

SUSTAINABILITY REPORT 2018



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AN EXCITING TIME FOR AR PACKAGING

AR Packaging is one of Europe's leading companies in the packaging sector offering a wide portfolio of carton-based and flexible packaging solutions. By combining our areas of expertise, we can and will be a true, reliable partner to our customers, standing out from the competition.



We have a broad customer base of large international companies as well as medium-sized regional and local customers in more than 50 countries globally. We have continuously moved our market positions forward through an increasing range of innovative packaging solutions and a larger share at our top customers.

The demand for high quality packaging solutions is growing with stricter regulations, increased focus on sustainability and a more competitive consumer market. Our strategy is to expand in high value-add segments, where the Group has a competitive edge, and to develop innovative packaging solutions in partnership with our customers to keep in line with market demand.

Our strategic work to improve operational efficiency and further optimise our footprint continued in 2018. We continuously review potential acquisitions in order to grow with selected customers to new geographical areas, while reviewing our current capacity to meet market challenges and customer needs. In 2018, we acquired Istragrafika, a producer of high-quality folding carton products for tobacco, food and consumer goods.

We see a clear shift in end-customers' behaviour, leading to more producers and food chains deciding to eliminate disposable items, replace plastic products and set clear targets on recyclability. This creates new business opportunities for us. While the global packaging industry is having to respond to a seismic shift in market and consumer demands, AR Packaging with its leading technological and innovative position is ideally positioned to play an important role in this change.

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I am proud to share our consistent approach to a sustainable development through a wide range of actions presented in this sustainability report.

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Our business is conducted in an ethically, socially and environmentally responsible manner, and we aim to contribute to the positive development of the communities where our products are used at the same time as we take action to reduce our operational carbon footprint. Being a signatory of the United Nations' Global Compact means we submit an annual COP (Communication on Progress) to show our efforts to embed the Ten Principles of the UN Global Compact into our strategies and operations.

I am proud to share our consistent approach to a sustainable development through a wide range of actions presented in this sustainability report for 2018.

Harald Schulz
CEO

SUSTAINABILITY IS HIGHER ON THE AGENDA THAN EVER

AR Packaging is committed to doing business in a sustainable manner and considers all aspects of packaging with tomorrow's world in mind. We take an active role in the on-going market shift through intensified innovation and support our customers to reach their sustainability targets.

The demands placed on companies to increase their sustainability initiatives continued to increase in 2018. Meeting social standards, conserving resources and reducing emissions have played a major role in recent years, and in 2018 the focus moved to the products themselves with two major themes: recyclability and avoidance of plastics. These areas have gained huge public interest, also through the adoption of the Single-Use Plastics Directive published by the European Commission. Our customers follow these developments very closely and drive changes in the packaging of their products faster than legal requirements.

AR Packaging is on top of these trends and regulations, has adapted its organisation accordingly and offers already today a variety of packaging solutions in the areas discussed. Furthermore, innovation is intensified and we have a pipeline of new and optimised products for launch in the coming months and years.

At the same time we are committed to never sacrifice the quality of the packed product and consumer safety by offering a packaging that does not do its job. That is and will always be our number one priority.

This sustainability report provides insights and examples of this trend, but above all it is intended to show our holistic approach to sustainability with set targets, results achieved, activities and examples from plants throughout our Group – all in line with the GRI approach.

I hope you enjoy reading the report and look forward to receiving feedback!

Robert Mayr
Product Safety and Sustainability Manager

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We take an active role in the on-going market shift to push innovation and support our customers to reach their sustainability targets.

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AR PACKAGING IN SHORT

AR Packaging is one of Europe's leading companies in the packaging sector, serving many blue-chip companies in the food, healthcare, confectionery and tobacco segments. The Group creates added value for customers through a broad product offering and deep knowledge of packaging.

The Group was formed in 2011 when A&R Carton, one of Europe's leading cartonboard packaging companies, and Flextrus, a market leader in northern Europe in flexible packaging, merged. CC Pack, SP Containers and AR Packaging Digital are also members of the Group, offering pressed trays, carton-based cups and digital printing. The head office is situated in Lund, Sweden.

AR Packaging presents stable growth and has in recent years made four major acquisitions. The acquisition of the European operations of MeadWestvaco Corporation elevated the company to a top three position in carton packaging in Europe. AR Packaging Digital AB in Helsingborg, Sweden, strengthened the Group's capabilities in digital printing and services. The acquisition of PT Maju Jaya Sarana Grafika in Indonesia was an important step in AR Packaging's strategy to expand beyond Europe in selected segments and niches. In 2018 the Group strengthened its position in southeast Europe through the acquisition of Istragrafiska in Croatia.

The products and solutions offered by AR Packaging are mainly printed folding cartons and flexible packaging. The offering includes everything from proprietary machinery systems to packaging design and development.

THE POWER OF COMBINED SKILLS

AR Packaging has a fully integrated organisation consisting of a family of strong brands, each of which brings vast experience and unique competencies in their respective field of packaging. Working together as one Group, we can offer customers unique synergies with a broad offering of cutting-edge packaging solutions. Our business is structured according to three divisions, which are each divided into two business segments.



BRANDED PRODUCTS

Tobacco
Confectionery



BARRIER PACKAGING

Performance Packaging
Flexibles



FOOD PACKAGING

Food Service
Food & Consumer Goods

OUR THREE DIVISIONS

SALES (MEUR)
€ 595

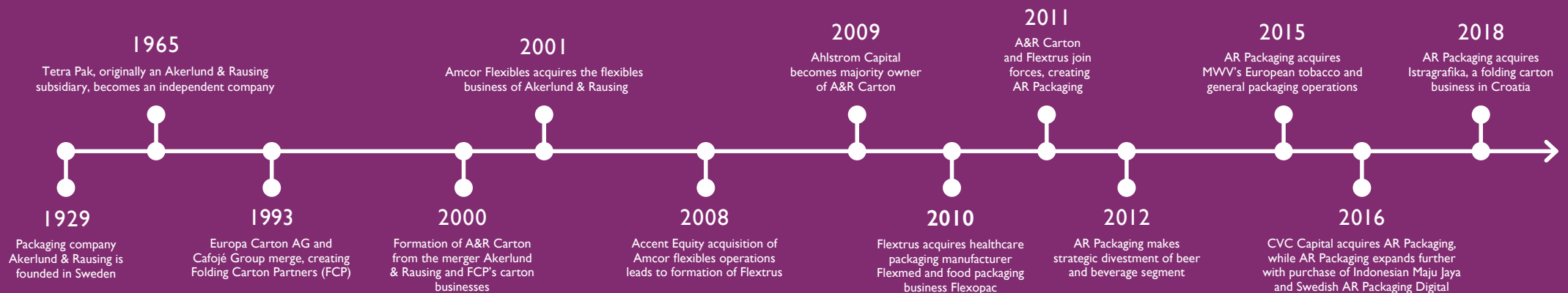
FACTORIES
19

COUNTRIES
11

EMPLOYEES
3,300

LOOKING FORWARD SINCE 1929

The origins of today's AR Packaging date to 1929, when Erik Akerlund and Ruben Rausing created a company with the revolutionary goal of reshaping European retailing on a model of pre-packaged goods. Their drive for change has shaped the company ever since, leading to such well-known developments as the very first "Tetra Pak" for milk. That innovative spirit continues to drive us forward today.



INTERNATIONAL REACH



MISSION AND BUSINESS STRATEGY

A longterm, forward-looking approach is at the core of how AR Packaging works. Since 2012, we have followed a business strategy based on three key objectives:

- Strong growth in applications where we have a competitive advantage, including four focus segments: Performance Packaging, Flexibles, Tobacco and Food Service
- A global approach in core segments with continued expansion beyond Europe
- Improved operational performance and cost efficiency, with increasing plant specialisation as well as optimisation of our product offering and production

AR Packaging sustained profitability has been the result of organic growth as well as strategic acquisitions that have expanded our global footprint. Emphasis on this global approach will remain a key part of AR Packaging's long-term strategy in the coming years. We are currently evaluating potential acquisition candidates in new regions. At the same time, we have continued the process of optimising our manufacturing capacity, including the closing of two plants in Europe.

Our business is divided into three divisions.

BRANDED PRODUCTS

Innovative packaging solutions for goods found in duty-free stores such as confectionery and tobacco. Being a reliable packaging supplier and having extensive geographical coverage are keys to our success.



BARRIER PACKAGING

Unique, high-performance packaging system solutions based on proprietary technologies, such as Sealio® and Cekacan®. A wide range of advanced flexible barrier materials supplied with world-class product customisation, service and lead times.



FOOD PACKAGING

Food-on-the-go packaging, in which consumer convenience is crucial and campaigns are frequent. High food safety and sustainability standards coupled with best-in-class key account management fulfil the food and consumer goods customers' needs.

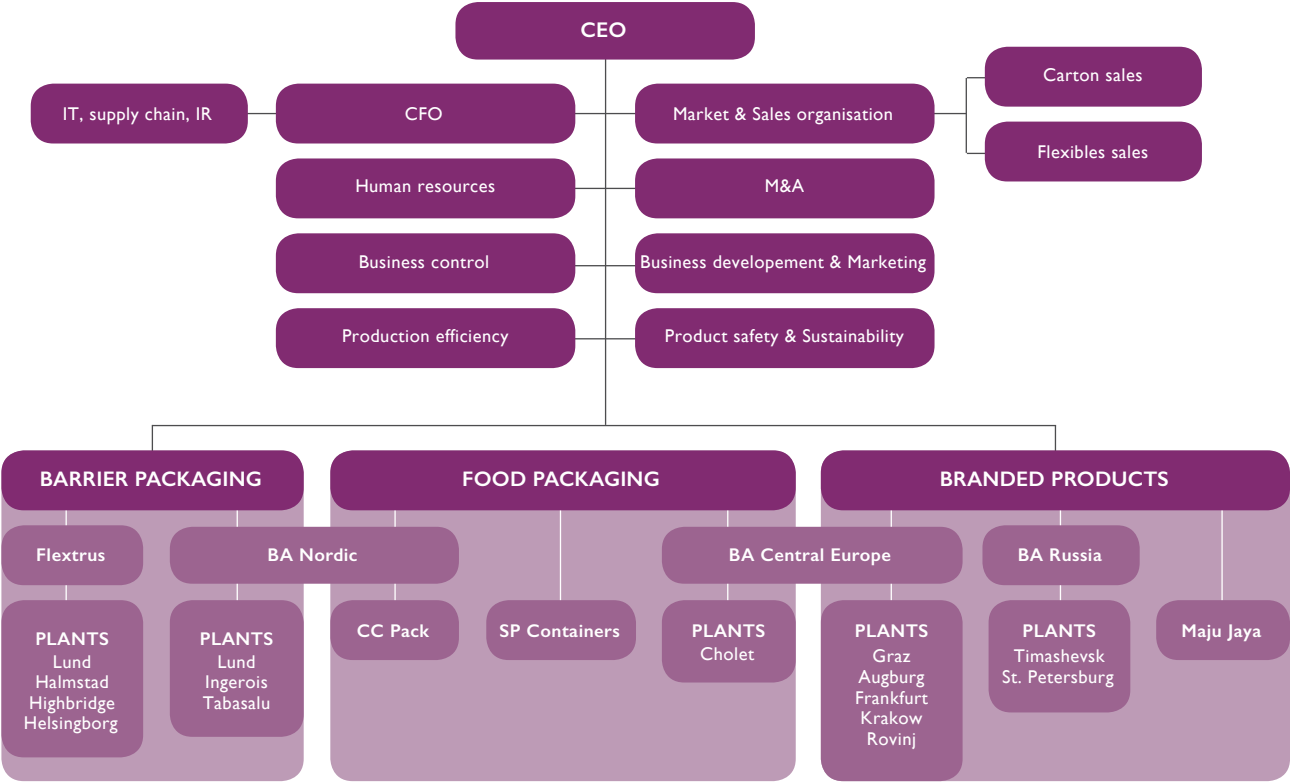


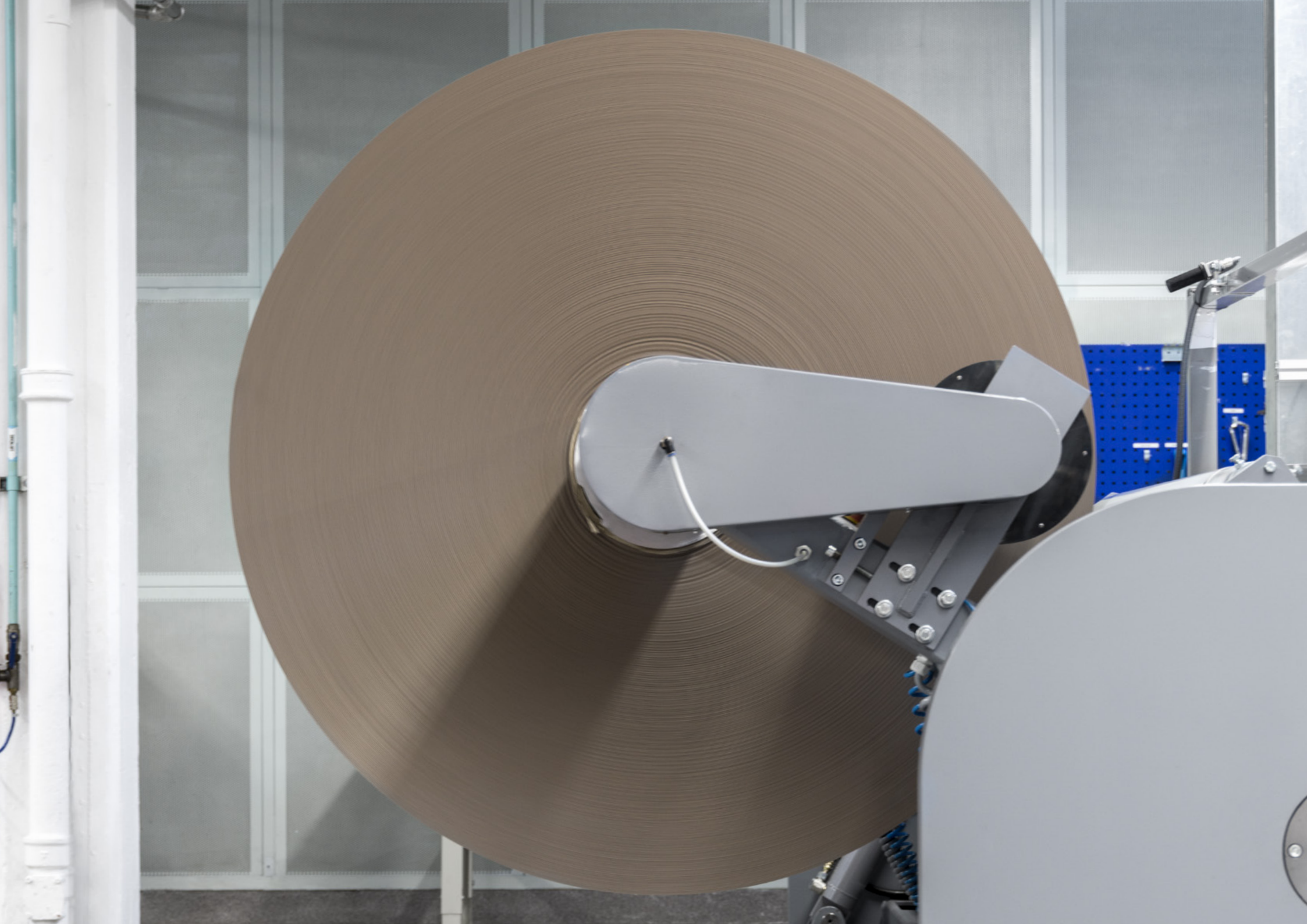
ORGANISATIONAL STRUCTURE

AR Packaging is organised into three divisions – Branded Products, Barrier Packaging and Food Packaging – which form the basis for how we manage operational and financial performance and related reporting. With full integration between the divisions, we can better support each by coordinating activities at a Group level. This allows for optimal utilisation of production facilities as well as significant overlap of critical functions, including sourcing, innovation, key account management and human resources.

Our CEO leads an executive management team consisting of seven members, which meets monthly. In addition, extended management meetings are held 3-4 times per year, with participation from operational and sales managers as well as other support functions. The AR Packaging Board of Directors includes six members as well as two employee representatives. ÅR Packaging Group AB is owned by CVC Capital Partners, one of the world's leading private equity firms. CVC manages capital on behalf of over 300 institutional, governmental and private investors world-wide and has secured commitments of more than USD 71 billion in funds from investors.

ÅR Packaging Group AB is a Swedish public company with head office in Lund. The company's governance is controlled via the Annual General Meeting (AGM), the Board as well as the CEO and the Executive Management Team (EMT) of AR Packaging in accordance with the Companies Act, the Articles of Association and the directives of the Board and the CEO. Representatives from Executive Management Team are also included in the Board of Directors of each subsidiary.





SUSTAINABILITY STRATEGY AND REPORTING

AR Packaging has a long track record of a consistent approach towards sustainability. With the major shift ongoing in the marketplace, it is an increasing opportunity to capitalise on the cooperation with the Group's stakeholders – primarily customers and suppliers, but also other groups and organisations. The aim is to demonstrate continuous improvement in environmental, social, and economic areas as well as to proactively meet market demands and expectations.

Environmental consciousness is at the forefront of our innovation, and we work closely with customers to develop new solutions that meet their requirements with an optimised ecological footprint. The Group's long-term target is to have zero negative impact on the communities in which it operates. Being a results-oriented organisation, the responsibilities are decentralised to the operational locations and their respective experts, who are monitored and sponsored by Group management.

MATERIALITY OF TOPICS

In sustainability reporting, materiality is the principle that determines which topics are most important and therefore essential to report. The emphasis in a report is expected to reflect the relative priority of importance. These include the organisation's overall mission and competitive strategy, and the concerns expressed directly by stakeholders.

AR Packaging applies this approach and has assessed a wide range of sustainability topics with importance to the organisation as well as to its stakeholders. Internal and external factors are considered, and assessment of topics regarded as unimportant is based on irrelevance to the organisation or topics covered by, for example, legislation in relevant countries.



ECONOMY

1. Economic Performance
2. Market Presence
3. Indirect Economic Impact
4. Procurement Practices



ENVIRONMENT

5. Materials
6. Energy
7. Water
8. Biodiversity
9. Emissions
10. Effluents and Waste
11. Products and Services
12. Compliance
13. Transport
14. Overall
15. Supplier Environmental Assessment
16. Environmental Grievance Mechanisms



LABOUR PRACTICES AND DECENT WORK

17. Employment
18. Labour/Management Relations
19. Occupational Health and Safety
20. Training and Education
21. Diversity and Equal Opportunity
22. Equal remuneration for Women and Men
23. Supplier Assessment for Labour Practices
24. Labour Practices Grievance Mechanisms



HUMAN RIGHTS

25. Investment
26. Non-discrimination
27. Freedom of Association and Collective Bargaining
28. Child Labour
29. Forced or Compulsory Labour
30. Security Practices
31. Indigenous Rights
32. Assessment
33. Supplier Human Rights Assessment
34. Human Rights Grievance Mechanisms



SOCIETY

35. Local Communities
36. Anti-corruption
37. Public Policy
38. Anti-competitive Behaviour
39. Compliance
40. Supplier Assessment for Impacts on Society
41. Grievance Mechanisms for Impacts on Society



PRODUCT RESPONSIBILITY

42. Customer Health and Safety
43. Product and Service Labeling
44. Marketing Communications
45. Customer Privacy
46. Compliance



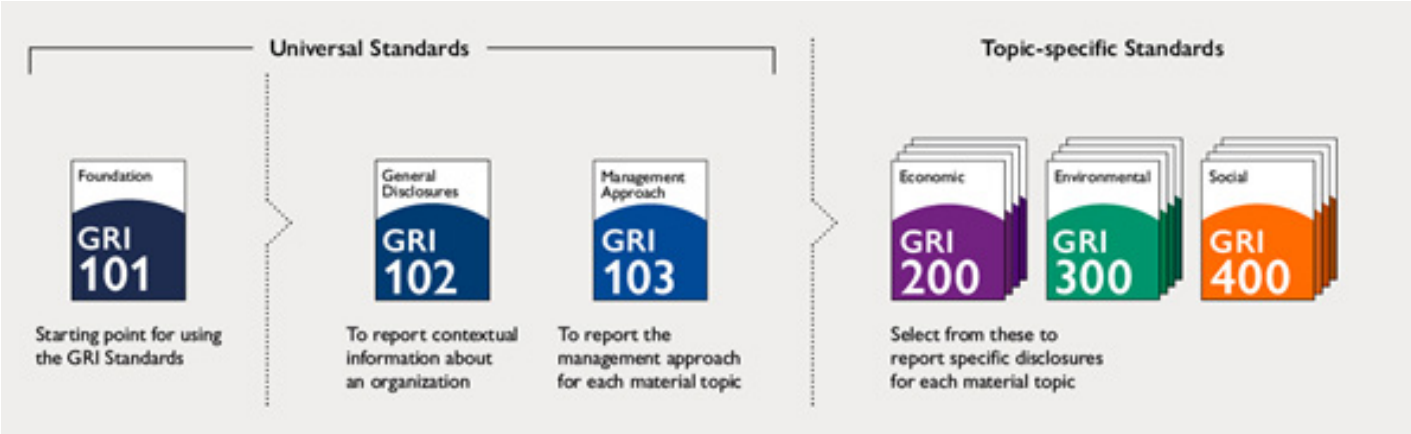
REPORTING SYSTEM

A Sustainability report is published annually on AR Packaging's website. A common software supported the collection of data from 18 production plants in 2018. The Group applies the GRI Standards (Global Reporting Initiative) for its sustainability reporting and the new standards are applied since 2017.

The GRI Standards is a framework of three general and 33 thematic standards designed to be used by organisations to report their impacts on economic topics (series 200), environmental topics (series 300) and social topics (series 400). Each topic standard is designed to be used together with GRI 103:

Management Approach. The full set can be downloaded at www.globalreporting.org/standards/.

This Sustainability report has been prepared following the GRI Standards: Core option. It is also intended for COP reporting as part of the Group's membership in the UN Global Compact and includes a short summary of yearly results for the Carbon Disclosure Project (CDP), where reporting is done on their platform.



Ref: www.globalreporting.org/standards/gri-standards-download-center/

SUSTAINABILITY TARGETS

Following the strategic business plan for AR Packaging, sustainability targets have been set on a five-year basis since 2015 and focus on the activities listed below. The overall outcome of 2018 shows good improvement compared to previous years, with positive developments on most targets.

However, the operational optimisations efforts with plant mergers and closures in 2018 sometimes complicates a fair assessments. Also, the inclusion of the Indonesian plants with much higher emission factors than in Europe, makes the targets set in 2014, and based on a different geographical footprint, more challenging.

Moreover, when new target setting will review the use of comparative figures based on produced square meters instead of tons, to improve comparability while there is a change in product mix and a clear market trend for reduced grammage of cartonboard.

	TARGET 2020 (ON THE BASIS OF 2014 PRODUCTION PER TON)	EXAMPLES ACHIEVED IN 2015-2018	STATUS ACHIEVED IN 2018
CARBON EMISSION	<p>Reduction for Scope 1 & 2 GHG emissions by 10% by 2020</p> <ul style="list-style-type: none"> • Increase our environmental performance at our 17 plants • Improve our reporting on environmental figures • Close cooperation with customers to support their targets and improve scoring on the Carbon Disclosure Project (CDP) • Increase supplier involvement for all targets <p>Reduction for Scope 3 GHG (indirect) by 5% by 2020</p> <ul style="list-style-type: none"> • Start tracking Scope 3 GHG figures until the end of 2017 and set the basis for measurements 	<ul style="list-style-type: none"> • Improved and more detailed data collection at plant level and Group level • Improved CDP Scoring from 2014 • Increased use of green energy and Lund plants using biomass (2018 first full year) 	<ul style="list-style-type: none"> • Scope 1: -18,5% compared to 2017 and -43% compared to the base year 2014 calculated per produced ton • Scope 2: +6% compared to 2017 and -9% compared to the base year 2014 calculated per produced ton • CDP: Comparable scoring as prior years, but based on a further developed and more demanding scoring approach • Scope 3: Postponed to 2019/2020
ENERGY	<p>Reduction of energy consumption by 19% by 2020</p> <ul style="list-style-type: none"> • Improved and enhanced data collection at our 17 plants (2014) • Increased activities at plants to reduce energy consumption 	<ul style="list-style-type: none"> • Increased energy mapping at several plants • ISO 50001 certification at German plants • Multiplicity of measures at all plants • Energy mapping at several plants refined to generate the basis for further measures 	<ul style="list-style-type: none"> • A&R Carton: Total consumption -2,3% compared to 2017 and +51% compared to base year 2014. Calculated per produced ton +7% compared to 2017 and -3% compared to base year 2014. • Flexibles plants: Total consumption -0,4% compared to 2017 and +9% compared to base year 2014. Calculated per produced sqm -5% compared to 2017 and -10,6% compared to base year 2014.

	TARGET 2020 (ON THE BASIS OF 2014 PRODUCTION PER TON)	EXAMPLES ACHIEVED IN 2015-2018	STATUS ACHIEVED IN 2018
ENERGY	Increase use of renewable energy in comparison to base year	<ul style="list-style-type: none"> Four plants moved to 100% renewable energy Decision to install photovoltaic system in Graz, Austria (2017) Installation of biomass energy for Lund plants 	<ul style="list-style-type: none"> First full year of biomass for Lund plants and photovoltaic system in Graz No change on use of green energy to previous year
WATER	Reduce water consumption by 3% <ul style="list-style-type: none"> Water management and measures to reduce water use from sustainable resources 	Renew cooling process and washing machine in Graz, Austria, in 2017	Total water consumption +2,4% compared to 2017 and +91% compared to base year 2014 (+6% compared to 2015). Calculated per produced ton +9% compared to 2017 and +44% compared to base year 2014 (-7% compared to 2015)
WASTE	Reduce hazardous and non-hazardous waste generation by 5% <ul style="list-style-type: none"> 2018, hazardous waste: Special focus on waste from printing inks, coatings and adhesives, which covers 57% of hazardous waste 2018, non-hazardous waste: Special focus on carton board waste, which covers 78% of non-hazardous waste 		<ul style="list-style-type: none"> Hazardous waste decreased by -27% compared to 2017 and has increased +30% compared to base year 2014. Calculated per produced tons -20% in comparison to 2017 and +15% compared to base year 2014. Waste from printing inks and coatings (50% of total hazardous waste) decrease -36% compared to 2017. Non-hazardous waste remained on same level as 2017 and increased by +34% compared to base year 2014. Calculated per produced tons +10% compared to 2017 and +19% compared to base year 2014.
SAFETY	Reduce injury rate by 20% (based on 2015 figures) <ul style="list-style-type: none"> Install improved health and safety reporting at the Group level until the end of 2018 Activities to increase injury awareness among employees 	<ul style="list-style-type: none"> Safety days and safety promotions in several plants Multiplicity of technical measures to support targets 	<ul style="list-style-type: none"> Total number of accidents decreased to 52 (-28%) compared to 72 in 2017. Eight of the 18 plants had no recorded accidents with lost work days.

	TARGET 2020 (ON THE BASIS OF 2014 PRODUCTION PER TON)	EXAMPLES ACHIEVED IN 2015-2017	STATUS ACHIEVED IN 2018
SOCIAL	Compliance with UN Global Compact, local legislation, and industry standards <ul style="list-style-type: none"> Member of Sedex and Social audits at all plants by 2020 Implementation of a whistleblowing system 	<ul style="list-style-type: none"> Reviewed and updated Code of Conduct 2015 and 2016 Increased number of plants that are SEDEX members and running social audits Implementation of whistleblowing system Member of ECOVADIS on the Group level Integration of sustainability aspects in supplier audits 	<ul style="list-style-type: none"> 13 plants of 18 are involved in Sedex and the social audit system 15 plants of 18 plants perform social audit by Sedex or by specific customer approach 55 suppliers undergo internal sustainability/code of conduct assessment
STAKE-HOLDER ENGAGEMENT	Public and transparent reporting of sustainability figures following GRI and UN Global Compact requirements	Enhanced sustainability report since 2015	<ul style="list-style-type: none"> Target reached New GRI standards are applied since 2017

CUSTOMER SATISFACTION AND AWARDS

Our business is built around a customer-oriented, proactive approach that focuses on the current and future needs of our customers as well as those of their consumers and supports them meeting the market's ever-changing demands. AR Packaging's broad-based sales team combines Key Account management for multinational companies with local sales to medium-sized and smaller regional customers. The close customer collaboration is proven by the average relationship length for our top 20 customers is nearly 30 years.



AR Packaging has an ever-expanding offering of products consisting primarily of cartonboard and flexibles packaging, as well as pre-formed trays, cups and containers. Additionally, we design and supply complete packaging system solutions to customer facilities, including all necessary machinery and materials. Also, the organisation possesses extensive technical know-how and can support customers at every stage of the process – from the development of new packaging and design to production and logistics.

In addition to creating cross-selling opportunities between our company brands and business segments, integration enables us to make quick decisions when it comes to investments, which has been well recognised by customers. Customers also benefit by having access to the full scope of our teams' experience, expertise and capabilities, ensuring they can get the ideal packaging solution to best suit their particular product, market and target consumers.

The sales organisation is supported by dedicated plants where everyone follows a systematic process of improvement to ensure high levels of customer satisfaction in all fields. Depending on the needs of the customer, various measurement approaches are used to assess customer satisfaction. These are followed up on a regular basis in meetings with management, sales, innovation, quality management, etc. These assessments confirm successful actions that have been taken as well as give input for improvements.

AWARD WINNING INNOVATIONS 2018

AR Packaging continues to lead the market with innovative, consumer-driven packaging solutions. In 2018, among other awards, we were recognised by the UK Packaging Awards for our KitKat Senses carton packaging, developed in close collaboration with Nestlé. We also received design awards for our ground-breaking eco-friendly PaperLite® thermoformable material and a number of other products.

RED DOT AWARD

Communication Design

PEEKBOX, developed for fastener specialist TENZ

Selected among more than 8,600 international communication design works.



reddot award 2018
winner



PENTAWARDS BRONZE

Sustainable Design

Flextrus Paperlite®, which replaces full plastic tray materials 2018's award-winning innovations.



UK PACKAGING AWARDS – KITKAT SENSES

When Nestlé was looking for a new packaging for its KitKat Senses, AR Packaging and its group of specialised companies supported in shortening the speed to market substantially.

In a short time frame, a unique and sustainable pop-open box made for sharing was developed, tested and launched. Different parts of AR Packaging with innovative structural designs made by A&R Carton, printed prototypes produced by AR Packaging Digital and the commercial packaging supplied by A&R Carton Germany.

An attractive sharing platter opens up when the lid is removed and the chocolates are presented in a tempting way. The pack is very convenient to serve from – nice looking on the table – and can easily be reclosed. The tray and lid are made of 100% cartonboard and no outer plastic wrapping is needed.

The project started with an idea generation by Nestlé and AR Packaging with the intention to update their new KitKat series. Two months later, we had come to a winning concept and another two months later the final design was ready to print! In order to continue on this fast track, AR Packaging Digital could deliver the first prototypes to Nestlé just one week after they got the final decision of the design. This is AR Packaging Digital's specialty; fast lead times of printing on the finally intended material. Two weeks after the prototypes were delivered, the final decision was made and the production started at A&R Carton in Frankfurt, Germany.

A very satisfied Svetlana Kourianova, European Key Account Manager at AR Packaging says: "I'm very proud to be part of

AR Packaging and how it provides all possibilities to work together with its many specialized subsidiaries. In this case AR Packaging Digital (former Mediaköket) delivered the prototypes super-fast and made it easy for me to pitch this idea to Nestlé. All cred to my great colleagues at the A&R Carton Frankfurt plant for doing a great job with design, development and of course production!"

The project started in January 2017 and KitKat Senses was available in shops February 2018 – an example of how a large brand owner is committed to shortening their new product development process. The project is proof of what good cooperation, both between customer and supplier but also between the companies in the AR Packaging Group, can achieve!

“

I'm very proud to be part of AR Packaging and how it provides all possibilities to work together with its many specialized subsidiaries.

*Svetlana Kourianova, European
Key Account Manager at AR Packaging*

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SOCIAL RESPONSIBILITY



HUMAN RIGHTS AND LEGAL COMPLIANCE

AR Packaging is committed to conducting its business in an ethically, socially and environmentally responsible manner. Making a positive contribution to the communities where the Group has an impact as well as the overall health of the planet plays an important role in the strategic planning. The Group's global expansion put further emphasis on managing its business in a responsible and forward-looking manner. Risks and preventive measures regarding Human rights and Legal compliance are regularly assessed covering topics such as corruption, compliance with internal rules and suppliers (see separate chapter).

MEMBER OF UN GLOBAL COMPACT SINCE 2008

As a reflection of this commitment, AR Packaging is a signatory to the UN Global Compact, which has set out ten principles defining the fundamental responsibilities for businesses. www.unglobalcompact.org

CODE OF CONDUCT

The AR Packaging Code of Conduct contains the most important corporate principles and behavioural rules with statements on human rights, discrimination and social standards, where the Ten Principles of the UN Global Compact have been incorporated. General statements on labour principles are also included in the Code and detailed policies and procedures have been implemented at the plants to support the Code at local level. The Code helps all employees in putting the company values into action in everyday work situations and provides guidance on how to act. It also explains what employees can expect from AR Packaging.

The Code of Conduct is reviewed regularly and approved by the Board of Directors. Latest update took place in November 2018 with minor adjustments. To secure full understanding of our company values and to apply them, the Code was translated into local languages by the plants, followed by training of all employees at all plants. The training included re-information about possible ways to claim

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

The principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. They cover four areas:

HUMAN RIGHTS

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

incidents through the existing organisation or anonymously using a whistleblowing service. Management, employees with personnel responsibilities and selected groups in sales, purchasing, HR etc. have to sign off the Code after training. Training of all other employees was executed in different ways pending on the plants.

The special focus on full implementation of the Code of Conduct at the Indonesian plants continued in 2018, based on the risk assessment made in 2017 after the acquisition of the plants. An external social audit performed in July 2018 at the Bekasi plant showed room for improvements in the human rights area, which were implemented by the end of 2018 and confirmed without any further abnormalities in the re-audit. Nevertheless, this confirms that cultural differences around the world may result in different interpretations of the requirements on the businesses and proves the risk assessment done by AR Packaging with need for special attention on certain countries.

SUPPLIERS

Many of the AR Packaging's customers, often global players, have assumed leadership roles in the implementation of social responsibility in their markets and consequently expect the same from AR Packaging and its suppliers. To underline the importance of sustainable performance, the due diligence process for AR Packaging's main suppliers initiated in 2017 continued in 2018. Currently the 55 main suppliers – including the Group's top 30 suppliers in value – have been checked according to this process. The main suppliers must sign the AR Packaging Code of Conduct or have a comparable document in place. The Group common supplier audit approach includes one section on sustainability and Code of Conduct. This was slightly updated in 2018 based on experiences from the supplier audits performed in 2017/2018.

The main suppliers are currently operating in non-critical and well-regulated countries, and none of them were identified with a significant risk for incidents in human rights or other topics covered by the AR Packaging Code of Conduct. No supplier incidents were noted by the organisation in 2018. Also in this area there is special focus on the two Indonesian plants and in order to secure adherence to the AR Packaging values supplier audits will be performed in Asia with support from the Group organisation during first half of 2019. These audits will identify if there are any special measures needed for any supplier in this region.

ANTI-COMPETITIVE BEHAVIOUR

Anti-competitive behaviour, anti-trust and monopoly practices can affect consumer choice, pricing and other factors that are essential to efficient markets. Legislation introduced in many countries seeks to control or prevent monopolies, with the underlying assumption that competition between enterprises also promotes economic efficiency and sustainable growth.

AR Packaging was not involved in any court proceedings due to anti-competitive behaviour or violations of antitrust laws in 2018. The Group strictly applies the international and local legal requirements as well as business obligations for the latest merger activities and for future activities.

ANTI-CORRUPTION

AR Packaging is committed to working to combat all forms of corruption, including extortion and bribery. No such illegal activity will be tolerated either in action or as negligence by any employee, supplier or business partner. Suitable means are used to promote transparency, trading with integrity, responsible leadership, and company accountability. The Group complies with the applicable criminal law on corruption.

There were no changes in risk assessment and strategy related to corruption at the existing plants Europe in 2018. The Indonesian plants are still assessed with a higher risk of corruption in comparison to the European plants. This is based on the fact that it is well known that corruption in Indonesia is a long-term problem with a political and cultural background, although there have been slight improvements over the last ten years according to different indexes (e.g. Transparency International). Special emphasis on implementation of the whistleblowing service was also put in the communication to the employees at these plants. Although the Group acts in the standard business sector with many global customers and less risk, the anti-corruption approach is monitored very closely in this region and is incorporated in measures linked to the Code of Conduct.

The Code of Conduct clearly states that neither AR Packaging employees nor anyone acting on behalf of the Group may solicit, give, or receive, directly or indirectly, gifts, gratuities, special allowances, or benefits that might influence the judgement of the recipient or are deemed unreasonable in the context. No incidents of corruption were reported or registered in 2018 – either at the individual plants, on the Group level or via the whistleblowing system. Also no possible corruption cases in connection with suppliers were registered or reported.

ANTI-COUNTERFEITING

A separate Anti-Counterfeiting and Anti-Illicit Trade Policy is available for AR Packaging. This policy regulates how the Group manages activities related to anti-counterfeiting and anti-illicit trade as well as defining roles and responsibilities for these areas. It is reviewed regularly and approved by the Board of Directors, which was most recently done in November 2018. The Group cooperates with its customers

in observing the potential use of its products and services for illegal purposes, and offers a range of solutions, both widely used and new innovations, to secure the business on both sides.

AR Packaging regards product authenticity as a very serious matter, especially in the tobacco business which is a focus business segment for the Group and where it is more likely to be confronted with counterfeiting risks. Therefore, the close cooperation with the tobacco customers and suppliers was intensified in 2018 to provide solutions fulfilling the new EU directive. This requests individual identifier (traceability) and a forgery-proof security features to avoid counterfeiting and illicit trade. Currently, the solution will be implemented on the tax sticker and printed stickers. All the options developed are also offered to all non-tobacco customers, where they can contribute to the safety of their products and brand image.

WHISTLEBLOWING

The AR Packaging whistleblowing procedure fosters high business ethics and report concerns of misconduct. All employees, including temporary workers and stakeholders, who suspect a breach of the Group's Code of Conduct shall report the matter to relevant supervisors, plant managers, or an HR representative. However, if necessary, a whistleblowing service is available for reporting suspected breaches anonymously.

In 2018 we received two whistleblowing case related to different plants in different countries. A discrimination case with pressure on an employee by its supervisor was carefully followed up by the internal compliance team and involvement from both the employee and the plant management. The other case related to sexual harassment between two temporary workers that was not managed as expected

by the supervisor. The case was reported by a third person and after analysis by the internal compliance team it pointed out the need for clear communication that the Code of Conduct and use of whistleblowing service is applied also for temporary workers from external employment agencies.

The low whistleblowing rate continues and demonstrates that long-term well-established communication channels such as trustworthy persons or workers' councils are effective for standard case reporting at the plants. Nevertheless, the whistleblowing services serves as an alternative and in cases where there is a need for anonymity.

SOCIAL AUDITS

The requirements from customers to show compliance with external social audits continued to increase in 2018. The organisation and all plants are checked regularly by external business consultants and authorities and during social audits for any signs of violations against the Group's values, legislation or international standards.

14 of 18 plants are members in the Sedex (Supplier Ethical Data Exchange) platform, where the social and ethical approach, self-assessment on social requirements and more is disclosed to the customers connected to us on the platform. In addition, Sedex offers regular social audits called SMETA-4-Pillar, where seven of the mentioned 14 plants have been audited successfully in 2017/2018 (with validity for up to 3 years).

Additionally, depending on customer demand the plants uphold different alternative social audit approaches which covers comparable requirements. Only three plants are not externally assessed on social requirements in addition to fulfilling the AR Packaging Code of Conduct. These are assessed

internally as low risk being located in Germany, Poland and Sweden with clear comprehensive legal requirements. Nevertheless, the target is to have all plants in the Group externally assessed on social requirements in the coming years.

EMPLOYEES, LABOUR PRINCIPLES AND SOCIAL ENGAGEMENT

Driving performance is about getting the best out of the business, and that means getting the best out of the people. Creating a self-sustaining workplace culture, however, cannot happen overnight and the process is never finished but a journey. AR Packaging is on that journey to continuously improve the company culture and build a thriving and successful international team as the business grows.

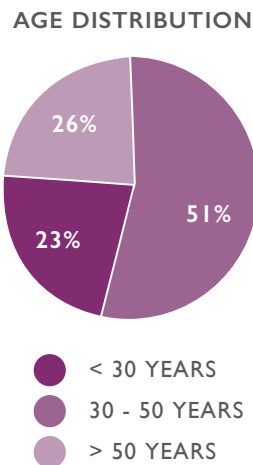
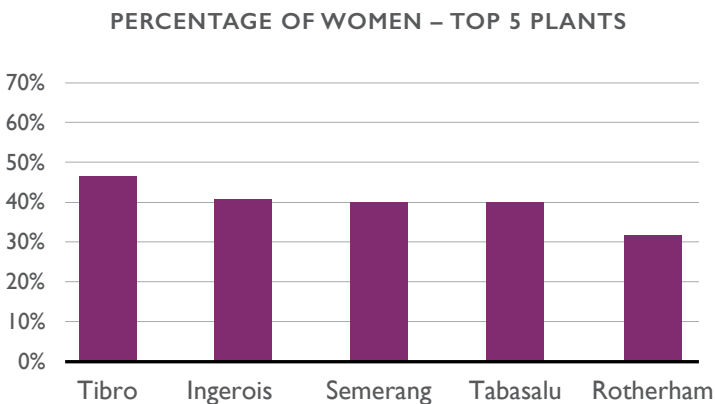
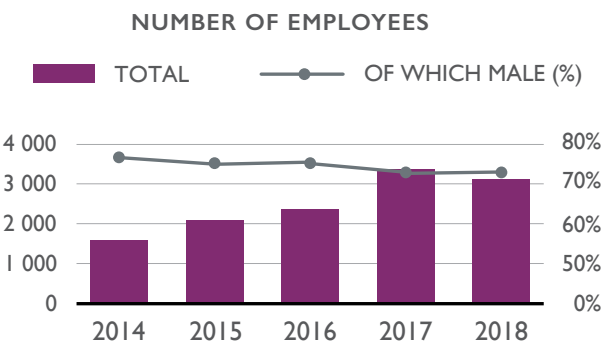
AR Packaging is growing geographically which is reflected in the employee numbers. The total number of employees by end of 2018 was 3 108. The decline compared to 2017 is mainly due to the optimisation of our production footprint with closure of the two plants in Moscow and Kauttua while moving the volumes to other plants.

The Nordic plants generally have a higher percentage of female employees, but one of the Indonesian plants enters among the

top 5 list in 2018. As the Group grows its business operations in different geographical regions and locations, diversity becomes an increasingly integral aspect across the organisation.

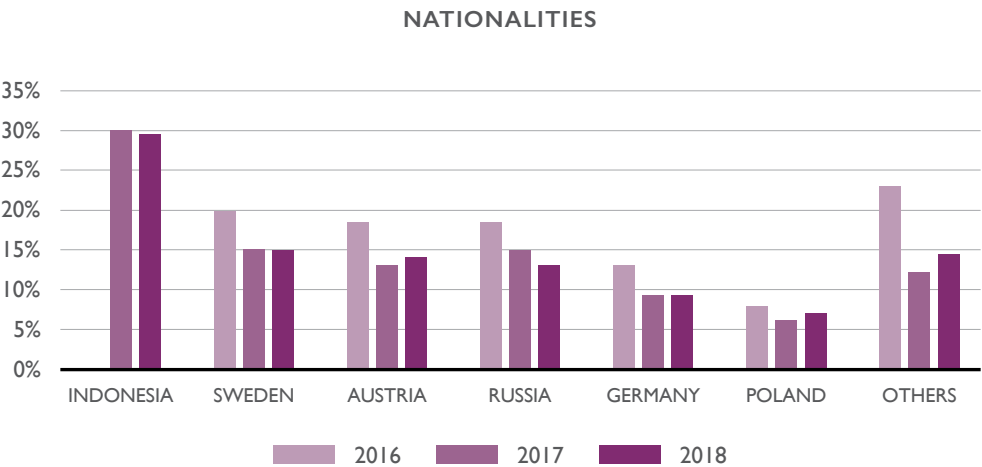
AR Packaging is in the highly valuable position to employ many persons with a long working relationship, which can indicate high satisfaction and loyalty to the company.

In 2017 the entry rate was 13% (8% in 2016) and the fluctuation rate was 16% (6% in 2016), with main impact from the closure of two plants. The main age range continues to be 30–50 years. The group of young persons under 30 years of age increased by about 1% in 2018, influenced by both Indonesian and some European plants. At the same time the percentage of employees over 50 years of age increased by 4%.



GROWING THROUGH DIVERSITY

As the Group grows its business operations in different geographical regions and locations, diversity becomes an increasingly integral aspect across the organisation. In 2018, over 20 different nationalities worked at the 18 plants across 11 countries. The plants in Indonesia with high labour intensity has a strong impact on the percentage split of nationalities.



LABOUR PRINCIPLES

General statements on the labour principles are included in the AR Packaging Code of Conduct. The elimination of all forms of forced, compulsory and child labour is legislated in all countries where AR Packaging has employees.

A CULTURE OF GROWTH AND DEVELOPMENT

In 2018, effort was put to centralise talent management in the Group. Unified HR processes have been established throughout the Group, with a full HR reporting system. This enables an overview of all competences across the different aspects of the business and provides a basis for improved internal collaboration and sharing expertise as well as talent between the different divisions, brands and facilities.

A culture of continuous learning and development is critical for how we work at AR Packaging. Managers and employees work together on assessment, identifying what the employee needs to meet today's targets and to develop for the next stage of their career. Our aim is to support employees so they can identify the areas where they excel, ensuring they are in a role where they can achieve success.

PRACTICES

AR Packaging is committed to providing fair compensation and working conditions for all its employees. Working hours are set according to the domestic laws in force or to industrial standards. All employees are informed of and have the right to know the basic terms and conditions of their employment. The Group condemns differences in salary and remuneration between women and men in our organisation. To be perceived as a good employer and attract talented people and thereby secure the future workforce, it is crucial that employees are treated equally.

The Group's consultation practices with employees and their representatives include management cooperation with the workers' councils at all plants where consultation is done in line with set rules and the communication of significant operational changes at a plant in a professional way, often through staff meetings with management.

FORCED, COMPULSORY AND CHILD LABOUR

The elimination of all forms of forced, compulsory, and child labour is a key principle and objective of major human right instruments and legislation. Child labour does not refer to youth employment. The minimum age for employment varies from country to country and ILO (International Labor Organization) Convention 138 sets a minimum age of 15, or the age at which compulsory education ends (whichever is higher).

All countries where the Group operates have clear legal regulation on these topics and also statements are included in the AR Packaging Code of Conduct. Risks for non-compliance are assessed as demonstrated in the chapter Risk assessment. No incidents were noticed in 2018 in the AR Packaging supply chain.

NON DISCRIMINATION

Discrimination can occur on many different grounds such as race, colour, sex, religion, political opinion, national extraction and social origin. It can also occur based on age, disability, migrant status, health status, gender, sexual orientation, genetic predisposition and lifestyles, among others. AR Packaging include

statements on discrimination in its Code of Conduct and has implemented clear policies to avoid discrimination. All employees have several different opportunities to report violations at the plants as well as at the Group level using the whistleblowing service. A case of this is mentioned in the chapter Human rights and legal compliance.

Worth mentioning is also the Group's ongoing investment in leadership skills training for management and supervisors.

RIGHTS OF INDIGENOUS PEOPLE

The Code of Conduct also specifies the respect for the rights and title of individuals and local communities, including indigenous communities, to their land and natural resources. No incidents were recognised or recorded in the 2018, but as a company in growth phase with geographical expansion relevant management is alerted on the rights indigenous people during the regular training in the Code of Conduct.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

AR Packaging and all plants respect the rights of employees to exercise the right of association. Employees are free to form or join unions and participate in collective bargaining. Each plant has a workers' council and meetings with representatives of the workers' councils at Group level are supported by the top management. In general no plant violates or could significantly threaten employees' right to freedom of association

or collective bargaining. All workers' representatives can hold their representative functions in the workplace and openly communicate regarding working conditions without fear of discrimination, reprisal or harassment.

PARENTAL LEAVE

AR Packaging is aware of the importance of family life and supports several different possibilities of parental leave for both parents. A total of 121 employees (57 in 2017), of which 58 were men (18 in 2017), went on parental leave in 2018 and 94 employees (36 in 2017), thereof 57 men, returned to their plants and were integrated back into work. The numbers are clear proof of change of behaviour and AR Packaging supports this development. Depending on country and plant, there are also various part-time models available with differing approaches.

BENEFITS

Benefits provided to full-time employees vary between the plants in the Group. Typical benefits offered are healthcare, disability, and invalidity or life insurances. Several other benefits are in place and have been established over many years. Most plants sponsor daily food in a canteen, as well as free water and fruit during the work day. Every plant has a company suggestion system where employees can propose good ideas to improve the production processes and work environment and thereby be rewarded.

Some plants combine social activities and benefits with fostering a more healthy lifestyle among its employees. Special programs and activity groups are offered such as:

- The flexibles and carton plants in Lund, Sweden, ran a health improvement programme for all employees in 2018. A personal trainer was available in the gym at work twice a week for individual and group training. A Weightwatchers' programme resulted in a total weight reduction of 426 kg for the two plants.

- The Graz plant in Austria added in 2018 Shiatsu@work to the already established Massage@work. A professional Shiatsu trainer holds 30 minute sessions on site giving all employees the possibility to attend during break time. The program aims on prevention, stress reduction & strengthening of resilience.
- The plant in Cholet, France, organized sport competitions against other companies in the neighbourhood. 10% of the employees participated in cycling, running and canoeing competitions and many came to encourage them. The activities were highly appreciated and supported interaction between company departments.



Widespread benefits also include free tickets for events (handball, football etc.) that are provided to the employees at several plants.

APPRENTICESHIP AND EMPLOYER BRANDING

All plants offer apprenticeship training to secure their secondary growth and keep a balanced age distribution. However,

because several plants are located in economically well-structured regions, a competition for apprentices has begun in these regions. This requires creativity and new ways of finding and inspiring apprentices.

- An example of positive feedback is the award to the Graz plant in Austria for best performance in vocational school by apprentices during their graduation in 2018. This STAR OF STYRIA award is annually hosted by the Chamber of Commerce (in each federal state) for top apprentices, their companies and instructors.
- Moreover the plant Graz held a power day for apprentices in 2018. The aim of these workshop was to focus on the work/personal life balance from beginning of work life, but also to improve team collaboration and increase motivation. Topics and workshops covered different sports, healthy nutrition, team competition and addiction prevention.
- To be seen as an attractive employer by external people and secure succession planning is a challenge for all plants. Several plants participate in employer branding activities. For example the two plants in Lund, Sweden, work actively with the Lund technical University to attract students. In 2018, the plants participated at the large recruitment exhibition for the whole technical university and also the department specific exhibitions for chemical and mechanical engineering. Employer branding is also supported by multimedia advertisement targeting the engineering students. Every summer, the Lund plants recruit approximately 70 summer employees (primarily technical students) and kickoff/kickout events are arranged to further engage, but also capture important feedback for future developments.

The possibilities for long term development and job possibilities in 11 countries is also part of the Group's offer as an employer.

SOCIAL ENGAGEMENT

In addition to financial obligations, AR Packaging plants are also socially involved in their environment. The main goal is to engage socially with long-term measures and at the same time the company attracts attention. These activities are mainly promoted by the plants themselves, often in cooperation with local organisations and authorities to keep, maintain and increase a good relationship with them. Examples of activities in 2018 are:

A YEAR OF ANNIVERSARIES

In 2018 several of the AR Packaging plants celebrated anniversaries. This shows the Group's long history in certain regions and also the social rooting in these regions.

100 years of printing know-how – the Cholet plant in France celebrates its anniversary

- Event for employees and their – families included plant visit and photo competition between the different departments.
- Young students were also invited to learn more about the company and packaging industry.
- The event attracted in total 700 external visitors.

Flextrus 10 year anniversary

A celebration day was arranged on the plant premises and included lottery, pentathlon with packaging theme, company quiz walk, music and barbeque party.

THE FLEXIBLES PLANTS IN SWEDEN CONTINUOUSLY SUPPORT:

- Faktum – Swedish regional organisation which helps former drug addicts to work
- Missing people – a voluntary organisation searching lost people
- SOS Barnbyar/SOS Children's Villages by forwarding the rest value of outdated and scrapped mobile phones

FLEXIBLES AND CARTON PLANTS IN LUND, SWEDEN SUPPORT:

- The local handball club and get free tickets for home games in the national top league to be used by the employees. A charity match is also sponsored and the contribution goes to BRIS (Children's rights in society)
- Spin of Hope in Lund & Halmstad – an activity arranged by the biking team cycling from Sweden to Paris where all funding goes to Barncancerfonden (Swedish Childhood Cancer Foundation)

150 years of printing know-how at the Graz plant in Austria

The anniversary was celebrated with networking partners, customers and employees and families.

- Networking event with representatives from local politics, media & press and networking partners (Chamber of Commerce, Federation of Austrian Industries, Chamber of Labor etc.) including film premier of a movie made by all apprentices about A&R Carton Graz, guided company tour, networking and buffet
- Customer event with selected customers from all business segments including guided company tour during afternoon followed by an exclusive evening gala in the city center with jazz lounge, performances of artist in and dinner.
- Family event for employees and their relatives on plant premises with plant tour, sensory testing, competition, food, drinks, music, bouncing castle, bull riding and the traditional Gautschfeier (the act of Gautschen itself is an old printers' tradition that dates from the 15th or 16th century).



TRAINING

A culture of continuous learning and development is critical for AR Packaging. In addition to securing high competence and advanced skills of the AR Packaging employees, training is also contributing to the employee satisfaction and their personal development. Managers and employees work together on assessment, identifying what the employee needs to meet today's targets and to develop for the next stage of their career.

The Group and its plants actively invests in the continuous training of its employees at all levels with aim to improve the skills and knowledge. This includes internal education and training courses as well as financial contribution to external training and further education programmes.

TRAINING FOR INCREASED COMPETENCE

Most of the training is performed locally at the plants. In total, around 35,200 hours of training took place in 2018. The average number of training hours per employee decreased to 11,3 compared to 13,1 in 2017. The Indonesian plants has a high number of employees in less complicated workplaces, thus requiring less training. The temporary increase in 2016 was linked to merger activities and the integration of three acquired plants.

INITIATIVES AND TALENT MANAGEMENT

Several new training initiatives took place on a local level in 2018. These include both internal and external training programmes for operators as well as shift leaders and other managers. Both mandatory training and performance based individual development training is initiated based on the new talent management programme. Identification of training needed is integrated with the performance review approach which was updated in 2018. A talent identification programme was also initiated linked to the performance approach.

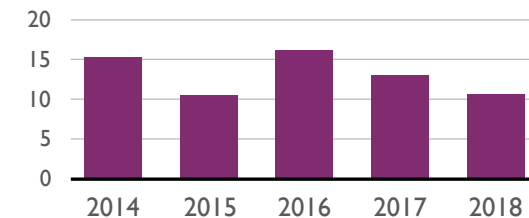
SHARING AND BENCHMARK EXPERIENCES IN THE GROUP

The approach of learning from each other is pushed from the Group level and executed actively with special personnel support from several European plants to, for example, the merger of the acquired plants in Indonesia. This support is long-term planned and executed by Group functions with important support from operators with the aim to reach the same production, performance and hygiene standards as established in Europe and thereby serve the Group's global customers locally in Asia. Similar support and benchmarking will be extended in 2019 to new acquisitions with Istragrafika in Croatia being the latest one.

PERFORMANCE REVIEWS

Appraisals of employees against targets with aims to contribute to both skills management and individual or group development is common for management and first-level leaders, and it is also widely spread in lower levels of the organisation. In 2018, about 50% of the whole organisation took part in such appraisals, but several plants apply it for all employees, leading to individual training and overall improvement in organisational performance.

TRAINING HOURS PER EMPLOYEE 2014 - 2018



8 PRINCIPLES OF TALENT MANAGEMENT

Growth – If we support our people to grow, our people will support our growth

Group wide talent pool – Our talent is for the benefit of AR Packaging as a whole, not just one division, region or factory

Simplification – A standardised approach reduces complexity for all stakeholders

Employee focus – We focus on people, not processes

People managers – Managers have primary accountability for recruiting and developing talent for the benefit of all of AR Packaging

Lifelong learning – Individual development is based on an active, ongoing partnership between managers and employees

Collaboration – HR will equip both managers and employees to fully participate in their partnership

Engagement – Developmental feedback and engagement for all employees

EXAMPLES IN 2018

Training covers many areas such as leadership and communicative skills, process optimisation and specific work tasks. In 2018, some plants performed extensive training linked to investments in new equipment. The following plants are examples of increased training:

Frankfurt, Germany

The plant put high focus on training in 2018 and it has already proven successful. The engagement of an external consultant continued in order to support the department leaders in management skills as well as to jointly identify improvement areas, e.g. in organisation and communication. The approach includes

- team workshops and monthly team training meetings where solutions and concepts were developed and then presented to the plant management.
- four day trainings for supervisors in sustainable employee management including personnel coaching.
- team trainings rounded up the concept in 2018 and a plant mission statement was developed and presented to all employees in December.

Another focus was training linked to process optimisation with implementation of whiteboard review process in each production department and also training in connection to the installed new printing machine. For 2019 the focus will be on lean management for their production departments.

Cholet, France

The plant in Cholet, France, initiated in 2017 an external professional degree which is recognised by the French paper industry and based on the positive experience and feedback, the plant has continued with this concept. Focus in 2018 was on CQP Main Operator where skills and knowledge currently required in the job position were validated for the degree. Five main operators participated in 95 hours of training each scheduled over a 12 month period and ended with a continuous improvement workshop and presentation of a report to a jury in January 2019.

Krakow, Poland

Substantial investments have been made at the Krakow plant over the latest years, with two new rotogravure printing machines installed. New operators have been recruited and unexperienced people have been trained and developed into new positions. With experience from prior year a training and promotion programme was implemented in 2018 and included

- promotion of good performing employees to higher positions
- training of offset printers to become rotogravure printing operators
- 32 employees received detailed training programmes specific developed for different functions at the printing press and responsibilities supporting the process. Experienced employees on each shift were dedicated as trainers and were highly motivated.



HEALTH AND OCCUPATIONAL SAFETY

Occupational safety in the workplace is of central value in the AR Packaging organisation and the Group is aware of the importance of encouraging and supporting a solid and effective safety culture at its plants.

All AR Packaging plants have over many years developed strong Health and Safety organisations lead by a local Health and Safety Manager and supported by plant management. Each plant holds regular employer-employee committee meetings for occupational safety and health covering 100% of the work and workplaces of the plants. The committees are led by the Health and Safety Managers with participants from the different departments as well as management and normally a workers' council representative. Status and incidents are discussed, actions are monitored and feedback on local health and safety programmes is collected. Minutes of the committee meetings as well as actions are published to all employees in order to keep them informed increase awareness and facilitate a positive health and safety culture at the plant. The digital printing plant in Helsingborg is managing the health and safety issues effectively with a somewhat different approach due to its small size.

TRACKING AND REPORTING OF INCIDENTS

The health and safety incidents and performance covering all local processes are tracked and reported by the plants. These systems have been further improved over the latest years, where some plants, for example in Lund, use web-based systems which also includes reporting and tracking of near miss observations.

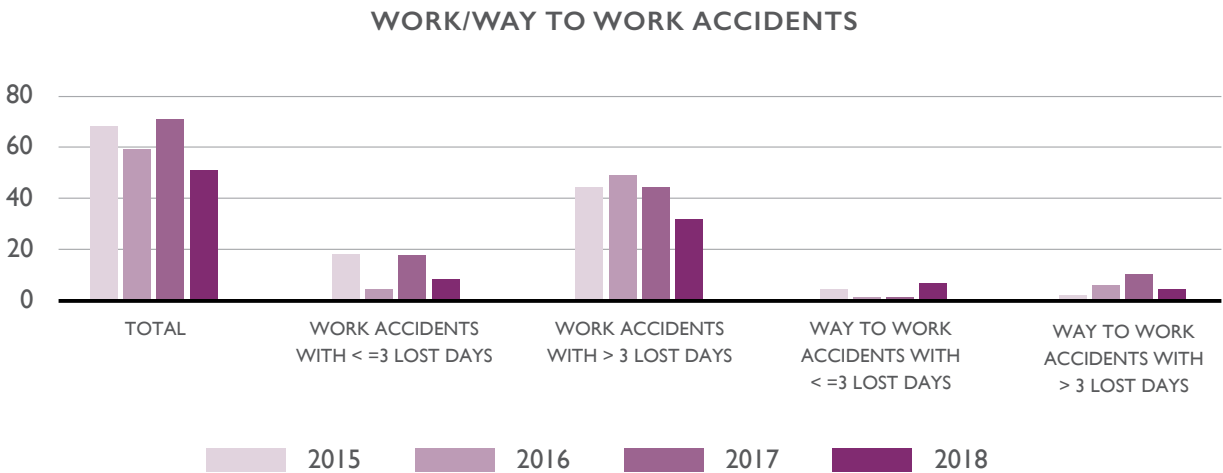
The total number of work-related accidents in 2018 decreased substantially to 52 compared to 72 in 2017. The plants with

most work-related accidents in 2017 have all shown clear improvement. Several measures were taken during the year with the aim of reducing the number of accidents. At some plants it has proven successful while at other plants more efforts must be made to reduce the number of accidents.

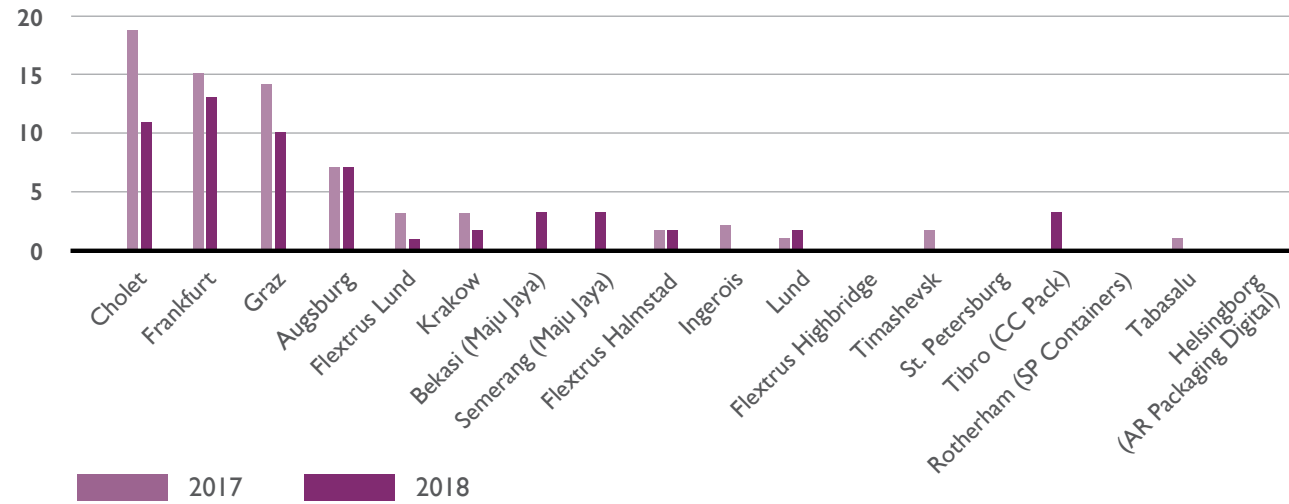
Most of the plants maintain very low levels or have performed without documented accidents in 2018 and several plants

have remained stable on zero lost time injuries for many years. e.g. Highbridge, UK; St. Petersburg, Russia and Rotherham (SP Containers), UK.

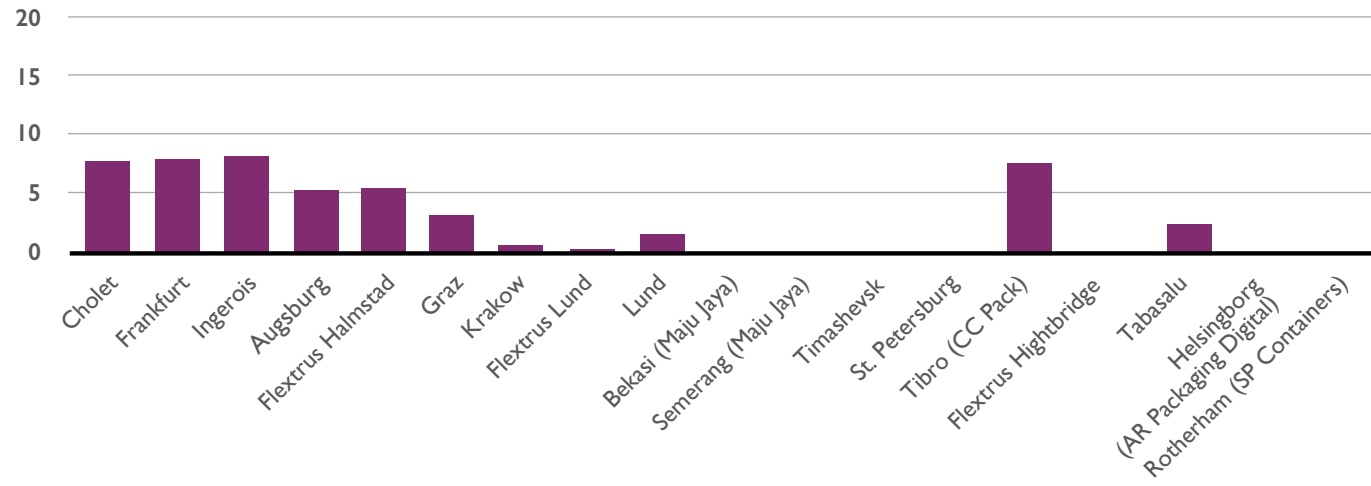
There were no accidents with fatal consequences in 2018. Continued focus on the attention and safety awareness of employees must take place in 2019 in order to reach the long-term goal of "zero accidents" at all plants.



TOTAL SAFETY FIGURES PER PLANT



LOST TIME CASE RATE 2018 (PER 200.000 WORKING HOUR)



HEALTH AND SAFETY IMPROVEMENT EXAMPLES

Health and work safety is much more than improving protection on machines or wearing safety clothing. It is a lot about applying a safety attitude and employee engagement, but it is also to observe anticipated workflows at workplaces and to analyse where physical and adverse workloads can be reduced.

5S method

The 5S method is a standardised process that, when properly implemented, creates and maintains a well organised, safe, clean and efficient workplace and thereby also supports also work safety. AR Packaging apply this method since many years in different approaches but continuous improvements and application of the basic requirements of 5S always pays off. A good example in 2018 is from the plant in Cholet, France, where 5S was not fully implemented at the maintenance department. Ignited by a remark at a customer audit, the 5S method is now consequently applied and a new storage concepts was created, including a process for follow up reached status sustainably.



Also the plant in Krakow, Poland, extended their 5S approach when installing a new printing machine in 2018. Well organised and marked processes around the machine as well as shadow walls for tools etc. were implemented. Frankfurt started to refresh the 5S approach in 2018 in its printing department to be further extended and connected with the Kaizen approach.

Noise reduction

The wish for reduced the noise in working areas is often mentioned in work place assessments. The carton plant in Lund, Sweden, installed noise cancellation screens in the die cutter area. Noise reduction walls between machines and insulation inside the machines also contributes to a better work environment and the noise level was reduced by 1-1,5 dB giving the operators better abilities to talk to each other easily.

Increasing awareness and involvement

To keep awareness and employee involvement in work safety topics on a high level is key. To support this the Cholet plant in France started to update their safety risk assessment with new procedures in 2018. To improve the involvement of operators safety teams per department were implemented and they were given special training followed by work safety risk analysis of their areas and self-auditing of each department. This is the same approach as already applied for HACCP and also includes reviewing and reducing stress factors. Actions plans are worked out and followed on.

The St. Petersburg followed a comparable approach to develop employees on safety awareness and to also involve office employees in the relaunch. New safety observation tours include efficiency assessment of safety activities. Led and followed up by the local safety manager, new safety risks and violations were identified with a “fresh look” by office employees and the safety culture at the plant will be further developed.



Marking of walk- and driveways

Increased awareness and warning to employees in areas with intense traffic, mainly by forklifts, is a focus area at the plants. Forklifts and walls were equipped with mirrors and warning lights and walkways separated from driveways are implemented. The Cholet plant in France started project of new marking in its warehouse using a two colour concept with blue and yellow marking as well as figures marking. The plant also switched from gas forklifts to electrical forklifts which is advantageous from work safety and noise perspective, but also requiring more attention from pedestrians. The concept will be extended further in 2019 to improve internal safety and awareness.



Technical improvement for work safety

In addition to increasing the employee work safety, all plants and internal audits always look for technical solutions to simplify handling and improve safety. In our rotogravure plants we use sharp doctor blades in printing process. To avoid cutting



injuries from sharp doctor blades at the rotogravure printing machines, the plant in Graz, Austria, has modified the mounts on the doctor blade carriers. This modification allows safer handling of the carrier.

Another good example is from the plant in Lund, Sweden, where risks of hand injuries due to opening high speed gluing

machines in operation, was highlighted by employees in the near miss approach. As a result of investigations the drive side of the machine has been fenced, which can be removed when setting the machine. Moreover there is a light curtain at the operator side of machine which can be deactivated by a three position safety handle.



ENVIRONMENT



ENVIRONMENTAL FOCUS

The global focus on sustainability is one of the major trends driving changes in the packaging industry. AR Packaging has a long track record of a consistent approach towards sustainability and was one of the first companies in our industry to publish a sustainability report in accordance with the International Reporting Standard (GRI). The aim is to demonstrate continuous improvement in environmental, social, and economic areas as well as to proactively meet market demands and expectations.

MARKET TRENDS

While minimising the overall carbon footprint is still high on the agenda, a new movement has grown widespread in Europe. The strive for non-plastic solutions turn the following packaging trends from 'nice-to-have' into 'need-to-have' when it comes to European packaging:



Intensified pressure on plastics and Single use plastic (SUP) guideline

Several factors influence the current mind change and a major one is the discussion about plastic packaging. Emotional pictures – often with marine litter – have been painted and published, encouraging consumers to think about and craving for non-plastic solutions.

The discussion was further pushed 2018 by the decision of the European Commission to work on new EU-wide rules to target single use plastics (SUP). The general aim is to reduce

the plastic waste in oceans and seas with first focus on single use articles, however the real target is more re-use and less single use as reflected in the Single Use Plastic guideline of European Commission:



1. The law will see to reduce the generated waste through bans or extra costs put on producers to address waste generated from certain single-use disposables.

2. Consumption reductions, mainly of -25%, mean various national measures such as mandatory offer of reusable items at POS.

3. EPR means taxes will be put on certain items to primarily cover collection and clean-up costs of the resulting litter.

AR Packaging is not directly affected by the upcoming ban in 2021, but customers to the Group will need to take action

related to the EPR and the packaging industry will be directly affected by the aim to reduce the consumption of single use products in general. Moreover, the current guideline on fiber-based packaging with plastic coatings for food service applications will most likely spill over on a FMCG products all other fiber-based plastic-coated packaging will be considered as a medium term undesirable and in need of regulation. This is partly already happening in the market, at customers and in some member countries on regulatory level.

The risks around these regulatory developments are also a big opportunity for AR Packaging already being able to offer alternative solutions to existing and potential customers. 2019 will be a year of intensified product development of alternative materials. The legal and implementation process of new guidelines will be closely observed in cooperation with associations like ECMA (European Carton Maker Association).

High intensity on new regulations – particularly in Europe

The new rules regarding single-use plastics were formally adopted by the European Council in May 2019 and the member states must transfer the directive into national laws until July 2021. However, since initiatives have already started in several EU countries it is expected that national approaches on plastic use and recycling will in general be preferred and extended.

Other parts of industry organisations like CPI (the Confederation of Paper Industries) in the UK also bring pressure to the market e.g. with proposal for guidelines where cartonboard with coatings

of >5% plastic by weight are declared as “not yet recyclable”. This could potentially lead to consumer confusion about the recyclability of cartonboard and potentially negative classification of folding cartons which laminated or lacquered on the upper side.

Brand owners and converters requesting sustainable and recyclable solutions

The long-term trends for more sustainable material – mainly renewable – as well as recyclable solutions has further intensified, especially among brand owners and customers. Three main topics are discussed:

- **Sourcing**

The terms renewability and biobased relate to what material is used and its origin:

- **Renewable:** Resources which can be replenished through natural processes within a human time scale, for example wood, sugar, sun energy (infinite).
- **Biobased:** Products and materials composed/derived in significant part or wholly from renewable materials, for example cartonboard, PLA, ethanol, paper. Sourcing only tells the origin and nothing about the afteruse, which could result in increased waste.

- **Circular economy**

Today's global economy is predominantly linear – materials are sourced, produced and disposed of (most commonly through incineration or landfill). The idea of a circular economy is to have products that can become valuable again after use through reuse, recycling, composting or other means. Keeping materials in the loop for a maximised amount of cycles will reduce the linear approach and minimise our need of virgin resources. Reaching 100% circularity can be challenging, since many materials degrade during the recycling process. For that reason, it becomes even more important to consider non-fossil resources.

- **After-use**

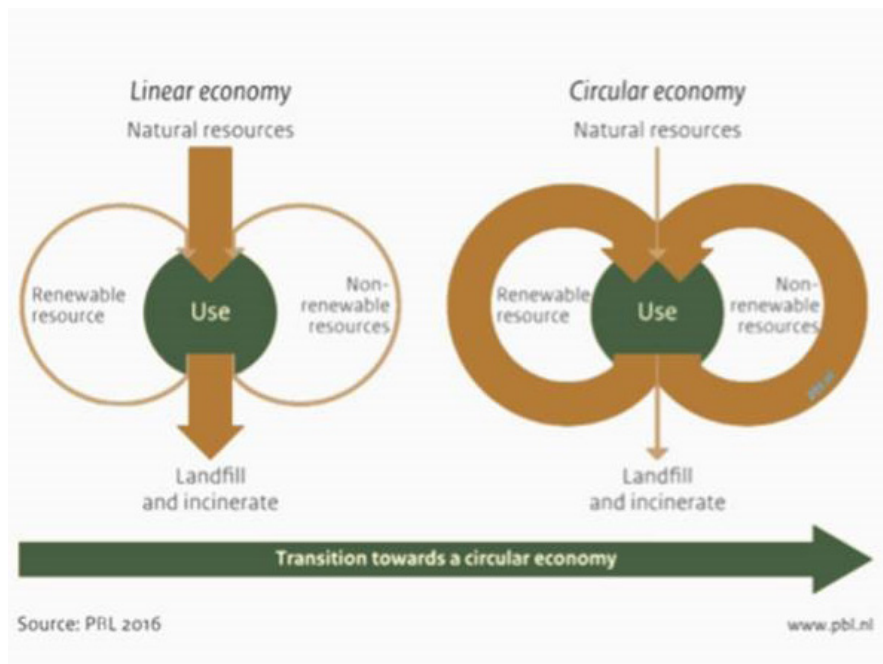
It is important to remember that this term considers what happens with a packaging product and its components after it has been used, independent of its origin. A renewable material might not be biodegradable and a fossil-based material can be biodegradable.

- **Recycling:** Collecting and reprocessing a material to convert into a new product to be consumed again.
- **Downcycling:** The recycled material is of lower quality and value than the original material, e.g. virgin fibre.
- **Repulpable:** The recycling process (through paper/carton-stream) of fiber-based products to pulp and then new products
- **Biodegradable:** The ability to biodegrade. This is not a particularly regulated concept and can contaminate both recycling & composting streams.
- **Compostable:** A complete decomposition in a composting setting within a certain time frame, leaving no harmful residues behind.

- **The packaging challenge**

Recycling is currently the biggest issue connected with packaging sustainability in a circular perspective. In general, there are some big challenges for the whole society to make sure something is actually recycled.

- The design of the packaging must be optimised, also reflecting pledges the from customers and need for a barrier to avoid wasted food, in which a mono material might not be suitable.
- Also, it is important that the infrastructure in the different geographies is optimised and that packaging is designed to simplify this. AR Packaging is active also in this area, with networking and active memberships in organisations such Pack2Go, where pressure is put on more effective and larger recycling systems and contacts are made with legislators.



- Finally, the consumer needs to know how and actively sort the packaging after use. This is driven not only by knowledge but also by convenience, especially for on-the-go products. This is also discussed a lot within the different networks and organisations by AR Packaging, but the customers have a big responsibility in this area to inform and motivate consumers to recycle correctly.

Public commitment of brand owners and converters

Many brand owners, trader and supermarket companies take

action now and do not wait for implementation of regulations – usually based on public discussions, consumer expectations and their own conviction. Several commitments were published in 2018 in connection with recyclable packaging, increased use of renewable materials and bans or reduction of plastic packaging.

The AR Packaging sustainability statements are important statements, because they relate to the basic role of packaging. The products from the Group are not only nice-to-have, convenient and eye-catching packaging, but packaging that is

imperative to the safety of the end consumers. AR Packaging will not sacrifice the packed product and consumer safety by offering a packaging that does not do its job. That is, and will always be, our number one priority. Important examples of this are healthcare packaging from the flexible businesses in the Group and infant milk formula packaging from the carton operations in Lund, Sweden. AR Packaging is committed to continue to innovate and work with sustainable alternatives in all aspects.

SUSTAINABILITY STATEMENT

AR Packaging supports its customers' efforts with solutions and new ideas – of course in collaboration with the whole supply chain – and set targets for its business. By 2025 AR Packaging aims to

- provide 100% recyclable packaging and significantly increase the ratio of renewable packaging where it does not have a detrimental effect on consumer safety, product quality, or food waste
- play a leading role in advising and supporting our customers in their move to more sustainable packaging solutions

SUSTAINABLE INNOVATION

Environmental consciousness is at the forefront of innovation at AR Packaging. New solutions are developed in close collaboration with the customers, to meet their requirements with an optimised ecological footprint.

FORWARD-LOOKING APPROACH

Innovation is not just about solving today's problems but about shaping the future, identifying issues the customers have yet to discover and turning them into new opportunities. AR Packaging's aim is to proactively solve tomorrow's challenges, with value-adding solutions that meet consumers' demands for sustainability, luxury, healthy living and convenience. This means thinking beyond the packaging itself. Drawing on the wide range of capabilities and market-leading know-how, the Group can provide solutions that include everything from design and material procurement to cylinder production, prototyping, and even shipping and logistics.

DEDICATED PRODUCT DEVELOPMENT

AR Packaging has dedicated product development resources with over two dozen full-time employees spread out across the Group. A centralised innovation department has a key role in driving the development by

- **Looking at what is to come**

Identifying relevant, future markets and opportunities through understanding current and coming megatrends, legislations and regulations

- **Drive development projects**

Taking leadership for exploring new technologies such as smart packaging or a new barrier; and coordinating projects which overlap different parts of the Group.

- **Support sales and development**

Running innovation workshops with a customer and making innovation presentations completed with samples.

- **Internal and external training**

On topics such as sustainability, digital, e-commerce etc. Additionally, local development teams work alongside customers to jointly develop solutions to specific challenges and these type of developments are typically launched very quickly.

FUTURE TECHNOLOGY AND ECOMISATION

A technical umbrella covering all identified group level topics, split into several platforms, help organise the Group's innovation projects.

- **Digital** – digital printing, cutting and coding
- **Effects** – finishing effects
- **Eco & Barriers** – sustainability focus
- **Smart** – connective and interactive packaging
- **Security** – anticounterfeit elements
- **Consulting** – internal and external training

This umbrella help inspire customers and showcase the full potential of innovative cooperation with AR Packaging but also provides deeper understanding of aspects to consider when developing packaging for the future.

SUSTAINABILITY TRENDS

The global focus on sustainability is one of the major trends driving changes in the packaging industry, as businesses and their end-consumers demand more solutions with a reduced environmental footprint. In addition to operational considerations, such as reducing the amount of waste and emissions in the manufacturing process, this is spurring a major shift away from plastics and toward more sustainable paper-based packaging as well as lighter-weight solutions.

Recycling, repulbable and renewable material (see explanation in fact box) are words circling around in all discussions about packaging. Customers look for fully or partly renewable raw materials as components for their packaging and of course for fully recycable packaging solutions. A major shift is on-going in the packaging sector as legislation and technology development is progressing at high speed. Mono material are more and more preferred, while mixed materials are justified in cases where high food waste is at risk. Recycling is very much depending on available recycling streams in the different countries.

EXAMPLES

For the last several years, AR Packaging has consistently been at the forefront of an evolving market. The Group can present many cases where its packaging solutions contribute to a minimised use of resources when looking at the total value chain.

Metallic effects with reduced environmental footprint

High quality metallic effects continue to be in high demand in premium segments such as confectionery or tobacco. These effects are achieved by e.g. hot and cold foils or metallised board grades. In environmental terms, these effects are questioned as they introduce limitations in recycling and repulping processes and are sometimes not optimised in material usage. AR Packaging offers a variety of solutions to meet these aspects and to provide improvements.

- **Galaxy printed metal**

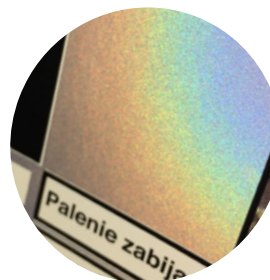
A unique printing application to reproduce the metallic



effects of cold foil, hot foil or metallised PET in an eco-friendly printing process. No foil or plastics is needed and the result is a fully recyclable and repulpable mono-material. It can be overprinted and varnished and is food graded.

- **Sparkling rainbow effect**

Eye catching sparkling effect achieved with flexo printing inline. It is a fully repulpable mono-material with no foil or plastic used and therefore environmentally superior to rainbow board material.



- **Cold foil**

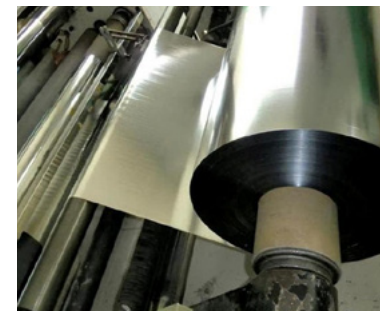
Shiny effects can be achieved on fine design elements as well as larger areas of the pack surface by using cold foil. The foils are efficiently processed with high accuracy in-line in a con-



ventional printing machine while achieving brilliant, repulpable premium packaging with less metal.

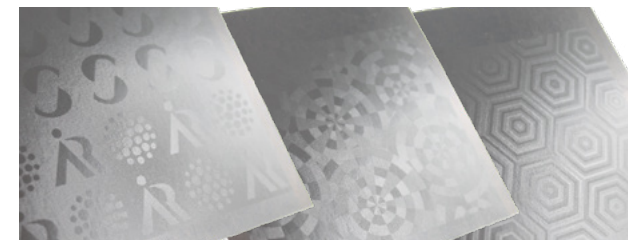
- **Transmet**

Cartonboard which has been processed to achieve shiny metallic effects without plastics in the end material. It is therefore classified as mono-material, which makes it recyclable and repulpable.



- **Printed holographic effects**

Solutions with eye-catching effects printed on the cartonboard without metal or plastics, making it a mono-material and thereby fully recyclable and repulpable.



Other sustainable innovations:

- **Board tray for MAP**

AR Packaging is first to launch a pressed cartonboard tray with a thin barrier plastic liner for packaging sensitive chilled foods in modified atmosphere. The tray containing 90% board secures shelf life to minimise food waste.

- **Sealio® composite can for infant milk formula**

In 2018 DMK Baby relaunched its infant milk formula in the complete packaging system from AR Packaging. Superior product protection, consumer convenience and branding is achieved. The carton-based can is a sustainable alternative to plastic tubs and tin cans. The plastic components can be removed and recycled separately.



- **Carton as alternative to plastic pouch**

The KitKat Senses sharing box is a good example of how carton-based packaging can offer a more sustainable solution than pouches and flowpacks made of plastic.

- **Biobased plastics**

Flexible packaging solutions based on renewable materials are now more actively launched. The PaperLite® Bio solution from AR Packaging makes it possible to replace a full plastic tray for chilled foods with an attractive paper packaging with a fibre content of 67% and a renewability of 79%.



RAW MATERIAL USAGE

AR Packaging promotes sustainability across all aspects of its business, with a particular focus on sound procurement and conversion practices, e.g. ensuring responsible management of forests and other natural resources.

Recyclability and renewability of raw materials are frequent customer requirements, being part of their sustainability strategy. Whilst the main material used by A&R Carton, cartonboard, comes mainly from certified sustainable sources and is assessed as renewable and recyclable material, the development on other main materials such as inks, varnishes, glue and flexible materials is still in an earlier phase when it comes to renewability. New approaches with the aim to increase the renewable part as well as the recyclability or composability of packaging are in focus of the whole supply chain and more new materials enter the market.

In addition to promoting the sustainability of its packaging solutions, the Group actively works with its customers to decrease material usage through smartly designed alternative constructions and by increasing the amount of renewable materials in the packaging. Especially for the main materials, board and flexibles, it is a general market trend to reach positive consumption results through smarter construction or reduced material grammage and/or thickness ("lightweight"). In addition to the use of less material and thus reduced costs, such adaptation also has a potential positive impacts on waste reduction and transport savings – also resulting in CO₂ reductions.

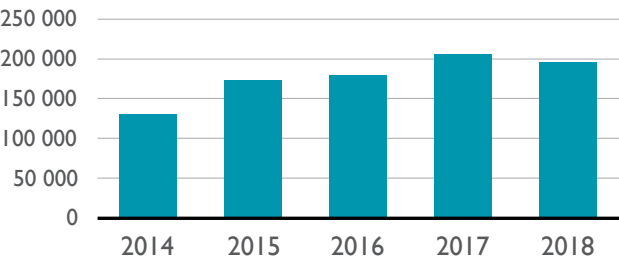
The main materials used by A&R Carton are cartonboard and paper, followed by ink and varnish with solvents dependant on the printing technology used. Other materials play a subordinate role in the business.

The consumption of cartonboard decreased in 2018 by -9% which is mainly linked to the closure of two plants and the transition to lighter material, more specifically in the tobacco segment. Most of the carton board used comes from certified sustainably managed forests which is in line with customer requirements and increasing confirmed through various customer platforms.

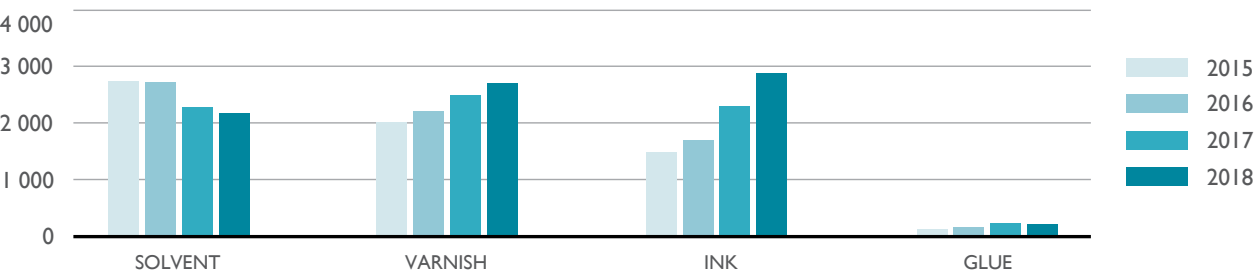
Ink and varnish are the main materials used to decorate the packaging solutions with a trend to upgrade designs with additional use of inks, varnishes and other finishing. The main use of solvents is linked to the rotogravure printing of tobacco packaging and the glue is predominantly used for folding carton applications.

An increased focus from customers is noted for ink and varnishes. Special varnishes and inks with partly renewable content are already used for some customers to support their sustainability targets and this trend will increase in the coming years.

CARTONBOARD CONSUMPTION AT CARTON PLANTS (TONS)



OTHER MAIN MATERIAL USAGE (TONS)



For the flexibles business the main materials used are plastic resin, films and aluminium foil.

The consumption of cartonboard and paper at the flexibles plants increased while the consumption of the other main materials reduced somewhat. This is in line with the set company strategy and the market demands for more sustainable packaging materials.

RECOVERY AND RECYCLING

Paper and cartonboard can be recycled many times and infrastructure is in general well set up for this. E.g. in Europe 82% of paper based packaging is sent for recycling compared to less than 40% for plastics (source Eurostat).

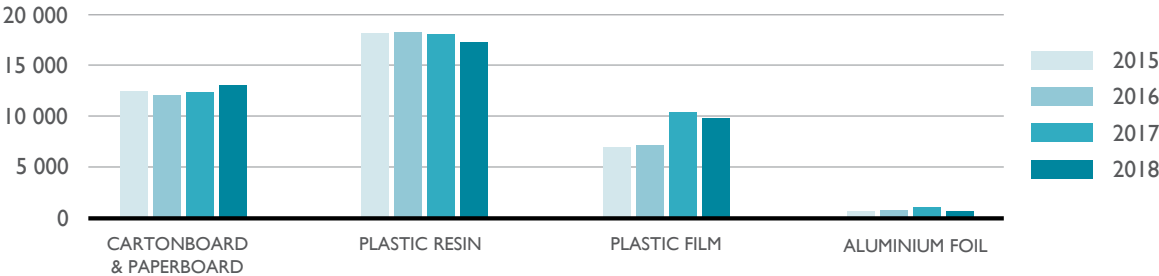
For the folding cartons, the use of recycled cartonboard is dependent on the needs of the customer and on the application. However, recycled cartonboard grades for food packaging is always offered to and discussed with the customers. The discussion about mineral oil in connection to recycled board means that barrier solutions are also offered in this context.

AR Packaging increased the ratio of recycled cartonboard of the total consumption to approximately 22% in 2018. Main use of recycled board is for Food Service applications which has short term food contact and for general food packaging in combination with barriers or barrier bags. However a further increase of recycled board is pending on customer decisions.

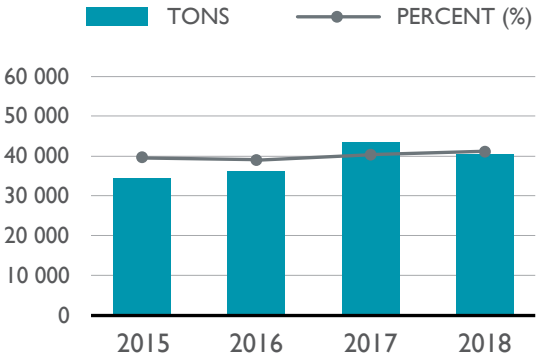


Ref: www.procarton.com/ticci/, See pdf 'Raw material_Example 2018_PC-TICCI-12pp-A4-WEB-1.pdf'

MAIN MATERIAL FLEXIBLE PLANTS (TONS)



RECYCLED BOARD



AIM TO REDUCE MATERIAL USAGE ALSO IN ADMINISTRATION

The environmental managers at the plants review ideas for reduction of material consumption in administration. One target is to move to digitalisation and thereby reduce the use of paper and documents. This has started at several plants and as an example the plant in Cholet, France, saved about 12.000 sheets of paper per year through storing all sales orders and related documents on a group server. This is of course a small contribution but an important signal to the employees to review their material use at work and in private life.

PROMOTING CARTONS

Pro Carton, the European Association of Carton and Cartonboard manufacturers, main purpose is to promote the use of cartons and cartonboard. A recent activity was the start of TICCIT (Trees Into Carton – Carton in to Trees) programme, an educational outreach programme that is all about trees, sustainability and the environment. The idea is to make contact with local primary schools and teach the kids all about trees and why there are good, how paper and cartons are made and why recycling is important. Several AR Packaging plants have or plan to support this programme. The plant in Frankfurt, Germany, produced special tree boxes for an event at a local school and the kids were informed about sustainability of carton board boxes. Supported by a local nursery the boxes were filled with humus and children planted trees which they took home to plant. The box initially serves as a water reservoir, but lets the roots through easily and decomposes in the soil after a short time. From tree to carton and from carton back to tree.



WASTE

The waste from AR Packaging is predominantly generated during set-up and production, being raw material and their outer packaging, as well as from transport packaging.

In general, the waste generated by AR Packaging is separated into different sections and follow recycling schemes where possible and locally available. The environmental managers at the plants observe legal requirements and ensure appropriate separation and sorting of waste as well as review possibility to reduce waste. Waste disposal methods and different disposal options are evaluated continuously to optimise the environmental impact. Most waste minimisation strategies emphasise the prioritisation of reuse, recycle and recovery over other disposal option. In 2018 there were no significant spills recorded in the organisation.

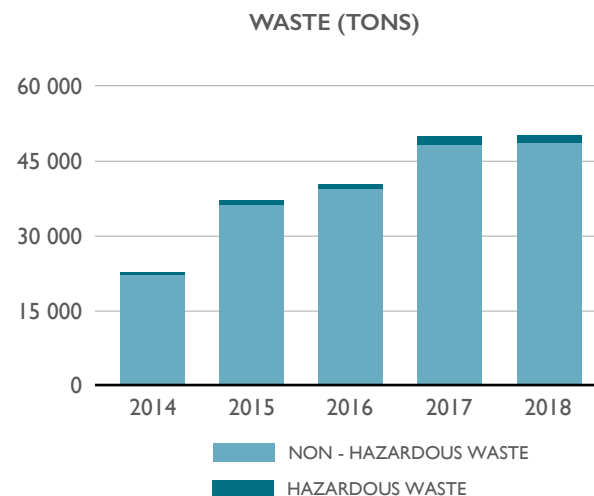
During the reporting period, the Group has not transported, imported, exported or treated hazardous waste in accordance with the provisions of the Basel Convention, Annexes I, II, III and VIII. All waste handling is done under view of legal requirements and in with close cooperation with approved waste disposal companies.

The main waste materials in the non-hazardous fraction are cartonboard and paper, which goes into well-established recycling streams. In the hazardous fraction, the main waste materials are printing process waste such as ink and varnish.

The total waste remained at about the same level in 2018 as it was in 2017 in spite of the closure of two plants. The installation of four new printing machines in 2018 caused higher

waste during the ramp-up period. Also, changed product mix negatively affected the waste.

Non-hazardous waste increased slightly in absolute numbers and by 10% when calculated on comparative base figures of delivered tonnes of cartonboard.



NON-HAZARDOUS WASTE	2018 (TONS)
Paper/carton board	38 167,5
Plastics/films	6 469,5
Household waste/commercial waste	1 437,5
Wood/wooden pallets	1 026,2
Others	728,8
Metals	271,9
Metal (gold, aluminium) and embossing foils	247,1
Ink and varnishes (non-hazardous)	100,7
Packaging waste	16,0
Construction and demolition waste	12,2
Electronic devices and units	3,3
Compost	0,9
TOTAL (TONS)	48 481,7

Installations of new printing machines in different plants (Krakow, Frankfurt, St. Petersburg and Tabasalu) as well as new product process in Augsburg are the main impact on paper/ cartonboard waste numbers in 2018. Excluding the impact for new machine installations wasted cartonboard in the European printing machines is reduced by -0,4% to -1,4% depending on printing technology.

When comparing individual plant performance only two European plants show a negative development. Timashevsk, Russia, and Lund, Sweden, suffered from technical issues and changed utilisation but the increase of 0,3% means minimal effect on group level. Efforts to further improve the performance continues in 2019 with special attention to integrate the Indonesia plants as part of the Group KPI monitoring.

The hazardous waste decreased in 2018 by -27% in absolute numbers compared to 2017. When calculated on comparative base figures of delivered tonnes of cartonboard a reduction of 20% was achieved.

HAZARDOUS WASTE	2018 (TONS)
Waste from use of printing inks, coatings, adhesives	608,6
Others	246,1
Waste packaging; absorbents, wiping cloths or filter materials	125,6
Discharged packaging and bulks (e.g. UV printing tins, packaging of dangerous goods, cleaning agent bulks, ...)	74,2
Solvents, solvent mixtures (also cleaning agents, roll cleaning agents, dilutors, ...)	64,1
Waste from the photographic industry (e.g. prepress)	62,5
Waste oils of different kinds	17,4
Electrical and electronical equipment	12,5
Batteries and lead accumulators	5,4
TOTAL (TONS)	1 216,4

An increase of 15% on comparative figures since 2015 is noted. The main driver for hazardous waste the use of printing inks and varnishes and its packaging, which is only partly influenced by AR Packaging and strongly dependant on customer requirements and specification.

AR Packaging is currently not on track to reach the set target of -5% waste reduction by 2020 (based on 2014 figures). The appointment of a Group operational excellence director in 2017 supports plant initiatives on production efficiency improvements and waste reduction. Priority is put on paper and cartonboard as well as plastic films and resin which are the predominant materials used by the Group. Special focus on waste reduction in the printing processes shows good improvement.

WASTE REDUCTION PROJECTS

The plants work actively with programmes to reduce waste with an overall coordination with Group resources but also individual local initiatives. The carton plant in Lund, Sweden, is an example of the latter, where small activities can have remarkable influence on the performance and increase awareness among employees:

- The number of archive samples, which are required by customers, was reduced by 50% minimising waste and destruction of outdated samples.
- Increased Cekacan membrane volumes increased the attention and possibilities for waste reduction. Reduced web width and repeat length on the base reel resulted in a waste saving of approximately 30 kEUR annually.
- Based on a suggestion from the organisation, measures to improve post-industrial waste handling have been taken in cooperation with the external waste management company:
 - Separation of top-web and bottom-web in tear membrane production improves the quality and value of the material which can be recycled more easily.
 - Set up sheets, which cannot be used for production of packaging material are reduced in size at the waste management company to facilitate further recycling.
 - Collection of hazardous waste was improved by installing an environmental wall at the machinery systems department to facilitate proper waste handling and eliminating internal transportation with the potential risk of accidents.



ENERGY CONSUMPTION

AR Packaging continuously works on projects at all plants to save energy or increase energy efficiency. Increased energy efficiency leads to positive impacts on the environment and the production costs – a win-win situation for the environment and for the economy. Furthermore, the legal requirements to invest in energy efficiency increase.

The energy consumption at AR Packaging is split in two sections – A&R Carton with a focus on products produced with cartonboard as the main raw material and Flextrus offering of flexible packaging materials.

The total energy consumption for the 14 carton plants decreased in 2018 compared to 2017 by -2.4% which is driven by closure of two plants. However, the energy consumption per tonne of used cartonboard increased by approximately 7% in 2018 compared to previous year.

The increase in comparative energy consumption was mainly impacted by the installation of new printing machines in Krakow, Poland, Frankfurt, Germany, Cholet, France, as well as cup forming machines in St Petersburg, Russia. Also, the product

mix changed and additional production processes for tobacco packaging has been added. These changes unfortunately set back the ongoing good development and positive results from many energy saving projects and initiatives at plant level with closer monitoring of electricity consumption, investments in new equipment and processes, and also changing behaviour.

Compared to the base year 2014 for target setting the carton plants reached a reduction of -3% on energy consumption over latest 4 years, which makes it challenging to fulfil the reduction target of 10% by 2020.

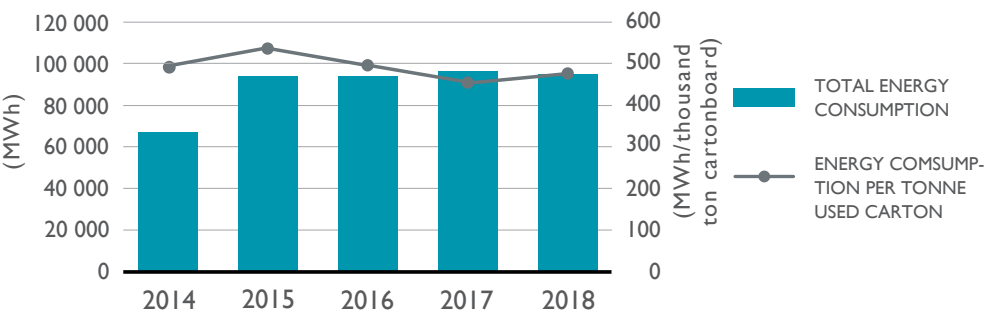
For the flexibles business, the total energy consumption in 2018 is comparable to 2017. The energy consumption per delivered

square meters was 5% less than in 2017, thanks to higher production output and continuous focus on energy optimisation.

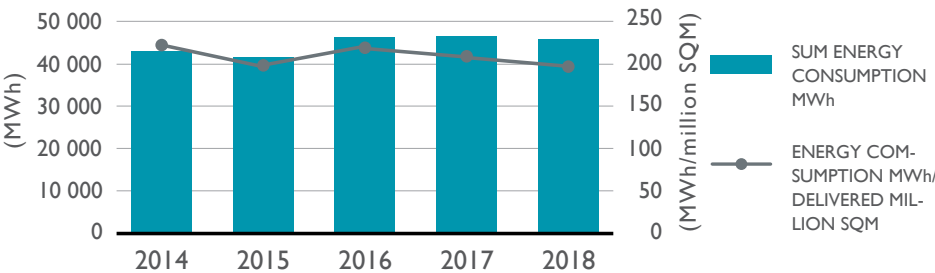
The comparative energy consumption since the base year 2014 shows a reduction by -10,6% for the flexibles plants, which thereby fulfils the target of -10% until 2020.

In total, AR Packaging has a challenge in reaching the set target of -10% reduction by 2020 (based on 2014 figures). The reduction in energy consumption from many successful projects and initiatives at plant level with closer monitoring, investments in new processes and changing behaviour are offset by changed volume mix and customer demands on more advanced print designs and finishing.

ENERGY CONSUMPTION (CARTON PLANTS)



ENERGY CONSUMPTION (FLEXIBLE PLANTS)



ENERGY SAVINGS ACTIVITIES IN 2018

An important way to improve energy efficiency is to replace older, inefficient equipment with new machines or technologies.

- Augsburg, Germany, replaced an older compressor in 2018 which resulted in a reduction of 158.000 kwh per year with a decrease of 83.266 kg CO₂. The invest of 74 kEUR has on ROI of less than 3 years.
- Frankfurt, Germany, replaced an older transformer enabling an energy reduction of 36.000 kwh per year with a decrease of 15,6 tons CO₂.
- Frankfurt also installed a new recooling equipment when the new printing press was installed. This resulted in 18.000 kwh energy reduction per year.

The move to LED lighting is an ongoing project at all plants since some years.

- Cholet, France, has in 2018 initiated a 3 years plan move to LED technology for lighting in three steps. An investment of 55 kEUR will generate 20 kEUR savings annually.

A photovoltaic system connected to the public net was installed in Graz in 2017. The outcome expected and reported in the 2017 sustainability report can now be confirmed at 158.130 kwh savings for 2018 which is equivalent to 12.3 kEUR per year. There will be no impact on emissions since the plant already sources 100% renewable energy. As project partner in the local "Klimaaktiv" program, integrated in the Austrian ministry of sustainability and tourism, A&R Carton Graz was rewarded for the engagement in climate protection thanks to this investment.

Local improvement teams continuous improvement programs at several plants identify smaller and larger projects for savings and increased awareness among employees.

- An "easy" example with high effect from Graz, Austria, shows how the ventilation system can be optimised by adjusting fan speed and setting a down time intervals (e.g. on week-end) for specific areas of the plant can enable as saving of 144.334 Kwh and 10 kEUR per year.
- A similar approach in Frankfurt, Germany, initiated an adaptation of the air supply leading to a reduction of 33.000 kwh per year, which is equivalent to 13,7 tons CO₂ per year.
- 2018 was the fourth year in row where the Frankfurt plant has reduced its energy consumption. -5% was achieved in 2018 in spite of the use of more energy intensive UV production in the printing department. The continuous improvements are based on a detailed tracking system of main energy users such as printing and converting machines as well as the suction system for process waste, but also compressed air is in focus with a reduction of 14% in several small steps since 2013.

The good results achieved at the flexibles plants are, in addition to increased production output, impacted by the implementation of several improvement projects. The flexibles plant in Lund, Sweden, Flextrus Lund, which operates with 100% green energy (electricity and gas) since years, continued their program for energy consumption optimisation with a very detailed analysis of energy users. 2018 was a year of consolidation and "only"

smaller new initiatives (such as further transfer to LED lighting), but several medium to large scale investments were prepared for 2019. These include new efficient burner of plastic fumes, heat recovery from extruders and drastic increase of rPET (post consumer and industrially recycled PET) consumption.



WATER USAGE

In addition to sanitary water, the AR Packaging plants use water for printing, humidification and washing in quantities depending on the plant size and production processes, buildings and machines.

The total water usage increased in 2018 by 2,4%, but the changed geographical footprint over the years complicates direct comparison (e.g. 18 plants in 2018, 20 in 2017 and 17 in 2016). However, calculated per production tons, water usage increased by 12% compared to 2017 but reduced by -6% in comparison to 2015. It needs to be noted that water usage does not directly correspond to production volume but is also impacted by the complexity of produced products, e.g. how many print stations used, process temperatures needed with different demands on cooling etc.

The increase in water usage in 2018 can mainly be explained as follows:

- Graz, Austria (+9%) had a temporary error in the recovery of the sludge tank of the boiler and the water consumption in the cooling towers is very much dependent on the weather.
- Frankfurt, Germany (+24%) had a leakage in the humidification system due to a defect valve which took time to detect but also increased consumption during the installation of a new die cutting machine and a fire in the plant.
- Augsburg, Germany (+17%) increased its water consumption due to changed product mix with more small orders and more frequent setups and increased number of different inks on the blanks.
- St. Petersburg (+94%) doubled its use of water due to construction activities and completely changed production strategy with different product mix

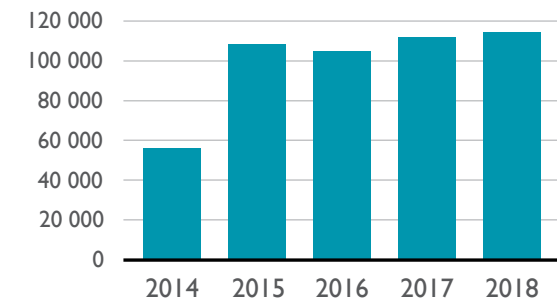
Although water is not a main need, the plants work continuously with process optimisations for minimised use of process and sanitary water. However, huge decreases are not expected in coming years.

Water springs are known through the providers who deliver most of the water needed. In Graz, Austria, a company-owned well is used due to history, while rain water is partly used in Indonesia. No water sources are significantly affected by the withdrawal by the AR Packaging organisation. Used water goes into the public sewage systems and is reprocessed in waste water treatment plants.

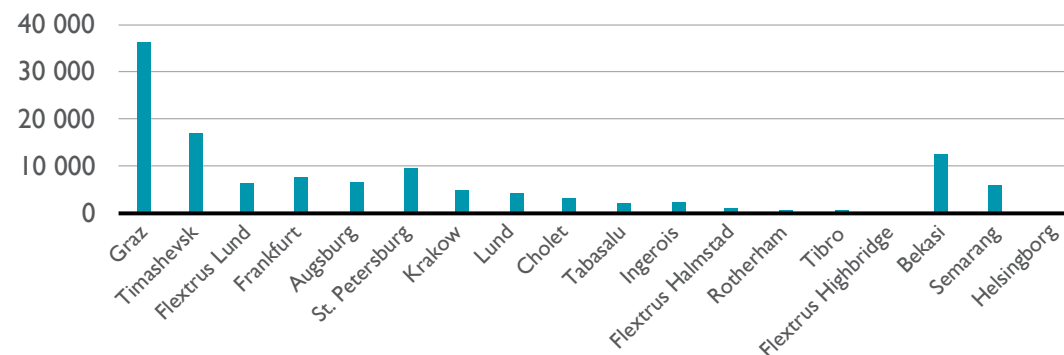
Currently three plants (Tibro and flexibles in Lund, Sweden as well as Graz, Austria) have a process to partly re-use water through a separate cycle before discharge to final treatment.

The main driver is the Graz plant using 4.586 m³ recycled water in 2018 which reduces the total consumption in their process remarkably.

TOTAL WATER USAGE (M³)



WATER USAGE PER PLANT (M³)



BIODIVERSITY

Protecting biological diversity is important for ensuring the survival of plant and animal species, genetic diversity, and natural ecosystems. In addition, natural ecosystems provide clean water and air and contribute to food security and human health.

AR Packaging had 18 plants located in ten different countries in Europe and Indonesia in 2018. Impacts on biodiversity as well as avoiding mismanagement is observed and secured by local environmental managers in addition to following local legislation. An example of this is the installation of a new outdoor separator and counter to follow water rejected and be on line with regulation was installed in Cholet, France, in 2018. The new systems provides real-time data and automatic alert if thresholds are exceeded.

Two plants are located at or adjacent to protected areas as already disclosed in previous years:

- The plant in Frankfurt, Germany (offset production) is located in an official flood protection zone next to a brook. Additional requirements from authorities were fully implemented in 2015, and no changes are made since that time.
- The plant in Augsburg, Germany (rotogravure production) will be adjacent to a drinking water protection area. Licensing requirements and orders will be respected and controlled by authorities.

The other 16 plants operated in 2018 are not located in protected areas, adjacent to protected areas or in areas of high biodiversity value without protection status.

In general, none of the products or any activities at the plants have an impact on biodiversity in protected or unprotected areas with high biodiversity value. Therefore, no species of the IUCN Red List of Threatened Species or on national or regional conservation lists are identified in habitats near the plants or affected in anyway by AR Packaging operations.

EMISSIONS AND REDUCTION OF CARBON FOOTPRINT

The aim to reduce emissions is closely linked to the reduction of energy consumption and consequently an increased energy efficiency leading to improvements for both the environment and economy. Furthermore, in terms of introducing an emission trading system or a tax on carbon dioxide, which is being discussed in the European Union, emissions shall be reduced and kept as low as possible.

CARBON FOOTPRINT

AR Packaging has an extensive product portfolio with carton-based and flexible products where folding carton represent the majority that uses renewable sources as primary material. A main advantage of all carton-based products is the closed carbon cycle for the cartonboard. As an industry based on the renewable resource of the forest, cartonboard has a unique advantage as a packaging material.

Pro Carton (the European Association of Carton and Cartonboard manufacturers) has calculated the footprint to be 885 kg fossil CO₂ emissions per tonne converted cartonboard. The process of carton making is energy intensive, but over 90% of the energy is produced on site at the European paper and board mills, using energy efficient combined heat and power method. The installation of biomass-based boilers which use waste material from the pulping process has increased the paper and carton maker industry use of bioenergy to 56%. This makes the paper and board industry the largest producer of bioenergy in Europe (source: Pro carton).

The industry continues to invest in more efficient use of electricity, increasing use of bioenergy and focus on measurement and control of water use. This is also the aim for AR Packaging, driven by the local plants. In addition to the significant impact of raw materials, the carbon footprint reduction for AR Packaging is closely linked to lowered energy consumption and related emissions. Thus, all measures and activities involving

less energy consumption lead to a direct or indirect reduction of greenhouse gas (GHG) emissions. Examples of initiatives in 2018 are the use of photovoltaic (Graz, Sweden) and biomass (Lund, Sweden), the use of green energy as well as many energy reduction projects.

CDP ENGAGEMENT

Several of the Group's larger customers are engaged in the reduction of carbon emissions and also disclose their performance on platforms such as Carbon Disclosure Project (CDP) or in company specific regular sustainability reports. Looking at the supply chain, they request comparable ways of reporting and ongoing actions to reduce the CO₂ footprint from their suppliers. Disclosing figures on this on group level in a common way has led to increased requests from customers for breakdown of the carbon footprint to their packaging and split emission on customer level. This is done through the CDP platform.



Ref: <https://www.procarton.com/new-pro-carton-carbon-footprint-885-kg-co2-eq-tonne/>

SCOPE I: DIRECT GREEN HOUSE GAS (GHG) EMISSIONS

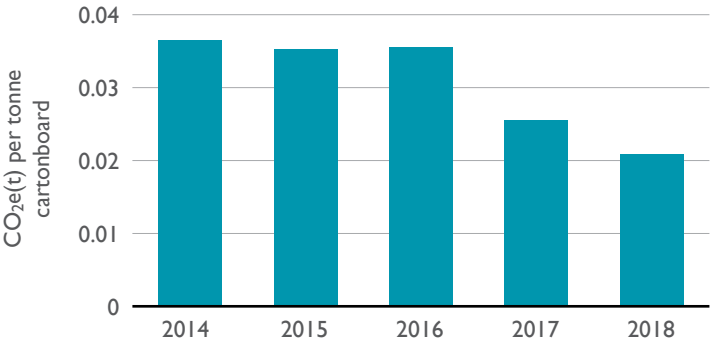
Scope I includes all GHG emissions generated directly by the organisation, e.g. generation of electricity, heating, cooling and steam (resulting from combustion of fuels in stationary sources), transportation of employees and business trips (with company-owned vehicles) and fugitive emissions (HFC emissions from refrigeration and air conditioning equipment).

The direct emissions from AR Packaging's operations originate mainly from plants with flexible packaging production as well as rotogravure and flexographic printing due to incineration of exhausts.

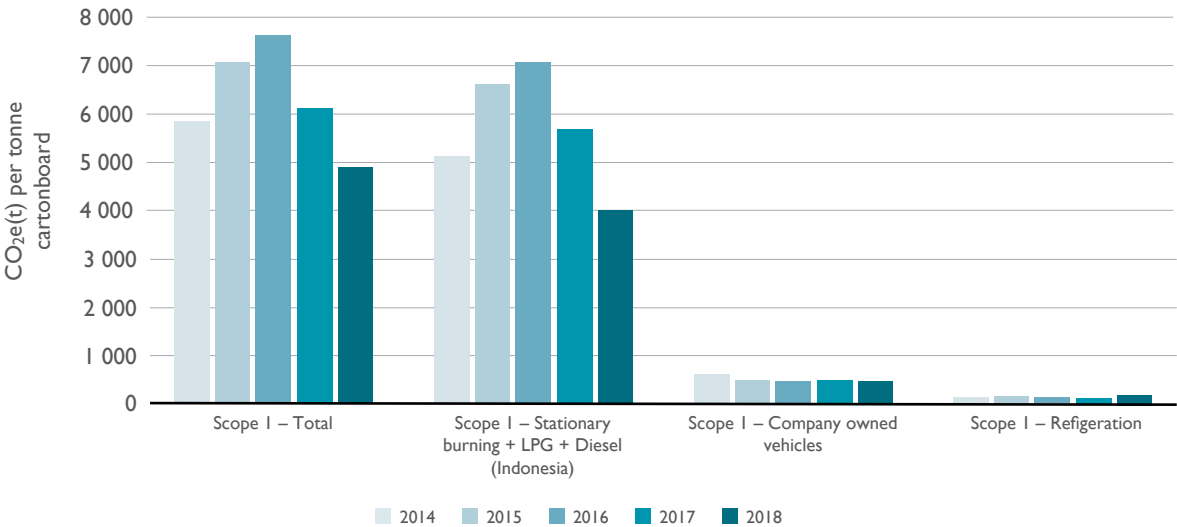
The decrease of direct scope I emissions continued in 2018 with a reduction of absolute emissions by -24% compared to 2017 and by -20% compared to the base year 2014. One of the main reasons is the full year impact from switching from natural gas to biogas at the two plants in Lund, Sweden, in 2017.

Also, the comparative direct emissions decreased by -18,5% and long-term by -43% from starting year 2014.

SCOPE I – COMPARATIVE TOTAL DIRECT GHG EMISSIONS



SCOPE I – DIRECT GHG EMISSIONS (CO₂e (T))



SCOPE 2: INDIRECT GHG EMISSIONS FROM ELECTRICITY AND DISTRICT HEATING

Scope 2 accounts for GHG emissions from the generation of purchased electricity including heating, cooling and steam consumed by an organisation.

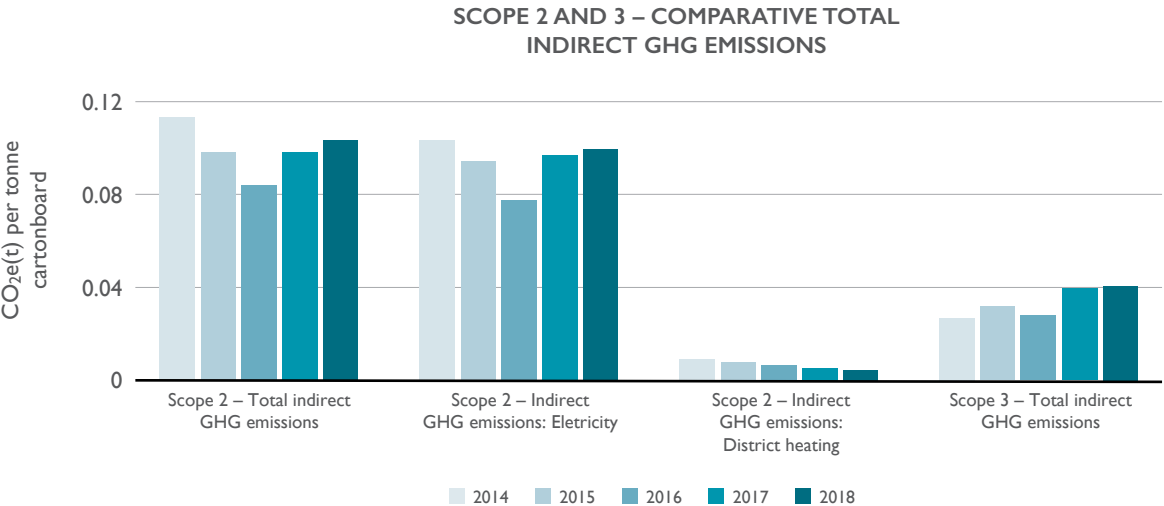
A slight decrease in absolute scope 2 emissions of -0,7% was achieved in 2018 compared to previous year. However, the comparative scope 2 emissions increased by approximately 6%, which reflects the higher energy consumption explained under Energy consumption. Moreover, the CO₂e (t) figures are also linked to the available energy mix and emission factors in the countries where AR Packaging operates. These factors differ dramatically (rated yearly by IEA (International Energy Agency) e.g. between Indonesia and Sweden (with majority on green energy).

Compared to the base year 2014, the absolute indirect scope 2 emissions have increased by 28%, but the comparative figure shows a reduction of 9,1% which is still follows the targeted reduction of -10% until 2020.

SCOPE 3: OTHER INDIRECT GHG EMISSIONS

Scope 3 includes other indirect GHG emissions that are a consequence of an organisation's activities, but occur from sources not owned or controlled by the organisation. It is an optional reporting category and partly reported by AR Packaging to include indirect emissions associated with the extraction and transport of primary fuels as well as the refining, distribution, storage and retail of finished fuel and indirect emissions due to losses in distribution and transmission.

The absolute scope 3 emissions for AR Packaging decreased slightly in 2018 compared to 2017. This is linked to the full impact from the switch to biogas at the two plants in Lund, Sweden. The comparative scope 3 emissions remained at the same level as in 2017.



CDP REPORTING PROJECT

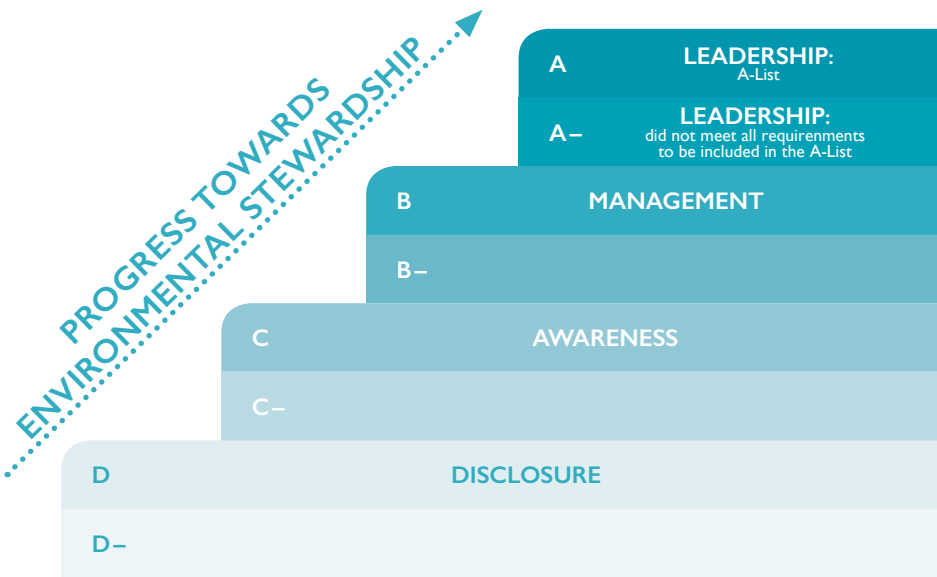
CDP, formerly the Carbon Disclosure Project, is an international nongovernmental organisation that runs the global disclosure system which enables companies, cities, states and regions to measure and manage their environmental impacts. Over 7.000 companies responded to CDP’s annual climate change, water, forests and supply chain questionnaires in 2018 and see the benefits of responding by identifying cost savings from increased efficiency.

AR Packaging has participated since 2014 (reporting year 2013) and reviews the climate change and water impacts in its supply chain together with some of its main customers like Philip Morris International, Nestlé or Imperial Tobacco Group. The yearly updated and extended CDP questions are updated every year and relate to issues such as: how you identify risks associated with climate change and water; what your emissions are, what water sources are used, details on your emissions and water management strategy, such as targets, and actions to reduce emissions and water usage.

In 2019 McDonalds, on of the Group's important customers, will participate in CDP and request AR Packaging to disclose data for climate change and water, but also for forests. This will be the first time AR Packaging participates in the CDP forests program, which is an invaluable tool for facilitating disclosure and managing deforestation risk (read more on www.cdp.net).

SCORING METHODOLOGY BY CDP

CDP classifies scoring performance with the following ranking:



“We must act urgently to prevent dangerous climate change and environmental damage. That starts by being aware of our impact so that investors, companies, cities and governments can make the right choices now.”
www.cdp.net

The Group also supports its customers related to their different climate targets, for example for one of the tobacco customer with -40% absolute reduction in scope 1,2 and 3 by 2030 (compared to 2010). The benefits of CDP for the organisation are to manage risks and opportunities, to show transparency and competence to our stakeholders and as well benchmark activities to other companies.

STABLE RESULTS IN 2018

The overall result of the Awareness level in 2018 is consistent with prior years, but based on further developed and more demanding scoring approach. Several activities and improvements continue to be identified and implemented at the plants, especially for Scope 1 and 2 emissions. Group coordination of Scope 3 activities will start in 2019/2020.

CDP 2018 CLIMATE SCORE

COMPANY NAME	PERFORMANCE BAND
AR Packaging	C
CDP supply chain average	D

CATEGORY NAME	SCORE
Governance	D
Risk management processes	C
Risk disclosure	C
Opportunity disclosure	D
Business impact assessment & financial planning assessment	D
Scenario analysis	No, and we do not anticipate doing so in the next two years
Targets	C
Emissions reductions initiatives & low carbon products	C
Scope 1 & 2 emissions (incl. verification)	D
Scope 3 emissions (incl. verification)	D
Energy	C
Value chain engagement	D

CDP 2018 WATER SCORE

COMPANY NAME	PERFORMANCE BAND
AR Packaging	C
CDP supply chain average	C

CATEGORY NAME	SCORE
Water accounting	C
Value chain engagement	C
Business impacts	C
Water risk assessment	C
Water-related risk exposure	C-
Water-related opportunities	C-
Water policies	C-
Governance	C
Business strategy	D
Integrated approaches	D
Targets & goals	C



FOOD SAFETY AND HYGIENE MANAGEMENT

Food packaging, food safety and hygiene management are key areas and priorities for AR Packaging. Intensive efforts are allocated to working with the customers in all business segments to meet increasing demands and to further improve the protection of food against external and unwanted substances and ensure its optimal shelf life.

FOOD SAFETY AND HYGIENE MANAGEMENT IN CONTINUOUS DEVELOPMENT

To manage product safety, integrity, legality and quality as well as the operational controls, the plants have integrated management systems installed. These cover standard demands such as quality management systems, hazard analysis and critical control points (HACCP) based on food safety programmes, good manufacturing processes and constant internal and external auditing of these systems.

AR Packaging upholds high standards on food safety and hygiene management in order to fulfil and exceed given legal requirements and the demands and expectations of customers and consumers. As the AR Packaging plants are focused on certain segments and customers the standards on food safety and hygiene differ from plant to plant. The highest demands are currently on the plants specialised in direct food contact packaging for baby food products (Cholet in France and Lund in Sweden), followed closely by all plants which produce general food packaging for direct or secondary food contact – independent if carton-based or flexible packaging. Specific additional requirements exist for pharmaceutical packaging produced at some of the plants. The trend that tobacco customers assess the tobacco packaging production on products safety similar to food packaging is clearly growing without any legal guidance.

Certified management systems are used at all plants to meet the market and customer requirement. In 2018 16 out of 18

plants had a certified food safety and hygiene management system in place:

- Nine of the 18 plants are certified on BRC Global standards (Version 5) with the overall aim to provide highest protection for the customers and end consumers. All plants received high (A) and highest (AA) scores, which demonstrates the positive development of these plants. Two plants – Frankfurt in Germany and Cholet in France – have successfully performed the new unannounced approach by BRC, which further raises the awareness of the plant organisation and requires good implementation of the standards in every day work. This approach confirms the organisation's audit-readiness at any time and the often used targeted audit preparations are no longer possible. Further plants have agreed to this approach from 2019, in many cases pushed by customers.
- Five plants are certified to the comparable FSSC 22000 Food Safety Certification System. New FSSC 22000 certification was done successfully in Tabasalu, Estonia, in 2018. Also FSSC 22000 offers unannounced audit approach following the aims as BRC and first plants will switch to this approach from 2019.
- Only two plants – Semarang in Indonesia and Ingerois in Finland – do not have any hygiene and food safety certification but planned to be certified on FSSC 22000 latest in 2021.
- Two plants are certified on ISO 22000 Food Safety management and have procedures for identifying and controlling food safety hazards – Krakow in Poland and Graz in Austria. Graz plans for the higher FSSC 22000 standard latest in 2021.

Food safety

In 2018, 16 of the 18 plants in the Group produced packaging for the demanding food industry and therefore comply with the highest customer demands and legal requirements of European and other countries. Also hygiene management is key and all the relevant 16 plants hold certifications on BRC Pack 5, FSSC 22000 or ISO 22000 as a minimum.

Third party unannounced audits are performed which further raises the awareness of the plant organisation and requires good implementation of the standards in every day work. Two plants performed successful unannounced BRC audits and proved their audit-readiness at any time and independence of available organisation during the audit.

Best-in-class hygiene and food safety achievements at one plant is used as best practise to develop other plants in the Group. The two plants not yet hygiene and food safety certified are planned to be so according to FSSC 22000 latest in 2021.

GOOD MANUFACTURING PRACTICE (GMP)

Another important requirement within food safety and hygiene is to follow Good Manufacturing Practices. There is an EU regulation (EU 2023/2006) to follow, but well-established industry standards are also guidance and/or non-legal requirements in the countries where the Group operates and often seen as GMP by the customers. Therefore, market and industry developments have to be observed closely.

All AR Packaging plants follow the Good Manufacturing Process (GMP) as well as benchmarking and improving industry standards in their processes. Five of our plants (Cholet in France, Augsburg and Frankfurt in Germany, Lund in Sweden and Graz in Austria) are since years additionally honoured with the GMP Seal of ECMA (European Carton Maker Association), which is renewed annually by the ECMA organisation. In 2018, AR Packaging extended this GMP seal to the plants in Timashevsk, Russia, Tibro and the flexibles plant in Lund, both Sweden.

INTERNALLY AND EXTERNALLY PROVEN FOOD SAFETY

In addition to analyses performed at our internal local laboratories, AR Packaging had a multitude of external analyses performed in 2017 by accredited external laboratories to ensure legal compliance of delivered products. In the vast majority migration of unwanted substances into food simulant was not detected or below set legal limits. However, with ongoing new substances in discussion and methods decreas-

ing detection limits a single case in 2018 had to be discussed together with customers and/or suppliers as part of the risk assessment. Adaptations on raw materials and/or design were made to meet the requirements from all sides.

All AR Packaging plants strictly comply with the inspection of not only incoming raw materials, but also of material handling during and after production. There are standardised processes installed at the food packaging plants, of how to reflect food safety e.g. for new product developments.

The requirements, especially on the application, must be discussed closely with the customer at the start of the development. The next step is to check raw material certifications or discuss with supplies. Depending on the type of packed product further risk assessment are made, including involvement in HACCP/food defence and food fraud plans. External laboratory analysis and a full review of all information will be performed in a risk assessment analysis to finally have a food

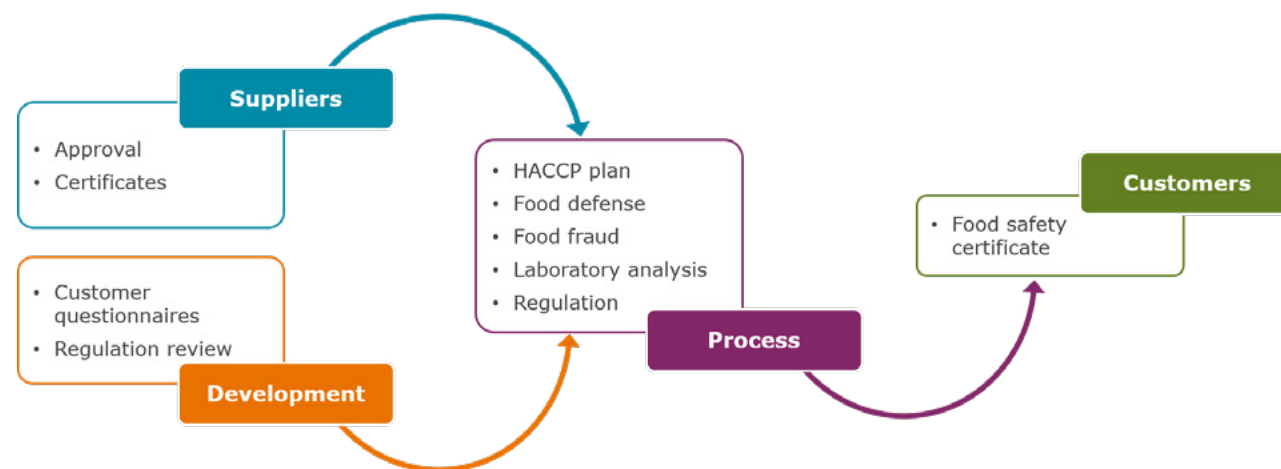
safety certificate for the customer, proving legal compliance and end consumer security.

In the food safety and hygiene management systems it is requested not only to secure the main raw materials such as cartonboard, ink and varnish, but all other operating and auxiliary materials have to be checked regularly and followed up on food safety and work safety requirements. To support the management of chemicals the Cholet plant in France is the second plant to invest in the software called iChemistry. This gives the advantage to list all available chemicals used per department directly on computers – visible by all managers – and chemical risk analysis can be done on the system. Moreover, the HACCP risk analysis for chemicals is included in the software and safety data sheets are available online and updated directly by software plug in.

Also in 2018, local authorities undertook a large number of food packaging inspections and analyses in several segments. AR Packaging and its customers were only partially included in inspections and publications, and none of its plants were involved in any official complaints related to food safety. Neither did the products show any negative impact on consumer health and safety. Consequently, no fines for non-compliance according to laws or regulations related to our products were registered.

FOOD SAFETY IMPROVEMENT EXAMPLES

Food Safety is not only a topic for the quality organisation which is very experienced at many of our plants. It must be observed, lived and followed up on in the whole organisation, including the supply chain and customers. Below are some examples of how this is being implemented and food safety awareness is promoted at our plants:



Food Safety Day at the carton Lund plant Sweden

An annual training day is organised to keep up the momentum and meet strong requirements from the baby food customers. The whole organisation is further educated in matters concerning food safety, environmental protection and work safety. The food safety part was done by an external expert in food safety, who spoke about personal hygiene. Moreover, an international customer presented their company and their view on food safety.

Food safety tests at the carton Lund plant, Sweden

Mandatory annual tests are conducted with all employees with questions regarding food safety, quality and food fraud. The first part of the test is repetition training on food safety and the second part is connected to foreign objects (marked A, B, C in the picture). The target for 2018 set by management was 85% correct answers or specific training would be conducted.

Understanding the customer's products and requirements

The Cholet plant in France started a new approach in 2018 with a campaign to make their employees aware of products



and end users for the produced packaging. Big posters in the entrance area to production showed e.g. people eating hamburger (fast food packaging) or mothers with their babies (packaging for baby milk powder) in order to give better understanding of the high customer requirements and to consistently follow set rules. The same message was also used in the annual hygiene training of employees.

HYGIENE MANAGEMENT EXAMPLES

Ongoing updated hygiene rules

Clear and consequently followed hygiene rules are key in all the plants certified in hygiene management. They have existed for several years and are further reviewed and extended/updated every year. New topics come in focus based on findings at internal or external audits or updated standards. For example:

- At the carton plant in Lund, Sweden, all contractors performing any work in the hygiene area now need to change into hygiene clothes and only protective coat (standard previously) is not allowed any longer regardless of the time spent in production. This is also a safety measure to ensure that no unauthorised personnel is in the production.
- Beard protection in addition to already existing standard of head-cover is discussed at many plants. Whilst it is already a rule in the carton plant in Lund, Sweden, and Cholet, France, the Frankfurt, Germany, plant is requesting this from 2018. Moreover, a glued nail ban also for visitors was implemented

(to wear gloves). This proves that plants go more and more into details to improve the hygiene standard further.

Increased hygiene standard in production

The plants producing for food packaging aims to improve the hygiene standards not only in the processes, but also on the shop floor, surroundings and equipment. Much effort is put on this at the AR Packaging plants, also in connection with projects where e.g. old equipment is replaced by new machines.

- Cholet, France, plans to encapsulate a sheeter and sheet varnish production in the warehouse were speeded up by a customer remark speeded up the project and a wall was built to separate the sheeter from storage areas. This clearly signals the difference between high care area for production and low care area for storage, and noise reduction was achieved in addition.

			
Titel			Sida 1 av 5
HYGIENREGLER			
Dokumentnummer 152		Revisionsnummer 5	
Dokumenttyp	Rutin	Ägare	Emmie Larsson
Process	QA	Titel	Quality Coordinator
Träder i kraft	2018-01-05	Giltig t.o.m.	2021-01-05
Granskad av	Rosemary Pålsson	Godkänd av	Georg Gezellius
Titel	Plant Director	Titel	Lead Quality Assurance
Datum/Signatur	2018-01-04 Rosemary Pålsson	Datum/Signatur	2018-01-04 G. Gezellius

1. Syfte och omfattning

Dokumentet är upprättat för att förtydliga livsmedelssäkerhetslagstiftning och krav i standarden FSSC 22000 gällande för AR Carton Lund som Livsmedelsföretag. Alla är skyldiga att följa Hygienreglerna som är en del av företagets, AR Carton Lund, ordningsregler. Hygienreglerna gäller inom hygienzon som innefattar produktionslokaler och lagerutrymme samt vid notering avseende samtliga lokaler.

ON TOP OF REGULATIONS

AR Packaging now operates with 18 plants located in 10 different countries and works with its customers on food safety for products that are distributed in several countries – including outside of Europe. This provides great knowledge pool of local legal developments and requirements that can be shared quickly within the whole Group.

AR Packaging is actively represented by the Product Safety Manager in Quality committees of the European Carton Makers Association (ECMA), where developments on food safety regulations are observed, discussed and commented on if needed.

Furthermore, local experts at the plants are members of several other local associations to capture and discuss current changes and challenges in the specific industry sectors. Examples of such organisations are Pro S pack and FFI in Germany, Pack2go in Belgium, Packbridge, Sweflex and Innventia in Sweden and FFC in France.

DISCUSSION ABOUT FOOD SAFETY REGULATION

The main focus in 2017 on product safety was once again Europe with ongoing discussions on a number of different regulatory food safety initiatives expected to come into force in 2018, 2019 and onwards:

- An individual EU regulation, the so-called "printed food contact materials (PFCM)", is still under discussion as it can be considered as a counter-proposal at European level for the Draft of the German Printing Inks Ordinance which is still on hold due to activities on EU level. It is fully open as to when such a printed food contact regulation could come into force due to various open questions and objections.

- A mineral oil regulation also continues to be under discussion, even if the public's attention on published migration results into food, e.g. mineral oil in advent calendar, has noticeably decreased. The German draft of the mineral oil regulation is over 2 years old and there is still a detection limit of 0.5 mg / kg food for MOAH and no limiting regulation for MOSH in the discussion. At EU level, a monitoring project will continue to be pursued, the results of which were partly published by individual states in 2018. To what extent these results end in a European regulation cannot currently be estimated. Nevertheless, a variety of tools as well as technical solutions have been developed and put on the market in recent years – minimising or eliminating the risk of mineral oil contamination coming from packaging. AR Packaging offers different packaging solutions available in the company or together with partner suppliers and supports customers in their developments and discussions.

- In addition, a variety of substances came into discussion in 2018 and their presence in the raw materials used by AR Packaging had to be examined. The regulation of further photo initiators, which led to a reformulation of ink and varnishes in the course of the year 2018 and thus also had an impact directly on the Group's business, was decisive for the manufacturers of UV varnishes. UV packaging products will certainly continue to be a hot topic in the future, but AR Packaging offers a wide range of process safeguards and GMP:s in the context of UV production used for food packaging. Close collaboration with customers is maintained and appropriate risk assessments of the application are made.

In general, 2018 was a year of increased focus on food safety than the year before, also on how to assess their products to

direct food contact or not. AR Packaging is well equipped to share updated knowledge and experience and thereby to support its customers in their discussions and developments.

RISK MANAGEMENT

AR Packaging is exposed to a number of business-related risks that are continuously monitored by the Group. Compliance and sustainability-related risks are listed below with examples of preventive measures. Strategic, operational and financial risks are not a part of this sustainability report.

COMPLIANCE RISKS	DESCRIPTION	PREVENTIVE MEASURES
CORRUPTION	Risk that the Group, its affiliated entities or their respective officers, directors, employees and agents may act in a manner deemed to be in violation of anti-corruption or trade sanction laws.	Implementation of a regularly reviewed Code of Conduct as well as Counterfeiting and Anti-illicit trade policy (last update 2018). A training programme for employees was initiated – and re-training on reviewed Code of Conduct started in November 2018. A whistleblowing scheme is available since 2016, which was again promoted to employees in training in 2018/2019. The plants in Indonesia (Bekasi / Semarang) and Sweden (AR Packaging Digital) have been involved in this process since 2017. Due to higher risks assessed for Indonesia, a closer training approach is in place (twice a year from 2019 for critical groups) as well as a special focus on observation. A lean and clear organisation, with responsibilities for decisionmakers.
COMPLIANCE WITH INTERNAL RULES	Risk that the Group, its affiliated entities or their respective officers, directors, employees and agents may not comply with the Group's Code of Conduct or other critical policies and procedures.	All important policies and procedures were reviewed in 2016 and implemented according to a defined plan. Re-training of employees is regularly performed. A whistleblowing scheme is available since 2016 and well communicated to all employees.
FOOD SAFETY	<p>Risk of product/food safety claims against the Group caused by transfer of substances from our food packaging product and/or used raw materials, with possible impact on human health, unacceptable change of food properties or deterioration of the organoleptic characteristics.</p> <p>Risk of damaged reputation and thereby a negative business impact through public discussion and/or the media in connection to the food.</p>	<p>Clear responsibilities at all plants on food safety approval and strict compliance with legislation. Only evaluated raw materials with declarations of conformity, which meet our food safety approach on used specification together with application, are used. Only low migration and mineral oil-free printing inks and varnishes are used for all food packaging. The installed process often exceeds GMP (Good Manufacturing Processes standard) and customer requirements.</p> <p>Risk management on food safety starts in product development in open discussion with our customers, and it is then confirmed by continuous external analysis. Active participation in local and European associations and trade organisations to stay updated on new regulations and discussions. Hygiene management systems are implemented at most plants and further developed. 16 of 18 plants have certified hygiene and food safety management systems installed. Including HACCP/risk assessment approach on products and processes.</p>

COMPLIANCE RISKS	DESCRIPTION	PREVENTIVE MEASURES	
SUPPLIERS	Risk that suppliers do not have internal business practices to ensure awareness of and compliance with our Code of Conduct. Possible publicity that could have a negative impact on the Group's reputation and on the business with our customers.	Long-term relationship with the main suppliers, who mainly operate in the European region with existing laws covering international standards. Regular check on available Code of Conducts at 55 main suppliers, including top 30 suppliers to AR Packaging, started in 2017. This is rounded off by implementation of a sustainability questionnaire in a Group audit approach and a Procurement Policy reviewed in 2016/2018. At the end of the process, a sustainability assessment of these suppliers is performed. There is a special situation in Indonesia with mainly local suppliers where the same approach will be used starting in 2019 to reach same level of confidence.	
ENVIRONMENTAL RISKS	DESCRIPTION	PREVENTIVE MEASURES	
COMPLIANCE WITH ENVIRONMENTAL LAWS AND RULES	Risk that the Group and its plants breach environmental laws and/or local rules or fail approvals for buildings and assets.	Policies and procedures are implemented and monitored by appointed environmental managers at all plants. Continuous further training of the Environmental managers and regular reviews by local authorities. A total of 8 of 18 plants are ISO 14001:2015 certified. However, other certifications like BRC, FSSC 22000, ISO 22000 and Social audits also require compliance with laws and guidelines.	
ENVIRONMENTAL ACCIDENTS WITH IMPACT ON SURROUNDINGS	Risk that accidents caused by the Group, its plants and/or manufacturing processes have an impact on the human environment and surroundings, with consequences such as damaged reputation due to the impact of authorities and media.	Clear procedures and responsibilities in case of environmental accidents are implemented at the plants, including open and transparent external communication. Environmental managers and plant managers jointly monitor and continuously develop protection systems and procedures. The common approach is for all plants to follow local legal requirements and international standards. Regular reviews are also part of audits performed by insurance companies.	
WATER RISKS	DESCRIPTION	PREVENTIVE MEASURES	OPPORTUNITIES
USE OF WATER FROM LIMITED OR ENDANGERED RESOURCES	Risk that water from limited, endangered or protected resources is used by our plants.	The plants are all located in secure environmental surroundings with access to sufficient sustainable water. Withdrawal of water follows local laws and regulations and is continuously monitored by authorities.	
WATER SHORTAGE DUE TO ENVIRONMENTAL OR CLIMATE CHANGES	Water is required in our supply chain (e.g. cartonboard and paper manufacturing processes) as well as in our processes. Risk that water shortage could impact our business, supply chain or manufacturing processes at our plants. Public pressure on use of plastic packaging will bring focus to the flexible businesses. Plastic discussion and new European Single Use Plastic (SUP) guideline will in general bring opportunities to the cartonboard businesses but a reduction of single use items and well coated board constructions are included in the SUP, which could mid-term also impact cartonboard businesses.	The water used internally in our process has a secondary role. The plants are mainly located in Europe with secure environmental surroundings and with access to sufficient sustainable water. Also in Indonesia water is an available sustainable resource and no shortage is expected for our process. Water consumption is tracked, and projects to reduce water usage run continuously at the plants. Also, the suppliers are mainly located in Europe with same conditions. Back-up in case of supply chain issues is available on board suppliers. The case in 2018 of one board supplier in connection with water will be followed up seriously.	Development of the Group's business and our environmental reputation by demonstrating the limited use of water resources.

CLIMATE CHANGE RISKS	DESCRIPTION	PREVENTIVE MEASURES	OPPORTUNITIES
STRICTER ENVIRONMENTAL REGULATIONS AND/OR INTERNATIONAL AGREEMENTS	<p>Risk that stricter environmental regulations and/or new international standards will have a noticeable impact on our business, industry, the manufacturing processes or the surroundings of our plants.</p> <p>Public pressure on use of plastic packaging will bring focus to the flexible businesses. Plastic discussion and new European Single Use Plastic (SUP) guideline will in general bring opportunities to the cartonboard businesses but a reduction of single use items and well coated board constructions are included in the SUP, which could mid-term also impact cartonboard businesses.</p>	<p>The plants are mainly located in European countries with stable and predictable legal developments. This normally allows time to react to potential new obligations.</p> <p>For Indonesia environmental regulations are currently not as strict as in Europe. In case of changes, we have the experience to increase standards to the European level.</p> <p>Sales and business development are aware of current changes and work out new strategies as well as selling already available alternative solutions. The sales organisation was trained in the changes and sustainability backgrounds. The flexible businesses continued already started work on alternatives to current plastic solutions and improvements on recyclability.</p>	<p>Development of the Group's business and environmental reputation thanks to the following:</p> <ul style="list-style-type: none"> • Sales of mainly sustainable, recyclable products, by use of best possible renewable material. • Cartonboard sourced from sustainable managed forests is the main raw material. • Our manufacturing processes have less environmental impact, and our footprint is continuously being reduced. • We closely observe discussions on plastic, single use plastic and PE-coated cups and develop innovations with less plastic or improved recycling possibilities. • Develop the Indonesian plants to European standard as an opportunity for global customers.
CARBON AND/OR ENERGY TAXES	<p>Risk that increased carbon and/or energy taxes could have an impact on our prices in general and in competition with manufacturers in other countries. This includes higher prices due to changes in energy form, e.g. from nuclear to wind power.</p>	<p>Tracking of carbon and energy usage aiming for reduction. Ongoing projects at all plants to reduce dependency on limited resources, e.g. the complete move to "green energy" at our Nordic plants. Increased prices of resources are regularly discussed with customers.</p>	<p>Development of the Group's business and environmental reputation together with existing and new customers by reduction of environmental footprint and communicating this to our customers.</p>
CHANGE IN AVERAGE TEMPERATURE	<p>Risk that further increase of the average temperature will have a noticeable impact on our business, manufacturing processes or plant surroundings.</p>	<p>The plants are mainly located in Europe with secure and stable environmental surroundings. Newly acquired plants outside of Europe will be included in risk assessments. Countries and locations where the Group operates are currently not affected by risk of climate phenomena (floods, storms, etc.) or possible increase in temperature. The status is continuously observed by the plants and includes the two Indonesian plants.</p>	<p>Development of the business by offering long-term stable environmental surroundings.</p>

CERTIFICATIONS AND SUSTAINABILITY MEMBERSHIPS

Continuous assessments and reporting to external experts and organisations increase transparency and give the Group important feedback to improve its processes and sustainability activities in line with our strategy.



CDP DISCLOSURE PROCESS

Since 2014, AR Packaging has participated in the CDP and aims to disclose its annual greenhouse gas emissions and water usage. Together with the customers, we support the prevention of dangerous climate change and the protection of our natural resources is supported. We are disclosing data from the beginning for sections Supply chain and Water and will start in 2019 also on Forests based on a further customer request. More information: www.cdp.net



ENVIRONMENTAL MANAGEMENT

At the end of May 2019, 7 of 18 plants were certified under the new ISO 14001:2015 version to help us reduce our negative impacts on the environment and to comply with applicable laws, regulations and other environmentally oriented requirements. In 2019 the Indonesian plant in Bawen plans to go for ISO 9001:2015 certification.



HYGIENE AND FOOD SAFETY

In May 2019, 8 of 18 plants were certified and had migrated to the new tightened version BRC Pack5. BRC Pack5 follows the high requirements of hygiene to fulfil and exceed the needs of our customers, but also to meet statutory and regulatory requirements related to our products. Based on special customer requirements, six plants will move to the unannounced audit approach, meaning that a BRC auditor could come any day to a plant. End of 2019 new BRC standard BRC 6 will come in force with updated and strengthen requirements challenging our factories.



CERTIFIED GRAPHICAL PRODUCTION

AR Packaging Digital, a member of AR Packaging since 2016, got excellent results in the certification process of Certified Graphical Production (CGP ISO 12647-2) in 2016.



QUALITY MANAGEMENT

15 of 18 plants operate with a certified quality management system to ensure that they meet the needs of our customers. The majority has implemented integrated management systems (IMS) to cover all certifications in one documentation system.



HYGIENE AND FOOD SAFETY

The 22000 standard is largely comparable to BRC Pack 5 and has a wide acceptance in the food supply chain and is requested by some of the largest customers. 7 of 18 plants are on ISO2200 or the higher FSSC22000 standard latter comparable with BRC. The plants on FSSC22000 have started with unannounced audit approach (at least once within 3 years) following the updated standard.



SOCIAL ACCOUNTABILITY

As of May 2019, 14 of 18 plants run through regular social accountability surveys with a minimum approach of external self-assessments but for the majority with external audits by independent companies – following the successful SMETA-4-Pillar approach.



ENERGY MANAGEMENT

The plants in Augsburg and Frankfurt, Germany, hold certification according to ISO 50001 with detailed energy management systems and energy potentials installed. This certification is focused on Germany only because it is linked to the energy tax return.



SUSTAINABILITY RATING

EcoVadis was launched in 2007 to address the needs of procurement executives who were looking for reliable sustainability indicators for their suppliers. Until 2016, only the plants in Cholet, France, and Flextrus Lund, Sweden, were part of EcoVadis' platform. At the end of 2016, it was decided to participate at the Group level due to crossplant customers. Based on our performance on the requirements we are assessed regularly by ecovadis.



RESPONSIBLE FOREST MANAGEMENT

The first AR Packaging plants were certified according to FSC® (Forest Stewardship Council®) and PEFC™ (Programme for the Endorsement of Forest Certification) in 2010. Today 15 of the 18 plants (as of May 2019) can offer customers the use of this standard for their products. More information: www.pefc.org/www.ic.fsc.org/en



UN GLOBAL COMPACT

The United Nations Global Compact is the world's largest corporate sustainability initiative with participation of 9,500 companies from 160 countries. UN Global Compact has set out ten principles defining the fundamental responsibilities for sustainable businesses. A&R Carton has since 2008 been a signatory and in 2014 it was extended to include the whole AR Packaging. Yearly progress on developments is reported to the UN. More information: www.unglobalcompact.org

CERTIFICATIONS PER PLANT

	Frankfurt	Augsburg	Graz	Krakow	Timashevsk	St Petersburg	A&R CartonLund	Tabasalu	Ingerois	Cholet	Maju Jaya Bekasi	Maju Jaya Semarang	Flextrus Lund	Flextrus Halmstad	Flextrus Highbridge	AR Packaging Digital	CC Pack	SP Containers
ISO 9001	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
ISO 14001	✓		✓	✓			✓					Planned for 2019	✓	✓	✓			
ISO 50001	✓	✓																
FSC®/ PEFC™	✓ (Multisite*)	✓ (Multisite*)	✓ (Multisite*)	✓ (Multisite*)	✓ (Multisite*)	✓ (Multisite*)	✓ FSC®-C122998	✓ FSC®-C122551	✓ FSC®-A000509	✓ (Multisite*)	FSC®-C130725	FSC®-C131781	FSC®-C068028				FSC®-C122971	FSC®-C004276
SOCIAL ACCOUNTABILITY	✓	✓	✓		✓	✓	✓			✓	Planned for 2019	Planned for 2019					✓	
SEDEX	✓		✓		✓		✓	✓		✓		✓	✓	✓	✓			✓
BRC	✓	✓	EN15593		✓					✓				✓	✓		✓	✓
FSSC 22000			ISO 22000	ISO 22000		✓	✓	ISO 22000			FSSC 20000+ ISO 22000	Planned for 2019/2020				✓		

* Multisite licence code, FSC®-C126270

STATUS MAY 2019

GRI INDEX

TABLE I:

GRI STANDARDS	DESCRIPTION	PAGE	PRINCIPLE
GRI 100: General			
Organisational profile			
102-1	Name of the organisation	9	
Strategy			
102-2	Activities, brands, products and services	5, 8	
Organisational profile			
102-3	Location of headquarters	5	
102-4	Location of operations	7, 9	
102-5	Ownership and legal form	9	
102-6	Markets served	5, 8	
102-7	Scale of the organisation	9	
102-8	Information on employees and other workers	23, 24	
102-9	Supply chain	42, 43, 44	
102-10	Significant changes to the organization and its supply chain	5	
102-11	Precautionary Principle or approach	62-64	7, 8
102-12	External initiatives	65	
102-13	Membership of associations	61	
Strategy			
102-14	Statement from senior decision-maker	3, 5	CEO commitment 7, 8
UNGC	UN Global Compact Statement of continued support	3	Declaration of membership

GRI STANDARDS	DESCRIPTION	PAGE	PRINCIPLE
102-15	Key impacts, risks and opportunities	62-64	7, 8
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	20-22, 25-26	
Governance			
102-18	Governance structure	9	
102-19	Delegating authority	9	
102-20	Executive-level responsibility for economic, environmental and social topics	9, 20	
102-21	Consulting stakeholders on economic, environmental and social topics	11, 16, 61	
102-22	Composition of the highest governance body and its committees	9	
102-23	Chair of the highest governance body	9	
102-24	Nominating and selecting the highest governance body	-	
102-25	Conflicts of interest	-	
102-26	Role of highest governance body in setting purpose, values and strategy	20	
102-27	Collective knowledge of highest governance body	-	
102-28	Evaluating the highest governance body's performance	-	

GRI INDEX

TABLE 2:

GRI STANDARDS	DESCRIPTION	PAGE	PRINCIPLE
102-29	Identifying and managing economic, environmental and social impacts	-	
102-30	Effectiveness of risk management processes	-	
102-31	Review of economic, environmental and social topics	-	
102-32	Highest governance body's role in sustainability reporting	-	
102-33	Communicating critical concerns	-	
102-34	Nature and total number of critical concerns	11, 20, 21, 22	
102-35	Remuneration policies	-	
102-36	Process for determining remuneration	-	
102-37	Stakeholders' involvement in remuneration	-	
102-38	Annual total compensation ratio	-	
102-39	Percentage increase in annual total compensation ratio	-	
Stakeholder engagement			
102-40	List of stakeholder groups	-	
102-41	Collective bargaining agreements	25	
102-42	Identifying and selecting stakeholders	-	
102-43	Approach to stakeholder engagement	-	
102-44	Key topics and concerns raised	11	
Reporting practice			
102-45	Entities included in the consolidated financial statements	-	
102-46	Defining report content and topic boundaries	11	
102-47	List of material topics	11	

GRI STANDARDS	DESCRIPTION	PAGE	PRINCIPLE
102-48	Restatements of information	11-12	
102-49	Changes in reporting	11-12	
102-51	Date of most recent report	72	
102-52	Reporting cycle	72	
102-53	Contact point for questions regarding the report	73	
102-54	Claims of reporting in accordance with the GRI Standards	12	
102-55	GRI Content Index	67-71	
GRI 200: Economic			
103-1/2/3	Management Approach for GRI 200: Economic	See chapters	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	6	
201-2	Financial implications and other risks and opportunities due to climate change	62-64	7, 8
201-4	Financial assistance received from government	-	
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	23, 25	
202-2	Proportion of senior management hired from the local community	-	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	-	
203-2	Significant indirect economic impacts	-	
204-1	Proportion of spending on local suppliers	-	

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TABLE 3:

GRI STANDARDS	DESCRIPTION	PAGE	UN GLOBAL COMPACT
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	17,62	10
205-2	Communication and training about anti-corruption policies and procedures	20-21	10
205-3	Confirmed incidents of corruption and actions taken	21	10
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior; anti-trust, and monopoly practices	21	10
GRI 300: Environmental			
103-1/2/3	Management Approach for GRI 300: Environmental	See chapters	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	42-44	7, 8
301-2	Recycled input materials used	43	8
301-3	Reclaimed products and their packaging materials	-	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	48-49	7, 8, 9
302-3	Energy intensity	48-49	7, 8, 9
302-4	Reduction of energy consumption	48-49	7, 8, 9
GRI 303: Water 2016			
303-1	Water withdrawal by source	50	7, 8, 9
303-2	Water sources significantly affected by withdrawal of water	50	7, 8, 9
303-3	Water recycled and reused	50	7, 8, 9

GRI STANDARDS	DESCRIPTION	PAGE	UN GLOBAL COMPACT
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	51	7, 8, 9
304-2	Significant impacts of activities, products, and services on biodiversity	51	7, 8, 9
304-3	Habitats protected or restored	51	7, 8, 9
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	52-56	7, 8, 9
305-2	Energy indirect (Scope 2) GHG emissions	52-56	7, 8, 9
305-3	Other indirect (Scope 3) GHG emissions	52-56	7, 8, 9
305-4	GHG emissions intensity	52-56	7, 8, 9
305-5	Reduction of GHG emissions	52-56	7, 8, 9
305-6	Emissions of ozone-depleting substances (ODS)	-	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	-	
GRI 306: Effluents and Waste 2016			
306-1	Water discharge by quality and destination	50	7, 8, 9
306-2	AR – Waste by type and disposal method	45-46	
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306-4	Transport of hazardous waste	45-46	
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GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	21	

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TABLE 4:

GRI STANDARDS	DESCRIPTION	PAGE	UN GLOBAL COMPACT
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	21	
308-2	Negative environmental impacts in the supply chain and actions taken	21	
GRI 400: Social			
103-1/2/3	Management Approach for GRI 400: Social	See chapters	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	23-24	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	19-20	
401-3	Parental leave	26	
GRI 403: Occupational Health and Safety 2016			
403-1	Workers representation in formal joint management-worker health and safety committees	31-34	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, as well as number of work-related fatalities	31-34	
403-3	Workers with high incidence or high risk of diseases related to their occupation	31-34	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	29-30	
404-2	Programs for upgrading employee skills and transition assistance programs	29-30	
404-3	Percentage of employees receiving regular performance and career development reviews	29-30	

GRI STANDARDS	DESCRIPTION	PAGE	UN GLOBAL COMPACT
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	23-24	6
405-2	Ratio of basic salary and remuneration of women to men	25-26	6
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	25-26	6
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	25-26	3
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	20-22, 25	5
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	20-22, 25	4
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	20-22, 25	1, 2
412-2	Employee training on human rights policies or procedures	20-22, 25	1, 2
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	20-22, 25	1, 2
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	21	
414-2	Negative social impacts in the supply chain and actions taken	21	

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TABLE 5:

GRI STANDARDS	DESCRIPTION	PAGE	UN GLOBAL COMPACT
GRI 415: Public Policy 2016			
415-1	Political contributions	-	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	58-61	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	58-61	
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	-	
417-2	Incidents of non-compliance concerning product and service information and labeling	-	
417-3	Incidents of non-compliance concerning marketing communications	-	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	
GRI 419: Socioeconomic Compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	20,22	

SUSTAINABILITY REPORTING HISTORY

AR Packaging has since 2007 published annual sustainability reports – first as A&R Carton and since 2013 as AR Packaging. All sustainability reports published since 2010 are available for download at www.ar-packaging.com.



2007



2008



2009



2010



2011



2012



2013



2014



2015



2016



2017



2018

INFORMATION AND CONTACTS

THE SUSTAINABILITY REPORT 2018

This sustainability report summarises the key environmental and social developments at AR Packaging for the calendar year 2018. It is published digitally as a pdf document on the Group's websites and is also the basis for the annual progress report as obliged by the Group's membership in the UN Global Compact. A condensed version of the sustainability reporting for 2018 is included in the financial report as regulated in the 2014 EU Directive on the disclosure of non-financial and diversity information (2014/95/EU).

COMMUNICATION CHANNELS

The substantial track record of AR Packaging sustainability reports is available to download from the website www.ar-packaging.com, where you are most welcome to read more about corporate social responsibility at AR Packaging. Sustainability achievement are also shared through LinkedIn.

www.ar-packaging.com

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AR Packaging is a family of strong companies. With vast experience and unique competencies in each respective field of packaging we offer synergies to customers looking for a long-term partner delivering cutting-edge solutions.

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