ELOPAK

Green Bond Framework 2024

About Elopak

Elopak is a leading global supplier of carton packaging and filling equipment. Our iconic Pure-Pak® cartons are made using renewable, recyclable and sustainably sourced materials, providing a natural and convenient alternative to plastic bottles that fits within a low carbon circular economy.

Founded in Norway in 1957 and listed on the Oslo Stock Exchange (Oslo Børs) in 2021, we operate in 40 countries, employ approximately 2 700 people, run 11 manufacturing units and sell in excess of 14 billion cartons annually across more than 70 countries.

Through investment in innovation, our product portfolio has greatly expanded, pioneering solutions that help customers lower their carbon footprint and provide consumers with more environmentally friendly packaging solutions. Our carton portfolio represents a globally trusted, sustainable packaging solution for liquid content, used daily by consumers throughout the world.

A natural solution through generations

Elopak's relentless pursuit of sustainable materials, enhanced product performance and operational excellence makes us the industry innovator and chosen partner for a growing number of customers. A fundamental building block in all our innovational work is our close cooperation with clients.

We protect customers products with our packaging making sure it is kept fresh until it reaches the consumer. All our cartons are already a sustainable choice and are continuously being improved. We offer Pure-Pak® cartons made from renewable material that are sourced from well managed and certified forests.

Today, Elopak offers Pure-Pak® cartons for liquid foods such as milk and juice in addition to household and personal care products such as detergent and soap. All with sustainability at the core. We call it Packaging by Nature®.

Packaging by Nature®

Consumers are increasingly demanding more sustainable packaging solutions. Making the transition to more environmentally friendly options such as beverage cartons is an important step for brands to reduce their carbon footprint.

Today, the Pure-Pak® carton has established itself as the natural and convenient alternative to plastic bottles. It fits within a low carbon circular economy, and it is made using renewable and sustainably sourced materials.

Renewable raw materials

Recyclable

Carbon neutral

1957
Elopak was founded

2 700
employees

14 bn
cartons

11
manufacturing sites

Sales to
70+
markets

External engagement & commitments

International standards

We are committed to respect and support international standards, including the United Nations (UN) Sustainability Development Goals (SDG), the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work.
Our environmental approach is anchored in the Net-Zero Standard Criteria set by the Science Based Targets initiative (SBTi) where we commit to reducing emissions across our value chain by 95%.

Sustainable Development Goals

Elopak works in accordance with the UN Sustainable Development Goals (SDGs). This fits well with Elopak's global approach to sustainability and our vision: Chosen by people, packaged by nature. Our approach to the SDGs forms the basis of our materiality analysis. Elopak has selected SDGs 8, 12, 13, and 17 as priority goals to focus on.

External engagements

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. We collaborate with peers within our industry to facilitate substantial change within the packaging value chain.

Memberships

We are a member of trade associations and work with non-governmental and international organizations, certification bodies, and multi-stakeholder initiatives to promote sustainable practices and continuously improve our products and transparency practices.

- UN Global Compact
- FSC™ – Forest Stewardship Council™
- ISCC – International Sustainability and Carbon Certification
- ASI – Aluminum Stewardship Initiative
- RE100
- EcoVadis
- Sedex
- ACE – The Alliance for beverage Cartons and the Environment
- GRACE – The Global Recycling Alliance for beverage cartons and the Environment
- EXTR:ACT
- Carton Council
- 4Evergreen
- HolyGrail 2.0

Certifications

- All factories are Forest Stewardship Council (FSC) certified
- Several factories are certified according to ISCC PLUS (International Sustainability and Carbon Certification).
- Elopak Group is certified according to the PAS 2060 for carbon neutrality.
- All but two factories have ISO 9001 certification, with the remaining two expected to be certified in 2024. Some of our plants also have ISO 14001 certification.
- Some factories have ISO 45000/OHSAS 18001 certification to verify good Health & Safety practices. We aim for all plants to be certified over the coming years.

Environmental impact

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

While global warming – the emission of greenhouse gases into the atmosphere – represents the most urgent issue of this decade, there are several other areas where our planet is under pressure. The planetary boundaries constitute nine areas for which our planet is under stress; some more pressing than others. For Elopak, greenhouse gas (GHG) emissions remains the top priority, next to protecting biodiversity and water.

Following up on these priorities, Elopak was among the first three companies in the world to have our net zero targets approved by the Science Based Targets initiative (SBTi) after the official launch of the Net-Zero Standard. This is the first framework for corporate net zero target setting in line with climate science.

Approach

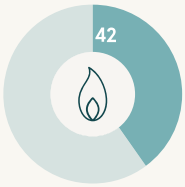
Having worked systematically to reduce green-house gas emissions since 2008, Elopak has reported our third party verified emission data every year since, and has made significant progress. We have a science-based approach, following global frameworks such as the Greenhouse Gas Protocol and standards from the Science Based Targets initiative (SBTi).

In 2015, Elopak joined the RE100 campaign, and since 2016, we have sourced 100% renewable electricity throughout all our sites.

In 2019, we were among the first to set scientific targets to reduce Greenhouse Gas (GHG) emissions in line with keeping global average temperate rises below 1,5°C.

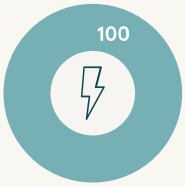
In 2021, Elopak took part in the Net-Zero Road Test for the Science Based Targets initiative (SBTi) with 80 other companies. During that process, we updated our near-term targets in line with the new standard, and in 2022, we had our net zero targets approved. All stakeholders confirm the importance of environmental impact, in particular climate and emission reductions. This strengthens our motivation and drive to deliver on our targets.

Science Based Targets



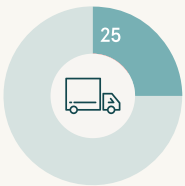
Scope 1
Natural gas, propane, heating, oil, waste incineration, wood

42% reduction by 2030



Scope 2
Electricity, district heating

Continue to purchase 100% renewable electricity



Scope 3
Business travel, transport, raw materials and filling machines

25% reduction across the value chain by 2030

Sustainability Governance

Sustainability is an embedded part of Elopak's business and as such, accountability for this area lies with the Board of Directors. The Board has appointed the Board audit and sustainability committee (BASC) which oversees sustainability frameworks, control and reporting. This includes monitoring compliance with laws, regulations, internal standards, policies and expectations of key stakeholders. BASC also oversees the reporting process and ensures balance, transparency, and integrity of external financial and sustainability reporting. The Board has also appointed the Board compensation committee, which oversees the compensation of management, including KPIs embedded in the compensation mix. Sustainability execution is owned by the Management, the Group Leadership Team (GLT). The Board is accountable for the management of material impacts, risks and opportunities (IRO). During 2023, Elopak performed a double materiality assessment. Elopak will establish a process where the double materiality assessment is updated every 2 years, with regular reporting to the Board of Directors. The tasks of overseeing compliance, adherence to sustainability regulations, reporting and certification has been delegated by the GLT to a Sustainability Council. Chaired by the Sustainability Director, the council consists of the CMO, the CFO, the CHRO and the CPO/EVP Packaging and Closures. This council meets quarterly to oversee sustainability processes, priorities and responsibilities within the represented business areas. A cross-functional sustainability network has been established to manage and implement relevant sustainability topics in Elopak. The network consists of relevant functions from the various business areas represented in the sustainability council.

An Ethics and Compliance Council has been established, chaired by the Chief Legal & Compliance Officer and attended by senior management and personnel. The Council meets at least twice a year to ensure a holistic and cross-functional approach to managing and coordinating compliance risk areas and facilitating efficient implementation across Elopak. Our Compliance Network, consisting of Compliance Champions, supports the implementation of compliance in the line through raising awareness, facilitating training, and providing general guidance. This setup allows us to cover all business areas and regions in our organization.

Green Bond Framework

Setting up this Green Bond Framework is a further step towards increasing the engagement and investments in a more sustainable direction. The Framework enables Elopak to mobilize debt capital to support investments contributing to reach our emission-reduction goals and continue our work to innovate even more environmentally friendly cartons and packaging solutions.

As part of Elopak's commitment to sustainability, a Green Bond Framework (the "Framework") has been developed in line with the ICMA Green Bond Principles (GBP). Therefore, the framework consists of the four key pillars and recommended External Review component.

1. Use of Proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

S&P Global has provided a Second-Party Opinion on this Green Bond Framework, which will be made publicly available on Elopak's website.

Use of Proceeds

An amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in part, investments undertaken by Elopak or its subsidiaries that are in accordance with the Green Project categories and eligibility criteria defined in this Green Bond Framework (Green Projects). These Green Projects may take the form of operating expenditures and capital expenditures, which together will form a portfolio of investments eligible for financing and refinancing with Green Bonds. The overarching goal of the Green Projects is to contribute to climate change mitigation and delivery of environmentally friendly cartons and packaging solutions, in line with Elopak's strategy.

New financing is defined as amounts allocated to Green Projects financed within the reporting year, and refinancing is defined as amounts allocated to Green Projects financed prior to the reporting year. The distribution between new financing and refinancing will be reported in Elopak's annual Green Bond Reporting. Refinancing of operating – and capital expenditures qualify for refinancing with a maximum look-back period of three years prior to the issuance date of the Green Bond. Purchasing costs for products defined under the sub-category 'Sourcing of raw material' under the 'Eco-efficient and/ or circular economy adapted products' category are considered as an annual cost, with no potential to aggregate from year to year, and a look-back period of one year will be applied on a rolling basis for this category.

Green project categories

Green Project category		Eligibility criteria
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products GBP-environmental objectives: Natural resource conservation Climate change mitigation SDG 8.4, 12.5	Production lines	Production technologies and processes related to the production, development and introduction of recyclable and sustainable paper-based packaging. The production lines will be certified in accordance with the standards of the Forest Stewardship Council™ (FSC™) or the Sustainable Forestry Initiative (SFI).
	R&D	R&D related to renewable and low-carbon packaging, processes, and technologies with the purpose of replacing non-renewable materials with renewable raw materials; improving the circularity of the product portfolio; reducing the environmental footprint; and increasing operational efficiencies related to waste, and energy consumption.
	Equipment and machines	New production line equipment and machines used to produce paper-based packaging with the aim to reduce material consumption lower the carbon footprint and/or increase product recyclability. The new equipment and machines will be installed in factories certified in accordance with the standards of the Forest Stewardship Council™ (FSC™).
	Sourcing of raw material	Purchasing of FSC certified paperboard.

Renewable energy

GBP-environmental objectives:
Climate change mitigation

SDG
7.2, 8.4

Solar

Solar energy, such as on-site solar panels.

Clean transportation

GBP-environmental objectives:
Climate change mitigation

SDG
11

Electric cars, forklifts and heavy machinery

Electric cars, trucks, forklifts and machinery as well as associated infrastructure including electrical charging points.

Energy efficiency

GBP-environmental objectives:
Climate change mitigation

SDG
7.3, 8.4, 9.4

Waste heat

Heat recovery projects converting low temperature heat into hot water or steam, with installation technologies such as heat pumps and compressors, which lead to at least a 30% improvement in energy efficiency or emissions reduction.

Electrification

Electrification of processes, machinery, or equipment to replace the use of fossil fuels.

Process for project evaluation and selection

To conduct the selection and evaluation of Green Projects that are in alignment with the criteria set out in the "Use of Proceeds" section, Elopak has established a Green Bond Committee (GBC) consisting of representatives from Finance, Procurement, and Sustainability functions, where the sustainability representative has the ability to veto. The screening and pre-qualification of Green Projects will be integrated in Elopak's decision-gate model for larger projects. The GBC will meet regularly, at minimum on an annual basis, with the potential for additional meetings when necessary, and ensures that the green project pool is updated annually to reflect the actual portfolio by evaluating and replacing Green Projects that may no longer meet the criteria.

The Green Bond Committee is responsible for:

- Evaluating the compliance of proposed projects with the eligibility criteria outlined in the Use of Proceeds section above, applicable laws and regulations, and Elopak's sustainability strategy and policies.
- Ensuring that the pool of Green Projects is aligned with the categories and eligibility criteria as specified in the Use of Proceeds section.
- Identifying social and environmental risks associated with the Green Projects as well as mitigants to such risks.
- Replacing assets and projects that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity/project characteristics with eligibility criteria, regulatory changes etc.)

On a best effort basis, reviewing, modifying, and updating the content of the Green Bond Framework, and managing any future updates of this document to reflect relevant changes in Elopak's strategy, market developments, or regulatory changes.

Environmental and social risks

Risk identification and mitigation is governed under Elopak's risk management procedures, described in Elopak's Annual report. The projects financed will be subject to Elopak's global Supplier Code of Conduct and Responsible Supply Chain work. Elopak's Responsible Supply Chain work follows a risk-based approach and is based on UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. We are committed to working with suppliers that meet our requirements and monitor their performance and compliance to assess and mitigate social and environmental impact in our supply chain.

The global Supplier Code of Conduct sets forth our requirements and expectations in business ethics, human rights, labor practices, health and safety, and the environment. We expect all suppliers to comply with the code and have an equivalent code for their suppliers and sub-suppliers. As part of our process to ensure responsible and sustainable business practices in our supply chain, we perform supplier sustainability assessments with the support of a third-party service provider, Ecovadis, covering the supplier's performance in the areas of Environment, Labor & Human Rights, Ethics, and Sustainable Procurement Practices. We have also developed and started implementing a Supplier Integrity Due Diligence self-assessment questionnaire used for supplier onboarding and qualification purposes covering the supplier's ability to meet our requirements and expectations.

Management of Proceeds

Elopak will establish a Green Register to monitor Green Projects financed and to provide an overview of the allocation of the net proceeds from the Green Bonds issued to the respective Green Projects. Elopak will aim for the value of the Green Projects detailed in the Green Register to at least equal the aggregate net proceeds of all outstanding Elopak Green Bonds. Net proceeds will be periodically adjusted to match allocations to eligible projects on an annual basis.

There may be periods when the total outstanding net proceeds of Green Bonds exceed the value of the Green Projects in the Green Register. Proceeds from Green Bonds will be held and managed in accordance with Elopak's liquidity management policy, such as in bank accounts with relationship banks, until allocated towards Green Projects. The Green Register will also form the basis for the impact reporting.

Reporting

To enable the monitoring of performance and provide insight into prioritized areas, Elopak will annually publish an allocation and impact report ("Green Bond Report") until full allocation of the net proceeds, and in the event of any material changes, until the relevant maturity date of the green bond issued. The Green Bond Report will be available on Elopak's website. The Green Bond Report may include methodology, baselines and assumptions used in the impact calculations. The impact reporting can to some extent be aggregated, and based on Elopak's share of each project, where feasible and subject to data availability.

Allocation reporting

The allocation reporting will include:

- A list of projects financed, including project descriptions and allocated amount
- Distribution between new financing and refinancing
- The amount of unallocated proceeds, if any

Impact reporting

Impact reporting aims to disclose the environmental impact of the Green Projects financed under this Framework, based on Elopak's financing share of each project. As Elopak can finance a large number of smaller Green Projects in the same project category, impact reporting will be aggregated. The impact assessment is provided with the reservation that not all related data can be covered and that calculations therefore will be on a best effort basis. The impact report will, if applicable, be based on the examples of impact indicators presented in the table on next page.

GBP Categories	Examples of impact indicators
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products	• Estimate of the reduction in material consumption as a result of the investments • Estimate of the reduction in greenhouse gas emissions as a result of the investments • The share and/or absolute amount in tonnes/year of fossil-based or non-renewable materials that are substituted by renewable raw materials • Share (%) and/or of volume (tonnes/year) of purchased certified raw material • Share (%) and/or of volume (tonnes/year) of recyclable packaging • Share of proceeds allocated to each certification type • The fraction of allocation to each sub-category within this category
Renewable energy	• Annual renewable energy generation (GWh) • Annual GHG emissions reduced/avoided (tCO_2e) • Capacity of renewable energy (MW)
Clean transportation	• Number of vehicles financed • Number of charging points installed • Avoided GHG emissions from goods transport services (tCO_2e)
Energy efficiency	• Annual energy savings (MWh/GWh) and/or energy savings linked to specific projects or activities • Annual GHG emissions reduced/avoided (tCO_2e) and/or savings in GHG emissions linked to specific projects or activities

Verification

S&P Global has provided a second party opinion to this Framework verifying its credibility, impact and alignment with the ICMA Green Bond Principles.

An independent verifier appointed by Elopak will, on an annual basis until full allocation, verify the internal tracking method and the allocation of funds from the green bond proceeds.

The Green Bond Framework and the second party opinion will be publicly available on Elopak's website, together with the post-issuance review and the Green Bond Report once published.