

**+ BENEFITS
FOR A CIRCULAR FUTURE**



**TO A
HIGHER
LEVEL**

in sustainable packaging

About this report

[G4-17]

4th sustainability report of VPK Packaging Group NV

This report is published in 2017 and covers the data of year 2016.

We report in accordance with the 'core' option of the Global Reporting Initiative (GRI) G4 guidelines.

It is our intention to report on a yearly basis.

FEEDBACK WELCOME

Suggestions or questions about this report or about the CSR policy of VPK Packaging Group? Please do not hesitate to ask.

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Online version of this report: www.vpkgroup.com/en/sustainability

COLOFON

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Ready for a disruptive economy



*Quantitative growth
is only part of the
hard work.*

Pierre Macharis
CEO, VPK Packaging Group

To A Higher Level was what 2016 was all about. In this past year, we concluded our biggest acquisition ever, which resulted in VPK now operating from 47 sites in 16 countries, with a turnover exceeding one billion. Indeed a considerable scale for a Belgian family company.

Quantitative growth, however, is only part of the hard work, because the bigger we become as a company, the more pertinent our need to work together and to learn from each other. This requires an open view of ourselves and the world at large, which is evolving at a rapid pace.

As a company, we must be ready to evolve within a disruptive economy. Agility is the key and sustainability is the driving force. *People, Planet, Profit*: We cannot separate them anymore, which is an absolutely positive evolution.

In the 25 years that I have been directing this company, I rarely felt prouder than when looking at the achievements of our current 5,000 employees. This report is just a brief overview of some of the remarkable efforts they deliver on a daily basis.

The fact that we translate sustainability into apprehensible processes and practices, is well illustrated by our paper division on page 38. In doing so, we engage our main stakeholders, which you can read about on page 14. Ultimately, we are all working on making our customers' supply chain more sustainable, as we highlight on page 28.

Complacency, however, is one thing we have no place for at VPK. That's why we continuously strive for *a higher level*.

Organisational profile | VPK Packaging Group

[G4-3 / G4-4 / G4-5 / G4-7 / G4-8 / G4-9 / G4-13 / G4-16]
















To a higher level in circular packaging solutions

VPK Packaging Group is a pioneering packaging supplier, operating 47 sites in 16 countries. Our headquarters are Belgium-based. We have been producing **innovative and protective cardboard packaging for logistics purposes since 1935** and continue to show steady growth and expansion.

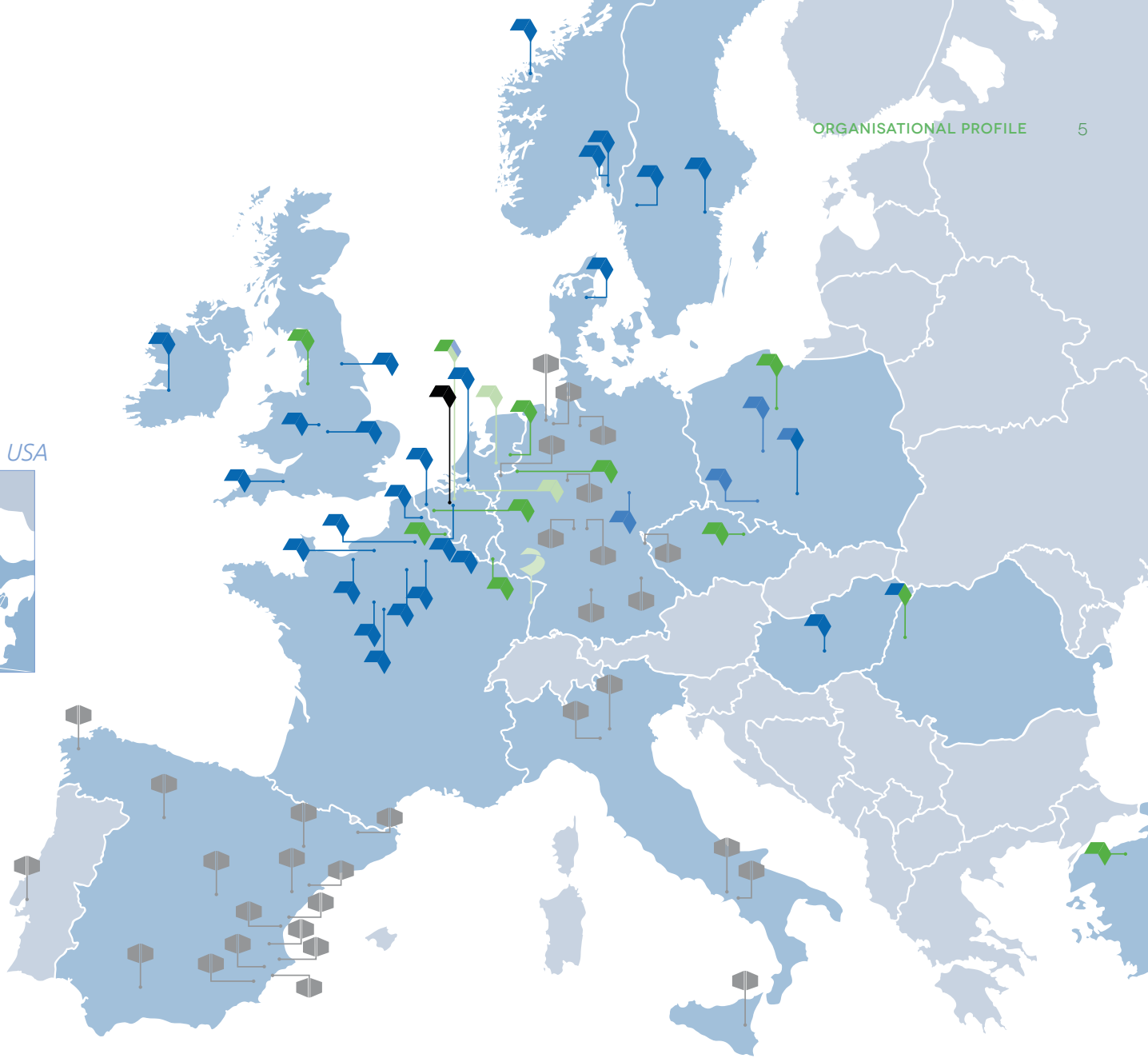
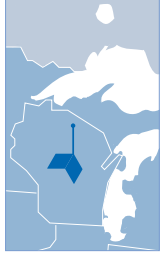
CIRCULAR ECONOMY

The VPK product range covers tailor-made solutions for corrugated board and solid board packaging, cores and edge protectors. All of these products are fully recyclable. Furthermore, our paper is made of exclusively recycled fibres, which underlines our determined ambition to operate within a circular economy.

PRODUCTS AND BRANDS

	PAPER	The base material that creates all our cardboard	 
	SHEETS	Raw, unprocessed cardboard sheets to be processed at local converters	
	CORRUGATED PACKAGING	Customized protective packaging, ranging from transport packaging, over displays to shelf-ready packaging	    
	SOLID BOARD	Smooth and dens cardboard packaging, highly suitable for agricultural products in damp environments	
	CORES	Cardboard cores for winding applications in textiles, foil metal and paper industry	

Wisconsin, USA



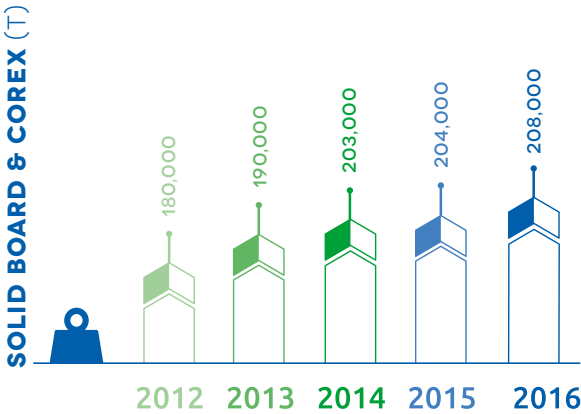
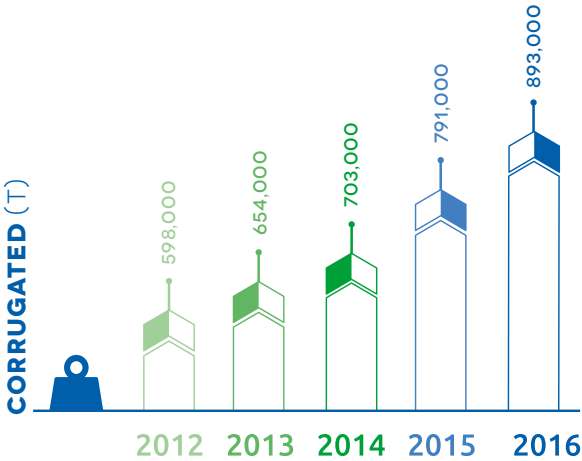
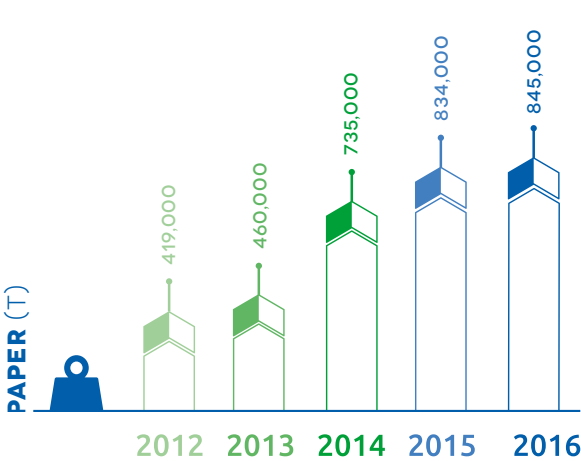
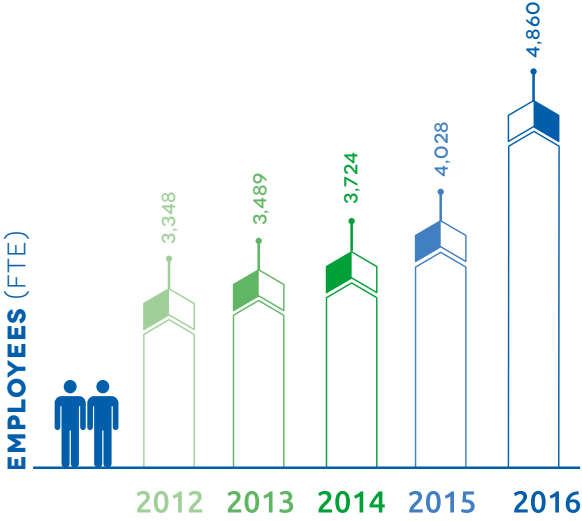
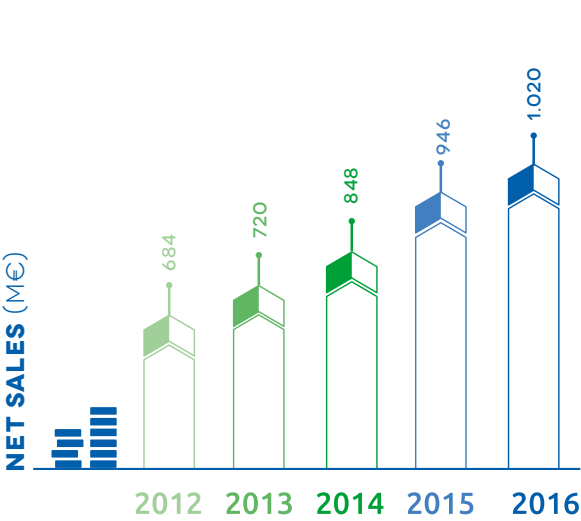
LOCATIONS

	VPK Packaging Group Headquarter		VPK Packaging Group Solid Board
	VPK Packaging Group Corrugated Packaging		Blue paper
	VPK Packaging Group Corrugated Sheets		Blue Box Partners
	VPK Packaging Group Paper		
	VPK Packaging Group Cores & Edge Protectors		

Canary Islands



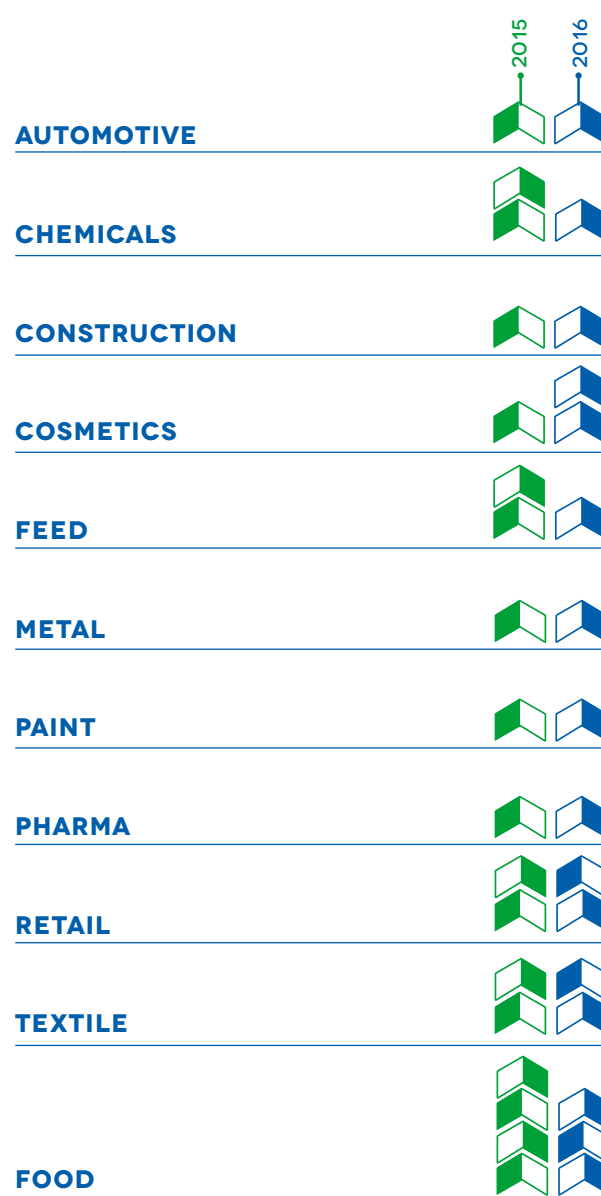
ORGANISATIONAL PROFILE



INDUSTRY SERVED

[G4 – 8B1 / 8B2 / 8B3 / 8B4 / 8B5 / 8B6 / 8B7 / 8B8 / 8B9 / 8B10 / 8B11]

Reporting on the markets/Industry served, the figure gives an indication on a scale of 1-4 (1: LOW to 4:HIGH) on VPK products (corrugated packaging only) sold in the industries indicated.



MAIN MEMBERSHIPS [G4 – 16]

CEPI	Confederation of European Paper Industries	Board membership
CBA	Corrugated Benelux Association	Board membership
FEFCO	European Corrugated Packaging Association	Board membership
BLUE BOX PARTNERS	European Economic Interest Group	Founding member



To a higher level in sustainable packaging

Our continual strive to move forward and enjoy sustainable growth is summarized by three pillars:



Great to work for

VPK Packaging Group offers a stable working environment within a framework of corporate responsibility and sustainability. It allows motivated and qualified employees to pursue an exciting career path in which initiative is rewarded and opportunities can be seized with both hands. Expect no beaten paths, but a world of possibilities instead. During the last year we reinforced this objective through a "Great to work for" action plan.

> See page 10 and 14.

Easy to work with

At VPK Packaging Group we are committed to listening to our customers and responding to your specific requirements. In recent years we have, for instance, developed a new packaging solution for the German asparagus market. This is an excellent example of how we gladly share our experience with you on how to improve your logistics chain.

> See page 20 and 28.

Operational excellence

Efficient and optimal improvements of the production process are essential within a competitive environment. Continuous improvements include ERP integrated systems, while our focus on long-term investments rather than quick wins ensures sustainable results. Logistics and transportation are an important part of our business. We have been analysing how we can optimise both. In this report you can read, for the very first time, how we tackled this challenge.

> See page 34.

BENEFITS



local community
engagement





open window on
packaging sector



peer
learning



job
opportunities

TO A HIGHER LEVEL IN **LEARNING & DEVELOPMENT**

VPK firmly believes in local entrepreneurship. This creates a stimulating work environment, with room for innovation. Anchoring in the local socio-economic fabric is a crucial part of this, which is exactly why we interact with our local communities. We also provide opportunities for our current employees for further professional development.

A successful future starts with dedicated workers

Like any business, the future of VPK Packaging Group relies on the competence and dedication of the people on the floor. We believe in developing an early enthusiasm for the corrugated industry by offering students a valuable apprenticeship. For existing employees, VPK introduced two specific development programs.

For students, an experience. For us, a chance to spot new talent.

“CHARLIE AND THE CORRUGATOR FACTORY”

Since 2011, Rigid – VPK’s UK-based corrugated packaging division – has successfully offered an apprenticeship scheme for 16-18 year old part-time students. This is part of the group’s overall strategy to help young people to develop vital skills in a manufacturing environment.


The apprentices undertake a number of placements in design, technical, customer service, warehouse and production. Each placement takes six weeks, over a period of one year. Successful applicants have the opportunity to progress through to a full-time position and to take on a supervisor/team leader role in the future. For **Charlie Hillyer**, one of the first apprentices to join the scheme in 2011, it turned out to be the start of a promising career at VPK.

Robbie Iddon, Corrugator Manager: “As for Charlie, we noticed a promising drive from the outset and an eagerness to learn. Charlie showed a great interest in the corrugator and that is

where he chose to stay and broaden his skills. Our ex-apprentice has just completed an intense training programme to learn how to run the corrugator from the control room. This position is usually held by the Team Leader and carries a lot of responsibility; this didn’t faze Charlie at all and he proved that with composure, leadership skills and production figures.”



Charlie Hillyer (left) joined Rigid as Academy Apprentice in 2011. In 2016, after intense training he is able to run the corrugator from the control room.



The young people we train and nurture today are the future of VPK in years to come.

Opportunities for existing employees

DEVELOPMENT PROGRAM FOR MANAGEMENT AND FOR MANUFACTURING

Next to the apprentice scheme, VPK offers many opportunities to staff to progress in their chosen careers. In 2016 a successful **Management Development Programme** was set up to help the managers of the future. The programme is open to all sites and departments. Specifically for production staff, the **Manufacturing Development Programme** focusses on boosting their leadership potential.

At the Desborough, Selby and Wellington sites altogether 12 employees have been selected for the ten month course to gain a valuable insight into Rigid's processes by taking part in modules involving design, customer service, health & safety, engineering, lean manufacturing, quality, auditing as well as the financial and commercial parts of the business. Additional skills such as supervisory tips, team building, project management and negotiation skills will also be taught, as well as learning about VPK operations at its head office in Aalst, Belgium.

Interaction with local schools and community

GUIDED TOURS IN THE FACTORY

Often VPK is one of the largest employers in the towns we are situated in. We consider it our responsibility to give back to those areas and support the future of the next generation by educating young people about the local industry and career opportunities in packaging.

At our Desborough site, Rigid is the biggest employer in the town. Rigid's approach has been through consistent interaction with local schools. The pupils can participate in a full tour of the Desborough-based factory. These close up visits are so important to set the seed for future interest to join the corrugated packaging industry.



BENEFITS



**measurable
results**



**stakeholder
interaction**



**bottom-up
action plans**

TO A HIGHER LEVEL IN **HR**

As part of our mission, we are committed to being a great employer to work for. We work to achieve this with targeted efforts and action plans. We measure our efforts and we engage in direct dialogue with our people, so that they can tell us how to provide a better workplace.

Fast acceleration to 'Great to work for'



The mandatory five-year survey of the working climate was only the beginning of a broader action plan towards a sustainable personnel policy for VPK Packaging Group. The survey is supplemented by an engagement measurement and focus groups elaborate on concrete actions for each Belgian department that should result in VPK becoming even Greater to work for.

2016 was a very challenging year for VPK's HR Manager in Belgium, Siebren De Schutter. "We have already settled a number of issues. The SENSOR analysis¹ - which we performed within the context of our Collective Labour Agreement 104 - was our starting point which led to brainstorming sessions and an action plan."

¹ SENSOR ('Stress and Engagement Sources in the Organisation') provides companies with a **scientifically substantiated method** of measuring, comparing and improving their working environment. SENSOR identifies **sources of stress, motivation and well-being** and measures the **impact of negative and positive factors** on your employees' engagement.




Employee satisfaction

In September 2016, employees of all major business units in Belgium were invited to participate in an employee satisfaction survey, in which the **five key points related to the working climate** were investigated:

- Labour content
- Terms of employment
- Labour relations
- Working conditions
- Labour organisation

VPK immediately linked an **engagement measurement** to this. Siebren De Schutter: "Participation was voluntary and anonymous. With a response rate of 45%, we can consider this to be a sufficient representation of the actual situation. We obtained some valuable information from the survey about the well-being of our employees: 81% feel committed and 74% take pleasure in their job, while 38% need to recover after a workday. We used the data from the survey as a starting point. Currently we are investigating improvements on several levels. The first concrete actions have already been launched. Other initiatives will follow in 2017 and 2018."

EMPLOYMENT SPLIT 2016 [LA12]



SENIOR MANAGEMENT	127	28
MIDDLE MANAGEMENT	377	94
PRODUCTION OR SUPPORT	2,869	531

REMUNERATION SPLIT [LA13]

	2015	2016
SENIOR MANAGEMENT	0.76	0.70
MIDDLE MANAGEMENT	0.89	0.70
PRODUCTION OR SUPPORT	0.74	0.70

Main points for improvement:

- Physical stress due to noise, vibration and temperature: 66,5%
- Internal organisational issues, including difficult cross-business unit collaboration, complicated decision-making and insufficient employee engagement in organisational changes: 72.4%

Most positive factors:

- Recognition and positive feedback from direct management: 66.6%
- Clarity about tasks and expectations: 76.3%
- 70% feels secure about the future of his or her job

The main thing I've learnt during the workshop for sleep improvement, was that the quality of my sleep is actually more important than the amount of sleep. I've learned some good tricks to improve this so I can get into a state of deep sleep more easily.

Anonymous evaluation of one of the participants

1,125

= number of VPK-employees in Belgium invited to participate in an employee satisfaction survey

Brainstorming sessions within the various Business Units

Small focus groups were formed within each Belgian department where employees, under the guidance of the HR business partner and management, could provide own ideas to improve well-being at work.

The ideas were structured and tested for feasibility and an action plan was prepared from the shortlist of proposals.

Having the possibility to work from home allows me to better organize my life. I work on different locations and it takes between 1 and 2 hours per day to drive to work. I can avoid losing time when there are traffic jams or when I have to be home early in the evening. And it's better for the environment! This flexibility is one of the reasons why I love my job at VPK.

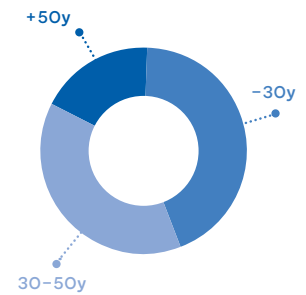
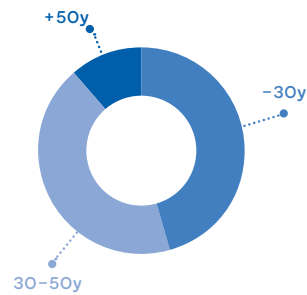
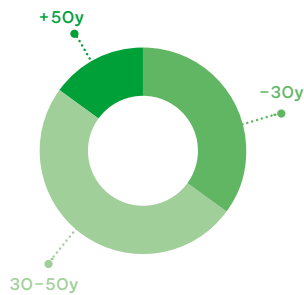
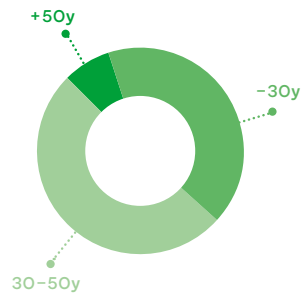
Bram Noterman, *Business Controller*

Action Plan: 'Great to work for'

The action plan was launched in April 2017. Some of the first concrete actions:

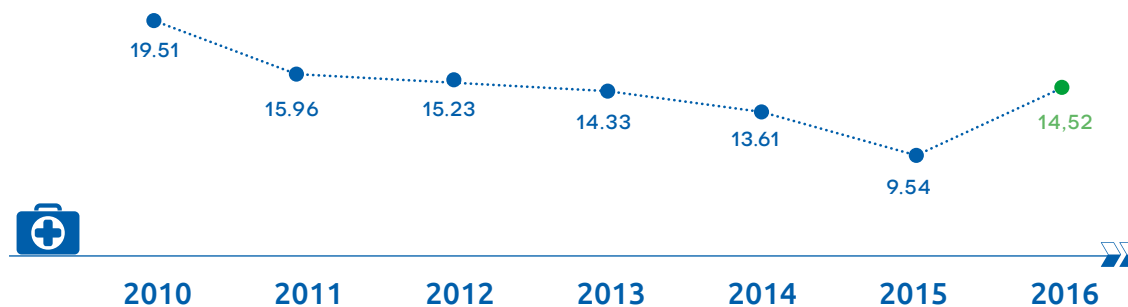
- A reformat for exit interviews with everyone who leaves the organisation: restructuring and transforming input into measurable data, which contributes to targeted improvement actions
- Encourage healthier lifestyles, including guidance to stop smoking, workshops for sleep improvement for employees who work in alternating shifts, healthy diet coaching
- Continuous management coaching on several aspects, such as expressing recognition and giving positive feedback towards employees
- Renewed homeworking policy to be deployed as from Summer 2017
- Group purchase of ICT equipment and (electrical) bikes
- New procedures on how to cope with burn out and work-related stress symptoms, whereby an affected employee can count on a financial intervention by the employer for psychological counselling
- Toolbox meetings on work equipment and PPE (personal protective equipment) to limit and prevent occupational accidents.

EMPLOYMENT [LA1]



OCCUPATIONAL HEALTH AND SAFETY

LOST TIME FREQUENCY NUMBER (LTIR, amount of work accidents*1.000.000)/amount of worked hours)



Three initiatives should generate a positive impact on 'health & safety':

1. A pilot project around safety culture, currently running in our business unit Rigid, will be rolled out to all Rigid sites and other business units.
2. Increase involvement of safety personnel in industrial projects and / or new installation projects.
3. Share best practices in project management to integrate safety from the start.



BENEFITS



renewable
materials



efficient
and fast



optimal brand
support

TO A HIGHER LEVEL IN INNOVATION

VPK Packaging Group has resolutely opted for sustainable packaging solutions, in both standard and custom formats. A team of specialists in our in-house labs are continuously working on developing new packaging constructions, based on renewable raw materials. Packaging that can be used to protect, transport, present and recycle again. Packaging that offers more than just one solution.

Smart packaging for asparagus

Packaging that protects delicate asparagus, while also providing a beautiful presentation.

It is stackable, printable, and recyclable. Smart Packaging Solutions, a division of VPK Packaging Group, successfully developed this product for the German market.



What's so clever about this solid cardboard asparagus packaging?

- ✓ 1 packaging for transportation and presentation protects
- ✓ keeps fresh (moisture resistant - coated solid cardboard)
- ✓ stackable
- ✓ standard size
- ✓ integrated insert
- ✓ printable
- ✓ 100% recyclable

This new packaging is more functional and aesthetic.

Arno Koot, Packaging Material Supply Manager at *The Greenery*

"This is a total solution as the packaging provides real added value," explained **Arno Koot**, Packaging Material Supply Manager at *The Greenery*. He is responsible for optimising the total cost of packaging for fresh fruit and vegetables at this international sales organisation. "The Greenery usually handles asparagus in plastic crates. Loose fillers are used to provide optimum protection for this delicate vegetable - with a length of 25 to 26 cm - in standard 30 x 40 cm crates. We started looking into an alternative cardboard packaging form on the request of a few of our customers. The new asparagus package, which we developed with Smart Packaging Solutions, is a perfect combination of functional requirements, improved quality performance, logistical efficiency and a beautiful design."



The previous asparagus packaging, made of plastic.

Logistical simplification


What makes the new asparagus tray so unique is the integrated filling that prevents the delicate vegetables from sliding against each other during transport and that allows them to be presented at their best once in the store. In addition to the integration of the filling, the design has also been optimised. This makes the new packaging more practical on many levels and it provides more advertising options. This asparagus box is already being used in the German market and the response from growers is unanimously positive!

Perfectly food safe

All solid cardboard packaging from VPK is manufactured in accordance with current regulations on **food safety and hygiene**. The two production facilities in Belgium are BRC-IoP (British Retail Consortium – Institute of Packaging), category B Certified. High **moisture resistance** makes solid cardboard particularly suitable for the storage and transportation of goods in cooling or freezing rooms. When in contact with infiltrating moisture, PE cardboard retains its texture without becoming soft for a total quality and safety guarantee. Smart Packaging Solutions also carries out quality checks in its own lab throughout the entire production process.

WHY SOLID BOARD IS A SUSTAINABLE SOLUTION

Solid cardboard has a number of unique features that guarantee high quality packaging. **Martijn Fluyt**, After sales and product development manager at Smart Packaging Solutions: "Due to advanced production techniques, solid cardboard is limited in its thickness. This provides a **cost-effective logistics process** with smooth processing, storage and distribution. The material is also quite smooth at the same time, which allows for easy application of folding and cutting lines. The most varied designs can be obtained in this manner. The smooth surface allows **flex and offset printing** to be used, allowing you to apply an informative, commercial and/or creative message on the packaging. Solid cardboard is also **100% recyclable**, thereby supporting the circular economy. Only recycled fibres and fibres of known and safe origin are used in all our packaging solutions. When we nevertheless need to acquire raw materials, we only use FSC® certified raw materials.

 More information about our quality assurance and certification of our solid cardboard packaging production is available on page 41.

ABOUT SMART PACKAGING SOLUTIONS

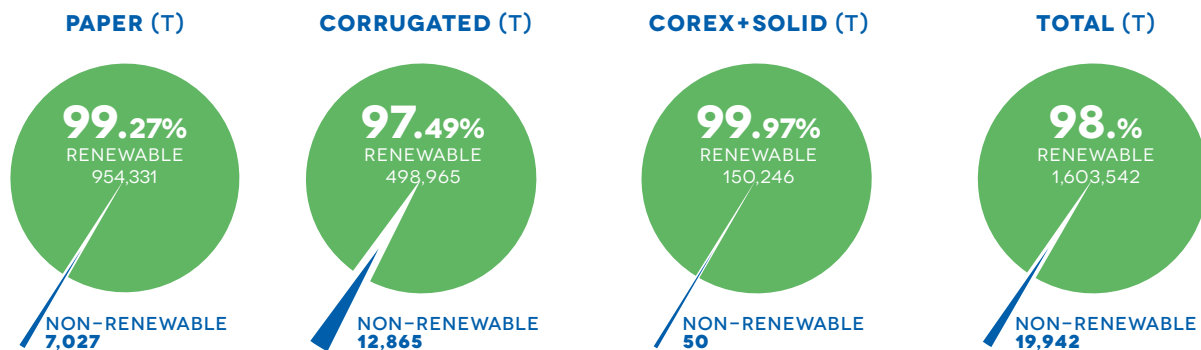
Smart Packaging Solutions, a division of VPK Packaging Group, is a leader in the production of solid cardboard packaging. The three high-tech solid cardboard plants together account for a capacity of 150,000 tonnes. www.smart-packaging-solutions.com



All our packaging solutions can be recycled and thereby support the circular economy.

Martijn Fluyt, After sales and product development manager at Smart Packaging Solutions

MATERIAL [EN1]



WATER [EN8]

TOTAL WATER USE



	2016			
	SURFACE	WELL	MUNICIPAL	RAIN
PAPER (m ³)	1,711,478	5,618,794	277,440	77,217
CORRUGATED (m ³)	11,601	0	107,385	14,009
COREX+SOLID (m ³)	0	0	19,105	6,866
TOTAL	1,723,079	5,618,794	403,930	98,092



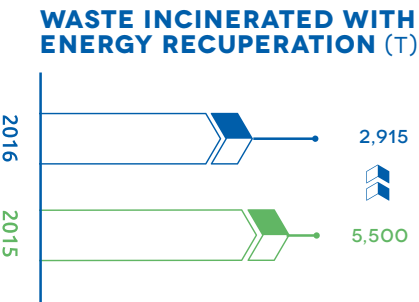
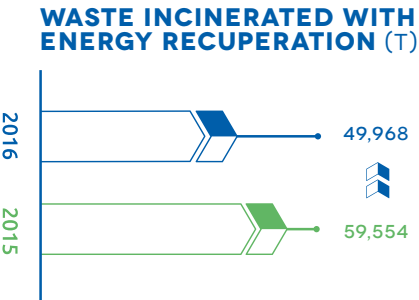
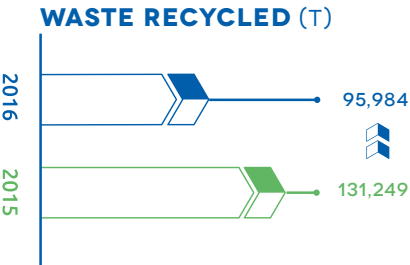
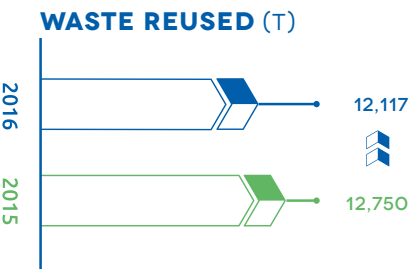
	2015			
	SURFACE	WELL	MUNICIPAL	RAIN
PAPER (m ³)	1,756,961	5,725,079	161,198	77,217
CORRUGATED (m ³)	0	0	123,121	9,740
COREX+SOLID (m ³)	0	0	14,906	6,570
TOTAL	1,825,505	5,725,079	299,225	93,527

	2014			
	SURFACE	WELL	MUNICIPAL	RAIN
PAPER (m ³)	1,776,957	5,899,026	202,282	77,217
CORRUGATED (m ³)	23,253	9,995	163,010	974
COREX+SOLID (m ³)	500	0	13,424	657
TOTAL	1,800,710	5,909,021	378,716	78,848

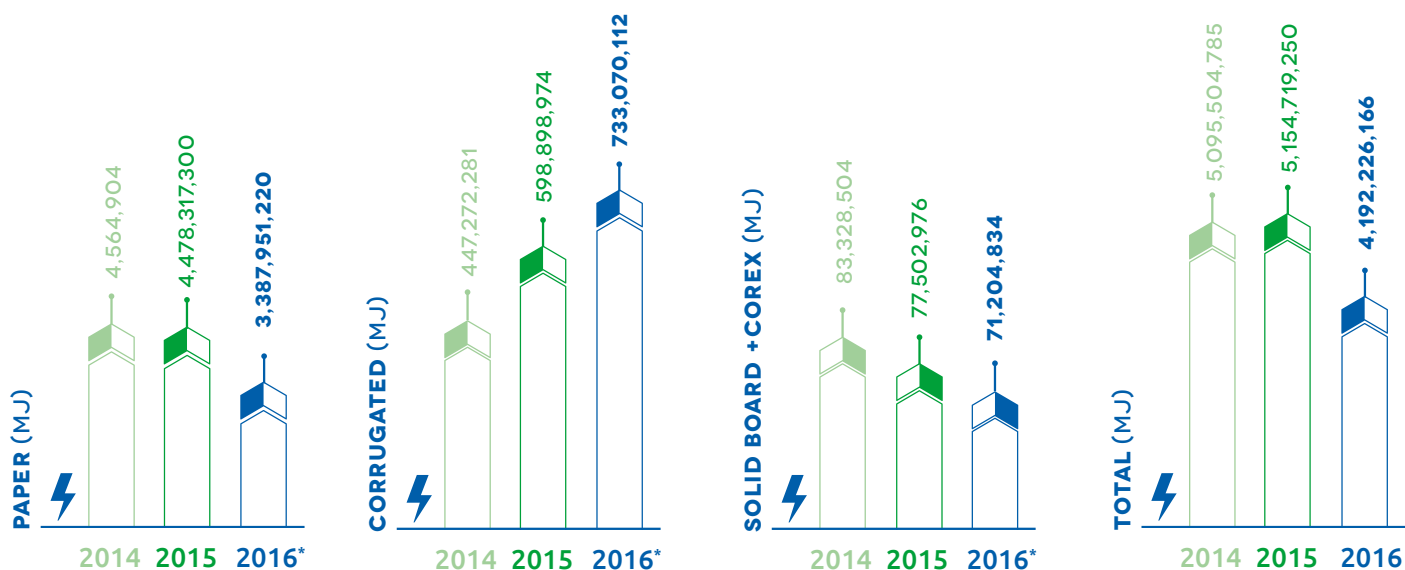


Despite an increase in production through acquisitions or increased output, VPK managed to decrease its water consumption as a result of a more efficient process control.

WASTE [EN22 / EN23]



ENERGY [EN3]



* Paper: 3.807 MJ/T
 Corrugated: 885 MJ/T
 SB + Corex: 254 MJ/T

ENERGY SPLIT 2016 [EN3]



BENEFITS



**optimal route planning
and loading**



shorter distances





reduced CO₂ output



more sustainable
supply chain



operational
excellence

TO A HIGHER LEVEL IN LOGISTICS

As we make durable products, it is only natural that we also want to transport these products in a sustainable way. VPK Packaging Group has therefore invested in innovative tools and uses an integrated approach to make logistics more efficient.

Fewer kilometres, higher customer satisfaction

With 30 lorries on the road and 12,000 km on the meter daily, the Belgian Corrugated Board Division is also becoming more sustainable on a logistical level. In 2014, we examined our logistics process with the intention of loading and delivering more efficiently and cutting down on CO₂ associated with transportation.

As with every growing company, VPK Packaging's logistical challenge is becoming increasingly complex. The average lot size per delivery is decreasing, while the number of time slots is increasing. Truck regulations are being tightened, while traffic problems are seemingly getting worse by the day... It's about time to switch over to automated scheduling and optimised transport cost calculation.

HOW HAS VPK PACKAGING GROUP ADDRESSED THE LOGISTICAL CHALLENGE?

Bruno Van Heck, Logistics and Business Process Manager - VPK Packaging Group, explains the pilot project:

1 The numbers tell the tale

In preparation for the logistical switch-over, VPK started to analyse its cost structure at the end of 2014. The aim of this project was to standardise the tariff structure and fully integrate it into the ERP software. This standardisation serves as the basis for further optimisation. We then asked a number of specialised software companies to suggest improvements, based on one month of historical data. A project panel carefully analysed the proposals and eventually identified a preferred partner.

Result: Standardisation and ERP integration identify issues that require improvement in the logistical process. The process can start in a well-founded manner.

2 Route planning

We examined route planning with experts from Conundra, our selected partner. This collaboration resulted in a flexible route optimisation tool, which focuses on a reduction in mileage and an increase in load capacity.

Result: The project is still up and running in 2017. Simulations based on real data confirm the intended goal: reduce mileage by 9%. That means considerably less CO₂.



TRANSPORT [EN33]

outbound deliveries

CO₂ EMISSION

A dynamic track & trace system is a rewarding tool for our teams. It allows us to inform more accurately and communicate better. The CO₂ we save also provides a sustainability benefit in our customers' supply chain

Mayke Van Hecke

Customer Service Manager - VPK Packaging Group

3 Efficient load

In addition to the route, the impact of the load itself on logistics must also not be underestimated. It is a delicate balancing act to deliver complete orders to all customers in time, while also ensuring that every truck is optimally loaded. Yet, optimal loads also guarantee a sustainability benefit for customers.

A **3D truck-loading system** enables us to visualise the finished product palettes at the time of the order, coupled with a loading plan per truck. Our customer service can therefore make a correct estimate and even propose ways for further optimisation.

Result: Significant improvement in our **OTIF score (On Time In Full)**. With this KPI, we monitor the percentage of customers who receive full deliveries on time. On an annual basis, it means a reduction in the number of journeys for the total ordered volume.

4 Track & Trace

Transport is dynamic data. We therefore strive for a dynamic scheduling and rescheduling that we can adjust as necessary in terms of traffic and potential delays during loading and unloading. With a **real time monitor**, we can track where the trucks are located and whether they are on schedule, taking into account permitted driving times and the workhours of the drivers.

Result:

- A mobile app on the drivers' smartphones that connects the truck to the route planner. Through dynamic rescheduling, we ensure that customers' desired time slots are respected and we ensure the schedule remains feasible throughout the day.
- Drivers gain time, and driving and waiting times are better aligned.
- Improved insight leads to *operational excellence* for both our drivers and our warehouse managers.

Rewards of the integrated approach

Thanks to its integrated approach and the use of innovative tools, VPK Packaging has succeeded in making logistics more efficient. We can create the logistical layout from the very start (the customer order) and thereby optimise every step in the process that follows.

Bruno Van Heck: "This project should become 'best practice' for the other business units of the VPK Packaging Group. Given the positive results, it looks like we can also roll it out in other branches in 2018."

EMISSIONS TO WATER AND AIR [EN15 / EN21 / EN22]

Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances (calculated for CO₂ gasses). No biogenic CO₂ emissions emitted, base year will be 2015.

Scope 1: Emissions from operations that are owned or controlled by the organization.

	2016	
	2016	2016 (T or m ³ /T PRODUCED)
CO ₂ EMISSIONS (T)*	241.541	0,206
NO _x EMISSIONS (T)	318	too small to measure
SO _x EMISSIONS (T)	53	too small to measure
WATER DISCHARGE (m ³)	5,859,350	5.641

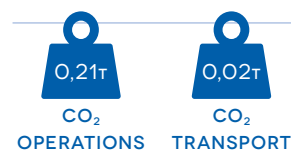


	2015	
	2015	2015 (T or m ³ /T PRODUCED)
CO ₂ EMISSIONS (T)*	241.607	0,233
NO _x EMISSIONS (T)	422	too small to measure
SO _x EMISSIONS (T)	80	too small to measure
WATER DISCHARGE (m ³)	5,459,000	4.663

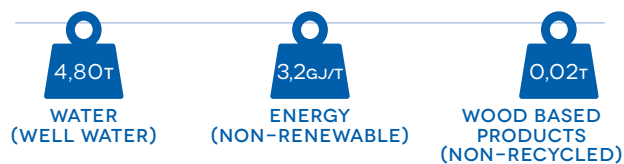
* Only VPK Paper and Blue Paper.

ECO FOOTPRINT

EMISSIONS TO AIR



DEPLETION OF NATURAL RESOURCES



EMISSIONS TO WATER



WASTE (LANDFILL & INCINERATED)





BENEFITS



cultural change





more commitment
through self-management



higher efficiency



sustainability in the
workplace

TO A HIGHER LEVEL IN IN QUALITY SYSTEMS APPROACH

How do you make sustainability a key focus in the workplace? VPK Packaging Group has made a conscious decision to adopt a sustainable long-term vision and tries to link quality management with change management. This structural approach ensures we continue to grow in line with the quickly evolving needs in the market.



case | quality systems approach

Certification and culture change

Quality certificates are a wonderful acknowledgement of the efforts that a company provides, but the time has come for VPK Paper to go one step further. We have initiated a new culture related to quality management that goes beyond just meeting the requirements for certification. The fact that we once again achieved ISO 9001, ISO 14001 and ISO 50001 certification in 2016 nevertheless serves as great recognition of this integrated approach!



- 2015 New policy statement
- 2016 Working group compiled
- 2016 High Level Structure' established
- 2016 Concretisation to all work posts
- 2016 Training for all employees
- 2016 Training for the internal audit team
- October 2016 ISO 9001, ISO 14001 and ISO 50001 certification achieved
- 2017-2018 OHSAS 18001 integration

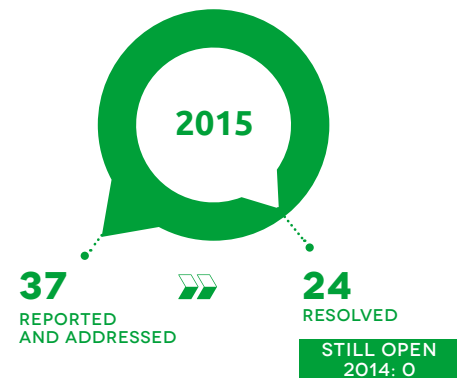
MEASURABLE ENGAGEMENT

The new 'Quality, Environment, Energy and Safety Policy Statement', published by VPK Paper in 2015, served as the starting point for a broader approach to the quality management system. In this statement, VPK paper committed itself to establish quality objectives in a responsible manner through concrete action points. Sustainable development of the business activities is at the forefront, with a clear focus on establishing a balance between environment care, economics and social welfare.

All action points are measurable engagements. Some concrete commitments from the policy statement:

- Actively contribute to a circular economy by using renewable raw materials and through the production of reusable waste streams or material-recovery waste streams.
- Unconditional respect for the environment whereby emissions are monitored and we are committed to respond to any potential deviation in a vigorous and appropriate manner.
- Water consumption: less than 4.5 m³/ton of paper.
FYI: In January 2016 this was at 4.41 m³/ton of paper.
- Primary energy consumption < 7.49 GJ/ton of paper.
FYI: In 2016 this was at 7.08 GJ/ton of paper.
- 0 accidents.
- Resolve complaints within 10 business days
- ...

ENVIRONMENTAL GRIEVANCES [EN34]



This is a whole new approach to our quality management where we changed our general work method into an active involvement of all employees. Through the working group, the internal audit team and the appointment of input responsible staff per department, this approach has resulted in very concrete improvements in the workplace. With each decision we make, the impact it may have on the environment, safety and energy is also taken into account.

Alexis Zenner, Business Unit Manager, VPK Paper



Greater efficiency through an integrated approach

In addition to our collaboration with external auditors for our quality management system, we also established a working group at the beginning of 2016 with four internal experts on safety, environment, quality and engineering. A specialist employee reinforced the team on a temporary basis to coordinate all of the procedures. In addition to the legal obligation, we also wanted to approach the quality management system in a more efficient and integrated manner.

The common procedures were bundled into a **'High Level Structure'** with 13 points that form the basis for the strategic and organisational policies of the various management systems.

Result:

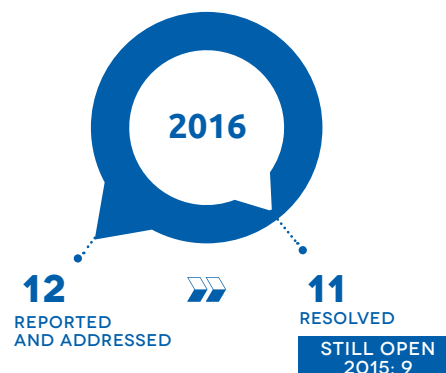
- Involvement of each employee towards establishing more awareness about sustainability in the workplace.
- A forward-looking approach whereby self-managing teams guarantee continuity.

The final audit was conducted in October 2016, which resulted in VPK Paper being awarded ISO 9001, ISO 14001 and ISO 50001 certification.

OHSAS 18001: taking procedures and quality to a higher level

OHSAS - "Occupational Health and Safety Assessment Series", the internationally recognised safety management system, is currently being upgraded. Once the new version is complete, VPK Paper will implement it in the general quality management system in order to go one level higher in terms of procedures and quality. It has already been placed on the working group 2017-2018 agenda!

SOCIAL GRIEVANCES [LA16]





CRADLE TO CRADLE IS HOW WE CLOSE THE MATERIALS CYCLE

From the very beginning, VPK Packaging Group has focused on closing the materials cycle. In doing so, we prove that sustainable materials management is of great added value from an economical and ecological point of view. Our production processes result in a variety of residual fractions, most of which are recycled as new raw materials or energy sources, or simply reused in our production processes.

These certificates serve as recognition of our efforts and our continuing commitment to make our activities more sustainable.

Jan Thienpont, *Group Quality Manager*

Material Health Certificate for our most commonly used types of paper

VPK Paper, the Belgian paper division of the VPK Group, supplies approximately 550,000 tons of recycled paper for packaging purposes annually using three paper machines. The most widely used paper types, 'VPK Flute' and 'VPK Liner' which account for 86% of annual sales, were awarded a Bronze Material Health Certificate in July 2016, issued by the Cradle to Cradle Products Innovation Institute. As a result of this recognition, VPK Flute and VPK Liner have now been confirmed as ideal raw materials for Cradle to Cradle Certified products.

Silver Cradle to Cradle Certificate for corrugated packaging

Two years ago, our facility in Raamsdonksveer was also honoured with a bronze Cradle to Cradle Certificate for Corrugated Packaging. Through driven efforts related to renewable energy, we managed to improve our standing in 2016 resulting in a silver certificate. Inks have also been further improved through the optimisation of colour pigments.



Blue Paper, Strasbourg (France), where an ambitious energy project has been launched

FSC® NOW ALSO AT GROUP LEVEL

VPK Packaging Group exclusively uses recycled fibres for its own paper production. In principle, we only use waste paper in our paper and cardboard manufacturing process. When we need to buy new raw materials, however, we ensure that they are certified. This commitment has been recognised for several consecutive years with the awarding of FSC® certificates for paper production and FSC® Certificates for finished packaging materials. Since January 2017, the certification for finished packaging products has been expanded from 15 to 19 sites, which has allowed us to proceed to a certification at group level: FSC® multisite. We hope to add three more sites by the end of 2017.

Towards a more circular economy

An ambitious energy project has been launched at Blue Paper in Strasbourg, the joint venture owned by VPK Packaging Group and Klingele. Building a power plant to convert its own residual materials into energy will contribute to a more sustainable paper factory that consumes 80% less natural gas and manages its residual fractions more efficiently, therefore assuring a more competitive position for the future.

Closing the loop: making optimum use of all material flows

Blue Paper produces more than 1000 tons of packaging paper every day, based on recycled fibres. The raw material for this consists of paper and cardboard that are collected and delivered in bales. Through the recycling process reusable

paper fibres are purified and separated from residual materials. The residue, amounting to some 25,000 tons annually, consists primarily of wood, textiles and other materials that are present in the bales of raw material.

Blue Paper's new production unit will convert the potential energy of this residue into steam, making optimum use of all material flows. The steam that is generated will in its turn be used to dry the new paper. In total this will save 80% of the natural gas consumption and reduce annual transport by 500 truckloads.

Sustainable future for Blue Paper

The investment costs of this high-tech project amount up to €22 million. This is offset by savings in fossil fuels and optimisation of the material flows. In the longer term, this investment will also sustain its strong position within the paper sector. With this project VPK and Klingele aim to further innovate for a sustainable future for the hypermodern paper factory that started production at the end of 2013.

The paper machine at Blue Paper is one of the best in Europe. Its impressive width (8.5 m), exceptional productivity and sustainable energy consumption are the result of an innovative conversion to the tune of €100 million. The site was also equipped with two new CHP (combined heat and power) units in 2014. Last year, a fully automated high-stack warehouse (link) was added to the existing warehouse capacity. Civil works for the new energy production unit have started in the beginning of 2017. It is planned to be operational by May 2017.

OVERVIEW OF CERTIFICATES VPK PACKAGING GROUP

	ISO 9001	ISO 14001	OHSAS 18001	ISO 50001	FSC	CRADLE 2CRADLE	BRC	ISO 22001	GMP
VPK PAPER	X	X		X	X	X Material Health Certificate			
BLUE PAPER	X	X	X	X	X				
VPK PACKAGING OUDEGEM					X		X		
VPK PACKAGING EREMBODEGEM					X		X		
CDW									
VPK DISPLAY									
SOLID BOARD OUDEGEM					X		X		
SOLID BOARD MEER					X		X		
VPK PACKAGING RAAMSDONKVEER	X	X			X	X Silver			X
VPK PACKAGING SALONTA	X	X			X		X		
RIGID DESBOROUGH	X	X			X		X		
RIGID SELBY	X	X			X		X		
RIGID WELLINGTON	X	X			X		X		
RIGID ASTON									
RIGID LIMERICK	X								
ONDULYS LILLE	X				X				
ONDULYS ST QUENTIN	X	X			X				
ONDULYS GHEYSSENS									
ONDULYS LA LIANE	X				X				
ONDULYS ROYE					X				
ONDULYS ANDELLE	X				X				
ONDULYS LISIEUX	X				X				
ONDULYS TAILLEUR	X				X				
AQUILA GERMANY LEINEFELDE					X				
AQUILA POLAND BRZEG					X				
AQUILA POLAND RADOMSKO					X				
AQUILA POLAND WRZESNIA					X				
VPK PACKAGING POLAND					X				
COREX BELGIUM	X	X						X	
COREX FRANCE	X	X							
COREX THE NETHERLANDS	X	X							
COREX UK									
COREX TURKEY									
COREX CZECH	X								
COREX ROMANIA	X								
COREX US									
COREX LUXEMBOURG	X								
COREX POLAND									
PETERSON DENMARK RANDERS					X		X		
PETERSON SWEDEN BÄCKEFORS	X	X			X		X		
PETERSON SWEDEN NORRKÖPING	X	X			X		X		
PETERSON NORWAY DISPLAY SARPSBORG									
PETERSON NORWAY SARPSBORG	X	X			X		X		
PETERSON NORWAY SYKKYLVEN					X		X		

General Standard Disclosures 'Core' Option

STRATEGY AND ANALYSIS		
G4-1	statement CEO	p.3
ORGANISATIONAL PROFILE		
G4-3/6	name, brand, products, headquarters and geographical presence of the organisation	p.4
G4-7	nature of ownership	p.2
G4-8/9	markets (sectors) served (only for corrugated packaging) and scale of the organisation	p.4
G4-10	employee split	p.18
G4-11	% employees covered by collective bargaining agreements	overall, approximately 80%
G4-12	organisation's supply chain	GRI G4 Report 2014, p.6 http://www.vpkgroup.com/en/sustainability/social-responsibility/publications/
G4-13	significant changes during the reporting period regarding the organisation's size	acquisition of major shareholding in Peterson Packaging in Norway, Sweden and Denmark
G4-14	precautionary approach or principle	internal controlling mechanisms and independent internal audits monitor financial, compliance, regulatory, contractual, market and environmental risks
G4-15	externally developed economic, environmental and social charters, principles, or other initiatives	VPK has long term partnerships with numerous non-profit organisations and, additionally, financially supports ad-hoc charity initiatives
G4-16	memberships of associations and national or international advocacy organisations	p.4
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	entities included in the organisation (covered by the report)	p.46
G4-18/19	defining report content and defining material aspects	p.44
G4-20/21	Aspect Boundary for material aspects, within and outside the organisations	p.46
G4-22	restatements of information in previous reports	none
G4-23	significant changes from previous reporting periods	none
STAKEHOLDER ENGAGEMENT		
G4-24/25	stakeholder groups and basis for identification engaged by the organisation	GRI G4 Report 2014, p.14 http://www.vpkgroup.com/en/sustainability/social-responsibility/publications/
G4-26/27	approach to stakeholder engagement, including frequency by type and by stakeholder group + key topics raised	p.10; p.14
REPORT PROFILE		
G4-28/32	reporting period, previous report, reporting cycle, contact point and 'in accordance' option	p.2
G4-33	external assurance for the report	no external assurance provided
GOVERNANCE		
G4-34	governance structure	GRI G4 Report, p.27 http://www.vpkgroup.com/en/sustainability/social-responsibility/publications/ Rudy De Leeuw retired in 2016 and was replaced by Dirk Ockerman, Chief Operating Officer Corrugated for Belgium, Netherlands, Scandinavia and Romania
ETHICS AND INTEGRITY		
G4-56	values, principles, standards and norms of behaviour	p.9, new policy statement introduced by VPK Paper (p.34)

MATERIALS		
EN1	non-renewable vs. renewable materials used	p.24
ENERGY		
EN3	energy consumption	p.27
WATER		
EN8	total water withdrawal by source	p.25
EMISSIONS		
EN15	direct greenhouse gas (GHG) emissions (scope 1)	p.32
EN21	NOx, SOx, and other significant air emissions	p.32
EFFLUENTS AND WASTE		
EN22	total water discharge by quality and destination	p.32
EN23	total weight of waste by type and disposal method	p.26
EN24	total number and volume of significant spills	Data not disclosed
COMPLIANCE		
EN29	significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations	Data not disclosed
TRANSPORT		
EN30	environmental impact of transporting	p.31
ENVIRONMENTAL INVESTMENTS		
EN31	environmental protection expenditures and investments by type	Data not yet consolidated
ENVIRONMENTAL GRIEVANCE MECHANISM		
EN31	grievances about environmental impacts	p.37
SOCIAL		
EMPLOYMENT		
LA1	total number and rates of new employee hires and employee turnover by age group, gender and region	p.19
LABOUR/MANAGEMENT RELATIONS		
LA4	minimum notice periods regarding operational changes	Data not disclosed
OCCUPATIONAL HEALTH AND SAFETY		
LA5	percentage of total workforce represented in formal joint management-worker health and safety committees	Data not disclosed
TRAINING AND EDUCATION		
LA9	hours of training per year	Data not disclosed
DIVERSITY AND EQUAL OPPORTUNITY		
LA12	governance bodies and breakdown per gender, age	p.17
EQUAL REMUNERATION FOR WOMEN AND MEN		
LA13	ratio of remuneration of women to men by employee category	p.17
LABOUR PRACTICE GRIEVANCE MECHANISM		
LA16	grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	p.38

Identified Material Aspects and Boundaries

[G4-17 / G4-18 / G4-19 / G4-20 / G4-21 / G4-22 / G4-23]

The following table gives an overview of the scope of the report by reporting the G4 reporting aspects which are material for the organisation and for this report (Aspect Matrix). Subsequently, the boundaries per site are listed (Boundary matrix).

Aspect matrix

	ASPECT MATERIAL	NOT RELEVANT	LOW IMPACT	REMARKS
ECONOMIC				
Economic performance	X			
Market presence	X			
Indirect Economic Impacts			X	EC7: No infrastructure investments are made or planned. EC8: At this time the indirect economic impact on the whole economy of a country is limited.
Procurement Practices	X			
ENVIRONMENTAL				
Materials	X			
Energy	X			
Water	X			
Biodiversity	X			VPK Packaging BV (Raamsdonksveer, NL) is situated 500 m from Biesbosch, a NATURA 2000 area (tidal maritime ecosystem), Rigid Desborough and Rigid Selby (UK) are 400 m away from woodland. VPK Paper (B) is about 3 km from a HABITAT area. No direct impact is expected from the plants for the identified biodiversity hotspots.
Emissions	X			
Effluent and Waste	X			
Product and Services		X		EN27/EN28 manufactured products are mainly based on reclaimed material and after usage will be reused as raw material. Used packaging materials will have only a limited effect on the environmental footprint.
Compliance	X			
Transport	X			
Overall	X			
Supplier Environmental Assessment	X			
Environmental Grievance Mechanisms	X			
SOCIAL				
LABOUR PRACTICES & DECENT WORK				
Employment	X			
Labour/Management Relations	X			
Occupational Health & Safety	X			
Training and Education	X			

	ASPECT MATERIAL	NOT RELEVANT	LOW IMPACT	REMARKS
Diversity & Equal Opportunity	X			
Equal Remuneration for Women & Men	X			
Supplier Assessment for Labour	X			
Labour Practices Grievance Mechanisms	X			
HUMAN RIGHTS				
Investment			X	HR1/HR2 indicators dealing with HR clauses in contractual agreements and training foreseen on human rights policies for employees is considered not to be a priority at this time.
Non Discrimination	X			
Freedom of Association and Collective Bargaining	X			
Child Labour		X		HR5: VPK Group does not operate at this time in regions where child labour could be a risk factor. Sufficient legal instruments to abolish child labour are in place in those countries where VPK operates. The same goes for our suppliers.
Forced or Compulsory Labour		X		HR6: No operations or suppliers have been identified as having significant risk for incidents of forced or compulsory labour.
Security Practices			X	HR7: VPK works with external security services. Nonetheless this material aspect is considered to be of low priority.
Indigenous Rights		X		HR8: Since VPK Group does not operate in areas where this material aspect is a problem, this section is considered to be not material for our operations.
Assessment		X		HR9: VPK has not been subjected to human rights reviews or impact assessments on this subject.
Supplier Human Rights Assessment			X	HR10/HR11: At this time these elements are considered as low priority whilst assessing our suppliers.
Human Rights Grievance Mechanisms			X	HR12: No process of capturing grievances on human rights have been implemented; this is considered to be of low priority.
SOCIETY				
Local communities	X			
Anti-Corruption	X			
Public Policy		X		SO6: No political contributions are made.
Anti-competitive Behaviour	X			
Compliance	X			
Supplier Assessment for Impact on society			X	SO9/SO10: Suppliers are not at this time assessed for their impact on society.
Grievance Mechanism for Impacts on Society	X			
PRODUCT RESPONSIBILITY				
Customer Health& Safety		X		PR1/PR2: VPK products will have no effect on customer health and safety.
Product Service Labelling	X			
Marketing Communications		X		PR6/PR7: No products are on the banned or disputed lists.
Customer Privacy		X		PR8: Customer privacy is not a material issue for our operations.
Compliance			X	PR9: No history of compliance issues (only labelling linked to non regulatory requirements are used, eco labels)

Boundary matrix

This matrix gives an overview of the material aspects boundaries, in this report we did not assess the impact and limitations outside of the organisation.

[illegible]

(*) Peterson was acquired in October 2016. Integration of all reporting is ongoing. We aim to include a full integration of all sustainability reporting in 2018.

(**) VPK's activities in Romania represent 2% in terms of output when compared within the corrugated packaging segment.



Aiming higher each year

This is VPK's fourth sustainability report. This publication reflects on how VPK Packaging Group contributes to the circular economy: aiming at a higher level each year. Even though such a report is never really completed, it is always an important milestone for an organisation as it creates more awareness, both internally and in the sector. It encourages us to do a little better every time.

In the months ahead, we will commit fully to a higher level in energy and water efficiency. Not only our products, but our production processes as well must contribute to closing the loop as much as possible. Strong partnerships with internal and external stakeholders are more crucial than ever before.



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