

LNG SUSTAINABLE REVIEW



An introduction from our Managing Director

The world is changing. Evolving consumer habits and new technologies are

reshaping the way we buy and use products and services: smaller, more frequent grocery shops; less brick-and-mortar; more online; smaller households; less ownership; a more conscious consumer.

Packaging must adapt to these global trends.

At LNG, we create and deliver innovative, sustainable packaging solutions that consider the entire supply chain. These solutions energize sustainable growth – for our customers and consumers, our people, our business and shareholders, and most importantly our environment.

We are redefining packaging for a changing world.



Mr Vivek Agarwal
Managing Director

Packaging has never been more relevant

As shopping habits evolve, consumer expectations change and supply chains become more complex, packaging has to work harder than ever before. Packaging is expected to transport products, build brands, delight customers and make supply chains more efficient. However, the core purpose of packaging is to protect products, keep food and drink fresher for longer, and reduce all kinds of supply chain and product waste.

The right packaging does all of this sustainably.

In doing so, innovative packaging has a key role to play in helping to address a number of global sustainability challenges

– ensuring more efficient use of resources, optimising last-mile delivery in increasingly urbanised societies and reducing food and product waste as populations grow.

More needs to be done to ensure that the positive role of good, sustainable packaging is not forgotten. With increasing scrutiny of the role of packaging, we all need to do more to help tackle some of the challenges associated with ‘bad packaging’ by working within our industry, with government, local authorities, brand owners, retailers, recyclers, re processors and consumers.

Alongside designing reusable, recycling packaging solutions and continuing to reduce our operational impact, we are reaching out more into the communities in which we operate: supporting charities and community groups and fulfilling our role as a responsible neighbor. We are also continuing to focus on being a responsible employer, providing a safe, healthy working environment in which everyone has the tools and opportunity to thrive.

I am delighted to publish another Sustainability Review, launching new targets to underpin our strategic goal to lead the way in sustainability and demonstrating how we are redefining packaging for a changing world.

Our sustainability strategy

At LNG, we remain committed to building a more sustainable business for the long term.

After announcing last year that we had achieved our 2020 carbon target three years early, we decided it was time to create a new set of nine ambitious, long-term targets relating to each of our priority issues to guide us towards 2030.



Our Business

Packaging impact

- Manufacture 100 per cent reusable or recyclable packaging by 2025, and grow our net positive recycling position.

Fibre sourcing

- Use 100 per cent recycled or chain of custody certified papers by 2020.

Supplier standards

- Ensure 100 per cent of our suppliers comply with our sustainability standards by 2025.



Our Environment

Carbon and energy

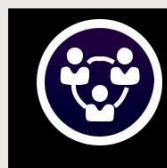
- Reduce our CO₂e emissions by 30 per cent per tonne of production by 2030, against a 2015 baseline.

Water stewardship

- Achieve zero water impact by 2030.

Waste and recycling

- Send zero waste to landfill by 2030.



Our People

Responsible employer

- Build a diverse, engaged and respected workforce.

Responsible neighbour

- Engage in community programmes at 100 per cent of our sites by 2020.

Health and safety

- Zero accidents.
Vision zero harm.

LNG at a glance

Our purpose

To redefine packaging for a changing world

Our vision

To be the leading supplier of sustainable packaging solutions

Our culture

We have a clear set of values that we expect all of our employees to own and live by



Be Caring



Be Challenging



Be Trusted



Be Responsive



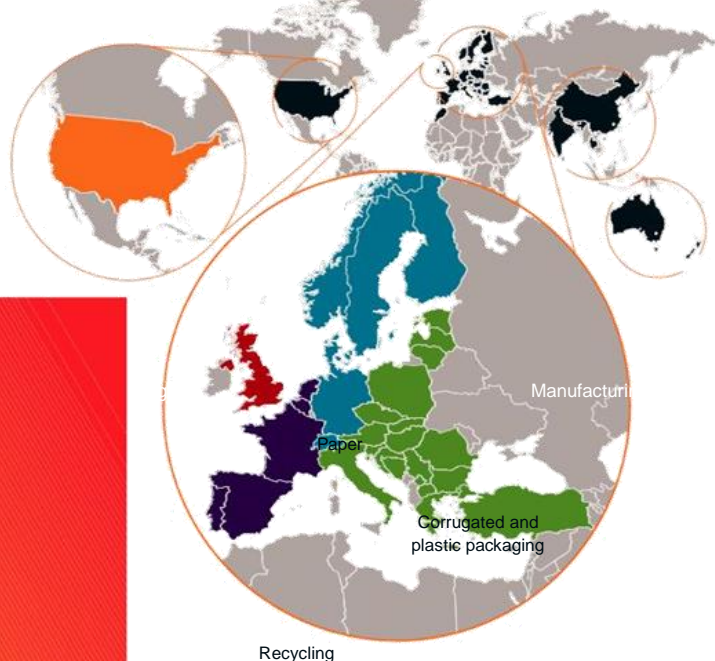
Be Tenacious

Our business model

How we bring our business and processes
Together to enable our strategic vision and
Create sustainable value.

Redefining packaging through our circular business model

At LNG, our business model is truly circular with a unique capability of complementary recycling, paper and packaging operations. It is through this closed-loop system that we are able to embed sustainability into our products and services and deliver packaging solutions and recycling services that meet the evolving requirements of supply chains, customers and consumers.



Packaging

LNG is a leading provider of consumer packaging, with emphasis on state-of-the-art packaging design.

As packaging strategists, we promote longer-term strategies to create a more efficient packaging ecosystem.

Packaging in a changing world

Growth of e-commerce and omni-channel packaging

Shopping habits are changing, with consumers spending an ever-increasing amount online. In these new, more complex and developing supply chains, packaging has to change too. Consumers, increasingly exposed to packaging, develop relationships with brands that are ever more informed by secondary and tertiary packs. The rise of the vlogger and the unboxing video means 'bad packaging' is reviewed and shared with the world. Brand reputation and packaging have never been more closely linked. Packaging in e-commerce supply chains also has to meet the potentially conflicting sustainability requirements of protecting products through supply chains with more touch points, whilst simultaneously being efficiently designed to optimize last-mile deliveries.

One third of respondents to various packaging and e-commerce surveys globally, say disposal of excess packaging is a key frustration

Urbanisation and demographic change

In 2008, for the first time, the world's population was evenly split between urban and rural areas. According to the World Bank, by 2050 it is anticipated that 65-70 per cent of the population will live in cities. In more developed countries this shift is coupled with a rise in single-occupant households and a growing generation of consumers embracing the sharing economy. At the same time, we are seeing a new generation of millennials emerge, increasingly expecting products tailored for them whenever they want them, wherever they are in the world, delivered sustainably in the way that is most convenient for them. These shifts impact how and where consumers shop, and what they buy. In such a rapidly changing world, the role of packaging is redefined: it has to support smaller and more frequent shops, more online purchases and enable ever more efficient, responsive door-to-door delivery.

By 2050

It is anticipated that 65-70 per cent of the population will live in cities

We extrapolated these trends to create a scenario of the world in 2025 which is set out in our video called: Everything is an Experience. These are not predictions, but a plausible version of the future to demonstrate how different the future could be.

Packaging in a changing world continued

Food waste

As our population continues to grow, we face increasing pressure on resources. Estimates suggest that the global population is likely to reach nine billion by 2050, in which case global food production will need to increase by 70 per cent, according to the United Nations, World Bank and World Resources Institute. As we will have to produce more food with increasingly constrained resources, minimizing waste will be essential.

Packaging plays a key role in protecting food and drink through long, complex supply chains. It also plays a key role in keeping perishables fresher for longer. Research by the Waste and Resources Action Programme in the UK suggests that approximately 60 per cent of household food waste arises from products not used in time. As the population grows and resources are constrained, packaging will play an increasing role in ensuring foodstuffs, and the energy, water and resources invested in them, are protected.

By 2050

Global food production will need to increase by 70 per cent

We must re imagine the linear 'take, make, dispose' consumption model.



Increasingly, we have seen a change in our customers' attitudes to packaging, as they search for answers to questions about the impact of corrugated and plastic packaging, the life cycle of recyclable and non-recyclable packaging, end-of-life processing, reuse, production, distance travelled and weight.

At LNG, we are embracing this challenge.

As paper makers, suppliers of packaging solutions and recyclers, we are perfectly placed to identify end-to-end solutions. Through our circular business model and network of packaging strategists, we are using packaging to help organizations, consumers, cities and governments to deliver more sustainable ways of managing the growth of consumerism.

However, sustainability at LNG is not just driven by our customers. We also look to create long-term sustainable value for all of our stakeholders including investors, banks, regulators, employees and communities.

To us, this is about balancing the need of our business, our environment and our people.

Our sustainability strategy

Our strategy to lead the way in sustainability

At LNG, one of our four strategic goals is to lead the way in sustainability. We are pleased to announce a range of new, ambitious, long-term targets that will help us realize this ambition.

Our three pillars of sustainability

In last year's review we announced that, in light of achieving our existing energy, water and waste targets ahead of schedule, we would review our sustainability performance targets.

Following this review, and using our materiality analysis (see page 37) as a guide, we are pleased to share a range of new, ambitious, long-term targets relating to each of our priority issues. It is through delivering against these targets, and ongoing review of our priorities and objectives, that we look to achieve our ambition to lead the way in sustainability.

"These new targets are a confirmation to all our stakeholders that we remain committed to delivering long-term, sustainable value and will continue to have high ambitions in this area. I was particularly pleased to sign off the 'Our People' targets. People are our most important asset and we must create a business environment in which our employees and their communities thrive."



Our Business

Creating shared value through responsible recycling, paper and packaging.



Our Environment

Minimizing our impact, from design to production and supply to recycling.



Our People

Our four strategic goals:

➤ To delight our customers

- Delivering on all our commitments
- Further improving our quality standards
- Driving innovation on a multinational basis

➤ To realize the potential of our people

- Ensuring the safety of all
- Creating a place where people are proud to work and give their best
- Building individual and organizational capability

➤ To lead the way in sustainability

- Building sustainability into our decisions
- Growing our recycling platform

➤ To double our size and profitability

- Winning market share
- Growing with our customers
- Expanding our footprint through acquisitions and Greenfield sites
- Building a resilient and sustainable business model

Our targets

At LNG, sustainability is the foundation of our overall business strategy. These new targets, focused on the areas where we believe we can have the greatest impact, embed sustainability across our entire organization.



Our value chain

Product design and innovation

Sustainable packaging solutions begin with an excellent understanding of our customers' challenges, the reality of category specifics, product design and innovation.





