



Our sustainability roadmap
for 2021 and beyond

Close the Loop | Work Smarter | Act Responsibly





We are investing our time, focus and energy in becoming a better, more sustainable business.

Our broad and ambitious sustainability strategy drives us to design new, recyclable products and to close the loop by using more recycled material in their production. We will also become more efficient, cut carbon emissions, and help our customers and end-consumers play their part.

Working with others to make our industry more sustainable is critical, as is making sure our people are safe, mutually respected and engaged as they help us do better.

Welcome

In this document we are launching a new, broad sustainability strategy, incorporating three clear objectives and ten ambitious targets.

Our first full sustainability report will be published in Summer 2021.



This document is interactive
when viewed on screen

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Why we are Investing in Better

Sustainability and protection have been the focus of kp's ingenuity for nearly six decades. We innovate, design and manufacture films and trays that provide product safety, safeguard medication and medical devices, help avoid food waste, and protect the integrity of countless products for daily living around the globe.

We understand our responsibility to take a science-based approach to combating climate change. That's why we are focused on reducing our emissions and championing a circular economy that incorporates plastic waste as a valuable raw material. Our innovation on this score has already resulted in increased usage of post-consumer recycled content (over 120,000 tonnes in 2020), and the introduction of new packaging made from up to 100% post-consumer recycled PET trays and bottles. This recycled packaging is itself recyclable, thereby closing the loop on plastics.

Launched in 2018, our Positive Plastics Pledge initiative served as a platform to share the value of plastic waste and recycling. We also engaged with communities on projects which boost the recyclability of packaging waste, while cleaning up beaches and areas near our sites. The Pledge allowed us to work closely with stakeholders to develop the infrastructure, education and incentives around recycling plastic for a circular economy.

Still, the environmental and social challenges of 2021 call for more urgent action, and a broader plan. Just in the last year, the global pandemic has triggered many profound changes, and exposed significant global inequities.

Sustainability is about more than just protecting the environment, and we recognise that these turbulent times require us to build on the progress we've made, and extend our remit to take in the long-term needs of our people, our communities, and our planet. That's why kp is Investing in Better, and why we've drawn up this sustainability roadmap for 2021 and beyond.



We are committed and optimistic about the journey ahead and believe we can use our expertise, influence, global reach and partnerships to make a positive impact.”

Scott Tracey,
Chief Executive Officer



Why we are Investing in Better (continued)

We're excited about the launch of our new, broader sustainability strategy. We are integrating sustainability across every aspect of our business, and this strategy sets kp on a clear path with ambitious, yet credible targets.

Our new sustainability strategy is inextricably linked to our purpose and promise to the world: The sustainable protection of everyday needs.

We don't have all the answers, and we can't do this alone, but we are committed and optimistic about the journey ahead and believe we can use our expertise, influence, global reach and partnerships to make a positive impact – and we know that we'll get there by Investing in Better.



We understand our obligation and responsibility to take a science-based approach to aggressively combat climate change.”

Adam Elman,
Group Sustainability Director

Top: Our innovative portfolio of products provide high barrier protection for medical devices, ensuring products are kept safe and secure in any environment.

Bottom: kp ShoreCycle™ card films are made from recycled plastics recovered from developing coastal communities.

Our three objectives



Close the Loop

By 'closing the loop' we will reduce waste, and do more with less. This objective commits us to using more recycled material, closing the packaging loop and taking every opportunity to make our packaging recyclable.

Target I

Use more recycled material

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Target II

Close the packaging loop

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Target III

Make all of our packaging recyclable

See page 11 →

Close the Loop

The products we make must contribute to a truly circular economy. Making that happen means changing the traditional 'take-make-waste' linear model, and replacing it with a circular system which, through dramatically increased recycling, will cut waste significantly. Of course, that's a team effort – and we are working together with manufacturers, retailers, consumers and recyclers to find new ways to reuse and recycle more plastic.

Over 120,000 tonnes
of post-consumer recycled material
used in our products in 2020.

We are proud to be a global leader in incorporating recycled material within our products – many already include 100% post-consumer recycled content. However, we understand that recycling on its own isn't enough. That's why we also design to reduce the weight and thickness of our packaging wherever possible, while making sure that the products within are still protected.

When we engineer our products, we think about sustainability at each stage – from design and manufacturing, to use and end-of-life. And of course, we remain firmly committed to satisfying specific customer needs for effective high-barrier protective packaging. For some 'Reduce, Reuse, Recycle' is just a slogan, but it is an integral part of how we do things at kp.

Target I

Use more recycled material

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

Post-consumer recycled PET, or rPET, is our recycled material of choice. We've been using it for nearly twenty years to produce high-quality products that meet global safety standards, while retaining consumer appeal. Aided by our substantial investment in 'supercleaning' technology, it's now possible for our products to incorporate repeatedly recycled material, while maintaining high quality standards.

Currently, only about 14%* of plastic packaging produced globally is collected for recycling, so there's a lot of work to do.

Designing for recyclability and maximising recycled content means reducing our use of

virgin materials. We are proud of the volume of post-consumer recycled material we already use, but we want this to grow. However, as demand increases, supplies of this valuable material can run low. That's why we're always looking for ways to encourage people to recycle more. And it's why we work closely with stakeholders around the world to develop the infrastructure and incentives that enable us to secure a stable supply of post-consumer recycled material. For example, we've collaborated with a large UK recycling business to guarantee an annual supply of 8,000 tonnes for the next 4 years.

Along with rPET, we are working hard to increase recycled content for other polymers that we use to produce products. We have started to work with post-consumer recycled HDPE collected from at-risk coastal communities in countries such as Haiti and Mexico which means that we're not only helping protect the environment, but helping strengthen local economies too.



kp is integrating post-consumer recycled HDPE collected from at-risk coastal communities in countries such as Haiti and Mexico.

Target II

Close the packaging loop

By the end of 2025, at least 30% of recycled material in our packaging will include 'Tray2Tray™' material.

We believe there is a big opportunity to recover much more post-consumer food packaging, so that it can be recycled and transformed into new and fully recyclable products. That's why we've developed a dedicated programme that will 'close the loop' for trays and rigid films – kp Tray2Tray™.

We've put together a comprehensive roadmap that will help us achieve this target, and have already found success with packaging made from a blend of rPET taken from bottles and trays. With an increased focus from our customers and consumers and with new taxes on virgin plastics, recycled content bottle flake will be harder to come by. That's why we are increasing our use of tray flake as our main goal.



Developing a market for recycled PET tray flake isn't something we can achieve alone – so we're working with our entire value chain to generate more demand. At the same time, we are strengthening partnerships with recycling companies, suppliers, and customers to ensure a constant supply of post-consumer recycled plastic.

kp is on a mission to recover post-consumer food packaging and turn it back into more of the same.

That means working with the recycling industry to 'pull' more plastic PET trays back to us, while at the same time collaborating with our customers to 'push' demand for trays made from rPET tray flake.

Target III

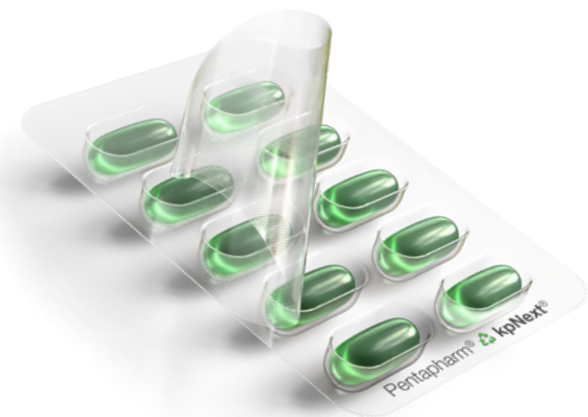
Make all of our packaging recyclable

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

Designing with recyclability and circularity in mind so valuable plastic doesn't go to waste is at the top of our agenda. We take into account several definitions of recyclability, including those outlined by RecyClass, the Ellen MacArthur Foundation, the UK Plastics Pact, RECOUP, COTREP and CEFLEX, among others. The result is a comprehensive multi-year sustainable material strategy of all materials in our market sectors and packaging formats. We are simplifying our range of materials, focusing on using mono materials where possible, while still providing product protection and ramping up our recyclable product portfolio.

People are more committed than ever before to keeping the planet free of waste, and we are doing everything we can to support them. That means making it clear what can be recycled and how, while ensuring there are enough disposal and recycling facilities available. Of course, while we are making every possible effort, major changes are required globally to build up the infrastructure required to collect, sort and recycle plastics.

To make it as easy as possible to do the right thing, we are making more of our products from only one type of plastic, and offering clearer indications as to how each of our products can be recycled through simple, on-pack messaging. For example, when we launched our new kp Infinity™ packaging range, we embossed each pack with a prominent 'Recycle me' logo. A similar logo with additional messaging also features on the bottom of our clear plastic trays in several languages, as a clear call to action for consumers.



Launching in 2021, the next generation of sustainable pharma packaging with kpNext® (Patent Pending). The first recyclable blister pack solution that can be run with existing equipment and package design.

Close the Loop in action

Our investment in recycled PET in North America

To help our customers hit their sustainability targets, we are undertaking a multi-million dollar expansion to increase our post-consumer recycled PET extrusion and thermoforming capacity across three of our North American locations.

The expansion includes our special supercleaning technology, and will support the continuous, increased demand for a higher percentage of post-consumer rPET within our products.



Recyclable consumer product packaging

kp now offers a wide range of products that were typically only produced in substrates that were more difficult to recycle.

Consumer products in markets such as health and beauty, cosmetics, and electronics are all now available in recyclable PET.



Closing the loop on coloured packaging

Coloured trays and films have long been a challenge for infra-red recycling and sorting machines to detect – in the UK alone, around 10,000 tonnes* of plastic packaging is lost annually because of this issue.

However, our ingenious kp Kapture™ range uses an infra-red detectable pigment which solves the problem, offering retailers a sustainable way to continue using the high-quality black and coloured packaging associated with premium food ranges.

*Source: [RECOUP Black Plastic Packaging Forum Report](#) [RECOUP Recycling](#)



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.

Target I

Improve energy efficiency

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Target II

Reduce Scope 1, 2 and 3 carbon emissions

See page 16 →

Target III

Stop sending waste to landfill

See page 17 →

Work Smarter

We understand that the climate crisis is already here, and that our role as a plastics manufacturer means we have a part to play in limiting global warming to well below 2°C and to pursue efforts to limit warming to 1.5°C in line with the 2015 Paris Agreement.

We believe that there is much we can do to change how we work, so that we are as efficient as possible, and ultimately release less and less carbon into the atmosphere over time. Already, among many other initiatives, our engineers and continuous improvement experts are implementing innovative technology and processes. This enables us to re-use production scraps on-site, with no need to involve a third party, therefore reducing our carbon footprint. This expertise is shared globally.



We believe there is much we can do to enhance how we work to be more efficient with resources.”

Target I

Improve energy efficiency

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

The most sustainable energy is the energy you don't use in the first place. That's why in 2019 we set up our Global Energy Task Force. The Task Force helps us reduce the amount of energy used in our manufacturing plants by consistently finding new efficiencies. One hundred cross-functional kp experts from operations, engineering, maintenance, procurement and business excellence, approach energy efficiency in a holistic way, and collaborate to find imaginative solutions to problems old and new.

The Task Force is leading on optimising maintenance regimes, adjusting plant operations and investing in new equipment, on the basis that there is a natural synergy between energy efficiency and improved productivity.

We typically find that energy saving projects make complete commercial sense.

With an effective governance process in place, the Task Force constantly tracks progress against meaningful targets. Robust analysis tools and energy performance indicators are now standardised across our plants.

Future areas of focus include installation of energy-efficient motors, recovering waste heat from our processes, and improving energy monitoring systems to better visualise and measure energy. We are constantly seeking insight into energy performance at facility, process and machine level.



A member of the kp team performing maintenance tasks on plant equipment.

Target II

Reduce Scope 1, 2 and 3 carbon emissions

By the end of 2025, we will reduce Scope 1 & 2 emissions by 50%, and by 2030, Scope 3 emissions* by 20% per tonne of product sold, against a 2019 baseline.

We are focused on reducing our carbon emissions in the broadest possible sense, and have undertaken an extensive review of all our impacts. Scope 1 covers direct emissions from owned or controlled sources, Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling, while Scope 3 emissions are the result of activities from assets that we don't own or control but that are part of our wider value chain.

For our own operations, of course, our energy efficiency efforts help us with this target. But we are also increasing our use of cleaner fuels by investing in renewable energy sources – around 20% of our electricity already comes from renewables, and we are working to increase this significantly.

While we will look to reduce all of our Scope 3 emissions, our focus is on the materials we purchase to make our products, the subsequent processing of these products, and end-of-life treatment. Our growing use of recycled content, partnering with our suppliers on lower-carbon materials, and our push to increase the recyclability of our products, will be the key factors in helping us achieve this goal.



Solar PV installation at our plant in Rayong, Thailand.

* Target covers Scope 3 emissions from raw materials, processing of sold goods and end of life treatment.

Target III

Stop sending waste to landfill

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

We face growing constraints on the availability of natural resources. So, our goal is simple – we must do more with less, and waste less. To help us do that, we think about waste in the context of the globally recognised ‘waste hierarchy’, which ranks waste management options according to what is best for the environment. Top priority is preventing waste being created in the first place, and we’ve had a strong focus for many years on implementing new and innovative processes to re-use trim material created as part of our manufacturing process.

We aim to recover the waste we generate that we cannot reuse in the most environmentally responsible manner possible, which typically also means said waste retains a relatively high



economic value. Our overall ambition is to reach the point where no materials generated in any of our plants goes to landfill or incineration without energy being recovered. Accordingly, in 2020 we launched an internal Zero Waste programme, which focuses on reducing the amount of waste generated at our plants and on finding the best ‘end of life’ options.

Waste recycling infrastructure at our plant in Melbourne, Australia.

Work Smarter in action

Better for our business, better for the environment

Colleagues working at our manufacturing sites are constantly perfecting our production processes, and they do so in ways that minimise the materials used and wasted, yet ensure products meet the needs of global markets and consumers.

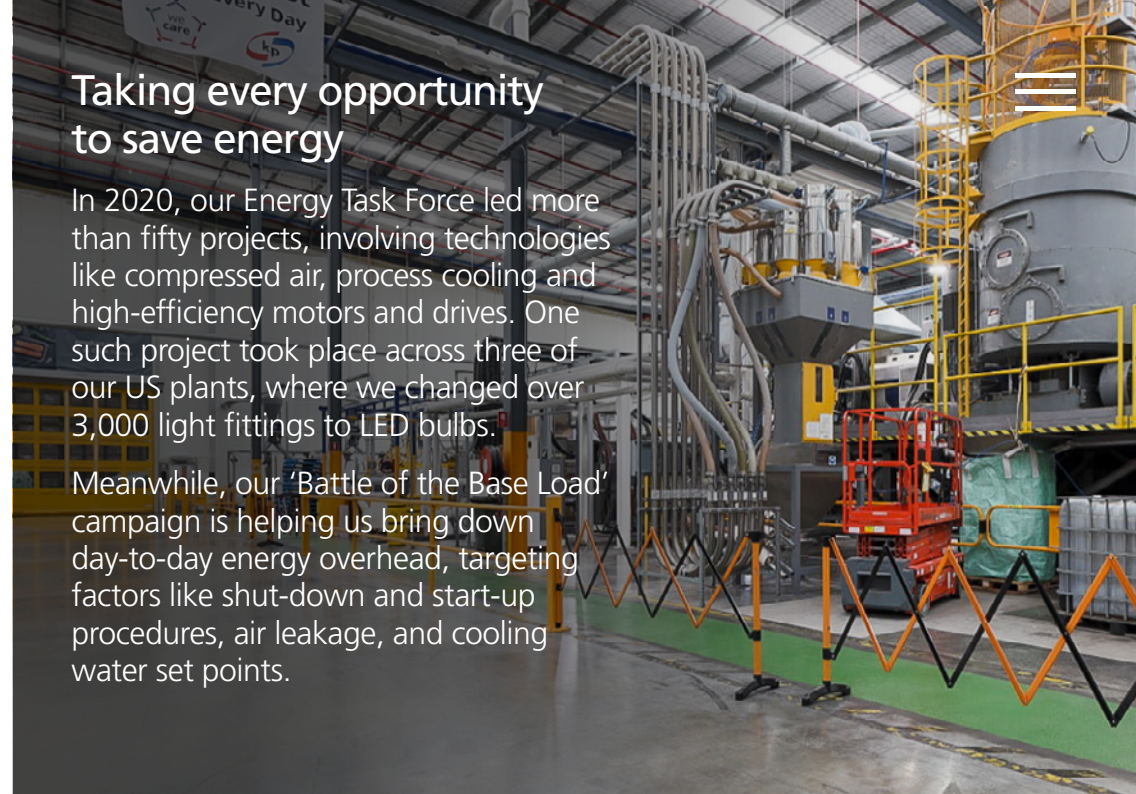
For example, all of our Iberian sites are ECOSENSE certified. This means the scrap from our multimaterial products is collected from our customer sites and sent to an external specialist. This is then separated and supplied back to us as pure polymers which we can reincorporate into our production process – closing the loop and making sure that material gets a second life.



Taking every opportunity to save energy

In 2020, our Energy Task Force led more than fifty projects, involving technologies like compressed air, process cooling and high-efficiency motors and drives. One such project took place across three of our US plants, where we changed over 3,000 light fittings to LED bulbs.

Meanwhile, our 'Battle of the Base Load' campaign is helping us bring down day-to-day energy overhead, targeting factors like shut-down and start-up procedures, air leakage, and cooling water set points.



Fresh thinking cuts vehicle emissions

To ensure we make as few trips as possible, and that trucks are carrying as much as they can, we've invested in sophisticated EU and US-wide transport management systems and a new carbon-efficient fleet in the US.

Among other initiatives, we're also increasing use of multi-modal solutions (road, train & short sea). The result is fewer trips made by fuller trucks, with clear improvements in our efficiency and vehicle fill percentage.



Act Responsibly

Acting responsibly at all times is a cornerstone of our culture. And in the future, we will do an even better job of keeping our people engaged, while we continue to focus on safety, and on becoming a more diverse company.

Target I

Eliminate lost time accidents

See page 21 →

Target II

Become more diverse

See page 22 →

Target III

Engage employees better

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Target IV

Make a difference in our communities

See page 24 →

Act Responsibly

We believe that everyone should be safe at their job. That's why we are working hard to embed a profoundly safety-focused culture within kp, and are implementing many initiatives globally to make that happen.

Additionally, it's clear the most successful companies are the most diverse. That's why we provide a work environment where everyone feels safe, valued, respected and empowered to make contributions based on their unique backgrounds, perspectives, talents and experiences.

Frequent two-way communication between leadership and our employees is also critical for the smooth running and growth of the business. That's why we run frequent employee engagement surveys, and act on the findings. We've also found that our people care deeply about making a positive impact on their local communities, and so we are determined to do more of this valuable work.

“

We are working hard to embed a profoundly safety-focused culture within kp.”

Target I

Eliminate lost time accidents

By the end of 2025, we will reduce our lost time accident rate to zero.

Protecting the health and safety of each employee is our top priority. We want everyone who works with kp to come to work healthy, go home healthy and retire healthy.

As a cornerstone of our global Health, Safety and Environment standard, we have adopted the Behavioural Based Safety approach, which focuses on workers' behaviour as the cause of most work-related injuries and illnesses.

Our contract suppliers are completely integrated into our safety requirements, with zero-violation tolerance. All workplace accidents are thoroughly investigated by management, and all process changes in production and administration are evaluated with respect to health and safety.

kp's Leadership Team is committed to making the necessary resources available to achieve our safety targets, with the goal of reducing our lost time accident rate to zero. We believe that all accidents and occupational illnesses are preventable.

Members of the kp team performing a safety walk in one of our plants.



Target II

Become more diverse

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

Fostering diversity and inclusion at all levels of kp matters to us, which is why we recently set up our Diversity and Inclusion Initiative, a company-wide, global effort to support a diverse and inclusive workplace. One of the most visible, although by no means only, outcomes of this effort will be a significant increase in gender diversity at management levels.

To help make that happen, we will educate, promote and encourage diversity and inclusion, while advocating for the business benefits and raising awareness of the issue. At the same time, we will incorporate D&I best-practice into the way we work, from talent acquisition through to career development and through offering flexible working practices.



Our Sales Director UK & Ireland
at the kp Infinity Launch day event

Target III

Engage employees better

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

Keeping our people engaged is the only way that our business can succeed. Motivated, happy people who enjoy their careers with us enables us to sustain the extraordinary levels of ingenuity and collaboration that makes kp different. To that end, we are committed to driving up our employee engagement score significantly over the next five years. Indeed, we already have over 200 employee co-developed action plans running to address the feedback received from our most recent employee engagement survey.

We deploy a broad range of employee communications in multiple languages, and ensure that there's regular live dialogue with management. During the global pandemic, we offered extensive support and flexibility to our

people, including access to online development and training. Recognition and reward are important to us, and we hold an awards ceremony to recognise outstanding achievement in living our values of Focus, Accountability, Respect and Urgency.

These are just some of the initiatives that are helping us to keep our people engaged, satisfied and effective.

kp colleagues discussing employee engagement actions plans.



Target IV

Make a difference in our communities

By the end of 2022, 100% of kp plans will complete at least one impactful community project annually, doubling that by the end of 2025.

Over the years, we have supported countless local, national, and international causes. Given the hugely positive impact of the projects undertaken, both on our people and local communities, we are scaling up our ambition substantially.

We recently launched 'The kp Community Initiative', a global charitable outreach programme that will help us give back to communities around the world. Our people can participate by submitting a project proposal based on a set of needs to support local communities – we can then give them time off and financial support for activities that improve social and environmental conditions.



Projects will range from providing 'meals on wheels' for the elderly, to teaching school children how to handle plastic properly, advocating for STEM (Science, Technology, Engineering and Maths) education, and participating in women's advocacy groups. All of these activities, and many more, help us and our people to provide genuine support to our communities.

Volunteers from our Brazil site teamed up to clean-up waste from the Gaivota Beach in Itanhaem.

Act Responsibly in action



3,000 days without a lost time accident

Our Suzhou plant in China recently celebrated an impressive 3,000 days, or over eight years, without a Lost Time Accident. This could only be achieved by establishing a strong safety culture, led by a dedicated Health and Safety Committee.

We are constantly focused on raising health and safety awareness, a big part of which is the training we offer on key safety themes, designed to be closely aligned with typical workplace scenarios.

Helping to protect local wildlife

Las Mestas Del Narcea is a non-profit association founded by a group of fishermen from the Narcea river area in Asturias, Northern Spain. Their fish farm is based just 100 metres from our production centre in Pravia, and we've helped with funding for over 20 years.

The farm produces salmon and trout in a legal and sustainable way which are subsequently released into the nearby river to ensure healthy levels of population. We are proud to help ensure the biodiversity of the areas in which we work.



PPE for local communities

During the global pandemic, our teams across the globe have been supporting communities by supplying PPE. Our Pontivy site in France provided equipment for retirement home employees and local doctors, and plastic screens for the local hospital.

In Belarus, we provided the local hospital with trays to feed patients being treated for COVID-19. Our sites in Pravia & Girona donated materials to make screens for health professionals, while our Infia sites in Italy and Spain provided PPE to local hospitals.



Sustainability is a team sport

Doing our part to support sustainable development

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, here at kp 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.



kp has signed-up to a number of voluntary commitments and collaborative initiatives



CEFLEX



Circular Plastics Alliance



New Plastics Economy - EMF



HolyGrail 2.0



Plastics Europe



UK Plastics Pact

Our trade association memberships

- Associação Portuguesa da Indústria dos 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
- Food Packaging Association
- Incpen
- Industrievereinigung Kunststoffverpackungen e.V.
- IVK Europe
- National Association for PET Container Resources
- National PET Packaging Association – ANEP
- OPRL (on-pack recycling label)
- PAC Packaging Consortium
- Packaging Federation
- PETCore
- PET Sheet Europe
- Polymer Comply Europe
- Recycling of Used Plastics
- Vinyl Film & Sheet Europe

We're already hard at work,
and our full sustainability
report will be published
in Summer 2021.

Keep up to date

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Read more about Investing in Better at
www.kpfilms.com/sustainability