



**PACCOR**

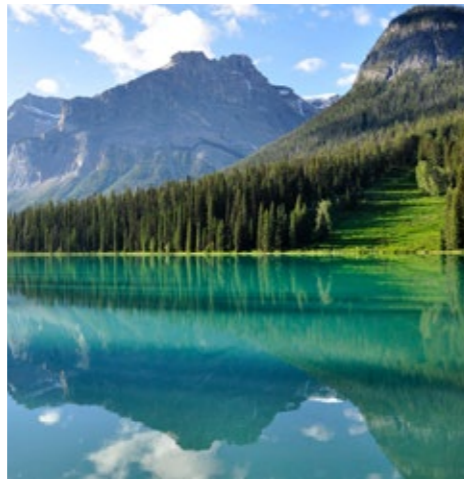
**THE FUTURE OF  
PROTECTING RESOURCES**

**OUR SUSTAINABILITY COMMITMENT**



## TABLE OF CONTENTS:

- P. 3 Foreword
- P. 4-5 Facts & figures
- P. 8-11 Our focus areas
- P. 12-17 CARE Strategy
- P. 18-23 CARE: Circularity
- P. 24-27 CARE: Alliances
- P. 28-35 CARE: Resources
- P. 36-41 CARE: Employees



### THE PACCOR CARE STRATEGY

Learn more about our transformational change strategy and how we create sustainable growth.



### THE NEW PLASTIC ECONOMY GLOBAL COMMITMENT

PACCOR has signed The New Plastic Economy Global Commitment to eradicate plastic waste and pollution.



### CIRCULAR EVENTS

An initiative we created supporting event organisers to turn single-use plastic products into valuable resources.



### MATERIAL EFFICIENCY

Our ambition is to drive towards zero waste at all our production sites in the coming years.

## FOREWORD

# FROM VISION TO REALITY

*We are leading the transition towards a circular economy in our industry. By innovating and integrating our efforts with partners along our value chain we are shifting our industry to a circular system and delivering on the UN Sustainability Goals.*



Plastics are among the most innovative materials of the 21st century. They play an important role in protecting vital goods and reducing food waste. Current waste management systems are still struggling to make better use of the positive properties of plastics and therefore to increase its economic and environmental efficiency. At PACCOR we meet these challenges by cooperating with different stakeholders along the entire value chain.

By creating long-term, shared value and collaborating with customers and suppliers, we are leading the transition towards a circular economy in our industry. In 2020 we are taking our ambition to the next level: Everyone in our company is demonstrating our commitment through the new PACCOR CARE strategy. This strategy includes challenging goals that will lead us to real circular solutions, zero waste, a 15% reduction in cradle-to-grave carbon emissions by 2025 and top quartile human capital management.

Leading the way towards a circular packaging economy requires not only our expertise and financial resources but also the cooperative and entrepreneurial spirit which PACCOR exemplifies. We know that this change is the right step on behalf of future generations. I am also confident that by accelerating this change, we will maximise the implementation of practical solutions for circular packaging. As such, PACCOR will create amazing new business opportunities in the EU and beyond.

**Andreas Schütte**, Chief Executive Officer of the PACCOR Group

## OUR GREATEST ACHIEVEMENTS

65%



### PRODUCTION OF RECYCLABLE SOLUTIONS

65% of our packaging range is already recycled in practice and at scale. Our target: 100% by 2023.

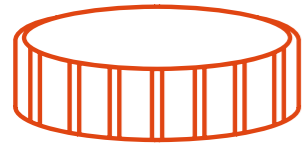
100%



### USAGE OF POST-CONSUMER MATERIAL

100% rPET product offerings, produced locally for minimal environmental footprint.

41%



### REDUCTION OF MATERIAL USED

Thanks to our expertise in ecodesign, we developed a stealth closure which is 41% lighter than its original design, without compromising product performance. The same design principles and technology are now applied to injection moulded cream-pots.



### MORE BIOBASED SOLUTIONS

Thanks to our special design and material selection, plant-based coffee capsules which are fully home compostable and recyclable can be offered to coffee drinkers.



### LEADING THE TRANSITION TO A CIRCULAR ECONOMY

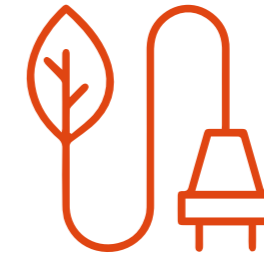
PACCOR is the first packaging manufacturer who managed to apply the Digimarc Barcode to commercially available rigid plastic packaging surfaces.

## OUR GREATEST ACHIEVEMENTS

2025

### TOWARDS A DECARBONIZED VALUE CHAIN

As of 2019, we are measuring our carbon footprint, using a full cradle-to-grave lifecycle assessment. Our target is 15% more efficient resource use by 2025, measured as relative carbon footprint reduction compared to 2019.



### CARBON FOOTPRINT REDUCTION STARTS WITH US

We have committed to run all our production and non-production sites on 100% renewable electricity by 2023 and to make our surplus energy available to communities around our sites. In 2019 our electricity mix was 34% fossil-free.



### CLOSING THE WATER LOOPS

As of 2019, all our factories have circular cooling water loop systems, bringing our impact on water bodies to a minimum.

2019



### LEADERSHIP AT ITS BEST

PACCOR Polska was awarded the EcoVadis Gold Medal for 2019 and is now recognised as one of the top 5% enterprises in the sustainable manufacturing of plastics packaging worldwide.



### SUPPORTING OUR CIRCULAR CLAIMS WITH SCIENCE-BASED FACTS

Starting in 2019, we have included lifecycle assessment in a range of processes and in support of our value proposition. We calculate the total environmental performance of our products or services throughout their lifecycle, according to the Product Environmental Footprint (PEF) methodology developed and validated by the European Commission.

80%



### CREATION OF VALUE FOR EMPLOYEES AND LOCAL COMMUNITIES

In 2019, 80% of our sites were involved in social projects to improve the local environment and communities. From 2020, a new program will be launched, in which we will join forces with external partners to address social and environmental challenges in local communities and create shared value.



OUR FOCUS AREAS

# TAKING SUSTAINABILITY TO THE NEXT LEVEL

*The basis of our strategy and targets is our materiality analysis, which in turn is built on the Sustainable Development Goals (SDGs).*



**PACCOR**



# THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS – OUR GUIDING PRINCIPLES

The United Nations Sustainable Development Goals (SDGs) represent an ambitious and transformative agenda requiring the participation of all sectors. We use them as a lens to help analyse challenges, build a strong growth strategy and access new markets along the way.



**SDG 3**  **GOOD HEALTH & WELL-BEING**

The SDGs emphasise the growing importance of radical resource efficiency. We at PACCOR recognize that business opportunities will open up for companies that develop innovative solutions for tackling the challenges that the SDGs represent, globally and locally. Therefore, we base our marketing and innovation decisions on our understanding of the development needs of the markets where we operate – using local insights to tailor the solutions we offer. It’s all about making informed innovation choices – and the SDGs provide a unique perspective on the future.

We continue to develop business opportunities in alignment with the UN Sustainable Development Goals where we can have the biggest impact: SDG #3, #7, #8, #12, #13, #17. We continuously explore new collaborations with a range of stakeholders to build partnerships that will help drive SDGs impact at scale.

We are committed to product steward-ship. Our technical experts constantly analyse new technologies and turn market trends into viable circular, healthy and more sustainable applications, formulations and solutions. By putting this expertise to work for the benefit of our entire value chain, we contribute to creating a safe and healthy working environment for our co-workers and contractors, as well as the increased availability of products with health and safety benefits which protect food and consumer goods while reducing their environmental footprint.

**SDG 8**  **DECENT WORK & ECONOMIC GROWTH**

We employ more than 3000 people globally and through our operational activities, we reach more than 2000 suppliers and more than 2500 customers. As such, we play a key role in providing rewarding work opportunities, high quality working conditions and delivering an important contribution to economic growth, both directly and indirectly. Our Code of Conduct will protect workers’ rights and improve the working environment for all our employees and contractors. We are building a great place to work based on entrepreneurship and economic productivity through promotion of diversity and inclusion, technological development, education and innovation.

**SDG 17**  **PARTNERSHIP FOR GOALS**

We are a part of the solution and we are setting the agenda for our sector. In order to achieve this goal, we are actively partnering with suppliers, brand owners, retailers, consumers, NGOs and universities as the sustainable basis of our daily business. We build relationships that lead to circular products, services and production while constantly striving for better quality and product safety within a responsible supply chain. We take great pride in the fact that innovation in our company results in effective and sustainable product solutions that create value for our customers and society.

**SDG 7**  **AFFORDABLE & CLEAN ENERGY**

**SDG 12**  **RESPONSIBLE CONSUMPTION & PRODUCTION**

**SDG 13**  **CLIMATE ACTION**

Regarding SDG #7, #12, #13, we are transforming into a fully circular business by creating a culture of care for materials along the value chain and leading to improved resource usage as well as reductions in emissions, energy use and waste.

## MATERIALITY – CHOOSING OUR FOCAL POINTS

*The sustainability topics which are material to our company are reviewed based on input from internal and external stakeholders. We focus on topics that have the biggest impact in terms of accelerating our strategy of creating shared value for all our stakeholders. This leads to our sustainability strategy CARE and its four key topics (Circularity, Alliances, Resources and Employees) as well as non-financial indicators that are most material for the company, which then informs reporting.*



Through the dialogue with our stakeholders, we learnt how different groups regard our sustainability work today and the expectations they have of us in the future. We want to accelerate our business strategy and the role of the sustainability agenda within it by ensuring that we have programs and initiatives in place to capitalise on key opportunities, along with implementing the right mitigation plans to address key risks and in line with the UN Sustainability Goals, ranging beyond laws, regulations and standards.

We focus on those topics that have the biggest impact in terms of accelerating our strategy of creating shared value for all our stakeholders, building on our core

principles of safety, sustainability and integrity, including respect for human rights. Our strength lies in working with a whole value-chain perspective and our value creation is based on partnerships. This leads to our CARE strategy and its four key topics: Circularity, Alliances, Resources and Employees, as well as non-financial indicators that are most material for the company, which then informs reporting.

We set our own ambitious targets (pp. 11-20) on topics material to our company, embed those targets into the relevant functions and businesses and report transparently on the progress. This approach will allow us to focus on driving improvement.





CARE STRATEGY

# THE PACCOR CARE STRATEGY

*Sustainability is our driver for growth, innovation and productivity. Leading the transition towards a circular business is how we are protecting people and our planet. Therefore, we developed our CARE strategy in alignment with the UN Sustainable Development Goals. CARE stands for Circularity, Alliances, Resources and Employees.*

**PACCOR**



# WHAT „CARE“ IS ABOUT



*“PACCOR will lead the transition in our sector to a circular economy by driving fundamental changes in the way we design, produce, dispose and reprocess plastics.”*

**Andreas Schütte**, Chief Executive Officer of the PACCOR Group

For PACCOR, sustainability means creating shared value for all our stakeholders. It is our driver for growth, innovation and productivity and an essential part of our employees’ value proposition. To achieve sustainable growth, we are committed to the personal growth and empowerment of our employees. Together we want to protect people and our planet through our CARE (Circularity, Alliances, Resources and Employees) strategy in alignment with the UN Sustainable Development Goals.

CARE is about quickly recognising societal concerns, such as the pressures of population growth, the expansion of human consumption and the limitations of traditional economic models, including packaging systems. It is about reacting to these existential challenges with urgency through business innovation and groundbreaking circular offerings for our customers,

supporting rapid business adaptation and first-mover business opportunities.

CARE is about creating a culture which cares for all the materials we use, eliminating waste and reducing variable costs. Increased resource efficiency in our operations and supply chain makes us more competitive and sustainable.

CARE is about achieving our vision of leading the transition in our sector to a circular economy with safe, engaged, diverse and capable employees, and for the benefit of society.

CARE is about partnering along the value chain and with organisations to create sustainable value for all our stakeholders and deliver the necessary change, at scale.



## CIRCULARITY

*We are innovating to provide leading circular portfolio offers.*

- Eliminate redundant materials
- Provide 100% recyclable solutions by 2023
- Increase recycled content using the best material quality available



## ALLIANCES

*We partner along the value chain to create sustainable value for all our stakeholders.*

- Long-lasting and honest partnerships
- Creating a positive impact together
- Making the best use of expertise



## RESOURCES

*We care for all the materials we use, eliminating waste and reducing variable costs.*

- 15 % relative carbon cradle-to-grave reduction
- 25 % relative waste reduction
- 10% relative energy reduction
- All by 2025 compared to 2019



## EMPLOYEES

*We are becoming the most desired firm to work for in the packaging industry.*

- Top quartile in safety and occupational health
- Top quartile in employee engagement
- 100% employee community activity participation



# THINK GLOBAL, ACT SUSTAINABLE

Interview with Caterina Camerani –  
VP Group Sustainability at PACCOR



## **When did PACCOR decide to develop a sustainable strategy and what is it about?**

Our passion for sustainability is nothing new, because we are a business whose existence and future has always depended on close cooperation with business partners and consumers. This focus has only increased since 2018 with the acquisition of the business by Lindsay Goldberg. Our group seeks to build enduring value and puts environmental, social and governance considerations at the heart of its culture and investment processes. We are demonstrating this commitment through the new PACCOR CARE strategy, which includes challenging sustainability targets.

PACCOR CARE is about creating shared value for all our stakeholders. We have set ourselves objectives which allow us to make a positive economic and societal impact which is measurable, material and aligned with the UN Sustainable Development Goals.

## **Why is it necessary for a company like PACCOR to have sustainable goals?**

Sustainability is increasingly driven by younger generations that are gaining purchasing power and more consumer engagement with brands on social media. Plastic waste in the environment, climate change and the demand for transparency are significant trends affecting the food and packaging industry; therefore, our CARE strategy

has them at its heart – together with a clear approach towards collaboration along the value chain to solve them. We follow these trends carefully and use them as input to innovate and accelerate market penetration and margin growth.

Furthermore, PACCOR seeks to get ahead of regulations: Our vision is to lead the transition in our sector towards a circular economy. Therefore, we aim to achieve recyclability in practice and at scale for all of PACCOR's products by 2023, ahead of the EU timescale. Being ahead is a way of ensuring differentiation versus competitors and long-term survival in the market. By constantly driving towards ambitious and well-communicated goals together with our business partners, we are implementing the required business transition for our own business and our supply chain.

## **Where is the current plastic packaging system failing and how is PACCOR going to change this?**

Plastics have an essential role to play in the future economy, particularly in protecting our food. However, current plastics solutions are failing because not all packaging is designed in a way that it can be easily recycled. Consumers are often confused about what they can and cannot recycle. Besides that, the current packaging legislation does not drive a system where plastics never become waste. PACCOR CARE is about innovating and providing solutions to move away from

a linear plastics economy towards a circular system, where we capture the value of the material – keeping it in the economy and out of the oceans.

## **What are the biggest challenges regarding the implementation of the CARE strategy?**

Within the plastic packaging and food industry, we need to move from aspiration to collaborative action. Setting goals is a critical first step, but we need to take some additional steps – ensuring that the industry commitments and roadmaps we all create in support of circular packaging are science based, actionable and value creating.

For example, our target of increasing the recycled content in our packaging solutions depends on many factors, such as availability of material, performance, cost, processing and aesthetics. Therefore, it is important that these factors are considered and acknowledged by all our value chain partners when designing our goal, to ensure it will be actionable and achievable.

## **Can you give a few examples of what PACCOR is already doing to be more sustainable?**

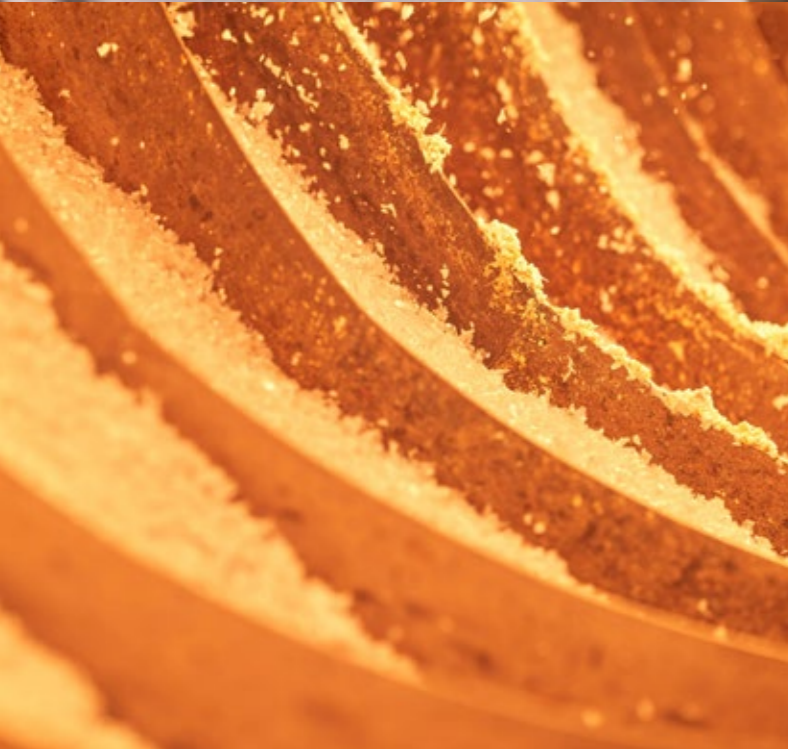
We are already making strong progress with our long-standing commitment to sustainability. A few recent examples, based on the highest impact in creating shared value are, for example, the fact that already more than 65% of our packaging solutions are recyclable in

practice and at scale, and not only in the design phase. By 2023 we want to achieve 100% recyclable products. Thanks to the implementation of a decontamination technology in four of our production facilities, for many years now, we have been able to supply 100% recycled PET with the highest quality materials being available. Furthermore, we are extending our recycled content offer to other kinds of plastics, like PP, and to products for non-food applications.

Optimised use of resources in our supply chain is also a fundamental part of becoming fully circular. For many years, we have been using renewable electricity at all our sites and we have committed to increasing our renewable electricity share to 100% by 2023, as evidenced by certificates of origin purchases at all our locations.

We are fully on track to have zero waste to landfill and a 25% reduction of total waste by 2023. At PACCOR we're all really excited about driving this new phase of our journey towards a circular plastic packaging industry.





CIRCULARITY

## TURNING CHALLENGES INTO SOLUTIONS

*Our CARE strategy is about recognising societal concerns, like the expansion of human consumption and the limitations in traditional economic models, including packaging systems. It is about addressing these challenges through product innovations and groundbreaking offerings for our customers.*








# CREATING A VIRTUOUS CYCLE


The transition to a circular economy starts with us and the way we design our packaging solutions. It requires a different approach and broader thinking to boost innovation and leverage collaborations, share knowledge and create partnerships with sectors and organisations that may not have otherwise come together.

## WE ARE TAKING ACTION ON THE UN SUSTAINABLE DEVELOPMENT GOALS:

**SDG 3**  **GOOD HEALTH & WELL-BEING**

**SDG 11**  **SUSTAINABLE CITIES & COMMUNITIES**

**SDG 9**  **INDUSTRY INNOVATION & INFRASTRUCTURE**

**SDG 14**  **LIFE BELOW WATER**

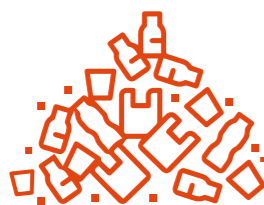
Plastic plays an important role in our everyday lives: it protects food, hygienical products and other important goods in a way that hardly any other material is capable of. But there is one big problem: our current plastic system isn't working. That is why PACCOR wants to move away from a linear plastics economy towards a circular

system. A system in which nothing is wasted. A system in which old products become materials for the future instead of ending up in the environment. When turning this vision into reality, we need to change not only our design process, but also how we produce, dispose and reprocess plastics.

## OUR CIRCULARITY TARGETS



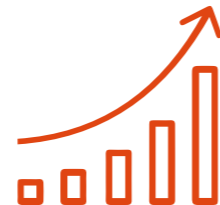
We are innovating to provide leading circular portfolio offers under our circularity targets



Reducing redundant materials



Providing 100% recyclable solutions by 2023



Increasing recycled content using the best material quality available

# THE NEW PLASTIC ECONOMY GLOBAL COMMITMENT

PACCOR is among the more than 450 organisations that have signed The New Plastics Economy Global Commitment. Signatories include an impressive range of the world's largest packaging producers, brands, retailers and recyclers, as well as governments and NGOs.



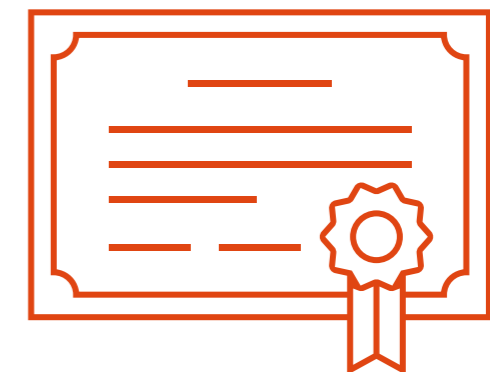
PACCOR has signed The New Plastic Economy Global Commitment to eradicate plastic waste and pollution. It requires that 100% of plastic packaging can easily and safely be reused, recycled or composted by 2025.

We take this commitment very seriously on behalf of all our business partners. For us, this translates into:

### WE ARE A MEMBER OF THE:

- Circular Plastic Alliance (PETcore Europe)
- Elipso (France Plastics Industry Association)
- WRAP (U.K. Plastics Industry Association)
- IK Industrievereinigung (Germany Plastic Association)
- ANAIP (Spain Plastic Association)

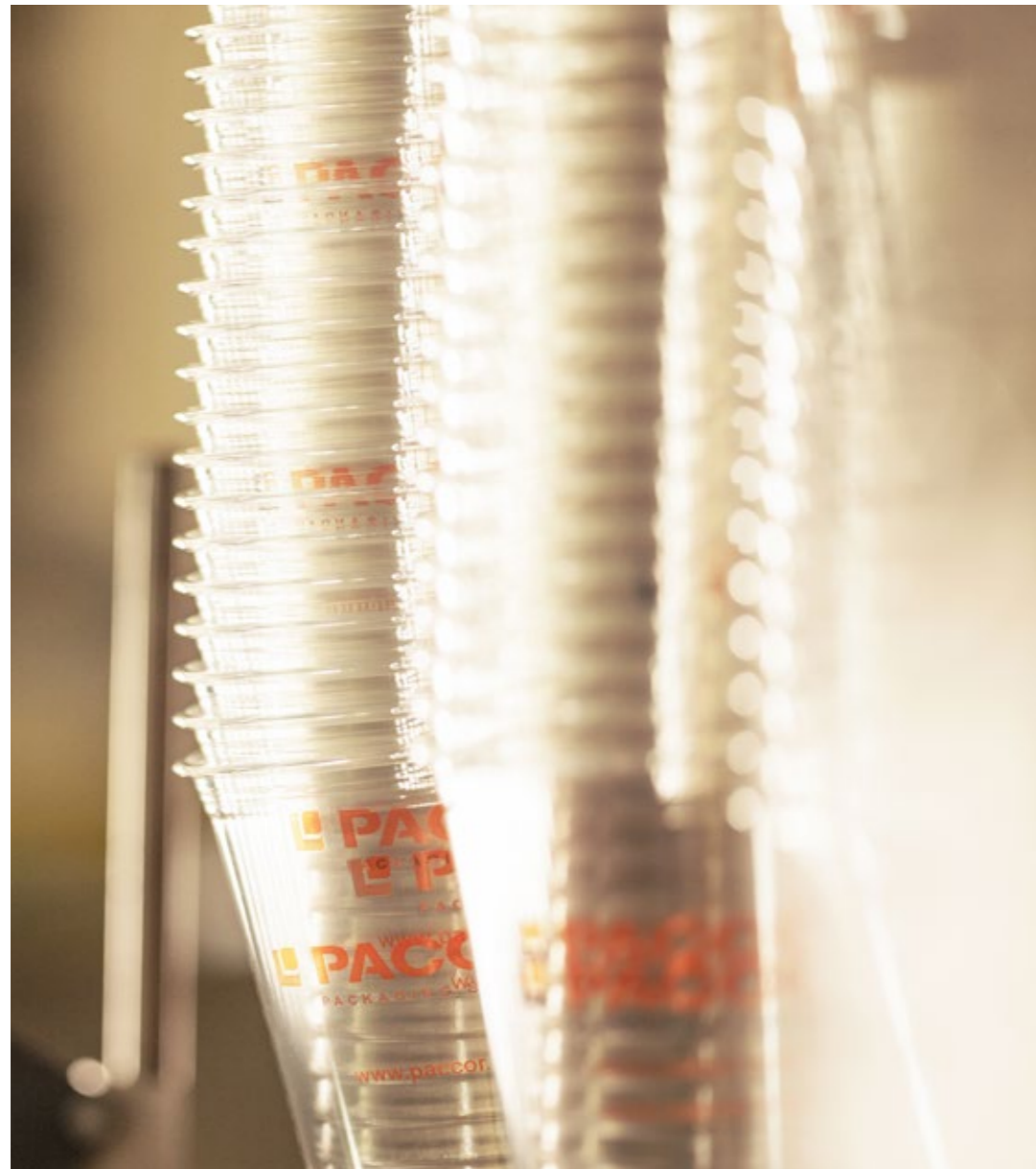
- 1 Optimizing product design and material use and creating innovative solutions to deliver 100% recyclable products by 2023
- 2 Increasing the amount of recycled materials made in new products
- 3 Developing and offering sustainable packaging solutions without compromising food safety, while respecting the health, safety and rights of all people involved
- 4 Improving constantly our processes





## HEADING TOWARDS A CIRCULAR FUTURE WITH SCIENCE BASED DECISIONS

Lifecycle thinking at the basis of all our sustainability work. The assessment work at PACCOR is carried out by business and group level specialists as well as external consultants and is based on ISO 14040-44. As of 2019, lifecycle assessment has been included in a range of our processes.

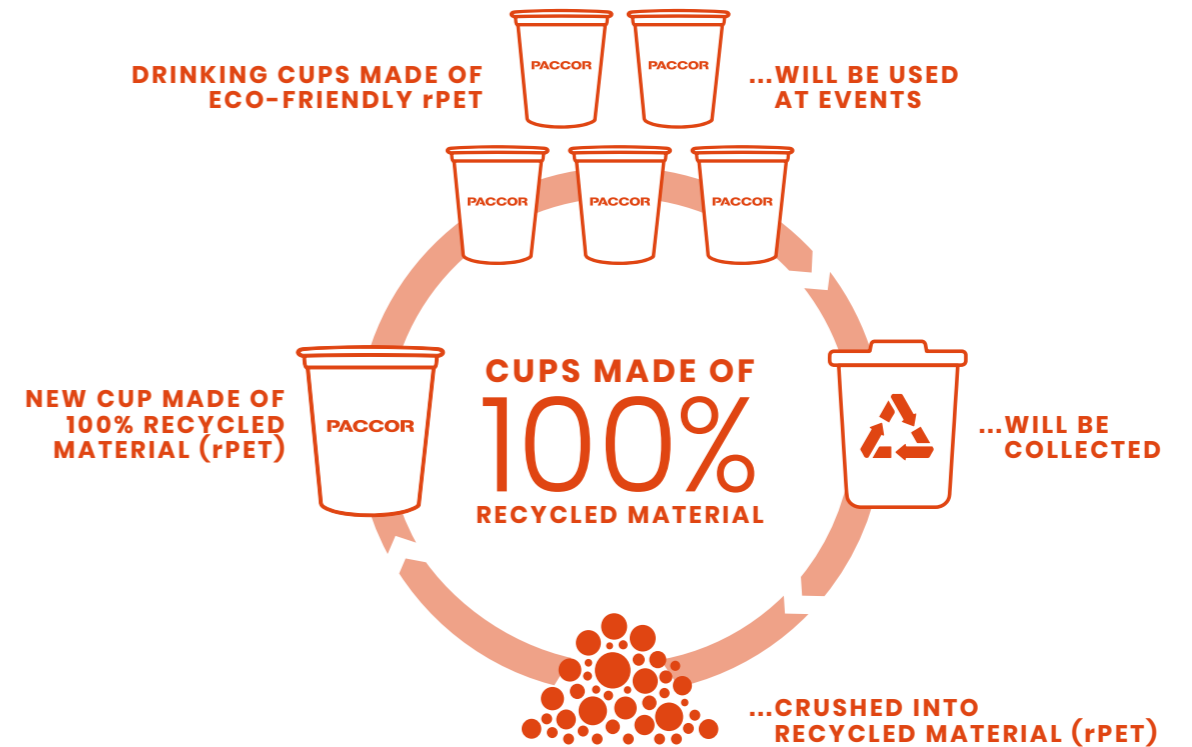


PACCOR's circular solutions concept requires the assessment of several sustainability aspects along the value chain. Therefore, lifecycle thinking is the basis for our sustainability approach. We continuously aim to reduce the overall environmental footprint of our product value chains, instead of focussing on minimising a single impact like climate change or resource use. The assessment work at PACCOR is carried out by Group level specialists as well as external consultants and is

based on ISO 14040-44. As of 2019, lifecycle assessment has been included in a range of processes. For example, in practise, we calculate the total environmental performance of our products or services throughout its lifecycle, according to the Product Environmental Footprint (PEF) methodology developed and validated by the European Commission. Lifecycle assessments are also integrated in the company's innovation and major investment processes.

## ACTIONS SPEAK LOUDER THAN WORDS

PACCOR has launched a new project called "Circular Events". This initiative creates sustainability awareness and gives event organisers the opportunity to turn single-use plastic products into valuable resources for future products.

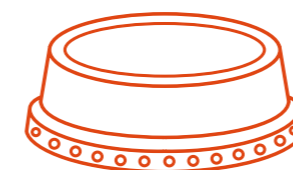


The whole process is composed of the following steps: beverage and food plastic containers used during big assemblies, such as music concerts, shows and sporting events are collected and transported to specialized recycling partners, then crushed and recycled, avoiding

ending up in landfills or incinerated. Afterwards, the material will be used in PACCOR's manufacturing sites to produce new cups made of 100% recycled material (rPET), closing the loop of our drinking cups.

### MORE RECENT PROJECTS & ACHIEVEMENTS FOCUSING ON CIRCULARITY

Understanding and managing lifecycle impacts and applying eco-design principles in our innovation process is crucial to achieving a circular business. Some examples are:



**LIGHTER THAN ORIGINAL**

As leader on the French market we moved the standard (PS) of this market to eco-designed recyclable and recycled transparent 100% rPET lids. This has led to a direct reduction of 200 tonnes raw material consumption and consequent reduction of the product carbon footprint impact.



**ECO DESIGN**

Our embossed rPET cups "I'm Recyclable" are the leading example of circularity in practice: we have not only reduced the weight up to 25% compared to cups with similar functionality, but they are also produced with 100% rPET. Thanks to the embossing technology instead of using labels, they are easily recycled at the end of life and can be reused as raw material in food applications.



For the dairy market, we have increased the volume of an existing 95 mm cup while reducing its weight by 10%.



ALLIANCES

# TURNING BUSINESS PARTNERS INTO ALLIES

*Our CARE strategy is about partnering along the value chain and with organisations to create sustainable value for all our stakeholders.*





## A WINNING TEAM

*Our goal is to develop circular solutions that deliver economic value to all parties in the value chain. Therefore, we partner with suppliers, waste recyclers, customers and local sector associations. Because when it comes to breakthrough innovations, collaboration is key.*

### WE ARE TAKING ACTION ON THE UN SUSTAINABLE DEVELOPMENT GOALS:



We are taking the lead and making plastics sustainable materials, working together with our customers and listening to the consumers. Recycled plastic targets set by companies are only one part of the equation. Consumer behaviour collection, recycling infrastructure, business model redesign and regulation all play key roles as well. No company on its own can meet the ambition of leading the transition to a circular economy. We need to

work together. At PACCOR, we have a clear view of what our customers and society will need and expect from us in the future. This is why we are actively looking to collaborate with forward-thinking partners. In addition, we take our innovations to the next level, considering new business models in all areas. Circular solutions are not just about new products – they are about systematic and fundamental change.

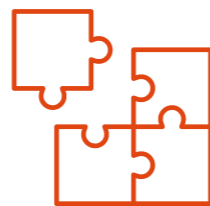
### OUR APPROACH



**COOPERATING WITH FORWARD-THINKING PARTNERS**



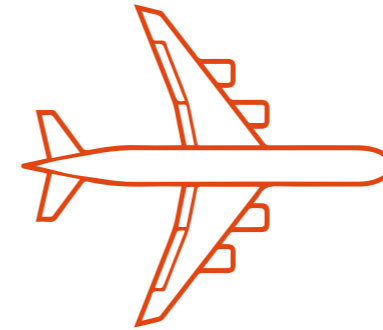
**TAKING OUR INNOVATIONS TO THE NEXT LEVEL**



**CONSIDERING NEW BUSINESS MODELS IN ALL SECTORS**

## TAKING THE LEAD AND WORKING TOGETHER

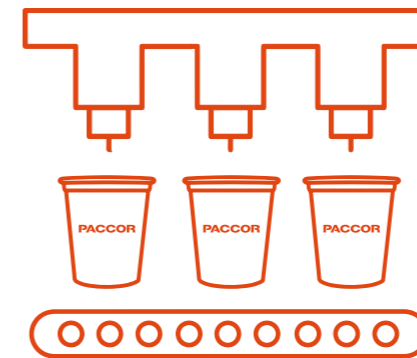
*We combine our geographical footprint, know-how and expertise with the creativity of our strategic partners and scale it up to deliver leading circular offers which create tangible positive impact. And this speaks louder than words, as shown by several recent successful partnerships for transformational changes.*



Thanks to a cooperation between one of our partners from the airline industry and PACCOR, we were able to implement a closed loop system for rPET drinking cups used in the airline sector. It allows us to collect all the cups used during a flight, recycle them and reuse the material to create new rPET cups.



We have combined forces with several partners to create a recycling network for polypropylene packaging, in order to build conditions to collect, sort and reintroduce recycled polypropylene into packaging. The ultimate objective is to create a validated closed-loop that sustains a balance between the volumes of polypropylene packaging put on the market and the volumes collected and recycled from the same packaging.

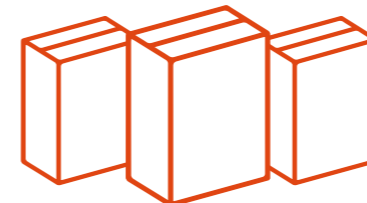


At the training centres with our suppliers, we implement a longterm improvement program aiming at optimizing the entire thermoforming process in our factories. From a thorough assessment of our operations to the effective training of our production team, this successful program is creating positive impacts for all employees.



We help our customers to grow sustainably, using our circular solutions to constantly reduce their environmental footprint. One of our French partners is working on a "Closing the Loop" business model by implementing waste collectors in stores and having a partnership with a recycling company which collects the separated waste for recycling. The recovered rPET products are then recycled in the Suez factory to be re-used by PACCOR later as raw material.

**70% rPP**



A cooperation with one of our partners led to the introduction of 70% recycled polypropylene in one of their strongest branded products.



# TRANSFORMATION IS COMING – AND WE ARE DRIVING IT

*Our CARE strategy is about creating a culture which cares for all the materials we use, eliminating waste and reducing variable costs. It is about increasing resource efficiency in our operations and making our supply chain more sustainable, as well as minimising risks.*

DR



# REINVENTING THE RULES OF THE GAME

*Circular leadership means, first of all, optimised use of resources. By 2025, our ambition is to be a circular business built on renewable energy and recycled resources, decoupling material use from our growth.*

## WE ARE TAKING ACTION ON THE UN SUSTAINABLE DEVELOPMENT GOALS:



By 2050 there will be almost ten billion people on our planet. Sustained business success will require product and process innovations that generate much more added value from each unit of raw materials and energy used across the value chain. In line with this, PACCOR is driving a resource efficiency agenda, reducing

our environmental footprint while strengthening our business. Our ambition is to be a circular business built on renewable energy and recycled resources, decoupling material use from our growth. This is how we are continuing to pursue our efforts to limiting warming to below 1.5°C.

## RESOURCE EFFICIENCY AT PACCOR HAS THREE MAIN TARGETS:



15% more efficient resource use across the value chain by 2025, measured in carbon footprint reduction (tonne carbon equivalent per tonne of products cradle-to-grave) compared to baseline year of 2019



10% energy reduction in own production by 2025, measured in relative terms compared to baseline year of 2019



25% reduction of total waste in relative terms by 2025 compared to baseline year of 2019

# FOR US THERE'S ONLY MATERIAL EFFICIENCY

*PACCOR has moved the focus from managing waste to eliminating waste. Our ambition is to drive towards zero waste at all our production sites in the coming years. Our resource efficiency agenda helps to increase raw material efficiency in our manufacturing operations, reducing our environmental footprint as well as costs.*

## 1 REDUCE HAZARDOUS WASTE

Our first priority has always been to reduce hazardous waste to landfill, according to the waste hierarchy.



## 2 REDUCE POST INDUSTRIAL WASTE

We have focused on a better conversion of raw materials into final products at all our sites, by reusing all our post industrial waste as raw materials, in line with the concept of the circular economy.



PACCOR IBERIA

*PACCOR Iberia has been investing heavily in the "closed-loop system concept"*

*Even with the increase of thermoforming sales in recent years, it succeeded in reaching the minimum net scrap cost of 1.1% of sales during 2019*

## 3 OPERATION CLEAN SWEEP®

Thanks to participation in the Operation Clean Sweep®, our sites were able to reduce the loss of resin raw materials and increase yields significantly during 2019. We are proud of our success so far, but we know we still have a lot to do. Therefore we are in the process of standardising and improving our waste management metrics to drive further improvement.

## 4 FRESH WATER AVAILABILITY

PACCOR relies on water for raw material production, product manufacture, energy generation, cooling and purification. We manage water consumption and associated risks at each production site by measuring the water balance and assessing risks and corrective actions related to water sources, security of supply, efficiency, quality of discharges and regulatory compliance. We are very proud to have a closed cooling water system at all our sites. To manage and improve the use of residual water, we will introduce more detailed and standardised water reporting across the entire PACCOR system from 2020.

## 5 LOCAL AIR QUALITY

The reduction and control of volatile organic compound (VOC) emissions is concentrated at our production sites in Hungary, where solvents are handled in the rotogravure reel printing process. The reduction and control of VOC emissions in accordance with national or supranational (European Commission) legal requirements at our sites remains part of our plans to reduce our carbon footprint and improve occupational health.



# OUR JOURNEY TO BECOME CARBON NEUTRAL

By 2025, our ambition is to be a circular business built on renewable energy and recycled resources, decoupling material use from our growth. Therefore, we look beyond our own operations and consider our whole lifecycle, including suppliers, customers and end of life, to identify hotspots. This will constitute the basis for our improvement roadmap, based on prioritised programs and resources to create the biggest impact.



## OUR TARGET

We have set our current target in accordance with the available science-based target methods. Our goal is to reduce PACCOR's carbon footprint from cradle-to-grave by 15 percent per tonne of sales between 2019 and 2025 (Scope 1, 2 and 3) while growing PACCOR business. The roadmap for achieving and tracking this target is under development and involves different PACCOR functions as well as external partners.



## MONITORING OUR TARGET

In order to deliver on PACCOR's sustainability agenda, we recognise that a clear and concrete performance measurement system is required. In 2019 we have completed our first carbon footprint cradle-to-grave reporting for the entire company. Although the system is undergoing a process of improvement, it forms the basis for the development of our energy and emissions strategy.



## HOW WE ARE SUCCEEDING

We are achieving climate neutrality by 2050 through innovative products and solutions, technology and energy management, with:

- 1 More raw materials that have a lower footprint or are biobased or recycled
- 2 Improved energy efficiency and better fuel mix based on use or generation of 100% renewable electricity at all our production sites
- 3 Reduced transportation of raw materials and final products as well as use of lower-emission transportation options
- 4 Improvements in product formulation to reduce footprint whilst maintaining performance during customer application
- 5 Improvements in product ecodesign to allow for full recyclability of our products at end of life
- 6 Inclusion of the carbon footprint in relevant investment decisions and merger and acquisition initiatives to raise awareness of the environmental and future economic impact of main decisions, thereby strengthening our sustainable business portfolio
- 7 Reduction of our carbon footprint by minimising travel, switching to alternative routes and off-setting the CO<sub>2</sub> emissions associated with air travels

# OUR GREENHOUSE GAS EMISSIONS

We measure our company carbon footprint from cradle-to-grave, according to the Greenhouse Gas (GHG) protocol. All categories from the GHG protocol were evaluated and, based on relevance, the following categories are included in our carbon footprint calculations:

## SCOPE 1

### DIRECT GHG EMISSIONS

- Generation of energy (fuels used)
- Transportation of materials and products (Paccor controlled/owned)

## SCOPE 2

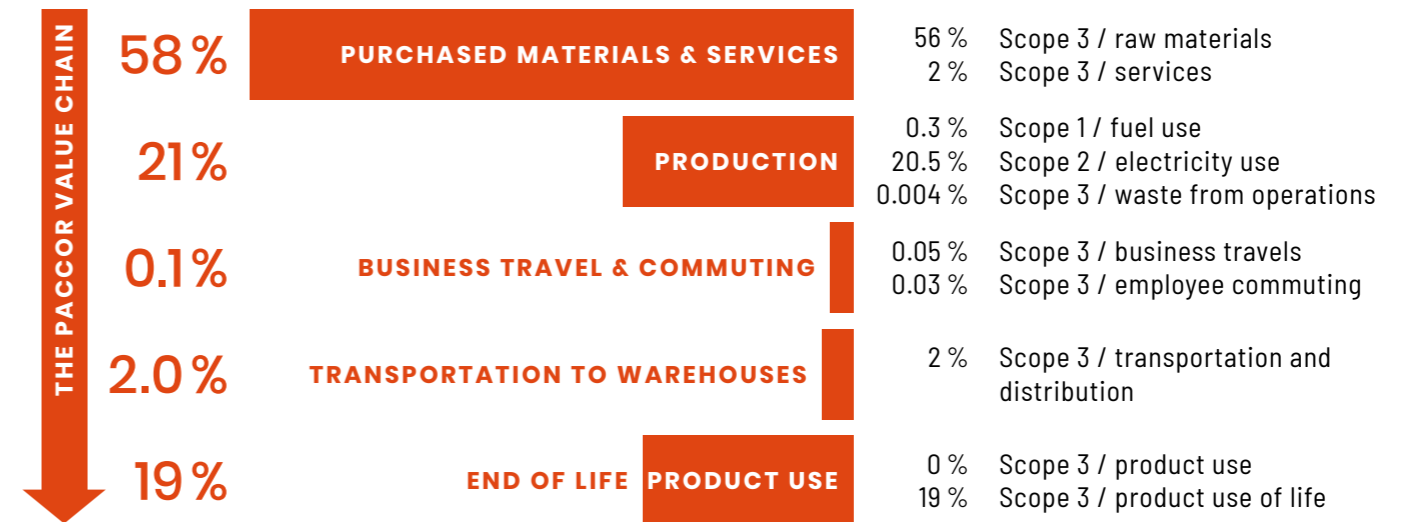
### INDIRECT GHG EMISSIONS

- Electricity purchased

## SCOPE 3

### OTHER INDIRECT GHG EMISSIONS

- Purchased goods and services
- Waste generated during operations
- Business travel
- Employee commuting
- Transportation and distribution
- Use of sold products
- End-of-life treatment of sold products



## CARBON FOOTPRINT ALONG THE PACCOR VALUE CHAIN

Our carbon footprint is mainly determined by the purchased raw material (resins) and the electricity we use in our production to transform these raw materials

into our packaging solutions. As the electricity used at our sites contributes about 21% to our total carbon footprint, we closely monitor and manage electricity use at our premises. Following the value chain, the carbon footprint contribution from the transportation of our final products to our customers is small, about 2% of the total carbon footprint. Next, the products are bought and used by consumers. During the use stage, there are no direct GHG emissions related to our solutions. Finally, at the end-of-life, the products are recycled

or processed either through incineration or landfill. The product end-of-life contributes to 19% to our total carbon footprint. We are committed to transparent and fact-based communication. We believe that our customers and suppliers as well as recycling companies are our most important and valuable partners in achieving our climate ambition. Therefore, in the following sections, we present the different contributions of our carbon footprint in terms of results, 2019 actions and achievements, as well as plans and ambitions for 2020 and thereafter.





## STAGE 1

### RAW MATERIALS & SERVICES

#### OUR CHALLENGE

Sourcing and extracting raw materials for our solutions accounts for the largest share of our carbon footprint – 56% in the reporting year 2019. In addition, about 2% of our carbon footprint relates to purchased services.


#### OUR ACTIONS & ACHIEVEMENTS

- 1 In 2018 we strategically partnered with MultiPet over 5 years to increase the amount of rPET in our packaging solutions for direct food contact. The trials conducted in 2019 on different rPET materials for usage in direct and indirect contact to food had positive results in terms of quality and consistency in sourced material.
- 2 Our partnership with Suez made it possible to save 3.1 kt CO<sub>2</sub> eq by using rPET in our packaging solutions in France.
- 3 Biobased or recycled materials often offer a way to reduce our carbon footprint. To accelerate the use of sustainably sourced and managed biobased materials relevant to our markets, we have established and developed partnerships throughout our supply chain, especially for our coffee business in Spain.



#### OUR PLANS & AMBITIONS

We are integrating climate change evaluation into our strategies regarding the materials we use, in order to identify areas where we can innovate, find low-weight and low-carbon alternatives or improve practices in the supply chain. We continue to look for alternatives to carbon-intensive materials and increase the share of recycled and biobased raw materials. While European average industry sector data for raw materials were used in our baseline assessment, during 2020 our carbon footprint calculation will be validated and, where relevant, updated with supplier-specific data in order to better track our impact.



## STAGE 2

### ENERGY REDUCTION

#### OUR CHALLENGE

About 21% of the carbon footprint is directly connected to our production. During 2019, our Scope 1 emissions were 8 kt CO<sub>2</sub> eq, the majority of which was related to the fuels used for transport (59%), natural gas (34%) and the oil used for heating purposes (7%). The 2019 Scope 2 emissions were 202 kt CO<sub>2</sub> eq. exclusively from our purchased electricity.

#### OUR ACTIONS & ACHIEVEMENTS

- 1 We installed an energy-efficient adiabatic cooling system instead of standard chillers in Mansfield, U.K., which provided environmental and operational cost savings of 68% compared to 2018 for the site.
- 2 We optimised the air our compressors and eliminated air leakage in Auneau, France, we installed LED lighting systems at all site in Excelsior Springs, US, we installed a more energy efficient grinder in Szombathely, Hungary. All these activities contributed to an overall energy savings of 2% at those sites compared to previous years.
- 3 At our site in Ravensburg, Germany, the share of renewable electricity was already 60% in 2019.
- 4 We have been working to create awareness, share good examples and build competence in energy saving for all our employees.



#### OUR PLANS & AMBITIONS

As part of our resource efficiency program, as of 2020 we have set a target to reduce the energy use per tonne of product by 2% each year. Energy reduction alone is not enough. Our total share of renewable electricity use in 2019 was 34%. As per 2020 and over a period of three years, we have committed to increase our renewable electricity share to 100% at all our sites, by purchasing Certificates of Origin. Simultaneously, we are looking at installing solar panels wherever technically and financially possible by the end of 2025, starting with our site in Standdaarbuiten, in the Netherlands.



## STAGE 3/4

### BUSINESS TRAVEL & TRANSPORTATION

#### OUR CHALLENGE

The total impact related to the commuting of our employees and our business travels accounts for 0.1% of the total cradle-to-grave carbon footprint in 2019, while about 2% is related to the distribution of our products to warehouses.

#### OUR ACTIONS & ACHIEVEMENTS

- 1 As part of our performance improvement program, we continue to optimise warehousing and logistics. This has already a positive effect on our footprint. In Haemeenlinna, Finland, we have created an energy sharing cluster, where we offer our excess heat to the external warehouses in the vicinity of our site.
- 2 As efforts to reduce the carbon footprint related to our employees' commuting and business trips and improve their occupational health, during 2019 we have implemented a travel policy and initiatives which promotes cycling to work and use of public transport.



#### OUR PLANS & AMBITIONS

We will continue to monitor and track the business travels and commuting data to identify ways of reducing the carbon footprint of these activities. For instance, by trying to set up more digital meetings to reduce the number of business trips. In addition to improving filling of trucks and loading of pallets at our sites, we are also setting up a global program for gaining insights into all our supply chains and getting a clearer view of the inefficiencies and unnecessary costs throughout the supply chain and avoiding sub-optimisation.



## STAGE 5

### PRODUCT USE & END OF LIFE

#### OUR CHALLENGE

The end-of-life treatment of PACCOR products contributes to 19% of our total carbon footprint. This is due to the carbon released from our materials when incinerated or landfilled, while for the majority of our products which are recycled in practice, the carbon remains stored in the product. There are no direct GHG emissions that result from PACCOR's packaging solutions during use phase.

#### OUR ACTIONS & ACHIEVEMENTS

- 1 We have established a solid baseline regarding the recyclability of our products as part of our ambition to lead the transition in our sector to a circular economy. Activities in this regard included local legislation review and audit visits to the waste receivers in selected countries to establish the recyclability of our products in practice and at scale. According to our assessment, already 65% of PACCOR products were recyclable in 2019.

**65% RECYCLABLE PRODUCTS 2019**



#### OUR PLANS & AMBITIONS

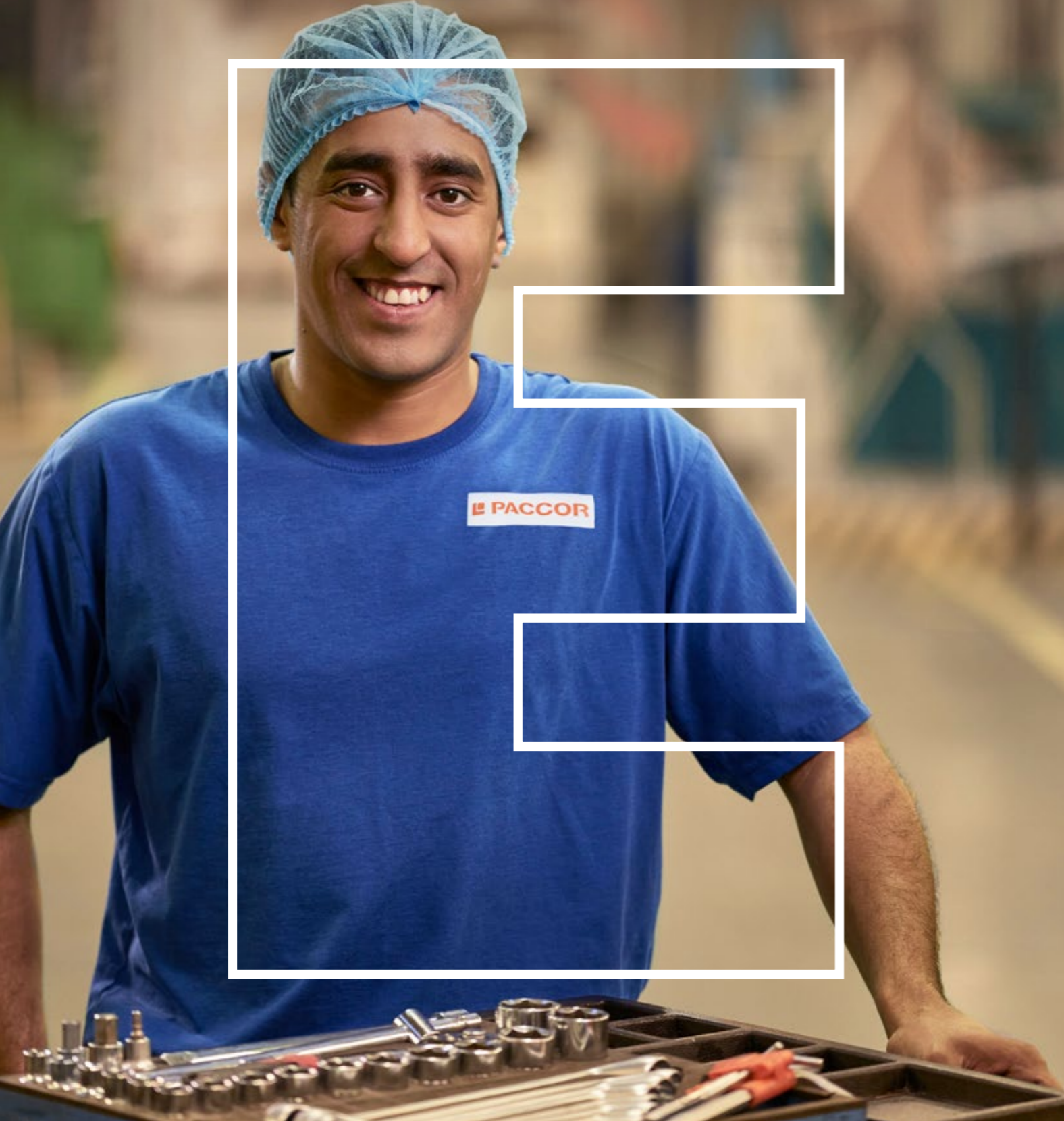
Reducing the impact at the end of life stage of PACCORs products is an important aspect in working towards a carbon neutral business by 2050. Therefore, in 2020 we will continue to innovate to significantly increase the recyclability of our products with a target to achieve 100% recyclability in 2023, ahead of the European Union target.



EMPLOYEES

# SUPPORT WHAT IS WORTH SUPPORTING

*Our CARE strategy is about achieving our vision of leading the transition of our sector to a circular economy with safe, engaged, diverse and capable workforces.*





## LIVING UP TO THE VALUES WITH OUR EMPLOYEES

*It's like this - the employees of PACCOR drive the sustainability agenda. Besides our core values, our core competencies drive our culture. Customer focus, teamwork and result orientation are at the heart and thus the basis of our approach to sustainability.*

### WE ARE TAKING ACTION ON THE UN SUSTAINABLE DEVELOPMENT GOALS:



PACCOR is a diverse group of 3000 employees who live and work in many different countries and cultures throughout Europe and North America. We employ people of over 35 different nationalities. It is important that in PACCOR culture it is understood that everyone has equal opportunities and chances. Self-motivation and the willingness to learn and develop are key for taking the next step. The power of diversity in backgrounds, ways of problem-solving, personal knowledge, gender and culture fosters our growth and inspires the whole organisation-

while one word is key on our way of working: "Inclusion" - learning from each other, understanding different perspectives and including them into creating solutions are making the difference not only for our customers but for each of us, feeling valued and bringing inspiration by defining new paths. The PACCOR Global Management team consists of 50% female members comprised of six different nationalities. They are used to working in a modern set up - working remotely and in close contact with PACCORs customers and employees.

### LIVING DIVERSITY



## DEVELOPING SAFE PRODUCTS IN A SAFE WORKING ENVIRONMENT

*Working at PACCOR means working in an innovative and open-minded company which increases employees' engagement and motivation. PACCOR employees care for each other. Our goal is to become the best firm to work for in the packaging industry. Our employees contribute significantly to the success of PACCOR.*



### HEALTH AND SAFETY FIRST

Our work to establish a culture of care for our colleagues starts with safety. Creating safe workplaces which enhance the physical and mental health and wellbeing of our employees is a fundamental PACCOR value. It is understood that our employees need to be as safe at work as they are at home. Our safety work is integrated in all our working methods, decisions and projects. There is a safety committee, made up of safety officers and trade union representatives at all our sites, which meets every quarter. The committee's agenda includes performance analysis, corrective actions and other improvements that can be made. For many years, we have recorded all types of incidents, including injuries that occur on the way to work, as well as near misses, from which we continuously learn how to reduce risks. The most common injuries that have occurred over the past three years have been contact with moving parts of the machine or sharp objects and slips, trips and falls. The lost time injury (LTI) cases decreased by 28% in 2019 compared to 2017 due to the implementation of best practices aimed at increasing the technical safety of our equipment. We promote and implement measures to maintain the health of our employees by raising awareness of health-conscious behaviour, disease prevention and further training on health protection.



### EMPLOYEE ENGAGEMENT

Since we announced our new strategy to become the market leaders in rigid plastic packaging in Europe, we have been going through a period of rapid change. Taking the next steps and achieving our ambitious plans requires active participation and commitment of all our employees. To understand where we are today and what it takes to get the input and support of all PACCORIANS, we regularly conduct employee surveys. They are designed to understand how satisfied our employees are and to obtain their feedback on how to improve our way of working. We are convinced that our organization is well grounded on vast knowledge. Our employees are the base of our business - they define our contacts to our customers and suppliers and drive our operations - it is fundamental to assure that our employees work in an environment where they are able to give their best.



### GOOD NEIGHBOURS

It is essential for PACCOR to be part of our local communities and valued as a responsible citizen. During the past years, we have provided financial assistance to several local projects through community programs. For example, PACCOR Iberia is highly involved in cleaning initiatives to facilitate recycling options together with other companies. In 2020, we also launched our new societal program "PACCOR Community", and defined a standard approach for measuring and managing the overall social impact of our interaction with local communities. "PACCOR Community" is providing common global criteria and guidance to ease the establishment and execution of beneficial projects for our communities (protecting the environment), our employees (employee engagement and motivation) and our brand (drive brand equity, distinctiveness and long-term sales).



### BUILDING CAPABILITIES

In 2019 as a new-born company PACCOR did define its core values and competences. Define what is needed to achieve its long-term targets and drive its global strategic initiatives including the sustainability agenda. These values and competences are the fundament for our performance culture and consequently the fundament for its people development strategy. The former performance management system has slightly been adjusted is serving as a base for the implementation of our focused people development trainings. In a next step a professional succession planning will ensure transparent career paths and availability of the need resources.



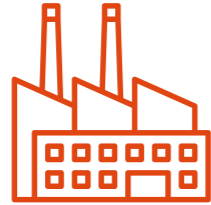
# HUMAN RIGHTS AT PACCOR

*Acting responsibly means not only developing sustainable solutions, but also making sure no one gets hurt along the way. Making sure that our products are produced in a fair way is very important to us.*

## PACCOR HAS FOUR ROLES IN WHICH WE RESPECT HUMAN RIGHTS:



EMPLOYEE



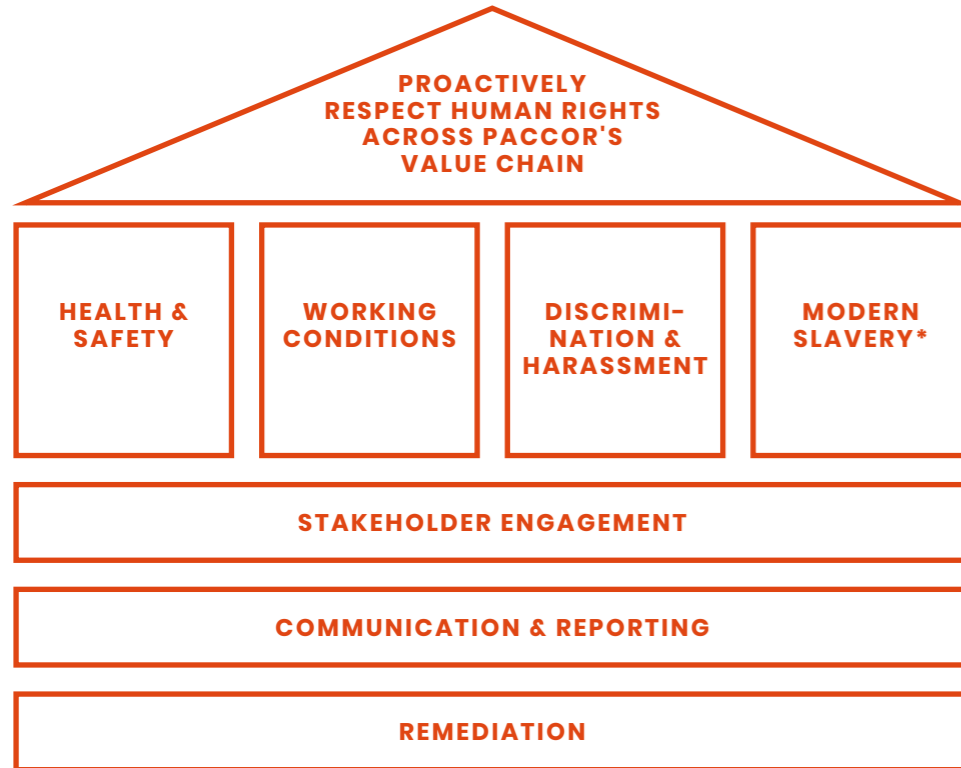
MANUFACTURER



BUSINESS PARTNER



COMMUNITY MEMBER



We are aware that multiple risks come with complex and long supply chains, including the risk that modern slavery may occur in these supply chains. We recognise that there is an inherent risk of modern slavery in global supply chains, including our own, and particularly as we move into tier two and onwards (indirect) suppliers. \*Modern slavery here includes child labour, debt bondage, forced labor, human trafficking, servitude, slavery and slavery-like practices.

## HUMAN RIGHTS

In the context of increasing global awareness of the problems of forced, bonded, involuntary and child labour, PACCOR makes sure all of its operations comply with the standards of the International Labour Organisation and the minimum age requirements in all countries in which it conducts business. Meeting legal requirements (including legislation on human and labour rights and social standards) also plays a central role in the screening procedure of future suppliers. PACCOR Group suppliers are required to sign our Code of Conduct or to abide to not less stricker code of conducts before starting any

partnership with us. Last year there were no PACCOR operations and, to the best of our knowledge, no suppliers of PACCOR, that were considered to have significant risk for incidents concerning child, forced, or compulsory labour. PACCOR recognises and respects its employees' rights to freedom of association and assembly, as well as collective bargaining and does not interfere with the exercise of such rights in any way. It has not come to our attention that any PACCOR suppliers violate or may be violating workers' rights to exercise freedom of association or collective bargaining.







## **PUBLICATION INFORMATION**

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