

An aerial photograph showing a dense green forest bordering a blue lake. The forest is composed of many tall, thin trees, and there are some rocky patches visible within the woods. The lake is on the left side of the image, and the forest extends to the right and bottom.

# 2021 Sustainability Report

**TPG**

FAWEMA HDG MWOLF

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## Dear Stakeholders,

On behalf of The Packaging Group (TPG), we are proud to present our first sustainability report. In 2021 we achieved many milestones on our sustainability journey, including laying the groundwork for our commitment to net zero emissions by 2030, expanding our innovation pipeline and meeting customer demands in wake of a global pandemic and supply chain disruptions. We have worked diligently to remain agile in this ever-changing environment and sharpened our focus on sustainability as we believe it supports business continuity, risk management and more – today and in the long run.

### Providing Cutting-Edge Packaging Technologies

Formed in 2018, TPG is a leading developer and manufacturer of high-quality packaging machines. Through our expanded global network, broad technology offerings and specific application expertise we help customers achieve their sustainability goals without compromising performance. By 2021, our portfolio of 30 product offerings has enabled customers to improve efficiency, reduce waste and switch to more sustainable packaging materials. We also introduced automation features in our new machines to minimize the need for manual labor and reduce human error.

Given our track record, we saw an increased demand for our innovative solutions, even during the pandemic. To meet the immediate and longer-term needs, we strengthened supplier relationships to ensure adequate material sourcing and leveraged different supply streams, such as our new take-back initiative for FAWEMA machines to source critical, hard-to-acquire components.

### Packing for a Brighter Future

As a global enterprise, TPG recognizes our role in shaping a more sustainable world through our own operations. In 2021, we established a sustainability function to manage our sustainability strategy and ensure its integration across the business. This helped us achieve several strategic milestones throughout 2021 and 2022 including the completion of our first materiality assessment and the development of three pillars that encompass our sustainability approach: Product, People and Planet. We also formalized our climate strategy, including our commitment to achieve net zero in our Scope 1 and 2 emissions and reduce our Scope 3 emissions by 50% by 2030. We have submitted our greenhouse gas (GHG) emissions reduction targets to the Science Based Target initiative (SBTi) and anticipate their validation in 2023. ▶

We believe that operating sustainably begins with upholding strong governance practices guided by ethics and integrity. As a German-based company, we inherently adhere to some of the world's most advanced laws and regulations on environmental protection and labor practices. Our Code of Conduct builds on those foundations by outlining expectations of our employees, customers and business partners across a variety of areas including human rights, supplier relationships, anti-corruption, environmental management, and health and safety.

We also place great emphasis on caring for people. Whether we engage employees on a global or site level, we strive to provide a physically, mentally and emotionally safe environment that offers a satisfying career for everyone. In 2021, we

**“ TPG’s sustainability performance is driven by the contribution of every single work unit at our organization, and by engaging our customers and suppliers in this journey. Collectively, we can accelerate a sustainable future and lead to environmental protection, social well-being and economical growth. ”**

*Dr. Hans-Peter Mertens*

implemented remote and flexible work policies allowing for greater work-life balance; launched new talent management and training programs for continuous career and skill development; and hosted Digital Health Day to improve employee wellbeing. We also support our communities by offering resources to local organizations and allowing employees time off to engage in charitable and disaster recovery efforts.

In 2022 and the years ahead, we will continue to advance our sustainability efforts in support of our net zero commitment. We have set ambitious targets, but we believe that TPG has a vital role in the collective effort to address climate change and ensure a more sustainable world. We will continue to work with our customers and suppliers to achieve this together.

Thank you for being a part of this journey with us.

Dr. Hans-Peter Mertens  
Chief Executive Officer  
The Packaging Group

## ABOUT THIS REPORT

The Packaging Group's 2021 Sustainability Report references the GRI Standards 2021. Qualitative and quantitative information in this report is primarily from January 1, 2021 through December 31, 2021, unless otherwise noted. This is our first sustainability report, and we plan to report on a regular basis going forward.

For more information or questions, please contact Akram Ezzat, Project Engineer/Sustainable Development



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# About TPG

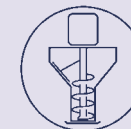
The Packaging Group (TPG) is an internationally leading developer and manufacturer of high-quality packaging machines, especially food packaging in bags made from paper or plastic. TPG is a portfolio company of **HQ Equita**, and we operate as a group of companies: FAWEMA, HDG and WOLF. Each of these companies has a Managing Director who is responsible for the success of the business.

In 2018, HQ Equita acquired a majority stake in the Steindl Group, which consists of FAWEMA and HDG, and formed TPG. In 2019, HQ Equita acquired a majority stake in WOLF, which now also operates as part of TPG. By merging three packaging specialists, TPG combines traditional brands of packaging machines with a unique know-how and an outstanding technology base.

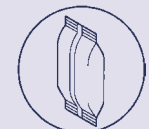
By leveraging joint product development, sales and service platform, TPG can advise and support customers worldwide on all product groups, including the production, assembly, service and sales of specialized machines for food, chemical products and industrial applications. Together, the group can offer customers tailor-made solutions for distinctive packaging trends from a single source.

## Our Solutions

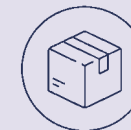
Horizontal, vertical and everything in between



Filling Systems



Primary Packaging



Secondary Packaging



Turnkey Projects

## THE PACKAGING GROUP AT-A-GLANCE



 <b>378</b> employees	 <b>14</b> locations worldwide	 <b>60+</b> countries with our service
 <b>90M+</b> in USD revenue	 <b>150+</b> years of combined packaging experience	 Headquarter: Lindlar, Germany
 <b>7400</b> machines installed worldwide	 <b>121</b> countries where we are active	

## SUSTAINABILITY COMMITMENTS AND PROGRESS

Achieve net zero by 2030

**Carbon neutral**  
in **Scope 1** and **2** emissions

**50%**  
carbon reduction in  
**Scope 3** emissions

Reduce waste generation

**194.54**  
total waste generation  
(in tons)

**81,47%**  
of recyclable waste  
(estimated)

*recycled according to Germany's  
Federal Environmental Agency  
recycling data for 2020*

### Markets Served



Powder

Granulates & Pulses

Snacks

Beverages



Confectionery

Pet food

Liquids

Pharma & Cosmetics

### Three Brands, One Mission

Over the last 100 years, **FAWEMA** has been a world leader in free-flowing, dry products. Whether powder, granulate or pieces, we supply packaging machines that are well equipped to meet high-end requirements for unit weights between 0.1 kg and 30 kg packaging feed.

**FAWEMA**  
**2500** machines installed worldwide

**121** countries where we are active

Since 1985, **HDG** has satisfied the modern market's needs for high-end packaging machinery. HDG is a reliable brand and leading manufacturer for forming, filling and sealing systems for side-sealed pouches between 5 g to 5 kg.

**HDG**  
**500** machines installed worldwide

**80** countries where we are active

For more than 30 years, **WOLF** has supplied single machines and turn-key projects with technical flexibility and in close customer proximity. As the expert in vertical form fill and seal packaging from 5 g to 10 kg, we have installed over 4,000 machines worldwide.

**WOLF**  
**4400** machines installed worldwide

**94** countries where we are active

## Our Machines



## CORPORATE GOVERNANCE

Sound corporate governance is the foundation of a sustainable company. Implementing sustainability across an organization requires support and direction at the highest level.

At TPG, our Advisory Board serves as the highest function. The Board is comprised of five members. Our Chief Executive Officer is Dr. Hans-Peter Mertens. Each of the group companies – HDG, FAWEMA and WOLF – is led by a Manager Director.

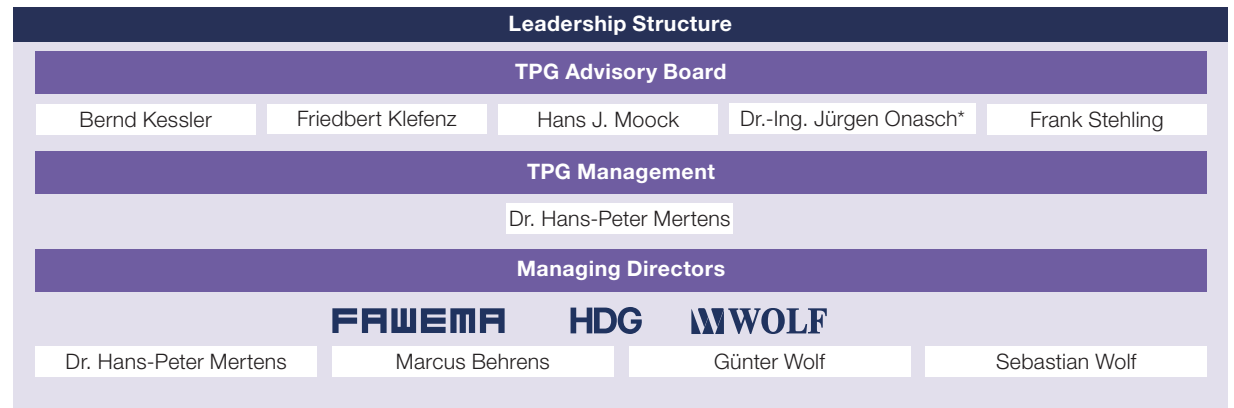
Sustainability is a value driver for TPG and our shareholders. Half of our Advisory Board members have expertise and focus on sustainability. It is a priority topic on every board meeting's agenda, and our CEOs provide regular updates on progress. In 2021, TPG created a sustainability function to:

- Develop the corporate sustainability strategy and implement it across the organization.
- Serve as an advisor on sustainability to the TPG management team.
- Facilitate customer and supplier questions on sustainability.

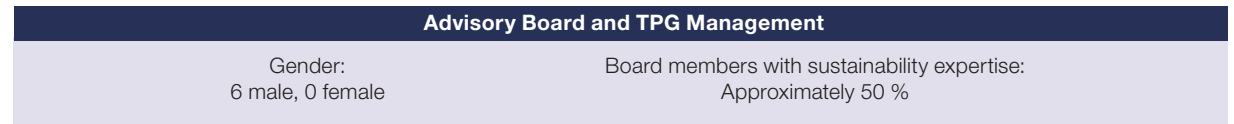
## STAKEHOLDER ENGAGEMENT

As a global company, TPG engages with a variety of stakeholders worldwide. We strive to ensure our customers, employees, suppliers and communities are informed of our activities and their potential impact on them. Based on the identified material topics, below are our key stakeholder groups and how we engage with them.

- **Customers:** regular meetings, product testing and trials, take-back initiatives, refurbishment programs, design for sustainability
- **Employees:** regular safety meetings, team activities and gatherings, work anniversary celebrations, local engagement councils, internal training and development programs
- **Suppliers:** supplier assessments, bidding process, online procurement platform, supplier agreements
- **Communities:** university partnerships, provide resources for local emergency responders, support disaster cleanup efforts



\*Board Chairman



## ETHICS AND INTEGRITY

TPG is committed to operating with the highest level of ethics. At all times, we aim to ensure that our stakeholders trust in our integrity and professionalism. As a global enterprise, we conduct business in many countries worldwide. As such, we comply with and adhere to national and international laws and regulations.



We have a **Code of Conduct** that explains common values and how employees should make decisions based on those values. It also covers topics such as human rights, supplier relationships, environmental protection, and employee health and protection. The Code must be adhered to by everyone – including our employees, officers, contractors and consultants – who work for, act on behalf of, or represent TPG and our group companies. We inform employees, officers, customers and business partners about the Code in numerous ways including publishing it on our internal planning board software **Infoboard** and providing copies to every new employee. In 2022, we offered training on specific elements of the Code, primarily anti-bribery and anti-corruption topics.

Employees are encouraged to report any violation of the Code through their direct supervisor, another management team member or a local Human Resources representative. All reports are handled confidentially and only designated people involved in the investigation are informed, unless laws and regulations require a different procedure. We also have a whistleblower policy where employees can make an anonymous report, which would be sent directly to our leadership team including our CEOs and/or Advisory Board. Our anti-retaliation policy ensures that employees who report a violation are protected from punishment, demotion or other types of special treatment.

In addition to the Code of Conduct that serves as the foundation of our governance, we also have internal policies for all of our sites regarding working times, travel, remote work and data protection.



### Human Rights

TPG condemns any form of forced labor and child labor. We abide by applicable laws regarding human rights, fair labor practices, minimum wage and other legally guaranteed conditions of employment. Our Code of Conduct also provides guidance on human rights.

Sedex Members Ethical Trade Audit (SMETA) conducts an annual audit of our operations to assess working conditions across the areas of labor, health and safety, environment and business ethics. In 2021, we have no incidents of human rights violations, nor is there any risk of human rights concerns within our operations.





# SUSTAINABILITY AT TPG

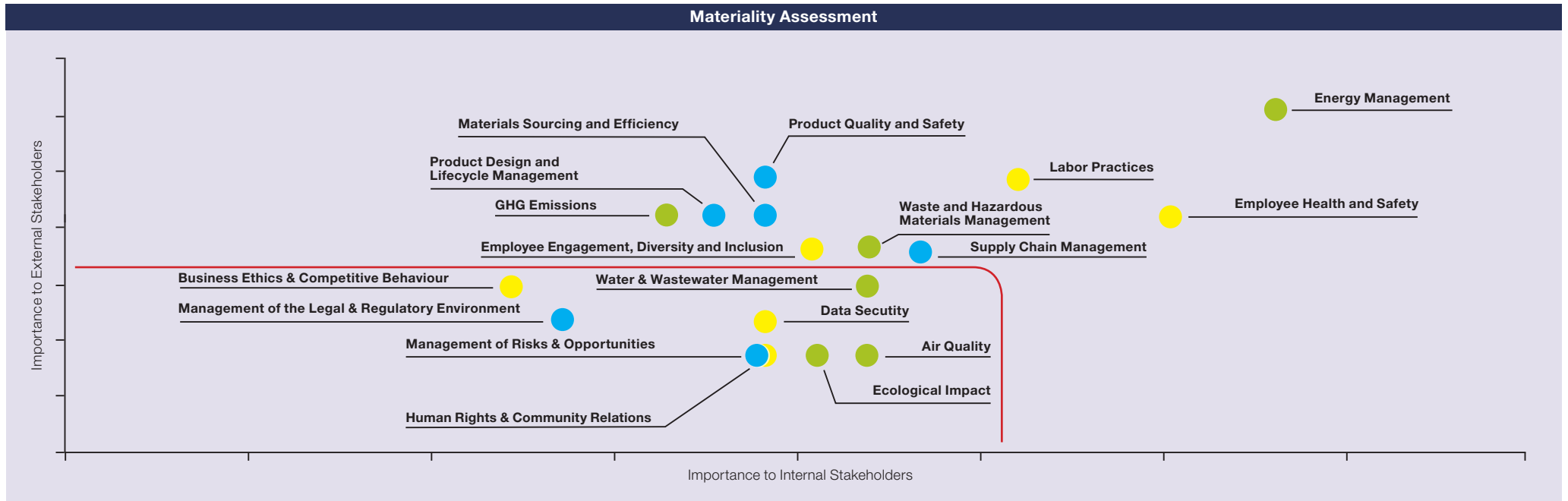
**T**PG is a business with a clear sustainability profile. In 2022, we engaged Schneider Electric, the global leader in the digital transformation of energy management and automation, to establish our sustainability baseline reporting efforts including:

- Conduct a material assessment to identify the top 10 material topics most relevant for TPG and our stakeholders.
- Support development and submission of science-based targets to the Science Based Targets initiative (SBTi) to achieve net zero in scope 1 and 2 emissions and 50% reduction in scope 3 by 2030.
- Develop an inaugural sustainability report referencing the Global Reporting Initiative (GRI) standards.

## MATERIALITY ASSESSMENT

Our partnership with Schneider Electric includes conducting our first materiality assessment. This process involved the following steps:

- Benchmarked material topics from TPG's industry and sustainability standards from the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB).
- Involve internal and external stakeholders (employees, customers and suppliers) and issue a materiality stakeholder survey.
- Assess survey results to identify key material topics to prioritize in the sustainability report and development of relevant key performance indicators (KPIs).



Our material topics are those that fall above the red line on our materiality matrix, as they were rated highly by both our internal and external stakeholders. In the table below, our material topics are organized by our three sustainability pillars: Product, People and Planet. These topics guide our sustainability reporting, shape our sustainability strategy, and help inform our key performance indicators (KPIs).

Product	People	Planet
Product Design and Lifecycle Management	Employee Engagement, Diversity and Inclusion	Energy Management
Supply Chain Management	Labor Practices	GHG Emissions
Materials Sourcing and Efficiency	Employee Health and Safety	Waste and Hazardous Materials Management
Product Quality and Safety		

# Product

When it comes to packing, our motto is: If you can think it, we can pack it. We pack various essential goods and products widely distributed throughout society – from food staples like flour that are energy efficient, durable and compatible with a variety of green packaging materials.

## PRODUCT DESIGN AND LIFECYCLE MANAGEMENT

**Sustainable product design and lifecycle management have long-term impacts on the environment. By optimizing products to use more sustainable materials, offer more durability or increase efficiency, we can help reduce landfill waste and emissions.**

TPG's Research and Development (R&D) organization has experts across our facilities with in-depth knowledge and experience in engineering, product safety and quality. In 2021, we invested approximately \$477,245 in R&D and product innovation.

We fuel our innovation pipeline by leveraging our team's 150+ years of combined expertise and knowledge in packing solutions. We also frequently engage with industry and academic institutions, attend key tradeshows and collaborate with customers. Our apprenticeship program enables us to attract emerging top talent interested in developing their technical knowledge, read more about this in the [People](#) section.

We are consistently delivering cutting-edge solutions for customers and readily expanding our portfolio. In 2021, our portfolio consisted of 30 products (12 FAWEMA machines, 8 HDG machines and 10 WOLF machines) across more than 65 countries. Key innovation highlights from the year include:

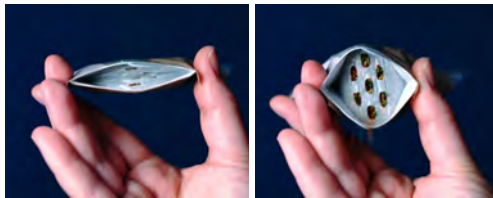
■ **Conducted the research project “Flexeal” with Fraunhofer institute for process engineering and packaging (IVV)**

to develop a flexible heating system for induction sealing. The goal is to extend the heating system’s conventional heating technology (thermal contact) by inductive heating system. Due to electromagnetic heating, the heating occurs exclusively in the joining zone, which has a positive effect on the filling material’s thermal load. We are pending final evaluation, but the latest results are promising.



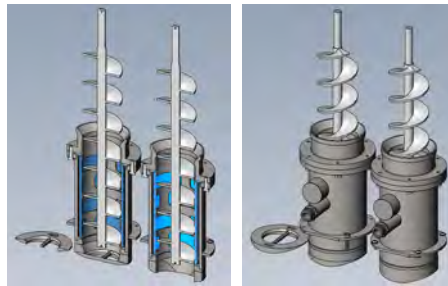
■ **Launched push-and-dose on HDG machines.**

Developed in collaboration with our partners, this feature allows customers to replace glass jars and metals while enabling them to lower transportation weight and costs.



■ **Developed operation optimization processes**

for some customers including reducing standard deviation by vacuuming during the dosing process. Since the dosing process is responsible for the precise packaging process, this helped minimize errors, resulting in less waste during production.



■ **Attended 25 industry tradeshows** and product events including PPMA Show and Gulffood Manufacturing.

■ **Recognized as Gold status OEM Partners** by Rockwell Automation.



■ **Engaged in valuable partnerships such as the Pet Food Competence Network** to advance industry knowledge and innovation.



■ **Made headway toward calculating the carbon footprint** of our products through our companywide GHG inventory (see [Planet](#) section for more details).

■ **Began formalizing plans to conduct product life cycle assessments** in future years.

In 2022, we initiated an internal program called Green Machine, which requires our R&D team to assess product innovation based on three sustainability pillars: ecological, economic and social impact. By considering the overall environmental impact, we can develop and optimize our machines to deliver higher performance. This includes:

■ **Energy management** at the facility and machine level to build future systems allowing customers to receive production data, such as the number of packs produced and energy consumption.

■ **Air consumption reduction** such as replacing air blowing jets with other technologies or developing new features to detect air leakage and warn customers of energy loss.

**Partnering with Kansas State University to Advance Innovation**

*From 2017-2020, we partnered with Kansas State University’s Department of Grain Science and Industry (KSU) to help advance education and research in the packaging industry. We provide various TPG machines for students and industry professionals, enabling them to take training courses on packaging. While we paused this program at the start of the COVID-19 pandemic, we plan to re-initiate this partnership in 2023.*



### Collaborating with Customers

We aspire to be a “one-stop-shop” for customers with our wide variety of machines and services. Through a breadth of offerings, we help solve complex problems relating to sustainability, performance, safety and more.

As a part of our innovation process, we frequently collaborate with customers. We work with them to create custom prototypes and solutions that meet their unique needs, and then test and conduct product trials together. We have specific onsite locations reserved for product demonstrations and trials. We also help customers comply with existing or emerging laws and regulations such as efficiency standards, food safety and quality standards, the Single Use-Plastics Directive and more.

Sustainability is a core focus in our customer collaborations. We are proud to have helped customers achieve the following:

- Switch from plastic to paper packaging and other green packaging materials
- Reduce the amount of packaging material customers use to pack their goods
- Conserve space within customers’ manufacturing sites by using our compact machine models



- Minimize manufacturing waste by optimizing their packing process
- Decrease energy use during product packing through our machines and sealing technologies
- Monitor energy consumption to provide maximum transparency of packaging processes and address predictive maintenance issues
- Develop packaging solutions for mono-materials that are easier to recycle



Development of dust-tight packages.

*Approximately 38% of our innovation projects in the last three years have considered sustainability to some capacity. We are collaborating with customers to address a wide range of sustainability focus areas including energy efficiency, green packaging design, material conservation and product carbon footprint.*



## Our Sustainable Products in Action

From preserving the quality and freshness of food staples like flour and pulses to enabling the safety and sanitation of pharmaceuticals and cosmetics, TPG innovations are used every day, virtually everywhere to pack a brighter future for all. Our solutions enable environmentally and socially responsible outcomes throughout society. This includes:

### Advancing the circular economy by eliminating packaging waste

Our products enable customers to use greener packaging materials such as reusable plastic, paper and other secondhand materials.



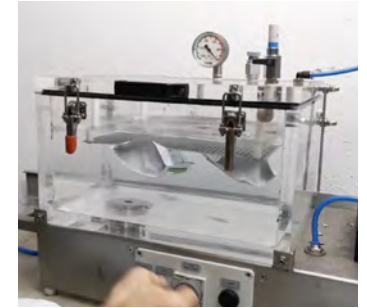
### Optimizing energy consumption

Our 2023 ambition includes upgrading the pneumatic and electric design to reduce our machines' overall energy consumption while increasing the performance rate.



### Preserving food quality and freshness, helping supply food staples

Some of our machines are engineered to pack food products – such as flour-based products, granulates and confectionary – and preserve their freshness and sanitation. In addition, we help pack frozen products, enabling the production of a stable food supply by preventing food waste.



### Enabling customers to optimize transportation processes and fuel efficiency

Our new HDG 200 machine, designed for flexible membrane applications, enables the use of lighter material. This allows customers to transport more products on each delivery trip, which improves fuel efficiency.



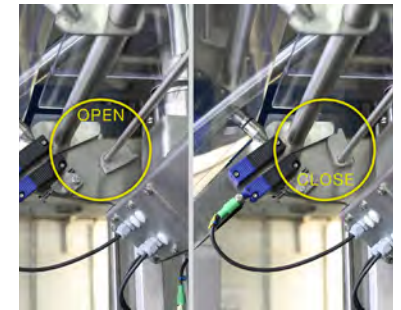
### Packing pharmaceuticals with care

Pharmaceuticals represent a large market we serve. Our machines pack pharmaceuticals in accordance with laws and regulations, ensuring that medicines and related products are packed in a safe and sanitary manner.



### Preserving customers' workplace health and safety

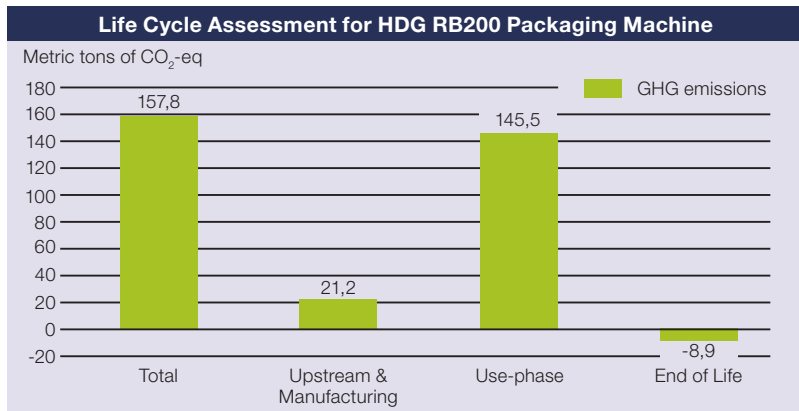
Our technologies play a critical role in promoting safe working conditions for customers' employees at manufacturing sites. Several safety features that our machines include are safety guards that automatically shut off when a guard is opened or stopped, and line stop that connects our machines to the customer's safety operations. In addition, our capabilities in automation can eliminate the need for workers to engage in any work that may present a high risk or hazard throughout the packing process.



**Life cycle management**

Our high-quality machines are known for their durability, with a typical lifespan of more than 20 years. Where possible, we refurbish older machines by retrofitting them with new sealing technology that consumes less energy while delivering the same performance. This aftermarket solution prevents our machines from going to landfills while providing customers with a lower cost alternative than purchasing new technologies.

We aim to reduce the environmental impact associated with machine manufacturing, from raw material extraction to energy usage associated with development. Therefore, we are starting the process to conduct life cycle assessments, which can take place as early as 2023, starting with HDG machines.



Our pilot project to conduct a holistic life cycle assessment of an HDG packaging machine identifies the environmental impacts associated with material extraction, machine manufacturing, energy consumption in the 20-year use phase, and end-of-life treatment. This assessment will allow us to target where the greatest impacts occur and develop further sustainability improvements.

**Key results**

- 21.2 metric tons of CO<sub>2</sub>-eq of greenhouse gas emissions from raw material extraction and manufacturing
- 145.5 metric tons of CO<sub>2</sub>-eq of greenhouse gas emissions for 20-years use phase, which is 6.86 times higher than the machine production
- Recycling and recovery rate: 41,98%

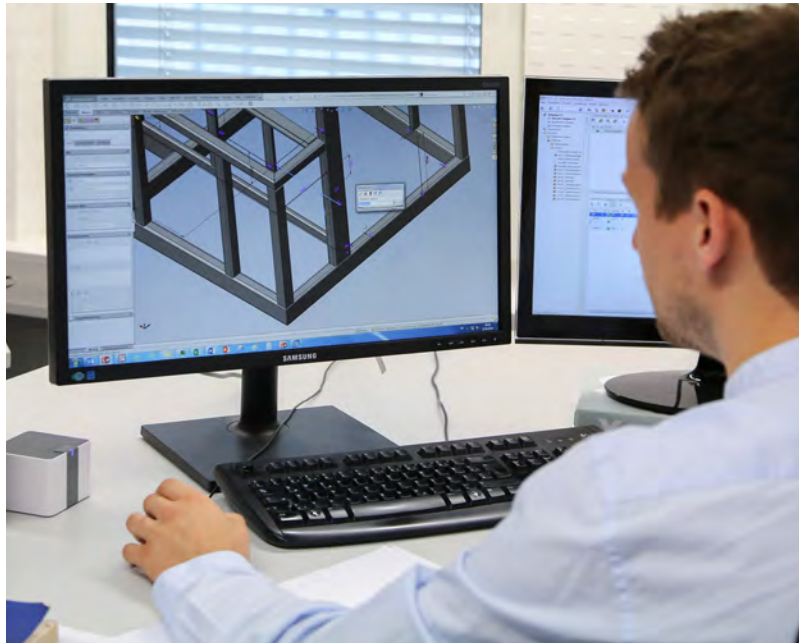


HDG Packaging Machine RB200

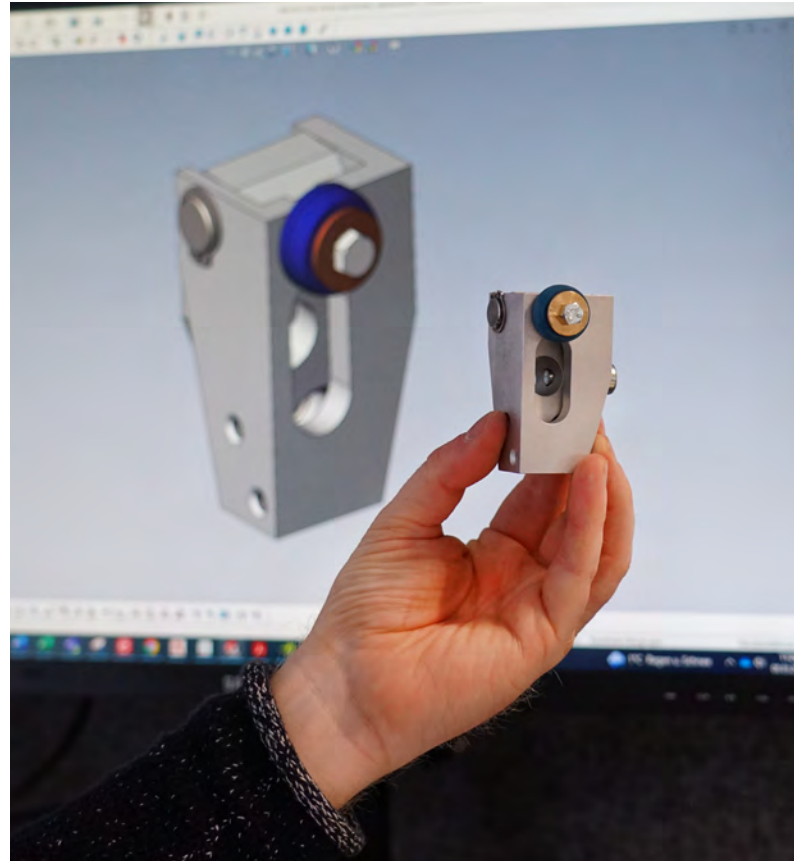
## PRODUCT QUALITY AND SAFETY

**Recognizing that we manufacture complex machinery that people handle and operate, we maintain stringent standards to ensure product safety and quality.**

We follow guidelines outlined by the European Machinery Directive, which defines essential health, safety and environmental protection requirements before a product can be commercialized. We are certified by **SEDEX**, which frequently conducts SMETA audits that include reviewing our safety and quality management. In 2021, we satisfied all the audit criteria by this third-party organization.



We also have internal guidelines for quality control, including checklists and documentation to ensure safety and functionality expectations are met. We conduct extensive electrical and mechanical tests of our machines, in some cases for years before they go on the market.



*All our machines are or may be upgraded to use sustainable packaging materials such as recyclable plastic. In 2021, we developed a solution that allows existing machines to run mono-layer packaging film that is seamlessly processed and recyclable. Prior to this, packaging film consisted of multiple layers with different characteristics, and as a result, it was more challenging to recycle.*

*Although the transition to mono-layer film can sometimes present challenges with traditional machinery due to temperature and torque sensitivity, our machines are designed to overcome these barriers so customers may transition to greener materials without production setbacks.*



## SUPPLY CHAIN MANAGEMENT

**Effective management of TPG's supply chain ensures critical materials and components are properly delivered, minimizing potential delays of delivery to the customers. It also ensures that we work with suppliers that provide high quality materials in an ethical manner. Where possible, we work with suppliers local to our sites to create a positive impact in the communities where we operate.**

TPG has four production sites, three of which are in Germany and one in China. Our CEO Dr. Mertens oversees supply chain management, and each site is responsible for managing its supply chain and procurement structure. Most of our sites source from local suppliers. If materials are not available locally, we source from other regions, such as the U.S., where we get some critical automation and drive systems components.

We value our suppliers, and we seek to establish a collaborative relationship where they are viewed as business partners. Our Code of Conduct outlines our expectations when working with suppliers including:

- Procuring a request for proposal (RFP) to ensure competitive bids
- Ensuring a fair bidding process by avoiding potential conflicts of interest
- Conducting regular reviews of supplier relationships to ensure performance

To identify a potential supplier, we leverage an online procurement platform and referrals from employees. Once we find suppliers that meet our criteria, we distribute an RFP and discuss purchasing details.

In 2021, we developed a supplier questionnaire to screen potential and current suppliers for sustainability topics such as energy management and emissions as well as human rights in their supply chain. In 2022, we engaged key suppliers, such as Rockwell Automation, Siemens AG and Schneider Electric, on this assessment. We plan to expand this to all suppliers in 2023.



## MATERIALS SOURCING AND EFFICIENCY

**During the COVID-19 pandemic, supply chains were impacted worldwide due to material and labor shortages. In some cases, we experienced an increase in demand for our machines while our suppliers had to decrease production. To minimize disruptions to our business and customers, we worked closely with our suppliers to anticipate delays and plan our production accordingly.**

In 2021, TPG's key focus was maintaining a strong supply chain. We established agreements with critical suppliers to secure deliveries for the following year. This enables us to better forecast production and helps our suppliers prioritize the delivery of key components for our machines.

For parts that continue to have sourcing challenges, we leverage different channels or supply streams. For example, FAWEMA launched a take-back initiative for critical components that are still difficult to acquire on the market. This provides customers with an option to send back components that need repairs, and we give them a discount upon returning them.

### Automation as a growth driver

We recognize that automation, along with sustainability, is a growth driver in our business. One of the impacts of COVID-19 is the labor shortage, which has made staffing and hiring challenging across all industries. As a result, we look for opportunities within our facilities and internal processes that can be automated with modern technology. For example, we enhanced our ERP system in 2022 to automate carbon emission evaluations throughout our operations including transportation and machinery.

We also strive to support customers by identifying ways that our machines can automate their processes to increase efficiency and output with the same resources. For example, some of our customers produce different types of bags and films. The process of switching from one product to another is a major source of errors if the operator inputs the incorrect bag size and formula, leading to packaging film waste. To address this, our new machines have a fail-safe feature with formula-driven perimeters, where they automatically switch to the proper specification when a new product is inputted.



# PEOPLE

TPG's diverse and multicultural workforce enables us to be a market leader in complex packaging solutions. Therefore, we aim to offer employees the complete package with a satisfying career that focuses on their health and safety, work-life balance, and talent development. Our approach to managing each individual as a whole person helps differentiate us in a competitive labor market.

## EMPLOYEE ENGAGEMENT

To attract and retain talent, we offer a comprehensive package that includes competitive compensation and a work culture that encourages work-life balance.

This includes:

- **Flexible working time** to empower employees to arrange their daily work as their life requires.
- **Remote work** where possible, so employees can work where they feel most productive.
- **Fitness reimbursement** where we cover a portion of employees' monthly gym memberships.



In addition to tangible benefits, we offer a fear-free environment where people can thrive by being who they are and bringing their whole selves to work. We also strive to find opportunities where employees can come together outside of the regular work day, such as organizing summer events and holiday parties.



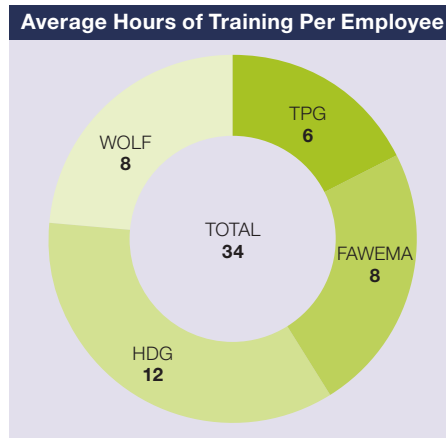
We believe it is important to recognize employees for their hard work and commitment. For individuals achieving 5- or 10-year milestones, we reward their work anniversaries with monetary gifts and team celebrations.

To further engage employees, we crowdsource ideas through internal contests. In 2022, we hosted a sustainability initiative encouraging employees to provide energy saving suggestions at TPG. Employees submit their ideas, and a committee evaluates and ranks them based on the most creative or likely to be impactful. The winner receives an award including monetary prizes.

### Training and Development

We recognize that continuous learning is essential to support the development and advancement of our workforce. That is why we provide training and development opportunities for employees across all levels. In 2021, we launched the following initiatives:

- **Talent management program** to identify leadership potential within TPG and provide those individuals with development opportunities such as internal training on management, sales and communications.
- **Apprenticeship training program** to further develop skills for entry-level employees.
- **Special sales training**, a comprehensive program focusing on personal conduct with customers and how we interact with people from different cultures and religions.



When development is not available internally, we offer opportunities for employees to learn from external sources. This may include opportunities for manager training and partnering with suppliers to develop new technologies. For high potential individuals in high demand roles, we may cover university tuition for certain classes or graduate programs in exchange for their commitment to staying with TPG for a certain number of years.



### Diversity and Inclusion

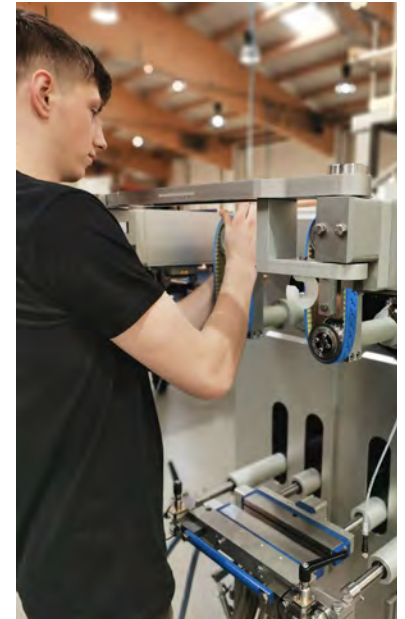
We value the diversity that comes with a global workforce. Our employees and officers come from different countries, bringing with them different backgrounds and cultures. We respect and uphold their human rights, encouraging a company culture characterized by fairness and cooperation, as outlined in our Code of Conduct.

Employees are offered a respectful workplace with equal opportunities regardless of race, age, gender, nationality, political opinion, origin, religion, disability or sexual orientation. Skills, abilities and qualifications are the only deciding factors for employment and career advancement at TPG.

In addition to treating each other fairly and respectfully, we expect employees to extend that same courtesy to customers and business partners. Read more about supply chain management in the [Product](#) section.

### Community Engagement

We encourage employees to actively participate in nonprofit organizations and support the local communities where we operate. We provide those employees with time off during work hours to engage in charitable services that they are passionate about and contribute to community well-being. When a major flood impacted areas of Germany in 2021, we put together a private team and gave local employees five extra days off to help with the recovery efforts.



Professional training

Where possible, we provide company resources to community organizations. For example, our local firefighter's department uses our facilities to conduct regular training.



## LABOR PRACTICES

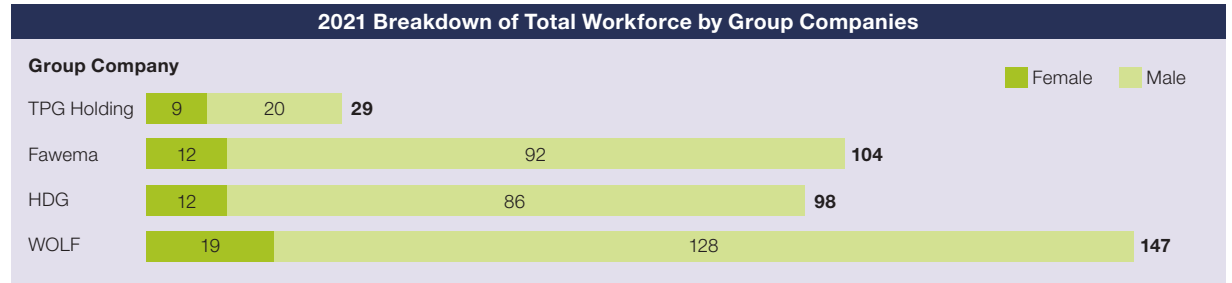
TPG complies with labor laws and internationally accepted standards on labor practices. This ensures that we have the right to continue and expand our operations in Germany and other key markets, while providing employees with a rewarding career.



Our Code of Conduct outlines how we make employment-related decisions including recruiting, promoting, training and development, compensation and termination. These decisions should be:

- Based only on merit and business considerations.
- Conducted in accordance with local legislation.
- Considerate of cultural implications that may impact workplace decisions and actions.
- Uphold and promote human rights of employees.

There are no operations within TPG where the right to freedom of association and collective bargaining are at risk. Two of our production sites have a workers' council, which helps facilitate any grievances from employees to the management team. In 2021, we began negotiating a collective bargaining agreement with one of these sites.



### 2021 Parental Leave

	Female	Male	Total
Employees entitled to parental leave	2	12	14
Employees that took parental leave	2	12	14
Employees that returned to work after parental leave	2	12	14
Employees that remained employed 12 months after their return to work	0	10	10
Return to work rate	100%	100%	100%
Retention rate	0%	83%	71%



## EMPLOYEE HEALTH AND SAFETY

**TPG prioritizes maintaining a safe, healthy and secure workplace for all employees. We comply with all applicable health and safety standards and laws.**



**We also maintain a proactive policy for identifying and removing dangers and hazards in the workplace. Managers and superiors are responsible for ensuring that the appropriate safeguards regarding health, safety and security practices are in place and comply with applicable codes, laws and management standards.**

We work diligently to manage hazards in production areas. Due to the nature of our operations, we pay particular attention to identifying hazards that may cause injuries to hands and arms. If an incident occurs, we analyze the situation to get to the root cause and implement corrective actions.

2021 Safety Data	
Performance Data	2021
Work-related injuries	29
Recordable injuries	12
Fatalities	0
Total working hours	630,160

We administer health and safety training to new employees to ensure their adherence to company protocols and safety procedures in performing their duties. We also provide specific safety instructions for tasks such as welding and painting.

We believe that mental and emotional health is as important as physical health and safety. In 2021, we partnered with the [BGF Institute](#), a specialist in workplace health care, to host Digital Health Day to educate employees on topics such as:

- **Stress management and relaxation.** This includes understanding types of stress, identifying and assessing stress triggers, and improving sleep health and regenerative capacity.
- **Movement and regeneration.** This includes learning about spinal coaching and ways to improve the immune system.
- **Nutrition.** This includes analyzing dietary behavior and healthy eating behaviors.

### COVID Response

As the world responded to the COVID-19 pandemic, TPG continued our operations as an essential supplier. To protect our employees, we developed a mobile work

policy and allowed employees to work from home to limit the number of people in the facilities. For employees who must be onsite, we implemented social distancing procedures.

To protect employee health, we partnered with local clinics to organize doctor appointments and provide COVID-19 vaccinations, which were difficult to acquire throughout 2021.





# PLANET

**A**t The Packaging Group, we work diligently to safeguard our planet and its resources by responding to environmental challenges such as climate change. We are packing for a brighter future by setting ambitious climate targets, promoting circular waste management and collaborating with our customers to enhance manufacturing efficiency.

## APPROACH TO ENVIRONMENTAL MANAGEMENT

Our material topics reinforce our focus on driving efficient operations through energy efficiency and renewable energy, emission reduction strategies and waste diversion. To ensure proper management of our environmental impact, we maintain an environmental management system (EMS), which spans across four production sites and six service offices globally, with the majority of our manufacturing operations occurring in Germany.

TPG's Project Engineer of Sustainable Development and Occupational Safety Specialist are responsible for managing our EMS. They lead our environmental initiatives, embedding environmental responsibility within our health and safety practices and measuring our performance. The Project Engineer of Sustainable Development reports biweekly to leadership regarding our environmental performance and progress toward our goals.

We prioritize compliance with environmental laws and regulations at all locations and experienced no violations during 2022. We align our practices in accordance with internationally recognized standards and frameworks such as ISO 14000

environmental management standards and the GHG Protocol. For several customers, we participate in Sedex Members Ethical Trade Audits (SMETA), which conduct an in-person review and validation of our operations' sustainability every three years across a variety of criteria, including an environmental assessment.



We often assess our operations to identify areas where we can reduce our environmental footprint, with a focus on enhancing energy efficiency while reducing greenhouse gas (GHG) emissions and waste. Water use does not represent a substantial contribution to our environmental footprint as there is minimal use in our manufacturing processes and operations. However, in the spirit of continuous improvement, we monitor our usage of water and other resources to address any potential inefficiencies.

## LAUNCHING OUR NET-ZERO 2030 COMMITMENT

As a leading manufacturer of industrial machinery and goods for packaging, we recognize our important role in combatting climate change by reducing GHG emissions, enhancing energy efficiency and introducing more renewable energy solutions within the packaging supply chain. That is why in 2022, we formalized our climate strategy and launched a companywide commitment to achieving net-zero Scope 1 and 2 GHG emissions by 2030. In addition, we also set a target to achieve a 50% reduction in Scope 3 emissions by 2030 compared to our 2021 baseline. We submitted our GHG reduction goals to the Science Based Targets initiative (SBTi) in 2022 and expect to receive their validation in 2023.

We believe that to achieve our net-zero goal and significantly reduce our carbon footprint, we must have a robust plan of action that embraces renewable energy, addresses Scope 1, 2 and 3 emissions and enhances manufacturing efficiency. In 2021, we identified several actions to consider implementing within the next few years.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**“ TPG is proud to announce our commitment to net-zero greenhouse gas emissions by 2030, as validated by The Science-Based Targets initiative. To reach this ambitious goal, we must unpack the way we operate, looking for greener, cleaner and more efficient solutions in every corner of our facilities and value chain. As we work toward this goal throughout the next decade, it will enable us to bring our ability to innovate, collaborate and operate sustainably to new heights. ”**

*Akram Ezzat, Project Engineer / Sustainable Development*

Strategy to Reduce Our GHG Emissions
Calculate total GHG emissions for 2021, the baseline year for our net-zero goal.
Submit our net-zero target to the Science-Based Targets Initiative (SBTi) in 2022 for validation.
Build up our reporting mechanisms to respond to CDP annually.
Transition all of our operations in Germany to run on 100% renewable energy in 2022.
Install on-site solar systems by 2024 to generate direct renewable energy.
Continuously assess our operations to phase in the use of more efficient, greener technologies and practices.
Engage with our suppliers to target Scope 3 emissions reductions, beginning with the launch of a supplier carbon questionnaire in 2023.





## GREENHOUSE GAS EMISSIONS

According to the Climate Collaborative, packaging is a significant source of GHG emissions, accounting for about 5% of the energy used in the lifecycle of a food product. TPG recognizes the importance of reducing our carbon footprint while also helping customers reduce their overall environmental impact.



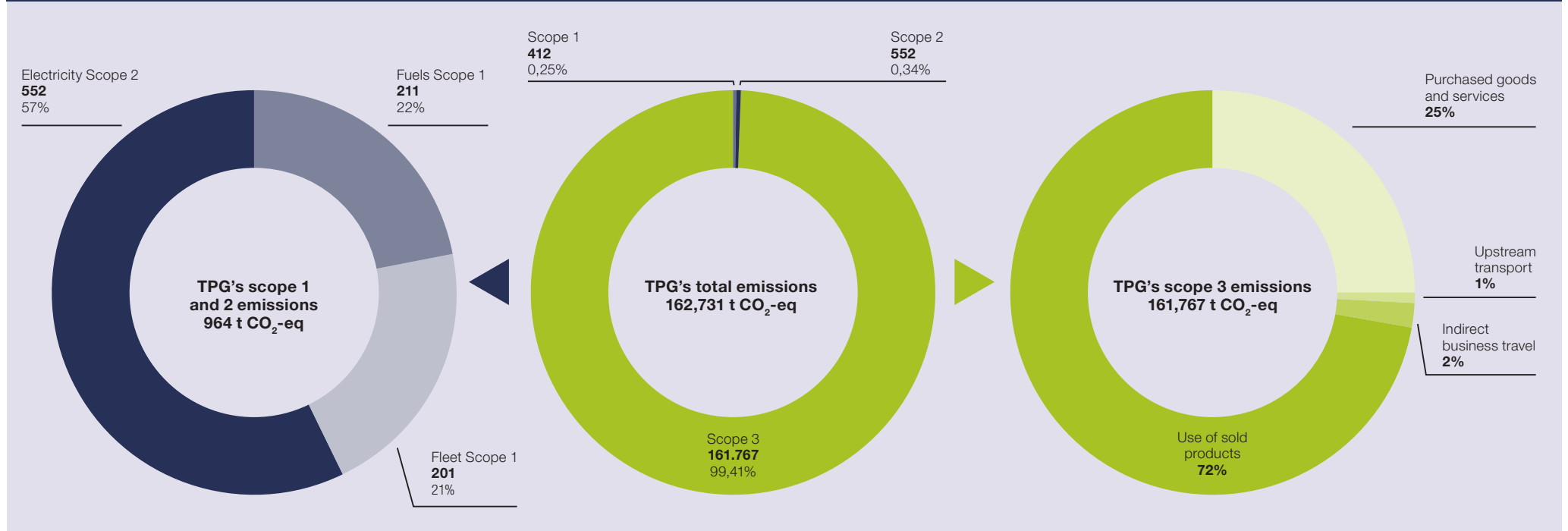
Beginning in 2020, TPG set out to better understand our carbon footprint by conducting a pilot GHG inventory at one of our facilities in Germany. The results revealed invaluable insights regarding our carbon footprint, including the efficiency of our operations, our largest sources of emissions and the cost-effectiveness of practices and technologies.

Total emissions at HDG that year were 1000.6 metric tons of CO<sub>2</sub>e. This inventory included our own emissions (scope 1 and 2 emissions) and upstream emissions in our supply chain (scope 3 emissions). As this pilot offered many important insights, we expanded our GHG inventory companywide in 2021.

The 2021 GHG inventory measured Scope 1 and 2 emissions for all of our locations in Germany, encompassing key emission sources such as electricity usage, and heating and cooling. We also began measuring Scope 3 emissions as indicated in the GHG Emissions table.

Throughout 2022 and 2023, we plan to expand our Scope 3 boundaries to include product life cycle and supply chain emissions.

GHG Emissions 2021 (metric tons of CO<sub>2</sub>-eq)



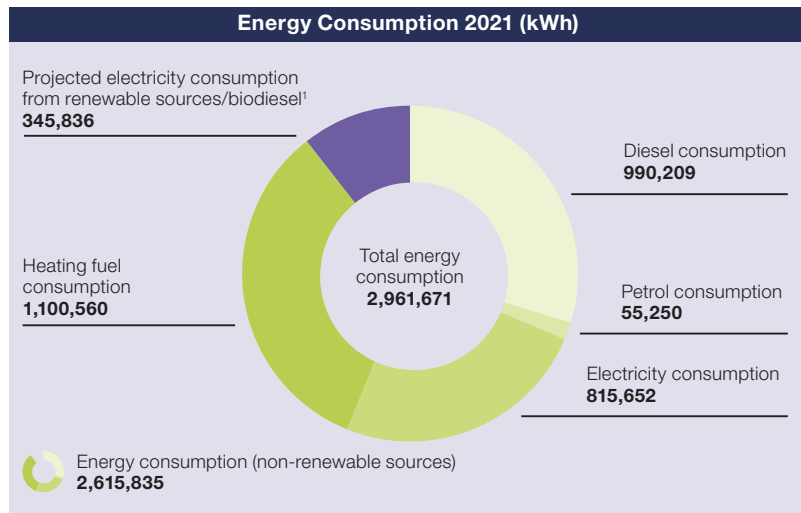
## ENERGY MANAGEMENT

As we manufacture high-quality machines, our operations can be energy intensive during certain stages of product development. Therefore, we closely monitor our consumption and continuously explore ways to enhance efficiency and increase reliance on renewable energy sources such as solar.



Across our manufacturing sites, we have implemented LED lighting when possible and are assessing the feasibility of additional installations. We incrementally evaluate our machines and manufacturing technologies to ensure they are operating at peak efficiency. At one of our locations, we insulated several machines to enhance energy efficiency. We also automated part of our heating system.

In May 2022, we transitioned to 100% renewable energy grid consumption with our local energy supplier. We are excited about the immense strides made through this transition and are exploring additional ways to expand our use of renewable energy through on-site generation and power purchasing agreements. Currently,



we are assessing the feasibility of an onsite solar installation at our HDG site, we plan to install on-site solar systems by 2024.



### **Innovative Products Promote Circularity and Address Climate Change**

Research from the Ellen MacArthur Foundation indicates that approximately 45% of global GHG emissions are associated with how we make and use products and how we produce food. It concluded that a substantial amount of product emissions can be mitigated by embracing circular practices<sup>2</sup>. This includes keeping materials in circulation longer and eliminating waste throughout the value chain.

TPG machines play a vital role in enabling customers to eliminate packaging waste as they are compatible with a variety of green packaging materials such as recycled plastic and paper. In addition, our machines promote the optimal use of packaging materials. For example, in collaboration with one of our customers, we were able to reduce the amount of material necessary to package their food product by packing it more compactly. We look forward to future collaborations and innovations to address issues where circularity and climate change intersect.

<sup>1</sup> This is an estimate of electricity consumption from renewable sources and TPG cannot confirm this is the exact value of consumption. This projection was developed referencing Germany's electricity mix for 2021 of 42.4%.

<sup>2</sup> Completing the picture: How the circular economy tackles climate change (ellenmacarthurfoundation.org)

## WASTE MANAGEMENT

**Waste prevention and management help improve efficiency, health and safety while reducing environmental impact.**



At our manufacturing locations in Germany, we maintain a waste management system that prioritizes waste diversion through recycling, composting and other techniques. In addition, we closely monitor our usage of raw materials and resources to promote efficient manufacturing processes and prevent excessive waste.

The types of waste we generate as a result of our operations include wood-based waste such as packaging and paper, as well as metal, foil, and green waste. A third-party waste management company collects our waste and recycles or recovers waste when feasible.

We generate a minimal amount of hazardous waste such as oil byproducts and lubricants due to product manufacturing. We abide by local laws and regulations in safely managing and disposing of all hazardous waste, we recycle it when it is lawfully permitted and feasible.

We often collaborate with customers and suppliers to eliminate waste. For example, with several suppliers, we use reusable and recyclable bins to transport materials.

Besides addressing waste impacts within our direct operations, we believe one of our greatest opportunities to positively impact the waste stream is by advancing the circular economy through our products and services since they enable customers to use more reusable, recyclable and biodegradable materials. Read more about this in the [Products](#) section.



<sup>1</sup>This is an estimate of the percentage of waste recycled based on Germany's Federal Environmental Agency average for the country of 81.47% for the year 2020. TPG works with a third-party waste outlet that manages waste disposal. We cannot confirm this is the exact value of waste recycled, it is a projection.

<sup>2</sup>This is an estimate of waste recycled based on Germany's Federal Environmental Agency average of waste recycled for the country of 81.47% for the year 2020. TPG works with a third-party waste outlet that manages waste disposal. We cannot confirm this is the exact value of waste recycled, it is a projection.

<sup>3</sup>This is an estimate of the percentage of waste recycled based on Germany's Federal Environmental Agency average for the country of 81.47% for the year 2020. TPG works with a third-party waste outlet that manages waste disposal. We cannot confirm this is the exact value of waste recycled, it is a projection.

GRI Content Index			
Statement of use	The Packaging Group has reported the information cited in this GRI content index for the period fiscal 2021, from January 1, 2021, to December 21, 2021, with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
GRI STANDARD		DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1	Organizational details	The Packaging Group GmbH
	2-2	Entities included in the organization's sustainability reporting	<a href="#">About TPG</a>
	2-3	Reporting period, frequency and contact point	<a href="#">About this Report</a>
	2-4	Restatements of information	This is our inaugural sustainability report and therefore includes no restatements of information.
	2-5	External assurance	This report has not been externally verified.
	2-6	Activities, value chain and other business relationships	<a href="#">About TPG, Supply Chain Management</a>
	2-7	Employees	<a href="#">Labor Practices</a>
	2-8	Workers who are not employees	We maintain an apprenticeship program. The total head count of apprentices as of December 31, 2021, is available in the Labor Practices section.
	2-9	Governance structure and composition	<a href="#">Corporate Governance</a>
	2-11	Chair of the highest governance body	The Chairman of the Advisory Board is Dr. Jürgen Onasch.
	2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Corporate Governance</a>
	2-13	Delegation of responsibility for managing impacts	<a href="#">Corporate Governance, Sustainability at TPG</a>
	2-14	Role of the highest governance body in sustainability reporting	<a href="#">Corporate Governance, Sustainability at TPG</a> , Approach to Environmental Management
	2-15	Conflicts of interest	<a href="#">Code of Conduct</a>
	2-16	Communication of critical concerns	<a href="#">Code of Conduct</a>
2-17	Collective knowledge of the highest governance body	<a href="#">Corporate Governance</a>	
2-22	Statement on sustainable development strategy	<a href="#">CEO Letter</a>	
2-23	Policy commitments	<a href="#">Code of Conduct, Ethics and Integrity</a>	
2-24	Embedding policy commitments	<a href="#">Code of Conduct, Ethics and Integrity</a>	
2-25	Processes to remediate negative impacts	<a href="#">Ethics and Integrity</a> , Product, <a href="#">Planet</a>	
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Code of Conduct</a>	
2-27	Compliance with laws and regulations	<a href="#">Code of Conduct, Ethics and Integrity</a>	

	2-28	Membership associations	Several membership associations that we participate in include: - The Association of Germany's Engineering Industry (VDMA) - Cologne Chamber of Industry and Commerce
	2-29	Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a>
	2-30	Collective bargaining agreements	<a href="#">Labor Practices</a>
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	<a href="#">Materiality Assessment</a>
	3-2	List of material topics	<a href="#">Materiality Assessment</a>
	3-3	Management of material topics	Discussion of each material topic is within its respective section of the report.
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	We do not track local spend at this time, but we do often establish partnerships with suppliers that are local to our operations.
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	<a href="#">Energy Management</a>
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	<a href="#">Greenhouse Gas Emissions</a>
	305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Greenhouse Gas Emissions</a>
	305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Greenhouse Gas Emissions</a>
	305-5	Reduction of GHG emissions	2021 is our baseline year GHG data. We will report GHG emissions reductions in future years.
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	<a href="#">Waste Management</a>
	306-2	Management of significant waste-related impacts	<a href="#">Waste Management</a>
	306-3	Waste generated	<a href="#">Waste Management</a> – where indicated, we provided estimates of waste data referencing data from Germany's FEA because our third-party waste manager does not track all data requested by GRI at this time.
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	<a href="#">Labor Practices</a>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Employee Engagement</a>
	401-3	Parental leave	<a href="#">Labor Practices</a>
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	<a href="#">Employee Health and Safety</a>
	403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Employee Health and Safety</a>
	403-3	Occupational health services	<a href="#">Employee Health and Safety</a>
	403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Employee Health and Safety</a>
	403-5	Worker training on occupational health and safety	<a href="#">Employee Health and Safety</a>
	403-6	Promotion of worker health	<a href="#">Employee Engagement</a> , <a href="#">Employee Health and Safety</a>
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Employee Health and Safety</a> , Collaborating with Customers

	403-9	Work-related injuries	<a href="#">Employee Health and Safety</a>
	403-10	Work-related ill health	<a href="#">Employee Health and Safety</a>
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	<a href="#">Labor Practices</a>
	404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Employee Engagement</a> , <a href="#">Labor Practices</a>
	404-3	Percentage of employees receiving regular performance and career development reviews	At least 30% of employees receive a formal, annual performance review. We maintain informal review and development processes for other employees within our workforce. We plan to adopt a formal process for more employees in the future.
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	Labor Practices
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	In the reporting period, there were no reported incidents of discrimination.
<b>GRI 416: Customer Health and Safety 2016</b>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2021, we experienced no incidents of non-compliance concerning the health and safety impacts of products and services.

# TPG

FAWEMA HDG WOLF

## IMPRESSUM

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Dr. Hans-Peter Mertens  
(CEO/Geschäftsführer/Managing Director)

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