Our planet

Our GHG emissions (scope 1,2) between the years 2020-2024 decreased by 16%

Environmental carbon footprint:

		2020	2021	2022	2023	2024
Direct (scope 1) GHG emissions	CO_2e tons	363	378	396	206.8	158.3
Indirect (scope 2) GHG emissions	CO_2e tons	6,021	4,813	4,168	4,962.1	5,188.2
Direct and indirect (scope 1,2) GHG emissions	**CO_2e tons**	6,384	5,191	4,564	5,169	5,346.5
GHG emissions intensity (scope 1,2)	CO_2e tons / ton production	1.41	1.23	1.17	1.35	1.4
Indirect (scope 3, category 1,4,5,6,7,9) GHG emissions	CO_2e tons			3,453	11, 484	15,420

Category 7 (employee commute) was transferred from Scope 2 to Scope 3 due to the fact that the transportation offered to employees is performed by an external provider I Calculations of greenhouse gas emissions are performed according to the GHG protocol (market base) I Scope 3 data for 2023 has been slightly updated.

As a company engaged in the production of plastic packaging, we see great responsibility in implementing innovation, thinking and working together with all our stakeholders, to promote solutions to reduce the environmental impacts of this raw material on the planet. In addition, as an organization engaged in the field for about 52 years, we have experience, knowledge and collaborations that can help formulate solutions that enable the use of packaging that address consumer needs, safety of stored materials and prevention of external environmental damage - along with reducing the environmental impact of packaging itself.
We strive to examine and implement solutions that can help ensure a fully **circular economy**, taking into account all existing restrictions and limitations. We set ourselves to meet the goal of **100% recyclable products by 2035.**

As a manufacturing company, we work to reduce our environmental impacts throughout our value chain - in our factories, with our customers, our suppliers and, as mentioned - in our products. We are constantly working to comply with all environmental regulations and laws and implement strict beyond compliance approach. Therefore, we have set ourselves a target of **Net Zero Carbon Emissions in all our operations and products by 2035**. To this

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end, we work on improving our environmental impact in our operations, products, with our customers, suppliers and employees.
The climate crisis increases the likelihood of recurrence of environmental extreme events. We, at LOG examine the implication of the impact of these risks on our operations and we search for ways to prepare accordingly. At the same time, we are examining opportunities in the field.

As a company that promotes innovation, we invite start-ups and our stakeholders – mainly our customers and suppliers - to examine and formulate collaborations for the implementation of new technologies and materials that promote a circular economy.

We are committed to reducing our energy consumption in all our operations, through the adoption of environmentally friendly technologies and investment in energy-efficient equipment.

We maintain sustainability programs that help us reduce environmental impacts from our initiatives such as reducing waste and supporting recycling. Employees are required to adhere to Company-wide programs, and to be familiar and comply with environmental laws and regulations that relate to our specific work responsibilities. This includes complying with regulations related to the reporting, approval and registration of chemical ingredients used in our production and products.

LOG's Environmental Sustainability Policy – Click here

Plastic

Plastic is a polluting material, but it also has many benefits - from the consumption of energy needed to process it, to the continued emission of greenhouse gases generated in the process to the weight and transportation costs of the final packaging. Therefore, it is necessary to find ways to maximize its recycling capabilities to eliminate its harmful environmental impact and still enjoy the benefits it provides to cosmetics, food and pharmaceuticals goods.

It is important to emphasize that most of our production is intended for pharma companies and accordingly, we are subject to limitations that narrow the scope of the solutions available to us.

Reducing the environmental impact of our products

We operate in a particularly challenging environment that depends on the existing recycling infrastructure, regulation and relevant needs for maintaining the quality and safety of the contents of our storage packaging products, the cooperation of customers and consumers and most importantly - innovation in developing new raw materials that address these challenges.

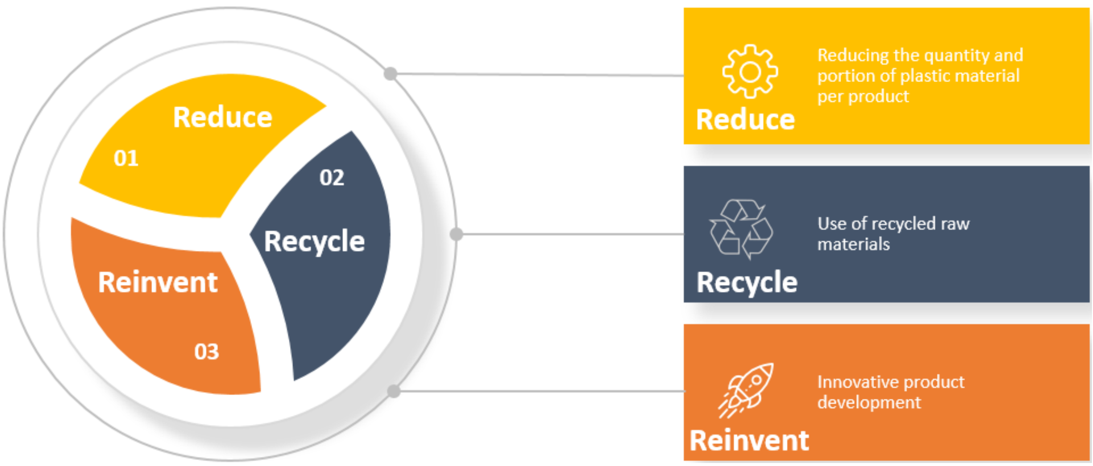
LOG has adopted the definition of **recyclable materials** according to international standards (ISO 14021, ISO 18604):

> *"Characteristic of product, packaging, or associated component that can be diverted from waste stream through available processes and programs and can be collected, processed, and returned to use in the form of raw materials or products"*

To this end, recycling must be ensured as defined:

- Existence of a system for collecting and separating the material for recycling purposes
- Existence of a recycling process that will prepare the material for the production of a new product
- Existence of a market that will absorb the recycled material for the purpose of manufacturing products

We have formulated a strategy for developing an improved product line that addresses these challenges - the **LOGreen strategy** which based on three selected Rs - Reduction, Recycling and Reinventing:



As a company that promotes innovation, we invite start-ups in the field to contact us in order to examine the possibility of cooperation and examine the new technologies in our factory as a beta-site for innovation. We seek to help new technologies enable the industry to promote breaking-through solutions through the **PlasticTech** accelerator.

We are committed to working towards forming collaborations with leading entities that promote a circular economy and possess knowledge, tools and experience in the field such as the Alan MacArthur Foundation, academic bodies, BASF and others.

We are committed to continuous learning and improvement for a more sustainable and recyclable products using international standards (such as ISO 16001), leading manuals such as the RECYCLASS manual maintained by the European Plastic Recyclers Association and conducting frequent recycling compatibility tests.

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Our main activities during the last year focused on the improvement of existing products alongside sustainable design of new products:

New product design policy:

- Approval of each new product subject to compliance with a series of criteria that match the strategy for sustainable products:
    1. Optimized the size, weight and number of materials for the packaging unit
    2. Use of recycled or recyclable raw materials
    3. Development/use of innovative solutions
- All products are required to comply with ISO 18601

Existing products transformation

Execution of the action plan in accordance with approval of required resources. For the list of the pilots carried out, see below.

87% of our products manufactured in Israel consist of one material/plastic, that is, recyclable in any recycling infrastructure. In Hungary we also made progress reaching 77% of all products manufactured are recyclable, using 28 tons of recycled material in 2024.

Working with our suppliers and customers

- Searching for cooperation with academic leaders and key suppliers to identify directions for action to support development of sustainable solutions. One of our leading cooperation programs we are proud about is a development programs in **collaboration with Israeli Innovation Authority** - plans 78610, 78180 and 82096 - which include sustainability considerations according to LOGreen development policy. The programs refer to the recycling capacity of the bottle in the recycling stream of HDPE alongside lowering depreciation, reducing materials and more. As part of the program, approval was received for financing in the total amount of NIS 3 million from the Israel Innovation Authority.

  We conducted a pilot and produced a prototype of five configurations of a 60 ml bottle in three layers and performed measurements and tests on the products. The field of barriers and active protection at the Pharma Packaging Exhibition includes the presentation of the product at CPHI Milan and Pharmapack, Paris, etc. The innovation inherent in the program includes innovative production technology, reduction of materials and layers, variable barriers, a complete and optimal system. This is alongside the activation of a new production line and increased exports supporting the local economy.

  The project entered its third year to create a packaging system that maintains the stability of the oxygen and moisture in the atmosphere of a medicine, containing bottles with a variable level of barriers, a moisture and oxygen absorber and a CR cap that complies with the American standard that requires children not to be able

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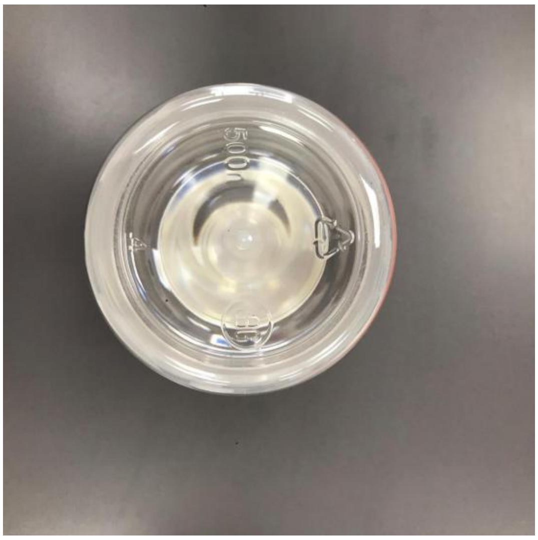
to open the product even after an adult closed the cap in a suboptimal way. To this end, the cork is required to pass Senior Friendly Child Resistant (SFCR) tests.



We use SPI Symbols (Society of the Plastics Industry) markings according to the resins used (no consideration is given to the color concentrations and additives which constitute fractions of a percentage of the total material)

- RFS for suppliers to provide solutions for alternative materials - We are in the process of forming a cooperative partnership with suppliers that offer substances that allow weight loss, as well as with a supplier that offers sustainable substances.
- The company actively promotes collaborations with leading global material manufacturers, such as DOW and BASF, to develop more environmentally friendly materials. Further information on these initiatives is provided below.
- Assisting customers in understanding existing options/solutions for using recyclable packaging. During 2022 we met with Tekada, Johnson and Johnson, Teva, Abbott and many more.
- Publishing on our website recommendations on ways to meet recyclability requirement, and how to choose a more sustainable packaging solution.

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Case Study: Use if rPET (recycled material)

As part of LOG's commitment to promoting the recycling sector, we maintain close collaboration with both new and long-standing suppliers to source additional grades of rPET that can be approved by regulators while remaining cost-effective.

In 2024, we launched a new project with one of our clients, offering several rPET concentration options (30%, 50%, and 100%). We are currently awaiting feedback on the proposed price offers.

Case Study: Use of rHDPE (recycled material)

As part of its ongoing commitment to promoting recyclability and the use of recycled materials, LOG engaged with Veolia Environmental Services UK. Veolia offered recycled raw material – FG rHDPE – which is currently approved for use in the food industry with a limitation of up to 40%.

LOG decided to evaluate this new recycled material not only for potential application but also to gain knowledge about its behavior in molding, processing technologies, and rheology in general. The material was compared directly to virgin HDPE to better understand performance differences.

Case Study: Reducing adhesive use in MB bottle

As part of LOG's strategy to minimize material usage (such as tie layers) without compromising the functionality and properties of MB bottles, we evaluated the minimum adhesive screw RPM required to produce bottles that meet specifications.

During the trials, we successfully reduced the screw RPM significantly, which in turn lowered the adhesive percentage used in production - while still ensuring that the MB bottles remained fully compliant with performance requirements.

Case Study: New Monolayer material with Barrier properties and better prospect of recyclability

In 2024, LOG continues its collaboration with BASF to develop a new mono-material product that provides strong oxygen and moisture barrier properties while remaining easy to recycle.

LOG has tested three versions using both EBM and IBM technologies. Based on these trials, BASF is now working on further improving the version developed for IBM technology. Samples produced with EBM technology are still undergoing various barrier tests, including OTR and WVTR.

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Case study: ECO line series and Recyclability

The new ECO line series is yet another project born from our desire to produce and change LOG's bottle to be more sustainable. In 2024

In 2024, the project was completed in terms of development. The ECO bottle series was introduced to both new and existing customers. We are now examining how recyclability and regulatory requirements align with the structure of the non-mono-material barrier bottle. To qualify the non-mono-material bottle for recycling category 2, we conducted several trials, including:

- Using EVOH with a low ethylene percentage.
- Enhance separation of EVOH from HDPE layers for high quality Recycle.
- Lowering the EVOH content to 4%-5% by weight.
- Through the ECO Line project, LOG continues to advance its sustainable and circular packaging strategy - combining innovation, material efficiency, and regulatory alignment to create packaging solutions that are both high-performing and environmentally responsible.

Case Study: Midori-Bio

LOG is conducting a feasibility test in collaboration with BIO-Maynora. The company offers an organic additive that has been reviewed by our regulatory department and approved as suitable for use in the food industry.

This initiative is one of several projects LOG is advancing to support its sustainability goals. The next step will be conducting online evaluations and product testing.

LOG continues to empower the R&D unit's employees by participating in a variety of training and seminars to improve our knowledge in the field.

Reducing the environmental impact of our production sites

We are committed to reducing our energy consumption in all our activities, through the adoption of environmentally friendly conduct and investment in energy-efficient equipment. In recent years, we have promoted the use of renewable energy by installing a solar field at our production site in Israel and we will continue to work to integrate renewable energy solutions in all our sites.

We treat all the waste that comes out of our factories and direct significant portions to recycling plants and suppliers that help us ensure a circular economy implementation. We operate according to the "reduction, recycling, reuse" approach in all our facilities, and are constantly looking for practical and innovative ways to avoid transforming our waste to landfill.

We do not work with hazardous materials and chemicals. That is why we do not pollute – not by air or by wastewater.

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As part of our activities, we strive to minimize water use and recycle water as much as possible. We have reduced the use of water to the required minimum and will continue to search for ways to improve water us in our facilities.

We will work to improve our internal processes so that we can return self-shredded material back to production in order to promote recovery of raw materials, based on quality approval per process.

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New Environmental Management Function in Hungary

In 2024, we established a new environmental management function in Hungary. The Environmental Coordinator, an environmental engineer, oversees the company's environmental compliance, including waste management, hazardous and non-hazardous waste transport, and adherence to permits and regulations. The role involves preparing annual waste and point source declarations, monitoring the reuse of materials, and coordinating with plant and logistics teams. Additionally, the coordinator ensures compliance with environmental protection requirements related to soil, water, and noise, supporting the company's commitment to sustainable and responsible operations.

Energy efficiency ventures

In the last three years, we have been able to slightly reduce energy consumption despite the increase in production. In Israel, we enjoy green energy due to solar panels installed on the factory roof. In addition, we promote energy efficiency initiatives and thus reduce the use of electricity.

We are proud that we have not received fines or lawsuits in the context of our environmental conduct.

Case Study: waste management in Israel

Over the past few years, the company has built recycling mechanisms for the various types of waste that exist in the plant.

In the production hall, there is a waste separation process in place and the waste is transferred to designated bins - for plastic, paper, metal parts, rags and an outdoor container that collects aluminum and nylon. Colored PET debris is shredded on the spot. Next to the chip hall is a dedicated container for collecting rodent products. In addition, fluorescent lighting is collected for recycling (in the few places that have not been transferred to LED lighting).

The cumulative materials are sold to various recycling suppliers who collect the waste from the plant.

The company is currently considering the establishment of an indoor collection and recycling area for the management of some of the waste residues that cannot remain outside. In addition, ways of reusing plastic waste that is currently being shredded and sold are being examined (there are isolated cases where there is an immediate closed process that takes the plastic waste for re-production on-site).

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The company is in contact with customers and suppliers and is trying to find recycling opportunities for example: recently the company took pallets from one of the customers who wanted to recycle and at the same time, moved wooden pallets for use by a recycling supplier. The company also recycled supplier large crates in favor of collecting shredded PET.

For the past three years, LOG has been making extensive use of the ecological cleaning materials, produced by eOx Israel, and puts into use any new product that comes to replace the products containing solvents.

Following these initiatives and waste management practices - from 10 containers of plastic waste per month in 2006 - we dropped to 2 containers per year in 2023!!!

The main recycling suppliers are:

https://ecommunity-info.forms-wizard.biz/

Ecommunity - a social corporation for recycling electronic waste while integrating people with special needs into the work circle. The partners of Ecommunity are the businesses, 76 authorities that are located all over the country and the authorized treatment and recycling sites. Every year, thousands of tons of e-waste are recycled by a population with special needs.

https://tabib.co.il/

Tabib - offers a wide range of professional, high-quality, available, effective and, after all, waste treatment solutions. Tabib strives to promote environmental protection in Israel and for over 25 years has stood to the right of companies, businesses, organizations and entities facing challenges related to hazardous waste treatment, industrial effluents, contaminated soils, hazardous materials incidents and more.

https://www.eco-srv.com/

Gadot Ecology Services Company - offers waste removal, treatment and destruction services and specializes in the field of industrial waste recycling in Israel. The company uses state-of-the-art technologies developed by the plant engineers to process all types of waste destined for recycling. The company recycles electronic waste, plastic scrap, metal and other waste.

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Moving towards continuous improvement (LEAN) and efficiency excellence in Israel

In 2023, we worked together with the LEAN Israel organization to help formulate a strategy of organizational excellence and establish optimization teams. During 2024, teams worked on mapping processes, resources, and working methods to identify opportunities for greater efficiency. As a result, improvement teams were established, and substantial progress was made in enhancing operational performance.


Operational Excellence and Waste Reduction – Innovative Teamwork in Action:
As part of our ongoing commitment to environmental responsibility and waste reduction, two cross-functional teams were established in 2024 to tackle plastic waste during production.

The first, the *"Tails and Headers"* team, focused on minimizing the amount of plastic scrap - specifically tails and headers - sent for grinding or disposal in the OL process. Through technical adjustments to door systems and funnels, and by redirecting headers to the OL grinding conveyor area, the team significantly reduced material loss. In one production process, tail and header waste dropped from approximately 45% to just 5%.

The second team, *"Machine Start-Up and Shutdown Optimization"*, aimed to reduce start-up waste - mainly bottles with black spots or contamination. By testing different working conditions and cleaning agents, the team identified an optimal combination of temperature, detergent, and cleaning procedure timing. This led to a significant reduction in start-up waste and improved production readiness. For example, in PB line start-ups, waste dropped from 7% (approx. 2,600 bottles) to just 2% (approx. 740 bottles) following the implementation of the new start-up protocol.

These initiatives, launched in 2024, demonstrate how employee-driven innovation can lead to measurable environmental impact and operational improvements.

Reuse of rags in Hungary leading to both environmental and economic value

As part of our ongoing activity to find opportunities for recycling and/or reuse of factory waste, we have found a significant solution for rags that, not long ago, were thrown into the trash. At the end of 2023, we located a company that collects the used rags from us for washing and return it for reuse. The payment agreement with the company is based on the rental of the rags, which leads to cost reduction of Savings of about 88% in monthly expenses. We now save on the purchase of new rags, investment in special disposal and most importantly - we improve our environmental impact on the world.

Case Study: Examination of environmental impact in Israel by the Central Bureau of Statistics

LOG participates once every three years in the Industrial Environment Survey of the Central Bureau of Statistics. The survey gathers information on the quantities of waste and sewage, how they are treated, energy consumption and investments in initiatives aimed to protect the environment. The results of the survey are used to compile statistics and will assist decision-makers in the economy in determining policies and procedures for protecting the environment as well as comparing activities to other OECD countries.

Climate change - risk management

The climate crisis increases the likelihood of recurrence of environmental extreme events. We, at LOG, promote climate risk management to make our value chain resilient to all extreme scenarios that are expected. We recommend our suppliers to manage their environmental and climate risks as well in order to prepare for extreme scenarios.

Participation in the 20th International Energy and Business Conference

On January 20, 2024, a senior manager from the company attended the 20th International Energy and Business Conference, where key discussions focused on energy and environmental challenges. Topics included the transition to a low-carbon economy, climate change risk management, the impact of regional conflicts on energy systems, global and Israeli energy market trends, adoption of renewable energy and natural gas, industrial decarbonization, carbon capture, utilization and storage (CCUS), and waste-to-energy solutions. The participation was aimed not only at staying updated with the latest insights, but also at identifying practical solutions that could support the company's efforts to advance energy efficiency and sustainability.

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Enhancing our employees' environmental efforts

In order to ensure that our approach of promoting environmental sustainability succeeds, we are required to ensure the full cooperation of our employees - who are the source of our success. To this end, we work to promote environmental awareness among employees, communicate the importance we see in our work in the field and ensure that everyone recognizes our efforts.

We work to apply the principles of reducing our environmental impact in factories, at headquarters but also provide employees with knowledge and tools for self-implementation, among family and friends.

Every new employee, as part of his five days of training upon entering the position, undergoes training on waste separation and sorting. In addition, and as part of our efforts to reduce depreciation, we conduct training for employees mainly around the operation of the facility after stopping activity.

Case Study: Promoting Carpool in Hungary

We encourage our employees to travel to work using public transportation by paying almost full ticket price (86% of commuting cost). In addition, when an employee travel by private car takes other colleagues that live on the same route with him to work, he receives extra compensation.

Green offices

We continue to promote an organizational culture that supports sustainability by encouraging the reduction of single-use items and improving recycling practices. In 2023, we introduced branded glass cups in our offices in Israel and Hungary to reduce disposable cup usage. In 2024, we further expanded these efforts by installing an orange recycling bin for packaging waste at our offices, and by adding a fast glass-cup washer that is both water-efficient and encourages the use of reusable cups. Our offices are also equipped with facilities for collecting recyclable waste, including paper recycling bins in Israel and containers for used water bottles in Hungary.

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Supporting our customers' efforts to reduce product's environmental impact

We are committed to working with our customers to develop integrated solutions tailored to the needs of all involved as well as the needs of the planet. To this end, we will promote proactive initiatives for joint thinking with our customers about ways to improve products that implement our shared environmental sustainability approach.

We offer cooperation and support to our customers' moves to reduce their environmental impact by sharing the knowledge and experience we have accumulated in the field and therefore, offer guidance on prints on packaging, use of advertising sleeves, colors and more - so as not to impair the recycling capabilities of packaging products. We also encourage our customers to add the recycling symbols on the packaging in order to encourage and guide consumers how to recycle optimally.

Empowering our suppliers to improve their environmental practices

We are committed to advancing the concept of environmental sustainability among our suppliers, expecting them to demonstrate a responsible attitude towards the environment and inviting them to join forces and in order to a more significant environmental impact together

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