of goods. Our extensive production capacities at our home site help us maintain operational independence at all times.

In turn, we ensure financial autonomy through a high equity ratio and carefully defined upper debt limits. Borrowing to finance growth, innovation and a sustainable focus is essential from an entrepreneurial perspective. However, we deliberately avoid dependence on external capital providers and the associated risk of restricting our decision-making freedom.

The issue of sustainability is also gaining importance in terms of our financial stability, which supports our conviction that sustainable business practices help promote rather than undermine financial success. More and more credit institutions are linking loan approvals to sustainability ratings (including in the case of medium-sized companies like elasto) with the interest rate being tied to the borrower's sustainability performance. Consequently, our economic success is enhanced by strategic sustainability management and good social and environmental performance.

INVESTING IN A SUSTAINABLE FUTURE.

A sustainable approach to business can help maintain economic performance in lots of different ways. That is why at elasto we view the investments we make to protect our natural environment as capital investments in our economic future as well. Through digitalisation, automation and process optimisation, we are looking for long-term solutions to improve our economic and environmental efficiency.

We succeeded in making this connection with our new logistics centre, for example, which went into operation in 2023. The investment volume for the new production and storage hall, including the boiler house, was 8.2 million euros. The 5,000 square metre hall, in which we have also installed an automated small parts warehouse, is a KfW Standard 40 building that consumes 60% less energy than required by the Building Energy Act, as it hardly loses any heat and covers the low remaining demand extremely efficiently.

In addition, 1.560 photovoltaic modules were installed on the roof of the new production hall and warehouse, which provide an output of 580,000 kWh per year and save more than 273 tonnes of CO_2. At the same time, we are reducing our energy costs and increasing our energy independence, which is becoming increasingly important in the unstable times we are currently experiencing.

With this in mind, we are taking a variety of other measures, such as remodelling the injection moulding shop and equipping it with more efficient machines. We are also utilising the waste heat generated during production processes for energy purposes. We have already converted 88% of our vehicle fleet to hybrid and electric vehicles. A charging infrastructure with 30 charging points was set up for this in 2023.

8.2
million Euro
investment in our new production hall

30
new charging stations

273
tons of CO_2
will be saved

60%
less energy

„A holistic philosophy is important for elasto. That is why we carefully coordinate our investment projects and try to exploit the greatest possible synergies, both from a technical perspective and with regard to creating economic and ecological added value.“

Innovation.

„Innovation is an important component in our ability to compete. Through systematic innovation and the enhancement of existing processes and products, we will strengthen our economic position and consolidate our location. As an innovative company, elasto is constantly engaged in research and development to create new sustainable products. This includes striving to close the material cycle and modernise existing industrial processes. Innovative technologies also enable us reduce emissions in manufacturing processes, making a positive impact on climate protection.“

08

OUR APPROACH TO INNOVATION.

At elasto, we favour a comprehensive approach to innovation. We strive for improvements and refinements, not only in our products and services, but also in our processes. We know that continuous improvement at different levels is necessary for long-term corporate success in dynamic markets.

In line with the Sustainable Development Goals (SDGs), we strive to use our creativity and innovative abilities to make a valuable contribution to sustainable development. In our view, this is a key responsibility for companies if we are to achieve the global sustainability goals.

We aim to be an innovation driver in our industry in terms of conserving resources and improving energy efficiency. With this in mind, we actively manage our material use and energy consumption to optimise products and processes and reduce costs. This is also why elasto invests specifically in process innovation, more efficient plants and buildings, and the introduction and expansion of energy and environmental management systems at its sites.

However, our holistic understanding of innovation as a competitive factor is based on more than just environmental and cost considerations. For elasto, innovation is an essential element of customer satisfaction. We are securing and steadily expanding our position in the industry thanks to our ability to offer customers functional, efficient solutions that not only meet the technical and legal specifications but also satisfy aesthetic and environmental requirements.

”We are convinced that technological progress is essential to overcome challenges such as climate protection and resource conservation.“

elasto REuse

We are tackling the problem of single-use packaging for takeaway food head on. Our elastoREuse range is the reusable and sustainable solution – for fast food without a guilty conscience.“

REuse TODAY, SAVE TOMORROW.

A new packaging law came into force in 2023, which states that establishments that sell takeaway food and drinks must also offer reusable packaging. Under this law, the reusable options must not be more expensive than the disposable packaging. Businesses affected can meet this challenge with our reusable takeaway packaging made using sturdy, recyclable polypropylene. This packaging consumes significantly less energy during production and transport than glass or metal, for example. It can withstand many wash cycles and offers excellent functionality thanks to different shapes, sizes and closure options. Customisation in terms of colour and branding is also available.

”For us, it was natural to engage in close collaboration with a range of catering professionals when designing and optimising our elastoREuse products. That is because elasto does not see innovation as an activity for a select few. For us, this is an open and interactive process.“

OUR CULTURE OF INNOVATION.

At elasto, we try to involve all employees in the innovation process. This is because we believe that new ideas and suggestions for improvement can come from any area of our company. New perspectives often arise in day-to-day business, from direct contact with customers or suppliers, through the use of machinery or while working with materials.

All too often, however, ideas that are generated are not picked up due to the rigidity of everyday processes and busy schedules. The result is the loss of valuable potential. That is why we encourage our employees to share their ideas about process and product developments, optimisations and cost savings with our managers. Not every idea becomes an innovation, but every innovation requires an original idea.

To ensure that as many ideas as possible are communicated to us, we aim to set up a company suggestion scheme, which will be an important component of our innovation management process. Our employee app is designed to give employees a clear and simple way to share ideas with us. In recognition of how much we value this commitment and creativity, elasto will offer remuneration for any suggestions that are accepted. This will apply not only to proposals aimed at reducing costs or increasing profit, but also to suggestions that bring about qualitative improvements, for example in the area of occupational safety or health.

Existing staff represent a vital building block for innovative competence, but so do future employees.

That is why we are so aware of the need to pay attention to appropriate qualities and skills when recruiting, and we understand that staff-friendly working conditions can enhance our appeal as an employer. These factors help us attract talented individuals to elasto, where we provide employees with a working environment that fosters commitment and professional development.

> **„elasto's future innovative strength can only be ensured by attracting qualified, committed and talented employees.“**

However, innovation is not purely an internal matter for elasto, as we have already illustrated with our elastoREuse product range. In-person conversations with our suppliers and customers are a particularly valuable source of new ideas and opportunities. This puts us in a position to assess directly from a market perspective where there are requirements that can be addressed by new solutions. Beyond this dialogue with our stakeholders, we also work with universities and research institutions, especially when it comes to the technical aspect of innovation.

THOUGHTFUL INNOVATIONS.

Currently at elasto, we are focusing on the systematic use of new technologies to optimise our processes. Comprehensive software solutions have been introduced to promote better screening and visibility. In particular, our extensive product information management increases the transparency of our production of promotional materials. The comprehensive analyses created in this way are used as the basis for working out effective and efficient enhancements.

> **We continually strive to leverage innovation to generate value for all the stakeholders in our value chain – from our suppliers to our customer base.“**

We are also continuously increasing the level of automation in our production facilities, both in our print shop and our spray shop. We pay particular attention to energy efficiency and quality. We are currently preparing the relocation and conversion of our injection moulding plant with an investment volume of €2.5-3 million. In order to pursue an integrated approach, we have simultaneously equipped more and more machines with handling robots. This has already been done for 84% of our machines. Our goal is to achieve a level of at least 95% when we move to our new production facilities. In order to measure and review progress, we have introduced an indicator showing the level of automation for our top 25 products by volume or sales value.
However, process optimisation innovations are by no means limited to the production area at our company. For example, we introduced a new system in our HR department that has significantly reduced the administrative work involved in maintaining master data and checking bookings. This not only makes life much easier for HR staff, but also for our managers, who can control numerous HR functions via the new system.

around 2.5-3 million euros

of investment in the relocation and modernisation of our new injection moulding plant

84%

of our machines have been equipped with handling robots.

In the financial year 23/24, we invested

around 700 thousand euros

in more efficient printers and robots.

Customer focus.

„At elasto, we aim to meet and, wherever possible, exceed customer expectations for products and services. Our focus on customer requirements and wishes has led to successful customer acquisition and excellent long-term customer retention. In addition to taking responsibility for offering high-quality, safe products at a fair price, we also seek to ensure their environmental and social compatibility. We want to make a difference with our products: in every respect.“

09

COMPREHENSIVE CUSTOMER FOCUS AND PROFESSIONAL ORDER PROCESSING.

Our goal is to create products and services that are focused on customer needs. Innovative solutions allow us to accommodate individual requests, e.g. personalisation and new demands (perhaps due to changing legal requirements), in the design of our products, but also their packaging and shipping.

elasto wants to be a fair and reliable partner at all times. In our view, this is an essential requirement for trusting and constructive collaboration. That is why we always treat our customers as equals and are ready to listen. After all, customer wishes can only be fulfilled by listening and, if necessary, asking questions. We see customer feedback not just as a benchmark for evaluating our performance but also as valuable input for new ideas.

Our products are characterised by functionality, quality and precision workmanship. Other vitally important aspects for elasto include environmentally friendly manufacturing processes, the use of sustainable materials and the development of closed-loop principles. Our most recent customer survey from autumn 2021 showed that this approach leads to positive feedback. Almost all of the 138 participants stated that sustainability in promotional products is of high or very high importance to them.

„We regard our ongoing consideration of sustainability issues as directly meeting the wishes of our clientele.“

At elasto, we see ourselves as more than just a product manufacturer. We also see ourselves as a service provider with an impressive reputation for comprehensive customer care and professional order processing. That is why we offer our customers customised solutions, comprising products and services that meet customer requirements throughout the value chain.

OUR RANGE OF SERVICES.

Based on this approach, our services range from research, development, planning, conceptualisation and in-process consulting to services involving production, refinement, warehousing, logistics and fulfilment. We offer a modular approach, from which relevant components can be selected according to customer requirements. If desired, elasto will even carry out product development in line with specific requirements. Special software allows us to visualise product ideas and create corresponding 3D prototypes.This allows us to convey an accurate impression of the product design according to the customer's wishes before it goes into production.

Most of our production takes place in Germany. This "Made in Germany" philosophy is highly valued, as our survey in autumn 2021 also showed. This is because it brings a number of associated benefits for our customers and for our natural environment.

- Short delivery times.
- Reduced CO_2 footprint.
- High quality through the use of state-of-the-art equipment.
- Increased flexibility.
- Short transport routes.
- Production based on efficient energy concepts.

The items produced can then undergo individual refinement. A wide variety of printing, engraving and laserprocesses are available to meet different customer requirements and to handle a range of material properties. For example, UV laser printing and IMould offer the possibility of photo-realistic motifs and logos.

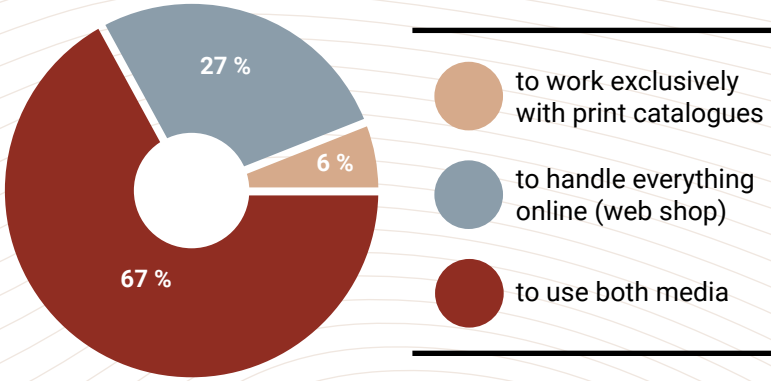
At elasto, we are particularly proud of the fact that we can offer holistic, coordinated services in addition to high-quality products. Together with our customers, we develop advertising concepts that are tailored to individual ideas and wishes. Our promotional product fulfilment combines processes throughout the value chain.

INFORM AND COMMUNICATE.

We value and maintain discussions with our customer base – whenever possible via personal conversation. Important information is provided through our homepage, catalogues and product brochures. However, a two-way conversation is even more important for us than a one-way 'monologue'. Attendance at international trade fairs, external visits, and meetings at our premises offer an opportunity to comprehensively analyse customer wishes and requirements and to provide information about our products. We have several showrooms at our company site to give customers a truly tangible sense of what our products are like when they come to meet us. Even during the Covid-19 pandemic and all the associated restrictions, we were determined to continue bringing our products to life. With this in mind, we set up a media room, where our sales team can showcase products digitally in virtual meetings.

The aforementioned annual customer survey represents an important tool for us and an easy way to obtain wide-ranging customer feedback. Among other things, it gives us a chance to ask customers about information and communication preferences, so we can fine-tune our tools and product offerings.

In future, our customers want ...“



67% of our customers would like to continue using catalogues in print and online format. Most interested parties find out about new elasto products via newsletters (44%), 25% via the homepage, 18% via the catalogue and 12% via personal sales.

When purchasing products, more and more customers are paying more attention to the fact that they are 'Made in Germany' (86%). At the same time, 77% are prepared to pay a higher price for this.

OUR SERVICE IN NUMBERS.

In order to be able to assess the level of customer satisfaction with our products and services beyond communication aspects, we regularly collect key figures both internally and externally. For us, they are not only an indicator, but also a tool for strategic and operational management. We naturally receive the most valuable feedback for determining performance from our customers themselves. This is why we regularly conduct customer surveys on topics such as service quality, delivery times and adherence to delivery deadlines. The results from 2023 show that courteous and competent advice is important to us at elasto.

96 % good to very good
friendly advice
★★★★★

90 % good to very good
accessibility
★★★★

95 % good to very good
expertise
★★★★★

90 % good to very good
Manufactured in Germany
★★★★

80 % good to very good
import products
★★★

88 % good to very good
custom-made products
★★★★

Our customers particularly appreciate the advantages of manufacturing in Germany. These include short delivery times and the rapid availability of goods. For imported products and customised products, which naturally involve longer handling processes, we can also achieve satisfactory results in terms of delivery times. results in terms of delivery times.

Despite the sometimes massive economic and logistical upheavals caused by global crises, we largely succeeded in meeting our delivery deadlines.

The pursuit of continuous improvement in our products and services characterises elasto. Despite the already very high level of satisfaction with the technical expertise of our employees, we will continue to expand our internal training programme. The development and more extensive use of knowledge databases also represents an opportunity for us to further strengthen technical expertise. In future, we will place greater emphasis on sustainable products in our training programmes. This is because we want to ensure that our employees are able to provide potential interested parties with professional advice on the relevant options and alternatives.

We also want to strengthen the personal relationship between our service employees and their respective customer contacts. After all, even the best product communication in our catalogues and online shops cannot replace a personal conversation and individual advice.

We also want to strengthen the personal moment in the acquisition of new customers and will increase our presence at trade fairs. However, we also see participation in public tenders and targeted communication as valuable opportunities to convince new customer contacts to work with elasto.

Attractive and responsible employer.

„Attracting and deploying talented employees boosts our innovative capacities and ability to compete – day in and day out. Safe, healthy, employee-friendly working conditions and continuous staff development are fundamental requirements in this regard. Overcoming future challenges and ensuring the long-term success of our company will only be possible with well-trained, dedicated and motivated employees from diverse backgrounds.“

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OUR APPROACH AS AN ATTRACTIVE AND RESPONSIBLE EMPLOYER.

As a family business, we cultivate a trusting and appreciative relationship with our employees. For us, the idea of a corporate family is not wishful thinking but operational reality. As in any family, we do not always agree. However, we expect all managers and employees to deal with challenging issues in an objective and focused manner because we also believe that constructive disagreement can be a valuable driver for improvement. Progress relies on questioning current circumstances, and this will never happen if the status quo is simply accepted as a given.

> **Our culture is one of easy access and open doors.“**

At elasto, we are convinced that diversity can make an important contribution in the competition for the best ideas and solutions. We strive for diversity in our company and promote it in a targeted manner. Today, more than half of our employees are women. At our site in Sulzbach-Rosenberg, there are 12 nationalities working together. A diverse workforce is an important competitive factor for us as a global company.

Continuous staff development plays a key role in our management philosophy as a way to promote innovation but also to increase employee satisfaction. The world of work is changing ever more rapidly, as evident particularly in automation and digitalisation. Thus, modern HR development is crucial to elasto's competitiveness.

In addition to training and development opportunities, we promote employee satisfaction in a variety of ways because our employees are the heart of our company and make a vital contribution to its success. Fair treatment, safe working conditions even in times of crisis, and the promotion of health and well-being are a matter of course at elasto. This also contributes to elasto's reputation as an attractive employer. At a monthly employee breakfast with a rotating group of participants, the management takes time for in-depth discussions with employees.

We take an integrative approach to ensure we meet the different demands placed on us as an employer. Our HR department works closely with management and executives to identify and implement necessary measures and changes. We also coordinate important aspects of communication together, using modern information technology to inform and involve our employees. This also includes persuading and motivating staff to engage in sustainability at work and in their private lives.

Number of employees – elasto GmbH & Co. KG (including trainees).

2022

215

Of which women
121

Of which men
94

Of which full-time
150

Of which part-time
65

Number of trainees
11

2023

217

Of which women
117

Of which men
100

Of which full-time
157

Of which part-time
60

Number of trainees
14

OCCUPATIONAL HEALTH AND SAFETY.

We believe that protecting health and offering a safe working environment are part of an employer's fundamental responsibility to their employees. Consequently, we are determined to protect and promote the physical and mental health of our employees. We do this based on a preventive approach. Risks and hazards are identified at an early stage so that preventive measures can be taken.

A fundamental part of workplace safety is raising awareness and training our employees to prevent accidents, avoid safety risks, and look after their own health. That is why we offer appropriate safety briefings for all employees as well as special training, for example for those who work with hazardous substances. We also offer occupational health check-ups. Our preventative approach is reinforced by conducting comprehensive risk assessments and regularly checking the safety and reliability of racks, ladders and electrical equipment.

In order to establish clear responsibilities and competencies, we have appointed a safety specialist plus first aid and fire prevention officers, who we train regularly and keep up to date with the latest requirements. These individuals help embed this theme in our organisation and serve as qualified "first responders" should accidents or other incidents occur.

"The effectiveness of our measures is reflected in the low number of reportable occupational accidents."

HEALTH MANAGEMENT.

Our modern, well-equipped company gym is available to all employees free of charge and is supervised by professional coaches.

Another activity that we encourage is for employees to take part in sport together. Many are active in local clubs, which elasto supports as part of our community engagement.

”

Taking part in sporting activities together is healthy and great for team building.“

We also ensure we provide ergonomically designed workplaces for our employees, both in the administrative area and in production. This includes the provision of suitable office furniture and manufacturing facilities. It is also important for us to deploy staff in accordance with their profile and skills. We take particular account of each individual's age in order to avoid overloading or musculoskeletal issues.

”

In addition to our focus on workplace safety, we create numerous opportunities for employees to improve their health and to enhance workplace quality.“

STAFF RECRUITMENT AND DEVELOPMENT.

In order to strengthen our future viability in a dynamic world with constantly changing requirements, it is essential to equip employees with a broad range of skills and knowledge.

The cornerstone of successful human resources work relies on positioning elasto as an attractive employer and successfully recruiting junior staff and experienced specialists. Particularly to attract talented young people, we offer a wide range of future-oriented training courses as befits a well-known and respected training enterprise.

> **Systematic training and development opportunities not only bring personal and professional benefits for employees but also generate a clear competitive advantage for elasto.**

These include:

- E-commerce
- Media technology in screen printing
- Tool mechanics
- Warehouse logistics
- Process mechanics

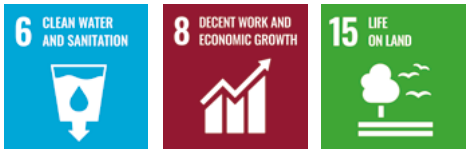
We use social media as one method of contact, but we also attend regional job fairs as these allow us to get to know each other in person for the first time.

Responsibility in the supply chain.

"At elasto, social and environmental responsibility does not end at the factory gates. We also want to contribute to sustainable development in our supply chain, which accounts for part of our value creation. To this end, we work with our suppliers to ensure compliance with social and environmental standards. For us, this is one of the most important foundations for a long-term business relationship that is based on fairness, trust and collaboration as equals."

11

OUR MANAGEMENT APPROACH TO SUPPLY CHAIN RESPONSIBILITY.



The stringent quality standards we apply to ourselves are also applied to our suppliers. Important criteria for us include the supplier's performance and delivery capability, as evidenced by modern technical equipment and reliable processes. At the same time, however, we expect the implementation of recognised social and environmental standards. This is always done with a sense of proportion, because the demands we make must not overburden our partners economically or in terms of available expertise.

This long-term vision offers planning security for us and our suppliers, something that is becoming increasingly important in times of unstable supply chains. It also makes our suppliers more willing to invest in better social and environmental conditions because they have the assurance that this is an investment in the longevity of our business relationship. That is why it makes sense for us to convince our suppliers that our requirements are meaningful and have a mutual benefit.

„A key element of our supply chain management is our local approach.“

We manufacture most of our products at our site, but we also try to use suppliers from Germany and Europe. We currently satisfy around 50 % of our purchasing volume through German and European suppliers. This enhances the stability of our supply chain and avoids long transportation routes and the associated impact on the environment.

For elasto, supply chain responsibility invariably means a comprehensive approach that includes various ESG issues (environmental, social, governance). In terms of the environment, we emphasise climate protection, the prevention of environmental pollution (in particular water pollution), and the use of sustainable materials. As for social issues, our attention is focused on safe working conditions and protecting health, opposing forced and child labour, and ensuring freedom of association and employment relationships on a contractual basis. In terms of governance, we expect full compliance with legal and regulatory requirements and the fight against corruption and bribery.

As part of our risk analysis, we strive to identify the most critical of the aforementioned issues for us and our stakeholders. As a result, the focus is on respecting human rights and social standards, a philosophy that is also reflected in the expectations of our clientele. Many of our customer contacts require us to conduct social audits of our supply chain based on recognised standards.

ESG INTEGRATION IN SUPPLIER MANAGEMENT.

With the aim of promoting and strengthening ESG compliance in our supply chain, we will be introducing a supplier management system in 2022. This will systematize data collection and supplier assessments and increase the transparency of our supply chain. At the heart of this approach is a supplier classification system that is integrated in our quality management. This will enable us to link verification of compliance with ESG criteria to issues that relate to quality, delivery capability and price.

Our first and fundamental objective is to quantify the number of suppliers classified according to our system in order to determine what proportion of our total supply base this involves. The plan is to gradually increase this figure, particularly with regard to our top suppliers. As a medium-sized company, we have to use our resources efficiently, which is why our focus will be on suppliers who account for a significant share of our procurement.

We aim to gradually reduce the proportion of unclassified suppliers and any with a poor rating. We will take the classification into account when selecting new suppliers or awarding contracts, and with our existing suppliers. If necessary, this will involve linking our ongoing business relationship to a willingness to improve performance in relation to ESG criteria. It is important for elasto not to terminate business relationships abruptly, which is why we will give our suppliers a reasonable period of time in which to make the necessary corrections. In the event of a failure to make appropriate adjustments, our future cooperation will be re-examined.

„Reputable social and environmental standards represent an important element in supplier classification.“

Our preference will be to work with suppliers who have been certified in accordance with internationally recognized standards. In terms of social engagement, these include SA8000, Supplier Ethical Data Exchange (SEDEX) or the Business Social Compliance Initiative (BSCI). Particular attention will be paid here to non-European suppliers as shortcomings in social governance occur more frequently here than in the European market. By 2023, our aim is for 50 % of our new suppliers and 50 % of our existing suppliers to have appropriate certification. The goal to increase these figures to 80 % by 2025.

We will also demand compliance with recognized environmental standards. At the corporate level, for example, ISO14001 or the Eco-Management and Audit Scheme (EMAS) should be mentioned. Due to our business model, standards at product level are equally important, for instance Oeko-Tex, Forest Stewardship Council (FSC), the Global Organic Textile Standard (GOTS) and the Global Recycled Standard (GRS).

AWARENESS AND PROCESS INTEGRATION.

To live up to our responsibility in the supply chain, it is not enough to have the necessary systems and processes in place; we also need to raise employee awareness of sustainable value creation and make this part of our everyday activities.“

This applies in particular to purchasing, where we will train and require our employees to take into account the ESG criteria mapped in our system in their procurement decisions.

Social engagement.

„As a medium-sized company and one of the largest local employers, we are firmly rooted in our location. That is why we embody our commitment to social responsibility in our hometown of Sulzbach-Rosenberg and beyond. Ever since our company was founded, we have been committed to the well-being of our employees, their families and the people in the region. This commitment has involved making an active contribution to creating and maintaining an enjoyable living environment.“

12

THE PHILOSOPHY BEHIND OUR ENGAGEMENT.

We believe businesses are an important part of society and, because of their economic performance, have the opportunity to make a valuable contribution to society. There are three key aspects to our pursuit of this belief. Firstly, our social engagement has a clear local focus with support predominantly for nearby good causes. We are in close contact with the people at our site, and we understand their needs. We want to be a reliable partner for our community, its institutions and associations.

Secondly, we are mainly involved in areas that are closely related to our core business, which enables us to make the best possible use of our resources.

The third component of our social engagement is rooted in the desire to work collaboratively with others, because sustainable development is best achieved by joining forces. That is why we are involved in various initiatives and networks.

> **„We believe that we can help most effectively by taking advantage of our expertise, experience and products.“**

Our employees volunteer in non-profit associations and organizations to address social problems and promote social and environmental issues.

Our efforts during the coronavirus pandemic show how we try to link our engagement activities to our core competencies. For example, we supplied numerous non-profit and social institutions with FFP2 masks produced in Germany free of charge when they did not have sufficient quantities available. Recipients included volunteer fire departments, units of the German Federal Agency for Technical Relief, and hospitals in our region. We also supported higher education institutions in the same way.

In times of shortage, we sold masks from our own production at cost price to the people at our site. We should make it clear here that giving these items away free would not have been economically viable due to the high demand and the difficult economic situation in which we also found ourselves.

ENVIRONMENTAL COMMITMENT.

A key component in our contribution to the preservation of our natural environment is our corporate citizenship. elasto is a certified partner of The Honu Movement, an organization dedicated to ridding our oceans of waste. For every pair of BEACH sunglasses we sell, two single-use plastic bottles are collected and re-cycled from the ocean by The Honu Movement employees. This plastic is used to produce granules, which in turn are used in the implementation of construction projects. This demonstrates the potential link between social involvement and core business activities, which is something we repeatedly emphasise. Our top priority is to replace single-use plastic with recyclable reusable plastics.

OUR GOALS.

Rapid assistance is often what is most needed. At elasto, we pride ourselves on our ability to help quickly and with minimal bureaucracy in the event of an emergency. However, this does not mean that our social engagement is purely ad hoc in nature. Once again, our aim is to have a systematic approach with a long-term perspective while maintaining our flexibility and spontaneity. That is why we plan to expand our strategic partnerships to promote social and environmental projects and strengthen our collaborative philosophy.

One of our goals is to expand the award of assembly contracts to workshops for the disabled, thereby providing more extensive support for those facing physical or mental health challenges. We also want to strengthen our collaborative approach by setting up a regular open day on our premises, where aid organizations can present themselves and exchange ideas with potential future contributors.

We want to reinforce our regional strategy by relocating our climate protection project to the local area. After all, we believe it is important for us to make climate protection tangible on site in order to raise awareness of this crucial issue for the future among our employees and others on site. We are currently evaluating practical options in this area.

Sustainable product design.

„elasto is known for high-quality products that are durable as well as environmentally friendly and sustainable. These products should offer customers maximum benefit with minimal impact on our natural environment. That is why we are constantly looking for ways to make environmental improvements, from product development through to packaging. We are working on this together with our customers and suppliers, but also in cooperation with industry, associations and science.“

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OUR MANAGEMENT APPROACH TO SUSTAINABLE PRODUCT DESIGN.

At elasto, our approach is based on the conviction that quality and sustainability are inseparable. This is especially true for our products, where careful manufacturing goes hand in hand with a long service life. But our pursuit of greater sustainability at the product level goes far beyond high-quality manufacturing.

As early as the development phase, we are concerned with the potential sustainability of our products and their impact on the environment. This generates ideas and strategies for further optimising our product design. This process also enables us to identify the decisive factors that offer the greatest potential for minimising negative environmental impacts.

In production itself, we use various quality management tools and operate a comprehensive energy and environmental management system in order to produce high-quality goods with the lowest possible environmental impact.

Persuasive lobbying is thus an important component of a sustainable product policy for elasto.“

DEVELOPING SUSTAINABLE PRODUCTS.

Within our sustainable product design strategy, the development phase represents one of our two focal points. Our primary goal here is to increase the use of recycled or renewable materials – both in our own production and in procurement. As far as in-house production is concerned, nine of the 27 plastics we use are already made from biological raw materials or recycled plastic.

On both the supply and demand side, we are constantly monitoring the market to identify new opportunities and trends. Supply in particular has been subject to enormous fluctuations in prices and availability since the start of the coronavirus crisis. In view of the resulting changes in the raw materials situation, we see great opportunities in the use of sustainable materials. For example, if sustainable raw materials have so far been significantly more expensive on average than those based on fossil fuels (especially crude oil), we believe a complete reversal of this situation is entirely possible due to the prevailing political and economic conditions.

We use recognised standards to check the sustainability of our products and communicate this better to the outside world. This is why we have been FSC-certified since 2015 and have already realised many customer projects in accordance with the FSC standard during this time. The Forest Stewardship Council is an international certification system for more sustainable forest management. Accordingly, products that receive this seal come from forests that are managed responsibly. In 2022, we also realised our goal of becoming one of the first German promotional products manufacturers with ISCC Plus certification. The ‘International Sustainability & Carbon Certification’ is a certification for biomass and biomass-based products.

SUSTAINABLE PACKAGING DESIGN.

Our second strategic focus for sustainable product design involves packaging.

We already avoid individual packaging for 91 % of our "Made in Germany" products. The aim is for this to be 95% in 2025 and 97 % in 2027. For products where individual packaging is essential for quality or safety reasons, we consider the use of paper and PLA packaging. These are substances based on polylactic acid, obtained from natural, renewable raw materials such as corn.

As far as imported items are concerned, we are engaging with our suppliers to do away with packaging and to use sustainable raw materials where packaging is necessary. In 2021, 55% of our imported products were already free from individual packaging. We were able to increase this figure to 77% by 2024, exceeding the target of 75% set in our first sustainability report.

Our approach is to optimise our processes across as much of our value chain as possible. That is why we involve our customers as well as our suppliers. Significant material savings can be achieved by digitising instruction manuals and making them easily accessible with a QR code. Currently, we already ship 12 of our products plus all Tritan bottles with a link to a digital guide, and we intend to expand this approach further. At the same time, we are trying to raise awareness of these changes among our customer base in order to make this sustainable option more acceptable.

„Our primary goal is to reduce or eliminate packaging waste. Where this is not possible, we are looking to replace existing packaging with sustainable materials.“

We already avoid individual packaging for

91 %

of our "Made in Germany" products.

In 2024,

77 %

of our imported products were already free of individual packaging.

PLANT-BASED BIO-PLASTIC.

The 'elastoNature' product series, which was launched in 2024, consists of carbohydrates (e.g. corn or sugar cane) mixed with mineral fillers. The basic building blocks of the plant-based plastic are carbohydrates, which are converted into plastic through chemical processes. The carbohydrates thus replace crude oil.

They are bio-based, can be biodegradable or long-lasting and offer a sustainable option for reducing dependence on fossil raw materials in plastics production.

DRINKING BOTTLES MADE FROM TRITAN™ RENEW.

The ISCC Plus certified material is made from recycled Tritan™ and has a lower carbon footprint than conventional Tritan™. The high-quality and sustainable Tritan™ 'Renew' material is obtained through an innovative 'molecular recycling' technology, which reduces the generation of waste and the use of fossil raw materials.

A SUMMARY ON PLASTICS.

Products and components made of plastic are used in a wide variety of areas. They are an essential part of our lives. Recently, we have seen widespread condemnation of anything containing plastic. Despite the many justified criticisms that can be made in this regard (particularly the poor degradability of plastics) we believe it is better to avoid such sweeping generalisations in favour of a more nuanced perspective. For example, plastics offer many potential advantages due to being lightweight, having a significantly better energy balance during production (e.g. compared to glass), and the ease with which they can be recycled.

At the same time, we are evaluating the use of bioplastics, including those based on cellulose, sugar or corn starch. These constitute environmentally sound alternatives, especially when products are going to be used over a longer period of time.

Our goal, therefore, is to examine where we can find economic and environmentally sensible applications for recycled plastics that have already gone through several product life cycles.“

Circular economy.

"We are passionate about the concept of the circular economy. As a family business, we see this as part of our responsibility to our children and grandchildren, because we want them to inherit a world with sufficient natural resources and not overflowing with mountains of waste. As a manufacturing company, we also see this as a key part of our economic sustainability because we are dependent on the use of materials. We want long-term security here, including through the circular use of raw materials, a concept that represents an important, potentially even crucial, factor in terms of the future availability of resources."

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REUSABLE RATHER THAN DISPOSABLE.

In terms of the circular economy, we deliberately avoid reference to a management approach, because that would not yet reflect our current circumstances. However, we have begun to tackle the issues raised by the circular economy and are developing initial procedural concepts. We want to help decouple economic growth from the consumption of finite raw materials, so that these can be protected in the long term.

The transition to a fully circular economy will need to be done gradually, which is why we link this to the sustainable product design measures described in the previous section. Currently, we are making great strides in minimising negative impacts on the environment by reducing or eliminating packaging materials. We are also using more and more materials from sustainable sources for products and packaging without compromising quality or safety.

These solutions enable the conservation of resources and are approaching fully-fledged closed-loop concepts, where materials are preserved in economic cycles throughout the product life cycle. Our long-term goal is to develop products with closed material cycles and using only renewable energy. This can only succeed if the various players in the value chain are involved. That is why we cooperate closely with our suppliers and customers in this regard.

> **„Since 2023, catering businesses that sell takeaway food or drinks must also offer them in reusable packaging. The aim is to reduce the volume of waste, much of which ends up rivers, lakes and the sea.“**

The coronavirus pandemic revealed the increasing popularity of takeaway food. Even before the crisis, the amount of waste generated from disposable tableware and takeaway packaging amounted to 350,000 tons annually, according to a study by the Society for Packaging Market Research (2018). In light of this issue, from 2023, the German cabinet has banned the sale of plastic takeaway cups, drinking straws, stirrers and disposable tableware, as well as disposable polystyrene containers. We are addressing these environmental and regulatory requirements with elastoREuse, which offers a sustainable alternative to disposable packaging.

To close the loop after use, we take back the boxes free of charge and recycle them completely. The boxes are designed using materials that allow straightforward recycling, and the resulting recyclate can be used as the basis for new products.

Our approach.

We are proud to have launched elastoREuse, our first product range that meets the requirements of closed material cycles. But we are by no means at the finish line yet. In future, we want to achieve an even greater impact by introducing closed-loop concepts for other product ranges.

It is also essential that we continue to raise awareness of closed-loop concepts among our customer base to convince them of the benefits. Additional steps may also be necessary for products in the elastoREuse range. For example, deposit systems should be explored to encourage people to return the boxes after use so they can be reused. Once the boxes have done their job, it needs to be easy to return them to us, so they remain in circulation.

Interfaces between individual players along the value chain represent one of the greatest challenges of the circular economy. At elasto, we believe we can make a valuable contribution to closed loop approaches thanks to our open and collaborative philosophy.

Energy and environmental management.

„Protecting the climate and our environment is a top priority for elasto. That is why we are continuously working to reduce our environmental footprint. This does not just involve innovative product solutions and closed-loop concepts. We have also already implemented many measures relating to our production processes and buildings, and these are constantly being expanded. At elasto, not only do we offset the CO_2 emissions generated, but we also make other investments in climate protection.“

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OUR ENERGY AND ENVIRONMENTAL MANAGEMENT APPROACH.

At elasto, we see successful energy and environmental management as an important factor in the sustainability of our business model. Economic and environmental issues go hand in hand for us. Through effective and efficient measures, we are protecting our environment and our climate, while simultaneously achieving cost reductions that increase our competitiveness and enable us to expand our production in Germany.

Our approach has three key components: minimising the use of energy and resources, improving energy efficiency, and expanding renewable energy supplies. Through comprehensive and systematic planning, we are examining every area of our business and our value chain. As described in the section on our supply chain responsibility, we set mandatory environmental requirements for our suppliers and work in partnership alongside them to assist with implementation. We also cooperate with our customer base in developing sustainable products and optimising logistical processes.

In terms of our direct value creation, even at the investment stage we consider economic and technical factors as well as the environmental impact of different investment alternatives. The same applies to any new buildings or renovation projects. Here too, we see great potential for reducing the use of resources (especially in terms of electricity, heating and cooling), thus reducing the burden on the environment and climate.

For our production facilities, we systematically collect data to analyse energy consumption in each area and identify opportunities for improvement. This allows us to classify the effects of our actions on the natural environment through an inside-out view. From the opposite perspective, and as part of our risk management, the analysis allows us to evaluate the impact of the dynamically changing raw materials situation on our business model, both in terms of materials and energy sources.

> **„As a manufacturing company, the availability of natural resources plays an important role for us. At the same time, we aspire to achieving maximum independence in every regard.“**

INSTITUTIONAL ANCHORING.

In the past, the issue of energy and environmental management was the responsibility of our quality management department as there are numerous overlaps between these two areas. However, due to the growing range of tasks, we will soon be training employees from a wide variety of areas in environmental and energy management and having them certified accordingly. This will enable us to further strengthen our strategic and operational planning and management in both areas, embedding these even more deeply in our organization. Their responsibilities will also include working with our sustainability team to raise awareness of these important issues among all employees.

CLIMATE PROTECTION AT ELASTO.

Climate change is one of the major challenges of the 21st century, especially for us as a manufacturing company, which we are fully committed to tackling. We are constantly looking for new ways to further improve our carbon footprint in order to protect the climate and conserve resources. The continuous reduction of emissions is our primary goal. In line with this approach, we are taking a variety of measures to reduce the use of fossil fuels. These can essentially be categorised into two areas: Reduction and substitution.

In order to fulfil our reduction approach, we are constantly upgrading our machinery to new, energy-efficient machines. In 2020 and 2021 alone, we invested more than 350,000 euros in modern, environmentally friendly systems. This also applies to our vehicle fleet, 88% of which we have already converted to electric and hybrid vehicles. As part of the changeover, we have had 30 new charging stations installed at our site.

The new logistics hall built in 2022/23 to KfW 40 standard is characterised by low heat loss and efficient coverage of the remaining demand. It consumes 60% less energy than required by the German Building Energy Act. In addition, we achieve considerable savings in electricity in our halls by switching to LEDs across the board, using sensor-based lighting management and installing motion detectors to optimise existing light sources. For example, we have been able to save 30,000 kWh just by converting to LED outdoor lighting and in our print shop.

810.24
tons of CO_2
saved annually by elasto through steps we have taken ourselves.

88%
of the vehicle fleet has already been converted to electric and hybrid vehicles.

We have made further progress with regard to our buildings, which brings us to the second element of our energy and environmental strategy: substitution. For example, we undertook construction of a boiler house to allow us to switch from oil to wood chips. At the same time, we are using heat recovery to take advantage of the waste heat generated during production to heat our office building.

However, we have taken perhaps the decisive step towards climate protection with the extensive expansion of our photovoltaic system. We have had 1,560 photovoltaic modules installed on our new logistics hall alone, which deliver an output of 580,000 kWh per year and save more than 273 tonnes of CO_2.

These steps are therefore already making a very positive contribution to improving our carbon footprint.

Overall, our actions make it clear that elasto is approaching economic and environmental issues collectively, systematically and with appropriate investments. Through a wide range of interventions, we are reducing our long-term energy costs and increasing our energy independence in order to protect ourselves against the energy supply risks that will exist for the foreseeable future. At the same time, we are making a valuable contribution to climate protection and the conservation of fossil resources.

DEVELOPMENT OF ENERGY CONSUMPTION.

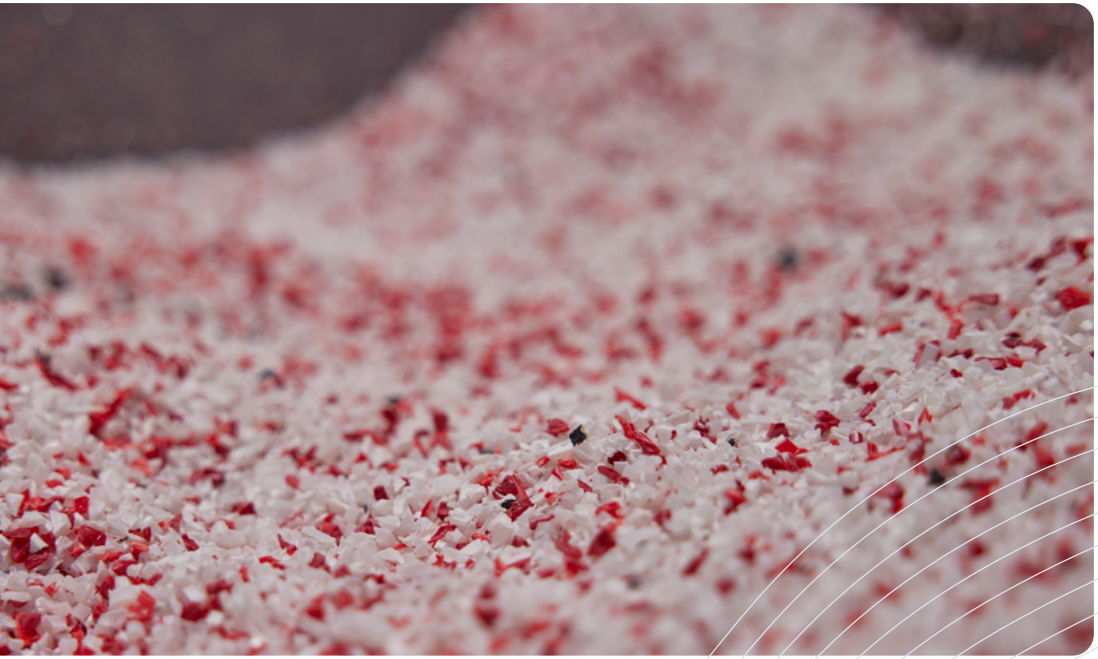
	2021	2023
Heating oil (l)	64.054	21.723
Electricity (kWh)	1.757.556	1.417.743
Diesel (Fuhrpark) (l)	15.603	9.947

WASTE MANAGEMENT.

As a manufacturing company, waste from our production facilities represents the most crucial aspect of our waste management. Here we plan to steadily increase the proportion of recycled materials in line with our circular economy approach. Waste from elastocare mask production is collected as part of an upcycling scheme, then reprocessed and added to the cycle in our production. As a result, we can already offer three upcycling products. Using the waste material from one day's production of FFP2 and FFP3 masks, approximately 10,000 outer containers for our "Premium" upcycling coffee cups can be produced.

With our elastoREuse boxes, we have also developed a product range where we can completely recycle the input materials after use. This innovation is described in more detail in the "Circular economy" section of this report, as are our concepts for reducing packaging waste and replacing conventional packaging materials with bio-based solutions.

We have also identified some initial potential for conserving resources and reducing waste outside production. However, these ideas need to be fleshed out further and specific measures developed. Wehave started to make many administrative processes paperless but have not yet developed guidelines or a structured approach for this. We also still see numerous opportunities for reducing energy and material use through process digitalisation and the associated introduction of green IT, for example the use of terminal servers.



„A constant drive for improvement and the search for new potential will continue to propel elasto's active energy and environmental management in future.“

Quality management.

„For elasto, quality and sustainability are inseparably linked. Without quality there can be no sustainability. This applies to clear structures and smooth processes just as much as it does to the use of premium materials and the production of high-quality, durable products. Quality is directly reflected in every aspect of sustainability. It ensures our economic success, enables us to continuously improve our environmental performance and guarantees safe work processes.“

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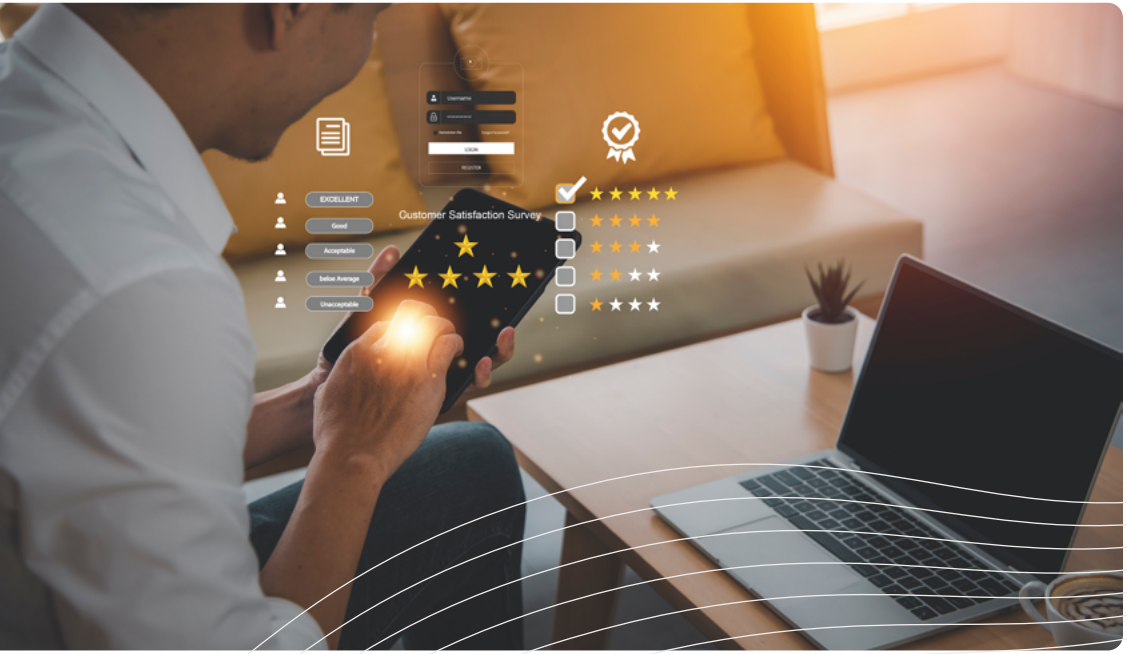
OUR QUALITY MANAGEMENT STRATEGY.

Quality management is highly relevant to elasto both from an internal and external perspective. It helps us to initially identify the needs of our stakeholders and their associated expectations, based on proven process models such as the PDCA cycle. We can then use this as a foundation to formulate appropriate plans and goals, put them into practice, and ultimately monitor our attainment in order to instigate corrective measures in case of discrepancies. This approach also helps us continuously optimise our structures and processes and to document important information, which in turn improves the foundation for future decisions. As a consequence, we are able to structure long-term tasks successfully and efficiently, including when it comes to our contribution to sustainable development, which can be implemented more effectively thanks to the complexity in a system environment.

This approach creates certainty for external stakeholders, who can be reassured that elasto is a reliable partner, delivering safe, consistent products and services. The result is a solid foundation for enhanced customer satisfaction and the forward-looking approach of our company.

In order to handle the complexity of modern work tasks and processes, we are working on further integrating the different management systems in our company. For us, quality is not a concept that should be limited to product characteristics. Our aim is to improve quality in every area, taking advantage of any synergies and avoiding redundancies. The integration of different systems is therefore of central importance for elasto.



Successful quality management systems allow us to demonstrate compliance with customer requirements as well as legal and regulatory specifications, thus creating additional trust.“

THE STRUCTURE OF OUR INTEGRATED MANAGEMENT SYSTEM.

We were first certified to ISO 9001 back in 1999 and the requirements of the quality management system were defined. In 2023, elasto was due for recertification. This was always with the aim of strengthening climate and environmental protection, reducing energy costs and promoting our energy independence.

However, where necessary and expedient, we also utilise other systems. For example, we regularly have a SMETA 4-Pillar carried out in our company. The information we provide on the topics of working conditions, health and safety, the environment and business ethics, which is verified by the audit, is available to SEDEX members. These include existing business partners of elasto, who can convince themselves of our sustainable business policy. However, potential new customer contacts also have access to the information, which we hope will help us attract new customers.

In order to meet the changing requirements of the market and our own production activities, it is sometimes necessary to change the certification standard. For example, as a manufacturer of packaging, including for food, we have previously orientated ourselves to the requirements of 'Good Manufacturing Practice'. GMP-compliant quality management systems serve to ensure the implementation of legal requirements for the production of consumer products. The centrepiece of this is the 'Hazard Analysis and Critical Control Point Concept'. This is a prevention system designed to guarantee the safety of food, with packaging playing a central role.

The planned certification in accordance with ISO 50001, the most renowned standard in the field of energy management, will replace our previous focus on the peak equalisation efficiency system ordinance. This is because we are convinced that the best way to improve our quality management is to use the most demanding quality standards.

QUALITY CONTROL.

In order to measure and document our performance in terms of quality, we carry out extensive quality controls with the aim of continuously improving quality and reducing complaints. The complaint rate is the key performance indicator in this context. In 2023, it was 2.11%, but we are still endeavouring to get below the 1% mark. In 2021, our declared goal was that no product recalls would be necessary in the future. We have now achieved this result 2 years in a row.

To ensure compliance work and thorough documentation, we carry out a large number of internal and external audit reports. In 2023, 135 internal and 354 external audit reports were prepared, with the latter in particular incurring considerable costs. These totalled almost 180,000 euros in 2023. Thanks to our expertise and the use of calibrated measuring equipment, we are able to carry out internal inspections and thus keep external inspection costs as low as possible.

Dabei wollen wir das entstehende Gesamtsystem im Rahmen der sich wandelnden Marktanforderungen und speziellen Kundenwünsche stetig weiterentwickeln und nachhaltig gestalten. Ein wichtiger Grundstein dafür ist die Bewusstseinsbildung unter unseren Mitarbeitenden und die Steigerung der Sichtbarkeit unserer Systeme.

In 2023,

135

internal and an additional

354

external audit reports were generated.

The complaint rate in 2023 was an excellent

2.11%.

„Our primary goal is to coordinate and integrate our management systems in the best possible way.“

Data protection and IT security.

„In the age of digitalisation, it is essential to handle sensitive data carefully and protect it from unauthorised access. The digital transformation of the working world, which has accelerated massively in recent years, and the associated opportunities and risks will continue to increase the importance of IT security in the future. Without this security, reliable protection of important data will not be possible.“

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OUR MANAGEMENT APPROACH TO DATA PRIVACY AND IT SECURITY.

As a company whose business success is based on trust, we want to guarantee this trust in the digital world as well. We are committed to protecting the personal data of all stakeholders involved in our business, e.g. employees, customer contacts, suppliers and other business partners. That is why we invest extensively in data protection and IT security. Due to the extremely dynamic technological environment, constant adaptation and development are necessary.

As well as protecting and carefully handling sensitive data, this topic has several other dimensions for elasto. The effectiveness and performance of our business is crucially dependent on information security at a time when cyber threats have become one of the most significant and pressing challenges for companies.

To ensure a holistic approach, we take an integrative view of IT security and emphasise the interaction between technical, organisational and procedural dimensions. We are committed to using new technologies, for example for encryption, and embedding these as best we can in our security architecture.

In 2024, we also began creating and developing a security roadmap. This is a strategic plan that defines steps and measures to continuously improve our IT security in line with our corporate objectives.

„A functioning IT environment is essential for smooth business operations, for example with regard to production or ordering processes.“

A WIDE RANGE OF MEASURES.

In addition to the minimum requirements resulting from the Federal Data Protection Act regarding technical and organisational measures, elasto implements several other tools in different areas. We have an additional firewall, which is automatically activated in the event of a failure of the main firewall to ensure continued functionality. We also use extensive "endpoint protection" to ensure that all devices (e.g. our employees' computers) achieve a defined security level and meet our security requirements.

Summary and outlook.

„At elasto, we know that sustainability will never be a grand, final goal that can be achieved. The subject is too complex and dynamic to mark in such a concrete way. The developments that are currently driving this issue are likely to grow rather than diminish in importance. The acceleration of climate change, worsening resource scarcity and advancing demographic change will lead to even more challenging economic, environmental and social conditions. Moreover, in 20 or 30 years, our society will likely be confronted with problems that we cannot even imagine today.“

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STANDING STILL IS NOT AN OPTION.

Based on our second sustainability report and the associated analysis and reflection of our activities, we can now take stock of the changes that the measures we have taken so far have achieved.

We can proudly say that we have been able to realise many of our aspirations since the last sustainability report:

- Reduce electricity consumption by 25% (by 2023).
- Reduce heating oil consumption by 66% (by 2023).
- Increase in the company vehicle fleet by 5 more electric and hybrid vehicles.
- Delivery of 93% of items from our own production own production without polybags.
- Installation of 1560 solar modules.

to name just a few points.

Our aim is to further integrate sustainability into our core business and ensure the continuous management of key sustainability issues. We are therefore currently working on finalising our new sustainability programme to meet the demands of our time.

Our open corporate culture with its emphasis on dialogue will continue to help us interact constructively and productively with our internal and external stakeholders in future.

„We continue to have a daily responsibility to everyone involved with our company and our site – whether it is our employees and their families, our customers, suppliers, business contacts and investors, or people in the local region. We will continue to fulfil this obligation with a prudent and careful approach defined by our internal convictions and a long-term focus.“

In view of the pending issues, we believe a circular economy approach will become increasingly important. Consequently, we will be working more intensively on developing recyclable products and closed loop business models. Climate protection in conjunction with energy issues, especially with regard to a secure energy supply, will remain an ongoing theme. Here, we have already taken major steps towards energy independence and will continue to rigorously pursue this objective. The same applies to sustainable product design.

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