

**SÜDPACK**

**SUSTAINABILITY  
REPORT 2018**



# SUSTAINABILITY AT SÜDPACK

## FOREWORD BY THE MANAGEMENT BOARD

*As part of the packaging industry, we are profoundly affected by the current debate regarding plastics and are discovering first-hand how the predominantly negative reports in the press are having an impact not only on our company and our customers, but also on our employees and future applicants.*

The newspapers are awash with new reports every day – from “Ocean Littering” to “Plastic Tax” and a “Ban on Single-Use Plastics”.

The focus of the debate is, on the one hand, on how plastic recycling could be improved in the future and, on the other, how the amount of plastic used in packaging could be further reduced. It is for this reason that the EU has published a new Plastic Strategy, and a new packaging law will enter into force in Germany from 2019 onward.

Even if the current discussion is nothing new, from our point of view it is absolutely right that we debate the issues. There is no denying it: We cannot continue burdening the environment with plastic waste on the present scale. Existing recycling opportunities must be exploited more consistently and more fully. And we also need to be actively working on alternative solutions that prevent new mountains of waste from being created in the first place.

What is also certain, however, is the fact that not all of us will be able to completely dispense with plastics for the foreseeable future – especially in the packaging sector. Plastic films play an extremely important role in the protection of delicate foodstuffs or sterile products in the medical field, for example. They can hardly be replaced, or only by compromising on product safety.

For this reason, consumers and companies involved in the plastics processing industry are called upon to consciously avoid creating waste and to sort it, so that as little plastic as possible is released into the environment and re-

cycled in the schemes set up for this purpose instead. As one of the market and technology leaders in the field of high-quality, coextruded, multilayer films, we need to develop solutions and alternatives that enable plastics to be produced, disposed of, and recycled in a sustainable and environmentally-friendly manner, in the broadest possible sense. Over the past few years, we have intensified our efforts in this key area accordingly. This Sustainability Report outlines and explains our achievements.

We believe that these achievements are the crucial and right way for us to play our part as a company in the value chain. As a family company with strong regional roots, protecting the basis of our existence, the environment, is our responsibility.

It is for this reason that we attach so much importance to continuing to work together with all the parties involved in the value chain on sustainable approaches, which will help to preserve the basis of our children’s, grandchildren’s, and great-grandchildren’s existence.

Best wishes,



Johannes Remmele  
Managing Partner



Carolin Grimbacher  
Managing Partner



Tharcisse Carl  
Managing Director

Johannes Remmele  
Managing Partner



Carolin Grimbacher  
Managing Partner



Tharcisse Carl  
Managing Director



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# COMPANY



## About the Report

Sustainability is of vital importance to SÜDPACK and has been an integral part of its corporate strategy for many years now. In this respect, SÜDPACK has decided to focus on the three pillars of sustainability: The environmental, economic and social pillar. Our products and production processes are developed and designed in line with the "Avoid, Reduce, Recycle" philosophy. This Sustainability Report is the second of its kind compiled by SÜDPACK Verpackungen GmbH & Co. KG in Ochsenhausen, which is the production site and headquarters of the Group. The intention behind this report is to summarize and create transparency with regard to SÜDPACK's challenges, developments, and activ-

ities. It documents sustainability performance in 2016 and 2017. To allow for a better comparison with the previous report from 2016, the data from the 2015 financial year has also been incorporated. As a result of this, the developments are presented more transparently, which helps us to adapt and continuously improve our strategies. The report complies with the internationally recognized Sustainability Reporting Standards published by the Global Reporting Initiative (GRI Standards). The content has been compiled in accordance with the "Core" option of the GRI Standards. The Sustainability Report will be updated every two years.

With around 1,350 employees and a turnover of more than 379 million euros in 2017, the SÜDPACK Group is one of the leading manufacturers of coextruded films. The family-run company was founded in 1964 by Alfred Remmele in Ochsenhausen, Baden-Württemberg, and is currently managed by the second generation of the family: his children Johannes Remmele and Carolin Grimbacher. Tharcisse Carl joined the management board in September 2016.

The SÜDPACK Group now has production facilities at five sites around the world, as well as sales offices and agencies in 18 countries.

This Sustainability Report covers the business premises that form part of the Ochsenhausen site. With around 950 employees, approximately 600 million square meters of packaging film were produced here in the 2017 reporting year, generating a turnover of around 360 million euros. This means that the lion's share of the SÜDPACK Group's turnover is generated at this site. In the years ahead, the report will be extended to cover all of the production sites.

Sustainability begins with the commitment of our management board and is a key component of our corporate strategy, which is updated every year. A sustainable approach is being taken to corporate governance and production, and visionary projects are being injected. Both the Sustainability Report and the Sustainability

# COMPANY PROFILE

Committee play a key role in this respect. The Sustainability Committee is composed of employees from a wide variety of departments and concerns itself with sustainable corporate development and projects relating to sustainability in regular meetings.

## SÜDPACK GROUP

- ▼ SÜDPACK Verpackungen GmbH & Co. KG
- ▼ SÜDPACK Bioggio SA
- ▼ SÜDPACK Kłobuck sp. z.o.o
- ▼ SÜDPACK Medica SAS
- ▼ SÜDPACK Oak Creek Corporation

**NAME**  
SÜDPACK Holding GmbH,  
SÜDPACK Verpackungen GmbH & Co. KG,  
Ecoform Multifol Verpackungsfolien  
GmbH & Co. KG

**HEADQUARTERS**  
SÜDPACK Verpackungen GmbH & Co. KG  
Jägerstraße 23  
88416 Ochsenhausen  
Germany

**OWNERSHIP STRUCTURE**  
Family-run company  
Management board:  
Chairman of the Advisory Board:  
Personally liable shareholder:

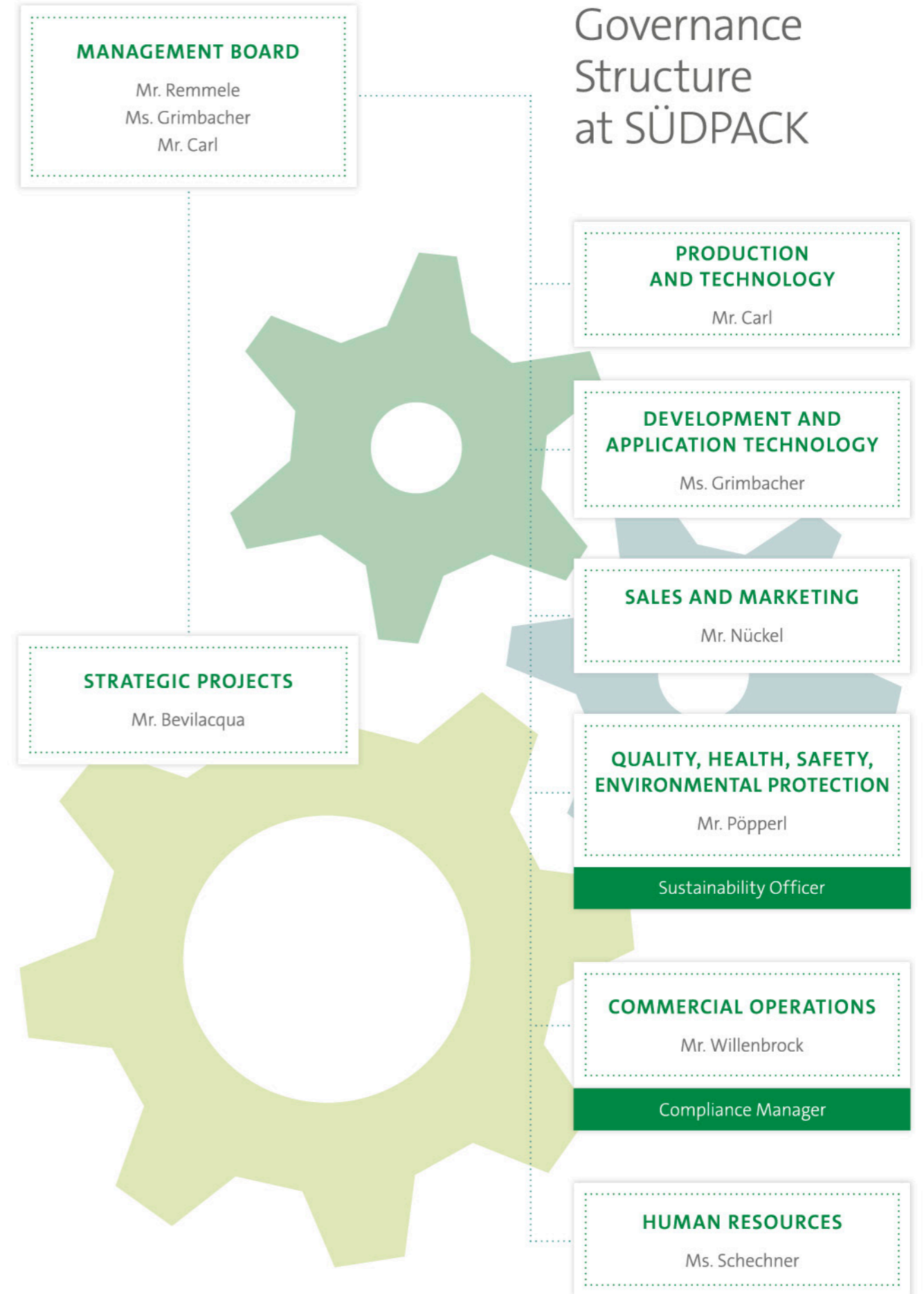
Johannes Remmele  
Carolin Grimbacher  
Tharcisse Carl  
Werner Bürkle  
SÜDPACK Verwaltungs GmbH  
Ochsenhausen

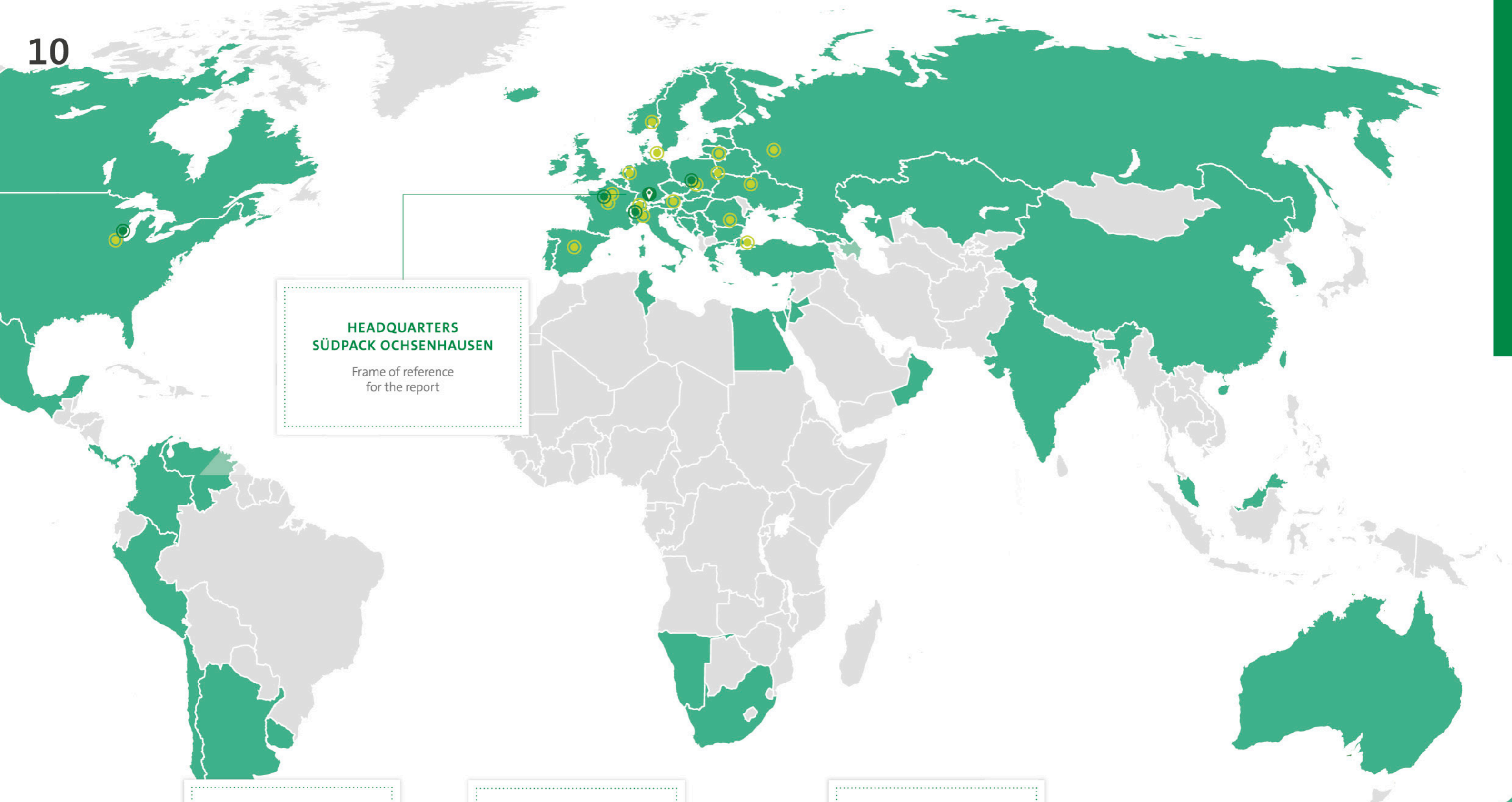
**SIZE (FIGURES)**

	2017	2016	2015
Total number of employees:	946	908	849
Turnover (in thousand euros):	366.498	355.714	307.349
Volume of delivered products (in thousand m2):	601.706	539.612	533.406

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## Governance Structure at SÜDPACK





**HEADQUARTERS  
SÜDPACK OCHSENHAUSEN**  
Frame of reference  
for the report

**5**  
Production sites

**18**  
Branch offices  
worldwide

**73**  
Countries in which  
SÜDPACK generated  
revenue in 2017

● Production sites  
● Branch offices  
■ Countries in which SÜDPACK  
generated revenue in 2017

# SUSTAINABILITY IN THE COMPANY

*We see ourselves as being among the BEST in our industry as a manufacturer of highly refined, flexible laminated films. As an expert partner for packaging solutions and as a specialist in innovative developments, we would like to be the partner of choice for our customers. We transfer our experience to new, profitable markets. To realize our vision, we have defined the necessary values and guidelines in a corporate policy.*

## SOCIAL RESPONSIBILITY

SÜDPACK is aware of its social responsibility as a global commercial enterprise with production sites in several countries. We follow the "Guidelines on Social Responsibility" and the ethical regulations for corporate governance in ISO 26000.

The company's values are put into practice in our daily business activities and in fair dealings with business partners by the owner family, the senior management, and our employees all over the world. These values are set out in the corporate policy, the corporate guidelines, and in the compliance regulations.

The management boards published "Internal Company Standards" in October 2011, which described and regulated the company's basic values, the code of conduct, compliance with applicable legislation, collective responsibility in the company, occupational safety and environmental protection, business relationships with third parties, data protection, and data security.

SÜDPACK is represented in the SEDEX (Supplier Ethical Data Exchange) and EcoVadis (Supplier Sustainability Ratings) forums and is striving to continuously improve its rating. In addition, SÜDPACK has been part of the CEFLEX initiative since 2017, a consortium of companies representing the entire value chain of flexible packaging.



## OUR AMBITIONS

As a brand, SÜDPACK stands for innovative, cost-effective, and eco-friendly laminated films that are highly refined and flexible.



## OUR UNDERSTANDING

We set standards with our innovative products and highly refined, flexible laminated films used for the packaging of foodstuffs, medical products, and technical applications. We are committed to minimizing the environmental impact of our production and distribution activities and to conserving resources.



## OUR VALUES

We believe in mutual respect and see diversity and equal opportunities as the foundation of commercial success and constant innovation, while being aware of the impact on our environment and surroundings. With this in mind, we will continue to develop SÜDPACK as a family company in the long-term.

## CORPORATE POLICY AND GUIDELINES

The following guidelines outline our position and the manner in which we want to achieve our goals:

- We are only satisfied when our customers are satisfied.
- We use resources as sparingly as possible.
- We continually strive to:
  - reduce our environmental impact;
  - improve the quality and services of our products, and;
  - improve our occupational safety and health protection.
- We discuss conflicts openly and are committed to resolving tensions amongst one another actively and directly.
- Our behavior is governed by the professional exchange of information.
- We see ourselves as a learning organization, supporting creativity and entrepreneurial spirit, and actively promoting personal abilities.
- We want to continually increase our efficiency, accept responsibility, and lead by example.
- We encourage innovations and initiative, break new ground within our core business, learn from mistakes, and strive for excellence.
- We are enthusiastic about our tasks, achieve our successes as a team, and develop our company for people and markets with forward-looking ideas.

# VALUES AND CODE OF CONDUCT



SÜDPACK has defined binding targets and a code of conduct in its corporate policy and Internal Company Standards, and has implemented these Group-wide. They constitute the framework for the fair and responsible conduct of all employees toward customers, suppliers, colleagues, and society. The corporate policy and standards are adopted by the management board, and the workforce have made a formal commitment through senior management.

## OBSERVING APPLICABLE LEGISLATION AND SOCIAL STANDARDS

Principles are defined here that apply when interacting with colleagues, customers, suppliers, other companies, and authorities. They are intended to aid the transfer of behavioral requirements to daily work in selected areas. As a source of behavioral requirements, legislation is supplemented by ethical principles. Ethics describes the basic social consensus on the values that are indispensable for social behavior, and fair and respectful treatment of one another.



### CODE OF CONDUCT

The aim of our Code of Conduct is to help us to respond properly and appropriately to ethical and legal issues that arise in our daily work, in strategic considerations, and decision-making processes. Our aspiration to conduct all business in an ethically and legally sound manner is intrinsically linked to the way we behave in our day-to-day work.

In addition to internal regulations, we naturally expect all employees without exception to comply with all laws, to avoid conflicts of interest, to protect the assets of our company, and, based on our Western-influenced ethics and European legal culture, to respect the customs, traditions, and social values of the countries and cultural circles in which we do business. A breach of this Code of Conduct is never in SÜDPACK's interest.

COMPANY

## BUSINESS RELATIONSHIPS WITH THIRD PARTIES – ANTI-CORRUPTION

We behave impeccably in our business dealings with our customers, suppliers, and service providers, comply with applicable laws and corresponding provisions against corruption, bribery, and fraud, and avoid even the appearance of a conflict of interest. We conduct our business so as to prevent the emergence of personal dependencies or obligations. We do not allow our business decisions or our behavior to be influenced by any form of gift, incentive, or other advantage. We are aware that giving or receiving such advantages exposes SÜDPACK to legal risk and may damage our business relationships and our reputation.

## OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

SÜDPACK and all its employees share responsibility for protecting people and the environment, and for ensuring that the sites operated by the company are safe and livable places. The company's fundamental corporate targets have long included the protection of human life and the environment, and resource conservation. SÜDPACK is committed to operating in a sustainable and socially responsible manner, establishing safe and healthy working conditions, and also working towards continuous progress in the fields of safety, health, and the environment. This is also apparent, for example, in terms of environmental management, which was introduced in 2009 and is certified in accordance with ISO 14001.

## COLLECTIVE RESPONSIBILITY

Each employee bears individual responsibility for SÜDPACK reputation. This reputation is fundamentally affected by the demeanor and actions of every employee, regardless of their position at SÜDPACK.

Actions and decisions must comply with the relevant laws and regulations, as well as with SÜDPACK's values and standards, and in each instance must be reasonable and free from personal conflicts of interest. SÜDPACK expects friendly, objective, and fair interaction with colleagues and third parties, guided by mutual respect. Nobody shall be unfairly disadvantaged, favored, harassed, or ostracized because of their race, skin color, nationality, origin, religion, gender, age, physical characteristics, or appearance.







### DATA PROTECTION AND INFORMATION SECURITY

The regulations cover such matters as dealing with confidential information, assets, and research findings. Global security standards have been created and information security has been integrated in internal processes in order to provide effective protection for central business processes and the information values and IT systems that go with them. Establishing uniform requirements across the company in terms of handling information, IT applications, and IT systems delivers effective protection for corporate data and for the business processes necessary for the company's success and survival. Compliance with the latest requirements of the new EU General Data Protection Regulation is also ensured.

### RISK MANAGEMENT – SÜDPACK'S PRECAUTIONARY APPROACH

The aim of our risk management is to detect and evaluate risks to our business operations as early as possible. Overriding risks and opportunities are evaluated by management every year and form the basis for analyzing the overall business context and the strategy of the company.

SÜDPACK meets its obligations arising from agreements with third parties to protect against contractual risks. The Internal Control System (ICS) is used to avoid possible misunderstandings and consequences, allowing the company to carefully weigh up potential rights, obligations, and risks before signing a contract.

Risk analyses (risk assessments) are performed at least once a year within the framework of our management systems in accordance with ISO 14001 and OHSAS 18001 (ISO 45001), before any installation of new lines and to review existing processes, in order to prevent endangering the environment and the health of our employees and neighbors. The resulting agreed measures are executed systematically pursuant to the defined priority.

In order to prevent risks relating to product safety, risk analyses (HACCP and FMEA) are performed within the context of our certified hygiene management system in accordance with BRC as well as our quality management system in accordance with ISO 9001 at least once per year for existing products and processes, and every time new products and processes are introduced. We maintain a continual dialogue with our customers and suppliers, as well as with authorities, institutes, and the public, as the basis of this risk management.



## COMPLIANCE

*Compliance is essential for an organization and is regulated in SÜDPACK's values and principles by the corporate policy and the Internal Company Standards. The Legal Register is used to monitor all these issues. Specific regulations govern the way it is updated, analyzed, and implemented. Compliance is evaluated by management every year. Compliance management falls within the remit of the Commercial Director Mr. Willenbrock, who has also been appointed as Compliance Manager.*

Compliance with the applicable legislation is reviewed on a monthly basis. A Compliance Office, which is managed in Ochsenhausen, has been set up for this purpose for the Group. There have been no incidents of violations during the reporting period.

To support our employees, we are capitalizing on interactive opportunities. Compliance will be integrated in the e-learning tool this year, making it a compulsory training course. In addition, there will be regular refresher training courses on compliance topics, conducted by our attorney's office at an event at the end of 2017 for our sales staff, for example. At these events it will be possible to highlight specific situations and explain the correct conduct when dealing with interested parties, such as authorities, NGOs, customers, or suppliers.

### OBSERVING APPLICABLE LEGISLATION AND SOCIAL STANDARDS

SÜDPACK respects applicable laws and demands the same of its employees and business partners. SÜDPACK records all the laws, ordinances, directives, etc. relevant to the company in a Legal Register, and monitors com-

pliance with its obligations arising from the same. The Legal Register is updated at least once a year.

National customs, traditions, and other social standards must be observed. No employee of our company may knowingly participate in the development of substances or systems, which they must reasonably assume are subject to export control laws and are being transported without the authorization of the appropriate authorities in third countries.

No employee may undertake action that violates domestic or foreign regulations to combat money laundering.

SÜDPACK and its employees are wholly committed to fair competition and abide by the competitive constraint laws in all countries in which SÜDPACK operates. In particular, we shall not make any agreements with competitors, nor indulge in coordinated behavior with the intention or effect of preventing or restricting competition.

We behave impeccably in our business dealings with our customers, as well as our suppliers and service providers, comply with applicable laws and corresponding provisions against corruption, bribery, and fraud, and avoid even the appearance of a conflict of interest. No violations of laws, regulations, or voluntary commitments were identified before or during the reporting period.

# PRODUCT WORLD

Our films are hi-tech products: All of our know-how from more than 50 years of research and development has gone into them. Innovation is the key to achieving our goals. Only by using the latest technologies and carrying out in-depth research and development on an ongoing basis can we develop film solutions that meet all of the demands relating to sustainability. At SÜDPACK, we believe that innovation and sustainability go together hand in hand.

SÜDPACK helps its customers to overcome the challenges they face in international markets with its groundbreaking and highly refined, flexible laminated films used for the packaging of foodstuffs, medical products, and technical applications. The requirements of flexible laminated films in terms of quality, appearance, and environmental impact are growing all the time, and can only be met by high-quality and innovative solutions.



## FILM PACKAGING IS SUSTAINABLE

TO PROTECT MEDICINE

TO PROTECT FOOD

TO CONSERVE RESOURCES

TO SUPPORT GLOBAL GROWTH

TO COUNTER CLIMATE CHANGE

TO PROCESS AS RECYCLABLE MATERIAL

# OUR PRODUCTS

## HIGH-PERFORMANCE FILMS

*No one product is the same as another. As your partner and as a supplier and manufacturer of flexible, high-performance films for a wide range of applications, such as the packaging of foodstuffs, as well as medical and technical products, we take our time to find the best film solution to suit any application with our customers.*

Flat films for use on trays or for deep-drawing applications and tubular bags are produced using the blown film extrusion process in our own extrusion facilities. Rigid and flexible films, which are used as bottom webs in packaging systems, for example, are extruded in the casting process. SÜDPACK also offers its customers a film finishing service. Laser beam machining can make films breathable or provide them with opening aids, and they can be printed using a variety of printing processes. Our printing expertise extends to flexo, gravure, and digital printing.

Our innovative film solutions all have one thing in common: Apart from a high standard of technology and product protection, we make further processing easier for our customers, and offer their customers important additional benefits.



## RESOURCE-FRIENDLY



The global production of flexible packaging requires a very small amount of oil compared with oil consumption for energy, heating, and transportation purposes.

Having said that, at SÜDPACK, we are continuously working on developing our films to minimize the consumption of resources. Our focus is on reducing the material thickness. In addition, we are also researching alternative concepts that perform equally as well, for example, plastics made from renewable raw materials.

The challenge we face here is that all of these developments must be in line with one another and work in tandem with the entire value chain for the circular economy to work.

## HIGH PERFORMANCE FILMS



## PRECIOUS



Our films are not garbage, but rather precious secondary raw materials that can be processed by recycling plants or used to produce energy. However, when it comes to disposal, it must be ensured that the materials are sorted correctly, as uncontrolled disposal harms the environment, and essential, precious materials are lost.

## ADVISOR

SÜDPACK also sees its role as a partner and supplier, seeking and developing packaging solutions in collaboration with the customer. Our development and our application technology are available to this end with all the usual packaging facilities on the customer's part. We work together on the development of innovative and sustainable packaging concepts.

## UNIQUE

The multiXtrusion pilot plant, which facilitates the extrusion of both blown and cast films on a small scale with up to nine layers, makes a further contribution toward the conservation of resources. This has radically reduced material consumption for trials and industrial tests, which leads to sustainable savings of energy and raw materials.

## THE THINNER AND LIGHTER, THE BETTER

With Veraplex we have set ourselves the challenge of producing packaging films that conserve resources. Veraplex has an overall thickness from 25 µ and therefore a much smaller carbon footprint than any films previously available on the market.

We have also successfully reduced the thickness of our Multipeel Family. The material thickness of the resealable film has been reduced by up to 30%. In addition, our Multipeel xPET and Peel xPET provide a reliable top web solution for sealing on mono A-PET.

The transition from a packaging concept with a rigid film to a flexible film also enables a significant amount of resources to be saved. That is why we always continue to improve our range of flexible films.

Even if a rigid film is required as a bottom web for a product, SÜDPACK has solutions for this as well: Several of our rigid films already contain a proportion of recycle.



## STIMULATING GROWTH



Globalization, growth, and urbanization are responsible for the increasing movement of goods and pose major challenges when it comes to supply. Flexible packaging offers the same level of product protection as alternative forms of packaging (e.g., glass or metal), but uses less materials. Thinner and lighter packaging reduces the weight and saves space when it comes to transportation. This enables the number of goods being transported to be significantly increased, easing the burden on the infrastructure and the environment.

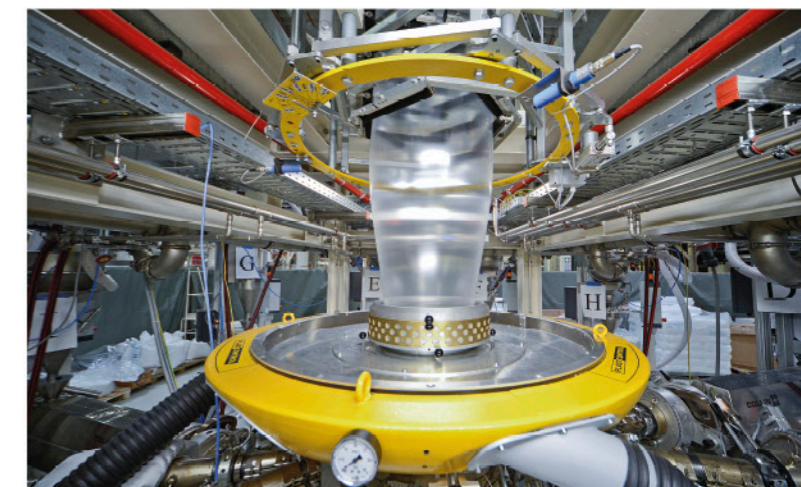


## PROTECTIVE

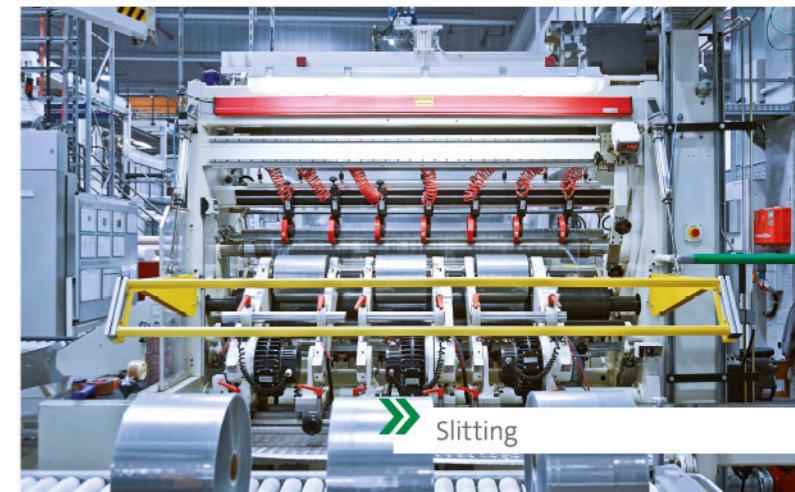
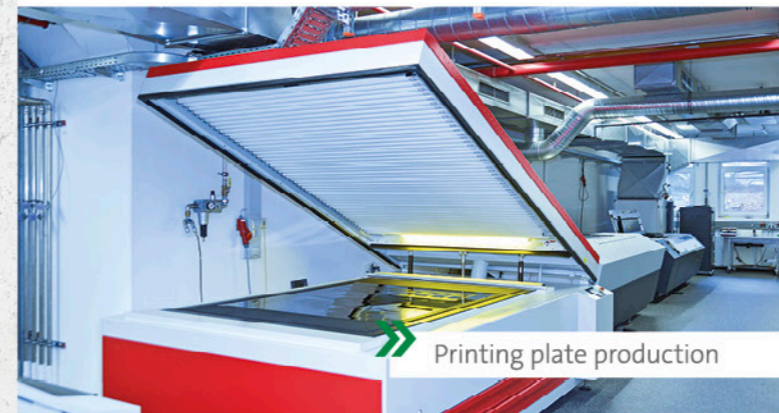
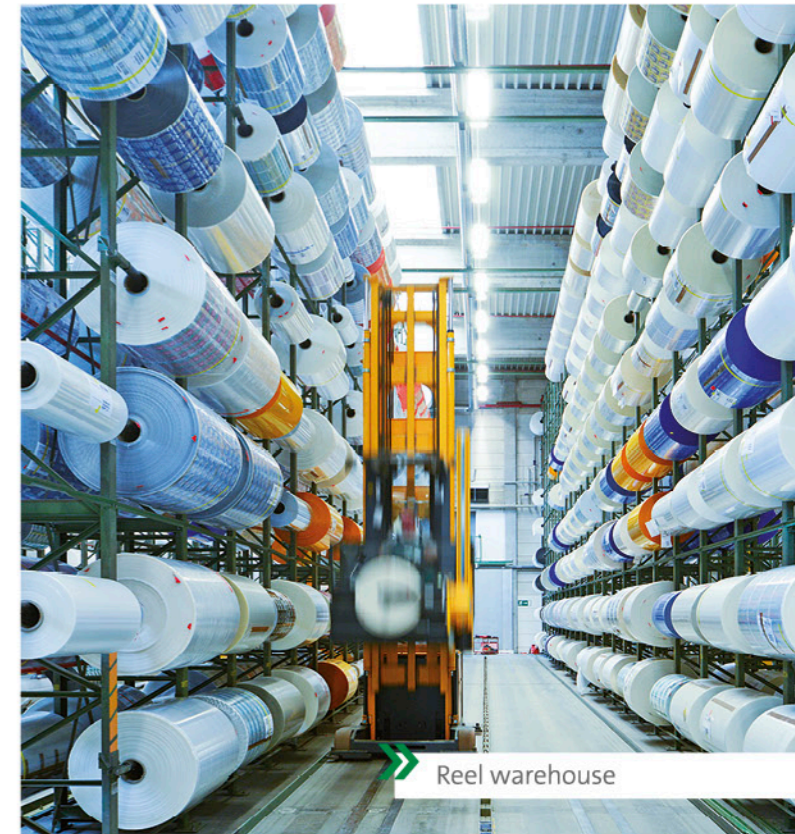
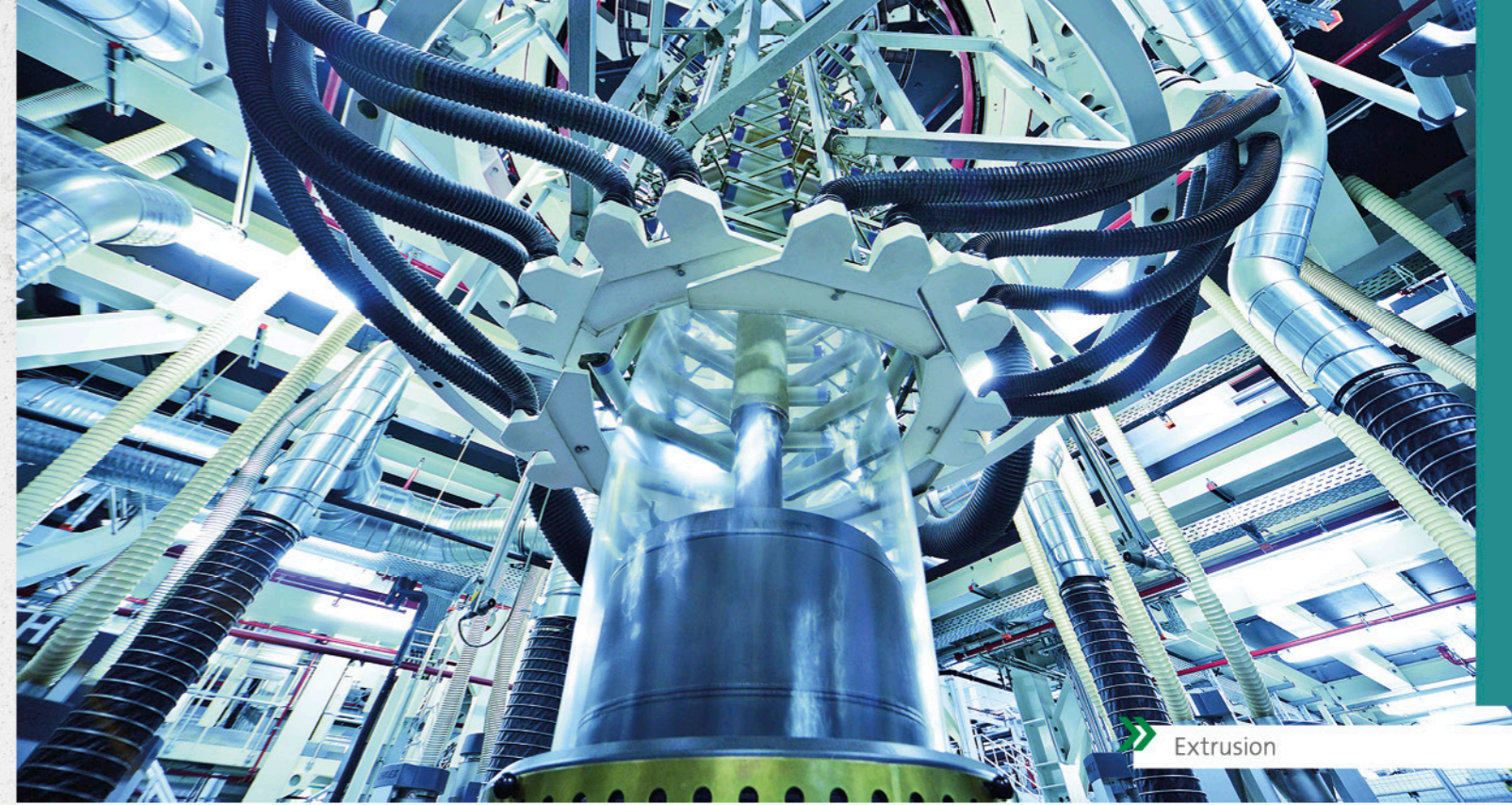
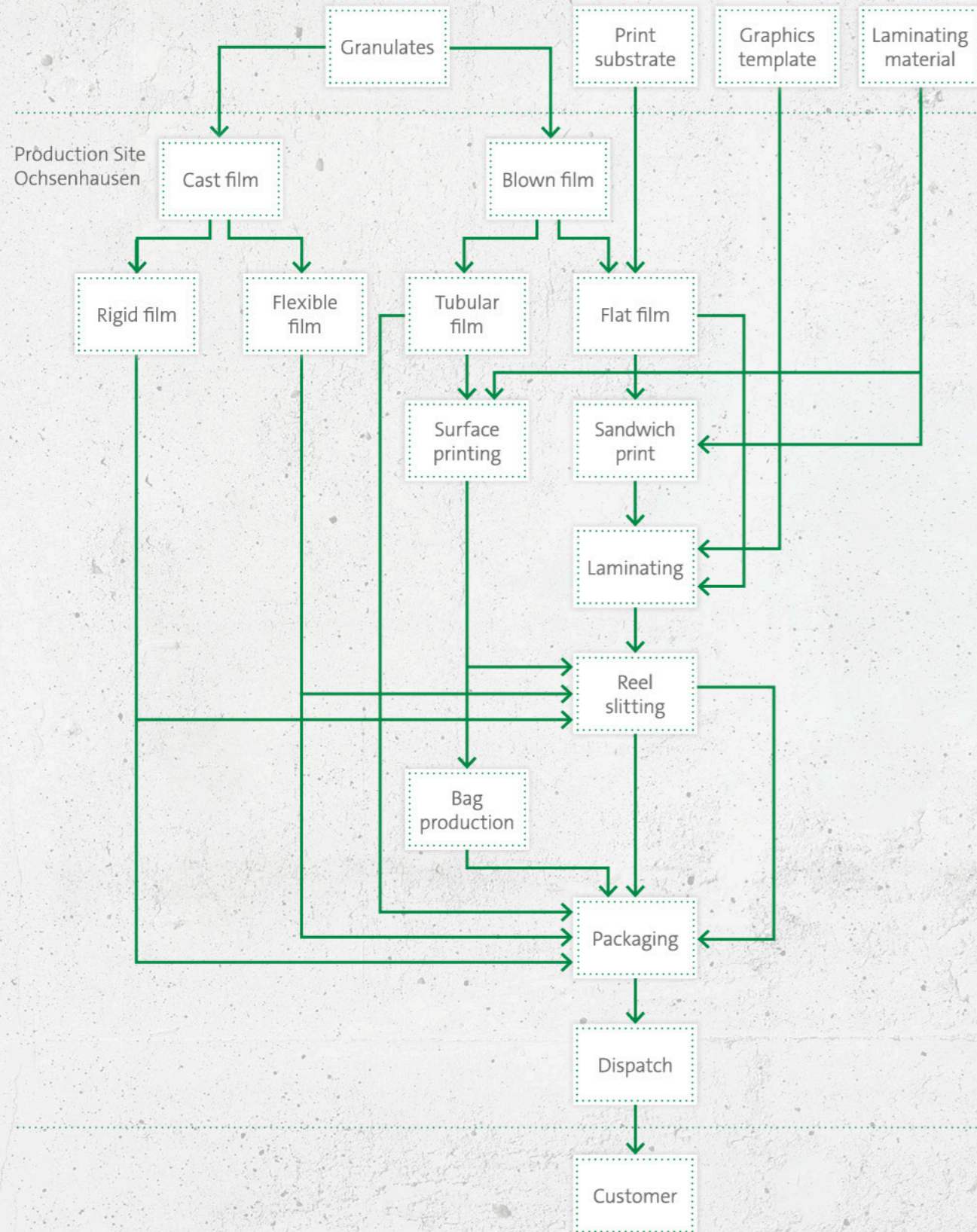


In the packaging industry in particular, the issue of sustainability plays an enormous role. Packaging acts as protection for foodstuffs: The most environmentally unfriendly thing to do would be to allow foodstuffs to perish by not adequately protecting them. More food is produced than used or consumed around the world. Although packaging is not able to prevent wastage, it can prevent food from perishing. This means that highly functional film packaging protects its contents against mechanical damage, against contamination, light, and inappropriate oxygen intake. This increases the shelf life of the product and ensures quality standards are maintained.

Flexible packaging (i.e., plastic films) is essential for protecting medical products. It must be ensured that the packaging is sterile and hygienic, and has an anti-bacterial effect. Product protection is of paramount importance here as well. In addition, medical products must be packaged in a way that makes them counterfeit, tamper, and child-proof.



# PRODUCTION FLOW

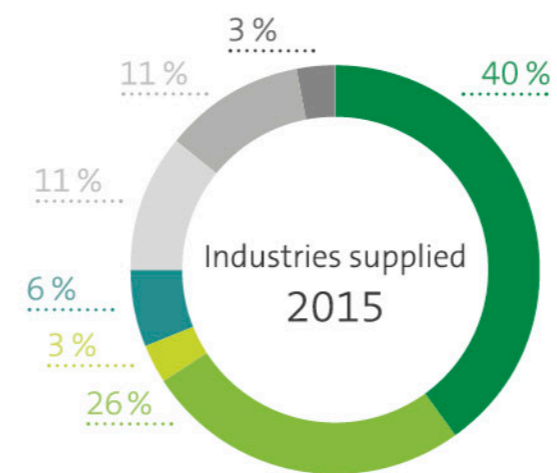
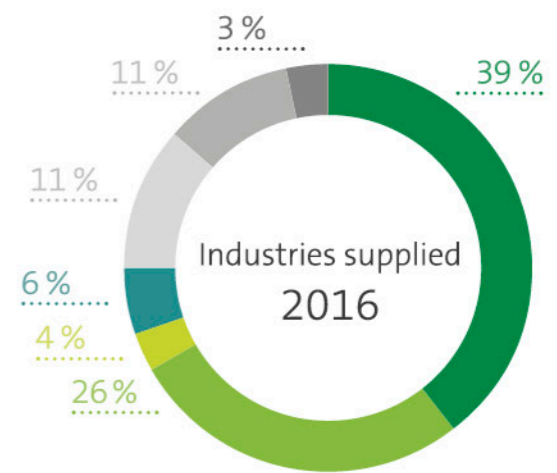


# CUSTOMERS AND INDUSTRIES

We owe our success to our customers, which is why their satisfaction is so incredibly important to us. Sustainability is becoming an integral component of corporate strategy for more and more customers and is increasingly being defined with specific targets. Driven by politics and society, the market is also undergoing drastic change at the present time. This is also reflected in the results from our customer survey this year. As a partner and supplier, we want to join forces with our customers to help them achieve their strategic goals and provide them with our expert advice, product design, and pro-

cess optimization. It is not just recyclability and resource conservation that play an important role in this respect, but cutting down on materials and using plastics from renewable raw materials too.

Aside from sustainability, product quality, performance, and delivery reliability are also extremely important for our customers. Thanks to our long-standing customer relationships and the close collaboration with our customers, we are able to live up to these demands and are already working on digital interfaces for networking the requirements.





SUSTAINABILITY THEMES

# SUSTAINABILITY THEMES

Long-term commercial success will only be feasible in the future in an intact environment and within a socially acceptable societal framework. The most important topics from the three pillars of sustainability are already included in the corporate policy for a long time. The im-

plementation success is measured based on monthly performance indicators. Every year, the company goals are adjusted accordingly. In addition, the structures are improved and the coordination of services is optimized with a specially set up sustainability committee.



# STAKEHOLDER

## Sustainability themes and their significance for our stakeholders

The current discussion regarding plastics has brought upheaval to the packaging industry. In order to achieve the ambitious targets set by politicians and truly also protect the environment in the long term, a major rethink is required. Close collaboration along the entire value chain is becoming increasingly important and is essential for a closed circular economy. As an expert partner for packaging solutions, as a manufacturer of highly refined, flexible laminated films, and as a specialist in innovative developments, we see it as our responsibility to play our part in this as well.

Our customers are a target group of our economic approach, making them one of the most significant of SÜDPACK's stakeholders. Since the entire value chain must be taken into account for a circular economy to work, the analysis has been broadened accordingly to take into account and reach all the parties involved.

As a result of this, the core themes for SÜDPACK have been reviewed, based on the needs of the stakeholders (cf. the Materiality Matrix on the right). The assumed interests of the stakeholders are evaluated in terms of economic, environmental, and social spheres. As these themes have deep roots at SÜDPACK and the appropriate level of importance is already attached to

them, no major changes have been made here. The relevant aspects for SÜDPACK are selected using the methodology of the Global Reporting Initiative. The aspects will be covered below in the respective chapters for the three spheres.

The economic issues at SÜDPACK refer to innovation, productivity, quality, and service. A sustainable corporate strategy is of fundamental importance in this respect.

The key environmental aspects of our corporate policy include energy efficiency, reducing the environmental impact of emissions, and conserving resources. The key challenge is resource consumption. The main focus here is on the development and optimization of new products, both from the point of view of resource conservation, and also in terms of usability and the circular economy.

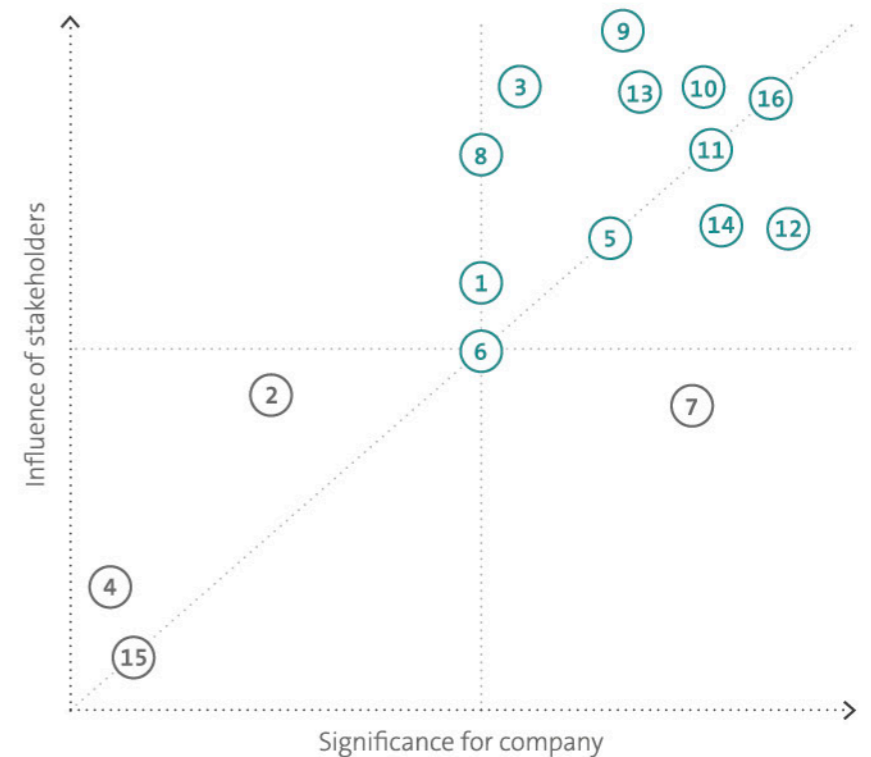
The economic and environmental targets can only be achieved with highly motivated and superbly qualified employees. Accordingly, when it comes to the social issues, as a company we place great emphasis on recruiting and retaining our employees. We meet our social responsibility through ongoing training and professional

development, but also through stable jobs. We believe compliance with all local, state, and federal laws, as well as European legal provisions, is just as essential as the certification of our occupational safety, environmental, energy, and hygiene management systems in accordance with the latest standards.

When it comes to the sustainable, profitable, and environmentally conscious manufacture of our products, we select suppliers who produce and deliver top quality raw materials, semi-finished products, and auxiliary materials, in line with our ideas of civic and social responsibility.

- 1 Emissions
- 2 Complaint procedures
- 3 Compliance (child labor / forced or compulsory labor / human rights)
- 4 Biodiversity
- 5 Customer health and safety / product safety
- 6 Transport
- 7 Procurement / raw material availability
- 8 Supplier evaluation
- 9 Innovation / investments
- 10 Energy
- 11 Waste
- 12 Employment (skills shortage / diversity and equal opportunities / equality)
- 13 Occupational safety and health protection
- 14 Training and professional development
- 15 Protecting the customer's privacy
- 16 Raw materials / use of materials

## Materiality Matrix



# SUDPACK

## Media / Press

Advertisements, interviews, press releases, YouTube

## Competitors

“Keep an eye on” the competition, plant open days, trade fairs, sharing of best practices, steering groups, contact via associations

## Owner Family

Advisory Board meeting, Managing Partners, Sustainability Committee

Profitable growth, sustainable corporate governance

## Dealers

Customer surveys, establishing contacts

Help with target attainment

## Policy and Legislation

Compliance guidelines, committee work, associations

Compliance, observation of legislation, responsible business

## Charitable Foundations / NGOs

Corporate policy, Sustainability Report, sponsoring, press and public relations work

## High Schools and Colleges

Public relations work, sponsoring, trade fairs, partnerships, events

## Employees

Performance reviews, intranet, complaint management, internal and external training and professional development opportunities, Innovision, manager performance review

Secure long-term jobs, good working conditions, training and professional development opportunities, career opportunities, personal development

## Customers

Consulting service, comprehensive personal support, events, trade fairs, Innovision, customer satisfaction evaluation

Highest quality of products, product safety, service, innovations, reliable and responsible supplier

## Trade Unions

Human resources (HR) processes

## Recycling / Disposal Companies

Statements, association work, establishing contacts

## Suppliers

Supplier evaluation, personal support via purchasing, supplier audits

Processing the supplied raw / primary materials into successful products, participating in development projects

## Ochsenhausen Region PR Work

Press and public relations work, sponsoring, partnerships

Responsible business, creating jobs, social involvement, environmental performance





# ECO- NOMICAL



ECONOMICAL

For SÜDPACK innovation, productivity, quality, and service are crucial from an economic perspective. Only excellence in these areas will facilitate sustainable economic development in Germany. Cooperative

relationships with customers and suppliers are of the utmost importance for innovative capability and raw material availability, as is the continuous development and strategic direction of our own company.

# SÜDPACK INVESTS IN THE FUTURE

A long-term strategy is essential for a company to enjoy guaranteed profitable growth and therefore develop in a way that will ensure its success in the future. We presented our "Fit for 2020" strategy in the last report. It has been a clear success – the targets set for 2017 have been achieved.

However, SÜDPACK must continue to respond to the current market with flexibility. Accordingly, Strategy "Fit for 2020" has been extended and additional priorities have been set, which have been adapted to the current situation and market developments. These priorities include developing our applications in the medical sector, expanding our presence in the USA, extending the plant in Poland, as well as the issue of recycling.

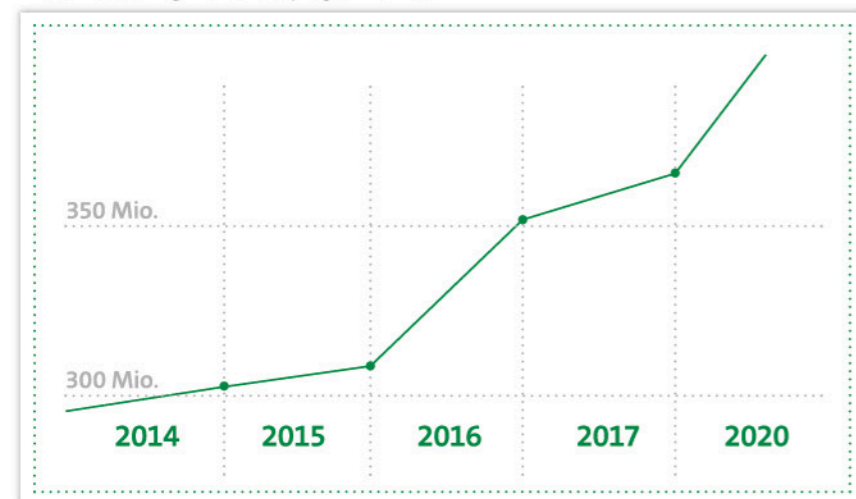
The dedication and motivation of our employees is instrumental in the success of our future projects. Given the extreme growth of the company and our international expansion, internal communication and forward-looking management are of the utmost importance. To ensure that the corporate strategy is put into practice and the ambitious targets are achievable, all of our

employees need to be on board. That is why every employee was informed about the current situation and the priorities of the strategy directly by management at the end of 2017.

In recent years, it is not only the number of employees that has risen steadily, but capacity has also been increased. Crucial investments have made this development possible. In 2017, for example, a production site in the USA was taken over. We have also been building a Competence Center for Compounding in Schwendi since 2017, and our plant in Kłobuck has been further extended. SÜDPACK is also continuing to invest in future-proof projects and technologies in the fields of customer satisfaction, products, innovations, and process optimization. The financial resources for these investments come from reinvesting the lion's share of our profits.

Our customers are the most important thing to us. SÜDPACK would like to further establish itself as an innovative and sustainable brand for highly refined films on the market – both at home and abroad.

Presentation of Revenue performance



**SÜDPACK 2020**

## SÜDPACK STRENGTHENS PRESENCE IN THE US MARKET

The acquisition of the US company Seville Flexpack enables SÜDPACK to strengthen and gradually expand its business in the USA. At our new site in Oak Creek we are now able to carry out a range of film processing steps directly in the United States, in particular film printing and finishing.



## NEW COMPETENCE CENTER FOR COMPOUNDING

SÜDPACK is building its own Competence Center for Compounding to keep pace with future developments relating to the issue of sustainability. Former saw mills in Schwendi, which is close to Ochsenhausen, are being converted for this purpose. By producing its own granulates, SÜDPACK plans to increase its expertise and improve the properties of the granulates with its own innovations.

## SÜDPACK ONLINE SHOP

The quick and easy method of obtaining printed film: As the top film manufacturer in Europe, SÜDPACK will in future be offering its customers the possibility to order films and film laminates for foodstuffs created using digital printing procedures via the Internet quickly and easily.

## EXPANSION OF SÜDPACK KŁOBUCK

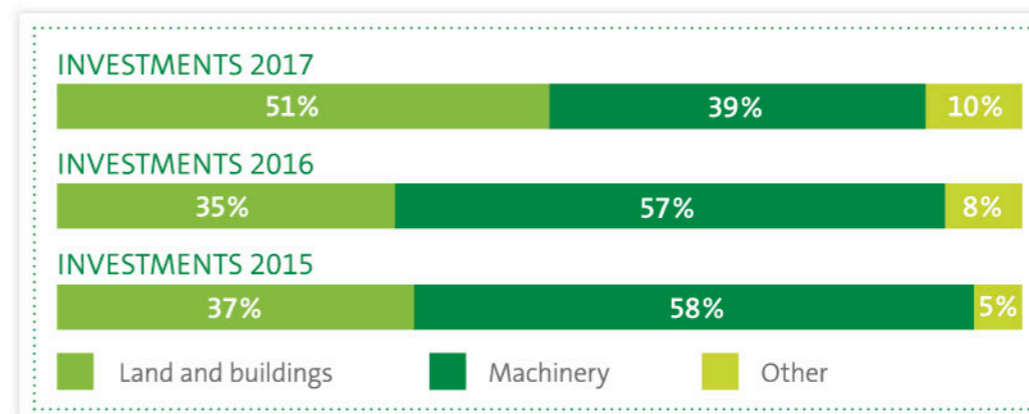
Another production hall has already been constructed at the site in Kłobuck, which was acquired in 2015, and equipped with a printing machine and turn bar. This enables SÜDPACK to carry out double-sided printing with an optional matt finish in one single step during production. Systems and structures have been implemented continuously to facilitate corresponding certification, and the collaboration was aided by training sessions and language courses in German and English. By expanding the site in Poland, SÜDPACK is extending its service for international customers and can serve the East European market, which is so important to the company, locally and promptly.

## FAST AND EFFICIENT AT THE CUSTOMER

In Erolzheim, a new production plant is being built for the storage and dispatch of films in the form of rolled products and pre-made bags. Due to its good transport links, Erolzheim is the perfect central location for serving SÜDPACK's German and European customers efficiently. In addition, the last stage of production – slitting – will also have a home in the new building.

## EXTENSION OF TRAINING CENTER

An extension was already necessary after the Training center was opened in 2014. In 2017, SÜDPACK had an impressive 94 trainees and students – that equates to 10% of employees at the Ochsenhausen site.



Overview of Investments in the years 2015, 2016 and 2017



# SUPPLIERS

*Customers are no longer satisfied with companies just taking responsibility for themselves, but also expect them to monitor each other and be able to say where the raw materials for their production have originated.*

Our suppliers and the raw materials they supply us with are crucial in the manufacture of high-quality products and for us to be able to deal with the current situation regarding plastics. Even a supplier's reputation may have an impact on SÜDPACK. Many of the business relationships between SÜDPACK and its suppliers are long-standing. We have been working on various innovative ideas together with our suppliers and collaborating on joint projects for many years now. This is why supplier evaluation is a material aspect, not just from an environmental perspective, but also with regard to industrial law practices or human rights issues.

The Supplier Management System is covered by the Quality Management System. As part of the certification process in accordance with the latest version of ISO 9001 and 14001, the management system has been revised and can now be viewed by all employees on the intranet as an up-to-date process map. It is regularly reviewed in audits. The revised Supplier Management System, for which a separate team is now responsible, is also regulated and illustrated here. The supplier evaluation procedure

is described in detail and was modified in 2017. The new evaluation has a risk-based approach, from which appropriate measures can be derived, such as single-sourcing.

Suppliers must be able to prove a certain standard of quality, hygiene, occupational, and environmental safety, which is usually effected through corresponding certification. Since 2009, suppliers have been screened and graded on their certification once a year.

If certificates are missing, a corresponding self-assessment questionnaire must be completed before the supply relationship begins. Additionally, products from suppliers that might endanger product safety are identified by means of a risk analysis (HACCP). Insofar as can be established, no business relationship has been put at risk due to negative effects in terms of working practices, environmental issues, or human rights.

An environmental management certificate is currently in place for 61% of raw material suppliers. That is twice as many as in 2015. 77% of auxiliary and operating material suppliers are now also certified, which is considerably more than in previous years. At 53%, the figure for semi-finished goods suppliers remains unchanged. On the whole it is evident that environmental protection is a major concern for the majority of our suppliers.



SÜDPACK has been part of the CEFLEX initiative since 2017, a consortium of companies representing the entire value chain of flexible packaging. SÜDPACK is also a member of SEDEX (Supplier Ethical Data Exchange) and EcoVadis (Supplier Sustainability Ratings). Information on ethical corporate governance is uploaded and can then be viewed by other members.



Critical materials in environmental terms, e.g., inks, adhesives, and solvents, are exclusively sourced from Germany and Europe, in order to minimize negative environmental effects to the greatest extent possible.

It is estimated that almost 90% of raw materials and semi-finished goods come from European countries. A small portion comes from the Middle East (approximately 5%), as well as America and Asia (the remaining 5%).

As a rule, buyers make personal visits to suppliers of raw materials and semi-finished goods before relationships are accepted, in order to ensure their compliance with our ethical standards.

Logistics at SÜDPACK is essentially handled in close collaboration with two forwarding agents, who are certified in accordance with ISO 9001 and IFS food logistics standards. There is still potential for improvement in terms of environmental issues, which we will now address together with the forwarding agents and by implementing appropriate measures.

An auditing system at association level has still not been set up. Third party audits on behalf of our association, as representatives of the companies involved, could enable the manufacturers of key products to be audited collectively. Attention should be paid in particular to observance of human rights and regulations governing working practices in critical, non-European countries. Our association has already implemented something similar within the context of migration work. In selected laboratories, the key and most frequently used granules in the industry have been examined for NIAS (not intentionally added substances) and substances with specific migration limits (SML).

Furthermore, measures are in place to improve the Supplier Management System in future. An "Ethical Trading" section has been added to the supplier self-assessment, for example. Development of a "Code of Conduct" has begun and should be completed in 2018.



## SOCIAL



Our employees are our most important resource to guarantee economic growth. We can only achieve our aims if we have motivated employees who identify with SÜDPACK and share our vision. The close ties that the company and many of our employees have with the region is reflected in our regional involvement, for example.

Given the rural location of the site in particular, it is important that we create an attractive working environment as an employer. Many social issues, such as child labour,

forced labour, freedom of association, diversity, equality, etc., are regulated by law in Germany and Europe. Consequently, topics like this are not the focus of our sustainability reporting. Topics such as employment, employee qualification, occupational safety and health protection, as well as the employee-employer relationship are more significant to SÜDPACK's ongoing development in the long term. In addition, globalization is becoming increasingly important as a result of the significant growth of the company.

# EMPLOYEES

Our new strategic direction and planned development can only be realized with a highly qualified and motivated workforce. Employee resource planning and the success of the corporate strategy are closely linked to one another. In recent years, the acquisition of plants in Poland in 2015 and in the USA in 2017, for example, has resulted in the globalization of business operations becoming a cornerstone of strategic and operational corporate planning. The structures are changing and working in the Matrix-Organization requires a new understanding of the process, as well as radically different procedures for making decisions. Consequently, one of the most important steps toward implementing the corporate strategy was keeping all of our employees informed.

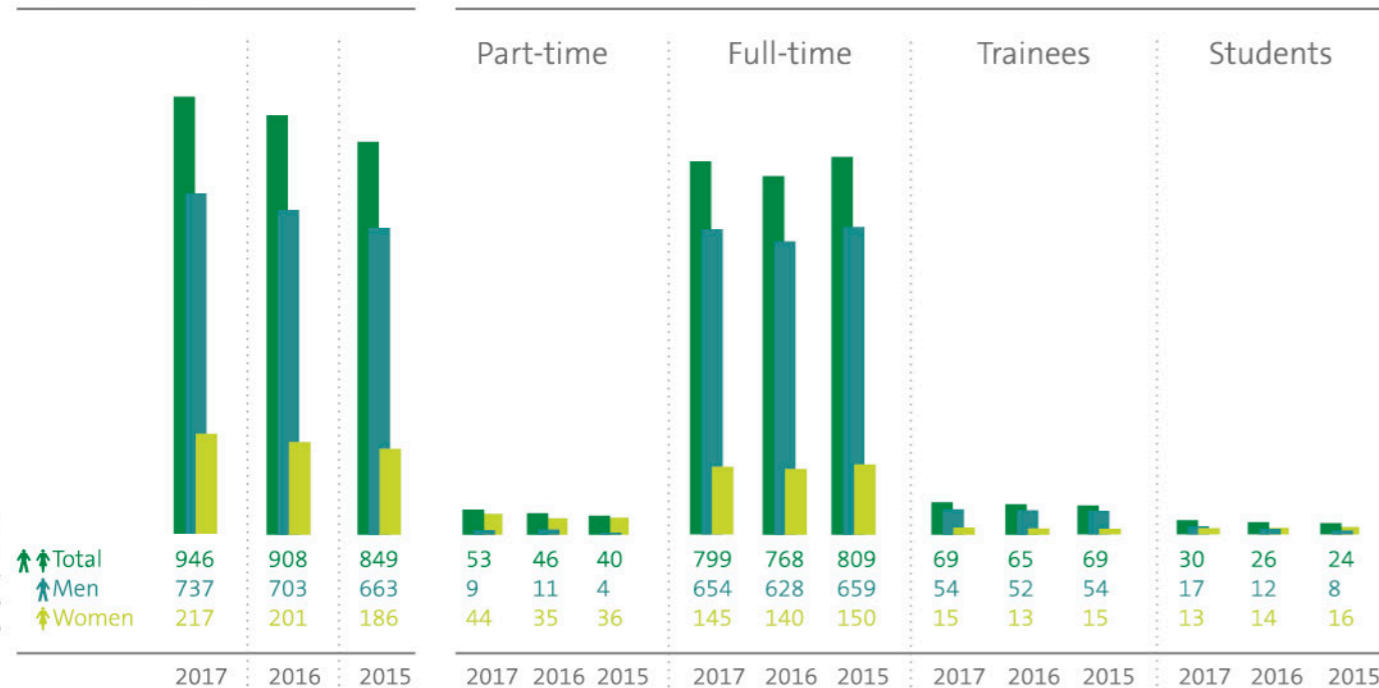
The needs of employees are also changing. English is becoming the lingua franca for all the sites and is gaining an increasingly strong foothold in all areas. This is pro-

viding employees who are interested in intercultural exchanges and languages with a broad array of opportunities in terms of their personal development. It is important that we discover our cultural differences and develop mutual understanding.

SÜDPACK's growth is not only reflected in the continuing year-on-year increase in the number of employees, but also in the rising recruitment rate. A certain amount of upheaval is caused by employees joining and leaving the company, so the turnover rate is also being subjected to a risk analysis. Up to now, the risks for the company have been classified as low. Exit interviews are held to find out the reasons why an employee is leaving and to enable any possible resignations that can be avoided in future to be averted. The age distribution of employees is partly responsible for the turnover rate, as young people in particular are currently moving to larger cities.



Number of employees at the Ochsenhausen site (with Trainees)



In addition, the region has one of the lowest unemployment rates in Germany at 2.1% at the beginning of the year. In light of the growing demand for employees in particular, it is difficult to compensate for the drawbacks of the site's rural location. It is for this reason that SÜDPACK must take steps itself to secure the long-term human resources it requires.

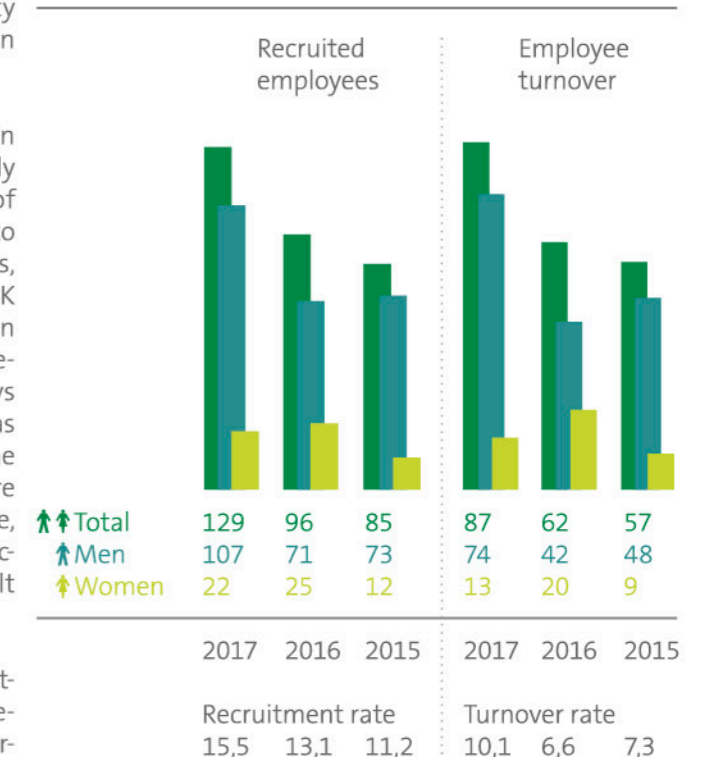
SÜDPACK has positioned itself on the labor market as a family-run, medium-sized company. In addition to establishing ergonomic, clean, safe, and healthy workplaces, it is reliability, fairness, and economic security that form the basis of human resources work when dealing with employees.

A "culture of open doors" has traditionally prevailed in the family company of SÜDPACK. Employees can easily approach the management board and all levels of senior management. Being able to speak directly to managers in the event of problems, concerns, requests, or complaints means employees know that SÜDPACK takes their issues seriously. To a large extent, this open atmosphere can be attributed to the fact that management leads by example, and the managers have always lived and breathed this culture. Human Resources has provided mailboxes at discreet locations around the site for anonymous complaints. The received letters are processed and archived by Human Resources. To date, there have been no such reports of serious dissatisfaction among employees, as issues are generally dealt with as soon as they arise.

The interaction with and between employees is regulated in the corporate policy and the Compliance Guidelines. The Guidelines ensure respectful and equal inter-

action with one another and with regard to third parties, such as customers and suppliers. All employees have equal rights and are treated equally, regardless of their gender, age, origin, or other diversity factors.

Employee recruitment





Diversity factors also have no influence on an employee's salary, which is determined by the scope of their duties, area of responsibility, and individual performance as part of their performance reviews and alongside the company's salary matrix.

By agreeing personal targets and offering in-service training and development, employees are given the opportunity to develop their professional career and, thus, impact their salaries directly. There is also a voluntary employee profit-sharing scheme, which pays out on the basis of corporate target attainment. In the wake of the structural changes, new regulations governing this scheme will be in place by the end of the year, so that the focus will be on the company's common objectives.

Within the scope of LEAN workshops and the continuous improvement scheme, for example, employees have the opportunity to play a part in the company with their ideas and abilities. Although the existing idea management system has been successful, there is significant room for improvement. LEAN is already improving many things automatically, which is why the system should be simplified and standardized, and transformed into a continuous improvement process.

Besides purely professional issues, it is very important to take the compatibility of career, family, and all individual circumstances into account for the health and well-being

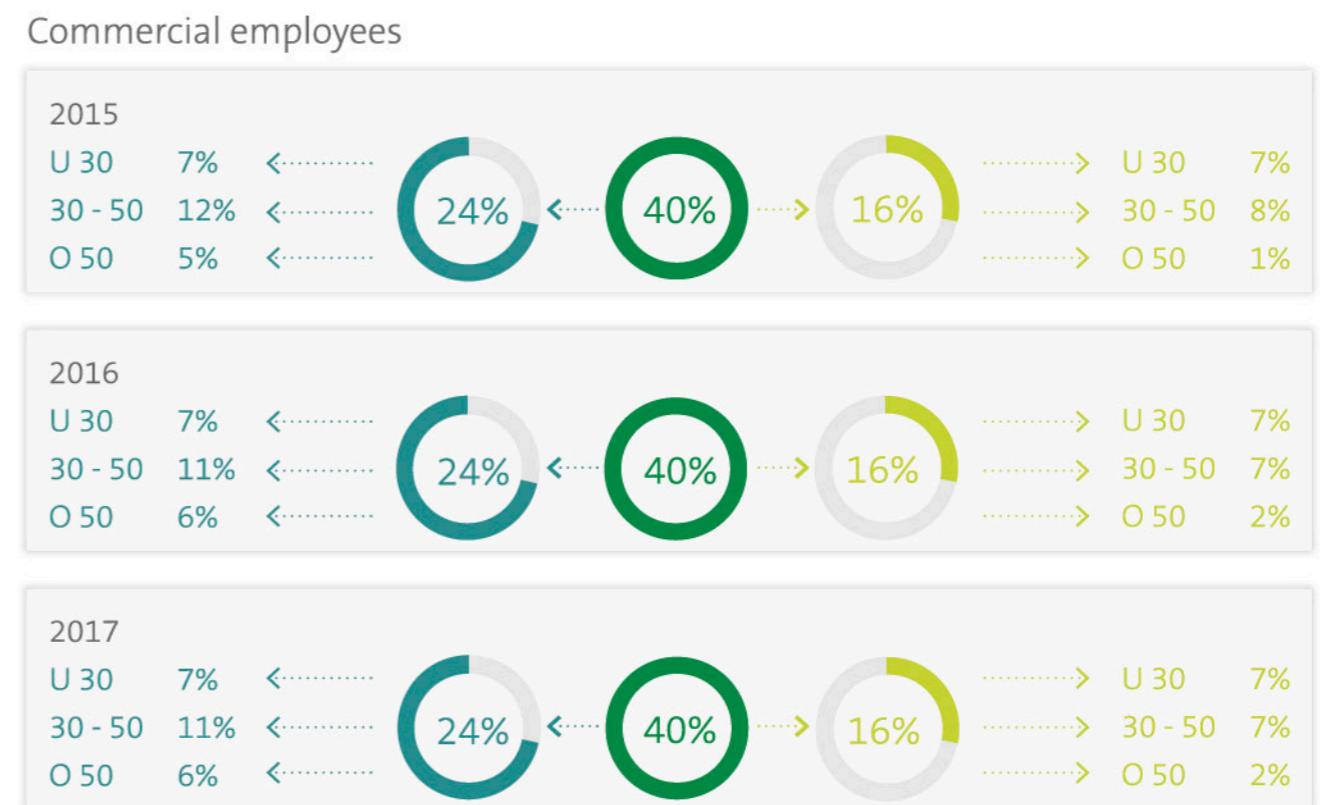
of people working at SÜDPACK. Balancing all the needs and aspirations, which individuals have at the different stages of their lives, is becoming ever more challenging in our fast-moving society.

At the initiative of Alfred Remmele, SÜDPACK introduced a company pension scheme several years ago in collaboration with employees, which has been very well received.

Most employees are full-time. A shift system operates in production. Temporary workers are mainly employed during popular vacation periods and when capacity bottlenecks occur.

SÜDPACK believes that offering young parents individual working-time models and working conditions – including during parental leave – is a strategic task, making it easier for them to return to work.

Working for SÜDPACK should continue to be an attractive prospect in future. The opportunities presented by the company's current growth are many and varied. In the coming years, our focus will be on the complete integration of the various sites and making the corresponding changes to our HR policy. A HR Leadership Team has already been set up for this purpose, which will enable tools to be developed and adopted by all parties. By way of example, the language has been changed to English so that uniform structures can be created.



## TRAINING AND PROFESSIONAL DEVELOPMENT

Employees are one of a company's most significant resources, as the quality of products or services is dependent on the employees and their skills. Consequently, training our skilled workers and managers, as well as developing and motivating them, is extremely important to SÜDPACK. Our staff development begins with pupil internships, moving on to in-service training, study courses, and college internships, right up to training for foremen and young graduates. This means our skilled staff and experts come from our own ranks. This plays an important role in securing SÜDPACK's long-term, sustainable success and is also apparent from the number of trainees and students at SÜDPACK, who make up approximately 10% of employees.



The close contact with schools, colleges, universities and institutes, and an intensive dual training program, are used to develop the next generation of experts. The company works closely with high schools, namely the Realschule in Ochsenhausen, Erolzheim, and Schwendi, the Ochsenhausen Gymnasium, and the Werkrealschule in Kirchdorf. The company's academic future is safeguarded through close

partnerships with universities, such as Stuttgart Media University (packaging technology), Kempten University of Applied Sciences (packaging technology), Technical University Munich (food technology), Aalen University (polymer chemistry), at which bachelor's and master's courses are offered to students. SÜDPACK also trains students following dual study programs at the universities of Stuttgart,

Heidenheim, Ravensburg, and Kempten. The number of students has risen steadily in recent years.

Taking part in education fairs in Biberach, Ulm, Kempten, and Memmingen also helps to create a positive company image with the public.

To cope with the growing shortage of both trainees and skilled workers, SÜDPACK has been training young people from Albania who speak German since 2017 in Ochsenhausen. In the technical sector in particular, the training vocation of "Process mechanic for plastics and rubber technology" is relatively unknown. The opportunities of satisfying the demand for skilled workers by training young, motivated, and above all German-speaking applicants from abroad are great.

On January 12, 2017, five young people commenced their training toward becoming process mechanics for plastics and rubber technology in Ochsenhausen. Aside from their professional qualifications, the trainees' excellent German language skills are the key to their successful integration in the company and vocational college.



For the most part, the applicants developed their German language skills at the Austrian School, the "Peter Mahringer Schule", in Shkoder. Lessons are taught 2/3 in German and English, but there is also Albanian teaching staff as well. For 4-6 years on average, the students receive a general education here, similar to a high school. They also receive specialist, practical training in the fields of network engineering, software development, database systems, electrical engineering and electronics, media technology, computer engineering, and project management. Students graduate the school with a "Matura" qualification (equivalent to Advanced Placement qualifications). Following a successful competition, four male graduates and one female graduate

from the "Peter Mahringer Schule" were chosen from a total of 21 applicants. A total of 36 new trainees and students will also be joining SÜDPACK this coming academic year, starting in September 2018, to begin their training or dual study program. The group once again includes four young men from Albania, who also want to learn the trade of "Process mechanic for plastics and rubber technology" like their predecessors. SÜDPACK is also training media technicians, electricians, industrial mechanics, warehouse logistics specialists, IT specialists, media designers, and industrial clerks. SÜDPACK opened its own training center in 2014 to create the best learning environment for our trainees.

"I'd really never heard of anything like it before. I didn't know that Europe had a dual education system. Right now I'm in the second month of my training. I spent one month attending classes at the vocational college and am now being trained at the company. There are 10 of us in the first year of training toward becoming process mechanics. We learn new and interesting things every day. SÜDPACK mainly produces packaging films for foodstuffs and medical products. We're learning how to operate and monitor the co-extrusion systems to make blown and flat films. I didn't realize that this called for such complicated technology. Chemical compounds are also key to ensuring that we create the perfect packaging for food. I think it's great so far, and I hope that things don't change."

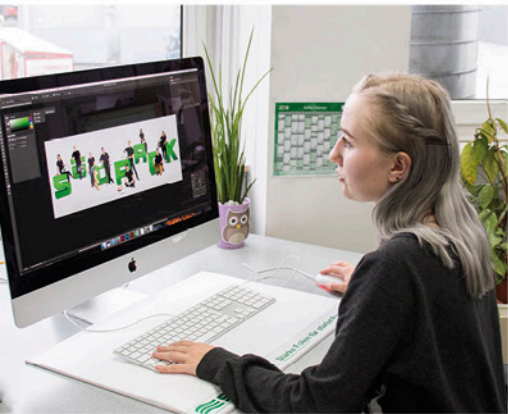
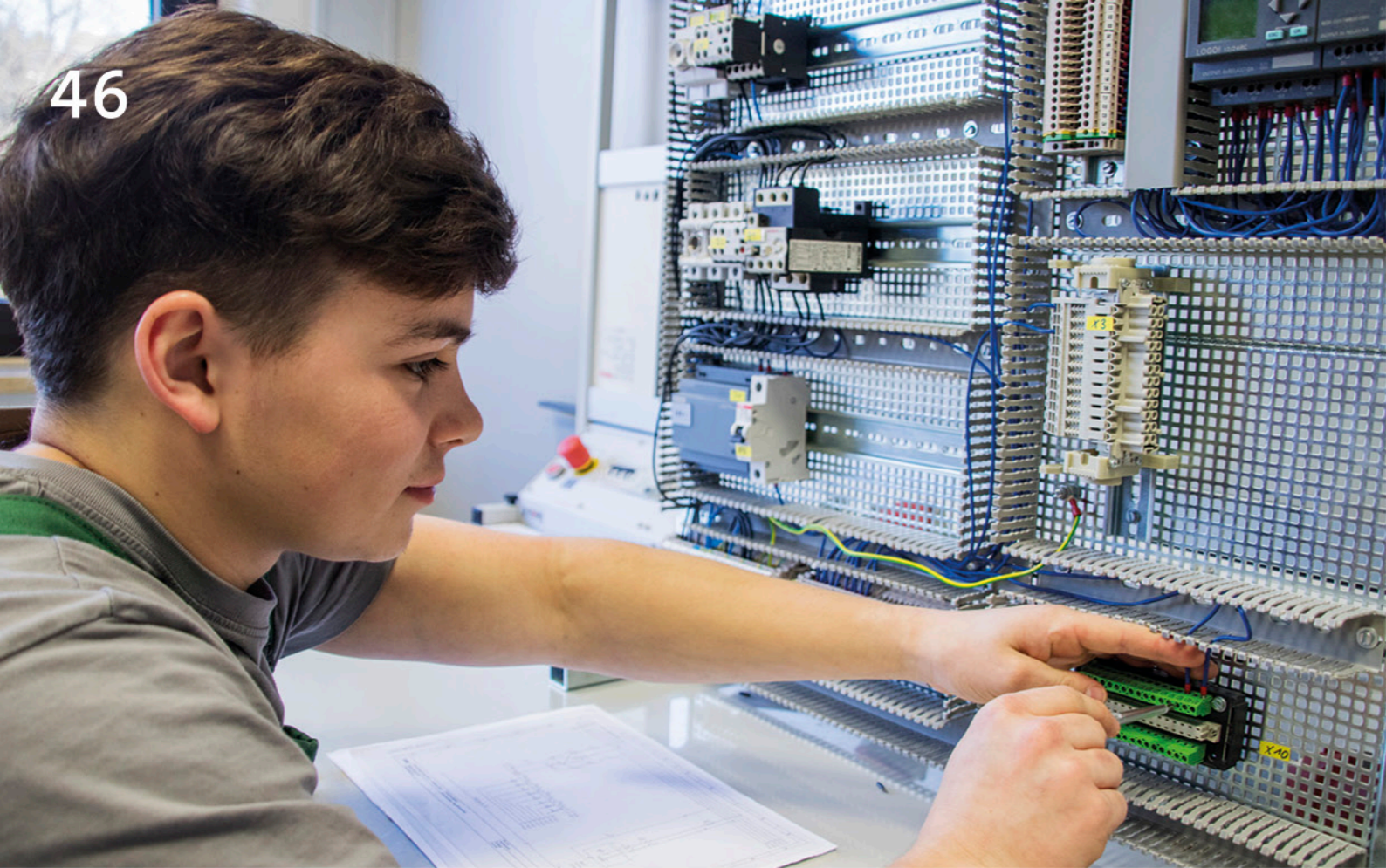
Eugenio G. (March 2017)



"Packaging film is made in a cylindrical form. I would never have guessed that. These are the sorts of things you learn as a process mechanic for plastics and rubber technology. For those who like working in production, it's an area that offers great variety. You learn about everything, from metal technology to logistics. Chemistry also plays a key role (alkanes, alkynes, and alkenes). And that's just the job."

Living in Germany is also different to how I imagined it would be. You get used to being cosmopolitan, because there are workers from lots of different regions and nationalities. Swabian is also a new language for us, but the people are really friendly and helpful. Life experience is the most important thing. I'd recommend it to anyone. When the training is over, I hope I can continue to work here and get to know the German (or more specifically, the Swabian) culture even better."

Klaudio G. (March 2017)



Everyone at SÜDPACK can have a direct impact on our success by continuing their development through training and then using their new skills. Independent areas of responsibility and goal-oriented management help to motivate our employees to make a lasting commitment to the company. Integrated concepts to identify, train, and develop high-potential employees have been put in place in human resources development as a result of quality management and performance reviews. We are working on a system that will document the training courses attended by employees.

An active knowledge management system will document the qualifications of our employees from all areas and record this information in matrices, which will be adapted regularly, at least once a year. If there are any skill gaps, further training courses will be triggered ensuring

that optimum use is made of staff. In addition, this will also serve as the basis for the planned sharing of knowledge when employees reach the age of retirement.

Grants and training are reviewed and planned individually via an annual performance review. Internal and external training courses, as well as further study or development activities may be initiated by SÜDPACK or at the employee's request. This ensures that employees are able to develop along with their area of responsibility. By way of example, six technicians are currently undertaking master craftsman training, for which SÜDPACK is providing financial support.

All training courses have been documented and evaluated for effectiveness since the end of 2015, thanks to our e-learning tool. This currently covers compulsory

training courses on various topics, such as hygiene, occupational safety, and the environment. This equates to approx. 40 minutes a year for each employee. We are taking steps to build on the possibilities of this tool. Compliance will be integrated in the tool this year.

Specific training and development courses secure the next generation of senior management. These management courses, which are applicable to any career, have been in place since 2007 and enable employees to establish contacts with one another and build a network that helps with staff retention.

There is an annual review for senior management. The department heads are evaluated in direct conversation with the management board. The annual review has been in place since 2012, giving employees the chance to evaluate senior management.

The plan is to establish a talent management system for the future. Special systems will need to be set up for this purpose.



**SENIOR MANAGERS AT SÜDPACK IN 2017**



Men



Total



Women

	Men	Total	Women
DIVISION MANAGERS	4	6	2
HEADS OF DEPARTMENT	21	26	5
TEAM LEADERS	23	37	14
TEAM COACHES (SHIFT SUPERVISORS)	22	22	0





**OCCUPATIONAL SAFETY AND HEALTH PROTECTION**

SÜDPACK takes its employees' occupational safety and health protection very seriously. Accordingly, the company has implemented an occupational safety and health management system, which has been certified in accordance with OHSAS 18001 since 2012. Based on a risk analysis, all measures were implemented that have a lasting impact on reducing the number and severity of accidents at work and that actively contribute to the health protection of our employees through prevention.

A new target for reducing accidents at work is set each year. From year to year, the aim is always to improve the previous 3-year average by 10%.

We actively promote health protection for our employees through suitable initiatives for occupational safety and corresponding screening programs. Examples include the company pension scheme and the fact that workstations can be customized, thanks to height-adjustable tables and chairs, for example. Work clothes are tailored individually to the employees.

Special lifting aids are used in production to reduce the strain on employees. Anti-smoking programs are offered regularly. Back training has been provided regularly for a few years now at the request of several employees.

Cooperation with the company doctor supports health management. A return-to-work talk is conducted in the event of an employee's absence, in order to identify and resolve any possible causes in the company.

Occupational safety and health protection forms part of the e-learning training course. The injury rate was particularly high in 2016. A campaign to raise awareness was therefore initiated, involving further training, visits from external consultants and trade association (BG) Chemie, and the figures were on permanent display and evaluated continuously. This had a clear impact in 2017 with an injury rate below the BG Chemie average. There were no serious accidents in the period covered by this Sustainability Report.

As part of the company's health management scheme, SÜDPACK has been running a special project since 2017 to get employees to take responsibility for looking after their own health. To help employees start leading or get back to leading a sportier and therefore healthier lifestyle, we have arranged for them to work out with a personal trainer. Four to five employees have the opportunity to complete a joint endurance training course lasting three months and receive one-on-one training once a week.

Primarily, the aim is to encourage those employees who are not particularly active themselves at home or who perhaps already suffer with physical problems, like backache, to take up sport. With targeted, one-on-one training, these problems can be tackled, alleviated, and potentially even cured. The employees we help should be able to see the benefits of leading a healthy lifestyle for themselves, and possibly also their colleagues, and will change their behavior and habits accordingly at best.

SÜDPACK sponsors local sports associations and countless sports activities for employees, including football tournaments, an employee tennis tournament, an employee ski trip, the Einstein Marathon, the Fürstenwald Run, and a horse show.



**OCCUPATIONAL SAFETY AND EMPLOYEE HEALTH PROTECTION IN NUMBERS**

Injury rate (BG Chemie comparable figures)	9,4	9,4	9,4
Reportable injury rate (for 1 million working hours)	6,65	16,6	14,14
Lost days rate (LDR)	53	110	72
Absence rate	5,18	5,02	4,86
Fatalities	0	0	0
	2017	2016	2015

# REGIONAL INVOLVEMENT

SÜDPACK has been operating as a family company for more than 50 years in Ochsenhausen. As the fourth generation of the family of owners still lives in Ochsenhausen, the company has close ties with the city and the region. The company's budget and priorities for supporting various projects in the surrounding area are set anew each year.

Our employees at the Ochsenhausen site commute daily to our facility from within a radius of approximately 50 km. For the most part, they are closely linked with our area and are heavily involved in social bodies, political and cultural organizations, as well as in associations in and around Ochsenhausen.

Our Managing Partner, Johannes Remmele, sits on the Ochsenhausen City Council as Group Chairman and represents regional interests as Vice President of the Ulm Chamber of Commerce and Industry.

## THE COMPANY'S SOCIAL INVOLVEMENT IN ASSOCIATIONS AND INTEREST GROUPS

SÜDPACK is a member of the Plastics Packaging Industry Association (IK) and the FPE (Flexible Packaging Europe forum), taking an active role in the latter on various task forces and project groups, such as the "Polyolefin Group", "Sustainability", "Central Committee Consumer Goods Legislation", and as a quality supervisor.

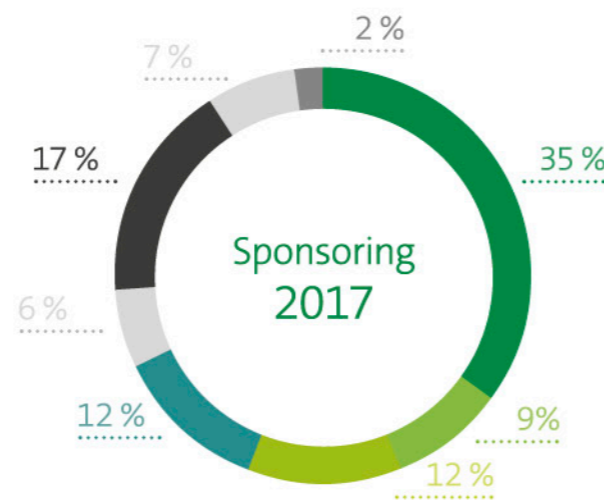
SÜDPACK has taken a leading role on the "Sustainability" task force in the development of the "Ecocalculator", which allows users to identify the environmental impact of films using the database of PE International. This tool is open to anyone and can be acquired from the IK on payment of a licence fee. The company actively supports the "Product Testing and Standards" task force in the "EuPF – European Plastic Film" group there.

SÜDPACK is a member of the Fraunhofer IVLV (Industry Association for Food Technology and Packaging), the ZLV (Cooperation Network for Food and Packaging Technology), the DFTA (Flexo Printing Association), and the

OFI (Research Institute for Chemistry and Technology). It gives project support there by providing personnel, financing, and samples and analyses.

The company takes a proactive approach to projects that require official approval, collaborating closely with the authorities of the city of Ochsenhausen, the Biberach district administration, and the Tübingen regional council. SÜDPACK cooperates fully and openly during visits by the regional council, the BG RCI (professional accident insurance for producers of raw materials and chemicals), and the veterinary inspection office as the food law supervisory authority.

When the new business premises in Schwendi and Erolzheim were being built, extensive discussions were held with the communities affected in advance, during the approval stage, and during the construction work itself. Negative effects on the environment and occupational safety are evaluated in the planning stages and in daily practice by means of the appropriate expertise.



## THE COMPANY'S SOCIAL INVOLVEMENT IN THE REGION

- Sponsoring sport and culture in and around Ochsenhausen: Sports associations, sports facilities, riding clubs, concerts, National Academy Ochsenhausen
- Work with students in the region: School sponsorships, school partnerships with all local schools (Gymnasium Ochsenhausen, Realschule Ochsenhausen, Werkrealschule Kirchdorf, Realschule Schwendi, Realschule Erolzheim)
- Supporting various school magazines/yearbooks/student planners by placing ads in them
- Donations
- Trainee Christmas campaign for social projects
- Organization and funding of sports events
- Organization of, participation in, or funding of various other activities



- Film and Food
- Energy
- Good cause
- Schools and universities
- Ochsenhausen and region
- Sport
- Economy
- Others



**INPUT**

- Granulate .....>
- Semi-finished product .....>
- Auxiliary and operating materials .....>
- Energy .....>
- Adhesives .....>
- Inks .....>



**OUTPUT**

- .....> Finished products
- .....> Non-hazardous production waste: Plastics, laminates, paper / cardboard, etc.
- .....> Hazardous waste: Inks, adhesives, distillation residue, contaminated cleaning cloths, etc.
- .....> Emissions: CO<sub>2</sub> and VOC (volatile organic compounds)

# ENVIRONMENTAL



ENVIRONMENTAL

The global debate regarding plastics in our oceans is causing major upheaval in the plastics industry at present. The conservation of resources, energy efficiency, and cutting emissions and waste are key concerns for SÜDPACK in this area. It is crucial that we take responsibility for these issues to have

a positive impact on the circular economy, which includes recycling and recovering waste. The relevant aspects can be illustrated in a simple way according to the input and output factors, and are illustrated in this chapter.

# RAW MATERIAL CONSUMPTION

*In connection with the EU Commission's forthcoming "Plastics Directive", according to which prevention is a greater priority than recovery, the trend toward thinner films, which has been in evidence for many years, has gained considerable momentum. That is why SÜDPACK has developed films that are considerably thinner (downgauging), but with the same application security, functionality, and product safety.*

This is also apparent in the quantities delivered between 2015 and 2017. The quantity sold in kg rose by 11.2%, while the volume in m<sup>2</sup> rose by 12.8%.

However, it is not only film reduction, but also the use of laminating adhesives that has made it possible to save resources. Adhesive use in laminating has been radically reduced over the last few years by switching to high-performance adhesives and solvent-free laminating. By 2015, a reduction of almost 50% was achieved. Following a product-specific increase in adhesive use in 2016, we were able to bring this back down to the level of 2015 by 2017.

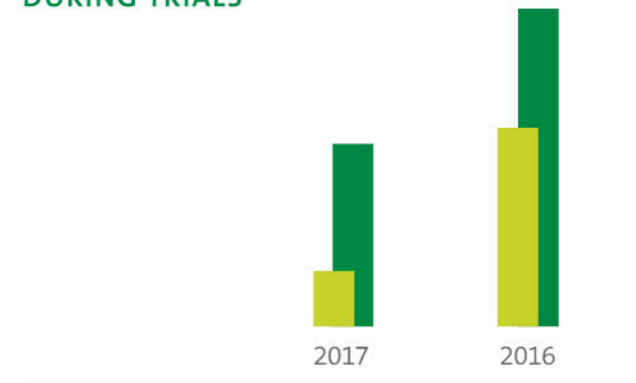


Alongside the economic advantages – including especially due to solvent-free laminating – there are also huge environmental effects (remaining solvents, VOC emissions).

Due to the changes in legislation, the demand from customers for recyclate use is constantly growing. The use of fresh raw materials can be reduced by using recyclate from post-consumer materials. To ensure consistent quality and food safety standards, we only work with EFSA-listed and certified recycling companies. Additionally, inline scrap and start-up material is regranulated wherever possible and used in the middle layers of the coextruded composites. To develop and continuously improve the technology, SÜDPACK has set up its own Competence Center for this purpose.

Other initiatives, such as reducing material diversity, campaign production, or establishing supermarkets, have improved the yield rate in 2016 and 2017, particularly in the extrusion areas. In addition, our extrusion technical center – multiXtrusion for tests and small orders – has significantly reduced the costs of tests and the amount of waste, and enhanced the effectiveness of the large extrusion lines.

## MATERIAL CONSUMPTION DURING TRIALS



Target reduction in % compared to the previous year	7 %	25 %
Achieved reduction in % compared to the previous year	23 %	40 %

ENERGY CONSUMPTION DISTRIBUTION OF SÜDPACK OCHSENHAUSEN

2017

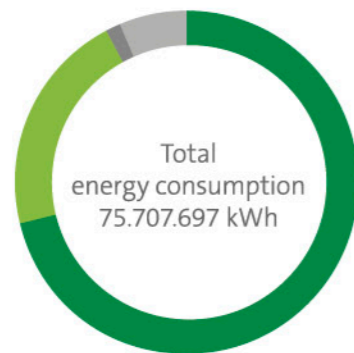
Electricity  
56.359.693 kWh

Gas  
16.536.965 kWh

Heating oil  
192.750 kWh

Diesel  
1.077.146 kWh

Hot gas  
4.864.325 kWh



Machinery power consumption  
37.839.883 kWh

2016

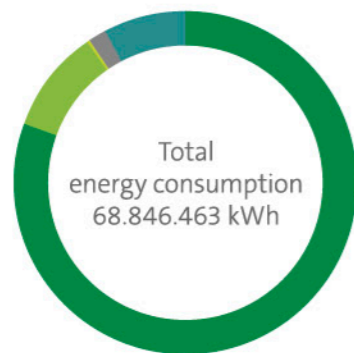
Electricity  
55.468.317 kWh

Gas  
6.841.268 kWh

Heating oil  
157.830 kWh

Diesel  
1.171.848 kWh

Hot gas  
5.207.200 kWh



Machinery power consumption  
40.459.822 kWh

2015

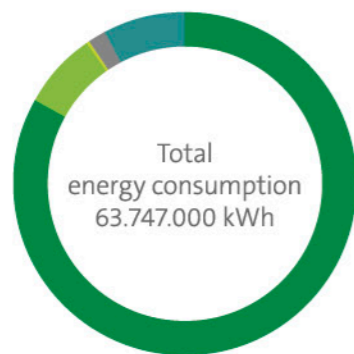
Electricity  
52.994.044 kWh

Gas  
4.665.755 kWh

Heating oil  
119.520 kWh

Diesel  
1.034.091 kWh

Hot gas  
4.934.986 kWh



Machinery power consumption  
39.192.000 kWh

# ENERGY

The significance of energy efficiency from an economic perspective led to the implementation of an energy management system in accordance with ISO 50001 in 2011. It has been certified on a regular basis since 2012. The energy efficiency goals have been included in the corporate targets since 2012. If all the production lines are taken into consideration, there was a clear improvement in the key performance indicators for energy (EnPI electricity = kWh / application quantity x1,000) from 2015 to 2017.

Employees are updated on the status of target attainment on a monthly basis. The energy team evaluates the progress of increasing efficiency four times a year, initiating new measures as required.

At the Ochsenhausen site, electricity is the main source of energy consumption by a clear margin. The site also uses energy from gas, heating oil, and diesel. The hot gas from our RTO lines (regenerative thermal oxidation of solvents) is also used to heat the drying channels and to produce steam.

The absolute total energy consumption has risen over the last three years. This is mainly due to the acquisition of additional lines for extrusion and lamination. In addition, inline and offline regranulation plants have been installed, which require additional energy. From a global perspective, this has enabled significantly more energy to be saved, which has not been required for the production of granules from oil.

Thanks to the energy produced by our own cogeneration plant, commissioned at the end of 2016, we were able to purchase approx. 35% less electricity from external sources in the 2017 reporting year. The generated



heat is fed into Ochsenhausen's local heating network. The commissioning of the plant has resulted in a shift in the ratio of energy sources for the refining processes. At 48.5% gas is the primary source of energy and is even ahead of electrical energy, which comes in at 31.4%. By contrast, the extrusion processes (film production) are dominated by electricity consumption at 95.6%. Over the past few years, this is why SÜDPACK has largely focused on electrical energy when it comes to measures to improve energy efficiency.

As more than 55% of the electrical energy is required by our top 10 lines, increasing the energy efficiency of these top 10 lines has been enshrined as a corporate target. For 2016 and 2017, there was no improvement to the original key performance indicator in the corporate targets relating to the top 10 consumers up to 2015, as the

composition of the top 10 changed. The lines to be assessed are now defined, and the baseline for energy has also been adapted.

Regular energy meetings are held to monitor the results and measures. Until now, the focus has been on measures to improve the energy efficiency of the production lines. For example, the improvement in process cooling in 2016 resulted in a substantial increase in efficiency, enabling us to now save 1,162,000 kWh every year. In future, we now plan to focus on the potential improvements we can make to energy efficiency when it comes to generating compressed air. We will systematically create suitable measuring systems to do this and take appropriate measures, such as replacing compressors or improving the pipe dimensions.

Total	EnPI electricity (kWh) / quantity (x1,000) accumulated application		
Extrusion	460,15	467,16	468,98
Finishing	3,16	3,52	3,36
Top 10	464,73	449,21	444,98
	2017	2016	2015

If the energy efficiency of all the lines is considered in terms of energy used in kWh per 1,000 m<sup>2</sup> film (refining) and in kWh per 1,000 kg granulate throughput (extrusion), the improvements in energy efficiency from 2015 to 2017 are plain.

# EMISSIONS

In addition to the issues of raw material consumption, energy, and waste, which were covered in detail in the first Sustainability Report, emissions are also one of SÜDPACK's key concerns. The first report did not contain a detailed explanation of emissions, as they are a legal issue, where there is no scope for discretion or any degree of freedom. For completeness, this environmental consideration will now be included in the Sustainability Report and examined in greater detail.

As SÜDPACK operates solvent-based printing and laminating machines, as well as furnaces, it is subject to the Federal Immission Control Act (BImSchG). The legal obligations include producing an annual solvent balance in accordance with the 31st BImSchV, which is made available to the Tübingen regional council as the supervisory authority.

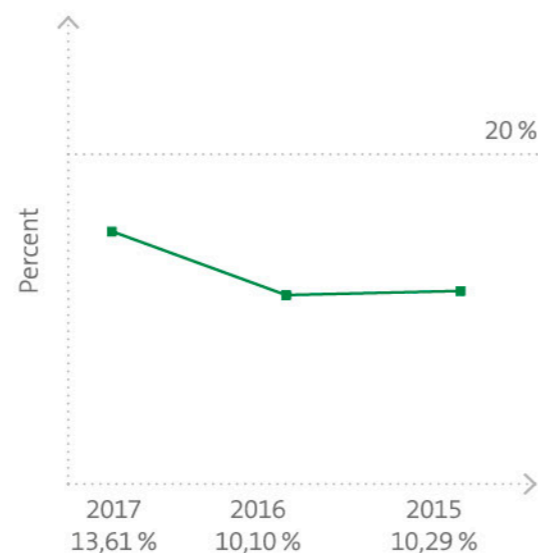
The diffuse and captured solvent emissions (volatile organic compounds) emitted by SÜDPACK are considerably below the legal limits.

The quantities emitted must be submitted as an electronic report to the European Pollutant Release and Transfer Register (E-PRTR) every year in accordance with section 3 of the German PRTR Law (SchadReg-ProtAG). An emissions declaration has been submitted every four years (most recently in 2016) in accordance with section 27 of the BImSchG in conjunction with the Emissions Declaration Ordinance (11th BImSchV).

SÜDPACK is striving to reduce solvent emissions by using the latest exhaust emission control systems. Autothermic operation is ensured by the hot gases produced from operating two RTO lines (regenerative thermal oxidation). Consequently, there is no need to add any additional gas during normal operations to heat the drying channels of the printing and laminating machines. With an appropriate product design and wherever possible, the aim is to replace laminated composites with coextruded laminated films, and solvent-based laminating with solvent-free laminating.

To protect the environment, every technically feasible measure to reduce VOC and noise emissions is taken. As the company's site in Ochsenhausen is located in a mixed-use area rather than a commercial or industrial zone, measures to protect our immediate neighborhood in particular were of vital importance. These include the RTO lines, noise barriers, and encasing our machinery. Organizational measures, such as parking lot management, and personal measures, such as staff training on relevant topics, have also been taken.

## SHARE OF DIFFUSE EMISSIONS IN RELATION TO PURCHASED SOLVENT IN %



Overall	Total energy consumption (kWh)	corresponding tons of CO <sub>2</sub>
2017	75.707.697	36.874
2016	68.846.463	34.975
2015	63.747.000	32.384

# WASTE



Waste and its disposal is a major issue for a closed circular economy. The conservation and efficient use of raw materials also influences the volume of waste that is produced. Thanks to ongoing improvements to processes, reducing the use of raw materials has also reduced the amount of waste.

Reducing the amount of waste is one of the corporate targets that is updated every year and is realized by implementing appropriate measures. Over the last two years, there has been a further reduction in the total amount of waste for both hazardous and non-hazardous materials. All of the targets set have been exceeded.

In Germany, waste legislation is governed by the Waste Management Act (KrWG), and our waste management system is based on its hierarchy for waste. In all production departments, improved material flow management has resulted in industrial production waste being systematically sorted according to polymers, trim losses and start-up waste being processed as recyclable materials inline and offline, and being fed back into production. Cardboard packaging, paper, metals, wood, plastic waste that can no longer be used as a recyclable material, and commercial waste are sorted and sent to disposal companies for further processing.

From 2015 to 2017, the outright rise in hazardous waste is apparent, which can be explained by the investments in additional printing and laminating machines made in the past two years. In addition to the solvents ethanol and ethyl acetate being used as auxiliary materials, these substances are also used to clean the rollers and to remove floor coatings.

The steady rise in the volume of non-hazardous waste, predominantly polymer waste, is apparent from 2015 to 2017, and can be attributed to the expansion of our operations. The proportion of material being recycled has increased once more.

In relation to the throughput volume, production waste was reduced by almost 10% from 2015 to 2017.

## WASTE IN WEIGHT BY DISPOSAL METHOD FROM 2015 TO 2017

	2017		2016		2015	
	Hazardous waste (weight)	Non-hazardous waste (weight)	Hazardous waste (weight)	Non-hazardous waste (weight)	Hazardous waste (weight)	Non-hazardous waste (weight)
Total weight	418,632 t	14.930 t	413,28 t	14.890,4 t	378,40 t	14.296,44 t
Recycling		12.802,29 t		12.478,94 t		10.393,321 t
Re-use	0,092 t	774,59 t	0,23 t	660,15 t	0,388 t	624,45 t
Waste incineration (mass burn)	250,47 t	1353,12 t	257,09 t	1751,31 t	125,807 t	3.278,669 t
Processing as substitute fuel in the cement industry	158,29 t		152,17 t		251,455 t	
Processing in lead works	9,78 t		3,79 t		0,75 t	

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### THIRD PARTY ASSURANCE

To SÜDPACK Verpackungen GmbH & CO. KG, Ochsenhausen

In accordance with our mandate, GUT Zertifizierungsgesellschaft für Managementsysteme mbH (GUTcert) accomplished an independent third party validation to obtain a limited assurance of the disclosures in the Sustainability Reporting by SÜDPACK Verpackungen GmbH & CO. KG for the period from 01.01.2016 to 31.12.2017.

### RESPONSIBILITY OF THE LEGAL REPRESENTATIVES

SÜDPACK's senior management is responsible for creating the Sustainability Report in accordance with the reporting principles of the Global Reporting Initiative Standards (GRI Standards):

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness
- Balance
- Comparability
- Accuracy
- Timeliness
- Clarity
- Reliability

This responsibility includes the selection and application of reasonable reporting methods, making assumptions and estimations of individual information that are reasonable in the circumstances. In addition, the Board of Directors is in charge of the conception, implementation and maintenance of systems and processes, as far as they are important for the recording of the report.

### RESPONSIBILITY OF THE AUDITOR

GUTcert's responsibility is to express a verdict, based on the validation performed, as to whether any matters have come to our attention, which make us to believe that the sustainability related information provided in the SÜDPACK Sustainability Report for the period of 2016-2017 has not been materially in accordance with the GRI Standards and the reporting criteria. Moreover, GUTcert has been entrusted with making recommendations on the basis of the examination results for the further development of sustainability management and reporting.

The examination focusses on interaction with stakeholders. This includes selecting stakeholders and communicating with them, evaluating their requirements and identifying the material aspects of sustainable development. Validation of the sustainability related

information presented in the report has been planned and executed so as to enable us to make a validation with limited assurance.

This limited assurance applies exclusively the verification of internal sources and groups; gathering inspection evidence is restricted to corporate and management levels of the SÜDPACK organization in Germany. Systems and processes corresponded to the report content have been examined, using the materiality principle and the stakeholder involvement process. Specific sustainability performance has been checked on a random basis. Examination procedures, based on the examiner's judgement, have been selected and implemented through e.g. the following activities:

- Inspection of the documents for the 'Strategy 2020', company's organization and stakeholder dialogue
- Inspection of the documentation for systems and processes for collecting, analyzing and aggregating the data with regards to sustainability performance
- Personal interviews with the Managing Director, the Commercial Director, the Director of Finance & Administration and the Human Resources Director
- Personal interviews with the Sustainability Officer, Heads of QM, Hygiene, Environmental Protection and Occupational Safety
- Analytical assessment of communicated figures and trends for the reporting period of 2016-2017
- Random sampling of verification for individual values, e. g. by inspecting internal management documentation and accounts

### VERDICT

On the basis of GUTcert's validation to obtain a limited level of security, we have not been aware of any issues that may lead us to believe that the sustainability related information provided in the 2018 Sustainability Report by SÜDPACK Verpackungen GmbH & CO KG is not materially in accordance with the reporting principles of the GRI Standards.

### SUPPLEMENTARY NOTES – RECOMMENDATIONS

Without limiting the above mentioned results, we would like to make the following recommendations for the further development of sustainability management and reporting:

- Sustainable supplier management should be further developed by, among other things, strategically anchoring existing efforts and

measures by a corresponding internal directive. In addition, the performance indicator system in this field of action should be expanded in order to optimize the control and the recording of the results.

- The sustainability related approaches and solutions should be communicated more intensively in public, for example by participating in various fora and initiatives at federal and state levels.

Berlin, 22.08.2018

GUT Zertifizierungsgesellschaft  
für Managementsysteme mbH

Umweltgutachter

*J. Felker*

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