



2020

SUSTAINABILITY REPORT

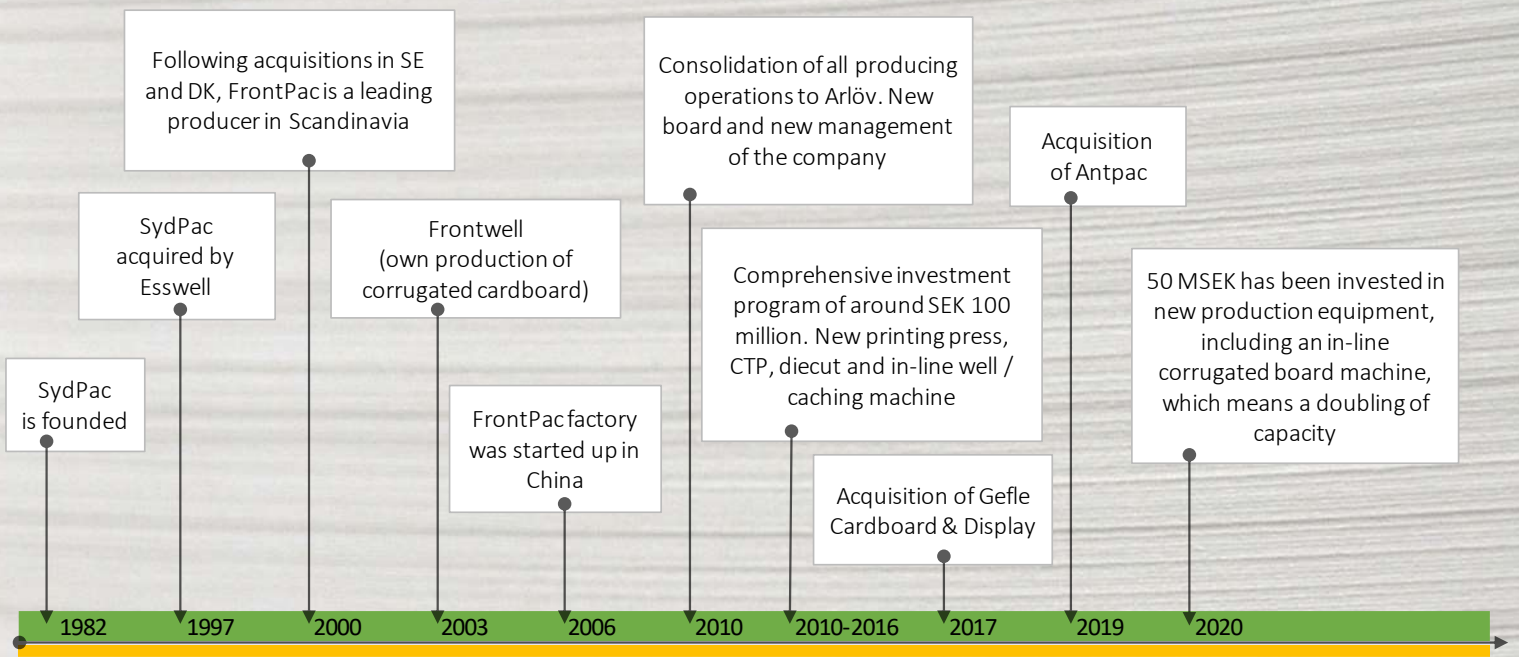
FrontPac®

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FRONTPAC AB – TIMELINE



MESSAGE FROM OUR CEO



“We believe that we have a responsibility in contributing to a sustainable future. And there are many aspects that need to be sustainable. We need to cherish our staff and secure quality to have a lasting development of FrontPac AB. We work with our products and processes so the impact is minimized both at our factory and at our customers. But we can't stop there. We also have a responsibility that the future should be sustainable for our suppliers and the people working there. Finally, the environment we all live in need to be durable.”

How else will it be?

Martin Enocson
CEO FrontPac AB

OUR CORE VALUES



THE CUSTOMER FIRST

Long-term and profitable relationships are based on us exceeding the customer's expectations.

COOPERATION

We work as a team and always help each other.



ECONOMY

All decisions are based on financial considerations. Dare to try new ways, take the initiative for improvements.

RESPONSIBILITY

Quality and Environment are our keywords. Prioritize right, do not let things lie around and make sure there is someone who embrace the task.



OUR PRIORITY SUSTAINABLE DEVELOPMENT GOALS



OUR THREE SELECTED KEY SUSTAINABILITY

Social

Social responsibility
Human rights
Healthy working environment
Diversity and gender equality
Increase of workforce
Reduce inequalities



Environmental

An environmentally-friendly company
Making eco-friendly packages
Reduce, reuse and recycle



Economy

Economic outcomes, cost saving that results of the carbon footprint
Profitable growth



RENEWABLE RESOURCES: Sustainable, renewable resources must be used in the production of packaging, thus enabling the decoupling of fossil, non-renewable raw materials.
RECYCLABLE DESIGN: The recycling of packaging must be taken into consideration during the development stage: products must be designed in such a way that optimal circulation is possible.
EFFICIENT RECYCLING: After use, it is important to have an efficient material recycling system in place. This closes the circle and the recycled material can be used again for new packaging.

There are three key elements to the principle of the circular economy for packaging.



SUSTAINABILITY IN EVERYTHING WE DO

At FrontPac AB, we share the UN's belief in sustainability and that we can contribute to solutions to the overall challenges. We run our company from an economic, environmental and socially sustainable perspective.

We choose fiberbased products that come from responsible forestry, forestry that takes people and the environment into consideration.

Using both recycled and virgin fibres in production, our opportunity is to deliver packaging with the best overall environmental footprint for each package.

HIGHLIGHTS DURING THE YEAR

+9%

INCREASE OF THE WORKFORCE

+13,3%

INCREASE OF PRODUCED
PACKAGING COMPARED WITH
LAST YEAR

+50 MSEK

INVESTED IN NEW MACHINE LINES

94,3%

OF WASTED MATERIALS
GOT RECYCLED

-33%

REDUCTION IN ACCIDENTS

SUSTAINABLE MATERIAL AND SERVICES

By buying sustainable material and services we will reduce our impact on the environment.

- reduce our carbon emission by using renewable energy
- save natural resources by developing the optimal packaging solution with regards to environmental impact as well as cost- and quality efficiency

We decide to reward suppliers who can fulfil our requirements and provide a more sustainable product or service. All our paper suppliers use a certified environmental management system such as ISO 14001 to assess their own environmental impacts, monitor their environmental impact, performance and maintain legal compliance.

They are also members of CEPI and new alliance called 4 Evergreen. The aim of the alliance is to boost the contribution of fibre-based packaging in a circular and sustainable economy that minimises climate and environment impact.

FSC, BETTER LIVING CONDITION

Since 2012, we have been FSC® Certified (FSC-C111831), which means that our customers can choose to label their packaging and displays with the FSC® logo, which shows that the raw materials come from a responsible forestry with regard to both the environment and mankind.

FSC stands for Forest Stewardship Council is an independent, international member organization working for one environmentally friendly, socially responsible and financially viable use of the world's forests, through its certification system. Certified companies comply with FSC®'s rules (standards) for forestry and traceability. Those who follow the rules are allowed to label their products with the FSC brand.

The forest gives us clean water, fresh air and helps to slow down global warming. It provides food, medicine and essentials natural resources such as timber and paper. Responsible forestry ensures that the forest can also provide these in the long run. Those who participate in FSC voluntary contribute to this.

FrontPac AB have increased produced FSC® packaging with 31,6% comparable to 2019.



HUSETS
ÄPPEL
MUST

COMMUNICATING SUSTAINABILITY

Package labelling gives consumers a clear picture on which to base their purchase decision.

LABELS FOR PRODUCTS FROM RESPONSIBLE AND SUSTAINABLE FOREST MANAGEMENT



Label with FSC logo, which shows that the raw materials come from a responsible forestry with regard to both environment and people.

RECYCLING LABELS

This logo is used internationally to show that the product can be recycled. This is not an indication that the packaging has been made from recycled material.



NORDIC LABELLING SYSTEM FOR WASTE HANDLING

The system will make it easier for consumers to handle packaging waste correctly, and for the industry to increase the share of materials being recycled.



GREEN DOT

Is a financing symbol for organisation of recovery, sorting and recycling of sales packaging. When you see the Green Dot on packaging it means that for such packaging, a financial contribution has been paid by the filler to a qualified national packaging receiving organisation.





RESPONSIBLE CONSUMPTION

REDUCE, REUSE, RECYCLE

Our ambition is to think LOW CARBON CIRCULAR ECONOMY in everything we do. When it comes to our internal processes, we first of all try to REDUCE the different waste we create both in our internal process by optimizing tools, minimizing production trim as well as by making smart choices in purchase. When it is not possible to reduce further, we aim to REUSE the material as much as possible before it becomes waste. And last, we RECYCLE. Unfortunately, we are not able to recycle everything back to new material, so the last part is then turned into energy.

The main part that we recycle is paper and here we work close with papermills that turn this into new paper. Paper fibers can be used up to 7 times before they are too small to work as fibers. But before that the fibers can start as a milk carton, that is recycled into a printing paper used in our packages, then recycled again used as a brown liner for transport boxes, and so it goes around until it becomes very low-quality fibers used in toilet paper or egg cartons. The carbon that has been absorbed during the growing phase of the tree stays in the loop as long as the fibers are not burned. When recycling it is very important to make sure there is a functioning system in the market that can handle and make new material from the recycled goods. Paper is all over the world is going back into the loop of recycling. By choosing a fiber based packaging before any fossil based packaging we can contribute to a better world.

Through our recycling we make it possible for the paper fibers to become new packaging. 94,3% of all waste from paper, plastic etc. was recycled last year, the rest became energy, heating up houses in our neighborhood. This equal saving of 1.954.812kg CO₂eq.

During 2020 the water consumption went up, this refers to building work done in the factory making room for the new in-line machine being taken into production in 2021.

EMISSION SAVINGS CO₂ THROUGH RECYCLING

1.954.812 KG



RESPONSIBLE CONSUMPTION

REDUCE, REUSE, RECYCLE are ideas that are applied in our development process of packaging as well. A LOW CARBON CIRCULAR ECONOMY is based on designing out waste and pollution, keeping products and materials in use for as long as possible and then return back to natural systems of recycling where they become new materials. The packaging's main purpose is to make sure the product arrives at the end consumer without any damage. Because the environmental impact if the product is broken and discarded is tenfold larger than any packaging material. When developing we strive at using just the right amount of material to make the perfect packaging. This means we also propose to use the right kind of paper composition. When recycled material is suitable, we propose this and when strength and other characteristics are sought after we use virgin material or a combination of both. By choosing a fiber based packaging before any fossil based packaging we can contribute to a better world.

Virgin and recycled fibers are partners in the circular economy. So, a sustainable-minded company should consider how the collection and manufacturing of recycled fibers is done as well as how the virgin fibers are sourced. But we try to take it a step further than just considering what paper fibers to use. Where the paper is produced and converted is having a major impact on carbon emissions with regards to how the electricity is produced and how long the transport is for the material. Therefore it is natural for us to use 100% environmentally friendly electricity in our plants. Our calculations have shown that a substantial decrease of CO₂eq from the packaging can be achieved by optimizing it with the right material and design.



RESPONSIBLE CONSUMPTION

FIBER-BASED PACKAGING, FOR BETTER LIVING

The global warming is an issue we all must take seriously. Not everyone can make great changes that stops the emission of CO₂ out in nature, but we can all do small things that together can improve our climate. By choosing fiber based products before any fossil-based products we can contribute to a better world.

What we do know is that the forests in Europe grow each year. Unfortunately, the growth is not globally even if the increased temperature has led to increase of forest coverage over the whole world. For the forests that grow in Europe we have an increase of a football pitch every day. Trees absorb CO₂ during its life in the forest. 15 trees absorb around 1 tonne of CO₂ per year. But this varies depending on age, size of tree as well as location and climate. When trees are cut down, they can be used for energy, timber or paper fibers. The CO₂ stays in the wood as long as it is not burned. For paper it is calculated that 1 tonne of paper equals 1500 kg CO₂ that is absorbed in the paper fibers. A paper fiber can be recycled, up to 7 times before it is used for energy recovery i.e releasing the CO₂ into nature again.

There are many aspects to consider when developing a new product that makes it very hard to know exactly what is the right solution. Is there a recycling process developed in the country where the product will be sold, can the material be used again for new products without too much effort, is the transport environment very moist etc. All these different criteria have an impact on which material should be chosen, if it should be recycled or virgin fibres, using corrugated material we can improve the strength capabilities without increasing the amount of paper. We always aim at making the solution that has as little impact as possible with regards to CO₂ emission.



RESPONSIBLE CONSUMPTION

Hazardous: 3,1% of our waste is classified as hazardous, most of which is ink sludge from printing and converting operations. Through our hazardous waste assessment, we learned that the key issue to be addressed is correct classification of waste.

Plastic: the EU strategy for plastic in the circular economy came into force in 2018. It states that all plastic packaging should be recyclable by 2030, with a 55% recycling by 2025. We have recycled 3.110kg and reduced emission CO2 with 6.220 KG.

Electricity: we see an increasing trend for consumption of electricity, where it increased with 9,5%. Comparable to that 13,3% more packaging were produced than the year before.

Biogas – link that allows circular economy to become reality.
FrontPac AB emission saving by using biogas is CO2 570.000kg.

Positive effects using biogas:

Ecological

- reduction of greenhouse gases
- containment of groundwater pollution
- fertilizers as a by-product of biogas production

Economic

- reduction of fuel costs by up to 50%
- increase of agricultural competitiveness

Social

- new business models and income opportunities for the local population
- increased attractiveness of rural regions through teaching and know-how transfer

SOCIAL CONDITION AND PERSONNEL

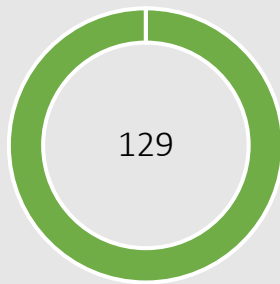
We strive to create a sustainable organization and to be an attractive workplace for both new and existing employees. Every employee in FrontPac AB is an important force in the change work that is carried out with the clear goal of achieving the mission in a world of continuous improvement.

Every employee should feel mutual respect, be honest, take responsibility and be flexible and open to new ways of thinking and knowledge. That way we can create a positive working environment where everyone gets the opportunity to develop and be involved.

- where we apply or exceed the UN rules on human rights, “UN Global Compact 10 principles”
- rules of leading to a safe working environment and prevent risk of unhealthiness due to organizational and social aspects in relations to the work environment
- pursue a job modification and rehabilitation activities which aim to facilitate for affected staff to rapidly return to their regular duties
- tendencies towards bullying or harassment are not accepted and fought

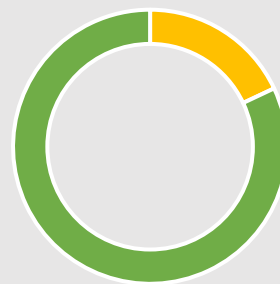
EMPLOYEE STATISTICS

Employees



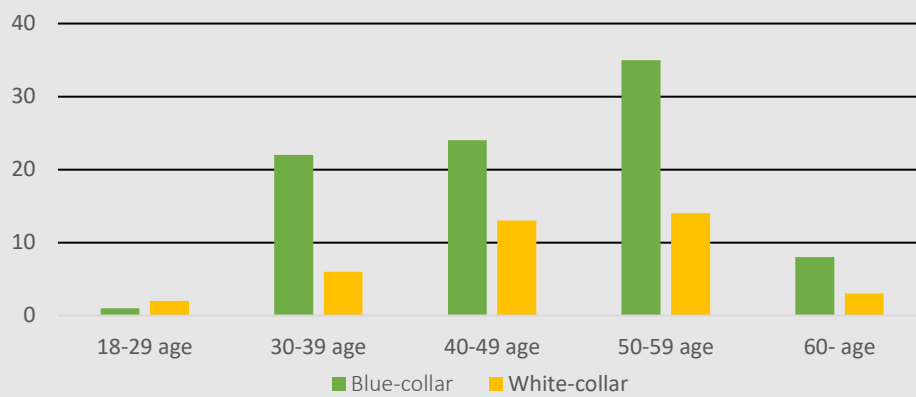
■ Total

Proportion of employees %



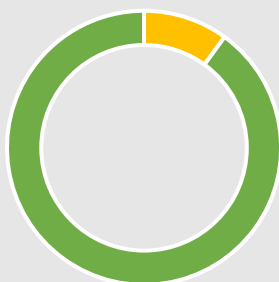
■ Women ■ Men

Age distribution %



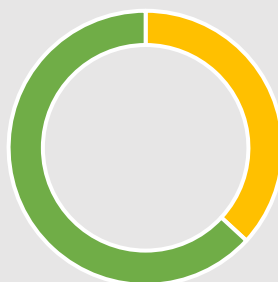
■ Blue-collar ■ White-collar

Proportion blue-collar %



■ Women ■ Men

Proportion white-collar %



■ Women ■ Men

Proportion management %



■ Women ■ Men



SOCIAL RESPONSIBILITY

FrontPac AB is engaged in an orphanage in Uganda. Emma & Therese Children's Project (ETCP) works for orphans and other vulnerable children in Kabale, southwestern Uganda, with a strong focus on children who have lived on the street. Their ambition is to reunite children and young people with their families, but in cases where this is not possible, they offer accommodation for a shorter or longer period, depending on the individual child's situation.

FrontPac AB and some of the employees support this by doing monthly donations. Which we are very proud of. Feel free to visit and follow their work at webpage: www.etcpuganda.se/en/.

Our business has generated almost two million in tax revenue in Sweden according to the Confederation of Swedish Enterprise's Welfare Creators (www.valfardsskaparna.se). This corresponds to a contribution to public welfare correspondingly 235 preschool places.





HEALTH AND SAFETY

Awareness around wellbeing, health and happiness is something that FrontPac AB are focusing for an increased employee wellbeing, which is a crucial factor for the entire organization. All employers are recognising their responsibility to provide advice and support on health and wellbeing and also to prevent physical harm.

FrontPac AB strive to ensure people are not harmed, and continually improve our safety performance. Our machinery is regularly inspected to ensure safety, there are clear instructions or warning signs in a language understood by all employees.

We review workplace incidents, by consistent reporting investigation and where appropriate identification of improvement opportunities, that strengthen our Health and Safety management systems.

FrontPac AB's goal is to achieve zero vision for occupational injuries.



HEALTH AND SAFETY STATISTICS

<p>ACTIONS – SAFE WORKING ENVIRONMENT</p> <ul style="list-style-type: none"> ▪ Safety representative ▪ Safety inspection ▪ Safety equipment ▪ Education ▪ Routines ▪ Critical checks 	<p>KPI</p> <ul style="list-style-type: none"> ▪ Number of accidents 	<p>GOAL</p> <ul style="list-style-type: none"> ▪ Zero tolerance 	<p>RESULT 2020</p> <ul style="list-style-type: none"> ▪ 1
<p>ACTIONS – SECURE WORKING ENVIRONMENT</p> <ul style="list-style-type: none"> ▪ Follow-up employee survey ▪ Ongoing dialogue ▪ Performance appraisal ▪ Health check ▪ Health care insurance 	<p>KPI</p> <ul style="list-style-type: none"> ▪ Sick leave ▪ Number of harassments 	<p>GOAL</p> <ul style="list-style-type: none"> ▪ > 2,23% ▪ Zero tolerance 	<p>RESULT 2020</p> <ul style="list-style-type: none"> ▪ 7,3% ▪ 0





DIVERSITY AND GENDER EQUALITY

Salary mapping for 2020, did not show any unequal pay differences between women and men for comparable occupational groups. Woman and man have the same opportunities for wage development at FrontPac AB.

For parents leave both men and women can combine work and parenting. The company works to allow both mother and father to take out parental leave. With anticipation and planning, there is no obstacle to being at home with children.





LEAVE NO ONE BEHIND

The key word for global goals is "Leave No One Behind". Goal 10 highlights the importance of participating in a society where no one is left out.

At FrontPac AB, diversity is a matter of course. Employees with different backgrounds and experiences make FrontPac AB a more innovative, profitable and efficient organization.

We want to help reduce inequality:

- we have a workplace for everyone, where everyone's skills are utilized and where everyone can be open with who they are, a human working life
- we promote diversity when recruiting staff with different backgrounds
- we treat everyone with respect and give everyone equal rights and opportunities
- everyone should feel welcome and this applies to both our employees and visitors to our properties
- we listen to and respect each other for who we are and make sure no one is discriminated against
- all discrimination based on race, ethnicity, sex, sexual orientation, age, religion, national origin is prohibited
- we involve each other and benefit from each other's differences

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NATIONALITIES



PROFITABLE GROWTH

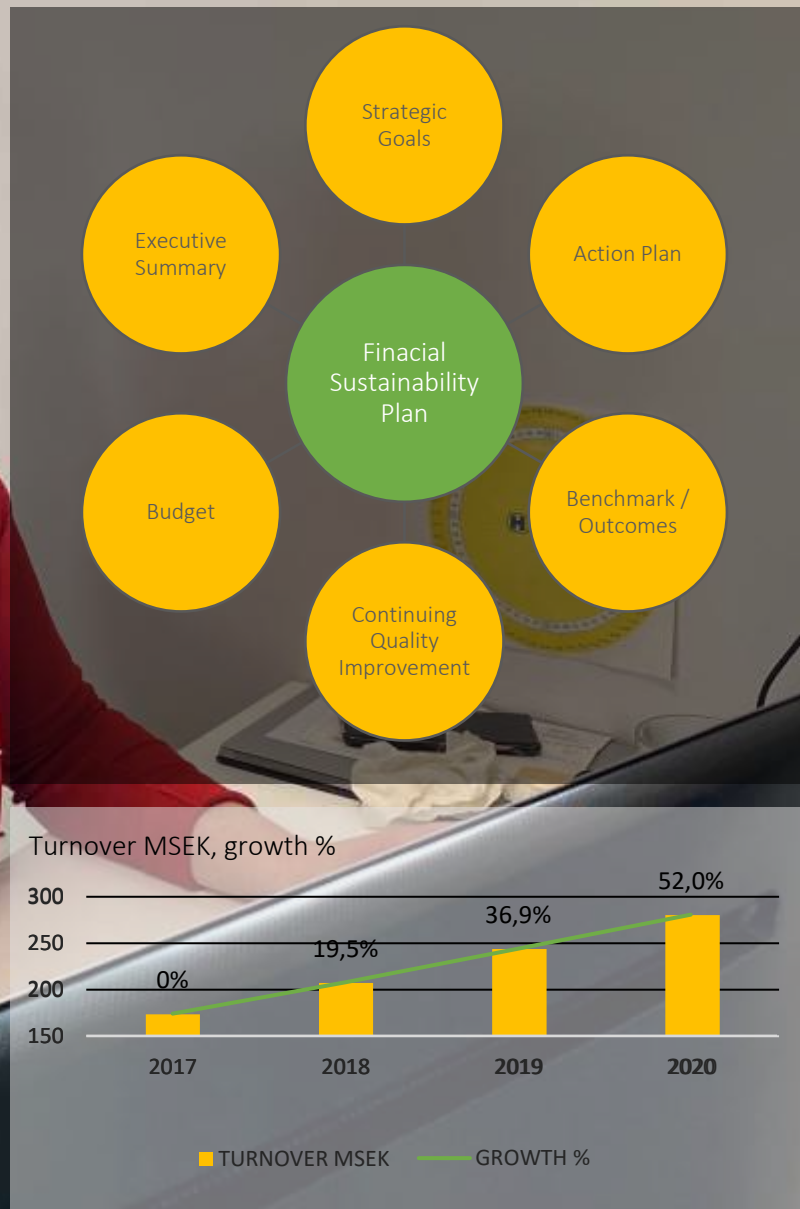
We at FrontPac AB are very proud and happy that we have managed to increase sales by 15% compared to 2019. Our rapid transition during the Covid-19 pandemic outbreak made us successful during the year.

FrontPac AB continues its path of expanding its operations and investing in new machines. Despite Covid-19, FrontPac AB has had a large demand for packaging. SEK 50 million has been invested in new production equipment, including an in-line corrugated board machine, which means a doubling of capacity.

At the same time, a facility is ordered that enables the production of preprinted liner. This means that FrontPac AB can enter markets for everything from e-commerce packaging to more transport-oriented corrugated packaging. The machines will be put into operation at the beginning of 2021. This will bring prosperity, create jobs and make sure that we build stable and prosperous societies.



FINANCIAL DEVELOPMENT



FINANCIAL RESPONSIBILITY

Frontpac AB is an important player in creating a long-term sustainable society by increasing the pace of innovation and growth for our customers. During 38 years, we have helped our customers grow, something we are very proud of.

Front Pa
Creative Packaging Ser

