

Sustainability report Eson Pac Group 2017

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

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Business model

Eson Pac Group produces and delivers printed and unprinted carton board packaging, leaflets and booklets in paper board and labels in both paper and plastic based materials.

Our core business is within the pharmaceutical and healthcare segment but we also supply other segments such as industrial and consumer products.

Within the Business Unit Industrial we also supply customers with labels, systems, machinery and maintenance for labelling equipment, Print and Apply.

Eson Pac Group has 5 production units in 3 countries, Sweden, Denmark and Switzerland. In total we had 489 employees in 2017, whereof 40 % women.

Cartons

Cartons, Leaflets, Booklets, Outserts

Leaflets, Booklets, Outserts

Labels, Multi-Labels

Labels, Multi-Labels

Additional Resources

Sales & Support

SE Veddige

DK Tåstrup

SE Södertälje

SE Åstorp

CH Aesch

SE Sundsvall

NO Grålum

DE Freiburg

FR Paris

FR Strasbourg



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



Raw materials are transported to our factories. We prepare artwork for printing and then we print, die cut/cut, fold/glue, code read/vision control according to our customers' specifications and requirements.

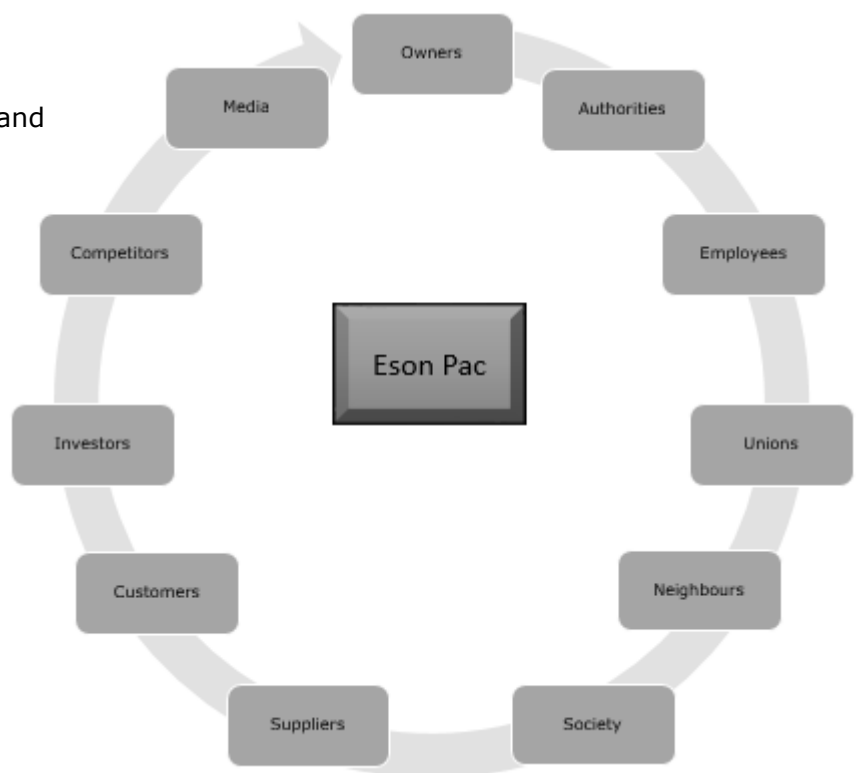
The finished goods are then transported to our customers. Transports to and from Eson Pac are mainly done by truck.

Stakeholders

Eson Pac Group has many stakeholders and we regularly follow up on their views.

We interact in many ways with our stakeholders. Some examples are:

- Customer and supplier meetings
- Fairs and exhibitions
- Questionnaires
- Surveys
- Personnel meetings and development talks



Sustainability to us

"Sustainability is defined as meeting our own needs without compromising the ability of future generations to meet their own needs"

After getting new majority owners in 2015 and a new CEO in 2016, a new management team and responsibility areas were put in place.

During 2017 we reviewed our work with sustainability. A first big step was to perform a stakeholder dialog in order to find out what our different stakeholders think about Eson Pac Group and sustainability. The next step will be to create a strategic plan forward based on the result of this dialog.

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

Sustainability study

What do our owners, customers, suppliers and employees think is important and what should we focus on in the future within the sustainability area? To find out, we did a sustainability study during the fall of 2017.

Input from stakeholders	<ul style="list-style-type: none"> • Web-survey to all our employees and a selection of our customers. • In-depth interviews with members of the board, the management team, union representatives, employees, customers and suppliers. • Performed during September to December 2017. 
Analysis of the input	<ul style="list-style-type: none"> • What was the input from the different stakeholders. • Risks - opportunities. • Performed during September to December 2017. 
Workshop	<ul style="list-style-type: none"> • After summarizing the results of the surveys and interviews the management team had a workshop where the result was presented and we did a materiality analysis to decide the most essential issues – what to focus on in the future. • Performed in December 2017. 
Develop strategy	<ul style="list-style-type: none"> • Work with the result from the management team workshop and connect to our ongoing brand strategy work. • Implement goals and KPI 's (key performance indicators). • Start during 2018.
Implementation	<ul style="list-style-type: none"> • Work with the strategy and plans to reach our goals and KPI 's. • Start during 2018.
Communication	<ul style="list-style-type: none"> • Internal and external communication about sustainability. • Sustainability report. • Start during 2018.

Input and analysis

The result of the sustainability study revealed that our different stakeholders think alike and they rate the same issues as important to focus on.

Focus areas according to our employees	Focus areas according to our customers	Focus areas according to our suppliers
<ul style="list-style-type: none"> • Work conditions at Eson Pac • Safe products with high quality • Reduced usage of chemicals in our production • Reduced energy usage in the whole value chain • Be more proactive within all areas and give more information 	<ul style="list-style-type: none"> • Work conditions for Eson Pac employees • Reduced usage of chemicals in our production • Reduced energy usage in the whole value chain • Safe products • More cooperation to gain more sustainable products 	<ul style="list-style-type: none"> • Reduce emissions by optimizing transports • Demands on social sustainability at transport companies • More engagement from their customers regarding sustainable products • Increased dialogue and cooperation to find the best solutions

We have done a materiality analysis, where we decided which of these areas to focus on, which ones to develop and in which areas we must make sure that we will continue meeting the expectations.

Our objectives towards 2020

Quality

By continuing focusing on our internal and external quality level we will get effects within several of the areas that are identified as focus areas in the survey.

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 Group has today a good external quality level, all customer claims and remarks/delivered orders, but we can improve. The internal quality level is internal deviations/delivered orders.

Year	External Quality Level	Goal 2020	Internal quality level	Goal 2020
2016	97,93%	98,5%	94,32%	95%
2017	97,97%	98,5%	93,77%	95%

Code of conduct

After we have finalized our brand strategy during the spring of 2018 we will connect the results from the sustainability survey and the employee survey, performed during 2017, with the result from the brand strategy and create our code of conduct.

Create strategies

We will create long-term strategies for sustainability work – environmental and work environment issues.

- ✓ What issues from the materiality analysis do we need to create strategies for and focus on. Many of the issues are mentioned in the following chapters in this report.
- ✓ Include a communication strategy for sustainability, both internally and externally.
- ✓ Connect our work with the 17 UN Global Goals to identify which goals we can support and work focused towards in the future.



Environment

Certifications

All our sites have ISO14001:2004-certificates. During 2018 all sites will be audited towards the new ISO14001:2015 version.

ISO 14001 is an environmental management system with demands and guidance for organizations. The purpose of ISO14001 is to give a working model for continuous improvement so that organizations minimize their environmental impact. The date (:2004, :2015) indicates the version of the standard.

Eson Pac Group has had an FSC Chain of Custody certification since 2016, this means that we have had the possibility to supply customers with cartons and leaflets printed with the FSC-logotype on it. So far, the demand from our customers has been very low, only around 1% of all carton/paper board has been produced on FSC-certified material.

We will investigate further with our customers why this demand has been so low and evaluate our future certification status.

FSC stands for Forest Stewardship Council and is an organization and certification system that works towards a responsible forest management. FSC certification is based on a set of standards that ensure that forest products come from responsibly managed forests, and that this is maintained throughout the supply chain - from the forest to the end-user of the product.

FSC's aim is to promote environmentally appropriate, socially responsible and economically viable forest management. This includes protecting those who rely on forests, including wildlife, people working with forest products, and people affected by the forestry industry such as native populations.



The mark of responsible forestry

Environmental policy

Our environmental policy is regularly reviewed by our management team and is published in our management systems as well as on our website 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 situation for that site.
- ✓ **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. They are fully recyclable.
In some cases, we use label material that is plastic-based due to the demands on 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.
- ✓ **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.
- ✓ **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 now have a Skype/Lync-program installed. The usage of this equipment and programs has increased.
During 2017 we updated our company car policy and clarified the environmental demands.

We reviewed the environmental policy during the year and it was released in the end of December 2017. The new version can be found on our website and intranet.

Environmental aspects – risk mitigation and goals forward

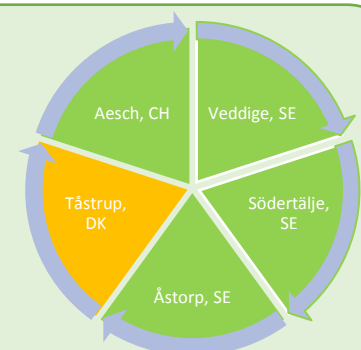
Energy consumption

Our site in Switzerland and all our Swedish sites use energy from renewable sources. The electricity comes from a mixture of wind, hydro and bio mass energy.

We have conducted an energy mapping according to the EU-directive 2014/95/EU (2013/34/EU) on 2 out of 3 sites in Sweden which has given us valuable input how to decrease our energy consumption.

Our site in Denmark uses energy from a mixture of sources, approximately 12% of the electricity comes from renewable sources. The electric company we purchase the electricity from has as a goal to provide mostly renewable energy from 2023. Our agreement is up for renewal during 2018 and we will work towards increasing the share of renewable energy.

Usage of renewable energy sources in the Eson Pac Group.
The long-term goal is that all sites use renewable energy.



The energy consumption is tracked on all sites but we have no comparable figures between the sites. After implementing a new common ERP-system during 2018 we will once more review if we will be able to extract the same figures and then get comparable energy consumption indicators. After performing the energy mapping, the sites in Sweden create local action plans to reduce energy consumption.

Energy usage is an important issue raised by many of our stakeholders. We have control on our own energy consumption but the energy consumption and usage of renewable energy in our value chain is something we have not focused on so far.

How and to what extent we need to work with energy in the value chain is something we will include in our strategy work forward.

Waste

Waste is one of the environmental aspects we work on minimizing. All the way from the construction of a new carton, leaflet or label, to how we purchase raw material and to how we use the material in our production.

All our waste is handled by external contractors in a responsible way, all waste goes either to recycling or waste incineration. We have no waste that goes to landfill.

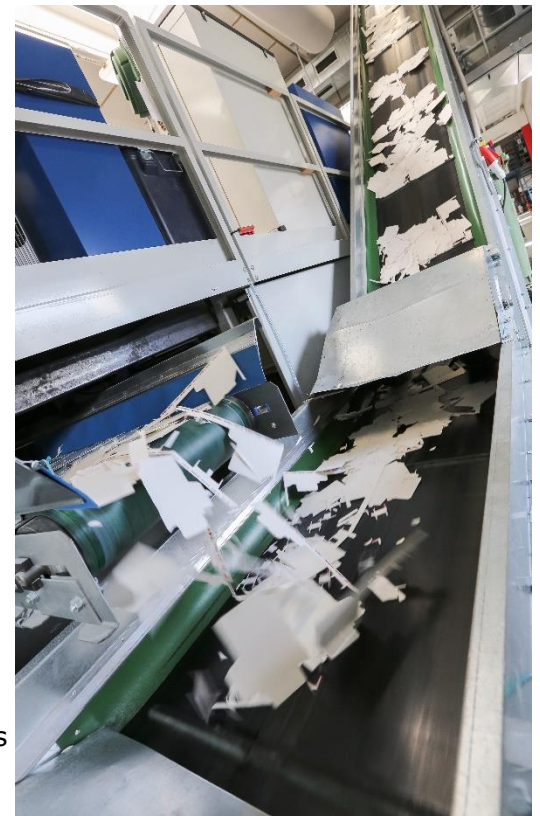
Emissions/spills/noise

The emissions from the Eson Pac Group sites is volatile organic compounds, VOC, that 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 placed in different areas, some in an industrial area and some near houses and schools. Two sites have impact on the nearby community, Veddige in Sweden and Aesch in Switzerland. They have previously taken actions to reduce noise.

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 biggest raw material suppliers towards optimizing the transports to our sites. We also communicate with our customers to try to optimize transportation from our sites - this process can, however, be improved.

We did a transport procurement project in Sweden during 2017, where we included demands on our suppliers regarding environmental and work environment issues. The plan is to continue this project.

So far, we have not requested figures from our suppliers regarding emissions. Hence, we have not worked with fact based information in order to reduce transport emissions.

How and to what extent we shall work more strategically with transportation emissions in the value chain is something we will include in our strategy work forward.

Chemicals

The largest groups of chemicals used in our production are inks, varnishes and cleaning aids. During 2017 we have worked with implementing a new tool for handling the safety data sheets we receive from our suppliers. This tool will give us a better overview of the chemicals we use and the risks of these.

It will also simplify 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 environmental friendly. Our ambition is to become more proactive within this area.

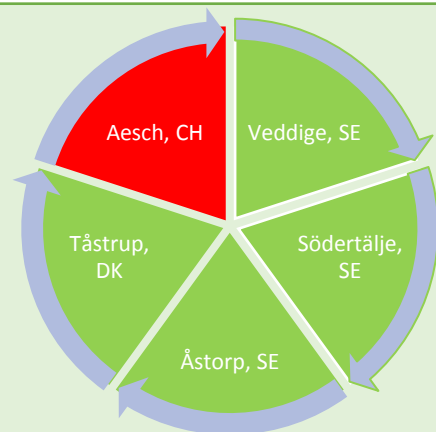
We have routines on all sites on how to handle chemicals, from incoming goods to waste. We provide protective equipment in the production areas and make sure that our routines for emergencies are in place and working. This is controlled by regular internal audits and drills.

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.



Besides chemicals used in the production, we also look at our impact on the external environment. For example, we have replaced our rodent traps containing poison with electronic traps. This has so far been done on all sites except Aesch, Switzerland. The long-term goal is to have all sites with electronic traps.



Social and employee environment - internal

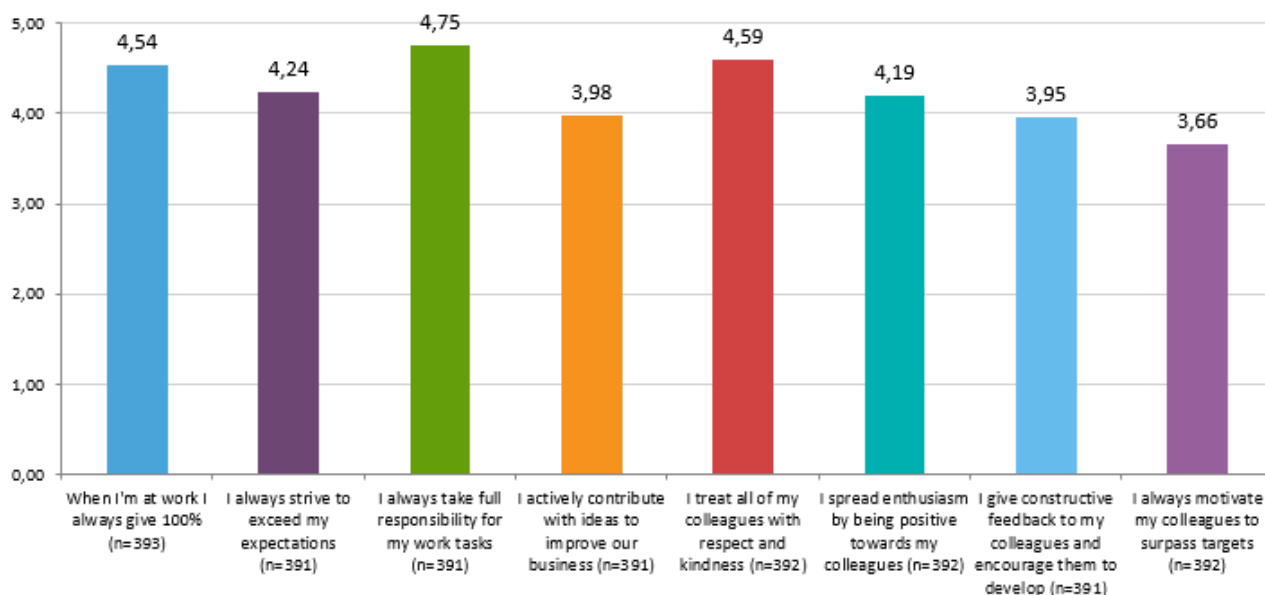
The world is changing, our customers are changing and Eson Pac Group is changing alongside. Even though change sometimes is hard, we, as a company, are getting stronger every day as a result of many dedicated and passionate co-workers.

With the launch of our strategic actions, "Road Map", in the middle of 2017, work on revitalizing our culture and building a more process & value-driven organization began in the end of 2017.

Our new brand strategy will be implemented during 2018 and guide our day-to-day behaviour and create the basis for a high performing culture.

We conducted a new employee survey during October 2017 within the Group. 82% of all employees responded. We identified a low response rate of the survey in Denmark, where we saw a connection with an ongoing notice process.

In the result employees stated that the overall perception of Eson Pac Group as an employer is positive and that their engagement is high. Also, they believe that Eson Pac Group will grow and that there is a positive development for the organization in the future. Our belief is that employee engagement is the driving force behind high performing organizations.



Avg: 4.24

In our Human Resources policy, we state how we should act and behave towards our employees. It also covers leadership, equality, cooperation with unions and development.

Recruitment & Equality

According to our Human Resource and Recruitment policy we state that we will always strive to treat all personnel equally with respect, regardless of age, union affiliation, gender, disability, organization position, ethnical origin or religion.

In the evaluation of recruitments in 2017 there are no discrimination complaints and no form of internal ethical behaviour that does not comply with our Human Resource policy.

We also conducted an evaluation on all positions in Sweden to meet the new Anti-discrimination legislation (valid in Sweden from 1/1-2017). The purpose of the evaluation is to prevent discrimination, due to gender, in any salary settlement. The result of the evaluation indicates that we have non-discriminated salary levels and that we have actions to prevent unfair salary settlements.

Equality:	Total	Percentage of women / men
FTE Group 2017	489	40/60
Executive management	10	30/70
Management Veddige	8	60/40
Management Södertälje	5	60/40
Management Switzerland	4	50/50
Management Denmark	6	30/70
Executive management BU Industrial	3	0/100
Management Astorp	7	10/90

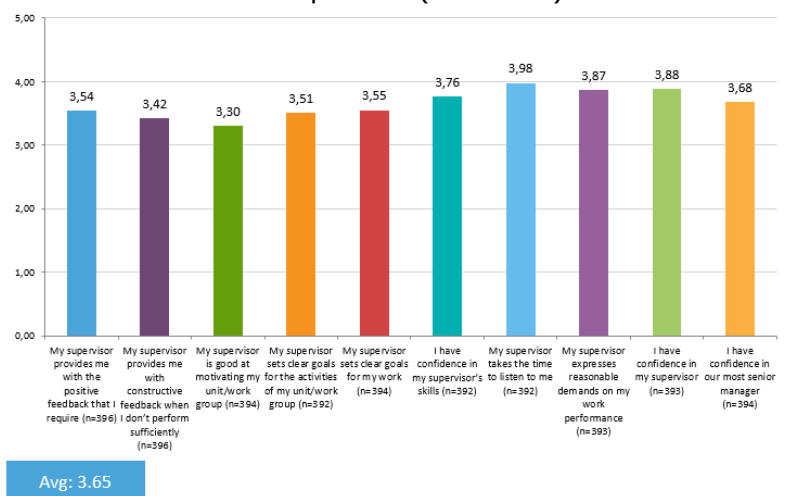
Leadership

Employees review their individual plan annually with their manager to ensure mutual understanding of roles, performance, competence development and expectations.

The tool for talent reviews is a structured and formalized review of performance and potential across the pool of leaders. It includes succession planning for our leadership teams to make sure we meet future needs.

Our global management meetings secure the process of strategic leadership, increase the business understanding and participation throughout the organization. Leadership programs and other steps in leadership development are offered to leaders at various development stages in their careers.

Leadership index (scale 1-5)



Indicators

Employee survey response rate:
Leadership index
Engagement

	2017	Goal 2020
Employee survey response rate:	82%	100%
Leadership index	3,65	4,0
Engagement	4,24	4,5

Employee turnover is a normal part of the business cycle. Employee turnover rate was 9% in 2017 compared with 10% in 2016. The turnover rate in 2017 was affected by factors due to organizational change and employee reduction. The analysis indicates no actions needed to address deficiencies.

The attendance, what we call “healthy attendance”, remains at the same level as in 2016 and at an even level between the countries. In the result from the employee survey we have improvement areas in the physical and psychological working environment. The indicator points at a lower degree of satisfaction regarding ventilation, noise and temperature. Regarding the psychological working environment, the survey indicates that issues related to stress need to be taken more seriously at Eson Pac Group.

(Note: The indicators are below 3.0= Neither /nor, on a scale 1-5).

Indicators	2017	2016
Employee turnover rate:	9%	10%
Healthy attendance:	95%	95%
Psychological working environment:	3,28	-
Physical working environment:	3,19	-



Risk mitigation

Eson Pac Group’s strategic ambition towards 2020 is to become a larger European company and as such we need to be aware of the various challenges to attract and retain talent in Europe. We need to put a great deal of effort into fulfilling the needs of diversity, knowledge, attitude and competence. New values and a new culture will be implemented during 2018 which will require increased communication and change management skills.

The consequences of organizational changes in 2017, have been addressed by risk elimination plans for both the directly and the indirectly affected.

We increased the frequency of information meetings, leadership training, collaboration with occupational health service and trade unions.

A consequence and risk that we saw in connection with the implemented changes was increased overtime, which is not a sustainable situation in the long run. Actions we have taken are investments in new, more efficient equipment, and recruitments of more staff in the areas where we saw an increased risk.

Even though change sometimes is hard we see that the result of the survey is positive.

During 2018 we will work more actively with change management along with more efficient processes. This way we believe we will be able to decrease the stress indicators.

Our objectives towards 2020:

- Implement an Employer Brand strategy.
- To improve our employee satisfaction at Eson Pac Group we need to have proactive and ongoing work with physical and psychological work environment.
- Implement a corporate human resource policy and guidelines to clarify our values and behaviour.

Human rights

Internal salient issues

We have 4 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 Group 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. We will have positive, open relations with the unions that represent our employees and continuous ongoing cooperation/information meetings to ensure the good relation and cooperation.

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 Funktinæroverenskomst*, and in Sweden with *Grafiska Företagen for Sveriges Ingenjörer, Unionen* and *Facket för skogs-, trä- och grafisk bransch*. In Switzerland there are no collective agreements.

Achieving compliance with the General Data Protection Regulation (GDPR), the new data privacy law from the European Union (EU), is an ongoing project. When the GDPR goes into effect on May 25, 2018, individuals will have greater control over their personal data. Additionally, the GDPR imposes new obligations on organizations that collect, handle, or analyse personal data.

We have a new employee survey measuring safety & health, leadership and employee engagement.

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. A commitment to safety is a core value and an integral part of Eson Pac Groups culture. Our aim is to ensure that each employee feels secure and safe in his/her work. Our working environment encompasses both the physical and the psychosocial environment.

We are firm in our belief that it is possible to prevent accidents – our goal is always zero accidents. The number of accidents leading to absence has decreased from 15 (2016) to 6 (2017).

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.

On rare occasions, a co-worker may feel uncomfortable to address an issue personally. For this reason, we have implemented the Eson Pac Raising Concern Line to allow issues to be reported anonymously. The purpose of the policy is to support and ensure that we all live up to our expectations.



To fulfil the process *Data protection and privacy* (GDPR) we need to improve our processes and better respect regulation practices: i.e. work closely with the process owner, communicate and create a Self-Governing Mechanism. Data regarding various activities will be compiled and measured on a regular basis to prevent any immoral acts. There is ongoing work to implement the right processes and organizational changes to comply with the GDPR. Our employees have the right of access to data which has been collected concerning him or her, and the right to have it rectified.

Our objectives towards 2020:

- Development of a code of conduct and a sustainability strategy.
- We also aim to actively review and assess the human rights risks of our business activities, and strive to prevent and address any negative impacts we may have on the rights of those whom we do business with or interact with along our value chain.

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.

Something we have identified as an area for improvement is that we do not influence our suppliers to work with sustainability and work environmental issues further on in the supply chain. When sending out our supplier questionnaires and performing audits and ratings the focus is on their 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. In the transport procurement project performed during 2017 in Sweden we clarified our requirements. But the means of following up on those requirements are not yet decided.

Anti-corruption and bribery

In the end of 2017 we released a new policy that is valid for all employees in our company, Raising concerns.

This policy states that we should always lift issues of concern, primarily to the person affected, secondary to the nearest manager or HR, or, if we feel uncomfortable, we can raise an anonymous concern report through our new Raising Concerns Line. Examples of issues can be suspected bribery, breaking of internal routines, policies and harassment.

This Raising Concerns Line, where anonymous reports can be sent in, and the policy are available to all employees on our intranet.

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.

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 reviewed and integrated in our upcoming 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. How this follow-up will be done we will consider during our code of conduct work.

Community engagement

Here are some examples of community engagement during 2017:

- ✓ We are members of a local network that works with quality, environmental and social issues.
- ✓ We have supported local sports teams with some extra work to raise money for activities.
- ✓ We support the WWF as a Corporate Club Company.

Thanks to our support as a Corporate Club Company, WWF can continue their work to conserve the world's biological diversity, to ensure that the use of renewable natural resources are sustainable and to promote the reduction of pollution and wasteful consumption.

As a part of our sustainability work we have, during 2017, been a part of a project to see how we as a company can get more involved in the local community. The project started with a workshop where we got input from various people from different companies on how we can engage more locally. One example we got was to improve our sponsorship policy to be more proactive and that we should have some sustainability demands on the persons or the associations that apply for sponsorship. Another example was to get involved with some charity/aid organisations regarding integration projects in the community. How the result of this workshop and our continuous work with different types of community engagement will look like will be decided further on when setting our strategies onward.



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 assured by a 3rd party.



THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Eson Pac International AB, corporate identity number 559007-1865

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2017 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A statutory sustainability statement has been prepared.

Göteborg, March 14, 2018

Kristian Raa
Authorized Public Accountant