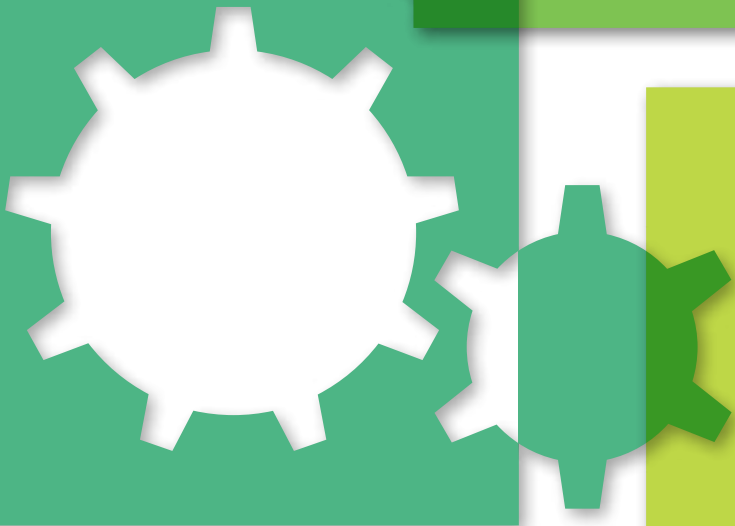


SUDPACK



2016

SUSTAINABILITY REPORT





Headquarters in Ochsenhausen

ABOUT THE REPORT

This Sustainability Report is the first of its kind compiled by SÜDPACK Verpackungen GmbH & Co. KG in Ochsenhausen, which is the production site and headquarters of the Group. SÜDPACK made an early start on integrating the theme of sustainability into its corporate strategy. The intention behind this report is to summarise and create transparency with regard to SÜDPACK's challenges, developments and activities. The report allows the company's sustainability performance to be measured. This creates transparency for stakeholders, and helps the company to modify and continually improve its strategies. The report documents sustainability performance in 2015. Where feasible and appropriate, data from the 2014 and 2013 financial years has also been incorporated, in order to facilitate a better description of development. The content of the report has been compiled in accordance with the Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI). It corresponds to the "Core" option "in accordance" with the current G4 Guidelines. In future, SÜDPACK will publish an update to the Sustainability Report every two years.

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Johannes Remmele and Carolin Grimbacher



SUSTAINABILITY AT SÜDPACK

FOREWORD BY THE OWNER

The terms of 'sustainability' or 'sustainable development' are becoming increasingly significant at all levels of society, and especially among our customers, suppliers and employees.

Long-term commercial success will only be feasible in future in an intact environment and within a socially acceptable societal framework.

As a manufacturer of plastic film for packaging food, medical products and high-value technical goods, we believe we have a responsibility to find answers to economic, environmental and social challenges.

We must improve methods for preventing food spoilage, which requires us to keep optimising our products' protective features, while minimising raw material costs. This has led to the biggest investment in company history. SÜDPACK has ploughed money into a new production hall and the development of a new generation of film (Veraplex). Our products are developed so as to present no health risks to consumers and to be user-friendly – including for an ageing society. They must present no risk to employees, nor to neighbours, consumers or the environment, during production and throughout the entire product lifecycle.

Emissions must be minimised as fully as possible by means of the best available technology, and hazardous waste must be reduced and polymer waste must be recycled whenever feasible.

Energy represents a central resource for SÜDPACK, both economically and ecologically. Accordingly, we are continually working on measures to increase energy efficiency.

This all needs to be developed and implemented by highly qualified employees, which is why recruitment and sustainable deployment of these skilled workers represents a particular challenge in the context of demographic trends and the low rate of unemployment in our region.

At SÜDPACK we have developed a sustainability strategy that incorporates the aforementioned challenges and gives us the opportunity to control the environmental and social impact of our business operations in dialogue with our stakeholders. The challenges are recorded in our corporate policy, and the success of their implementation is measured using monthly key performance indicators.

We are convinced that this strategy will enable us to steer our family company successfully in succeeding generations, with high social acceptance and in an intact environment. The substance of our sustainability strategy is being published for the first time in this report.



Johannes Remmele



Carolin Grimbacher

Managing Directors

COMPANY PROFILE

SÜDPACK was founded in 1964 by Alfred Remmele in Ochsenhausen in Baden-Württemberg and has since developed into one of the leading manufacturers of packaging films. The family company is currently managed by the second generation: Johannes Remmele and Carolin Grimbacher. The SÜDPACK Group has grown into an international business, producing in four European countries. The company's global business partners are supported by an international network of branches and agencies. This report covers the firms at the Ochsenhausen site. These currently employ

around 850 people. Approximately 530 million square metres of packaging film were produced here in the 2015 reporting year with a turnover of around 300 million euros.

Johannes Remmele is actively promoting a sustainable and long-term approach to corporate governance and production, emphasising the strong significance of sustainability for future business development. As Director of QHSE (Quality, Health, Safety, Environment), Klaus Pöpperl was named Sustainability Officer in 2011.



NAME

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

HEADQUARTERS

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



OWNERSHIP STRUCTURE

Family-run company
Managing Directors:

Advisory Board Chairman:
Personally liable shareholder:

Johannes Remmele
Carolin Grimbacher
Alfred Remmele
SÜDPACK Verwaltungs GmbH
Ochsenhausen



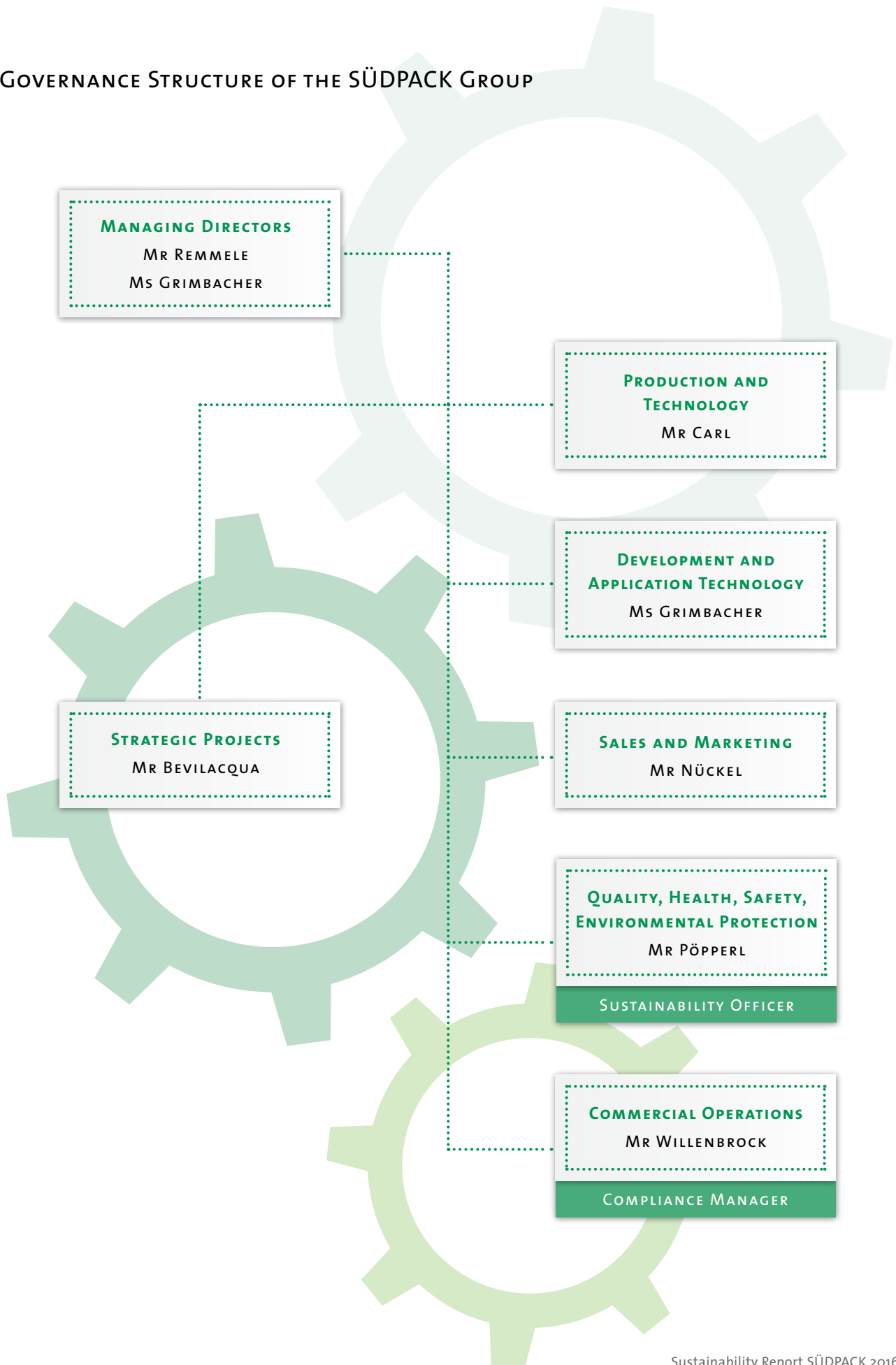
SIZE (FIGURES)

Total number of employees:	750 (2013)
	816 (2014)
	849 (2015)

Turnover (in thousand euros):	291,086 (2013)
	300,839 (2014)
	307,349 (2015)

Volume of delivered products (in thousand m ²):	506,859 (2013)
	529,210 (2014)
	533,406 (2015)

GOVERNANCE STRUCTURE OF THE SÜDPACK GROUP



HEADQUARTERS
SÜDPACK OCHSENHAUSEN

FRAME OF REFERENCE FOR
THE REPORT

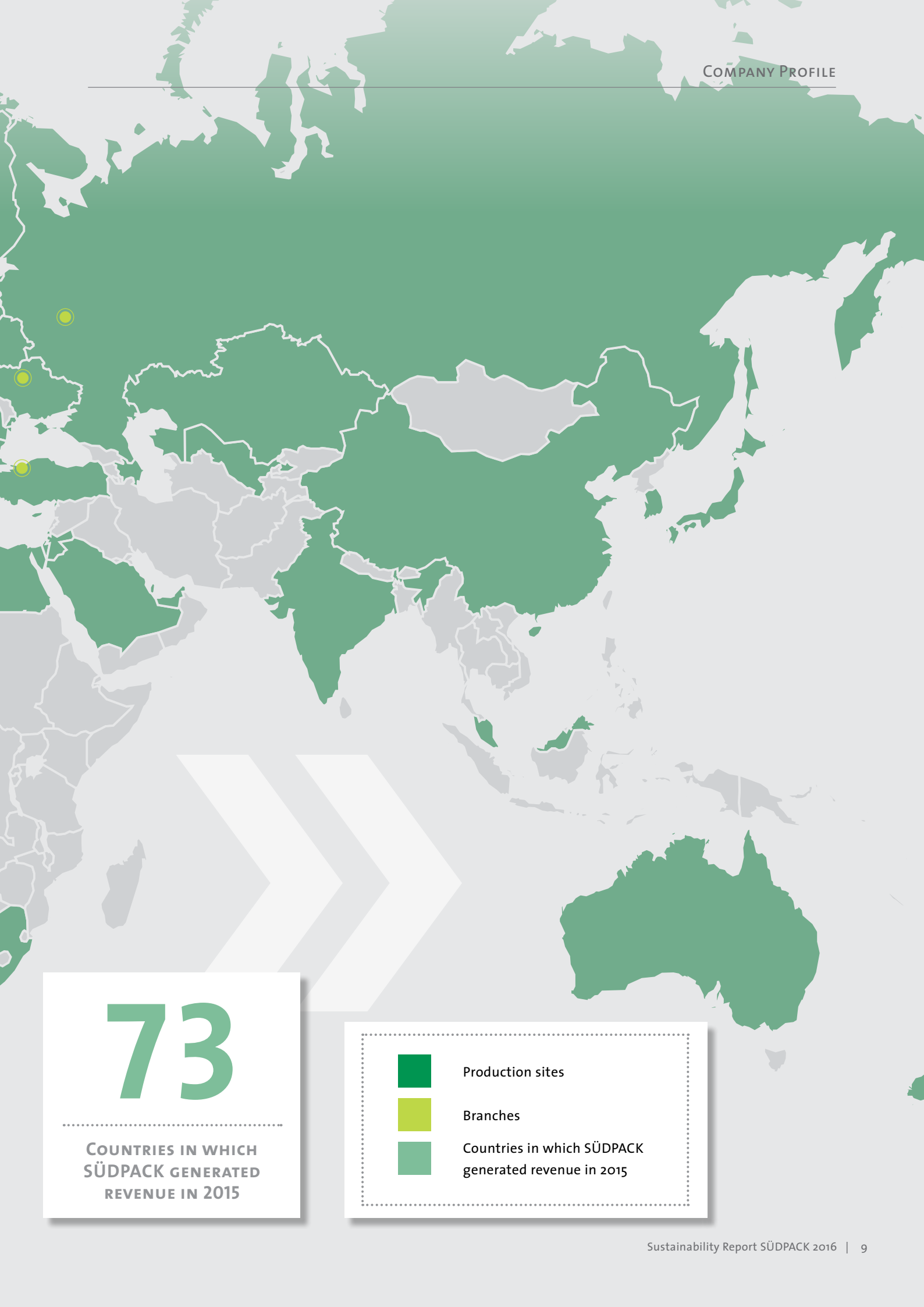


4

PRODUCTION SITES
IN EUROPE

20

BRANCHES
WORLDWIDE



73

COUNTRIES IN WHICH
SÜDPACK GENERATED
REVENUE IN 2015



Production sites



Branches



Countries in which SÜDPACK
generated revenue in 2015

THE SÜDPACK BRAND



OUR AMBITIONS

As a brand SÜDPACK stands for innovative, cost-effective and eco-friendly packaging solutions.



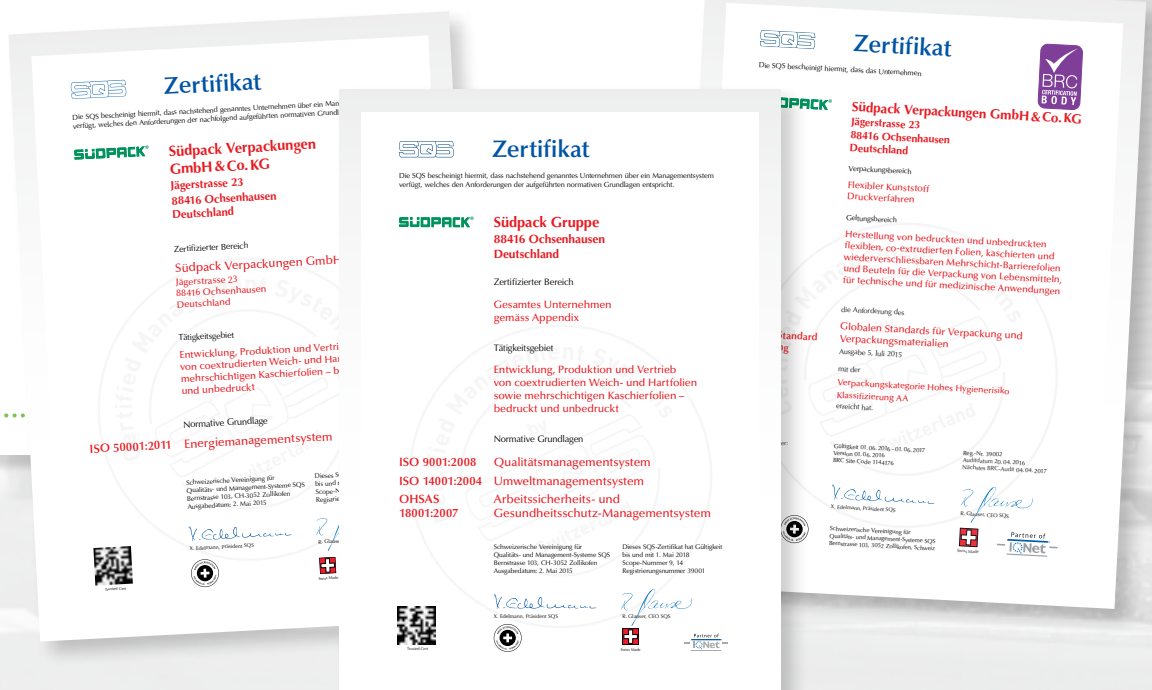
OUR APPROACH

We set standards in packaging for food, medical and technical products with innovative solutions. We are committed to minimising the environmental impact of our production and distribution activities and to conserving resources.



OUR VALUES

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



SUSTAINABLE CORPORATE GOVERNANCE

We see ourselves as being among the BEST in our industry as a manufacturer of highly refined, flexible composite films in the Champions League of the packaging industry. 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. We have defined the necessary values and guidelines in a corporate policy to realise our vision.

SOCIAL RESPONSIBILITY

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

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

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

SÜDPACK is represented on the SEDEX (Supplier Ethical Data Exchange) and EcoVadis (Supplier Sustainability Ratings) forums and is committed to the continual improvement of evaluation.

CORPORATE POLICY AND GUIDELINES

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

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

VALUES AND CODE OF CONDUCT

SÜDPACK has defined binding targets and a code of conduct in its corporate policy and corporate guidelines and has implemented these Group-wide. They constitute the framework for the fair and responsible conduct of all employees toward customers, suppliers, colleagues and society. The policy and guidelines are adopted by the owner family as the managing directors, and the workforce have made a formal commitment through their managers.

CODE OF CONDUCT

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

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

OBSERVING APPLICABLE LEGISLATION AND SOCIAL STANDARDS

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

COLLECTIVE RESPONSIBILITY

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

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

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

SÜDPACK and all its employees share responsibility for protecting people and the environment and for ensuring that the sites operated by the company are safe and liveable places. The company's fundamental corporate targets have long included the protection of human life and the environment, and resource conservation. SÜDPACK is committed to sustainable and socially responsible business, to creating safe and healthy working conditions and to achieving continual advances in the fields of safety, health and the environment. This is also apparent, for example, in

terms of environmental management, which was introduced in 2009 and is certified in accordance with ISO 14001.

BUSINESS RELATIONSHIPS WITH THIRD PARTIES – ANTI-CORRUPTION

We behave impeccably in our business dealings with our customers, suppliers and service providers, comply with applicable laws and corresponding provisions against corruption, bribery and fraud, and avoid even the appearance of a conflict of interest. We conduct our business so as to prevent the emergence of personal dependencies or obligations. We do not allow our business decisions or our behaviour 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 DATA SECURITY

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

RISK MANAGEMENT – SÜDPACK'S PRECAUTIONARY APPROACH

The aim of our risk management is to detect and evaluate risks to our business operations as early as possible.

SÜDPACK meets its obligations arising from agreements with third parties to protect against contractual risks. The Internal Control System (IKS) from SP Europe is used to avoid possible misunderstandings and consequences, allowing

the company to weigh up potential rights, obligations and risks before signing a contract.

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

Risk analyses (HACCP and FMEA) are performed at least once a year, within the framework of our hygiene management system in accordance with BRC and quality management system in accordance with ISO 9001 for existing products / processes and always for new products / 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.



SUSTAINABILITY THEMES AND THEIR SIGNIFICANCE FOR OUR STAKEHOLDERS

Our vision, which was first communicated in autumn 2013, means we see ourselves as being among the BEST in our industry. As an expert partner for packaging solutions, as a manufacturer of highly refined, flexible composite films and as a specialist in innovative developments, we would like to be the partner of choice for our customers.

Our customers are at the heart of our economic approach, making them the most significant of SÜDPACK's stakeholders. The environmental goals of our corporate policy include a circular economy, energy efficiency and reducing the environmental impact of emissions. The key challenge is resource consumption, which is the main focus in the development and optimisation of new products.

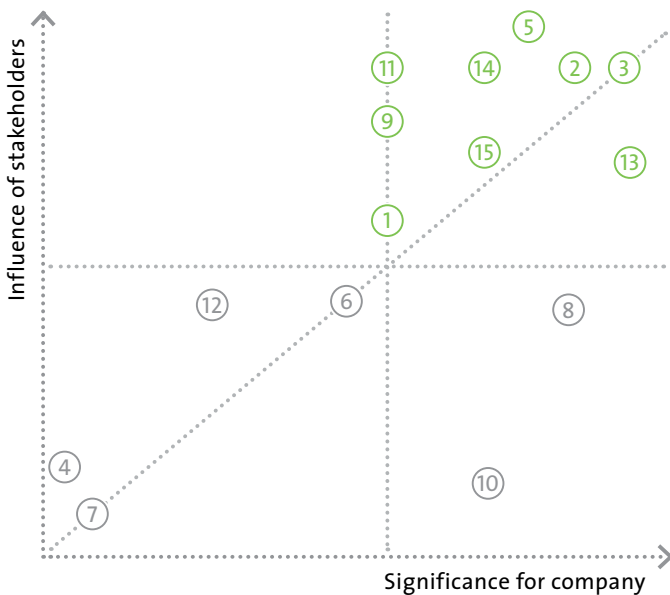
Ambitious targets, both economic and environmental, can only be achieved with highly motivated and superbly qualified employees. Accordingly, as a company we place great emphasis on recruiting and retaining staff. We meet our social responsibility through ongoing training and professional development, but also through stable jobs.

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

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

The essential themes for SÜDPACK are prioritised from the three areas of sustainability based on stakeholders' needs (cf. the Materiality Matrix below). The relevant aspects for SÜDPACK are selected using the methodology suggested in the Global Reporting Initiative Version 4 (GRI G4). The assumed interests of the stakeholders are evaluated in terms of economic, environmental and social spheres.

MATERIALITY MATRIX



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

ECONOMIC SPHERE

At SÜDPACK, innovation, productivity, quality and service are crucial for our customers from an economic perspective. Only excellence in these areas will facilitate sustainable economic development in Germany. Training and professional development of employees is also becoming a key task to counter the emergent skills shortage. This topic is covered in the Employees chapter.



Cooperative relationships with customers and suppliers are likewise of the utmost importance for innovative capability and raw material availability. Naturally, this assumes adherence to the compliance regulations. These topics are discussed in the chapters on Corporate Development, Customers and Sectors, Suppliers, and Policy and Legislation / Compliance.

ENVIRONMENTAL SPHERE

Climate change represents a global threat. With regard to our environmental responsibility, we see the conservation of resources, energy efficiency, the reduction of emissions and having a positive impact on the circular economy (recycling, using waste) as central objectives.

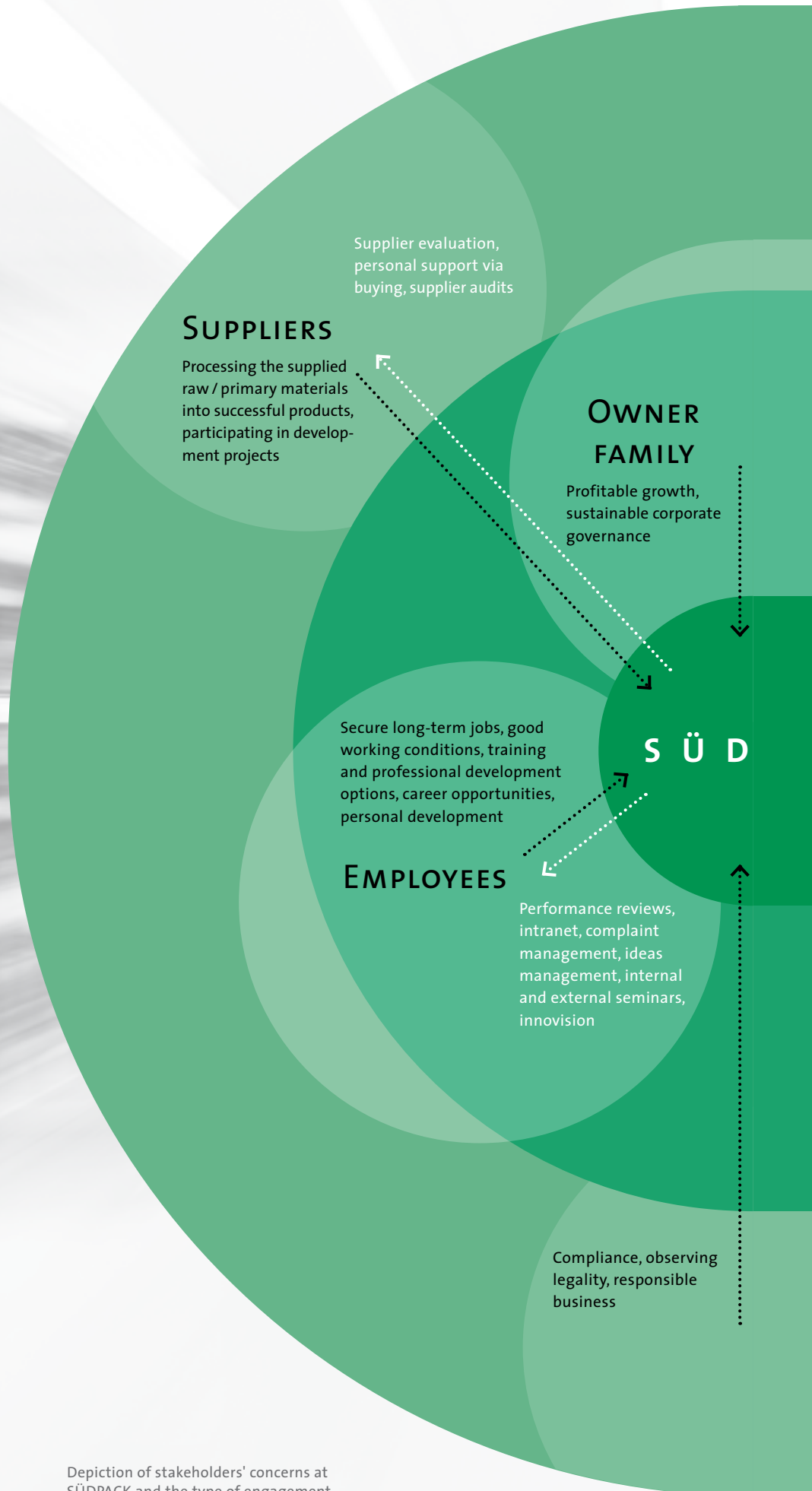


This is what influences the economy of the company alongside the environment. Environmental topics are dealt with in the chapter on the Circular Economy.

SOCIAL SPHERE

Because many social issues, e.g. child labour, forced labour, freedom of association, diversity, equality etc., are regulated by law in Germany and Europe, they are not the focus of our sustainability reporting. Employment, employee qualification, occupational safety and health protection, as well as the employee-employer relationship, are more significant to the company's ongoing development and are described in more detail in the Employees chapter.







Responsible business,
creating jobs, social involvement,
environmental performance

PUBLIC REGION OCHSENHAUSEN

Press and public relations work,
sponsoring, partnerships

Managing Directors,
Advisory Board
meeting

P A C K

Consulting service, 50th
anniversary symposium, com-
prehensive personal support,
trade fairs, innovation, customer
satisfaction evaluation

CUSTOMERS

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

Code of conduct for the
intranet, information to
customers and suppliers

POLICY, LEGISLATION

PRODUCT WORLD

SÜDPACK manufactures plastic films for food, medical and technical products, offering a full range of flexible packaging. The portfolio includes various types of lid film for use on trays and for deep-drawing applications, tubular bags, rigid films, which are used as bottom webs in the packaging systems, and bags.

Besides the products, which are produced using blown and cast processes, we also finish the films using a variety of printing processes. Our print expertise extends to flexo, gravure and digital printing.

Conservation of resources is becoming increasingly important, both for us as a company and for our customers. In order to make certain our products are wholly sustainable, the first thing we do is look at the different tasks the packaging has to fulfil.

PACKAGING PROTECTS

Packaging protects against mechanical damage, against dirt, light and inappropriate oxygen intake. It supports the quality and durability of the product. Good protective characteristics can have a positive impact on food wastage.



You will find detailed descriptions and potential uses for our products at www.suedpack.com.



PACKAGING INFORMS

The packaging provides consumers with important information. This may include ingredients, instructions for product usage, and information about shelf life and disposal of packaging.

PACKAGING WORKS

It facilitates convenient and safe use of the products and allows the goods to be transported and stored.

PACKAGING SAVES

Technical advances mean we can reduce the amount of packaging material without neglecting the other tasks packaging has to perform. Less packaging material saves resources during production, but also in transport and in disposal. This affects both the environment and the economy in the packaging cycle.

PACKAGING SELLS

Products are sold by the packaging. It serves as an advertising and communication tool and catches the consumer's attention. Packaging emphasises the product features. A high-value design, for example, underlines the quality of the product. Packaging provides a wealth of design opportunities for products and makes them stand out from the crowd.

With Veraplex we have set ourselves the challenge of producing packaging that conserves resources, while delivering the same or better mechanical and functional properties. With a total thickness from 25 µm and in up to nine layers, the film has already proved extremely popular on the markets. Thanks to the reduced thickness, this film has a much smaller environmental footprint than any films previously available.

SÜDPACK also sees its role as a service provider, seeking and developing packaging solutions in collaboration with the customer. Our development and our application technology are available to this end with all the usual packaging facilities on the customer's part.

Our newly opened multiXtrusion technical centre is unique, facilitating extrusion of both blown and cast films on a small scale with up to seven layers. This has radically reduced material consumption for trials and industrial tests, which leads to sustainable savings of energy and raw materials.



multiXtrusion centre



Application technology

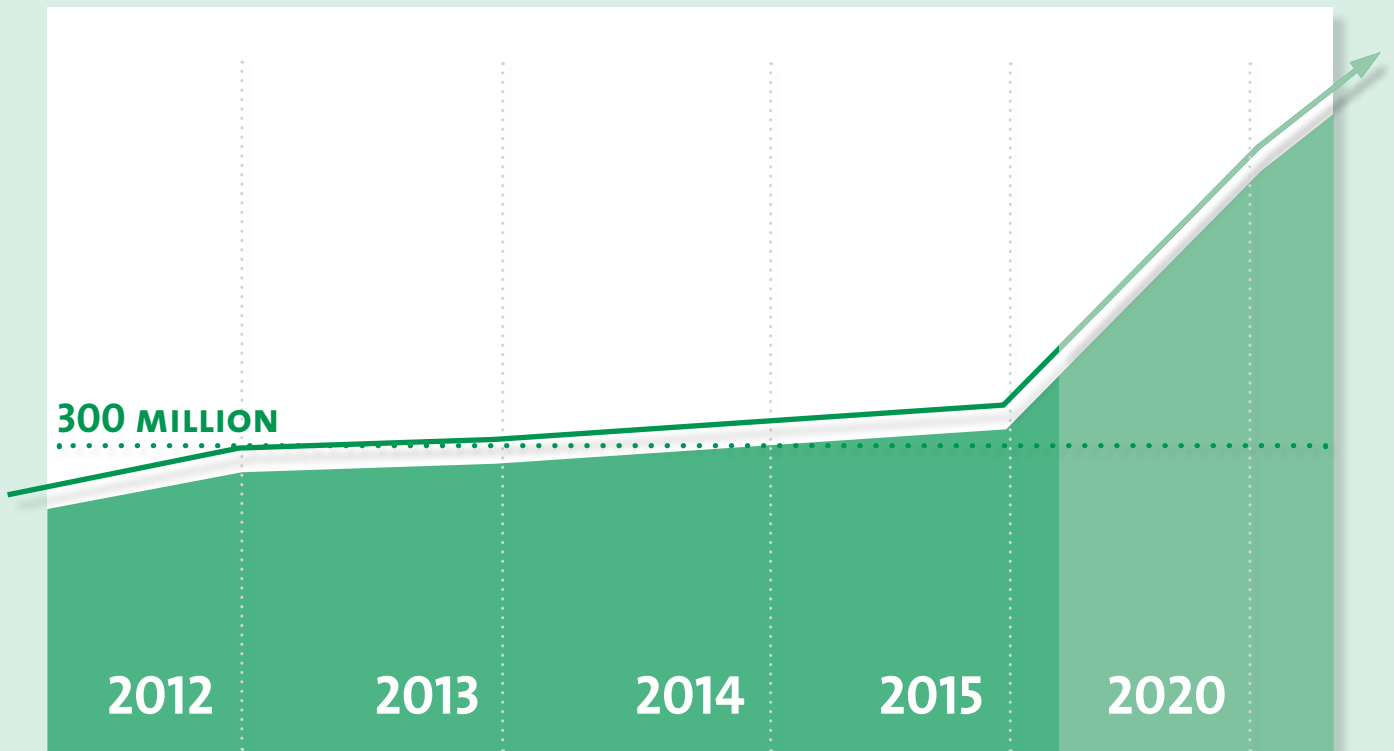
CORPORATE DEVELOPMENT – FIT FOR 2020

SÜDPACK wants to continue its profitable growth with a long-term strategy, securing the company's future viability. We want to maintain the financial strength to make heavy investments in new technologies for our industries and reinvest the majority of our profits in innovations.

Four strategic action areas have been defined to achieve the ambitious corporate targets:

- › Customer satisfaction
- › Products
- › Innovations
- › Process optimisation

Customer satisfaction is at the centre of the corporate strategy developed for 2020. SÜDPACK would like to establish itself as the innovative brand for sophisticated packaging. National, across Europe and strongly international.



Revenue performance



We have also undertaken major changes through investments during the reporting year to meet this objective.

TAKEOVER OF POLISH COMPANY BAHPOL

The reason for the takeover of the print specialist is to continue expanding our capability in the print sector and to facilitate access to new markets.

EXPANDING BUSINESS ACTIVITIES WITH DIGITAL PRINTING

Digital printing will meet new customer needs as a future-oriented printing process. Customers are increasingly demanding smaller batch sizes and faster delivery times. We have invested in digital printing to ensure we can continue to provide a comprehensive service to our customers.

VERAPLEX AS AN EXPANSION OF THE PRODUCT PORTFOLIO

In Veraplex we have developed a film that combines resource conservation, product protection and functionality. SÜDPACK offers its customers a sustainable packaging solution and breaks into new markets.

OPENING A TRAINING WORKSHOP

Well trained employees are the foundation of our success. We have recently opened a training workshop, setting a new milestone, which will enable us to recruit the most skilled employees in the future.

INVESTMENTS 2013



INVESTMENTS 2014



INVESTMENTS 2015



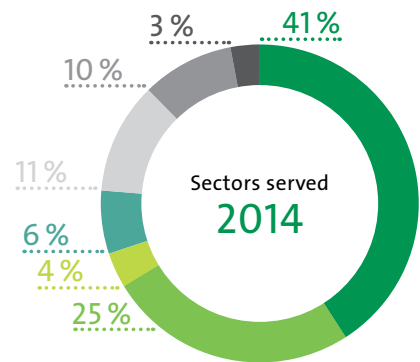
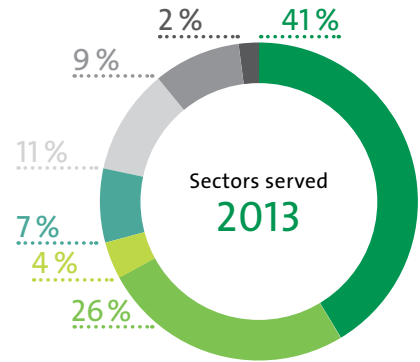
Overview of investments in 2013, 2014 and 2015

CUSTOMERS AND SECTORS

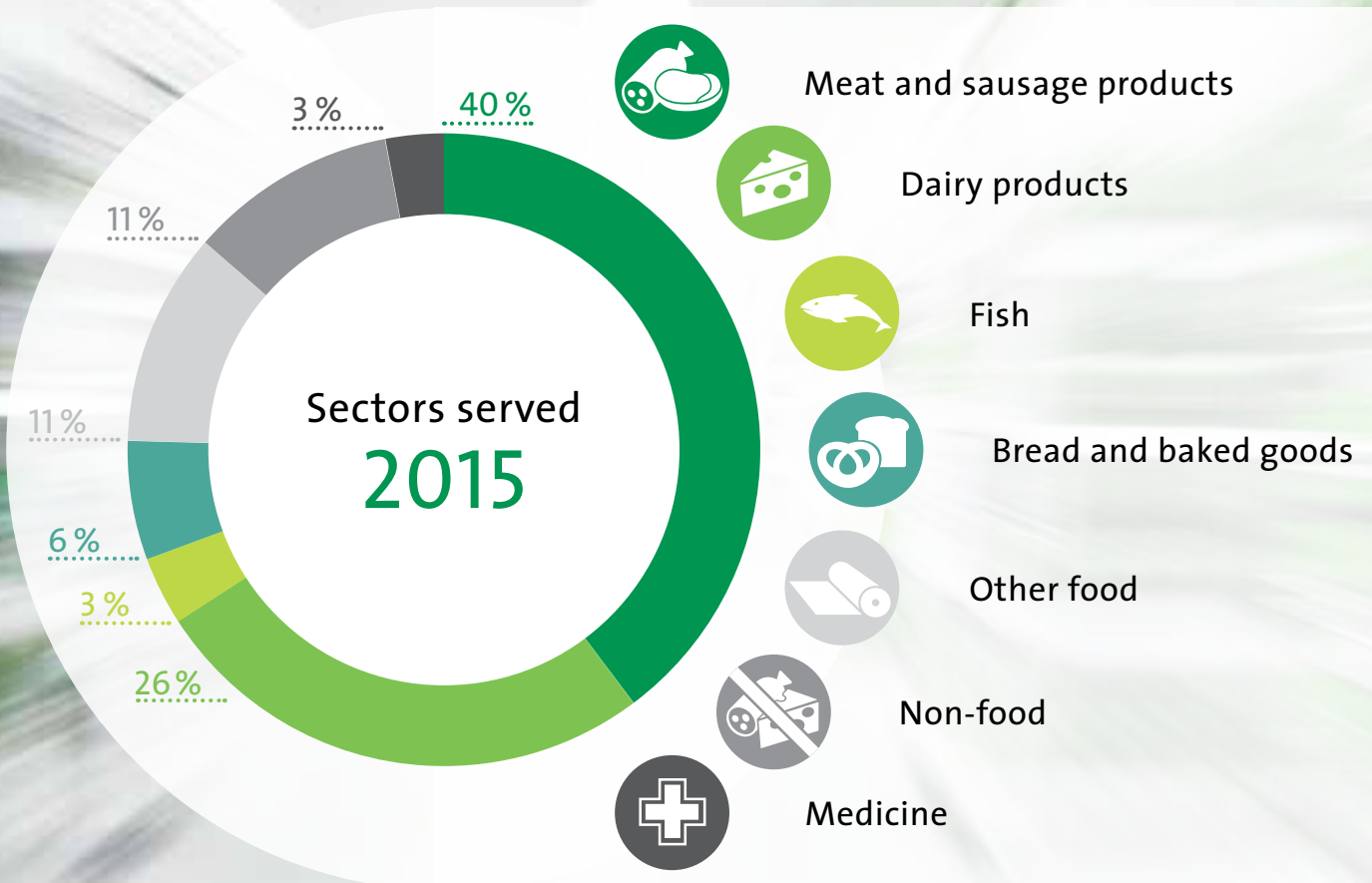
Commercial success is founded on customer service and customer satisfaction. Sustainability is becoming an integral component of corporate strategy for more and more customers and is increasingly being defined with specific targets. As a supplier, we too are under pressure to deliver sustainability with regard to product design and through process optimisations and to pass this on to our customers. In addition to the requirements of highest quality, product safety and service, it is

consulting and joint development of innovative products and services that are especially growing in significance. Resource conservation, renewable raw materials and social changes all play an important role here.

We can remain a reliable and responsible supplier in the future too, by collaborating intensively with our customers and by paying careful attention to future market trends.



Sectors served, by revenue from the supplied volume



SUPPLIERS

Customers are no longer satisfied with companies just taking responsibility for themselves, but also expect them to monitor each other and be able to say where the raw materials for their production have originated. Raw materials are crucial in the manufacture of high-quality products. Even a supplier's reputation may have an impact on SÜDPACK. This is why supplier evaluation becomes a material aspect, not just from an environmental perspective, but also with regard to industrial law practices or human rights issues. The Supplier Management System is regulated in the Management Handbook and is reviewed in audits. This stipulates that suppliers must be able to prove a certain standard of quality, hygiene, occupational and environ-

mental safety, which is usually effected through corresponding certification. Since 2009, suppliers have been screened and graded on their certification once a year. If certificates are missing, a corresponding self-assessment questionnaire must be completed before the supply relationship begins. Additionally, products from suppliers that might endanger product safety are identified by means of a risk analysis (HACCP).

An environmental management certificate is currently in place for 31 % of raw material suppliers, 53 % of semi-finished goods suppliers and 37 % of auxiliary and operating material suppliers. The plan in future is to focus more closely on a risk-based approach

to supplier management, on which countries suppliers come from, for example, single source, economic security or compliance.

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

86 % of raw materials and semi-finished goods come from European countries, with a further 5 % from the USA, Canada, Switzerland or Japan. The remaining 9 % come in part from Asian countries or from the Middle East.



SUPPLIER EVALUATION

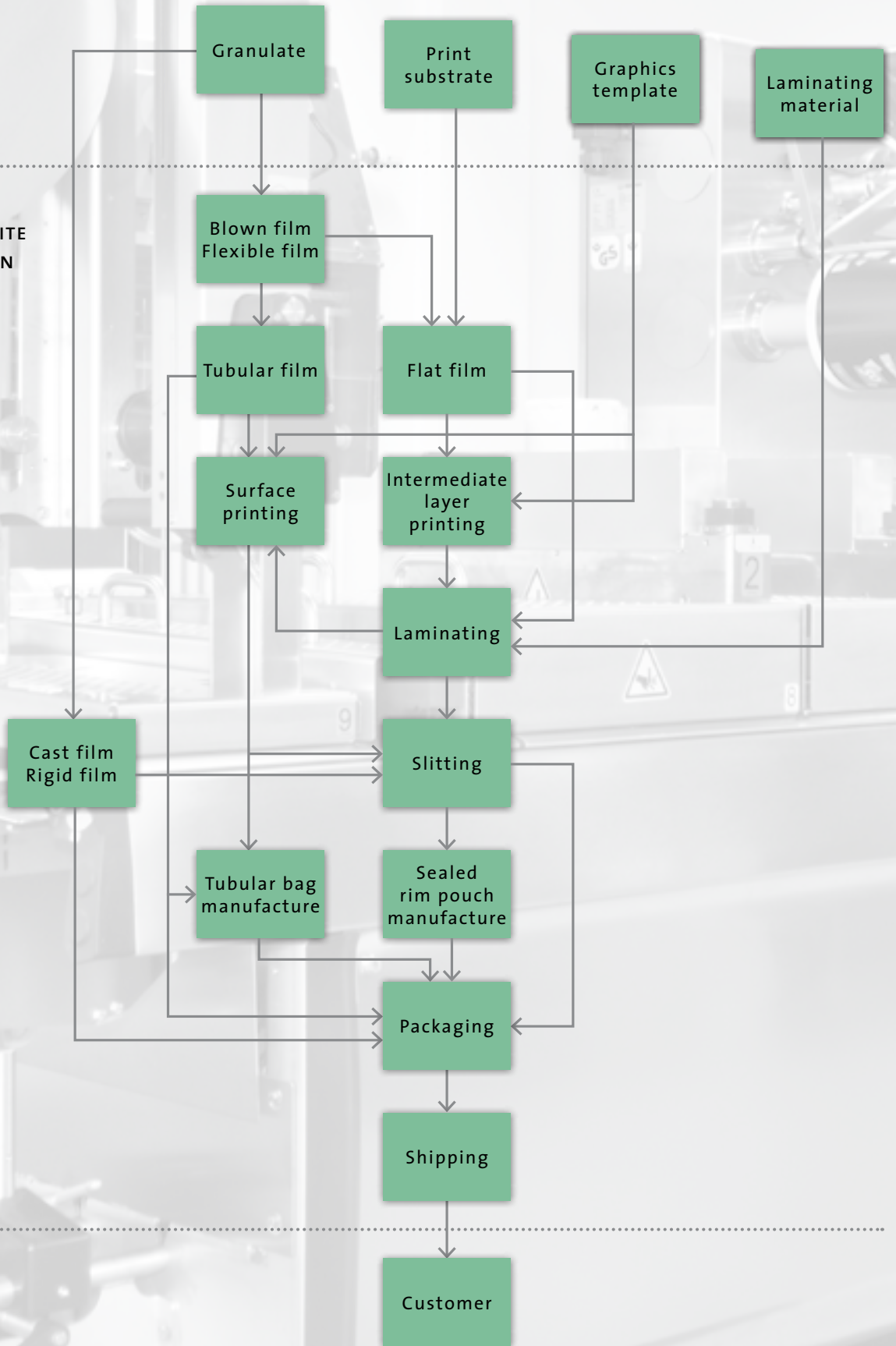
Before a supplier relationship is accepted, all new suppliers are screened by means of self-disclosure using criteria of working practices, environmental issues and human rights. Most of SÜDPACK business relationships with its suppliers have been running for many years. Insofar as can be established, no business relationship has been put at risk due to negative effects in these areas. Buyers made personal visits to Asian suppliers of raw materials and semi-finished goods, before relationships were accepted, in order to ensure their compliance with our ethical standards.

A Code of Conduct is to be developed for the future, which will be binding on all suppliers. Moreover, we intend to use audits to review human rights and working practice conditions locally, possibly at an association level, in non-European, critical countries.



PRODUCTION FLOW

PRODUCTION SITE
OCHSENHAUSEN



COMPLIANCE



Compliance is essential for an organisation and is regulated in SÜDPACK's values and principles, by corporate policy, the Compliance Guidelines (as described in the chapter on Sustainable Corporate Governance) and the Management Handbook. The Legal Register is used to monitor all these issues. Commercial Director Mr Willenbrock has also been appointed as Compliance Manager.

OBSERVING APPLICABLE LEGISLATION AND SOCIAL STANDARDS

SÜDPACK respects applicable laws and demands the same of its employees and business partners. SÜDPACK records all the laws, ordinances, directives etc. relevant to the company in a Legal Register, and monitors compliance with its obligations arising from the same. The Legal Register is updated at least once a year.

National customs, traditions and other social standards must be observed.

No employee of our company may knowingly participate in the development of substances or systems, which they must reasonably assume are subject to export control laws and are being transported without the authorisation of the appropriate authorities in third countries.

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

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

We behave impeccably in our business dealings with our customers, suppliers and service providers, comply with applicable laws and corresponding provisions against corruption, bribery and fraud, and avoid even the appearance of a conflict of interest.

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



EMPLOYEES

In a rural region that has the lowest unemployment rate in Germany at 2.4%, and in which it is difficult to compensate for the locational disadvantages of the rural area, SÜDPACK must take steps itself to secure the long-term human resources it requires. SÜDPACK position on the labour market is as a medium-sized employer and a typical family company. In addition to establishing ergonomic, clean, safe and healthy workplaces, it is reliability, fairness and economic security that form the basis of human resources work when dealing with employees.

Interaction with and between employees is regulated by corporate policy, the Management Handbook and the Compliance Guidelines. The Guidelines ensure respectful and equal interaction with one another and with regard to third parties like customers and suppliers. All employees are treated equally regardless of gender, age, origin or other diversity factors.

Salary is determined by the scope of duties, area of responsibility and individual performance. By agreeing personal targets and offering in-service training and development, employees are given the opportunity to develop their professional career and, thus, impact their salaries directly.

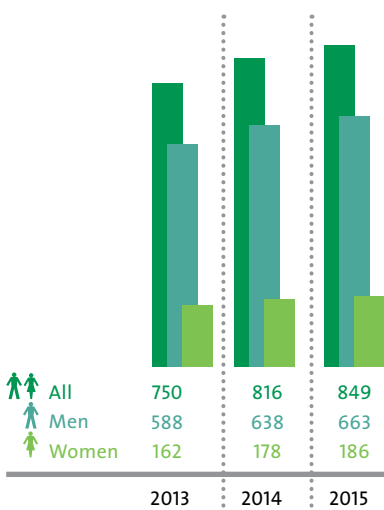
There is also a voluntary employee profit-sharing scheme, which pays out on the basis of corporate target attainment.

Within the scope of ideas management, for example, employees have the opportunity to play a part in the company with their ideas and abilities.

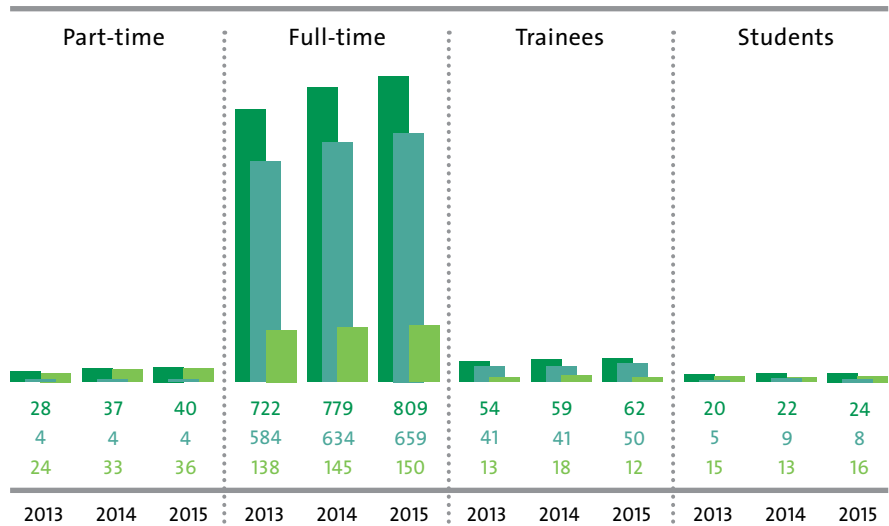
Most employees are full-time. A shift system operates in production. Temporary workers are mainly required during the summer to cover the popular holiday weeks. A total of 53 temporary workers were employed in 2015, working approximately 33,800 hours. In 2014, 49 temporary staff worked approximately 27,600 hours.

Besides purely professional issues, it is very important to take the compatibility of career, family and all individual circumstances into account for the health and well-being of people working at SÜDPACK. Balancing all the needs and aspirations, which individuals have at the different stages of their lives, is becoming ever more challenging in our fast-moving society. SÜDPACK believes that offering young parents individual working-time models and working conditions is a strategic task of securing human resources.

Number of Employees at the Ochsenhausen Site (with Trainees)



Employees by type of Employment



A culture of open doors has traditionally prevailed in the family company of SÜDPACK. Employees can easily approach the Managing Directors and executives at all levels. Being able to speak directly to managers in the event of problems, concerns or requests, means employees know that

SÜDPACK takes their issues seriously. Human Resources has provided mailboxes at discreet locations around the site for anonymous complaints. The received letters are processed and archived by Human Resources. To date there has been no serious dissatisfaction amongst the employees.

Employee Recruitment

Recruited employees		Employee turnover	
96	85	57	57
66	73	45	48
30	12	12	9
2014	2015	2014	2015
Recruitment rate		Turnover rate	
16.1	11.2	7.1	7.3

LONG-TERM EMPLOYEES (LONG-TERM WORKING RELATIONSHIPS)

66 employees were honoured for their long service in December 2015. 39 of them were celebrating their 10th anniversary, while a further 26 had achieved 25 years with SÜDPACK. Mr Helmut Besenfelder celebrated a special anniversary with the company, having worked at SÜDPACK for 35 years. He was one of the first to join SÜDPACK, starting his training in 1980 as a plastics moulder and now works in the mechanical workshop at the company.



EMPLOYEES



Men

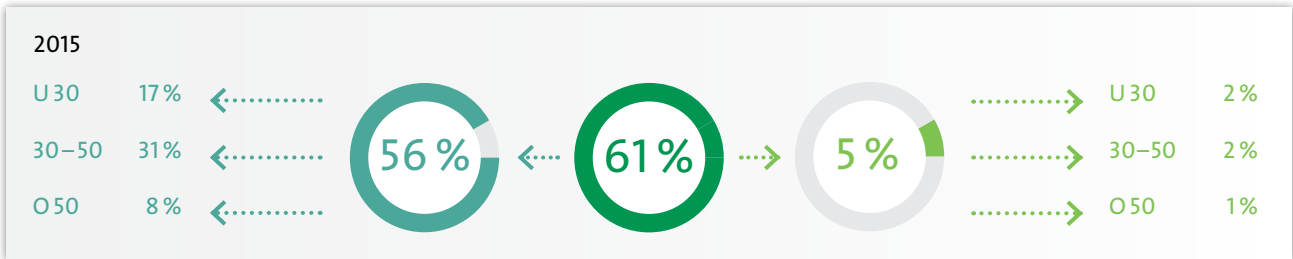
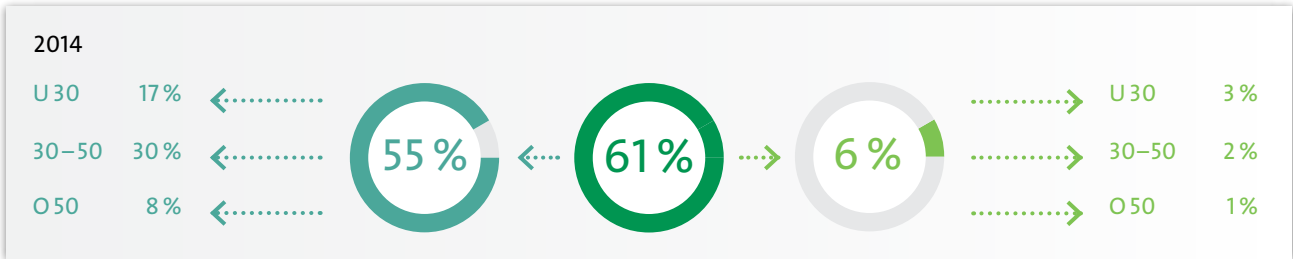
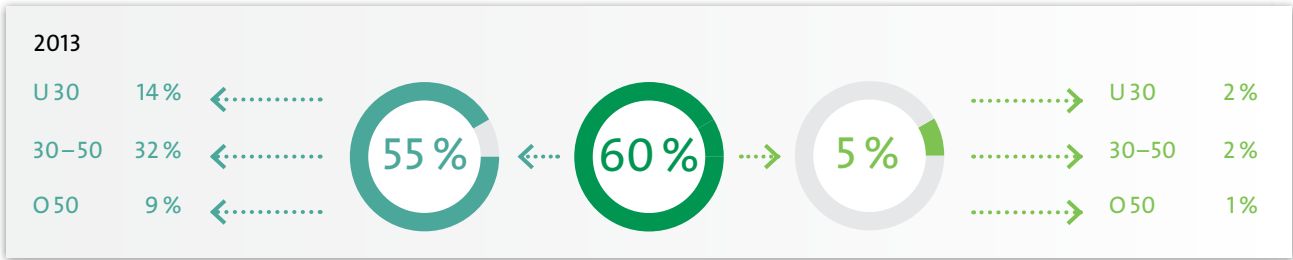


All

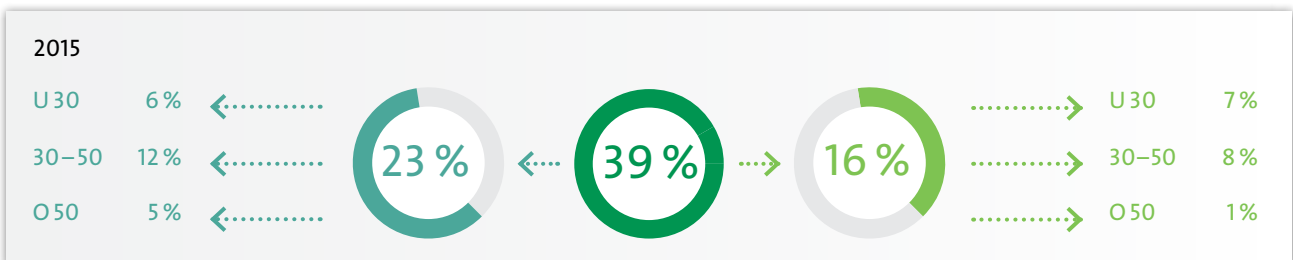
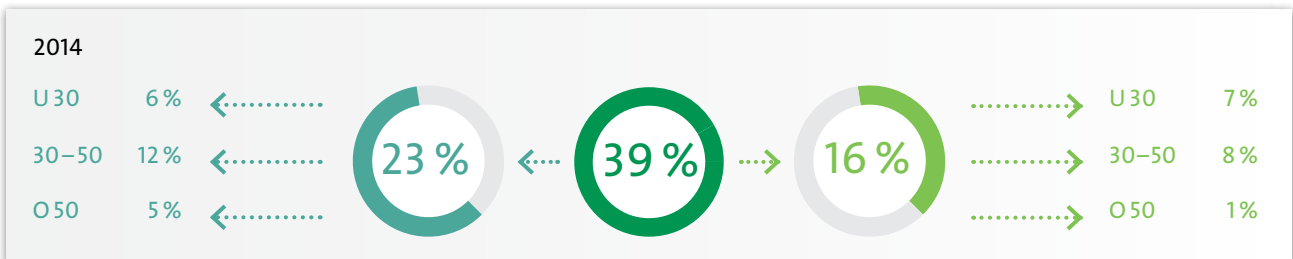
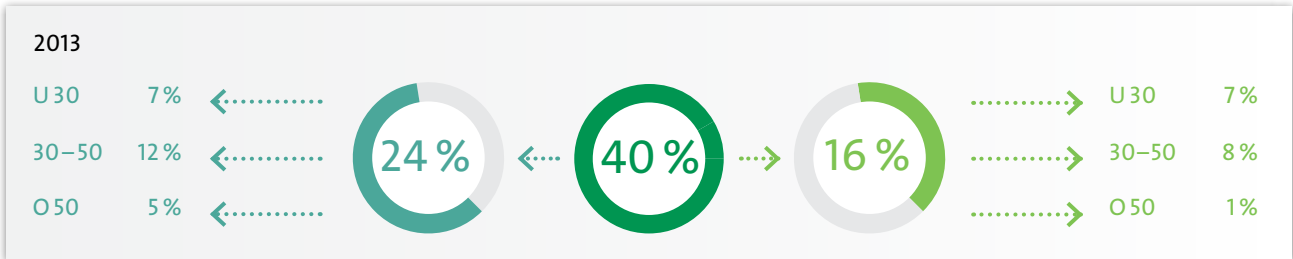


Women

INDUSTRIAL EMPLOYEES



COMMERCIAL EMPLOYEES



TRAINING AND PROFESSIONAL DEVELOPMENT



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

Close contact with schools, universities and institutes is vital when it comes to recruiting capable employees. The company works closely with secondary schools, namely the Realschulen in Ochsenhausen and Erolzheim, the Ochsenhausen Gymnasium and the Michael-von-Jung-Schule in Kirchdorf. The company's academic future is safeguarded through close partnerships with universities, such as Stuttgart Media University (packaging technology), Kempten University of Applied Sciences (packaging technology), Technical University Munich (food technology), Aalen University (polymer chemistry), at which bachelor's and master's courses are offered to students. SÜDPACK also trains students following dual study programmes at the universities of Stuttgart, Heidenheim, Ravensburg and Kempten. The number of dual-programme students has risen steadily over the last three years. In 2015 there were 24

dual-programme students. Then there are students writing their bachelor's or master's theses at SÜDPACK. There were seven such students in 2015.

Everyone at SÜDPACK can have a direct impact on our success by continuing their development through training and then using their new skills. Grants and training are reviewed and planned individually via an annual performance review. Study, training or development may be initiated by SÜDPACK or at the employee's request. This ensures that employees are able to develop along with their area of responsibility. A total of 606 training measures were planned, implemented and documented as effective by the manager involved as part of the training needs assessment in 2015.



Opening the training workshop

Managers also have an annual review. The department heads are evaluated in direct conversation with the Managing Director. The annual manager performance review has been in place since 2012, giving employees the chance to evaluate their managers.

An intensive dual training programme is used to develop the next generation of experts. SÜDPACK trains process mechanics for plastics and rubber

technology, media technicians, electricians, industrial mechanics, warehouse logistics specialists, IT specialists, media designers and industrial clerks. The company opened its own training workshop in 2014 to create the best learning environment for the steadily growing number of trainees.

Specific training and development courses secure the next generation of managers. These management courses

have been in place since 2007 and enable employees to establish contacts with one another and build a network that helps with staff retention.

Taking part in education fairs in Biberach, Ulm, Kempten and Memmingen helps to create a positive company image with the public. It also guarantees a sufficient number of applicants, especially in light of the already emergent demographic trend, which will result increasingly in competition not only for the good trainees and students.

Internal and external training of employees leads to sustainable development of employees in management roles and in specialist and project tasks. Integrated concepts to identify, train and develop high-potential employees have been put in place in human resources development. Independent areas of responsibility, goal-oriented management and remuneration all help to motivate our employees to make a lasting commitment to the company. All training courses have been documented and evaluated for effectiveness since the end of 2015, thanks to the newly installed e-learning tools. Compliance will also be integrated in the tool from 2017.

MANAGERS AT SÜDPACK 2015



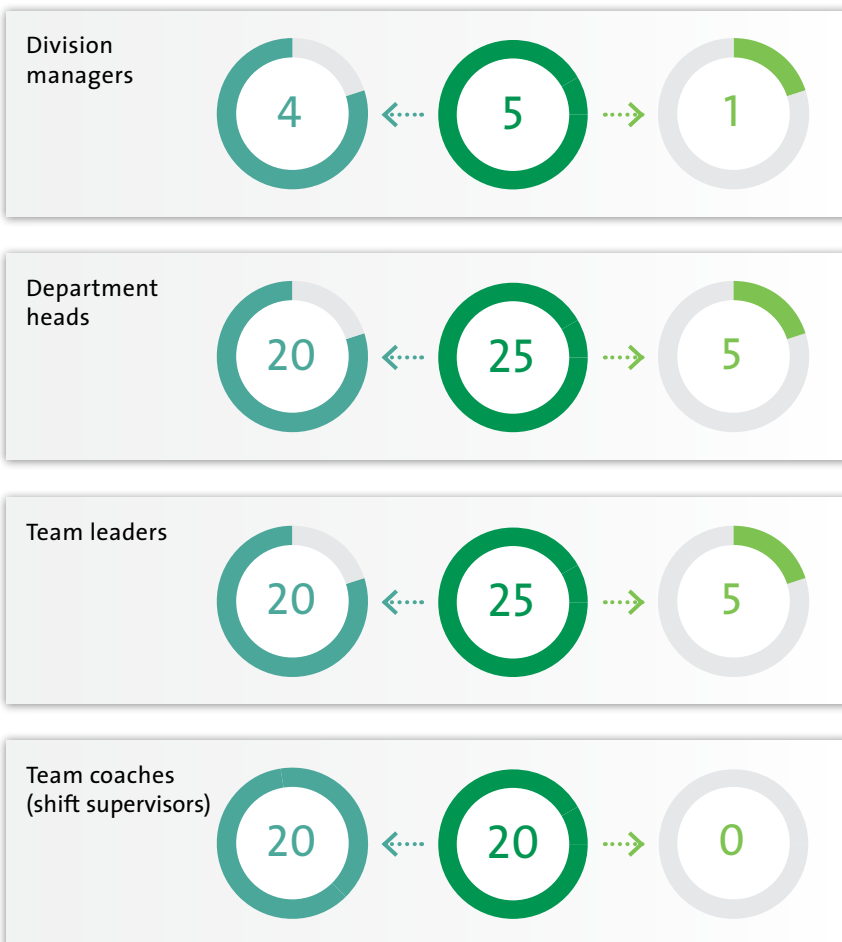
Men



All



Women



OCCUPATIONAL SAFETY AND HEALTH PROTECTION

SÜDPACK takes its employees' occupational safety and health protection very seriously. Accordingly, the company has implemented an occupational safety and health management system, which has been certified in accordance with OHSAS 18001 since 2012.

We actively promote health protection for our employees through suitable initiatives for occupational safety and corresponding screening programmes. At the initiative of Alfred Remmele, SÜDPACK introduced a company pension scheme several years ago in collaboration with employees, which has been very well received. Workstations can be modified to personal requirements, such as with adjustable tables and chairs. Work clothes are tailored individually to the employees. Special lifting aids, for example, are used in production to reduce the strain on employees. Anti-smoking programmes are offered regularly. Back training has been provided regularly for a few years now at the request of several employees. Cooperation with the company doctor supports health management. A return-to-work talk is conducted in the event of an employee's absence, in order to identify and resolve any possible causes in the company.

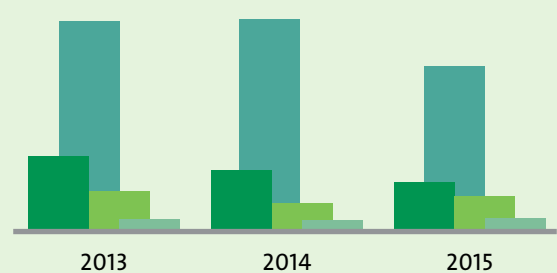
SÜDPACK has supported countless sports activities for employees in 2015, including football tournaments, an employee tennis tournament, an employee ski trip, the Einstein Marathon, the Fürstenwald Run and a horse show.

There are no workers with a high incidence or high risk of diseases related to their occupation. Workers in Germany are protected by the legal system, and Germany is not one of the countries with an increased risk of communicable diseases. A new target for reducing accidents at work is set each year. The aim is always to improve the previous 3-year average by 10 %.



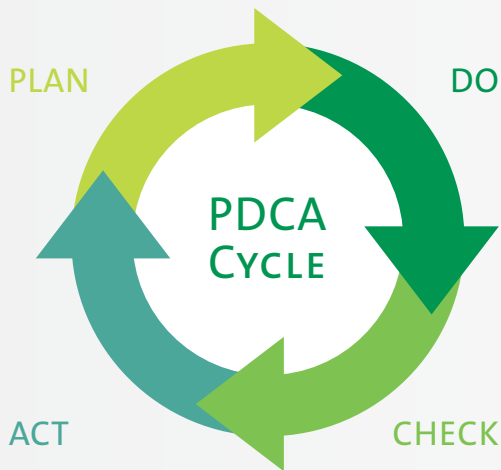
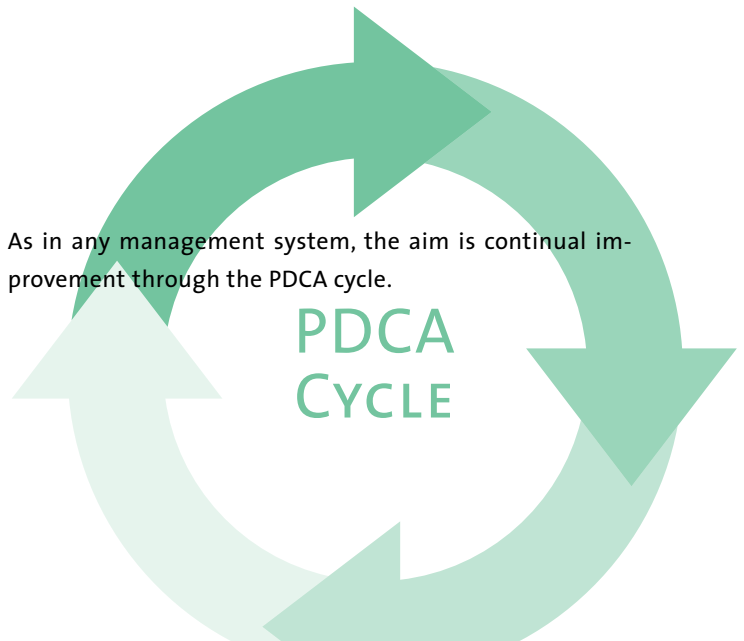
OCCUPATIONAL SAFETY AND EMPLOYEE HEALTH PROTECTION IN NUMBERS

Injury rate (BG Chemie comparable figures)	9.3	9.3	9.4
Reportable injury rate (for 1 million working hours)	11.97	9.21	14.14
Lost days rate (LDR)	92	93	72
Absence rate	4.63	4.44	4.86
Fatalities	0	0	0
	2013	2014	2015



SÜDPACK has created a new system in the course of implementing and certifying the occupational safety management system in accordance with BS OHSAS 18001, which is shortly to be transferred to ISO 45001. Based on a risk analysis, all measures were implemented that have a lasting impact on reducing the number and severity of accidents at work and that actively contribute to the health protection of our employees through prevention.

As in any management system, the aim is continual improvement through the PDCA cycle.



PDCA CYCLE

1. PLAN – PLANNING RELEVANT ACTIVITIES

- › Identify legal claims in occupational safety area
- › Conduct OHSAS 18001 risk analysis
- › Set corresponding OHSAS targets and programmes

2. DO – IMPLEMENTING THE ACTIVITIES

- › Set responsibilities in the AMS OHSAS 18001
- › Integrate occupational safety and health protection in all processes
- › Organise emergency care and response

3. CHECK – CHECKING WHETHER PLANNED TARGETS HAVE BEEN ACHIEVED

- › Inspections, tests (internal and external OHSAS 18001 audits)
- › Evaluate compliance with relevant legal regulations

4. ACT – TAKING ACTION IF TARGETS HAVE NOT BEEN ACHIEVED

- › OHSAS 18001 Management Review
- › Implement corrective and preventative measures in the OHSAS 18001 occupational safety management system

REGIONAL INVOLVEMENT

SÜDPACK has had a presence in Ochsenhausen as a family-run company for more than 50 years. As the third generation of the owner family are still resident in Ochsenhausen, there is a close connection with the town and the region.

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

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

THE COMPANY'S SOCIAL INVOLVEMENT IN ASSOCIATIONS AND INTEREST GROUPS

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

SÜDPACK has taken a leading role on the “Sustainability” task force in the development of the “Ecalculator”, which allows users to identify the environmental impact of films using the database of PE International. This tool is a regional commitment open to anyone and can be acquired from the

IK on payment of a licence fee. The company actively supports the “Product Testing and Standards” task force in the “EuPF – European Plastic Film” group there.

SÜDPACK is a member of the Fraunhofer IVLV (Industry Association for Food Technology and Packaging), the ZLV (Cooperation Network for Food and Packaging Technology), the DFTA (Flexo Printing Association) und the OFI (Research Institute for Chemistry and Technology). It gives project support there by providing personnel, financing and samples and analyses.

SÜDPACK is a member of SEDEX (Supplier Ethical Data Exchange) and EcoVadis (Supplier Sustainability Ratings). Information on ethical corporate governance is uploaded and can then be viewed by other members.

The company takes a proactive approach to projects that require official approval, collaborating closely with the authorities of the city of Ochsenhausen, the Biberach district administration and the Tübingen regional council.

SÜDPACK cooperates fully and openly during visits by the regional council, the BG RCI (professional accident insurance for producers of raw materials and chemicals) and the veterinary inspection office as the food law supervisory authority.

Negative effects on the environment and occupational safety are evaluated in the planning stages and in daily practice by means of the appropriate expertise.



REGIONAL INVOLVEMENT



SÜDPACK tennis tournament



Soapbox derby education partner

< Biberach

B312

Ochsenhausen

Memmingen >



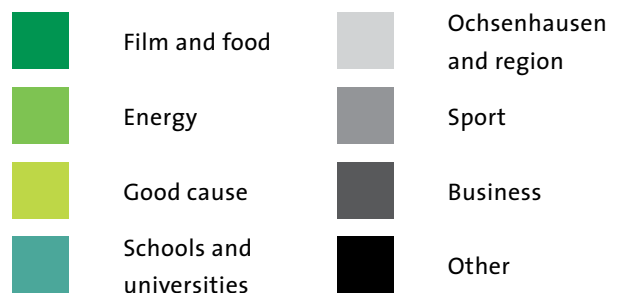
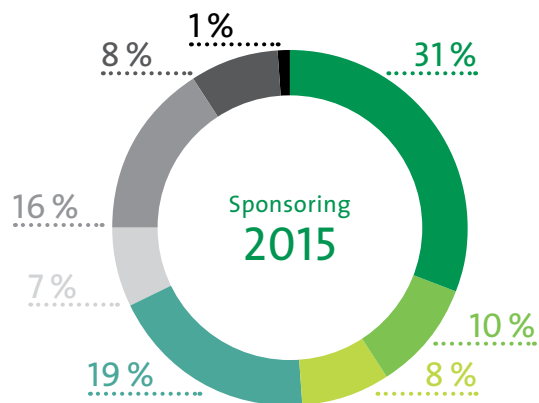
SÜDPACK running team Einstein-Marathon



SÜDPACK football tournament

THE COMPANY'S SOCIAL INVOLVEMENT IN THE REGION

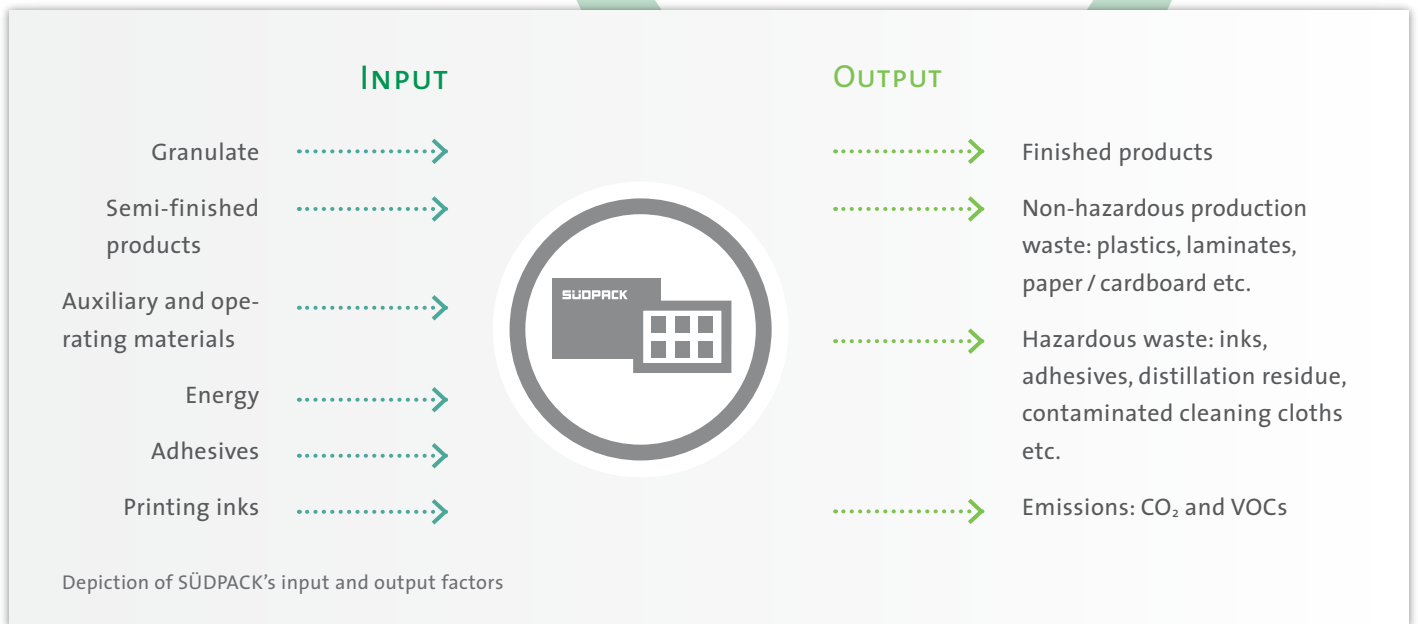
- > Sponsoring sport and culture in and around Ochsenhausen: sports associations, sports facilities, concerts, Ochsenhausen Academy
- > Sponsorship agreements: SV Ochsenhausen, SV Reinstetten, Reitverein Ochsenhausen, Gutenzell perimeter advertising
- > Work with students in the region: school sponsorships, school partnerships with all local secondary schools, material donations, career information
- > Regular donations to various charities
- > Trainee Christmas campaign for social projects



ENVIRONMENTAL IMPACT IN NUMBERS

For SÜDPACK, the relevant factors from an environmental perspective are the purchased raw materials as granulate, semi-finished products, auxiliary and operating materials, and the energy needed to manufacture the films.

Output factors are finished products, non-hazardous production waste, such as plastics, laminates, paper / cardboard etc., hazardous waste (inks, adhesives, distillation residue, contaminated cleaning cloths etc.) and emissions (CO₂ and VOCs due to solvents from inks and adhesives).




Energy, raw materials consumption and waste are the key factors for SÜDPACK, as they all play a crucial role both environmentally and economically. Accordingly, they are discussed below as individual aspects in this Sustainability Report.

Raw materials consumption

Overall, there is a clear emergent trend toward thinner films with the same application security and the same functionality and product safety (downgauging).

This is also apparent in the quantities delivered: From 2013 to 2014, delivered square metres rose by 4.4 %, while the volume in kilograms only rose by 1.19 %. The amounts were more or less equal from 2014 to 2015: 0.8 % in square metres, 0.9 % in kilograms.

Use of raw materials is increasingly being reduced by the use of recyclates (post-consumer, mainly from transparent PET bottles). We only work with EFSA-listed and certified recycling companies in this regard. Additionally, inline scrap and start-up material is regranulated wherever possible and used in the middle layers of the coextruded composites.



Adhesive use in laminating has been radically reduced over the last few years by switching to high-performance adhesives and solvent-free laminating. A reduction of 40 % was achieved from 2013 to 2014, and this fell by almost another 6 % from 2014 to 2015.

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

Thanks to initiatives to increase exploitation (reduce material diversity, campaign production, establishing supermarkets etc.), profits substantially improved in 2015, particularly in the extrusion areas.

Investment in an extrusion technical centre will enable the company to perform further trials in this area in the future, whereby a low number of small orders (trials, industrial tests) will be used to enhance the effectiveness of the large extrusion lines.



ENERGY

The significance of energy efficiency from an economic perspective led to the implementation of an energy management system in accordance with ISO 50001 in 2011 and to the first certification in 2012.

The Ochsenhausen site uses energy from electricity, gas, heating oil and diesel. The hot gas from our RTO (regenerative thermal oxidation of solvents) is also used to heat the drying channels and to produce steam.

Electrical energy (electricity) is the main source, responsible for over 80% in the refining processes (printing, laminating and assembling) and over 95% in the extrusion processes (film production).

This is why SÜDPACK has largely focussed on electrical energy when it comes to energy efficiency measures.

Because, in turn, almost 80% of the electrical energy is required by the top 10 consumers (all large extrusion lines), increasing the energy efficiency of these top 10 was enshrined as a corporate target, so as to prioritise all measures for energy efficiency in this area.

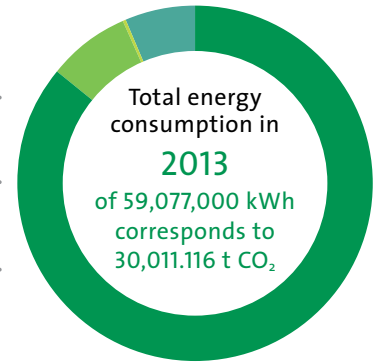
The energy efficiency goals have also been included in the corporate targets since 2012, and employees are updated on the status of attainment on a monthly basis.

The energy team evaluates the progress of increasing efficiency four times a year, initiating new measures as required.

Total energy consumption has risen over the last three years, which is mainly due to the acquisition of additional systems for extrusion and lamination (electricity).

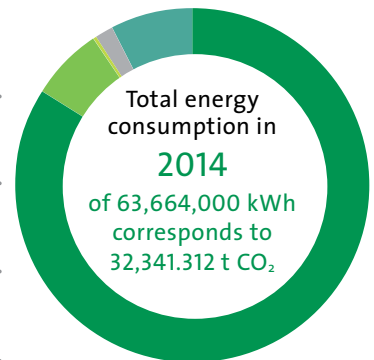
ENERGY CONSUMPTION DISTRIBUTION OF SPO IN 2013, 2014 AND 2015

Electricity
50,649,000 kWh
.....
Gas
4,570,000 kWh
.....
Heating oil
210,000 kWh
.....
Hot gas
(produced in-house)
3,648,000 kWh



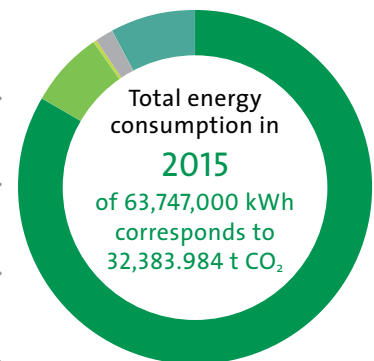
Machinery SPO power consumption 39,637,000 kWh

Electricity
53,291,000 kWh
.....
Gas
4,210,000 kWh
.....
Heating oil
114,000 kWh
.....
Diesel
1,054,000 kWh
.....
Hot gas
(produced in-house)
4,675,000 kWh



Machinery SPO power consumption 40,238,000 kWh

Electricity
52,994,000 kWh
.....
Gas
4,665,000 kWh
.....
Heating oil
120,000 kWh
.....
Diesel
1,034,000 kWh
.....
Hot gas
(produced in-house)
4,934,000 kWh



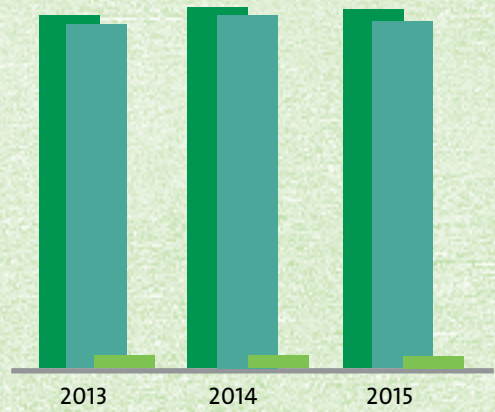
Machinery SPO power consumption 39,192,000 kWh

Source: LEW Annual Financial Statement 2014



However, if energy efficiency is considered in terms of energy used in kWh per 1,000 m² film (processing) and in kWh per 1,000 kg granulate throughput (extrusion), the improvements in energy efficiency from 2014 to 2015 are plain.

Overall	EnPI electricity (kWh) / application quantity (x 1,000) accumulated		
	2013	2014	2015
Extrusion	466.73	477.18	474.45
Refining	3.60	3.54	3.42
Top 10	453.97	466.87	458.29



Power consumption

The rise from 2013 to 2014 is down to investment in new systems technology. A disproportionate amount of energy was needed during commissioning due to frequent powering up and down.

The corporate target of a 1-% improvement in the energy efficiency of the Top 10 systems was achieved in 2015. The goal for 2016 is an additional increase in efficiency of 1.5 %.

1%
better



WASTE

Developments in waste and disposal methods are displayed in the following table

		2013		2014		2015	
		Hazardous waste (weight)	Non-hazardous waste (weight)	Hazardous waste (weight)	Non-hazardous waste (weight)	Hazardous waste (weight)	Non-hazardous waste (weight)
Total weight		322.67 t	14,024.46 t	350.11 t	15,632.87 t	378.40 t	14,296.44 t
Broken down by disposal method	Recycling		10,479.403 t		11,237.382 t		10,393.321 t
	Re-use	0.243 t	695.02 t	0.990 t	642.95 t	0.388 t	624.45 t
	Waste incineration (mass burn)	109.962 t	2,850.037 t	110.53 t	3,752.538 t	125.807 t	3,278.669 t
	Processing as substitute fuel in the cement industry	211.504 t		234.083 t		251.455 t	
	Processing in lead works	0.961 t		4.507 t		0.75 t	

Waste in weight by disposal method from 2013 to 2015

The outright rise in hazardous waste is apparent here, which can be explained by the investments in additional printing and laminating machines in 2014 and 2015. In addition to the solvents ethanol and ethyl acetate being used as auxiliary materials, these substances are also used to clean the rollers and to remove floor coatings.

The rise in non-hazardous waste (polymer waste) in 2014 led to a raft of measures in 2015, which have reduced the relative waste proportion of the throughput volume to below the 2013 level. This means the proportion of waste in 2015 has improved by 0.7% compared to 2013, and by as much as 1.8% compared to 2014. The goal for 2016 is an improvement of 1%.

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G4-4	Primary brands, products, services		18–19
G4-5	Organisation headquarters	Jägerstraße 23, 88416 Ochsenhausen, Germany	6
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G4-23	Significant changes to the scope and aspect boundaries	No information as this is the first report	–

General Standard Disclosures		Additional information and reasons for omission	Pages
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G4-30	Reporting cycle	Biennial	2
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G4-EN23	Total weight of waste by type and disposal method	The disposal methods of deep well injection, landfill, composting and on-site storage are not relevant for SÜDPACK	39
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G4-EN32	Percentage of new suppliers that were screened using environmental criteria		23
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		23

Specific Standard Disclosures		Additional information and reasons for omission	Pages
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CERTIFICATION BY AN INDEPENDENT SUSTAINABILITY AUDIT

TO SÜDPACK VERPACKUNGEN GMBH & CO. KG, OCHSENHAUSEN

We have conducted a sustainability audit to obtain limited assurance for the information given in the 2016 Sustainability Report from SÜDPACK Verpackungen GmbH & CO. KG for the period from 01.01.2015 to 31.12.2015.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES

SÜDPACK's senior management is responsible for creating the Sustainability Report in accordance with the reporting principles of the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative (GRI):

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

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 2015 period has not been created in all material aspects in accordance with the reporting principles of the Sustainability Reporting Guidelines G4 of the GRI. Moreover, we are 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 is planned and executed so as to enable us to make an assessment with limited assurance.

This limited assurance applies exclusively to verification of internal sources and groups; gathering audit evidence is restricted to corporate and management levels of the SÜDPACK organisation in Germany. Systems and processes were audited, which correspond to the report content, using the materiality principle and the process of involving stakeholders. Specific sustainability performance was checked on a random basis.

Audit procedures were selected based on the auditor's judgement and were implemented through, e.g. the following activities:

- Inspection of the documents for the 'Strategy 2020', company organisation and stakeholder dialogue
- Inspection of the documentation for systems and processes to collect, analyse and aggregate data as regards sustainability performance
- Personal interviews with the Managing Director, the Commercial Director, the Director of Finance & Administration and the Human Resources Director
- Personal interviews with the Sustainability Officer, Heads of QM, Hygiene, Environmental Protection and Occupational Safety, Marketing
- Analytical assessment of communicated figures for the 2015 reporting period and the data sets for trend analysis from the 2014 and 2013 financial years
- Random sampling of verification for individual values, incl. by inspecting internal management documentation and accounts, and by analysing data sets that were generated as reports from internal data systems

ASSESSMENT

On the basis of our Sustainability Audit to obtain limited assurance, no matters have come to our attention, which cause us to believe that the sustainability-related information provided in the 2016 Sustainability Report from SÜDPACK Verpackungen GmbH & CO KG has not been created in all material aspects in accordance with the reporting principles of the Sustainability Reporting Guidelines G4 of the GRI.

SUPPLEMENTARY NOTES – RECOMMENDATIONS

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

- Training an interdisciplinary sustainability team to cover the work of planning, implementing the initiatives, data capture and controlling of sustainability-related performance. This team should also report to management.
- Supplier management and investigation of carbon footprint should be looked at in future.

Berlin, 02.09.2016

GUT Zertifizierungsgesellschaft für Managementsysteme mbH

Environmental auditor

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LEGAL NOTICE

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