



The future of
packaging is
**driven by
our people**



About the report

Our annual sustainability report 2020 aims to provide transparency to our stakeholders about our sustainable business practices. This report has been prepared in accordance with the GRI Standards: Core option and extra-financial information is audited by a third party.

Feedback welcome

If you have any suggestions, comments or questions regarding this report or the CSR policy of VPK Group, do not hesitate to submit them.

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Marketing Partner and Charles Christiaens,
Sustainability Manager

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More about our sustainability management:

www.vpkgroup.com/sustainability

Ownership and legal form

VPK Group NV is a Belgian limited liability company whose registered office is located at Kareelstraat 108, 9300 Aalst, Belgium. VPK Group NV is registered in the Register of Legal Persons of Dendermonde under the number 0400313852.

Entities included in the consolidated financial statements

VPK Group NV
VPK Paper NV
VPK Packaging NV
Cartonneries de Wallonie SA
VPK Packaging BV
Ondulys Emballages SAS
Viallon Emballage SAS
VPK Packaging Ltd.
VPK Packaging Limited (IRL)
Corrboard UK Ltd.
Encase Ltd.

VPK Polska Sp.z o.o.
SC VPK Packaging srl.
VPK Packaging A/S
VPK Packaging AB
VPK Packaging AS
Smart Packaging Solutions NV
Smart Packaging Solutions BV
Corex Holding NV
Blue Paper SAS (50%)
Aquila GmbH (50%)

Date of publishing

24th June 2021



About VPK Group

vpk



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Sustainability report 2021

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As a reliable partner, we decided to actively survey our various stakeholders in our materiality analysis and thus gain even more insight into which sustainability aspects matter the most.

PIERRE MACHARIS
CEO - VPK GROUP



01.

Introduction from the CEO

VPK has a long tradition of sustainable entrepreneurship. We have always involved our stakeholders in this journey and consistently applied best practices to optimize the use of resources such as raw materials, energy and water, while reducing emissions, effluent and waste.

In 2020, we took things a step further. We decided to actively survey our various stakeholders in our materiality analysis and thus gain even more insight into which sustainability aspects matter the most. As a result, we have been able to further detail our approach to sustainable entrepreneurship.

We have always been active on various fronts regarding sustainability, including our planet, people and profit. And we want to communicate about all these aspects in a more balanced way. More specifically, in addition to our documented environmental projects that you are used to reading about, we have

decided to place equal emphasis on our commitment to innovation, economic growth and people's wellbeing. Not only in terms of our own employees, but also the local communities in which we are active, and regarding society.

Based on our stakeholder survey, we have also defined concrete objectives. Because, one thing about doing business responsibly is making our mission more tangible, and even measurable. That is why we have determined key performance indicators for specific themes such as employee wellbeing, product hygiene, water intake, etc. We use these KPIs to monitor our progress and

identify targeted actions in order to continuously improve our long-term sustainable performance.

This approach fits perfectly with the DNA of the family business we still are. It adheres to our definition of responsible ownership, inspiring family values throughout our organization and providing us with a unique differentiator in the market place. Our set of values is built on trust, ownership, care, and our overall commitment to achieving world-class performance. It makes us go the extra mile, so as to ensure that our business is ready to be passed on to the next generations.

In this vision, there is no room for short-term opportunism. It is a vital part of the fabric of our enterprise to always keep our eyes on the long term. It ensures our focus and guides us on our path towards an increasingly sustainable future. With well-considered and patiently invested capital. As befits a good family father.

02.

Mission statement and values

As an international packaging group, we share a common company mission, a clear statement why our company exists and the direction we're heading to.

We push sustainable growth beyond tomorrow's standards, both ecologically and economically. We think and act globally, while staying close to our clients and their products.

To achieve this, we put an updated set of values at the heart of our company. They are the drivers of our company culture. Our own moral compass.



Ownership

We own our **decisions** and **actions**, we encourage to try new things and dare to fail, we give **responsibility** and cultivate initiative.



Trust

We have **confidence** in our people and clients, with one **handshake** you can set things in motion.



Care

We are **dedicated** to the **well-being** of our people, our clients and our **planet**.



Beyond

We **accelerate** where others stop, we often go **beyond** what is required, we **anticipate**.



03.

Growth and development

VPK Group is a leading packaging group that was established in Belgium in 1935. Since then, it has grown from being a local player to the current international supplier of sustainable protective packaging solutions, covering 3 market segments: **corrugated board, solid board, and tubes & corner protectors.**

To produce our products, **we recycle 1,6 million tons of paper and board on a yearly basis**, and use it as a raw material for our 100% recyclable and biodegradable protective cardboard packaging solutions. We create value through the efficient use of sustainable raw materials, with respect for natural resources, all within a circular business model.

As a packaging group, we strive to provide an **optimal and reliable service** by paying close attention to the local markets and, at the same time, share our expertise and knowledge across countries, in order to guarantee the best solutions in line with our customers' needs.

VPK Group's continued growth is mainly the result of its long-term vision, a sound financial structure and commitment to sustainability, both ecologically and economically. We believe that **sustainability** not only concerns our products, but also our internal and external relationships, our management approach and our planet.

Overview of our divisions and activities



Milestones

VPK Group has grown sustainably over the past 80 years.

From a local family business to an international company with more than 6.400 employees worldwide. Let's take a look at some remarkable milestones in the history of our company.

1935



VPK is established.

2000



Rigid UK is taken over.



2005



In France VPK takes over the Ondulys group. In Poland the production of cardboard sheets is started under the brand Aquila.

2016



The Scandinavian Peterson with 6 plants in Norway, Sweden and Denmark is taken over.



2014



Blue Paper Strasbourg becomes the second paper site within the VPK Group.



2013



The first factory outside of Europe is a fact. Corex is set up in Turkey.

2019



VPK takes over European and Chinese divisions of Corenso.



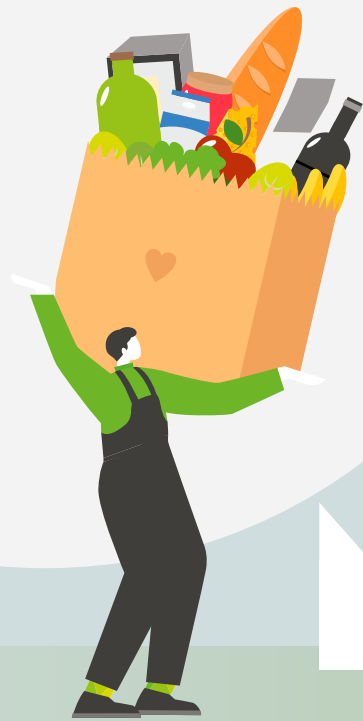
2020



VPK acquires a majority stake in Viallon Emballage France, Corboard UK and acquires Encase in the UK.



Markets served



Food

Retail



E-commerce




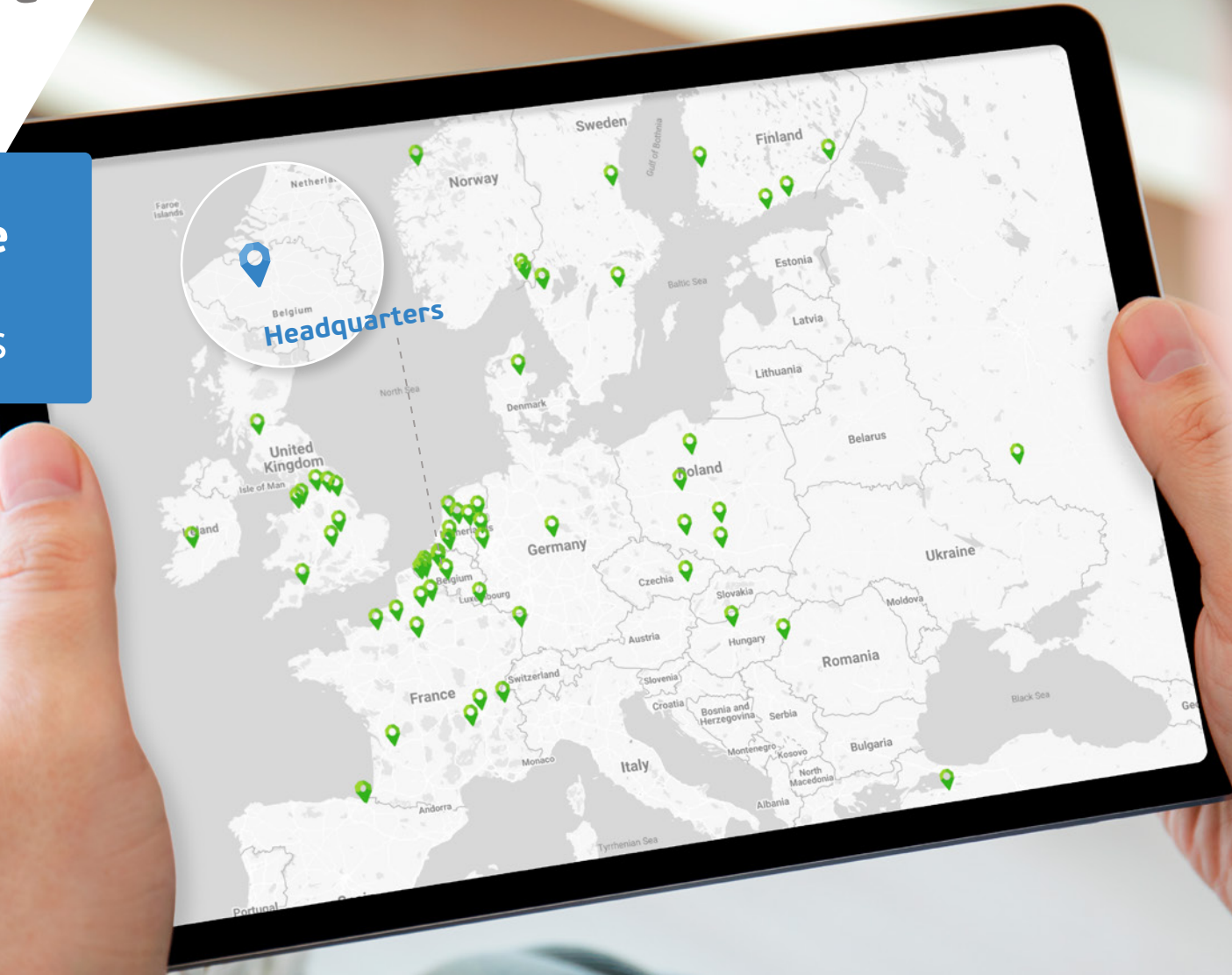
Textiles



04.

Geographical presence

 [Click here to discover our locations](#)





05.

Sustainable corporate governance

VPK Group is a private capital company owned by a limited set of investors who have a long-term commitment to the firm. This allows the company and its management to set out long-term goals and targets.

Concentrated ownership: VPK Group has a concentrated and stable ownership business model as opposed to dispersed ownership. Inside these concentrated models, values drive the business, and these instil responsibility.

Responsible Ownership: Family Business owners inspire family values throughout a company and ensure that it is ready to be passed on to the next generation. Therefore, family ownership is, in essence, responsible and plays a fundamental role in sustainability practices and the guidance of a company's strategy.

Overcoming Short-Termism: Short-term thinking in a business can have an adverse effect on sustainability and the perception of companies. One of the clear advantages of family companies is their long-term approach; meaning sustainability is already built in to the fabric of these enterprises.

Governance model

The **Board of directors** is tasked with overseeing and validating the activities of the executive committee. It is assisted by two advisory committees. The executive committee is also assisted by two advisory committees.



Carl Verstraelen
Chairman Board of Directors

✔ **Responsibilities**
Board member



Dirk Meeus

✔ **Responsibilities**
Managing Partner,
Allen & Overy



Jean-Paul Macharis

✔ **Responsibilities**
Shareholder VPK Group



Ludwig de Mot

✔ **Responsibilities**
CEO, interim manager,
board member



Michel Delbaere

✔ **Responsibilities**
Managing Director, Crop's



Pierre Macharis

✔ **Responsibilities**
CEO and Shareholder
VPK Group



Stephane Wilmes
Corporate Secretary

✔ **Responsibilities**
Chief Legal Officer
VPK Group



Wolfgang de Limburg

✔ **Responsibilities**
CEO, Managing Director,
Ergon Capital

06. Key numbers



6,400
employees



employed in 70 plants



present in
20 countries



2,172,000,000 m²
of corrugated
board &
417,000 tonnes of
solid board and
cores produced

Facts & Figures

2020



1,5 million tonnes
of recovered paper
and cardboard
recycled

243,552

MWh of green energy



turnover of 1,345
million euros

Future

96 million invested in
sustainable growth

Commitment to people



Innovation



Responsible sourcing



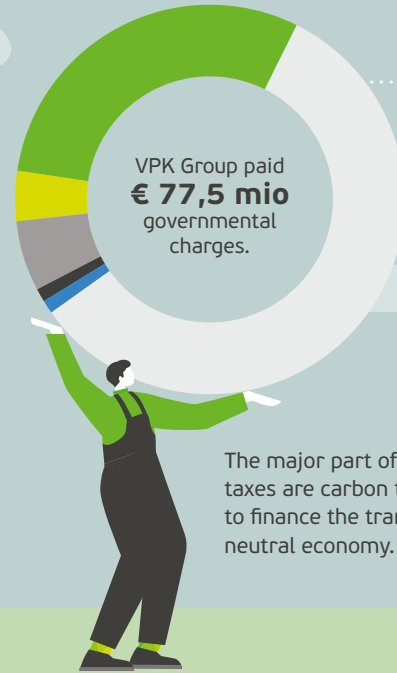
Eco-efficient production



*We are certified under FSC-C109033

Our tax contributions support sustainable development

The United Nations Sustainable Development Goals (SDGs) help to create a world that is socially fair, environmentally secure, economically prosperous and more inclusive. Taxes are a critical financial resource to help reach these goals.



57%

Employer paid social charges

Our governmental charges contribute to social coherence, education and infrastructure in all countries of VPK activities. The biggest part (57%) are social contributions towards unemployment benefits, health insurance and pensions.

The major part of our environmental taxes are carbon taxes. These are used to finance the transition to a carbon neutral economy.

1%

Local

1%

Environmental

6%

Real estate

5%

Other

30%

Income taxes

Key figures 2020

€ 1.345
Million revenue



€ 101
Million profit before corporate income taxes

23%
Tax rate



MC	M+	÷	x
7	8	9	-
4	5	6	+
1	2	3	=
0	.		

9%
CAGR

€ 96
Million investments

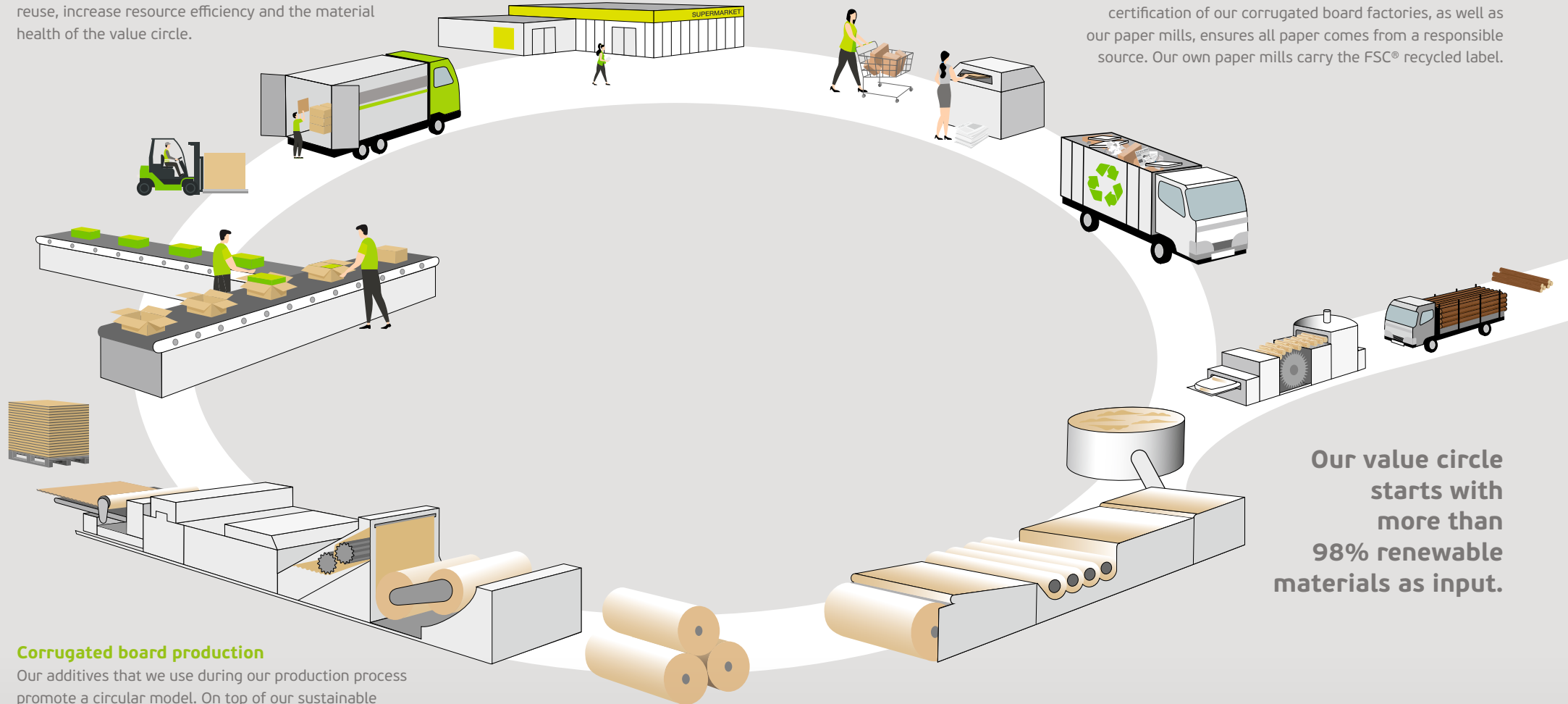


€ 23 Million taxes



07. Supply chain

Closed loop recycling management is essential for the development of a circular economy. Our priorities are to further promote recycling and reuse, increase resource efficiency and the material health of the value circle.



Production of corrugated based paper

For the production of our corrugated cardboard, we mainly use waste paper partly coming from our own processes. The certification of our corrugated board factories, as well as our paper mills, ensures all paper comes from a responsible source. Our own paper mills carry the FSC® recycled label.

Corrugated board production

Our additives that we use during our production process promote a circular model. On top of our sustainable resources, our technological innovations guarantee an environmentally friendly production process.

Our value circle starts with more than 98% renewable materials as input.

08. Code of conduct

Rules of conduct for the VPK Group

VPK aims for sustainable growth. We want to pursue business success with respect for a code of ethics. Therefore, we use a single code as a guiding principle throughout the group. This code was developed for all our employees and external stakeholders and is aligned with the ten principles of the United Nations Global Compact. A summarized version of our code of conduct can be found on your right hand side.

This code can not possibly cover every situation that you may encounter. For any additional questions, there is a single point of contact via sustainability.hq@vpkgroup.com.

Nature



- 1 We will support a precautionary approach to environmental challenges.
- 2 We undertake initiatives to promote greater environmental responsibility.
- 3 We encourage the development and diffusion of environmentally friendly technologies.

Company



- 4 We respect all laws, rules and regulations.
- 5 We are committed to advancing the business of VPK and its divisions.
- 6 We work against corruption in all its forms.
- 7 We insist on honesty and respect for VPK's assets and property.
- 8 We value and protect confidential information and we respect the confidential information of others.

People



- 9 We will eliminate all forms of forced, compulsory and child labour.
- 10 We want to be best in class in occupational health and safety and target zero accidents.
- 11 We respect the freedom of association and the right to collective bargaining.
- 12 We will eliminate all forms of discrimination with regard to employment and occupation.
- 13 We will safeguard the principle of fair remuneration and decent working hours.

Implementation of the code of conduct

All members of management teams throughout VPK have signed the code of conduct. Furthermore, the complementary approach for a set of topics is found below.

Anti-bribery and anti-corruption

Besides signing off the code of conduct, we have identified several countries in our operational parameter where significant risks exist and supplementary actions are required. Management members, sales and procurement staff of business units located in countries scoring less than 60 on Transparency International's anti-bribery index annually receive recurring specific and compulsory training on this topic.

Forced, compulsory and child labour

Besides signing off the code of conduct, management members, sales and procurement staff of business units located in countries with and identified 'high risk' on the Child Labour Index by Verisk Maplecroft are required to sign a declaration on honour stating that they are not involved either directly or indirectly in the practice of child labour. This entails own production facilities as well as suppliers who are asked to provide a similar statement.

Diversity and Inclusion

VPK actively promotes diversity and inclusion. Employees are recruited and promoted based on their ability, skills, competence and motivation for each job. However when a male candidate and a female candidate apply with equal qualifications and motivation for a job, the female candidate will be preferred, as long as the advised gender diversity ratio of 1/3 female versus 2/3 male has not been reached.

Grievance mechanism

All breaches against the code of conduct are escalated and ultimately dealt with by the group's Legal Department. While VPK prohibits retaliation against any employee for such reports made in good faith, it also protects the rights of the incriminated person. During the past reporting period we noted zero confirmed cases.



09.

Partnerships

Philanthropic initiatives

Doing our bit to make the world a better place

Care is one of VPK's core values. We care about the environment, about our people, about the local communities surrounding our plants. Our commitment reaches even further. As a family business, we want to take care of the less fortunate in our global society. That is why, each year, we support numerous charities, research projects and organizations all over the world. Here are a few examples of initiatives in various domains that we supported over the course of 2020.

Supporting medical breakthroughs

We live in times when technological innovations are driving breakthroughs in many sectors, including healthcare. VPK wants to stimulate these medical breakthroughs by supporting certain initiatives.

For example, over the past three years, we have made donations to KU Leuven's **Opening the Future** initiative to support research into neurodegenerative diseases. This

research will help shed new light on exactly what parts of the brain play a role in Alzheimer's disease, Parkinson's disease and ALS.

We also support the **Junior Orsi** network, which introduces (bio-)medical, veterinary and engineering students to the innovative and surprising side of the healthcare sector. More specifically, there is a think tank of young, open minds that bring medicine and technology together through robotic surgery ►





courses, readings, company visits, presentations and brainstorming sessions, etc.

Helping disadvantaged youngsters get a fair chance in life

At VPK, we take a special interest in young people. That is why we lend our support to **TAJO**, a non-profit organization in the Belgian city of Ghent, which organizes workshops where youngsters 10 to 14 years old get to explore and develop their talents. In this way, the organization prepares these kids for entering society by building on their self-knowledge and self-confidence.

In addition, we are one of the partners of **YouthStart**. This organization offers youngsters aged 16 to 30 without a job or any higher degree an 8-day free training course in which they use their own skills and passions to work on a dream project. The training shines a positive light on the young people's future and helps them discover their talents along the way.

Through **Streekfonds Oost-Vlaanderen** (East Flanders Regional Fund), we also support initiatives and projects nominated by people from the local neighbourhood. VPK is one of the structural partners of the regional network that is active in the river Scheldt valley (*#Een hart voor de Scheldevallei*), where the VPK Oudegem paper mill is also located.

Assisting in the fight against COVID-19

In 2020, we engaged in several actions to address the negative effects of the COVID-19 crisis. For instance, we took up our societal role to guarantee the continuity of the supply chain. In several countries, we provided protective material or boxes for the assembly of aid packages. In addition, we donated a special gift to Doctors Without Borders so as to build a reception and triage centre for the homeless and migrants in Brussels.

Contributing to the revival of Lebanon

2020 was a difficult year for many countries. However, one of the countries that had (and is still having) a particularly hard time is Lebanon. VPK took a special interest in the country's uniquely distressing situation.

More specifically, we made a contribution to the **Hopital Libanais Geitaoui Beirut**. This 250-bed non-profit university hospital was forced to shut its doors after having suffered severe damage due to the huge explosion that occurred on 4 August 2020 in the nearby port of Beirut. Thanks to the determination of its management and workforce, along with the generosity of various donors, the hospital was able to resume its role as the leading health-care provider in its community.

The devastating explosion was not the only disaster that hit Lebanon. The volatile political environment and the ever-worsening economic crises have caused an unprecedented devaluation of the national currency, which deprives the Lebanese people from fulfilling some of their primary needs such as food, health, security and employment. Through financial donations to **Arcenciel**, a Lebanon-based non-profit organization, we aim to contribute to the social and economic integration of struggling Lebanese people.



Creating opportunities for deprived people around the world

Besides Lebanon, we also support humanitarian initiatives in other African countries. For instance, we support **AnaMalawi**, a non-profit organisation that helps pre-school children in Malawi get a good start in life. By organizing nursery school education, AnaMalawi enables mothers to develop better economic activities, escape from poverty and work on the development of the children.

Each year, we also make a donation to the **Aurora Humanitarian Initiative**, a foundation that seeks to address on-the-ground humanitarian challenges around the world, with the focus on helping the most destitute. The inaugural chair of this Initiative was bestowed upon the esteemed Dr. Tom Catena, a globally recognized humanitarian and Medical Director of the Mother Mercy Hospital in Sudan.

Endorsements

VPK Group endorses following organizations and consults their guidelines towards more sustainable business practices:

- Forest Stewardship Council** - since 2011
- Carbon Disclosure Project** - since 2016
- Cradle To Cradle** - since 2016
- Sedex** - since 2016
- Ecovadis** - since 2017
- Pack4Food** - since 2017
- Healthy Printing Initiative** - since 2018
- United Nations Global Compact** - since 2020



Membership of associations

To ensure cross industry collaboration and partnerships, VPK Group is an active member of European and national trade associations:

- FEFCO:** Federation of European Corrugated Organization
- CEPI:** Confederation of European Paper Industries
- CPI:** Confederation of Paper Industries (UK)
- Indufed:** Association of Glass, Paper and Board Belgium
- CBA:** Corrugated Benelux Association
- NBF:** Norske Bølgepappfabrikkers Forening, Association of Norwegian Corrugated Board Manufacturers



10.

Sustainable management

General framework

Over the years, VPK has recorded strong growth, both organically and through successful acquisitions. This rapid growth resulted in a strong need for fundamental and effective internal control and risk management systems. To develop a clear company structure, the entire group has been divided up into three operational divisions. Financial management, group purchasing, ICT and risk management in its broadest sense are centralized: they are organized and managed at group level. Specific expert topics are also centralized. These entail: safety management; infrastructure and technology management; operational excellence; and sustainability strategy. All other functions are organized at a decentralized level to ensure full accountability with business unit management.

Accounting and control

All guidelines with regard to management reporting and external financial reporting have been set out in detail in the Group Accounting Manual. The aim is to obtain a

well-performing and transparent financial reporting process, ensuring mutual comparability between all group companies. The accounting principles mentioned in this internal manual comply with the International Financial Reporting Standards (IFRS) and are respected by all the group's companies. Periodically, all staff members closely involved in the financial reporting process liaise, in order to discuss and address new accounting or financial topics in a structured way. These initiatives, for instance, the annual Finance Day, which brings together all financial staff, enable VPK to identify and fundamentally analyse new risks related to the financial reporting process in time, taking into account their probability and possible impact on the group. At a decentralized level, business controllers review financial data and report on a monthly basis in turn to the group controller. Hence, our business controllers are the link between the operational and the financial aspects of the corresponding business units. Their specific local knowledge allows for a very accurate analysis of the financial data. In addition, the group controller ensures that there is

overall coordination and clear reporting to the executive committee.

Introduction of new products

Our current product portfolio consists of paper, cores and packaging, which are fully recyclable. In this value circle, we are both recycler and product seller. During the conception phase of new products, the latter are screened for a variety of parameters including the ultimate recyclability and life cycle impacts of what we put on the market.

Risk analysis

The board of directors and the executive committee translate VPK's strategy into concrete and measurable objectives, for both the short and the long term. Each of these objectives is characterized by an on-going pursuit of internal growth and international expansion, and defines the company's risk exposure. These objectives can only be realized by taking specific, calculated and well-considered financial risks, supported by adequate measures.

Furthermore, the group strategy is built on a thorough risk and opportunity assessment, to make the company more resilient in pursuing its business objectives.

The principal risks and opportunities in our own operation or value chain identified are: health and safety, employee wellbeing, training and development, ethics and transparency, product hygiene, circularity, water impact, climate action, energy security, innovation and economic growth.



Where do risks occur in our value chain

Downstream

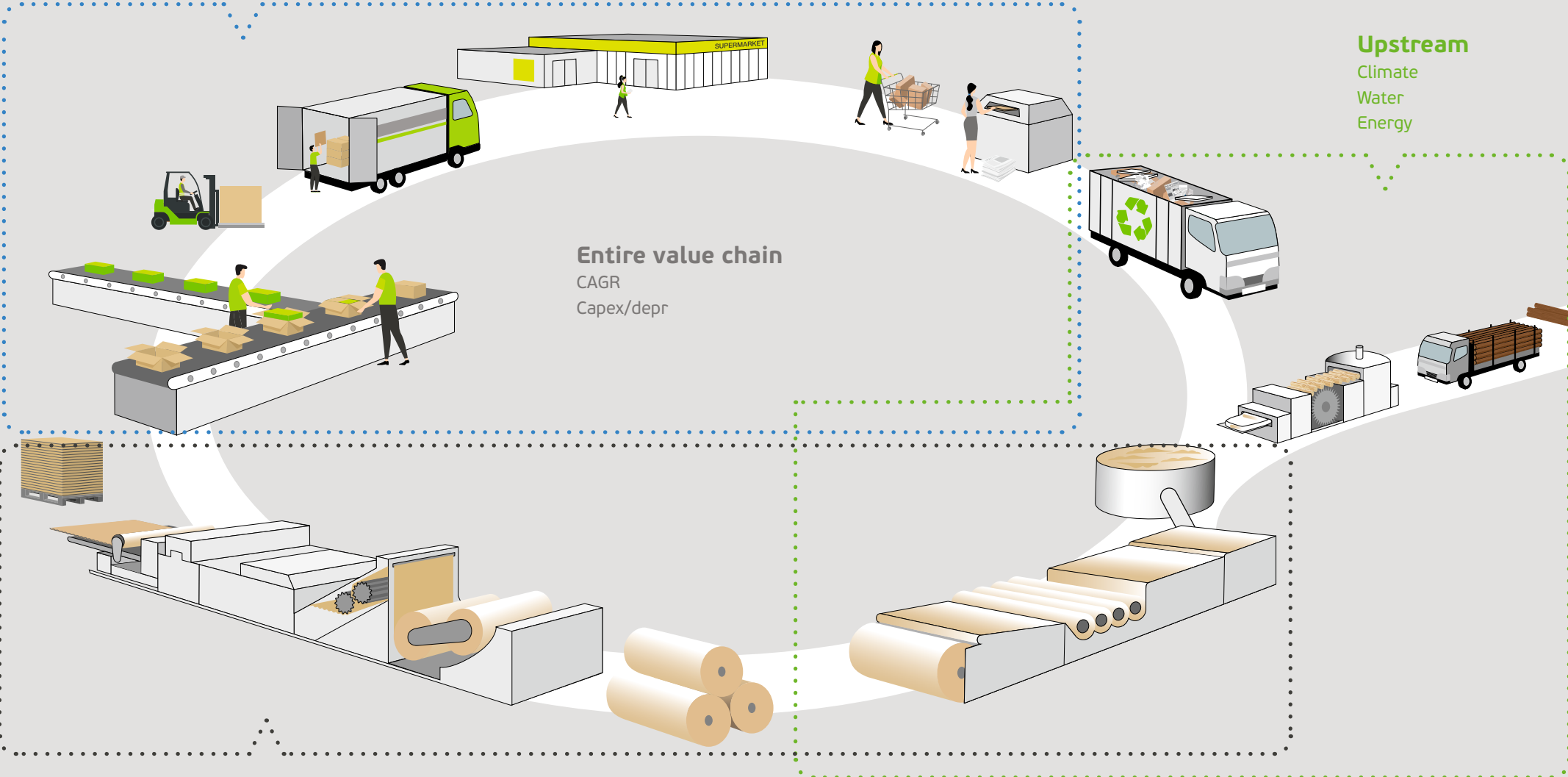
- Sustainable and circular
- Product hygiene
- Transparency
- Partnership

Upstream

- Climate
- Water
- Energy










Entire value chain

- CAGR
- Capex/depr



Own processes

- Climate, water, energy
- Employee wellbeing
- Health and safety
- Training and development

SDG	KPI
 3 GOOD HEALTH AND WELL-BEING	LTIR Hazard and near miss reporting <hr/> Permanent contracts Employee engagement surveys
 4 QUALITY EDUCATION	Training hours
 17 PARTNERSHIPS FOR THE GOALS	Ecovadis and sedex
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Waste <hr/> BRC
 6 CLEAN WATER AND SANITATION	Water intake
 13 CLIMATE ACTION	CO ₂ emissions
 7 AFFORDABLE AND CLEAN ENERGY	Energy efficiency
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Capex/Depreciation
 8 DECENT WORK AND ECONOMIC GROWTH	CAGR



3 GOOD HEALTH AND WELL-BEING

KPI

LTIR
Hazard and near miss reporting

Health and safety

The health and safety of all our employees and contractors is paramount. Safety risks can have a tremendous impact on our companies' operations, as our employees are our most valuable assets. If we provide a healthy and safe environment, this also helps enhance the company's overall performance. Therefore, we report and track work-related injuries via the lost time incident rate (LTIR). Our policy is to have zero accidents. Furthermore, a lot of situations or incidents can cause accidents with injuries, but are not shown in the LTIR. Therefore, we also put a big focus on the reporting of hazards, near misses and other leading indicators. The close out rate of these incidents is our measure to evaluate performance.



3 GOOD HEALTH AND WELL-BEING

KPI

Permanent contracts
Employee engagement surveys

Employee well-being

Our employees' mental well-being and satisfaction are seen as one of the key risks and opportunities of our business. If this is not fully managed, it can affect our employees' sense of belonging and sense of personal value. We have zero tolerance for incidents involving harassment and discrimination. We strive to create an open, diverse and trusting environment with satisfied and respected employees. As a management parameter, we report on the employee engagement surveys and initiatives carried out to evaluate and improve the happiness and motivation of all our employees.



4 QUALITY EDUCATION

KPI

Training hours

Training and development

A lack of skilled employees and individuals who are not fully educated can hamper our company's performance or create safety risks. It is also undesirable for the development of the employees themselves. We want to grasp the opportunity to attract and develop talent. The development of this talent provides a competitive differentiator and is essential for our company's future successes. Training and education empower our employees. More skills give people possibilities and flexibility. For VPK it translates into a more resilient organization. We actively develop training and development for entrepreneurial colleagues. We track this via the average amount of training hours.



17 PARTNERSHIPS FOR THE GOALS

KPI

Ecovadis and Sedex

Ethics and transparency

Supply chains have become increasingly complex with a multiplicity of actors. This increases the risks of limited transparency and unethical business practices. Without this transparency there can be no trust between us and our customers on the one hand, and our suppliers on the other. We have selected two well-respected platforms (Sedex and Ecovadis) to work with, so we can map our risks and create an overview for our customers and us. We create transparency and we reduce risks and build on opportunities for our direct and indirect suppliers. We track our performance via the amount of businesses that have subscribed to these platforms, and how well they manage it.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KPI

Waste

Circularity

Linear economic models entail a risk for the finite amount of resources that are present on the planet. The basis of our circular model provides a good framework for moving away from this depletion of resources. The opportunity lies in greater resource efficiency and keeping all materials in the loop as long as possible. Overall, our impact on global resource depletion is relatively low. We track our performance via our waste figures.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KPI

BRC

Product hygiene

Hygiene, and more specifically product hygiene, is crucial in our business, as our packaging is a logistics means to getting products to the end consumer. Insufficient protection of the end consumer is a key risk for our business and hence requires stringent controls. Via a GFSI-accredited food safety certification, we provide a credible guarantee to our food and non-food customers that our products will cause no harm to the consumer and that they are produced in a hygienic environment. We track our performance via the amount of sites we have certified, and their certification level.



6 CLEAN WATER AND SANITATION

KPI

Water intake

Water security

Water is needed to produce paper in our recycling facilities, to manufacture finished packaging, and also to grow trees, which provide the basis of our raw material. Therefore, the availability of water is crucial in order to continue our business. Overall, our impact on water availability on a basin level is quite low, but some of the basins we operate in are under water stress. Our performance is tracked via the water we withdraw from various bodies compared with the amount of products we sell.



13 CLIMATE ACTION

KPI

CO₂ emissions

Climate action

Changing climate poses a risk to our direct business, our customers, suppliers and, more broadly speaking, to the carrying capacity of the planet. It is expected to cause disruptions to society. If we build sufficient capabilities to manage these disruptions, it will also provide opportunities. Overall, our impact on climate change is relatively low, but our operations may be affected adversely by future climate change. We track our current performance by comparing our direct and indirect in-house emissions with the amount of products we sell.



7 AFFORDABLE AND CLEAN ENERGY

KPI

Energy efficiency

Energy security

Energy in the form of electricity and heat is needed to produce our paper and finally our packaging. Uncertain supply entails a key risk for our continuous operability. Overall, our energy needs are relatively low in comparison with the energy needs of the countries we operate in. We track our current performance by comparing our energy consumption with the amount of products we sell. Furthermore, increasing our self-generated energy is a strategic priority.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

KPI

Capex/Depreciation

Innovation

Lack of innovation constitutes a big risk, if markets evolve and consumer preferences shift. In the current legislative and policy-related climate, significant changes are underway to alter the way companies do business. VPK accelerates innovation to maintain its leading position in single-use plastics substitution projects. The performance of our innovative investment strategy is evaluated by dividing the value of investments by the depreciation of our current assets.



8 DECENT WORK AND ECONOMIC GROWTH

KPI

CAGR

Economic growth

Economic growth is crucial for increasing profits and financing new investments. The risk of lower economic growth entails slower investment capabilities and a slower transition towards sustainable business models. The CAGR evaluates our financial growth on a longer timescale to have a more robust image of the performance of an investment in volatile and uncertain markets.



How we put our strategy into practice

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01. Health and safety*



3 GOOD HEALTH AND WELL-BEING

KPI

LTIR
Hazard and near miss reporting

The health and safety of our workforce is one of our top priorities. That is why we create a strong safety culture at all levels of our organization.

All co-workers, at all sites and in all positions, are responsible for achieving our safety goals. More specifically, all members of our hierarchy commit themselves to providing the required resources and ensuring clear information, instructions, training and supervision at all VPK facilities. In addition, we count on all managers and supervisors to promote safe behaviour among their team members and report any unsafe behaviour or unsafe situations.

We stress the importance of reporting all accidents and incidents throughout our organization in our safety management systems, so that we can evaluate our progress towards a safer working environment. We do so through the monitoring of various KPIs:

- Lost time injury rate (LTIR) should be below 10
- Close out rate of reported hazards and near misses should be above 85%
- Zero accidents at every site

Past reporting period

- We met our LTIR target but did not succeed in reaching our target for hazards and near misses
- We observe more hazards and near misses being reported and addressed
- There can be a long response time for resolving all situations, which prompts us to step up our efforts

Outlook for the next few years

To continue our positive progress, our coordinated approach will focus on the following priorities:

- Implementation of the six steps for safety strategy
- Follow-up of the ten golden safety rules
- Group-wide safety audits

*Further information about the data can be found in the annex to this report.





CASE

Health and safety

Creating a safety culture through coaching on the factory floor and digitally

At VPK Group, we care about our people. They are the ones who allow us to thrive, and we do everything within our means to protect them and offer them a safe and healthy workplace. Creating such an environment requires more than investments in personal protective equipment and safe machinery. Our people's behaviour is equally important. That is why we attach great importance to the guidance and coaching of all our employees. Only in this way can we foster a true safety culture throughout the Group.

VPK Group's commitment to health and safety is firmly embedded in its 'Six Steps to Safety Strategy'. This programme has similar building blocks to ISO 45001 or OHSAS 18001 and is complementary to these

accreditations. What is more, it ensures a continuous focus on improvement, independently of any recertification.

Safety is dynamic. It evolves constantly. So, we need to be able to adapt our actions at any given time. That is why continuous improvement is well integrated into our annual safety action plan. With great results. Analyses of our incident reports have shown that many dangerous situations no longer occur. Consequently, we see a continuous improvement of the safety results within most of our production plants. For example, almost one year without any accidents in Aalst, and the Oudegem site is on its way to achieving 500 days without accidents, a record that has already been surpassed by several other VPK production sites. ►

Coaching is key

The secret to this success lies in the specific approach. *"We talk to our people. We visit them in the office or on the factory floor and we have an informal chat. It allows us to talk to them about safe behaviour, not in an authoritarian way, but in a sensitizing way. Like a coach that they trust,"* explains Michael Vandermeiren - Safety Officer VPK Belgium. *"That makes it possible for us to address someone who might not be aware of unsafe behaviour. Or to compliment someone who is setting the right example."*

Discussions with supervisors are an important ingredient in this approach as well. After all, the supervisors are the ones who have to set a good example and communicate it to their team members. It is therefore important that they are fully aware of the potential risks on the factory floor. That is why safety is always

the first item addressed in the supervisor meetings. Even during the daily morning meeting, safety is high on the agenda. During these meetings, the incident reports from the previous day are discussed in detail, enabling everyone to learn from situations that have occurred and how they reacted or how they should have reacted. We also regularly coach our people on how to enter these reports into QUEENS, our management and reporting platform for safety and risk identification at work, and how to address them.

E-learning

To ensure the adoption of safe behaviour, repetition is a must. However, the lockdown measures due to the health crisis have made it difficult to organize physical training courses over the last year. Hence, we decided to take refuge in e-learning and

online toolboxes. Employees are able to follow and consult these on their laptops – or on fixed PCs at the factory – in the online Flow Sparks platform linked to the Cornerstone learning and development platform. *"Currently, we are adding lots of e-learning activities, including general safety training such as our 10 safety commandments, a fire and evacuation drill, and so on."* states Michael. *"In some of these e-learning activities, we show dangerous situations and ask our people how they would react. Once they have submitted their answer, the platform immediately shows the correct answer, including a brief explanation. At the end of the e-learning activity, the contents of the latter are summarised. In this way, we ensure our people are aware of the safety procedures."*

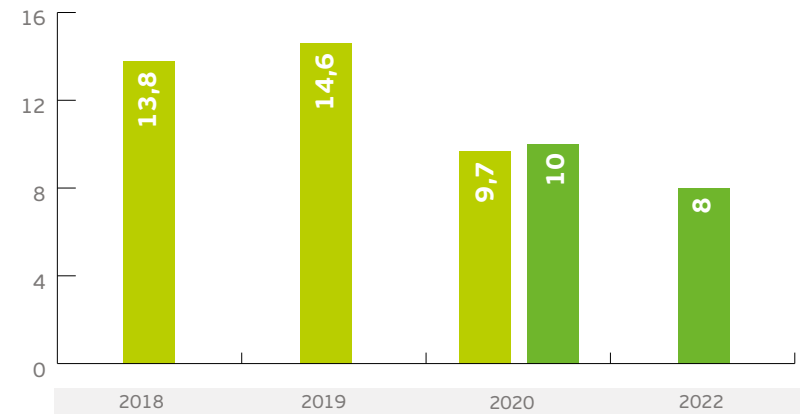
Some pilot initiatives have already borne fruit. For instance, we organized the BRC refresher training for all our operators in a digitally safe way during the pandemic. In the upcoming year, we want to continue to organize this kind of refresher training for all our staff, so that we can make safe behaviour a habit and create a strong safety culture throughout the group.

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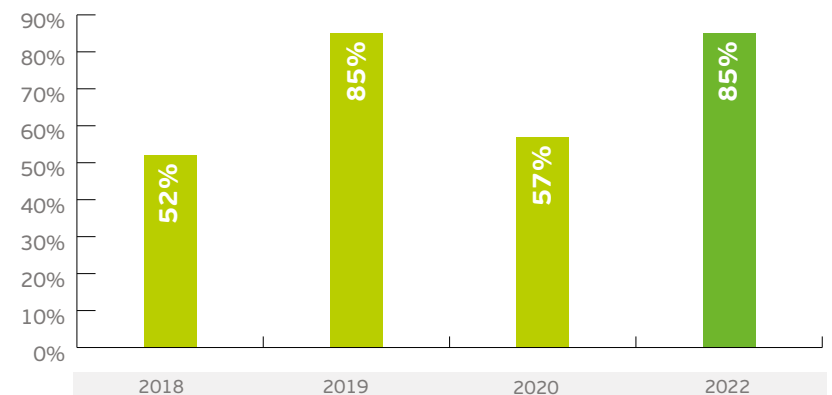
Lost time injury rate (LTIR)

● Actual value ● Target value



Hazard and near miss close out rate

● Actual value ● Target value



02. Employee wellbeing

The wellbeing of our employees is a vital ingredient for our business success. We are convinced that when our people feel appreciated for their work, they will go the extra mile for us and support our smart and sustainable growth ambition.

Therefore, we have implemented various policies to nurture the wellbeing of the entire VPK workforce on multiple levels, including:

- Long-term stable employment
- Fair and equal remuneration
- Dedicated talent management, personal development and learning perspectives

To measure the effectiveness of our initiatives, we follow up on our employees' wellbeing. This is done through informal talks in the car park, at the (coffee) machines and even at lunch. Additionally, we engage in more formal evaluations through toolbox talks and digital surveys. At least every five years, we conduct a vast survey, which probes into different aspects of employee wellbeing: work content, working conditions, working atmosphere, work organization and labour standards.

We have also defined a KPI to monitor our progress in employee wellbeing: we use the percentage of permanent contracts as an indicator for providing our people with stable and long-term employment. It is our goal to keep this figure as high as possible.

Past reporting period

- In 2020, we conducted wellbeing surveys in seven entities instead of the planned eight. This was partly due to the challenges posed by the COVID-19 crisis.

Outlook for the next few years

- Our goal is to conduct eight surveys in 2021 and another eight in 2022. In this way, we will have evaluated all VPK entities over the course of three years. We will use this experience to set a target for the next round of individual surveys.



3 GOOD HEALTH AND WELL-BEING

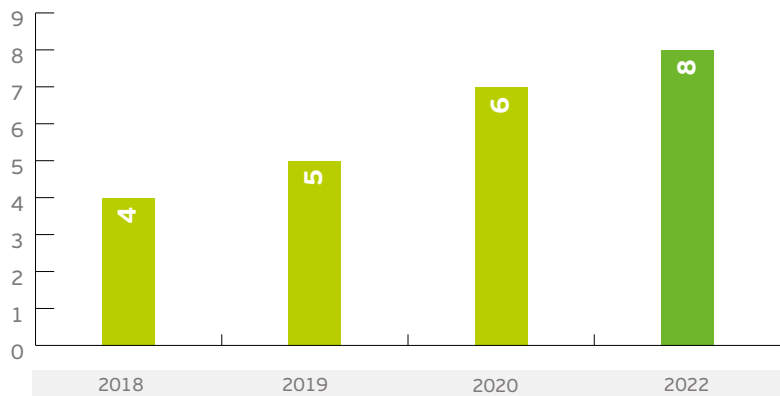
KPI

Permanent contracts
Employee engagement surveys

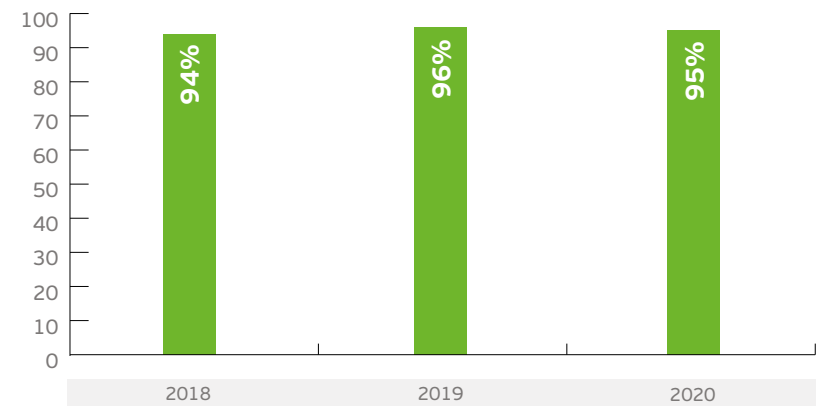


Number of employee engagement surveys conducted

● Actual value ● Target value



Percentage of permanent contracts



03. Training and education

VPK's entrepreneurial spirit is in every fibre of our company. All around the world, our people are given full responsibility and trust to run our business as if it was their own. To live up to this commitment, we want to make sure all our colleagues have the appropriate competencies to fulfil that role.

That is why we continuously invest in learning and developing their skillsets and expertise, so that they can excel in their job and advance their career at VPK. We do this from the time they join VPK until they retire:

- We make sure people get the right training and support during their onboarding period to learn the skills needed for the function
- Every year, we identify the learning and development needs of our employees and develop a training calendar based on performance talks and talent management exercises
- We also invest in various safety training courses, to make sure everyone understands the different safety policies and rules

The training and development of our employees will enable us to excel as a

company and continue to differentiate ourselves positively from our competitors. Therefore, we are aiming to provide at least 20 hours of training per employee per year by the end of 2022.

Past reporting period

- In 2020, we averaged 12 training hours per employee, significant progress when compared to the previous year
- Due to the COVID-19 pandemic, we are refocusing our training approach from typical classroom training to online tutorials

Outlook for the next few years

- To hold on to our ambition of 20 training hours per employee by 2022, we intend to:
- Increase our training intensity when life returns to normal after the pandemic
 - Improve the recording of training hours



4 QUALITY EDUCATION

KPI

Training hours



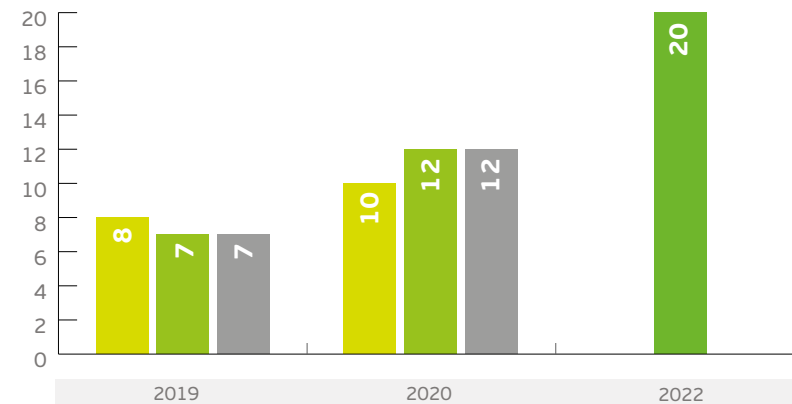


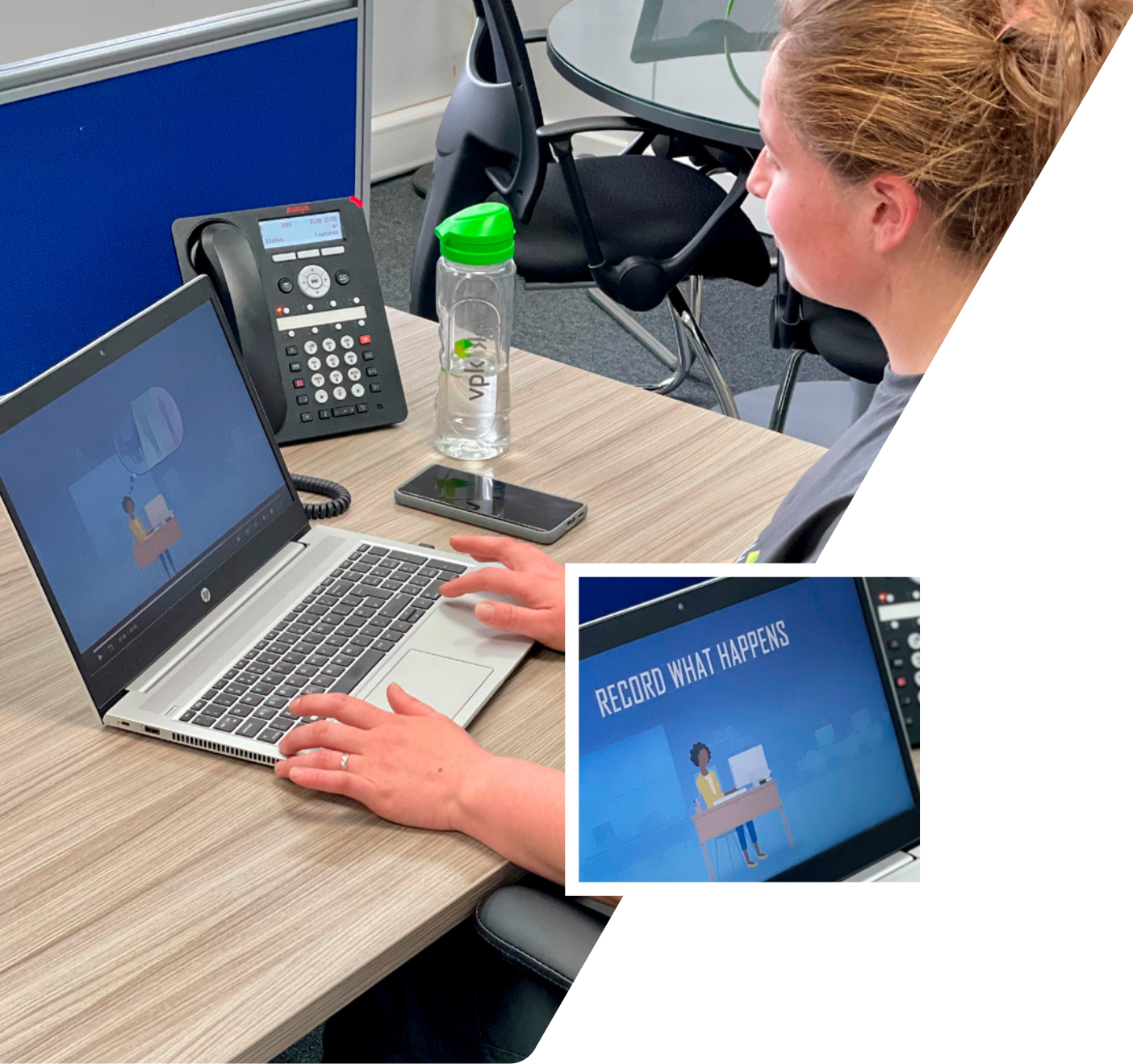
REPORT

Training and education

Hours of training per employee

● Female ● Male ● Average ● Target





CASE

Employee wellbeing / Training and education

Embedding a learning culture to develop our people and move our business forward

Over the years, VPK has evolved from a local family business into a powerful, multinational organization servicing a variety of markets. One of the main reasons for this successful growth is that VPK has a clear set of organizational values, which help to align our people with our business goals. These values steer our people development programmes to ensure our teams have the skills and expertise they need. In short, by offering quality education tailored to the specific learning and development needs of our workforce. In this article, Sonia Card, HR Director at VPK UK & Ireland, explains how she and her team have developed a successful learning culture that perfectly complements our values.

▼

A learning culture is when an organization enables their employees to gain the knowledge and abilities they need to perform at their best. How do you manage to tailor your learning programmes to the specific needs of each individual?

"First of all, by mapping out the needs. Together with the HR Team, we have developed a skills matrix for each position within VPK UK & Ireland, a list of competencies that you need to master within a particular position. Based on this matrix, we have established a learning programme for each position. In addition, we do not shy away from the basics. There may be a requirement for individuals who want to develop their functional skills or, with a diverse workforce, improve on their fluency in English. We want to help and support our people in gaining

these skills, in a secure environment. We have connections with colleges local to our sites where we have created an environment in which people can brush up on their basic knowledge of English, mathematics and so on, if they so wish."

VPK UK & Ireland has an extensive workforce. How do you ensure that all those people complete their learning programmes?

"For this purpose, we can count on our Learning Management system, Percipio, which we launched in August 2020. This digital learning environment has over 700 channels of learning modules and allows us to keep precise track of how many people have followed a particular programme. For example, since we started using Percipio, we know that almost two-thirds of the users

have taken a learning module, representing a total of 670 learning hours and just shy of 3.000 training sessions. In addition, we promote the use of our Learning Management system through our internal quarterly newsletter, through the TV screens in the factory and through regular mail updates in which we remind our colleagues about upcoming deadlines for accomplishing certain e-learning activities. Finally, we want to ensure quick and easy access to Percipio for everyone. It is a cloud-based system, so anyone can access it from anywhere at any time with their personal login and password. There is also a mobile app, and we have provided laptops and PCs at all sites, so that all our colleagues can complete training sessions during working hours."

Is there still room for flexibility in this system?

"Certainly. The learning modules in Percipio are constantly kept up-to-date by our supplier, but we can also add our own tailor-made tutorials very quickly and easily. I have, for example, put together video tutorials on a number of employee relations subjects, which will be published on the platform. What is more, the users are free to explore the training portfolio in Percipio and extend their skillset with additional technical knowledge, soft skills or leadership competencies. The tool even inspires them to take ownership of their own learning and development, as people can earn 'rewards badges' by completing modules. A perfect example of how Percipio perfectly matches the values of our organization."

Since we started using Percipio, we know that almost two-thirds of the users have taken a learning module, representing a total of 670 learning hours and just shy of 3.000 training sessions.

”

04. Ethics and transparency



17 PARTNERSHIPS
FOR THE GOALS

KPI

Ecovadis and Sedex

At VPK, we conduct our business in an ethical way, and we expect the same from all our direct and indirect suppliers. To reduce the risks in our value chain, we support our local managers and experts with coaching, group-wide policies and resources.

In order to share our commitment to ethical business practices with all our stakeholders, we work with two respected platforms:

- Sedex: one of the world's leading organizations helping businesses improve working conditions in global supply chains
- EcoVadis: the world's largest provider of business sustainability ratings

We evaluate our ethical performance based on the number of sites that have subscribed to these platforms and their scoring. More specifically, we have set ourselves the following targets for end of year 2022:

- Increase the number of countries participating in EcoVadis from three to ten
- Achieve EcoVadis Gold status in every participating country

Past reporting period

- By increasing our efforts, we were able to achieve EcoVadis Silver status (average across all countries)

Outlook for the next few years

- In 2021, we will add five more countries to the EcoVadis platform and two more in 2022
- We expect the first countries to achieve Gold status in 2021 and the remainder in 2022



CASE

Ethics and transparency

Making the cosmetics value chain more sustainable, with EcoVadis and L'Oréal

VPK has a clear commitment to sustainability, a commitment that extends far beyond our company walls. We want to leave our mark on the entire value chain by developing circular packaging solutions and ensuring a sustainable flow of goods. To make this commitment tangible and measurable, have the ambition to reach EcoVadis Gold Partner status. In order to achieve this ambition, we work closely with our clients. L'Oréal is one of those customers that continues to ignite our sustainable growth and to push us to continuously improve our CSR performance.



In 2017, L'Oréal co-founded the Responsible Beauty Initiative (RBI), together with six other cosmetics companies, including LVMH, Groupe Rocher and Groupe L'Occitane.

The RBI aims to make the entire cosmetics value chain more sustainable. How? Among other things, by focusing on sustainable procurement, to ensure that the products and services the RBI members buy have the lowest environmental impact and the most positive social results.

Proving our commitment to sustainability

To evaluate suppliers on their sustainable performance, the RBI members rely on the EcoVadis sustainability rating tool. It evaluates how well a company has integrated the principles of Sustainability/CSR into their business and management system. For this, they rely on their methodology, which is built on international

sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000.

VPK also uses this tool. *"Because EcoVadis goes much further than any other sustainability rating tool,"* says David Mathieu, Quality & Safety Manager VPK France. *"A key differentiator is their demand for proof. It is not enough to supply a few documents, you also have to demonstrate your compliance with social rights and CO₂ reduction claims. They even monitor the media to see how companies come under the spotlight and whether it matches their sustainability claim."*

Making CSR a supplier selection criterion

Today, VPK Belgium and France are both EcoVadis Silver Partners, but it is our ambition to reach Gold Partner status in every country we are active in. *"Sustainability ratings such as EcoVadis are also playing an*

increasingly important role in companies' supplier selection processes," explains David. *"A few years ago, only a few customers occasionally asked us about our EcoVadis score. Today, we get these questions nearly all the time."*

L'Oréal is one of those companies. They have made a supplier's EcoVadis score an important criterion in their supplier selection process. *"Each year, L'Oréal evaluates its suppliers using a Scorecard with five pillars, where each pillar counts for 20% in the final scoring. Sustainability is one of those pillars, and the EcoVadis score weighs heavily in it."*

Partnering in sustainability

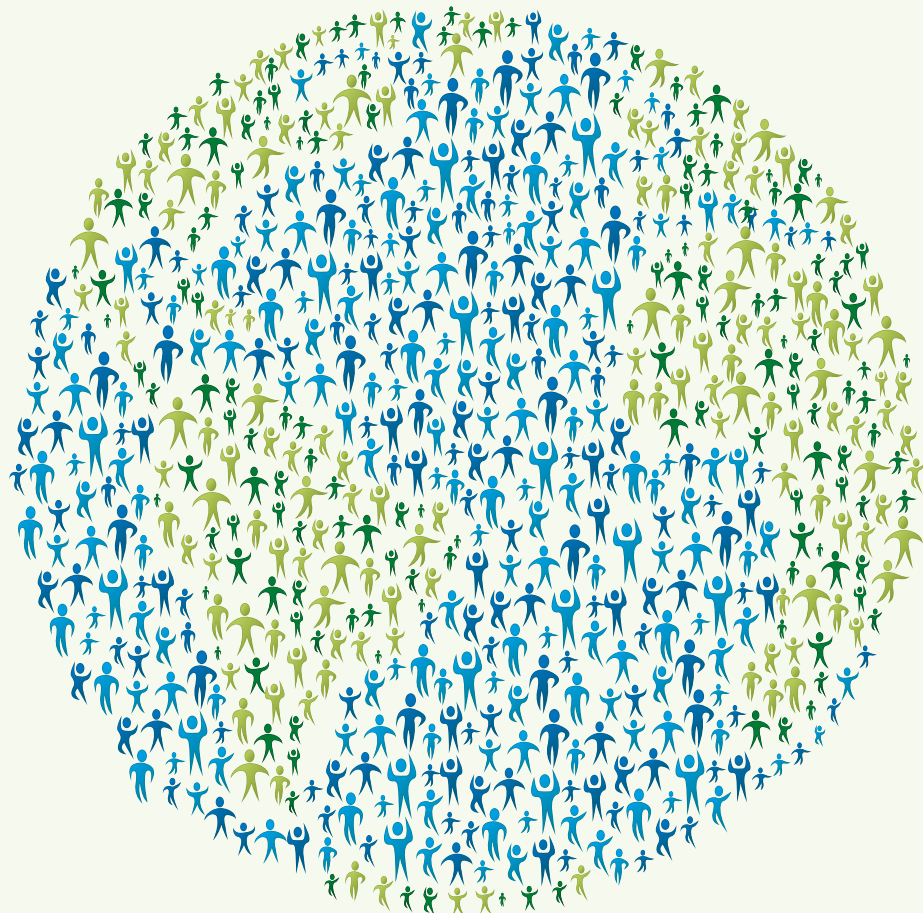
By emphasizing the importance of sustainability in its selection process, L'Oréal wants to help embed sustainability in its suppliers' organizations. And, in doing so, the cosmetics company aims to significantly

reduce its carbon footprint – carbon analyses have revealed that 99% of L'Oréal's CO₂ emissions are in Scope III.

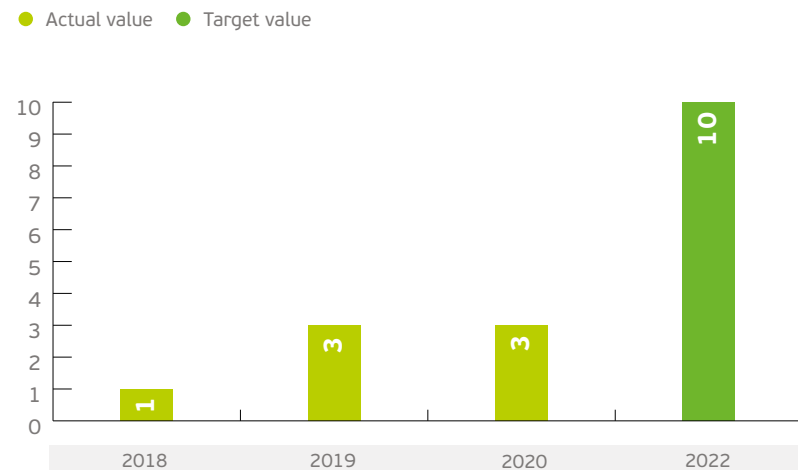
In VPK they have found a partner to help reduce this footprint. For instance, we produce circular packaging solutions that are almost entirely based on recycled paper and cardboard. By working with us, L'Oréal thus contributes to a circular economy. *"L'Oréal even goes a step further,"* explains David. *"For example, we have set up a circular partnership with L'Oréal in Libramont, Belgium. Whenever we deliver packaging there, we also take bales of waste paper back with us, which we can then recycle and reuse in our production of new packaging,"* illustrates David. *"This is a perfect example of how our clients help us advance on our sustainability path. With their stimulus, we feel confident we will achieve EcoVadis Gold Partner status in the very near future."*

It is not enough to supply a few documents, you also have to demonstrate your compliance with social rights and CO₂ reduction claims.

”



Number of countries participating in EcoVadis



05. Circularity



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KPI

Waste

Packaging and more specifically packaging waste has become a huge challenge for the development of a more sustainable economy.

At VPK, we want to contribute to a better society by reducing the impact of our packaging as much as possible. We do this by:

- Working closely with our customers to avoid inefficiencies from the design stage onwards
- Making optimal use of our packaging materials, ensuring our packaging is fit-to-size
- Using recycled materials as much as possible and looking for renewable alternatives
- Collecting and recycling our customers' packaging waste.

Based on these efforts, we aim to reduce the amount of waste that is landfilled to less than 2.5% of our total waste by 2025. In addition, we want to avoid waste as far as possible, even if it is recyclable. Therefore, we want to lower our corrugated recyclable waste percentage by 1.2% by 2025.

Past reporting period

- In 2020, we significantly reduced our landfill waste
- In the same period, our corrugated recyclable waste increased for a variety of reasons – one of the reasons is that we reported on more categories of waste

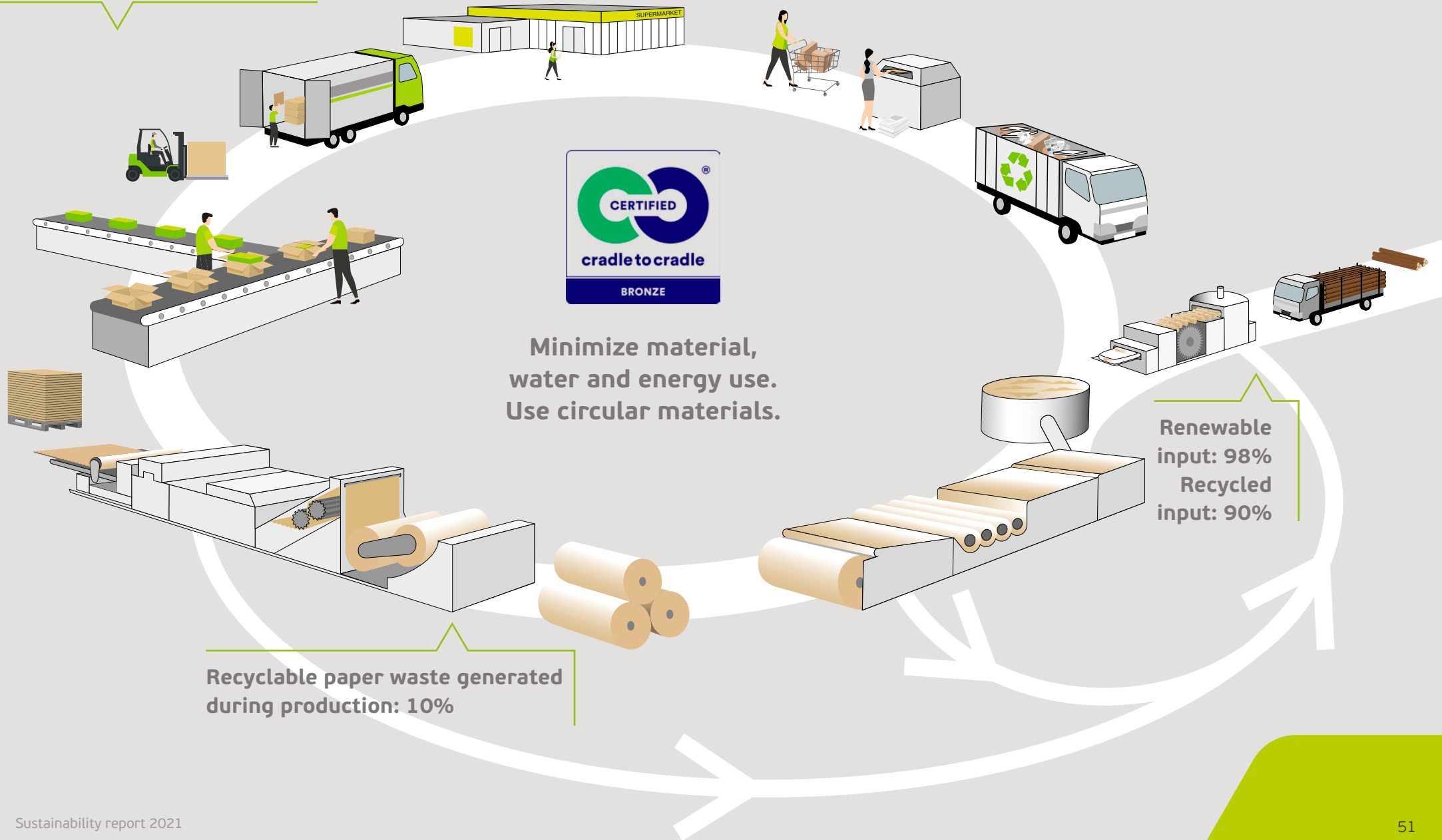
Outlook for the next few years

- We are planning additional projects to further reduce our landfill waste
- We expect to reduce our corrugated recyclable waste through more reliable forecasting and waste reduction programmes



Sustainable and circular

Recyclable corrugated waste generated during production: 14%



Minimize material, water and energy use. Use circular materials.

Recyclable paper waste generated during production: 10%

Renewable input: 98%
Recycled input: 90%



**The Earth needs us.
Creating awareness through a waste
management game.**

VPK has a resource-intensive production process that could weigh heavily on our planet if we were only to use virgin materials. Fortunately, this is not the case. We make it a point of honour to turn as much paper and cardboard waste as possible into new products. And we want the local communities in which we operate to join us in our circular ambition. Beyond any legal obligations, we try to make our communities aware of the importance of collecting waste selectively. In Romania, we have even developed a game for this purpose. An idea that was dreamt up by Loredana Suiugan, HR & Purchasing Manager VPK Romania.

Loredana, why did you take the initiative to point out the importance of sorting waste to people?

“Selective waste collection has become mandatory in Romania. Consequently, the containers in which households used to throw their garbage have now been replaced by separate containers for different types of waste. And we felt the need to contribute to creating awareness, so that Romanians would adopt these new requirements more quickly and

easily. For two good reasons. First of all, because it is one of our key CSR objectives to support local communities. Secondly, because waste sorting is at the heart of the VPK business model. The more and the better we sort, the more and the better we can recycle. And recycling is something we feel very strongly about at VPK, as all the paper we produce is made from 100% recycled paper. For our packaging we use over 85% recycled paper.” ►

▼
What exactly did you do?

"To really make people understand the importance of sustainability and, more specifically, sorting waste, we need to educate them. Not in a formal way, but in a fun way. That's how we came up with the idea of an educational board game. Why a board game? Because it is a creative and systematic problem-solving tool that stimulates critical thinking. An additional advantage is that a board game allows us to get the children on board as well. They are the next generation and they will have to deal with complex sustainability challenges in the years to come. With this game, we truly believe that we can stimulate and raise awareness regarding environmental issues, such as waste generation, sorting and recycling."

How does the game work?

"The game is called VPK Smart City and challenges players to manage a city. We

used the context of smart cities because it is widely accepted that smart cities will provide answers to various sustainability challenges by combining technologies and human ideals. The players are presidents of a waste management company and are invited to use the resources available to them to clean up the city. It is a strategic game where people have to complete the tasks that have been given to them by City Hall. Completing these tasks will help them grow their business and give them access to more valuable and complex tasks. And simultaneously develop empathy for the environment."

How can people play it?

"Originally, the idea was to develop a tangible board game. But, due to the pandemic we decided to speed up our development process and make it an online game that can be played by people all over Romania. Therefore, we created a dedicated website

vpksmartcity.ro. Via this website, people can access Tabletopia.com to play the game online, in teams of two to four players, friends and family members. Families and schools can even enter contests and potentially win one of our physical board games. Each team represents a planet, and if they play smart they turn grey areas into green."

Are you planning any other actions?

"On the dedicated website, people will not only be able to play the online game, they will also find a host of other information regarding selective waste collection, testimonials from players, a goodwill journal with positive articles about the circular economy and recycling, and so on. Moreover, we want to promote VPK Smart City and convey our waste sorting message as widely as possible. Hence, we envision targeted communication campaigns. For instance, to get the attention of the younger generations, we plan actions

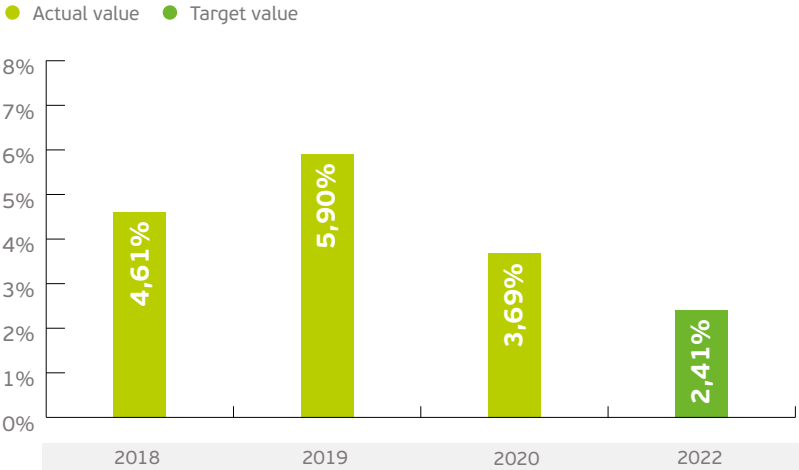
via social media such as Facebook, Instagram and TikTok. We have also planned various activities dedicated to Children's Day, and even a drawing competition during the summer holidays with 'Save the planet' as the central topic. On top of that, we are also promoting the game via our newsletter, social media, etc. to our suppliers, customers and most importantly our colleagues, so they can set a good example to the rest of the community. We really want everybody to discover the game. Even the readers of this sustainability report: do not hesitate to go to vpksmartcity.ro and play the game with your children, friends or colleagues."



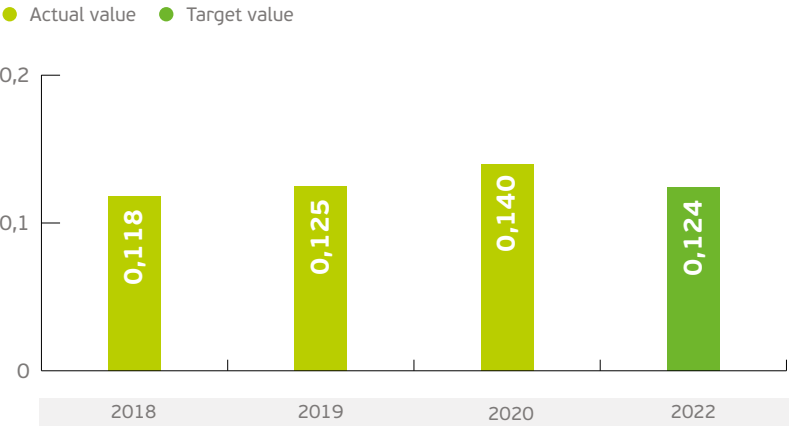
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Percentage of total waste that is landfilled



Tonnes of recyclable waste per tonne of corrugated board sold



06. Product hygiene

Many of our packaging solutions are widely used in the food and feed market and will therefore come into direct and indirect contact with perishable goods. To ensure food safety and product integrity, we make sure our products are manufactured in a clean and hygienic environment. We have appointed local food safety specialists who are responsible for the implementation and follow-up of the BRCGS management system, a GFSI-accredited international benchmark for good manufacturing practice, which reassures customers that our products are safe, legal and of high quality.

We evaluate our performance based on the number of sites that are BRCGS certified and their scoring. More specifically, we aim to have 59% of our sites BRCGS certified by 2022, thus ensuring broad geographical coverage for our food portfolio. We evaluate our approach to food safety continuously and review our target and progress on a yearly basis.

Past reporting period

- In 2020, we improved our certification rate to 51% through the acquisition of new certified sites, as well as through new certifications

Outlook for the next few years

- In 2021, we want to achieve BRCGS certification for one more site
- In 2022, we want to add two more sites in regions with a large number of possible food customers



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

KPI

BRC





CASE

Product hygiene

Achieving BRC status A through a focused and personal approach

As a crucial part of our customers' supply chain, we always maintain close contact with our customers and their products. Consequently, we are fully committed to providing them with a quality end product that meets their every requirement. To make that commitment clear to our customers, we adhere to the appropriate industry standards and certificates. For example, our factory in Randers, Denmark, obtained BRC status A last year, the second highest score, reassuring our customers that our packaging solutions are among the best in class regarding food safety and retailer requirements. Local Production Manager Rico Amstrup and Quality Manager Øjvind Christensen explain how they achieved this great result and how it has improved internal operations and customer satisfaction.

First of all, congratulations on achieving BRC status A. What is the secret behind this success?

Rico: "We have succeeded in fully embedding our quality management system in our people's daily operations. The system has been implemented for quite some time now. But people need time to fully grasp the potential of a new tool and make it their own. Thanks to our focused approach, the system has now become a trusted tool for all 154 colleagues here at the site, both factory workers and employees."

Øjvind: "The system contains tonnes of information, ranging from an overview of which BRC requirements are met by which documents to e-forms to collect data from production, sales, etc. Initially, quite a few employees hesitated to fully adopt the system into their daily work routines. This has changed over the past few months and the system confirms it. The platform allows us to track the number of logins, which revealed that, in March 2021 alone, there were 50% more logins among our factory workers."

What specific approach did you apply to achieve such a behavioural change?

Øjvind: "Actually, coronavirus helped us

with this. Because of the social distancing measures and the restrictions on the number of people who could be in a closed room at the same time, we could not organize any group sessions to familiarize our people with the system. Therefore, we opted for a personal approach. We put up posters everywhere throughout the factory and the offices, communicating tips on how to use the tool effectively. We also went into the factory ourselves to speak to the people in person and show them on-screen how they could, for example, open the platform and add a daily report, in which they describe what has happened during their shift that day."

Rico: "By addressing them personally, you really reach people. They cannot hide away in a group; you have their full attention. And that pays off."

How could you see that your approach was generating results?

Øjvind: "We can track nearly everything in the system and, subsequently, take targeted actions. For example, when we noticed an increase in the number of daily reports uploaded onto the platform, we knew the time was right to highlight another aspect of the system in our talks and on the posters."

What other information do you get from the system? And how do you benefit from it?

Rico: "The daily reports alone are a tremendous help. They inform us about any incidents that have occurred and how they were solved. We learn from this documented experience and make our production environment even more efficient."

Øjvind: "A concrete example is the way we handle recalls. If products are returned after a complaint from a customer, we first investigate the issue to identify the root cause of the problem, in order to suggest the appropriate solution. We also follow up on the solution by involving the sales department and asking them whether the proposed solution matched the customer's requirements. If so, this could lead to us developing a new standard and uploading it onto the platform. Anyone logging in to the system will immediately see this new

standard, as well as all other new documents, on the system's homepage."

And so, the system also helps to increase customer satisfaction?

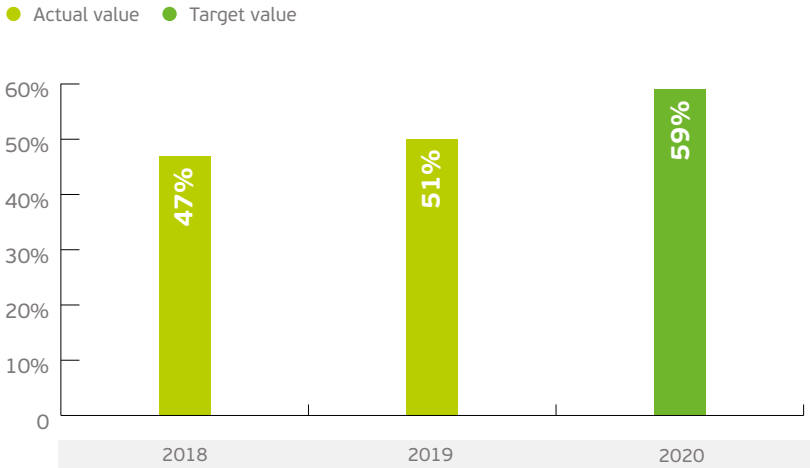
Øjvind: "Exactly. And we get proof of that from our system too. The number of customer complaints, for example, has dropped by 50%. Besides achieving BRC status A, this result provides proof that we are now using our quality system more effectively, to the benefit of both VPK and the customer."

By addressing them personally, you really reach people. They cannot hide away in a group, you have their full attention. And that pays off.

”



Share of certified packaging sites



07. Water Intake

Our production processes require a lot of water. However, water is a scarce resource, and as a sustainable company, we do not want our intensive water consumption to impact the water needs of other stakeholders.

Therefore, we are committed to keeping our water footprint as low as possible. In concrete terms, we take the water stress of different regions into account, based on a global water stress evaluation (WRI Aqueduct), and the water intensity of our operations in a risk-based approach. Based on this, we prioritize the water management goals and objectives relevant to our organization.

To control our water impact, we have implemented environmental management systems and, where necessary, water treatment facilities. Environmental managers and process technologists are responsible for using as little water as possible.

More specifically, our goals are to:

- Protect existing water bodies in accordance with the stand-still principle and thus prevent long-term deterioration
- Positively affect neighbouring water bodies that have been impacted by historical overconsumption
- Use water according to the following hierarchy: rainwater > surface water > ground water > city water

- Promote water stewardship among our key suppliers, customers and other stakeholders in our value chain
- Reduce the impact of discharged water from our operations to zero

In concrete terms, we aim to reduce the net water intake of our paper mills to less than 6 m³/ton by 2025. This is a 7% decrease when compared to the 2019 situation, and is well below the industry average. We evaluate our performance each year to see if we are on track to achieve this target.

Past reporting period

- Thanks to operational improvements, we have significantly reduced the net water intake of our paper mills

Outlook for the next few years

- We aim to further reduce the net water intake of our paper mills by continuing to implement operational improvements and increase management attention





CASE Water Intake

Watergate: making more and better use of fresh water

Due to climate change, water is becoming increasingly scarce. Especially in places where it is used intensively, such as in the area surrounding our paper mill in Oudegem, Belgium. Because we want to take good care of the environment in which we operate, we started the Watergate project with the aim of making wise use of water from the nearby river Dender and subsequently cutting down on our intake of ground and city water. With great success.

Over the years, production at the Oudegem paper mill has increased significantly – from some 420.000 tonnes of paper in 2010 to 540.000 tonnes in 2020. Although the production process requires a lot of water, the site's water consumption remained virtually unchanged during this period. This was despite the fact that various new water consumers were added to the process, such as a new biocide programme to reduce odour emissions and a DeNOX plant. All in all, this would have resulted in

an annual increase in the site's water consumption with some 90.000 m³. But it did not.

"And we have our Watergate project to thank for that", states Wim Remes, Waste Water Treatment Manager. The Watergate project arose from a thorough review of the entire Oudegem water supply in order to make it more sustainable. "It consists of the implementation of new technologies to make more and better use of fresh water from the nearby river Dender."

▼

Enhancing capacity and end quality stability

"We were already using Dender water at the Oudegem site," explains Wim. The fresh water was passed through a high sieve and then a decantation tank before being used in certain processes. "The first step in our Watergate project was to expand our on-site capacity of fresh water by replacing the decantation tank with a higher performance type of decantation and by adding sand filters. Thanks to this additional filtration step, we are able to draw in more m³ of fresh water with a more stable end quality."

It also made a second phase in the Watergate project possible, i.e. the implementation of an ultrafiltration unit to filter out any remaining particles after the fresh water has passed through the sand filters.

In preparation for the second phase, a new water circuit was installed. This new circuit cools down the on-site flue gases using fresh Dender water from the phase 1 circuit instead of city water. Afterwards, the water in the circuit is used at one of our paper machines, and thus further reduces the consumption of city water.

Gaining insight into the needs of our water consumers

"Ultrafiltration further enhanced the quality of the fresh water, and thus opened up new possibilities for connecting more water consumers to the freshwater circuit", adds Wim. "So, we started analysing the minimal water quality requirements of various water consumers. Those that did not necessarily require city water quality were disconnected from the city water network and connected to the freshwater circuit."

On top of that, the analysis also revealed a water consumer that did not even require ultrafiltered freshwater quality. *"We were able to connect it to the on-site so-called clarified water, which still contains some fragments of paper fibres. In this way, we cut down on our consumption of city water and increase the reuse of water."*

What will the future bring?

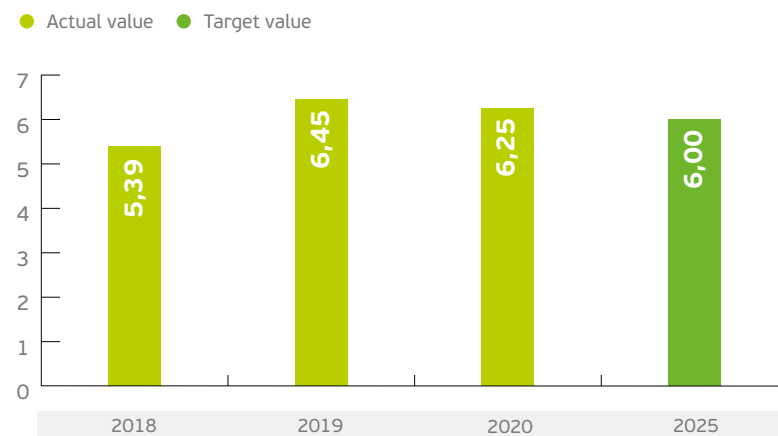
Wim looks back with satisfaction on what the Watergate project has already achieved thus far: *"Thanks to all these interventions, we succeeded in halving the site's consumption of city water and reducing its consumption of ground water by a third."*

But he is also looking ahead. As a matter of fact, he is already preparing himself for a new phase in the Watergate project, namely using fresh water to feed the on-site steam production. *"According to our research, it can be done, provided an additional filtration step is taken. After all, the current ultrafiltered water is still too heavily loaded with mainly organic matter,"* Wim points out. And so, Wim and his team are anticipating the implementation of a reverse osmosis unit. *"According to our research, reverse osmosis would enable us to replace some 150.000 m³ of city and ground water per year with fresh water from the Dender. In addition, we would reap many benefits by reducing the number of regeneration cycles in our demineralization unit. And, to top it all off, the RO-generated concentrate flow, some 60.000 m³/year, will be reused instead of being discharged into our wastewater system. In short, the future looks promising."*

Thanks to all these interventions, we succeeded in halving the site's consumption of city water and reducing its consumption of ground water by a third.

”

Water intake intensity of water intensive operations in m³ per tonne



08. Climate and carbon emissions management

Like any manufacturing company, our activities also have an environmental footprint. To mitigate the climate impact of our operations, we apply a dedicated management approach.

To reduce our Scope 1 and Scope 2 emissions, we invest in carbon-neutral energy solutions. We also run specific programmes to address our Scope 3 emissions, which are mainly attributed to the impact of our materials and our transport. That is why we evaluate our packaging solutions, run waste reduction programmes and consider the impact of our sourced materials. Regarding transport, we launch initiatives to optimize the distances our vehicles have to cover, encourage our transport partner to adopt renewable fuels and investigate alternative modes of transportation.

Together with the motivated support of our sourcing managers, waste managers, logistics managers and material managers, we are fully committed to improving our CO₂ emissions. Our goal is to become carbon neutral by 2050. To achieve this, we have set ourselves the ambitious target of reducing the Scope 1 emissions of our energy-

intensive operations by 16.700 tonnes by 2025. Compared to reference year 2005, this will reduce our emission intensity by 24%. Currently, we have achieved a 12% reduction in our Scope 1 emissions, and we will continue to monitor our progress on an annual basis.

Past reporting period

- After a decrease in 2018-2019, the carbon intensity of our operations increased again in 2020. This evolution was partly due to slightly lower volumes, combined with somewhat higher emissions.

Outlook for the next few years

- Several fuel switch projects have been initiated, but they still need to be scaled up to provide measurable results
- We continue to study the feasibility of solar panels, biofuel boilers and other alternative fuel solutions



13 CLIMATE ACTION

KPI

CO₂ emissions



CASE

Climate and carbon emissions management

Reducing our carbon footprint where it matters most – from green mobility to solar panels

Care is one of the core values of our organization. It means we are dedicated to the well-being of our people, our clients and our planet. Hence, we go to great lengths to reduce the ecological footprint of our activities: by using water sparingly, by valorizing our waste streams, and by significantly reducing the carbon emissions of our activities. To achieve the latter ambition, we have studied which domains we can have the biggest impact on and how we can achieve this. Group Sustainability Manager Charles Christiaens tells us more about it.

Over the years, production at the Oudegem paper mill has increased significantly – from some 420.000 tonnes of paper in 2010 to 540.000 tonnes in 2020. Although the production process requires a lot of water, the site's water consumption remained virtually unchanged during this period. This was despite the fact that various new water consumers were added to the process, such as a new biocide programme to reduce odour emissions and a DeNO_x plant. All in all, this would have resulted in an annual increase in the site's water

consumption with some 90.000 m³. But it did not.

"And we have our Watergate project to thank for that", states Wim Remes, Waste Water Treatment Manager. The Watergate project arose from a thorough review of the entire Oudegem water supply in order to make it more sustainable. "It consists of the implementation of new technologies to make more and better use of fresh water from the nearby river Dender."



L'énergie
100% végétale,
100% made in France



VPK aims to be carbon neutral by 2050. How do you intend to achieve this ambition?

"We have a strong tradition of optimizing our energy use and have already invested significantly in alternative ways of meeting our energy needs. Building on this experience, we have developed our energy strategy for 2030 and 2050. The first step was a thorough analysis of our activities' CO₂ emissions according to the leading greenhouse gas (GHG) protocol corporate standard, which classifies a company's GHG emissions into three scopes. Scope 1 emissions are direct emissions from owned or controlled sources, Scope 2 emissions are indirect emissions from the generation of purchased energy and Scope 3 emissions are all indirect emissions that occur in our value chain."

What did this exercise tell you about VPK's emissions?

"The analysis revealed that our emissions are all of the same order of magnitude for all three scopes. It also gave us an insight into the main contributors in each scope, which allowed us to prioritize our approach. For example, we now know that our transport accounts for a

significant share of our Scope 3 emissions. That is why we are investing in greener fuels and alternative modes of transport to make our logistics more sustainable."

What investments in green fuels have you already made?

"In our previous sustainability report, we already mentioned the biogas fuel station that was built adjacent to our production site in Halden, Norway. The biogas, which is generated through the digestion of wood chips and household waste from the neighbouring municipalities, will be used to fuel our local transportation partner's fleet of 20 trucks. Considering that these trucks make 40 to 50 trips a day, turning to biogas fuel can help save a lot of CO₂ emissions. On top of that, our French transport partner Blondel Group and VPK France, have decided to switch to OLEO, a biodiesel produced from locally grown rapeseed. By switching to this new type of green fuel, our French fleet will be able to halve its carbon emissions. More specifically, annual savings in carbon emissions will amount to approximately 2.000 tonnes. A significant

saving considering that our group-wide fleet emissions are estimated at about 47.000 tonnes per year."

Are you planning other measures to reduce transport emissions?

"We have noticed that more and more people are coming to our sites in electric vehicles. Naturally, we are also responding to this trend. Throughout Northwest Europe, we have a total of 40 charging stations on our sites. More specifically, in Belgium, we currently have twelve charging stations, but our ambition is to increase this number sevenfold. We are using the reconstruction of the parking lot at our Oudegem site to prepare for a possible expansion of an additional 60 charging stations. The connections to our on-site power production are already in place. All we have to do is install the charging stations, following the gradual expansion in the use of electric vehicles over the next few years. As our company vehicles have a typical lifetime of

about five years, this conversion is expected to happen quite fast."

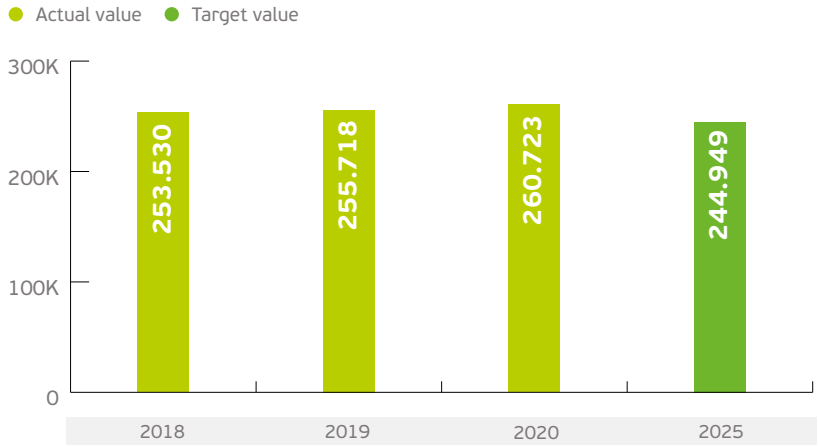
What about the Scope 1 and 2 emissions? How do you intend to tackle these types of emission?

"We aim to reduce our Scope 1 and 2 emissions by focusing on renewable energy, of which solar energy is an important part. In Belgium, we have equipped the roofs of our sites in Erembodegem, Deerlijk and Courcelles with solar panels, which jointly produce some 2.200 MWh of electricity per year. In addition, we recently decided to install solar panels in Raamsdonksveer, the Netherlands, as well. This project would increase the annual solar energy production throughout VPK to 3.000 MWh."

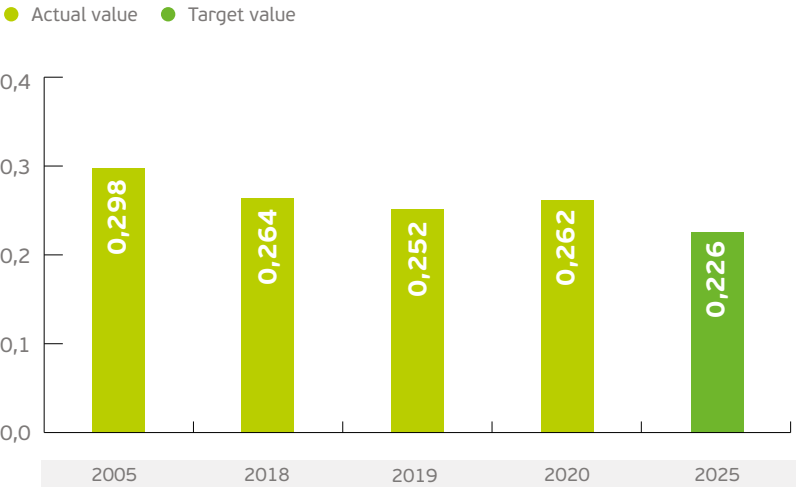
By switching to this new type of green fuel [...], annual savings in carbon emissions will amount to approximately 2.000 tonnes. A significant saving considering that our group-wide fleet emissions are estimated at about 47.000 tonnes per year.

”

Absolute CO₂ emissions of energy-intensive operations in tonnes



Emission intensity in tonnes of CO₂ per tonne of paper sold



09. Energy

Energy production and consumption weigh heavily on our environment, especially, considering the use of fossil fuels during production and the emission of greenhouse gases that goes with it. In addition, lots of energy is still wasted before and during use.

VPK has committed itself to reducing its energy consumption and stepping up the clean energy transition. To put this commitment into practice, we abide by a three-pillar energy policy:

- 1. Use less:** Sustainable energy use means avoiding unnecessary energy use. That is why we invest in energy-efficient process technology, LED lighting, insulation, high-efficiency engines, etc. We ensure our relentless focus on energy efficiency by participating in the Flemish energy agreement, ISO certification, national energy agreements, etc.
- 2. Use to the fullest:** We aim to achieve the most efficient conversion of primary energy into steam or electricity. This is accomplished through the optimal configuration of our installations, cogeneration and different forms of energy recovery.
- 3. Use renewables:** We are gradually implementing alternative and renewable energy resources such as solar power, biomass, biogas, etc.

With the support of our central and local energy managers, we intend to put this policy into practice and thus reduce our energy intensity per product category by 1.5% by 2025. Every year, we evaluate our progress in this area.

Past reporting period

- In our corrugated board facilities, we were able to reduce our energy intensity through a number of energy-saving projects
- In 2020, our paper production facilities were more dependent on purchased electricity as we produced less power ourselves

Outlook for the next few years

- We envision more energy-saving projects to further reduce our energy consumption for both our paper and our corrugated board activities



7 AFFORDABLE AND CLEAN ENERGY

KPI

Energy efficiency





From flue gas to district heating – Blue Paper is on a mission to prevent any energy going to waste

Blue Paper is considered one of the circular model sites within the VPK Group. A few years ago, a waste-to-energy plant was commissioned on site, which converts production waste into steam that is used for drying purposes in the paper manufacturing process. Last year, the site took its commitment to sustainability to a new level: the biomass boiler's flue gases are now the source of energy for a new district heating network in Strasbourg. We sat down with Johan Dhaese, Group Energy and Environment Manager at VPK Group, to talk us through the new developments.

Tell us Johan, why is the Blue Paper site in Strasbourg a circular frontrunner within the VPK Group?

"Simply put, because it adheres to one of the basic principles of the circular economy – putting waste to good use. First of all, our Blue Paper mill produces packaging paper based solely on recycled fibres. On top of that, the site also has its own thermal power plant, converting 5,5 tonnes of waste per hour into approximately 25 tonnes of steam per hour, which is used to power the site's processes. In this way,

we valorise residual materials from our own recycling processes – mainly non-reusable fibres, plastics and other materials– as well as externally supplied waste materials such as rejects from the paper industry and sorting residues (e.g. plastics, textiles, etc.)."

In addition to steam, the site also produces a third of its electricity in a sustainable manner. How does that work?

"The site is equipped with two combined heat and power plants that generate electricity. One is a small-scale biogas motor that transforms biogas –which we produce from our wastewater– into 1,8 MWe electrical power and approximately 1 t/h of steam. The other one is a high-pressure biomass boiler in which we burn wood chips to drive a steam turbine with a power output of 6 MWe and 40 t/h of steam."

How does supplying heat to the Strasbourg community fit into these circular achievements?

"The flue gases from the biomass boiler in which we burn wood chips reach a temperature of about 160°C. These flue gases are emitted into the open air through a chimney, after having passed through an electrostatic precipitator to remove the dust. We realised we were letting a lot of heat go

to waste this way, and we care too much for the environment to not do anything about it. However, we could not use the residual heat ourselves, so we started looking for other valorisation opportunities. In consultation with the city and the port of Strasbourg, we decided to recover the heat from the flue gases and valorise it through the city's heating network. The city is in full expansion and wants to meet the increasing demand for heating in a sustainable way. The heat from our flue gases fits this picture perfectly."

How did you implement this idea?

"The operator of the city's heating network and the local port authority set up a joint venture, RPAS, and they extended the heating network to our site. We took care of the on-site investments to extract the heat from the flue gases. More specifically, we built two separate heat exchangers, i.e. an economiser and a condenser, to transfer the heat from the flue gases to the water in the district heating

network. As a result, the flue gases are cooled down from 160°C to about 50°C, while the economiser heats the water up to 100°C and the condenser supplies water at 47°C, which is heated up to 95°C by a heat pump. Both water flows of 100°C and 95°C are mixed together and supplied to the district heating network."

Is the infrastructure already fully operational?

"The capacity of the infrastructure will be upgraded gradually, following the phased expansion of the heating network. Currently, the system has a capacity of about 40.000 MWh. With this amount of steam, Strasbourg can match the heating needs of more than 12.000 households and avoid around 9.300 tonnes of carbon emissions per year by avoiding the use of natural gas. The project will reach full capacity by the end of 2022 and will at that point generate 52.000 MWh and avoid 12.100 tonnes of CO₂ emissions per year."

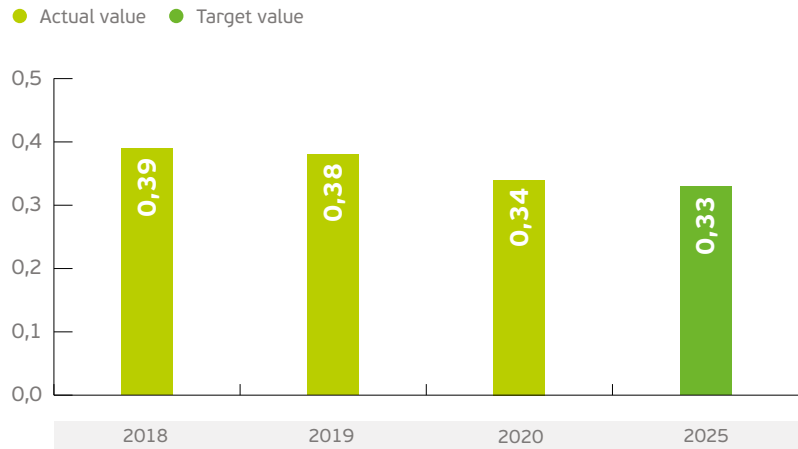
Those are astonishing figures.

"I have several years of experience with technical projects, but I was still shocked by the dimensions of the entire system, which measures about 30 by 50 m. It took a lot of time and energy, but it is more than worth it. Besides the savings in CO₂ emissions, the investment also enhanced the energy efficiency of the high-pressure biomass boiler from 77% to 90%. All of this makes this project a clear win-win all round."

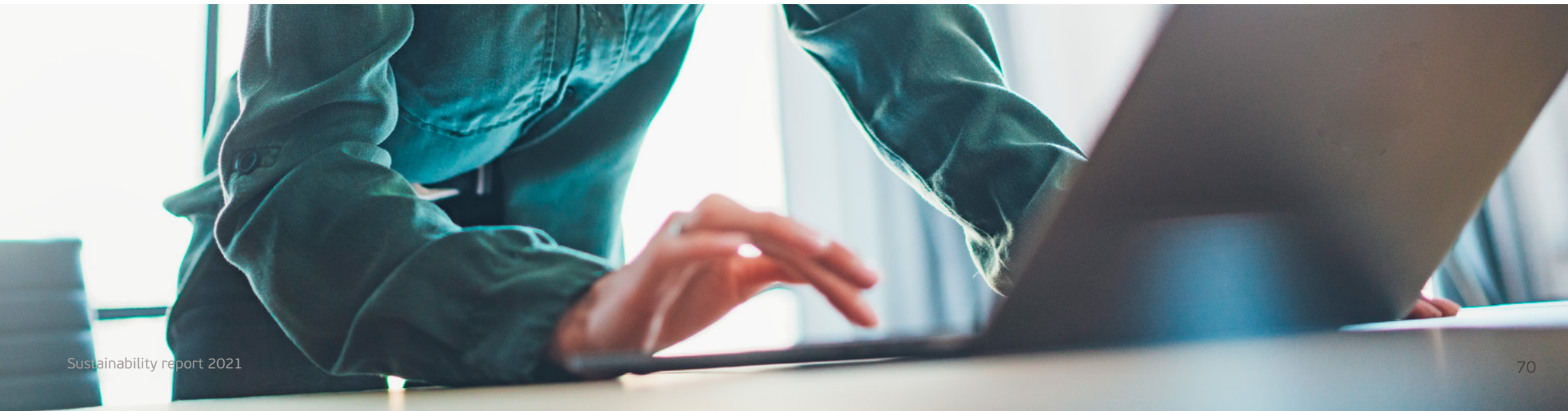
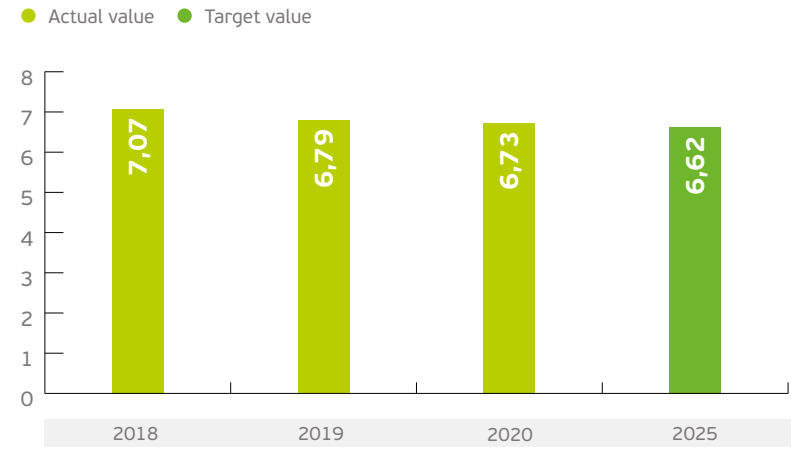
The project will reach full capacity by the end of 2022 and will at that point generate 52.000 MWh and avoid 12.100 tonnes of CO₂ emissions per year.



Energy intensity of corrugated production in MWh per tonne sold



Energy intensity of paper production in GJp per tonne sold



10. Innovation



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

KPI

Capex/Depreciation

The world we live and work in is becoming increasingly uncertain and complex, with more and more changes coming our way, the impact of which is not always clear. In order to thrive in such a volatile context, we at VPK rely on our vision. We want to go beyond compliance – we focus on innovation.

Innovation is an essential aspect of our risk and opportunity management. Our dedicated innovation managers survey market trends, business development opportunities, and trends and changes in legislation in order to develop novel packaging solutions.

More specifically, our product innovation partner manages the development of new product ideas in collaboration with the various country R&D managers. In general, new ideas are divided into three categories:

- **Core business:** ideas that can be implemented in the short term
- **Close to core business:** ideas that can be implemented in the medium term
- **New business:** ideas that can be implemented in the long term

Alongside product innovation, we also invest in the innovation of our machinery to make sure our products live up to the highest

market standards. Consequently, the overall value of our existing assets increases. That is why we evaluate our investments in innovation by dividing the value of our investments by the depreciation of our current assets. We aim to keep this innovation investment ratio above 1.25 at all times. This value ensures our position as an innovative investor. However, we re-evaluate this rate annually to see whether we have to adjust it.

Past reporting period

- Over the past three years, we have invested heavily in new machinery and the construction of a greenfield site in Norway

Outlook for the next few years

- In the coming years, we expect to keep our innovation investment ratio high due to the factory expansion in Poland and various replacement projects





Sustainable packaging, developing a corrugated alternative to plastic shrink wrap.

Packaging waste has a significant impact on our planet, especially when it comes to single-use plastics. Shrink wrap, for instance, may be efficient to produce, lightweight and convenient, but it is a potentially high-risk pollutant if not recycled properly. VPK, one of the founding members of the pan-European alliance Blue Box Partners, has launched ECOGRIP, a corrugated alternative to shrink wrap for the multi-packing of a wide range of bottles, which builds on the growing consumer demand for sustainable packaging.

Research has shown that retailers and consumers are demanding more sustainable packaging solutions when they make purchase decisions. Moreover, the EU's single-use plastic (SUP) Directive, which came into force on 3 July 2019, aims to reduce the impact of certain plastic products on the environment. This has caused large brands and manufacturers to re-evaluate their packaging strategies and seek out sustainable alternatives.

As a sustainable packaging supplier, VPK decided to address this trend and come up with a viable alternative to plastic shrink wrap. Why shrink wrap? Because it is widely used in the global packaging industry and in most cases not recycled. As a result, millions of tonnes of shrink wrap are produced and end up in our oceans and landfill. Finding a sustainable alternative would therefore greatly benefit our planet.

▼
Providing a sustainable solution for multi-bottle packing

As one of the four members of Blue Box Partners (together with Hinojosa, Klingele Paper & Packaging Group and Cart-One), we carried out extensive customer-focused workshops and conducted on-site trials and testing to come up with a robust and scalable alternative. With the harnessed knowledge and experience of all four partners, the development team succeeded in producing a biodegradable packaging solution called ECOGRIP.

ECOGRIP is a 100% recycled, recyclable and biodegradable corrugated multi-packing solution that eliminates the need for single-use plastic shrink wrap when carrying multiple bottles.

Life cycle analysis has also confirmed the sustainable nature of ECOGRIP as an alternative to shrink wrap. The environmental impact of the raw materials and the impact at the end-of-life stage in particular were judged to be very positive.

The main challenge remains to reduce the weight of corrugated packaging in to ensure a fully sustainable journey.

It is easily scalable to meet the various packaging and marketing needs of brand owners all over Europe: it can be used to pack four, six or eight bottles, ranging from 330 ml to 1,5 litres, regardless of diameter.

Taking supply chain requirements into account

Paper-based packaging is attractive to consumers (and retailers). However, when proposing an alternative to a common form of packaging such as shrink wrap, you must also consider the impact on the distribution. To make sure any viable alternative to single-use plastic has a chance of success, it needs to be easy to transport, handle and store. ECOGRIP's ergonomic design answers all of these requirements. Moreover, the corrugated board can be customized through a variety of print technologies for maximum brand and on-shelf impact. On top of that, it fits any type of packing

process, both manual and mechanized possibilities.

Short-term fix, long-term solution

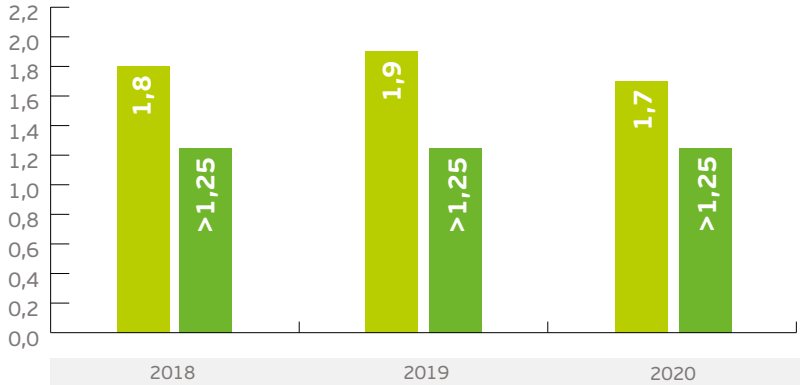
With ECOGRIP, we not only successfully address today's challenges regarding sustainable packaging, we also provide a viable alternative to single-use plastic within future supply chains. It enables us to help build a world where retailers and consumers can be confident that the purchases they make are packaged responsibly, not just today, but also in the long-term.





Investment depreciation ratio

● Actual value ● Target value



11. Economic growth



8 DECENT WORK AND ECONOMIC GROWTH

KPI

CAGR

In everything we do, we always aim for long-term sustainable growth. In this way, we secure our commitment to people, planet and profit. It ensures our financial health, which will allow us to continue our investments in broadening our offer, expanding our production capacity, enhancing our resource efficiency, implementing more green technologies, valorizing our R&D efforts, etc.

To monitor our sustainable financial growth, we use the compound annual growth rate (CAGR)¹ as one of our leading indicators. This indicator evaluates our financial growth over a longer period of time, providing a more robust performance tracker for our investments in the cyclical market and the volatile and uncertain environment in which we operate. It is our objective to have a CAGR of more than 5%, measured over a five-year period.

Our CAGR is continuously managed and evaluated by our CFO and the finance department, so that we can continue to pursue our sustainability goals at a stable pace.

Past reporting period

- We reported strong growth rates in 2018 and 2019, which slowed down in 2020 due to the COVID-19 crisis

Outlook for the next few years

- Once the COVID-19 crisis subsides, and driven by the increasing success of e-commerce and other markets, we expect to return to our strong growth trend



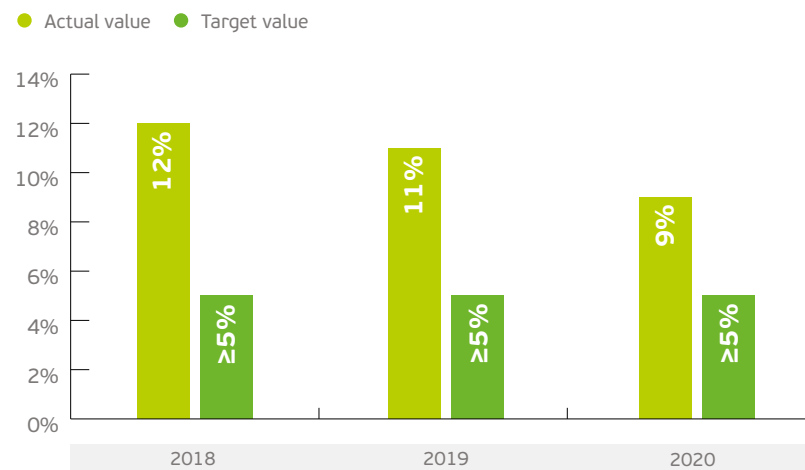
¹ Compound annual growth rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's lifespan



REPORT

Economic growth

Compound annual growth rate (CAGR)



Driven by data

PART 3

Sustainability report 2021

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01.

Assurance statement

This report has been prepared in accordance with the terms of our contract dated 23 March 2021 (the “Agreement”), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability data, marked with the symbol “✱” in the GRI Index and included in the Sustainability Report as of and for the year ended 31 December 2020 (the “Report”).

The Directors’ Responsibility

The Directors of VPK Group NV (“the Company”) are responsible for the preparation and presentation of the selected sustainability indicators for the year 2020 marked with the symbol “✱” in the GRI Index in the Report and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards – Core (the “Subject Matter Information”), in accordance with the criteria disclosed in the Report and with the recommendations of the GRI Standards (the “Criteria”).

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes

the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

01. Assurance statement

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain

limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable- assurance engagement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria.

The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2020 presented in the Report;

- conducting interviews with responsible officers;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected sustainability indicators for the year 2020 marked with the symbol "✳" in the GRI Index in the Report and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) Standards – Core. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected sustainability indicators for the year 2020 marked with the symbol "✳" in the GRI Index in the Report and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI)

Standards – Core, do not comply, in all material respects, with the Criteria.

Other matter - Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Sint-Stevens-Woluwe, 9 June 2021

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL represented by

Marc Daelman¹
Registered auditor



¹ Marc Daelman BV, member of the Board of Directors, represented by its permanent representative Marc Daelman

02.

Materiality

Identifying and selecting stakeholders

We have identified our stakeholders as groups of people who may be reasonably affected directly or indirectly by the positive or negative effects of our direct operations and as a group of people who can contribute to building our company and making it more sustainable.

The stakeholders identified are classified in a matrix as shown below.

	High impact	Medium impact	Low impact
High interest	Shareholders, Executive committee, Board of directors, Employees		
Medium interest	Trade unions	Customers	
Low interest	Local communities		Suppliers

The priority for engaging with stakeholders is: shareholders; executive committee; board of directors; employees; customers; trade unions; local communities; suppliers.

Current approach to stakeholder engagement

1. Local communities

We interact with local communities via our local plant management and staff members. Press communication is used to communicate proactively about our company and operations.

2. Customers

10-20% of our customer base interact regularly on sustainability topics via supplier questionnaires, customer satisfaction surveys, and sustainability cooperation initiatives.

3. Employees

Employees are consulted via regular employee engagement moments, formal employee engagement surveys, trade union meetings and workers committees. Specific employee engagement around sustainability topics has not been carried out formally. VPK works with an internal

newsletter as a proactive means of communication.

4. Shareholders

Shareholders are informed regularly of important changes and hold periodical shareholder meetings where relevant topics are discussed.

5. Executive committee

The executive committee is engaged via periodical sustainability steering meetings and dedicated meetings to discuss priority topics.

6. Board of directors

The board of directors is engaged via periodical meetings.

7. Suppliers

Suppliers are engaged via periodical supplier discussions.

Stakeholders consulted specifically in order to determine the content of this report

1. Employees

Dedicated interviews with a set of employees were conducted to validate the materiality topics and determine the content of the report. Via a dedicated survey, all employees were asked to prioritize the material topics.

2. Executive committee

The executive committee determines the end content of the report, the KPIs and cooperates in the evaluation of the materiality matrix. Via a dedicated survey, all ExCom members were asked to prioritize the material topics.

3. Customers

Via a dedicated survey, our biggest customers per country were asked to prioritize the material topics.

4. Shareholders

Via a dedicated survey, all shareholders were asked to prioritize the material topics.

5. Board of directors

Via a dedicated survey, the board of directors was asked to prioritize the material topics.

Future approach to stakeholder engagement

We intend to consult and engage a broader range of stakeholders in the future, in greater detail as our maturity level increases. We are considering trade unions, local communities and financial institutions.

Approach to determining material topics and report content

The first materiality analysis of VPK was conducted in 2014. This was executed by the environment manager of the paper mill, together with an experienced sustainability consultant to engage with. A competitor analysis was performed to define a long list of material topics, which were then subsequently ranked. This ranking was

validated by top management. The first materiality matrix was updated in 2017 to reduce the amount of material topics, and refocus priorities. In 2019, a new revision was performed based on subsequent feedback and strategic working sessions with the executive committee, guided by an experienced sustainability consultant. A competitor





analysis was also carried out. During the working session, the executive committee members, from different business backgrounds, discussed the material topics that they perceived to be important and which were seen as important by the stakeholders they engage with.

A set of material topics was validated by 25 key employees. This led to 11 high priority material topics and 12 KPIs. Some of the material topics were rephrased so as to better reflect our business. These 12 KPIs were translated to 6 GRI disclosures and 6 non-GRI disclosures. A total of 6 other material topics were evaluated being of lower priority, and hence they will continue to be managed locally. Group consolidated reporting for these topics exists at a minimum level.

For the 11 retained material topics, a detailed stakeholder survey for the highest priority stakeholders was

executed: employees; the Executive Committee; the Board of Directors; shareholders; and customers. This led to a prioritization of topics, displayed by the SDGs, per stakeholder category, see below.

Overall, we notice a stronger focus on our environmental footprint. Next to that, an increasing focus on transparency, ethical business and implementation of the European non-financial reporting directive has increased awareness and commitments. Due to the coronavirus pandemic of 2020-2021, product hygiene and food security have regained attention as a very important topic.

	Employee	Customer	Board- excom - shareholder
3 GOOD HEALTH AND WELL-BEING 	✓	✓	✓
4 QUALITY EDUCATION 	✓		
17 FOR THE GOALS 		✓	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 		✓	✓
6 CLEAN WATER AND SANITATION 			✓
13 CLIMATE ACTION 			✓
7 AFFORDABLE AND CLEAN ENERGY 			✓
9 INDUSTRY INNOVATION AND INFRASTRUCTURE 		✓	✓
8 DECENT WORK AND ECONOMIC GROWTH 		✓	✓



Boundary Matrix

02. Materiality

		1	2	3	4	5	6	7	8	9	10	11	12
VPK UK/IE	Selby	●	●	●	●	●	●	●	●	●	●	●	●
VPK UK/IE	Desborough	●	●	●	●	●	●	●	●	●	●	●	●
VPK UK/IE	Wellington	●	●	●	●	●	●	●	●	●	●	●	●
VPK UK/IE	Limerick	●	●	●	●	●	●	●	●	●	●	●	●
BLUE PAPER	Blue Paper	●	●	●	●	●	●	●	●	●	●	●	●
VPK PAPER	VPK Paper	●	●	●	●	●	●	●	●	●	●	●	●
VPK BE	Corrugated Oudegem	●	●	●	●	●	●	●	●	●	●	●	●
VPK BE	Aalst	●	●	●	●	●	●	●	●	●	●	●	●
VPK BE	Courcelles	●	●	●	●	●	●	●	●	●	●	●	●
SOLID BOARD	Solid Oudegem	●	●	●	●	●	●	●	●	●	●	●	●
SOLID BOARD	Solid Meer	●	●	●	●	●	●	●	●	●	●	●	●
SOLID BOARD	Solid Loenen	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Deerlijk	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Harelbeke	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Wierden	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Nijkerk	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Leers	●	●	●	●	●	●	●	●	●	●	●	●

- 1 Work related injuries
- 2 Work related hazard and incidents
- 3 Employee engagement
- 4 Average hours of training per employee per year

- 5 Ethical trade platforms
- 6 Waste
- 7 Number of GFSI certified sites
- 8 Water withdrawal by source
- 9 Greenhouse gas emissions

- 10 Energy Consumption
- 11 Capex/depreciation
- 12 Compound annual growth rate

- Data reported in full
- Data reported partially
- No data available
- Data not disclosed
- Data not consolidated

Boundary Matrix

02. Materiality

		1	2	3	4	5	6	7	8	9	10	11	12
COREX	Luxembourg	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Swiecie	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Salonta	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Vyskov	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Turkey	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Pori	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Imatra	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Loviisa	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Tolosana	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Leiza	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Bäckefors	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Mohed	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Edam	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Krefeld	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Soustre	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Hangzhou	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Foshan	●	●	●	●	●	●	●	●	●	●	●	●

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Boundary Matrix

02. Materiality

		1	2	3	4	5	6	7	8	9	10	11	12
COREX	Liverpool	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Wigan	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Sosnowiec	●	●	●	●	●	●	●	●	●	●	●	●
COREX	Kursk	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Tailleur	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Lomme	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Andelle	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Saint-Quentin	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Roye	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Gheysens	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Lisieux	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Les echets	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Pays de savoie	●	●	●	●	●	●	●	●	●	●	●	●
VPK FRANCE	Réference	●	●	●	●	●	●	●	●	●	●	●	●
AQUILA POLAND	Radomsko	●	●	●	●	●	●	●	●	●	●	●	●
AQUILA POLAND	Wrzesnia	●	●	●	●	●	●	●	●	●	●	●	●
AQUILA POLAND	Brzeg	●	●	●	●	●	●	●	●	●	●	●	●

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Boundary Matrix

02. Materiality

		1	2	3	4	5	6	7	8	9	10	11	12
AQUILA GERMANY	Leinefelde	●	●	●	●	●	●	●	●	●	●	●	●
VPK NL	Raamsdonksveer	●	●	●	●	●	●	●	●	●	●	●	●
VPK RO	Salonta	●	●	●	●	●	●	●	●	●	●	●	●
VPK NORDIC	Norrköping	●	●	●	●	●	●	●	●	●	●	●	●
VPK NORDIC	Bäckeфорs	●	●	●	●	●	●	●	●	●	●	●	●
VPK NORDIC	Halden	●	●	●	●	●	●	●	●	●	●	●	●
VPK NORDIC	Sykkylven	●	●	●	●	●	●	●	●	●	●	●	●
VPK NORDIC	Display NO Borgenhaugen	●	●	●	●	●	●	●	●	●	●	●	●
VPK NORDIC	Randers	●	●	●	●	●	●	●	●	●	●	●	●

We noticed that for some sites data were not available or only partially available. For the majority of cases, it is estimated that the data for these sites have no material contribution and we have captured the majority of data representative of the company as a whole. For one parameter, the amount of training hours, we noticed that there was an underestimation of the total hours due to lack of reliable and detailed reporting systems. Our action plans include having more extended reporting.

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03.

General and economic topics

Scale of the organization

	2019	2020	% Variation
Total number of employees	6.103	6.325	3,6%
Total number of operations	65	70	7,7%
Net sales (in €)	1.341	1.345	0,3%
% debt of total capitalization	/	35%	/
Quantity of products sold corrugated (in Mm ²)	2.040	2.172	6,5%
Quantity of products sold corrugated (in ktonnes)	1.020	1.086	6,5%
Quantity of products sold paper (in ktonnes)	899	960	6,8%
Quantity of products sold cores and solid (in ktonnes)	381	417	9,6%

Information on employees and other workers

03. General topics

Percentage temporary contracts to temporary and permanent contracts

By region	2019	2020
Belgium	0,0%	1,4%
China	0,0%	0,4%
Czechia	2,4%	7,0%
Denmark	0,0%	0,0%
Finland	3,2%	6,6%
France	4,3%	6,5%
Germany	18,5%	12,3%
Ireland	6,0%	2,4%
Luxembourg	0,0%	0,0%
Netherlands	13,3%	6,0%
Norway	11,8%	5,8%
Poland	1,7%	23,1%

By region	2019	2020
Romania	20,0%	0,7%
Spain	4,3%	1,4%
Sweden	2,2%	4,0%
Turkey	3,9%	6,5%
United Kingdom	0,3%	0,8%

By gender	2019	2020
Female	6,75%	8,31%
Male	3,94%	4,71%

Percentage part-time contracts to full-time and part-time contracts

By gender	2019	2020
Female	/	15,36%
Male	/	4,77%

This data is compiled via local ledgers, which are managed by the HR department. It is consolidated via the annual HR sustainability questionnaire. For certain dedicated projects and expert assignments, VPK Group works with consultants. We estimate this is below 0,1% of the total hours worked. Overall, 95% of our employees are employed under permanent contracts.

Governance

03. General topics

The executive committee

The executive committee meets twice a month. The following areas fall under its authority:

- Development of strategy and long-term objectives, which are submitted to the board of directors for approval;
- Execution of strategy (translation into plans, firming up objectives);
- Monitoring budgets and adjusting investment plans;
- Control and coordination of the various activities and subsidiaries within the group;
- Managing internal control;
- Coordination of the operational managers with final responsibility;
- Identifying and realizing group synergies;
- Developing new activities within the core activities;
- Proposing potential acquisitions to the board of directors.

There have been no reports of conflicts of interest between VPK Group and the members of the executive committee for the past reporting period.

Advisory committees

Remuneration committee

Composed of two members, both independent non-executive directors, it makes general recommendations concerning salary policy and, in particular, the remuneration of the directors, as well as the members of the

executive committee. The chairman of the executive committee has the right to attend remuneration committee meetings except when it is discussing his own evaluation. This committee also serves as an appointment committee and meets once a year.

Audit committee

Composed of three members, all non-executive directors, two of whom are Independent directors. It discusses the findings and recommendations of the external and auditors. It has an advisory role to the board of directors. The audit committee's role is to assist the board of directors in its supervisory duties regarding the internal control systems at VPK and its domestic and foreign subsidiaries in the broadest sense, including internal controls for financial reporting. The audit committee meets once a year.

Safety steering committee

The safety steering committee is composed of six members, the three COOs, the group technical manager, the group safety manager and the sustainability manager. The committee discusses the findings and recommendations of the group safety manager. In addition to that, it discusses safety performance throughout the company and develops plans to guide and assist the business units. This steering committee meets four times per year.

Sustainability steering committee

The sustainability steering committee is composed of eight members, the three COOs, the group energy & environment manager, the group environment manager, the group technical manager, the marketing partner and the sustainability manager. The committee discusses the findings and recommendations of the group sustainability manager. The overall strategy and action plans are determined in order to guide and assist the business units. This steering committee meets four times per year.

Collective bargaining agreements

In total, 65% of our employees are covered by collective bargaining agreements.

	2017	2020
CBA	65,7%	64,6%

Innovation and progress

	2018	2019	2020	% change
Capex (M€)	96	118	96	-18%
Depreciations (M€)	50	59	73	24%
Ratio Capex/Depreciation	1,85	1,91	1,70	-11%

Economic growth

	2018	2019	2020	% change
CAGR% Operating income	12%	11%	9%	-18%



04.

Environmental topics

Materials

Our **renewable materials** used predominantly consist of (recycled) paper, starch glue and pallets.

Our **non-renewable materials** used predominantly consist of non-renewable glue (cold melt), inks, strapping bands and plastic foil.

in tonnes	2018	2019	2020	%change
Renewable materials	2.180.483	2.465.993	2.572.991	4%
Non-renewable materials	41.858	37.472	43.204	15%

Waste

Our waste is predominantly composed of paper, which in the majority of cases is recycled. Recycling of paper waste happens partly in our own installations, partly in others. If the paper waste is contaminated with plastics, waxes, glue residues etc.

and unfit for recycling, incineration with energy recovery is the second preferred method. This energy valorization happens predominantly on site. In the rare event that no recycling or incineration installation is available, off-site landfills are still used. However,

04. Environmental topics

this is decreasing in favour of other treatment categories. Information on off-site treatment methods is supplied by the third party. Reuse happens solely on site.

Downstream, our paper-based products follow the same processing methods. Our products become waste at the final consumer stage, either in households or via retailing channels. Paper waste is collected and sorted via community collection companies. The sorted fraction that is fit for recycling returns eventually to our recycling installations or other ones. Collected paper is only incinerated if it is heavily contaminated.

Circularity measures involving our products include actively designing our products so they are fit for our own recycling installations. Our focus on increasing recyclability is to advocate the higher use of renewables and the use of fewer additives that hamper recycling efficiency.

These include e.g.:

- limiting the use of non-recyclable coatings
- the use of renewable inks
- investigating alternatives to plastic strapping

- limiting the use of plastic wrapping in our products

Our waste-related data are monitored via different tools, depending on the scale and complexity of the site.

These include:

- the weighing of waste going off site via a weighing bridge
- the weighing of waste manually or automatically and reporting it digitized
- the collection of data from the waste processing company

Data are monitored via reporting systems or local ledgers.

Hazardous waste categories can be seen as negligible compared to other waste streams.

Non-hazardous waste in tonnes	2018	2019	2020	% change
Preparation for reuse	23.153	15.138	13.211	-13%
Recycling	157.256	190.679	195.690	3%
Incineration with energy recovery	49.107	63.833	65.166	2%
Incineration without energy recov.	/	1.212	2.447	102%
Landfill	11.089	16.985	10.592	-38%

In tonne/tonne	2018	2019	2020	% change
Cores	0,07	0,08	0,09	7%
Corrugated	0,16	0,17	0,18	6%
Feeder	0,06	0,06	0,07	25%
Papermill	0,08	0,11	0,10	-15%
Solid	0,14	0,09	0,09	-6%

Water intake

04. Environmental topics

Regions without water stress

In m ³	2018	2019	2020	% change
Surface water usage	262.358	2.099.251	1.838.262	-12%
Ground water usage	2.766.082	2.450.060	2.216.779	-10%
Rainwater usage	7.037	6.977	8.834	27%
Municipal water usage	274.471	275.648	268.752	-3%
Total water usage	3.309.948	4.831.936	4.332.627	-10%

Regions with alleviated water stress

In m ³	2018	2019	2020	% change
Surface water usage	1.523.285	1.723.180	1.786.697	4%
Ground water usage	159.077	/	105.477	-34%*
Rainwater usage	86.578	86.578	88.731	3%
Municipal water usage	390.942	205.478	196.035	-5%
Total water usage	2.159.882	2.015.236	2.176.940	1%*

*compared to the 2018 figure

All water used comes from freshwater sources. Regions are classified in water stress levels according to WRI Aquaduct, a global water stress rating platform. For VPK, the only region with significant stress (above 40% on the WRI Aquaduct rating) and a significant scale of activities is Belgium. For

municipal water, data are based on invoicing or metered data. Surface water and ground water are pumped and thus data are based on pump flows. Rainwater is based on metered data or estimated based on average annual rainfall in the region and the surface on which it is captured.

in m ³ /tonne	2018	2019	2020	% change
Cores	0,19	0,16	0,17	4%
Corrugated	0,29	0,27	0,27	0%
Feeder	0,18	0,19	0,18	-7%
Papermill	5,39	6,45	6,25	-3%
Solid	0,06	0,05	0,07	32%

Energy

04. Environmental topics

In TJ	2018	2019	2020	% change
Total fuel consumption	6.504	6.528	5.886	-10%
Non-renewable fuel consumption	5.686	5.270	5.009	-5%
Renewable fuel consumption	818	1.258	877	-30%

In TJ	2018	2019	2020	% change
Electricity consumption	1.269,07	1.366,01	1.791,98	31%
Steam consumption	4.562,05	4.558,62	3.929,80	-14%
Electricity sold	2,94	1,81	2,10	16%
Total primary energy	8.933,92	9.177,26	8.806,59	-4%

The primary energy intensity of our products is calculated based on the amount of sold products, as disclosed in the general disclosures. The sources of primary energy include fuel, steam and electricity consumed inside the organization.

In GJ/tonne	2018	2019	2020	% change
Cores	0,759	1,245	1,333	7%
Corrugated	2,296	2,190	1,913	-13%
Feeder	1,020	1,051	1,032	-2%
Papermill	7,067	6,793	6,725	-1%
Solid	0,901	0,748	0,540	-28%

Emissions

04. Environmental topics

The table below shows our total scope 1 and 2 emissions in the last three years.

In tonnes	2018	2019	2020	% change
Direct CO₂ emissions (scope 1)	293.544	296.673	302.869	2,1%
Direct Biogenic CO₂ emissions (scope 1)	/	/	1.462	/
Indirect CO₂ emissions (scope 2)	76.757	97.219	90.800	-6,6%

In view of determining our roadmap towards 2050, we have developed a method to determine our base year emissions. We chose 2005 as a base year for CO₂ emissions, as this is the earliest year of EU ETS reporting for our organization. EU ETS is the carbon reporting and trading mechanism of the European Union

for energy intensive operations, such as our paper mills. We currently operate 5 installations reporting via this mechanism and are able to track all of these emissions to the year 2005. The data for these sites for the base year and last two years are shown below.

In tonnes	2005	2019	2020	% change
Direct CO₂ emissions (scope 1)	239.495	255.718	260.723	2,0%

In 2020, the scope 1 emissions of the EU ETS installations accounted for 86,1% of our total scope 1 emissions and 66,2 % of our total scope 1&2

emissions (compare with the table of total scope 1&2 emissions above). This is the majority of our emissions for which we thus have very accurate

data. For other installations, the following scenarios were followed to determine the emissions for 2005:

- The operation was part of VPK in 2005, but it is assumed that emissions have remained more or less stable (higher production, but also higher energy efficiency and better energy management), so the data from 2017* is assumed to be more or less equal to those from 2005;
- The operation was acquired after 2005 and was already in operation

in 2005. In that case the emissions of the first available year were used for the baseline year;

- The operation was built after 2005. In this case we can speak of organic growth, and this does not affect the baseline figure.

For the scope 2 emissions from the paper mills it was also assumed that the emissions from 2017 were the same as those from 2005.

In tonnes	2005
Direct CO₂ emissions (scope 1) papermills	239.495
Indirect CO₂ emissions (scope 2) papermills	49.789
Sites part of VPK before 2005 or acquired until 2017	40.628
Sites acquired in 2018	571
Sites acquired in 2019	9.804
Total	340.287

*2017 was a year that significant changes to the carbon reporting of VPK took place.

Emissions

04. Environmental topics

We intend to recalculate our base year emissions under following scenarios:

- The acquisition of an installation under EU ETS;
- Every three years if significant other acquisitions have been made.

We only include CO₂ in our emissions, as the other GHG emissions are negligible. For our installations on EU ETS we have site-specific emission factors for all fuel types, which are monitored on a continuous basis. For the other sites, we use general scope

1 emission factors as shown below, based on co2emissiefactoren.nl from 2018. As emission factors are gradually updated on this website, we shall update them starting next year on a yearly basis. For scope 2 emissions, we use location-based emission factors based on Eurostat information, as the default calculation methodology. If sites provide information of a market-based methodology, this option is preferred.

We consolidate all figures based on equity share. We follow the GHG protocol for guidance on reporting.

Fuel	Emission factor	Unit
Natural gas (The Netherlands)	1,89	kg CO ₂ /Nm ³
Natural gas (rest of Europe)	2,24	kg CO ₂ /Nm ³
LPG	1,73	kg CO ₂ /L
Light fuel oil (including diesel)	3.126,00	kg CO ₂ /tonne
Hard coal	2.339,00	kg CO ₂ /tonne
Brown coal	2.020,00	kg CO ₂ /tonne
Biomass (wooden pellets)	556,00	kg CO ₂ /tonne
Biogas	1,26	kg CO ₂ /Nm ³

Emissions

04. Environmental topics

Electricity

Country	gCO ₂ e/kWh	Country	gCO ₂ e/kWh
Austria	107	Lithuania	92
Belgium	177	Luxembourg	72
Bulgaria	497	Malta	435
Croatia	195	Netherlands	459
Cyprus	661	Norway	0
Czechia	453	Poland	784
Denmark	176	Portugal	353
Eastern China	792	Romania	315
Estonia	928	Russia	384
EU28 average	300	Slovakia	119
Finland	99	Slovenia	254
France	69	Southern China	804
Germany	424	Spain	305
Greece	658	Sweden	13
Hungary	264	Turkey	8
Ireland	399	United Kingdom	264
Italy	263	United States	522
Latvia	65		

The scope 1&2 emission intensity of our products is calculated based on the amount of products sold, as disclosed in the general disclosures.

In tonne CO ₂ /tonne	2018	2019	2020	% change
Cores	0,031	0,041	0,062	49,7%
Corrugated	0,064	0,067	0,062	-7,6%
Feeder	0,064	0,065	0,065	-0,4%
Papermill	0,310	0,309	0,314	1,6%
Solid	0,031	0,017	0,009	-45,4%

05.

Social topics

Occupational health and safety

VPK implemented an occupational health and safety management system based on various recognized risk management and management systems and guidelines. For large operations the occupational health and safety management systems were ISO 45001 certified. The scope of our health and safety management system covers all our employees and other workers who perform work in places controlled by VPK.

Hazard identification, risk assessment, and incident investigation

A crucial part of our health and safety management system is the hazard and risk evaluation. This is done on various levels throughout the organization.

Machinery risk assessments

These risk assessments are performed on the level of the machines, and are evaluated periodically for existing

machines, and on acquisitions of new machines. Specific machinery guidelines exist to carry out this evaluation. Validation is undertaken by the group safety manager or external machinery safety experts.

Site risk assessments

These risk assessments are performed

on a plant level and consider tasks performed, taking into account human aspects, organizational aspects, the product and the environment. These are done on a plant level. This is part of the continuous safety management of the sites and can be delegated to management. Trained safety officers ensure the adequacy of these assessments.

Risks are evaluated to distinguish between severe risks and low priority risks. This prioritization of the risks determines yearly action plans. The yearly action plan aims to solve risks following the hierarchy of controls (elimination, substitution, guarding, PPE, organisation, correction, safety signage). The result is a low residual risk. The risk assessment and its results are evaluated on a periodic basis and adjusted where necessary. E.g. actual reported and observed hazards, which were not yet taken into account in the risk assessment, can be included to re-evaluate priorities.

Hazardous situations are reported on a structural basis either via local ledgers or via the internally developed safety management and reporting system. The immediate reporting of hazardous situations is an absolute obligation for all employees. If an

employee fears reprisal for reporting a given hazard, the employee can report this specific hazard via the whistleblowing procedure. Work that entails an unacceptable risk cannot be performed. This entails working on machines with insufficient safety devices, working at heights without permit, work on electrical devices which are not locked out, no provision of correct PPE, ... Unsafe work has to be halted immediately, workers are protected if they halt unsafe work via the rules of procedure.

Incidents and accidents are reported and analysed on a structural basis. The analysis is done via a root cause analysis to correctly identify all associated risks and possible causes. The root causes are the basis on which to act to determine corrective and preventive actions.

Occupational health services

Members of the hierarchical line are advised by dedicated safety officers who have received appropriate training, depending on the scale and complexity of their operation(s). The safety officers serve as the leading

experts in the implementation of the health and safety management system, the identification of hazards, the guiding of the risk assessments and incident investigation.

Worker participation, consultation and communication on occupational health and safety

Our operations have dedicated safety committees, which are represented by members of the hierarchy, employee representatives and the safety officer. The committee meets at least once a month and discusses the

development of the yearly action plan, accidents that have happened since the last committee, possible safety improvements from the employees, and the evaluation of the safety management system.

Worker training on occupational health and safety

Each worker receives adequate training, so he or she can perform his job safely. This is supplemented with periodic generic training, evacuation practices and first aid training for dedicated employees. Specific

employees perform tasks, which entail higher risks and thus receive dedicated training. More specifically, this includes maintenance personnel, who are required to work on electrical devices, welding stations and so on.

Promotion of worker health

Our operations have external company physicians who are the first point of contact in the event of concerns regarding employee health. In a large portion of our operations, we provide hospital insurance as part of the

remuneration package. Furthermore, a healthy lifestyle is actively promoted via sports activities (internal) and access to facilities (external). Dedicated training to promote mental health and reduce stress is open to voluntary participation.

05. Social topics



Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Part of our supplier code of conduct stipulates that our suppliers have to maintain an effective health and safety management system. The safety performance data of suppliers are monitored.

Work-related injuries

Internal risk analysis has identified the following hazards with possible high-consequence injuries:

- Working on heights
- Work on electrical equipment
- Contact with moving machinery

During the last reporting period we had high consequence injuries regarding contact with moving machinery.

Therefore machinery risk assessments and actions remain a priority focus point in the organization. Moreover, the focus on safe behaviours is increasing.

Employees	2018	2019	2020	% change
Fatalities	0	0	0	0 %
Recordable work related injuries	106	121	95	-21%
LTIR	13,8	14,6	9,7	-34%
Hours worked	7.660.455	8.277.946	9.794.270	18%

Contractors	2018	2019	2020	% change
Fatalities	0	0	0	0%
Recordable work related injuries	51	34	26	-24%

The LTIR is calculated on a million working hours basis.

The main causes of accidents within the company are:

- Injuries while handling, lifting or carrying something
- operators hitting something fixed or stationary
- operators coming into contact with moving machinery or material

Hazardous situations and near miss incidents

Employees	2018	2019	2020	% change
Reported	4.495	5.502	8.524	55%
Closed out	2.316	4.651	4.842	4%
% closed out	0,52	0,85	0,57	-33%

Training and education

Yearly training hours per person	2019	2020	% change
Blue collar	6	12	90%
White collar	13	13	3%
Female	8	10	26%
Male	7	12	68%
Total	7	12	73%

Restatements of information: none.

Changes in reporting: none.

06.

Certificates



entity	ISO9001	ISO14001	OHSAS18001/ ISO45001	ISO50001	FSC	C2C	BRC	ISO22000
VPK Packaging Oudegem					✓		A	
VPK Packaging Erembodegem					✓		A	
CDW					✓			
VPK Packaging Raamsdonkveer	✓	✓			✓	✓		✓
VPK Packaging Salonta	✓	✓			✓		AA	
VPK Desborough		✓			✓		AA	
VPK Selby		✓			✓		AA	
VPK Wellington		✓			✓		AA	
Encase					✓			
VPK Limerick	✓				✓		AA	
VPK Lille	✓				✓			
VPK Saint Quentin	✓	✓			✓		A	
VPK Gheysens								
VPK Roye	✓				✓			
VPK Andelle	✓				✓			
VPK Lisieux	✓				✓			
VPK Longjumeau	✓				✓			
VPK Les Echets					✓			
VPK Distribution					✓			
VPK Liane					✓			
AQUILA Poland Wrzesnia	✓	✓			✓			
VPK Packaging Poland - Radomsko	✓	✓			✓		AA	
VPK Denmark Randers					✓		A	

entity	ISO9001	ISO14001	OHSAS18001/ ISO45001	ISO50001	FSC	C2C	BRC	ISO22000
VPK Sweden Bäckeфорs	✓	✓			✓			
VPK Sweden Norrköping	✓	✓			✓		A	
VPK Norway Dispklay Sarpsborg								
VPK Packaging Halden	✓	✓			✓			
VPK Packaging Sykkylven					✓			
VPK Paper	✓	✓	✓	✓	✓	✓		
BLUE PAPER	✓	✓	✓	✓	✓			
SOLID BOARD Oudegem					✓		A	
SOLID BOARD Meer					✓		AA	
SOLID BOARD Loenen	✓	✓			✓		AA	
COREX Deerlijk	✓	✓						✓
COREX Harelbeke	✓							
COREX Leers	✓	✓						
COREX Wierden	✓	✓						✓
COREX Nijkerk	✓	✓						✓
COREX Liverpool	✓							
COREX Bursa	✓	✓						
COREX Pori	✓	✓	✓		✓			
COREX Soustre	✓	✓	✓		✓			
COREX Loviisa	✓	✓						
COREX Imatra	✓	✓						✓
COREX Bäckeфорs	✓	✓						
COREX Mohed	✓	✓						

entity	ISO9001	ISO14001	OHSAS18001/ ISO45001	ISO50001	FSC	C2C	BRC	ISO22000
COREX Krefeld	✓	✓						
COREX Edam	✓	✓						
COREX Leiza	✓							
COREX Tolosa	✓							
COREX Wigan	✓							
COREX Hangzhou	✓	✓	✓					
COREX Foshan	✓	✓	✓					
COREX Suzhou	✓							
COREX Sosnowiec								
COREX Vyskov	✓							
COREX Salonta	✓				✓			
COREX Stevens Point								
COREX Differdange	✓							
COREX Swiecie								
COREX Kursk								

07.

GRI index



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