



Possehl Identification Solutions

ESG

Sustainability Report

Environmental, Social and Corporate Governance

Structure & Purpose

This report aims to give a clear insight into how PID affects different aspects of Environmental, Social and Governance (ESG) topics. To this end, this report is guided by the concepts and contents of the Global Reporting Initiative (GRI). Furthermore, the United Nation's Sustainable Development Goals are emphasised where applicable.

The reporting period was set from January 1st, 2022 to December 31st, 2022 and prepared by the PIDs sustainability team in cooperation with M&P Go.Blue.Now. GmbH.



For questions regarding this report, please contact:

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Who we are

Possehl Identification Solutions (PID) is part of the internationally operating Possehl Group from Lübeck, Germany. Founded in 1847, Possehl now consists of 10 economically independent, decentralised business areas, encompassing a total of 180 companies.

PID includes 10 internationally acting companies specialising in product labelling and identification solutions, of which the following 6 are the organisational scope of this sustainability report.



EIDOS S.r.l.
Chieri, Italy



ETIPACK S.p.A.
Cinisello Balsamo,
Soncino, Italy



Logopak Systeme GmbH & Co. KG
Hartenholm, Germany



Novexx Solutions GmbH
Eching, Germany



Nordvalls Etikett AB
Sjöbo, Bjuv, Nässjö, Sweden



LSS A/S
Randers, Denmark

Letter from our CEO



Dietrich Barsch

Dear reader,

As we at Possehl Identification Solutions (PID) strive to build a more sustainable future, we recognise the environmental and social risks our activities can bring and we take our responsibility to protect the planet and our communities seriously.

In 2021, PID declared sustainability a strategic priority, creating a working group of representatives from all its companies. This working group, in collaboration with the PID management team, is responsible for discussing and implementing sustainability-related initiatives and the PID strategy, all while aligning our targets with the guidelines on sustainability reporting from our parent company L. Possehl & Co. mbH.

Acknowledging the changing climate and its implications for both customers and employees, PID is committed to fostering a sustainable mindset and taking proactive steps to optimise our product development, site management and corporate culture.

This is facilitated by the Possehl Code of Conduct and PID vision of aligning its culture, business operations and products with relevant environmental, social and governance elements in pursuit of an increasingly sustainable future.

We are delighted to share that our company has made great strides in our environmental initiatives. In the past year we have obtained Ecovadis ratings for most of our companies, implemented carbon footprint reduction objectives and projects throughout all businesses and started transitioning to renewable electricity and heating.

We are proud of our commitment and dedication to sustainability and look forward to continuing to make positive changes for the environment. This report marks an important step in our journey towards sustainability, a journey that will require us all to work together for the betterment of our planet and for future generations.

Sincerely,
Dietrich Barsch

Vision

“The companies in PID aim to align our culture, our business operations and our products with relevant Environmental, Social and Governance elements pursuing an increasingly more sustainable future.”



Key ESG Objectives

As all companies in PID, we are committed to driving sustainability at every level and are implementing our strategies to contribute to the global effort of achieving the Sustainable Development Goals set by the United Nations. We are collecting data on sustainability, such as Ecovadis ratings and emission baselines, and are optimising our sites and products to align with our customers' and employees' growing focus on sustainability. We are proud to have achieved Ecovadis ratings for most PID entities in 2022. We will use the Ecovadis platform to set our targets and track our progress.

Furthermore, we are looking to reduce our environmental footprint by optimising packaging materials and reducing our energy consumption. These efforts will help shape the future of our product development, site management and corporate culture. We are dedicated to meeting our sustainability goals and expanding our portfolio of sustainable products.

Materiality Assessment

PID used the Global Reporting Initiatives' principle of materiality in this sustainability report, meaning that the topics discussed were those that had the most impact on their business, supply chain and partnerships. To decide which topics were the most important, an evaluation was done as follows.

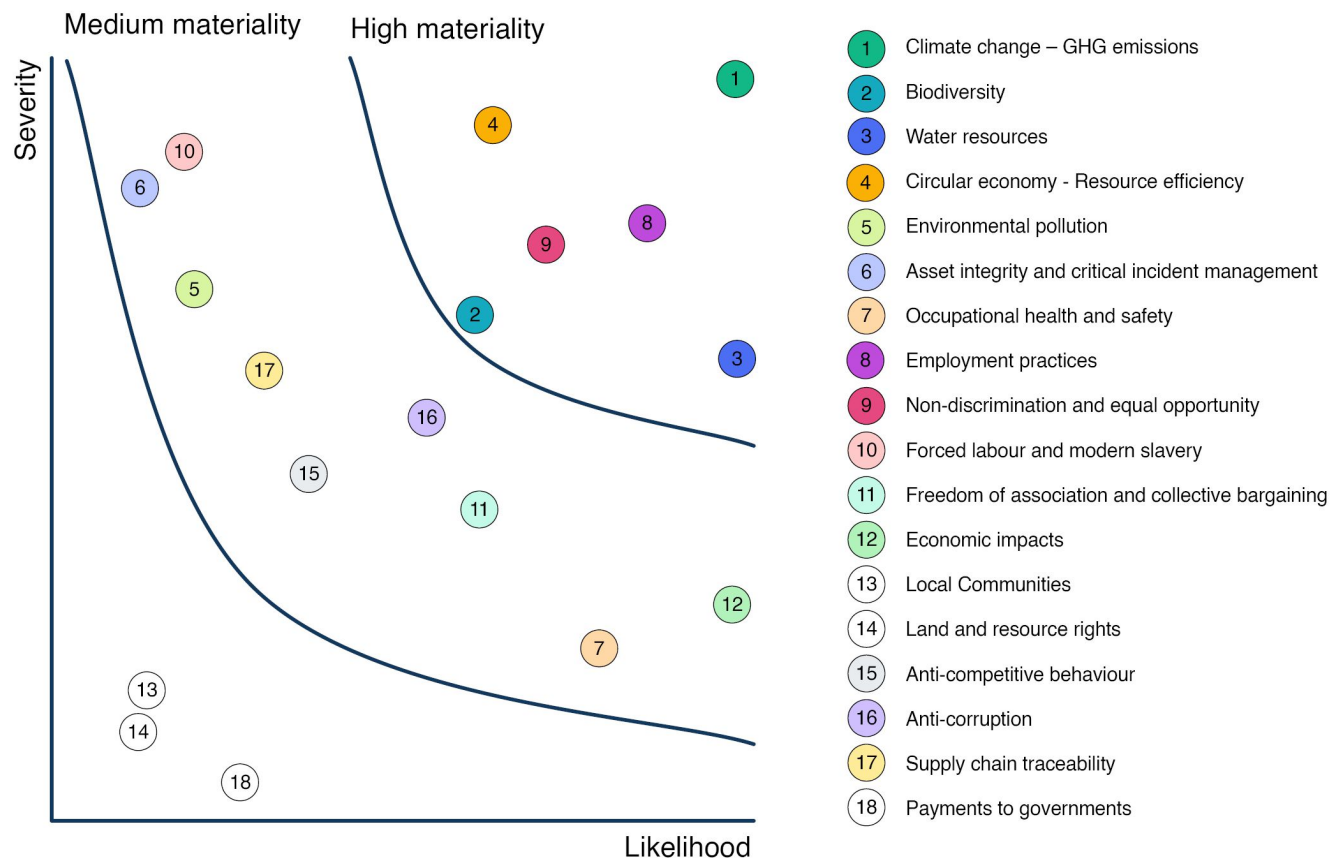
First, a lengthy list of potential material topics was formed from the GRI 1 Foundation 2021 Standard. Then, a survey of the organisation's stakeholders was conducted to make a first selection of relevant topics, which resulted in 18 topics. These were chosen to identify the impacts that the organisation had, both positive and negative.

A workshop was used to evaluate the severity and likelihood of the impacts and combined with the sector of the organisation, current global issues (e.g., the climate crisis, human rights, biodiversity loss), organisational practices and measures taken, the materiality matrix was specified.

This revealed 6 high material topics and 9 medium material topics. High material topics were disclosed with a high level of detail, while medium material topics described the organisation's direct and indirect impacts and how they were addressed.

Finally, data was collected for each material topic, based on the GRI standards' indicators.

The following chapters of Environmental, Social and Governance impacts outline the key areas in detail.



Our responsibility for a sustainable future

Shaping a better future is of utmost importance to PID. That is why we are committed to the United Nations Sustainable Development Goals (SDGs) - the most important global framework for a sustainable future.

The SDGs define economic, environmental and social goals by 2030, preserving our natural life support systems and enabling everyone to live a dignified life.



Environment

Climate Change

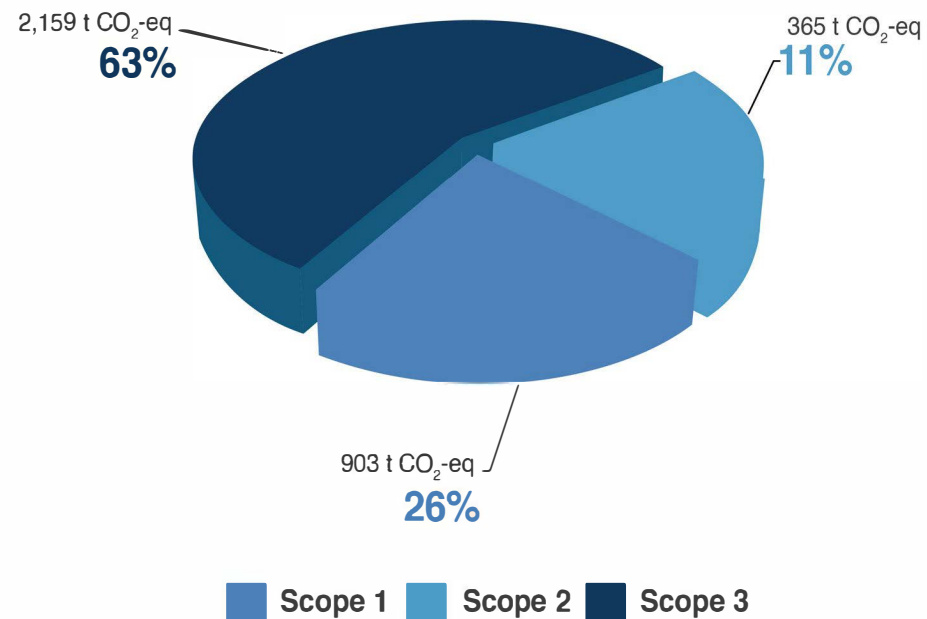


PID has taken a proactive approach to tackling climate change, compiling a CO₂-eq footprint baseline for all of its companies. However, for Nordvalls, only the location of Sjøbo was included. The baseline was completed for the year 2021 and will be updated further when new data will be available.

It was found that company-direct Scope 1 emissions amounted to 903.3 tonnes of CO₂ equivalents (CO₂-eq), Scope 2 emissions from purchased energy were only 364.5 tonnes of CO₂-eq, as many PID companies procure green energy, and indirect Scope 3 emissions were 2,158.8 tonnes of CO₂-eq. The total emissions for all six PID companies added up to 3,426.6 tonnes of CO₂-eq. All organisations included Scope 3 categories such as business travel, commuting, water, waste, office consumables and IT hardware.

PID mean emissions for Scope 1 and 2 are 2.1 tonnes of CO₂-eq per employee and 9.8 tonnes of CO₂-eq per one million euro turnover, compared to the mean of 18.9 tonnes of CO₂-eq/€1m of the most climate friendly companies from the engineering industry in Germany (Capital & Statista 2021). To reduce their carbon footprint, PID has introduced initiatives such as energy-efficient processes and equipment, using renewable energy sources and investing in green technology.

PID Emissions by Scope



Energy Strategy

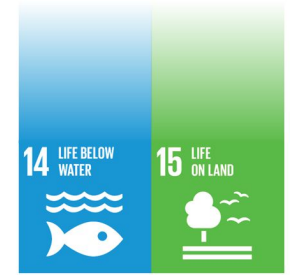
PID is taking action to reduce its climate impact and reliance on energy suppliers by investing in clean energy and energy efficiency. Each PID company has taken steps to lower its energy use and move to renewable sources.

For example, Eidos is planning a photovoltaic system and to install LED lighting, while Etipack optimised the energy efficiency of buildings. LSS transitioned to biomass heating, LED lighting, as well as green energy provider and Logopak partially adopted LED lighting. Nordvalls both produces solar electricity and draws from wind power. Lastly, NOVEXX Solutions will switch from oil to biomass heating.

Thanks to these measures, PID has substantially cut down its energy consumption and costs, as well as its climate impact. All PID companies are committed to continuing along this path and furthering their energy efficiency and use of clean energy.



Biodiversity



PID recognises the significance of biodiversity and has taken action to safeguard areas of high importance for species as well as ecosystems. **Nordvalls**, the group's label producer, is accredited with both ISCC Plus and FSC standards to ensure the sustainability of forestry operations. These certifications help to preserve forests and grasslands, which are usually home to a wide range of species that are exclusive to that region and are essential for ecosystems. Additionally, these areas can act as a buffer against natural disasters. They also play an essential role in assisting to reduce global warming by storing carbon dioxide in the soil.

Eidos has taken steps to protect biodiversity by installing a green roof with apiaries on their building. This provides a safe space for bees to build and maintain hives, away from the potential harm of human activity. The different flowers and plants available to the bees allows them to access multiple sources of nectar and pollen throughout the year, ensuring healthy bee populations that are essential for pollination and biodiversity.



Novexx has transformed 5,000 m² of agricultural land into a flowering meadow, providing a variety of resources and habitats for different species, insects, birds and small mammals. The flowers in the meadow can attract beneficial pollinators like bees and butterflies, while providing a natural form of pest control as the flowers attract birds that feed on insects and keep their populations in check. Additionally, the meadow works as a carbon sink, capturing carbon in the soil and vegetation.

Water Resources

PID recognises the significance of water resources and the potential risks for any business. In 2022, PIDs total water consumption was 6,103 m³, which is equivalent to 8.9 m³ per employee. This water is primarily utilised for sanitation, office kitchens and cleaning. Therefore the water consumption per employee is lower than the average of 32 m³ (Destatis 2016) for similar industry sectors in Germany.

Only from the mentioned utilisation, **Eidos** uses only water to water the grounds of the company, while **Nordvalls** relies on the municipal water system to regulate the temperature and humidity of labels in the production process. **Nordvalls** also implemented an end-to-end cleaning system to dispose of chemicals and dyes used in production and prevent contamination of water.

Thanks to the restricted use of water in industrial processes and implemented treatment systems, both the threats on water resources posed by PID activities and the risks of water scarcity on business activities are low.



Environmental Pollution



PID has minimal influence on direct environmental pollution, as many of their sites are purely for assembly, rather than production. Still, its companies take this matter seriously, for instance by accurately calculating the amount of waste generated and ensuring proper disposal.

Furthermore, PID has taken several steps to reduce its direct and indirect impact on environmental pollution. **Eidos**, for example, requests that their suppliers of ribbons can provide a certification confirming that they are compliant with the heavy metals certification.

The companies **Logopak** and **LSS** have generated small amounts of wastewater from cooling water for machines. **Nordvalls** has sought to minimise negative impacts through their ISO 14001 certification since 1998. This certification is a strategy for measuring, mapping and minimising the use of harmful chemicals and evaluating products against less dangerous alternatives.

However, it is important to recognise that the upstream supply chain of PID could have a much larger impact than expected. PID is aware of this and is continuing to look for ways to reduce the environmental impact of their upstream supply



Circular Economy & Resource Efficiency

In order to be sustainable, it is essential that companies consider the circularity of their products and materials. This means designing products that can be reused, repurposed, recycled or composted at the end of their life. Circularity helps to reduce waste, conserve resources and energy consumption and has benefits for other environmental aspects like emissions, pollution and biodiversity.

PID companies are committed to following local regulation of separation and collection of waste, which is essential to ensure proper collection and processing of waste. This enables circularity, as recyclable materials can be collected and reused for new products.

Most of the packaging materials used by PID companies are from renewable materials, such as paper and wood. This helps to reduce waste, energy consumption and conserve resources. Additionally, **LSS** and **Novexx** also use mostly recycled packaging materials such as cardboard and plastic foam, which further improves circularity.

Nordvalls assists customers in constructing packaging that can be recycled. Depending on the rest of the packaging material, the label material often consists of paper from renewable sources. **Nordvalls** is an ISCC Plus certified company and can therefore provide sustainability declarations for products created with renewable plastic. 37 % of renewable materials are employed in the production of primary products and packaging, yet a large amount of waste is produced during label production, ranging from 15 to 30 % of materials used.



Circularity Strategy

Eidos is taking a major step towards sustainability by introducing a circularity initiative. Instead of using primary plastics, the company is now using recycled PET to produce new ribbon cores. The next step will be to use the PET component of used ribbon cores to mould these cores. With this process, Eidos could replace 50% of the total amount of primary plastics for ribbon core production, resulting in significant savings in terms of energy and emissions. PID is proud to be a part of this circularity initiative and is committed to finding more innovative solutions in the future.



Linerless labels are produced in one continuous reel with no additional carrier material, resulting in twice as many labels per roll and 40% less material usage. This can reduce CO₂-eq emissions by 75 kg per 1,000 m² of Linerless label.

Logopak also offers various other sustainable products such as the LOGOMATIC 400 Linerless Series for automated labelling of boxes and trays with activated pressure-sensitive adhesive and flexible label lengths, the LOGOMATIC 800 P3 e Hybrid Series, for EAN labelling of pallets, which labels purely electrically without compressed air, and has the option of processing conventional or linerless label material after a conversion.

Linerless labels eliminate waste from the matrix and liner that would otherwise be thrown away, reduces the required transport area, with increasing quantities of labels per roll and make production and logistics more efficient. With linerless labelling **Logopak** also reduces storage space, downtime, and extends service life. The circular economy and resource efficiency measures also provide financial benefits by cutting transport and storage costs in half.



Logopak has made a major move towards sustainability by introducing specialized equipment for Linerless labels, a sustainable alternative to conventional labels.

Social

Employment Practices



The PID companies are committed to providing a safe and equitable workplace for more than 800 employees. Agreements with workers are decided on the company-level and many are covered by collective agreements and work councils to provide advice and guidance to all employees.

Etipack has forged a close relationship with representatives from the national metalworker's union. **LSS** and **Novexx**, on the other hand, have negotiated individual compensation packages, all of which exceed the union minimum wage. All companies are committed to creating beneficial employment environments and ensuring the well-being and retention of their staff.

During the reporting period, the PID companies displayed their commitment to providing a secure and reliable work environment for their employees by having a low employee turnover rate of 7.3%. Furthermore, 74 new hires were welcomed in 2022, which demonstrates PID's commitment to growth and sustainability.

Employees are essential to the success of PID companies, and these companies strive to provide them with the necessary resources and assistance to help them excel in their positions. This could include training, mentorship and access to the latest technology, all of which are designed to empower employees and help them reach their full potential.

In 2022, 16 employees took parental leave. Out of these, 9 were male and 7 were female. PID recognises the importance of providing a supportive workplace atmosphere and values its employees and their families. As such, they grant individuals time to fulfil obligations to their families through parental leave.



Equality

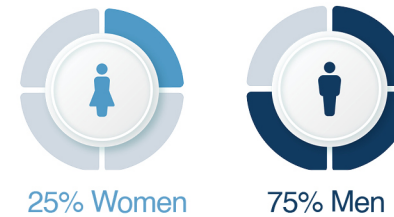
The PID companies recognise the importance of creating a positive and productive workplace by promoting equality. They ensure that all employees, regardless of their gender, ethnicity, or background, are treated with respect and appreciation. This ensures that everyone can feel comfortable and confident in their workplace, knowing that their contributions are valued and their rights are respected. Such an atmosphere helps foster creativity, collaboration and productivity in the workplace.

Especially gender equality has become a major concern in the business world. The PID business has traditionally been male dominated, resulting in fewer female applicants.

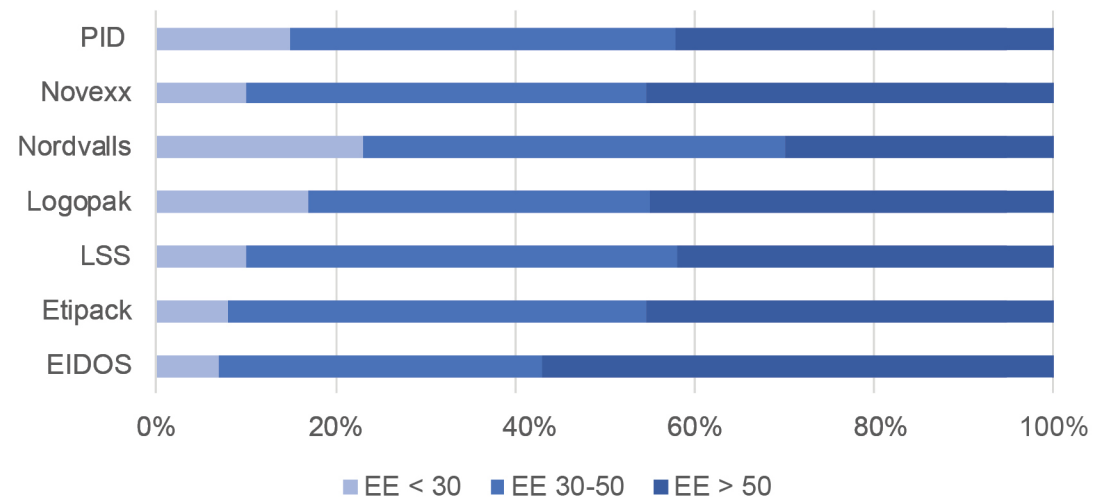
In order to promote gender diversity, **Nordvalls** has 57 % women in management, while **Novexx** has 32 % women in management.

Until now, the other companies have much lower percentages, ranging from 0 to 15 % women represented in management. This has caused the group to strive for a more equal gender representation among their employees, with the current ratio at 75 % male to 25 % female.

PID companies boast a wide range of ages amongst their employees. 15 % of the employees are under thirty years of age, while 43 % are aged between thirty to fifty years old. 42 % of the employees are over fifty years old.



Age Distribution of Employees



Health & Safety



PID is dedicated to ensuring the safety and health of its employees. Each company within PID has taken steps to guarantee that their employees are kept safe while specifying the management of health and safety in the parent group's Code of Conduct.

All PID companies appointed safety representatives and carry out regular safety meetings and internal inspections, some in conjunction with union representatives, to identify and eliminate any potential risks of accidents. They ensure their employees are continuously trained in safe working techniques and tasks are removed if they are found to have higher risks of injury.

Next to mandatory general safety training, the companies also require first aid training and some even fire-fighting courses. Depending on the job, employees may also be required to take specific safety trainings such as safety manager courses or electrical safety courses.



Governance

Supply Chain Traceability



Supply chain traceability allows companies to track their products and materials throughout the supply chain. This visibility helps companies understand their supply chain, identify potential risks and take proactive steps to reduce their environmental footprint.

Traceability also helps companies track the origin of their products, ensuring they are sourcing materials from ethical and sustainable sources. It further can provide valuable data that helps companies make better decisions about their supply chain and operations.

PID is actively working to ensure that their supply chains are compliant with the highest sustainability standards.

Novexx applies legal obligations and has a Code of Conduct for its suppliers, and **Logopak** plans to provide a supplier Code of Conduct and perform supplier audits to ensure that forced labour and modern slavery are not used in their supply chains. **LSS** primarily uses Danish and Northern European suppliers, therefore the risk of forced labour is low.

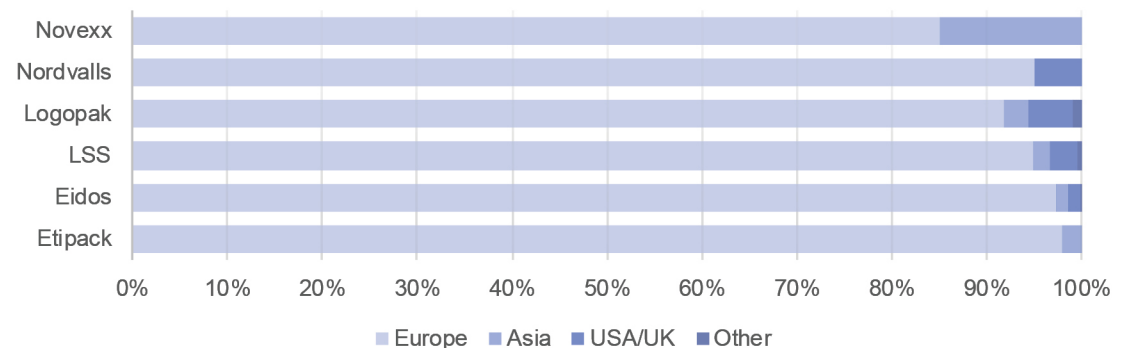
Etipack chooses its suppliers based on present qualifications as well as costs and performs a risk analysis annually or following important changes. In the future, they plan to consider environmental and social criteria when selecting suppliers.

Eidos requires its suppliers of inked ribbons to provide a conflict mineral certificate compliance to ensure that raw materials are sourced from countries where there is no civil war and child labour is prohibited.

Nordvalls has full traceability of the materials they use and is actively working to ensure that their supply chain is sustainable by auditing through third parties with respective certifications.

Regions of origin for purchased raw materials and pre-products by spending of each PID entity are illustrated in the following graphic. The large share of purchased European products not only has a positive effect on the local economy, but also lessens the possibility of negative environmental and social impacts of products from first tier suppliers. However, it does not cover the entire supply chain, which may contain pre-products from outside of Europe.

Regions of origin for purchased raw materials and pre-products by spending



Business Ethics

Business Ethics is a critical component of sustainability. It is a set of standards that guide an organisation's decision-making process and is essential for a successful and sustainable business. These principles help ensure that the organisation's operations are in line with its values and obligations to stakeholders, customers and the environment.

PID uses the Code of Conduct provided by the parent company Possehl as its primary strategic tool to ensure ethical business practices. All PID entities must adhere to this Code of Conduct, which is designed to protect workers, guarantee fair working conditions and promote ethical business practices. It is important to note that the Possehl Group has appointed an independent contact person to address any violations of the Code of Conduct.

Furthermore, several PID entities are upholding separate anti-corruption policies and have implemented various measures to ensure compliance. These measures include avoiding doing business with suppliers or countries with known issues.



Code of Conduct

Procedure to report violations

Employees of the Possehl Group are encouraged to report violations of this Code of Conduct, or any specified codes issued by individual divisions or companies, or other internal guidelines applicable within the Possehl companies, or non-compliance with legal requirements. Each division has appointed a Compliance Officer who acts as first point of contact. In addition, each division provides the opportunity to report possible compliance violations anonymously.

For this purpose, the holding company L. Possehl & Co. mbH has appointed an external body (Ombudsman), who has been entrusted with the task of receiving such reports while maintaining the anonymity of the informant. The Ombudsman Possehl has appointed is the lawyer Ulrich Pfeifert. Reports can be sent to the Ombudsman from anywhere in the world.



Please scan to open the
Possehl Code of Conduct

Economic Impact

8 DECENT WORK AND
ECONOMIC GROWTH



The regional economic impact of a company can have a significant effect on the local economy. Companies that invest in the local economy can help to improve the quality of life for residents by creating jobs, providing tax revenue, creating new opportunities for economic development.

The economic impact of PID on the local economy is significant. Through their direct partnerships with local suppliers, they stimulate the local economy, providing jobs and income to local businesses.

LSS, for example, has established a strong relationship with their second-largest supplier, which contributes 25 % of their purchase volume. This helps to ensure that their supply chain is secure and resilient.

Logopak is also a major employer in the region and has plans to build a new facility. This will create even more jobs and economic opportunities for the local area.



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