



CIRCULAR. THE FUTURE OF PACKAGING IS

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Preface

Introduction from the CEO

Since our previous sustainability report, the world has faced additional crises. These include the protest marches denouncing racial discrimination, the massive bushfires in Australia and the global COVID-19 pandemic.

It is not yet clear what impact these crises will have on the future of our modern society and economy. However, the ongoing healthcare crisis has already shown that in times of emergency it is possible for countries, businesses and individuals to stretch themselves beyond the unthinkable and truly change their habits.

At VPK, we also continuously strive to change our practices for the better and to influence the habits of the packaging industry by doing so. While our product is a sustainable alternative to many other packaging substitutes, our industry in itself remains resource intensive. That is why we are committed to the sustainable sourcing of primary resources, eco-efficient production, and innovative practices to lead the way in sustainability. Our closed-loop water treatment systems that make more efficient use of water and simultaneously prevent pollution are just one example of this. Other examples can be found in our actions to reduce energy consumption and our CO₂ emissions. Some of our mills are totally energy self-sufficient through the use of renewable energy. Additionally, energy sustainability is achieved through the conversion of our own residual materials into thermal energy and electricity.

This past year, we have yet again embarked on a variety of sustainable projects. We concluded a series of projects that greatly enhance our resource efficiency and reduce our environmental impact. We were able to switch more cardboard plants to biogas, making



Whatever the future might bring, at VPK we continue to believe in the power of our robust business model as a supplier of sustainable packaging. For us, sustainability is the essential way to remain relevant as a company and to build a future-proof, resilient business.

Pierre Macharis, CEO, VPK Group

them run completely carbon neutral. What's more, we have laid the foundations for a climate-friendly district heating project recovering residual heat in one of our paper mills that will become operational in 2021.

In addition, we have continued to assist our customers in becoming more sustainable by providing them with circular packaging solutions. You will read about our successful collaboration with a Norwegian customer to replace all of their LDPE bags with cardboard boxes, resulting in significant environmental benefits.

Besides the planet, we believe that sustainability also involves our people. As a privately held and family-controlled business with long-term goals, we want to take care of our stakeholders, both inside and outside of the company walls. In order to carry out

our ambitious sustainability projects, we count on the right people with the right talents. Offering our employees a safe work environment is of key importance to us. This is where actions such as the implementation of our six steps to safety strategy and the roll-out of various tools that help us avoid and remedy incidents come into play. We also support people in the communities surrounding our facilities, such as young individuals living in precarious situations, where we help explore and develop their talents.

In this report, we provide more details on the sustainable initiatives that we have undertaken this past year, as well as the targets that we have set ourselves to continue our path to a more sustainable future. ■

About this report

With this report, we aim to provide external and internal stakeholders with insight into our sustainability journey, strategy, and material considerations. The report discusses the social, environmental and economic aspects of sustainability for the 2019 period.

Our sustainability report was drawn up in accordance with the Global Reporting Initiative (GRI) Standards, Option "Core". It is our intention to report on a yearly basis.

Feedback welcome

If you have any suggestions, comments or questions regarding this report or the CSR policy of VPK Group, do not hesitate to submit them.

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More about our sustainability management:

www.vpkgroup.com/sustainability

Colofon

Publisher: VPK Group

Kareelstraat 108 - B-9300 Aalst

Final editing: Stephanie De Smedt

Data consolidation: Charles Christiaens

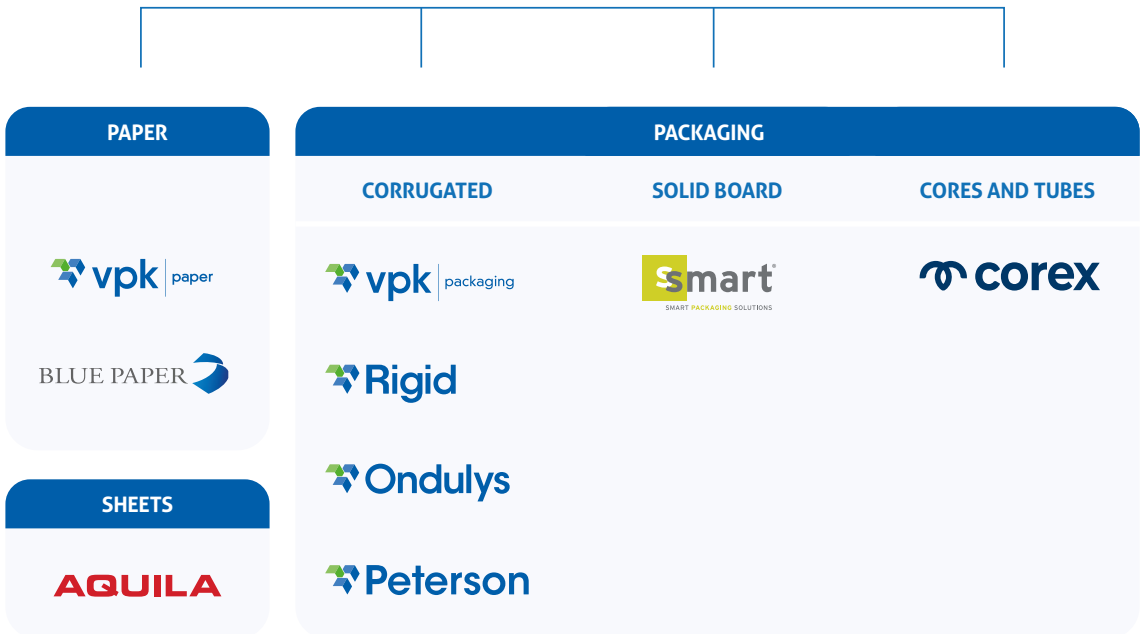
Content guidance, copywriting: Stephanie De Smedt and Chloé Macharis

Graphic design: De Facto Image Building

About VPK Group

VPK Group is a pioneering packaging supplier. We have been producing innovative and protective cardboard packaging since 1935. Our continued growth is built on dedication to sustainability, a sound financial structure, and close, long-term relationships with our customers. Furthermore, we strongly believe in locally based entrepreneurship, with a stimulating environment for staff and innovation. To us, this is the best way to meet our customers' most stringent requirements. Recycled paper is the core of our sustainable packaging. The VPK range includes customized solutions for corrugated packaging, solid board packaging, tubes and edge protectors.

Overview of our brands and activities



Our tax contributions support sustainable development

The United Nations Sustainable Development Goals (SDGs) help to create a world that is socially fair, environmentally secure, economically prosperous and more inclusive. Taxes are a critical financial resource to help reach these goals.



The major part of our environmental taxes are carbon taxes. These are used to finance the transition to a carbon neutral economy.



Key figures 2019



THE FUTURE OF PACKAGING IS CIRCULAR

Commitment to people

GREAT TO WORK FOR

Groupwide Safety Day

A strong safety culture provides a safe working environment

Employee engagement survey

VPK Academy

Zero Accidents App



GREAT TO WORK WITH

Innovative packaging solutions offering the highest protection of your products

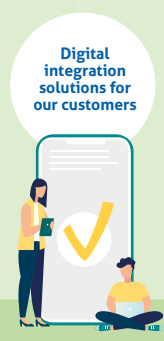
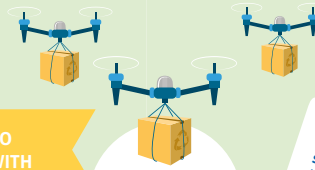
Logistics solutions tailored to customer needs

Digital integration solutions for our customers

International network (geographical footprint & BBP)

2/3 of corrugated sites GFSI certified

R&D projects with



GREAT AT WHAT WE DO

100 % recycled paper

FSC* certified suppliers

Cradle-to-cradle certified

Supplier code of conduct



Eco-efficient production

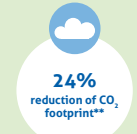
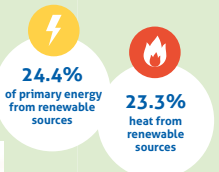
24.4% of primary energy from renewable sources

23.3% heat from renewable sources

24% reduction of CO₂ footprint**

Frustration-free packaging

Just-in-time deliveries and volume maximisation with Tetris algorithm



*We are certified under FSC-C109033

**Δ 10 years' time, in unit (per ton)

At VPK we combine a local customer focus with a broad geographic reach. We attach great importance to close collaboration, both with each other and with our external partners. Together we are committed to developing circular packaging solutions, to ensure optimal product protection in a sustainable flow of goods.

Our continual endeavour to move forward and enjoy sustainable growth is summarized by our three core values:



1

GREAT TO WORK FOR

We offer our people the opportunity to grow, develop and progress in a dynamic and entrepreneurial working environment where health & safety and future progression are valued.



2

GREAT TO WORK WITH

We build close and long-term partnerships with our customers to provide sustainable packaging to protect and promote their products while adding value to their business.



3

GREAT AT WHAT WE DO

We create value by the efficient use of sustainable raw materials with respect for natural resources – all within a circular business model.

Close to you and your products

Our approach to sustainability

We are continuously reviewing and refining our approach to sustainability and aligning our report with the corporate strategy. The summary below is the result of the work of a steering committee, overseen by the Executive Committee and the CEO. During the process, several cross-divisional internal stakeholders as well as strategic external stakeholders are consulted. The figure illustrates how our sustainability approach and KPIs are rooted in our corporate vision and mission.

Six pillars exemplify our company's commitment to contributing to the development of a cleaner, fairer and better world. We have based these pillars on the UN Sustainable Development Goals and established clearly defined KPIs in order to monitor our progress. This remains an ongoing process. We have currently defined KPIs for all six sustainability pillars. In order to go one step further, we aim to publish future targets for each of the defined KPIs over the next reporting period. ■

GREAT TO WORK FOR



1 | Health & safety

Together we are committed to create a safe and healthy working environment.

OUR KEY PERFORMANCE INDICATORS:

LTIR: The lost time injury rate is a well-defined parameter in the industry and our first metric to evaluate our safety performance. It tracks directly how much people are injured per amount of work performed. To improve it, we manage it systematically, so that we become an increasingly safe company.

Hazard and Near miss reporting: A lot of situations and incidents can cause accidents with injuries, but are not shown in the LTIR. Therefore, we also put a big focus on hazard and near miss reporting. We create a safety culture where these items in particular are actively discussed and are never taboo.



2 | People engagement

We foster initiative and entrepreneurship, creating opportunities to pursue a stimulating and rewarding career.

OUR KEY PERFORMANCE INDICATORS:

Employee engagement survey: We execute employee engagement surveys to evaluate and improve the happiness and motivation of all our employees. All feedback is taken into consideration and we always aim to provide a stimulating environment for each individual in our company.

Training hours: Training and education empower our employees. Acquiring new skills gives people greater possibilities and flexibility. For VPK it translates into a more resilient organisation. We actively develop training and development for intrapreneurial colleagues.

Compound annual growth rate: The CAGR evaluates our financial growth on a longer time scale, so as to provide a more robust image of the performance of an investment in volatile and uncertain markets. We are dedicated to the long-term evaluation of investments and always aim beyond the horizon.

GREAT TO WORK WITH

17 PARTNERSHIPS
FOR THE GOALS



3 | Circular solutions

We protect goods in an efficient logistics chain with minimal environmental footprint.

OUR KEY PERFORMANCE INDICATORS:

Business sustainability rating (Ecovadis and Sedex):

Transparency in the value chain is a very complex issue in a globalised economy. We have selected two well-respected platforms to work with and address these issues. On the one hand, we create transparency for our customers and, on the other, we reduce risks and build on opportunities for our direct and indirect suppliers.

17 PARTNERSHIPS
FOR THE GOALS



4 | Sustainable partnership

We build long-term partnerships with our customers, suppliers, local communities and other stakeholders.

OUR KEY PERFORMANCE INDICATORS:

Customer satisfaction: As a customer-centric company, we pride ourselves in being extremely flexible and providing excellent service. Nonetheless, we have a strong value proposition with which we aim to align our portfolio. Our customer satisfaction surveys are thus designed to show whether our current value proposition is appreciated, and whether there are further opportunities to improve it.

BRC: We take responsibility for our products and do this via the BRC certificate in our sites. This food safety certificate is GFSI accredited and gives a credible guarantee to our food and non-food customers that our products will cause no harm to the consumer.

Besides the planet, we believe that sustainability also involves our people. As a privately held and family-controlled business with long-term goals, we want to take care of our stakeholders, both inside and outside of the company walls.

Pierre Macharis, CEO, VPK Group



GREAT AT WHAT WE DO

5 | Resource efficiency

Our products are made from renewable raw materials, making optimum use of energy, water and materials.

OUR KEY PERFORMANCE INDICATORS:

Water: We keep track of our water consumption and take active steps to reduce it. Furthermore, we protect water bodies around our sites and try to achieve a net positive impact.

Energy: The production of paper-based products is energy-intensive, so we manage it appropriately. We aim for energy efficiency, efficient energy conversion and alternative fuels. Thus, we protect and limit our use of the planet’s energy sources.

CO₂: The emission of fossil-based CO₂ poses a threat to our planet’s carrying capacity. We have committed ourselves to becoming carbon neutral as fast as possible.



6 | Economic growth

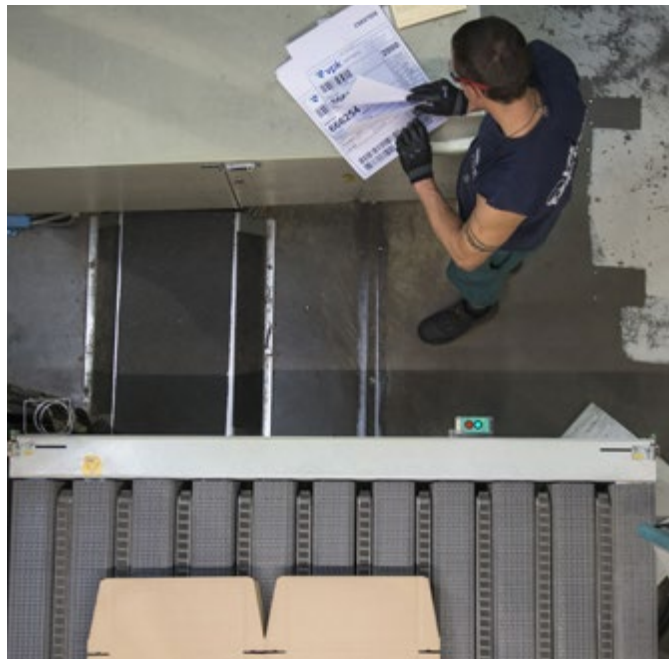
We invest in long-term economic growth.

OUR KEY PERFORMANCE INDICATORS:

Capex: As an innovative and fast-growing company, we invest a great deal in order to ensure we maintain our leading position in the market.

Capex/depreciation: Our investments have to be bigger than the ageing of our installations. Overall, the value of our existing assets increases. This is part of the sustainable development of existing sites.





GREAT TO WORK FOR



At VPK Group, employee well-being and engagement are top priorities. We believe that one aspect of being an excellent employer is offering a safe and clean work environment. This year's sustainability report provides more details on how VPK Group fosters people engagement, as well as the steps taken to strengthen its safety culture and performance throughout the group.

Protecting what's important, our people, our company, our commitment

The health, safety and welfare of our people is our top priority and as such, we are committed to building a strong safety culture across the whole company. Over the past year we have introduced several initiatives to facilitate this process with the objective of creating safe sites, safe workers and reducing the risk of incidents, accidents and ill health. In our previous sustainability report we outlined the implementation of our six steps for safety strategy. These six steps are the main framework to help guide our sites in a positive direction with their health and safety management, introducing proactive safety measures to prevent incidents and accidents from happening.

Measuring our safety culture

In 2019, we developed the safety continuum survey, a group-wide initiative to measure our safety culture and check where our sites are in their safety management journey. The survey maps out the site's safety management on a five-level scale, with level 1 indicating they are at the start of their journey and level 5 showing safety is part of everything they do.

The results of the survey assisted our dedicated safety personnel to offer each site appropriate assistance and support to drive them in a positive direction along their safety continuum journey. They also get valuable information from the quarterly safety reviews. During these reviews, the progress of each site is monitored and specific goals and guidelines are set for the upcoming quarter.

The right tools for the job

To assist and support our site managers and personnel, we have developed a group safety information

portal. This portal brings together a wealth of health and safety information, covering the industry's best safety practices. The group safety portal also features the group's safety policy documents, the six steps for safety strategy and the various safety procedures and checklists.



Group Safety Portal

Incident and accident reporting

In addition to providing a safety information portal, we also worked on our incident reporting tools. For instance, we have been actively implementing Queens throughout the group. This in-house developed safety management software has been active in Belgium for more than five years and offers sites the possibility to report and manage incidents, accidents and unsafe situations. The main objective is to identify and remedy incidents, create awareness and prevent accidents, and to share critical safety alerts across the business units.

To fully integrate the system, we plan to organise training sessions throughout the group, showing people the advantages of the tool and how to get the most out of it.

Mobile incident reporting

We have also made our Queens reporting system mobile by the introduction of our Zero accidents mobile app, which is currently being rolled out across the whole group.

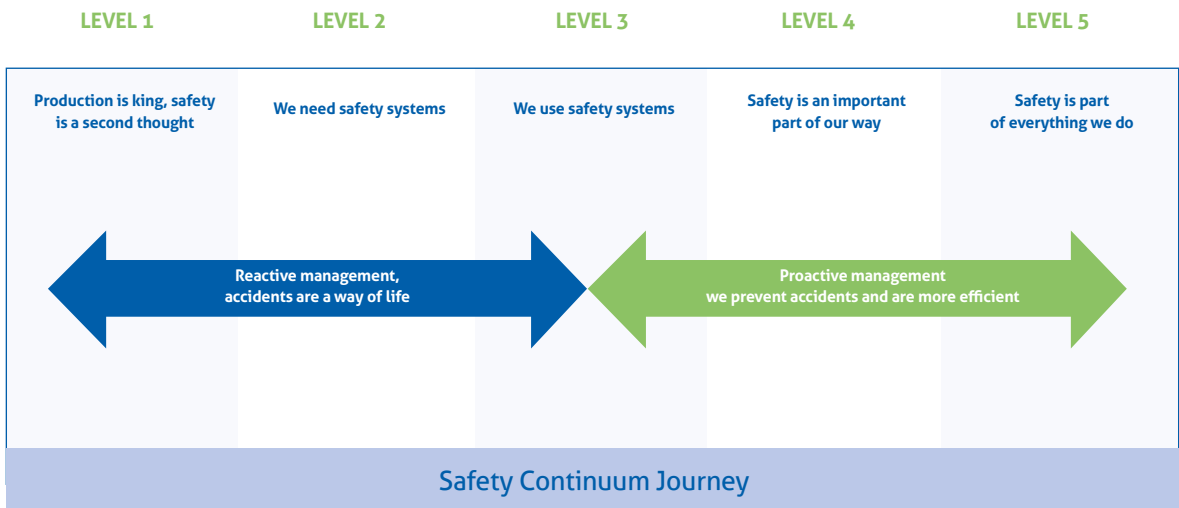
This app enables site personnel to quickly report incidents and unsafe situations before they become an accident. The app immediately informs our site staff about these events, enabling them to solve the situation as soon as possible with the aim of preventing an accident.

Making progress throughout the safety continuum

The group safety performance is now showing some positive signs of improvements since we launched our group safety strategy.

For instance, the reporting of incidents without injury have gone up by 22% and our close out rates have improved by 41%. On top of that, our site inspection and monitoring has risen by 24%.

We have also seen a 24% reduction in Lost Time Accidents (LTAs) and Restricted Work Cases (RWCs). Although still early days, these results demonstrate we are heading in the right direction to protect our most important assets, our people. ■



COVID-19: Ensuring business continuity and protecting the health and safety of our people

The COVID-19 pandemic is unprecedented and has seen a complete change to the way we have to live our lives. Businesses were forced to shut down. People were asked to stay at home as much as possible.

Our activities, however, were deemed essential during the crisis, because our packaging is used to support the essential supply of medication, food and other vital goods.

From day one, we took all the necessary measures to continue our operations by securing the supply of resources, ensuring transport, and motivating our people to stay on board. We had regular communications with all site personnel within the group, detailing the importance of our work, and have put a lot of effort in ensuring safe working conditions are in place and maintained at all times.

For personnel who could work from home, we helped and supported this process including the right ICT support. For those who needed to come in for work, we focused on ensuring social distancing and the adherence to strict hygiene measures at all times.

We also made physical changes to canteens, toilets and locker rooms allowing for social distancing and asked our staff to come to work wearing their work uniform, just to avoid having too many people in confined areas at any one time.

Today, life is slowly returning to a new normal, but it is still uncertain whether the COVID-19 pandemic has crossed its peak or not. Regardless of what the future might bring, we will continue to be vigilant and will maintain the enhanced health and safety measures, to make sure we are prepared for any situation that might lie ahead. ■

Engaging employees to build a strong employer brand

VPK has not stopped growing since its foundation more than 80 years ago. And our ambitions reach even further. To realize our growth objectives, we count on the commitment and enthusiasm of more than 6200 employees in 65 locations around the world. That is why we take various actions to empower our people, making sure we remain great to work for, now and in the future. In this report, we highlight three employee engagement initiatives that we have undertaken in 2019.



Giving our employees a voice

In the summer of 2019, we gave all office and production staff at the four Rigid sites in the UK and Ireland a voice during site briefings. During these interactive sessions, site personnel was given the opportunity to talk about their company with the new Rigid managing director David Richardson and his HR, finance and sales and marketing directors.

Each site briefing was thoroughly prepared. All employees were given the opportunity to mail in questions or submit them anonymously in suggestion

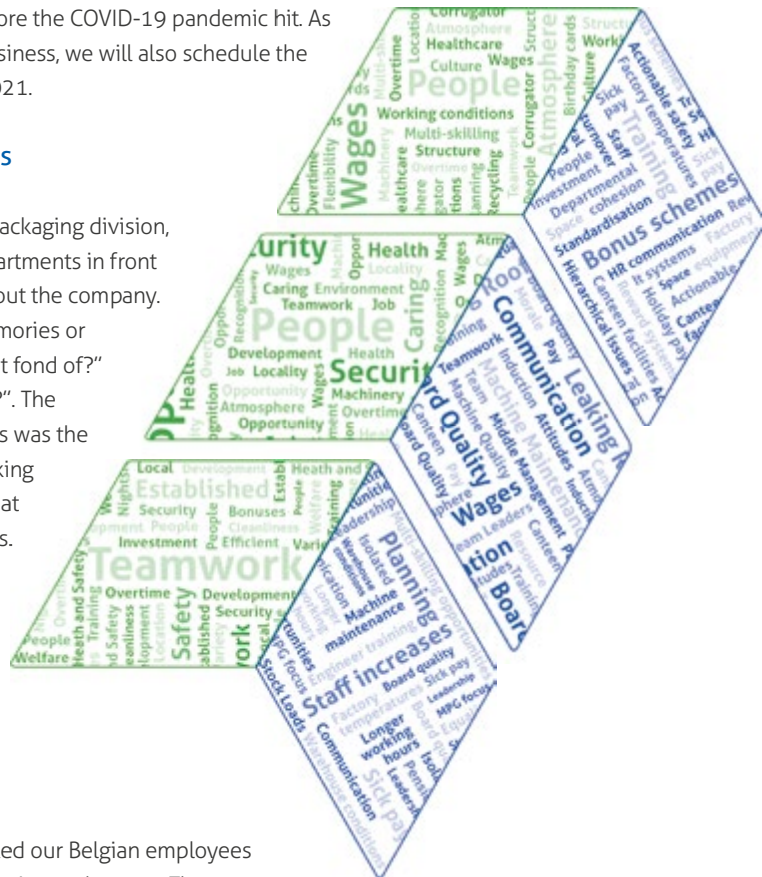
boxes well in advance. On green and red sheets of paper, they could write down what they loved about Rigid and which improvements they would suggest. All this information was subsequently gathered in an employee engagement document. Additionally, we listed the questions, formatted the answers and summarized the results in a word cloud. The employee engagement documents were then distributed across the Rigid sites.

It is our ambition to continue these site briefings in the future. We see this as an essential way to continually maintain employee interaction. In 2020, we held site

briefings in three of the four Rigid sites, just before the COVID-19 pandemic hit. As soon as we can pick up the normal course of business, we will also schedule the fourth session, and look into the planning for 2021.

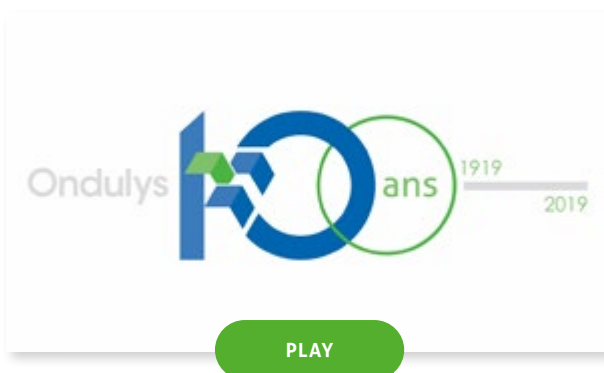
VPK through the eyes of our employees

To celebrate 100 years of Ondulys, our French packaging division, we decided to put employees from various departments in front of the camera and ask them some questions about the company. "What does Ondulys mean to you?" "Which memories or realizations throughout your career are you most fond of?" "How would you describe Ondulys in one word?". The common denominator throughout the responses was the feeling of belonging. Being part of a family, working together as a team, in a friendly environment: that is how employees feel about working at Ondulys. These emotions have been nicely captured in a 5-minute video which we have used during internal events to enhance the feeling of togetherness.



Fun, friendship, teamwork

Describe VPK in three words. That's what we asked our Belgian employees when registering for our annual New Year's reception early 2020. The answers revealed a lot of positive things, such as fun, friendship, versatility, teamwork, etc. The results were collected together and made into a decorative word cloud, which was presented at the New Year's party. Employees were able to see all the enthusiastic comments about what it's like to work at VPK. It clearly indicated that VPK is truly great to work for. A strong motivation for us to continue our employee engagement efforts in the future. ■



VPK through the eyes of our employees at Ondulys.



GREAT TO WORK WITH

We are easy to work with due to our pragmatic approach as a family-owned company, combined with top-notch professional expertise. However, VPK Group is committed to building strong long-term relationships with all our stakeholders, including the communities within which we operate. As such, we continuously welcome opportunities that help create safe, healthy and convivial living environments.

Norwegian online grocery store reduces carbon footprint switching from plastic bags to corrugated cardboard boxes

Replacing plastic bags with cardboard boxes is beneficial to the environment. That is the conclusion of a new project that Peterson, our Scandinavian packaging division, carried out at Kolonial.no. Peterson developed a custom-made solution for the largest online grocery store in Norway, allowing it to replace three plastic bags per order. This led to a 30% reduction in carbon emissions per year for the company's cargos.



In 2013, ten entrepreneurs had the ambition to create Norway's best online shopping experience. This resulted in the foundation of Kolonial.no, today's fastest growing company in its category within the entire Nordic region. Kolonial.no delivers a wide selection of groceries to the doorstep of both individuals and companies. Up until recently, customers received all the goods they ordered in plastic bags. But that changed after the company asked consulting firm Endrava to calculate their carbon footprint.

Corrugated board, the climate-friendly packaging choice

Endrava compared the carbon emissions of plastic bags (both virgin LDPE and recycled LDPE) with those of corrugated cardboard boxes. The comparison was based on Life Cycle Assessment (LCA) studies conducted on this subject, and the average number of bags (9.2) or boxes (2.6) needed to deliver an average order to the customer.

The results of the study were mind-blowing: using corrugated cardboard boxes to deliver groceries to the customers would enable Kolonial.no to reduce the carbon emissions of its cargos by 25-30% per year. This made it crystal clear what the company's next step should be.

Clear advantages

Kolonial.no decided to replace all plastic bags for their home delivery services with corrugated cardboard boxes. And this is where Peterson, VPK's Scandinavian

Our goal is to create the world's most efficient retail system. Of course, it also has to be the most climate-friendly one. Ceasing the use of plastic bags for deliveries is one step in that direction, as we continue our work to cut out plastic in all aspects of our business and to strive for ways to reduce our emissions across the entire organisation.

Karl Alveng Munthe-Kaas, CEO Kolonial.no

packaging division, comes into play. Together, they developed a new tailor-made solution called the PetaFold.

This new packaging solution meets the expectations perfectly. The first results from the field confirm that one PetaFold box replaces three plastic bags per order. Correspondingly, the greenhouse gas emissions are reduced by over 35% per box in comparison to LDPE bags.

In addition, corrugated cardboard boxes insulate and protect their contents far better than plastic bags, reducing the risk of the groceries being damaged or deteriorating, and eventually preventing food waste. This adds to the ecological benefits of the PetaFold, since, in general, the environmental footprint of food waste outweighs that of packaging.

Furthermore, the new corrugated cardboard boxes greatly enhance efficiency in Kolonial.no's warehouse. Before, the plastic bags needed to be opened and filled manually, while the PetaFold boxes are designed to be erected by machines, saving a considerable amount of handling time and effort.

Plans for the future

Kolonial.no sees even more benefits for the future. One of the ambitions is to replace the need for refrigeration units in the cargo trucks with passive refrigeration in the boxes. Another exciting idea is the replacement of the plastic containers in the trucks. This would reduce weight during transport significantly, opening up opportunities to ship more orders per truck and limit the number of trucks on the road.

Summing up, we can say that the future looks bright for Kolonial and Peterson's PetaFold. ■

¹ LDPE stands for Low-Density PolyEthylene, a thermoplastic that is most widely used to produce plastic bags with moderate stretch and strength properties.

Helping disadvantaged youngsters get a fair chance in life by helping them find and develop their talents

As a family-owned business, VPK has always been committed to supporting the less fortunate in life. Especially when it concerns young people. It is well known that social inequality is strongly determined by origin: those who grow up in a disadvantaged environment find it very difficult to get out of it ... unless action is taken at an early age. That is why VPK decided to lend its support to TAJO, a non-profit organisation that offers youngsters in the Belgian city of Ghent a perspective on the future. They do this through education and the stimulation of entrepreneurship, two main pillars of VPK's charity policy.

Almost a quarter of the children in Ghent are born in poverty, a fate that limits these children's chances in society. Especially when taking into consideration that the opportunity to break out of poverty is often accompanied by the obtaining of a diploma (nearly 20% do not obtain a secondary school diploma), increasing their chances of entering the job market and earning an income through work. And that is what the TAJO organisation is hoping to accomplish.

Weekly workshops

TAJO is an innovative non-profit organisation that gives youngsters from 10 to 14 years old the opportunity to explore and develop their talents in workshops where they have to get active themselves. And this 30 Saturdays per year. Thus, the organisation aims to prevent them from dropping out of school early and prepares them to enter society by building on their self-knowledge and self-confidence. TAJO organises workshops on different topics. Each topic lasts three to four weeks and ends with an excursion.



Passionate professionals and volunteers

In order to achieve this ambition, TAJO can rely on the weekly commitment of many guest teachers: adults who want to share their (professional) experience and passion with the TAJO youngsters. And these guest teachers do this on an entirely voluntarily basis. The workshops cover a broad mixture of professions and domains of interest, ranging from higher education to practice-oriented professions.

In addition, TAJO can count on a vast set of volunteers and interns, who offer a helping hand wherever they can, be it with educational or logistical issues or any other matter.

45 youngsters join a three-year trajectory

During the 2019-2020 school year, 45 youngsters from a socially disadvantaged context from 7 different primary schools in the Ghent region (Sint-Amandsberg) started a three-year trajectory of weekly do-workshops via TAJO. The children are from the beginning of the fifth year of primary school up to and including the first year of secondary school.



Voluntary donations

To make all of this happen, TAJO is entirely dependent on voluntary donations. The organisation does not receive any subsidies and reaches out to the business community for financial support.

As one of the sponsors, VPK Group is grateful to be able to assist TAJO in helping the underprivileged young people of Ghent develop a positive self-image and inform them about themselves, society and the job market. ■



Before I went to TAJO, I didn't dare to speak in front of a group. However, during the TAJO 'Art and Culture' workshops, I discovered that it can be great fun to take on the role of an actor in front of an audience. Since then, each week I have asked my teacher if I can do a presentation for my whole class group.

Boy, 10 years old



GREAT AT WHAT WE DO



Our patiently invested capital in durable growth seeks greatness through our circular business model, which is combined with a strategy to minimise our ecological footprint. This year's report illustrates how resource efficiency is accomplished through the optimal use of energy, water and waste materials.

Making circularity a reality by turning waste into energy

VPK Group is on a mission to make its production activities more carbon neutral. In last year's sustainability report we were happy to announce the commissioning of a new power plant at our Blue Paper mill in Strasbourg, which transforms the residual waste of our on-site paper recycling process into thermal energy. This year, we can add two additional energy projects to the list of corrugated sites that have moved away from fossil fuels.

The Blue Paper mill produces packaging paper using only recycled fibres. Since May 2019, the residual materials from the recycling process – mainly non-reusable fibres, plastics and other materials – are converted into thermal energy via an on-site power plant that drives the online processes, cutting down the site's consumption of natural gas by 80%.

Carbon neutral corrugated sheet production in the UK

The CorrBoard site in Scunthorpe, UK, in which we recently acquired a majority share, is also at the forefront of circularity. The corrugated sheet manufacturing plant has been made completely carbon neutral.

The site gets its heat and power from the neighbouring CorrBoard Bioenergy plant, which has the capacity to convert 25,000 tonnes of organic waste into 6,400 MWh of energy per year. As such, it provides enough energy to sustain 1,500 homes and more than 1.5 times the annual energy demand of our CorrBoard site (i.e. 4,000 MWh). The excess energy is sold and fed into the public power grid.

Biogas eliminates need for fossil fuels in Norway

Carbon neutral production is also the main objective of our new production site in Halden, Norway. The location was selected because of the available space and the proximity of the existing activities in Sarpsborg. There was only one drawback: there was no connection to any type of gas supply.



Halden, Norway

That's where Skagerak comes in. This Norwegian subsidiary of Air Liquide was willing to invest in the construction of a brand-new gas production facility adjacent to the Halden site. The facility supplies both natural gas and biogas, which is generated through the digestion of organic waste, such as wood chips and household waste from the neighbouring municipalities.

The biogas will be used to fuel the Halden site's boiler, generating steam for the corrugator. In addition, an innovative heat recovery system on the corrugator will extract residual energy to heat the building.

Moreover, the Skagerak facility is also equipped with a fuel station where trucks can fill up with biogas. We have an agreement with our local transportation partner to convert its fleet to 100% biogas in due course. Taking into account a fleet of 20 trucks, making 40 to 50 journeys a day, this conversion project would significantly reduce the environmental impact of our local activities.

What will the future bring?

These investments clearly illustrate our objective to reduce the environmental impact of our activities. However, our ambitions do not stop there. We also want to contribute to a cleaner society outside the company walls.

We have already embarked on a project that matches this ambition perfectly. In 2021, we plan to add a new chapter to our sustainability actions in Strasbourg. We are putting everything in place to connect the Blue Paper power plant to a district heating system, so that the excess heat generated through the conversion of our residual waste is used to heat the private and public buildings of Strasbourg.

More about this in our next sustainability report. ■



Blue Paper mill, Strasbourg, France

New French high-bay warehouse brings a wealth of logistical and ecological benefits

When VPK invests in new infrastructure, we do so from a long-term perspective: the goal is to improve our efficiency and reduce our ecological footprint for many years to come. The new high-bay warehouse for corrugated packaging at the Ondulys site in Saint-Quentin, France, fits these criteria perfectly. This impressive €20 million innovation was commissioned at the end of 2019 and, in addition to increasing the site's quality and service offering, it also greatly enhances its environmental performance.

The new high-bay warehouse has doubled the site's storage capacity. With a height of 37 metres and a surface area of 6,000 m², it can store up to 25,000 pallets stacked up to 2.10 metres high. The site has not yet reached its nominal performance but, when it does, it will be possible to move up to 240 pallets in and out per hour. And that is just the tip of the iceberg.

Digitisation enhances customer service

The new state-of-the-art warehouse is a paragon of digital integration, making it the first of its kind in the industry in France. For instance, quality detection and pallet handling are fully automated, protecting the goods and pallets against damage and improving the quality of palletisation.

In addition, the warehouse management system is connected to a 3D truck-loading tool to ensure that trucks are loaded optimally. Each truck is also equipped with a track & trace system to enable just-in-time loading.



Enhanced resource efficiency

A fully automated and connected high-bay warehouse also has tangible ecological benefits.

On average, this type of warehouse takes up to 80% less surface area than a traditional warehouse. So, even though we doubled our storage capacity, the footprint of the new Saint-Quentin infrastructure is considerably lower than before.

On top of that, the high-bay uses significantly less energy than a conventional warehouse, thanks to the integrated smart technologies and the warehouse's specific design.



The considerable boost in storage capacity has also made nearby storage facilities redundant: all goods are now stored on site, eliminating all transport to external storage sites. Hence, this investment greatly reduces the operations' CO₂ emissions.

Last but not least, the new infrastructure's design enables the site to collect and reuse rainwater. As a result, the site will no longer require city water to fuel its processes.

Collectively, these criteria make this unique high-bay warehouse a true win for the entire VPK Group. ■

The new high-bay warehouse in Saint-Quentin is the very best in terms of technology and digital transformation. It is unique in the French corrugated board industry. Doubling the storage capacity enables us to increase our output significantly in the coming years. It will also increase product quality, enhance stock management and improve our responsiveness. This investment is a beacon of excellence in France and I look forward to presenting it to our customers.

Philippe Tran, Managing Director of Ondulys



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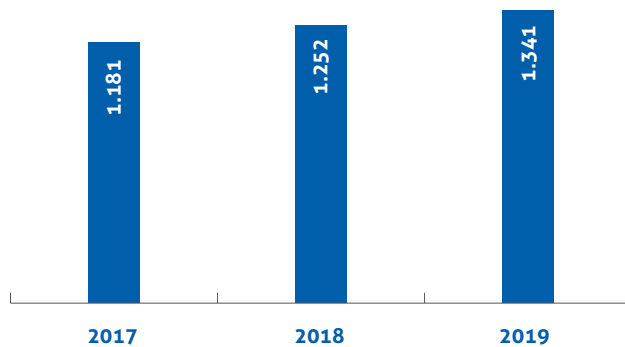
Sustainability data

We are happy to share our concrete results with you. In addition to our best practices, we have also collected an overview of VPK's reported key indicators in accordance with the core option of the GRI Standards.

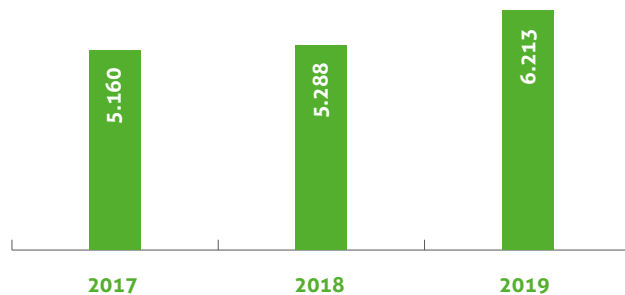
ORGANISATIONAL PROFILE



Net sales (M€)

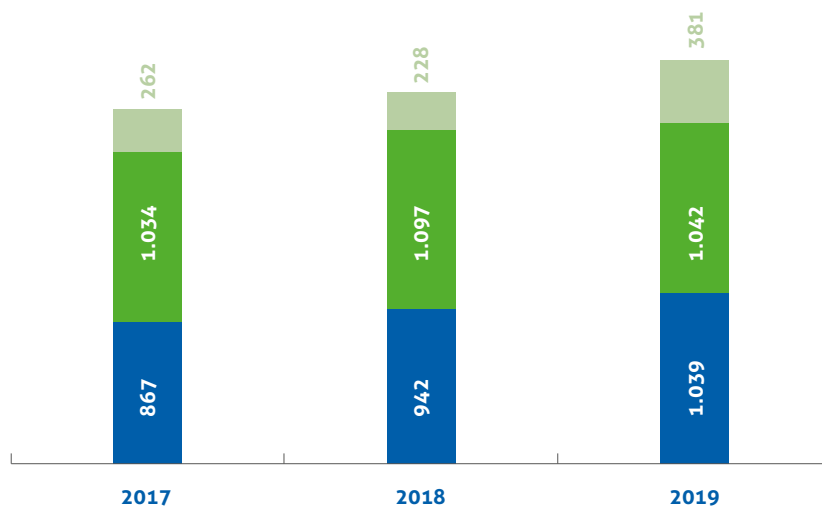


Employees (FTE)





Production (kT)



- Paper production
- Corrugated production
- Solid board & cores production

EMPLOYEES PER GENDER AND PER EMPLOYMENT CONTRACT	2017	2018	2019
Percentage of total male employees	84,5%	84,0%	83,9%
Percentage of total female employees	15,5%	16,0%	16,1%
Percentage of employees under a temporary employment contract	8,7%	6,5%	4,4%

SAFETY	2017	2018	2019
LTIR [°]	14	13,8	14,6
SR [°]	0,40	0,54	0,53
incident close out rate	/	51%	85%

FINANCIAL PERFORMANCE	2017	2018	2019
CAGR% Operating Income [°]	16%	16%	7%

[°] LTIR: Lost Time Injury Rate

SR: Severity Rate

Compound Annual Growth Rate

EMPLOYMENT

NEW HIRES	2017	2018	2019
Employees under 30 years old	329	329	322
Employees between 30 and 50 years old	383	441	452
Employees above 50 years old	89	11	101
Total	801	882	875

TURNOVER	2017	2018	2019
Employees under 30 years old	247	273	280
Employees between 30 and 50 years old	347	435	421
Employees above 50 years old	167	209	181
Total	761	917	882

TRAINING & EDUCATION

YEARLY TRAINING HOURS PER PERSON	2017	2018	2019
Higher management	21	14	17
Middle management	17	13	14
Production or support	31	13	10

GENDER

% GENDER EQUALITY	2017	2018	2019
Higher management	17,6%	17,3%	19,4%
Middle management	20,3%	32,9%	26,2%
Production or support	14,3%	12,7%	14,3%

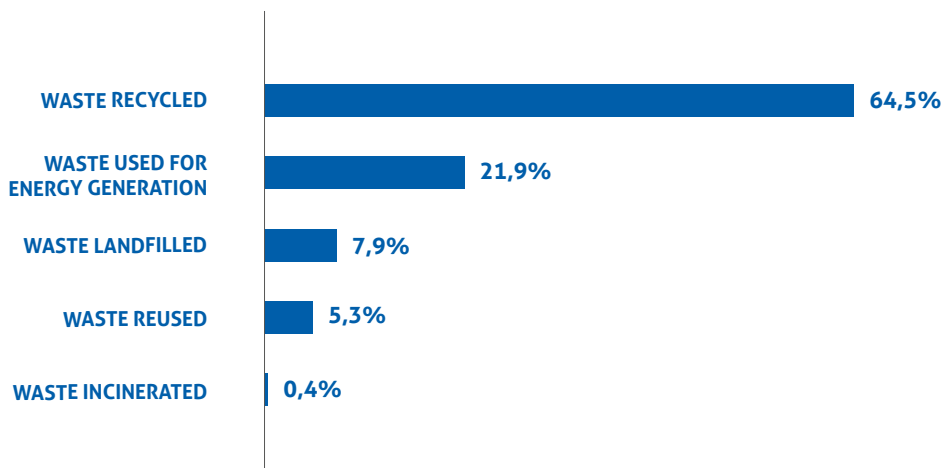
ENERGY & EMISSIONS

PRIMARY ENERGY CONSUMPTION	2017 (TJp)	2018 (TJp)	2019 (TJp)
Cores	100,95	89,88	356,56
% of total	1,1%	1,0%	3,0%
Recycled paper	6896,42	6985,47	9632,91
% of total	78,4%	77,5%	79,9%
Corrugated packaging	1798,08	1937,74	1964,22
% of total	20,4%	21,5%	16,3%
Solid board packaging	100,81	98,94	98,07
% of total	1,1%	1,1%	0,8%
Total	8896,26	9112,04	12051,76

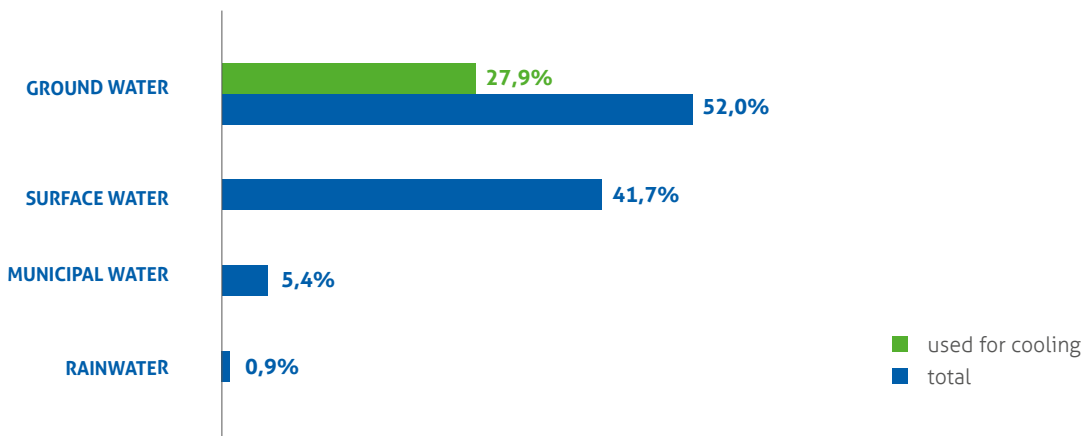
EMISSIONS	CO ₂ SCOPE 1 (T)	CO ₂ SCOPE 2 (T)	CO ₂ SCOPE 3 (T)
Cores	4.237	7.541	17.727
% of total	1,3%	3,9%	16,8%
Recycled paper	280.950	62.472	30.920
% of total	85,4%	32,1%	29,2%
Corrugated packaging	43.521	122.679	57.098
% of total	13,2%	63,1%	54,0%
Solid board packaging	261	1.779	/
% of total	0,1%	0,9%	/
Total	328.970	194.472	105.746

EMISSIONS	2017 (T)	2018 (T)	2019 (T)
CO ₂ (scope 1 & 2)	366.838	344.656	523.442
CO ₂ (scope 3)	59.541	63.772	105.746
NO _x	351	340	345
SO _x	39	86	70

WASTE DESTINATION BY %



WATER USAGE BY %



ECO FOOTPRINT 2019



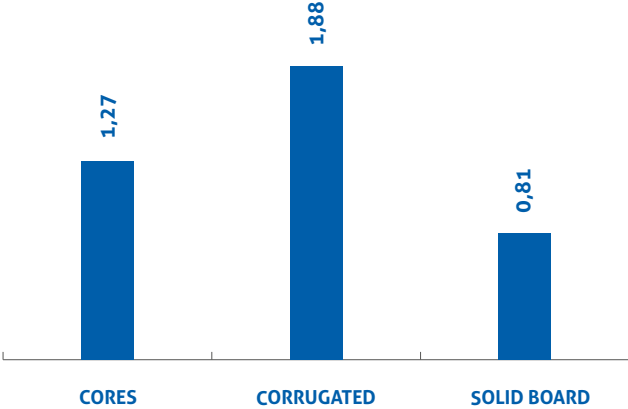
Energy intensity GJ_p/T

RAW MATERIAL



PAPER

FINISHED PRODUCTS



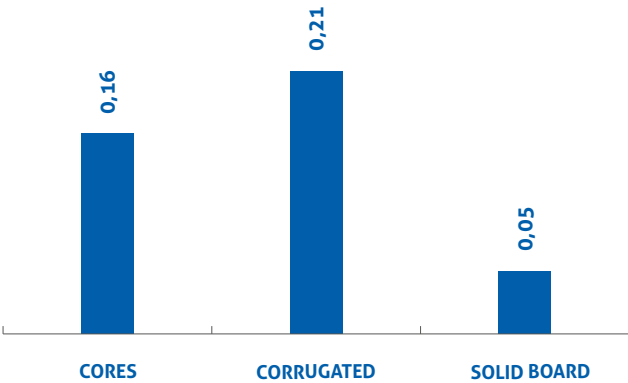
Water intake intensity (m^3/T)

RAW MATERIAL



PAPER

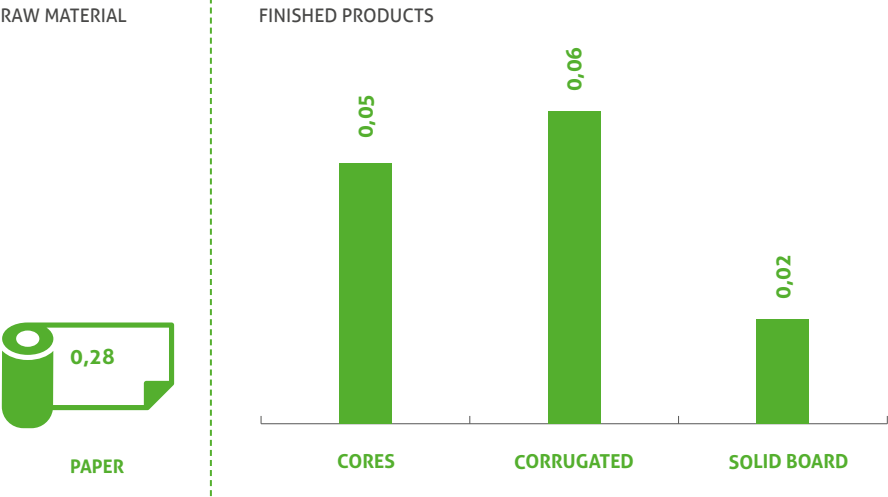
FINISHED PRODUCTS



ECO FOOTPRINT 2019



CO₂ emission intensity (m³/T) (scope 1 and 2)



Process for defining the report content

Our aim with this report is to provide external and internal stakeholders with insight into our sustainability journey and its most material aspects. Sustainability is taken into consideration across our entire value chain. We take responsibility for our own activities, and for those within our sphere of influence, upstream as well as downstream. Our stakeholders, who invest in and impact on our activities to the highest degree, include our customers (including consumers), employees and suppliers.

We are continuously reviewing and refining our approach to sustainability and aligning our report with the corporate strategy. In 2018, we remapped our material considerations during working sessions involving the CEO, Executive Committee members and cross-divisional stakeholders, guided by an external consultant. This framework is described at the beginning of the report. Following this framework, yearly content is defined in consultation with the Executive Committee.

VPK Group supports the United Nations' Sustainable Development Goals. More specifically, based on an in-house materiality exercise, we have built our sustainability objectives around the following six SDG's:



GRI-Content Index

GRI 102 GENERAL DISCLOSURES

GRI STANDARD	REFERENCE	OMISSION
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organization p. 5	
102-2	Activities, brands, products, and services p. 6	
102-3	Location of headquarters p. 5	
102-4	Location of operations	https://www.vpkgroup.com/en/sustainability/sustainability-reports
102-5	Ownership and legal form	https://www.vpkgroup.com/en/sustainability/sustainability-reports
102-6	Markets served	https://www.vpkgroup.com/en/sustainability/sustainability-reports
102-7	Scale of the organization p. 31-32	
102-8	Information on employees and other workers p. 32	
102-9	Supply chain	https://www.vpkgroup.com/en/sustainability/sustainability-reports
102-10	Changes to the organization and its supply chain	In 2019 the acquisition of Corenso was completed.
102-11	Precautionary principle or approach	Internal controlling mechanisms and independent internal auditors monitor financial, compliance, regulatory, contractual, market and environmental risks.
102-12	External initiatives	VPK supports several partnerships on a long term basis. This includes non-profit organizations, charity initiatives and philanthropic projects.
102-13	Memberships of associations	https://www.vpkgroup.com/en/sustainability/sustainability-reports
2. STRATEGY		
102-14	Statement from the senior decision-maker p.3	
3. ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behavior	Included in internal Code of Conduct and company policies

GRI STANDARD	REFERENCE	OMISSION
4. GOVERNANCE		
102-18	Governance structure	https://www.vpkgroup.com/en/sustainability/sustainability-reports
5. STAKEHOLDERS ENGAGEMENT		
102-40	List of stakeholder groups	p. 38
102-41	Collective bargaining agreements	Overall, approximately 74%
102-42	Identifying and selecting stakeholders	p. 38
102-43	Approach to stakeholder engagement	p. 38
102-44	Key topics and concerns raised	p. 38
6. REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	p. 6
102-46	Defining report content and topic boundaries	p. 38
102-47	List of material topics	p. 41-44
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	p. 5
102-51	Date of most recent report	Jun-19
102-52	Reporting cycle	§2
102-53	Contact point for questions regarding the report	p. 5
102-54	Claims of reporting in accordance with the GRI-standards	None
102-55	GRI content index	p. 39-44
102-56	External assurance	No external assurance was provided.

MATERIAL TOPICS

GRI STANDARD	REFERENCE	OMISSION	REASON FOR OMISSION
ECONOMIC			
ECONOMIC PERFORMANCE			
103	Management approach	p. 8-11	
201-1	Direct economic value generated and distributed	p. 31	
201-2	Financial implications and other risks and opportunities due to climate change		✓ Reported via CDP
201-3	Defined benefit plan obligations and other retirement plans		✓ Dependent from country to country
MARKET PRESENCE			
103	Management approach	p. 8-11	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		✓ Dependent from country to country
ENVIRONMENTAL			
MATERIALS			
103	Management approach	p. 8-11	
301-1	Materials used by weight or volume	p. 35	
301-2	Recycled input materials used	Around 90%	
301-3	Reclaimed products and their packaging materials	Around 75% of products and 85% of the transport pallets	
ENERGY			
103	Management approach	p. 8-11	
302-1	Energy consumption within the organization	p. 34	
302-2	Energy consumption outside of the organization		✓ Negligible
302-3	Energy intensity	p. 36-37	

GRI STANDARD	REFERENCE	OMISSION	REASON FOR OMISSION
302-4	Reduction of energy consumption	No significant decrease in comparison to last year	
302-5	Reductions in energy requirements of products and services	No significant decrease in comparison to last year	
WATER			
103	Management approach	p. 8-11	
303-1	Water withdrawal by source	p. 35	
303-2	Water sources significantly affected by withdrawal of water	None identified	
303-3	Water recycled and reused	Overall, around 93%	
BIODIVERSITY			
103	Management approach	p. 8-11	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Three sites operate in the vicinity of protected areas.	
EMISSIONS			
103	Management approach	p. 8-11	
305-1	Direct (Scope 1) GHG emissions	p. 34	
305-2	Energy indirect (Scope 2) GHG emissions	p. 34	
305-3	Other indirect (Scope 3) GHG emissions	p. 34	
305-4	GHG emissions intensity	p. 37	
305-5	Reduction of GHG emissions	No significant decrease in comparison to last year	

GRI STANDARD	REFERENCE	OMISSION	REASON FOR OMISSION
305-6	Emissions of ozone-depleting substances (ODS)	✓	Negligible
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p. 34	
EFFLUENTS AND WASTE			
103	Management approach	p. 8-11	
306-1	Water discharge by quality and destination	Approximately 95% is discharged in the river after treatment, the remaining volume in local sewage.	
306-2	Waste by type and disposal method	p. 35	
306-3	Significant spills	None identified	
306-4	Transport of hazardous waste	✓	Negligible
306-5	Water bodies affected by water discharges and/or runoff	✓	Negligible
SUPPLIER ENVIRONMENTAL ASSESSMENT			
103	Management approach	p. 8-11	
308-1	New suppliers that were screened using environmental criteria	More than 98% by volume	
308-2	Negative environmental impacts in the supply chain and actions taken	None were identified this year.	



GRI STANDARD	REFERENCE	OMISSION	REASON FOR OMISSION
SOCIAL			
EMPLOYMENT			
103	Management approach	p. 8-11	
401-1	New employee hires and employee turnover	p. 33	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		✓ Dependent from country to country
401-3	Parental leave		✓ Dependent from country to country
OCCUPATIONAL HEALTH AND SAFETY			
103	Management approach	p. 8-11	
403-1	Workers representation in formal joint management-worker health and safety committees	Approximately 5%	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	For 2019, we reported an LTIR=14,15	
TRAINING AND EDUCATION			
103	Management approach	p. 8-11	
404-1	Average hours of training per year per employee	p. 33	
NON-DISCRIMINATION			
103	Management approach	p. 8-11	
406-1	Incidents of discrimination and corrective actions taken	None identified	
SUPPLIER SOCIAL ASSESSMENT			
103	Management approach	p. 8-11	
414-1	New suppliers that were screened using social criteria	More than 98% by volume	

CIRCULAR. THE FUTURE OF PACKAGING IS



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