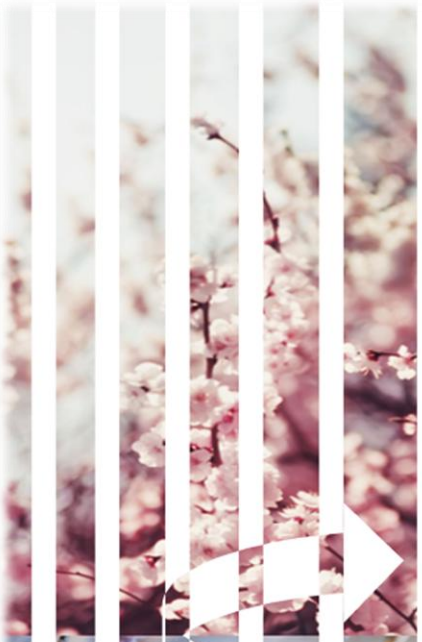


SUSTAINABILITY REPORT 2025

UTEKSOL D.O.O.

TABLE OF CONTENTS

COMPANY PROFILE

- Uteksol d.o.o., company for the processing of leather and granulates
- Pohorska 6a, 2380 Slovenj Gradec
- VAT No.: SI 17079756
- Registration No.: 5784204000
- Date of registration in the Business Register: 02 August 1993

SUMMARY

In the sustainability report, we present key indicators for 2025, which we systematically monitor and analyze to ensure a comprehensive insight into the company's sustainability performance. The report covers essential information across environmental, social, and governance (ESG) aspects and reflects our commitment to responsible, transparent, and long-term sustainable business practices.

It outlines key activities, objectives, and strategic directions, together with achieved business and sustainability results, implemented improvements, and participation in development and other projects. Emphasis is placed on their positive impact on both business performance and the broader environment. The report also includes an overview of obtained certifications, confirming compliance with international standards and our commitment to continuous improvement of processes and management systems.

In 2025, we completed the phase-out of the assembly sole programme, while the production of footwear frames was integrated into our second-largest business segment – profile extrusion. Our core activity remains the development and compounding of thermoplastic elastomers, which represents the largest share of our operations. The company is strongly export-oriented, with approximately 75 % of total production realized in foreign markets.

MANAGING DIRECTOR'S STATEMENT

The year 2025 was a year of both challenges and significant progress for Uteksol d.o.o. External circumstances, related to global developments and the slowdown of the European economy, affected our operations. At the same time, they encouraged us to further strengthen our focus on long-term stability, development and sustainability.

Sustainability has represented an integral part of our operations for many years. Since 2024, we have placed particular emphasis on this area by adopting the Sustainability Development Strategy for the period 2024–2028. In 2025, we further advanced this direction through the implementation of new measures and improvements, taking additional steps to consolidate our position as a sustainability-oriented and innovation-driven company. Following the successful completion of Phase A of the Sustainable and Circular Transformation Project (SPIRIT) in 2024, we continued in 2025 with Phase B – the practical implementation phase of the project – which was successfully completed and delivered positive effects across all three pillars of sustainability.

Over the past two years, we have acquired valuable knowledge, experience and tools that enable us to progressively introduce further improvements and organisational changes. Our objective is to establish efficient, systematic and sustainability-oriented corporate governance by 2028, while simultaneously strengthening sustainability awareness among all employees.

Within our strategy, we have clearly defined all three sustainability pillars – Environmental (E), Social (S) and Governance (G) – which we address in an integrated and interconnected manner. We recognise potential in the areas of waste management, energy independence, the use of recycled materials, the development of recyclable products, and the creation of high-quality, sustainable solutions that are environmentally and socially responsible.

We recognise that employees are a key success factor of the company. Their knowledge, commitment and sense of belonging represent our most valuable potential in achieving our strategic objectives. We are therefore committed to creating a working environment that will positively influence employee well-being, personal development and long-term engagement with the company by 2028.

We believe that the defined objectives will position us among preferred partners of advanced companies and enable stable growth, new investments and long-term secure operations. In doing so, we also aim to ensure care for our employees and security for their families, which remains one of the fundamental guiding principles of our operations.

MANAGING DIRECTOR
Robert Peretin

COMPANY ACTIVITIES

According to European Union criteria, Uteksol d.o.o. is a medium-sized privately owned company. It was established in August 1993 as a result of a decision by employees of the former Leather Factory – TOZD Uteks to preserve key production activities at a time shortly before bankruptcy. Upon establishment, 125 employees, each with equal ownership shares, founded a new company which has remained privately owned by current and former employees ever since. The company currently has 44 co-owners, all of whom are natural persons.

In its initial period, the production programme was predominantly oriented towards the leather and footwear industry. Due to long-term structural changes and the decline of this sector, the company gradually implemented a strategic reorientation towards other industries and expansion into new markets. This reorientation was based on the development and production of thermoplastic elastomers (TPE-S) based on hydrogenated styrenic block copolymers, as well as the extrusion of technical profiles intended for use in construction, the automotive industry, the electrical industry and white goods.

Over the years, the company has successfully developed and maintained several production programmes. Due to changing market conditions, influenced by the impacts of the COVID-19 pandemic and geopolitical developments, the OMP programme – assembly soles (SolForm) – was discontinued as of 1 January 2025. The frames programme was organisationally and technologically integrated into the profile extrusion programme (SolFit).

The company operates in accordance with the principles of sustainable development, long-term business stability and responsible governance. Its operations are closely connected to the local environment, which is also reflected in its care for environmental infrastructure and the preservation of natural balance in the immediate surroundings of the company.

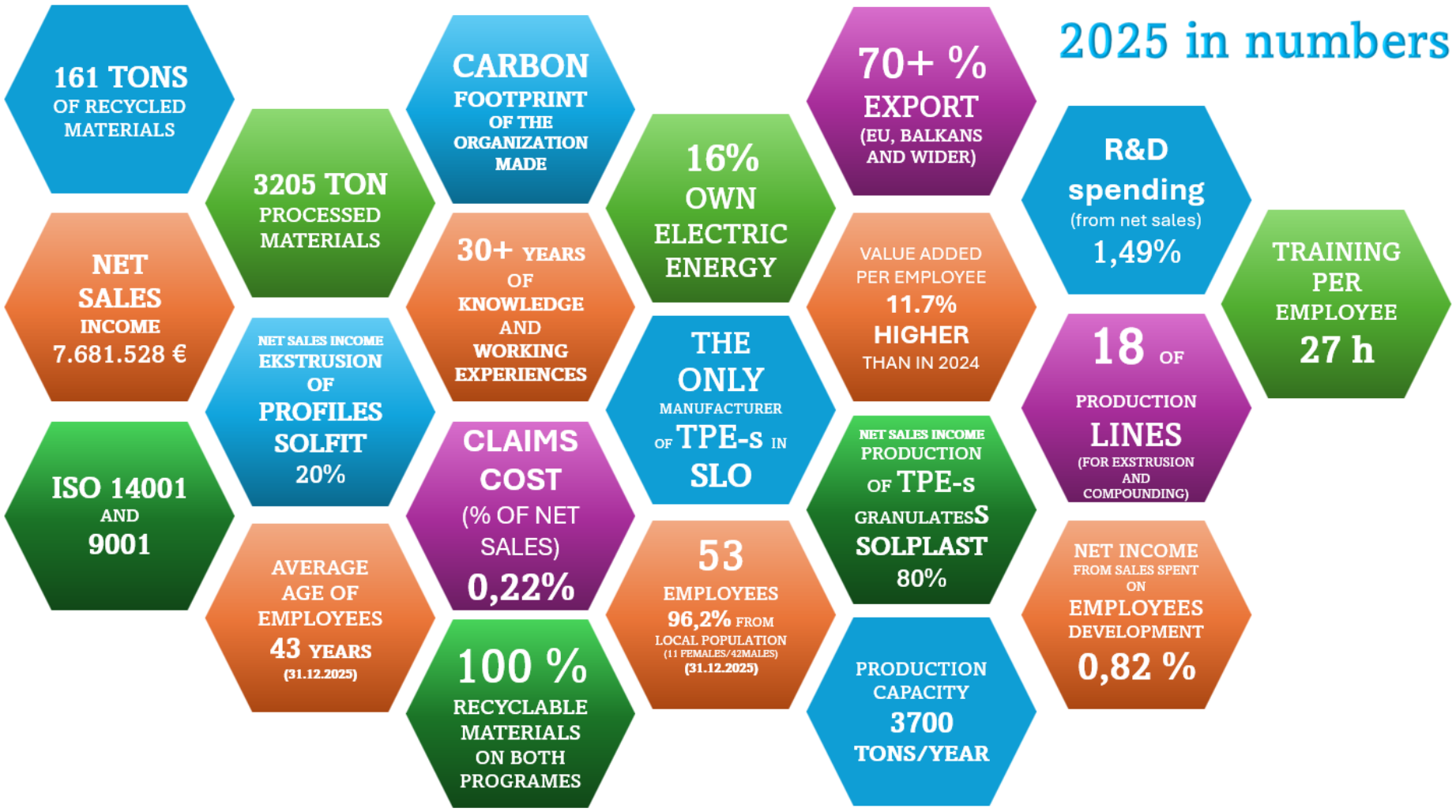


Figure 1 Important indicators for the company - 2025 in numbers

ORGANIZATIONAL STRUCTURE

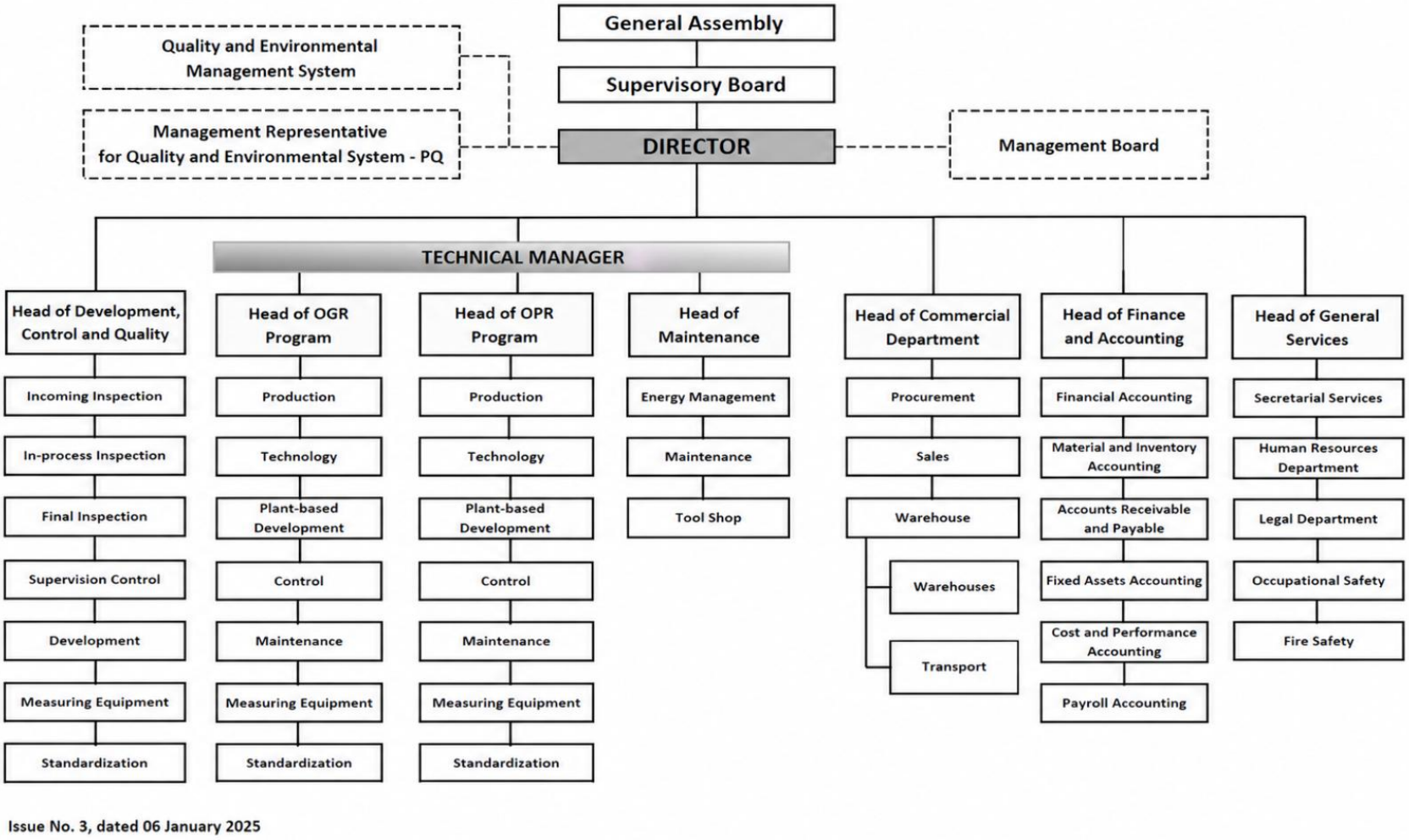


Figure 2 Organizational Chart

PRESENTATION OF ACTIVITIES

Production within the company is organized into several programmes that enable efficient, specialized, and technologically advanced processing of various materials. Such a structure supports the optimisation of manufacturing processes, adaptability to market demands, and the achievement of sustainable development objectives.

The Granulates Program is focused on the production of thermoplastic elastomers based on TPE-S materials. Within this program, four high performance compounding lines operate, enabling precise blending and preparation of materials with controlled properties. TPE-S materials are used in numerous industrial applications due to their flexibility, mechanical durability, and recyclability, thereby making a significant contribution to supporting the circular economy.

In 2025, the company implemented a technological upgrade of the production process on Line 3 as part of the Sustainable and Circular Transformation Project. This upgrade has already delivered measurable sustainability impacts, including reduced electricity consumption per kilogram of produced material, lower consumption of volatile organic compounds due to decreased cleaning requirements, increased hourly processing capacity, and a reduced scrap rate. These improvements directly contribute to more efficient resource utilization and a lower environmental footprint of production.

The Profiles Programme is dedicated to the extrusion of profiles made from various thermoplastic materials, including ABS, PE, PVC, and others. The extrusion process enables the manufacture of technically demanding and complex profiles, primarily used in construction, the automotive industry, and other industrial sectors. The use of diverse materials ensures a high degree of flexibility in meeting market requirements and provides a broad product range that satisfies specific technical and functional customer demands.

The OMP Programme was discontinued in 2025, representing part of the company’s strategic orientation toward optimising its production portfolio and focusing on programmes with higher added value and greater sustainability potential.

FUNDAMENTAL PRINCIPLES

ISO 9001 Q-654
ISO 14001 E-703

ISO 9001:2015

In 2004, we obtained certification in accordance with ISO 9001:2015 – Quality Management System, thereby establishing strong foundations for the integration of quality management principles across all areas of our operations. The quality management system has been well accepted by employees and has evolved, improved and been continuously upgraded over the past 20 years, based on accumulated experience, stakeholder requirements and best practices from other organisations.

ISO 14001:2015

In 2022, we expanded our management system to include ISO 14001:2015 – Environmental Management System. With the support of an external expert, this standard was integrated into the overall organisational management system and meaningfully aligned with the existing quality management framework. Over the past two years, we have placed strong emphasis on raising employee awareness regarding environmental protection and on embedding sustainable practices at all organisational levels.

AUDITS

On an annual basis, we conduct both internal and external audits. In the previous year, we were highly successful in both internal and external audits, the latter being particularly significant as it constituted a recertification audit.

WHY AND FOR WHOM IS THE SUSTAINABILITY REPORT INTENDED?

This year, we have published our third Sustainability Report. Each year, the emphasis on sustainability and environmentally responsible policies continues to grow, along with the expectations and requirements of our stakeholders.

On a weekly basis, we receive enquiries – primarily from customers – regarding our sustainability orientation, compliance with legislative requirements and the improvements implemented in this area. The most significant increase in interest has been observed in the areas of packaging and transport packaging, product carbon footprints and declarations of compliance with environmental legislation.

Our Sustainability Report is published on the company's official website and is accessible to the wider public. Through this report, we aim to share examples of good practice, as well as the experience and knowledge we have gained throughout our sustainability journey over recent years.

The report has been prepared in accordance with the GRI Universal Standards (2021) and the applicable Topic Standards, including GRI 304: Biodiversity 2016, GRI 302: Energy 2016, and GRI 305: Emissions 2016.

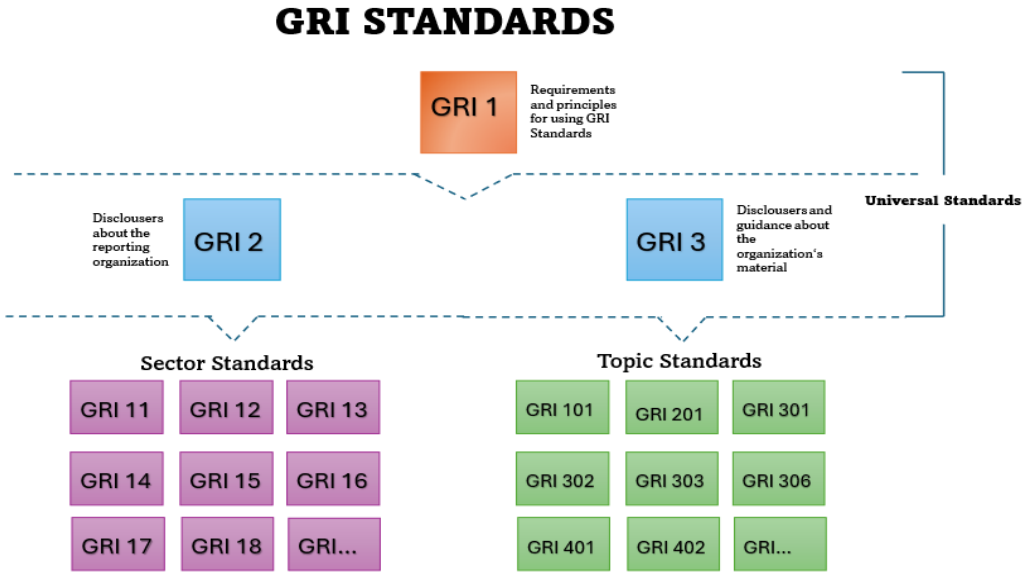


Figure 3 Division of GRI standards

PROJECTS

Impact of the Circular Transformation Project on the Company's Sustainable Development

The Circular Transformation Project has delivered significant improvements, particularly within the environmental pillar of sustainability. Through technological upgrades to the compounding process, the project has enabled more efficient use of energy, raw materials and packaging, while reducing waste generation and emissions.

Optimisation of screw configuration and process parameters reduced electricity consumption per unit of product, thereby lowering the overall energy footprint of production. The new technology also decreased the consumption of input raw materials, primarily due to a reduced need for screw cleaning and lower start-up waste, without modifying the core material formulations.

An important environmental aspect is the closed-loop system of reusable transport packaging established with a key business partner who is both a supplier and a customer. The model enables repeated use of packaging and contributes to reduced packaging waste and improved resource efficiency within the supply chain.

The packaging is currently not equipped with digital identification (e.g., QR codes) or a traceability system, and circulation is managed through operational coordination between the partners. We plan to introduce tracking solutions in the future and gradually expand similar circular models to additional products and partners to further reduce our environmental footprint.

Adjustments to labelling methods ensure compatibility with recycling processes and support circular material management.

Reduced cleaning frequency has resulted in a substantial decrease in hazardous waste, particularly contaminated cleaning cloths, as well as lower emissions of volatile organic compounds (VOCs). This has improved working conditions, reduced employee exposure to harmful substances and contributed to better indoor air quality.

The project has also strengthened employee competencies in sustainable materials, low-emission processes and efficient resource use, enhancing long-term regulatory compliance and market competitiveness. Growing demand for sustainable TPE-S materials further supports the company's continued growth and employment development.

Programme duration: 15 January 2025 – 14 August 2025
Total programme budget: EUR 179,975.64
EU co-financing: EUR 89,987.82

The company's strategy, vision, values, mission, standards and the Sustainable Transformation Project form the foundation of its sustainability framework. The following sections present specific measures, activities and indicators across the Environmental (E), Social (S) and Governance (G) pillars.

MISSION

Our mission is:

"**We co-create** a climate-neutral **circular economy** within the **thermoplastic polymers** industry through the development, production and marketing of high-quality raw materials and products that are more **environmentally and socially responsible**."

VISION

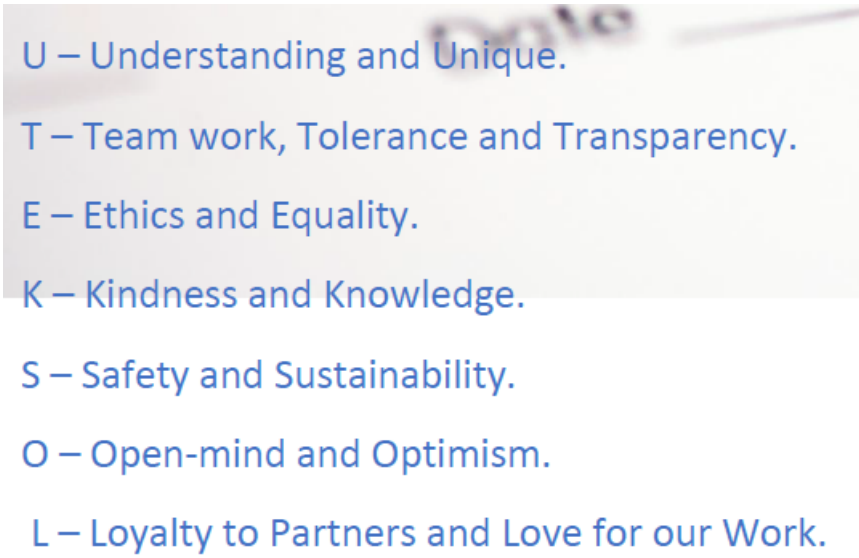
Our vision is to become a "preferred partner to advanced customers and society."

VALUES

Our values, expectations and requirements are set out in greater detail in the Code of Ethics of Uteksol d.o.o., which was comprehensively revised and redesigned in the year 2025.

OUR GUIDING PRINCIPLES ARE: INTEGRITY, RESPECT AND EQUALITY.

The characteristics that define us and guide our conduct are summarised in the illustration below, which also forms part of our Code of Ethics.



WE OPERATE IN ACCORDANCE WITH THE FOLLOWING PRINCIPLES

- **TEAMWORK –** *We promote collaboration and knowledge sharing among employees. We do not focus on blame or identifying fault; instead, we seek solutions and encourage diversity of thought.*
- **OPEN COMMUNICATION –** *Employees are encouraged to express their views openly. We promote upward communication to obtain feedback that is essential for effective operations and for meeting employee needs.*

- **RESPONSIBLE ENVIRONMENTAL CONDUCT –** *Through our products and solutions, we uphold the principles of sustainable development. We have established systematic waste collection and segregation for all waste streams. Attention is also given to environmental relations with the local community, and we ensure appropriate reporting to relevant institutions on environmental matters.*
- **CONTINUOUS IMPROVEMENT –** *Management and all employees are committed to consistently meeting the requirements of all stakeholders and to the continuous improvement of products and processes.*
- **PROMPT AND CONSIDERED RESPONSIVENESS –** *Our competitive advantage lies in our adaptability to customer requirements. Through a quality-oriented approach to customers, we strive to identify and deliver the most appropriate solutions.*
- **RESPONSIBLE DECISION-MAKING –** *We honour mutual agreements and, through responsible conduct, pursue the objectives of customers, the environment, owners and employees.*
- **COMMITMENT TO QUALITY AND SAFETY –** *We respond promptly to deviations from agreed standards and to any potential non-conformities. We comply with all applicable quality standards and ensure a healthy and safe working environment.*
- **CARE FOR OTHERS –** *We treat others as we wish to be treated ourselves. We foster employee motivation, innovation and a strong sense of belonging within the company.*

Figure 4 Sustainability principles followed

STRATEGY

- **Investment in new technologies** and the **continuous improvement** of existing technologies
- **Active engagement** across all areas of sustainability
- **Operational flexibility** at all levels of the organisation
- **Active expansion** and **development** of business programmes
- Investment in the **digitalisation of production processes**
- **Expansion** of both **domestic and international markets**

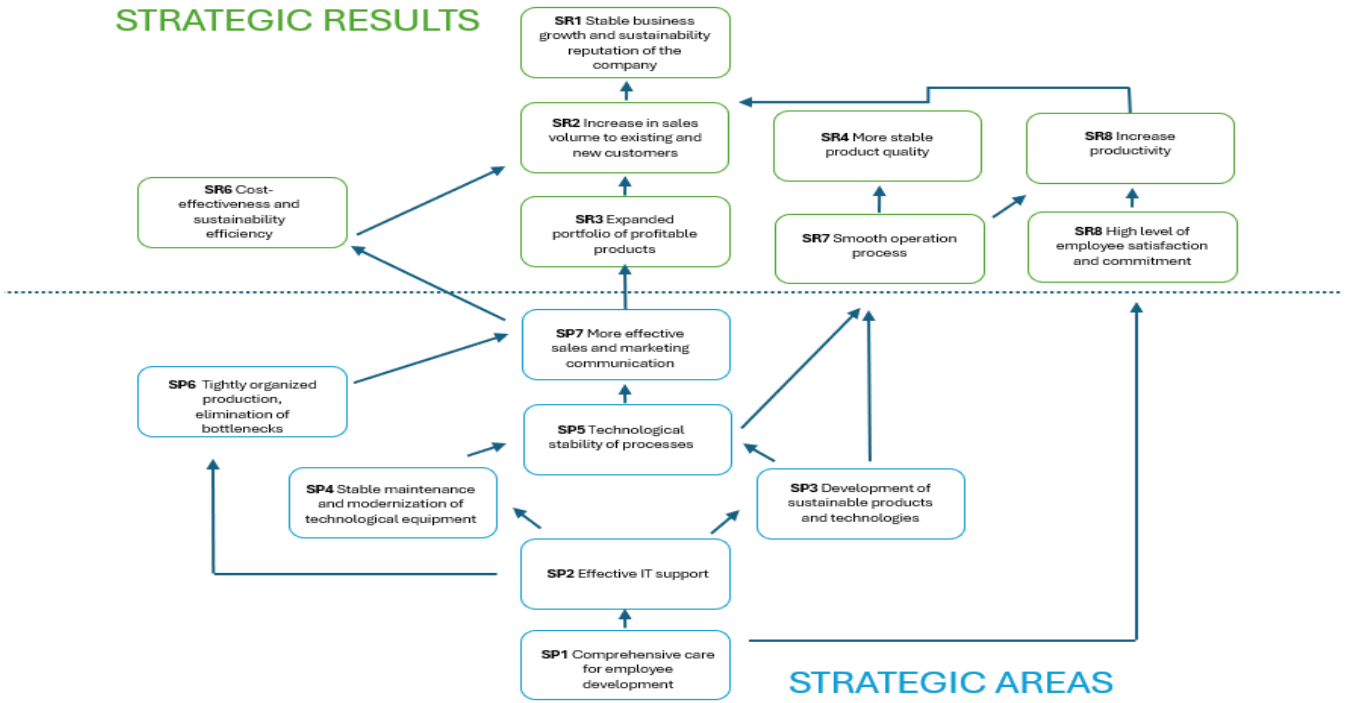


Figure 5 Plan for the establishment of strategic areas

ENVIRONMENTAL FOOTPRINT (E)

MATERIALS – PROGRAMME OGR

Thermoplastic elastomers (TPE-S) are advanced polymer materials that combine the elasticity of elastomers with the processing advantages of thermoplastics, enabling energy-efficient processing through established manufacturing methods such as injection moulding and extrusion. Owing to lower processing temperatures compared to conventional vulcanised rubber, TPE-S contribute to reduced energy consumption and associated emissions within the production process.

An important subgroup of TPE-S consists of thermoplastic styrenes, based on styrenic block copolymers (SBC) such as SBS and SEBS. These materials allow mechanical recycling, multiple reprocessing cycles and the reuse of production scrap, significantly contributing to waste reduction and more efficient use of material resources.

From an environmental perspective, TPE-S materials support circular economy principles, as they enable materials to be returned to the production cycle without significant deterioration of mechanical properties. This reduces the need for virgin raw materials and consequently lowers the carbon footprint of products throughout their life cycle.

In addition, the long service life of products manufactured from TPE-S materials reduces the frequency of replacement, further decreasing resource consumption and waste generation. The combination of durability, recyclability and energy-efficient processing positions TPE-S among materials that contribute to reducing environmental impacts and promoting more sustainable production and consumption patterns.

Advantages of TPE-S compared to other materials

Environment (E) – Resource Use, Energy Efficiency and Circular Economy

TPE-S materials enable simple and energy-efficient processing using established technologies such as injection moulding, extrusion and blow moulding. Unlike natural or synthetic rubber, they do not require vulcanisation, which shortens production time and reduces energy consumption and related environmental impacts during manufacturing.

As thermoplastic materials, TPE-S can be repeatedly melted and reshaped without significant loss of mechanical properties. This characteristic enables effective recycling and internal reuse of materials

within the production process, thereby reducing waste generation and the consumption of virgin raw materials, in line with circular economy principles and resource efficiency objectives.

TPE-S materials also demonstrate good resistance to UV radiation, ozone and other weathering influences, contributing to extended product service life.

Social (S) – Health, Safety and User Well-being

Compared to natural rubber, TPE-S materials have a low allergen content and generally do not cause allergic reactions. As they do not contain latex, they represent a safe alternative for individuals with latex sensitivity, which is particularly important in medical, hygiene and consumer applications.

The use of TPE-S materials therefore contributes to improved safety and comfort for end users, while reducing risks associated with allergies and hypersensitivity reactions. This supports socially responsible product development and alignment with health protection principles.

TYPES OF TPE-S MATERIALS AND POTENTIAL APPLICATIONS

SBS and SEBS as Key TPE-S Materials in Sustainable Production

Thermoplastic elastomers based on styrene-butadiene-styrene (SBS) copolymers play an important role in sustainable manufacturing, as they combine good processing efficiency, recyclability and lower energy consumption compared to conventional elastomers. Due to their thermoplastic nature, SBS materials allow reprocessing and the efficient reintegration of production scrap into the manufacturing cycle, thereby reducing waste generation and supporting circular economy principles. The increasing emphasis on reducing environmental impacts and transitioning towards more sustainable raw materials further confirms the relevance of SBS in the future development of sustainable production solutions.

Thermoplastic elastomers based on styrene-ethylene-butadiene-styrene (SEBS) copolymers represent an enhanced version of SBS elastomers. Owing to their hydrogenated structure, they exhibit improved mechanical properties and greater resistance to UV radiation, oxidation and other external influences. As a result, products made from SEBS materials have a longer service life, reducing the need for frequent replacement and contributing to lower resource consumption and waste generation.

Together, SBS and SEBS materials play a significant role in the advancement of sustainable material solutions. Their recyclability, potential for reuse and durability support the transition towards a circular economy and contribute to reducing environmental impacts throughout the entire product life cycle.

TPE-S materials offer a broad range of properties that combine the elasticity of rubber with the processing advantages of thermoplastics, making them an attractive alternative to natural and synthetic rubber. Owing to their versatility, they are widely used across various industries, including automotive, medical and pharmaceutical, construction, packaging, toy manufacturing and other consumer goods sectors.

MATERIALS – PROGRAMME OPR

PE (Polyethylene)

Polyethylene (PE) is one of the most widely used thermoplastic materials and, due to its versatility and favourable balance between properties and cost, is applied across numerous industrial sectors. It is characterised by ease of processing and adaptability to various application requirements, enabling a wide range of end products.

PE exhibits excellent chemical resistance and high resistance to moisture and water, making it suitable for use in environments where the material is exposed to various liquids or aggressive substances. Due to its low density, it allows easy handling and contributes to reduced transport and logistics costs, while maintaining high impact resistance, which enhances product durability.

An important advantage of polyethylene is its adaptability to application requirements, as it is available in different densities, such as low-density polyethylene (LDPE), which provides greater flexibility, and high-density polyethylene (HDPE), which offers higher strength and mechanical stability. In addition, PE is easy to process using established manufacturing methods, enabling efficient and cost-effective production.

Due to these properties, polyethylene is widely used in various fields, particularly in the packaging industry for the production of bags and films, in the manufacture of pipes and water supply systems, in toy production, food containers, and various construction materials where resistance and long service life are essential.

PVC (Polyvinyl Chloride)

Polyvinyl chloride (PVC) is one of the most important polymer materials due to its versatility, long service life and cost efficiency. Owing to its combination of mechanical properties, resistance and good processability, PVC is used across numerous industrial sectors, particularly where durable and reliable materials are required.

PVC is characterised by high resistance to chemicals and moisture, enabling use in demanding environments and contributing to the long-term functionality of products. Its long service life reduces the need for frequent replacement, thereby lowering material consumption and waste generation. An important property of PVC is its inherent flame resistance, as the material is difficult to ignite and self-extinguishing, contributing to enhanced safety in many applications.

In addition, PVC offers excellent processability through various manufacturing processes, allowing flexibility in product design and a broad range of applications. Due to its relatively low cost, it represents an economically accessible solution for mass production and is available in various formulations that enable diversity in shape, strength and functionality.

Owing to these characteristics, PVC is widely used in the production of pipes and fittings for water supply and sewage systems, in the construction industry for windows, doors and cladding, in electrical insulation and cable protection, for flooring, and in medical equipment such as blood bags and medical tubing, where safety, reliability and hygiene standards are critical.

ABS (Acrylonitrile-Butadiene-Styrene)

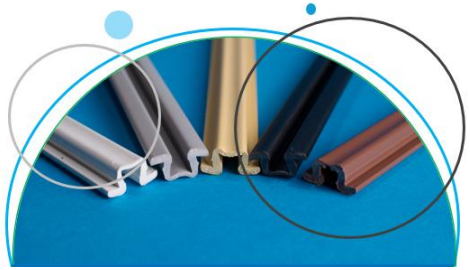
ABS (acrylonitrile-butadiene-styrene) is a widely used thermoplastic polymer known for its balanced combination of mechanical strength, rigidity and high impact resistance. These properties make it a reliable material for products requiring durability, aesthetic quality and functional stability.

ABS exhibits high mechanical strength and good impact resistance while maintaining appropriate thermal stability, enabling use in environments with moderate temperature loads. The material is highly processable using established methods such as injection moulding and allows precise shaping of complex geometries, which is important for serial production of technical products.

An important advantage of ABS is its high-quality surface finish, enabling smooth and aesthetically refined surfaces. The material is easy to colour, paint and coat with various finishes, allowing adaptation of product appearance and functionality to specific application requirements. In addition, ABS demonstrates good resistance to many chemicals, contributing to product reliability in everyday use.

Due to its combination of mechanical properties, processability and aesthetic appearance, ABS is widely used in the manufacture of automotive components such as dashboards and mirror housings, in electronic device casings, in toy production – most notably LEGO bricks – and in various types of office equipment, where durability and product quality are essential.

We recognize that polymer materials such as TPE-S, PE, PVC, and ABS, despite their functional and sustainability-related advantages, also present certain environmental challenges, particularly in relation to end-of-life material management, recycling, and ensuring efficient material circularity. Therefore, we strive to ensure the responsible selection of raw materials, optimise production processes, increase the share of recycled materials, and develop solutions that support improved recyclability and the reduction of environmental impacts throughout the entire product life cycle. At the same time, we continuously monitor the development of legislative requirements and sustainability guidelines related to polymer materials and gradually integrate them into the company’s development and business processes.



DEVELOPMENT OF NEW PRODUCTS

Development of a Sustainable Product Series

In 2025, the company initiated the development of a new sustainable product series aimed at the systematic integration of recycled raw materials into production materials while maintaining the required mechanical, processing and quality characteristics of the products. The development of the series is structured in phases and is based on the principles of the circular economy, material traceability and transparency of product composition.

The first phase involved comprehensive collection and review of available technical, environmental and regulatory documentation, forming the basis for further development. This phase included the analysis of input raw materials, available sources of recyclates, customer requirements, and relevant standards and legislative frameworks.

The second phase focused on designing the material architecture of the sustainable series. A methodological approach was developed to determine the optimal ratio between primary (virgin) raw materials and recycled materials while preserving the mechanical properties of the material. During this phase, a clear and unambiguous nomenclature system was also established for five different materials within the sustainable series. This system enables transparent indication of the recycled content in each material and ensures traceability and comparability within the product portfolio.

The third phase included an in-depth analysis of the developed documentation and material solutions, with particular emphasis on maintaining the mechanical and functional properties of the products. Compliance of the sustainable materials with existing technical requirements was verified, as well as their suitability for further industrial application, thereby confirming the feasibility of the sustainable series from the perspective of quality and reliability.

In 2026, the project is planned to continue with the order and production of a zero series, which will serve as the basis for extensive testing and validation of materials under real conditions within the fourth phase of development. Following the successful completion of testing, the project will proceed to the fifth phase, which includes ordering regular production and the gradual market introduction of the sustainable series.

The development of the Sustainable Product Series 13,000 represents a significant step towards reducing the company's environmental footprint, increasing the use of recycled raw materials, and achieving long-term integration of sustainability principles into development and production processes.

The first relevant results of this development are expected by the end of 2026.

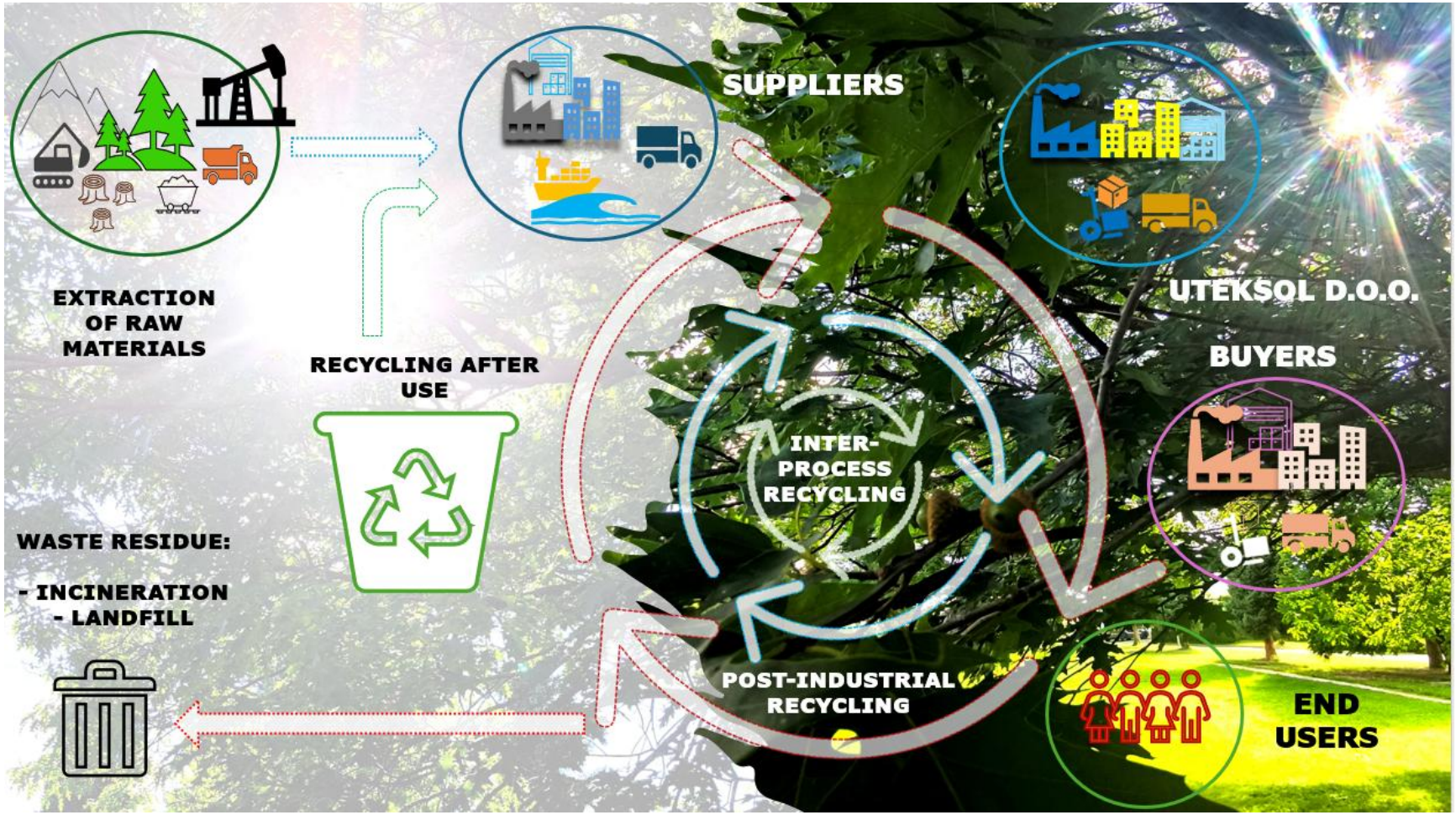


Figure 6 Life cycle of our products for both programmes

MATERIALS USED, REPROCESSING AND DISPOSAL

Granulates Programme – OGR

PROCESSED MATERIAL in 2025: 2,757,701 kg

CONFORMING MATERIAL in 2025: 2,720,271 kg

REPROCESSED MATERIAL in 2025: 36,042 kg

DISPOSED MATERIAL in 2025: 1,388 kg

Indicators :

Material Not Suitable for Reprocess -Expressed in relation to total processed quantity – **TQ**, and non-conforming quantity – **NC**

1. Indicator value 2025 **(TQ)**: **0.05 %**

Target 2025 (TQ): **0.068 %**

Target 2026:

2. Indicator value 2025 **(NC)**: **3.7 %**

Target 2025 (NC): /

Target 2026: <3 %

Material Suitable for Reprocess - Expressed in relation to total processed quantity – TQ, and non-conforming quantity – NC)

1. Indicator value 2025 **(TQ)**: **1.31 %**

Target 2025 (TQ): **2 %**

Target 2026:

2. Indicator value 2025 **(NC)**: **96.3 %**

Target 2025 (NC):/

Target 2026: 96.5 %

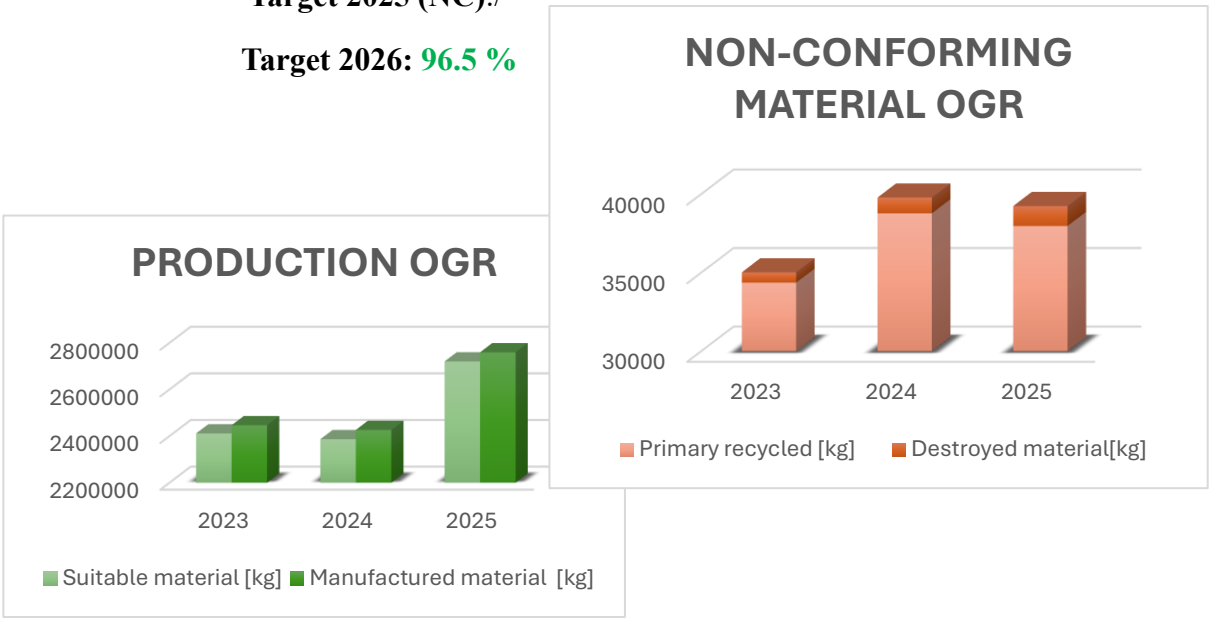


Figure 7 Comparison between quantities of adequate/unsuitable material, recycling, destruction at OGR plant

PROCESSED MATERIAL in 2025: 458,874 kg

CONFORMING MATERIAL in 2025: 445,339 kg

REPROCESSING 2025: 11,455 kg

DISPOSED 2025: 2,080 kg

Indicators:

Material Not Suitable for Reprocess -Expressed in relation to total processed quantity – TQ, and non-conforming quantity – NC

1. Indicator value **(TQ): 0.45 %**

Target 2025 (TQ): 0.53 %

Target 2026 (TQ): 0.52 %

2. Indicator value 2025 **(NC): 15.4 %**

Target 2025 (NC): /

Target 2026 (NC): 15.2 %

Material Suitable for Reprocess - Expressed in relation to total processed quantity – TQ, and non-conforming quantity – NC)

1. Indicator value 2025 **(TQ): 2.5 %**

Target 2025 **(TQ): 3.3 %**

Target 2026 **(TQ): 3.1 %**

2. Indicator value 2025 **(NC): 84.6 %**

Target 2025 (NC): /

Target 2026 (NC): 84.4 %

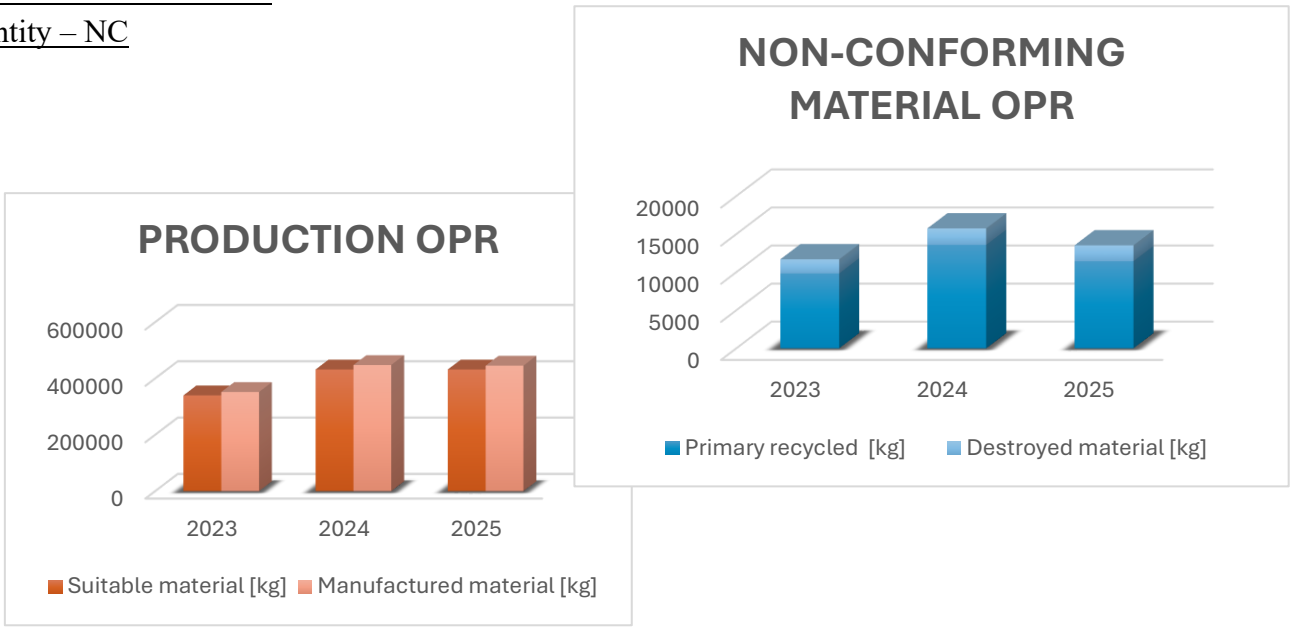


Figure 8 Comparison between quantities of adequate/non-suitable material, recycling, destruction at the OPR plant

CIRCULAR MANAGEMENT OF PACKAGING AND RECYCLED RAW MATERIALS

The company has set a strategic objective to ensure that all plastic packaging generated from incoming raw materials and supplies is recyclable by 2030. This commitment represents an important step towards reducing our environmental impact and systematically transitioning to a circular economy model.

In 2025, the proportion of plastic residues transferred to a specialised plastics recycler increased by 5 percentage points compared to 2024, indicating an improved treatment structure regardless of the total quantities generated. Through this measure, we contributed to the recovery and reuse of materials and reduced the quantity of waste that would otherwise have required disposal.

Packaging that was not suitable for recycling due to technical or safety constraints was handed over, in accordance with applicable legislation, to an authorised Packaging Waste Management Company (DROE), where it is treated as waste under code 15 01 02. The company's long-term objective remains the gradual reduction of non-recyclable packaging and its minimisation to the lowest possible level.

To a certain extent, the company also operates as a purchaser of recycled raw materials, primarily recycled polypropylene and polystyrene, which are used in the production of lower-grade material compounds. In doing so, we contribute to closing material loops and increasing the share of recycled raw materials in our own production processes.

By 2030, we plan to progressively expand our portfolio of materials containing different proportions of recycled raw materials and to further develop compounds incorporating recycled content, thereby strengthening our contribution to a circular and sustainable economy.

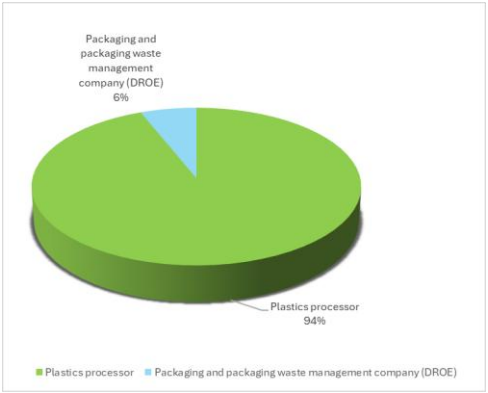


Figure 9 Quantities of packaging waste

EMISSION MONITORING

During its operations, the company consistently ensures compliance with all applicable environmental regulations and does not exceed the legally prescribed limit values for emissions into the air. Our commitment to environmental protection is reflected in the systematic monitoring of environmental impacts and in the implementation of preventive and control measures aimed at minimising the effects of production processes on the environment.

On an annual basis, air emission measurements are carried out by an independent external contractor. The results are documented in annual emission reports, which provide a regular and transparent overview of the impact of our activities on air quality. In addition, detailed inspections of heating installations and their operation are conducted each year to ensure optimal efficiency and to prevent potential deviations. These inspections are documented in formal equipment inspection reports.

In accordance with legal requirements, we also perform regular or ad hoc measurements of light pollution, electromagnetic radiation and noise levels within production facilities and their surrounding areas. These measures enable effective monitoring of impacts on both the working environment and the local community, ensuring that environmental effects remain as low as possible.

Through established procedures and continuous monitoring of environmental aspects, we ensure sustainable operations, ongoing regulatory compliance and minimal environmental impact. In doing so, we contribute to the protection of the natural environment and to the improvement of quality of life for our employees and the local community.

CARBON FOOTPRINT

In 2022, the company made a significant investment in a comprehensive energy audit of the organisation. The outcome of this audit was a detailed calculation of the organisation's overall carbon footprint, together with an assessment of the energy performance of buildings. The audit was conducted by an independent external expert, ensuring objectivity and professional credibility of the findings. The results provided an in-depth insight into the key sources of energy consumption and greenhouse gas (GHG) emissions and established a solid foundation for further measures aimed at reducing emissions and minimising thermal energy losses.

Based on the findings of the energy audit, we systematically plan additional improvements focused on reducing greenhouse gas emissions (CO_2eq) and enhancing the energy efficiency of both production and support processes. The energy audit therefore represents a key baseline for the company's long-term climate strategy.

The next strategic step for the period 2024–2028 is the implementation of a detailed Life Cycle Assessment (LCA) for selected product groups or series, as well as the calculation of a simplified product carbon footprint within the organisation. Through this initiative, we aim to obtain accurate data on the generation of carbon emissions across the individual stages of the product life cycle – from raw material extraction, production and distribution, to use and end-of-life management, including disposal or recycling.

The objective of these activities is to optimise the environmental footprint of products throughout their entire life cycle, improve sustainable practices across the value chain, and increase transparency regarding environmental impacts. In doing so, we reinforce our commitment to reducing adverse environmental impacts and strategically direct our operations towards a more sustainable and climate-responsible future.

ELECTRICITY

Solar power plant

In 2023, the company successfully completed an investment in the installation of its own solar power plant with a nominal capacity of 500 kW, thereby strengthening its energy self-sufficiency and reducing exposure to electricity price fluctuations on the market. The investment was partially supported under the public call for co-financing the construction of new small-scale renewable electricity generation facilities (JR SE OVE 2021).

In 2025, the company's solar power plant generated 16 % (351,465 kWh) of the total electricity consumed by the company. The total electricity produced amounted to 526,445 kWh, of which 174,980 kWh was sold. Compared to 2024, the share of electricity used for own consumption remained at approximately the same percentage level.

In 2025, electricity accounted for 91.2 % of the company's total energy costs (gas, fuel, electricity). It is primarily used to operate technological equipment in production processes and for heating. In addition, electricity is used for lighting and, to a lesser extent, for space heating and air conditioning, particularly in office areas and certain working spaces.

By generating electricity from renewable sources for its own use, the company makes a significant contribution to reducing its carbon footprint, while simultaneously enhancing resilience to energy and market risks and supporting its long-term sustainability objectives.

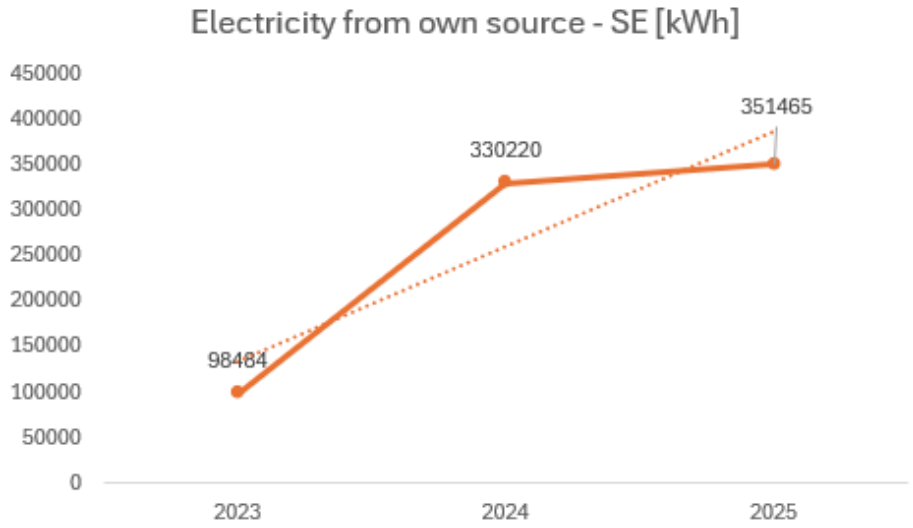


Figure 10 Amount of electricity to be generated from the solar power plant during 2023-2025

Measures to Reduce Electricity Consumption

In 2022, an energy audit of the company was conducted by an accredited external provider, including calculations of heat losses. Based on the findings, several infrastructure investments were implemented, contributing to the reduction of heat losses and improved overall energy efficiency.

The company systematically implements a range of measures aimed at effectively reducing electricity consumption and optimising the energy efficiency of both production and supporting processes. These measures are designed not only to lower energy costs but also to contribute to the long-term reduction of the company's environmental footprint.

A key element of energy management is the separate control of heating systems for extruders and other major energy consumers, which enables improved monitoring of electricity use and reduces the risk of significant energy peaks. In addition, large consumers such as turbo mixers and extruders are started up gradually and at staggered intervals, allowing for more balanced loading of the electrical system and preventing unnecessary peak demand.

At the operational level, the company ensures the rational use of lighting by consistently switching off lighting fixtures when sufficient natural daylight is available or when workstations are not in use. Space heating powered by electricity is set to the legally prescribed minimum temperatures, thereby ensuring appropriate working conditions for employees while simultaneously reducing energy consumption and associated costs.

Furthermore, organisational measures are consistently applied to prevent heat losses, including the systematic closing of doors during the heating season. This increases the energy efficiency of indoor spaces and reduces the need for additional energy to maintain appropriate temperatures.

Through the consistent implementation of these measures, the company not only reduces electricity consumption but also lowers its overall environmental impact, in line with its broader strategy of sustainable operations and responsible resource management.

Total Electricity Consumption and the Role of Own Generation

Total electricity consumption, including both self-generated and purchased electricity, was 9.9 % higher in 2025 compared to 2024. The increase was primarily driven by a higher volume of orders within the OGR programme, as well as changes in the order structure, which required a greater number of production line start-ups and the processing of smaller batches, both of which are more energy intensive.

Electricity consumption in 2025 was additionally influenced by weather conditions. Lower temperatures during the autumn and winter months increased the demand for electrically powered heating in office areas, while high summer temperatures led to higher electricity use for space cooling, particularly due to the operation of air-conditioning units and electric radiators.

On 18 August 2023, the company connected its own 500 kW solar power plant to the electricity grid. In the period from 1 January to 31 December 2025, the solar installation generated a total of 526,446 kWh of electricity. Of this amount, 351,464 kWh were consumed directly in production processes, while the remaining 174,980 kWh were exported to the grid.

Own generation of electricity from renewable sources plays a significant role in partially covering the company's energy demand, reducing its carbon footprint, and strengthening business resilience against electricity price volatility in the market.

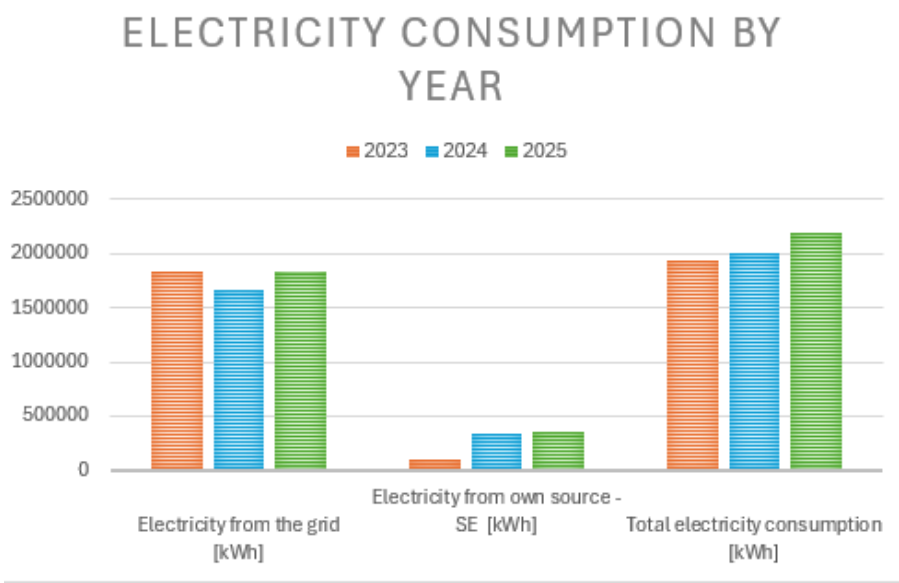


Figure 11 Electricity consumption by segment at the enterprise level during 2023-2025

Electricity consumption per tonne of processed material

The company systematically monitors specific electricity consumption per tonne of processed material (kWh/t), as this indicator represents a key measure of energy efficiency and an important reflection of the environmental footprint of production. Our strategic objective is the long-term reduction of energy consumption per unit of product, while simultaneously ensuring consistent product quality and process reliability.

In 2025, a total of 3,217 tonnes of material were processed, with overall electricity consumption amounting to 2,192,458 kWh, resulting in a specific consumption of 681.5 kWh/t. Although this value was slightly above the planned target, it remains lower than in previous years. Compared to 2024, specific electricity consumption decreased by 2.9 % within the OGR programme and by 0.2 % within the OPR programme, confirming improved energy efficiency despite increased production volumes.

The indicator is significantly influenced by the structure of orders, particularly the share of materials with lower hourly productivity. In such cases, the base energy consumption of the production line remains comparable, while the output volume is lower, which results in higher energy consumption per tonne.

Due to technological differences between the OGR and OPR programmes, separate performance targets have been established, enabling more precise management and a more realistic evaluation of achieved results.

In 2025, additional improvements in monitoring and optimisation were implemented through the introduction of digital energy tracking at the level of individual production lines via the UTRIP system.

Measures include separate heating control of major energy consumers, controlled start-up procedures for energy-intensive equipment, and continuous optimisation of operating parameters to reduce peak loads and improve overall efficiency. Through this comprehensive energy management approach, the company is progressively reducing electricity consumption per tonne of processed material while strengthening its overall energy and environmental performance.

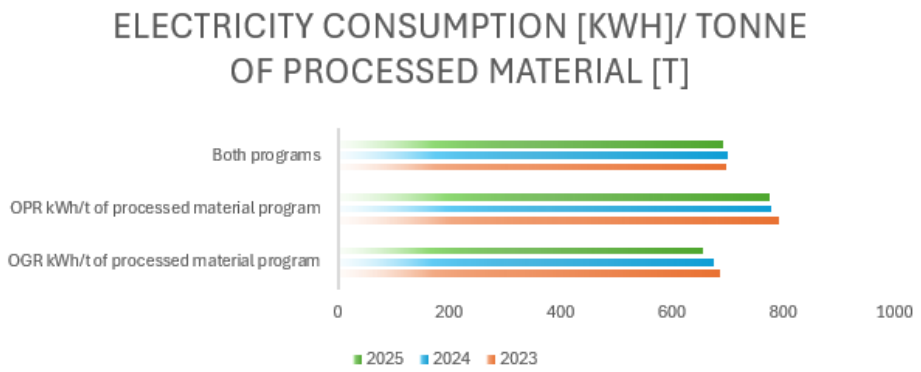


Figure 12 Electricity consumption per tonne of processed material

NATURAL GAS CONSUMPTION AND ENERGY EFFICIENCY MEASURES

The company uses natural gas exclusively for heating production and warehouse facilities, with a strong focus on efficient energy management to reduce its carbon footprint and operating costs. This approach supports long-term sustainable operations and responsible use of energy resources.

In recent years, natural gas consumption has decreased because of implemented energy renovation measures. The replacement of external doors significantly improved the thermal insulation of buildings, while additional organisational measures—such as consistently closing doors and windows during colder months—have further reduced heat losses and overall energy demand. These improvements enable the company to maintain appropriate working conditions with lower energy input.

Separate heating control by programme and department allows temperature settings to be adapted to the actual needs of individual areas: 18°C in production facilities, 15°C in warehouses and 22°C in offices. Office spaces are heated primarily with electricity (electric radiators and air-conditioning units) and by utilising surplus heat from heat pumps, thereby reducing the need for additional gas consumption. In production, waste heat from compressors and cooling equipment is also recovered and reused, contributing to higher overall energy efficiency.

Compared to 2024, natural gas consumption in 2025 decreased by 29.4 %. The reduction is attributable to the introduction of remote temperature regulation with continuous monitoring and optimisation, the use of air-conditioning units for heating in the profile's unit, and reduced production volumes at the former OMP unit following the discontinuation of the OMP programme, with the frames programme operating there on a reduced scale.

The company remains committed to the continuous optimisation of energy consumption and the reduction of environmental impacts in line with the principles of sustainable and circular economy development.

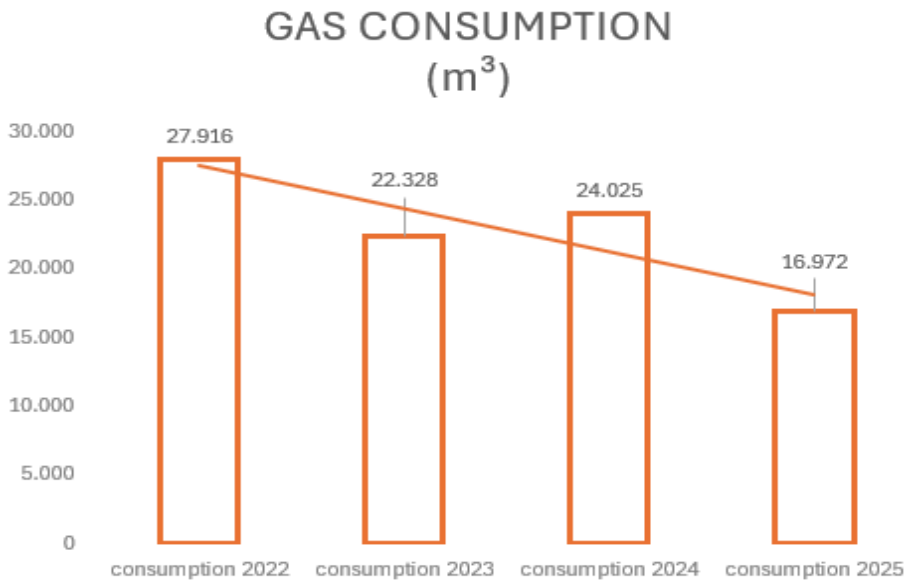


Figure 13 Trends in gas consumption between 2022 and 2025

FUEL CONSUMPTION

The company operates three company vehicles—two passenger cars and one van—which are used exclusively for business purposes and run on diesel fuel. In line with our commitment to reducing emissions and improving energy efficiency, we have prepared an activity plan for the period 2024–2028 aimed at lowering fuel consumption, with a particular focus on gradually transitioning towards more sustainable mobility solutions.

As part of these measures, we promote efficient driving practices, including moderate acceleration, maintaining steady speeds and minimising unnecessary stops, to reduce fuel consumption and associated greenhouse gas emissions. In addition, improved route planning and the consolidation of business activities help reduce the number of unnecessary journeys and total kilometres travelled, thereby positively impacting both operating costs and the company's environmental footprint.

As part of the long-term transition towards sustainable mobility, two electric vehicle charging stations were installed in 2024 and became operational at the end of 2025. Employees who own electric vehicles can charge them at a reduced rate, while the charging stations are also available to others at the standard price. This represents an initial step towards the potential partial electrification of the vehicle fleet, particularly for shorter distances, and towards reducing dependence on fossil fuels and direct CO_2 emissions.

In 2025, fuel consumption per 100 km for the ŠKODA vehicle was slightly higher. When analysing this increase, several contributing factors were considered: the inclusion of a new employee with a different driving style, a higher number of trade fair attendances and customer visits resulting in heavier vehicle loads (additional passengers and equipment), and weather conditions—particularly the exceptionally hot summer of 2025—which led to more intensive use of air-conditioning and consequently higher fuel consumption.

Through these measures and a systematic approach to fleet management, the company aims to improve energy efficiency, reduce environmental impact and contribute to achieving its emission reduction objectives and the transition towards a more sustainable and circular economy.

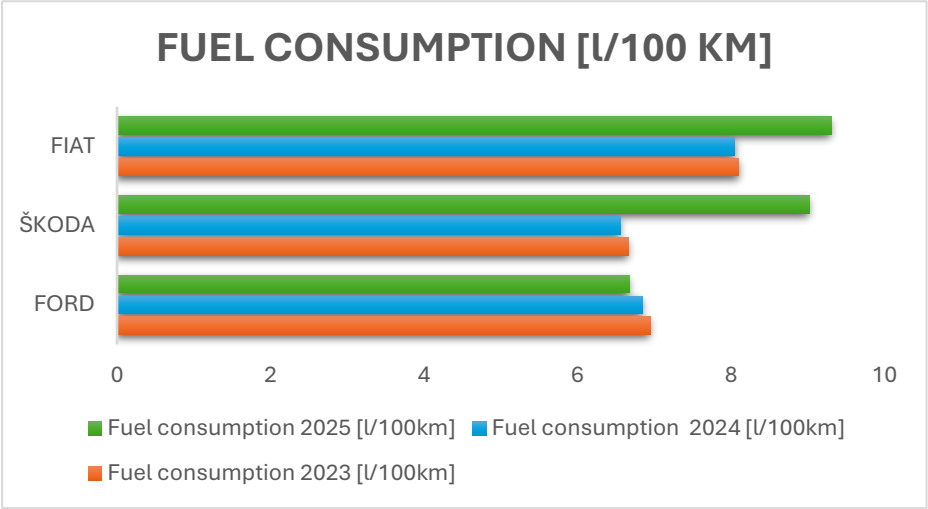


Figure 14 Fuel consumption trends from 2023 to 2025

WATER MANAGEMENT

As an industrial company, we are aware of our role as a significant water user; therefore, sustainable water resource management represents one of our key environmental commitments. Several years ago, we introduced a closed-loop system for the circulation and reuse of process water, which has substantially reduced water consumption in production processes and lowered our overall water footprint.

We use process water from an on-site groundwater source and sanitary water from the public water supply network, with a permitted annual abstraction of 2,500 m³. All water use is carried out in accordance with a valid water permit, which is effective until 30 September 2039. For the cooling of equipment and materials, we operate a closed-loop process water system supported by heat pumps. The water is continuously recirculated, while losses due to evaporation are compensated by abstraction from our on-site well.

Compliance with regulatory requirements is ensured through annual water monitoring reports submitted to the competent authority. Compared to 2024, total water consumption decreased by an average of 17 % in 2025. This reduction was achieved through the modernisation of the process water intake system, the introduction of an alarm system for monitoring domestic water levels, and the successful implementation of the Sustainable and Circular Transformation Project.

The project also included the purchase of a new screw, which reduced the need for cleaning and consequently lowered water consumption.

Regular measurements and water sampling did not indicate the presence of pollutants or any deviations, confirming our responsible management of water resources and our commitment to environmental protection.

Figure 15 Trends in water use in 2023-2025

WASTE MANAGEMENT

At Uteksol, waste management is carried out in a systematic and controlled manner in accordance with applicable legislation, internal policies and the principles of the circular economy. Proper waste management is regarded not only as a legal obligation but also as a key component of our responsibility towards the environment, society and future generations. Waste is consistently segregated at the point of generation, with a total of 25 waste categories separated, enabling enhanced traceability, more efficient recycling and reduced environmental impact.

Our waste management system is based on:

- consistent source separation of waste,
- handover of recycled raw materials to authorised collectors and processors,
- accurate monitoring and recording of waste quantities and types,
- continuous employee awareness-raising and training,
- regular inspection and control of waste separation practices within the company, and
- production planning aimed at preventing waste generation.

Production processes are designed to minimise waste generation, protect human health and the environment, and facilitate the integration of materials into circular value chains. An important part of our approach also includes the use of returnable packaging in cooperation with customers.

Performance and deviations in 2025

In 2025, 14,828 kg less waste was handed over compared to 2024. However, the total mass of waste transferred exceeded the 2025 target (39,435 kg) by 7,377 kg. The primary reason for this deviation was the final closure of one production unit, during which cleaning activities generated larger quantities of old cardboard and other accumulated waste.

As a result, targets were exceeded in certain waste categories, particularly:

- paper and cardboard,
- waste not otherwise specified,
- waste paints and varnishes,
- packaging containing residues of hazardous substances, and
- toner cartridges.

The increase in toner waste is additionally linked to a comprehensive company-wide documentation review (procedures, work instructions and process documentation).

Despite these one-off impacts, the overall volume of waste generated decreased compared to 2024. This reduction is attributed to improved production processes, consistent source separation and the selective removal of obsolete materials and equipment following the closure of the OMP programme. Identified deviations were analysed and used as a basis for further improvements to the waste management system.

Indicators and targets

In 2025 the following were created:

1. **14.6 kg of total waste per tonne of material produced**

   (target: 16.2 kg/t)

1. **0.17 kg of hazardous waste per tonne of material produced** (target: 0.24 kg/t).

The goals set were achieved.

We set the following goals for 2026:

1. **≤ 16.0 kg of total waste per tonne of material produced**,
2. **≤ 0.23 kg of hazardous waste per tonne of material produced**.

In the future, we will additionally focus on waste prevention at the process planning stage, increasing the share of reusable materials and further strengthening the circular economy.

Figure 16 Trends in the amount of waste in 2023-2025

BIODIVERSITY

The company is near the Mislinja River and therefore places particular emphasis on protecting biodiversity and preserving a healthy local ecosystem. We are aware of the potential impacts of industrial activities and systematically implement measures to prevent and mitigate negative environmental effects.

Protecting people, animals, plants, soil and watercourses is one of our key priorities. In previous years, containment trays were installed beneath storage tanks and sealing covers were placed near drainage shafts to reduce the risk of environmental contamination from hazardous substances.

We actively promote proper waste separation, reduction of non-recyclable waste and the integration of materials into circular value chains. In production, we use more environmentally friendly materials and sustainably designed packaging, while emissions in logistics are reduced through optimised transport consolidation.

In 2025, recycled raw materials (recyclates) accounted for 4.57 % of total input materials at company level, representing an increase of 0.83 % compared to 2024. This contributed to a further reduction in the use of primary raw materials. For 2026, we aim to gradually increase this share, particularly through the development of the SolPlast 13000 product series.

In the coming years, subject to market conditions and financial capabilities, we plan to rehabilitate the bank of the Mislinja River, contributing to improved flood safety and the long-term stability and protection of the local environment. Our sustainability approach is firmly integrated into business decision-making, as we believe that industry and nature can coexist in balance.

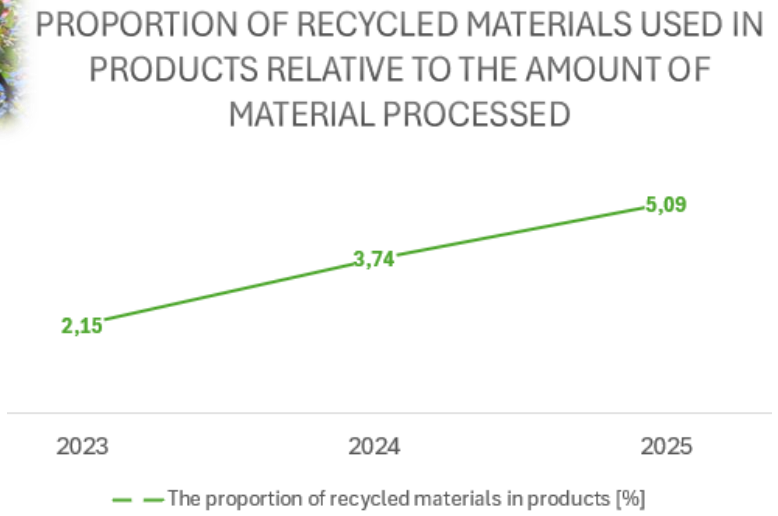


Figure 17 Share of secondary origin inputs used

SOCIAL FOOTPRINT (S)

CORPORATE SOCIAL RESPONSIBILITY

Stakeholder relationship management, defined in the framework of the governance pillar (G), represents the foundation for the effective implementation of corporate social responsibility (CSR) and the achievement of positive social effects in the local and wider environment.

We actively contribute to the development of the local environment and the wider society, building our operations on the principles of responsibility, transparency and cooperation enshrined in the revised Code of Ethics (2025). We are aware that the long-term success of a company is also based on the development of the community in which we operate.

Employees are encouraged to get involved in volunteer firefighting, as it significantly contributes to greater safety of the local environment and at the same time strengthens the knowledge and skills of employees, which are also useful in the work environment. The presence of volunteer firefighters among employees further raises the level of fire safety in the company and promotes a culture of solidarity and volunteering.

The company is committed to providing regular support to local communities through donations, which may include financial resources, material assistance or employee participation in volunteer activities. By doing so, we support social, cultural, educational and environmental projects and contribute to the sustainable development of the environment in which we operate.

An important part of our contribution to society is also represented by research and development projects aimed at innovation and solving broader societal challenges, such as environmental protection, health and education. By encouraging the participation of employees in these projects, we strengthen the knowledge, innovation and long-term competitiveness of the company.

We are committed to transparent business and open communication, which is why we regularly report on our social and sustainable activities, achievements and challenges. In this way, we strengthen the trust of employees, the local community, business partners and other stakeholders and strengthen the credibility of the company.

EMPLOYMENT AND EMPLOYEES

We promote a diverse, equal and inclusive working environment based on respect for the individual and creating conditions for the professional and personal development of employees.

We consciously maintain a mixed age structure of employees, as the intertwining of the experience of older employees and the innovativeness of younger generations contributes to greater efficiency, knowledge transfer and long-term stability of the company.

We are committed to respecting diversity and embracing differences, regardless of personal, cultural or other circumstances. Diverse employee perspectives and experiences enhance creativity, collaboration, and quality decision-making.

We provide all employees with equal opportunities for professional development, education and advancement, thus supporting their long-term employability and company growth. We pay special attention to gender equality and non-discriminatory practices at all levels of operation.

Our goal is an inclusive and safe working environment in which employees feel respected, heard and motivated to actively contribute to the company's common goals.

Employee turnover

Number of employees on 01/01/2025: **53**

Number of employees as of 31.12.2025: **53**

Number of new employees 01.01.2025-31.12.2025: **6**

Departures: **5**

Retirements: 01.01.2025-31.12.2025: **1**

Structure of employees

Male-to-female ratio: **4:1**

Average age of employees on 31.12.2025: **43**

Share of employees from the local population: **96.2 %**

OCCUPATIONAL SAFETY AND HEALTH

Ensuring a safe and healthy working environment is one of the company's core commitments, clearly defined in the revised Code of Ethics (2025), which emphasizes the employer's responsibility to protect the health, safety and dignity of employees. We consider occupational safety and health (OSH) to be a key part of our social responsibility and long-term success.

We have a system of regular verification of working conditions, which is carried out by qualified experts from the external occupational safety service. Inspections include the control of workplaces, equipment and work processes, and enable the timely identification and management of risks, in accordance with applicable legislation and best practices.

We provide our employees with appropriate personal protective equipment, adapted to individual work tasks, and regular training for its proper use. This reduces the risk of injury at work and strengthens the safety culture, which is further supported by the Code of Ethics.

To maintain the health of our employees, we carry out regular preventive medical examinations, which enable early detection of health risks and contribute to greater working capacity, reduced absenteeism and better well-being of employees.

Additional health care is provided by group health insurance, which enables faster access to specialist treatments. This measure complements our commitment to proactively managing employee health and strengthening a working environment based on care, trust and responsibility.

Sick leave:

Table 1 Share of sick leave

Year	Hours charged to the company [%]	TARGET for year [%]	TARGET 2026 [%]
2024	3.98	< 4	< 3.45
2025	3.61	< 3.5	< 3.45

In 2025, the share of sick leave hours in the company mainly due to seasonal illnesses and workforce fluctuations exceeded the established targets, which we addressed as part of the regular monitoring of employee health and attendance indicators. Based on the findings, we introduced activities in 2025 aimed at promoting healthy workplace attendance and increasing awareness of the importance of health, well-being, and responsible work organization. These activities are part of a broader human resources management system and are currently in a pilot phase; therefore, their effects are not yet being evaluated quantitatively. At the same time, we emphasize that the health and safety of our employees remain one of our core priorities. The purpose of this approach is to improve the long-term sustainability of workforce management and to foster a supportive and responsible working environment.

Injuries at work 2025:

In 2025, we did not record any injuries at work.

DIVERSITY, EQUAL OPPORTUNITIES, WORKERS' RIGHTS

We are committed to providing a safe, respectful and inclusive work environment in which all employees are treated equally, regardless of gender, age, ethnicity, religion, sexual orientation or other personal circumstances. Our commitment to equal opportunities and respect for human rights is clearly defined in the Company Code of Ethics, which we have comprehensively revised and expanded in 2025.

The revised Code of Ethics is a fundamental management document that sets standards of conduct, responsibility and expectations towards employees, management and other stakeholders. It places special emphasis on the prevention of discrimination, respect for the dignity of the individual, equal treatment and the creation of a working environment based on trust, integrity and mutual respect.

Clear and transparent procedures for reporting and dealing with violations are in place, in accordance with the provisions of the Code of Ethics, which allow for the timely, impartial and confidential resolution of potential violations of employees' rights. In this way, we actively prevent discrimination and other unethical practices.

We recognize the diversity of employees as an important factor in the innovativeness, resilience and competitiveness of the company. We employ people with different skills, experiences and backgrounds and encourage their inclusion at all levels of the organization. Respect for ethnic and cultural diversity and the provision of equal opportunities for development and advancement based solely on ability and performance

are clearly defined both in the personnel policies and in the Code of Ethics.

The company has zero tolerance for mobbing, harassment and bullying. This commitment is explicitly enshrined in the revised Code of Ethics, which defines unacceptable behaviour, the responsibilities of all employees and the procedures for action. We consider the psychological safety and well-being of employees as a key condition for the long-term success of the company.

We are committed to ensuring decent work, which includes safe and healthy working conditions, respect for work-life balance and access to social security. The Code of Ethics further reinforces our commitment to respect labour rights, lifelong learning, professional development and equal opportunities for all, including vulnerable groups.

We ensure a fair and transparent remuneration policy, in accordance with the law and the principles of fairness enshrined in the Code of Ethics. Equal pay for equal work and efforts to reduce unjustified differences between pay grades contribute to greater cohesion, trust and commitment among employees.

As part of strengthening governance and compliance with ethical principles, we have also established an internal trustee function, which enables anonymous reporting of violations of the Code of Ethics, labour law irregularities or inappropriate behaviour. The internal confidant acts as an independent and neutral person and makes an important contribution to transparency, accountability and trust in the organization.

EMPLOYEE INVOLVEMENT AND INTERNAL COMMUNICATION

Open, timely and two-way communication represents an important foundation of the company's collaborative culture and is clearly defined in the revised Code of Ethics (2025), which promotes transparency, participation and active involvement of employees in decision-making processes.

At least once a year, we organise a workers' assembly to enable a direct exchange of information between management and employees. At the assemblies, we discuss key business and sustainability topics, achievements and challenges of the company, while at the same time collecting feedback from employees. This form of dialogue fosters a sense of belonging, trust and co-responsibility.

For effective operational and strategic coordination, we conduct regular narrower and broader management meetings that enable the exchange of information, the consideration of projects and the coordination of goals between different levels of the organization. This strengthens cooperation, teamwork and mutual understanding.

Regular team meetings are held at the level of individual departments and teams, which enable direct communication, goal setting, progress monitoring and timely resolution of challenges. This type of practice promotes the responsibility, efficiency and active role of employees in achieving common goals.

We use various communication channels to disseminate information, including bulletin boards, internal information system, website and e-mail. These channels provide a high level of awareness, accessibility of important information and business transparency.

By systematically developing internal communication and involving employees in dialogue, the company strengthens the organizational culture in accordance with the principles of the Code of Ethics and creates a stimulating working environment that supports long-term success and sustainable development.

HEALTH AND SAFETY OF CUSTOMERS

Ensuring the health and safety of customers is a key part of our responsibility and is clearly defined in the revised Company Code of Ethics (2025), which emphasizes regulatory compliance, transparency and responsible conduct throughout the value chain. In the development, procurement and delivery of products, we strictly adhere to legislative requirements and the highest safety standards.

The company ensures compliance with the RoHS (Restriction of Hazardous Substances) directive, which limits the use of hazardous substances in products and reduces risks to human health and the environment. We consistently adhere to RoHS requirements in both our role as a buyer and supplier.

We pay particular attention to the management of SVHCs (Substances of Very High Concern) in accordance with the REACH regulation. Based on the obtained statements and verifications, we ensure that the products comply with the regulations and are safe for the intended use, while reducing potential risks to health and the environment.

For all materials used, we provide Safety Data Sheets (MSDS), which contain key information on safe handling, possible risks and preventive measures. This ensures a high level of information and safety for both employees and customers.

For products intended to come into contact with food, we require appropriate certificates of conformity ("food approved") to ensure compliance with legislative requirements and the safety of end users. This practice confirms our commitment to the responsible development and delivery of safe, reliable and compliant products.

ACTIVITIES FOR EMPLOYEES AND HEALTH PROMOTION

The company systematically promotes a healthy lifestyle and active leisure time of employees, as we believe that physical and mental health are key factors for the long-term well-being, commitment and efficiency of employees.

For this purpose, we organize and co-finance various sports and recreational activities in cooperation with the local sports association. Employees can participate in indoor sports activities such as organized volleyball, table tennis, badminton and others, which, in addition to physical activity, promote team spirit, interconnection and positive relationships between colleagues.

We also provide employees with access to the local Colatio swimming pool, where they can use a paid entrance fee for themselves and/or close family members up to four times a month. This supports work-life balance and promotes the health of the whole family. In the winter season, the company also co-finances 50 % of ski passes for employees at Kopa, a nearby local ski resort.

In addition, once or twice a year, we organize a hiking and cycling activities for employees, which is an opportunity for active socializing, movement in nature and strengthening belonging to the company.

By implementing these activities, we create a stimulating, inclusive and healthy working environment and contribute to a higher quality of working life for employees.

CONNECTING AND HAVING FUN

The company priority is given to strengthening mutual relations, a positive organizational culture and employee affiliation. We are aware that quality relationships and a sense of connection have a significant impact on employee satisfaction, commitment and long-term success.

Once a year, we organize a work picnic, which allows employees to socialize informally outside the work environment. The event is intended to strengthen team spirit, encourage cooperation and create an open and positive work culture.

At the end of the business year, we prepare a traditional New Year's or holiday meeting to celebrate the achievements of the company and its employees. The event contributes to the recognition of successes, strengthening interpersonal relationships and reducing stress at the transition to the new business year.

In addition, we organize business trips that last from one to three days and are intended for socializing, getting to know new environments and deepening mutual trust and cooperation among employees. With these activities, we systematically build an inclusive, connected and stimulating working environment, which contributes to greater employee affiliation and a positive organizational climate.

MANAGEMENT FOOTPRINT (G)

In the management pillar (G), we focus on the principles of leadership, governance, ethics, compliance and transparency. All indicators relating to the environmental (E) and social (S) aspects of sustainable development are comprehensively discussed in the corresponding chapters and are therefore not re-cited in this part of the report. Such a structure allows for greater transparency of the report, a clear delineation of responsibilities and a better understanding of the intertwining of environmental, social and governance aspects of sustainable business.

ENVIRONMENTAL MANAGEMENT SYSTEMS (E)

In 2025, the company began developing a methodology for calculating the carbon footprint at the level of individual products or product groups. In this context, the first simplified calculation of the carbon footprint of the selected product was produced, which represents an important initial step towards greater transparency of the environmental impacts of our products and the further development of environmental indicators.

In the area of energy consumption, measures were implemented to reduce electricity consumption per tonne of product, and the structure of electricity sources was monitored with the aim of gradually increasing the share of renewable sources. At the same time, we continued with activities to improve the energy efficiency of production and to monitor resource consumption more accurately using digital tools.

An important focus was also placed on waste management. By raising employees' awareness of proper separation and by increasing the integration of sustainable packaging, we have achieved a reduction in the amount and cost of waste compared to previous periods, considering the volume of production.

As part of product and material development, in 2025 we started developing a new series of materials based on the use of different proportions of recycled raw materials in recipes. In this way, we strengthen the circular orientation of products and reduce environmental impacts throughout the life cycle of products.

SOCIAL THEME MANAGEMENT SYSTEMS (S)

In the area of employees, in 2025 we continued our activities to strengthen the engagement, well-being and involvement of employees in the development of the company. Special emphasis was placed on promoting innovation and greater involvement of employees in projects and improvement processes. To this end, a "Bank of Ideas" has been established, which allows for the active participation of all employees. In the first year of operation, the system showed a positive response and concrete results in the form of realized improvements.

To improve health and safety at work, we continued to modernize work equipment and introduce technical solutions that reduce physical strain and the impact of the working environment on the health of employees.

These measures contribute to the long-term reduction of sick leave and to create a safe and supportive work environment.

An important part of the social pillar are also activities aimed at connecting employees and strengthening a positive work culture. By organizing sports, recreational and social activities, we promote a healthy lifestyle, mutual cooperation and belonging to the company, which in the long term is reflected in greater motivation and stability of the workforce.

CORPORATE GOVERNANCE AND MANAGEMENT SYSTEMS (G)

In the management area, in 2025 we strengthened the systematic monitoring of key performance indicators and continued with the digitization and optimisation of work and production processes. The introduction of planning tables and IT solutions for real-time monitoring of resource consumption enables better control, greater transparency and support for data-driven decision-making.

We paid special attention to the development of a responsible and sustainable value chain. We have established a new system for evaluating suppliers and carriers, which includes environmental and social criteria in addition to quality, timeliness and financial aspects. The monitored elements include environmental management certificates, sustainability reports, carbon footprint calculations, technical characteristics of means of transport and compliance with ethical standards.

By actively incorporating sustainability aspects into supply chain management, we reduce risks and increase business transparency, and we are gradually increasing the share of business partners who follow ESG principles. This strengthens the foundations for long-term stability, responsible growth and the trust of all stakeholders.

In 2024, we have made important analyses that are the basis of our strategy 2024-2028.

The following were carried out:

- Analysis to understand global trends, which included:
- Global warming and climate change
- Scarcity of natural resources and raw materials
- Geopolitical instability
- Disruptive technologies and cybersecurity
- Globalization/localization
- Population growth and demographic trends
- Media and social networks
- Analysis to understand the favourable/unfavourable impact of the wider business environment – Pestel analysis:
- Political factors
- Social factors
- Technological factors
- Ecological factors
- Legal factors

With the help of the SWOT analysis we conducted in 2024, we also identified the advantages and disadvantages of the internal environment, which are primarily based on the relationship to competition, as well as opportunities and risks in the external environment. With this analysis, we summarized the previous analyses, improved our understanding

current situation and allow for better preparedness for challenges and opportunities that may arise in the future.

OPPORTUNITIES

As for risks, we also keep a Register of Opportunities, where opportunities for progress in all areas of our operations and activities leading to the achievement of goals are identified.

The most important opportunities we have identified:

- High market potential for TPE-S (currently occupying approx. 2 %)
- The need for a higher proportion of recyclates in products is increasing
- Promotion of the company's activities and products in the industry through established professional media
- The local community (municipalities, business centers, ...) carries out many activities aimed at sustainable development – awareness
- Close proximity to transport routes, construction of a motorway connection
- Availability of powerful digital technologies
- Social networks and dedicated applications
- Many educational institutions that provide the necessary training for our needs

RISKS

The company maintains a Risk Register, which identifies risks and measures or activities that prevent/mitigate their impact on our organization.

The most important risks we have identified:

- Faster development of large competitors or the entry of unfair competition into the market
- Shortage of raw materials and consequently higher prices of raw materials and energy products (events in the world, wars, ...)
- Climate change - the risk of flooding (close proximity to the river Mislinje), storms, strong winds and hail (solar power plant),...
- Shortage of labour in the market, higher labour costs
- Geopolitical instability - export ban, increase in transport prices
- Increased tax burden
- Reduced loyalty and affiliation of younger generations

Materiality Matrix

The materiality matrix is a fundamental tool for systematically identifying and prioritizing the sustainability topics that have the greatest impact on our business and key stakeholders. It allows us to clearly identify the areas that are most strategically important for the long-term success of the company, and to align business objectives with environmental, social and economic expectations of the wider environment.

In preparing the materiality matrix, we carried out a comprehensive analysis of sustainability aspects from the point of view of business impact (internal perspective) and from the point of view of relevance for stakeholders (external perspective). We identified key sustainability topics based on environmental, social and governance (ESG) areas and further evaluated them through stakeholder surveys. We have previously identified stakeholders based on an analysis of their requirements and expectations, thus ensuring a structured and inclusive approach to setting priorities.

The materiality matrix was created in 2024 as part of the preparation of the 2024-2028 Strategy. As there were no significant changes in the business model, regulatory environment or stakeholder expectations in 2025, the existing matrix remains valid. The right-hand side shows the methodological approach of the assessment and the results obtained from the stakeholder survey, which form the basis for determining the priority areas for sustainability.

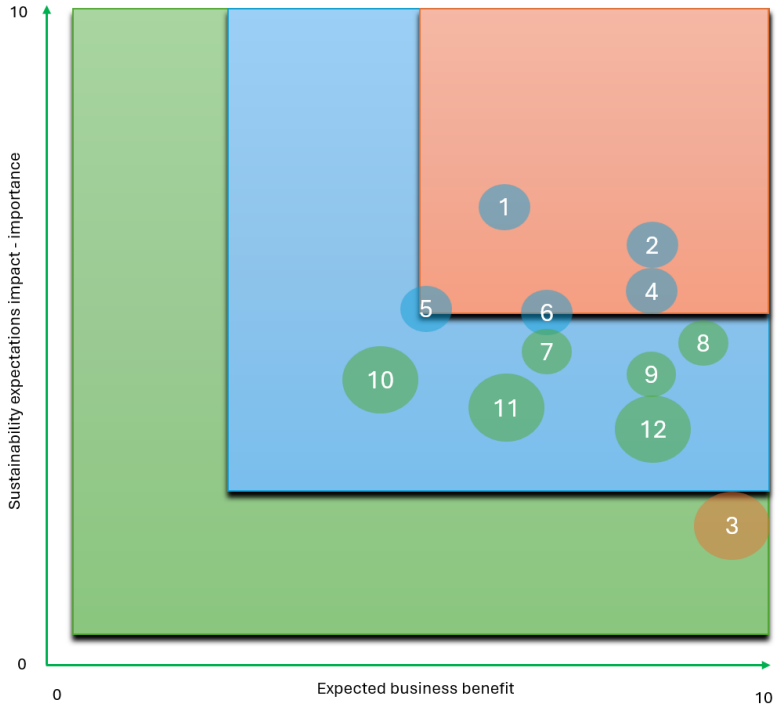


Figure 18 Materiality matrix generated from survey results

No.	Aspect	Code and Name of Sustainability Challenge	Business Benefit (1-10)	Stakeholder Importance
1	D4	Providing safe and health-friendly working conditions	7	73%
2	O2	Increasing energy efficiency (reducing total consumption of all energy sources)	8	66%
3	E2	Managing business risks	10	26%
4	D1	Strengthening interpersonal relationships and ensuring dialogue with employees	8	61%
5	O7	Reducing all types of emissions (noise, heat, dust, potentially hazardous substances, etc.)	6	60%
6	D2	Caring for employees' professional and sustainable development and their career growth (includes promoting healthy lifestyle habits)	7	59%
7	D5	Incentive and motivational employee rewards	7	55%
8	E3	Optimization of production processes	9	55%
9	O4	Increasing the offering of TPE granules and profiles with a higher percentage of recycled materials	8	47%
10	O5	Using environmentally friendly auxiliary materials required for producing granules or profiles, maintaining machines, and ensuring cleanliness of premises	5	47%
11	O6	Reducing the total mass of all internal waste (supplier packaging, internal non-hazardous, and internal hazardous waste)	6	42%
12	E4	Upgrading technological equipment and IT support	8	41%

Legend: O = Environmental Aspect, D = Social Aspect, E = Economic Aspect

Note: *A discretionary decision was made to include the sustainability challenge "Managing business risks" (E2) among the selected sustainability challenges, despite receiving a low stakeholder importance percentage, based on the opinion of the broader sustainability team.*

Figure 19 Assessment of the most important sustainability challenges based on stakeholder surveys

STAKEHOLDER RELATIONSHIP MANAGEMENT SYSTEMS

Within its value chain, the company actively cooperates with various stakeholders, pursuing the goals of operational efficiency, sustainable development and social responsibility.

As a landlord of warehouse space, we enable our partners to use their own logistics capacities, which contributes to the optimisation of supply flows and shortening transport routes. This reduces transport costs, fuel consumption and greenhouse gas emissions, while improving the accessibility and responsiveness of the supply chain.

As a development partner, we work with research and industrial partners to develop innovative and sustainable solutions. The emphasis is on the development of more environmentally friendly materials, which is based on increasing the share of recycled materials in products and packaging, while maintaining high quality and competitiveness standards and improving the efficiency of production processes.

As a scholarship holder, we invest in the development of future staff. In this way, we contribute to the long-term personnel stability of the company and wider social development, while strengthening the knowledge and competencies of future generations of professionals.

We also act as a buyer and provider of products with different proportions of recyclates. We use primary and secondary recyclates in production, thus reducing the use of natural resources, promoting the circular economy and reducing waste. We offer our customers sustainably oriented products with high added value, the scope of which we want to increase even more.

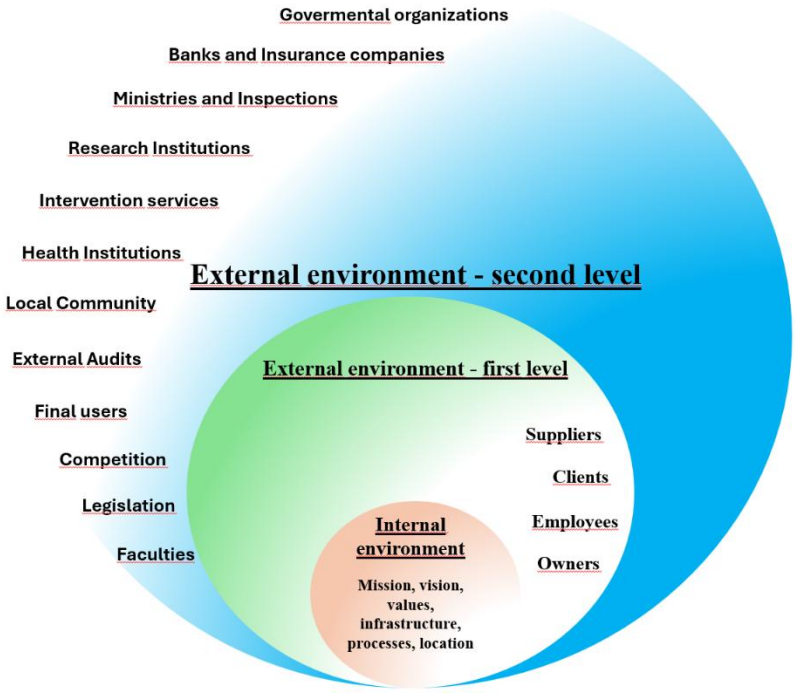


Figure 20 Stakeholders

As a donor to local communities, we actively contribute to the development of the environment in which we operate, especially by supporting sports, educational and social projects. By doing so, we strengthen social cohesion and confirm our commitment to responsible and inclusive business.

Cooperation with various stakeholders is an important element of our sustainability strategy and contributes significantly to the long-term stability, competitiveness and positive environmental and social impacts of our business.

VALUE CHAIN MANAGEMENT SYSTEMS

Value chain management is an important part of the company's management pillar, as it directly affects operational reliability, risk management and the long-term sustainability of the business model. At UTEKSOL d.o.o., we address this area holistically – through responsible selection and systematic evaluation of suppliers and carriers, and through the development of long-term, transparent and ethically oriented relationships with suppliers and customers. Environmental and social aspects are integrated into value chain management processes as an integral part of the decision-making and monitoring criteria and are discussed in more detail in the corresponding environmental and social chapters of the report. Such an approach enables us to effectively manage the supply chain, while strengthening the accountability, transparency and sustainability orientation of cooperation with all business partners.

SUPPLIERS AND CARRIERS

The company implements a comprehensive and sustainably oriented value chain management based on responsible selection of suppliers and carriers, effective cooperation and reduction of environmental and social impacts throughout all stages of the supply chain.

Both suppliers and carriers are systematically evaluated based on predetermined sustainability criteria. When selecting and monitoring suppliers, we consider the availability of ISO 9001 and ISO 14001 certificates, the existence of sustainability reports, the calculated carbon footprint and compliance with ethical business principles. Where possible, we prioritise local and regional suppliers to reduce transport distances, greenhouse gas emissions and logistical environmental impacts.

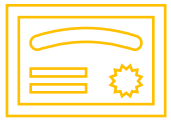
We also cooperate with suppliers at the operational level, especially in the optimisation of logistics and warehousing, which enables better utilization of transport capacities and a reduction in the number of transports. Where feasible, transport is combined, and additional indicators have been introduced to monitor efficiency, which enable more precise control of the environmental impacts of transport (the first data will be presented in 2027 for 2026).

We also place strong emphasis on the selection of carriers. We encourage cooperation with carriers that use vehicles with newer and more environmentally friendly engines (e.g. EURO VI), implement measures to reduce fuel consumption and respect high ethical and safety standards. In this way, we contribute to reducing emissions and improving the sustainability orientation of the entire value chain.

In support of sustainability goals, we also implement the digitalization of business processes and paperless operations, which improves traceability, transparency and efficiency of the supply chain. At the same time, we are gradually introducing sustainable and returnable packaging where possible and reducing the amount of packaging waste.

Our goal is to establish a responsible, transparent and environmentally efficient value chain in the long term, which reduces the environmental footprint of the business model and strengthens the sustainable commitment of all business partners.

SUPPLIER ASSESSMENT



The company conducts structured and transparent supplier assessment, which is a key part of managing the value chain and ensuring operational reliability, quality and sustainability.

In 2025, we expanded the supplier assessment system to be based on a combination of quality, environmental and operational criteria, among which the key ones are:

1. certificates and compliance with standards, in particular ISO 9001 (quality management) and ISO 14001 (environmental management), which confirm the use of internationally recognised good practices,
2. respect for ethical principles – Company Code of Ethics
3. reliability and adherence to delivery times, which enable stable production planning and reduction of supply chain disruptions,
4. responsiveness and flexibility, which have a significant impact on the efficiency of cooperation and the competitiveness of the company,
5. paperless and digitized business, which promotes more efficient processes and the reduction of environmental impacts.

By 2025, the rating classes that were divided from A-D (A is the best, D is the worst) have thus been expanded by another class, class A+, which only fully sustainably oriented suppliers fall into. With this approach, we strengthen long-term partnerships with suppliers, reduce operational and sustainability risks, and contribute to responsible and sustainable supply chain management. Under the new guidance, we assessed suppliers for 2024 with the assumption that there was no A+ class in 2023 and that the placement in other ranks was also scored differently.

Supplier assessment is carried out in the company once a year, as a rule, in the first quarter of the current year, based on data for the previous business year. Due to the timing of the process, the results of the 2025 evaluation were not yet available at the time of preparation of this report. These will be presented in the next sustainability report for 2026. The following tables therefore show the latest available and completed evaluation results.

Table 2 Assessment/ranking of suppliers

Year	A+ Rank	Rank A	Rank B	Rank C	Rank D
2023 [%]	0	53.8	46.2	0	0
2024 [%]	52	32	11	5	0
Target 2025 [%]	60	35	5	0	0

Table 3 Rating/ranking of carriers

Year	A+ Rank	Rank A	Rank B	Rank C	Rank D
2023 [%]	0	100	0	0	0
2024 [%]	62.5	0	25	12.5	0
Target 2025 [%]	65	10	20	5	0

RELATIONSHIPS WITH SUPPLIERS AND CUSTOMERS

The company builds long-term and responsible relationships with suppliers and customers based on ethical principles, transparency and mutual trust. Managing these relationships is an important part of our value chain and sustainability strategy. When working with suppliers, we prioritise those who adhere to high ethical standards, ensure fair working conditions and respect human rights throughout the supply chain. This reduces the risks associated with unethical practices and strengthens business integrity. The sustainability of suppliers and business partners is an important criterion in the selection and development of cooperation. By incorporating sustainability criteria, we contribute to reducing environmental impacts and strengthening the company's reputation among customers and other stakeholders. We develop relationships with suppliers and customers based on open and transparent communication, which enables timely identification of risks, improvement of processes and long-term stability of the supply chain. We also pay special attention to the protection of confidential and personal data, in accordance with legislation and internal policies. Reliable information management is the foundation of secure, trustworthy and lasting business relationships.

CONCLUSION

At UTEKSOL d.o.o., we understand sustainability as a long-term and dynamic process that develops together with the company, its environment and the expectations of stakeholders. Our sustainability policies are not limited to a single reporting period but represent an ongoing commitment to responsible business that is embedded in strategic planning, operational processes and company culture. With this report, we want to comprehensively present our approach to the management of environmental, social and governance aspects and highlight how we gradually and thoughtfully incorporate sustainability principles into all business segments.

In order to develop sustainable practices, we follow established European and international guidelines, including CSRD guidelines and related standards, although we are not currently legally obliged to report. Such an approach allows us to gradually strengthen internal processes, monitor relevant indicators, and increase comparability and transparency in the coming years. We are aware that the requirements, expectations and risks in the field of sustainability are constantly changing, so we understand sustainability reporting as a living tool that we will regularly upgrade and adapt to the development of the company and the regulatory and market environment.

In the environmental field, we remain focused on the efficient use of resources, reducing environmental impacts, optimising logistics flows, promoting the circular economy and developing sustainable materials and products. In the social field, we prioritize a safe, stimulating and inclusive working environment, employee development, strengthening the local community and responsible cooperation with all stakeholders. The company's management is based on transparency, ethical conduct and responsible decision-making, which is also confirmed by the revised and expanded Code of Ethics in 2025, which is the foundation of our relations with employees, suppliers, business partners and the public.

We are aware that sustainability is not the ultimate goal, but a process of continuous learning, adaptation and improvement. Therefore, in the coming years, we will continue to systematically upgrade our goals, measures and performance indicators and adapt them to the development of the company and the expectations of stakeholders. Our long-term vision remains clear: to create a stable, competitive and responsible company that successfully combines economic growth with care for people, the environment and society, and contributes to a sustainable future for future generations.

GRI CONTENT INDEX

UTEKSOL d.o.o. – Sustainability Report 2025

Statement of Use

This Sustainability Report has been prepared with reference to the GRI Universal Standards 2021. UTEKSOL d.o.o. has applied relevant GRI Universal and Topic Standards identified as material to the company's activities, impacts and stakeholder expectations. The report covers the period from 1 January 2025 to 31 December 2025.

STANDARD	TITLE
GRI 1	Foundation 2021
GRI 2	General Disclosures 2021
GRI 3	Material Topics 2021
GRI 304	Biodiversity 2016
GRI 301	Materials 2016
GRI 302	Energy 2016
GRI 303	Water and Effluents 2018
GRI 305	Emissions 2016
GRI 306	Waste 2020
GRI 308	Supplier Environmental Assessment 2016
GRI 401	Employment 2016
GRI 403	Occupational Health and Safety 2018
GRI 404	Training and Education 2016
GRI 405	Diversity and Equal Opportunity 2016
GRI 406	Non-discrimination 2016
GRI 413	Local Communities 2016
GRI 414	Supplier Social Assessment 2016
GRI 416	Customer Health and Safety 2016
GRI 418	Customer Privacy 2016

GRI CONTENT INDEX

GRI Standard	Disclosure	Description	Page
GRI 2: General Disclosures 2021	2-1	Organizational details	4
	2-2	Entities included in sustainability reporting	4–6
	2-3	Reporting period, frequency and contact point	11
	2-6	Activities, value chain and business relationships	6–9, 48–51
	2-7	Employees	37–38
	2-9	Governance structure and composition	8
	2-12	Role of the highest governance body in overseeing impacts	5, 43–45
	2-13	Delegation of responsibility for managing impacts	43–45
	2-14	Role of the highest governance body in sustainability reporting	5
	2-16	Communication of critical concerns	45
	2-22	Statement on sustainable development strategy	5, 15
	2-23	Policy commitments	13–14
	2-24	Embedding policy commitments	15, 43–45
	2-26	Mechanisms for seeking advice and raising concerns	39
	2-27	Compliance with laws and regulations	25, 41
	2-29	Approach to stakeholder engagement	46–48
GRI 3: Material Topics 2021	3-1	Process to determine material topics	46
	3-2	List of material topics	46–47
	3-3	Management of material topics	16–51
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	36
GRI 301: Materials 2016	301-1	Materials used by weight or volume	22–23
	301-2	Recycled input materials used	24, 36
GRI 302: Energy 2016	302-1	Energy consumption within the organization	27–32
	302-3	Energy intensity	30
	302-4	Reduction of energy consumption	28–31
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	33

	303-5	Water consumption	33
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	26, 31–32
	305-2	Energy indirect GHG emissions (Scope 2)	27–30
	305-5	Reduction of GHG emissions	12, 27–31
GRI 306: Waste 2020	306-1	Waste generation and waste-related impacts	34–35
	306-3	Waste generated	34–35
	306-4	Waste diverted from disposal	24, 34
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers screened using environmental criteria	49–50
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	37–38
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	38
	403-5	Worker training on occupational health and safety	38
	403-6	Promotion of worker health	41
	403-9	Work-related injuries	38–39
GRI 404: Training and Education 2016	404-2	Programmes for upgrading employee skills and transition assistance	37–43
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	37–39
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	39
GRI 413: Local Communities 2016	413-1	Operations with local community engagement	37, 48
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers screened using social criteria	49–50
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of products and services	41
GRI 418: Customer Privacy 2016	418-1	Customer privacy and data protection	51