



WAY BEYOND GOOD

Corporate
Responsibility
Report
2016



Packaging by




SIG Corporate Responsibility Report 2016

Welcome to SIG's Corporate Responsibility Report for 2016.

We are committed to being a responsible business. But we want to go much further by going *Way Beyond Good*: our bold ambition to create a net positive impact on society and the environment.


This report sets out our roadmap on how we will get there. It describes the systems we have in place to manage our most material social and environmental issues, and reports on our performance in 2016.

We welcome stakeholder views on our approach. Please share your feedback via email at waybeyondgood@sig.biz.

About this report

This is SIG's first corporate responsibility report. Unless otherwise stated, data covers the 2016 calendar year and all our global operations, except our Whakatane paper mill in New Zealand and our joint ventures in the Middle East.

The report has been produced in accordance with the Global Reporting Initiative (GRI) G4 Guidelines Core option. Relevant GRI indicators are shown at the top of each page where applicable.

 Selected data indicated by this icon has been externally assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

This document acts as our Communication on Progress in relation to the 10 principles of the United Nations Global Compact and indicates how we are contributing to the United Nations Sustainable Development Goals.

Indices on the GRI G4 Guidelines and United Nations Global Compact, together with an assurance statement and details on reporting boundaries, can be found in About our reporting (see [page 50](#)).


We intend to provide an update on our performance annually and to update the full report biannually.

How to navigate the report

Use the tabs at the bottom of the page to navigate between the main sections of this interactive PDF. The navigation buttons (bottom right) enable you to:

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SUSTAINABLE DEVELOPMENT GOALS

SIG supports the SDGs.



WE SUPPORT



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Our business

SIG Combibloc Group AG and its affiliates (together “SIG”) is one of the world’s leading suppliers of aseptic carton packaging for beverages and food.

We provide complete systems including packaging materials, the machines our customers use to fill them and technical service support.

We operate in more than 45 countries, serving major food and beverage brands and contract packers in the Americas, Asia-Pacific, Europe, and the Middle East and Africa. Our packaging is primarily used for long-life milk and dairy products, non-carbonated soft drinks such as fruit juices, and liquid and particulate foods such as soups and sauces.

SIG is owned by Onex Corporation, a Canadian private equity firm. We employ over 5,000 people worldwide.

OUR BUSINESS



Packaging

We produce aseptic carton packages and closures for use in our filling machines. Our packaging is delivered to customers as flat-packed sleeves for efficient transportation, then formed into carton packs in our filling machines. We offer a range of carton formats – from our classic combibloc to the innovative combifit and combidome – as well as closures, such as combiSmart and combiSwift.



Filling machines

Customers use our aseptic filling machines to form, sterilise and fill our sleeves with food products, then seal the filled cartons ready for consumers. Our machines offer the flexibility to fill packs in a range of different formats and volumes using a variety of opening solutions. They can be used for a wide range of products, including milk, juice, drinks with pieces of fruit or cereals, and particulate foods such as chunky soups.



Technical service

We provide service and maintenance support for customers throughout the life of our filling machines. Our technical service engineers offer advice, training and support to optimise the efficiency of our customers’ filling lines and factories.

OUR MAIN SITES

- Headquarters and production plant for closures
- Sleeves production and filling machine assembly plants
- Sleeves production plant
- Paper mill
- Joint venture



REVENUE

2014	2015	2016
€1,629m	€1,721m	€1,724m

Message from our CEO

In 2016, we embarked on a bold journey to go *Way Beyond Good*. We aim to become net positive in the long run by putting more back in to the environment and society than we take out.

This net positive ambition is built into our business strategy, our Corporate Compass. We are dedicated to running a responsible company, with responsible products made from responsible sources.

Our strategy will help us navigate the complex challenges created by global megatrends such as population growth, rapid urbanisation, a fast-expanding middle class and the effects of climate change. And we will seize the opportunities for our business and our customers by partnering to bring food products to consumers around the world in a safe, sustainable and affordable way.

Building on strong foundations

We know there will be challenges to overcome along the way, but we are determined to go *Way Beyond Good* and we have a clear roadmap to get there. We have already made good progress in several areas.

Our commitment to being a responsible company was recognised with gold status in an independent assessment by EcoVadis. This puts SIG in the top 5% of businesses assessed.

In 2016, we achieved a milestone in the sourcing of our main raw material. We have secured a sufficient supply of liquid packaging board certified by the Forest Stewardship

Council™ (FSC™) to guarantee that all the cartons we produce can carry the FSC™ label from now on.

Our carton packs already have a smaller environmental footprint than alternative packaging and our product innovations are cutting impacts further. For example, combidome provides the design features of a bottle while retaining the significantly smaller environmental footprint of a carton. And combibloc EcoPlus lowers the carbon footprint of an aseptic carton pack and eliminates the need for aluminium.

Committed to transparency

Here we report on our progress and performance in 2016 to enable our stakeholders to hold us accountable and encourage us to improve. This document is produced in accordance with the Global Reporting Initiative G4 Guidelines Core option to support our commitment to transparency.

Collaboration is key as the world tackles global challenges, from climate change to upholding human rights. We are working with our peers in the Net Positive Project, we support the United Nations Sustainable Development Goals and we have joined the United Nations Global Compact. This report serves as our Communication on Progress.

Our net positive commitment builds on strong foundations and I'm confident that my more than 5,000 colleagues will help us do what is responsible and right for our customers, our company, the environment and our communities around the world.

I look forward to updating you on our progress next year as we continue on our journey to go *Way Beyond Good*.

Rolf Stangl
Chief Executive Officer



Way Beyond Good

We want to be net positive by contributing more to society and the environment than we take out – across our value chain. We call that going *Way Beyond Good*.



Our strategy

Our net positive commitment

**Responsible company:
Our story**

**Responsible sourcing:
Our story**

**Responsible products:
Our story**

Our strategy

We partner with our customers to bring food products to consumers around the world in a safe, sustainable and affordable way.

That's our corporate purpose and we fulfil it responsibly. Our business strategy – we call it our Corporate Compass – sets out how.

Our purpose and values are at the heart of the Compass. And three key ambitions on responsibility define the way we run our company, source our raw materials and design our products. These ambitions and our accompanying roadmap support our business goals around people, growth and customers.

Responsibility is built into our business strategy and everything we do. But we want to go further. We have set ourselves a series of stretching ambitions to go *Way Beyond Good*.

AMBITION

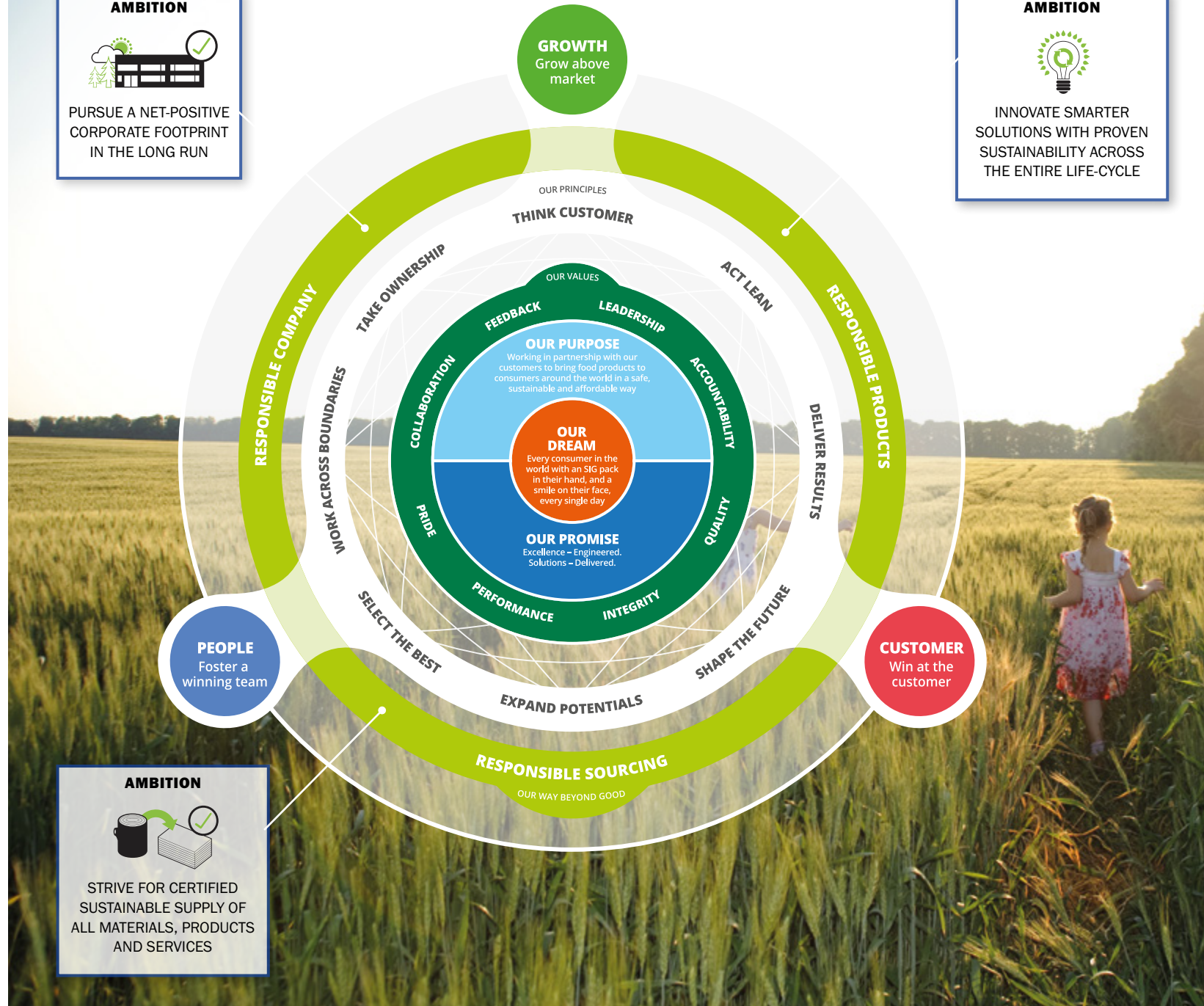


PURSUE A NET-POSITIVE CORPORATE FOOTPRINT IN THE LONG RUN

AMBITION



INNOVATE SMARTER SOLUTIONS WITH PROVEN SUSTAINABILITY ACROSS THE ENTIRE LIFE-CYCLE



AMBITION



STRIVE FOR CERTIFIED SUSTAINABLE SUPPLY OF ALL MATERIALS, PRODUCTS AND SERVICES

Our net positive commitment

In 2016, we set out our commitment to become net positive in the long term as part of our business strategy.

This means we will contribute more to society and the environment than we take out – across our value chain from our suppliers and our operations to our customers and consumers. We have ambitious stretch goals for 2030 and a detailed roadmap with year-on-year targets to 2020 to help us get there.

By 2030, we will halve our environmental impacts and double our benefits to society. All our raw materials will come from certified responsible sources. And our packaging solutions will be the most sustainable on the market.

We have already made good progress in several areas, including creating a pack with a 28% lower carbon footprint from cradle to gate, sourcing enough FSC™-certified liquid packaging board to enable customers to include the FSC™ logo on any of our packs and securing 100% renewable electricity for all our production plants worldwide from 2017. See [page 18](#) for a summary of our progress towards our responsibility targets.

Working together to make a net positive difference

Our *Way Beyond Good* ambition places us among an elite group of companies that have made the bold commitment to become net positive.

In 2016, we joined a group of pioneering companies and non-governmental organisations as a member of the Net Positive Project. The project works for a world where companies drive financial success and create net positive impacts by putting back more into society, the environment and the global economy than they take out. Our fellow members include AT&T, Dell, Dow, Hewlett Packard Enterprise, Kimberly-Clark, Kingfisher and Target. Together, we are seeking solutions to realise this vision and developing ways to measure and monitor our progress.

We have also joined the Science Based Targets Initiative, which is at the forefront of efforts to help companies understand how to cut their emissions enough to prevent the worst impacts of climate change.

Achieving our net positive commitment will be challenging. Working with others through initiatives like these will help us find solutions to achieve a more sustainable future and enhance our contribution to the United Nations Sustainable Development Goals (see [page 15](#)).

WHAT WAY BEYOND GOOD MEANS

By going *Way Beyond Good*, we aim to have a net positive impact on natural resources, climate change, people and communities. These are just some of the 2020 targets we have set to help us achieve this. See [page 18](#) for our full responsibility roadmap.

 <p>NATURAL RESOURCES</p>	<p>We want to regenerate natural resources, striving to create more than we use.</p> <p>2020 targets include:</p> <ul style="list-style-type: none"> ■ 100% FSC™ labelled packs ■ 100% renewable carton pack ■ 100% bioplastics from certified sources ■ A carton made of 50% recycled content
 <p>CLIMATE CHANGE</p>	<p>We support global action on climate change by cutting the carbon footprint of our business and our products at every stage of the value chain.</p> <p>2020 targets include:</p> <ul style="list-style-type: none"> ■ 50% CO₂ reduction and 35% energy reduction in our plants (from 2014) ■ 100% renewable energy and Gold Standard CO₂ offset for all non-renewable energy ■ Science-based CO₂ reduction target in place covering our entire value chain
 <p>PEOPLE AND COMMUNITIES</p>	<p>We want to go <i>Way Beyond Good</i> for everyone in our value chain by helping our customers deliver food and drinks to people around the world, and enabling the people who work for us and our suppliers to prosper and develop know-how that benefits them, our customers, our business and society.</p> <p>2020 targets include:</p> <ul style="list-style-type: none"> ■ New social responsibility requirements included in 100% of contracts with suppliers of our key raw materials ■ Zero harm (no lost-time cases) ■ Employee engagement score above industry benchmark and employee Net Promoter Score increased year on year ■ Investment in training and development above industry benchmark ■ Community and education programmes doubled over five years

Responsible company: Our story

We take our responsibilities to people and the environment very seriously – it's part of our corporate strategy and it's how we do business.

Being a responsible company also helps us to meet the requirements of our customers, who increasingly expect us to meet high standards in the way we manage environmental, ethical and social issues to protect their own reputation and enhance sustainability in their supply chain. We use independent third parties to verify our credentials through recognised assessments, such as EcoVadis and the Supplier Ethical Data Exchange (SEDEX) (see case study opposite).

Robust management of corporate responsibility is fundamental to our business. And we are committed to going *Way Beyond Good* by striving for a net positive corporate footprint. By 2030, we aim to halve our environmental impacts across our value chain and double our societal benefits while meeting our business growth targets.

The first step to achieving this ambition is to understand our environmental footprint and the societal benefits we provide across our value chain – from forests and suppliers to our own operations, customer use of filling machines, and consumer use and disposal of our packs. We are developing a methodology to measure our environmental footprint across our value chain, starting with our greenhouse gas emissions. We will also explore how best to define and measure the societal benefits our business can contribute to across the value chain.

OUR 2030 GOAL



x2

HALVE VALUE CHAIN ENVIRONMENTAL IMPACTS AND DOUBLE SOCIETAL BENEFITS WHILE MEETING BUSINESS GROWTH TARGETS

Halving environmental impacts

Life-cycle assessments of our products show that our biggest environmental impacts lie outside our own operations. That's why our focus on responsible sourcing (see [page 9](#)) and responsible products (see [page 10](#)) is so important to go *Way Beyond Good*.

But we still want to minimise the footprint of our own operations by, for example, improving energy efficiency and using renewable power at all our production plants. We promote continuous improvement at all our production and assembly plants through our certification to the ISO 14001 standard for environmental management.

Doubling societal benefits

We can contribute to society by supporting our employees and communities, demanding fair treatment of workers and communities in our supply chain, and supporting access to safe, sustainable and affordable nutrition by helping our customers deliver food and drinks to consumers around the world.

Read more about our responsible company management and performance on [page 21](#).

Demonstrating responsibility through independent assessments

Recognised external certifications and assessments help us demonstrate our credentials as a responsible company and continuously improve our performance.

Our EcoVadis Gold status puts us in the top 5% of participating companies, based on a detailed independent assessment of our policies, processes and performance on environment, social, ethics and supply chain criteria.

As a member of the Supplier Ethical Data Exchange (SEDEX), our production sites are audited regularly to assess working conditions, health and environmental protection, and ethical business practices. The results of the audits are shared with our customers via the SEDEX platform and we encourage our own suppliers to undergo the same rigorous assessments (see [page 36](#)).



Responsible sourcing: Our story

Recognised certifications provide a reliable, independent method of assuring customers and consumers that the goods they buy are produced in a way that respects the people involved while minimising risks to the environment.

By 2020, we aim to source 100% of our A-materials from certified sources. Our three main A-materials are liquid packaging board, polymers and aluminium.

In 2016, we achieved an industry first by securing sufficient supply of Forest Stewardship Council™ (FSC™) certified liquid packaging board to guarantee that all the packs we produce from now on can carry the FSC™ label. We are now working with suppliers and industry organisations to establish a viable certified supply of the other materials we use.

We want to extend our net positive impact by working with suppliers that share our net positive commitment and we are exploring how to confirm their commitment in future.

Renewable liquid packaging board

The main ingredient used in our carton packs is liquid packaging board, a stiff paper board made from wood. This natural, renewable resource makes up 70-80% of our cartons.



We purchase all our liquid packaging board from suppliers that require their wood supplies to meet strict criteria for managing forests responsibly and respecting the rights of local communities and indigenous peoples.

The Chain of Custody certification from the FSC™ at our suppliers' mills and our own sites enables traceability from forests to SIG cartons. We have had this certification for our own operations and sales units plus all our supply mills since 2009 – another industry first (licence code FSC™ C020428). Independent auditors check compliance against the global FSC™ standards.

Read more about our responsible sourcing management and performance on [page 34](#).

OUR 2030 GOAL



ALL RAW MATERIALS FROM CERTIFIED RESPONSIBLE SOURCES AND 50% OF TOTAL SOURCING SPEND ON NET POSITIVE SUPPLIERS

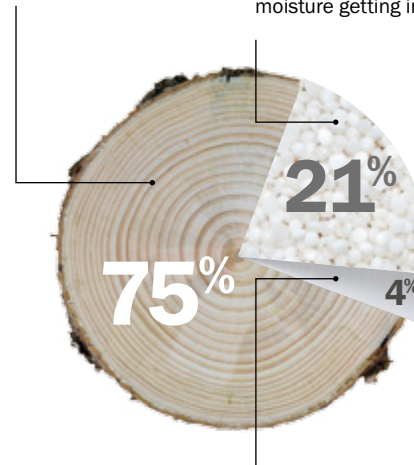
THE MATERIALS THAT MAKE OUR CARTONS*

Paper board

Provides structure and rigidity.

Polymers

Build the barrier for the product and prevent moisture getting in.



Aluminium

Protects contents from light, oxygen and external odours.

* Percentage of materials used in our packs are averages and vary between different types of packs.

“We appreciate the dedication and leadership of SIG with regard to responsible forest management. The WWF is confident that the Forest Stewardship Council (FSC) can make a significant contribution to forest conservation and to better forest management. Apart from protected areas, only responsible forest management can prevent the complete destruction of our forests. ‘Preservation through responsible use’ – this motto will ensure the continued survival of the forest, its functionality and its biodiversity. By opting for SIG carton packs with the FSC™ label, food and beverage manufacturers are emphasising their environmentally and socially responsible thinking and actions, and enabling consumers to choose an environmentally beneficial product, as well.”

Johannes Zahnen
WWF sustainability officer



Responsible products: Our story

Our customers want to minimise the environmental footprint of their products from cradle to grave.

Packaging is part of this journey and our cartons offer proven environmental benefits compared with alternatives such as bottles and cans – the impacts of our packs are up to 70% smaller across their life-cycle (see life-cycle assessments on our [website](#)).

We are working hard to reduce the life-cycle environmental footprint of our cartons by using materials from sustainable sources and minimising the impacts of our own production lines. We are cutting the impacts of our packs even further through innovative product design.

We also offer highly efficient filling machines and provide advice on how they can be used to reach their optimum performance. In this way we aim to help our customers maximise efficiencies and minimise waste.

Smarter packaging solutions

We want our products to give customers and consumers the best possible performance – highest quality, most convenient, best value and lowest environmental footprint.

Cartons already offer the smallest footprint compared with alternative types of packaging (see above). But we want to go further to offer

the most sustainable solutions on the market, starting with an aseptic carton made from 100% renewable materials by 2020.

Innovation is the key to realising this ambitious goal. We have already achieved the unthinkable over the past few years by turning a carton into a bottle and creating an aseptic packaging solution that has a significantly smaller life-cycle carbon footprint by eliminating the need for aluminium (see case studies).

OUR 2030 GOAL



OFFER CUSTOMERS THE MOST SUSTAINABLE FOOD PACKAGING SOLUTIONS ON THE MARKET

Read more about our responsible products management and performance on [page 41](#).

Eco-innovation



Our combibloc EcoPlus aseptic carton uses an innovative composite structure to cut environmental impacts.

Renewable liquid packaging board from responsible sources makes up more than 80% of the carton. Unlike conventional aseptic packs, EcoPlus does not use aluminium. Instead, polyethylene layers securely contain the food or drink, and an ultra-thin layer of polyamide shields the contents from flavour impairment and unwanted odours.

The radical design of combibloc EcoPlus cuts the carbon footprint of our combiblocSlimline 1 litre carton by 28% from cradle to gate (see life-cycle assessment on our [website](#)). And the addition of a combiCap – 60% lighter than a normal screw cap – gives additional consumer convenience with minimal life-cycle environmental impact.

Carrefour, one of Europe's largest distribution chains, began using combibloc EcoPlus in August 2016. This has enabled the company to communicate that it is offering UHT milk in environmentally friendly packaging, with 28% less CO₂.

Carton meets bottle

It looks like a bottle but folds like a carton. Our combidome pack pours like a bottle, but retains all the benefits of a carton – including the environmental performance.

An independently verified, life-cycle assessment (see our [website](#)) shows that over its full life-cycle, combidome's carbon footprint is significantly smaller than bottles: 75% less than disposable glass, 41% less than multilayer PET and 27% less than monolayer PET.

Like all our cartons, it's mainly made from renewable liquid packaging board and it's fully recyclable.



Our approach

To help us achieve our net positive ambitions, we have integrated responsibility into our governance structure and created a roadmap of targets focusing on the issues identified as priorities for our business and our stakeholders.



Responsibility built in

Stakeholder dialogue

Contributing to the United Nations Sustainable Development Goals

Our priorities

Our roadmap

Responsibility built in

Responsibility is an integral part of our core business strategy. It is not treated as a separate add-on or an optional extra.

This integrated approach is reflected in our governance structure. Rather than setting up a new standalone team to manage responsibility, we have embedded it within the remit of existing functions to ensure it is a core part of our decision-making in every aspect of our business.

Ultimate accountability for our social and environmental performance and progress against our responsibility roadmap lies with our CEO and Group Executive Board (GEB). Responsibility topics are regularly on the agenda at GEB meetings and each of the priority workstreams in our roadmap is sponsored by a GEB member.

A Responsibility Steering Group, made up of senior representatives from all key functions and regions of the business, meets three times a year to ensure strong

oversight, alignment and collaboration in the implementation of our roadmap. Responsibility for implementing each individual focus area of the roadmap lies with the relevant functions of the business, as specified in later sections of this report.

We want all our people to understand our responsibility goals and the role they play in achieving them. We aim to empower employees at all levels of our business to fulfil their responsibilities by raising awareness of the strategy and educating them on relevant aspects of sustainability. In 2016, we communicated our *Way Beyond Good* ambitions through our annual Global Leadership Meeting, presentations on our Corporate Compass, employee newsletters and other internal communications.

RESPONSIBILITY GOVERNANCE STRUCTURE



Stakeholder dialogue

External perspectives help us understand what stakeholders expect of us and how best to respond.

We identified relevant stakeholders and considered the topics that are most important to them through our materiality process in 2015 (see [page 51](#)). Our responsibility roadmap (see [page 18](#)) was informed by this process and can be viewed as our overall response to stakeholder concerns.

The table on [page 14](#) provides some examples of how we have engaged in 2016, the key topics raised by specific stakeholder groups and how we have responded.

We also engage with peers and non-governmental organisations on responsibility issues through our long-standing membership of multi-stakeholder alliances including the Consumer Goods Forum, Forest Stewardship Council™ (FSC™), the Alliance for Beverage Cartons and the Environment (ACE), the European Organisation for Packaging and the Environment (EUROPEN), European Bioplastics (EUBP) and numerous national alliances and initiatives in our core markets.

In 2016, we began to partner with the sustainability non-profit organisation, Forum for the Future (see quote opposite). Our commitment to go *Way Beyond Good* was recognised when we were accepted as a member of the Net Positive Project it facilitates (see [page 7](#)).

We also joined other leading companies as a member of the Science Based Targets Initiative. This partnership between the United Nations Global Compact and environmental organisations CDP, WWF and the World Resources Institute aims to help companies determine how much they must cut emissions to prevent the worst impacts of climate change.

In 2017, we will refine our approach to stakeholder engagement by identifying appropriate engagement tools and increasing the frequency of our engagement on responsibility topics. We also aim to establish a panel of external stakeholders to advise our Responsibility Steering Group and Group Executive Board.



“ Forum for the Future is an independent non-profit that works globally with business, government and others to solve complex sustainability challenges. We advise and challenge individual organisations and bring them together in powerful coalitions for change, aiming to accelerate a shift towards a sustainable future. We began working in partnership with SIG in 2016 on two exciting projects.

SIG have joined The Net Positive Project. The Net Positive Project works for a world where companies drive financial success and create ‘Net Positive’ impacts by putting back more into society, the environment and the global economy than they take out. In practical terms this is a group of companies collaborating to work out how to implement this ground breaking approach in their own businesses. SIG are active contributors to the project. We are pleased to see their ambition to implement Net Positive Principles in their business and commitment to making progress on this.

We are also helping SIG to develop a pioneering ‘flagship’ project creating an innovative way to prevent both food losses and reduce hunger, by harnessing SIG packaging technology and expertise. We have experienced enthusiasm and commitment across the business to create a lasting positive impact with this initiative and make a tangible contribution to their ‘Net Positive’ ambition.”

Ben Kellard
Head of Sustainable Business
Forum for the Future



LISTENING AND RESPONDING TO OUR STAKEHOLDERS

STAKEHOLDER	ENGAGEMENT	KEY TOPICS AND CONCERNS	HOW WE HAVE RESPONDED
Customers	<ul style="list-style-type: none"> ■ Customer questionnaires ■ Regular interactions with customers through sales and service 	Customers want us to meet their requirements on a broad range of responsibility issues and support their social and environmental goals.	We use established industry platforms, such as SEDEX and EcoVadis, to demonstrate compliance with customer requirements (see page 8) and support their goals through product innovation (see page 41).
Employees	<ul style="list-style-type: none"> ■ Biennial global employee survey ■ Regular day-to-day dialogue ■ Formal appraisals ■ Consultation with employee representatives 	Feedback from our first global survey emphasised the need for strong leadership, opportunities to develop and contribute to innovation, and better change management.	We are using employee feedback to make SIG a better place to work (see page 26).
Investors	<ul style="list-style-type: none"> ■ Quarterly reporting and investor calls 	Investors seek sustainable, long-term returns.	We have integrated responsibility into our corporate strategy to grow our business sustainably.
Suppliers	<ul style="list-style-type: none"> ■ Regular engagement ■ Compliance assessments 	Suppliers want to know what our requirements are on responsibility so they can understand how to meet them.	We communicate our ethical supplier standards and work with suppliers to source raw materials from responsible sources (see page 34).
Sustainability experts	<ul style="list-style-type: none"> ■ Regular conversations with experts from academia, institutes, government and non-governmental organisations ■ Participation in multi-stakeholder initiatives ■ Annual strategic meeting with the Institute for Energy and Environmental Research (Ifeu) 	Experts want us to show we are managing our most material issues, setting ambitious targets and reporting transparently on our performance, following recognised international standards.	<p>We have conducted a materiality assessment and we have set ambitious targets through our responsibility roadmap. We have established a clear governance structure for responsibility as a whole.</p> <p>We use international protocols and standards in the management of specific focus areas and we are reporting our performance in accordance with the Global Reporting Initiative guidelines. We have also chosen to get key data assured externally to enhance transparency.</p>
Policymakers and regulators	<ul style="list-style-type: none"> ■ Engagement through trade associations 	The range of topics covered by regulators is broad. Hot topics include responsible production, sustainable consumption, waste policies, consumer information and contributions to broader global goals such as the United Nations Sustainable Development Goals.	We address issues relevant to public policy through our roadmap and our participation in industry and multi-stakeholder initiatives that aim to support broader global goals, such as the Net Positive Project (see page 7).
Local communities around SIG production sites	<ul style="list-style-type: none"> ■ Engagement through community projects, including local education and recycling initiatives 	Issues raised by communities are generally locally specific.	We focus on education, nutrition and recycling, tailoring local projects to the specific needs voiced by communities (see page 33).

Contributing to the United Nations Sustainable Development Goals

Working together with others will be essential to our contribution to the United Nations Sustainable Development Goals (SDGs), which call upon governments, civil society and business to work together to end poverty, ensure prosperity for all and protect the environment.

Business has a critical role in achieving the SDGs and we want to play our part.



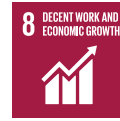
Our collaborative approach through initiatives like the Net Positive Project and the Science Based Targets Initiative supports SDG 17, which calls for a global partnership for sustainable development. Being part of these groups will help us deliver and enhance our contribution to the SDGs across a range of areas.



We have already identified several areas of our roadmap that support specific SDGs. For example, by sourcing liquid packaging board from certified, responsibly-managed forests (see [page 37](#)), we are supporting SDG 15 to protect, restore and promote sustainable use of terrestrial ecosystems and sustainably manage forests. And our holistic life-cycle approach to reduce the environmental impacts of our products contributes to SDG 12 to ensure sustainable consumption and production patterns (see [page 42](#)).



We are contributing to SDG 7 on sustainable energy by targeting 100% renewable energy in our operations (see [page 39](#)) and to SDG 13 on climate action by developing a science-based target to reduce greenhouse gas emissions (see [page 22](#)).



Our commitment to employee safety (see [page 30](#)) and decent working conditions for people in our supply chain (see [page 35](#)) contributes to SDG 8 on decent work for all.

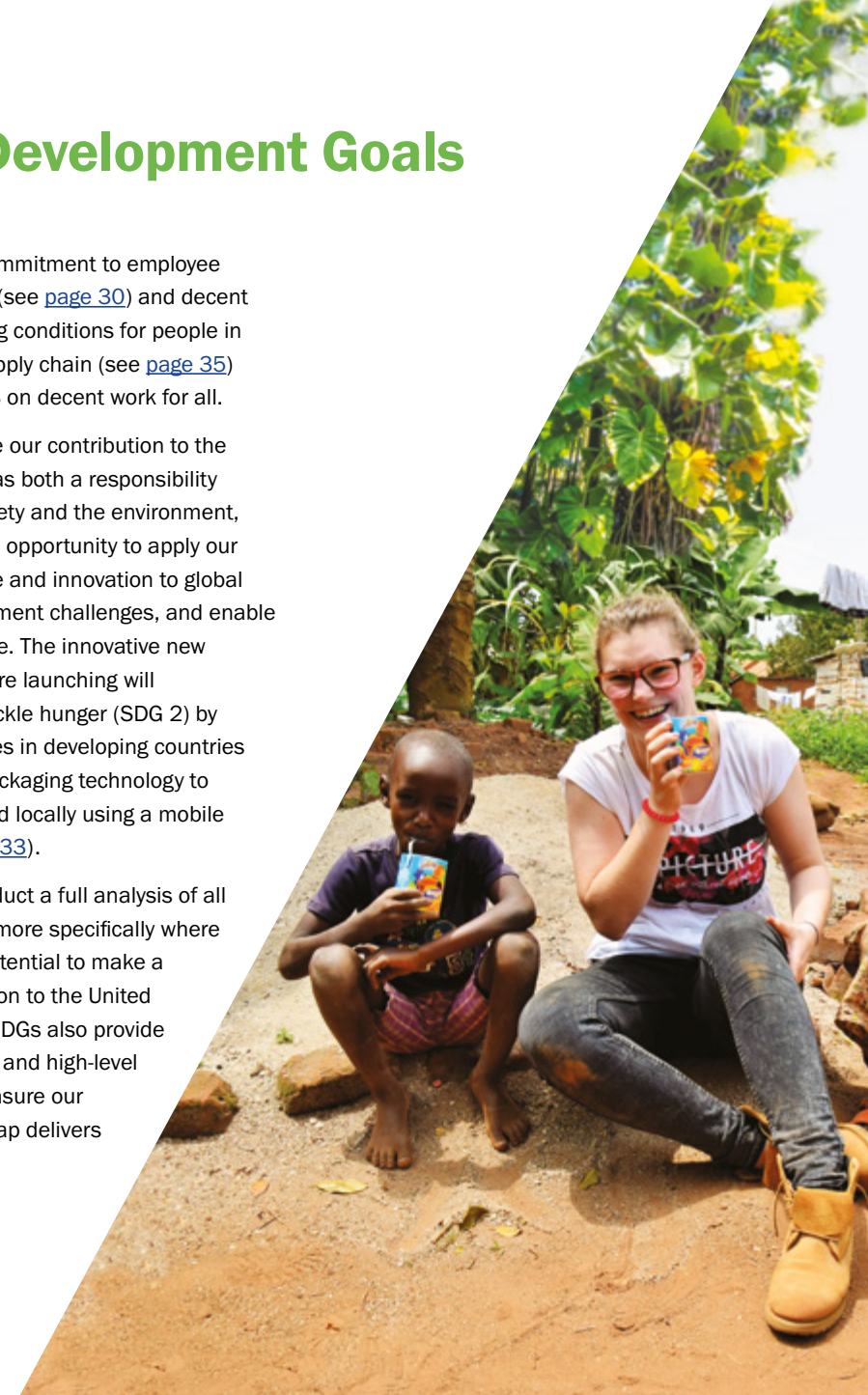


We see our contribution to the SDGs as both a responsibility to society and the environment, and an opportunity to apply our technology, expertise and innovation to global sustainable development challenges, and enable our business to thrive. The innovative new flagship project we are launching will support efforts to tackle hunger (SDG 2) by enabling communities in developing countries to use our proven packaging technology to preserve surplus food locally using a mobile filling unit (see [page 33](#)).

In 2017, we will conduct a full analysis of all 17 SDGs to identify more specifically where we have the most potential to make a significant contribution to the United Nations Goals. The SDGs also provide inspiration, direction and high-level metrics to help us ensure our responsibility roadmap delivers effective progress.



SIG supports the SDGs.



Our priorities

Our responsibility roadmap focuses on our most material issues, as well as certain other strategic topics that we consider critical to the success of the business or fundamental to meet compliance requirements or stakeholder expectations.

To determine the priorities for our roadmap, we consulted leaders and experts across the business, researched external perspectives and assessed which issues are most important – or material – to SIG and our stakeholders. The results are shown in the matrix opposite. The issues considered most material are shown in the top right quadrant. For more on this process, see [page 51](#).

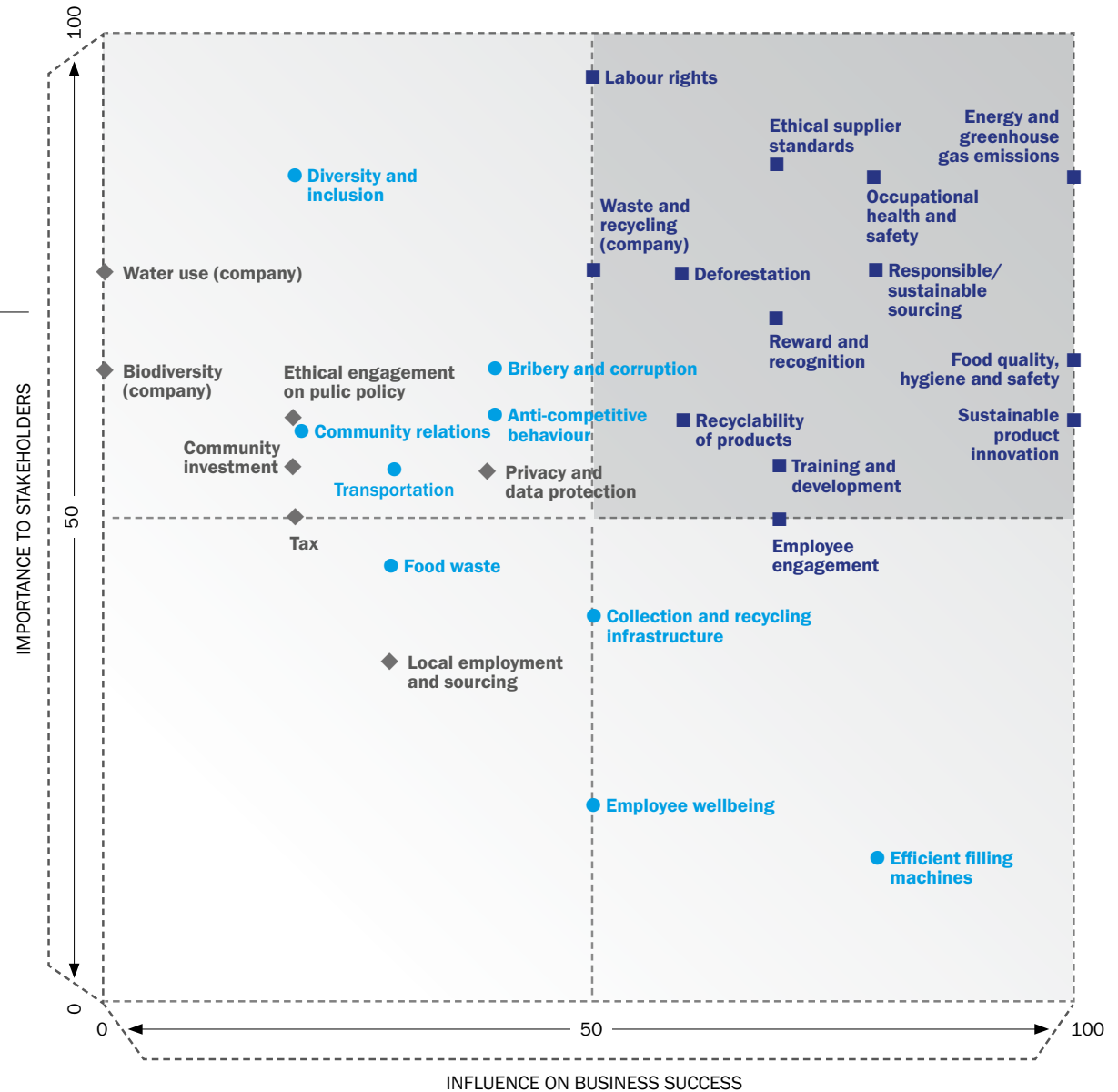
As part of this analysis, we considered the results of independent life-cycle assessments of our products, which consistently show that our biggest environmental impacts are associated with the supply chain of the raw materials that go into our products. This shows how critical all three pillars of our roadmap - responsible company, responsible sourcing and responsible products - are to deliver a net positive contribution across our value chain.

The table on [page 17](#) shows how the focus areas of the roadmap align with our material issues and additional strategic topics.

Key

- Material issues
- Additional strategic topics
- ◆ Other issues considered in our materiality assessment

MATERIALITY MATRIX



DEFINING FOCUS AREAS FOR OUR ROADMAP

	MATERIAL ISSUES	ADDITIONAL STRATEGIC TOPICS	FOCUS AREAS FOR ROADMAP
Responsible company	<ul style="list-style-type: none"> ■ Training and development ■ Employee engagement ■ Reward and recognition 	<ul style="list-style-type: none"> ● Employee wellbeing ● Diversity and inclusion 	Employees
	<ul style="list-style-type: none"> ■ Occupational health and safety 		Health and Safety
	<ul style="list-style-type: none"> ■ Energy and greenhouse gas emissions ■ Waste and recycling (company) 		Environmental footprint
	<ul style="list-style-type: none"> ■ Labour rights 	<ul style="list-style-type: none"> ● Bribery and corruption ● Anti-competitive behaviour 	Governance and ethics
		<ul style="list-style-type: none"> ● Community relations 	Communities
Responsible sourcing	<ul style="list-style-type: none"> ■ Ethical supplier standards 		Ethical supplier standards
	<ul style="list-style-type: none"> ■ Responsible/sustainable sourcing ■ Deforestation 		Sustainable raw materials
	<ul style="list-style-type: none"> ■ Responsible/sustainable sourcing ■ Energy and greenhouse gas emissions 		Energy sourcing
		<ul style="list-style-type: none"> ● Transportation 	Sustainable logistics
Responsible products	<ul style="list-style-type: none"> ■ Sustainable product innovation ■ Recyclability of products 		Packs
	<ul style="list-style-type: none"> ■ Sustainable product innovation 	<ul style="list-style-type: none"> ● Efficient filling machines ● Food waste 	Filling machines
	<ul style="list-style-type: none"> ■ Sustainable product innovation 		Technical service
	<ul style="list-style-type: none"> ■ Recyclability of products 	<ul style="list-style-type: none"> ● Collection and recycling infrastructure 	Recycling
	<ul style="list-style-type: none"> ■ Food quality, hygiene and safety 		Product safety

Stakeholder views on our responsibility roadmap

We want our responsibility roadmap to help us drive progress in the areas that are most important to our business and our stakeholders. Before we finalised it, we put this to the test by asking sustainability experts representing customers, non-governmental organisations and socially responsible investors to give us their views.

Our integrated approach, with the inclusion of responsibility in our Corporate Compass, was welcomed. The prioritisation of issues seemed logical, the roadmap was comprehensive and the 2030 stretch goals were deemed suitably challenging.

One thing the experts felt was missing was a higher purpose or a flagship project that uses our expertise to contribute to societal goals. We have since developed our *Way Beyond Good* ambition (see [page 5](#)), joined the Net Positive Project (see [page 7](#)) and begun developing a flagship project that will apply our expertise to support communities on the ground (see [page 33](#)).

Our roadmap

FOCUS AREA	2020 TARGET	PROGRESS IN 2016
Responsible company	Define a methodology to measure our environmental footprint and societal benefits across our value chain to establish a baseline for our 2030 goal	Began work to assess our value chain environmental footprint, with an initial focus on greenhouse gas emissions
Environmental footprint	Put a science-based CO2 reduction target in place covering our entire value chain (by 2018)	Joined the Science Based Targets Initiative and began work to assess our value chain carbon footprint
	Achieve compliance with ISO 50001 and revised ISO 14001 standard at all production plants	All plants certified to current ISO 14001 standard and three plants certified to ISO 50001
	Reduce energy rate* by more than 35% (from 2014)	Increased energy rate by 5.8% (200 vs. 189) (from 2014) during the transition to a new combined heat and power plant in Linnich, Germany, that will improve energy efficiency in the long term
	Cut operational greenhouse gas emissions rate* (Scope 1 and 2) by more than 50% (from 2014)	Reduced the emissions rate by 8.9% overall from the 2014 baseline (despite a slight increase in 2016) and took steps to significantly reduce emissions by moving to 100% renewable electricity at all production plants starting in January 2017
	Reduce waste rate* by more than 45% (from 2014)	Cut waste rate to match the 2014 level following a slight increase in 2015
Employees	Increase employee net promoter score year by year	Established a baseline for the net promoter score of -16**
	Achieve a sustainable engagement score above industry benchmark	Scored 74 for sustainable engagement, five points below the industry benchmark
	Achieve cultural entropy level below 10%	Defined the target group for a survey to measure Cultural Entropy in 2017
	Maintain voluntary turnover below 5%	Achieved a voluntary turnover of 4% in 2016
Health and safety	Make our training and development investment above industry benchmark	Provided 24.8 hours of training per employee in 2016, 0.8 hours above the industry benchmark
	Zero lost-time case rate	Maintained a relatively constant lost-time case rate of 0.53 per 200,000 hours worked in 2016, with a total of 21 cases – two less than 2015
	Achieve a life-critical safety elements score of 100% at all production sites	Achieved a score of at least 96% at all sites
Governance and ethics	Maintain a health rate of more than 97%	Began to explore how to effectively measure and improve our employee health rate
	Mandatory annual Code of Conduct training for all employees	Rolled out refreshed Code of Conduct and provided related training for 200 managers
	In-depth training on specific areas of compliance for high-risk roles every two years	No in-depth training workshops on specific areas were held in 2016
Communities	SEDEX Members Ethical Trade Audit (SMETA) at all large sites with more than 40 employees	External SMETA audits were conducted at all our production sites in 2016
	Double the number of community and education programmes over five years	Began developing a global framework to define criteria for our community and education programmes
	Launch a global flagship project using our expertise to support communities	Developed a concept and began to engage with potential partner organisations to support local implementation

* Energy, emissions and waste rates are per million square metres of sleeves produced. ** See [page 27](#) for definition.

FOCUS AREA

2020 TARGET

PROGRESS IN 2016

Responsible sourcing

Ethical supplier standards

Include new social responsibility requirements in 100% of contracts with suppliers of our key raw materials

Started to include a commitment to our Business Code of Ethics (or equivalent standard) in all new and renewed contracts with significant suppliers

Audit 10% of high-risk suppliers each year

Carried out risk assessments to identify high-risk suppliers

Provide regular training (at least every two years) on ethical supplier standards and sustainable sourcing to all employees who interact frequently with suppliers

Trained 100% of key people in our global procurement and regional sourcing teams

Sustainable raw materials

100% FSC™ labelled packs (work with customers to include the FSC™ logo on 100% of the packs we sell)

Achieved a milestone by securing sufficient supply of FSC™-certified paper board to enable customers to include the logo on any of our packs – around 56% of the cartons we sold in 2016 carried the FSC™ logo and the share rose to around 75% in December

100% A-materials from certified sources

Sourced 100% of liquid packaging board from paper mills with the FSC™ Chain of Custody certification, reached a minimum supply of 70% liquid packaging board made with wood from FSC™ certified forests and began exploring options for certification of polymers and aluminium

Energy sourcing

100% renewable energy and Gold Standard CO₂ offset for all non-renewable energy (at production plants)

Sourced 33% of electricity from renewable sources, put in place sourcing agreements to use 100% renewable electricity at all plants from 2017 and began exploring options to use biogas for our combined heat and power plant in Linnich, Germany

Sustainable logistics

Increase the rate of full truck loads delivered to customers

Achieved a rate of 92% globally in 2016

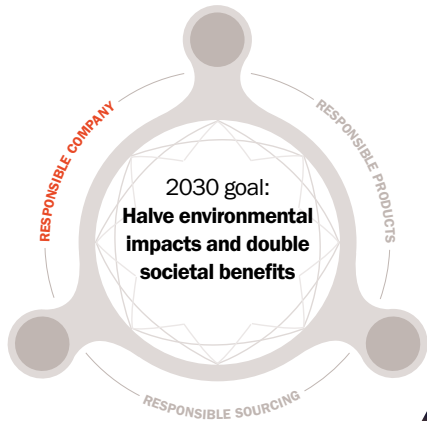
Ensure logistic partners use trucks that meet Euro 6 emissions standards for 100% of outbound road transport from our production plants in Europe

47% of outbound road transport from our European production plants was in Euro 6 trucks in 2016

FOCUS AREA	2020 TARGET	PROGRESS IN 2016
Responsible products		
Our packs	Create a 100% renewable aseptic pack	Maintained 70-80% renewable content in our packs on average, offered an 82% renewable aseptic pack (EcoPlus) and continued to explore viable sources of bio-based barrier materials
	Offer a carton made of 50% recycled content	Began to engage with suppliers to discuss a common approach to make use of recycled content
	Ensure environmental performance is one of the core value drivers of our product innovations	Developed a tool to help us assess sustainability criteria in our product development process
Filling machines	Reduce energy use by 20% per hour of runtime in our next generation filling machine	Began developing technologies to reduce energy use
	Reduce hydrogen peroxide use by 35% per hour of runtime in our next generation filling machine	Successfully tested a prototype to reduce hydrogen peroxide use
	Reduce water use by 25% per hour of runtime in our next generation filling machine	Successfully tested a prototype to reduce water use
Technical service	Support sustainability improvements for at least 50% of our customers through technical service	Began developing a new service package focusing specifically on sustainability
Recycling	Partner with stakeholders to support collection and recycling of beverage cartons	Established local plans to support this target in each region
Product safety	All production plants certified based on ISO 9001:2015 and all sleeves and spout production plants certified based on BRC Packaging Issue 5 with AA Grade	Maintained certification to the ISO 9001:2008 standard at all production plants, with plans to begin certification to the ISO 9001:2015 standard in 2017; all three of our European sleeve production plants achieved re-certification to the BRC Packaging Issue 5 with AA Grade

Responsible company

Demonstrating that we are a responsible company is important to help us secure customer contracts and maintain stakeholder trust. Our commitment to uphold fundamental corporate responsibilities is recognised by external benchmarks such as EcoVadis and SEDEX. And we are determined to go further by becoming a net positive business.



- Our value chain impacts
- Our environmental footprint
- Our employees
- Health and safety
- Governance and ethics
- Communities

Our value chain impacts

By 2030, we aim to halve our environmental footprint and double societal benefits across our value chain.

The first step to achieving our net positive ambition is to develop a way to measure our value chain impacts – good and bad – on the environment and society and establish a baseline so we can track our progress.

We take a holistic view, looking at all the ways our business touches people and the planet throughout our value chain: the forests and communities that provide our main raw materials; our employees and people who work in our supply chain; customers who use our filling machines and packaging to deliver food and drink; and consumers who use our products and dispose of them in recycling bins.

Measuring our environmental footprint

We already have a good understanding of the environmental footprint of our own operations and our products, but measuring our value chain footprint is more challenging.

In 2016, we began work to assess the footprint of each stage of the value chain. As a first step, we have started to develop a model to estimate greenhouse gas emissions at each stage of the value chain. Once this is completed, we will extend this model to other environmental impacts

and explore appropriate metrics to define our overall environmental footprint.

We collected data in 2016 to conduct an initial estimate of our value chain carbon footprint using the categories defined by the Greenhouse Gas Protocol. Based on this analysis, we have conducted a materiality assessment to identify the stages of the value chain that make up the largest portions of our carbon footprint. This enables us to focus our efforts where we can make the biggest difference.

Initial estimates show that the majority – more than 80% – of our value chain emissions lie outside our own operations, in the extraction and production of raw materials, the transport of materials to SIG and distribution of products to customers, use of filling machines in our customers' factories and end of life treatment of products (see chart).

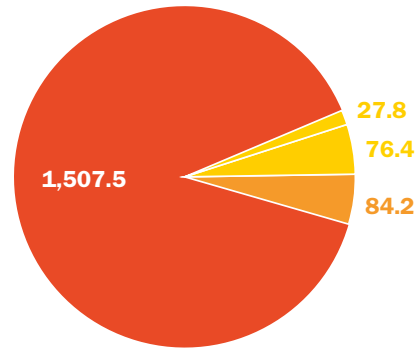
These Scope 3 emissions amount to an estimated 1.5 million tonnes of CO₂ equivalent, the majority of which come from producing the raw materials that go into our products (see chart). We are working to gather more accurate data ready to report our Scope 3 greenhouse gas emissions in 2017.

Setting a science-based target

This work to measure our value chain carbon footprint is also an important first step in our commitment to develop a science-based target to

Our value chain footprint

Thousand tonnes of CO₂ equivalent



- Scope 1
- Scope 2
- SIG paper mill*
- Scope 3 (estimated)**

* Scope 1 and 2 emissions from our paper mill in New Zealand are reported separately as this is treated as an internal supplier.

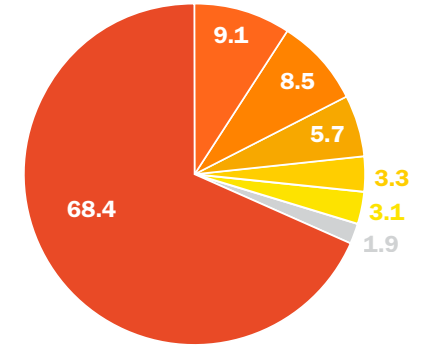
** Scope 3 emissions are based on an initial estimate. The Scope 3 total includes our New Zealand paper mill.

reduce value chain greenhouse gas emissions. This science-based approach aims to support global efforts to keep global warming below 2°C to prevent the worst effects of climate change.

We have already set a target to reduce our operational emissions rate (Scope 1 and 2) by more than 50% by 2020. By 2018, we will have a science-based target in place for Scope 1 and 2, and for Scope 3 which makes up the biggest portion of our value chain carbon footprint.

Scope 3 emissions by category

% of total Scope 3 emissions (estimated)



- Purchased goods and services
- End of life treatment of products
- Use of products
- Upstream transportation
- Downstream transportation
- Fuel and energy related activities
- Other (employee commuting, waste, business travel and capital goods)

Measuring societal benefits

Quantifying societal benefits is challenging because metrics on social impacts are less well defined than for environmental impacts and can be difficult to measure. In 2017, we plan to develop a way to measure the societal benefits we deliver. This will enable us to establish a baseline and track progress towards our goal to double these benefits by 2030.

We focus on the areas where we believe we can make the biggest difference, based on what matters most to our stakeholders and our

Our environmental footprint

business (identified through our materiality assessment, see [page 16](#)).

One of the main areas where we believe we have the greatest potential to extend societal benefits is by delivering our purpose – to partner with our customers to bring food products to consumers around the world in a safe, sustainable and affordable way.

We can also have a net positive impact on society in other ways. Starting with our own employees, we are committed to help them develop (see [page 28](#)) and stay safe and healthy (see [page 30](#)).

We contribute to our communities by creating jobs and offering young people a start through our apprenticeships. We also support local community programmes that have a positive impact on people's lives and we are developing a flagship project that will support communities and contribute to global efforts to prevent hunger and reduce food waste (see [page 33](#)).

We aim to extend societal benefits throughout our supply chain by demanding high ethical standards and decent working conditions, and sourcing materials from certified responsible sources to help ensure the rights of workers, communities and indigenous people are respected (see [page 34](#)).

Reducing our environmental footprint can also provide societal benefits by helping to improve air and water quality, tackle climate change and preserve valuable ecosystems.

As a responsible company, customers and stakeholders expect us to manage our environmental impacts and minimise our footprint. We are striving for a net positive footprint by contributing more to the environment than we take out across our value chain.

We are working to establish baseline data for our entire value chain footprint (see [page 22](#)). From initial estimates, it is already clear that our work on responsible sourcing (see [page 34](#)) and responsible products (see [page 41](#)) will play an important role in achieving our goal to halve our value chain environmental footprint by 2030.

Reducing the footprint of our own operations, which we have most direct control over, is also important. We have robust management systems in place across our business and prioritise the most material impacts related to our operations – energy use, greenhouse gases and waste. We also see this as an opportunity to lead by example and share best practices with suppliers and customers.

Managing environmental impacts

Our Group Environment, Health and Safety function is responsible for managing the environmental footprint of our operations, working closely with regional and local teams.

Each production plant has an environmental team dedicated to raising awareness and promoting waste and energy reduction initiatives. We provide training for specialists such as our internal energy auditors. We also share best practices across the business through posters and internal communications.

Our CEO Environmental Excellence Awards recognise sites that demonstrate collaboration, innovation and best practices to deliver quantifiable improvements in environmental performance.

Environmental management systems certified to the international ISO 14001 standard are in place at all our production and assembly plants, research and development centres and our New Zealand paper mill. These systems promote continuous improvement in our management of a range of environmental impacts.

As part of our efforts to reduce environmental impacts, we invest in equipment such as air filters, wastewater treatments and energy-efficient lighting. In 2016, we spent more than €627,000 on measures that contribute to improving environmental protection.

Targeting emissions reduction in our operations

Climate change is a global challenge that requires coordinated global action. The United Nations Sustainable Development Goals and the Paris

Agreement on climate change emphasise the important role that business can play. We are making it a priority to do our part.

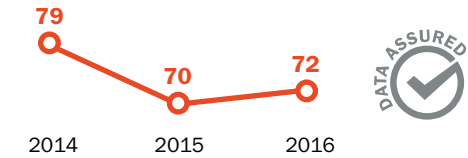
Energy from fossil fuels is the biggest contributor to climate change from our operations. Our Scope 1 (direct) emissions are mainly from natural gas used for melting polymer granules as part of the extrusion process in our production plants, for heating our buildings, and in our combined heat and power plant at our biggest production plant in Linnich, Germany. Scope 1 also includes emissions from liquid gas used in our forklift trucks, and fugitive emissions of ethanol and methane during the printing process. Scope 2 (indirect) emissions are from purchased electricity.

Despite an overall reduction from our 2014 baseline, our total operational emissions increased slightly during 2016. This was mainly due to additional energy use during the transition to a new combined heat and power plant in Linnich, Germany, which will increase energy efficiency in the long term (see [page 24](#)).

In 2016, our Scope 1 and 2 emissions from production plants totalled 107,261 tonnes of CO₂ equivalent, a 6.7% reduction from our 2014 baseline (see chart on [page 24](#)). With our production increasing by 3.2% over the same period, this does show that we are starting to decouple our emissions from increases in production volumes.

Greenhouse gas emissions rate (Scope 1 and 2)**

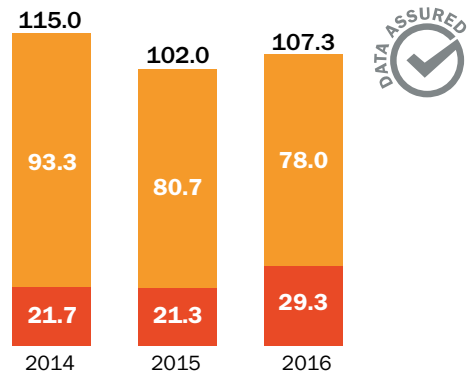
Tonnes CO2 equivalent/million m² of sleeves produced



Greenhouse gas emissions from our production plants*

Thousand tonnes CO2 equivalent

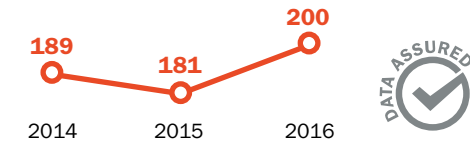
■ Scope 1 ■ Scope 2



* Data on energy use and Scope 1 and 2 emissions covers production plants worldwide, which use the majority of energy in our business. Data excludes emissions from machine assembly plants, development departments and offices, and our paper mill in New Zealand which is treated as an internal supplier and reported separately. The totals reported in the chart use a market-based approach for emissions from electricity that takes the emissions factors provided by energy suppliers where available. Using the alternative location-based approach that takes average emissions factors for each country, the 2016 total is 119,262 tonnes of CO2 equivalent.

Energy rate**

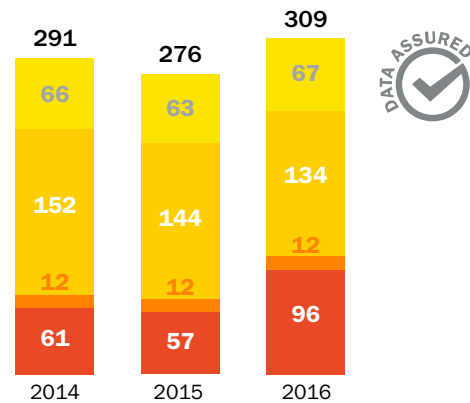
MWh/million m² of sleeves produced



Operational energy use*

GWh

■ Natural gas ■ Liquefied natural gas ■ Electricity (non-renewable) ■ Electricity (renewable)



* Emissions and energy rates cover sleeve production plants only. These exclude our closure production plant in Switzerland and our paper mill in New Zealand.

This decoupling is essential to enable us to grow our business and reduce the carbon footprint of our operations at the same time. By 2020, our target is to halve our emissions rate (per million square metres of sleeves produced). In 2016, our emissions rate increased slightly, but it remained 8.9% lower the 2014 baseline (see chart).

In 2017, we expect to achieve a significant reduction in emissions from our production plants as the efficiencies offered by the combined heat and power plant begin to take effect in Linnich and we transition to 100% renewable electricity at all our production plants worldwide (see [page 39](#)). We are also continually looking for ways to improve energy efficiency (see below).

Emissions from our paper mill in New Zealand, which supplies some of the liquid packaging board to our production plants, are reported separately as the mill is treated as an internal supplier rather than part of our production facilities. In 2016, emissions from the mill totalled 84,247 tonnes of CO2 equivalent.

Improving energy efficiency

In 2016, we used 309 GWh of energy in our production plants. We aim to improve energy efficiency across our production processes and by 2020 we are targeting a 35% reduction in our energy rate (per million square metres of sleeves produced) from 2014.



Combined heat and power in Germany

In 2016, our new combined heat and power plant completed its first full year of operation at our production site in Linnich, Germany.

The plant replaces a conventional steam generator. The new technology is highly efficient because it generates heat and power at the same time, using the heat created as a by-product of the electricity generation process to warm or cool our buildings as required.

The plant runs on natural gas, the fossil fuel that releases the least greenhouse gas emissions for the energy produced. And we are now exploring viable local sources of biogas as an alternative to further reduce emissions in future.

Our production plants in Germany and Austria – and our paper mill in New Zealand – have implemented an energy management system certified to ISO 50001 to support efforts to reduce energy use. And we are investing in a range of efficiency measures at our plants around the world. For example, we have installed energy-efficient LED lighting at our production plant in Suzhou, China, that will save around 324 MWh of electricity and 216 tonnes of CO2 equivalent emissions per year.

In Linnich, Germany, we have introduced a system to turn off energy-intensive processes when the production line is not operating at weekends and invested in a combined heat and power plant (see [page 24](#)). Although the combined heat and power plant will improve efficiency in the long term, energy use increased

during the transition period in 2016 because the old and new systems were run in parallel to prevent down time during testing of the new technology. This is why our use of natural gas was significantly higher than the previous year. (see chart, [page 24](#)).

Minimising waste

Waste is an unnecessary cost to the environment and our business. We aim to minimise it by making our manufacturing processes as lean and efficient as possible.

In 2016, we generated a total of 49,868 tonnes of waste from our production plants in 2016. Most of this was made up of offcuts of the raw materials used to manufacture our packs (see chart). It also includes 2,731 tonnes

of hazardous waste, such as inks, oil and contaminated cans.

We aim to cut the amount of waste produced through a range of initiatives to improve efficiency and increase reuse and recycling. For example, a new recycling process has cut polyethylene waste by 90% at our plant in China (see case study).

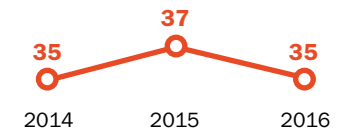
By 2020, our target is to reduce the waste rate (non-product output per million square metres of sleeves produced) by 45% from the 2014 baseline. In 2016, the waste rate was the same as in 2014, following a slight increase in 2015.

Any unavoidable waste is reused or recycled where possible so it can become a valuable resource again as part of a circular economy. Where this is not feasible, we choose the next best option for each type of waste in cooperation

with our waste management service providers. This may include using waste to recover energy. In 2016, we reused or recycled 100% of the waste generated at our largest production site in Linnich, Germany. Worldwide, less than 1% of waste was sent to landfill.

Waste rate

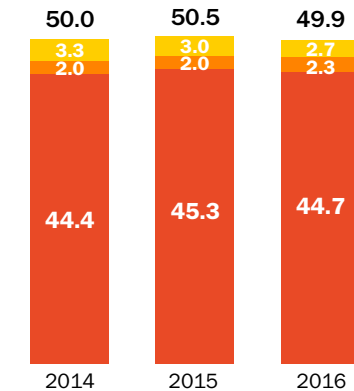
Tonnes of non-product output/million m² of sleeves produced



Waste type

Thousand tonnes

- Raw and laminated carton
- Polyethylene
- Hazardous waste
- Aluminium (<1%)



Closing the loop on polymer waste in China

Polyethylene (PE) is one of the primary raw materials for our packs. Our extrusion process melts down granules of PE to create a very thin sheet of plastic coating. But every time we stop our production lines, a block of pre-melted PE is left over. At our plant in Suzhou, China, this generated more than 490 tonnes of waste a year because we could not reuse these blocks of PE – until now.

In 2016, we introduced a new system at the Suzhou plant to process the blocks of PE into granules that can be fed straight back into the production process, creating a closed loop system. This will cut PE waste at the plant by around 90%, reducing waste disposal costs and cutting the amount of new PE we need to purchase. We aim to replicate this project at our other production plants around the world.



Our employees

We want to make SIG a great place to work by inspiring, engaging and supporting our people throughout their careers. This is essential to help us attract, retain and develop the talent we need to succeed in a highly competitive market.

We have more than 5,000 employees around the world – most in Germany, China, Thailand and Brazil. We need the best people to get the best results for our customers and our business, and to achieve our purpose of bringing food products to consumers around the world in a safe, sustainable and affordable way. That's why fostering a winning team is a cornerstone of our Corporate Compass.

To do this, we are focusing on our most material employment issues: engagement, training and development, reward and recognition, and labour rights (see [page 16](#)). We have also identified two additional strategic topics – diversity and inclusion, and employee wellbeing – that we plan to increase our focus on in future.

Our Global Human Resources team coordinates our efforts to engage, train and develop our employees, and make sure our reward packages and working conditions are attractive to help us recruit and retain the best talent. In 2016, we recruited over 440 new permanent staff worldwide. The voluntary turnover rate was 4% and our 2020 target is to keep this below

Our workforce*

	Asia Pacific	Americas	Europe	Total
Total number of employees:	1,702	662	2,869	5,233
male	1,356	481	2,414	4,251
female	346	181	455	982
Employees with a permanent contract:	1,687	631	2,627	4,945
male	1,344	471	2,221	4,036
female	343	160	406	909
aged up to 30	299	268	240	807
aged 31 to 50	1,205	335	1,473	3,013
aged 50 +	183	28	914	1,125
Full-time employees:	1,679	631	2,479	4,789
male	1,344	471	2,178	3,993
female	335	160	301	796
Part-time employees:	8	0	148	156
male	0	0	43	43
female	8	0	105	113
Employees with a fixed-term contract:	15	31	242	288
male	12	10	193	215
female	3	21	49	73
apprentices	0	18	164	182
Temporary workers:	11	45	87	143
male	4	16	79	99
female	7	29	8	44

* Employee data includes our paper mill in New Zealand.

New hires

	Asia Pacific	Americas	Europe	Total
Total number of new hires:	183	152	112	447
male	134	104	73	311
female	49	48	39	136
aged up to 30	66	82	60	208
aged 31 to 50	109	68	49	226
aged 50 +	8	2	3	13
Rate of new hires:	11%	24%	4%	9%
male	13%	22%	3%	8%
female	8%	29%	10%	11%
aged up to 30	22%	31%	25%	26%
aged 31 to 50	9%	20%	3%	8%
aged 50 +	4%	7%	0%	1%

Employee turnover

	Asia Pacific	Americas	Europe	Total
Voluntary employee turnover rate	5%	12%	2%	4%
Total employee turnover rate	9%	25%	5%	9%
Total employee turnover:	144	159	133	436
aged up to 30	36	69	34	139
aged 31 to 50	94	82	69	245
aged 50 +	14	8	30	52
male	107	115	95	317
female	37	44	38	119

5% through our focus on making SIG the best place to work.

A small number of contractors also work regularly at our sites, mainly for catering, cleaning and security.

Engaging employees

Engaging employees is important to make sure everyone at SIG understands how they can help us achieve our strategic goals and go *Way Beyond Good* – by stimulating innovation, growing our business and serving our customers. In 2016, we communicated our business strategy, including our *Way Beyond Good* ambitions, to employees through workshops and internal newsletters.

But effective engagement must be a two-way dialogue. We listen to our people to get their input on our business and understand how we are doing as an employer. For example, we asked a group of around 300 employees from across the business to share their views on values and we used their input to inform the development of our Corporate Compass. We also offer opportunities for our employees to engage directly with senior leaders through Q&A sessions, group gatherings and regular work meetings.

Listening to our people

In 2016, we conducted our first global employee engagement survey across the entire business. Almost 4,000 employees – 78% of our workforce

VIEWS FROM OUR EMPLOYEES: WHAT DO WE NEED TO FOSTER OUR WINNING TEAM?

“To become a winning team, we need further training – and not only to improve technical skills, but also to strengthen leadership skills that foster qualities like passion and self-confidence.”

Netpacha Kaewmanee
Logistics Supervisor,
Rayong (Thailand)



“The basis for a successful team is an effective corporate culture in which everyone is sharing and living the same values. A key aspect is the communication within the company.”

Dennis Schmechta
Junior Project Manager,
Linnich (Germany)



“I think that in order to foster our winning team, we should live, use and share our values and leadership principles more intensively, every day.”

Juan Antonio Lopez
Key Account Manager,
Madrid (Spain)



“For our mutual success, we need to identify the strengths of the individual team members, and make use of those strengths in a targeted way. In addition, employees’ continuous further development should be encouraged and required.”

Kerstin Bartsch
Group Financial
Planning Analyst,
Neuhausen
(Switzerland)



– took part. Many also took the time to provide thoughtful responses to an open question about how we can better meet their expectations as an employer.

We are pleased that 90% of respondents see how their work contributes to SIG’s business objectives and we scored well on operational efficiency, teamwork and helping to meet customer needs. But only two-thirds of respondents said they strongly believe in our goals and objectives and the survey showed we need to provide stronger leadership, bolster our culture of innovation and manage change better.

We use two key metrics to track how engaged our employees are in the business: the sustainable engagement score¹ and the employee net promoter score.² In 2016, we achieved an overall sustainable engagement score of 74. This is five points below the industry benchmark and our target is to achieve a score above the industry benchmark by 2020.

Overall, just 24% of people responding to the survey in 2016 would strongly recommend SIG

1 The sustainable engagement score is based on responses to a series of questions related to topics such as pride in the company, belief in its goals, teamwork and willingness to go the extra mile.

2 “On a scale from 0 (not at all likely) to 10 (extremely likely), how likely is it that you would recommend SIG to your friends and family as a good place to work?” was rated with a 9 or 10 by 24% of the respondents (“promoters”) and 40% gave a score between 0 and 6 (“detractors”). The employee net promoter score is calculated by subtracting the total detractors from the total promoters.



to friends and family as a good place to work and 40% would not, giving an overall employee net promoter score of -16%. Regional scores varied widely, with some more positive responses. But it is clear we will need to improve significantly in some areas to achieve our ambition to make SIG the best place to work.

We are committed to acting on our employees' feedback and collaborating to develop better ways of working. The high response rate demonstrates a strong desire to play an active part in bringing about change and we want to give our employees more opportunities to do so.

We are responding to specific issues highlighted by the survey at global and local levels. For example, employees told us that they didn't feel encouraged to come up with innovative solutions.

In response, we have started an innovation project to encourage employees to come up with ideas and better ways of doing things. We also hope to get people more engaged in our goals with the launch of *Way Beyond Good*. We will track our progress through our next biennial global employee survey in 2018.

Employee feedback and regular dialogue with managers also provides valuable input to help us improve our corporate values and procedures. We plan to survey employees in 2017 to understand the level of cultural entropy, based on values

1. Cultural entropy is the perceived share of values and procedures that are potentially limiting the achievement of our corporate objectives.

that could limit our productivity.¹ This builds on a test survey in 2014 which asked people about their personal values, the values that reflect the culture at SIG and the values of the culture they desire. By 2020, our target is to achieve a score of below 10%. This will indicate a healthy culture where decision-making is quick, cooperation is high, values are aligned and work is effective – all important factors for an engaged workforce and a successful business.

Training and developing our people

Developing our people is essential to build the technical, management and leadership skills we need to achieve our strategic goals. This also came across as a clear priority in employee feedback.

We measure our investment in hours of training and development as this is the most comparable metric between regions internally and with external benchmarks. In 2016, we provided 129,756 hours of training. This equates to an average of 24.8 hours per employee – 32.8 hours for managers and 23.9 hours for non-managers. Our investment in training and development was on a par with the industry benchmark of 24 hours per employee in 2016, and by 2020 we aim to raise this above the industry benchmark.

Our new SIG Learning Centre offers a framework that empowers everyone to choose the right learning opportunities for them – from languages and leadership to lean manufacturing. It will help

to build basic know-how and expert skills, train people in continuous improvement and develop valuable leadership skills.

Since 2014, we have been running a trainee programme in Technical Service. Engineers who did their apprenticeship at SIG now have the opportunity to gain further qualifications as service engineers. We also offer a range of apprenticeships in administration, business and production at some of our European sites.

Our new Leadership Campus offers online and face-to-face training for all our leaders, covering all the skills a good leader needs – from building trust to energising change. Developing leadership skills is critical for the success of the business now and in the future. We need a pipeline of future leaders and our global employee survey showed that people want to see more leadership from their managers. Our transformational leadership model aims to develop a leadership style that promotes emotional engagement, high performance and a positive corporate culture. In 2016, more than 240 leaders across the business completed the first training of this new Leadership Campus.

We offer opportunities to discuss development pathways through regular dialogue and formal appraisals with line managers. We provide an annual appraisal for all managers and office workers to assess performance, set personal goals and identify appropriate training and development plans for each individual. We also

Average hours of training

Employee category	2015	2016
Management	32.9	32.8
Non-management	27.9	23.9
Total SIG	28.5	24.8

offer annual appraisals for some production staff where agreed with workers' councils. In total, around 3,200 employees had appraisal interviews in 2016.

We encourage managers to gather 360° feedback from superiors, colleagues and employees on the way they manage their work and their teams at least once every two years. Managers then discuss their performance and define personal development plans with their superior. In 2016, 53% of managers had received 360° feedback in the last two years.

We want our people to develop their career with us over the long term and we are keen to promote talented people (see case study, [page 29](#)). We have identified around 400 people across the business that have the potential to take on broader and more complex tasks across the whole organisation. To support them along their paths to success, we have helped them create individual development plans and given them training. For those identified to fill key senior

roles, we also provide challenging tasks to build the skills they need for these leadership roles.

Rewarding performance

We want our employees to be rewarded fairly for the work they do and recognised for their efforts. We benchmark salaries with other companies to check we offer competitive reward packages in each of our markets.

Terms and conditions of employment, including pay, are negotiated through collective bargaining with recognised trade unions for a significant portion of our employees.

Our aim is to reward employees based on performance and to be transparent about our practices. To ensure consistent pay structures in each region, we are establishing defined pay bands that will be rolled out across the business in 2017. We also offer a variable income scheme for managers and certain other roles based on their individual performance and our corporate performance.

Benefits for employees vary across different regions. These include retirement benefits, health and life insurance, and parental benefits and leave.

Upholding labour rights

We strive for the highest possible level of professionalism across our business. Upholding labour rights is an important part of this, and a material issue for our stakeholders and our business.

We do not tolerate forced, compulsory or child labour and our Code of Conduct sets out our approach to tackling specific issues such as discrimination and harassment.

We respect the right to freedom of association and collective bargaining, and we consult with employees and their representatives on topics such as pay, health and safety, and working conditions. A significant proportion of our employees are covered by collective labour agreements in Austria, Brazil, Germany, New Zealand, Switzerland and Thailand. In Europe, many of our people are represented by works councils. Overall, 64% of our employees are covered by collective bargaining agreements.

Our commitment to labour rights is recognised through Supplier Ethical Data Exchange (SEDEX) Members Ethical Trade Audits and the external EcoVadis ranking. Upholding labour rights is also critical to respecting human rights (see [page 32](#)).



Giving our people the chance to thrive

Aydin Kurtoglu first came to SIG 15 years ago as a temp to earn some money after cutting short his academic studies. Our training opportunities enabled him to develop valuable skills and build a fruitful career at SIG. He became a machine operator and an expert in specialist manufacturing processes, working his way up to become a group leader in one of our production teams.

Aydin's interest in lean manufacturing prompted him to do a part-time degree course in value chain management. We supported him through a training grant and time off to complete his studies. He's already putting this knowledge to good use in his new role as Continuous Improvement System Manager at SIG's biggest site worldwide, in Linnich, Germany.

Health and safety

Nobody comes to work to get hurt. Our people are by far the most important resource in our company and we have a responsibility to look after them.

Safety is fundamental to the success of our business, but it is even more fundamental to our employees' lives. By promoting safe behaviour at work, we can have a net positive impact on our employees and their families outside work as they adopt safer attitudes at home too.

Our life-saving rules

- RULE 1:** Work with a valid work permit when required
- RULE 2:** Check equipment is isolated before work begins
- RULE 3:** Obtain a permit for entry into a confined space
- RULE 4:** Use fall protection when working at height
- RULE 5:** Wear a seatbelt in motor vehicles when provided

THE GOLDEN RULE: INTERVENE TO STOP WORK IF CONDITIONS OR BEHAVIOUR ARE UNSAFE

Promoting safe behaviour

We have reduced our global lost-time case rate (per 200,000 hours worked) by 79% since 2009. This demonstrates how we are successfully embedding a safety culture where everyone is responsible for taking care of themselves and those around them.

In 2016, there were 21 lost-time cases, two less than the previous year, and there were no fatalities. But any incident is one too many and our target is to reduce lost-time cases to zero by 2020. To achieve this, we are targeting at-risk behaviour, one of the root causes of many incidents. Our Group Environment, Health and Safety team leads our efforts to manage safety risks, including global programmes such as our life-saving rules and our new focus on behaviour-based safety.

Anyone working at or visiting any of our sites must abide by our life-saving rules (left). The rules are promoted through on-site posters and on the intranet, and all employees receive regular safety training. New employees and contractors are trained on the life-saving rules as part of their induction. Our technical service engineers must also follow them when working offsite at customer facilities.

In 2016, we launched a behaviour-based safety programme to promote safe ways of working through positive intervention. Our research shows that this could help to reduce incident rates

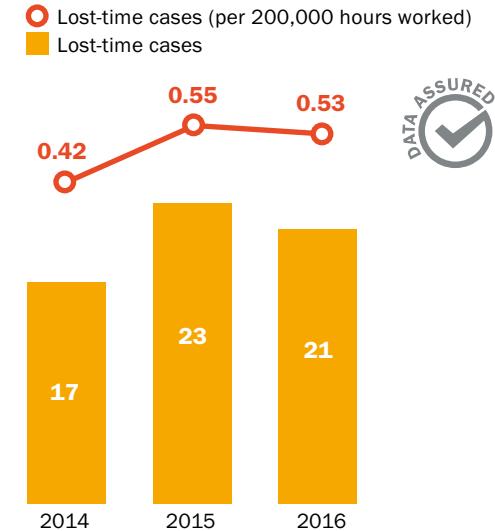
by up to 70% by giving frontline employees a meaningful role in efforts to improve safety.

The programme aims to engage people working in our production plants, who are most at risk from injury, by encouraging open and honest conversations to understand why at-risk behaviour is happening and how to prevent it. Production employees were involved in the design of the programme and will be part of the joint steering committees – together with supervisors and managers – that will run the programme at each site.

Our target is to roll out behaviour-based safety across the business by 2020. In 2016, we trialled the programme at four sites by training a core group of employees to observe the behaviour of their co-workers, provide feedback to reinforce safe behaviours and identify barriers that prevent people from working safely. These core groups now have the skills to train further employees in observation and feedback techniques.

Leadership teams at each site are developing plans to remove the barriers already identified. For example, pinch points in machinery can trap hands and fingers (see case study, [page 31](#)). We are looking for ways to identify and remove pinch points, providing employees with personal protective equipment and training employees on how to avoid risks and use appropriate tools.

Lost-time cases*



Lost-time cases by region and gender in 2016*

	Lost-time cases	Lost-time cases per 200,000 hours worked
Americas	0 male 0 female	0 male 0 female
Asia Pacific	2 male 0 female	0.16 male 0 female
Europe	18 male 1 female	1.08 male 0.06 female

* Safety data includes our paper mill in New Zealand



Investing in safeguards to prevent hand injuries

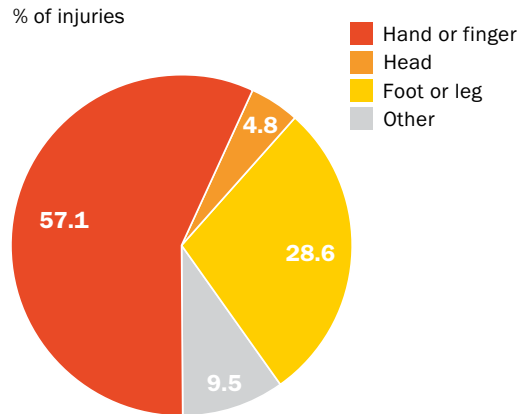
One of the biggest risks in our manufacturing process is injury to hands and fingers, particularly in the final stage of production to fold and seal carton sleeves.

Over the last two years, we have invested around €2 million in redesigning machinery and installing finger-guards in the finishing part of the sleeve production process to prevent hand injuries.

An audit at the end of 2015 showed that protection was in place at 98% of critical points in our folder sealer machines. For the remaining 2% where it is not possible to install guards, employees are trained on safe use of the machines every year.

Since we began this programme, there have been no hand and finger injuries in this finishing part of the manufacturing process.

Injuries by type in 2016*



* Safety data includes our paper mill in New Zealand

Managing safety risks

We have health and safety management systems at all our sites that align with the internationally recognised OHSAS 18001 and ISO 45001 standards. These promote continuous improvement across our business. Of the extensive criteria covered by the standard, we have identified several priorities that are most critical to save lives, such as electrical safety and working at height.

We expect everyone to follow our life-saving rules and we provide strict instructions and safety measures for the use of machinery. Our production plants, where most of our employees work and the majority of incidents occur, must demonstrate robust management

of life-critical elements through an annual self-assessment and audit by our Group Environment, Health and Safety team.

As safety performance at our manufacturing sites improves, we are increasing our focus on managing risks in other areas of the business. In 2016, we created new guidelines on health and safety for all employees including office staff. Office employees are also trained on issues such as ergonomics, noise and lighting. In 2016 we developed a training programme on road safety for people who drive for work. Training for drivers includes both e-learning and practical defensive driving training conducted by external experts such as the Allgemeiner Deutscher Automobil-Club, the largest automobile club in Europe.

Monitoring progress

All incidents must be reported following our standard operating procedure. If an incident has the potential to recur, we issue an alert to communicate this across the business to reduce the likelihood of recurrence.

Our Group Environment, Health and Safety team monitors progress monthly using a dashboard of metrics, including lagging indicators such as the lost-time case rate and leading indicators such as completion of safety programmes. This dashboard is reviewed monthly by the Group Executive Board and our CEO highlights safety performance on a quarterly call with senior executives.

Celebrating safety success

In 2016, we shared safety success stories across our business to raise awareness and recognise achievements.

We celebrated two years with no lost-time incidents at our production plant in Switzerland and one year at our biggest production plant in Linnich, Germany. All our filling machine assembly plants have achieved at least one year – including six years at the plant in Suzhou, China.

Our production plants in Linnich, Rayong and Suzhou – and our joint venture in Riyadh – have all received the CEO safety excellence award for 1 million hours incident free. We have also achieved a milestone of one year with no serious incidents at our production plants in Austria and Brazil.

We want our people to stay healthy as well as safe. In 2017, we will explore how to effectively measure and improve the occupational health rate among our employees. This rate will take the desired 100% health rate and deduct the rate of lost time for occupational health issues. Our efforts to improve the employee health rate will focus on issues such as back problems, which can be an indicator of general health and wellbeing as they can be triggered by a range of causes from poor ergonomics to stress.

Governance and ethics

Governance and ethics are fundamental to being a responsible company and essential to maintain the trust of our stakeholders.

Our Global Legal and Compliance team is responsible for putting the tools in place to ensure our people are equipped to behave ethically and uphold human rights in every aspect of our business.

Setting high ethical standards

Collaboration, feedback, leadership, accountability, quality, integrity, performance and pride. These are the fundamental values that guide everything we do.

Our [Code of Conduct](#) sets out our expectations for ethical conduct across a range of key topics from discrimination and harassment to bribery. In 2016, we refreshed the Code and added practical examples that help employees understand how to put our values into practice.

We extend our ethical requirements to suppliers through our [Code of Business Ethics](#), largely based on the Ethical Trading Initiative Code (see [page 35](#)).

Training our people

Our Code of Conduct is covered in the induction for new employees and is available to all employees online. Employees who have access

to IT systems received a copy of the Code of Conduct electronically, with a link to download it in any of the 14 available languages.

In 2016, over 200 managers completed mandatory training on the refreshed Code of Conduct via web conference to equip them with the knowledge and tools to train their teams. Training on the Code of Conduct will be mandatory for all employees by 2020.

We also aim to offer in-depth training every two years on specific aspects of the Code of Conduct for employees working in high-risk roles, such as sales, marketing, finance and procurement. This training uses a series of scenarios to help participants learn how to apply the Code of Conduct to their everyday activities and discuss the challenges they might face.

Preventing corruption

We have zero tolerance for bribery or corruption in any form.

Our anti-corruption policy is included in our Code of Conduct and reinforced by training on the Code of Conduct. This policy is designed to ensure compliance with anti-corruption regulations wherever we do business. We also assess risks of corruption at a global level. In 2016, no cases of corruption were identified.

We provide clear guidance on issues such as gifts and hospitality, and conflicts of interest. For example, we ask people working in management

and high risk roles to complete a questionnaire identifying any situations that could result in a conflict of interest. These situations are then clarified and resolved by the Global Legal and Compliance team.

Reporting and investigating concerns

We expect people to speak up if they have any concerns about unethical behaviour. Our Code of Conduct makes it clear that anyone reporting such a concern will not be subject to harassment, discipline or retaliation as a result.

Employees can seek advice or raise concerns through their line managers, the Global Legal and Compliance team or our external ethics and compliance hotline.

The hotline enables people to voice concerns confidentially and, where permitted by local legislation, anonymously, by email or phone in their local language. It is available 24 hours a day, seven days a week. We emphasise the importance of speaking up and raise awareness of the hotline through our Code of Conduct training, local internal communications channels and posters across our sites.

Our Global Legal and Compliance team leads investigations into concerns, with support from Global Human Resources and Internal Audit. Each concern is assigned to an investigation officer who examines the case and determines an appropriate response. This may include

disciplinary action if suspicions of misconduct are substantiated.

Respecting human rights

We are committed to respecting human rights in all aspects of our business. Our Code of Conduct and Code of Business Ethics set out our requirements on specific aspects of human rights, focusing in particular on the labour rights of our own employees (see [page 29](#)) and supplier workers (see [page 35](#)).

All our production plants are audited at least every three years by external auditors following the Supplier Ethical Data Exchange (SEDEX) Members Ethical Trade Audit (SMETA) procedure. These audits include detailed policy and procedure checks, site visits and interviews with workers to assess that we are upholding human rights and providing decent working conditions across our business as well as other aspects of responsibility. In 2016, SMETA audits were conducted at all our production plants and we plan to extend these audits to include all our large sites (with more than 40 employees) globally by 2020.

To find out more about how we respect and protect human rights in our supply chain, see [page 35](#). We also support indigenous rights through our work with the Forest Stewardship Council™ on sustainable sourcing (see [page 37](#)).

Communities

Investing in and engaging with our communities helps us strengthen our business by being a good neighbour and an employer of choice.

In addition to creating jobs both directly in our own business and indirectly in our supply chain, we support our communities by contributing to local programmes that make a difference to people's lives through corporate donations and employee volunteering.

Our community programmes are managed locally to tailor our support to local needs (see feature opposite for examples). Employees can apply for funding and time off for volunteering to support community causes that are close to their heart.

We aim to engage in programmes where our people and our business can make the biggest difference, such as education on recycling. Our priorities focus on benefits for communities, environmental awareness and employee engagement.

In 2017, we will put in place a global framework with defined criteria that will help local teams ensure all our programmes align with these priorities and deliver tangible benefits for communities and our business. By 2020, our target is to have doubled the number of community and education programmes over five years.

Launching a flagship project

We are developing a flagship project that will apply our technology, expertise and enthusiasm through a partnership to support communities and contribute to global efforts to prevent hunger and reduce food waste.

In developing countries, surplus food can often go to waste due to a lack of adequate storage and preservation. We aim to use our proven packaging technology to help communities preserve surplus food without needing to invest in their own cooking or canning equipment. Our innovative self-contained mobile food filling unit, similar to a food van, will be easy for communities to use with limited training.

We have created this solution using our technology and expertise, and we aim to partner with a non-governmental organisation to help us reach the communities that need it most in regions where inadequate nutrition is a serious issue.

Our next step is to engage with suitable non-governmental organisations that have the necessary experience and networks in developing countries. This partnership approach will enable us to make a much bigger contribution to communities.

SUPPORTING COMMUNITIES AROUND THE WORLD

USA

Our employees in Pennsylvania built a brand new playground for the students of a nearby school and hosted an event at our production site to educate students on healthy eating.

Spain

We invited schools in Madrid to take part in 'FSC™ Friday' to learn about the benefits of sustainable forests through workshops and outdoor activities. We also donated school supplies and juices in our FSC™-certified carton packs.



Brazil

Employees in São Paulo organised a volunteer action day in 2016 for students of the Instituição Allan Kardec - Alice Pereira, a non-government organisation that works with low-income young people and adults with Down syndrome, autism or mental disabilities. Around 100 students took part in sports and cultural activities, as well as craft workshops using SIG carton packs, toys and puppets.



Thailand

For over 20 years, we have been raising funds to support better education for disadvantaged children in Thailand – offering talented children the opportunity to achieve their potential. In 2016, around 60 employees from our Bangkok office travelled to a school 80 kilometres away to deliver 100 desks and chairs made from recycled beverage cartons donated by our customer Ampol Food, and cartons of fruit juice and milk from other customers.



Responsible sourcing

Sourcing our materials, energy and logistics from responsible suppliers is critical to achieving a net positive impact across our value chain. We aim to secure raw materials from certified, responsible sources and work with suppliers that share our net positive commitment.



- Our supply chain
- Ethical supplier standards
- Sustainable raw materials
- Energy sourcing
- Sustainable logistics

Our supply chain

More than 6,000 suppliers around the world support our business and provide the materials and services we need to produce and distribute our products to customers.

We spend around €1 billion a year on raw materials to make our cartons, the secondary packaging used to transport and display them, the metals and components used to make and maintain our filling machines, and a wide range of goods and services needed to run our business worldwide – from energy and logistics to IT and facilities management.

Around 60% of our procurement spend goes on the 'A-materials' used to produce our carton packs: liquid packaging board (a stiff paper board made from wood), polymers, aluminium, ink and solvents. These critical materials are sourced from fewer than 30 companies. These range from local paper mills that pulp wood from their own forests to major integrated mining and chemical multinationals. We also source some liquid packaging board internally from our own paper mill in New Zealand.

Sourcing responsibly

We target our efforts to promote ethical supplier standards on 117 significant suppliers. These suppliers are defined as significant based on their potential impact on our ability to meet

customer needs, the high volumes we purchase from them and sustainability risks.

We are engaging with these suppliers – starting with our A-materials suppliers – to encourage them to adopt a net positive approach. We plan to develop criteria to define what we mean by a net positive supplier to help us measure progress towards our 2030 goal to spend 50% of our total sourcing expenditure on net positive suppliers.

Our focus on responsible sourcing is critical to meet customer demand for responsibly sourced packaging and to help secure a sustainable supply of key raw materials to ensure the long-term resilience of our business. We also aim to source locally within each of our regions, wherever feasible, to support local economies where we operate and reduce transport impacts and costs.

We regularly review the progress and effectiveness of our responsible sourcing activities to ensure continual improvement. Our work on sustainable logistics is reviewed quarterly by the Head of Global Supply Chain Management. All other responsible sourcing focus areas are reviewed quarterly by the Director of Global Sourcing and Procurement. Both report to the Responsibility Steering Group.

Sourcing activities for our machine assembly are excluded from the scope of this report, but will be integrated into our responsible sourcing approach over the next two years.

Ethical supplier standards

We want to work with suppliers who share our values and we expect all suppliers to meet high standards on ethics, labour, social and environmental issues.

We set out our requirements in our [Business Ethics Code](#) for Suppliers. Based on the Ethical Trade Initiative, the Code includes fundamental standards on issues such as ethical conduct, labour rights and environmental protection.

In 2016, we began to make the Code an integral part of all new or renewed contracts with significant suppliers, except where the supplier can show it has adopted the principles of the Code through a third party programme. Some suppliers have not yet signed the new terms or have chosen to refer to their own codes. In 2017, we will determine how to manage these cases. By 2020, we aim to include our Business Ethics Code in all new supplier contracts.

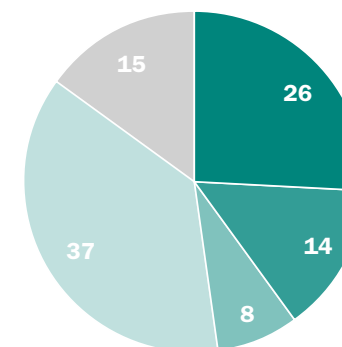
Monitoring and improving performance

Complying with our Business Ethics Code is the minimum we expect of all suppliers. Certain types of suppliers are subject to additional requirements such as our liquid packaging board sourcing policy or our conflict minerals policy (for those providing electrical components for our filling machines).

Rating significant suppliers on ethical standards

% significant suppliers scoring A–D

■ A ■ B ■ C ■ D
■ Suppliers not yet contacted



For further engagement on responsibility, we focus on our significant suppliers. In 2016, we screened all new and existing significant suppliers for environmental, labour, human rights and social risks. We then asked them to complete a self-assessment on responsibility management with a follow up planned at least every two years.

Through these assessments, suppliers are rated from A to D. To achieve an A-rating, suppliers must provide evidence of certification to recognised external standards such as ISO 14001 on environmental management or the Supplier Ethical Data Exchange (SEDEX) Members Ethical Trade Audit. Those failing to respond to our self-assessment or provide any appropriate information are rated D.

To date, around 85% of significant suppliers have responded. We are using the results to prioritise our engagement with suppliers, focusing our audits on those considered the highest risk. Those rated B or below are expected to submit plans outlining their steps toward certification or third party assessment. We will contact the remaining 15% of significant suppliers in 2017.

To help us monitor and improve supplier performance on responsibility issues, we encourage suppliers to undergo assessments through SEDEX and other recognised assessment platforms, such as EcoVadis. Using these shared platforms enables suppliers to complete a single assessment and share the results with multiple customers. We take the same approach to share assessments of our business with our customers (see case study, [page 8](#)).

From 2017, we will use the findings of third party assessments, as well as our own reviews and audits, to identify areas where suppliers need to improve and work with them to put plans in place to do so. If a supplier shows no improvement or willingness to cooperate in the assessment process, we may terminate the business relationship as a result.

Our 2020 target is for 100% of significant suppliers to be audited by a third party or by SIG. In 2016, around 40% of our significant suppliers shared third party assessments of their ethical performance via SEDEX or EcoVadis.

“ It has been incredibly positive to work so closely with SIG as we explore new ways to support each other in upholding our sustainability commitments. SIG’s demand for responsibly sourced materials is driving our business in the right direction and it shows clear evidence of the business case for sustainability. The successful SEDEX audit is the most recent step in our collective journey.”

Eija Hietavuo
Senior Vice President
Sustainability,
Consumer Board,
Stora Enso



Overall responsibility for ensuring ethical supplier standards lies with our Global Sourcing and Procurement team. In 2016, we trained all key people in our global procurement and regional sourcing teams on our ethical supplier standards to help them engage on responsibility topics and monitor supplier performance. From 2017, we will conduct this training every two years for employees who regularly interact with suppliers.

Engaging with key supplier Stora Enso

Stora Enso, the renewable materials company, develops and provides consumer packaging boards, and is one of our significant suppliers.

As part of our commitment to source responsibly and encourage sustainable standards in our industry, we engaged with Stora Enso to ask them to undergo four-pillar

SEDEX Members Ethical Trade Audits (SMETA) at the mills supplying SIG.

Stora Enso’s mills in Imatra, Finland, and Skoghall, Sweden, were audited in December 2015. Its new mill in Beihai, China, was audited in December 2016.



Sustainable raw materials

Our aim is to increase the share of responsibly sourced raw materials used in each pack that we produce.

Recognised external certifications help to assure us, our customers and consumers that the materials used to make our packs have been produced in ways that protect workers' rights, support communities and mitigate environmental risks.

By 2020, we aim to purchase 100% of A-materials from certified sources. We have already made good progress in sourcing certified liquid packaging board, but we still have work to do. In 2016, we purchased 550,000 tonnes of liquid packaging board, aluminium and polymers – 70% of which came from renewable sources and 39% (by spend) came from certified sources.

Supporting sustainable forestry

Liquid packaging board made from wood – a renewable natural resource – makes up around 70-80% of every SIG pack (by weight).

It's in our interests to promote responsible forestry practices to ensure future supplies of our key raw material. This is also an important element of our net positive story – for the environment and for people.

Responsibly managed forests play a critical role in counteracting climate change because they continuously store carbon as trees grow. When

destroyed by unsustainable activities such as conversion into other land uses, this carbon storage is lost and the wood releases the stored amount of carbon as CO₂ emissions when it burns or decays. According to the United Nations, deforestation and degradation constitute nearly 20% of global greenhouse gas emissions.

Managing forests responsibly can prevent these emissions because young, fast-growing trees absorb more carbon than older slow-growing trees. And they can support a greener economy and bring societal benefits by enabling people to benefit from the wide range of eco-services they provide, such as fibre, timber, fuel, clean water, oxygen, shelter, wildlife habitats, medicine, jobs and recreation spaces. Generating value for the forest by using this renewable raw material source in a sustainable way can help to avoid forest conversion and deforestation.

This is why we require our suppliers to source wood for our liquid packaging board from forests that are responsibly managed. We only source liquid packaging board from paper mills that have been certified to the Forest Stewardship Council™ (FSC™) Chain of Custody standard.

Supported by non-governmental organisations such as Greenpeace, WWF and the Rainforest Alliance, the FSC™ certification uses strict assessment criteria to ensure the management of forests meets certain standards. For example, the forests are continually growing, rare animals

and plants are protected, the rights of indigenous peoples are respected, and labour conditions for workers are safe and fair.

Our FSC™ journey

In 2009, we became the first in our industry to establish FSC™ Chain of Custody certification for all the paper mills we source from as well as all our production plants, our procurement organisation and our sales units worldwide (licence code FSC™ C020428). This certification enables wood products to be traced throughout the supply chain from forest to consumer.

We were first to introduce the FSC™ label in high volumes for dairy and non-carbonated soft drink cartons – starting in Germany in 2009, followed by China in 2010 and Thailand in 2011.

In 2016, we achieved another industry first – and a significant milestone in our roadmap. With a minimum of 70% of our liquid packaging board now coming from FSC™-certified forests, we now source enough FSC™-certified material to enable our customers to put the FSC™ logo on any of our packs.

The next challenge is to encourage more customers to put the logo on the packaging for their products. Around 56% of the cartons we sold in 2016 carried the FSC™ logo and the share rose to around 75% in the month of December. By 2020, our target is for 100% of our cartons worldwide to carry the FSC™ logo.



“Manufacturers and retailers can demonstrate their environmental and social commitment by offering FSC™-certified products. The FSC™ label on carton packs shows that the processed wood fibres used come from responsibly managed, FSC™-certified forests and other controlled sources, and is a guarantee for consumers that by buying that particular carton they are acting responsibly. Food and beverage manufacturers can make important contributions to saving the environment and safeguarding social interests in the forest by working with FSC™, and also secure a crucial competitive advantage for themselves.”

Kim Carstensen
Director General
FSC International



The FSC™ logo shows consumers at a glance that the product they are buying is contained in packaging with a link to responsibly-managed forests.

We have worked with FSC™ to make the requirements for logo placement, colour and size more flexible to make it easier for our customers to use the logo on their products. These changes remove some of the barriers to using the FSC™ logo – and support our target for it to be used on all our packs by 2020.

Exploring certified sources for other A-materials

We are also exploring options to source certified sustainable supplies of other A-materials.

Polymers

For polyethylene, which makes up around 20-25% of each pack (by weight), our priority is to find a responsible alternative to fossil-based polymers. Biopolymers can be made out of waste materials such as used cooking oil, residues from paper production, non-food plants, or food crops such as sugar cane.

Various certification schemes are available for certain sources, such as Bon Sucro for sugar cane or the International Sustainability and Carbon Certification (ISCC PLUS) for biomaterials in general. We will only consider certification schemes that are supported by a multi-stakeholder approach.

We are currently testing the market for a pack using polymers certified to ISCC PLUS, a global scheme to certify sustainable production of renewable raw materials with certified traceability to the final product. ISCC offers a leading certification for biofuels, which offers a strong foundation for biopolymers. Using this certification would provide a broad range of potential certified sources as it covers a wide variety of materials that can be used to create biopolymers, including both first generation (from food crops) and second generation (from non-food crops, waste or by-products).

Aluminium

No established certification scheme exists for aluminium, which makes up around 4% of our packs (by weight).

Sustainability risks in the aluminium supply chain include significant energy use and the release of greenhouse gases known as perfluorocarbons in the process to refine bauxite ore into aluminium, impacts on local communities and natural habitats from mining, and the potential for water pollution from production waste.

The Aluminium Stewardship Initiative is developing a certification programme for the industry that will help address these and other related sustainability issues. We are reviewing the proposed programme closely with our suppliers.

We are also exploring ways to eliminate the need for aluminium in our packs through product

innovation and we already offer an aluminium-free aseptic carton, combibloc EcoPlus. This is an important step in achieving our target to create a 100% renewable aseptic pack by 2020 (see [page 43](#)).

Other materials

Liquid packaging board, polymers and aluminium are our key A-materials, and these are our priorities for 2020. But by 2030 we also aim to source the other materials used in and for our packs from certified sustainable sources.

FSC™ offers a suitable certification for the pallets and corrugated cardboard used in our secondary packaging. In 2016, we conducted an analysis which showed that around 40% of the corrugated boxes we use already come from FSC™ sources. We will explore viable options to increase this over the next few years.

The other main material we use in our production is the ink used to print the design on our packs. There is no certification scheme available for the materials used in these inks, but we aim to work with our suppliers to explore alternatives such as bio-based solvents.

Energy sourcing

Energy use is the most significant global contributor to climate change, accounting for around 60% of the world's greenhouse gas emissions.

Obtaining energy from sustainable sources helps us secure future energy supplies and minimise our environmental footprint by reducing reliance on fossil fuels.

Our Global Sourcing and Procurement function is responsible for energy sourcing, focusing primarily on the energy used in our production plants which accounts for the majority of energy consumption across our business.

In 2016, 33% of electricity used in our production plants worldwide was from renewable sources. From January 2017, we increased this to 100%, sourcing green electricity for our production plants worldwide three years ahead of our 2020 target.

We have agreements in place with energy providers to purchase green electricity from the grid for our plants in Brazil and Europe. In China and Thailand, where this is not a viable option, we are buying electricity from local renewable energy projects certified to the GoldPower® standard. For example, we are sourcing electricity from biogas plants in Thailand that use methane from wastewater to generate energy (see case study).



The GoldPower® standard ensures that projects deliver measurable emissions reductions and bring additional benefits to local communities, such as improved air and water quality, and employment and training opportunities.

Achieving 100% renewable electricity is a significant milestone towards our 2020 target to use 100% renewable energy at all our

production plants, with Gold Standard CO2 offset for all non-renewable energy.

The next challenge is to engage with local green energy producers to find viable renewable alternatives for natural gas, a fossil fuel used primarily for heating in our manufacturing processes. We are also exploring the potential to generate renewable energy at our sites and we plan to conduct feasibility studies in 2017.

Investing in renewable energy in Thailand

In the Khon Buri region of northeast Thailand, a locally-grown root crop known as manioc is used to produce starch. The wastewater from this process produces large quantities of methane.

Methane is a potent greenhouse gas that contributes to climate change when released into the atmosphere. But, if captured, this biogas can be used to generate energy. And a local GoldPower® project is doing just that.

As part of our transition to 100% renewable electricity worldwide in 2017, we are now purchasing renewable electricity from this project to power our plant in Rayong, Thailand.

Sustainable logistics

Across our business, we are working to make logistics more sustainable to help us reduce our life-cycle environmental impacts, lower costs and meet our customers' growing expectations on responsible sourcing.

Managing logistics

We outsource all our logistics. Suppliers are responsible for delivering materials to our production and assembly plants, and we work with logistics providers to ensure efficient delivery of our products to customers. Environmental responsibility is part of our ethical supplier standards for all suppliers, including logistics providers (see [page 35](#)).

Our procurement teams are responsible for inbound logistics as part of our contracts with materials suppliers and we source locally where possible to reduce transport impacts.

We have most influence over our outbound logistics – the transport of finished products to our customers. Our Supply Chain Management team leads our efforts to improve the efficiency and sustainability of this process.

Delivering our products to customers around the world is a complex process and we need to balance customer needs, costs and sustainability performance. Typically, our products are delivered



by truck over land and by boat overseas. We rarely deliver by air, except for very urgent orders.

In 2016, we analysed the carbon footprint of our outbound logistics activities to establish a baseline for future target setting and help to focus our efforts to improve performance. This showed that emissions for outbound logistics from our production plants totalled 45,000 tonnes of CO₂ equivalent.

Improving efficiency

Each month, outbound truck journeys from our production plants total an average of around 8 million kilometres. We want to get the most

out of every journey – cutting emissions, saving fuel and making SIG a more sustainable choice for customers.

We have increased the truck utilisation rate for transporting our carton sleeves every year since 2012 by delivering more full trucks to customers. Our aim is to increase the rate of full truck loads delivered, but this is not always possible when customers order in smaller quantities. In 2016, an average of 92% of trucks across our global operations had full loads. Our new pallet design will help to further reduce the number of journeys required by enabling us to fit more products in each truckload (see case study).

Making every journey count

We are introducing a new way of packing products into trucks that will help us to cut transport costs and reduce environmental impacts by delivering more products with each journey.

Our new approach enables us to load 10 layers of sleeves onto each pallet. That's one more than the previous maximum of nine, improving efficiency by over 10%. As well as cutting the number of journeys required, this also reduces the amount of materials used for wrapping and stabilising the pallets.

We anticipate that this approach to packing more products per pallet will result in a reduction of 10% – 7.8kg of CO₂ equivalent emissions – per 100 kilometres travelled.

We are also reducing transport emissions by encouraging logistics providers to use more fuel efficient trucks that comply with the latest Euro 6 emissions standard. A full Euro 6 truck uses almost two litres less diesel per 100km, compared with one complying with the previous Euro 5 standard. This saves around 3.2kg of CO₂ equivalent emissions per 100km journey. In Europe, around 47% of our deliveries are already made using Euro 6 trucks and our target is to increase this to 100% by 2020.

Responsible products

Our products help customers deliver food in a safe, sustainable and affordable way. This is an important part of our *Way Beyond Good* commitment to make a net positive contribution to society and the environment. We aim to offer the most sustainable solutions on the market through our packs, filling machines and technical service.



Our life-cycle approach

Our packs

Filling machines

Technical service

Recycling

Product safety

Our life-cycle approach

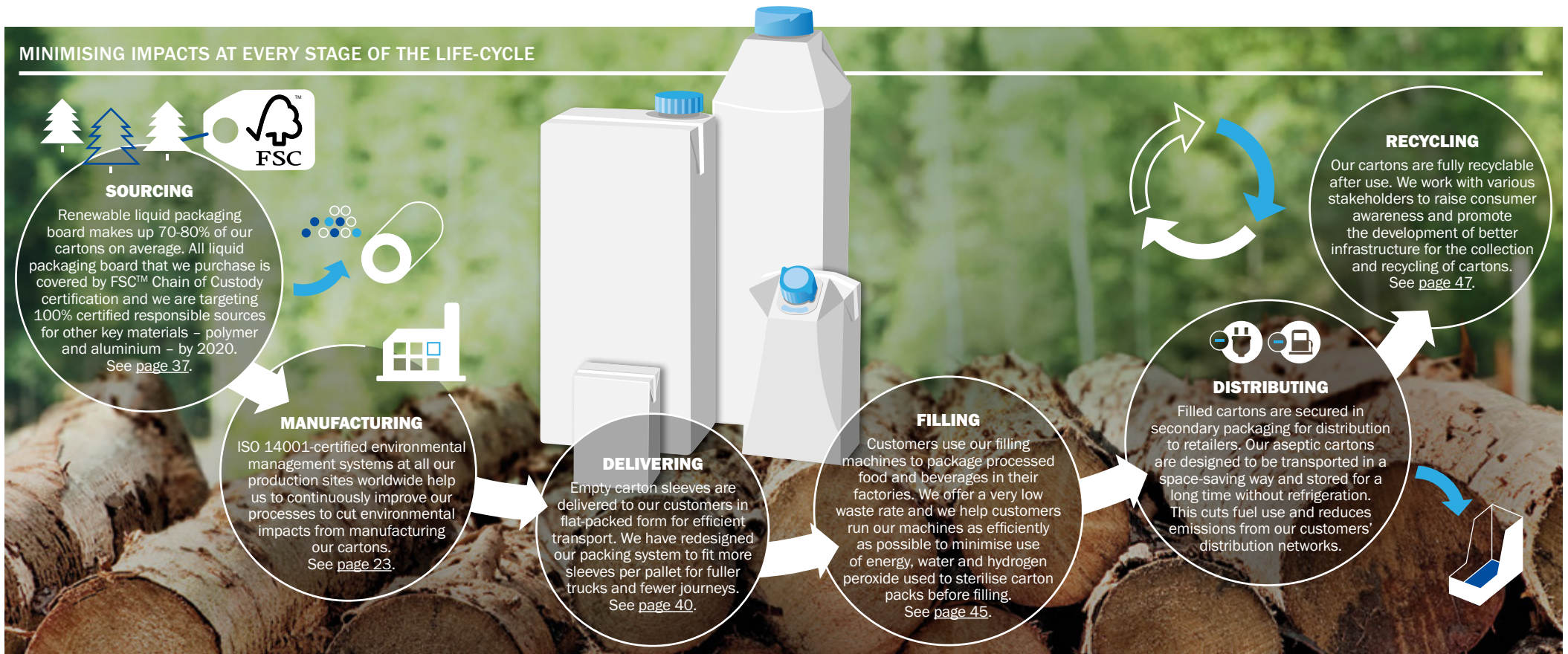
To achieve our net positive ambition, we must consider environmental impacts at every stage of the life-cycle – from our choice of materials to making, filling and transporting packs, and their ability to be recycled after use.

Our efforts to reduce our own footprint (see [page 23](#)) and source responsibly (see [page 34](#)) are therefore integral to our ability to offer the most sustainable packaging solutions on the market. And we are working to reduce the impacts of our packs even further through innovative product design.

The lightweight, space-saving design of our cartons makes them exceptionally efficient to make, fill and transport. They are made up of around 70-80% renewable materials on average and they are fully recyclable. Overall, research shows that the life-cycle carbon footprint of a carton pack is significantly lower than other

packaging types (see our [website](#) for detailed life-cycle assessments).

We evaluate the environmental performance of our packs using life-cycle assessments conducted by independent experts at the Institute for Energy and Environmental Research (ifeu), following the recognised ISO 14040



“ At ifeu, we have been performing life-cycle assessment studies for more than 25 years. Our studies cover all kinds of products and services, including various packaging systems. They are always carried out according to international standards incorporating the very latest scientific findings.”

Frank Wellenreuther
Project Manager,
Institute for Energy and
Environmental Research (ifeu)
Heidelberg GmbH



international standard. These assessments are critically reviewed by an independent expert panel. Measuring the life-cycle impacts of our packaging innovations as part of our product development process helps us identify specific targets for improvement.

In 2016, we established a dedicated sustainability team within Global Research and Development to support this life-cycle approach by coordinating alignment and collaboration with other parts of the business, such as the Global Procurement team on sourcing and the Group Environment, Health and Safety team on manufacturing.

The proportion of the life-cycle environmental footprint of our packaging solutions that comes from the filling process is relatively small (less than 10% of the carbon footprint), but we still aim to reduce associated use of resources such as energy and water by improving the efficiency of our filling machines. Given our machines are often in use for decades, the environmental impacts from their assembly and disposal are relatively insignificant across the whole life-cycle of our packaging solutions so these impacts have not been included in our life-cycle analyses to date. However, the sourcing, assembly and end-of-life impacts of our filling machines will be considered in future as part of our responsibility roadmap.

Our packs

Our packs represent our company and we want them to embody our commitment to responsibility. In a competitive market, customers are increasingly looking for environmentally responsible packaging to meet their own sustainability objectives.

Responsibility is built into our products from start to finish. Our work on sustainable product innovation is led by our Global Research and Development team and we have developed tools that will help us assess environmental criteria in the development of every new pack. By 2020, our target is for responsibility to be one of the core value drivers of our innovation activities, not only in the initial design phase but as part of our ongoing product development.

Made primarily from renewable liquid packaging board from certified sources, our cartons already offer better environmental performance than alternatives such as glass and plastic bottles, and cans (see our [website](#) for comparative life-cycle assessments).

With every new product innovation, we aim to improve that performance further as part of our long-term goal to offer the most sustainable food packaging solutions on the market – compared with bottles, cans, other carton packs or alternative innovations yet to emerge. Key focus areas for our product innovation aim to address

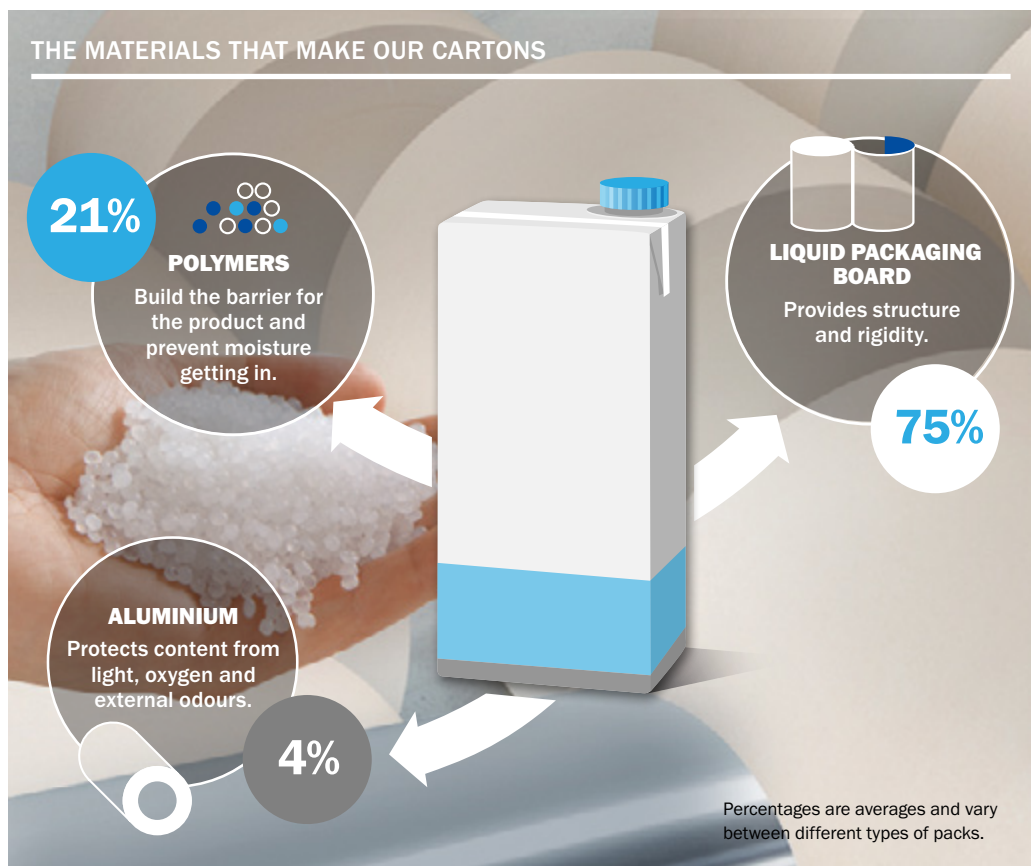
the most material life-cycle impacts of our products by developing a 100% renewable pack and optimising use of materials.

Developing a 100% renewable pack

Liquid packaging board, made from wood – a renewable resource – makes up around 70-80% of our packs on average. Our target is to offer an aseptic pack made from 100% renewable materials by 2020. This will involve replacing the other materials in our packs with renewable alternatives, or eliminating the need for them completely.

In our current packs, polymers are used as a barrier for liquids and to prevent moisture getting into the pack, and aluminium acts to protect the contents from oxygen and light which can impact the flavour of the contents. We are exploring viable sources of bio-based polymers to replace oil-based plastics (see [page 38](#)) and we are looking for ways to replace aluminium foil by optimising resources without compromising the quality of the pack.

We already offer customers an aluminium-free option, known as EcoPlus. By using a different material structure, we were able to cut out aluminium altogether and replace it with an ultra-thin polyamide layer. This increases the share of renewable materials in the pack from 75% to 82%, and cuts the carbon footprint by up to 28% cradle to gate (see life-cycle assessment on our [website](#)).



EcoPlus can be used for products that do not require a high oxygen barrier layer like aluminium. This solution is suitable for 95% of the European UHT dairy market. Sales increased in 2016 and more than 700 million EcoPlus packs have been sold in total since its launch in 2010. We are now working to make a solution suitable for packaging

other types of non-carbonated soft drinks so more customers can use it.

Optimising use of materials

By optimising use of materials, we can cut the total amount of natural resources needed to make our products and reduce the weight of

our packs. This in turn helps to lower emissions related to transport throughout their life-cycle.

We use our scientific know-how and technical expertise to enhance optimisation, while ensuring our packs meet the requirements of our customers and consumers to deliver food products in a safe and convenient way. Our product innovation has already delivered significant improvements.

For example, our standard carton structure today uses 1.4 grams less polymer in each sleeve than its predecessor. Our combiSwift design, launched in 2007, almost halved the weight of our spouts. With the introduction of combiCap in 2010, the weight of a screw cap could be further reduced to below two grams, making it by far the lightest single-action solution in the market.

Our latest innovation is the combibloc RS. It offers a robust, resource-saving alternative to conventional pack designs. By changing the structure of the internal polymer layer, we made the pack thinner and lighter than our standard structure, cutting material use and reducing the carbon footprint by 5% from cradle to gate for 1 litre packs and by 6% for 200ml packs¹. We launched a prototype of the combibloc RS in 2016 and we aim to work with our customers to roll out combibloc RS sleeves as an alternative to our standard sleeves over the next few years.

¹ Calculation based on SIG life-cycle assessment tool, cradle to factory gate, EU28

“ At Carrefour we are committed to the environment and innovation. That is why we work on policies in the areas of environmental protection, quality, prevention, health, food safety and product safety, and we base our CSR approach on three pillars: promoting biodiversity protection, sharing with our business partners to evolve together and fighting against any form of waste.

In this last point some of the most important strategy axes are: disposal of used packaging, reduction of raw materials in packages and packaging material, optimisation of packaging size, reduction in vehicles needed for transport, and promoting the use of sustainable, recycled and recyclable material. In this context choosing combibloc EcoPlus is a good decision.”

Xavier Appy
Product Optimisation Director/Manager,
Carrefour

Filling machines

The machines used to fill our cartons are an integral part of our packaging solution for customers.

We aim to make them as efficient as possible to reduce the life-cycle environmental impacts of our packs and help customers minimise waste, energy use, resource use and costs in their factories.

These considerations are fundamental to the design of our filling machines, led by our Global Research and Development team, and their maintenance by our Technical Service teams (see [page 46](#)). Responsibility for building the

machines lies with our Global Assembly teams and the impacts from manufacturing are managed by our Group Environment, Health and Safety team as part of our operational environmental footprint (see [page 23](#)).

Improving efficiency

Every year, customers use our machines to fill billions of SIG cartons with their liquid food and beverage products. We already offer a very low waste rate within the industry – only 0.5% on average – and we aim to improve efficiency with each new generation. Our newest machine, currently in development, includes a new system to reduce food waste and other features to

improve energy efficiency and reduce use of water, compressed air and hydrogen peroxide.

Our machines can be used at customer factories for many years – often decades – with proper maintenance and upgrades. More than 1,000 SIG filling machines are currently in use worldwide. We are continually looking for ways to make them more efficient through modifications that can be retrofitted to machines that are already in use. For example, we have developed an optional component that closes the loop for hydrogen peroxide by collecting vapour that has been used to sterilise cartons and reintroducing it back into the system. We are also developing a system to reuse water.

THE FILLING PROCESS

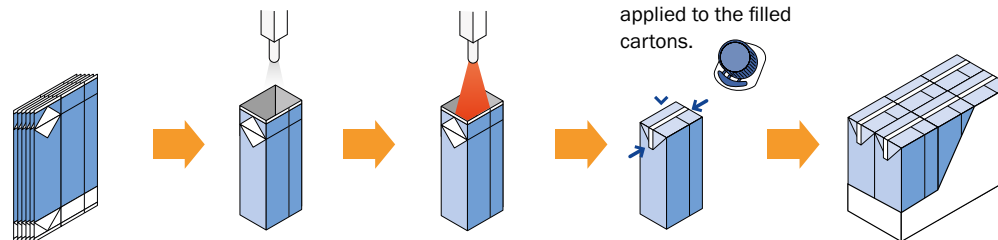
Our flat-packed cartons ('sleeves') are pushed into shape and the base is sealed using heat to melt the polymer layers together.

The formed cartons are sterilised with a small amount of vaporised hydrogen peroxide (35% concentration in water) and then dried.

Our customers' food product, sterilised using ultra-high temperature (UHT) equipment, is pumped in to fill the sterilised cartons inside the aseptic zone of the machine.

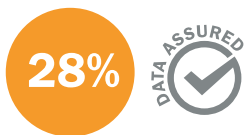
Filled cartons are sealed above the product level to reduce the risk of contamination from food getting caught in the sealed seam. Optional closures, such as caps or spouts, may be applied to the filled cartons.

The filled cartons are bundled in secondary packaging ready for distribution to retail outlets.



CUTTING THE CARBON FOOTPRINT OF OUR PACKS THROUGH PRODUCT INNOVATION*

combibloc EcoPlus up to 28% reduction



combibloc RS 5-6% reduction



*Reduction in lifecycle carbon footprint from cradle to gate, compared with current standard product.

We are also developing new products designed to use less aluminium and optimise use of paper board, while maintaining the properties required for our packs.

Another way to optimise use of resources is to reduce the amount of virgin materials by using recycled alternatives. We are exploring ways to make use of waste materials from other industries, including within our own supply chain. Our initial focus is on the potential to include recycled waste from industrial processes in our raw paper board supply.

“When we set out to develop our state-of-the-art new plant in Rio, Brazil, we wanted to make it as sustainable as possible. That meant choosing technology with a low environmental impact and SIG’s solution was a natural choice. It’s energy-efficient and it has a very low wastage rate.”

Paulo Botelho
Production Director
Vigor

Technical service

Our responsibility for our machines does not end when we install them in our customers' factories – and neither does our relationship with customers. SIG Technical Service teams provide maintenance support while the machines are in use.

Well maintained machines are efficient machines. And efficient machines minimise waste, resource use and operating costs. We work with our customers to provide expert technical service that helps them make their filling machines and factories more efficient.

Helping customers improve efficiency

When customers buy or lease filling machines from us, they can choose from a selection of tailored service options that help keep the machines running smoothly.

Our service packages range from routine servicing to a full service plan including labour and spare parts for repairs. By focusing on preventive maintenance, we take care of the equipment, catch problems before they arise and maximise equipment availability by minimising downtime. Regular maintenance helps to prevent faults that could stop production or result in unsaleable packs, wasting time, energy, water, packaging sleeves and the filled food product itself.

In 2016, we introduced new service packages based on performance. Through these packages, we share responsibility with the customer to achieve an agreed level of operational or technical efficiency. This will help to optimise efficiency and minimise the environmental impact per filled pack. We are also developing a new service that will focus more explicitly on improving sustainability.



More than 500 SIG technical service staff support our customers worldwide. We train them – and our customers' machine operators – at our centres in Brazil, China, Germany, Thailand and the United Arab Emirates (our joint venture).

Our engineers share sustainability best practices with customers. In 2017, we will begin offering to audit customers' factories to identify opportunities to improve efficiency and recommend a tailor-made level of support that best meets each customer's individual requirements. By 2020, our target is to support sustainability improvements for at least half

of our customers through our technical service offering.

Managing end of life impacts

We aim to work with our customers to ensure that SIG filling machines and their parts are recycled or disposed of responsibly at end of life. To ensure consistent standards, we have established a policy on reuse and disposal of used equipment, including requirements for evaluating disposal companies. This will enable us to recommend certified companies to our customers.

Recycling

We make sure our packs are fully recyclable after use and we work with others to promote improved infrastructure for collection and recycling of used cartons.

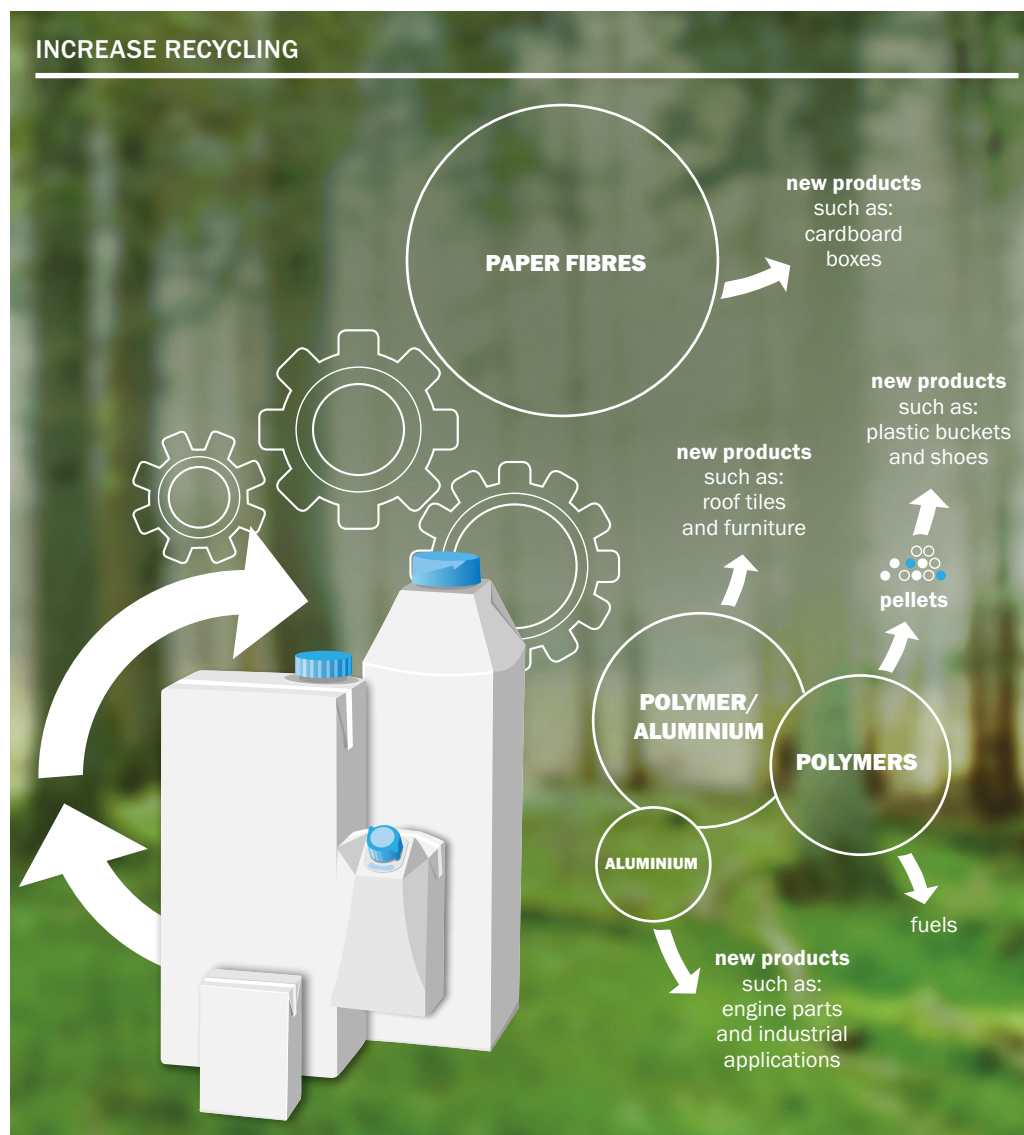
Recyclability has been demonstrated for all types of SIG packaging materials in accordance with the relevant European regulations. This is part of our development process for all new products. However, not all our packs are recycled because the local infrastructure is not always in place to collect and recycle them. To increase recycling rates in the long term, we are engaging with stakeholders – either directly or through industry organisations – to support the development of appropriate infrastructure and raise awareness of the need to recycle.

Responding to the recycling challenge

Recycling our cartons diverts waste from landfill and turns it into a valuable resource for a variety of products.

Infrastructure for recycling beverage cartons is widely available in many countries. The biggest challenge is often the lack of suitable collection processes because recycling is not possible without first collecting used cartons from consumers.

In 2015, more than 16 billion beverage cartons were recycled in the European Union alone. This represents an estimated 44% of cartons



sold in the region. In other parts of the world, recycling rates vary depending on local facilities and legislation.

Our local teams are responsible for engaging with stakeholders in each region, with support from our Global Environment, Health and Safety team.

Partnering with others

We work with peers through industry initiatives to advocate for the development of a regulatory framework that supports carton recycling.

For example, we are a member of the Alliance for Beverage Cartons and the Environment (ACE) in Europe, which provides an industry-wide platform to benchmark and profile cartons as renewable, recyclable and low-carbon packaging solutions. ACE engages with stakeholders and partners seeking high standards of environmental stewardship, and contributes expertise to EU policy, legislation and standard-setting.

We also support efforts to strengthen national systems for collecting cartons and increase capacity for separating and recycling the raw materials. In the UK, for example, we worked through ACE UK to support the development of the country's first facility built exclusively to recycle food and beverage cartons in 2015. In Brazil, the government's Solid Waste Policy sets a goal for the entire packaging industry to collectively reduce waste to landfill by 28% by

2019 (from a 2010 baseline). We aim to do our part by supporting local cooperatives that collect reusable and recyclable materials and by educating consumers on the importance of recycling (see case study).

We also work with customers and other stakeholders to increase collection and recycling of beverage cartons. In Korea, for example, we supported a recent campaign that raised awareness by providing appropriate bins or bags to people living in apartments – a simple but effective approach to encourage more recycling.

Supporting recycling in Brazil

We are promoting recycling in Brazil by supporting cooperatives that collect reusable waste materials, distributing recycling bags to citizens and educating children – the consumers of the future – on the benefits of recycling.

Cooperatives of reusable material collectors enable economically disadvantaged people to generate an income by picking out recyclable products from general waste that they then sell to recycling schemes. In 2012, we began a project to promote recycling near our production plant in Campo Largo. In partnership with the Ministry of Cities, we supported the construction of a new facility for a local cooperative. Since then, the monthly income for its members has increased threefold and the average volume of recyclable material collected by the cooperative has increased by 21%.

We also distributed specially created recycling bags to local citizens to encourage them to take up the recycling challenge. This initiative was such a success that we launched further projects in partnership with several customers in their respective communities.

We are helping young people find out about the benefits of recycling through educational projects run in partnership with customers in Brazil. One programme with our customer Tirol reached 25,000 students in more than 200 schools over three years. By creating toys from reused carton packaging, the students increase their awareness of recycling issues. Each year, the toys are entered into a competition and the school with the winning entry is awarded a grant to improve school facilities.

Through a partnership with another customer, Cemil, we constructed 'the Milk House' – a house made of recycled milk cartons – at a waste centre in Belo Horizonte. Since it opened in 2014, more than 5,000 children have visited the Milk House, learning about carton packaging, the recycling system and environmental issues.



Product safety

The fundamental purpose of our aseptic packaging is to enable our customers to preserve quality food and deliver it safely to consumers.

Our focus on product quality is critical to ensure product safety as faults in our packs could lead to the migration of chemicals or bacteria into the food. For example, if a carton is not sealed properly, the food inside will not be preserved effectively.

Our Global Quality Management team is responsible for product safety with support from quality and product safety teams across the business. The team follows the principles outlined in our Quality and Product Safety Policy to maintain our high safety standards.

We also train customer employees and provide regular maintenance services to ensure our filling machines are used safely in customer factories.

Managing product quality and safety

Quality management systems at all our research and development centres and production sites are certified to the international ISO 9001 standard that requires the adoption of Hazard Analysis and Critical Control Points (HACCP), a robust quality management system and control of factory environmental standards, processes and personnel.

We apply rigorous procedures to ensure product safety, such as HACCP and Failure Mode and Effects Analysis (FMEA). These recognised systems help us to identify, address and monitor potential hazards to product safety in our



production processes, including filling operations at customer facilities.

All our sleeve production plants are certified to the British Retail Consortium (BRC) Packaging standard, with annual audits to recertify. We will complete certification for production of our caps and spouts in 2017.

We inform employees about the importance of food safety and train everyone working on our production lines on hygiene and safety requirements. In 2017, we aim to establish an internal online resource to share information about food safety, including updates on evolving regulatory requirements. We also provide guidance on food quality, hygiene and safety matters for our customers.

Monitoring product safety

We monitor product quality closely and take customer complaints very seriously. Our integrated complaint and claim management system ensures that any complaints and critical incidents are escalated to management.

We regularly assess the health and safety impacts of all our products and services and use our management systems to support continuous improvement. As part of our commitment to safety, we also monitor the quality of all A-materials through our annual supplier audits.

About our reporting

In this appendix, we explain how we identified our material issues and determined the content of this report. We show how we contribute to the United Nations Global Compact, map our reporting against the Global Reporting Initiative G4 indicators and provide information on external assurance of selected data.



Determining report content

United Nations Global Compact Communication on Progress

Global Reporting Initiative G4 index

Assurance statement

Key performance indicators

Packaging by
SIG

Packaging by
SIG

Determining report content

We undertook a detailed materiality assessment in 2015 to determine the issues that are most important to our business and our stakeholders. The results of this assessment supported the development of focus areas for our responsibility roadmap and the definition of material content for our reporting.

Identifying our material issues

We worked with expert sustainability consultants to identify the environmental, ethical and social issues that are relevant to our industry across the value chain. This analysis was informed by recognised external guidelines and interviews with representatives of each function and region across our business. The initial long list was then aggregated into a list of 33 issues for prioritisation.

We used a series of internal and external inputs to determine the importance of each issue to different stakeholder groups and key areas of our business. The importance of each issue was assessed against each input and the resulting scores were plotted on a materiality matrix (see [page 16](#)). The issues in the top right hand quadrant of the matrix (scoring more than 50% on both axes) are considered to be most material to SIG.

Our Group Executive Board and executives from each region and function of the business assessed the findings of our materiality assessment and validated the prioritisation of issues. We also sought external validation through a review by informed sustainability experts representing customer, investor/analyst and non-governmental organisation interests (see [page 17](#)).

Defining reporting boundaries

The table opposite shows our most material issues and the boundaries of where each impact occurs within or outside the organisation. We applied this definition of material issues to determine the main content of our reporting, including which of the Global Reporting Initiative (GRI) G4 Aspects to report on and the level of coverage and boundaries for each.

Our reporting focuses on the GRI Aspects related to our most material issues as identified in our materiality matrix. These are clearly noted in our index of reporting against the GRI G4 guidelines. We also report on some additional strategic topics (see [page 17](#)) that are included in our responsibility roadmap (see [page 18](#)).

Reporting boundaries

Material issue	Within Organisation	Outside Organisation		
		Suppliers	Customers	Consumers
Energy and greenhouse gas emissions	■	■	■	■
Waste and recycling (company)	■			
Occupational health and safety	■			
Responsible/sustainable sourcing		■		
Food quality, hygiene and safety				■
Sustainable product innovation	■		■	
Training and development	■			
Ethical supplier standards		■		
Labour rights	■	■		
Recyclability of products	■			
Employee engagement	■			
Deforestation		■		
Reward and recognition	■			

United Nations Global Compact Communication on Progress

We support the United Nations Global Compact’s 10 principles on human rights, labour, environmental protection and anti-corruption.

We are also committed to advancing the broader development goals outlined in the United Nations Sustainable Development Goals (see [page 15](#)). Our commitment to both the Global Compact and the Sustainable Development Goals fully aligns with our ambition to go *Way Beyond Good* and have a net positive impact on society and the environment (see [page 7](#)).

This report is our annual Communication on Progress for 2016. The table below sets out our approach to upholding each of the 10 United Nations Global Compact principles and where to find out more.



GLOBAL COMPACT PRINCIPLE	OUR APPROACH	FIND OUT MORE
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2: Businesses should make sure that they are not complicit in human rights abuses</p>	<p>We are committed to respecting human rights in our business and our supply chain through our Code of Conduct and our Business Ethics Code. Regular Supplier Ethical Data Exchange (SEDEX) Members Ethical Trade Audits of our business help to ensure that we uphold high standards on human rights.</p>	<p>Code of Conduct Business Ethics Code Governance and ethics, page 32</p>
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>We respect the right to freedom of association and collective bargaining, and our Business Ethics Code requires suppliers to uphold these rights too. A significant proportion of our employees are covered by collective labour agreements and, in Europe, many are represented by works councils.</p>	<p>Business Ethics Code Our employees, page 29</p>
<p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour</p> <p>Principle 5: Businesses should uphold the effective abolition of child labour</p>	<p>We do not tolerate forced, compulsory or child labour and we require the same commitment from suppliers through our Business Ethics Code.</p>	<p>Business Ethics Code Ethical supplier standards, page 35 Our employees, page 29</p>

GLOBAL COMPACT PRINCIPLE	OUR APPROACH	FIND OUT MORE
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	We do not tolerate discrimination of employees or supplier workers based on race, religion, national origin, sex, sexual orientation, disability, age or any other relevant category.	Code of Conduct Business Ethics Code Governance and ethics, page 32 Ethical supplier standards, page 35 Our employees, page 29
Principle 7: Businesses should support a precautionary approach to environmental challenges	We comply with applicable environmental legislation across our operations and we require our suppliers to do the same. We take a precautionary approach to environmental challenges such as climate change by proactively identifying and managing emerging risks.	Code of Conduct Business Ethics Code Our environmental footprint, page 23
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Environmental responsibility is an integral part of our business strategy. We aim to minimise our environmental impacts and we are striving for a net positive footprint by contributing more to the environment than we take out across our value chain.	Our value chain impacts, page 22 Our environmental footprint, page 23 Responsible sourcing, page 34
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Our goal is to offer the most sustainable food packaging solutions on the market. We are innovating the way we design and manufacture our packs and filling machines to achieve this.	Sustainable products, page 41
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	We have zero tolerance for bribery or corruption in any form. We encourage people to report any concerns via our ethics and compliance hotline. We investigate any suspected breaches and take disciplinary and other appropriate actions accordingly.	Code of Conduct Governance and ethics, page 32

Global Reporting Initiative G4 index

This report has been produced in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines Core option.

The index below shows which indicators are material to SIG, which are reported and where to find information on each.

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
GENERAL STANDARD DISCLOSURES						
Strategy and analysis	G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Y	Y		See Message from our CEO, page 4 .
Organisational profile	G4-3	Report the name of the organisation	Y	Y		See Our business, page 3 .
	G4-4	Report the primary brands, products, and services	Y	Y		See Our business, page 3 .
	G4-5	Report the location of the organisation's headquarters	Y	Y		See Our business, page 3 .
	G4-6	Report the number of countries where the organisation operates, and names of countries where the organisation has significant operations	Y	Y		See Our business, page 3 .
	G4-7	Nature of ownership and legal form	Y	Y		See Our business, page 3 .
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Y	Y		See Our business, page 3 .
	G4-9	Report the scale of the organisation, including: Total number of employees, Total number of operations, Net sales (for private sector organisations) or net revenues (for public sector organisations), Total capitalisation broken down in terms of debt and equity (for private sector organisations), Quantity of products or services provided	Y	Y		See Our business, page 3 .
	G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender.	Y	Y		See Employees, page 26 .

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
Organisational profile	G4-10	d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Y	Y		No substantial portion of SIG's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or employees and supervised employees of contractors. There are no significant variations in employment numbers.
	G4-11	Report the percentage of total employees covered by collective bargaining agreements	Y	Y		See Employees, page 29 .
	G4-12	Describe the organisation's supply chain	Y	Y		See Our supply chain, page 35 .
	G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Y	Y		No significant changes during 2016.
Commitments to external initiatives	G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Y	Y		See United Nations Global Compact Communication on Progress, page 53 .
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Y	Y		We support the United Nations Global Compact (see page 52) and the United Nations Sustainable Development Goals (see page 15). SIG is a member of the Supplier Ethical Data Exchange (SEDEX), is rated Gold by EcoVadis, and is certified to ISO 9001 and ISO 14001.
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations	Y	Y		At corporate level SIG is a member of various industry associations and advocacy organisations. Key organisations include: Alliance for Beverage Cartons and the Environment (ACE); The Consumer Goods Forum; European Bioplastics Association; European Organisation for Packaging and the Environment (EUROPEN); Flexible Packaging Europe (FPE); Forum for the Future; Forest Stewardship Council (FSC) International; The Net Positive Project; The Science Based Targets Initiative; Technical Association of the Pulp and Paper Industry (TAPPI). In addition, SIG is member of numerous national alliances and initiatives in our core markets.

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
Identified material aspects and boundaries	G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents	Y	Y		Parent company: SIG Combibloc Group Holdings S.à r.l., Luxembourg. Subsidiaries: SIG Combibloc Holdings S.C.A.; SIG Combibloc PurchaseCo S.à r.l.; SIG Combibloc Holdings GP S.à r.l.; SIG Schweizerische Industrie-Gesellschaft GmbH; SIG Combibloc US Acquisition Inc.; SIG Combibloc US Acquisition II Inc.; SIG Combibloc Argentina S.R.L.; Whakatane Mill Australia Pty Limited; SIG Austria Holding GmbH; SIG Combibloc GmbH; SIG Combibloc GmbH & Co. KG; SIG Beverages Brasil Ltda.; SIG Combibloc do Brasil Ltda.; SIG Combibloc Chile Limitada; SIG Combibloc (Suzhou) Co. Ltd.; SIG Combibloc s.r.o.; SIG Combibloc S.à.r.l.; SIG Combibloc GmbH; SIG Combibloc Holding GmbH; SIG Combibloc Systems GmbH; SIG Combibloc Zerspanungstechnik GmbH; SIG Euro Holding GmbH; SIG Information Technology GmbH; SIG International Services GmbH; SIG Combibloc Kft.; PT. SIG Combibloc Indonesia; SIG Combibloc S.r.l.; SIG Combibloc Korea Ltd.; SIG Combibloc México, S.A. de C.V.; SIG Combibloc B.V.; Whakatane Mill Limited; SIG Combibloc Sp. z o.o.; SIG Combibloc Services SRL; 000 SIG Combibloc; SIG Combibloc S.A.; SIG Combibloc AB; SIG allCap AG; SIG Combibloc Group AG; SIG Combibloc Procurement AG; SIG Technology AG; SIG Combibloc Taiwan Ltd.; SIG Combibloc Ltd.; SIG Combibloc Limited; SIG Combibloc Inc.; SIG Holding USA, LLC; SIG Vietnam Ltd.
	G4-18	Explain the process for defining the report content and the Aspect Boundaries	Y	Y		See Determining report content, page 51 .
	G4-19	List all the material Aspects identified in the process for defining report content	Y	Y		See Our priorities, page 16 , and Determining report content, page 51 .
	G4-20	For each material Aspect, report the Aspect Boundary within the organisation	Y	Y		See Determining report content, page 51 .
	G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	Y	Y		See Determining report content, page 51 .
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Y	Y		Not applicable as this is SIG's first sustainability report.
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Y	Y		Not applicable as this is SIG's first sustainability report.
Stakeholder engagement	G4-24	Provide a list of stakeholder groups engaged by the organisation	Y	Y		See Stakeholder dialogue, page 13 .
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Y	Y		See Stakeholder dialogue, page 13 .

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	REQUIREMENT STATUS			WHERE TO FIND IN THE REPORT
			REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/WHY NOT REPORTED	
	G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Y	Y		See Stakeholder dialogue, page 13 .
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Y	Y		See Stakeholder dialogue, page 13 .
Report profile	G4-28	Reporting period	Y	Y		See About this report, page 2 .
	G4-29	Date of last report	Y	Y		Not applicable as this is SIG's first corporate responsibility report.
	G4-30	Reporting cycle	Y	Y		See About this report, page 2 .
	G4-31	Provide the contact point for questions regarding the report or its contents	Y	Y		See About this report, page 2 .
Report profile: GRI content index	G4-32	Report the 'in accordance' option the organisation has chosen	Y	Y		We report in accordance with the GRI guidelines: Core option. See About this report, page 2 .
Report profile: assurance	G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report	Y	Y		See About this report, page 2 and Assurance statement, page 65 .
Governance, structure and composition	G4-34	Report the governance structure of the organisation, including committees of the highest governance body, and identify any committees responsible for decision-making on economic, environmental and social impacts	Y	Y		See Responsibility built in, page 12 .
Ethics and integrity	G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Y	Y		See Governance and ethics, page 32 .
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	Y	Y		See Governance and ethics, page 32 .
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity	Y	Y		See Governance and ethics, page 32 .
	G4-2, G4-35 to G4-55		N	N	Not required for core	

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/NOT MATERIAL REQUIRED FOR CORE REPORTED (YES/NO/PARTIALLY) REASON FOR OMISSION/ WHY NOT REPORTED				WHERE TO FIND IN THE REPORT
ECONOMIC							
	EC1 to EC9		NM	N	N	Not material	
ENVIRONMENTAL							
Materials	G4-EN1	Materials used by weight or volume	M	Y	Y		See Sustainable raw materials, page 37 .
	G4-EN2	Percentage of materials used that are recycled input materials	M	N	N	Not required for core	
Energy	G4-EN3	Energy consumption within the organisation	M	Y	Y		See Environmental footprint, page 24 .
	G4-EN4	Energy consumption outside of the organisation	M	N	N	Not required for core	
	G4-EN5	Energy intensity	M	Y	Y		See Environmental footprint, page 24 .
	G4-EN6	Reduction of energy consumption	M	Y	Y		See Environmental footprint, page 24 .
	G4-EN7	Reductions in energy requirements of products and services	M	N	N	Not required for core	
Water	G4-EN8	Total volume of water withdrawn by source	NM	N	N	Not material	We use relatively little water in our operations and water use is not considered a material impact for SIG. However, we recognise that water is an increasingly important issue for stakeholders, particularly in water-scarce regions. Our production processes do not require water, except at our paper mill in New Zealand, so our main focus for reducing water use is on improving the efficiency of our filling machines (see page 45).
	G4-EN9	Water sources significantly affected by withdrawal of water	NM	N	N	Not material	
	G4-EN10	Percentage and total volume of water recycled and reused	NM	N	N	Not material	
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NM	N	N	Not material	Our own operations do not have a significant impact on biodiversity, and we minimise any potential impacts through our environmental management systems. We do not have any operations in areas of high biodiversity value. The main biodiversity risk for our business is in the supply chain, from the potential for deforestation. We only purchase liquid packaging board from paper mills certified to the FSC™ Chain of Custody standard and biodiversity is an important aspect of the FSC's principles
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	NM	N	N	Not material	
	G4-EN13	Habitats protected or restored	NM	N	N	Not material	
	G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	NM	N	N	Not material	
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	M	Y	Y		See Environmental footprint, pages 23-24 .
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	M	Y	Y		See Environmental footprint, pages 23-24 .

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/NOT MATERIAL REQUIRED FOR CORE REPORTED (YES/NO/PARTIALLY) REASON FOR OMISSION/WHY NOT REPORTED				WHERE TO FIND IN THE REPORT
			M	Y	P		
Emissions	G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	M	Y	P	Data not yet available. We aim to report Scope 3 emissions in 2017.	See Our value chain impacts, page 22 , with initial estimates of our Scope 3 GHG emissions.
	G4-EN18	Greenhouse gas (GHG) emissions intensity	M	Y	Y		See Environmental footprint, pages 23-24 .
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	M	Y	Y		See Environmental footprint, pages 23-24 .
	G4-EN20	Emissions of ozone-depleting substances	NM	N	N	Not material	
	G4-EN21	NOx, SOx, and other significant air emissions	NM	N	N	Not material	
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	NM	N	N	Not material	
	G4-EN23	Total weight of waste by type and disposal method	M	Y	Y		See Environmental footprint, page 25 .
	G4-EN24	Total number and volume of significant spills	NM	N	N	Not material	
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 ANNEX I, II, III, and VIII	NM	N	N	Not material	
Products and Services	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	NM	N	N	Not material	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	M	Y	Y		See Responsible products, pages 42-48 .
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	M	N	N	Not required for core	
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	M	Y	Y		No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2016.
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	NM	N	P	Not material	See Sustainable logistics, page 40 .
Overall	G4-EN31	Total environmental protection expenditures and investments by type	M	Y	Y		See Environmental footprint, page 23 .

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/ NOT MATERIAL	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/ WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	M	Y	Y		See Ethical supplier standards, page 34 .
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	M	N	N	Not required for core	
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts	M	Y	Y		No known grievances about environmental impacts.
SOCIETY							
Local Communities	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	NM	N	N	Not material	
	G4-S02	Operations with significant actual and potential negative impacts on local communities	NM	N	Y	Not material	
Anti-corruption	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	NM	N	N	Not material	
	G4-S04	Communication and training on anti-corruption policies and procedures	NM	N	P	Not material	See Governance and ethics, page 32 . Number and percentage of employees having received training on anti-corruption has not been recorded.
	G4-S05	Confirmed incidents of corruption and actions taken	NM	N	N	Not material	
Public Policy	G4-S06	Total value of political contributions by country and recipient/beneficiary	NM	N	N	Not material	
Anti-competitive Behaviour	G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	NM	N	Y		No legal actions for anti-competitive behaviour, anti-trust or monopoly practices in 2016.
Compliance	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	M	Y	Y		No significant fines or non-monetary sanctions for non-compliance with laws and regulations in 2016.
Supplier Assessments for Impacts on Society	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	M	Y	Y		See Ethical supplier standards, page 35 .
	G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	M	N	N	Not required for core	
Grievance Mechanisms for Impacts on Society	G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	NM	N	N	Not material	

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/ NOT MATERIAL	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/ WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
Labour practices and decent work: Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	M	Y	Y		See Employees, page 26 .
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	M	N	N	Not required for core	
	G4-LA3	Return to work and retention rates after parental leave, by gender	M	N	N	Not required for core	
Labour practices and decent work: Labour/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	M	N	N	Not required for core	
Labour practices and decent work: Occupational Health and Safety	G4-LA5	Percentage of total workforce representation in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	M	N	N	Not required for core	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	M	Y	P	Health rate metric currently in development that will cover occupational diseases	See Health and safety, page 30 .
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	NM	N	N	Not material	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	M	N	N	Not required for core	


INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/NOT MATERIAL REQUIRED FOR CORE REPORTED (YES/NO/PARTIALLY) REASON FOR OMISSION/WHY NOT REPORTED				WHERE TO FIND IN THE REPORT
			M	Y	P		
Labour practices and decent work: Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	M	Y	P	Breakdown of this data by gender was not recorded in 2016, but we plan to put in place a system to collect this data by 2018.	See Employees, page 28 .
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	M	N	N	Not required for core	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	M	N	N	Not required for core	
Labour practices and decent work: Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	NM	N	N	Not material	
Labour practices and decent work: Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	NM	N	N	Not material	
Labour practices and decent work: Supplier Assessment for Labour Practices	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	M	Y	Y		See Ethical supplier standards, page 35 .
	G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	M	N	N	Not required for core	
Labour practices and decent work: Labour Practices Grievance Mechanisms	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	M	Y	Y		Following the closure of our filler assembly plant in Rayong, Thailand the severance package offered by SIG, in line with local law and collective agreements, was challenged in court. In 2016, the court confirmed the package offered by SIG was correct.
Product Responsibility: Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	M	Y	Y		See Product safety, page 49 .
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	M	N	N	Not required for core	

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/ NOT MATERIAL	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/ WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
Product Responsibility: Product and Service Labelling	G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	NM	N	N	Not material	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	NM	N	N	Not material	
	G4-PR5	Results of surveys measuring customer satisfaction	NM	N	N	Not material	
Product Responsibility: Marketing Communications	G4-PR6	Sale of banned or disputed products	NM	N	N	Not material	
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	NM	N	N	Not material	
Product Responsibility: Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	NM	N	N	Not material	
Product Responsibility: Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	M	Y	Y		No fines for non-compliance with laws and regulations concerning the provision or use of products and services in 2016.
Human Rights: Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	NM	N	N	Not material	
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.	NM	N	N	Not material	
Human Rights: Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	NM	N	N	Not material	
Human Rights: Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	M	N	N	Not required for core	
Human Rights: Child Labour	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	M	N	N	Not required for core	
Human Rights: Forced or Compulsory Labour	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	M	N	N	Not required for core	

INDICATOR/ASPECT	GRI G4 REFERENCE	DESCRIPTION	MATERIAL/ NOT MATERIAL	REQUIRED FOR CORE	REPORTED (YES/NO/PARTIALLY)	REASON FOR OMISSION/ WHY NOT REPORTED	WHERE TO FIND IN THE REPORT
Human Rights: Security Practices	G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	NM	N	N	Not material	
Human Rights: Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	NM	N	N	Not material	
Human Rights: Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	NM	N	N	Not material	
Human Rights: Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	M	Y	Y		See Ethical supplier standards, page 35 .
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	M	N	N	Not required for core	
Human Rights: Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanism	NM	N	N	Not material	

Assurance statement

To SIG Combibloc Group AG, Neuhausen

We have been engaged to perform a limited assurance engagement on the sustainability information marked with “” in the Corporate Responsibility Report of SIG Combibloc Group AG, Neuhausen, (hereafter the “Company”) for the period 1 January 2016 to 31 December 2016 (hereafter the “Corporate Responsibility Report”).

Management’s Responsibility

The Company’s Management is responsible for the preparation and presentation of the Corporate Responsibility Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the “GRI-Criteria”) and for the selection of the information to be assessed.


This responsibility includes the selection and application of appropriate methods to prepare the Corporate Responsibility Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Corporate Responsibility Report, which is free of material misstatements due to intentional or unintentional errors.

Audit Firm’s Independence and Quality Control


We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Institut der Wirtschaftsprüfer (“Institute of Public Auditors in Germany; IDW”): Requirements to quality control for audit firms (“Entwurf eines IdW Qualitätssicherungsstandards 1 „Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis” (IdW EQS 1)”) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.


Practitioner’s Responsibility

Our responsibility is to express an opinion on the sustainability information marked with “” in the Corporate Responsibility Report based on our work performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Corporate Responsibility Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sustainability information marked with “” in the Corporate Responsibility Report has not been prepared, in all material respects, in accordance with the GRI-Criteria.


In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner’s judgement. This includes the assessment of

the risks of material misstatements of the sustainability information marked with “” in the Corporate Responsibility Report with regard to the GRI-Criteria.

Within the scope of our work we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organisation and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Corporate Responsibility Report regarding the preparation process, the underlying internal control system and selected sustainability information
- Analytical procedures on selected sustainability information of the Corporate Responsibility Report
- Assessment of the presentation of selected sustainability information in the Corporate Responsibility Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information marked with “” in the Corporate Responsibility Report of the Company for the period 1 January 2016 to 31 December 2016 has not been prepared, in all material respects, in accordance with the GRI-Criteria.

Emphasis of Matter – Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company’s sustainability management and sustainability reporting:

- Further development of the reporting processes as well as the control environment based on consistent standards in order to ensure stable processes and higher data quality.

Restriction on Use and Distribution

We issue this report on the basis of the engagement agreed with the Company. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, 10 March 2017

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)






















ppa. Juliane v. Clausbruch

Key performance indicators

We have begun defining a series of key indicators to measure our performance on our most material issues and additional strategic topics. The table below provides a summary

of those we are able to report in 2016. In 2017, we will continue developing appropriate indicators to measure our performance.

ASSURED BY PWC

	MATERIAL ISSUE	METRIC	2015	2016	
Responsible company	Energy and greenhouse gas emissions	Operational energy use (GWh)	276	309	
		Energy rate (MWh/million m ² of sleeves produced)	181	200	
		Energy rate (% change from 2014 baseline)	-4.2	5.8	
		Scope 1 greenhouse gas emissions (thousand tonnes CO ₂ equivalent)	21.3	29.3	
		Scope 2 greenhouse gas emissions (thousand tonnes CO ₂ equivalent)	80.7	78.0	
		Greenhouse gas emissions rate (tonnes CO ₂ equivalent/million m ² of sleeves produced)	70	72	
		Greenhouse gas emissions (% change from 2014 baseline)	-11.3	-6.7	
		Waste rate (tonnes non-product output/million m ² of sleeves produced)	37	35	
		Waste rate (% change from 2014 baseline)	5.7	0	
		Health and safety	Lost time cases	23	21
Lost time case rate (per 200,000 hours worked)	0.55		0.53		
Employee engagement	Sustainable engagement score (% favourable responses)	-	74		
	Employee Net Promoter Score (% promoters minus % detractors)	-	-16		
Training and development	Training and development investment (average training hours/employee)	28.5	24.8		
Labour rights	Plants completed SEDEX Members Ethical Trade Audit	-	7		
Responsible sourcing	A-materials from certified sources (% by spend)	27	39		
	Electricity in production plants from renewable sources (%)	31.2	33.4		
Deforestation	Packs sold labelled with FSC™ logo (%)	42	56		
Ethical supplier standards	New suppliers screened using social responsibility criteria (%)	-	100		
Responsible products	Sustainable product innovation	Impact mitigation potential of innovations related to current standard product	See Our packs, page 45 .		
	Recyclability	SIG packaging portfolio that is recyclable (%)	100	100	
	Food quality and safety	Significant product and service categories for which health and safety impacts are assessed for improvement (%)	100	100	
		Significant fines for non-compliances (€)	-	0	