

# Human and Labor Rights Transparency Statement 2022



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## 1. Introduction

Elopak's Human and Labor Rights Transparency Statement has been developed to comply with the legal requirements as stated in the UK Modern Slavery Act<sup>1</sup> and the Norwegian Transparency Act<sup>2</sup>. The statement is valid for Elopak ASA and all its consolidated subsidiaries, including Elopak UK Limited.

This Human and Labor Rights Transparency Statement describes Elopak's efforts to ensure that potential risks of breaches of human rights (including slavery and human trafficking) are identified and adequately managed within our business and supply chains.

## 2. Organizational structure and supply chains

Elopak is a leading global supplier of carton packaging and filling equipment for liquid food, catering to both the fresh and ambient markets. Elopak was founded by the Ferd Group in Norway in 1957 and is listed on the Oslo stock exchange. We are a global corporation and operate in 40 countries, employ 2,600 people, run 11 manufacturing units, and sell more than 14 billion cartons every year across more than 70 countries.

Our supply chains are global. Key raw materials are mainly sourced from Sweden, Finland, Germany, the Netherlands, Switzerland, Luxembourg, France, Belgium, China, and USA. Closures are sourced from third party suppliers mainly based in Germany, Luxembourg, Hungary, Spain, UK, and USA. Equipment is produced and sourced via a German based Elopak entity, ultimately from Japan, China, or Italy. Our Group Procurement function is a mix of central and local teams. Our key raw materials are sourced centrally, while sourcing of equipment, components, parts and services to our customers, in addition to goods and services to our own production sites, are sourced both centrally and locally.

Elopak UK Ltd.'s principal activities are the selling of beverage cartons, and installation and maintenance of equipment required to fill such cartons. The installation and maintenance of equipment at our customers' sites is undertaken by Elopak engineers from European companies in the Elopak Group or third-party engineering companies in the UK or Ireland.

## 3. Governance

The Group's Board of Directors have overall responsibility for strategy and policies. The Board will address and consider strategic and tactical issues related to the sustainability area. The Chief Executive Officer is responsible for the execution of the sustainability direction and implementation of the governance structure set by the Board.

Elopak has established an Ethics & Compliance Council. The Council manages and coordinates ethics and compliance risk areas, including human rights, and facilitates an efficient implementation across the organization. The Council is chaired by the Chief Legal & Compliance Officer and made up of senior management from different Group functions: legal and compliance, human resources, group procurement, sustainability, finance and IT, including members representing the business areas from operations and specific geographical regions. When deemed necessary, additional representatives participate in the Ethics & Compliance Council meetings. Ethics and compliance matters, including human rights, are discussed frequently with the executive management team (GLT) and are reported on regularly to the Board Audit and Sustainability Committee as well as to the Board of Directors.

<sup>1</sup> Valid for Elopak ASA from 2016

<sup>2</sup> Valid for Elopak ASA from 2022

Our Group Procurement function has the overall responsibility to ensure an adequate sourcing process which includes expectations and requirements towards suppliers related to anti-corruption and business ethics, human and labor rights, health and safety, and the environment. Elopak Category Managers and Local Purchasing Managers are responsible for continuously ensuring that our Responsible Supply Chain principles as well as Supplier Qualification and Integrity Due Diligence (IDD) process requirements are followed and implemented.

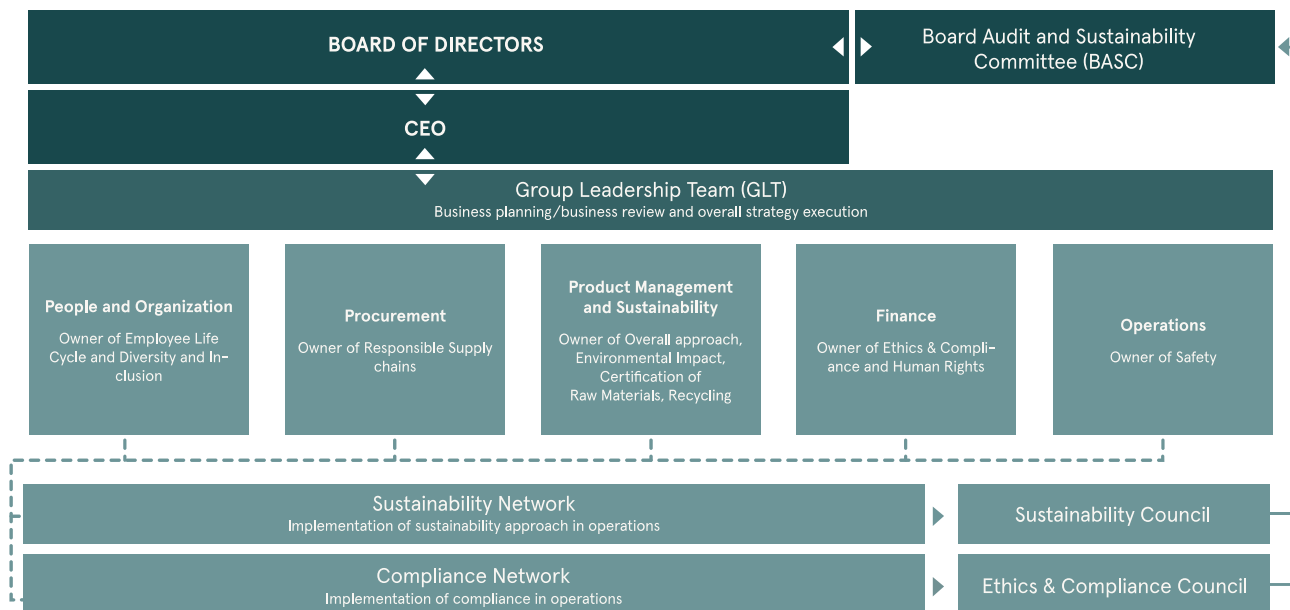


Figure 1: Sustainability governance in Elopak. The human rights framework sits with Group Legal & Compliance but includes a cross-functional approach to cover its broad scope<sup>3</sup>

#### 4. Human rights due diligence

Elopak respects and supports internationally recognized human rights and labor standards wherever we operate, including those outlined in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work (Core Labor Conventions).

Elopak is committed to conducting business in a responsible manner and account for social and environmental aspects in our value chain. Making sure that we work with responsible and sustainable suppliers and business partners who share our values and commitment regarding responsible business conduct is crucial to reducing risk and avoiding negative impact on people, the environment and society throughout our supply chain.

Performing due diligence is a key part of Elopak’s efforts to respect fundamental human rights. Due diligence is a process implemented to identify, prevent, reduce, and document our handling of any negative impact on fundamental human rights and decent working conditions. At Elopak, we have implemented a due diligence process in line with the expectations under the Norwegian Transparency Act and the OECD framework. The sections below further describe the main steps in our human rights due diligence framework.

<sup>3</sup> There are also other networks (e.g., safety, procurement) which are not included in the figure.

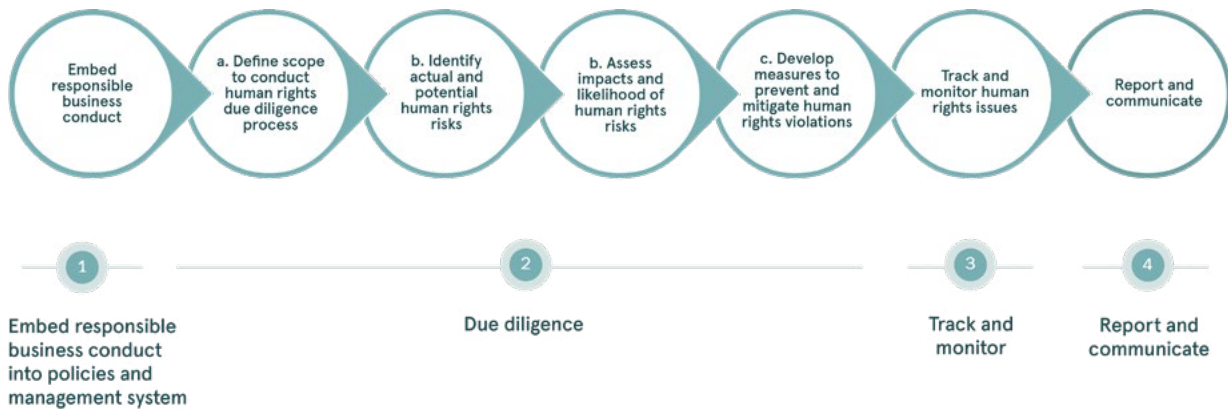


Figure 2: Elopak's human rights due diligence framework

## Policies and management system

Our approach to human rights due diligence in own operations and our supply chain is based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidelines for Responsible Business Conduct.

Human rights are included in Elopak's risk management processes and embedded in our compliance program. Our Human Rights Policy is publicly available here. The Policy is a starting point for our framework for managing human rights risks. As with other ethics and compliance topics, human rights are embedded in our governance system and policy documents. For human rights these include: Business Partner Procedure (IDD process, including country risk assessment); Anti-Corruption Policy, safety procedures, HR procedures (including Privacy Statement), Sourcing Policy including Supplier Qualification and IDD process, Responsible Supply Chain Procedure, Global Supplier Code of Conduct, and General Terms and Conditions of Purchase (GTCs). The Ethics & Compliance Council has a responsibility to manage and coordinate human rights risks, along with other ethics and compliance risk areas, and facilitate an efficient implementation across the organization.

## Identify and assess actual and potential human rights risks and their impacts

In line with the regulatory expectations and standards, the focus of the assessment of risk is outwards facing. The assessment focus on the probability of Elopak causing, contributing and being linked to adverse impacts in our own operations, through our business partners and suppliers.

Our human rights risk assessment is part of the assessment of ethics and compliance in Elopak, which follows the company's risk management process. With our risk-based approach to human rights, we prioritize our due diligence by focusing on size of the business and the context of operations for our own operations and joint ventures, i.e., using global human rights sources and indexes which evaluate risks of human rights violations on country level, and severity levels. We have established a process to identify and assess human rights risks by facilitating workshops in the organization with stakeholders representing our business areas and regions, including specific entities and support functions. Going forward, we will include our relevant stakeholders in further detail when assessing risk.

### Salient risks in own operations

In 2022, we identified that our most significant risks for potentially violating human rights were related to safe working conditions for our production workers, as well as the risk to decent working conditions throughout our operations and supply chain, and the potential for forced labor in our supply chain. This relates more specifically to our operations in Morocco, Saudi Arabia, and Ukraine as outlined below.

## Morocco

In 2022, Elopak acquired a production facility at Casablanca in Morocco. The majority of employees at the plant are local temporary workers.

Main risks	Mitigating and managing the risks
<ul style="list-style-type: none"><li>• Right to health and safety</li><li>• Decent working conditions</li></ul>	<p>During 2022, there has been increased focus on health and safety at all our production sites, with a particular focus on identifying hazards and the risk they pose. In 2022, the Moroccan site was included in the Group Safety Network. Going forward, we will continue our safety training program (“Safe by Choice”) with specific program objectives for each site, including the plant in Morocco. A safety audit will be carried out on site in 2023 to assess any further needs.</p> <p>Elopak’s approach to total remuneration is to benchmark against mid-market conditions. With the integration of Elopak Morocco, Elopak conducted a review of all wages against the local mid-market and updated wages to align with Group principles. All Elopak Morocco employees received updated contracts in line with local regulations and reflecting changes (e.g., to insurance policies) to ensure alignment with mid-market evaluations.</p>

## Saudi Arabia

In 2022, Elopak acquired a production facility in Dammam in Saudi Arabia, as part of the same acquisition of the Morocco site. Approximately half of the total workforce of 40 employees are temporary workers and migrant workers.

Main risks	Mitigating and managing the risks
<ul style="list-style-type: none"><li>• Right to health and safety</li><li>• Decent working conditions</li><li>• Rights of vulnerable individuals and groups</li></ul>	<p>During 2022, Group Health &amp; Safety representatives visited the production plant in Saudi Arabia and raised awareness on health and safety issues. The Dammam plant was included in the Group Safety Network. Elopak will continue the safety training program and outline key objectives and safety measures for the plant. A safety audit will be carried out on site in 2023 to assess any further needs.</p> <p>Elopak is working closely with the contracting company in Saudi Arabia to ensure workers are entitled to their rights. Through contractual clauses, the supplier shall ensure adequate accommodation, living conditions, and a decent wage, among other provisions. In 2022, as part of a dialogue with temporary workers, Elopak detected issues with wages that were not received on time and some instances of irregular wage deductions. These issues were immediately rectified. Similar meetings will be held going forward to ensure the issues have been addressed appropriately.</p> <p>In 2022, Elopak improved the accommodation for our permanent employees which are non-Saudi residents. With the integration of the entity in Dammam, Elopak reviewed salaries against the local mid-market and updated employees’ wages and contracts to align with our Group principles.</p>

## Ukraine

Elopak has an office in Kiev and a production facility in Fastiv, with a total of 151 employees in Ukraine. On 24 February 2022, the plant in Fastiv was temporarily closed in order to focus on the safety of employees and their families. Considering the extraordinary situation in Ukraine, a dedicated risk response team is working on managing and mitigating risks, continuously assessing the impact on Elopak's people, business and assets, in line with the Elopak's risk management principles. The plant was reopened in April 2022 to resume small-scale production to supply customers in Ukraine, in support of efforts to maintain supplies of essential goods in the country.

Main risks	Mitigating and managing the risks
<ul style="list-style-type: none"><li>Right to health and safety</li><li>Decent working conditions</li></ul>	Elopak conducted a comprehensive risk assessment that prioritized the personal safety and security of our employees in Ukraine before reopening the plant in April 2022. The company ensured compliance with security and safety requirements for employees, including providing a clear evacuation plan and suitable shelter in the event of an emergency. Elopak continues to evaluate the risks of operation on an ongoing basis.

## Health & safety

Safety is our number one priority in Elopak, and we are committed to getting everyone home safe every day.

Main risks	Mitigating and managing the risks
<ul style="list-style-type: none"><li>Right to health and safety</li></ul>	<p>Risk assessments for machines and processes were conducted for our main activities. Based on inputs from risk assessments, the annual Safety Week was arranged across all Elopak sites with the theme "Mind the Risk".</p> <p>In 2022, Elopak entered into a joint venture agreement with GLS in India, forming a new company, GLS Elopak, with a 50/50 ownership structure. Going forward, Elopak will continue its safety training program with specific program objectives for the production plant, and a safety audit will be carried out physically in 2023 to assess further needs.</p> <p>Safety best practices are shared across production sites. To meet specific challenges with heating in the converting plants, especially in the summer, breaks are planned at a frequency reflecting the temperature level and drinking water is made easily available. A trial for the use of cooling clothes has been started at one site. These mitigating measures reduce risks significantly. In 2022, we launched the "Golden Safety Rules" for our operational sites as part of Elopak's safety culture and training program ("Safe by Choice").</p>

## **Salient risks for business partners and suppliers**

In 2021, we conducted a high-level review and risk assessment of our supply chain to identify key human rights risk topics and our human rights due diligence priorities. This allows us to better prioritize and channel

our resources and efforts. Our main focus areas in terms of supply chain risk management are outlined below:

Main risks	Mitigating and managing the risks
<ul style="list-style-type: none"> <li>Use of forced labor and child labor</li> <li>Decent working conditions</li> <li>Right to health and safety</li> </ul>	<p>We mainly focus on prioritized categories where more in-depth human rights risk assessments and supplier integrity due diligence processes are conducted to manage and mitigate potential violations of Human Rights. Read more about this in our Sustainability Report 2022.</p> <p>In 2022, no significant instances or indications of possible human rights violations were identified.</p>

To address issues more efficiently, we focus on prioritized areas and categories. These have been identified considering Elopak’s influence, (e.g., spend and strategic importance) and activity/risk to people (e.g., level of manual work, use of unskilled labor, hazardous work, etc.), as well as geography/country risk. Using this approach, we prioritize the following categories for further due diligence activities:

- Raw material categories (paperboard, aluminum, inks and solvents, polymers)
- Logistics and transport
- Filling machines
- Catering and cleaning services
- Maintenance
- .

During 2022, we initiated more thorough human rights risk assessments. This started with raw material categories and suppliers; instituting mitigating actions and follow-up plans where there is a higher risk for adverse human rights impacts. If detecting or being informed of human rights risks or adverse impacts in the non-prioritized areas of the supply chain, Elopak will take appropriate action to mitigate risks there as well.

## **Develop measures to prevent and mitigate human rights violations**

The main stakeholders engaged in the human rights risk assessment include members of the Ethics & Compliance Council, Compliance Network and Procurement Network. The stakeholders align on appropriate mitigating actions.

### **Relevant activities in own operations**

Training, communication, and awareness-raising programs are continuously ongoing as a further element in our preventive measures to mitigate human rights violations. Training in form of nano-learnings has been released to all employees to gain awareness and knowledge on the topic of human rights and decent working conditions, and legal requirements related to this.

Our Global Procurement Network is continuously trained on Responsible Supply Chain considerations and practices including nano-learnings on human rights as part of their training in 2022.

Our key focus and priority for 2023 is to integrate new operating units located in high-risk countries (Morocco, Saudi Arabia, and India) into existing frameworks and processes. We are also increasing our efforts to map and assess potential human right violations in these operations (in particular in India which was not completed during 2022) to mitigate and manage potential issues more effectively.

### **Relevant activities for business partners and suppliers**

Integrity due diligence is conducted for new and existing customers, suppliers, and other business partners, such as joint venture partners or third-party representatives. In line with our risk-based approach, we have initiated more thorough assessments for prioritized areas with mitigating actions and follow-up plans where there is a higher risk for adverse human rights impacts. The risk profile of the business partner determines the appropriate level of due diligence. Screening of the business partner through an external compliance database, self-assessment questionnaires and external due diligence are measures implemented to better understand existing and potential business partners. Significant and/or critical suppliers undergo an in-depth assessment at least every two years through self-assessments and/or third-party assessments such as Ecovadis, follow up meetings and on-site audits for high-risk suppliers. Re-assessments are conducted minimum every two years depending on results of the initial assessments.

We work proactively with our suppliers to prevent and mitigate potential human rights violations. Mitigating measures include clarifying expectations and requirements through Supplier Code of Conduct (SCoC) engagement; inclusion of adequate contractual clauses on Responsible Business Conduct in supplier contracts; follow up meetings; internal and external supplier assessments and on-site audits. In 2022, Elopak revised its Global SCoC, outlining our expectations and requirements towards suppliers in the areas of anti-corruption and business ethics, human and labor rights, health and safety and the environment. The SCoC outlines minimum standards Elopak requires its suppliers to comply with when doing business with Elopak in addition to applicable laws and regulations. Elopak expects that suppliers sign/accepts or demonstrates conformance to the SCoC.

Transparency and credible proof of sustainability is key to us. Therefore, we also ensure that the main raw materials, paperboard and renewable plastics are sourced and verified through certifications systems, also considering social aspects, such as FCS™ and ISCC PLUS. For these raw materials stricter criteria for sourcing activities are specified in separate procedures.

Employees and external stakeholders are encouraged to report suspected or actual breaches of laws and regulations or cases of misconduct and unethical business conduct, including human rights violations. Such reporting can be done through Elopak's whistleblowing helpline.

Going forward, we are further improving our supplier qualification /due diligence framework by better integrating human rights considerations into the existing audit framework.

### **Track and monitor human rights issues**

Group Legal & Compliance coordinates the internal follow-up of preventive and risk reducing measures with the designated risk owners to ensure progress and allow for evaluation of the effectiveness of the proposed measures. Third party ethical audits are conducted where deemed necessary. Our activities are outlined in written work plans and will be monitored going forward. It is our aim that our activities to reduce negative impact have an effect.

### **Report, communicate and remediate**

#### **Grievance mechanisms**

Grievance mechanisms are important to better understand the impact of our operations on the rights of individuals and groups. In Elopak, concerns or grievances can be reported in several ways. Our whistleblower



helpline allows anyone involved in or affected by our activities to raise a concern. The whistleblower helpline also includes concerns related to that of respecting human rights.

### **Internal and external reporting**

Human rights, together with other ethics and compliance topics, are discussed frequently with the executive management team. The Chief Legal & Compliance Officer reports regularly to the Board Audit and Sustainability Committee and Board of Directors on compliance and business integrity matters, including human rights.

Elopak reports annually on our approach, performance and due diligence related to human rights. This is included in our Sustainability Report, which is approved by the Board of Directors.

### **Remediation**

Where we detect any breaches of human rights, we will follow up and provide remediation as required.

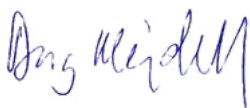
## **5. External engagement**

We engage with industry peers and internal and external stakeholders to build networks, increase knowledge, get valuable insights and broader perspectives. Elopak is an active member of various organizations and trade associations and supports several external initiatives. This helps us stay updated on new developments, interact with other companies, and take an active role on sustainable business development.

As a participant member of the United Nations Global Compact (UNGC), we work with partners to advance sustainability and support the delivery of the UN Sustainable Development Goals (SDGs). We are also a member of Ethical Trade Norway and Sedex, the Supplier Ethical Data Exchange. All these organizations have strong focus on human rights, workers' rights, social and environmental standards. Read more in our 2022 Sustainability Report.

## **6. Approval**

This statement was approved by the Board of Directors of  
Elopak ASA on 1st June 2023.



**Dag Mejdell**

Chairman of the Board



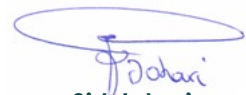
**Trond Solberg**

Board member



**Anna Belfrage**

Board member



**Sid Johari**

Board member



**Sanna Suvanto-Harsaae**

Board member



**Erlend Sveva**

Board member



**Anette Bauer Ellingsen**

Board member



**Thomas Körmendi**

CEO