

Our products
are circular
by nature

Sustainability report 2021



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About the sustainability report

This sustainability report is part of Brødrene Hartmann A/S' annual report covering the period 1 January – 31 December 2021. The report constitutes our Communication On Progress to the UN Global Compact and ensures compliance with section 99a, 99b and 107d of the Danish Financial Statements Act.

In the preparation of the report, we have focused on identifying and reporting on relevant stakeholder concerns and the context and materiality of our efforts as well as presenting a comprehensive overview of Hartmann's sustainability work.

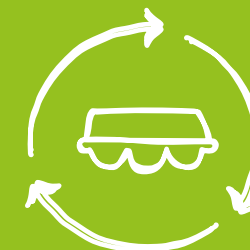
We aim to continuously develop and improve our approach, welcoming any feedback from our stakeholders.



CEO letter

We navigated turbulent markets under COVID-19, continued to promote the conversion to bio-degradable moulded-fibre products and took decisive steps to intensify our sustainability efforts.

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Replacing plastic with moulded fibre

Our moulded-fibre packaging is part of the solution to reduce plastic pollution as we offer a superior, well-proven and more sustainable alternative to plastic-based products.

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Materiality assessment

Our sustainability work is guided by a materiality assessment conducted in 2021 to identify Hartmann's impact on our surroundings and the sustainability-related risks our business faces.

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Follow us here:



*We have embarked on
the next phase of our
sustainability journey*



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Hartmann at a glance

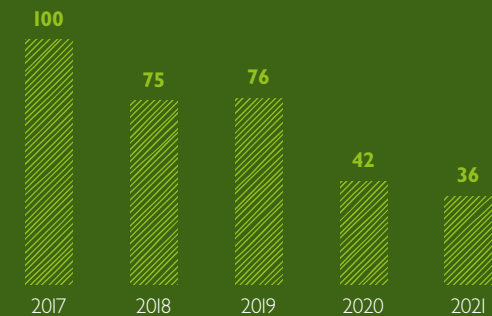
Hartmann is the world's leading manufacturer of moulded-fibre egg packaging and a market-leading manufacturer of fruit packaging in South America and India. The group is also the world's largest manufacturer of technology for the production of moulded-fibre packaging. Founded in 1917, Hartmann's market position builds on its strong technology know-how and extensive experience of sustainable moulded-fibre production dating back to 1936.



¹ Plastic waste saving resulting from our customers' choice of moulded fibre instead of plastic-based packaging.

Accident statistics

Work-related accidents per million working hours (LTI-FR)



The next phase of our sustainability journey

2021 was a busy year in Hartmann as we navigated turbulent markets under COVID-19, continued to promote the conversion from single-use plastic packaging to bio-degradable moulded-fibre products and took decisive steps to intensify our sustainability efforts and define new green ambitions.

On the backdrop of COVID-19 uncertainty and fluctuating demand for eggs in 2021, we maintained our unflinching focus on replacing single-use plastic and polystyrene foam packaging with Hartmann's moulded-fibre products. We offer customers and consumers a superior, well-proven and more sustainable alternative, which is part of the solution to reduce plastic pollution. We estimate that our bio-degradable packaging replaced 133,000 tons of single-use plastic and polystyrene foam packaging in 2021.

Our moulded-fibre packaging is produced from recycled raw materials, and circularity has been the very foundation of our business model since the construction of our first production plant in 1936. The sustainable profile of our products has been a key competitive strength and a growth driver for years. We continuously strive to improve our processes and ensure that Hartmann's products will remain the most sustainable packaging solution going forward – and we are therefore stepping up our efforts to identify opportunities, accelerate improvement initiatives and report on our progress and challenges.

In 2021, we embarked on the next phase of our sustainability journey as we conducted a thorough and structured double materiality assessment to draw up a detailed chart of the issues that are critical to our stakeholders and our own business. Based on this assessment, we are elevating the level of disclosure and providing stakeholders with greater insight into our sustainability performance in terms of energy consumption, CO₂e emissions, water consumption and other relevant data. The intensified sustainability

efforts and the upgrade of our reporting are testament to our clear commitment to the green agenda.

Based on our analysis and the clear ambition of remaining a front-runner in our industry, we have committed to set near-term science-based emissions reduction targets with a view to contribute to limiting the global temperature rise to 1.5°C. We will work to reduce scope 1 and 2 CO₂e emissions by 50% in 2030 with scope 3 CO₂e emission reduction targets to be developed as our next step. We will submit ambitious climate targets for approval and validation by the globally recognised Science Based Targets initiative (SBTi), and we look forward to pursuing the targets and reporting on the progress made in the years ahead. In addition, we will maintain our focus on occupational health and safety with a target of reaching zero work-related (category I) accidents while simultaneously ensuring that our products do not compromise the health and safety of our customers and end-consumers.

On the back of our accelerated sustainability efforts, we are re-confirming our commitment and endorsement of the UN Global Compact and its principles, which we will continue to support in 2022. Simultaneously, we are committing to support the UN Sustainable Development Goals with a particular focus on six selected goals as outlined in this report. We look forward to the journey ahead and aim to continuously evolve and improve our approach, welcoming any feedback from our stakeholders.

Torben Rosenkrantz-Theil
CEO



We are promoting our products as part of the solution to reduce plastic pollution and emissions, while simultaneously committing to step up our efforts to reduce our climate footprint.

Replacing plastic with moulded fibre

We are committed to replacing single-use plastic packaging with moulded-fibre products which have a favourable sustainability profile and superior product features, while stepping up our efforts to reduce emissions and improve workplace safety.

Hartmann's moulded-fibre packaging is part of the solution to reduce plastic pollution as we offer consumers a superior, well-proven and more sustainable alternative to oil-based, single-use plastic and polystyrene foam packaging.

We are working to accelerate the shift from these oil-based packaging solutions to our moulded-fibre products, which additionally offer more marketing space, better protection and hygiene.

More and more consumers across our markets prefer moulded-fibre products to plastic and polystyrene products, and the awareness of plastic pollution is growing globally as non-degradable plastic ends up in landfills or the oceans. Our customers' preference for moulded fibre over plastic has reduced plastic waste by 133,000 tons in 2021.

The shift to moulded-fibre packaging has a favourable sustainability impact according to a Life Cycle Analysis² comparing the environmental performance of moulded fibre and recycled PET egg packaging. The superior sustainability performance of moulded fibre is mainly due to the lower climate impact of the renewable and well-recycled raw material throughout its life cycle. On average, raw material for moulded-fibre packaging can be circulated 3 times more than recycled plastic raw material. At the same time, moulded-fibre packaging can be recycled twice, while plastic-based packaging can only be used once.



Compared to recycled plastic products, the moulded-fibre alternative entails significantly lower emissions and usage of non-renewable primary energy. In addition, moulded fibre creates less air pollution (photo-chemical ozone) from toxic incineration and acidification, while also causing less of an impact on waterways and aquatic life.

We will continue to develop our technology and processes to further improve the sustainability performance of our moulded-fibre products compared to single-use plastic alternatives.

² Pöyry Management Consulting: Updated LCA for moulded fibre packaging



Replacing plastic with moulded fibre

Moulded fibre vs. recycled plastic⁴

CO₂e emissions

↓ 62%

Moulded fibre emits 62% less CO₂e than recycled plastic

Air pollution

↓ 66%

Photo-chemical ozone creation of NoX and volatile organic compounds is 66% lower for moulded fibre

Energy consumption

↓ 73%

Nonrenewable primary energy consumption is 73% lower for moulded fibre

Acidification

↓ 62%

Sulphur dioxide generation and acidification is 62% lower for moulded fibre

⁴ Pöyry Management Consulting: Updated LCA for moulded fibre packaging

Case

Supporting customers' green journey

Kroger is the second-largest retail chain in North America. Hartmann partnered with Kroger in 2009, servicing only one small division as a "trial". In 2021, Kroger was Hartmann's largest customer in North America with anticipated volume of more than 35 times the original trial.

This achievement recognises both Hartmann and Kroger's commitment to maintaining initiatives that drive the conversion to moulded-fibre packaging and create a more sustainable future for our planet.

In 2020, Kroger announced a series of sustainable packaging goals, focused

on recycled content and recyclability, compostability, carbon emission reduction, and general reduction of single-use plastics and food waste.

Kroger recently made a decision to convert their US store branded egg cartons, previously manufactured with polystyrene foam, to moulded fibre instead. Hartmann was the largest contributor to this conversion and is proud to be a part of the solution for Kroger towards helping meet their sustainable packaging goals.



Hartmann's sustainability profile

Strengths

Recycled raw material

>95%

Biodegradable products

>95%

Recyclable products

>95%

Ambitions

Scope 1 & 2 reduction

50%

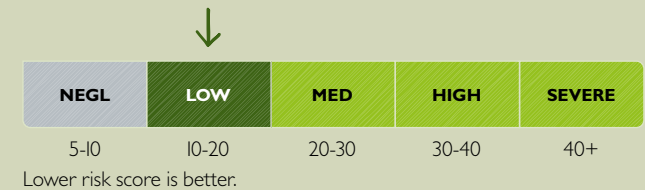
Work-related accidents

0%

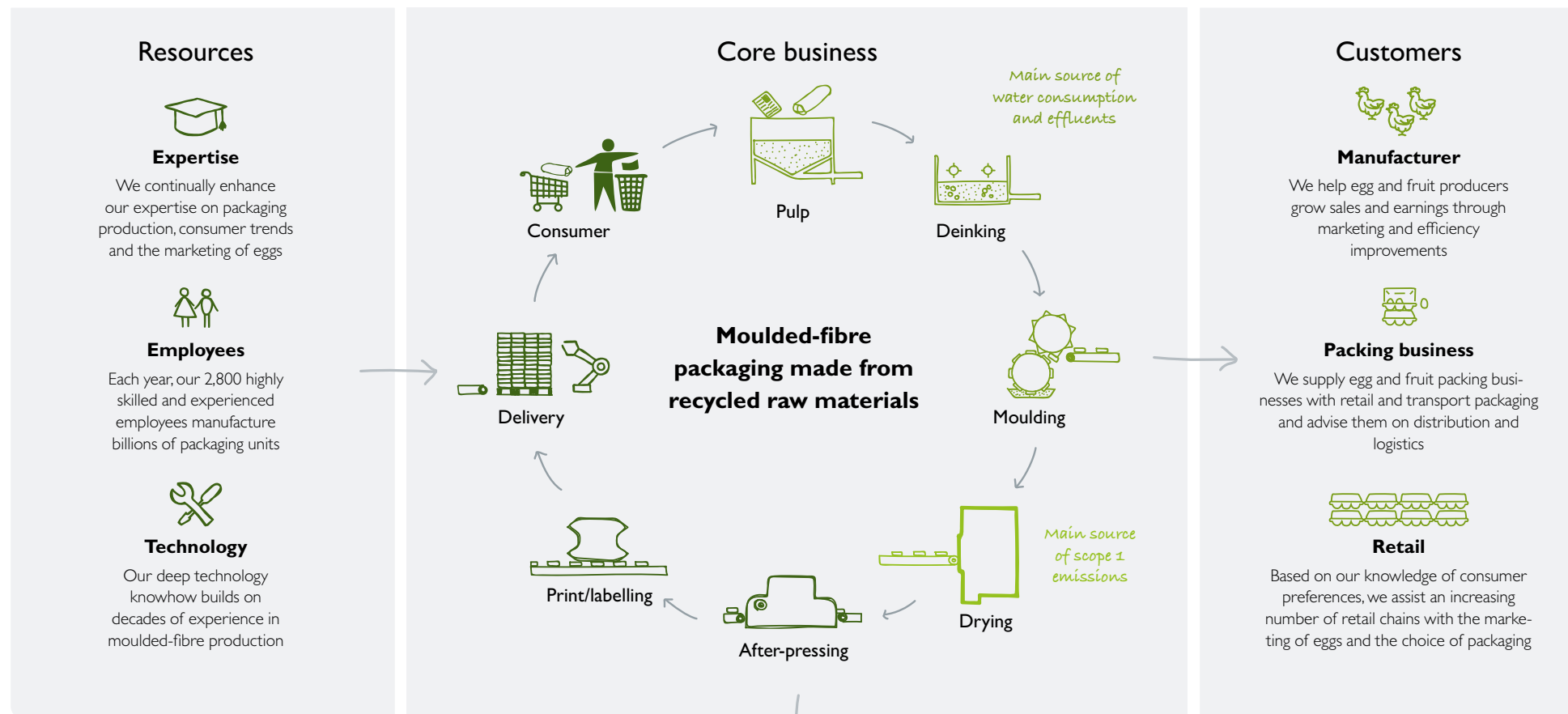
Commitments



Ratings



Business model

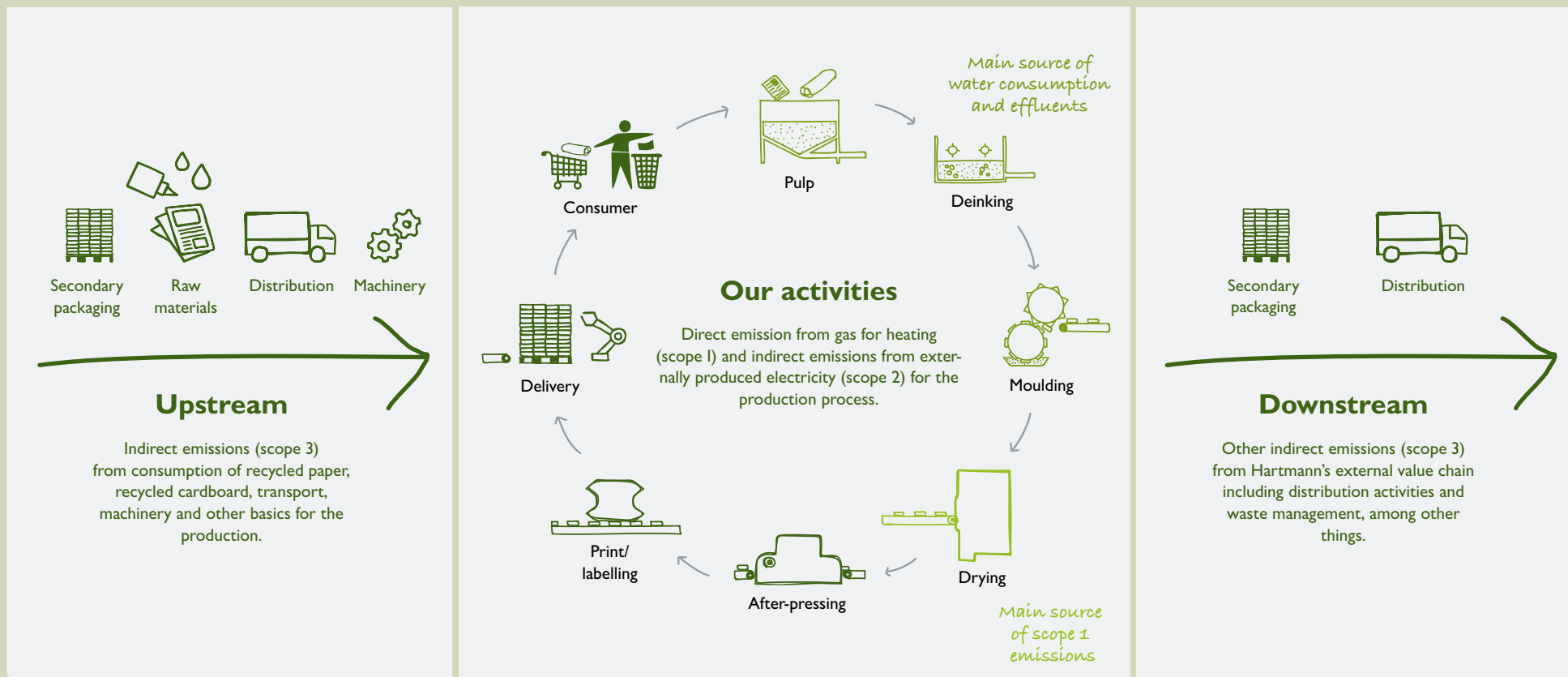


Value creation

<p>Customers We carry a customised portfolio of high-quality packaging products offering environmentally friendly and protective qualities</p>	<p>Environment We make moulded-fibre packaging from recycled paper as a sustainable alternative to oil-based plastic packaging</p>	<p>Employees We create jobs in our local communities and provide our employees with attractive working conditions and development opportunities</p>	<p>Shareholders Our investments in production, products and employees generate robust, long-term returns for our shareholders</p>
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Sources of emission

We have identified the key sources of emissions and are working diligently to reduce the footprint from our own production and across the value chain.



Approach and ambitions

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We are raising and pursuing our ambitions based on a thorough review of our business

Materiality assessment

We base our sustainability efforts and reporting on a structured materiality assessment conducted in 2021 to identify the impact of Hartmann's activities on our surroundings and consider our development, performance and position in the light of climate change and other societal developments.

The assessment considers climate-related and other relevant sustainability risks and opportunities with inspiration from the double-materiality concept described in the European Commission's non-binding guidelines on reporting climate-related information. The assessment identifies and prioritises the issues that are truly material to our stakeholders and our own business.

The process was led by executive management and the sustainability function guided by external engineering and sustainability experts conducting interviews with selected key stakeholders and exploring corporate strategies, policies and documentation as well as external sources of information and reporting by peers.

Based on the analysis, we identified the issues with the greatest economic, social and environmental impact across Hartmann's value chain and prioritised these issues with respect to their potential impact on our stakeholders and our business performance.

Our work has formed the basis for defining our ambitions and commitment to the Science-Based Targets initiative introduced in this sustainability report. In addition, we have reconfirmed our commitment to ensuring a high safety level for our employees

and consumers, and the analysis contributes to ensuring continued improvements in these areas going forward. We will continuously reassess the identification and prioritisation of material issues.

We aim to expand our reporting in the years ahead and will evaluate our sustainability work against our ambitions and through benchmarking against peers and best practices, welcoming valuable input from our stakeholders as well.

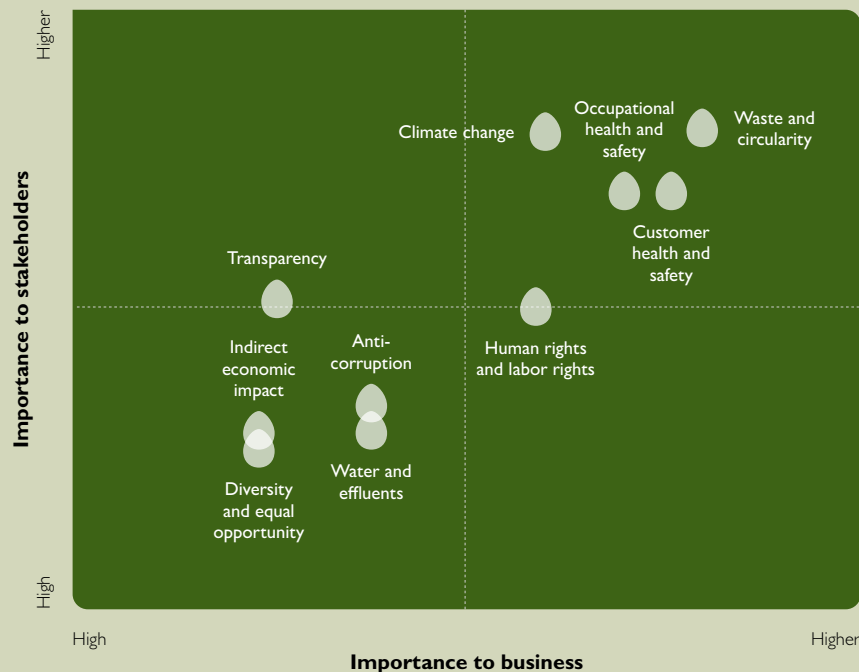


Materiality assessment

Material issues

Based on the assessment, we have identified 10 environmental, social and governance issues with a significant potential impact on our stakeholders and Hartmann's business performance. While all identified issues are deemed important, we are placing particular emphasis on 5 issues in our sustainability work and reporting as these issues are considered truly material to our stakeholders and our business as illustrated in the matrix on this page and described below. We are reporting on these selected issues within the framework and themes defined by the UN Global Compact.

Prioritisation of issues



Waste and circularity

The circular nature of Hartmann's business model and products is a key competitive advantage as we offer customers the opportunity to shift from single-use plastic packaging to bio-degradable moulded-fibre products based on recycled paper, enabling reduced downstream waste through recycling of our packaging. The conversion from single-use plastic products represents a significant business opportunity to Hartmann with a potential positive impact on all stakeholders. We are committed to ensure proper waste management and mitigate our adverse impact on the environment, and ISO 14001 environmental management certificates are maintained at several of our factories.

Customer health and safety

As a food packaging manufacturer, it is of critical importance to us that our products in no way compromise the health and safety of our customers and end-consumers. We maintain a relentless focus on monitoring, controlling and testing our production processes and our end-products in accordance with applicable requirements and ISO 22000 for food safety. Our moulded-fibre end-products furthermore absorb moisture and offer superior hygienic and protective features to single-use plastic packaging.

Occupational health and safety

Safeguarding the health and safety of all employees is paramount to attracting and retaining skilled staff, delivering satisfactory operational performance, complying with applicable regulation and maintaining good relations with all stakeholders. We are aiming to have no work-related accidents and maintain ISO 45001 certificates for occupational health and safety management at several factories.

Climate change

The most significant climate impact of our manufacturing process is the CO₂e emissions arising from the natural gas consumption required to operate industrial ovens to efficiently dry our moulded-fibre packaging products. We are continuously working to lower consumption and CO₂e emissions to reduce our impact on the climate, meet stakeholders' expectations and mitigate the adverse impact of energy consumption on Hartmann's financial performance.

Human rights and labour rights

Our continued commitment to respect and promote human rights and labour rights throughout our supply chain across all locations is important to maintain a position as an attractive employer and a good corporate citizen in the local communities.

Other significant issues

- Anti-corruption
- Water and effluents
- Transparency
- Diversity and equal opportunity
- Indirect economic impact

Materiality assessment

Key stakeholders

As part of the materiality assessment, we identified 5 key stakeholder groups by assessing their direct impact on Hartmann's business as well as their exposure to any positive or negative impact from our operations.

We engage with these stakeholders on an ongoing basis to assess their expectations and identify market trends, and we value their opinion and perspective on our sustainability efforts. We tailor our

engagement and communications with each stakeholder group to accommodate their particular interests and nurture constructive and value-creating relations over the long term.



Customers

We continuously monitor customer satisfaction and strive to assist customers in improving their sustainability performance through conversion from single-use plastic packaging to moulded-fibre products. We receive input from customers and participate in knowledge sharing about sustainability trends in the retail industry and among end-consumers.



Employees

We cooperate with safety representatives, workers' councils and unions to receive relevant input, continuously improve working conditions and reduce risk in the workplace. Our employees contribute greatly to the improvement of processes in daily operations and technology development enabling us to lower energy consumption and lessen the impact on our surroundings.



Shareholders

We regularly engage with shareholders, prospective investors and rating agencies who are increasingly requesting information about environmental, social and governance topics as part of the investment process. We have replied to several ESG questionnaires, and Hartmann was ranked 'Low risk' by Sustainalytics and 'Prime' by ISS ESG in 2021.



Suppliers

We maintain close dialogue with our suppliers and conduct supplier audits to ensure that they acknowledge and respect their responsibility when doing business with Hartmann.



Financial institutions

We have a constructive relationship with our lenders and maintain ongoing communication to ensure that we provide sufficient and relevant information and data about environmental, social and governance topics to enable them to comply with increasingly complex legislation and stricter reporting demands.

Raising our ambitions

Based on our materiality assessment conducted in 2021, we are setting out to significantly reduce our CO₂e emissions and work-related accidents to further strengthen Hartmann's sustainability profile.

Committing to fight climate change

To drive positive change and contribute to the fight against global warming while strengthening our competitiveness, we are aiming to reduce Hartmann's scope 1 and 2 CO₂e emissions by 50% in 2030 from a 2021 base year.

On this background, we have committed to set near-term company-wide emission reduction targets in line with climate science. Our commitment has been filed with the Science-Based Target initiative, and we will submit our near-term targets within 24 months.

We will base our scope 1 and 2 near-term targets on a thorough analysis of company-wide CO₂e emissions conducted in 2021.

Our manufacturing process is the primary source of CO₂e emissions and global warming potential arising from the use of moulded-fibre products. We have identified significant improvement potential related to energy efficiency enhancements in the moulding, drying and after-pressing processes.

Based on the efforts to reduce scope 1 and 2 emissions, we will introduce a separate target for scope 3 emission reduction and contribute to limiting the global temperature rise to 1.5°C.

Protecting our people

In addition to the intensified focus on reducing emissions, we are reiterating our target of having zero work-related accidents across our business after improving the safety level at a steady pace in recent years.

The materiality assessment confirmed the importance of protecting our employees through investments in technology, safety training and optimisation of processes in the workplace.

Hartmann's sustainability profile

Strengths

Recycled raw material

>95%

Biodegradable products

>95%

Recyclable products

>95%

Ambitions

Scope 1 & 2 reduction

50%

Work-related accidents

0%

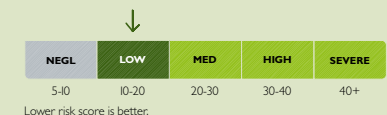
Commitments



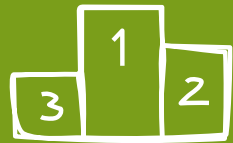
SCIENCE
BASED
TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Ratings



Pursuing our ambitions



Upgrade to best in class

We have refined our industry-leading technology platform for moulded-fibre production since 1936 and made significant advances in production efficiency in terms of labour requirements, raw material consumption and energy efficiency. Most of Hartmann's 15 plants have been in operation for decades and upgraded over time to accommodate local market growth.

Hartmann Technology continuously benchmarks plants and production lines to highlight best-in-class and to rapidly identify improvement potential. We are applying these insights to reduce energy consumption and emissions by investing in replacement of less-efficient equipment such as drying ovens, vacuum pumps and afterpresses that are particularly energy-consuming.



Develop new technologies

We monitor the development of competing technologies and continuously invest in ensuring that our core offering remains the most sustainable solution and our products best in class. Our internal technology development team constantly develops, tests and evaluates new concepts for fibre sourcing, product moulding, drying and after treatment.

We have intensified and prioritised our development efforts as we acknowledge that a technological leap is necessary to realise our emission reduction ambitions. Our efforts have generated substantial pathways to reducing emission and identified new technologies, which will be further investigated and matured in the coming period.



Assess alternative energy sources

The majority of Hartmann's energy consumption and emissions relates to the drying of our products after wet-moulding as most of our ovens are heated either through direct or indirect natural gas burning. We continuously evaluate various alternative energy sources – including biomass and solar energy – but no viable alternative source of energy has been identified to date.

We continue to explore alternatives with a clear preference for energy sources that would not require Hartmann to produce energy at scale, but instead allow us to maintain a sharp focus on our core business within moulded-fibre packaging production. At the same time, we will continue to pursue economically viable options not predominantly dependent on subsidisation, which varies substantially across markets.



Consider energy certificates

While we pursue our preferred route of reducing emissions by lowering Hartmann's resource consumption through technological innovation, product development and equipment upgrades, we are considering how renewable energy certificates could potentially complement these efforts.

Various renewable energy certificates for gas and electricity consumption are available in several countries, but we expect acquisition of energy certificates to play a secondary role in our combined efforts to reduce emissions as customers are highly reluctant to absorb any upcharges on this background.

Our SDG contribution

We take an active approach to promoting the UN Sustainable Development Goals (SDG), which are a call for action by all countries uniting in global partnership and recognising that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth while managing climate change and working to preserve our oceans and forests. We have chosen to focus on 6 specific goals that we are particularly well-positioned to contribute to due to the nature of our business activities.

<p>14 LIFE BELOW WATER</p>  <p>We work to prevent and significantly reduce marine pollution by replacing single-use plastic egg packaging and securing a better marine environment globally.</p>	<p>13 CLIMATE ACTION</p>  <p>We combat climate change and its impact by reducing CO₂e emissions through targeted investments in technology and production processes to lower energy consumption.</p>	<p>6 CLEAN WATER AND SANITATION</p>  <p>We work to ensure sustainable water management and availability by reusing and treating wastewater and minimizing the use of drinking water in water stressed areas.</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>We provide products that are manufactured from recycled material and contribute to reducing food waste at the retail and consumer levels as well as in the supply chain.</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>We contribute to ensuring sustainable growth by enhancing the use of recycled materials while protecting our employees and providing equal opportunities and pay for equal work.</p>	<p>5 GENDER EQUALITY</p>  <p>We seek to achieve gender equality and empower women and girls through policies and practices eliminating discrimination with respect to job applicants, employees and managers.</p>
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Environment and climate

Energy consumption and emissions

In 2021, we conducted a thorough analysis of our business to provide a detailed overview of our scope 1-3 CO₂e emissions in accordance with the Greenhouse Gas Protocol. The analysis was completed with the support of an external engineering, energy and sustainability consultancy and has contributed to the identification of improvement potential and investment opportunities at our factories.

Total CO₂e emissions increased as we expanded our production capacity in 2021, but we maintained a relatively steady energy consumption per unit produced and approved several technology investments to improve performance in the near-term and pursue our ambition of reducing scope 1 and 2 CO₂e emissions by 50% in 2030 from a 2021 baseline.

At one factory in Europe, an investment in a new industrial boiler was approved for installation in 2022. The new equipment is expected to entail a reduction of up to 10% of the factory's total natural gas consumption annually. In addition, we approved a comprehensive upgrade of an existing drying oven, which will be fitted with new pumps and have an upgraded control system. The investment is expected to entail a 10% annual reduction of the oven's total natural gas consumption.

The adjustment of ovens in 2020 at our existing factories in Brazil had a positive impact on the consumption of natural gas in 2021.

Furthermore, approval was granted for a solar energy project to be completed in 2022. As a pilot project for future investments across the group, we will install solar panels at one factory and ensure that new buildings are compatible with installation of solar panels going forward.

Water consumption

Hartmann's freshwater consumption increased in 2021 due to the addition of factories in India, Russia and Brazil as well as the expansion of production capacity at existing factories in the US and Europe. The increase in water consumption was furthermore driven by higher demand for coloured products in Hartmann's European markets in 2021 compared to 2020 where customers requested large quantities of simpler products to accommodate the unusually high demand during COVID-19.

During 2021, we identified the root cause of an unsatisfactorily high water consumption at a factory and approved an investment in new filters and technology to be installed in the first half of 2022 to significantly improve performance.

In South America, we planned the installation of a new water clarifier on a large production line. The water clarifier removes solids and is expected to contribute to a 30-40% reduction of the production line's freshwater consumption while simultaneously improving the performance of the factory's wastewater treatment plant. In North America, we maintained the focus on

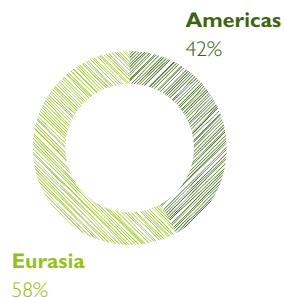
Policy



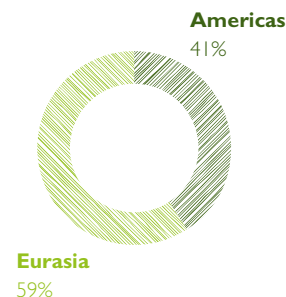
We systematically and proactively protect, respect and safeguard the environment and climate in daily business activities by development of production methods and products, training of employees and influencing suppliers and stakeholders.

We support a precautionary approach to environmental and climate challenges, undertake initiatives to promote greater responsibility and encourage the development and diffusion of environmental and climate-friendly technologies in accordance with principles 7, 8 and 9 of the Global Compact.

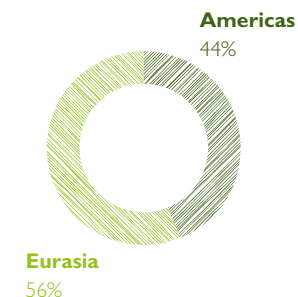
CO₂e-emissions



Energy consumption



Freshwater consumption



Environment and climate

reducing freshwater consumption through reuse of process water and on decreasing the discharge of suspended solids in effluent discharge as well as lowering the disposal of wet waste products. One European factory participated in an government-supported environmental development programme focused on recovery of residuals from the production process. As part of the project, we prepared a complete and updated model of the factory's water flow showing that water is recirculated more than 25 times.

Paper and waste

The efforts to replace single-use plastic packaging with biodegradable moulded-fibre packaging continued, and the vast majority of our paper raw materials were sourced from FSC certified or recycled sources in 2021. During the year, we approved the installation of new conveyor technology on a production line at a European factory. The new technology will be installed in 2022 and is expected to reduce waste by 5% on the production line through swift and automated identification of and intervention against products of dissatisfactory quality.

Certificates and partnerships

We renewed our ISO 14001 certificates for environmental management and ISO 50001 certificates for energy management, and we continued to cooperate with Climate Partner.

KPI

- GHG emissions (scope 1-3)
- Water usage
- Energy usage and mix
- Share of recycled material
- ISO certificates

Case

Improving efficiency in Hungary

Hartmann expanded production capacity at the group's Hungarian factory in 2021 with the addition of state-of-the-art production equipment and expansion of building space for manufacturing and storage of our products.

The expansion ensures improved resource and energy efficiency, contributing positively to reducing our raw material consumption per unit produced.

The new equipment includes upgraded pulping equipment to ensure a higher degree of flexibility and allow for a steady increase in the consumption of cheaper recycled paper grades such as cardboard.

To further optimise energy efficiency at the Hungarian plant, we also added a new drying oven, which consumes around 33% less natural gas than earlier generations of drying ovens in the European business.

The drying process is the most energy intensive part of the production process, underlining the need to continuously invest in ensuring the most efficient resource consumption in this area.

Drawing on positive experience from other projects, Hartmann Technology installed the new equipment including a highly specialised conveyor system, which is expected to reduce waste by 5%. Without disturbing the production process, the system automatically identifies and removes products that do not live up to Hartmann's quality standard.



“We completed the expansion of our factory in Hungary during 2021, and we are pleased that the investments ensure an improvement of our resource consumption and a stronger foundation for competing in the European market”

Attila Vince, Managing Director, Hungary

Human rights

Occupational health and safety

We continued to strengthen our safety organisation and initiatives in 2021 in pursuit of our ambition of having no work-related accidents. The continuous efforts to improve safety in the workplace resulted in an 8% reduction in the number of work-related accidents per million working hours (LTI-FR) in 2021 compared to 2020 and a 64% reduction since 2017.

In 2021, cooperation across the group was strengthened through the appointment of a Corporate Health & Safety Coordinator who facilitates cross-regional knowledge sharing between safety representatives from each business unit to improve safety at all Hartmann's factories. At one European factory, we identified fall accidents as the most frequent accident type during 2021. On this background, we invested in replacing and upgrading flooring at the factory to reduce the number of accidents.

We identified hand injuries sustained in the printing area as a frequent accident type at another European factory. In 2021, we therefore upgraded the safety level in this part of the manufacturing process to effectively prevent employees from accessing rotating parts in the print machines and eliminate injuries. The print area was furthermore automated to avoid monotonous work and heavy lifting, and employees were retrained for other assignments.

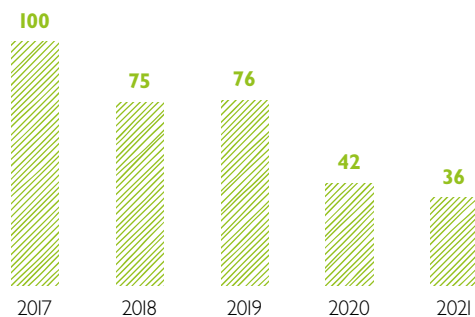
Following the acquisition of Mohan Fibre in India, we have reviewed and invested in upgrading the safety conditions at the factory. New processes and rules have been introduced to support the strengthening of the safety culture, and we have introduced mandatory personal protective equipment such as helmets and safety shoes for employees.

Fire safety

In 2021, we continued to invest in additional fire safety initiatives, including improved testing and updating of sprinkler systems, inspections of battery charging stations and ensuring an overview of smoke detectors in all production-critical rooms. In addition, we introduced a revised business continuity plan in case of fires erupting at one or several of our factories in Europe. These procedures will be introduced at our remaining factories in 2022, and we will maintain our focus on implementing safety improvements at the workplace to further reduce the number of work-related accidents per million working hours in the coming years.

Accident statistics

Work-related accidents per million working hours (LTI-FR)



Policy



We promote the conditions outlined in the UN Global Compact's human rights principles at Hartmann and in companies that are part of the value chain to which the Hartmann group belongs.

In accordance with principles 1 and 2 of the Global Compact, Hartmann supports and respects the protection of internationally proclaimed human rights and ensures that the group is not complicit in human rights abuses. We endeavour to secure:

- Health and safety in the workplace by means of cleaner technologies and improved procedures and practices as well as competency development.
- Fair wages by means of a wages policy and alignment with the level at local industrial companies.
- The well-being of employees and their families by means of local initiatives, practices and procedures in keeping with local traditions, conditions and needs.
- Good relations with the local community by means of active participation in social and business-related activities at local level.

Human rights

COVID-19

We continued to take all necessary precautions to mitigate the impact of COVID-19 on our employees, customers, other stakeholders, and our business. We provided personal protective equipment, hand sanitizer and ensured social distancing at our factories, and our office staff worked from home to the extent possible. We also continued to pay for COVID-19 tests at several locations and sent selected employees on paid leave based on specific risk assessments.

Food safety

As a food packaging manufacturer, we consider consumer safety a material issue, which we are continuously addressing at all factories. We continued to monitor and control production processes and test end-products in accordance with applicable requirements in 2021.

Certificates

Our ISO 45001 certificates for occupational health and safety management as well as our ISO 22000 certificates for food safety management were renewed in 2021.

KPI

- Injury rate (LTI-FR)
- ISO 45001 certificates
- ISO 22000 certificates

Case

Sharing is caring

With 15 factories in 10 countries, knowledge sharing is becoming increasingly important for Hartmann. The health and safety of our employees is a top priority for us, and we are constantly working to share best practices to improve performance and reach the goal of having no work-related accidents.

In 2021, Hartmann's Global Management Team appointed Bent Weide as Corporate Health & Safety Coordinator with overall responsibility for leading a cross-regional knowledge sharing group on health and safety. Bent Weide has taken on the role based on his experience as a Safety Manager at Hartmann's factory in Denmark.

During 2021, we established the global community comprised of site Safety Managers, Hartmann Technology representatives and Plant Directors driving the health and safety agenda across the group. Reporting from the cross-regional group on safety performance, actions and projects has been established and is reviewed by the Global Management Team, which covers health and safety items as part of the agenda at all meetings.



"My colleagues at all our factories are doing a great job ensuring the safety of everyone at Hartmann. When it comes to safety, sharing is caring – and I am thrilled to learn from their experience and facilitate our global health and safety community where we can discuss cases and best practices with the overarching goal of driving a strong safety culture"

Bent Weide, Corporate Health & Safety Coordinator



The cross-regional group held several meetings in 2021, sharing knowledge and establishing a new reporting structure to ensure uniform information about incidents across the group. The group also focuses on establishing a common safety mindset and behaviours, developing technical solutions and innovations, while ensuring that Hartmann has the right governance, systems and infrastructure to support site safety at all times.

Labour rights

In 2021, we remained committed to respecting and promoting labour rights throughout our supply chain across all locations, including the recently acquired factories in India and Russia. During the year, we conducted a thorough review of the pay and conditions of employment at the Indian and Russian factories. We have subsequently implemented changes to improve employees' conditions, and these efforts will continue in the coming period.

We are working to establish and maintain a position as an attractive employer and a good corporate citizen in the local communities where our factories are located and play a significant role. As one example, our Indian business supported a local school with the refurbishment of its premises and the purchase of computers for the school children.

Diversity and gender

During 2021, we maintained our recently introduced policy on diversity aiming to contribute to ensuring that Hartmann is an

attractive workplace able to attract, develop and retain members of the board of directors and the executive management as well as other managers and employees with different backgrounds and strong competencies to secure the continued success of our company.

The policies on diversity and gender equality emphasise our commitment to equal treatment of applicants and employees of diverse backgrounds and genders in connection with the composition of Hartmann's management, recruiting practices and career opportunities.

In line with the policies, Hartmann required that internal and external recruiters selected qualified representatives of both genders as candidates for vacancies during the year. On this background, diversity and gender were considered in connection with selection, promotion and evaluation of members of other management in 2021. There were no new appointments to the board of directors or the executive board during the year.

Representation of women 2021

Board of directors⁵



Other managerial levels⁶



■ Men ⁵ Shareholder-elected members.
 ■ Women ⁶ Members of the executive board and managers reporting to the executive board including plant managers at the group's factories.

Target
40-60%
 of each gender

Policy



We promote the conditions outlined in the UN Global Compact's labour rights principles at Hartmann and in companies that are part of the value chain to which the Hartmann group belongs.

In accordance with principles 3, 4, 5 and 6 of the Global Compact, Hartmann:

- Recognises the right of employees to be members of a trade union and negotiate pay and working conditions.
- Supports elimination of all forms of forced and compulsory labour, and does not accept use of forced labour.
- Applies preventive procedures and practices to ensure that persons below the minimum age are not employed.
- Endeavours to prevent discriminatory practices and secure equal opportunities by means of the application of procedures and practices to prevent discrimination in connection with recruitment or dismissal, career development, training and education, or the granting of staff benefits.

Our commitment is furthermore expressed in our policy on gender equality in other management, which serves to increase the number of the underrepresented gender at Hartmann's other managerial levels, as well as our diversity policy.

The policies define and describe focus areas within recruitment, performance evaluation and development as well as networking. The policies are available at our website, www.hartmann-packaging.com

Labour rights



The representation of women on Hartmann's other managerial levels was relatively stable at 10% (2020: 11%) in 2021 as there were no changes on the executive board and only a few appointments of managers reporting to the executive board (see additional information in the 2021 annual report), including plant managers at the factories. The share of female shareholder-elected members of the board of directors declined to 25% (2020: 40%) in 2021 as one female board member did not seek re-election at the general meeting in April 2021. We maintain our target of ensuring an even gender distribution (40-60% of each gender) on the board of directors in 2024.

Supply chain and collective bargaining

We conducted internal audits and audits of selected suppliers during the year and maintained our whistleblower system, which provides an alternative channel for reporting of any wrongdoings. The efforts were supplemented with dialogue and other follow-up activities with suppliers.

Based on the audits conducted and our dialogue with suppliers in 2021, we did not de-select any suppliers. One instance of whistleblowing was recorded during the year relating to measures taken to protect employees against COVID-19 at a factory in South America. The report was addressed, and steps were taken to improve conditions in the workplace.

The share of employee contracts governed by collective bargaining agreements at group level declined to 75% (2020: 82%) in 2021. The development was mainly due to the expansion of our operations in non-unionised areas.

Transparency and anti-corruption

We continued to observe and promote the anti-corruption principle across Hartmann's activities – including the recently acquired factories in India and Russia – and as an integrated part of our supplier handling process in 2021.

We conducted audits of selected suppliers in 2021 and continued the ongoing dialogue with suppliers to ensure that they acknowledge and respect their responsibility when doing business with Hartmann. The audits and continued dialogue with suppliers did not entail termination of contracts in 2021.

Our whistleblower system was maintained, providing a voluntary alternative to the ordinary routes of communication. The system may be used if serious offences – including corruption or data protection violations – are observed or suspected by any employee. No employees reported cases of attempted bribery, facilitation payments, data protection violations or similar through the whistleblower program in 2021.

KPI

- Board independence
- Instances of whistleblowing

Data ethics

In 2021, we supplemented our existing data protection efforts with a policy on data ethics, which reflects Hartmann's commitment to manage data responsibly based on principles of honesty, transparency and accountability. We adhere to these principles in addition to applicable legislation to ensure that our employees, customers, suppliers and consumers feel safe when entrusting us with their data.

We primarily process data relating to human resources, customer interactions and supplier contact. We control that data is collected for explicit and legitimate purposes and processed legally and fairly, including that data processing only comprises the data necessary to realise the purpose of the processing. Simultaneously, we strive to ensure that the collected data is adequate, relevant and accurate at all times. Data responsible employees ensure that personal data is not stored longer than necessary, that data processing respects privacy, and that stored data is protected against unlawful destruction, alteration and disclosure. We enter into data processor agreements with third parties and do not sell data.

Any violation of the policy on data ethics or our internal procedures may be reported by employees through our whistleblower system. No reports were filed in 2021.

The policy on data ethics is approved by the board of directors annually and will be revised on an ongoing basis.

Policy



We work against corruption in all its forms, including extortion and bribery.

We enter into open dialogue with relevant business partners, and we have set up guidelines specifying how to avoid bribery and corruption, in accordance with principle 10 of the Global Compact.

We contribute to minimizing bribery and corruption in companies forming part of the value chain to which Hartmann belongs.

Our commitment is furthermore expressed in Hartmann's anti-corruption policy.

Key ESG figures

Key Performance Indicator	Unit	2021
Environment		
GHG emissions (scope 1)	tons	154,992
GHG emissions (scope 2)	tons	52,633
GHG emissions (scope 3)	tons	197,197
Energy usage	MWh	980,371
Renewable energy	MWh	87,498
Water usage	m ³	1,846,596
Share of recycled paper	%	100
Volume produced under ISO 14001	%	58
Volume produced under ISO 50001	%	39
Social		
Injury rate	LTI-FR	6.8
CEO/worker pay ratio		10.1
Gender diversity (female/male)	%	24/76
Volume produced under ISO 45001	%	55
Volume produced under ISO 22000	%	51
Governance		
Female representation – board of directors	%	25
Female representation – other managerial levels	%	10
Board independence	%	75
Instances of whistleblowing	#	1

EU Taxonomy reporting

Hartmann's main activity is the manufacturing of moulded-fibre egg packaging and fruit packaging. The group is also a manufacturer of technology for the production of moulded-fibre packaging. These activities do not fall within the scope of the EU Taxonomy regulation, and Hartmann consequently has no material activities eligible for these reporting requirements.

Accounting practice

In accordance with the Delegated Act of 6 July 2021, specifying the content and presentation to be disclosed, Hartmann is required to disclose any Taxonomy-eligible economic activities in total revenue, capital expenditure and operational expenditure for the fiscal year 2021.

Taxonomy-eligibility

The shares of group revenue, capital expenditure and operational expenditure covered by and described in the Taxonomy delegated acts should be presented as Taxonomy-eligible. The proportion of Taxonomy-eligible activities does not indicate whether these economic activities qualify as environmentally sustainable (Taxonomy-aligned).

In 2021, Hartmann assessed the Taxonomy-eligibility of the group's economic activities and whether these activities could be classified as environmentally sustainable (Taxonomy-aligned). Hartmann has not found any material activities to be neither eligible nor aligned with the EU Taxonomy.

Investments in CO₂e reduction

Hartmann conducted a screening of all investments made in EU countries subject to the EU Taxonomy in 2021, and no material Taxonomy-eligible capital expenditure was identified. The investments made in new technology in pursuit of Hartmann's ambition of reducing CO₂e emissions do not qualify as Taxonomy-eligible as the new technology is not expected to be operational within 18 months.

Accounting practice

Environmental

Hartmann has calculated CO₂e emissions in accordance with the Green House Gas Protocol with a cradle to gate approach and assistance from external engineering, energy and sustainability consultants. CO₂e emissions are divided in three categories, scope 1-3.

Direct GHG emissions (CO₂e scope 1)

Direct GHG emissions (CO₂e scope 1) include emissions that derive from the combustion of fossil fuels in Hartmann's production. At most of our factories, natural gas is consumed in the process of drying moulded-fibre products, comprising 69% of Hartmann's total scope 1 emissions. Liquified petroleum gas is the second greatest contributor to the group's scope 1 emissions as this fuel is consumed in the drying process at smaller factories. Furthermore, diesel contributes to scope 1 emissions to a smaller extent as this fuel is used for supplement heating, backup generators and forklifts. The calculation of emission factors follows a location-based approach. The calculation takes into consideration the gas and electricity delivered combined with aggregate and average statistical information within a relevant geographic area and time period.

Indirect GHG emissions (CO₂e scope 2)

Indirect GHG emissions (CO₂e scope 2) include emissions that derive from the energy used to produce electricity, which Hartmann has purchased for consumption. Electricity is used in the production process where the pulping process and pumps consume the greatest amount of electricity. The calculation of emission factors follows a location-based approach.

Other indirect GHG emissions (CO₂e scope 3)

Other indirect GHG emissions (CO₂e scope 3) include emissions that derive from new machinery and spare parts, transmission and distribution loss for gas and electricity, chemicals and other additives used in the production.

Recycled paper is the primary raw material used in the production process, and it does not contribute to the group's scope 3 emissions as a CO₂e emission factor of 0 is applied to recycled paper under the allocation-based method.

As the exact calculation of scope 3 CO₂e emissions would entail analysis of a large number of categories of different materials and transportation types, an assessment has been conducted based on data from a major factory covering all parts of the business model. Scope 3 CO₂e emissions have been calculated and evaluated for more than 80 different categories to determine the emission factor to be applied across the group. The calculated emission factor constitutes a basis for the remaining production sites and is multiplied with paper consumption as the factor that determines the scope 3 CO₂e emissions for the remaining categories. While this calculation method entails uncertainty, Hartmann is confident that it will not underestimate the group's scope 3 CO₂e emissions as it includes data from the largest factory with the most comprehensive production process and greater consumption of additives and raw materials than the group's smaller production facilities.

The calculation of scope 1-3 has been introduced in 2021 and will continuously be evaluated and adjusted as improved measurements and guidance will be available in the future.

Total energy consumption

Total energy consumption includes all energy consumed under scope 1 and 2. The underlying data is extracted from invoices from Hartmann's energy suppliers, readings by fuel suppliers and meter readings. All figures have been converted to MWh.

Renewable energy

Renewable energy consists of energy produced from rice husk and a proportion of the electricity consumed based on data about the energy mix provided by Hartmann's energy suppliers.

Water consumption

Water consumption is based on meter readings from all Hartmann plants.

Share of recycled paper for pulping

The share of recycled paper for pulping includes paper used in the production of moulded-fibre egg and fruit packaging, whereas paper and cardboard used in the production of lids for Hartmann's hybrid egg packaging (North America) and labels is excluded.

Volume produced under ISO certificates (environmental)

The share of the total number of manufactured units produced at plants certified in accordance with the ISO standards listed below.

- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System

Accounting practice



Social

Injury rate (LTI-FR)

Lost Time Incidents are injuries sustained at work resulting in an employee being absent from the workplace. The injury rate is calculated as: Lost Time Incidents / Total number of working hours / 1,000,000

Gender diversity

Gender diversity shows the share of female employees relative to male employees.

Female representation

Share of female representatives among the shareholder-elected members of the board of directors and at other managerial levels including the executive board and managers reporting to the executive board including plant managers.

Volume produced under ISO certificates (social)

The share of the total number of manufactured units produced at plants certified in accordance with the ISO standards listed below.

- ISO 45001 Occupational Health and Safety Management
- ISO 22000 Food safety Management System

Governance

Board independence

Share of board members who are independent in accordance with the Danish Recommendations on Corporate Governance.

Instances of whistleblowing

Number of reports through Hartmann's international whistleblower program, which is available to all employees.

CEO / worker pay ratio

Salary of the CEO compared with average salary of the Danish employees.

Governance and risk

30 **Governance and organisation**

31 **ESG risk**

*We work with
sustainability initiatives
and related risks across
the group*

Governance and organisation

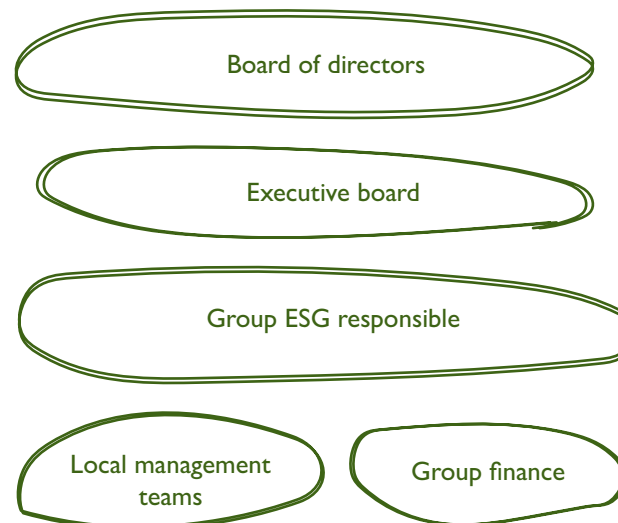
Hartmann's sustainability ambitions, efforts, policies and reporting are approved by the board of directors, which is responsible for the overall management of the company and resolves matters relating to strategic development and risk management, among other things.

Day-to-day responsibility for driving the sustainability efforts resides with the executive board, which also identifies relevant issues and risks, defines overall ambitions, monitors sustainability performance and consider relevant investments and initiatives.

The executive board is supported by a group ESG responsible heading Hartmann's sustainability work and coordinating with representatives from all factories to facilitate knowledge sharing and experience within areas such as environment and climate, safety and anti-corruption. Hartmann's finance function supports the group ESG responsible in gathering, treating and reporting data concerning energy consumption, CO₂e emissions, work accidents and audits of the group's factories and selected suppliers, among other things.

Local management teams propose relevant investment cases and report sustainability data and any issues to the group ESG responsible and the executive board on a regular basis. In addition, cross regional groups focusing on health and safety as well as other relevant areas have been established.

Governance structure



Governance, reports and policies

- Statutory statement on corporate governance 2021
- Remuneration report 2021
- Remuneration policy incl. guidelines for incentive pay
- General compensation policy
- Tax policy
- Policy on gender equality in other management

ESG risk

	Description	Mitigating action
Environment and climate	<p>The main environmental and climate risks related to Hartmann's activities include potential energy loss and unintended wastewater spill, which could result from production inefficiencies or lack of investments in energy optimisation at our factories. Violations of environmental legislation, rules or thresholds in connection with, for instance, wastewater discharge, CO₂e emissions, waste disposal or inadvertent chemical spills may lead to business interruption, fines or other sanctions and harm Hartmann's reputation and internal and external stakeholder relationships.</p> <p>Some of Hartmann's factories are exposed to the consequences of climate change, including increasing temperatures, shifting precipitation patterns, flooding and the increasing intensity and frequency of extreme weather events. Climate change may have a disruptive impact on Hartmann's production and supply chain, creating difficult working conditions and damaging production facilities.</p>	<p>We monitor environmental risks at local and central level with a view to preventing, mitigating or minimising Hartmann's environmental footprint. We continually invest in new production technology, optimisation of existing equipment and processes and systematic waste reduction. To ensure a structured and efficient approach to environmentally sound and energy-efficient production, a number of Hartmann's production facilities are certified to the ISO 14001 and ISO 50001 standards for environmental management and energy management.</p> <p>We regularly assess the risk of adverse effects of climate change on our factories and consider countermeasures including investments in our facilities and processes to safeguard Hartmann's employees and production platform.</p>
Human rights	<p>Hartmann's main human rights risks are related to unintended incidents at factories and failure to provide safe working conditions potentially leading to severe injuries or fatalities as well as non-compliance with the Global Compact's principles internally or in the value chain to which Hartmann belongs. Failure to provide a safe working environment could furthermore damage Hartmann's reputation and negatively affect our ability to recruit and retain employees. Occupational health and safety issues could also violate national regulations and potentially impact production continuity and productivity due to temporary production stops.</p> <p>As a food packaging manufacturer, Hartmann is exposed to risks related to food safety including the potential adverse impact arising from any harmful substances or raw material components affecting consumers' health and safety. Regulatory changes arising from food safety concerns may be introduced on short notice, entailing a negative operational and financial impact on our business. Consumer health and safety issues could damage Hartmann's reputation, affect sales and incur additional costs to mitigate negative impacts, penalties and lawsuits.</p>	<p>We continuously monitor and review safety and fire conditions at our factories, sharing knowledge across the group to reduce the risk of work accidents and introduce best practice at all locations. Safety briefings and data are provided at regular management meetings, and we invest in occupational health and safety equipment, training and mitigation efforts at the factories on an ongoing basis. Our risk assessments, procedures and processes are reviewed regularly, and our safety management system is maintained with particular focus on proactive preventative measures wherever possible. We maintain ISO 45001 certificates for occupational health and safety management at several factories.</p> <p>We monitor, control and test our production processes and end-products in accordance with applicable requirements and ISO 22000 for food safety.</p>
Labour rights	<p>The main labour rights risks related to Hartmann's activities include non-adherence to our principle of preventing discriminatory practices and securing equal opportunities. Our business activities are subject to various national laws and regulations, and any violation could entail legal, financial, HR-related and reputational consequences.</p>	<p>We conduct internal audits and audits of selected suppliers to enforce our principles and policies, and we maintain a whistleblower system that may be used if serious offences or violations are observed or suspected by any employee.</p>
Transparency and anti-corruption	<p>The main transparency and anti-corruption risks related to our activities include potential violation of Hartmann's data ethics and anti-corruption policies by employees or suppliers and legal and financial consequences hereof as our business activities are subject to various national laws and regulations as well as legislation with an international reach. Some of Hartmann's factories are located in relatively high-risk countries in terms of corruption.</p>	<p>We maintain a whistleblower system, which may be used if serious offences – including bribery and corruption as well as breaches of our data ethics policy – are observed or suspected by any employee. We enforce Hartmann's anti-corruption policy across low- and high-risk countries and enforce the anti-corruption principle as an integrated part of our supplier handling process.</p>

Corporate memberships

- UN Global Compact
- UN Global Compact – Caring for Climate

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