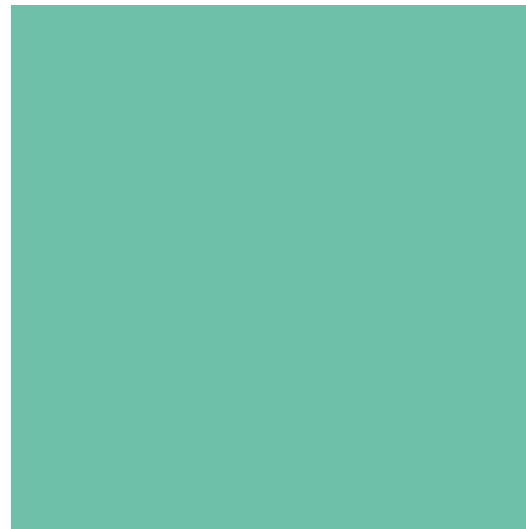
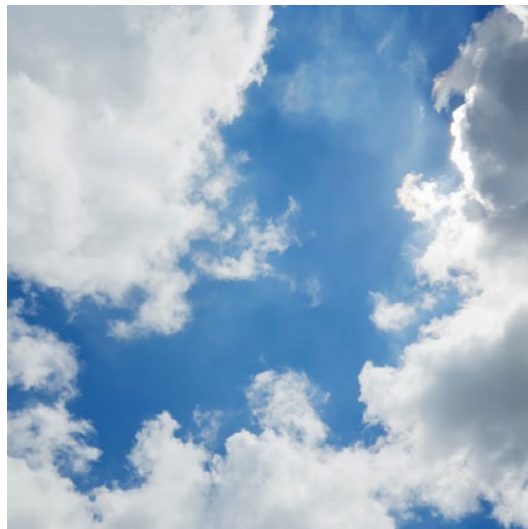


# SUSTAINABILITY REPORT 2015



# CONTENT

Content . . . . .	2
Comments by the CEO . . . . .	3
Comments by the Sustainability Manager . . . . .	4
Introduction to AR Packaging	
Who we are . . . . .	5
Sustainability strategy and targets . . . . .	8
Social responsibility	
Human rights and anti-corruption . . . . .	11
Labour principles, employees and social engagement . . . . .	13
Training . . . . .	16
Health and occupational safety. . . . .	18
Environment	
Sustainable innovation . . . . .	24
Raw material usage. . . . .	25
Suppliers . . . . .	27
Waste . . . . .	28
Energy consumption . . . . .	32
Water usage . . . . .	35
Biodiversity . . . . .	36
Emissions and reduction of carbon footprint . . . . .	37
Carbon disclosure project . . . . .	39
Food safety and hygiene management . . . . .	41
Risk management . . . . .	45
Certifications and sustainability memberships . . . . .	48
Certifications per plant . . . . .	49
GRI Index . . . . .	50
Sustainability reporting history . . . . .	53
Information and contacts . . . . .	54

# IMPORTANT STEPS ADVANCE OUR POSITION IN SUSTAINABILITY

AR Packaging is one of the leaders in the carton-based and flexible segments of the packaging market with many strong brand owners as key customers. The Group operates 17 plants in nine European countries. We are convinced that an active approach to sustainability is a key criterion for our customers and a tool by which we can further strengthen our market position and ensure long-term competitiveness.



2015 proved to be an extraordinary year for AR Packaging in many respects and this is the result of a successful strategy implementation. Business growth in selected business segments combined with relentless efforts to improve operational efficiency and create a winning, performance-based culture lead to record-high financial performance at the same time as we further improved our sustainability achievements.

The Group is committed to conducting its business in an ethically, socially and environmentally responsible manner. As a signatory of the United Nations Global Compact, we aim to contribute to the positive development of the communities in which our products are used – as well as those in which we conduct our operations. AR Packaging submits an annual COP (Communication on Progress) to show our efforts to embed the Ten Principles of the UN Global Compact into our strategies and operations.

In 2015, the Group took further steps to advance its position within corporate social responsibility, such as: full implementation of the data collection software 360report, new group-wide COP (Communication of Progress) reporting for the UN Global Compact, a number of new certifications according to international standards, and implementation of an extended Business Ethics Policy and whistleblowing scheme.

I am pleased to share another AR Packaging Sustainability Report with you. It shows our progress not only at group level but even more so at local level through all plant initiatives.

**Harald Schulz**  
CEO

”

I AM PLEASED TO SHARE ANOTHER AR PACKAGING SUSTAINABILITY REPORT WITH YOU. IT SHOWS OUR PROGRESS NOT ONLY AT GROUP LEVEL BUT EVEN MORE SO AT LOCAL LEVEL THROUGH ALL PLANT INITIATIVES.

“

## FURTHER ENHANCEMENT OF OUR SUSTAINABILITY ACTIVITIES

When A&R Carton published its first Sustainability report in accordance to the International Reporting Standard (GRI) in 2007, we were one of the first companies in our industry to do so. Nine years later, sustainability reporting is not only an integral part of meeting customer needs, but also a tool through which many companies confirm their proactive environmental and resources optimisation activities, as well as to comply with social standards.

In addition to continuous annual reporting, AR Packaging has enhanced its activities over the recent years with more detailed reporting and as a member of the Carbon Disclosure Project (CDP), where we together with our customers Philip Morris International, Imperial Tobacco and Nestlé disclose yearly CO<sub>2</sub> and water figures with the aim to reduce our environmental footprint.

The sustainability measures for 2015 at Group level which I would like to highlight, in addition to the full integration of our newly acquired plants in Graz, Krakow and Moscow, are the comprehensive review of our Code of Conduct and the implementation of a whistleblowing scheme. Moreover, many projects and activities in the social, health, safety and environmental field were conducted under the responsibility of our plants, such as moving towards 100% green energy in our Nordic plants.

The progress during the last two years clearly shows that employees and management of AR Packaging have an increased focus on sustainability issues and our company is well-prepared to further improve our figures and footprint every year.

**Robert Mayr**  
**Product Safety and Sustainability Manager**



”

THE PROGRESS DURING THE LAST TWO YEARS CLEARLY SHOWS THAT EMPLOYEES AND MANAGEMENT OF AR PACKAGING HAVE AN INCREASED FOCUS ON SUSTAINABILITY ISSUES AND OUR COMPANY IS WELL-PREPARED TO FURTHER IMPROVE OUR FIGURES AND FOOTPRINT EVERY YEAR.

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# INTRODUCTION TO AR PACKAGING

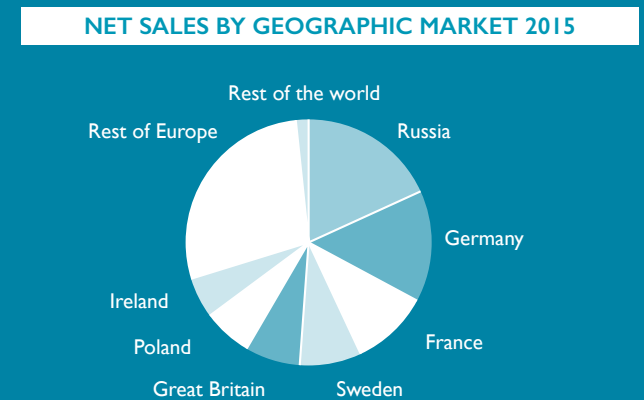
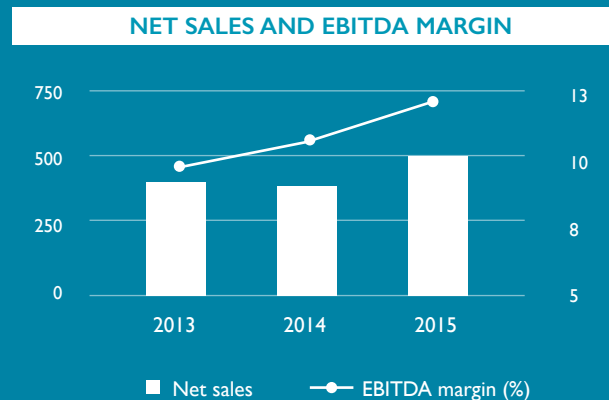
## WHO WE ARE

AR Packaging is one of Europe's leading companies in the packaging sector with its head office located in Lund, Sweden. The Group creates added value for customers through a broad product offering and deep knowledge of packaging.

The Group was formed in 2011 through the merger of A&R Carton, one of Europe's leading carton board packaging companies, and Flextrus, a market leader in northern Europe in flexible packaging. CC Pack and SP Containers are also members of the Group, offering pressed trays and carton based cups.

The products and solutions of AR Packaging are mainly used for folding cartons and flexible packaging. The offer includes everything from proprietary machinery systems to packaging design and development.

In 2015, AR Packaging completed the acquisition of the European tobacco and general packaging operations, including three plants, from MeadWestvaco Corporation.





# MISSION AND BUSINESS STRATEGY

With the mission to optimise the benefits of packaging in our customers' value chains, AR Packaging has a business strategy based on three elements:

- To grow in segments and applications where the Group has competitive advantage and to focus on profitability in other areas of its business.
- To further improve the Group's operational excellence and cost-efficiency through increased specialisation and investments in key technologies as well as reviewing and optimising its manufacturing footprint.
- To adopt a global approach in core segments and aim to expand beyond its core European markets with selected packaging solutions.

## OUR THREE DIVISIONS

AR Packaging has a broad customer base serving mainly the European food and healthcare industry. Our business is divided into three divisions. They are all characterised by high demand on all the criteria for good packaging: protecting the content, promoting it and assisting the consumer in using the product.

### BRANDED PRODUCTS

Innovative packaging solutions for goods found in duty-free stores. Being a reliable packaging supplier with business acumen throughout the value chain and extensive geographical coverage are the keys to the success of brand owners.



### BARRIER PACKAGING

Unique, high-performance packaging solutions, for both systems and materials, based on proprietary technologies, such as Cekacan® and Hermetet®. Wide range of advanced flexible barrier materials supplied with world-class product customisation, service and lead times.



### FOOD PACKAGING

Key player in the development of food-on-the-go packaging, where consumer convenience is crucial. High food safety and sustainability standards as well as best-in-class key account management enables packaging needs to be translated into customer benefits.



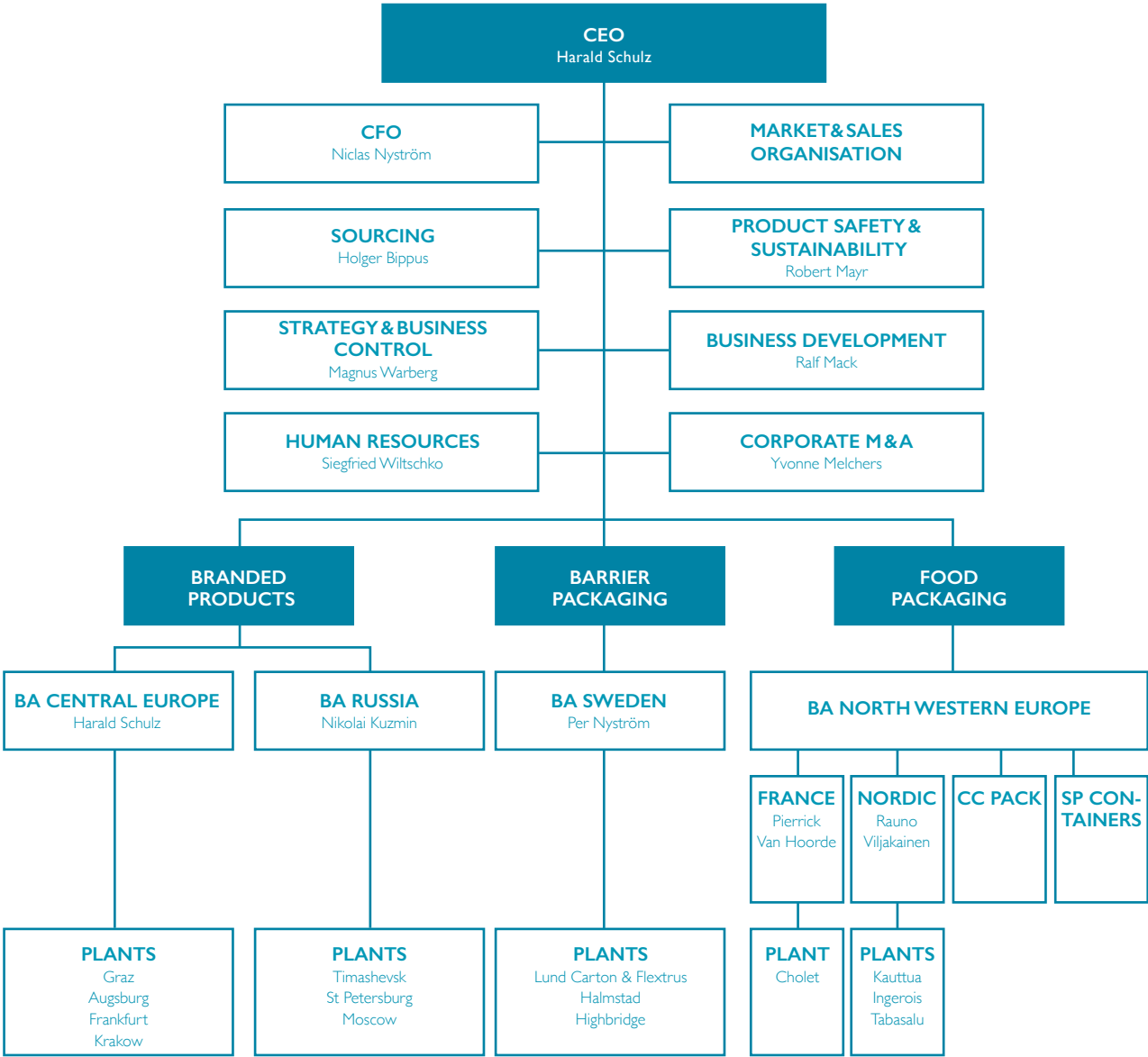
# ORGANISATIONAL STRUCTURE

AR Packaging is organised into three divisions in which the operational and financial performance is managed. At Group level, certain central functions coordinate Group activities and support the divisions, such as sourcing, innovation and key account management. The CEO leads the Group through the Executive Management Team. Extended management meetings with operational and sales focus respectively are held 3-4 times per year, where Sales Managers and corporate support functions also participate.

### OWNERS AND CORPORATE GOVERNANCE

ÅR Packaging Group AB is a Swedish public company owned by Ahlström Capital (65%) and Accent Equity (35%). Ahlström Capital is a family-owned investment company that mainly invests in industrial companies, real estate – and forests. Accent Equity is one of the leading private equity firms in the Nordic mid-market segment.

The Group's governance is controlled via the Annual General Meeting (AGM), the Board and the CEO and Group management of AR Packaging in accordance with the Companies Act, the Articles of Association and the directives of the Board and CEO. Representatives from Group management are also included in the Board of Directors of each subsidiary.



# SUSTAINABILITY STRATEGY AND TARGETS

AR Packaging has since 2007 recognised the importance of a sustainable business approach and confirmed this by publishing sustainability reports, among others. Sustainability matters are regarded as an increasing opportunity for many stakeholders such as customers, suppliers and other groups and organisations. The Group commits to demonstrate continuous improvements in environmental, social and economic sustainability to these stakeholders.

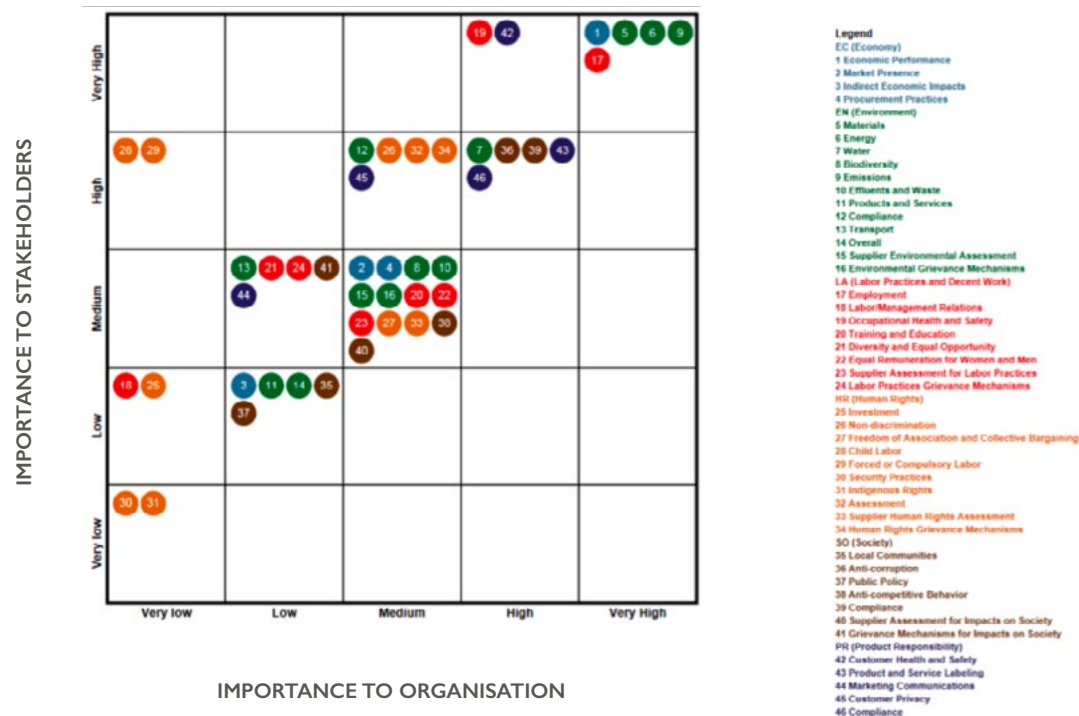
## SUSTAINABILITY STRATEGY

The AR Packaging business strategy to increase sales and profitability in selected segments is realised by creating sustainable packaging solutions which generate added value to customers and the end consumer. Competitiveness and a reduced environmental footprint is ensured by improving the Group's operational excellence and cost-efficiency through specialisation and investments in key technologies as well as reviewing and optimising its manufacturing footprint. The company aims at not having any negative impact in the communities where it operates. In a decentralised organisation the responsibilities lie within the local operations and their experts, while being monitored and sponsored by Group management.

## THE SUSTAINABILITY REPORTING SYSTEM

Sustainability data are collected from 17 production plants by using a 360report software, where the three newly acquired plants were successfully integrated in 2015. The software covers the requirements of the Global Reporting Initiative (GRI G4), COP reporting linked to our membership in UN Global Compact and reporting for the Carbon Disclosure project (CDP).

The software also provides the possibility to structure important reporting indicators, as not all aspects of GRI structure have the same importance in sustainability reporting. Therefore, the stakeholder issues that are significant to our organisation and the industry in which we operate can be prioritised.





# SUSTAINABILITY STRATEGY AND TARGETS

Following the strategic business plan, called Agenda 2020, sustainability targets have been set in 2015 on a five years basis with focus on the following activities all related to our operations.

TARGET 2020 (ON BASIS OF 2014 PRODUCTION PER TON)		EXAMPLES OF ACHIEVEMENTS IN 2015
<b>CARBON EMISSION</b>	<b>Reduction for Scope 1 &amp; 2 GHG emissions by 10% by 2020</b> <ul style="list-style-type: none"> <li>• Increase the environmental performance at our 17 plants</li> <li>• Improve the reporting of environmental figures</li> <li>• Close collaboration with our customers to support their targets and improve scoring on Carbon Disclosure project</li> <li>• Increase the involvement from our suppliers to reach our targets</li> </ul> <b>Reduction for Scope 3 GHG (indirect) by 5% by 2020</b> <ul style="list-style-type: none"> <li>• Start tracking Scope 3 GHG figures until the end of 2017 and set the basis for measurements</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improved and more detailed data collection at plants and at Group level</li> <li>✓ Improved CDP Scoring from 2014 to 2015</li> <li>✓ Integration of sustainability aspects in supplier audits</li> <li>✓ Reduction of direct GHG emissions by 16% compared to 2014 (excl. newly acquired plants)</li> </ul>
<b>ENERGY</b>	<b>Reduction of energy consumption by 10% by 2020</b> <ul style="list-style-type: none"> <li>• Improved and enhanced data collection at our 17 plants</li> </ul> <b>Increase the use of renewably energy in comparison to base year</b>	<ul style="list-style-type: none"> <li>✓ Increased energy mapping at several plants</li> <li>✓ ISO 50001 certification at the plants in Germany</li> <li>✓ Multiplicity of measures at all plants</li> <li>✓ Three Nordic plants moved to 100% renewable energy</li> </ul>
<b>WATER</b>	<b>Reduction of water consumption by 3%</b> <ul style="list-style-type: none"> <li>• Water management and measures to reduce water use from sustainable resources</li> </ul>	
<b>WASTE</b>	<b>Reduction of hazardous waste generation and non-hazardous waste generation by 5%</b>	
<b>SAFETY</b>	<b>Reduction of injury rate by 20% (based on 2015 figures)</b> <ul style="list-style-type: none"> <li>• Implement health and safety reporting at Group level</li> <li>• Activities to increase awareness among employees</li> </ul>	<ul style="list-style-type: none"> <li>✓ Safety days and safety promotions at several plants</li> <li>✓ Multiplicity of technical measures to support set targets</li> </ul>
<b>SOCIAL</b>	<b>Compliance with UN Global Compact, local legislation and industry standards</b> <ul style="list-style-type: none"> <li>• Member of Sedex and social auditing at all our plants by 2020</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reviewed Business Ethics Policy</li> <li>✓ 14 of 17 plants are Sedex members and run social audits</li> <li>✓ Implementation of a whistleblowing scheme</li> </ul>
<b>STAKEHOLDER ENGAGEMENT</b>	<b>Public and transparent reporting of sustainability figures complying with GRI and UN Global Compact requirements</b>	<ul style="list-style-type: none"> <li>✓ Extended Sustainability Report 2015</li> </ul>

# SOCIAL RESPONSIBILITY





# HUMAN RIGHTS AND ANTI-CORRUPTION

AR Packaging is fully aware of and assumes responsibility to respect and support the protection of human rights, not only in our organisation but also in our external influence. This is underlined by our ethics policy as well as our membership of the United Nations' Global Compact.

Following the extension of the AR Packaging Code of Conduct guidelines in 2014, a new version called AR Packaging Business Ethics Policy was published in August 2015. It contains the most important corporate principles and behavioural rules with reviewed statements on human rights, child work, discrimination, social standards and anti-corruption and bribery. New sections covering land rights of communities and environmental statements were also added in 2015.

As the interest of AR Packaging is to prevent improper conduct, the Business Ethics Policy is one of our key elements in providing preventive measures against breach of human rights and corruption. Managers at Group level and at our plants play a key role by expressing their position clearly and setting good examples for their personnel. Management as well as white collar and new employees have signed the extended policy after a short training course. All other employees were informed through various channels or during meetings regarding this policy. A plan for re-training classified in critical and non-critical groups was set for the following years.

The Business Ethics Policy also provides the basis for supporting the United Nations' Global Compact, which AR Packaging joined as a signatory already in 2008. Although our plants and our main suppliers are operating in non-critical and well-regulated countries, we are very careful and continuously observe the situation in our supply chain. During the reporting period, no incidents were reported in any of our 17 plants.

## SUPPLIERS

An Ethics Policy for suppliers was developed in 2015 and spread at group level to our top 20 suppliers. This will be continued and extended in 2016. As a general approach, a separate sustainability chapter was integrated in our common supplier audit questionnaire and will also form part of audits at group level in 2016. Moreover, our Flextrus plant in Lund developed a self-audit survey corresponding to Sedex (Supplier Ethical Data Exchange) and their social audits. This has been forwarded to all Flextrus suppliers in the supply chain for packaging materials and will be analysed during 2016. It will also be evaluated if it should be used by other plants or on group level.



In 2015, not a single supplier was identified with a significant risk for incidents in regards to human rights and anti-corruption, and no incident was noted by our organisation.

## ANTI-CORRUPTION

AR Packaging is committed to working against corruption in all its forms, including extortion and bribery. It uses suitable means to promote transparency, trading with integrity, responsible leadership and company accountability. The company shall comply with the applicable criminal laws on corruption. We have centralised Sales and Purchasing organisations for key customers and main raw materials and our activities are mainly in socially high-level European countries.

## ANTI-COUNTERFEITING AND ANTI-ILLICIT TRADE

An additional separate Anti-counterfeiting and Anti-illicit Trade Policy was also reviewed and a new version was published in August 2015. This was communicated together with our Business Ethics Policy. The policy gives clear statements and instructions on how we work in this field.

## SOCIAL AUDITS

As per May 2016, 14 of our 17 plants have completed successful regular social audits and self-assessments using external independent companies. To further emphasise the importance and prove our commitment to ethical business practices we aim to integrate all 17 plants in this audit system by the end of 2020.

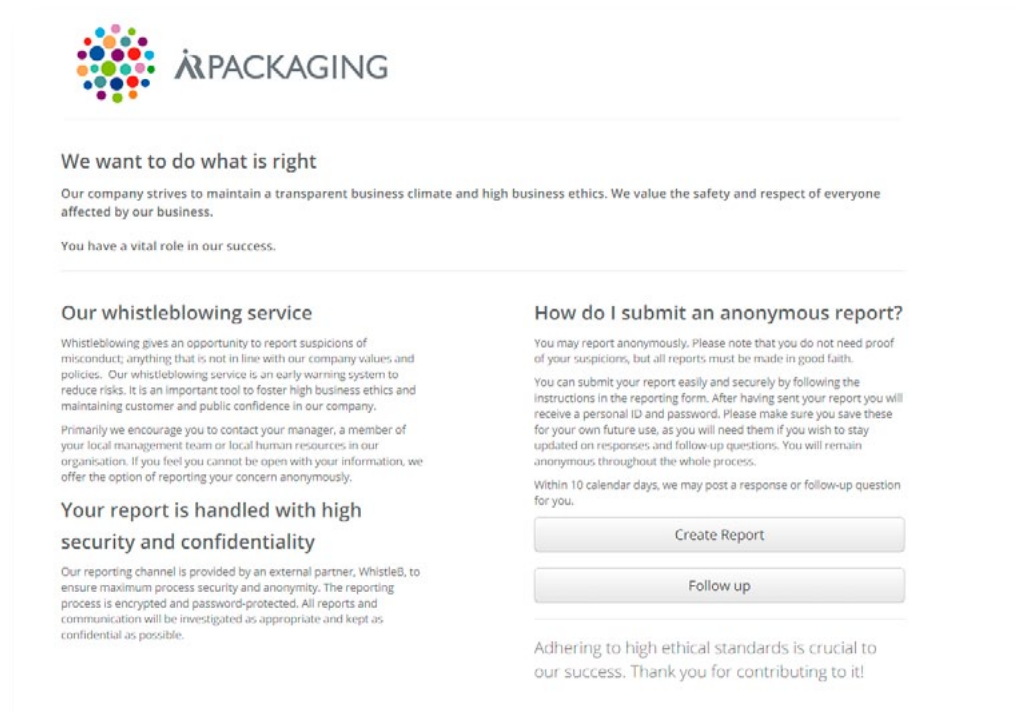
# WHISTLEBLOWING

To foster high business ethics and report concerns of misconduct, AR Packaging introduced a whistleblowing procedure throughout the Group at the end of 2015 and beginning of 2016. All employees and stakeholders who suspect a breach of the company's ethics policy shall report the matter to relevant supervisors, plant managers or a HR representative. However, if necessary, an extended whistleblowing scheme is available for

reporting suspected breaches of our values and ethics policy, where the reporting person may remain anonymous. Contact information for the whistleblowing scheme is posted at every local facility and is available online ([www.report.whistleb.com/AR-Packaging](http://www.report.whistleb.com/AR-Packaging)) in the languages of the countries in which we operate. All employees were introduced to the scheme by the plant managers at employee meetings and via email.

All reports will be investigated as appropriate by a Whistleblowing compliance team and will be kept as confidential as possible. The compliance team includes representatives from corporate quality & sustainability, HR, communication functions and selected regional directors. No employee acting in good faith should be subject to disciplinary measures for providing information concerning suspected violations of law or a company policy.

## SCREENSHOT OF THE WHISTLEBLOWING PORTAL



The screenshot shows the AR Packaging Whistleblowing Portal. At the top is the AR Packaging logo. Below it, the text reads: "We want to do what is right. Our company strives to maintain a transparent business climate and high business ethics. We value the safety and respect of everyone affected by our business. You have a vital role in our success." The main content is divided into two columns. The left column is titled "Our whistleblowing service" and describes the purpose of the service and how to report a concern. The right column is titled "How do I submit an anonymous report?" and provides instructions on how to submit a report, including a "Create Report" button and a "Follow up" button. At the bottom, it states: "Adhering to high ethical standards is crucial to our success. Thank you for contributing to it!"

**We want to do what is right**

Our company strives to maintain a transparent business climate and high business ethics. We value the safety and respect of everyone affected by our business.

You have a vital role in our success.

**Our whistleblowing service**

Whistleblowing gives an opportunity to report suspicions of misconduct, anything that is not in line with our company values and policies. Our whistleblowing service is an early warning system to reduce risks. It is an important tool to foster high business ethics and maintaining customer and public confidence in our company.

Primarily we encourage you to contact your manager, a member of your local management team or local human resources in our organisation. If you feel you cannot be open with your information, we offer the option of reporting your concern anonymously.

**Your report is handled with high security and confidentiality**

Our reporting channel is provided by an external partner, WhistleB, to ensure maximum process security and anonymity. The reporting process is encrypted and password-protected. All reports and communication will be investigated as appropriate and kept as confidential as possible.

**How do I submit an anonymous report?**

You may report anonymously. Please note that you do not need proof of your suspicions, but all reports must be made in good faith.

You can submit your report easily and securely by following the instructions in the reporting form. After having sent your report you will receive a personal ID and password. Please make sure you save these for your own future use, as you will need them if you wish to stay updated on responses and follow-up questions. You will remain anonymous throughout the whole process.

Within 10 calendar days, we may post a response or follow-up question for you.

Create Report

Follow up

Adhering to high ethical standards is crucial to our success. Thank you for contributing to it!

## EXAMPLE OF THE WHISTLEBLOWING POSTER



The poster features the AR Packaging logo at the top. Below it, the text reads: "WE WANT TO DO WHAT IS RIGHT. YOU HAVE A VITAL ROLE IN REPORTING CONCERNS. AR Packaging strives to maintain a transparent business climate and high business ethics. We value the safety and respect for everyone we do business with. Although we primarily encourage you to contact local management or HR in case of concerns, our reporting channel WhistleB allows you to report suspicions of misconduct against our values and ethical policy. All reports are treated seriously and confidentially. You can report anonymously if you wish." The poster is divided into two main sections. The top section is titled "HOW TO REPORT A CONCERN" and provides two options: "ONLINE REPORTING" with the URL [www.report.whistleb.com/AR-Packaging](http://www.report.whistleb.com/AR-Packaging) and a QR code, and "BY POSTAL LETTER" with the address: WhistleB, PO Box 70396, SE 107 24 Stockholm, Sweden. The bottom section is titled "MORE INFORMATION" and provides contact information for questions. A whistle is shown in the bottom right corner.

**WE WANT TO DO WHAT IS RIGHT**  
YOU HAVE A VITAL ROLE IN REPORTING CONCERNS

AR Packaging strives to maintain a transparent business climate and high business ethics. We value the safety and respect for everyone we do business with. Although we primarily encourage you to contact local management or HR in case of concerns, our reporting channel WhistleB allows you to report suspicions of misconduct against our values and ethical policy. All reports are treated seriously and confidentially. You can report anonymously if you wish.

**HOW TO REPORT A CONCERN**

ONLINE REPORTING: [www.report.whistleb.com/AR-Packaging](http://www.report.whistleb.com/AR-Packaging)

BY POSTAL LETTER: WhistleB, PO Box 70396, SE 107 24 Stockholm, Sweden

Mark your letter with "AR Packaging"

**MORE INFORMATION**

If you have questions please contact your closest manager, a member of the local management team or human resources (HR).

# LABOUR PRINCIPLES, EMPLOYEES AND SOCIAL ENGAGEMENT

General statements on labour principles are included in the AR Packaging Business Ethics Policy. Elimination of all forms of forced and compulsory labour as well as the use of child labour is legislated in all countries where AR Packaging has employees. More detailed policies and procedures are implemented locally at the plants.

## LABOUR PRACTICES

AR Packaging is committed to providing fair compensation and working conditions for all its employees. Working hours are set according to the domestic laws in force or industrial standards. All employees are informed of and have the right to know the basic terms and conditions of their employment. AR Packaging do not support differences in salary and remuneration between women and men in our organisation.

A number of annual events are arranged to promote teamwork and team-spirit at the plants. Some examples are summer parties and Christmas dinners (Augsburg, Germany and Tibro and Lund, Sweden), department Sweden), and activity events (Frankfurt, Germany) etc. A football competition between the plants in Graz, Austria, and Augsburg, Germany, was successfully organised in 2015 with the aim to bring people together and facilitate communication.

## FREEDOM OF ASSOCIATION

AR packaging respects the freedom of association and the right to collective bargaining, and each plant has a workers' council. Group level annual meetings of representatives of the workers' councils are supported by the management. This ensures that labour agreements are put into effect.

## PARENTAL LEAVE

Parental leave is supported by AR packaging. 60 employees went on parental leave in 2015 and 25 employees returned to their plants and were integrated back into work. Depending on

the country and plant, there are of course various part-time models with differing approaches.

## BENEFITS

Benefits provided to full-time employees vary in the Group depending on the plant. Typical benefits offered are healthcare, disability and invalidity or life insurances. Several other smaller benefits are in place, e.g. the plants in Kauttua and Ingerios, Finland, offer a sport and culture support of 200 EUR per year, while the Augsburg plant offers tickets to the German football league.

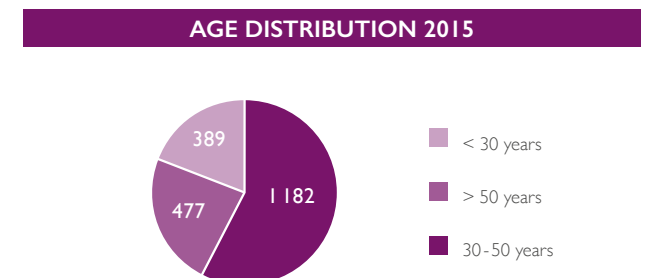
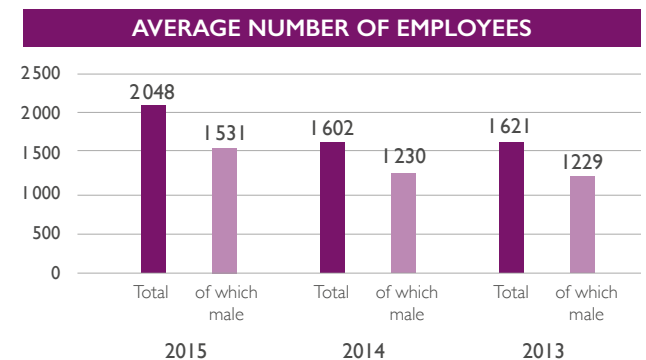
Most plants sponsor daily food in the canteens, as well as free water and fruit during the day. The Moscow plant offers free lunches, corporate busses to work and social insurance for their employees at a total annual cost of around six-figures. The "payback" is increased engagement and productivity and reduced absenteeism time, which is also apparent in production KPI's.

Every plant has a company suggestion system where employees can propose good ideas to improve the production processes and work environment and thereby be rewarded. For example, at A&R Carton in Lund, Sweden, a total of 27 suggestions were successfully implemented in 2015, involving all employees in the improvement of the plant.

## A GROWING COMPANY

In line with our set growth strategy, we have in 2015, increased the number of employees. However, plants continuously look for

efficiency improvements and optimised labour utilisation, which also leads to some savings in manning. Independent of this, all plants offer apprenticeships trainings to secure their own secondary growth and to keep a balanced age distribution. The percentage of women in our operations-oriented company increased slightly, from 23% in 2014 to 25% in 2015.

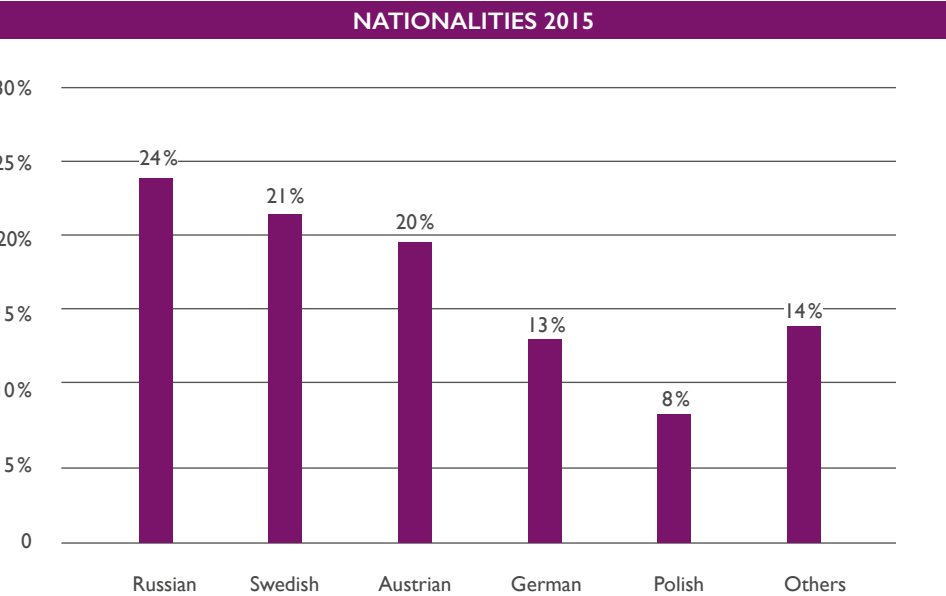




# GROWING THROUGH DIVERSITY

As a growing company with business operations in different geographical regions and locations, diversity is becoming an increasingly integral aspect across the Group. Following the acquisitions in 2015, two new countries (Austria and Poland), and new cultures were successfully added and integrated in company. Each employee should have the knowledge and power to take initiatives that will help to develop and improve the overall performance. Sharing knowledge related to the businesses, products, production processes, routines and performance is strongly encouraged both within and across the divisions. In 2015 we had 31 different nationalities working at our 17 plants

across nine countries. The Group actively seeks to create diversity in terms of gender, language, age, culture, skills and experience which is promoted on all levels locally but also at group level with numerous measures, such as interchange visits, group projects and workshops. It is supported by easy -to-use communication systems such as conferencing possibilities for all employees. All communication tools should help to support the customers in the best way possible. This was clearly demonstrated successfully in 2015 during the merger and integration of the three new plants.



# SOCIAL ENGAGEMENT

AR Packaging aims to work with social involvement that goes beyond direct business interests. These activities are mainly promoted by the plants themselves, often in cooperation with local organisations and authorities. Two examples:

## CHARITY PROJECT IN GRAZ

As a part of our social engagement, our plant in Graz, Austria, annually supports a local charity project or organisation. Each year the employees are included in choosing the right project by making suggestions. All ideas are discussed and a final decision is made by the management team, including the amount sponsored. Due to the extraordinary severe refugee situation in 2015, the donation was dedicated to Caritas, a local non-profit organisation. Urgently needed blankets were bought in bulk and delivered to the refugee camp next to the premises. Additionally the plant also asked their employees to donate other desperately needed goods such as shoes, toys, diapers etc.

To facilitate the internal collection of goods several containers were provided and then transported to one of Caritas' central collection warehouses for further distribution to the camps.

In previous years the Graz plant has supported the Happy Kids Foundation and the SOS Kinderdorf. The charity project has run for years now and will naturally continue to do so as the commitment is seen as a valuable contribution to society. The project for 2016 is not yet decided as employees can still make suggestions.



## INDUSTRY NIGHT IN LUND

In line with the social responsibility plans of the Flextrus and A&R Carton plants in Lund, Sweden, and the need for society to alleviate the current situation of unemployment, the plants participated in an event organised by the regional authorities in Skåne, Sweden. The initiative, called The Industry Night, was aimed at young people most of whom are unemployed and/or come from other countries to see what it is like working in the industry and to meet us the employers and employees. About 150 people came and were guided through the plants during the evening and night shifts.



# TRAINING

AR Packaging strongly believes that quality is achieved when the employees enjoy their work. Since satisfied, committed and engaged employees benefit the customers and the business, AR Packaging actively invests in the continuous education of its employees. An important part of this training is focused on sales and business generation. In addition, the Group cooperates with universities when it comes to development and recruitment as an important way of attracting potential employees and thereby enabling growth of the company.

## TRAINING FOR ENHANCED COMPETENCE

AR Packaging actively invests in the continuous education of its employees and teams, as well as in improving the company's working processes. On a pan-European level, the Group conducts training activities based on capability assessments of selected groups of employees. For example, in 2015, a new training concept for the approximately 50 Sales Managers of the Group was initiated. An online questionnaire was developed in cooperation with an external partner with the aim to assess all Sales Managers in regard to their functioning, attitude and skills. Evaluation of the results was followed by feedback meetings with each respective manager and possible training initiatives. Fixed training plans will be executed by the end of 2016. Based on the results and positive feedback, this concept will be extended to include the purchasing organisation, in 2016.

Another example of group-wide training in 2015, is the training program for the revised Code of Conduct, now implemented as the AR Packaging Business Ethics Policy. The repetitive training concept was agreed upon for the following years.

In 2016, a talent program will be implemented to identify the best performers in different age groups in order to develop, retain or transfer knowledge in the best possible way.

## LOCAL TRAINING BASED ON NEEDS ANALYSES

The majority of the training of employees in the Group is planned and performed locally. In total around 25.000 hours of training was arranged during 2015, which equals 11.0 h per employee. This is a lower average compared to 2014 (25.000 hours but 15.6 hour per employee), but we are convinced that training



efficiency has increased on several levels. Besides regular training in areas such as work safety or hygiene, all plants perform annual analyses of training needs. These are normally conducted at each department at the beginning of the year and are based on existing qualification matrixes. Moreover, several plants have in general, or in special programs for 2015, implemented training for different parts of the organisation and with different key aspects.

For example, the plant in Graz, Austria, offers special training for their managers and superiors with focus on leadership skills every year. In 2015, the focus was young managers with a special training program "From employee to manager".

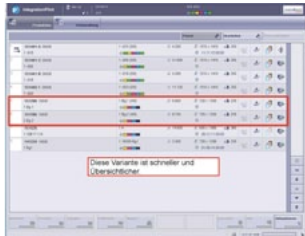
Two Scandinavian plants implemented a team education approach, in 2015, training in team building, values and culture was arranged for the maintenance department at Flextrus Lund and the gluing department at A&R Carton Lund department in team building, values and culture. Moreover Flextrus Lund, Flextrus Halmstad and A&R Carton Lund arranged a 2-day management training course which covered leadership as well as the physical and psychological work environment.

## TECHNICAL TRAINING PROGRAM EXAMPLES

### FRANKFURT

The Frankfurt plant in Germany recognised technical training needs in the printing department and started to assess each printer's technical skills in talks - from the employees' and the superior's viewpoint. Based on the results, technical training modules were and are being compiled, both in-house and with the help from material and machine suppliers, in order to bring the knowledge of all printers to a higher level. The program should be fully implemented with all modules trained by the end of 2017.

This approach will be expanded in 2016, to include the finishing departments for die cutting and gluing.



Technical training modules in Frankfurt

### AUGSBURG

The plant in Augsburg, Germany, has also ensured enhanced technical skills of their operators by developing a detailed e-learning tool using external support. The first step was register regulation (registron) of one of the rotogravure printing machines. The tool is available on the local intranet and consequently the operators can choose their training schedule and can also return to it at anytime.

Moreover, the Augsburg plant has started to collect technical training documentation and information on USB sticks which will also be handed out with operators in 2016.



Augsburg e-learning tool

## DEVELOPMENT AND RECRUITMENT

A&R Carton and Flextrus in Lund, Sweden, have an active cooperation with the University of Lund. Lectures are given at the university and joint development projects are conducted together with students. In addition to this knowledge transfer, both plants recruit technical engineering students to work as temporary employees for the summer period and offer practical job training. In total, about 80 students receive summer jobs at A&R Carton and Flextrus in Lund. This is highly appreciated by both students and employees since it is fun and stimulates new ways of thinking in the daily operation of the business.





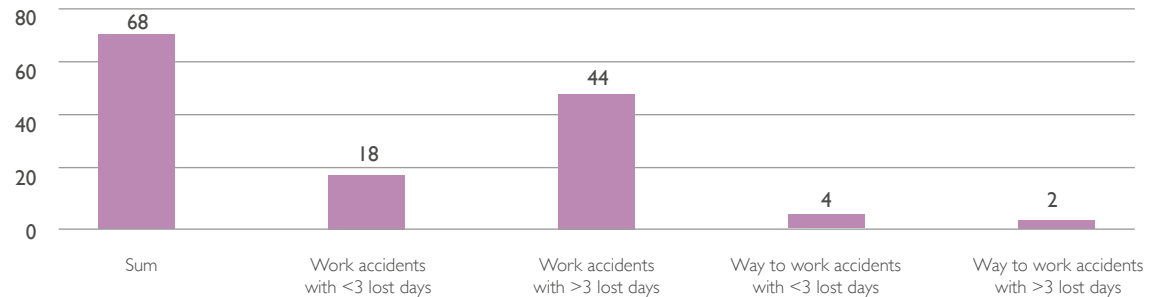
# HEALTH AND OCCUPATIONAL SAFETY

Occupational safety is a very important issue in our organisation, supported by all plants with an extensive number of measures and activities. Our goal is to protect our employees from illness or injury in the workplace and to ensure they feel safer, more confident and valued. We successfully reduced the number of accidents in our Group in 2015 compared to the previous year and eight of our 17 plants had no recorded accidents with lost work days. For some plants, the last work accident occurred at least two years ago (e.g. the plants in Lund and St. Petersburg). This has been achieved through improved safety levels with awareness-raising courses and safety days, investments to enhance technical safety and strict compliance with local safety standards and rules.

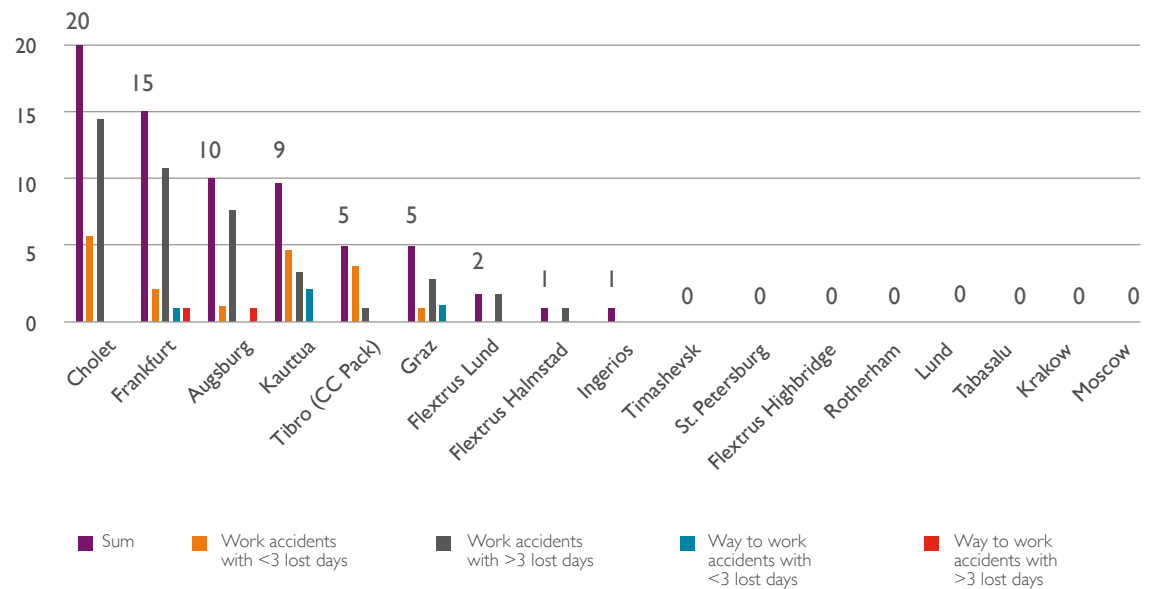
Our long-term goal is "zero accidents" which we will continue to focus on. However, in 2015, we still had 68 recordable work and way to work accidents with lost days at nine of our plants. Many of these accidents are based on slight human carelessness, which in many cases has led to minor bruises, cuts or sprains. Therefore, we need to and will work with stronger focus on the attention and safety awareness of our employees through appropriate training in 2016.

All safety activities in our plants are coordinated by appointed Safety Managers and are supported by each plant management. The plants are also responsible for continuously observing domestic and international regulations to ensure health and occupational safety at all workplaces.

WORK/WAY TO WORK ACCIDENTS 2015



WORK/WAY TO WORK ACCIDENTS PER PLANT 2015





Several plants such as A&R Carton Lund and Flextrus Lund, Sweden, and Graz, Austria, have implemented a Safety day on which production and daily work stops and all employees focus on safety and health. During such a day many different stations with specific topics are organised to bring our employees closer to potential risks scenarios and make them more aware of and pro-active towards safety and health issues.

The plant in Krakow, Poland is the only plant in the group that is certified according to OHSAS 18001 (work safety management system). In this system they are continuing with the machine guarding project started last year.



Safety day in Graz



Safety day in Graz

In 2015, Krakow performed risk assessment for three further devices. Implementation of corrective actions will be completed no later than 2016. The plant is continuing its implementation of the "Lemanic security printing machines" project, e.g. installation of additional guards. Moreover, Krakow has extended their "Lock out tag out" project with development and implementation of 14 short, one-page LOTO statements for various equipment.

**INSTRUKCJA LOTO** **A&R CARTON**  
Member of the ATR Packaging Group

**MASZYNA DRUKARSKA – SZTANCA LEMANIC 607**

Numer instrukcji	IR – 09.00.910/006	Lokalizacja	Hala maszyn
Data wprowadzenia	01.10.2014	Nazwa maszyny	Lemanic 607
Wersja	02	Opracował	Paweł Kwader
		Zatwierdził	Sebastian Bojarczuk

**STOSOWANIE LOCKOUT DLA PONISZEJ CZYNNOŚCI JEST OBOWIĄZKOWE. LOCKOUT MOŻE BYĆ STOSOWANY TYLKO PRZEZ UPOWAŻNIONYCH PRACOWNIKÓW**

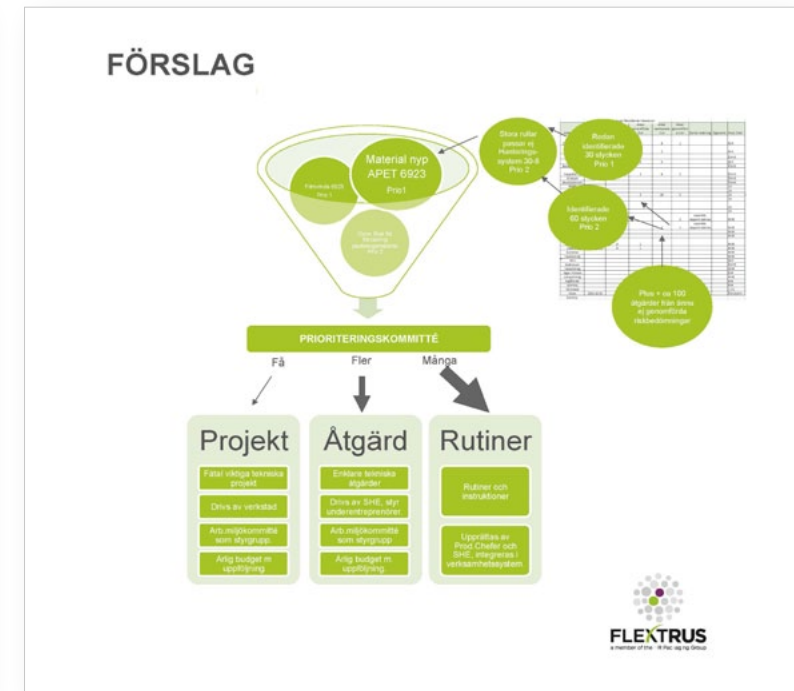
- Przygotuj maszynę do wyłączenia. Zidentyfikuj wszystkie źródła energii zasilającej maszynę oraz elementy oddzielnej energii.
- Przed wyłączeniem maszyny poinformuj pracowników obsługujących maszynę o jej odłączeniu lub odłączeniu jej poszczególnych elementów.
- Wyłącz maszynę lub jej poszczególny element.
- Zablokuj wymagane i zidentyfikowane elementy oddzielające przepływ poszczególnych rodzajów energii do maszyny. Wykorzystaj odpowiednie blokadki i przyciski.
- Upewnij się, że wszystkie elementy odpowiadające źródła zasilania maszyny są zablokowane w pozycji wyłączonej, a zgromadzona energia została uwolniona.
- Spróbuj uruchomić maszynę w sposób normalny.
- Wykonaj sprawdzenie, upewnienie lub inne prace na maszynie lub jej poszczególnych elementach.
- Po zakończeniu prac upewnij się, czy wszystkie narzędzia i części zostały uprzątnięte, blokadki Lockout zdjęte. Poinformuj pracowników o ponownym włączeniu maszyny.

KROK	BRANŻA/ENERGIA	METODA BLOKOWANIA	SPRAWDZENIE	TYP BLOKADY
1		Zabierz rolę kartonu z rozwiłką		
2		Zabezpiecz połączenie przewodu za pomocą pokrętki blokady		
3	elektryczna P1	Przełącz wyłącznik główny prądu na szafie nr 80 w pozycję OFF i załóż blokadę	Sprawdź napięcie w instalacji, spróbuj włączyć urządzenie	
4	pneumatyczna P1	Załącz zawór główny sprężonego powietrza P1 i załóż odpowiednią blokadę		
5	pneumatyczna P2	Odcinek powietrza zawór rozprężający instalację P2. Pozostaw go otwartym aż do zakończenia czynności	Brak ciśnienia w instalacji sprężonego powietrza	

**ZAWSZE PRZESTRZEGAJ INSTRUKCJĘ STOSOWANIA LOTO**  
JEŚLI URZĄDZENIE NIE MOŻE ZOSTAĆ ZABLOKOWANE LUB SYSTEM LOCKOUT NIE PRZESEGA WERYFIKACJI SKONTAKTU SIĘ Z PRZEŁOŻONYM


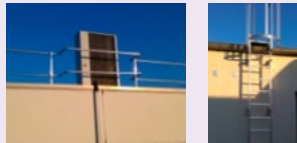


"Lock out tag out" project in Krakow

The Flextrus plant in Lund refined its procedures safety risk assessment. Regular inspections and proposals generate an ongoing multiplicity list with tasks and ideas. This list is discussed in so-called "Priority committee" which classifies and prioritises all points in three categories: projects, measures and routines/documentation. A part-time mechanical engineer has been appointed to resolve the safety issues via an allocated budget and weekly follow-up meetings. Of the many measures implemented, this one has been the key to the significant drop in the number of accidents at the Flextrus plant in Lund.



Safety risk assessment process at Flextrus Lund

# GROUP WIDE: SAFETY IMPROVEMENT EXAMPLES

PLANT	CATEGORY	DESCRIPTION	
FRANKFURT	SAFETY	<p>All forklifts were equipped with a permanent blue LED spotlight at their backside, giving a blue spotlight point on the ground. This installation is an additional safety measure to existing standard flashing light.</p> <p>→ Aims to increase safety and attract attention of employees when forklifts reverse</p>	
FRANKFURT	SAFETY	<p>Further installation of several security barriers and safety rails on flat roofs and roof edges. This investment of around 5.500 EUR in new barriers primarily ensure the safety of staff during maintenance work on all technical installations on the roofs of the plant.</p>	
KRAKOW	SAFETY	<p>Several improvements made based on analysis and employees' proposals e.g.:</p> <ul style="list-style-type: none"> <li>– Entrances on roofs with steps instead of ladders.</li> <li>– Installation of stages on facilities for secured maintenance.</li> <li>– Safety door to the ink mixing device that stops the mixing process when opening the door.</li> </ul>	
FRANKFURT	SAFETY/ FIRE PROTECTION	<p>Renewal of the entire fire alarm system to state-of-the-art technology with possibility to extend in the future. The decision to invest about 28.000 EUR was also based on new requirements from authorities to secure alarming, also in case of power breakdown.</p> <p>→ All our plants focus strongly on fire protection and on continuous improvements in this area.</p>	

Health issues and activities at our plants are mainly coordinated by the Safety Managers, often supported by an occupational health physician. Several plants like Moscow, Augsburg or Graz have in 2015 also offered their employees medical examination days focusing on varied and changing themes.

A good example of commendable workplace health promotion is our plant in Graz, Austria, who received one of the highest awards called the BGF Seal of Quality for workplace health promotion in 2015. This award was in recognition of the charter signed by the plant management as well as the initiation of several sustainably-implemented measures; it runs until 2017.

Examples of the measures taken:

- Various workshops with topics covering “Strategies against mobbing”, “Evaluation of mental stress” and “Manager coaching” were conducted
- Regular health and fitness promotions with changing topics; in 2015 the focus was on blood pressure, pulmonary function, Body Mass Index and nutrition check
- Offer of free flu shot (costs taken by the plant)
- Apples for free at the plant
- Massage offered on a number of days at a cost partly subsidised by the plant
- Employees also have the opportunity to see an industrial psychologist who is available at the plant at fixed times.





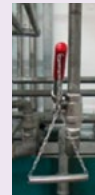

Graz continuously encourages its employees to engage in physical activities by offering participation at company runs, using bicycle to work and much more. The BGF network enables benchmarking and implementation of measures from other active companies. Hence, many new ideas will be implemented in 2016.



Our plants also take actions to improve work places from an ergonomic point of view, e.g. many plants offer electrical work tables which are adjustable in height allowing different working positions. Using a similar approach, production areas have been looked into and several measures for better ergonomic workplaces have been implemented.



# FURTHER HEALTH ACTION EXAMPLES

PLANT	CATEGORY	DESCRIPTION	
AUGSBURG	HEALTH	<p>External re-training of all appointed first-aiders was conducted in December 2015. The one-day training included both theoretical and practical sessions. The training will be repeated every two years.</p> <p>→ Aims to keep our first aiders up-to-date and well-trained in order to be best prepared for incidents, not only at the plant but also if something happens elsewhere.</p>	
FRANKFURT	HEALTH	<p>Installation of an additional heart defibrillator in the production area to ensure faster access in case of incidents. Installation was combined with further training of first-aiders and a briefing to employees. Such heart defibrillators are now standard equipment at all our plants.</p>	
GRAZ	HEALTH/ERGONOMICS	<p>In the past, operators in Graz lifted heavy ink containers manually from the ground onto the ink trolleys.</p> <p>→ To improve the ergonomic conditions, a lifting bar with vacuum was installed.</p>	
KRAKOW	HEALTH/ERGONOMICS	<ul style="list-style-type: none"> <li>Based on an analysis, valve handling at the plant was improved with additional solutions, for instance when valves were situated too high for operators</li> <li>Easier access to the third row of blanks at a rotogravure printing machine was achieved by making a hole to allow the personnel to stand closer to the machine.</li> </ul>	 
AUGSBURG	HEALTH/ERGONOMICS	<ul style="list-style-type: none"> <li>Several improvements promised to employees were implemented, e.g. a counterbalance on a ground door to tanks.</li> </ul>	



# ENVIRONMENT





# SUSTAINABLE INNOVATION

The driving force for innovation within AR Packaging is the desire to continuously enhance packaging values and overall performance. This can involve developing new packaging types for improved consumer convenience, upgrading existing packaging for optimised brand exposure or finding solutions that make the packs even more sustainable.

A good example from 2015 on our approach for sustainable development is a new packaging for our customer Fazer Mill & Mixes. The new solution has no annoying inner plastic bag, which improves consumer convenience. Resealability has been resolved in an elegant way by simply pressing the corners together. The new gable shape distinguishes the product from competing flat top packs. The high carton board ratio makes the packaging highly suitable for recycling which was recognised by Pro Carton ECMA (the European Carton Makers Associations) when the pack received an award the Sustainability category.

The jury comments: "Cartons don't need to be complex to offer consumer benefit. Simplicity is often one of the best



qualities and this cereal pack for the brand Fazer is just that. The judges were impressed with the consumer benefits of this carton-only pack, such as easy open/easy close, no inner bag or lining and a window on the side to show how much cereal was left. Total product communication virtually without the need for non-carton material."

In general, AR Packaging has increased its efforts to develop new, unique products that meet customer requirements, not only for innovative, cost-effective solutions but also for more sustainable packaging solutions with reduced environmental footprint. One example is Futeco® Galaxy – a metallic print effect on packaging. It is a value-added printing process for high-end products in the beauty care, confectionery and tobacco sectors where a shiny metallic surface on the pack is wanted. This normally requires hot or cold foil application or a metallized PET-film – all solutions with disadvantages and problems in the recycling process.

"We wanted to avoid the film since it is not the easiest to recycle. With the Futeco Galaxy concept, we have now developed a fully recyclable and eco-friendly mono material solution with a metallic coating that delivers more flexibility and shorter lead times."

Kerstin Haase, Head of Futeco

A comparable objective is being pursued with a new coating concept on board called SafeBoard®. The first development was an anti-grease coating on carton board intended for burger meals and similar, which was launched in 2015. The concept is based on a new manufacturing process developed at A&R Carton in Cholet, France, providing possibilities to replace plastic coatings with more sustainable and better recyclable solutions in the future. Therefore this type of coating development continues for other segments.

**FUTECO GALAXY**

**SAFE BOARD**

AR Packaging actively collaborates with its customers to decrease material usage by introducing smart designs with alternative constructions and by proposing an increase in the amount of renewable materials in the packaging. Providing new innovations on recycled board are also options, such as in the Food & Consumer Goods segment, where De-Click – a new reclosable packaging solution for Nestlé infant formula – has been launched. The recycled board pack was designed with an attractive and innovative "acoustic evidence" function, meaning that the reclosing of the pack is confirmed by a click sound.

# RAW MATERIAL USAGE

AR Packaging promotes sustainability across all aspects of its business, with a particular focus on sound procurement and conversion practices, e.g. ensuring responsible management of forests and other natural resources. The Group actively works with its customers to decrease material usage through smartly designed alternative constructions by increasing the amount of renewable materials in the packaging.

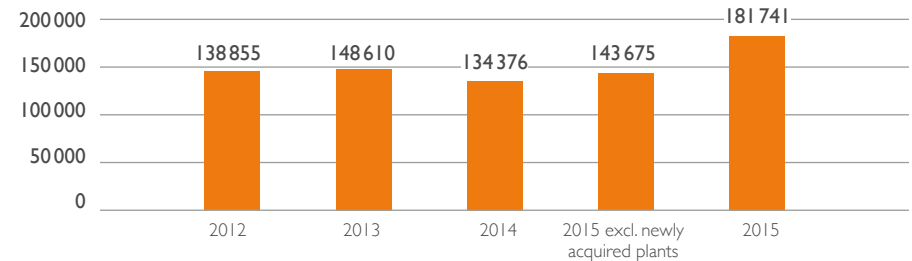
## CARTON – A RENEWABLE RESOURCE

The main materials used by the Group are carton and paper, which are made from wood pulp, based on naturally renewable resources. Wood used in the company's products comes primarily from sustainably managed European forests. No wood originates from rainforests or other endangered eco-systems. 15 of all 17 plants are certified according to FSC® (Forest Stewardship Council) and/or PEFC™ (Programme for the Endorsement of Forest Certification); thus AR Packaging offers its customers use of these standards for responsible forest management of their products.

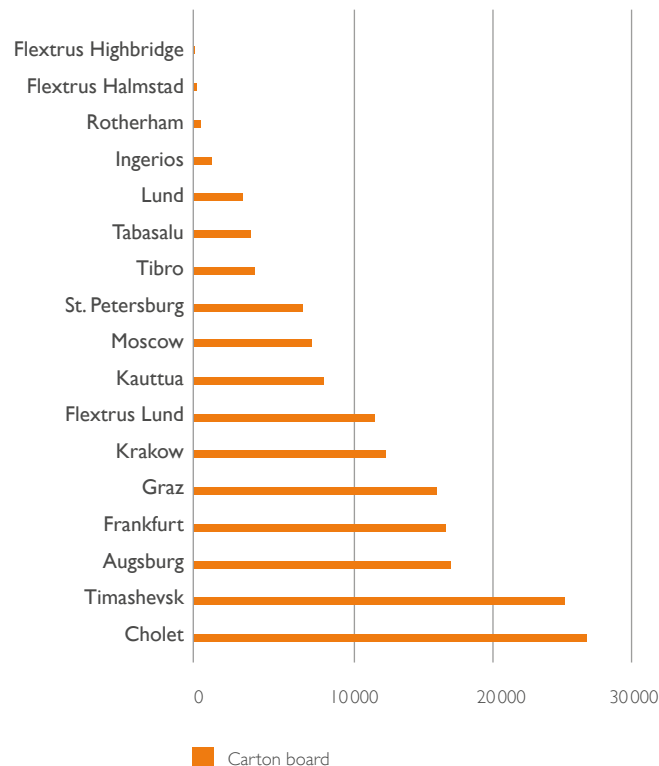
Fibre-based materials; carton and paper, are recyclable and can be used to make new paper pulp or incinerated to generate energy. Recycling practices vary by country and location. For most transport packaging (cases, intermediate layers, edge protection, etc.) the use of recycled board materials is standard, but depending on the needs of the customer and the application, recycled carton board grades for food packaging are offered and used.

Carton board waste in the production processes is one of the important KPIs. Optimisation of sheet layouts and ongoing reduction of setting and process waste is therefore monitored very closely at all plants.

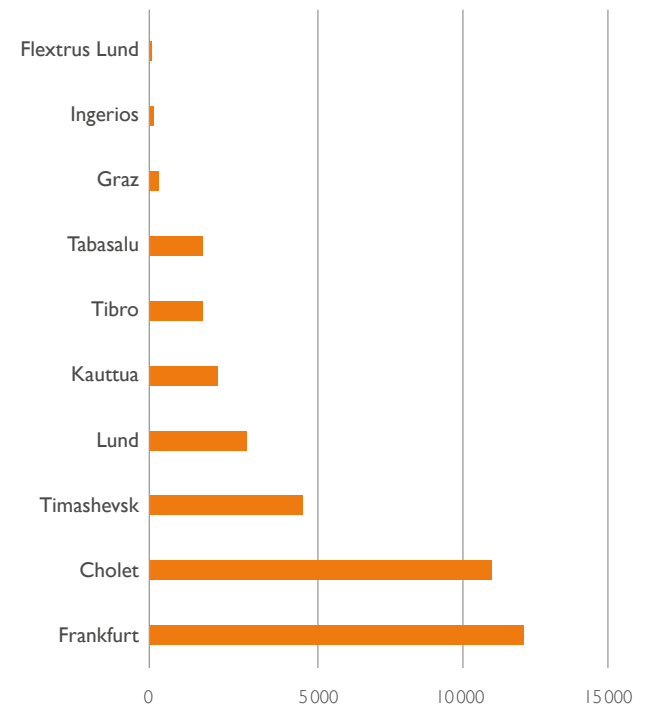
CARTON BOARD USAGE 2012 - 2015 (TONS)



BOARD/LAMINATED CARTON BOARD USAGE 2015 (TONS)

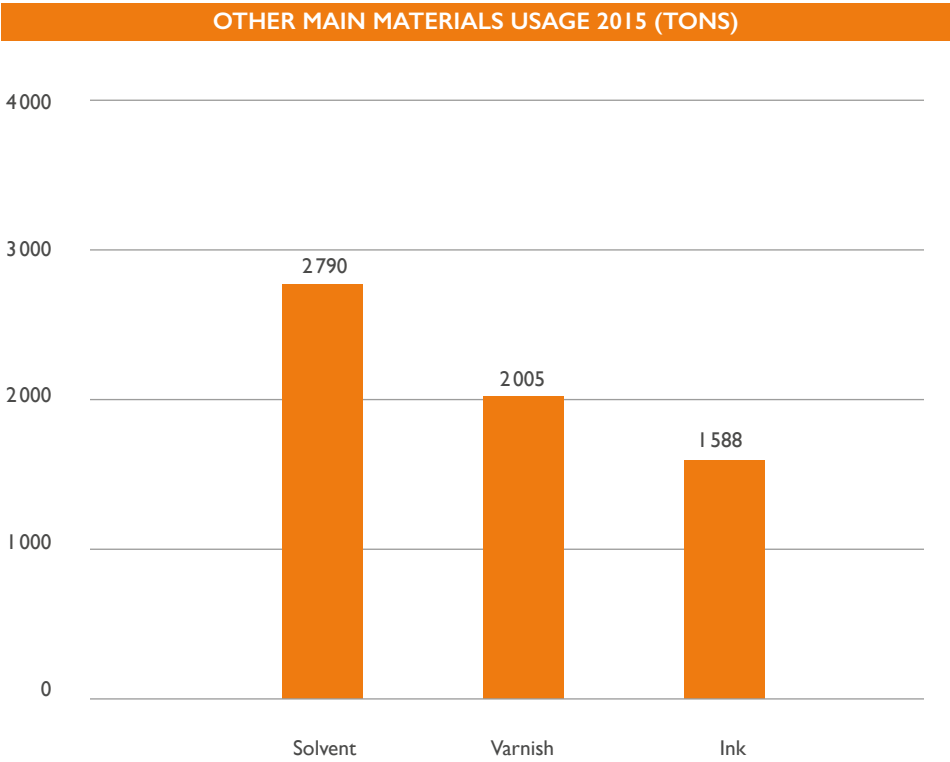


PLANTS WITH RECYCLED CARTON BOARD USAGE 2015 (TONS)



# OTHER RAW MATERIALS USED

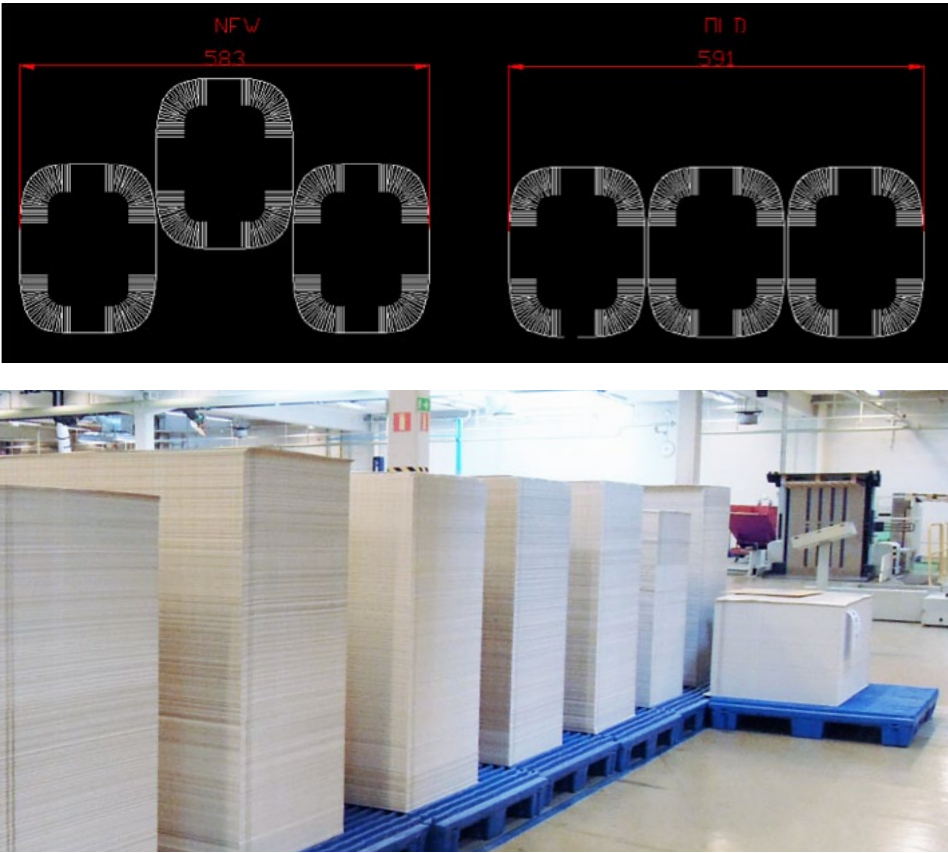
Besides carton and paper, the main raw materials used are ink, varnishes and solvents, especially in our rotogravure printing plants. Glue and hot foil are used for further carton finishing and with materials for plastic films. Plastic granulates and aluminium foil are the main materials used for flexible conversion. The quantity of raw materials used is often product-related or necessary to meet the requirements and is therefore closely linked to the design of products intended for specific customers.



# OPTIMISATIONS IN PRODUCTION PROCESSES

AR Packaging works continuously with optimisations in production processes at all plants. Customers are given the option of reducing the amount of certain raw materials. However; the main focus is on board and paper; and transport packaging which offer the most potential.

One example of material savings achieved in 2015 is from the CC Pack plant in Tibro, Sweden. In the die cutting process, a new layout of die cutting tools and a small investment of about 5 TEUR resulted in a saving of 1-4% of material used for certain products. This is equivalent to a reduction of 13 tons carton board per year.



# SUPPLIERS

AR Packaging is dependent on its suppliers and recognises that sustainable and sound business can only be achieved if the whole supply chain works in harmony with common values and framework. It is therefore important that our expectations on sustainable performance are shared and known by the suppliers and that they undertake to adhere to them.

To underline the importance of sustainable performance a new procurement policy has been implemented stating that environmental requirements should be considered at all times when working with both existing and new suppliers. In 2016, negotiations with suppliers will be addressed, emphasising environmental performance (e.g. environmental policy, energy consumption, CO<sub>2</sub> footprint) when selecting suppliers and awarding them business.

Moreover, sustainability measures will be part of all new agreements with the main suppliers at Group level and all suppliers are invited to improve our and our customers' environmental footprint. As an example, sustainability activities at one of our biggest board suppliers, Iggesund, are introduced in this report:

## IGGESUND PAPERBOARD

Iggesund Paperboard, which is part of the Swedish forest industry group Holmen, is one of AR Packaging's largest board suppliers. Iggesund manufactures the board brands Workington, England.



The forest-based raw material that is the primary ingredient of the paperboard is taken mainly from the Holmen Group's own FSC- and PEFC- certified forest operations in Sweden. With its holdings of 1.3 million hectares, the Holmen Group is one of Sweden's biggest private forest owners and is also one of only a small number of major players to directly own its own forest. The forest based raw material for the UK operations is supplied from sources that are FSC-certified by the UK Forestry Commission.

In addition to the framework created by the forest certification programmes, Holmen's Swedish forest holdings are managed in accordance with the Swedish Forestry Act. This is one of the world's oldest environmental laws and since 1903 it has stipulated that anyone who fells timber in Sweden is obliged to regenerate the forest to at least the same extent. One of the Holmen Group's environmental goals is to increase the forest holdings on its own lands and to harvest less than the annual growth. This has resulted in an increase in the stock of standing timber per hectare every year for more than 60 years now. Every year the Group produces over 30 million tree seedlings in two nurseries and burns 5% of its newly harvested forest land to stimulate biological diversity.

Iggesund Paperboard's two paperboard mills have a high technological standard. Environmental aspects have been considered in every investment decision. Over the past five years, the primary focus has been to increase energy efficiency and reduce fossil carbon dioxide emissions. At a cost of almost

335 MEUR, the company has switched the energy system at Workington Mill from fossil natural gas to biomass. The resulting decrease in emissions is equivalent to taking 65,000 cars off the road each year. At Iggesund Mill a new recovery boiler has made it possible to minimise the use of fossil fuels to less than 1% of the requirements. Emissions to air such as sulphur and particulates have also been greatly reduced from what were already low levels.

Via its membership in the Holmen Group, Iggesund Paperboard has been listed as one of the world's 100 most sustainable companies on the UN's Global Compact Index for two of the three years that the sustainability index has existed. In 2015, the Group was also represented at the investor-initiated Carbon Disclosure Project's "A list", a list of almost 180 companies in the world that are regarded as leaders for their efforts to mitigate climate change.



# WASTE

Waste is predominantly generated during set-up and production as well as from transport packaging. In our processes, the main waste produced in the non-hazardous fraction are paper and carton board waste, and in the hazardous fraction, printing process waste such as ink and varnishes.

All our waste is separated into different sections and classified as:

- non-hazardous waste (paper, board, transport packaging, plastic, industry waste, etc.) or
- hazardous waste (inks, varnish, glues, oil contaminated waste, etc.)

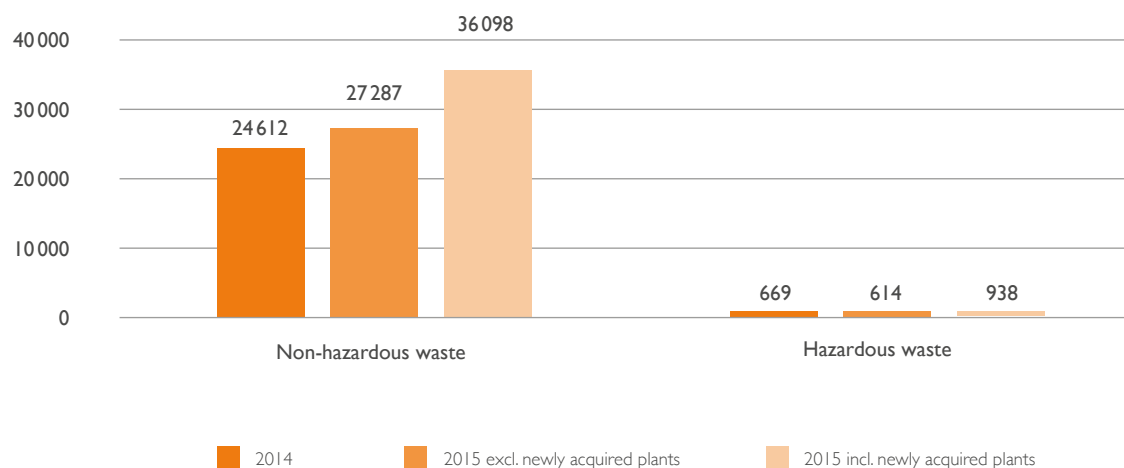
The sections also follow recycling schemes where possible and these are locally available. Due to the merger of the three newly

acquired plants Graz, Krakow and Moscow we now have a new basis for comparison for the following years.

Environmental Managers and other employees responsible for waste in our plants ensure that legislation requirements are met and that all waste is taken care of by licensed disposal companies. All waste is handled locally in the countries and consequently no hazardous waste was transported, imported, exported or treated under the provisions of the Basel Convention.

In 2015, no incidents occurred, in which environmentally harmful substances such as oils, fuels and chemicals were released.

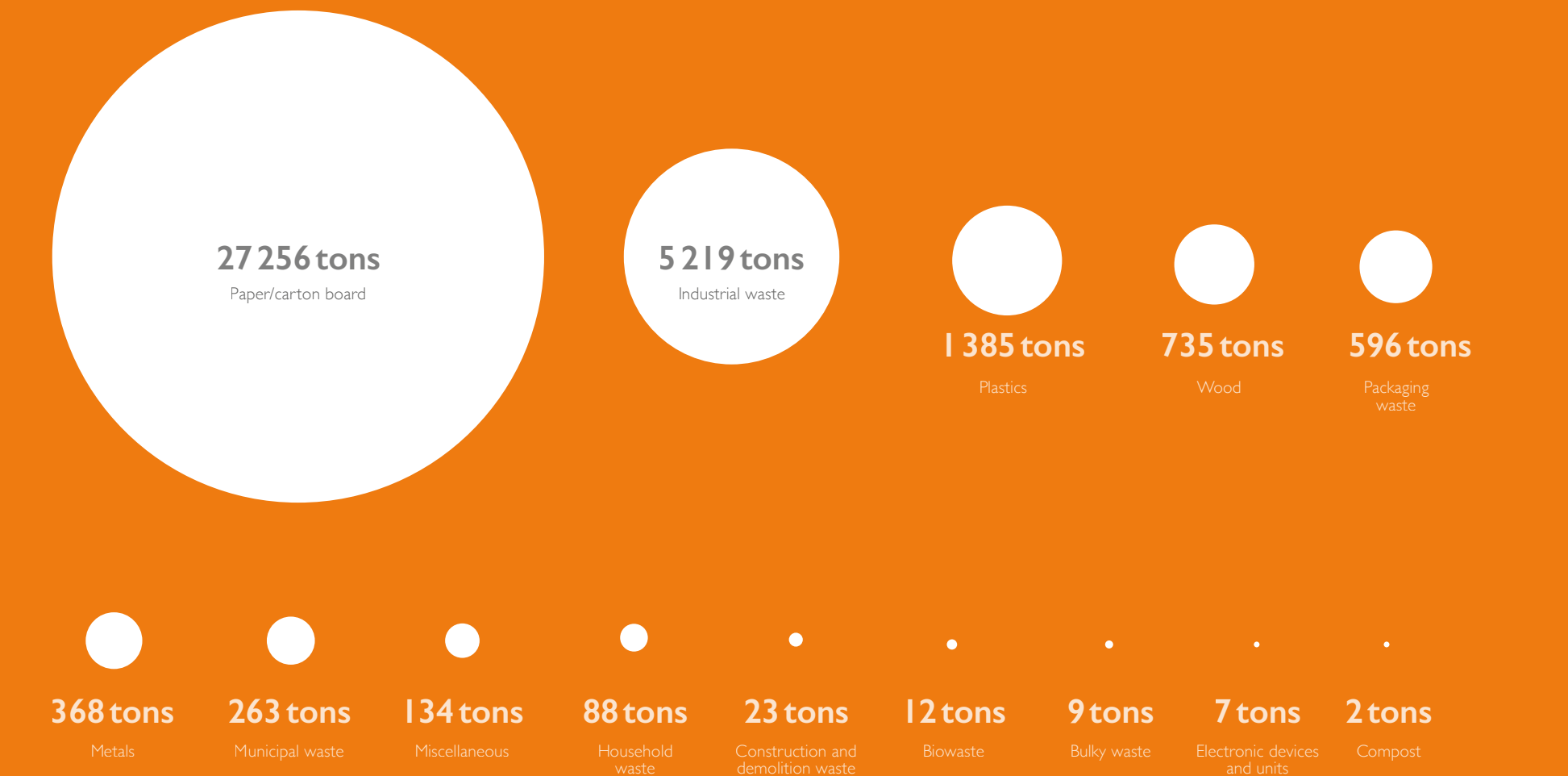
WASTE 2014 - 2015 (TONS)





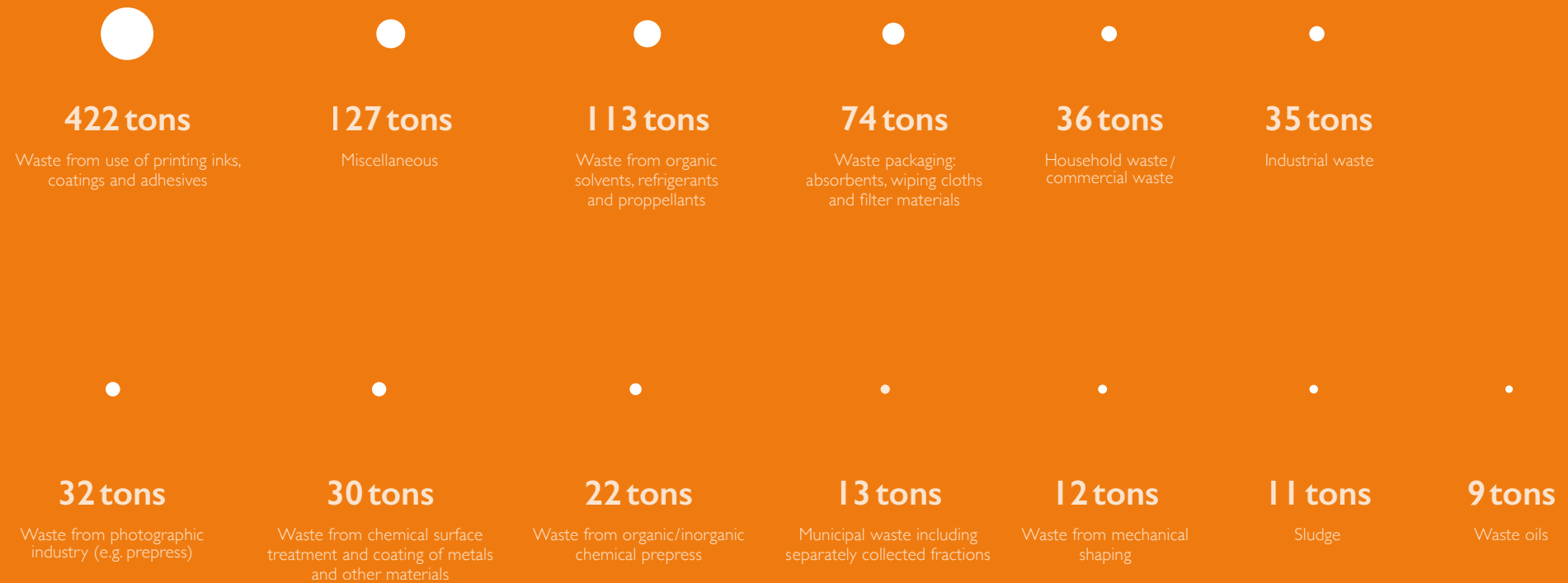
# NON-HAZARDOUS WASTE 2015 (TONS)

TOTAL 36 098 tons



# HAZARDOUS WASTE 2015 (TONS)

TOTAL 938 tons



# WASTE PROJECTS

All plants are continuously working on waste reduction and must report waste on a regular basis. Waste reduction is strongly linked to cost minimisation and is therefore a set KPI (Key Performance Indicator) for all our operations. A&R Carton Lund is one of many plants that successfully reduced its waste in 2015. In Lund, a 66 ton waste reduction was achieved at the printing press, thanks to decreasing the average printing setup sheets.

## FURTHER WASTE PROJECT EXAMPLES

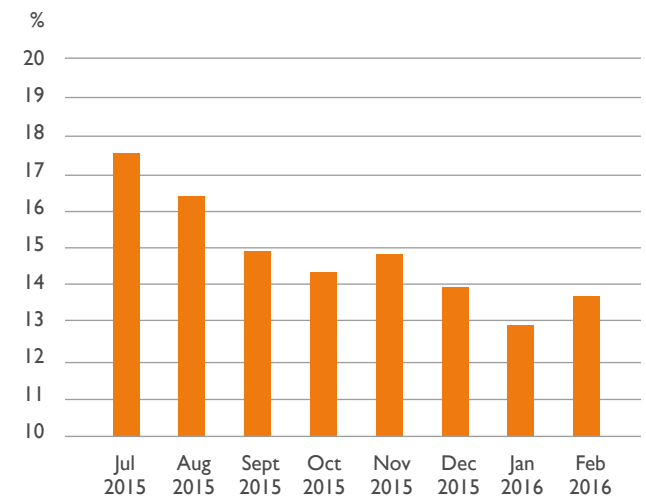
### FLEXTRUS LUND

Our largest flexible plant in Lund uses a very wide variety of materials and product range. Moreover, the flexible converting processes are more complex and impacted by many aspects, including utilised capacity and order sizes. For 2015, a special waste reduction project was initiated that involved employees in monitoring, discussing and following up waste figures on a daily basis. Ten sub-projects were generated in different process areas, e.g.:

- Printing: use of set up materials, reduction of set up metres
- Extrusion: review of side trim per production line, rebuild of machine with positive effect on waste, regular follow up on waste during production standstill

- Slitting: mapping waste continuously on products with higher waste level, followed by discussions and improvement actions with suppliers and customers.
- General: inconsistencies of metre counters with negative impact on waste have been identified and solved and regular checks have been implemented.

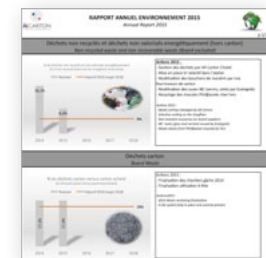
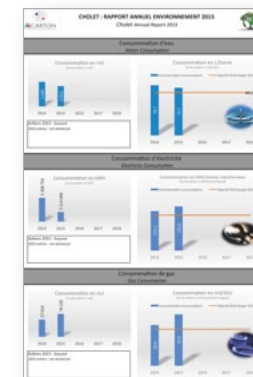
Moreover, long-term actions have been implemented such as improved categorisation of waste, defining waste codes and improved visualisation of waste figures in production.



### CHOLET

Cholet yet again improved the reuse of packaging materials from suppliers, e.g. wood mandrels and plastics barrels were reused and not incinerated. With no investments made, a saving of 24 tons wood (600 EUR) and 12 plastic barrels (5.000 EUR) was "very easily" achieved.

Cholet also improved the sorting of materials in offices and shop floors through a number of actions such as training, placecards and a plant policy with new targets on sorting and waste—always with sustainability in mind. Sales of the additional sorted renewable waste generated 2.600 EUR.



# ENERGY CONSUMPTION

Projects that aim to enhance energy efficiency are continuously in progress at all of our plants. Reducing energy consumption is not only an environmental consideration with positive effects on our carbon footprint and emissions but it is also significant in terms of reduced production costs and increased competitiveness.

## ISO 50001 CERTIFICATION AT THE AUGSBURG AND FRANKFURT PLANTS

The ISO 50001:2011 standard requires companies to establish, implement and maintain an energy management system in order to continuously improve energy performance, including both energy efficiency and consumption. The overall target is to continuously reduce energy consumption and thereby energy costs and greenhouse gas emissions. Preparation for this certification at the plants in Augsburg and Frankfurt, Germany, started in 2014. It included energy mapping and installation of several additional measurement points to provide a more detailed energy usage analysis for the improvement of idea generation. The measures instigated have been a resounding success, where the



Augsburg plant has reduced the energy consumption (power, gas and fuel) per ton board by 32.2% since 2013, which equates to about 142.000 EUR per year. The main project in Augsburg during 2015 was further improvements of the new Regenerative Thermal Oxidation (RTO) of waste air installed in 2014: increasing autothermic operation from 23% to 30% (158MWh savings) and installation (autumn 2015) of recuperator for thermal oil (estimated savings of 678MWh per year). Installation of more measurement points for power, gas and compressed air will enable further improvement in coming years.

The plant in Frankfurt has improved with support of the ISO 50001 certification. The overall energy consumption, e.g. power usage in absolute figures was reduced in 2015, by 15% (7% per ton due to reduced production volumes.) The main projects realised were part transfer from centralised heating to the use of decentralised high performance heating ventilators (117 MWh savings per year) and new air compressors with heat recovery (125 MWh savings per year). Based on machinery improvement, the compressed air pressure could be further reduced with a positive impact on energy consumption.



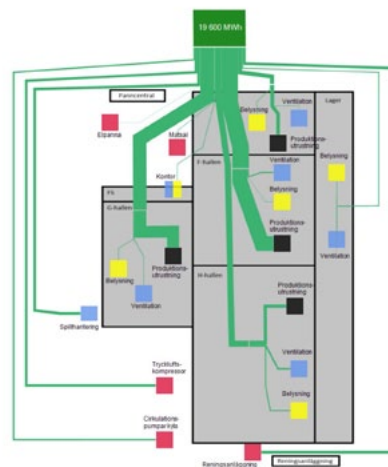


Flextrus in Lund continues the very positive reduction trend of last years and despite a 6% volume increase, achieved a reduction of absolute energy consumption of 2% in 2015. In addition to several single measures, a significant contributing factor to the energy reduction in 2015 was the first full year effect of the compressed air generator that was replaced in 2014. This resulted in electricity savings of 415 MWh and heat recovery savings of 665 MWh. This corresponds to a cost saving of 50 TEUR.



The main basis for improvement in energy use is to enhance the measuring of consumption – a general focus at all plants. Flextrus Lund has invested in an energy mapping project showing e.g. detailed distribution of electric power, natural gas LPG and district cooling. The results will be the basis for an investment plan and identified projects such as further move to LED lighting, improved ventilation of production floors and reduced sizes of existing boilers.

### 3.3 Fördelning egen energianvändning



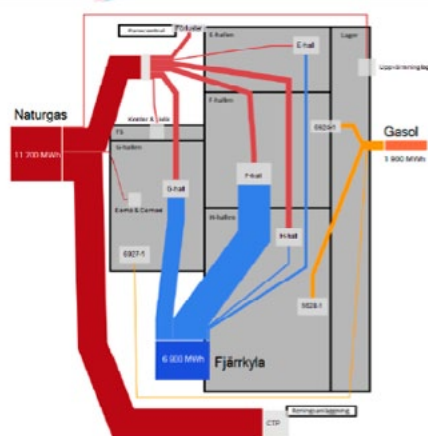
Figur 11 Sankey-diagram som visar teoretisk fördelning av elanvändningen.

Halmstad, the other Flextrus plant in Sweden, will follow the energy mapping example in 2016 and expects to identify consumption reduction possibilities as well as input for the planned energy efficiency program.

Another focus at several plants is to improve energy usage over weekends, production breaks or areas that are less frequented. In addition to other measures, the A&R Carton Lund plant achieved a reduction in power consumption by 5% (700 MWh). Comparable reduction results with the same approach were also realised at the Frankfurt plant.

The Cholet plant started to define an energy policy in 2015 by setting targets for energy reduction. Already in 2015 a 10% reduction in energy consumption was achieved.

Our newly merged plant in Graz, Austria won a “klimaaktiv” award, commissioned by the federal ministry for agriculture, forestry, environment and water economics. The awarded project was a “cold water integration” in the rotogravure department, where an old cooling unit was replaced by two new cooling units. The new machines are connected to each other and are thereby giving much improved efficiency. A reduction in energy consumption of 517 MWh per year (equivalent to a cost saving 42.5 TEUR per year) with an investment of 170 TEUR was successfully reached.

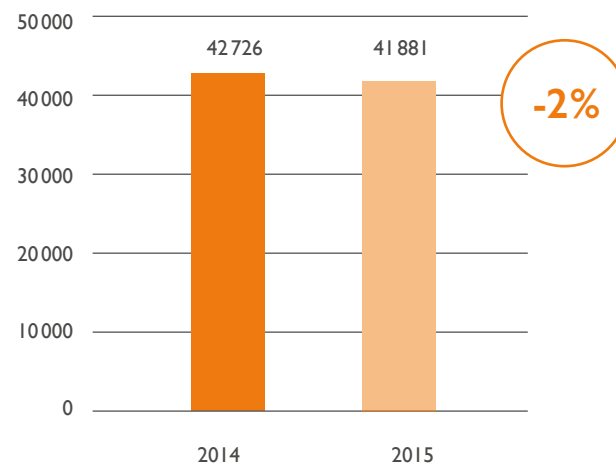


Figur 12 Sankey-diagram som visar en teoretisk fördelning av naturgas, fjärrkyla och gas. Naturgasanvändningen i papperscentralen är normaliserad för att stämma överens med de beräkningar som gjorts gällande värmeanvändningen i lokalerna.

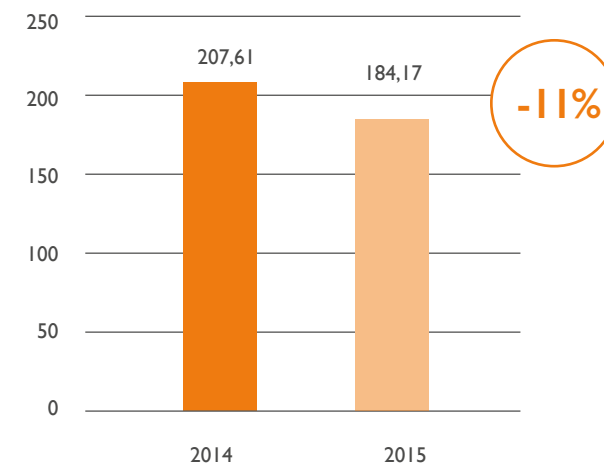
Energy mapping at Flextrus, Lund

Energy figures are separated by the flexible business (Flextrus plants) and the A&R Carton plants due to different calculation basis. Energy consumption is reported per million square meter for flexibles and per tons for the carton businesses. All measures and activities at the plants show a positive effect with reduced target figures on the overall Group figure. Moreover, there are many possibilities to further improve a number of plants, which are just at the very beginning of their energy reduction journey.

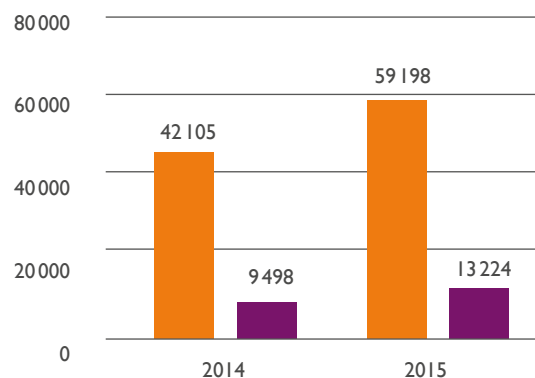
**TOTAL ENERGY CONSUMPTION**  
(power, gas, cooling) MWh  
(Flextrus)



**ENERGY CONSUMPTION**  
(power, gas, cooling) MWh/million SQM  
(Flextrus)

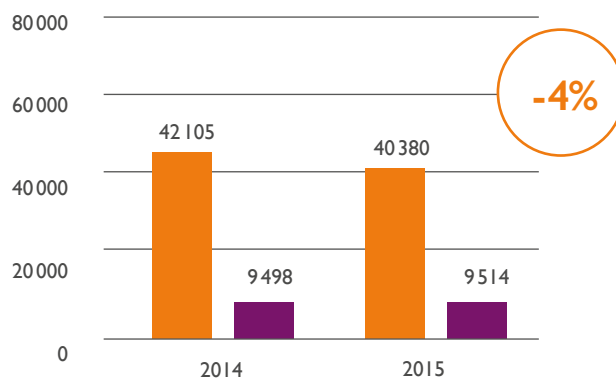


**TOTAL ENERGY CONSUMPTION**  
(power, district heating) MWh  
(A&R Carton)



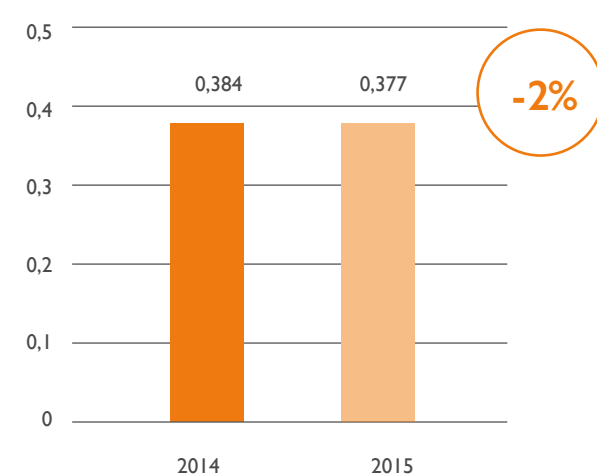
■ Energy consumption (power) MWh  
■ Energy consumption (district heating) MWh

**TOTAL ENERGY CONSUMPTION**  
(power, district heating) MWh  
excl. the newly acquired plants  
(A&R Carton)



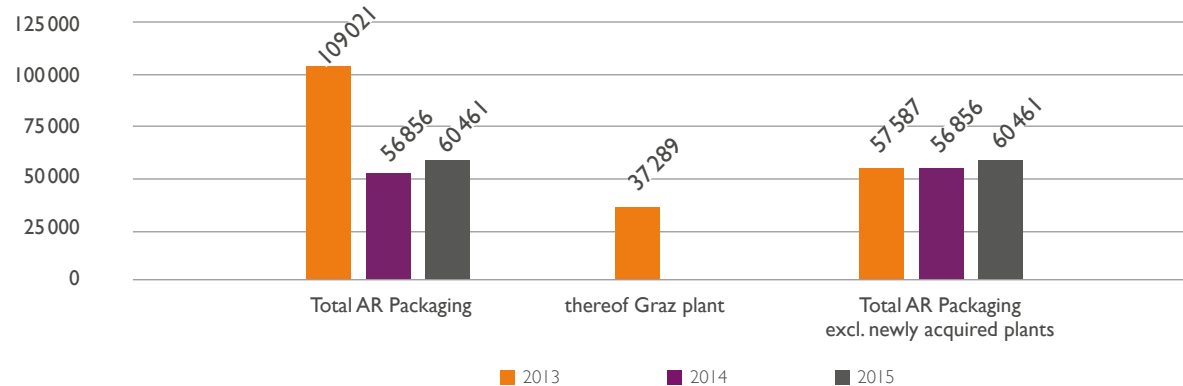
■ Energy consumption (power) MWh  
■ Energy consumption (district heating) MWh

**ENERGY CONSUMPTION**  
(power, district heating) MWh/ton  
excl. the newly acquired plants  
(A&R Carton)



# WATER USAGE

WATER USAGE SUMMARY 2013 - 2015 (m³)

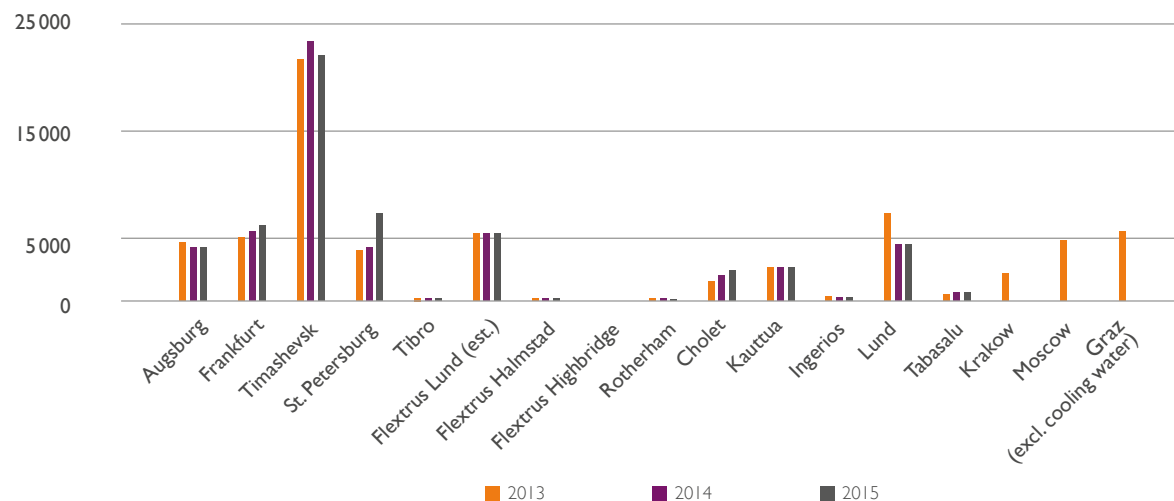


In addition to sanitary water, the AR Packaging plants use water for printing, humidification and washing in varying quantities depending on the plant size and production processes, buildings and machines. At our plant in Graz, Austria, a high volume of ground water is used for process cooling.

No water sources are significantly affected by withdrawal by our organisation. Used water goes into the public sewage systems and is reprocessed in waste water treatment plants.

All plants work continuously with process optimisation for minimised use of water. The Group totalled at a slightly higher water usage in 2015, excluding the newly acquired plants and did not manage to maintain the improved level from 2014. For the coming year we have a new benchmark with 17 plants in the Group.

WATER USAGE PER PLANT 2013 - 2015 (m³)



# BIODIVERSITY

AR Packaging has 17 plants located in nine different countries in Europe. Two plants are located in or adjacent to protected areas. The other 15 plants are not located in protected areas, adjacent to protected areas or in areas of high biodiversity value without protection status. In general, none of our products or activities have an impact on biodiversity in protected or unprotected areas with high biodiversity value.

The plant in Frankfurt, Germany, is located in an official flood protection zone next to a brook. In 2015, the local authorities reviewed the so called “100 year flooding limits” which led to several new requirements for the plant. A new flood risk management system was introduced and existing technical flood protection was extended and improved after an investment of about 7.000 EUR. For example, new wall systems for doors, which will be installed in case of flood emergencies, should protect buildings and in sensitive areas such as supplies and varnish storage and heating installation.

The plant in Augsburg, Germany, will be adjacent to a drinking water protection area. Licensing requirements and orders will be respected and controlled by authorities.



The Frankfurt plant is located in an official flood protection area



Wall systems for doors in Frankfurt in case of flood emergency



# EMISSIONS AND REDUCTION OF CARBON FOOTPRINT

For AR Packaging, the reduction of the carbon footprint is closely linked to the reduction of energy consumption. Several positive examples from a number of plants are shown in the Energy Consumption section of this sustainability report, all with a direct or indirect impact on carbon emissions.

## CARBON DISCLOSURE PROJECT (CDP)

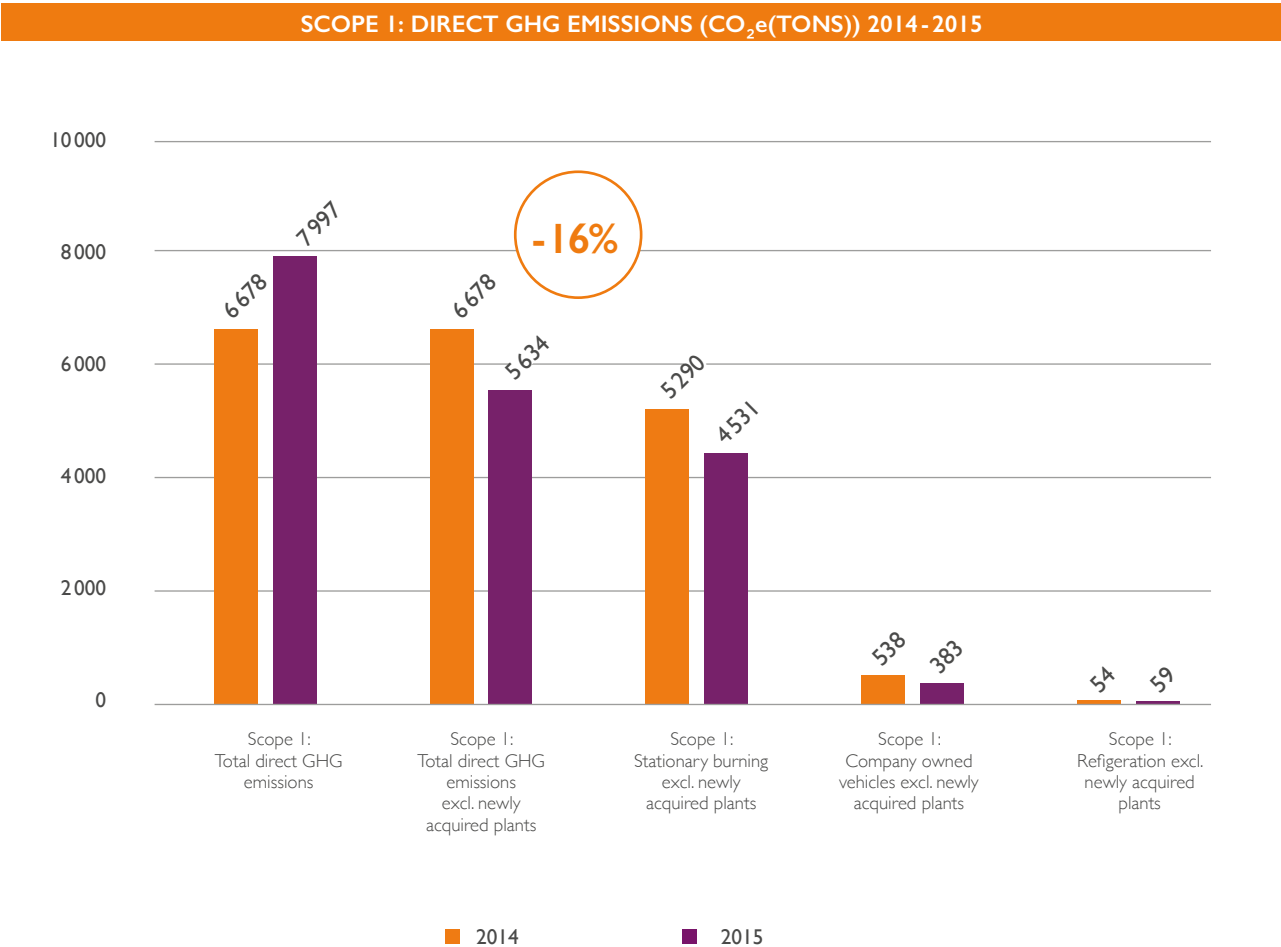
When becoming a member of the Carbon Disclosure Project (CDP) in 2014, AR Packaging introduced more transparency of sources for direct and indirect emissions and implemented a reporting process at group level in order to facilitate the tracking of improvements in carbon footprint reduction.

## SCOPE 1: DIRECT GREENHOUSE GAS (GHG) EMISSIONS

Scope 1 includes all greenhouse gas emissions that are generated directly by the organisation, e.g. GHG emissions from combustion in stationary sources (e.g. boilers) or mobile sources (e.g. company-owned vehicles), GHG emissions from chemical processes and volatile GHG emissions as a result of leakage from air conditioners.

The primary sources of direct emissions from AR Packaging's processes are the incinerators installed to burn exhaust at the plants with flexible packaging production and/or rotogravure and flexographic printing.

The Group has reduced its total direct GHG emissions by 16% compared to previous year, excluding the newly acquired plants (Graz, Krakow and Moscow) in order to compare like for like.



### SCOPE 2: INDIRECT GHG EMISSIONS FROM ELECTRICITY AND DISTRICT HEATING

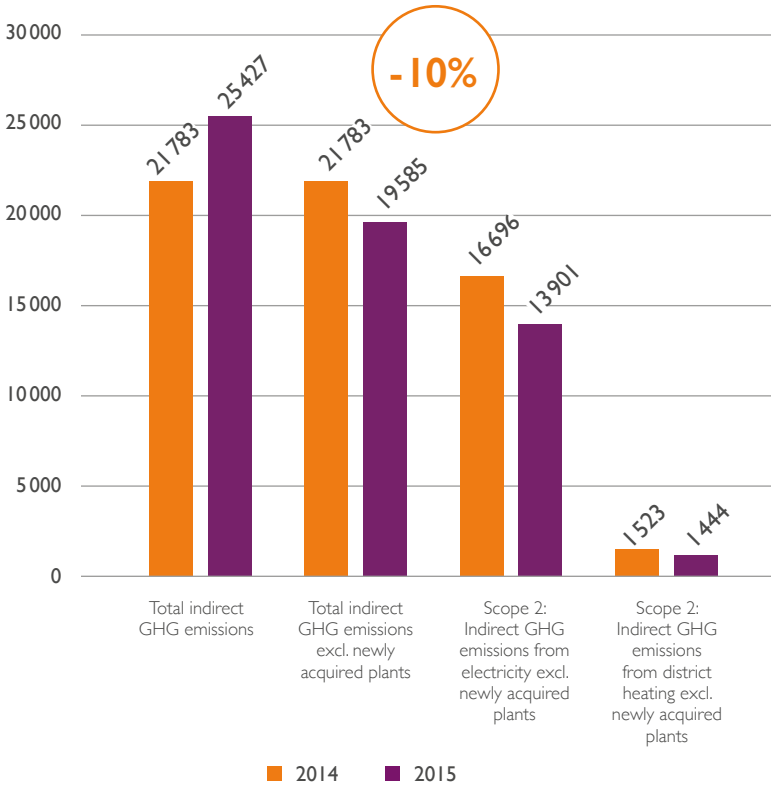
Scope 2 accounts for greenhouse gas emissions from the generation of purchased electricity consumed by the company including district heating. If electricity and heating from renewable source are used, the CO<sub>2</sub> emissions are declared as 0 g/kWh.

Excluding the newly acquired plants (Graz, Krakow and Moscow) to allow a like for like comparison, AR Packaging has reduced its total indirect GHG emissions by 10% compared to previous year. In addition to several measures taken by all plants to reduce their energy consumption, one main contributing factor was the total switch to 100% renewable energy at the Scandinavian plants Flextrus Lund, Flextrus Halmstad, A&R Carton Lund and CC Pack in Tibro in the beginning of 2015. For example, Flextrus Lund reduced its CO<sub>2</sub> emission by 2.284 tons and A&R Carton Lund by 723 tons of which about half is due to using green energy.

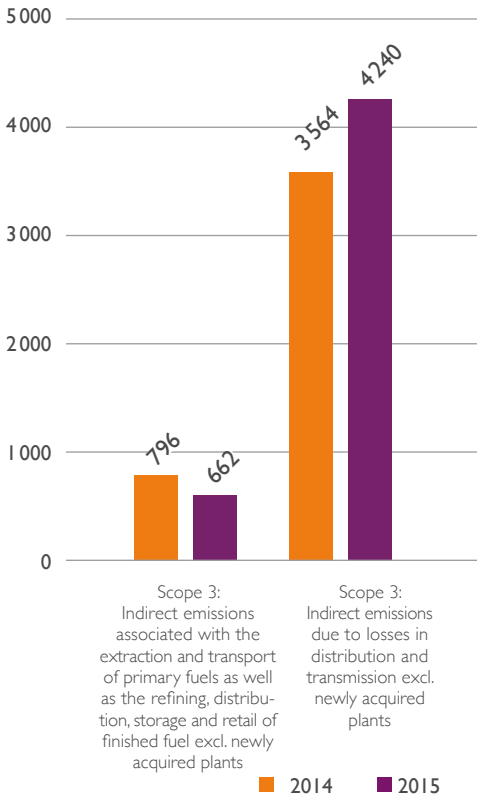
Graz, one of the newly acquired plants already uses 100% renewable energy (water power). Other plants at least further increased the proportion of renewable energy, e.g. the plant in Kauttua uses 79% renewable energy. The Group aims to increase the levels of renewable energy at all plants which currently use a mix of energy.



SCOPE 2: INDIRECT GHG EMISSIONS (CO<sub>2</sub>e(TONS)) 2014-2015



SCOPE 3: OTHER INDIRECT EMISSIONS (CO<sub>2</sub>e(TONS)) 2014-2015



### SCOPE 3: OTHER INDIRECT GHG EMISSIONS

Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. These emissions are a consequence of the activities of the Group, but occur from sources not owned or controlled by the Group. Currently, only Scope 3 emissions which are associated with the extraction and transport of primary fuels (referring to Scope 1) and emissions due to losses in distribution and transmission (referring to Scope 2) are tracked figures for AR Packaging. Other potential Scope 3 emissions are not in focus, but the aim is to start reporting in the next few years with initial focus on transport, distribution and business travels.

# CARBON DISCLOSURE PROJECT (CDP)

Together with some of our major customers including Philip Morris International, Nestlé and Imperial Tobacco Group, we are reviewing the climate change impacts of our supply chain through the internationally recognised CDP disclosure process. CDP is an independent not-for-profit organisation and responding to CDP is free of charge.

Over 5.500 companies responded to the CDP annual climate change questionnaire in 2015 and recognize the benefits of responding by identifying cost savings from increased efficiency.

AR Packaging participated for the first time in 2014 (for reporting year 2013) and will in 2016 respond to the climate change and water questionnaire for the third time. The CDP questions relate to issues such as how you identify risks associated with climate change, what your emissions are, details on your emissions management strategy with targets and actions to reduce emissions.



All 17 AR Packaging plants answered to the CDP questionnaire through our collection software 360report. All data are summarised at Group level and all information from AR Packaging is entered into the CDP online response system (ORS). This process has to be done annually by the end of July for the previous reporting year. All input is checked and assessed by the CDP organisation and in November the achieved scores are published to the companies. For AR Packaging the scores are also visible to those of our customers who participate.

## CDP CLIMATE CHANGE SCORES 2014-2015

Including 2015 the CDP climate change score will be differentiated between disclosure score and performance band. Every answer to the questionnaire will be rated on disclosure and performance.

### CDP 2014-2015 CLIMATE DISCLOSURE SCORE (OUT OF 100 TOTAL POINTS)

Disclosure scores are an assessment of the quality and completeness of a company's response. Comprehensiveness, data management, understanding and transparency are key requirements for this scoring. It is not a measure of a company's performance in relation to climate change management.

COMPANY NAME	DISCLOSURE SCORE	
	2014	2015
AR Packaging	50	76
CDP supply chain average	53	60

With implementation of our data collection software, 360report, we dramatically improved our disclosure score in 2015 – much higher than the average of the 5.500 companies.

## CDP 2014-2015 CLIMATE PERFORMANCE BAND (RANKED ON A A-E SCALE)

Where a company's total disclosure score is 50 or more, the response is also assessed and ranked in a performance band. The assessment looks at actions in the reporting year that contribute to climate change mitigation, adaptation and transparency. The performance scores are expressed as bands (A, A-, B, C, D, E).

COMPANY NAME	PERFORMANCE SCORE	
	2014	2015
AR Packaging	E	E
CDP supply chain average	C	D

Although we worked to improve our performance band in the reporting year 2014, we did not achieve a vital increase in our scoring in relevant sub-categories (Governance and strategy, risk and opportunity management, emission management, verification) summarised in the lowest performance category E for 2015.

Based on these insufficient results, a consultancy firm and accredited CDP provider, DFGE+, has been assigned for support in 2016. The aim is to identify deficits in our structure and processes and to identify and improve reporting to CDP.



**CDP WATER SCORE 2015**

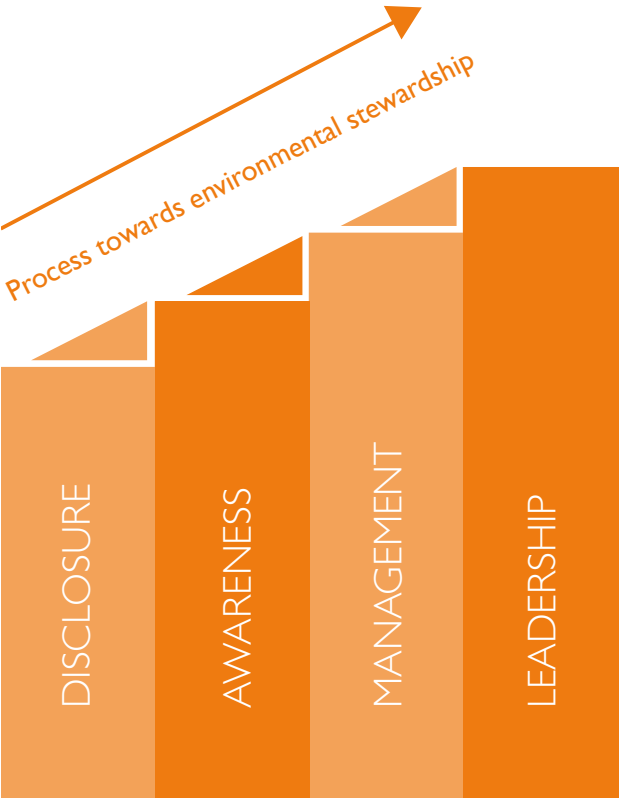
For 2016, CDP will change the scoring and combine the current disclosure and performance score in one classification ranking:

This new assessment was already used for the water score in 2015.

The assessment looks at actions in the reporting year that contribute to corporate water stewardship. The water scores are expressed as bands (A, B, B-, C, C-, D, D-) across four levels; Disclosure (D/D-), Awareness (C/C-), Management (B/B-), Leadership (A).

COMPANY NAME	WATER	
	SCORE 2014	LEVEL 2015
AR Packaging	C	Awareness
CDP supply chain average	D	Disclosure

CDP's water program is based on the fact that a stable supply of good quality fresh water can no longer be guaranteed in many regions. Although our plants are currently located in regions with no limitation to water and water quality, AR Packaging is motivated to disclose, protect sources and reduce water use., as evidenced by achieving the top CDP level "Awareness".





# FOOD SAFETY AND HYGIENE MANAGEMENT




As Food Packaging is one of the key areas in AR Packaging's activities, Food Safety continued to be one of the top priorities in 2015. During development processes and in discussions with customers, we bring in knowledge and expertise in order to ensure that the food is protected from external contamination and unwanted substances. Depending on the packed food, application and conditions such as hot fill, oven, microwave heating etc., the Group offers its customers optimal and secure solutions.

All raw materials and operating supplies, are examined and approved by experts based on supplier declarations to ensure suitability for the intended application and compliance with legal regulations. The main destinations for our products are the European countries including Russia, but we are also subject to food safety regulations and requirements in Asia (e.g. China) and USA.

All AR Packaging plants follow the Good Manufacturing Process (GMP) and strictly comply to the inspection of not only incoming raw materials but also of material handling during and after production. Moreover, additional tests such as organoleptic testing and analysis are performed when required for both unprinted and printed products.

The plants are continuously developing their food safety approach, often exceeding customer requirements.

## FOOD SAFETY DEVELOPMENT EXAMPLES

PLANT	CATEGORY	DESCRIPTION	
GRAZ	FOOD SAFETY	<p><b>Review of calibration of sensory testing panel (taste and odour following DIN EN 1230-1-2:2010).</b></p> <p>Background: a member of the sensory panel must be able to identify the five basic types of taste and must also have the ability to notice differences and various intensities between the prepared tests. These skills should be regularly trained to reach and improve sensitivity in testing samples.</p> <ul style="list-style-type: none"> <li>→ Implementation of odour pens: a trained sensory panel should be able to detect off-odour and also to describe it. With the help of odour-pens, which are filled with typical odour-causing chemicals that are present in boards, inks and adhesives, the panel members are able to identify contamination.</li> <li>→ Each panelist receives his personal Sensory Passport, where every participated test will be noted. After completing 20 tests, a 10 EUR reward will be given.</li> </ul>	 
GRAZ	HEALTH	<p><b>Microbiological overview of production area.</b></p> <p>Food packaging is exposed to physical and chemical hazards, and microbiological risk is also a very important topic. With support from an external laboratory, the Graz plant introduced a microbiological overview of the production area.</p> <ul style="list-style-type: none"> <li>→ The first step included a Microbiological Air Measurement, which was performed in various locations. The very satisfactory results were below the limit for dairies.</li> <li>→ Furthermore, all finished products were tested for bacteria, mould/fungus and pathogenic germs after our converting processes. Neither these findings showed any contamination.</li> <li>→ Comparable processes and regular analysis are already implemented at several AR Packaging plants.</li> </ul>	

## EXTERNALLY PROVED FOOD SAFETY

In addition to analyses performed at our internal local laboratories, the AR Packaging plants ordered in 2015 a multitude of external analyses by accredited external laboratories to ensure legal compliance of delivered products and produced food packaging portfolios. No migration of unwanted substances into food was detected or exceeded set legal limits.

Although local authorities increased the inspection frequency and analyses of food products in several segments (e.g. fast food) in 2015, none of our plants were involved in any official complaints related to food safety. Consequently, no fines for non-compliance according to laws or regulations related to our products were registered.

## UP TO DATE ON DEVELOPMENTS

AR Packaging operates 17 plants located in nine different countries and works with their customers on food safety for products which are distributed in several countries—including outside Europe. This provides us with a great knowledge pool of local legal developments and requirements in the countries we deliver to. This knowledge can be shared quickly within the whole Group.



AR Packaging is actively represented by the Product Safety Manager in Quality committees of the European Carton Makers Association (ECMA) and German Folding Box Association (FFI), where developments on food safety regulations are observed, discussed and commented if needed. Furthermore, local experts at our plants are members of local associations and regular participation at conferences supplements our continual knowledge updates.

## MINERAL OIL IN FOCUS

In 2015, one of the main food safety topics discussed was the prevention of migration of mineral oils into food – supported by the absence of legislation and pushed by several media and organisations, who do own analyses and develop evaluations for traces of mineral oil in both food and its packaging.

Mineral oil traces can derive from various sources, ranging from the direct treatment of food with oil, via lubricants, to direct absorption from the environment. Recovered paper and board also contain these oils, with printing ink components from the recovered paper used, especially newsprint, being identified as a source.

In October 2015, a campaign was run by the organisation Foodwatch and a call for attention was published in all media in Germany, France and the Netherlands. For example, the study highlighted that only 16 of the 42 products analysed in France had either a low concentration of mineral oils or no traces of mineral oils at all. This means that more than 60% of the products analysed were above these rates. Three products for food packaging made in our plant in Cholet, France, were included in the study and showed best results e.g. with no detectable concentrations of critical aromatic mineral oils.



This proves our strong commitment to food safety and is further evidenced by the Cholet plant which historically refused some, negatively-assessed packaging due to migration concerns.



# FUNCTIONAL BARRIER SOLUTIONS FOR IMPROVED FOOD SAFETY

As a clear response to food safety concerns, AR Packaging, with its in-depth barrier expertise, can offer several functional barrier solutions to its customers. To protect food from external contamination and unwanted influences, a functional barrier is the best solution. AR Packaging combines barrier expertise in coating, laminates and films with unique know-how in tight and direct food contact packaging. Examples of functional solutions offered to our customers:



The Group's Performance Packaging segment, which focuses on tight barrier and direct food contact packaging systems based on laminated carton board. Laminates with aluminium or EVOH (ethyl vinyl alcohol copolymer) barriers, combined with the tight primary packaging design, also allow MAP (modified atmosphere packaging) filling with an excellent oxygen, moisture and mineral oil barrier.



The Safeboard® technology has been developed by the Group in France. Safeboard is a unique in-line process for the application of customised barrier coatings. These type of coatings can be applied on virgin and recycled fibre materials as reverse-side or front-and-reverse-side coating. Safeboard's coating is considered to be a mono-material solution and therefore generally fully recyclable.



The Group company Flextrus offers barrier extrusion coatings or lamination directly on the reverse side of virgin fibre and recycled fibre board materials, creating a strong functional barrier.

**HYGIENE MANAGEMENT**

In the context of food safety, work hygiene management is essential in the food industry and is therefore also demanded in the production of food packaging. Impurities, foreign bodies, quality defects or spread of disease are only a few examples of risks for all stakeholders in the supply chain. These can result in costly recalls or loss of image and must be countered accordingly.

Depending on customer structure, 13 of the 17 plants are certified according to a hygiene management system, including HACCP risk analysis of processes, but primarily the widespread BRC/IoP Standard.

Since 2014, some customers have more confidence in the newly developed and comparable standard FSSC 22000 called “Food safety management system”. Linked to customer structure and

demands, three of the AR packaging plants switched to hygiene management certification according to the FSSCC 22000 standard in order to ensure a best-in-class practice in food safety. The A&R Carton plant in Lund is the latest one to be certified in 2015 and one further plant (St. Petersburg) is planned for certification with this standard in 2016.

**PEST CONTROL MANAGEMENT**

A key demand of both the BRC and the FSSC 22000 standards is strict pest management to avoid any contamination of the product or transportation from vermin such as insects, mice, flies, etc. This requires continuous monitoring as well as ongoing improvements in the buildings; the example below from 2015 is from our A&R Carton plant in Lund.



PEST CONTROL MANAGEMENT EXAMPLE

PLANT	CATEGORY	DESCRIPTION
LUND	HYGIENE	<p>To eliminate the risk of insect contamination of pallets in logistics, a sealed loading dock with two gates and state-of-art protection was constructed.</p> <p>→ This project enabled improved protection of finished goods pallets with zero claims (internal and external) due to insect contamination.</p>





# RISK MANAGEMENT

AR Packaging is exposed to a number of business-related risks that are continuously monitored by the Group. A presentation of strategic, operational and financial risks can be found in the AR Packaging Annual report 2015. Compliance risks are partly carried over from the annual report and expanded below to include sustainability-related risks and examples of preventive measures, implemented by the Group.

COMPLIANCE RISKS	DESCRIPTION	PREVENTIVE MEASURES
<b>CORRUPTION</b>	Risk that the Group, its affiliated entities or their respective officers, directors, employees and agents may act in a manner deemed to be in violation of anti-corruption or trade sanction laws.	Implementation of the Code of Ethics and Anti-Counterfeiting and Anti-illicit Trade Policy, with associated training programmes for employees. A whistleblowing scheme is available and well communicated to all employees.
<b>COMPLIANCE WITH INTERNAL RULES</b>	Risk that the Group, its affiliated entities or their respective officers, directors, employees and agents may not comply with the Group's Business and Ethics Policy or other critical policies and procedures.	Policies and procedures are implemented according to a defined plan. Re-training of employees is performed. A whistleblowing scheme is available and well communicated to all employees.
<b>FOOD SAFETY</b>	<p>Risk of product/food safety claims against the Group caused by transfer of substances from our food packaging product, with possible impact on human health, unacceptable change of food properties or deterioration of the organoleptic characteristics.</p> <p>Risk of negative image and thereby business impact by public discussion and/or media in connection to food safety of our products, linked directly either to our company or to our customers.</p>	<p>Clear responsibilities in plants on food safety approval and strict compliance with legislation. Only evaluated raw materials with declarations of conformity, which meet our food safety approach, are used. Only low migration and mineral oil free printing inks and varnishes are used for all food packaging. GMP (Good Manufacturing Processes) clearly exceeding processes for UV printing.</p> <p>Risk management on food safety starts in product development in open discussion with our customers and then confirmed by continuous external analysis. Active participation in local and European associations to stay updated on new regulations and discussions. Hygiene management systems have been implemented at most of our plants.</p>

COMPLIANCE RISKS		DESCRIPTION		PREVENTIVE MEASURES			
SUPPLIERS		Risk that our suppliers do not have internal business practices to ensure awareness of and compliance with our Code of Conduct. Possible ethical breaches with public discussion which could have a negative impact on the Group image and on the business with our customers.		Long relationship with our main suppliers, operating mainly in the European region with already existing laws covering international standards, Code of Conduct for suppliers, implementation of sustainability issues in Group audit approach and a Purchasing Policy.			
ENVIRONMENTAL RISKS		DESCRIPTION		PREVENTIVE MEASURES			
COMPLIANCE WITH ENVIRONMENTAL LAWS AND RULES		Risk that the Group and its factories breach environmental laws and/or local rules or fail approvals for buildings and assets.		Policies and procedures are implemented and monitored by Environmental Managers at all our plants. Continuous further training of our Environmental Managers and close contact and regular reviews by local authorities. ISO 14001 certification at some of our plants.			
ENVIROMENTAL ACCIDENTS WITH IMPACT ON SURROUNDINGS		Risk that accidents caused by the Group, its plants and/ or manufacturing processes have impact on the human environment and surroundings, with consequential image loss due to the impact of authorities and media.		Clear procedures and responsibilities in case of environmental accidents are implemented at our plants, including open and transparent external communication. Environmental Managers and Plant Managers jointly monitor and continuously develop protection systems and procedures.			
CLIMATE CHANGE RISKS		DESCRIPTION		PREVENTIVE MEASURES		OPPORTUNITIES	
STRICTER ENVIRONMENTAL REGULATION AND/OR INTERNATIONAL AGREEMENTS		Risk that stricter environmental regulation and/or new international standards will have noticeable impact on our business, industry, the manufacturing processes or surroundings of our plants.		The plants are currently located in European countries with stable and projectable law developments. This normally allows time to react to potential new obligations.		Development of our business and environmental reputation also under stricter laws and rules since <ul style="list-style-type: none"><li>• Mainly sales of sustainable, recyclable products</li><li>• Main raw material are carton board sourced from sustainably managed forests</li><li>• The manufacturing processes have less environmental impact and our footprint is continuously improved</li></ul>	

CLIMATE CHANGE RISKS	DESCRIPTION	PREVENTIVE MEASURES	OPPORTUNITIES
<b>CARBON AND/OR ENERGY TAXES</b>	Risk that increased carbon and/or energy taxes could cause impact on our prices in general and in competition to manufactures in other countries	Tracking of carbon and energy usage figures with the aim to reduce them. Ongoing projects in all our plants to reduce dependency of limited resources e.g. move to “green energy” in our Nordic plants.	Development of our business and our environmental reputation together with our existing and newcustomers by reducing the environmental footprint and communicating it.
<b>CHANGE IN AVERAGE TEMPERATURE</b>	Risk that further increase of average temperature will have noticeable impact on our business, manufacturing processes or surroundings to our plant locations.	Our plants are located in Europe with secure and stable environmental surroundings. Countries and locations where we operate are currently not affected by risk of climate phenomena (flood, storm etc.) or possible increase of temperature. The status is continuously observed by the plants.	Development of our business by offering long-term stable environmental surroundings.
WATER RISKS	DESCRIPTION	PREVENTIVE MEASURES	
<b>USE OF WATER FROM NARROWED OR ENDANGERED RESOURCES</b>	Risk that our plants use water from narrowed, endangered or protected resources.	The plants are all located in secure environmental surroundings with access to enough sustainable water. Withdrawal of water follows local laws and regulations and is continuously monitored by authorities.	
<b>WATER SHORTAGE DUE TO ENVIRONMENTAL OR CLIMATE CHANGES</b>	In general, water is required in our supply chain (e.g. carton board manufacturing process) as well as in our processes. Risk that water shortage could impact our business, supply chain or manufacturing process of our plants.	Our suppliers are mainly located in Europe with currently secure environmental surroundings and with access to enough sustainable water. The process water used internally has a secondary role. Water consumption is tracked and projects to reduce water usage run continuously at our plants.	Development of our business and our environmental reputation by demonstrating the limited use of resources

# CERTIFICATIONS AND SUSTAINABILITY MEMBERSHIPS

Continuous assessments and reporting to external experts and organisations increase the transparency of AR Packaging and provide important feedback to improve the Group's processes and sustainability activities in line with the set strategy.



## UN GLOBAL COMPACT

United Nations Global Compact is the world's largest corporate sustainability initiative with participation of 8.610 companies from 163 countries. A call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. Since 2008, A&R Carton has been signatory to the UN Global Compact and since 2014 it has been extended to include all of AR Packaging. Yearly progress on developments is reported to the UN. More information: [www.unglobalcompact.org](http://www.unglobalcompact.org)



## CARBON DISCLOSURE PROJECT

Since 2014, AR Packaging participates in the Carbon Disclosure Project (CDP) and aims to disclose our annual greenhouse gas emissions and water usage. Together with our customers we want support prevention of dangerous climate change and protect our natural resources. More information: [www.cdp.net](http://www.cdp.net)



## RESPONSIBLE FOREST MANAGEMENT

The first AR Packaging plants to be certified according to FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) were so in 2010. Today 14 of our 17 plants (status May 2016) can offer customers the use of this standard for their products. Seven of our plants, which are mainly producing for the tobacco industry, were moved to a multisite certification in 2015. More information: [www.pefc.org](http://www.pefc.org) / [www.ic.fsc.org/en](http://www.ic.fsc.org/en)



## ENVIRONMENTAL MANAGEMENT

At the end of May 2016, eight of 17 plants were certified according to ISO 14001. The standard provides support in reducing the negative impacts on the environment and for compliance with applicable laws, regulations and other environmentally oriented requirements. In 2016 we will start the migration of plants to the new ISO 14001:2015 version.



## QUALITY MANAGEMENT

15 of 17 plants operate with a certified Quality Management system to ensure that they meet the needs of our customers. The majority have implemented Integrated Management Systems (IMS) to cover all certifications within one documentation system. In 2016 we will start the migration of plants to the new ISO 9001:2015 version.



## ENERGY MANAGEMENT

The plants in Augsburg and Frankfurt, Germany, successfully achieved certification according to ISO 50001 after establishing more detailed energy management systems and energy potentials.



## HYGIENE AND FOOD SAFETY

In December 2015, 10 of 17 plants were certified according to the BRC Global Standard. In 2016, we will start migration to the new BRC version 5. The new version follows the high requirements of hygiene to fulfil and exceed the needs of our customers but also to meet statutory and regulatory requirements related to our products.



## HYGIENE AND FOOD SAFETY

In 2015, three plants moved successfully from BRC Global Standard to FSSC 22000 or decided to uphold both standards in parallel. FSSC 22000 is in general a comparable standard to BRC Global Standard, while having a wide acceptance in the food supply chain and being demanded by some of our biggest customers. Another three plants are certified according to ISO 22000 – a pre-stage of FSSC 22000.



## SOCIAL ACCOUNTABILITY

In May 2016, 12 of 17 plants perform regular (at least every three years) and successful social self-assessments and audits using an external independent company. Two additional plants are audited according to a comparable standard.



# CERTIFICATIONS PER PLANT

		Frankfurt	Augsburg	Graz	Krakow	CC Pack	SP Containers	Kauttua	Tabasalu	Ingerois	Cholet	Tima-shevs	St Petersburg	Moscow	Å&R Carton Lund	Flextrus Lund	Flextrus Halmstad	Flextrus Highbridge
QUALITY	ISO 9001	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	ISO 14001	✓		✓	✓			✓							✓	✓	✓	✓
SUSTAINABILITY - ENVIRONMENT	ISO 50001	✓	✓															
	FSC/PEFC	✓ (Multisite)	✓ (Multisite)	✓ (Multisite)	✓ (Multisite)	✓	✓ (FSC)	✓	✓	✓	✓	✓ (Multisite)	✓ (Multisite)	✓ (Multisite)	✓	✓ (FSC)		
SUSTAINABILITY - SOCIAL AUDITS	SOCIAL ACCOUNTABILITY	✓	✓			✓		✓			✓	✓	✓		✓			
	SEDEX	✓		✓			✓	✓	✓		✓	✓		✓	✓	✓	✓	✓
HYGIENE / FOOD SAFETY	BRC	✓	✓	EN15593		✓	✓				✓	✓				✓	✓	✓
	FSSC 22000			ISO 22000	ISO 22000			✓	ISO 22000				✓		✓	✓		

STATUS MAY 2016

# GRI INDEX

TABLE 1: REPORTED STANDARD DISCLOSURES

INDICATOR	DESCRIPTION	PAGE	UN GLOBAL COMPACT
G4-I	Statement from the most senior decision maker of the organization	4	Active: CEO Commitment
UNGC	UN Global Compact Statement of continued support	4	Active: Declaration of membership
G4-3	Name of the organization	6	
G4-4	Primary brands, products, and/or services	7	
G4-5	Headquarters	6	
G4-6	Countries of significant operations	6	
G4-7	Nature of ownership and legal form	8	
G4-8	Markets served	6-7	
G4-9	Scale of the organization	8	
G4-10	Total numbers of employees	6	Active: 6
G4-11	Employees covered by collective bargaining agreements	14	Active: 6
G4-12	Organization's supply chain	6, 7, 28	
G4-13	Significant changes regarding size, structure ownership or supply chain	8	
G4-14	Addressing of the precautionary principle	25	Active: 9
G4-15	Sustainability charters, principles or initiatives endorsed	9-10	
G4-16	Memberships of associations	43	
G4-17	Organizational structure	8	
G4-18	Method for defining report content and differentiation of aspects	9	

INDICATOR	DESCRIPTION	PAGE	UN GLOBAL COMPACT
G4-19	Identified material aspects	9	
G4-20/21	Essential aspects and delineation of aspects within and outside the organization	9	
G4-22	Effect of any restatements of information provided	-	
G4-23	Changes from previous reporting periods	55	
G4-24	Stakeholder groups engaged	-	
G4-25	Basis for identification and selection of stakeholders with whom to engage	-	
G4-26	Approach to stakeholder engagement	-	
G4-27	Key topics and concerns of stakeholder engagement	-	
G4-28	Reporting period	55	
G4-29	Date of most recent previous report	54	
G4-30	Reporting cycle	54	
G4-31	Contact point for questions regarding the report or its contents	55	
G4-32	GRI Index	51-53	
G4-33	External assurance of the report	-	
G4-34	Governance structure	8	
G4-56	Codes of conduct and codes of ethics	12	Active: 10

# GRI INDEX

TABLE 2: REPORTED PERFORMANCE INDICATORS

INDICATOR	DESCRIPTION	PAGE	UN GLOBAL COMPACT
<b>G4-DMA</b>	Disclosures on Management Approach "EC (Economy)"	-	
<b>G4-EC1</b>	Direct economic value generated and distributed	6	
<b>G4-EC2</b>	Chances and risks due to climate change	46-48	
<b>G4-EC5</b>	Ratios of standard entry level wage by gender compared to local minimum wage	14	Active: 6
<b>G4-EC6</b>	Local senior management	14-15	Active: 6
<b>G4-EC7</b>	Infrastructure investments and services supported	-	
<b>G4-EC8</b>	Indirect economic impacts	-	
<b>G4-DMA</b>	Disclosures on Management Approach "EN (Environment)"	-	
<b>G4-EN1</b>	Materials	26-27	Active: 7,8
<b>G4-EN2</b>	Recycled input materials	26	Active: 8
<b>G4-EN3</b>	Energy consumption within the organization	33-35	Active: 7,8
<b>G4-EN5</b>	Energy intensity	33-35	Active: 8
<b>G4-EN6</b>	Reduction of energy consumption	33-35	Active: 8
<b>G4-EN8</b>	Total water withdrawal	36	Active: 7,8
<b>G4-EN9</b>	Significantly affected water sources	36	Active: 8
<b>G4-EN11</b>	Operational sites in protected areas	37	Active: 8
<b>G4-EN12</b>	Impacts of the organization on biodiversity	37	Active: 8
<b>G4-EN13</b>	Habitats protected or restored	37	Active: 8
<b>G4-EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1)	38-41	Active: 7
<b>G4-EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	38-41	Active: 7

INDICATOR	DESCRIPTION	PAGE	UN GLOBAL COMPACT
<b>G4-EN18</b>	Greenhouse gas (GHG) emissions intensity	38-41	Active: 8
<b>G4-EN19</b>	Reduction of greenhouse gas (GHG) emissions	38-41	Active: 8
<b>G4-EN20</b>	Ozone-depleting substances	-	Active: 7, 8
<b>G4-EN21</b>	NOx, SOx and other significant air emissions	-	Active: 7, 8
<b>G4-EN22</b>	Water discharge	36	Active: 8
<b>G4-EN23</b>	Waste	29-32	Active: 8
<b>G4-EN24</b>	Significant spills	29-32	Active: 8
<b>G4-EN25</b>	Waste deemed hazardous under the terms of the Basel Convention	29-32	Active: 8
<b>G4-EN26</b>	Significantly affected water sources	36	Active: 8
<b>G4-EN29</b>	Sanctions for non-compliance with environmental laws	-	Active: 8
<b>G4-EN30</b>	Environmental impacts of transport	-	Active: 8
<b>G4-EN31</b>	Environmental protection expenditures and investments	Several examples	Active: 7, 8
<b>G4-EN32</b>	New suppliers screened on the basis of ecological criteria	12, 28	Active: 8
<b>G4-EN33</b>	Negative environmental impacts in the supply chain	12	Active: 8
<b>G4-EN34</b>	Formal grievance about environmental impacts	-	Active: 8
<b>G4-DMA</b>	Disclosures on Management Approach "LA (Labour Practices and Decent Work)"	14-15	

# GRI INDEX

TABLE 3: REPORTED PERFORMANCE INDICATORS

INDICATOR	DESCRIPTION	PAGE	UN GLOBAL COMPACT
G4-LA1	Employee overview and development	14, 15, 17, 18	Active: 6
G4-LA2	Benefits provided	14	
G4-LA3	Parental leave	14	Active: 6
G4-LA5	Total workforce represented in formal joint management-worker health and safety committees	14-23	
G4-LA6	Injuries, occupational diseases, lost days and absenteeism	20-23	
G4-LA7	Diseases related to occupation	19	
G4-LA9	Training per employee	17-18	Active: 6
G4-LA11	Employees receiving performance reviews	17-18	Active: 6
G4-LA12	Diversity of employees and members of governance bodies	-	Active: 6
G4-LA13	Ratio of remuneration of women to men	14	Active: 6
G4-LA14	Suppliers that were screened for impacts on labour practices criteria	12	
G4-LA15	Impacts on labour practices in the supply chain	12	
G4-LA16	Grievances about labour practices	14	
G4-DMA	Disclosures on Management Approach "HR (Human Rights)"	12	
G4-HR3	Discrimination incidents	12	Active: 6
G4-HR4	Freedom of association and collective bargaining	14	Active: 3
G4-HR5	Risk of child labour	12-13	Active: 5
G4-HR6	Risk of forced and compulsory labour	12-13	Active: 4
G4-HR9	Examination of the business locations for compliance with human rights	12-13	Active: 1

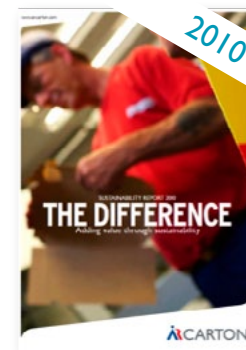
INDICATOR	DESCRIPTION	PAGE	UN GLOBAL COMPACT
G4-HR10	Suppliers that were screened for impacts on human rights	12-13	Active: 2
G4-HR11	Negative human rights impacts in the supply chain and actions taken	12-13	Active: 2
G4-HR12	Formal complaints procedure in relation to human rights impacts	12-13	Active: 1
G4-DMA	Disclosures on Management Approach "SO (Society)"	12-13	
G4-SO3	Operations assessed for risks related to corruption	12-13	Active: 10
G4-SO4	Communication and training on anti-corruption policies and procedures	12-13	Active: 10
G4-SO5	Cases of corruption	12-13	Active: 10
G4-SO7	Anti-competitive behaviour or anti-trust and monopoly practices	12	
G4-SO8	Fines and non-monetary sanctions	-	
G4-SO9	Suppliers that were screened for impacts on society	12, 28	
G4-SO10	Negative impacts through the supply chain on society	-	
G4-SO11	Grievances about impacts on society	-	
G4-DMA	Disclosures on Management Approach "PR (Product Responsibility)"	-	
G4-PR1	Impacts of products and services on health and safety	26, 42-45	
G4-PR2	Non-compliance with regulations concerning products and services	26, 42-45	
G4-PR5	Customer satisfaction	-	
G4-PR8	Breaches of customer privacy and loss of customer data	-	
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services	43	



# SUSTAINABILITY REPORTING HISTORY

AR Packaging has since 2007 annually published a Sustainability Report – first as A&R Carton, and since 2013 as AR Packaging. Due to organisational changes in 2012 a shorter Sustainability Policy document was published.

All Sustainability reports published after 2010 are available for download on [www.ar-packaging.com](http://www.ar-packaging.com).



# INFORMATION AND CONTACTS

## OUR SUSTAINABILITY REPORT 2015

This sustainability report summarises the key environmental and social developments in AR Packaging in calendar year 2015. The newly acquired plants in Graz, Krakow and Moscow were merged into the Group in May 2015 and are widely incorporated in this report.

Based on customer requirements the sustainability report is published digitally as a pdf document. Together with the AR Packaging Annual Report 2015 it forms an integrated reporting concept.

Our membership in UN Global Compact includes the obligation to issue an annual progress report and this is based on the sustainability report.

## COMMUNICATION CHANNELS

Our annual reports as well as the sustainability reports are available to download on our website [www.ar-packaging.com](http://www.ar-packaging.com). Additionally the Annual Report 2015 can be ordered as a printed version.

You are most welcome to read more about corporate social responsibility at AR Packaging on our website.

[www.ar-packaging.com](http://www.ar-packaging.com)

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