

2020

SUSTAINABILITY

REPORT



PROTECTING OUR FUTURE
with CARE for precious resources

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MESSAGE FROM OUR CEO

Dear Reader,

As 2020 began, we were all set for accelerating towards our vision of becoming the most successful and outstanding rigid plastic packaging producer in Europe. However, the COVID-19 pandemic called for extraordinary measures to mitigate the effects for co-workers, business partners and communities across the value chain. I am proud to say we reacted fast and continued to deliver on our long-term sustainability strategy CARE, as integral part of PACCOR Group's business approach.

The PACCOR Group has been able to operate and provide deliveries to customers, with a focus on essential sectors like the food industry and households, thanks to our well-coordinated and committed teams. All company plants have constantly manufactured products without compromising the health and safety of our employees. Additionally, we have actively supported those of our employees who were facing extraordinary challenges due to home office and special change patterns for collaborators in production halls.

CARE outlines our ambitions and commitments, creating a common agenda towards 2025. Each part of the PACCOR business sets goals and roadmaps to deliver on the strategy and to allow for locally tailored and relevant activities. We take great pride in the fact that innovation in our company and our long-lasting partnerships result in circular product solutions that create value for our customers and society. While our goals within CARE are ambitious, they will enable us to continue making an important contribution to the sustainability challenges faced by our company, customers, and broader society.

During 2020, PACCOR's business approach also manifested in accelerating our improvements in

sustainable plastic packaging, resource use, and climate change impacts. Further new circular material as well as lighter weight solutions have been identified that will be commercialized during 2021. Our long-term partnership with Digimarc, recognized by the received Platinum Pioneer Plastics Partner status, allowed us to be the first packaging company to be able to commercially offer digital watermarks on thermoforms without printing to improve the detection and sorting of plastics by up to 100%. The timing of our relationship is particularly relevant with the recent gaps in the supply of virgin plastics through force majeure actions, pointing again to the need for a vibrant supply of post-consumer recyclates for new products.

This year we have achieved significant milestones, and we are proud to say that we are over-achieving in our commitments. Compared to 2019 as the reference year, we reduced the relative carbon footprint (cradle-to-grave) by 11% and increased the share of renewable electricity to 71%. For 2021, we have secured additional renewable electricity up to 86% of all electricity use, with 12 out of 15 sites running entirely on renewable electricity.

The first PACCOR GRI compliant Sustainability Report for the year 2020 is issued by PACCOR Group and covers the collective efforts and significant achievements from all businesses and legal entities within the PACCOR family.

So, a huge thank you to the whole organization. For the entire Board and me, it continues to be a privilege to be on this journey to lead the vision towards circular economy for the sector.

Andreas Schütte, Chief Executive Officer of the PACCOR Group

OUR 2020 ACHIEVEMENTS



CIRCULARITY

ALLIANCES

RESOURCES

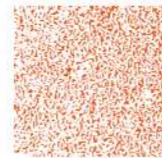
EMPLOYEES



16%

post-consumer recycled materials in procurement

DIGIMARC TECHNOLOGY



FIRST PACKAGING AND PRODUCER

to introduce digital identity provided by Digimarc Corporation, and calculate its value to society



11%

cradle-to-grave (scope 1,2 & 3) carbon footprint intensity reduction compared to 2019



35

different nationalities



OVER 5M€

investment into sustainable packaging and technology innovation



PROTECTIVE EQUIPMENT

to communities around our sites in time of the pandemic



71%

renewable electricity share across the Group

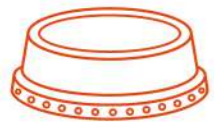


6

nationalities and

50%

females in top management



41%

lighter than original design



100%

new suppliers screened on environmental and social criteria and suppliers signed PACCOR Global Standard for Suppliers.



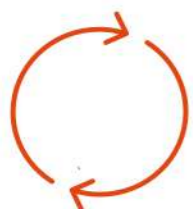
89%

of production with closed loop cooling water systems



ENGAGEMENT SURVEY

covering 100% of PACCOR's employees



65%

RECYCLABLE SOLUTIONS



6%

total waste intensity reduction compared to 2019



30%

of locations reported injury-free for more than a year



100%

trained workforce on sustainability topics

ABOUT US

At PACCOR Group, we create innovative and sustainable rigid packaging solutions for the food market, selected home, and personal care applications. Our overall goal is to protect what is worth being protected: our partners' products, our employees, and our planet. We have high expertise in developing and providing valuable rigid plastic packaging solutions.



Our solutions meet current market trends by constantly thinking outside the box. With more than 3,200 dedicated employees in 15 countries, more than 2,000 suppliers and 2,500 customers all over the globe, PACCOR is truly a global player in the packaging industry. Everything we do contributes to the protection and hygienic safety of valuable products.

Our vision is to lead the transition to a circular economy in our sector with a safe, committed, diverse and capable workforce. Because we believe this is the best way to achieve systemic change in the industry and to create shared value for all our stakeholders and society.

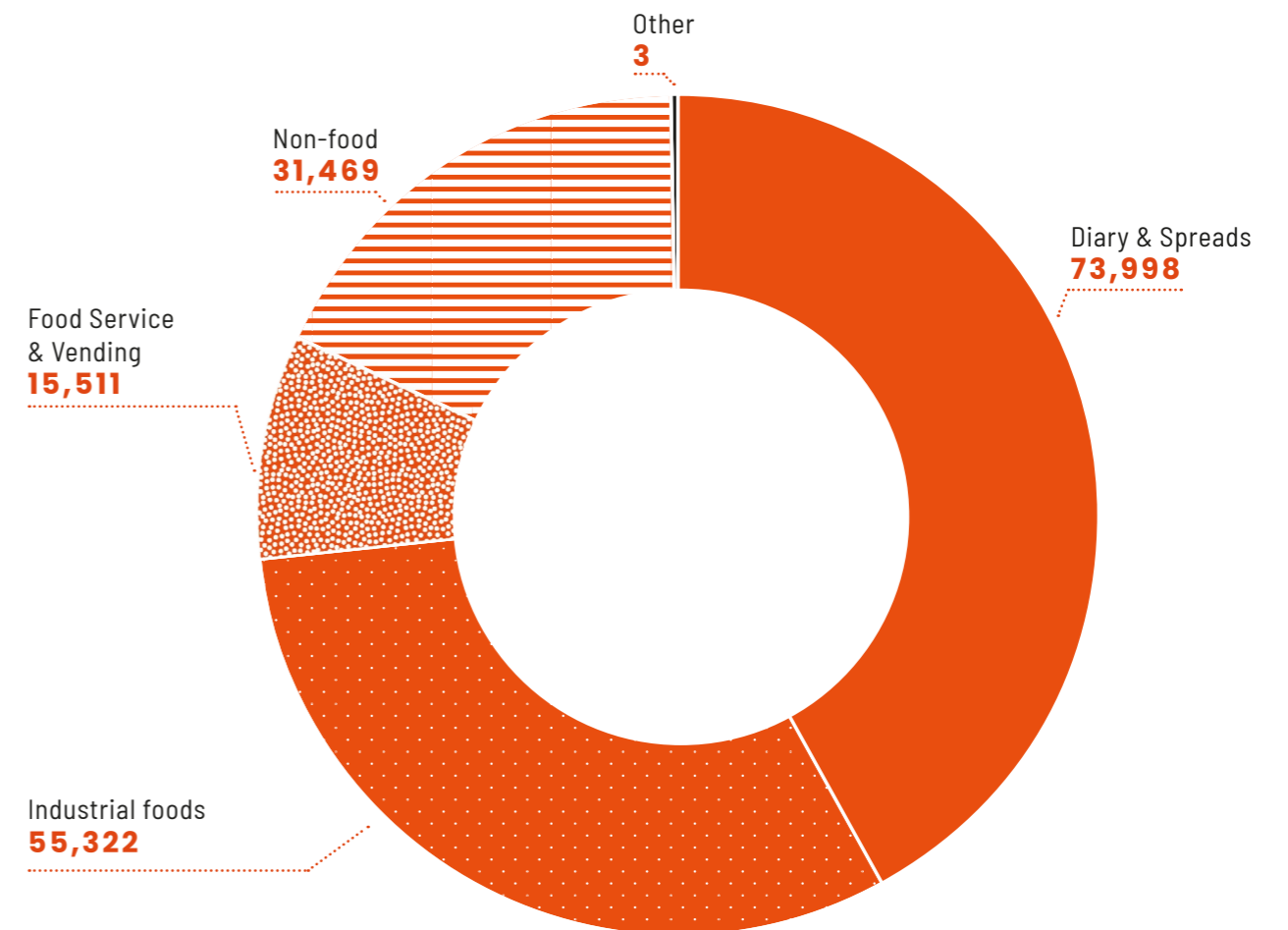
Our decades of experience enable us to innovate our operations and products like no other, which places our customers' products at the forefront of its market and in the eye of the consumers. With this publication we present the first PACCOR GRI compliant Sustainability Report, reflecting our vision, strategy, efforts and results of our work towards the future we envision.

PACCOR Packaging GmbH is the management holding of the PACCOR Group and direct and indirect shareholder of all PACCOR Group subsidiaries. PACCOR Packaging GmbH is a limited liability company headquartered in Dusseldorf, Germany. It is organized with a Board of Directors, responsible for executive management, and an Advisory Board, responsible for supervising and approving significant operations for the Group. Two committees in our governance structure are responsible for decision-making on economic, environmental, and social topics:

- The Board members committee includes the CEO, CFO, CCO, and COO, meeting on a fortnightly basis.
- The Group Management committee, involves the CEO, CFO, CCO, COO, VP Sustainability, VP Communications and Marketing, VP Legal Affairs, VP Procurement, VP Human Resources, and Group Director Information Technology, and meets once a month.
- To learn more about our organizational and governance structure go to our website www.paccor.com or read our [Annual Financial Statement 2020](#).

OUR PRODUCTS AND SERVICES

PRODUCT PORTFOLIO IN 2020 BY MASS, TONNES



PACCOR delivers high-performance solutions that add value to our customers' products and ensure unrivalled consistency and brand integrity across all its processes. We optimize the goods protection capability, its nutritional value and use state-of-the-art decoration techniques to deliver unmatched on-shelf advantages. At PACCOR, we are driven by our passion for the highest quality and efficiency, which provides peace of mind for our customers, from concept to market.

We acknowledge that some of our customers require individual, tailored packaging. Through our holistic consulting and innovative product development and

together with our expert team of designers, engineers, testing specialist and marketing advisers, we find a solution for every wish and need of our customers. We offer ready or customized rigid plastic packaging for products in the food and non-food markets to our clients from all over the world. In total, we supply around 2,500 different customers with our top 10 customers representing approximately 40% of total sales. Our packaging solutions meet current market trends, therefore providing our consumers with convenient, sustainable, and affordable products in a wide variety of shapes and forms.

OUR PRODUCTS AND SERVICES

DAIRY

- Spoonable yogurts
- Drinking yogurts
- Cream and crème fraiche
- Sour milk drinks
- Ice cream

SPREADS

- Oil spreads
- Spreadable cheese
- Unprocessed soft cheese

FOOD SERVICE

- Catering
- Quick service restaurants (QSR)
- Vending

PRODUCE

- Green salads
- Mushrooms
- Fruits

NON-FOOD

- Baby care
- Household
- Industrial
- Laundry
- Personal care Hygiene

CONVENIENCE FOOD

- Sweet snacks
- Confectionery
- Sandwiches
- Fresh cakes and pastries
- Wet salads and fresh cut
 - Sushi
- Ready meals



The customers we serve are both global companies and regional businesses. Our primary markets are Europe, North America and the Middle East. However, due to our broad portfolio and our customized solutions, there are no limitations to the variety of markets that we serve or can serve in the future. To the best of our knowledge, none of our products manufactured in 2020 was banned in certain markets.

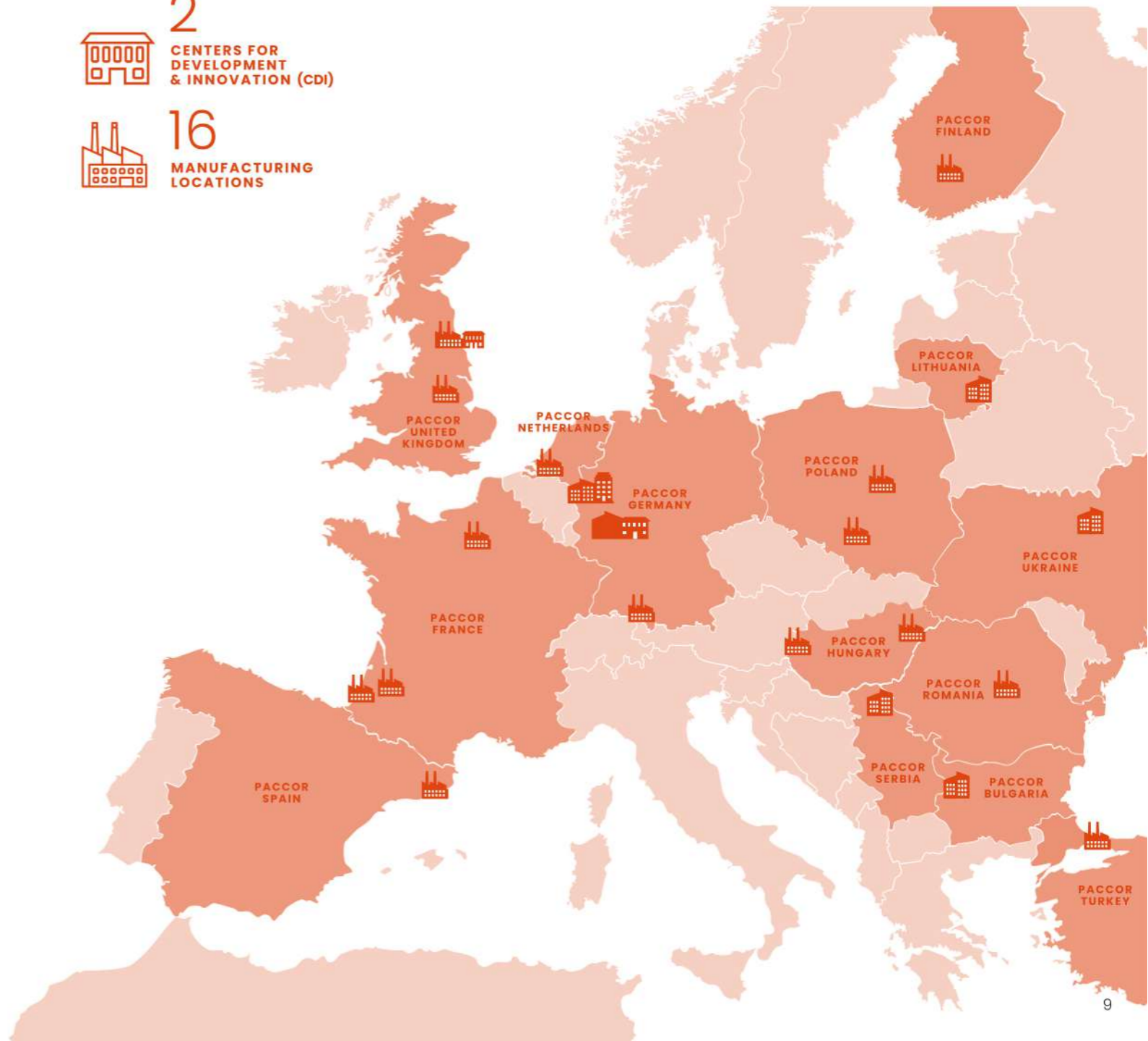
Through innovation and partnerships, we are dedicated to deliver short- and long-term value for all our stakeholders. For PACCOR, sustainability entails working together to create shared value for all our stakeholders. It is reflected in our purpose and brand, our core principles and our employee value proposition. It is our driver for innovation, productivity and growth.

WE ARE WHERE YOU ARE

- 15 COUNTRY PRESENCES
- 3,260 EMPLOYEES
- 1 HEADQUARTERS
- 6 SALES OFFICES
- 2 CENTERS FOR DEVELOPMENT & INNOVATION (CDI)
- 16 MANUFACTURING LOCATIONS

- 1 COMBINED HEAD & SALES OFFICE
- 1 CDI & FACTORY
- 1 CDI & SALES OFFICE

INTERNATIONAL LOCATION:



MODERN CHALLENGES

Packaging has an important role to play in protecting the nutritional value and quality of products and allowing them to be stored, transported and used safely, while promoting the products to consumers and support marketing purposes. The lightness and durability of plastic packaging materials make them intrinsically more sustainable than most alternatives. Their function – to preserve and protect food and other goods – enhances shelf life at a lower carbon cost, contributing to the well-being of people and planet.



However, packaging also presents some challenges. Whether it is made of glass, paper or plastic, packaging uses valuable resources which end up back in nature as waste when not recycled. This unsustainable linear resource flow has negative impacts, but great efforts worldwide are already underway to close the loop. However, there is still much work to do. According to the UNEP¹, 8 million tonnes of plastic end up in the world's oceans every year, and according to the OECD background report Improving Plastics Management², 58-62% of the plastic waste is disposed of in landfill or in the natural environment.

As the global population rises, so does the demand for packaged products. In both developing and developed economies, the desire for packaged products outstrips the capacity of the waste handling and recycling infrastructure. Until recycling or even simple waste collection is in place on a bigger scale, communities will experience ever-increasing litter and waste challenges. Across the world consumers and stakeholders now perceive packaging waste as a key environmental and social challenge. Most plastics are durable and in principle recyclable and can be recycled if collected and sorted. Nevertheless, there is a need to continuously improve second-life solutions and turn waste back into a valuable resource stream in the material loop. For this reason, waste collection is a clear priority.

The Single-Use Plastics Directive (EU) 2019/904, approved in May 2019 as a part of the European Strategy for Plastics in a Circular Economy, has the main goal to reduce marine littering from single use plastic items. It intends to do it by, among other measures, phasing out selected single-use plastics, limiting their consumption, facilitating the transition to reusable systems, and increasing consumers' awareness about the right disposal of such items. EU member states are now in the process of transposing this legislation into their own national law, which will determine the extent of this Directive's impact when it comes to tackling plastic pollution.

As a major plastic packaging manufacturer, the PACCOR Group is producing some products which fall under the Single-Use Plastics Directive, essentially in regards with the beverage cups business. While this is a challenge given the short time frame granted to manufacturers under the Directive, we are fully committed to the objectives of the European Green Deal and the European Strategy for Plastics in a Circular Economy. As a company we benefit from our strong R&D culture to come up with innovative solutions. We have adopted various sustainability initiatives to achieve a higher level of recycled materials in our products in general and in our beverage cups in particular, and to increase the recyclability, re-usability or re-employment of our products after use.

2020 IN VIEW

Global development in 2020 was largely dictated by the COVID-19 pandemic and the associated major impacts suffered by the society.



During the lockdown period, all PACCOR facilities remained in production globally with minimal disruption due to pre-cautionary measures. Necessary steps to sustain the healthiness of our employees and to minimize the risk of any infections have been taken. The closing of borders led to minor delays in the delivery process, while the setup of new machines and investment were slightly delayed due to existing travel restrictions of highly skilled experts. The lockdown delayed PACCOR's growth plans for 2020 clearly and impacted the total demand and the company's overall performance.

However, as rigid packaging supplier for the food industry, PACCOR is considered critical to sustain the ongoing delivery of the food industry during the gated period. Moreover, the demand for sustainable packaging has increased in times of COVID-19 and PACCOR has responded to this demand. Investments were allocated to increase capacity, automation, logistics, and new technology. Raising the manufacturing capacity at PACCOR's production site in [Ravensburg](#), as one part of the investment program was realized in 2020. Integrating the most modern technology suits the high requirements for efficient and sustainable food packaging and ensures that PACCOR is the perfect partner to fulfil such market demands.

To support our strategic plan, we have redeployed our production capacities in Bulgaria and Serbia to other locations at the end of 2019. In the Netherlands, we started to consolidate the activities of two sites into

one site. In addition, in 2020 we started the process of reorganizing the production footprint of certain activities by specializing our sites in France and in Spain as dedicated Centers of Excellence. In Dusseldorf, Germany we opened our new headquarters.

In these challenging times we worked on growing our partnerships. Over the course of the year, we introduced six new suppliers in our value chain, all of them for the procurement of post consumer recycled materials. We are also proud to announce our exclusive [partnership with CITY PACK](#) that will connect European standards of sustainability while capturing regional growth potential in the Middle East and Africa. In progress of our partnership with the Digimarc Corporation (NASDAQ: DMRC), we introduced in our portfolio plastic packaging solutions with digital watermarking, enabling the correct identification of each package throughout the value chain and achieving high-quality sorting for better recycling.





Despite the fact that the COVID-19 pandemic has brought new challenges in tackling plastic littering, such as limited availability of recycled materials and reduced possibilities to test new materials or technologies with our partners along the value chain, as well as the decreasing price of oil and so of the virgin resins, the PACCOR Group remained fully committed to its vision of leading the transition towards a circular economy for the packaging sector, in 2020 and beyond.

¹ <https://www.unep.org/interactive/beat-plastic-pollution/>

² <https://www.oecd.org/environment/waste/policy-highlights-improving-plastics-management.pdf>

RISKS AND OPPORTUNITIES

We employ our risk and opportunity management system in order to increase the enterprise value and to ensure its continuation on a going concern basis. We make sure that the actions we are taking are both opportunity-oriented and risk-aware, as we apply a comprehensive and rule-based approach.

Category	Risk	Probability	Magnitude
 OPERATIONAL	Industrial	High	Medium
	Quality	Medium	Medium
	Customer risks	Medium	Medium
	Procurement	Low	Medium
	Competition	Medium	Low
 FINANCIAL	Liquidity	Low	Medium
	Financing	Low	Low
	Default risks	Low	Low
 STRATEGIC	Political	High	Medium
	Currency	Medium	Medium
 OTHER	Pandemic (COVID-19)	High	Low
	Pension obligations	Low	Low

Based on internally conducted analysis, we include four groups of risks in the risk management framework: operational, financial, strategic, and other. Within each group, we analyze particular risks and opportunities in more granularity, considering the probability and the magnitude of the potential impacts in order to develop the best approach to them.

In the reporting period, we believe that the risk environment, whilst higher than in previous years from a political perspective and the worldwide health crisis, is

significantly improved from an operational perspective with the support of our shareholders. There are 11 risk and opportunity categories identified for the reporting year. In general, we did not assess risk exposure differently from prior years apart from the risk exposure due to the COVID-19 pandemic.

For more details on our risk management system, or particular considered risks and opportunities, please consult the 'Risks and Opportunities' section of our [Financial Statement 2020](#).



ECONOMIC PERFORMANCE

As a global player, responsible producer and employer, we at PACCOR realize the utmost importance of the economic stability of the company's performance and resilience embedded in our business strategy. We aim to increase the size of our business, and to become a highly profitable company through both organic growth and acquisitions. In doing so we keep the following strategic goals.

- 1** Supplying food packaging products which will protect food and increase safety of end consumers.
- 2** Offering sustainable solutions to protect the environment and to reduce the amount of resources needed for production.
- 3** Achieving long-term organic sales growth by an average of two to three percent per year above the relevant market.
- 4** Improving EBITDA margin through operational excellence and re-organization as well as consolidation of production capacity to a target of 18%.
- 5** Creating safe working places for our employees and commercial partners on our premises.
- 6** Growing through acquisitions to diversify the Group portfolio from a product, regional, and customer perspective.

We adhere to all relevant legislation and follow the International Financial Reporting Standards in managing our economic and financial performance and fostering an impeccable reporting discipline. Our financial KPIs reflect our ability to serve customers efficiently, grow our business with our customers through our high service levels and quality, and monitor the compliance of our financial covenants. The Gross Domestic Product (GDP growth) of the global economy decreased by -3.4% in 2020. With over 90% of PACCOR sales in EU member states, the greatest impact on our performance from a macroeconomic performance came from the Eurozone. On the global scale, Western Europe economy went down by -7.6% year-on-year, Eastern Europe decreased by around -4.0%. Due to the challenges linked to the Brexit and the sustained COVID-19 pandemic, the GDP in the UK decreased by -9.9%. Turkey was challenged with high inflation rates however, it was one of the few countries to achieve economic growth during 2020.

The gross domestic product increased by 1.8%. Inflation in European countries amounted to an average rate of 0.3% over the year, with higher rates in Eastern European (3.4% in Poland or 3.3% in Hungary), and largest hit in Turkey (12.3%). In addition, evolution of wages continued to rise above national inflation rates, posing a challenge both in terms of cost and employee retention.

On that background, net sales for the year 2020 amounted to 513.4 M€ compared to 573.3 M€ in 2019. The sales declined in all segments due to the COVID-19 pandemic and lower raw-material costs which are passed on to customers in line with existing raw material pass-through clauses.

Further information on our approach to managing our economic performance and economic performance in 2020, are available in the [Financial Statement](#) for the reporting year 2020.



TAX

We recognize our responsibility towards each country and jurisdiction we operate in. As such, we are committed towards local communities in which our employees live. The tax jurisdiction of each country has the purpose to fund governmental activities which shall be done in the best interest of the population of a country. We recognize this fact and take it into account in all of our business decisions, not just when we review our tax policies and procedures.



Our tax policy is based on the strict adherence to the tax regulations in each jurisdiction we operate in. International OECD rules are applied, and we are a net taxpayer. Once a year the overall tax approach is reviewed, when needed adjusted, and approved by the Group Director Accounting & Tax together with the CFO to ensure compliance to tax laws and regulations.

On Group level, the Group Director Accounting & Tax is a certified German Tax Advisor who works with the local tax advisors in each country. Together with their advisors, the country Finance Managers are responsible to update the Group on any country specific changes in the tax legislation. If required, changes to the relevant tax policies and procedures and/or the Accounting Manual are made.

The Tax department and ultimately the Board of Directors of each legal entity and the Group are accountable for compliance with the tax strategy. Tax compliance is assessed regularly and monitored by the Finance Managers responsible for our legal entities.

Tax declarations are checked by certified tax advisors and properly trained people within the organization before they are submitted, as a part of the assurance process for disclosures on tax. Compliance with the tax governance and compliance framework is evaluated through regular exchange with the local tax advisors who assess tax risks. In addition, an exchange with the entities, Financial Auditor takes place and tax risks are discussed and assessed.

The Management Board facilitates a compliance culture and actively invites employees to provide feedback to them on any unethical or unlawful behavior in relation to taxes. To further develop the grievance mechanism, a whistle blower hotline is being set up within the Group. Outside of the organization, an open communication with the tax authorities is maintained in the normal course of the business. We maintain a professional communication level to all stakeholders and ensure that any views and concerns would be heard and responded to in a prompt manner.

BUSINESS INTEGRITY AND COMPLIANCE

We are committed to conducting business as a responsible citizen. We strive to reach our business goals through sound business practices, not illegal nor unethical. This includes making ethical business decisions and abiding by all laws and regulations. We strictly adhere to regulatory compliance and are committed to following all relevant legislation applicable locally. We condemn any form of corruption, theft or bribery and are committed to strictly abide by all applicable local competition and antitrust regulations and laws.

We expect our employees and business partners to comply with all applicable laws in all countries to which they travel, in which they operate, and where we otherwise do business.

Our values and principles in business integrity are laid out in our Code of Ethics, CSR Policy, Anti-Corruption Policy, Competition Law Policy, Intellectual Propriety Rights Policy, Data Protection Policy, Travel Policy, and the Trade Compliance Policy and Guidelines, communicated to every employee. Our Global Standard for Suppliers elaborates on the topics and provides a strict guidance for all our suppliers. These documents set out the standards that govern the way we conduct business, deal with each other and our stakeholders,

and what we expect from our partners. That also includes specific guidance on regulatory compliance. The CSR Policy applies to every employee, officer, director, and contractor. Accepting the Global Standard for Suppliers is a pre-condition in our supplier selection process.

PACCOR Packaging GmbH steers the Group as a management holding company and central legal function supporting compliance with all local regulations. All questions, complaints, and concerns regarding regulatory compliance and business integrity shall be directed to local HR departments and the Group Legal Affairs department, where they are registered, handled, and when necessary investigated and concluded.

OUR METICULOUS APPROACH SHOWED GREAT RESULTS IN 2020:

- 1 Zero confirmed incidents of corruption.
- 2 Zero legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which PACCOR was considered a participant.
- 3 PACCOR has not identified nor was charged with any incidents of non-compliance with environmental laws and regulations, or law and regulations in the socio-economic area.
- 4 We did not receive any substantiated complaints concerning breaches of customer privacy. Although in internal procedures we identified one case posing risk for data leak, it did not come to our attention that the risk was realized before the corrective actions were implemented.
- 5 We did not identify any incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products and services or concerning information and labeling of our products.

We do not have control over the product and labeling information of the products filling our packaging solutions; however we do continuously work together with our customers in improving the print quality of such information. We take any customers feedback regarding the printing seriously and, when necessary, handle it as complaints without any legal consequences.

We adhere to maintaining an ethical and collaborative work environment – one that is safe, professional, and supportive. We all benefit from such an environment. More about ethics in the workplace and in our partnerships can be found in the 'Alliances' and 'Employees' chapters of this report.

THE PACCOR CREDO



OUR MOTIVATION

We are not defined by material nor technology, we serve a purpose.



WE PROTECT

We protect selected consumer goods which require sustainable packaging solutions.



MATERIALS

We acknowledge that multiple materials have different advantages.



PURPOSE

Our purpose is to protect valuable products.



LOWEST ECOLOGICAL IMPACT

We are committed to protect our planet. We insist on the lowest possible ecological impact. As such, recycling of packaging materials is our highest priority.



LIFE CYCLE

We evaluate our packaging solutions by a holistic life cycle analysis.



HEALTH

We protect food, and by that we protect health.



CIRCULAR ECONOMY

We are leading the transition towards a circular economy in our industry.



INDIVIDUAL DESIGN

We are determined to partner with our customers in tailor-made packaging solutions.



QUALITY

We will never compromise in the quality of our solutions which always secure highest hygienic standards of our customers' products.

THE PACCOR CARE STRATEGY

Sustainability is one of our core values and is integrated in everything we do. To achieve sustainable growth, we are committed to the personal growth of our employees and empower them to protect people and the planet through our sustainability strategy, CARE, in alignment with the UN Sustainable Development Goals³.

PACCOR

³ <https://sdgs.un.org/goals>

AT PACCOR WE CARE

The CARE strategy supports our societal commitments and represents our core values which embody our determination to take the lead in the sustainable and circular packaging industry. The CARE strategy revolves around four key topics integral to our business approach: Circularity, Alliances, Resources, and Employees. They influence our business model, our relationships with our partners, our resource management and resource

innovation and state how we strive to create a working environment where everyone has the opportunity to excel. On a more holistic level, our strategy is aligned with the United Nations Sustainable Development Goals (SDGs)⁴ to reflect our commitments and actions towards a sustainable future, while still hosted under the umbrella of our CARE strategy.



CIRCULARITY



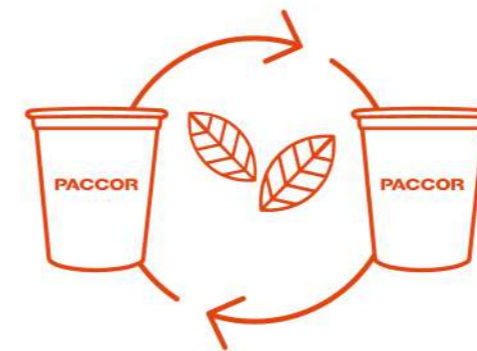
ALLIANCES



RESOURCES



EMPLOYEES



CIRCULARITY

CARE is about recognizing societal concerns, like the expansion of consumption, and the limitations in traditional linear economic models, including packaging systems, and to respond to them. It is about addressing these challenges with urgency through product innovations and ground-breaking offerings for our customers, thus supporting swift business adaptation and first mover business opportunities.



ALLIANCES

CARE is about partnering along the value chain and with organizations, such as the Ellen MacArthur Foundation, the Business for Nature Organization, the ÇEVKO Foundation, and the University of Ghent to create sustainable value for all our stakeholders and deliver the necessary change, at scale.



RESOURCES

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.



EMPLOYEES

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

⁴ <https://sdgs.un.org/goals>

THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS – OUR GUIDING PRINCIPLES

SUSTAINABLE DEVELOPMENT GOALS



We fully support the SDGs as they provide a clear compass for sustainable business growth and development and are in line with our agenda of creating shared value for all our stakeholders.

We have a clear and vested interest in working to develop and scale up sustainable business solutions, using the SDGs as a lens to address challenges, build a strong growth strategy and access new markets along the way. We base our marketing and innovation decisions on our understanding of the development needs of the markets where we operate – using local insights, as from the

SDGs, to tailor the solutions we offer. For example, the SDGs help guide the innovation roadmaps we develop.

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 the SDGs impact at scale. More information on how we specifically contribute to each material UN SDG can be found on our UN SDGs [Position Statement](#).



Our CARE strategy provides value-creation solutions to all the material topics for our industry. Our employees are at the core of our CARE strategy and they are the driving force in realizing our ambitions. They enable us to have a diverse and talented workforce, they motivate us to create positive impacts on people and communities and remember us that a safe and healthy work environment is the foundation on which we work together.

We constantly innovate and redefine our supply chains to keep materials in circularity, both by increasing the recycled content and by improving the recyclability of all our solutions, increasing value while limiting negative impacts. We take pride in being the first plastic converter being able to implement the Digimarc technology on packaging at a commercial scale. Due to our efforts we contribute to overcoming the end-of-life limitation of current plastic packaging management and create recyclates of high quality and high economic value.

Our efforts are always guided by scientific methodologies and data that measure the impacts of plastic products from a life cycle perspective. We measure and report our performance with integrity and transparency.

We are taking the lead in demonstrating the value that our technologies can bring to society. Where traditionally the impact of plastic packaging was solely measured in terms of the profit generated for the stakeholders involved in its supply chain, today, stakeholders are increasingly demanding more insight into and transparency on the contribution that each system provides in a broader societal sense. In 2020, we assessed the value that the Digimarc technology when implemented on PACCOR thermoformed products was bringing to society, measuring its environmental, social and financial impact in monetary terms. More about how we create value to society can be found in the 'Alliances' chapter of this report and its Digimarc partnership case study.

This year, our efforts within the CARE strategy enabled us to minimize our environmental footprint while growing our business and showed how we can overcome the omnipresent challenges in the plastic supply chain. We significantly reduced our carbon emissions in GHG scope 1, 2, and 3, increased the share of production waste into valuable resources, while focusing on waste elimination during manufacturing, and are determined to 100% closed water loops.

Dr. Caterina Camerani, VP Group Sustainability

MANAGING SUSTAINABILITY



Through dialogues with our stakeholders, we learnt how different groups regard our sustainability agenda of today and what they expect from 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, that range beyond laws, regulations and standards, we are capable to capitalize key opportunities, to implement the right mitigation plans to address key risks, while being in line with the UN Sustainable Development Goals. That is the foundation of our sustainability strategy CARE.

CARE is about creating shared value for all our stakeholders through unlocking and accelerating circular economy opportunities. Our efforts are built on the Precautionary Principle and the life cycle perspective, involving a systematic application of risk assessment and management. With a strong focus on continuous improvements and elimination of problematic materials throughout our entire supply chain, we undertake initiatives for optimizing our resource efficiency and keep all the materials in a closed loop. We are committed to compliance of legal and other applicable requirements and are devoted to challenging self-appointed environmental targets. We are committed to transparent reporting with the aim of providing our stakeholders with regular and relevant information about our efforts.

We are committed to delivering innovative packaging solutions that bear in mind both, our own environmental responsibilities and commitments and those of our customers. Through proactive collaboration with all our stakeholders – customers, industry partners, and suppliers – we continually strive to enhance our sustainability performance by:

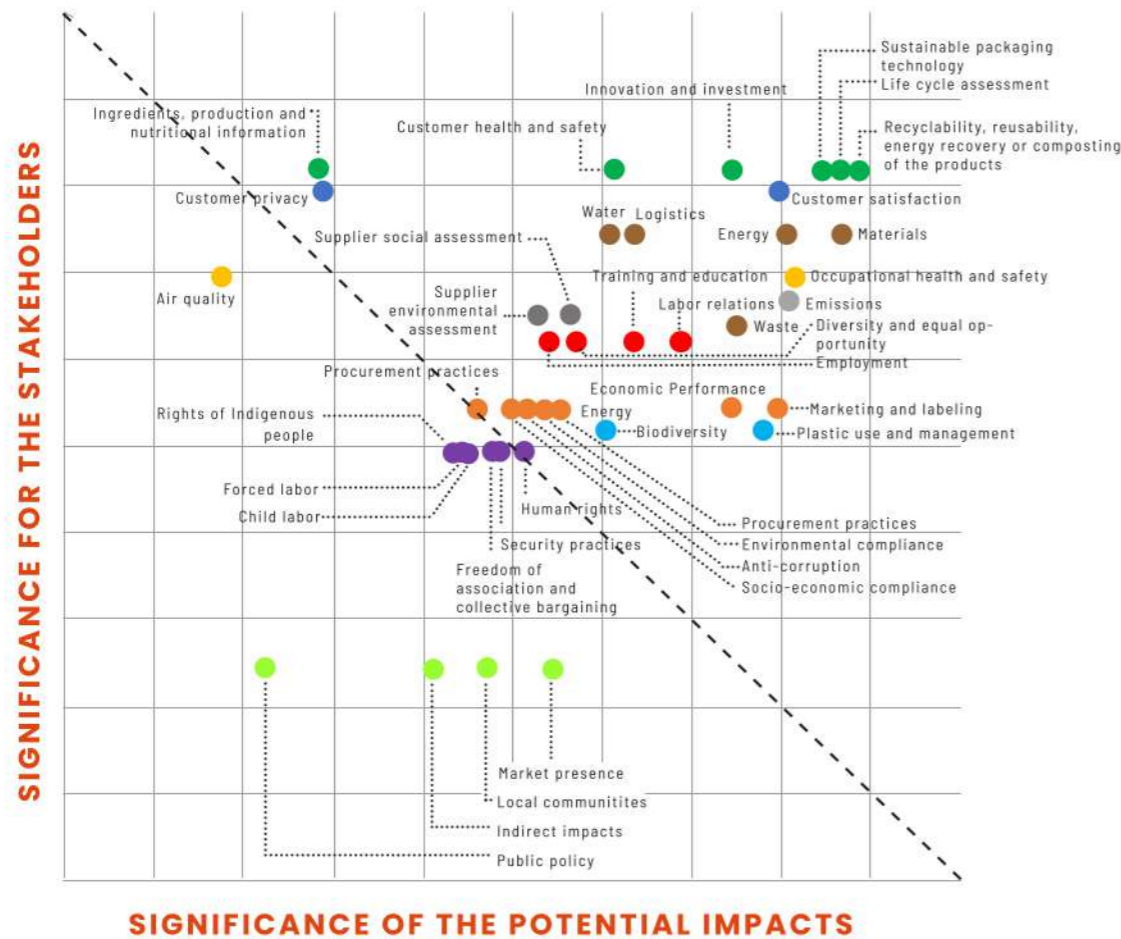
- Minimizing the environmental impact of our manufacturing processes;
- Identifying opportunities to more efficiently use of raw materials including replacement of virgin materials by recycled materials in the solutions we offer;
- Providing our customers with innovative solutions that meet their performance requirements and help them to meet or exceed their sustainability goals;
- Introducing new processes to eliminate waste from our manufacturing process, our customers' applications and ultimately the consumers' use;
- Innovating for improved end-of-life recycling for all our solutions;
- Supporting local initiatives across our production facilities;
- Providing training opportunities for all our employees to enhance our sustainability efforts; and
- Regularly monitoring our performance to identify opportunities to reduce our overall environmental footprint.

We make sustainability integral to our business. The Management Board has the responsibility for incorporating the sustainability agenda in the company strategy and monitoring the performance of each business and function through the normal processes of operational control. The Management Board also reviews and approves PACCOR's sustainability report and ensures that all material topics are covered. The Management Team, chaired by the CEO of PACCOR, meets once a month and advises on new developments, performance and the integration of sustainability into management processes. Sustainability topics and their impacts, risks, and opportunities are also reviewed by the PACCOR Extended Management Team on a quarterly basis, as well as upon receiving critical concerns. Sustainability aspects of PACCOR business and operational activities are managed on a day-to-day

basis within the Innovation, Sales, Communications and Marketing, Operational Excellence, and QHSE teams, supported by the VP Group Sustainability, who reports directly to the CEO. We use key indicators to track our progress in delivering on increased circularity in our material flow and drive continuous improvement processes in every function, supported by external benchmarks. We included sustainability in the personal objectives and incentives of PACCOR Management from 2021 onwards, where applicable linked to the area of relevance within our sustainability strategy CARE. We listen attentively to our internal and external stakeholders. Any concerns about our sustainability strategy, policy, or actions can be addressed to our VP Sustainability.

KEY FOCUS

PACCOR is a global player in the packaging industry, and as such we recognize our impacts and opportunities in multiple aspects of sustainability. In our approach we focus on the 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 integrity, safety, sustainability and including respect for human rights.



- Innovation and circular solutions
- Integrity
- Community involvement
- Customer satisfaction
- Stakeholder engagement
- Resource efficiency
- People safety and occupational health
- Product safety and marine littering
- Climate strategy
- Employee value
- Human rights

In 2019, we launched a taskforce to define the topics that are material to our internal and external stakeholders and defined their priorities. Our functional and business leaders, selected customers, retailers, suppliers, national sector organizations, and students representing broader society were interviewed. As a result, we identified 11 material topics that were evaluated for their significance.

In 2020, we enriched the materiality assessment with the evaluation of the significance of our potential economic, environmental, and social impacts, while considering the topics in higher granularity. For the evaluation we looked into the standard GRI elements and further expanded the list with the topics shown to be significant for the

industry. We asked a group of external experts to provide their evaluation of the potential impacts' significance, reviewed the industry trends and change, and internally performed an evaluation based on the company specific knowledge. These three angles were the base of the resulting evaluated significance of the potential impacts.

Assigning each of the high granularity topics to one of the 11 topics identified in the stakeholder dialogues, the stakeholders' priorities and the significance of the potential impacts were further brought together. We mapped the topics onto the materiality matrix and draw a cut offline to define the higher scoring granular topics to focus on in our current reporting.





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.



CIRCULARITY

WE INNOVATE TO PROVIDE LEADING CIRCULAR PORTFOLIO OFFERS

PACCOR's solutions are found in many sectors of the economy and help address modern challenges including access to food, safety, and nutritional benefits, their safe distribution, and healthcare needs. We believe plastic packaging provides innovative solutions that improve quality of life and can contribute to a more sustainable world.

However, all forms of packaging present some environmental challenges. Whether it is made of glass, paper or plastic, packaging uses valuable resources and generates waste when not recycled. As a major producer of plastic packaging, we want to be a part of the solution and eliminate the negative impact of plastic waste on the environment and marine life. We recognize that plastic waste is a significant global challenge, and it is unacceptable for plastic waste to enter or end up in our rivers and oceans.

Designing plastic packaging and the supply chain in such a manner that it is part of a circular economy is

the way forward for PACCOR and the packaging industry as a whole. Moving away from a linear economy 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. Therefore, the integration of the value chain and strategic partners constitutes a cornerstone of our strategy.

Our vision is to become the industry leader in the circular economy by improving the circularity of plastic packaging applications and the use of resources.



OUR CIRCULARITY TARGETS



Eliminating redundant materials in packaging.



Providing 100% recyclable solutions by 2023.



Increasing recycled content using the best quality materials available.

KEY SUSTAINABLE DEVELOPMENT GOALS



For PACCOR, sustainability means creating shared value for all our stakeholders by unlocking and accelerating circular economy's opportunities. It is our driver for growth, innovation and productivity and an essential part of our employees' value proposition.

Prohibiting or eliminating plastic packaging is not the right step for both environmental protection and the economy. Plastic packaging allows for better protection of food, other resources and human health. At the same time, the consequences of bad plastic management should no longer be ignored.

Therefore, at PACCOR we address these challenges with urgency through business innovation and groundbreaking circular offerings for our customers. 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 advise our customers holistically from idea to finished product, with science based, actionable and value creating propositions. It is very important to us that an open and honest dialogue is established in the process and that this forms the basis for trusting partnerships with our customers.

Nicolas Lorenz, CCO of PACCOR

ELIMINATING REDUNDANT MATERIALS IN PACKAGING

The transition to a circular economy starts with us and the way we design our packaging solutions. We apply eco-design principles to ensure that we do not use more packaging material than we need. We address items which are problematic or unnecessary in that they are impossible or unlikely to be recycled and do not bring additional value to the product or its preservation.

The first contribution to our circular ambitions is the reduction of material use in our products through, for example, the use of foaming technology, developed at PACCOR's production site in Szombathely, Hungary, with a significant investment on an existing extrusion line. This technology allows for material and energy use reduction, while never compromising the functionality of our packaging. We continue the innovation processes within our DuoSmart® product family that focuses on improving packaging circularity through an easy to separate and recycle combined plastic-cardboard solution. In the frames of the solution itself we achieve

significant reductions in material use for the plastic part. Moreover, thanks to our expertise in ecodesign, we have developed a stealth closure which is 13% lighter than its previous design iteration, resulting in a HDPE use reduction of approximately 500 tonnes per year, without compromising product performance. Since 2003 this closure's weight has now been reduced by 41% from its original version. The same design principles are now applied to injection moulded cream pot. Furthermore, we are unceasingly investigating alternative materials for specific customers applications.



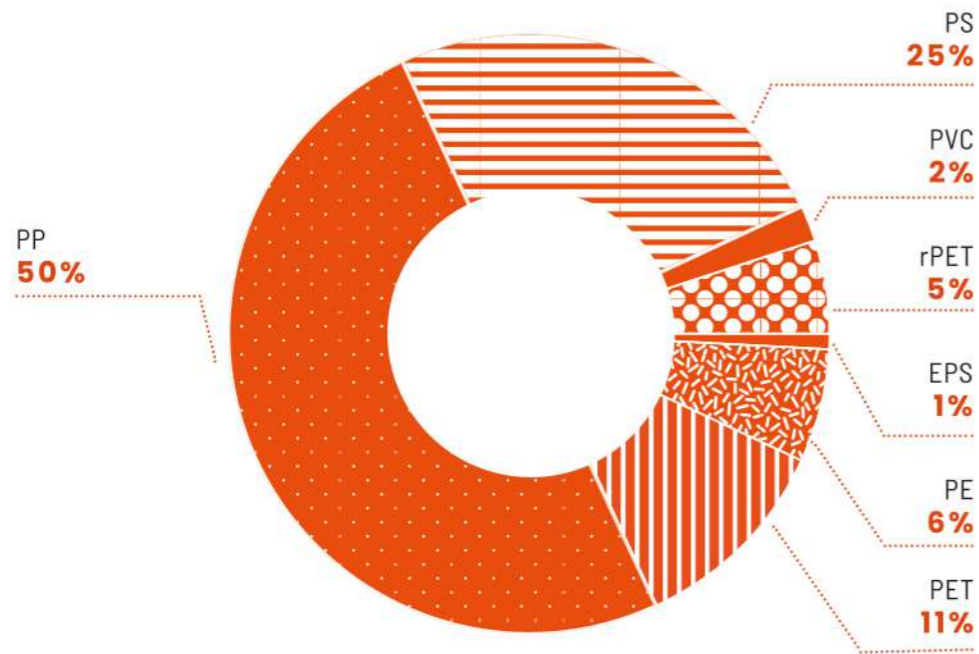
The PP foaming technology allows a 10 to 15% weight reduction of all our PP products to the dairy market with full skeleton reincorporation and increased thermoforming cycle time.



PROVIDING 100% RECYCLABLE SOLUTIONS BY 2023

We offer PP, PET, HDPE, LDPE mono-material solutions which are easily collected, sorted and recycled in practice and at scale in many European countries. We use barrier materials which are compatible with base material and additives and fillers which do not increase the density by more than 4%.

POLYMER PROCUREMENT 2020



Our polymers procurement in 2020 was driven by polypropylene (PP) and polystyrene (PS). To ensure that we use the materials efficiently and to deal with any process deviation through the manufacturing process, we carefully measure the true loss of the polymers in production and work on the reduction of these losses. The possibilities vary depending on technology and the material in work. The rejected plastic waste, that is not valuable in the closed loop, is further collected and sent to our partners for other recycling. As of 2020, all our packaging solutions are technically recyclable. With paper and cardboard parts of our products constituting 3% of the produced mass, the rest of our packaging is made of plastics that can be fully mechanically or chemically recycled. However, even though there is a technical possibility to mechanically or

chemically recycle plastics, these opportunities are often hindered in reality by socio-economic factors consumer behavior towards packaging waste or due to a lack of infrastructure for collection, sorting, or cost-effective technology processing. In particular, we acknowledge that some of the products that use our packaging solutions are foods consumed 'on the go' and thus more susceptible to leaking into the environment. Moreover, waste separation effectiveness might be undermined by for example lower efficiency sensor technologies, difficulties in material recognition, or simply by habits. Based on our portfolio by material, the recycling development in the region of our products sale, and our collaborations with the recyclers in the regions, the mechanical recyclability in practice of our products at the day is estimated to be 65%⁵.

⁵In our estimations we take into account mechanical recycling only, considering it to be achievable if there is an established system for collection, sorting and respective processing of post-consumer waste in the region that covers a significant populated territory and processes at least 30% of the respective generated waste (by polymer) on the territory covered. A region is considered as Europe and the USA in total, irrespective to the country or state separation. The rates are based on the default recyclability assessments of Ellen McArthur Foundation, with adjustments based on our continuous dialogue with and audits of local waste receivers in the regards to our portfolio, accounting for mono-material solutions, solutions with reduced pigment content, and when applicable, downcycling of the material from food-contact to other applications.

Our present and future efforts to achieve 100% recyclable solutions by 2023 are based on a twofold approach:

- Innovation and product design to increase the share of achievable recyclable and practically recycled products in our portfolio;
- Increase alliances and social engagement to contribute to the development of waste handling and recycling in the regions of our sales and raise awareness on responsible use and disposal of plastics.

In 2020, we implemented several material replacement projects, that starting from 2021, will allow for the introduction of more commonly recycled polymers such as PET in our packaging solutions, and introduce mono-material solutions as opposite to difficult-to-recycle multilayer products or components. For example, the CPET light project with our mold technology partner in 2020 was devoted to the development of an improved temperature resistant PET, by modifying its crystallinity. This material can replace less recyclable polystyrene dairy packaging by a peroxide sterilisation process, improving recyclability and even incorporation of up to 100% recycled material.

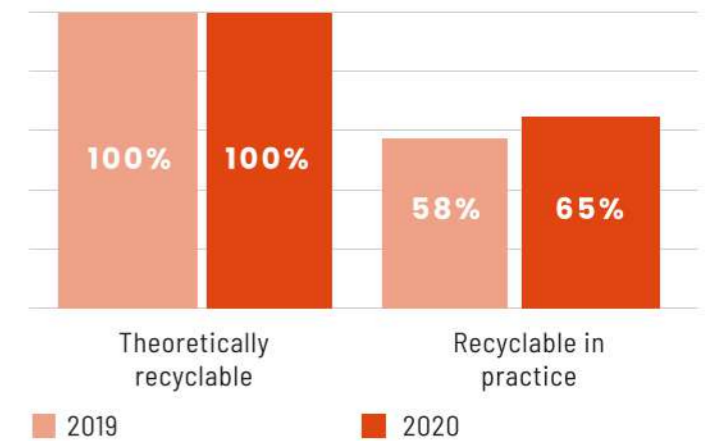
Another example of our efforts in 2020 is the development of a snappable polypropylene solution for the application in form fill seal that improve recyclability of the packaging upon its disposal.

During 2021, we will continue to utilize our innovation capabilities to implement the PACCOR recyclability

roadmap with short-, medium- and long-term actions for increasing the recyclability of the remaining solutions and offer a fully recyclable product portfolio by 2023, ahead of the EU target.

We will continue to partner along the value chain with suppliers, recyclers, and public authorities on the use of circular materials (both mechanically and chemically recycled) and the development of enablers for increasing packaging recyclability, such as the Digimarc technology. We substantiate our research and efforts into alternative feedstocks and circularity of our products' by continuously update our product Life Cycle Analyses and Environmental Product Declarations.

RECYCLABILITY OF THE PACCOR PRODUCTS



PP CUPS WITH ORIENTED POLYPROPYLENE (OPP) SLEEVES – A TRUE PIONEER PERFORMANCE



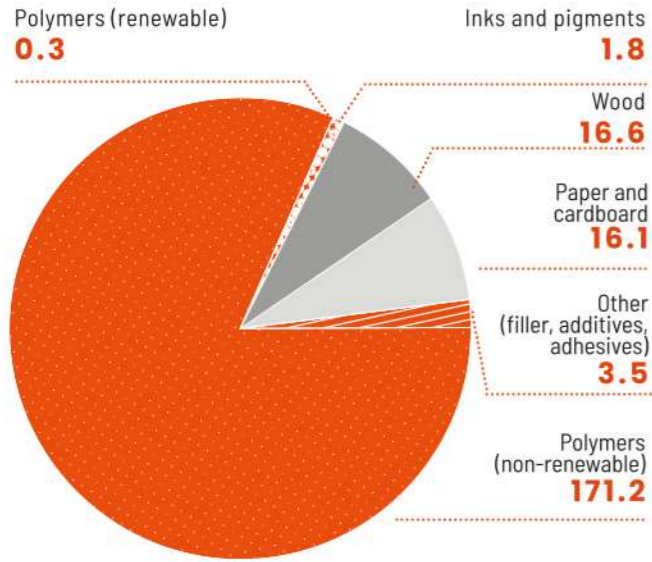
We are very proud to be the first packaging manufacturer to offer OPP sleeves on PP cups which are detected as mono-material PP in recycling facilities.

The sleeves can be fully recycled and sorted together with the PP cup while opening for unlimited decorating possibilities on conical or curved cup shapes.

Groundbreaking innovation transforming our industry towards closed loop circular plastic systems and increasing the current and future competitiveness of our customers.

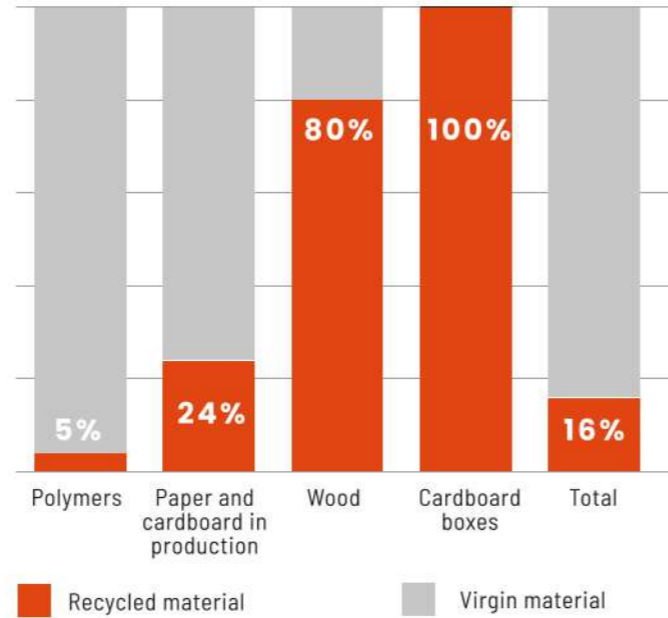
INCREASING RECYCLED CONTENT

MATERIAL CONSUMPTION IN 2020, kt



16% of the raw materials we procure come from renewable sources. We consider renewable feedstocks where proven to be environmentally beneficial and to come from responsibly managed sources (for example, FSC or ISCC+ certified), to contribute to a circular material flow. We do not set a specific goal on biobased plastic materials, as they equally contribute to our recyclability goals in the same way as conventional materials. We further contribute to closing the loop towards a fully circular economy by continuously increasing the amount of post-consumer recycled materials that we use in our packaging, using the best quality available. 16% of the procured materials are post-consumer recycled materials as of 2020. We are working to increase this rate, specifically for the main category of our raw materials – polymers. Together with our partners in the value chain, we have already succeeded in growing business significantly in volume and value terms whilst

RECYCLED MATERIALS IN PROCUREMENT



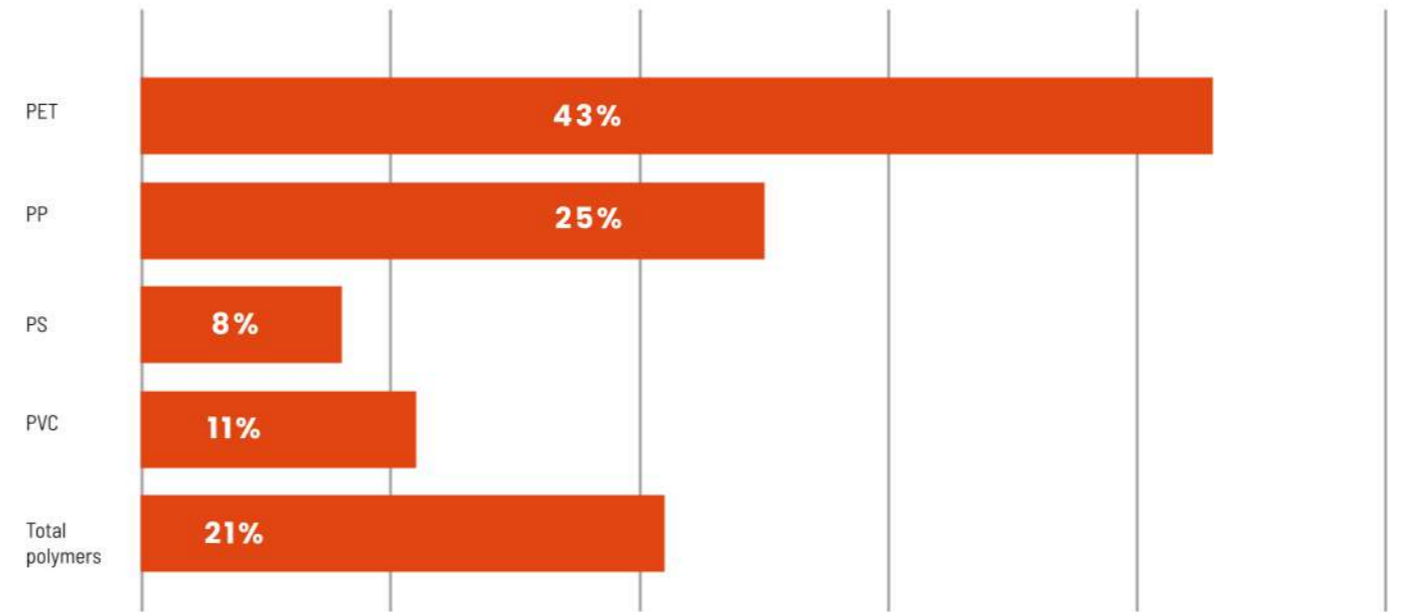
increasing the use of post-consumer recycled materials. By 2025, we expect to significantly increase the share of recycled purchases, both in food and non-food applications. For example, to increase the amount of recycled PET (rPET) in our products, we are preparing a dedicated rPET roadmap with a time horizon of 2023 and establishing new partnerships to achieve this.

At the same time, we are working to expand the recycled materials streams to polymers other than PET, e.g. recycled PP for non-food as well as for food contact as soon as it becomes commercially available. In 2020, together with our recycling partners, we worked on the process allowing for integration of up to 37% recycled PP grade into our non-food packaging. As a result, 100% of our non-food packaging solutions can already integrate this technology.

Along with increasing the recycled content rates in the procured materials, we strive to close the loops in our own processes and expand internal recycling of the plastics waste generated in our own operations. Ensuring resources will never become a waste, our priority has always been to improve quality and better conversion of raw materials into final products, avoiding

the waste to be formed in the first place, according to the waste management hierarchy. The opportunities differ depending on the production technology, reaching on average 21% recovery of the plastic waste generated and feeding it back into the process. We are working on technology innovations that will allow for higher rates of recovery.

INTERNALLY RECYCLED POLYMERS IN 2020, AS A SHARE OF PROCURED VOLUMES



In 2020, we also have made significant improvements in the separation of thermoforming waste from different polymers, and so reusing the majority of our post-industrial waste either as raw materials in our own

production, or converting it into valuable by-products for external use, in line with the concept of the circular economy.



'Giving up on plastics would be no option because plastics are an essential part of the solution to the challenges of sustainable economic development. As a society we cannot go back to a pre-industrial age denying the valuable innovations that help us going forward. But we do need workable solutions to the waste and resource depletion inherent in the current systems.'

Dr. Helmut Ruland, COO of PACCOR

POST-CONSUMERS RECYCLED (PCR) PP FOR NON-FOOD APPLICATIONS



In 2020, we were able to offer polypropylene (PP) containers which include recycled material of which 37% is from households' waste with mechanical and appearance properties equivalent to those of containers made of virgin resin for non-food applications. This big step towards a natural resource preservation has been the result of a very fruitful collaboration with one of our PP suppliers, a major French energy player. We are now exploring ways to further increase PCR content and we are confident in our ability to offer PP packaging with 70% of PCR in the near future.

THE NEXT DUOSMART® GENERATION

The new DuoSmart® generation was born from listening to the needs and future ambitions of our customers and consumers. On top of that we implemented all our three Circularity targets and, as a result, launched RecycleDuo which stands for our DuoSmart® (DS) products without glue and new DuoSmart® solutions with rPET (recycled Polyethylene terephthalate) or foamed PP (Polypropylene) inlets. These products play an important role in the company's CARE strategy and help achieve PACCOR's goal of recyclability in practice and at scale for all products by 2023, ahead of the EU timescale.



DuoSmart® with rPET inlet responds to the market request of recycled content increase which today is mainly possible with rPET reincorporation up to 100%.

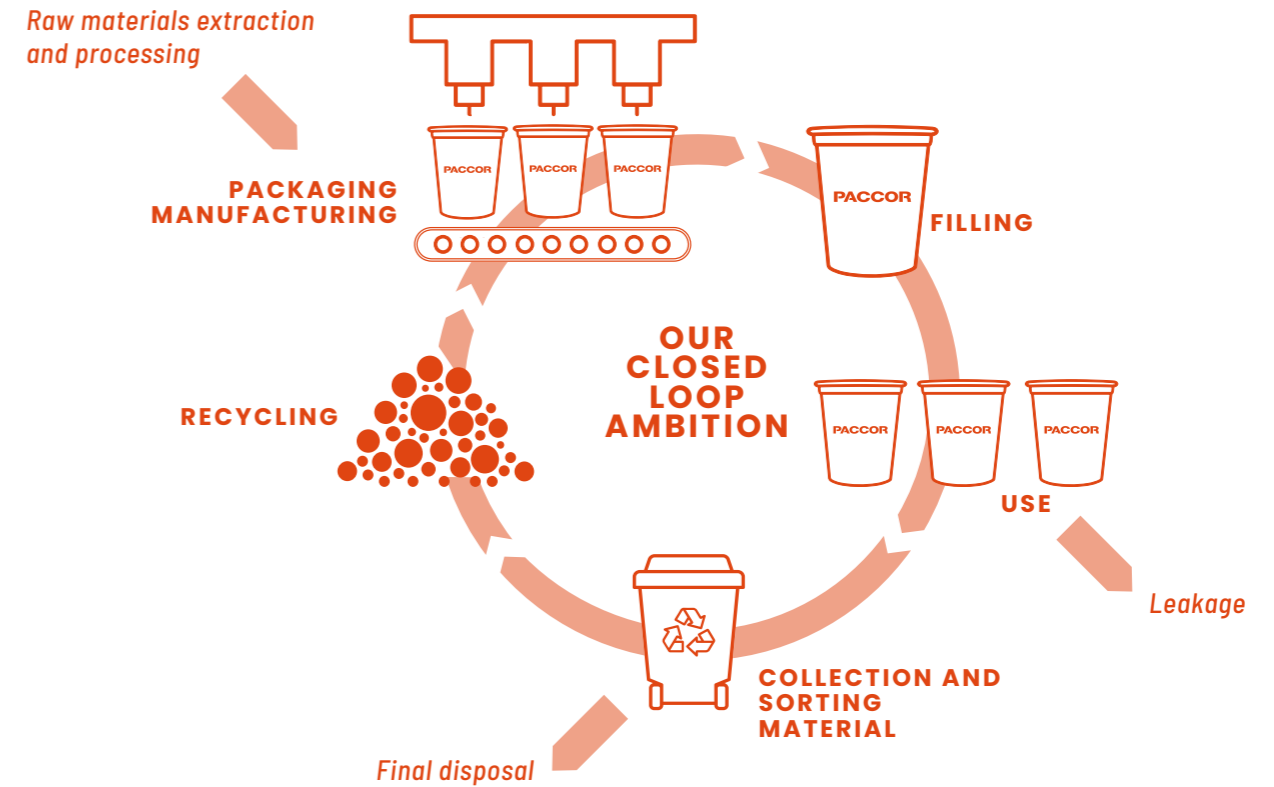
By not using glue and therefore allowing consumers to separate the plastic inlet and the cardboard segment more easily without any paper remaining on the plastic cup, RecycleDuo is one of our solutions to address the current plastic packaging system's limitations and consumers' concerns, and to facilitate recyclability.

DuoSmart® with foamed PP inlet reduces the amount of plastic used by 15% compared to the production of traditional DuoSmart® cups and so contributes to less CO₂ emissions and optimized material and energy efficiency.

The new generation of DuoSmart® solutions allows having the Digimarc digital watermarking printed on the paper outer layer and engraved on the plastic cup. It can be scanned with any smartphone camera and will provide the consumers as well as the waste treatment companies with information about the respective packaging. Therefore, the combination of DuoSmart® and the Digimarc technology will provide everyone with relevant packaging information anywhere and anytime.



LIFE CYCLE THINKING



Closing the material and energy loops is at the heart of the circular economy. Developing circular solutions, however, needs a consideration of the impacts to validate their potential benefits and receive feedback for improvements. Moreover, on the journey towards a circular economy, significant parts of materials and energy still lie in the linear perspective and we do need to track them to keep the finger on the pulse. That is why we at PACCOR we adhere to life cycle thinking as an important basis of our sustainability work. It encourages the development of more innovative, sustainable products as we continuously aim to reduce the overall environmental footprint of our product value chains.

Our assessment work, carried out both internally and by external specialists, is based on a company own Life Cycle Assessment (LCA) database which we continuously update, and on commercially available life cycle inventory databases.

Our standard assessment method is based on ISO standards 14040/44, the internationally established and recognized frameworks that specify requirements and provide guidelines for Life Cycle Assessment. In the calculations we follow the Product Environmental Footprint (PEF) methodology. PEF is the harmonized multicriteria methodology for the calculation of the overall environmental footprint (including carbon) of

products throughout their life cycle, developed and recommended by the European Commission's Joint Research Center and other European Commission services. It takes into consideration existing approaches and international standards, such as, but not limited to, ISO 14040/44, ISO 14067, the the Greenhouse Gas (GHG) Protocol, the International Reference Life Cycle Data System Handbook, and the Ecological Footprint Standards, in order to make the LCA studies more reproducible, comparable, and verifiable.

In 2020, full Life cycle Assessments were performed, among others, for all our drinking cups, and all DuoSmart® solutions, covering 40% of the product portfolio in terms of net sales. An Environmental Product Declaration (EPD) for DuoSmart® 926 dairy cup was published in January 2021 on the Environdec International EPD Portal⁶. LCA screenings were performed in 2020 for meat trays, food bowls, sushi trays, and hygiene application packaging in our current portfolio in order to identify further our opportunities for improved footprint. In addition, we perform LCA screenings on all our new products as a directional tool for design in our innovation process as well as on our major investment processes. More information on our life cycle assessment approach can be found on our [Position Statements](#) web page.

⁶ <https://www.environdec.com/library/epd2535>

PLASTIC POLLUTION AND MARINE LITTERING

In the life cycle of our products, the end-of-life stage drives a lot of our attention. Plastic recycling rates are growing across the EU, however incineration and landfilling are still quite common in the existing waste management systems. Moreover, plastic packaging causes negative effects on the ecosystem and biodiversity if disposed of improperly. Plastic pollution is considered one of the greatest environmental challenges facing society today. Due to its abundance, durability, and persistence in the environment, it is a cause of special concern. Multiple species are affected by it resulting in a wide range of consequences. And while there are some isolated end of pipe solutions, the impacts often are irreversible.

While PACCOR has no direct influence on the disposal practices of end users and the waste management industry, as a packaging company, we are aware and act on our responsibility toward nature and society in this aspect. Our production is located mainly in Europe, and based on our direct customers locations, we evaluate that the majority of the leakage could be happening in this region. However, the final users of the packaging are present globally, and definite estimation of the leakage is very challenging. As a result, our efforts are focused on our product innovation for increased recyclability, increased recycling visibility, and activities aimed at preventing littering, including educational projects for local communities in the countries in which we operate.

For example, in 2020, we implemented a solution which allows to avoid glue for adhesion of the plastic inlet and the paper segment in our DuoSmart® product range. This solution enables an increased packaging recyclability with its clear indication of the zipline to separate the two parts.

We are continuously evaluating possibilities that developments in biodegradable materials can bring into mitigating the consequences of plastic littering. However, we recognize the limited scope for recycling of such materials due to their reduced durability, and their potential higher climate change impacts when disposed incorrectly due to methane formation during degradation. Generally, introduction of compostable and biodegradable materials in circular systems is complicated by the lack of collection systems and

facilities that would be able to process them as a separate flow. While most certified compostable plastics are suitable only for industrial composts requiring high temperature, they are often misleading for the consumer, disposed incorrectly and contaminating the bio-waste streams.

At the same time, 'home compostable' materials are assessed under laboratory conditions, which aren't easily achieved in the backyard. Moreover, the compostable materials often cannot be returned back to the system reducing their overall value, and cohesive procurement of biodegradable material is impeded by the lack of rigid standard on how the terms 'biodegradable' and 'compostable' shall be used. All these challenges complicate the use of the materials in an effective way fitting our circular economy vision. However, we carefully monitor innovations in biodegradable materials and implement them for targeted and appropriate applications.

For example, in 2020, in partnership with our raw material suppliers, we developed a material recipe to make coffee capsules home compostable. This is a continuation of our innovation project in Spain, where a separated collecting stream exists, ensuring full recyclability of our products.

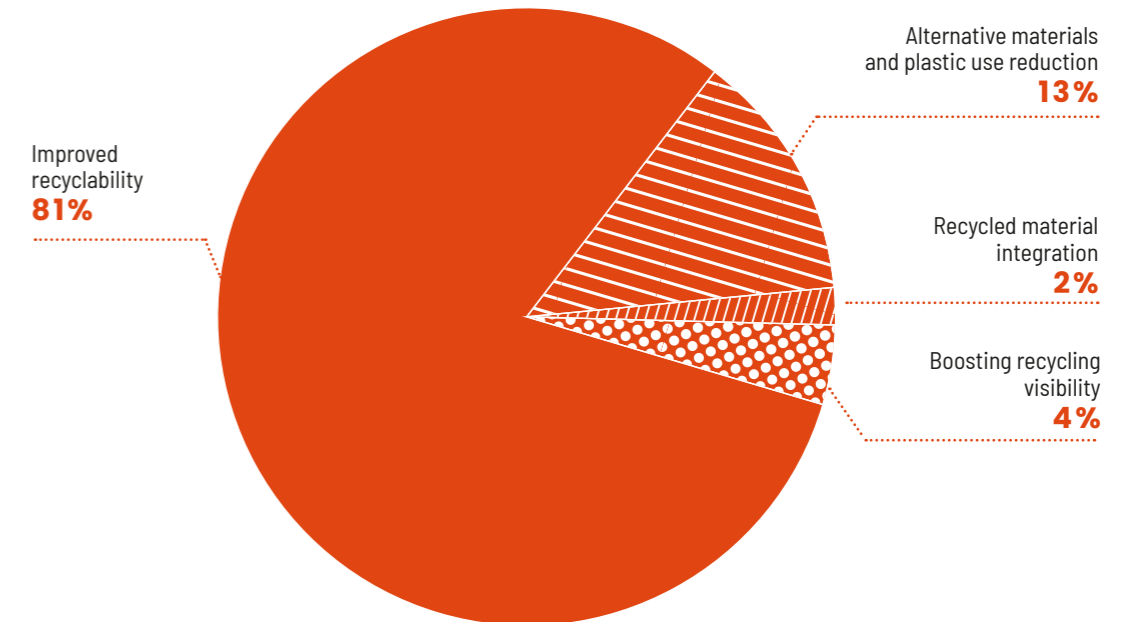
These efforts are complemented by additional actions to enhance the resource efficiency of plastics materials used in our production and prevent pellet losses into the environment, such as our participation with the Operation Clean Sweep® initiative.

Since its start in 2018, we are also one of the more than 500 signatories of the Ellen MacArthur New Plastics Economy Global Commitment providing a common vision and targets for a circular economy for plastics, in which plastics never become waste. Our performance is transparently reported each year through the Global Commitment Annual Progress Report. As of 2020, we are also one of the Call to Action signatories of the Business for Nature Coalition to reverse nature loss in this decade.

More information on our approach on marine littering prevention can be found on our [Position Statements](#) web page.

INNOVATIONS AND INVESTMENTS

INVESTMENTS INTO SUSTAINABLE PACKAGING SOLUTIONS



We continuously develop new, specific solutions and offerings for our customers in close collaboration with them. We work with our customers from the design stage and throughout the supply chain to deliver innovative, differentiated and environmentally sustainable solutions.

Our design and engineering centers in Germany, the UK, and Spain are key to create packaging solutions that are fit for a circular future. This cross-functional approach means we successfully steward and accelerate circular ideas from conception to marketplace.

2020 was a productive year for our research and development. Following our vision of becoming the sector's circular economy leader, we focused our efforts on product and technology development to be brought to the market in our operational processes in full in 2021.

Our biggest projects concerned improved recyclability of our products, development of the processes to increase recycled material input, reduction of plastic material in the packaging without compromising the performance and boosting visibility of the recyclability of our products.

In 2020, our total investments into sustainable packaging and technology innovation amounted to over 5 M€. These investments were put into developments, trials, and equipment allowing us to move towards our circular vision.

More information about our Center for Development and Innovation (CDI) can be found on our ['Service and Consulting'](#) web page.



'Innovation, including digital innovation, is fundamental to our success. By continuing investing in innovative, sustainable solutions, we intend to create long-term value for all our stakeholders and become the reference in the packaging industry. I'm particularly energized by the revolutionary, forward-thinking approach to product development which is also at the heart of our CARE strategy.'

Yves Caunegre, Group Director Innovation

ALLIANCES

TURNING BUSINESS PARTNERS INTO ALLIES

Within our CARE strategy, we are building successful partnerships for transformational change in the packaging sector.



ALLIANCES

BUILDING ALLIANCES TO CREATE SHARED VALUE FOR ALL OUR STAKEHOLDERS

Our CARE strategy aims to create short- and long-term value for all our stakeholders because we know that, in the modern economy, sustainable development revolves around collaborating with partners.

By developing partnerships, we can work daily to deliver protection to essential products while minimizing the costs of managing excess or spoiling resources. We do this by adding value for every stakeholder: preserving resources, protecting nature, improving quality of life of communities, protecting food and goods for a wider population, getting our employees engaged and delivering returns that encourage investors to back our plans for the future.

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



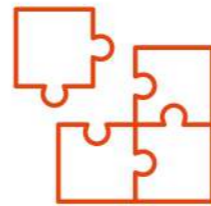
OUR APPROACH



COOPERATING WITH FORWARD-THINKING PARTNERS



TAKING OUR INNOVATIONS TO THE NEXT LEVEL



CONSIDERING NEW BUSINESS MODELS IN ALL SECTORS

KEY SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 	14 LIFE BELOW WATER
15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 				

If you want to reach goals, you have to reach people. Thus, at PACCOR, we value all our business partners and the people that we work with. Doing business in the 21st century means a turn to less and to focus on what matters the most: a sustainable business development.

To deliver results, we build networks and drive cooperation's with our strategic partners such as suppliers, customers, consumers, universities, NGOs, and other stakeholders. Since the acquisition of our business by Lindsay Goldberg and in the following the establishment of a new Management Team, we intensified our efforts to create meaningful and sustainable value.

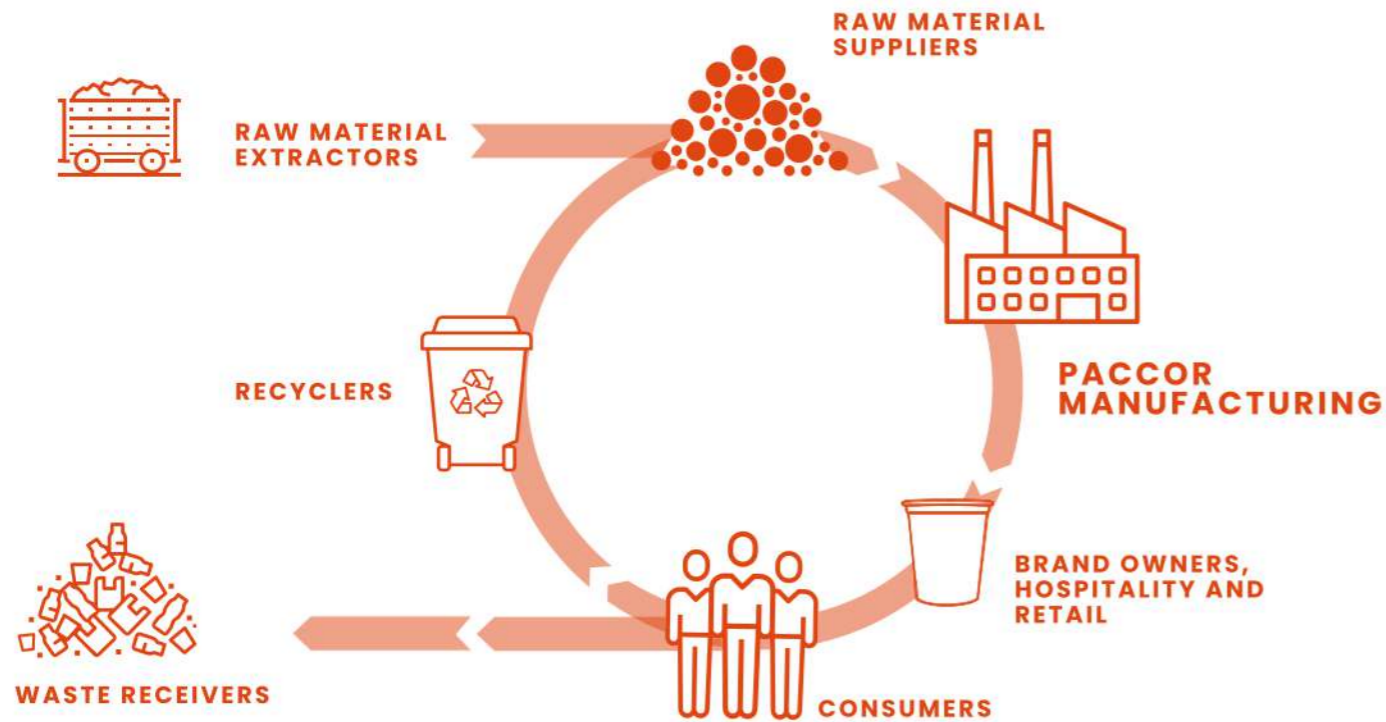
Environmental, social and governance considerations are essential in our decision making and at the core of our business culture. This way of thinking makes us confident to play a leading role in the transition of our sector towards a circular economy. By encouraging fundamental changes in the way we design, produce, dispose, and reprocess plastics, we contribute to circular thinking and environmental impact reduction.

Moreover, we are accelerating financial growth by reducing operating costs and providing innovative products and services to the market, thereby taking PACCOR to the next level.

By pushing the boundaries of today's market and the circular value chain, we will increase our competitiveness and deliver the necessary change at scale.

Kilian Braunsdorf, CFO of PACCOR

PARTNERSHIPS



At PACCOR, we are striving towards building a circular supply chain. We reach out to more than 2,000 suppliers and 2,500 customers – brand owners and retailers – all over the globe in order to make sure that the quality of our products rises above existing standards and contributing to a closed loop business approach. By cooperating with other experts, we make sure to choose the best technologies and offer safe and innovative solutions.

CUSTOMERS

We partner with customers to provide breakthrough circular solutions that deliver economic value to all parties in the value chain. Our products are designed and manufactured with a focus on protection, speed and efficiency, brand differentiation and visual appearance, sustainability and customer experience.

It is our aspiration to holistically advise and accompany our customers. We invite them to conversations, listen to them and recognize their needs. Mutual trust and understanding are the overall goal. If the standardized product range does not fit our clients' needs, we are happy to develop a customized solution that fits all the requirements. Furthermore, we give advice on how to be more sustainable on design issues and material options or on trimming unnecessary costs. Customers can also rely on us when it comes to questions concerning recycling process, labeling plastic regulations as well as logistics.

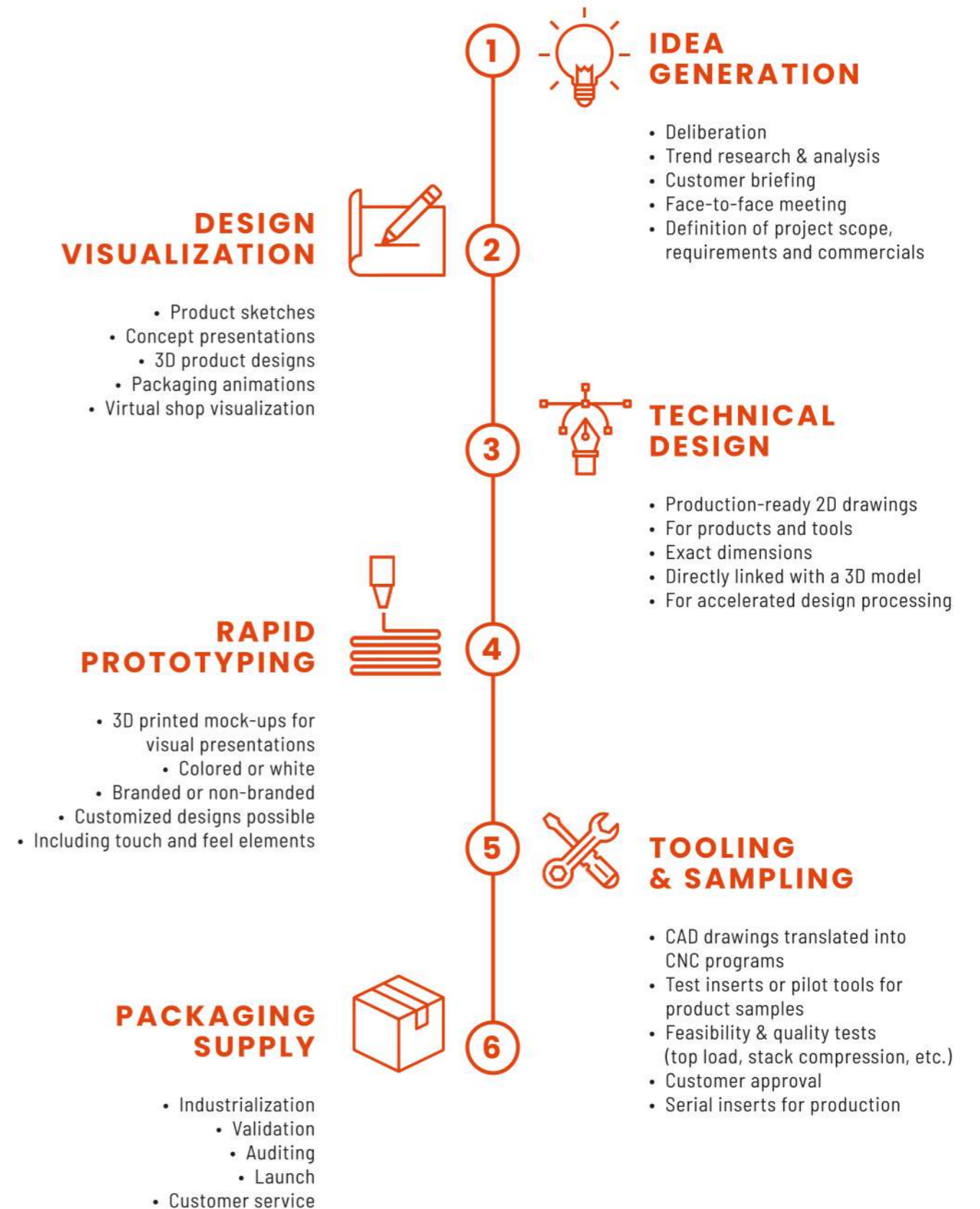
We always keep in mind the need to reduce our impact on nature by choosing less carbon intense materials and protecting the environment.

Our partnerships are selected based on specific criteria, such as they fit with PACCOR overall strategy, business potential, circular impact created, effective collaboration, and geographical scale.

We value our partnerships with customers and aim at developing long-term mutually beneficial relationship. We believe that questions, remarks, or suggestions by our customers deserve a swift response from our side. That is why we want to respond to their case as quickly and effectively as possible. In 2020, our first response time was under 24 hours.

However, due to the global COVID-19 pandemic, 2020 was challenging for some of our customers, specifically within the food service segment working for concerts, events or festivals, as well as catering and hotel segments. That resulted in the customer retention rate of 0.9 and a decrease in customer numbers by 8%. This decrease unfortunately is a matter of the global crisis, and we understand the struggle of our customers in hospitality. We believe in their successful recovery and hope that we could welcome them back soon and offer them our newest solutions.

OUR CO-DEVELOPMENT PROCESS



PARTNERSHIPS



SUPPLIERS

By working with suppliers, we aim to support a secure and circular supply of products to our customers. Furthermore, we make sure to identify and minimize supply chain risks, creating value through continuous improvement of existing supply chains and seeking out collaboration and joint development opportunities.

Our partnership with suppliers is based on two pillars: care for a common vision and collaboration in developing solutions.

At PACCOR, we believe in doing business with suppliers, manufacturers, contractors, partners, agents, distributors, and consultants who respect high standards of ethical business behavior and share our vision for the future. All purchasing decisions are made consistent with our business standards and goals and are in line with PACCOR sourcing procedures and policies – both at Group and local level. To support that, we developed a suppliers screening and selection procedure, and clearly communicate our intentions and expectations to all our suppliers through the PACCOR Global Standard for Suppliers. The screening and selection procedure includes also environmental criteria (such as resource use, use of renewable energy, recycled contents used, pollution and emissions levels) and social content criteria validation and a co-qualification process. The co-qualification process comprises of adapting an ethical code of conduct and an audit protocol on, among others, product security and manufacturing conditions. We screened 100% of the new suppliers which were contracted in 2020.

We expect from our partners to apply the Universal Declaration on Human Rights and the UN Guiding Principles on Business and Human Rights or equivalent principles. Our partners are encouraged to comply with all relevant environmental laws and ensure that the necessary permits are in place. They are committed to the efficient use of raw materials, energy, and other natural resources while minimizing waste, emissions, and noise. They care about the communities they operate in, listen to and act upon their concerns.

Supporting local suppliers is one of many possible means of engaging with local stakeholders and increasing the positive effect that we as a company can have. In 2020, 33% of our total procurement budget was spent on sourcing from suppliers in the same countries where our production sites or offices are located.

The COVID-19 pandemic highlighted the importance of supplier partnerships. We were able to maintain business continuity despite workforce and material shortages, closed borders or unanticipated surges and drops in demand for certain product categories. Protecting our employees and suppliers is top priority for us, therefore we implemented dedicated activities to keep our suppliers safe. We developed safety protocols and provided protective equipment for all suppliers visiting our sites as well as launched an online information service, highlighting hygiene guidelines for safe practices with regard to COVID-19.

MEMBERSHIPS

Our involvement does not stop with our suppliers and customers. We strive to realize the systemic changes that are necessary to fully achieve a circular economy. By active participation and membership in associations, we enable closer collaborations, formulate clear and

united ambitions as well as objectives and increase connectivity in our supply chain and beyond. In the table below we list the main associations we are a proud member of.

NAME OF THE ASSOCIATION	FOCUS	DATE OF JOINING	LEVEL OF INVOLVEMENT
ANAIP	Spanish association of plastics industry	1992	Vice president
Cicloplast	Non-profit organization promoting recycling of plastics	1995	Shareholder
EuPC - European Plastics Converters	Senior executives forum	2018	Member of the senior executives forum
Petcore Europe	Association representing the complete PET value chain in Europe	2019	Member of the board of directors and constant member of T2T project
German association for plastics packaging and films	German association for plastics packaging and films, also including supporting members from various sectors	2010	Currently involved in 'Packaging cups' and 'PET trays' working groups
ELIPSO	Professional association representing plastic and flexible packaging manufacturers in France	2018	Administrator and partaker in T2T/3R/Recycling project, as well as in the Communication Committee
PAGEV	Turkish Plastic Packaging Producers Association	1991	Regular member
MAVESZ	Hungarian Chemical Industry Association	1990	Regular member
MMSZ	Hungarian Plastics Industry Association	1990	Regular member
NVC	Dutch association addressing the activity of packaging	1990	Regular member
Suomen Pakkausyhdistys	Finnish Packaging Association	2010	Board member
CIRCOPACK (Pack4Food)	Consortium of companies active in the food and packaging industry and their suppliers – in collaboration with Flanders' FOOD, SensNet and different research institutions	2019	Regular member
ASD	Turkish Packaging Manufacturers Association	2005	Projects involvement
BPF Energy	British Packaging Federation – Energy	2017	Meeting attendance on selective subjects

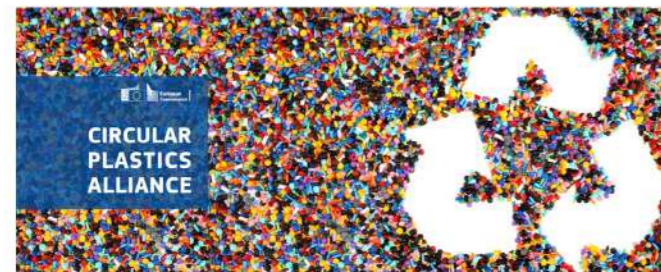
We recognize our impacts on the community in which we operate. We strive to increase our positive impact on the communities and support local and global initiatives.



The program's goal is to help every plastic resin handling operation in implementing good housekeeping as well as pellet, flake, and powder containment practices to achieve zero pellet, flake, and powder loss, protecting the environment and saving valuable resources. PACCOR France and PACCOR Iberia have been part of Operation Clean Sweep® since 2019.



Business for Nature is a global coalition that brings together business, conservation organizations and forward-thinking companies. Together, they demonstrate credible business leadership on nature and amplify a powerful leading business voice calling for governments to adopt policies to reverse nature loss before 2030. PACCOR Group is endorsing the initiative since 2020.



The Circular Plastics Alliance aims to boost the EU market for recycled plastics to 10 million tonnes by 2025. The Alliance covers the full plastics value chains and includes over 245 organizations representing industry, academia and public authorities. PACCOR Group joined the Alliance in 2020.

In this report we include some of the initiatives we believe and take meaningful part in as PACCOR Group.



The Ellen MacArthur Foundation actively works with businesses, governments and academia to build a framework for a circular economy that is regenerative by design. PACCOR Group is supporting the efforts of the Foundation since 2018 and joined the New Plastics Economy Global Commitment of the Foundation as signatory member in the same year. The initiative unites businesses, governments, and other organizations behind a common vision and targets to address plastic waste and pollution at its source. As signatory of the New Plastics Economy Global Commitment, within our CARE strategy, we have set ambitious 2025 targets to help realise that vision.



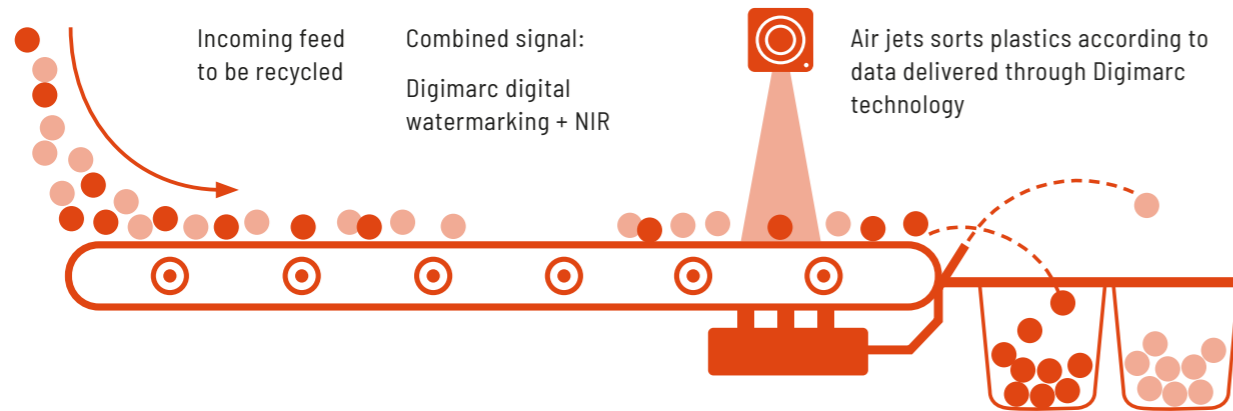
Women in Plastics is a professional initiative that recognizes achievement, encourages development and supports diversity and equality across the plastics industry. PACCOR Group is endorsing the initiative since 2020.



HOW WE CREATE VALUE

Leading the transition to a circular economy, PACCOR is the first packaging manufacturer who succeeded in applying the Digimarc digital watermarking to commercially available rigid plastic packaging surfaces.

DETECTION IN SORTING RECYCLING CENTERS: ADD-ON MODULE



Together with our partners in the Digimarc project led by HolyGrail 2.0, we developed a ground-breaking detecting tool which creates a unique identity in the physical structure of plastics and without impactful additions helps the separation of the waste streams leading to higher recycling rates and higher quality recycles.

At PACCOR, we are pleased to offer our customers licensing rights if they want to incorporate Digimarc technology into their packaging and so fully realize circular impact in practice and at scale. The plastic is given what Digimarc has termed a 'Digital

Recycling Passport', which can be used in supply chains to track and trace goods, to speed retail checkout and engage and inform consumers through smartphones. When packaging waste is collected, it can be scanned and absolutely identified. This will create new value streams for recycled plastics and keep used packaging from ending up in landfills and in our oceans. The visually imperceptible digital watermarking also allows for the possibility to detect opaque, carbon-black, and other difficult-to-recycle objects, increasing both the quantity and quality of recycles needed to meet regulatory requirements and corporate pledges.

HOW WE CREATE VALUE TO SOCIETY

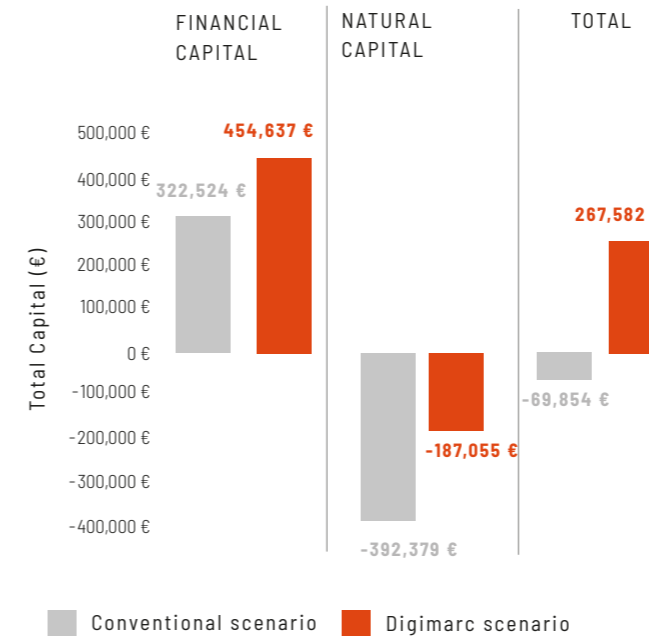
Driven to find solutions to the modern challenges, stakeholders demand more and more insight and transparency regarding the societal impact of companies and their products. While previously the shared value estimate was mainly driven by the financial performance, it now has become clear that the larger societal issues are transforming the competitive landscape. As a result, leading businesses change the way they think and communicate about their products, processes, and business models. At PACCOR, we continuously strive to incorporate economic, environmental and social impact assessment in our decision making.

We believe that a multi-capital approach broadens the quantity and improve the quality of business-relevant information available to all decision-makers. To get better insights into the value that PACCOR packaging with given digital identity is bringing to society, in 2021 we launched a study, in which we focused on valuating relevant societal aspects across the whole value chain, based on the three pillars of sustainability: Environmental, Financial, and Social. The societal aspects can be expressed in monetary terms and translated into societal costs (externalities) or benefits, according to a 3-dimensional benefit framework (3D).

Each of the pillars of the 3D framework is assessed individually, based on robust, and widely accepted methodologies, developed by universities⁷, the World Business Council for Sustainable Development Natural & Social Capital Protocols⁸⁻⁹ and other experts in the field. The study focuses on the comparison between black polypropylene (PP) food trays with implemented Digimarc technology (resulting in improved food grade mechanical recycling end of life management)

and without Digimarc technology (considering existing end of life management in Germany) introduced to the German market by PACCOR over one year period. This product life cycle was chosen since it is especially black plastic which poses difficult challenges in the present sorting and recycling processes, while the occurrence on the market is growing, due to its advantageous properties as well as societal lifestyle changes.

FINANCIAL AND NATURAL CAPITALS



The total numbers show that the Financial Capital creation of PP trays in the conventional scenario does not outweigh the Natural Capital lost. This is different in the Digimarc enabled sorting scenario which shows not only a substantial decrease in Natural Capital loss, but also additional Financial Capital creation. Compared to the conventional scenario, watermarked trays create 41% more Financial Capital combined with a 52% reduction in Natural Capital loss. The better environmental and financial performance for the recycling scenario enabled by Digimarc is mainly resulting from the recovery of polymer feedstock preventing additional extraction and use of virgin

SOCIAL CAPITAL

Impact parameter	Base Case	Digimarc
Circularity potential and meeting (regulatory) sustainability & recycling targets	-	++
Supply of drop-in* recycled polymers	0	++
Becoming less depended on fossil resource input	-	++
Driver/motivator for further sustainable change	-	+
Customer health and safety in relation to food packaging	++	++

* Drop-ins - Drop-in plastics are polymers, obtained from recycled materials that present identical technical properties to their virgin counterparts. A drop-in recycle can be added to existing production schemes with minimal alteration of the manufacturing processes.

material and creating economical value of high quality recycles.

From the social perspective, by enabling the recovery of virgin polymer materials, plastic packaging with given digital identity shows a clear path into effectively limit resource dependency, accelerates further sustainable change towards circularity, while offering high level of food safety.

Full information about the 3D framework, the methodology used as well as the results of our case study can be found on [PACCOR's Sustainability Documents](#).

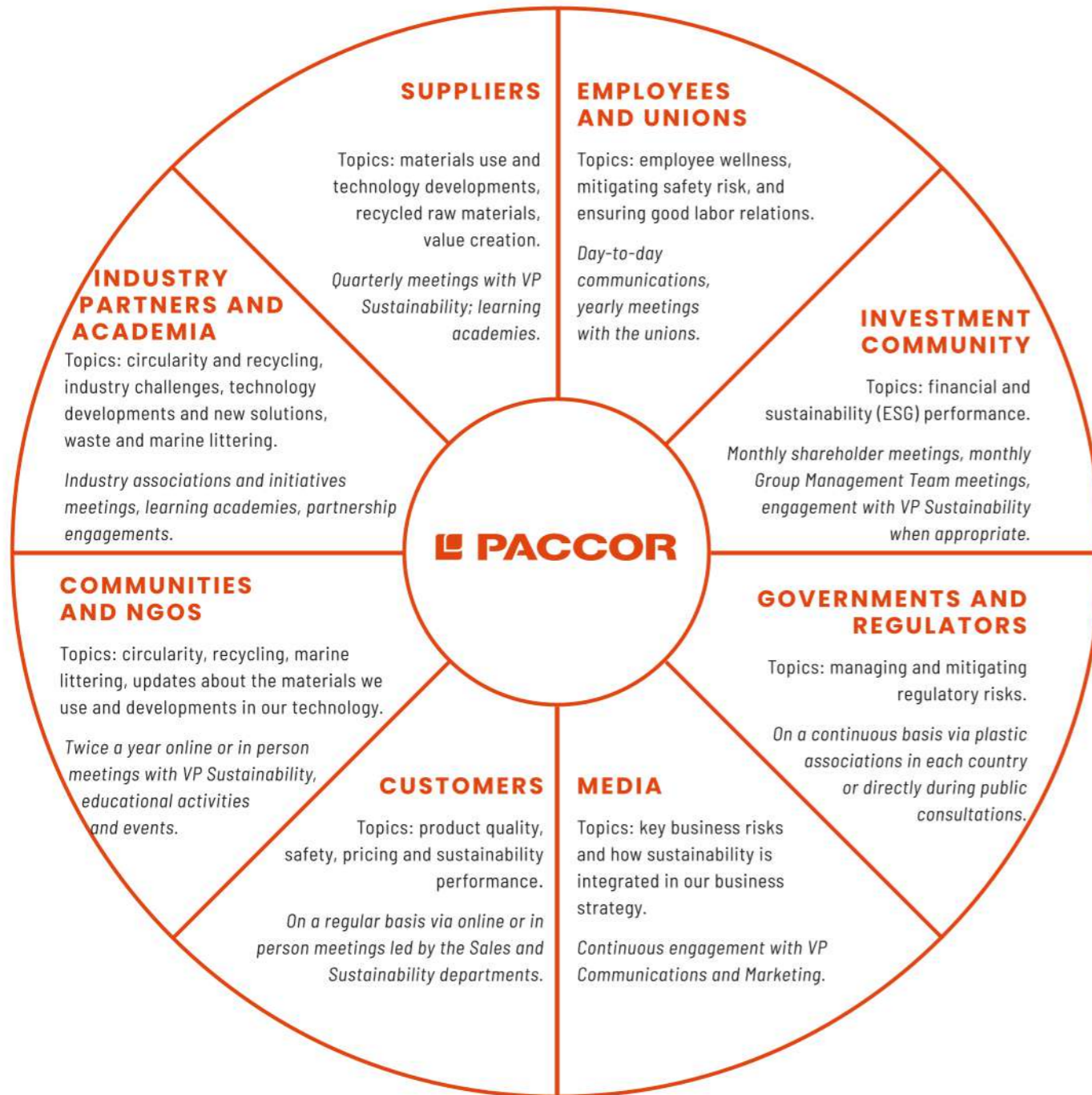
⁷ Environmental Priority Strategy (EPS) system (Chalmers University of Technology, Bengt Steen, 2015). Available at: www.lifecyclocenter.se/projects/environmental-prioritystrategies-in-product-design-eps/

⁸ World Business Council for Sustainable Development (WBCSD), Human and Social Capital Protocol, 2019. Available at: <https://www.wbcsd.org/Programs/Redefining-Value/Business-Decision-Making/Assess-and-Manage-Performance/Social-Human-Capital-Protocol/Resources/The-2019-Social-Human-Capital-Protocol>

⁹ World Business Council for Sustainable Development (WBCSD), Natural Capital Protocol, 2018. Available at: <https://capitalscoalition.org/capitals-approach/natural-capital-protocol/>

STAKEHOLDERS' ENGAGEMENT

Proactively engaging with all our stakeholders and creating shared value for all of them is fundamental to how we do business.



Our stakeholders' input is key to understanding our operating environment and is relevant for the development of our strategic approach and business plans. Through meaningful engagement, our stakeholders are helping us to improve and to formulate priorities for our CARE strategy.

We engage with a wide range of stakeholders on a regular basis through workshops, fairs, and other dialogue events, building on our understanding of important

societal issues. Our stakeholder network includes people whom we engage regularly with through our operations and those in public positions who influence our activities. For each stakeholder group, we have identified the key topic of engagement and are actively involved to guarantee that their voices are heard and are dedicated to translate their input into meaningful company strategies.

Based on the feedback we received in 2020, we developed a list of main focus areas for future action and

elaborate communication. All of those become elements of our sustainability strategy CARE and actions.

1

WORKING WITH STAKEHOLDERS TO HAVE BETTER INFLUENCE THROUGH ADVOCACY

Based on the feedback from our employees and the Board, we aim at increasing the influence of relevant stakeholders in our business. As such, we are working on publishing relevant position papers, and accelerating our participation in several relevant organizations, such as the Ellen McArthur Foundation, Business for Nature.

2

ADVANCING METRICS FOR SUSTAINABILITY PERFORMANCE

Our employees and the Board underlined that PACCOR should consider adopting metrics across its business in order to monitor for example resource efficiency and safety. We took this concern to heart and implemented policies by defining procedures, developed training programs for all employees and governance systems in the fourth quarter of 2019 and the first quarter of 2020.

3

REINFORCED SAFETY

Additional concerns were specifically raised by the Board and by the employees to improve safety. As of 2020 we improved HSE&S processes to achieve a higher maturity level, work on the implementation of an integrated HSE&S management system to drive continuous improvements, and cultivate a commitment-based HSE&S culture and operational excellence to achieve our vision of zero injuries and harm.

4

AUTHORITATIVE AND FACT-BASED COMMUNICATION REGARDING THE VALUE OF PLASTICS

Our customers, students, the Board, and employees brought to our attention that they have an urgent need for more research and available data on the benefits of plastics compared to other materials. They underline the role that PACCOR can play to contribute to the availability of data, new studies and a clear communication strategy. To support the data driven approach, we accelerated our Life Cycle Assessment studies, with over 20 screenings, several externally validated studies and one published Environmental Product Declaration¹⁰ (EPD) in 2020. To emphasize the importance and value of plastics we contributed to several reports and state-of-matter as well as scientific publications on the value of plastics, either on an individual basis or together with universities or plastic associations.

5

INNOVATIONS FOR CIRCULARITY

Retailers, consumers, recyclers, NGOs, and academia, together with all other stakeholders, raised concerns about the circularity of plastic packaging. As one of our four core CARE pillars, circularity is very important to us. We are dedicated to innovate to enable improved material use and collection systems.

6

LEAD BY EXAMPLE IN DIVERSITY AND INCLUSION

PACCOR's Board, our employees, our plastic associations, and students acknowledge the importance of diversity and inclusion. PACCOR has a role to play to challenge and disrupt what is currently considered 'normal' in a very traditional plastic packaging industry. PACCOR must lead by example, with business culture and values that promote diversity and inclusion. To emphasize our intentions the PACCOR Board is committed to gender balance and multi-nationality representation in the Management Team.

¹⁰<https://www.environdec.com/library/epd2535>

COMMUNITY INVOLVEMENT

We fully understand our role and responsibilities when it comes to society and contributing to the communities in which we operate. Whenever possible, we make a positive contribution to the world around us, engaging with people and organizations to help bring the PACCOR brand to people while supporting deserving and sustainable projects and causes. We are encouraged to get involved in community activities, as long as it does not lead to a conflict of interest.



COMMUNITY MEMBER



ENVIRONMENTAL RESPONSIBILITY



GOOD NEIGHBORS

CONSUMERS

Plastic will continue to play a huge role in global economic development, providing growing populations of consumers with access to a wealth of resilient materials. We now need to take advantage of the durable nature of plastics to establish transformational recycling systems. Consumers are not only ready to play their part in making it happen – as citizens they are demanding that producers lead the transition to make the benefits of plastic materials sustainable in a world with finite resources. Recycled plastic targets set by companies are only one part of the equation. Consumer behavior, collection, recycling infrastructure, business model redesign, and regulation all play key roles as well. For example, consumers often want packaging to be perfectly transparent or of a very specific consistent color, while this is one of the constraints that the plastic packaging industry is facing when it comes to increasing recycled content. At PACCOR, we are dedicated to continue engaging with consumers and lead our education activities in schools on the true and myths about plastics, discussing benefits of plastics for society, and the ways to deal with the factors hindering recycling.

PACCOR COMMUNITY

Connecting with the communities that are close to PACCOR workplaces and improving their environment and quality of life by eliminating plastic waste is an essential part of the identity of our company. Playing our part in their protection is remained vitally important, especially during difficult times, such as the COVID-19 pandemic. In 2020, we developed our new societal program, 'PACCOR CARES', and defined a standard approach for measuring and managing the overall social impact of our interaction with local communities. 'PACCOR CARES', which will be launched in the second quarter of 2021, will work with common global criteria and guidance to make it easier to establish and run projects which bring combined benefits to our communities (e.g. protecting people's health and the environment), our employees (e.g. further increase employee engagement, team spirit and motivation) and our brand (e.g. drive brand equity, distinctiveness and long-term sales).

HELPING THE COMMUNITIES IN TIME OF THE PANDEMIC



Following the 2020's global outbreak of COVID-19, the UK Government urged companies to help produce Personal Protective Equipment (PPE) for frontline staff fighting the coronavirus pandemic. At PACCOR, we utilized our in-house design capabilities, technical knowledge, resources, and manufacturing skills to produce protective visors for various sectors. We were delighted to support with provisions of the Pac-Guard® protective

face visors to care homes on a charitable basis, in order to help keep the frontlines staff, volunteers and patients safe. Through our work and network within the local community, Business Durham had connected us with Supportive, who had been struggling with the supply and sourcing of the necessary PPE requirements for their care staff and volunteer drivers for their patient transport scheme.

'Like many organizations across County Durham and the UK we are feeling the impact of COVID-19. However, we are determined to continue providing our quality care and patient transport service thanks to the dedication and hard work of our staff and volunteers.'

'It has been fantastic to find a local business who can supply protective visors, which gave our staff added protection. It is incredibly generous of PACCOR to offer us the visors free of charge and to turning them around so quickly has been a massive help, we cannot thank them enough.'

John Davison, Chief Executive of Supportive

OPTIMIZING OUR RESOURCES USE

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 minimizing risks.

DR

WE ARE TRANSFORMING OUR BUSINESS AND DECOUPLE IT FROM RESOURCE CONSTRAINTS

Access to basic services, decent and sustainable jobs, and a better quality of life for all people require significant changes towards resource and energy efficiency, while reducing the overall environmental impact. Our sustainability strategy is about creating a culture of care for material value, eliminating waste, and improving productivity.

OUR RESOURCES TARGETS



15% more efficient resource use across the value chain by 2025, measured as carbon footprint intensity reduction (ton CO₂ eq. cradle-to-grave/ton product) compared to base year 2019.



Achieving Carbon neutrality by 2050. Fully support the objectives of the UN's Paris Agreement on climate change.



10% energy intensity reduction in own production by 2025, compared to base year 2019.



Maximize raw material and process efficiency, measured as total waste intensity reduction by 25% by 2025, compared to base year 2019.

KEY SUSTAINABLE DEVELOPMENT GOALS



Sustained business success and long term profitability 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, we are driving a resource efficiency agenda, reducing our environmental footprint while strengthening our business. Increasing raw material efficiency, reducing waste, first time right, and better planning processes require a systemic approach and cooperation along our supply chain. By focusing on resource efficiency, we drive an explicit value agenda while embracing our process excellence and engaging all our Operations employees in common goals.

Our Resource Efficiency Program is a key accelerator to deliver on our sustainability strategy CARE. It is about maximizing raw material and process efficiency, eliminating waste, driving energy and water use optimization, as well as reducing our carbon footprint and VOC emissions across the whole integrated supply chain. Our Resource Efficiency Program contributes to our business performance by driving continuous improvement.

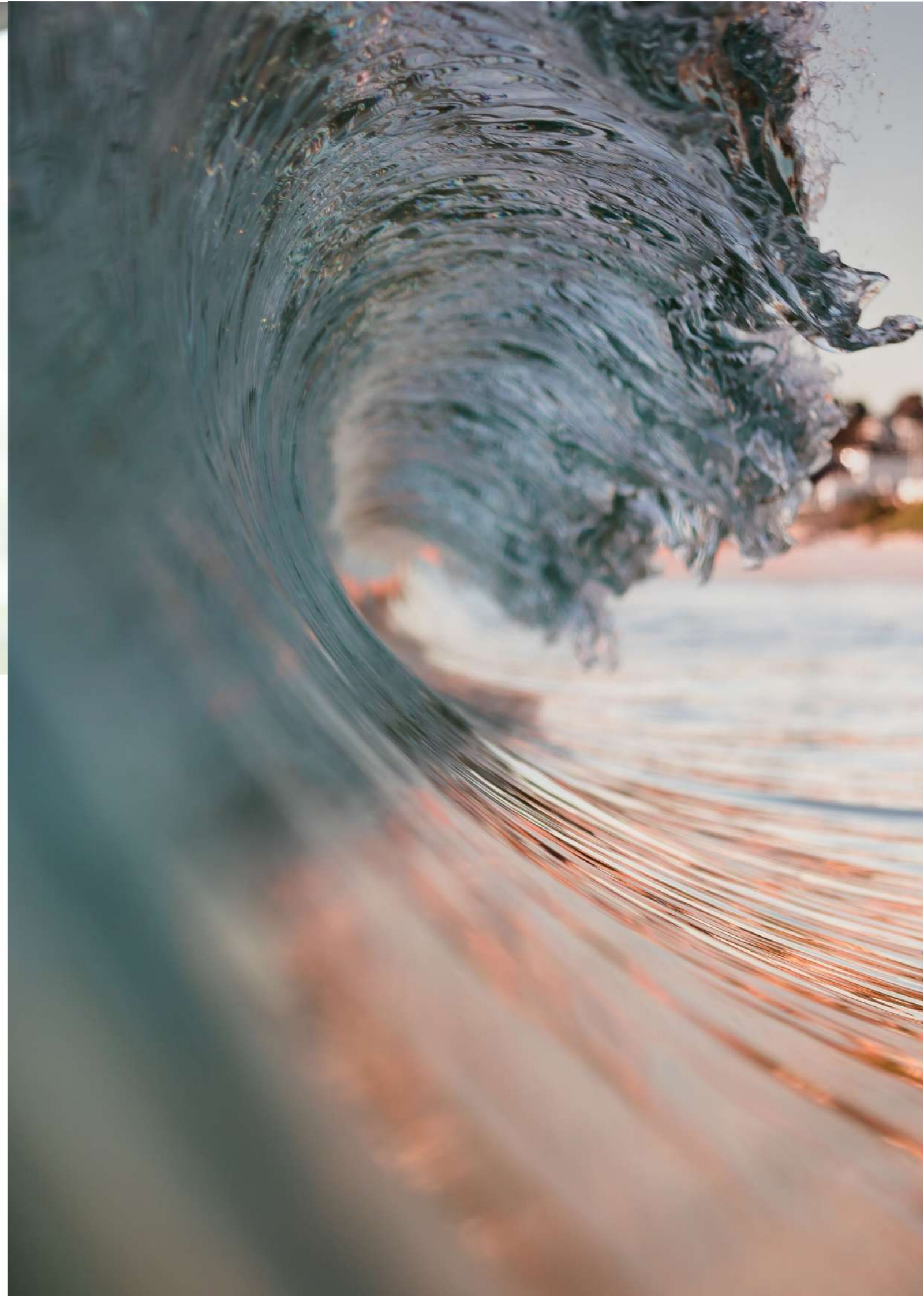
PACCOR has an HSE&S management system that applies to all functions, locations, and businesses, and which is consistent with global ISO standards and aims to protect the health and safety of all employees, temporary workers, and contractors as well as the environment. In 2020, six of our production sites were already certified with ISO 14001:2015, and three with ISO 50001:2011, and we are striving for higher coverage.

In order to deliver on our sustainability agenda, we recognize that a clear and concrete performance measurement system is required. This need is met with our non-financial KPI reporting framework, and the Resource Efficiency performance indicators in particular.

The seven key areas of continuous monitoring are: waste amount and type, energy use amount and type, fresh water intake, VOC emissions, and carbon footprint cradle to grave, for which targets are set.

Each of our units reports a clearly defined set of quantitative and qualitative data in a central reporting system, based on which the local and global performance is assessed. This sets the input for the sustainability strategy constructs and when necessary review and update of the action plans. This process allows us to:

- Establish and maintain a global overview of our current performance;
- Identify hotspots in our performance and improvement opportunities in our operation;
- Control costs associated with meeting environmental responsibilities;
- Facilitate the identification of more sustainable operational processes and procedures and facilitate best practice sharing;
- Find solutions which can be a win-win between different units within the Group, with our partners and with the communities in which we operate;
- Ensure the quality of reporting and communication to a range of our stakeholders;
- Design relevant and tailored training for our workers;
- Track our progress in achieving our Resource Efficiency goals and targets;
- Timely and operatively react to changes, adjusting our sustainability programs and actions to reach our set goals in the optimal way.



We are serious about our ambition to lead the transition towards a circular economy in the packaging sector and embrace the responsibility we bear on behalf of our business partners. PACCOR and its employees are demonstrating this commitment through the PACCOR CARE strategy, which includes far-reaching but yet realistic sustainability targets, which guide us towards fully circular solution offers and zero waste, significant carbon emissions reduction by 2025 and top quartile human capital management.

Our customers expect us to be a reliable and competitive supplier at the forefront of the business transition and decoupling our supply chain from resource constraints. Therefore, innovation and value driven partnerships across the whole supply chain for providing tailor-made packaging solutions are important to us. In our Center

for Development and Innovation (CDI) in Zell, Germany, and Chester-le-Street, UK, our experts are constantly working on improving the use of current materials, developing new technologies and new materials, and to bring innovative and circular product packaging solutions to life.

Our own processes must be exemplary. By creating a culture of care for the value of materials and maximizing their conversion into a sustainable final products, we are continuously reducing material waste and improving productivity. Our Resource Efficiency Program which comprises of four areas, GHG emissions, energy, waste, and water, is a key accelerator to deliver on our CARE strategy. By driving reduction of energy, carbon footprint, water, and VOC across the integrated supply chain, we increase our competitiveness.

Dr. Helmut Ruland, COO of PACCOR

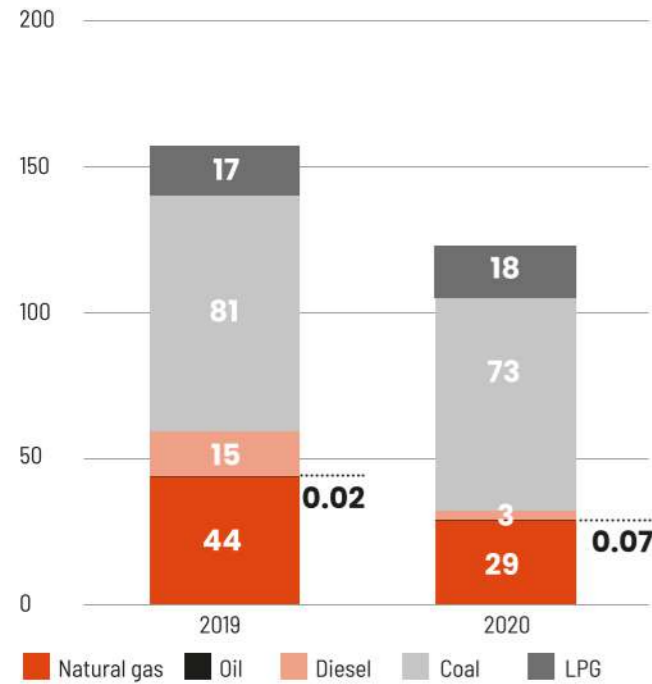
ENERGY

Plastic processing is an energy intensive industry. High energy consumption translates not only in increasing costs, but also in higher emissions which lead to climate change, and lower energy security. With plastics forming our portfolio, we acknowledge that energy efficiency and green energy are among our top priorities.

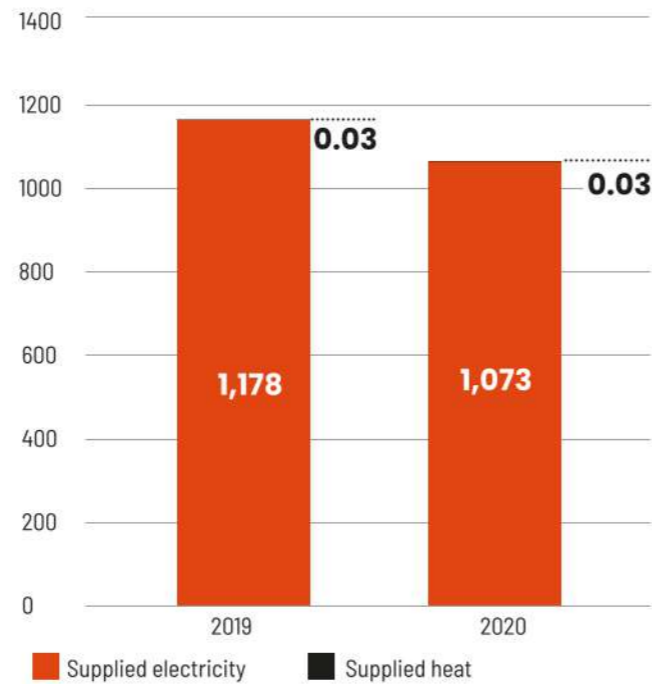
At PACCOR, we are committed to continuously reduce the use of limited energy resources to de-risk our value chain, deliver environmental benefits and generate cost improvements. Our target is to reduce the energy intensity in own production by 10% by 2025 compared the base year 2019. Along with this global goal, each of our locations considers the use of the best available techniques and sets annual targets for energy reduction which contribute to the overall Group achievements.

The main energy carrier used at our sites is electricity. It constitutes up to 90% of our total energy consumption, the most of which is related to our production processes. The other carriers of significance include coal and natural gas used in production and space heating, LPG and diesel used in warehouse transportation, and oil periodically used in maintenance processes. We are working on discontinuing the use of coal as energy source for Expanded Polystyrene (EPS) processing and expect a significant reduction of its use as early as 2021.

FUELS CONSUMPTION WITHIN THE ORGANIZATION, TJ (TERAJOULE)



SUPPLIED ENERGY, TJ (TERAJOULE)



In 2020, we reduced the total energy consumption by 10% compared to the base year 2019. To our disappointment, the energy intensity, however, did increase by 3% from 6.5 MJ/kg to 6.7 MJ/kg. This slight growth is mainly related with the lower production volumes in 2020 due to the COVID-19 outbreak, and the important condition of continuity of the processes, as well as product mix changes. We are investigating technological opportunities to optimize the processes and reduce the risks and effects of a production volume decrease on the energy performance in the future.

At the same time, we continuously implement and keep track of the improvement projects that facilitate our energy efficiency progress. During 2020, we identified and implemented more than 60 energy efficiency improvement projects at our sites. For example, we increased the cooling water temperature by 2°C at our site in Sfantu Gheorghe, Romania, which provided an environmental and utility operation cost saving of 5% for the site. The optimization of air compressors with elimination of air leakage as well as the use of excess heat from compressors to replace external fuel in workshops in Auneau, France, and the installation of heat band jackets in injection molding technology in Mansfield, contributed to an overall 6% energy savings at those sites.

Based on the estimations in energy balances, optimization models and from information received from our utility providers, our total energy savings across the

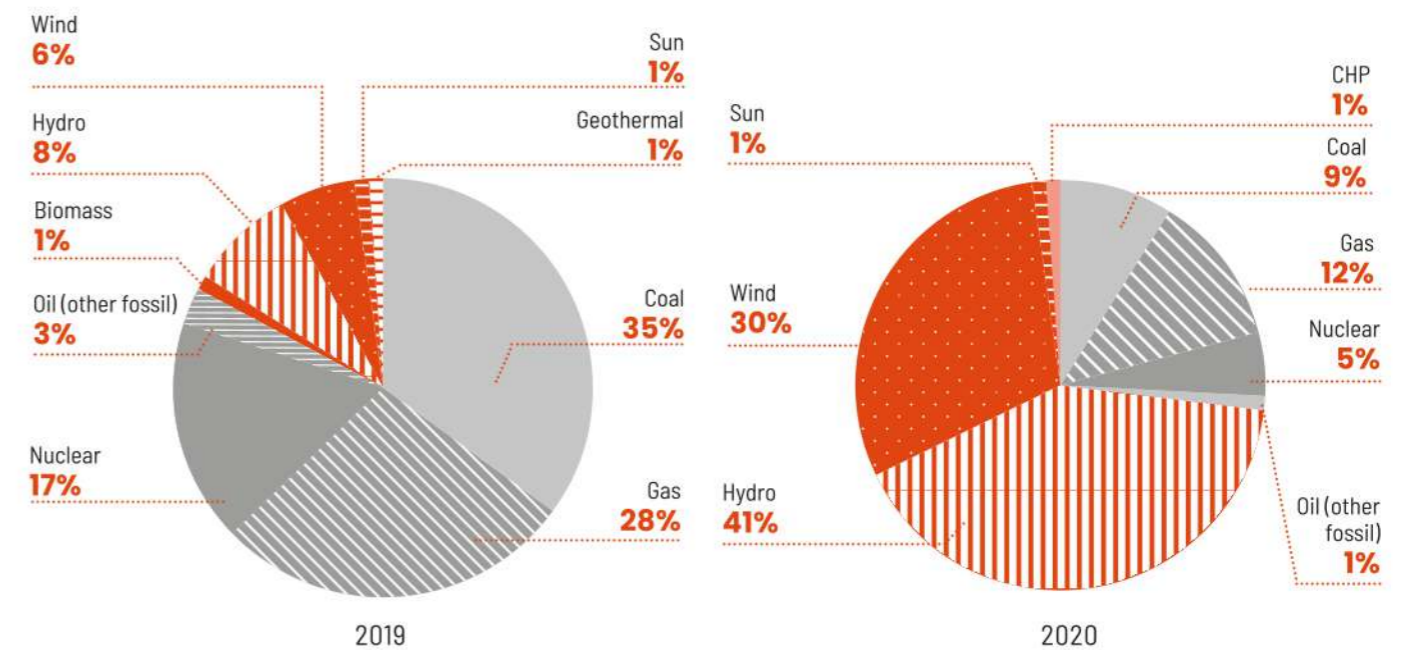
Group in 2020 amounted at 2.5% in monetary terms.

In addition to a systematic energy management at our production and non-production sites, we have been working to create awareness, share good practices, and build competence around energy saving for all our employees. A central team of energy specialists led by PACCOR's Operational Excellence Director is responsible for this.

Moving towards renewable sources for the energy we use, we prioritize greener sourcing of electricity on the short term. Our renewable energy supply strategy has three focus areas: protecting our current renewable share, purchasing Certificates of Origins for electricity, and exploring commercially feasible on-site renewable energy generation. As of 2020, we have committed to increase our renewable electricity to 100% over the incoming three years, through Certificates of Origin purchase.

In 2020, we transitioned 7 of our production sites to 100% wind and hydropower, covering 65% of the total electricity consumption within the Group. This measure drastically increased the share of renewable electricity in our total consumption from 17% as in 2019 to 71%. For 2021, we have secured additional renewable electricity up to 86% of all our electricity use, with 12 out of 16 sites running entirely on renewable electricity, fully in line with our outspoken commitment to 100% renewable electricity use across the Group by 2023.

ELECTRICITY MIX AT GROUP LEVEL, BY SOURCE



CIRCULAR INDUSTRIAL CLUSTERS

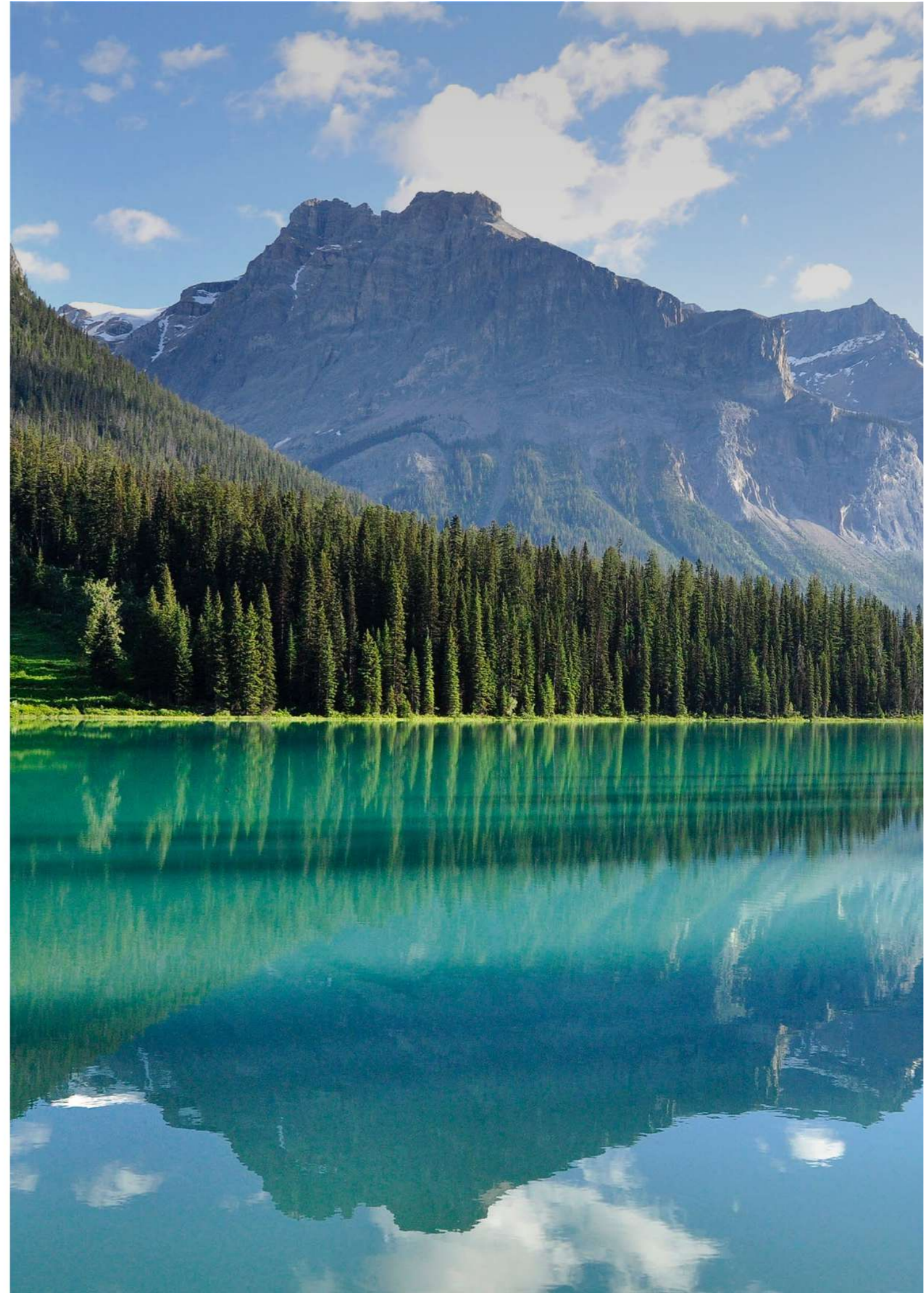


Since many years, our site in Haameenlinna, Finland, is operating with fully closed cooling water loop, zero waste to landfill and on 100% renewable electricity as well as with an optimized supply chain for reduced carbon footprint.

The benefits are several, from the reduction of primary energy resources use and reduced CO₂ emissions, to a decreased total system cost.

Industrial excess heat is an important resource for reaching energy and climate targets, as

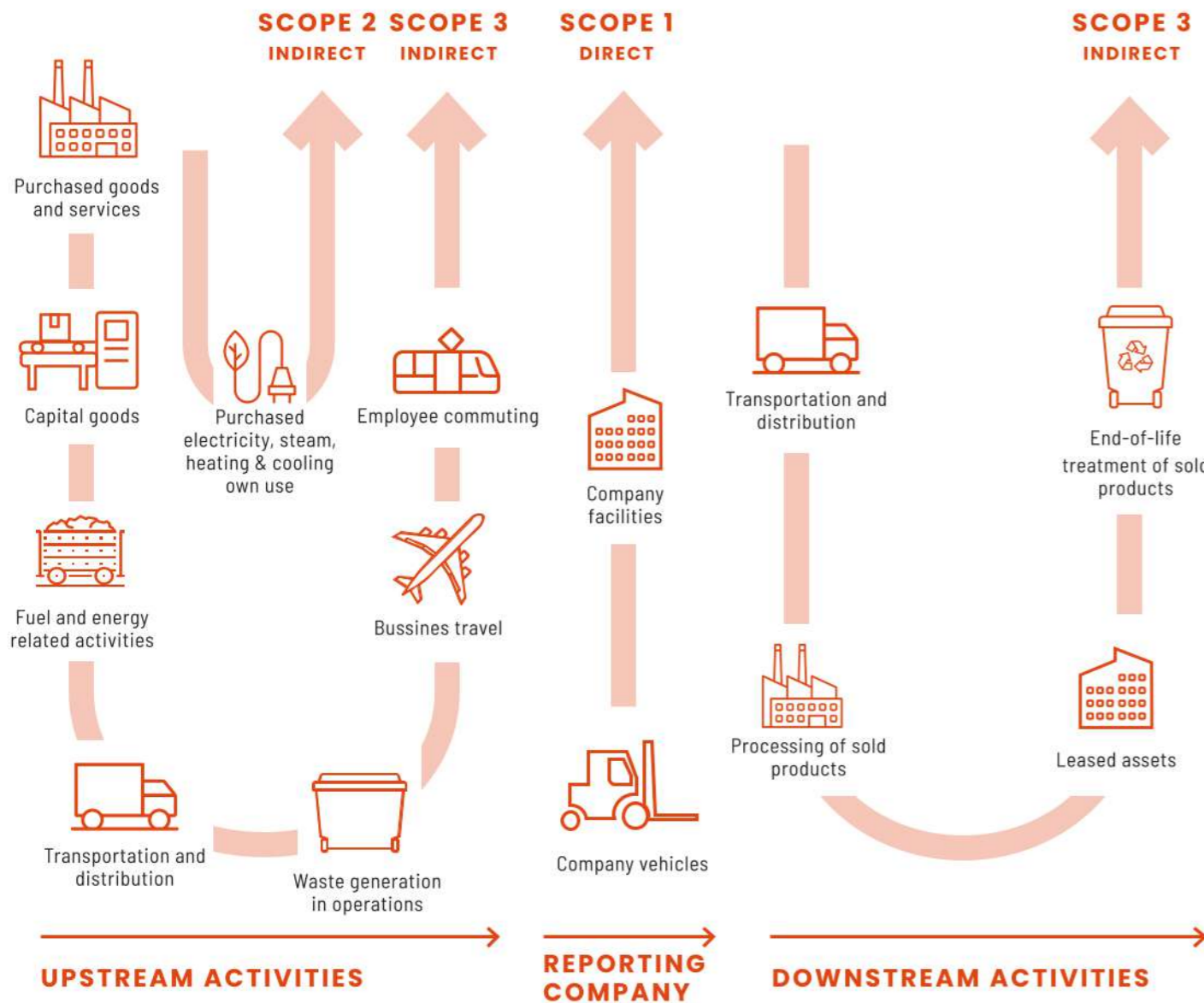
recognized, for example, in the European Union (EU) Energy Efficiency Directive. In line with this and with the implementation of the circular economy concept in practice, since 2014 at our Haameenlinna site, we have created an energy sharing cluster, where we provide the excess industrial heat deriving from chilling of our compressors to the external warehouses in the vicinity of our site. With our excess heat, the warehouses are replacing up to 85-95% of their total annual energy use.



EMISSIONS

At PACCOR, we fully support the objectives of the UN's Paris Agreement on climate change. We acknowledge the importance of the carbon footprint along the whole value chain as part of our ambition to lead the transition in our sector to carbon neutrality and circular economy. Therefore, we look beyond our own operations and consider our whole life cycle, including suppliers, customers and end of life, to identify and mitigate hotspots.

OUR INVESTIGATED CARBON FOOTPRINT SCOPE



PACCOR cradle-to-grave carbon footprint¹¹

¹¹The complete list of GHG Categories included in PACCOR cradle-to-grave carbon footprint can be found in Appendix A, at the end of this report.

Our target is to reduce our carbon footprint intensity across the value chain¹² (measured in CO₂ ton eq. cradle-to-grave/ton product) compared to base year 2019. We have set our current target in line with the trajectory as suggested by available science-based target methodologies.

We will achieve climate neutrality by 2050 and 15% reduction in cradle-to-grave relative emissions by 2025 through innovative products and solutions, technology, and energy management, with:

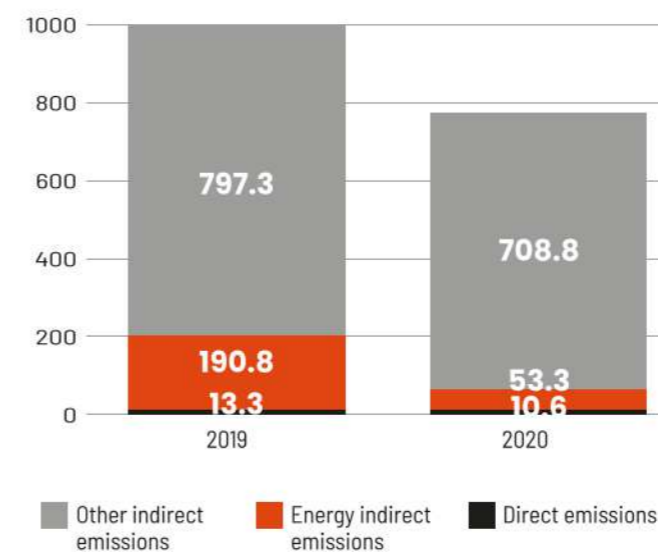
- More raw materials that have a lower environmental footprint or are bio-based or recycled;
- Improved energy efficiency and improved fuel mix, based on use or generation of 100% renewable electricity at all our production sites;
- Reduced transportation of raw materials and final products as well as the use of lower emission transportation options;
- Improvements in product formulation to reduce footprint whilst maintaining performance during customer applications;
- Improvements in products eco-design to allow for full recyclability of our products at end of life.

Moreover, we have introduced carbon footprint into relevant investment decisions as well as merger and acquisition activities to drive further awareness of the environmental and future economic impact, to make better informed decisions and to strengthen the sustainable business portfolio as a result. We have introduced carbon footprint reduction in our travel policy for all employees, by reducing unnecessary travel, switching to alternative ways of travel, as well as offsetting CO₂ emissions related to traveling by plane.

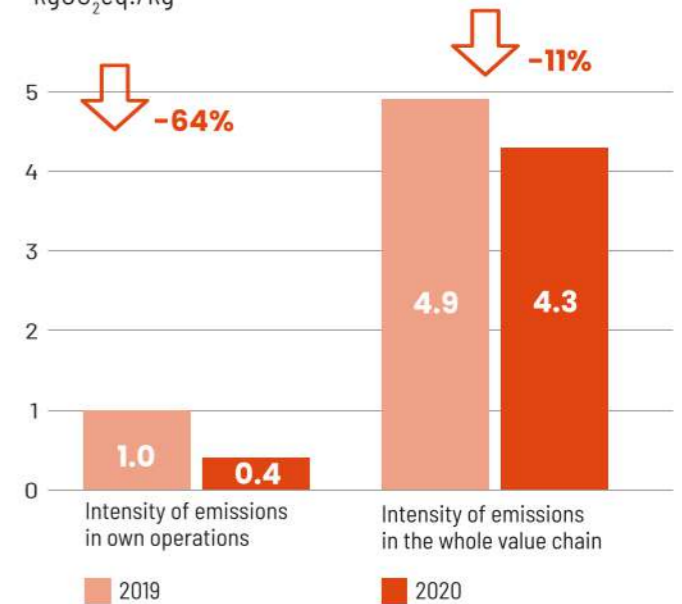
To quantify and track our progress towards achieving our goals, we started measuring our carbon footprint along our entire value chain in 2019¹³. This constitutes the foundation for our improvement roadmap based on prioritized programs and resources to realize biggest impact.

OUR CRADLE-TO-GRAVE CARBON FOOTPRINT PERFORMANCE

Absolute cradle-to-grave greenhouse gas emissions, ktCO₂eq.



Cradle-to-grave greenhouse gas emissions intensity, kgCO₂eq./kg



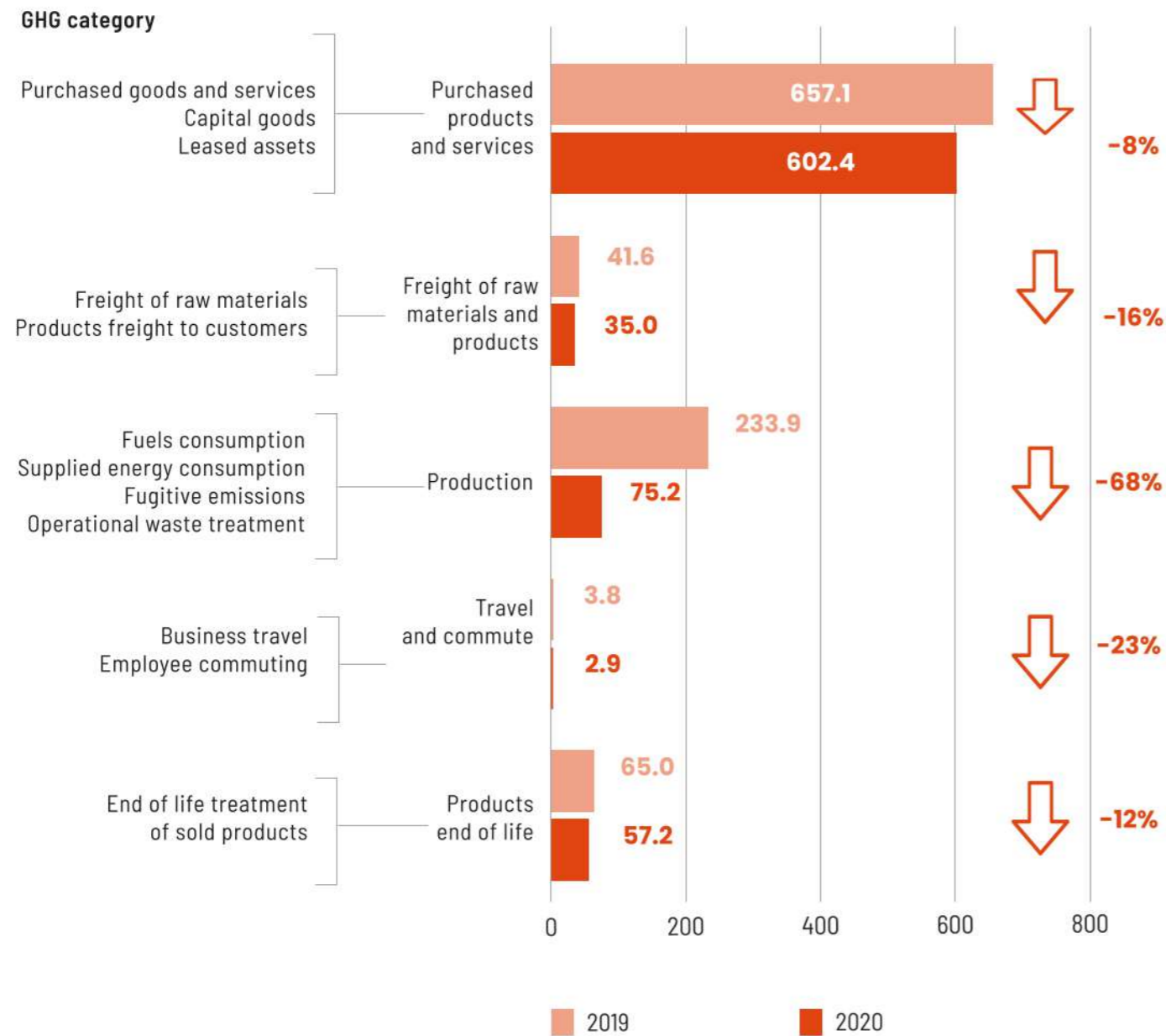
¹²The complete list of GHG Categories included in PACCOR cradle-to-grave carbon footprint can be found in Appendix A, at the end of this report.

¹³Our carbon footprint calculations are based on the Greenhouse Gas Protocol guidance. The presented total figures account for the greenhouse gases defined by the IPCC AR5 methodology, based on a 100-year timeframe, including NO_x and SO_x in the used emission factors. While we do not account for the process emissions other than VOCs, the nature of the production processes and applied technology do not assume significant process emissions of NO_x and SO_x, and no environmental permits have been exceeded by any of our sites in this regard.

We are proud to announce that our efforts in greenhouse gases emissions reduction have proved to be effective already in 2020. Our emissions have reduced in 2020 in both absolute and relative terms.

While the emissions intensity along the entire value chain observed a significant reduction of 11% compared to 2019, it is the emissions intensity reduction in operations, where we have direct control, that shows to be the most drastic (64%).

ABSOLUTE CRADLE-TO-GRAVE GREENHOUSE GAS EMISSIONS PER GHG CATEGORY, ktCO₂eq



100% RENEWABLE ELECTRICITY BY 2023



We have outlined a detailed plan to get to carbon neutrality by 2050, starting with announcing a 100% renewable electricity commitment by 2023 in October 2020 and committed to providing updates on the progress. During 2020, our renewable electricity share was 71%, with 7 out of 16 plants currently running on fully renewable sources. For 2021, we have secured additional renewable electricity up to 86% of all electricity use, with additional 5 plants running entirely on renewable electricity. The renewable electricity is secured by guarantees of origin for renewable energy in accordance

with the EU Renewable Energy Directive and in compliance with the quality criteria of the latest Greenhouse Gas (GHG) Protocol Scope 2 of application. Furthermore, the renewable electricity purchased comes from power plants with high-quality sustainability attributes such as the guarantee of re-investment in new renewable capacity and additional measures for preservation of the biodiversity. In this way, we are further contributing to the implementation of the UN SDG#7, on access to affordable, reliable, and sustainable energy, and of the UN SDG#13, on urgent action to combat climate change.

OUR GREENHOUSE GAS EMISSIONS MITIGATION STRATEGY



ACCELERATING LOW CARBON RAW MATERIALS USE

Our carbon footprint is mainly determined by the purchased raw material (resins), services and capital goods, which in total constitute over two thirds of our footprint. Over the course of 2020, the emissions associated with these categories fell by 8% compared to 2019. That was a result of the reduction in production volumes and the consequent decrease in materials procurement, changes in capital investments and shift of profile of purchased services. For example, in 2020 lower share of the expenses was attributed to higher-impact travel services and more was invested in research and development.

We are integrating climate change evaluation into our strategies regarding all 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. For example, as of 2021, we will start delivering responsibly managed bio-based PP solutions to our customers, supported by the ISCC+ certificate.



INCREASING THE RENEWABLE ENERGY

In 2019, electricity in our own production was the second most contributing category. However, with our efforts in transitioning to renewably sourced power, the impact was reduced by 68% and constitutes now only 6.9% of the 2020 absolute cradle-to-grave carbon footprint. The drastic advance here is the result of our renewable energy sourcing actions, and specifically in electricity supply. However, we would also like to pinpoint the effects of our efforts in fuel consumption – such as the program to replace diesel-fuelled warehouse vehicles with electric ones – and in waste management resulting in lower emissions in waste handling.

We continue to work to increase the renewable energy sourcing in our energy supply and search for better alternatives in fuels that we use in production processes. In addition to a systematic energy management at our production and non-production sites, we have been working to increase awareness, share good examples, and build competence around energy saving for all our employees.



OPTIMIZING SUPPLY CHAINS

Following the value chain, the carbon footprint contribution from freight services – the transportation of the raw materials from our suppliers to manufacturing, and of our final products to our customers – contributes for about 5% to the total carbon footprint. In 2020, the overall reduction of emissions in this category reflects the reduction in our production volumes, although some additional decrease has been associated with the changes in locations of our operation and respective shifts in logistics.

In order to optimize our logistical solutions and reduce their associated carbon footprint emissions, we are developing a global program for gaining insights into all our supply chains and getting a clearer view of the inefficiencies. This will help us with avoiding unnecessary costs or sub-optimization throughout the supply chain.



ENCOURAGING LOW AND BETTER MOBILITY

The total impact related to the commuting of our employees and our business travels accounts for 0.4% of the total cradle-to-grave carbon footprint in both 2019 and 2020. Even though 2020 emissions saw a reduction of 23%, we acknowledge that it is the result of restricted mobility due the COVID-19 global pandemic.

Building on the experience of 2020, we are exploring opportunities to embed the lessons from low mobility and advanced digital communication into our practices while continuing safe implementation of our travel policy and initiatives which promote cycling to work and the use of public transport when possible.



ACHIEVING 100% RECYCLABLE SOLUTIONS

The end-of-life treatment of PACCOR products contributes to 7.4% of our absolute cradle-to-grave carbon footprint. This is due to the emissions resulting from the collection and sorting of post-consumer waste, and the release of carbon back to the atmosphere when materials are incinerated or landfilled. There are no direct GHG emissions that result from our packaging solutions during the user phase. In 2020, the emissions reduction in this category reflected the production volumes decrease.

We continue to improve the recyclability of all our solutions and contribute to avoid incinerating practices through latest eco-design implementation and consumers' educational activities.

WASTE

At PACCOR, we recognize our responsibility to minimize waste generation in our value chain.



As one of the leading European manufacturers of packaging solutions, we acknowledge that our largest waste related impacts lie in the downstream of our operations, when the packaging is used and disposed. Therefore, we investigate these potential impacts downstream, and are working on making our product portfolio ready for a circular economy. More details on our efforts towards circularity can be read in C: Circularity section of this report.

At the same time, we invest our efforts in waste reduction in our own activities. Here, we have more control over the processes and are striving for maximizing waste management efficiency. It is our vision to become a 'zero waste company', seeking to avoid waste generation and to obtain the environmental and economic benefits of waste streams with reuse and recycling. Our target is to reduce the total waste intensity in own operations by 25% by 2025 compared the base year 2019.

In planning of our waste reduction activities, we are guided by the waste hierarchy methodology which indicates a priority order in waste management processes. Waste prevention is our absolute priority. Therefore, we are striving for a reduction of material losses first by introducing, everywhere possible, closed loop recycling of polymers and continuously improving quality during products manufacturing. When waste prevention is not possible, waste reuse, recycling and energy recovery should be the preferred options. Whenever possible, disposal of waste and landfill should be avoided.



All our generated waste is sent for treatment to third authorized parties, who have been previously evaluated by us, have all at the relevant permits in place, have signed our Global Standard for Suppliers and have provided the required self documentation to us-declaration audits. We carefully track the waste management technology they use and engage with them on a continuous basis on the most sustainable outlets for our waste streams, based on the waste hierarchy.

At some sites, we have external waste advisers who support in the dialogue between us, the local authorities, and the waste receivers. At all our sites, we ensure that specific permit requirements for waste management are met and conducts periodic audits and quality control on the gathered information. Moreover, each of our sites has a regularly reviewed, well-defined and integrated waste reduction plan, covering both prevention of waste at the source and more sustainable end-of-pipe solutions. All these measures help us to determine

potential process improvements, identify most sustainable and cost-effective waste treatment outlets, and find the possible win-win solutions among different units within the Group.

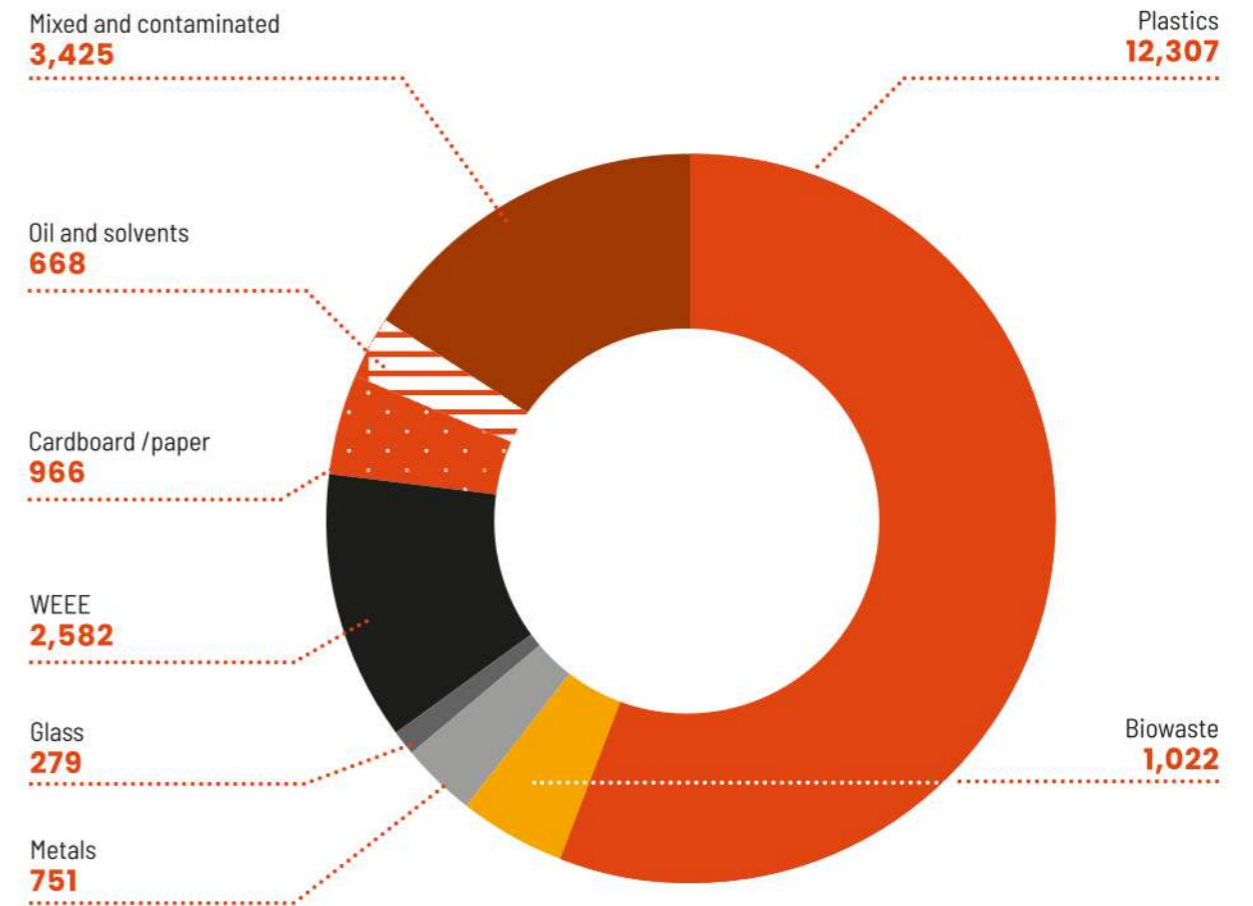
Furthermore, in 2020, we developed and rolled out specific trainings on waste management for all our supply chain employees at each site who are directly involved in activities related to waste generation, handling, disposal or reporting. The training covered at least aspects like risk management related to waste generation, handling and disposal, the use of Personal Protective Equipment (PPE), housekeeping, waste

hierarchy, waste reporting and legislation. The training is going to be repeated each year and is part of the induction training program of new employees.

To track our progress, we register the type and amounts of waste generated, the process in which it originates, hazardousness of each waste stream, the the current waste receiver, and the treatment method applied.

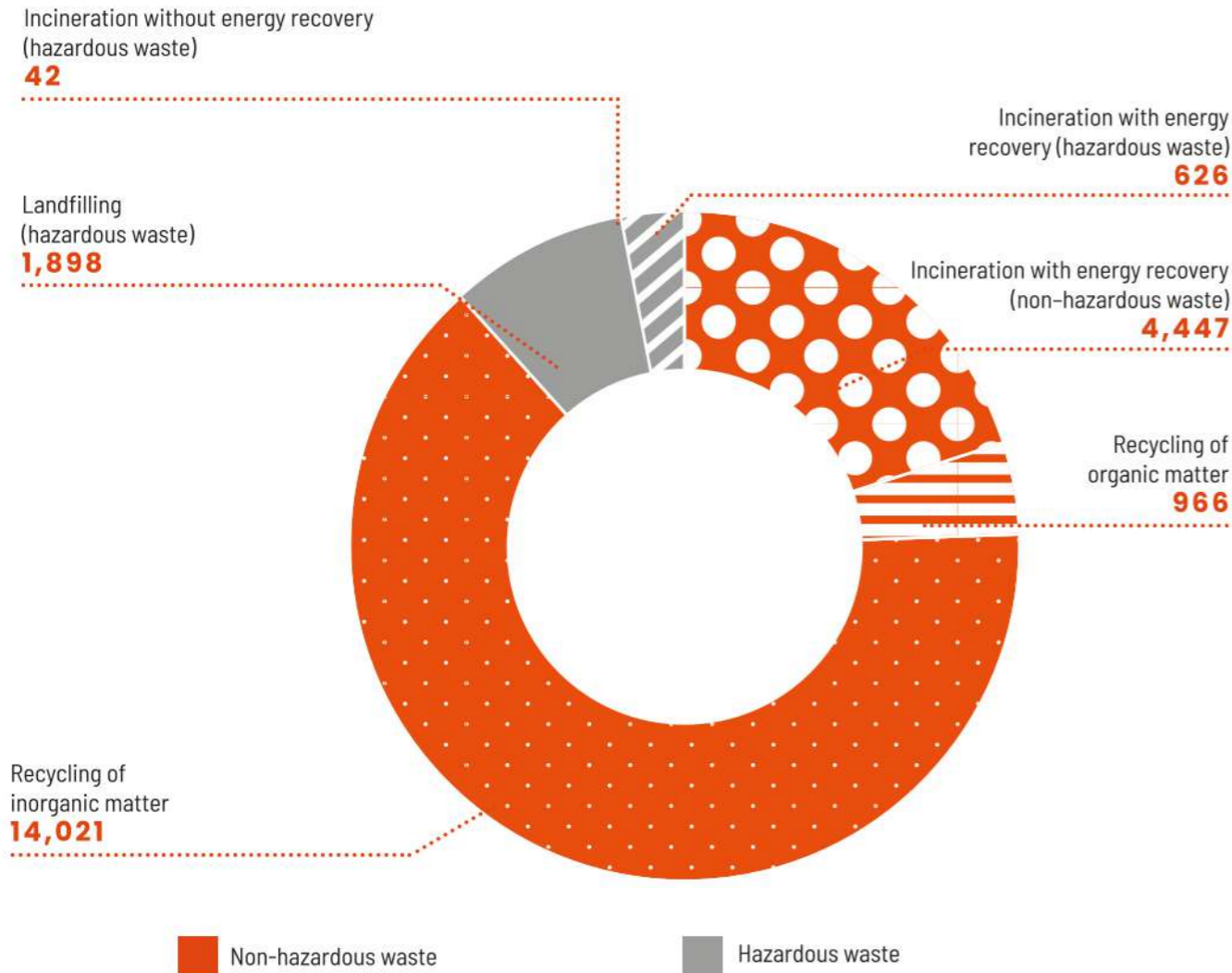
In 2020, a total of 22 thousand tonnes of waste were generated in our operations¹⁴, of which 2.6 thousand tonnes were hazardous waste and 19.4 thousand tonnes were non-hazardous waste.

WASTE GENERATION IN 2020, TONNE

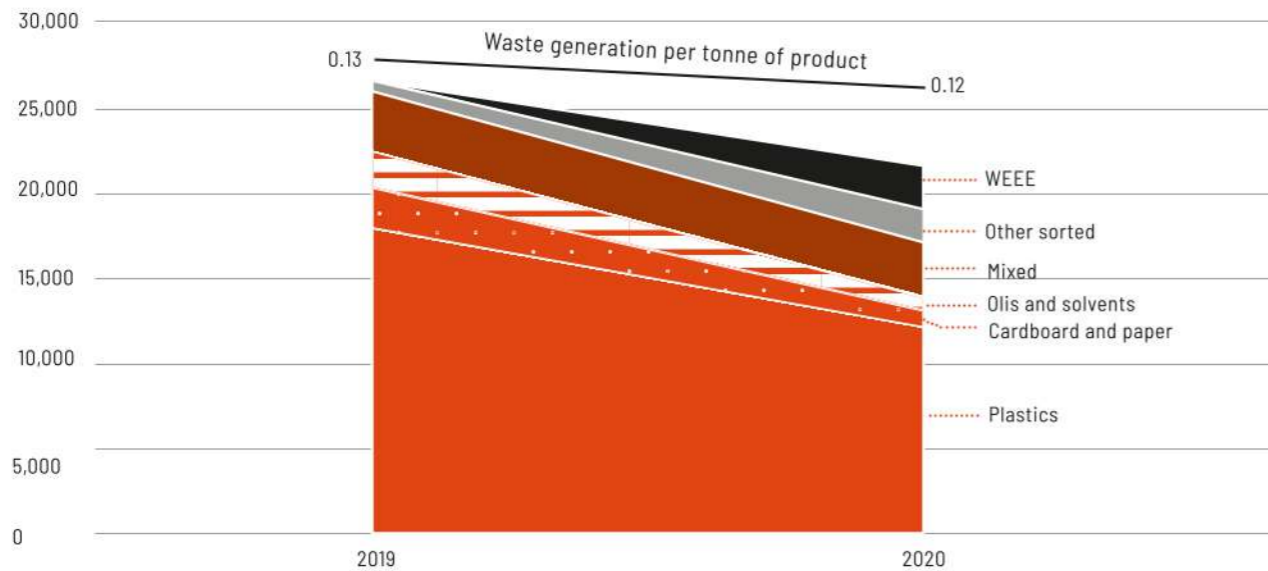


¹⁴Excluding technological material waste of polymers recycled in closed loop. More information on our closed loop polymer recycling can be found in the 'Increasing Recycled Content' section of this report.

WASTE TREATMENT IN 2020, TONNE



WASTE INTENSITY PER STREAM KIND, TONNE



Generated hazardous waste mainly includes waste polymers contaminated with solvents, with additional streams of batteries and fluorescent lights. Non-hazardous waste streams are composed of waste polymers in production not suitable for internal recycling, cardboard and paper, plastic waste from canteens, glass, metal, and electronic waste.

During 2020, all generated non-hazardous waste, 19,400 tonnes (88% of total), was diverted from disposal and sent to third parties for recycling, to be used as fuel, or for other means to generate energy. All hazardous waste was sent to incineration (solvents and contaminated plastics, 3% of total) or deposited into or onto land (batteries and fluorescent lamps, 9% of total).

Our ambition is to drive towards 'zero waste' at all our production sites in the coming years, and a program with concrete projects is in execution to support this ambition. During 2020, 112 specific waste and material optimization projects were included in our project tracking system, which monitors financial benefits and environmental impact. This year we worked towards

improved material efficiency of our processes to reduce waste generation, increase internal reuse of waste plastics, advancing quality of waste KPI registration, better segregation of paper and plastic fractions, and external sales of wastepaper. Significant WEEE generation in 2020 was associated with the Group-wide program on replacement fluorescent lamps with LEDs, which we expect to continue bringing benefits to our energy efficiency. We also improved both waste generation monitoring, and the fraction sorting procedures, resulting in lower demand for waste sorting downstream in our operations. In line with concept of circular economy, we also gave the priority to measures focusing on a better conversion of raw materials into final products at all our sites, by reusing our post-industrial waste as raw material.

All the above mentioned measures resulted in the reduction of the amounts of waste generated by 18% and a reduction of operational waste intensity by 6% in 2020 compared to 2019. We are committed to further improve our waste performance during 2021 as well.

Operation Clean Sweep®



In 2020, we continued our participation into the Operation Clean Sweep® (OCS), an international program designed to prevent the loss of plastic powder, flakes or pellets from industrial plants and their release into the environment. Specific

attention was given to loading and loading areas at our sites to avoid material loss and information campaigns extended not only to our employees but also were extended now to contractors accessing our sites.

WATER

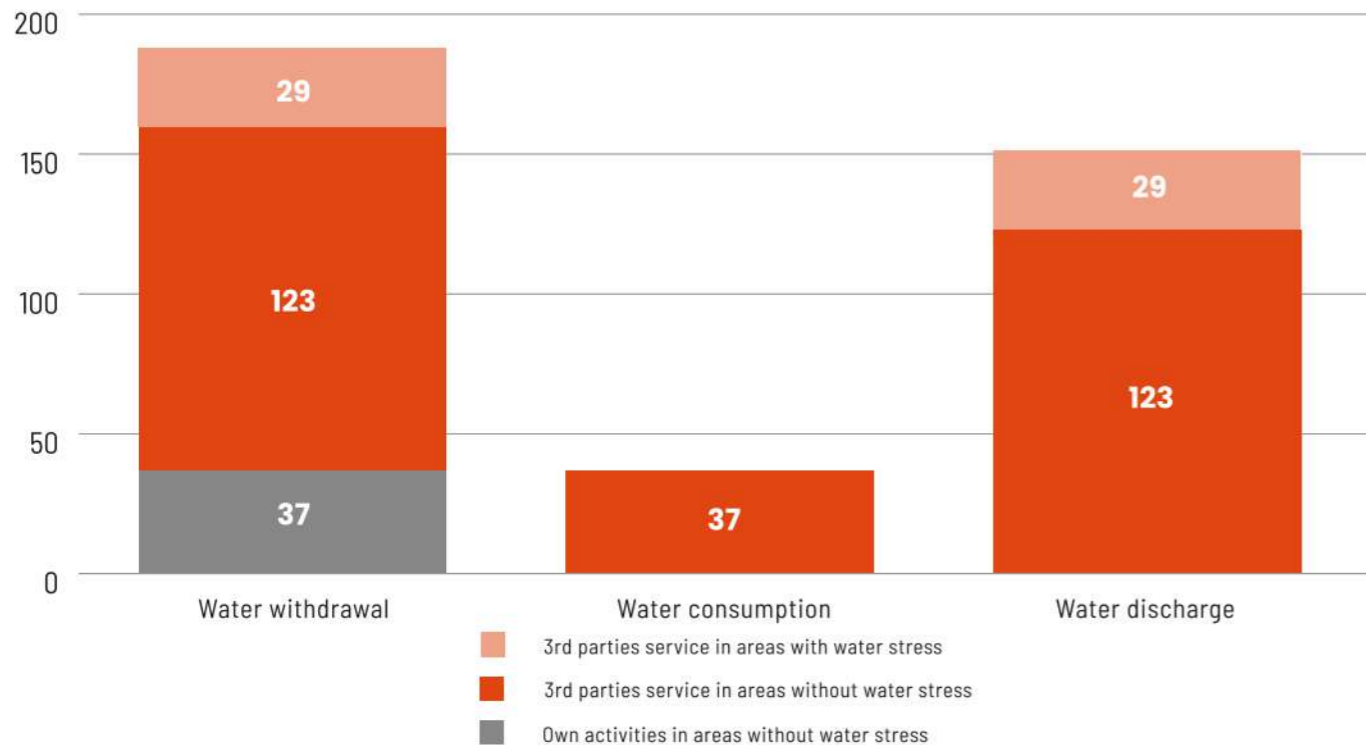
Clean water is important for all forms of life and access to clean water is considered essential to every person's life and therefore considered a human right by the United Nations. That is why we are committed to responsible water usage at all our production sites, our offices and in our supply chain.



At PACCOR, we rely on water for raw material production, product manufacturing, energy generation, cooling, and purification. Even if the majority of our production is set in areas without water stress¹⁵, we give a great value to water as resource. We manage water consumption and associated risks at each production site by measuring the water balance and assessing risks and,

when needed, implementing corrective actions related to water sources, security of supply, efficiency, quality of discharges and regulatory compliance. Since the lion's share of our packaging solutions are for the food industry, we also recognize the impact of the water use that occur in our supply chain. Our target is to have closed loop cooling water systems at all our sites by 2021.

WATER WITHDRAWAL, CONSUMPTION AND DISCHARGE IN 2020, 1000m³



¹⁵ Water stress areas are identified as areas with baseline water stress high (40-80 %) or extremely high (>80 %), based on the data from the World Resources Institute, Aqueduct Water Risk Atlas.

We are achieving our water target by good maintenance practices at all our production sites and so reducing our impact on water bodies to a minimum. Moreover, in order to manage and improve the use of residual water, during 2020 we have introduced a more detailed and standardized water reporting across the entire PACCOR Group. Each of our sites maintains an inventory of the water balance and reports on regular basis the withdrawal of fresh potable, surface and ground water to guarantee the integrated management of all natural and artificial water cycles and to minimize business interruption risks.

In 2020, our total water withdrawal was 188,000 m³ of fresh water. 80% of our water was supplied by municipal sources, while the remaining 20% we withdrew from a ground water source near one of our production sites in Poland.

While a fraction of our water use is utilized in for our office facilities, the 80% of water that we withdraw from municipal sources is primarily used at our production sites. All this water, 152,000 m³, is used for near-to-domestic use purposes. Although it cannot be considered as freshwater, we do not expect any specific priority substances of concern to be present¹⁶. All our sites discharge their wastewater directly into the municipal net, according to local permits without any non-compliance incidents reported during 2020. As such, to the best of our knowledge and effort, no substances of concern have entered any natural systems as result of our water discharge during 2020.

We are very proud of our efforts in establishing closed cooling water system at our sites, with the horizon of covering all sites in 2021. The water that we used in

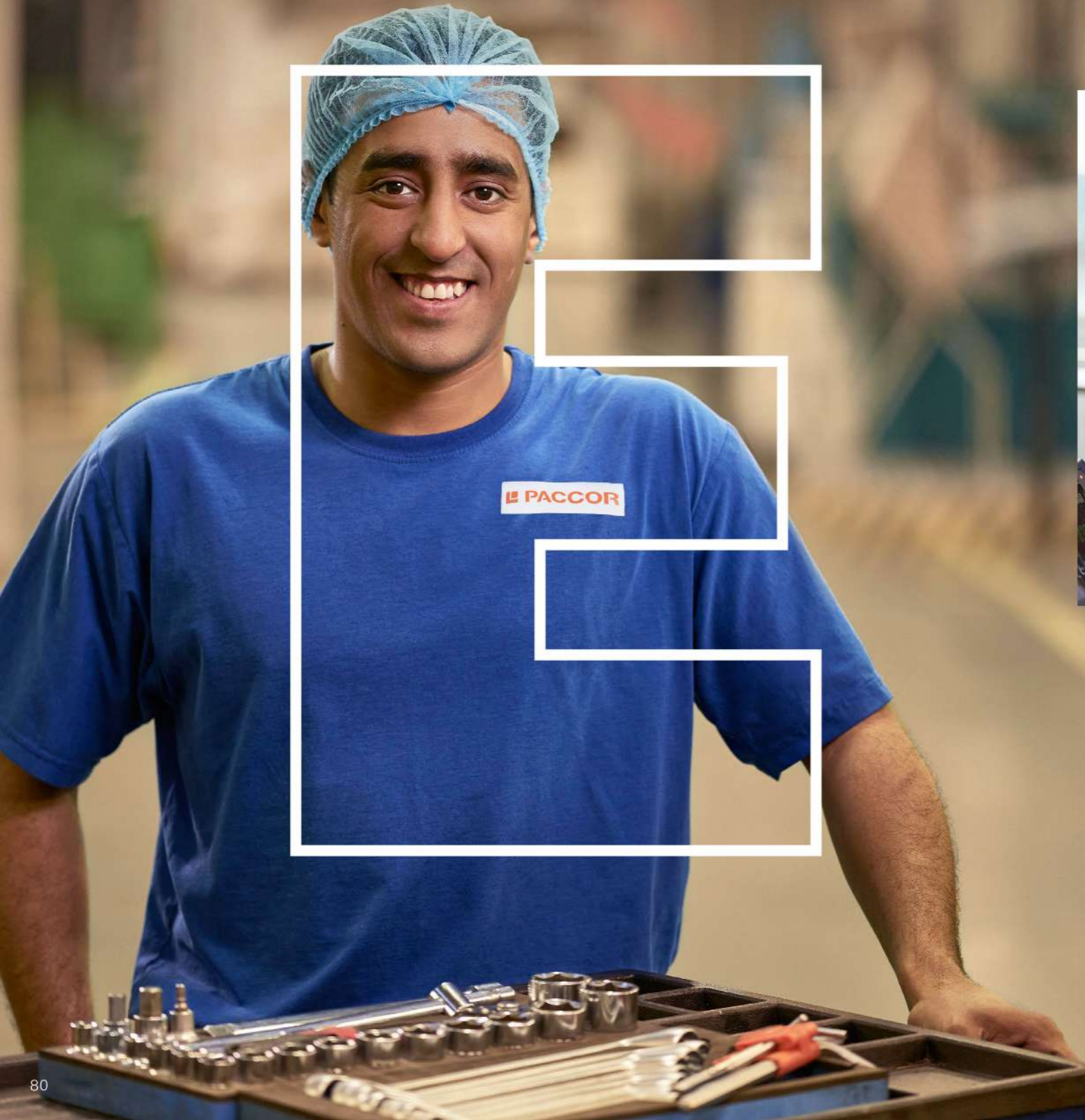
our processes is the only water we withdraw ourselves, a total of 37,000 m³. The withdrawn ground water is used to generate steam used in the production process of Expanded Polystyrene (EPS). After production, the condensate goes to a water cooling tower and is then evaporated to the open air. In the urge of closing the water loops in all our cooling processes and the strategic plans to cease the EPS production at the site, this water usage will no longer be included in our production process starting from July 2021.

As a manufacturing company handling chemicals in daily operations, we understand our responsibility to protect the environment and watersheds in particular. We contain spills of resins or pellets through preventive maintenance of silos and on our loading and unloading stations. We emphasize the importance of good operations procedures at our sites and train our employees and suppliers involved in raw material management, contributing to our efforts to minimize spillage. Secondary containment measures are taken at all our sites according to continuously updated risk analyses. While our company efforts contribute to minimizing the risk and impact on clean water sources, we can accomplish more in collaboration with our partners and by working together on local initiatives. Our sites are part of Operation Clean Sweep[®], a stewardship program of the Plastics Industry Association (PLASTICS) and the American Chemistry Council's Plastic Division, in order to achieve zero pellets, flake and powder loss in wastewater.

¹⁶ More information on the most common substances of concern in urban waste water can be found on the EC report , Pollutants in Urban Waste Water and Sewage Sludge 'https:// ec.europa.eu/environment/archives/waste/sludge/pdf/sludge_pollutants_7.pdf'

BECOMING THE MOST DESIRED FIRM TO WORK FOR

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



WE ARE PACCOR

We are a diverse and performance-oriented organization with a strong leadership culture.

At PACCOR, we are committed to ensuring a safe and inclusive working environment for all our employees. We value the diversity of our workforce and are dedicated to promoting personal development. It is important to us that our employees feel included, heard and respected, and that they know that we recognize their efforts in increasing our business potential and are the driver of our sustainability agenda.

Our ambition is that, by 2025, PACCOR will be a leader in creating a safe, engaged, fair and equal business where employees can contribute to the best of their ability and which benefits society. And we are confident that we can realize that ambition due to our efforts in 2020 and onwards.



Marko Nieminen, Machine Operator, Hämeenlinna site, Finland

OUR EMPLOYEES TARGETS



Top quartile in safety and occupational health



Top quartile in employees' engagement



100% employees' community activity participation

KEY SUSTAINABLE DEVELOPMENT GOALS



WHO ARE YOU AND WHAT DO YOU DO IN YOUR JOB?

My name is Marko and I work as machine operator in our dairy cup line. My role is to ensure that the production process is working smoothly all the way from the little granule to the high-quality dairy cup.

WHAT'S THE BIGGEST CHALLENGE RELATED TO YOUR JOB?

Our production lines are highly automated but there is still a lot of monitoring, fine-tuning and know-how needed. High quality and production efficiency are the key drivers in our work. To be able to meet the goals that are set and the high requirements on the quality that our customers expect from us, you have to be motivated and act responsibly. And that is something that keeps me going. I think that the most important skill in my work is attitude.

WHAT UNFORGETTABLE EXPERIENCE HAVE YOU HAD DURING YOUR CAREER AT PACCOR?

I have been working for over 24 years in this company and still, I feel that I can learn new things all the time. I like new challenges and that has brought me also the most unforgettable experience while I spent two weeks in Germany testing and modifying a new production line before it was shipped to Finland.

WHAT SUPPORT DO YOU RECEIVE FROM YOUR COLLEAGUES?

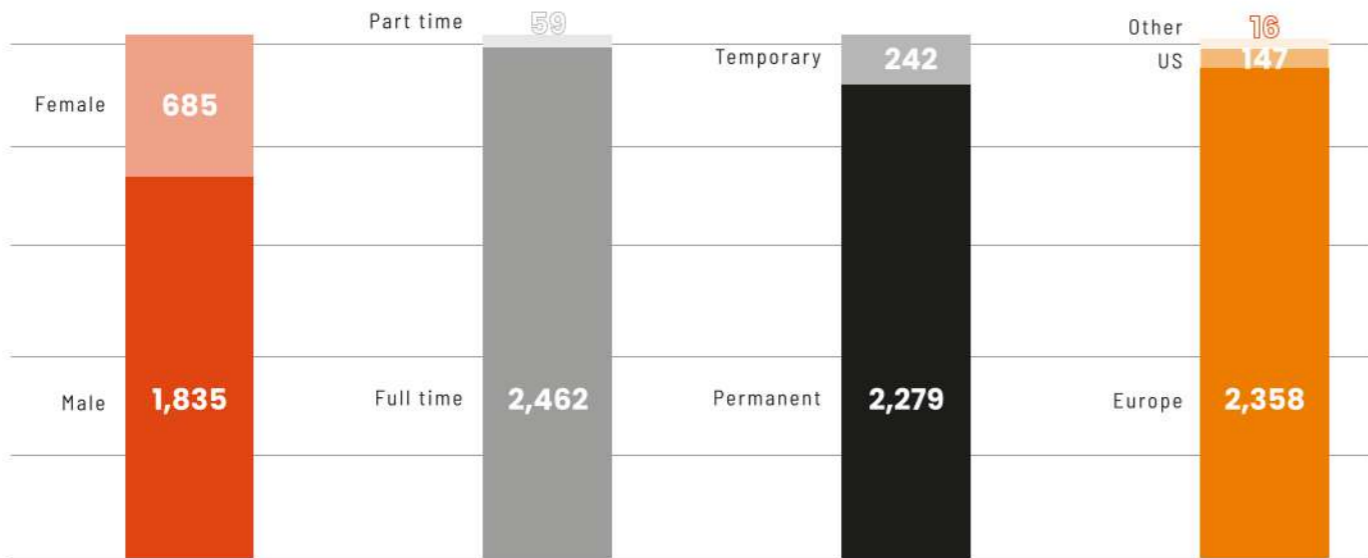
Our work is mainly done in shifts. That also requires attitude and self-discipline. As a father of three daughters, I know how it is when you try to do your best at work with too little sleep. Fortunately, we have a great team of people working here. My colleagues together in combination with my passion for sports keep me smiling every day.

EMPLOYEES

DIVERSITY IS KEY

PACCOR is a diverse group of 3,260 employees who live and work in many different places all around Europe and North America. Our people reflect and represent the many and varied cultures of the markets we serve and the different locations where we do business.

OUR EMPLOYEES (FTE)

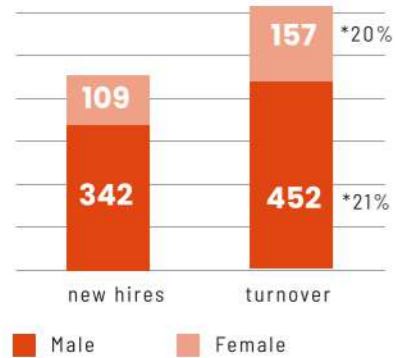


Our business relies heavily on the quality and engagement of our people, so it is crucial that we have leading employment and community practices in place. We aim to standardize and simplify practices in the workplace and encourage an organization based on transparency, integrity and trust. Borders and backgrounds do not matter when it comes to working together. Our management approach is people focused,

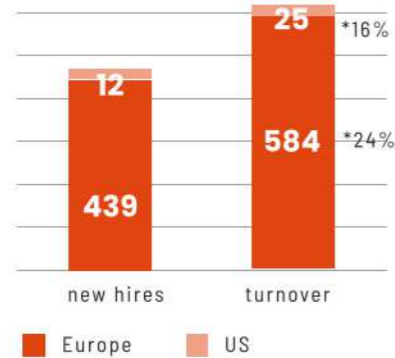
with an entrepreneurial culture, where people can enjoy what they do, have the freedom to act and decide what is best for the business.

Since we announced our new strategy and plan to become the market leaders in rigid plastic packaging in Europe, we have been going through a period of rapid change. Achieving our ambitious plans will involve the participation and commitment of all our employees.

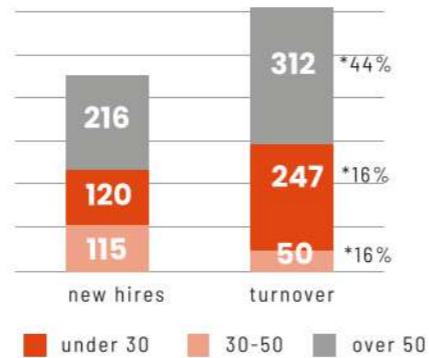
BY GENDER



BY REGION



BY AGE



*turnover rate by category

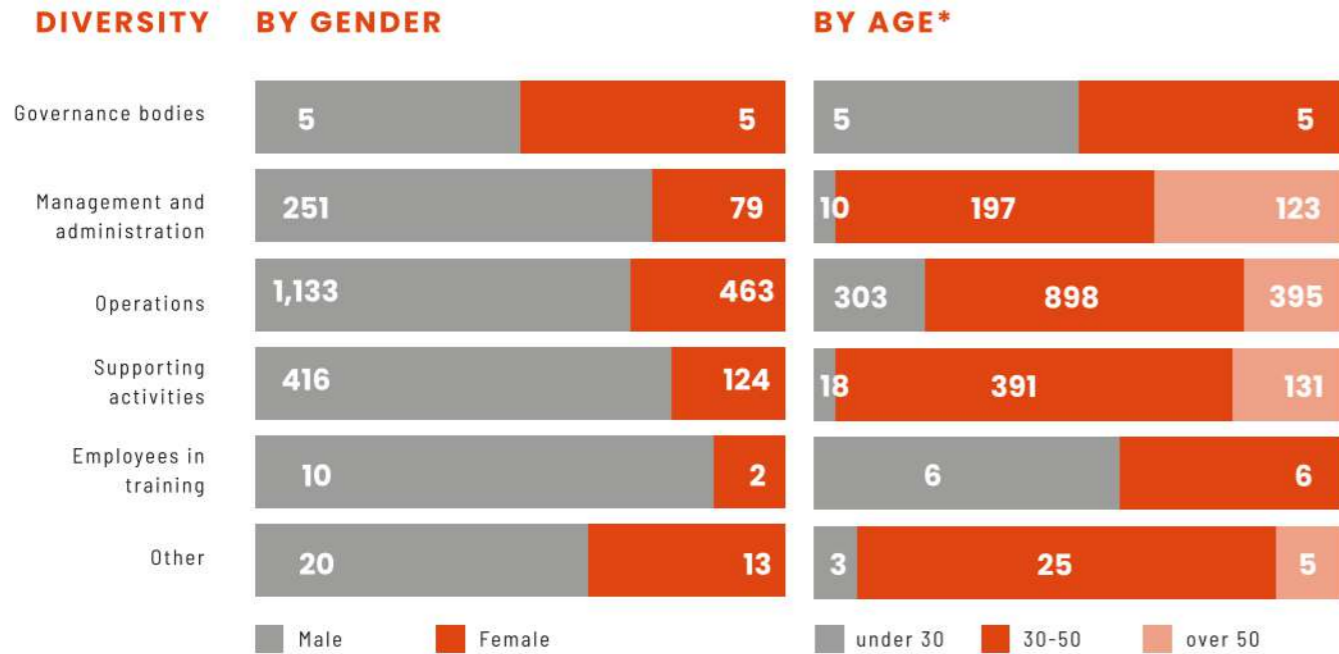
In 2020, we welcomed 451 new employees, and grew to a strong team of 3,260 people which counts for 2,521 Full Time Equivalent (FTE). We experienced significant variations in employment throughout the year in our sites

in France due to a social plan, in Dusseldorf due to the build-up of the new headquarters and in the Netherlands due to the relocation of a significant part of operations.



INCLUSIVE WORKING ENVIRONMENT

We consider diversity and inclusion to be an integral part of our strategy and our corporate mission. We are motivated to do more to promote inclusive and diverse teams because we know they will better understand customer demands and make our organization stronger and more innovative.



*the values are extrapolations based on the primary data of 2019

We are firm in our beliefs that everyone has equal opportunities and fair chances. The power of diversity in cultural backgrounds, gender, age, ways of problem-solving, personal experience and knowledge fosters our growth and inspires the organization. While self-motivation and willingness to learn and develop is key, we take pride in our way of working through inclusion.

At PACCOR, inclusion entails learning from each other, understanding different perspectives, and utilizing them to create not only customer value, but also feeling valued as an employee. Appreciating differences leads to inspiring new ways forward, as an individual, as a team and as a company. We believe it is important that our management teams increasingly reflect the diversity

of our overall workforce; today we have six different nationalities represented in the Group Management Team with 50% female members.

Our commitment to inclusion and diversity is reported in our Code of Ethics, which states that we respect and value all employees, irrespective of age, gender, race, religion, or sexual orientation. In 2020, our Code of Ethics, including how to maintain a respectful and inclusive workplace, and how to identify and report potential harassment and discrimination, has been distributed to 100% of our employees and tailored trainings will be performed comprehensively during 2021. In 2020, there were zero incidents of discrimination reported by employees, former or prospective employees.



61.1% IN 2020, WE HAVE CONDUCT A GROUP-WIDE EMPLOYEE SURVEY WITH 61.1% EMPLOYEES' PARTICIPATION RATE

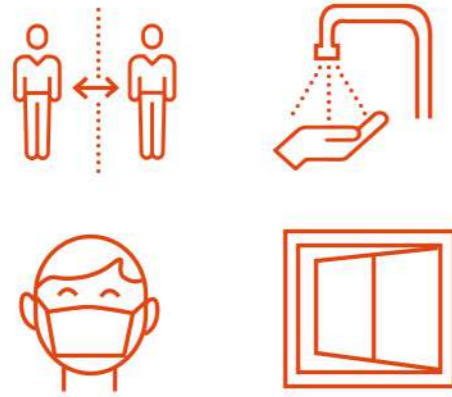
Continuously measuring and improving our internal culture and engagement is fundamental for us. We recognize the importance of involving our colleagues from production and work councils as well as trade unions in discussing and preparing our yearly employee survey, as they make a decisive contribution to the success of PACCOR.

In 2020 the survey was rolled out in nine languages for all our employees and contained twelve questions on the topics of leadership, people, as well as structures and

processes in a completely digital format. The above-average participation rate of 61.1% makes us proud, as it shows us that many of our colleagues want to actively participate in the change and shaping the future of our Group. We are now tackling this as part of a serious and stringent follow-up process in which we will look at Group-wide and country specific development areas and best practices. The survey proved to be value adding for the continuous improvement for our organization.



COVID-19 MEASURES



On January 26, 2021, the number of global coronavirus infections surpassed 100 million cases, according to data compiled by Johns Hopkins University, marking another grim milestone in the pandemic.

The biggest vaccination campaign in history has begun.

All PACCOR locations continue to follow all local and site-specific safety regulations. We are constantly monitoring outbreaks to maintain the highest standards of safety for everyone. Once a week our Group Management reviews the situation including all sites by remote sessions. We recognize and appreciate everyone's hard work and understanding during this time.

We conduct regular risk assessments related to the respective country and plant. For those plants with the highest risk rating, we are offering a free COVID-19 test option for employees and their family members.

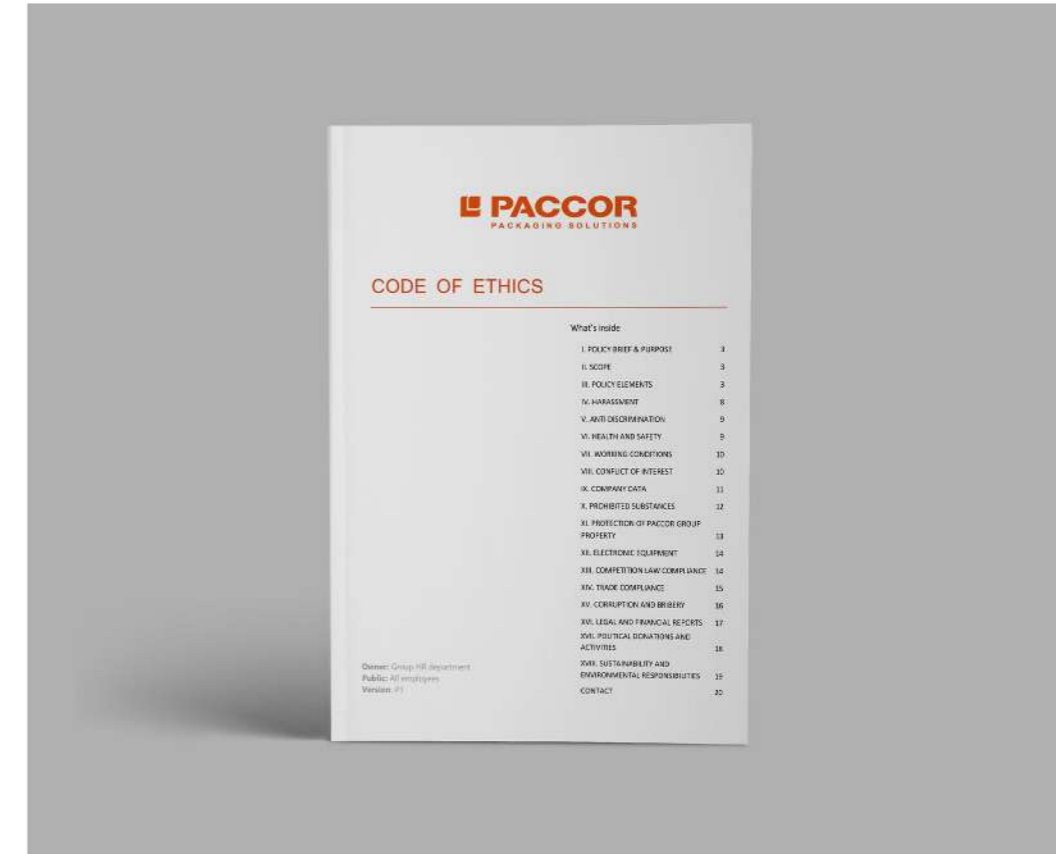
Site-specific procedures, guided by local regulations, remain in place. All locations permanently check which additional measures should be taken and which new, useful tools could be applied to reduce the risks.

During 2020, we have implemented a total of 90 measures across the Group to protect our employees, customers, suppliers, and visitors, including the provision of face masks, hand sanitizer, disinfectants, and cleaning supplies as well as the implementation of social distancing routines. Thanks to our continuous focus on health and safety, we already had pandemic preparedness plans in place, allowing us to respond quickly to the effects of the accelerating pandemic. This helped us to keep our employees safe, maintain our business continuity and continue to supply protective plastic packaging solution for food and non-food application, so essential during the pandemic.

Though the number of the daily reported new infections went down, it is important that everyone continues to follow all local and site-specific regulations. The measured dedication of everyone involved has kept us safe, both in the workplace and at home, and will continue to do so.

HUMAN RIGHTS

We understand that through our roles as employer, manufacturer, business partner and member of many communities, we can potentially impact the lives of millions of people.



At PACCOR, we recognize the responsibility that we have to respect the human rights of people in our value chains. As part of our sustainability core value and as expressed in our Code of Ethics, we are committed to respecting human rights as set out in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. An official Modern Slavery Policy is specifically issued for our operations in the UK.

At the same time, we expect all our business partners to respect human rights and apply equivalent principles and set that as a requirement in the screening procedures of future suppliers. 100% of our significant investment agreements¹⁷ and 100% of our contracts with the suppliers contain a human rights clause. All suppliers are required to sign our Global Standards for Suppliers before starting any partnership with us. In our Global Standards for Suppliers, we demand from our suppliers to not employ individuals in violation of the local

mandatory school age or under the legal employment age in the country they operate. In no case will suppliers employ worker under the age of 15. We forbid suppliers the use of forced labor or involuntary labor, whether bounded or indentured.

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 labor, or violation of workers' rights to exercise freedom of association or collective bargaining.

To accelerate our effort, in 2020 we launched a pilot training program for all our employees, specifically dedicated to human rights. We have started its implementation with the conceptualization of the training materials, the training format and conducted pilot sessions with about 5% of our employees. We are committed to rolling out the program across the company in during.

¹⁷ Significant Investment usually means a capital investment in an equipment project to be amortized over 5 years or more.

CARE FOR EACH OTHER

Creating safe workplaces will enhance the physical and mental health and well-being of our employees and 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 into all our working methods, decisions, and projects.

HEALTH AND SAFETY AT PACCOR

Our ambition is to reach zero injuries, waste, and harm. Our health and safety work is a shared responsibility for all our employees. Our QHSE&S management system applies to all functions, locations, and businesses and is consistent with global standards (including ISO 9001, ISO 50001, ISO45001, ISO14001, OHSAS18001, and others) and aims to protect the health and safety of all employees, temporary workers, and contractors. The system includes the definition and measurement of safety and health performance through metrics and obtains third-party verification of compliance with relevant health and safety standards when appropriate. The health and safety measures and the supporting management systems affect every employee and contractor on site, in our offices and on the road. Our QHSE&S Policy, expressing the foundation of our health and safety approach, is easily accessible to all employees and workers at all our sites.

SAFE PRODUCTION SITES

- Process Safety Management approach for all operations, following industry standards and best practices
- Shared responsibility
- Process Safety included in all our working methods and procedures
- Commitment to our QHSE&S Policy
- Risk assessments and preventive actions implementation
- Review of all incidents and near misses on a weekly basis
- Best practice implementation across the Group

EMPLOYEES INVOLVEMENT

- Behavioral Based Safety (BBS) Program implemented at all our sites
- Proactive approach to identify hazards or hazardous situations encouraged
- Health, Safety and Security review committee at all our sites
- Increased safety awareness and engagement
- Shared safety expertise
- Group health and safety monthly calls with site representatives to share learnings and best practices
- Risks assessment and preventive actions
- Safeguarded from reprisals

OCCUPATIONAL HEALTH SERVICES

- Preventive occupational medical examinations (8 sites)
- Provision of sports groups (2 sites) and wellness offers (5 sites)
- Defibrillators (15 sites)
- Non-work-related medical consultation
- Healthy food choices and free fruits on all sites

MEASURING AN MONITORING

- Consistent H&S KPI reporting on a monthly basis, including thorough checks to ensure data quality
- Periodic audits and safety walkthroughs at all our sites
- Whistle-blower system for potentially unsafe situations
- Incidents investigation, hazard assessment, and H&S review
- Corrective measures implementation after incidents and follow up on effectiveness

EMPLOYEE TRAINING AND HEALTH

- H&S work-specific training as part of induction program for all new hires
- Periodic H&S training
- One-point lessons on a matter of concern
- Corrective measures meeting upon incidents
- Annual external trainings for safety representatives
- Best practice sharing

With an explicit target to become the most desired firm to work for in the packaging industry, we will continue to invest in people and safe working environments. Safety is one of our values. We strive to deliver leading performance in health, safety, environment, and security (HSE&S). Our target is to continuously improve our performance, with the ambition to reach zero injuries, waste, and harm. Improving safety performance is based on having robust processes in place and being consistent in applying and improving these processes at all our locations. The personal health and safety of our employees is not only a demonstration of operational excellence – illness and injuries result in high costs and production losses – looking after our colleagues is also a matter close to our hearts.

By promoting and implementing measures, we are dedicated to ensuring the health of our employees. By raising awareness on health-conscious behavior, disease prevention and further training and health protection, we include all employees in our shared responsibility and shared objective to create a safe and healthy working environment. Our occupational health and safety systems were established historically within companies that are forming now the PACCOR Group. In recent years, we have worked on integrating the systems and bringing them under one roof. Now, it is laid out in one Group QHSE&S Policy and one robust Health and Safety KPI reporting system. As European wide acting enterprise, we follow the Directive 89/391/EEC – OSH 'Framework Directive' and implement management packaging industry standards such as BRC Packaging and ISO 9001-2015. Additionally, two of our sites are ISO 45001 certificated (Auneau and Istanbul). At all sites, QHSE&S managers are appointed to support the plant manager, along with external representative when needed. Certified external medical personnel are always present at all our production sites, and we follow local regulations in providing health insurance services for all our employees and workers. We value each of our workers – blue and white collar, internal and external – and the coverage of the health and safety systems on site reflect that.

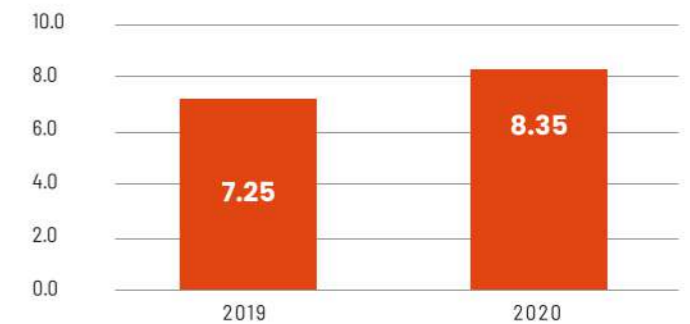
At all sites, we have installed a common and robust KPI system for tracking our H&S performance, including Safety Hazard (SH), Near Misses (NM), Minor Injuries (MI) and Lost-Time-Injuries (LTI). Combined with day-to-day behavioral based safety observations and process safety management, we use the data to identify work related hazards and asses and manage risks. The resulting corrective actions are then included in improved procedures, processes or employees and workers training. Our employees are actively participating in risk assessments, corrective actions' implementation and best practice sharing.

We encourage and empower all our employees to actively contribute to creating and implementing a positive QHSE&S culture. QHSE&S review committees, composed

of plant manager, maintenance, safety responsible, work counsel or employee representative, are established at all our sites for inclusive discussion on the health and safety systems evaluation and improvement. In frequency of meeting and decision-making authority, the committees follow local regulations. Our Code of Ethics clearly states that retaliation is not allowed. Any issue can be brought to union representatives' attention.

Lost-time incidents are reported to local authorities. Over the course of 2020, there were zero fatalities as a result of work-related injury or ill health, nor were there any cases of recordable work-related ill health or high-consequence work-related injury, either among PACCOR employees or other workers. With 41 recordable injury among employees and 1 injury among external workers, the rate of recordable work-related injuries for 2020 was 8.54¹⁸ based on one million hours worked. The rate of recordable LTI increased in 2020, which we connect with the introduction of the integrated KPI system characterized by more rigorous, higher granularity injury reporting and monitoring. In total, 30% of locations have been reportable injury free for more than a year.

RATE OF RECORDABLE LTI



Sharp objects like knives and scissors, hot surfaces from extrusion and thermoforming, and moving objects in machinery and logistics, are the three main hazards causing injuries that we identified during 2020. To mitigate such risks, we focused on technical solutions as well as improved work instructions from updated risk analysis, together with improved training for all production personnel and visitors. In some cases, we had to take disciplinary action due to negligence of safety rules or non-use of Protective Personal Equipment (PPE).

The focus on contractor safety was further increased in 2020 by the introduction of standardized practices for safe working throughout the company, as well as standardized contractor management and evaluation procedures. Our contractors participate in safety trainings and are informed about appropriate safe behavior before visiting our premises.

Security at PACCOR is focused on securing the safety of people, information, assets, and critical business processes against willful security risks on-site and while traveling. The level of standardization of procedures, processes and training for personnel dealing with security at all our facilities will continue to increase.

¹⁸ Recordable work-related injuries rate is calculated for both employees and other workers, based on the total number of hours worked among employees only, due to absence of relevant record of worked hours for external workers.

TRAINING AND PERSONAL DEVELOPMENT

A stronger organization driven by innovation makes us resilient and helps us to grow within our dynamic business environment. But we can only realize our potential if we can facilitate our employees with the right jobs and let them work to the best of their capabilities. So, if we want our business to grow, we must help our people to grow too – capability building is a major part of our business strategy.

Our HR strategy for 2020 and beyond is strongly focused on building the capabilities needed to support our strategic ambitions and ensure we drive a performance culture where our people learn quickly, grow, and proudly deliver on their commitments. Depending on the individual ambitions of our employees we aim at facilitating tailored training courses or inhouse training programs. Over the course of 2020, we conducted multiple trainings for professional growth, ensuring health and safety, and promoting sustainability within the organization. Such, since 2019, we are performing regular yearly training for 100% of our sourcing workforce to identify environmental, social, and ethical risks in our supply chains and to develop sustainable procurement strategies to mitigate these risks. Our aim is to ensure

long term employability of all our employees, increasing our internal knowledge and expertise, while providing security and stability for our employees. We are convinced that our employees make the difference. We experience this every day. 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.

In 2020, the Sustainability department also provided a comprehensive training program including face-to-face or on-line workshops to all PACCOR functions covering 100% of our employees on our CARE strategy topics, with specific focus given to recent and upcoming updates in regulatory frameworks in the plastics sector as well as life cycle assessment methodology.



Johanna Luible, Sales Manager, Ravensburg site, Germany

PACCOR SUSTAINABILITY TRAINING

ENVIRONMENT	EMPLOYEES AND SOCIETY	ECONOMY
Energy consumption and GHG	Employee and contractor health & safety	Corruption and Bribery
Water	Product Quality	Anti-competitive practices
Biodiversity	Working conditions	Responsible information management
Local and accidental pollution	Social dialogue	
Materials, chemicals and waste	Career management and training	
Life Cycle Assessment	Child and forced labor	
Product end of life	Discrimination and harassment	
Promotion of sustainable consumption	Human rights	
EU plastic regulatory frameworks		

In this report you can find more information about the trainings on human rights, waste management, and H&S which we conducted in 2020. Furthermore, we continue to offer event-based training programs such as new employee inductions, on-boarding, management training and tailored skills-based courses.

WHO ARE YOU?

My name is Johanna and I am working as Sales Manager at PACCOR in Germany. I studied professional translation for Spanish and English at the University of Saarbrücken and later did my MBA in General Management. When I started at PACCOR in 2000, I originally planned to stay for one to two years at most and then move on to Spain to work. Well, what can I say? Today I am here more than 20 years, simply because I like it and have experienced many changes over the years. After work you can usually find me on the back of my horse to relax and I also like traveling very much.

WHAT IS THE BIGGEST CHALLENGE ASSOCIATED WITH YOUR JOB?

There is no real daily routine in my job, because when I start working in the morning, I never know what the day will bring. Sometimes it's the small or bigger catastrophes that could happen and need to be solved or it's the pleasant surprises and good news that I, of course, prefer.

WHAT DO YOU DO IN YOUR JOB?

I have always worked in sales and customer service. That means I have always had contact with our customers. I am the first point of contact for our customers when they have questions and requests and I'm the link between them and our internal departments, such as the planning and production departments.

WHAT IS YOUR BIGGEST LEARNING SINCE YOU JOINED PACCOR?

Never give up! There is always a way to an agreement or a solution.

WHAT IS THE BEST PART OF YOUR JOB?

What I really like is when I am able to find a solution in a difficult or challenging situation that is feasible and satisfying for everyone involved.

WHAT SUPPORT DO YOU RECEIVE FROM YOUR COLLEAGUES?

We have a good team spirit, so everyone is open to support and help, even if it is not their core competence or duty.

LABOR MANAGEMENT RELATIONS

We expect from our Executive Board, Management Team, our employees, and our partners that they carry out their activities with our high standard of ethics, integrity, and professionalism. This entails that, at a minimum, we expect compliance with all laws, regulations, and procedures, while acting in the interest of PACCOR and in line with our values, principles and with a caring eye for the environment, local communities, and each other.



We fully recognize and respect our employees' rights to freedom of association, assembly and collective bargaining. As of 2020, 56% of our employees are covered by collective bargaining agreements. The minimum number of weeks' notice typically provided to employees and their representatives about the significant operational changes that could substantially affect them varies from 1 to 12 weeks and is regulated at each of our locations based on the local legislation. At most of the sites¹⁹, this notice period and provisions for consultation and negotiation are specified in collective agreements or in the applied national Labor Code.

Our employees have the opportunity to voice their ethical concerns or seek advice. The HR department is

the primary point of contact for requesting information, making claims or sharing suspicions. For claims at corporate level or gifts and entertainment, trade compliance, competition law compliance or, in general, compliance with laws or third party involvement, the Legal Affairs department is the primary point of contact. The head of each department, at local and Group level, is responsible for seeking outside advice from specialized law firms or other advisors on a case by case basis. The generic email addresses HR@paccor.com and Legal@paccor.com have been set up to address, respectively, any internal and external (third party's) concerns.

¹⁹ Excluding locations: Ravensburg (DE), Dusseldorf (DE), Mansfield (UK), Excelsior Springs (US)



ABOUT THIS REPORT

The Sustainability Report 2020 is PACCOR's first annual sustainability report, therefore no changes or restatements of the information are applicable. This report reflects our performance in calendar year 2020. Continuing our efforts to become the industry leader in a circular economy, we are committed to report our progress on an annual basis. PACCOR does not seek external assurance for the current report, however, reserves the consideration to do so for future reporting periods.

This report has been prepared in accordance with the GRI Standards: Core option.

For any questions regarding this report please contact:

Sonja Teurezbacher
VP Group Communications and Marketing
communication@paccor.com

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ESG FACT SHEET

ENVIRONMENT

Indicator	Unit	2019	2020	% change 2019-2020
Circularity				
Theoretically recyclable products	%	100	100	0%
Recyclable products in practice ²⁰	%	58	65	12%
Renewable materials in procurement	%	15.1	16	6%
Post-consumer recycled materials in procurement	%	11	16	45%
Post-consumer recycled materials in procurement of polymers	%	6	5	-17%
Share of portfolio covered by LCA (share based on net sales)	%	5	40	700%
Investments into sustainable packaging solutions	€ mln	NA	>5	NA
Energy				
Fuels consumption within the organisation	TJ	157	123	-22%
Supplied energy	TJ	1,178	1,074	-9%
Total energy consumption	TJ	1,335	1,197	-10%
Energy intensity	MJ/kg of product	6.5	6.7	3%
Share of renewable energy in the electricity mix	%	17	71	318%
Emissions				
Scope 1 GHG emissions	ktCO ₂ eq	13.3	10.6	-20%
Scope 2 GHG emissions	ktCO ₂ eq	190.8	53.3	-72%
Total GHG emissions within the organisation	ktCO ₂ eq	204.1	63.9	-69%
GHG emissions intensity, scope 1 and 2	kgCO ₂ eq/kg of product	0.99	0.36	-64%
Scope 3 GHG emissions	ktCO ₂ eq	797.3	708.8	-11%
Total GHG emissions cradle-to-grave	ktCO ₂ eq	1,001.4	772.7	-23%
GHG emissions intensity, cradle-to-grave	kgCO ₂ eq/kg of product	4.85	4.32	-11%
VOC emissions	t	20.1	21.4	6%
Waste				
Total waste generation	kt	26.9	22	-18%
Hazardous waste generation ²¹	kt	1.9	2.6	37%
Waste generation intensity	kg/kg of product	0.13	0.12	-6%
Waste sent to open loop recycling ²¹	kt	25.3	15	-41%
Waste sent to incineration with energy recovery ²¹	kt	1.2	5.1	325%
Waste sent to landfilling ²¹	kt	0.4	1.9	375%
Waste sent to mass incineration ²¹	kt	0.03	0.04	33%

²⁰ Rate based on the default recyclability assessments of Ellen McArthur Foundation, with adjustments based on our continuous dialogue with and audits of local waste receivers in the regards to our portfolio.

²¹ Values for 2019 and 2020 should be compared with precaution due to the classification changes in the reporting system and major plants restructure causing non-process waste to be.

Water²²

Total water withdrawal	1000m ³	207	189	-10%
Water withdrawal in areas with water stress	1000m ³	NA	29	NA
Water consumption	1000m ³	40	37	-8%
Total water discharge	1000m ³	167	152	-9%
Water discharge in areas with water stress	1000m ³	NA	29	NA

Management systems

Share of manufacturing sites with ISO14001/ISO50001 certifications	%	56	56	0%
Share of manufacturing sites with SEDEX (Supplier Ethical Data Exchange)	%	88	88	0%
Share of manufacturing sites with ISO9001/BCR (Global Standard for Food Safety) certifications	%	100	100	0%

SOCIAL

Indicator	Unit	2019	2020	% change 2019-2020
Employment				
Total employees	Head counts	3,416	3,260	-5%
Total employees	FTE	2,690	2,521	-6%
Share female employees	% FTE	25	27.2	9%
Share female employees in management and administration	% FTE	23	24	4%
New hires	FTE	NA	451	NA
Turnover	FTE	NA	609	NA
Occupational health and safety²³				
Total high consequence injuries	-	0	0	0%
Total recordable injuries (LTI)	-	38	42	11%
Total recordable injuries among employees (LTI)	-	38	41	8%
Rate of recordable injuries per 1mln hours worked	-	7.25	8.35	15%
Total work related illness	-	0	0	0%
Sustainability in the supply chain				
New suppliers assessed on social and environmental criteria	%	NA	100	NA
Share of suppliers signatories of the PACCOR Global Standard for Suppliers	%	100	100	0%
Share of contracts with the suppliers containing a human right clause	%	100	100	0%
Share of procurement budget allocated local suppliers	%	NA	33	NA

²² 2019 quantities estimated from water bills

²³ Values for 2019 and 2020 should be compared with precaution due to the classification changes in the reporting system.

Customer satisfaction				
First response time	h	<24	<24	0%
Customer retention rate	-	NA	0.9	NA

GOVERNANCE

Indicator	Unit	2019	2020	% change 2019-2020
Production volumes	kt	196.7	178.7	-9%

Governance bodies

Total people in Management Team	Head counts	9	10	11%
Female members in Management Team	%	31.2	50	60%
Governance body oversight of the sustainability strategy	Y/N	Y	Y	0%
Frequency on Board update on ESG issues	Frequency	Monthly	Monthly	0%
Board oversight of climate strategy	Y/N	Y	Y	0%
Code of Conduct, anti-discrimination, anti-harassment Policy	Y/N	Y	Y	0%
Anti-corruption, anti-bribery Policy	Y/N	Y	Y	0%
QHSE&S Policy	Y/N	Y	Y	0%
Business Partner Code of Conduct, including suppliers Policy	Y/N	Y	Y	0%
Modern Slavery Act Policy (UK)	Y/N	Y	Y	0%

Regulatory compliance

Confirmed incidents of corruption		0	0	0%
Legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation		0	0	0%
Incidents of non-compliance with environmental laws and regulations		0	0	0%
Incidents of non-compliance with law and regulations in the socio-economic area		0	0	0%
Substantiated complaints concerning breaches of customer privacy		0	0	0%
Incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products and services		0	0	0%
Incidents of non-compliance with regulations or voluntary codes concerning information and labeling of our products		0	0	0%

APPENDIX A: GHG EMISSIONS METHODOLOGY AND ASSUMPTIONS

Scope	Scope defined	Comment
Scope 1	Fuels for space heating and production	Calculations are based on the primary data for fuels consumption.
	Fuel: warehouse transport	Calculations are based on the primary data on the number and drive of warehouse transport in use at the sites, users estimate on the average number of hours of use per day, and assumptions on the fuel consumption per hour in consideration of representative equipment. Electric and semi electric vehicles energy consumption is included in Scope 2.
	Fugitive emissions	Calculations for cooling agent emissions are based on the primary data on cooling equipment (charge and type of cooling agent) for the reporting year 2020, extrapolation of the values on base year 2019 based on the production volumes, and default IPCC rates of cooling agent leakage. In minor cases when data on space cooling equipment was not available, the assumption is made based on the floor area cooled (m ²) and performance of the representative equipment.
Scope 2	Electricity	Calculations for VOCs emissions are based on the primary data from the production sites.
	Heat	Calculations for other fugitive emissions (borehole water treatment) are based on the primary data for the volumes of water treated and activity data on the associated emissions derived from databases.
Scope 3	Category 1: Purchased goods and services	Calculations are based on the primary data for electricity consumption and applicable electricity mixes.
	Category 2: Capital goods	Calculations are based on the primary data for heat consumption and applicable heat source(s).
	Category 3: Fuel- and energy-related activities not included in scope 1 or scope 2	Calculations are based on the primary data for raw materials purchase by material group (kg), water consumption (m ³), and services purchase (€). For few sites with unknown water consumption in 2019, an extrapolation from 2020 was implemented based on production volumes (estimated not to exceed 30% of the total water consumption in 2019).
	Category 4: Upstream transportation and distribution	Calculations are based on the primary data for capital expenditures, expert estimation of the share of expenditures spent on goods vs services and project management, and expert assessment of the goods category split by CAPEX spent category.

Scope	Scope defined	Comment
Scope 3	Category 5: Waste generated in operations	Calculations are based on the primary data for fuels consumption for space heating and production and electricity consumption, and estimation of fuel consumption for warehouse transport (see scope 1. Fuel: warehouse transport).
	Category 6: Business travel	Calculations for transportation of raw materials to the production sites are scoped on supply of resins as the most contributing and the most documented supply of raw materials. Calculations are based on the primary data on the volume of supply and the GIS defined distance for road transportation from tier 1 suppliers. In case of purchase from bulk distributors, the distribution from the base of the distributor is accounted. When several supply locations are aggregated, the supply volume is split equally between them. When the supply location is unknown, the default distance is estimated on the level of average freight distance in Europe 2018 (EuroStat).
	Category 7: Employee commuting	Calculations for transportation of sold product to the customers are based on the primary data for production volumes, return rates and average registered GIS defined distances of transportation per production site, as well as the expert assumption on average distance to warehouses, share of product warehoused.
	Category 8: Upstream leased assets	Calculations are based on the primary data for volumes of waste generated by fraction and/or waste stream type, and the waste treatment practice applied. It is assumed that for the separated waste fractions the waste is handed over to third parties with the material definition and no sorting is required.
	Category 9: Downstream transportation and distribution	Calculations are based on the primary data on the number of intracontinental and intercontinental flights purchased, and assumptions of the flight distances: flight 850km – Poland to Germany – is assumed for intracontinental flights; flight 6700 km – Germany to the USA – is assumed for intercontinental flights.
	Category 10: Processing of sold products	Calculations are based on the primary data for number of employees (head count based) per site, and the internal expert assumption for average distance of commute per site. For 2020, additional assumptions are incorporated to reflect the work from home due to COVID-19 outbreak. The assumption is made on the primary data for number of employees not directly involved in production (head counts), estimated lockdown measures start on April 1, 2020 for, and occupancy rate thereafter of 20%.

Scope	Scope defined	Comment
Scope 3	Category 11: Use of sold products	Calculations are based on the primary data on the expenses for the low value and short-term leases (IFRS16.3), and expert estimation of shares of the objects of lease. Finance and capital lease assets operated by the company are included in scope 1 and 2.
	Category 12: End-of-life treatment of sold products	Not included. The downstream transportation and distribution beyond supply of the products to the direct customer are not owned or controlled by PACCOR, and any assumptions are judged to be of high uncertainty. Supply of the products to the direct customer is included in Scope 3 Category 4.
	Category 13: Downstream leased assets	Not included. Processing of sold product is not owned or controlled by PACCOR, and any assumptions are judged to be of high uncertainty.
	Category 14: Franchises	Not included. Use of sold product is not owned or controlled by PACCOR. While it is not expected that use of the PACCOR product itself would result in considerable emissions, any further assumptions are judged to be of high uncertainty.
	Category 15: Investments	Calculations are based on the primary data for the materials of the sold products and geographical market of sales, and the assumed end of life. The end of life of the products is identified based on the internal research when available (appr. 29% of production for 2019 and 39% for 2020), and on the regional statistics for plastic packaging (Plastic Europe and EPA) when not available.
TOTAL		The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard is used. Four locations with office activities are excluded from the scope of assessment: Lithuania, Ukraine, Serbia and Bulgaria. In 2020 the activities were mainly performed from home office by minor number of employees. Year 2019 is taken as the base year for the calculations as the earliest available higher certainty metrics, and the most relevant for the company's sustainability strategy construct. Operational control is chosen as consolidation approach for emissions. Used emissions factors are sourced from publicly available DEFRA conversion factors, and life cycle accounting emission factors derived from databases EcoInvent 3.6 and EXIOBASE. Emission factors are chosen and/or derived for the most relevant temporal reference (2019 and 2020 respectively), or the closest to it when not possible. Included greenhouse gases are defined by the IPCC AR5 methodology, based on a 100-year timeframe. Biogenic CO ₂ emissions are excluded from the assessment scope.

APPENDIX B: ENTITIES INCLUDED INTO REPORTING

THE FOLLOWING ENTITIES ARE INCLUDED INTO THE CONSOLIDATED FINANCIAL STATEMENT.

PACCOR Packaging GmbH
PACCOR Deutschland GmbH
PACCOR (Ravensburg) Deutschland GmbH
Atlas Rigid North America, Inc.
PACCOR NA, Inc.
PACCOR Packaging NA, Inc.
PACCOR International Holdings SARL
PACCOR France SAS
PACCOR Turkey Ambalaj Sanayi A.S.
PACCOR Finland Oy
PACCOR Netherlands BV
PACCOR Hungary Kft
PACCOR Lietuva UAB
PACCOR Polska Sp. z o.o.
PACCOR Romania SRL
PACCOR Serbia d.o.o.
PACCOR Ukraine LLC
Daisy UK Holdco Ltd
PACCOR UK Limited
PACCOR (Mansfield) UK Limited
PACCOR Bulgaria JSC
Sofioplast 96 JSC
PACCOR Iberia S.A.
Inmobiliaria Frank Lloyd SL
PACCOR Singapore Pte. Ltd

All the entities are included into the scope of the current sustainability report.

TAKING
SUSTAINABILITY TO
THE NEXT LEVEL



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