

Our Net Zero Transition Plan

Our long-term ambition, third party validated targets and continued action today have us well positioned to deliver on our commitments

Our Ambition, Strategy and Accountability

Our ambition is to have at least net zero emissions by 2050 across all 3 Scopes, with a 55% reduction in fossil fuel emissions intensity for Scope 1 and 2 by 2030.

The strength of **our approach** is demonstrated through our:

- **History of delivery**
- **Continued delivery today**
- **SBTi approval for interim targets**
- **Collaboration across the value-chain**
- **Trialling emerging technology today**

Our Approach – Timelines

Short-term: acting now with continued year-on-year reductions using best available technology and continuous improvement.

Medium-term: Strategic investment projects to replace high emitting assets, continuous improvement, availing of best available technology, collaboration across the value-chain, all leading us to achieve our 55% reduction target.

Long-term: Through collaborative projects, executing controlled trials of new/emerging technology today to understand the feasibility and cost of large-scale implementation beyond 2030.

These plans are expected to be financed by a combination of both operational expenditure and capital expenditure.

Our Strategy Across the Value-Chain

Scope 1 and 2 Emissions

Investing in Fossil CO₂ Reductions

- Shifting to low or zero carbon fuels including CO₂ neutral energy sources:
 - Use of biofuels; and
 - Electrification.
- Research and development into new and emerging technologies with controlled trials:
 - Hydrogen, geo-thermal and heat pump technology.

Greening of Electricity Supply

Reducing Energy Use

- Investing in technologies that reduce energy consumption; and
- Re-engineering our processes and implementing smart energy-efficient solutions.

Investing in Efficient Energy-generation

- Investing in highly efficient Combined Heat and Power (CHP) systems^{*}; and
- Improving the efficiency of our existing boilers.

Scope 3 Emissions

Supplier Engagement

- Requesting SBTi commitment from strategic suppliers:
 - Expand beyond strategic suppliers in time.
- Sustainable and Responsible Sourcing programme.

Customers Engagement

- Better Planet Packaging programme delivering lower CO₂ solutions for customers through:
 - Material design;
 - Packaging design; and
 - Supply chain optimisation.

Transport

- Modal shift: CO₂ reduction by shifting transport from road to lower emission transport models;
- Operational efficiency: CO₂ reduction by optimising transport operations, sources and destinations; and
- Fuel efficiency: CO₂ reduction by leveraging new technology, alternative fuels, engine efficiency.

Supported by our end-to-end approach to circularity

Residual Emissions

While the Group is focused on its direct impact on emissions reductions across its value-chain, with significant scope well into the future, we acknowledge that as we approach 2050 we may have residual emissions which we cannot eliminate. In the event that this occurs, the Group would consider neutralising these emissions through appropriate and credible solutions.

^{*} Note the hydrogen trials in our Saillat paper mill should facilitate the move from current energy efficiency outcomes to low or no carbon outcomes via the retro-fitting of existing CHP assets.

Our Governance and Accountability

16 years of public disclosure on sustainability activity, independently assured since 2009

SBTi validation of Group targets as being in line with the Paris agreement

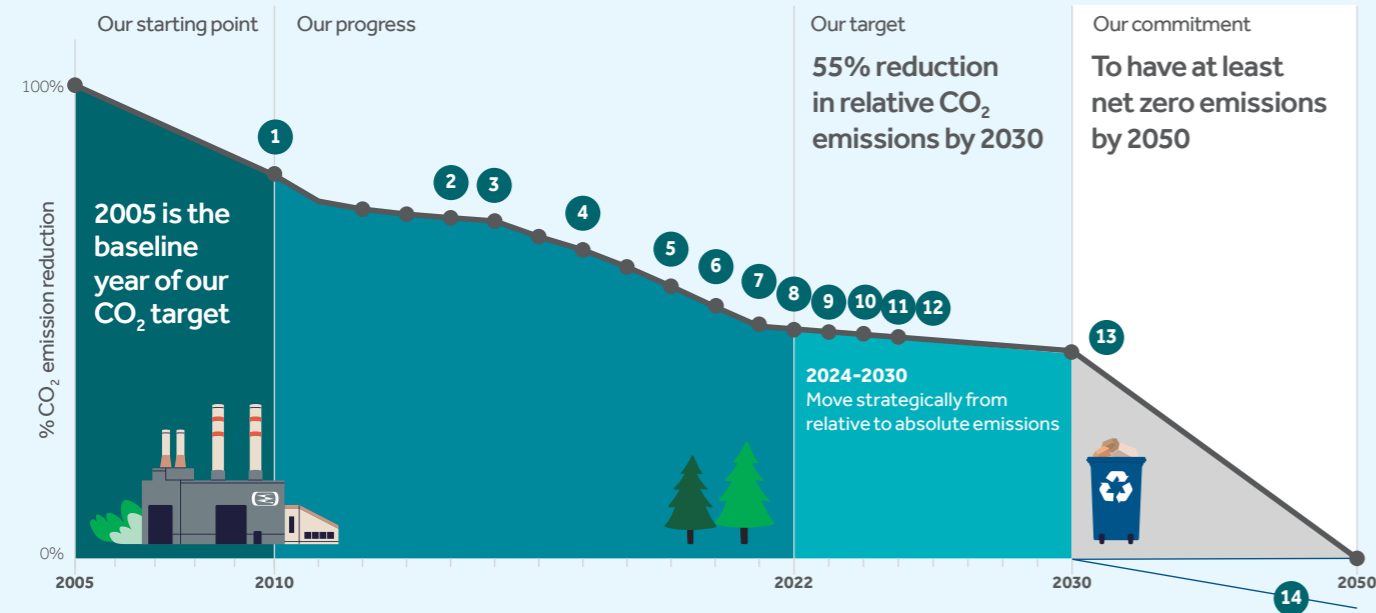
Management incentives linked to delivery on key sustainability KPIs (including emissions reduction targets)

Cost of funding linked to delivery of key sustainability KPIs (including emissions reduction targets)

Engaged Board with appropriate expertise

Strong external recognition

Our Net Zero Transition Plan



- 1** Set target of 20% reduction in relative CO₂ emissions by 2020. (2005 baseline).
- 2** 2020 target of 20% reduction achieved with a 21% reduction by the end of 2013.
- 3** New relative emissions reduction target of 25% reduction set for 2020.
- 4** 2020 target of 25% reduction achieved and more ambitious relative emissions reduction target of 40% by 2030 set.
- 5** Approval of €134 million new recovery boiler in Nettingsdorf (Austria).
- 6** Long-term target of at least net zero emissions by 2050 and increased the 2030 emissions reduction target to 55%.
- 7** 2021: SBTi approval received for our CO₂ emissions target as being in line with the Paris Agreement and well below 2°C trajectory. Launched Better Planet 2050 commitments.
- 8** 2022: 43.9% reduction in CO₂ emissions. Successfully trialled hydrogen project at our Saillat paper mill (France). Announced a major investment in our Cali paper mill (Colombia) of almost US\$100 million in a sustainable biomass boiler.
- 9** 2023: Significant investment in our Hoya paper mill and board manufacturing plant (Germany). A CO₂ emissions reduction of 5,500 tonnes per annum is expected.
- 10** 2024: Contribution from a state-of-the-art sustainable biomass boiler at our paper mill in Cali, Colombia which will reduce our global Scope 1 and Scope 2 CO₂ emissions by approximately 6%.
- 11** Reviews of our third party validation.
- 12** Approximately 60 projects identified to implement until 2030 in order to achieve our 55% CO₂ emissions reduction target.
- 13** Scaling new and emerging technologies, as they become available.
- 14** Consideration of residual carbon neutralising solutions to achieve 'at least' net zero by 2050.

Acting Today Across our Value-chain

Scope	Time Horizon*	Action today
Scope 1 and 2	Short-term	<ul style="list-style-type: none"> Year-on-year reductions towards our targets. In 2022, we achieved 43.9% reduction in CO₂ emissions. Continuous improvement of our operations through the implementation of best operational practices, insulation of pipes, LED lights, monitoring and improving processes, using data, reuse of residual steam to reduce the need for fresh steam, using biogas from water treatment plants, efficiency improvement in operations and energy efficiency. Using Digital Twin technology in our Townsend Hook mill to reduce steam consumption by approximately 5%. Direct drive project in our Wrexen mill which has energy reduction as part of its projects benefits. Nettingsdorf Biomass investment of €134 million completed in 2020 and now achieving its full run-rate of 40,000 tonnes of emissions reduction. Investing €11.5 million in our Zülpich paper mill. A major redesign of the multi-fuel boiler provides a more sustainable fuel source for generating steam and electricity. The investment is set to deliver a reduction of 55,000 tonnes of CO₂ emissions. Optimising starch use in our Hoya mill which requires less steam and energy to dry. Water treatment plant investments in Colombia and Brazil which will help improve our COD (water) and capitalise on biogas from plants (CO₂). Recent greening of energy supply in the Netherlands and UK.
Scope 1 and 2	Medium-term	<ul style="list-style-type: none"> Around 60 projects planned between now and 2030 to deliver our interim target, reducing our emissions by 55% by 2030, including: <ul style="list-style-type: none"> Investing almost US\$100 million in a sustainable biomass boiler in our paper mill in Cali, Colombia which will reduce our global Scope 1 and Scope 2 CO₂ emissions by approximately 6%, planned to be operational by the end of 2024. Controlled trialling of new/emerging technology and feasibility of large-scale implementation: <ul style="list-style-type: none"> Build on learnings from Digital Twin pilot in Townsend Hook Mill (UK); and Collaborative heat pump project in Morava paper mill (Czech Republic).
Scope 1 and 2	Longer-term	<ul style="list-style-type: none"> Controlled trialling of new/emerging technology today for the future: <ul style="list-style-type: none"> The HYFLEXPOWER consortium and SKG successfully completed the first stage of the HYFLEXPOWER hydrogen project, the first in the world for a paper mill and a truly collaborative project including suppliers, academia and government support; and Geo-thermal being explored in our Parenco paper mill in the Netherlands.
Scope 3	Short-term	<ul style="list-style-type: none"> Customers: We have 100's of examples where a collaborative approach has delivered a lower carbon, circular solution, an example, by working together with a customer in Switzerland, we reduced the CO₂ emissions in transport by switching from road to rail delivery. This reduced the transport emissions by approximately 600 tonnes of CO₂. Customers: Developing products such as top-clip and click-to-lock which reduces the carbon footprint of our customers packaging by over 30%. A number of customer examples are outlined in this Annual Report on pages 10 to 13 and in the 2022 SDR which will be published at the end of March 2023. Engagement with Suppliers: In our Sustainable and Responsible Sourcing programme, we audit our suppliers on their energy reduction programmes and participation in commonly accepted best practice and certification schemes such as SBTi commitments and validation.
Scope 3	Medium-term	<ul style="list-style-type: none"> Carrying out a more extensive Scope 3 inventory assessment, supported by GHG training. Considering additional SBTi commitments. Considering Scope 3 targets. Internal: Trialled electric delivery vehicles in Germany and the Netherlands.

* Time-horizons are defined by when we believe they could be scaled, so we are actively exploring and trialling them now but their scalability could be now (short-term), 3-10 years (medium-term) or 10-30 years (long-term).