



**WESTPACK A/S**  
**ESG REPORT**  
2020/2021



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# CEO OPENING STATEMENT



Welcome to Westpack's latest ESG report, a report with many familiar elements, but also containing new initiatives and changes. The name of the report is the most conspicuous change of them all.

The reports of former years were called 'CSR reports', but now it's our 'ESG report'. Why have we made that choice?

We have changed the name of the report because we want to approach sustainability and social responsibility in a deeper way than we have in our former CSR reports.

Westpack has released six CSR-reports in all, and year after year we have developed our social responsibility and sustainability initiatives. We have learned more about the Sustainable Development Goals and the ways in which we can integrate them into our business model. We have learned from our activities in Asia, and have come to realize that we should focus on activities in Europe as well.

Throughout the years, we have expanded our way of thinking about the CSR from it being strictly about our company to encompassing several links of our supply chain. In short, we have been raising the bar year after year. Naturally, therefore, our annual report about sustainability and social responsibility should reflect this; hence the broadened perspective and the name change from CSR to ESG.

Nowadays, our report covers the three sets of data referred to as Environmental, Social and Governance. These are closely related to the 10 principles of the UN Global Compact that form the foundation for all our ESG efforts.

We know that the isolated act of changing the name of the report will not change anything. It is the underlying actions and activities that make a difference.

The actual Westpack initiatives, actions, goals, and targets related to ESG will be addressed in each main section of the report.

Another thing that is entirely new is our way of working with the sustainable development goals. In recent years, we have focused on selected development goals that we saw we could contribute to – in various ways. In this new ESG report we have broadened the scale of our reference to these world goals.

We are now working with the Targets that are related to the Sustainable Development Goals. Out of the 169 targets (and the 17 Sustainable Development Goals), we have chosen 14 targets that we want to focus on.

But does it really make a difference, whether we focus on Goals or Targets? Certainly it does!

From now on, we will be more specific and precise in our way of dealing with the development goals and our contributions. We can already see that the new approach to the SDGs is working:

internally and externally we are able to communicate our strategies more clearly.

Another new addition is our amfori membership. Last year, we wrote that we would apply for this membership. This became a reality in July 2020, and we are already seeing results from our work with our cooperating factories in Asia.

In this report, we take a closer look at this huge ESG initiative, explaining how we work with the amfori membership and raising the bar with regards to our auditing of our Asian cooperating factories.

In last year's CEO statement, I wrote that I was worried. I was concerned about the effect that the Covid-19 pandemic might have on the general ESG level in our supply chain.

Would the economic consequences of Covid-19 make anyone compromise on sustainability, social responsibility, or governance? That was my concern going into the new fiscal year.

However, the past year has shown that there was no need to be concerned at all.

In the past year, our supply chain has been put to the test: markets have been shut down only to re-open again. At no time have we been in a situation where we could not deliver our services and products to our more than 20,000 customers. But equally important: at no time has the ESG level in our supply chain been weakened or compromised. To me, this is a sign that our business model is strong and that our partners are reliable and respectable. Our history with Asian cooperating factories goes back almost 20 years. The strength of that relationship is proving itself now.

It is one thing to sign a Code of Conduct, but another thing entirely to abide by it. During the Covid-19 crisis, we have become convinced that we are cooperating with the right factories. If you are already a customer of ours, you have probably experienced that through the years – but if you are a new customer, you have something to look forward to.

So, dear reader: I hope you will enjoy reading this ESG report. I also hope that you will find the content to be relevant in an ESG perspective. And I look forward to demonstrating to you that once again we have raised the bar.

As always, feel free to contact me if you have an idea for developing Westpack's work with ESG or just want to know more about the different elements in the ESG report.



**Morten Dalsgaard**

CEO Westpack  
mda@westpack.com



# WESTPACK'S ESG VALUE CHAIN

	Extraction of Raw Materials	Processing of Raw Materials	Suppliers	Westpack DK	Clients	Final Customers
ISSUES	<ul style="list-style-type: none"> <li>Natural resources</li> <li>Working conditions</li> <li>Social justice</li> <li>Wildlife</li> </ul>	<ul style="list-style-type: none"> <li>Natural resources</li> <li>Working conditions</li> <li>Social justice</li> </ul>	<ul style="list-style-type: none"> <li>Working conditions</li> <li>Environment</li> <li>Social justice</li> </ul>	<ul style="list-style-type: none"> <li>Water, heat, electricity</li> <li>Working conditions</li> <li>Resources</li> </ul>	<ul style="list-style-type: none"> <li>Handling of waste</li> <li>Responsible consumption</li> </ul>	<ul style="list-style-type: none"> <li>Handling of waste</li> <li>Responsible consumption</li> </ul>
SDGs & TARGETS	<ul style="list-style-type: none"> <li>SDG #12 (Target 12.2)</li> <li>SDG #14 (Target 14.1)</li> <li>SDG #15 (Target 15.2)</li> </ul>	<ul style="list-style-type: none"> <li>SDG #12 (Target 12.2)</li> </ul>	<ul style="list-style-type: none"> <li>SDG #3 (Target 3.9)</li> <li>SDG #6 (Target 6.3)</li> <li>SDG #8 (Target 8.6 + 8.8)</li> </ul>	<ul style="list-style-type: none"> <li>SDG #7 (Target 7.2 + 7.3)</li> <li>SDG #8 (Target 8.6)</li> <li>SDG #9 (Target 9.2 + 9.4)</li> </ul>	<ul style="list-style-type: none"> <li>SDG #12 (Target 12.5)</li> <li>SDG #14 (Target 14.1)</li> <li>SDG #16 (Target 16.5)</li> </ul>	<ul style="list-style-type: none"> <li>SDG #12 (Target 12.5)</li> </ul>
ACTIONS	<ul style="list-style-type: none"> <li>FSC®-license</li> <li>CTO Foam Inserts</li> <li>Recycled plastic (rPET)</li> <li>One Tree Planted</li> </ul>	<ul style="list-style-type: none"> <li>Recycled plastic (rPET)</li> <li>FSC®</li> <li>Fairtrade</li> </ul>	<ul style="list-style-type: none"> <li>New CSR Specialist</li> <li>Amfori membership</li> <li>Bureau Veritas</li> <li>More FSC® Suppliers</li> <li>Energy Reduction Pilot Project</li> <li>Seminars and Education</li> <li>Whistleblower programme</li> <li>New Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Shift to Green Energy</li> <li>Updated Machines</li> <li>QHSE Manager</li> <li>Whistleblower programme</li> <li>Collaboration with Etnia Barcelona</li> <li>Building Schools in Kenya</li> <li>Open School</li> <li>Interns</li> </ul>	<ul style="list-style-type: none"> <li>New Void Filler</li> <li>Whistleblower</li> <li>ECO Brand</li> </ul>	<ul style="list-style-type: none"> <li>ECO friendly alternatives</li> <li>ECO brand on products</li> </ul>
READ MORE	<ul style="list-style-type: none"> <li>Page 7</li> <li>Page 11</li> <li>Pages 13-17</li> <li>Page 19</li> </ul>	<ul style="list-style-type: none"> <li>Page 7</li> <li>Page 11</li> <li>Pages 13-14</li> <li>Page 17</li> </ul>	<ul style="list-style-type: none"> <li>Pages 17-18</li> <li>Pages 25-27</li> <li>Pages 33-35</li> </ul>	<ul style="list-style-type: none"> <li>Pages 12-13</li> <li>Pages 27-31</li> <li>Pages 33-34</li> </ul>	<ul style="list-style-type: none"> <li>Page 14</li> <li>Pages 33-35</li> </ul>	<ul style="list-style-type: none"> <li>Pages 13-15</li> </ul>

Westpack is a B2B company that sells quality packaging and displays to more than 20,000 customers across the world. We focus on packaging for jewellery, watches, and eyewear, but we also sell displays, postal boxes, labels, and other items related to selling and shipping the above-mentioned products. Our customers range from small independent jewellery designers to some of the biggest companies in the jewellery, watch and eyewear industry. To illustrate how we operate, and how we constantly pay attention to ESG related matters, we have made a chart of our ESG Value Chain.

## How to read the ESG value chain

The top row of the diagram marks Westpack's six main value chain steps from 'Extraction of Raw Materials' to the 'Final customer'. The row below lists the relevant ESG issues that are connected to each of the six steps. Underneath this, there is a row that displays the Sustainable Development Goals (SDGs) and Targets that are related to the issues. The following row is called 'Actions', as it lists some of the actions Westpack is taking to meet the issues and get closer to achieving the targets.

Finally, as a service to the reader, the last row shows which pages deal with the above-mentioned issues, SDGs, targets, and actions.

Let us take an example.

The first step of our ESG value chain is Extraction of Raw Materials. Here, the main activity is forestation. The sustainability issues connected to this activity have to do with Natural Resources, Working Conditions, Social Justice and Wildlife. One Sustainable Development Goal closely related to this is SDG #12: Responsible Consumption and Production.

The relevant Target related to this SDG is Target 12.2: Sustainable management and use of natural resources.

Westpack is taking the following actions to move towards this target:

- We are keeping track of EUTR (EU Timber Regulation) and FLEGT (Forest Law Enforcement, Governance and Trade). We must be able to document how any given product is produced and trace it all the way back to where the raw materials were extracted.

- We use FSC®-certified materials in many of our products. The FSC mark guarantees that all materials come from an FSC forest, where no more wood is cut down than the forest can reproduce. This means better protection of the animal and plant life, and that all foresters have proper training, safety equipment and a decent wage.

- Some of our products are Fairtrade®. Fairtrade is an international labelling system and is about decent working conditions, local sustainability, and fair terms of trade for farmers and workers in the developing world.

As the 'Read More' row informs you, pages 7, 11, 13-17, and 19 cover these exact initiatives and actions. In other words, you can also use the ESG Value Chain as a table of contents in case you want to delve into specific topics. We hope that this will give you a good overview of Westpack's concern for ESG.

# UN GLOBAL COMPACT & THE 10 PRINCIPLES

Westpack has been a member of UNs Global Compact for several years. By joining the Compact, we have committed to working according to the 10 principles of the UN Global Compact, which relate to:

- Human rights
- Worker rights
- Environment
- Anti-corruption

This commitment applies to all aspects of our business model. The 10 principles are the foundation for our ESG work, in Denmark, Europe, and Asia. While acknowledging that there is a great difference between European and Asian culture, we still maintain the fundamental belief that the 10 principles of the UN Global Compact are universal. Therefore, they are a focal point for Westpack's activities worldwide. At the same time, we keep a constant focus on contributing to the achievement of UNs 17 Sustainable Development Goals.

As with all ESG work, we are not searching for ready-made solutions and end results. Instead, we want to continually raise the bar from the point we are currently at.

We are not naive in our approach to ESG. We know that the problems of the world will not be solved and eradicated all at once, simply by acting according to Kofi Annan's ideas, which the 17 sustainable development goals were based on back in 2000. But we believe that if enough people embrace the same philosophy and principles, we will be slowly moving towards a more sustainable world.

At the same time, we are aware that our purpose as a company is to generate value for our owners. Yes, that is right: profit optimization. But we are completely convinced that this can only happen by behaving properly in all aspects of our business. Therefore, Kofi Annan's 10 principles offer a superb guideline to achieve a business that is both profitable and sustainable.

We are also realistic when it comes to the sustainable development goals. In recent years, we tended to focus on too many goals. In this year's report we have reduced the number of goals, and – as described in the CEO statement – we are focusing on more particular Targets.

Our selected SDG-goals and targets are depicted in the SDG-wheel below. These are goals and targets we know we can contribute to. And all of them fit into the three main sections of our report:

- Environmental
- Social
- Governance

Each of sections in the report begin with a description of our formulated **STRATEGY**, foreseen **RISKS**, planned **ACTIONS**, our intended **GOAL**, our attained **RESULTS**, and an **EVALUATION**.

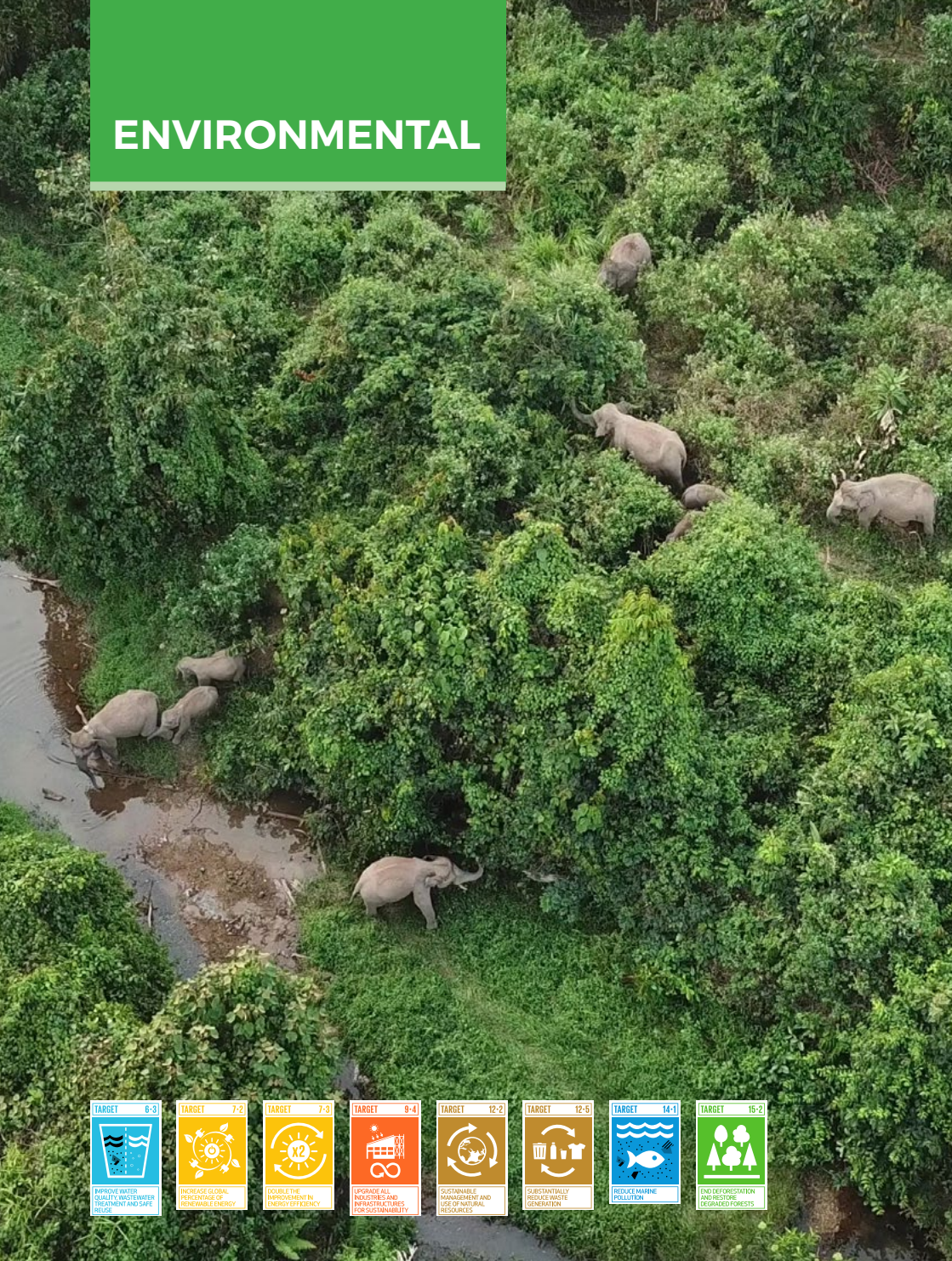
This methodology is in line with the Global Compact consistency requirements. In fact, we have chosen to be very meticulous about this approach, which is why the same methodology is used to describe our efforts in relation to the individual SDG Targets.

Once again, happy reading!



The circular diagram illustrates how we focus our efforts.

# ENVIRONMENTAL



## Strategy

Throughout the years, Westpack has been continuously moving in an environmentally friendly direction. This movement has been powered by several things: partly by common sense, partly by popular demand (customers, partners, and employees), and partly by legislation. Our ECO friendly focus fits perfectly into the worldwide sustainability mega-trend that has emerged in the wake of Kofi Annan's vision formulated in 2000. Our strategy is to live up to (or surpass) our stakeholders' requirements and expectations for good behaviour in the environmental area.

## Risk

If we do not live up to our stakeholders' requirements and expectations within the environmental area, this will have a negative impact on a range of SDGs and targets we want to make contributions to: 6.3, 7.2, 7.3, 9.4, 12.2, 12.5, 14.1 and 15.2.

In addition, we will not be able to provide the ECO friendly services and solutions that our customers are seeking. Therefore, the risk could be that we – and our customers – might contribute negatively to the targets stated above. Such negative contributions would lead to a loss of market share, and consequently a loss of business.

## Actions

Westpack is interconnected with the environment in numerous ways, and we have clearly formulated actions for making a difference across different environmental parameters- both in Denmark and in Asia:

The products made at our Danish factory have an environmental impact, both in relation to energy optimization and in relation to the raw materials used.

In Asia, our actions are related to the way in which we choose (and cooperate with) the factories that manufacture the goods. Here, we focus on what raw materials are being used in the production, in relation to which we make unambiguous demands. We also focus on and try to influence their use of energy. Finally, we make demands regarding their handling of waste and wastewater. In short, everything in and around our cooperating factories' productions in Asia comes under consideration.

Our transport of goods from Asia to Europe and our transport of goods from Denmark to our cus-

tomers are also areas in which our choices have an impact on the environment. Previously, we have not focused on this in any significant way, but that has now changed.

## Goal

Our own production: All raw materials used in our own production must, at the end of the coming financial year, be converted to FSC certified raw materials, recycled materials (cardboard/plastic) or have another form of sustainable profile. In relation to the foam used as jewellery box inserts, it must be possible for our customers to choose between a sustainable foam or a conventional foam by the end of the year.

Asia: By the end of the year, we will have established projects with 1-2 of our main cooperating factories regarding energy optimization in their productions. In addition, rinse water controls will be carried out in each cooperating factory evaluation. These projects will run over the coming years and create a precedent for the way in which we cooperate with other factories within these frames of reference.

Transport of goods: Our goal is, before the end of the year, to have an overview of our total CO<sub>2</sub>e emissions in terms of the transport of goods. The goal is then to measure the development of this key figure on an annual basis. This gives us the opportunity to maintain a dialogue with our partners regarding the reduction of CO<sub>2</sub>e emissions in the various modes of transport from Asia to Europe, but also from our own warehouse in Denmark to customers around Europe.

## Results

Later in this section, you can read about our results with regards to electricity, water, and heating in our own production in Denmark. For Asia, there will also be different results to read about. This concerns everything from the number of FSC certified cooperating factories in Asia, to the number of trees planted in Indonesia.

Results in relation to transport will be presented in next year's report, but later in this section we will explain our current level in relation to CO<sub>2</sub>e emissions.

## Evaluation

As you can see in the following pages, our actions and activities are moving us in an ECO friendly and sustainable direction. We can tell it is working!

## DENMARK

TARGET 7-2



INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

As promised in last year's report, we have carried out an energy consumption analysis in cooperation with consultants from our energy provider, Jysk Energi.

This dialogue inspired us to make a permanent change: Westpack's Danish headquarters is now powered by sustainable energy (Green Energy). In other words, the source of the energy is wind and/or solar energy.

By changing our energy supply to sustainable energy, we dramatically reduce our carbon footprint, because wind/solar energy does not result in any direct CO<sub>2</sub> emissions.

However, these sources are still responsible for the emission of other greenhouse gases like methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) with a high global warming potential. Luckily, however, the emission of these greenhouse gases is relatively low, and when we look at the combined CO<sub>2</sub>e for Green Energy compared to traditional sources, it is nearly eight times lower.

EMISSIONS PER KWH	Sustainable Green Energy	Conventional Energy
CO <sub>2</sub> (Greenhouse gas)	0	354
CH <sub>4</sub> (Greenhouse gas)	1.73	0.36
N <sub>2</sub> O (Greenhouse gas)	0.008	0.004
Greenhouse gasses (CO <sub>2</sub> e)	46	364
SO <sub>2</sub> (Sulphur dioxide)	0.10	0.03
NOx (Nitrogen oxides)	0.83	0.29
CO (Carbon monoxide)	1.26	0.10
NM VOC	0.04	0.07
Particles	0.01	0.01

For Green Energy, the CO<sub>2</sub>e per kWh is 46 g – for traditional electricity, the CO<sub>2</sub>e per kWh is 364 g. The data has been provided to us by our energy provider Jysk Energi.

We made the change in January 2021, which means that our energy supply has been sustainable for nearly half of this fiscal year. In our next ESG report, however, we will be able to show the full effect of this initiative.

Although our energy now comes from renewable sources, we are still looking to reducing our electricity consumption. Even sustainable energy leaves a CO<sub>2</sub>e footprint, and we want to do whatever we can to adjust our business, so that it becomes as sustainable as possible while still being profitable.

Westpack has invested in energy efficient solutions in lighting and production equipment and will continue to seek further solutions to reduce elec-

tricity consumption. By minimizing our electricity demand, and by using renewable energy sources, Westpack aspires to take part in the global efforts to decrease the emission of greenhouse gasses.

We can see that our efforts to minimize our electricity consumption are successful and we will continue to explore ways to further reduce it.



TARGET 7-3



DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY

Three years ago, an important change was made to the machines in our production area. The machines use vacuum systems to lift items and move them around. Previously, each of the 19 machines had its own 3 kW vacuum pump. The individual vacuum pumps were replaced by a central vacuum system running on just three 5 kW engines. Now the total power consumption used for vacuum systems is at 15 kW instead of 57 kW. What is more, the new system automatically adjusts the frequency, so that each of the engines runs only when needed.

If we assume that the vacuum pump is in use for 3,000 hours each year, a total of 126,000 kWh is saved annually due to the increased efficiency. This is the equivalent of 5.8 tonnes of CO<sub>2</sub>e.

TARGET 9-4



UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

Throughout the years, we have built up a sizeable machine park for constructing or moulding jewellery boxes. To get the most out of these machines – and to optimize the use of energy – we have a strong focus on efficient production planning.

Furthermore, we invested in new plastic moulding machines in 2018. These machines have a dedicated interface that allows our operators to monitor the energy consumption for each step of the process. The new monitoring method has paid off: for each plastic moulding cycle (which takes about 10 seconds) a modest 0,0134 kWh is used.

The cooling process has especially been improved. In fact, the new machines use less than 1/3 of the energy used by older machines in the series for this step of the process.

About seven years ago, Westpack made significant investments to upgrade our electrical installations. The most important of these upgrades was the addition of new heat pumps with lower energy consumption, which has helped us reduce our relative energy consumption. We also replaced all our light bulbs and fixtures from conventional light bulbs to LED lighting.

## WESTPACK: A PROUD MEMBER OF FSC

Westpack has been a member of FSC® since 2013, and we offer a large range of packaging made from FSC-certified materials. This sustainable profile is important to us and our customers - and the demand for environmentally friendly alternatives is increasing.

In 1992, the United Nations held a conference on environment and development (UNCED) in Rio. Also known as the Earth Summit, this conference represented a chance for the member states to collaborate in the wake of the Cold War.

The summit resulted in an agreement on the formulation of a Framework Convention on Climate Change that arguably paved the way for the Kyoto Protocol and eventually the Paris Agreement. However, the Earth Summit did not result in an agreement to stop deforestation.

This prompted a dedicated group of environmentalists, companies, and community leaders to come up with a market-based approach to forest stewardship. This ultimately led to the formation of the Forest Stewardship Council (FSC) in 1994.

There are three main reasons why Westpack is proud to be a certified member of FSC:

### From an environmental perspective

In FSC forests, all harvesting activities are founded on the principle of sustained yields, which means that no more wood is cut down than the forest can regenerate. Furthermore, certified areas cannot be converted to other land use. And, just as important, the biodiversity of the areas is maintained or enhanced.

### From a social perspective

FSC contributes to preserving and improving the social and economic well-being of local communities. They do this by supporting indigenous peoples' rights of ownership. In other words, the local communities have fair access to resources and economic benefits.

### From a governance perspective

The labour rights and employment conditions are improved. Much emphasis is placed on occupational health and safety.

TARGET 12-2



SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES



Naturally, our aim is to introduce as many products as possible made from FSC-certified materials. One way to do this is to introduce new ECO friendly products, while another is to phase out products that are not ECO friendly.

During the past three years, our Danish production has exclusively purchased cardboard and paper that is FSC-certified. We will continue to do so, even though not all our customers are demanding it. That is an active choice Westpack has made.



In order to make our environmentally friendly products easier to spot on our website, we have created a separate label for these products: "ECO friendly". Any product that is made from FSC® or Fairtrade certified materials – or from organic, bio-degradable or recycled materials – can be found in this product category. Our "ECO friendly" brand is usually placed so that it is clearly visible on our products, as this helps our customers promote the principle of sustainability. In the fiscal year 2020/2021, we have continued the transformation of many of our products into ECO friendly versions. Notably, our jewellery box series Milano, London, Miami,

and Stockholm have been introduced in "ECO friendly" versions.

Furthermore, we have expanded our range of Boston ECO friendly boxes, which is one of our all-time best-selling products.

In last year's report, we wrote about our strategic decision not to begin the development of any new product before we know that it can be made in an ECO friendly version. In this fiscal year, we have lived up to that paradigm shift in our approach to product development.



The foam used in Westpack's jewellery boxes from our own production is made in Europe. Therefore, the suppliers are subject to EU's strict rules and regulations for emissions, production processes, and working conditions. But this doesn't change the fact that the product has an environmental impact; foam inserts are, after all, made from plastic.

When foam inserts are made from longer sheets of foam, it is almost inevitable that some excess material will have to be discharged. In the later years, we have chosen to use excess foam as void filling when we ship products to our customers.

At least, that way, the foam is put to some use before being thrown out. The only problem with this practice is that we cannot be sure that all our customers dispose of the foam correctly. Put in another way, we do not want to export the foam 'problem' to our customers. For that reason, we are now changing our approach to void fill. Going forward, we will dispose of our excess foam ourselves, so that we are sure it is done correctly. As a substitute, we have introduced ECO friendly paper-filling made from FSC-certified materials when we ship products to our customers.

### Inserts made of trees

Another initiative we are very proud of is our new sustainable foam inserts. In 2021 we had the pleasure of releasing these new inserts made from 100% renewable raw material. In fact, the inserts consist of processed pine trees from Finland!



Here is how the process works: First, pine trees are cut down and turned into pulp wood, which is delivered to a pulp mill. Here, it is boiled in an alkali solution. This generates a substance known as black liquor. When the water from the black liquor is evaporated, you are left with something called black liquor soap, that can be skimmed off. Once this substance is acidulated, we are left with Crude Tall Oil (CTO), that can be used to make many different things like paints, soaps, detergents, and sheets of foam.

On a chemical level, CTO is a polyolefin (a type of bio-polymer). But, despite its intricate production process, it is still made from 100% renewable raw material.

The clear advantage of the new sustainable foam inserts is the fact that they are not made from plastic, which means that the sustainable foam has a much lower carbon footprint.



ISCC is a globally leading certification system. ISCC aims at the implementation of the highest sustainability requirements.

### FROM POTENTIAL MARINE POLLUTION TO NEW PACKAGING



At Westpack, we have chosen to introduce products made from the material rPET. This abbreviation stands for 'recycled PET' (recycled plastic, in other words). And although we aim to reduce our overall use of plastic, we want to introduce more products made from

rPET, because this helps reduce marine pollution, and because there is a demand for products made from rPET.

Many people are aware of the existence of The Great Pacific Garbage Patch. In a more popular term, it is known as 'Garbage Island', although that is a very misleading description of the phenomenon.

When plastic waste is not disposed of properly, it can easily find its way into the world's oceans. Gradually, the plastic accumulates in gyres: large systems of circulating ocean currents.

Countless pictures show large islands of single-use packaging floating around as oceanic landfills. Al-



though these islands exist, they are not representative of The Great Pacific Garbage Patch, which differs in a lot of ways.

Picture an area spanning 1.600.000 km<sup>2</sup> (equivalent to 4½ times the size of Germany) shrouded in a dense smog of microplastic particles. The water appears unclear, and the sunlight is dimmed. The microplastic is, of course, indigestible, which means that the marine pollution gradually finds its way into the food chain. This is not only damaging for oceanic life, but also for humans. A significant side effect of the pollution is the fact that it reduces the oceans' ability to absorb CO<sub>2</sub> from the atmosphere, leading to an increase in global warming.

### What can be done?

There are more ways to counteract the formation of more microplastic pollution. One way is to reduce the use of plastic packaging globally. Another is to reuse packaging (like plastic bags or water bottles) multiple times. Yet another way is to recycle plastic.

At Westpack, we choose to introduce products made from rPET because it is a step in the right direction. Ideally, the plastic (be it in the form of water bottles, plastic bags, etc.) would be reused multiple times before being disposed of properly – but recycling is the next-best thing.

We have two product lines that are made using rPET: a collection of faux suede jewellery pouches and a series of jewellery boxes with a clear plastic window.





## PLANTING TREES IN INDONESIA

From the beginning of our engagement with the

**TARGET 15-2**



**END DEFORESTATION  
AND RESTORE  
DEGRADED FORESTS**

Indonesian market, we have been committed to leaving a positive mark on the country's environment. This means that apart from ensuring full compliance with the European Union's Timber Regulation, we also partner up with One Tree Planted to plant trees.

This is the fifth consecutive year that we have been planting trees in Indonesia. For every container-foot of products we ship out of Indonesia, we plant 2 trees. In addition, to celebrate the International Day of Forests, this year we chose to do something extra. We launched a fundraising campaign aimed at planting several hectares of forest in Bukit Tigapuluh National Park in Sumatra, Indonesia.

For every order placed from 15 March to 21 March 2021, we donated five trees to One Tree Planted.

“

“Westpack has been a dedicated partner and reforestation supporter since 2017. Such commitment makes a world of difference for the environment, creating the opportunity to grow and scale the impact on the ground. The trees we are planting will also provide a long-lasting benefit for forests and local communities for years to come.”

- Diana Chaplin, Marketing Director at One Tree Planted

”



We received a total of 621 orders, and subsequently donated 3,105 trees to the project in Bukit Tigapuluh National Park.

The national park is situated in eastern Sumatra and covers more than 140,000 hectares.

It is one of the last sanctuaries for endangered species such as the Sumatran tiger, the Sumatran orangutan, and the Sumatran elephant – as well as many bird species in danger of extinction. Sadly, illegal logging and conversion to plantations (palm oil, mainly) have meant that an estimated 2/3 of the park has been logged. According to One Tree Planted, the donated trees will help serve as an important refuge for critically endangered species.



## ASIA

### Audit programme WP Asia

Our audit programme has come a long way since we started the programme a handful of years ago. Last year Westpack became a full member of amfori, which gives access to the BSCI platform. Access to this platform marks another move to raise the bar in our ESG-programme. This means we have increased efficiency and synergies, as access to the data can be shared across the different links of the supply chain and allow for the tracking and monitoring of targeted improvements. The integrity of the programme has been a key concern when choosing BSCI. This platform is renowned for its transparency in the monitoring process.



Another key advantage is the amfori Academy which provides training and e-learning to members and allows Westpack's staff in Asia to expand their expertise and remain up to date on ESG. The employees of our cooperating factories also gain access to the amfori Academy. Although we have changed the auditing platform, we are continuing our close cooperation with Bureau Veritas, which is still conducting the audits for us, though now within the BSCI standard. Bureau Veritas has been assisting us in auditing factories since 2014.

Apart from the new platform, we have also hired a ESG specialist, which has really strengthened our auditing efforts. During the past half year, Westpack has conducted more audits than in any other year since we started in 2014. As mentioned in our previous CSR reports, the main focus when commissioning audits by Bureau Veritas has been on the factories where most of our volume is produced, and this continues in our new auditing set-up. However, where we really have stepped up, is in relation to the internal audits in smaller factories

conducted by our ESG specialist. This means that our ESG programme now covers more factories of varying sizes. Our BSCI audits have a 100% pass rate in this first half year of BSCI auditing.

To ensure that our audits are always representative and up to date, we audit our key partner factories at least once a year. The factories which have been audited within the past 12 months account for 78% of our purchase volume in Asia. In the coming 12 months we are planning to audit even more cooperating factories. Our target is to audit at least 20 factories that account for a minimum of 85% of our purchase volume.

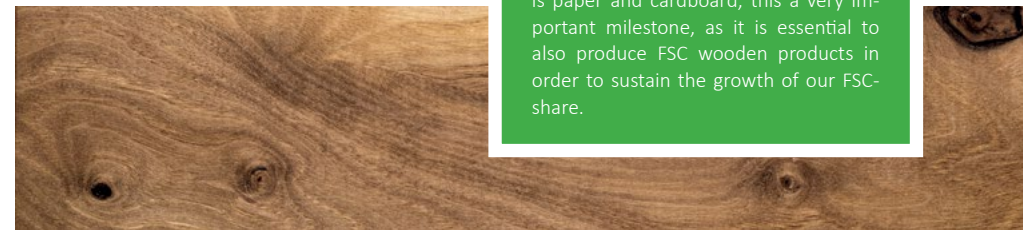
### Expansion of FSC supplier portfolio

It has been a great year for our FSC sales, something that we put great pride in. Last year we saw a great increase of FSC labelling agreements with partner factories, which means we have the formalities in place to produce FSC products, using either the FSC-label of the cooperating factory, or our own FSC-label. We are happy to see that all 11 of these agreements are now in use, compared to 6 last year. All our key partner factories who produce paper and wooden products are now FSC certified, and this shows in the FSC turnover.

Volume-wise this means that we have increased the share of FSC-production from 5.3% last year to 21.9% this past year. The total volume of FSC products has increased by over 500% compared with last year. 72.2% of our total purchase volume (including non-FSC) now comes from FSC-licensed cooperating factories. This gives us confidence in our efforts to further increase the share of FSC licensed products.

This year we reached another important FSC milestone. We produced our first box in FSC-certified wood.

Although our main production material is paper and cardboard, this a very important milestone, as it is essential to also produce FSC wooden products in order to sustain the growth of our FSC-share.



### Energy reduction pilot project

We have had great success reducing our energy consumption in our own factory facilities in Denmark. With inspiration from our colleagues in Denmark, we have now started the preparations for an equivalent project in China. We have picked two of our main production partners to pilot this energy

TARGET 7-3



DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY

reduction project. We have partnered with a local industrial consultancy company who will conduct a factory assessment, take energy consumption measurements, identify key potential reduction points, and give recommendations for energy efficiency improvements as

well as consulting on possible solutions. Westpack will be financing the consultancy, however, the project is dependent on the willingness and ability of the cooperating factories to implement the recommended efficiency improvements.

We are optimistic and look forward to kick-starting the pilot project, which is scheduled to start in the third quarter of 2021 and be evaluated in the second quarter of 2022. We believe this is true to the principles of the UN Sustainable Development Goals and Targets, specifically Target no. 7.3. Apart from saving energy and contributing to sustainable development, we also hope to help our partner factories become more cost effective.

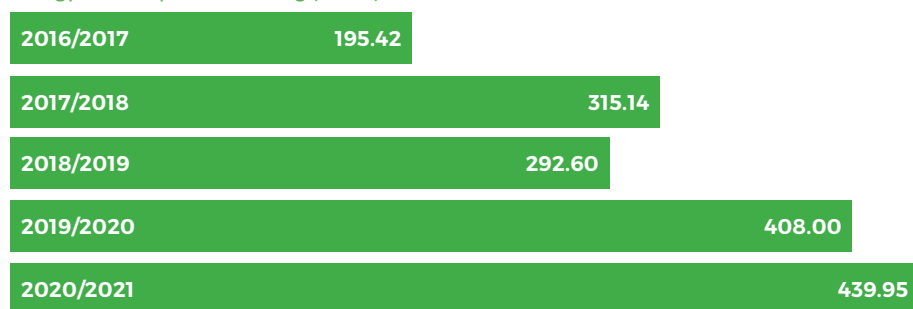
### NUMBERS - DENMARK

#### Municipal water supplies or other water utilities (m³)

This year, Westpack's use of water is higher than it was in the four previous years. One possible explanation is the Covid-19 pandemic, which has resulted in more frequent hand washing and the cleaning of chairs, tables, tools, etc. Another explanation is the fact that our number of employees has grown. In the fiscal year 2018/2019, we had 87 employees at our Danish headquarters. The following fiscal year, the number had grown to 103, and this year we have a total of 117 employees in Denmark.

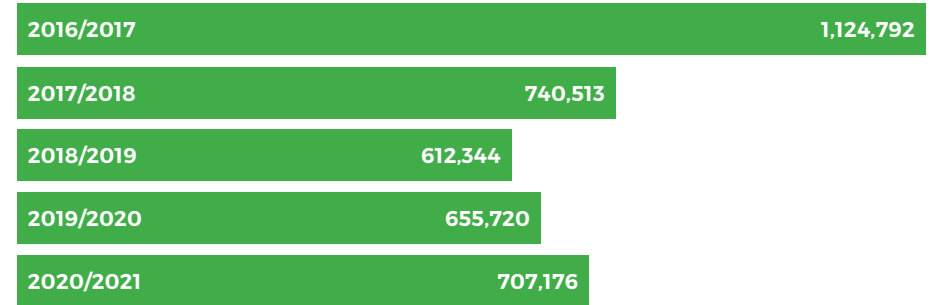


#### Energy consumption – heating (MWh)



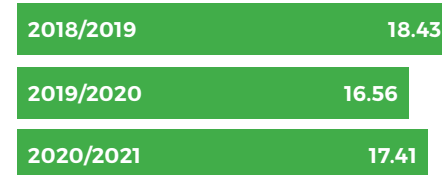
### Electricity Consumption (kWh)

Our demand for electricity has been a little higher in this financial year compared to the years before. But it is important to remember that the output of our Danish production has gone up by an estimated 25%. Moreover, on average, output has gone up by 16% every year since 2017. Seen in this light, our demand for electricity is very reasonable.

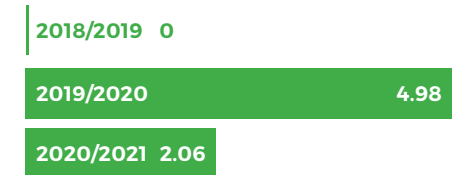


### Purchase of raw materials (WPKD)

Amount of polyester resin (tonnes)



Amount of recycled plastic (tonnes)



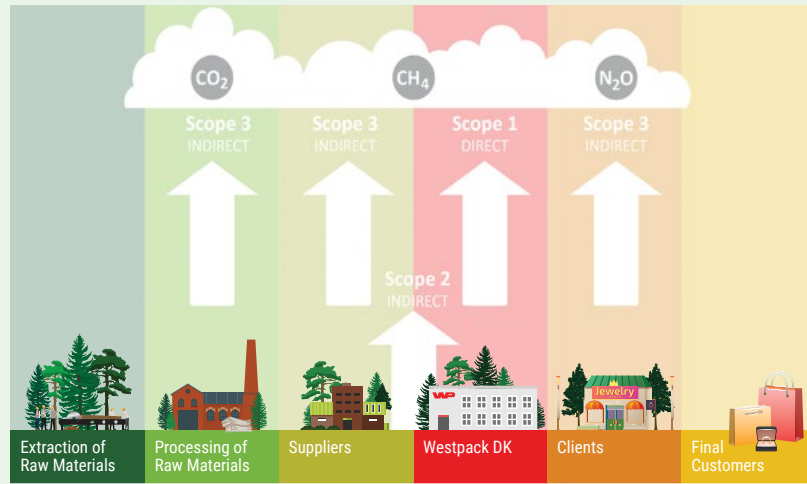
### Trees planted

We have donated 3,105 trees to One Tree Planted's project in Bukit Tigapuluh National Park. Once our fiscal year was concluded, we donated an additional 638 trees (2 trees for each container foot of products we shipped out of Indonesia). In total, we have donated 3,743 trees to Indonesia in this fiscal year.

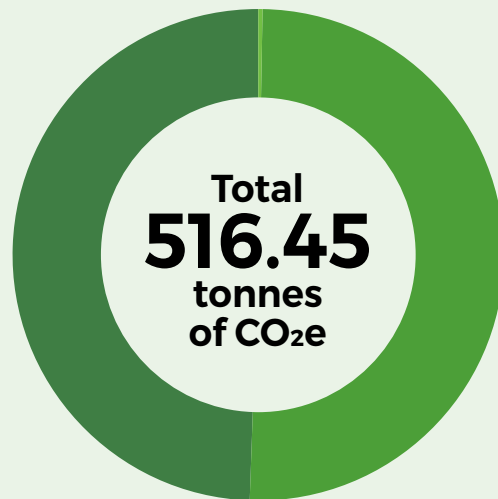


## CO2-EMISSIONS

We follow the definitions from the Greenhouse Gas Protocol (jointly convened by the World Business Council for Sustainable Development and the World Resources Institute), when we register our emissions in scope 1, 2, and 3. In the following, the term 'carbon dioxide equivalent' will occasionally be written as CO<sub>2</sub>e.



This is our starting point for comparing Westpack's emissions year after year. In the coming years, we will update and adjust our methodology to get more precise calculations. The important thing is that we now have begun the process of critically reflecting on our emissions, which will help us to focus our efforts going forward.



		Activity	Emissions (Tonnes CO <sub>2</sub> e)
Scope 1	Direct emissions from sources we own. This includes any natural gas, oil and water consumed in our buildings.	WATER USE	0.5379225
Scope 2	Indirect emissions (purchased heating/ electricity).	ELECTRICITY CONSUMPTION	180.19276
		HEATING	79.71894
Scope 3	Indirect emissions coming from the subcontracted transport in our value chain (Air & Sea carriers and Road haulers). Read more in the appendix 'Reporting approach for CO <sub>2</sub> e-calculations'.	IMPORT FROM CHINA	121.57
		IMPORT FROM INDONESIA	2.13
		EXPORT FROM DENMARK	132.3

# SOCIAL



<b>TARGET 3-9</b>  REDUCE RISKES AND DEATH FROM HAZARDOUS CHEMICALS AND POLLUTION	<b>TARGET 8-6</b>  PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING	<b>TARGET 8-8</b>  PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS	<b>17 PARTNERSHIPS FOR THE GOALS</b> 
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### Strategy

For many years, Westpack has been strongly involved in social activities. Of course, this applies to our workplaces in Denmark and Asia, but also in relation to the surrounding environment, and particularly with regards to our relationships with our partners in Asia.

We want a strong social profile in all our activities. We are still involved with foundation projects around the world. And it is our strategy to make sure that our delivered products and services are manufactured in a socially responsible way- whether they are produced in Denmark or by our partners in Asia. At all times, our partners must be able to withstand an auditing. The production should at the very least be on a par with local and international standards.

To ensure this, we will continue to invest in systems and initiatives that help us document our social efforts to our customers and partners. But above all, to make certain that our production and purchasing meet the highest local and international standards, so that employees at our own factories and at those of our partners may experience the best possible working conditions.

### Risk

If we do not meet local and international standards regarding good working conditions, we risk employees in Europe and Asia working in hazardous environments that could lead to physical and mental injuries.

We risk young people being robbed of an education and instead doing exhausting physical work.

What is more, if we do not engage in the foundation projects, we are arguably drifting further away from reaching the development goals. We firmly believe that our corporation with NGOs and foundation projects makes a difference.

The Sustainable Development Goals we are contributing to in this regard are: 3.9, 8.6, 8.8, and 17.

If we do not provide our customers with the right solutions, with a high degree of social responsibility, we risk them losing important market shares – and consequently, losing them ourselves.

### Actions

When it comes to social responsibility and human resources, Westpack's focus is clear. Our capacity to facilitate positive change is unmistakable, whether we are focusing on our operations in Denmark or in Asia.

In Denmark, where our production and administration are situated, we are constantly working on minimizing sick leave and avoiding occupational injuries. We do this by our safety board prioritizing APV (workplace evaluation).

We continue to offer free fitness or other physical activities to all employees during the working day, and everyone has the opportunity of exercising for longer periods of time during working hours.

We believe that this helps us maintain a low sickness absence rate, as well

as a high retention rate among our employees.

In addition, we maintain our profit-sharing programme for all employees, under which everyone gets the same amount. We do not differentiate between functions or titles.

We continue our 'Open School' collaboration, inviting pupils of middle school age from the local Rolf Krake School to work on a project at Westpack. More than 20 Westpack employees are involved in this two-week project every year.

We are aware of our responsibility in relation to giving the younger generation job skills. We are still above the official requirement figure in terms of the number of young people to be admitted as apprentices. Again, we are very aware of the social responsibility we also have in this respect.

In Asia, we have two focal points. On the one hand, we focus on our own employees, while on the other, we scrutinise working conditions at our cooperating factories.

When it comes to our employees, we use employee development interviews, and the further education and training of all personnel. We do everything we can to ensure that the ergonomic conditions in our offices are top-notch, e.g. by purchasing adjustable height office furniture.

We make use of retention programmes for our employees, which means that our level of staff replacement is very low. We do all we can to support the development of our employees and to retain them- for the benefit of us all.

In Asia, we focus on collaboration with our cooperating factories, aiming to constantly raise the bar in terms of social conditions in the factories and for the employees. That is why we are proud to say that our collaboration with many of our cooperating factories has gone on for years. Together, we aim for a high standard, and social and environmental auditing is a regular part of everyday life.

For many years, we used our own trained auditors who followed our Code of Conduct (inspired by the SA 8000 standard) and to ensure the independence and greater credibility of our audits, we have been cooperating with Bureau Veritas.

This year, we have raised the bar in terms of transparency with our membership of amfori and the resulting BSCI audits. We experience a great deal of

goodwill and commitment – yes, genuine commitment – from our cooperating factories in terms of participating in these audits. Always in close collaboration with Bureau Veritas.

As a result of all these efforts, we are confident that our products and solutions reflect a high degree of social responsibility.

### Goal

Denmark: It is our goal that the sickness absence rate must not exceed 1.5%. In addition, before the end of the year we intend to complete a training programme for all staff, so they can learn more about correct working postures, whether in production or administration. This was also a part of our recently concluded workplace evaluation.

At the same time, we intend to exceed the government's required target for trainee points.

This means that by the end of the year we must have completed at least one Open School project with the local schools. In this way, an additional 150-200 students will have learned more about how a corporation operates, about environmental issues and about the Sustainable Development Goals.

Before the end of the year, we must have carried out at least one social project in Africa in cooperation with the Etnia Foundation.

Asia: Before the year is through, the number of BSCI audited cooperating factories must be increased to 20, so that 85% of our purchases will be from BSCI certified factories.

### Results

Later in this section you can read about our activities in more detail, as well as about our achieved results compared to the previous year.

### Evaluation

As the following pages will demonstrate, we can tell that our social/humanitarian activities are clearly having an impact. We will definitely develop our views and mindsets about what we call "a good, safe workplace with orderly conditions".

With regards to our cooperation with the Etnia Foundation: See the statement from the President of the Foundation.

## DENMARK

**TARGET 8-6**



**PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING**

Westpack offers great opportunities for further education in the form of individual courses, but also in the form of graduate diploma programmes or vocational education and training programmes, such as the one to the qualification of Plastics Processing Operator. Westpack is a part of a job training scheme called Praktikplads-AUB, designed to ensure more work placements under the Danish Employers' Reimbursement System. Every year, employers who are covered by the scheme receive a target for how many trainees they must hire. This year, we have exceeded the required target for trainee points by 227.27 %. We have also increased the number of whole year trainees by 41% compared to the average of the last three years.

## ASIA

This past year has been one of the most exciting and productive years in our ESG efforts in Westpack Asia, not least because of the unrelenting efforts of our new ESG Specialist.



Our experienced ESG specialist (left) working in the field

A great wealth of experience has been added to our organization, accumulated in the 8 years our ESG specialist has been working in the field. This experience includes well over 500 factory audits, including audits on behalf of top designer brands and international retail giants, covering multiple standards including ISO, C-TPAT, EICC, and APSCA.

Our new ESG specialist joined Westpack in November 2020 and has since spearheaded the imple-

mentation of the two amfori standards, BSCI and BEPI. The new resources added to the WP Asia team has also increased the frequency of internal audits and pre-audits as well as of third party audits. This is allowing us to keep better tabs on progress in our partner factories and to provide expert support for their ESG efforts.

### Audit program WP Asia

Westpack is a full member of amfori, which gives access to the BSCI platform. This means we can track and monitor targeted improvements across the different links of our supply chain. In addition, amfori academy allows Westpack's staff in Asia to expand their expertise and remain up to date on ESG.

To ensure that our audits are always representative and up to date, we audit our key partner factories at least once a year. The factories which have been audited within the past 12 months account for 78% of our purchase volume in Asia. In the coming 12 months we are planning to audit even more cooperating factories. Our target is to audit at least 20 factories, accounting for a minimum of 85% of our purchase volume.

### Case Study

#### Cleaner air in woodworking departments

Our auditing programme is in place to ensure that our cooperating factories comply with legal requirements and our Code of Conduct. An ESG audit usually results in a Corrective Action Plan, when certain improvements are needed. To external parties this is just a document, but behind the scenes this document generates real-life improvements for the environment and for the employees.

This year we have chosen to take you behind the scenes to exemplify such real-life improvements by sharing one of the meaningful improvements at a cooperating factory.

As we all know sawing machines generate a lot of dust when working. At a recent audit, air quality was found to be poor and an air-quality test found that the dust concentration of this workshop in question was 3.5 mg/m<sup>3</sup>. This was

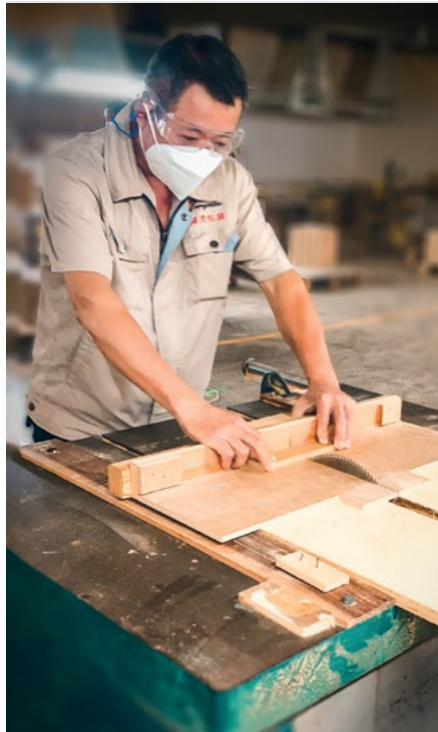
**TARGET 3-9**



**REDUCE ILLNESSES AND DEATH FROM HAZARDOUS CHEMICALS AND POLLUTION**

higher than the permissible concentration-time weighted average (PC-TWA) of 3 mg/m<sup>3</sup>. Through a careful analysis of the suction installations and a dialogue between the auditing team, local authorities and the factory, it was concluded that the suction power was adequate, but the positioning of it was sub-optimal. Repositioning of the suction installations remarkably improved suction efficiency. A subsequent air test showed a clear improvement, as afterwards the PC-TWA was measured at 0.8 mg/m<sup>3</sup>. A very satisfactory result and well below the legally required level.

An experienced woodworker, Mr. Dai (pictured below), comments: "I am very satisfied with this improvement. The air quality is notably improved. This improves working conditions, and reduces the risk of suffering from occupational diseases."



Factory manager, Mr. Xu, is also very happy with the improvement and comments: "Firstly, I would like to express my appreciation for the consulting and problem-solving suggestions. Secondly, I would like

to point out the many advantages of this improvement. The main thing is obviously that it offers our workers a better working environment, but it also has advantages for the business, such as a lower worker turnover rate, increased production efficiency and reduced maintenance."

### Annual Cooperating Factory Meetings

We closely follow up on our cooperating factories. Our overall aim is to apply the same standards to the production sites at cooperating factories in Asia as in our own production facilities in Denmark. Therefore, we meet our key cooperating factory once a year to follow up on performance in terms of quality, lead time, overall cooperation and naturally progress as regards the ESG. The formal annual meetings are complemented by frequent meetings with a less formal agenda, as well as by audits and follow-up audits. In general, we believe it is very important to us to maintain a presence at our cooperating factories in order to ensure proper standards.

### Seminars, courses, and education

To ensure good governance, it is important that our staff in Westpack Asia are kept up to date on rules and legislation, as well as keeping current standards firmly in their sights. In Westpack Asia we hold an annual internal EUTR seminar at which we refresh all the rules and guidelines and discuss the current status at our cooperating factories. We also have annual FSC internal training courses to ensure that all rules are kept at all times. In the course of the past year, our staff has also participated in numerous external seminars and courses, including Staff Insurance, Tax Regulation, Inclusion and Diversity, and Building and Fire Safety.



### Work environment

In Westpack Asia we put a lot of pride in setting a good example for our partners in Asia by keeping our own house in order. We place great emphasis on providing a flexible work environment where it is possible to achieve a healthy work-life balance. We also give our staff 50% more annual leave than

the legal requirement.

This year we replaced the last stationary workstations in our China office, so that all workstations now have height adjustable desks that provide ergonomically correct working postures.

Our attention to the work environment is also evident in our staff turnover figures: we have maintained an average staff turnover of 11% since we opened our office in Shenzhen, China in 2004. This is remarkably low for a company in Shenzhen. Over half of our staff have been with Westpack more than 5 years and almost a quarter of our staff have been with us for over 10 years.

### Insurance for Quality Control Staff

Our quality controllers conduct one of the most crucial tasks in our business. They safeguard our quality level and assist our partner factories in the production process.

They are always on the road, travelling from factory to factory and therefore it is very important for us that they have adequate insurance coverage. The legally required public health insurance does cover illness, but it is capped and does not cover certain types of accident, so therefore all our QCs are covered by an additional private insurance which applies wherever the public health insurance does not.



### NUMBERS

#### Praktikplads-AUB

Based on the number of vocationally trained employees, Praktikplads-AUB calculates how many students from vocational courses of education each company must employ.

**1.21**  
Required target for trainee points

**2.92**  
Full-year trainees

The sickness absence rate is higher than normal. This is due to the Covid-19 pandemic. Not because many of our employees have had Corona, but because there have been many cases of common symptoms, in connection with which we have asked our employees to stay at home until they have a negative corona test. Going forward, it is our goal that the sickness absence rate should be no higher than 1.5%.

**2.07**  
Full-year trainees (average of the last 3 years)

**3.96**  
Actual trainee points

**227.27%**  
Exceeding the required target

**41%**  
Incretion

## PARTNERSHIPS FOR THE GOALS

As in previous years, we have once again invested a lot of energy and resources in social engagement and environmental activities together with selected partners. We firmly believe that our collaborations with these customers, NGOs, etc. will help bring the sustainable development goals closer to fruition.

In the broader perspective, Westpack's contributions may seem modest, but when we team up with an organization like One Tree Planted our impact is suddenly much greater. There is an unmistakable sense of pride within our organization because of such accomplishments. That is the reason why our collaboration with One Tree Planted is being strengthened year after year. It is our plan to continue our valuable partnership with this NGO.

The same philosophy applies to our long-standing collaboration with the Etnia Barcelona Foundation. This organization is not involved in forestation, but focuses on social work in Africa, more specifically

Senegal. The project provides vision-impaired children with eyesight tests and glasses. Westpack, of course, donates the packaging.

Westpack has been a part of the project for almost 4 years. Last year, the project was expanded to include the opening of optician shops in Senegal, run by local women. Profits from the operation of these optician shops go to charities in the area. This project is also managed and coordinated by the Etnia Barcelona Foundation. Westpack's contribution in this regard is again the donation of packaging.

In 2021, in addition to the two projects mentioned above, Westpack also donated packaging for a new project with the Etnia Barcelona Foundation: support for vulnerable people and families around the

### 17 PARTNERSHIPS FOR THE GOALS



world arising from the Covid-19 health crisis. Opticians around the world have been able to report to the Etnia Foundation if they felt that there was a need for Etnia's relief packages in their areas.

The idea is that an optician can get Etnia's help package, which consists of a box with 9 spectacle frames, polishes, packaging, etc. The optician must then donate the spectacle lenses themselves. But it gives opticians a unique opportunity to be able to make a difference in their own local area. Again, Westpack's contribution is the donation of packaging.

In 2021 alone, more than 200 such help packages have been distributed, and the project continues with new opticians wanting to join, because Covid-19 is far from over.

To sum up, our collaboration with the Etnia Barcelona Foundation consists of three activities: eye examinations of children in Senegal, establishing optician shops in Senegal, and help packages worldwide in connection with Covid-19. Westpack

donates packaging for all three activities. Our donation has grown by 100% over the last 3 years, and in the last 12 months alone, the donation of spectacle packaging has grown by 25%.

You can read more about our collaboration with One Tree Planted and Etnia Barcelona Foundation in our previous CSR-reports, which you can see on our website.



"We are happy to report that Westpack once again has participated loyally in the ETNIA Foundation's CSR-activities in Africa and around the world. This year has been extremely challenging due to the Covid-19 health crisis. Therefore, it was a pleasure to see that Westpack chose to support this new project without hesitation. Our activities in Africa, with vision tests, distribution of glasses, building small optician shops, as well as our worldwide Covid-19 support project continue, and it is with great gratitude that we experience that Westpack is still "on board". The distribution of free packaging for the many projects is an important part of realizing our CSR-activities."

- Aitana Modolell, Executive Director at ETNIA Barcelona Foundation



## Building schools in Kenya

At the time of writing, we are establishing a partnership in Kenya, Africa. We have started a collaboration with the NGO Human Practice Foundation. The project involves the donation of funds for building schools in Kenya.

The project is reminiscent of our activities in Senegal with the Etnia Barcelona Foundation, where we help provide children with eyesight tests and glasses, so they are not struggling with vision impairment at school. A natural consequence of this must be to help with the construction of schools.

We are collaborating with the Human Practice Foundation together with our customer August

Berg. For every watch box August Berg buys from Westpack, we donate a cash amount to the project in Kenya. And for every watch August Berg sells, they also donate an amount. We look forward to reporting more on this new and exciting project next year.

The Human Practice Foundation has a slogan: 'Schools shape children, Children shape the world'. This is the same philosophy that our 'Open School' project is built upon. Year after year, we invite pupils of middle school age from the local Rolf Krake School to work on a project at Westpack. Read more about this in the following pages.



## Open School

True to tradition, this year we yet again collaborated with the local Rolf Krake School on the project 'Open School'. Throughout the years, many schools and classes have come to visit our headquarters, and we have also frequently guested the schools of the municipality. More than 20 Westpack employees are involved in the two-week project, which evolves from one year to the next.

For two weeks, the students collaborate on an assignment in smaller groups. The assignment is a genuine development/design task like the ones we come across every day at Westpack. For example, it could be the development of a sustainable packaging solution for a prospective customer in the jewellery industry.

As part of the project, Westpack has selected a case, based on an anonymous customer inquiry, and has given the students full access to all details.

The purpose of the project is to inspire the bright young minds of our local community to pursue a career in business after they graduate – either in the form of a vocational education or by choosing a relevant programme in higher education. The most important purpose, however, is to provide the students with a basic understanding of how their school subjects can be used in real life. We consider this to be an extremely important mission and that is why we invest many resources in this every year.



## Different this year because of restrictions

Usually, the pupils of middle school age from the local Rolf Krake School are invited to work on their projects at Westpack. But this year was a little different, because of the Covid-19 pandemic.

To comply with the guidelines set by the Danish government, the students could not use Westpack as their base when working on their projects. Instead, they visited Westpack in groups and participated in online sessions as needed. Westpack also packed different materials that the students could use in their projects. The 'Open School' project usually culminates in a big fair where the students present their solutions to Westpack, their teachers and families. This year, because of Covid-19 restrictions, Westpack took part, but the students' families were not allowed to participate.

Did the restrictions mean that the students' results were not on a par with last year? No, the students worked on their projects with dedication and ingenuity. And – interestingly enough – there seemed to be extra focus on sustainability this year. The overriding trend was recycling.

Everything from the choice of materials (recycled plastic, bio plastic, reclaimed wood, etc.) to the

branding strategy and the logo work reflected the ECO friendly agenda.

Westpack will continue to support the education of the younger generation in the local community. Hopefully, the next 'Open School' project - already scheduled for September 2021 - can be held in the usual way.

“The students' work with the assigned case gives them a unique insight into how a real company works. Elements such as marketing, business development, sustainability, production, and training opportunities are involved. In addition, students learn about the importance of the UN's Sustainable Development Goals, and take them into account in their marketing, branding and production. It means a lot that the Westpack employees sent out to assess the result of the week's work are positive and appreciative - the students find it exciting to get a professional assessment of their work. Like Westpack, we want to continue the collaboration and appreciate the high priority given to the project.”

- Line Thagaard Hvidberg, Rolf Krake school





# GOVERNANCE



## Strategy

We have not previously focused specifically on the Governance area. We have always strived to adhere to all written and unwritten rules of good corporate governance, and this, of course, is not about to change. But by focusing separately on the concept of Governance, we can prioritize and highlight key initiatives that help us to fulfil some of the SDGs, but also help us raise our level of good corporate governance.

The strategy is therefore to select three areas, and to maintain these as focus areas in the years to come. We will refine and develop the three areas, so we always have a benchmark in terms of governance. Needless to say, we will always stay above the required level in terms of compliance with relevant laws and regulations. Our rule of thumb in this context is: 'Always above- not average, and never beneath'.

The three areas are:

- The establishment of a whistleblower programme.
- The improvement of our current Code of Conduct.
- The improvement of our current certifications as well as the acquisition of new certifications within QHSE (quality, health, safety, and environment).

## Risk

What would we risk if we did not follow the written and unwritten rules of governance? We would lose our raison d'être. If we do not live up to the highest standards ourselves, how can we demand that the rest of our value chain should live up to them? If we give up on our own moral stance, ethics, and integrity as a company, we will find ourselves on a slippery slope leading to public contempt – and, in consequence, commercial obscurity.

We will always strive to make our employees proud of the way we conduct business. We strive to remain a role model for our partners, whether in Europe or in Asia. These business relationships would suffer a serious setback if we compromised even the slightest on our own moral stance, ethics, and integrity. This is not an option for Westpack.

By focusing on the strategy mentioned above, we contribute to the achievement of Sustainable Development Goal number 16, target 5.

This target is – and has always been – a central part of our Code of Conduct.

## Action

At Westpack, we have many Governance initiatives. We are constantly strengthening our organization to be aligned with applicable rules, guidelines, and procedures.

This is evident from the fact that we are hiring an ESG specialist in Asia; it is evident from our past choices about certifications; it is evident from our commitment to amfori; it is evident from our uncompromising approach to implementing corporate governance initiatives.

Denmark is a very controlled and thoroughly regulated society; here, fraud and inadequate corporate governance are rarely seen, fortunately so. Therefore, it may seem excessive for a Danish company to start focusing on governance. But there are always extra ways to improve corporate governance.

In every single fiscal year, we have had financial statements without any remarks. And we have never caught an employee cheating or deceiving. Still, we must be realistic and admit that it is not impossible. Countless examples from other companies show this.

Therefore, we want to continue the high standard we have always set for ourselves and expand on this with a more formalized whistleblower programme. More about this later.

In Asia, our trading opportunities are centred on the relationship between our cooperating factories and our employees. This relationship is regulated by our Code of Conduct (CoC), which lists a large number of requirements and expectations for our cooperating factories and our employees.

This CoC is continuously revised as new requirements arise that must be followed and implemented. These could be environmental, social, or workplace requirements.

A very central point in the CoC concerns fraud and corruption. The risk of such things taking place in a customer-supplier relationship is always present. But with the right focus and the right actions along

the way, this can be avoided!

The establishment of rotation schemes for purchasers and quality controllers reduces the risk of possible dependency relationships between WP employees and cooperating factories.

The aforementioned whistleblower programme must also apply to all activities in Asia and for all stakeholders, significantly strengthening our governance in Asia.

## Goal

In Denmark, it is our goal to establish a formalized whistleblower programme before the end of the year. In addition, we will hire a QHSE manager who, among other things, must ensure the maintenance of our existing certifications and obtain new relevant certifications, including an ISO certification of our production in Denmark.

In Asia, we also want to establish a well-functioning whistleblower programme. In addition to this, a new and updated version of our Code of Conduct should be prepared – a version that takes the whistleblower programme and other social initiatives like our amfori membership into account. All our cooperating factories must sign this new and updated Code of Conduct.

## Results and evaluation

The real evaluation of our governance level comes from the authorities, who continuously monitor our business operations. It is a pleasure once again to be able to state that during the year there have been no remarks of any kind, neither in Denmark, Europe nor Asia in this regard.

Our evaluation will be expanded in the coming year to also include an 'internal control' via the whistleblower programme. Next year, we would like to be in the same fortunate situation where we have had no remarks from the authorities. We will also hope that our own 'critical eyes' in the form of the whistleblower programme will not have found any issues in our value chain.

## DENMARK AND ASIA

At Westpack, we take anti-corruption measures very seriously. We have a clearly defined policy statement which is made known to all our cooperating factories in Asia.

All of Westpack's regular cooperating factories have signed the 'Westpack Code of Conduct' in which it is clearly stated that Westpack has a zero tolerance on all offenses related to bribery and corruption.

### New whistleblower programme

In 2019, the EU decided to adopt a directive requiring all member states to introduce legislation regulating an impartial and anonymous whistleblower programme in companies by the end of 2021, though companies of a given size have until 2023 - this includes Westpack. However, we have made the choice that we already want to implement such a programme in our organization, so that we live up to the directive.

In practice, this means that we implement a system that helps us ensure good corporate governance, that we obstruct possible financial crime, that we ensure the opportunity to report incidents of inappropriate behaviour in our organization, etc.

For more than 60 years, we have run our business on the principles of decency, integrity, and high ethics - long before anyone even thought about whistleblower programmes and corporate governance. We have also never experienced any breach of the issues listed above and have never had any remarks regarding revision of any kind. Yet, to live up to the EU Directive, we are now introducing a 100% anonymized whistleblower programme.

Going forward, employees, cooperating factories, suppliers, and partners can report anonymously regarding possible breaches of good corporate governance via a link on our website. The reporting will go directly to an internationally recognized auditing firm that will administer the programme on Westpack's behalf. We have chosen Ernst & Young (EY). EY is not Westpack's accounting firm and is consequently completely impartial.

When a person submits a review via the link on our website, it will be EY who respond to the reviewer. At the same time, the management of the company will receive information about the notification – still anonymized – and, of course, act on this in accordance with the advice and guidance from EY. At the same time, the company's board of directors will receive quarterly statements about current reports and the subsequent actions by management.

Every notifier is therefore guaranteed 100% anonymity, and the programme is also in full compliance with the GDPR rules.

At the same time, the programme is assured to be impartial, which means there will not be conflicts of interest of any kind. The programme is of course relevant to Westpack in Denmark, China and Indonesia and related to all our activities in and around these companies.

In Westpack's future annual ESG reports, we will outline the possible reviews that have been made during the year: What do they consist of? How many are there? What have our actions subsequently been?

## ASIA

### New Code of Conduct

A general upgrade on ESG also means that we are in the process of updating our Code of Conduct (CoC) to reflect this. Firstly, it is important that our CoC is completely aligned with the amfori standards BSCI and BEPI, but also to include our new whistleblower system. We have commissioned Ernst and Young to provide a 100% impartial whistleblower system. Ernst and Young is a renowned consultancy company which we have chosen not only because of their good reputation but also because we do not have any other engagement with them, so they can act completely without any conflict of interest.

# CEO CLOSING STATEMENT



Dear reader

As promised in my opening statement, Westpack has once again raised the bar when it comes to ESG work in Asia and Denmark. I hope that now you have read the report you will agree, and that we have successfully demonstrated how we meet all legal requirements in our business and generally make good decisions regarding ESG.

I also hope you are convinced that Westpack is the right company for you to do business with, whether you are an existing customer or a potential customer. We pride ourselves on living up to our customers' expectations – not just as a packaging supplier, but also as a trusted and respectable partner who never compromises on ESG.

As you have read in the report, we have launched a lot of new initiatives this year, and many of our on-going projects have been expanded. Together with the entire Westpack team, I look forward to delivering positive development and results within the field of ESG. In close collaboration with our suppliers, our cooperating factories, our customers, and the society, of course. All these stakeholders inspire us to make continuous improvements and make good ESG decisions.

Thank you, to all of you – together, we can influence the SDGs to the benefit of people, the natural environment and animals. This is the mindset upon which Kofi Anan's UN Global Compact was founded in 2000. And this philosophy is Westpack's guideline for conducting business that is, at one and the same time, profitable and sustainable.

## Morten Dalsgaard

CEO Westpack  
mda@westpack.com



# APPENDIX

## Approach for CO<sub>2</sub>e-calculations

It is important to note that the following calculations are estimates. As with all ESG work, there is always room for improvement – in the coming years, we will update and adjust our methodology to get more detailed results. This is only meant as a starting point for calculating Westpack's CO<sub>2</sub>e emissions.

### CO<sub>2</sub>e scope 1

Since the operations at Westpack's headquarter do not depend on natural gas or oil, the only number stated here will be the emissions generated from water utilization. In the fiscal year 2020/2021, Westpack's headquarter used 717.23 m<sup>3</sup> of water. We assume that the CO<sub>2</sub>e emissions per m<sup>3</sup> of water is 0.75 kg. To find the total CO<sub>2</sub>e, we simply multiply the number of m<sup>3</sup> with the fraction CO<sub>2</sub>e/m<sup>3</sup>.

$$717.23 \text{ m}^3 \times [0.75 \text{ kg} / \text{m}^3] = 537,922.5 \text{ kg CO}_2\text{e}$$

$$= 0.5379225 \text{ tonnes CO}_2\text{e}$$

### CO<sub>2</sub>e scope 2

Our energy provider tells us we have used 707.176 kWh of electricity in this fiscal year. However, 464,348 of the kWh were used before we switched to green energy (as mentioned previously in the report). Therefore, we have to make two calculations: one for the period May 1 to December 30, 2020 – and one for the period January 1 to March 30, 2021.

$$464,348 \text{ kWh} [0.364 \text{ kg (CO}_2\text{e)} / \text{kWh}] + 242,828 \text{ kWh}$$

$$\times [0.046 \text{ kg (CO}_2\text{e)} / \text{kWh}] = 180,192.76 \text{ kg CO}_2\text{e}$$

$$= 180.19276 \text{ tonnes CO}_2\text{e}$$

In this fiscal year, 439,950 kWh was used to heat Westpack's headquarter (heating of water is naturally included). Our heating supplier has estimated that the CO<sub>2</sub>e emissions for each kWh is 181.2 metric grammes.

$$[439,950] \times [0.1812 \text{ kg} / \text{kWh}] = 79,718.94 \text{ kg CO}_2\text{e}$$

$$= 79.71894 \text{ tonnes CO}_2\text{e}$$

$$\text{Scope 2 in total is} = 259,911.7 \text{ kg CO}_2\text{e}$$

$$= 259.91 \text{ tonnes CO}_2\text{e}$$

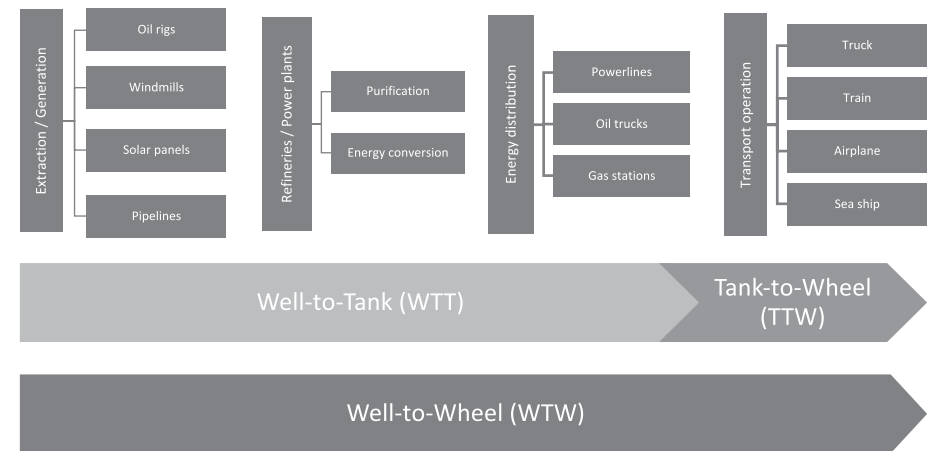
### CO<sub>2</sub>e scope 3

We have calculated the carbon dioxide equivalent emissions from transport activities in accordance with the EcoTransIT World (ETW) methodology. The ETW methodology (used by countless logistics service providers) corresponds with the European standard EN 16258: a common methodology for calculating and declaring energy consumption and greenhouse gas emissions related to any transport service. Of course, the ETW methodology is also in congruence with the Greenhouse Gas Protocol. The calculations include carbon dioxide equivalent emissions from sea carriers and road haulers. Although the methodology is often used by logistics service providers, it is developed and validated by independent scientific institutes.

## What is included in the calculation?

We calculate the CO<sub>2</sub>e emissions from our transport activities on a Well-to-Wheel (WTW) basis. In other words, we choose a complete life cycle assessment that incorporates Extraction, Conversion, and Distribution activities as well as Transport operations. This means that we get a better picture of the impact of our subcontracted transport.

The figure below demonstrates the difference between Well-to-Tank, Tank-to-Wheel, and Well-to-Wheel. Although it is possible to isolate the Tank-to-Wheel emissions (which would make for more advantageous data), we have chosen to include all stages of the journey.



However, it is worth mentioning that emissions associated with the construction of vehicles (trucks, trains etc.) and the infrastructure which they use (roads, railroads etc.), are not included.

## Calculation parameters and assumptions for import activities

Our sea freight service provider has accumulated data for us. Based on this data, we calculate the emissions for two legs: Indonesia and China.

	Sum of 20F	Sum of 40F	Sum of 40H	Sum of Weight	Sum of Volume
CNNBO	8	12	1	106943,01	354
CNXAM	1	/	1	14066	0.36
CNYTN	29	55	37	779891,18	0.004
IDSUB	10	3	/	51242,58	355,069
<b>Grand Total</b>	<b>48</b>	<b>70</b>	<b>39</b>	<b>952142,77</b>	<b>5780,477</b>

	Sum of 20F	Sum of 40F	Sum of 40H	Sum of Weight	Sum of Volume
IDSUB	/	/	/	5705,02	44,51
INTUT	/	/	/	2229,88	23,42
THBKK	/	/	/	5915,17	30,783
THLKR	/	/	/	4466,28	22,368
<b>Grand Total</b>	<b>/</b>	<b>/</b>	<b>/</b>	<b>18316,35</b>	<b>121,081</b>

**Weight:** Listed in metric kg

**Volume:** Listed in m3  
Origin: For shipments from China, the origin is the harbors of Ningbo (Zhenhai), Xiamen Shi, Yantian and Sourabaja.

For shipments from Indonesia, the origin is the harbors of Sourabaja, Tuticorin (New Tuticorin), Bangkok and Lat Krabang.

**Destination:** For all shipments, the destination is Holstebro, Denmark.

## Assumptions about the sea ship

The ship type is BC Suez trade. This means that the deadweight tonnage (weight carrying capacity) of the sea ship is assumed to be between 80,000 and 200,000 tonnes). We chose the standard load factor of 49% which is suggested by ETW. The Load Factor describes the percental load factor of a vehicle.

We also choose the standard value for speed reduction suggested by ETW, which is 23%. This means that the ship is traveling at 77% of its maximum speed.



CALCULATION PARAMETERS

Input mode:

Freight: Amount: 14.44, Units: Bulk and Unit Load (Tonnes)

Origin: UNLOCODE: Ningbo, Name: Ningbo, [on] Ningbo, Zhenhai

Choose transport modes:  Truck,  Train,  Airplane,  Sea ship,  Barge

Destination: City/district: Holstebro

A screenshot of the ETW calculator.

## The carbon dioxide equivalent (CO<sub>2</sub>e) of our import activities

**China**

CNNBO (Ningbo, Zhenhai): 14.44 tonnes

CNXAM (Xiamen Shi): 2.05 tonnes

CNYTN (Yantian): 99.05 tonnes

IDSUB (Sourabaja): 6.03 tonnes

**Total emissions from import activities from China = 121.57 tonnes**

**Indonesia**

IDSUB (Sourabaja): 0.671 tonnes

INTUT (Tuticorin (New Tuticorin)): 0.203 tonnes

THBKK (Bangkok): 0.708 tonnes

THLKR (Lat Krabang): 0.548 tonnes

**Total emissions from import activities from Indonesia = 2.13 tonnes**

**Total emissions from import activities from China and Indonesia = 123,7 tonnes**

## Calculation parameters and assumptions for export activities

**Weight:** We export the precise weight of shipments from our multi carrier shipping software. There are hundreds of thousands of individual shipments, so we accumulate the data on a country basis. In total, we have shipped 2,140.29 tonnes from Denmark.

**Origin:** For all shipments, the origin city is Holstebro, Denmark.

**Destination:** We are calculating the emissions on a country/state basis. For consistency, we are defining the destination as the centroid of a given country. In other words, we operate with rounded latitude and longitude figures for each country expressed in degrees and minutes (it is based on the locations provided in the Geographic Names Server (GNS), maintained by the National Geospatial-Intelligence Agency on behalf of the US Board on Geographic Names).

<https://www.geonames.org/>

## Means of transportation:

**Truck**

The vehicle type is between 26 tonnes and 40 tonnes. That is the equivalent to a class 8 (heavy duty) semi-truck. The fuel type is diesel, and we have chosen a load factor of 60%, which is the standard value. The load factor determines how much of the load capacity of the selected transport vehicle is utilized. The load factor is 100% if the maximum load weight capacity of the vehicle or the load carrier is used.

We assume that the ETF (Empty trip factor) is 20%. This is an expression of the additional distance that the vehicle or load carrier has to travel empty related to the transport distance.



**Sea ship**

The same assumptions as in the section about import activities, except the ship type may differ. This is because it is automatically set depending on the route (trade lane).



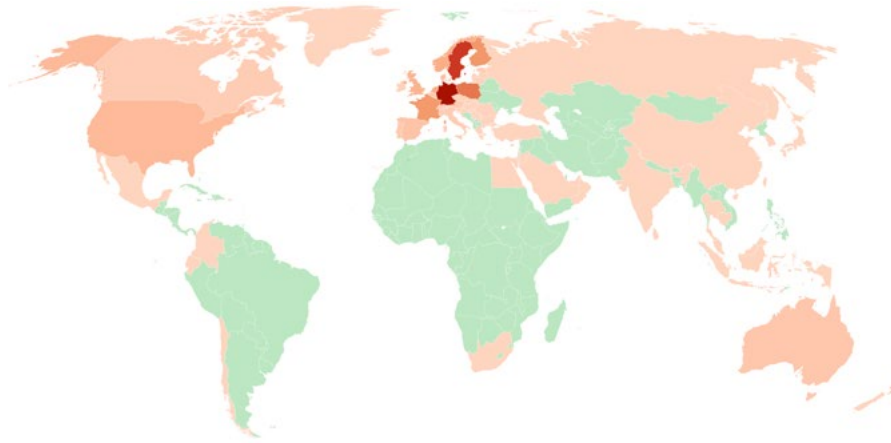


Figure 1. Concentrations of CO<sub>2</sub>e for freight destinations.

**Results:**

Total emissions from export activities = 132.3 tonnes of CO<sub>2</sub>e

Total emissions from import and export activities combined = 256 tonnes of CO<sub>2</sub>e

If we add up the CO<sub>2</sub>e emissions from all the three scopes we get:

Scope 1 = 0.54 tonnes CO<sub>2</sub>e

Scope 2 = 259.91 tonnes CO<sub>2</sub>e

Scope 3 = 256 tonnes CO<sub>2</sub>e

In total = 516.45 tonnes of CO<sub>2</sub>e

This is our starting point for comparing Westpack's emissions year after year. In the coming years, we will update and adjust our methodology to get more precise calculations. The important thing is that we now have begun the process of critically reflecting on our emissions, which will help us to focus our efforts going forward.



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