RETAL SUSTAINABILITY REPORT

2018

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2018

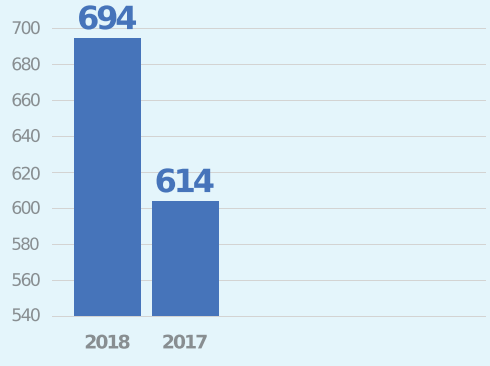
Reporting Period:	2018
Date of last report:	None – first RETAL sustainability report
Periodicity of Report:	Yearly
Contact person regarding the report:	Emmanuel Duffaut Sustainability Director sustainability@retalgroup.com +34 650 450 796

1. INTRODUCTION – GENERAL DISCLOSURE

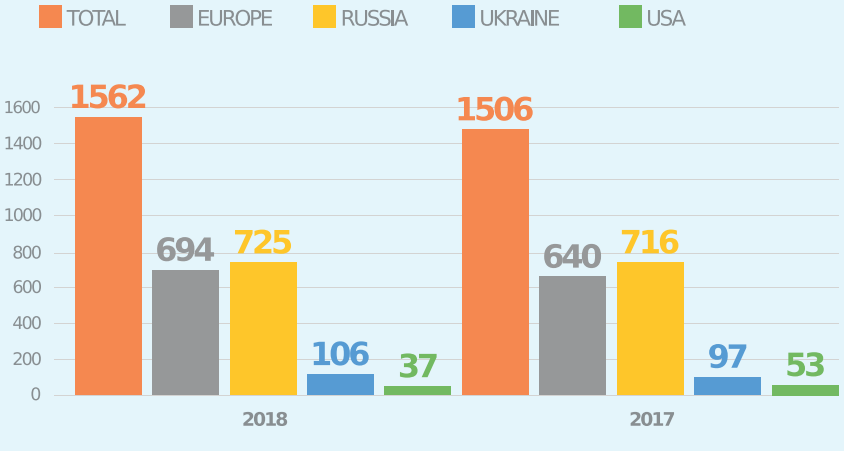
1.1. RETAL OVERVIEW

GRI 102-7

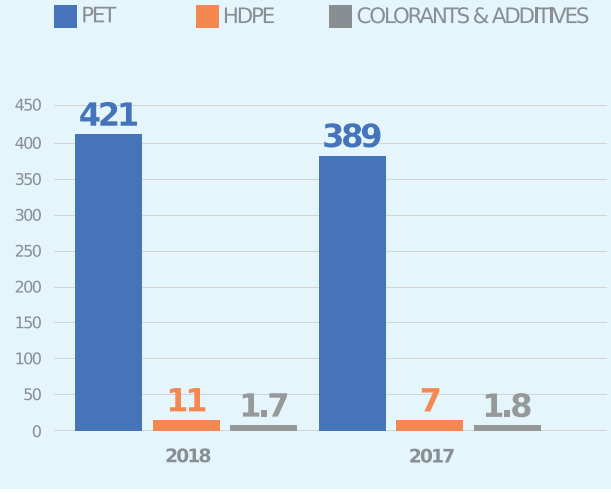
RETAL is a plastic converter producing preforms, closures, containers and films primarily for the food and beverage industry. Working with global and local customers across its 17 plants in Europe, Russia, Ukraine and the US, RETAL employs over 1500 people.



TURNOVER
(MILLION EUR)
Graphic 1



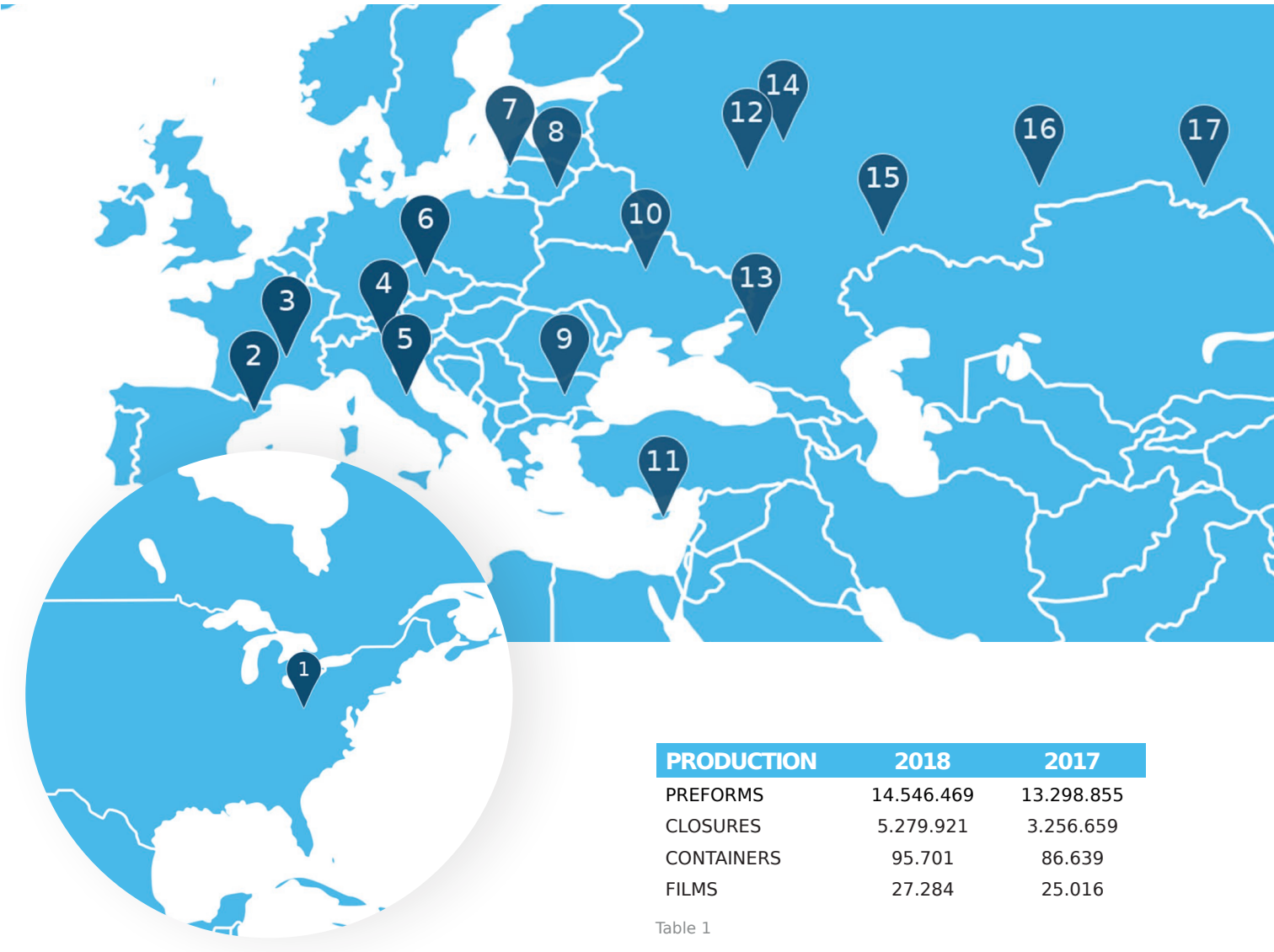
EMPLOYEES
(FTE)
Graphic 2



RAW MATERIAL CONSUMPTION
(KTN)
Graphic 3

1.2. RETAL FACTORIES

GRI 102-7

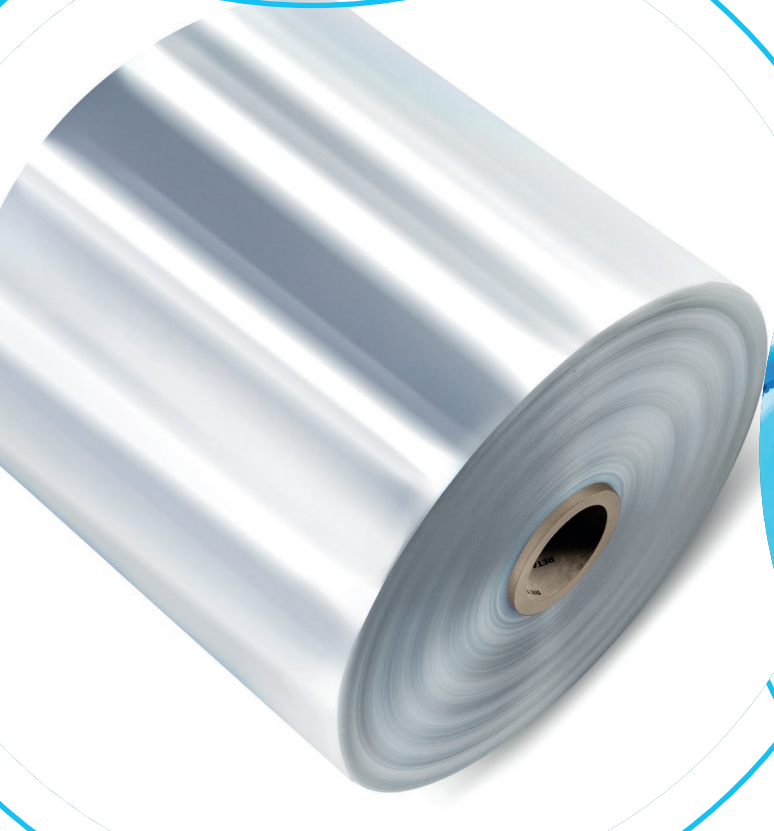


PRODUCTION	2018	2017
PREFORMS	14.546.469	13.298.855
CLOSURES	5.279.921	3.256.659
CONTAINERS	95.701	86.639
FILMS	27.284	25.016

Table 1

PIN NUMBER	COUNTRY, CITY	PRODUCTION
1	USA, Pennsylvania	Preforms, Closures
2	SPAIN, Iberia	Preforms
3	FRANCE, Saint-Alban-les-Eaux	Preforms
4	ITALY, Venice	Preforms
5	ITALY, Province of Ascoli Piceno (Plastec)	Preforms, Containers
6	CZECHIA, Melnik	Preforms
7	LITHUANIA, Klaipeda (Baltic)	Closures
8	LITHUANIA, Lentvaris	Preforms
9	BULGARIA, Sliven	Preforms, Closures
10	UKRAINE, Kyiv	Preforms
11	CYPRUS, Nicosia	Preforms, Containers
12	RUSSIA, Moscow Oblast	Preforms
13	RUSSIA, Rostov Oblas	Preforms
14	RUSSIA, Kaluga	Films
15	RUSSIA, Samara region	Preforms, Containers
16	RUSSIA, Yekaterinburg	Preforms
17	RUSSIA, Omsk Oblast	Preforms, Closures

Table 2



1.3. SUSTAINABILITY STATEMENT
GRI 102-14

"RETAL is focused on the long-term sustainability of our business as a plastic packaging partner and we consider Corporate Social Responsibility (CSR) as a crucial element of our ongoing journey towards success.

As a responsible packaging company, we have assessed and fully appreciate our direct and indirect environmental and social impacts in our value chain such as climate change and plastic pollution and the well-being of our employees and local communities.

In order to ensure that we operate responsibly, mitigating our environmental and social impacts, RETAL has taken a major step forward by creating a specific sustainability department whose Director operates at global level and reports directly to the highest executive body of the company. Our CSR commitments meet the highest standards as well as increasingly-strict legislations and regulations related to sustainability topics.

Following international standards guidance, we have carried out internal due diligences on various CSR subjects, published several policies and prepared the first RETAL's sustainability report for 2018. It demonstrates our commitment towards transparency in CSR, describing achievements in 2018 and our next steps for the medium-term.

Our goal for 2019 and beyond is to structure and improve our sustainability management and actions. We are planning to implement the ISO 26000 standard for CSR management to operate with a holistic, robust and systematic approach internally and externally, with our customers and other stakeholders.
We also appreciate that our supply chain has an impact on our sustainability performance. Therefore, it is important to us that our suppliers also maintain high CSR standards. We plan to evaluate sustainability activities of our partners and assist them to improve their performance, if necessary.

Yuriy Khmara
Member of the Board of Directors

In 2019, we have maintained our effort on climate change (two more factories purchasing 100% renewable electricity) and have started to address the plastic pollution issue by joining initiatives like PETCORE Europe, RecyClass and Waste Free Oceans, to contribute to a more circular economy of PET and plastics.

All these actions will help to keep RETAL as a preferred partner for our customers and as a company where our employees are proud to work."

Yuriy Khmara
Member of the Board of Directors

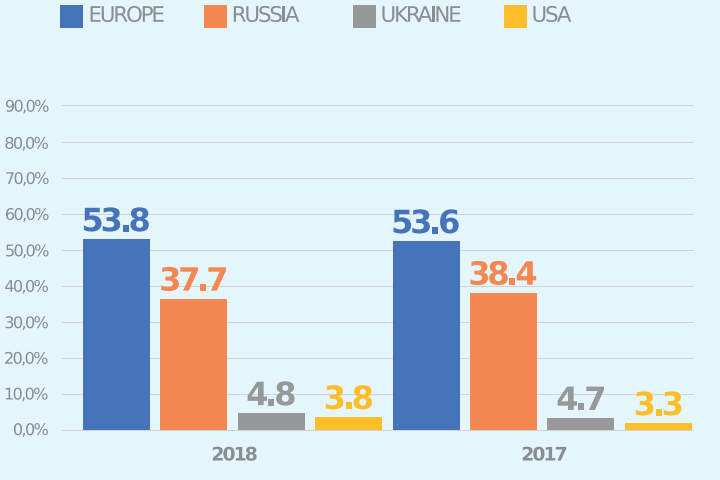
1.4. ORGANISATIONAL PROFILE

GRI 102-1 / 102-2 / 102-3 / 102-4 / 102-5 / 102-6

RETAL INDUSTRIES LIMITED (“RETAL” or the “Company”) and its subsidiaries jointly comprise a group of limited liability companies located in Belgium, Bulgaria, Cyprus, the Czech Republic, France, Germany, Italy, Lithuania, Luxembourg, the Republic of Moldova, the Russian Federation, Spain, Ukraine and the USA. RETAL is a privately-held and limited-liability company organised under the legislation of the Republic of Cyprus where it is headquartered (Limassol).

TURNOVER SHARE BY REGION (%)

Graphic 4



RETAL’s principal activities are the manufacture and sale of plastic packaging products, namely polyethylene terephthalate (PET) preforms, high-density polyethylene (HDPE) closures, and other PET packaging containers, primarily for the food and beverage industries.

RETAL is also engaged in the production and sale of polymer films used for a variety of industrial purposes, including packaging and insulation.

RETAL delivers these products to over 60 countries across Europe, Russia, North America, Africa and the Middle East.

The production and sale of PET resins and polyols are separate and significant elements of RETAL’s business portfolio that will not be included in the scope of this report.

RETAL’s operations are divided internally in four geographical regions, Europe, Russia, Ukraine and USA. Europe and Russia represent the bulk of our production and generate over 90% of our turnover (Graphic 4).

1.5. ABOUT THIS REPORT
GRI 102-46

Through this first sustainability report we intend to provide all our stakeholders with an as-clear-as-possible overview of RETAL's current situation and first steps into our sustainability journey, starting with the CSR topics we have identified as material and how we intend to address them. Also, RETAL plans to use this report as a key element of its stakeholders' engagement and we hope that it will spur comments, questions and suggestions from them that will help us improve our global CSR action (sustainability@retalgroup.com).

RETAL PLANTS

COMPANY NAME	COUNTRY	NB. OF SITES	PRODUCTS
UAB RETAL Lithuania	Lithuania	1	Preforms
UAB RETAL Baltic	Lithuania	1	Film / Closures
JSC RETAL	Russia	6	Film / Closures / Preforms
RETAL Czech	Czech Rep.	1	Preforms
RETAL Ukraine	Ukraine	1	Preforms
RETAL France SARL	France	1	Preforms
RETAL Iberia SLU	Spain	1	Preforms
RETAL Italy SRL	Italy	1	Preforms
RETAL Balkan EOOD	Bulgaria	1	Preforms / Closures
RETAL Cyprus LTD	Cyprus	1	Preforms
RETAL PA, LLC	USA	1	Preforms / Closures
Plastec SRL	Italy	1	Preforms / Closures
RETAL Germany*	Germany	1	Preforms
RETAL Luxembourg*	Luxembourg	1	Preforms

Table 3

(*) RETAL Germany (RGY) and RETAL Luxembourg (RLX) factories stopped their production at the beginning and at the end of 2017 respectively. Both plants' financial results are taken into account in 2018 and 2017 turnover figures (Graphics 1 and 4) and in 2017 raw material supply figures (Graphic 31, Table 28) however, for the sake of comparison and since their production activity was very low, they are not considered in the 2017 and 2018 social and environmental indicators.

This report is aligned with the EU regulations on non-financial reporting, follows the principles and includes disclosure indicators of the Global Reporting Initiative (GRI) standard. The GRI's indicators used are summarised in page 40.
The information and data on social and environmental aspects included in this report only consider the 17 factories of RETAL's preforms, closures, films and containers business and does not include RETAL's PET resins and Polyols production operations (table 3).
This first sustainability report covers the 2018 exercise which will be, from now on, RETAL's baseline year for the reporting of non-financial information. Data from the 2017 exercise are shown in this report only for information purposes.

2. SUSTAINABILITY AT RETAL

2.1. GOVERNANCE AND SUSTAINABILITY

GRI 102-18 / 102-19 / 102-20

RETAL has a lean management structure and is governed by a Board of Directors, composed of chief executives of key business areas (CCO, CFO, CSO, COO) and led by the President, who is also the sole owner.

On a global level, the Board of Directors is supported by a team of function heads, including Communications, IT, Internal Audit, Procurement, Project Management, Sustainability, and Legal, with regional directors supervising RETAL's operations in defined geographical areas. RETAL manufacturing facilities are run by local general managers and their associates.
The Sustainability Director oversees all sustainability-related issues across all departments on a global level with the responsibilities to define RETAL's sustainability strategy, action plan, budget and KPIs, and reports directly to the Board of Directors, who review and approve all relevant decisions regarding sustainability issues.

"This first sustainability report is one of the many steps that RETAL is taking towards sustainable development. I trust that it will meet our stakeholders expectations and I encourage them to share their thoughts, needs and expectations with me to help RETAL improve"
– sustainability@retalgroup.com

Emmanuel Duffaut,
RETAL Sustainability Director.

The Sustainability Director is supported by the RETAL Sustainability Steering Committee which includes senior managers from various departments and has an advisory function on CSR issues related to the company and our supply chain.

RETAL's global objective is to constantly improve our CSR performance and position ourselves as a partner of choice in our sector: Our goal is to reach a 65% score (Advanced Level) by 2022 in Ecovadis which is the CSR assessment platform used by our global customers to evaluate our performance.

To that end, we have decided to manage CSR in a systematic way with a global and value chain approach by implementing the ISO 26000 standard, internally and throughout our supply chain. To help us do that in an efficient way in 2018, we have started to use the CSR Analytics Pro Toolkit designt by the CSR Company International.

GOAL: we aim to reach an EcoVadis score of 65% by 2022 (Advanced level)

ISO 26000 is an internationally-recognised standard for CSR management with a holistic approach focusing on seven core subjects: Organisational Governance, Human Rights, Labour Practices, The Environment, Fair Operating Practices, Consumer Issues and Community Involvement and Development. Implementing ISO 26000 will provide robustness and transparency to our action and allow RETAL to align with European recommendations in terms of non-financial reporting.

ISO 26000 STANDARD 7 CORE SUBJECTS

Graphic 5

2.2. MANAGEMENT APPROACH, MATERIALITY AND STAKEHOLDER ENGAGEMENT

GRI 102-21 / 102-40 / 102-42 / 102-43 / 102-47 / 103-1 / 103-2

For all ISO 26000 “core subjects” RETAL will adopt a “Plan-Do-Check-Act/Adjust” management approach, defining global objectives and targets through policies, implementing action plans with KPIs to reach those targets and retro-adjusting objectives based on results.

In order to prioritise our action, we have performed a preliminary materiality assessment of the core subjects and issues of interest of the ISO 26000 through consultation of internal and external stakeholders.

As we are still working at defining our stakeholder matrix, in this first materiality study we consulted a limited amount of internal and external stakeholders we believed would provide the best input regarding the relevance of each “core subject” and “issues of interest”.

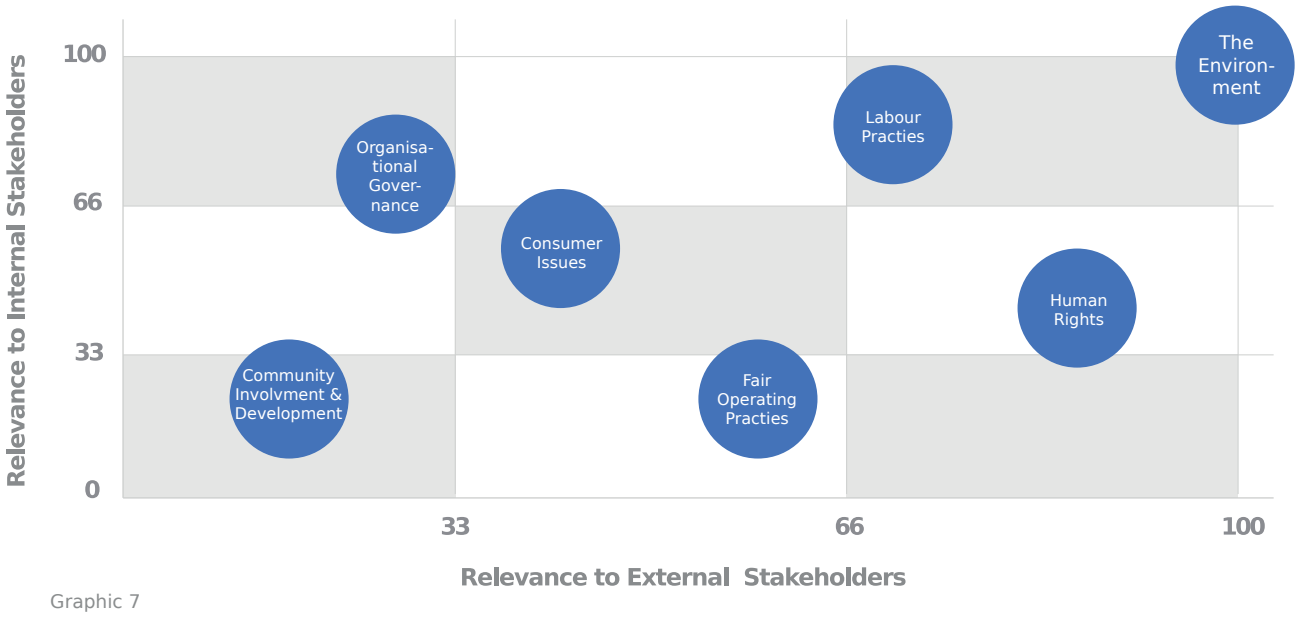
RETAL MAIN STAKEHOLDERS

Graphic 6

To determine their relevance to RETAL, we consulted a group of managers and executives at local (factory), regional and group level from all business areas through a survey. Regarding their relevance to external stakeholders, we engaged with our European customers procurement teams only as they are currently the main drivers in terms of sustainability. We collected their input through our annual customers’ satisfaction survey.
The results of the materiality assessment are shown in the graphic 7 and table 4 below and single out clearly environment and labour practices as the most material topics followed by human rights and consumer issues. However, these results must be considered as indicative only due to the limited amount and type of respondents and their uncertain level of CSR literacy.

MATERIALITY MATRIX – CORE SUBJECTS

RETAL Materiality Assesment 2019



Graphic 7

MAIN ISSUES OF INTEREST

RETAL Materiality Assesment 2019

MAIN CORE SUBJECTS	MAIN ISSUES OF INTEREST
Environment	Climate change Sustainable ressources use
Labour practices	Health and safety at work Conditions of work and social protection Human development and training in the workplace
Human rights	Fundamental principles and rights at work Economic, social and cultural rights Human rights risk situation
Consumer Issues	Protecting consumers health and safety Consumer service, support and complaint and dispute resolution Fair marketing, factural and unbiased inforamtion and fair contractual practices

Table 4

2.3. COLLABORATION & MEMBERSHIPS

GRI 102-13

RETAL strongly believes that partnerships and collaboration are essential to reach impactful results in global sustainability issues. Through its parent company and/or its subsidiaries, RETAL is a member of several CSR platforms and sector associations with a sustainability focus and is actively engaging with customers, suppliers and other external stakeholders to identify collaboration opportunities related to sustainability.

- RecyClass platform
- Waste Free Oceans
- CDP – Carbon Disclosure Project
- SEDEX – Supplier Ethical Data Exchange
- Ecovadis – Supplier sustainability rating
- ARPET – Russian PET association (RETAL is co-founder)
- PETCORE Europe – PET containers recycling
- ANEP - Spanish PET packaging association
- Lithuanian Packaging Association

We see colaboration as an essential aspect to the realization of our sustainbility agenda and are looking forward to establish partnerships with our stakeholders. Reach out to us: sustainbility@retalgroup.com.

3. MATERIAL ASPECTS

3.1. ETHICS AND INTEGRITY - ANTI-CORRUPTION & ANTI-COMPETITIVE BEHAVIOR

GRI 102-16 / 102-17 / 205 / 206

RETAL is at the beginning of its sustainability journey which effectively started in 2018. We are still going through due-diligence exercises focusing on identifying our impacts and need for improvement in each of our material CSR topics, defining corresponding policies, strategies and action plans, responding to customers' requests and building our reporting baseline.

For this reason, in the following sections on the different material aspects, we only indicate general objectives or directions as we are not yet in a position to formulate clear and realistic targets due to lack of comparable data and information over a long enough period of time: for certain CSR topics, data are being collected for the first time in 2018.

To ensure that we operate ethically, with integrity and in the respect of law is the fundamental aspect on which RETAL CSR action is based. Although all our subsidiaries successfully pass ethical audits run periodically by our customers, we have decided to adopt a more global and centralised approach to give more clarity to our stakeholders and we publicly documented our commitment at group level in our Code of Business Conduct (the Code) and Anti-Bribery and Anti-Corruption (ABAC) Policy, formally adopted by RETAL Board of Directors in 2018 (RETAL policies).

We also implemented in 2018 an anonymous whistle-blowing channel (WBC) for our stakeholders, internal and external, to report concerns and potential or actual breach of any of RETAL's policies (RETAL policies) and established an internal protocol to duly investigate all reports and implement appropriate corrective actions if necessary.

In 2018, we communicated both policies and the WBC internally and ensured that all three are available in local languages to all RETAL workers at their workplace and to all stakeholders on our website.

Our next steps to ensure the effective implementation of the Code's ethics provisions, the ABAC Policy and the WBC will consist in:

- Determine employees' awareness of their existence and content through surveys.
- Define and provide ad-hoc information or training to the different employees' categories based on survey's results and their relevance to these topics.
- Conduct periodical risk assessments and establish procedures to control their enforcement.

In 2018, no legal actions were filed against RETAL for anti-competitive behaviour, anti-trust or monopoly practices and no reports were received through our whistle-blowing channel regarding policy violations or any other issue.

3.2. ENVIRONMENT

As shown in our materiality assessment, the environment is the most relevant subject for both our internal and external stakeholders, with essentially two major global issues that our activity, supply chain and products, directly and indirectly, significantly contribute to: climate change and plastic pollution.

As for other environmental impacts, risks assessment conducted in our factories (ISO 14001 certification) didn't reveal any significant concerns: RETAL's industrial processes are purely mechanical and consist in converting PET and HDPE resins into preforms, containers, films and closures, and use no or insignificant amounts of chemicals, low volume of water, generate very low quantities of waste and effluents and do not produce direct air emissions (particles, VOC, NOx, etc.).

As a responsible business, RETAL is committed to mitigate our environmental impacts and we have defined an Environmental Policy (RETAL policies), in which we formalise objectives to measure and reduce our direct and indirect GHG emissions and promote plastic circular economy in order to reduce plastic pollution.

3.2.1 CLIMATE CHANGE
GRI 305

Climate change, aside from being a global threat to our society whose mitigation we want to support, is by far RETAL's most significant environmental impact and our main material aspect, for several reasons:

- Our main customers (global brand owners) have all publicly committed to significantly reduce their carbon footprint to which packaging contributes to a great extent and thus, are increasingly demanding that we help them reach their target by reducing our GHG emissions.
- In the near future, RETAL expects an increase of legal pressure, particularly in the EU and most likely in the form of carbon tax, as all the countries where we operate have signed the Paris Agreement on Climate Change.
- Reducing our carbon footprint can lead to economic savings through optimisation of inputs: the bulk of our GHG emissions are generated by the production of our main raw material - plastic resins - which are fossil fuel-based, and the production of the energy we consume in our processes.

Climate change is therefore one of RETAL's main CSR focus as we have a responsibility to reduce our impact and since it represents risks associated with regulatory and market changes. We will manage our GHG emissions using the usual three steps approach: measure, mitigate and compensate (off-setting). In 2108, we have focused our action on measuring our carbon footprint and on establishing and improving our mitigation activity.

3.2.1.1. Measure

As a first step, RETAL has implemented the systematic calculation and verification by a 3rd party of its corporate carbon footprint according to ISO 14064, to establish an emission baseline and quantify mitigation results on an accurate and credible way. This report includes verified GHG emissions data for 2018 and 2017 however, as for the rest of indicators RETAL's baseline year for GHG emissions will be 2018.
In addition, for more transparency and accountability, in 2019 RETAL will voluntarily and publicly start reporting its corporate carbon footprint and climate change action through the CDP platform.

Over 90% of our global GHG emissions are located upsteam, the production of PET and HDPE resins.

More than 90% of our corporate carbon footprint is represented by our Scope 3 emissions, which include purchased raw material and packaging and 9% by electricity consumption (Scope 2): GHG emissions required to produce the PET resin we use represents 86% of our total emissions alone.

3.2.1.2. Mitigate

In terms of GHG emissions mitigation, RETAL is active on various fronts which have led to significant reduction of GHG emissions of approximately 52.500 tons CO_2eq which represent 5% of our total emissions.

Renewable electricity

Capitalizing on our to Lithuanian factories which have sourced renewable electricity (RE) since 2016, RETAL has started a program to switch to RE whenever possible. In addition to significantly reduce our GHG emissions, it also contributes to a low carbon economy by boosting RE production.
In September 2018, our US subsidiary started to purchase 100% RE bringing our RE volume to 23% of our global electricity consumption leading to a saving in GHG emissions of 32.839 tons CO2eq. In 2019, a further two RETAL plants have started to purchase RE (RETAL Italy and Plastec) and several others will follow: our objective is to reach 85% of renewable electricity in our European operations by 2021.
Also, RETAL Cyprus has been equipped since 2015 with a solar panel installation producing approximately 10% of the plant's electricity needs equivalent to saving in GHG of 242 tons CO_2eq in 2018, and a second photovoltaic installation, the largest in Baltic states with 1.4 MW capacity, was inaugurated in RETAL Lithuania early 2019.

In 2018, 23% of our electricity consumption came from renewable sources (3 factories), saving 32.839 tons CO_2eq.

RETAL Lithuania photo-voltaic installation

GOAL: 85% of renewable electricity in Europe by 2021.

Energy efficiency

RETAL is also very active in terms of energy efficiency through the implementation of energy management systems, with two RETAL plants already certified by ISO 50001, constant investment in efficient equipment (table below) and ongoing process optimisation.

ENERGY EFFICIENCY INVESTMENT

	2018	2017
TOTAL	**792.825 €**	**806.056 €**
EUROPE	761.639 €	733.622 €
RUSSIA	31.186 €	72.434 €
UKRAINE	- €	- €

Table 5

The GHG generated by the production of our raw material, PET and HDPE resins, represents the bulk of our products' carbon footprint (> 85%) therefore any resin saving through products light-weighting has drastic repercussions in terms of GHG mitigation – Our designers team is constantly looking at reducing the weight of our products through more efficient design and in 2018, 44 light weighting initiatives across our operations allowed to save 1.869 tn of resins resulting in a GHG reduction of 4.092 tons CO_2eq.

44 light weighting initiatives allowed us to save 4.092 tons CO_2eq in 2018.

Recycled material / bio-material

In 2018, globally we saved approximately 52.500 tons CO_2eq.

The use of post-consumers recycled resins, aside from contributing to plastic circular economy (see below), is also an efficient way to reduce our GHG emissions as their carbon footprint is much lower than the virgin resins (more than 50%). However, although we have the capacity and know-how to process high quantity of recycled PET (rPET), usage stayed quite marginal at RETAL in term of quantity, basically due to low availability and high cost of food grade rPET, but still represented in 2018 a saving in terms of GHG of almost 15.500 tons CO_2eq.

For the medium to long term, RETAL has started to explore opportunities to use bio-based resins and add renewable materials to resins as a way to decouple from crude-oil based resins and further reduce our products' carbon footprint.

3.2.2. PLASTIC POLLUTION & CIRCULAR ECONOMY

We are working on an action plan throughout our products' life cycle, to contribute to PET circular economy.

The ubiquitous plastic pollution that is undoubtfully damaging ecosystems and biodiversity and clearly must be eradicated has raised an intense and negative media and social pressure on plastic packaging, greatly affecting our value chain image and especially those of our brand owner customers. This phenomenon is generating an emotional response and a perception shift among final consumers that could, in the long term, provoke a rejection of plastic packaging, which would be even more detrimental to nature as alternative packaging materials have higher environmental footprints.

We are conscious that plastic pollution is a global issue and thus requires global solutions but every bits counts and as an element of the value chain that leads to plastic pollution, RETAL feels responsible to contribute to solving this global issue in any way we can by promoting and fostering plastic circular economy: plastic packaging and PET packaging in particular, are recyclable material that still have a high economic value beyond their first use.

To that end, in 2018 we have created an internal working group to identify the different opportunities for action considering the whole life cycle of our products, from raising awareness to acquiring a recycling plant or implementing collection schemes.

In 2019 we will select and start implementing the most relevant and impactful lines of action taking into account RETAL's size and position in our value chain as well as the development of legal frameworks such as the Directive on Single Use Plastics in the European Union.

Our first step has been to join PETCORE Europe, an association representing the whole PET value chain in Europe to collaboratively promote the sustainable development of the PET packaging industry and to work towards increasing collection and recycling of PET packaging.

3.3. HUMAN RIGHTS & LABOUR PRACTICES

GRI 405 / 406 / 407 / 408 / 409 / 412

At RETAL, we consider our employees to be our major asset in our journey towards sustainability and success, so we strive to attract the best talent and retain people for long-term careers. As such, RETAL endeavours to provide high-quality employment and working environments, where our employees are treated fairly, with respect and dignity, where they can develop, reach their potential, and perform their tasks in an optimal and safe way.

In 2018, following our PDCA approach, we have established our Code of Business Conduct, in which we clearly state our commitments to respecting Human Rights and the fundamental Principles and Rights at Work as defined in international declarations, standards and conventions, and a Whistle-blowing channel. Our next steps will be to:

- Provide our employees with additional information and training to ensure proper knowledge and understanding of the Code's provisions on Human Rights and Labour Practices.
- Continue our due-diligence exercise in order to identify impacts and risks related to Human Rights and Labour Practices as well as good practices.
- Define and implement mitigation strategies
- Establish procedures to control the correct enforcement of the Code's provisions on Human Rights and Labour Practices.

In the due-diligence exercise, we will give a special emphasis to Occupational Health & Safety as the health and safety of our employees is of paramount importance to RETAL and, although we operate in countries with strict legislation on this matter and already have very low accident rates, we are constantly looking to improve our performance to reach zero accidents.

Two other main axes of the due diligence will be non-discrimination and personal development. As diversity is a key feature of our workforce and a core value to us, we want to ensure that no discrimination of any kind occurs in our sphere of influence. We are also conscious that training and valuing our employees is an essential part of our success; developing our workers' capabilities and knowledge through training and promoting their advancement will increase their interest and thus their performance.

We will continue our due-diligence on Human rights and Labour practices with special focus on our Health & Safety management and performance.

3.4. SUPPLY CHAIN

GRI 308-1 / 308- 2 / 414-1 / 414-2

Supply chain is a key element of RETAL's sustainability strategy since our main raw materials (PET and HDPE plastic resins) represent our largest economic expense, and their production represents the bulk of our products' environmental footprint.

RETAL'S OPERATIONAL COSTS

	2018	2017
PLASTIC RESINS	79%	76%
COLORANTS, ADDITIVES, PACKAGING	5%	5%
LABOR	6%	5%
ENERGY	4%	4%
TRANSPORT	3%	3%
MAINTENANCE	2%	2%
OTHER COSTS	3%	4%

Table 6

In 2019, RETAL will initiate a sustainable procurement program aiming at assessing the sustainability performance of our suppliers, according to ISO 26000 and/or other recognised assessment platforms and CSR standards, in order to identify potential risks and mitigate them but also to start gradually integrating CSR aspects into our purchasing.

4. INDICATORS

RETAL Environmental and Social main indicators (GRI standard)

4.1. MATERIALS

GRI 301-1 / 301-2

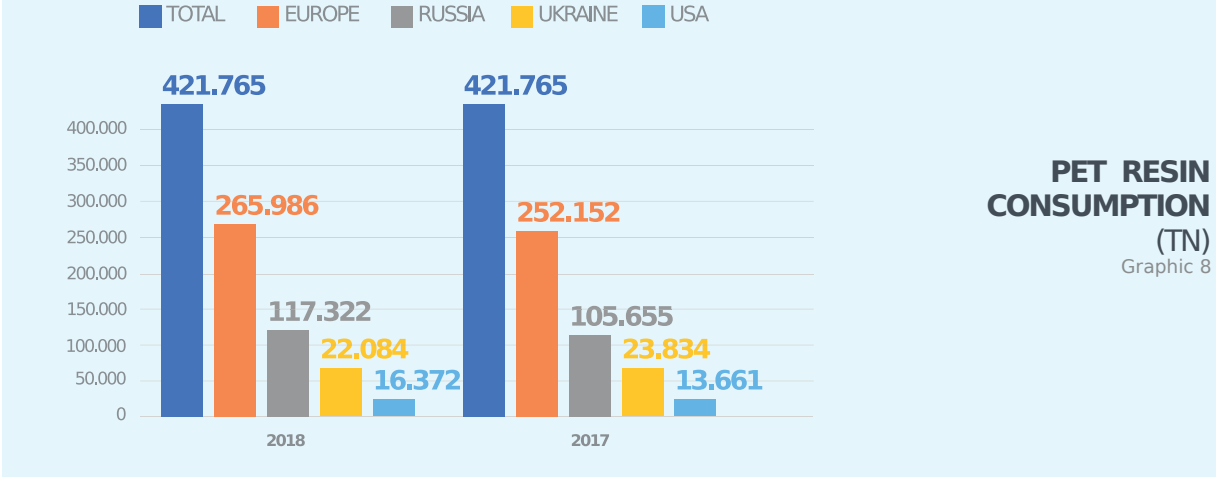
RETAL's main raw material by far is PET resin, which represents over 95% of the total volume, followed by HDPE resin with and additives and colourants (Table 7)

RETAL'S RAW MATERIAL BREAKDOWN

	2018	2017
PET	96,97%	97,70%
HPET	2,63%	1,9%
COLORANTS & ADDITIVES	0,40%	0,42%

Table 7

4.1.1. Raw material consumption



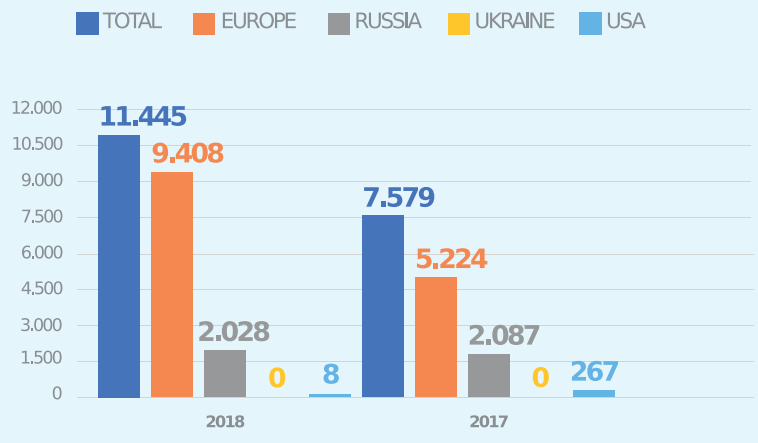
PET RESIN CONSUMPTION (TN)

Graphic 8

PET RESIN CONSUMPTION (TN)

	2018	2017
TOTAL	**421.765**	**395.302**
EUROPE	265.986	252.152
RUSSIA	117.322	105.655
UKRAINE	22.084	23.834
USA	16.372	13.661

Table 8



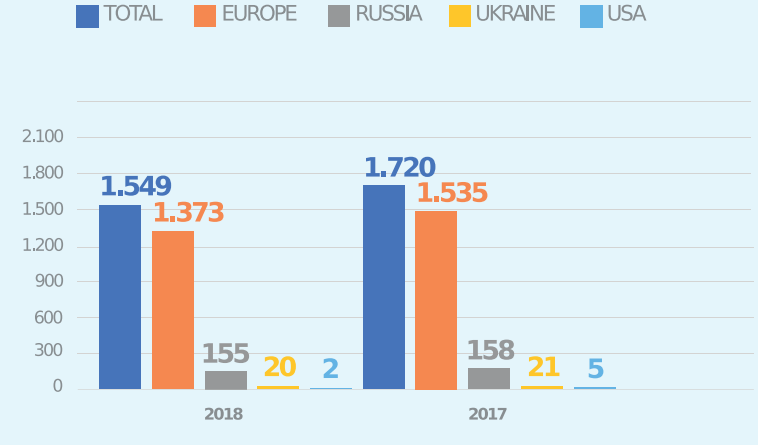
HDPE RESIN CONSUMPTION (TN)

Graphic 9

HDPE RESIN CONSUMPTION (TN)

	2018	2017
TOTAL	**11.445**	**7.579**
EUROPE	9.405	5.224
RUSSIA	2.028	2.087
UKRAINE	0	0
USA	8	267

Table 9



COLORANTS & ADDITIVES CONSUMPTION (TN)

Graphic 10

COLORANTS & ADDITIVES CONSUMPTION (TN)

	2018	2017
TOTAL	**1.549**	**1.720**
EUROPE	1.373	1.535
RUSSIA	155	158
UKRAINE	20	21
USA	2	5

Table 10

The recycled raw material used by RETAL is essentially recycled PET (r-PET), to produce preforms and films in our European operations exclusively. Consumption remains very marginal (≈ 3%) mainly due to lack of demand from our customers and low availability and high cost of food grade quality r-PET.

RECYCLED MATERIAL CONSUMPTION

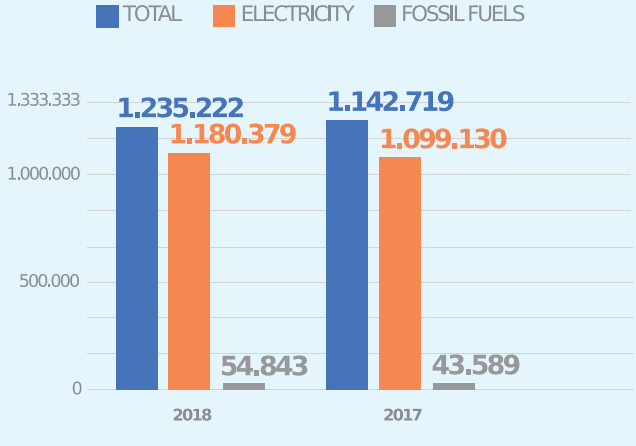
	2018	2017
R-PET (TN)	**11.240**	**8.713**
SHARE OF RETAL EUROPE PET CONSUMPTION	4,2%	3,5%
SHARE OF RETAL TOTAL PET CONSUMPTION	2,7%	2,2%

Table 11

4.2. ENERGY CONSUMPTION

GRI 302-1 / 302-2 / 302-4

RETAL exclusively use electricity for our industrial processes, which represents 95,6% of the total energy consumption. The rest of the energy consumed comes from fossil fuels, mostly natural gas (2,66%) and LPG (1,19%) for heating purposes and forklifts vehicles respectively. Some residual amount of gasoline and diesel (1%<) are consumed for company's vehicles.



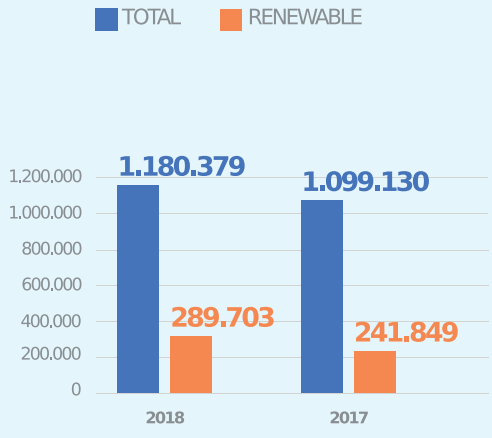
ENERGY CONSUMPTION (GJ)

Graphic 11

ENERGY CONSUMPTION (GJ)

	2018	2017
TOTAL	**1.235.222**	**1.142.719**
ELECTRICITY	1.180.379	1.099.130
FOSSIL FUELS	54.843	43.589

Table 12



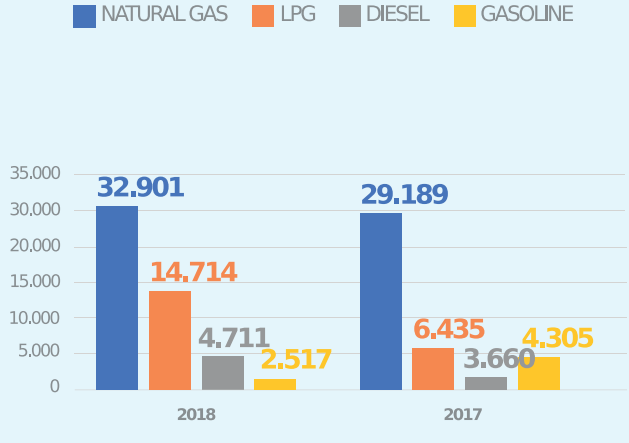
RENEWABLE ELECTRICITY (GJ)

Graphic 12

RENEWABLE ELECTRICITY (GJ)

	2018	2017
TOTAL ELECTRICITY	**1.180.379**	**1.099.130**
RENEWABLE (TOTAL)	289.703	241.849
- PURCHASED	288.345	240.548
- PRODUCED	1.357	1.301
RE SHARE OF TOTAL CONSUMPTION	24,5%	22,0%
RE SHARE OF EU CONSUMPTION	39,5%	36,2%

Table 13



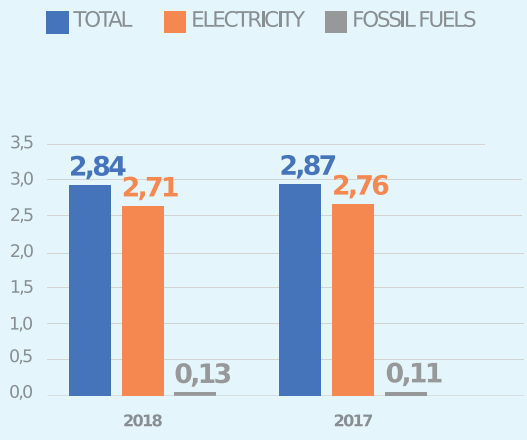
FOSSIL FUELS CONSUMPTION (GJ)

Graphic 13

FOSSIL FUELS CONSUMPTION (GJ)

	2018	2017
TOTAL	**54.843**	**43.589**
NATURAL GAS	32.901	29.189
LPG	14.714	6.435
DIESEL	4.711	3.660
GASOLINE	2.517	4.305

Table 14



ENERGY INTENSITY
(GJ/TN OF RAW MATERIAL)
Graphic 14

ENERGY INTENSITY (GJ/TN OF RAW MATERIAL)

	2018	2017
TOTAL	**2,84**	**2,87**
ELECTRICITY	2,71	2,76
FOSSIL FUELS	0,13	0,11

Table 15

4.3. GHG EMISSIONS
GRI 305

GHG emissions generated by RETAL's operations (Scope 1 and 2) are very low and represents less than 10% of our total emissions, the production of the electricity we consume (Scope 2) being the main contributor (93% of Scope 1 and 2).

GHG EMISSIONS BY SCOPE

	2018		2017	
	TN CO_2EQ	%	TN CO_2EQ	%
TOTAL	**1.042.978**	**100%**	**965.348**	**100%**
DIRECT EMISSIONS (SCOPE 1)	6.317	0,61%	5.238	0,24%
INDIRECT EMISSIONS (SCOPE 2)	87.322	8,37%	84.586	8,76%
OTHER INDIRECT EMISSIONS (SCOPE 3)	949.340	91,02%	875.525	90,70%

Table 16

More than 90% of our corporate carbon footprint is represented by our Scope 3 emissions which include the production of our raw material and packaging. The production of the PET resin we use alone represents 86% of our total emissions.

GHG INTENSITY (TN CO_2EQ / TN OF RAW MATERIAL)

	2018	2017
TOTAL	**2,399**	**2,423**
DIRECT EMISSIONS (SCOPE 1)	0,015	0,013
INDIRECT EMISSIONS (SCOPE 2)	0,201	0,212
OTHER INDIRECT EMISSIONS (SCOPE 3)	2,184	2,198

Table 17

These data are extracted from RETAL's 2018 GHG emissions inventory which has been verified by external 3rd party.

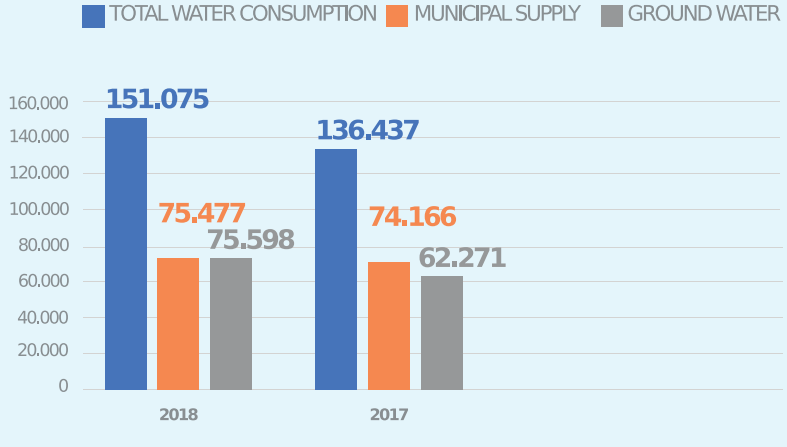
4.4. WATER

GRI 303-1 / 303-2 / 303-3

Water use for RETAL operations is exclusively for cooling/heating of injection molding equipment and oil-circuits. All cooling systems are in closed loop circuits and equipped with cooling towers or dry coolers reducing to a minimum water consumed. No water is consumed in the production process itself therefore there is no water recycling or reuse.

As can be seen in tables, RETAL water consumption is relatively low and does not significantly affect any water sources.

The water consumption data below must be put into perspective, as one factory greatly influences the overall figures. Indeed, RETAL's factory located in Kaluga (Russia) represents 35% of the total water consumption and 70% of the ground water consumption. This excessive water consumption is due to open water circuits for cooling purposes and vacuum generation system. However, water used is not treated in any way, does not come in contact with raw materials and is sent to municipal sewage system unaltered, complying with all legal requirements.
Closing water circuits at Kaluga factory requires a significant investment and is currently being reviewed by our technical department.
Aside from Kaluga only one other factory uses ground-water, with all other factories using municipal supply.



WATER CONSUMPTION
(M^3)

Graphic 15

WATER CONSUMTION (M^3)

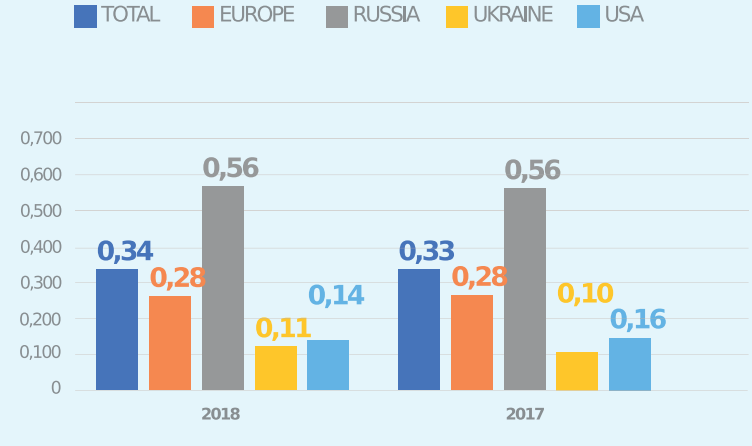
	2018	2017
TOTAL	**151.075**	**136.437**
EUROPE	78.456	71.565
RUSSIA	67.916	60.242
UKRAINE	2.428	2.419
USA	2.275	2.211
MUNICIPAL SUPPLY	75.477	74.166
GROUND WATER	75.598	62.271

Table 18

WATER CONSUMPTION – KALUGA FACTORY (M^3)

	2018	2017
TOTAL	**53.123**	**47.755**
% OF TOTAL CONSUMPTION	35,2%	35,0%
% OF RUSSIA CONSUMPTION	78,4%	79,3%
% OF GROUND WATER CONSUMPTION	70,4%	76,7%

Table 19



WATER INTENSITY
(M^3 / TN OF RAW MATERIAL)

Graphic 16

WATER INTENSITY (M^3 / TN OF RAW MATERIAL)

	2018	2017
TOTAL	**0,337**	**0,329**
EUROPE	0,283	0,276
RUSSIA	0,568	0,558
UKRAINE	0,110	0,101
USA	0,135	0,159

Table 20

4.5. BIODIVERSITY
GRI 304

None of our operations are located in or close to protected areas or areas of high biodiversity value or areas with habitats of IUCN Red List species.

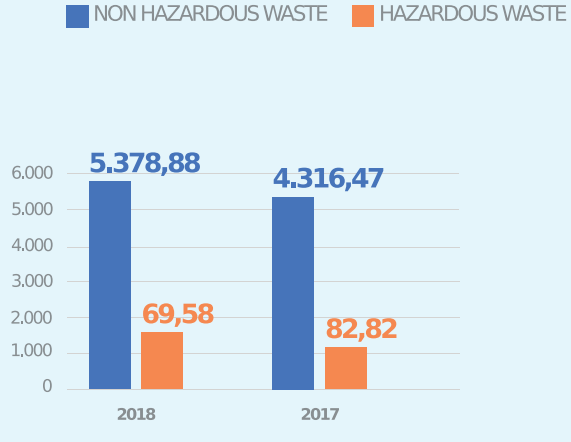
4.6. EMISSIONS
GRI 305

RETAL's industrial activity doesn't generate ODS, NOx, SOx and other significant air emissions.

4.7. EFFLUENTS AND WASTE
GRI 306-1 / 306-2

There is almost no industrial effluent discharge at RETAL's plants as water is in closed loop circuit. Only cooling systems equipped with cooling-towers generate small amounts of drainage water which is directed to the municipal sewage system with the rest of sanitary effluents, as the water used in cooling system has no contamination and only goes through a light biocide and anti-scale treatment to maintain cleanliness and health innocuity.

Very low amount of non-hazardous waste and hazardous waste are generated by RETAL operation. All waste, in compliance with applicable laws, are managed by authorised waste companies favouring recycling and reuse where possible.



WASTE GENERATION (TN)
Graphic 17

WASTE GENERATION (TN)

	2018	2017
NON HAZARDOUS WASTE	5.378,88	4.316,47
HAZARDOUS WASTE	69,58	82,82

Table 21

4.8. ENVIRONMENTAL COMPLIANCE
GRI 307

In 2018, RETAL has not identified any non-compliance with applicable environmental laws and regulations in any region.

4.9. WORKFORCE / EMPLOYMENT

GRI 102-8

RETAL's work force is traditionally very stable, with 2017-2018 no exception. With almost exclusively permanent full-time contracts, RETAL has long provided a reliable, non-discriminatory workplace that encourages professional development (table 20 to 21 and graphics 20 to 22).

EMPLOYMENT

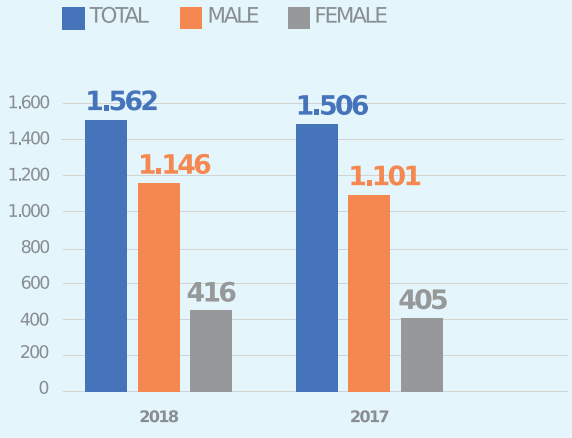
2018	Total nb of employees			Permanent			Temporary		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
TOTAL	**1.562**	**423**	**1.139**	**1.535**	**406**	**1.136**	**27**	**17**	**10**
EUROPE	694	145	549	694	218	556	0	0	0
RUSSIA	725	235	490	698	235	480	27	17	10
UKRAINE	106	36	70	106	36	70	0	0	0
USA	37	7	30	37	7	30	0	0	0

2018	Full time			Part time		
	Total	Female	Male	Total	Female	Male
TOTAL	**1.524**	**397**	**1.127**	**38**	**26**	**12**
EUROPE	688	140	548	6	5	1
RUSSIA	706	224	482	19	11	8
UKRAINE	93	26	67	13	10	3
USA	37	7	30	0	0	0

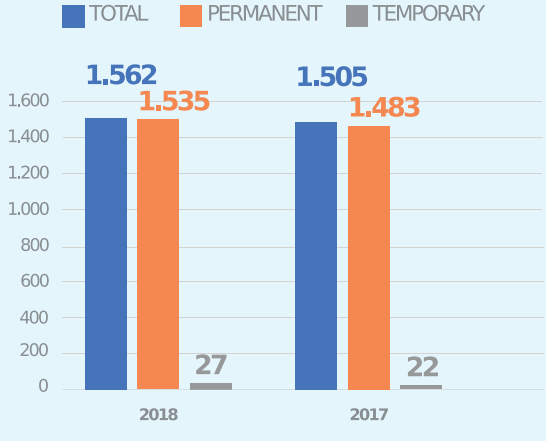
2017	Total nb of employees			Permanent			Temporary		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
TOTAL	**1.506**	**405**	**1.101**	**1.484**	**395**	**1.089**	**22**	**10**	**12**
EUROPE	640	134	506	640	134	506	0	0	0
RUSSIA	716	236	480	702	229	473	22	7	7
UKRAINE	97	23	74	97	23	74	0	0	0
USA	53	12	41	45	9	36	8	3	5

2017	Full time			Part time		
	Total	Female	Male	Total	Female	Male
TOTAL	**1.477**	**389**	**1.088**	**29**	**16**	**1**
EUROPE	635	131	504	5	3	2
RUSSIA	698	226	472	18	10	8
UKRAINE	91	20	71	6	3	3
USA	53	12	41	0	0	0

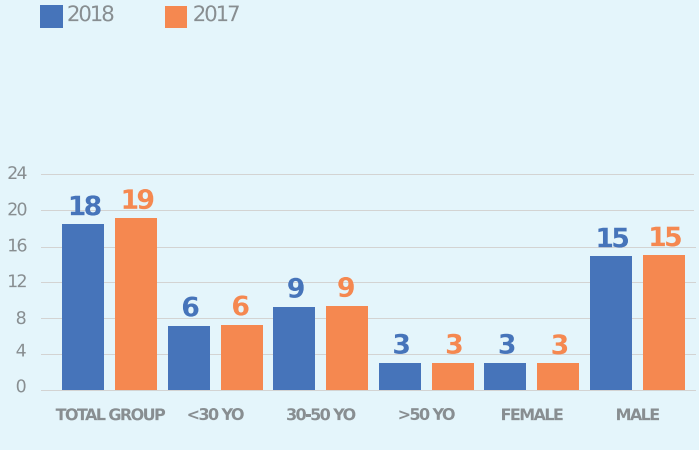
Table 22



GENDER (FTE)
Graphic 18



EMPLOYMENT TYPE (FTE)
Graphic 19



EMPLOYEES TURNOVER RATE (%)
Graphic 20

EMPLOYEES TURNOVER

2018	Age Group			Gender	
	<30 yo	30-50 yo	>50 yo	Female	Male
TOTAL	**6%**	**9%**	**3%**	**3%**	**15%**
EUROPE	7%	9%	2%	2%	15%
RUSSIA	4%	8%	3%	3%	12%
UKRAINE	5%	11%	4%	5%	15%
USA	11%	30%	22%	11%	51%
GROUP TURNOVER			**18%**		

2017	Age Group			Gender	
	<30 yo	30-50 yo	>50 yo	Female	Male
TOTAL	**6%**	**9%**	**3%**	**3%**	**15%**
EUROPE	7%	12%	2%	2%	20%
RUSSIA	6%	7%	3%	4%	11%
UKRAINE	4%	6%	3%	3%	10%
USA	4%	11%	9%	9%	15%
GROUP TURNOVER			**19%**		

Table 23

4.10. OCCUPATIONAL HEALTH & SAFETY

GRI 403-1 / 403-2

H&S is managed at local level by each factory management with the active participation of our employees through the Quality Assurance joint committees in which they are all represented (all RETAL plants have ISO 9001 certification on Quality Assurance hence a QA committee). Each plant has its own H&S management system to ensure legal compliance and minimise occupational hazards and accidents with very positive results with an injury incidence rate of 0,7, which means less than 1 accident per 100 employees in 2018.

OCCUPATIONAL HEALTH & SAFETY

2018	Total number of injuries			Total days lost to injuries		
	Total	Female	Male	Total	Female	Male
TOTAL	**11**	**1**	**10**	**406**	**0**	**406**
EUROPE	9	0	9	335	0	335
RUSSIA	1	0	1	71	0	71
UKRAINE	0	0	0	0	0	0
USA	1	1	0	0	0	0

2018	Total number of hours worked		
	Total	Female	Male
TOTAL	**2.670.977**	**729.845**	**1.941.132**
EUROPE	1.189.762	234.832	954.931
RUSSIA	1.171.604	359.715	811.889
UKRAINE	194.826	66.428	128.398
USA	114.784	68.870	45.914

2017	Total number of injuries			Total days lost to injuries		
	Total	Female	Male	Total	Female	Male
TOTAL	**12**	**0**	**12**	**360**	**0**	**360**
EUROPE	12	0	12	360	0	360
RUSSIA	0	0	0	0	0	0
UKRAINE	0	0	0	0	0	0
USA	0	0	0	0	0	0

2017	Total number of hours worked		
	Total	Female	Male
TOTAL	**2.598.600**	**679.060**	**1.919.539**
EUROPE	1.158.498	229.757	928.740
RUSSIA	1.184.230	354.110	830.119
UKRAINE	172.662	41.106	131.556
USA	83.210	54.086	29.124

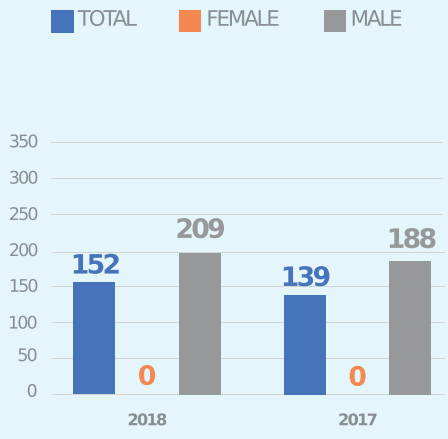
Table 24

2018	Injury frequency rate			Injury severity rate			Injury incidence rate		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
TOTAL	**4,1**	**1,4**	**5,2**	**152**	**0**	**209**	**0,7**	**0,2**	**0,9**
EUROPE	8	0	9	282	0	351	1	0	2
RUSSIA	1	0	1	61	0	87	0	0	0
UKRAINE	0	0	0	0	0	0	0	0	0
USA	9	15	0	0	0	0	14	14	0

2017	Injury frequency rate			Injury severity rate			Injury incidence rate		
	Total	Female	Male	Total	Female	Male	Total	Female	Male
TOTAL	**4,6**	**0**	**6,3**	**139**	**0**	**188**	**0,8**	**0**	**1,1**
EUROPE	10	0	13	311	0	388	2	0	2
RUSSIA	0	0	0	0	0	0	0	0	0
UKRAINE	0	0	0	0	0	0	0	0	0
USA	0	0	0	0	0	0	0	0	0

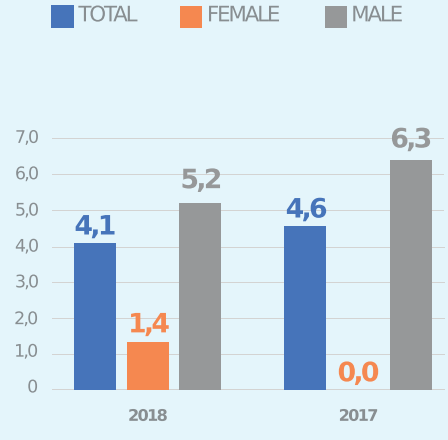
Table 25

Lost days = Calendar days / Injuries type = above first aid kit
Injury frequency rate = (nb of injuries causing time loss x 1.000.000) / nb of hours worked
Injury severity rate = (nb of days lost to injuries x 1.000.000) / nb of hours worked
Injury incidence rate = (nb of injuries causing time loss x 100) / nb of employees



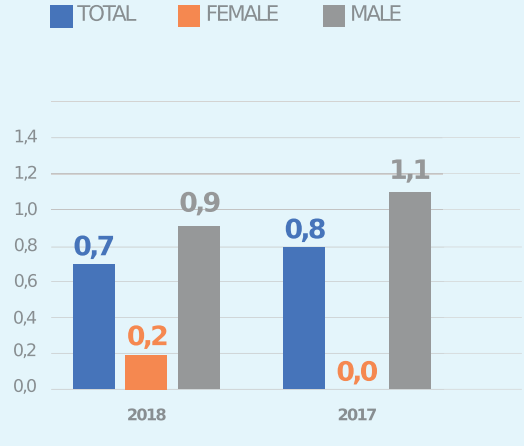
INJURY SEVERITY RATE

Graphic 21



INJURY FREQUENCY RATE

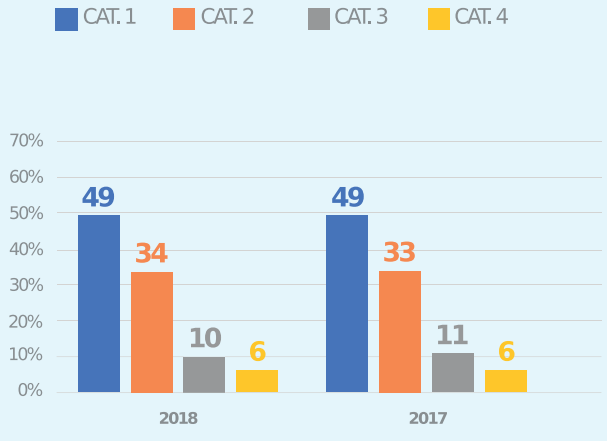
Graphic 22



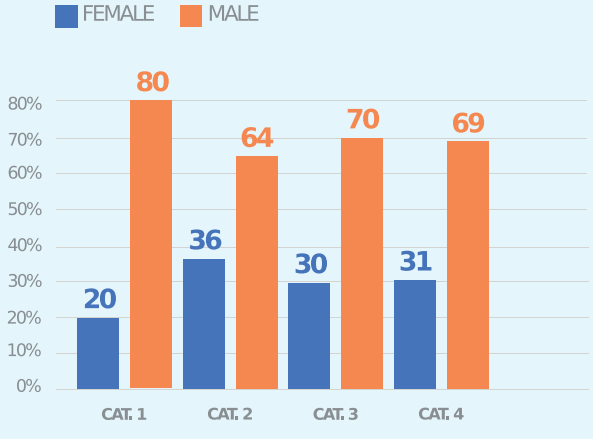
INJURY INCIDENCE RATE

Graphic 23

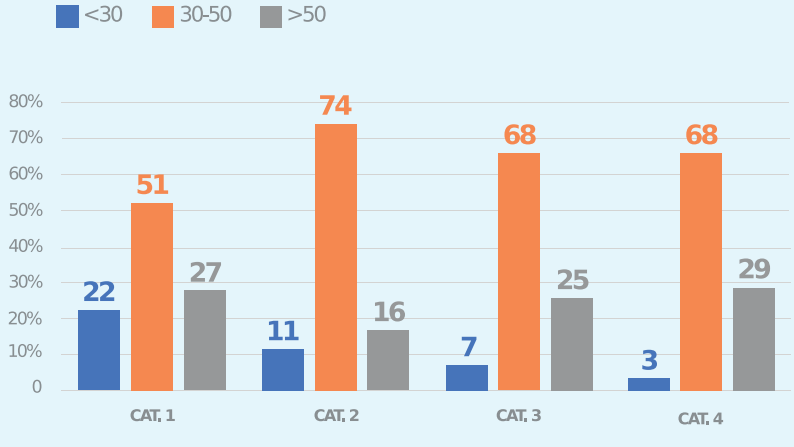
4.11. DIVERSITY
GRI 405



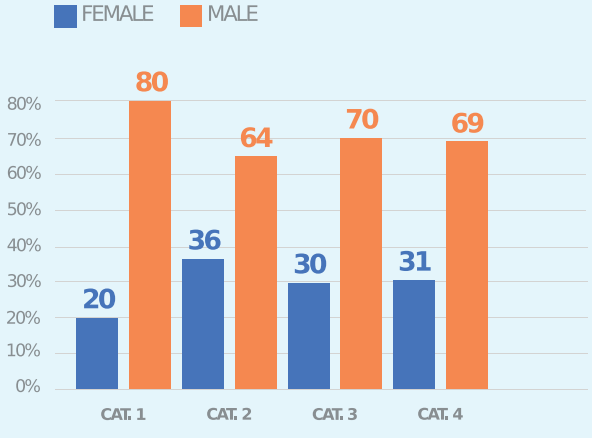
EMPLOYEES BY CATEGORIES
(%)
Graphic 24



GENDER BY CATEGORIES 2018
(%)
Graphic 25

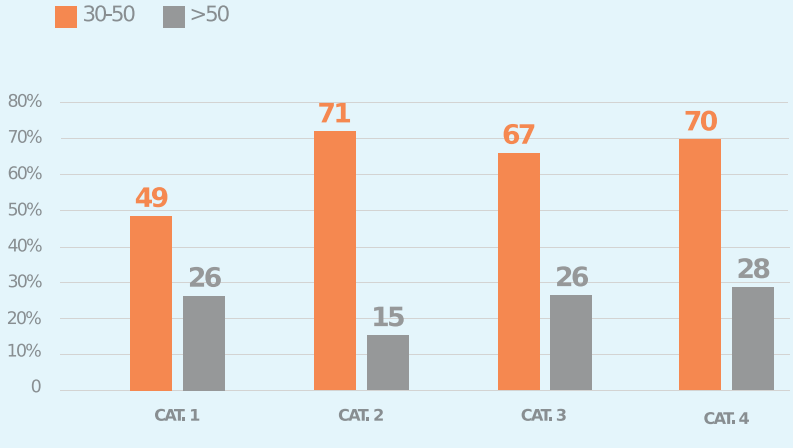


AGE GROUPS BY CATEGORIES 2018
(%)
Graphic 26



GENDER BY CATEGORIES 2017 (%)

Graphic 27



AGE GROUPS BY CATEGORIES 2017 (%)

Graphic 28

GENDER REPARTITION PER EMPLOYEES CATEGORIES

2018	Cat. 1 – Base level (%)			Cat. 2 – Specialists (%)		
	Total	Female	Male	Total	Female	Male
TOTAL	**49**	**20**	**80**	**34**	**36**	**64**
EUROPE	57	13	87	27	36	64
RUSSIA	40	28	72	46	37	63
UKRAINE	56	34	66	5	0	100
USA	43	0	100	19	14	86

2018	Cat. 3 – Mid level managers (%)			Cat. 4 – Top level managers (%)		
	Total	Female	Male	Total	Female	Male
TOTAL	**10**	**30**	**80**	**6**	**31**	**69**
EUROPE	7	20	80	8	33	69
RUSSIA	11	29	71	3	21	67
UKRAINE	26	46	54	13	38	79
USA	16	50	50	22	38	63

2017	Cat. 1 – Base level (%)			Cat. 2 – Specialists (%)		
	Total	Female	Male	Total	Female	Male
TOTAL	**49**	**20**	**80**	**33**	**37**	**63**
EUROPE	59	13	87	27	36	64
RUSSIA	40	29	71	46	37	63
UKRAINE	51	20	80	15	0	100
USA	55	10	90	15	50	50

2017	Cat. 3 – Mid level managers (%)			Cat. 4 – Top level managers (%)		
	Total	Female	Male	Total	Female	Male
TOTAL	**11**	**27**	**73**	**6**	**32**	**68**
EUROPE	8	18	82	9	35	65
RUSSIA	11	29	71	3	33	67
UKRAINE	30	34	66	14	21	79
USA	21	36	64	9	20	80

Table 26

AGE REPARTITION PER EMPLOYEES CATEGORIES

2017	Cat. 1 – Base level (%)			Cat. 2 – Specialists (%)		
	30<	30-50	>50	30<	30-50	>50
Total	**25**	**49**	**26**	**15**	**71**	**15**
EUROPE	31	48	21	15	66	20
RUSSIA	21	45	35	15	73	13
UKRAINE	12	69	18	0	100	0
USA	21	59	21	25	75	0

2017	Cat. 3 – Mid level managers (%)			Cat. 4 – Top level managers (%)		
	30<	30-50	>50	30<	30-50	>50
Total	**7**	**67**	**26**	**2**	**70**	**28**
EUROPE	10	53	37	3	70	26
RUSSIA	1	72	26	0	62	38
UKRAINE	11	79	7	0	86	14
USA	33	64	27	0	60	40

2018	Cat. 1 – Base level (%)			Cat. 2 – Specialists (%)		
	30<	30-50	>50	30<	30-50	>50
Total	**22**	**51**	**27**	**11**	**74**	**16**
EUROPE	28	47	25	13	68	19
RUSSIA	17	50	33	9	76	14
UKRAINE	10	81	0	0	100	0
USA	19	50	31	29	71	0

2018	Cat. 3 – Mid level managers (%)			Cat. 4 – Top level managers (%)		
	30<	30-50	>50	30<	30-50	>50
Total	**7**	**68**	**25**	**3**	**68**	**29**
EUROPE	10	58	32	5	69	26
RUSSIA	1	73	26	0	57	43
UKRAINE	11	75	14	0	86	14
USA	33	67	0	0	63	38

Table 27

4.12. SOCIO-ECONOMIC COMPLIANCE
GRI 419-1

No non-compliances with laws and regulations in the social and economic area were identified during the 2018 exercise.

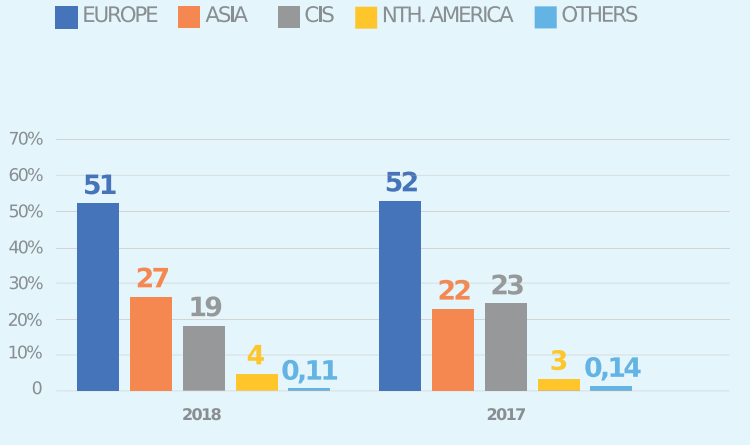
4.13. SUPPLY CHAIN
GRI 102-9

PET (preforms and films) and HDPE (closures) resins represent more than 99% of RETAL's product manufacturing, the remainder being colorants and other additives that improve barrier properties (polymers, oxygen scavengers, etc.) and other characteristics of PET.

PET is sourced, by volume, from Europe, Asia and CIS countries in relatively constant proportions over the last 2 year. HDPE sourcing has seen a drastic shift from Asia to Europe in 2018, with a 30 point increase in Europe reaching 73% of the total in 2018.

A similar shift towards Europe (54% to 67%) was observed for additives, with North America and Asia completing the supply.

PET and HDPE resin suppliers are large chemical companies with whom we mostly trade directly or through third-party traders in a very limited amount of cases.



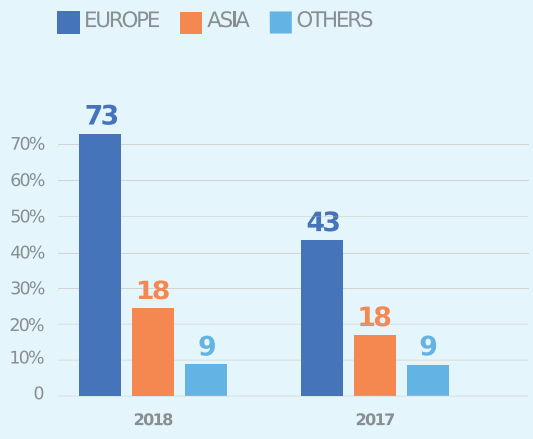
PET RESIN SUPPLY PER ORIGIN (%)

Graphic 29

PET RESIN SUPPLY PER ORIGIN (%)

	2018		2017	
TOTAL	**408.305**		**373.826**	
EUROPE	207.782	51%	193.004	52%
ASIA	108.974	27%	82.081	22%
CIS	76.462	19%	86.057	23%
NTH. AMERICA	14.637	4%	12.155	3%
OTHERS	450	0,11%	529	0,14%

Table 28



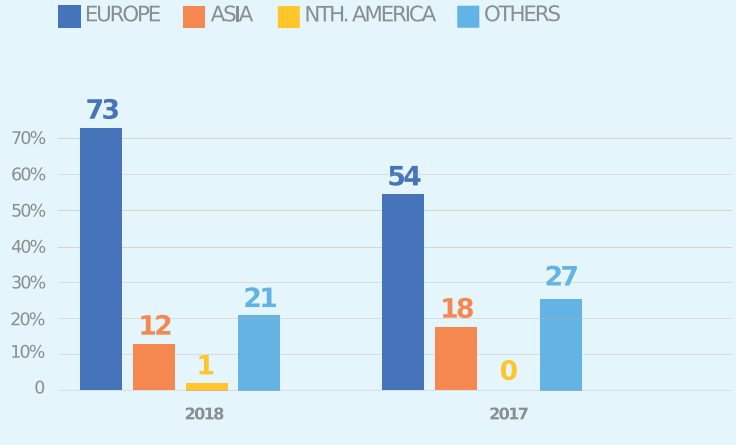
HDPE RESIN SUPPLY PER ORIGIN (%)

Graphic 30

	2018		2017	
TOTAL	**11.017**		**8.090**	
EUROPE	7.992	73%	3.517	43%
ASIA	2.035	18%	4.310	53%
CIS	0	0%	0	0%
OTHERS	990	9%	263	3%

Table 29

Colourant suppliers are usually specialised companies of various sizes, and additives suppliers are large chemical companies with whom we trade directly.



ADDITIVES & COLORANTS SUPPLY / ORIGIN (%)

Graphic 31

	2018		2017	
TOTAL	**1.420**		**1.574**	
EUROPE	955	67%	853	54%
ASIA	168	12%	287	18%
CIS	12	1%	4	0%
OTHERS	294	21%	430	27%

Table 30

4.14. GRI index

GRI Indicator	Description	Page
GRI 102	**General disclosure**	
GRI 102-1 to 6	Organizational profile	8
GRI 102-7	Scale of the organization	4
GRI 102-8	Information on employees	28
GRI 102-9	Supply chain	38
GRI 102-13	Membership of associations	13
GRI 102-14	Statement from senior decision-maker	7
GRI 102-16 to 17	Ethics and integrity	14
GRI 102-18 to 20	Governance	10
GRI 102-21	Strategy	11
GRI 102-40/42/43	Stakeholder engagement	11
GRI 102-46	Reporting practice	9
GRI 102-47	Reporting practice	11
GRI 102-50 to 53	Reporting practice	3
GRI 102-55	Reporting practice	40
GRI 103	**Management approach**	**11**
GRI 205	**Anti-corruption**	**14**
GRI 206	**Anti-competitve behaviour**	**14**
GRI 301	**Materials**	**20**
GRI 302	**Energy**	**22**
GRI 303	**Water**	**25**
GRI 304	**Biodiversity**	**27**
GRI 305	**Emissions**	**15, 24, 27**
GRI 306	**Effluents and waste**	**27**
GRI 307	**Environmental compliance**	**27**
GRI 308	**Supplier environmental assess-ment**	**19**
GRI 401	**Employment**	**28**
GRI 403	**Occupational health and safety**	**31**
GRI 405	**Diversity and equal opportunity**	**18, 34**
GRI 406	**Non-discrimination**	**18**
GRI 407	**Fredom of association and collec-tive bargaining**	**18**
GRI 408	**Child labor**	**18**
GRI 409	**Forced and compulsory work**	**18**
GRI 412	**Human rights assessment**	**18**
GRI 414	**Supplier social assessment**	**19**
GRI 419	**Socio-economic compliance**	**38**

RETAL Sustainability & Communications teams thank you for reading this sustainability report and we hope that it has met your expectations.

We would greatly appreciate and value any feedback you may want to share with us on the report and our sustainability actions.

Please contact us at: sustainability@retalgroup.com