

# SBTi – Progress Report 2023

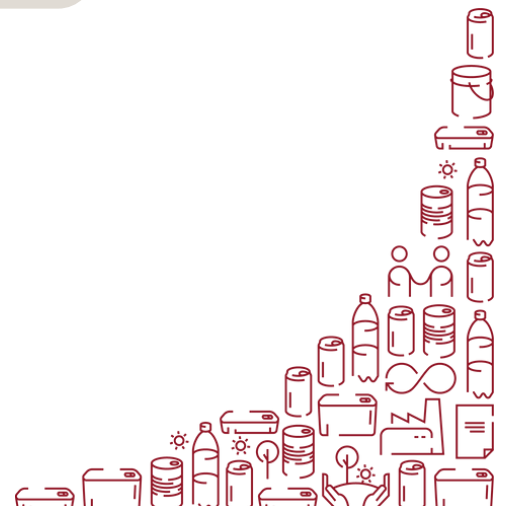


## SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**Disclaimer:**

Page 2 - 5: Data before the inclusion of new acquisition.  
Page 6 and onward: The updated SBTi results including the new acquisition.



# Climate action targets 2030

We recognize the global climate challenges and the need to take actions. In 2023, we committed to the Science Based Targets initiative (SBTi) and got our 2030 targets approved for scope 1, 2, & 3. Our Scope 1&2 target is set within the 1.5°C limit to global warming and our Scope 3 target is set within the 2°C limit to global warming. Both targets are outlined in table 1 below.

In the baseyear 2021, our emissions within purchased goods and services covered 73% of the total scope 3 emissions and lie within the requirements set forward by SBTi.

Each year, we evaluate whether purchased goods and services still cover the required amount of scope 3 emissions.

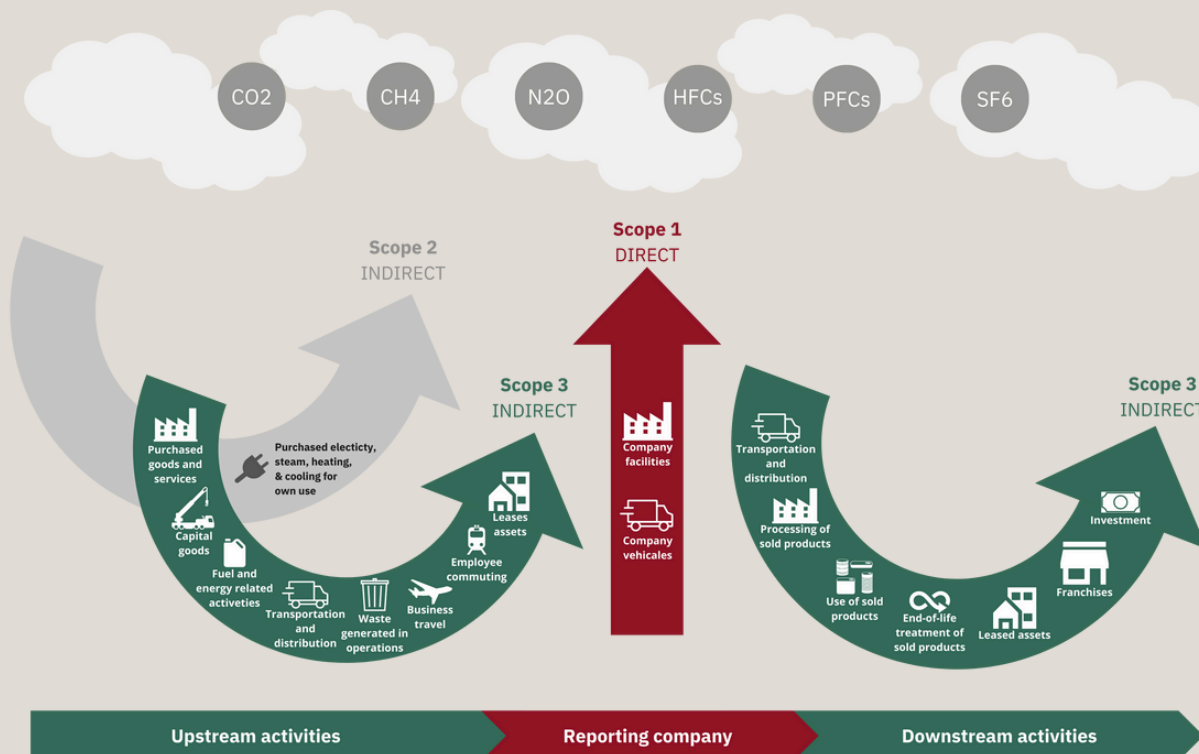
We perform a full scope 1, 2, & 3 GHG emission inventory annually. The reporting period follows the calendar year (CY), running from January 1st to December 31st. Scope 3 was not calculated for CY2022 but will be calculated annually from 2023. In case of significant change compared to the base year, we reserve the right to assess whether a recalculation of our baseline is necessary, according to our approved target review policy.

Target type	Target wording	Scopes covered	Level in Paris agreement
Absolute (near term)	<p>Envases Europe commits to reduce absolute Scope 1 and 2 GHG emissions 42.0% by 2030 from a 2021 base year*</p> <p>*The target boundary includes land-related emissions and removals from bioenergy feedstocks.</p>	1+2	1.5°C
Absolute (near term)	<p>Envases Europe also commits to reduce absolute scope 3 GHG emissions from purchased goods and services 25.0% within the same timeframe.</p>	3	2°C

**Table 1:** Envases Europe's approved Science based targets

## Scope 1, 2, & 3

Scope 1, 2, and 3 refer to different categories of GHG emissions. **Scope 1:** Direct emissions from owned or controlled sources. **Scope 2:** Indirect emissions from purchased electricity, heat, or steam. **Scope 3:** Indirect emissions from the value chain, including suppliers and customers.



**Figure 1:** Scope 1, 2 & 3

# Progress Scope 1&2

## Scope 1&2 result 2023

There was a 16.1% decrease in CO<sub>2</sub>e compared to the 2021 baseline, even with a slight increase from 2022 to 2023. Overall energy consumption for Envases Europe has decreased each year since 2021. However, emission factors have increased at the same time.

## Progress toward our 2030 target

While we have made significant progress towards our 2030 target of -42% compared to emissions in 2021, achieving an average yearly reduction of approximately 8%, there is a concerning factor to note. We observed a 0.3% increase in emissions from 2022 to 2023. This increase underscores the need for continued vigilance and the implementation of further emissions reduction measures. Fortunately, several initiatives are planned to reduce the energy consumption in the following years.

For example, our factory in Skive has switched from gas heating to district heating, and our factories in Öhringen are implementing PV systems to lower their electricity need from the grid. Moreover, at group level in 2021 sources of renewable electricity made up 0.9% of the total consumption (73% was purchased and 27% self-generated), whereas in 2023 3% of our electricity consumption came from renewable sources (40% was purchased and 60% was self-generated).

## Effects on Scope 1&2 in 2023

The emission factors increase because more green certificates are sold to the market, making the CO<sub>2</sub>e factor worse for the rest of the market. In some countries, electricity sources have also shifted from sustainable sources to fossil fuels, which has significantly impacted the change from 2022 to 2023.

## Progress overview

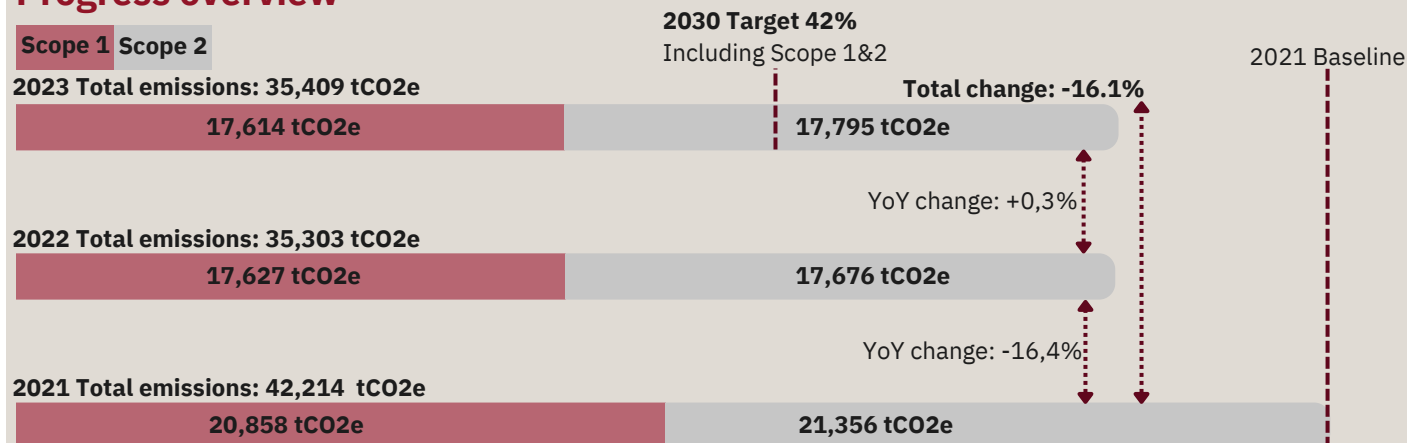


Figure 2: Scope 1&2 progress

## Target progress

Target:	
Total Scope 1 + Scope 2 (Market based) (tCO <sub>2</sub> e)	
2023 compared to 2021 (%)	2030 target completion (%)
<b>-16.1%</b>	<b>38%</b>

Table 2: Scope 1&2 target progress

# Progress Scope 3

## Scope 3 result 2023

The 2023 result of -15% reduction means we have completed 61% of our intended 2030 target. Our achievements show we are well on track and can focus on long-term strategies for reducing our CO2e intensity of metal through joint efforts in the value chains.

Since our approved target for Scope 3 is based solely on Scope 3 cat. 1.1, we must ensure that this section is still more than 2/3 of our total emissions. In 2023, Scope 3 cat. 1.1 made up 76% of the total Scope 3 emissions and is, therefore, still a valid target to use. Scope 3 is also still, by far, the largest contributor to our emissions, with 93.3% of emissions stemming from our value chains.

## Effects on Scope 3 in 2023

In 2023, SBTi decided to ban Quantis tool, forcing a change in the calculation method for Scope 3 results. Since Schneider Electric already conducts our calculations, a shift to Schneider Electric's standard Scope 3 tool was decided. Since a new calculation method was used, Schneider Electric conducted a Scope 3 analysis and quoted their results: *"The change in Scope 3 target emissions does not affect the target %, so no target update or re-baselining is needed."*

Moreover, this switch in the calculation tool did not impact the target reduction since Scope 3 Category 1.1 was calculated based on activity with emission factors sourced from our LCA tool.

## Data limitations

We want to disclose our data limitations to help you better understand our Scope 3 and why we chose Category 1.1 as the target.

Our Scope 3 emissions, apart from Category 1.1, Category 10, and Category 15, have been calculated from a spend-based perspective. Scope 3 Category 1 purchased goods and services account for the largest share of emissions in Scope 3 (90.4%), and we expect to improve the quality of the spending data by understanding the spending on the subcategories and not only the high-level categories. Envases Europe will communicate this in next year's report if this target still needs to be reached. Scope 3 category 1.1 basic metals is the only category not calculated spend based but using emission factors from the Instant LCA tool by Pilario and the total tonnage purchased.

Category 10 has been calculated based on an estimate of the company's energy use by experts inside the company. Category 15 is calculated based on revenue, comparing the invested company with the investee and assuming the same emissions per dollar spent.

## Target Progress

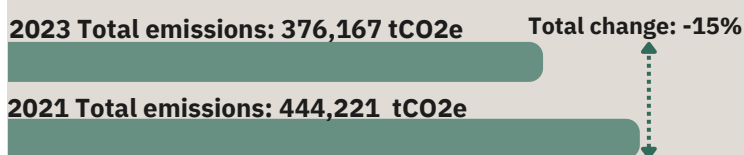


Figure 3: Scope 3 progress

Target: Scope 3 (tCO2e)	
2023 compared to 2021 (%)	2030 target completion (%)
-15%	61%

Table 3: Scope 3 target progress

## Scope 3 breakdown by category 2023

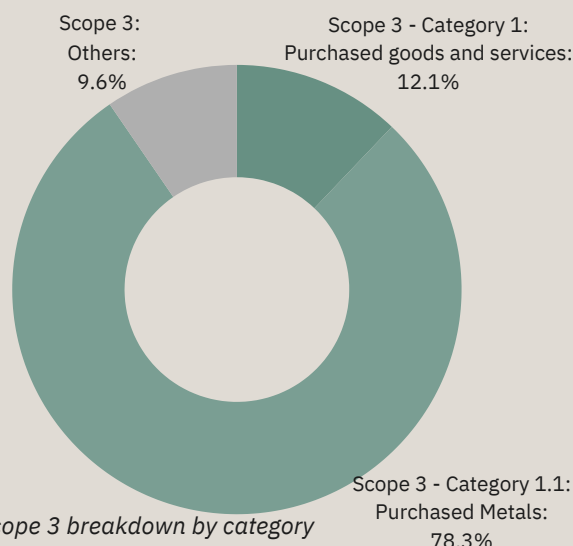


Figure 4: Scope 3 breakdown by category

# Scope 3 GHG Emission Inventory

Category	Result tCO2e CY 2023	Results tCO2e CY 2022*	Result tCO2e CY 2021
Category 1 Purchased goods and services	448,780	-	546,511
Category 1.1 Metals	388,674	-	465,340
Category 2 Capital goods	10,284	-	14,389
Category 3 Fuel and energy (not in scope 1&2)	13,278	-	9,496
Category 4 Upstream transportation and distribution	8,444	-	17,926
Category 5 Waste generated in operations	1,077	-	832
Category 6 Business travel	276	-	372
Category 7 Employee commuting	777	-	3,160
<b>Total Upstream emissions</b>	<b>482,916</b>	-	<b>592,659</b>
Category 9 Downstream transportation and distribution	8,897	-	11,568
Category 10 Processing of sold products	276	-	147
Category 12 End-of-life treatment of sold products	2,128	-	2,953
Category 15 Investments	2,095	-	2,142
<b>Total Downstream emissions</b>	<b>13,396</b>	-	<b>16,810</b>
<b>Scope 3 Total</b>	<b>496,311</b>	-	<b>609,497</b>
<b>Total Scope 1, 2 &amp; 3</b>	<b>531,720</b>	-	<b>651,711</b>

# Annex to Progress Report 2023

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## The reason for the Annex

In 2023, we finalized the acquisition of Domiberia Group and added seven new plants to our portfolio. This acquisition will inevitably affect the environmental impacts of Envasés Europe. Therefore, 2021, 2022, and 2023 data were gathered for the new factories to understand if they called for a recalculation of our 2030 target percentage. Once the data was evaluated it was clear that the current 2021 baseline could be adjusted to the new total Scope 1, 2, & 3 impacts without triggering any recalculation and resubmissions of new targets. Moreover, a significant mistake in reporting gas consumption at our Odense location was discovered, and new values have been added to this annex.

These changes to our environmental impacts are why our target progress figures must be updated for all scopes. Furthermore, our progress toward our 2030 target for Scope 1&2 has improved in terms of yearly reductions and our share of renewable energy. The reduction comes even with the increase caused by the updated numbers from Odense. Finally, an updated full GHG emission inventory for Scope 3 is presented.

## Scope 1&2 - Changes to Progress report

The new acquisition has positively impacted our targets, with a new average yearly reduction rising from 8% to 9.5%. This positive change is especially evident in the YoY reduction from 2022-2023, which changed from +0.3 % to -2.5%, despite the increase in emissions from Odense. The reason for the increase in Odense was a result of careful recalculations of the split between the use of natural gas and LPG. The initial reporting indicated a split of 93% natural gas and 7% LPG, but after meticulous recalculations, the actual split was found to be 35% and 65% for natural gas and LPG, respectively.

The largest positive impact of the new acquisition is regarding renewable sources of electricity. Previously, the share of green electricity was 3% of our total consumption, but now it has risen to 13%. The split between purchased and self-generated has shifted from 40/60 to 90/10 for purchased and self-generated, respectively.

### Updated - Progress overview Scope 1&2

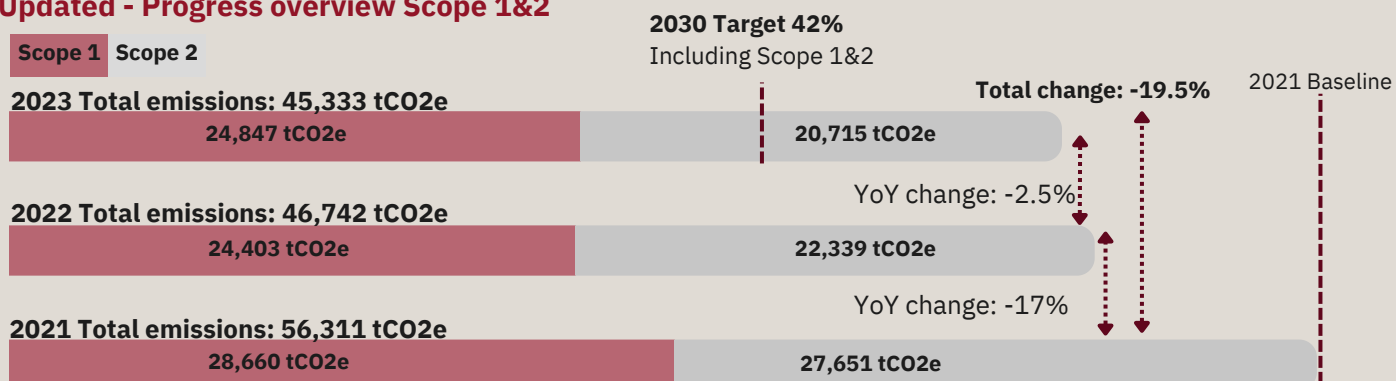


Figure 1: Updated Scope 1&2 progress

### Updated - Target progress Scope 1&2

Target:	
Total Scope 1 + Scope 2 (Market based) (tCO2e)	
2023 compared to 2021 (%)	2030 target completion (%)
-19.5%	46%

Table 2: Updated Scope 1&2 target progress

### Share of renewable energy

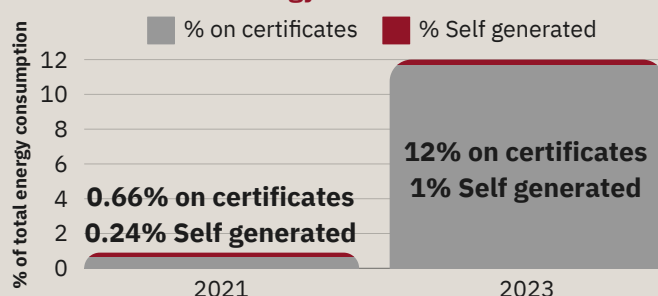


Figure 2: Share of renewable energy at Envasés

# Annex to Progress Report 2023

## Scope 3 - Changes to Progress report

The updated 2023 result shows a 22% reduction, indicating that we have completed 88% of our intended 2030 target. This change is largely due to the positive impact of the new acquisition, which has improved the lower use of steel and aluminum from 20% to 25% and a change in spending on purchased goods and services from +8% to +3%, leading to reduced emissions. This bodes well for our future environmental performance.

Since our approved target for Scope 3 is based solely on Scope 3 cat. 1.1, we must ensure that this section is still more than 2/3 of our total emissions. In the updated 2023, Scope 3 cat. 1.1 made up 75% of the total Scope 3 emissions and is, therefore, still a valid target to use.

## FLAG - Update

As part of SBTi a high-level assessment on FLAG emissions has been conducted to understand if they are relevant for Envases. The FLAG assessment is conducted by evaluating the share of purchased goods that could be considered relevant for FLAG and their shares of our total GHG footprint in 2021 and 2023. Through close collaboration with Schneider Electric our potential FLAG emissions were calculated to be 8.7% in 2021 and 9.6% in 2023. Therefore and to quote Schneide Electric “From this high-level assessment, it emerges that FLAG emissions are not relevant for Envases, therefore no FLAG activity-based calculation is needed and no FLAG target has to be submitted”.

## Target Progress

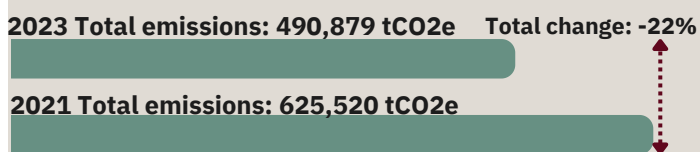


Figure 2: Updated Scope 3 progress

Target: Scope 3 (tCO <sub>2</sub> e)	
2023 compared to 2021 (%)	2030 target completion (%)
-22%	88%

Table 2: Updated Scope 3 target progress

## Scope 3 breakdown by category 2023

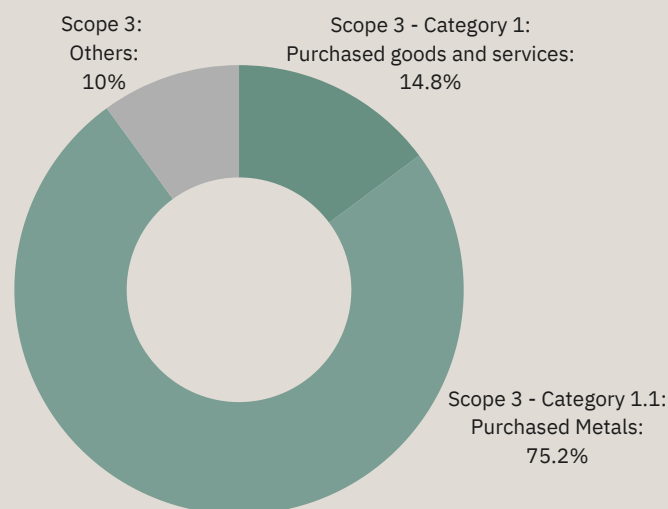


Figure 3: Updated Scope 3 breakdown by category



# Updated – Scope 3 GHG Emission Inventory

Category	Result tCO2e CY 2023	Results tCO2e CY 2022*	Result tCO2e CY 2021
Category 1 Purchased goods and services	587,603	-	720,917
Category 1.1 Metals	490,879	-	625,520
Category 2 Capital goods	11,745	-	6,350
Category 3 Fuel and energy (not in scope 1&2)	15,872	-	16,846
Category 4 Upstream transportation and distribution	16,241	-	23,376
Category 5 Waste generated in operations	1,220	-	999
Category 6 Business travel	457	-	688
Category 7 Employee commuting	991	-	3,160
8. Upstream leased assets	1	-	1
<b>Total Upstream emissions</b>	<b>634,128</b>	<b>-</b>	<b>769,474</b>
Category 9 Downstream transportation and distribution	13,021	-	14,944
Category 10 Processing of sold products	549	-	609
Category 12 End-of-life treatment of sold products	3,272	-	3,959
Category 15 Investments	2,095	-	2,142
<b>Total Downstream emissions</b>	<b>18,938</b>	<b>-</b>	<b>21,654</b>
<b>Scope 3 Total</b>	<b>653,066</b>	<b>-</b>	<b>791,128</b>
<b>Total Scope 1, 2 &amp; 3</b>	<b>698,628</b>	<b>-</b>	<b>847,439</b>

**Table 3: Updated** Scope 3 Full GHG Emissions

\*In 2022 no Scope 3 was calculated since our targets were not approved until 2023 and it therefore was not a requirement