

**CORPORATE  
SOCIAL  
RESPONSIBILITY  
REPORT 2018**



And Gender distribution in Management

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## Introduction by the CEO

Danapak Flexibles A/S (Danapak) has for many years worked systematically with Corporate Social Responsibility. In years before 2014 we were part of the CSR reporting of the Arla Group being a subsidiary of (Ultimately) Arla Foods AmbA.

This Corporate Social Responsibility report will be the fifth report prepared for Danapak. This report is to be seen as an integrated part of Management's review in the Annual report 2018 according to act no 99a in the Danish Financial Statements Act.

We continuously strive to reduce the impact of our business to the environment, to reduce and manage waste and pollution to the air, energy consumption, working accidents and absence due to illness.

Thanks for your interest.



Lars W. Hyldgaard

CEO

## Presentation of Danapak

The activities of Danapak are development, production and marketing of flexible packaging products primarily for the pharmaceutical, dairy, tobacco, and food industries.

Danapak is producing and selling packaging materials in plastics, aluminum foil, paper and various laminates with or without printed decoration. Printing inks, lacquers and adhesives can be solvent based or solvent free. Production of such packaging materials demands besides raw materials also energy.

Danapak is located in the city of Slagelse in Denmark. Danapak meet the highest quality and hygienic standards and is certified according to ISO9001, ISO22000 and FSSC 22000. In addition, we are following the GMP guidelines from ISO 15378.

From 2016 Danapak holds a certificate according to the ISO 50001 standard. Danapak has signed an agreement with the Danish Ministry of Energy, Utilities and Climate with commitment to make energy saving initiatives and/or energy saving investments.

The Danish Authorities has announced a permit for the site in course of "*Miljøbeskyttelsesloven §41b, Lovbekendtgørelse nr. 1757 af 22. December 2006*"



## Our business model & CSR structure

Danapak is producing packaging materials, which needs to fulfil a wide range of requirements:

**Protect and preserve:** It should protect the product against damage eg. dirt, light and oxygen. It shall be functional in relation to Childproof and senior friendly opening, have high tear- and puncture strength and provide tamper evidence. It should allow products to be transported and stored in safety. Good protection reduces food wastage.

**Attract and sell:** Packaging needs to be attractive to consumers as well as providing important information such as product usage, ingredients, shelf life and disposal of packaging.

**Innovate and safeguard:** Technical innovation means that packaging material can be reduced, recycled or replaced. It involves taking responsibility for the future of our planet to find renewable resources and making the necessary changes throughout the packaging life cycle.

Our business impacts society in various ways and through our business model, we promote sustainable development. We create jobs in the local community and run a transparent and resource efficient business.

The corporate social responsibility (CSR) of Danapak is based on our:

- Code of conduct
- Mission
- The values of Danapak
- Five pillars of sustainability (Recycling, Replace, Reduction, Renewal & Responsibility)
- Instructions and guidelines

The contents of the individual areas are elaborated on in separate policies and in Danapak's Code of Conduct. Each manager is responsible for embedding our Code of Conduct in our culture and business and every colleague plays an important role in the implementation.

We have a special focus on Human rights, Employment rights, Environment, climate and Anti-corruption.

Danapak systematically measures the external environment (energy consumption and waste) and the internal environment (working accidents and sick days, workplace conditions). The result of this year's follow ups/measures have been included in the schedule of results on page 17.

## **Human rights**

### **Policy**

On a continuous basis, Danapak will ensure that human rights are complied with including that no differential treatment takes place due to gender, race, skin color, religion or faith, political opinion, sexual orientation, age, disability, ethnic origin or nationality. We want to ensure a workplace characterized by mutual respect and trust, promoting equal opportunities allowing colleagues to live up to their full potential.

Our Works Councils help secure workplace decisions are made in the best interest of both colleagues and company.

### **Impact on society**

We recognize our responsibility to respect basic human rights in the workplace and to contribute to sustainable societal development. We want to ensure that both current and future colleagues are treated in a fair non-discriminatory manner, which will in turn support prosperous societies.

### **Impact on Danapak**

We respect human rights in the workplace by ensuring an open inclusive dialogue, taking the perspectives and innovative approaches of people with diverse backgrounds into account. This approach mitigates significant business risks to Danapak as well as the risk of legal actions and reputational damage.

### **Measurement**

The above mentioned is verbalized by Management to the employees once a year through information meetings.

### **Result**

We can confirm that Management for this reporting year has had no knowledge of any cases of violation of human rights.

## **Anti-corruption & Bribery**

### **Policy**

No person within Danapak may encourage or accept any kind of bribery, receive or give presents of a higher value in an attempt to influence business partners in order to achieve unlawful advantages. We want to conduct our business in a honest and ethical manner. Gifts and hospitality to and from third parties are controlled by rules.

### **Impact on society**

Bribery and corruption present risks to societies by undermining trust in public institutions and the mishandling of resources. Where funds and priorities are diverted to activities that will benefit corrupt individuals, fair competition is undermined.

### **Impact on Danapak**

Any kind of involvement in bribery or corruption would present risks of heavy legal fines and loss of business opportunities. A finding of involvement in bribery would be damaging to our reputation and impacts the business environment.

### **Measurements**

The abovementioned is verbalized by Management to the employees once a year through information meetings.

Payments fulfill the 4-eye-principle meaning the approval of two people. No payments will be performed without a valid and approved invoice.

### **Result**

We can confirm that Management for this reporting year has had no knowledge of any examples of corruption or bribery.

## **Gender Distribution in Management**

### **Policy**

Danapak aims to fill leader jobs on basis of competences and qualifications needed that will add value to Danapak on short term as well as on long term basis.

Danapak will direct its attention to talents of the underrepresented gender who have the desire and abilities to pursue a wish of a specialist or leader job. Danapak wants to create an environment where each employee – despite of gender – has equal possibilities for a leader job.



Danapak will always fill a vacancy or a Board of Directors membership with the person who has the better qualifications but aims at a distribution of 40-60% among specialists/leaders as well as in the Board of Directors within the end of 2020.

## Measurement

On a continuous basis, Danapak will measure the number of specialists/leaders distributed by gender as well as the gender distribution in the Board of Directors.

Individual staff development interviews are carried out every 24<sup>th</sup> month. The underrepresented gender is encouraged to make plans for his/her career and to participate in continuing education.

## Result

The Board of Directors consists of 3 members elected by the general assembly, until beginning of 2018 these members were elected solely from their position, the – at any time - CEO and CFO of the Schur flexibles group and the CEO of Danapak. Beginning of 2018 this was changed, and the Board of Directors consists at the time of signing of this CSR report of 2 Male and 1 Female, which means there is an even distribution of gender.

The distribution of gender among the salaried staff in 2018:

	Male	Female	Total	Male In percentage	Female
Management group	6	1	7	86	14
Leaders	11	4	15	73	27
Specialists	5	1	6	83	17
Other staff	19	18	37	51	49
Apprentices	1		1	100	-
<b>Staff in total 2018</b>	<b>42</b>	<b>24</b>	<b>66</b>	<b>63</b>	<b>37</b>
<i>Staff in total 2017</i>	<i>43</i>	<i>24</i>	<i>67</i>	<i>63</i>	<i>37</i>
<i>Staff in total 2016</i>	<i>42</i>	<i>25</i>	<i>67</i>	<i>63</i>	<i>37</i>

Danapak spend 0,2 million DKK on external education in 2018 (2017: 0,3 million DK). Expenses for internal training has not been calculated.



## **Child labor**

### **Policy**

Danapak wants to avoid any kind of child labor.

Any employee at Danapak must be of the age of 15 or older.

### **Impact on society**

Child labor is, generally speaking, work by children that harms them or exploits them in some way - physically, mentally, morally, or by blocking their access to education.

### **Impact on Danapak**

It would be a violation of Danish law to employ children under a certain age. Danapak would risk a fine and a reputational risk. It would also pose a business risk, as we are contractual obliged by several customers not to employ children.

### **Measurements**

The abovementioned is verbalized by Management to the leaders and the HR department is focused on this. All employee contracts have to be signed by Management, which ensures this.

On regular basis, we perform audits at our suppliers to ensure, their compliance to this policy.

### **Result**

We can confirm that no employee is under the age of 15.

We did not find any breaches to this policy at our suppliers during audits.

## **External environment, climate, energy and Co2**

### **Policy**

Danapak is supporting the work for sustainable development and is also on the environmental area acting responsible for the benefit of the climate.

Danapak complies to all national and international environmental legislation and rules for the internal and external environment in the countries in which we operate.

Danapak strives to have a safe, healthy and good working environment which meets the high expectations of our employees and the local society.

Danapak strives to use the most rational processes having a minimum consumption of energy, raw materials and auxiliary materials within reasonable technical and economical frames.

Danapak is working targeted to minimize the use of products which have a negative impact on the environment, climate or on the employee's health. Where ever such products are unavoidable, we strive to handle them with absolute focus on safety and waste handling.

Danapak is striving to recycle waste. All waste from production is being sorted at the source and send to recycling where ever possible. Waste paper from the offices are also sorted and recycled.

During the production of Danapak's products solvents will be sucked out through the ventilation system and into an incinerator, where the solvents will be heated and burned. This process is controlled and almost no solvents are emitted to the air.

Danapak invested in a system to distillate solvents used for cleaning of cylinders and re-use the solvents.

Danapak always takes reduction of energy consumption and noise and safe working environment into consideration when investing in new equipment.

### **Car fleet**

Danapak is leasing the car fleet through a leasing Company. A company car is renewed every fourth year or with a high mileage even sooner. This means there are no old cars in the fleet. Since the automakers become still better at developing environmental friendly cars, we find it best to renew the fleet in a four year schedule.

### **Impact on Society**

The use of energy, water and raw materials in processing risk contributing to climate change, depletion of non-renewables resources and air- and water pollution. Waste related to our business both at customer and at consumer level cause multiple environmental impacts.

## **Impact on Danapak**

Climate change, water stress and malfunctioning ecosystems are threats to our supply chain and to our customers. Not addressing environmental and climate challenges pose reputational risks as well.

The Danish Authorities has announced a permit for the site in course of "*Miljøbeskyttelsesloven §41b, Lovbekendtgørelse nr. 1757 af 22. December 2006*" the permit sets out terms for the impact on certain parameters, not complying to this risk the permit to be withdrawn and the business will be closed.

## **Measurements**

During the development phase and in construction of new packaging materials and in optimizing existing products Danapak is working closely with our customers with the aim to reduce material consumption and secure safety and durability of our customers products through a high quality of the packaging material.

We provide solutions for our customers, that will replace or reduce the use of raw materials such as aluminum or plastic film.

Through innovation, Danapak and our partners have invented a special film to be used to produce district heating from solar power at lower costs than the traditional solar fields. This will in the years to come reduce Co2 emission.

Energy consumption and waste are monitored on a continuous basis. An extra number of electricity meters have been installed on specific equipment in order to provide more detailed information on where the electricity consumption have an opportunity to be reduced. This has been followed closely during 2018 with the aim to reduce the overall consumption.

During 2017 and 2018 part of the ventilation system was upgraded in order to save energy.

Beginning of 2019 a new printing machine will be installed to replace older machinery. This machine is expected to reduce waste, solvents and energy.

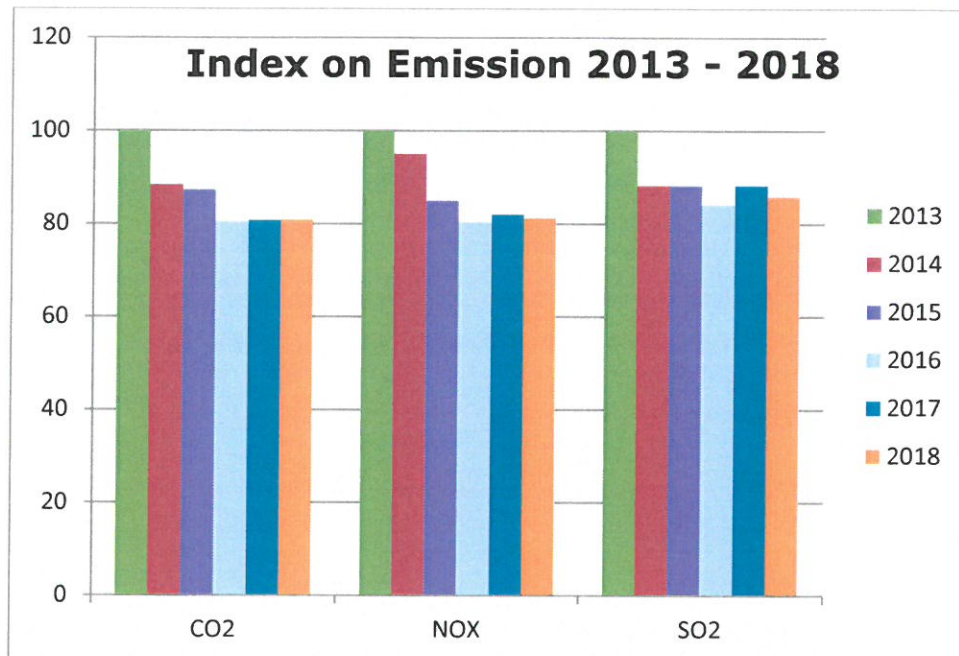
## **Results**

The result of this year's follow ups/measures has been included in the schedule of results on page 16.

Danapak is rated as "Silver" ranking with the company Ecovadis for the efforts on environmental issues. In 2017 the ranking was "Gold", Ecovadis has changed the ranking system, making the "Gold" even tougher to reach. The Silver ranking for 2018 does not imply, we have lost points.

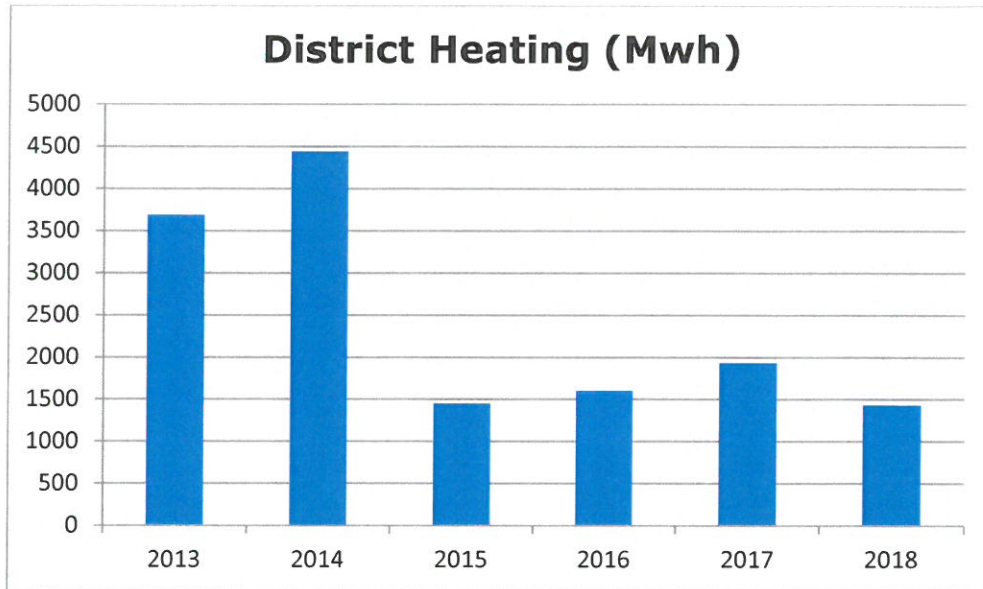


Even the level of production in 2018 was higher than in 2017 the electricity consumption was marginal lower. The use of Natural gas declined by 1,1%. However the higher level of especially solvent based laminates increased the use of solvents by 9,3%.



End of March 2015 production on the site in Horsens was moved to the site in Slagelse. As consequence of this the total use of district heating has been reduced significantly.





Throughout the organization there is high attention to the sorting of waste. Waste is split in different fractions at the source and a majority of the waste (2018: 100%, 2017: 100%) is recovered.

#### Waste:

	Unit	2013	2014	2015	2016	2017	2018
Hazardous waste for recovery	Ton	122	126	141	161	151	136
Non hazardous waste for landfill	Ton	10	10	28	14	0	0
Non hazardous waste for recovery	Ton	2.135	2.004	1.566	2.003	2.079	2.410

In 2018 an old printing machine was taken out of service and scrapped. The increase in "Non hazardous waste for recovery" in 2018 is caused by this machine.

## **Internal environment, Health & Safety**

### **Policy**

Danapak aims to be a company with good working conditions for the employees, with high focus on the internal environment and the well-being of the employees.

Danapak aims to minimize the potential physical and mental impact from the working environment to the employees through systematically preventive work and by developing new and better ways of production methods.

Danapak has a constant attention to the "near-by" accidents and implement corrective actions to avoid actual accidents to happen. Our overall ambition is to provide all colleagues with safe and healthy working conditions.

### **Impact on society**

We offer a large variety of jobs. One part of our license to operate is our ability to ensure safe and healthy working conditions.

### **Impact on Danapak**

Not safeguarding the health and safety of our colleagues poses a business risk to Danapak in terms of loss of efficiency, profitability and the opportunity to attract competent colleagues. The ultimate risk related to safety is serious injuries and fatalities, which poses business risks such as legal action, reputational damage and loss of license to operate.

### **Measurements**

At Danapak we are working continuously with workplace assessments, employee interviews, fire protection and first aid training as well as education is an important factor in having a good working environment.

The well-being of our employees is important and the employees are invited to conversations regarding absenteeism with the aim to help the employee back to work and to avoid the job being the reason for the absenteeism.

Danapak provides a healthcare insurance for the staff, where a treatment guarantee will help an employee to fast and competent treatment and a quick recovery.

Danapak encourages the employees to participate in sports or Fitness. Danapak supports the employees who participate in e.g. "DHL stafetten" an event where a group of employees are running 5 kilometers each. This event is very popular amongst the employees and every year more employees are participating. It is not just a sports event but also a social event that contributes to a good working environment.

Danapak monitors not only accidents but encourage the employees to report every “near-by” accident. Reports on each event are analyzed carefully and corrective actions are implemented when possible. It is the analyses and the corrective actions which reduces the number of accidents.

## Results

Accidents and “near-by” accidents 2018 Targets and status:

<h3>Accidents barometer</h3> <p>Accidents without absenteeism</p> <ul style="list-style-type: none"> <li>Squeezing</li> <li>Squeezing</li> <li>Electric shock</li> <li>Hit by (something)</li> <li>Hit by (something)</li> <li>Cut injury</li> <li>Cut injury</li> </ul> <p><b>7 accidents</b> (2017: 17)</p>	<h3>Near-by Accidents</h3> <ul style="list-style-type: none"> <li>Risk of personal injury</li> <li>Risk of personal injury</li> <li>Risk of personal injury</li> <li>Hit by (something)</li> </ul> <p><b>4 near-by accidents</b> (2017: 19)</p> <p><b><u>Target: number of near-by accidents &gt; 3 per department</u></b></p> <p>It is the analyses and the corrective actions on the Near-by accidents, which reduces the number of accidents.</p>
<h3>Accidents barometer</h3> <p>Accidents with more than 1 day absense</p> <ul style="list-style-type: none"> <li>Squeezing</li> <li>Squeezing</li> <li>Cut injury</li> <li>Cut injury</li> <li>Hit by (something)</li> <li>Hit by (something)</li> </ul> <p><b>6 accidents</b> (2017: 9)</p> <p><b><u>Target: number of accidents with absence &lt; 4</u></b></p>	



## Contribution to society

Danapak is contributing to the society in various ways.

Danapak has made commitment to the local "Jobcenter" and has signed a "Partnerskabsaftale". Thereby committing to make effort to help people who in various ways are having difficulties to maintain or getting a job or who are on the way back from longtime illness.

During 2018 Danapak employed 2 refugees in cause of the program "IGU Integrationsgrunduddannelse". A program which will help refugees get integrated in the Danish society and help improving language and skills.

Danapak has for the last 3 years hosted a project with "Danmarks Tekniske Universitet" (Technical University) on an Industrial Ph.D study on "Extrusion coating of self-cleaning nano-structures- XNano". The project was successfully completed in 2018. The project was supported by Innovationsfonden.

Danapak supports the programme "InterForce". A cooperation between the National Danish Defense and private companies to support the work of the volunteers in the National Danish Defense.

It has for many years been accepted that employees who are a blood donor may use working hours while donating blood.

Danapak decided in 2018 to grant a donation to the organization "Kirkens Korshær (Slagelse)". The donation will support the organization in their work to help homeless citizens in our local community to get a free meal, free clothes, a place to sleep and someone to talk to. The homeless citizens might, with a little help, be future employees at Danapak.



## Data overview

### Emission 2018

	Use:	Unit	emission of CO2:	emission of NOX:	emission of SO2:	Unit
<b>Combustion of solvents</b>						
Total combustion of solvents (re-used for heating)	649.280	kg	1.288,2	1,79	-	ton/year
<b>Direct emissions</b>						
Naturalgas	560.393	m3	1.224,5	0,94	0,01	ton/year
Gasoline (transport):		liter				ton/year
Diesel (transport):	35.054	liter	92,9	1,05	-	ton/year
<b>Indirect emissions</b>						
Electricity	8.474	Mwh	4.233,6	3,85	1,31	ton/year
District heating	1.435	Mwh	175,1	0,50	0,14	ton/year
Heating from combustion of solvents	1.310	Mwh				
<b>Total:</b>			<b>7.014,1</b>	<b>8,13</b>	<b>1,46</b>	<b>ton/year</b>

2018	7.014,1	8,1	1,5
2017	7.001,4	8,2	1,5
2016	6.976,2	8,0	1,4
2015	7.574,3	8,5	1,5
2014	7.668,2	9,5	1,5
2013	8.673,8	10,0	1,7

<b>Index</b>	CO2	NOX	SO2
2018	80,9	81,3	85,9
2017	80,7	82,0	88,2
2016	80,4	80,4	84,1
2015	87,3	85,0	88,2
2014	88,4	95,0	88,2
2013	100,0	100,0	100,0