

# Corporate social responsibility at Flextrus

**Flextrus is committed to conducting its business in an ethically, socially and environmentally responsible manner. We aim to contribute to the positive development of the communities in which our products are used – as well as those in which we conduct our operations. Flextrus continually strives to improve and develop our corporate responsibility performance and have established values, policies and guidelines to support our daily operations.**

## **Background**

Our initiatives are based on our core values of closeness to our customers, sustainability, competence and innovation. We endeavour to include sustainability reporting in our management systems and continuously work on further automating our data gathering and analysis.

Our approach to corporate social responsibility entails closely and continuously monitoring our affect on the planet and society through:

Our people - Our products and processes - Our profits





## Our people

The skills, experience and commitment of Flextrus employees are a crucial factor of our sustainability. We aim to support our people to improve their skills to achieve mutual goals within a safe working environment.

## Stimulating a strong corporate culture

Flextrus management takes an active responsibility in developing and maintaining a corporate culture in which our employees are empowered to deliver high performance for our customers and other stakeholders. In part, we do this by ensuring our people are aware of our long- and short-term goals as how to perform their work according to relevant requirements. On-line information (Intranet) of internal Key Performance Indicators (KPIs) are two routines that help reinforce these ambitions.

## Skills and career development

Recruiting and retaining skilled, motivated and well-qualified employees is of critical importance to our company. This is why we strive to ensure all our people enjoy the opportunity for stimulating work that offers scope for development in line with our company's intentions.

We operate a variety of training initiatives to support the development of our employees' skills and careers. Initiatives include enhancing employee engagement and development, functional training for operations and sales, leadership training, new hire orientation training and more. Flextrus University, sponsored by our own employee-owned training fund (the HC-Foundation), is our on-going skill-set development programme. Its aim is to familiarize employees with the company's goals and tasks whilst serving as an internal training and development program. We offer our people education covering products and technologies as well as individual skill-set development plans. The average number of training sessions increased to 5.2 per full-time employee in 2009 (2008: 3.2).

## Employee welfare

Flextrus, its management, teams and individuals are all responsible for ensuring proper activities and measures are in place to safeguard employee welfare via safe, clean and supportive working environments. In part, our occupational health and safety ambitions are to:

- establish and maintain positive physical and mental working environments,
- promote employee health both over the short- and long-term,
- promote safe operating routines amongst and between our employees, suppliers and customers.

To reflect the importance of employee welfare, we have set an ongoing target of zero health and safety accidents and zero occupational illnesses. Our comprehensive reporting procedures to identify and rectify hazards lead to an ever-increasing focus throughout the organisation on safety related matters. All Flextrus employees are provided with health and safety training and education. We measure the frequency of injuries and actively record and take actions on 'near misses', i.e.: incidents that could have resulted in an injury. We will continue to strive for zero accidents in all our businesses.

## Multicultural diversity

Flextrus benefits from being a multicultural organisation and takes pride in actively fostering diversity. We strive to employ a mix of cultures, ages and sexes throughout our company. As a reflection of this, in 2010 our staff possessed native and strong secondary language skills in over 15 languages. At present, one of the means in which we measure diversity is by the ratio of male to female employees. This ratio has been increased by 15 % from 2007 to 2009.





## Ethical conduct

We recognise that we will only achieve our objectives by conducting business in an ethical manner. The Flextrus Company Policies and Guidelines provide us with clear moral and ethical guidance in how to conduct business and achieve results in an appropriate manner. Its cornerstones are:

- Always complying with local and international legal and regulatory requirements
- Conducting business through strong ethical rules for:
  1. Proper use, protection and conservation of Company assets and resources
  2. Information security on public and confidential levels
  3. Integrity of Company information and records
  4. Ensuring fair business by dealing with corruption and bribery
  5. Contact with customers, suppliers, competitors, government officials and other external parties
  6. Reporting inappropriate, unethical or illegal behaviour

## Our products and processes

We place great importance in manufacturing and distributing our products in a manner that has the minimal impact on the environment and enables sustainable business practices.

## Extrusion technology

Extrusion technology is a highly efficient and clean technology. No solvents, adhesives or isocyanates are used in the manufacture of our extruded products. We source only clean raw materials which require minimal amounts of additives prior to production. Our process decrease energy demands thanks to direct extrusion casting, coating as well as lamination and eliminate the need for any extra adhesive lamination steps. As important, our deep knowledge in extrusion technology allows us to optimise material usage through multi-layer structures built up of individual microns of polymers.

## Flexo technology

Our advanced flexo technology ensures superior graphic reproductions, print quality, excellent service, optimised logistics and less use of resources for printing. Since focusing our Lund site on flexo printing processes in 2008, we have substantially lowered energy consumption for printing. This has also enabled us to achieve a 20% reduction in solvent usage. We offer high definition (HD) flexo printing to deliver new benefits to customers. These include printing of smooth vignettes, greater brilliance; high line counts (175 lpi – 220 lpi) as well as conversion of print process without any file changes. Our facility in Halmstad already offers HD flexo printing and our site in Lund is in the final validation phase.

## Our packaging products

Flextrus strongly believes that good packaging must save more than it costs to make. Well-designed packaging saves resources by minimising waste of the packed product. Using our down-gauged, renewable and recycled raw materials in an optimised process results in thin, tight and light packaging with minimal waste. Importantly, our flexible packs typically weigh just a fraction of traditional packaging alternatives. Their low weight alone saves resources and offers our customers significant economic savings during transport and waste handling.

## New packs from renewable sources

Flextrus actively works with customers to increase the amount of renewable materials present in their packaging. This typically involves conversion from other, less environmentally sound packaging alternatives. Some of our recent examples of our work include our paper-based packaging solutions, like Paperlite®, Foilbond®, Fibrecote® and components for Cekacan-packs. As an example, Flextrus PaperLite® can reduce CO2 emissions by 85% compared to traditional plastic-based (APET/PE) trays. All of our paper-based materials are sourced from sustainable forests. PaperLite® is FSC-certified for sourcing and manufacture.



### Plastics from recycled resins

In plastics, we use a variety of polymer resins. The main resins we use are polyethylene (PE), polyethylene terephthalate (PET), polypropylene (PP) and polyamide (PA). Without plastics, overall packaging consumption would increase by 291%, leading to an increase in manufacturing energy of 108% and volumes of waste by 158%\*. With the development of technology, plastic packaging is lighter and stronger than ever before. We reduce raw material need by making thinner and lighter products and eliminating waste. Thanks to the lightweight of plastics, fuel consumption emissions are also reduced in the transportation of our customer's products.

\* Source: Gesellschaft für Verpackungsmarktforschung 1991, Germany

Increasingly, we are able to use recycled resins — from 3,1 % in 2008 to 4,0 % in 2010. One example is Flextrus HiLite mono. Based on chlorine-free raw materials, it contains up to 50% recycled PET (rPET) and is manufactured in an optimal process for minimised usage of resources. It is a mix of recycled industrial and consumer packaging material from certified and approved sources which is always surrounded by a layer of virgin PET to ensure performance like a material made only from newly produced resins.

### Chemicals

Chemicals are a necessary part of packaging. We substantially lower use of chemicals thanks to Flextrus sustainable business focus. The number of chemicals required decreased by 20% from 2007 to 2009. We continually convert to more environmentally- and user-friendly substances. All Flextrus materials are registered with REACH and are free from:

- Bisphenol A
- DEHP
- Melamin
- 4-methylbenzophenone (also known as 4MeBP), Benzophenone and Hydroxybenzophenone

All our medical paper-based materials are manufactured from elementary chlorine free pulp without additional artificial brightening agents and fulfil the requirements for FDA 21 176.170, BgVV A Empfehlung XXXVI and EN 868.

### Production and supply processes

We ensure that the manufacturing and supply of our products has the minimal environmental impact. We do our utmost, in conjunction with our main stakeholders, to separate inevitable waste from our operations and ensure final products are recycled. No production waste is put on landfill.

### Our CO2 footprint

Our CO2 footprint is a key indicator for the environmental performance of our manufacturing activities. We have set objectives to continuously reduce our CO2 footprint as well as track and trace each contributing factor, such as energy and transport. Our target is to achieve a 25 % reduction of CO2 emissions by 2020. Thus far, we have focused on:

- Minimising energy consumption
  - Natural gas consumption reduced by 10% last year thanks to technology focus in our Lund site and fewer areas to heat
  - Insulation of office buildings and choice of lighting technology
  - Continuous activities to change human behaviour
  - Efficient extruder and print press start-up and run patterns
- Optimising transport efficiency through pack optimisation, reducing transport distances and the need for airfreight
- Rebuilt our Lund site to improve internal logistics
  - Reduced plant area by 50% to 25,000 efficiently used sqm
  - Reduced need for forklifts for internal transport by 35%

### Energy

Climate change is an area of global concern and Flextrus is committed to improving the performance of our production facilities in energy efficiency. In general, each of our facilities set and monitor targets to reduce consumption. We have recently adapted a new means of measuring our energy consumption and will provide further information in the future.

### Emissions

Emissions are an unavoidable consequence of production. As a minimum we comply with all local regulatory minimum requirements. We also seek to reduce, further abate as well as closely monitor our air emissions beyond minimum levels. Our main emissions include:

- Carbon dioxide (CO2) from the energy that we use to power our processes, to heat, cool and light our facilities, and by the fuels that power the vehicles used to transport our products
- Volatile organic compounds (VOCs) from our production and cleaning processes

Our business areas conduct long-term activities to reduce emissions into the air from our manufacturing facilities. Programmes are in place to remove, reduce and control these emissions wherever possible. Examples include incineration of plastic smoke and residual solvents for recycling.



## Planet and society

### Food waste

Consumers view packaging and packaging recycling as a major aspect of environmental issues. It is an emotional subject: people complain of excessive packaging, even though research suggests that under-packaging can be more detrimental in terms of wasted energy and resources from ruined goods. Contrary to popular belief, effective packaging keeps prices down, reduces costs for transport, distribution, storage and retailing and, above all, decreases wastage.

Well-designed packaging reduces environmental impacts by minimizing the amount of spoiled food. In a typical Modified Atmosphere Packing containing 400g minced beef, for example, the actual packaging material represents just some 2% of the total CO<sub>2</sub> emissions. The transition to MAP packaging for minced beef by supermarket chains and other stores over the recent years has extended the shelf life of minced beef from one day to eight days. Another example is packaging of fresh vegetables in permeable films, which can extend sustainability from one to seven days. Decreasing food wastage is of major importance when seen in the context of figures from the WTO. Their studies show that, today, some 622 million tons of food is produced per year. Of this, some 245 million tons - or 40% - is thrown away. On average, that amounts to 71 million tons per year per household. The environmental affect of this is that at least 157 million tons of CO<sub>2</sub> equivalents for non-used food as well as large quantities of methane. That is the equivalent of emissions from five cars.

### Packaging waste management

Solid waste is a key environmental issue and packaging waste reduction is a high priority at Flextrus. By volume and weight, globally all packaging from all sources is around 7% of total landfill waste. In this context, it is not a major waste disposal problem. Even so, manufacturers place an increasing emphasis on reducing the amount of packaging going to waste. They do this by cutting the amount of materials used and, where appropriate, by recovering used packaging.

Where material recycling is not possible, the most efficient method of disposing of used plastic packaging is incineration with energy recovery. This is reflected in the EU recycling target for plastics, which is 22.5% of all plastics compared with 50% for metal and 60% for glass. Modern waste-to-energy facilities burn municipal solid waste and use the resulting heat energy to generate steam and electricity.

### Waste from our production

The level of solid waste from our production processes has fallen year-on-year in relative terms over the recent past. By optimising the manufacturing of our products, we have successfully reduced the amounts of waste being

created per tonne of production to generate the minimum amount of waste from production processes. And we ensure that what is left is recycled wherever possible or disposed of in an environmentally responsible manner. Today no production waste goes to landfill.

### ISO 14001

All our production plants are independently certified to ISO 14001. The ISO 14001 standard assists us in defining the overall structure and requirements of our environmental management systems as well as a representing a tool for our production facilities to conduct operations in a systematic manner to improve our environmental performance.

### Community relations

Flextrus believes that taking an active role in the communities we live and work in supports our business. The purpose of our community activities ranges from ensuring the Company has proper licences to operate, improving community relations, reducing security risk and assisting in employee recruitment and retention. Some of the community development initiatives Flextrus participated in during 2009 include:

- Developing technical and economic programmes for students from the University of Lund. Some 100 technical students participated in special programs to introduce them to our operations.
- Offering more than 70 local engineering students work experience and employment opportunities every summer. This assures us of a continuous inflow of new knowledge and new stimuli at the same time as the students gain highly valuable work experience.
- Participation in number of trade and industry organizations and groups, including:
  - Normpack, for internal control of materials and articles intended for use in contact with food
  - Miljöpack, which helps companies comply with construction and environmental demands on packaging
  - Chamber of commerce
  - Numerous branch organisations, i.e.: Sterile Barrier Association, Packbridge, Sweflex, etc.

