



Sustainability Report 2018/19



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1 Schur at a glance 2018/19

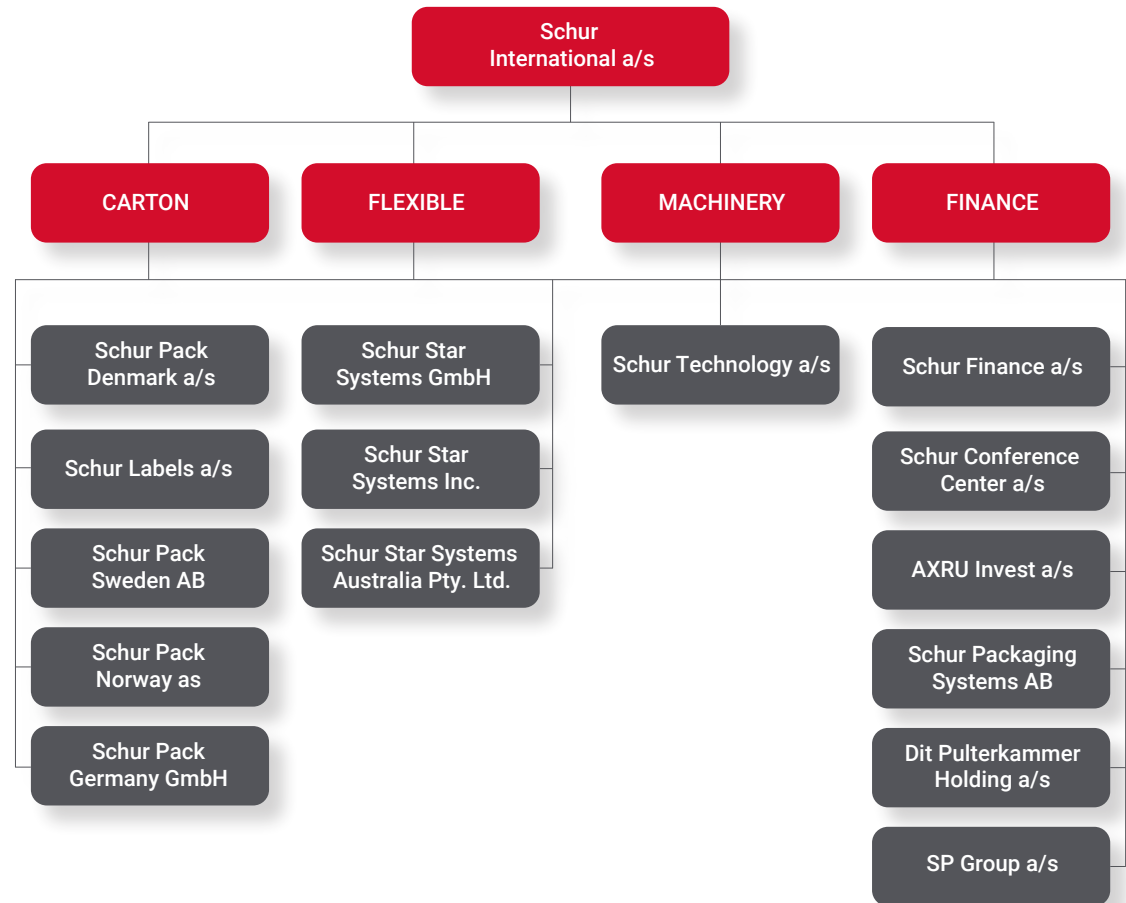
Mission

We help our customers
Pack - Protect - Preserve
and Sell their products

Values

“Familializing” our customers
Constant care
We think before we act
We walk the talk

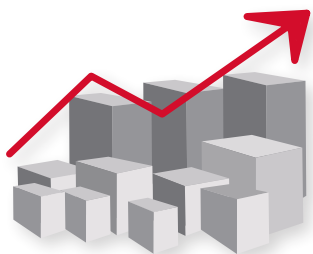
Organisation





Locations

Schur's locations 



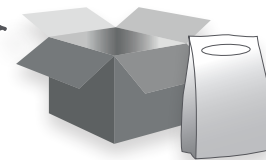
13 percent
Increase in volume sold
compared to last year



1.6 Bn DKK
Revenue



1846
Established



Tons packaging sold
76,597.8 Cardboard
10,914.8 Flexibles



936
Employees

2 CEO statement

At Schur, our mission is to help our customers Pack, Protect, Preserve and Sell their products. We do this by designing customised packaging solutions to meet the needs of our customers. Solutions that contribute to product protection, functionality, consumer health and extended shelf life.

Today and throughout our history, being a responsible company has always been a question of close cooperation and partnerships. By conducting our business in a responsible manner that respects people, the environment and business ethics we have been able to sustain for almost 175 years.

Most of Schur's customers are food producing companies. According to the United Nations (UN), one third of the world's produced food is not consumed. A lot of food is wasted due to insufficient cooling systems and lack of proper protective packaging. The UN estimates that packaging accounts for approximately five percent of the total climate impact related to food, while the food itself accounts for approximately 95 percent. Hence, as a packaging producer our biggest positive, potential environmental impact is contributing to reduce food waste. The better the packaging,

the lower the amount of food waste, the lower the environmental footprint.

Packaging is essential to secure safety and preserve good qualities of a variety of products. By focusing on the quality of our packaging solutions, we extend shelf life and enable food waste reduction. Our focus is to always deliver high quality packaging solutions that are innovative and sustainable without compromising the customers' needs and requirements. We strive to balance the considerations of food preservation and climate impact generated from the packaging and to ensure overall sustainability when designing our packaging solutions together with our customers.

We have initiated our sustainability work by properly mapping our own potential sustainability impacts. The current sustainability KPIs have been measured since 2011/12, which is the baseline year for our current efforts. In the past three years we have done our best to conduct systematic due diligence assessments on the environmental, social and anti-corruption aspects of our business activities



in all our companies within scope. This has been done in compliance with internationally agreed and respected frameworks; the UN Guiding Principles for Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. We are happy to say that we will be finalising our assessments related to our own companies in the beginning of 2020, which entails that Schur will be among the few companies in Denmark to fully implement these principles. In the coming years, we will expand our efforts to include our value chain.

A milestone for the reporting year was reaching our target to reduce energy use by 40 percent in our Danish companies from 2010-20. In the coming years, we will continue the journey by systematically reducing energy consumption in all our companies, increase the use of sustainable materials and strengthen our management and documentation of our respect for human rights. We have set an ambitious goal to strive for CO2 neutrality by 2030. This will be one of the most important headlines for our sustainability efforts in the coming years.

As we have gained a thorough understanding of our own potential impacts through our compliance work and thus laid a solid ground for our sustainability efforts, we are now ready to elevate our attention towards implementing strategic initiatives with an external focus. Hence, we have embraced the UN's Sustainable Development Goals (the SDGs). We have conducted several projects with customers to develop sustainable packaging solutions, which is part of our journey to proactively integrate circularity into our designs. This we will do by focusing on recyclability in packaging by adjusting design solutions to local markets and systems for handling waste. In the coming years we will continue to investigate new solutions to further enhance the sustainability of our flexible and carton packaging solutions.

Schur became a signatory to the UN's Global Compact in 2015. This sustainability report

constitutes our annual communication on progress to the UN Global Compact and as the statutory statement on corporate social responsibility in accordance with section 99a and b of the Danish Financial Statements Act.

This report follows the triple bottom line methodology covering environmental, social and economic topics related to our business for the financial year 2018/19, which ended on 31 October 2019. It provides our stakeholders with an overview of our material sustainability issues, performance and initiatives. I invite you to get familiar with our report to learn how we work with sustainability at Schur. We call it 'Sustainable Schur'.



Hans Schur
CEO

3 Schur's business model

Schur operates globally with business activities including development, production and sales of packaging within carton and flexible materials including complete packaging systems. In addition, we deliver innovative consumer products including the wine-pourer DropStop®. Apart from the parent company and a few of the subsidiary companies, each company has their own development, production and sales activities.

The products of the Carton companies are primarily sold in Northern Europe and the US, while the flexible, machinery and consumer companies sell their products worldwide.

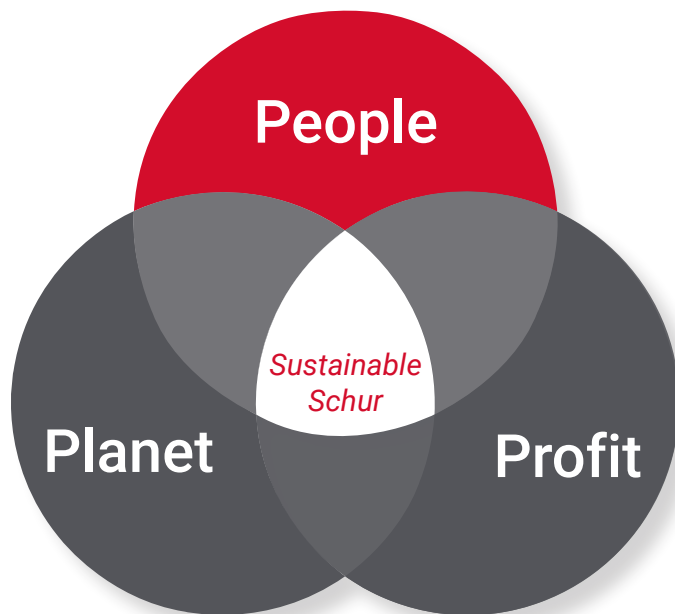
This report covers Schur's activities as described in Schur's annual report.

Schur has committed to contributing to social, environmental and economic sustainable development. In the next chapter we present our approach to sustainability.



Schur's business model

Triple bottom line



At Schur, we believe that sustainable development starts inside our own companies. We have started our sustainability efforts with managing our own potential negative impacts to “do no harm”. After ensuring compliance with the globally agreed minimum standard for responsible business conduct, the next step is a more strategic approach to sustainable development with an aim of doing good where we can. To us, both are a vital part of sustainable business conduct. As a responsible company, we find it important to understand and handle our own impacts before we start asking our suppliers to do the same.

On the following pages we explain how we work with sustainability, show the results of our work and outline future focus areas.

We evaluate our performance based on the triple bottom line approach. All three bottom lines are equally important for Schur's sustainability as a business:

Environmental

Preventing negative impacts on the climate and the environment and contributing to sustainable solutions.

Social

Respect for human and labour rights. Taking care of the well-being of our employees and the societies we operate in.

Economic

Healthy earnings and responsible business practices.

Sustainability governance for compliance

At Schur, responsible business conduct is anchored at the top of the company. Our board of directors at corporate level and executive management approve and provide guidance to our sustainability policy and initiatives. The CEO of every company is responsible for ensuring that sustainability activities become an integral part of our business operations.

As a signatory to the *UN Global Compact from 2015*, we use the framework to guide the way we work with sustainability. To manage our impacts and performance we follow the globally agreed minimum standard for responsible business conduct defined by the *UN Guiding Principles for Business and Human Rights (UNGP)* and the *OECD Guidelines for Multinational Enterprises*. Our due diligence process and sustainability management system, which

is our tool for continuous progress, is based on these guidelines and has been developed in cooperation with external expertise. In this chapter we share our advancement on the due diligence process.

As recommended by the OECD and UNGP, we launched our Sustainable Schur Policy in 2017. The policy states our commitment to sustainable development. It covers all our business areas, companies and stakeholders. Over time, it will be reflected in all relevant policies, procedures and guidelines at Schur. The norms and responsibilities expected from our employees and business partners are stated clearly in the policy. Sustainability is a common responsibility. This has led to the formulation of 2 sets of Codes of Conduct, one for employees and one for suppliers. These are being implemented during 2020.

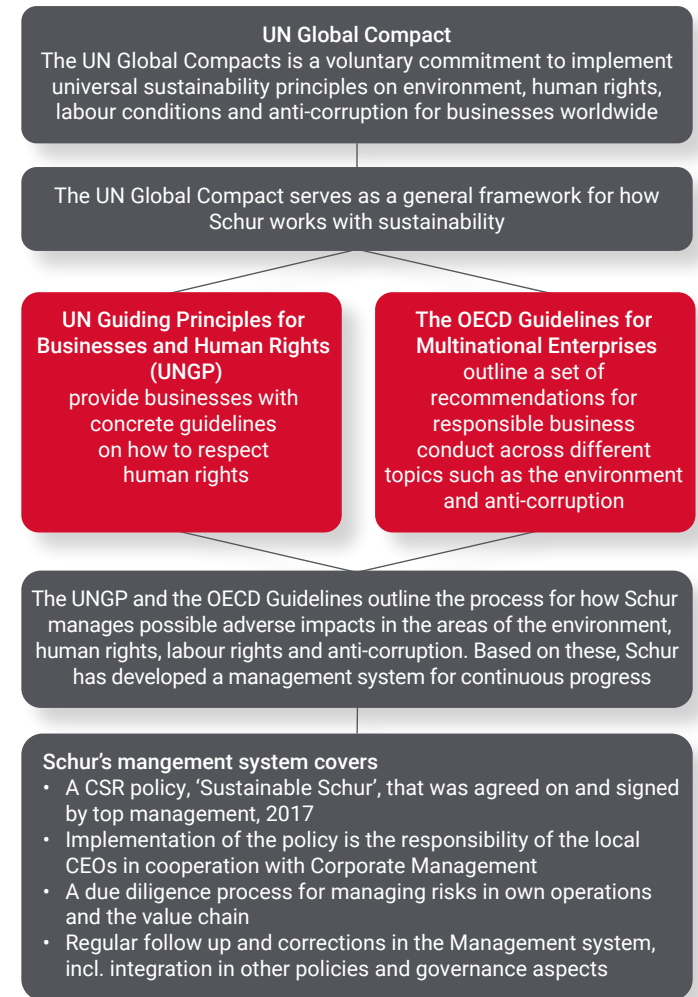
As part of our due diligence process we have conducted systematic impact assessments of the eight companies within Schur's core business during 2017-2019. Assessments cover potential impacts on human rights, incl labour rights, the environment and anti-corruption. In November 2019, Emballagegruppen a/s (now Schur Pack Denmark a/s, Vejle) and Dan La-

bels a/s (now Schur Labels a/s) became part of Schur. These companies will be included in the due diligence process in 2020.

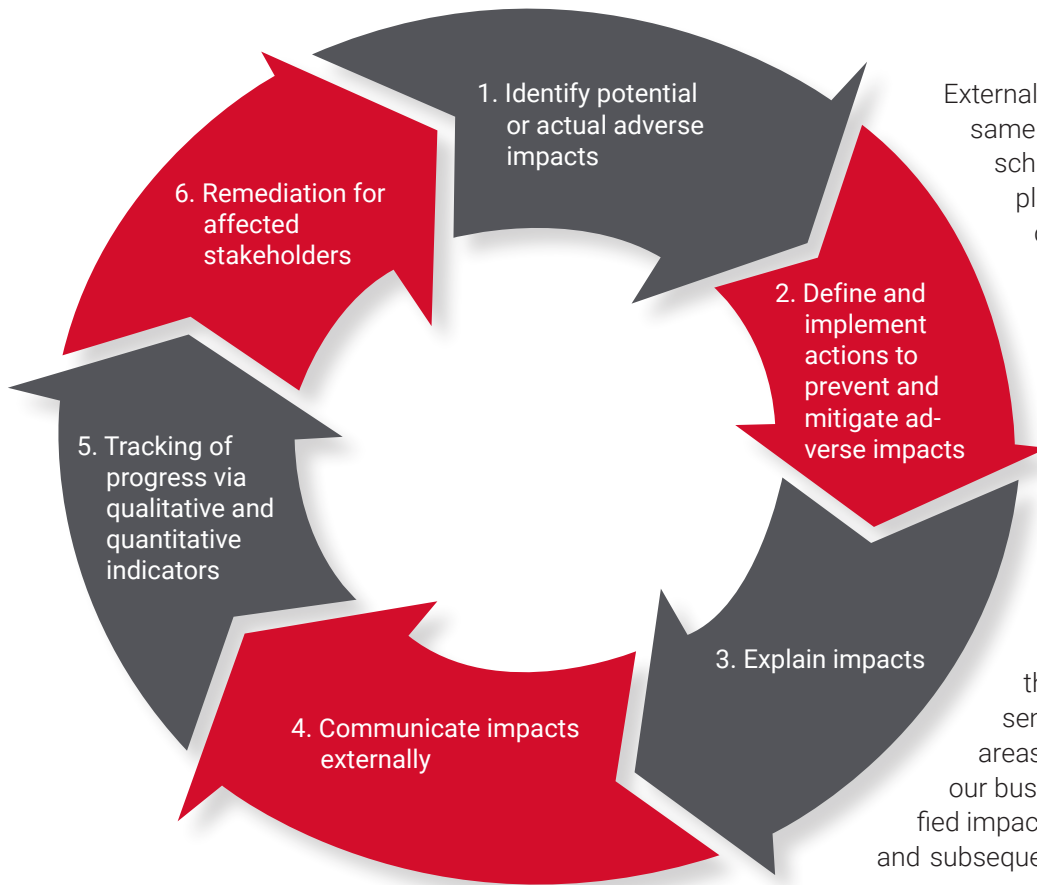
To facilitate integration and competence development, employees and managers at all the assessed companies were deeply involved in the process. For each company, potential impacts were identified and assessed. Further, adequate preventive and mitigating actions were developed and approved. Currently, we are in the process of implementing these actions at each company. We will continue to systematically conduct due diligence in our own companies to follow our progress and identify further possible impact areas and necessary improvements. As a next step, we will introduce the due diligence process to our first-tier suppliers.

All the due diligence analyses were assured by the CEO of each of our companies. The due diligence reports are available for our employees on the intranet and they are shared with external stakeholders when relevant. Employees can voice any queries, requests or complaints regarding Schur's approach to human rights (incl. labour rights), the environment and anti-corruption via a channel on the intranet.

Schur's sustainability framework and management system



Schur's sustainability due diligence process



External stakeholders can do the same via a channel on www.schur.com. These are a supplement to all our other channels for dialogue and support the general transparency in Schur. All requests are handled in confidentiality by an independent third party.

Any business, including Schur, will always have potential impacts on the people involved and the environment. In this report, we have chosen to go into detail with the areas we find most material to our business conduct. The identified impacts, implemented activities and subsequent results of the due dili-

gence process are presented in the following chapters under the Environmental, Social and Economic headings. To view all our identified potential impacts, please find the matrix in appendix 1.

As a next step we are ready to strive towards a more strategic approach to sustainability including our upstream and downstream business partners. This is demonstrated through our commitment to the SDG's and our progress related to sustainable supply chain management, which will be described in the following two chapters.

Sustainable Development GOALS

Schur's commitment to the Sustainable Development Goals:

Strategy for positive impacts

In 2015, the world was introduced to the Paris agreement and UN's 17 Sustainable Development Goals (the SDGs) and their 169 sub-targets. This provided our nations, businesses and the public with a new international ambition and mutual goals. As a responsible company, we feel encouraged to support these goals for a better world.

In 2019, we assessed and identified the most material SDGs and sub-targets related to our business. As a manufacturer we consume a considerable amount of raw materials and energy in the production process while we as a packaging provider contribute positively to consumer health and the reduction of food waste.

Schur is committed to increasing our efforts to contribute to *Goal 7* 'Ensure access to affordable, reliable, sustainable and modern energy for all' and *Goal 12* 'Ensure sustainable consumption and production patterns'.



SDG Goal



Targets

7.3

By 2030, double the global rate of improvement in energy efficiency.

12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains including postharvest losses.

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment.

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

SDG Commitment

We are committed to improving energy efficiency in all our locations and investing in renewable energy for all our companies. Our goal is to be CO₂ neutral in 2030.

We are committed to innovating and developing packaging solutions that will extend the shelf life of food and reduce the amount of food waste.

We are committed to minimising our consumption of chemicals and to responsibly storing and handling chemicals in our production.

We are committed to contributing to the circular economy throughout our business conduct and increasing our focus on reducing and re-cycling waste in our production. In collaboration with our customers, we seek to develop packaging solutions that are designed for reuse and recycling.

We are committed to encouraging all our business partners to engage in partnerships and sustainable business practices.

Schur's SDG focus

The table below shows the identified goals and sub-targets that are most related to our activities and outlines our commitment to each of the targets.

In 2020, we will proceed to define concrete actions, appropriate measurements and ambitious KPIs to evaluate our contributions to the SDGs. We will also continue to assess our business' impacts on the SDGs and discuss if we should focus on additional goals and sub-targets.

Responsible business partnerships

We recognise that potential risks related to social, environmental and anti-corruption issues in our supply chain are plausible. At Schur, we do not believe in a top-down structure when working with suppliers. We believe in trust, self-management and cooperation.

In 2019, we developed our Code of Conduct for responsible business partnerships together with our responsible business relation program to manage our cooperation and dialogue on sustainability with suppliers. It will be introduced to our first-tier suppliers during 2020 to meet the global minimum standard for responsible business conduct (UNGP and

OECD). We believe that major improvements of the sector's social, ethical and environmental sustainability can only be achieved through cooperation across the value chain.

The Code of Conduct will be available on our website for all stakeholders.

Activities 2018/2019

- The Board approved a new Code of Conduct for responsible business partnerships, with expectations regarding respect for the environment, human rights labour rights and anti-corruption.
- We established a grievance channel for third parties.

Planned activities 2019/2020

- Schur's system for responsible business partnerships will be implemented.

5 Environmental Sustainability

At Schur, we recognise that environmental responsibility is an integral part of our own operations. Yet, the largest opportunity to generate positive environmental impact comes from collaboration with customers and the development of smart and sustainable packaging solutions. The following two chapters address how we work with our responsibility for the environment and the climate.

Environmental sustainability in product development

The UN estimates that approximately 95 percent of the climate impact from food is related to food itself while the packaging accounts for approximately five percent of the total impact. As a packaging provider Schur has the responsibility to offer the right solution to ensure that each product is properly protected and preserved in the given context. This reduces food waste and this is our biggest contribution to reducing environmental and climate impact.

We recognise that packaging which is not properly recycled poses an environmental risk when ending up in the oceans, nature or clogging landfills. Circular economy is widely discussed when identifying opportunities

to mitigate the environmental impact. We are committed to the circular economy that goes beyond the current take-make-waste linear philosophy and provides us with an alternative of growth without sacrificing natural resources.

The materials used in packaging have a major effect on their functionality and recyclability.

For our solutions, we use different types of cardboard and plastic materials including recycled materials. We always promote the material



“THE SCHUR® SPOON”

Schur Pack Denmark a/s has developed a foldable spoon made 100 percent of carton and Schur Technology a/s is developing a machine that can fold the spoon and make it ready for consumers. Now, Schur can offer our customers a solution when the EU-directive banning disposable plastic spoons takes effect in 2021. The Schur® Spoon is made from wood fibers, a 100 percent renewable source.

“Carton trays”

With the takeover of Emballagegruppen a/s (now Schur Pack Denmark a/s, Vejle) in 2019, Schur expanded its selection of sustainable solutions with trays of carton. These trays have the same properties as trays of plastic and aluminum and they can enter into the process of packing food or other products on the same terms. The carton trays have a smaller climate impact and their CO² emissions are lower during their life cycle. They consist of 90 percent wood fibers that come from sustainable Scandinavian forests and are renewable.

“Schur Pack Egg Sleeve® Concept and Schur Avant”

A solution with 100 percent renewable fibers

Schur Pack Sweden AB was contacted by Thuressons who wanted a more sustainable packaging for eggs. Traditionally, eggs in Sweden are standing in a carton tray covered by plastic film. Thuressons wanted a solution totally free from disposable plastic.

Schur Pack Sweden AB developed the Egg Sleeve Concept made from carton only and able to hold 20 - 30 eggs - a solution that is made from a renewable source and that is recyclable. Schur Technology a/s in Denmark developed the Schur Avant machine that can manage the packaging of fresh eggs in the carton packaging.

most suitable for the given context. Variables such as type of product packaged, functionality, disposal requirements and quality standards are always considered.

We develop our solutions in close cooperation with our customers. Yet, the final decision on design and material is always in the hands of our customer. As the packaging specialist, it is our responsibility to advise on the circular economy and the most sustainable choice for the specific context.

In the future, we will continue to strengthen our competencies to be able to provide our customers timely and proactive dialogue on sustainable and circular solutions. Therefore, in the beginning of 2020 we joined the 4evergreen Industry Alliance. The purpose of the alliance, across the fiber-based packaging value chain, is to develop sustainable packaging solutions, to support positive changes in circular recycling economy and minimise environmental impact of packaging.

Environmental sustainability in own operations

We acknowledge the environmental and climate related risks of our own operations, which mainly relate to consumption of energy, materials and water as well as generation of waste (appendix 1 provides a full overview). To reduce our environmental footprint, we focus on these areas on a daily basis.

Where relevant, our companies are ISO 14001 and 50001 certified and work systematically with environmental management. Our commitment to environmental and climate responsibility is



addressed in our Sustainable Schur Policy. We address our environmental impact at the Schur companies through our due diligence processes.

ISO Certifications

ISO 14001 specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance. ISO 50001 is a model for an energy management system, which helps organisations use energy more efficiently and leads the way for continual improvement.

Energy efficiency & carbon emissions

During the past years we have continued our energy optimisation efforts to reduce the amount of energy used in our companies. Energy efficiency is regarded in conjunction with renovations, installations and constructions of buildings and production equipment. Our efforts have resulted in a decrease in relative energy consumption.

At our Danish companies we have achieved energy savings by 40 percent compared to the benchmark year 2011 through our long col-

laboration as an official climate partner with leading energy provider Ørsted. Efforts have focused on re-insulation, more energy-efficient heating and ventilation systems as well as more energy-efficient production facilities and employee behaviour.

During 2018/19 we have bought 5,000 MWH REC Certified electricity from windmills, which is equivalent to 2/3 of the overall consumption in our Danish companies.

Energy consumption Danish companies

Target - Reduce the total energy spending across all Danish companies by 40 percent by 2021 compared to the level from 2011/2012. Target reached.

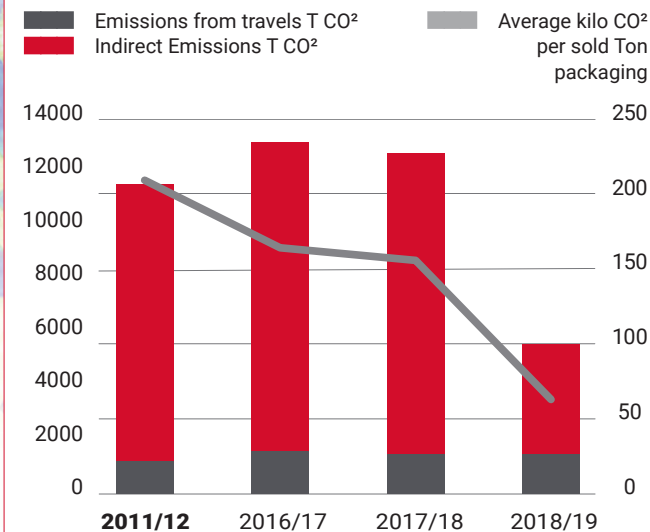
All companies

Change in absolute energy consumption since 2011/12: Heating -7 percent. Electricity + 21 percent due to increased production and new companies.

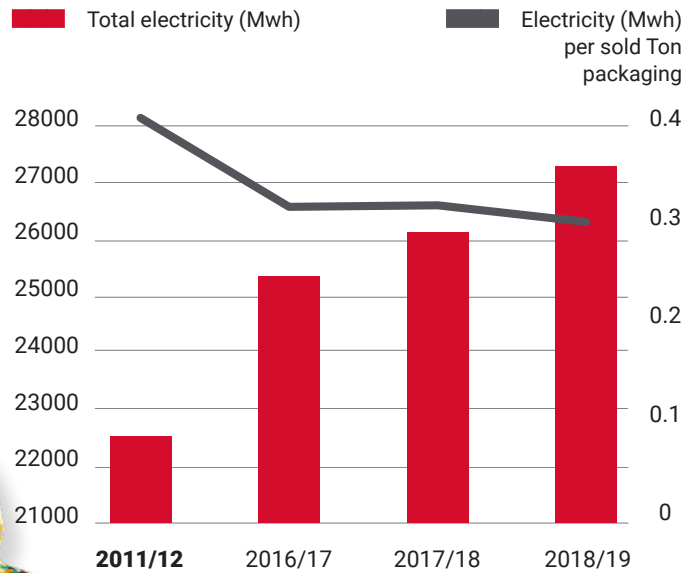
All companies

Change in relative energy consumption since 2011/12: Heating per sold ton -46 percent. Electricity per sold ton -27 percent.

CO² emissions



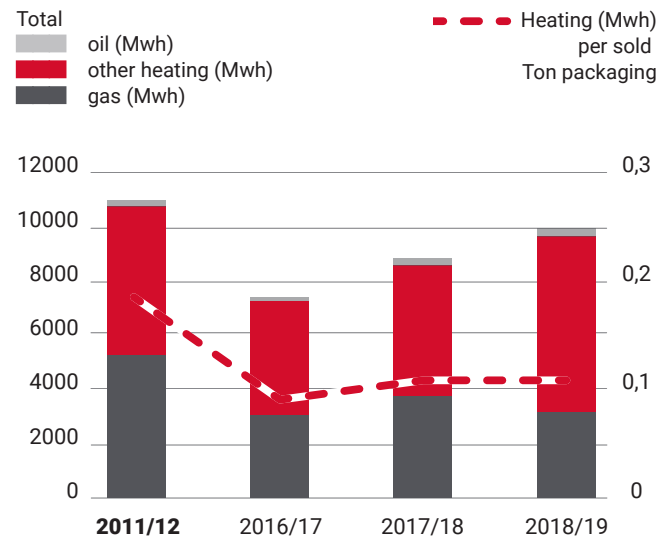
Electricity consumption



“Factory in Germany built to be energy-efficient”

At Schur Pack Germany GmbH more than half of the energy consumption comes from sustainable sources: 10-15 percent from solar cells on the roof of the factory buildings. 100 percent of the heating in the production area come from burning wooden pallets that have been used for materials and products.

Heating consumption



We have set an ambitious target to continue reducing our CO² emissions and aim for carbon neutrality by 2030. We start with scope 1 (own activities) and 2 (indirect impacts from own consumption and purchased energy) plus part of scope 3 (indirect impacts from business travels) as defined by the Greenhouse Gas Protocol. Over time we will work further towards more indirect impacts, for example from our supply chain (scope 3). However, these indirect impacts are not included in our climate target for 2030.

We already measure some of our CO² emissions related to our business activities (scope 1, 2 and 3). The graph on the previous page shows the CO²-emissions that we are mea-

suring today. This includes emissions from company cars and business flights and indirect emissions from purchased electricity and heating. To decrease our climate impact, we purchase Renewable Energy Certificates (REC) from windmills.

CO² EMISSIONS

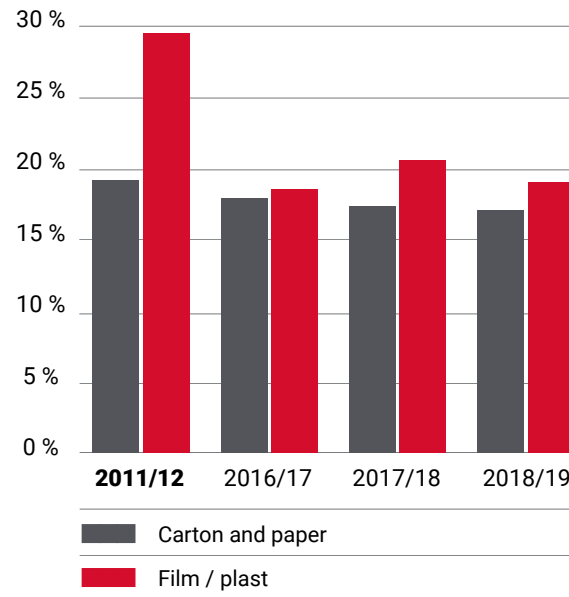
Target - Carbon neutrality in 2030.

Change in emissions. In 2019 our total missions were -6.857 Tons CO². That shows almost a halving compared to the baseline year 2011/12. Our level of average CO² per sold Tons has decreased by 30 percent since 2011 - 2012. The reductions are due to vast energy efficiency measures.

Minimising waste

Our goal is to store, handle and dispose of waste in an environmentally responsible way. All our companies have comprehensive waste handling systems in place. We ensure that the materials we cannot reuse ourselves are sorted and sent for relevant reuse or recycling to the largest possible extent. Due to the nature of the production process we experience approximately 15-20 percent waste solely from our production processes. This is mainly made up by cardboard and plastic waste from the cutting process. In addition, waste is generated from film and plastic used during transportation and metal and electronic waste from redundant machinery.

We have chosen to pay special attention to the generated waste levels of carton and paper as well as film and plastic. Our target is to achieve a level of waste percentages under 20 percent for film and plastic and 15 percent for carton waste by 2021. In 2019 we reached the target for film and plastic waste. We continued to decrease the level of carton and paper waste but are still on a level of 17.1 percent and have some more way to go to reach our target. The decline in waste percentage can mainly be attributed to optimisation of production processes and modernisation of equipment.



Water consumption

Our carton companies mainly use water for osmosis and in printing machines installations to keep the carton moist. At other companies, water is mainly used for cooling and cleaning of our machines. Our focus lies on identifying new water efficiency initiatives that will reduce the water consumption primarily in the carton plants.

Our target is to reduce water consumption by 20 percent by 2021 compared to the level of 2011-12. In 2019, the total amount of water used grew from the previous years and was 19,974 m3. This can mainly be explained by growing production volumes. In the short term, the relative water consumption has also

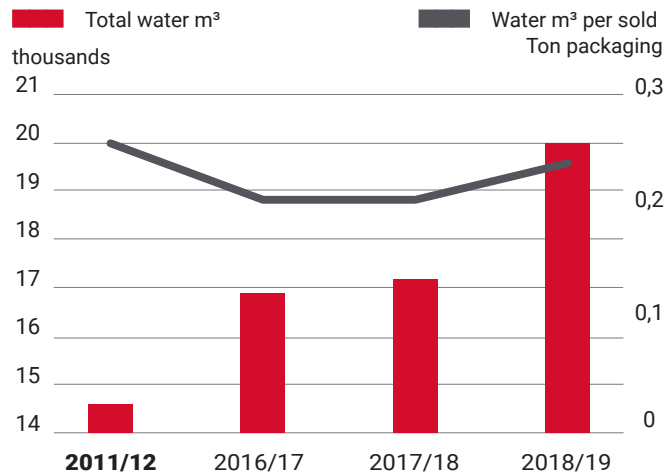
Share of waste from production processes

Activities 2018/2019

- All Danish companies converted to district heating
- A strategic decision on a focused and targeted effort to reduce CO² emissions globally was taken
- The Board approved a new Code of Conduct for responsible business partnerships, including expectations regarding environmental responsibility
- We established grievance channels for employees and third parties covering environmental and climate concerns
- We took the strategic decision to work for the UN Sustainable Development Goals (SDG) 7 Clean Energy and 12 Responsible Consumption and Production

Planned activities 2019/2020

- We will continue to focus on energy efficiency in our companies outside of Denmark
- A new policy for the use of work-related cars was implemented in January 2020 to optimise environmentally friendly car use. The target is that all company cars must be hybrid/electric by 2030
- Action plan to reduce CO² emissions will be developed
- Action plan for Schur's strategic SDG work will be developed, including circular economy initiatives
- Schur's system for responsible business partnerships will be implemented to ensure that suppliers live up to global principles regarding environmental responsibility
- An Employee Code of Conduct covering environmental concerns will be launched in 2020



Water consumption

increased. However, compared to the benchmark level 2011/12, we have managed to decrease the amount of water used per sold ton of packaging by 20 percent.



“Utilising waste”

Schur Labels a/s cooperates with a company specialised in turning waste from labels into a resource. The glassine paper is collected, the silicone coating is removed so that the paper can be reused for new paper products.

“Compliance in the use of chemicals”

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is a European legal requirement which places responsibility on companies handling chemicals to manage risks and to provide safety information on the substances. REACH aims to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances.

Chemicals

We always seek to use the solution with the smallest environmental and health impacts when designing our packaging solutions and we comply with the REACH requirements and all applicable laws and regulations. We use a limited amount of hazardous substances in our production. We are committed to keeping the use of chemicals at a minimum, as well as ensuring responsible handling and storage of the chemicals in our production.

To guarantee the required safety level, we use an internal system to keep track of all purchased, stored and disposed chemicals at our locations. We continuously assess if our chemical storage complies with regulations on environment and fire hazards and we use professional external partners to collect and dispose of used chemicals.

Escapure flexible bags: Recyclable laminate

Escapure GmbH is a German pet-food producer that has applied the Schur Star Concept for a more automated and effective packaging of pet-food in flexible bags. The many product varieties are packed into fully recyclable bags made of a PE/PE laminate. By employment of a special extrusion technique, Schur Star Systems GmbH, Germany made it possible with a laminated PE structure to achieve the functionalities of a PET/PE film. A PET/PE solution would not be recyclable due to layers of different plastics. Escapure GmbH decided to go for the stand-up bag construction because it is convenient in handling and the reclosability preserves the product quality and thus eliminates food waste.

6 Social Sustainability

Being a responsible company has always been a question of treating our employees with respect and engaging in partnerships and close cooperation with our business partners.

We respect human rights and support the internationally agreed principles of the UN Global Compact, including the principles set forth in the International Bill of Human Rights and the International Labour Organisation's (ILO) declaration on Fundamental Principles and Rights at Work. We find all human rights equally important which is why we thoroughly addressed all 54 possible adverse impact areas on human rights, incl. labour rights within our business activities (appendix 1 for full overview). In this process we identified impact areas related to both external and internal stakeholders. These will be addressed in the following two chapters.

Social sustainability related to external stakeholders

As a manufacturer and packaging provider we naturally have potential impact on human rights in both our upstream and downstream business activities. Consequently, possible risk areas related to external stakeholders including suppliers and consumers were identified

in our assessment. Areas deemed most vital for Schur's business conduct will be addressed on the following pages.

Consumer health sustainability

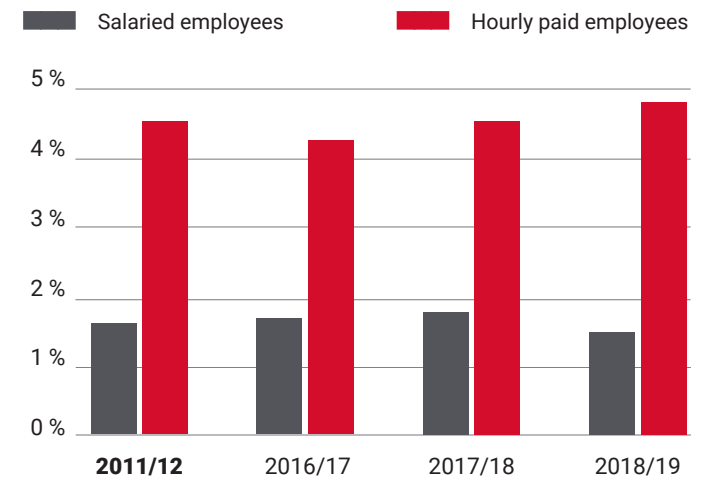
At Schur, we believe that contributing to consumer health is one of our greatest responsibilities as a packaging provider. We achieve this by delivering high standards and quality in our manufacturing process. We provide packaging solutions that enable a high degree of food safety for our customers' products. This includes material quality, product designs, and hygienic factors in the production process. To maintain the high quality and hygiene standards, relevant production companies are BRC certified. This helps us manage and safeguard our operational quality for food safety in accordance with industry best practices.

During 2018/19, we have not received any quality claims related to consumer health.

Respecting intellectual property rights

As a packaging producer, we print our customers' designs on their packaging. That means that we daily print a wide variety of designs, pictures, texts and artwork. It should always be an area of awareness for us to respect authors'

Sickness percentage

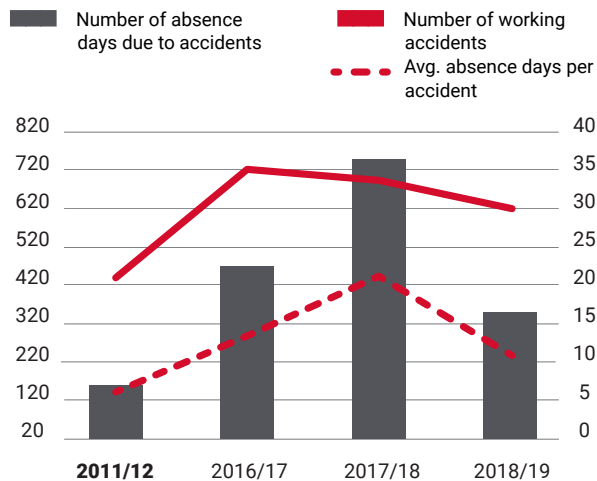


rights which has also been underlined in the assessments made in the Schur companies that do printing.

To respect this right, we have initiated the following initiatives:

1. Investigation of terms of sales and delivery to make sure that responsibilities regarding authors' rights are clear.
2. A new design manual for all PR/information material made by Schur including a statement on employees' responsibility to be aware of authors' rights.

Working accidents



“The BRC-Standard”

The BRC-Standard supports traders and brand owners regarding food safety and food quality during the production process. This comprehensive standard covers the following aspects:

- Food safety
- Quality management
- Environment during the production process
- Product and process controls
- Personnel

Social sustainability related to our employees

Schur is growing, and we currently employ almost 1,000 people. Our assessments showed that across our companies, attention areas are amongst others: diversity, anti-harassment, safe and healthy working conditions, health and safety, right to privacy and information.

In the following sections we will go into detail with some of the topics, which received special attention this year.

Health and safety

As a responsible company, we take the health and safety of our employees very seriously. To prevent accidents and injuries we have mandatory health and safety guides locally. The guides are available on our local intranet-sites and provides comprehensive information including in-depth information on handling chemicals, fire safety and -preparedness, first aid, defibrillators and hygiene.

In 2005, Schur introduced ‘Healthy Schur’ with a range of activities to strengthen the health of employees with a continuous focus on the right to safe and healthy work conditions, including the mental work environment.

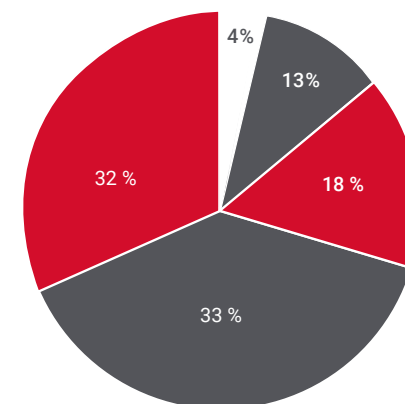
Our target is to reduce the number of work-related accidents by 5 percent annually (baseline year 2011/12). This also accounts for the number of resulting absence days per work-related accident. In 2018/19 we reached a reduction in the total number of accidents of 13 percent compared to the previous year and the number of average absence days per accident dropped to 11 and is now close to our target of 7 days.

For absence due to illness for salaried employees our target is 1.5 percent and we reached our target for 2018/19. For hourly paid employees the target is 3 percent and that target is not reached yet. Absence due to illness is one of Schur’s main focus points. The reasons for illness vary locally and most of our initiatives are therefore also locally based. These initiatives include amongst other things near-miss registration, follow-up plans to prevent illness developing into long-term illnesses., flexible work conditions and psychological help to reduce stress.

Employees’ working conditions

We are committed to creating a good and open work environment for all our employees. To mitigate any misunderstandings related to em-

Share of employees per age group for 2018/19



Employees

- 4 % below 25 years
- 13 % between 25 and 34 years
- 18 % between 35 and 44 years
- 32 % above 55 years

ployment at Schur, we aim to provide clear job descriptions for necessary functions in sales, production and quality. Additionally, we ensure that all contracts are written in a clear language and understood by the employee before signing.

We also continuously work to improve procedures for on-boarding, training and employee development.

In 2019, a HR Manager for all the Schur companies was employed to strengthen and stan-

darise efforts for good working conditions for employees and managers.

Diversity - Right to non-discrimination

At Schur, we value a diverse workforce and believe that different minds and capabilities strengthen the company culture and performance. We want all our employees to have equal opportunities for promotion and development within the organisation. This includes all areas of the employment from recruitment to promotion, employee benefits, dismissal etc. As a responsible company, we do not tolerate any form of discrimination amongst our employees related to for example race, nationality, gender, age, language, political views or disabilities.

Age diversity

It is our target to have a diverse workforce, also regarding age. Over the past years, our employees' age distribution has been rather stable. However, as many employees stay with us for a long time, we have seen an increase in the higher age groups, which we expect to grow even further in the future. This aligns with the population development in most Western countries. To avoid knowledge depletion when people retire, we will increase

our focus on improving knowledge sharing, customer relation systems and on-boarding activities in the coming years.

Gender diversity

It is our policy to keep a strong focus on the underrepresented gender without compromising the right capabilities when choosing the best candidate for the job. Our policy includes spotting talent who has the desire and abilities to pursue a specialist or managerial position.

We aim to continuously increase the share of the underrepresented gender by encouraging and supporting candidates to continuously improve their skills with the prospect of promotions. We currently have a share of 19 percent women in our management positions.

The Board of Directors of Schur International Holding a/s currently consists of seven men and one woman.

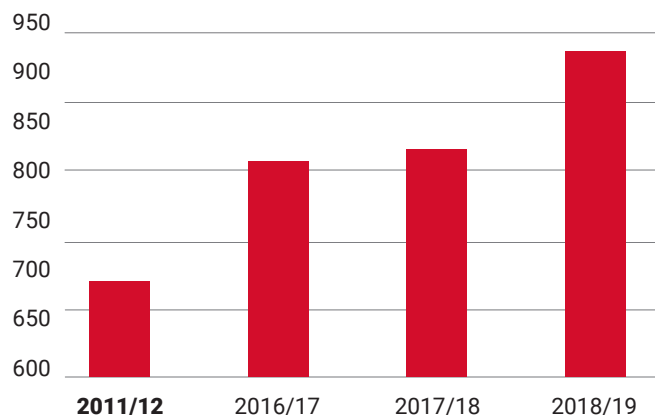
Activities 2018/2019

- All accidents are registered and some companies work to prevent accidents with a targeted approach to 'near-misses'.
- Offer our employees an annual health check to catch physical and mental symptoms, including stress.
- Track sick days to identify if new mitigating actions are needed.

Planned activities 2019/2020

- Survey of employees' wellbeing and work satisfaction is planned.

Number of employees



Activities 2018/2019

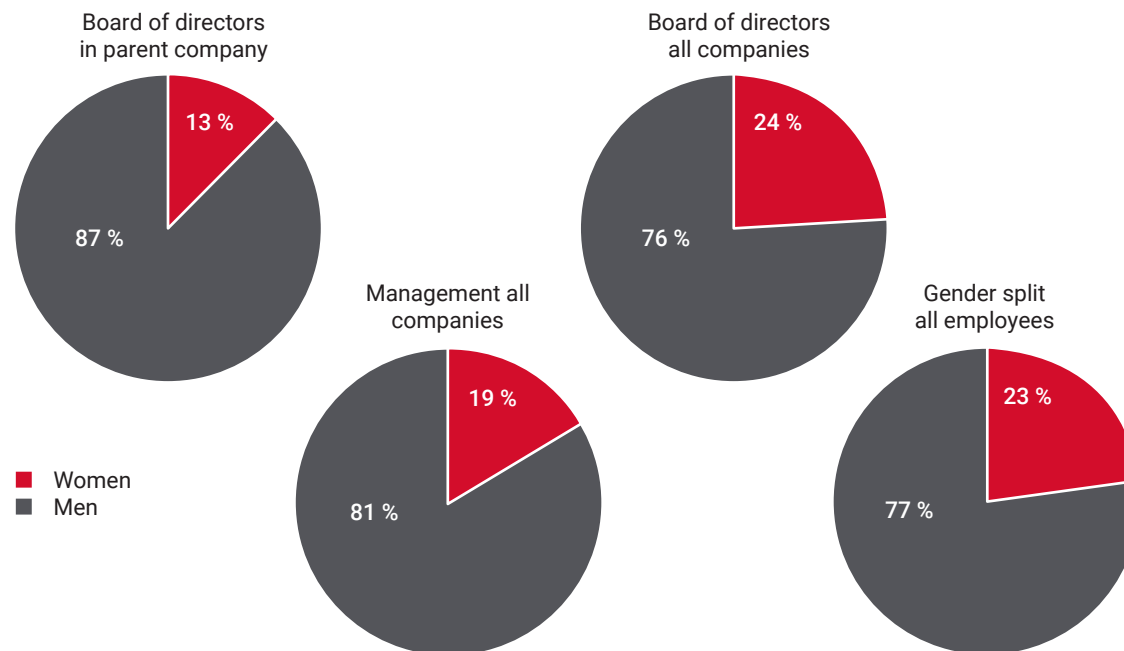
- Initiation of development of common job categories and criteria initiated across the companies to ensure equal treatment.
- We established a grievance channel for employees including human rights and labour rights.

Planned activities 2019/2020

- For the first time, all employees in Denmark are covered by the same Employee Handbook by the 1st of January 2020 to ensure equal working conditions.
- Development of Employee Handbooks for companies outside Denmark will start.
- An Employee Code of Conduct covering human rights will be launched in 2020. For the first time, the company position has been explicitly formulated regarding anti-discrimination, anti-harassment and equal opportunities amongst other things.

Gender diversity at Schur in 2018/2019

Our objectives are: 1. balance the gender distribution in management to match the distribution among our employees. 2. To have 33.3 percent of women in the boards of directors. These objectives have been reaffirmed in 2020 with an aim of reaching them over a 4-year period.



During 2018/19, one male has left the Board of Directors without any new replacements to the Board. This has changed the percentage of the underrepresented gender from 11 to 13 percent. Since no women have entered the Board of Directors during the financial year, we have not yet met our target.

Across the Schur companies, an explanation for not reaching the targets is the low rate of replacements of employees.

From 2020, a pro-diversity call to potential applicants will be a fixed part of all job postings at Schur.

7 Economic Sustainability

Our long history is firmly rooted in a tradition for orderliness and responsible business practices. We are committed to conducting responsible business as outlined by the OECD, and we expect our business partners to do the same. Thus, we do not tolerate any form of corrupt behaviour.

We have conducted analysis on corruption risks for all companies. As a result, key areas for potential impacts were identified: corruption of private counterparts; offering or accepting gifts; cronyism and nepotism and clearly defined job duties to prevent conflict of interest. In the following sections we will go more into detail with some of the identified topics and actions.

This section focuses on business ethics. Financial information is not disclosed in the sustainability report. This information can be found in Schur's annual report.

Anti-corruption and bribery

For Schur, potential risks of bribery could occur in procurement and relations with business partners.

At Schur, we work to prevent corruption in all its forms. To prevent misconduct in economic

transactions, control mechanisms such as second party approvals, transaction registers and superior approvals have been implemented as inherent aspects of our processes. We have a very limited use of agents and conduct most of our deals directly with customers and suppliers. When conducting larger deals with suppliers and in all company acquisitions made in subsidiaries the headquarter in Denmark is always involved. Cooperation with business partners is always based on detailed contracts or terms and conditions with fixed prices.

To align policy throughout all Schur's companies, the use of gifts and entertainment amongst business relations is limited and gifts above a certain value are always approved by management.

Conflict of interest

As a family owned company, Schur has a higher risk of conflict of interest including nepotism. Transparency and openness regarding this issue has always been pursued. When working for Schur, one should always work in the interest of the company as opposed to personal interest.

Activities 2018/2019

- We developed grievance channels for employees and third parties covering anti-corruption
- We have started the development of common job categories and criteria across Schur to ensure equal treatment and combat conflicts of interest.

Planned activities 2019/2020

- All employees in Denmark are covered by the same Employee Handbook by the 1st of January 2020 to ensure equal working conditions.
- In 2020, we will implement guidelines on the employment of candidates and management of employees who are related or from the same family.
- An Employee Code of Conduct including the topics of conflicts of interest and anti-corruption will be launched in 2020 with a clear statement of Schur's approach towards corruption.



8

Sustainability key figures

KPI	2011/12 Baseline year	2016/17	2017/18	2018/19	ACCOUNTING PRACTICE
Energy, Mwh					
Gas (heating)	5,139	3,041	3,837	3,381	Gas consumption is based on invoices or information provided by the supplier. It is collected annually for all companies
Other (heating)	3,771	4,467	4,969	6,469	Heating is based on invoices or information provided by the supplier. It is collected annually for all companies
Oil (heating)	1,851	90	150	200	Oil consumption is based on invoices or information provided by the supplier. It is collected annually for all companies
Heating total	10,761	7,598	8,957	10,050	The total of heating from gas, oil and other sources
Electricity Total	22,555	25,329	26,163	27,202	Electricity consumption is based on invoices or information provided by the supplier. It is collected annually for all companies
Heating MWh per sold Ton packaging	0.187	0.087	0.101	0.101	Heating divided by sold tons in packaging companies (carton, flexibles)
Electricity MWh per sold Ton packaging	0.415	0.323	0.327	0.303	Electricity divided by sold tons in packaging companies (carton, flexibles)
Emissions, CO²					
Flights, Tons CO ²	410	845	470	642	CO ² emissions from flights are derived from flight tickets from business travels
Cars, Tons CO ²	588	613	549	599	Employees' use of cars for business. Until now, emissions have been calculated based on standard figures, but from this financial year the emissions have been calculated as actual when possible. This explains the rise in total emissions from cars in 2018/19
Cars, g CO ² /km	188	146	146	162	
Indirect Tons CO ² total	11,259	13,097	12,466	5,616	Calculated from the use of electricity and heating in production. Sources for emission factors: Trefor, Energinet, Ørsted.
Average kilo indirect CO ² per sold Ton	206	164.97	153.81	61.35	Indirect CO ² divided by produced tons in packaging companies (carton, flexibles)
Waste, pct.					
Film/plastic	29.7	17.70	17.22	17.10	Waste of film/plastic for flexible companies is defined as the difference between the kilograms that come into the production and kilograms produced. Therefore, the waste percentage also includes failed productions
Carton and paper	18.6	18.11	20.43	19.64	Waste of carton and paper for carton companies is defined as the difference between the kilograms that come into the production and kilograms produced. Therefore, the waste percentage also includes failed productions and waste from cutting the material.
Water, M3					
Water	14,433	16,647	17,112	19,974	Water consumption is based on invoices or information provided by the supplier. It is collected annually for all companies
Water per sold ton, packaging comp.	0.255	0.190	0.190	0.203	

KPI	2011/12 Baseline year	2016/17	2017/18	2018/19	ACCOUNTING PRACTICE
Working environment					
Salaried, sick percentage	1.6	1.70	1.78	1.49	For both salaried and hourly paid sick days/hours are defined as sick days/hours excluding long-term illness. For salaried you should use the following rules for counting sick days: illness 1-4.5 hours should be registered as half a sick day, and illness 4.5 hours and above should be registered as one sick day
Hourly paid, sick percentage	4.5	4.22	4.57	4.66	For both salaried and hourly paid sick days/hours are defined as sick days/hours excluding long-term illness
Number of working accidents	21	35	34	30	Total number of accidents that have resulted in more than one sick day following the day of the accident
Number of absence days due to accidents	132	466	717	326	Absence days include both monthly and hourly paid employees. The number is excluding long-term illness
Avg. absence days per accident	6	13	21	11	Total number of absence days due to illness divided by the total number of accidents resulting in one or more sick days
Employees					
Number of employees	680	807	813	939	Includes hourly paid and salaried employees. Figures are calculated based on average full-time employees
Employees					
- below 25 years pct.	4	5	5	4	
- btw 25 and 34 years pct.	14	12	13	13	
- btw 35 and 44 years pct.	23	20	20	18	
- btw 45 and 54 years pct.	36	36	35	33	
- above 55 years pct.	23	27	27	32	
Diversity, pct.					
Share of women employees	19	21	21	23	All employees
Share of women in management	13	18	19	19	Management is defined as the director who has people directly referring to him/her. Locally those can include directors, managers and specialists
Share of women in boards or directors group	9	27	23	24	Boards across all companies
Share of women in board of directors, parent comp.	11	11	11	13	The number of board members elected on general meetings

In August 2019, Schur acquired Emballagegruppen A/S and Dan Labels A/S (now Schur Pack Denmark a/s, Vejle and Schur Labels a/s) and the KPI results for 2018/19 include data from these companies from Aug- to the end of Schur's financial year, 31 Oct. 2019.

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Appendix 1 - Results of impact analysis

The 8 companies within Schur's core business had impact analysis conducted during 2017-19 covering potential impacts/risks in all the areas where a company can potentially have negative impacts (formulation of areas based on UN Global Compact Principles, OECD and UNGP): 54 human rights areas, 20 environmental areas and 12 anti-corruption areas.

1. Schur Pack Denmark a/s
2. Schur International a/s
3. Schur Technology a/s
4. Schur Pack Sweden AB, Sweden
5. Schur Pack Germany GmbH, Germany
6. Schur Star Systems GmbH, Germany
7. Schur Star Systems, Inc., USA
8. Schur Star Systems Australia Pty. Ltd.

In November 2019, Emballagegruppen a/s (now Schur Pack Denmark a/s, Vejle) and Dan Labels a/s (now Schur Labels a/s) became part of Schur. They will be included in the due diligence process in 2020.

A business will always have potential impacts on people involved and the environment. Schur does not have more or fewer impacts than other companies in the sector. But we have a system to manage the impacts. Some

of the potential impacts in the scheme are a result of the business area. For example, carton packaging companies have a production process where more water usage is required than in the other production companies. Other impacts are country specific. For example, it is not a risk in our German companies that employees do not receive equal pay for equal work because salary levels are regulated as tariffs. In all other companies, salaries are not fixed and therefore the companies should always be aware of ensuring equal pay for equal work. In some areas, all of our companies have potential impacts – for example on all forms of discrimination. The reason is that any company that has employees and other stakeholders always is in risk of discrimination and it is something that any company should always be aware of. These kinds of impacts in Schur should be dealt with at corporate level. Yet other impacts are specific for the individual company due to its specific circumstances, management, practice or other factors.

Below you find the complete overview of identified impact areas. The first time an impact analysis is done, all the company's impacts are identified as potential. Companies will be

re-analysed regularly with a maximum of three-year intervals. If the same impact reoccurs in the second analysis it might be defined as an actual impact.

A company can have three levels of potential impacts depending on how direct the impact is: 1. cause (the company causes the impact), 2. contribute to (the company's actions have an impact in combination with a third party's actions) and 3. have relation to (the company is associated with a third party who can have an impact).

Severe human rights' impact are defined by the UNGP scale of the impact: Scale/gravity, scope/the number of individuals potentially affected or its irremediable character.

Identification of areas with significant, material or severe impacts will guide Schur's choice of focus areas in the years to come at both corporate and individual company level.

In all areas where potential impacts have been identified, preventive actions have been defined. Some actions were already under implementation and others have been initiated as a result of the identified risk in the due diligence process. These actions will be implemented in the coming years. Some of the preventive actions happen at corporate level while others at the individual company level.

**Number of companies with potential impacts in 20 environmental areas
(Total of 8 companies)**

Water consumption 3 Energy use 8 Raw materials 8 Use of chemicals 7 Ozone depleting substances 0 Handling and transportation of dangerous substances 7 Surface or ground water emissions 0 Air emissions 1 Noise emissions 2 Odour emissions 0 Dust emissions 0 Soil emissions 0 Biodiversity 0 Animal welfare 0 Waste management solid waste 7 Waste management water 6 Waste management hazardous substances 7 Food waste 7 New environmentally friendly technologies 7 Diffusion of environmentally friendly technologies 0

**Number of companies with potential impacts in 54 human rights areas incl labour rights
(Total of 8 companies)**

Indigenous peoples' rights 6 Discrimination race 8 Discrimination gender 8 Discrimination age 8 Discrimination language 8 Discrimination handicaps 8 The right to work: contract 8 The right to work: training 8 The right to work: termination 8 Equal pay for equal work 6 The right to a living wage 0 Safe and healthy working conditions 8 Equal opportunities for everyone to be promoted 8 Rest, leisure and paid holidays 8 Form and join a trade union and strike 6 Social security including social insurance 6 Protection of mothers before and after childbirth 8 Childrens' right to be free from child labour 0 Adequate food and its fair distribution 0 Adequate clothing 5* Adequate housing 0 Water and sanitation 0 Right to education 0 Right to take part in cultural life 0 Benefit from scientific progress 0 Right to health 7 Material gains from inventions 7 Moral rights of authors 8 Right to life 0 Not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment 8 The right to free, prior and informed consent to medical or scientific experimentation 0 Slavery, servitude or forced labor 0 Liberty and security of a person 0 Detained persons to human treatment 0 Not to be subjected to imprisonment for an inability to fulfil a contract 0 Right to freedom of movement 0 The right of aliens to due process when facing expulsion (seeking asylum) 0 Right to a fair trial 0 To be free from retroactive criminal law 0 Recognition as a person before the law 0 Right to privacy 8 Freedom of thought, conscience and religion 0 Freedom of opinion 0 Freedom of expression 8 Freedom of information 8 Freedom from war propaganda 0 Freedom from incitement of racial, religious or national hatred 1 Freedom of peaceful assembly 0 Freedom of association 0 Protection of the family and the right to marry 0 Right to protection of the child and the right to acquire a nationality 0 Participate in public affairs 0 The right to equality before the law, equal protection of the law, and rights of non-discrimination 0 The rights of minorities (culture, religious practice and language) 8

**In the production companies (7 out of 8 companies) it is obligatory to wear work clothes. During the period of analysing impacts in the companies, it was decided to see the risk of not supplying adequate work clothes for employees a potential impact. This was not the case when the 2 first production companies, were analysed but it will be at the time of re-analysing all the companies.*

**Number of companies with potential impacts in 12 anti-corruption areas
(Total of 8 companies)**

Inaccurate books and records (including data on income from the past five years) 0

Bribes to corruption of public officials (including both 'active' and 'passive' corruption - also called 'extortion'/solicitation') 0

Bribes to or corruption of private counterparts (including both 'active' and 'passive' corruption - also called 'extortion'/ 'solicitation') 8

Trading in influence in relation to business partners, government officials or employees 0

Bribes, corruption or trading in influence through the use of intermediaries 1

Use of facilitation payments, unless you are subject to threat or other coercion 0

Political contributions, charitable donations and sponsorships in expectations of undue advantages 0

Hiring government employees whose jobs conflict with obligations of employees 0

Offering or accepting gifts beyond stated value (approvals) 8

Cronyism and nepotism 8

Permitting or participating in money laundering 0

Clearly define job duties based on skills, qualifications and experience 8

10 Appendix 2 - The “Sustainable Schur” Policy

Who we are

Schur is a group of international companies. Our main activities are development, production and sales of packing in carton- and flexible materials, consumer products in addition to packaging-, production machines, and complete packaging systems. Schur is based in Denmark, Sweden, Germany, France, Australia and the USA.

In full alignment with our values, we commit to sustainable development.

“Familializing” our customers!

Constant care!

We think before we act!

We walk the talk!

The Scope of our Sustainable Schur Policy

Schur applies the internationally agreed upon principles for sustainable development referenced in the UN Global Compact; i.e. the principles mentioned in The International Bill of Human Rights (that includes the principles referenced by the International Labour Organisation’s Declaration on Fundamental Rights and Principles at Work), the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

Our Commitment

Schur is committed to contributing to social, environmental and economic sustainable development. We will continuously work to prevent or mitigate adverse impacts on the internationally agreed principles for sustainable development. In addition, Schur strives to contribute to environmental sustainability in all activities.

Our commitment is built upon internationally recognised principles for human rights (including labour rights), environment and anti-corruption. The principles are all referenced by the UN Global Compact and the minimum responsibility made operational through the UN Guiding Principles for Business and Human Rights (the UNGPs)/OECD Guidelines for Multinational Enterprises (the OECD).

As premise for our Sustainable Schur policy, we commit to respecting the rule of law and comply with national regulations, wherever we operate.

Our commitment will be made operational by identifying, preventing or mitigating potential and actual adverse impacts on the international principles and communicate our find-

ings and actions. We will manage adverse impacts that we may cause or contribute to, or to which we are directly linked through our business relations. If we become aware of an adverse impact that we cause or contribute to, we will seek to ensure access to remedy for the affected persons or notify the appropriate authorities.

This Sustainable Schur Policy is reflected in all relevant policies, procedures and guidelines in Schur.

Our Contributions

We recognise that our core business may have significant impacts on the environment. We will seek to contribute to environmental sustainability, wherever possible and viable.

Our Expectations

We expect all our business relations to meet the minimum standard for responsible business conduct as outlined by the UNGPs/OECD. We acknowledge our responsibility for adverse impacts in our value chain and seek to meet this responsibility by asking all our business relationships to meet the globally agreed minimum standard for responsible business conduct referenced in this policy. This expectation is also represented in our Suppliers Code of Conduct; an important element in our work to ensure responsible business conduct among our suppliers.

We will monitor known risks for severe impacts in our value chain and require our business relationships to demon-

strate increased due diligence in relation to such impacts. If our business relationships identify that they cause, contribute or are linked to severe impacts on any of the international principles, they shall immediately notify Schur about this. We invite our stakeholders to contact us directly at: sustainable@schur.com.

We expect our employees, and encourage other stakeholders, to call our attention to potential and actual adverse impacts on principles for human rights, the environment and anti-corruption, that Schur may be associated with through our activities, products, services or business relations. We expect our employees to help us live up to our commitment by reflecting this policy in their daily work.

Communication and Revisions

This policy is developed and approved by the board of directors. Schur has been advised by external CSR experts in the preparation of this policy commitment. The policy is publicly accessible and communicated both internally and externally and to ensure that we maintain focus on respecting principles for human rights, the environment, and anti-corruption, we will go through and if necessary revise this policy on a regular basis. Our policy commitment will be revisited every third year as a minimum.

DK-Horsens, September 2017



Packaging
for life

