



NORDIC PAPER HOLDING AB

# Sustainability Report 2019



## TABLE OF CONTENTS

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Comments from the CEO .....	3
Nordic Paper in the world and the transition into a sustainable society .....	5
The natural leader .....	6
Highlights 2019 .....	9
Sustainability in Nordic Paper .....	11
Our production, our products and our environmental responsibility .....	17
Sustainable employees and communities.....	23
Sustainable business .....	26
The next step towards a sustainable future .....	28

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### **Sustainability Report 2019 Nordic Paper Holding AB**

The Board and CEO of Nordic Paper Holding AB (Org. No. 556914-1913) hereby submit the 2019 Sustainability Report for Nordic Paper Holding AB and subsidiaries. Our Annual Report, which can be ordered from the Swedish Companies Registration Office Bolagsverket, contains a detailed accounts of our financial results and status in 2019.



Bio-based products are crucial for us if we are to succeed in achieving a sustainable society. We at Nordic Paper want to play an active part in this transformation, and participate in what we call “green urbanisation”, where products based on our paper are created to form a natural part of a well-functioning life for people both in urban and rural areas. Today, there are major national and global initiatives that provide guidelines of what is important. We have therefore identified the goals in Agenda 2030 to which we can contribute the most, and integrated them into the continuous development of our business.

### **OUR WATCH WORDS ARE PROXIMITY, NATURAL AND PREMIUM**

Our paper is found in close proximity to ordinary people, almost everywhere in everyday life; we are close to our customers with respect to business, thanks to our sales team. Our products are made from natural raw materials that are also close to us: on average, the timber we use in our production is transported no more than 65 km. We are a supplier of premium products and our goal is to be at a premium level in relation to our local environment and our employees. 2019 was a good year from many aspects: we have reduced our use of fossil fuels, streamlined our energy consumption and have had no environmental infringements. Moreover, our



employees are even more satisfied than before, which can be seen by the fact that we exceeded the goal set in our employee index. Despite these fine figures, there are some things we need to work on: for example, we have not yet achieved our target in terms of the number of accidents at our workplace. Health, environment and safety are our top priorities. Moreover, it is an important aspect of being an attractive workplace and we therefore continue to focus on making improvements in these areas.

Our desire is to be a responsible actor in society as well as a good neighbour, and therefore we will continue to develop existing joint initiatives.

Paying consideration to the external environment creates endurance; our aim is to continue working on reducing not only our emissions to air and water, but also our consumption of energy and raw materials. All in all, this will ensure we produce products with the least possible environmental impact. Together with our employees, customers and suppliers, we are strong and will continue to develop as a company over time.

Anita Sjölander  
CEO Nordic Paper Holding AB



# **Nordic Paper in the world – and the transition into a sustainable society**

When the transition from today's society into one that is more sustainable is discussed, a bio-based economy is frequently mentioned as being one of the most important pieces of the puzzle. There are several reasons for this: it contributes to reducing emissions of greenhouse gas, it is based on a renewable resource that binds carbon dioxide in its growth phase and it is recyclable, with a variety of possible uses.

Products based on forest raw materials also have an inherent ability to return to nature when they are no longer of physical use. In a world where the presence of plastics in the countryside and in seas is an ever-increasing problem, this is an important aspect: that we use things and materials that do not create even greater problems in the future.

## **AGENDA 2030 AND THE 20 GOAL – GLOBAL CHALLENGES AND PROSPECTS**

The climate is one of the greatest challenges of our times and is a central question for us as a company within the pulp and paper industry. The most important item in the Paris climate agreement (COP21) is to limit emissions of harmful gases to the atmosphere so that the increase in temperature is max. 20° C. These are combined in the 17 global goals stated in Agenda 2030, which can be regarded as being one of the world's most important "to-do list": it is as clear and demanding on both local and global levels. The efficient use

of resources and minimized levels of pollution are two key factors in succeeding with the challenges associated with meeting these goals.

Added to this is the on going urbanization process; it is becoming increasingly difficult to attract expertise to, and maintain a viable flow of everyday and welfare services in smaller and more rural areas. However, signs of change are beginning to appear as a result of increased consumer awareness.

As a company, we have many important tasks to undertake and responsibilities to fulfil in order to make our contribution to sustainable development. It's not only about how we use raw materials, energy, water, chemicals and other resources but also about making demands, so that biodiversity and human rights are supported by our way of operating and doing business. All our production facilities are located in smaller towns, making it our responsibility of being an attractive employer that allows people to thrive and develop; we thereby contribute to the viability of rural areas.

The challenges we face also present great opportunities for us as a participant in a bio-based economy. We are determined to do what we can to reduce our carbon footprint and to increase the proportion of wood fibre-based products at the expenses of fossil plastics: to be a force in the development of sustainable and well-functioning everyday life.

# The natural leader

Nordic Paper has been producing paper in Scandinavia since the end of the 19th century. Today we produce two main types of high-quality paper: Natural Greaseproof paper and Kraft Paper, both with a variety of uses. We are an independent manufacturer and our paper and pulp mills form the heart of our business.

Our paper is made from virgin fibres alone, with no added fluorocarbons, making it well-suited for use in the food industry. Moreover, we only use renewable forest resources. All our production is based on taking great concern for the environment: certificate processes and our own internal demands and audits are proof of this, together with the high demands we place on our suppliers.



## VISION

Nordic Paper shall be the natural leader in speciality paper.

## BUSINESS CONCEPT

To offer selected customers superior service and quality.

It means that we:

- Manufacture products with the least impact possible on the environment.
- Have the ambition of responding to all communications with customers within 24 hours.
- Collaborate and develop our competence in all fields to meet the needs and demands of our customers and owners.
- Develop together with our suppliers so that we can fulfil the demands placed on raw materials, equipment and services together.
- Take responsibility for the environment by reducing not only our emissions to air and water continuously, but also our consumption of energy and raw materials.



## A COMPANY WITH ITS HEART IN SCANDINAVIA

Nordic Paper's four production plants produce pulp and paper of the highest quality to meet our customers' different, but specific, needs. We are a leading producer of Greaseproof paper and Kraft paper and have our base in Scandinavia.

All our mills lie within a radius of 250 km: three are located in Värmland, Sweden, and one in Greåker, Norway. This proximity is advantageous in several ways, one of which is that it allows for short and environmentally efficient transport between them.



### BÄCKHAMMAR

- **Founded:** 1871
- **Employees:** 259
- **Capacity Sulphate pulp:** 230,000 tons
- **Capacity sack and MF:** 110,000 tons
- **Capacity MG-kraft:** 50 000 tons
- **Certificates:** ISO 9001, FSC®, PEFC

### SÄFFLE

- **Founded:** 1883
- **Employees:** 188
- **Capacity Suphite pulp:** 50 000 tons
- **Capacity Greaseproof paper:** 50 000 tons
- **Certificates:** ISO 9001, ISO 22000, FSC®, PEFC, Swan

### ÅMOTFORS

- **Founded:** 1896
- **Employees:** 81
- **Capacity Speciality Kraftpaper:** 56 000 tons
- **Certificates:** ISO 9001, FSC®, PEFC

### GREÅKER

- **Founded:** 1905
- **Employees:** 110
- **Capacity Greaseproof paper:** 42 000 tons
- **Certificates:** ISO 9001, ISO 22000, FSC®, PEFC, Swan



**OUR PAPER – THE VALUE OF A NATURAL PRODUCT**

Nordic Paper creates value by producing and selling speciality papers. All the raw forest materials we use come from Scandinavia so, apart from the transport stretches being short, they are from areas with strong forest legislation management. We only use virgin fibres in our production. The Scandinavian climate means that trees in the forests grow slowly: it results in their having strong fibres which, in turn, allow us to make strong paper.

**KRAFTPAPER**

Our Kraft paper, iamKraft®, is a strong, unbleached, high-quality paper suitable for industry, packaging and food handling. iamKraft® is mainly used to make sacks for cement and animal food, carrier bags, laminate and composite products, compostable food waste and food packaging.

**NATURAL GREASEPROOF PAPER**

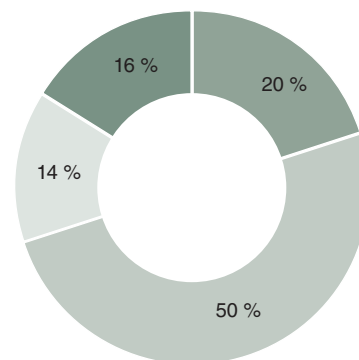
Our Natural Greaseproof paper can be used in many ways for food handling and packaging solutions. Grease-resistant and fully recyclable,

manufactured without added fluorocarbons PFAS, it is used mainly for baking cups and baking sheets, as well as food handling paper with strict hygiene requirements.

**OUR MARKETS**

We sell to customers in more than 80 different countries, spread all over the world. Approximately 90 per cent of our products are exported.

OUR MARKETS



- SCANDINAVIA
- OTHER EUROPE
- NORTH AMERICA
- OTHER COUNTRIES

# Highlights 2019

## **PRE-STUDY INITIATED FOR NEW PRODUCTION PERMIT FOR BÄCKHAMMAR**

A pre-study was initiated during the year with the aim of procuring a new production permit for the mill in Bäckhammar. Simultaneously with this application, which is planned to be submitted in 2020, the company also intends to apply for a change of recipient: from the small River Visman to the very much larger Lake Vänern, which would reduce the environmental impact of the mill significantly.

A comprehensive pre-study has been initiated for this purpose too: with the help of external expertise, we are examining where it would be most appropriate to run a new pipeline out into Vänern carrying our cleaned process water.

Today, the Bäckhammar mill is authorized to produce 230,000 t.p.a. of pulp and 160 t.p.a. of paper. In order to keep abreast with developments in society, and to grow and ensure our continued existence in an increasingly competitive industry, an increase in the production of pulp by 50,000 t.p.a. will be applied for, of which 20,000 tons will become paper.

## **CARBON FOOTPRINT**

In 2019 we charted Nordic Paper's emissions of greenhouse gases, which resulted in a Carbon Footprint Report. The mapping process followed the framework developed by CEPI (Confederation

of European Paper Industries) and the guidelines for the GHG (Green House Gas) Protocol. It is based on data from 2018 and will form the foundation of future mapping. In 2020, using the information obtained, we will set business goals related to concrete emissions that can be evaluated.

## **ENVIRONMENTAL EDUCATION FOR ALL EMPLOYEES**

During the year, our employees created an educational programme with a broad perspective on environmental issues, based on Nordic Paper's local requirements and conditions. It helped us understand what we have to relate to, whilst simultaneously providing the opportunity to discuss how we all can help reduce our impact on the environment.

A total of 99 per cent of all employees completed the course in 2019; subsequent evaluation showed that it was very much appreciated.

## **PERMISSION GRANTED BY THE ENERGY AUTHORITY TO CHANGE BIO OIL TYPE**

In March 2019, Nordic Paper Bäckhammar AB received approval from the Swedish Energy Authority to use bio oil other than solely tall oil pitch. The reason for the change was to decrease our consumption of fossil oil and thereby reduce our carbon footprint.



### **ANTI-CORRUPTION POLICY TO SUPPORT ETHICAL BUSINESS**

Nordic Paper has established an anti-corruption policy to provide support to the Board of Directors, employees, hired staff and external parties with whom we collaborate in order to avoid and prevent bribery and corruption. This policy will be communicated and implemented during 2020 throughout the company.

### **NEW SHOE PRESS – INCREASED EFFICIENCY IN 2019**

The shoe press installed in the paper machine in Bäckhammar in September 2018 has given the desired result. This is shown by improved efficiency in 2019, when production increased by just over 11 per cent. At the same time, the 2019 preliminary figures indicate that the specific thermal energy used by the current paper machine decreased by 20-25 per cent; this is also reflected through a pronounced reduction in oil consumption.

# Sustainability in Nordic Paper

Our vision at Nordic Paper is to be the natural leader in speciality paper. Sustainability is a prerequisite if we are to realize this and thus forms an important strategic parameter of our business. Therefore, we work continuously with updating and incorporating sustainability in our operations development, and also contribute by persuading more customers to choose paper-based products and thereby reduce their use of plastic. Among other things, we participate in the Paper Bag Day: an initiative taken by CEPI Eurosac and held every year on October 18th. We assist customers in replacing plastic, either totally or partly, in their packaging solutions.

Work is ongoing to minimize the amount of chemicals added to our paper. Having a long tradition and great expertise in the field makes us very passionate about manufacturing paper.

We have been in the papermaking business for generations and aim to continue doing so – it's in our nature!

## WHAT IS SUSTAINABILITY?

We see sustainability as an endless journey and a way of living that need to be updated and developed continuously. It's why we also constantly work towards keeping the map updated for our journey towards being a more sustainable company. The three aspects of sustainability we have identified

are: social, economic and climate/environment. Our work is also based on the definition of sustainability established in the Brundtland Report *Our Common Future* from 1987, which states that "sustainable development" is development that satisfies today's needs without jeopardizing those of future generations.

## WHAT IS A SUSTAINABLE COMPANY?

We believe that a sustainable company is one that is not only aware, but also conscious of the influence it has on the environment. To become even more sustainable in the long term, we need to work continuously on increasing our positive aspects whilst reducing our negative impact. We should therefore always consider the consequences of our actions and ask ourselves how we can improve.

## AWARENESS IN THE ORGANIZATION

We are aware that everything we do can be improved upon and that we need to act responsibly today if we are to reach sustainability for future generations.

Our aim is to be a responsible and profitable social actor that contributes to a long-term sustainable society. We manufacture products that are degradable and therefore sustainable in the long-term: they are alternatives to many other products

on the market with similar areas of application. All the renewable fibres we use originate from forest owners in close proximity to our mills.

The fact that our production is founded on bio-based and fully renewable raw materials does not mean that our operations are free from problems or without any negative aspects. It is important that we have knowledge of the positive and negative impacts we have on the environment from environmental, social and economic aspects in order to develop and improve our business operations. By offering products that are based on recyclable, renewable and natural raw-materials that can replace fossil-based plastics, Nordic Paper takes responsibility for achieving sustainability for future generations.

Unlike, for example, plastic bags that take several hundred years to decompose naturally, our paper products are biodegradable and recyclable: should they be thrown away outdoors, they will return to nature in just a few months.

**OUR VALUE CHAIN**

Nordic Paper's value chain starts with the purchase of our main raw material, i.e. wood, sourced from nearby Scandinavian forests. We use it to produce pulp and paper, which are then transported to our

customers; the end-products become part of our everyday lives. Our paper production requires resources in the form of raw fibre material from the forest, water, chemicals and energy.

The value chain starts with the forest owner, who plants, nurtures and harvests his forest. The wood we purchase for use as our raw material comes from forests located in the vicinity of our production facilities, being transported 65 km on average.

Our operations affect, and are affected by, the value chain: success in the value chain can be success for our business and vice versa. It is therefore crucial that all parties in the value chain share our values and work with the same level of expertise.

**Our suppliers**

Nordic Paper has approximately 1, 700 active suppliers, and they have a major impact on our value chain. Our main and most important suppliers are those who provide us with wood and pulp, chemicals, energy and logistics solutions.

We work with suppliers who have operations located as close to our units as possible: the majority, more than 95 per cent in total, are therefore Scandinavian (primarily in Sweden and Norway).

**OUR VALUE CHAIN**



Nordic Paper manufactures and sells pulp and paper. Our value chain extends beyond that: our paper is used by people all over the world, every day. We work actively to ensure that our paper is a sustainable product throughout its lifecycle.

The remaining 5 per cent, which are based mostly in Europe, are primarily our haulage companies who provide e.g. shipping and truck transport. We believe that proximity to our suppliers not only provides shorter transport distances but also gives us better knowledge of them.

**AGENDA 2030**

The UN's 17 global sustainability goals, listed in Agenda 2030, form a common guideline to long-term sustainable development for all countries and companies in the world.

As the name implies, the work should be complete, and the targets achieved, by 2030. New demands will be placed on the pulp and paper industry during the important transition towards a more sustainable use of resources, not least because forests are regarded as a source of raw material for many other products and needs than just paper, which must be balanced against the goal of nurturing biodiversity.

In 2018 Nordic Paper identified Goals 8, 12 and 15 as being those we can influence and contribute to the most. During 2019 this work was developed further and concretized by identifying interim targets in accordance with Agenda 2030. These are goals that can be linked to existing goals and activities within the company.

**NORDIC PAPER'S CONTRIBUTION TO MAKING SWEDEN FOSSIL-FREE**

Sweden has the vision of becoming one of the world's first fossil-free welfare nations, and will be realized via a number of leading industries. One of these is the forest industry, of which Nordic Paper is a part. It contributes to climate work in three principal ways:

1. Through *substitution*, whereby bio-based products replace fossil-based products or products that cause large fossil emissions when being produced.
2. Through *carbon binding* in bio-based products as well as in the forest itself.
3. By *reducing their own use of fossil energy*.



The goal of the roadmaps is for the overall climate benefits and contributions made by the forest industry towards attaining a fossil-free society to have increased by 2045, achieved by using more bio-based products and through the phasing out of fossil energy in its own operations. In addition to showing our customers, in several different ways,



how our products can replace fossil fuels either completely or partially, we at Nordic Paper are also busy phasing out fossil oil. However, this cannot be done without some new construction or remodeling work being undertaken. The changes we have made so far at the Bäckhammar mill have shown good results: from using close to 16,000 tons of oil in 2003, only around 1,500 tons of fossil oil were consumed in 2019, which is a reduction of over 90 per cent.

The roadmap also aims at “reducing the use of fossil energy in the forest industry’s processes” and that they should be fossil-free to 96 per cent. In this case, Bäckhammar mill also contributes strongly and positively to the goals stated in the roadmap. In 2019, our fossil share of all fuels was only 1.2 per cent (excluding electricity) whilst our share of bio-fuels was 98.2 per cent. We also work continuously on streamlining and reducing emissions from our transport. More information can be found in the section *Our production and our products*.

### **FOCUS OF SUSTAINABILITY 2018-2023**

Nordic Paper has identified the three most important areas of sustainability for the enterprise to manage, follow up and communicate during the five-year period 2018-2023.

#### ***Focus Area 1: Strengthen responsible production***

Focus on improving our production from environmental, social and economic perspectives: from the selection of materials to manufacturing and the final products. It includes continuously ensuring that the forests we use are managed in a sustainable way; achieving high production efficiency; reducing our use of resources and carbon dioxide emissions; and continuing to produce products such as Greaseproof paper without added PFAS. It also involves examining the possibility of our customers using our products to replace fossil-based materials.

#### ***Focus Area 2: Simplify and unify our business***

Focus on streamlining, simplifying and unifying our methods of work, structures and systems to

minimize financial and operational risks. This means, for example, that we are not only working on establishing standardized routines for data collection and reporting in all our mills, but also creating simpler digital tools for our employees to work with. See the section on *Sustainable Business* for further details.

#### ***Focus Area 3: Experience and commitment of employees***

Focus on the experience and commitment of our employees. They are our organisation’s greatest asset and crucial for us in realizing our vision. Having contented and committed employees make us an attractive and successful long-term employer.

Creating positive experiences and promoting commitment require that we are a safe workplace and a secure, inclusive and developing employer. This is something we work actively with, e.g. we carry out employee surveys regularly, take measures that may be appropriate and evaluate them, and also provide training and the development of other skills.

Read more about the results of these surveys in the section *Sustainable employees and communities*.

### **TOGETHER WITH OUR STAKEHOLDERS**

Nordic Paper advocates close collaboration with business stakeholders with respect to working on continuous improvements. An ongoing dialogue with our stakeholders helps us understand what is important for us to both report and work with. Nordic Paper classifies everyone with an interest in our business as an interested party. Our main stakeholders are customers, employees, owners, partners and society in general.

#### ***Customers***

Nordic Paper has around 700 customers in over 80 countries, the majority of whom are converters. We believe that satisfied customers create growth. An open and ongoing dialogue with our customers is one of the most important success factors for fostering good partnerships and relationships.





### **Employees**

Nordic Paper's approx. 600 employees run the day-to-day operations. The company's success is built on committed and competent employees, coupled with a long history and innovation. We strive for a mutual and transparent dialogue, where employees are encouraged to use their own initiative to make Nordic Paper an attractive workplace for both present and future employees.

Health, safety and the development of leadership and competence are all important issues. Our approach is founded on co-operation, willingness to change and tolerance. More about how we work with our employees is given under *Sustainable employees and communities*.

### **Owners**

The owners of Nordic Paper play an important role in the financial and sustainable development of the business.

Running a company that provides value to our owners is important for a good relationship. We strive to achieve our goals through transparent accounting as well as close collaboration and interaction with our owners.

### **Partners**

We cannot develop with respect to sustainability and innovation without the close collaboration of

our partners, who include agents, suppliers and industry organizations. They are also strategically important regarding purchasing and supplier risks.

Every year we review and follow up our suppliers in accordance with our Code of Conduct to ensure good conditions and a sustainable value chain. Our supplier policy, and how we work with it can be found in the section on *Sustainable business, Risk Value chain*.

### **Society**

Nordic Paper's facilities are important in local communities: we as a company create jobs both directly and indirectly, whilst our products made from renewable material help facilitate society to make the transition to being fossil-free. Among the most important stakeholders are government agencies, universities and local associations.

We work actively in contributing to social life and collaborating with local communities: one example is our sponsorship activities, which are primarily aimed at activities that allow children and young people to remain in the area and pursue their interests.

We have an ongoing dialogue with the local community through various different channels. See *Sustainable employees and societies* for more information.

## OUR CONTRIBUTIONS IN REACHING THE GLOBAL GOALS



### Goal 8

#### Interrim target 8.1

Continue making technical investments to achieve more efficient production; continue working with innovation.

#### Interrim target 8.5 and 8.8

Focus on diversity in employment; prioritise processes in health, environment and safety, and continue to improve them. This is already a part of our business policy.

### Goal 12

#### Interrim target 12.2

Efficient utilization of resources, e.g. through applying recirculation and recycling principles to our production processes.

#### Interrim target 12.4

Decrease the amount of chemicals present in harmful emissions, and reduce their effects on people and the environment.

#### Interrim target 12.5

Reduce waste by reducing, recycling and reusing, e.g. using waste material for final coverage of landfill, and sorting waste at source.

#### Interrim target 12.6

Report on sustainability: we do this already via the present report and by mapping our carbon footprint.

### Goal 15

#### Interrim target 15.1

High demands on our raw material suppliers – e.g. requirements for environmental harvesting.

#### Interrim target 15.2 and 15.5

Use resources that guarantee sustainable forestry and/or help spread knowledge of forestry and fibre-based products, e.g. by advocating the use of paper rather than plastic carrier bags.

## Our production, our products and our environmental responsibility

*Nordic Paper strives to produce products with the lowest possible environmental impact. We are convinced that environmental consideration creates sustainability, and therefore work constantly to reduce our emissions to air and water and to reduce our energy consumption.*

### OUR ENVIRONMENTAL IMPACT

We are a company that makes an impact on the environment. Our production units have permits, issued by the appropriate authorities, that primarily regulate the following: emissions to water and air, the production and consumption of energy, the use and handling of chemicals, waste and noise.

For us, it is important that we not only live up to the emission limits we have been set, but that we also continuously aim at surpassing them. It is also important that we work on preventing abnormal emissions since they can cause problems even if, over time, they remain within our limits. Our Production Director and CEO are responsible for our emissions, whilst our CEO bears the ultimate responsibility for our environmental impact.

In 2019 we developed an education programme in order to involve and engage all our employees in our sustainability work. It had a broad perspec-

tive on environmental issues, with the starting point being our local requirements and conditions. It showed what we at Nordic Paper need to relate to, and provided an opportunity to discuss how we all can contribute to reducing our impact on the environment. As many as 99 per cent of our employees attended the programme during the year; the evaluation showed that it was greatly appreciated.

### *Products based on a renewable resource*

Nordic Paper makes paper from a natural, renewable resource. The wood raw material we use comes exclusively from nearby Scandinavian forests. Forests have a positive impact on the environment and the climate: during their growth period, they both bind carbon dioxide and contribute to biodiversity and recreation. Although we only use new, i.e. virgin, raw material in our production, the fibres in the paper can be recycled several times and used as recycled fibre and, ultimately, used as a biofuel.

It is important for Nordic Paper that the forests we use have been managed in a sustainable way. Proximity to our raw material allows us to have good control over it and provides us with traceability. Nordic Paper buys both FSC and

PEFC certified wood products. We ensure that the procurement complies with the requirements we make for sustainably used raw materials and annually makes our own audits of wood suppliers to ensure that they meet our requirements and expectations.

### ***Recycling and purifying the water used in production***

Water is a vital resource in our production process, and we work continuously to ensure its efficient consumption. Our units use surface water exclusively.

In 2019 we used 21.9 million m<sup>3</sup> of water. We recycle virtually all our process water. The used process water is purified before it is returned to the same watercourse from which it came. We measure the quality of this water regularly to ensure that it does not cause harm the environment.

### ***Greaseproof paper without resistant fluorochemicals, PFAS***

We do not add fluorochemicals, PFAS, which are referred to as being persistent, bio-accumulative and health-hazardous, to our Greaseproof paper. Instead, we process the cellulose fibres vigorously for a long time, which provides a natural barrier of pure cellulose. In order to raise awareness of health and environmental aspects associated with PFAS, we are involved in the “POPFREE Project”, which is aimed at consumers and industries to help them choose PFAS-free alternatives.

### ***Part of a bio-based circular economy***

Nordic Paper is part of a bio-based circular economy where we use the added-value of raw materials and products as far as possible: we use most of the residual products that arise from our production ourselves. The production of sulphate pulp generates tall oil and turpentine. We extract the tall oil and sell some to buyers who refine it into new products; the remainder becomes pitch oil, which we then use to produce fossil-free energy. The turpentine is sold to the cosmetics industry. We handle almost all the residual products from our operations and ensure they are put to good use. Our production units recycle both chemicals and energy. Nordic Paper's largest facility, the mill at Bäckhammar in Sweden, is 60 per cent self-sufficient in electricity.

### ***Minimize emissions of carbon dioxide***

It is mainly from the use of energy and the recycling of chemicals that Nordic Paper generates carbon dioxide emissions; our direct emissions are primarily biogenic. Preliminary in 2019, 5.3 per cent of direct emissions were from fossil fuels, which is in line with the figures from 2018 (see the table on page 21).

Carbon dioxide is emitted from sources other than our production, e.g. internal and external transport. We continue to strive towards more environmentally friendly and efficient forms of transport; this work began in 2018 and has produced concrete results. Since then, for example,



# CLIMATE IMPACT CO<sub>2</sub> EMISSIONS 2018




**Fossil CO<sub>2</sub>e from production and transport to customer:**

107.3 ktons CO<sub>2</sub>e

**Fossil CO<sub>2</sub>e Scope 1 and 2:**

224 kilograms CO<sub>2</sub>e per ton of product produced

(according to the Carbon Footprint-mapping)

GOAL 2019	RESULT	GOAL COMPLETION
Emissions must meet BAT requirements	BAT requirements were met	
Survey of carbon footprint and development of long-term goal	Mapping completed	
95% of all employees attend environmental education programme	99% of all employees completed the programme	

most of our kraft paper that is transported to Italy goes by rail through Europe. Further actions are planned to reduce our emissions further.

“Carbon Footprint Mapping” of Nordic Paper's carbon footprint was carried out in 2019, providing us with a very good internal overview of the Concern's emissions of carbon dioxide. Thanks to this overview, we can devise a strategy and long-term goals for reducing our imprints. We now have the structure in place that allows us to enter new figures for purposes of comparison, enabling us to measure the effects of our environmental work.

CEPI's framework includes ten “toes” that should be investigated to describe the relationship between paper products and their climate footprint. We have chosen to focus on the toes we can influence the most, namely:

- Toe 3:** Greenhouse gas emissions from production units
- Toe 4:** Greenhouse gas emissions from forestry
- Toe 5:** Emissions of greenhouse gases from other raw materials
- Toe 6:** Emissions of greenhouse gases from purchased and sold electricity, steam, hot and cold water
- Toe 7:** Greenhouse gas emissions connected with transport

The GHG protocol was developed by the World Resource Institute in collaboration with the World Business Council on Sustainable Development and is the world-leading standard for measuring, managing and reporting greenhouse gas emissions. According to this standard, emissions are divided into “Scopes”, which are based on the degree to which a company can influence them. Scope 1 encompasses all of the company's direct emissions and, in the case of Nordic Paper, has a link to Toe 3. Scope 2 embraces indirect emissions that can be influenced, such as transport and the use of electricity and district heating; here, it also affects Toe 6. Scope 3 covers the indirect emissions that we have the least impact on; here Toes 4, 5 and 7 is a matter of urgency.

Mapping the carbon footprint has revealed that Nordic Paper's total climate impact totals 89,654 tons of carbon dioxide equivalents (CO<sub>2</sub>e). When emissions from transport to customers are also included, the company's total emissions add up to 107,275 tons.

### ***Risk: Emission conditions are breached***

Incidents and unexpected events in production can result in emissions being increased, thus causing us to violate the stipulations laid down by the authorities. Knowing that large emissions can have a negative impact on the environment, we work on preventing and managing risks through routine checks, environmental risk analyses and educating our personnel.

Should an unexpected event occur, we prioritize the environment over production. We can report that, in 2019, no such events occurred and, during the year, we complied with all BAT requirements (BAT= Best Available Technology, according to EU directives 2010/75 and SFS 2013:250).

### ***A number of incidents have caused violations to our emission conditions:***

**2018:** Two (2) incidents that were harmful to the recipient. Several measures were taken with respect to technical equipment and work routines.

**2019:** Zero (0) cross compliance incidents. This was one of our best years in terms of environmental status.

### ***Risk: High emissions from transport***

Our industry involves the use of transport. Inefficient transport can lead to unnecessarily high emissions of carbon dioxide that impact the environment negatively, so we have requirements that must be met by the vehicles used by our carriers and the filling ratio used.

When entering into negotiations with new transport companies, we ensure that, as far as possible, the vehicles they use meet high environmental standards and, amongst other things, have the lowest Euroclass 5 engines.

In 2018, at least 50 per cent of trucks were able to comply. In 2019, the requirement was that all

SUMMARY	UNIT	2019	2018	2017
Production				
Paper	kton	258	259	254
Pulp	kton	248	246	251
Materials used				
Wood <sup>1)</sup>	m3fub	1 046 254	1 027 278	1 060 000
Pulp purchased externally	kton	44,9	38	40
Chemicals <sup>2)</sup>	kton	28,8	29	31,7
Water used				
Surface water <sup>3)</sup>	million m3	21,9	23	21,5
Emissions of greenhouse gases CO2e				
Fossil carbon dioxide <sup>4)</sup>	kton	-	107,3	-
Biogenic carbon dioxide	kton	-	590,4	-
<b>Total direct greenhouse gases CO2e</b>	<b>kton</b>	<b>-</b>	<b>697,7</b>	<b>-</b>
Purchased steam and electricity	kton	25,7	26,5	26,4
<b>Total indirect greenhouse gases CO2e</b>	<b>kton</b>	<b>26,3</b>	<b>27,3</b>	<b>25,9</b>
By-products				
Tall oil	ton	3621	4664	4809
Turpentine	ton	446	481	486

1) Purchased wood

2) Purchased chemicals calculated at 100 % dry content

3) Production processes use surface water

4) Nordic Paper's total climate impact in 2018 was 107.3 ktons CO2e from production and transport to the customer. Fossil CO2 Scope 1 and 2 were 224 kilograms of CO2e per ton of product produced.

## Comments

- Note that the figures are preliminary: exact figures for 2019 could not be compiled prior to the publication of this report.

engines should be of the lowest Euroclass 5, but this has not yet been revised.

Applying FTL (Full Truckload) allows us to reduce and streamline our transport and avoid trucks leaving our mills with a low filling rate. About 80 per cent of the trucks that left our mills in 2018 were full; figures for 2019 could not be compiled before the publication of this report. Work will continue and followed up in the 2020 report.

In 2019 we moved our external warehouse in Norway from Moss to Fredrikstad. The first preliminary calculations show that this has resulted in transport from factory to warehouse being reduced by more than 50 per cent per ton of product.

EMPLOYEES & ORGANIZATION 2019	GOAL	RESULT	GOAL COMPLETION
Attendance	> 96 %	95,9 %	<input checked="" type="checkbox"/>
Injuries	max. 11	16	<input type="checkbox"/>
Employees interviewed	> 95 %	99 %	<input checked="" type="checkbox"/>
Employees with completed SSG Entrance Training	> 95 %	98,5%	<input checked="" type="checkbox"/>
NMI (satisfied employee index)	> 67	70	<input checked="" type="checkbox"/>



## Sustainable employees and communities

*Having a good working environment with healthy employees makes Nordic Paper an attractive workplace. Health, environment and safety are just as prioritized as profitability and form an integral part of our daily operations. Our clearly defined goals for health, environment and safety are achieved through systematic training and taking specific measures aimed at promoting a positive attitude.*

### OUR SOCIAL IMPACT

Nordic Paper contributes to people having work and thus being able to support themselves. We employ directly into our own workforce and indirectly by, for example, purchasing goods and services. As our products are made from renewable raw materials, we contribute to a “green” urbanization of society. We offer sustainable alternatives to applications and products, such as packaging, containers, etc., without which modern, urban life would be challenging. We also operate an industrial enterprise where we work continuously to minimise risks linked to safety, health and the environment.

### ***A safe work environment with healthy, committed employees***

Nordic Paper’s highest priorities are the health of our employees and providing them with a safe and secure workplace. Our aim is to have a workplace that is free from accidents, where

employees have a high level of attendance and safety risks are minimal. We are value-driven and strive for diversity, where the individuality of each employee is utilized, and therefore actively monitor, measure and improve the actions we take regarding well-being, health and safety issues in the workplace. Our employees are offered SSG Entrance Training, which provides everyone with a common ground for understanding health and safety issues in the workplace.

Every year we offer employees internal and external education. We also have a gym, provide occupational health care and offer health care grants to stimulate a variable and healthy leisure time, as well as other health-promoting activities at, and close to, our facilities.

Our employees should have the opportunity to express themselves and make suggestions for improvement. One way of doing this is by carrying out regular employee surveys, which we then follow up. During 2018, our Satisfied Employee Index (NMI) was 66, which did not quite reach our goal of at least 67. In 2019 we therefore worked actively on how we should collaborate to intensify the commitment of both management and employees to the organization. Challenges and activities were identified and, with particular focus placed on gender equality and the elimination of harassment, we achieved a value of 70 in the NMI this year: this improved the result by four units, thereby exceeding the target. Work is ongoing,

of course, to create and maintain a good working environment from both physical and mental aspects. The NMI target for 2020 has now been raised to a value of at least 70 and an even higher response rate.

**Risk: Work environment**

Nordic Paper's operations are such that there is a risk that accidents and incidents may occur in the workplace. This risk to the lives and well-being of our employees makes health and safety our most important priorities. We have had a positive trend in recent years and have now achieved our attendance goal: between 2018 and 2019, this increased from 95.3 to 95.9 per cent.

Although we have worked with several activities to increase focus on working safely, we have not succeeded in reversing the trend of accidents that result in sick leave. During 2019, 16 accidents with sick leave occurred, putting us at the same level as 2017 and having two more than 2018. We will continue to put energy and efforts into making improvements and reducing the number of injuries suffered in our workplaces. We therefore continue to set clear goals and stra-

tegies and ensure they are followed up. Routine checks are made; accidents and incidents are reported and followed up. In addition, we educate our employees continuously in protection and safety issues. In 2019, 98.5 per cent of employees completed safety training.

**Risk: Competency**

A competitive and surviving business requires qualified and committed employees. Failing to retain or attract competent workers poses a risk to the continued position of Nordic Paper. In order to be an attractive workplace for both existing and future employees, we concentrate on ensuring competitive working conditions and a work climate in which we are encouraged to use our own initiative.

**Gender equality of senior executives**

The Board of Nordic Paper is currently comprised of 80 per cent men, which is an improvement on 2018, when it was 100 per cent men. Of the senior executives, including the CEO, 27 per cent are now women whilst the remaining 73 per cent are men.



OVERVIEW OF EMPLOYEES		2019	2018	2017
<b>Employees</b>				
Average number of employees	Quantity	624	615	623
Of which are women	%	24	22	24
Temporary employment <sup>1)</sup>	Quantity	14	32	–
Average age <sup>2)</sup>	Year	46	46	45
<b>Injuries</b>				
Injuries with sick leave	Quantity	15	14	16
Injuries without sick leave	Quantity	68	77	72
<b>Attendance</b>				
Attendance <sup>3)</sup>	%	96	95	95
<b>Age division of employees</b>				
Up to 30 years	%	18	16	16
31–50 years	%	37	39	40
51 years and older	%	46	45	45

1) Number of employees with temporary contracts at the end of the year.

2) Average age of employees: 2018 refers to Sweden and 2017 refers to Sweden and Norway.

3) Refers to employees with permanent and temporary contracts.

### Comments

- In 2019, the total number of women increased by just over two per cent, whilst the number of female senior executives remained unchanged.
- We work for equal treatment and diversity, striving for a balance between skills and backgrounds.
- Attendance in 2019 increased somewhat and is now at the target level.
- The total number of work-related injuries increased slightly during the year, but those without sick leave decreased by approx. 12 per cent. These figures are nevertheless too high; efforts to reduce and prevent work injuries are ongoing.
- The majority of employees are in the age category 51 years and older. This group continues to grow, as does the proportion of employees under the age of 30.

## Sustainable business

*Nordic Paper abides by laws, regulations and orders. We follow the rules and guidelines that are required for success in our business and performance, including anti-corruption and competition laws.*

### OUR FINANCIAL IMPACT

Nordic Paper works with long-term customer relationships, product development and efficient working methods to generate sustainable business. This benefits our business as well as our customers, suppliers and other stakeholders. Moreover, we play an important role in society in that we not only export goods, we also pay wages and taxes. For us, it is indisputable that we pay taxes according to the rules that apply in the countries in which we operate, and therefore do not have any accounts in tax havens.

### Anti-corruption

Nordic Paper distances itself from bribery and corruption. We comply with Swedish and EU legislation, including anti-corruption and competition laws. Our anti-corruption guide guides and supports our Board of Directors, employees and partners as to how they should act from a business ethics perspective to avoid and prevent bribery and corruption.

The company's new, formal agreement includes a paragraph that clarifies the principle of zero tolerance of bribery. In 2019, which was the first year with a clarified agreement, we have not become aware of any corruption or unethical business behaviour; we will continue to ensure compliance with the law in 2020.

### Sustainable enterprise – routines and processes

Sustainability is a prerequisite for good business; it applies to everything from customer satisfaction to production and choice of suppliers. Our vision and business policy highlight the importance of sustainable development and sustainable actions being taken in our operations.

This is reflected in our processes for managing business systems, planning, production and sales strategy. We have, for example, certificates for quality and food safety. Our ambition of maintaining a uniform level of quality in all units means that we are certified with a multisite certificate of quality: ISO 9001.

We continued working on establishing uniform routines and digital tools for collecting and reporting data during 2019 to minimize financial and operational risks. Among other things, an agent portal was established where both agents

and customers can not only place their orders directly into the system, but also see their order status and stock levels. The handling of containers to be shipped by sea has also been simplified by their being booked via EDI management, and a new customs system allows all customs documents to be handled electronically via a new cloud solution. Internal IT-processes and support were also developed further in 2019: a simpler and more uniform way of handling IT-matters was introduced, which created traceability in the management of systems and the whole IT-environment.

A new CRM system was implemented and MS Teams are now used to share documents and reduce travel. Last, but not least, old and worn-out equipment, e.g. mobile phones, computers and monitors, are sent for recycling. All of these things contribute to reducing our environmental impact.

In 2020, work will continue on our process-orientated business system that helps ensure uniform and more efficient working methods, and on our intranet and document management system that simplifies the finding of information so that the correct action can be taken.

### ***Risk: Ethical business***

The awareness of our stakeholders is increasing all the more, and they demand that we apply good business ethics in our business. It means that deviations from our policies or guidelines can affect us negatively. In order to prevent unethical business practices, we have basic values and anti-corruption guideline that guide employees on how to handle business matters and relationships. No deviations from Nordic Paper's policies and guidelines were reported in 2019.

### ***Risk: Value chain***

Failure to act in the value chain of suppliers or customers with respect to ethical business, security of supply or ability to pay can affect Nordic Paper adversely. We counteract the risk of the value chain not meeting the level expected by selecting our customers carefully, placing high demands on suppliers regarding quality and security of supply, documenting any deviations and providing feedback to the supplier.

An important way of taking responsibility for our value chain is by setting requirements and evaluating our suppliers. In 2018 we introduced a code of conduct, which includes human rights, work environment conditions, anti-corruption requirements and environmental issues, to ensure that our suppliers conduct their operations responsibly. New suppliers that have a direct impact on production, and those with contracts that exceed one year, undergo a supplier assessment before a contract is signed. Once a year, the responsible buyer must make an evaluation of suppliers that are deemed to be important on the basis of three criteria: product quality, scope and frequency.

In 2019, we conducted evaluations of 32 suppliers, three of which were not approved. A plan of action plan has been drawn up for two of them and the contract with the third has not been renewed.

The work of evaluating and analysing the risks inherent in our value chain is ongoing; based on the results obtained, we continue to ensure that our business relationships are sound and that our value chain is sustainable. In 2020, our code of conduct will be strengthened by the implementation of Nordic Paper's anti-corruption guideline on bribery and corruption.



## **The next step towards a sustainable future**

Although forests and renewable raw materials form the basis of our entire enterprise, we aspire to more. There is still much that can be improved and made more efficient in order to reduce the negative impressions and strengthen the positive effects of Nordic Paper's operations: both our direct and indirect emissions can be reduced even further. As a part of the forestry industry, we can see that the future is bright, but we also know that it is our responsibility to be the best we can possibly be with respect to the use of resources, efficiency and safety.





It's in our nature