



COMMUNICATION ON PROGRESS (COP) 2014



hatzopoulos

FLEXIBLE PACKAGING IN EXCELLENCE
SINCE 1931

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STATEMENT OF CONTINUED SUPPORT

Hatzopoulos S.A.'s commitment to social, environmental, human responsibility begins with the foundation of the company itself. Three years ago, this commitment became public with our participation to the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative.

I am pleased to confirm our continuous support and active implementation of the ten universally accepted principles of the UN Global Compact focus on the four areas of human and labour rights, environment and anti-corruption. The core values that our own company has set and stays loyal to also place Society, Humans, Environment and Transparency in the centre of our business activities.

In these difficult financial conditions that affect everyone on a global level, we consider as moral obligation to our society and stakeholders to place even greater emphasis on the implementation of our principles. We contemplate the active implementation of the those principles an integral part of our business practice and this statement presents the multiple ways that our commitment and our support to Global Compact becomes action day by day.



Eleftherios Hatzopoulos

President

COMPANY INFORMATION

Hatzopoulos A. S.A. specializes in flexible packaging converting. Founded by Athanasios Hatzopoulos in 1931, today we are one of the fastest growing packaging converters in the European market and a key international player. The company operates in two production sites in Thessaloniki, Greece with numerous sales offices across Europe. Continuously investing in innovative technological equipment and advanced environmental and quality systems, the annual growth of Hatzopoulos S.A. is steadily higher than this of the packaging market based on the company's exports in more than 20 countries. We passionately offer unparalleled packaging products, solutions and services, supporting our customers to improve their packaging efficiency across the value chain.



Year of foundation:

1931

Sector of Activity:

Flexible
Packaging

Production Sites:

2 in Thessaloniki

Number of employees:

238 (2013)

Our Philosophy:

Adding Value for our customers through packaging excellence.

Our Mission:

To provide sustainable, innovative, high quality and competitive packaging solutions, by using green development and production processes, having as a result safe and best in class packaging for the consumer.

THE 10 GLOBAL COMPACT PRINCIPLES AND OUR ACTIONS

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

PRINCIPLES OF OUR COMPANY: Meritocracy – Knowledge – Humanity – Quality – Ethos

Humanity is one of the core values of Hatzopoulos A. S.A. Our company fully supports and respects the Universal Declaration of Human Rights and the relevant national and European legislation with reference to the fundamental rights of every individual, such as protection of privacy, freedom of opinion and expression, freedom of association, non-discrimination and the right to be heard.

We are not complicit in any kind of human rights violations while conducting our business activities and our main policy is to choose companies to cooperate with, which are not violating in any manner the internationally proclaimed human rights.

Our commitments are not only reflected on our internal employment policies and partnership standards, but additionally our company, as a corporate citizen, provides active financial support to organizations dedicated to human rights protection and supporting the non-privileged such as Transparency International, Solidarity Net, Institute for Balkan Studies, Museum of the Macedonian Struggle, Athletic Club Alexander the Great and Association of Saint Vasilios "Vasiliada".

Hatzopoulos A. S.A. is also a founding member of the Northern Greece Entrepreneurs Cultural Society, a non-profit organization, founded in 1995 by a group of Thessaloniki-based entrepreneurs, aiming to intervene and contribute to the cultural policies of Northern Greece by launching numerous exhibitions, conferences, scientific projects and publishing significant academic works.

Additionally, Hatzopoulos A. S.A. is since July 2009 an active member of SEDEX (Supplier Ethical Data Exchange), a non-profit organization based in London for businesses committed to continuous improvement of the ethical performance of their supply chains. The platform of SEDEX offers companies the data to measure performance regarding corporate responsibility. Topics such as labour relations, safety and hygiene, environmental and business activities are in the scope of SEDEX. Through its secure database we store and share data concerning our company, including self-assessment, audit reports, corrective action reports and status.



Labour rights

Principal 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principal 4: The elimination of all forms of forced and compulsory labour;

Principal 5: The effective abolition of child labour; and

Principal 6: The elimination of discrimination in respect of employment and occupation

Hatzopoulos A. S.A. respects the freedom of association and recognizes the right to collective bargaining. We respect the right of our employees as of any individual to participate in unions in accordance with the national laws, while the members of the Regional Union are welcome to visit our premises, discuss with our employees and distribute material and publications.

We do not tolerate forced or compulsory labour, excessive overtime, hard behaviour and harassment. We definitely comply with national laws and requirements concerning minimum age of employment, we would never employ any child or teenager in our workforce and we remunerate all overtime work.

Meritocracy is the first core value of our company, while our equal opportunities standards and commitments are applied and reflected on all of our internal processes and systems



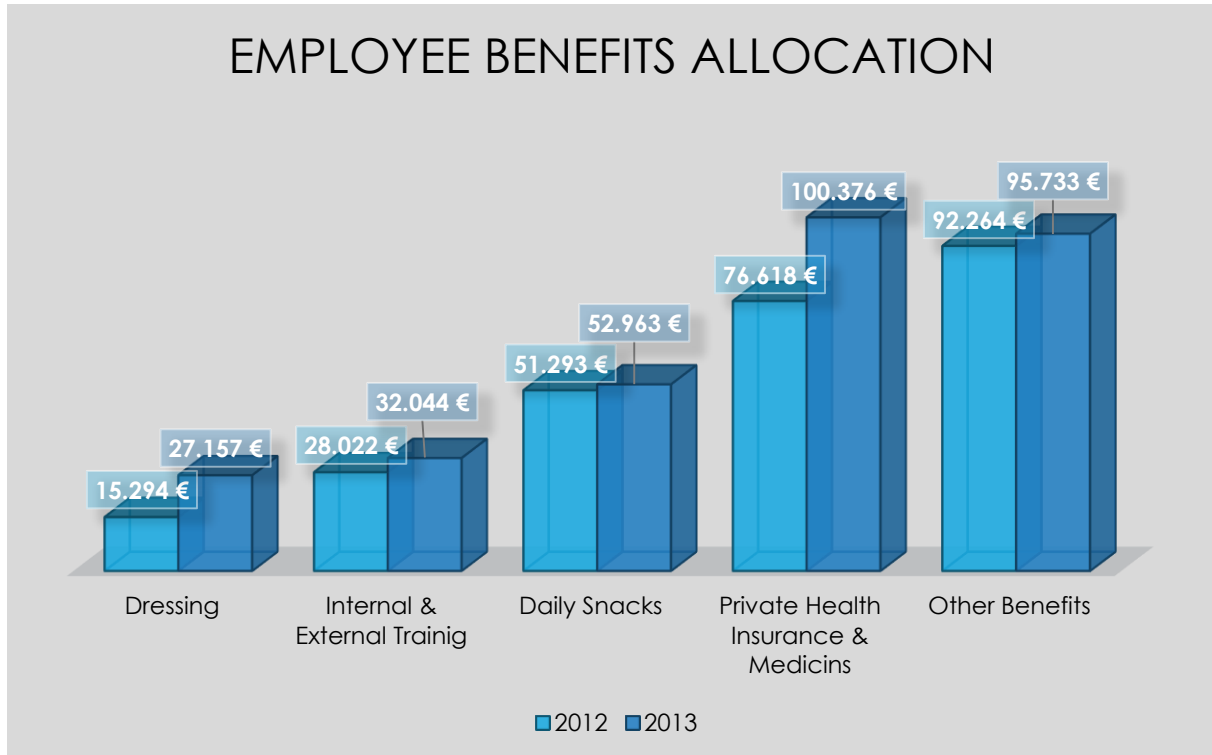
(recruitment, training, development and promotion of employees). Starting even with the employment application form and the Employee Handbook, we state that we are absolutely committed to providing equal opportunities in employment and to avoiding unlawful discrimination. No job applicant or employee receives less favourable treatment because of their gender, marital status, sexual orientation, colour, race, ethnic origin, religion, disability, age, or any other conditions or requirements which are irrelevant.

The employees in our company are treated fairly, with respect and humanity, compensated financially and morally according to their achievements and developed in a safe environment of motivation and no discrimination.

We are regularly audited by our customers as well as by independent institutions on our labour practices as well as our procedures regarding training, evaluation of our employees.

Employees' benefits

In 2012 our company invested more than 260.000 € to ensure a working environment that goes above and beyond the highest labor standards and rights, whereas in 2013 the amount spent was more than 308.000 €, representing an increase of 17%.



Our extra employee's benefits include:

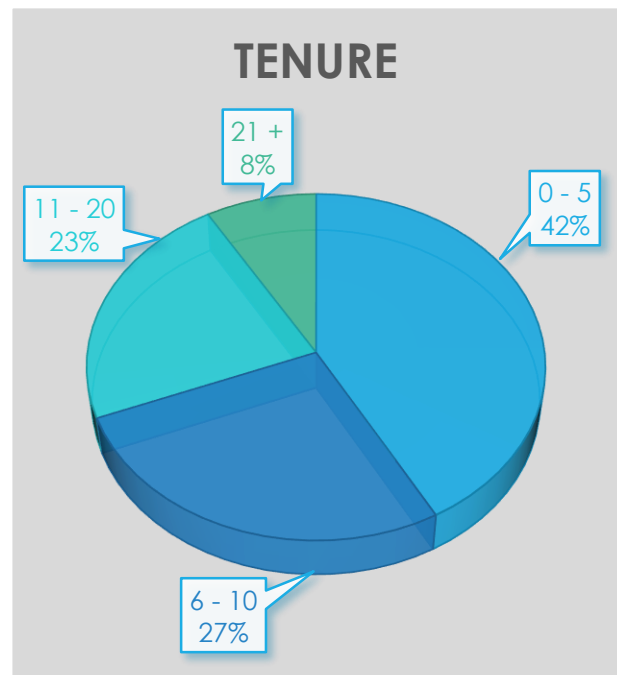
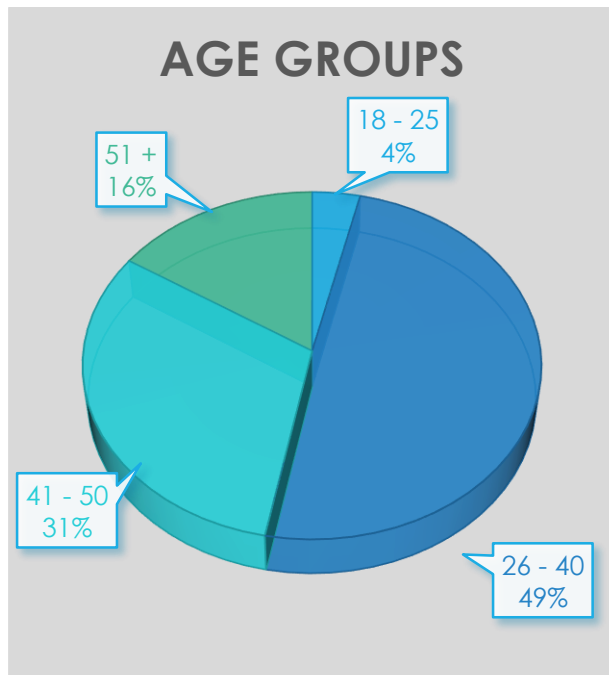
- Private health insurance
- Marriage allowance
- Child birth allowance
- School allowance
- Long tenure allowance
- Free daily snack in the company premises
- Meal tickets

Blood Bank

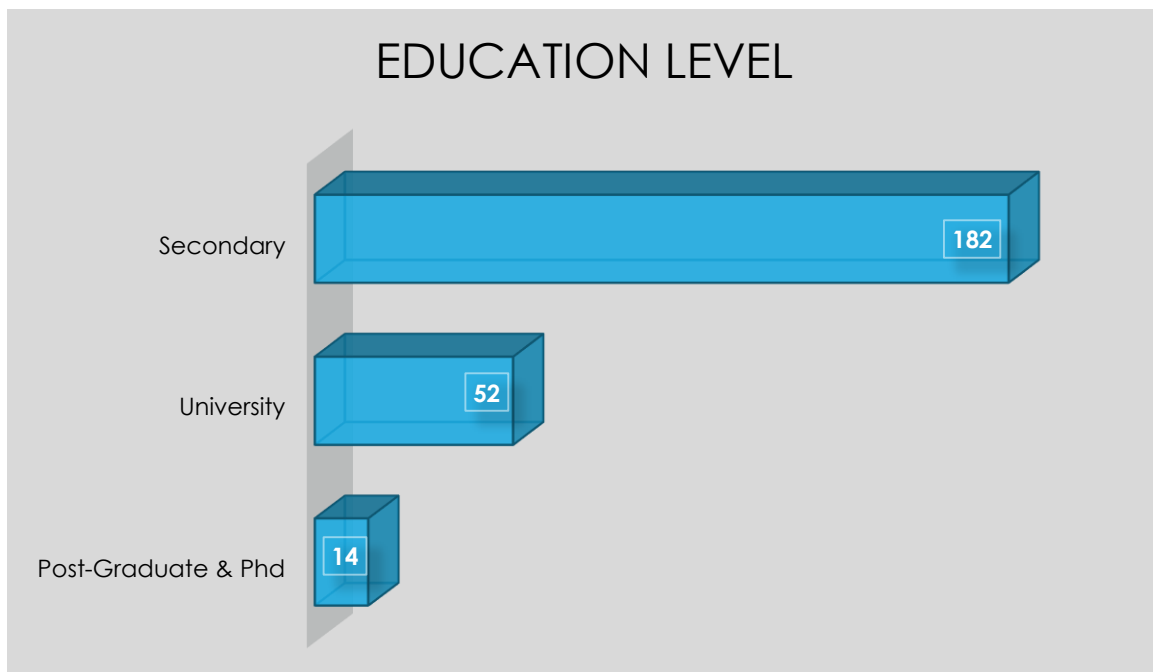
Our company maintains in addition a blood bank as every year there is a voluntarily blood donation in the company premises. In case of any medical emergency concerning any employee or family member, our company doctor will arrange the transfer of the blood to the relative hospital.

Employees Groups

Our employees' breakdown according to their age, gender, tenure and education groups is illustrated below:

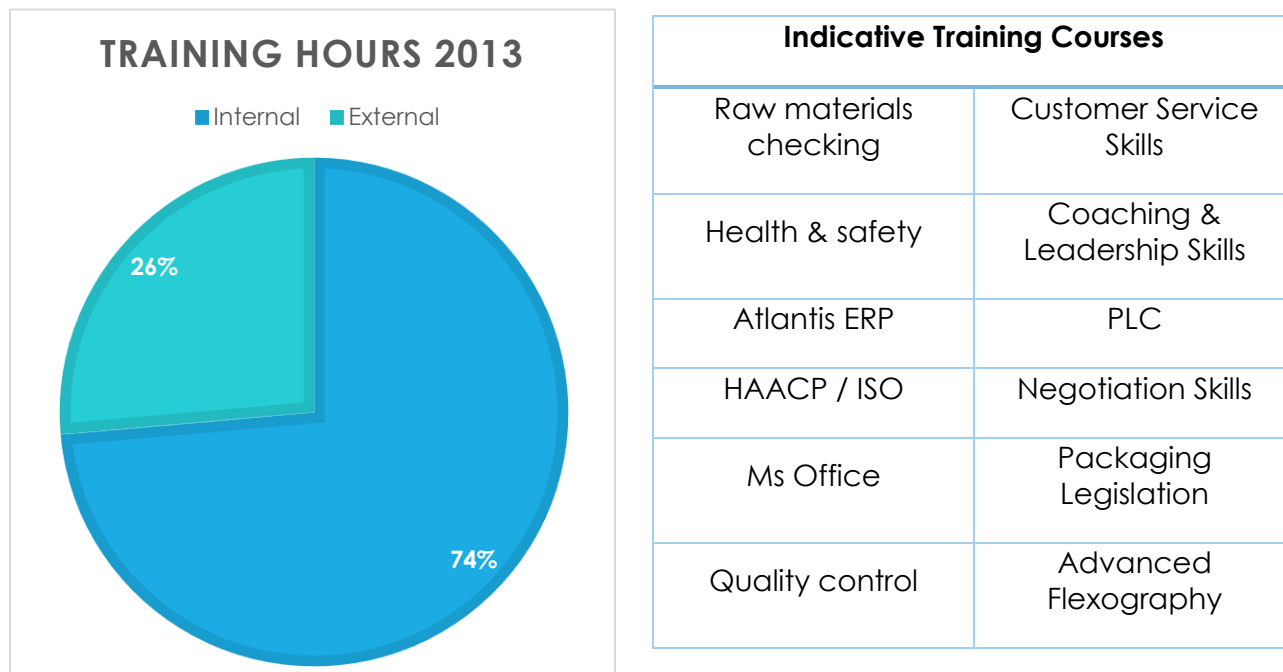


The average age of our workforce is 40.7 years old, while the average tenure is 8.6 years.



Internal & external training

Hatzopoulos A. S.A. ensures that every employee is trained and developed according to their customized needs and ambitions. Every new employee attends an induction training program, especially designed to cover all subjects that affect their daily job. Additional training is also provided according to the Annual Training Plan or according to emerging business needs. In 2013, 1,872 training hours have been dedicated to internal as well as external training, covering a variety of subjects as presented below.



Employee Satisfaction Survey

The yearly Employee Satisfaction Survey guarantees that the voice of each employee is heard and appreciated by the company management team. The questions cover a broad area of issues, such as relationships with colleagues and supervisors, need for training, job satisfaction etc. The anonymity and confidentiality of the participants is guaranteed as the voting takes place in envelopes.

The enthusiastic approach of our employees to the survey is reflected to the participation rates which are quite high every year, while a comprehensive report is communicated by the Human Resources Division to all employees following the survey.

Last year's survey was performed in August 2013. Consisting of 68 closed-type questions based on the Likert Scale, its results show our employees' engagement but also feeling of safety provides to continue to contribute to the achievement of the organizational goals.

Performance Evaluation System

The Performance Evaluation System (PES) of Hatzopoulos A. S.A., aims at the maximization of the employees' performance through the alignment of Corporate and Individual targets, as well as the clarification of the training needs, so that all employees have the chance to improve.

Each employee, according to their job family, is well aware of what is expected by them in terms of performance. At the beginning of each semester, weighted individual Qualitative as well as Quantitative targets are set and the evaluation results are checked and monitored by the Human Resources Division that guarantees the accurate implementation of the process.

The implementation of the Performance Evaluation System is an important tool not only for achieving the company targets but also for ensuring that all employees are treated in a fair and objective way. The system ensures that all major decisions regarding employees are based on an objective monitoring of the performance and achievements.

Environment

Principal 7: Businesses are asked to support a precautionary approach to environmental challenges;

Principal 8: undertake initiatives to promote greater environmental responsibility; and

Principal 9: encourage the development and diffusion of environmentally friendly technologies.



Respecting the environment, the ecosystem and its resources is the fundamental priority of Hatzopoulos A. S.A. and a significant part of our philosophy and culture. We put this philosophy into practice by taking environmentally responsible and preventive actions every day for saving resources and minimizing the environmental impacts that our activities may have in accordance with the ISO 14001:2004 certification.

Our programs include raw and secondary materials' recycling as well as waste that is inevitably produced from our daily operations. In 2013, we have recycled 190 tons of plastic, 456 tons of wood and 6 tons of paper.

We use integrated information systems to minimize paper consumption, our employees are trained to follow environmentally sensitive practices, printing of electronically available material and correspondence is discouraged and preventive maintenance on equipment and building is regularly performed.

Our company's contribution towards sustainable development also extends to the development and diffusion of environmentally-friendlier technologies. The R&D team of Hatzopoulos A. S.A. intensively works on the development of alternative packaging solutions and thinner material structures for our customers which results in less raw materials need and usage. Our efforts expand also to the development of new applications in flexible packaging such as re-closable packaging solutions which significantly contribute to food protection and food waste minimization.

Additionally our culture of environmental responsibility is reflected on our systematic efforts to measure and minimize our emissions to the environment and reduce our products' carbon footprint. For this reason we have launched the implementation of Measurement of Sustainable Values of the company (Sustainable Values Score Card) and we participated in the Carbon Disclosure Project by disclosing information regarding the company's strategy in subjects related to the global climate change. Our total score placed us in the 2nd Quartile of all 709 companies participating, significantly higher than the average total, giving an objective positive indication regarding gas emissions of our company associated with global warming, setting up goals and action plans for the reduction of those emissions.

In parallel, our company's investments in solvent recovery and solvent abatement systems focus on the same target. A state-of-the-art air-purification system with solvent recovery has been installed at the new factory in Kalohori. The system operates by means of activated carbon adsorption, with annual capacity of 1,500 tons of recovered solvents, mainly ethyl acetate. Since the beginning of 2011 the solvent recovery system has been equipped with a new distillation column, which also allows ethanol separation. This way Hatzopoulos S.A. achieves the re-use of the 95% of the solvents required for the printing and the lamination processes, drastically reducing its emissions to the environment.

Anti-corruption

Principal 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Ethos has always been the fundamental value that runs through the 80-year long history and business activity of Hatzopoulos A. S.A. We are fundamentally opposed to any kind of corruption and bribery, our activities conform in total with the applicable law, and this is one of our major criteria in our selection process of a new supplier, customer or employee.

Our procedures safeguard transparency in every single transaction with our internal and external stakeholders. We have an open pricelist policy; all cost factors that affect our prices are discussed and presented in detail to our customers on a regular basis. Our credibility as a supplier and business partner is highly rated, appreciated and expressed by our customers through our yearly customer satisfaction survey.

Lastly, all official documents are issued by our integrated ERP providing for total consistency and transparency (according to our ISO 9001:2008 certified system), while our most recent financial data are available to our partners and to the public (publications of the Greek Industry yearly guide, ICAP reports and researches, etc.).

Reporting period

This report focuses on our actions from August 2012 until December 2013, including some older and most recent activities.

Publication

Current issue: May 2014

Next issue: Scheduled for May 2015

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