

Eson Pac

Sustainability report 2020

This sustainability report covers Eson Pac International AB and is based on the demands in EU-directive 2014/95 regarding non-financial and diversity information.

The report is delimited to the areas where the company has full control of the data collection and the quality of the information why key performance indicators and other figures from 2020 in this report does not include data regarding Märkas AB since they were divested in September 2020.

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Business model

Eson Pac International AB (referred to as “Eson Pac” hereinafter) contained two Swedish subsidiaries, Eson Pac AB and Märkas AB as well as a Danish subsidiary Eson Pac Denmark A/S when entering 2020. During fall 2020 Märkas AB were divested. The companies produce and deliver printed and unprinted carton board packaging, leaflets and booklets in paper board and labels in both paper and plastic based materials.

Eson Pac’s core business focus is on the pharmaceutical segment and customers with pharma cGMP requirements.

Märkas supplies customers with labels, systems, machinery and maintenance for labelling equipment, also called Print and Apply, within the industrial segment, commerce, vehicles, food and logistics.

The focus of Eson Pac during 2020 was the start-up of the new pharma label production site in Sweden. The new site started to deliver orders to customers during April 2020 and at the end of 2020, most of the pharma label customers had approved the site and orders were transferred from Märkas or from Eson Pac’s previous label site in Aesch, Switzerland.



Mårten Frostne
Chief Executive Officer

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Eson Pac now has 4 production units in 2 countries, Sweden and Denmark. In total Eson Pac had 301 employees at the end of 2020, whereof 39% women.

Our suppliers of raw materials are mainly located in the Nordic countries as well as Northern Europe and we supply our products to customers that are foremost based in the same areas.

Raw materials are transported to our factories. We prepare artwork, print and then we finalize the products according to our customers' specifications and requirements (e.g. cutting, folding and gluing).

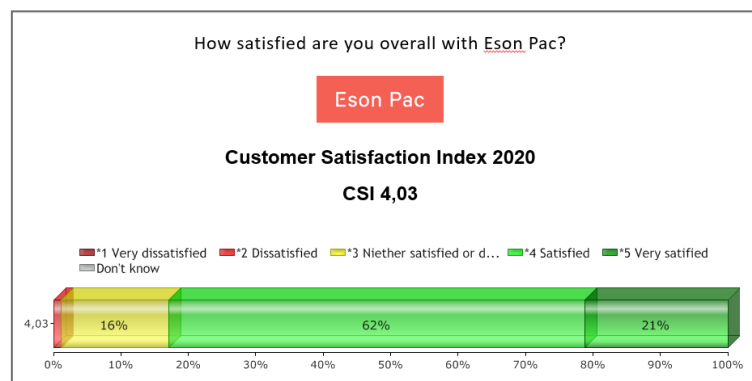
The finished goods are thereafter transported to our customers. Transports to and from our factories are mainly done by truck.



Stakeholders and sustainability

Eson Pac wants to be a strong player on the market and meet the requirements and expectations from our stakeholders.

Eson Pac has identified internal and external stakeholders and how we interact with them to gain a mutual understanding of the business and to reach the position we are striving for according to our business vision and strategy. Some ways of reaching out to our stakeholders are customer and supplier meetings, fairs and exhibitions, questionnaires, surveys and internally via personnel meetings and development talks.



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Sustainability is an important area to focus on and several stakeholders rate the same issues as important for us to focus on.

Focus areas according to our employees	Focus areas according to our customers	Focus areas according to our suppliers
Work conditions at our sites	Work condition for our employees	Reduce emissions by optimizing transports
Safe products with high quality	Reduced chemicals in our production	Demands on social sustainability at transport companies
Reduced usage of chemicals in our production	Reduced energy usage in the whole value chain	More engagement from their customers regarding sustainable products
Reduced energy usage in the whole value chain	More cooperation to gain more sustainable products	Increased dialog and cooperation to find the best solutions
Be more proactive within all of the areas and give more information		

Our objectives towards 2020

Quality

By continuing to focus on our internal and external quality levels we will receive effects within several of the areas that are identified as focus areas in the sustainability study.

High quality level will affect:

- ✓ Customer relationships and co-operation
- ✓ Overtime
- ✓ Stress levels
- ✓ Waste
- ✓ Transportations of both raw materials and finished goods
- ✓ Energy consumption
- ✓ Chemical and other material usage

Eson Pac has today a high external quality level. We count all customer claims and remarks we receive (both administrative and product related issues) and divide with the number of delivered orders. The level is stable and internal quality focus and initiated activities are supporting improvements.

Year	External Quality Level	Goal 2020
2019	97,1%	98,5%
2020	98,2%	98,5%

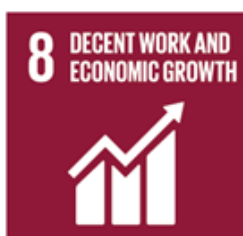
Code of conduct

The Code of conduct is implemented and supporting documentation is being reviewed to fully support and clarify our code. The supporting documentation will be implemented during 2021.

Create strategies and objectives towards the future

Based on the materiality analysis, the management team has worked during 2020 to connect Eson Pac's sustainability work towards the UN Global Goals and the expectations from our different stakeholders.

We have chosen three goals that we will continue to work with:



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Supporting goals 8, 12 and 13 will mean the following:

- Continue to work with the internal and external code of conduct.
- Continue to work with internal sickness and accident rates and the employee satisfaction.
- Continue to pursue high quality level because it impacts a lot of other things, such as:
 - Less waste, less energy consumption, less material usage
 - Fewer transports of raw materials and finished goods
 - Less overtime
- We will investigate our CO2 footprint - including usage of sustainable transports and renewable energy

Several workshops were held to create input to our sustainability work and to create understanding within our organization.

Based on the work we have done, several key performance indicators to support the above chosen goals are identified to already be in place and others will be implemented during 2021.

The implementation of a group common ERP-system has given us the advantage of having comparable figures to use in KPI comparison between our sites. During 2021 we will have implemented a group common document handling system that will give us the opportunity of publishing common documentation in an easy way – for all employees to easily access and read!



Environment

Certifications

During 2020, all Eson Pac sites received a renewed certification towards ISO14001:2015 and we transferred all local certificates into a group common certificate within ISO9001 and 14001.

After leaving the FSC Chain of Custody certification in 2019 due to no request from customers within the pharma segment, we have seen some increased interest during 2020. Several customers have expressed that they want us to supply FSC-material, but they do not want to take part of the certification. This is a question that we will continue to monitor.

Environmental policy

Our environmental policy is regularly reviewed by our management team and is published in our management systems as well as on our web site and intranet.

In our environmental policy we state that we care about the environment and work for sustainable development. This means, among other things, the following:

- ✓ **Environmental goals are a part of our operative goals.**

Comment: All sites have had their own environmental goals based on the environmental aspects and the specific situation per site. Eson Pac is now working on a group common aspect register and goals. Working with different quality objectives also gives positive effects on the environment.

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The environmental aspect is always considered during investment processes and evaluation of supply chain.

- ✓ **Our products will provide opportunities for reduced environmental impact.**
*Comment: Our products are mainly carton board or paper based and therefore have low environmental impact since they are fully recyclable.
In some cases, we use label material that is plastic based due to the demands of the product. These materials are also recyclable/suitable for incineration.
We work actively with optimization when drawing new constructions, making new tools and ordering material to minimize the waste in our production.
Investments in digital printing presses for cartons and labels have positive effects on our waste levels and energy usage.*
- ✓ **We will meet government requirements and regulations.**
Comment: We subscribe to environmental law lists so that we are updated on the latest laws and regulations and we have a digital chemical list, accessible for all employees, to risk assess and keep track of chemicals in our sites.
- ✓ **We will choose the most environmentally friendly internal and external transportation available as often as possible.**
*Comment: We have a policy for travelling but it can be clarified and promoted more. To reduce the number of travels we have video conference equipment installed on all sites and most computers have access to video conference programs. The usage of this equipment and programs has increased and has been an important tool for us, and our stakeholders, to manage safe work during the pandemic.
We have an updated company car policy with clarified environmental demands. The car policy is promoting hybrid and/or electrified cars. Loading poles are also available at one of our sites.*

Environmental aspects – risk mitigation and goals forward

Energy consumption

Majority of the energy consumed is from renewable sources. The renewable energy comes from a mixture of wind, hydro and biomass energy.

We have conducted an energy mapping according to the EU-directive 2014/95/EU (2013/34/EU) on our sites in Sweden and Denmark which has given us valuable input how to decrease our energy consumption. Each site creates their own local action plan based on the energy mapping.

The energy consumption is tracked on all sites. After implementation of our new, group common ERP-system we are now able to have comparable figures from all sites as from 2021.

Energy consumption is an important issue raised by many of our stakeholders. We are in control of our own energy consumption and we will set a timeline for when only renewable energy will be used.

How and to what extent we want to work with energy internally as well as within the value chain will be included in our strategy work going forward.

Waste

Waste is one of the environmental aspects we strive to minimize in all areas. From the design construction of a new carton, leaflet or label, to how we purchase raw material and to how the material is used in our production. All our waste is handled by external contractors in a responsible way and all waste either goes to recycling or waste incineration. We have, under normal conditions, no waste that goes to landfill.

During the last couple of years, Eson Pac has made investments in digital printing presses for carton and label production. This new technique creates good possibilities for us to lower our waste levels. The presses are optimal for production of small batch sizes using less material for start-up settings. The digital technique also means that the usage of printing plates and development chemicals for printing plates will be lower.



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Emissions/spills/noise

The emissions from the Eson Pac sites are volatile organic compounds, VOC, which comes from our process chemicals. For some of our sites these emissions are under the control of authorities and where we have set limits, we are well below.

Our sites are situated in different areas, some in an industrial area and some near houses and schools. These sites have previously taken actions to reduce noise and are within set limits. We are aware of the impact we might have and if changes are made in our production we evaluate if new investigations or actions need to be carried out.

Transports

Transportation to and from our sites is an important source of emissions. To reduce the number of transports we work together with our largest raw material suppliers towards optimizing the transports to our sites. We have actively started to order only full trucks of leaflet paper from our suppliers which gives more effective deliveries.

During 2020 we continuously followed our transports through an IT-system where we can identify inefficient transports and costs. This has made us use fixed transport days to different customers (DK to SE).

Work has been ongoing during 2020 to implement social and environmental demands in the quality agreements with our suppliers. This was included in our demands and contracts in our transport tender.

The target for 2021 will be to trace and calculate Eson Pac's emissions from transports. From this we will also set targets for decreasing our emissions.

Chemicals

The largest groups of chemicals used in our production are inks, varnishes and cleaning aids. We have a digital tool for handling the safety data sheets we receive from our suppliers. This tool gives us good overview of the chemicals we use and the risks of these. It also simplifies our work with compliance towards legal requirements.

We secure compliance with the REACH-regulation by asking questions in our supplier questionnaire and we have also sent out a statement for our suppliers to sign. The statement also includes other substances that are unwanted. By doing this we have lowered the risk of having forbidden substances in our production and our products.

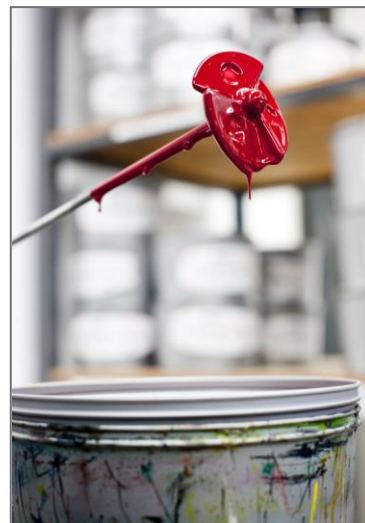
We cooperate with our suppliers to replace harmful chemicals with ones that are more environmentally and work environmentally friendly. Our ambition is to become even more proactive within this area.

We have routines on all sites on how to handle chemicals, from incoming goods to waste. We provide protective equipment in the production areas and make sure that our routines for emergencies are in place and working. This is controlled by regular internal audits and drills.

A small risk we see is the lack of usage of the protective equipment we provide on our sites. Our plan is to inform our employees more about the chemical risks in order to increase the usage.

We have, on all sites, agreements with waste handling companies so that our chemical waste is handled in a responsible way.

During 2021, we will investigate and test the possibility to develop printing plates for our conventional printing presses without using chemicals. Hopefully this will work out in a good way, and less chemicals need to be used.



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Social and employee environment - internal

Much focus during 2020 has been on the ongoing pandemic. We have performed a risk analysis to implement actions to keep our personnel safe and have had regular management meetings to follow-up on sickness rates, infection state and recommendations from each countries government. Some examples of actions taken:

All visits between sites has been stopped, only exemptions have been business critical visits.
All employees that are not required to be on-site, have worked from home.

Meetings have been held digitally.

Changes in lunch break times to minimize the number of employees in the cantinas.

Fewer chairs in cantinas.

Information about keeping distance, washing hands and usage of alco-gel.



Our work with internal employer branding and EPV will re-start during 2021 under the lead of Marketing and Communication.

Our employee survey was conducted during the fall and our executive management team have decided to work with actions regarding communication and information throughout the organization.

Recruitment & Equality

We always strive to treat all personnel equally with respect, regardless of age, union affiliation, gender, disability, organization position, ethnical origin or religion.

In our recruitment processes, we strive to encourage applicants of opposite gender to gain more mixed teams in positions that are dominated of one gender. However, competence and social skills are always a priority.

We believe that internal career opportunities are important and therefore we try to communicate all vacant positions internally unless they require specialist competence.



In our organization, we have a total of 39% women. We did not have any woman representative in the executive management team during 2020, but from 2021-01-01, the team will expand, and three women will be representative.

Equality	Total	Percentage of women
FTE Eson Pac International	301	39%
Executive Management	4	0%
Local Management teams Eson Pac	5	28%

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Leadership

In our Employee Survey, we also measure leadership. The survey captures the opinion about the local leadership, our CEO and the leadership of our Executive Management team.

Through our management meetings and employee evaluation, we can build a stronger leadership in the organisation. Our management meetings secure the process of strategic leadership, increase the business understanding and participation throughout the organization.

Employee turnover is a normal part of the business cycle. During 2020 we have had more turnover due to our financial situation and also divested Märkas AB, which decreased the number of employees by 75. Due to this, we have adapted our organization to align with our financial result. Eson Pac has not had any layoffs due to the pandemic.

The attendance, what we call “healthy attendance”, is measured every month. Employees that are identified to have high or repetitive sickness rate have meetings with their manager to highlight issues, at home or at work, and how the company can support the employee to feel better. During the pandemic the management team has had regular follow-ups of the attendance and the infection state on our sites.

Risk mitigation

In 2020 we continued the transformation of our organization in Eson Pac to be more of a process driven organisation. Each change has its own risk migration plan. Our core issue is our lack of competence in our different processes. We also have issues finding specialist competences, due to high competition on the labour market. But this is about to change within the coming 1-2 years.

Our communication channels are improved, and we have good cooperation with our Unions.

During the pandemic, the management team has during regular meetings and after risk analysis, regularly implemented actions based on each country’s recommendations. Regular information has been given to our employees and other stakeholders about how to act and the actual status.

Our objectives:

- Implement an internal Employer Brand strategy
- Implement a corporate human resource policy and guidelines to clarify our values and behaviour

Human rights

Internal salient issues

We have four salient human rights issues identified that span our internal processes. They reflect the scope of our business activities and the potential impacts for our employees.

The issues identified, and the function within Eson Pac with the lead responsibility for addressing them, are:

Salient issue	Lead governance area
1 Freedom of association and collective bargaining	Human Resources
2 Working hours	Human Resources
3 Safety and health	EQS
4 Data protection and privacy	IT and Human Resources

We have effective guidance in the organization on how to respect human rights throughout our operations: following labour law, work environmental regulations and our internal policies.

For us, maintaining good relationships with unions and work councils is vital for long-term business success. We have collective agreements in Denmark with *DI Overenskomst for EmaballageIndustrien* and *Industriens Funktionæroverenskomst*, and in Sweden with *Grafiska Företagen for Sveriges Ingenjörer*, *Unionen* and *Facket för skogs-, trä- och grafisk bransch*.

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Risk mitigation

We evaluate safety and health, freedom of association/collective bargaining and working hours regularly.

We have a systematic safety and health system with ongoing focus to decrease accidents by proactively report/analyse and correct incidents and risks.

We continuously monitor working hours, accidents and incidents for each employee so that it complies with our laws and agreements.

We have labour laws in all our operating countries that prevent all kinds of violation against human rights.

There has been no legal process against the company regarding labour and work environmental law.

Eson Pac works proactive and has implemented a Raising Concern Line to allow issues to be reported anonymously, if needed. During 2020 we had zero reports to our Raising Concerns line regarding our safety rules in the organisation.

Our objectives:

- Continue implementation of Code of conduct and supporting documentation



Social and employee environment, human rights – external

New suppliers of important raw materials, transportation and chemicals – i.e. future A-suppliers - receive a supplier questionnaire. In that questionnaire we ask about quality, environmental and work environment management. The questionnaire is the basis of our supplier approval process.

Approved A-suppliers are evaluated yearly in a desktop rating. Here we review if the supplier has ISO-certifications or works actively within the areas of quality, environment and work environment. We also review how they are performing within several areas such as delivery performance, quality level and technical support. If a supplier scores low or has a declining trend we act, either by performing an on-site audit or by having supplier development meetings.

During the pandemic all supplier review has been performed electronically.

Sustainability and work environmental demands have been clarified in the quality agreements we have with our suppliers. However, we have identified an area for improvement that we do not influence our suppliers to work with sustainability and work environmental issues further on in the supply chain.

When we today send out our supplier questionnaires and perform audits and ratings the focus is on our supplier's production sites (mostly Nordic or North European based) and not on the next step in the supply chain. How to handle this will be included in our ongoing strategic work.

The work environment in the transportation companies also needs to be addressed. We have clarified our requirements and included them in the quality agreements but the means of following up on those requirements are not yet decided.

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Anti-corruption and bribery

To support us in our work to prevent corruption we have since several years back a purchasing policy and an ethical guideline for our purchase organization and other persons interacting with external stakeholders. These documents state how we should behave and act.

Our purchasing policy and the ethical guidelines are regularly reviewed by our management team and are published in our management systems as well as on our intranet. These documents are also being incorporated as supporting documents to the Code of Conduct and will be made valid for all employees at Eson Pac.

In our purchasing policy we state, among other things, the following:

Purchasing will not only be conducted according to existing laws and human rights, but also with a professional, competitive, ethical and objective behavior.

Comment: We believe that this is how we have handled our business, we have no indication of the contrary. This is, however, an area that is difficult to follow up.

The ethical guideline additionally gives guidance within the following areas:

- Personal behaviour
- Supplier selection/evaluation
- Confidentiality
- Objectivity/impartiality
- Conflict of interest
- Receiving/giving of bribe

The ethical guideline will be integrated as a supporting document to our Code of Conduct.

Throughout the years we have seen a big change in our line of business when more companies, including most of our suppliers and customers, have implemented routines and policies within the area of anticorruption and bribery.

Today we do not see this as a high-risk area much because most of our suppliers and customers are located in the Nordic countries and Northern part of Europe, where the legislation is strict.

We do not have any indications of incidents or problems from our stakeholders either.

Even though we do not see any risks at the moment this is an important area to follow up. This follow-up will be done by giving external parties the possibility to report incidents in our Raising Concerns line, plan is to have this in place during 2021.

Community engagement

Here are some examples of community engagement during 2020:

- ✓ We are members of a local network that works with quality, environmental and social issues.
- ✓ We support the WWF as a Corporate Club Company.
- ✓ We sponsor local sports clubs
- ✓ We sponsor schools and childcare nurseries

During 2021, we will review our sponsoring policy.

If you have any questions regarding our sustainability report, please contact your regular sales contact, your nearest leader or send an e-mail to: QE@esonpac.com

This report is built on the result of the sustainability survey, our employee survey and on our own figures. This report has not been externally certified by a third party.

