

Eson Pac

Sustainability report 2021

This sustainability report covers Eson Pac International AB (referred to as “Eson Pac” hereinafter) and is based on the demands in EU-directive 2014/95 regarding non-financial and diversity information. The scope of this report is limited to the areas where the company has full control of the data collection and the quality of the information.

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Executive Summary

Sustainability has always been at the core of our business, and we are well positioned, but need to do more. During the latter years our customers have set ambitious targets and plans where we as a supplier want to contribute.

During 2021 we set a new strategy based on our current position and with ambitious targets aligned with our customers and other stakeholders.

We will work within three areas, Innovative circular solutions, operational excellence and people and society positive to make a positive impact on the climate as well as for our employees, our customers, and the society.

Ultimately, we view our sustainability strategy as business critical to stay relevant as a supplier and employer.



Mårten Frostne
Chief Executive Officer

Eson Pac

Business model

Eson Pac contains a Swedish subsidiary, Eson Pac AB, and a Danish subsidiary Eson Pac Denmark A/S (collectively “the Companies”) when entering 2021. 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.

Eson Pac has 4 production units in 2 countries, Sweden and Denmark and a sales office in Norway.

In total, Eson Pac had 288 employees at the end of 2021, whereof 36% 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 from our factories, mainly road based.

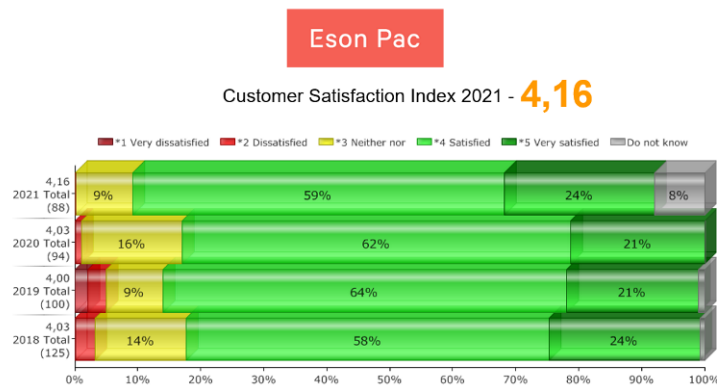
Stakeholders and sustainability

Eson Pac wants to be a strong market player and meet the requirements and expectations from its 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. Many of these activities have been difficult to carry out due to Covid-19.

We have, as usual, performed our external customer satisfaction index survey during the fall 2021 and received an excellent result, increasing our score to 4,16 (2021) from 4,03 (2020).

How satisfied are you overall with Eson Pac?



From the customer satisfaction survey and through daily stakeholder interaction, we continuously see that sustainability is an important focus area being clearly highlighted on management’s agenda throughout the supply chain. We also see an increased demand on reporting sustainability status and progress in various portals and initiatives.

Eson Pac reports its sustainability work into portals such as EcoVadis and CDP. In EcoVadis we are at a silver medal level.



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Our objectives towards 2030 – new, clear strategy in place

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

We chose three goals that we wanted to continue to work with:



To support goals 8, 12 and 13 mean the following to us:

- Continued work with the internal and external code of conduct
- Continued work with internal sickness and accident rates and the employee satisfaction
- Continue to pursue high quality level because it impacts e.g. (list not limitable):
 - Waste levels, energy consumption and material usage
 - Number of transports of raw materials and finished goods
 - Overtime levels
- CO₂ footprint - including usage of sustainable transports and renewable energy

During 2021 we continued our sustainability work by doing some more research and interviews with stakeholders and we now have a clearer strategy document in place.



Ambition:

By 2030 our ambition is to deliver innovative solutions that help advance the pharma packaging industry with a positive impact for people and society within the means of the living planet.

Our strategic goals:

We are successful when we have:

- 100% Carbon neutral packaging
- 100% Forest positive packaging
- 100% Circular packaging
- 100% Safe and healthy solutions for people and planet



Ambition:

By 2030 our ambition is to have a net positive impact in our production and supply chain.

Our strategic goals:

We are successful when we have:

- Carbon positive production and supply chain
- 100% renewable energy and fossil free transportation
- Zero emissions/minimized benign emissions
- Zero waste
- Water stewardship
- 100% Safe, clean and fair supply chain



Ambition:

By 2030 our ambition is to be an employer of choice and the go to partner for sustainability in the pharma packaging industry

Our Strategic goals:

We are successful when we have/are:

- Motivated, happy, and empowered employees
- A diverse and highly competent workforce
- A zero-accident environment
- Zero tolerance for discrimination
- A trusted partner with high ethical standard
- Positive impact in our communities and in society at large

The new strategy has clear goals and vision statement of where we want to be in 2030. The core target is to become 100% Carbon neutral. The new strategy fully supports our previous ambition towards goals 8, 12 and 13 and during our implementation work we will likely expand with additional goals that we will support during our future work.

The new strategy has been introduced at the management level during end of 2021 and the implementation will continue to flow through the whole organization during 2022.

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Objectives towards the future

Since the new sustainability strategy was finalized towards the end of 2021 we are still working with implementation of goals and actions. Work is ongoing to calculate our CO₂ footprint and when this is in place, we will set actions and targets on how to become carbon neutral in 2030.

Several KPIs that support our strategy are already in place, such as quality level, employer satisfaction, zero-accident focus, waste and energy usage trending.

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 levels = stress levels
- ✓ Waste levels
- ✓ 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 high internal quality focus and initiated activities are supporting improvements. During 2021 we have focused on decreasing our internal re-runs and succeeded well, decreasing re-runs with 36%.

Year	External Quality Level	Goal
2019	97,1%	98,5%
2020	98,2%	98,5%
2021	98,3%	98,5%

Code of conduct

The Code of conduct (hereinafter referred to as “the Code”) is implemented and supporting documentation is being reviewed to fully support and clarify our Code. The Code will also be translated into local languages and further implementation will be conducted during 2022.

We are also creating a supplier code of conduct that will be shared with our suppliers to secure compliance in the supply chain.



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Environment

Certifications

During 2021, Eson Pac was audited towards ISO14001:2015 with solid results.

As part of our new sustainability strategy, to have 100% forest positive packaging, a review of the need to re-enter the FSC-certification or similar will be conducted during 2022.

Environmental policy

Our environmental policy is regularly reviewed by our management team and is published in our management system as well as on our website.

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.**
All sites have had their own environmental goals based on the environmental aspects and the specific situation per site. Eson Pac has a group common aspect register and goals. Working with different quality objectives also gives positive effects on the environment. The environmental aspect is always considered during investment processes and evaluation of supply chain.
- ✓ **Our products will provide opportunities for reduced environmental impact.**
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 new printing presses for cartons and labels have had positive effects on our waste levels and energy usage.
- ✓ **We will meet government requirements and regulations.**
We subscribe to environmental law lists so that we are updated on the latest legislation and regulations, and we have a digital chemical list, accessible for all employees, to assess and keep track of chemicals at our sites.
- ✓ **We will choose the most environmentally friendly internal and external transportation alternative available as often as possible.**
We have a policy for travelling, but it can be clarified and promoted further. 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 going forward

Energy consumption

All energy used at our production sites and in our sales office in Norway 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 on how to decrease our energy consumption further. The energy consumption is tracked on all sites, now with comparable figures so we can compare the sites towards each other. Each site creates their own local action plan based on the energy mapping.



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Waste

Waste is one of the environmental aspects we strive to minimize in all areas. From the design and construction of a new carton, leaflet or label, to how we purchase raw material and 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 new printing presses for carton and label production. These investments create good possibilities for us to lower our waste levels. The presses use less material for start-up settings. Where we have invested in digital technique this also means that the usage of printing plates and development chemicals for printing plates will be lower.

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. During 2021 we have had a project with one of our largest customers to make the transports more effective, this ended up in increased double stacking and fixed delivery days to fill up trucks. We continued to optimize full trucks of leaflet paper from our suppliers which gives more effective deliveries.

During 2021 we continuously followed our transports through an IT-system where we can identify inefficient transports and costs. Main target for 2022 will be to reduce the emission for our transports. Step one will be to change to HVO based transports and step two will be to investigate electrified transports where possible.

Work has been ongoing since 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. Now we are creating a supplier code of conduct to further point out our demands for the future. The target for 2022 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. During 2021 we started a project to make better risk evaluations of the chemicals we use. This work will be ongoing in 2022.

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.



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We cooperate with our suppliers to replace harmful chemicals with more conscious alternatives to ensure our work is environmentally friendly. Our ambition is to become even more proactive within this area, which is in line with our new strategy.



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.

We are currently strengthening employee education, putting additional emphasis on the importance of using protective equipment to reduce chemical risks. We have on all sites, agreements with waste handling companies so that our chemical waste is handled in a responsible way.

During 2021, we implemented process free printing plates in our Danish site, which means developing printing plates without using chemicals. This has worked well and we will continue to implement this, where possible, on our other sites.

Social and employee environment - internal

The pandemic was still ongoing during 2021 and we had continued focus on legal recommendation / restriction. The governments in Denmark, Sweden and Norway had different strategies to safeguard people in the society.

Internally we have had our own risk analysis, ongoing management meetings to follow-up sickness rates, infection status and updated recommendation from each countries' government. Some examples of actions that were taken:

- All visits between sites were stopped, only exemptions being business critical visits
- All employees that are not required to be on-site, have worked from home
- Meetings held digitally
- Changes in lunch break times and fewer chairs at the tables to minimize the number of employees in the cantinas
- Information about keeping distance, washing hands and usage of alco-gel
- All employees with symptoms need to take a test to ensure Covid-19 or not

During the fall of 2021 we started the work with our values with all leaders under the lead of Marketing and Communication.

Our employee survey was conducted during the fall with a new supplier, and our Executive management team decided to work with actions throughout the organization with focus on communication and work environment.

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 by 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 specific specialist competence.

Equality	Total	Percentage of women
FTE Eson Pac International	288	36%
Executive Management team	2	28%
Local Management teams Eson Pac	5	28%

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Leadership

We have a leadership index in our Employee Survey that measures our employees' thoughts about leadership throughout the organisation, from local leader to our Executive management team.

The result help us to understand what we need to do to build stronger leadership in the organisation. Our management meetings secure the process of strategic leadership, increase the business understanding and participation through the whole organisation.

During 2021, turnover was still moderate (especially in Denmark) due to the shift to pure Pharma focus and associated changes in the organisation, as well as changes in volumes. Given the aforementioned reasons, we have adapted our organisations to align with our financial result and volumes. Eson Pac had no 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

During 2021 our Executive management team started to work with competence, from identifying key competences to discuss lack of competences. This work is only started and will continue during 2022. We understand that we have issues finding specialist competences, due to high competition on the labour market.

Our communication channels are under development and need some improvement but are well managed given our strong cooperation with applicable 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:

- Continue to implement our internal Employer Brand strategy

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.



In our organization, we have a total of 36% women. We have two women representatives in the Executive management team during 2021.

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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*.

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

Eson Pac has a Whistleblowing line to allow issues to be reported anonymously all the way to the Board level, if needed. During 2021 we had zero reported incidents.

Our objectives:

- Continue implementation of Code of conduct and supporting documentation
- Continue implementation of our Whistleblowing function



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 reviews have been performed electronically.

Sustainability and work environmental requirements 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.

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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.

Anti-corruption and bribery

To prevent corruption, a procurement policy and ethical guideline was established several years ago, outlining how we should act and behave, and pertaining to the purchase organization and other applicable persons interacting with external stakeholders.

Our purchasing policy and the ethical guidelines are regularly reviewed by our management team and are published in our management system. These documents are also being incorporated as supporting documents to the Code 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

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 anti-corruption and bribery as high-risk areas as most of our suppliers and customers are in the Nordic countries and Northern part of Europe, where the legislation is strict and transparent. We do not have any indications of incidents or problems from our stakeholders either. Even though we do not see any risks now, this is an important area to follow up on. We follow-up by giving external parties the possibility to, anonymously, report incidents in our Whistleblowing function. This was put in place during 2021 and is available on our website. No incidents reported 2021.

Community engagement

Here are some examples of community engagement during 2021:

- ✓ 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 schools and childcare nurseries

We are reviewing our sponsoring policy so that it will be more proactive and focused than it is today.

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.

