

The logo for Walki, featuring the word "walki" in a lowercase, white, sans-serif font. The background of the entire page is a close-up photograph of green grass blades, with a large white circular shape partially obscuring the top right corner.

walki

Walki Corporate Sustainability Report

2022

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REPORT DETAILS

This sustainability report contains information regarding Walki Group (later referred to as Walki). Walki is a privately owned company with operations in 12 countries (Finland, Germany, Belgium, France, Spain, Poland, UK, Sweden, China, Russia, India and Malaysia). The headquarters are located in Espoo, Finland.

Walki Group has published a sustainability report annually since 2012. For 2022, a financial report has been published separately.

This report focuses on Walki's global operations, excluding our three new acquisitions (Westpak and Flexipack in Finland and Folian in Germany) that joined Walki only during the fourth quarter of 2022. They are, however, included in Walki's financial report for 2022 for the period they have been under Walki ownership. The data presented in this report thus covers 15 of Walki's 18 plants (see page 56–57 for full list). In case of other exceptions, the boundaries have been mentioned along with the figures in this sustainability report.

An important change from the previous sustainability report is that the reporting of GHG emissions has been broadened to include value chain emissions (Scope 3) (see page 38).

Please contact Pauliina Saari, Sustainability Director, at pauliina.saari@walki.com for more information regarding Walki's sustainability report.

Key sustainability figures 2022*



54% OF PRODUCTS RECYCLABLE

36% OF PRODUCTS WITH CLEAR PATHWAY TO ACHIEVE RECYCLABILITY

18% OF RAW MATERIALS RECYCLED
(20% increase)

75% OF RAW MATERIALS BIO-BASED OR RECYCLED
(1.6% increase)

58% OF FIBRE-BASED RAW MATERIALS FSC OR PEFC CERTIFIED
(21% increase)



75% OF PRODUCTION WASTE RECYCLED OR REUSED
(23% increase)

0,9 LITRE OF WATER CONSUMED / NET REVENUE
(40% decrease)

80% RENEWABLE AND OTHER NON-FOSSIL ENERGY OF TOTAL ENERGY USE
(1.9% decrease)

30% DECREASE IN SCOPE 1 + 2 EMISSION INTENSITY
compared to 2021



3 NEW PLANTS IN WALKI FAMILY

6 SITES WITHOUT ANY ACCIDENTS

5,94 ACCIDENTS PER MILLION WORKING HOURS
(21% decrease)

4,24% ABSENCES DUE TO ILLNESS
(13% increase)

0,25% ABSENCES DUE TO ACCIDENTS
(56% increase)

*All percentual changes expressing the development compared to year 2021.

THE YEAR IN BRIEF BY WALKI CEO

Year of growth and levelling up

The year 2022 was in many ways an exceptional year for Walki. While the widespread effects of the pandemic were still looming, geopolitical events challenged our operating environment in new, unpredictable ways.

“Despite the turbulent environment, 2022 was a year of tremendous growth and progress for Walki.”

Russia’s attack on Ukraine in February 2022 caused shocks around the world, threatening the energy supply, and sparking inflation throughout the value chain. We at Walki strongly condemn the attack and have suspended all cross-border trade with Russia and Belarus since the beginning of March 2022. Our plant in Svetogorsk, Russia has been operating in isolation from the rest of Walki Group and we are currently finalizing the process of disposing of the asset.

Despite the turbulent environment, 2022 was a year of tremendous growth and progress for Walki. Our revenue reached an all-time high of 705 million euros and our profitability improved despite the high inflation and supply chain challenges. We successfully continued the implementation of our growth initiatives, including our investments. For the demonstrated resiliency, adaptability, and high performance, we may thank Walki’s employees, our customers, and partners alike.

From intense heat waves to heavy rainfall, the effects of climate change became increasingly present and visible in

our daily lives during 2022. While it would be easy to think of it as an inevitable course of action, we want to take the role of an active player striving for a better future. At Walki, we see our role as driving the changes needed, working together to enable our customers to adapt to this new complex environment.

Strong sustainability foundation

Sustainability is at the heart of what we do. As an industry leader in advanced materials conversion, Walki is committed to transforming materials and creating sustainable solutions that extend the life of resources, help our customers to reduce their carbon footprint and minimize waste towards a circular economy.

As our collective concern for the environment grows, we continue to create more sustainable alternatives and find ways to keep materials in use for as long as possible. Responding to our customers’ need for recyclable or compostable, low-carbon packaging and high-performing, low-carbon technical materials has become our topmost priority. To reduce Walki’s greenhouse gas emissions we invest in energy-efficiency and green-energy-sourcing across our plants and take measures to reduce our GHG emissions across the whole value chain.

With a long-standing focus on innovation and R&D, Walki has built a strong sustainability foundation and heritage to be able



to introduce pioneering materials solutions that help us achieve our vision of a circular, zero-waste future. At the core is close collaboration with our clients, partners, and suppliers.

We are continuously taking steps to reduce our environmental impact while simultaneously focusing on the absolute safety and well-being of our employees. We continue our programmatic efforts to ensure the highest standards for safety across Walki's plants. This also includes our newly acquired plants where we assess the safety performance and seek to integrate best practices from across the organization.

Sustainability milestones in 2022

In 2022, we took important steps on our sustainability journey. Building on Walki's strong foundation, we levelled up our sustainability agenda and set clear targets and focus areas to guide us toward 2030. With our already established stronghold in developing high-performing and sustainable packaging and technical engineered materials solutions, we are well positioned to continue the work to reach the targets in three key areas: responsible raw materials, GHG emission reductions, and zero-waste future. With these formalized targets, we seek to also communicate that our strategic priority is to enable and lead the materials transformation towards a circular future.

Other significant sustainability milestones in 2022 were to calculate the full scope 3 GHG emissions for the first time (for both years 2021 and 2022), and the comprehensive assessment of our product portfolio's recyclability and raw material sustainability. Setting equally ambitious targets for 2023, we continue our R&D work to challenge and transform our portfolio to include more sustainable solutions for packaging, the built environment, and technical applications. During 2022 we also increased both the share of recycled materials and the share of certified fibers of the total raw material use.

We continued to improve the environmental performance of our operations. As an essential step for reaching Walki's climate targets, we also initiated considerable investments into improving the energy efficiency at our Valkeakoski and Pietarsaari plants. These projects, considered as flagships, are a source for important learnings as we look to expand the use of similar practises across all our plants.

During 2022 Walki made several more sustainable product launches. These included paper-based Walki®Straw, the heat-sealable, recyclable fibre-based Walki®EVO seal packaging material, paper-based barrier food packaging, new recyclable material concepts targeting the growing e-commerce segment, Walki®FibreWrap, and membrane products with either ISCC certified nonwoven material or based on paper. We are happy to declare that currently, around 54% of Walki's product portfolio (excluding Walki's acquisitions during 2022) is already recyclable and additionally 36% has a clear pathway to achieve full recyclability.

Looking forward to 2023, Walki believes its sustainability actions to be critical investments for the future. They will contribute to Walki's resilience and bring us new opportunities, further reinforcing the organic and inorganic growth trajectories.

Acquisitions that support Walki's mission

In addition to our own innovation activities and investments in our plants, we are constantly looking to expand our portfolio through acquisitions. During 2022 Walki made three new acquisitions (Westpak, Flexipack and Folian) which further strengthened our sustainable packaging offering and our capabilities in developing recyclable packaging. In particular, we enhanced our access to capabilities related to mono-material plastics, which increases the recyclability of end-products – one of our main targets for 2030.

Westpak and Flexipack are two Finnish companies that form an integrated value chain, providing high quality flexible packaging solutions to leading Nordic food brands. The acquisitions were strategic to enable us to continue to expand our sustainable packaging offering and to develop it further by leveraging on Walki's strong material science know-how. Westpak and Flexipack have recently focused, for example, on developing mono-material solutions for both laminates and coextrusion films.

Germany-based Folian specializes in the production of high-quality converted flexibles using flexographic printing, lamination and other downstream finishing services. With unique capabilities such as the use of water-based printing inks, Folian compliments our extensive portfolio by offering lower CO₂ footprint solutions in comparison with more conventional alternatives.

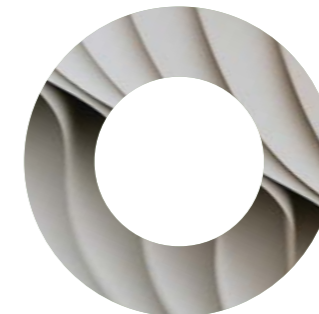
Advancing our sustainability agenda is and will remain a deciding factor when looking to expand Walki's footprint and offering. Potential acquisition targets are always assessed against our ambitious sustainability criteria both for the environmental impact of the plant and operations, as well as from the point of view of their capabilities fit and product portfolio contributions.

Leif Frilund
President & CEO, Walki Group

ACTIONS FROM 2022 TO REACH THE TARGETS



- Responsible raw materials:**
- paper-based Walki®Straw
 - construction membrane with ISCC certified bio-based nonwoven material
 - construction membrane with paper-based vapor control layer replacing a previously fossil-based plastic layer



- Zero-waste future**
- paper-based barrier food packaging
 - recyclable fibre-based Walki®EVO seal packaging material
 - recyclable Walki®FibreWrap for e-commerce
 - recyclable MDO-PE based packaging for the frozen foods market
 - investments in dispersion technology and capacity at the Valkeakoski and Steinfurt plants
 - three acquisitions with the focus on mono-material plastics capabilities



- GHG emission reductions**
- energy efficiency investments in Valkeakoski and Pietarsaari

WALKI'S BUSINESS AND STRATEGY

Walki overview



CONSUMER PACKAGING

Main product categories:

barrier board, flexible packaging, films and bags

Key market drivers:

new regulations on packaging waste, single-use plastics and mandatory collection of biowaste, consumer trends toward sustainable packaging, and circular economy



INDUSTRIAL PACKAGING

Main product categories:

reel packaging, ream wrapping and industrial liners.

Key market drivers:

plastic replacement with fibre-based packaging, new regulations on packaging waste and single-use plastics, circular economy and growing e-commerce.



ENGINEERED MATERIALS

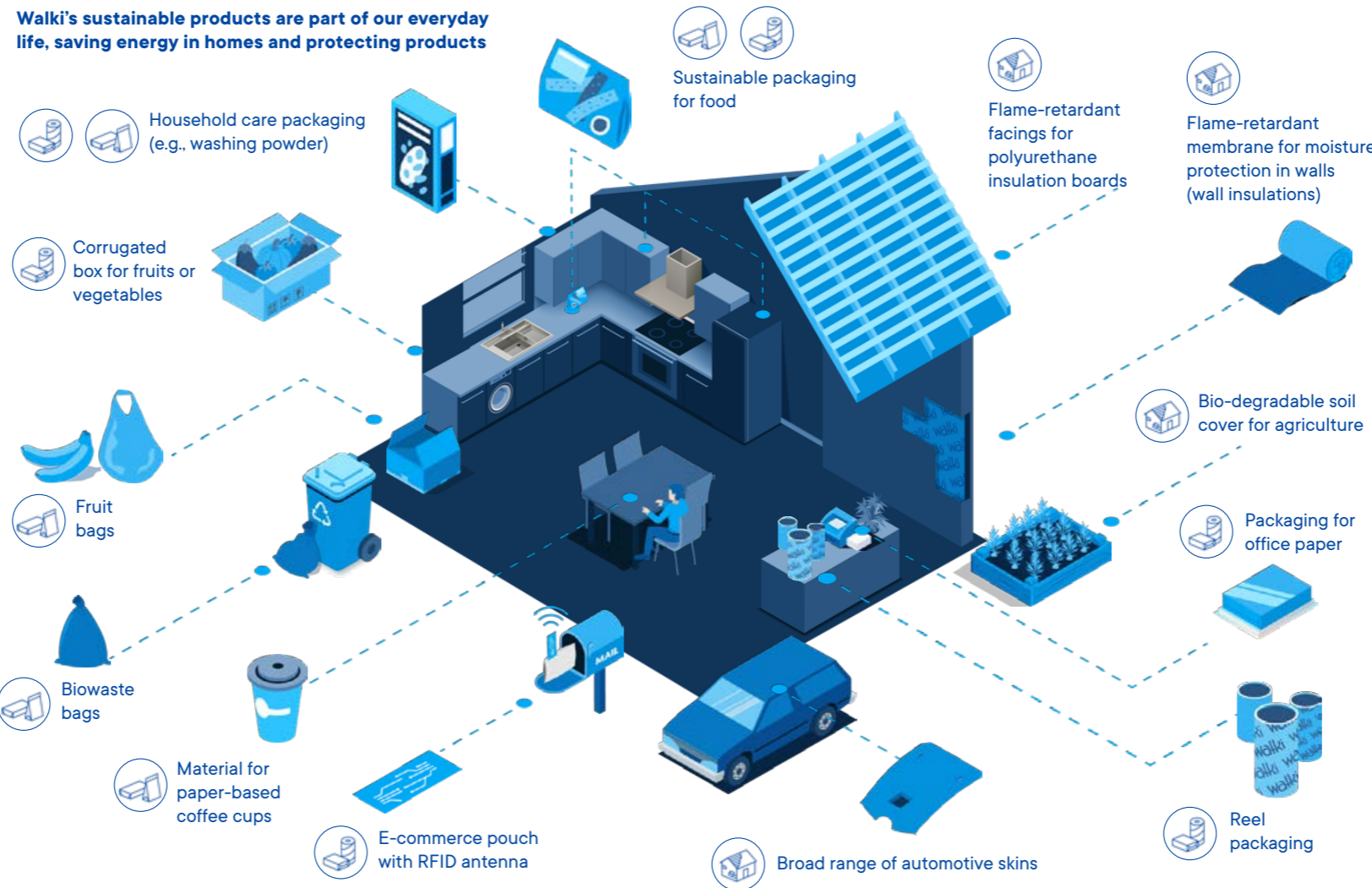
Main product categories:

insulation facings, membranes, technical products

Key market drivers:

energy efficiency in buildings, increased fire safety, lightweighting and recyclability

Walki's sustainable products are part of our everyday life, saving energy in homes and protecting products



18 PRODUCTION PLANTS
IN 9 COUNTRIES

1,484 EMPLOYEES
IN 9 COUNTRIES

- not including sales offices and 193 employees from new acquisitions made in 2022
- 12 countries if sales offices are included

MAIN CUSTOMER TYPES:

- retailers and distributors
- brand owners (e.g. food producers, pharma)
- secondary converters (e.g. printing, box producing)
- paper and board producers
- construction material companies

NET SALES OF PRODUCTS SOLD
IN 2022:

691 M€

- when new acquisitions are included the net sales is: 705 M€

WALKI'S BUSINESS AND STRATEGY

Transforming materials towards a circular future

At Walki, we believe in new circular models and embrace the transformation to a resource efficient and low-carbon society. We design and produce packaging and engineered materials that meet the highest functional properties and key sustainability targets.

Our products are part of our everyday life, saving energy in homes and protecting food and other goods. Walki brings value to customers in various markets from materials for packaging applications to energy saving performance materials. Our three business areas are Consumer Packaging, Industrial Packaging, and Engineered Materials, with customers ranging from secondary converters to retailers and fast-moving consumer goods (FMCG) companies and construction material companies. In the future, we aim to strengthen collaboration with brand owners, getting one step closer to end-consumers. Understanding and responding to their needs is something we aspire to do.

We are committed to helping our customers on their sustainability journey by transforming materials towards a circular, zero-waste future. Walki has a proven track record of developing and delivering innovative solutions that respond to our customers' primary challenges.

Our main roles include:

- Being a thought partner to brand owners & FMCG companies to help them achieve their sustainability targets while maintaining high functionality of packaging solutions
- Supporting industrial customers to protect their products with sustainable, customised paper-based solutions on their transportation journey
- Delivering sustainable flame-retardant materials and functionally crucial components for energy-efficient insulation and moisture-control solutions in the construction sector

Sustainability is ingrained in Walki's DNA. Accelerating the transition to a zero-waste future has been our long-term focus and we have made significant progress in achieving this goal. By making sustainable choices regarding product design and the materials used in our products, we maximize our positive impact.

Our focus is on:

- Improving recyclability
- Using polymers in a sustainable way, enabling both high functionality and recyclability

- Facilitating biowaste collection and recycling by providing convenient compostable solutions
- Increasing the use of recycled materials and materials from renewable sources
- Further development of the functionality of the products to improve life-cycle sustainability
- Using certified fibres
- Designing durable products and products with a lower CO₂ footprint

Our vision is to be the recognised advanced materials conversion specialist and leader in sustainable packaging and engineered material solutions. We want to be a key enabler for a circular future, leading the transformation. While Walki already has a strong sustainability foundation, realising this vision requires us to continue developing our operations, transforming our portfolio, and further strengthening the cooperation with our customers and the whole value chain. Therefore, our recent efforts have focused on sharpening our sustainability agenda and further improving the way we manage sustainability throughout the company and within our value circles (read

more about our sustainability focus areas on pages 14–19 and sustainability governance on pages 20–23).

Innovation, investments in new technologies, and material expertise are the cornerstones of our business. We collaborate to drive new market solutions for sustainable raw materials, renewable energy, and low carbon technologies through innovation and co-creation within our business ecosystem. In addition to environmental responsibility, safety and the wellbeing of our employees are Walki's top priorities. Our sustainability approach is built on our shared values, and they are embedded in our everyday actions and decision-making. We strive to be a lean, agile, and resilient organization.

WALKI'S VALUES

- Integrity:** being honest and approachable
- Initiative:** making decisions even when they are difficult
- Commitment:** keeping our promises



Sustainability focus areas and process to define them

During 2022, Walki took an important further step in elaborating our sustainability strategy by clarifying our agenda, our role, and extending our sustainability focus areas to cover raw materials and our operations, in addition to the end-of-life of our products. The current sustainability focus areas include environmental aspects as they are urgent from various viewpoints but Walki's Sustainability Agenda will be regularly updated and will later on include further aspects.

Clarifying our sustainability focus areas

To select our first sustainability focus areas, set targets and begin the work toward our 2030 Sustainability Agenda, we used the materiality assessment conducted in 2021 as the basis for this work (see page 16 for details). This assessment was complemented during 2022 by a comprehensive assessment of the expectations of our key stakeholder groups: customers, investors, regulators, and competitors.

The sustainability topics highlighted by our key stakeholders relate to continuous R&D, innovation and cooperation for creating new more sustainable products, long-term profitability, targeting circular practises throughout the life cycles, reducing greenhouse gas

emissions and responsible raw material usage. As packaging is one of the main users of virgin materials and packaging waste is an increasing challenge both globally and, in the EU, new regulation is addressing both the recyclability and material content of packaging, with a general trend towards reusability and avoiding single-use plastics. Walki's customers are also demanding recyclable and reusable packaging, in addition to setting GHG emission reduction targets across their value chains. In the construction sector, Walki's clients continue to focus on improving buildings' energy efficiency and reducing GHG emissions throughout the life cycle of the building. ESG is an increasing priority among the investor and lender community due to shifts in regulation, financing conditions that are more favourable to sustainable companies, risk profiling and overall competitiveness of their portfolio companies.

Based on the above, we identified three relevant and urgent areas where we can have a central role in driving change. The three relevant areas are introduced on page 16.

For each of these three areas Walki set concrete group-wide targets during 2022, with 2021 being the baseline year.

Comprehensive sections on each of these priority areas, including a detailed description of the targets and how these topics are managed, can be found on pages 28, 36 and 42.

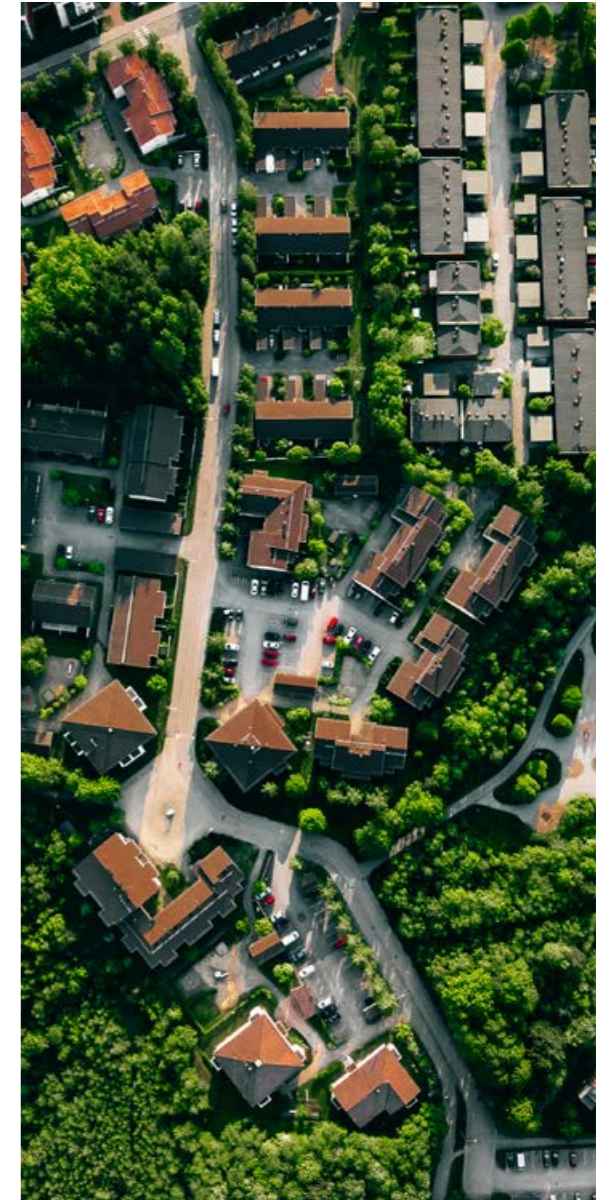
In 2023, the focus will be on further formalising our sustainability organisation and agenda along the three priority areas, identifying actions needed in each and defining concrete roadmaps.

The new actions will be on top of and complimentary to our long-standing continuous improvement actions in areas such as energy use and tracing the origin of wood and fibre materials.

Sustainability foundation

The wellbeing and safety of our people, partners, and the communities around us is a top priority at Walki. Besides the three sustainability pillars mentioned, we consider the following topics to be foundational, governing our everyday practices: the wellbeing of employees, health and safety, human rights and ethical business practices, environmental and social responsibility in the supply chain, product responsibility and transparent governance processes and structures. We have long focused on continuous improvement in these areas both at group and at plant level, with most of the plants having externally certified management systems in the areas of health and safety management (ISO 45001), quality management (ISO 90001) and environmental management (ISO 14001). See pages 56–57 for a list of Walki's plants' certified management systems.

This report contains sections covering each aspect of our foundation, including how they are managed and how Walki performed during 2022 (page 28 and onward).



Walki's Sustainability Agenda

SUSTAINABILITY FOCUS AREAS

Responsible raw materials

We prioritize recycled and/or renewable materials.

We prioritize recycled and renewable content in our products, applying more sustainable plastic alternatives and recycled or certified fibre. The aim is to reach 100% certification in all renewable paper and board products.

GHG emission reductions

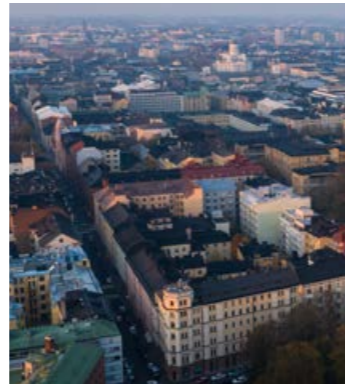
By 2030, we reduce greenhouse emissions by 50% from our 2021 baseline.

We invest significantly to energy-efficiency and green-energy-sourcing in our plants. Emissions cutdowns will be reached also through tight collaboration within our value chain.

Zero-waste future

We make all our products durable, recyclable and/or compostable by 2030.

Pioneering solutions and innovations are combined with strategic investments, while we form tight collaborations with our clients, partners and suppliers.



Foundation

Environmental | Social | Governance



Assessing material impacts, risks, and opportunities

Walki's approach to identifying material sustainability topics has been based on conducting materiality assessments, complemented by inquiries into key stakeholders' perceptions throughout the year. For certain topics, such as climate change, we have performed a more rigorous analysis regarding related business risks and opportunities (see table).

During November 2021, Walki updated its materiality assessment to better understand stakeholders'



expectations and what sustainability topics are important to them. The assessment was conducted as an anonymous survey that covered selected stakeholders across six stakeholder groups:

1. customers/retailers/brand owners
2. employees
3. suppliers
4. owners
5. industry associations
6. product end-users and interest groups/professional communities.

A total of 160 responses were gathered.

In the survey, stakeholders were asked to give their view on a list of sustainability topics which had been compiled based on Walki's previous materiality assessments, insights from Walki's Group Executive Team, and an overview of current sustainability trends. The topics identified as most material included continuous R&D for creating new sustainable business opportunities, increasing circularity through increased use of recyclable and recycled materials, promoting recyclability of products, health and safety of employees including continued focus on minimising work-related injuries, and respecting human rights - specifically managing risks of forced or child labour. Overall, the results showed that finding opportunities within sustainability was important for stakeholders.

While Walki's current approach to identifying material sustainability topics has served as a good basis for defining our sustainability focus areas, we will further develop an on-going, systematic process for assessing sustainability related risks and opportunities. We plan to review our approach to identifying material sustainability topics during 2023.

Climate change related risks and opportunities

SCENARIO	OPPORTUNITY	RISK
Acute physical risk such as accidents caused by extreme weather conditions	<ul style="list-style-type: none"> • Higher demand for insulation materials 	<ul style="list-style-type: none"> • Reduced revenue from decreased production capacity • Increased capital costs from possible damages • Increased insurance premiums and potential for reduced availability of insurances on assets in high-risk locations
Market & Raw Material disturbances such as increased energy prices	<ul style="list-style-type: none"> • Energy efficient production as a competitive advantage 	<ul style="list-style-type: none"> • Possibly increasing production cost due to changes in input expenses and abrupt or unexpected changes in energy prices
Regulatory requirements on GHG emissions and other relevant directives, changes in tax or other policies	<ul style="list-style-type: none"> • More efficient production and sustainable product solutions as a competitive advantage (e.g., using less material, renewable and recyclable materials) 	<ul style="list-style-type: none"> • Possibly increasing production cost, write-offs, asset impairment and early retirement of existing assets due to policy changes • Increased costs and or reduced demand for certain products and services
Changing views on company image, growing consumer awareness	<ul style="list-style-type: none"> • Better competitive position to reflect shifting consumer preferences resulting in increased revenues • More demand for recyclable options non-fossil solutions and new barriers. • Increased revenue through demand for lower emissions products and services and increased transparent and honest communication of sustainable solutions. 	<ul style="list-style-type: none"> • Reduced demand for certain goods and services due to shifts in consumer preference • Reduced stakeholder trust if not able to communicate clearly and transparently about sustainable solutions • Research and development (R&D) expenditures in new material and solutions

Governance and economic impact

In 2022, we raised the ambition of our sustainability work by defining three focus areas where Walki will drive change and create new business opportunities (see pages 14–15). While sharpening and levelling up the sustainability agenda, we have also taken steps to further improve how sustainability is managed in the company and how it can be better harnessed to strengthen our position. The important work of clarifying roles and creating a sustainability roadmap will continue in 2023.

Sustainability governance

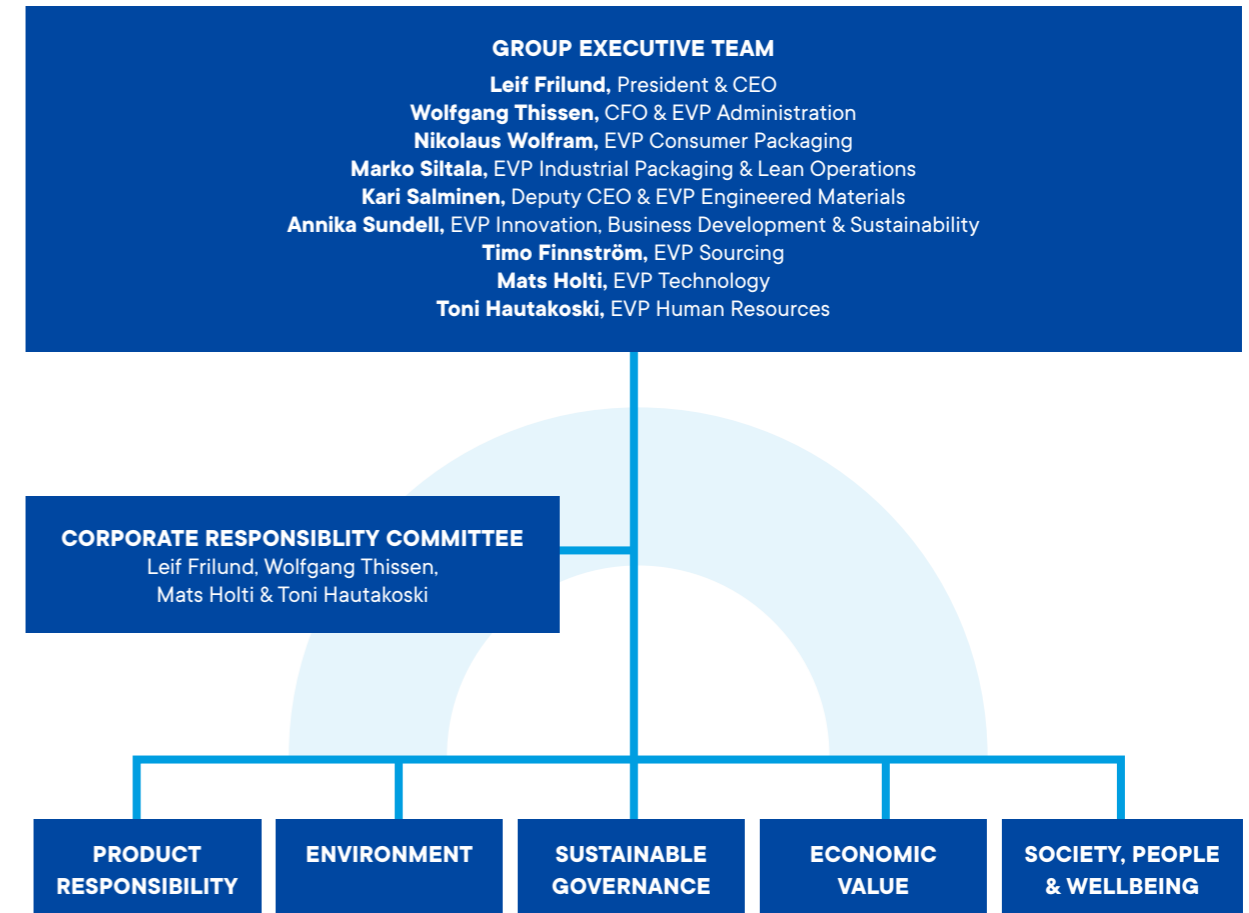
At Walki, the Group Executive Team together with the Corporate Responsibility Committee oversees the integration of sustainability into the strategy and consequently the day-to-day operations. Sustainability themes, commitments, policies, and targets are first reviewed by the Corporate Responsibility Committee and then approved by the Group Executive Team (GET). The Walki Code of Conduct and Corporate Sustainability Report are reviewed annually and submitted by the committee to the GET for approval. The outcomes of Walki's sustainability efforts are systematically assessed by the Group Executive Team.

In 2022, a key step in strengthening Walki's sustainability governance was taken as the Group's centralized Sustainability organisation was established with 2 full time resources, led by the Executive Vice President of

Innovation and Business Development. This will help to ensure clear roles, responsibilities, and resources for sustainability work. At the same time, sustainability has been more firmly integrated into the GET's agenda. Going forward, the Executive Vice President of Innovation and Business Development will oversee bringing sustainability topics and initiatives to the GET's attention and approval. During 2023 the needed matrix organization for sustainability, i.e., updated internal sustainability network, will be established.

In addition to the Sustainability function, Walki's three core business areas (Engineered Materials, Consumer Packaging, and Industrial Packaging) have a critical role in bringing development ideas related to sustainability to the GET's attention. The different functions are responsible for implementing the needed actions to support the business areas.

Governance structure



Walki's stakeholders are actively listened to and engaged on sustainability topics. The responsibility of stakeholder engagement is decentralised within the organization, but the GET ensures that material topics are considered and integrated into the strategy. The core business areas and the Sourcing business function have strong relationships with customers and suppliers and are therefore the main point of contact.

While important progress in enhancing sustainability management has been made, the efforts continue during 2023. We are looking to develop a more systematic approach for identifying and managing sustainability

impacts, risks, and opportunities. Building on Walki's solid sustainability foundation and the updated sustainability agenda, we will create a roadmap, define clear actions and responsibilities, and set KPIs to enable us to reach the next level in our sustainability work.

Economic performance and impact

During 2022 the global pandemic continued to affect people around the world, but the restrictions and disruptions gradually decreased. However, uncertainty and new challenges were brought on by Russia's attack on Ukraine in February 2022.

Despite the turbulence, Walki's overall performance was solid, and we made significant progress in our sustainability work. We have continued to make considerable investments to help us improve energy efficiency and enable the development and production of more sustainable products. Innovation and agility have always been at the heart of our business, and we consider them our greatest assets. New products create economic value and developing our diverse portfolio that continues to answer customers' changing needs is crucial for strengthening our resilience. The new acquisitions of Folian in Germany, and Westpak and Flexipack in Finland help us in achieving this.

“Despite the turbulence, Walki's overall performance was solid, and we made significant progress in our sustainability work. We have continued to make considerable investments to help us improve energy efficiency and enable the development and production of more sustainable products.”



Economic performance

	2020		2021		2022	
	EUR million	% of net revenues	EUR million	% of net revenues	EUR million	% of net revenues
Generation of value added:						
Net revenues	356.42	100%	487.59	100%	705.26	100%
Operating costs	-278.31	-78%	-391.60	-80%	-581.09	-82%
Distribution of value added:						
Community investments		0%		0%		0%
Employee wages and benefits	-60.96	-17%	-72.39	-15%	-86.98	-12%
Payments to governments (taxes and royalties)	-1.52	0%	-4.40	-1%	-6.45	-1%
Payments to providers of capital	-7.95	-2%	-8.42	-2%	-13.57	-2%
Economic value retained	7.683	2%	10.782	2%	17.169	2%

Stakeholder engagement

We highly value our stakeholders' views and strive to actively engage with all relevant groups. We aim for ongoing, open dialogue with stakeholders throughout our value chain. Our stakeholders have been actively involved in determining our material sustainability topics, and their needs and expectations have been carefully integrated into our Sustainability Agenda. (See more in section

Sustainability focus areas and process to define them, pages [14-17](#))

Walki's strategy has been developed to respond to the key concerns and opportunities raised by our stakeholders and we actively share information regarding the implementation and value creation of the initiatives. Read more on Walki's key stakeholder groups and ways of engagement from the table below.

WALKI'S KEY STAKEHOLDERS	WAYS OF ENGAGEMENT
Clients	<ul style="list-style-type: none"> Walki has continued active discussions with customers to better understand their needs in the short and long term. We work closely with our clients, retailers, and brand owners on joint initiatives, particularly related to product development. Walki's business development function, sales, customer service, technical team and product development function are the main points of contact. Our clients have had a key role in the development of our sustainability agenda, and they have participated in our materiality assessment in 2021. Clients' targets and views were also considered in the materiality assessment update conducted during 2022.
Employees	<ul style="list-style-type: none"> We engage with our employees through annual employee surveys, employee communications (e.g., Intranet), company-wide informational sessions (e.g., CEO updates), team meetings, individual discussions and personal development discussions. Employees' input was gathered for the materiality assessment in 2021.
Suppliers	<ul style="list-style-type: none"> We engage with our suppliers through questionnaires, site audits, and workshops and discussions. Our Supplier Code of Conduct and Supplier Handbook are essential for communicating our expectations regarding sustainability. Suppliers were invited to participate in our 2021 materiality assessment.
Owners and investors	<ul style="list-style-type: none"> Walki has ongoing dialogue with our owner and information is shared through quarterly reporting, regular meetings and voluntary disclosures related to our sustainability position and actions, as well as responding to the increasing need for more detailed disclosures. To better understand sustainability expectations, owner's input was gathered during the 2021 materiality assessment.

WALKI'S KEY STAKEHOLDERS	WAYS OF ENGAGEMENT
Local communities	<ul style="list-style-type: none"> We engage in continuous dialogue with local communities. Community engagement is managed on a site-basis. We seek to collaborate with local educational institutions to share information on employment opportunities. We seek to maintain strong relationships with local councils and municipalities that we operate in. Walki also maintains close contact with local authorities to prepare for future changes and to ensure that performance meets and exceeds the requirements of the legislation.
Regulators, industry associations, and non-governmental organizations	<ul style="list-style-type: none"> Walki takes actively part in industry discussions and follows closely the regulative environment. We are active members of relevant industry associations. We take part in industry events and share our insights on different topics. We discuss and provide our views on policies and regulations with officials.
Product end-users	<ul style="list-style-type: none"> With a focus on B2B, Walki has a limited direct influence on the end-users of products, but we seek to encourage our customers to inform consumers and make sustainable choices. Our portfolio includes a handful of consumer products, such as the compostable Bioska® biowaste bags. Consumers are engaged with via several touchpoints including social media, customer service channels, and advertising campaigns (read more on one example page 26). We conduct reviews on consumer behaviour. Product end-users were invited to participate in our materiality assessment in 2021.
Interest groups and professional communities	<ul style="list-style-type: none"> Walki has ongoing engagement with e.g., local chambers of commerce. Interest groups and professional communities were invited to participate in the 2021 materiality assessment.
Local labor unions and trade unions	<ul style="list-style-type: none"> We have ongoing dialogue with local labour unions and trade unions.
Research institutions and academia	<ul style="list-style-type: none"> We actively collaborate with universities and institutes on research and development projects.



Bioska® TV campaign

The revised Waste Act came into force in Finland in July 2022 and in the future biowaste collection will be mandatory to organise for an increasing number of households. During 2022, Walki conducted a TV campaign to increase residents' awareness about the value and importance of separating biowaste. A wide range of information is also available on the Bioska® website, including a Biobot, a chatbot designed to answer the most commonly asked questions about biowaste collection and the revised Waste Act.



“Our stakeholders have been actively involved in determining our material sustainability topics, and their needs and expectations have been carefully integrated into our Sustainability Agenda.”

FOCUS AREA

Responsible raw materials

Walki's operations have impacts on the environment that stem from raw materials used and their conversion into packaging solutions and engineered materials. This section covers our focus on responsible raw material use and the environmental management and performance of our manufacturing processes.



COMPARED TO 2021, IN 2022 THE SHARE OF RECYCLED RAW MATERIALS USED INCREASED BY 20%

Our approach

Responsible raw material use as top priority

We have identified responsible raw material use as one of our three sustainability priorities. To this end, Walki aims to significantly increase the share of recycled and renewable materials used in our products. The packaging industry is one of the main industries relying on virgin, fossil-based materials. As a significant player in the packaging industry, we aim to facilitate the market for recycled and renewable materials.

Context

Walki's products are mainly produced from fibre-based materials, such as liners, boards, and packaging papers, as well as different types of polymers (plastics) and aluminium foils. To a smaller extent a variety of glass fibre and plastic-based scrim and nonwovens are also used.

The fibre-based materials are produced from both recycled and renewable virgin fibres, having an impact on the environment through forestry, harvesting and processing of wood and fibres. Polymers are primarily fossil-based and sourced in the form of both resins and films. An increasing share of polymers are also produced from mechanically recycled plastics.

For raw material conversion into packaging solutions and engineered materials, we rely on four main manufacturing processes: extrusion coating and lamination, blown film production, dispersion coating, and printing. The manufacturing takes place at Walki's 18 plants in 9 countries across Europe and including one in China and Russia, respectively.

The main environmental impacts from Walki's manufacturing processes, in addition to GHG emissions, are production and other waste, water use and discharges, and emissions to air.

Walki's impact on the climate through raw material and energy use and related greenhouse gas emissions is covered in detail in section GHG emission reductions, on pages 36–41. Our supply chain and operations naturally also have social impacts. These are covered in sections Business ethics and human rights, on pages 58–61. Responsible value chain, on pages 62–65.

This ambition also supports Walki's efforts to reduce greenhouse gas emissions, as some 46% of our carbon footprint results from the production of raw materials used (read more on pages 36–41).

Walki's current R&D pipeline, which largely focuses on bio-based and recycled material innovations, sets a strong foundation. Reaching the ambition will, however, require continued efforts and cooperation with our suppliers to develop new materials such as high-quality bio-based and recycled plastics and in the future also materials based on carbon capture and utilisation (CCU), as well as substituting plastics with fibre-based content. Efficient raw material use and ensuring that renewable fibres originate from sustainably managed forests by preferring certified papers and boards are also key. Forest certifications schemes, such as FSC and PEFC, help ensure that forest management practices protect and enhance biodiversity while maintaining the productivity of forests.

Minimising the environmental impact of our operations and manufacturing processes has been a long-term focus area at Walki. We have a systematic approach to ensure that our plants operate within the limits of environmental permits and continuously monitor, manage, and further improve their environmental performance.

Targets

In 2022, Walki set a concrete group-wide target relating to responsible raw material use, to be achieved by 2030.

Walki has already previously monitored the share of renewable, recycled, and certified materials used but with the clarified sustainability agenda, the raw material sustainability was for the first time assessed also at product level. Also, product level targets were set for the first time.

To ensure the continuous focus on improving the environmental performance, we also have a group-wide target covering our plants.

More specific targets related to operational environmental performance are set at each plant as part of the environmental management system.

WALKI'S TARGETS

WE PRIORITIZE RECYCLED AND/OR RENEWABLE MATERIALS, AND AIM TO USE 100% RECYCLED OR CERTIFIED FIBRES*

- The target covers fibre-based materials (paper and board materials) as well as plastics
- Recycled or renewable content in fibre-based products: **≥50%**
- 100% of renewable fibre-based materials certified
- Recycled or renewable content in plastic-based products: **≥25%**

* The baseline for the target is the 2021 share of revenue. In 2021, 74% of Walki's products, measured as revenue, met the target, 9% had a clear pathway to reach the target, with 17% of the portfolio not yet meeting the target or not having been assessed yet.

ALL OF WALKI'S PLANTS SHOULD MAINTAIN A CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEM*

* An externally certified environmental management system means that an independent third-party regularly verifies that our environmental management systems meet specific standards, such as ISO 14001, and follow the principles of continuous improvement. See pages 56–57 for a list of our plants' certified management systems.

Performance in 2022

Performance in terms of material use

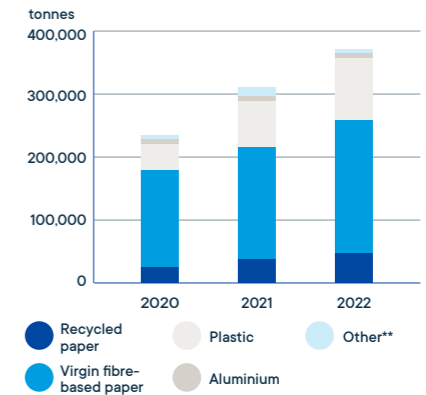
In 2022, Walki used approximately a total of 371,244 tonnes of materials. The use of materials increased significantly compared to 2021, highlighting the growth in the volumes and hence growth of the overall size of our businesses. In 2022, 13% of materials used consisted of recycled paper, 57% of virgin fibre based paper, 27% of polymers and 2% of aluminium foils.

Verifying that virgin fibre materials originate from sustainably managed forests is key in ensuring healthy and productive forests. 58% of the fibre-based materials used are from FSC or PEFC certified forests, meaning that an independent third-party has verified that such standards are upheld. This was a significant increase compared to 2021, when the share was 48%.

Following our ambition to promote a circular economy, Walki increased the use of recycled raw materials to 18% of the total materials use during 2022 (compared to 15 % in 2021). The recycled raw materials mainly

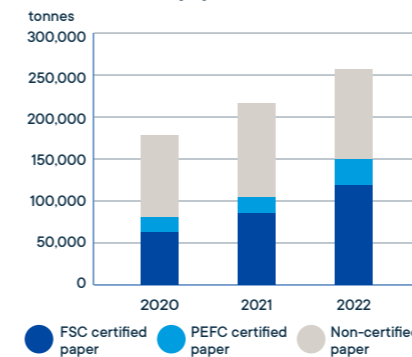
consist of recycled fibres, but to a growing extent also of mechanically recycled plastics. All in all, the share of bio-based and recycled material of the total material use has slightly increased up to 75%.

Total material use*

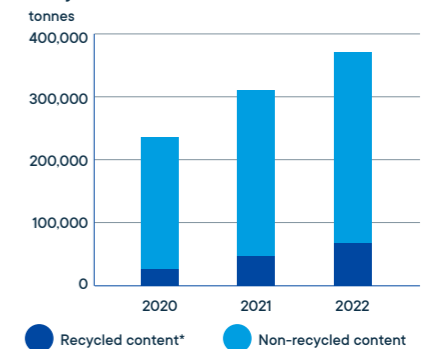


*Material use is based on data on material deliveries to Walki plants as there is not as accurate monitoring of actual material usage.
**Includes adhesives, chemicals and nonwovens.

Use of certified paper



Recycled content of total material use



*Recycled paper and recycled plastic.

Environmental performance of plants

Waste

The amount of waste generated by Walki in 2022 amounted to approximately 46,982 tonnes, consisting almost entirely of non-hazardous waste (99.6%) such as PE and aluminium coated paper laminates, extrusion polymers, paper, and cardboard and wood pallets. Hazardous waste in 2022 amounted to 203 tonnes and included mainly oils, chemicals, solvent-based painting inks, and solvent wastes. The amount of waste increased considerably compared to 2021, but we also significantly increased the share of waste reused and recycled.

In 2022 we recycled or reused 75% of waste compared to 61% in 2021. Of our total waste 42% was recycled (mainly cardboard, paper and paper laminates) and 34% was reused as material in production (mainly extrusion polymer

waste, which is almost entirely reused). In addition, 24% of waste, consisting mainly of laminate and edge trim waste, was incinerated, and recovered as energy. A small share of the waste was sent to landfill (0.3%) and to the hazardous waste treatment plant (0.5%).

No significant spills occurred at Walki's plants in 2022. We do not generate any radioactive waste. We aim to minimise all production waste and emissions. In addition, regular environmental audits are conducted by a third party to monitor our risk profile, performance and practises, and compliance.

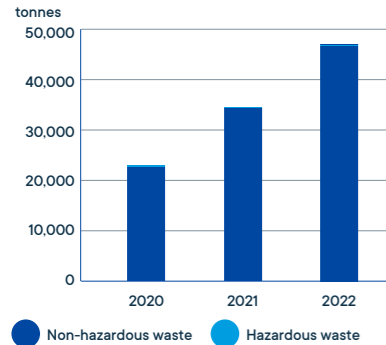
Water

Our total water withdrawal amounted to some 587,560 m³ in 2022. The main source of water is surface water from nearby lake used by Valkeakoski plant as cooling water. The other plants use water from municipal water supply.

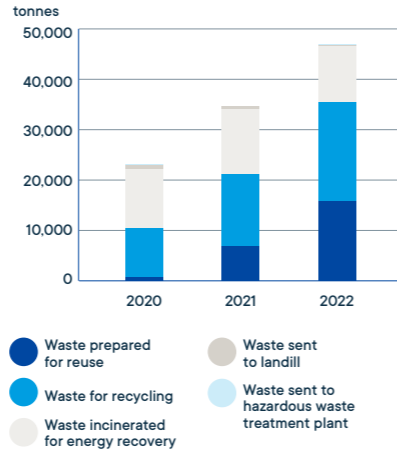
Water is used for production processes, moisturizing of products, and for sanitary and cooling purposes. All our plants use water in accordance with their respective environmental permits. Water withdrawal and consumption decreased in 2022 compared to 2021 due to the closure of Walki's Haarlem plant that used significant amounts of surface water, as well as decreased amount of cooling water from the lake at Valkeakoski plant due to a colder winter. In terms of water consumption in relation to net revenue, the trend has been positive with the ratio of water to net revenue decreasing.

Most of the water used, mainly consisting of cooling water at Valkeakoski, is recycled and released back into the nearby lake. Wastewater generated in the processes and sanitary wastewater are discharged to municipal sewer and municipal treatment plants at all our plants.

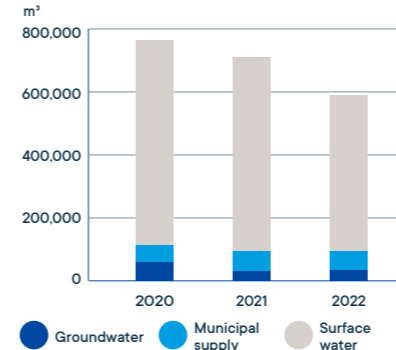
Waste generated



Waste recovered, recycled and disposed

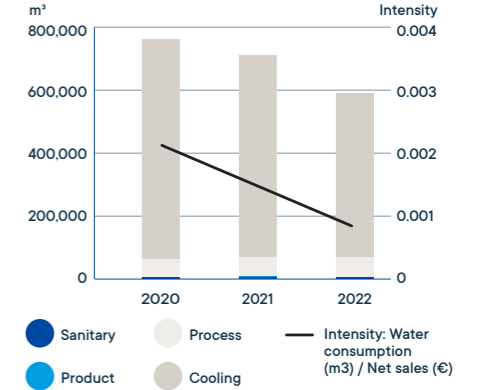


Water withdrawal*

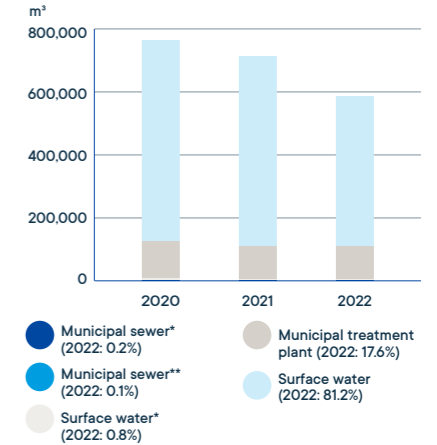


*Most water is used at Valkeakoski plant, which is not an area of material water risk or high water stress.

Water consumption



Water discharges



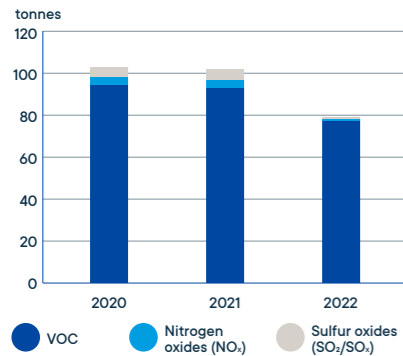
*After own treatment plant **Without treatment plant

Emissions to air

While today we mainly use water-based inks in our printing, also solvent-based inks and lacquers are used, resulting in emissions to air in the form of volatile organic compounds (VOC).

Our operations also release small amounts of inorganic pollutants in the form of nitrogen oxides (NOx) and sulphur oxides (SOx/SO₂) resulting from extrusion processes. The quantities of these emissions reported by Walki during the past years have been minor.

Emissions to air*



*Four plants do not measure NO_x and six plants do not measure SO₂/SO_x. The measurement of these emissions has not been defined as mandatory due to the very small amounts.

Actions in 2022 and outlook

One of the main actions in 2022 in terms of ensuring responsible raw material use, was defining the baseline, and setting a concrete group-wide target. To this end we initiated stronger supplier collaboration in 2022, with specific focus on substituting plastic products

with fibre-based materials, increasing renewable and recycled material content, and lowering supply chain emissions. One concrete achievement was the development of a construction membrane product with International Sustainability and Carbon Certification (ISCC) certified nonwoven material (read more on page 35). As part of our efforts to substitute plastics with fibre-based materials, we launched several new products in this area in 2022, such as the paper-based Walki®Straw and the heat-sealable, recyclable fibre-based Walki®EVO seal packaging material. Walki is also an active member of the of 4evergreen industry alliance aiming to enhance recycling of fibre-based packaging.

Strengthening supplier collaboration and identifying new suppliers will continue in 2023, with increased focus on suppliers with Science Based Target initiative commitments, tightening collaboration with suppliers of recycled and renewable plastics and implementing stricter environmental requirement for suppliers.

In terms of increasing the share of fibre-based content, Walki continues work to expand the end-use areas for fibre-based packaging to more demanding segments, reduce the thickness of polymer layers as well as identify and articulate incentives for customers to move towards fibre-based products. Finally, we will continue efforts to increase the use of high quality recycled, including chemically recycled, plastics.

In the longer-term Walki is planning to investigate the possibility of applying components generated by both valorisation of waste streams and Carbon Capture and Utilisation (CCU) technologies in our products.

Lowering the construction industry's carbon footprint with sustainable membranes



THE CHALLENGE:

Almost 40% of annual global CO₂ emissions are caused by the buildings and construction sector. Decarbonization calls for immediate actions to improve energy efficiency and decrease the carbon footprint of building materials. From both points of view, it is crucial to look more closely at the materials we use in buildings. EU legislators are also pushing the construction industry towards sustainability by revising the construction product regulation to be more focused on overall sustainability.



THE SOLUTION:

Construction membranes are used in roofing underlays and walls to improve the energy efficiency of buildings thanks to their air and moisture transfer properties. Traditionally containing fossil-based materials such as conventional plastics, construction membranes have added to construction's carbon footprint. Walki's innovation team took on the challenge of developing an alternative to fossil-based construction membranes by keeping the functional layer of the membrane intact but replacing the previously fossil-based nonwoven layer with a paper-based material. In addition, also an International Sustainability and Carbon Certification (ISCC) certified product was developed, including a nonwoven material made from a ISCC certified material. ISCC¹ is a

globally applicable sustainability certification system and covers all sustainable feedstocks, including agricultural and forestry biomass, bio-based and circular materials, and renewables, e.g., used cooking oils. ISCC's verified mass balance approach allows bio-based materials to be gradually integrated into existing product systems.



THE OUTCOME:

As a result, Walki can now offer customers, retailers, and industrial companies two more sustainable membrane alternatives with a lower total carbon footprint based on either renewable paper or ISCC certified nonwoven.



¹ <https://www.iscc-system.org/>

FOCUS AREA

GHG emission reductions

Walki's main climate impacts result from the materials we source and use to manufacture packaging and multilayer laminate solutions, as well as logistics and distribution. This section covers our focus on GHG emission reductions.



Context

Walki's products are mainly produced from fibre-based materials, but also from different types of fossil-based, bio-based, and recycled polymers and aluminium foils (for more details, see section Responsible raw material use, pages 28–35). In addition to the value chain emissions, our activities result in both indirect and direct greenhouse gas (GHG) emissions as we purchase electricity, steam, and district heat to run our manufacturing operations, and fuels for forklifts.

Walki's products aimed for the construction sector, such as facings and membranes, have a significant role in determining the energy efficiency level of buildings. In these product categories, Walki's main goal is to improve the durability and functionality of the products to maximize this positive impact on energy efficiency and thus reduced GHG emissions during the use phase of the products.

Our approach

Walki has identified GHG emission reductions as one of our three sustainability priorities and we have set ambitious targets to reduce both direct, indirect, and value chain emissions.

Walki has recently made significant energy efficiency investments at our plants through, for instance, upgrading ventilation, cooling, light and heat capture systems, which serve as a good basis for continuing to reduce GHG emissions. Achieving the targets will, however, require significant continued focus on efficiency improvements, changing energy sources, logistics optimization and electrification as well as material efficiency and switching in products.



COMPARED TO 2021, IN 2022 WALKI'S CONSUMPTION OF STEAM AND DISTRICT HEAT DECREASED BY ALMOST 18%

Targets

To reach its ambition, in 2022 Walki set a concrete group-wide target to reduce GHG emissions.

We are planning to review the possibility of getting validation for the GHG emission reduction targets from the Science Based Target initiative during 2023.

WALKI'S TARGETS

WE REDUCE GREENHOUSE GAS EMISSIONS BY 50% BY 2030 FROM THE 2021 BASELINE EMISSIONS

- For Scope 1 and 2 emissions the target is a **50%** absolute reduction from the 2021 baseline
- For Scope 3 emissions the target is a **50%** reduction in greenhouse gas intensity per revenue

Performance in 2022

Carbon footprint

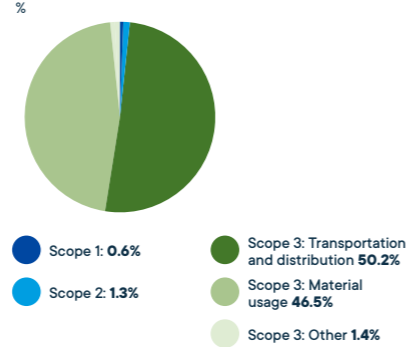
In addition to our Scope 1 and 2 emissions, which Walki has been reporting in previous years, we also measured our Scope 3 emissions for the first time for 2022 and 2021, year 2021 defined as our baseline.

In 2022, Walki's total Greenhouse Gas (GHG) emissions amounted to 883,254 CO₂e. Of our total carbon footprint 0,6% resulted from direct emissions (Scope 1) and 1,3% from indirect emissions related to purchased electricity, steam and heat (Scope 2).

Scope 3 emissions amount to just above 98% of Walki's total emissions, 865,714 CO₂e. The largest sources of value chain emissions are transportation and distribution (50%) and materials usage (47%). The breakdown of Scope 3 emissions is very important for understanding where to direct our efforts to reduce value chain emissions going forward.

The absolute amount of combined Scope 1 and 2 emissions amounted to 17,540 CO₂e, remaining practically on the same level as in 2021. The new acquisitions (three plants acquired during 2021) use primarily green energy in their operations and thus Scope 1 and 2 emissions remained at the same level despite the growth in number of plants. Scope 3 emissions increased by some 10% in 2022. This increase was mainly due to the impact from new acquisitions and estimates made in calculations. However, we cannot fully compare our Scope 3 emissions mentioned for 2021 with 2022, as different emission factors were used, and the calculation method was not yet fully standardised. To be able to compare the Scope 3 emissions between the years reliably, the process of gathering data and calculating the emissions must be developed and standardised. We are currently advancing our methods on calculating and tracking our emissions throughout the whole supply chain. In terms of CO₂ emission

Walki's GHG emissions in 2022



(Scope 1-3) intensity, emissions have decreased by 24% in relation to net revenue generated.

Energy use

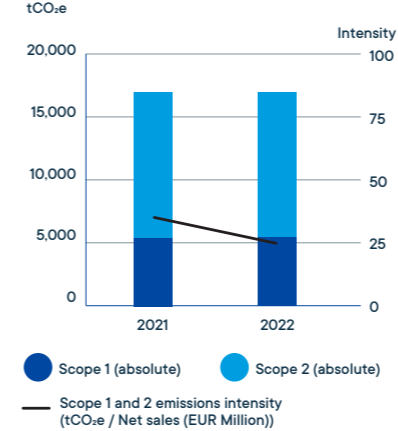
In 2022, Walki's total direct energy consumption amounted to 21,270 MWh, being 17% lower than in 2021. During 2022, an important measure was reducing the dependence on natural gas in direct energy production, with specific efforts at our Duffel plant, where natural gas consumption was reduced by two thirds.

When it comes to the use of heavy fuel oil, Walki has since 2021 only used heavy oil that contains less than 1% sulphur. The use of heavy fuel oil increased slightly during 2022.

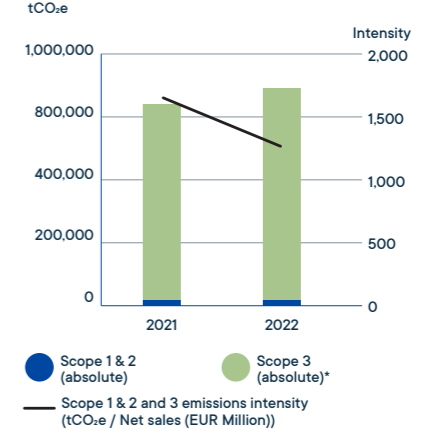
Walki's indirect energy use consists of purchased electricity (82%), heat (16%) and steam (2%). Our total indirect energy use in 2022 amounted to some 123,644 MWh, increasing 7% compared to 2021. This was mainly due to the increase in electricity consumption (14% compared to 2021).

Walki prioritises the use of non-fossil green electricity, which is purchased when possible. In 2022 an estimated² 82% of the purchased electricity came from renewable or other non-fossil

Scope 1 and 2 GHG emissions

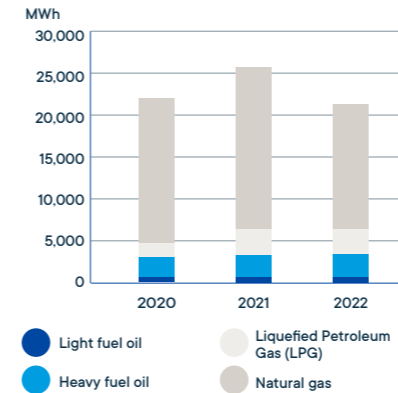


Scope 1 & 2 and 3 GHG emissions

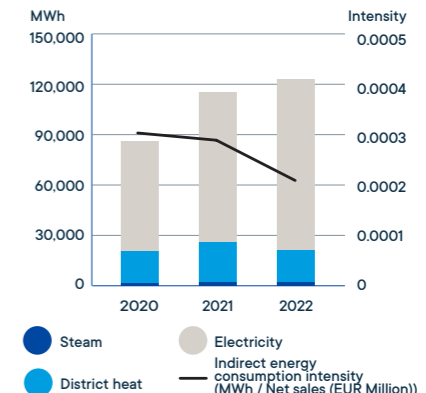


*Scope 3 emission values from year 2021 and 2022 are not fully comparable due to variation in calculation methodologies. Read more on page 69.

Direct energy consumption



Indirect energy consumption



² For three of Walki's plants, the information relating to energy source is based on information from 2021 as information on the energy source was not made available before the publication of this report.

energy sources (including nuclear). Currently 100% green electricity is used at 6 Walki sites - Pietarsaari, Valkeakoski, Duffel, and two sites in Ylöjärvi and Murcia. In addition, 6 sites use green electricity as one source in their energy mix.

Walki's consumption of district heat and steam decreased in 2022 by almost 18%. The most remarkable change can be seen in our Valkeakoski plant, where the district heat and steam consumption decreased by 24%, mainly due to lower production volumes, a warmer season, and efforts to improve energy efficiency (see bottom of page 40, section Actions in 2022 and outlook).

Of Walki's total indirect energy use some 80% was based on renewable and other non-fossil energy sources.

Walki's energy intensity, measured as total direct and indirect energy use in relation to net sales, has decreased continuously during the past years.

Actions in 2022 and outlook

A key action in terms of efforts to reduce Walki's GHG emissions in 2022, was calculating and defining the baseline and defining the concrete group-wide target for GHG emission reductions. In 2023 we will review the possibility of getting the GHG reduction target validated by the Science Based Targets initiative.

During 2022, targeted efforts and investments to improve Walki's energy efficiency and reduce reliance on fossil-based energy were advanced at three plants in particular: Valkeakoski, Pietarsaari and Duffel.

At Walki's plant in Valkeakoski, activities to improve energy efficiency were initiated during 2021, and continued throughout 2022, with the installation of a heat pump and renewal of the air handling units enabling heat recovery from the cooling network and dryers. The investment is

estimated to result in energy savings of 8,428 MWh and emissions reduction of 1,218 tonnes of CO₂ annually, taking effect as of 2023.

At our Pietarsaari plant large heat pumps were installed during 2022. This is expected to decrease Walki's consumption of district heat by 4000 MWh, and annual CO₂ emissions by 538 tonnes. Read more in the case, page 41.

Walki's plan in Duffel managed to reduce the consumption of natural gas by almost two thirds, through optimising temperatures.

In addition to larger investments, Walki's continuous improvement work, focusing on energy efficiency improvements, is vital to achieve further reductions in Scope 1 and 2 emissions. Each plant has a continuous improvement coordinator and must implement at least two improvement projects per year. As part of this work, Lean Green Belt trainings will be initiated in 2023 to build capabilities and tools for further improvement. Another focus in 2023 will also be to improve the quality and analysis of energy data across plants to better identify improvement potentials.

To reduce Scope 3 emissions, a shift towards increased use of fibre-based, renewable, and recycled materials is one of the key pathways. As part of our supply chain decarbonation efforts, Walki will in 2023 organise workshops with strategic suppliers, with specific focus on suppliers' GHG emission reduction initiatives and supply of recycled and renewable plastic alternatives.

Transportation emissions have now been calculated based on rough, conservative estimates and future focus will be first on collecting more detailed data on transportations and refining the emission calculations. These more accurate facts are needed to target actions to further optimize transportations and improve transportation efficiency.

Investments into energy efficiency at our Pietarsaari plant: Recycling energy with a cooling system



THE CHALLENGE:

Walki has set an ambitious target of reducing greenhouse gas emission by 50% by 2030 from the 2021 baseline emissions. An important step for achieving this goal within our own production is minimising emissions from indirect energy consumption. District heat consumption forms a significant share of these emissions, and we thus identified a need to reduce consumption of district heat.



THE SOLUTION:

With the support of financing from Business Finland, we developed an action plan for improving energy efficiency at Walki's Pietarsaari plant. This involved recovering heat from our cooling system to reduce the consumption of district heat in the building.



THE OUTCOME:

The work began in August 2022, with the construction of a new space for the installation of a cooling water compressor and the installation of plumbing. The system was up and running by December 2022 with the heat pump and cooling water generation to recover heat and produce cooling water for the process. Follow-ups and optimization are planned for 2023.

The improvement project has a significant impact on the Walki Pietarsaari plant's emissions, as we estimate that the district heat savings would amount to 4,000MWh per year, representing approximately 16% of Pietarsaari's total indirect energy use.



FOCUS AREA

Zero-waste future



Walki's mission includes paving the way towards a circular economy. To this end we have defined zero-waste future as one of the key pillars of our business and sustainability strategy, by focusing on product durability, recyclability or compostability without compromising the functionality of the products.



Context

Walki established the Zero-Waste Future concept in 2019 with the aim to stepwise transform our product portfolio towards improved recyclability and circularity.

Our industrial packaging products are mainly composed of different paper and paper laminates treated with both conventional plastic and biobased coatings. These products have a high recyclability, but the actual recycling rates vary, being highest for corrugated board products and reel packaging materials.

Our consumer packaging solutions are composed of board or paper that are combined with different conventional polymer coatings and in some cases aluminium for suitable barrier properties. These materials show a high level of recyclability, except in those cases where aluminium is included. Consumer packaging products also include fully plastic-based products – both conventional fossil-based and to an increasing extent compostable or recycled plastics. In both areas, Walki is actively developing and promoting recyclable mono-materials to replace non-recyclable multi-material structures.

The engineered materials are the most complex products often composed of numerous materials including fibre-based materials, aluminium foils, plastic films and glass fibre and polymer-based nonwovens. A key focus for these product categories is to ensure the durability of the products. As our products often are an integrated part of a more complex end-product (for instance an insulation panel or automotive part), the recyclability of our products is linked with the recyclability and recycling rate of the end-products.



~54%
OF WALKI'S CURRENT PRODUCT PORTFOLIO IS ALREADY RECYCLABLE

Our approach

In respect of recyclability, we aim towards having our products efficiently recycled in existing, established material waste streams, such as paper, plastic, and bio waste, by designing our products to contribute to a high level of good quality material recovery. Furthermore, for product areas where a clear path for recycling or waste streams are currently missing or underdeveloped, we aim to improve the durability of our products while at the same time contributing to the development of such recycling schemes.

“For product sectors for which recycling schemes are currently missing or underdeveloped, we aim to improve the durability of our products while at the same time contributing to the development of such recycling schemes.”

As a result of the continuous efforts, the majority of Walki's product portfolio is recyclable already to date. Ensuring a zero-waste future will, however, require further transformation of the currently non-recyclable product portfolio, including additional technology investments. For most of the products in the engineered materials business area, Walki's primary target in the short-term is to further improve the durability and functionality of the products as these products have a long lifetime (several decades) and as the main environmental impacts are the positive impacts created during the use phase, e.g., related to energy efficiency of buildings. In the longer-term, areas requiring attention are design for recycling and the development of separation technologies and collection infrastructure for end-product components.

We will also continue to focus on developing materials that aim higher than what is set out in current and upcoming regulation relating to what is considered as recyclable.

Targets

To set a clear path towards a zero-waste future, Walki set a concrete group-wide target for the priority area in 2022.

The target exceeds requirements set by current regulation.

WALKI'S TARGETS

WE MAKE ALL OUR PRODUCTS DURABLE, RECYCLABLE AND/OR COMPOSTABLE BY 2030

- For fibre-based products the threshold for recyclable is **≥95%** paper content
- For plastic-based products threshold for recyclable is **≥95%** PE or PP mono materials or PO materials (mixed PE and PP)
- For compostable materials alignment with the EN13423 requirements for packaging recoverable through composting and biodegradation defines the threshold
- For steel and construction related materials the primary short term target is to further improve the durability and functionality of the products. Target is to increase also the share of recyclable products, but no specific threshold has yet been set.

Performance in 2022

Based on the assessment done during 2022, around 54% of Walki's current product portfolio (excluding Walki's acquisitions during 2022) is already recyclable and additionally 36% has a clear pathway to achieve recyclability. The assessment will be complemented during 2023, with a focus on steps to improve the monitoring of recyclability.

Actions in 2022 and outlook

An important action in 2022 for achieving a zero-waste future, was defining the baseline, and setting the group-wide target for recyclable and compostable end-products. This has required a systematic review of the recyclability of Walki's entire product portfolio and related end-product waste streams, work which is ongoing and will continue in 2023. In 2022, we have also taken important steps in circular product design, material innovations, and technology.

Walki has made significant investments in dispersion technology and capacity, with relevant equipment ordered and commissioned in 2022 and to be installed at the Valkeakoski and Steinfurt plants during 2023. Through these investments we can further enhance the overall recyclability of end-products.

During 2022 Walki also made three important acquisitions (see page 9), that enhance our access to capabilities related to mono-material plastics. The focus on mono-material plastics is important as it increases the recyclability of end-products.

In terms of business area specific efforts, industrial packaging launched in 2022 a new recyclable material concept targeting the growing e-commerce segment,

Walki®FibreWrap. Industrial packaging is also developing fibre-based solutions to replace rigid plastics products in, for instance, detergent packaging.

In 2022, the consumer packaging has focused on circular product design and material innovations for recyclable alternatives for materials with mid-barrier properties. One example is the launch of a recyclable product portfolio for the growing frozen foods market including further developed mono polyethylene solutions based on MDO-PE technology (read more on page 47).

In 2023 the focus will shift to the implementation of mid-barrier products in additional end markets and finalising the scale-up for high barrier solutions that are recyclable. Walki's investments in dispersion technology and mono-material plastics capabilities support efforts to replace aluminium and multilayer plastics in consumer packaging. In addition, we have also enhanced our capabilities in compostable plastics for specific consumer applications facilitating the growing demand of convenient collection of biowaste.

“Walki has made significant investments in dispersion technology and capacity, with relevant equipment ordered and commissioned in 2022 and to be installed at the Valkeakoski and Steinfurt plants during 2023.”

Capturing the full value of biowaste



THE CHALLENGE: It is estimated that currently only about 16% of the food waste generated in the EU is separately collected (BIC, 2020)³. To minimize its negative environmental impact and to capture its full potential as a valuable resource, biowaste needs to be collected separately at source whilst keeping impurity levels low. Biowaste recycling is becoming increasingly important in the EU with the revised Waste Framework Directive that calls for all member states to collect biowaste separately or ensure recycling at source by the end of 2023. Still, even in countries with well-established separate collection, a high proportion of biowaste ends up in the mixed waste that is either landfilled or incinerated (EEA, 2020)⁴.

THE SOLUTION: For people to separate biowaste, whether at home, office or at a public property, it should be made easy, motivating, and accessible. We offer customers and consumers compostable Belsack®Bio and Bioska® bags and sacks that provide a convenient and easy solution for collecting biowaste. We also actively cooperate with companies and other facility managers to encourage and facilitate the separation of biowaste as part of their waste management strategy.

THE OUTCOME: Recycling of bio-waste is key for meeting the EU target to recycle 65% of municipal waste by 2035. By making the collection of biowaste easier through suitable containers and well-fitting biobags that keep containers clean, we encourage more people to adjust their daily practices.

³ https://zerowasteurope.eu/wp-content/uploads/2020/07/2020_07_06_bic_zwe_report_bio_waste_en.pdf

⁴ <https://www.eea.europa.eu/publications/bio-waste-in-europe>

Minimizing food waste with sustainably packaged frozen foods

THE CHALLENGE: Food waste stands for up to 9% of global carbon emissions, and one of the main culprits is buying food that goes bad before it has even been prepared. According to research published in the British Food Journal⁵, the use of frozen foods generates up to 47% less food waste in homes compared to ambient food. Food brands have met consumers' preferences and increased their offering of frozen foods from vegetables in resealable pouches to sushi and vegan portions.

There are, however, high requirements on packaging for frozen foods. First, the packaging needs to be sturdy enough and puncture resistant to withstand any physical damage like a sharp edge. The packaging must be able to handle diverse situations like the pressures of sealing, freezing and transportation, and be flexible as frozen food may expand during the freezing. Withstanding variability in temperatures is also necessary as some frozen food is defrosted in its packaging.



THE SOLUTION: Walki offers a wide portfolio of products to answer to different needs related to frozen food packaging. Walki®EVO Seal and Walki®Opti Seal are recyclable paper-based packaging intended especially for pillow-pouches for frozen food. Lamibel®MDO-PE is a recyclable film-based material for pouches for frozen food made of reverse printed MDO-film and solvent-free laminated with low sealing LDPE. Walki®Pack Tray is a board-based tray for frozen ready-made meals, designed to replace aluminium, plastic, or polymer-coated trays.

THE OUTCOME: With high-quality, sustainable packaging for frozen foods we can protect the food and minimize our negative environmental impacts.

Walki's novel fibre-based packaging for frozen food can be equipped with the needed barriers and sealing properties for the packaging to perform both on the packaging lines and on the shelves and in freezers, and still be classified as recyclable in the paper stream up to 15 times. This solution also responds to consumers' preference of renewable fibre-based packaging.

Some frozen food comes with sharp edges and require special attention to the puncture resistance of the packaging. For these packagings Walki uses mono-materials such as MDO-PE with high durability which prolongs shelf life. In addition to providing excellent barrier and sealing properties, MDO-PE also maintains the packaging's functional properties even when frozen.

⁵ Martindale W. (2014), "Using consumer surveys to determine food sustainability", British Food Journal, Vol. 116 No. 7, pp. 1194-1204, available at: <https://doi.org/10.1108/BFJ-09-2013-0242>

Employees

Walki's success is based on our committed and talented people. To enable us to achieve our sustainability vision, we seek to create a working environment where employees feel motivated and engaged. We offer interesting and challenging opportunities for our employees and help them to develop and innovate. As an employer our main responsibility is to ensure the well-being and safety of our team.

Our ways of working and decision-making are guided by Walki's values: integrity, initiative, and commitment. As Walki continues to expand, it is increasingly important for us to ensure that our everyday actions continue to reflect our values. To help tackle the potential challenges that this rapid expansion brings, in the future we will focus on creating a more systematic and unified approach to developing our employee experience, leadership, and onboarding for new employees.

We are committed to providing equal opportunities for everyone and treating all employees fairly and with respect. We do not tolerate discrimination, harassment, bullying or any other form of inappropriate behaviour.

“To enable us to achieve our sustainability vision, we seek to create a working environment where employees feel motivated and engaged.”

Our approach is defined in the Walki Code of Conduct in which respect of human and labour rights are embedded. Employees are engaged through our Code of Conduct trainings and team leaders (read more about the trainings on page 58).

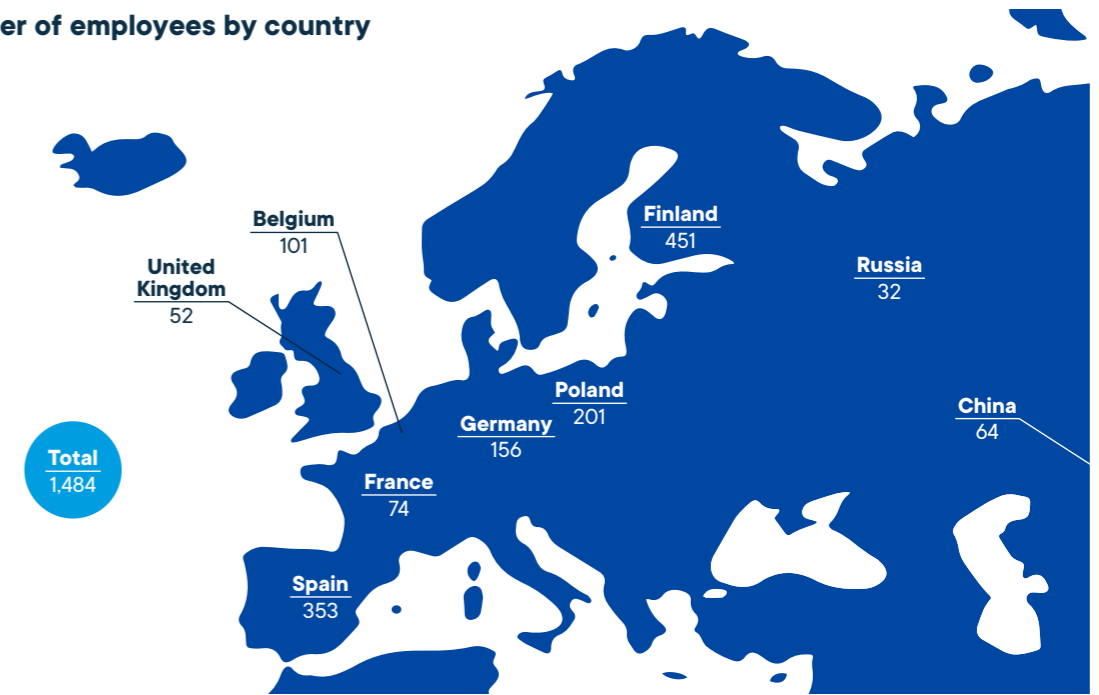
Walki's employees in 2022

In 2022, Walki employed a total of 1484 employees across our plants (excluding the new acquisitions made in 2022). With the acquisitions, 193 new employees were hired globally in 2022. The number of employees increased by 4%. Note that these employee numbers exclude our global sales personnel and personnel on long-term leave, amounting to 51 employees.

A total of 360 persons' employment at Walki ended during 2022. The main reasons included the end of a temporary employment contract (193), own request (100), dismissal (28), and retirement pension (16).

During 2022, 235 temporary employees were working at Walki's sites. They accounted for approximately 16% of all employment contracts. Compared to the previous year, a slight decrease occurred as the acquired units have had fewer temporary employees.

Number of employees by country



We support employees' rights to freedom of association and collective bargaining. In Belgium, Finland, Germany, UK, Spain, and France 100% of Walki's employees are covered by collective agreements.

In 2022, there were 17 outsourced employees. The most common types of employees were technicians and operators, performing logistical and maintenance related tasks.

Listening to our employees

To ensure that we provide a working environment where our people can succeed, we gather input and assess our performance as an employer through an annual employee

survey. The goal is to provide a platform for our employees to express their opinions and hear their views on Walki, the work we do, workplace community, and leadership. The feedback from the survey is assessed and key targets for development are defined on Walki Group level. The findings are also discussed on local level, and action plans are created and implemented in each team.

During 2022, we implemented several actions in response to the November 2021 survey, where broader participation in the development of operations, improved well-being, and more wide-spread utilization of the employee survey were raised. Actions included building a leadership training program for Walki managers which will be implemented

during 2023, targeted actions to relieve employees' stress and workload, and integrating the employee survey into team development activities, such as target setting and personal development discussions.

Walki's 2022 employee survey focused on 10 key topics: Safety, Job Motivation, Empowerment, Prerequisites, Communication & Involvement, Managerial Work, Agility and Effectiveness, Employer Image, Leadership Culture, and Operative Culture. Based on the results, we identified two key development areas for which we will build action plans to be implemented in 2023: Continuing to strengthen employees' sense of being heard and increasing agility and efficiency.

The response rate for our 2022 survey was 73%, which demonstrates that our employees are committed and interested in further developing Walki's ways of working. However, to gain an even better understanding of our employee experience, one of our key targets for 2023 is to further increase the survey response rate.

In addition to our annual employee survey, we engage with our employees in various ways including team and individual discussions, safety committees, work council meetings, company-wide internal info sessions and

messages, and through our intranet and other online communication channels. Walki's employees have the possibility of raising concerns anonymously through local work councils, or in cases of suspected or detected misconduct, through our Whistleblowing channel (read more on pages 60–61).

Career development and leadership

Our target is to establish permanent, long-term working relationships where employees feel they can contribute to Walki's mission and are able to utilize and further develop their professional skills and expertise. Since 2014, Walki has organized annual Personal Development Discussions (PDDs, previously called Personal Development Reviews), which enable us to track individual performance, map development desires and needs, and importantly, motivate and engage our employees. The PDD process also helps us ensure equal treatment of employees and opportunities for career development. In 2022, 78% of white-collar employees and senior management and 54% of blue-collar employees had PDD discussions. New employees (6%) were not yet included in the process. Large teams in production have challenges organizing time for individual PDD meetings. A key target for 2023 is to review the PDD process and increase the number of employees participating in PDDs.

In 2022, our key activities included further development of our leadership principles and management training. The Walki Leadership Training Program, launching in 2023, is essential for helping us reach our objective of strengthening employees' sense of being heard and increasing agility and efficiency. Team leaders have a critical role in increasing employee participation through team meetings, regular individual discussions, PDDs and the annual employee survey as well as creating action plans to support the implementation of Walki's policies.

“Our target is to establish permanent, long-term working relationships where employees feel they can contribute to Walki's mission.”

Performance 2022

Number of employees by contract type

	2020	2021	2022
Number of employees with permanent contract	884 (88.8%)	1,165 (81.6%)	1,249 (84.2%)
Number of employees with temporary contract	112 (11.2%)	263 (18.4%)	235 (15.8%)
Number of full-time employees	943 (94.7%)	1,361 (95.3%)	1,421 (95.8%)
Number of part-time employees	53 (5.3%)	67 (4.7%)	63 (4.2%)
Total	996	1,428	1,484

Number of employees by gender and age

	2020	2021	2022
Male	831 (83.4%)	1,131 (79.2%)	1,172 (78.9%)
Female	165 (16.6%)	297 (20.8%)	312 (21.0%)
Under 30	98 (9.8%)	171 (11.9%)	185 (12.5%)
30 to 50	554 (55.6%)	802 (56.2%)	807 (54.4%)
Over 50	344 (34.5%)	455 (31.9%)	492 (33.2%)
Total	996	1,428	1,484

Diversity in Group Executive Team

	2022
Male	8 (88.9%)
Female	1 (11.1%)
Under 30	0 (0%)
30 to 50	3 (33.3%)
Over 50	6 (66.7%)
Total	9

Health and safety

The wellbeing and safety of our people, partners, and the communities around us is a top priority at Walki. Our long-term goal has been to have zero accidents at our plants globally. With over 1,400 employees at our 18 production plants, we have recognized the need for continuous efforts to prevent injuries and accidents by building safety awareness and competence as well as taking the right measures proactively.

Everyone at Walki is encouraged to take a proactive approach and be mindful of safety in everything they do.

We are strongly committed to the three safety principles that guide our day-to-day operations:

1. Say NO to accidents
2. Safety starts with me
3. Think before doing

A strong focus on safety at all levels of the company

Our strong emphasis on health and safety starts with Walki's leadership. The topic is discussed in each monthly Group Executive Team and management meeting and the performance monitored closely. Our 'Say NO to accidents' steering committee oversees the implementation of our safety principles and evaluates safety actions to help us improve.

Local health and safety committees at each site also play a crucial role by overseeing the implementation of local safety action plans and improvement projects. These are planned and executed at each production plant.

11 of our plants have the ISO 45001 safety management system in place. This means that an external third-party verifies that our health and safety management systems live up to the standard and are continuously improved.

In 2023, we will continue our efforts to improve Walki's safety performance through systematic monitoring and evaluation of our actions at multiple levels. In the beginning of the year, we are focusing on creating Group-level safety action plans and deciding on our safety priorities for the year.

Walki ensures that safety is a priority for our partners as well. All our suppliers need to commit to our Supplier Code of Conduct that maps out our expectations regarding health and safety standards. With new acquisitions, health and safety is one of the first things we focus on.

Engaging our employees and sharing information on health and safety matters

Walki's Health and Safety Policy and Safety Handbook outline our approach for creating a safe working environment. To increase awareness and strengthen safety culture, we organize mandatory online trainings on safety rules for our employees. Our target is that all employees

have completed the training by the end of 2023. In 2022, 56% of Walki employees completed the training. The trainings highlight how we can mitigate risk situations and encourage open dialogue regarding safety.

In addition to Group level trainings, monthly safety lessons and safety trainings are organized at each production plant. We seek to ensure that safety trainings are carried out effectively and safety information is shared regularly across Walki sites.

Employees are encouraged to participate in the development of health and safety management, share best practices and report any potential risks or hazards. We follow the number of safety observations and near misses made by employees and our target is to receive two reports per employee from Walki production plants each year. In 2022, a total of 2,996 near misses and safety observations were reported. The quality and meaningfulness of the observations are also valid – that's

why we introduced the Best Safety Observation contest and once per quarter we choose the best 3 observations from all the plants. The winners get the positive recognition and we all can benefit from pointing out new risks which can be addressed before something happens. We continuously engage with and consult our employees on health and safety matters. (i.e., by involving them in risk assessment processes, in finding solutions to mitigate risks, or preparing or consulting on operational procedures and standards). Safety officers meet twice a year at Group level safety meetings to share information and discuss safety initiatives.

In 2021, Walki invested in a new web-based safety reporting system to enable better information sharing. After the system was successfully tested at pilot plants, it was implemented to all our sites during 2022. With a mobile application available in local languages, the new system helps save time with data input and allows quick access to all safety data gathered in one place.



A focus on preventing injuries and accidents

Our emphasis is on the prevention of accidents. At Walki production plants, we organize regular internal audits to prevent health and safety incidents. There are three main ways in which we assess the safety of our working environments:

Safety behavioural audits: Each production plant is audited 1-2 times every 2 years. In 2022, audits were conducted at 9 Walki plants. An extensive risk assessment is carried out and progress is monitored to ensure continuous improvement.

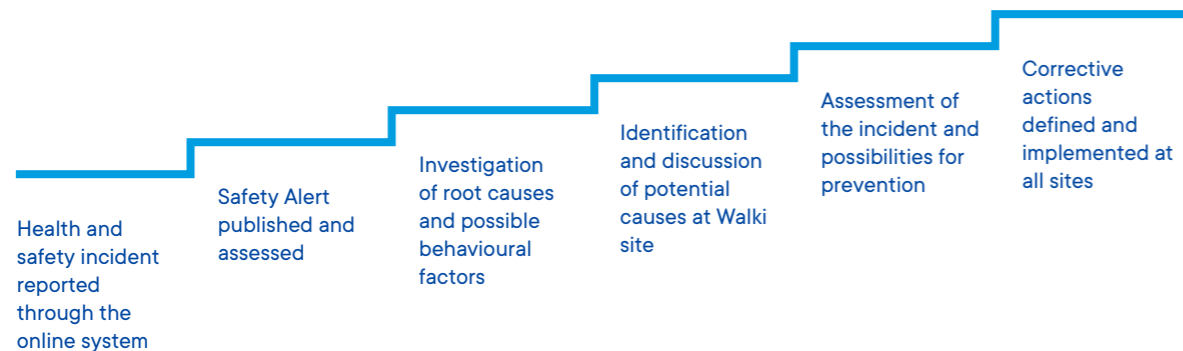
Safety walks: The Group Executive Team, managers, and employees across Walki's production plants participate in regular safety walks. The aim is to engage employees and encourage good safety practices and dialogue about safety topics.

Safety observations: Safety observations are made by all employees (managers and operators) at Walki's production plants. Corrective and preventive actions are completed within up to three months after a safety observation is made.

“At Walki production plants, we organize regular internal audits to prevent health and safety incidents.”

As part of our ongoing work to strengthen our safety culture, we planned and executed two campaigns in 2022 based on our 2021 analysis of accidents. The first one focused on protecting fingers and included raising awareness of these types of accidents, focused risk assessment, sharing best practices and guidelines on preventing risks connected to finger-related incidents. Across our production plants, the number of signage was increased, new personal protective equipment was issued, and tools were assessed. Our second campaign in 2022 aimed to promote safe walking practices around production plants by raising awareness and drawing attention to potential risks connected to moving within the premises.

Our process for handling incidents



Targets

Walki's main health and safety targets for 2022

Metric	Target 2022
Number of lost time accidents (LTA)	0
Lost time injury frequency rate (LTIFR)	< 4
Number of Total recordable incidents (TRI)	< 8
Absenteeism	All plants to create and execute an action plan if absenteeism is over 3%

In addition, Walki has set targets for the number of audits, safety action plans, trainings, improvement projects, Safety Walks, and Safety Observations each year. The results are followed closely and discussed among the Group Executive Team and plant management teams.

The implementation of Walki's health and safety policies and processes is a priority when integrating new acquisitions. We have outlined the main steps and developed clear practices for ensuring that Walki's safety standards are met at new production plants. Priorities are set for each plant based on the baseline Safety Audit conducted.

Performance 2022

Work-related injuries

	2020	2021	2022
Number of Lost Time Accidents (LTA)	7	16	15
Number of lost days	188	747.75	1139
Lost Time Injury Frequency Rate (LTIFR)	4.22	7.54	5.94
Absences due to illness (%)	3.96	3.77	4.24
Absences due to accidents at work (%)	0.06	0.16	0.25
Number of fatalities	0	0	0

Safety observations

	2020	2021	2022
Number of near misses and safety observations	3,434	2,865	2,996
Number of safety reports per 100 persons	345	232	197

Business ethics and human rights

With operations in 9 countries and customers, suppliers, and partners located across the world, Walki has a truly global impact. We are committed to socially responsible and ethical business practices, and we respect human and labour rights throughout our value chain. Our values – integrity, initiative, and commitment – are the cornerstones of how we conduct business, and they guide our everyday practices.

The laws and regulations of the different countries that we operate in set the foundation for all our practices. We are committed to ensuring that business is conducted according to the law, and labour and human rights are considered from all angles. Our Code of Conduct and Supplier Code of Conduct outline our expectations regarding business ethics and human rights, and we expect all our employees and business partners to uphold our commitment.

As Walki expands globally, we recognize that risks related to business ethics and human rights are growing. In addition, regulation is tightening, and we foresee that additional efforts are needed to develop processes to ensure compliance and continuous improvement.

Embedding Walki's ethical principles

Human rights and ethical business practices are a key element of Walki's Code of Conduct and the related training. It defines Walki's ethical principles and guides interaction with stakeholders, society, and surrounding communities. The Code of Conduct includes guidance and rules related to bribery and anti-corruption, human

rights, and labour rights. Our target is that all employees have completed the mandatory Code of Conduct training. The e-Learning training module and quiz are completed through Walki Academy, a digital learning environment. In our supply chain, we seek to outline our approach to these topics through our Supplier Code of Conduct (read more on page [63](#)).

In addition to the Code of Conduct, we steer our decision-making and employees' actions by providing clear guidelines through our Anti-Corruption and Bribery Policy, Sanction Compliance Policy, and Business Partners Selection Guidelines. The related trainings are mandatory for Walki personnel with direct contact with external partners, such as our sales and procurement teams. The aim is to develop an e-Learning training module for the Anti-Corruption and Bribery Policy that can be more easily completed by all employees.

We have identified a need to further develop our processes for increasing awareness of our ethical principles and Code of Conduct. In 2023, we will focus on improving our Group-wide onboarding process for

new employees to include a Code of Conduct training. Currently, local human resources teams at each Walki site are responsible for the training. In addition, we will update the content of the training in 2023.

Identifying risks related to human rights and business ethics

Internal audits help Walki to assess and mitigate human rights and business ethics issues across our sites. Our target is to internally audit three sites per year with reports from each, together with proposals for actions, reviewed and approved by the Group Executive Team. An on-site visit is organized as part of the audit to ensure that local laws and regulations are followed, and obligatory trainings related to Walki's policies are completed.

Walki works closely with local labour unions and work councils to ensure the creation of working environments

where all employees are treated fairly and engaged in decision-making. In each country that we operate in, we seek to develop an open dialogue with employees. In China, a closer evaluation of labour conditions has been done to ensure that Walki's commitment to the wellbeing of employees is upheld.

“Our Code of Conduct and Supplier Code of Conduct outline our expectations regarding business ethics and human rights, and we expect all our employees and business partners to uphold our commitment.”



Reporting and investigating suspected misconduct

In 2022, Walki took an important step in the development of a confidential channel for reporting unlawful or unethical behaviour. A new Whistleblowing reporting system was launched that enables both employees and external stakeholders to report detected or suspected misconduct easily. The channel can be accessed through our website or intranet with instructions on use and policy description included. To ensure anonymity the channel is managed by an external partner.

According to Walki's Code of Conduct, all employees are required to report any suspected or detected grievances or violations. This can be done anonymously through the Whistleblowing channel. All reports are handled by the Corporate Responsibility Committee (read more about the committee in our section on sustainability governance on page 20).

In 2022, no grievances were reported through Walki's external Whistleblowing channel. In total there were two internally reported cases, which were investigated thoroughly.



Performance 2022

Compliance trainings, incidents and internal audits

	2020	2021	2022
Number of internal audits completed at Walki sites	3	3	2
Code of Conduct Training (%)	86.5	69.9	81.9
Anti-corruption and bribery training* (%)	77.8	69.5	65.8
Business partner guidelines & sanctions policy training* (%)	77.8	69.5	73.5
Number of anti-corruption and bribery incidents	0	0	0
Number of reports made to the Whistleblowing channel	0	0	0

*only white-collar employees

Walki has a clear process for investigating and handling any grievances related to suppliers, subcontractors, or customers. Following a reported grievance, the continuation of the business relationship is assessed after the internal investigation and the final decision is made by the Corporate Responsibility Committee, Executive Vice President in charge and the CEO (Read more about policies related to the supply chain on pages 62–65). When initiating new business relationships, potential partners are always assessed as defined in the Business Partner selection guidelines. Partners are assessed for example against the applicable sanctions lists defined in the sanctions compliance policy.

“Walki has a clear process for investigating and handling any grievances related to suppliers, subcontractors, or customers.”

Responsible value chain

With a global supplier network of 375 suppliers, Walki works continuously to create a strong and sustainable supply chain with the needs of customers as the priority. We have a growing responsibility and potential to help our suppliers meet higher sustainability standards and continuously develop their operations.

Our centralised strategic sourcing organisation oversees the selection of suppliers and assessment of their responsibility. By cooperating with our suppliers and setting stricter sustainability requirements, we seek to drive positive change in our supply chain. During 2023 we continue to organize sustainability workshops with strategic suppliers.

Gaining insight into supply chain impacts

While often challenging, we strive to understand the potential environmental and social impacts of our global supply chain. Gaining visibility into practices further along the value chain is critical for the mitigation of risks. We are looking to gain more insight into suppliers' sustainability performance and increasing transparency to respond

“We have a growing responsibility and potential to help our suppliers meet higher sustainability standards and continuously develop their operations.”

to stakeholders' growing demands related to supply chain responsibility. Walki's sourcing is also affected by tightening regulation in the EU and extra efforts are made to prepare for the changing requirements.

Requiring certificates, such as ISO 14001 and ISO 9001, from our suppliers and simplifying our sourcing by purchasing directly from suppliers, rather than third parties such as traders or agents, are some of the key steps we are taking to improve transparency. We purchase from suppliers that have established environmental, quality, occupational health, and safety management systems in place. In some cases, alternative quality assurance is utilised if certified quality management systems are not available.

When evaluating the sustainability of our supply chain, both environmental and social responsibility standards are carefully considered. Minimizing our GHG emissions and ensuring the responsibility of the raw materials we source play an important role in our supply chain management (read more on pages 28–35 and 36–41). In addition, we are committed to ensuring that our standards for health and safety, human rights and business ethics are upheld (read more on pages 52–55 and 58–61).

In 2022, Walki's centralised supply chain team focused on the assessment of plastics suppliers. The objective was to better understand suppliers' sustainability performance and ensure the sourcing of high-quality recycled materials.

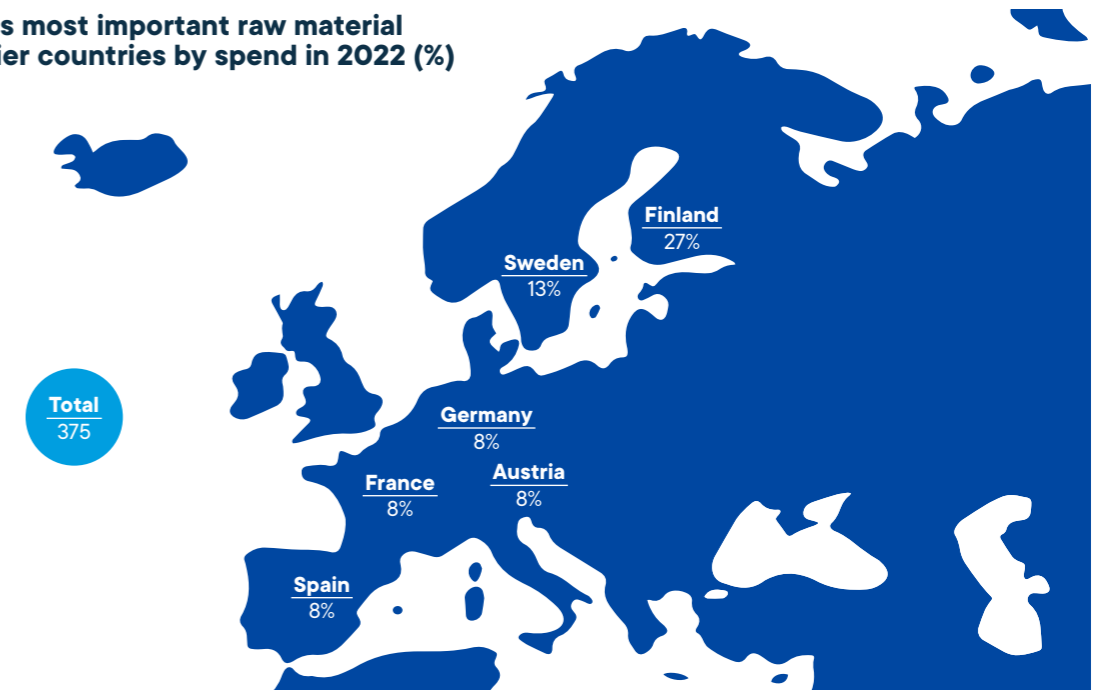
Engaging with our suppliers

Our Supplier Code of Conduct outlines the sustainability standards that we expect all our suppliers to commit to. It covers compliance with laws and regulations, bribery and anti-corruption, business ethics, labour and human rights, discrimination, health and safety, and environment. Our

target is that all suppliers have formally committed to the Supplier Code of Conduct. In cases where the supplier follows their own code of conduct, we investigate and confirm whether it is aligned with Walki's standards.

In addition, suppliers are guided by our Supplier Handbook, which sets the minimum ESG requirements that they need to fulfil. In the handbook, we outline the certificates that are required from suppliers, which vary depending on the type of raw material or other goods supplied to Walki. During 2023, we aim to further develop the Supplier Handbook

Walki's most important raw material supplier countries by spend in 2022 (%)



to align minimum environmental requirements with the sustainability targets that we have set in 2022 (see page 18). Moreover, the sustainability targets will have an important impact on our selection criteria for suppliers in the future.

Walki has identified a need for closer collaboration with suppliers to align common sustainability efforts. To help reach our sustainability targets together, we plan to engage with our strategic suppliers and organize workshops to facilitate the planning of sustainability actions, with a focus on decarbonization and supply of recycled and renewable plastic alternatives.

Assessing sustainability risks in our supply chain

Walki has established a clear process for ensuring that our standards are upheld by our suppliers. New suppliers are screened utilizing a comprehensive ESG evaluation

process, which includes a risk evaluation and an ESG audit conducted by an external partner. We pay particular attention to auditing suppliers operating outside of the EU. If the supplier is considered risk-prone, a further assessment is conducted by the external partner. The process was developed in 2021 to strengthen our risk management. After the successful piloting, ESG evaluations and audits continued in 2022. Our target is that all new suppliers are screened, and they have signed Walki's Supplier Code of Conduct.

Our approach for assessing the responsibility of our value chain also includes self-evaluation questionnaires, a self-evaluation tool and site audits for partners. In 2022, 10 suppliers were evaluated using our tool and the average score was 70 (on a scale of 1-100). The supplier evaluation system was developed and improved during the year for faster and more accurate internal response but with fewer



Performance 2022

Walki's suppliers

	2020	2021	2022
Number of suppliers	376	409	375
Number of main suppliers (purchase more than 1 MEUR)	48	75	81
Share of suppliers in risk prone countries (%)	14	14	14
Share of new suppliers that have signed or been reviewed to be consistent with supplier code of conduct (%)	94	93	92
Share of all suppliers that have signed or been reviewed to be consistent with supplier code of conduct (%)	61	63	65
Share of raw material suppliers that do not have a certified quality management system in place (%)	22	26	31
Number of suppliers evaluated	69	61	10
Suppliers' average score*	78	61	70
Number of suppliers audited	1	1	3
Share of supplier contracting (%)	5	7	7

*Scale 1-100

annual supplier evaluations compared to previous year. Separate supplier ESG audits were started to examine suppliers' existing practices and cooperate with them to develop and share best practices that help minimize risks. In 2022, 3 Walki suppliers were ESG audited.

During the past year, international sanctions against Russia, due to the war in Ukraine, have had an impact on our sourcing. Walki strongly condemns Russia's invasion of Ukraine and suspended all cross-border trade with Russia and Belarus immediately after the attack in February 2022. Alternative suppliers were quickly sought out.

“Walki has established a clear process for ensuring that our sustainability standards are upheld by our suppliers.”

Product responsibility

Product responsibility at Walki means maintaining high standards in quality, safety, health, and environmental aspects throughout the product life cycle.

These aspects, accompanied by laws, regulations and strict food safety and construction standards, form the basis for our product responsibility principles, which we adhere to in all our operations. However, we want to think beyond mandatory compliance to offer coherent and mindful solutions for our customers and therefore we guide our product responsibility also through our sustainability focus areas (read more on page 18). This means that we aim to provide our clients materials which are durable, recyclable, compostable, renewable and have a low carbon footprint. To increase the circularity and lengthen the life cycle of our products, product development has a significant emphasis in our business. We seek to maximize our positive impact by offering sustainable packaging that protects goods and construction materials that ensure energy efficiency, good air quality and fire safety.

We follow three quality guidelines in our operations:

1. Right first time
2. Quality secures our future
3. I can make a difference

Understanding the customers' needs is essential

We analyse all customer claims and remarks to identify and eliminate the root causes. It is important to work in close cooperation with our customers to understand the mechanisms causing the issue. In addition, emphasis has been put on conducting a similar analysis also for the internal quality deviations and ensuring robust internal processes designed for quality. Another focus area for Walki is the cooperation with our customers and raw material suppliers to better meet the customer demands. The more we cooperate and understand our upstream and downstream value chain, the more we can make better decisions to serve customer needs.

Customer complaint level

Walki's target is to reduce the amount of customer complaints both in numbers and in value. In 2022, the net costs of claims in relation to the Group turnover decreased from 0.24% (2021) to 0.14%, which was below our target level of 0.19%. We received a total of 582 customer claims and 308 remarks which equals approximately to an average of 74 complaints per month. Excluding the two acquisitions made in 2021, the monthly number of complaints per plant remained on the same level as in 2021.

Developing the quality process

One of the actions of our continuous improvement roadmap is to train Walki plants to use a systematic problem-solving method. To enhance communication and improve implementation of corrective actions, we involve persons from various functions in this process.

A second focus point for Walki during 2022 has been to ensure that all internal processes are designed to ensure the quality performance.

The main challenges relating to quality during 2022 were related to the visual quality of the product and product profile. The number of complaints related to raw material quality and new product trials were reduced, leading also into a lower net claim cost.

Customer Satisfaction

Walki's customer satisfaction is followed up frequently with satisfaction indicators after each sales customer visit. If a customer is unsatisfied, the reason for dissatisfaction is recorded to be able to analyse the cause and make corrective actions.

In 2022, total of 1,434 customer and prospect visits were made, and the percentage of customer satisfaction increased from 87% to 93%. The main reasons for unsatisfaction were quality (53%), price (32%) and lead time (15%). Customer interviews were also conducted by a third party. Based on the interviews, Walki's biggest strengths are good quality, technology, and product portfolio as well as sustainability.



“We seek to maximize our positive impact by offering sustainable packaging that protects goods and construction materials that ensure energy efficiency, good air quality and fire safety.”

In addition to product and delivery quality, the smooth delivery of documentation and other information needed by the customer is becoming a more important part of customer satisfaction and good customer service. This includes, for example, availability of sustainability related data regarding the products. During 2023 we will put even more emphasis on recognizing the most important data needs and establishing efficient data collection and document creation processes to ensure that the required information will be readily available.



Delivery performance

At Walki, we strive to continuously improve our delivery performance. We track our On Time, In Full performance as well as order confirmation time to improve efficiency and planning processes. During 2022 the main reasons resulting in reduced delivery performance and confirmation time levels were connected to disturbances on the supply side, e.g., strikes and transportation congestions.

To improve performance tracking and customer satisfaction, we are currently standardising our monitoring practices and developing the related planning processes

and roles with the roll out of the new ERP (Enterprise Resource Planning) system in 2023. The current figures include only 9 plants, as these plants utilize the existing ERP system. The new ERP system change enables us to improve the ways of measuring Supply Chain KPI: s in the future.

To tackle challenges related to supply chain disturbances and high order volumes during 2022, Walki focused on utilising our full production network, by reallocating production volumes between plants and production lines as if needed.

Order confirmation time*

	2020	2021	2022
On-time, In-full (OTIF) (%)	75	62	61
Order confirmation time (%)	74	68	65

*Walki uses On Time, In Full (OTIF) performance to measure delivery performance. OTIF measures when the material is produced to stock and does not account for delivery. Thus, it is utilized to track internal efficiency at Walki. In Full requires that the produced amount is within +/- 10% of the confirmed volume. One of our Key Performance Indicators for Customer Service is order confirmation time. It tracks the share of orders confirmed within 48 hours after order receipt from the customer.

Number of claims (pcs)

	2020	2021	2022
Number of claims	443	453	582
Number of remarks	253	326	308
Total	696	779	890

Data collection methodologies

This section describes the data collection procedures and calculation methodologies used to produce the sustainability related figures presented in this report. Data collection methodologies are continuously developed to improve data quality and level of detail.

Data collected from Walki plants

The figures presented in the following section are based on the data provided by Walki plants:

- Responsible raw materials
- Health and safety

All Walki plants also provide information about their direct and indirect energy use, energy sources and direct emissions. This information is used in the Scope 1 and Scope 2 GHG emission calculations.

All Walki's plants gather their environmental and social data to our Corporate Sustainability Management (CSM) platform. This data includes for example their yearly material use, waste amounts and treatment, energy use, emissions, water use and employee and safety performance figures.

Data collected from group level functions

The figures presented in the following sections are based on the data provided by the group level functions:

- Governance and economic performance (provided by the finance function)
- GHG emission reductions (provided by the sustainability function)
- Zero-waste future (provided by the sustainability function)
- Employees (provided by the HR function)
- Business ethics and human rights (provided by the HR and compliance functions)
- Responsible value chain (provided by the sourcing function)
- Product responsibility (provided by the supply chain function)



Data sources

Both plant level and group level data are mostly based on actual measurements, billing information, HR documentation and similar primary data sources. As an exception, the energy source data for four of Walki's plants is based on information from 2021 as information on the energy source in 2022 was not made available before the publication of this report. Material use is based on primary data on material deliveries to Walki plants as the actual material usage is not monitored with the same level of detail. Waste amounts are partly based on estimations. Scope 3 was calculated for the first time for years 2021 and 2022 and is therefore based on some assumptions and estimations. This includes the following categories: Business Travel, Employee Commuting, Transportation and

Company vehicles. Our aim is to develop data gathering and improve the level of accuracy for these categories in the future.

For GHG emission calculations we use emission factors (e.g., kgCO₂e/ton of raw material or kg CO₂e/MWh of energy from natural gas) provided by an experienced external sustainability consultant, who has selected the most accurate emissions factors from LCA databases and other reliable secondary data sources. All figures mentioned in this CSR report, including GHG emissions, have been calculated with a BI Reporting tool, a function in the CSM platform.

Certifications

Site	Quality ISO 9001:2015	Environment ISO 14001:2015	Occupational Health and Safety ISO 45001:2018	Food safety ISO 22000: 2018, ISO/TS 22002- 4:2013	Food safety BRC-GS	Food safety EN 15593	Forest FSC CoC, FSC CW*	Forest PEFC CoC*	Energy ISO 50001:2018	Sustainable materials ISCC Plus
Finland, Valkeakoski	○	○	○	○			○	○	○	○
Finland, Pietarsaari	○	○	○	○			○	○	○	○
Finland, Ylöjärvi	○	○	○	○			○	○		
Germany, Steinfurt	○	○	○			○	○	○	○	○
Poland, Jatne	○	○	○		○		○	○		
Poland, Kwidzyn	○						○	○		
Poland, Wroclaw	○		○	○			○	○		○
Belgium, Duffel	○	○	○				○			
The United Kingdom, Garstang	○	○	○	○			○	○		
Russia, Svetogorsk	○	○	○							
Spain, Murcia	○	○	○		○					
France, Saulcy-sur-Meurthe ja Chatenois		○					○			
China, Changshu	○	○	○		○		○			
Finland, Vaasa**					○					○
Finland, Säkylä**					○					○
Germany, Wendorf**	○				○		○			

*FSC Chain of Custody, FSC Controlled Wood and PEFC Chain of Custody are certifications that verify that wood fiber comes from sustainably managed forests.

**New acquisitions made in 2022.

GRI Content index

Standard or disclosure	Report section	Pages	Comment or reason for omission
GRI 2: General Disclosures 2021			
2-1 Organizational details	Report details	3	
2-2 Entities included in the organization's sustainability reporting	Report details	3	
2-3 Reporting period, frequency and contact point	Report details	3	
2-4 Restatements of information	Report details	3	
2-5 External assurance	GRI Index		This report has not been externally assured.
2-6 Activities, value chain and other business relationships	Walki's business and strategy, Responsible value chain	11 & 60-63	
2-7 Employees	Employees (Walki's employees in 2022)	49 & 51	The year-end headcount of Walki was 1,484. The reporting on social indicators is limited to Walki's own employees at 14 of Walki's plants and at Walki's headquarter. The personnel figures do not include people working in the sales offices and people on a long-term leave. Information on non-guaranteed hours employees is not included in this report.
2-12 Role of the highest governance body in overseeing the management of impacts	Governance and economic impact (Sustainability governance)	20 & 22	
2-13 Delegation of responsibility for managing impacts	Governance and economic impact (Sustainability governance)	20	
2-14 Role of the highest governance body in sustainability reporting	Governance and economic impact (Sustainability governance)	20	
2-16 Communication of critical concerns	Governance and economic impact (Sustainability governance), Business ethics and human rights (Reporting and investigating suspected misconduct)	20 & 58	
2-22 Statement on sustainable development strategy	The year in brief by Walki CEO	6-9	
2-23 Policy commitments	Business ethics and human rights, Responsible value chain	56 & 61	

Standard or disclosure	Report section	Pages	Comment or reason for omission
2-24 Embedding policy commitments	Business ethics and human rights (Embedding Walki's ethical principles), Responsible value chain	56–57 & 61	
2-26 Mechanisms for seeking advice and raising concerns	Business ethics and human rights	58–59	
2-27 Compliance with laws and regulations	GRI Index		There were no cases of non-compliance with laws and regulation in 2022.
2-28 Membership associations	GRI Index		Main memberships: PU Europe (Polyurethane organization), The Finnish-British Trade association Suomen pakkausyhdistys ry (Packaging association of Finland), EcoVadis, British Plastics Federation, VVK (Verband Vollpappe Kartonagen e.V.), FSC, PEFC and ISCC.
2-29 Approach to stakeholder engagement	Sustainability focus areas and process to define them, Stakeholder engagement	14, 18, 24–25	
2-30 Collective bargaining agreements	Employees (Walki's employees in 2022)	49	
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	Sustainability focus areas and process to define them	14–18	
3-2 List of material topics	Sustainability focus areas and process to define them	16 & 18	
3-3 Management of material topics	GRI Index		The management of each material topic is described in the sections covering the corresponding topic (Responsible raw materials: materials, water and effluents, emissions, waste; GHG emissions reduction: energy, emissions; Employees: training and education, diversity and equal opportunity; Health and safety: occupational health and safety; Business ethics and human rights: Anti-corruption; Responsible value chain: Supplier social assessment).
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	Governance and economic impact (Economic performance and impact)	23	
GRI 205: Anti-corruption 2016			
205-2 Communication and training about anti-corruption policies and procedures	Business ethics and human rights	56	
205-3 Confirmed incidents of corruption and actions taken	Business ethics and human rights	59	

Standard or disclosure	Report section	Pages	Comment or reason for omission
GRI 301: Materials 2016			
301-1 Materials used by weight or volume	Responsible raw materials	31	
301-2 Recycled input materials used	Responsible raw materials	31	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	GHG emission reductions	38, 39 & 40	
302-3 Energy intensity	GHG emission reductions	39 & 40	
GRI 303: Water and Effluents 2018			
303-3 Water withdrawal	Responsible raw materials	32 & 33	
303-4 Water discharge	Responsible raw materials	32 & 33	One of Walki's plants withdraws water from a nearby canal and another withdraws water from a nearby lake. Both withdraw water in accordance to their environmental permits. Neither has a significant effect on the water source.
303-5 Water consumption	Responsible raw materials	32 & 33	
GRI 304: Biodiversity 2016			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	GRI Index		Walki has no operations close to land areas of high biodiversity value.
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	GHG emission reductions	38 & 39	
305-2 Energy indirect (Scope 2) GHG emissions	GHG emission reductions	38 & 39	
305-3 Other indirect (Scope 3) GHG emissions	GHG emission reductions	38 & 39	
305-4 GHG emissions intensity	GHG emission reductions	38 & 39	
305-5 Reduction of GHG emissions	GHG emission reductions	38, 39 & 40	
305-6 Emissions of ozone-depleting substances (ODS)	Responsible Raw Materials	NA	All operations are free of ozone-depleting emissions.
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Responsible Raw Materials	34	

Standard or disclosure	Report section	Pages	Comment or reason for omission
GRI 306: Waste 2020			
306-2 Management of significant waste-related impacts	Responsible Raw Materials	32	
306-3 Waste generated	Responsible Raw Materials	32	
306-5 Waste directed to disposal	Responsible Raw Materials	32	
GRI 403: Occupational Health and Safety 2018			
403-2 Hazard identification, risk assessment, and incident investigation	Health and safety	52–54	The reporting is limited to Walki's own employees. Information on gender and region is considered as proprietary information, however the data is internally available.
403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety	52–54	Walki acts according to national and international laws and regulations in the countries where we operate. In Finland health and safety topics are covered by collective bargaining agreement. In other Walki operating countries we have health and safety programs in place.
GRI 404: Training and Education 2016			
404-2 Programs for upgrading employee skills and transition assistance programs	Employees, Business ethics and human rights	50 & 56–57	Walki has a skills evaluation program in place, personal development plans are made based on the evaluation. The indicator is not further reported upon due to the proprietary nature of the information.
404-3 Percentage of employees receiving regular performance and career development reviews	Employees	50	Information by gender or region is not disclosed due to proprietary nature of information.
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	Employees	51	Information about employees is not divided per employee category due to proprietary nature of information.
GRI 406: Non-discrimination 2016			
406-1 Incidents of discrimination and corrective actions taken	GRI Index		No incidents of discrimination were detected in 2022.
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	Responsible value chain	62–63	