



## Sustainability Report 2019/20



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This report is the statutory statement on corporate social responsibility in accordance with section 99a and b of the Danish Financial Statements Act and is therefore a part of the management's review in Schur's annual report.

The sustainability report also constitutes our annual statement on progress to the UN Global Compact. It covers the financial year 2019/20, which ended on 31 October 2020.



Familiarizing' our customers • Constant care • We think before we act • We walk the talk

# Group Manager's introduction

In 2021, Schur celebrates its 175-year anniversary. That has only been possible because we are sustainable - in relation to finances, people and environment. Sustainability has been called many things during the years. To Schur, it is a matter of decency.

In 2020, the UN Sustainable Development Goals form the basis for the corporate world's sustainability. Our new "Sustainable Schur Policy" establishes that Schur will make an extra effort to contribute to the Global Goals wherever possible. Within Goal #7, we have set the ambitious goal of working to become carbon neutral by 2030. That is a process, and our most recent initiative in our journey towards that goal is the installation of solar cells on our buildings in the USA.

Being a packaging company, we would like to contribute to the circular economy and the reduction of food waste in the world, thus Goal #12. Making the proper packaging for the given product and market is our primary task in that context. Several good examples are mentioned in this report.

In 2021, Schur - as is the case with all companies with more than 50 employees - must establish a solid whistleblower system. We welcome that as it will contribute to ensuring decency in the corporate world.

This report offers insight into Schur's sustainability goals, work and results within environment/climate, social conditions and anti-corruption in 2019/20 and planned activities in the coming years. There are examples from Schur and our customers from many parts of the world. I am proud of being able to show good initiatives for vulnerable employees and sustainable packaging products and examples to illustrate that we constantly scrutinise our own production to minimise negative impacts on the environment around us.

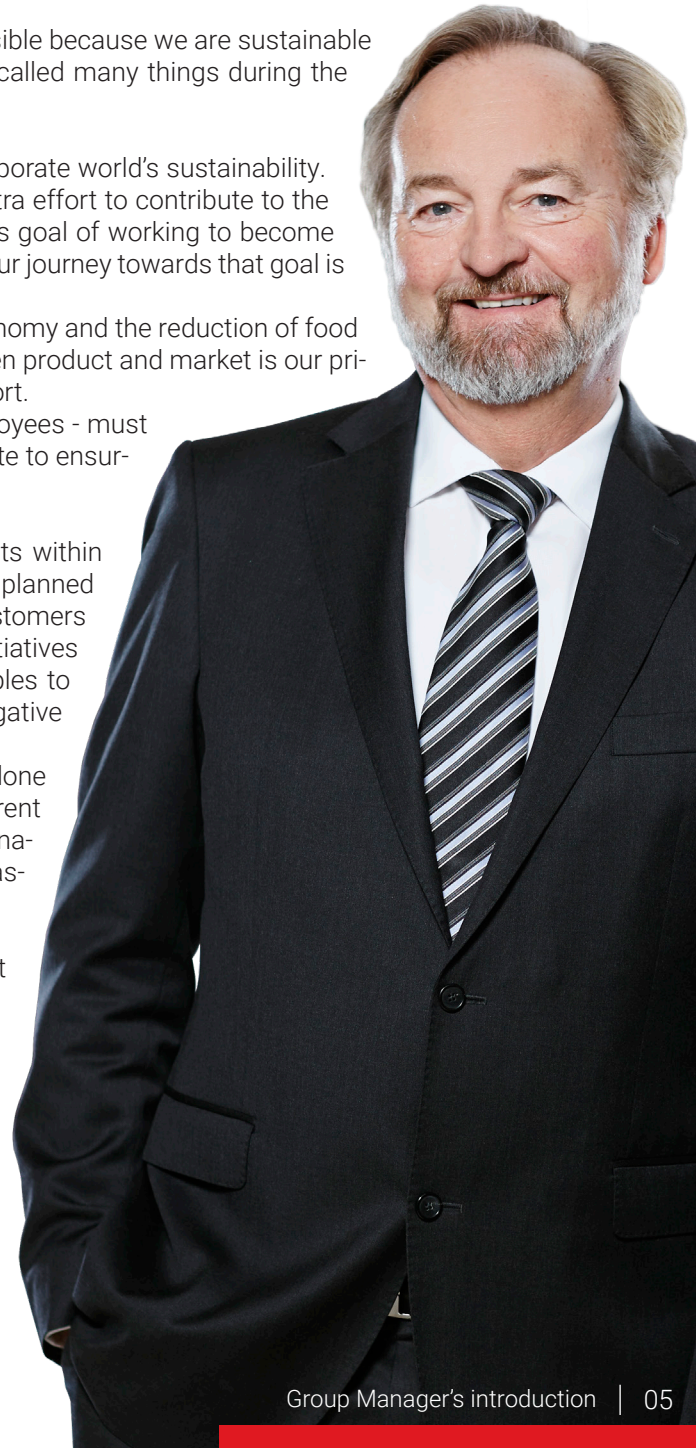
The world is constantly changing, and we are therefore never completely done with this work. We must stay up to date and translate decency into the current agenda to live up to Global Compact obligation. Among other things, managing the risks and possibilities involved for a packaging company when plastic as a material gets a lot of attention is relevant.

Who would have thought that one of the major challenges from the past year would be the Corona crisis? It shows us all that we need to take good care of our employees and consumers.

To us, it emphasised the responsibility we have for producing packaging that meets the very highest hygiene and food safety standards.

From the summer of 2021, I will pass the baton to the next Schur generation in full assurance that decency and accountability will also be passed on regardless of the possibilities and crises that Schur and the world will face in the future.

*Hans Schur*  
Hans Schur, Group Manager



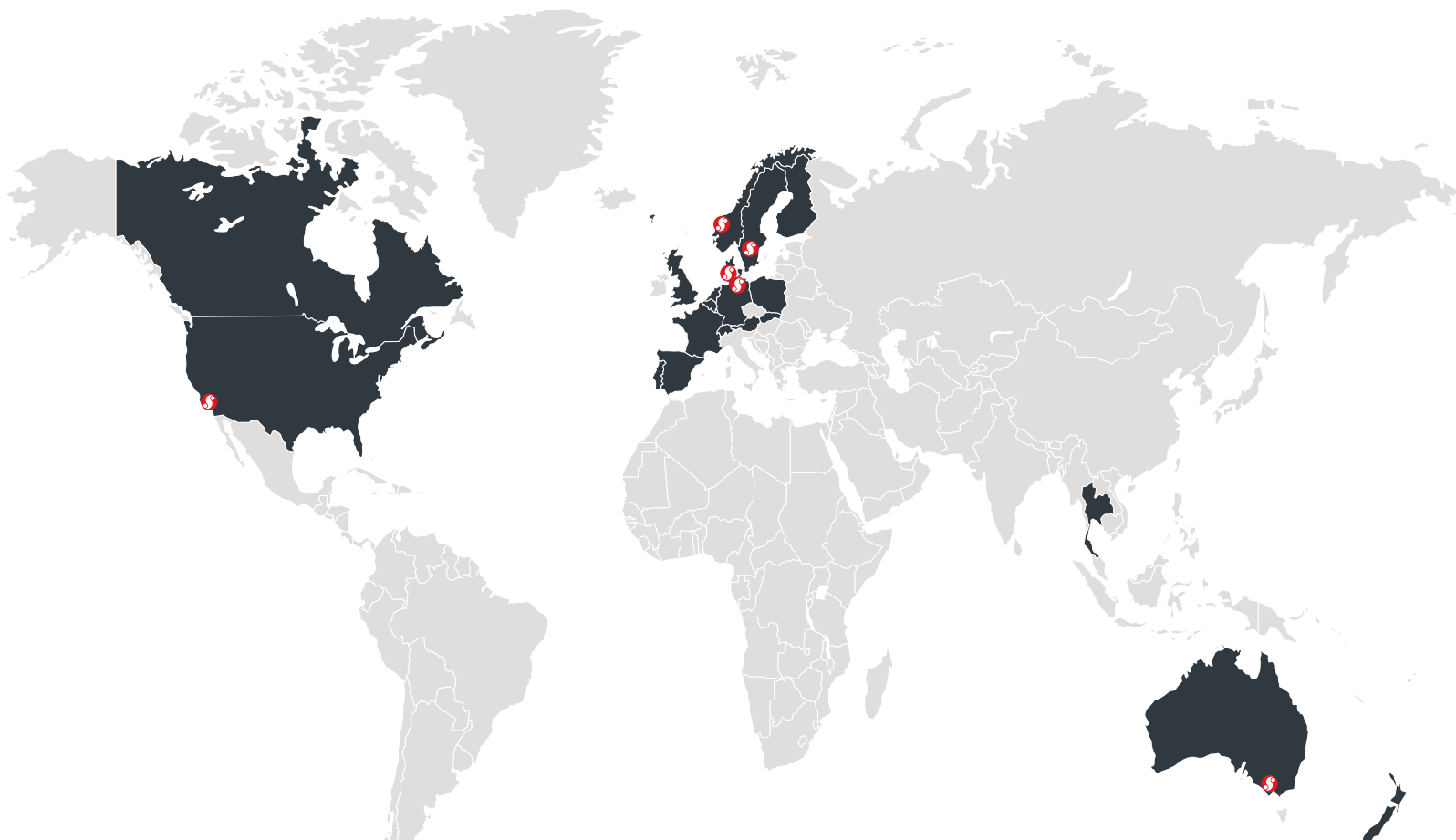
# 2 Schur at a glance 2019/20



Schur's locations



Schur's 20 biggest markets



## Revenue

Increased 6 % since 2018/19  
DKK 1.65 b.



## Number of employees

Reduced by 5 % since 2018/19  
895 employees



## Packaging sold

Reduced by 10 % since 2018/19  
69,004 tonnes of cardboard articles



## Relative carbon emissions

Reduced by 45 % since 2011/12  
9,533 tonnes of CO<sub>2</sub>

# Executive Summerary

Schur applies the 3 Ps - People, Planet & Profit - as basis for our sustainability efforts to assess our performance in a wide, holistic perspective.

We updated our CSR strategy in 2019/20 and used that to establish ambitions until 2030 for our strategic focus areas. We established new ambitions for existing goals and focus areas and defined new initiatives on which we will focus our initiatives until 2030 - including the goal of having a Co<sub>2</sub>-neutral production by 2030.

2019/20 is also when we chose to strengthen our work regarding the 17 UN Global Goals by increasing our strategic focus from 2 to 3 global goals. We therefore focus our efforts on the following global goals: #7 Sustainable energy, #8 Decent work and economic growth and #12 Responsible consumption and production.

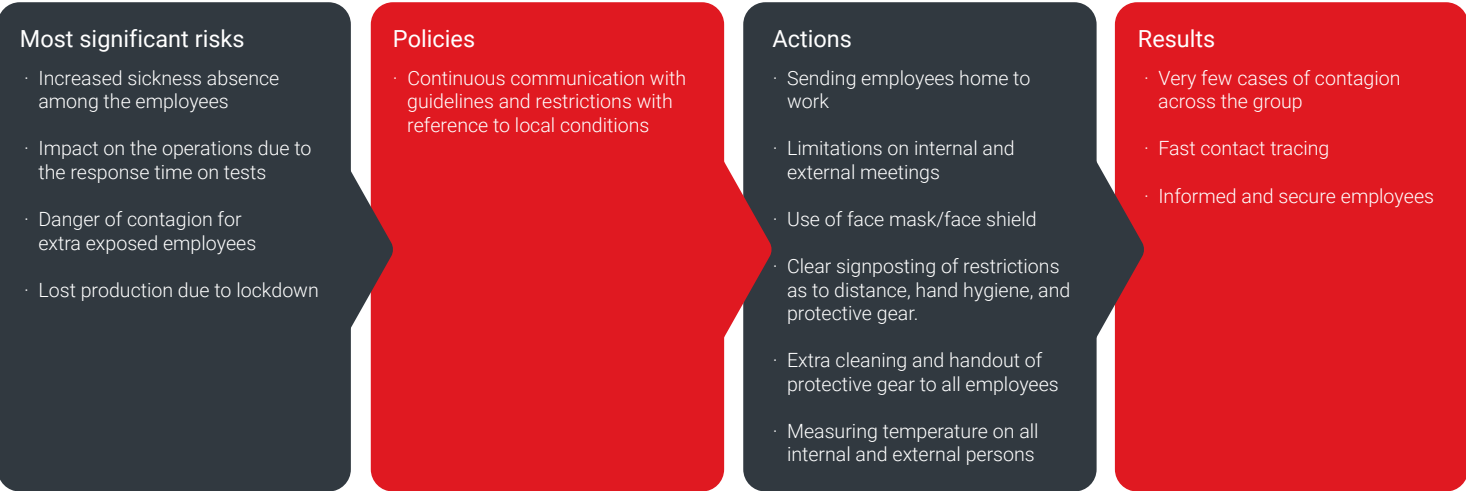
The three selected global goals are thus included as a part of our strategic focus areas within sustainability.

Schur's strategic and targeted work i.a. resulted in a 40 % reduction of our relative energy consumption at the Danish companies in 2019/20, that we emitted 45 % less CO<sub>2</sub> compared to our reference year of 2011/12 and that we implemented a new recruiting and onboarding system and extended our health care plan. In addition, we also worked on our ambition to create an inclusive and diverse workplace with room for everyone in 2019/20.

This CSR report provides details about our work, initiatives and results within the CSR area during the most recent financial year. This year, we chose to support our initiatives with case stories from our companies around the world. We did that to demonstrate how we translate our ambitions into specific results.

## Covid-19

Due to the special situation which the world faced with COVID-19, the CSR report from this year will also address our management of the pandemic. As is the case with all companies, COVID-19 has had much influence on our employees' daily life, our day-to-day operation and our collaboration with external parties. Below we sum up the issues on which we need to report that are specific to COVID-19.



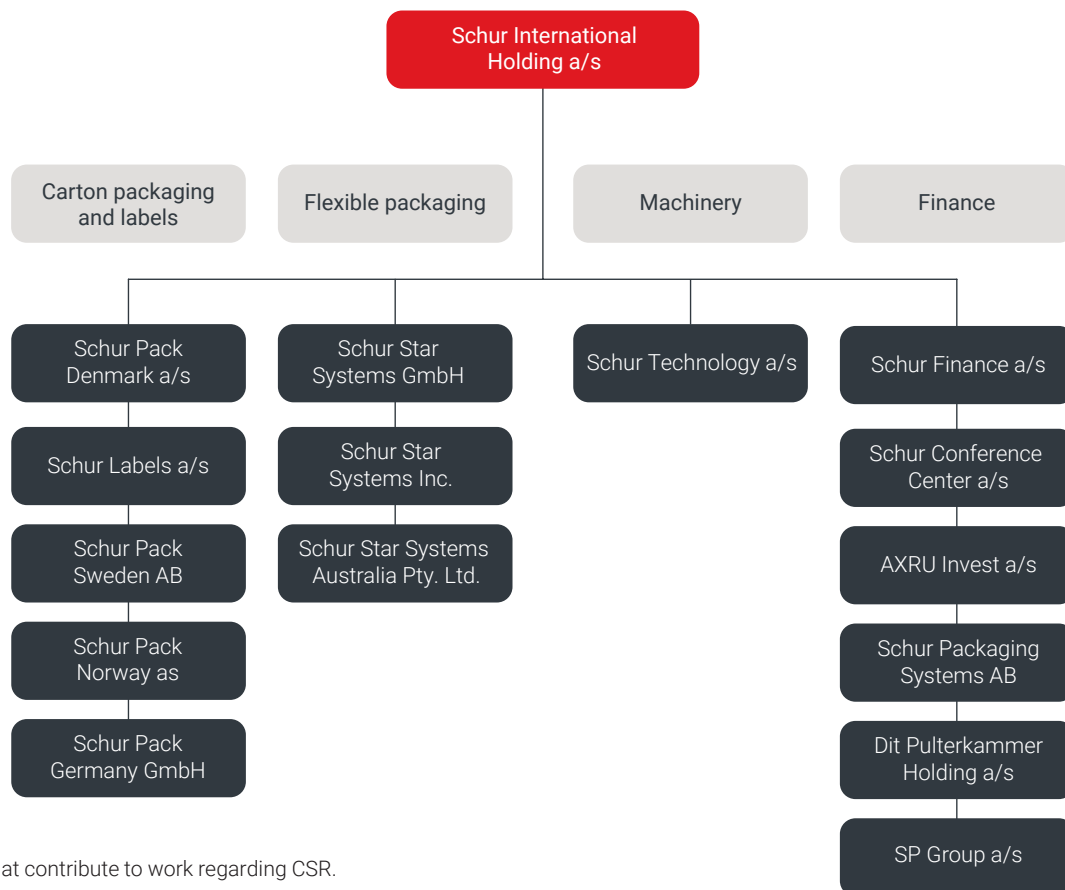
# 3 Schur's business model\*

Schur operates globally, and the primary activities consist of development, production and sales of packaging within carton and flexible materials including complete packaging and logistics systems. In recent years, production and sales of labels have been added to the product portfolio. In addition to this, marketing of innovative consumer products and the DropStop® pourer. Aside from the parent company and a few companies, each individual company within the group has its own development, production and sales activities.

The products of the cardboard companies are mainly sold in Northern Europe and the USA whereas the flexible, machinery and consumer companies sell their products all over the world.

Schur would like to contribute to socially, environmentally and economically sustainable development.

Our commitment is based on internationally approved principles for human rights, the environment and anti-corruption. The principles are all referenced by the "UN Global Compact" - the 17 UN Sustainable Development Goals for global development.



\*This list focuses on Schur companies that contribute to work regarding CSR.

Reference is made to the Annual Accounts for a list of the full ownership structure of the group.



# 4 Schur's approach to sustainability

## Schur's focus on the UN Sustainable Development Goals

Schur has adopted the UN Global Goals and included them in the strategy for the future. Schur's primary work is to contribute to the UN Sustainable Development Goals.

We work with many of the goals as a group but have selected three goals as focus areas. This is where Schur can create the most value. In 2019, Schur chose to focus on goals #7 and #12 to reduce our impact on the environment and climate as much as possible. Work is well underway.

In 2020, the board adopted an updated policy emphasising Schur's joint responsibility for the Global Goals, and Goal #8 was added. Below are the subgoals which Schur chose as focus areas.





## 7 AFFORDABLE AND CLEAN ENERGY



As a production company, we have a natural energy consumption. We therefore chose to focus on Goal #7, thus working on optimising and developing our internal processes in order to reduce our carbon emissions. Our ambition is to be carbon neutral in our production by 2030.



### 7.3 – The speed for energy improvements must be increased

- Energy optimisation in the production
- Car fleet replaced by electricity or hybrid
- Solar cells at all locations
- Investments in sustainable energy production (solar/wind)

## 8 DECENT WORK AND ECONOMIC GROWTH



Creating an inclusive and diverse workplace with focus on the employees' job satisfaction and development is important. Therefore, we chose to focus on Goal #8 from 2020 to emphasise, support and strengthen that work. That is how we will contribute to share responsibility for promoting sustainable, economic growth through a sound and diverse workplace.



### 8.5 – Decent work for all

- Initiatives against discrimination
- Establishment of jobs for people with special needs
- Advancement of equal opportunities via i.a. job descriptions, title structure and recruiting procedures

### 8.6 – More young people need to have work/be enrolled in training

- Work-experience placements and other opportunities for young people in training

### 8.8 – Protection of employees

- Local initiatives to ensure the work environment, e.g. initiatives against long-term illness and accidents
- Local organisation for the purpose of enabling employee participation
- Measuring employees' job satisfaction and initiatives to increase job satisfaction

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

As a production company, leading the way and assuming a high level of joint responsibility to create sustainable consumption and production is important. Therefore, Schur works determinedly to optimise our resource consumption and own production to contribute to a sustainable future for future generations.



### 12.3 – Food waste must be reduced

- Developing packaging to extend the shelf life of food

### 12.4 – Responsible handling of chemicals

- All chemicals are sent to destruction
- Always examining options for better alternatives to chemicals

### 12.5 – The amount of waste must be reduced

- Reduction of waste from the production
- Increase the share of waste reusable/recyclable
- Development of reusable/recyclable packaging
- Collaboration with customers on the development of sustainable solutions

### 12.6 – Incorporation of sustainability in annual reports

- Already a part of the annual reports
- Schur's Code of Conduct

# Our work with responsible business conduct

First and foremost, our primary basis for our Global Goals initiatives is to ensure compliance.

Schur bases its work on global principles and guidelines for a proper and responsible business in accordance with the global minimum standard. Our management system will ensure that general, global principles for human rights, environment/climate and anti-corruption will become local, meaningful initiatives.

If the risks for e.g. discrimination are identified at a local company, it will lead to the implementation of initiatives as a counteraction. Follow-up and openness regarding the issue are necessary. The system also helps identify areas where Schur has the biggest risks of a negative impact within human rights, environment/climate and anti-corruption.

This is where our focus must be. The following chapters contain information about focus areas.

The system is meant to ensure that Schur handles potential and real, negative impacts as follows:

- 1 Identification and clarification of negative impacts.
- 2 Initiatives to prevent/mitigate.
- 3 Communication.
- 4 Measuring progress.
- 5 Redress for stakeholders affected.

## Global Compact

In 2015, Schur committed to the ten universal principles for sustainability within environment/climate, human rights, employee rights, and anti-corruption.

## UN's Guidelines

In 2017, Schur began the implementation of the specific guidelines for responsible business management as defined by UN and OECD.

## Schur's management style

At Schur, we are dedicated to work with sustainable management and through that take our co-responsibility. We do this with a starting point in People, Profit, Planet, and the 17 UNSDG as a point of orientation for our business development. We wish to root sustainable management in all of our organization through our culture, behaviour, guidelines, and policies\*.

# Schur's specific initiatives within sustainability

OUR AMBITION	OUR EFFORT IN 2019/20	OUR RESULT IN 2019/20	OUR FUTURE COMMITMENT
<p>The Board has approved overall goals for the CSR strategy 2022 - 30.</p>	<p>Updated CSR strategy decided by the Board with the UN SDG as a new, central focus.</p>	<p>Process with implementing UN's and OECD's guidelines is 'on-track'.</p>	<p>CSR ambassadors on all locations.</p>
	<p>Implementation of a system for responsible business partnerships in all our companies based on Schur's Code of Conduct for suppliers.</p>	<p>Status CoC: 47% have signed or have their own.</p>	<p>Dialogue with selected suppliers about collaborating on sustainability.</p>
	<p>Schur wishes to live up to the guidelines of UN and OECD as to responsible business management.</p>		<p>Strengthening of the system for impact analyses on human rights, environment, and anti-corruption.</p>
	<p>We have handed out Schur's CoC to selected core suppliers</p>		<p>Whistleblower and 'tell-us' mechanisms are established.</p>
			<p>Secure signatures on CoC from core suppliers.</p>



# Responsible business partnerships

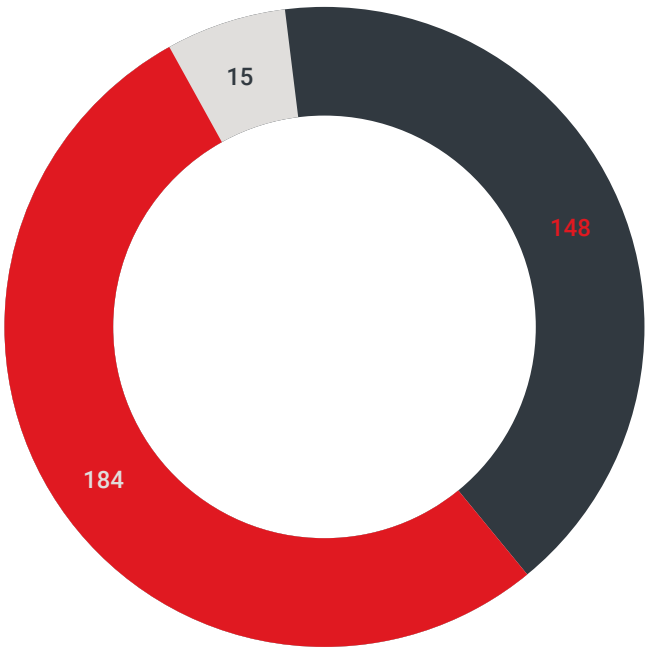
The vast majority of environmental impacts in the value chain occurs before the raw materials arrive at our production sites. The same is the case for risks associated with human rights and corruption. We therefore implemented Schur's Code of Conduct (CoC) in 2020 so that negative impacts will be identified and handled among our suppliers.

All of Schur's suppliers in the first link must be made aware of Schur's CoC, and the core suppliers with whom Schur has long-standing collaboration must sign it unless they have their own CoC that is also accepted. To Schur, responsible partnerships are not only about making demands on each other but about having a dialogue about how to work together to strengthen sustainability. No one in the supplier chain can do it on their own. In 2020, Schur selected a number of suppliers for a dialogue about sustainability, and in the year ahead, we will inspire and let us be inspired by many more.

Schur's CoC is based on the UN Guidelines for Human Rights and Business and the OECD Guidelines for Multinational Enterprises. For instance, there are requirements to have focus on human rights, good working conditions, reuse and recycling, carbon reduction, circular economy and anti-corruption. It is a specific requirement in the CoC that the supplier must proceed in its own value chain with the same requirements.

### Result

In 2020, 347 suppliers were asked to sign Schur's CoC. 148 signed, and 15 did not sign but rather sent their own CoC which we approved. 184 are still in progress. We continue our focus within this area in 2021. The goal is for all selected suppliers to accept Schur's CoC or for us to approve their CoC.



- Still in progress
- Has their own CoC
- Signed CoC



Seen in a holistic perspective, packaging involves several sustainable elements with which Schur can work. Thus, we can contribute to creating more sustainable packaging that also live up to the requirements for product protection so that the end customer will receive the product with the quality requested.

### Sustainability within product development

Schur is aware that packaging has an impact on the environment. Each year, 700,000 tonnes of eatable food are discarded which correspond to 4 % of the combined carbon emission.

Together with our customers, we therefore continuously work to develop and optimise their packaging with focus on sustainable solutions to minimise i.a. the food waste.

### Environmental sustainability in our production

Schur is dedicated to improving our production so that as few materials as possible are used for our products - raw materials as well as energy. We therefore work determinedly and continuously with i.a. reducing our energy, material and water consumption in production. In addition, the year ahead will have focus on waste products for the purpose of either more recycling, more reuse or a reduction in the amount.

Several of our productions have been certified at various levels, but to create a better general view to our customers, our certifications must be made uniform in areas where it makes sense. Our responsibility to environment and climate will be discussed in detail in our "Sustainable Schur" policy.

### Energy efficiency and carbon emissions

During the past few years, we have continued our initiatives to obtain energy optimisation, thus reduction of energy, used at our companies. We integrate energy efficiency into all aspects for renovation, new installations, construction of new buildings and production equipment. So far, that focus has been on our Danish locations but must be extended to all of our locations.

Our combined energy consumption has increased since the reference year 2011/12. This is due to a general increase in production for that same period. However, the volume has de-

creased from last year which is due to a major change in the customer portfolio with Schur Pack Germany. To render energy savings visible, efficiency in the way energy is used must be considered.

### Energy consumption

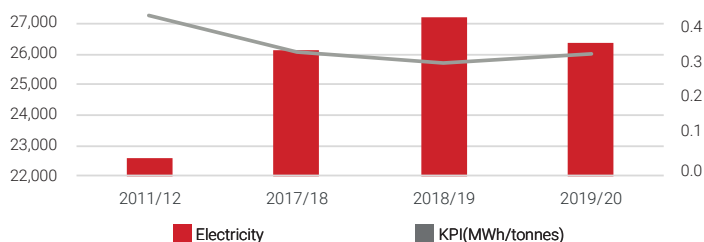
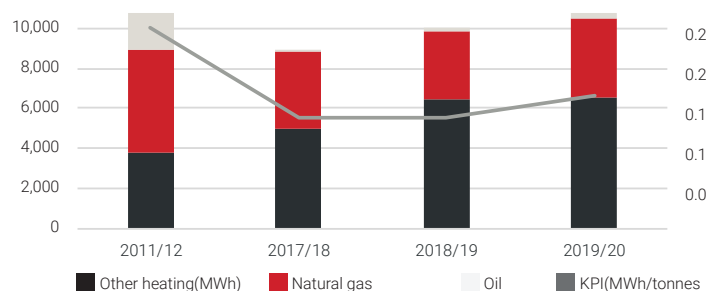
#### Danish companies

Goal: To reduce the relative energy consumption across all Danish companies by 40 percent by 2021 compared to the level from 2011/12. Goal reached. Focus must now be on non-Danish locations to reduce energy consumption at those locations with similar levels.

#### All companies

Change in absolute energy consumption since 2011/12: Heating remains unchanged while electricity has increased by 17 percent. That increase is due to an increased production volume and the addition of more square metres because of i.a. acquisitions and the construction of new buildings.

Looking at the relative energy consumption since 2011/12: Heating per tonne sold went down by 35 percent and electricity per tonne sold went down by 23 percent.

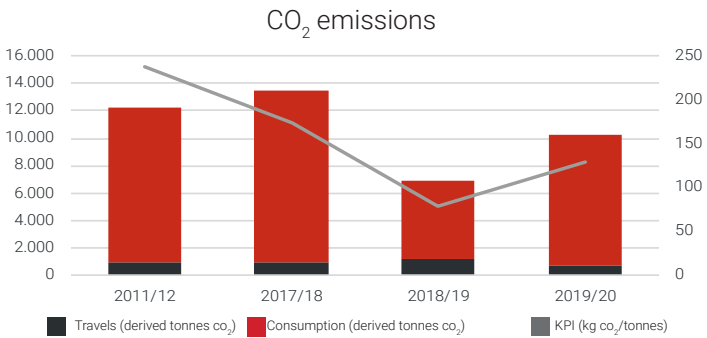




Sch

## Carbon emissions

In 2019/20, Schur changed the calculation principle to ensure fair presentation of local carbon calculations. This change affected the calculation, and we therefore saw an increase compared to the result from last year. The large decline from 2017/18 to 2018/19 is because the electricity market became significantly greener. Looking at historic data from the reference year 2011/12 until 2019/20, Schur emitted 45 percent less CO<sub>2</sub> per tonne produced.



## Chemicals

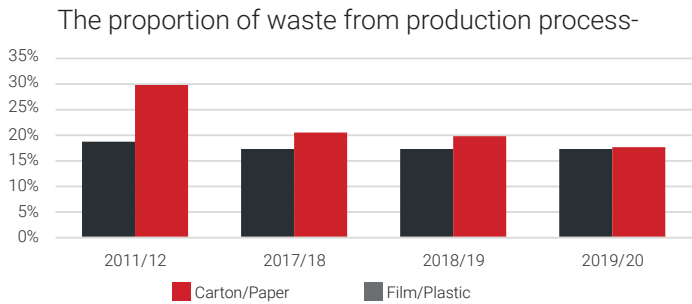
We use chemicals in our production which cannot be avoided. However, we always seek to use the solution with the smallest environmental and health impacts. We comply with the REACH requirements, legislation and regulations. We have an internal system to track all purchased and stored chemicals and chemicals disposed of.

We constantly assess whether our storage of chemicals is in accordance with regulations regarding environment and fire hazard, and we use external partners to handle and dispose of used chemicals.

## Minimising waste

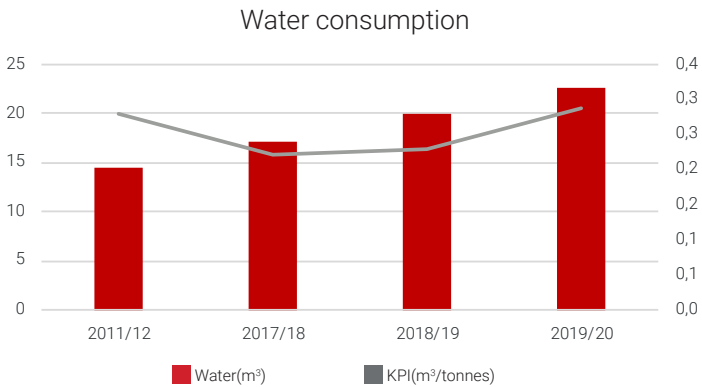
Our goal is to minimise waste which our production generates and waste that cannot be avoided must be handled correctly and reused/recycled to the greatest extent possible. There is some waste in the production, around 15-20 percent, due to die-cutting, packaging for transportation and metal/

electronics. Therefore, Schur will increase focus on our waste management and generation in the years to come. We will collaborate with the customers to reduce the amount coming from die-cutting. We will work to minimise waste from production in addition to die-cutting.



## Water consumption

Primarily our carton companies use water to keep the carton moist in production. We continuously work to identify methods to reduce the water consumption, especially at the carton plants. We did not obtain the requested water consumption reductions, and there have been no significant changes when considering m<sup>3</sup>/tonne in the reference year 2011/12 until 2019/20. Therefore, it must be identified in 2021 how water is consumed at locations in order to actively find methods to reuse water.



## LEAD BY EXAMPLE

# Overall solution for the sustainable Schur®Spoon

Schur has developed an overall solution to meet the prohibition against single-use plastic spoons which will be prohibited from July 2021 through the EU plastics directive. The solution means that producers of i.a. yoghurt served in portions will still be able to offer folded spoons in the lid of the yoghurt cups - but in a sustainable, plastic-free design.

At the beginning of 2020, Schur Pack Denmark a/s introduced the cardboard spoon, the Schur®Spoon. The fibre-based spoon is produced in 100 % renewable material. As there was not a folding machine for such spoons at the market, Schur Pack Denmark a/s teamed up with Schur Technology a/s to have a folding and packing machine custom-designed. The project of ensuring an overall solution to a sustainable spoon therefore consisted of close collaboration between the two Schur business units, drawing on all synergies.

Ulla Poder Sørensen, Sales Manager, Schur Pack Denmark a/s, says, *'A deadline had been defined from the EU, and that was a solution that took time to develop. It has been crucial to us and our customers that our customers were 100 percent ready to face the prohibition against the use of single-use plastic spoons. It was also important that the solution was well thought out as a huge criterion of success is a good user experience for the end user. A step forward for the environment is not necessarily a step back for the consumers'.*



# Schur's specific initiatives within environmental responsibility





## New machine solution for reusable bags

Schur®Star Systems GmbH in Flensburg produces flexible plastic bags to fill on Schur®Star machines installed at many different customer locations. The bags are developed in close collaboration with the customers. Schur®Star Systems is very aware of the sustainable composition of materials and of being an environmentally responsible producer. The plant in Flensburg therefore had two new, custom-designed machines installed in 2020 for the production of mono-plastic bags with only one plastic material.

Klaus Madsen, CEO, Schur®Star Systems GmbH in Flensburg, says, *'Mono-plastic bags consist of one foil which makes the bags reusable. If the bag is produced with three different plastic layers, it is not reusable as the layers cannot be separated. If for example you combine PET with PE, you make an entirely new material. When the plastic material is not pure, it cannot form part of the cycle again'.*

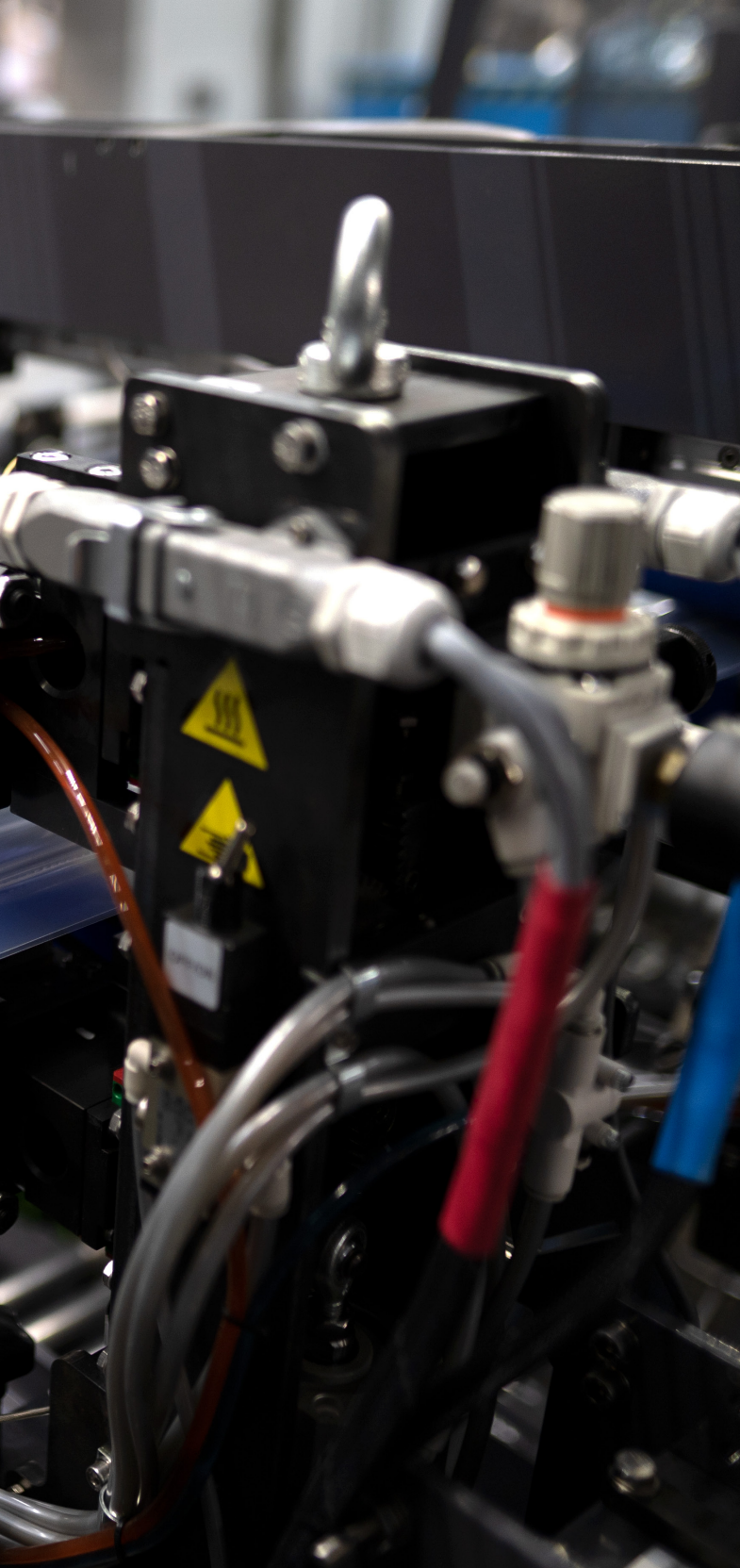
Work with mono-plastic bags in the industry is nothing new, and they have also worked with the concept in Flensburg for some years. The new aspect is the installation of two custom-designed machines at the plant, exclusively for the production of mono-plastic bags - and the aim is to have more machines in the near future.

*'In our capacity as a packaging manufacturer, keeping up development in society is important. To us, investing in becoming more competitive within mono-plastic bags is only natural. We're effective in the specialised machines, so we can produce a more competitive mono-plastic bag. There is an increase in demand for mono-plastic bags in the market, and being a packaging manufacturer, we also have a natural wish to minimise our impact on the environment and climate',* says Klaus Madsen.

He continues, *'Mono-plastic bags are an alternative to ordinary bags which we continue to produce. We can obtain properties with the ordinary bags which are also necessary when we talk sustainability. It may be a barrier which is central in minimising food waste. We constantly work to obtain those properties in our mono-plastic bags, and we've come a long way. We look forward to further optimising our production of mono-plastic bags with the new machines'.*

The mono-plastic machines are developed in collaboration with Schur Technology a/s that produces all machines for Schur®Star Systems GmbH.





## LEAD BY EXAMPLE

### REDcycle in Australia: Flexible bags can now be reused

Used, flexible packaging bags now become anything from signs and asphalt components to outdoor furniture. The public waste management system in Australia is not geared to reuse soft plastic packaging.

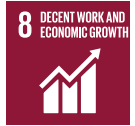
Schur Star Systems Australia Pty Ltd., therefore teamed up with a number of players in 2020 to develop a system where consumers can hand over their soft plastic waste at supermarkets.

The plastic is then collected and processed and ends up at companies that can reuse it in new products.

Carsten Wengel, CEO, Schur in Australia, says, *'I'm happy that we can now offer our customers a solution where their flexible packaging bags can be reused in a way that is easy for the consumer. We already have the first bags on the shelves at the supermarkets to form part of the circular circuit rather than becoming waste, and that trend will grow very much in the years to come'.*



# 6 Social sustainability



Schur finds it very important to be a responsible company in our relation to our employees, partnerships and business connections. We highly respect human rights, and we support the internationally agreed principles in the UN Global Compact, including the Universal Declaration of Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

Below are a number of focus areas on which Schur has extra focus in the work with Social Sustainability which is also clarified via the initiatives that we implemented in 2019/20.

## Social Sustainability - External stakeholders

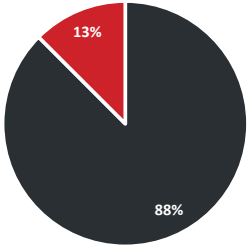
As a producer and supplier of packaging, we naturally have an effect on human rights at our companies and in the value chain. We have identified possible focus areas related to the external stakeholders, including suppliers and consumers.

## Consumers' health

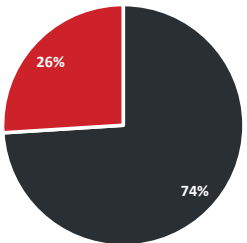
Schur naturally contributes to ensuring consumer health through package solutions of a high standard and quality - being able to produce them with a high degree of food safety is our most important task. Here we focus on the quality of materials, a proper design and a high standard of hygiene. To maintain the high quality and hygiene standards, relevant Schur companies are BRC certified.

This contributes to our operational quality level in relation to food safety being in accordance with best practice within the industry.

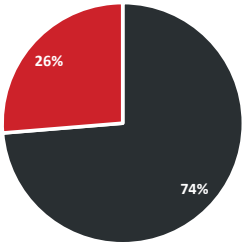
Board of directors of the parent company



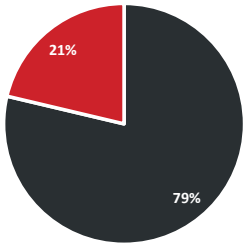
Gender distribution of all employees



Board of directors of all of the companies



Management in all companies



■ Men      ■ Women

## Respect for copyrights

Schur daily prints a large portfolio of designs, images, text and illustrations on our customers' packaging. In that process, showing respect for the authors' rights is crucial. For the same reason, we follow a clear process to ensure that our employees as well as our customers are safe in their handling.

## Social sustainability - our employees

When upholding the importance of treating our employees with respect and ensuring a decent work life for all, it has also been quite natural for us to add UN Global Goal #8 to our focus areas, Decent work and economic growth. That global goal was added to our official commitment to the UN Global Goals at the end of 2020.

Schur's definite focus area will be decent work for all despite the employee's background or challenges.

This global goal has been the source of many of the initiatives on which Schur had extra focus in 2019/20.

## Diversity

It is decisive to us that Schur is a diverse workplace that embraces a diverse workforce. We believe that diversity in age, character, level of education and background contributes to strengthening Schur's culture and performance.

Our ambition is for all of our employees to have equal opportunities to develop within the organisation.

This includes all employment areas from recruitment to promotion, fringe benefits, dismissal etc.

Schur tolerates no form of discrimination among our employees based on for instance race, nationality, gender, age, language, political orientation and disabilities. In 2019/20, we focused on i.a. the possibility of creating decent jobs for people who for some reason cannot be included in a typical full-time job. We will continue with that work in 2020/21 while making

it clear in our external job advertisements that we are an inclusive workplace with focus on diversity.

## Gender diversity

In continuation of the above, having focus on gender diversity is quite natural to us. Our policy is to maintain a high level of attention to the under-represented gender without compromising on the right competences when selecting the best candidate for a job.

Regardless of gender, it is part of our policy to look for talents who want to and have the ability to aspire to a position as a specialist or manager. We seek to increase the share of the under-represented gender by urging and supporting candidates to constantly improve their competences with a view to a promotion.

Our goal is for the share of female managers across the group to constantly match the total share of female employees in the group. In 2019/20, the total share of female employees represents 26 percent of our workforce, and our female managers represent 21 percent of the group management. The increase in female employees is higher than the development of the number of managers. In 2020/21 onwards, we will continue our work within this focus area to achieve our goal by 2025 at the latest.

Another goal is for the share of women on the board to represent 33.3 percent for all companies at any time. In 2019/20, female representation was 26 percent. The goal was not achieved because of the make-up at the parent company where there has been no new election.

## Health and safety

We take our employees’ health and safety very seriously. Being a production company where many employees operate and move around e.g. large machines and chemicals, avoiding work-related accidents and injuries is crucial. For that same reason, we have local, mandatory health and safety instructions.

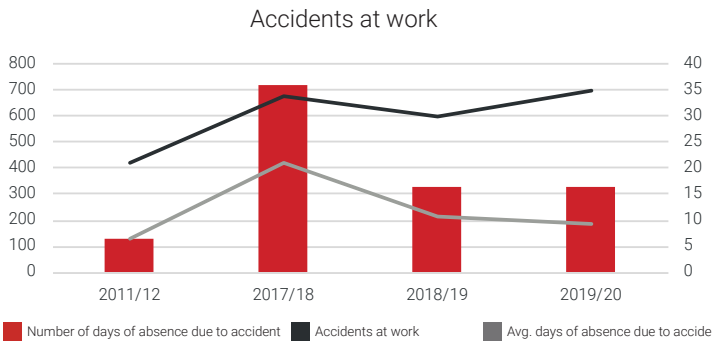
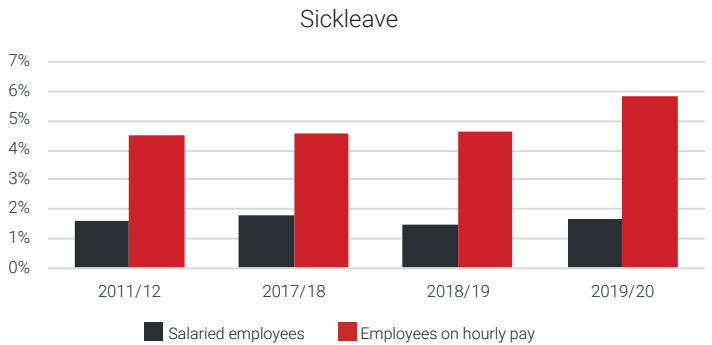
These instructions are available at our local Intranet and provide detailed information about the handling of chemicals, fire safety, first aid, defibrillators and hygiene. We have worked with “Healthy Schur” since 2005. A number of activities focus on the right to safe and healthy working conditions, including the physical working environment.

We have defined a goal to reduce the number of work-related accidents by 5 percent a year (reference year 2011/12). Unfortunately, we had an increase in the total number of accidents in 2019/20 of 16 percent compared to the year before. This is in no way satisfactory, and we will have extra focus on reducing the number of work-related accidents and injuries in 2020/21. However, we succeeded in achieving a reduction in the average number of days lost per accident from 11 days in 2018/19 to 10 days in 2019/20 which brings us closer to our goal of 7 days.

In the current year, the calculation methods are standardised for all companies. However, that did not have much impact on the calculations. For salaried employees, we have a goal of 1.5 percent which was not entirely met in 2019/20 with absenteeism of 1.6 percent. A significant explanation is Corona although not due to positive cases but rather waiting for tests and extra carefulness because of symptoms. For employees paid by the hour, the goal is 3 percent, and that goal has not yet been achieved with absenteeism of 5.8 percent. In 2020/21 onwards, we will improve our work to achieve our ambition of 3 percent.

Schur has much focus on absenteeism due to illness. As the causes for absenteeism vary depending on the location, most of our initiatives to minimise absenteeism are lo-

cally rooted. There are e.g. registration of near-accidents and follow-up plans to prevent illness from developing into long-term illness, flexible working conditions and psychological counselling to reduce stress.



## Employees’ working conditions

We are committed to creating a good and open working environment for all of our employees. Our goal is to prepare clear job descriptions for necessary functions to prevent any misunderstanding regarding the employment. To support that and to strengthen our procedures for receiving new employees, training, employee development and job satisfaction, we expanded our HR department in 2019/20.

An important focus area for our HR department in 2020/21 will i.a. be conducting a job satisfaction survey for the first time throughout the entire group.

## The Bojsen Award

*'I'm proud of having received the 2020 Bojsen Award where the foundation of Horsens Folkeblads used UN Global Goal #8, decent local jobs, as basis. When the committee emphasises that our business has been one of the pillars in the town of Horsens for decades while using terms such as solid, decent and proper about our way of running a business, it not only pleases me but also my family and our employees. The Corona pandemic brought the importance of decency and persistence into focus - virtues which we have sought to comply with for generations.'*

Hans Schur, Group Manager



The hyena sculpture was made by artist Christian Lemmerz

## LEAD BY EXAMPLE

# The CSR mark for diverse workplaces

In 2020, Schur Pack Denmark a/s and Schur Technology a/s both received the CSR mark. The mark is Horsens Alliancen's way to recognise companies that take social responsibility by creating diverse workplaces. This may i.a. be for young people in training, employees who are challenged due to injuries, disabilities or illness or people with social challenges. It may be light duty jobs, job placements, reduced-hours jobs or other arrangements where Schur and the employee agree on employment on special terms.

*'It's a win-win situation to us and the employees', says Anders Hartmann, Director of Operations, Schur Technology a/s. According to Anders, three factors are important for successful integration of employees in training or at the edge of the labour market.*

*'First of all, we use the entire person as basis, not just their professional competences. That requires a close dialogue to enable us to really get to know each other. Second of all, we spend the necessary time to find the right tasks and subsequently tailor them to each employee. In that way, important tasks are solved for which there might not be a full-time job. Third of all, we have a close dialogue with the municipality to make sure that we collaborate on setting the optimal framework for people in a process with the municipality and with Schur.'* He emphasises that the diverse workplace is created because it is natural to the management to take social responsibility and to see Schur as one big family.

Schur Pack Denmark a/s also sees much value in welcoming a diversity of employees to the company. Allan Laursen, Director of Operations, experiences the joy of giving people something meaningful to get up to in the morning. It also gives benefits to the company. *'It is a unique opportunity to test and upskill an employee with a view to permanent employment. We currently have several employees who have either become part of the full-time staff or a reduced-hours arrangement following job testing, and we also have employees who are employed with light duties and mentor schemes.'*

Allan remembers a boy who worked at Schur while being in elementary school. He was headed into a future with crime, but the school and Schur changed him so much that he is now doing well as an adult and has a good work life.

*'That kind of stories make the management and employees proud of being part of making good conditions for people in a difficult situation'.*

Unfortunately, the Corona crisis caused certain limitations to open up positions for more people with challenges. Schur is looking forward to enhancing that work when again possible and to having even more diversity among its employees.



# Schur's specific initiatives within social sustainability

OUR AMBITION	OUR EFFORT IN 2019/20	OUR RESULT IN 2019/20	OUR FUTURE COMMITMENT
Decrease sickness absence among office workers and hourly paid workers.	Smoking cessation courses and implementing non-smoking locations in Denmark.	New, concerted employee handbook for all companies in DK.	Job satisfaction survey for the entire group.
Reduce the number of accidents and injuries at work.	Expansion of employee healthcare program.	New and stronger recruitment- and onboarding system .	Establishing a fitness center on J.W. Schurs Vej.
Secure diversity and multiplicity.	Inclusion of marginalised through local efforts – e.g., young people without education or vulnerable employees.	Expansion of HR and CSR functions on group level.	Translating and implementing the employee handbook in the companies outside of DK.
Increase the number of women in management.	Apprentice swap.	Permanent employment of employees after ended job capacity assessment.	Guidelines on sexual harassment.
	Readjustment of production in Sweden to Corona protective gear.		Insert statement about diversity in job advertisement.

## Schur Technology a/s - enhancing competences via trainee swapping



Schur Technology a/s and FH Automation a/s in Horsens initiated collaboration for the purpose of strengthening the training of trainees. The two companies both have automatic control technician trainees who will now have a process in both companies to obtain extra skills. A traineeship as an automatic control technician is 3.5 years, and in total, the two companies swap trainees during a 10-week period. The idea is for the two companies to offer their trainees further challenges and competences via the collaboration.

At Schur Technology a/s, the trainees primarily work with mechanical erection and machining while at FH Automation, they work with panel building, motors and testing. All of these disciplines are important within the automatic control technician profession, and trainees in this arrangement therefore become more attractive upon completed training.

The process also teaches trainees to work at different workplaces. They learn that tasks can be solved in different ways and gain insight into different corporate cultures. This results in a strengthening of the professional as well as the social toolbox.

Kristian Duborg, trainee at Schur, was one of the first trainees to take part in the unique collaboration. According to him, being in a process with FH Automation a/s has a clear benefit,

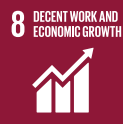
*'You get out and experience some very different things and something else than your usual work. It gives me some skills which I wouldn't have got otherwise',* says Kristian Duborg.

The collaboration also showed the persons responsible for the trainees at both companies that there are many benefits from sparring and collaborating on trainees. It will likely result in an even stronger trainee process for future trainees.

The trainee swapping won a lot of positive attention in various media, and the Confederation of Danish Industry commends the initiative hoping that more companies will follow suit with similar programmes.



# 7 Economic sustainability\*



Schur is dedicated to creating economic sustainability by focusing on economy from a long-term and overall perspective so that we can maintain and develop our production and business. At the same time, we would like to contribute to a sustainable, economic future that also follows ethical and statutory guidelines such as the OECD Guidelines for Multinational Enterprises.

Schur has zero tolerance for unethical behaviour - including corruption, bribery and conflicts of interest. We have used our Schur Code of Conduct to define selected areas that we expect us, our suppliers and customers to live up to.

A detailed analysis of the Schur companies has shown that there is a need to clarify and record guidelines to minimise risks within a few, selected areas. Initiatives these years therefore aim at recording these guidelines and using them to minimise risks.

The table is a list of the focus areas in 2019/20 and planned focus areas for the year ahead.

In 2019/20, our overall focus is on creating common guidelines to prevent personal interests and relations to weigh higher than the interests and ethical considerations of the company. In 2020/21, we will continue to ensure dissemination of the new guidelines to all of our companies and to work on an update of further policies and structures.

New legislation in 2021 makes it compulsory for companies within the EU having a minimum of 50 employees to have a whistleblower arrangement. A whistleblower system will therefore be established at Schur in 2020/21 to enable employees and external persons to anonymously report offences in line with the new directive. Schur wants to continuously work with and ensure focus on good business ethics.

\*This chapter deals with business ethics.

Financial data are available in Schur's annual report.



# Schur's specific initiatives within economic sustainability

OUR AMBITION	OUR EFFORT IN 2019/20	OUR RESULT IN 2019/20	OUR FUTURE COMMITMENT
Zero tolerance for corruption.	Guidelines for employment of family members and close relations implemented in Denmark.	Increased internal dialogue about corruption related subjects.	Implementing a Whistleblower system.
	New title structure implemented in Denmark to streamline and clarify the organisational structure.	Zero cases regarding corruption.	Title structure must be implemented in the companies outside of Denmark
	Spot checks of internal consumption on selected locations.	Update of employee handbook to Danish locations.	New tax policy.
	A new recruitment system: All office workers must go through tests of cognitive and personality-wise conditions.		Guidelines for employing family members and close relations must be implemented in Schur's companies outside of Denmark.
			New consumption policy.
			New travelling policy based on constant care in choosing when to travel, how, and at which cost.

# 8 Sustainability key figures

## Produced

KPI		2011/12	2017/18	2018/19	2019/20
Carton	Tonnes	49,169	68,429	76,598	69,004
Flexible	Tonnes	2,364	9,037	10,915	9,652
<b>Total</b>	<b>Tonnes</b>	<b>51.533</b>	<b>75.910</b>	<b>87.513</b>	<b>78.658</b>

## Energy, heating

KPI		2011/12	2017/18	2018/19	2019/20
Gas (heating)	MWh	5,139	3,837	3,381	3,168
Oil (heating) <sup>1</sup>	MWh	1,851	150	200	255
Other (heating) <sup>1</sup>	MWh	3,771	4.969	6.469	6.546
<b>Heating total</b>	<b>MWh</b>	<b>10,761</b>	<b>8,956</b>	<b>10,050</b>	<b>9,969</b>
KPI heating	MWh/tonnes	0.209	0.116	0.115	0.127

## Energy, electricity

KPI		2011/12	2017/18	2018/19	2019/20
Electricity total <sup>1</sup>	MWh	22,555	26,163	27,202	26,371
KPI-Electricity <sup>3</sup>	MWh/tonnes	0.438	0.338	0.311	0.335

\*Footnotes are in Chapter 11 - Appendix 3

## Emission transport

KPI		2011/12	2017/18	2018/19	2019/20
Air travel	Tonnes CO <sub>2</sub>	410	470	642	191
Cars	Tonnes CO <sub>2</sub>	588	549	599	503
Cars <sup>5</sup>	gCO <sub>2</sub> /km	188	146	162	152
Transport total	Tonnes CO <sub>2</sub>	998	1,019	1,241	694

## Emission production

KPI		2011/12	2017/18	2018/19	2019/20
Natural gas	Tonnes CO <sub>2</sub>	1,044	779	685	585
Oil (heating)	Tonnes CO <sub>2</sub>	491	40	53	63
Other (heating)	Tonnes CO <sub>2</sub>	476	398	511	689
Electricity <sup>6</sup>	Tonnes CO <sub>2</sub>	9,248	11,250	4,370	7,991
Total emissions	Tonnes CO <sub>2</sub>	11,259	12,467	5,619	9,328
KPI emissions	Kg CO <sub>2</sub> /tonne	218	161	64	119

\*Footnotes are in Chapter 11 - Appendix 3

## Waste and water

KPI		2011/12	2017/18	2018/19	2019/20
Film/plastic	%	29,7	20,4	19,6	17,6
Carton/paper <sup>8</sup>	%	18,6	17,2	17,1	17,3
Water <sup>1</sup>	m <sup>3</sup>	14,433	17,112	19,974	22,523
KPI-water	m <sup>3</sup> /tonne	0,280	0,221	0,228	0,286

\*Footnotes are in Chapter 11 - Appendix 3

## Working environment

KPI		2011/12	2017/18	2018/19	2019/20
Salaried employees sickness absence	%	1.6	1.8	1.5	1.6
Employees paid by the hour sickness absence	%	4.5	4.6	4.7	5.8
Industrial accidents	Number	21	34	30	35
Days lost due to accidents	Number	132	717	326	328
Average days lost per accident	Number	6.3	21.1	10.9	9.4

## Diversity

KPI		2011/12	2017/18	2018/19	2019/20
Female employees	%	19.4	20.5	22.9	26.0
Women in management	%	13.0	18.8	18.9	21.3
Women on the board	%	9.1	23.4	24.1	26.3
Women on the board, parent company	%	11.1	11.1	11.1	12.5

## LEAD BY EXAMPLE

# Packing machine and packaging for Jordan Green Clean

Jordan Green Clean is a series of dental hygiene products exclusively made of sustainable and renewable resources. Jordan Green Clean is produced by Orkla Flisa, a part of Orkla. Orkla is a leading supplier of well-known brands within e.g. food products, care products and household products.

Orkla would like to increase focus on sustainable products. When thinking of packaging for toothpicks, plastic containers often come to mind. Jordan still uses plastic containers in its normal range of toothpicks. The goal of Jordan Green Clean has been to entirely remove plastic from the equation. Per Fodnæss, Plant Manager, Orkla Flisa, says,

*'Orkla has a mission of eliminating all use of plastic, sugar and palm oil in the products that we distribute. We know that is an ambitious goal, but sustainability is at the top of our agenda. We would like to represent the environmentally friendly choice, and we're willing to make large investments to achieve that goal. Jordan Green Clean is only one of many examples to illustrate that'.*

To help the project cross the finish line, Orkla Flisa has collaborated with Schur Pack Denmark a/s and Schur Technology a/s. Schur Pack Denmark a/s has been aiming to produce reusable carton packaging which was durable enough to replace the plastic container. Schur Technology a/s was in charge of designing a packing machine that could be integrated into Orkla's already existing production line AND ensure that the machine could put 100 toothpicks into the packaging without using the well-known plastic container. The packaging as well as the packing machine have been developed in close collaboration between Schur and Orkla Flisa to ensure the most optimal solution. Thus, Orkla also experienced the synergies of a supplier that was able to adopt a comprehensive approach to the project. Per Fodnæss says,

*'As we were looking for a supplier for this project, we knew that we wanted a total supplier. We could have chosen to collaborate with various suppliers, but it was important to*

*us to achieve synergies from a supplier that could have taken a comprehensive approach to the project. At the same time, it was important for us to choose a supplier whom we knew would accept the task with much commitment and an innovative way of thinking. We definitely found that with Schur.'*

The packing machine was installed at Orkla Flisa in September 2020 and is operating at full force. The sustainable packaging with toothpicks is therefore already available at the stores.



## LEAD BY EXAMPLE

### The first, plastic-free snuff packages in Sweden.



In 2019, SNÖ NO Tobacco Products AB (SNTP) and Schur Pack Sweden AB worked intensively in creating a new and innovative packaging solution for SNTP's snuff products. The 100 % reusable box is now on the market, and its reception was very positive!

Until recently, snuff boxes were exclusively made of plastic or parts of plastic. The idea for the plastic-free solution saw the light back in 2014 as Thomas Ericsson, "the King of Snuff", wanted to make snuff packaging in solid carton. However, it was not until Nils Djurklou, CEO, SNTP, presented Thomas Ericsson and Schur Pack Sweden AB to an innovative and unique design solution that everything fell into place.

*'We created a packaging solution to the SNÖ product that is 100 percent reusable with no forms of plastic. All snuff/Nikotin Pouches that have been on the market so far are sold in round plastic boxes. We wanted to be different from existing suppliers that currently think traditional, round forms, says Nils Djurklou.*

The carton material is from Stora Enso AB in Skoghall, the packaging is produced by Schur Pack Sweden AB in Kumla, and the snuff is filled into snuff packages by SNTP in Helsingborg. The mindset was local to reduce transport and focus on sustainability in all areas of development of the new snuff packaging.

The product is currently offered in four variants and in a 5-pack display that is just as plastic-free as the box. SNTP is hoping for a sales success as they now know that other continents as well as several European countries are interested in launching the product on their markets!



# 9 Appendix 1 - Sustainable Schur Policy

Schur is an international group with the main activities development, production and sale of packaging and flexible materials, stamping, labels, consumer products, package and production equipment and complete packaging systems. Schur has departments in Denmark, Sweden, Germany, Australia and the USA.

Schur is committed to sustainable development in harmony with Schur's values:



Familializing' our customers!



Constant care!



We think before we act!



We walk the talk!

## Policy basis

Schur supports the UN Global Compact and works to live up to the global minimum standard for responsible business conduct as defined in:

- The UN guidelines for human rights and business
- The OECD guidelines for multinational enterprises

These are based on the Universal Declaration of Human Rights, the Rio declaration on Environment and Development and the UN Convention against Corruption.

Schur recognises the UN Sustainable Development Goals, and Schur's role is to contribute to their fulfilment within Schur's sphere of influence.

## Commitment

Schur commits to:

- respecting the principle of the rule of law and to observing national regulations regardless of the location of Schur's operations
- contributing positively to social, environmental and economically sustainable development whenever possible
- observing the global minimum standard for responsible business conduct by:
  - identifying, preventing and mitigating potential and actual adverse effects on human rights, the environment and anti-corruption and by communicating that work
  - handling adverse effects which we cause or contribute to or which can be directly linked to us via our business relations
  - seeking to secure access to relief for persons affected by adverse effects on which Schur has an influence and/or informing the relevant authorities

This Sustainable Schur Policy is reflected in other Schur policies, procedures and guidelines.

## Expectations

Schur assumes responsibility in the value chain, i.e. by describing expectations to suppliers in the Schur Code of Conduct.

Schur expects its business relations to:

- observe the global minimum standard for responsible business conduct
- immediately inform Schur if they are connected to serious effects on human rights, the environment or anti-corruption and to take the initiative to handle them



Schur expects its employees to:

- honour Schur's commitment by observing this policy in their daily work
- point out - and encourage other stakeholders to do the same - potential and actual adverse effects on the principles for human rights, the environment and anti-corruption to which Schur can be linked

### Communication and revision

This policy has been approved by the board of directors. The policy is available to the public and is communicated internally as well as externally.

We welcome all external and internal stakeholders to enter into a dialogue regarding the work for sustainable development, and we want to make sure that there are good possibilities for that dialogue.

In order to ensure continued focus on the principles for human rights, the environment and anti-corruption, we will regularly review and revise the policy if necessary. It will be revised at least every three years.

# 10 Appendix 2 - Schurs Code of Conduct

## 1. Introduction

Schur participates in the UN Global Compact. Schur is committed to contributing to socially, environmentally and economically sustainable development according to the 'Sustainable Schur' policy.

We are striving to meet the global minimum standard for responsible business conduct as stated by the UN and OECD. We expect our partners to do the same. Collaboration must be based on dialogue and mutual inspiration for ways to improve our work within sustainability.

The purpose of this Code of Conduct (CoC) is to ensure that Schur's suppliers demonstrate responsible business conduct by managing risks regarding human rights (including labour rights), environment and the fight against corruption. Schur continuously works to prevent or mitigate potential negative effects within these areas. We do not ask our suppliers to guarantee that they have no negative effects - running a business without causing an impact is not possible. Instead we ask them to take responsibility to identify and manage these impacts.

## 2. Requirements for the management system

Suppliers are expected to always observe legislation where they operate. Schur reserves the right to impose further, more specific requirements in connection with sustainable development.

Schur expects our suppliers to prepare and implement a management system that is completely in accordance with the global minimum standard for responsible business conduct as stated in:

- The UN guiding principles for Human Rights and Business
- The OECD Guidelines for Multinational Enterprises

(hereafter referred to as the UN and OECD guidelines)

**2.1 The extent of the global minimum standard for responsible business conduct, the management system, must as a minimum handle the company's impact on:**

- the human rights stated in the Universal Declaration of Human Rights, including the fundamental labour rights from the International Labour Organisation's Declaration on Fundamental Labour Rights
- the external environment including the areas that are discussed in the Rio Declaration on Environment and Development, including climate as reflected in the Paris Agreement
- combating corruption in relation to the extent stated in the UN Convention against Corruption

The way to do this is described in the UN and OECD guidelines. It includes the following acts:

**2.2 Adoption of a policy for responsible business conduct. Our suppliers' policy must:**

- be supported by the CEO/at board level
- be based on UN and OECD guidelines
- state the company's expectations to employees and partners
- be available to the public and communicated internally as well as externally
- be rooted in all other operational policies and procedures in the entire company

If the supplier does not have such a policy on the date of the signing of this CoC, Schur expects a policy to be prepared within a reasonable time frame.

### 2.3 Establishment and maintenance of a procedure for due care

Suppliers must establish a procedure to enable regular assessments of risks of actual and potential negative impacts on human rights, environment and the fight against corruption. Suppliers must have initiatives to prevent or mitigate identified impacts, and follow-up is necessary for the initiatives to ensure effectiveness.

If the supplier has not established a system for due care on the date of the signing of this CoC, Schur expects such a system to be prepared within a reasonable time frame.

### 2.4 Right to redress

When suppliers find out that they cause or contribute to actual, negative effects in relation to human rights, environment and the fight against corruption, they must enable redress via a reasonable process (grievance mechanism) for anyone affected. Notifying the relevant authorities may be necessary.

## 3. Implementation

This CoC applies to Schur's suppliers in the first, direct link. Suppliers must expect their suppliers in the first link to have established sufficient procedures to manage their impacts according to the UN and OECD guidelines.

If serious impacts are found in the suppliers' value chains, Schur's suppliers must use their influence to get the entity causing those impacts to handle the impacts sufficiently.

Suppliers must have documentary proof to demonstrate observance of the UN and OECD Guidelines. This may i.a. be: policies, documentary proof of due care, including impact assessments at operational level and records of the process for specific acts and information about grievance mechanisms. Small companies may be exempt from the formal documentary proof.

## 4. Dialogue

The purpose of this CoC is to be the basis for collaboration and dialogue between Schur and our partners with a view to strengthening work within sustainable development.

Schur expects all suppliers to be able to state their implementation level at any time in connection with the requirements contained in this CoC. Suppliers must collaborate and answer further questions if deemed necessary, collaborate with Schur on improving management systems and handle specific impacts. Schur is at any time willing to share documentary proof of our system for due care.

If Schur's supplier causes, contributes to or is linked to serious impacts, the suppliers must immediately inform Schur and account for actions to end, prevent or mitigate recurrence of the serious impacts.

If that is not observed, the suppliers must arrange self-correction within a set period. As a first step, Schur will always try to initiate a dialogue with the supplier to find ways to handle issues in connection with this CoC.

If there is no notification of serious impacts or if self-correction is not arranged or if the supplier does not show willingness to improve systems and handle identified, negative impacts, Schur reserves the right to terminate the collaboration.

# 11 Appendix 3 - Footnotes

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<sup>1</sup> Gas, water and electricity consumption is based on invoices or information stated by the supplier. Collected annually for all companies.

<sup>2</sup> Total heating from gas, oil and other sources.

<sup>3</sup> Total heating or electricity divided by tonnes sold at the packaging companies (carton and flexible materials).

<sup>4</sup> Based on flight tickets for business travels.

<sup>5</sup> Employees' use of cars for business purposes.

<sup>6</sup> Total emissions from electricity and heating. Emission factors are collected annually for all companies.

<sup>7</sup> Emitted CO<sub>2</sub> divided by tonnes produced at the packaging companies (carton and flexible materials).

<sup>8</sup> Waste from film/plastic/carton/paper for companies is defined as the difference between the kilogrammes entering production and the produced kilogrammes. Thus, the wastage rate does not include error production and waste from cutting of materials.

<sup>9</sup> Sick days/hours are calculated without long-term illness. 1-4.5 hours of illness must be registered as half a sick day and illness for 4.5 hours or more must be registered as a whole sick day. The percentage is calculated based on the total number of workdays/hours.

<sup>10</sup> Sick days/hours are calculated without long-term illness. The percentage is calculated based on the total number of workdays/hours.

<sup>11</sup> Total number of accidents that have caused more than one sick day after the day of the accident.

<sup>12</sup> Days absent include salaried employees as well as employees paid by the hour. The number does not include long-term illness.

<sup>13</sup> Total number of days absent due to an accident divided by the total number of accidents that have caused one or more sick days.

<sup>14</sup> Management is defined as employees who report directly to the CEO. Locally, this may include managers, heads of departments, specialists.

<sup>15</sup> Boards across all of Schur's companies.

<sup>16</sup> Board members elected at the general meeting.



**LEADER OF THE PACK**

SINCE 1846

