

OUR BLUE MISSION

CORPORATE SOCIAL RESPONSIBILITY REPORT 2015



IN A SUSTAINABLE GOODFOODMOOD®

2015 marks the 10th anniversary of Duni's Supplier Code of Conduct, and perhaps more importantly, ten years of supporting and auditing of our suppliers. Today, as we look back on the journey we have made together with our suppliers, we feel that we have contributed to truly good and lasting changes for worker safety, human rights and environmental sustainability.

Duni's sustainability efforts in our own facilities have come a long way, too, during the last decade. Both in the form of big, substantial improvements, but just as importantly in the form of small, marginal improvements that lead to large improvements over time.

Two sustainability initiatives that I feel particularly happy about at the moment are our ecoecho® strategy and what we call Employees Dunitied. Duni's ecoecho® products are leading the way in introducing more environmentally-friendly materials and have really begun to make an impact in the market. Dunitied is our new talent management project, which has already shown great promise.

Our ecoecho® strategy and Employees Dunitied are tangible manifestations of Duni's passion

about being outstanding in our field. To me, they also prove a very important point: that sustainability and good business are in no way mutually exclusive. In fact, the opposite is true. **Innovation, quality, safety and environmental standards go hand in hand for Duni and our ambition to always supply goodfoodmood® to any eating and drinking occasion depends on it.**



Thomas Gustafsson, CEO of Duni



The overall object for Duni CSR is to meet the trust our customers show in Duni by ensuring that our products are produced in an ethical, safe and environmentally sound way.

2015 was a year with tragic and serious happenings in our global community. The mostly sheltered part of the world where Duni operates was forced to deal with refugee crisis, terrorism and increasing worldwide tensions. To Duni, seen from that perspective, 2015 was a quiet, business-as-usual kind of year.

We continue our ambitious ecoecho® strategy, offering our customers well-designed products with a good eco-profile. These products are the fastest growing in our assortment and it feels like a real trend-breaker!

We have increased our offering of compostable napkins and tablecoverings, and of course, can trace the vast majority of our paper products back to the responsibly managed forest area through our FSC® certification.

This year we celebrate the 10th anniversary of our Code of Conduct programme for suppliers. When I visit our suppliers for audits, especially in risk-areas, such as China, it is very satisfying to feel that Duni has built trustful relationships and helped our suppliers develop and move to a good level of working conditions and safety. I get a lot of feedback that our long-time relationships and training efforts are appreciated.

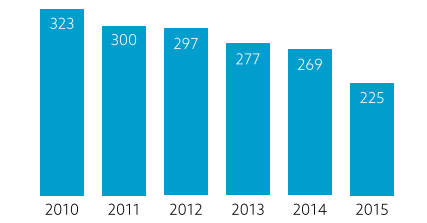
We get daily questions from customers concerning the environmental and safety profile of our products. Behind the scenes there is much effort going into assuring that our products are safe and meet all applicable legal requirements and other relevant standards. We work closely with our suppliers of raw-material and traded goods as well as a range of qualified external laboratories.

The overall object for Duni CSR is to meet the trust our customers show in Duni by ensuring that our products are produced in an ethical, safe and environmentally sound way.

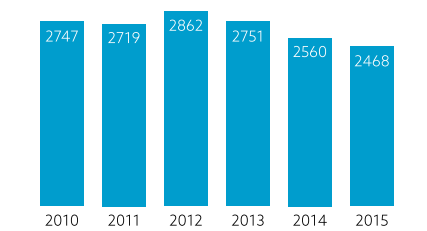


Elisabeth Gierow, Corporate CSR & Quality Director

Carbon dioxide from own operations, kg/ton*



Energy use from own operations kWh/ton*



* Adjusted for recent changes, the acquisition of Paper+Design in 2014 and the focusing of airlaid production at Rexcell to one production site in 2015.



We have reviewed the goals we set out in Our Blue Mission. We continue to work to meet the ambitious goal to be 100% fossil free in our production and to reduce the energy by 20% between 2010 and 2020. Our recent changes in our paper mill

have increased our energy efficiency and further reduced our CO₂ footprint. So far we are well on the way to meet both of these targets! Please continue to contact us with questions and concerns about our products and operations. Stakeholder dialogue is of utmost

importance. Our engaged customers are our main cooperation partners, showing us their needs and supporting us in our development. We also strive to be a good neighbour and contributor to local life where we are present.

THE LIFE OF A DUNI PRODUCT

Find & Trace

The life of a Duni product starts with the choice of material. We prefer renewable raw materials from trees and plants, responsibly grown and sourced. These do not contribute to global warming or the exploitation of limited mineral resources. Many bio-plastics are based on agricultural products, such as maize. However, this may come in conflict with the world's need to increase its food production. This is why we, to an increasing degree, use leftover material from other processes, such as sugarcane fibers, so-called bagasse. Potato peels and algae are other upcoming raw materials. Our products already contain a high degree of renewable materials. And what today is not renewable should be recycled as many times as possible.

Create & Make

A Duni product has many components: design, functionality and, of course, quality. The way the product is made matters too. We strive for good working conditions and limited environmental impact at our manufacturing sites. We make production and products safe – and hygienic. Central to Duni's products is that they can be in contact with food, free from hazardous substances. Most products are made in

Europe, but suppliers can be found all over the world. Many of the more exciting new materials come from developing countries. The same standards apply everywhere.

Choose & Use

Conscious convenience is a good reason to choose and use Duni products. The reasons for choosing single-use products for a company event or a picnic in the park should be practicality and hygiene, while staying environmentally and socially sensible. Therefore we need to make the sustainable choices for our customers, ensuring that Duni products leave the least negative footprints out of all available options. You never need to worry about safety aspects since we take care of that for you.

Sort & Return

This is where the relatively short life cycle of a Duni product ends. You have used your cup or napkin, and it has to be taken care of, one way or another. It can be recycled, composted or burned. These are the options. Littering is never an alternative. We are doing our best to make it as simple as possible to bring products back to where they once came from, and to make them useful again. As soil, new materials or energy. More ecologically responsible materials are being developed, but the infrastructure to handle, compost or recycle them is not sufficient in many of Duni's markets. This needs to be addressed by us and others in society.



To an increasing degree, we use leftover material from other processes, such as sugarcane fibers, so-called bagasse, and turn them into functionally designed products.

EFFICIENCY OPTIMIZATION – THE VALUE OF MARGINAL GAINS

Tissue-making is a mature industrial process and major efficiency gains are hard to come by, but even incremental optimization of the process adds up to remarkable improvements over time.

One of Duni’s converting plants is located in Bramsche, Germany. The converting process involves manufacturing finished products based on paper materials such as tissue and ‘airlaid’. The base paper material is produced in Sweden, but since transportation is a source of emissions, and the finished products are more bulky than the base material, the Bramsche plant enjoys a favorable location for transports to Duni’s main market in mainland Europe.

Optimization is the key

Duni has identified a number of main areas for its sustainability work at Bramsche, among them wastewater treatment, contribution to landfill, CO₂ emissions and reduction of our water and energy consumption. We have already carried out major improvement measures aimed at increasing the efficiency of the Bramsche plant, among them rebuilding older machinery to cut set-up times and capture energy, switching to electricity from hydropower and

exchanging traditional light bulbs for LEDs etc.

A holistic view

Jürgen Groth is Technical Director at our Bramsche plant. He and his engineering department are now taking a holistic view to energy optimization: ‘At this point in the game it’s about looking at the whole chain to find things to improve, leaving no stone unturned. Like reducing waste through closer cooperation with our plant in Skåpafors. Or measures such as lowering the intensity of the infrared heaters that dry our

water-based inks and closing the whole plant down once a month to listen for leaks in our compressed air system. We also use lean production methods to improve the production flow and minimize down time. We are now down from 55 minutes to 25 for five colours.’ All these little improvements, which may seem insignificant in isolation, add up to major energy savings over time. ‘From 2011 to 2014, we managed to cut our consumption of electricity and gas by almost 20% and we are committed to continued improvements’, Jürgen concludes.



SYNGAS PROJECT UPDATE

Fossil-free drying of tissue is feasible, according to recent study.



Tissue-drying contributes to a significant part of the total fossil CO₂ emissions from Duni’s production sites. Exchanging the propane used in the drying process for a non-fossil fuel would mean that Duni becomes 90-percent fossil-free in our own production. A feasibility study published in January 2016 looks at the possibility of using a gas derived from biomass, a so called syngas, in tissue mills. The results from the simulations made in the study show

that the drying capacity is likely to be preserved if propane is replaced with syngas. The study identifies a need for further experimental testing to determine the impact of tar, smell and soot from the syngas on the tissue paper. Such testing is recommended as a next step in the concept development. During 2016, a decision for the next steps will be made to reach the goal of Duni being 100% fossil-free by 2020.



TEN YEARS OF CODE OF CONDUCT AUDITS

Duni's supplier audits go beyond simply verifying that the companies we buy from comply with our Code of Conduct. They are just as much about learning opportunities and sharing of good practices. This year marks our tenth anniversary.

Lessons learned

Ever since Duni's first supplier Code of Conduct was adopted in 2005, we have audited our suppliers on a continuous basis and it is fair to say that many of them have come a long way over the years. Back then, some of the suppliers we were approaching had no experience of audits at all, and could not meet the standards of our Code. Even though their production facilities were clean and orderly, there were a lot of separate issues, such as time records, overtime and payroll problems, lack of first aid materials and protective gloves. 'One supplier had to spend more than one year preparing for our audit in order to pass', says Alex Pan (Freespace Management Consulting Company), who has conducted audits in Asia for Duni for several years. 'Now, ten years later, some of the same suppliers have grown into large companies that have no problems at all complying with our Code.'

Sharing of good practices

Duni's supplier audits are not about finding faults or instances of noncompliance. It is about forming long-lasting relationships and helping our suppliers make changes that will benefit both the people who do the work and the quality of the products. By talking to each other and sharing best practices among our suppliers, many have benefited from the auditing process and from being a Duni supplier. 'I sometimes get asked by suppliers when they can have their next educational session', says Alex. 'Others have told me that they have been able to win new business after Duni has showed them the ins and outs of working with European customers.'

A continuous process of improvements

Even though we conduct our audits in basically the same way as we did ten years ago, some of the standards have been tightened in the latest version of Duni's General

Requirements, not least when it comes to environmental sustainability. It is almost impossible for a supplier to get a perfect score, which, according to Alex Pan, is to be expected with such strict requirements. 'There is no demand for 100% compliance, especially for new suppliers. The important thing is that we see a good level and improvements over time. That is the main purpose of the audits: cooperation and development.'

Close cooperation

'While it would be easier and less time-consuming for us to simply outsource our audits to a third party, we have chosen to work very closely with a few trusted auditors, enabling continuous support to our suppliers', says Elisabeth Gierow, CSR & Quality Director at Duni. 'We are quite proud of what we have achieved over these ten years and we will continue to support and audit our supply chain as it builds value for all involved.'

EMPLOYEES DUNITED

OUR NEW TALENT MANAGEMENT INITIATIVE

Duni has since 2014 been working on a long-term plan to maintain and develop employee potential. The goal is to create a sustainable organization that engages and motivates through transparency and clear measurability.

When Kettil Wedin was appointed new Human Resource Director at Duni in 2014, his task was clear: review and renew the company's HR work in order to maximize the business value from the organization. He started by carrying out an employee survey and quickly realized that one area that needed attention was Duni's talent management efforts. 'In order for Duni to become a really attractive place to work, we needed to show that it was possible for employees to rotate between jobs within the organization and that there were

planning and leadership development – all as part of a project that became known as Dunitied.

An international outlook

'We have 2100 employees in countries all over the world. But the vast majority of our managers at HQ and expats are Swedes. We needed a better system for identifying talents from all nationalities and creating a more inclusive and diverse culture', says Kettil. 'By improving and unifying our performance reviews throughout the organization, we created a common



Kettil Wedin, new HR Director at Duni

when there was a vacancy somewhere, we didn't automatically look to Sweden for people to promote.'

Improved onboarding

Another success factor, according to Kettil, is improved onboarding. 'Making it easier to change jobs is crucial. If we realize that everyone has potential and talent and make it easier for people to change jobs within Duni, we create real opportunities for personal growth and development. And that is a powerful argument from an employer branding perspective.'

'We have become better at recognizing and harnessing talent within Duni's organization. That creates value that goes beyond an improved bottom line.'

clear and structured opportunities for those who strived for a managerial role'. Three focus areas received extra attention: performance management, succession

understanding of employee performance and gave ourselves better chances of leveraging and improving on existing competences. Better succession planning meant that



A case in point

Katarzyna Konieczna, one of Duni's Material Planners in Poznan, has taken on the newly created role as Master Data Manager. Her initial focus will be on material and product related master data where she will take ownership of Duni's overall data structure. The role includes development and implementation of data governance standards and policies, defining new roles and responsibilities for master data in the organization and setting up data quality processes and reporting standards. She will for the first year be located in Malmö and develop the role and setup together with Magnus Fransson who is responsible for the Master Data project.



DUNI'S ECOECHO® STRATEGY

APPROACHING THE TIPPING POINT

The first products in Duni's range of ecoecho® products were introduced seven years ago. Since then, the demand for more environmentally-friendly serving and meal service solutions has increased significantly.

As the market leader, Duni has a responsibility to lead the way when it comes to sustainability. A big part of this is being proactive in the development of new, environmentally-profiled products, sometimes even before there is sufficient demand for them. This was the thinking behind the introduction of Duni's ecoecho®-branded range of products, which uses the best available materials with the aim of limiting the use of non-renewable resources, thereby reducing their carbon footprint.

Four sustainability criteria

The range offers a selection of innovative products made from top-quality materials, such as the groundbreaking ecoecho® Bio-plastics. To receive Duni's ecoecho® brand, the material used for the product must meet two or more of the following criteria:

- Resource-efficiency
- Renewable
- Compostable
- Responsible forestry

Since its introduction, Duni's ecoecho® range has grown significantly and we push ourselves to offer at least one ecoecho® alternative in every product group. Our pledge is that at least 50% of all the new products we develop should qualify for this brand.

Gathering momentum

The ecoecho® range got off to a slow start, as the market was small at the time. Now, the situation is reversed, and it is growing significantly faster than our conventional products. 'Since 2012, demand for Duni's ecoecho® products has increased by 40% yearly', says Olof Persson, Duni's Category Manager for Take Away & Catering. 'We are slowly but surely approaching a situation where the demand will outpace that for conventional products. We are also seeing competitors introducing similar products, which can only be a good thing for the environment and our industry as a whole.'

INTELLIGENT PACKAGING FOR STREET SMART FOOD

When a large fast-food chain like Nordsee switches to more environmentally-friendly packaging solutions, the environmental savings can be quite significant.

Nordsee is a German fast-food restaurant chain specializing in seafood. With nearly 400 locations worldwide, and some 19 million customers yearly, the chain is a big user of disposable food packaging material and has been an important client for Duni since many years. Nordsee has a strong environmental ethos, and during 2014 we were asked to see if we could come up with a more sustainable packaging solution to replace one of their plastic menu boxes.

The Nordsee Menu Box

We worked together to develop a customized menu box made from one of our favorite materials: bagasse. Bagasse is a by-product of sugarcane and an ideal material for take-away boxes since it is suitable for hot fill and can safely

be used in freezers and microwave ovens. The material is completely biodegradable and compostable. After use, a box made from bagasse starts to decompose and when composted it turns into soil in just a few weeks.

Very few compromises

The new Nordsee Menu box was introduced during January 2015 and after a few minor adjustments, the feedback has been almost entirely positive. Bagasse is marginally more expensive than less sustainable materials, but since the boxes are small, the additional costs are not prohibitive. And perhaps more importantly, the move to bagasse boxes saves an astonishing 100 tons of fossil-based plastics per year.



The Nordsee Menu box is a good example of how quality, safety and environmental standards can go hand in hand.

OK COMPOST – FOR ANOTHER WAY OF RECYCLING

Duni's range of compostable napkins and table coverings carries the OK Compost label. But what is required to qualify for an OK Compost certificate and what are the benefits from a sustainability perspective?

Sam Deconinck and his colleagues at the independent consultancy company Organic Waste Systems (OWS) in Belgium have 25 years of experience in the field of biodegradability and compostability testing. Their lab is the world's largest lab within this field and has been responsible for the tests that have led to the OK Compost certification of Duni's products.

The disintegration and fragmentation tests carried out at OWS, while performed in a lab, are very realistic. 'We collect actual kitchen and garden waste and mix it together with the test product and compost it in 200 litre containers at high temperature for twelve weeks. The process is identical to composting on an industrial scale and should not be confused with home composting at ambient temperatures', says Sam.

Four test criteria

The OK Compost label guarantees compliance with EN 13432, the European standard for compostability in industrial composting installations. EN13432 prescribes four essential requirements of the standard:

- **Biodegradation:** the chemical break-down of the product into CO₂, water and minerals by microorganisms
- **Disintegration:** physical decomposition into tiny fragments
- **Ecotoxicity:** no negative effect on plant growth
- **Heavy metals:** no negative effect on the quality of the end product

Biodegradable vs. compostable

Just because a product is biodegradable, does not mean it is compostable and can be converted into good quality fertiliser.

Sam: 'This is often linked to the thickness of the material used. Think of the difference between a twig and a tree trunk. Twigs disintegrate quickly and are compostable, while the tree trunk, even though it's chemically identical in composition, does not fragment quickly enough as it is too thick. This is why one product can be compostable, while another one made from the same material, is not'.

The benefits of composting

Disposable napkins and table coverings are often contaminated with food residuals and cannot be recycled into new paper products. Making them compostable, like Duni's OK Compost products, allows for organic recycling instead of incineration and landfilling. That way, disposable napkins and table-coverings can offer a truly sustainable as well as more convenient alternative to traditional linen.



Despite their vivid colors, the products in Duni's range of compostable products carry the OK compost label. This means that they are guaranteed as biodegradable in an industrial composting plant, contain no harmful chemicals, and may be sorted with food waste when allowed.





FOOD CONTACT TESTING - PROTECTING THE HEALTH OF OUR CUSTOMERS

Perfectly safe, or it does not get to wear the Duni brand.
That is the basic principle behind the comprehensive food
contact materials testing we carry out every year.

The role of testing

We use food contact materials testing to ensure that food is not contaminated as it comes into contact with our products. These tests are conducted by EU-certified labs, and are supplemented with random tests to ensure conformity. Every time we introduce a new product a testing scheme is created based on the intended use of the product. After successful testing, we issue a document called 'Declaration of Compliance,' stating what conditions the product has been tested for.

New EU regulations

Within the EU all materials intended to come into contact with food need to comply with the framework regulation EC 1935/2004. This states that food contact materials may not threaten human health or bring changes in smell, composition, colour or taste to the food. Furthermore, all food contact materials and articles should be manufactured according to what

the EU calls 'Good Manufacturing Practice'. As most of our food contact products are made from plastics, they also fall under the European Regulation EU 10/2011. This is a relatively new regulation, which after a transitional period governs all migration testing since January 2016.

have been set since food contact materials are not supposed to transfer their components into the foodstuff in unacceptable quantities. Testing is done in simulants such as ethanol and vegetable oil in different temperatures and exposure times.

Close cooperation with suppliers

'Product safety for sourced products starts with our General Requirements and on-site audits, which ensure that we are only working with suppliers who can meet our quality standards,' says Maria Fredholm, Duni's Quality & Product Safety Manager for Traded Goods. 'We work very closely with our suppliers and they know our requirements. Our own random tests consistently show that we meet the regulations. That if anything is evidence that the work we do is important.'



The best way of determining if a product is safe for food contact is to look for the glass and fork symbol. This is applicable to any product intended for food contact, whether it is made from metals, ceramics, paper and board, or plastics.

Migration testing

The exchange of substances between food contact materials and food is called migration. Limits

THIS IS DUNI'S FOOTPRINT

Duni's Corporate Responsibility report is published yearly and aims to give a comprehensive overview of our key aspects and progress as a responsible company.

Together with detailed information on Duni.com and our Annual report we aim to fulfil the requirements of GRI reporting.

Key Aspects and stakeholders

In the process of defining Our Blue Mission program a materiality and stakeholder assessment has been performed and reviewed by top management. The Key Aspects guide our prioritized work areas and targets.

- Dependence on and usage of raw-material & energy
- Climate impact
- Products intended for food contact use and safety for consumers
- Occupational health and human rights of people working to manufacture Duni products
- Short life-cycle of Duni products, end-of life impact
- Impact on local communities and environment of Duni's own manufacturing
- Risk in external business relations, anti-corruption, business ethics

Key stakeholders

- Consumers and Duni customers
- Duni employees and our first-tier supplier employees
- Local communities where Duni has manufacturing or logistics operations

As a public company our shareholders are of course key stakeholders. Corporate Responsibility work and reporting is ultimately to secure investments in Duni. In a wider sense there are also stakeholders more indirectly affected by Duni operations.

Secondary

- Local communities where Duni and Duni suppliers source raw-material
- People concerned about the life-cycle efficiency of single-use products and littering of the environment.

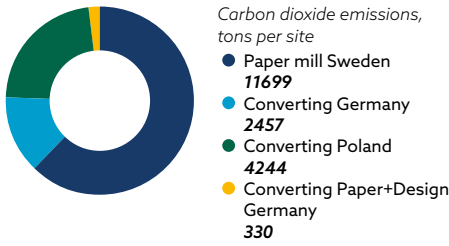
More details on the program and our performance are found at Duni.com.

Environmental facts

Selected data from Duni operations, manufacturing and logistics. The indicators are chosen from G3.1 Guidelines.

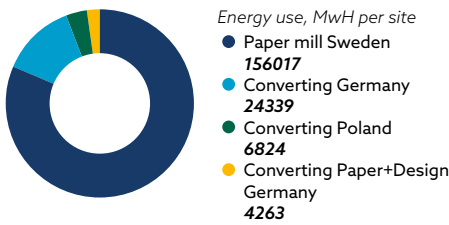
CARBON DIOXIDE OF OWN MANUFACTURING

Carbon dioxide is calculated from direct and indirect sources of energy. Conversion factors are from the supplier of energy or national statistics.



ENERGY USE OF OWN MANUFACTURING

Primary energy use in own manufacturing is calculated from input of energy to the plants. No conversion is used for primary electricity source.



WATER USE OF OWN OPERATIONS

Water at converting plants originates from municipal sources. Water used in process at paper mill is drawn directly from the nearby hydro-power plant. After use it is treated and returned to the same water body.

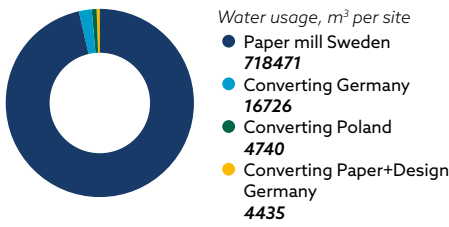


TABLE OF ENVIRONMENTAL DATA FOR MANUFACTURING

	Paper mill Sweden	Converting Germany	Converting Poland	Converting Paper + Design Germany
Material use (tons)				
Pulp and paper	61911	48324	18844	6326
Recycled pre-consumer paper	900			
Additives	4726	9800	0	
Dyes and inks, process chemicals	1218	463	300	596
Energy (MWh) and water (m³)				
Total energy	156017	24339	6824	4263
Electricity	77795	11923	5121	3013
Bio-fuel (wood chips)	28296			
Steam (district)			1703	
Petroleum gas (LPG)	49925	350		
Natural gas (LNG)		12066		1012
Diesel oil	1			238
Water (m³)	718471	16726	4740	4435
Emissions to air and water (tons)				
CO ₂ total	12143	2457	4244	330
CO ₂ direct	11699	2457	0	180
NO _x	9	3		0,2
BOD	12			
COD	60	6		
AOX	0,04	0,5		
Waste (tons)				
Recycled	127	3922	1783	583
Energy recovery	1209	229	45	136
Landfill (incl. cover)	950	28	12	
Hazardous waste	19	45	<5	<5
Waste water, silts etc.		74	100	
Other (incl. electrical)	<5	<5	<5	<5

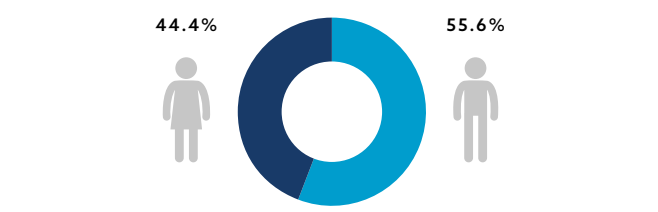
PEOPLE FACTS

Duni employees are mainly employed in Sweden, Germany and Poland. Facts on human resources management may also be found in our annual report.

EMPLOYEES

Country	Blue-collar	White-collar	Total
Sweden	159	177	336
Germany	704	342	1046
Poland	330	112	442
Netherlands	0	56	56
UK	0	17	17
Other	20	165	185
Total	1 213	869	2 081

GENDER DISTRIBUTION



CODE OF CONDUCT

Our Code of Conduct is signed by all of our suppliers of finished goods. Audits have been carried out at suppliers of finished goods representing about 95% of the purchase value. Remaining suppliers have a proven track record and are mostly based in Scandinavia and Germany. In risk countries re-audits are carried out for every supplier at least once a year.

TABLE OF CODE OF CONDUCT AUDITS, SUPPLIERS OF FINISHED GOODS

Geographical area	Purchase value (%) (2014)	Approved (Level A-C)	Not approved/ under observation Level (D)	Remains to be audited (of purchase value) %
Asia	25	14	3	0
Eastern Europe	2	3	0	0
Western Europe	72	32	1	5
Other	1	1	0	0

STANDARDS AND CERTIFICATES OF OWN MANUFACTURING

	Paper mill Sweden	Converting Germany	Converting Poland	Converting Paper + Design Germany
Quality and Product safety				
ISO 9001 (Quality Management)	Yes	Yes	Yes	Yes
BRC or IFS /Hygiene and Food Contact Safety		Yes	Yes	Yes
Environment				
ISO 14001 (Environmental Management)	Yes	Yes	Yes	Yes
EMAS III		Yes		Yes
ISO 50001 (Energy Mangement)	Yes			
FSC Chain of Custody (Responsible forestry)	Yes	Yes	Yes	Yes
Nordic Ecolabel (Swan) license	Yes	Yes	Yes	Yes
OK Compost label	Yes	Yes	Yes	
Social audits				
SEDEX		Yes	Yes	Yes

The certificates may be found on Duni.com and www.paper-design.de

The New Duni Vision: At Duni we are passionate about being outstanding in our field; to grow into the world's most attractive provider of inspirational table top concepts and creative take away solutions. With our minds set on food, people and design we have the ambition to always supply goodfoodmood® to any eating and drinking occasion.



SUPPLIER OF GOODFOODMOOD