



Investing in Better

Sustainability Report 2022



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Investing in Better is making us stronger

We are Investing in Better to become more sustainable and resilient.

Making smart investments in our people, efficiencies, innovations, processes, policies and more – that's how we will continue to prosper in this challenging, fast-changing world.

Meaningful, considered investment in sustainability ultimately benefits every single product that comes off the line – making kp the ideal partner for a more sustainable future.



every product benefits



Investing in Better is



reducing our emissions

Reducing our emissions by becoming more efficient is a win-win – the right thing to do for the planet, and greater resilience to climate change for kp.

better for everyone

-43%

Our Scope 1 and 2 greenhouse gas emissions are now 43% down on our 2019 baseline, and we are partnering with our suppliers to further reduce Scope 3 emissions, too.

Investing in Better is



sending zero waste to landfill

We can become less reliant on new raw material by reducing, reusing and recycling wherever possible.

44%

In 2022, our overall 'waste to landfill' was down by 44%, while several more of our sites achieved 'zero waste' status. We are on track to achieve zero waste by Q3 of 2023.



a responsible approach



Investing in Better is



designing for recyclability

Designing for recyclability helps us become more sustainable in a way that both satisfies changing market demands and builds business resilience.

making sustainability possible

63%

In 2023, we offer a recyclable alternative for 63% of our product portfolio. At least 30% of the products we sell are already designed for recyclability, and we are working closely with our customers to do better.

Investing in Better is



a safe place to work

Ensuring the best talent is drawn to and remains at kp is critical for our future prosperity. That's only possible if everyone stays safe.

-19%

In 2022, our total number of accidents were down 19% on the previous year, and across the company we logged over 800,000 30-second risk assessments.

safety first



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An introduction from our CEO

Roberto Villaquiran,
CEO



First, I'd like to thank the kp team, our customers and our suppliers for their hard work and the progress made on our 'Investing in Better' sustainability strategy.

Since I started at kp earlier this year, I have been impressed by – among many other things – our team's consistent leadership in the use of recycled content, the progress made in developing next-generation sustainable products, reductions in emissions across the business and the adoption of renewable energy.

kp will, of course, continue to build on its long history as a leading sustainable packaging provider. During the year, we have focused more closely on internal processes and optimising the way we work, with the goal of becoming more sustainable. As a result, 'Investing in Better' is more robust and resilient than ever before.

The progress made this year is all the more remarkable in the context of continued supply chain disruptions and fast-changing market conditions.

I am very pleased to say that our team has achieved an outstanding 43% reduction in Scope 1 and 2 carbon emissions since 2019. This feat has unlocked a lower interest rate for the business, meeting a goal set when kp negotiated the first ESG ratchet-linked term loan in the US market in 2021.

I'd also like to congratulate the team on developing recyclable alternatives for 63% of our product range, and for maintaining the amount of post-consumer recycled (PCR) content we use, even in the context of a challenging market.

Looking ahead, we will remain highly ambitious, committed to building on the success of 'Investing in Better' and further embedding sustainability into how we do business. Sustainability is critical for our industry and kp, and we are determined to rise to the challenge.

A word from the VP Sustainability

Yui Kamikawa,
VP Sustainability



During the year, we have continued to pursue our sustainability ambitions through our three objectives: Close the Loop, Work Smarter and Act Responsibly. Across our 10 guiding sustainability goals, we continue to evolve the way we work, and I know we will continue to make great progress, as the team has come up with fresh ideas and taken every opportunity for improvement they can find.

We are particularly excited about our progress on climate, part of the 'Work Smarter' objective. This will be an important focus area for us moving forward, as the connection between working smarter and playing a bigger role in the circular economy becomes clearer.

In the three years 'Investing in Better' has been running, we've learned a great deal – and of course we will continue to evolve our approach. Even in the context of a challenging business environment, I believe we are well-positioned to continue making progress and show leadership.

Our sustainability strategy



Objective 1 Close the Loop

By 'closing the loop' we will reduce waste and do more with less. We will use more recycled material, close the packaging loop and take every opportunity to make our packaging recyclable.

[See page 17](#) →



Objective 3 Act Responsibly

Acting responsibly at all times is a cornerstone of our culture. And in the future, we will do even more to keep our people engaged, while we become a safer and more diverse company.

[See page 48](#) →



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Objective 2 Work Smarter

We have a responsibility to use as few resources as possible, as efficiently as possible. That's why we are focused on using less energy, cutting carbon emissions and ending landfill.

[See page 35](#) →

Close the Loop

Performance in context

Progress
Target

* end of year unless stated otherwise

Target I Use more recycled materials

PCR material in our packaging (%)		
2021	<div><div></div></div>	23.3
2022	<div><div></div></div>	21.3
2025*	<div><div></div></div>	30

By 2025, we will use at least 30% post-consumer recycled material in our packaging.

Highlights in 2022

Market fluctuations challenged the industry on PCR usage and availability. We maintained a strong level of PCR usage through focus on efficiencies by optimising process efficiencies.

Future outlook

We will continue to lead in the use of PCR by leveraging our experience in developing secure supply channels and fostering demand in the markets, while ensuring we deliver the highest quality PCR products.



On track to hit target by end of 2025



Read more on page 18

Target II Close the packaging loop

PCR content from kp Tray2Tray® initiative (%)		
2021	<div><div></div></div>	7.3
2022	<div><div></div></div>	9.1
2025*	<div><div></div></div>	30

By 2025, at least 30% of the post-consumer recycled material in our packaging will be from the kp Tray2Tray® (T2T) initiative.

Highlights in 2022

We increased our share of T2T in a challenging market thanks to strong supplier partnerships.

Future outlook

Strong partnerships are key to stable supply across the value chain and we are committed to expanding this programme as quickly as possible.



Progress is being made, but more work is needed to achieve goal



Read more on page 21

Target III Recyclability

Recyclability of our packaging portfolio (%)		
2021	<div><div></div></div>	28
2022	<div><div></div></div>	30
2025*	<div><div></div></div>	100

By 2025, 100% of our packaging will be recyclable.

Highlights in 2022

While our overall recyclable share increased 2% to 30%, we now have recyclable alternatives for 63% of our overall product portfolio versus 54% last year.

Future outlook

Our immediate focus is to have as many recyclable alternatives as possible for our product portfolio. We are fully committed to working with the whole value chain to ensure recyclable packaging is actually recycled at scale.



Even with more recyclable options available, target is a challenge



Read more on page 25

Work Smarter

Performance in context

Progress
Target
* end of year unless stated otherwise

Target I Improve energy efficiency

Energy intensity (kWh per tonne processed)

2021	<div><div></div></div>	1,111
2022	<div><div></div></div>	1,141
2025*	<div><div></div></div>	942

By 2025, we will increase energy efficiency by 17% against a 2019 baseline.

Highlights in 2022

Significant shift in demand and supply challenged required agility in our operations to manage unprecedented complexity. This meant that our energy intensity decreased, however, our teams also came up with a lot of innovations to mitigate the impact.

Future outlook

We have a very strong foundation and a talented team to manage our energy efficiency, and we will continue to drive this work further.



Some challenges in 2022, but remain on track for 2025 goal



Read more on page 36

Target II Reduce carbon emissions

Scope 1 and 2 emissions reduction (%)

2021	<div><div></div></div>	24
2022	<div><div></div></div>	43
2025*	<div><div></div></div>	50

Scope 3 emissions reduction (%)

2021	<div><div></div></div>	7.9
2022	<div><div></div></div>	11.6
2029*	<div><div></div></div>	20

By 2025, we will reduce Scope 1 and 2 emissions by 50%, and by 2029, Scope 3 emissions by 20% per tonne of raw materials, against a 2019 baseline.

Highlights in 2022

We have made significant progress in reducing our Scope 1 and 2 emissions and we have engaged our top 50 suppliers on reducing Scope 3 emissions.

Future outlook

We will continue to invest in renewable energy sources to further reduce our Scope 1 and 2 emissions and will engage our suppliers to further reduce our Scope 3 emissions.



On track to hit target by end of 2025 and 2029



Read more on page 39

Target III Stop sending waste to landfill

Waste diverted from landfill (%)

2021	<div><div></div></div>	86
2022	<div><div></div></div>	93
2022*	<div><div></div></div>	100

By 2022, we will send zero waste to landfill or incineration without energy recovery.**

Highlights in 2022

While we did not achieve our target, we've made significant strides and plan to achieve this target in Q3 2022.

Future outlook

Once we achieve zero waste to landfill across all of our sites, our focus will move to ensuring we maintain this level of excellence, as well as continuing to reduce the total amount of waste produced in our operations.

** Where legislation allows.



Will be complete in 2023, with slight delay



Read more on page 44

Act Responsibly

Performance in context

Progress
Target

* end of year unless stated otherwise

Target I Eliminate lost-time accidents

Lost-time accident (LTA) rate	Total recordable incident rate (TRIR)
2021 0.33	2020 1.10
2022 0.35	2021 0.75
2025* 0	2022 0.74

By 2025, we will reduce our LTA rate to zero and we will reduce our TRIR each year.

Highlights in 2022

While our LTA rate has slightly increased, we now have more 'zero harm' sites than ever before, with 19% fewer incidents year on year.

Future outlook

Safety culture is well implemented throughout our sites, and we will further embed it by continuing our root cause assessments and sharing best practices.



On track to hit target by end of 2025



Read more on page 49

Target II Become more diverse

Women at management level (%)
2021 23.9
2022 23.6
2025* 30

By 2025, the percentage of women at management levels at kp will exceed 30%.

Highlights in 2022

We have aligned our diversity, equity and inclusion work with the United Nations Global Compact gender diversity initiative and we have developed a roadmap with a clear set of actions.

Future outlook

As we continue to invest in diversity, we expect to develop industry networks to promote roles for women in plastics and manufacturing generally.



Gaps remain, in spite of significant investment and focus



Read more on page 53

Target III Engage employees better

Employee engagement score (%)
2021 75
2022 75
2025* 80

By 2025, our employee engagement score will improve to over 80%.

Highlights in 2022

We are proud that our employees continue to be engaged. We maintained our engagement score while increasing participation from 70% to 80%.

Future outlook

We have a strong portfolio of initiatives to engage and develop our employees, and have exciting plans for 2023 and 2024 to introduce and expand these programmes.



On track to hit target by end of 2025



Read more on page 56

Target IV Make a difference in our communities

Plants with at least one impactful community engagement project p.a. (%)

2021	
2022	On hold since 2021
2025*	

All kp plants will complete at least one impactful community project annually, doubling that by the end of 2025.

Highlights in 2022

While Covid has paused this programme, our sites continued to engage with communities and in 2022 we had 22 active initiatives in place.

Future outlook

We are excited to partner with our local communities and explore the variety of ways we can give back, and we'll launch a renewed approach and framework in the second half of 2023.



On track to hit target by end of 2025



Read more on page 59

Our business



We have a broad product portfolio across a variety of polymers, and our manufacturing footprint across North and South America, Europe and Asia-Pacific enables us to serve customers where they are, offering customised solutions while maintaining high production standards.



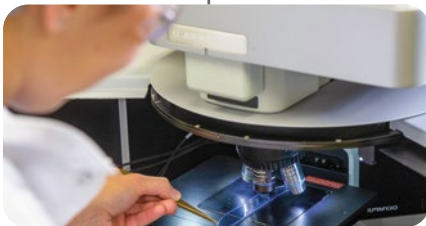
Food Packaging

Sustainable packaging solutions, enhanced shelf life and consumer safety, and unique design attributes.



Pharma, Health & Protection and Durables

Enhanced consumer safety and shelf life, paired with high-quality aesthetics and sustainability.



Our deep material science capabilities allow us to both meet the unique requirements of our customers for highly technical applications, and to lead the industry on a more circular model.



kp in numbers



5,600
employees



8,000
Customers



31
sites

Materiality

Our materiality assessment process comprises three steps: identification, prioritisation and validation. We identified a full list of topics in 2020 that was then evaluated by internal experts. The process was informed by a substantial series of interactions, such as customer collaborations, interviews with senior management, an employee feedback survey, ongoing discussions with investors, working with associations, regulatory engagement and rating agency consultations.

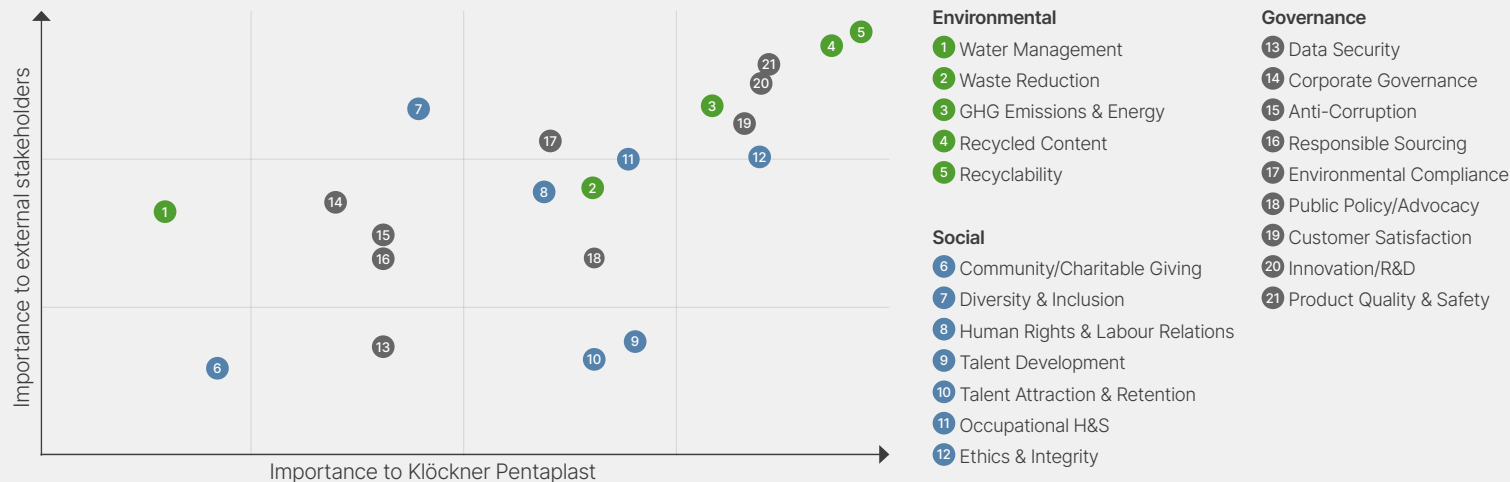
This involved more than 30 inputs, such as non-governmental organisation reports and media reviews, as well as peer and customer reports relating to impacts within kp and the plastic packaging sector.

In the validation phase, the materiality assessment results were reviewed by our leadership team and senior managers; we continue to seek input to inform our understanding of material topics across the value chain. The matrix below shows the spread of topics assessed prior to the validation.

The process prioritised 11 topics which inform the structure of our Investing in Better strategy and our reports:

- **Close the loop:** Recycled material inputs, Closed-loop packaging, Recyclability.
- **Work smarter:** Energy efficiency, Renewable energy, Greenhouse gas emissions, Waste.
- **Act responsibly:** Health & Safety, Diversity, Equity & Inclusion, Employee engagement, Community involvement.

kp materiality assessment



Our product design innovation

Innovation highlights



ShoreCycle®
Card film, films produced with ocean-bound recovered material



Pentalabel® SmartCycle®
Recyclable labels launched in Europe



kp Tray2Tray®
Global initiative to create true food tray circularity, using recycled tray flake instead of bottle flake



kp MonoSeal®
Fully recyclable mono PET rigid film for form, fill and seal applications in fresh food



kpNext®
Recyclable PET blister film



kp Zapora®
Innovative padless tray technology

We understand that we cannot become truly sustainable without continuously improving our products. That's why our experts work hard to balance the needs of our planet with the needs of our customers by creating better products which serve a circular economy. And this vital work cannot be accomplished alone; the most significant positive environmental impact can only be unlocked by working together with other stakeholders, across the value chain.

New solutions to big problems

Our innovation-focused teams are always working hard to develop better trays and films which both better meet the requirements of customers and are more sustainable – generating less carbon and incorporating more recycled content and/or designed for recyclability. Developing new products will typically involve setting sustainability criteria and running pilot tests with key customers.

Throughout, our innovators and product line managers work closely together – an approach called ‘two in a box’ – walking through the different challenges of the ‘stage and gate’ process. Suppliers, industry bodies and regulators also feed into the process.

Maximising efficiency

As we design our products, we look to minimise material use; for example, our trays are stackable, which dramatically reduces storage requirements. During production, ‘scrap’ by-products are generated, but we consider this a valuable resource that must not be wasted. Therefore, we take care to roll out our production campaigns in the most efficient sequence, so that the number of ‘changeovers’ is reduced, a far more efficient process. Meanwhile, to minimise the carbon footprint and cost of our freight operations, we have invested in sophisticated EU and US-wide transport management systems and a new carbon-efficient US fleet.

Looking ahead

Our collaborative research teams and packaging experts from our innovation team are working towards 100% recyclability for our packaging by 2025. Our first and most important step towards that goal is developing recyclable alternatives for all of the products we offer. At the same time, we embrace the well-known trade-off in plastic packaging that enhanced recyclability cannot come at the expense of protection, as this will only create a different type of waste. Customers and consumers still expect our solutions to deliver hygienic, undamaged food at the right temperature, and sterile, well-protected medicines. In 2023, we have a broad spectrum of products, and we are working hard to come up with recyclable alternatives across our entire product range.

Close the Loop

We want to see the materials in our products become part of the circular economy, so we design them with the whole lifecycle in mind.



Learn more at
kpfilms.com



Highlights

- Recyclable alternatives offered for 63% of our products
- Circular Tray2Tray® initiative generated 9% of our PCR during the year
- 30% of our products by volume are designed for recyclability, an 8% increase since 2019

Alignment with the UN Sustainable Development Goals



Overview

I. Use more recycled material →

II. Close the packaging loop →

III. Recyclability →

Overview

Closing the loop requires us to design for recyclability, maximise post-consumer recycled content (PCR) quality and availability, and to work with industry stakeholders on policy, consumer education and planning to ensure suitable infrastructure is available. We must also consistently upgrade and re-engineer our production processes to maximise the amount of PCR we're able to use. Over the past three years, it has become more and more evident that recycling really is a team sport – while we can do a lot on our own, working together with others is principally how future gains will be realised.

Innovative, recyclable designs are vital to closing the loop, helping us to provide our customers with recyclable options and enable greater material recovery while also offering key features like reduced weight, high-quality finishes and reductions in carbon. In 2022, we offered recyclable alternatives for 63% of our products and as a result, 30% of the products we sold were 'designed for recyclability', up 8% since 2019.

At the same time, we remain focused on recovering used packaging and turning it back into more of the same. kp Tray2Tray® continues to be crucial in achieving this mission, and this year the initiative has continued to grow in volume and profile. In 2022, 9.1% of our recycled material was generated from this circular system, and the number of trays recycled rose to 725 million.

This year, the amount of PCR included in our packaging was 21.3%. On top of Tray2Tray®, various valuable initiatives were launched or continued across our business to ensure that this number keeps going up.

Good practice has also been shared across the business through the new 'Recycled Content Guidebook'. This will help us incorporate as many of the hard-won lessons we've learned as possible into our everyday processes.

We invested €9.8m in our facilities so that we can process greater volumes of post-consumer recycled content.

Looking ahead, we will continue to work on closing the loop both internally and by partnering to promote further development of critical enabling infrastructure. When implemented at scale, we have seen that Tray2Tray® can help to stabilise our supply chains, and we are committed to expanding the programme as quickly as possible while maintaining product quality.



Adopting circular economy principles allows us to capture significant material value and reduce emissions. That's why we are transitioning to products that are both more recyclable and which incorporate as much recycled content as possible. Our plastic trays and films can come back time and again as safe and protective food packaging in a fully closed loop."

Ana Fernandez, FP Innovation Director

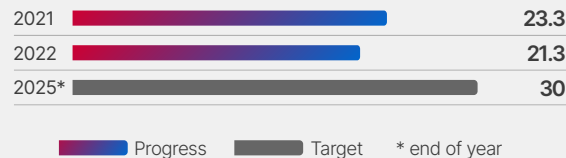
Target I. Use more recycled material

Use more recycled material

For nearly two decades, we've been using post-consumer recycled (PCR) material to produce high-quality products that meet global safety standards and consumer expectations. Part of this effort has involved supporting our customers to include more recycled content in their packaging.

Target I.
Our progress

PCR material in our packaging (%)



Using PCR material helps to contribute to a circular economy by keeping materials already extracted from the Earth's finite resources in circulation. PCR material is highly valuable, and reincorporating it into new packaging saves energy and resources, and reduces the volume of plastic going to landfill and incineration.

In 2022, we used 21.3% PCR content in the plastic packaging we produced (2021: 23.3%), which is just over 114,000 tonnes.

In Food Packaging (FP), the share of PCR material used to manufacture our products in 2022 was over 100,000 tonnes – a significant amount. In some months, almost half the volume of inputs comprised PCR content. During the year, mindful of our 2025 PCR content target, our FP division undertook a series of projects which will help us reach it.

Meanwhile, our Pharma, Health & Protection and Durables (PHD) continues to increase its contribution. PHD produces medical packaging (where there are very limited recycling opportunities) as well as consumer packaging, such as Pentaform® SmartCycle® consumer films. Over 2022, notably in the USA, a greater number of kp consumer packaging product categories used more PCR material. Currently, PCR content makes up 2.1% of the material used by PHD during manufacturing. Meanwhile, the steady shift away from using vinyl continues, wherever possible.

In 2022, we elevated PCR content in our manufacturing where we could. For example, across our FP and PHD divisions, we are adapting to 'variable-quality PCR material'. When PCR material quality dips, the basic properties such as viscosity, moisture, colour, or clarity can be affected, potentially resulting in lower production line efficiency, higher process costs and lower product quality (e.g. loss of optical clarity). However, kp's additional investment in manufacturing capacity for PCR films is growing our production volumes, strengthening our ability to make more use of PCR material. Products such as the high-quality, award-winning, 100% recycled kp Elite® trays are proof that our approach is working.



By incorporating PCR material into our packaging, kp actively contributes to waste diversion from landfills while simultaneously mitigating greenhouse gas emissions associated with the production of new plastic. PCR material is the core focus of kp's Innovation and New Product Development platforms."

Cameron Smith,
Product Manager Consumer Packaging

Target I. Use more recycled material (continued)

Our two main business divisions work together to share and compare techniques and best practices. For example, our new *Recycled Content Guidebook* was prepared in consultation with experts across all relevant functions, and aims to elevate PCR content use from design stages through to re-working. The Guidebook serves as a tool to improve understanding of different definitions and details of post-consumer and pre-consumer (or post-industrial) content.

Partnership projects with all players in the value chain involve deploying various technologies and innovations to maximise PCR content availability through, for example, digital marking i.e. Holygrail 2.0. This is a win-win, as we're able to both influence our customers to become more sustainable, while building stronger relationships.

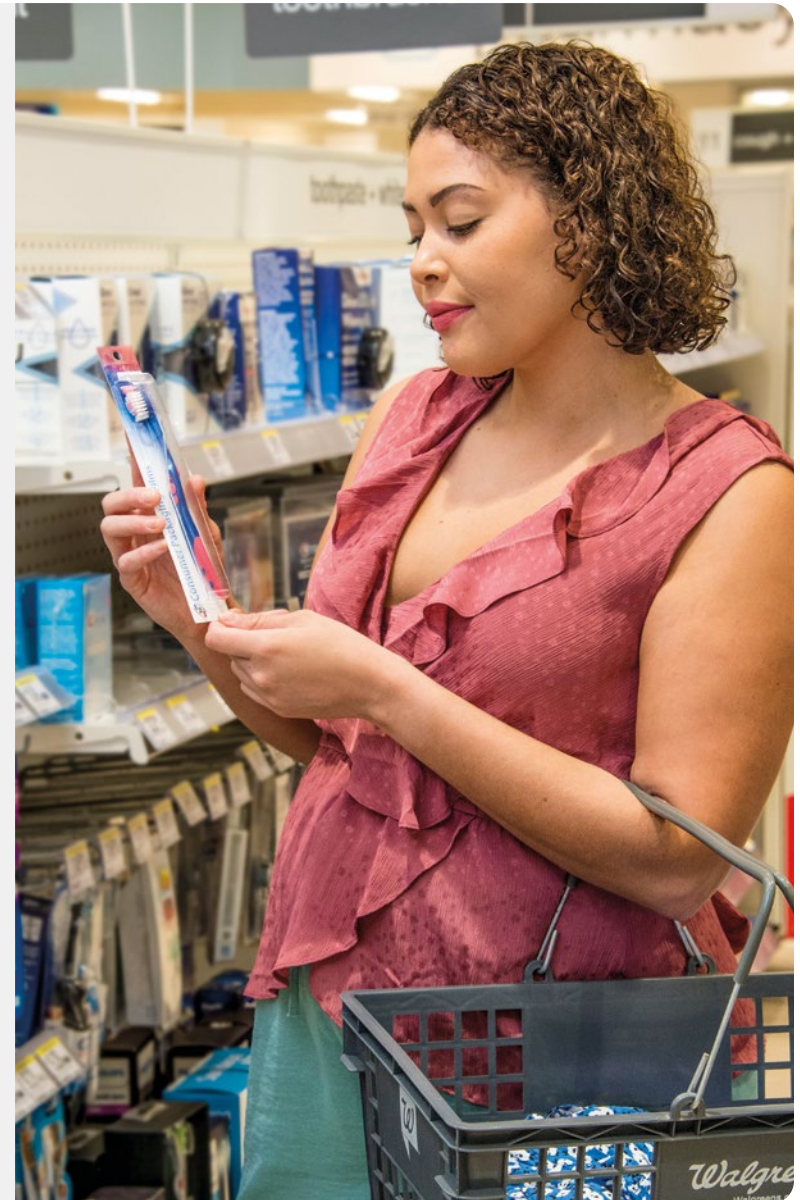
Similarly, our partnership with the Sustainable Packaging Coalition continues to grow. With the Coalition, we are working to promote thermoform recyclability and improve aggregators' abilities to sort and process material. Similar ongoing projects to boost circularity with other important partners include the Circular Plastics Alliance, the Tray Circularity Evaluation Platform (TCEP) created by Petcore Europe and the CEN/CENELEC Working Groups for Standardisation (see page 67 for the full list of associations).

Case study

Collaborating to use more PCR content in our films

If more products can have a 'sustainable alternative' then more PCR material will become available. 2022 saw us work more with brands and thermoformers to increase the amount of PCR materials in our consumer packaging films. Activities such as this, where PCR content is increasingly useful in a range of different products, means that market demand goes up, which in turn encourages more recycling.

For example, we transitioned and consolidated a range of PET films into just one PCR SKU, developed to meet all customer requirements, including 50% PCR content. This led to 4,500 t of new kp SmartCycle® film sales using 2,700 t of additional PCR material from 2022 onwards. Benefits include greater efficiencies, fewer changeovers and a significant increase in PCR content use in our PHD division, specifically in our consumer packaging range.



Target I. Use more recycled material (continued)

Case study

Investing in our future



**Co-funded by
the European Union**



We innovate to solve the sustainability challenges faced by our industry. Projects such as BARYR and RPET-Q are just two examples of the vital work we are doing. These projects (explained below) allow us to engage and collaborate with leading universities and research and technology centres. Both have received funding from the IDEPA and EU for the execution of research and development projects in the Principality of Asturias (Spain).

Project BARYR

This project is helping develop decontamination technologies needed to guarantee food safety during the manufacturing of food packaging that contains PCR material originating from PET pots, tubs and trays already used in food packaging.

The research objectives are fully aligned with our kp Tray2Tray® initiative; the technical knowledge gained from the initiative guaranteed successful implementation of Project BARYR.

The ultimate aim is to guarantee food contact safety; a 100% circular tray is the technological challenge that the BARYR project looks to overcome.

Project RPET-Q

Currently, mechanical recycling technologies are not sufficient to ensure the recovery of all PET used in food containers and its subsequent incorporation into new food packaging containers. Current challenges include, among others, the presence of complex multilayer materials that, together with additives, inorganic fillers, dyes, inks, adhesives, and other substances, currently make it impractical to obtain rPET with adequate purity and quality.

The RPET-Q project aims to use chemical recycling technologies to discover which complex packaging materials could eventually produce viable rPET, with a particular interest in recycling techniques based on glycolysis.

The know-how acquired enabled us to re-engineer our formulations to maximise the efficiency of these new processes.

Outlook

The journey to ever-higher levels of PCR content use continues, and over the coming years we will continue to invest for greater capacity and efficiency, while developing new products such as PET base film (with PCR content) as a drop-in replacement for PVC in some pharma and healthcare categories.

We also continue to develop our offer of alternatives that are recyclable and contain PCR material, in line with market demand. And we will be expanding the promotion of products such as kp Zapora®, kp MonoSeal®, and Pentalabel® SmartCycle® Pro mono-material packaging, as well as kp SmartCycle® films.

Alongside customer collaborations and other partnerships described above, we continue to work with external organisations such as non-governmental organisations and trade bodies. In 2022, we worked with the Association of Plastic Recyclers (APR) on ensuring new guidance received recognition.



Achieving true circularity requires considerable investment in research and development. That's why we're investing in both mechanical and chemical recycling, which offer huge opportunities to meet regulatory and societal demands. Partnering with other organisations in our value chain and upgrading our internal processes will be the keys to our success."

Samuel Pardo, FP Senior Innovation Manager

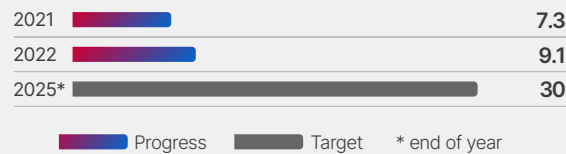
Target II. Close the packaging loop

Close the packaging loop

kp Tray2Tray® is circularity in action – recycling our own food trays and rigid film to make new trays and film of the same quality, again and again. This flagship closed-loop application is constantly growing in volume and profile. Its success is particularly gratifying, given that kp was instrumental in building the market from zero in many countries. Of course, our need for rPET remains very high, and as such we also buy the material from several sources.

Target II. Our progress

PCR content from kp Tray2Tray® initiative (%)



Recycling, as a system, essentially takes two forms. The first resembles a flow of materials through the economy, only some of which will end up being recycled into many other products and applications (downcycling). The second is a 'circular' system, exemplified by kp Tray2Tray®, where the polymers and materials aren't lost; rather they are captured and used to produce the same or similar products again.

kp Tray2Tray®

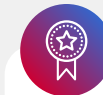
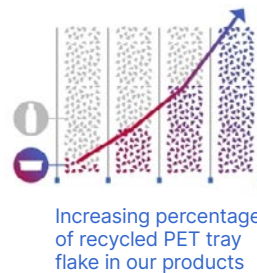
kp Tray2Tray® is a circular system, which improves over time as the stream of flakes is traced and protected more often, and as external factors, such as infrastructure, or education, are adjusted.



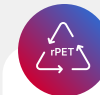
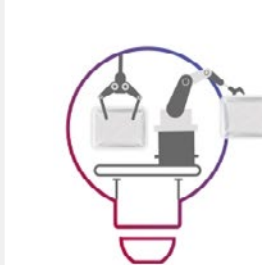
Establish a recycling stream



Close the loop in each region we supply



Innovate to overcome quality and technical challenges



Generate demand for rPET tray flake

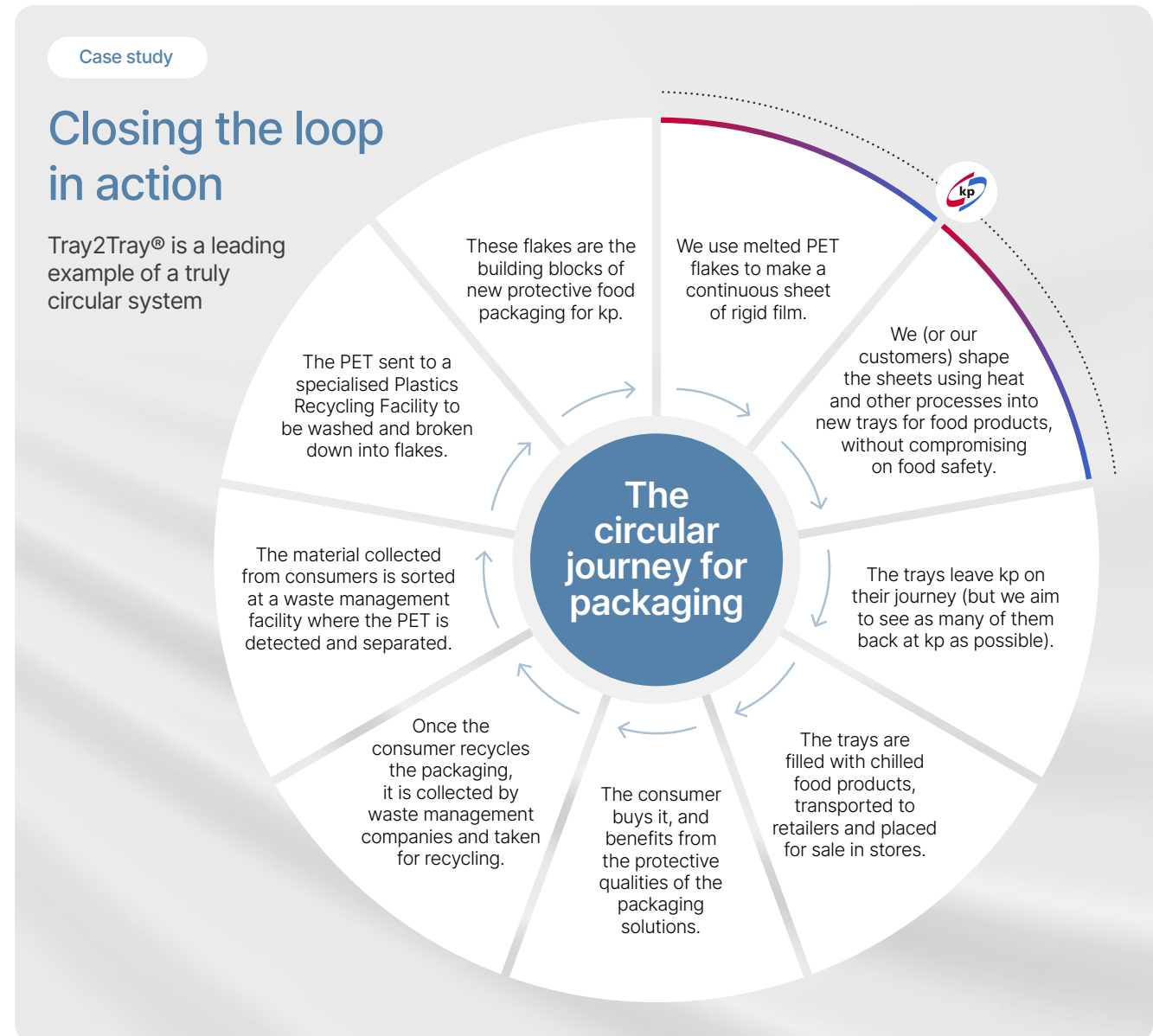


Target II. Close the packaging loop (continued)

In 2022, 9.1% of our recycled material was from kp Tray2Tray® (2021: 7.3%; 2020: 3%), and the number of trays we recycled increased to 725 million. Around a tenth of the recycled content used to make our products originates from kp Tray2Tray®. This is reinforced by strong site-supplier partnerships in the UK and EU and underpinned further by 'controlled blending chain of custody' certification, which covers all of kp's recycled content.

This year, our procurement teams have worked to ensure our supply base is secure. This can involve local engagement and sourcing to reduce reliance on imports. For more information on our relationships with suppliers, see page 66.

We are pleased that kp Tray2Tray® has maintained its RecyClass certification this year. In line with the requirements of European Standard EN 15343:2007 Plastics Recycling, a RecyClass audit covers the origin and the physical traceability of recycled plastics at different stages of the value chain, ultimately producing a report of the verified percentage. The certification is in place at four sites in Spain, Italy, the UK and Portugal, covering seven products, including kp Tray2Tray®, kp Elite® and kp Eternal® trays, as well as the SmartCycle® range.



Target II. Close the packaging loop (continued)








Case study

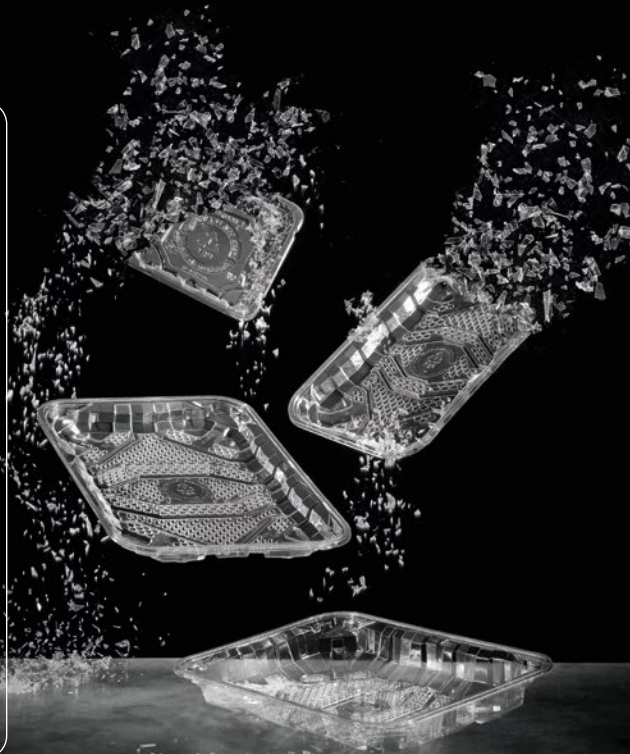
The broader impact of kp Tray2Tray®

We are applying our kp Tray2Tray® solution to several of our packaging ranges, including our kp Eternal® range, a product containing up to 100% post-consumer rPET, which is itself fully recyclable. By bringing this innovative premium packaging together with kp Tray2Tray® we are fully closing the loop on plastic trays.

By using food-grade recycled PET, we are ensuring that trays made with kp Tray2Tray® can be sorted and recycled back into food-grade packaging with no compromise on functionality or safety. We can replicate this with kp Elite®, kp Evolve® and kp MonoSeal®.

kp Elite® and Tray2Tray® bringing our innovations together

-  Fully circular solution
-  Lightweight with a lower carbon footprint
-  Up to 30% Tray2Tray® flake
-  Fully recyclable, mono material
-  Maximum food protection and safety
-  Exceptional clarity
-  Premium product



We also maintained our partnerships with external stakeholders, including various industry groups, and worked to educate both customers and consumers on the benefits of a circular system, with the goal of losing as few trays as possible.

kp Tray2Tray® ultimately helps to ensure kp's current and future resilience, insulating the business to some degree against PCR market uncertainties and supply volatility.

9.1%

of our PCR plastic consumption comes from pots, tubs and trays

Target II. Close the packaging loop (continued)

Outlook

On the supply side, we continue to encourage investment by the recycling industry in dedicated facilities which can contribute greater volumes of material. On the demand side, we continue to encourage our customers to buy pots, tubs and trays that incorporate recycled content. Success relies on generating demand and ensuring a constant supply: once kp has good quality tray flake, customer demand can be met at scale. This work includes ensuring each stakeholder in the chain recognises the value of the materials, how product formulations change over time, and that they all affect circular recycling performance. We need to include the entire value chain, recyclers need to invest in better recycling infrastructure, and brand owners must ensure consumers are fully engaged.



While drinks bottles are now frequently recycled, billions of trays are still wasted every year. kp's Tray2Tray® initiative is a critical technical achievement that brings trays back into the recycling stream – a big step towards 'closing the loop', and one of which I am very proud."

Vincent Gass,
VP Marketing & Product Line

Target III. Recyclability

Recyclability

Recyclability is essential to the circular economy. Recycling cannot be something considered only at the end of the product's life, rather recyclability must be designed in at the very start.

kp products are designed to be intrinsically easier to recycle, which in turn helps consumer brands promote their own sustainability messages. The aim is to 'design for recyclability'. This entails upstream innovation, rethinking products and services at the design stage, as well as the use of new materials, or even business models.

Our approach here helps us in the pursuit of brand loyalty, user convenience, and designing out waste while aligning with government policies tackling plastic waste around the world.

While we can control many product attributes, achieving a circular economy involves deep collaboration between multiple stakeholders.

63%

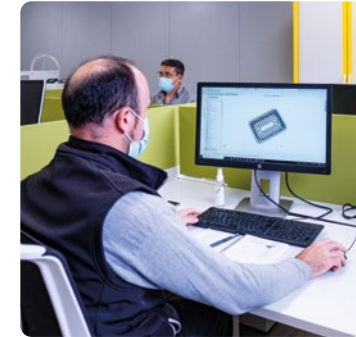
of our range has a recyclable alternative



Global qualitative definition of recyclability

Plastics must meet four conditions for a product to be considered recyclable:

- The product must be made of plastic that is collected for recycling, has market value, and/or is supported by a legislatively mandated programme.
- The product must be sorted and aggregated into defined streams for recycling processes.
- The product can be processed and reclaimed or recycled with commercial recycling processes.
- The recycled plastic becomes a raw material that is used in the production of new products.



Design for Recyclability

Design for Recyclability is the process of designing a product so that it conforms to the requirements for a scaled recycling infrastructure that is proven to work.

When we say 'recyclability' at kp, we mean that our products are Designed for Recyclability. When we Design for Recyclability, we set our products up to be recycled in any place there is scaled infrastructure for recycling, and we consider that to be our primary role in the circular economy as a packaging manufacturer.

Target III. Recyclability (continued)



We can strongly influence our products' recyclability by designing them appropriately for the sorting and recycling process at the end of the value chain. However, kp can only influence the total recyclability process of a product to a relatively small degree, as significant responsibility lies with the packing, customer and collection stages. Ultimately, high recyclability rates require activation of the whole value chain.

Target III. Our progress

Recyclability of our packaging portfolio (%)

2021	<div style="width: 28%;"></div>	28
2022	<div style="width: 30%;"></div>	30
2025*	<div style="width: 100%;"></div>	100

Progress Target * end of year

In 2022, the recyclability of our packaging portfolio, based on our sales volumes, was 30% (2021: 28%; 2020: 24%), up 8% since 2019¹. While customers demand more, we ensure our products fulfil their primary purpose of protection, while using materials and structures that are designed for recyclability.

Sixty-three per cent of our product range has a recyclable alternative our customers can buy from us today, and we are expanding the recyclable options in our portfolio. Notable examples include kp MonoSeal® PET, kp MonoSeal®, kp Infinity®, kp Next R1®, SmartCycle® and SmartCycle® Pro label films. These films contain between 20% and 100% post-consumer content – an easily understood message for consumers. The availability of such alternatives makes trying them out relatively frictionless for customers and retailers.

While packaging must meet technical requirements and be easy to recycle, it must also meet recognised standards. That's why our processes, products and internal guidance align with the Design for Recyclability (DfR) standards advocated by RecyClass, APR, CEFLEX and Petcore Europe. Furthermore, the TCEP, part of Petcore Europe, evaluated kp MonoSeal® prior to its acceptance in the rPET tray market (see case study on page 28). We also participate in associated working groups, covering topics such as recyclability definitions and alignment. As infrastructure improves and as investment in recycling facilities expands, the applicability and use of such standards will increase.

¹ Recyclability figures are based on the DfR Guidelines by RecyClass, APR, CEFLEX, Petcore Europe and others, and which are commonly applied across the industry

Target III. Recyclability (continued)

Case study

Breakthrough in pharmaceutical packaging

Pharmaceutical blister packaging is typically made using plastics and aluminium. To improve its recyclability, we launched Pentapharm® kpNext® RB5, a recyclable, vinyl-free and halogen-free barrier blister film. The film works with existing customer production lines, with the same thermoforming functionality as traditional packaging.

While kpNext® R1 was a monolayer, non-barrier film recyclable in the RIC 1 PET stream, kpNext® RB5 offers barrier properties without the loss of recyclability and is also recyclable in the RIC 5 polypropylene stream. The recyclability of kpNext® RB5 and lidding film have also been approved by Institute cyclos-HTP and by Etimex.

→ For further information, see www.kpfilms.com/en/pharma-medical/pharmaceutical-packaging-films/sustainable-rigid-films



Case study

How2Recycle labels help consumers play their part

In the US and Canada, 'How2Recycle' distributes 'Fully Recyclable' or 'Check Locally' labels, which emphasise the recyclable nature of various products for consumers.

kp Elite® trays (themselves produced from 100% recycled material) now qualify for this label. Our customers often require the label as a prerequisite for doing business.

The clear kp Elite® unpadded tray has also already achieved its 'Check Locally' label. Despite the challenges of achieving the label for pigmented and padded trays, kp Zapora® absorbent base trays and near-infra red detectable black trays are able to meet the requirements.



Target III. Recyclability (continued)

Changing consumer behaviour continues to be a vital piece of the circular economy puzzle. We want consumers to do the right thing, so more kp products are made from mono materials with clear and simple on-pack messaging such as 'Please Recycle Me Again'. With product attributes and consumer behaviours in mind, in 2022 we developed an internal 'kp Recyclability Guidebook'. It provides all kp staff with a framework for understanding recyclability. It includes the context behind recyclability, how it relates to individual functions, how to communicate recyclability to customers and suppliers and how to apply it at work. The guidebook also makes it clear what can be recycled and how.



Case study

Outstanding performance, highly recyclable

Always designed for its specialised sealability properties, kp MonoSeal® is now one of our first rigid film products to 'close the loop'. It is our top-of-the-range PET base rigid film for form, fill and seal applications. It is also fully recyclable, and is 7% lighter than multi-layer films. In January 2023, we achieved a major milestone by achieving recyclability endorsement from the TCEP of Petcore Europe.

Our specialist teams deployed the right mix of components to avoid clumping during the recycling process, while retaining excellent sealing properties. Problem-solving is crucial in this type of work: enhanced sealing properties for PET usually involve amorphous copolymers, which are very difficult to recycle, while other challenges are related to impact resistance and gas barriers.

In Europe, there is a clear move away from multilayer structures to monolayer films, such as a monoPET or mono-seal. The latter option is favoured by customers, and kp MonoSeal® offers greater product integrity, safety and sealability, even on slightly contaminated surfaces.

Our innovation teams, including the kp i-center in the USA, are currently running two innovation projects to expand kp MonoSeal® production in North America and Europe using different extrusion technology, targeting a cost reduction in the sealing layer, and higher yields while still meeting recycling requirements. We continue to research more sustainable barrier films with kp MonoSeal® and aim to expand the portfolio to include kp SmartCycle® and Tray2Tray® products.

Target III. Recyclability (continued)

Case study

Leading the cPET consortium

The innovative crystallisable PET (cPET) label is made of the same polymer as the bottle. So the bottle and the label are fully recyclable together and there is no need for separation.

While the Association of Plastic Recyclers approved our solution in 2020, the European equivalent, European PET Bottle Platform has yet to. Instead of waiting on their decision, however, we decided to create the cPET consortium.

In this case, we decided that sustainability was more important than beating the competition. An entire value chain of market leaders and historical competitors (film manufacturers, ink manufacturers, converters, brands owners and recyclers) are now working hand-in-hand to prove that cPET is the future of shrink sleeve labels.

Every participant shares their experiences, samples and data, and we launched an industrial test of more than 60,000 bottles equipped with recyclable shrink sleeves and washable inks in order to successfully demonstrate that not only does the concept work, but it also provides more rPET for the market. kp's leadership now means that the industry has a fully circular solution.

We anticipate that regulators and advisory bodies in Europe will recognise the work of the consortium soon, and in the meantime we are promoting cPET and washable inks at national levels, while also working with local extended producer responsibility programmes (e.g. NO CITEO, Ecoembes, Fostplus) to demonstrate that cPET works.

→ For more information, see www.kpfilms.com/en/about-us/innovation



Target III. Recyclability (continued)

Outlook

We continue to develop our own range of high-quality, design-for-recyclability alternatives, and we will make sure that all of our customers understand their benefits.

At the technical level, we will ensure recyclability innovations are applied to products in line with product certification requirements and future anticipated market pressures.

We also continue to promote our new recyclability guidance throughout kp, and to review investment opportunities with the intention to move towards all products being recyclable. A formal management approach to deliver this agenda embraces our principal operating divisions and includes all supporting functions across kp. To maintain positive performance and customer engagement, we will maintain our focus on collaborations in product design, stage gate processes, and the alignment of kp strategy with customer product developments.

Of course, even with our concerted efforts, recycling rates cannot be improved dramatically overnight. Partnerships and collaborations across the entire value chain are vital. By working with suppliers, other manufacturers and our customers, all the way through to end consumers and waste management companies, we can create a truly circular economy.

→ For more information, see [Management approach](#) and [TCFD](#)

Case study

kp Infinity® in Scotland

Our HOTPACS® business in Scotland is closing the loop by delivering our recyclable kp Infinity® packaging to their local market. kp Infinity® food containers and trays are fully recyclable and are made from extruded polypropylene (EPP)*. It's a widely available plastic that has an established recycling stream. kp Infinity® is the perfect solution to replace the polystyrene (XPS) containers that were banned in 2022 under single-use plastics regulations.

Collaboration among innovation, operations, procurement, commercial and supply chain teams made this happen.

The Scottish ban will likely extend to cover the rest of the UK later in 2023.

*kp is the only manufacturer of EPP in the UK.



We try hard to develop the most recycling-friendly packaging possible, which involves thorough evaluation of a complex value chain. New regulations like the EU's Packaging and Packaging Waste regulation mean we must speed up this work – and we are ready for the task.”

Christian Griebhammer, PHD Lead Scientist

Leading in flexibles

kp flexibles are used in food packaging applications. This category comprises barrier films, mostly for lidding onto trays, and stretch films, overwrapping either manually or automatically. Flexibles cover the three key sectors in which kp operates: protein, food to go and fruit and produce. The latest innovations are driven by sustainability challenges, such as making recyclable versions and/or including up to 30% of recycled content.

In our Food Packaging division, barrier and stretch flexibles account for around 14% of production volume and 18% of sales. While most recycling guidelines aim for products to be composed of at least 90% one single polymer, we have recently reached 93% for a high-barrier, antifog lidding film.

Case study

kp FlexiLid® EH 145 R – our recyclable alternative

Produced in Pontivy, France, at 45 microns, this leading film is an excellent PE barrier, with anti-fog properties and good optics. It's certified as recyclable by Interseroh and complies with the DA4CE mechanical recycling PE stream (in line with CEFLEX guidelines). Launched in early 2023, it is being tested by a number of our food producer customers.

By 2030, all plastic packaging used in the EU must be designed for recycling. kp is moving ahead of the new legislation, while also offering light-weighting features to help reduce the carbon footprint of these products.

In 2022, we also launched the thinnest laminated flexible containing 30% PCR material, known as kp FlexiLid® EH332+, also from our Pontivy site. Its low weight helps reduce its carbon footprint. This film has been particularly successful in the UK, where the key meat packers are already using it at industrial scale.

→ For more information, see www.kpfilms.com/en/food-packaging/flexible_films_packaging



Recycling guidelines typically state that 90% of products should be composed of a single polymer; our rate recently reached 93%."

Durables, built for life

We produce durable plastics used in the production of longer life-cycle products. These products include items such as bank and key cards, clear boxes for retail items, cooling tower components, decorative luxury vinyl tile (LVT) flooring, furniture surface film and more. The films we produce for this segment are engineered using specially-designed plastics that can be made flexible, elastic and impact-resistant for long-term performance.

Our Durable Products segment has been successfully innovating and selling product solutions with positive sustainability impacts for decades. Our goal is that all new products from the segment have the lowest carbon footprint possible, and are free of 'chemicals of concern'. An example of this goal is our plasticiser-free LVT flooring films, and we are working on others such as solvent-free products, using recycled solvent material, and a bio-based ethylene option.

Our Durables segment is also focused on 'closing the loop' through our vinyl sourcing initiatives, with a clear benefit from our buy-back programme in the USA. This programme has provided just under 6,000 tonnes of material that can now go back into the production of new products in the form of recycled content plastic.

[Continued on next page>](#)

Case study

Plasticiser-free flooring

Plasticisers are softening agents, often used in flooring products to make them more flexible. They need to be handled responsibly and in line with REACH regulations due to the risk of odours affecting air quality within buildings.

Careful handling is also important to prevent problems like plasticiser migration or leaching into adhesives over time that can cause a flooring system to fail.

To avoid these issues, kp offers plasticiser-free vinyl film products which meet the evolving needs of flooring manufacturers as they move to more sustainable options free of both ortho and tera phthalates. Expert innovation teams in our Durables segment have been producing such premium flooring products for over 15 years. We are working with an expanding group of flooring manufacturers in the qualification of these plasticiser-free films in their internal manufacturing. By making simple temperature or pressure adjustments to their processing parameters, they are able to process our films better and more efficiently to help achieve their sustainability goals.



Case study

SecondLife® cards made from recycled material

Our card products serve many purposes, from bank chip-and-pin cards and ID cards to hotel key cards or gift cards. They support a circular economy, through the inclusion of post-industrial recycled material.

Our brand new SecondLife® card portfolio consists of a range of products produced from recycled content. With this latest innovation, we are meeting a strong market demand for a card core film that replaces virgin content with 100% certified recycled material. We offer a number of recycled content options for our customers that require a gradual progression, to help them meet their sustainability commitments. Customers can also opt for our specialised ShoreCycle® cards, made from at least 95% post-consumer plastics recovered from at-risk coastal communities.

Indeed, card customers increasingly aim to use more sustainable materials; market studies show that the global amount of recycled vinyl material used in card manufacturing tripled between 2019 and 2022. With our full range of SecondLife® cards, we serve this market need and support an easy switch to more sustainable materials. We provide third-party certification of the recycled content for our 100% recycled SecondLife® and ShoreCycle® cards.

3x

increase in recycled vinyl material used between 2019 and 2022



Our buy-back initiative not only eases the burden on non-renewable, virgin feedstock, it also diverts material that otherwise would have been destined for incineration or landfill.

We are also working with recycling groups, suppliers and customers on new techniques to separate vinyl from contaminants and other polymers. This will generate a more robust recycling stream for the specific vinyl grades required for Durables applications. The use of recycled content material also helps to reduce greenhouse gas emissions.

Sustainable products from the kp Durables segment are built to last. Our work continues to ensure we keep producing new, powerful and compelling products, supported by well-established and resilient supply chains, including the buy-back programme. This approach is of the utmost importance to our business, and ingrained in the culture at kp.

Work Smarter

Reducing resource use, cutting emissions and avoiding landfill helps us tackle some of the big environmental challenges the world faces today.



Learn more at
kpfilms.com



Highlights

- Overall energy use has fallen 11% since 2019
- 43% reduction in operational emissions since 2019
- Four factories now using on-site solar systems
- 24 of our sites now send zero waste to landfill

Alignment with the UN Sustainable Development Goals



Overview

I. Improve energy efficiency

II. Reduce carbon emissions

III. Stop sending waste to landfill



Overview

Working smarter is about operational excellence in energy management, reducing greenhouse gas (GHG) emissions and sending zero waste to landfill.



We are extremely proud of the bold steps that we have taken to reduce our carbon emissions and our waste to landfill. Through collective action and focused efforts, we are committed to further decarbonising our operations and value chain.”

Aida Cierco, Group Sustainability Senior Manager

Customers and society are demanding energy efficiency wherever possible, and in a year where our demands have been stable, we have used less energy to make our products. This has been particularly crucial in light of recent security of supply issues and attendant high costs.

As our work on this pillar of ‘Investing in Better’ over the past three years has demonstrated, there are always more opportunities to become more energy-efficient, and we continue to challenge our leaders and people to find them, chiefly via our Energy Taskforce (ETF). Since 2019, our overall energy use has fallen 11%, and our renewable energy roadmap will help us drive down this figure still further.

Our validated, science-based targets offer us vital clarity, and we hope to reach them through a mix of renewable energy deployment, and by producing products in a more circular way with a lower carbon footprint.

While we are very proud of the significant progress we’ve made in reducing our Scope 1 and 2 emissions see page 39 for more information, most of our emissions are Scope 3, from activities in our supply chain such as manufacturing of raw materials, transportation and end of life, among others. We achieved a 11.6% reduction in Scope 3 emissions per tonne of raw material this year, thanks to our work with suppliers to cut the carbon intensity of plastics supply chains. We have learned that supplier

engagement is particularly important in bringing these numbers down and we continue to work hard in this area.

Reducing the amount of waste we send to landfill has been a significant success over the past few years. Twenty-four of our sites now send zero waste to landfill, versus 15 in 2021. While we did not meet our initial ambitious target, we expect to achieve it in Q3 2023. As so many of our sites have been successful in this endeavour, we are rolling out best-practice across the remainder. We now understand that proper training is vital in reducing waste volumes, e.g. decreasing tool changeovers on the production lines. Agility in our operations and continuous adjustment to the available local waste management infrastructure have also been critical to our success.

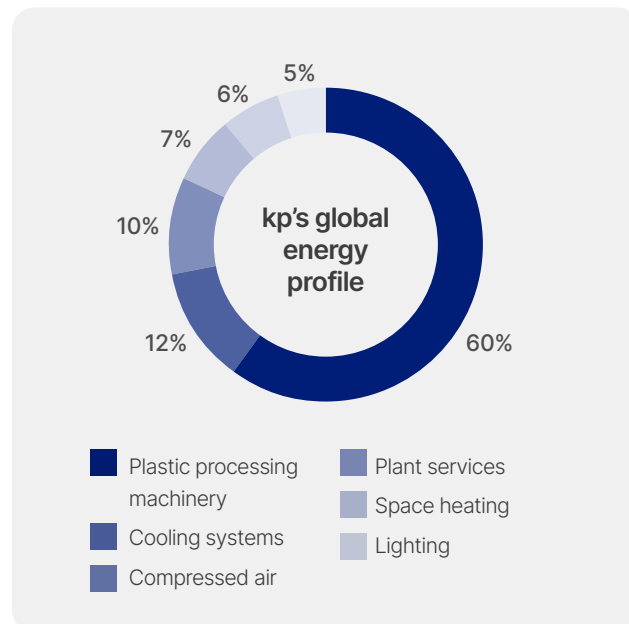
Looking ahead, our specialist teams will continue to deliver our energy roadmap to further improve efficiency and to expand our use of renewables. Our sites will continue to maximise productivity and trim recovery, while ensuring low levels of waste arise on site. Our leadership and governance teams will continue to ensure our strategy accounts for wider risks and opportunities, including our alignment with the Taskforce on Climate-related Financial Disclosures framework.

I. Improve energy efficiency

Improve energy efficiency

2022 was a year of disruption in global energy supply, with severe impacts on the manufacturing sectors around the world. Our business resilience was put to the test by these developments, with the result our strategy now focuses to an even greater degree on energy efficiency.

Manufacturing is energy intensive, and each year our operations consume energy equivalent to 200,000 average European homes. Similarly, making one tonne of our product uses, on average, the electricity required to drive a medium-sized electric car around 6,200 km. Most of our energy is used in heating up and processing raw materials, cooling, and compressing air, as shown in the graphic. Our operations are powered mainly by electricity (90%), with additional natural gas (8%), diesel and other fuels. Most processes use heat, such as extrusion, calendaring and thermoforming, which operate at between 100°C and 350°C.



Target I. Our progress

Energy intensity (kWh per tonne processed)

2021	<div><div></div></div>	1,111
2022	<div><div></div></div>	1,141
2025*	<div><div></div></div>	942

Progress Target * end of year

Case study

Light-weighting and the energy efficiency trade-off

Our customers are increasingly asking us for 'light-weighted' films and trays. Producing these means that our production lines will run for the same speed and duration, with lower tonnage throughput. As a result, energy intensity per tonne will increase under such conditions.

Moving forward, kp seeks to develop additional energy indicators to monitor energy efficiencies by surface area. For example, the average product thickness in Montabaur has decreased by over 15% in 2022 compared with 2019, despite the same surface area of material. This underlines the energy efficiency trade-off in producing lighter-weight products.

I. Improve energy efficiency (continued)

Case study

Beating the energy crisis

In response to the volatility of energy prices in 2022, we identified '16 quick wins' for sites to implement, in addition to the existing 150 best practices outlined by the Energy Taskforce.

Each plant is audited on these measures, completion of which is tracked and reported to the kp leadership team. Examples include compressed air leakage detection, machine insulation and optimising machine run times, as well as shutting down heating, materials transport, air compressors and secondary motors, where possible. Shutting down such machinery can yield

€5k–€50k of energy savings per site each year. Alternatively, where applicable, insulation jackets or blankets can be used on thermoforming lines, leading to savings of between €5k–€15k per site each year, depending on the size of the plant.

In addition to these new 'quick wins', we also reviewed our exposure to energy market volatility risk, particularly in Europe. Overall, our risk exposure is 'medium to low'. Where we rely on natural gas on some production lines, for example, we have switched to alternative fuels, such as liquefied petroleum gas and diesel.

Our energy strategy aims for energy efficiency first. We apply state-of-the-art energy management, and our teams understand that the most sustainable energy is the energy you don't use in the first place. The benefits of this were made clear when energy costs increased substantially in 2022 due to world events. In addition, we focus on powering our operations with renewable energy, thereby reducing carbon emissions and our direct dependency on fossil fuels.

In 2022, we continued to use less energy and we added renewables to our fuel mix. We recorded an 11% reduction (80,297 MWh) in absolute energy consumption since 2019, the equivalent average energy consumption of three kp factories, delivering a total cost saving of €3 million in 2022 alone. This is one of the best examples of sustainability and cost efficiency aligning perfectly, and becoming even more meaningful in an inflationary environment.

Further stand-out projects include insulation at Gebze, energy recapture at Bern, a chiller upgrade at Suzhou and heat recovery at Pontivy, with exemplary performance from the heating upgrades at Montabaur. Our energy experts continue to do more with less by upgrading existing systems and installing new equipment. The results of our site heating project at Montabaur, for example, delivered a natural gas saving of 940 MWh.



I. Improve energy efficiency (continued)

In 2022, our global production volumes were 11% lower than the 2019 baseline, but overall our energy intensity increased. The increase per tonne of product processed is mainly attributed to the energy inefficiencies of running a reduced production volume, as a result of decreased consumer demand.

Outlook

Our 2022 activities maintained kp's momentum with additional investment in technologies to continue delivering efficiencies in 2023. We will continue to deliver energy management and savings at an ambitious pace.

We will work hard to ensure kp's production is efficient and aligned with our GHG emissions reduction roadmap. We are also expanding the scope of our renewable energy roadmap, which itself includes efficiency measures and is described in the next section.

-11%

reduction in absolute energy consumption since 2019



“

In 2022, the need to use less energy and generate more from renewables became critical. kp has made good progress in both areas, and is committed to continued investment in 2023 to secure energy supply for the long term.”

Ethan O'Brien, Global Energy Manager

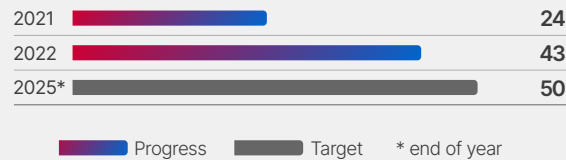
II. Reduce carbon emissions

Reduce carbon emissions

We recognise as a priority the potential for climate change to negatively affect the world. We have a responsibility to minimise GHG emissions from our operations as well as to play a leading role in decarbonising our value chain. Doing so improves business resilience, mitigates risks and positions us to thrive in a future lower-carbon economy.

Target II. Our progress

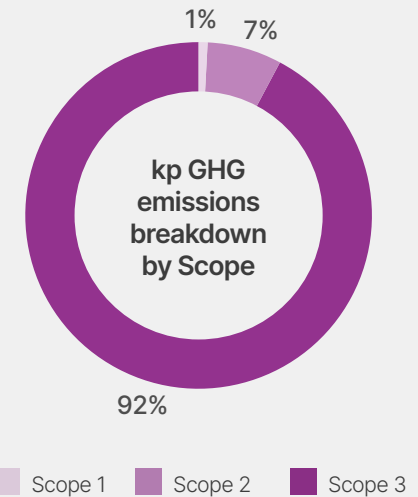
Scope 1 and 2 emissions reduction (%)



We are committed to addressing climate change through product innovations and reducing GHG emissions in our operations and in the supply chain. We achieve this by implementing rigorous climate governance and strategic planning. Accurately measuring our impact and tracking reductions are essential in making progress.

We have a clear roadmap of action aligned to our validated Science-Based Targets, which focuses on renewable energy deployment as well as the transition to circular raw materials and their associated lower carbon footprint.

Over 90% of our emissions are in our value chain (Scope 3) while less than 10% come from our own operations (Scope 1 and 2).



-43%

reduction in operational emissions versus 2019

II. Reduce carbon emissions (continued)



Biodiversity assessment

We recently undertook an assessment to identify the impact of our operations on biodiversity using the WWF Biodiversity Risk Filter.

We identified three (1%) sites as being in an assessment area with 10% or greater overlap with Key Biodiversity Areas; and 15 (48%) of our sites are located as being in an assessment area with 5% or greater overlap with a protected area I-IV.

We are making good progress on our goal to halve our operational emissions (Scope 1 and 2) by the end of 2025. GHG emissions reduction at kp is 'lean and green'. Being lean means using the minimum possible amount of energy, followed by green energy supply from renewables.

In 2022, we reduced our operational emissions by 43% (2019 baseline; 2021: 24%). Both energy efficiency and the use of renewable electricity were vital to achieving this outstanding result. A capital investment of €2.8 million was made in energy efficiency, renewable energy and waste to landfill in 2022 across multiple projects.

By the end of 2022, 52% of our electricity was generated from renewable sources¹ (2021: 28%). We have now increased the amount of renewable energy used for three years in a row. Using more renewable energy helps us not only meet our emissions reduction goals, but also to secure our supplies of energy. By using 52% of electricity from renewable sources, we avoided the generation of 91,000 tCO₂ equivalent directly from our operations.



The climate impact of plastics

- Many science-based approaches to GHG emissions, including product Life Cycle Analysis indicate that plastics have a significant benefit compared with alternative packaging options.
- According to one report published in 2022, in the case of all the applications of plastic in kp products, for which non-plastic alternatives are used at scale, plastics offer a total GHG contribution lower than alternatives.
- In many applications, particularly those concentrated in food packaging, there are few alternatives to plastics today. In fact, plastics adoption in the near term can help decarbonisation efforts in these areas, particularly in terms of food spoilage and energy efficiency, given their lower GHG footprint.

→ Read the [Climate impact of plastics](#) report

¹. Achieved via a combination of Renewable Energy Certificates as well as on-site renewable energy.

II. Reduce carbon emissions (continued)

Case study

Global progress with on-site solar

Over 90% of our Scope 1 and 2 emissions (that is, those directly under our control) arise from the use of energy in our plants. We can address those emissions by switching to renewables.

We developed a renewable energy deployment roadmap to systematically assess the opportunity for renewable energy in our factories. In line with this roadmap, we implemented four solar power systems in 2022 (Rayong, Santo Tirso, Valencia and Pravia) and are underway on ten more similar installations.

Following our renewable energy roadmap involves site feasibility analysis, site-specific technical and economic assessment, supplier engagement and offsite solar power purchase agreement options. The installations vary in size depending on site attributes and conditions, with installed capacity from 0.2 to 1.3 MW. We hope to deliver 50,000 MWh via solar every year by 2025.

4

we implemented four solar power systems in 2022

Our on-site solar systems

By end 2022, four factories are partly operating on self-generated renewable energy. Our goal is to further deliver the on-site solar pipeline in 2023–2025 and install solar systems in all plants where it is financially viable.

Rayong
(1.3 MW system)

10%
Site electricity consumption

Valencia
(1 MW system)

13%
Site electricity consumption

Santo Tirso
(1 MW system)

4%
Site electricity consumption

Pravia
(0.2 MW system)

1%
Site electricity consumption

II. Reduce carbon emissions (continued)

Case study

Decarbonising our value chain

Supplier engagement is key to decarbonising our value chain, because approximately 90% of our total carbon emissions come from things we buy, and not what we do in our direct operations. Engaging with suppliers is critical to achieving our science-based target.

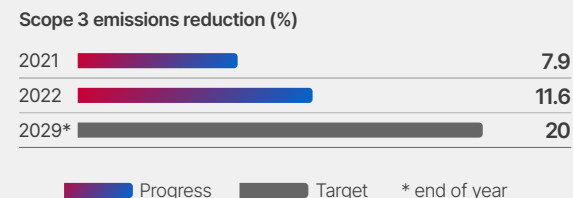
During 2022, we refreshed our supplier engagement programme by engaging with our top 50 suppliers, which were selected based on their overall Scope 3 contribution.

During this process of engagement, we educated and supported suppliers with training materials that aim to accelerate GHG emission reductions.

We have gathered primary data from those suppliers and through a formal validation process that has helped us ensure our findings are correct, and we aim to report back on further progress next year.



Target II. Our progress



Scope 3 emissions result from wider supply chain activities that are not directly in our control. Our GHG emissions come principally from Scope 3 sources, especially raw materials and processing upstream (78% of Scope 3 emissions). The remainder is accounted for by transportation, other manufacturing upstream, product distribution, conversion and business travel.

In 2022, we achieved a reduction of 11.6% in Scope 3 emissions per tonne of raw material (baseline: 2019; 2021 equivalent: -7.9%). This is due to the ongoing work with our suppliers to cut the carbon intensity in our petrochemical and plastics supply chains. We also laid the foundation of our refreshed supplier engagement programme, with an initial outreach to our top 25 suppliers. In addition, by using recycled rather than virgin material, we have avoided over 190 k tonnes of CO₂ emissions.

Of course, our 'Close the Loop' goals contribute to our Scope 3 GHG target, since circular economy materials are inherently 'lower-carbon', and recyclability innovations promote greater use of such materials (see more on page 16).

II. Reduce carbon emissions (continued)

Outlook

We are focusing on two main tasks. First, we will expand renewable energy generation at our sites. At the same time, we will also increase the amount of renewable energy we buy to make up for shortfalls in our own facilities' energy generation. These two tasks will enable us to halve our Scope 1 and 2 emissions by the end of 2025, and to continue reducing them beyond that. Alongside the four site installations already completed and the pipeline of projects being developed, we have ambitions to support large scale projects outside our own sites. For example, we are looking to pursue Virtual Power Purchase Agreements with renewable energy developers to bring additional solar and wind to the grid.

Our commitment to resource efficiency means that we are investing in improving and retrofitting our older sites so that they're better able to manage their energy requirements. A further high-priority focus is the expanding supplier engagement programme: a series of projects to reduce GHG emissions upstream and downstream of our operations.

Air quality

We are committed to minimising our impact on air quality. We operate our manufacturing facilities in accordance with legal requirements and we report to the relevant authorities. Air emissions that are monitored and tracked at site level and include NOx, SOx and VOCs. Previous internal investigations have shown that these emissions are insignificant so we do not track and report these at corporate level, or disclose them publicly.

Responding to the Task Force on Climate-related Financial Disclosures (TCFD)

We understand that external and internal stakeholders are increasingly aware that climate change is likely to have a material impact on our business, and they want to know more about what we are doing to prepare.

In light of this, we are responding to the TCFD for the first time in this report. We focus on the ways in which weather variability and longer-term climate change can affect our business, where the impacts are and what we can do to plan for, or mitigate, potential risks and opportunities. Our TCFD response is already helping to shape our long-term strategic planning.

→ For further information, see our [TCFD disclosures](#)

III. Stop sending waste to landfill

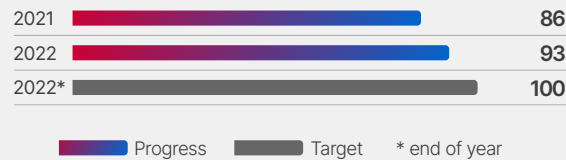
Stop sending waste to landfill

Our modern, high-tech production processes are extremely efficient. However, wasting less remains an important consideration, and we are always trying to do better. When we do create waste (materials from our production lines that are not of sufficient quality for reprocessing), we aim to divert it from landfill through reduction, reuse, recycling and waste to energy.

Target III.

Our progress

Waste diverted from landfill (%)



Where diversion from landfill isn't possible, despite our best efforts, waste is either landfilled, incinerated or sold to an external recycler or customer. All materials such as set-up waste or trim that can be reprocessed as a raw material are classed as recycled material.

In 2022, across kp, 24 sites achieved 'zero waste to landfill', compared with 15 in 2021. While our ambitious target of all waste to be diverted from landfill by the end of 2022 was not met, the target stimulated action to achieve 93.5% diversion (2021: 86%). This is comparable with others in our industry and we expect to meet our goal by Q3 2023.

We consistently recorded high rates of trim reprocessing in 2022. At our Beaver plant, for instance, we took waste destined for the site compactor and introduced it into the regrinding process, thus raising the re-work rate there and also reducing our use of landfill.

We do record some increases in waste volumes each year, but our monthly waste-to-landfill in 2022 was down by 44% compared with 2021, mostly because nine new sites achieved zero waste to landfill, assisted by the reductions at sites that are preparing for zero waste to landfill.

Across all 29 sites¹ the approach taken to handling waste varies considerably, and we need to carry on working to harmonise our practices. Our strong performance in this area is, of course, thanks to the hard work of our teams and their ability to find the appropriate solutions in each local context.

In some locations, landfill is the most financially attractive option, but we are still expecting to reach zero waste to landfill for all sites in 2023.



I'm extremely proud of everything that the kp zero waste to landfill has achieved during the last few years."

David Midgley, BEXE Manager Trays

1. Our sites in Belarus and Russia have their waste management and any access to a waste-to-energy facility fully directed by the state.

24

'zero waste to landfill' and 'incineration without energy recovery' sites

III. Stop sending waste to landfill (continued)



Case study

Better planning minimises waste

Material management arrangements and techniques only work with specialist teams. In 2022, some 200 people around the world were trained on process efficiencies involving waste, following 'Product Wheel' methodology principles and practices.

The methodology minimises the number of 'changeovers' (from one product type to another) during production, and so reduces the waste created on a production line. All sites apply the Product Wheel methodology. In 2022, our Bukowice site recorded a decrease in tool changeovers from 155 to around 105 per month, with each changeover avoided saving start-up material in the thermoforming and extrusion processes, and ultimately increasing net production.

At our Ritterhude site, the same methodology aims to sequence production of various tray sizes based on customer demand, and improve production efficiency. The result is better outputs, less waste and less supply chain risk.

Where the zero waste to landfill achievement is at risk due to changing circumstances, our teams find a solution. Many products may be difficult to re-use, off-site transportation or export may present other problems, and finding the right waste-to-energy company may be challenging. This is a reasonably common occurrence and can happen at any of our locations.

For example, this year in Montreal, the local cement works that normally incinerates the site waste (for energy) temporarily shut down, forcing us to use a relief contractor further away. This cost more, but it means we are still on track to achieve zero waste to landfill in early 2023. The site has since increased the amount of waste sent to recycling and reduced the amount sent to incineration. The site changed from one compactor a day to one compactor every two weeks, and two recycled material containers a week.

Outlook

Our zero waste to landfill goal is almost complete. At the time of publication, we had made significant progress in our sites located in USA, Canada and Australia, and we expect to achieve our goal of zero waste to landfill by Q3 of 2023. Naturally this involves ongoing and new collaborations with waste contractors and other local stakeholders. Reducing waste generation is key and we strive to keep waste levels down across our sites.

-44%

reduction in monthly
waste-to-landfill versus 2021

Responsible water use

In many parts of the world, water is a scarce resource, and we recognise the need to help protect and restore water resources where possible.

Water availability is affected by many factors, including climate, geology, pollution, over-abstraction, limited infrastructure and poverty.

When a territory withdraws 25% or more of its renewable freshwater resources it is said to be 'water-stressed'. Some 2.3 billion people live in water-stressed countries, of which 733 million live in high and critically water-stressed countries. Water-stressed regions often endure significant negative environmental and social impacts.

Our water programme has three dimensions: minimising consumption, planning and tackling water related risks, and ensuring safe water discharge into the environment.

Within our direct operations, water is used predominantly for cooling in the manufacturing processes. We do not use significant volumes, because our manufacturing processes are not water-intensive. Nonetheless, we actively track and monitor several KPIs to drive water stewardship.

Typically, kp factories are connected to municipal water supplies and discharge to municipal systems; they generate very little industrial wastewater. Before discharge, we monitor and treat wastewater to ensure the appropriate quality for release, in line with all regional or local regulations.

We adopt a precautionary approach to water risk management at group level, while water use is included in our site Environmental Management Systems. We use a variety of tools to manage and monitor risk at site level; for instance, we have assessed water risks at all kp facilities guided by a combined water stress index based on the WWF's Water Risk Filter and WRI's Aqueduct tool. Impacts relating to withdrawal, consumption and discharge are particularly important in water-stressed areas, so our assessments help identify sites exposed to the greatest risk.

While we decided not to set an enterprise-wide goal for water stewardship as part of our current strategy, our teams have been working on this topic and continued to apply good practice in 2022.

All sites have a water management plan in place, adapted to local conditions.

Of the 3 million cubic metres of water withdrawn by kp in 2022, 2% was within locations with high or extremely high baseline water stress. They are found in South America, Asia and Europe, where five of our 31 sites are located: Changzhou, Cotia, Gebze, Bertinoro and Suzhou.

Our water programme in 2022 maintained our focus on supply disruption, smart use of water and sharing best practices. Our aim is to improve water conservation in all high-stress regions by effectively managing our process water systems, machine settings and employee behaviour, as well as setting a standard water efficiency metric suited to individual site conditions and infrastructure.

Additionally, we are working with external experts on climate scenario analysis, looking in particular at physical risks to our facilities and business continuity.

→ Our TCFD report provides additional information on physical risks, see www.kpfilms.com/en/sustainability/reports-and-disclosure

→ For more information on our governance and management approach, see [page 60](#)

Act Responsibly

Everyone should be safe at work, feel they belong to a community and be empowered to contribute based on their diverse backgrounds, perspectives and talents.



Learn more at
kpfilms.com



Highlights

- 19% fewer safety incidents
- 800,000 30-second risk assessments carried out
- 'kp is me' diversity initiative launched
- 75% employee engagement score

Alignment with the UN Sustainable Development Goals



Overview

I. Eliminate lost-time accidents →

II. Become more diverse →

III. Engage employees better →

IV. Make a difference in our communities →

Overview

We understand well that we have an obligation to act responsibly, particularly when it comes to how we treat people – our own employees, our stakeholders and the communities in which we operate. Keeping everyone safe, offering a sense of community, and ensuring each and every member of a diverse and talented workforce has a ‘voice at the table’ is critical for the success of our business.



Everyone at kp works together in line with our values, our behaviours and our purpose to deliver the sustainable protection of everyday needs. Greater diversity helps us to innovate and grow, and we are supported by an effective and well governed Board. Attracting and retaining top talent is critical for us, as are maintaining high levels of productivity and engagement.”

Linda Kennedy, Chief Human Resources Officer

The best way to deliver the outstanding levels of safety expected of us in 2023 is to instill a strong safety culture. That means all employees and contractors on our sites understand the risks involved, and are ready and able to change the way they work to improve safety. We now have more ‘zero harm’ sites than ever before, with 19% fewer incidents year on year. Moreover, our safety culture is best demonstrated by the nearly 800,000 ‘30-second risk assessments’ carried out in 2022. Over the years, we have learned that safety management is far from a ‘one and done’ – it requires constant management attention.

Diversity, Equity and Inclusion (DE&I) are also vital to our strategic and financial success. Again, culture is critical here – we must go further than complying with relevant legislation, and ensure that we are highly professional, well-governed and embrace true diversity of thought and background. Our Code of Conduct and values help us achieve this.

Key achievements include the number of women in management, which today stands at 23.6%, and the recent launch of the ‘kp is me’ initiative. This initiative helps us to communicate the benefits of DE&I to current employees and potential new recruits. We realise the road to true DE&I is a journey, and we can always do more to improve. However, we are proud to have taken some important steps over the past years to move this agenda forward.

Keeping employees engaged is better for our people, and it’s better for our business. We understand that in 2023, a high-performing workforce requires fair and flexible employment terms, open communication, excellent benefits and support for wellbeing, among other things. We pride ourselves on maintaining a high level of engagement, where our 2022 survey returned a score of 75%.

Meanwhile, we continue to grow our global outreach programme, kp Community, which brings together employee volunteers and local communities to work on projects designed to reduce social disadvantages and promote environmental protection.

Looking ahead, we will keep up momentum on embedding a world-class culture, where safety is paramount and diversity is respected at all times, everywhere. We will do that by constantly iterating, learning from oversights and changing things where necessary. We will also continue to roll out our development programmes to more colleagues across our business, and keep helping our people make a positive difference in their communities.

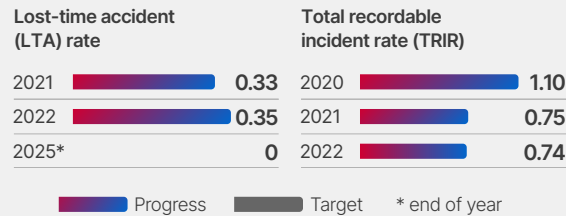
I. Eliminate lost-time accidents

Eliminate lost-time accidents

Safety is a critical factor across all of our operational decisions, tasks, activities, procedures and programmes.

Risk control and hazard elimination are embedded in all processes and are underpinned by our Group Risk Assessment Standards. In practice, this means all employees and others on our sites understand risks, and are able to change how they do things to avoid unsafe situations and behaviours.

Target I. Our progress



At the close of 2022, safety performance was generally consistent across all operations, with no fatalities. In 2022, 25% of our sites achieved 'zero-harm' status (2021: 31%). Across our sites, our people collectively logged more than 800,000 30-second risk assessments (2021: 810,000).

While lost-time accidents across the business are up 5% year on year, data indicates that we are managing safety more rigorously across all sites, with a 19% reduction in the total number of incidents, an 8% reduction in Occupational Recordable Incidents and a 37% reduction in incidents requiring first aid.

For example, safety improvements and a new global third-party forklift contractor have led to safer forklift operations. We have also removed more than 270 high-risk 'nip points' (mechanical hazards where there is a risk of being pinched or squeezed), supported by relevant training hazard assessment and policy adjustments. Furthermore, we have reduced knife injuries by 56% as a result of behaviour-based guidance, video reminders and better tools. We have also improved our Lock-out Tag-out (LOTO) compliance and energy isolation practices.

Led by Operations at global level and joined by all sites, 'We Care' safety conference calls report on incidents and share best practice with the goal of avoiding repeated injuries. At site level, 87% of our employees are represented in a formal Safety Committee, where accidents and safety initiatives are reviewed and followed up.

In line with our aim to keep reducing accidents, we have revised our risk assessment where tasks or job positions have changed. This risk assessment has been conducted in 100% of all operational sites.

In 2022, we celebrated a full month without accidents: a significant achievement given the hazards inherent in this type of manufacturing. It was communicated and celebrated across kp. In Bukowice, the team took the opportunity to run a Safety Day, with activities to improve the site safety culture, including evacuation training and fire extinguisher practice.

I. Eliminate lost-time accidents (continued)

Case study

Protection against pinches and squeezes

Pinch– or ‘nip point’– risks are significant, and can be significant in industrial environments. Despite having no significant incident in 2022, we reviewed nip point protection and wrote a new policy. The policy makes specific reference to known hazards such as in-running nip points, convergence zone protection and roller cleaning. We then conducted relevant training for HSE Managers and site teams.

Our thorough risk assessment identified more than 3,500 nip points, with 514 high risk. Seventy per cent were mitigated in some way during 2022, while the remainder will be resolved in 2023. Older equipment tends to present greater risk and is therefore typically our starting point.

We are proud of our process: constant reviewing and monitoring of hazards, consistent training, acceptance by the operators and efficient delivery. We continue to roll this out, with a focus on our coating lines at certain sites.

Our site in Bern, Switzerland, for instance, has retrofitted one slitting machine using the latest technology. This automatically stops the line in the event any operator accesses it without following the required procedure.

Behavioural safety

Our behaviour-based safety management aims to reduce hazards, risks, and incidents – and ultimately save lives – by observing typical behaviour. The aim is to identify unsafe behaviour, why these are done and then to replace them with safer alternatives. It depends on trust, cooperation and engagement from all employees. Analysis, engagement, support, self-management, training, equipment, evaluation and feedback are all part of the system.

Our evaluation of progress is done using People Activity Safety Audits (PASA). All our managers have been trained to perform PASA audits, which is the most relevant tool to improve safe behaviour. With this tool, we agree between the manager and the employee which is the safest practice and where the opportunities are to reduce hazards. In 2022, around 26,000 observations were made.

In 2023, we will be rolling out a new system to track safety KPIs. This will allow us to make use of ‘big data’ and to deploy better behavioural tools more effectively.

Audits and tracking

Our HSE compliance audits cover general topics, but also specific ones such as forklift/pedestrian safety, nip guarding and LOTO. The audits – conducted by Group HSE and local senior teams – and our Gap Analysis Tracker help generate site improvement plans and accountability. Weekly and monthly meetings with Group HSE, Division OPS Directors and site managers help to monitor actions and identify any roadblocks.

Case study

Safer cutting tools

Cutting materials, such as plastic film, is a very common task at kp. Despite fewer incidents related to cutting occurring in recent years, we developed a new Knives and Cutting Tool Use Policy in 2022, which covers all types of cutting tools, personal protection equipment (PPE) and training. Each site looked for any gaps and made plans for every single cutting activity, to ensure policy compliance.

At our Pontivy site for instance, we worked with the knife manufacturer to reduce risks, such as improving how blades retract and testing new developments (which will benefit all of their customers). In 2022, we recorded 38% fewer laceration accidents at the site, compared with 2021. We are monitoring any challenges relating to cutting new film products, including new tools, automation and new PPE.

-38%

fewer laceration accidents
at Pontivy, compared with 2021

I. Eliminate lost-time accidents (continued)

Case study

Always room for improvement

Acting responsibly on site means listening to ideas and concerns raised. Most incidents have both worker behaviour and process deficiencies as root causes.

One of our US sites reported a safe workplace, with all proactive HSE metrics showing progress on target – but there is always room for improvement.

A full 'Leadership Behavior with Safety' review aimed to understand site safety culture, achievements and opportunities for improvement.

The review indicated good visibility of managers on the shop floor, clear engagement of supervisors in injury investigations, good numbers of safety meetings, as well as proper feedback and dialogue relating to PASA assessments.

Opportunities for improvement are vital to share. For example, in certain slitting operations, it was noted that some workers were manually handling very heavy loads on rails and packing tables.

The site identified opportunities for continuous improvement in the following areas: further enhancing Group HSE initiatives, making every safety briefing count, improving the quality of all 30-second risk assessments, following up on all near misses, audit improvements, and celebrating and sharing 'wins in HSE'.

Case study

Safer factory floors

Large moving machines such as forklift trucks are dangerous. Following best practice sharing from our Santo Tirso and Pontivy sites, we adopted new measures at several other sites.

These measures significantly reduces risk of contact between forklifts and workers. Changes include painted road markings, warnings, reduced distances during loading, new walkway barriers and railings, and better 'big bag' storage.



I. Eliminate lost-time accidents (continued)

Case study

Maintaining a positive safety culture

A positive safety culture connects everyone in the company, ensures longevity and builds morale.

In 2022 and into early 2023, all employees at our ten PHD sites were included in a survey of their views about site safety. The survey covered 18 HSE topics, and respondents were asked to grade site safety management and culture across each one. The results were shared with site personnel with the aim of closing any safety gaps. The most pressing concerns were also relayed to the Group HSE team. As ever, the goal is to learn from each other and adopt best practice.

Over 700 surveys were completed, with an average score of 3.41 (out of 5). This places PHD into the 'Managed' culture classification. The top three attributes identified were 'Reacting to Incidents', 'Incident Reporting and Analysis', and 'Managing HSE on a Daily Basis'. Areas for improvement included reward and recognition of good performance, balancing profit and safety, and work planning. Action plans have been formally initiated and we look forward to reporting back on the outcome.



Outlook

Our comprehensive reviews and assessments cover many critical issues, and our sites are steadily becoming healthier and safer as a result. We understand, however, that safety management requires constant attention.

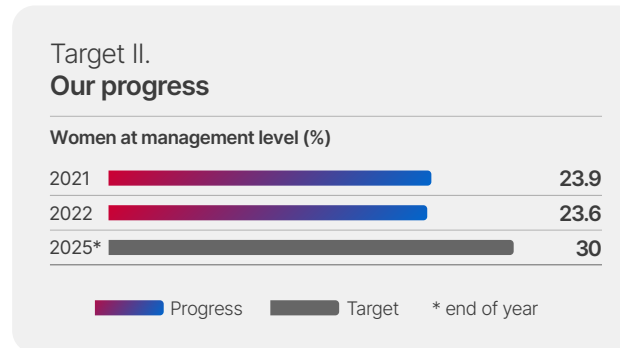
Furthermore, as we make changes to management systems or reporting platforms, we will ensure we stay alert to risk on the shop floor, to evolving day-to-day culture and maintaining thorough incident records.

We will also continue to ensure a comprehensive understanding of the root causes of all incidents and share best practice with all our sites. The forthcoming merging of kp's quality and safety audit processes is designed to enhance excellence in both fields. This will increase awareness by employees and managers, and allow us to deploy the latest data analysis tools to improve performance.

II. Become more diverse

Become more diverse

Diversity, Equity and Inclusion (DE&I) are vital to our global success. Everyone at kp brings different experiences, perspectives and talents to work. Such contributions lead to better business performance as well as individual personal achievement. In line with our mission, we respect and value everyone for their contribution to the success of kp: treating people in an open, equal and inclusive way helps us to achieve this, at all levels.



Diversity is the core of our workplace culture. We recognise that every human being is unique, and believe that this uniqueness should be valued. Moreover, creating an inclusive environment where everyone can prosper and contribute to the fullest leads to a demonstrably stronger kp.

In 2022, we delivered several online training sessions on DE&I at all levels – from management to shop floor. High completion levels of these voluntary training sessions demonstrate that our people view DE&I at kp as a serious priority. The voluntary training was delivered via our internal digital training platform 'kp Academy' and included micro-courses covering inclusion at work, racism, micro-aggressions and discrimination. 41% of our employees proactively undertook training on DE&I.

Women in management

At the end of 2022, women made up 22% of our workforce, with a slightly higher proportion at management level of 23.6% (2021: 22% and 23.9%). Women made up 23.5% of our junior management workforce, while women at our top management accounted for 24% of the workforce. There were no reported incidents of discrimination during the year.

The women in management performance metric has been an important influence on kp's workplace culture. The metric is rooted in our Code of Conduct and the kp Values, and has undoubtedly helped modernise management and corporate governance. In 2022, we improved the quality of data collected and added targets relating to female hires, female promotions and diversity in candidate shortlisting.

UNGC Gender Equality Accelerator

In 2022, we formally aligned our DE&I work with the United Nations Global Compact (UNGC) gender diversity initiative, specifically its Gender Equality Accelerator programme. As part of this, we undertook a company-wide self-assessment. The aim was to see where we are doing well, and where we can better align with the UNGC principles and ultimately become a more equitable employer. Our employees also have access to the UNGC Academy, a series of resources covering topics such as appropriate work conditions and peer-to-peer networking.

II. Become more diverse (continued)

Following an assessment of our workforce, we identified improvements in areas such as professional development, promotions, parental and caregiver support, and access to good quality health services for women.

The assessment also revealed that much of what we do was not formally documented or communicated, but that we have an excellent foundation to build on. We have already started on next steps, including training, setting targets, organising for collaboration, and formulating new policies, practices and initiatives.

We will use data to evaluate progress, and ensure that we are accountable to and communicate with key stakeholders. We also offer tools to strengthen our alignment with UN Sustainable Development Goals (SDG) programmes and courses for young professionals on creating value in business.



We continue to be fully committed to Diversity, Equity and Inclusion, and 2022 saw kp spearhead a variety of initiatives, from creating an employee-led Resource Group – the kp Women’s Network – to joining the UNGC, which gave us actionable knowledge and insights on how we can accelerate becoming a more equitable workplace, particularly for women.”

Svenja Brandenburg,
Group Talent Acquisition Director

Our Employee Resource Networks
2022 saw the launch of three Employee Resource Networks (ERNs). These comprise groups of employees who connect in the workplace based on shared characteristics or life experiences. Each ERN is sponsored by a member of kp’s leadership and is supported by the DE&I core team. They exist to educate, improve workplace equality, provide support and align with professional development.

They’re open to all, and always welcome new members. Our three existing ERNs each ran events during the year, examples of which are kp Ability’s podcast and marking of Global Accessibility Awareness Day (18 May), kp Balance’s mental health toolkit talks, and a celebration of International Women’s Day organised by the kp Women’s Network.



kp Ability is for those with disabilities and their allies to create awareness and to educate others around the challenges faced by those in the community, including those with hidden disabilities, and to ensure that everyone has equal access to the workplace across kp’s locations.



kp Balance covers all elements of mental health and wellbeing, breaking the stigma and encouraging honest, open conversations across the business.



kp Women’s Network

kp Women’s Network is to form a community in which to network, develop, mentor, and gain ideas and inspiration. The network aims to provide insight and learning, build inclusivity, raise awareness of women across the organisation and create sponsorships for internal growth and promotion. The network is open to all genders and has monthly events, internal and external speakers, workshops and other exciting actions.

II. Become more diverse (continued)

kp is me

Diversity, Equity & Inclusion

kp is me

The 'kp is me' initiative was enhanced in 2022 to better communicate the benefits of Diversity, Equity and Inclusion (DE&I) to both current employees and potential new recruits. We aim to create an inclusive culture where our employees feel empowered to play to their strengths, see themselves reflected in the organisation and feel accepted regardless of race, gender, religion, national origin, age, veteran status, disability, sexual preference, marital status, or inclusion in any other protected class. The initiative is being promoted within kp using videos, email and our intranet. Key actions include running training sessions, setting up Employee Resource Networks and ensuring that our recruitment process is equitable.



Future talent

Our commitment to openness, equality and inclusivity aids us in our search for the very best candidates. We believe that if more women and those from more diverse backgrounds join us at kp, our business will become even stronger. And of course we are already thinking about ways to ensure that a career at kp will hold great appeal for the next generation, too. Therefore, our talent acquisition strategy focuses on attracting the best quality talent – encouraging more applicants from diverse backgrounds. When identifying talent for kp, we ensure we keep our talent pools as wide as possible. As part of this effort, we focus on skills and potential, but also ensure we promote more flexible approaches to working.

We endeavour, throughout, to focus on skills-based hiring and development in order to find people with experience, qualifications, potential, and the drive to develop their careers. We welcome applicants from all identities, ideas, perspectives and experiences and encourage people from under-represented backgrounds to apply.

This commitment means that we need to change the way things are done and adopt new and innovative approaches to finding people in a tight labour market. On this basis, we no longer require all candidates to possess a degree. Where possible, we acknowledge what young professionals seek from their jobs, and we are becoming more flexible on geographical location.

Benefits help us attract and retain the right talent. Our Flexible Working approach, launched in 2022, continues to contribute to a better work-life balance into 2023, and in many countries where we operate we have just updated (in early 2023) our Maternity and Paternity Leave Policy.

→ For more information on our employee communication and engagement, see [page 56](#)

→ For more information on our communities engagement, see [page 59](#)

Outlook

With 31 manufacturing plants across 18 countries, we can offer our employees a varied range of career paths. We continue to welcome applicants from a wide range of backgrounds and with different types of experience, without bias or discrimination. We are proud of the diverse and inclusive workplaces we are creating. While every role must ultimately respond to business needs, we work hard to offer opportunities to relocate or work more flexibly.

Training will form a substantial part of the next stage, covering, among other things, our Code of Conduct, sexual harassment and bullying, strategies to recruit more women, and mentorship. Following this will be new policies to attract and retain women, including returning to work, professional development, parental/caregiver support, health, safety & hygiene and access to healthcare. In the medium term we hope to develop industry networks to promote roles for women in plastics, and manufacturing generally.

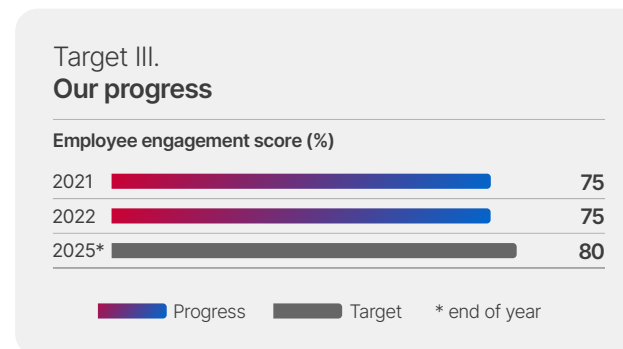
→ For more information, see kp's [Gender Pay Gap \(UK\) report](#)

III. Engage employees better

Engage employees better

Motivated employees, who enjoy what they do, have the tools to do their jobs well and enjoy working together as part of the kp team, are what makes our business successful. kp employees often talk about the 'kp family' and how closely aligned they are to one another. To maintain an engaged workforce, we offer fair and flexible employment terms, good local operating conditions and – most importantly – open communication. We have put various support initiatives in place around employee wellbeing, benefits and career development.

Engagement means ensuring our core behaviours (focus, accountability, respect and urgency) are applied together with our core values. The outcome is the kp culture. kp has been operating for more than 50 years and in many parts of the world, so we know that bringing such concepts to life is often hard to do, requiring diligence, time and experience across all functions.



In 2022, our Insights survey returned a score of 75%. While this is the same as for 2021, the survey reached more people, with an 80% response rate across 17 languages (2021: 70%). Response rates across the Food Packaging and Pharma, Health & Protection and Durables divisions were broadly similar. Overall, kp scored well on efficiency, quality, local team collaboration, respectful treatment and teamwork. Results indicate that people are comfortable to challenge ways of working and feel empowered to do so. The results also helped us to prioritise the following improvement areas: engagement and communication on the commercial strategy, workloads and work-life balance.

As described in the previous section, we are working to improve employees' work-life balance by extending our current flexible work approach into 2023, and we are improving management training in line with new ways of working.

Of course, we recognise that our employees want to contribute to products and services they can be proud of. While it might not always be clear amid the day-to-day, we make sure that we consistently keep alive the goal of making a meaningful contribution to an innovative, sustainable business, while furthering a career.

In 2022, we continued to expand our 'Developing Horizons' programme for senior leaders. In the USA, UK and Portugal, seven cohorts made up of 119 participants took part in the programme. It is a face-to-face classroom programme that will equip our first line managers - team leaders and supervisors - with a range of learning to enable them to manage their teams proactively and effectively. Featured in our case study on page 58, the accompanying 'Growing Horizons' programme was also successfully delivered in the UK.

Our Coaching programme continued in 2022, providing support for employees and feedback to management. This not only aids succession planning at kp, it also generates trust and confidence – the workforce is heard and the leadership team learns. Coaching takes the form of a detailed process with carefully developed roles to ensure that the coach-employee chemistry is right and that objectives are met.

III. Engage employees better (continued)

Case study

Helping our people reach their full potential

The new kp 'Wheel of Wellness' is helping us create a workplace where our people can be themselves, and feel and perform at their best, even in the context of challenges such as post-pandemic working or recent disruptive world events.

The wheel is a simple aid that prompts people to reflect upon various aspects of their lives, such as physical, emotional and financial wellbeing. It builds resilience and works along with other tools and support, such as an employee assistance programme.

→ For further information on other forms of support, such as our Employee Resource Networks, see [page 54](#)



Case study

Practical learning

As one of many industries facing a shortage of skilled staff, we understand how vital it is to invest in educating and training young people. Those who join the kp apprenticeship programme are with us for up to three and a half years, and combine it with college work. Each apprentice experiences many different aspects of our business. Each year since 1977, we have taken on 10–15 apprentices, including another 11 in 2022. At any moment there will be around 33 apprentices at work at our Gendorf and Montabaur sites. Many stay at kp and build their careers with us.

III. Engage employees better (continued)

Case study

An improved development programme for managers

Growing Horizons helps line managers to run their teams effectively. Launched in 2022, it builds on our previous programme and covers leadership, delegation, performance measurement and virtual working.

Personal development was a priority raised in the 2021 employee engagement Insights survey. In response to feedback, the new programme is shorter, applicable across all businesses and customisable. Delivered online and face-to-face, the programme is intended for managers in any function with responsibility for teams of people.

A total of 47 employees from FP, PHD and Corporate functions across three cohorts completed the programme in 2022, and offered positive feedback about their experiences. Our leadership is committed to such programmes, which are vital to our talent pipeline and succession planning, as well as engagement and retention of our people.

Our next step is to expand the programme in the USA and Asia-Pacific. Growing Horizons is one of a suite of programmes: the Beyond Horizons and Developing Horizons programmes are already in place, with Future Horizons coming later in 2023.



Our kp Mentoring programme was formally launched in 2022; a form of training, learning and development and an increasingly popular tool for supporting personal development. Employees benefit from the guidance of a more experienced colleague and participants are supported by the Group Talent & Development team.

The kp Talent Management Framework also supports employee engagement by ensuring all staff are respected for their contributions, that regular feedback is given on individual and team performance, and that employee networks/support are available to all.

Outlook

Our work is constantly evolving in new and exciting ways. As a global business, our employees have plenty of international opportunities for development, and we believe that we offer opportunities for both personal and professional growth.

In 2023, we will roll out our Developing Horizons programme at the operational management level to ensure it reaches the shop floor; it will be delivered in Switzerland and Germany over coming months.

Meanwhile, our Growing Horizons programme will be delivered in the USA early in 2023, with an additional cohort participating in the EU later in the year. Further focus areas include initiatives promoting health and wellbeing, and preparation for the next performance management process, scheduled for 2024.

→ For more information on graduate careers information, click [here](#)

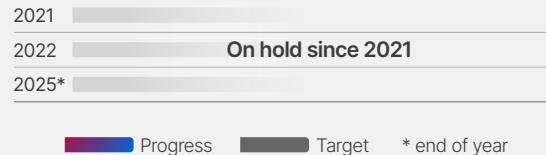
IV. Make a difference in our communities

Make a difference in our communities

Businesses thrive when they are part of a healthy community, and so we strive to ensure that we have both a positive economic and social impact on the areas in which we operate. Building a skilled and engaged talent pool and purchasing responsibly from local suppliers are good examples of things we can do that are 'win-win'.

Target IV. Our progress

Plants with at least one impactful community engagement project p.a. (%)



Our global outreach programme, kp Community, brings together employee volunteers and community members on local projects designed to reduce social disadvantage and promote environmental protection.

We have 31 sites and therefore engage with many different local communities. Our sites aim to ensure that local projects and sponsorships are appropriate and relevant to the local community, with a clear positive impact and strong alignment with our Investing in Better strategy.

While COVID-19 concerns have led to the programme's temporary downscaling, our sites continued to engage with communities and in 2022 we had 22 active initiatives at our sites.

As part of our membership of the UN Global Compact Network UK, we joined the SDG Innovation Accelerator for Young Professionals¹. Specifically, four kp professionals aged under 35 joined the nine-month programme in 2023.

Using the tools and expertise of the UNGC, this team will work together to develop a new community involvement framework applicable to all kp sites.

Informed by the SDGs, the Accelerator takes participants through a design-led approach to build a solution to an ambitious challenge. Activities involve coaching, mentoring and networking between leading young professionals from top companies.

Our sites have many community projects running of which we can be proud. Activities range widely from supporting Los Cuervos canoeing club in Pravia, Spain, to donations across our sites to hospitals, schools and for natural disaster relief. Existing charitable donations continue.

Outlook

We plan to expand the number of site-specific initiatives in 2023, with a renewed approach and framework due in the second half of 2023.

As our sites and their surrounding communities re-emerge from COVID 19-related lockdowns and other restrictions, we are excited to partner with our local communities and explore the variety of ways we can give back.

→ For more information see [Governance, page 61](#) and [Management approach, page 62](#)

¹ <https://unglobalcompact.org/take-action/sdg-innovation-accelerator>

Governance and Approach

How we are governed

Our Governance and actions related to climate change are covered in our Taskforce on Climate-related Financial Disclosures report. A dedicated sustainability budget is in place to cover greenhouse gas (GHG) management and is used to fund initiatives which will further our sustainability objectives. Some of our energy management initiatives are covered under our operations budget.

In order to reach our employees in all areas and in all regions, we hold quarterly Sustainability Forums. In each of the sessions, we touch base on key material topics from our Sustainability strategy (Energy, climate, recyclability, DE&I, etc) in order to keep employees up to date and give the opportunity to ask questions.

Board

- Primarily responsible for our strategic plan, risk appetite and systems of internal control and governance – all of which are underpinned by sustainability.
- Climate-related issues are a standing topic, with progress on our science-based targets regularly reported and updates on the risk profiles reviewed as part of the full and half-year reporting cycle.

Executive Leadership Team

- Responsible for the overarching development of our policies and for effective implementation.
- Accountable for minimising our impact on the environment and for owning our various targets to improve environmental performance.

Sustainability Committee

- Responsible for overseeing the implementation of sustainability initiatives and policies, including the three 'Investing in Better' objectives and ten underlying targets.
- Chaired by the VP Sustainability and includes the full Executive Leadership Team and leaders from corporate functions and divisions.
- Meets every quarter, reviews Investing in Better KPIs, and reports progress to the full Leadership Team.
- In 2022 we revamped the Sustainability Committee and expanded its area of scope to include DE&I.

VP Sustainability

- Responsible for the design and implementation of projects to improve our environmental performance.
- Responsible for oversight and reporting in relation to Investing in Better, and wider sustainability commitments.

Cross-functional and cross-divisional implementation by owners

Operations

Procurement

FP and PHD
divisional owners

Finance

HR

Communications

Legal and risk
management

Sustainability team

Our management approach

Information about how we manage our material topics is indicated in the report, with detailed supporting policy documentation available on our website. Supporting information on site certifications, risk management and audits are also available online. Readers can find additional supporting publications on our website, including our 'Investing in Better' document, and mandatory statements such as our gender pay gap report and modern slavery statement.

While several policies and processes apply at Group level across all operations, certain topics have specific management approaches and systems. Here we describe the principal measures taken to Close the Loop, Work Smarter and Act Responsibly: the core performance areas of our Investing in Better strategy.

Close the Loop

At a global level, kp's strategic production and innovation operations are managed and implemented under the supervision of an owner, a sponsor and a finance manager. This means careful project delivery, tracking and reporting of progress on a monthly basis.

All strategic circular economy projects are in line with our risk management framework, market opportunity assessments, manufacturing standards, our Code, and with product stewardship regulations, such as REACH. All procedures are subject to our Quality Assurance framework, while post-consumer resin (flake) used in our products is subject to external assurance.

In sustainable product development and design, we apply 'stage-gate' processes with criteria on recycled content, recyclability and material choice, for instance. Key customers are involved to run tests and input is received from suppliers, industry bodies and regulators.

At kp, post-consumer recycled (PCR) material usage and recyclability are reviewed monthly through a top initiative. This initiative is cross-functional, with employees from different divisions as well as from the group level. It is sponsored by the CEO and it meets regularly to track progress. Innovations are closely monitored for technical excellence. Extensive collaboration and engagement are fundamental to our approach, including with customers, the European Brands Association and the Ellen MacArthur Foundation.

kp Tray2Tray® is driven by our leadership team, and run in close collaboration between innovation and procurement managers. It is vital to support suppliers to secure access to flake for kp Tray2Tray® and to engage with retailers and packers to create demand for the critical mass of material we require. The initiative includes employees across all kp functions, and a steering committee meets regularly to govern its direction and discuss its application in, for example, each EU country, where there is a wide variety of sorting rules, waste streams, facilities and technology to which we must adapt.

→ For further information on risk, quality and certification, see www.kpfilms.com/en/sustainability

Our management approach (continued)

Work Smarter

Each site systematically manages its environmental management, energy management and quality processes to ensure compliance with regulations, and with our own policies. At the close of 2022, eight sites were certified to ISO 50001, twelve to ISO 14001 and one to EMAS level. Project POLARIS (SR21 p48) helps reduce waste through quality management across all areas of the business, underpinned by the kp Quality Standard across all sites. We continue to monitor Scopes 1, 2 and 3 GHG emissions in line with the GHG Protocol and ISO 14064.

Our global Energy Task Force is sponsored by the leadership team, tools such as our 'lean, clean, green' programme is made available to site managers and cover energy management techniques. The logic is simple: use less to be lean, invest in efficient clean tech and go for greener, renewable power. Meanwhile, our Zero Waste programme is governed at executive level by the Chief Operations Officer and led at site level by a Safety, Health & Environment Manager, who reports local data to the Group QHSE Coordinator to track progress. Performance data shows waste to landfill, incineration or recycling. Each site's team reviews monthly audit data to evaluate waste management effectiveness and improvement plans, to help meet the zero landfill target.

→ For further information on policies, programmes, risk management and certifications, see www.kpfilms.com/en/sustainability

Act Responsibly

Our occupational health and safety management system covers all employees and contractors. Our hazard identification, risk assessment and incident investigation processes are highly developed. We have two approaches: (i) a static assessment for each machine or task; and (ii) a dynamic assessment based on behavioural safety of every individual at every level of seniority, involving 30-second risk assessments, with observation and monthly appraisals by the safety leadership team. Process quality and staff competencies are assured through our performance appraisal and total quality management systems. Workers can report work-related hazards anonymously via safety culture assessments or our 24/7 Ethics Hotline. Any incident, such as a first aid, lost-time or recordable accident, is formally investigated and the result is reviewed by the site HSE manager and shared widely, while near-miss accidents are managed and investigated at local level. All new recruits, including temporary staff and contractors, receive induction training on safety as it relates to our standard operating procedures (SOP) document. Validation of the training is performed through the People Activity Safety Audits (PASA). All information coming from these tools is integrated in different action plans at corporate, divisional or site level, with targets and continuous improvement in all our EHS management systems such as SOP, training programmes and emergency response plans.

With respect to employment terms and conditions, we collect and report a wide variety of data, which we report publicly as appropriate. We have an HR dashboard for tracking the Talent pipeline and a Women in Management goal. Anti-discrimination is embedded in our Code, which all kp employees have signed. Should the need arise, we have the kp Ethics Hotline in place.

Human rights and labour relations

Human rights due diligence not only applies to our supply chain, but also our own operations. We are committed to ensuring that the human rights of our employees and those of our suppliers are upheld, and that our business processes comply with the laws of the countries where we operate. We adhere to human rights declarations such as the International Labour Organisation's Declaration on Fundamental Rights at Work, the Universal Declaration of Human Rights and the International Bill of Human Rights.

Our Global Human Rights Policy and UK Modern Slavery Act Statement are vital in making our stance clear to all our stakeholders, and to promoting the behaviours and actions we expect from our people and suppliers. In 2022, a risk assessment of our operational sites provided us with a profile of high-risk sites and any improvement actions required. The assessment was done with an external agency and applied 28 criteria relating to environmental protection, human rights, slavery and child labour. In 2022, we did not encounter any human rights violations within our operations, and our ethics hotline remains open for our teams to use for support or to report any concerns they may have.

The behind-the-scenes processes to achieve compliance and certifications are just as vital as the attributes of our products. We are committed to the highest standards in corporate governance to ensure compliance in health and safety, quality, product safety and sustainability. Importantly, we rigorously apply our own standard operational procedures and code of conduct, processes that are core to our customer focus and that set us apart from our competitors.

Code of conduct and ethics

The kp Code of Business Conduct and Ethics ("our Code") covers anti-bribery, anti-corruption, kickbacks, gifts, entertainment, high-risk intermediaries and other important matters. Its contents, including updates, are approved by the Board, it is available to employees in 15 languages, and all employees receive online training on it each year. As described above, all employees receive training annually on our Code of Conduct, including human rights. Alleged violations can be reported via a line manager, the Compliance Officer or the confidential and toll-free kp Ethics Hotline, available 24/7. Reporting in good faith comes with a guarantee of no retaliation or adverse outcomes. All allegations are taken seriously and appropriate action taken, as warranted by the outcome of an investigation. In alignment with kp's Code, no political contributions were made in 2022.

We apply external principles to guide our approach, including those of the United Nations Global Compact (UNGC). In June 2022, we formally became a UNGC signatory. This engagement specifically informs our corporate governance, as well as how we manage material topics such as inclusion, diversity and procurement.

Human rights and labour relations (continued)

Supply chain due diligence

One of the key elements of sustainable procurement at kp is due diligence. We engage with our suppliers and stakeholders on sustainability topics to ensure they meet our expectations to drive improvements. We have implemented Supplier Business Principles that refer to our Sustainable Procurement Policy and Supplier Code of Conduct, which are available on our website and listed in each Purchase Order in our SAP (ERP) system. We have added these Supplier Business Principles to our standard framework contract agreements. Thirteen per cent of our strategic suppliers are working under the new types of contract, with negotiations ongoing with a further 17%, a number we expect to grow.

In addition to the supplier code and principles as instruments of compliance, we also conduct a risk assessment to identify and mitigate additional sustainability risks in our supply chain. We identify risk based on the location (country risk) and a supplier's sector of activity (industry risk). In 2021, we assessed several suppliers' exposure to 28 risks, covering environmental protection, human rights, child labour, occupational health and safety, modern slavery, anti-discrimination and political risk. In 2022, following that risk assessment, we have expanded and included all suppliers. As a result, we asked certain suppliers in high-risk countries to complete a self-assessment questionnaire. The majority of these suppliers passed the assessment without any advisories. However, we now have in place a Standard Operating Procedure covering corrective actions and the deselection of suppliers for non-compliance.

In addition, we encourage our suppliers to acquire a rating by EcoVadis (an evidence-based comprehensive assessment) or similar. At least 40% of our strategic suppliers are certified by EcoVadis (Bronze rating or above), which covers 66% of our spend with strategic suppliers in 2022.

Combining our own assessment and the third-party verification of our supply base, we can report that 53% of our total spend is assessed for sustainability risk.

Sustainable procurement

Our approach

The 'value chain' for a typical packaging manufacturing operation includes retailers, waste contractors, consumers, manufacturers, suppliers, trade bodies and governments. Sustainable procurement is embedded in our 'Investing in Better' strategy and is guided by our Sustainable Procurement Policy (2021), which aims for adherence with the principles of the UNGC and for robust engagement on sustainability impacts in the supply chain. This approach is supplemented by our kp Procurement Manual, which defines procurement strategies and processes. The procurement employees have been trained on sustainable procurement and informed about our key focus areas. kp's supply chain is complex and extends to 64 countries to around 10,000 suppliers with whom we spent over €2 billion¹ in 2022. The suppliers which represent 80% of our total spend are categorised as 'strategic'. China, Turkey and Thailand (2% of our total procurement spend) are identified as sources with relatively high sustainability/due diligence risk. Most of our procurement spend is in Europe, followed by the Americas and Asia.

Better processes

We also work hard to source locally where possible with the aim of keeping costs stable, ensuring supply chain stability and improving business resilience. In 2022, we undertook a series of new procurement activities, for example introducing new indicators to assess procurement, training around 50 kp site-level buyers and including sustainability principles in procurement contracts. Engaging thoughtfully with our local suppliers allows us to more closely assess the risks to which they are exposed.

Procurement Activities	2022
Top 5 countries % of total spend	
USA	27.85%
Germany	18.25%
Spain	9.29%
France	6.24%
UK	5.63%
Others	32.66%

Participation in the broader procurement ecosystem

In September 2022, kp joined the Sustainable Procurement Pledge (SPP), an international, non-profit organisation for procurement professionals, academics and practitioners, driving awareness on responsible sourcing practices and empowering people working in procurement. Our Chief Procurement Officer (CPO) is part of the League of Champions working with other CPOs on the future of sustainable procurement leadership.

The SPP is producing a Leadership Guide to help others at the start of their sustainable procurement journey.

Members of the kp Leadership Team also spoke at events such as the World Sustainable Procurement Day on our industry's contributions in this area.

→ For Supplier Engagement on Scope 3, see [page 42](#)

→ For Human Rights Due Diligence in the supply chain, see [page 65](#)



We will continue to collaborate closely with our suppliers and to leverage the power we have to improve practices in our value chain, whether that's decarbonisation or addressing modern slavery and other sustainability issues. Responsible procurement is critical for kp."

Jana Lena Fries, Group Procurement Manager Sustainability & ESG

¹ Excludes Intercompany business, Customs and Employee spend categories

Collaboration and recognition

Extensive collaboration and engagement with customers is fundamental to our approach, as is our work with organisations such as the European Brands Association, the Alliance to End Plastic Waste and the Ellen MacArthur Foundation.

Voluntary commitments and collaborative initiatives

ANZPAC Plastics Pact



CEFLEX



Circular Plastics Alliance



HolyGrail 2.0



New Plastics Economy –
Ellen MacArthur Foundation



NEXTLOOPP



Petcore Europe



Plastics Europe



UK Plastics Pact



Trade associations

- Asociación Nacional del Envase de PET
- Associação Portuguesa da Indústria de Plásticos
- Asociación Española de Industriales de Plásticos
- The Association of Plastic Recyclers
- The Australian Institute of Packaging
- Australian Packaging Covenant
- British Plastics Federation
- Elipso
- European Plastics Converters
- Federazione Gomma Plastica
- Food Marketing, Inc
- Foodservice Packaging Association
- Incpen
- IK Industrievereinigung Kunststoffverpackungen e.V.
- IVK Europe
- National Association for PET Container Resources
- OPRL – On-Pack Recycling Label
- PAC Packaging Consortium
- Petcore Europe
- PET Sheet Europe
- Polish Union of Plastics Converters
- Polymer Comply Europe
- RECOUP
- The Packaging Federation
- Vinyl Films and Sheets Europe



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Collaboration and recognition (continued)

SDG alignment

The Sustainable Development Goals (SDGs) were launched by the United Nations in 2015 with ambitious targets to address major global issues – from ending poverty to tackling climate change.

Not every company or organisation can be expected to influence all 17 goals. However, we have identified the 13 key areas where we believe our people, our expertise and our sustainable portfolio of products can have the greatest impact – by preventing food waste, delivering medication and protecting the integrity of countless products.

→ For further information on the United Nations Sustainable Development Goals information, click [here](#)



WE SUPPORT



In June 2022 we formally became a United Nations Global Compact signatory. The goals of the UNGC align very well with the mission and purpose of our business and our commitment to sustainability at kp, and we look forward to working together to help solve many of the challenges that we face today.

Recognition



We have retained our Gold EcoVadis rating for a third year. Our score has improved, putting kp in the top 3% of plastic product manufacturers assessed.



As of November 2022, our company was ranked in the top 3 out of 99 companies assessed in the Containers and Packaging sector. Sustainalytics' analysis showed that we have a low exposure to material ESG issues and have strong management for how well we manage these risks.

About this report

This report provides relevant information for our stakeholders to form an opinion on the impact of our business on the environment and society, as well as the impact of sustainability risk and opportunity on our business.

Scope

The performance information and data in this report relate to all assets under the control of kp. Where possible, we provide historic data for comparisons. The reporting period is the calendar year 2022. Unless otherwise stated, we report data for our operations on a 100% ownership basis. Data is reported using the metric system and euros. Unless otherwise stated, all workforce data is limited to permanent and temporary employees. We declare no significant restatements since the previous report.

Assurance

External assurance is used for certain data listed in the 'selected information' paragraph of the assurance statement provided by our external assurance provider, please see page 70.

Data disclosures

Data relates to 2022 performance unless otherwise stated. Key data points are found in the relevant chapters, with supporting tables and charts, as well as the GRI index.



Assurance statement

Independent Limited Assurance Report to the Directors of Klöckner Pentaplast

DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) were engaged by Linpac Group Holdings Ltd. to provide limited assurance to Klöckner Pentaplast (“kp”) over Selected Information presented in the kp Sustainability Report 2022 (the “Report”) for the reporting year ended 31st December 2022.

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria. This conclusion relates only to the Selected Information and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

Our observations and areas for improvement will be raised in a separate report to kp’s Management. Selected observations are provided below. These observations do not affect our conclusion set out above.

- The ‘Performance in Context’ section found on page 10 of the Report provides valuable context to the reader on the progress against ten objectives that underpin the ‘Investing in Better’ sustainability strategy. We noted that in areas where the target is facing challenges (for example, PCR content in packaging), these are discussed transparently within the Report. We recommend kp consider expanding the scope of assurance to cover all ten strategic objective KPIs, to enhance stakeholder confidence in the data which is reported to support progress against these objectives.
- We observed a robust processes for collecting the source data from manufacturing sites, which is used to calculate Greenhouse Gas (GHG) emissions and energy use intensity KPIs. The internally developed calculation methodology was applied appropriately, consistently and with a robust quality control process in place.

- Lost time accident rate is collected and collated through a comprehensive database for all sites. We found that incident classification had been applied consistently, and clear instructions and guidance material is provided to manufacturing sites which collect and report health & safety data. Both proactive and reactive indicators are calculated and reported internally, demonstrating the high priority of management to monitor progress in this area.

Selected information

The scope and boundary of our work is restricted to the key performance indicators included within the Report (the “Selected Information”), listed below:

- Scope 1 GHG emissions (tonnes of CO₂e)
- Scope 2 GHG emissions, market and location based (tonnes of CO₂e)
- Energy use intensity (kWh per tonne)
- PCR in our packaging (%)
- Women in management roles (%)
- Lost time accident rate (#)

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used kp’s reporting criteria (the “Criteria”), which can be found in the About this report section on page 69 of the Report. Further relevant criteria are provided in the additional text section of the GRI content index, found on page 72.

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on kp’s website for the current reporting period or for previous periods.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by kp have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

WHEN TRUST MATTERS
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Assurance statement (continued)

Standard and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for Our Conclusion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

Basis of Our Conclusion

- We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:
- Conducting interviews with kp management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Reviewing processes and systems for preparing site level data consolidated at Group level;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by kp for the Selected Information is prepared in line with the Criteria; and
- Assessing the appropriateness of the Criteria for the Selected Information;
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

DNV Business Assurance Services UK Limited

London, UK
22nd June 2023

Responsibilities of the Directors of kp and DNV

The Directors of kp have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to kp in the form of an Independent Limited Assurance Conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

DNV Business Assurance

DNV Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

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GRI content index

Statement of use	kp has reported in accordance with the GRI Standards for the period January 1st to December 31st 2022.							
GRI 1 used	GRI 1: Foundation 2021							
Applicable GRI Sector Standard(s)	None							
GRI Standard/Other source	Disclosure	Location	Additional comments and references					
General disclosures								
GRI 2: General Disclosures 2021	2-1 Organisational details	13	Klöckner Pentaplast Group. Read more about our organisation at www.kpfilms.com/en Corporate office located in London. Registered office in Luxembourg. www.kpfilms.com/en/contact-us/our-locations Read more about our operations at www.kpfilms.com/en/contact-us/our-locations Ownership: Kleopatra Holdings 2 S.C.A, registered in Luxembourg; investment manager: Strategic Value Partners LLP, London, UK. Read more about the markets we serve and our scale at www.kpfilms.com/en/about-us					
	2-2 Entities included in the organisation's sustainability reporting	72	Entities are listed online at www.kpfilms.com/en/contact-us/our-locations Report scope includes all of Klöckner Pentaplast Group. Read more about our organisation at www.kpfilms.com/en					
	2-3 Reporting period, frequency and contact point	72	January to December 2022, annual. Please contact us at sustainability@kpfilms.com					
	2-4 Restatements of information	72	No data has been restated.					
	2-5 External assurance	70-71						
	2-6 Activities, value chain and other business relationships	13, 15, 42, 61, 64-67	Read more about our activities, brands, products and services at www.kpfilms.com/en					
	2-7 Employees	72						
	2-8 Workers who are not employees	72		Asia	EMEA	North America	South America	Total
			Female employees	82	958	163	31	1,235
			Male employees	273	3,038	804	201	4,315
			Total employees	355	3,996	967	232	5,550
			The total number of employees includes 145 temporary employees	3	121	14	8	145
	2-9 Governance structure and composition	61	Read more about governance at https://www.kpfilms.com/en/about-us/governance-ethics Read more about our leadership at www.kpfilms.com/en/about-us/ceo-management-team					
	2-10 Nomination and selection of the highest governance body*							
2-11 Chair of the highest governance body*								
2-12 Role of the highest governance body in overseeing the management of impacts	61	Read more about our governance https://www.kpfilms.com/en/about-us/governance-ethics						
2-13 Delegation of responsibility for managing impacts	61							
2-14 Role of the highest governance body in sustainability reporting	14, 61	The Board (kp's highest governance body) is responsible for reviewing and approving the reported information, including the organization's material topics, by a process of review within formal meetings involving our Head of Communications and Head of Sustainability. Board members have also been involved in the sustainability strategy launch research consultation phase.						

* Reason and explanation for omission. Information unavailable/incomplete. We apply rigorous and thorough governance procedures – information can be found here: <https://www.kpfilms.com/en/about-us/governance-ethics>, but we do not publish all details as listed in the GRI Standards. We will review the opportunities to close information gaps over coming years.

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references
GRI 2: General Disclosures 2021 (continued)	2-15 Conflicts of interest	61	
	2-16 Communication of critical concerns	51, 56, 58, 63-64	
	2-17 Collective knowledge of the highest governance body*		
	2-18 Evaluation of the performance of the highest governance body*		
	2-19 Remuneration policies*		
	2-20 Process to determine remuneration*		
	2-21 Annual total compensation ratio*		
	2-22 Statement on sustainable development strategy	8-9	
	2-23 Policy commitments	50, 55, 64-66	
	2-24 Embedding policy commitments	17, 20, 24, 30, 35, 38, 42-43, 45, 46, 48, 52, 54-55, 57-58, 61, 62-66	Our governance provides the high-level responsibility to implement our Investing in Better commitments, our Overview and Outlook subsections describe how we are integrating our commitments into strategies, policies, and procedures, and our performance and management subsections describe implementation of commitments through business relationships, training and engagement.
	2-25 Processes to remediate negative impacts*		
	2-26 Mechanisms for seeking advice and raising concerns	63	Read more on the kp Ethics Hotline at https://www.kpfilms.com/en/about-us/governance-ethics
	2-27 Compliance with laws and regulations*		
	2-28 Membership associations	67-68	Read more about our memberships at https://www.kpfilms.com/en/sustainability/External-Engagement
	2-29 Approach to stakeholder engagement	19-20, 22-24, 30, 33, 35, 42-43, 48, 50-51, 56, 58, 62, 64, 66-67	Read about our sustainability strategy www.kpfilms.com/en/sustainability/kp-Investing_in_Better_Brochure_2021.pdf Read our Group sustainability policy https://www.kpfilms.com/en/sustainability/kp_Group_Sustainability_Policy_-_March_2022.pdf
	2-30 Collective bargaining agreements	-	Pharma, Health & Protection and Durables – 4 of our 10 manufacturing sites are subject to collective bargaining or tariff agreements and around 1,100 employees are covered by such agreements (47% of the workforce). Food Packaging – Employees at manufacturing sites comprise the majority of our workforce; 14 of our facilities recognise collective bargaining and approximately 2,150 employees are covered by such agreements (67% of the workforce).
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	14	
	3-2 List of material topics	14	The process prioritised 11 topics which inform the structure of our Investing in Better strategy and our reports: • Close the loop: (1) Recycled material inputs, (2) Closed-loop packaging, (3) Recyclability. • Work smarter: (4) Energy efficiency, (5) Renewable energy, (6) Greenhouse gas emissions, (7) Waste. • Act responsibly: (8) Health & Safety, (9) Diversity, Equity & Inclusion, (10) Employee engagement, (11) Community involvement.
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	61, 63	Read more about our governance https://www.kpfilms.com/en/about-us/governance-ethics
GRI 205: Anti-corruption 2018	205-2 Communication and training about anti-corruption policies and procedures	64	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	-	Read more about our tax strategy https://www.kpfilms.com/en/about-us/tax-strategy
GRI 207: Tax 2019	207-1 Approach to tax	-	Tax strategy refers to the UK jurisdiction. Read more about our tax strategy https://www.kpfilms.com/en/about-us/tax-strategy

* Reason and explanation for omission. Information unavailable/incomplete. We apply rigorous and thorough governance procedures, information can be found here: <https://www.kpfilms.com/en/about-us/governance-ethics>, but we do not publish all details as listed in the GRI Standards. We will review the opportunities to close information gaps over coming years.

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references																				
Materials																							
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 17, 62, 70																					
GRI 301: Materials 2018	301-2 Recycled input materials used	18	PIR (post-industrial recycled content): 13,815 tonnes (2021: 14,452 tonnes) PCR (post-consumer recycled content): 114,344 tonnes (2021: 134,023 tonnes) In the scope of the PCR calculation, we include all products from our FP division, and we only include our packaging products from our PHD division and as such all durable products (e.g. flooring, construction, etc.) are out of scope.																				
	301-3 Reclaimed products and their packaging materials	18-19, 22																					
Energy																							
GRI 3: Material Topics 2021	3-3 Management of material topics	35, 63, 70																					
GRI 302: Energy 2018	302-1 Energy consumption within the organisation	36	<table><tr><th>KPI name</th><th>2021</th><th>2022</th></tr><tr><td>Energy intensity¹ per tonne</td><td>1,111 (External temperature-adjusted using 'degree days')² 1,118 (non temperature-adjusted)</td><td>1,141 (External temperature-adjusted using 'degree days')² 1,142 (non temperature-adjusted)</td></tr><tr><td>Total energy consumption (MWh)</td><td>749,935</td><td>693,941</td></tr><tr><td>% of renewable electricity³</td><td>28%</td><td>52%</td></tr><tr><td>Breakdown of different fuels (MWh)</td><td>Electricity: 653,178 Natural gas: 61,565 Steam: 25,191 Compressed air: 1,671 Propane: 1,708 Solar energy: 112 Diesel: 6,510</td><td>Electricity: 609,361 Natural gas: 55,295 Steam: 18,339 Compressed air: 1,353 Propane: 1,887 Solar energy: 839 Diesel: 6,866</td></tr><tr><td>Reduction of energy consumption (MWh)</td><td>10,467</td><td>55,994⁴</td></tr></table> <p>1. Measured in kWh consumption per tonne processed, including: electricity, natural gas, steam, compressed air, diesel and propane. Degree day methodology is used to correct the annual heating energy consumption with regard to external temperatures. Calculations are governed by the Global Energy Taskforce KPI Toolkit. Energy consumption outside the organisation is measured within our Scope 3 greenhouse gas (GHG) analysis of emissions upstream and downstream. Boundaries for the calculations: all factories globally.</p> <p>2. Both the temperature adjusted and non-adjusted energy intensity metrics are reported for transparency. The temperature adjusted metric is used in tracking against a corporate 'Investing in Better' target.</p> <p>3. Energy Attribute Certificate Purchasing and on-site generation. We use a mixture of Guarantees of Origin (GOs) and International Renewable Energy Certificates (I-RECs) covering UK, Poland, Germany, Spain and Thailand (on-site solar system).</p> <p>4. Total energy consumption 2022 compared with total energy consumption in 2021.</p>			KPI name	2021	2022	Energy intensity ¹ per tonne	1,111 (External temperature-adjusted using 'degree days') ² 1,118 (non temperature-adjusted)	1,141 (External temperature-adjusted using 'degree days') ² 1,142 (non temperature-adjusted)	Total energy consumption (MWh)	749,935	693,941	% of renewable electricity ³	28%	52%	Breakdown of different fuels (MWh)	Electricity: 653,178 Natural gas: 61,565 Steam: 25,191 Compressed air: 1,671 Propane: 1,708 Solar energy: 112 Diesel: 6,510	Electricity: 609,361 Natural gas: 55,295 Steam: 18,339 Compressed air: 1,353 Propane: 1,887 Solar energy: 839 Diesel: 6,866	Reduction of energy consumption (MWh)	10,467	55,994 ⁴
	KPI name	2021	2022																				
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Reduction of energy consumption (MWh)	10,467	55,994 ⁴																					
	302-3 Energy intensity	36	See data in the table above. Details on temperature-adjusted methodology: weather conditions influence the variability of energy use in kp buildings, particularly the thermal energy (natural gas, fuel oil) used for heating buildings. Accurate energy analysis depends on the use of widely-available 'degree days' data (from DegreeDays.Net) to understand the true energy efficiency. Degree day analysis is a way of analysing how much energy (gas or electric) is consumed or used in relation to the ambient outside air temperature. The approach: a heating degree day (HDD) is calculated by subtracting the average daily temperature in a given location from your chosen base temperature (15.5°C), multiplied by the number of days. Heating degree days have been calculated and used to guide energy consumption for all kp sites where thermal energy is used. Adjustments are done individually on a site-by-site basis to take into account the impact from local conditions.																				

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references								
GRI 302: Energy 2018 (continued)	302-4 Reduction of energy consumption	37	See data in the table above.								
	302-5 Reductions in energy requirements of products and services	23, 28, 36									
Water and effluents											
GRI 3: Material Topics 2021	3-3 Management of material topics	46, 63									
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	46	While nearly 2% of our water requirements came from locations defined as water-stressed, our formal water risk assessment (page 46) has not revealed any significant negative water-related impacts from kp operations. We recognise that water is a scarce resource and that access to good quality fresh water is fundamental to an equitable society. We continue to monitor the case for water-related management targets in the context of public policy and local catchment conditions. We interact with various stakeholders in our approach to water and share best practices across the Group.								
	303-2 Management of water discharge-related impacts	46, 63	We discharge to municipal systems and our sites generate very little industrial wastewater. We do not currently report the municipal minimum standards set for the quality of effluent discharge.								
	303-3 Water withdrawal	46	Withdrawal: while we only source from municipal systems, we anticipate reporting more detail in future relating to sources, locations of water-stress, fresh water and water quality. Discharge: while we meet all required compliance limits, including on priority substances of concern, we anticipate reporting further detail in future on discharge destination, effluent quality and water-stress environments. Consumption: we provide initial data on consumption and anticipate reporting in detail in future on water-stressed locations, water storage, and data processes. While we only source from municipal systems, we anticipate reporting more detail in future relating to sources, locations of water-stress, fresh water and water quality.								
	303-4 Water discharge	75									
	303-5 Water consumption	75									
				<table><tr><th>Water use (m³)</th><th>2022</th></tr><tr><td>Water withdrawn</td><td>3,080,386</td></tr><tr><td>Discharged water</td><td>2,574,818</td></tr><tr><td>Water consumed</td><td>505,568</td></tr></table>	Water use (m³)	2022	Water withdrawn	3,080,386	Discharged water	2,574,818	Water consumed
Water use (m³)	2022										
Water withdrawn	3,080,386										
Discharged water	2,574,818										
Water consumed	505,568										
Emissions											
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 35, 39-40, 43, 63, 70	GHGs included within the boundary: Included GHGs are CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs and SF ₆ . GHGs have been calculated in CO ₂ e. Emissions from biologically sequestered emissions have not been included. Organisational boundary: This report takes the operational control consolidation approach. All Scope 1, 2 and 3 emissions from operations over which Klöckner Pentaplast has operational control. Most emissions factors that are used to convert activity data (e.g. kWh energy or passenger kilometres travelled) are taken from the 'UK Government GHG Conversion Factors for Company Reporting', published by BEIS and Defra each year. Emissions from electricity use are estimated using 'location-based' and 'market-based' approaches. For the location-based approach, the average emissions factor for the country is used, applying country-specific emissions factors published annually by the International Energy Agency (IEA). The alternative 'market-based' approach refers to renewable energy certificates (given zero emissions), and where no supplier-specific data is held, factors published for residual emissions. For further information, see our TCFD disclosures.								

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references				
GRI 305: Emissions 2018	305-1 Direct (Scope 1) GHG emissions	39-40	Scope	Category	2020 tCO ₂ e	2021 tCO ₂ e	2022 tCO ₂ e
	305-2 Energy indirect (Scope 2) GHG emissions	39-40					
	305-3 Other indirect (Scope 3) GHG emissions	42	1	Natural gas	11,391	11,276	10,094
	305-4 GHG emissions intensity	39-42		Own delivery fleet vehicles	7,572	5,191	5,538
				Refrigerants	1,873	2,723	1,880
				Diesel	2,195	2,002	2,192
				Production gas	518	404	362
				Propane	316	370	409
	Sub total	23,865		21,967	20,475		
	2	Electricity (location-based)	209,154	203,219	177,311		
		Electricity (market-based)	223,036	193,880	142,427		
		Steam	4,910	4,301	3,131		
		Sub total (location-based)	214,064	207,520	180,442		
		Sub total (market-based)	227,945	198,181	145,558		
	1 and 2	Total Scopes 1 and 2 (location-based)	237,929	229,487	200,917		
		Total Scopes 1 and 2 (market-based)	251,810	220,148	166,034		
	3	Category 1: Purchased goods and services	1,636,179	1,492,125	1,342,068		
		Category 2: Purchased capital items	18,273	21,620	25,729		
		Category 3: Fuel and energy-related activities (location-based)	60,633	80,570	78,612		
		Category 3: Fuel and energy-related activities (market-based)	53,934	51,254	43,068		
		Category 4: Upstream transport and distribution	91,928	89,073	80,023		
		Category 5: Waste generated in operations	4,090	4,458	4,253		
		Category 6: Business travel	2,248	3,049	5,545		
		Category 7: Employee commuting	2,519	2,746	2,642		
		Category 9: Downstream transport and distribution	265,866	268,663	233,737		
		Category 10: Processing of sold products	122,741	117,094	121,989		
		Category 12: End-of-life treatment of sold products	10,716	9,226	9,425		
		Sub total (location-based)	2,215,193	2,088,625	1,904,023		
		Sub total (market-based)	2,208,493	2,059,309	1,868,479		
	1, 2 and 3	TOTAL (location-based)	2,453,122	2,318,112	2,104,939		
		TOTAL (market-based)	2,460,304	2,279,456	2,034,512		
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 44-45, 63					
	306-1 Waste generation and significant waste-related impacts	22, 26-27, 32-33, 44					
	306-2 Management of significant waste-related impacts	44-45	Read more about our environmental management https://www.kpfilms.com/en/about-us/risk-management-systems Read about our waste related R&D projects www.kpfilms.com/en/about-us/innovation				

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references																																																																																								
GRI 306: Waste 2020	306-3 Waste generated	77	<table><tr><th rowspan="2">KPI name</th><th colspan="2">2021</th><th colspan="4">2022</th></tr><tr><th>Total kg</th><th>%</th><th>Hazardous</th><th>Non-hazardous</th><th>Total kg</th><th>%</th></tr><tr><td>Waste to energy</td><td>3,429,691</td><td>6%</td><td>240,987</td><td>5,227,809</td><td>5,468,796</td><td>8%</td></tr><tr><td>Recycled</td><td>43,190,048</td><td>80%</td><td>743,326</td><td>55,337,387</td><td>56,080,713</td><td>85%</td></tr><tr><td>Landfill</td><td>7,665,073</td><td>14%</td><td>2,059</td><td>4,261,965</td><td>4,264,024</td><td>6%</td></tr><tr><td>Total</td><td>54,284,812</td><td>100%</td><td>986,372</td><td>64,827,161</td><td>65,813,533</td><td>100%</td></tr></table>	KPI name	2021		2022				Total kg	%	Hazardous	Non-hazardous	Total kg	%	Waste to energy	3,429,691	6%	240,987	5,227,809	5,468,796	8%	Recycled	43,190,048	80%	743,326	55,337,387	56,080,713	85%	Landfill	7,665,073	14%	2,059	4,261,965	4,264,024	6%	Total	54,284,812	100%	986,372	64,827,161	65,813,533	100%																																															
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306-4 Waste diverted from disposal	77																																																																																										
306-5 Waste directed to disposal	77																																																																																										
Employment																																																																																											
GRI 3: Material Topics 2021	3-3 Management of material topics	48, 63																																																																																									
GRI 401: Employment 2018	401-1 New employee hires and employee turnover	-	<p>New hire rate At Group level, the rate in 2022 was 14.7% (2021: 14.56%), the charts show the spread of new hires for different management level and men and women.</p> <table><tr><th></th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>All hires</td><td></td><td></td><td></td></tr><tr><td>Total number of new employee hires</td><td>630</td><td>839</td><td>820</td></tr><tr><td>Hires by gender</td><td></td><td></td><td></td></tr><tr><td>Female</td><td>211</td><td>213</td><td>204</td></tr><tr><td>Male</td><td>419</td><td>626</td><td>616</td></tr><tr><td>Hires by management level</td><td></td><td></td><td></td></tr><tr><td>Junior</td><td>537</td><td>674</td><td>613</td></tr><tr><td>Supervisory</td><td>25</td><td>94</td><td>104</td></tr><tr><td>Management</td><td>66</td><td>69</td><td>103</td></tr><tr><td>Top Management</td><td>2</td><td>2</td><td>0</td></tr></table> <p>Global attrition Our Group-level turnover rate in 2021 was 18.23% (2021: 17.3%; 2020: 12.82%). The charts show the spread of turnover for different management level and men and women, as well as the voluntary turnover.</p> <table><tr><th></th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Total turnover rates</td><td>12.82%</td><td>17.30%</td><td>18.23%</td></tr><tr><td>Voluntary turnover</td><td>7.50%</td><td>11.54%</td><td>11.95%</td></tr><tr><td>Total turnover by gender</td><td></td><td></td><td></td></tr><tr><td>Female</td><td>15.35%</td><td>21.91%</td><td>24.56%</td></tr><tr><td>Male</td><td>12.07%</td><td>15.95%</td><td>19.99%</td></tr><tr><td>Total turnover by management level</td><td></td><td></td><td></td></tr><tr><td>Junior</td><td>no data</td><td>18.37%</td><td>20.92%</td></tr><tr><td>Supervisory</td><td>no data</td><td>13.47%</td><td>12.33%</td></tr><tr><td>Management</td><td>no data</td><td>15.44%</td><td>13.39%</td></tr><tr><td>Top Management</td><td>no data</td><td>9.23%</td><td>19.20%</td></tr></table>		2020	2021	2022	All hires				Total number of new employee hires	630	839	820	Hires by gender				Female	211	213	204	Male	419	626	616	Hires by management level				Junior	537	674	613	Supervisory	25	94	104	Management	66	69	103	Top Management	2	2	0		2020	2021	2022	Total turnover rates	12.82%	17.30%	18.23%	Voluntary turnover	7.50%	11.54%	11.95%	Total turnover by gender				Female	15.35%	21.91%	24.56%	Male	12.07%	15.95%	19.99%	Total turnover by management level				Junior	no data	18.37%	20.92%	Supervisory	no data	13.47%	12.33%	Management	no data	15.44%	13.39%	Top Management	no data	9.23%	19.20%
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GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references
GRI 401: Employment 2018 (continued)	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	54	<p>We ensure that our employees are rewarded and recognised for their contributions with competitive pay and benefits. Our kp Total Rewards Policy is designed to be competitive in the job market, ensure compliance with all countries minimum wage requirements, ensure internal equity, and reward employees based on our pay-for-performance approach. It also provides a framework within which our teams can create programmes that attract, motivate and retain talent.</p> <p>We are committed to help our employees have a better work-life balance and as such offer different flexible work arrangements which could include (flextime, work from home, part-time, compressed workweeks, etc). These arrangements provide employees with increased flexibility with their work schedule while allowing kp to maintain a progressive and productive work environment</p> <p>Employee Assistance Programmes (EAP) are implemented in 3 countries (US, UK and Canada), and we are looking at expanding those during 2023. EAP looks to support the wellbeing of our employees and their families. These EAP include in within others, wellbeing and mental health support, counseling sessions (face-to-face or online), support with financial wellbeing.</p> <p>There is a standard portfolio of benefits offered to each permanent kp employee in the US regardless of the site. However, some of the sites in other countries offer different benefits to the employees based on the site in which they work and not based on the country in which they are located. Part of this is due to whether or not the site was a Linpac or a kp site when the two companies merged. Some of the countries do not offer benefits to new hires because the insurance is provided by the local governments. In these countries, kp pays a portion of the employees' cost of the benefits offered by the government.</p> <p>The benefits offered to permanent employees are listed below.</p> <ul style="list-style-type: none"> • Medical insurance • Dental insurance • Life insurance • Accident insurance • Disability insurance • Retirement/Pension account • Paid time off/sick and vacation time
	401-3 Parental leave	54-55	<p>We offer parental leave across the countries where we operate; this varies in length and benefit depending upon the country. Most of our employees are entitled to a 12-week maternity leave and 2 weeks paternal leave, these vary from country to country. We consistently track this data in Germany, and we are looking at evolving our reporting to expand our disclosure on this indicator in the future.</p>
Labour/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	64	
GRI 402: Labour/Management Relations 2018	402-1 Minimum notice periods regarding operational changes	78	<p>Before making operational changes that could substantially affect our employees, we provide a period of notice outlining the proposed changes. The minimum period and provisions for consultation and negotiation are specified either in the collective agreements or in the local laws. On average, the minimum notice period is 41 days.</p>

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	48, 52, 63-64	Read our Health and Safety Policy https://www.kpfilms.com/en/sustainability/kp_Group_Health_and_Safety_Policy.pdf
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	49-51, 63	Group-wide, 31 sites (100%) are covered by the OHS system. Read more about how we act responsibly https://www.kpfilms.com/en/sustainability/Our-Strategy/Act-Responsibly
	403-2 Hazard identification, risk assessment and incident investigation	49-52, 63	
	403-3 Occupational health services	51-52	In line with EU law and other host country laws, we manage safety in a way that identifies and seeks to eliminate hazards and minimise risks. Our OHS management system, our People Activity Safety Audits (PASA), and our We Care framework help ensure the quality of safety and workers' access to information and support regarding safety at work.
	403-4 Worker participation, consultation, and communication on occupational health and safety	48-52	Over 90% of our sites have a Safety Steering Meeting, where worker consultation and participation takes place. Any formal request relating to safety is made (from a regulator or union, for example), and is managed by the H&S Committee, with specific participation from employees' representatives. All learning on safety is shared across all sites, while safety topics are identified and communicated on a monthly basis and displayed either on monitors on site, at the canteen or via newsletters. The site and divisional senior management teams communicate the 'zero harm' goal and status via newsletter and video. For unionised plants, the representatives of the workers are consulted on any new rules before implementation.
	403-5 Worker training on occupational health and safety	49-50	
	403-6 Promotion of worker health	52, 54-55	There are various ways worker health is promoted, e.g. our Code of Conduct, our sustainability policies and site-level communication. We also exercise proportional disciplinary action for any transgressions of safety and health rules, the outcomes of which are shared to help avoid them happening again. Read more about governance and ethics https://www.kpfilms.com/en/about-us/governance-ethics
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48-52	As a result of the formal risk assessment process, near miss or injury investigation, any corrective action to either mitigate or remedy the risk is considered and deployed as appropriate.
	403-8 Workers covered by an occupational health and safety management system		All legal requirements are monitored, complied with and audited to ensure every worker has adequate attention in case of work-related injuries or illnesses. Employees travelling abroad are covered by specific insurance programmes.
	403-9 Work-related injuries	49-50	No fatalities or recordable cases resulting from ill-health occurred at kp.
	403-10 Work-related ill health	50, 54	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	55-58	Training and development are key parts of our Employee Value Proposition, which is designed to attract, grow and retain the best talent in our industry. To manage this successfully, we depend on our online kp Academy to improve skills, standards and values. Other management tools included in the training syllabus are the kp Code of Conduct, as well as policies on cyber-security, data privacy, health & safety, the environment and diversity. Read more on working at kp at www.kpfilms.com/en/careers

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references	
GRI 404: Training and Education 2018	404-1 Average hours of training per year per employee	80	In 2022, we achieved an average of 6.23 training hours per employee, resulting in a total of almost 35,000 hours. In average we spent €251 on training and development per employee.	
				2022
			Average Learning hours by Management level	
			Junior	5.20
			Supervisory	8.71
			Management	7.86
			Top Management	1.32
			Average Learning hours by Gender	
			Female	5.55
			Male	6.43
			Average Learning hours by Generation	
			Post War (1928-1945)	0.03
			Baby Boomers (1946-1964)	0.43
			Gen X (1965-1980)	2.84
			Millennials (1981-1996)	2.49
Gen Z (1997-2012)	0.44			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	56, 58		
	404-3 Percentage of employees receiving regular performance and career development reviews	56-58	<p>Performance is one of our key focus areas within our People Strategy, where managing performance effectively is essential for us to align our people and their capability with our vision, strategy, priorities and the goals of the organisation. It's also important that we support employee's individual performance and development and maximise employee engagement. It is also the intention to foster an ongoing and agile dialogue between the employee and the manager.</p> <p>The formal discussion for participants in the performance management process starts with the objectives setting at the beginning of the year, followed by a formal feedback meeting after six months at mid-year, and then the final feedback after the end of the year. In between these formal meetings, more informal 1-1s should be held to ensure that continuous performance feedback is provided.</p> <p>Ideally there is continuous feedback so the employee knows when he / she has done a good job and where there is improvement potential however, they can also voice any concerns or escalate problems.</p> <p>In 2022, 1,013 management grade employees (18.3%) out of a total of 5,550 employees across kp (including temporary employees) received performance and career development reviews (2021: 845, 15.3%) male/ female breakdown remained stable compared with 2021 (70% male and 30% female). These figures are from our human resource information system for management grades only in managerial, technical and senior administrative functions. We do not track performance and career development reviews centrally; this information is held and managed locally.</p> <p>Reason for partial omission: the data is not available to disclose the percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.</p>	

GRI content index (continued)

GRI Standard/Other source	Disclosure	Location	Additional comments and references
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	53-55, 70	Read more about the working environment www.kpfilms.com/en/careers
GRI 405: Diversity and Equal Opportunity 2018	405-1 Diversity of governance bodies and employees	53	Read more about the senior leadership team www.kpfilms.com/en/about-us/ceo-management-team
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	53-55	Read more about the working environment www.kpfilms.com/en/careers/
GRI 406: Non-discrimination 2018	406-1 Incidents of discrimination and corrective actions taken	53	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	59, 63	
GRI 413: Local Communities 2018	413-1 Operations with local community engagement, impact assessments and development programmes	59	
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	13, 15, 18, 20, 22-23, 28, 64	Read more about medical packaging films www.kpfilms.com/en/pharma-medical/medical-device-packaging-films/
GRI 416: Customer Health and Safety 2018	416-1 Assessment of the health and safety impacts of product and service categories	–	All (100%) of our significant product and service categories are assessed for health and safety impacts as part of our product design and manufacturing quality processes.

Glossary

Circular economy/circularity: an economic system aimed at eliminating waste and depletion of resources. Circular systems employ reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed-loop system.

High-density polyethylene (HDPE): a thermoplastic polymer produced from the monomer ethylene. It is commonly recycled, with the number '2' as its resin identification code.

Life cycle assessment: a method for assessing environmental impacts associated with all the stages of the life cycle of a commercial product, process or service.

Plastics: synthetic or semi-synthetic materials that use polymers as a main ingredient.

Polyethylene terephthalate (PET): the most common thermoplastic polymer resin of the polyester family; used in fibres for clothing, containers for liquids and foods, in thermoforming for manufacturing, and in combination with glass fibre for engineering resins. PET has a resin identification code of 1. Prime uses for recycled PET are polyester fibre, strapping and non-food containers. Mechanical recycling of PET is very common. Chemical recycling of PET will become cost-efficient only in high-capacity recycling lines.

Polymer: a natural or man-made material comprising molecules made up of many repeating units that provide strength and other properties expected of everyday objects such as plastic packaging.

Polyolefin: a type of polymer produced from a simple olefin (an alkene) as a monomer. For example, polyethylene is the polyolefin produced by polymerising the olefin ethylene.

Polyvinyl chloride PVC (vinyl): widely produced synthetic plastic polymer, in rigid and flexible forms, used for making various products, from drainpipes to packaging.

Post-consumer waste: waste produced by the end-consumer of a material or commodity. Post-consumer waste is distinguished from pre-consumer waste which is the reintroduction of manufacturing scrap (such as trimmings) back into the manufacturing process.

Thermoforming: a manufacturing process where a plastic sheet is heated to a pliable forming temperature, formed to a specific shape in a mold, and trimmed to create a usable product such as a tray or film.



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