



Sustainability report 2022

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In 2022, we submitted our Scope 1, 2, and 3 carbon emission reduction targets for validation by the Science Based Target initiative

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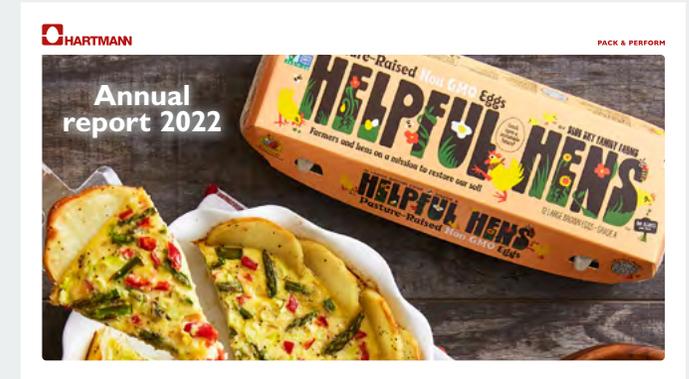
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About the sustainability report

This sustainability report is part of Brødrene Hartmann A/S' annual report covering the period 1 January – 31 December 2022. The report ensures compliance with section 99a, 99b and 107d of the Danish Financial Statements Act. With regards to reporting of all nonfinancial KPI's, the activities in Russia will remain included until a sale is realised. In the preparation of the report, we have focused on identifying and reporting on relevant stakeholder concerns and the context and materiality of our efforts as well as presenting a comprehensive overview of Hartmann's sustainability work. We aim to continuously develop and improve our approach, welcoming any feedback from our stakeholders.

Other reports



> Annual report 2022

Read more about our financial and operational performance and results

> Corporate governance report 2022

> Remuneration report 2022

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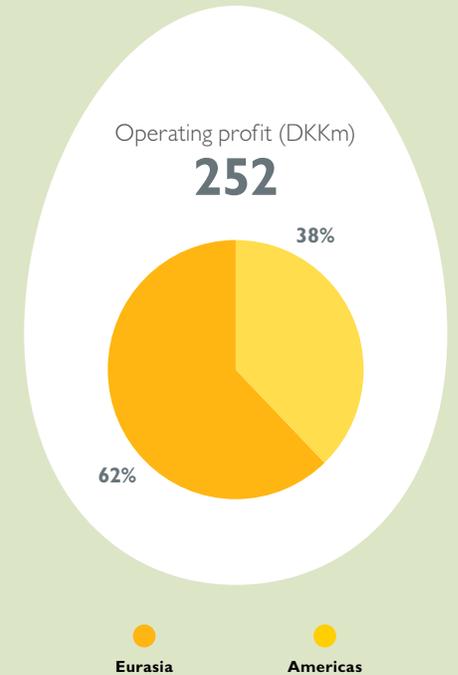
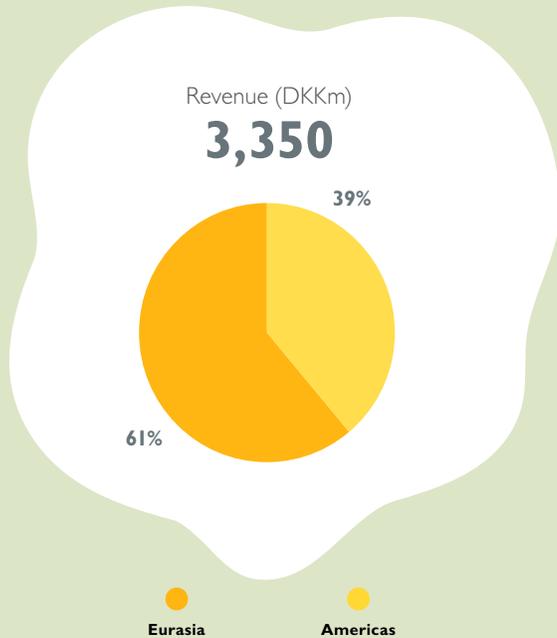


Our sustainability profile



Hartmann at a glance

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging and a market-leading manufacturer of fruit packaging in South America and India. The group is also the world's largest manufacturer of technology for the production of moulded-fibre packaging. Founded in 1917, Hartmann's market position builds on its strong technology know-how and extensive experience of sustainable moulded-fibre production dating back to 1936.



Sustainability highlights

Share of recycled paper

98%

2021: 100%

CO₂e emissions Scope 1-2, up

1%

from 2021

Injury rate, LTI-FR

6.3%

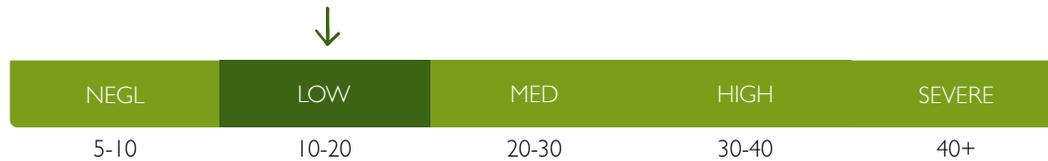
2021: 6.8%

Water usage, m³ down

12%

from 2021

2022 ratings



Lower risk score is better.



Low relative performance

High relative performance

Commitments



We are committed to the **UN Global Compact** and company relevant **UN SDG's**

Science-based targets

In 2022, Hartmann submitted near-term Scope 1, 2 and 3 carbon emission reduction targets to the Science Based Target initiative for validation.

50%

reduction by 2030

From a 2021 base, we aim for:

- Scopes 1 and 2: Absolute reduction of 50% by 2030
- Scope 3: 50% relative reduction of carbon emission intensity per kilogram dry matter by 2030



Achievement of these targets require development of new technologies for our machinery.

Enhancing sustainability efforts in an extraordinarily challenging year

In 2022, we continued our sustainability journey, while navigating an extraordinarily turbulent macroeconomic environment. We submitted carbon reduction targets for our full value chain for science-based validation and established a competency centre to develop new energy systems to realise our ambitions. In our markets, customer conversion from single-use plastics products to bio-degradable moulded-fibre packaging continued.

We grew our market share in 2022 despite tough external conditions and benefitted from continued customer conversion from plastic packaging to recyclable and bio-degradable moulded-fibre products, particularly in the Americas. Furthermore, Hartmann continued the collaboration with customers to provide supermarkets and consumers with a greener end-to-end egg offering, promoting moulded-fibre packaging produced from recycled raw materials as a key selling point.

In addition to recycled paper, energy – mainly natural gas – is the most important raw material for producing moulded-fibre packaging. In 2022, Hartmann monitored the supply of natural gas in Europe closely to sustain production in all factories.

We remain committed to be a sustainability front-runner in our industry and reduce our climate footprint. This was underlined by this year's submission of near-term CO₂e emission reduction targets to the Science Based Target initiative for validation. We aim to reduce our absolute Scope 1 and 2 CO₂e emissions and relative Scope 3 CO₂e emissions by 50% by 2030 from a 2021 baseline.

In our industry, significant CO₂e emission reductions – and ultimately becoming a net zero-emission sector – require development of new technologies for our drying ovens and other machinery. We have therefore established a technology competency centre in Denmark focused on energy projects to develop more leading, energy

efficient machinery and processes for moulded-fibre packaging. Consequently, our planned CO₂e emission reductions are mainly expected to be achieved towards the end of our 2030 trajectory. Furthermore, we have established a Sustainability & ESG team with dedicated resources to drive and further anchor our efforts within the business and to strengthen our reporting.

We also maintained our focus on occupational health and safety. We remain committed to reaching zero work-related (category I) accidents, which was achieved in one of our large factories in 2022, and reflected in a continuously declining injury rate, overall. Simultaneously we ensured that our products do not compromise the health and safety of our customers and end-consumers in any way.

Bio-degradable moulded-fibre packaging produced from recycled paper has been the foundation for our business since we started production in 1936. Developing new technologies and including the entire value chain in our work to reduce our total climate footprint is a major step on our sustainability journey, which will require substantial efforts from our organisation and business partners. It will be challenging both in the longer run and near-term as we expect the macroeconomic and geopolitical environment to remain uncertain in 2023 – but it is necessary to act now and drive positive changes.



● ●
In our industry, significant CO₂e emission reductions require development of new technologies.

● ●
Torben Rosenkrantz-Theil
CEO

Moulded fibre sustainability profile

We are committed to promoting bio-degradable moulded-fibre products with superior product features as the better customer choice over single-use plastic packaging, while we reduce carbon emissions and improve workplace safety.

Hartmann's moulded-fibre packaging from recycled materials is part of the solution to reduce plastic waste as we offer consumers a proven and bio-degradable alternative to oil-based, single-use plastic and polystyrene foam packaging.

We are working to accelerate conversion from oil-based single-use packaging solutions to moulded-fibre products, which additionally offer more marketing space, better protection, and hygiene.

An increasing number of consumers across our markets choose moulded-fibre packaging over plastic and polystyrene products, and the global awareness of non-degradable plastic waste in landfills or the oceans is growing.

The shift to moulded-fibre packaging has a favourable sustainability impact according to a 2021

Life Cycle Analysis¹ comparing the environmental performance of moulded fibre and recycled PET egg packaging. The superior performance of moulded fibre is mainly due to the lower climate impact of the renewable and recycled raw material throughout its life cycle. On average, raw material for moulded-fibre packaging can be circulated 3 times more than recycled plastic raw material. At the same time, Hartmann's moulded-fibre egg packaging is fully compostable² in industrial processes, with a 90% degradation rate in 20 weeks.

Moulded-fibre packaging entails significantly lower emissions and usage of non-renewable primary energy. In addition, moulded fibre creates less air pollution (photo-chemical ozone) from toxic incineration and acidification, while also causing less of an impact on waterways and aquatic life.



We will continue to further improve the sustainability performance of our moulded-fibre products through development of our technologies and processes and through our commitment to the Science Based Targets initiative as well as environmental actions.



Recycling facts

Circulation loops raw material³

6 : 2

Moulded fibre

Recycled plastic

Moulded-fibre packaging 90% compostable² in

20

weeks

³ AFRY: Arguementing to win in sustainability for EMFA.

¹ Pöyry Management Consulting: Updated LCA for moulded fibre packaging.

² Certified according to European standard EN 13432

Case

Hartmann inspires German egg farmer to reduce climate footprint

Hartmann customer Hornbrooker Hof is the first carbon-neutral¹ egg producer in Germany. The owner family of Hornbrooker Hof believes that every farmer should strive to protect nature in the long term. To live up to their belief, they run their farm on solar energy and paperless communication to the extent possible, and they choose the shortest possible transport routes for their products.

Their eggs come in Hartmann's imagic2® moulded-fibre packaging and are sold in more than 160 large and small supermarkets throughout northern Germany.

Inspired by Hartmann

Hartmann's egg packaging made from recycled paper kindled the family's idea of reducing the climate impact of their egg production. Hartmann, Hornbrooker Hof and ClimatePartner, a long-standing associate and one of the world's leading climate protection consultancies, collaborated and the thought of producing eggs with reduced climate footprint to match the recycled paper-based packaging was born.

Hornbrooker Hof has become the first carbon-neutral¹ egg producer in Germany.

Hornbrooker Hof has calculated all carbon emissions from egg production and packaging to reduce the footprint where possible. To the extent possible, all unavoidable emissions are compensated for by certified climate protection projects – one in Namibia providing solar energy and one in Brazil conservating forest and nature conservation.



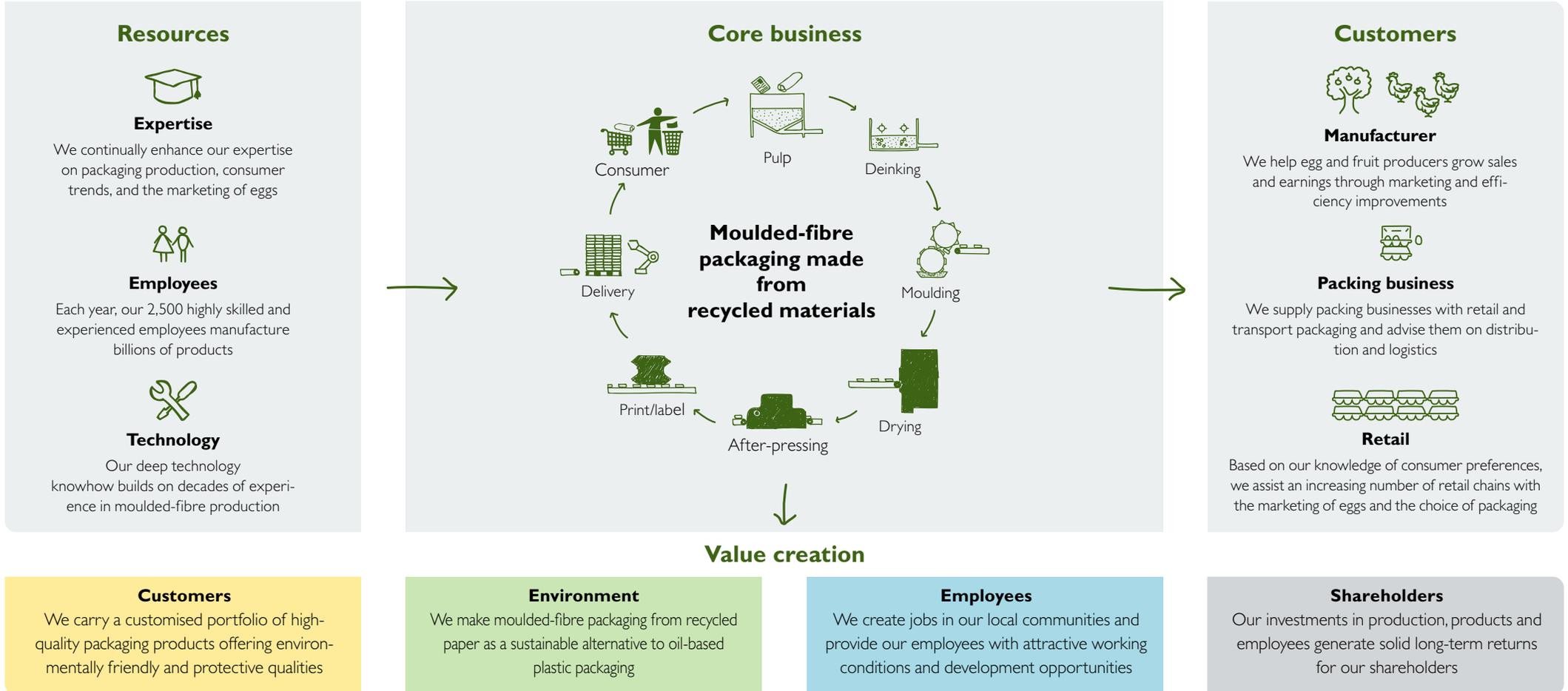
About Hornbrooker Hof

Hornbrooker Hof is a traditional family business founded more than 70 years ago by the Goldnick family and now run by the third and fourth generation.

Their focus has always been on species-appropriate animal husbandry, freshness, and well-thought-out logistics. Besides their own egg production, Hornbrooker Hof works with partners who deliver the eggs produced with similar high standards to the farm to be packed there and sold under the same label.

¹ Hornbrooker Hof's production is defined as carbon neutral according to definitions set by ClimatePartner, the German climate protection consultancy. <https://www.climatepartner.com/en>

Business model



Materiality assessment

We based our sustainability efforts and reporting on a structured materiality assessment conducted in 2021 to identify the impact of Hartmann's activities on our surroundings and consider our development, performance and position in the light of climate change and other societal developments.

In 2022, Hartmann reviewed the 10 ESG issues with a significant potential impact on our stakeholders and business performance, that were identified in a thorough materiality assessment conducted in 2021 based on the double-materiality concept.

Material issues

While all identified issues are deemed important, we continued placing particular emphasis on 5 issues in our sustainability work and reporting as they were considered most important to our stakeholders and our business.

Waste and circularity

The circular nature of Hartmann's business model and products is a key competitive advantage as we offer customers the opportunity to shift from single-use plastic packaging to bio-degradable moulded-fibre products based on recycled paper, enabling reduced downstream waste through recycling of our packaging. The conversion from single-use plastic products represents a significant business opportunity to

Hartmann with a potential positive impact on all stakeholders. We are committed to ensure proper waste management and mitigate our adverse impact on the environment, and ISO 14001 environmental management certificates are maintained at several factories.

Customer health and safety

As a food packaging manufacturer, it is of critical importance that our products in no way compromise the health and safety of our customers and end-consumers. We maintain a relentless focus on monitoring, controlling and testing our production processes and our end-products in accordance with applicable requirements and ISO 22000 for food safety. Furthermore, our moulded-fibre end-products absorb moisture and offer superior hygienic and protective features to single-use plastic packaging.

Occupational health and safety

Safeguarding the health and safety of all employees is paramount to attracting and retaining skilled staff, delivering satisfactory operational performance, complying

Prioritisation of issues



1. Transparency
2. Indirect economic impact
3. Diversity and equal opportunity
4. Water and effluents
5. Anti-corruption
6. Human and labour rights
7. Climate change
8. Occupational health and safety
9. Customer health and safety
10. Waste and circularity

with applicable regulation and maintaining good stakeholder relations. We aim for zero work-related accidents and maintain ISO 45001 certificates for occupational health and safety management at several factories.

Climate change

We have implemented a number of new and better ovens with an improved energy efficiency to reduce the CO₂e emissions arising from the natural gas consumption required to operate industrial ovens to dry moulded-fibre packaging products. We continuously work to lower consumption to reduce our impact on the climate, meet stakeholders' expectations and mitigate the adverse impact of energy consumption on Hartmann's financial performance.

Human and labour rights

Our continued commitment to respect and promote human and labour rights throughout our supply chain across all locations is important to maintain a position as an attractive employer and a good corporate citizen in the local communities.

Other significant issues

- Anti-corruption
- Water and effluents
- Transparency
- Diversity and equal opportunity
- Indirect economic impact

Key stakeholders

We maintained the 5 key stakeholder groups that were identified in 2021 by assessing their direct impact on Hartmann's business as well as their exposure to any positive or negative impact from our operations.

We engage with the stakeholders on an ongoing basis to assess their expectations and identify market trends, and we value their opinion and perspective on our sustainability efforts. We tailor our engagement and communications with

each stakeholder group to accommodate their particular interests and nurture constructive and value-creating relations over the long term.



Customers

We continuously monitor customer satisfaction and strive to assist in improving their sustainability performance through conversion from single-use plastic packaging to moulded-fibre products. We receive input from customers and participate in knowledge sharing about sustainability trends in the retail industry and among end-consumers.



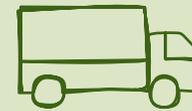
Employees

We cooperate with safety representatives, workers' councils and unions to receive relevant input, continuously improve working conditions and reduce risk in the workplace. Our employees contribute significantly to improving processes in daily operations and to technology development enabling us to lower energy consumption and reduce impact on our surroundings.



Shareholders

We regularly engage with shareholders, prospective investors and rating agencies who are increasingly requesting information about ESG topics as part of the investment process. We have responded to several ESG questionnaires, and Hartmann was ranked 'Low risk' by Sustainalytics and 'Prime' by ISS ESG in 2022.



Suppliers

We maintain close dialogue with our suppliers and conduct supplier audits to ensure that they acknowledge and respect their responsibilities when doing business with Hartmann.



Financial institutions

We have a constructive relationship with our financial partners and maintain ongoing communications to ensure that we provide sufficient and relevant information and data about ESG topics to enable them to comply with increasingly complex legislation and stricter reporting demands.

Environment



How we work

We remain committed to reduce the environmental footprint of our products, both from production as well as from the entire value chain, and we invest in new technologies necessary to reach our ambitions.

Our climate action

We aim to drive positive climate change while strengthening our competitiveness. We are committed to the Science Based Target initiative, and in 2022 we submitted our near-term targets for validation. We are aiming to reduce absolute Scope 1 and 2 and relative Scope 3 CO₂e emissions by 50% in 2030, from a 2021 baseline.

Our manufacturing process is the primary source of CO₂e emissions - particularly the drying of our products after wet-moulding as most of our ovens are heated either through direct or indirect natural gas burning. We have identified significant CO₂ reduction potential in the processes.

Our carbon reduction trajectory is based on this improvement potential which requires development of new energy systems and technologies.

Upgrade to best in class

Since 1936, we have refined our industry-leading technology platform for moulded-fibre production and made significant advances in production efficiency in terms of labour requirements as well as raw material and energy consumption. We continuously benchmark plants and production lines to highlight best-in-class and to rapidly identify improvement potential. We apply these insights by investing in replacement of less-efficient and energy-consuming equipment such as drying ovens, vacuum pumps, and other manufacturing equipment as well as in processes.

Develop new energy systems and technologies

We have intensified our development efforts as we acknowledge that a technological leap is necessary to realise our carbon emission reduction

ambitions. Among others, we have established a new competency centre in Denmark to investigate and mature energy projects as key contributors to reaching our targets.

We continuously evaluate various alternative energy sources, but no viable alternative has been identified to date. We have a clear preference for energy sources that would not require Hartmann to produce energy at scale, but instead allow us to maintain a sharp focus on our core business.



Our KPI's

GHG emissions (Scope 1-3)

Water usage

Energy usage and mix

Share of recycled material

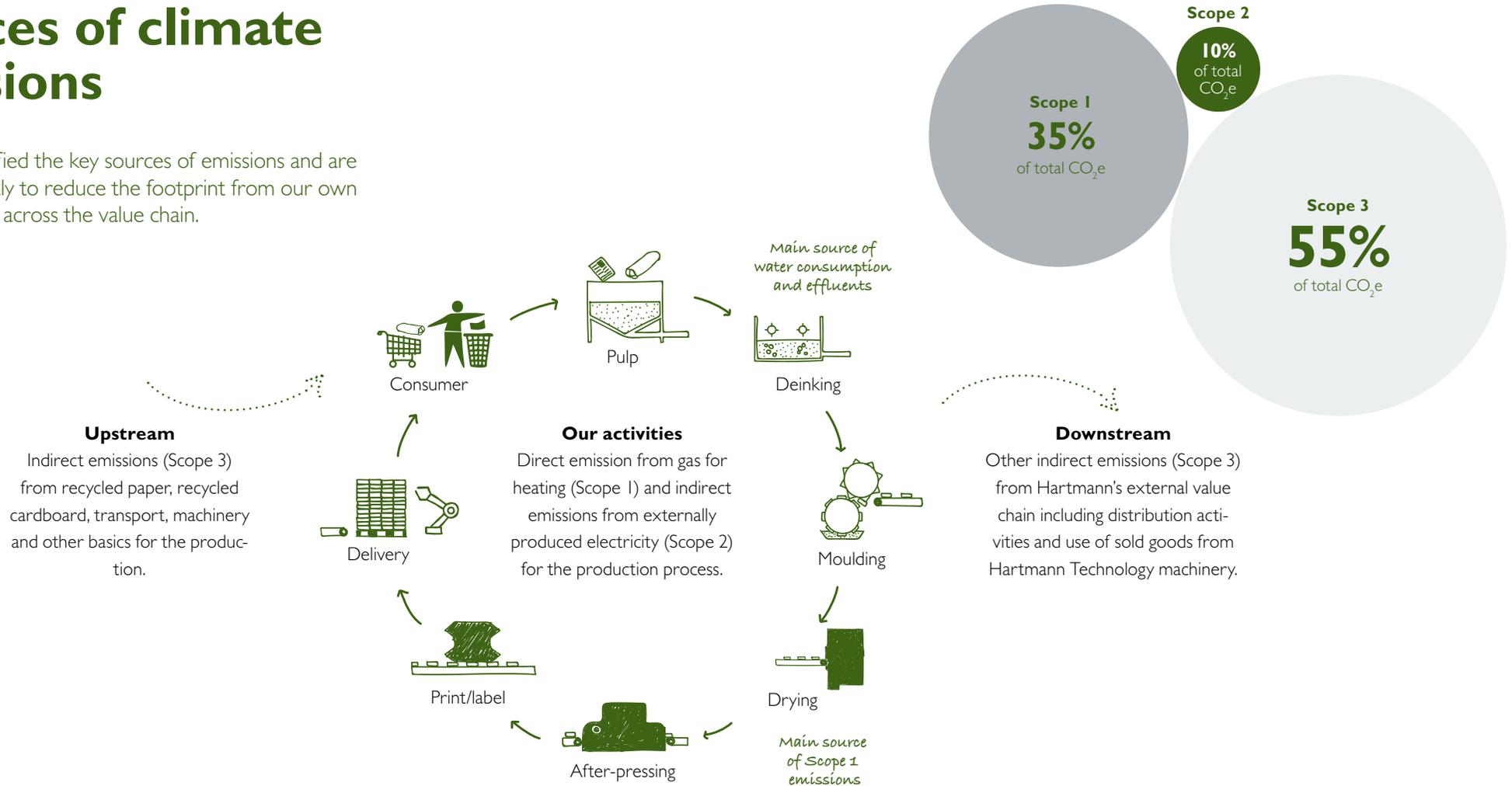
ISO 14001 and 50001 certificates

SDG's



Sources of climate emissions

We have identified the key sources of emissions and are working diligently to reduce the footprint from our own production and across the value chain.





Performance

Energy consumption and emissions

Driven by the European geopolitical situation and energy crisis in 2022, Hartmann monitored the supply of natural gas closely to sustain production in all factories.

At the same time, we submitted our carbon reduction targets for our full value chain for science-based validation, which required an update of our calculation method for the CO₂e emissions. Our method was changed from a cradle-to-gate to a cradle-to-grave approach. Furthermore, it is required that the entire business – and not only selected business activities - commits to a reduction target, and there Hartmann included its Technology business. As a consequence, 2021 numbers were restated.

Updating the calculation method led to three main additions in the Scope 3 emissions:

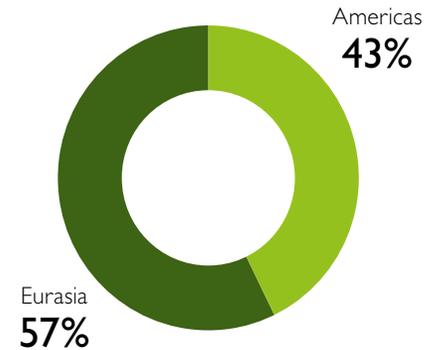
- Downstream transportation
- Purchase of machinery and spare parts for the Technology business
- Use of sold products from Hartmann Technology machinery

Against these backgrounds, Hartmann's total CO₂e emissions (Scopes 1, 2 and 3) declined by 2% from 2021. The underlying development was a 5% increase in Scope 1 CO₂e emissions against 2021, caused by use of alternative energy sources during the energy crises in 2022, whereas Scope 2 and Scope 3 CO₂e emissions decreased 10.8% and 4.7%, respectively, compared to last year due to relocation of production.

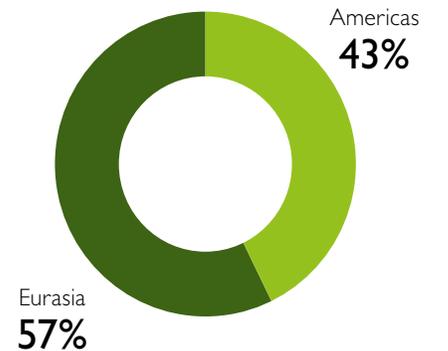
Other initiatives in 2022 included installation of a new industrial boiler in one factory in Europe, and it is expected to reduce up to 10% of the factory's total annual natural gas consumption. Furthermore, we made a comprehensive upgrade of an existing drying oven, that was fitted with new pumps and had an updated control system. We also expect this investment to entail a 10% annual reduction of the oven's total natural gas consumption.

We completed a pilot solar energy project at one factory in Europe as contribution to the factory's energy mix and consumption. Going forward, we will ensure that new buildings are compatible with installation of smaller solar panels systems.

CO₂e-emissions in 2022



Energy consumption in 2022



Water consumption

Hartmann's total freshwater consumption decreased by 12% in 2022, and by 8.7% per produced unit. Improved processes in more factories across geographies were the main driver.

In North America, the continued adding of production capacity impacted water consumption. In 2022, however, a more stable production flow led to positive results and a reduced consumption relative to output. This development was also seen in Hartmann's newest factory in Brazil.

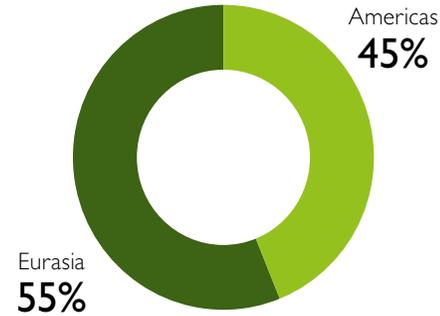
Paper and waste

The efforts to replace single-use plastic packaging with biodegradable moulded-fibre packaging continued, and in Europe most of our paper raw materials were sourced from FSC certified or recycled sources in 2022. We installed new technology on a production line at a European factory and it is expected to reduce waste considerably on that line through swift and automated identification of and intervention against products of dissatisfactory quality.

Certificates and partnerships

We renewed our ISO 14001 certificates for environmental management, ISO 50001 certificates for energy management, and we continued to cooperate with Climate Partner.

Freshwater consumption in 2022



Environmental Policy

We systematically and proactively protect, respect, and safeguard the environment and climate in daily business activities by development of production methods and products, training of employees and influencing suppliers and stakeholders.

We support a precautionary approach to environmental and climate challenges, undertake initiatives to promote greater responsibility and encourage the development and diffusion of environmental and climate-friendly technologies.

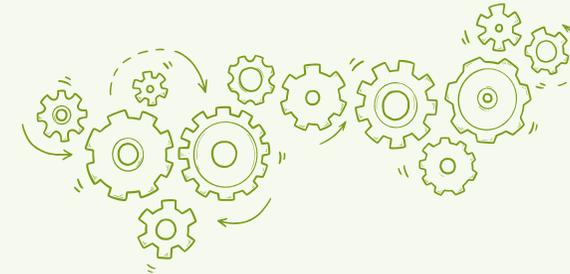
Cases

Biodiversity:

Protection of sand martin birds at Hartmann Hungary



The sand martin birds, and their nests are fully protected in Europe, as they are among the most critically endangered species due to declining population and nesting sites. Hartmann's Hungary plant is located close to the Danube River with small vertical sand banks, the bird's natural nesting habitat. At the plant, sand banks and protected edges under the office building gutters are appreciated by the birds as artificial nesting places. In collaboration with the local Environmental Protection Agency the nests are checked regularly to ensure proper protection.



Carbon reductions through technology and system developments

Hartmann's ambitions to reduce absolute Scope 1 and 2 CO₂e emissions by 50% in 2030 from a high energy intensity production require development of new systems and technologies to reduce energy consumption.

As a leading, world-wide provider of moulded-fibre packaging machinery and technologies, Hartmann has a long history of continuous development of systems to optimise production flow, processes, and energy consumption. However, to accomplish the ambitious science-based carbon reduction targets it is needed to rethink the end-to-end production flow including optimum use of energy sources. Based on the focused

efforts so far, a catalogue of opportunities has been built to reduce both electrical and thermal energy consumption.

To realise these opportunities, Hartmann has established a new organisation focused on energy projects. It is in Denmark, close to universities and technical colleges to attract the right competencies within process engineering and energy optimisation – and within driving distance of the Danish factory, which will act as test and development centre for the new systems and technologies. It is expected that this initiative will accelerate the required development to significantly lower the climate footprint.



How we work

We continue our efforts to protect our employees through investments in technology, safety training and optimisation of processes in the workplace. We also remain committed to enforce diversity in our organisation.

Protecting our people

We maintain our target of having zero work-related accidents across our business after improving the safety level at a steady pace in recent years.

With factories in many countries and locations, health and safety knowledge sharing is becoming increasingly important. Our Corporate Health & Safety Coordinator facilitates this cross-regional exchange between site Safety Managers, Hartmann Technology representatives and Plant Directors. The group also focuses to establish a common safety mindset and behaviours, to develop technical solutions and innovations, while ensuring that we have the right governance, processes, and infrastructure to always support site safety. Reporting from this group on safety performance, actions and projects is reviewed by the Global Management Team, which covers health and safety items as part of the agenda at all meetings.

Diversity and gender

Our policies on diversity and gender equality emphasise our commitment to ensuring that Hartmann is an attractive workplace with equal treatment of applicants and employees of diverse backgrounds and genders. The policies are applied to attract, develop, and retain members of the board of directors, the executive board as well as other managers and employees with strong competencies to secure the continued success of our company.

Community engagement

We are committed to engage in communities where our factories and offices are located. We collaborate with local authorities and organisations to for example increase awareness of sustainability and biodiversity.



Our KPI's

Injury rate (LTI-FR)

ISO 45001 certificates

ISO 22000 certificates

SDG's





Performance

Occupational health and safety

Our continuous efforts to improve safety in the workplace resulted in an 7% reduction in the number of work-related accidents per million working hours (LTI-FR) in 2022 compared to 2021, and a 48% reduction since 2018.

In early May 2022, a major fire erupted at Hartmann's factory in India - no employees were severely injured. Immediately after the acquisition of the assets in 2020, the safety culture was strengthened, including trainings, a new medical room and sanitary facilities were established, and procedures for use of personal protection equipment were implemented. As part of the re-establishment of the factory, a number of health and safety measures will be further upgraded, including sprinklers.

In 2021, we identified hand injuries sustained in the printing area as a frequent accident type at one of our European factories. The measures implemented to mitigate these and other injuries

have proven successful as Lost Time Incidents were reduced to 0 in 2022 across the entire plant. In addition to the physical update of the printing area, continued efforts to register and evaluate nonconformities serve as basis for further adjustments to ensure the best and most safe work environment.

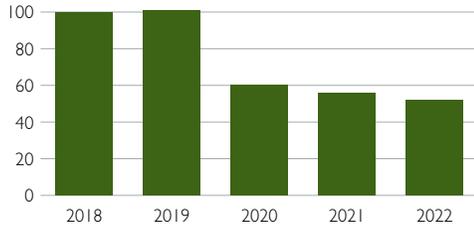
Finally, to minimise the risk of fire and to improve the working environment, it was decided to implement a groupwide factory housekeeping excellence programme. This will ensure uniform standards, audit, and reporting on cleaning and tidiness on all sites.

Fire safety

In 2022, we further improved fire prevention measures by launching a group impairment reporting system for sprinklers, along with the decision to invest in an inspection, test, and maintenance programme for sprinklers, fire pumps and firehoses.

Accident statistics

Work-related accidents per million working hours (LTI-FR)



A revised business continuity plan in case of fires erupting was introduced at the factories in Europe in 2021, and it was decided to implement the plan at our remaining factories in 2023.

Food safety

As a food packaging manufacturer, we consider consumer safety a material issue, which we are continuously addressing at all factories. We continued to monitor and control production processes and test end-products in accordance with applicable requirements in 2022.

Labour rights and community engagement

In 2022, we continued improving conditions of employment at our plant in India. These efforts will be ongoing in the coming period.

The share of employee contracts governed by collective bargaining agreements at group level increased to 76% (2021: 75%) in 2022. In all markets, Hartmann strives to have a constructive dialogue with labour unions.

We launched a new Social Responsibility Policy in 2022 supporting our commitment to the UN Global Compact and selected SDGs. We are working to maintain a position as an attractive employer and a good corporate citizen in the local communities where our factories are located and play a significant role. For example, our colleagues in Hungary engage in improving garbage sorting in the local community at schools and day-care to increase awareness of climate impact of human actions.

Diversity and gender

During the year, our policies were applied by internal and external recruiters selecting qualified representatives of both genders as candidates for

vacancies in the board of directors, as well as in other managerial levels, including the appointment of two new board members: one female and one male. Other managerial levels comprise the executive board and managers reporting to this body, including plant managers at the factories.

The representation of women on Hartmann's other managerial levels was unchanged at 10% (2021: 10%) as there were no changes to the executive board and only a few appointments in their direct reporting lines and among plant managers. The share of female shareholder-elected members of the board of directors remained at 25% (2021: 25%) in 2022. Our target of ensuring an even gender distribution (40-60% of each gender) on the board of directors in 2024 remained unchanged.

Human rights

In the current financial period there were no human rights violations.

Certificates

Our ISO 45001 certificates for occupational health and safety management as well as our ISO 22000 certificates for food safety management were renewed in 2022.



Human and labour rights Policy

We promote the conditions outlined in the UN Global Compact's human and labour rights principles at Hartmann and in companies that are part of the value chain to which the Hartmann group belongs. Hartmann supports and respects the protection of internationally proclaimed human and labour rights and ensures that the group is not complicit in human and labour rights abuses.

Our commitment is furthermore expressed in our policy on gender equality, which serves to increase the number of the underrepresented gender at Hartmann's other managerial levels, as well as our diversity policy. The policies define and describe focus areas within recruitment, performance evaluation and development as well as networking. The policies are available at www.hartmann-packaging.com.

Case

20 years of collaboration to reduce environmental impact

Burnbrae Farms is a 6th generation Canadian family business who have been operating in Canada for more than 130 years and committed to sustainable egg farming.



Burnbrae Farms in Canada and Hartmann have a lot in common. Both companies were founded over 100 years ago, and they have collaborated for the past 20 years.

The family-owned farm is passionate about responsible animal care and supports poultry research to improve hen health and welfare. Combined with a mission to produce nutritious, affordable eggs for Canadians, the family makes efforts to reduce environmental impact from

production. They have invested in solar panels at two of the farm's operations in Ontario, one of which is the largest solar-powered egg farm in Canada.

Since 2002, Hartmann's moulded-fibre packaging has been part of Burnbrae's offering as the recyclability of the HartVue and HartTop cartons matches the company's own approach to reduce environmental impact.

Burnbrae's CEO and President, Margaret Hudson said:

“Sourcing high-quality recyclable egg packaging to transport our fragile product has always been critically important to our business – so we appreciate the quality and innovation that the Hartmann team has given us over so many years”

About Burnbrae Farms

The Hudson family farm was first founded in 1891 by Joseph and Jean Hudson in Lyn, Ontario. They named it Burnbrae in honour of their homeland and Scottish heritage – after the key features of the farm – a “burn” is the Scottish word for stream and “brae” is a hillside.



Governance

How we work

Our strong focus on business and data ethics is intact. A new Code of Conduct was launched to ensure compliance with our standards throughout the value chain.



Transparency and anti-corruption

We observe and promote the anti-corruption principle across all Hartmann's activities through activation of a number of policies and through supplier dialogues and audits.

We maintain a whistleblower system providing a voluntary alternative to the ordinary routes of communication. The system may be used if serious offences – including corruption or data protection violations – are observed or suspected by any employee or external stakeholder.

Data ethics

Our policy on data ethics reflects Hartmann's commitment to manage data responsibly based on principles of honesty, transparency, and accountability. We adhere to these principles in addition to applicable legislation, such as GDPR, to ensure that our employees, customers, suppliers, and consumers feel safe when entrusting us with their data.

We primarily process data relating to human resources, customer interactions, and supplier contact. We control that data is collected for explicit and legitimate purposes and processed legally and fairly, including that data processing only comprises the data necessary to realise the purpose of the processing. Simultaneously, we strive to ensure that the collected data is adequate, relevant, and accurate at all times. Data responsible employees ensure that personal data is not stored longer than necessary, that data processing respects privacy, and that stored data is protected against unlawful destruction, alteration, and disclosure. We enter into data processor agreements with IT suppliers and we do not sell data.

The policy on data ethics is approved by the board of directors annually.



Our KPI's

- Board independence
- Instances of whistleblowing

Performance

Supply chain and collective bargaining

In 2022, we continued conducting audits of selected suppliers and continued dialogue to ensure that they acknowledge and respect their responsibility when doing business with Hartmann. To further support transparency throughout the value chain, we published a business Code of Conduct including third party compliance. The audits and continued dialogue with suppliers did not entail termination of contracts in 2022. Furthermore, we updated and relaunched our anti-bribery and anti-corruption policies.

Our whistleblower system was expanded in 2022 to include reporting from external stakeholders by 2 January 2023. 0 instances of whistleblowing were recorded during the year.

Data ethics

Any violation of the policy on data ethics or our internal GDPR procedures may be reported by employees and external stakeholders through our whistleblower system. No reports were filed in 2022.



ESG risks

	Description	Mitigating action
Environment and climate	<p>The main environmental and climate risks related to Hartmann's activities include potential energy loss and unintended wastewater spill, which could result from production inefficiencies or lack of investments in energy optimisation at our factories. Violations of environmental legislation, rules or thresholds in connection with, for instance, wastewater discharge, CO₂e emissions, waste disposal or inadvertent chemical spills may lead to business interruption, fines or other sanctions and harm Hartmann's reputation and internal and external stakeholder relationships.</p> <p>Some of Hartmann's factories may over time be increasingly exposed to the consequences of climate change, including increasing temperatures, shifting precipitation patterns, flooding and the increasing intensity and frequency of extreme weather events. Climate change may have a disruptive impact on Hartmann's production and supply chain, creating difficult working conditions and damaging production facilities.</p>	<p>We monitor environmental risks at local and central level with a view to preventing, mitigating or minimising Hartmann's environmental footprint. We continually invest in new production technology, optimisation of existing equipment and processes and systematic waste reduction. To ensure a structured and efficient approach to environmentally sound and energy-efficient production, a number of Hartmann's production facilities are certified to the ISO 14001 and ISO 50001 standards for environmental management and energy management.</p> <p>We regularly assess the risk of adverse effects of climate change on our factories and consider countermeasures including investments in our facilities and processes to safeguard Hartmann's employees and production platform.</p>
Social	<p>Hartmann's main human rights risks are related to unintended incidents at factories and failure to provide safe working conditions potentially leading to severe injuries or fatalities as well as non-compliance with the UN Global Compact's principles internally or in the value chain to which Hartmann belongs. Failure to provide a safe working environment could furthermore damage Hartmann's reputation and negatively affect our ability to recruit and retain employees. Occupational health and safety issues could also violate national regulations and potentially impact production continuity and productivity due to temporary production stops.</p> <p>As a food packaging manufacturer, Hartmann is exposed to risks related to food safety including the potential adverse impact arising from any harmful substances or raw material components affecting consumers' health and safety. Regulatory changes arising from food safety concerns may be introduced on short notice, entailing a negative operational and financial impact on our business. Consumer health and safety issues could damage Hartmann's reputation, affect sales and incur additional costs to mitigate negative impacts, penalties and lawsuits.</p>	<p>We continuously monitor and review safety and fire conditions at our factories, sharing knowledge across the group to reduce the risk of work accidents and introduce best practice at all locations. Safety briefings and data are provided at regular group management meetings, and we invest in occupational health and safety equipment, training and mitigation efforts at the factories on an ongoing basis. Our risk assessments, procedures and processes are reviewed regularly, and our safety management system is maintained with particular focus on proactive preventative measures wherever possible. We maintain ISO 45001 certificates for occupational health and safety management at several factories.</p> <p>We monitor, control and test our production processes and end-products in accordance with applicable requirements and ISO 22000 for food safety.</p>
Social	<p>The main labour rights risks related to Hartmann's activities include non-adherence to our principle of preventing discriminatory practices and securing equal opportunities. Our business activities are subject to various national laws and regulations, and any violation could entail legal, financial, HR-related and reputational consequences, as well as missing out on talent.</p>	<p>We conduct internal audits and audits of selected suppliers to enforce our principles and policies, and we maintain a whistleblower system that may be used if serious offences or violations are observed or suspected by any employee or an external partner.</p>
Governance	<p>The main transparency and anti-corruption risks related to our activities include potential violation of Hartmann's data ethics and anti-corruption policies by employees or suppliers and legal and financial consequences hereof as our business activities are subject to various national laws and regulations as well as legislation with an international reach. Some of Hartmann's factories are located in relatively high-risk countries in terms of corruption.</p>	<p>We maintain a whistleblower system, which may be used if serious offences – including bribery and corruption as well as breaches of our data ethics policy – are observed or suspected by any employee or external partner. We enforce Hartmann's anti-corruption policy across low- and high-risk countries and enforce the anti-corruption principle as an integrated part of our supplier handling process.</p>

Structure

Day-to-day responsibility for driving the sustainability efforts resides with the executive board, which also identifies relevant issues and risks, defines overall ambitions, monitors sustainability performance and consider relevant investments and initiatives.

The executive board is supported by a group ESG responsible heading Hartmann's sustainability work and coordinating with representatives from all factories to facilitate knowledge sharing and experience within areas such as environment, social and governance matters. Hartmann's finance function supports the group ESG responsible in gathering, treating and reporting data concerning energy consumption, CO₂e emissions, work accidents and audits of the group's factories and selected suppliers, among other things.

Local management teams propose relevant investment cases and report sustainability data and any issues to the group ESG responsible and the executive board on a regular basis. In addition, cross regional groups focusing on health and safety as well as other relevant areas have been established.

Hartmann's sustainability ambitions, efforts, policies and reporting are approved by the board of directors, which is responsible for the overall management of the company and resolves matters relating to strategic development and risk management, among other things.

Governance structure



Governance, reports and policies

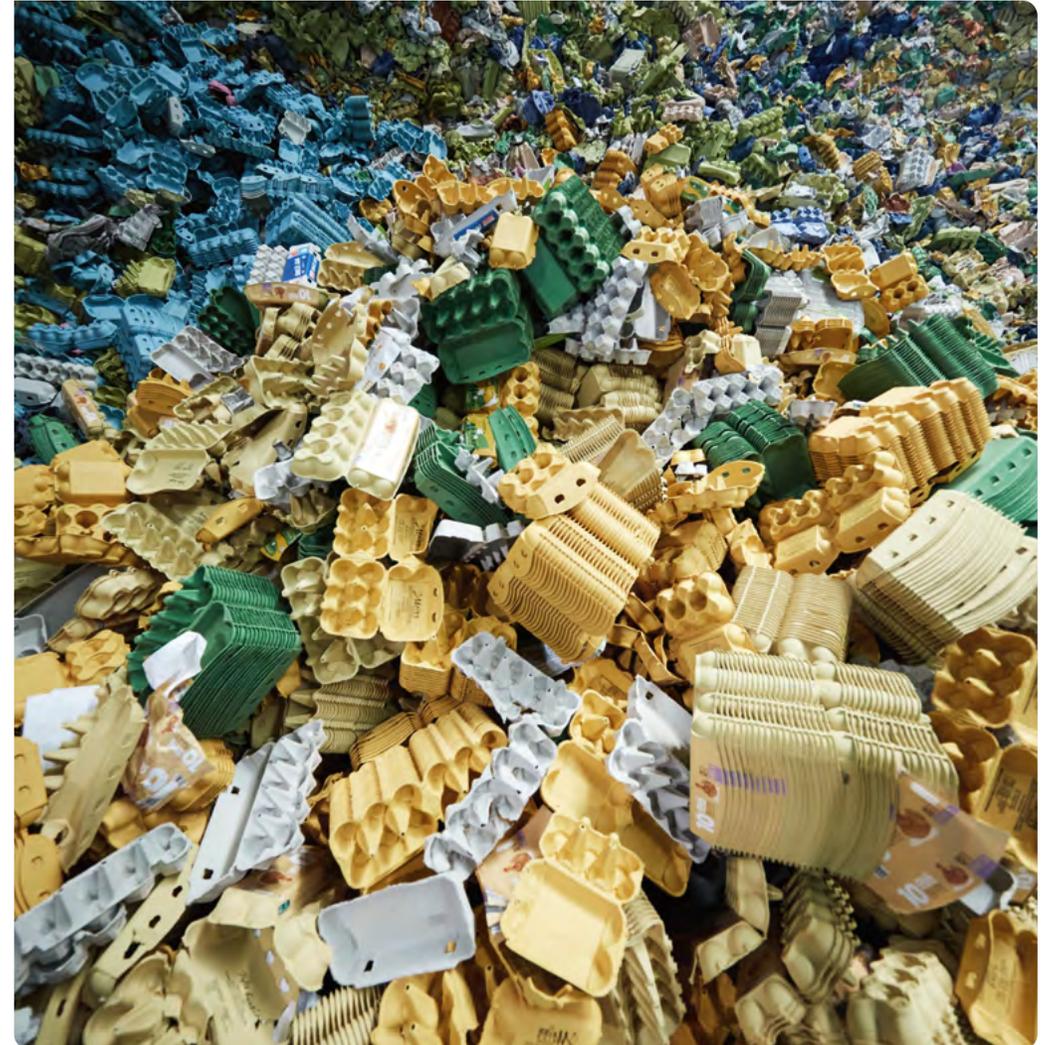
- > Statutory statement on corporate governance 2022
- > Remuneration report 2022
- > Remuneration policy incl. guidelines for incentive pay
- > General compensation policy
- > Tax policy
- > Policy on gender equality in other management
- > Business Code of Conduct
- > Social Responsibility policy



Other

Key ESG figures

Key Performance Indicator	Unit	2022	2021
Environment			
GHG emissions (Scope 1)	tons	163,173	155,115
GHG emissions (Scope 2)	tons	47,494	52,633
GHG emissions (Scope 3)	tons	259,665	271,792
Energy usage	MWh	953.369	980,371
Renewable energy	MWh	108.479	87,498
Water usage	m ³	1.632.884	1,846,596
Share of recycled paper	%	98	100
Volume produced under ISO 14001	%	59	58
Volume produced under ISO 50001	%	39	39
Social			
Injury rate	LTI-FR	6.3	6.8
CEO/worker pay ratio		12.8	10.1
Gender diversity (female/male)	%	27/73	24/76
Volume produced under ISO 45001	%	56	55
Volume produced under ISO 22000	%	51	51
Governance			
Female representation – board of directors	%	25	25
Female representation – other managerial levels	%	10	10
Board independence	%	75	75
Instances of whistleblowing	#	0	1



EU Taxonomy reporting

The EU Taxonomy Regulation is a classification system that encompasses a standard set of definitions for sustainable activities. The aim of the Regulation is to help the EU in investing in sustainable activities by requiring companies to report on the part of revenue, capital expenditures (CapEx) and operational expenditures (OpEx), which are associated with environmentally sustainable economic activities. The defined activities are centered around six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems).

For 2022, the first two objectives are in scope for reporting: climate change mitigation and climate change adaptation. This means that companies should make an assessment if they have economic activities that qualify as eligible under the Regulation (“eligible activities”). For the eligible activities, it is required to report on Revenue, CapEx and OpEx and to make an assessment to identify the alignment to the regulation.

Hartmann’s core activity is the manufacturing of moulded-fibre egg packaging and fruit packaging. The group is also a manufacturer of technology for the production of moulded-fibre packaging. We have reviewed the relevant activities and assessed their applicability to our core business. Due to the nature of our business activities, we do not have any Taxonomy-eligible Revenue. Regarding OpEx, we apply the exemption and report this as zero. A small percentage of 1% of our group investments are reported as Taxonomy-eligible CapEx for one economic activity. Given the ambiguity around evidencing the Taxonomy alignment, lack of required information to confirm the adherence with the technical screening criteria, and our general approach to materiality we do not have any taxonomy alignment to disclose this year.

Eligibility and alignment

A two-step process was followed to arrive at the present Taxonomy disclosures. Firstly, Taxonomy rules were screened to create a list of potential eligible economic activities. The description of each economic activity was assessed against our business activities, and resulted in reporting of Taxonomy-eligible CapEx for economic activity 6.5 regarding Transport by motorbikes, passenger cars and light commercial vehicles. Secondly, we evaluated whether we could classify any of our Taxonomy-eligible CapEx as Taxonomy-aligned.

Revenue

Revenue is defined as revenue included in the consolidated financial statements for the year 2022, note 5. We screened the activities listed in the technical annexes under the Delegated Act 2021/2139 and identified no taxonomy-eligible revenues.

Accounting policy

Discontinued operations

Due to the ongoing sales process for Hartmann’s Russian factory, these activities are reclassified as discontinuing operations, cf. the Annual Report 2022, note 32. To ensure consistency between the consolidated financial statements and taxonomy reporting figures have been restated to present continuing operations.

Capital expenditure

CapEx is defined as total additions of fixed and intangible assets as well as additions of right-of-use

lease assets as included in the Annual Report 2022, notes 15, 16, and 17. The CapEx KPI is defined as Taxonomy-eligible CapEx (numerator) divided by the total CapEx (denominator).

For the assessment of CapEx allocation keys have not been used, instead all investments have been evaluated.

Operational expenditures

OpEx as per the EU Taxonomy are defined as directly incurred, non-capitalizable cost relating to research and development, building renovations, short term leases, and the repair and maintenance of property, plant and equipment. The OpEx KPI is defined as Taxonomy-eligible OpEx (numerator) divided by total OpEx (denominator).

Economic activity	Total DKKm	Eligible DKKm	Eligible pct. (%)	Aligned DKKm	Aligned pct. (%)
Revenue	3.350	-	0	0	0
OpEx	260	-	0	0	0
CapEx	196	1	1%	0	0
Hereof 6.5 Transport by motorbikes, passenger cars and light commercial vehicles		1	1%	0	0

Accounting policies

Discontinuing operations

As a consequence of the Russian invasion of Ukraine in February 2022, Hartmann initiated a sales process for its Russian factory and its activities were classified as discontinuing operations. The approach to hold figures regarding Russia in a disposal group has been followed with regards to all financial data to ensure consistency between the consolidated financial statements and the Sustainability Report. With regards to reporting on all nonfinancial KPI's, Russia remains included until a sale of the activities is realised.

Environmental

Hartmann has calculated CO₂e emissions in accordance with the Green House Gas Protocol with a cradle to grave approach and assistance from external engineering, energy, and sustainability consultants. In 2022, the method has been updated from cradle-to-gate to the cradle-to-grave approach to meet the requirements set by the Science Based Target initiative. CO₂e emissions are divided in three categories, Scope 1-3.

Direct GHG emissions (CO₂e Scope 1)

Direct GHG emissions (CO₂e Scope 1) include emissions that derive from the combustion of fossil fuels in Hartmann's production. At most of our factories, natural gas is consumed in the process of drying moulded-fibre products, comprising 70% of Hartmann's total scope 1 emissions. Liquified petroleum gas is the second greatest contributor to the group's Scope 1 emissions as this fuel is consumed in the drying process at some smaller factories.

Furthermore, diesel contributes to Scope 1 emissions to a smaller extent as this fuel is used for supplement heating, backup generators and forklifts. The calculation of emission factors follows a location-based approach. The calculation takes into consideration the gas and electricity delivered combined with aggregate and average statistical information within a relevant geographic area and period.

Indirect GHG emissions (CO₂e Scope 2)

Indirect GHG emissions (CO₂e Scope 2) include emissions that derive from the energy used to produce electricity, which Hartmann has purchased for consumption. Electricity is used in the production process where the pulping process and pumps consume the greatest amount of electricity. The calculation of emission factors follows a location-based approach.

Other indirect GHG emissions (CO₂e Scope 3)

Other indirect GHG emissions (CO₂e Scope 3) include emissions that derive from new machinery and spare parts, transmission and distribution loss for gas and electricity, chemicals and other additives used in the production.

Recycled paper is the primary raw material used in the production process, and does not contribute to the group's Scope 3 emissions as a CO₂e emission factor of 0 is applied to recycled paper under the allocation-based method. As the exact calculation of Scope 3 CO₂e emissions would entail analysis of many categories of different materials

and transportation types, an assessment has been conducted based on data from a major factory covering all parts of the business model. Scope 3 CO₂e emissions have been calculated and evaluated for more than 80 different categories to determine the emission factor to be applied across the group. The calculated emission factor constitutes a basis for the remaining production sites and is multiplied with paper consumption as the factor that determines the Scope 3 CO₂e emissions for the remaining categories. While this calculation method entails uncertainty, Hartmann is confident that it will not underestimate the group's Scope 3 CO₂e emissions as it includes data from the largest factory with the most comprehensive production process and greater consumption of additives and raw materials than the group's smaller production facilities.

As part of the change from the cradle-to-gate method to the cradle-to-grave approach in 2022, downstream transportation was added and is measured based on total kilometers driven from the plant to the customer. Also, the machinery and technology activities were added. Previous the Scopes 1, 2 and 3 emissions comprised solely the

Accounting policies

moulded-fibre packaging activities. Calculations for 2021 have been restated accordingly.

With the inclusion of machinery and technology activities, the two most significant elements added to the CO₂e emission calculation were: our procurement of spare parts and the future energy consumption of the electrical component in machinery sold. The external customer decides which energy source to use for the machinery for drying, for example steam, liquified petroleum gas, natural gas, biomass, or other energy sources. This free choice of energy source complicates Hartmann's calculation of total energy consumption of the sold machinery, hence only the electrical component is included in the calculation of Scope 3.

The calculation of Scopes 1-3 was introduced in 2021 and is continuously evaluated and adjusted as improved measurements and guidance are available.

Total energy consumption

Total energy consumption includes all energy consumed under Scope 1 and 2. The underlying data is extracted from invoices from Hartmann's energy

suppliers, readings by fuel suppliers and meter readings. All figures have been converted to MWh.

Renewable energy

Renewable energy consists of energy produced from rice husk and a proportion of the electricity consumed based on data about the energy mix provided by Hartmann's energy suppliers.

Water consumption

Water consumption is based on specific meter readings from all Hartmann plants.

Share of recycled paper for pulping

The share of recycled paper for pulping includes paper used in the production of moulded-fibre egg and fruit packaging, whereas paper and cardboard used in the production of lids for Hartmann's hybrid egg packaging (North America) and labels is excluded.

Volume produced under ISO certificates (environmental)

The share of the total number of manufactured units produced at plants certified in accordance with the ISO standards listed below.

- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System

Social

Injury rate (LTI-FR)

Lost Time Incidents are injuries sustained at work resulting in an employee being absent from the workplace. The injury rate is calculated as: Lost Time Incidents / Total number of working hours / 1,000,000

Gender diversity

Gender diversity shows the share of female employees relative to male employees.

Female representation

Share of female representatives among the shareholder-elected members of the board of directors and at other managerial levels including the executive board and managers reporting to the executive board including plant managers.

Volume produced under ISO certificates (social)

The share of the total number of manufactured units produced at plants certified in accordance with the ISO standards listed below.

- ISO 45001 Occupational Health and Safety Management
- ISO 22000 Food safety Management System

Governance

Board independence

Share of board members who are independent in accordance with the Danish Recommendations on Corporate Governance.

Instances of whistleblowing

Number of reports through Hartmann's international whistleblower program, which is available to all employees.

CEO / worker pay ratio

Salary of the CEO compared with average salary of the Danish employees.

EU Taxonomy reporting – Turnover

	Code(s) (2)	Absolute Turnover (3)	Proportion of Turnover (4)	Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')							Minimum safeguards (17)	Taxonomy-aligned proportion of Turnover Year N (18)	Taxonomy-aligned proportion of Turnover Year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Y/N					
Economic activities (1)		mDKK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																					
Turnover of Taxonomy-eligible but not environmentally sustainable		0	0																		
Total (A.1 + A.2)		0	0																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities		3,350	100																		
Total (A + B)		3,350	100																		

EU Taxonomy reporting – CapEx

	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx year N (18)	Taxonomy-aligned proportion of CapEx year N-1 (19)	Category (enabling activity) (20)	Category '(transitional activity)' (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
Economic activities (1)		mDKK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5																			
CapEx of Taxonomy-eligible but not environmentally sustainable																				
Total (A.1 + A.2)																	%	%	%	%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		195	99																	
Total (A + B)		196	100																	

EU Taxonomy reporting – OpeEx

	Code(s) (2)	Absolute OpeEx (3)	Proportion of OpeEx (4)	Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of OpeEx year N (18)	Taxonomy-aligned proportion of OpeEx year N-1 (19)	Category (enabling activity) (20)	Category '(transitional activity)' (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
Economic activities (1)		mDKK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		0	0																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	%	%	%	%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (Not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable		0	0																	
Total (A.1 + A.2)		0	0														%	%	%	%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		260	100																	
Total (A + B)		260	100																	

Corporate memberships

- UN Global Compact
- UN Global Compact – Caring for Climate
- Science Based Targets initiative

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