



FLEXIBLE PACKAGING IN EXCELLENCE
SINCE 1931

Contents



About Hatzopoulos

[Introduction](#)

[Commitment](#)

[GM message](#)

[Company Information](#)

[Our Goals](#)

[Our Values](#)

Business Ethics

[Human Rights](#)

[Corporate Governance](#)

[Social Actions](#)

[Anti-Corruption](#)

[Awards](#)

Our People

[Investment in People](#)

[Training](#)

[Benefits](#)

[Employment](#)

[Blood Bank](#)

[Equal Opportunities](#)

[Labour Rights](#)

Environment

[Objective](#)

[Sustainable Packaging](#)

[Portion Packaging](#)

[Recycling](#)

UN Global Compact

About Hatzopoulos

INTRODUCTION

Hatzopoulos first comprehensive and integrated Annual Report marked the start of a new era in how the company communicates with its stakeholders. Taking into account their needs and expectations, the company's business performance is presented in an integrated way, combining results. This report is the next stage in that journey. Ours strategy is to use our expertise, technology, and partnerships for social, environmental, and business impact. This report is based in three pillars: Business Ethics, Our People and Environment. This report covers our approach, our objectives, our progress, and our challenges around each of these pillars.

About Hatzopoulos

COMMITMENT

Corporate Social Responsibility is the continuing commitment of Hatzopoulos to voluntarily behave in an ethical manner and contribute to economic development whilst improving the quality of life of our employees as well as of the local community and society in general.

Our sincere commitment to CSR does not only affect our daily decisions and actions, but also impacts on our relations with our Stakeholders. In this context, we seek to achieve the best possible understanding of the implications of our business activities, which reinforces our efforts to adhere to our individual commitments.

Since 2010, this commitment became public with our participation to the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative. We are pleased to confirm our continuous support and active implementation of the ten universally accepted principles of the UN Global Compact focusing 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 center of our business activities.



Hatzopoulos A. S.A. is committed to:

- Continuous improvement in our Corporate and Social Responsibility strategy
- Encouraging our business partners to strive for matching performance
- Acting in a socially responsible way
- Continually improving our performance and meeting all relevant legislation
- Encouraging our staff to be mindful of the effect of their actions on any natural resource

In this way, we can face the future with pride.

About Hatzopoulos

GM MESSAGE

Welcome to our first report, which contains information about our performance but also our social and environmental results. We believe this approach is in line with what is today increasingly viewed as best practice, better reflects the fact that sustainability is not ancillary to our business, but forms an integral part of it.

In today's world, the only constant is change — and companies and countries that do not change are left behind. My perspective on change is to embrace it, lead it, and use it to shape desired outcomes.



Following from our commitment to the principles of the UN Global Compact, Hatzopoulos sustainability management helps our company set goals, measure performance, and manage change in order to make operations more efficient and more sustainable. We are committed to making the Global Compact and its principles part of the strategy, culture and day to day operations of our company, and to engage in collaborative projects which advance the broader development goals of the United Nations.

With this in mind, we couldn't be more excited to see what the future holds. We are deeply committed to improving lives, communities, and the environment.

A handwritten signature in blue ink, appearing to read 'Z. Thodoros', written in a stylized, cursive script.

Zontanos Thodoros

General Manager

About Hatzopoulos

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:

269 (2014)

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.

About Hatzopoulos

OUR GOALS

\$55 million Turnover

7.31% Turnover Increase 2013-2014

68% Exports Sales

13% Employment Increase

14.4% EBIDTA Increase 2013-2014



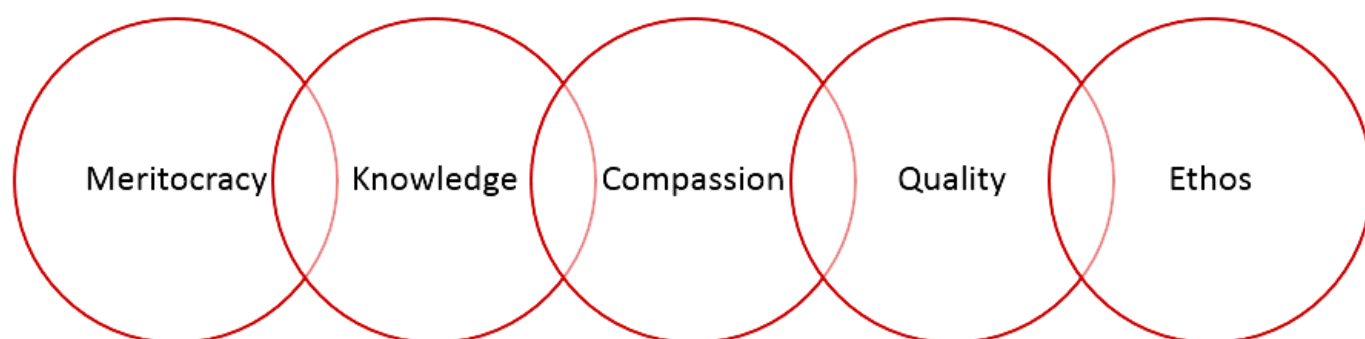
Company's exports in more than **20** countries

Offices in *Greece, Germany, Serbia, France, the Netherlands, United Kingdom and Bulgaria*

About Hatzopoulos

OUR VALUES

The main purpose of Hatzopoulos is to make clear to all stakeholders what we mean by CSR and how we propose to work towards achieving it. The CSR governs our approach to all our activities. In implementing this policy we aim to be responsible and be an exemplar of good practice.



Our adherence to the aforementioned principles is indisputable and pervades our corporate philosophy and culture, our everyday activities, as well as our relationship with our suppliers and clients.

Business Ethics

HUMAN RIGHTS

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.

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.





We aim to support and respect the protection of internationally proclaimed human rights

Suppliers are actively encouraged to observe international human rights norms within their work



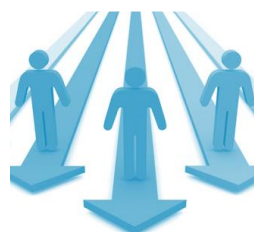
Equality and Diversity

We aim to eliminate discrimination on any grounds and promote equality of opportunity in the supply chain



We will ensure that our customers and Suppliers are able to work together in confidence and be treated with respect by each party

Our range of contracts will take account of the needs of a diverse customer base



Business Ethics

CORPORATE GOVERNANCE

We share and declare information on personal and corporate conflicts of interest and seek guidance from higher authority before acting

We are committed to ensuring that our business is conducted in all respects according to rigorous ethical, professional and legal standards

All the laws that regulate and apply will be complied with

We endeavour to ensure that stakeholders have confidence in the decision-making and management processes of the Procurement Service, by the conduct and professionalism of all staff. We do this by continually training and developing our staff

All groups and individuals with whom we have a business relationship will be treated in a fair, open and respectful manner

Competition will be reasonable and based upon the quality, value and integrity of the products and services being supplied

Feedback on performance will be actively sought, and we will continually review all activities to ensure best practice is observed at all times

We will allow our customers and suppliers to give feedback on our performance and ensure that all customer comments are analysed, responded to and where appropriate, acted upon.

Impact on Society

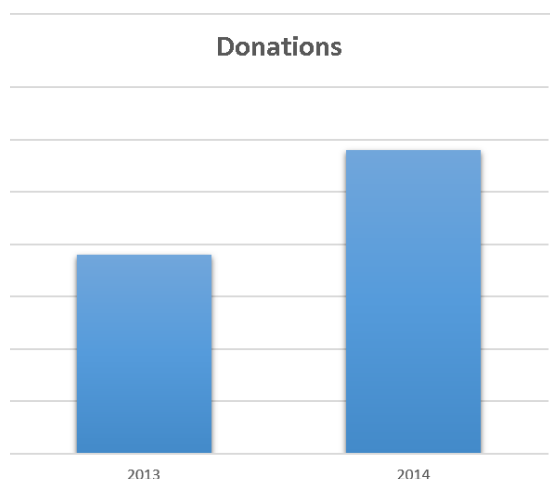
We will take steps to understand how we can most effectively support the needs of the local community and implement initiatives accordingly

Our impact on the local and wider community will be understood and nurtured

Dialogue with local communities will be encouraged for mutual benefit.

Business Ethics

SOCIAL ACTIONS



Organisations

Solidarity Net

Museum of the Macedonian Struggle

Foundation Bank of Food

Nursing Home "Vasiliada"

Transparency International – Greece

Medecins sans Frontieres

Athletic Club – Kalohori "Alexander The Great"

Institute for Balkan Studies

Association of Parents and Friends of Autistic People of Northern Greece
"Ahtida"

Child's Asylum

Total Donations 55.800€

Business Ethics

ANTI-CORRUPTION

Ethos has always been the fundamental value 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.

All official documents are issued by our integrated ERP providing total consistency and transparency, 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.).

AWARDS

Hatzopoulos A. S.A. received one more important distinction during an event held for the “Northern Greece - Greek Merit Awards”. The event was organized for the third year in a row by the Federation of Industries of Northern Greece in cooperation with the financial edition of the “Kathimerini” newspaper. The institution of the Greek Merit Awards aims at highlighting the companies that have stood out for their accomplishments during the previous year. In the November 2014 ceremony, our company received a commendation of Excellence of a Large Company. This important distinction of Hatzopoulos A. S.A shows our continuous growth, even amidst the European financial crisis.



Our People

INVESTMENT IN PEOPLE



As to successfully achieve our company's development and improvement, it is necessary to develop along our people. This means investigation of personality and emphasizing on leading capabilities of the people, who we have chosen for managerial and supervising duties.

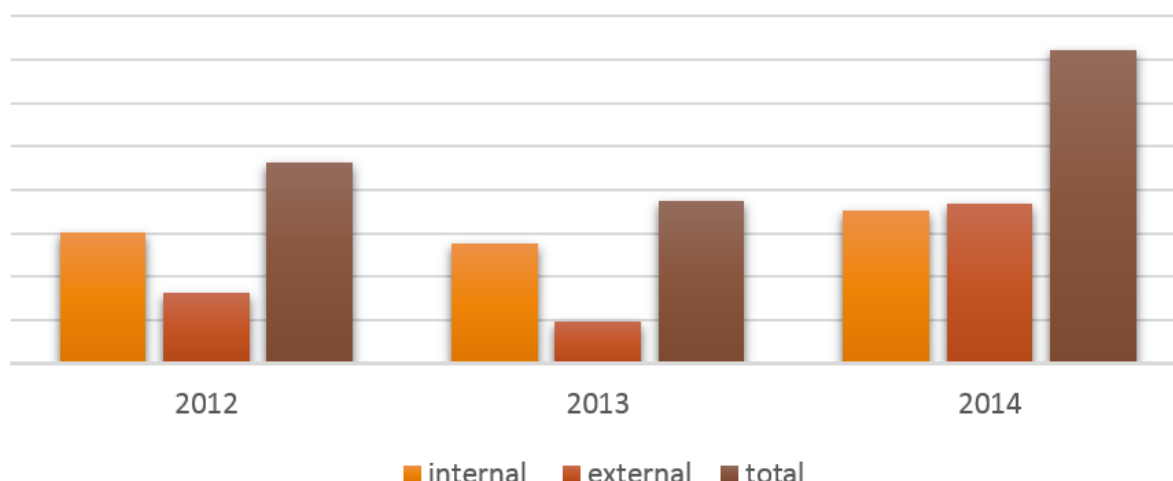
Everyone in A. Hatzopoulos S.A. can express, through evaluations, his/her desire for further education. Thus, all suggestions are assessed in cooperation with the management departments involved, and in conjunction with the needs, we are led to the annual training plan for each division. In that way the cost of education results, confirming our policy of equal opportunities for all. The educational programs are implemented externally – by educational institutions, either on their site, or in-house – and internally, having as main target the dissemination of knowledge, the logic and operation of quality management system as well as the enhancement in matters of -re protection and work safety. A chain process is then achieved that leaves no opportunity for a mistake, meeting the needs of both the workers and the company.

Our People

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 introduction 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.

Training hours



In 2014, **3.607 training hours** have been dedicated to internal as well as external training, whereas in 2013 and 2012, 1.872 and 2.322 training hours respectively, representing an increase of 93% since 2013. Moreover, since 2012 until today, six post-graduate programs have been conducted, whilst special emphasis is given to subjects of Know-How, Quality Management, Fire Protection and Health & Safety at work.

Our People

BENEFITS

Hatzopoulos S.A. offers attractive remuneration packages, commensurate with qualifications and former experience. It is our firm belief that employee satisfaction is of paramount importance to the success of our company.

Benefits:

- Social security and health-care insurance
- Annual health check-up
- Private blood bank
- Accident cover
- Extra-legal pension plan
- Training courses (internal and external) linked to the needs of the company depending on your position: a company car, a laptop, a mobile phone and/or an Internet connection, etc
- Meal vouchers at Christmas and Easter
- Wedding gift
- Extra financial support for new parents
- Annual academic benefit and excellence awards for children of our employees

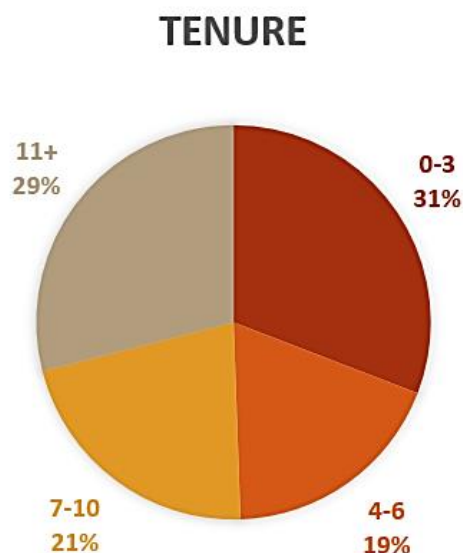
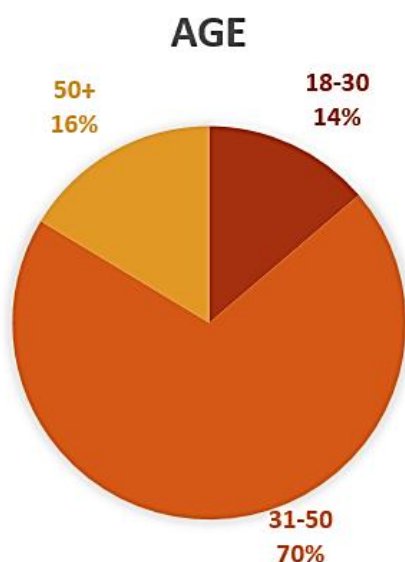
In 2014 our company invested more than 500.000 € to ensure a working environment that goes above and beyond the highest labor standards and rights, whereas in 2013 the amount spent was more than 400.000 €, representing an increase of 23%.

Benefits	2013	2014	%
Clothing	27.157 €	22.450 €	-17%
Boarding	52.963 €	58.380 €	10%
Training	32.044 €	64.197 €	100%
Health-care Insurance	100.376 €	90.605 €	-10%
Meal vouchers Christmas and Easter	49.330 €	58.100 €	18%
Academic Benefit	37.235 €	45.540 €	22%
Bonus	100.388 €	150.000 €	49%
Other	9.168 €	14.173 €	55%
Total	408.661 €	503.446 €	23%

Our People

EMPLOYMENT

The average age of our workforce is 40.4 years old, while the average tenure is 8.4 years. Our employees' breakdown according to their age and tenure is illustrated below:



EQUAL OPPORTUNITIES

We are an equal opportunity employer and fully committed to a policy of treating all of our employees and job applicants equally and fairly

We seek to employ a workforce, which reflects our diverse community at large because we value the individual contribution of people irrespective of sex, age, marital status, disability, sexual orientation, gender reassignment, race, colour, religion or belief, ethnic or national origin

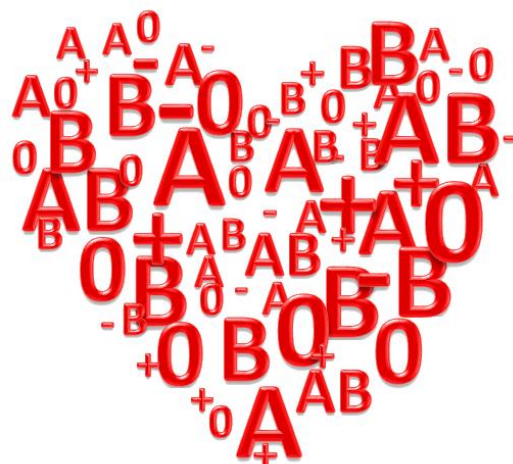
We commit ourselves to the continuous improvement of our people, we believe in their active participation in all aspects of corporate activity and in the development of team spirit and collaboration

We encourage continuous training and development of professional competences

Our People

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.



LABOUR RIGHTS

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 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.

Environment

OBJECTIVE

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 standard.



Our objective in A. Hatzopoulos S.A. is to endeavour to reduce our impact on the environment through a commitment to continual improvement.

Our customers will be informed of the key issues involved in procurement so they can make informed purchases to reduce their impact on the environment

We do assess production, use and disposal associated with the main goods we use

We will continue to work with our Suppliers to reduce their impact on the environment

Environment

SUSTAINABLE PACKAGING

From this humble beginnings 84 years ago, our Company has involved from one hand-made product to several packaging solutions and technologies available. Our goods are available all over Europe, including sales in the USA. Investing in people, know-how, new technologies and state of the art equipment are the hallmarks of our corporation. We are passionate for Packaging and we are inspired by Quality. Certified systems and processes provide a guarantee for the safety, effectiveness and the environmental responsibility of our packaging solutions.



The aim of sustainable packaging is the development and use of packaging which results in improved sustainability.

At the end stage of design it involves increased use of life cycle inventory and life cycle assessment to help guide the use of packaging which reduces the environmental impact and ecological footprint, but in the very first steps requires a look at the whole of the supply chain: from basic function, to marketing, and then through to end of life (LCA) and rebirth. According to the European organization for Packaging and the Environment (EUROPEN), the Sustainability Packaging hinges upon the four key factors, which are presented in our shape.



Hatzopoulos S.A always having an ecofriendly approach on the environmental issues, moves towards this direction and adopts new ways and methods to increase both the effectiveness and the efficiency of flexible packaging and to decrease waste and spoilage. 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 solutions which significantly contribute to food protection and food waste minimization. Also, some major examples are the reclosable packs, the retort films and solutions for the overall optimization of the packaging, keeping at the same time all the barrier effects at a high level.

Environment

PORTION PACKAGING

Modern researches show that the flexible packaging market in Europe and USA is growing at a rate of around 4-6% per annum. The growth rate does seem to be due to, among others, the increasing demand for food in portion packaging, which offers ease of use, ease of transport and storage, thus gaining every day more and more consumers.

Portion packaging has a further advantage. Allow the necessary amount of food consumption (or the use of a specific quantity of a cosmetic product or detergent), thus avoiding wastage. In parallel, it is enhancing the environmental profile of this packaging format.

In Hatzopoulos Company we have developed a range of products suitable for packaging in portions, such as sticks, sachets & pots. Packaging materials for these applications incorporate many technologies, allowing food producers to provide high added value to their products and consumers to enjoy ease of use.



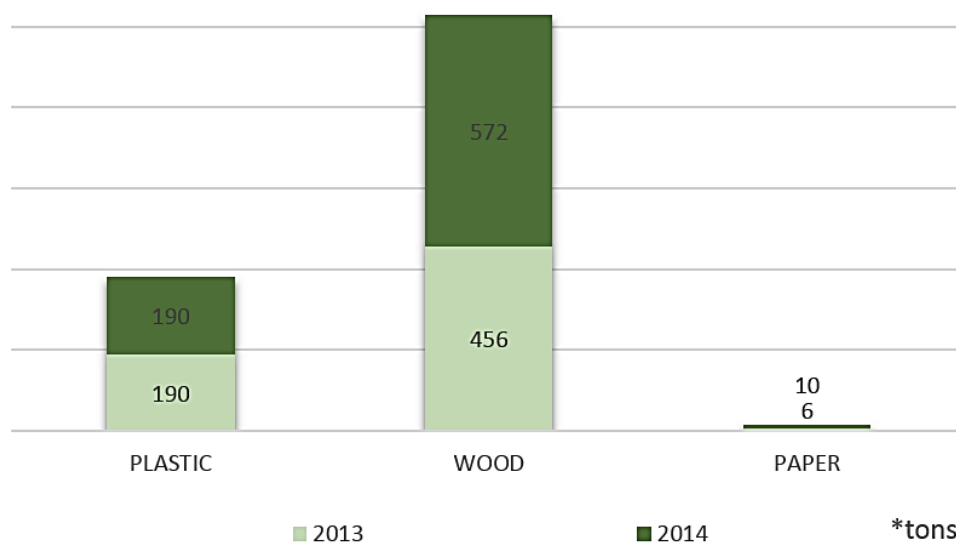
Environment

RECYCLING

Our programs include raw and secondary materials' recycling as well as waste that is inevitably produced from our daily operations.



In 2014 we had recycled **25%** more **wood** and **67%** more **paper** than 2013



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.

UNITED NATIONS GLOBAL COMPACT

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and Anti-Corruption.

The Ten Principles

	Self-Assessment	Reference
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	✓	p.8-9
Principle 2: make sure that they are not complicit in human rights abuses	✓	p.10
Labour		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	✓	p.17
Principle 4: the elimination of all forms of forced and compulsory labour	✓	p.13-16
Principle 5: the effective abolition of child labour	✓	p.13-16
Principle 6: the elimination of discrimination in respect of employment and occupation.	✓	p.13-16
Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges	✓	p.18
Principle 8: undertake initiatives to promote greater environmental responsibility	✓	p.19-22
Principle 9: encourage the development and diffusion of environmentally friendly technologies	✓	p.19-22
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	✓	p.12



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