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# SUSTAINABILITY REPORT



SÜDPACK Group Sustainability Report  
Reporting Period 2018 – 2019

**SÜDPACK**



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# SUSTAINABILITY AT SÜDPACK

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## Editorial by the Management Board

*We associate sustainability with the protection of our environment and climate, the protection of valuable resources and goods and, not least, with the protection of people and their livelihood. Not only now, but also for future generations.*

This is a matter where packaging plays a key role. Without modern, efficient packaging solutions, it would not be possible to reliably supply the world's population with high-quality food or medical products in this day and age. Film packaging in particular reliably protects different goods from damage, spoilage and contamination along the entire supply chain thanks to its high barrier properties and durability.

For more than 50 years, we at SÜDPACK have been developing and producing high-performance high-tech films for the food, non-food and medical product industries. And we know that plastic films make an essential and proven contribution to greater sustainability. This is because nothing has a more negative impact on an ecological footprint than the spoilage and loss of complex manufactured (food) products due to a lack of protection. Moreover, plastic films are already sustainable in themselves, because packaging solutions based on plastic films feature a high degree of material efficiency, are true lightweights compared to other solutions, and the options for recycling them – contrary to popular belief – are constantly improving.

We are proud at SÜDPACK to be making a significant contribution to greater sustainability. As a family-owned company, we have been working on continuous optimization of our products and manufacturing processes with regard to resource efficiency for many years now. We do so by focusing on innovation and by investing more than the average in new technologies. Our roadmap forms the framework for further development of sustainable products and packaging concepts – it currently includes the four action areas material reduction, recyclability, renewable raw materials and a circular economy. Furthermore, we as a company are actively promoting the development of forward-looking technologies. One example is the chemical recycling of plastic waste, which we view as a meaningful addition for further

implementation of a circular economy in the plastics processing industry.

The latest version of our Sustainability Report presents our current activities, while also documenting the progress we have made based on the action areas defined in our materiality matrix. In the economic sphere, we highlight product safety, logistics and suppliers, as well as innovation and investments. With regard to our social responsibility, we focus on compliance, employment, occupational safety and health protection, as well as training and professional development. The action fields emissions, energy, waste and material efficiency are those with which we meet our environmental responsibility.

We at SÜDPACK think and live in terms of holistic sustainability – and do so as a company group across all of our sites. But above all else, people are who, with their commitment and passion, contribute to making us a little bit better and more sustainable as a company every day. For them, we want to be an employer of choice – thereby laying the foundation for the further sustainable development of our company.



Erik Bouts  
CEO



Carolin Grimbacher  
Managing Partner



Tharcisse Carl  
Managing Director



Tharcisse Carl  
Managing Director

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Carolyn Grimbacher  
Managing Partner

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Erik Bouts  
CEO

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# 2019 AT A GLANCE



~ 24 %

of our turnover with products from our Sustainability Roadmap



Increase in the reuse of inline scrap

> 25 %

Output increased by

21.6 %

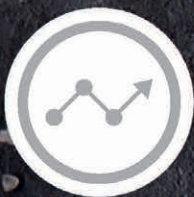
with an increase in use of materials of

9.1 %



93

trainees and students



Increase in energy efficiency in Ochsenhausen by

6.5 %



Reduced external energy supply at the Ochsenhausen site, thanks to self-generated energy, by

35 %



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# COMPANY



## About the Report

For SÜDPACK, sustainability is an elementary component of our corporate strategy. It is to our sustainable corporate governance that we also owe our success. This we perform by concentrating on the three pillars of sustainability: environment, economy and social responsibility. SÜDPACK's objective is to create values from which our customers, our business partners, our employees and we as a company benefit.

Thanks to our consistent focus on the market, our pronounced quality awareness and high level of innovative strength, we have developed into a market and technology leader in the field of high-tech films and packaging materials for the food, non-food and medical product industries. We are aware of our economic and social responsibility and rise to the challenge each and every day.

In recent years, we have therefore worked intensively on the development of an innovative and sustainable product portfolio that allows us to offer our customers high-per-

formance films for their products that meet the requirements that are changing around the world. At the same time, we have continued to develop and optimize our production processes at all sites to be able to manufacture using even less resources.

This Sustainability Report is the third of its kind compiled by the SÜDPACK Group, which has its headquarters in Ochsenhausen. In comparison with the two previous publications, the scope of this year's report has been expanded to include two international sites. In addition to the site SÜDPACK Verpackungen GmbH & Co. KG and ecoform Multifol Verpackungsfolien GmbH & Co. KG with the production sites in Ochsenhausen, Erlenmoos, Schwendi and Erolzheim, the sites SÜDPACK Kłobuck Sp. z o.o. (Poland) and SÜDPACK Bioggio SA (Switzerland) have also been included in the communication.

In our current 2020 Sustainability Report, the progress made in 2018 and 2019 in the fields of environ-

ment, economy and social responsibility is transparently communicated. The report also presents new challenges as well as long-term and exemplary activities of the SÜDPACK Group. To allow for a better comparison with the previous report, the data from 2017 has also been added where possible.

The report is based on the internationally recognized Sustainability Reporting Standards by the Global Reporting Initiative (GRI Standards). The content was compiled in accordance with the "Core" option of the GRI Standards. Every two years, a new Sustainability Report is compiled voluntarily by SÜDPACK. This documentation is not an obligation for SÜDPACK – but sustainability certainly is.





» Foundation of SÜDPACK  
by Alfred Remmele

1964



» Foundation of CDP Labore –  
Now SÜDPACK Medica in Gacé (FR)

1989

» Acquisition of Bahpol –  
Now SÜDPACK Kłobuck (PL),  
Flexo printing

2015



» SÜDPACK Erolzheim (DE)  
Production site and logistics center

2018

» JV SÜDPACK Kamakshi  
Flexiprints Pvt. Ltd. (IND)

2020



1988 » Foundation of ecoform,  
Rigid and flexible films,  
in Ochsenhausen (DE)



2002 » Acquisition of Picotti –  
Now SÜDPACK Bioggio (CH),  
Rotogravure printing



2017 » Acquisition of Seville –  
Now SÜDPACK Oak Creek (USA),  
Flexo and rotogravure printing



2017 » Competence Center for processing  
and recycling reusable materials in  
Schwendi (DE)



# COMPANY PROFILE

*The SÜDPACK Group was founded in 1964 by Alfred Remmele in Ochsenhausen in Baden-Württemberg. The first product our founder developed in his garage was already the answer to concrete questions and requirements of the market. This innovative spirit is still alive and well in the family-run company. With more than 1,400 employees and a current turnover of more than 450 million euros, the SÜDPACK Group is one of the leading manufacturers of coextruded films.*

The SÜDPACK Group now has production facilities at seven sites around the world, as well as sales offices and agencies in 23 countries. The Management Board is formed by Managing Partner Carolin Grimbacher together with Erik Bouts and Tharcisse Carl. Partner Johannes Remmele withdrew from operational business at the end of 2019 and is now a member of the Advisory Board.

This Sustainability Report covers the business premises that belong to the SÜDPACK in Ochsenhausen, Erlenmoos, Schwendi and Erolzheim as well as the production sites SÜDPACK Bioggio SA in Switzerland and SÜDPACK Kłobuck Sp. z o.o. in Poland. In the reporting

year 2019, approximately 670 million square meters of film were manufactured at these sites, and 300 million of those square meters were printed. This accounts for roughly 95 % of the production volume of the SÜDPACK Group.

The films manufactured by the SÜDPACK Group protect food and medical products, thus ensuring that society has what it needs to survive, which is why the focus is on the protective function and hygiene of products. In March 2020, Germany's Federal Ministry of Food and Agriculture classified SÜDPACK as a systemically relevant supplier in the food supply chain.

We at SÜDPACK are enthusiastic about manufacturing innovative and highly refined films. With our films for packaging food, medical products and technical applications, we set standards. At the same time, it is highly relevant to us to minimize the environmental impact generated by the production and distribution of our products and to conserve resources in general.

Sustainability has always been a key component of our corporate strategy at SÜDPACK – and is taken into account by our Management in all decisions. Both the Sustainability Report and the Sustainability Committee play a key role in this respect. The Committee includes members with different roles in the company and calls for sustainable corporate development. This involves actions such as setting the course for pioneering projects from various departments in the organization, which contribute to SÜDPACK's sustainable orientation. The results of our sustainability-related activities are communicated in our Sustainability Report, which is periodically published every two years.



SÜDPACK Ochsenhausen



» Name

SÜDPACK Holding GmbH

» Headquarters

SÜDPACK Verpackungen GmbH & Co. KG  
 Jaegerstrasse 23  
 88416 Ochsenhausen  
 Germany

» Ownership Structure

SÜDPACK Holding GmbH is a 100 % family-owned company. All production sites and sales companies are part of SÜDPACK Holding GmbH

» Production Sites

- SÜDPACK VERPACKUNGEN GmbH & Co. KG (Ochsenhausen and Erolzheim, Germany)
- ecoform Multifol Verpackungsfolie GmbH & Co. KG (Erlenmoos, Ochsenhausen and Schwendi, Germany)
- SÜDPACK Kłobuck Sp. z o.o. (Poland)
- SÜDPACK Bioggio SA (Switzerland)
- SÜDPACK Medica SAS (Gacé, France)
- SÜDPACK Oak Creek Corporation (USA)

» Management Board

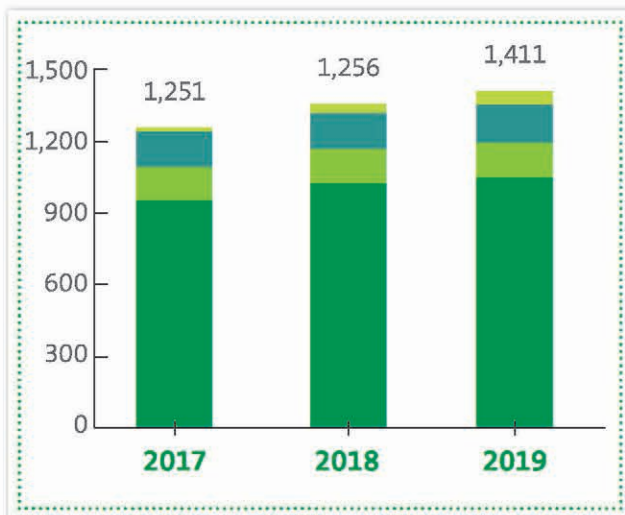
- Carolin Grimbacher (Managing Partner)
- Erik Bouts (CEO)
- Tharcisse Carl (Managing Director)

# Sustainability Committee at SÜDPACK



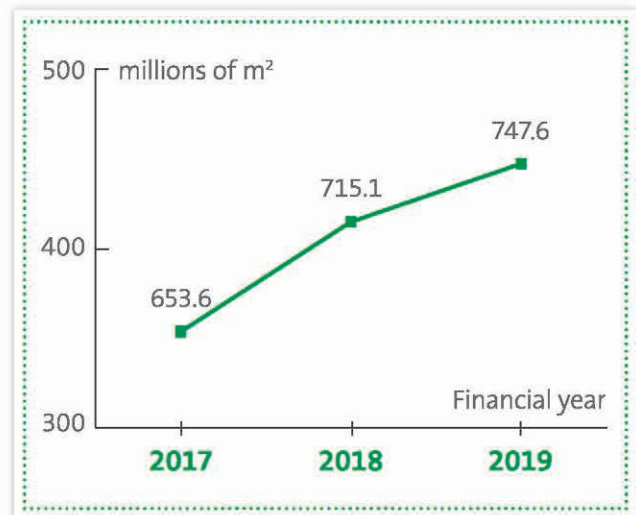
» Company Facts and Figures

Number of Employees\*



- SÜDPACK Ochsenhausen
- SÜDPACK Bioggio SA
- SÜDPACK Kłobuck Sp. z o.o.
- Other sites

Sales Volume



\* The number of employees was recorded on 31 December of each year and includes both active and inactive employees.



## Governance Structure at SÜDPACK

Company Management of the SÜDPACK Group during the reporting period includes the Management Board as well as those responsible for HR & IT, Sales, Quality Management, Finance and Engineering & Technical Services.



### Management Board



**Erik Bouts (CEO)**

- Finance
- HR & IT
- Purchasing
- Sales



**Carolin Grimbacher**

- Application Technology
- Research & Development



**Tharcisse Carl**

- Engineering & Technical Services
- LEAN Production
- Operations
- Quality Management
- Supply Chain Management

### Company Management

**Management Board**

**HR & IT**

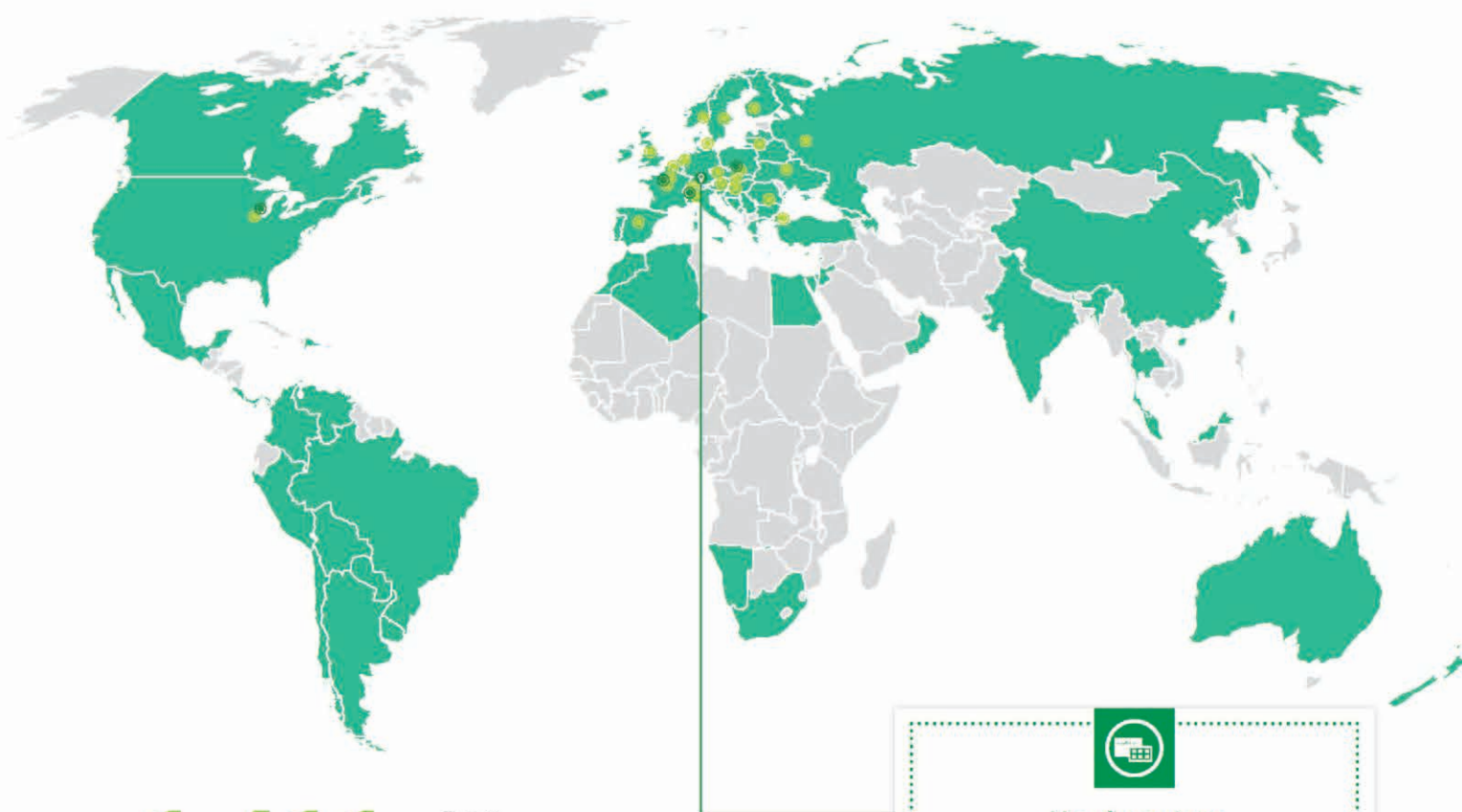
**Sales**

**Quality Management**

**Finance**

**Engineering & Technical Services**





  
**Headquarters**  
**SÜDPACK Ochsenhausen**

**1,411**  
 Employees in 2019 

**8** Production sites 

**23** Subsidiaries worldwide

**747.6**  
 Sales volume in millions of m<sup>2</sup>

 **74**  
 Countries where SÜDPACK generated turnover in 2019

 Production sites  
 Subsidiaries  
 Countries where SÜDPACK generated turnover in 2019





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# SUSTAINABILITY IN THE COMPANY

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*We aim to be 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 our corporate policy.*

## Corporate Policy and Guidelines of the SÜDPACK Group

The group-wide corporate policy and our guidelines form the framework for our work and behavior and define how we aim to reach our corporate goals. As a management tool, they provide guidance and shape our corporate culture.

Every employee of the SÜDPACK Group commits themselves to following our corporate policy in their daily work, which in turn contributes to the successful development of SÜDPACK. The corporate policy of the SÜDPACK Group applies to all affiliated companies and production sites. At the same time, the policy forms the

foundation of our integrated management system. The dynamic development of the SÜDPACK Group made it necessary to adapt the corporate policy, which is why it was completely revised in the second half of 2019. The updated corporate policy was implemented across the group at the beginning of 2020 and includes the following aspects.

### Focused on Responsibility

For the benefit of our customers, our employees and the partners, the SÜDPACK Group is and shall remain a family-run business. The necessary growth of the SÜDPACK Group is achieved independently and organically. With a high degree of personal responsibility, the partners commit themselves to providing long-term and sustainable security for the company. We do not accept any discrimination in the company, resolutely punish any form of criminal offence and require our employees to observe the ethical regulations for corporate governance (CSR). We follow the "Guidelines on Social Responsibility" according to ISO 26000. In our business relationships and interaction with our employees, we additionally commit ourselves to observing the ethical standards that are defined in our compliance guidelines.

### Focused on Products

Our products protect food and medical products, thus ensuring that society has what it needs to survive. That



is why we focus on the protective function and hygiene of our products at all times. Germany's Federal Ministry of Food and Agriculture classified us as a systemically relevant supplier in the food supply chain. We know what our customers and end consumers need, which is why we consistently develop our films in order to meet the demands of sustainability, safety and convenience. Our products may not pose a danger of any kind to our customers' products – whether physical, chemical or biological.

### **Focused on Sustainability**

We are continuously working to improve the quality of our products and services, of our occupational health and safety and the satisfaction of our employees. Reducing our environmental impact, conserving resources, and having a positive influence on a circular economy are key aims for us in the area of environmental responsibility.

We design our production, our manufacturing process and our products in line with the principle of "reduce, reuse, recycle." We fashion our production environment and processes to be as environmentally friendly as possible. In the development of our products, we pay close attention to reducing the consumption of materials and resources, to their recyclability and to the use of alternative materials. We demonstrate our commitment to the principles of sustainable forestry through FSC certification of our paper composites. The success of our sustainability activities are communicated in our Sustainability Report.

### **Focused on Innovation**

We follow market developments with a forward-looking approach. We are open to new concepts and to the opportunities presented by new materials and technologies, which we develop for future-oriented use.

### **Focused on Legal Norms**

We commit ourselves to compliance with all pertaining national and international laws, legal norms, administrative and operational requirements as well as voluntary commitments.

### **Focused on our Employees**

In a society undergoing constant change at an ever faster pace, we want to use our employee and senior management roles to meet the challenges of the modern way that we work and live together. In these roles, various aspects are described and made tangible for both employees and senior management. These aspects are called for and find expression to varying degrees depending on the situation and hierarchy. "The individual – act in a humane and ethical manner" is one of these roles, and we expect this from all employees in our company. Open communication and expressing

appreciation for one another are very important to us – which we regularly demonstrate, for example, in senior management appraisals or employee performance reviews. Each employee can express their requests and expectations in regard to their personal career. We work together with each individual to shape their career planning and professional development. Through appropriate initiatives in the areas of occupational safety and health, we take care of our employees and constantly work to make improvements.

### **Focused on Customers**

The foundation of our business is long-term partnership with our customers. We are aware of the key contribution our products make to sustainability by protecting products, following the principle of "Respect generates sustainability." We want to nurture customer loyalty over the long run on the basis of trust, thus ensuring our long-term success. We are guided by our customers' requests: We quickly and effectively respond to changes in the market.

### **Focused on Suppliers**

We only work with suppliers who have an above-average standard of quality, hygiene and environmental safety at their command and can, as a rule, prove this with the appropriate certifications. Suppliers are evaluated, tested and audited. We expect our suppliers and service providers to actively participate in continuously improving our management systems.

### **Focused on Objectives**

We agree on ambitious and measurable annual goals – for each sphere, for each department, for each team and for all employees. The goals are formulated in terms of both quantity and quality, and are monitored and evaluated using key figures.

### **Focused on Product Safety**

In order to prevent risks, risk analyses (HACCP and FMEA) are performed within the context of our certified BRC Global Standards and quality management system in accordance with ISO 9001 at least once a year for existing products/processes and on an on-going basis for new products/processes.

### **Focused on Quality**

We take the needs and expectations of our customers seriously and fulfill them consistently. That is our understanding of quality and the basis on which we measure ourselves and our products. We strive to make continuous improvements in order to consistently increase our customers' satisfaction.

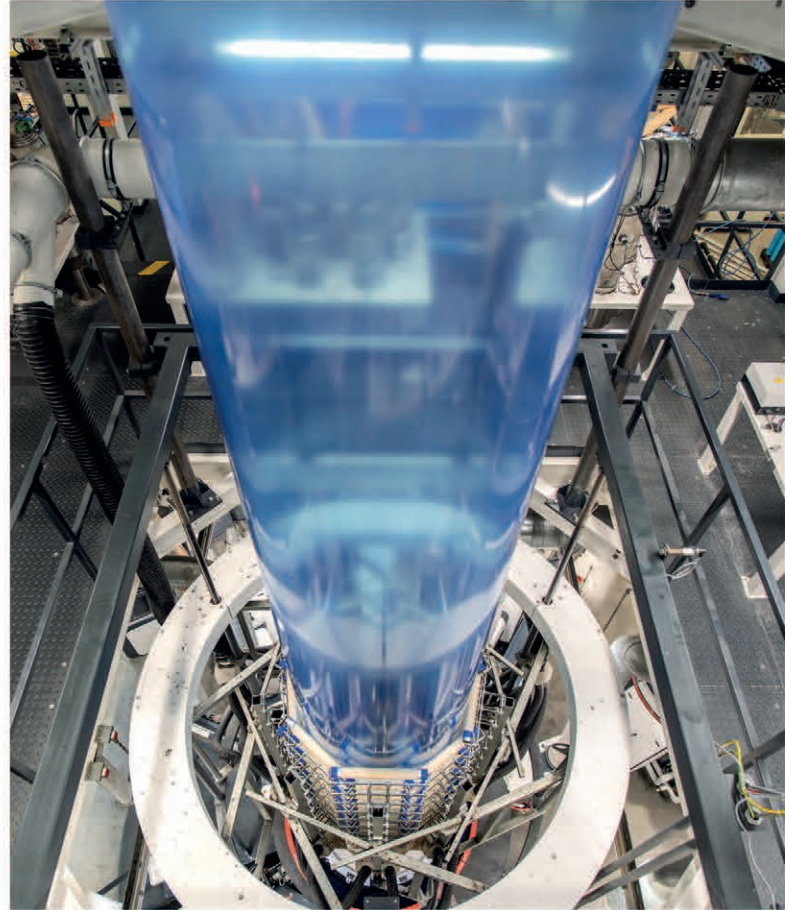


### Focused on the Environment and Energy Driven

We prefer the use of processes that reduce energy and raw material consumption and avoid, wherever possible, emissions, noise and waste. We are committed to sustainable economic activity, in particular to continuously improving our energy efficiency. This objective is most notably being implemented by making new and replacement investments, as well as with specific measures to change behavior. We only trust certified disposal companies with industrial waste that is harmful to the environment. The prevention of waste and reuse of our production waste play a central role.

### Focused on Occupational Safety Driven

We are 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.



## Corporate Guidelines

In addition to our corporate policy, our corporate 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 constantly strive to
  - reduce our impacts on the environment,
  - improve the quality of our services and products and
  - improve our occupational and health protection.
- We discuss conflicts openly and are committed to resolving tensions among 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 an entrepreneurial spirit and actively promoting personal skills.
- We want to continually increase our efficiency, accept responsibility and lead by example.
- We encourage innovations and initiatives, 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.





# COMPLIANCE

*The responsibility of our company has grown significantly in recent years and we will also face major challenges in the future. Legal matters in our business processes are playing an increasingly important role. This is why SÜDPACK has formulated and adopted group-wide compliance guidelines, which aim to help the company avoid legal risks and more effectively meet its responsibility to customers, authorities and the general public.*

The Legal Register is used to monitor existing legislation. Due to the ever-changing ethical and legal global requirements, the compliance guidelines are continuously reviewed and adapted as are the related corporate requirements. The introduction of a compliance management system is planned for this purpose, which is also to be certified.

Observance of the compliance guidelines is evaluated by the Management Board as part of the annual management review. Group-wide compliance management falls within the remit of the Finance Director, who has also been appointed as Compliance Manager.

There were no violations at any of the sites during the reporting period.

Employee training on the subject of compliance is conducted as part of mandatory annual training, which is available as an e-learning course. For employees who have decision-making authority and work with external stakeholders, at least one additional, detailed compliance training course is required once a year. In these training courses, aspects are demonstrated such as how to behave appropriately when interacting with interested parties (authorities, NGOs, customers, etc).

The following subject matter is laid down in the compliance guidelines:

## 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, strategic considerations and decision-making processes. In the event that regional circumstances make it necessary, local standards complement the Code of Conduct. 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.

No violations of laws, regulations or voluntary commitments were identified before or during the reporting period.







### Observing Applicable Legislation and Social Standards

Applicable law is upheld at SÜDPACK. We call for the same from our business partners. This is why principles are defined in the compliance guidelines that apply when interacting with colleagues, customers, suppliers, other companies, competitors, associations 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.

All of the local, state and federal laws, ordinances, directives, etc. that apply to SÜDPACK are recorded in a Legal Register and compliance with obligations that apply to SÜDPACK is verified. The Legal Register is examined to ensure it is up-to-date at least once a year. During the examination, local as well as transregional laws and national customs, traditions and other social standards are observed. No employee of the company may knowingly participate in the development of substances or systems, which must be presumed to be subject to export control laws and are transported without the authorization of the appropriate authorities in third countries. Likewise, no employee may commit acts that violate domestic or foreign regulations for combatting money laundering.



### Collective Responsibility

Each employee bears individual responsibility for SÜDPACK's reputation. SÜDPACK's standing is fundamentally affected by the demeanor and actions of its employees, regardless of their position.

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 other employees and third parties, guided by mutual respect. No one may be disadvantaged, favored, harassed or excluded due to their race, skin colour, nationality, origin, religion, gender, age, physical characteristics or appearance.

COMPANY







## Occupational Safety and Environmental Protection

All SÜDPACK employees share responsibility for protecting people and the environment, and for ensuring that the sites we operate are safe and livable places. The company's fundamental corporate goals have long included the protection of human health and the environment as well as resource conservation. SÜDPACK is committed to operating in a sustainable and socially responsible manner, establishing safe and healthy working conditions and to also pursue continuous progress in the fields of safety, health and the environment. Through certification of the sites in Ochsenhausen and Bioggio according to ISO 14001 and OHSAS 18001, environmental protection and occupational safety are continuously monitored and improved. In February and March 2021, the sites will transition to ISO 45001. In April 2021, certification according to ISO 14001 and ISO 45001 is to be carried out at the site in Kłobuck.



ISO 14001 and OHSAS 18001



## Business Relationships with Third Parties – Anti-Corruption

We behave impeccably in business relationships 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.



## Data Protection and Information Security

The regulations cover matters such as how to handle confidential information, assets and research findings. To effectively protect central business processes, including the information values and IT systems that they require, globally applicable security standards were created and information security was integrated into our internal processes. 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. This is performed in accordance with the current requirements of the General Data Protection Regulation.



COMPANY



# LEAN MANAGEMENT

*An important element of our corporate governance is lean management.*

*We consider lean management an important concept that provides standardized methods and tools, which allow us to continue working with a focus on customers and goals and thus maintain profitable growth. Lean management was already implemented at SÜDPACK prior to this reporting period. It is now being successfully applied across the entire SÜDPACK Group and continuously developed as an essential cultural building block.*

The management system provides standardized mindsets, methods and tools that help define common goals for the company group and raise each employee's awareness of the contributions they can make to reach our goals. One area of focus is the development of smooth and waste-free processes to minimize real problems that occur on the path to achieving the defined objectives. The aim of lean management is to make processes leaner and reduce unnecessary work steps, which in turn makes cooperative work more efficient and ultimately more customer-oriented along the entire value chain.

The execution of lean management culture is lived by the Management Board and carried on in all areas and on all levels of hierarchy. The defined goal is for every individual employee to understand and actively use the management system in their daily work. Leading lean tools that are used at SÜDPACK include policy deployment, shopfloor management, PMO (project management office) and Six Sigma.

Shopfloor management has already been established across the group in almost all production and administrative departments. By using shopfloor management, goals that are relevant to a department and essential for achieving corporate goals are visualized and measured to develop necessary measures and proactively manage teams. Employees are shown the extent to which their work contributes to reaching the goals of the company so they can perform daily tasks in the most targeted manner possible. The results are compared in regular meetings. Problems are examined and discussions are held about progress in finding solutions and support needed from senior management. Cross-departmental meetings also provide an opportunity to investigate flow problems with upstream and downstream processes and to define strategies to overcome them. This makes it possible to map out an internal customer-supplier relationship that is one of close cooperation, resulting in a positive approach to error management. If employees are not able to solve the identified problems on their own, projects are launched to find solutions and an objective is formulated for the upstream process.

The meaning of lean management is also explored in more depth in the different departments in regular on-site meetings with Company Management. At the same time, Company Management conducts active shopfloor management.

The most significant projects that emerge from shopfloor management can be found in our project management tool PMO. Almost every department now has its own PMO board, where all projects are clearly displayed. On the PMO boards, all of the projects are classified and the contribution they make to reaching corporate goals and the resources available for them are prioritized using a stage-gate process.



*Leading lean tools used in conjunction at SÜDPACK.*



An additional key element of the lean management culture at SÜDPACK is Six Sigma. Six Sigma takes a structured approach to process improvement for problems that keep employees from reaching their goals. This approach makes it possible to analyze and process complex issues using statistical tools. SÜDPACK has worked intensely on training Six Sigma experts over the last two years and now has a wealth of expertise in the field. During this reporting period, a total of 22 employees completed Six Sigma training. In 2018, an employee won the silver German Six Sigma Award of the European Six Sigma Club Deutschland e.V. In the year that followed, the Deutsche Six Sigma Preis Praxis was awarded to a SÜDPACK employee for the best practical application of Six Sigma methodology. We intend to continue to increase the number of experts in the years to come and to incorporate the Six Sigma method into the company to an even greater extent. The long-term success of using the lean management system at SÜDPACK is illustrated by the examples below.

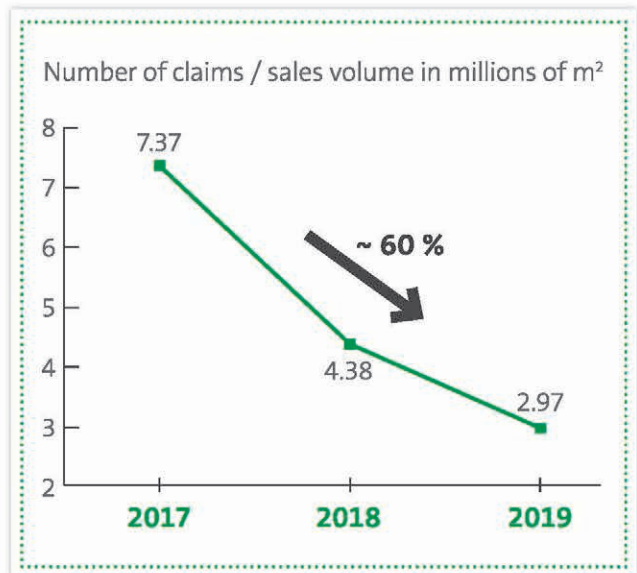
In finishing at our Ochsenhausen site, for example, the corporate goals that were established across the group were broken down to each individual printing and laminating line using policy deployment. They serve as target figures for conducting efficient shopfloor management. Within the framework of shopfloor management, the issue of “defect tracking” was defined on the PMO board in the printing plant to reach the quality goal, which was implemented successfully as a project. With defect tracking, it has been possible to continuously improve quality and thereby reduce claims and move towards reaching the target value.

**Reduction of Customer Claims at the Ochsenhausen Production Site**



In addition to finishing, the lean management concept has also been successfully implemented at SÜDPACK in the area of extrusion. By using policy deployment, shopfloor management and the PMO board, it has been possible to increase the efficiency of our extrusion lines by more than 10%. Engineering is a further area in which the PMO board is most notably used as a management instrument. With the board, all significant investment projects are managed in weekly PMO meetings.

**Reduction of Customer Claims in Finishing at the Kłobuck Production Site**



Moreover, implementation of shopfloor management in the field of quality management at our Polish site in Kłobuck has eliminated various root causes and problems that led to claims. In recent years, this is where we have significantly reduced the number of claims made in finishing. In other areas as well, lean management is actively embraced at the Kłobuck site – making Kłobuck a benchmark for the entire SÜDPACK company group.

Because the lean management system only functions as a holistic approach, SÜDPACK has made the implementation of the lean management methods policy deployment, shopfloor management, PMO and Six Sigma a priority for the years to come. In addition to further expansion of lean management in production, a particular focus will be on enhancing shopfloor management and PMO boards in further commercial areas such as Sales and Internal Sales.



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# RISK MANAGEMENT – SÜDPACK'S PRECAU- TIONARY APPROACH

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*The SÜDPACK Group maintains a risk management system that is integrated in the existing management systems. The aim of our risk management system is to detect and evaluate risks to our business operations as early as possible. Overriding risks and opportunities are evaluated by the Management Board annually and, if applicable, form the basis for necessary adaptations to the strategy within the overall business context.*

SÜDPACK fulfills its obligations arising from agreements with third parties. To avoid potential misunderstandings and any resulting consequences when concluding contracts, all employees are required to observe the compliance guidelines. In sensitive business processes, an internal control system (ICS) is used. The system ensures that the employees who are responsible for concluding the agreements and contracts carefully assess the resulting rights and obligations or risks before concluding a contract.

In the field of data protection, a binding group-wide guideline was established and a Data Protection Officer was appointed on the occasion of the introduction of the new European General Data Protection Regulation in 2018. A data protection risk management process is

used to identify, handle and manage risks to the rights and freedoms of natural persons whose personal data is processed by companies.

In order to prevent endangering the environment and the health of our employees and neighbors, risk analyses (risk assessments) are performed within the context of our management systems in accordance with ISO 14001 and OHSAS 18001 before any installation of new lines and to constantly review existing processes at least once a year. The measures that are agreed upon are executed systematically pursuant to the defined priority. Moreover, the emergency and danger prevention plan (including the danger of sabotage) is disclosed to all employees at regular intervals. In order to prevent risks relating to product safety, risk analyses (HACCP and FMEA) are performed within the context of our certified production and hygiene management system in accordance with BRCGS and the quality management system in accordance with ISO 9001 at least once a year for existing products and processes and on an on-going basis for new products and processes. 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.











# OUR PRODUCTS



SÜDPACK has been producing high-performance films for the packaging of food, non-food and medical products as well as technical applications for more than 50 years. Product protection is the main task performed by packaging and our top priority.

By using cutting-edge technology coupled with continuous and intensive development, we constantly strive to improve our solutions, which allows us to meet the ever-increasing demands relating to quality, functionality and environmental compatibility.

The current discussion about plastics, latest jurisdiction and various cus-

tomers requirements also necessitate different approaches for the development of sustainable film solutions.

To help our customers select suitable materials, SÜDPACK has developed a roadmap that displays the possible avenues for sustainable film packaging. In the roadmap, the fields of material reduction, recyclability, renewable raw materials and a circular economy play an important role. SÜDPACK offers its customers solutions from these four fields, making the company a pioneering partner in the development of sustainable packaging concepts.









# PRODUCT PORTFOLIO

## Importance of Packaging

*The main task performed by packaging is product protection. Packaging protects food, as well as medical goods and industrial products, from mechanical damage, contamination, light and unintentional exposure to oxygen. They help to extend the shelf life of a product and preserve its quality, thus reducing the waste of valuable resources caused by premature spoilage.*

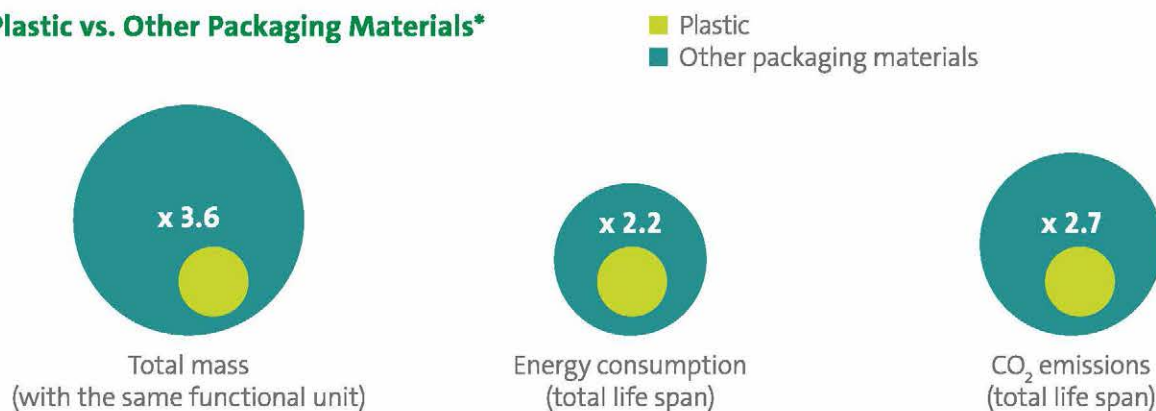
Moreover, discarded products also waste the resources that were necessary to produce the products – such as water, energy and farmland. In addition, unnecessary CO<sub>2</sub> emissions are generated that have a negative impact on the climate. Not least, modern packaging concepts offer the advantage of being able to conveniently, safely and hygienically store food, transport it and consume it at any time.

The need to constantly supply our global, urban and growing world population with high-quality and safe products poses major challenges for the movement of goods and, subsequently, for intelligent packaging systems as well. We know that flexible packaging that uses less material offers the same product protection as packaging made from other materials. For the applications in our markets, flexible packaging has a lower carbon footprint compared to alternative packaging materials in terms of production, logistics and disposal.

To further reduce the environmental impacts of our packaging solutions, our focus is on advanced development of our films with an emphasis on minimizing resource consumption and improving their recyclability.

## OUR PRODUCTS

### Plastic vs. Other Packaging Materials\*



\*Source: Berndt+Partner.



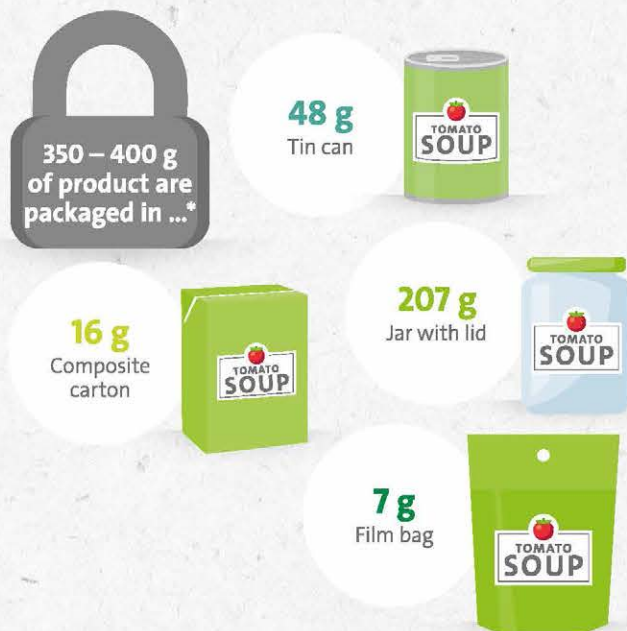
## High-Performance Films

Films protect food from premature spoilage, thus protecting the climate and preserving natural resources. They can also be recycled into reusable materials after use.

SÜDPACK sees itself as a cooperative supplier, seeking and systematically developing the optimal film solutions in collaboration with its customers. To implement even the most demanding requirements, our Research & Development and state-of-the-art Application Center are available – the latter is equipped with packaging

machines made by leading manufacturers, giving our customers the opportunity to perform material tests under real conditions. Innovation meetings are also held with customers here. A further important contribution is made to our pace of innovation and the conservation of resources by our multiXtrusion pilot plant, which can be used for the extrusion of both blown and cast films on a small scale with up to nine layers.

## Comparison of Different Packaging Solutions



### Lower Environmental Impact

The use of film packaging also has a positive effect on weight during transportation. This means less transport, reduced load on infrastructure and reduced pressure on the environment.



\*Source: Berndt+Partner. | \*\*Source: FPA.



Unpackaged meat is good for about 4 days. Meat in vacuum packaging is good for about 30 days.\*\* This helps reduce food losses.

### Thinner. Lighter. Better.

Our films keep getting thinner, such as our Veraplex or Multipeel. That means we use fewer resources and our packaging weighs less.



# SUSTAINABILITY ROADMAP



## Downgauging

Thinner films use less material and are lighter – which has a positive impact on the environment, for example in terms of transportation. Moreover, material that is saved from the beginning will not have to undergo a complex recycling process later on. This is why SÜDPACK has set itself the goal of making its packaging solutions ever thinner and lighter, thus making them more sustainable.

With downgauging projects, it has been possible to significantly reduce film thickness yet maintain its functionality for variety of applications. An example is our Veraplex – a high-performance multilayer film that is up to 50 % thinner than conventional structures. Likewise, it was possible to reduce the use of materials in the Multi Peel product group by up to 30 %.



## Circular Economy

The establishment of a circular economy for flexible packaging is an essential step towards achieving a more sustainable environment. With products in our R-Line, customers can purchase PET films with a variable amount of post-consumer recycle and thus make a contribution to implementing closed loops for plastic. To this end, we only work with EFSA-listed and certified recycling companies.

For further development of a circular economy, the entire value chain needs to collaborate to find solutions together. This is already taking place, for example in the form of international initiatives such as CEFLEX or in cooperation projects, such as the ChemCycling™ project, which SÜDPACK is implementing in collaboration with BASF and other raw material producers. Chemical recycling can prospectively establish a new, supplementary recycling method in addition to conventional recycling processes. It makes it possible to recycle plastic waste that has not been recyclable up to now, such as mixed, contaminated or multilayer plastics. Based on the application of a mass-balance approach, chemically recycled products are undistinguishable from products manufactured with fossil-based raw materials and can be used in the food industry. SÜDPACK already successfully implemented a project in collaboration with the gourmet dairy Zott in 2019.



DOWNGAUGING



CIRCULAR ECONOMY



## Our Roadmap for Sustainable Film Packaging

The primary objective of SÜDPACK is to continuously reduce the use of resources in the production of our high-performance films and to constantly improve the recyclability of our materials. We have therefore launched an ambitious program to optimize our portfolio. With the four action areas material reduction, recyclability, renewable raw materials and a circular economy, we have established a strategic framework for the expansion and improvement of our product portfolio with the aim of enhancing sustainability.

For 2025, SÜDPACK has set itself the goal to generate 50 % of its turnover with products from the roadmap for sustainable film packaging. In 2019, the percentage had already reached 24 %.



### Renewable Raw Material

By processing polymers from renewable raw materials such as sugar cane or corn, we are setting new standards in the field of sustainable film packaging. The top and bottom webs as well as the flow pack films in our xpect line made from renewable resources provide the same product protection as conventional film composites. Our Planova flow pack film is based on PLA (=polylactic acid) and consequently not only protects the environment and climate, but also optimally protects the packaged products.

Moreover, with our new SÜDPACK Craft line, we offer a range of particularly high-quality composites on the basis of paper fiber-based materials. Paper laminated film packaging impresses with its premium quality appearance and renewable material content. Paper laminated products are also available with FSC® certified paper\* on request.



### Improved Recyclability

Ensuring that films and packaging are recyclable is an important element for fulfilling the European strategy for plastics. To meet the requirements of our customers, trade and legislation in different countries with regard to recycling rates worldwide, we have adapted our range of products: The xPEP line includes films based on polyolefin and our Pure line includes films based on polypropylene. Despite these changes, customers and consumers do not have to give up any familiar functional packaging properties, such as peel-off solutions or resealing systems.

Our Multipeel PurePP was awarded with the "PackTheFuture" Award in the "Save Food" category in early 2020. The jury of experts judged SÜDPACK's solution to be "an excellent example of how food packaging that offers both protection and resealability can be both recyclable and sustainable through reductions in weight."

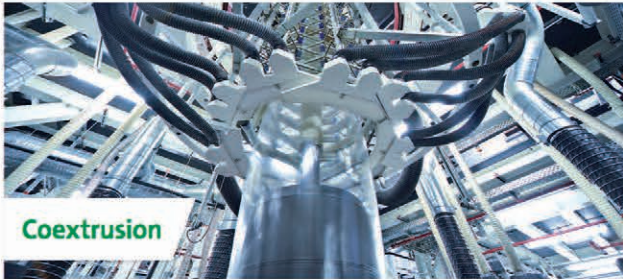
In the years to come, the portfolio of recyclable products based on further polymer structures will be continuously expanded.

\*Source: License code FSC-C148939.

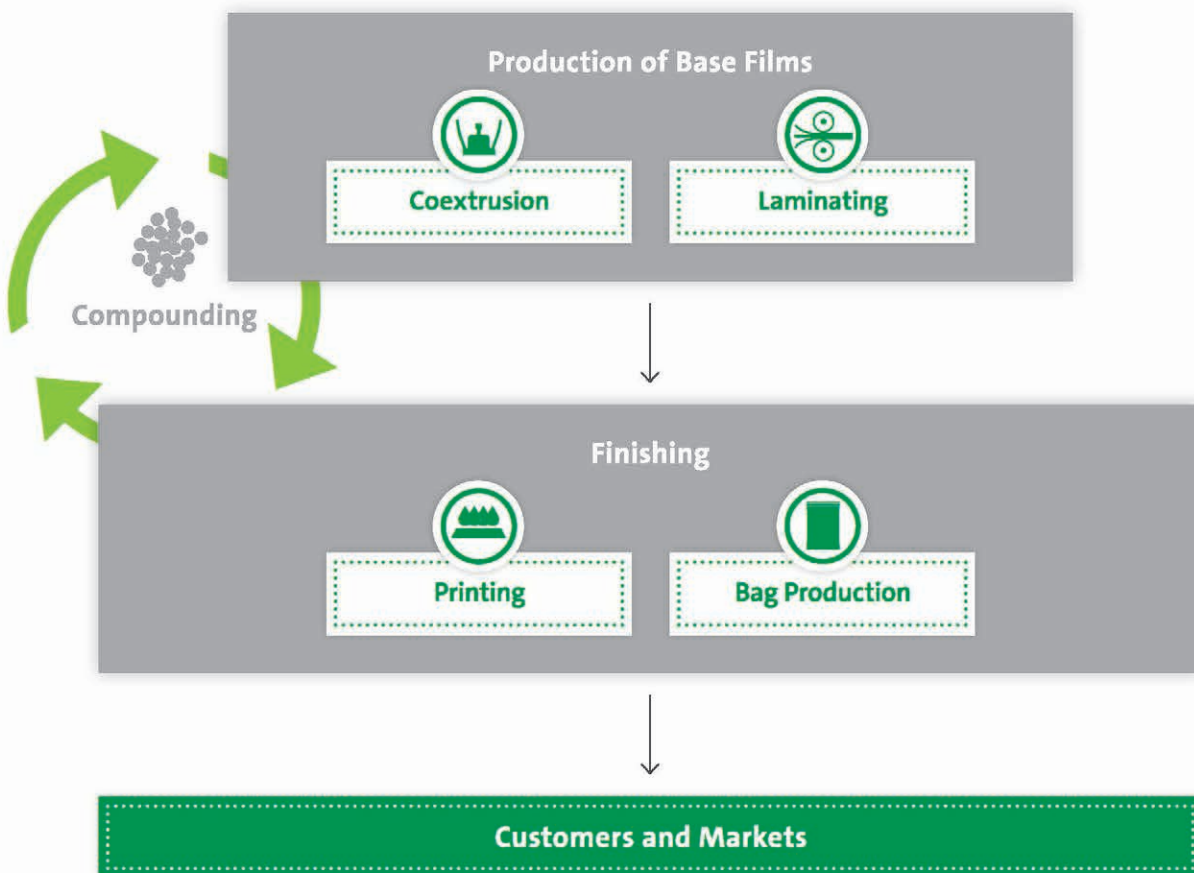




# PRODUCTION FLOW



## Our Value-Added Process



### OUR PRODUCTS

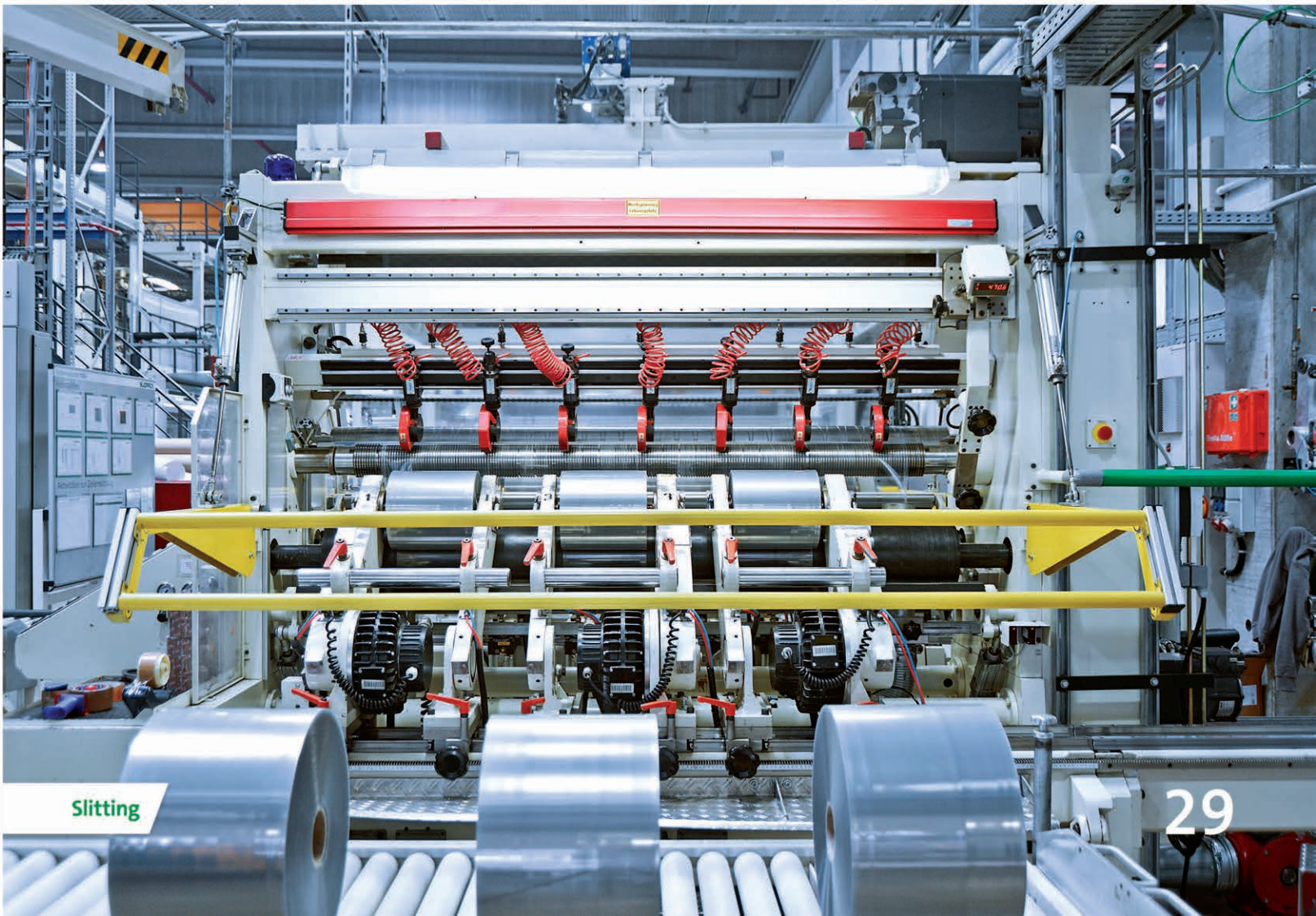
Our value-added process is divided into the process of film production and the process of finishing these films. Our core competency is in the coextrusion and laminating of high-performance films, whose technical properties are defined by the combination of dif-

ferent functional layers. In the downstream process, the finishing of our films, we refine them to meet the specific requirements of our customers in various markets, for example by printing the film or converting it into bags.



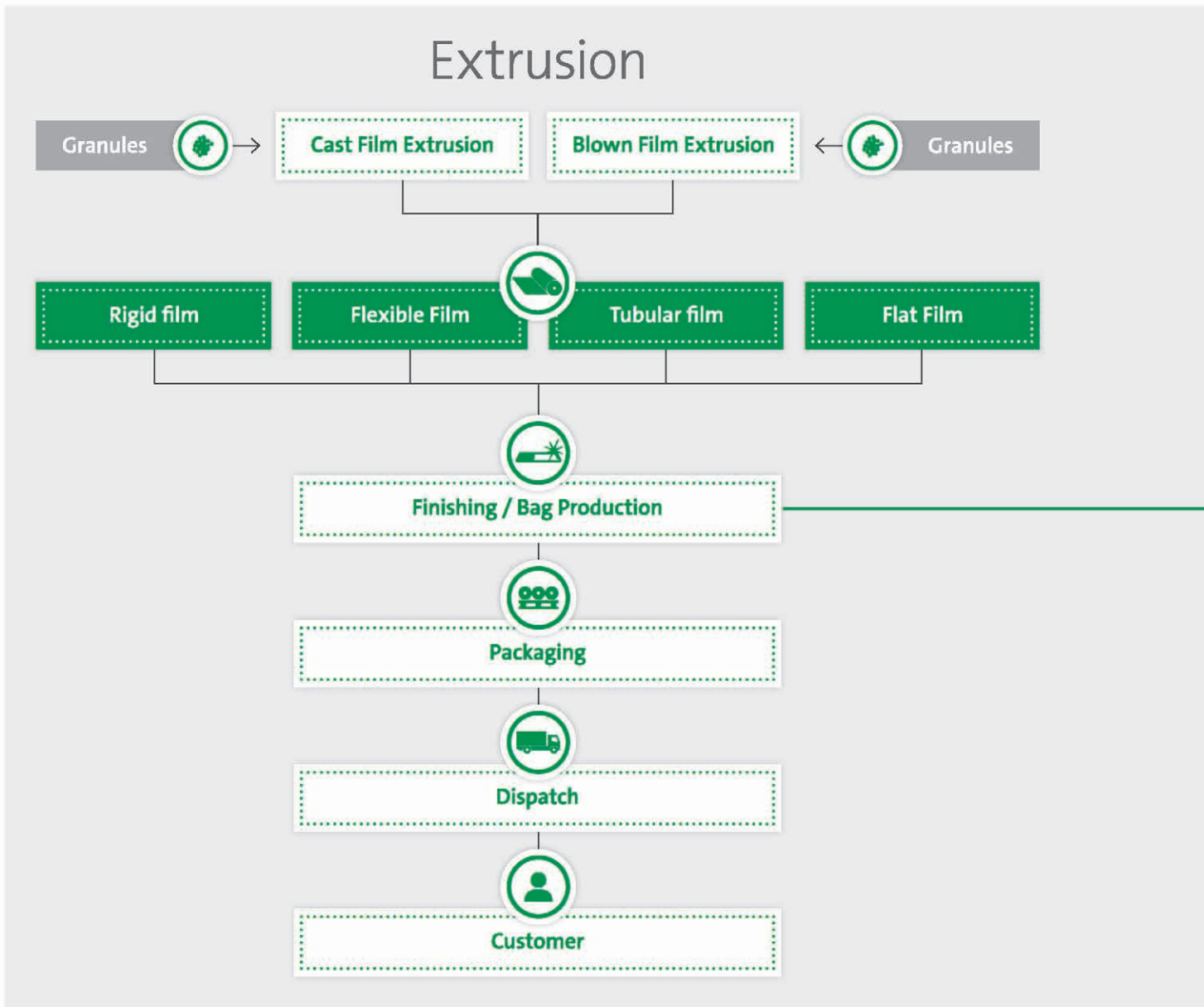


Printing



Slitting





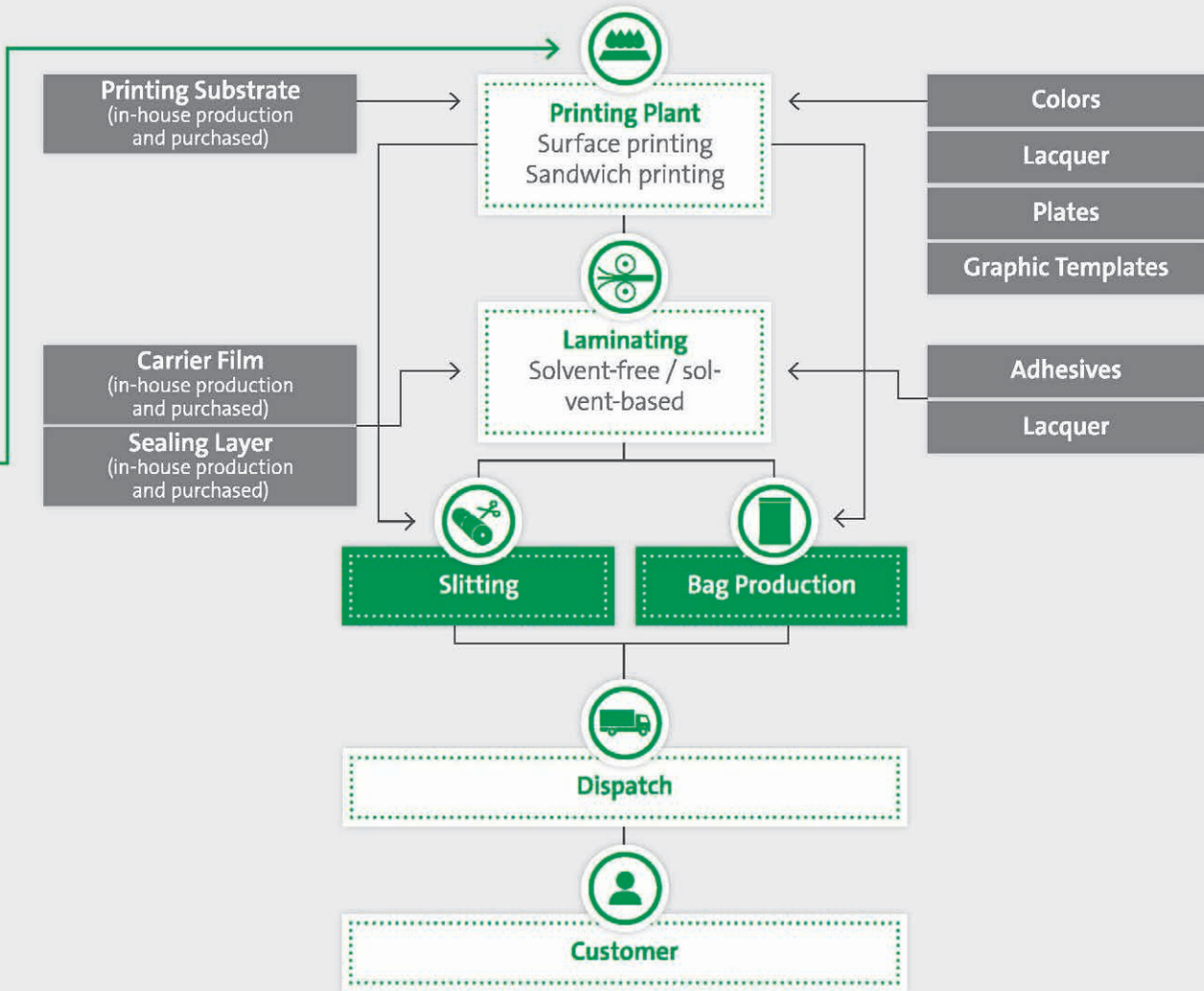
The SÜDPACK Group has production sites in Germany, Switzerland, France, Poland and the USA. At our headquarters in Ochsenhausen, we extrude blown films with cutting-edge machinery. Areas of application are lidding films for trays, thermoforming applications or the production of tubular bags. In the casting process, rigid and flexible films are extruded and are predominantly used as thermoforming bottom webs for different packaging systems. In addition to film production, SÜDPACK has a long-term expertise in the field of film finishing. At our site in Bioggio, we print film with rotogravure printing. Flexo printing is performed at our production plant in Klobuck and also in Ochsenhausen. In Ochsenhausen, we also offer the option to print film with digital printing. At our site in Oak Creek, we print film with both flexo and rotogravure printing, which allows us to also locally and promptly supply our customers in North America with printed films. Print data management, from template design to prepress, is performed

on site at every location. Thanks to laser perforation technology in Ochsenhausen, we are also able to produce breathable films or films with opening aids. Further production steps include laminating and slitting, which are linked to the respective printing site according to the lean management concept. At our headquarters in Ochsenhausen, we also have converting machines, which turn our films into different kinds of pre-made bags.

Since 2019, the site in Schwendi has expanded our portfolio. This is where films from renewable raw materials are extruded and where plastics are regranulated and compounded.



# Finishing / Bag Production



OUR PRODUCTS



# CUSTOMERS AND MARKETS

Our customers are our partners. Which is why their satisfaction is one of our most important targets.

During the reporting period, we conducted an international customer satisfaction survey among more than 1,000 customers with support from a recognized consulting firm. In our relationships with customers, we rely on long-term partnership and trust. In these relationships, we are committed to understanding the daily challenges our customers face and to offering suitable solutions. It is equally important for us to map out and proactively confront the current changes in the market, which are influenced by politics and society. We understand the strategies and goals of our customers and support them with our professional advice, product design and process optimization to satisfy their requirements.

The aspect of sustainability is of ever-increasing relevance to our customers.\* This is also influenced by the plastics strategy of the European Union, which forms the framework conditions for national legislation that has been in the process of implementation since early 2019. This is why in our roadmap for sustainable film packaging, we present innovative concepts in the areas of material reduction, recyclability, renewable raw materials and a circular economy – which makes us a pioneering partner for our customers in the development of sustainable packaging concepts that also facilitate the implementation of closed loops.

In addition to the aspect of sustainability, further important factors for our customers include product quality, value for money and reliability of delivery. Thanks to our long-standing customer relationships and close collaboration with our customers, we are able to meet these demands. Moreover, we are already working on the development of digital solutions for an even stronger connection with our customers. Some examples include EDI (electronic data interchange), VMI (vendor managed inventory) and eCommerce solutions for selected products.

Our customers are active in a wide range of industries. With our packaging materials, we supply the food industry in particular. We also develop films for the medical product industry, which includes the fields of medicine, pharmaceuticals and diagnostics, as well as

films for packaging non-food products. In addition, our product portfolio also includes high-performance films that are used, for example, as semi-finished products in the construction industry.

In 2019, the SÜDPACK Group was active in 74 countries around the world. We will continue to focus on internationalization and growth in the future as well. With our production sites in Germany, Switzerland, Poland, France and the USA, and thanks to our closely-knit distribution network, we are able to serve our customers locally and promptly.

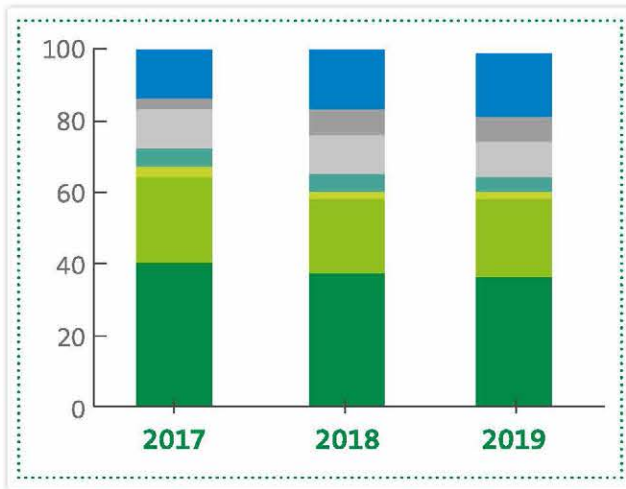


\*Source: SÜDPACK Customer Survey 2018.





### Development of Markets Supplied in Recent Years



OUR PRODUCTS





# SUSTAINABILITY ISSUES

## MATERIALITY

We believe that an environment that is still healthy in the future as well as socially acceptable conditions are the foundation for a long-term economical success of our activities. It is therefore important that we as a company do everything possible to maintain the right balance between the economy, social responsibility and the environment. We believe that sustainability and economic viability are not contradictory goals. On the contrary, we are proud to be one of the leaders in our industry – not only in technology and product development, but also in the fields of resource conservation and circular economy.

We invest heavily in the development of new products and technologies, in our existing locations and in the training and professional development of our employees, because this is the only way we can truly innovate in a way that benefits people and the environment.

The progress made in implementing these initiatives is gauged with key performance indicators every month. The corporate goals are adapted annually. Moreover, projects related to sustainability are coordinated and managed by the Sustainability Committee.



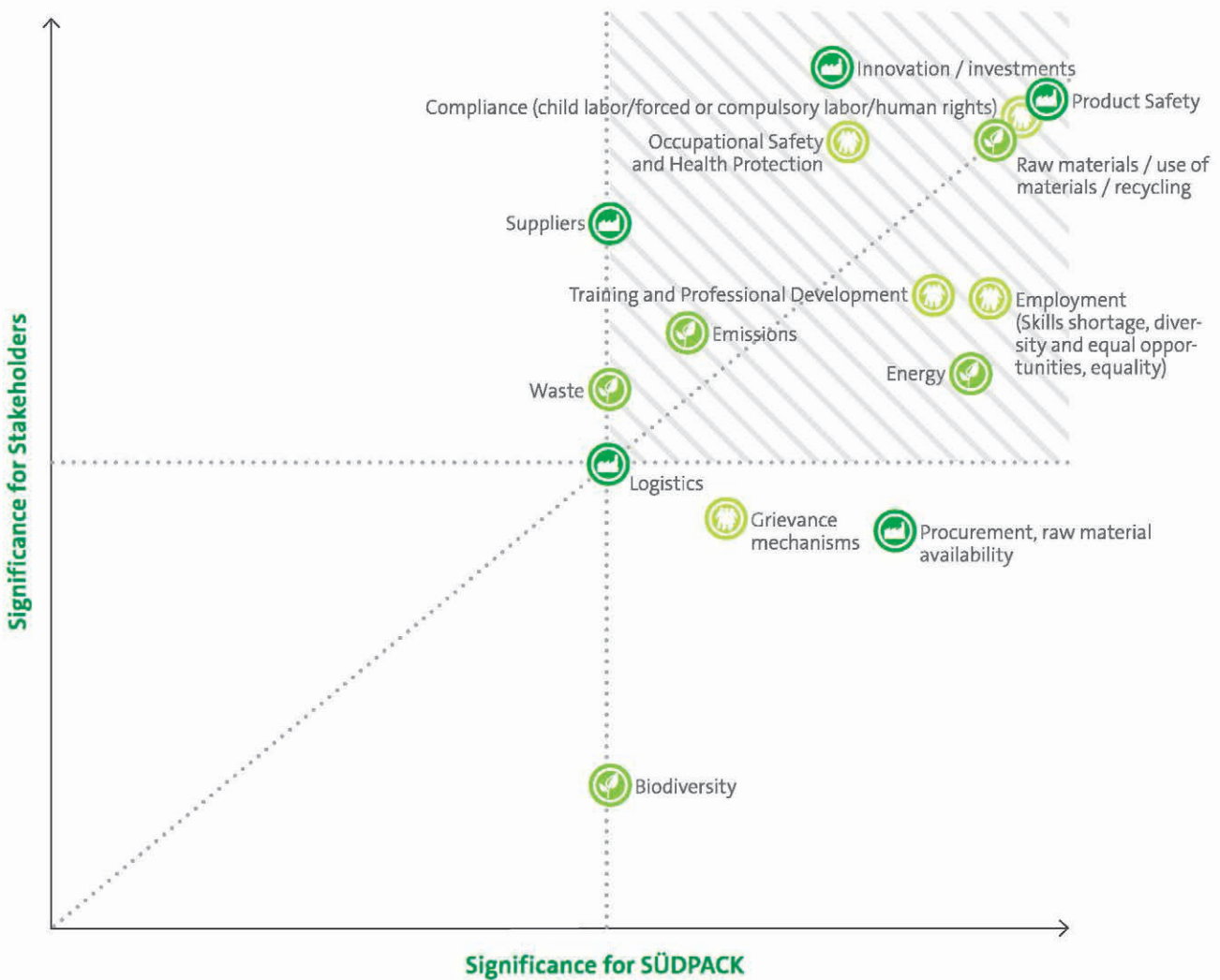




# Our Materiality Matrix

In the materiality matrix below, the core topics at SÜDPACK are displayed based on the needs of our stakeholders. The x-axis of the matrix presents the materiality for SÜDPACK and the y-axis the importance to our stakeholders. The underlying materiality analysis for the matrix is reviewed annually in the closed strategy meeting held by top management and is adjusted if required. It is the basis for deriving relevant sustainability

objectives. For instance, we take into account the development of our business segments, the risks and opportunities for our company group as well as changes in legislation and the requirements and needs of our stakeholders. The aspects that are relevant to SÜDPACK are selected using the methodology of the GRI. The key aspects are covered below in the respective chapters “Economy,” “Social” and “Environment.”

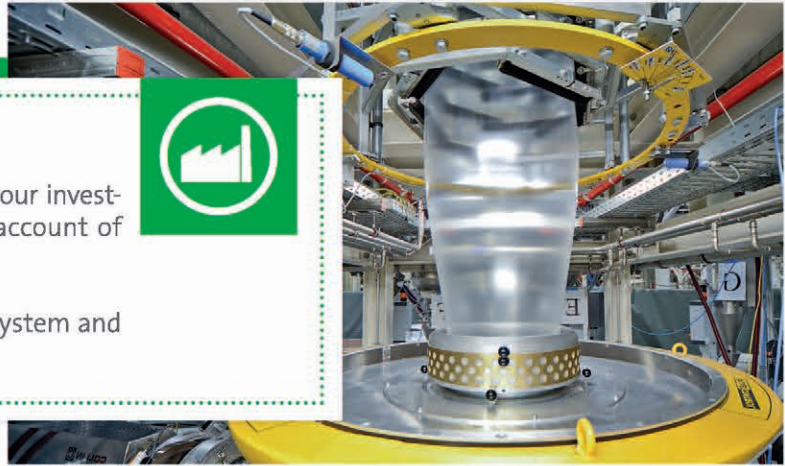


Economy
 Social
 Environment









## Economy



In the “Economy” sphere, we describe our investment projects, which primarily take account of innovation and increased productivity.

Moreover, our supplier management system and lean activities are described.



## Social



In the “Social” sphere, we describe our activities to recruit and retain employees at our company locations.

We meet our social responsibility through ongoing training and professional development, and also through secure jobs. Social and societal involvement in the regions neighboring the company locations is of crucial importance to SÜDPACK. Local initiatives are supported for this reason and the company becomes firmly established in the local community as a result.



## Environment



The material aspects in the “Environment” sphere include projects to increase energy efficiency, reduce the environmental impacts of emissions and reduce the consumption of resources. This is also of key importance from an economic standpoint. The main focus is on the development and optimization of new products, both from the point of view of resource conservation and also in terms of their usability and the circular economy. Furthermore, SÜDPACK supports various initiatives, such as the “Zero Granule Loss” initiative of the German Association for Plastics Packaging and Films (IK) and “CEFLEX” (A Circular Economy for Flexible Packaging).







### Employers' Liability Insurance Association

- Assistance, consultation and monitoring of matters concerning occupational safety
- Visits from inspectors
- Insurance coverage for accidents at work

Collaboration among companies along the entire value chain is an important and necessary step from SÜDPACK's point of view for a sustainable and closed circular economy for flexible packaging. That is why SÜDPACK has been an active member of the CEFLEX Initiative since 2017. Moreover, SÜDPACK is also a member of EcoVadis (Supplier Sustainability Ratings) and SEDEX (Supplier Ethical Data Exchange). In this database, information on ethical corporate governance is provided that can be viewed by other members of the initiative. With this assessment, the measures and ethical framework conditions of SÜDPACK are presented transparently.

# STAKEHOLDER ANALYSIS

- Requirement / Goal / Expectation
- Performed by SÜDPACK



### Trade

- Solutions to fulfill a wide variety requirements
- Support in implementing current trends
- Continuous communication about trade requirements

### End Consumers

- Maximum hygiene and product safety
- Sustainable packaging solutions
- Provision of information
- Market-driven product developments and innovations
- Fact-based public relations

### Recycling Companies

- Recyclable concepts
- Sorted material management (post-industrial and post-consumer)
- Recycling-friendly product design
- Association work
- Establishment of direct contacts
- Sorted material management

### Social Environment

- Responsible behavior
- Creation of jobs
- Societal and social involvement
- Environmental performance, such as reducing emissions
- Establishment as a responsible employer in the region
- Press and public relations

- Site development
- Long-term job security
- Sponsoring
- Collaborations
- Promotion of local institutions

### High Schools and Colleges

- Partner in training and professional development
- Project-based collaboration
- Knowledge transfer
- Public relations
- Sponsoring
- Vocational training fairs
- Educational partnerships
- Events
- Joint training and study programs
- Joint development projects





# ECONOMY



In the “Economy” sphere, we present our investment projects, which primarily take account of innovation and increased productivity. Moreover, our supplier management system is described. For SÜDPACK, innovation is the key to success. It motivates us to think, to reflect and then to reconsider. After all, the only way for pioneering concepts and solutions to emerge is by addressing both the current situation and future challenges.

We collaborate with select suppliers who meet our requirements in terms of quality and hygiene assurance as well as occupational and environmental safety. In our day-to-day work, we are always open to new concepts and potential uses for new materials and technologies that contribute to solutions that are fit for the future.

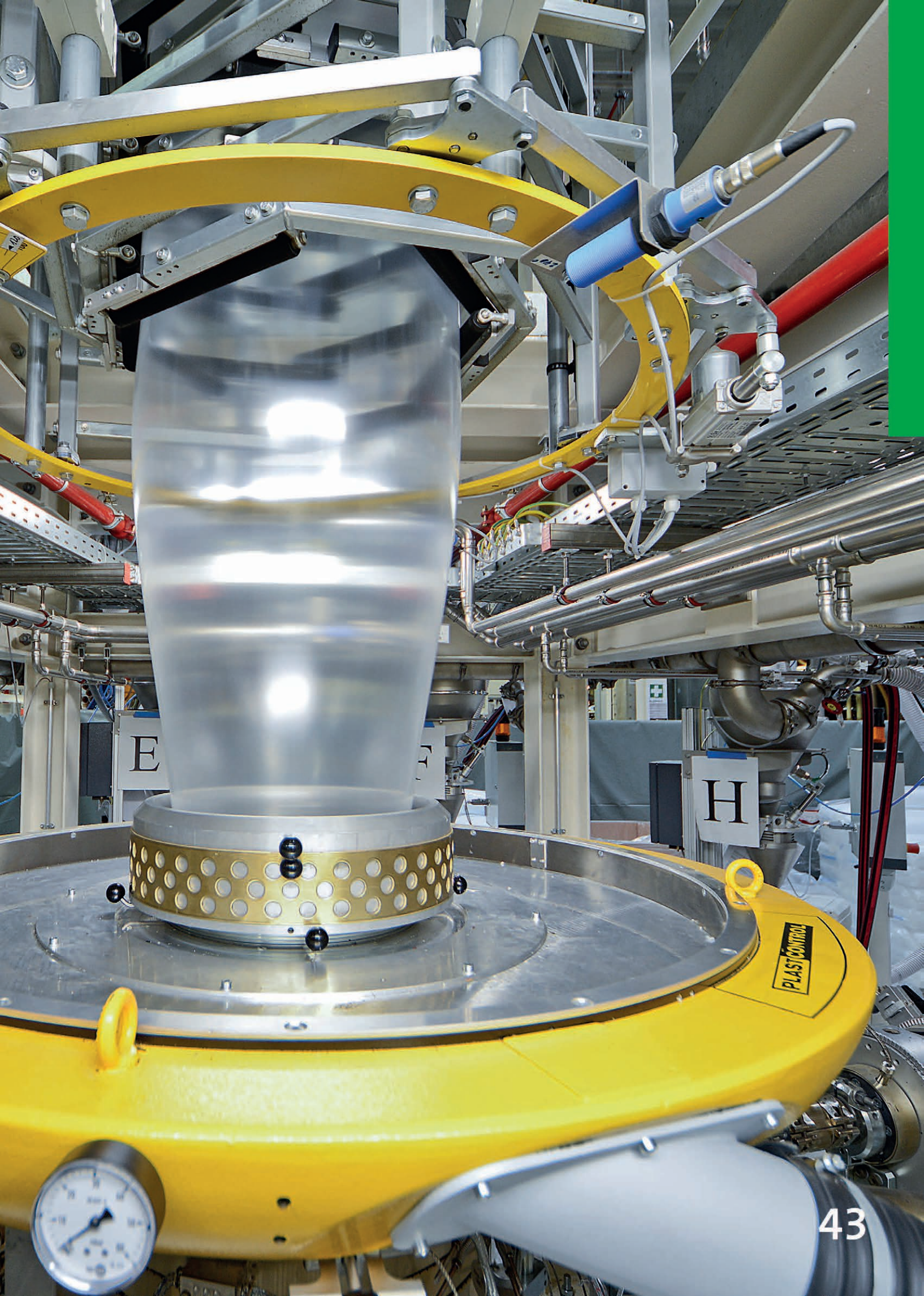
We are committed to sustainable business practices. This goal is primarily implemented in new and replacement investments, and also in targeted measures for continuous improvement, which is a key requirement of our management systems. These specific measures are described in the next section.

ECONOMY

That is exactly what we do in our partnerships with customers and suppliers. We strive to make continuous improvements in order to consistently increase our customers' satisfaction, and we try to anticipate market developments.







E

H

PLASTICONTROL





# SÜDPACK INVESTS IN THE FUTURE

*The basis for secure, profitable growth and thus a future-oriented, sustainable development of our company is a long-term strategy.*

In the first two Sustainability Reports, we introduced our “Fit for 2020” strategy. The implementation of this strategy was devised during closed Company Management strategy meetings, further developed in strategy meetings with more than 60 participants from middle and senior levels of management and finally executed in the form of operational goals. These goals were largely achieved during the reporting period.

To maintain our ability to react flexibly to changes in our markets, we have developed our strategy to the year 2025 – and have added new key focal points that also take the current developments in different contexts into account. These new key focal points include strengthening our business units for medical and technical applications, expanding our presence in the USA, enlarging our plant in Poland and the subject of recycling and sorted material management. By appointing a new CEO in October 2019, the organizational structure was revised and aligned to use a business unit (BU) structure

to meet the requirements of our markets and business segments even more effectively.

The dedication and motivation of our employees is essential for the success of our future projects. Given the continuous growth of the company and our international expansion, internal communication and forward-looking management are of crucial importance. To ensure that the corporate strategy is put into practice and the ambitious targets are achievable, all of our employees need to be informed about these matters. This is performed in various formats, for example in cross-departmental meetings, on our intranet or through digital media, such as videos. Not only has the number of employees steadily increased in recent years, we have also developed our manufacturing capacities even further. Crucial investments in buildings and machinery are what made this development possible. The investments in the locations that are included in the report are subsequently discussed in more detail.

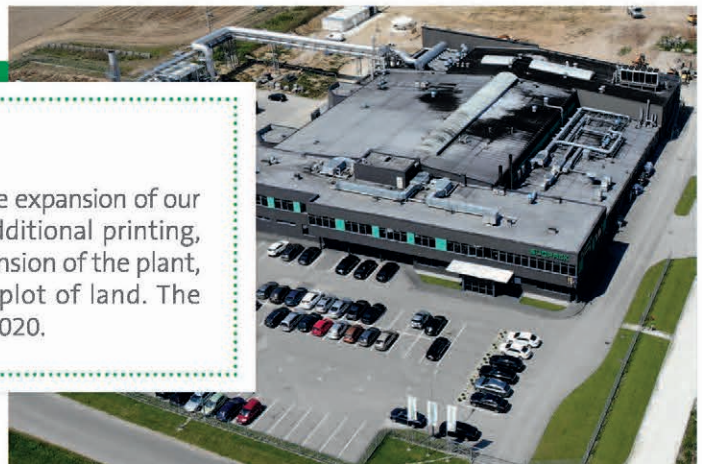


# Investments



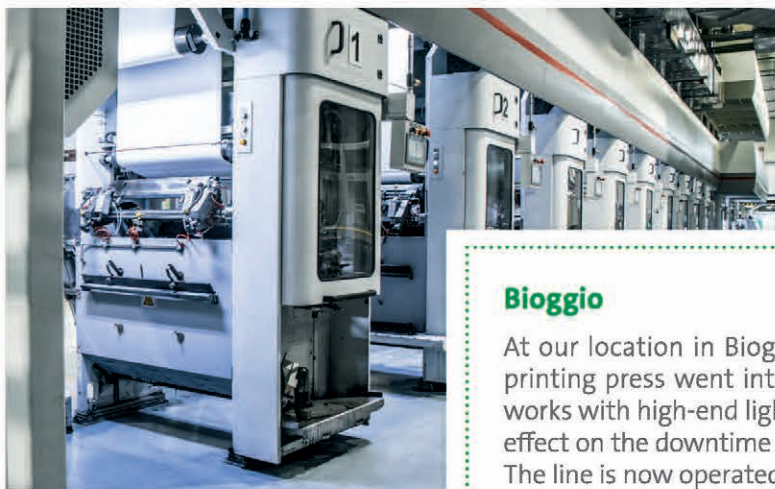
## Schwendi

In Schwendi, a Competence Center for compounding was built in 2017. Its capacity was doubled during the reporting period. Moreover, we invested in two extrusion and two slitting lines, which serve to manufacture and convert film made from renewable raw materials.



## Kłobuck

At the same time, we also forged ahead with the expansion of our plant in Kłobuck and made investments in additional printing, laminating and slitting lines. For potential extension of the plant, we were also able to acquire an additional plot of land. The groundbreaking ceremony is planned for mid-2020.



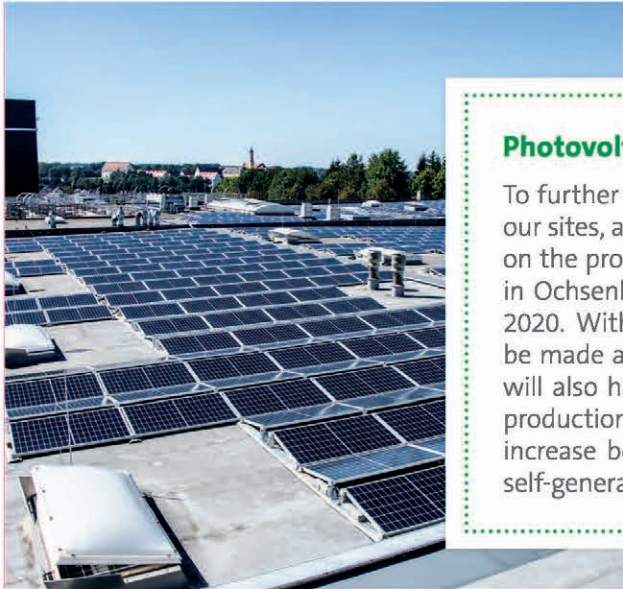
## Bioggio

At our location in Bioggio, an easily configurable rotogravure printing press went into operation in early 2018. The machine works with high-end lightweight cylinders, which have a positive effect on the downtime and energy consumption of the machine. The line is now operated in three shifts.



### Erolzheim

The new construction of a slitting and logistics center in Erolzheim was our biggest investment project during the reporting period. After just one year of construction, the production site went into operation at the beginning of 2020. The industrial waste that results from slitting are collected in sorted groups and made available to the plant in Schwendi for further processing. In this way, SÜDPACK makes a significant contribution to a circular economy. The centralized storage and cutting capacities reduce the internal transportation between the external warehouse and production plant by approximately 50 %.



### Photovoltaic System

To further reduce the share of fossil energy sources used to run our sites, an investment was made in a new photovoltaic system on the production building rooftops of the extrusion operations in Ochsenhausen in 2019. The system will be commissioned in 2020. With the new system, approximately 400,000 kWh can be made available annually for the company's own use – which will also have a positive impact on the carbon footprint of the production site. In the years to come, we intend to continue to increase both the share of renewable energy and the share of self-generated energy.

Moreover, additional investments were made in other locations, such as Oak Creek. In the last two years, a printing machine, laminating machine and two new slitting machines were purchased. We will continue to invest in forward-looking projects and technologies, always keeping our customers as our main focus while doing so. In the future, SÜDPACK would like to further strengthen its position as an innovative and sustainable brand for highly refined films on the market – both at home and abroad.

The investments are predominantly financed through reinvestment of our corporate profits. During the reporting period, the investment volume amounted to an average of approximately 10 % of our turnover.







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# SUPPLIERS

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*Due to the raw material intensity of our products, our suppliers are an important part of our value chain. We are therefore extremely mindful of establishing cooperative relationships. They also form an important foundation for the implementation of product development projects. This is because the purchased materials have a significant impact on the quality of our products and on our customers' satisfaction as a result.*

A team of experts is responsible for selecting suppliers at SÜDPACK and includes members with roles in Purchasing, Production, Quality Assurance, Supply Chain Management and R&D. Different criteria are taken into account, such as product quality, production processes, working and human rights practices and the suppliers' countries of origin. New suppliers are generally audited by our buyers on site before a business relationship is established.

To minimize the risk of adverse environmental effects to the greatest extent possible, we source materials that are considered critical in environmental terms, such as inks, adhesives and solvents, exclusively from Germany and Europe. About 90 % of the granules and semi-finished products come from European countries. The rest is purchased from the Middle East and from the USA and Asia.

To document the fulfillment of our criteria, we developed a "Supplier Code of Practice" in 2019, which we give our suppliers for confirmation. The document includes ethical guidelines based on the principles of the UN Global Compact, the International Labour Organization (ILO) Conventions, the United Nations Universal Declaration of Human Rights, the UN conventions on the Rights of the Child and on the Elimination of All Forms of Discrimination as well as the OECD Guidelines for Multinational Enterprises. By signing the Code of Practice, our suppliers commit themselves to meeting

their social responsibility in all business activities and to observing the applicable laws as well as any other relevant provisions in the countries where they operate in all of their commercial activities and decisions. Requirements are also defined in the Code of Practice that concern topics such as corruption, child and forced labor, human rights, discrimination and environmental protection. Our schedule is for all active suppliers to confirm compliance with our criteria either by signing our Code of Practice or supplying an equivalent document by the end of 2020.

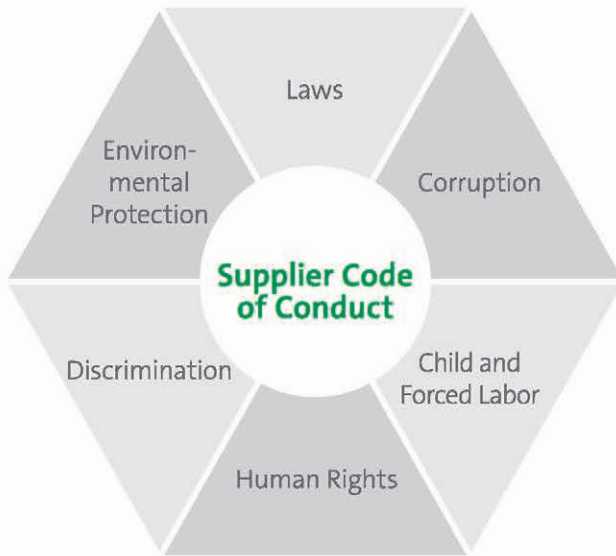
Our initiative to establish a company-wide supplier audit system through the "German Association for Plastics Packaging and Films" (IK) has come to a halt due to anti-trust concerns. However, the target is still being pursued since our association has already implemented something similar within the context of migration work.

We will also continue to take steps to make lasting improvements to the supplier management system in the future. For example, the risk of a monopoly position of suppliers is to be reduced by establishing a second source. Moreover, extended talks with suppliers and audits are planned to improve quality.

<sup>1</sup> *Third party audits on behalf of our association, as representatives of the companies involved, should make it possible for the manufacturers of specific products to be audited collectively. Special attention should be paid in particular to the observance of human rights as well as regulations governing working practices in critical non-European countries.*



Code of Conduct for SÜDPACK Suppliers



The supplier management system is covered by the quality management system across the group. Within the framework of certification according to the new versions of ISO 9001 (2015) and ISO 14001 (2015), the management system was revised in 2018. ISO 50001 (2018) will be updated in April 2020.

All management systems can be viewed at any time by all employees as a process map on our intranet. They are regularly reviewed in audits. The annual supplier evaluation includes a review of the current management systems and their certification status. If certificates are missing, a corresponding self-assessment questionnaire must be completed. The supplier evaluation process is described in detail and was last modified in 2019. The supplier evaluation now takes a risk-based approach, which can be used to derive appropriate measures for suppliers with a higher risk, such as in cases of single sourcing.

Additionally, products from suppliers that might endanger product safety can be identified by means of a risk analysis (HACCP). If such suppliers have not supplied certifications that are recognized by the GFSI (Global

Food Safety Initiative), for instance that are in accordance with BRCGS, a supplier audit is mandatory. During the reporting period, no business relationship was put at risk due to negative effects in terms of working practices, environmental issues or human rights.

Logistics

Logistics at SÜDPACK is essentially handled in close collaboration with two forwarding companies that are certified in accordance with ISO 9001 and IFS food logistics standards. Moreover, the companies are audited every two to three years. One forwarding company is responsible for the logistics of granules and raw materials, the other is responsible for purchased films, mother reels and finished products.

The new logistics center in Erolzheim reduces the internal transportation between the external warehouse and production plant by approximately 50 %.

“Zero Pellet Loss”

One thing is clear: Plastics are a valuable material and do not belong in the environment. For this reason, SÜDPACK has been involved in the “Zero Pellet Loss” initiative of the German Association for Plastics Packaging and Films (IK) since 2016. This initiative aims to prevent plastic granules from entering the environment or sewage system, where they can subsequently contaminate coastal areas and seas. This has led SÜDPACK to take extensive measures in production to further minimize granule loss. Process steps that are particularly critical include the filling of silos and further transport of the granules within the production process. It is imperative here to prevent granules from being spilled and to immediately sweep up and carefully dispose of spilled granules.

ECONOMY



IK Certificate for “Zero Pellet Loss”







ECONOMY



# JOBS

## ALSO PART-TIME

### SÜDPACK Offers Many Opportunities

*In our campaign to recruit employees, we specifically look for career changers and part-time employees.*

*With us, you don't have to be a professional, but you do have the opportunity to become one.*



## SOCIAL



Our employees are our most important resource for the successful development of SÜDPACK. We can only achieve our goals if we have motivated employees who identify with SÜDPACK and share our vision. Our deep commitment to the regions where our sites are located and to our employees is demonstrated, among other things, by the regional involvement of the company group.

Particularly in the context of the rural areas where our sites are located, it is important to be an attractive employer to maintain our competitive edge when recruiting qualified professionals. Topics such as job security, employee qualifications, training and professional development, occupational and health protection as well as employee satisfaction are

of central importance to us. We are particularly proud of the fact that we have never had to apply for short-time work or give notice of forced redundancies in the history of the company.

Despite growth with increasing globalization, internationalization and digitization, we want to maintain our family business culture. In this regard, we call upon ourselves to openly communicate with and appreciate all employees and apply this in our daily interaction.

Many social issues that are linked to global supply chains, such as child or forced labour, are regulated by law in Germany and Europe. Consequently, such topics only play a minor role in our sustainability reporting.

## CAREER CHANG





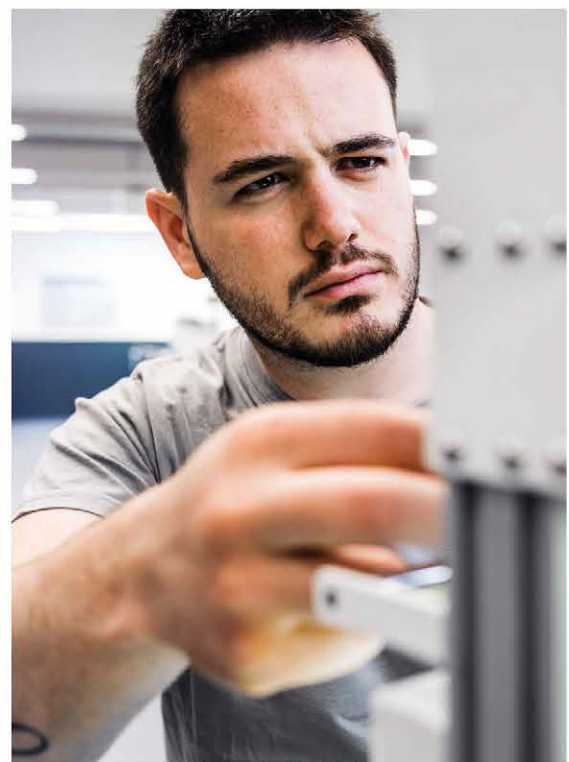
ERS

WELCOME

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SÜDPACK







# OUR EMPLOYEES

*For us, commercial success and social responsibility go hand in hand.*

*It is only with people that we reach our goals, and it is only with people that we can have an influence on our society and environment over the long term.*

Also and especially because we are a family business, we have a special connection with our employees. Professional qualifications, diverse technical and social skills as well as very high levels of motivation, enthusiasm and a sense of responsibility among all SÜDPACK employees are the foundation of and key prerequisites for our corporate success.

We are fully aware that the new strategic orientation of the SÜDPACK Group, with the business unit and matrix organization structure that was introduced in 2019, can only be implemented with qualified and motivated employees. This reorganization has also increasingly promoted and enhanced the international collaboration among our employees across all locations. This requires a new understanding of processes as well as different procedures for making decisions. Furthermore, we view transparent group-wide communication and the provision of information for all employees as an important pillar for the implementation of our corporate strategy.

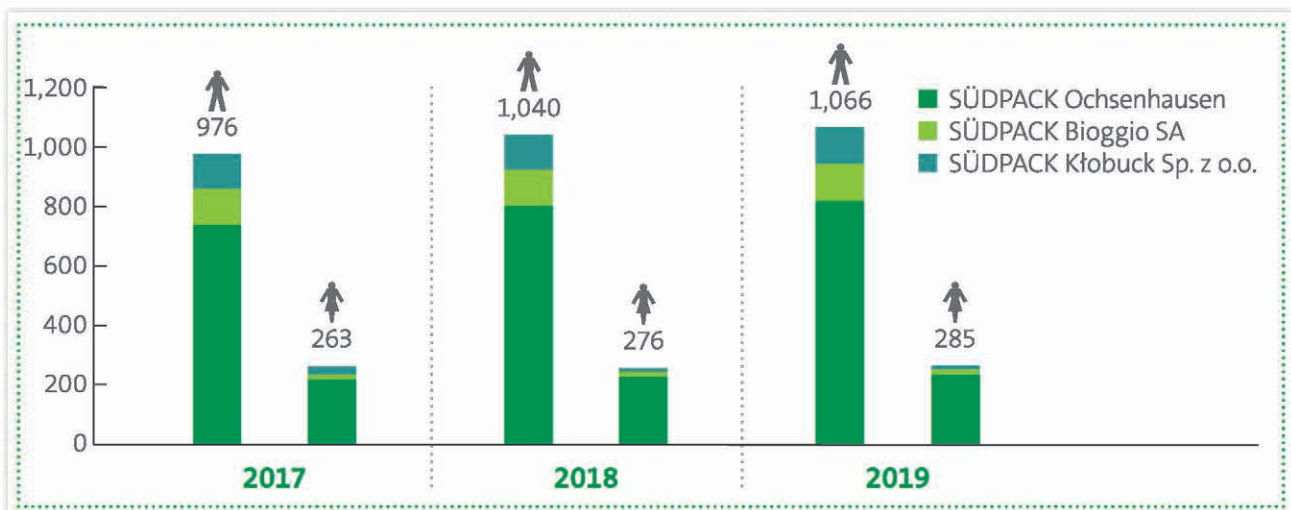
The demands on our employees have also changed. English is becoming the lingua franca for all of the sites and is gaining an increasingly strong foothold in all areas.

This provides a broad array of opportunities for employees who are interested in intercultural exchange and languages for their personal development. It is important for us to recognize our cultural differences and develop mutual understanding.

## Our Employee Facts and Figures

SÜDPACK's growth is reflected in the continuing year-on-year increase in the number of employees. SÜDPACK has positioned itself on the employment market as a family-run, medium-sized company. Reliability, fairness and economic security are of absolute priority in interaction with our employees. Moreover, setting up ergonomic, clean and safe workstations is a central part of our human resource activities. With the aim to continue recruiting qualified employees in the future, SÜDPACK culture is being increasingly integrated into the day-to-day work environment and training and professional development as well as cooperation with schools and universities is being enhanced. Furthermore, we also regularly conduct the group-wide campaign "Employees Recruit Employees" – employee recommendations that lead to a new hire also have a positive effect on the employee who made the recommendation.

## Number of Employees by Gender





## Age Distribution of Our Employees in Industrial and Commercial Jobs







### Number of Employees by Type of Employment



#### Part-Time Employees

- Men
- Women

#### Full-Time Employees

- Men
- Women

#### Trainees\*

- Men
- Women

#### Students\*

- Men
- Women

\* Trainees and students at SÜDPACK Ochsenhausen.

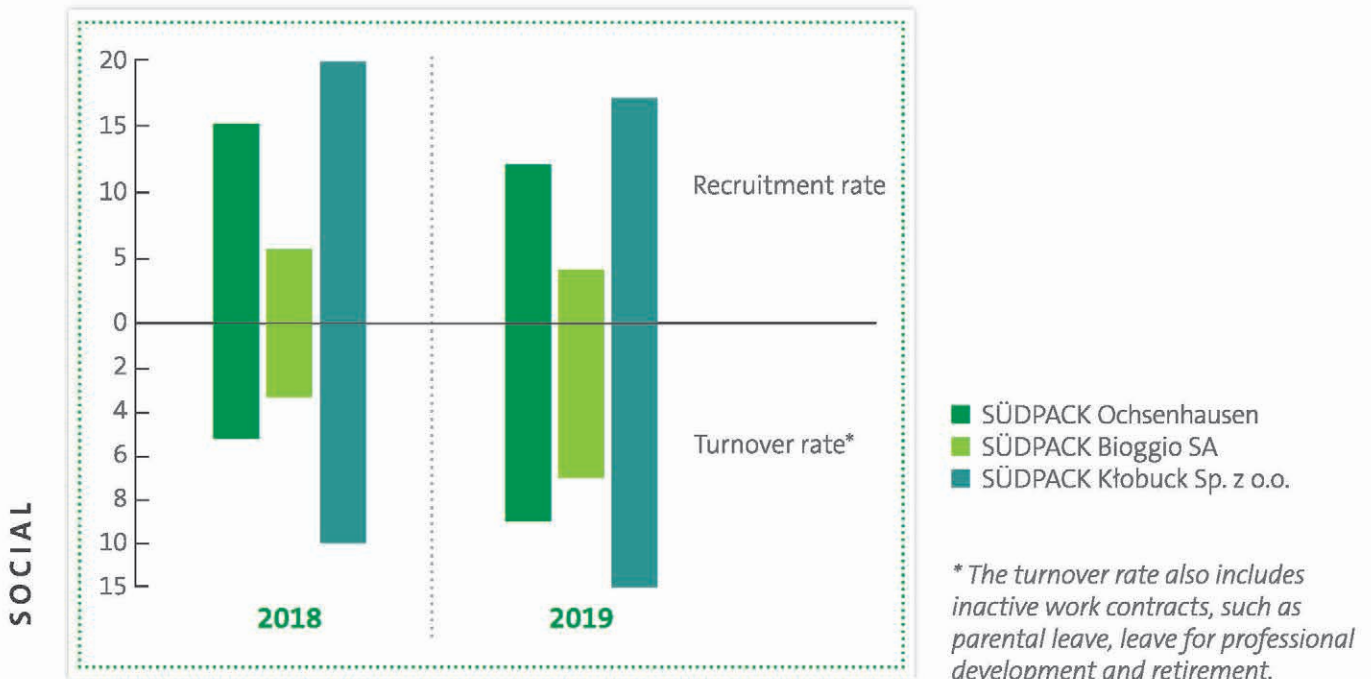


## Senior Management at SÜDPACK



The causes of turnover in our company are regularly investigated. Exit interviews are conducted to identify the reasons for leaving. Up to now, risks for the company resulting from employee turnover have been classified as low.

## Recruitment and Turnover of Employees







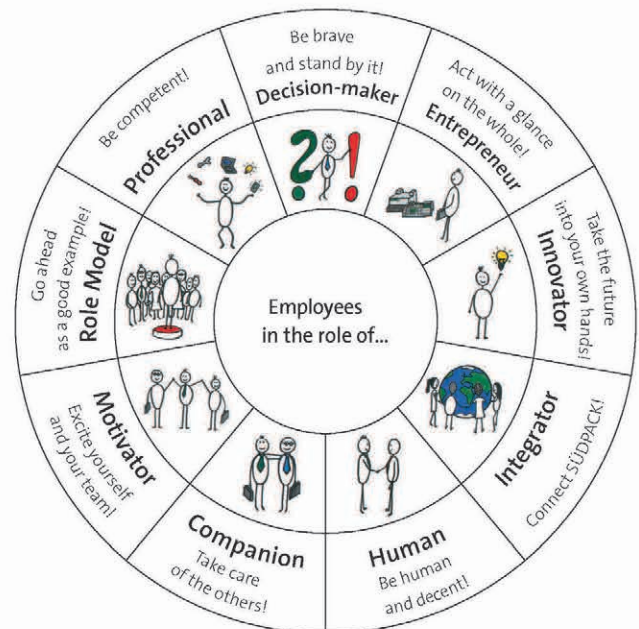
## Roles of Employees and Senior Management – How We Treat Each Other

At SÜDPACK, a “culture of open doors” is tradition. Employees can always personally approach our Management at all levels. Being able to speak directly to senior management 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 the Managing Board leads by example, and they have always lived and breathed this culture. For anonymous complaints, mailboxes from Human Resources are available. The letters that are received are processed and archived by Human Resources.

The interaction with and between employees is regulated in a binding manner in the corporate policy and in the compliance guidelines. The guidelines ensure respectful and equal interaction with one another and with 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. Diversity factors also have no influence on an employee’s payment, which is defined by the scope of their duties, area of responsibility and individual performance within our salary matrix. There is also profit sharing for all employees, the amount of which is defined based on the extent to which the corporate goals have been reached.

To help both employees and senior management incorporate SÜDPACK culture into our daily work, we at

SÜDPACK have established employee and senior management roles across the group. These were formulated in a project across all locations and describe the roles of employees and senior management within the SÜDPACK Group. The defined roles can also be found in the newly revised employee and senior management assessments, which were digitally implemented for the first time in the spring of 2020.





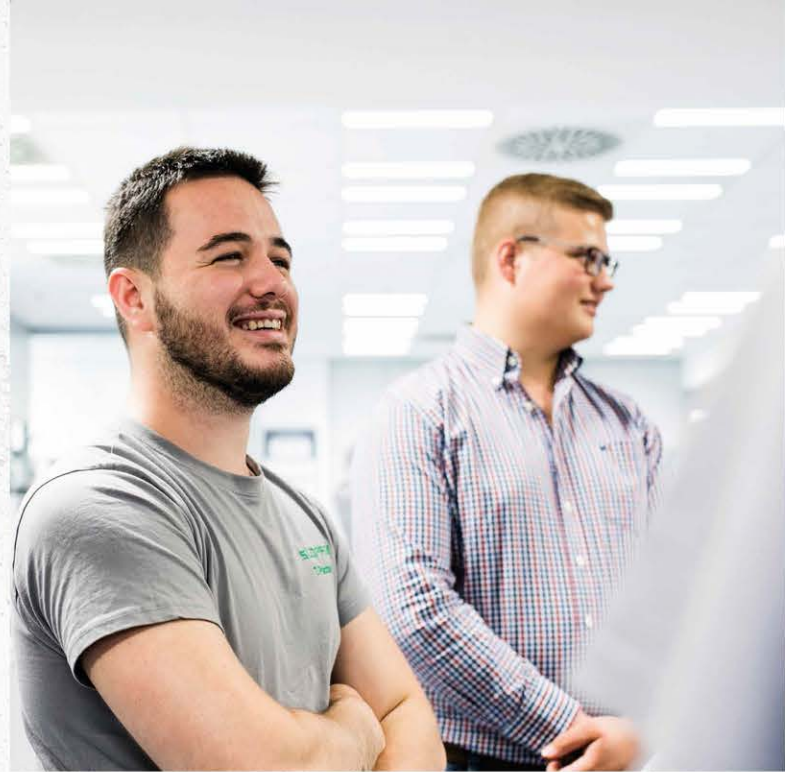
## Training and Professional Development

The quality of our products and services is significantly influenced by the skills and expertise of our employees. Consequently, the training of our professional staff and senior management, as well as their development and advancement, is extremely important to SÜDPACK. Our long-term HR concept is guided by our corporate strategy, the current business situation and social megatrends, such as demographic change, diversity, individualization, mobility, health and education.

We systematically record our employees' qualifications in all areas in matrices. In annual performance reviews or on request, the advancement and professional development of employees is planned individually. These reviews also serve as the basis for planned knowledge transfer in cases when employees reach the age of retirement.

New employees become acquainted with their department and new tasks through comprehensive job training and onboarding.

Our e-learning platform provides various training courses. This covers compulsory training courses, for instance about hygiene, occupational safety and the environment, as well as further offers about various topics. Our e-learning platform is currently available in four languages for all locations of the company group.



Staff development at SÜDPACK comprises in-service training and study courses, college internships as well as training for foremen and young graduates. Moreover, we offer a school vacation program for young career-starters as well as a variety of student internships. Our site in Kłobuck regularly hosts groups from the local kindergarten.

The close contact with schools, colleges and institutions as well as an intensive dual training program ensure the development of the next generation of experts. The company maintains educational partnerships with the Realschulen in Ochsenhausen, Erolzheim and Schwendi, the Ochsenhausen Gymnasium, the Werkrealschule in Kirchdorf, the Gemeinschaftsschule in Ochsenhausen-Reinstetten and the Abt-Hermann-Vogler-Schule in Rot an der Rot. The company's academic future is safeguarded through close partnerships with universities where bachelor's and master's courses are offered to students, such as by Stuttgart Media University (Pack-



*Mustafa Almasri*

## Active Integration

Mustafa Almasri, who fled from Syria to Germany in December 2014, started his vocational training as an industrial clerk at SÜDPACK in 2017 and successfully completed his training with a good grade point average in July 2020. After completing his training, Mr. Almasri was hired by SÜDPACK and now works in Internal Sales.

"When I fled to Germany in December 2014, I was 23 years old, couldn't speak any German and everything was so unfamiliar to me. At SÜDPACK, I was given the opportunity to complete vocational training, and I took on the task with a high level of commitment and ambition. I was warmly welcomed by all of my colleagues, and my many questions were answered with a great deal of patience. I quickly felt a close connection with everyone and am now a true "SÜDPACKER."





Ms. Gribbacher and Dr. Würfl at the graduation ceremony in 2020

aging Technology), Kempten University of Applied Sciences (Packaging Technology), Technical University Munich (Food Technology) and Aalen University (Polymer Chemistry). SÜDPACK also trains students in dual study programs at the cooperative state universities in Stuttgart, Heidenheim, Ravensburg, Horb and the University of Applied Sciences in Kempten. Moreover, we offer our students the opportunity to participate in projects across all locations to gain experience abroad. Taking part in education fairs in Biberach, Ulm, Kempten and Memmingen strengthens the positive public image of the company. SÜDPACK also provides tips, for exam-

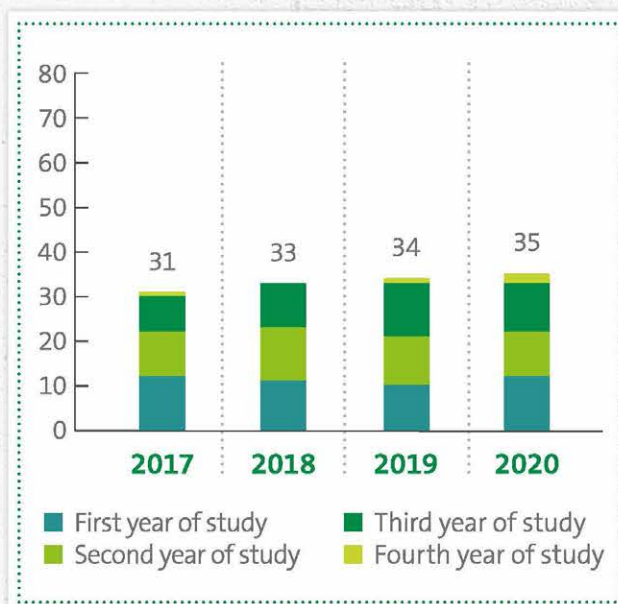
ple about letters of application – and has proven to be a qualified point of contact for in-house school events and training for applicants. The success of these activities is also reflected by the large number of trainees and students, who make up around 10 % of the staff at the German sites.

### » Number of Trainees and Students by Year of Training

#### Trainees



#### Dual Program Students





### Employee Self-Service Tool

In early 2019, the Employee Self-Service Tool was launched based on SAP Fiori at the German sites. The tool is available to all employees and makes personal management easier for every single employee. During its implementation, an email address was set up for every employee and self-service points were installed for industrial employees. This makes it possible to access and edit personal data, retrieve timesheets and payslips and to also digitally submit vacation requests. This additionally gives employees access to information, guidelines and terms of use, which provide a framework for their daily work. An additional component of the system is the “About Me” form. In this form, an employee has the opportunity to express their requests and expectations in regard to their future at SÜDPACK. These can then be taken into consideration, for example, for a possible job change.

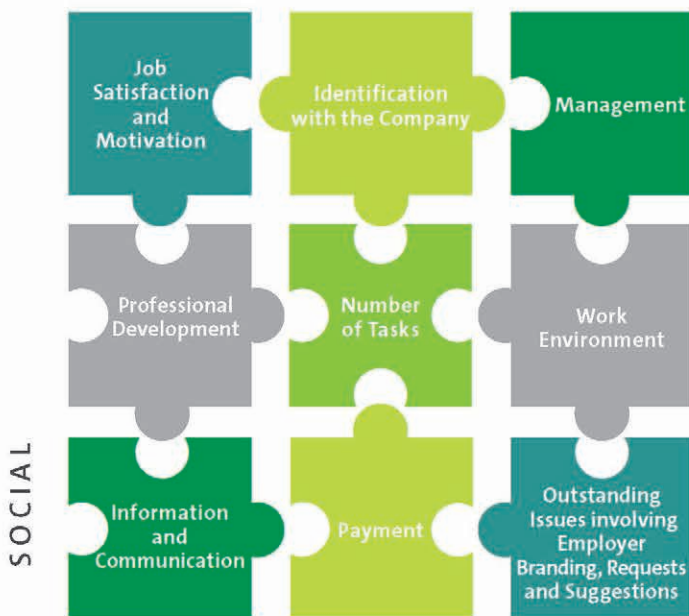


### Employee Survey

In 2019, we conducted a survey for the first time about employee satisfaction at the German sites and at the sites in Oak Creek (USA) and Kłobuck (Poland). Conducting the survey at the two other sites in Gacé (France) and in Bioggio (Switzerland) is planned for 2020. The participation rate was 35.6 % at the German sites, 74.5 % in Kłobuck and 40.4 % in Oak Creek. We primarily attribute the relatively low participation rate at the German sites to the fact that the survey was conducted for the first time.



### The Survey Focused on the Following Points



The individual results were published on the intranet and can be viewed by all employees. To give an example, the majority of the participating employees rated the intranet as a good platform for information and communication. In terms of professional development in the company, the majority of participants indicated that they had developed their technical skills at SÜDPACK, however, employees were less satisfied with the advanced training that is offered.

Initial measures have already been derived from these results. In response to the poor rating of the catering services for the cafeteria, we swiftly hired a new caterer who places particular emphasis on providing healthy and varied dishes.

In the course of the survey, an external survey was also conducted in the area surrounding the SÜDPACK site in Ochsenhausen, which concentrated on the external perception of SÜDPACK. Conducting both surveys regularly is being considered.



# JOBS

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**SÜDPACK**

## Work-Life Balance

Another aspect of the survey was the subject of work-life balance. Our employees indicated that in addition to purely professional issues, it is important to take the compatibility of work, family and all individual circumstances into account for their health and well-being. Balancing the needs and aspirations that individuals have at the different stages of their lives is becoming more challenging in our fast-moving society. In the area of industrial production, for example, we meet these challenges by offering flexible shift and part-time work models. Because we work in different shift systems in our various departments, our employees have the option to participate in a different shift system by switching to a different department. For employees in the commercial area, it is possible to implement different models for flexible positions as arranged after individual consultation. An operational regulation was published concerning this matter in 2019.

The majority of our employees work full time, but there are certainly also employees in different part-time systems. Here too, SÜDPACK does its best to accommodate all requests.









## Offers for Employees

Our employees enjoy an array of benefits and offers. In addition to partnerships with fitness studios, there is also the collaboration with Microsoft Office and the platform "Corporate Benefits," where discounts and campaigns are offered by different providers.

Moreover, SÜDPACK employees can take advantage of different offers for joint recreational activities. Every year, a ski trip, tennis tournament and group-wide soccer tournament are organized. Since very recently, SÜDPACK has had its own band, which provides musical accompaniment during company celebrations. Our joint Christmas celebration is held as a Christmas market and is organized so that all of our employees who work in shifts can take part. The celebration has received an extremely positive response.

Another offer for our employees is the opportunity to affordably lease a bicycle or to charge your electric car with the company's own charging stations. Four charging stations are available for use at the Ochsenhausen site. Our employees in Bioggio receive an allowance for commuting to work with public transportation.

For meals for our employees at the Ochsenhausen site, a local bakery organizes a breakfast sale. In the company cafeteria, an external caterer offers a wide selection of diverse and healthy menus.



## Company Pension Scheme

SÜDPACK introduced a company pension scheme many years ago, which is available in various models to our employees at all sites.

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

## Future Prospects

SÜDPACK views itself as a top employer for all generations and of qualified, talented individuals – which is why the company would like to be seen as positive, attractive and appealing. Because our environment is subject to constant and accelerating transformation, this also leads to changes for the SÜDPACK Group. In order to keep up with these changes, we have taken measures such as reorganizing into business units. This then leads to different challenges, such as the complete integration of our various sites and making the corresponding changes within our HR policy. In the years to come, we will devote even greater attention to these new challenges. We have established an HR Leadership Team for this purpose, which can develop, adopt and implement tools for the entire group.





# OCCUPATIONAL SAFETY AND HEALTH PROTECTION

*The occupational safety and health protection of our employees are of top priority in all of our activities, which is why we constantly work on their advanced development. Based on a risk analysis, all measures are 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. We therefore set new goals every year to reduce accidents at work and monitor these goals on a monthly basis.*

SÜDPACK has implemented an occupational safety and health management system and has been certified in accordance with OHSAS 18001 since 2012. In February and March 2021, the sites in Ochsenhausen and Bioggio will transition to ISO 45001. In April 2021, certification is to be carried out at the site in Kłobuck. Within the framework of transitioning to ISO 45001, we will further increase the involvement of employees in risk assessment and in potential measures for improvement. To further enhance safety awareness, the accident rate at the Ochsenhausen site will be published on the intranet and therefore clearly communicated to all employees. The accompanying motto is: "I choose zero."

The weekly production meetings in Ochsenhausen start with the safety officer presenting the topic of occupational safety, which demonstrates how important the subject is to our company. This initiative will be implemented at all production sites in the future and also communicated on the intranet.

Health management is additionally supported by cooperation with a company doctor, who is available to all employees. One aspect that plays an important role are the ergonomics of the industrial and commercial workstations. In production, for example, special lifting aids are used or customized hearing protectors are made available to reduce the strain on employees. Work clothes are also custom tailored to fit our employees. We are gradually equipping office workstations with ergonomic chairs and height-adjustable tables. Moreover, a passage is included in the template of our employee performance reviews regarding occupational safety and pre-

ventive healthcare to preventively counteract potential causes of work-related absence. Occupational safety and health protection are also part of our e-learning program.



## Occupational Safety

After a sharp increase in reportable accidents in 2018 at the site in Ochsenhausen, it was possible to bring the number back down by implementing measures to raise awareness (site visits, training, photo documentation, etc).

In this context, special note should be made of the encouragingly low number of reportable accidents at the Kłobuck production site. This highlights the importance occupational safety is given at this site. In an occupational safety competition held by the state labor inspectorate PIP (Państwowa Inspekcja Pracy), the site took second place in 2019 among medium-sized companies across the country. In the competition, a four-day audit was conducted in which all safety-related areas of the production site were examined. In addition to complete documentation of training and advanced education measures, a review was conducted of technical documents and compliance with labor regulations. Furthermore, the PIP paid special attention to innovative approaches that play a significant role in improving occupational safety.



In the same year, we also conducted a fire safety and evacuation drill at the Kłobuck site in collaboration with the volunteer fire departments from the nearby towns. In addition to compulsory execution of the evacuation drill, it was possible to simultaneously verify the functionality of the newly installed fire protection system.

At the site in Bioggio, the number of reportable on-the-job accidents has remained stable. In 2019, more than 500 hours were invested in the education and training of employees regarding various aspects of occupational safety and health protection. For this production site, our aim is for the number of accidents at work to be less than 0.35 % in relation to the total of hours worked. This objective is subject to regular monitoring and leads to, if necessary, further measures. The relevant organization SUVA (Swiss National Accident Insurance Fund) is informed about every accident at work.



### Occupational Safety and Health Protection Facts and Figures

Injury rate (excluding commuting accidents), reportable\*

	Ochsenhausen	Bioggio	Kłobuck
2017	6.7	22.2	4.2
2018	13.4	27.8	0
2019	6.9	17.5	14.8

Injury rate, not reportable\*

	Ochsenhausen	Bioggio	Kłobuck
2017	15.3	12.7	0
2018	7	3.1	0
2019	0	8.7	0

Death rate

	Ochsenhausen	Bioggio	Kłobuck
2017 – 2019	0	0	0

\*Calculated based on 1,000,000 working hours.

### Safety Protection for External Providers

All subcontracted employees from external providers are trained by SÜDPACK before entering the company premises and are made aware of work-related dangers. In cases where work is conducted for longer periods time on the site, we regularly conduct safety checks. The risk assessments and documentation of these measures are monitored and constantly improved by the certified OHSAS 18001 management system.

### Health Protection

As part of our operational health management, SÜDPACK has been running a special project at the Ochsenhausen site since 2017 to raise employee awareness about responsible and health-conscious behavior. To help employees start leading or get back to leading a more athletic and therefore healthier lifestyle, we offer special training with a personal trainer. For example, 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. SÜDPACK has also established partnerships with fitness studios in the local area, which allows SÜDPACK employees to benefit from attractive discounts.

The aim is to encourage employees to exercise who are otherwise not active at all, less active or who perhaps already suffer from physical problems, such as back pain. With targeted individual training, these physical problems are treated, improved and, where possible, eliminated. The aim is for employees who receive this support, and possibly their colleagues as well, to see the benefits of leading a healthier lifestyle for themselves and, in the best case scenario, for them to change their behavior and habits accordingly.






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# REGIONAL INVOLVEMENT

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## Social Responsibility and Regional Involvement

### Social Responsibility

The SÜDPACK Group is aware of its social responsibility as a global commercial and industrial company with sites and operations in a number of countries. We therefore follow the “Guidelines on Social Responsibility” and the ethical regulations for corporate governance provided in ISO 26000. We do not accept any discrimination in the company, resolutely punish any form of criminal offence and require our employees to observe the ethi-

cal regulations of corporate governance (compliance). To monitor and assess our social involvement, we are represented in the SEDEX (Supplier Ethical Data Exchange) and EcoVadis (Supplier Sustainability Ratings) forums. Moreover, SÜDPACK is a member of numerous international associations and organizations.



# Memberships

Association / Organization / Initiatives	Country	
 <p>IK Industrievereinigung Kunststoffverpackungen e.V.</p>	<p>German Association for Plastics Packaging and Films (IK)</p> <p>Working groups:</p> <ul style="list-style-type: none"> <li>• Polyolefin group</li> <li>• Sustainability</li> <li>• Executive Committee Public Relations</li> <li>• Working Group Quality Assurance</li> </ul>	Germany
	Flexible Packaging Europe (FPE)	Europe
	CEFLEX	Europe
	Circular Plastic Alliance (CPA)	Europe
	Elipso	France
	The On-Pack Recycling Label (OPRL)	UK
	Netherlands Institute for Sustainable Packaging (KIDV)	Netherlands
	Danish Food Cluster	Denmark
	The Danish Plastics Federation	Denmark
	Pakkaus – The Finnish Packaging Association	Finland

In addition to the associations and organizations named above, SÜDPACK is also a member of Fraunhofer IVV (Institute for Process Engineering and Packaging), ZLV (Cooperation Network for Food and Packaging Technology), DFTA (Flexo Printing Association) and OFI (Austrian Research Institute for Chemistry and Technology). SÜDPACK offers support for projects with staff, funding and the provision of samples and analyses.

For projects that require official approval, we proactively collaborate with local authorities of the city, the district administration and the regional council by involving them early on.

We openly and cooperatively support forthcoming 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. This also applies to visits and inspection rounds at our other sites.



**Regional Involvement**

Having our headquarters in Ochsenhausen means we are deeply rooted in Upper Swabia. We are committed to the people in the region and to our social responsibility.

Our strong ties to the region are not only underlined by the considerable investments made in our workforce and sites in recent years – these ties are also highlighted by our commitment to social causes locally. It “truly is a matter that is dear to our hearts,” emphasizes Carolin Grimbacher, Managing Partner of SÜDPACK. “We enjoy excellent conditions for our company here in Upper Swabia, for which we are very grateful. This is why it’s important to us to give something back – which includes the targeted support of local projects and institutions.”

Associations and projects from the fields of sport, culture and volunteer initiatives receive particular support from SÜDPACK. The focus of the support varies each year – even though the supreme objective always remains the same: namely strengthening the region. In the field of sports, the local sports clubs in Ochsenhausen and Reinstetten as well as the riding club in Ochsenhausen are very pleased by SÜDPACK’s involvement. In the culture sphere, SÜDPACK decided to sponsor the Landesakademie Ochsenhausen music school. When it comes to volunteer initiatives, we support the volunteer fire departments of Ochsenhausen, Erlenmoos and Schwendi. Moreover, we also support Father Alfred Tönnis, known locally for his innovative social projects, in achieving of a range of his donation targets. The amount donated by SÜDPACK increases at a faster rate than turnover.

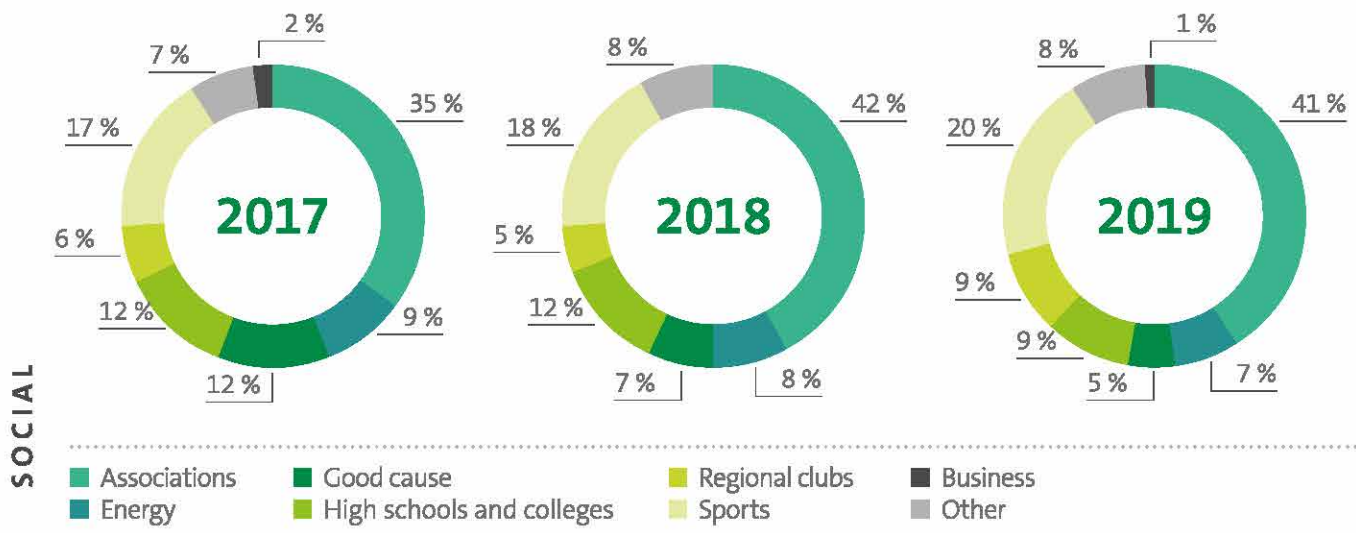
SÜDPACK’s Christmas market, which traditionally takes place in mid-December, also falls under the heading of local involvement. We always donate all of the proceeds from the raffle to a good cause. In 2019, these causes included the children’s home Kinder- und Jugendheim Huck Finn in Ochsenhausen, the Association Zusammen Berge versetzen e.V., which helps families and individuals in need in Biberach and the surrounding area, and the Projekt Geschwisterzeit, which develops creative offerings for the siblings of disabled and chronically sick children.

Strengthening the region is also catching on at other production sites of the SÜDPACK Group. The site in Klobuck is sponsoring a local motorsports club. In Bioggio, we also sponsor the local sports club.

**Our Regional Involvement – Sponsoring Sports and Culture in and near Ochsenhausen**

- Sponsorship Agreements
- Work with students in the region – with initiatives such as school partnerships with local schools, advertisements in an assortment of graduation magazines/school planners
- Donations
- Trainee Christmas campaign for social projects
- Organization and funding of sports events
- Organization of, participation in or funding of various other activities

**Regional Sponsoring and Involvement**



SOCIAL





Source: bm-fotodesign







# ENVIRONMENT

ENVIRONMENT

Our environmental responsibility includes conserving resources, improved energy efficiency, emissions reduction and the implementation of a circular economy as core objectives. With consistent reduction of emissions, waste and raw material consumption in conjunction with certified energy management, we have significantly reduced the environmental impact of our sites over recent years. Furthermore, we are

systematically working on closing our internal reusable material loops by strictly sorting, regranulating and reintroducing our internal reusable materials into the value-added process. We have laid the necessary foundations at our sites in Schwendi and Erolzheim.







# RAW MATERIAL CONSUMPTION

*For SÜDPACK, reducing the consumption of raw materials and closing reusable material loops are of primary importance. By doing so, we too are making a significant contribution to the implementation of the 2018 Plastics Strategy of the European Union.*

We were able, for example, to reduce our use of materials in all product segments. Already in 2012, we set standards in terms of downgauging with the market launch of our Veraplex World product family. This is because, compared to conventional film composites, Veraplex offers improved performance with a material savings of to 50 %.

The impact of our activities regarding material reduction are demonstrated by the optimization of the ratio between film area and weight. While the area of film produced in 2019 increased by 21.6 % compared to 2017, a much lower amount of materials was used with an increase of just 9.12 %.



In addition to reducing film thickness, we also see potential for optimization in laminating adhesive. In the development of films with reduced thickness, we initially had to use solvent-based adhesives to ensure the quality of these high-performance film composites. This resulted in increased adhesive usage and an increased share of solvent-based adhesives.

By implementing further measures, it was possible to reduce the total adhesive usage in the second step by increasing the amount of solvent-free laminating, which meant less adhesive was applied. Total adhesive usage in 2019 was 12 % less than in the same period of the previous year. Further measures to reduce the amount of adhesive are planned for the years to come, provided that they are technically feasible and permitted by our customers' application conditions. Alongside economic advantages, it is possible here – most particularly with solvent-free laminating – to create massively positive environmental effects (reduction of residual solvents and VOC emissions).

In addition to reducing raw material consumption, we are continuously working on closing reusable material loops. The use of recycle from post-consumer material decreases the share of newly produced, fossil-based raw materials. To ensure consistent quality and food safety standards, we only work with EFSA-listed and certified recycling companies. In 2018, we used more than 3,719 tons of post-consumer recycle from PET in extrusion. Due to the increased demand for post-consumer recycle on the market, however, the availability of this raw material decreased. In 2019, it was only possible to source 1,200 tons of post-consumer recycle.

Additionally, inline scrap and start-up material is regranulated wherever possible and incorporated in our co-extruded composites. At our Competence Center, we are working intensely on the regranulation and compounding of granules.

In the new plant in Erolzheim, a system has been established for sorted collection of edge pieces for even better control of material flows. This makes it possible to manufacture high-quality regranulate. Moreover, the investment in inline regranulation equipment made it possible to increase the direct reuse of inline scrap in 2019 by more than 25 % compared to the previous year.



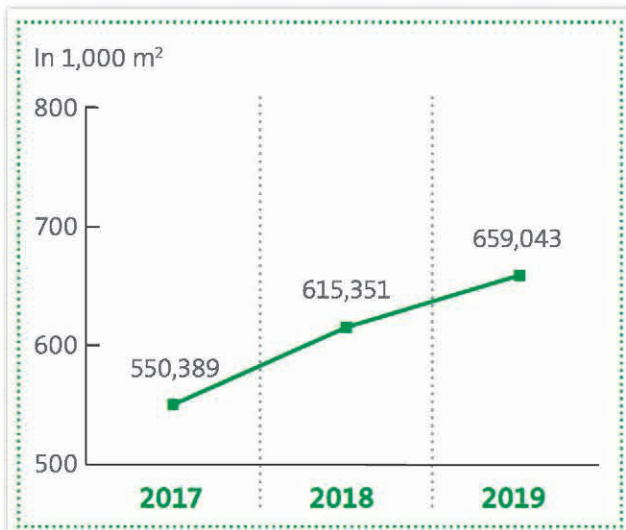


To work in the most eco-friendly manner possible and avoid unnecessary transportation routes, our aspiration for 2020 is to process the residual materials from the production of rigid film, which we currently hand over to third parties for regranulation, ourselves.

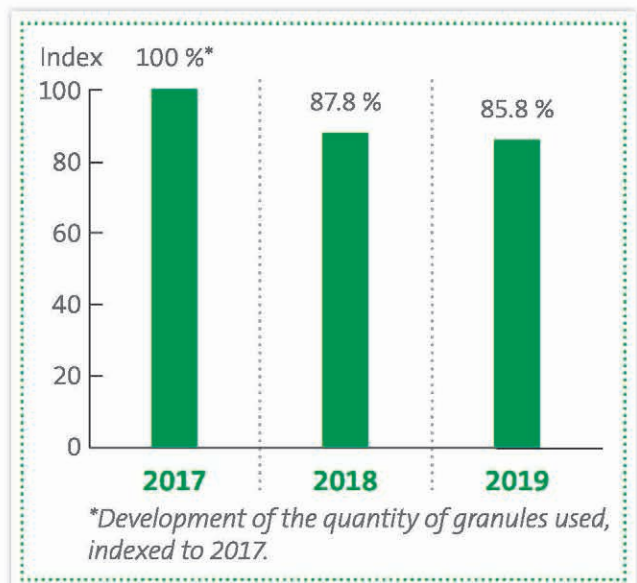
Further measures, such as the reduction of the wide variety in our product portfolio, campaign production and the definition of standard materials, have led to improved yield in extrusion in particular, but also in converting as well.

Not least, an important contribution to our pace of innovation and resource conservation has been made by our investment in the “multiXtrusion” pilot plant, which can be used to extrude both blown and cast films on a small scale. With this pilot plant, which we primarily use to complete tests, small orders and customer samples, we have been able to significantly reduce both the amount of waste that is normally generated in the production of small volumes as well as energy consumption. The “multiXtrusion” plant has also had a positive impact on our industrial facilities, whose efficiency has also increased.

### Development of Extrusion Output Quantity



### Reduced Granule Consumption





Total Energy Consumption by Energy Source

# ENERGY

## 2019

- Electrical energy  
69,832,462 kWh

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- Gas  
32,227,198 kWh

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- Heating oil  
882,635 kWh

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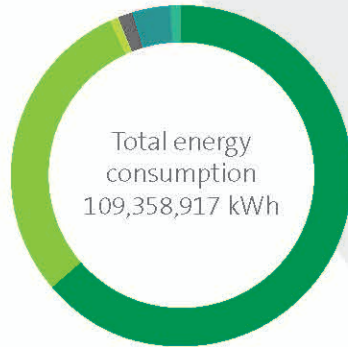
- Diesel  
1,395,023 kWh

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- Hot gas  
4,027,364 kWh

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- Coal  
994,236 kWh



Acting sustainably also and most particularly involves the responsible use of available resources. For us as a company with energy-intensive manufacturing processes, the use of energy as a resource is of great importance from both an economic and environmental viewpoint. With the implementation of targeted energy efficiency measures, there is also a possibility to further optimize the energy consumption of the SÜDPACK Group.

The significance of energy efficiency led to the implementation of an energy management system in accordance with ISO 50001 in 2011 at our most energy-intensive site in Ochsenhausen. Certification has been carried out regularly since then.

## 2018

- Electrical energy  
65,840,118 kWh

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- Gas  
29,713,480 kWh

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- Heating oil  
702,220 kWh

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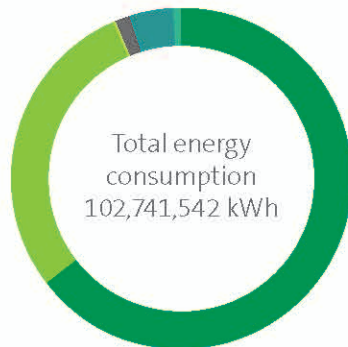
- Diesel  
1,436,024 kWh

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- Hot gas  
4,277,200 kWh

---

- Coal  
772,500 kWh



Since 2012, we at SÜDPACK have been disclosing our energy efficiency goals in our corporate goals. We evaluate the progress made in increasing efficiency four times a year and initiate, if necessary, appropriate measures to reach these goals when they are needed. During the reporting period, it was possible to significantly improve the energy performance figures of our production facilities.

### Development of Total Energy Consumption

In the last three years, the total energy consumption of all surveyed energy sources has increased in absolute terms. This is mainly due to the expansion of our capacities in the areas of extrusion, laminating and regratulation.

## 2017

- Electrical energy  
63,496,187 kWh

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- Gas  
30,458,655 kWh

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- Heating oil  
192,750 kWh

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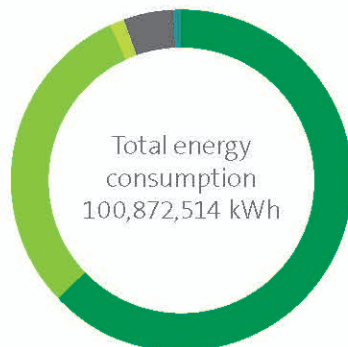
- Diesel  
1,186,805 kWh

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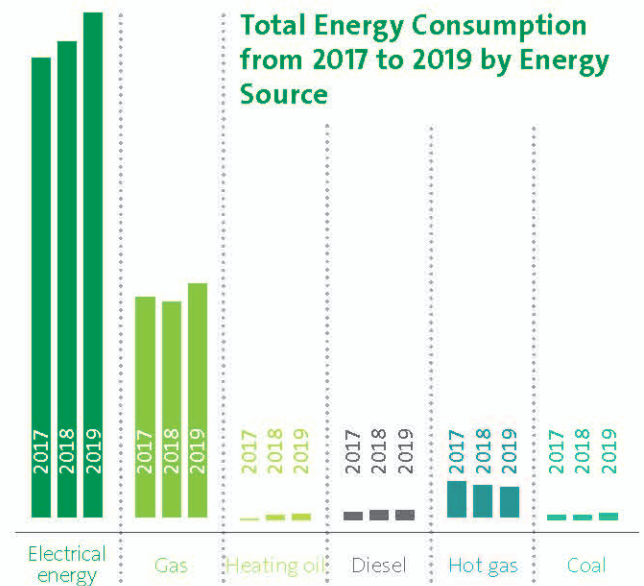
- Hot gas  
4,864,325 kWh

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- Coal  
673,792 kWh



ENVIRONMENT





Electrical energy is by far the main energy source of the surveyed sites. In addition, we use the energy sources gas, heating oil, diesel and coal. Hot gas from RTO lines (regenerative thermal oxidation of solvents) is also used. It is used to heat the drying channels and produce steam at the Ochsenhausen site and in Kłobuck for the thermal oil heater of the drying channels in the production facilities. Our ten most energy-intensive lines involve extrusion. Compared to our finishing and converting lines, they require a much greater amount of energy and are therefore examined and monitored separately in our corporate goals. With measures to reduce energy requirements, it was possible to reduce the amount consumed by these ten lines in 2019 to 55 % of the total energy requirements for extrusion operations. In 2017, this figure was still 65 %.

### Development of Energy Efficiency

The energy efficiency of our lines in relation to throughput in tons (energy kWh/through-put t) declined during the 2019 reporting year compared to the previous year. This is because we have systematically continued to reduce the thickness of our films in recent years. Assessing energy efficiency in relation to throughput in m<sup>2</sup> (energy kWh/through-put m<sup>2</sup>) makes improvement visible.

### Energy Requirements of our Sites

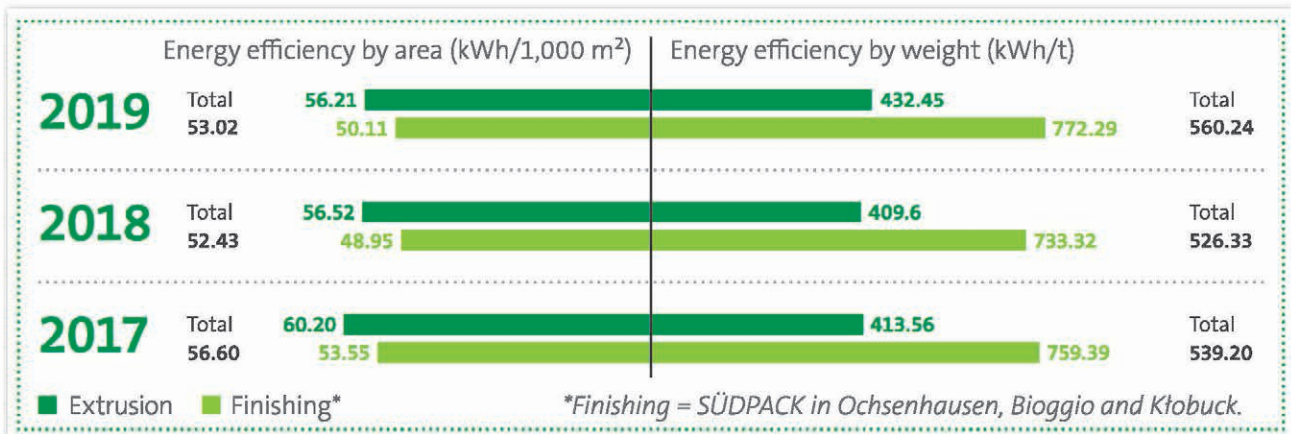
At our sites in Germany, energy consumption increased in 2019 compared to the previous year. This is due to two additional extrusion lines as well as regranulation and compounding lines that went into operation at the production site in Schwendi. With these regranulation and compounding lines, it has been possible to significantly reduce the consumption of primary fossil-based raw materials to produce our plastic granules. This led to a calculated energy savings of 830,000 kWh in 2018

and more than 1,800,000 kWh in 2019. In addition to the implementation of energy efficiency measures, we are also putting additional extensive measures into practice to optimize our energy supply. Thanks to the self-generated energy from our cogeneration plant (CHP), which began operation in late 2016, it was possible to reduce the external purchase of energy to supply our site in Ochsenhausen by 35 %. The waste heat that is generated is fed into Ochsenhausen's local heating network or used to produce steam. The steam is used in the drying channels of our laminating operations.

To produce compressed air, we invested in a new compressed air system with heat recovery. Furthermore, a photovoltaic system was installed at the Ochsenhausen site in late 2019. The commissioning of the system is planned for 2020. The new system will make it possible to feed approximately 400,000 kWh of renewable energy into the company's own power grid every year. In the future as well, the aim is to further increase the share of self-generated renewable energy with additional investments. Moreover, measures are planned to renovate and insulate buildings as are cooling systems for our extrusion lines.

At our site in Bioggio, extensive roof renovation work was completed, which has resulted in improved energy efficiency. Similarly, investments were made in 2018 in an energy-saving lighting concept, which accounts for an annual savings of roughly 67,000 kWh. In 2019, we also installed a heat recovery unit for our activated carbon desorption process for solvent recovery. With this investment, the annual savings amount to 790,000 kWh. At our site in Kłobuck, we are going to replace coal utilization by transitioning to natural gas. Kłobuck is currently the only site where coal is used as an energy source.

### Energy Intensity







# EMISSIONS

*In addition to the reduction of raw material consumption, energy and waste, measures to reduce emissions from our sites are also an important field of action.*

*The diffuse and captured emissions emitted by all sites were below the legal limits during the reporting period.*

## Sites in Ochsenhausen and Klobuck

To protect the environment, every technically feasible measure to reduce volatile organic compounds (VOC) and noise emissions is taken. As the production site in Ochsenhausen is located in a mixed-use zone, measures to protect the immediate neighborhood in particular are of vital importance. These include the lines for regenerative thermal oxidation of solvents (RTO lines), noise barriers and the enclosure of machinery. In like manner, organizational measures and training of our employees about emissions have now become standard procedure at SÜDPACK.

For our sites in Ochsenhausen and Klobuck, we submit the quantities emitted to the European Pollutant Release and Transfer Register (E-PRTR) every year.

As our production sites in Germany operate solvent-based printing and laminating machines as well as furnaces, they are subject to the Federal Immission Control Act (BImSchG). The legal obligations include producing

an annual solvent balance (31st BImSchV), which is made available to the Tübingen regional council as the supervisory authority. We submit an emissions declaration for our production sites in Germany every four years in accordance with section 27 of the BImSchG in conjunction with the Emissions Declaration Ordinance (11th BImSchV).

SÜDPACK in Ochsenhausen und SÜDPACK in Klobuck work continuously on the reduction of emissions from solvents with cutting-edge emission control systems. The hot gases that result in the two RTO lines ensure autothermic operation. 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.





## Bioggio

The production site in Bioggio sends annual and biannual records on the quantity of volatile organic compounds (VOCs) to the authorities. At our plant in Bioggio, ethyl acetate is used as a solvent in production and is recovered with a solvent recovery system. Further improvements in capturing and processing emissions made it possible to increase the quantity of recovered solvents by more than 15 % in 2019 compared to 2017. The amount of solvent recovered in 2019 totaled 1,610 t. As the amount of recovered ethyl acetate exceeded the amount of solvent needed for the site, it was not necessary to purchase solvent from external sources. Excess quantities are sold to third parties.

## Recovered solvent (tons) in Bioggio



## CO<sub>2</sub> Emissions Energy Consumption

	Ochsenhausen		Bioggio		Klobuck		Total Co <sub>2</sub> e in t
	Total energy consumption (without self generation, MWh)	Co <sub>2</sub> e in t	Total energy consumption (MWh)	Co <sub>2</sub> e in t	Total energy consumption (MWh)	Co <sub>2</sub> e in t	
2019	81,072	34,642	22,036	6,613	6,251	3,475	44,730
2018	75,987	29,326	21,438	6,434	5,317	3,107	38,867
2017	75,908	29,019	20,565	6,201	4,400	2,519	37,739



# WASTE

*In our production processes, waste and reusable materials of various quality are generated.*

The objective of efficient sorted material management is to implement collection, sorting and recycling technologies for these materials to return them to the value chain as far as possible. In doing so, the fraction of the materials that are returned to the chain should gradually increase in proportion to the quantity of waste. This is achieved, among other things, by continuously optimizing processes and recycling technologies. In recent years, it has been possible to reduce raw material consumption and waste quantities in nearly all stages of manufacturing at SÜDPACK. In relation to the throughput volume, for example, production-related waste was reduced by more than 4 percentage points from 2018 to 2019.

## Reduction of Relative Waste Quantity Based on Production Volume



To be able to measure the continuous reduction of the quantity of waste, the relevant key figures are recorded monthly and suitable measures are derived. To reduce the quantities of waste last year, the shift in our portfolio towards thinner film structures as well as improved collection and recycling of our trim loss made a significant contribution.

At all sites, cardboard packaging, paper, metal, wood, plastic waste that can no longer be used as a recyclable material and commercial waste are sorted and sent to



certified local disposal companies for further reprocessing. We record and document all quantities of waste at each site.

To mechanically recycle industrial waste at our German production sites, we have implemented different processes. With optimized material flow management, we are able to systematically sort our industrial production waste, which consists primarily of edge strips and set-up material, by polymer. They are then processed as reusable material and returned to the production process. For automated and sorted collection of the cutting waste at our production site in Erolzheim, we have established a separate collection area for reusable materials. These collected reusable materials are regranulated with our own equipment and used again in high-quality products. These processes have made it possible to continuously decrease the quantities of waste in recent years.

It was possible to increase the quantity of reprocessed and reused industrial waste in 2019 by 37.3 % compared to the previous year. Moreover, we were able to sell more than 1,000 tons of processed materials to third parties in 2019.

To increase the efficiency of our recycling processes, further investments were made in additional equipment for waste processing at the Ochsenhausen site in 2019.





At the site in Kłobuck, film waste generated during production is also sorted by type of material to allow for optimal recycling. Although the absolute amount of waste increased at this site due to increased production output, it decreased relative to the volume of production.

At the site in Bioggio, limited sorting of industrial waste is performed, as waste has been primarily recycled using energy recovery methods in Switzerland so far. The relative quantity of waste at this site has remained fairly constant in recent years.

### Total waste quantities in kg

		2017		2018		2019	
		Hazardous waste (weight)	Non-hazardous waste (weight)	Hazardous waste (weight)	Non-hazardous waste (weight)	Hazardous waste (weight)	Non-hazardous waste (weight)
Broken down by disposal method	Total weight in kg (Ochsenhausen, Bioggio, Kłobuck)	938,315	17,351,877	1,157,584	17,079,883	1,055,778	16,569,063
	Recycling, total, in kg	1,091	13,374,964	29,605	12,376,052	22,624	10,039,714
	Reprocessing, in kg	184,809	867,420	214,672	858,600	274,894	867,120
	Waste incineration, in kg (mass burn)	307,065	1,353,120	410,430	1,906,037	297,911	3,776,942
	Processing as substitute fuel in the cement industry, in kg	379,953	1,731,933	470,430	1,907,494	420,588	1,854,467
	Processing in lead works, in kg	9,780	-	4,290	-	4,050	-



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## Audit of the Sustainability Report according to GRI Standards

### Certification of an Independent Sustainability Audit

To SÜDPACK Holding GmbH, Ochsenhausen

We have duly conducted a sustainability audit to obtain limited assurance for the information given in the 2020 Sustainability Report of SÜDPACK Holding GmbH for the period from 1 January 2018 to 31 December 2019.

### Responsibility of the Legal Representatives

The top management of SÜDPACK Holding GmbH is responsible for creating the Sustainability Report in accordance with the reporting principles of the Sustainability Reporting Guidelines of the Global Reporting Initiatives (GRI Standards):

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness
- Balance
- Comparability
- Accuracy
- Timeliness
- Clarity
- Reliability

This responsibility includes the selection and application of appropriate methods to create the above-mentioned report, making assumptions and estimations about individual information, which are plausible under the given

circumstances. Moreover, the design, implementation and upholding of systems and processes are an executive-level responsibility, insofar as they are of importance for composing the report.

### Responsibility of the Auditor

Our responsibility is to express a conclusion, based on our work performed, as to whether any matters have come to our attention, which cause us to believe that the sustainability-related information provided in the Sustainability Report for the 2018 – 2019 period has not been created in all material aspects in accordance with the GRI Standards and reporting principles of the Sustainability Reporting Guidelines. Moreover, we were tasked with making recommendations on the basis of the results of the audit for the further development of sustainability management and reporting.

The audit 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 was planned and executed so as to enable us to make an assessment with limited assurance.

This limited assurance applies exclusively to verification from internal sources and groups; gathering audit evidence is restricted to corporate and management levels of SÜDPACK Holding GmbH in Germany. Systems and



processes were audited, which determine the content of the report, using the materiality principle and the process of engaging stakeholders. Specific sustainability performance was checked on a random basis.

The planning of audit procedures was based on the auditor's judgement and was implemented through, e.g. the following activities:

- Examination of the documents for the fulfillment of corporate goals, company organization and stakeholder consultation
- Examination of the documentation for systems and processes to collect, analyze and aggregate data regarding sustainability performance, protocols from sustainability meetings
- Personal interviews with the CEO and the directors of Finance & Administration, Human Resources and Strategic Marketing
- Personal interviews with the Sustainability Officer, heads of QM, Hygiene, Environmental Protection and Occupational Safety
- Analytical assessment of the communicated figures and trends for the 2018 – 2019 reporting period
- Random collection of evidence of individual values, inter alia, by inspecting internal management documentation and accounts, and by analyzing data sets that were generated as reports from internal data systems or were transmitted from the sites

### Assessment

On the basis of our sustainability audit to obtain limited assurance, no matters have come to our attention that cause us to believe that the sustainability-related information provided in the 2020 Sustainability Report by SÜDPACK Holding GmbH was not created in all material aspects in accordance with the Global Reporting Initiative Standards for sustainability reporting.

### Supplementary Notes – Recommendations

Without qualifying the conclusion indicated above, we make the following recommendations for the further development of sustainability management and reporting:

- For targeted implementation of the sustainability strategy, a sustainability program should be established and its measures clearly tracked.
- The extent to which it is possible to include the fulfillment of sustainability objectives in the table of corporate goals should be examined.
- The developed guidelines concerning a sustainable supplier management system should be implemented according to internal specifications.
- With a view to extending the scope of the report, the key figure system should be standardized across all sites in the future.

- Sustainability-related approaches and solutions could be communicated to the public with even more emphasis, for example, by participating in panels and initiatives at a federal or state level.

Berlin, 14 September 2020  
 GUT Zertifizierungsgesellschaft für  
 Managementsysteme mbH  
 Umweltgutachter



Susanne Moosmann





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