



emballator

PACKAGING SOLUTIONS FOR FUTURE GENERATIONS

Sustainability Report - Emballator 2022



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CONTENT

Introduction	3
Emballator Group in brief	4
The Green Bag	6
Whistleblower Service	7
Sustainability targets	8
Social Responsibility	9
Environment	10
Employees	13
Human rights	15
Anticorruption	15



INTRODUCTION

Sustainability at Emballator is based on our vision to develop packaging solutions for future generations. That means that packaging from Emballator should be sustainable in all aspects, climate neutral, material-optimized and recyclable, but also that everyone throughout the value chain should have good working conditions and the possibility to live on their salary. We do not tolerate any form of misconduct such as corruption, child or forced labour, or discrimination.

Sustainability is a matter of course throughout the Emballator Group and is based on the values of The Green Bag.

This sustainability report is based on ISO 26000:2021 and its principles of accountability, transparency, ethical conduct, respect for stakeholders' interests, respect for the rule of law, respect for international standards of conduct, and respect for human rights.

EMBALLATOR GROUP IN BRIEF

The Emballator Group, headquartered in Ulricehamn, Sweden, offers packaging solutions in plastics, tinplate, and aluminium in several different product areas. Emballator offers the widest range of packaging solutions in the Nordic region, producing cans, buckets, bottles, tubes, and closures for different industries, such as food, pharmaceutical products, chemicals, paint, and health products, within body care and cosmetics.

We are a wholly owned subsidiary of Herenco, an independent and family-owned holding company that creates, develops, and refines companies and brands, often through careful acquisitions.

Emballator consists of a total of seven companies in Sweden, England, and Finland, divided into three business areas: Emballator Metal Group, Emballator Packaging UK, and Emballator Packaging Innovations.

All companies in the Emballator Group are certified according to Quality Management System ISO 9001:2015 and Environmental Management System ISO 14001:2015. Emballator UK is also certified according to Occupational Health & Safety Management System ISO 45001:2018 and the sustainability audit system, SMETA. This means that we work in a systematic and risk-based way, with emphasis on the environment, social responsibility, and governance.



Emballator Metal Group

Emballator Metal Group (EMG) consists of Emballator Ulricehamns Bleck AB and Emballator Metalpak Oy. The companies offer northern Europe's largest range of tinplated pails and cans for mainly paint and chemical products, but also for cookie jars and gift boxes.

The head office is in Ulricehamn, Sweden and manufacturing facilities are in Ulricehamn, Lempäälä, Finland, and until December 2022 in Nybro, Sweden.

Emballator Packaging UK

Emballator Packaging UK supplies numerous sectors with a vast range of cans and pails for retail and industrial packaging. We are unique in that we manufacture tinplate and plastic packaging at the same production site, where we also have coating, print and lacquering facilities. This makes us a one-stop shop for customers who want a single supplier for all or most of their packaging needs. The production site is in Bradford, England.

Emballator Packaging Innovations AB

Emballator Packaging Innovations (EPI) consists of four different companies with their respective specialist areas in plastics and aluminium packaging, primarily for paint, chemistry, food, and medical.

Emballator Lagan AB manufactures injection moulded plastic cans and pails for food and chemical products. The head office and main production facility are in Ljungby, Sweden with a smaller production facility in Vittsjö, Sweden.

Emballator Mellerud AB manufactures blow-moulded bottles and canisters for the chemical and food industries. We are also Scandinavia's leading producer of sports bottles, made from renewable plastic. The company is in Mellerud, Sweden.

Emballator Tectubes AB specialises in tubes in aluminium and plastics. Headquartered in Hjo, Sweden, we produce deep-drawn tubes in plastic and aluminium. We also have a smaller facility in Åstorp, Sweden where we produce injection-moulded plastic tubes.

Emballator Växjö AB develops and manufactures closures for leading Scandinavian and international brands for various bottles, canisters, and tubes.



Emballator Innovation Center

Emballator Innovation Center in Ljungby, Sweden, is where we develop the sustainable packaging of tomorrow. We have process equipment for injection moulding, blow moulding and extrusion, and thermal and mechanical tests. Innovation Center is also home to experts in polymer technology, product design and plastic manufacturing process who evaluate new material, process, and design solutions purposed for recycled and renewable material solutions and material optimization.



THE GREEN BAG

Our Code of Conduct is the foundation of our sustainability approach and permeates the entire Emballator business: from employee health and safety and due diligence in the supply chain to concern for the local environment, the climate and new product innovations.

The Herenco way is simple, straight, and clear. It is manifested in a green bag containing stones, pieces of wood and pinecones. The Green Bag symbolises the freedom to think and act outside the box and find one's own unique expression, but it also shows the importance of sustainability in all aspects, environment, society, and governance. It describes how we should act in everything we do within the Group and when interacting with stakeholders. The Green Bag is therefore an important instrument in our long-term sustainability work and for our common Code of Conduct. Our Code of Conduct is also integrated with our recruitment and onboarding process and is part of the appraisal process.

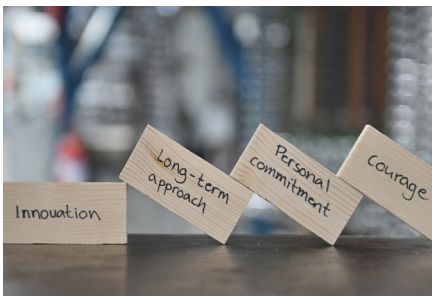
More information can be found on our website emballator.com



OUR CORNERSTONES

The reasons why we exist.

- Profitability
- Community
- Customer focus
- Employees



OUR ENERGY

The fuel and energy that will drive us forward.

- Innovation
- Personal commitment
- Long term approach
- Courage



OUR DNA

Our behaviour as leaders and employees.

- Warm heart
- Cool head
- Clean hands



WHISTLEBLOWER SERVICE

As part of Herenco, we have a whistle-blower service that allows employees and other stakeholders to anonymously report any forms of misconduct within the group, including unethical or illegal behaviours. Examples of misconduct could be discrimination, harassment, actions that are likely to cause harm to the environment, or serious breaches of our business ethics. All reports are sent to our external representative to ensure that they are handled impartially. The report is then anonymously forwarded to the chair of the board of Herenco Holdings for further investigation.

In 2022, one case emerged through the whistle-blower service that, due to its nature, was followed up and remedied in accordance with our Code of Conduct.

SUSTAINABILITY TARGETS IN LINE WITH THE SUSTAINABLE DEVELOPMENT GOALS

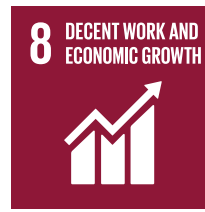
In September 2015, the world's leaders adopted a new development agenda and the Sustainable Development Goals (SDGs). Agenda 2030 consists of the 17 SDGs that aim to eradicate poverty, stop climate change, and create peaceful and secure societies.

Emballator has implemented the following four SDGs and broken them down into internal targets for 2030.



Goal 5: Gender equality

- » Minimum 40% women in leading positions by 2030



Goal 8: Decent work and economic growth

- » Maximum 4.5% sick leave



Goal 12: Responsible consumption and production

- » Minimum 30% recycled plastic by 2030
- » 100% recyclable products by 2030
- » Prohibition of conflict minerals (current goal)
- » 100% of virgin metal from approved smelters (current goal)



Goal 13: Climate action

- » Climate neutrality by 2045
- » Halved climate footprint per revenue 2030 compared to 2021
- » Net-zero climate footprint in Scope 1 by 2030
- » Net-zero climate footprint in Scope 2 by 2030
- » Climate neutrality from transports that Emballator is responsible for by 2030

SOCIAL RESPONSIBILITY

Community is one of the cornerstones in the Green Bag and Emballator takes full responsibility for our impact on society, the economy, and the local environment. If we have caused a negative impact, we try to remedy it as soon as possible and ensure that it will not happen again, by for example updating our routines if necessary and ensuring compliance with them.

Transparency is important to us as an organization. This is accomplished for example through our annual report and sustainability report, but also through an open and truthful dialogue with our customers, suppliers, and other stakeholders.

Emballator's ethical conduct is derived from the Herenco Code of Conduct, which all employees are trained in. Our anonymous whistleblowing system ensures that there is no retaliation towards those who report an irregularity. The interests of our stakeholders are of the utmost importance to us and are also regulated in our Code of Conduct and The Green Bag. We respect the rule of law, international standards of conduct, and human rights. Emballator is committed to a well-functioning society in which we operate by contributing to positive aspects there, such as sponsorship of local associations and interest groups.

The biggest risk of failing to meet our high demands on social sustainability lies within the supply chain. Therefore, in 2022, we intensified our focus within this area to reduce the risks of unhealthy working conditions such as discrimination, child or forced labour, work environment problems or precarious employment.

In 2022 Emballator implemented a Supplier Code of Conduct, and the goal is for all existing and new suppliers to sign it, or if the supplier has an equivalent Code of Conduct, it could be approved by Emballator. Suppliers who do not comply with our Supplier Code of Conduct or have a corresponding Code of Conduct approved by us should be phased out if possible.

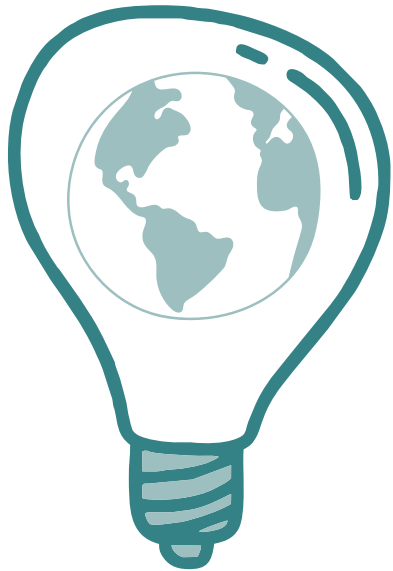
Targets/KPIs	Outcome 2022
100% approved Supplier Code of Conduct	90
Suppliers phased out for sustainability reasons	1

Requirements for environmental, social, and ethical sustainability are to be included in all new supplier contracts.

In 2023, all Emballator's suppliers will be risk-assessed from a sustainability perspective. High-risk suppliers will be subject to self-assessments and/or audits. In 2022, seven suppliers were visited of which one did not meet the requirements and was subsequently phased out.

99% of the plastics processed by Emballator in 2022 were produced in Europe, the 0,8% biobased plastic used, was produced from sugar canes in Brazil, and the rest was produced in Asia.

All aluminium used in 2022 was produced in Europe and 70% of the tinfoil was produced in Asia and 30% in Europe. The reason for the high amount of Asian tinfoil was mainly due to the lack of material in Europe. Our customers are mainly located in Northern Europe due to the design of our packaging and the relatively large amount of air we transport.



ENVIRONMENT

Long-term approach is one of the keywords in The Green Bag, and protecting the environment is a natural part of a long-term approach. We shall act responsively to our stakeholders' demands for sustainable development and we shall actively work to reduce the environmental impact of our operations.

Emballator's vision is to create packaging solutions for future generations. The single greatest risk of not achieving this is the greenhouse gas emissions from our operations. Partly the direct emissions from our production facilities, but mostly the indirect emissions from the use of finite resources in our raw materials, along with transportation of goods and personnel.

The biggest risk for Emballator as a company is that we could no longer sell our products due to reduced demand for single-use packaging, as these are questioned in society today. This means that the transition to sustainable raw materials and increased reuse and recycling are of utmost importance.

In 2022, Emballator assessed our emissions throughout our values chain (Scope 1, 2, and 3), with 2021 as the base year. The assessment showed that our total climate footprint in Sweden is 174,000 tons of carbon dioxide equivalents. Indirect emissions (scope 3) account for 98% of the carbon footprint, of which 85% comes from our raw materials including plastic, tinplate, and aluminium, whereas 12% comes from transports.

Based on the assessment, the following climate targets have been set:

- » Climate neutrality across the value chain by 2045
- » Halved climate footprint per revenue in 2030 compared to 2021
- » Climate neutrality in Scope 1 by 2030
- » Climate neutrality in Scope 2 by 2030
- » Climate neutrality from transports that Emballator is responsible for by 2030

To achieve halving our climate footprint by 2030, the following focus areas have been identified:

1. Reduce emissions from plastics
2. Reduce emissions from metals
3. Increase energy efficiency and produce and use carbon-neutral energy
4. Reach net-zero emissions from transports we are responsible for
5. Evaluate solutions for our own closed loop for circularity of materials

Since 85% of Emballator's climate footprint is caused by our material use, this is our greatest priority. By increasing the proportion of recycled plastics, optimizing the material for our products, ensuring recyclability, and reducing internal scrap, we will reduce our climate impact from raw materials.

Target for 2030/KPIs	Outcome 2021	Outcome 2022
Climate neutrality in Scope 1	4 783 tons CO2e	4 030 tons CO2e
Climate neutrality in Scope 2	3 241 tons CO2e	3 175 tons CO2e
Climate-neutral transports	21 000 tons CO2e ¹	Not Applicable ²
Minimum 30% recycled plastic in Sweden	2%	5%
Minimum 80% recycled plastic in the UK	65%	61%
100% recyclable products	94%	94%
Material efficiency plastics (%)	-	96%
Material efficiency metal (%)	-	85%

¹UK and Finland not included. ²Transports are calculated every third year, next data 2024.

Emballator uses energy in the form of Liquid Petroleum Gas (LPG), natural gas, electricity, district heating, and district cooling. LPG is used for painting our packaging in tinsplate, aluminium, and some plastics. There is currently no possibility to replace LPG with climate-neutral alternatives, but we plan to do so as soon as this is available. The goal is to become climate neutral in Scope 1 by 2030.

In Sweden, electricity is purchased via certificates from climate-neutral sources, which is not the case in Finland and the UK. We plan to become climate neutral in Scope 2 by 2030 by actively working to reduce energy use by replacing older, energy-intensive equipment and producing our own climate-neutral electricity.

KPIs	Outcome 2021	Outcome 2022
Liquid Petroleum Gas (MWh)	17 419	14 500
Natural gas (MWh)	6 211	5 395
Electricity (MWh)	56 935	55 150
District heating (MWh)	1 957	2 153
District cooling (MWh)	649	625
Total energy use (MWh)	83 170	77 822
Energy use/material compared to 2021	Base year	-2%

The table above shows that energy usage decreased by 6% in 2022 in comparison to 2021. This is both due to energy efficiency projects and reduced production volumes. For example, in Ulricehamn the energy usage per product weight was decreased by 9% during 2022 by optimized furnace control in component production and improved planning of the LPG heated lacquer lines to reduce the number of startup cycles.

To become climate neutral in shipping by 2030, we will choose electrified vehicles when available. In the meantime, we work to optimize our logistics by how we pack our products on pallets and in trucks, and by reviewing routes and transport frequency. Process planning is also an important issue, and we reduce our climate footprint by using full shipments as much as possible. Today, part of our shipments to customer uses 100% renewable diesel (HVO100) which reduces emissions from these transports by 80% compared to standard diesel. This will increase within the next couple of years.

Production KPIs	Outcome 2022
Water consumption (m ³)	7070
Wastes for recycling (tons)	7681
Wastes for incineration (tons)	752
Wastes to landfill (tons)	90
Hazardous waste (tons)	182



EMPLOYEES

According to the Green Bag, employees are one of our cornerstones and Emballator's most important resource. Our success depends upon every employee's commitment. With clear goals, participation, and fun at work, we will be prosperous together.

Our biggest risk in the personnel area is the supply of skills. Our solution for this in 2022 was to recruit and onboard several important key people who are crucial for how we meet the future as a company. Herenco AB was also reorganised into Emballator Group AB to be better equipped for the opportunities of the future. Among the newly recruited colleagues are our CEO, CFO, marketing manager and head of sustainability.

Each individual's development is vital for the whole company's development, and we continuously evaluate and develop our employees and our working methods. Our goal is for all permanent employees to have appraisals once a year to discuss work, leadership, and development opportunities. In 2022, fewer appraisals were held than in the previous year, several companies have achieved 100 per cent attendance, while some have not reached all the way. The direction and ambition are clear which for 2023 is that all permanent employees will have appraisals.

Herenco Academy is our internal program for developing our employees and leaders. Three learning programs were held in 2022:

- » High Potential Program is our way to secure Emballator's future by educating future leaders and key competence of our company.
- » First Time Leading Others is our program for new leaders.
- » Time Management is our program for improving planning and efficiency.

The health and safety of our employees are of the utmost importance, and we work preventively to create a safe workplace for everyone who works for Emballator. The goal is to have no lost time incidents but to nevertheless increase the reporting of accidents, incidents or near misses.

KPIs	Outcome 2021	Outcome 2022
Health & safety accidents	-	83
Health & safety near misses	-	219

Sick leave is one of the metrics for the health and safety of our employees. Both short-term and long-term absences must be prevented, to the best of our ability, and follow-up on the outcome is extra important at times of changes within the organisation.

Target for 2030	Outcome 2021	Outcome 2022
Maximum 4.5% sick leave	5,7%	5,7%

Within Emballator, equality, and diversity are of the highest importance, and we work to ensure that everyone is given the same opportunities regardless of gender, transgender identity or expression, ethnicity, religion, disability, sexual orientation, or age. We have a goal of at least 40% women in leading positions by 2030 and to achieve this, we need to have a more equal gender distribution throughout the group overall.

Targets/KPIs	Outcome 2021	Outcome 2022
Minimum 40% women in leading positions	-	18%
Share of women in total (%)	-	24%

HUMAN RIGHTS

According to our Code of Conduct, all companies within the Emballator Group and our partners must respect and comply with international conventions regarding human rights.

The greatest risks of violations of our Code of Conduct or the UN Convention on Human Rights are in the supply chain. However, our suppliers located in high-risk areas are relatively few and consist mainly of tinplate suppliers in Asia. They have all embraced our Supplier Code of Conduct and assessments, and audits of these suppliers will be made according to plan. Suppliers that are not considered to have significant risks within human rights still need to embrace our Supplier Code of Conduct to clarify the requirements in areas we believe are essential for our suppliers to work with.

In 2022, there was one reported case of violation of our Code of Conduct concerning Human Rights.



ANTICORRUPTION

Emballator works according to good business practice, and we respect our customers and competitors. Our values guide us to act ethically and treat everyone with a professional and commercially fair approach.

The greatest risks of violations of international anti-corruption conventions are in the supply chain and in relationships with our customers. However, we have few suppliers and customers located in high-risk areas regarding corruption. All buyers, sellers, and other staff who have external contacts are trained in Herenco's Code of Conduct, where anti-corruption is key.

In 2022, there were no reported corruption cases within Emballator. Neither were there reported information security incidents that led to legal issues.

