



PACCOR

**THE FUTURE OF
PROTECTING RESOURCES**

OUR SUSTAINABILITY COMMITMENT

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THE PACCOR CARE STRATEGY

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



THE NEW PLASTICS ECONOMY GLOBAL COMMITMENT

PACCOR has signed The New Plastics 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 move 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 their 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 setting 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

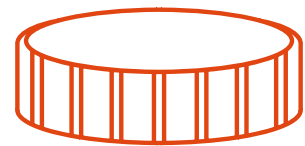
65%



PRODUCTION OF RECYCLABLE SOLUTIONS

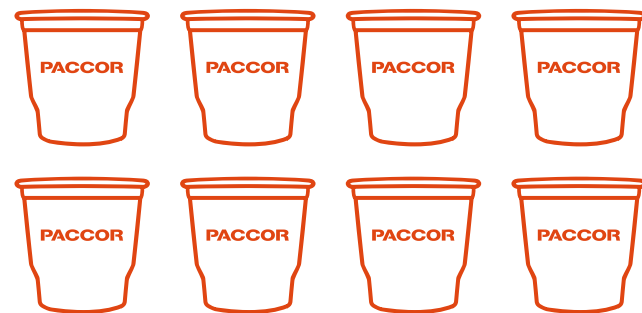
65% of our packaging range is already recycled in practice and at scale. Our target: 100% by 2023.

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.

100%



..... rPET

USAGE OF POST-CONSUMER MATERIAL

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



LEADING THE TRANSITION TO A CIRCULAR ECONOMY

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

OUR GREATEST ACHIEVEMENTS

2025

TOWARDS A DECARBONIZED VALUE CHAIN

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



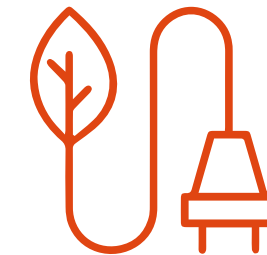
CLOSING THE WATER LOOPS

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



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, using the Product Environmental Footprint (PEF) methodology developed and validated by the European Commission.



CARBON FOOTPRINT REDUCTION STARTS WITH US

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



2019

LEADERSHIP AT ITS BEST

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

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 programme 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

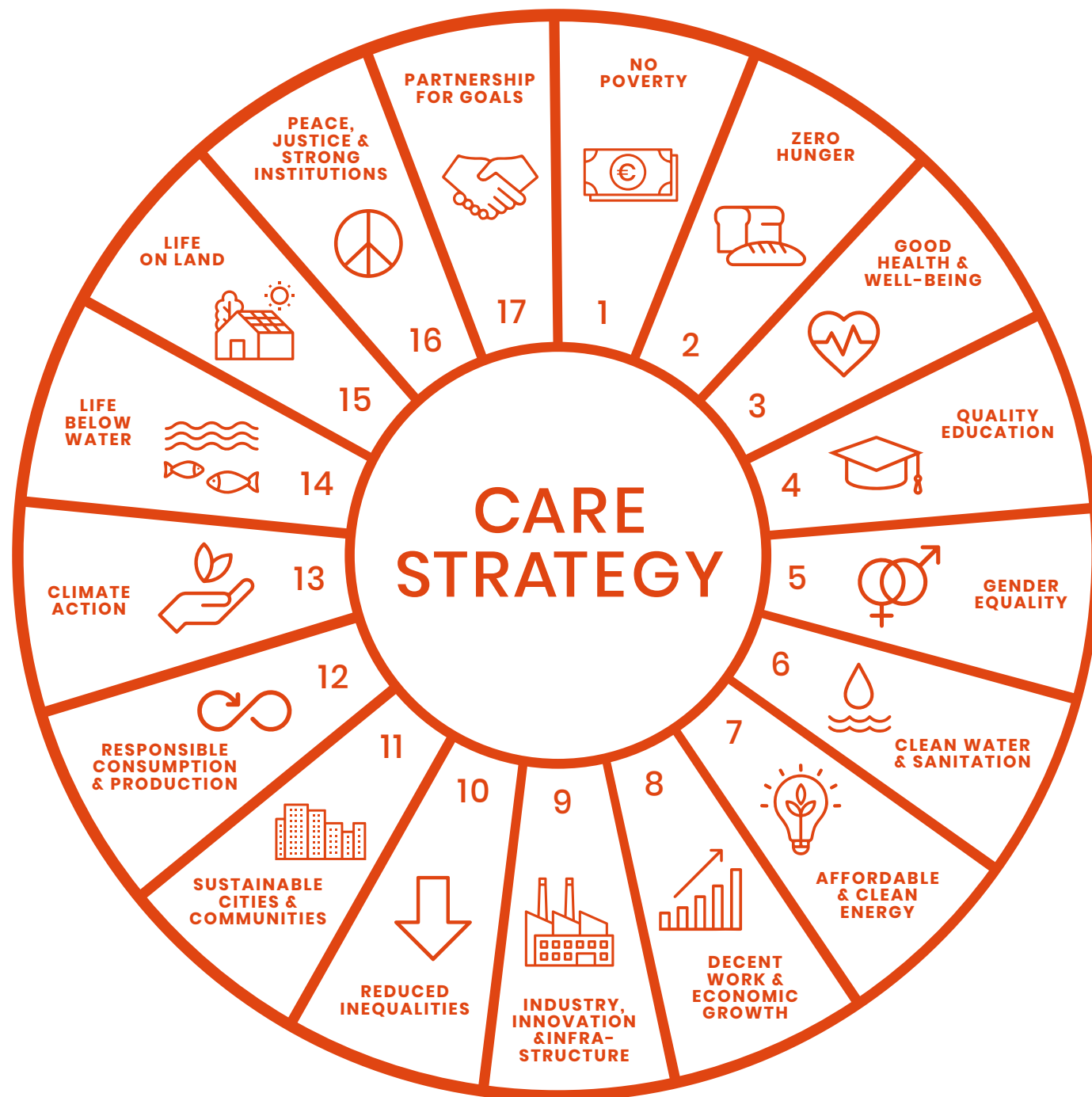
TAKING SUSTAINABILITY TO THE NEXT LEVEL

*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 tool to help us analyse challenges, build a strong growth strategy and access new markets along the way.



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 areas of collaboration with a range of stakeholders to build partnerships that will help maximise the impact of the SDGs.

We are committed to product stewardship. Our technical experts constantly analyse new technologies and turn market trends into viable applications, formulations and solutions which are circular, healthy and more sustainable. 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 increasing the availability of products with health and safety benefits which protect food and consumer goods while reducing their environmental footprint.



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 making 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 by promoting diversity and inclusion, technological development, education and innovation.



We are 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.



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

We review the sustainability topics which are material to our company 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 key non-financial indicators which then inform 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 programmes and initiatives in place to capitalise on key opportunities, and that we implement the right mitigation plans to address key risks 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 crucial for the company and inform 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, 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



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 monitor 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 desirable firm to work for in the packaging industry.

- Top quartile in safety and occupational health
- Top quartile in employee commitment
- 100% employee participation in community activities

CARE STRATEGY

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 of 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 recognizing 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.

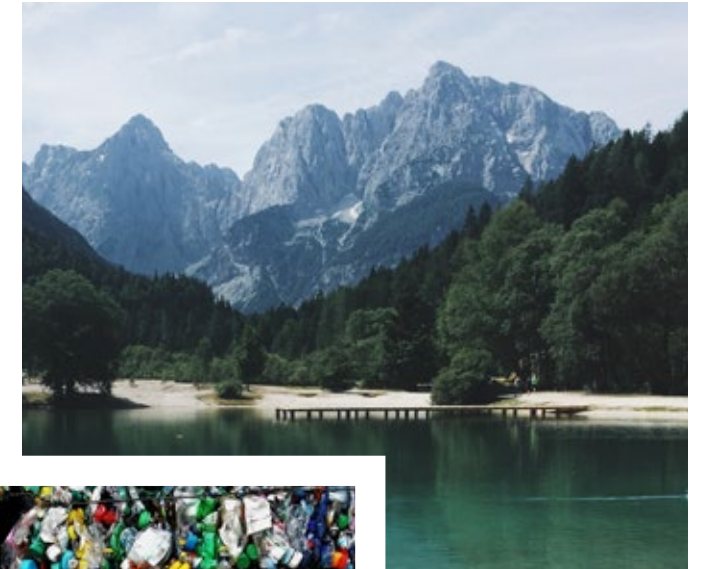
CARE is about creating a culture which takes an interest in the materials we use, eliminating waste and reducing variable costs. Increased resource efficiency in our operations and supply chain makes us more competitive and sustainable.

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

CARE is about partnering along the value chain and with a range of organizations to create sustainable value for all our stakeholders and deliver the necessary change at the required scale.

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, tangible 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 by greater 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 from competitors and longterm survival in the market. By constantly striving 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 can be easily recycled. Consumers are often confused about what they can and cannot recycle. Besides that, the current packaging legislation does not foster 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 in which we capture the value of the material – keeping it in the economy and out of the oceans.

What are the biggest challenges regarding 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 is feasible.

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 we have been able to supply 100% recycled PET using the highest quality materials for many years now. Furthermore, we are extending our recycled content products to other kinds of plastics, like PP, and to products for non-food applications.

Optimized 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 are 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 achieve a 25% reduction in total waste by 2023. At PACCOR we're all really excited about this new phase of our journey towards a circular plastic packaging industry.



CIRCULARITY

TURNING CHALLENGES INTO SOLUTIONS

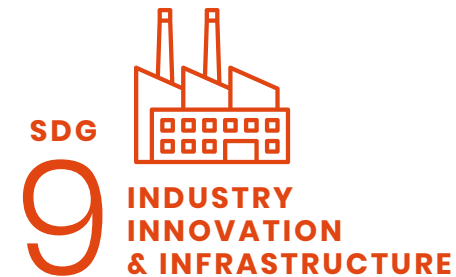
Our CARE strategy is about recognizing societal concerns, like the expansion of human consumption and the limitations in traditional economic models, including packaging systems. It is about addressing these challenges through product innovations and groundbreaking offerings for our customers.



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 organizations that may not have otherwise come together.

WE ARE TAKING ACTION ON THE UN SUSTAINABLE DEVELOPMENT GOALS:



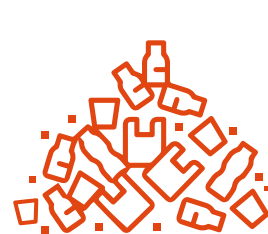
Plastic plays an important role in our everyday lives: it protects food, hygiene products and other important goods in a way that hardly any other material is capable of. But there is one big problem: our current plastic system isn't working. That is why PACCOR wants to move away from a linear plastics 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. In turning this vision into reality, we need to change not only our design process, but also how we produce, dispose of and reprocess plastics.

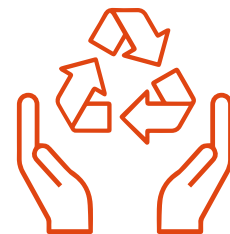
OUR CIRCULARITY TARGETS



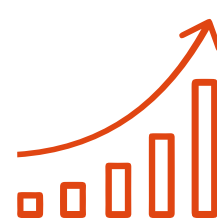
We are innovating to provide leading circular portfolio products while meeting our circularity targets



Reducing redundant materials



Providing 100% recyclable solutions by 2023



Increasing recycled content using the best quality materials available

THE NEW PLASTICS ECONOMY GLOBAL COMMITMENT

PACCOR is among the more than 450 organizations 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.



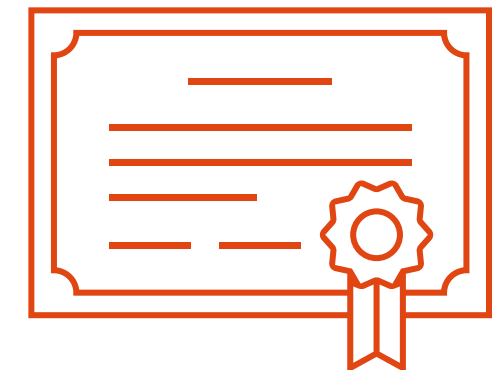
PACCOR has signed The New Plastics Economy Global Commitment to eradicate plastic waste and pollution. It requires that 100% of plastic packaging can easily and safely be reused, recycled or composted by 2025.

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 (French Plastics Industry Association)
- WRAP (U.K. Plastics Industry Association)
- IK Industrievereinigung (German Plastics Association)
- ANAIP (Spanish Plastics 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 used 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 Constantly improving our processes



HEADING TOWARDS A CIRCULAR FUTURE WITH SCIENCE BASED DECISIONS

Lifecycle thinking is at the heart of all our sustainability work. Assessment 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.

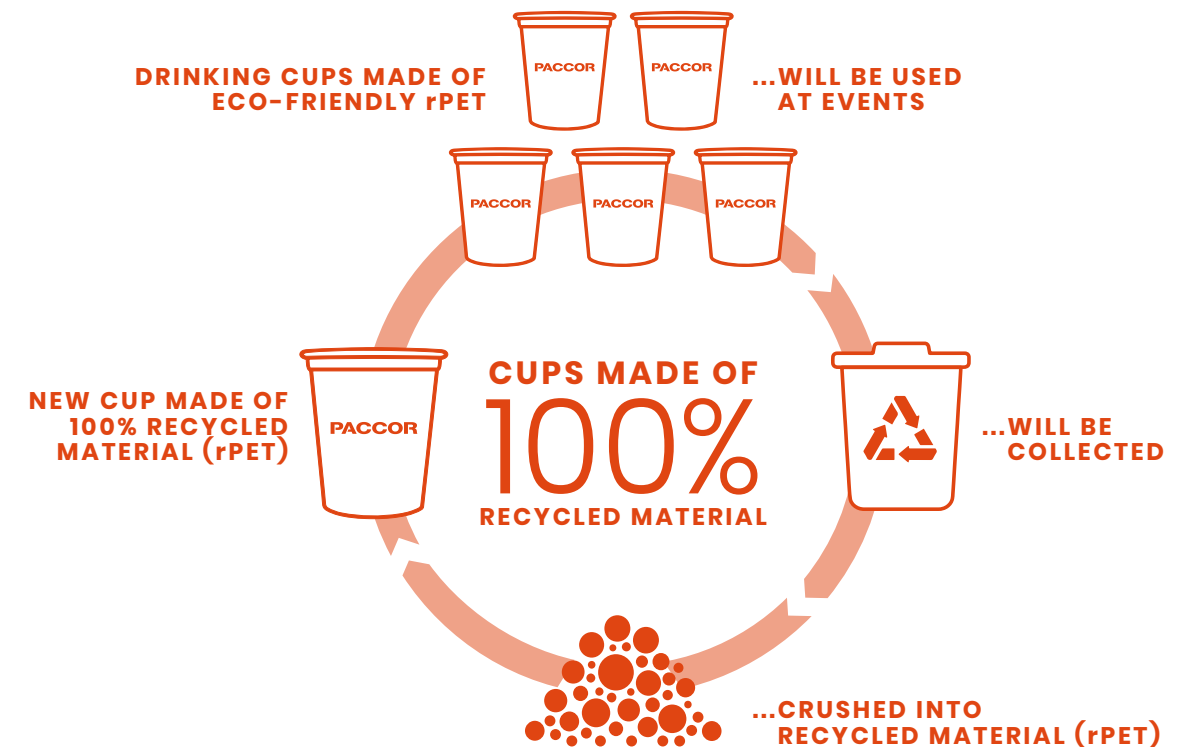


PACCOR's circular solutions concept requires the assessment of several sustainability aspects along the value chain. Therefore, lifecycle thinking is at the heart of our sustainability approach. We continuously aim to reduce the overall environmental footprint of our product value chains, instead of 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, we now calculate the total environmental performance of our products or services throughout their lifecycle, based on the Product Environmental Footprint (PEF) methodology developed and validated by the European Commission. Lifecycle assessments are also integral parts of 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.

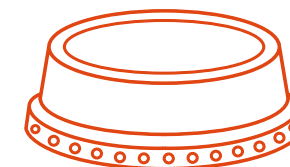


The whole process is composed of the following steps: beverage and food plastic containers used during big functions, such as music concerts, shows and sporting events are collected and transported to specialized recycling partners, then crushed and recycled, avoiding

ending up in landfills or being 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.

MORE RECENT PROJECTS & ACHIEVEMENTS FOCUSING ON CIRCULARITY

Understanding and managing lifecycle impact 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.



Our embossed rPET "I'm Recyclable" cups 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 from 100% rPET. Thanks to the use of embossing instead of labels, they are easily recycled at the end of their life and can be reused as raw material in food applications.



10% WEIGHT REDUCTION

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 a range of organizations 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 industrial 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 turning plastics into 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 by considering new business models in all areas. Circular solutions are not just about new products – they are about systematic and fundamental change.

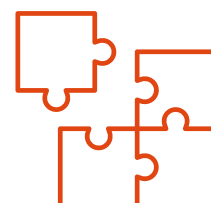
OUR APPROACH



COOPERATING WITH FORWARD-THINKING PARTNERS



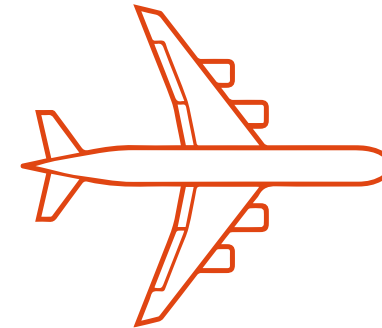
TAKING OUR INNOVATIONS TO THE NEXT LEVEL



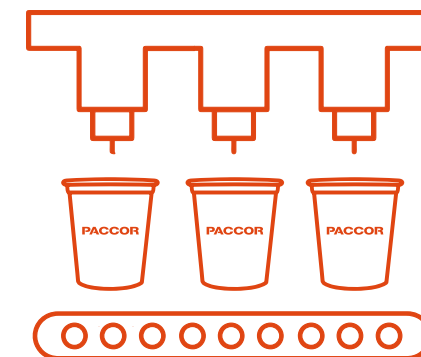
CONSIDERING NEW BUSINESS MODELS IN ALL SECTORS

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 products which have a tangible positive impact. And this speaks louder than words, as shown by several recent successful partnerships for transformational change.

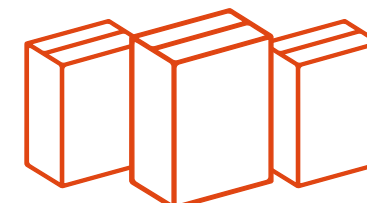


Thanks to a cooperation between one of our partners from the airline industry and PACCOR, we were able to implement a closed loop system for rPET drinking cups. It allows us to collect all the cups used during a flight, recycle them and reuse the material to create new rPET cups.



At the training centres with our suppliers, we implement a longterm improvement programme aimed 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 programme is creating a positive impact for all employees.

70% rPP



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



We have joined forces with several partners to create a recycling network for polypropylene packaging, in order to collect, sort and reintroduce recycled polypropylene into new 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 of it which are collected and recycled.



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 entering into 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 a raw material.

TRANSFORMATION IS COMING – AND WE ARE DRIVING IT

Our CARE strategy is about creating a culture which raises awareness about 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.

R

REINVENTING THE RULES OF THE GAME

Circular leadership means, first of all, optimized use of resources. By 2025, our ambition is to be a circular business built on renewable energy and recycled resources, decoupling our 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 pursuing 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 our material use from our growth. This is why we are continuing in our efforts to limit 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 compared to baseline year of 2019



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

FOR US THERE'S ONLY MATERIAL EFFICIENCY

PACCOR has moved its focus from managing waste to eliminating it. Our ambition is to strive for 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, based on the waste hierarchy.

THE WASTE HIERARCHY



2

REDUCE POST INDUSTRIAL WASTE

We have focused on 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"

Despite the increase of thermo-forming 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 Operation Clean Sweep®, our sites were able to reduce the loss of resin-based 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 standardizing and improving our waste management metrics to achieve 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 closed cooling water systems at all our sites. To manage and improve the use of residual water, we will introduce more detailed and standardized 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 remain part of our plans to reduce our carbon footprint and improve occupational health.

OUR JOURNEY TO BECOMING 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. That is why we look beyond our own operations and consider our whole lifecycle, including suppliers, customers and end of life, to identify weak points. This will constitute the basis for our improvement roadmap, based on prioritised programmes and resources to create the biggest impact.



OUR TARGET

We have set our current target based on the latest 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 recognize that a clear and concrete performance measurement system is required. In 2019 we completed our first carbon footprint cradle-to-grave reporting for the entire company. Although the system is undergoing improvement, it forms the basis for the development of our energy and emissions strategy.



HOW WE ARE SUCCEEDING

We will achieve 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 CO₂ emissions associated with air travel

OUR GREENHOUSE GAS EMISSIONS

We measure our company carbon footprint from cradle-to-grave, using the Greenhouse Gas (GHG) protocol. All categories from the GHG protocol are 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

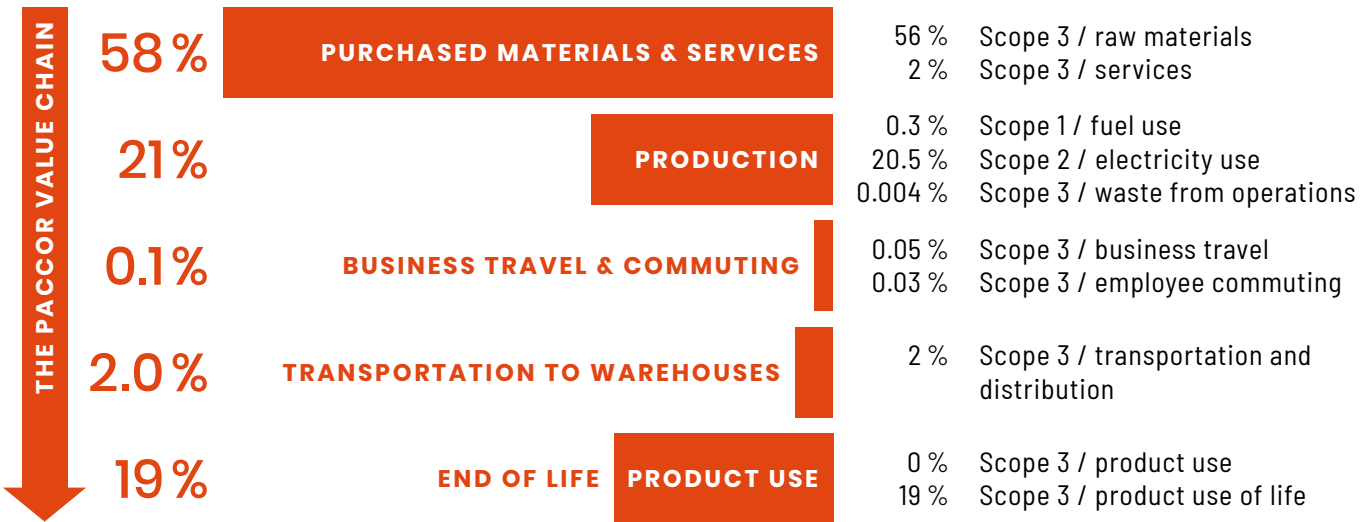
INDIRECT GHG EMISSIONS

- 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 attributable to 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 incine-

ration or landfill. The product at end-of-life contributes 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, actions and achievements in 2019, 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 the sourced materials.
- 2 Our partnership with Suez made it possible to save 3.1 kt CO₂ 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 CO₂ 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 CO₂ 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 optimized our air compressors and eliminated air leakage in Auneau, France; we installed LED lighting systems at all sites in Excelsior Springs, US; we installed a more energy efficient grinder in Szombathely, Hungary. All these activities contributed to 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 programme, 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%. In 2020 we committed to increasing our renewable electricity share to 100% at all our sites over a period of three years, 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 travel accounted for 0.1% of the total cradle-to-grave carbon footprint in 2019, while about 2% was related to the distribution of our products to warehouses.

OUR ACTIONS & ACHIEVEMENTS

- 1 As part of our performance improvement programme, 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 to improve their occupational health, during 2019 we implemented a travel policy and initiatives which promotes cycling to work and the use of public transport.

OUR PLANS & AMBITIONS

We will continue to monitor and track the business travel 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 the filling of trucks and loading of pallets at our sites, we are also setting up a global programme 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 constitutes 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 the 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 a review of local legislation 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, 65% of PACCOR products were already recyclable in 2019.

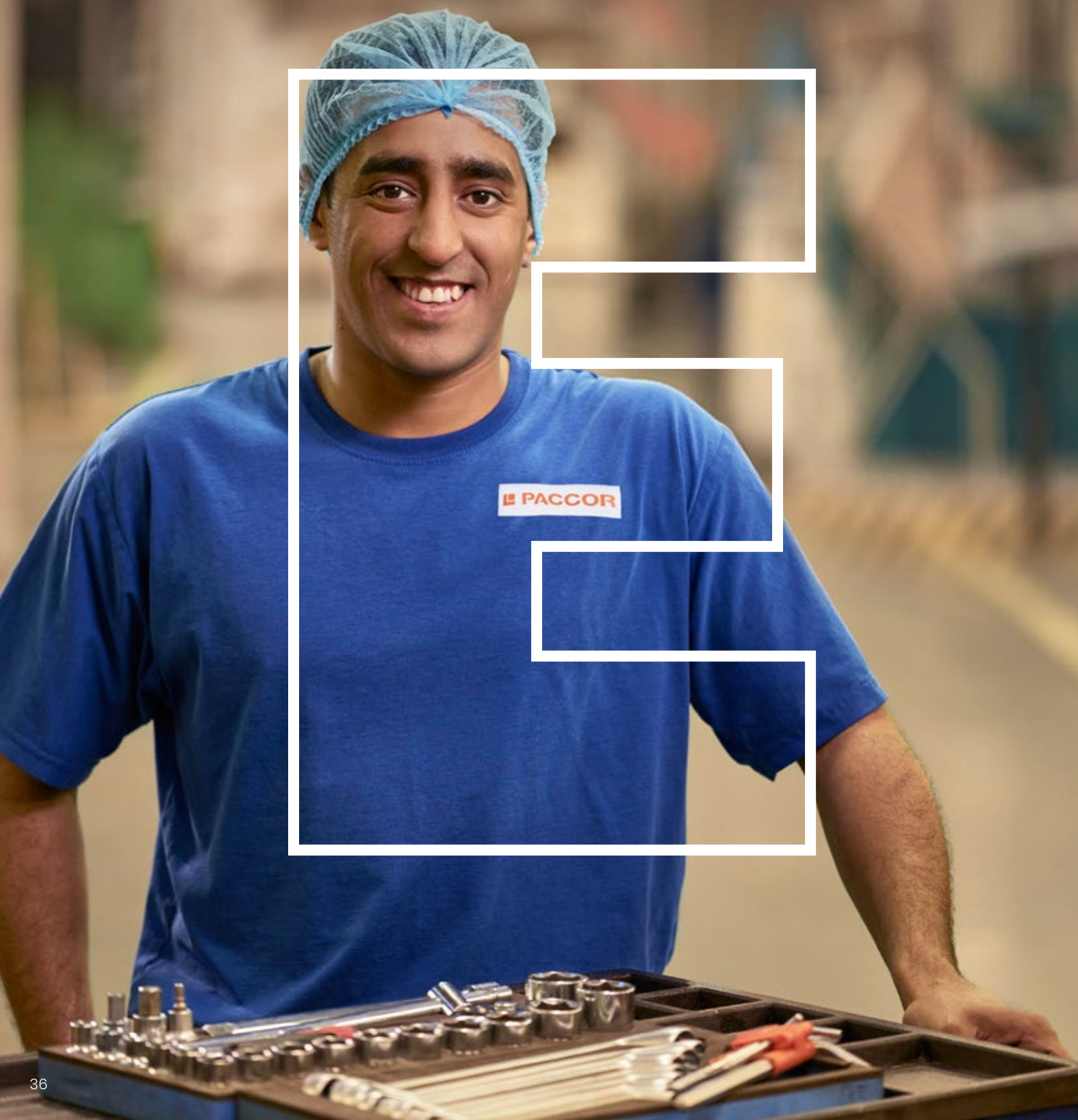
65% RECYCLABLE PRODUCTS 2019

OUR PLANS & AMBITIONS

Reducing the impact at the end of life stage of PACCOR's 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.

SUPPORT ALL THAT IS WORTHY OF SUPPORT

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



LIVING UP TO OUR VALUES WITH OUR EMPLOYEES

It is the employees of PACCOR who drive the sustainability agenda. Besides our core values, our core competencies are crucial to our culture. Customer focus, teamwork and result orientation are at the heart and thus the basis of our approach to sustainability.

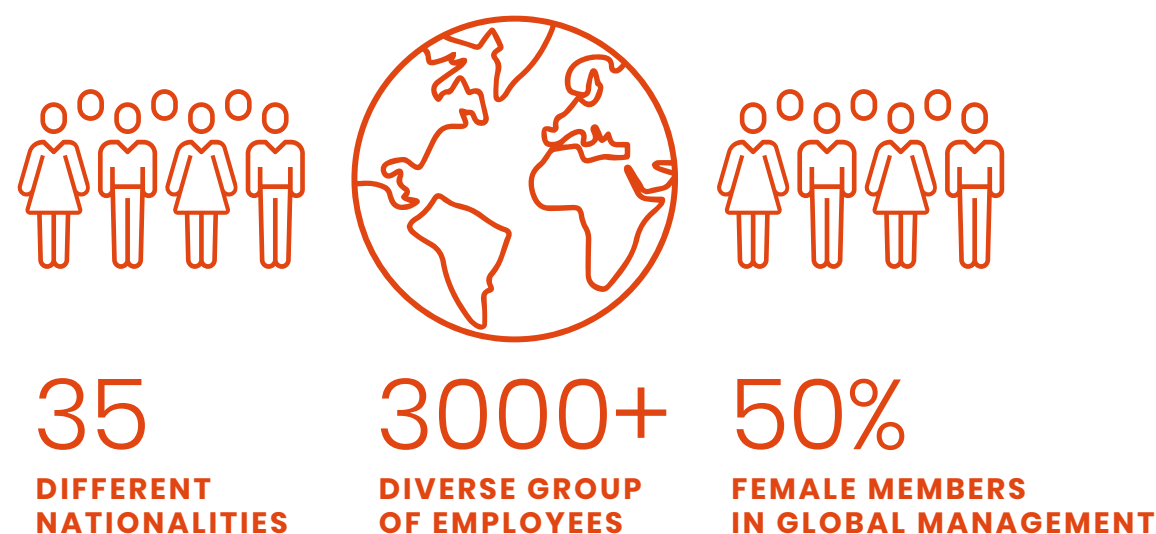
WE ARE TAKING ACTION ON THE UN SUSTAINABLE DEVELOPMENT GOALS:



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 the 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, problem-solving methods, personal knowledge, gender and culture fosters our growth and inspires

the whole organization – while one word is key to our way of working: “Inclusion” – learning from each other, understanding different perspectives and including them in the creation of solutions are making the difference not only for our customers but for each of us, helping us feel 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 PACCOR's 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' commitment 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 principle. 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 machine parts or sharp objects, and slips, trips and falls. The lost time injury (LTI) rate 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.



BUILDING CAPABILITIES

In 2019 PACCOR, as a newborn company, defined its core values and competencies. We determined what is needed to achieve our long-term goals and support our global strategic initiatives, including the sustainability agenda. These values and competencies form the basis of our performance culture and thus the foundation of our human resources development strategy. The previous performance management system was slightly modified and serves as the basis for the implementation of our targeted personnel development training. In a next step, professional succession planning will ensure transparent career paths and the availability of the necessary resources.



EMPLOYEE COMMITMENT

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 require the active participation and commitment of all our employees. To understand where we are today and what it takes to get input from and the support of all PACCORIANS, we regularly conduct employee surveys. They are designed to assess how satisfied our employees are, as well as 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 contact to our customers and suppliers and drive our operations – it is fundamental to ensure 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 actor. During the past few years, we have provided financial assistance to several local projects through community programmes. 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 “PACCOR Community” programme 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 commitment and motivation) and our brand (drive brand equity, distinctiveness and long-term sales).

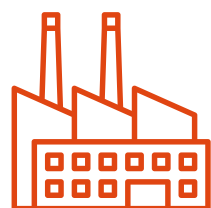
HUMAN RIGHTS AT PACCOR

Acting responsibly means not only developing sustainable solutions, but also making sure no one gets hurt along the way. Ensuring 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

PROACTIVELY
RESPECT HUMAN RIGHTS
ACROSS PACCOR'S
VALUE CHAIN

HEALTH &
SAFETY

WORKING
CONDITIONS

DISCRIMI-
NATION &
HARASSMENT

MODERN
SLAVERY*

STAKEHOLDER COMMITMENT

COMMUNICATION & REPORTING

REMEDATION

We are aware that multiple risks arise with complex and long supply chains. We recognize 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 higher (indirect) suppliers. *Modern slavery here includes child labour, debt bondage, forced labour, 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 Organization 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 and to abide by a strict code of conduct 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 concerning child, forced, or compulsory labour. PACCOR recognizes 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.





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VP Group Sustainability at PACCOR
mail: sustainability@paccor.com