

SUSTAINABILITY REPORT 2019



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ABOUT THIS REPORT

The Edelman Group Sustainability Report 2019 aims to communicate our efforts and progress in respect to the three key pillars of sustainability: Environmental, Social and Economic. All corresponding topics are addressed through Policies – Actions – Results.

The target readers of this report are our stakeholders, including customers, suppliers, shareholders, employees, business partners as well as local communities. Research institutions and industry players are also encouraged to learn more about sustainability at Edelman Group by the means of this report.

In order to ensure the highest quality and reliability of the data, all Edelman plants were involved in the process of data collection, later on centrally consolidated in the headquarters. Therefore, all statements and key

performance indicators mentioned in the report refer to all Edelman sites if no additional remarks are made.

The report follows the standards developed by the Global Reporting Initiative (GRI). This sustainability report was prepared in accordance with the GRI standards: Core option. Edelman Group reports on its sustainability performance annually based on a calendar year. Hence, the report covers the time period of January 1st, 2019 – December 31st, 2019. The preceding report for the calendar year 2018 is available on our website.



STATEMENT FROM OUR CEO

Dear Readers,

As a family business founded in 1913, we have realized the full responsibility for our activities since the early days. Many things have changed over the years, including our global footprint, industry development, and technological advancement, but one stays the same – our firm commitment to the principles of sustainable growth. With that, we are glad to share our efforts and results of 2019 by the means of this Sustainability Report.

Indeed, the reporting year has been a remarkable milestone for us featuring significant progress on the Edelmann Group Sustainability Program 2022. Numerous successful initiatives were accomplished addressing the topics of energy efficiency and GHG emissions, supplier assessment, health and safety, women empowerment and supporting local communities, to name a few. Our efforts were rewarded and confirmed with independent sustainability assessments, such as Carbon Disclosure Project (CDP) Climate Change with a notable A- Ranking bringing us to the Leadership tier and an improved EcoVadis result maintaining the Silver level. We are also proud to reaffirm our commitment to the ten principles of the UN Global Compact, where we have maintained our

membership in 2019, and it will remain so in the future.

A giant leap in our development was also visible and recognized in the industry, as the Edelmann Group was granted the Luxe Pack in Green Award by and the “Environmental Company of the Year” by Druck & Medien Awards [Print & Media Awards]. It is an honour to become a global reference in sustainable packaging solutions.

Being a global player, Edelmann Group makes a joint effort across its network worldwide to work on the pillars of sustainability, leveraging best practices within the Group. We are convinced that our present actions secure the future we are responsible for.

On behalf of the entire Edelmann team, I wish you an interesting and inspiring read.

Sincerely,

Dr. Frank Hornung

Chief Executive Officer, Edelmann Group



“Our present actions secure the future we are responsible for”

EDELMANN GROUP AT A GLANCE

Edelmann Group is an international family business, operating in the packaging sector, delivering solutions with sustainable value to their customers in healthcare, beauty care and consumer brands markets. The packaging solutions offered by Edelmann are mainly folding boxes and leaflets.

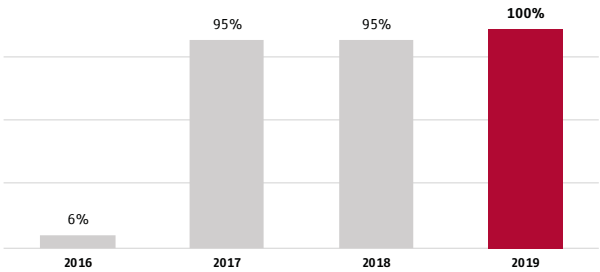
The company was founded in 1913 in Heidenheim, Germany, where it is still headquartered. Edelmann Group is represented by 20 sites in 9 different countries, distributed in four continents. Therefore, over 3,000 employees guarantee that Edelmann's strong

international network is supporting its global presence. Edelmann Group is a leader in innovation, working with the newest technologies to provide reliable and safe packaging solutions and cutting-edge structural and graphic design. Our products demonstrate measurable transparency and follows rigorous "High Q Packaging" guidelines which promise comparable standards across all plants. Thereon, Edelmann's expertise has been distinguished within the industry for many decades up until today.



> 300 million € in sales
20 production sites in 9 countries
> 3,000 employees
> 4.3 billion folding cartons and rigid boxes
> 1.2 billion leaflets

With India onboard, we have reached 100% coverage of reported locations



26%

Of senior management are females
See details on page 22

48%

Of energy consumption is sourced from renewable sources
See details on page 51

100%

Evaluated Level 1 suppliers
See details on page 50

1.7

Global Lost Time Injury Rate
See details on page 35



Global network.
Local roots.

OUR PRODUCT PORTFOLIO



FOLDING CARTONS

Individual packaging solutions
Individual finishings
Coding systems
Security features

RIGID BOXES

Sharp edges
Co-Packing

LEAFLETS

Inserts and outserts
Folding & assembling capabilities
Booklets

WET LABELS, VIAL CARDS & SYSTEM PACKAGING



CORE MARKETS



HEALTH CARE

Edelmann Group has been a leading packaging partner to pharmaceutical companies for many years. It is top priority to nurture the trust-based relationship with customers and to responsibly handle all products. The company constantly develops and manufactures packaging and leaflets which are precisely aligned with the relevant requirement of ethical medical products, OTC, diagnostic or generics.



BEAUTY CARE

Edelmann thrives with the challenges of developing and producing complex folding carton designs in cooperation with some of the world's most famous cosmetic brands. Unconventional print and embellishment are welcomed to create exquisite packaging to meet the customer's needs.



CONSUMER BRANDS

At Edelmann, significant brand packaging design solutions for the specific requirements of personal care, food and drink segment are developed and designed. The company is committed to support international customers with innovative concepts. Edelmann stands out by creating both efficient developments for the mass market as well as highly refined products for premium brands.

ENVIRONMENTAL AWARDS

Our efforts for environmental improvements were well-recognized in the industry in 2019 with the Luxe Pack in Green Award and "Environmental Company of the Year Award" by Druck & Medien Awards [Print and Media Awards]. Both awards are company awards, not related to specific products.

The Green award features the development of PET lamination alternatives and "Less is more" project – read more on pages 45–46. The Environmental Company of the Year was granted based on all initiatives and results achieved so far in relation to energy efficiency, emissions, waste management, and water management. It is an honour and responsibility to be highlighted as the industry leader.

Indeed, sustainability was the key topic of last year, proactively promoted at the trade fairs to spread the word about our work and encourage our customers to pursue more sustainable choices.



Luxe Pack in Green Award



Environmental Company of the Year,
Druck & Medien Awards
[Print and Media Awards]



MISSION, VISION AND VALUES

OUR VISION: We are the global point of reference for packaging solutions, delivering sustainable value to our customers, our people, and our shareholders.

OUR MISSION: We are passionate about creating superior packaging solutions that always have the customer in mind.

OUR VALUES:

I NNOVATION

We develop ideas and create solutions to address specific challenges or improvements for our customers and our own company.

M OTIVATION

a fun atmosphere at our workplace helps us to be less stressed, more productive and ultimately, happier.

P ASSION

We are dedicated to creating outstanding packaging solutions and we are enthusiastic about coming up with improved solutions for our customers.

A MBITION

it is this energy that drives us to accomplish great things.

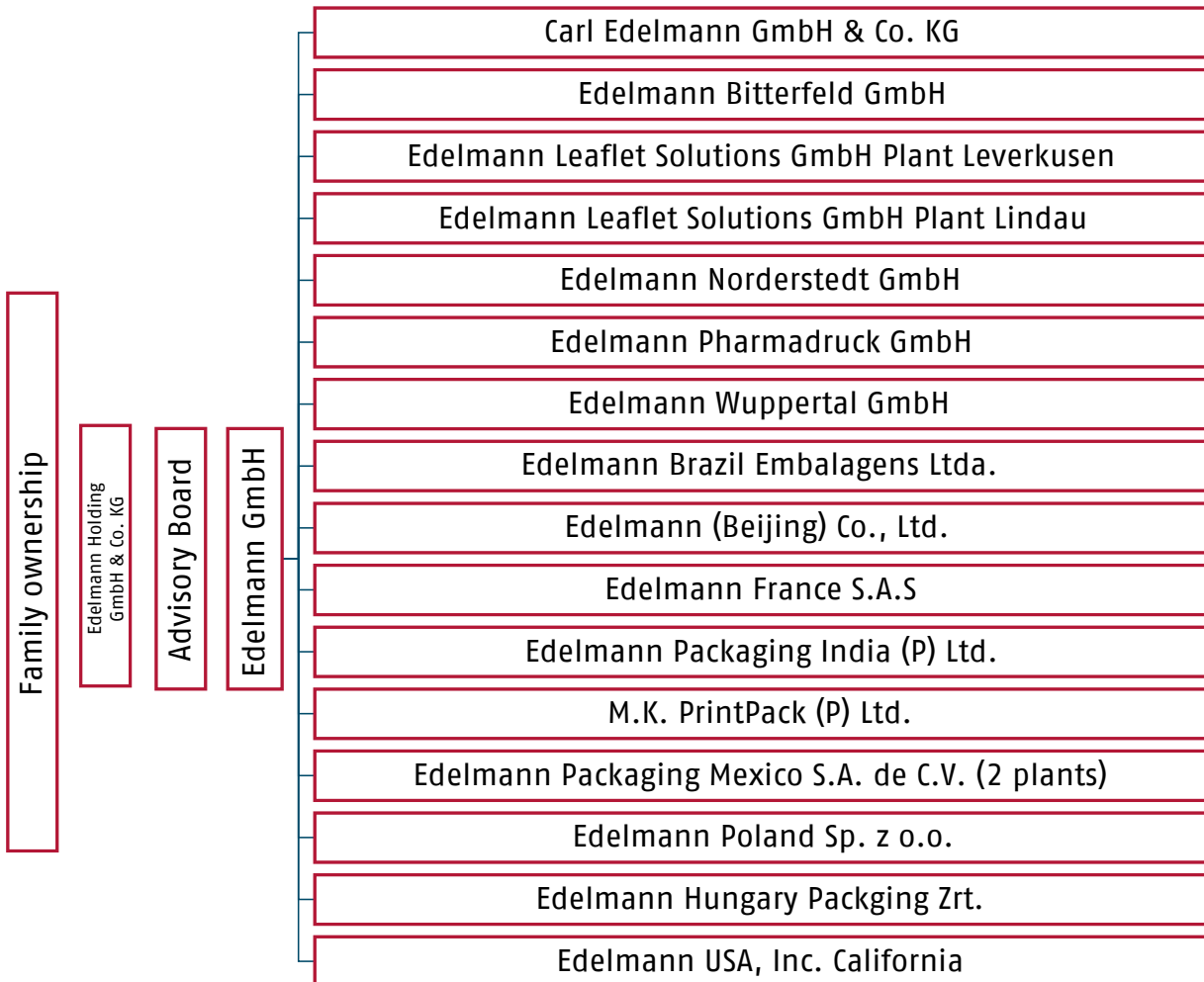
C OLLABORATION/TEAMWORK

We collaborate across all functions, segments and countries. We are committed to common goals based on open and honest communication, while showing concern and support for each other.

T RUST

We follow through with what we agreed to do and always act in a compliant and trustful manner.

ORGANISATIONAL STRUCTURE



Edelmann GmbH is a family-owned business and belongs to the Edelmann Holding GmbH & Co. KG. The company is led by the Advisory board together with the Chief Executive Officer Dr. Frank Hornung and the Chief Transformation Officer Jörg Weidenfeld through the Executive Management which is still situated in Heidenheim, Germany.

STAKEHOLDER ENGAGEMENT

Direct communication with our stakeholders and addressing their interests allows our strengthened collaboration. Hence, our key stakeholders are involved in strategic decision-making on a continuous basis. We see this as an important part of our prosperous development with the valuable support of our employees, management team, family business owners, customers, suppliers, local communities, and investors. Below are our key stakeholders that we focus on without compromising the relevance of the rest of the stakeholder groups mentioned above:

EMPLOYEES & MANAGEMENT

Our committed employees are among the most valuable resources that allow growth and development of Edelmann Group. We are 3,000 heads – and hearts. We make sure that our employees feel fulfilled, safe and valued, bearing a sense of belonging to a big family of Edelmann Group. Communication process happens through regular internal meetings whether it is within a department or cross-disciplinary team, regular career development discussions, trainings, company events and annual leadership conference.

FAMILY BUSINESS OWNERS

Since its foundation, Edelmann Group has been a family-owned business and remains so up until these days. It is of very high importance for us to keep the family values and principles and pass it on to the next generations. Therefore, an active involvement of the owners adds this stakeholder group to the key list. We make sure that the family takes a role in the decision-making Board and follows on current changes, contributing with their impact. Hence, regular visits and meetings are held to ensure that the owners participate in the development and growth of Edelmann Group.

CUSTOMERS

Our customers drive innovation and success at Edelmann Group and can rely on us around the world, as we are where our customers are. Our technical know-how, over a hundred-year experience and common passion for packaging can meet the very special demands of our customers around the globe. Regular communication with the customers is enabled through topic-specific workshops, individual product consultations, joint product developments, follow-up meetings as well as frequent both-way visits to discuss some of the current issues.

SUPPLIERS

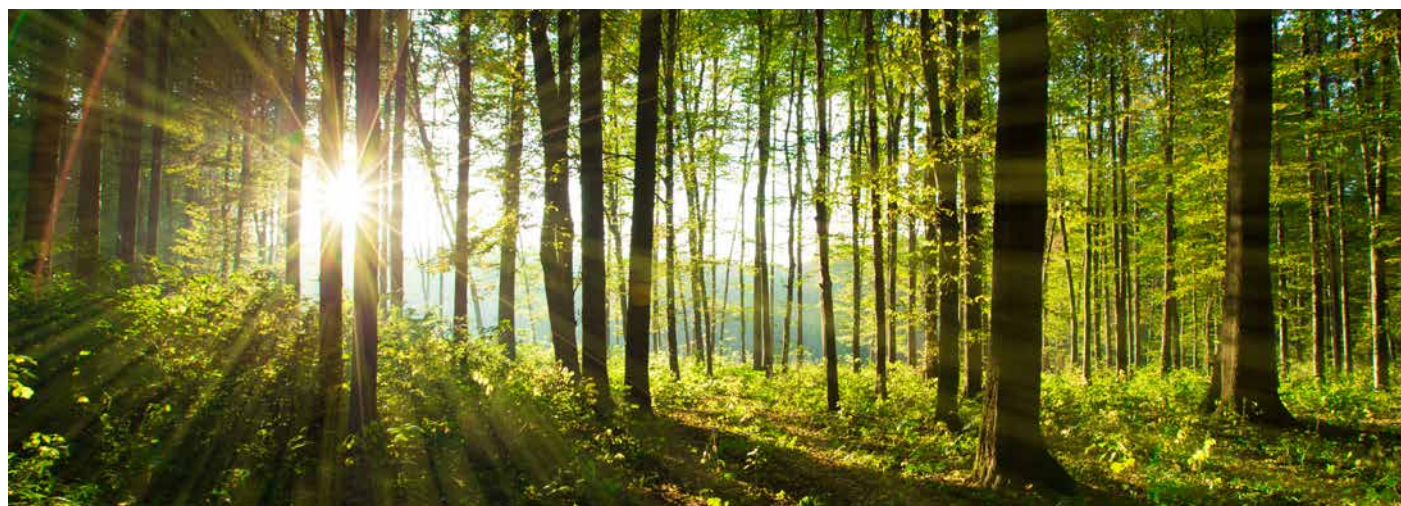
Our valued suppliers are not just supporting us with the manufacturing. Instead, they are our key strategic partners, helping us to achieve better results, keep the know-how and drive innovation through our mutual product development. Therefore, our close collaboration keeps our strong relationships with the key suppliers and allows to follow a clear focus. The communication channels are very diverse from managing our daily work to regular meetings, workshops, company visits, Supplier Fair and joint projects dedicated to new developments and potential improvements.

CSR TIMELINE

Sustainable development has always been at the core of our strategy since the early days of our history. Many improvements have been made since then in relation to resource efficiency, health and safety, employee wellbeing, as well as sustainable innovation. The continuous improvement of all key indicators is the goal we pursue steadfastly. Therefore, we are proud of our long-standing track record of CSR engagement which has brought consistent development over time and yet to bring further opportunities for a long-term healthy growth of Edelman Group.

- 1975-** Surface finishing switches from solvent-based to water-based varnishes.
- 1981** Reduction of pollutants in production.
- 1977** A system for transporting cartonboard waste from the punching and waste stripping sections to the bailing press is commissioned.
- 1983** Calculation bases for determining ink quantities using spectrophotometers, specimen printing equipment and analytical balances are developed.
- 1987** In areas with little natural light, fluorescent lights with electronic ballasts are installed. Ventilation and heating systems are controlled by PC-based management system.
- 1988** Dies for punching machines are dressed in water-based adhesives, replacing spray-type adhesives with propellants.
- 1989** The lightning systems in the production areas are equipped with daylight detection control. Transformers and capacitor oils containing PBCs are replaced. A wastewater treatment system for rinsing water from the varnishing units is commissioned in the offset shop. Three additional press containers are installed for even more effective selection of leftover card waste. A waste and recyclable material collection system is introduced. Process water is heated by means of heat recovery from the compressed air generation process.
- 1991** All the cooling systems become closed systems. A system of leftover ink utilization is commissioned. Computer programs calculate the precise amount of ink required for each job. Disposable pallets are returned to cartonboard suppliers for reuse. A new mixing plant for gravure inks reduces the amount of leftover ink produced. Fire protection insulators from asbestos are removed and disposed of.
- 1992** A desilverisation system for fixing baths used in film development is commissioned. The exhaust air purification system in the gravure printing section is commissioned. Additional warehouse for storing flammable liquids (as per German ordinance on flammable liquids) is built. Offset ink is delivered in 200-litre drums, from which it is pumped pneumatically to the ink-mixing department. 1800 m² corrugated eternity roof containing asbestos fibers is removed and disposed of.
- 1993** The TÜV environmental seal is introduced. Calendar varnishes are switched to dispersion basis without solvents (CE-Gloss).
- 1994** A control system switches off demand-dependent electric power consumers to avoid power surges. Hall heating is fed by heat recovery from compressed air generation

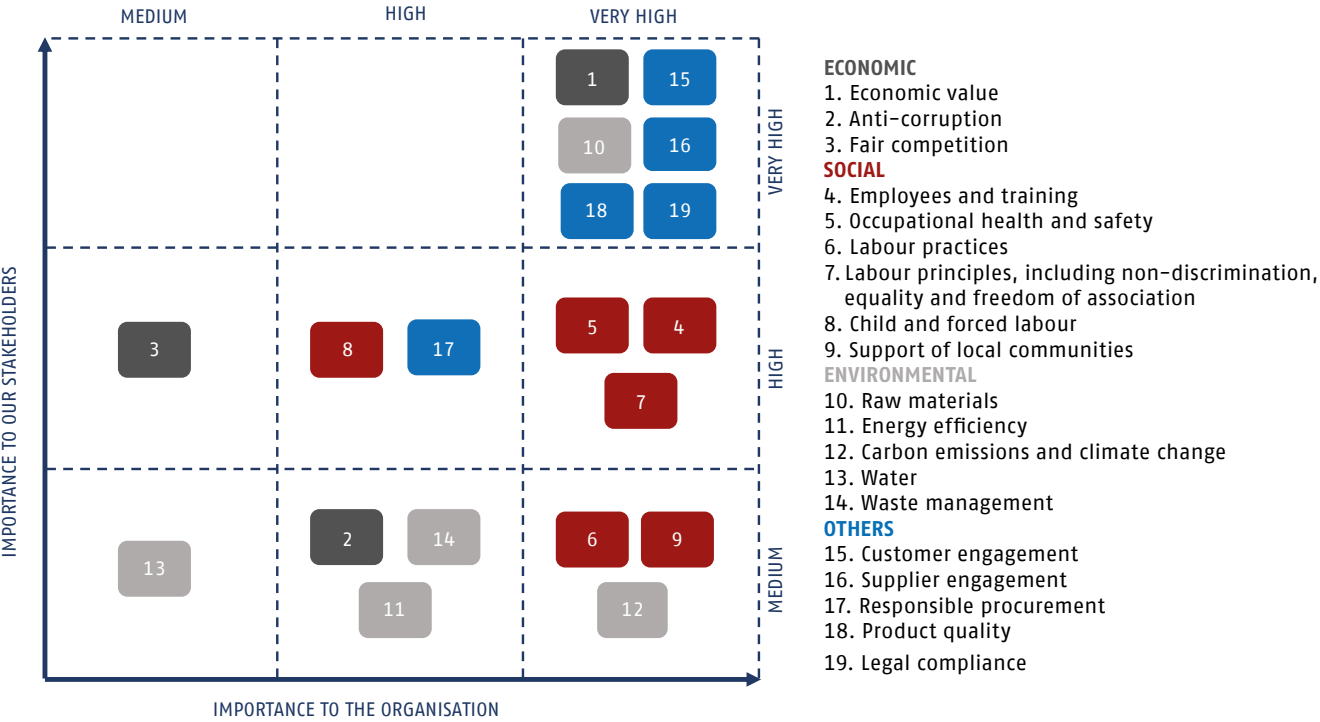
- 1996 Disposal channels and options are highlighted in a Disposal Manual. The building heating is switched to gas. The burners are controlled by oxygen. A filtration system for leftover inks is commissioned. Hydraulic lifts are powered by biodegradable hydraulic oils. The first environmental report is published.
- 1999 Processes to produce pharmaceutical packaging are introduced to the OB section.
- 2000 A fully automated ink-mixing system for offset inks is introduced.
- 2001 Plates are exposed almost entirely using CTP-systems.
- 2003 The automatic transport system FTS is introduced.
- 2004 Logistics and transport workflows are optimized by setting up a central warehouse. The entire roof area in the Weilheim factory is insulated.
- 2005 The Disposal Manual is introduced.
- 2006 Natural gas vehicles are introduced for in-plant transport and city journeys. All processes and workflows are risk-assessed.
- 2008 The ESC office and technology building is built based on the latest ecological consideration. The noise level on the pharmaceuticals production hall is reduced by installing noise-absorbent mats. The factories in France, Heidenheim and Weilheim are FSC-certified.
- 2009 New acquisition of latest indoor concerning ventilation and air conditioning mechanism. Heat recovery in compressed-air system is optimized.
- 2010 Installation of photovoltaics on the roof of the factory in Heidenheim.
- 2013 Installation of a combined heat and power plant. Successful testimonial of an alternative energy management system.
- 2014 Combined heat and power plant is implemented. Installation of the LED lightning in the gluing department. New air compressor with installed heat recovery.
- 2015 The new more energy-efficient factory on the site in Hungary was built. Realization of the Energy Audit DIN EN 16247-1 in all German sites.
- 2016 Introduction of the Code of Conduct. Implementation of Corporate Social Responsibility. Membership in UN Global Compact.
- 2017 Receiving silver status on the rating platform EcoVadis. Replacement of the old heating pumps through a more efficient version. Human Rights Policy is introduced.
- 2018 Updated Supplier Code of Conduct. Development of alternative PET lamination solutions. A-Rating on CDP Climate Change. 2 company-level Environmental Awards.



MATERIALITY ASSESSMENT

Materiality assessment matrix defines the key topics, and therefore the key focus areas. As the interest of our stakeholders towards CSR is consistently rising, it is of very high importance to adapt to their expectations without compromising on our strategy goals. Therefore, it takes a continuous dialogue with the interested parties, especially our customers and suppliers, to identify the relevant material issues. Edelmann Group's materiality assessment is divided into economic, environmental, social, and others. The relevance scale is divided into medium, high and very high importance.

The assigned level of importance depends on the potential impact of our business internally and externally. For example, since water is not heavily used in the production process, it is not within the topics of key importance. As it can be seen from the matrix, the top relevance for both Edelmann Group and its stakeholders is assigned towards economic value, raw materials, customer and supplier engagement, product quality and legal compliance.



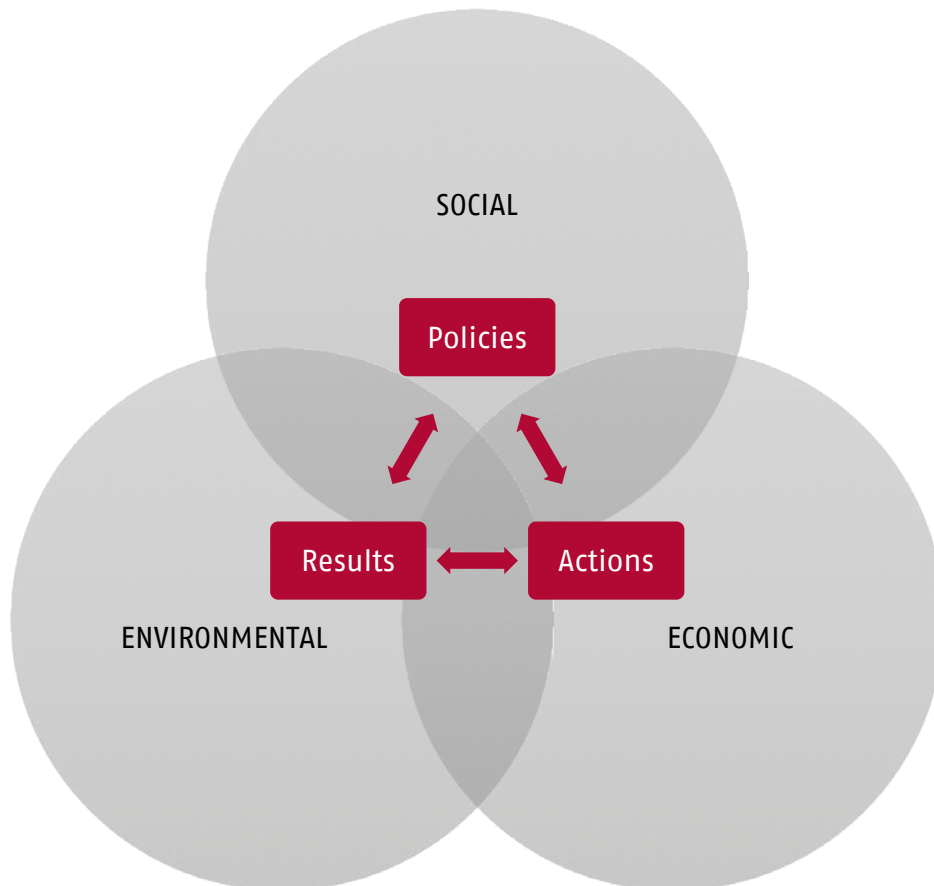
OUR SUSTAINABILITY APPROACH

Following from the materiality assessment, our sustainability approach serves as a leading tool for risk assessment, improvements and overall guidance on CSR development.

The strategy is based on a circular approach. The three pillars of CSR coming from the materiality assessment form the basis of the cycle, showing our focus areas. All three dimensions are of high importance and considered equally throughout the process. Socially, we focus on developing our employees further, training, labour practices, health and safety, diversity and equality, local communities and the key human rights. Environmentally, most of our efforts address energy efficiency, raw materials, emissions and climate change, as well as waste

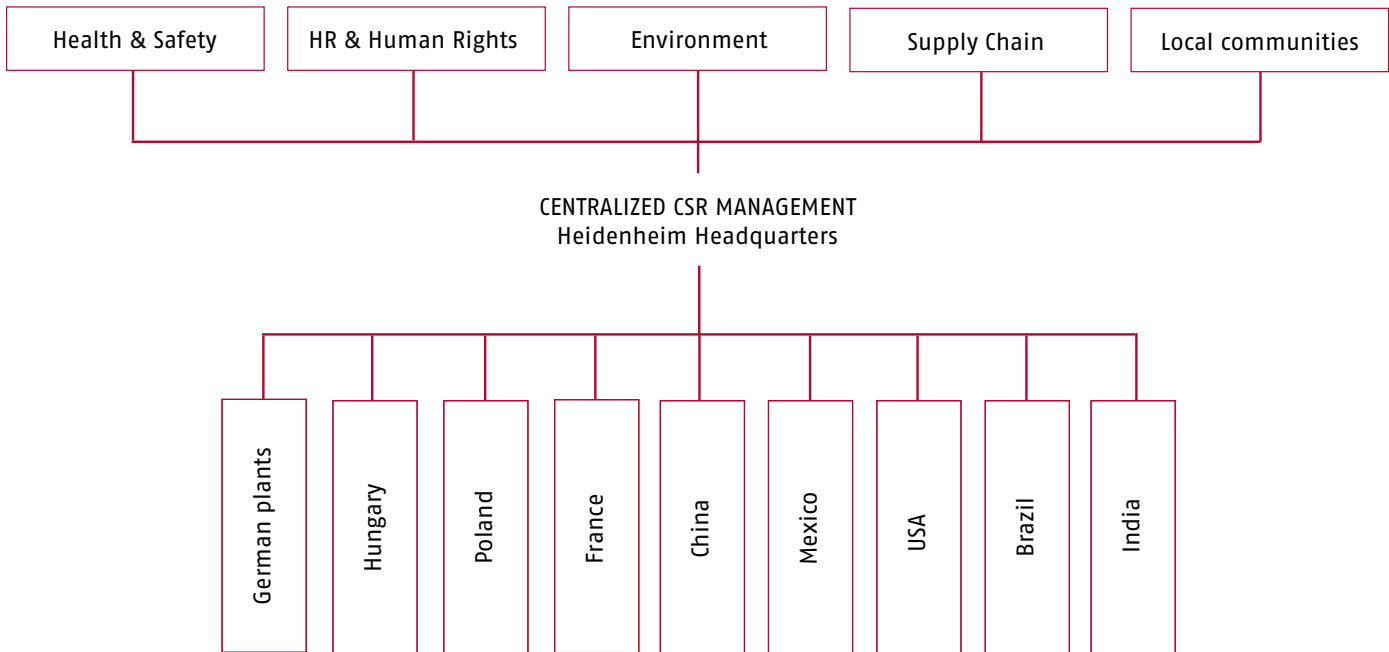
reduction. Economically, the topics of anti-corruption, fair competition and sustainable profitability are key.

Standing on the three pillars, the process follows Policies – Actions – Results approach. Policies not only include our internal regulations and guidelines, but also legal compliance. Actions are our initiatives and projects that address materiality topics. Finally, results are based on well-defined key performance indicators tracked annually. The structure is in line with the Edelmänn Group Sustainability Program 2022 that is further described in each section of the report for the respective topics, underlying our guiding policies, goals, initiatives and latest KPIs.



GOVERNANCE STRUCTURE

Our CSR management is centralized in the headquarters in Heidenheim, leading the rest of the sites and providing guidance on CSR issues. All Edelmann Group sites have a dedicated team, which consists of a general managers, health and safety, HR, environmental and supply chain representatives, who work together, while specializing in their own field to share the best of their knowledge. These five areas have been identified based on the materiality assessment with the goal to address all relevant issues through continuous support of corresponding colleagues. All teams report annually to the headquarters.



EDELMANN GROUP AND SDGs

Sustainable development goals (SDGs) represent a call for action by the governments, corporations and individuals to protect the planet, reduce inequalities and ensure peace and prosperity around the world. The seventeen goals address the 2030 Agenda for Sustainable Development, unanimously adopted by all UN Member States in 2015 during the UN Summit. Companies are expected to contribute with their input, and so does Edelmann Group. While all SDGs bear extremely high importance, we choose to focus on three goals to address the 2030 Agenda.

Goal 3: Good health and well-being

Our care starts with our own employees, as we are responsible for more than 3,000 people around the world. Therefore, ensuring their health and safety, decent work conditions as well as access to healthcare support is our highest priority internally. Our product lines, such as "CEeasy" contribute to address the needs of elderly population in their ability to use packaging with no limitations. Additionally, we invest in multiple charity organizations that hold a significant impact on prevention and treatment of diseases along with supporting research.

Goal 12: Responsible consumption and production

As we are a packaging manufacturing company, it is our responsibility to develop new ways of using the resources efficiently. It refers to the production processes, raw materials used and innovative product development. We focus on energy efficiency, waste reduction, sustainable sourcing and emissions reduction along with promoting lightweight, environmentally friendly materials.

Goal 17: Partnerships for the goals

Our key strategic partners are our customers and suppliers. Together, we can tackle challenges of today through continuous collaboration. Our partnerships are mainly related to the new product development with innovative use of raw material, smart structural design solutions and advanced technology. While the demand is coming from our customers, key strategic suppliers are ready to support us with their knowledge and capabilities.



SOCIAL RESPONSIBILITY



OUR EMPLOYEES

With more than 3,000 employees, Edelmann secures its global footprint with more than a half of employees located in Europe and the rest distributed across Americas and Asia Pacific. With that, Edelmann Group is full of different cultures outlining our diversity.

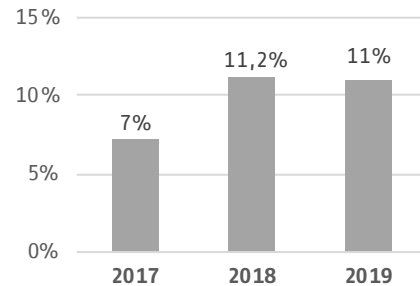
To demonstrate a healthy balance between employees who are leaving and joining, we choose to disclose the average employee turnover rate, that comprises the average value of all Edelmann sites. The rate has remained at the same level and is still well below the manufacturing industry average of 16%.

In our efforts to address the key social issues, we value diversity and equality as a global family business. The split into females and males has slightly changed due to the first-time inclusion of the Indian and the new Mexican plants. The reason for a higher percentage for males is the nature of work itself, as the main share goes to the production, where some tasks may require more physical strength and flexibility, such as late evening shifts. Moreover, there are country-specific variations that have to be considered, as we are operating in India where the family duties may vary, and the prevailing workforce is represented by men.

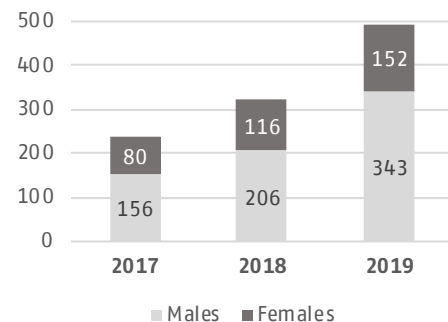
Diversity at Edelmann Group is also transparent through the age distribution with all three groups being sufficiently present. We value young talents as much as experienced professionals, and we believe that only the balance of both contributes to the best results.

Edelmann's freshmen gain an opportunity to learn from senior colleagues, while employees with a long track record may benefit from the fresh ideas and out of the box thinking that we usually observe from our younger employees.

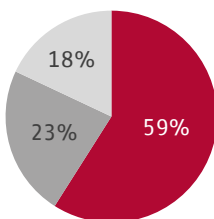
AVERAGE EMPLOYEE
TURNOVER RATE



NEW EMPLOYEE HIRES

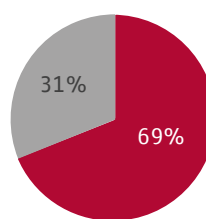


SPLIT BY REGION



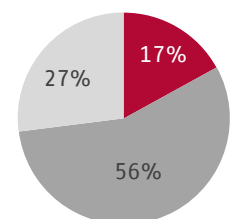
■ Europe ■ Americas ■ Asia Pacific

MALES/FEMALES DISTRIBUTION



■ Males ■ Females

AGE DISTRIBUTION



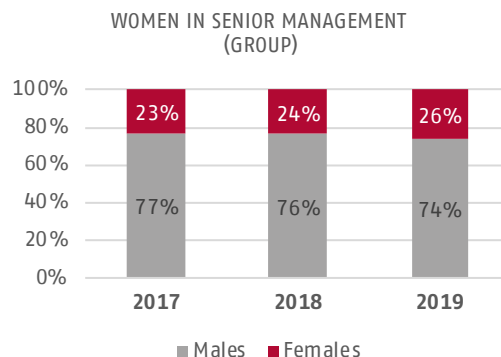
■ Under 30 ■ 30-50 ■ Above 50

WOMEN EMPOWERMENT

As a male-dominant sector, we take the responsibility to empower women, attract more female talents and develop them. Therefore, we have implemented several initiatives during the reporting year to support our efforts. As a proud member of the UN Global Compact, this is also among the ways to support Principle 6 "The elimination of discrimination in respect of employment and occupation".

Women in senior management

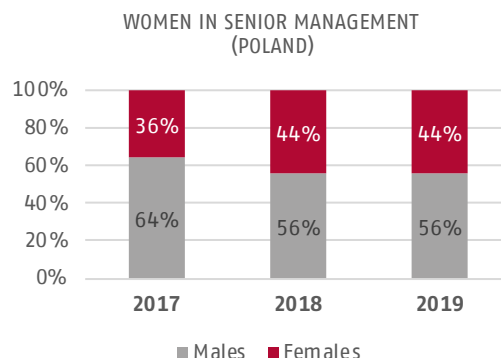
We define senior management as a coordinating/ managing position in middle management having at least 1 subordinate. A higher level is the top management that belongs to a different tier of analysis. The year 2019 has brought an increase in percentage value for women in senior management on a Group level from 24% to 26%. We are aiming to implement more measures to maintain this healthy balance.



Women empowerment in Poland

Our best practice belongs to the Polish plant, where the KPI has remained on the same high level in 2019, steadily outperforming the national indicator by 5%. The split into males and females is close to reach a 50/50 balance, significantly exceeding the Group level and national average already today. The roles of female colleagues vary from production preparation and quality management to accounting and purchasing.

We are eager to develop this initiative further and track our performance. Having a best practice example will facilitate the implementation in the other plants with further focus on Europe.



Girls' Day in the headquarters

Eight girls from 11 to 14 years old took part in the Girls Day held in our HQ in Heidenheim on March 28th, 2019. The program was aimed at promoting jobs in the printing industry for the female target group at the age when they may become interested in following this professional path in the future. The schedule was built around the production tour and a workshop, where the girls could mix the inks on their own or glue the folding boxes together with our expert employees.



AS A FEMALE IN A MALE DOMAIN

Jana Katzer decided to become a packaging technologist after her secondary school graduation. Her motives are understandable: „I always wanted to learn a technical job“. She is in her first year of training and she is passing through all the specialist departments of folding carton production at Edelman headquarters.

In the manufacturing of folding cartons, the packaging technologist is responsible for a huge number of processing steps. These include, for example, creasing, punching, embossing and gluing the packaging products with the aid of computer-controlled machines. Jana can also demonstrate her creativity when it comes to developing new and individual folding boxes.

To this day this profession is still a male domain. Jana is the only female in her apprenticeship year – and thinks that's a pity: „I see absolutely no disadvantage in being a woman in this profession. After all, I can do everything that my trainee colleagues can do. And if I need to lift something, there's a forklift.“

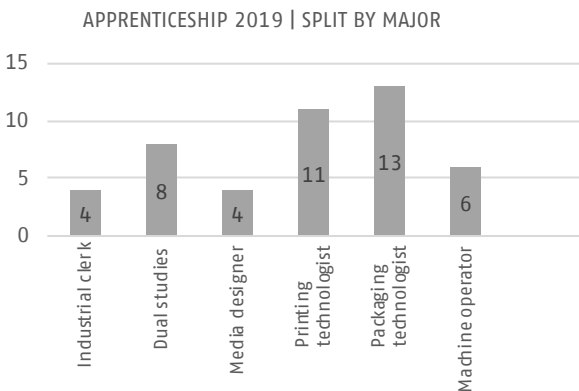
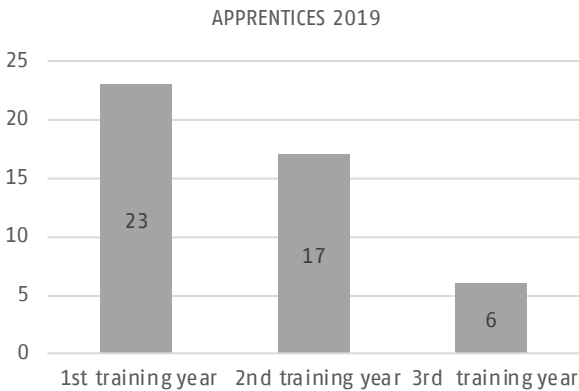
At the Edelman Group, training is purely production-focused. This means that there is no training workshop, but instead a supervisor who looks after the trainee in each specialist department. The trainees are therefore involved in the production process from the early days and learn about the diverse tasks. Numerous production technologies are experienced during the running operations, and the apprentices take responsibility for their own actions. This means that they do not produce „practice samples“ – what they produce together with the skilled personnel is what actually being delivered to the customer. „This feeling is just great when you see what you have done, and that it has a practical use and doesn't just end up in waste“ – says Jana.



APPRENTICESHIP

Apprenticeship is an excellent way to attract the best talents at the early stage and nurture the young professionals with knowledge and experience. Apprenticeship refers to the long-term employment that lasts on average for 3 years. For some of the students, we work in collaboration with academic institutions, such as the Cooperative State University Baden-Württemberg (Duale Hochschule Baden-Württemberg). Thereby, every year students are spending the working part of their dual studies with us, while they are learning the academic side at the university. Some students are later resumed as full-time employees. Additionally, we provide opportunities to trainees who spend 3 to 6 months at Edelman either as part of their studies or as an additional professional experience.

A total of 46 apprentices were enrolled at Edelman: 50% in their first year, 37% in the second year and the remaining 13% in the third consecutive year of apprenticeship. Eight apprentices are part of the Dual Studies Program in our headquarters in Heidenheim. Overall, the locations in scope are Heidenheim, Weilheim, Wuppertal, Lindau, Leverkusen, and Bitterfeld.



OUR APPRENTICES

We value every talent and invest sufficient time and efforts in the development of our apprentices. Let's hear what they say about their time with us:



As a trainee, I pass through all departments and thus gain a comprehensive insight into all areas of the company. At Edelmann you learn very early on to deal with responsibility. As I am the end user of our products, it is always exciting to discover the finished folding box in the store. If you participated in the production process for this and then can finally buy the product yourself, it is a proud feeling to be part of the Edelmann Group.

Tessina Gassner,
Industrial clerk

The most interesting project so far was the design of a brochure for the trainee workshop. We could design and create the complete brochure ourselves – from the first draft to the final printing. I really like the supervision of the trainees – you always feel well-advised and welcome. My supervisors put a lot of time and passion into their work. Besides extreme professional competence, both also convinced me with their personal and human side.

Tim Miller,
Digital and Printing Media Designer



It is very exciting to experience the development from the first idea of a packaging to the final product together as a team. The planning of a product in sales has been my most exciting task at the Edelmann Group to date. The sum of countless influencing factors in production had to be considered here, which involved intensive preparation.

Michele Maisl,
Dual Studies Business Administration

As part of my work, I already set up the machine completely on my own for the first time, overcoming very challenging constraints. The head of my department inspires me, as he is able to manage the stress level and solve any problem in the best way.

Michael Migas,
Machine Operator



EMPLOYEE TRAINING AND TALENT DEVELOPMENT

As we strive to secure high competence, we invest in continuous training and development of our employees. The responsibility lies within our Human Resources department along with the responsible managers, depending on the topic. Trainings are held for both production and administrative employees.

TRAINING

For every new employee across all Edelmänn sites, a training session is mandatory for health and safety, business ethics and conduct, and data privacy. Along with a dedicated session for each topic, newly arrived employees get acquainted with the mission, vision, and values, Code of Ethics and Conduct as well as internal company policies.

As for the existing employees, they receive an updated training on these issues every year. Safety instructions are of highest importance to the production, and therefore, they are continuously improved, while every production worker is obliged to attend regular sessions. We use training confirmations which need to be signed to keep a track on the current status. The safety instructions are also available on our Intranet for easier access any time.

We managed to maintain the same level of training hours in 2019. Around 40% are dedicated to Health & Safety, 10% to business ethics and conduct, 10% to data privacy and the remaining 40% is for the development of our employees – special skills training, language courses and talent development. For example, 20 Edelmänn employees worldwide have attended a 3-day negotiation training that will contribute to the success of their different roles.

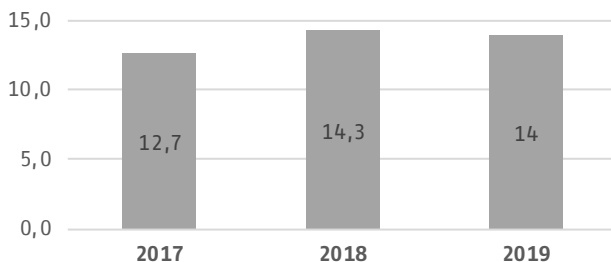
DEVELOPMENT QUESTS

To address talent development in an innovative way, we have partnered with Development Quests during the reporting year to run a pilot program with 2 of our employees. Development Quests is the essence of rethinking talent development through gamification elements, personalised journeys and real challenges pushing the participants forward in both their career success and personal strengths.

We have seen a very positive development with 2 of our employees who completed their own journeys over a period of several months with full support and guidance from a personal DQ Coach.

“My Journey with Development Quests has been eye-opening, full of challenges and rewarding at the same time. The biggest value of the Journey was the way it pushed my boundaries and made me accomplish challenges I would unlikely tackle on my own – just like it encouraged a self-analysis that’s been hard to even start in a daily routine everyone has. Weekly Check-ins, customized Quests and a very flexible approach would be just a few of many other tools supporting you. Going on a DQ Journey requires great commitment, openness to the Coach and courage as well – yet it’s so worth it to face yourself outside the comfort zone and see what development it brings, both as a professional and as an individual.” – says Elina Iamsia, our CSR Coordinator and DQ participant.

TRAINING HOURS PER EMPLOYEE



GROUP ENGAGEMENT

Being a global company operating worldwide also brings some challenges, such as efficient communication across all sites. To tackle this topic and bring the Group's engagement to the next level, we have maintained the Leadership Conference and Company Awards in 2019.

Leadership Conference 2019

The Leadership Conference was intended for all plant managers of Edelmann Group as well as the central department leaders. All sites participated in the conference, held on the 22nd – 24th of January, 2019. The conference was a three-day event with diverse topics being covered. The speakers and discussion leaders were both internal and external depending on the scope of the topic. The opening featured the review of 2018, general outlook for 2019 and an update on the latest Group initiatives. Other topics were related to innovation, marketing, technology, strategy, procurement and supply chain as well as multiple workshops, interactive sessions, and evening programs took place. This way, the event was also designed to bring the team closer with these three full days

spent together. Sustainability was also among the topics discussed during the conference, as it is among the key points of our strategic development.

Edelmann Awards 2019

We have implemented the internal Award program in 2019, following the practice of 2018. The idea behind it was to reward best-performing sites on a range of indicators. Among other winners, Safety Award went to the US plant, Efficiency Star was awarded to the Polish site, and Cooperation Award was taken by the Central Procurement department in Heidenheim.



OUR CORE SOCIAL AND ECONOMIC PRINCIPLES

Our key social and economic principles are documented in our core policies, such as the Code of Ethics and Conduct and the Human Rights Policy. All employees, including new and current, are trained on the main topics annually to ensure the same level of knowledge across all Edelmann sites. This practice is of very high importance to address the key issues of business ethics, fair business practices, and human rights. With this, we support the corresponding SDGs and the principles set by the UN Global Compact, where Edelmann Group has been a proud member since 2016.

Anti-corruption

All our employees are aware of the need to be careful about accepting and offering any kind of benefits that might pose a threat of binding dependence. Excessive advantages coming to/from our suppliers, customers, or business partners must be reported, and are subject to disciplinary actions. If there is uncertainty regarding the value or nature of the gifts, offers, or invitations, our employees are advised to contact senior management and request a written consent, if needed. Since most of Edelmann sites are operating within socially favourable countries, the risk of corruption is assessed to be relatively low. For the reporting year 2019, no incidents were registered.

Fair competition

As commonly known, anti-competitive behaviour may potentially cause unhealthy price changes, affect consumer choices and overall market situation. Hence, Edelmann Group follows the rules of fair competition and takes precautions related to price arrangements, supplier relations, investment strategies, customer relations and corresponding information exchange. No legal procedures related to the violations of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices have been registered under national or international laws.

Money laundering

Money laundering refers to the use of funds that directly or indirectly originated from criminal activities and were later introduced into the business cycle. Edelmann Group strictly prohibits any form of money laundering with criminal charges and disciplinary interventions being used as the means to respond to a potential case. No incidents were registered during the reporting year.

Discrimination

Being a global company also means eliminating any sort of inequalities and discrimination. Based on International Labour Organization's guidelines, discrimination may occur on the grounds of race, colour, sex, religion, political opinion, social origin, or age, to name a few. Edelmann Group supports the presence and implementation of actions to prevent discrimination, addressing a basic expectation of socially responsible conduct.

As a foundation, anti-discrimination training is part of the onboarding program and the annual training agenda. The corporate mechanism in place is referred to as a whistleblowing procedure. Edelmann employees are expected to treat co-workers, customers and suppliers with dignity and respect. In case of misconduct, employees are encouraged to report to the Employee Council, where all requests can be submitted anonymously through the internal post service. Ensuring confidentiality is a key to an efficient whistleblowing system in place, therefore, considering that our Employee Councils represent diverse workforce, the most appropriate further action is guaranteed without compromising anonymity of the claim. If not seen suitable, an employee may also report to a direct manager or any senior representative to take the situation further. We always make sure that all concerns are thoroughly investigated, and preventive measures are taken, if necessary. No discrimination incidents were reported during the year 2019.

Freedom of association and collective bargaining

All Edelmann employees are free to join unions of their choice as well as appoint their representatives who would communicate their interests in the most efficient way. The company then works with corresponding representatives to develop further solutions as a joint effort. The right of freedom of association and collective bargaining is clearly stated in Edelmann's Human Rights Policy, which has been created to address the main social principles of the UN Global Compact. The right is executed through the Employee Councils described in further details in this report – read more on page 30.

Child and forced labour

We refer to child labor as a subject to ILO Conventions 138 'Minimum Age Convention' and ILO Convention 182 'Worst Forms of Child Labour Convention'. Child labor refers to an abuse, which is not to be confused with 'children working' or with 'young person's working', which may not be abuses as stipulated in ILO Convention 138. According to the latest ILO Report on child labor, 152 million were in child labour with 73 million being exposed to hazardous conditions. We are strictly against it and strictly prohibit any form of child or forced labour. Within Edelman Group, awareness is created through the Human Rights Policy, covering child and forced labour. No incidents were registered during the reporting year neither within Edelman sites, nor in relation to our suppliers' business activities.

Data privacy

With the lead of our Data Protection Officer, we ensure that personal data is processed and stored securely and does not exceed the required scope. All new employees are informed in detail on the elements of personal data being used at Edelman Group. All employees sign their agreement to store their personal data with the right to refuse data processing for the selected categories. An updated agreement is collected from all employees annually in a digital form. Additionally, all employees have access to Frequently Asked Questions regarding data privacy via our Intranet. **The year 2019 featured the development of policies and guidelines aimed at the coverage of subcontractors and external parties as well as an extensive update of the privacy guidelines and directory of procedures related to the data protection. All the work has been done and validated in cooperation with an external expert.**

Four-eyes principle

In our efforts to address a successful implementation of business ethics across Edelman plants and our work with the suppliers and business partners, the four-eyes principle has been established and functioned since 2017. It means that at least 2 independent colleagues have to double check and prove the following items: supplier approval, payment details of new suppliers and customers, significant capital expenditures and approvals of a certain value depending on the investment group, contracts and agreements, sensitive transactions and invoicing.

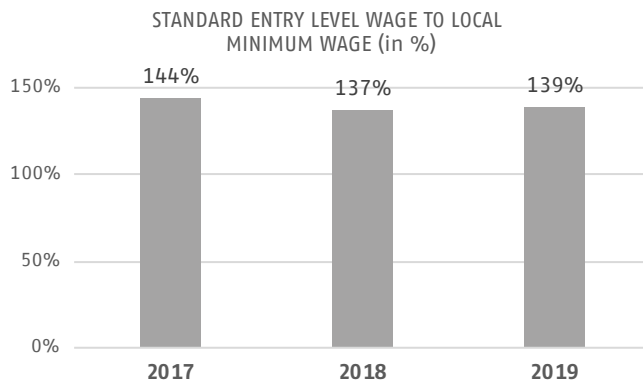
The principle was well-maintained throughout 2019 covering the following departments: General Management, Procurement, Sales, Finance, Accounting, Controlling.



LABOUR PRACTICES

Fair compensation

Fair compensation and working conditions are of high importance to the Edelmann Group. Working hours are set according to the domestic laws in force or to industrial standards. Therefore, at all German plants, employee clock-in/clock-out IDs are used to keep track on the hours worked. Hence, it is ensured that hours on record are adequate. Every employee is informed of and has the right to know the terms and conditions of employment. In each employee's personal contract, the probation period and the length of the notice period are determined. Differences in salary and remuneration between women and men are deprecated in our company. A salary scale with respective categories is implemented to ensure fair compensation. Different salary levels are defined, and depending on one's education, task and years working for the company, one is categorized, and fair compensation is guaranteed.



Employee council

Every plant has its own Employee Council established. While it is required by law in some locations, the rest are involved voluntarily. The committee speaks for the employees' rights and communicates their will to the management. They also have a co-determination right, when it gets to the approval of employees coming in or leaving the company. As they represent the interest of the employees, they also decide about weekend hours and work safety of the employees. If any problems or requests are coming up on behalf of the employees, they are keen on finding compromises and fair solutions. The bound is assembled of 7 members from different departments with weekly meetings in place. In Heidenheim, the Employee Council was implemented more than 50 years ago. The members are working in different departments such as sales, controlling, logistics and CAD. Therefore, a broad coverage is ensured, and the influence comes from a fair sample of the workforce.

Founded in 2018, the German Employee Council continued its operations. It is a selected delegation of members of the Employee Councils from all German plants. They have joint meetings to harmonize their approaches and exchange their experiences. Having this new institution, the communication between the Employee Council and the management can reach the next level. Two meetings were held during 2019.

At our international sites, Employee Councils are organized according to the local law requirements or their own will based on the current needs. They work independently and guarantee a fair representation of their colleagues.



Benefits and work-life balance

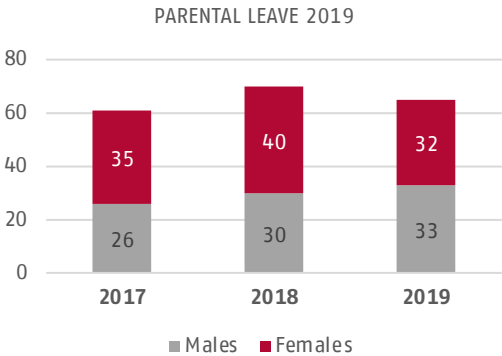
The benefits given to our employees vary between the plants. Normally, healthcare, disability, retirement provision and life insurance are offered. While these are the most common employee benefits, every plant is open for suggestions, and new ideas are welcome to improve the work atmosphere and employees' well-being. It is very common to offer sports club memberships at discounted rates, different store offers and events. Numerous possibilities were available globally during 2019.

Since we are a family-owned business, the benefits for and the incorporation of the employees' families are very important to us. This concern is shown in celebrating a summer party for all employees and their families in Bitterfeld. In this relaxed environment, it is a great chance to get to know the colleagues and their families and strengthen the team spirit. By having the families inside the company and discussing not only work-related topics, a healthy work-life balance is assured. Similarly, at our Polish site, a large grill party is organized for employees and their families around Christmas time. It is a regular get-together with many employees attending. In the US, on Christmas time, meals for all employees are provided to gather all employees together and reflect on the past year. A reward program for safety is also established in our American plant to highlight the importance of work safety. Having access to food tickets and coupons for local services at many plants are available with leisure activities being also supported.

Parental leave

We value the importance of family and support different possibilities of parental leave for both parents. A total of 65 employees took parental leave in 2019 with 53 already returned or planning to return. Depending on a particular country and plant, there are variations on approaches, but one principle is common for all – individual approach. Therefore, the length of the parental leave and the time to come back to work is decided based on employees' circumstances and local regulations.

Notably, 51% of the employees who took parental leave in 2019 were men. We are proud of this equal proportion of men and women taking parental break, and we target to continue this trend further.



HEALTH IS AMONG THE TOP PRIORITIES

Healthy employees – healthy business. We believe that supporting our employees' health pays off in their well-being, performance and overall satisfaction. Therefore, we choose to commit to a health management that goes beyond convenient care. To know more about Health and Safety at Edelman Group, follow pages 33–36.

Employee health check-ups

To ensure the well-being of our employees, regular health checks and examinations are carried out by an external medical officer. Although there are country-specific differences, the common practice is – for employees under the age of 45, a health check is done every 4 years and for employees older than 45 years, a health check is operated every 3 years. Before new employees are starting to work at Edelman Group, they also undergo examination by the doctor to ensure a healthy start and implement any supportive and/or preventive measures in relation to their eyesight, hearing, posture or any special working conditions required.

Hearing our employees' wishes

We have implemented health-related initiatives during the reporting year based on the health survey completed in 2018. Following the suggestions of our employees, as of January 2019, 3 yoga courses held during lunch break in Heidenheim took place. Each course lasts three months on average, and the total participants for 2019 were 44. This opportunity is not only a motivation for the employees to care for their bodies, but also an improvement to their overall mental and physical health.

Additionally, to address a common concern of back pain, a special back training in cooperation with an instructor from the local sports club (Heidenheimer Sport-Bund) was implemented and started in January 2019.

We have observed a very positive outcome from our pilot program in Heidenheim with the health survey and the implementation of common health-related suggestions, therefore the best practice will be spread further globally.

Sports engagement

A team of Edelman also registered to run a half marathon in 2019. To prepare for this event, they were part of a special training for long trail running (Lauf gehts!). By sharing the joy of running, a great team spirit is experienced, and additional health benefits are achieved. Ten employees in total took the opportunity to participate.

In Heidenheim, every year a skiing trip is organized internally. A fun outdoor atmosphere facilitates team building and combines health benefits with fostering a motivational team spirit. Thereby the work atmosphere is expected to improve for future joint work.

In Poland, the Edelman run team was established for a variety of marathons. For example, six employees participated in the Independence Run in 2019.



OCCUPATIONAL HEALTH AND SAFETY (OHS)

We are committed to a safe, injury-free workplace. Within Edelmann Group, this material topic refers to regulations, policies, legislation and actions taken to ensure well-being of our employees and a safe work environment. Each Edelmann site has a responsible health and safety manager, while the Global Head of OHS is located in our headquarters, proactively managing the responsible team worldwide. Monthly OHS reports with KPIs are delivered to the Global Head of OHS for centralized data collection and monitoring. No fatal injuries were registered during the reporting year. Prevention and mitigation of occupational health and safety impacts is managed directly by the responsible team through the OHS system in place, hazards assessments and employee trainings. Edelmann Health and Safety Policy developed in 2018 communicates our commitment towards the issue.

OHS management system

All Edelmann Group plants have a corresponding OHS management system implemented. As the local regulations and national standards vary from country to country, each site adjusts its practices to follow legislation combined with their own initiatives on OHS improvements. Examples of regulating bodies across Edelmann Group are Arbeitssicherheitsausschuss (ASA) for German sites, Comissão Interna de Prevenção de Acidentes (CIPA) in Brazil or Centralny Instytut Ochrony Pracy – Państwowy Instytut Badawczy (CIOP-PIB) in Poland. The core goal is to prevent work-related accidents and advise on mandatory practices along with recommendations to promote preventive measures against injuries and diseases. 100% of our employees are covered by the implemented OHS system, including subcontractors. General preventive measures, such as production shoes, earplugs, special uniform are implemented across all sites.

We follow sector-specific guidelines, classified as manufacturing, that allows us to recognize potential risks linked to the industry. All plants function by the combination of their internal OHS employees and external audit organizations to support them in risk assessment. It is very common to have an external advisor who follows the implementation of required actions. Monthly safety meetings are held internally to discuss current topics and monitor the progress.

Hazards assessment

Either required by law or voluntarily implemented, our plants perform an independent hazards assessment annually or every two years, executed by a third-party organization. The goal is to identify potential risks in relation to substances, noise, dust, machines and work processes as well as develop preventive measures and/or require immediate or potential future actions. Therefore, hazards assessment reports are classified into:

- » Work activity;
- » Hazard cause;
- » Protective measure;
- » Risk category;
- » Improvement measure
(obligatory or recommended)

Audits from the reporting year have not revealed any high-risk activities, while all recommendations will be implemented in within the course of the next 2 years, including several preventive measures. In addition to the assessment provided by an independent third-party audit, an internal procedure is in place to ensure that all new substances are safe to the employees. Hence, any development or introduction of a new substance is thoroughly checked to make sure that it does not pose any risk for our employees.



Employee safety training

Training is the fundamental measure to ensure health and safety of our employees. Appointed OHS managers are responsible for development, implementation and monitoring of the training procedure, sharing the best practices among each other. While our administration workers are trained annually on safe work practices and protection measures in case of visiting productions floors, the main focus is on ensuring a safe workplace for production employees who deal with potentially risky work activities, processes and substances. The full training program is obligatory for all new employees, while the existing workers are trained annually and upon demand, i.e. if new substances or machines were introduced. Overall, the trainings are divided into:

- » General briefings
(why it is important, how it is managed);
- » Tool usage instructions (e.g. forklifts);
- » Substance instructions (e.g. flammable liquids)
- » Different work activity instructions
(e.g. stacking, lifting and carrying items)
- » Fire safety;
- » Procedure in case of emergency;
- » Procedure in case of an injury;
- » General health and safety instructions
(e.g. production safety shoes, recommendations on sitting posture for admin employees)

Detailed instructions and guidelines are available for each category, describing the material, process or activity, followed by the explanation of safety signs and preventive measures. All training sessions are documented and require a signature of a supervisor and the employee in question. The regular procedures were completed in 2019.

Employee engagement

All safety guidelines are available through Edelmann's Intranet that can be accessed by any employee. As an improvement to this efficient communication measure, all instructions were also printed and spread over production floors in 2019 for easier access that does not require Intranet use. Our employees participate in development and modification of the existing OHS system by either directly communicating their message to the responsible manager or through a labour union representative, such as in France and Hungary. The USA plant implements an employee suggestion program, facilitating communication process. All Edelmann employees have the right to remove themselves from work situations that they assume could cause them or their colleagues injury or any kind of danger.



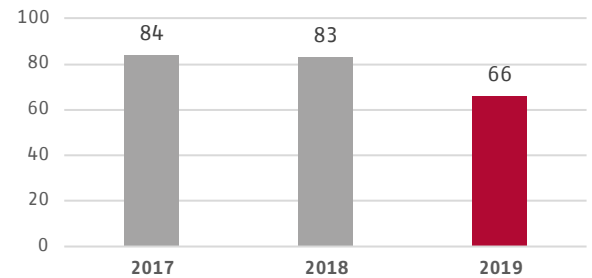
OHS KEY PERFORMANCE INDICATORS

Our long-term goal is to reach zero accidents, while the goal 2022 is ≤ 1 in Lost Time Injury Rate (LTIR) as a global average per 100,000 working hours. Therefore, in order to keep an accurate track record, the following data is collected every month: total number of injuries, injuries of <3 days lost, injuries of >3 days lost and injury causes. Monthly data collection is then followed by the annual review.

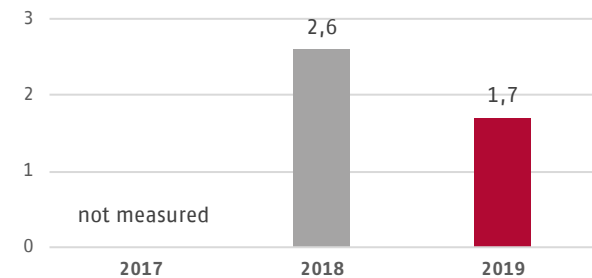
The year 2019 has brought tremendous improvements in relation to all KPIs, including total injuries and more importantly, LTIR. The improved figures result from intensive work throughout the year with bigger and smaller initiatives described on page 36. One of the most remarkable advancements was accomplished in our headquarters in Heidenheim, where the total injuries went from 27 to 14. Several plants reached 0 accidents in 2019, namely Lindau, Leverkusen, Hungary and China. For that reason, they are not included in the chart.

With the LTIR of 1.7 achieved in 2019, we have approached the goal 2022 even closer, and the overall progress is on a good way.

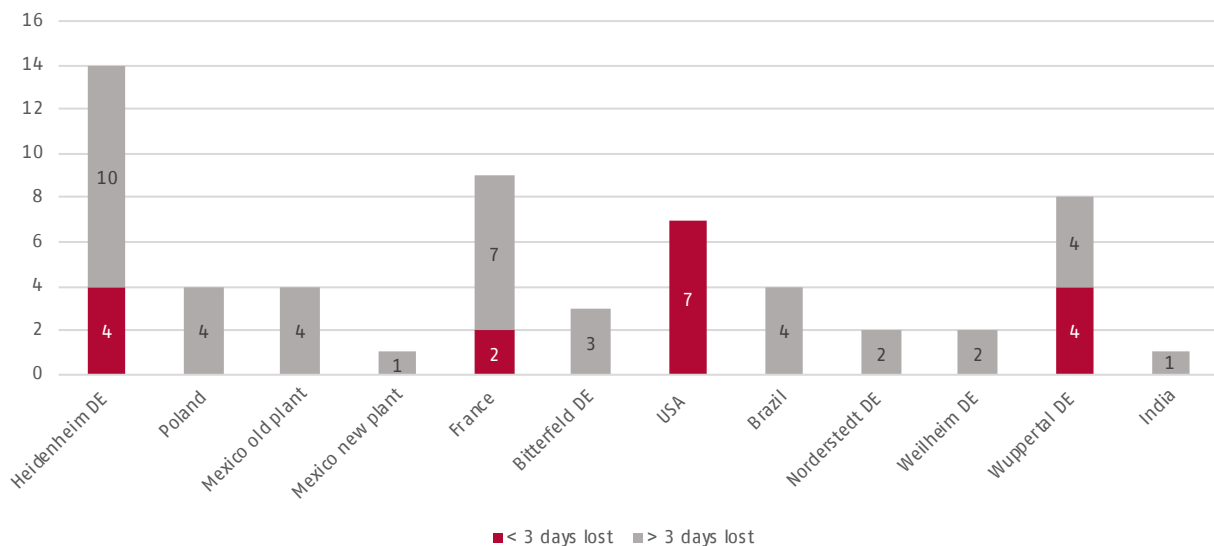
TOTAL INJURIES



GLOBAL LTIR PER 100,000 WORKING HOURS



INJURIES PER PLANT



OHS IMPROVEMENTS

Multiple Health and Safety measures were implemented throughout 2019, already delivering the first positive results. Below we share some of the 2019 highlights.

Heidenheim

- » Coloured markings were arranged on all steps on the production floors to prevent accidental injuries caused by falling down while, for example, approaching the working station

Weilheim

- » Potential mechanical hazards were identified during the audit; therefore, preventive measures were taken by retrofitting the gluing machine
- » A missing marking of the fire extinguisher was restored
- » The industrial truck was repaired to avoid uncontrolled shifts into the 2nd gear
- » Potential dangers in the use of certain auxiliary and operating materials and several hazardous substances were found. Therefore, all colleagues from die-cutting and gluing departments were trained to minimize the hazard impact.

Wuppertal

- » 23 small-scale improvements
- » Replacement of standard knives to safety knives to prevent cuts
- » Optimization of outdoor lighting to secure safe work in the evening/night shifts
- » Installation of protective boards in the die-cutting area to protect against cuts

China

- » Earplugs were located at the entrance of the plant, easily attainable by the workers
- » Warning signs and operation guidelines were installed on the wall of the chemical storeroom

Mexico plants

- » First aid courses were carried out for all production employees
- » Practical course in case of fires was held
- » Safety signs and visual aids were implemented on the production floor

France

- » Additional safety signs were installed on the production floor

Poland

- » Replacement of emergency lighting with LED and automatic central control
- » Modernization of evacuation signs – addition of lighting points, replacement of parts of loudspeakers
- » Verification of the location of fire extinguishers and additional marking of their proper use
- » Operators of printing machines were trained on the knowledge of fire protection rules with practical exercises for using fire extinguisher and extinguishing
- » Update of hazards at work positions in 4 departments at 13 positions
- » The principle of removing and inserting the tank by a team of three employees was introduced into the guidelines for the maintenance of printing machines with a WashStar tank.
- » The principle of documented familiarization with the user manual and OHS instructions of the device before starting its repair for the first time was introduced In the Maintenance Department

India

- » Safety shoes, cut-resistant gloves & protective eyeglasses were provided to the employees for the first time
- » Secondary emergency exit was constructed in the canteen
- » Fire alarm system was modified

LOCAL COMMUNITIES ENGAGEMENT AND DONATIONS – GLOBAL IMPACT

The local communities where Edelman Group is operating are of high importance to us. It is both a privilege and an obligation to give back to the society. The main goal is to socially engage with long-term impact. These projects are organised by the plants themselves only in cooperation with the local authorities to acquire, maintain and improve a good relationship with our local institutions. All donations, monetary and non-monetary are provided only to ethical and legal institutions, and we dissociate from any kind of bribery. Other than that, all plants have freedom of choice regarding what kind of organisations they want to promote and in which way. No negative incidents were registered during the reporting period, including the rights of indigenous people.

China

Our plant in Beijing sponsored the printing support for 2 events in 2019. One of them is the Annual Mad Dog Charity festival raising money for orphaned children around Beijing. The second event is the German Ball arranged annually by the German Chamber raising funds for various charity groups in China. We are proud to support these kind initiatives with our printing expertise.

Brazil

5% of the working force in Brazil are students, and we are happy to support them financially to maintain the possibility for a prosperous professional career and a good life quality.

India

Our plant in Chandigarh, India engages in numerous charities and sponsorships. Among them is the donation for community kitchens to support the everyday routine of the locals. Local temples are also financially supported by the Indian site to allow development and improving the quality of conditions. Additionally, in 2019, sponsorship was allocated to the 51st annual Himachal Pradesh Police Sports Meet. As for the sports promotion, local cricket tournaments are supported.

Poland

Every year, including 2019, our Polish plant organizes a picnic to celebrate the Children's Day and share the good moments together in a local community.

Lindau

Lindau plant made donations to the Lindau Children's Festival as well as to the Children's Festival Weißenberg in 2019. Additionally, flyers and feedback sheets are sponsored by the plant for the support of "2019 Trainees' Day Lindau".

Heidenheim

Following our annual practice in the headquarters, a Kids' Day was organized for the six children of 8-9 years old coming from a local school. They had a plant tour, learnt about the printing process through an interactive educational video and glued a few folding boxes on their own. This way, we can encourage the creativity of the little ones and promote the printing industry from an early age.

USA

The plant in Ontario donated money to the local Boys and Girls club to support the development of their activities. Additionally, as in the previous years, we hosted tour groups from local schools to expose students to the types of work that we do and types of job opportunities that students can expect from the printing industry.



HUNGARY – OUR BENCHMARK PLANT FOR THE SUPPORT OF LOCAL COMMUNITIES

Recognizing the great efforts our Hungarian plant is undertaking to support the local communities, we would like to share the highlights of 2019. Among them is the gratitude and acknowledgement from the city government as one of the biggest taxpayers of Zalaegerszeg, in recognition of decisive role in the dynamic development of the town, thanks to the support of further development and operation of the town, and for patronizing cultural, educational and sports life.

Blood donation

39 employees have participated in the blood donation 2019.

Charity run for premature babies

Every year in May, including 2019, employees have the chance to participate in the Charity Run for Premature Infants as one of their social activities. The race is organized by the Ambulance of Prematurity and the Charity for the intensive Care of Children. The race is done in teams which have to conquer a trail run over 56 km. The joy of running is combined with raising money for the Premature Babies Foundation.

Many ways to do good

A new washing machine was donated to one of the local kindergartens, Lakhegy, who needed it – a small action with big impact proving once again that any effort for a good reason can make a difference. Additionally, to support the local high school, the plant also bought a TV for educational purposes. Even more meaningful was the support of Zalaegerszeg Ambulance Station where rescue equipment was provided and allowed greater support of severely injured and sick locals.

Other initiatives

Numerous other acts of kindness included regular support of the S.O.S. children's village, University students from Zalaegerszeg, Church renovation, Animal Protection Association (Animal shelter), General Vascular Surgery Center, National Judo Student Olympics 2019, Sports and Cultural Association, Local government Heart Medicine and Anesthesia for Your Safety program.



"Thank you" gift from the kindergarten kids

EDELMANN FOUNDATION

In 2007, the shareholding family of Edelmann established the “Edelmann Stiftung” – a foundation based in Heidenheim. The purpose of this charity foundation is to generate resources to support art and culture, sport, help for young people and the elderly, public welfare, science and research as well as the protection and maintenance of historic monuments. The foundation has since then financially supported more than 100 facilities and projects with approximately EUR 250.000 – primarily in Edelmann’s hometown of Heidenheim and the local area.

In 2019 the Edelmann Foundation made donations to more than 20 initiatives. The major beneficiaries include “Zukunftsakademie Heidenheim” (Academy of future youth and enthusiasm in Heidenheim), “Kinderschutzbund Heidenheim e.V.” (Child protection association in Heidenheim) and “Opernfestspiele Heidenheim” (Open air Opera Festival Heidenheim).



Open air Opera Festival 2019. Both photos by Oliver Vogel.

EDELMANN SPONSORSHIP

The Edelmann Sponsorship engages in sports and educational support of the local area centralized around Heidenheim. Among the beneficiaries are the internationally league playing baseball team and fencing equipe of Heidenheim as well as the German second league playing soccer team 1. FC Heidenheim. We are also proactively reinforcing multiple projects with schools and universities to strongly support the educational purpose apart from the sports engagement. We are committed to provide all possible resources to the local area and nurture the development of our hometown.

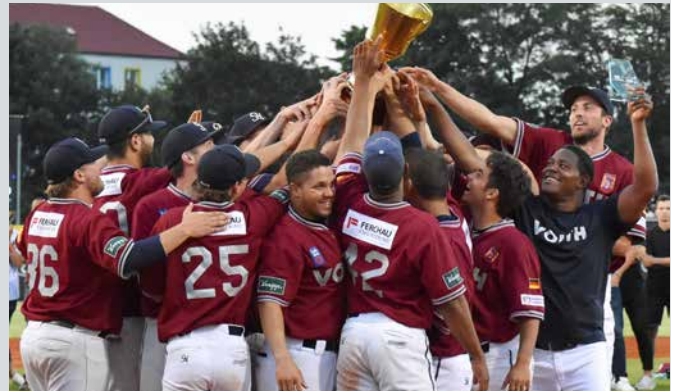
It is our responsibility to extend the positive impact beyond the walls of our own plants. That is why we choose to sponsor associations that promote health, culture and education. The entire Edelmann Group is honoured to be part of this supporting movement that we will further develop in the future.

1.FC HEIDENHEIM
SOCCER TEAM



Photo: 1. FC Heidenheim

HEIDEKÖPFE HEIDENHEIM
BASEBALL TEAM



HEIDENHEIMER SPORTBUND 1846 E.V.
FENCING TEAM



Fencing Days 2020. Photo by Maximilian Rist.

ENVIRONMENT



OUR RAW MATERIALS

INKS AND VARNISHES



More than 60% of the inks and varnishes purchased for production facilities are water-based, excluding the use of strong chemicals. We are committed to the use of inks, varnishes and related products certified as free of conflict minerals and toxic heavy metals. The special focus of 2019 was to eliminate the usage of mineral oil-based inks, where we have successfully launched multiple projects with our customers to facilitate the transition.

BOARD / PAPER



We work exclusively with the cartonboard/paper as the main raw material that comprises up to 95% of the finished product. Cartonboard is a renewable and recyclable material that allows us to maximize the environmental performance of our solutions. We rely on our key suppliers to ensure the wood comes from controlled sources, including FSC, where 100% of our board suppliers can ensure availability, while 90% of our plants are certified.



FINISHINGS

Our main goal is to ensure that decorative finishings do not limit the recyclability of our products. Therefore, we are in continuous research and development of innovative solutions. The year 2019 marks the internal development of PET lamination alternatives that maintain the glossy effect and allow us to build a strong environmental portfolio.

We promote mono material packaging, therefore aiming to minimize all composite material solutions.



GLUE

The glue is used to ensure folding box sealing and closing. We use standard glues which enter a smooth recycling process.

CIRCULAR ECONOMY

Our commitment to the principles of circular economy is at the core of our environmental strategy. It is our approach in the evaluation of our customers' product portfolios, assessment of the alternative solutions and a general guideline of our thinking – holistic and circular. The lifecycle approach enables us to take good care of the scarce resources, minimize waste and ensure recyclability. While we have the internal capabilities to run the lifecycle assessments, we also offer certified calculations via CO₂ compensation projects – read more on page 56.

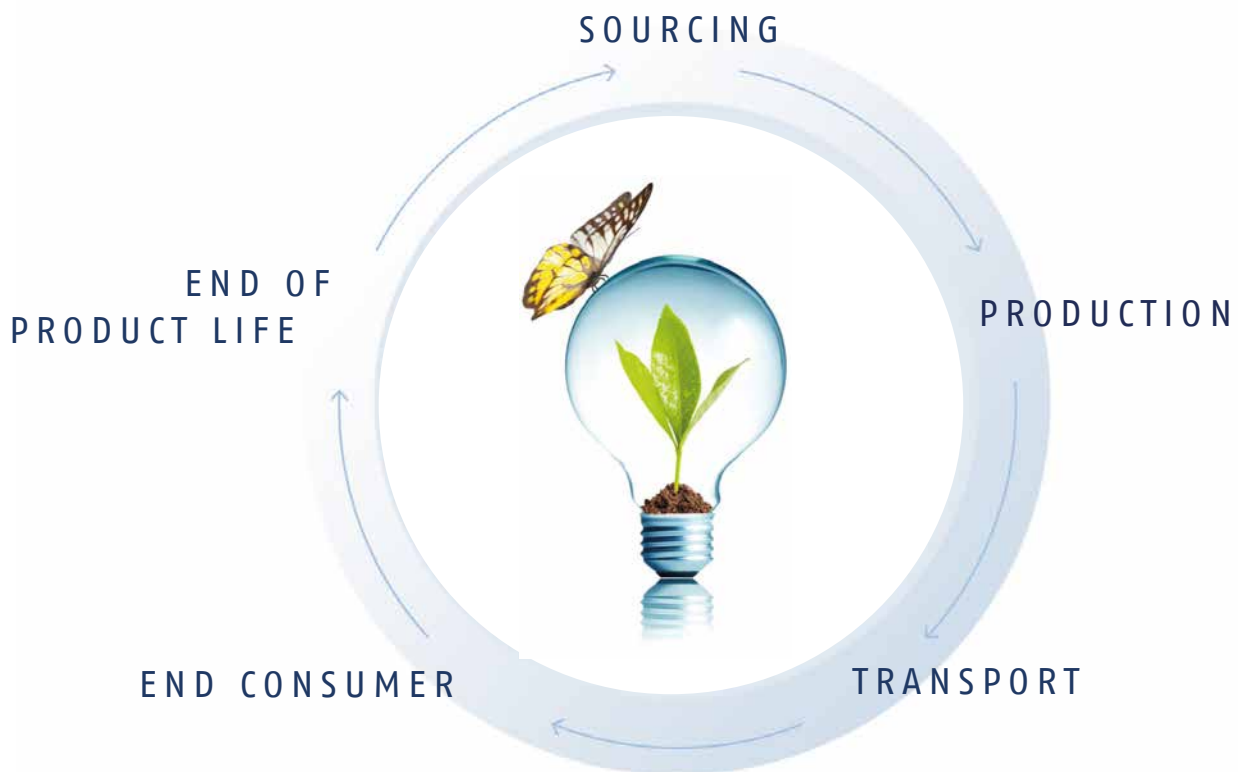
SOURCING: thanks to the support of our key board suppliers, we rely on certified environmental declarations to evaluate the impact from the forest to the sheets.

PRODUCTION: product-specific production steps are included based on plant-specific machines

TRANSPORT: from the supplier to the plant and from the plant to the customer

END CONSUMER: although this is an important part of the cycle, it is outside our responsibility and influence

END OF PRODUCT LIFE: depending on the recycling method, we are able to estimate the end of life impact



CUSTOMER ENGAGEMENT

Following the lifecycle model described above, we took a proactive approach to evaluate our customers' portfolio and organize individual workshops with them to discuss all ideas and alternative suggestions. We followed the same process with the selected customers.

ANALYZE

- » Select product ranges
- » Perform lifecycle assessments
- » Suggest alternative solutions
- » Customer-specific case studies

SHARE

- » Full-day workshop
- » Present all solutions & share feedback
- » Select "top" alternatives
- » Set up a follow-up action plan

FOLLOW UP & IMPLEMENT

- » Continue joint work on the selected top runner solutions
- » Perform required tests and validation
- » Implement the most feasible solutions

To enable the consolidation of all required knowledge, we have established a working team that consists of colleagues from Commercial Development, Procurement, Key Account Management and Corporate Social Responsibility.

We have recognized that this proactive approach has brought a lot of benefits to strengthen the partnership with our customers. It was a great chance not only to present our solutions, but also share our sustainability journey and efforts across the Group that were very much appreciated.

The main focus of the workshops and our joint work with the customers was centered around the following scope:

- » Building a customer-specific sustainability roadmap
- » Responding to the EU legislation of paper-based packaging
- » Fresh versus recycled fibers
- » Lower board grammage and board alternatives
- » Transport optimization
- » Product construction optimization
- » Finishings alternatives with the focus on PET lamination
- » Inks with the focus of elimination of mineral oil-based inks
- » Recyclability and influencing factors
- » FSC certification

3 full-day workshops
with the key customers

5 small-scale workshops
with the educational purpose for our customers

36 lifecycle assessments
completed for our customers

244 hours
invested in the preparation, development and execution



PET LAMINATION ALTERNATIVE SOLUTIONS

One of the key environmental pillars of the Edelmann Group is recyclability, meaning that it is our top priority to make sure that our packaging can be recycled after usage. Therefore, one of the main focus areas of development in 2019 was around the alternative solutions of PET lamination on a folding box, which is known as a huge barrier in the recycling process. As the need for the glossy effects is very high among our customers, it is our responsibility to tackle the challenge.

A combination of PET lamination and cartonboard creates a so-called composite material. We closely follow all the legislative developments, including the Extended Producers' Responsibility (EPR) and Essential Requirements Review, where composite material is clearly at risk. Therefore, among the environmental benefits and customer demand, legislation serves as an additional driver for the development of new solutions.

While some of the solutions are internal and unique, such as calendar varnish to replace transparent lamination, we have also partnered with our suppliers to explore further possibilities available on the market. All solutions were tested and validated at our facility, compiling an extensive analysis, including technical specifications, environmental benefits and visual impact. The solutions were presented in our 8 customer workshops in 2019. Our research and implementation will continue in 2020.



4 in-house solutions
for metallic PET lamination

3 in-house solutions
for transparent PET lamination

5 external solutions
for metallic PET lamination

LESS IS MORE

With the intention to develop solutions that aim at a minimum use of materials, we have launched a project "Less is more" – our initiative to optimize the construction of a folding box coming along with the environmental benefit of using less raw material, cartonboard. With the success of the pilot project where a creme jar was studied, we are capable of transferring this best practice to any other product, bearing in mind the necessary and sometimes restrictive features which cannot be eliminated for the sake of protection and safety of the core product.

In total, 5 different construction optimizations were applied and tested, granting a possibility to move from 9 units on one printing sheet up to 36. That means it is possible to save up to 75% of the total material consumption. The initiative is customizable, as we fully understand that this type of solutions must be tailored to the needs of the customer. During the customer sustainability workshops in 2019, "Less is more" solutions were already presented, and a dedicated follow-up has started.



CARTONBOARD – OUR KEY RAW MATERIAL

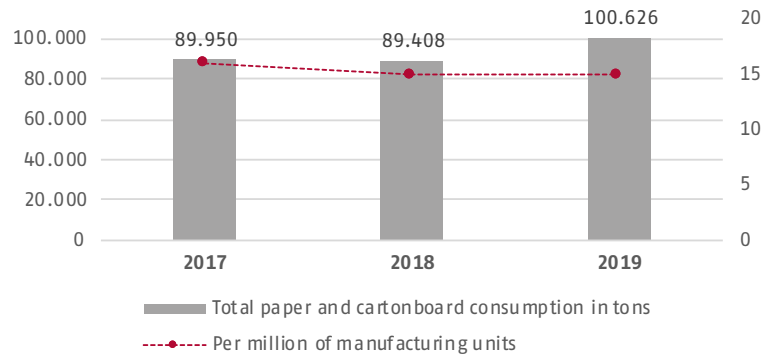
We are proud to support the responsible choice of cartonboard as our key raw material – renewable and recyclable. The total consumption mainly refers to cartonboard with an exception of Leaflet Solutions located in Lindau and Leverkusen, where paper consumption stands for more than 90% of the total due to the nature of leaflet business. While the total consumption has increased in 2019 mainly due to the first-time inclusion of the Indian and the new Mexican plants, the intensity value based on a million of manufacturing units has remained the same – that means that we are still able to maintain the adequate use of resources with the growing production capacity.

Driven by the customer demand, the share of recycled cartonboard has slightly increased from 25% to 26% in 2019. As we see recycled and fresh fibers as part of one interlinked cycle, the existing balance is proven to support a healthy fiber lifecycle.

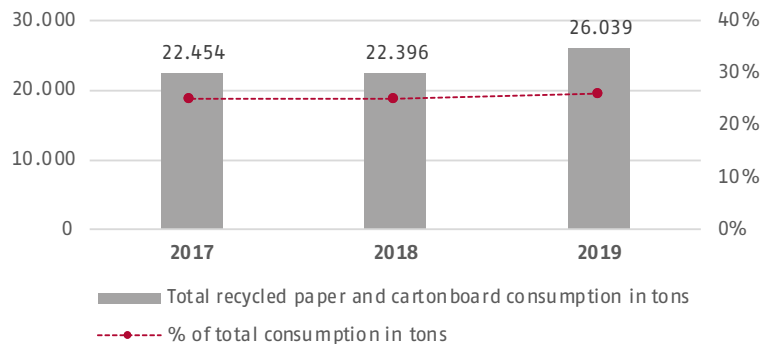
The year 2019 has shown a positive trend in the increasing customer demand for FSC- or PEFC-certified materials. We have seen an increase, both in absolute and percentage values, where a reliable proof is seen that our educational work with the customers is paying off. Even if the customers do not request certified board for their products, we still ensure that all wood is coming from controlled sources together with our board suppliers holding necessary certifications.

As of 2019, 90% of Edelman plants are certified with FSC Chain of Custody.

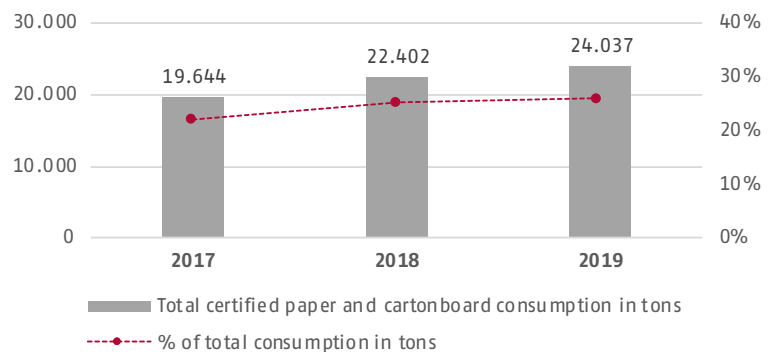
TOTAL PAPER AND CARTONBOARD CONSUMPTION VS INTENSITY INDICATOR



RECYCLED PAPER AND CARTONBOARD CONSUMPTION



CERTIFIED PAPER AND CARTONBOARD CONSUMPTION



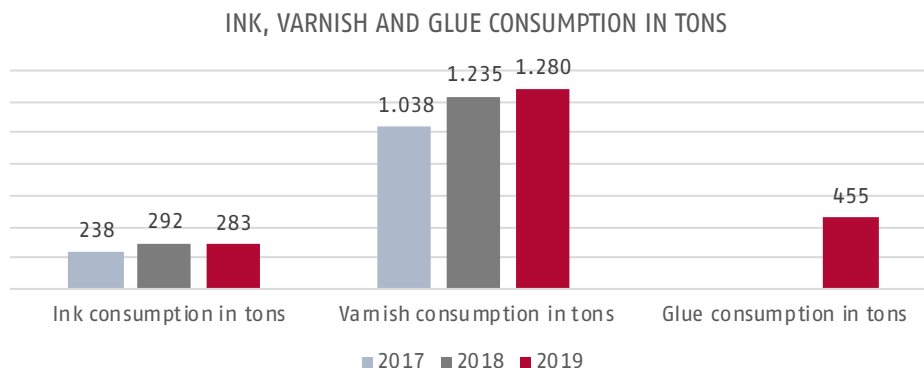
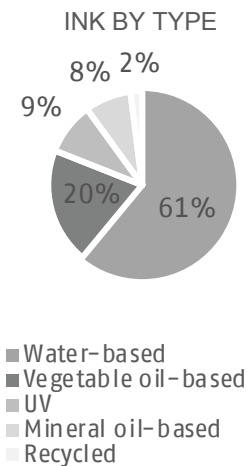
OTHER RAW MATERIALS CONSUMPTION

Apart from paper and cartonboard, inks and varnishes are used to print and decorate our products. Most inks and varnishes are water-based (61%), excluding the use of strong chemicals. We are committed to the use of inks, varnishes and related products certified as free of conflict minerals and toxic heavy metals. Therefore, following our regular practice, we have collected corresponding proof of compliance, such as CONEG and section 1502 "Conflict minerals" of the Dodd-Frank Wall Street Reform Act, provided by our major suppliers in 2019. Additionally, as of 2019 we have collected the data on the glue consumption, as it is also one of the key materials used to seal the finished goods.

One of the main topics in relation to these material groups was the mineral oil-based inks. Driven by the environmental concerns, we have launched a project to facilitate a transition to non-mineral oil-based inks that we can offer already today without compromising the visual aspects. We are glad to report that the campaign was launched with our key customers for a full transfer eliminating mineral oil-based inks. The transfers were started by the end of 2019 and will be completed in the beginning of 2020. The estimated impact is more than 20 tons that will be transferred to non-mineral oil-based inks at the first stage of the project. Surely, we continue to educate our customers through the sustainability workshops, and we target to use zero mineral oil-based inks by 2022, providing that our customers fully support the initiative.

Harmonization of inks

Another initiative of 2019 was to harmonize our inks portfolio based on the types of inks and suppliers used by the different plants. As a result, we have already seen a positive trend in less ink waste, less ink cans needed thanks to the process optimization and easier handling and disposal. Considering that our total production has increased, a decrease in the ink consumption signals a more efficient use of these raw materials as a result of the harmonization project coordinated by our central procurement department in close collaboration with the key suppliers.



SUSTAINABLE PROCUREMENT

Procurement is among the key functions that ensure our strong sustainability performance, as it provides guidance on the critical part of the value chain – sourcing of raw materials. As a guiding tool, we firmly follow our global Sustainable Procurement Policy that outlines the targets, commitments, actions and KPIs. The execution is led by the Head of Procurement located in the headquarters together with the local procurement teams per plant. All initiatives are centrally coordinated, and best practices are shared across the Group, including our close collaboration with the key suppliers, many of whom serve us globally.

BOARD STANDARD SIZES INITIATIVE

A dedicated project was launched in 2019 with the target to optimize the different board sheet sizes. The current total number of different sizes is 1800, as we tailor our orders depending on the nature of the production jobs. Such a high number of different sizes is causing significant overdeliveries coming from the minimum order quantities that we have to follow. As a consequence, more waste is generated from the unused material in stock.

The initiative has the potential to decrease the total number of sheet sizes up to 350 and 10% less overdeliveries as a result of harmonization process.

When the project is completed, a single warehouse with the consignment stock will be established serving the 7 German plants and the other European plants depending on their needs. With this, we will be committed to 100% full truck loads from our board suppliers.

UPDATED SUPPLIER CODE OF CONDUCT

Our Supplier Code of Conduct was updated during the reporting year. With the fast development of our sustainability commitments, we have seen the need to extend the expectations from our suppliers and make sure they share the same values and outlook.

The updated Code of Conduct includes clauses on the economic and general principles, such as anti-corruption, fair competition, money laundering, and data privacy, to name a few. We have also significantly extended the social responsibility and environmental expectations to match our sustainability agenda.

As the update of the Supplier Code of Conduct was extensive, we have collected the new signatures from the key existing suppliers as well as the new suppliers to confirm their commitment. We view our suppliers as strategic partners who would assist us in strengthening our sustainable procurement practices through a continuous dialogue and collaboration.

20 clauses

in total were included in the updated CoC, covering economic, social and environmental pillars

85%

of the existing key suppliers have committed to the updated CoC

over 85%

of sourcing is done locally with as high as 60% in Americas and Asia

100%

of the newly joined suppliers have committed to the updated CoC

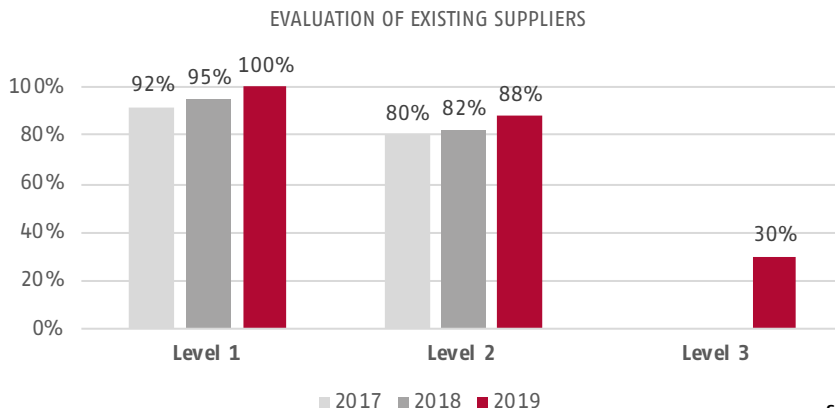
SUPPLIER ASSESSMENT

Edelmann Group has a long-standing relationship with its key suppliers, based on trust, transparency, and mutual interest towards a better future. In order to develop appropriate procedures that consider the order volumes, nature of the product/service and serving footprint, we follow a 3-level structure for our suppliers. Level 1 refers to the raw materials which are directly part of the finished goods, e.g. board, inks, varnishes and so forth. Level 2 includes the raw materials and services which are either directly in contact with the finished goods or have the potential to affect the quality and safety of the products. Level 3 refers to the administrative goods and services, having no link to our core products. For that reason, Level 1 and Level 2 are seen as critical, and Level 3 as basic, non-critical.

EXISTING SUPPLIERS

Our internal supplier evaluation is implemented on the plant level, except global suppliers which are monitored centrally in Global Procurement. The annual process includes the evaluation of 8 different pillars, including sustainability, where supporting evidence is assessed such as the Sustainability Report, EcoVadis ranking, CDP ranking along with our joint work, i.e. whether any projects were launched, how well-informed we stayed throughout the year on the latest developments of the suppliers, especially with the focus on social and environmental improvements. Under sustainability pillar, criteria are listed with the corresponding weight. Each criterion is assessed on the scale from 0 to 7.

Our priority is to focus on Level 1 and Level 2 suppliers, however, we have also started with the evaluation of Level 3 suppliers, although they are not related to our manufacturing process and/or finished goods.



NEW APPROVAL PROCESS OF THE NEW SUPPLIERS

With the intention to maximize transparency and credibility as well as to standardize supplier approval process globally, we have established a new process of digital supplier approval, split into different workflows for different supplier levels. As a rule, all standard details have to be provided along with a self-assessment questionnaire, signed Supplier Code of Conduct, confidentiality declaration, and the terms and conditions of purchase. Self-assessment includes, among quality-related standards, all relevant questions on the sustainability performance that have to be validated with the corresponding certifications, reports or any other form of proof. Level 1 and Level 2 suppliers are assessed by the authorized colleagues from the quality department in the first place, followed by the evaluation by the procurement department – upon positive confirmations from both, the supplier can be added to the pool. Level 3 suppliers are only approved by the Procurement department, as no risk is involved.

100%
of Level 2 new suppliers were evaluated; the new platform will be in use as of 2020

100%
of Level 1 new suppliers were evaluated, 30% of which with the new approval platform

ENERGY CONSUMPTION

Energy efficiency is part of our Environmental Concept, committing to energy preservation initiatives. The scope includes our plants, tools, processes, equipment and everyday work practices. Each site employs a responsible manager who takes care of environmental development, including energy management. The Global Head of Environmental management is located in Heidenheim. Purchasing electricity generated from renewable sources, namely hydropower, still remains the most notable energy-related initiative for all 7 German plants. The power source has been verified by the German Federal Environmental agency.

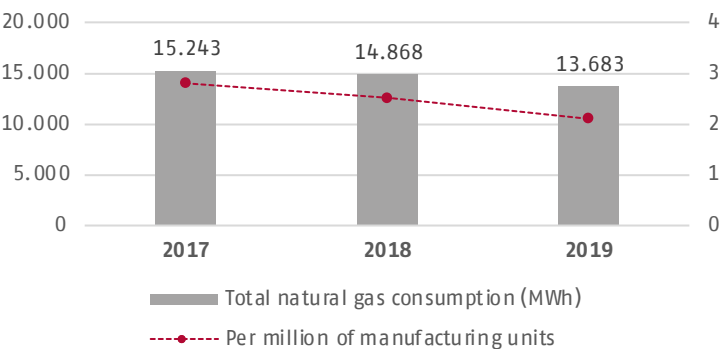
ENERGY CONSUMPTION OVERVIEW

The total energy consumption consists of electricity consumption, district heating used in Poland (936 MWh in 2019 – not included in the charts) and natural gas for the rest of the sites. The natural gas consumption has decreased by 8% against 2018 and by 10.2% against the base year 2017, accompanied by the decrease of the intensity value from 2.8 in 2017 to 2.1 in 2019.

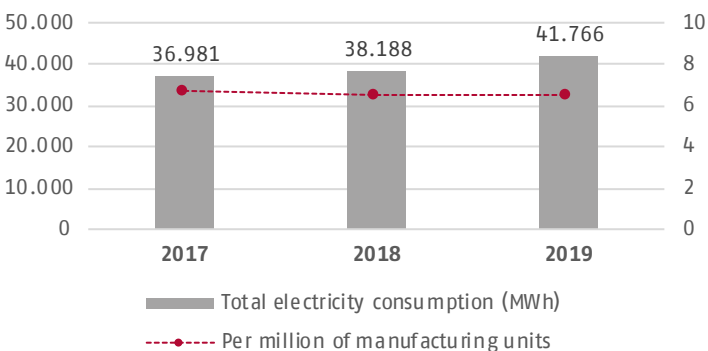
The absolute total of electricity consumption has increased due to the first-time inclusion of the Indian and the new Mexican plants. However, looking at the intensity figure, we have remained at the same level as in 2018, maintaining a 3% improvement against the base year 2017.

Looking at the targets 2022, we are on a good way to achieve our goals. The reason for a decrease in renewable energy consumption is the reporting of the new locations in total consumption, while the sites that use renewable electricity haven't changed.

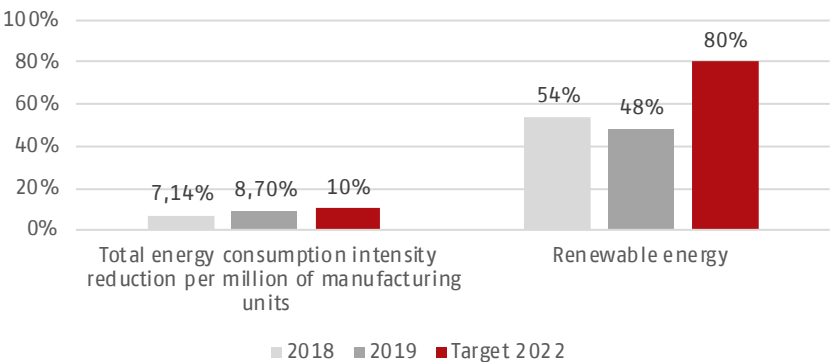
TOTAL NATURAL GAS CONSUMPTION VS INTENSITY INDICATOR



TOTAL ELECTRICITY CONSUMPTION VS INTENSITY INDICATOR



TARGETS VS RESULTS



ENERGY REDUCTION INITIATIVES

GLOBAL PROJECTS

Some of our initiatives are implemented at the Group level. Examples from 2019 include:

LED lighting

We continue to implement LED lighting in our plants. Our plants in Bitterfeld, Heidenheim (pharma production hall), Wuppertal and Brazil have successfully completed the switch.

Energy efficiency of electronic devices

As of 2019, the consideration of energy efficiency is prioritized in the selection of electronic devices, such as laptops, monitors, phones, etc. It has been implemented as a company policy.

New forklifts

We have switched to a new forklift supplier, having purchased more than 100 forklifts globally for our plants. The new ones have fixed loading hours and switch off automatically when they don't need to be charged anymore.

WEILHEIM

The new heating control system is able to react sensitively to climatic changes by heating or cooling more or less in real time. As a result, heating and air conditioning do not run permanently, but only need-based instead. Significant improvement was seen in 2019 with 461 MWh (37,1%) reduction in natural gas consumption and 167 MWh (8,8%) in electricity use.

LEVERKUSEN

Smaller actions can also make an impact. With that, our plant in Leverkusen has implemented small measures, such as switching off compressed air systems during the weekend and turning the lights off in the unused areas during the night shifts.

BITTERFELD

Significant optimizations were completed for the ventilation and heating systems, to name a few:

- » Lowering the temperature in one of the production halls during summertime and use the heat generated by the machines instead;
- » The maximum flow temperature of the heaters was changed to a lower degree;
- » Automatic control of the heating pumps, so that only 1 pump is working, while the reserve pump is turned off;
- » The running schedule of the heaters in the offices and changing rooms was adjusted from 24/7 to nighttime and weekend reductions;
- » Hot water schedule was adjusted from 24/7 to a 5-hour shutdown on Sundays

The implemented measures in Bitterfeld already led to the first positive results: 74,5 MWh (8%) reduction in natural gas consumption and 267 MWh (12%) electricity savings in 2019.

HUNGARY

Accomplished in 2016, an energy-efficient technology was developed for our Hungarian plant in collaboration with the experts from heating, ventilation, sanitation and electrical installation. Latest technologies were implemented to address energy efficiency as part of our environmental agenda. We continue to see the benefits with the natural gas consumption having decreased by a whopping 39% (436 MWh) in 2019 compared against 2018.

INDIA

The introduction of the automatic mode of operating cooling towers has enabled energy savings from an average consumption of 75 MWh/month in 2018 to 62,5 MWh/month in 2019 that equals to 17% saving improvement.



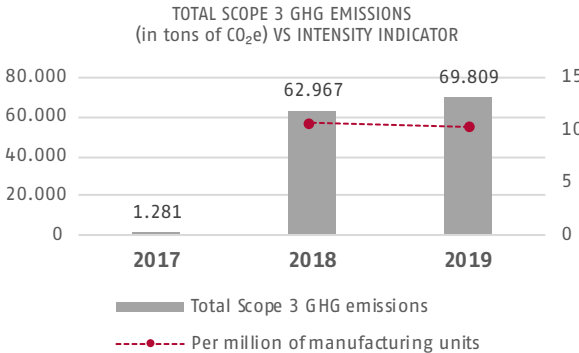
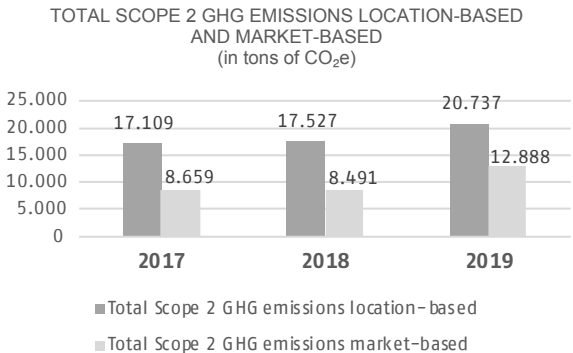
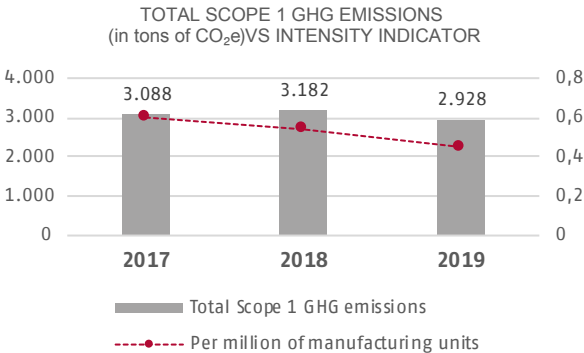
GREENHOUSE GAS EMISSIONS

We fully realize the responsibility of company activities in relation to the climate change, therefore it is among the key pillars of our environmental agenda. Our commitment starts with the Environmental Policy and directly managed by a team of responsible environmental managers, led by the central function based in our headquarters, Heidenheim. We report on Scope 1, Scope 2 and Scope 3 GHG emissions. We have set a target to reduce our total Scope 1 and Scope 2 (location-based) emissions by 10% in intensity value per manufacturing unit by 2022. We have approached closer to accomplish the target during the reporting year, reaching 5,2% reduction against the base year 2017.

Scope 1 direct GHG emissions: arising from stationary combustion, our Scope 1 emissions come from the use of natural gas. Thanks to the initiatives during the reporting year, not only the absolute value has decreased by 8%, but also the intensity value went down. The emissions were calculated based on the calculation guidance developed by Greenhouse Gas Protocol – in conformance with GHG Protocol standards. Read more about our initiatives on page 52.

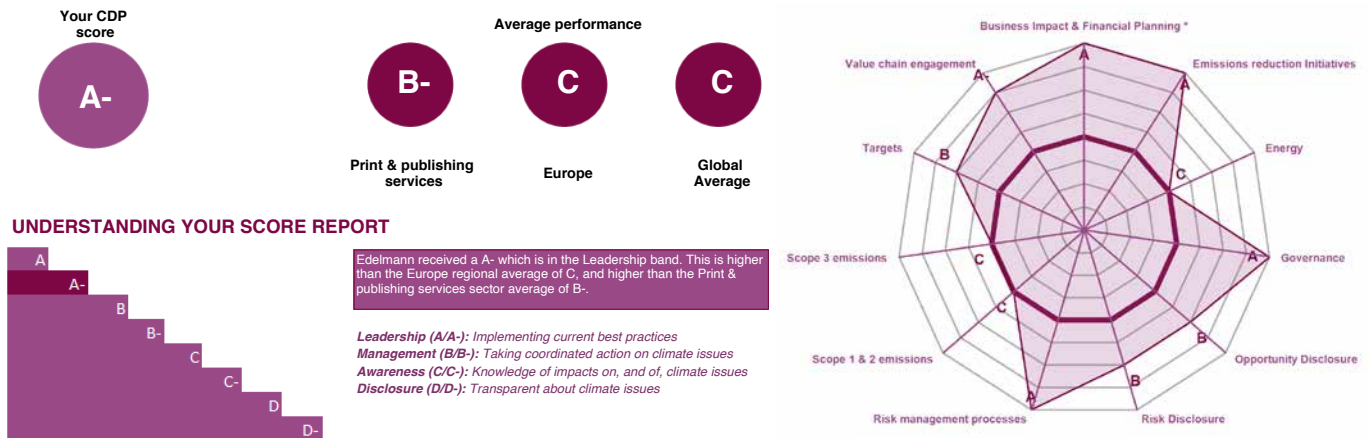
Scope 2 indirect GHG emissions: these emissions refer to the generation of purchased energy, i.e. purchased electricity. We report based on both location-based and market-based approach. Country-specific GHG indices were used for location-based method and residual mixes for market-based emission levels. As all German plants run on renewable electricity, their value for market-based approach is respectively 0, allowing us to keep the market-based emissions at a relatively low level. Since our target is to run 80% of our plants on renewable electricity, we are expecting to minimize our Scope 2 market-based emissions by 2022 – read more on page 51.

Scope 3 other indirect emissions: indirect emissions arise from the activities happening outside the company itself, but still belonging to the value chain. In the year 2017, we only reported on the emissions generated by waste and water, which is the reason for such a low value on the chart. As of 2018, we have included further reporting categories: purchased goods, capital goods, upstream and downstream transportation, employee commuting and end of life treatment of sold products. While the absolute emission levels have increased by 10,8% due to the first-time inclusion of the Indian and the new Mexican plants, the intensity figure per million of manufacturing units has decreased by 4%.



CLIMATE CHANGE

Enough sufficient evidence exists showing the impact of businesses on the development of global warming. Edelmann Group takes the initiative to reduce its GHG emissions with clear targets, timeline and action plan. Our commitment is transparent through the membership of Carbon Disclosure Project (CDP), where Edelmann Group reports annually on climate change. The reporting, later on assessed externally and independently, includes risks and opportunities in relation to climate change, governance structure, energy consumption, GHG emissions and reduction initiatives, where all are reported on the Group level globally. We are pleased to be recognized with A- rating in 2019, bringing Edelmann Group to the Leadership tier.



It is remarkable to see an improvement from C to A- in such a short period of time, proving once again how crucial the past years have been for the Group in our sustainability journey, especially its environmental part. Our rating 2019 is outperforming the industry average as well as the European and global average performance. While most of the CDP indicators, such as risk management and reduction initiatives, are within A-B range, we still have room for improvement in our energy reporting and emissions – it is our strong focus for the next year. Additionally, we were granted with A rating for CDP Supplier Engagement, being included in the A list of 2019.



SMALL-SCALE INITIATIVES WITH BIG IMPACT

We believe that smaller actions can also become significant and create a meaningful positive impact. Having said that, we are in continuous search to improve our everyday work practices and find alternative solutions with the benefit to the environment. Below are some of the examples implemented in 2019.

Environmentally friendly cleaning solutions

Edelmann Group is now a user of cleaning solutions supplied by Tana-Chemie (Werner & Mertz Group), known for their *green care* PROFESSIONAL products. The ingredients of these cleaning solutions are classified as safe for people and environment, avoiding the use of dangerous and banned substances. Additionally, Tana-Chemie only uses 100% post-consumer plastic for the bottle packaging – this highlights the importance of circularity for all components of the products.

We have switched to the green cleaning solutions used in the office space in our headquarters in 2019, while further switch in other locations is planned for 2020.

“We are amazed how a negative environmental impact can be minimized with the changes that may seem to be so small, but so significant when we consider the entire product lifecycle” – says our CEO, Dr. Frank Hornung.

Avoiding single-use plastics

We follow the latest regulations very closely, including the single-use plastics Directive. In response to that and as a responsible choice, we have cancelled the use of all single-use plastics in the office area, such as plastic cutlery, one-time use coffee cups and sweets packed in single-use plastics.

The impact was especially visible in our headquarters, where a lot of external visitors such as our suppliers and customers arrive daily. The process was implemented with either seeking for sustainable alternatives to specific products, or in most cases, complete elimination.

We have also applied this practice to the giveaways that we regularly provide to our business partners and customers. The new giveaway package does not include any single-use plastics to support the initiative and make more responsible choices.

Changing waste contractors in Poland

Our plant in Poland has analyzed where they can optimize their transportation schemes. As a result, we found out that the 2 waste contractors can be switched to alternative service providers. Not only the response time has improved, but also the transportation distances have been decreased. Considering the fact that the waste is picked up several times a week, this change will definitely deliver a higher environmental impact than initially expected.

New warehouse in the USA

By the end of 2019, the US plant has finalized preparations to switch to a new warehouse for the finished goods that significantly decreases transportation distance to the warehouse – almost three times less. As a result, we are able to combine agility with better environmental performance.



CO₂ COMPENSATION

Edelmann Group is among a few packaging manufacturers who can support customers in providing a full carbon footprint of the products, ranges or specific orders via CO₂ Compensation Program. We use an external calculation tool certified by The Climate Initiative of the Printing and Media Industries Federations. The calculation includes the whole chain from the production of cartonboard to the final product, covering all transportation, specific machines used and commuting of employees. Once the customers receive a detailed overview, they may choose to invest in CO₂ neutral projects, thereby compensating their own carbon footprint. For this purpose, we collaborate with certified organisation regulating the ongoing projects.

The CO₂ calculator follows a reliable accounting model designed for the needs of the printing industry. All key differences are carefully taken into account, such as different sorts of cartonboard having varying carbon footprint depending on the quality and suppliers. The calculator complies with the methods for Lifecycle assessments and Carbon Balance Calculations – DIN/ISO 14040, 14044 and 14067, as well as DIN/ISO 16759, all of which are well-recognized in the industry and beyond.

Investments in various CO₂-neutral projects are possible via the program depending on the compensation value. Examples include a project in Mut District, Turkey, where 11 wind turbines generate enough clean energy for 50,000 local households or an initiative in Mali, West Africa, where efficient cook stoves require less fuel consumption and prevent deforestation. As a result, less carbon dioxide is released, protecting the local area and supporting the health of the locals.

Our customers are always encouraged to participate and compensate their carbon footprint. The ongoing projects contribute to an average of 100,000 tons of CO₂ savings, and Edelmann Group is proud to be part of this network.

131

tons of CO₂e
were compensated during 2019

5 million

folding boxes
in scope



WATER CONSUMPTION AND BIODIVERSITY

Water as a vital natural resource is addressed in our environmental roadmap and starts with the commitment to the Water Policy developed in 2018. Both water management and biodiversity are regulated by our environmental managers in cooperation with the respective service providers.

Water

The nature of Edelman's business operations does not require an extensive use of water. Most of the total water consumption comes to sanitary usage, entering the municipal sewage system afterwards. The resource is also utilized for humidification to meet the storage conditions for cartonboard and as an additional benefit, keep the humidity level sufficient enough to support the health of production employees. Only 10% of the total consumption is process water. For that reason, we do not assign intensity indicators for water.

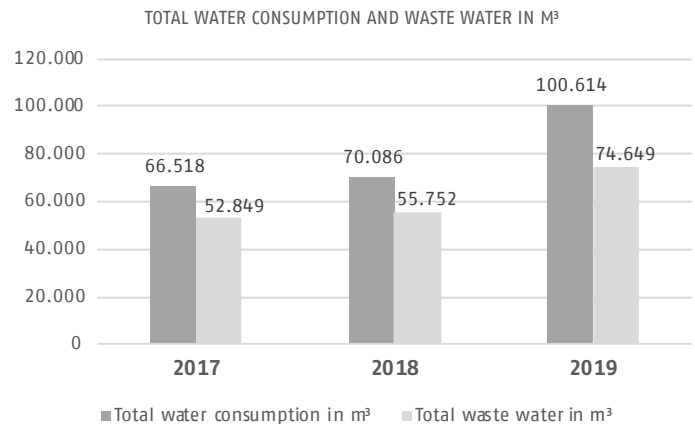
The reason for a significantly higher consumption in 2019 is the first-time inclusion of the Indian and the new Mexican plant in the reporting. However, many plants individually performed very well in reduction initiatives and decreased their consumption by: 11% in Heidenheim, 2% in Bitterfeld and 24% in Weilheim.

No water bodies were affected by the operations of Edelman Group during the reporting year, therefore bearing no impact upon nationally or internationally protected water areas and related habitat.

Water initiatives

Although water is not the key resource used in the manufacturing process, we still strive for continuous improvement in everyday work practices, such as taps with sensors and minor improvements in the production processes and machines. With that, our plant in Brazil has completed the technical improvements on the gluing line that will contribute to improved results in the next reporting year. Similarly, the old plant in Mexico adjusted the control systems supplying water to the two machines that helps to avoid even minimum water spills and supply just the right amount of water.

Additionally, as we have seen with the reporting of the Indian plant in 2019, the high water consumption was addressed in several water-saving projects launched in 2019, where an average reduction of as high as 25% was already seen in the beginning of 2020 and will be fully reported next year.



Biodiversity

With our respect to the importance of biodiversity, it does not belong to the material topics, as Edelman Group does not own, lease or manage any operational sites which are within or adjacent to protected areas or areas of high biodiversity value. Consequently, Edelman Group does not put any risk upon any endangered species of flora and fauna at any time, including the period of the reporting year.

Additionally, Edelman Group has not received any fines or non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting year for all environmental indicators, such as water, energy, biodiversity, waste, and emissions.

WASTE MANAGEMENT

As a strong supporter of circular economy, Edelmann Group takes responsible care for the generated waste and its disposal. All production waste is handled by the corresponding waste disposal contractors, while our internal environmental managers ensure that the system in place corresponds to the local regulations. Although country-specific infrastructure represents a diverse range of approaches, recycling remains the leading method for most of the waste categories. For example, 100% of board and paper is recycled by our suppliers to produce degraded board qualities, and 100% of printing plates are returned to the supplier for further processing.

TYPE OF WASTE	CLASSIFICATION	2017 (IN TONS)	2018 (IN TONS)	2019 (IN TONS)
Paper / cartonboard	Non-hazardous	23,249	23,339	26,749
Plastics	Non-hazardous	269	234	989
Metals	Non-hazardous	124	117	295
Compost	Non-hazardous	4	4	26
Industrial waste	Hazardous	199	174	275
Waste from the photographic industry	Hazardous	77	76	3,126
Wood, wooden pallets	Non-hazardous	54	56	156
Printing plates	Non-hazardous	-	-	111
Others	Non-hazardous	646	363	469
TOTAL		24,622	24,364	32,196

Summary of 2019

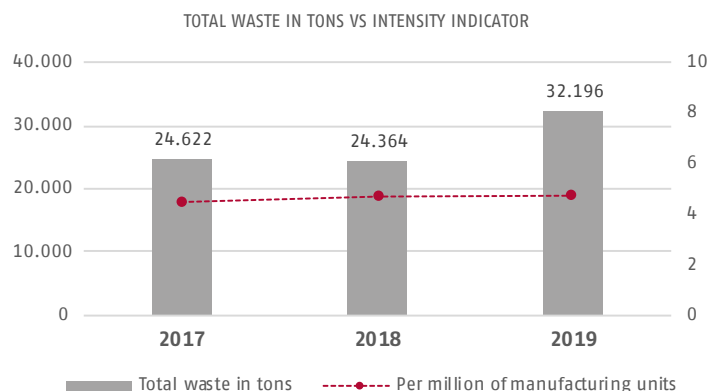
Significant increases in the reporting year are caused by the inclusion of the following plants: India, new Mexican plant as well as Leverkusen, Weilheim and China, for which the waste data was not available before. Looking at the total waste compared against the intensity value, it is visible that we have remained on the same level. The leading waste category remains paper and cartonboard.

No hazardous waste was imported or exported by or on behalf of Edelmann Group based on the terms of the Basel Convention (Annex I, II, III, and VIII). There were no significant spills during the reporting year.

Initiatives

In our efforts to improve the overall waste management performance, measures were implemented during the reporting year. The most remarkable development took place in France, where the plant reorganized the collection and waste disposal system. Close collaboration with the waste contractor resulted in better waste sorting and separation, therefore, more waste containers were installed outside and picked up more regularly by the waste contractor based on the waste type.

Additionally, we have launched a program in Heidenheim with the target to use up the board stock that would otherwise go to waste, as the storage time is limited due to the quality reasons. With that, before placing an order for the new material, the existing stock was carefully checked and used up whenever possible. With that, we have decreased the cartonboard waste by more than 500 tons in Heidenheim.





EcoVadis is among the leading sustainability ratings, covering reporting on environment, business ethics, labour and human rights and sustainable procurement.

Edelmann Group currently holds a Silver medal in recognition of sustainability achievements. We have improved our scoring from 55 to 61 in 2019.



UN Global Compact encourages businesses worldwide to follow sustainable and socially responsible policies, and to report on their implementation. Edelmann Group commits to the ten principles through annual communication on progress. We have been a member since 2016.



CDP (Carbon Disclosure Project) is an organisation aiming to make environmental reporting and risk management a business norm. Edelmann Group reports on climate change annually. We have tremendously improved our result, reaching A- Rating and achieving the Leadership level.



Sedex is the largest platform for sharing responsible sourcing data. Our sites in Heidenheim, Weilheim, Norderstedt, Mexico, India, Hungary, Brazil and China are Sedex members, reporting either through SMETA audits or self-assessment questionnaires.



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103-2	The management approach and its components	At the beginning of each chapter
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GRI 200 Economic

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405-2	Ratio of basic salary and remuneration of women to men	30
406-1	Incidents of discrimination and corrective actions taken	28
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408-1	Operations and suppliers at significant risk for incidents of child labour	N/A
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
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414-2	Negative social impacts in the supply chain and actions taken	N/A
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N/A

UN GLOBAL COMPACT REFERENCE

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FURTHER INFORMATION AND CONTACTS

Further information on sustainability at Edelmann Group is available at: www.edelmann-group.com

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