



**SUSTAINABILITY
REPORT**

CEO statement

Hartmann has a proud and long history of delivering sustainable moulded-fibre packaging to consumers and customers across the globe. In short, sustainable products form the basis of our continued growth and success – and sustainability thus remains an integral and natural part of our business model.

We introduced our strategy 'Unpacking our potential' in 2015, focusing on efforts promoting growth and efficiency in the period 2015-2017. As a classic industrial company, the success of our strategic initiatives and business as such depends on our ability to constantly enhance efficiency while growing our business.

Our growth initiatives include integration of our South American activities acquired in early 2015 and construction of new manufacturing facilities as well as expansion of production capacity at existing facilities. Based on our expanded geographical footprint – and presence in South America – we have increased our focus on anti-corruption slightly, and the changes to our production footprint have entailed prudent considerations concerning manufacturing processes, raw material consumption and energy consumption among other things.

During the year, we also launched and continued initiatives aiming to enhance efficiency, including the upcoming closure of our German factory and ongoing upgrades of machinery and production lines to tweak pro-

ductivity. We are striving to systematically and continuously improve our manufacturing and processes to be able to deliver better products and customer service as well as reduce costs and consumption.

In short, our strategy promotes sustainable growth as well as ongoing optimisation and our ability to do more with less, thereby reducing consumption and waste to build a stronger business and lessen our environmental impact. We therefore maintain our climate ambition of a 25% cut in CO₂ emissions by 2020 and aim to reduce the number of work-related accidents per million working hours in 2016 following an unsatisfactory development in 2015.

We are pleased to reaffirm our commitment and endorsement of the UN Global Compact and its principles.



Ulrik Kolding Hartvig
CEO

Highlights 2015



4.5% CO₂-e reduction since base year. Target of 25% reduction by 2020



100% of paper raw materials from FSC or recycled sources



18 supplier evaluations conducted



37 employees trained in anti-corruption

Materiality assessment

As a signatory to the UN Global Compact, Hartmann continuously strives to improve within all four areas of the Global Compact – Environment, Anti-corruption, Human Rights and Labour Rights. And we require our suppliers to respect and support our commitment to the ten Global Compact principles.

As a consequence of the group's primary activities within production of moulded-fibre packaging across Europe and the Americas, we focus mainly on Hartmann's environmental and climate impact to ensure the greatest possible effect of our sustainability efforts. Life Cycle Assessments have shown that our products' climate footprint constitutes the group's most significant environmental impact. We therefore remain committed to accommodating this impact and reducing our emissions.

Following the acquisition of four factories in Argentina and Brazil in early 2015, Hartmann's manufacturing is located in low- and relatively high-risk countries in Europe, North America and South America in terms of corruption¹. Additionally, there has been increased international focus on corruption and legal developments in the field in recent years, and we have intensified our focus on anti-corruption measures.

We operate our business in adherence with European and international regulation and frameworks as well as expectations to companies such as Hartmann² within the fields of Labour Rights and Human Rights, and we consider our responsibility to reach throughout our sphere of influence.

¹ Transparency International, www.transparency.org/cpi2015

² This report ensures compliance with section 99a and 99b of the Danish Financial Statements Act.

Materiality – Global Compact themes



FOCUS ON CO₂ AND FSC

Our ongoing sustainability efforts strengthen Hartmann's competitiveness and allow us to meet customers' increasing demand for responsible packaging solutions. We have thus developed and marketed egg packaging with zero carbon footprint as well as FSC-certified egg packaging, providing our customers with unique marketing opportunities.

CO₂ neutrality is obtained through collaboration with Climate Partner on reestablishing forest areas in Mozambique, and our FSC products are certified by the Forest Stewardship Council to meet international standards for responsible forestry.

Read about our CO₂ neutral concept and FSC-certified products at [our website](#).



Environment and climate

§ 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.

⚙ ACTION

We continued our efforts to reduce the environmental and climate impact of Hartmann's business activities in 2015. Our main focus areas were:

- Investments in new process technology
- Improvement and optimization of existing equipment
- Product development
- Waste reduction
- Replacement of fossil energy with renewable energy

At our Danish factory, we conducted courses for oven operators with a view to reduce consumption in the energy-intensive drying process. Additionally, we took steps to improve waste handling at the factory by reducing the number of contractors collecting waste at the facility. New container types were introduced, entailing a 65% decrease in combustible waste collections.

In Hungary, we continued the construction of a combined chemical and biological wastewater treatment plant, which was initiated in 2014 to reduce wastewater loads in peak manufacturing periods and minimize Hartmann's footprint in the area. The plant will be completed in 2016.

! RISKS

The main environmental risks related to our activities include unintended wastewater spill and excessive emissions of CO₂.

Our activities are subject to environmental laws and regulations governing, among other things, noise reductions, wastewater treatment and waste disposal as well as CO₂ emissions. Risks are monitored locally and from the head office to prevent, remedy or minimise any adverse effect on the external environment.

🔄 KPI

We measure and monitor CO₂ equivalent (CO₂-e) emissions from electricity and heat-related energy consumption at our factories relative to the sellable product quantities on stock (kg). This KPI reflects the overall progress made within our main environmental focus areas.

✓ RESULTS

Actions taken in 2015 contributed to reducing CO₂-e emissions by 4.5% compared to the base level in 2012.

ISO 14000 certificates for environmental management were renewed for all European production sites.

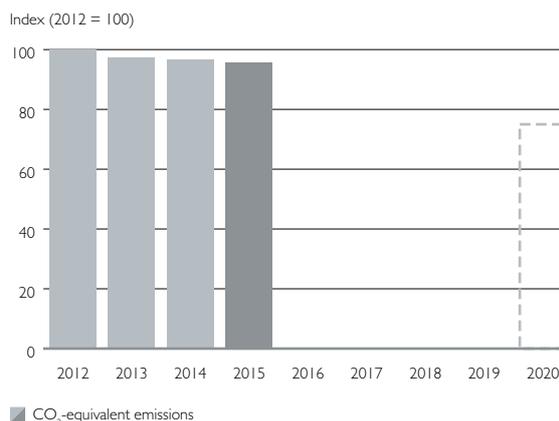
We renewed our Climate Partner certification in 2015.

In 2016, we aim to obtain ISO 50001 certification for energy management at our factory in Hungary to improve our overview of on-site energy consumption and ensure efficient use of energy, reduce CO₂ emissions and provide evidence of efficient energy management to external stakeholders.

At our Danish factory, we will complete projects with a view to identifying means for further reducing CO₂ emissions. We will, among other things, complete the ongoing mapping of options for replacing fossil energy with renewable energy by substituting natural gas with biofuel.

We maintain our group climate target for 2020 of reducing CO₂-e emissions by 25% compared to the base level in 2012.

CO₂-equivalent emissions



Anti-corruption

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.

ACTION

Following the completion of Hartmann's internal anti-corruption training programme in 2014, we continued the work to identify and train relevant new employees with a view to ensuring their awareness of corruption issues and preparing them to avoid violations and act in accordance with company policy.

Enforcement of the anti-corruption principle is an integrated part of our supplier handling process, and we maintained our focus on ensuring that suppliers acknowledge and respect their responsibility when doing business with Hartmann. In 2015, we expanded our supplier audit programme to include freight forwarders as well.

RISKS

The main risks related to our activities include employees' and suppliers' violation of Hartmann's anti-corruption policy and potential legal and financial consequences hereof.

Our business activities are subject to various national laws and regulations as well as legislation with an international reach.

KPI

We monitor results of internal anti-corruption training and supplier audits on an ongoing basis and adapt our policies and processes if necessary.

RESULTS

In 2015, our efforts included conducting 18 audits of local and central suppliers. No supplier contracts were terminated as a result of these audits.

37 employees completed our anti-corruption training programme in 2015.

Human Rights

§ 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.

⚙ ACTION

In 2015, we conducted a number of activities to safeguard food safety, improve safety at the workplace and strengthen relations with employees and local communities.

We continued our efforts to reduce safety incidents in 2015. We installed safety equipment in printing areas at several factories and completed educational sessions for employees concerning safety and quality, among other things.

During the year, we also nurtured ties with local communities by means of educational visits by local elementary school children as well as international visits by high school and university students. At our Croatian site, we furthermore supported local families with financial aid for school supplies.

! RISKS

The main risks related to our activities include unintended incidents at factories and non-compliance with the Global Compact's principles internally or in the value chain to which the Hartmann group belongs.

🔄 KPI

We measure and monitor the number of work-related accidents per million working hours (LTI-FR). The KPI reflects overall developments in safety performance at our factories.

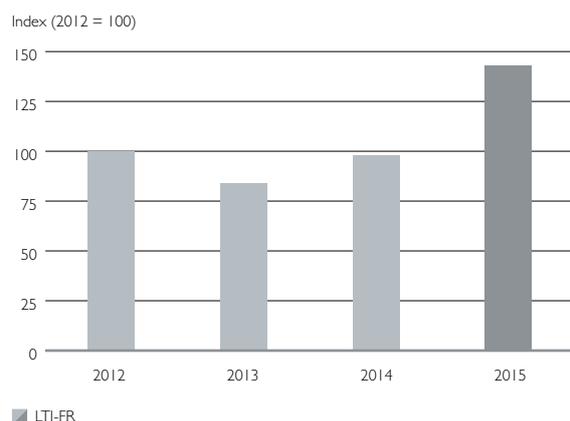
✓ RESULTS

Our focus on safety did not yield satisfactory results in terms of reducing the number of work-related accidents per million working hours (LTI-FR) as the frequency rose in 2015.

All OHSAS 18001 certificates for working environment were renewed, and ISO 22000 certificates for food safety management at our production sites in Croatia and Hungary were renewed as well.

In 2016, we aim to reduce the number of work-related accidents per million working hours (LTI-FR) compared to the 2015 level.

Accident statistics



Labour Rights

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:

- Recognizes 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. The policy defines and describes focus areas within recruitment, performance evaluation and development as well as networking. The policy is available at [our website](#).

ACTION

We maintained our focus on ethical sourcing in 2015 and conducted evaluations of selected suppliers.

In support of our efforts to increase the number of the underrepresented gender at Hartmann's other managerial levels, we introduced a new European master data system for monitoring HR data with a view to increasing internal transparency and monitoring of gender-related data. The system provides an overview of gender statistics and pay comparisons for equal work, among other things.

As a consequence of organisational changes at Hartmann in 2015, we updated our policy on gender equality in other management and changed the definition of other managerial levels to include Presidents of Regional Business Units as well as Corporate Heads of functions and managers reporting to them.

RISKS

The main risks related to our activities include non-adherence to Hartmann's principle of preventing discriminatory practices and securing equal opportunities and potential legal, financial and HR-related consequences hereof.

Our business activities are subject to various national laws and regulations.

KPI

We monitor results of supplier audits and continuously measure developments in the gender composition at our other managerial levels and in the Board of Directors.

RESULTS

In 2015, we evaluated 18 suppliers under our ethical sourcing programme, and no supplier was de-selected on that background.

Hartmann's Brazilian business was elected among the 150 best places to work in Brazil in 2015 in an extensive national employee survey with Hartmann's employees ranking their working environment particularly high.

We did not realise the target for raising the share of the underrepresented gender to a minimum of 40% of the shareholder-elected board members as there were no changes to the composition of the Board of Directors in 2015. We maintain our ambition to reach the target by 1 January 2017.

Representation of women

	2014	2015	Target 1 January 2017
Board of Directors ⁴	25%	25%	40%
Other managerial levels ⁵	34%	10%	-

⁴ Only the shareholder-elected members

⁵ Includes Presidents of Regional Business Units as well as Corporate Heads of functions and managers reporting to them.

Hartmann at a glance

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging, market leader within the production of fruit packaging in South America and one of the world's largest manufacturers of machinery for producing moulded-fibre packaging. Founded in 1917, Hartmann's market position is based on its strong technology know-how and extensive experience of moulded-fibre production since 1936.

Sustainability

Sustainability and environmental considerations are integral elements of Hartmann's business model and strategy. All Hartmann's products are based on recycled paper, which is a renewable, CO₂-neutral and biodegradable resource. Hartmann works closely with its customers to support the need for sustainable products in the retail trade and was the first manufacturer to offer both FSC-certified and CO₂-neutral retail packaging.

Markets

Hartmann's egg packaging is sold globally. The main markets are Europe, South America and North America, where Hartmann has strong market positions. Hartmann is market leader in Europe and in South America, where the product portfolio also includes fruit packaging. Hartmann has a small, but growing share of the North American market. Hartmann's technology, including machinery and services, is also sold globally outside its main markets..

Customers

Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly seeking Hartmann's marketing expertise. Hartmann's technology and related services are sold to manufacturers of moulded-fibre packaging.

Organisation

Headquartered in Gentofte, Denmark, Hartmann has 2,100 employees. Production takes place at Hartmann's own factories, of which four are in Europe, one in Israel, four in South America and one in Canada.

The Hartmann share

Hartmann's shares have been listed on Nasdaq Copenhagen since 1982. There is one class of shares, and each share carries one vote. Interested parties can receive financial reports and company announcements by subscribing to Hartmann's news service at investorhartmann-packaging.com.

USA

Canada

USA

USA

Finland

Denmark

England

Germany

Poland

Germany

France

Switzerland

Italy

Hungary

Croatia

Serbia

Israel

- Production
- Production and sales
- Sales

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CVR no.63 04 96 11

Argentina

Brazil

Brazil

Chile

Corporate memberships

- The Confederation of Danish Industry – Network for Sustainable Development
- UN Global Compact
- UN Global Compact – Caring for Climate
- European Moulded Fibre Association (EMFA)
- Green Industry Platform