

# WE GO FURTHER...

Sustainability Progress Report for 2020



## FOREWORD

As a leading producer of high-performance films for a wide variety of industries and applications, SÜDPACK stands for cutting-edge technology, extensive expertise, a resolute focus on the market, a pronounced sense of quality and, not least, innovative strength. These elements are the key to our progress – and the foundation of our success.

At the same time, it is our responsibility to find answers and solutions to the most relevant challenges of our time. One main challenge is the health of our planet. Here at SÜDPACK, we are committed to our responsibility – for many years now, sustainability has been firmly anchored in our corporate philosophy and a fundamental component of our corporate strategy.

Within the framework of our Sustainability Roadmap, our focus when it comes to our product portfolio is on the action areas of material efficiency, recyclability and renewable raw materials. At the same time, we are devoting all of our efforts to a functioning circular economy in our markets. However, there are even more facets to sustainability. It applies to all areas, from environmentally friendly construction measures to efficient, resource-conserving production processes and right through to the values we live by in daily interaction with one another – which are what customers, stakeholders and business partners have relied upon from the very start.

To transparently and continually communicate the progress we have made in our sustainability activities, we are publishing a progress report for the first time this year that presents developments in our sustainability initiatives in the fields of environment, economy and social responsibility in 2020. This report is based on the Sustainability Report that was published last year.

We also outline new developments in the market and provide information about the pioneering activities and initiatives of the SÜDPACK Group in 2020.

This report, which is published on a voluntary basis, once again demonstrates SÜDPACK's clear commitment to sustainability.

Tharcisse Carl

Managing Director

We would all like to wish you happy reading,

Erik Bouts CEO

Simboohe.

Carolin Grimbacher Managing Partner



Erik Bouts Managing Director (CEO) Carolin Grimbacher Managing Partner Tharcisse Carl Managing Director

## TABLE OF CONTENTS

Foreword	2
Table of Contents	4
<b>Sustainability Roadmap</b> We are resolutely pushing ahead with the expansion of our product portfolio. One focus is the development of recyclable materials.	6
<b>Materials Loops</b> SÜDPACK's key initiatives include the establishment of a Competence Center for Compounding and Regranulation as well as the implementation of chemical recycling in cooperation with Carboliq GmbH.	8
<b>On the Path to Climate Neutrality</b> One of our most important long-term goals is the climate neutrality of our sites.	9
<b>Occupational Safety and Health Protection</b> To further increase employee awareness about occupational safety, we launched the Task Force "Occupational Safety".	11
<b>Code of Conduct</b> <i>Clear orientation for daily interaction is now provided by</i> <i>our new binding Code of Conduct for all employees.</i>	13

### OUR KEY FIGURES:

Economy	14
Social	16
Environment	20



### 831 Sales volume in millions of m<sup>2</sup>



Countries where SÜDPACK generated turnover in 2020



24 Subsidiaries worldwide

≈ 30%

Of our turnover with products from our **Sustainability Roadmap** 



Productionsites

## SUSTAINABILITY ROADMAP

6



### PRODUCTS AND SOLUTIONS

As part of our Sustainability Agenda, we are resolutely pushing ahead with the expansion of our product portfolio of sustainable film solutions.

The most intensive development work has been invested in our Pure Line, an innovative product family made of recyclable mono-materials that has already garnered major industry awards. In addition to our propylene-based PurePP, we now offer our internationally operating customers PurePE and PurePET, which are materials that are classified in many countries as recyclable.

Our high-performance solutions provide the same functionalities as multilayer materials. They are also optimally designed for different application fields – our current spectrum ranges from thermoforming film to peelable lidding films with an integrated resealing system. For special requirements, we have also developed mono-solutions with barrier properties that can be used instead of aluminum composites.

### SPQ – A MILESTONE IN FLEXO PRINTING

We are setting standards in terms of sustainability not only with our films, but also in the printing of our materials. Thanks to our innovative SPQ technology (Sustainable Print Quality), it is possible to significantly reduce the consumption of ink, solvents and energy as well as the amount of production waste. As a result, SPQ improves the overall carbon footprint of package printing – and was honored with the German Packaging Award 2021.

Within the scope of our development project with GOLDSTEIG, we successfully reduced ink and solvent waste by more than 60% in the implementation of several printed images – while also significantly improving the print quality. What it does require, however, is the implementation of consistent process stability and a standardized color palette. And that was precisely what posed the greatest challenge in this project.

Much like offset or digital printing, all designs are automatically and reliably set up using this color palette during the pre-press stage. Another advantage is reduced set-up time – an aspect that has a particularly positive effect when dealing with frequently changing production costs.

Moreover, the printing adjustments and on-site print approval that had once been necessary become obsolete and the amount of material needed for proofs is minimized. This solves the previous conflict between efficiency and quality in the field of flexo printing.



### INTRODUCTION OF STRATEGIC PRODUCT MANAGEMENT

In order to align our resources even more efficiently to the requirements of our markets especially in the area of sustainability – we launched our "Strategic Product Management" department in early 2021.

The goal of strategic product management is to introduce a comprehensive product management cycle. The range of tasks includes the generation of ideas and concepts for new product devdopments and their targeted marketing as well as the optimization of our product portfolio and the strategic positioning of our products in the corresponding markets. As a first step, we implemented a product development process that was executed as a Stage-Gate process. In particular, this makes it possible to systematically assess ideas for new product developments – and is an essential building block for efficiently implementing projects and ultimately for introducing our new film solutions to the market.

## MATERIAL LOOPS

SÜDPACK is proactively committed to closing reusable material loops. Two important building blocks of this initiative are the development of a Competence Center for Compounding and Regranulation at the Schwendi site and our collaboration that started in September 2020 with Carboliq GmbH, a specialist in the field of resource recovery. Their innovative plants and processes for chemical recycling are leading the way worldwide. The goal of the collaboration is to further develop the technology of chemical recycling in the field of flexible packaging and to firmly establish chemical recycling as a complementary recycling alternative in the market.

### OUR SITE IN SCHWENDI

In Schwendi, we run our own Competence Center for Compounding and Regranulation. This is where specialized compounds are developed and produced for a wide variety of applications. Moreover, valuable materials that are generated during the film production are processed here so they can be reused in production. This makes our Competence Center a fundamental component of the material management of the SÜDPACK company group.

It not only enhances our innovative strength, but most importantly allows us to make an essential contribution when it comes to sustainability. This is because almost all of the valuable materials that we systematically collect and sort at our sites in Erlenmoos, Ochsenhausen and Erolzheim are turned into granulate using our recycling facilities at the center and are then returned to our production cycle.

We process the regranulate that we do not use ourselves into high-quality compounds that can be used, for example, for our customers' premium injection molding applications. At the same time, we are able to develop granules in-house with a focus on specific material properties, which allows us to rapidly and systematically prepare new solutions for the market.

### COLLABORATION WITH CARBOLIQ

Thanks to our collaboration with Carboliq GmbH, it is now also possible to recycle materials that we cannot recycle ourselves and that had to be thermally recovered in the past. The company has developed a high temperature process that makes it possible to convert mixed plastic fractions into a liquid hydrocarbon mixture that can be used universally. The oil that is produced is available to the plastics industry as a raw material of virgin-grade quality, and can therefore also be specifically used for producing polymers for product packaging in industries with high quality and hygiene standards, such as the food and medical product industries.

Investing in this innovative project is an initial pioneering step for us and for the entire industry towards intelligent waste management and a sustainable, circular economy. Another advantage is that plastic products made from chemically recycled material can be recycled again after use without any loss of quality. This means the more often chemical recycling is performed (with material that has already been chemically recycled), the more  $CO_2$  is saved.

The first production remnants that we delivered have already been turned into oil and used by the plastics manufacturing industry to produce high-quality plastic granulate.



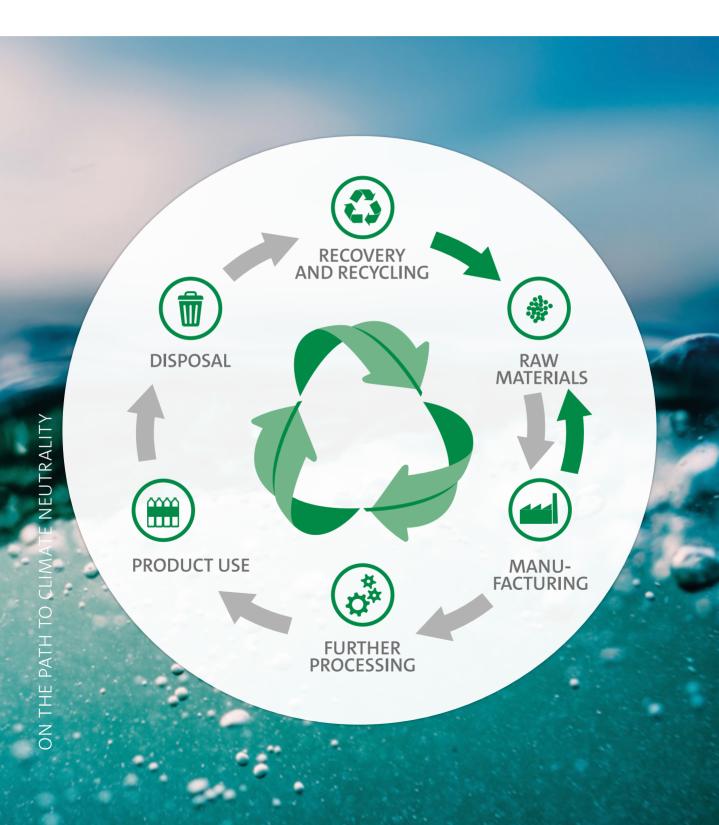
## ON THE PATH TO CLIMATE NEUTRALITY

The reduction of our carbon footprint in one of SÜDPACK's key medium-term goals. Which is why all product developments, construction measures, initiatives and collaborative efforts aim to significantly improve our carbon footprint in order to make a vital contribution to sustainable development.

Over the long term, we are aiming to achieve climate neutrality at all of our sites. We are also working on the carbon footprint reduction of our film solutions and are developing a diversified set of measures for just that.

The project is being supported by ifu Hamburg GmbH. The detailed calculation of all emissions for our German sites is an important first step towards our goal. In the calculation of our corporate carbon footprint, we are taking account of scope 1 and scope 2 categories as well as the scope 3 factors that are relevant to us. An analysis of our primary sources of emissions is currently being carried out as is the definition of initiatives for steady reduction of these emissions. Specific measures are already in the planning and implementation phase. For example, we plan to make greater use of renewable energies and invest in additional photovoltaic systems on the roofs of our production facilities. At the SÜDPACK site in Erolzheim, a new PV system will go into operation in 2021. Moreover, we are currently assessing the extent to which we can obtain carbon-neutral electricity to supply our production sites in the future.

On the basis of the first subproject, the next step will be to expand the calculations to include all of the sites of the SÜDPACK company group. At the same time, we are laying the foundations for yearly data collection and the calculation of our corporate carbon footprint in order to review the effectiveness of our initatives. And last but not least, we are resolutely committed to further implementing a circular economy for flexible packaging. This is because converting post-industrial and post-consumer plastic waste into valuable resources also makes a substantial contribution to reducing carbon footprints. Thus, we view chemical recycling as a target-oriented approach. Consequently, we are doing everything we can to speed up the development of this technology and the implementation of the process as a complementary recycling alternative in the market.



## OCCUPATIONAL SAFETY AND HEALTH PROTECTION

*The safety and health of our employees is of utmost importance to SÜDPACK. Even more – they are our obligation and also the foundation of our success.* 

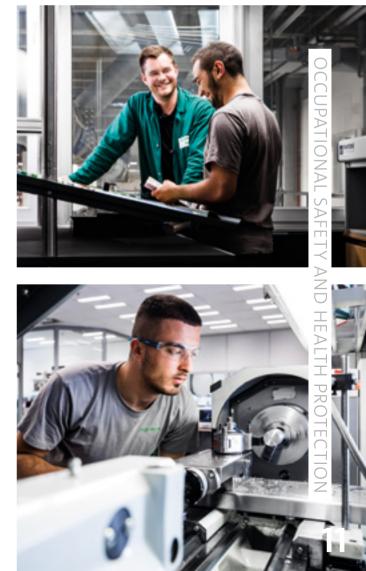
A functioning management system forms the basis for steady improvement in the field of occupational safety and health protection. In the first half of 2021, the sites in Ochsenhausen, Erlenmoos and Bioggio (Switzerland) transitioned from OHSAS 18001 to the new standard ISO 45001. The management system was also successfully certified for the first time in Kłobuck (Poland) in August 2021.

To further increase employee awareness about occupational safety, we launched the Task Force "Occupational Safety" at SÜDPACK, which is composed of employees from different departments and functions. The aim is to initiate further change in the culture of the entire SÜDPACK company group and to resolutely drive this change forward in the coming months. Because injuries, lasting damage to health or even casualties can be avoided through preventative measures – and, most importantly, eliminated over the long term.

#### Which is why our mission is: VISION ZERO!

That means: Staying healthy. Zero accidents. And zero injuries. On the way to work and on the way home. And, of course, during working hours.

We are convinced that with an intelligent strategy and targeted measures, it is possible to avoid all kinds of accidents and injuries – and to increase occupational safety as a whole. The task force will first draw up an action plan and lay the foundations for open and transparent communication in this area. After all, it is only through an ongoing dialog and mutual learning that we can turn our vision into reality.



At SÜDPACK, corporate responsibility and social involvement go hand in hand. And that includes major challenges like the COVID-19 pandemic.

Right at the beginning of the corona crisis, for example, we set up remote work stations for all employees who could work from home. In November 2020, our in-house test centers began operation at our SÜDPACK sites with qualified staff employed exclusively for this purpose – an important step for protecting the health of employees, breaking chains of infection as quickly as possible and ensuring our ability to perform and deliver at all times. This made us one of the first employers in the region to voluntarily establish the appropriate infrastructure and to make it possible for every employee to perform a weekly test at the German sites. In early April 2021, more than 3,000 tests had been performed.

At the same time, we launched our in-house "Vaccination Center" at our headquarter in Ochsenhausen with the first vaccinations for employees and their families starting on 9 June 2021. From the very beginning, the vaccinations were administered after extensive consultation and under strict hygienic conditions by a company doctor – with the exclusive use of the mRNA vaccine from BioNTech/Pfizer. Our capacity is 50 vaccinations a day and we have expanded our vaccination offer in the meantime to include employees from other companies in the region as well.



12



Code of Conduct

## CODE OF CONDUCT

SÜDPACK is a strong brand – and has been a strong provider of solutions for many decades in a highly competitive market. Our good reputation depends largely on the trust of our customers, business partners and suppliers as well as that of the public and official authorities.

This trust can only be retained if all SÜDPACK employees behave correctly at all times, wherever they are. We are committed to legally compliant and socially responsible management of our company worldwide – and always strive to meet the highest standards.

And even as the company grows, we will maintain these principles. This is why based on its corporate policy and vision, the SÜDPACK Group has introduced a binding Code of Conduct with defined compliance rules. It gives employees a clear guide for their daily conduct. And it gives suppliers and customers a binding promise that they can rely on. With our Code of Conduct, we follow the "Guidelines on Social Responsibility" according to ISO 26000. It covers fields of activity such as environment and sustainability, legal and judicial framework conditions, business partners and competition as well as answering questions and reports of violations.

To ensure that all employees of our international organization can act legally and safely at all times, both today and in the future, they receive regular training regarding these binding standards of conduct according to our newly developing training concept. At the same time, we call for and promote open discussion and mutual respect in our interactions with one another. And, of course, we observe the rules in force regarding fair competition.

## SOCIAL

One of the key factors that influences our attractiveness as an employer is offering different initiatives which support a work-lifebalance. We implement suitable measures to achieve this, such as individual working-time models in the commercial area.

We are also aware of our responsibility as a training company. At our sites, we are constantly expanding and developing different activities for the training of our qualified professionals and senior management as well as for their professional development and advancement.

## ECONOMY

At the beginning of 2020, we further adapted our organizational structure to suit the individual requirements of the markets we serve by implementing four Business Units.

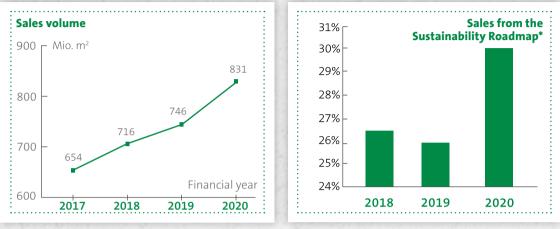
8

With the Business Units Food, Medica, FF&C (Functional Films and Compounds) and USA, our objective is to develop our product range and marketing strategies to focus even more strongly on our customers' requirements.

It is also worth noting that many different measures in recent months have successfully ensured our ability to deliver to our customers during the COVID-19 pandemic and that the implementation of a comprehensive hygiene plan made it possible to protect our employees in particular.

### DEVELOPMENT OF SALES AND TURNOVER

Compared to 2017, SÜDPACK was able to increase its sales volume in millions of m<sup>2</sup> by nearly 27%. We are particularly pleased about the fact that the percentage of products from our roadmap for sustainable film solutions was approximately 30% in 2020. We view this as an important step towards achieving our goal of generating 50% of our turnover with sustainable products by 2025.



\* Percentage of turnover with products from our Sutainability Roadmap

### SUPPLIER CODE OF CONDUCT

We updated our Supplier Code of Conduct in 2020. It forms the basis for relations with our suppliers and was made available to our suppliers. By signing the Code of Conduct, our suppliers commit themselves to fulfilling the criteria set out in the Code of Conduct in all business activities.

### SECTORS SERVED

Taking a closer look at the industries that we serve reveals that we were able to increase our shares in both the Non-Food and Medical Industries in 2020 – which demonstrates that the structuring of our activities in Business Units was a pioneering step in the right direction.

	2017	2018	2019	2020
Meat and sausages	40%	37%	36%	34%
Dairy products	24%	21%	23%	22%
Fish	3%	2%	2%	2%
Bread, cakes and pastries	5%	5%	4%	4%
Other food	11%	11%	10%	9%
Non-food	14%	17%	18%	21%
Medicine	3%	7%	7%	8%

#### **Regional Involvement & Sponsoring**

	2017	2018	2019	2020
Associations	35%	42%	41%	44%
Energy	9%	8%	7%	5%
Social institutions	12%	7%	5%	9%
High schools and colleges	12%	12%	9%	9%
Regional clubs	6%	5%	9%	7%
Sports	17%	18%	20%	18%
Business	7%	8%	8%	7%
Other	2%	0%	1%	1%

#### Number of Employees by Type of Employment

	2017	2018	2019	2020
Men	72%	73%	73%	73%
Women	15%	15%	15%	14%
Full-Time in total	87%	87%	88%	87%
Men	1%	1%	1%	1%
Women	4%	4%	4%	5%
Part-Time in total	5%	5%	5%	6%
Men	4%	4%	4%	3%
Women	1%	1%	1%	1%
Trainees in total	6%	5%	5%	4%
Men	1%	1%	1%	1%
Women	1%	1%	1%	2%
Students in total	2%	2%	2%	3%

#### Training and Professional Development

SÜDPACK is one of the most important training companies in the region, which is also substantiated by the high number of trainees and students in 2020/2021.

Trainees					
	2017	2018	2019	2020	2021
Trainees in total	72	69	59	61	61
First year of training	26%	35%	31%	36%	31%
Second year of training	39%	22%	37%	30%	34%
Third year of training	25%	39%	24%	31%	28%
Fourth year of training	10%	4%	8%	3%	7%
Students					
	2017	2018	2019	2020	2021
Students in total	31	33	34	35	33
First year of study	39%	33%	30%	34%	34%
Second year of study	32%	37%	32%	29%	33%
Third year of study	26%	30%	35%	31%	30%
Fourth year of study	3%	0%	3%	6%	3%

#### Senior Management at SÜDPACK

The diversity of senior management has remained constant. The percentage of female members of senior management was more than 15% in 2020. The gender balance in the commercial and industrial areas also remained at the same level as during the 2018/2019 reporting period.

		<b>2018</b> <b>**</b> MenTotalWomen	1     1       1     1       1     1       1     1       1     1       1     1       1     1       1     1       1     1	<b>2020AA</b>
Division Managers	6 8 2	6 8 2	6 8 2	9 12 3
Department Heads	28 38 10	29 39 10	35 43 8	32 (43 (11)
Team Leaders	26 32 6	32 48 16	50 65 15	55 66 11
Team Coaches (Shift Superviso	rs) 29 29 0	31 31 0	36 36 0	44 44 0

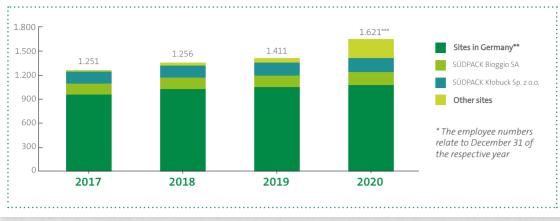
#### Age Distribution of Our Employees

Commercial and industrial employees					
	2017	2018	2019	2020	
Men in total	79%	79%	79%	78%	
Younger than 30	21%	21%	19%	18%	
30 to 50 years old	41%	41%	42%	42%	
Older than 50	16%	17%	18%	18%	
Women in total	21%	21%	21%	22%	
Younger than 30	9%	8%	9%	9%	
30 to 50 years old	9%	9%	9%	10%	
Older than 50	3%	4%	3%	3%	

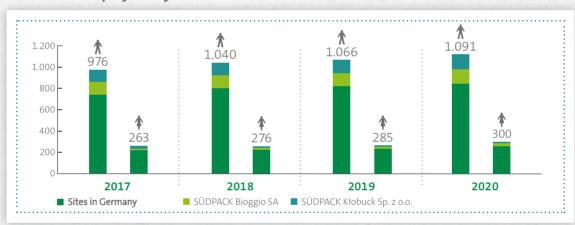
#### **Recruitment and Turnover of Employees**

In 2020, the sites that were assessed in our Sustainability Report in Germany, Switzerland and Poland demonstrated a lower turnover rate than during the 2018/2019 reporting period. This shows that we successfully maintained all jobs during the COVID-19 pandemic.





\*\* Includes the sites in Ochsenhausen, Erlenmoos, Schwendi and Erolzheim \*\*\* The difference between the number of employees in 2020 and the figures from the reporting period can be explained based on a different database.



#### Number of Employees by Gender

Number of Employees\*

#### **Occupational Safety and Health Protection**

The injury rate with reportable accidents increased at the sites in Germany, where as it was possible to significantly reduce the rate at the sites in Bioggio and Kłobuck. One of the most important initiatives in the field of sustainability is the implementation of our Task Force "Occupational Safety" which was launched in early 2021 and focuses on accident prevention.

	2017	2018	2019	2020		
Injury rate (excluding commuting accidents), reportable*						
Sites in Germany	6.7	13.4	6.9	9.9		
SÜDPACK Bioggio	22.2	27.8	17.5	2.9		
SÜDPACK Kłobuck	4.2	0	14.8	3.5		
Injury rate, not reportable*						
Sites in Germany	15.3	7	0	0		
SÜDPACK Bioggio	12.7	3.1	8.7	0		
SÜDPACK Kłobuck	0	0	0	0		
Death rate						
All sites	0	0	0	0		
*Parad on 1 000 000 working						

\*Based on 1,000,000 working hours.



## **ENVIRONMENT**

When it comes to the environment, we are concentrating most particularly on reducing the consumption of primary raw materials as well as the consumption of energy. This is also linked with our continuous work on reducing emissions and waste.

## ENERGY

It was possible to further reduce the energy intensity of our film production compared to the reporting period. Both in terms of the quantity produced in  $m^2$  and in tons, the figures exhibit improved energy efficiency compared to the 2018/2019 reporting period.

The reduction of external energy supply at our site in Ochsenhausen is also worth mentioning and is due to our CHP (cogeneration plant).

#### Self-generated energy\*

35%	31%	39%	42%

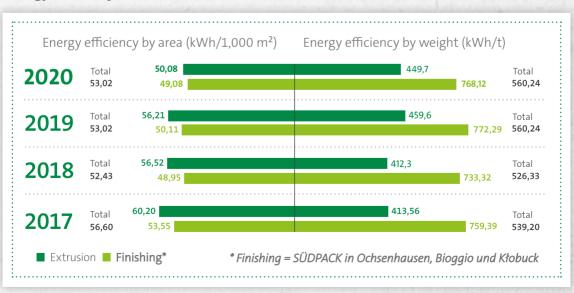
\*Percentage by which external energy supply was reduced at the Ochsenhausen site (SÜDPACK Verpackungen GmbH & Co. KG) through self-generated energy.

#### **Total Energy Consumption by Energy Source in kWh\***

Electrical energy	63,496,187	65,840,118	69,832,462	74,694,625
Gas	30,458,655	29,713,480	32,277,198	32,583,687
Heating oil	192,750	702,220	882,635	1,845,980
Diesel	1,186,805	1,436,024	1,395,023	1,169,149
Hot gas	4,864,325	4,277,200	4,027,364	4,584,623
Coal	673,792	772,500	994,236	643,750
Total Energy Consumption	100,872,514	102,741,542	109,358,917	115,521,814

\*Sites in Germany, SÜDPACK Bioggio, SÜDPACK Kłobuck

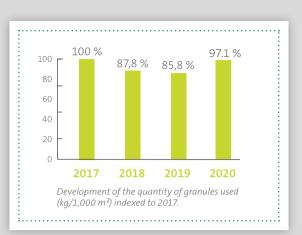
#### **Energy Intensity**



## RAW MATERIALS

In 2020, the quantity of raw materials used in relation to the area of film produced was larger than during the 2018/2019 reporting period. One reason for this is the high utilization rate of our cast film systems, which we use to manufacture products made of APET, PP and PS for a wide variety of applications in the field of food, non-food and Medica.

Special note should be made of the fact that we were able to further increase the reuse of in-house regranulated materials compared to the 2018/2019 reporting period. Further investments in our site in Schwendi are what made this possible in particular.



#### **Extrusion Output Quantity**

	2017	2018	2019	2020
in 1,000 m <sup>2</sup>	550,389	615,351	659,043	778,387

#### **Development of Extrusion Output Quantity\***

	2018	2019	2020
Output quantity in kg	4.3%	9.1%	22.7%
Output quantity in m <sup>2</sup>	11.8%	21.6%	41.4%
			*Indoved to 2017

Indexed to 2017\*

#### Development of the Reuse of Regranulated Materials in the Area of Cast Film\*

2018	2019	2020
0%	+ 29%	+ 58%

<sup>\*</sup>Indexed to 2017



## EMISSIONS

Due to the increased output quantity, energy consumption also increased in 2020 as did the associated emissions. SÜDPACK is currently developing a detailed reduction strategy to cope with the increasing relevance of greenhouse gases. This is one of our most important sustainability initiatives for the 2021/22 period.

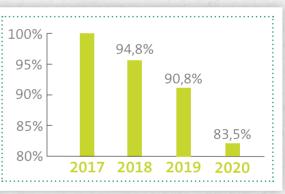
		2018	2019		
CO <sub>2</sub> in t*	29,019	29,326	34,642	38,513	
Total energy consumption**	75,908	75,987	81,072	82,613	
Site in Bioggio					
CO <sub>2</sub> in t	6,201	6,434	6,613	6,654	
Total energy consumption	20,565	21,438	22,036	21,950	
Site in Kłobuck					
CO <sub>2</sub> in t	4,400	5,317	6,251	6,375	
Total energy consumption	2,519	3,107	3,475	3,416	
Total CO <sub>2</sub> in t	37,739	38,867	44,730	48,583	

\*CO<sub>2</sub> equivalents based on supplier information and statistics from the German Environment Agency. \*\*Without self-generated energy, MWh

### WASTE

In 2020, it was possible to further reduce the relative waste quantity based on production volume. We would like to place particular emphasis on the positive impact that we were able to make in the field of recycling non-hazardous waste.

This was made possible in particular by expanding our activities in the field of in-house material management and the related investments at our site in Schwendi as well as by our cooperation with Carboliq GmbH in the field of chemical recycling.



Relative waste quantity based on production volume. Indexed to 2017

	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Total weight*	918,315	17,351,877	1,157,584	17,097,883	1,055,778	16,569,063	1,352,633	16,332,783
Recycling	1,091	13,374,964	29,605	12,376,052	22,624	10,093,714	-	8,392,234
Reprocessing	194,809	867,420	214,672	858,600	274,894	867,120	351,951	780,890
Waste incineration	307,065	1,353,120	410,430	1,906,037	297,911	3,776,942	433,224	5,276,105
Processing as substitute fuel in the cement industry	379,953	1.731.9.33	470,430	1,907,494	420,588	1,854,467	509,334	1,806,514
Processing in lead works	9,780	-	4,290	-	4,050	-	5,510	-

#### Total waste quantities in kg

\*Sites in Germany, SÜDPACK Bioggio, SÜDPACK Kłobuck

#### Publisher

SÜDPACK Holding GmbH Ecoformstr. 1 88416 Erlenmoos | Germany Phone +49 (0) 73 52 925-01 Fax +49 (0) 73 52 925-1100 info@suedpack.com www.suedpack.com

