



Sustainability report 2023



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Welcome

As a leading developer of industrial packaging solutions, we distinguish ourselves through a commitment to innovation, quality, and environmental responsibility.

We invite you to explore the outcomes of Masterpack Group's efforts in reducing environmental impact, implementing circular economy principles, and supporting our communities.

This report holds information relating to the topics: climate change, the management of water, waste and energy, material use, labour and human rights, health and safety, career development, ethics and our key production partners from 2022 and 2023.

Thank you for joining us on this journey.

Carlijn van der Zanden
Lead Sustainability

* Masterpack Group includes all key production partners: Thai Masterpack, Well-knit Yixing, Mono Bag Mills Lt, and Paragon Plastics. When referred to Masterpack, the production facilities are not included.

Highlights of 2023

- >> Another year of securing the Ecovadis Gold status
- >> The appointment of our very own lead sustainability

1. About us

Hi, we are Masterpack Group B.V., a family business founded in 1920. Currently under the stewardship of the Winter family's fifth generation. With a forward-looking vision, we have merged as a leader in the industry, consistently pushing boundaries to redefine the role of packaging.

At the heart of our operations are four production facilities strategically located in Thailand, Bangladesh and China. Here, we meticulously develop everything in-house, ensuring the highest quality levels for the industrial packaging solutions that safeguard our client's products.

A testament to our commitment to innovation is our very own Research and Development center in the Netherlands. Here, we test, develop and pioneer new solutions and products, particularly focusing on advancements in FIBC's field.

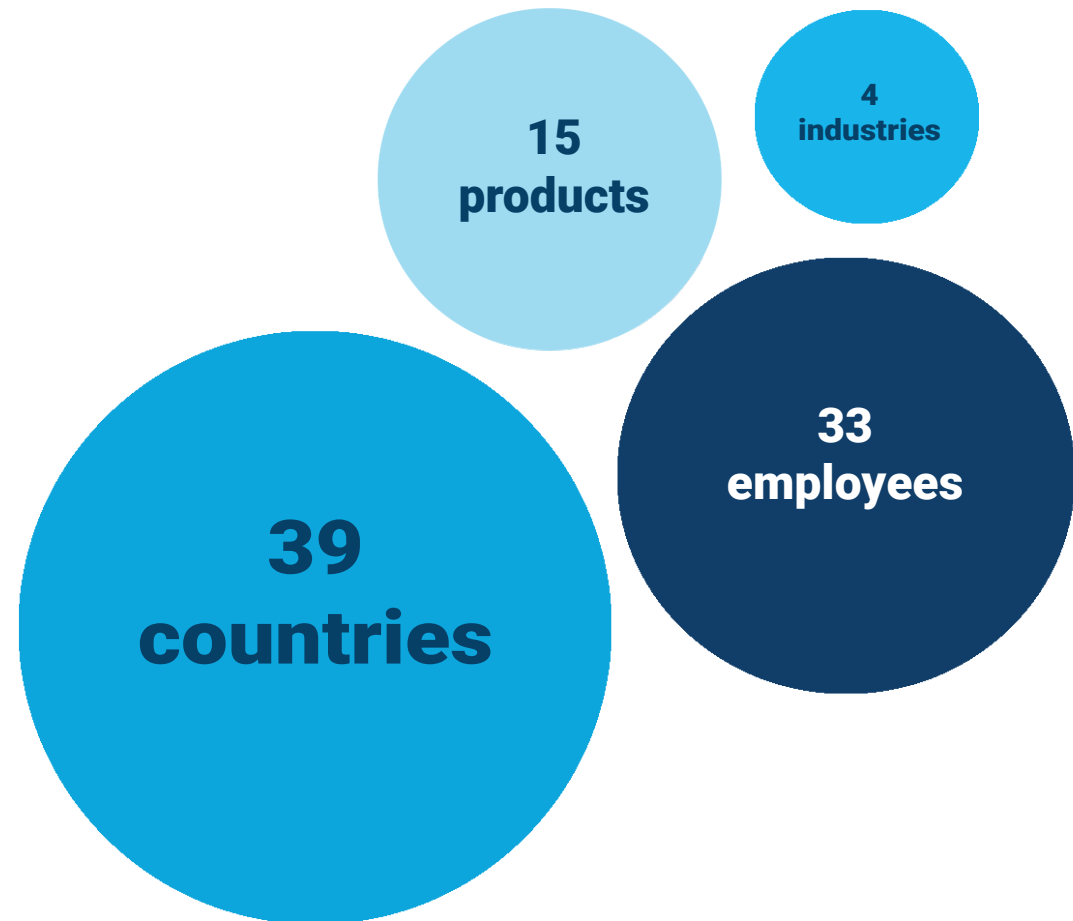


1.2 General

Masterpack Group headquarters is based in Enschede, the Netherlands. We oversee our operations from two offices, maintain our warehouse next to our headquarters, and collaborate closely with four production facilities. Additionally, we have sales representatives covering the world such as our agents in the United States of America and Chile.

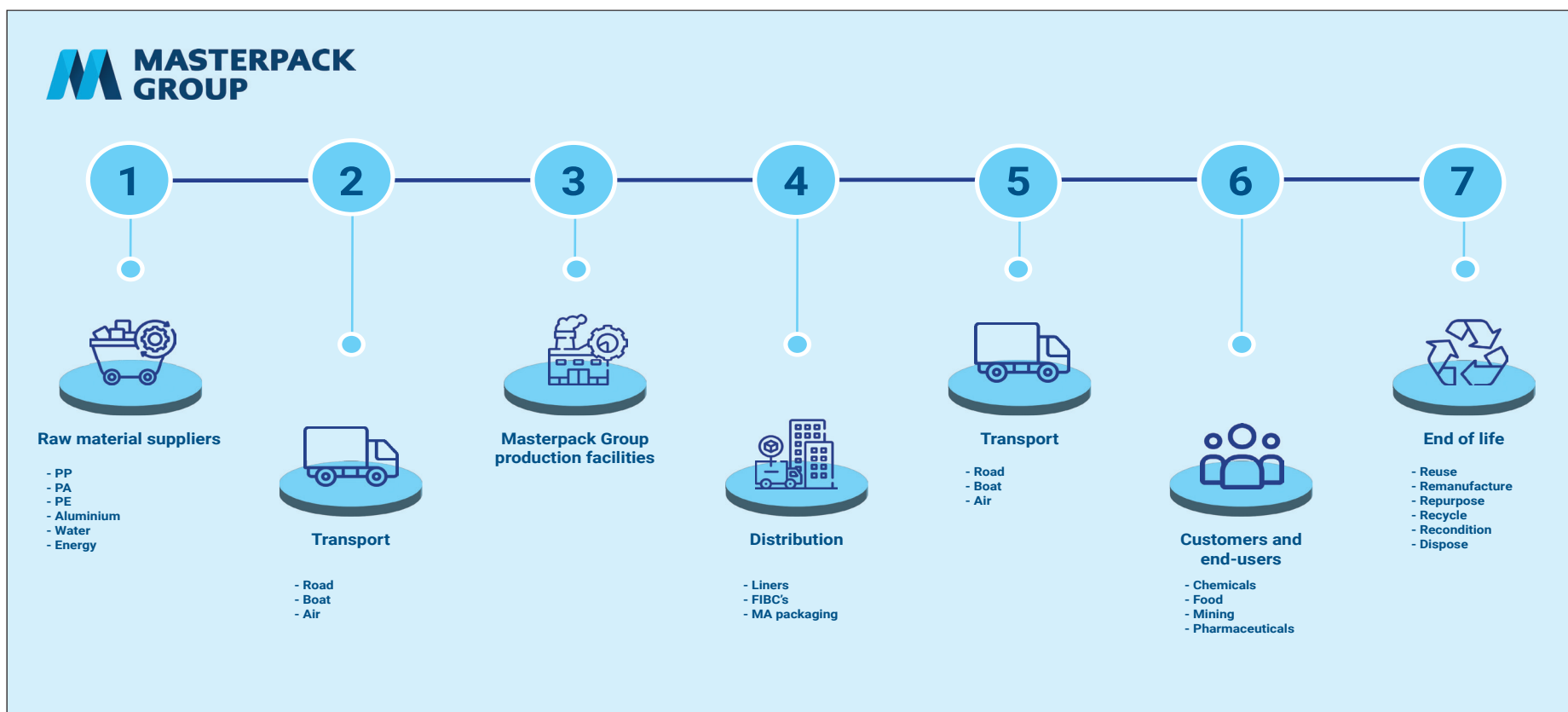
Masterpack offers:

- >> [FIBC](#)
- >> [liners](#)
- >> [Modified Atmosphere packaging](#)



1.2 Value chain

Masterpack Group is a distributor and producer of Flexible Intermediate Bulk Containers (FIBCs) and serves customers involved in the production or distribution of bulk goods across four distinct industries. Our value chain encompasses several partners, as depicted in the graph below.



2. Materiality

2.1. Materiality analysis

In 2023, Masterpack conducted a materiality assessment in collaboration with Nexio Projects. This assessment utilized materiality maps from Ecovadis, SASB, and MSCI relevant to the industries served by Masterpack. The initial list was refined through interviews with Masterpack's customers, suppliers, and internal teams. The final materiality map was created based on Masterpack's priorities, industry regulations, analysis of market trends, and Nexio Projects expertise in sustainability.

2.2. Sustainability strategy

As Masterpack Group we are dedicated to operating and developing business in a sustainable and responsible manner, while also adding value to people's lives. In line with this commitment, we have established three key focal points for our sustainability strategy:

- >> **Reducing emissions:** Masterpack strives reduce her emissions by, for example, implementing energy efficient technologies and adapting renewable energy sources.
- >> **Adoption of the circular economy:** Masterpack aims to transition to a more circular model by 2023 by reducing waste generation and promoting the recycling and reuse of materials. Within this target lies the specific goal to further implementation of FIBC's containing recycled material.
- >> **Social responsibility and employee well-being:** Masterpack aims to prioritize social responsibility and employee well-being by implementing programs and initiatives including regular health check-ups, a safe work environment and the promotion of education.

We aim to formalize quantative goals in 2024 and obtain SBTi certification for our greenhouse gas (GHG) emissions targets.

2.3. Sustainable Development Goals

By pursuing our sustainability strategy, we indirectly address 15 of the United Nations Sustainable Development Goals (SDG's).



2.4. Sustainability scoring

Annually, Masterpack completes the Ecovadis assessment, which assesses companies on labour & human rights, environmental practices, ethical standards, and sustainable procurement. In 2023, Masterpack achieved a gold medal for the second consecutive year.

We conduct this assessment as a group, involving our key production partners. We firmly believe that our sustainability ambition is a collaborative endeavor, requiring the active participation and commitment of everyone involved.



Governance

Governance provides a framework for transparency, accountability, and ethical decision-making. By embracing the principles of good governance, Masterpack reinforces its commitment to sustainability, integrity, and long-term value creation, thereby laying the foundation for continued growth and positive impact.

>> In 2023, Masterpack appointed a Lead Sustainability, entrusted with the responsibility of leading sustainability initiatives. Reporting directly to the Managing Director, the Lead Sustainability collaborates closely with all departments within Masterpack, as well as key production partners.

>> Our policies on sustainability topics were updated in 2023, broadening the scope to our value chain. Each objective is translated into specific targets and corresponding Key Performance Indicators (KPIs), enabling us to monitor progress effectively. These goals encompass both short-term and long-term objectives, providing a clear direction for our current efforts and our ambitions for the future.

SOCIAL



In our pursuit of sustainable business practices, we recognise the crucial role that our employees play in shaping a responsible and ethical corporate landscape. We remain dedicated to an inclusive, diverse, and equitable workplace. The following section includes progress on our efforts regarding social factors.

General

In 2023 the workforce composition of Masterpack was researched for the first time. It shows data on the gender diversity within our workforce, taking a closer look at the percentage of female employees relative to the total workforce. Understanding gender representation is crucial for promoting inclusivity and ensuring equal opportunities within our organisation.

In 2023, our team at Masterpack headquarters grew with the additional of a new lead sustainability and three new sale employees. However, we also had to part ways with some team members during the same period, resulting in a net growth of 3,13%.

Total # of employees

	2022	2023
Number of hires		4
Total number of employees	32	33
% of female employees	28%	24%

% of employees per age group

	All employees		Female employees	
	2022	2023	2022	2023
<25		18%		12%
25-55		55%		12%
>55		27%		0%

% of employees per department

	% of total employees		% female		% <25		% 25-55		% >55	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Management		3%		0%		0%		3%		0%
Sales		21%		0%		0%		9%		12%
Support		9%		6%		0%		6%		0%
Logistics		12%		0%		0%		12%		0%
Production		27%		9%		15%		9%		0%
Other		27%		9%		3%		15%		15%

Management at Masterpack consists of the managing director, who oversees the organisation's overall operations. Additional managerial roles are department-specific, as Masterpack doesn't have a centralized management team for making group decisions. Instead, management positions are structured according to individual departments.

Sales includes roles related to selling products or services and maintaining customer relationships.

Support includes roles focused on providing assistance to customers or general administrative support.

Logistics includes roles related to managing and executing logistical activities, such as coordination, transportation, and warehouse management.

Production includes roles related to production processes and the execution of operational tasks.

Other includes roles that do not directly fit into any of the above categories, such as financial roles and marketing.

Labour & human rights

The promotion and protection of labour and human rights are essential pillars of society. As we navigate the complex landscape of international operations, it's essential to uphold certain principles. The International Labour Organization conventions serve as a guide, setting standards and advocating for the rights of workers worldwide.

The data below provides an overview of Masterpack Group's current landscape regarding labour and human rights. We strive to create awareness and understanding of the importance of upholding labour standards and promoting social justice. By working with our key production partners, we work towards a work environment that prioritizes the well-being and rights of every individual.

Labour

	2022	2023
% of employees given special remuneration for worked overtime	100%	100%
% of employees receiving paid annual vacation	80%	100%
% of employees receiving 24 hours rest within a time frame of 7 consecutive days	100%	100%
% of employees that have the right to freedom of association and collective bargaining	80%	80%

Human rights

	2022	2023
# of reported incidents on child or forced labour	0	0
# of reported incidents of discrimination	0	0
% of key production partners subjected to a human rights risk assessment	60%	100%
% of Masterpack Group's key production partners engaged in Sedex membership	100%	100%

Health and safety

The well-being of our employees is our top priority. We are committed to providing a safe and healthy work environment across all facets of our operations. To uphold this commitment, we have established health and safety protocols to mitigate risks.

In line with our commitment to employee health, we believe that access to quality healthcare is essential for everyone. That's why we provide health check ups for our employees in developing countries. By investing in health and safety initiatives and offering healthcare services to employees in developing regions, we strive to ensure the well-being of our employees.

Health and safety

	2022	2023
% of employees in developing countries that received a health check up	100%	100%
% of operational sites for which an employee health & safety risk assessment was conducted	100%	100%
% of employees that are represented in worker health & safety committees	80%	100%
Total number of health & safety incidents	46	35
Days of sick leave due to injuries at Masterpack	0	0
Days of sick leave due to injuries at Masterpack Group	50	21
Lost time injury frequency rate for Masterpack Group	228,31	219,80
Lost time injury severity rate for Masterpack Group	0,03	0,03

The lost time injury frequency rate was calculated by $[\text{total number of lost time injury events}] \times [1,000,000/\text{total hours worked}]$

The lost time injury severity rate was calculated by $[\text{number of days lost due to injuries}] \times [1,000/\text{total hours worked}]$

Career development

At Masterpack, we are dedicated to empowering our employees to reach their full potential. We believe in providing the necessary resources and guidance to support their professional growth and development.

Every employee at Masterpack undergoes at least one regular performance and career development review. Furthermore, we encourage an open dialogue between employees and management regarding their career aspirations and skills development. The satisfaction rating employees gave development opportunities in 2023 was a 7. For 2024 we are looking into the improvement of this grade and our career development program.

Career training and development

	2022	2023
% of employees undergoing regular performance and career development reviews	100%	100%
% of employees with access to training opportunities	100%	100%
Average amount of training hours per employee at Masterpack HQ	1,56	1,86
Satisfaction rating employees give development opportunities		7

ENVIRONMENTAL



In this section, we delve into the metrics and insights that shape our commitment to environmental management. From energy consumption to waste, we explore the progress made in our commitment to environmental responsibility and the conservation of resources.

General

Environmental sustainability encompasses a broad spectrum of topics, each interconnected and crucial. In this section, we highlight the following topics: greenhouse gas emissions, energy management, water and waste management, product end-of-life and product responsibility. The table below gives a short summary of the most important data discussed.

In 2023, the scope of emissions and energy management calculations was broadened to include the warehouse adjacent to the Masterpack headquarters in Enschede, the Netherlands. This expansion accounts for the significant increase in the reported data during this period.

Overview

	Unit	2022	2023
# of emissions	tonnes Co2e	14,27	23,68
# of renewable energy used	Mwh	65,45	80,15
# of water used within Masterpack Group	ML	26105,70	15802,80
# of waste generated within Masterpack Group	tonnes	1919,16	1078,10

Greenhouse gas emissions

Masterpack monitors and evaluates its carbon footprint by measuring both Scope 1 and Scope 2 emissions. Scope 1 encompasses emissions stemming from sources directly owned or managed by the company, exemplified by the electricity generated through its solar panels. Meanwhile, Scope 2 emissions encompass those acquired or integrated into the company's operational through external procurement.

In 2024, we have plans to enhance our proficiency and precision in measuring the scopes of emissions. We aim to attain a more comprehensive understanding of our impact.

Greenhouse gas emissions

	tonnes Co2e	
	2022	2023
Total Co2 emissions	14,27	23,68
Scope 1 emissions	8,54	7,88
Generated energy	0,00	0,00
Company owned vehicle	8,54	7,88
Scope 2 emissions	5,73	15,80
Purchased energy	5,73	15,80

The calculations above were done using emissionsfactors provided by Milieubarometer. A tool created by Stimular, a foundation that helps companies become more sustainable.

Energy management

Masterpack headquarters is equipped with solar panels, enabling the generation of energy. Despite this renewable energy source, there is occasional supplementation with purchased energy to meet operational demands. In 2023, an unforeseen decrease in solar panel output resulted in more shortfall, by approximately 10 MWh, leading to an increase in purchased energy. Fortunately, all the energy we've purchased is sourced from European wind farms, ensuring that it is also categorized as renewable energy.

The increase in energy consumption in 2023 can be linked to the expansion of the scope, particularly the inclusion of the Masterpack warehouse in Enschede. Consequently, the data on energy management now offers a more complete insight into Masterpack's energy management practices.

Energy use

	Use in MWh	
	2022	2023
# of energy used	65,45	80,15
# of renewable energy purchased	10,96	34,65
# of renewable energy generated	54,49	45,50

Water and waste management

Water and waste management are critical components of sustainable business practices. As we continue to grow, the importance of efficient water usage and waste reduction becomes more and more visible.

Masterpack Group has taken measures to enhance sustainability within its operations. One of those initiatives involves the implementation of water reuse systems, effectively reducing overall water consumption.

Furthermore, Masterpack Group is committed to optimizing waste management practices. Through innovative approaches, such as repurposing waste for labels or transforming it into post-industrial recyclate, we have successfully diverted significant amounts of waste.

Water and waste Masterpack Group

	2022	2023
Megalitres of water used	26105,70	15802,80
% of waste water treated before discharge		1,00
Reported incidents on water pollution		0,00
Tonnes of hazardous waste generated	12,16	12,10
Tonnes of non-hazardous waste generated	1907,00	1066,00

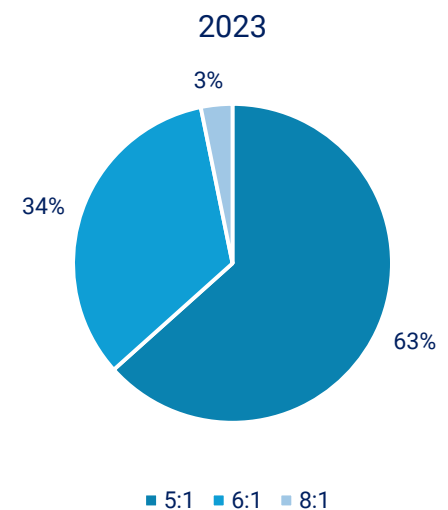
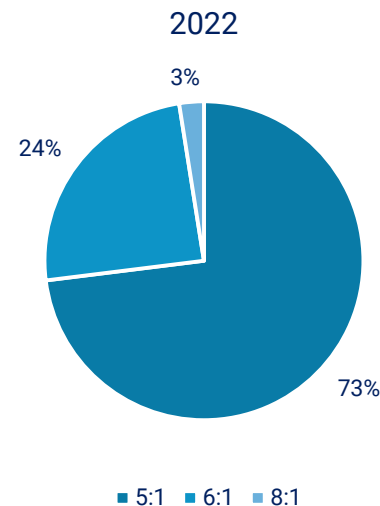
Product end-of life

Post Industrial Recyclate (PIR) is a solution sourced from industrial waste streams, embodying the essence of the circular economy. Rather than consigning these materials as waste, Masterpack has incorporated PIR wherever possible.

Meanwhile, the usage of Post Consumer Recyclate (PCR) is a step towards closing the loop for material use. Masterpack has taken proactive steps to explore the integration of PCR into our FIBC's. However, as these PCR-containing FIBC's have yet to be introduced to the market, our journey in this regard is still ongoing. Nevertheless, we strive to launch this type of FIBC in 2024, underscoring our dedication to advancing sustainable practices.

Masterpack currently offers a range of FIBC's designed to meet various needs. Among these options are the 5:1 FIBC, which is specifically designed for single-use applications, while the 6:1 and 8:1 FIBC's are tailored for multiple uses, offering durability and longevity.

In 2023, there was a notable decline of 10% in the sales of single-use FIBCs compared to previous year. This trend reflects a possible shift in customer preference towards more sustainable and cost-effective solutions, highlighting the importance of versatile, reusable packaging options.



Product responsibility

To ensure product quality, we need to address customer concerns effectively. Masterpack's Quality Manager oversees this aspect by managing customer complaints.

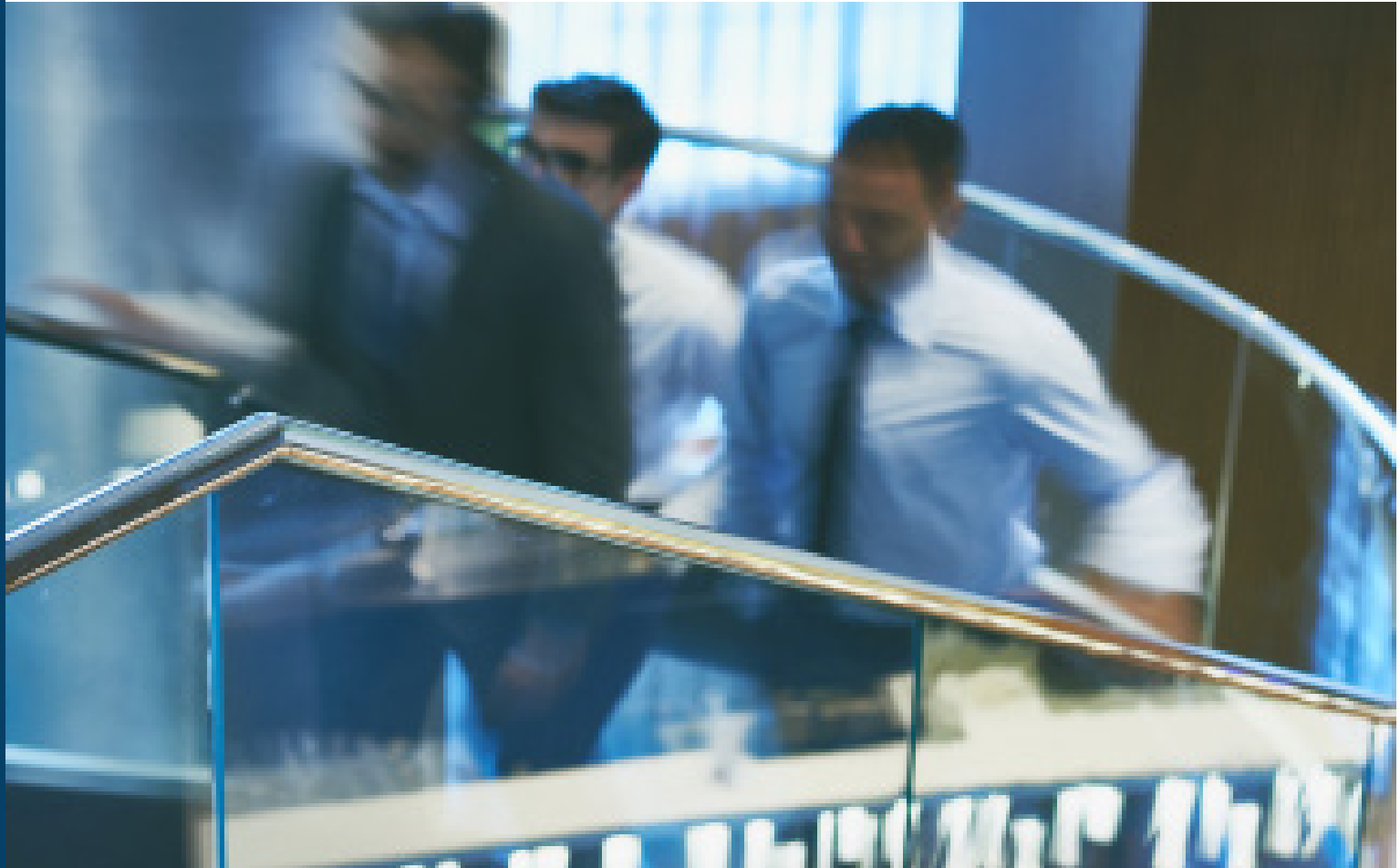
Moreover, our Quality Manager takes proactive measures to ensure health and safety standards within our company. This includes ongoing efforts to refine specifications, standard operating procedures, and conducting training sessions aimed at mitigating the risk of both complaints and non-compliance incidents.

In 2023, we faced a specific challenge related to foreign bodies found on the exterior of our FIBC. The Quality Manager promptly investigated the root cause of these incidents and provided revised instructions to all relevant parties involved.

Customer complaints

	2022	2023
# of customer complaints	40	38
% of customer complaints in relation to # of products delivered	0%	0%
% of products distributed that contained health and safety information	100%	100%
# of incidents of non-compliance with health and safety regulations	6	6

ETHICS



The ethics section of this report explores the principles and values that guide our actions. Through transparency and integrity, we reflect on our commitment to ethical conduct and the measures we've implemented to ensure accountability.

Ethics

Over the past few years, Masterpack has implemented various procedures aimed at upholding ethical standards within the organisation. In 2023, we introduced additional protocols, including a databreach procedure and competitor guidelines, to further strengthen our ethical framework.

During the same year, we encountered a security incident. This incident was promptly addressed in accordance with the databreach procedure. Subsequently, all employees underwent training to mitigate risks associated with similar incidents.

Procedures

	year
Whistleblower	2020
Due diligence	2022
Databreach	2023
Competitor guidelines	2023

Ethical incidents

	2022	2023
# of reported cases of business ethics violations via whistleblower procedure	0	0
# of lawsuits or legal actions regarding business ethics violations	0	0
# of security incidents	0	1

PRODUCTION



In this section we shine a light on the collaborative relationships that drive our supply chain and manufacturing process. We recognise the importance of these partnerships in achieving our shared environmental and social goals.

General

In 2023, we've implemented a series of new initiatives aimed at enhancing our sustainable procurement practices. One critical aspect of our approach is the screening of every new suppliers using environmental and social criteria. Our screening process takes geographical data into account, and assesses the risks related to child labour and global human rights violations.

Additionally, our dedication to sustainability has extended to our key production partners, who have demonstrated their dedication by signing our Partner Code of Conduct. Through this commitment, they signify their willingness to uphold standards of integrity, transparency and accountability throughout their operations.

We look forward to further collaborating with our key production partners to advance and expand initiatives aimed at enhancing our sustainable practices.

Procurement

	2022	2023
% of suppliers covered by a sustainability risk analysis	0%	100%
% of key production partners that signed the Partner Code of Conduct	0%	75%



Het Wolbert 19 - 7547 RA Enschede
The Netherlands
P.O. Box 2562 - 7500 CN Enschede
Phone +31 (88) 587 81 50
info@masterpackgroup.com