



# Sustainability report 2023

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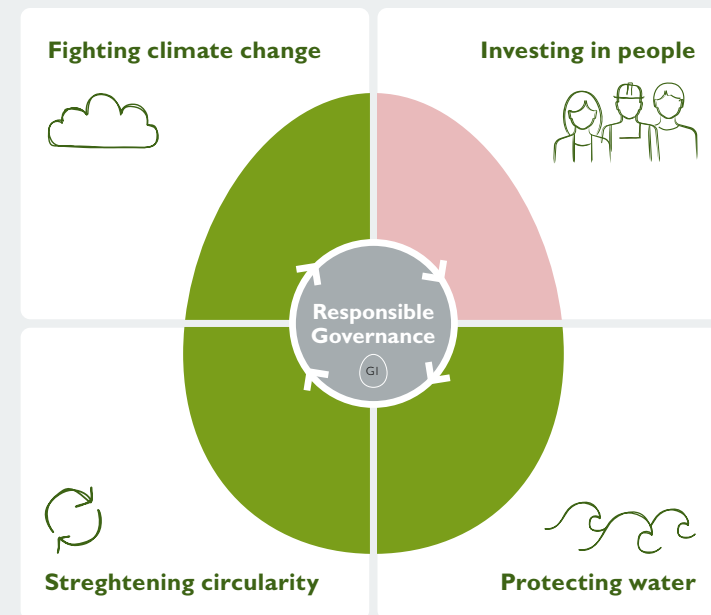
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## About the sustainability report

This sustainability report is part of Brødrene Hartmann A/S' annual report covering the period 1 January – 31 December 2023. The report ensures compliance with section 99a 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.

## > Our main ESG priorities

Read more about the outcome of our first double materiality assessment reflected in our four main ESG priorities



Read more on [page 12](#)



# 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.



Number of employees

# 2,555

# Sustainability highlights

Share of recycled paper

# 97%

2022: 98%

CO<sub>2</sub>e emissions Scope 1-2, down

# 9%

from 2022

Injury rate, LTI-FR

# 7.4%

2022: 6.3%

Water usage, m<sup>3</sup> up

# 5%

from 2022

## 2023 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 2023, Hartmann's near-term Scope 1, 2 and 3 carbon emission reduction targets were validated by the Science Based Target initiative.

# 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



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

# Moulded-fibre sustainability profile

We actively promote bio-degradable moulded-fibre products with superior features to customers and consumers as a preferable alternative to single-use plastic packaging. Our commitment to reducing our carbon footprint and enhancing workplace safety continued unwaveringly.

Hartmann's moulded-fibre packaging from recycled materials such as cardboard and newspaper offers consumers a proven and bio-degradable alternative to oil-based, single-use plastic and polystyrene foam packaging.

We strive to expedite the shift towards moulded-fibre packaging by leveraging our robust product portfolio. This portfolio not only provides enhanced protection and hygiene but also offers additional marketing space.

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

Moulded-fibre packaging has a favourable sustainability impact over plastic-based egg packaging according to a 2021 Life Cycle Analysis<sup>1</sup>. The superior performance of moulded fibre mainly relates to lower climate impact of 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 compostable<sup>2</sup> 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.



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



## Recycling facts

### Circulation loops raw material<sup>3</sup>

**6 : 2**

Moulded-fibre

Recycled plastic

### Moulded-fibre packaging 90% compostable<sup>2</sup> in

**20**

weeks

<sup>3</sup> AFRY: Argumenting to win in sustainability for EMFA.

<sup>1</sup> Pöyry Management Consulting: Updated LCA for moulded fibre packaging.  
<sup>2</sup> Certified according to European standard EN 13432

# Framing our sustainability setup, impacts, and initiatives

In 2023, we expanded our dedicated Group Sustainability and ESG team to drive and accelerate our efforts and we completed our first double materiality assessment outlining future main impact areas and focus points. Our science-based carbon reduction targets were validated, and we strengthened our competency centre to fuel the development of new energy reduction technologies. We also continued helping customers converting from single-use plastics products to bio-degradable moulded-fibre packaging.

In 2023, the transition of societies towards a more sustainable future continued and the trend was reflected in our markets and operations. In Americas, customers continuously converted from plastic packaging to recyclable and bio-degradable moulded-fibre products. In Europe, we strengthened the incentive for customers and consumers to choose moulded-fibre egg packaging with a new mix of colours that gives a more favourable composition of additives, reduces our energy consumption and with unchanged high product quality. This work will continue in 2024.

In 2023, we expanded our dedicated Group Sustainability and ESG team, and appointed additional colleagues as responsible for ESG in our

business units. Together, this group of people will drive and further anchor our sustainability efforts within the business. The team is also responsible for preparing Hartmann for the significantly increased ESG reporting requirements set out in the EU Corporate Sustainability Reporting Directive, applicable as of the fiscal year 2025.

Our preparations comprise completing our first double materiality assessment to understand how Hartmann's business activities may impact the environment, our employees, and the people around us as well as how external circumstances may impact us. Based on the assessment, we have defined the most material areas to deal with. This is a journey and we will face challenges, which may

lead to revision of our assessments and priorities over the coming years.

In this context, I am pleased that Hartmann has been invited to be part of a project initiated by the Confederation of Danish Industry and the Danish Industry Foundation. The purpose is to map where companies - within the field of ESG – can collaborate on common business opportunities and impacts and share learnings.

In 2023, our science-based CO<sub>2</sub>e targets were validated. We are committed to reducing our absolute Scope 1 and 2 CO<sub>2</sub>e emissions and our relative Scope 3 CO<sub>2</sub>e emissions by 50% in 2030 from a 2021 baseline – with the majority to be realised towards the end of the period. As previously stated, achieving these targets requires the development of new technologies for our drying ovens and other machinery, which is the main task for our competency centre in Denmark.

We remained committed to reaching zero work-related (category I) accidents, but our injury rate rose to 7.4% in 2023. All accidents are addressed on group management meetings and we constantly evaluate our initiatives to reduce the frequency.

The work in 2023 framing our future sustainability setup has marked a significant step forward, both

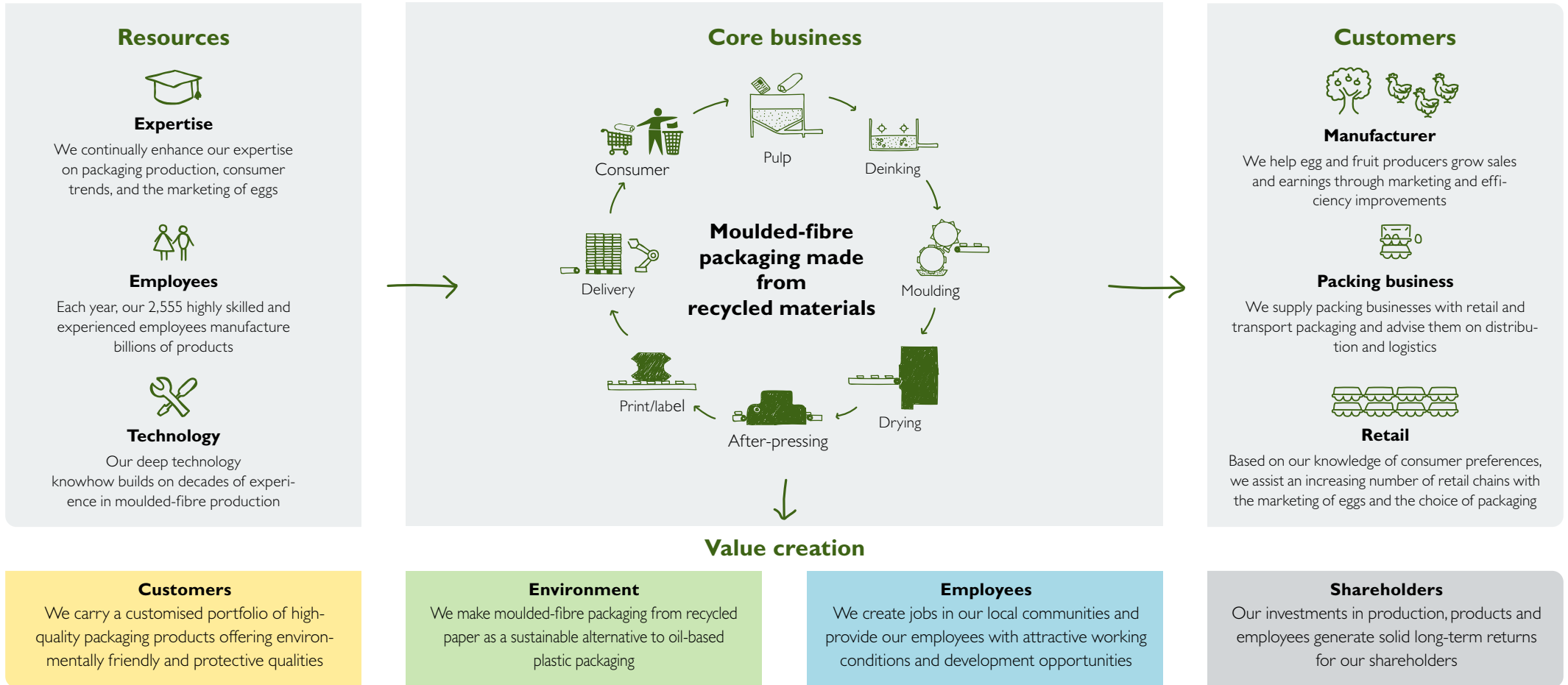


“  
**Our first double materiality assessment has enabled us to prioritise the most important ESG topics.**

••  
Torben Rosenkrantz-Theil  
CEO

from a business and a reporting perspective. However, there is still substantial work to be done in developing new technologies and our sustainability work in our value chain and management as well as our employees remain committed to delivering on our ambitions.

# Business model





## Key stakeholders

Based on our strengthened sustainability focus and the recent delisting of the company from Nasdaq Copenhagen, we re-assessed the key stakeholder groups that were identified in 2021 based on 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.



### 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

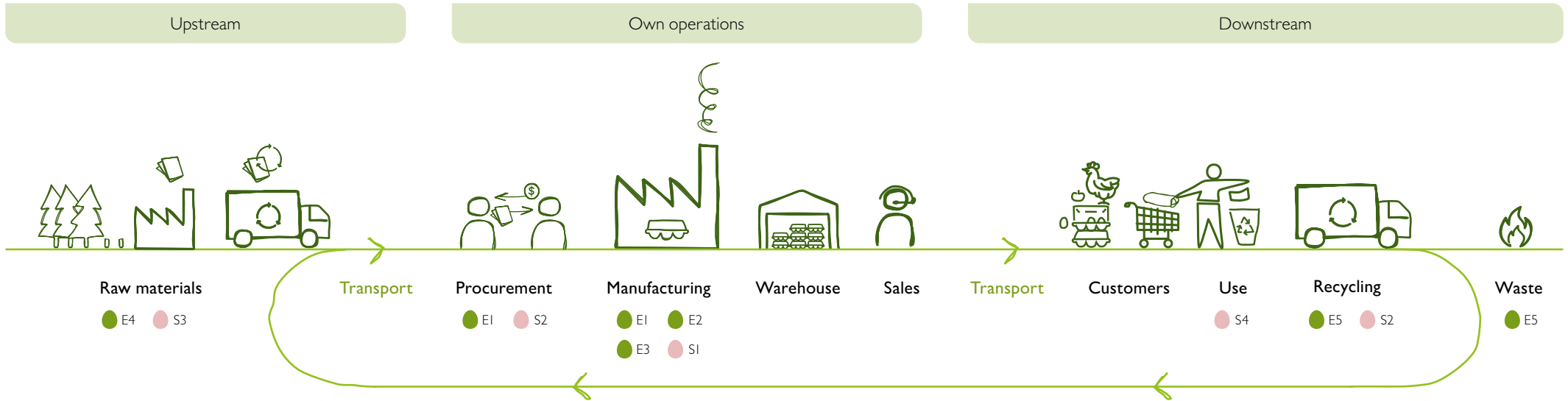
We have a constructive relationship with our financial partners and maintain ongoing communications to ensure that we provide sufficient and relevant information and data about ESG topics to enable them to comply with increasingly complex legislation and stricter reporting demands.



### Nature (silent stakeholder)

We impact nature and nature may impact us. We work to reduce our environmental footprint, backed by science-based targets as well as our focus on protecting water. We maintain a focus on our impact and risk assessment of nature as a silent stakeholder, relying on public data and information as well as dialogue with experts on material topics.

# Value chain assessment and priorities



|                         |  |   |  |  |
|-------------------------|--|---|--|--|
| <b>High priorities:</b> | <b>Fighting climate change</b><br>● E1 Climate change                      | <b>Investing in people</b><br>● S1 Own workforce<br>● S2 Workers in the value chain<br>● S4 Consumers and end-users | <b>Protecting water</b><br>● E2 Pollution<br>● E3 Water and marine resources | <b>Strengthening circularity</b><br>● E5 Resource use and circular economy |
|                         | <b>Other priorities:</b><br>● G1 Business conduct is included in all areas | <b>Awaiting further investigation</b><br>● E4 Biodiversity and ecosystems<br>● S3 Affected communities              |  |  |

# Double materiality assessment

## Hartmann's value chain

Our value chain consists of our operations and the related upstream- and downstream activities.

Own operations include procurement, product manufacturing, warehousing, and sales. Procurement is responsible for upstream suppliers of, e.g. recycled paper and cardboard, and sales is responsible for interactions with customers such as egg producers, egg packing businesses and retailers.

Customers distribute and sell products, mainly eggs, in Hartmann packaging to consumers, who either dispose the packaging for recycling or waste. Distribution is included in both downstream and upstream value chains.

## First double materiality assessment

In 2023, Hartmann completed its first double materiality assessment, emphasising how business activities may impact the environment, employees, and people around us, as well as how external circumstances may impact the company.

## The assessment process

The initiation of the double materiality assessment process comprised three steps; internal and external reviews followed by an assessment of those. As part of the scoping assessment, deforestation and paper mills were excluded from the upstream activities, as other raw material sources can be substituted and because there is very limited traceability to the origin of the virgin fibre. Also, the activities in Russia were excluded as discontinuing operations.

The internal review included a gap analysis against all disclosure requirements in the new Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS). This was followed by an external sustainability scan, a comprehensive research-based assessment of potential environmental, social and governance risks in our value chain and among industry components and geographies. The outcome of the external sustainability scan, Hartmann's potential risks based on severity and likelihood, is available on page 33.

Finally, the findings from both reviews were assessed and prioritised with the involvement of

Hartmann's Executive Management, and the most material potential and actual impacts, risks, and opportunities were reflected in four priorities going forward:

 **Fighting climate change**

 **Investing in people**

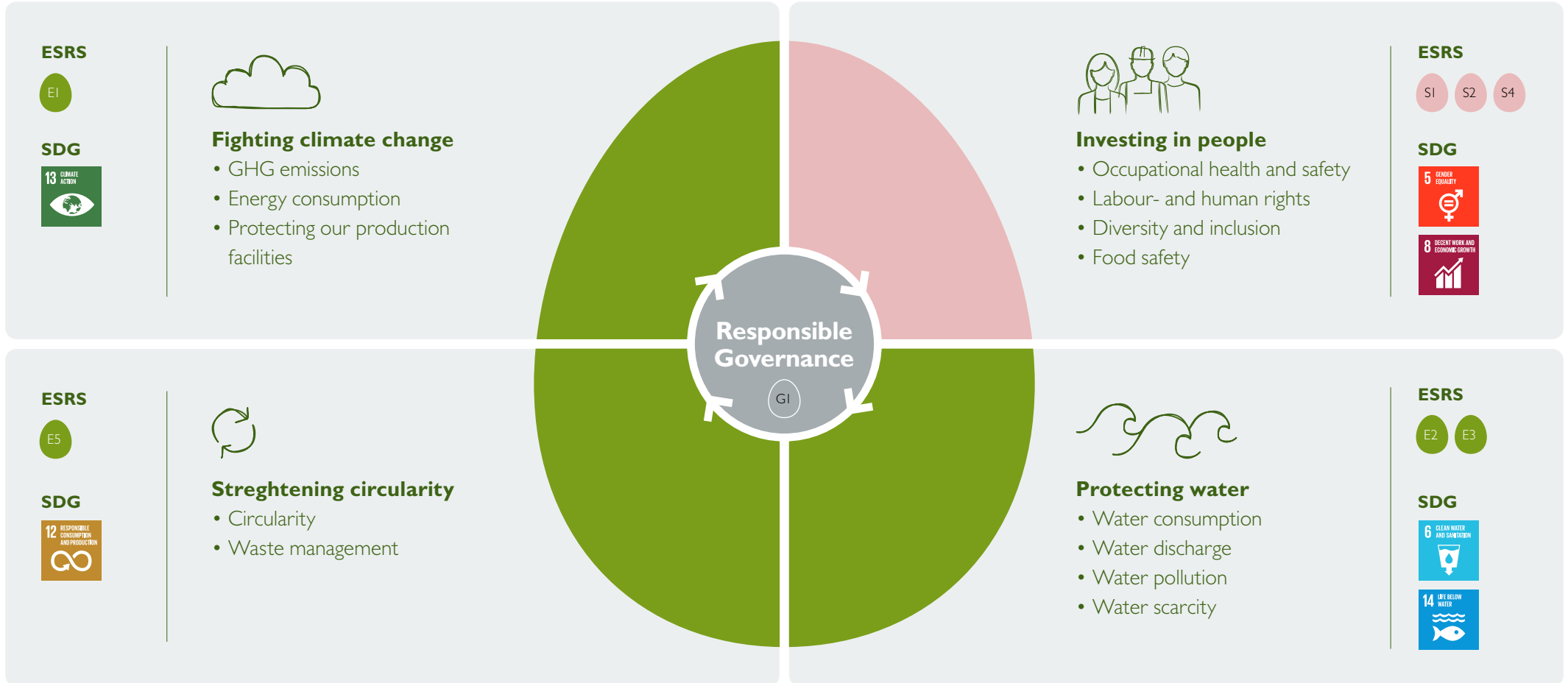
 **Protecting water**

 **Strengthening circularity**

The double materiality assessment will be an ongoing and repeated process with multiple feedback loops following the due diligence process. While particular emphasis will be put on the four chosen priorities, other relevant topics, such as biodiversity and affected communities, will need further assessment.





# Hartmann's main ESG priorities



ESRS: European Sustainability Reporting Standards SDG: Sustainable Development Goals

● Environment ● Social ● Governance

# ESG risks

| ESRS topic               |  <b>Fighting climate change</b><br>EI   |  <b>Investing in people</b><br>SI   | S2   |
|--------------------------|--|--|--|
| <b>Description</b>       | <p><b>GHG emissions</b><br/>The main environmental risk related to Hartmann's activities is energy consumption and the related Greenhouse Gas emissions from manufacturing processes.</p> <p><b>Climate risks</b><br/>Climate risk exposure impacts production and facilities, securing supply of products and working conditions.</p>   | <p><b>Health and Safety</b><br/>Risks of failure to provide safe working conditions, potentially leading to severe injuries and fatalities as well as non-compliance with UN Global Compacts principles. Risk of failure to provide a safe working environment could furthermore damage our reputation and negatively affect the ability to recruit and retain employees. Risk of temporary production stops.</p> <p><b>Equal treatment and labour rights</b><br/>Risk of failure to provide equal treatment and opportunities and a non-discriminatory environment.</p> <p>Hartmann is subject to national laws and regulations – violation could entail legal, financial, HR-related, and reputational consequences as well as missing out on talent.</p>  | <p><b>Health and Safety, equal treatment, and labour rights</b><br/>Hartmann has manufacturing sites in countries where paper and other waste is partly collected by waste pickers. Waste pickers play a critical role in recycling and reducing waste by collecting, sorting, and selling materials that would otherwise end up in landfills or streets. External research shows that such waste pickers are often part of the informal economy, often lacking access to health and safety, legal recognition, and proper regulation.</p> |
| <b>Mitigation action</b> | <p>The near-term science-based targets were validated in 2023, and planned CO<sub>2</sub>e emission reductions are expected to be achieved mainly towards the end of the 2030 trajectory.</p> <p>An investment was made in a new CO<sub>2</sub> calculation system with direct upload from ERP systems to secure a complete and more accurate calculation.</p> <p>A competency centre focused on energy projects, was established in Kolding, Denmark, to develop more leading, energy-efficient machinery and processes for moulded-fibre packaging. We also investigate how digitalisation and use of artificial intelligence may support our ambitions.</p> <p>Furthermore, ongoing investments in facilities, equipment, and processes are made to safeguard Hartmann's production platform.</p> | <p>We continuously monitor and review safety and fire conditions at the factories and share knowledge across the group. Safety briefings and data are provided at regular group management meetings, and we invest in occupational health and safety equipment and training.</p> <p>We are strategically investing in the acquisition of universal fire extinguishers, replacing the conventional ones at our facilities. By adopting these extinguishers, we aim to minimise the risk of human injuries during firefighting incidents. Most of our production is ISO 45001 certified.</p> <p>The diversity policy is the basis for equal treatment and prevention of discrimination. The global whistleblower reporting system, available for both employees and external stakeholders, provides the opportunity to raise concerns and report any observed violations through anonymous channels.</p> | <p>Hartmann will further assess its potential impact in this area, including the inherent risk of causing, contributing to, or being directly linked to an actual negative impact.</p> <p>Further, Hartmann will look to extend processes and requirements for supplier contracts, screening, and audits.</p>  |

**ESRS topic**

**Description**

**Mitigation action**



**Investing in people**

S4

**Food safety**

As a food packaging manufacturer, Hartmann is exposed to risks related to food safety including the potential adverse impact of 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.

Public well-being is at stake when consumer health and safety issues arise, potentially damaging Hartmann's reputation as well, affect sales, and incur additional costs to mitigate negative impacts, penalties, and lawsuits.

Production processes and end-products are monitored, controlled, and tested in accordance with applicable requirements and ISO 22000 for food safety.



**Protecting water**

E2

**Pollutants in wastewater**

Potential risk for production wastewater to contain a variety of pollutants.

We have allocated more and dedicated resources to qualify potential impact and to work intensively with water management in all production processes.

E3

**Water consumption and water discharge**

The pulping production processes require large amounts of water and consequent wastewater.

More production facilities are in water-stressed areas. The potential future risk of water scarcity must be evaluated and mitigated to ensure stable production and protect people and the environment.

We continuously focus on improving water efficiency, including increasing the amount of recycled water in production processes. Ongoingly, we run tests to close the production loop and reduce wastewater discharge.

We have allocated more and dedicated resources to qualify potential impact and to work intensively with water management in all production processes.



**Strengthening circularity**

E5

**Waste management**

Resource scarcity will grow in the future, and the entire industry must rethink circularity to the highest level possible.

**Food waste concerns**

A minimum food waste will reduce CO<sub>2</sub> impact and prevent hunger worldwide.

Hartmann's business model and products are based on circularity. Customers are offered the opportunity to shift from single-use plastic packaging to bio-degradable moulded-fibre products based on recycled paper, enabling reduced downstream waste through packaging recycling.

Hartmann continuously develops and improves food packaging products to secure the best possible protection to meet customer demand and to reduce food waste.

**Other priorities**

GI

Risk of potential violation of Hartmann's data ethics and anti-corruption policies and legal and financial consequences hereof. Some of Hartmann's factories are located in relatively high risk countries in terms of corruption.

We maintain a whistleblower system, which may be used if serious offences - including bribery and anti-corruption as well as breaches of our data ethics policy - are observed or suspected. Hartmann's anti-corruption policy is enforced across low- and high-risk countries and the anti-corruption principle is an integral part of our supplier handling process.

E4 + S3

E4: Risk of potential impact on biodiversity in relation to deforestation and risk of paper mills' wastewater contamination.

S3: Risk of land-related impacts and socio-economic dependency from deforestation and paper mills.

As deforestation and paper mills are scoped out from our value chain and impact assessment, these risks are currently not in focus and will need further investigation.

# Environment



# How we work

We constantly work to reduce our environmental footprint in our entire value chain, backed by science-based targets. Development of and investment in new technologies are required 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 2023, our near-term targets were validated, set for the reduction of absolute Scope 1 and 2 and relative Scope 3 CO<sub>2</sub>e emissions by 50% in 2030, from a 2021 baseline.

The manufacturing process is the primary source of CO<sub>2</sub>e emissions - particularly the drying of products after wet-moulding, as most of our ovens are heated either directly or indirectly through natural gas burning. There is significant CO<sub>2</sub> reduction potential in these processes, which forms the basis of our carbon reduction trajectory – however, such achievement requires the development of new energy systems and technologies.

## Best in class setup

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, 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 the replacement of less-efficient and energy-consuming equipment such as drying ovens, vacuum pumps, and other manufacturing equipment, as well as in processes.


## Development of new energy systems and technologies


We acknowledge that a technological leap is necessary to realise our carbon emission reduction ambition. Our competency centre in Denmark is responsible for investigating and maturing such energy projects for implementation. Furthermore, we investigate how digitalisation and use of artificial intelligence may support our ambitions.

To date, viable alternative energy sources to natural gas for our usage have not been identified. We clearly prefer 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 main priorities

 Fighting climate change

 Protecting water

 Strengthening circularity

## Our KPI's

GHG emissions (Scope 1-3)

Water usage

Energy usage and mix

Share of recycled material

ISO 14001 and 50001 certificates

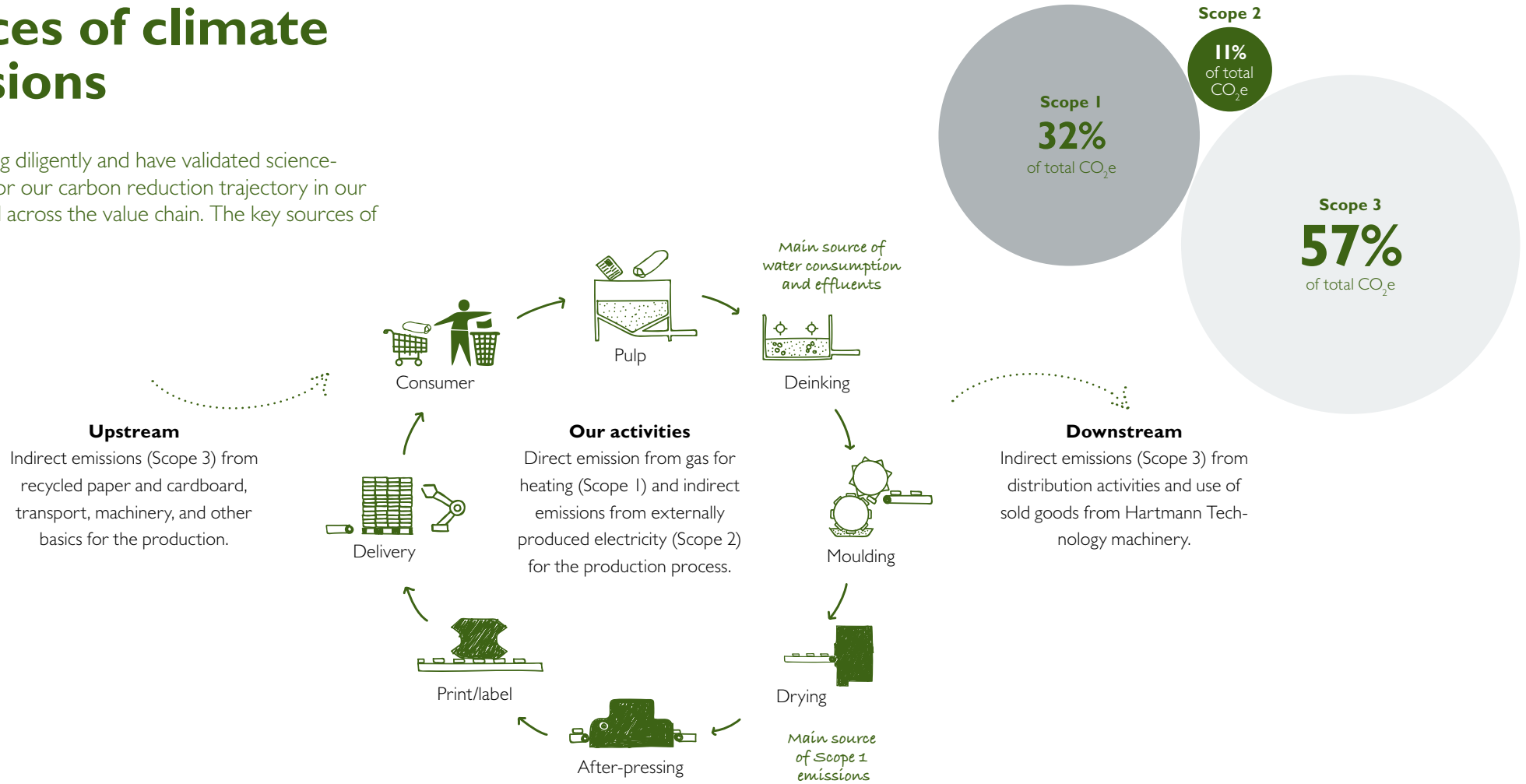
## SDG's





# Sources of climate emissions

We are working diligently and have validated science-based targets for our carbon reduction trajectory in our production and across the value chain. The key sources of emissions are:



# Performance

## Energy consumption and emissions

In 2023, we experienced a more stable energy market. Declining costs made it possible to change the mix of energy sources, which had a great impact on the overall Scope 1 emissions. Hartmann's total CO<sub>2</sub>e emissions (Scopes 1, 2 and 3) dropped by 5% from 2022. Scope 1 CO<sub>2</sub>e emissions decreased by 12% from 2022 mainly driven by the changed mix in energy sources. Scope 2 and Scope 3 CO<sub>2</sub>e emissions were on par with last year. With this development, Hartmann is on track towards realising its CO<sub>2</sub>e reduction targets by 2030.

In 2023, we invested in and started implementing a new CO<sub>2</sub>e emission calculation tool, extracting data from the ERP systems, to develop more systematic, detailed and accurate calculations for Scope 3 emissions.

In Europe, the recycled paper market trended towards less newsprint. Therefore, Hartmann invested in machinery to adapt the production process for other paper grades to secure a future

stable supply of egg packaging to customers. As part of this adjustment Hartmann introduced a new mix of colours for our egg packaging products with a more favourable composition of additives to reduce our energy consumption, and hence our climate footprint.

## Water consumption

Hartmann's production requires large amounts of water and consequently discharges of wastewater. In addition, more of our production facilities are in water-stressed areas with risk of future shortage. Therefore, we have allocated more resources to qualify our potential impact and to work intensively with water management in all production processes. Among others, we ongoingly test if it is possible to close the production loop to reduce water intake and wastewater discharge.

Total freshwater consumption increased by 5% in 2023. Compared to produced volume, a decrease of 3% was achieved in the period.

## Paper and waste

Replacement of single-use plastic packaging with biodegradable moulded-fibre packaging continued. Most of our paper raw materials were sourced from recycled sources and in Europe from FSC-certified sources, too.

## Certificates and partnerships

Our ISO 14001 certificates for environmental management and ISO 50001 certificates for energy management were renewed.

## Environmental policy

We systematically and proactively protect, respect, and safeguard the environment and climate in the daily business activities by developing production methods and products, training 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.



case

## New egg packaging combines sustainability and innovation

Specialty products such as coloured and hard-boiled eggs often come in transparent plastic packaging to attract consumers. Now, we introduce a moulded-fibre solution with similar features.



Until recently, consumers in Germany, Switzerland, and Austria could purchase coloured and hard-boiled eggs in plastic-based packaging only. This type of packaging allows a full display of the specialty eggs but has reduced branding space for the provider.

The growing need for sustainable packaging in the retail industry has catered for our development of an innovative and one-of-a-kind moulded-fibre packaging solution for such specialty eggs. We call it Plus View™, and while the eggs remain well-protected, large windows on the front and top of the pack display the colourful contents. At the

same time, the packaging still provides significant marketing space.

In addition, manufacturing of Plus View™ is less energy-intensive due to lower raw material consumption and shorter drying processes than traditional moulded-fibre packaging. Furthermore,

the Danish Technological Institute conducted an incline test and a drop test proving that PlusView™ protects the coloured eggs 4 and 2 times better, respectively than comparable plastic products. A third test showed that the PlusView™ can withstand 4 times more pressure than comparable plastic packaging.



# How we work

It remains fundamental to protect our employees through continued investments in technology, safety training and optimisation of processes, and we strive to leave a positive impact on people across our value chain. We also remain committed to enforce diversity and inclusion in our organisation.

## Protecting our people

Our target of zero work-related accidents across our business is unchanged and is based on a continuously improving safety level in the past years.

Our cross-regional exchange of health and safety knowledge between site safety managers, Hartmann Technology representatives and plant directors is crucial to ensuring site safety, establishing a common safety mindset and behaviours, and to developing technical solutions and innovations. This setup is supported by solid governance, processes, and infrastructure, which as of 2023 includes an internal audit system mandating all sites to document and evaluate safety maintenance activities.

Reports on safety performance, actions and projects are reviewed by the group management team, and health and safety items are integral to all meetings.

## Diversity and gender

Our diversity and gender equality policies frame 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 group management team, and other managerial levels, as well as employees.

## Community engagement

We are committed to engaging in communities where our factories and offices are located. We collaborate with local authorities and organisations to increase awareness of sustainability. We review potential inquiries, establish dialogue, investigations and corrective actions if needed. As part of our commitment to community engagement, we will work on gaining a deeper understanding of our potential impact and risks related to this area.

## Our main priorities



Investing in people

## Our KPI's

Injury rate (LTI-FR)

ISO 45001 certificates

ISO 22000 certificates

Collective bargaining coverage

Gender data

## SDG's





# Performance

## Occupational health and safety – own workforce

The number of work-related accidents per million working hours (LTI-FR) increased by 17.3% compared to 2022.. The rise was not related to a specific area and general safety awareness was emphasised across the factories. From baseline year 2018 LTI-FT has improved by 39 %.

Initiated by our employees and to further improve safety in our Danish factory, air quality measurements were conducted in 2023. Tests results for different steams and aerosols in the production area were satisfactory and below relevant thresholds by the Danish Working Environment Authority.

By end-Q2 2023, Hartmann's factory in India was fully operational after a major fire in May 2022. As part of the re-establishment of the factory, several health and safety measures, including installation of sprinklers, were upgraded.

In 2023, a comprehensive audit system was implemented, mandating all sites to document and evaluate safety maintenance activities. Control mechanisms can promptly identify and address any emerging shortcomings. As an example, incident

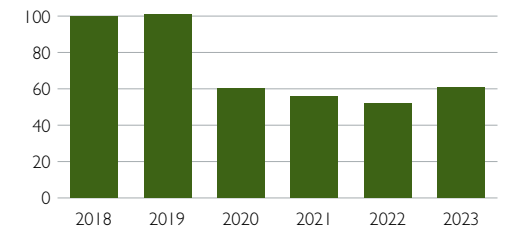
and fire reporting procedures were strengthened by being incorporated in the audit system. The heightened transparency served as basis for monthly meetings with risk management leads from each site.

## Occupational health and safety – workers in the value chain

Some of Hartmann's suppliers in certain countries may be partly dependent on informal waste pickers for collection of recycled material, who may lack access to health and safety, legal recognition, and proper regulation. In 2024, Hartmann will analyse this matter further to understand its potential impact in this area, see case page 24.

## Accident statistics

Work-related accidents per million working hours (LTI-FR), (2018=100)



### Fire safety

In 2022, Hartmann launched a group reporting system for sprinklers, and during 2023 investment was made in an inspection, test, and maintenance programme for sprinklers, fire pumps and fire-hoses.

Our business continuity plan in case of fires erupting, which was introduced at the European factories in 2021, became part of a large-scale incident preparedness programme in 2023. A similar plan will be developed for additional factories.

### Food safety

As a food packaging manufacturer, consumer safety is 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 2023.

### Labour rights and community engagement

Also during 2023, we continued our high focus on conditions of employment at all production sites.

The share of employee contracts governed by collective bargaining agreements at group level was unchanged at 76% (2022: 76%) in 2023. In

all markets, Hartmann always strives to have a constructive dialogue with labour unions and employees.

Hartmann constantly aim 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.

### Diversity and gender

Hartmann's diversity policy is formulated to ensure a diverse workforce and an including culture. The policy is applied for both internal and external searches for qualified candidates of both genders for the board of directors and other managerial levels. The policy sets out an overall guideline for initiatives to reach defined targets.

After the extraordinary general meeting on 12 July 2023, the top managerial level, the shareholder-elected board of directors (parent company) comprises two men and one woman, and the aim is to maintain a gender distribution compliant with legislation, i.e. 33/67%. (2022: one woman out of four members, corresponding to 25%).

The representation of women on Hartmann's other managerial levels (parent company) was 19% (2022: 14%). Hartmann is committed to achieving

a 40/60% gender distribution and has set a target of 25% women in management in 2025 and at least 40% in 2030.

In 2023, Hartmann has implemented additional initiatives to foster diversity and inclusion within its managerial levels. The measures comprise insistence on including at least one candidate from an underrepresented gender in the final pool of applicants during a recruitment process, the option to participate in networking and leadership development programs or mentorship schemes, as well as additional focus on life-balance initiatives.

### Human rights

In 2023 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 2023.



## Human and labour rights Policy

We strive to 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](http://www.hartmann-packaging.com).

Case

## Taking responsibility and driving performance across our value chain

At Hartmann, we strive to drive positive change, and corporate responsibility is integral to our core business.

Our double materiality assessment highlighted Hartmann's involvement in the supply chain for recycled cardboard and paper, our primary raw materials, in our upstream value chain.

In some of our manufacturing countries, collection of recycled material might partly be handled by informal waste pickers. External research shows that such waste pickers are often part of the informal economy, often lacking access to health and safety, legal recognition, and proper regulation. It is part of our social responsibility to better understand our impact in this area, including the inherent risk of causing, contributing, or being directly linked to an actual negative impact.

We are therefore engaging in dialogue with stakeholders in the countries of concern with respect to employment conditions of waste pickers at our suppliers. To further assist us in this task, we have entered a project initiated by the Confederation of Danish Industry, the country's largest business and employer organisation, and the Danish Industry Foundation, to strengthen our work with sustainability and our ESG responsibility across our entire value chain.

Set to conclude in 2024, this initiative is designed to boost the competitiveness of Danish manufacturers by concentrating on value chain improvements and sustainable practices. It seeks to deepen



insights into ESG expectations and promote collaborative progress with our suppliers and customers.

As a larger global manufacturer, Hartmann acknowledges its responsibility towards smaller companies. We aim to support and respect our differences, using them as a foundation for posi-

tive change and to avoid any abusive practices. By sharing our experiences and practices, we hope to assist smaller companies in strengthening their efforts in ESG across the entire value chain.



# Governance

# How we work

Our focus on business and data ethics is relentless to ensure compliance with our standards in the entire value chain. We increased our focus on sanctions screening and export control further throughout 2023. We also implemented updated standards for risk management.

## Code of Conduct

Our Code of Conduct embeds our ethical behaviour in our interaction with each other, our customers, our suppliers, and the communities where we operate.

## Transparency and anti-corruption

The anti-corruption principle is observed and promoted across all Hartmann's activities through our policies, commitment to UN Global Compact, supplier dialogues and audits.

We operate a whistleblower scheme for both employees and external stakeholders, as 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.

## Data ethics

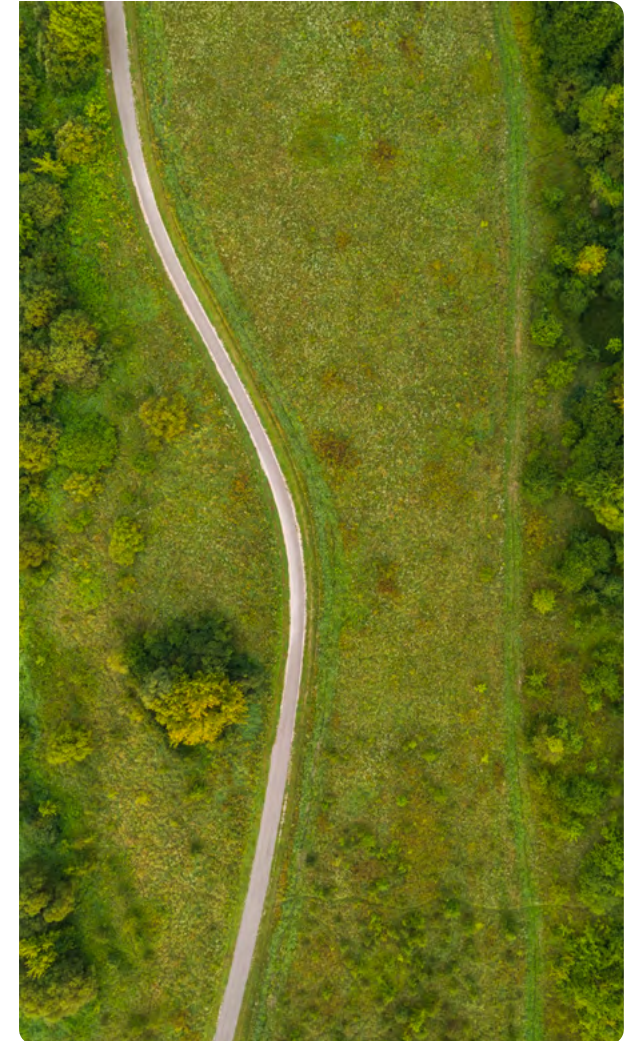
The policy on data ethics reflects our commitment to managing data responsibly based on principles of honesty, transparency, and account-

ability. We adhere to these principles and applicable legislation, such as GDPR, to ensure that our employees, customers, suppliers, and consumers are 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 the collected data is adequate, relevant, and always accurate. 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 do not sell data.

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



# Performance

## Supply chain and collective bargaining

Audits of selected suppliers were conducted throughout the year in combination with dialogues to emphasise their acknowledgement and responsibilities when doing business with Hartmann. Our work was anchored in the business Code of Conduct published in 2022 and our anti-bribery and anti-corruption policies.

The supplier audits and dialogues did not entail termination of contracts in 2023.

Six instances of whistleblowing were recorded during the year, leading to further investigation and minor corrective actions.

## Risk management

A comprehensive internal audit system was implemented, mandating all sites to document and evaluate safety maintenance activities. Control mechanisms can promptly identify and address any emerging shortcomings. The heightened transparency served as the basis for monthly meetings with risk management leads from each site.

Furthermore, updated standards for group risk management, based on industry experience, best

practices, international guidelines, and recommendations from insurance companies, were formulated to ensure that risk levels across all sites remained low. The active tracking of these standards ensures uniform compliance, and progress on individual initiatives is closely monitored.

## Online training

Hartmann decided to establish an online training system to systemise regular employee awareness of and commitment to group policies. Implementation will commence in 2024.

## 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.

## Sanctions screening and export control

From our headquarter all procedures were revisited to ensure compliance with export control legislation and sanctions laws related to our products, and these procedures were rolled out to the entire organisation.



## Embedding ESG into the organisation

To strengthen Hartmann's work and focus on sustainability, we expanded our Sustainability & ESG team in 2023, reporting to the CFO, dedicated to driving and further anchoring our efforts within the business. To support this, local ESG responsible from our business units were appointed.

In August, we hosted an ESG event for all parties involved to further address our sustainability work, and Hartmann's impact on environmental, social, and governance aspects. The three-day event was packed with educational and inspirational sessions and training in the new EU regulations for sustainability reporting. To underscore the commitment of management and key internal stakeholders, they participated in specialised training tailored to their roles.

Communication and awareness are central elements of our sustainability and ESG work. Every month, our group management team is updated on the progress and ESG was a recurring topic on Audit Committee meetings throughout 2023.

# Structure

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

The group management team is supported by the Group ESG & Sustainability 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 & Sustainability responsible in gathering, consolidating and reporting all data.

Local management teams propose relevant investment cases and report sustainability data and any issues to the Group ESG & Sustainability responsible and the group management team 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

- > Remuneration policy incl. guidelines for incentive pay
- > Tax policy
- > Policy on gender equality in other management
- > Business Code of Conduct
- > Social Responsibility policy



# Key ESG figures

| Key Performance Indicator  | Unit           | 2023      | 2022      | 2021      |
|--|----------------|-----------|-----------|-----------|
| <b>Environment</b>   |                |           |           |           |
| GHG emissions (Scope 1)  | tons           | 143,378   | 163,173   | 155,115   |
| GHG emissions (Scope 2)  | tons           | 48,416    | 47,494    | 52,633    |
| GHG emissions (Scope 3)  | tons           | 256,160   | 259,665   | 271,792   |
| Energy usage   | MWh            | 942,464   | 953,369   | 980,371   |
| Renewable energy   | MWh            | 140,250   | 108,479   | 87,498    |
| Water usage  | m <sup>3</sup> | 1,707,013 | 1,632,884 | 1,846,596 |
| Share of recycled paper  | %              | 97        | 98        | 98        |
| Volume produced under ISO 14001                                  | %              | 55        | 59        | 58        |
| Volume produced under ISO 50001                                  | %              | 46        | 39        | 39        |
| <b>Social</b>  |                |           |           |           |
| Injury rate  | LTI-FR         | 7.4       | 6.3       | 6.8       |
| Collective Bargaining Protocol                                   | %              | 76        | 76        | 75        |
| CEO/worker pay ratio (parent company)                            |                | 13.5      | 12.8      | 10.1      |
| Gender diversity (female/male)                                   | %              | 29/71     | 27/73     | 24/76     |
| Volume produced under ISO 45001                                  | %              | 51        | 56        | 55        |
| Volume produced under ISO 22000                                  | %              | 46        | 51        | 51        |
| <b>Governance</b>  |                |           |           |           |
| Female representation board of directors (parent company) %      |                | 33        | 25        | 25        |
| Female representation other managerial levels (parent company) % | %              | 19        | 14        | 14        |
| Instances of whistleblowing                                      | #              | 6         | 0         | 1         |



# 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 CO<sub>2</sub>e emissions in accordance with the Green House Gas Protocol with a cradle to grave approach and assistance from external engineering, energy, and sustainability consultants. CO<sub>2</sub>e emissions are divided in three categories, Scope 1-3.

### Direct GHG emissions (CO<sub>2</sub>e Scope 1)

Direct GHG emissions (CO<sub>2</sub>e 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 74% 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, propane contributes to Scope 1 emissions to a smaller extent as this fuel is used for forklifts and other vehicles. 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 (CO<sub>2</sub>e Scope 2)

Indirect GHG emissions (CO<sub>2</sub>e 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 (CO<sub>2</sub>e Scope 3)

Other indirect GHG emissions (CO<sub>2</sub>e 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 CO<sub>2</sub>e emission factor of 0 is applied to recycled paper under the allocation-based method. As the paper is collected and transported it has been determined to add transportation emissions for paper and cardboard raw material. A proxy developed in Denmark has been used for all plants and will be developed over the next year to a country specific calculation for each individual plant.

As the exact calculation of Scope 3 CO<sub>2</sub>e 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 CO<sub>2</sub>e 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 CO<sub>2</sub>e emissions for the remaining categories. While this calculation method entails uncertainty, Hartmann is confident that it will not underestimate the group's Scope 3 CO<sub>2</sub>e emissions as it includes data from the largest factory with the most comprehensive production process and greater consumption of additives and other auxiliary materials than the group's smaller production facilities.

Machinery and technology activities sold to external customers contribute to Scope 3 emissions with 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 raw materials**

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

### **Volume produced under ISO certificates (environmental)**

The share of total manufactured volume 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 (parent company)**

Share of female representatives among the following definitions of managerial levels:

The top managerial level consists of the shareholder-elected members of the board of directors. Other managerial level consists of two layers: 1) the executive and group management team members, and 2) all leaders referring to the first level with management responsibility.

### **Volume produced under ISO certificates (social)**

The share of total manufactured volume 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**

### **Instances of whistleblowing**

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

### **CEO / worker pay ratio**

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



# External Sustainability Scan

| ESRS topic                           | Potential lower risk | Potential higher risk |
|--------------------------------------|----------------------|-----------------------|
| <b>E</b> E1 Climate change           |                      |                       |
| E2 Pollution                         |                      |                       |
| E3 Water and marine resources        |                      |                       |
| E4 Biodiversity and ecosystems       |                      |                       |
| E5 Resource use and circular economy |                      |                       |
| <b>S</b> S1 Own workforce            |                      |                       |
| S2 Workers in the value chain        |                      |                       |
| S3 Affected communities              |                      |                       |
| S4 Consumers and end-users           |                      |                       |
| <b>G</b> G1 Business conduct         |                      |                       |

## Corporate memberships

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

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