



SUSTAINABILITY REPORT 2016

People, Ideas, Solutions.

THIMM Group 2015 - Facts & Figures

One of the leading manufacturer of multi-material transportation and sales packaging, POS displays and decorations, print products for further industrial processing and provider of packaging-related services.

REVENUES
million euros

558

NUMBER OF EMPLOYEES
full-time-equivalents

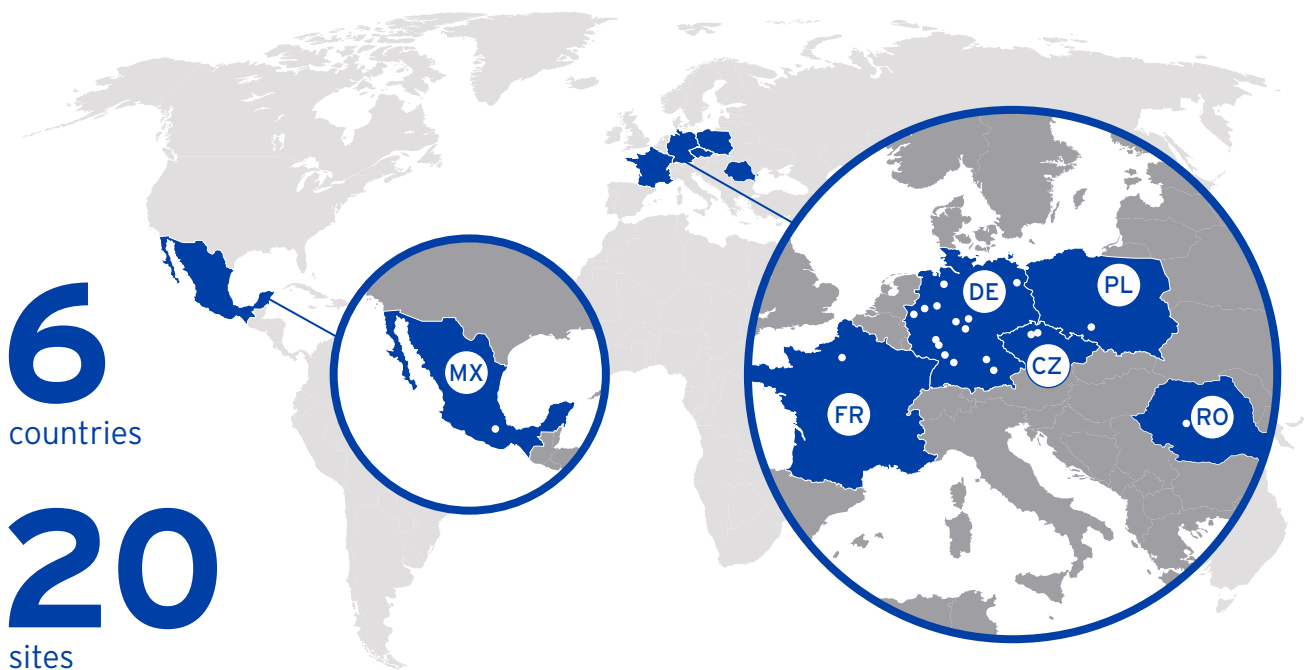
3,021

INVESTMENTS
million euros

31.6

EQUITY RATIO
percent

43.0



Alzey | Bremen | Castrop-Rauxel | Chotětov | Duisburg | Eberswalde | Essen | Garanières-en-Beauce | Germersheim | Ilsenburg | Lohhof | Ludwigsburg | Neuburg | Nordhausen | Northeim | Puebla | Sibiu | Tychy | Všetaty | Wörrstadt

DEAR READERS

Imagine we are describing the year 2025. How will global material flows look in almost ten years? What changes will digitalisation have had on the world? What will packaging and packaging processes be like then? And what will be the role of THIMM?

We do have a direct influence on this last question so can confidently answer it. This is because we are constantly working together intensively with our customers, our employees and our environment to translate the ensuing demands into future-proof business and organisational models, packaging solutions and services. We still don't know what this environment will be like in 2025 but we can imagine various scenarios.

What we are sure of is that ten years from now we shall still be supporting our customers to package their products safely, well and sustainably, advising them in their packaging and logistics processes and making a positive overall contribution to their value chains. It is true that the market in which we operate is complex and demanding and will certainly also remain so.

In this Sustainability Report we describe this environment which sets the framework conditions for our business, what moves us as a company and how we have developed our business forward over the last two years. We discuss markets and influencing factors, describe our value creation processes, examine procurement and distribution and set out our reusable material cycle. We also share our philosophy as an employer and provide you with an insight into our social commitment.

This is all based on our embodiment of corporate responsibility that has supported us for many years. For the last five years we have consolidated these activities under the concept of THIMM Social Responsibility (TSR). Since then TSR has imbued life into a wide range of strategic measures. We documented the first milestones in our Sustainability Report 2014 and over the last two years we have continued to implement measures and already achieved many of them. For example we have introduced a targeted reporting system which will help us further develop the specified key figures for our four fields of action - Market, Environment & Processes, Employees and Community. We have again successfully completed the SMET-audits. We are also in close and proactive contact with many of our customers in relation to our TSR concept and we work together with them on specific sustainability projects.



Jens Fokuhl (left) and Mathias Schliep (right).

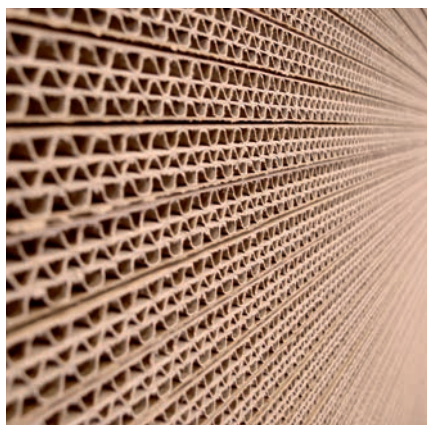
We have, however, also acknowledged that the further development of our management system is both advisable and necessary so that all our company sites can fully embrace our philosophy. Therefore over the next few years we will also focus our attention on our internal TSR organisation and interconnect our employees more closely with these topics. In addition, we will be examining and updating our strategy as well as our Codes of Conduct for employees and suppliers.

Our driving motivation is to always find the best answers to those questions that concern our customers. To achieve this we need solutions-orientated, open-minded employees who commit themselves to new tasks and thereby help THIMM as a family business to be commercially successful over the long-term and to develop sustainably. We have a strong team on board and we are confident that with this team we shall cope with any challenges that await us with passion.

Mathias Schliep
THIMM Group Management Board

Jens Fokuhl

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Head office of THIMM Group in Northeim.

People, Ideas, Solutions.

THIMM Group is one of the leading manufacturers of multi-material transportation and sales packaging, POS displays and decorations as well as print products for further industrial processing. A wide range of associated packaging services covering the entire supply chain further enhances the company's product-portfolio.

Our customers include prestigious brand manufacturers from across all sectors. We are currently represented at 20 sites in six countries, supply the European market and work closely with our key customers within a framework of worldwide integrated overall concepts, thereby making an important contribution to their value creation chain.

Founded in 1949, THIMM Group today is the biggest corrugated cardboard producer in Germany that does not have its own paper manufacture and is the European market leader in the flexo preprint market for high-quality printed packaging and displays for the Point-of-Sale. The organisation of our activities into business divisions operating autonomously in the market continues to be a success-factor for sustainable growth.

In the financial year 2015 THIMM Group increased its revenues by 4.7 percent to 558 million euros. This means we have again developed at an above-average rate in comparison

to the rest of the sector (+1.2 percent). Operating profit, EBITDAR, was 49.8 million euros and 8.9 percent of revenue. At the end of 2015 we employed 3,021 people (2014: 2,827).

THIMM Group's head office is located in Northeim (Lower Saxony) and employs over 440 people. We are represented with our business divisions at the following sites:

- » **THIMM Verpackung:** Northeim, Castrop-Rauxel, Alzey, Eberswalde, Lohhof/Unterschleißheim, Všetaty (Czech Republic), Sibiu (Romania), Tychy (Poland)
- » **THIMM Packaging Systems:** Nordhausen, Neuburg an der Donau, Bremen, Duisburg, Gernersheim, Chotětov (Czech Republic), Puebla (Mexico)
- » **THIMM Display:** Wörrstadt, Ludwigsburg, Essen
- » **THIMM Consulting:** Northeim
- » **Christiansen Print:** Ilsenburg, Northeim, Garanières-en-Beauce (France)

Corporate Responsibility – THIMM Social Responsibility (TSR)

THIMM Group is committed to the principle of comprehensive responsibility in all its company divisions and in all aspects of value creation. Long-term thought-processes and sustainable actions and therefore being a reliable partner, is our guiding principle.

MANAGEMENT APPROACH

THIMM is family business that is aware of its responsibilities and is a leader in selected segments of the European packaging industry. To merit this position we stand for innovation, flexibility, security and growth. That means harnessing the creativity and drive of our employees in cooperation with our customers and partners to create packaging solutions and services optimised to deliver maximum benefits to our customers. Our corporate responsibility is based on the three pillars of economy, ecology and society which we have translated into the four fields of action of Market, Environment & Processes, Employees and Community. These form the core of our THIMM Social Responsibility Strategy (TSR) that we developed and implemented in 2011. The objective was to secure the future survivability of the company and to systematically focus our actions on the challenges facing us such as limited resources, climate change and demographic change. Of course it goes without saying that we align ourselves to the conventions of the International Labour Organisation (ILO) and to common international guidelines such as the ten principles of the UN Global Compact.

It is true that the idea of TSR is not all that new in the Group, since for many years we have been pursuing objectives and projects which have now been amalgamated under the TSR umbrella. These include the opening up of new markets, continuous investments to maintain our competitiveness, resources conservation, new product solutions and the fair and respectful treatment of each other. Responsible and

sustainable growth is our way of remaining an independent family business. These aspects are accompanied by an appropriate organisational development and clearly defined leadership principles. All this corresponds to our corporate philosophy that we have embodied for decades. We reported on our TSR activities comprehensively for the first time in the THIMM Group Sustainability Report 2014.  **THIMM Sustainability Report 2014**

FOR US TSR IS THE BRINGING TOGETHER OF OUR ENTREPRENEURIAL PAST AND OUR FUTURE. WE'RE ASSUMING RESPONSIBILITY BY ...

- » offering innovative, resource-efficient and environmentally friendly products and services (field of action **Market**).
- » the environmentally conscious framing of our business activities and the sustainable orientation of the supply chain (field of action **Environment & Processes**).
- » being an attractive employer (field of action **Employees**).
- » being an active member of the community (field of action **Community**).

This is all based on transparency, fairness, a sense of partnership and a dialogue with our stakeholders.



OUR STRATEGIC SUSTAINABILITY OBJECTIVES

In our individual fields of action we have defined the following sustainability objectives:

FIELD OF ACTION MARKET

STRATEGIC OBJECTIVES: WE WANT ...

- » to work together with clients and suppliers as partners
- » legal compliance in economic management
- » to promote innovative and sustainable product solutions.
- » to grow dynamically and generate profits for the long-term commercial success of the company
- » to identify relevant opportunities and risks and manage them
- » to ensure maximum quality requirements and product safety

KEY FIGURES FOR THESE OBJECTIVES

- » Supplier Code of Conduct coverage ratio
- » possible infringements of the Code of Conduct
- » possible fines
- » commendations and awards for our product solutions
- » revenue
- » number of sites

📖 Company portrait, p. 03; Market developments, p. 09; Procurement, p. 15; Value creation, p. 21; Key figures, p. 60

FIELD OF ACTION ENVIRONMENT & PROCESSES

STRATEGIC OBJECTIVES: WE WANT ...

- » to use environmentally friendly materials
- » to make efficient use of resources (energy, water, raw materials, consumables and supplies)
- » to design environmentally friendly logistics processes
- » to avoid, reduce or reuse emissions and waste
- » to integrate environmental and social standards into procurement policies
- » to drive forward the introduction of sensible management systems

KEY FIGURES FOR THESE OBJECTIVES

- » FSC® ratio
- » usage ratio of secondary fibre paper
- » proportion of non-cross-linked foam
- » all consumption data in the sections Value Creation, Key figures
- » Company Carbon Footprint (Scope 1 and 2)
- » Total waste
- » Supplier Code of Conduct coverage ratio

📖 Procurement, p. 15; Value creation, p. 21; Distribution, p. 35; Reusable material cycle, p. 41 Key figures, p. 60

FIELD OF ACTION EMPLOYEES

STRATEGIC OBJECTIVES: WE WANT ...

- » to embody the leadership values of appreciation, a willingness to develop and performance-orientation
- » to design a healthy environment to minimise safety risks
- » to implement and further develop customised continuing and vocational training plans
- » to promote diversity and equality of opportunity
- » to promote a healthy life balance
- » to offer challenging tasks and to support employee-identification with the company

📖 Employees, p. 47; Key figures, p. 60

FIELD OF ACTION COMMUNITY

STRATEGIC OBJECTIVES: WE WANT ...

- » to promote our transparent involvement in donation and sponsorship activities based on uniform principles
- » to cooperate consistently with regional interest groups and with trans-regional organisations and associations
- » to support volunteer activities by our employees within the scope of our operational capabilities

📖 Community, p. 55; Key figures, p. 60

KEY FIGURES FOR THESE OBJECTIVES

- » number of managers who have participated in the Leadership Programme modules
- » number of occupational accidents
- » sickness ratio
- » apprenticeship ratio
- » total expenditure for continuing and vocational training
- » expenditure for continuing and vocational training in hours
- » nationalities of employees
- » age groups of employees
- » proportion of women in management positions
- » take-up of part-time working models

KEY FIGURES FOR THESE OBJECTIVES

- » donation expenditure
- » memberships of associations and organisations

SUSTAINABILITY ORGANISATION AND CONTROL

The implementation of our TSR strategy is oriented towards the long-term. In 2011 we drew up an action plan for its implementation in THIMM Group which specifies the strategy and breaks it down into individual business divisions and sites. This action plan has been systematically followed since then and has been fulfilled to different degrees depending on the business division or site.

Efficient sustainability management requires clear structures and the consistent incorporation of the strategy into the company's organisation. We have therefore anchored TSR Management at the very top management level of THIMM Group and central leadership is incumbent on the corporate affairs department. This is where the strategy implementation is monitored and controlled and where responsibility for group-wide projects is initiated and coordinated. In autumn 2015 we started a process to further develop our management system so that the concept could be better embraced throughout our business divisions.


SUSTAINABILITY COMMUNICATIONS AND REPORTING

The Sustainability Report is the key element of our sustainability communications. THIMM Group published its first Sustainability Report in 2014. Through the four TSR fields of action of Market, Environment & Processes, Employees and Community it documents our strategy, our management systems and activities in the reporting period 2011-2103 and presents an outlook of planned further development.

In this second Sustainability Report which covers the years 2014 and 2015 our core focus has been on the wishes and requirements of our customers and on aligning our products and services to them. We describe our (raw) material procurement routes as well as the different stages of value creation in our various business divisions – from product development through production to distribution and recycling – and we demonstrate how we implement our sustainability strategy in detail. In its structure the Report follows our brand core "Highpack & People": In the "Highpack" section we report on relevant production issues relating to our packaging solutions and services. The "People" section focuses on our employees and the social commitment of THIMM Group.

Our key figures are based on a significantly expanded data basis in comparison to the first Report. New key figures have been added which will help us to manage and shape our sustainability activities. Now all the key sustainability figures which we report in accordance with GRI Guidelines can be determined for almost every site. We have also used this collated data to calculate for the years 2014 and 2015 the first Company Carbon Footprint (Scope 1 and 2) for THIMM Group. This established data basis and the regular determination of the key figures lay the foundations for defining the measurable sustainability objectives that we are planning for 2017.

As a complement to this Sustainability Report we also communicate our sustainability performance on our website on which both Reports are available in digital format. We also inform the general public via our active media relations work. Personal discussions, customer meetings, participation in sustainability-specific customer workshops and trade fairs are also used as means of communicating our comprehensive corporate responsibility.

Internally we inform our employees via the Employee Newspaper and the Intranet as well as in the TSR-Days which we have been running since 2013. We conduct standardised workshops as part of our training schemes and we have created modules for the induction of new employees as well as comprehensive training measures around the introduction of the Employee Code of Conduct. This is particularly important because it defines the rules of conduct applicable to all employees.  **THIMM Code of Conduct**

STAKEHOLDER DIALOGUE AND MATERIALITY MATRIX

THIMM Group is in regular dialogue with many different interest groups and tackles the relevant subjects and issues facing both us and our stakeholders with the requisite seriousness as well as all sustainability aspects and the resulting challenges. The information and dialogue needs of our stakeholders are important to us. Therefore we regularly exchange information and know-how with our customers, suppliers, employees, investors and other relevant partners in our corporate environment. As well as the groups mentioned above, stakeholders also include representatives from Non-Governmental Organisations (NGOs), science/research, the media, politics/public administration, neighbours and the population around our sites. We want to design this dialogue to be as transparent and open as possible in order to establish maximum trust and credibility for all stakeholders. Stakeholders with whom we make contact are selected based on their relevance to our business processes. We have accurate and in-depth knowledge of our corporate environment and we approach our dialogue partners in a very targeted manner. In return, we respond quickly to external approaches and are always open to exchanges.



TSR-Days for employees.

This dialogue takes place through a range of communications channels. Some of the exchanges with our customers take place in subject-specific working groups during which various aspects of sustainability are highlighted. Direct customer enquiries also lead to intensive exchanges and joint projects. Furthermore we conduct regular customer surveys. Within the framework of THIMM Academy, seminars and workshops cover and discuss packaging-related subjects, current developments, trends and future prospects. Selected representatives of our corporate group also participate in congresses and other events both on the subject of sustainability and on future trends and issues.

Direct meetings with our employees take place during the TSR-Days, as well as at other times. During the visit of this mobile exhibition our employees can give direct feedback on the company's sustainability activities. All reactions, suggestions and ideas are collected and forwarded to the management board who examine them for their implementation potential. Three TSR-Days have been held during the reporting period.

We also maintain close contact with our key suppliers as regards our TSR concept and with whom we have jointly implemented many innovative projects.

Our first Sustainability Report was received positively by our stakeholders largely. However, there have not been any specific stakeholder queries or feedback with a direct reference to the Sustainability Report.

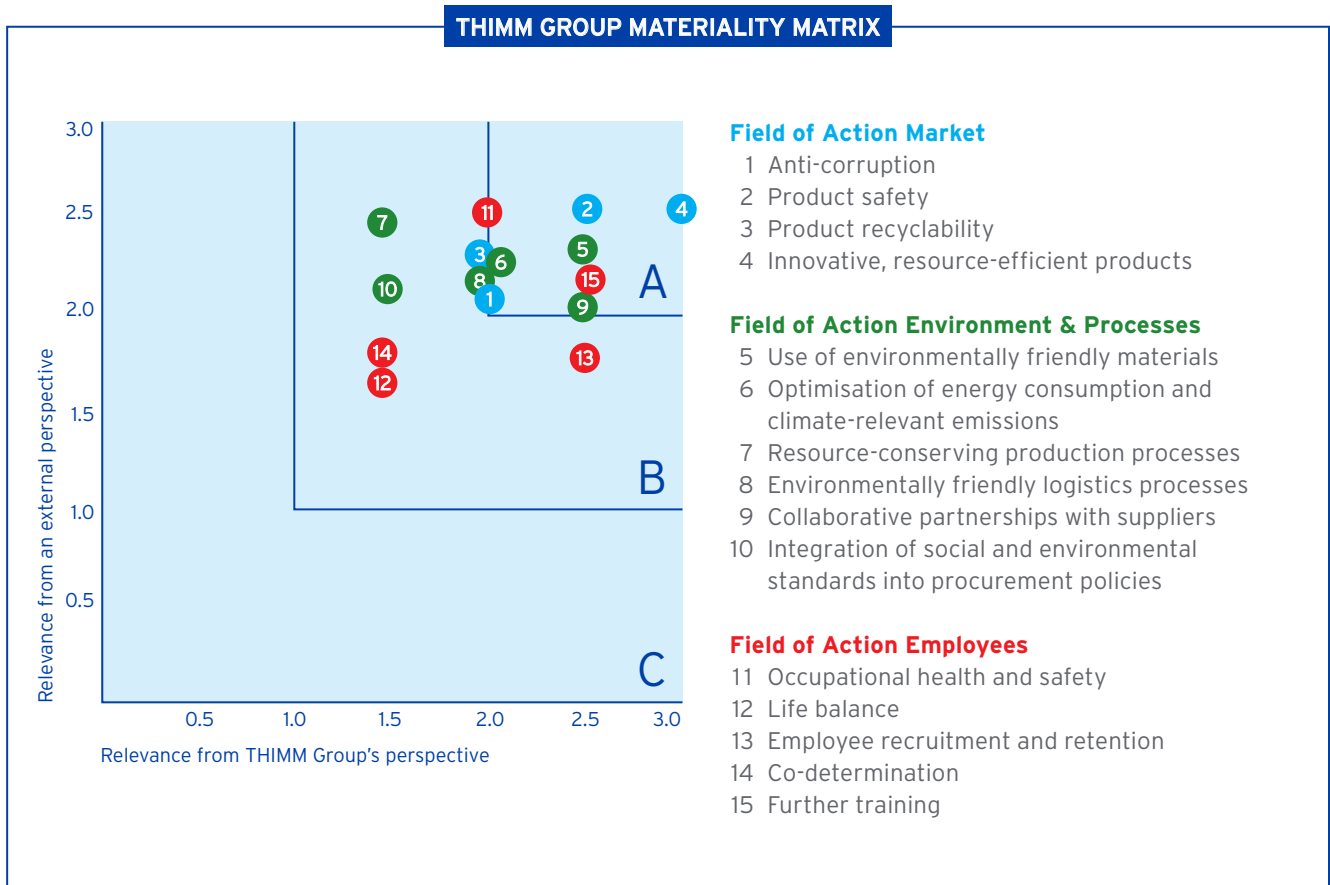
In 2011 and 2013 we also conducted a survey with around 140 selected external stakeholders with the aim of identifying and evaluating relevant sustainability themes and to obtain an estimation of the sustainability performance of THIMM Group. The people surveyed were from the following groups: customers, suppliers, politics/public administration, science/research, NGOs, business/industry associations and the capital market. The survey results from 2011 were also used to develop our TSR strategy. Within this context the first materiality analysis was compiled which assesses the importance of the individual issues by our stakeholders. The following matrix shows the different sustainability issues based on internal and external relevance. It created an important basis for the concept behind this Sustainability Report.

OUTLOOK

We shall continue our sustainability activities consistently over the next few years. We will hold two to three TSR-Days every year for our employees. In 2016 two events have already taken place with another one planned. We are also updating our Employee and Supplier Codes of Conduct. Our focus here is on company-wide exchanges regarding any required adjustments as well as on the implementation of new guidelines.

We will also be complementing our strategic sustainability objectives with measurable figures. Although this project was originally scheduled for the 2014/2015 reporting period, we have not yet been able to implement it in full due to our continuously strong corporate growth. However, we now have a wide-ranging and valid data basis as a pre-requisite for a meaningful measurability of our sustainability activities.

This year we are consistently driving forward the further development of our sustainability management system that was launched in the fourth quarter of 2015. With the objective of embedding the TSR concept more deeply within the business divisions, in the first half of 2016 we appointed some TSR-Responsibles. As an interface between the management boards of the business divisions and corporate affairs they will further examine the sustainability strategy according to the needs of the individual business divisions and sites and identify and implement specific actions. The TSR-Responsibles also act as multipliers in the respective business divisions. Functionally they are managed by corporate affairs. Through the assistance of this expanded network we want to further develop specific sustainability objectives for our company and further refine our sustainability management.



MARKET DEVELOPMENTS

THIMM Group: Packaging producer and service provider in a complex, international environment

A word cloud featuring various business and sustainability terms. The words are arranged in different sizes, colors (blue, purple, green), and orientations (horizontal and vertical). The most prominent words include 'Innovative capacity', 'Flexibility', 'Transparency', 'Growth', 'Change', 'Digitalisation', 'Competition intensity', 'Responsibility', and 'Sustainability'. Other terms include 'Sustainability', 'Responsibility', 'Innovative capacity', 'Competition intensity', 'Flexibility', 'Future viability', 'Internationality', 'New technologies', 'Global flows of goods', 'Demographic change', 'Full service provider', 'Volatility', 'Contradictory developments', and 'Digitalisation'.

Sustainability
Responsibility
Innovative capacity
Competition intensity
Flexibility
Future viability
Internationality
New technologies
Global flows of goods
Demographic change
Full service provider
Volatility
Contradictory developments
Digitalisation
Change
Growth
Transparency

Market developments in a changing world – THIMM Group as an international packaging producer and service provider

As an international packaging producer and service provider, THIMM Group operates in an environment that is changing significantly. The current picture is characterised by many, and in part contradictory, developments. Old borders are disappearing, new ones are being added or being rebuilt. The quantity, quality and variety of the products handled varies greatly.

The global economy is on the move. The growth markets of the last few years are now showing declining growth rates for the first time. The big industrial countries are stagnating and have structural problems to overcome. On a political level, the necessary reforms are in part hindered by a lack of progressive thinking and resistance to change and therefore do not come about. Another consideration is the lack of reliable empirical values for many of the current challenges. A stable and operational global finance system must also be an objective as is the feeding of the world's population. International approaches must be developed to handle every type of terrorism, new war zones and crisis flashpoints as well as refugee movement processes due to displacement, persecution or threat on economically justified grounds.

New technologies not only influence society but also change the global economic map. Increased rates of e-commerce, advanced automation, electro-mobility and also 3D printing are replacing the business models of entire sectors. The packaging industry as part of logistics chains is affected by this both directly and indirectly. Sustainable actions are in widespread demand. There are many different solutions and approaches but a broad consensus which combines all the demands with their economic, social and ecological perspectives has not yet been achieved.

All these changes are challenges for us yet at the same time they offer huge opportunities to set the course today for the sustainable economy of tomorrow.

CUSTOMER SITUATION AND REQUIREMENTS PROFILE

All business divisions of THIMM Group operate in very intensely competitive markets with over-capacities and predatory competition. Price fluctuations in raw materials, such as for paper, influence the shaping of sales prices and therefore also productivity and profitability. The Western European packaging market in particular is currently only growing in small steps and the markets in Central and Eastern Europe are also losing some of their dynamism. The packaging market is consolidating. Smaller providers are increasingly being integrated into bigger companies.

We are also observing intensive predatory competition on the part of our customers. This drives market concentration forward and leads to an increased pooling of packaging requirements at European level.

At the same time customers are demanding an intensive linkage with their packaging suppliers as well as fast responses to product modifications. They want high degrees of flexibility and are increasingly placing their orders in smaller, individually designed batches with very short delivery times. Packaging-associated services are becoming more and more important as the desire for comprehensive support grows. As a full-service provider with very precise knowledge of logistics




Quality in focus: Michael Körber checks a corrugated cardboard package.


and transportation processes, THIMM is a competent partner to its customers, who are split primarily into the industrial and consumer goods sectors. In both sectors price, quality, delivery reliability and innovative capacity are some of the main demands placed on us as a packaging producer and service provider.

RESPONSIBILITY AND TRANSPARENCY THROUGHOUT THE SUPPLY CHAIN

Sustainable thought-processes and actions have now also become an important factor in the requirements profile. Our customers demand responsibility and transparency in the supply chain from us. From the outset THIMM Group also started to assume a pioneering role within the packaging sector in this regard.


We realised from the very beginning of this process that end-users expect companies to be in a position to provide proof of their responsible actions. We have developed an individual TSR strategy which is one of the leading examples of corporate responsibility in the sector.  **Sustainability in THIMM Group, p. 04**

Manufacturers of consumer goods, such as the food industry, are the main focus of this interest. Their procurement of raw materials and packaging materials is closely inspected. End-users want to be certain that products are produced under fair conditions, are environmentally friendly and are not harmful to health.

THIMM also works closely with its customers in this process. We have the required items of proof and we are regularly inspected according to international social, environmental and hygiene standards. In 2015 five corrugated cardboard plants successfully completed SMET-audits which inspect compliance with international standards for occupational health and safety conditions, ethics and environmental protection. We guarantee our customers high standards in the quality of our products and services. We also regularly inspect our suppliers. We negotiate with them on an equal footing and require responsibility in their supply chain.  **THIMM Code of Conduct**

SUSTAINABILITY IN INDUSTRIAL AND CONSUMER GOODS PRODUCTION

Through its various business divisions THIMM is constantly moving closer to its customers, both geographically and from a content perspective. The company's development into a full-service-provider at different levels is the result of many years' collaboration with companies in the industrial and consumer goods sectors.

The consumer goods industry views sustainability primarily as a safety aspect. Packaging protects products along a transparent supply chain whereby compliance with hygiene provisions and the complete traceability of all packaging components also assumes considerable importance. Consumer goods manufacturers are securing themselves more in order to minimise their product liability risk. They also want to see certificates for the packaging raw materials used such as the FSC® paper seal.  **Procurement, p. 15**

For some goods such as fruit, vegetables, meat, dairy products and online-orders, a trend towards reusable or standardised logistics solutions is now evident. However, the recyclability of a material still has a big role to play when it comes to non-returnable packaging.

The nearer consumer goods companies or end-users are, the more pronounced is their view of sustainability and climate protection. It is important to our customers that we protect resources and work according to a certified environmental management system.

In the industrial goods sector an increasing awareness of sustainability aspects can now be identified. Reusable systems across all borders are also on the agenda here as is the desire for innovative packaging and logistics solutions that can and should replace traditional products. Driving forces behind this development are also the innovation processes within the individual sectors. The automotive industry for example is increasingly aligning itself to the growing importance of e-mobility which will not only pose fundamental challenges but will also open up new opportunities. The same applies to machinery and plant construction, where in this regard the requirements of Industry 4.0 also point to an intensive focus on the sustainable products of tomorrow and to the alignment of processes to them. These also include new and innovative packaging and logistics solutions which have been designed to be reusable or which are more environmentally friendly than previous solutions due to the alternative materials selected.

Both sectors rely on responsibility and transparency in their supply chain. As an international packaging producer and service provider, THIMM Group can also take the lead here with its product and services portfolio.

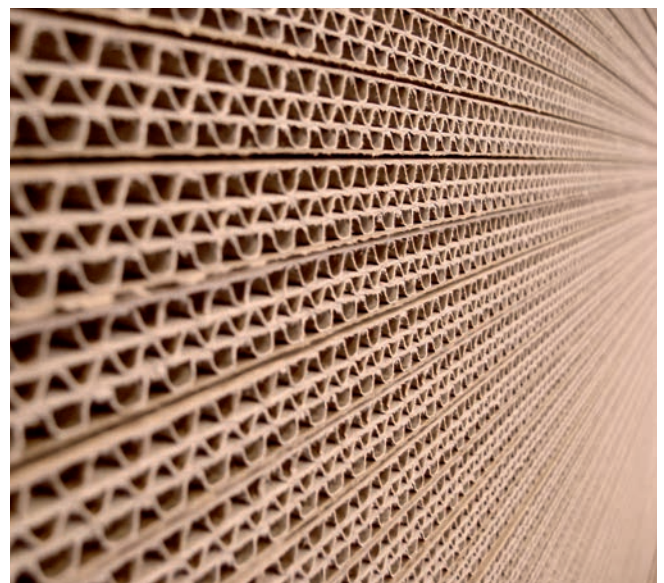
THIMM GROUP CORPORATE DEVELOPMENT

In order to meet the constantly changing needs of a world-wide customer-base, flexibility, innovative capacity and a knowledgeable anticipation and assessment of market developments is required. Thanks to our business model we are agile and can respond quickly to changes. Our customer and market proximity enable us to develop innovations and set trends. This is why we are pioneers in the packaging sector and want to continue to be so in the future. We are independent, focus on what our customers want and pursue our strategic objectives.

We can confidently meet the challenges facing the sector. In 2015 we continued along our path of growth and internationalisation. THIMM increased revenue by 4.7 percent to 558 million euros and thus developed at an above-average rate in comparison to the rest of the sector (+1.2 percent). The number of employees increased by 6.9 percent to 3,021.

The main driver for the revenue growth was the expansion of the multi-material and special packaging business with our key customers. Our business model of locating our sites close to our customers has proven its worth. We are at the right place at the right time. Our international activities, in particular in Central and Eastern Europe, are also making a positive contribution to our corporate development.

We have invested a total of 56 million euros in expanding our competitiveness in the 2014/2015 reporting period. The most important investment areas were the continued modernisation of the existing European corrugated cardboard plants and the land acquisition and start of construction of the new and considerably bigger "Hollledau" plant in Bavaria which will replace the former corrugated cardboard plant in Lohhof/Unterschleißheim near Munich in early 2017.





This new building has been designed for the introduction of autonomous processes with expanded production and shorter throughput times and marks the start of a trend-setting development - the efficient combination of customer proximity, flexibility and Industry 4.0.

We are continuously expanding our network of sites located in close proximity to our customers both in Germany and internationally. For example in 2015 we invested in our new sites at Germersheim and Puebla (Mexico) as well as in new production facilities for the manufacture of displays, multi-material and special packaging systems. For about ten years we have been making most of our investments in the sustainable modernisation of our machinery and equipment in Germany and internationally. Innovative production facilities not only improve our efficiency, they also protect the environment thanks to their reduced energy requirements.

The driver behind our development is our strategic growth. In the financial year 2016 we again want to grow at rates above the market average and increase our revenues. Our new plant in Holledau in particular has benefited from investments of over 70 million euros. In future we will further broaden our reach and increase our international focus so that we are always where our customers are. As an independent company we are versatile and always able to respond quickly and flexibly to changing requirements and needs. In addition to our core market in Central Europe, the overseas and Eastern European markets will play an important role in the medium and long term. Also here, as an international packaging producer and service provider, THIMM Group can take the lead.

The new plant in Holledau, in particular, has received investments of over

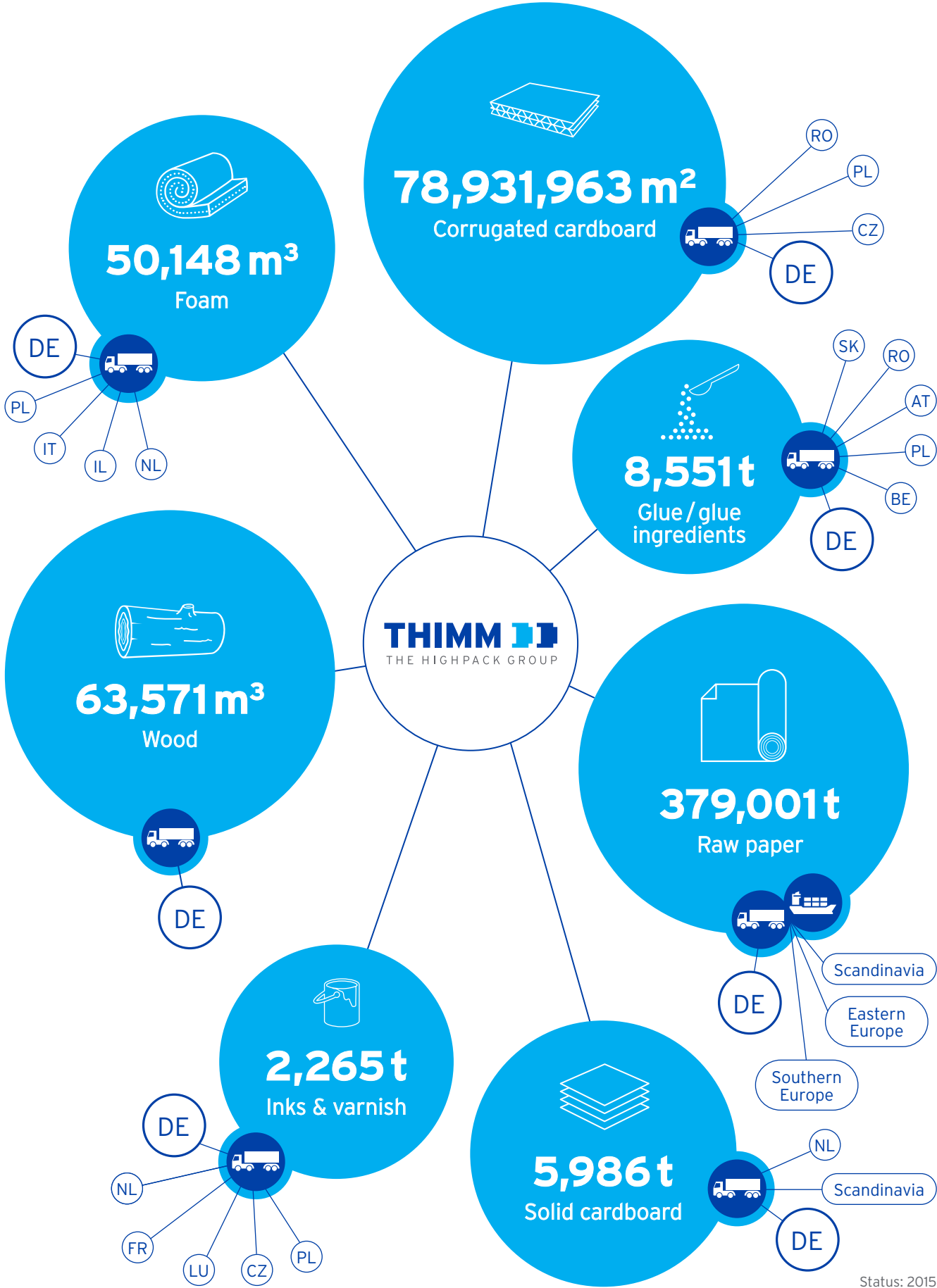
70

million euros in total.

PROCUREMENT

To use environmentally friendly materials with a sustainable orientation of the supply chain

Raw materials procurement – Our supply chains



Status: 2015

Responsible sourcing – sustainable orientation of our supply chains

THIMM Group pursues the principle of comprehensive responsibility in all aspects of value creation. This applies both to the procurement of our raw materials and other consumables and to the design of our supply chains and logistic processes.

MANAGEMENT APPROACH

Corrugated cardboard forms the heart of our services and product portfolio and for us it is both a base material and a product. It is produced from paper, the key raw material. Both are fundamentally important to us and are required in large quantities. We additionally process wood, foam, solid cardboard, glue, printing inks and varnishes. Small quantities of plastics and metals are also used.

Within the framework of the sustainable orientation of our supply chain, we require our suppliers to implement and maintain social and ecological standards. Our most important suppliers undergo an internal THIMM evaluation carried out by the purchasing department. Depending on the classification, purchasing and quality management then conduct regular audits and take part in continuous exchanges with the respective suppliers. The type and scope of the audits depend on the impact of the delivered product on the safety of the employees involved, the environment and the production process. The evaluations are saved electronically.

In order to fulfil our responsibility as a contracting entity, in 2012 THIMM Group formulated and implemented a Supplier Code of Conduct. **THIMM Code of Conduct** Since then we have systematically pressed ahead with the introduction of the Supplier Code of Conduct and emphasised its significance as a pre-requisite for future collaboration. The majority of our suppliers have already signed this Code or have their own Code of Conduct approved by us.

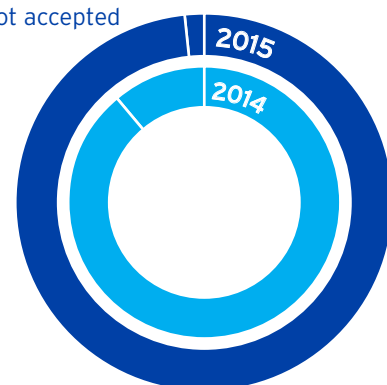
If suppliers do not accept our requirements we shall not work with them or we shall terminate the collaboration. In order to enable collaboration with regional micro-enterprises we waive compliance with our Code of Conduct when their annual revenue is lower than 5,000 euros. During the reporting period no infringements of the Supplier Code of Conduct were reported via the ombudsman.

PROPORTION OF SUPPLIERS IN THE PROCUREMENT VOLUME WHO HAVE ACCEPTED THE CODE OF CONDUCT In percent

1.6 (11.0)
Proportion of suppliers who have not accepted the Code of Conduct.

98.4 (89.0)

Proportion of suppliers who have accepted the Code of Conduct.



In our procurement of paper and corrugated cardboard we ensure that we maximise capacity utilisation of transport volumes as far as possible and avoid half-full HGVs. We also prefer to commission suppliers whose production plants are nearby. Regarding the purchasing of auxiliary materials and consumables, the logistics are completely incumbent on our suppliers.

Some customers, for instance in the automotive sector, occasionally require an extremely fast supplier response. Good collaboration with suppliers enables orders to be processed on schedule. To achieve this we use consignment warehouses or through direct business.



OUR MISSION FOR LOGISTICS

- » At the right place, at the right time and in the right quantities
- » Regional as far as possible
- » Premise: HGVs fully loaded
- » Suppliers must comply with the THIMM Code of Conduct

SECTOR SPECIFICS – INDUSTRIAL AND CONSUMER GOODS

As an international packaging producer and service provider we also adjust our procurement of raw materials and other materials to the specific requirements profile of our customers from the industrial and consumer goods sectors. These requirements may be closely interconnected in principle, yet particular attention must be paid to their specifications. This is especially evident in the criteria applied for the procurement process when it comes to the issue of safety.

Clients from consumer goods production, and in particular from the food industry, pay great attention to the relevant health and safety aspects of the raw materials and other materials used and to their traceability. Some customers absolutely want to be informed of the origin of the raw materials and of the composition of the products. Our customers frequently require the ISEGA certification for our packaging which certifies food safety conformity.

Hygiene aspects are generally important for companies operating in the consumer goods sector as they must ensure that there are no contaminants in their products thereby excluding any risks to consumers. The most detailed provisions in this regard are stated in the product safety and quality management system according to the BRC-IoP Standard. **THIMM Quality Management** We check our suppliers regularly and require them to also inspect their own suppliers so that the supply chain is transparent from the origin to the end-user. Our tests refer, amongst other things, to contaminations by foreign bodies, cleaning plans, pest control as well as glass and hard plastic registers. Our suppliers have

also signed the EU Chemicals Regulation REACH. This states that only chemicals that have been previously registered are allowed. The same strict provisions also apply to our own raw material and material stores.

Another issue that primarily concerns our customers from the food industry is the possible migration from mineral oils when using paper made from secondary fibres. We closely monitor and check ongoing developments, exchange information with our customers and are always available to provide advice.

For clients from the industrial goods sector, other safety aspects are at the forefront of their requirements. For example, their safety requirements are closely linked to adherence to defined processes which are the fundamental pre-requisite for the smooth progression of international material flows. Data protection and confidentiality are very important. Furthermore, industrial goods customers need to be extremely flexible as their work is primarily project-oriented and therefore very fast solutions are required for short-term call-offs. We have adapted accordingly to this volatility. To fulfil our orders promptly and on schedule we maintain an extremely broad-based supplier network and have our own warehouses with packaging materials. We advise our customers in their selection of appropriate raw materials and in the combination of materials. For example, in the case of heavy goods that have to be shipped by sea, there are high requirements for the protection of the goods to be packed.

RAW MATERIALS AND OTHER MATERIALS USED

Paper products

Paper is the most important raw material for THIMM Group. Procurement is undertaken centrally and covers the needs of all business divisions. As an independent and international company we have a broad-based supplier network and target our paper purchasing to those paper types our customers specifically want. This flexibility regarding volumes, timing and intended usage enables us to meet the most diverse order situations at all times.



Raw paper

We procure raw paper and print the paper rolls for further industrial processing. We also produce corrugated cardboard sheets and corrugated cardboard packaging. In the financial year 2015 almost 380,000 tonnes of raw paper were processed. 76.5 percent of this was recycled paper-based corrugated cardboard raw paper. We almost exclusively procure the paper we use from suppliers, who as a minimum, are certified according to the Controlled Wood or the FSC® standard.

The FSC® label (FSC® = Forest Stewardship Council) is a worldwide recognised certification. For our customers this means transparency in the paper supply chain through all processing stages plus the security that the paper types

processed originate demonstrably from responsible forestry, or within the context of the recycling economy, meet the required criteria for recycled fibre papers. The FSC® standards also include the preservation of biodiversity and the protective function of forests.

About three quarters of our paper originates from Germany. We purchase the remainder from Scandinavia and Southern and Eastern Europe. Due to our high supply needs we can aggregate these into shiploads and achieve a more environmentally friendly delivery than by HGV.

The substitution of fresh fibre papers with products based on secondary fibre paper and the reduction of paper grammages are the most important developments in the market at the moment. Since 2015 we have been offering our customers the "Starliner white" paper type which is a fresh fibre substitute which can also enable high-grade printing. Furthermore, we have introduced two modified paper types based on recycled paper which are alternatives with lower grammages.

"Saving resources and reducing CO₂ emissions are megatrends as manifested by many examples throughout the packaging industry. Together with our customer THIMM and through our cooperative partnership, we are able to meet the increasing demand for secondary fibre papers and lighter grammages."

Jürgen Heindl, Chairman of the Board Progroup AG



Corrugated cardboard

THIMM Packaging Systems and THIMM Display purchase corrugated cardboard sheets and then further process them. Part of the requirement is delivered by THIMM Verpackung. The business divisions purchase the rest from a range of suppliers in Germany, Poland, the Czech Republic and Romania. This means that our customers' requirements which are often very short-term and highly-specialised can be met quickly and flexibly.



Solid cardboard

The overwhelming majority of the solid cardboard required is used to produce POS displays in the THIMM Display business division, where the solid cardboard is printed and then laminated onto corrugated cardboard to give the construction sufficient stability. In the financial year 2015 almost



Varied material mix of THIMM Group.

5,986 tonnes of solid cardboard were purchased. Most of this consists of recycled paper. For products requiring particularly high-quality printing, we purchase solid cardboard made of fresh-fibre paper.



Wood

THIMM Packaging Systems uses wood for its in-house pallet production and as a partial packaging component. The wood used originates from different tree species – 70 percent spruce, 25 percent pine and 5 percent birch.

We mainly purchase the wood we need from German dealers, who primarily make their purchases in Scandinavia and Eastern Europe. When necessary we purchase IPPC-certified wood which has undergone an internationally recognised pest-control treatment. This safety measure is specifically important for the export business and is very strictly controlled, in particular when importing into China. We additionally ensure that we adhere to the PEFC and FSC® standards which prove the origin from sustainable forestry. We assume that in the medium term it will be possible to use paper-based materials as an alternative to wood.



Foam

We need foam for packaging products with a very high value in the automotive and industrial sectors. The material is easy to process and combines excellently with other materials such as corrugated cardboard. THIMM Packaging Systems purchases foams from German companies who are in turn supplied from their plants in the Netherlands, Italy, Poland and Israel. We purchase pre-processed foams from Germany as a semi-finished product.

In order to fully meet the requirements of our clients, we require both cross-linked and non-cross-linked foams. Non-cross-linked foams are fully recyclable and correspond to our desire to largely process environmentally friendly source materials. We use cross-linked foams for the packaging of goods made of particularly sensitive materials such as coated and brushed parts which must not scratch. The

addition of chemical ingredients refines their surface, but prevents any subsequent recycling. However, this packaging material can be remodelled and then used in other products such as drainage mats.

73.7 %

of the foams used in 2015 are recyclable.

Foams are produced from crude oil derivatives, which explains the trend for using recycled foams. We will continue to seek solutions with a lower materials usage and to increase the recycled ratio.

Glue / glue ingredients

We need starch to produce the glue for the production of corrugated cardboard. We purchase this from Germany, Belgium, Poland, Austria, Romania and Slovakia. Products made of genetically-modified maize or genetically-modified starch are not used. In starch glue production very low quantities of borax compounds are used in order to achieve the desired adhesive properties. With a view to the further development and improvement of the starch glues that we use, we are involved in a research project looking at the substitution of borax.

The dispersion glue originates exclusively from Germany. In our purchasing of dispersion glue we ensure that it contains as few preservatives as possible.

Inks & varnish

THIMM Group primarily purchases the basic inks, varnish and special inks used in flexo printing from France, Luxembourg and Germany as well as from the Netherlands, Poland and the Czech Republic. Product quality, delivery reliability and prices are the crucial selection aspects here. Particularly when it comes to inks we ensure our compliance with the highest standards as regards pollutant values. We only use water-based inks of which more than 90 percent are basic inks.

In our offset printing we only use vegetable oil-based inks and water-based print varnish.



Purchased inks are subject to a quality inspection.

OUTLOOK

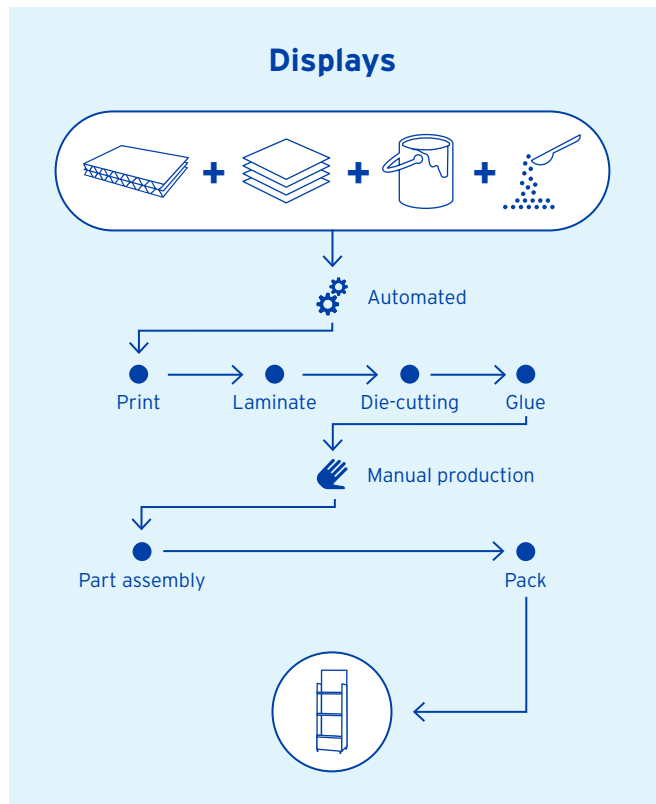
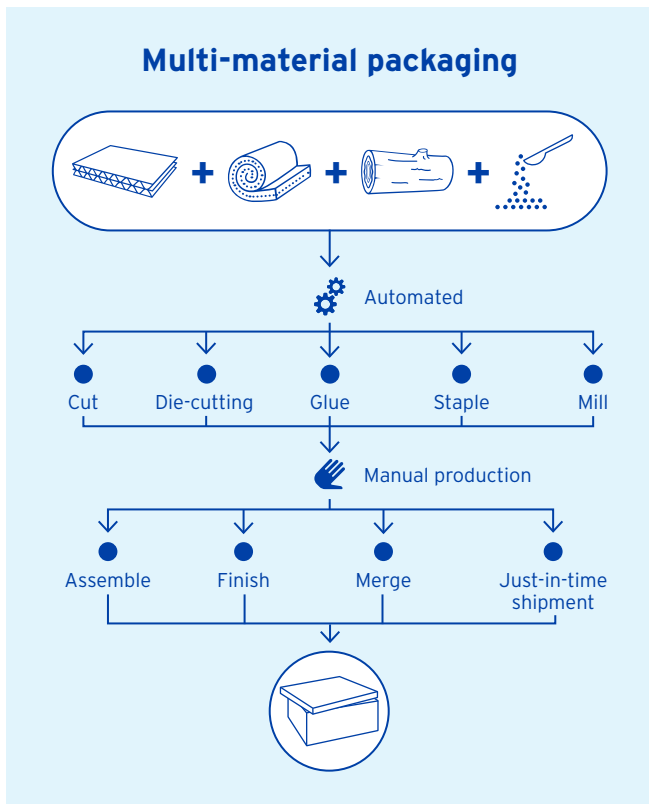
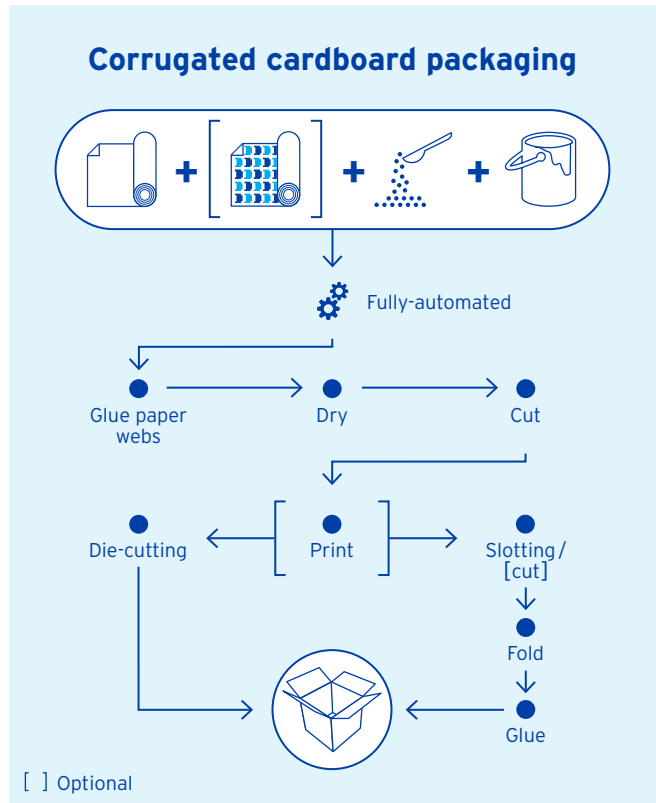
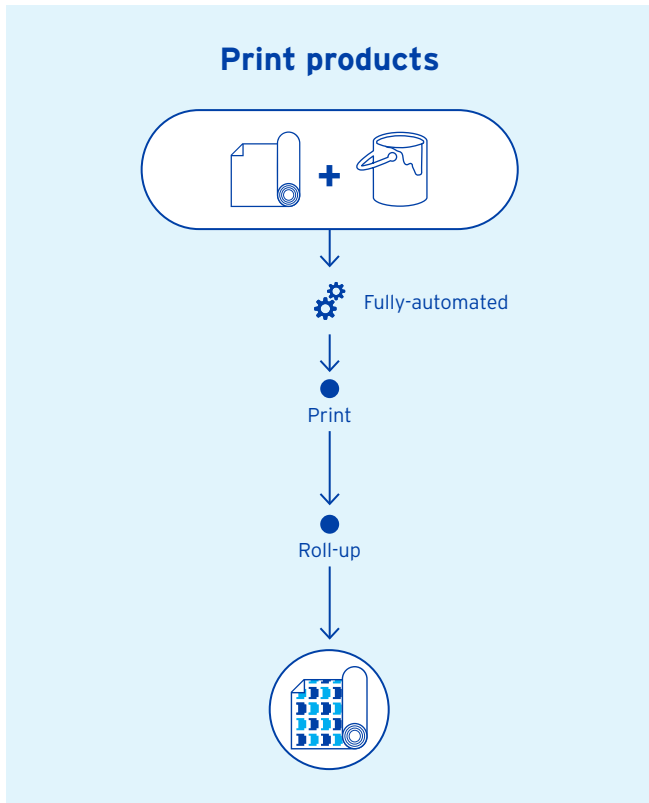
As an independent raw materials purchaser we will continue over the next few years to select the best raw materials together with our customers and suppliers, increase the use of environmentally friendly materials and further accelerate innovation processes. These include the further development of lighter and recycled corrugated cardboard base paper which due to its properties has an even better print quality. We will also continue to deal with developments regarding investigations into possible mineral oil migration.

We want to intensify our supplier relationships, press ahead with the binding force of our Code of Conduct and expand our regional procurement. One priority is to find nearby suppliers to our new plant in Puebla (Mexico). In selected areas the gradual discontinuation of external warehouses is being planned. In order to design paper delivery logistics to be even more sustainable, we intend in future to change the "Delivery Duty Paid" trading principle used to date in order to gain more influence in this area and optimise transportation conditions.

VALUE CREATION

To develop intelligent packaging solutions and thereby make efficient use of resources

Value creation – From raw material to finished product



LEGEND

-  Wood
-  Raw paper
-  Printed raw paper
-  Foam
-  Solid cardboard
-  Corrugated cardboard
-  Inks & varnish
-  Glue / glue ingredients

Value creation – efficient processes for manufacturing our products

Our mission is to assume responsibility for the environment by designing our business processes to be environmentally friendly and energy-efficient. To achieve these objectives we are introducing a consistent environmental management system for the whole company.

MANAGEMENT APPROACH

The efficient handling of resources such as energy, water, raw materials, consumable materials and supply materials plus the use of environmentally friendly materials, is of high priority in THIMM Group. At the same time we want to reduce emissions and waste. The regular capturing of key figures will make it easier in future to control our actions and enable optimisations.

We use valuable raw materials responsibly and we advise our customers of potential savings in their packaging development. At the same time in the production of our packaging and Point-of-Sale solutions, we are striving to reduce all our material offcuts and waste as far as possible. Waste generated during the production process is mainly fed into the reusable material cycle.  **Reusable material cycle, p. 41**

Management systems support us in processing complex subject areas as a complete entity and to achieve continuous improvements. A fundamental and basic requirement for our products is a reliable quality. To meet this demand we are certified group-wide in all our sites in Germany and abroad in accordance with the ISO 9001 quality management system.

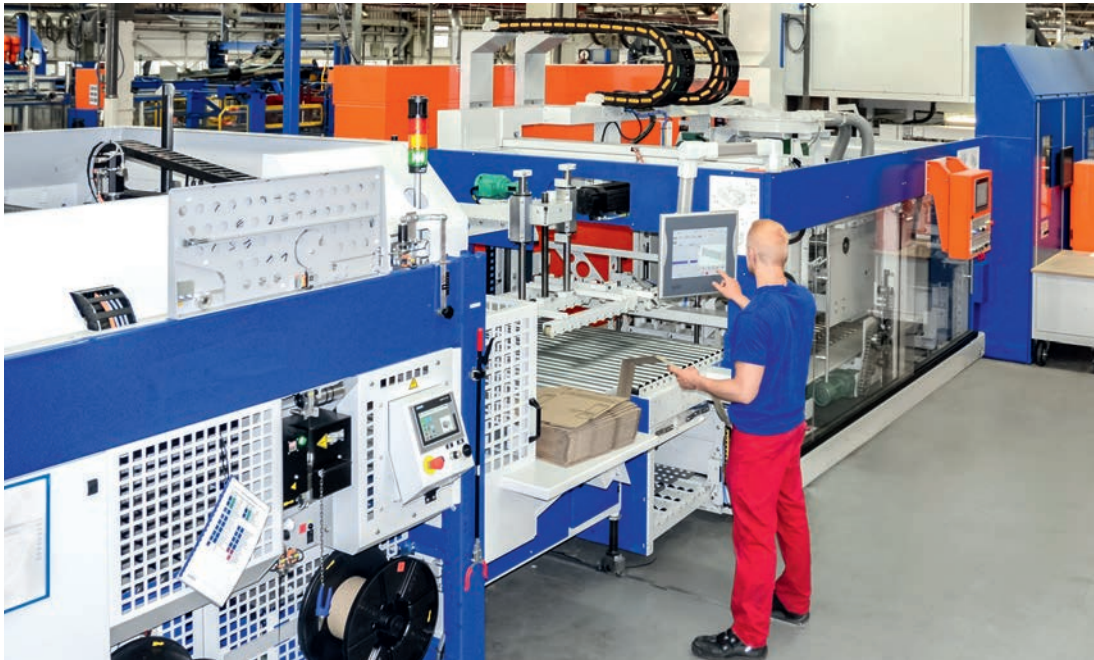
The corrugated cardboard production sector has brought together all the methods and tools from the different specific areas as well as commonalities from different systems into one “Integrated Management System (IMS)”, in order to exploit any synergies and avoid stand-alone solutions.

Customer-oriented value creation is a recipe for success for THIMM Group. Our processes and technologies as well as our products and services should be designed and aligned in such a way that they achieve maximum customer satisfaction together with the highest possible sustainability awareness.

SECTOR SPECIFICS – INDUSTRIAL AND CONSUMER GOODS

In the value creation process different market requirements lead to different approaches which our business divisions embrace through their customer-orientated products and services. The market is divided into customers from the consumer goods and industrial goods sectors.

The consumer goods market is characterised by high numbers of packaging units. This requires highly automated production processes both for functional transportation packaging and also for retail-ready shelf or sales packaging solutions. The quantities of merchandising displays produced for secondary placements in retail outlets are generally low,



State-of-the-art technology for the manufacture of corrugated cardboard packaging.

for example for the perfect secondary placement for products for the Point-of-Sale. Much of the display stand production is automated. A few complementary work steps are performed by hand.

In the consumer goods industry customers value packaging very highly that has been produced under strict hygienic standards and which complies with all the food-safety conformity requirements of the food industry.

Customers from the industrial goods industry primarily plan on a project-orientated basis. Their orders mainly required very customised packaging solutions, where product protection during transportation is of prime importance. Many solutions must additionally be compatible for use in high-bay warehouses and fit in specified spaces. All packaging must also be easy to handle. Therefore, a high proportion of manual work is required in packaging solutions.

Within the context of the projects of our industrial goods customers, packaging has a low impact on the ecological footprint of the product to be packaged. However, for some customers sustainability aspects are now very important. These customers want to have packaging made from recycled materials or reusable solutions. Demands for the use of biodegradable raw materials and the replacement of wooden pallets by paper-based pallets will become increasingly louder in future. This could consequently lead to considerable weight savings.

PROCESSES AND TECHNOLOGIES

THIMM Group is continuously modernising its machinery and equipment. New production plants and investments in new corrugators and technologies for further processing, inner-company logistics and automation, as well as in new buildings and sites, have resulted in significantly higher efficiency in the production process and to an increase in capacity. The ongoing modernisation of the equipment also improves the consumption values for the individual sites. In the reporting period we have invested 56 million euros in fixed assets.

USE OF ENVIRONMENTALLY FRIENDLY MATERIALS AND RESOURCE-CONSERVING PRODUCTION

THIMM Group utilises resources as efficiently as possible and is developing new environmentally friendly packaging solutions. We are working continuously to keep the environmental impact of our production as low as possible and to continuously reduce our water consumption and emissions.

Raw materials and other materials used

We know which materials are best suited to meet our respective customer demands and we know how to secure the environmentally friendly and sustainable procurement of our source products. As a leading packaging producer and service provider, we are independent and flexible in our purchasing of raw materials.  **Procurement, p. 15**

Energy

No energy no production. Our focus is on efficient use. We handle this valuable asset as sparingly as possible and strive to reduce emissions, without endangering the security of supply for our customers.

In the reporting period THIMM Group has set up many projects aimed at having a positive impact on the energy balance. One example of our commitment is our involvement in the Chamber of Industry and Commerce "Energy Scouts" project. This involves apprentices becoming qualified as Energy Scouts within the company with the aim of designing energy use to be more efficient and to avoid wastage. For example, our Energy Scouts have, after extensive analysis, started to install energy-saving LED lights and to actively involve employees in the issue of energy consumption. One of the groups was awarded the special "Employee Motivation" prize by the Federal Decision of Energy Scouts 2016 for the employee participation concept.

At the preprint site in Northeim, THIMM has installed an additional forklift truck filling station close to the point of use. The shorter routes have both decreased energy use and increased occupational safety. The car park in Northeim will in future be illuminated with energy-saving lighting. On

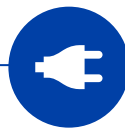
the machines in Northeim and Alzey so-called databuses capture energy consumption and support the energy-efficient operation of the plants.

The packaging plant in Nordhausen uses the heat from the waste plant. Cleaner extracted air heats the hall and reduces the energy consumption of the radiant heaters. The existing lighting is also being replaced by energy-saving technology. At the Neuburg site the high-speed doors are being fitted with wire rope hoists and motion detectors. Fewer door openings reduce heat loss accordingly.

In our display plant in Wörrstadt we have installed a new heat exchange ventilation system in the die-cutting and glueing hall and we expect a considerable reduction in our gas consumption.

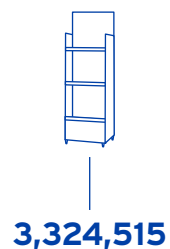
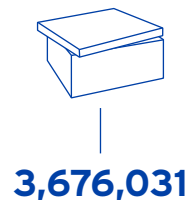
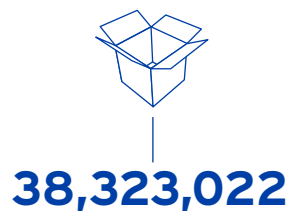
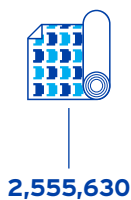
In comparison to 2013, natural gas and electricity consumption has increased in the reporting period by 30 percent and 41.5 percent respectively. In the same period the production volume of corrugated cardboard has increased by 22 percent. Furthermore, seven sites have been added to the corporate group including two preprint plants.

For the future we are planning continuous improvements in our energy consumption in all our plants.



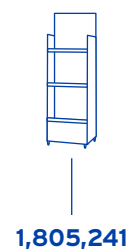
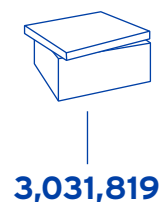
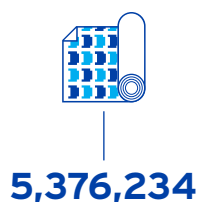
ELECTRICITY CONSUMPTION IN THE PRODUCTION PROCESS

In kilowatt hours



NATURAL GAS CONSUMPTION IN THE PRODUCTION PROCESS

In kilowatt hours



Water

THIMM Group needs water in all its business divisions. Most of the water consumed is by the corrugators, printing machines and for sanitary facilities. Our objective is to minimise water consumption at all our sites in production and administration. Water consumption was reduced by 2015 by 3.1 per cent in comparison to 2013. Water consumption per one million square metres of corrugated cardboard produced has been reduced since 2012 and in the 2015 reporting year was 156.35 cubic metres per one million square metres of corrugated cardboard produced.

In the Alzey corrugated cardboard plant when a new hall was built a cascading seepage system was installed that guides water to the on-site preeflooder. In many new buildings water-save buttons and motion detectors have been installed at washbasins which has reduced water consumption.

Waste water generated in the production process is cleaned if necessary and then fed into the public waste water cycle. Waste water volume has been reduced by 23.7 per cent in comparison to 2013. The volume of waste water generated per one million square metres of corrugated cardboard produced has been reduced in the reporting period to 70.73 cubic metres.

Inks, varnish, glue

THIMM Group also uses inks, varnishes and glue to produce its products. [Procurement, p. 15](#)

Most of these materials are used in the production of corrugated cardboard and in the generation of print products for further industrial processing. All corrugated cardboard plants and all preprint sites use water-based inks and varnishes. If requested by our customers, we can additionally use special colours such as gold or silver which are not water-based. The preprint sites and the corrugated cardboard plants in Alzey, Castrop-Rauxel, Eberswalde and Northeim also have residual ink management systems which feed back most of the unused residual inks into the production cycle. This proportion is to be further increased in the future. We already have some initial ideas here which are being checked for their feasibility.

Our new processing machines have systems with lower ink volumes which reduce the amount of ink still in circulation after the production process. This is reflected in the continuously declining levels of ink consumption which decreased per one million square metres of corrugated cardboard produced from 2.43 tonnes in 2013 to 2.07 tonnes in 2015.

For offset printing we only use vegetable oil-based inks and water-based print varnishes. The display plant in Wörrstadt also has its own dye kitchen where we can mix special colours in exactly the quantities required without having to purchase them. This has a sustainable and positive impact on residual ink management.

Tools and printing plates

To produce our products we need high-quality tools and printing plates. We mainly purchase these from suppliers located close to our sites in Germany with whom we generally maintain long-term collaborative relationships to ensure optimum results. Our suppliers adhere to our very precisely specified sectional drawings in order to produce the printing plates and punching tools. In future there will be standardised production specifications. We are also examining to what extent the photo polymer printing plates used to date could be replaced by rubber printing plates. The two printing plate types are assembled in the same way. However, rubber printing plates also last significantly longer and produce a considerably better printing result thanks to their better colour transfer. The printing plates used in offset printing are made of aluminium and are recycled after use.

Waste and handling hazardous substances

Different types of waste are created during the production of our packaging. In the reporting period 99.85 per cent of all waste was categorised as "non-hazardous". This waste primarily includes paper, cardboard and wood. Only 0.15 of all waste products were hazardous substances such as acids, alkalis, waste oil and filter materials which occur in production due to maintenance, cleaning and repairs to the plants. We treat and dispose of all substances correctly and environmentally compatibly and commission relevant disposal service providers if required.



WATER CONSUMPTION IN THE PRODUCTION PROCESS

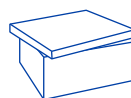
In cubic metres



3,304



119,175



3,925



5,324



Set-up of an inking unit.

Emissions

Within the framework of the TSR Strategy one of the key objectives of THIMM Group is to design business processes environmentally friendly and to ensure the sustainable orientation of the supply chain. This includes avoiding and saving CO₂ emissions. As a first step in order to identify which processes have significant potential savings and to formulate objectives based on this, in the reporting period we developed a calculator which determines the annual CO₂ emissions (Scope 1 and 2) for each of our company sites. The calculator is based on international calculation standards and databases.

56,731 t

In the 2015 reporting year a total of 56,731 tonnes of CO₂ (Scope 1 and 2) were emitted. Of this 84.1 percent were created in the manufacture of corrugated cardboard and its further processing.

PROCESS AND TECHNOLOGICAL DEVELOPMENT

In the reporting period THIMM Group has undertaken various optimisations that have a positive impact on production processes.

In parallel with the certified management systems, the corrugated cardboard plants and the preprint sites follow the lean management philosophy. The objective is to sustainably improve processes through early fault identification and avoidance, reducing down time and material wastage as a result. Shopfloor management supports the fast communication of results here. In order to ensure the continuous improvement process, a TOPEX (THIMM OPERational Excellence) Dialogue is held every year. The implementation of this concept leads to employees having an increased sense of responsibility for their machines and to more material and plant efficiency.

With the T-flute THIMM Verpackung also developed a new type of corrugated cardboard which due to its lower flute height in particular increases the efficient use of resources. Portfolio optimisations in paper type selection, pallet height, coverage and capacity utilisation streamline our processes making them even more effective.



A comparison of T- and B-flute.

THIMM Packaging Systems optimised its internal logistics by the construction of another production hall. Furthermore, a new materials flow design was installed in one of the plants. Capacities and machines are now used even better which has enabled us to further increase our delivery reliability and adherence to deadlines. The use of this concept at other sites is currently being tested.

THIMM Display has expanded an existing warehouse in the Wörrstadt plant with a new dispatch and storage facility. In the past external storage facilities were rented so the new hall brings this all together.

“This has enabled us to optimise our internal logistics and streamline process. Future costs for external warehouses, handling fees and freight will no longer apply. We have been able to reduce HGV traffic by four trips every day. This is good news both for local residents and the environment.”

Rainer Zimmermann, Head of Site Development and Technology, THIMM Display.

THIMM Verpackung employees have also submitted valuable ideas to improve internal company processes. They have participated in the “Ideas for the Continuous Improvement Process in the Company” project. Many suggestions have been awarded and implemented. One example is the introduction of a 48-hour order planning system. The doubling of the current 24-hour procedure which is currently being tested in the Eberswalde plant increases planning security, improves productivity and delivery reliability. As internal workflow for sales, planning, production and logistics are optimised, the delivery flexibility is retained. Customer and employee satisfaction increases to the same extent.

Employees also suggested measures to increase occupational safety and improve and facilitate workflow processes.

THIMM Packaging Systems introduced an Ideas Management System as a pilot project in the Nordhausen plant. The first ideas have already been submitted. Further suggestions are expected after the completion of the current transformation project. THIMM Display is also planning in the medium term to promote the introduction of an internal company suggestion scheme.

In principle empirical values from previous projects flow into new companies. In the construction of new buildings we use available building standards as our base. For example in the new plant in Holledau the focus was on an energy-saving design. When the building is completed in early 2017 it will be state-of-the-art from an energy point of view. With the envisaged waste heat recovery plant we will comply with the prescribed portion of the use of renewable energies. Optimum ventilation systems ensure a continuous inflow of fresh air and good dust extraction. In this new THIMM Verpackung plant we will tackle the subject of Industry 4.0 in depth, create the technological conditions to achieve it and



A new dispatch and storage facility for THIMM Display in Wörrstadt.

install the first autonomous production processes in order to learn from this for the further implementation in THIMM Group. Processes are also being increasingly automated at THIMM Packaging Systems. One example of this is that structurally identical machines at different sites can already be programmed centrally for production.

OCCUPATIONAL SAFETY AND WORK STANDARDS

The safety of our employees is of prime importance to us. The avoidance of work-related accidents is an overriding priority. All employees learn about the safety rules in regular training courses. In order to increase protection, trip hazards and similar sources of accidents are systematically identified and removed. In 2015 we recorded 84 accidents across the entire corporate group. This corresponds to 31.2 notifiable work-related and commuting accidents per 1,000 employees.

THIMM Verpackung followed up all incidents in detail and also closely examined the near-accidents. Carelessness was generally the cause of small cuts, sprains and impacts. Both reactive and proactive measures in all plants of this business division has led to improvements in safety precautions and machine environments.

At the start of 2016 THIMM Packaging Systems hired an expert in occupational health and safety, who is already increasing safety awareness. This business division provided its employees with knives with retractable blades. Additionally, some machines were retrofitted with automated power shutdown.

To avoid cut and trip accidents, THIMM Display at the Wörrstadt site redesigned walkways and introduced a safety shoe obligation. The newly built warehouse and the newly installed pallet conveying system will reduce forklift truck traffic in the plant and at the same time ensure better ordered processes. In conjunction with the targeted follow-up of any incidents this will further increase the safety of employees.

 **Employees, p. 47**

MANAGEMENT SYSTEMS AND CERTIFICATIONS

THIMM uses different management systems. These systems support us in processing complex subject areas as a complete entity and to achieve continuous improvements. These management systems are embodied in practice at our sites which are not yet officially certified. To guarantee reliable quality we are certified at all our sites in Germany and abroad in accordance with the ISO 9001 quality management system. One exception to this is still THIMM Display in Essen, which is working towards the certification by the end of 2016. Furthermore, all THIMM Group paper-processing sites are certified according to the FSC® standard. All preprint sites, corrugated cardboard plants and display production sites work according to this globally recognised standard. Deviating customer requirements apply to the production of multi-material packaging solutions and the processing there of purchased sheets of corrugated cardboard.

THIMM Verpackung has brought together all the systems into one Integrated Management System (IMS). In addition to the quality management system according to ISO 9001, the German corrugated cardboard plants in Alzey, Castrop-Rauxel, Eberswalde and Northeim have certifications for energy management ISO 50001, environmental management ISO 14001, occupational health and safety management OHSAS 18001 and the product safety and quality management system according to the BRC-IoP standard. The latter also applies to the plant in Všetaty (Czech Republic). Our subsidiary in Sibiu (Romania) also has the environmental certification ISO 14001.

In accordance with the provisions of this environmental management system, an environmental officer has been designated at every THIMM Verpackung site. This officer monitors compliance with the processes and provisions. He will regularly collect and acquire data in order to monitor and optimise any developments.

THIMM Packaging Systems is working towards the certification of its environmental management system according to the ISO 14001 standard. This business division already complies with all customer requirements in relation to data protection and the protection of intellectual property. Requests for ever longer guarantees of packaging functionality such as long-term storage, are respected.

THIMM Display has tested the possible introduction of a certified energy and environmental management system. However as this would not result in any further process improvements, work is continuing according to these existing management systems, but no certification is currently planned.

OUR PRODUCTS AND SERVICES

THIMM Group produces corrugated cardboard, multi-material transportation and sales packaging, POS displays and decorations and products for further industrial processing.

As a comprehensive consultant and service provider, we have developed a state-of-the-art range of products and services. Through our customised and market-orientated solutions we support our customers extensively in all their packaging tasks. We have acquired the creative potential and the technical expertise through the wealth of experience and motivation of our employees. This is how we create added-value packaging solutions. Our product range is consistently aligned to the needs of our customers and their value chain.

THIMM Group invests continuously in the expansion and further development of its overall services portfolio. This includes the development of new products and services as a fundamental factor in the confirmation of our position as a leading packaging producer and service provider. With our experience acquired over generations we are constantly working on innovative solutions and setting ourselves new market challenges.



To know precisely the requirements and needs of our customers.



Large load carriers for industry are subject to a quality test.

SERVICES PORTFOLIO

Our sustainable corporate principles play a big role in the development of customised packaging and services. This applies to all phases of the product development cycle: From the first discussion with the customer and the definition of the order for product development, the intensive exchanges between developers regarding the design and production to the use of the finished packaging solution.


In all development areas we use design software to create and build our packaging solutions which are additionally equipped with optimisation tools for storage space calculations. When selecting the materials to be used, databases with technical values for needs-based uses are applied. We examine and test all the desired requirements of the product, also in relation to its protective function, material efficiency and health aspects in our in-house laboratories and additionally, if required, through external testing institutions. Similarly the planned production method is subject to an efficiency test.

In 2014 at our site in Nordhausen we opened a laboratory and development centre. This is where, along with industrial packaging, innovative material compositions and the quality of delivered raw materials and external products are tested. The test laboratory also includes a climate chamber.

Many new innovations are created due to our striving for constant product improvements and individual solutions. Our experienced and well-qualified developers work

every day with ideas and optimisations. For example, within the framework of our internal innovation management, THIMM Verpackung has established a system for typifying the degree of innovation packaging solutions. This business division is increasingly winning over customers with solutions which combine market trends and customisation and promote brand image.

Within THIMM Group we run developer competitions. We also participate in national and international packaging competitions and regularly receive prestigious commendations for our product solutions. For example in the reporting period we were awarded the Superstar Award Gold and the Corrugated Carboard Innovation Prize 2016 for THIMM flexDisplay | fresh. This display made of corrugated cardboard with integrated cooling is well suited for special promotional activities at the Point-of-Sale.

THIMM Multipack | can, an innovative transport and packaging solution for drinks cans with a significantly reduced material usage was acknowledged with the Promotional Gift Award 2015 in the packaging section. In 2014 the Czech packaging competition "Obal roku" honoured one of our transportation packages for automotive components. The packaging which is mainly used for the transportation of bumpers simplifies the packaging process at the customer and only needs a little storage space. For selected products we were also awarded the Worldstar Award, German Packaging Prize, the Display Superstar Silver and Bronze, the POPAI D-A-CH Award Gold and Silver and the iF Design Award.  **Products & Services, p. 31**

» Products & Services

To offer intelligent and resource-efficient products and services is one of the important objectives of our TSR Strategy. We report over the following pages using selected examples on how we implement this objective in practice.



“The objective of Arla’s environmental strategy is a 25 percent reduction by 2020 in greenhouse gas emissions originating from production, transport and packaging. In parallel, 100 percent of all packaging materials used are to be recyclable. With the good results of this joint packaging optimisation project, THIMM as a supplier has made a significant contribution to achieving our sustainability objectives.”

Jane Hansen, Category Manager and Project Manager at Arla Foods, Denmark

PACKAGING OPTIMISATION AT ARLA FOODS, DENMARK

The focus of our customer Arla Foods is also on responsible and sustainable actions. The Danish dairy cooperative is one of the world’s Top Five companies for developing, producing and marketing dairy products. In 2013 Arla developed an environment strategy which formulated objectives for reducing greenhouse gas emissions originating from production, transport and packaging. Against this background in the same year the company started a comprehensive packaging optimisation project which aimed to help identify savings potentials, reduce costs and further improve the CO₂ balance. After an extensive analysis of the packaging portfolio by our consultant team, the project team consisting of Arla and THIMM employees concentrated on the four packaging types with the biggest potential. They modified the material selection and packaging design and they tested these in all areas of the value creation chain – from packing processes through the logistics process to use in the retail outlet.

In February 2015, the dairy in Brabrand implemented the last new packaging types and completed the pilot project with a very good result:

- » The packaging optimisation saved 11.8 percent of annual costs.
- » The range optimisation reduced CO₂ emissions by over 60 percent. The main drivers were the conversion from Kraftliner to Testliner products with lighter grammages, reduced printing and the switch from a B- to an E-flute format.
- » The change in packaging unit sizes led to a considerably improved pallet and HGV capacity utilisation. This also generated 50 percent more storage capacity and at the same time the handling effort was reduced by half and productivity increased.

The project was then rolled out in 28 of the 32 Arla plants in Denmark and Sweden.

PRODUCTS FOR THE CONSUMER GOODS INDUSTRY

Also in our development of new products we take care for an optimum raw material usage and to ensure that our products can be recycled with as little effort as possible.

THIMM foodWave® and THIMM foodWave® | heatproof

With THIMM foodWave® the business division THIMM Verpackung has developed a fat- and water-repellent type of corrugated cardboard for direct food contact. Fruit, vegetables, deep frozen food, pasta and bakery products can be transported and stored in it. The product is silicon-free and is therefore an innovative alternative to existing solutions. In combination with a special varnish developed especially for this purpose we ensure the fat- and water-repellent function. THIMM foodWave® can be recycled without further ado. The fresh fibre paper used is purchased 100 percent from certified sources.

The product is produced under strict hygienic conditions in plants inspected to the BRC-IoP standard and is certified by the ISEGA institute. If required the finished customer packaging is tested separately by the ISEGA and a declaration of conformity is issued.

THIMM foodWave® | heatproof is also certified for direct food contact and is suitable for use in an oven or microwave. Pasta products and baked goods or microwave products can be heated on this corrugated cardboard for up to 30 minutes at a maximum of 220 degrees Celsius. Therefore, the relevant products do not have to be repackaged again for the baking and heating process. This has handling and hygiene benefits.

THIMM flexDisplay | fresh

This cooling display is ideally suited for cross-selling and sales promotion campaigns and for secondary placements near checkouts at the Point-of-Sale. The large-format advertising space ensures attention-grabbing brand communication in the retail outlet. The device cover, display body and header are made completely from corrugated cardboard and can be fully recycled. The individual parts of the design are delivered as flat-pack, resulting in considerable savings in transportation and storage. Combined with modern and power-saving aggregate technology, the product thereby offers an environmentally friendly alternative for a cooled secondary placement in retail outlets. THIMM flexDisplay | fresh was awarded the Superstar Gold 2015 and the Corrugated Cardboard Innovation Prize 2016.

THIMM sweet cart display

One sustainable product presentation solution for secondary placement is the sweet cart display. The creative flacon display designed to look like a sweet cart was developed for a customer's promotional campaign. It consists entirely of solid cardboard and corrugated cardboard and replaces an existing plastic solution.

Design optimisations enabled the size of the complete shipment unit to be decreased. At the same time the display is also very stable. After it has been used at the Point-of-Sale, due to its single-material processing the product can be fed directly into the reusable material cycle. For this product development THIMM Display was awarded a Golden Indian Award at the POPAI D-A-CH Award 2015.



Food safety in focus: THIMM foodWave®.

An alternative for a cooled secondary placement in retail outlets: THIMM flexDisplay | fresh.

Attractive secondary placements boost sales the sweet cart display.

PRODUCTS FOR THE INDUSTRIAL GOODS SECTOR

THIMM Packaging Systems has developed a new, more sustainable concept for the packaging of membranes. The corrugated cardboard design replaces most of the plastic that was previously used as a material. Special folding of the corrugated cardboard increases product protection. The packaging units are delivered flat-packed which considerably reduces transportation and storage volumes.

We also utilise RhinoPlate® – the four-fluted heavy-duty corrugated cardboard. The packaging material has a load capacity of up to 5.7 tonnes and can be used for both domestic freight traffic as well as for overseas transport under tropical climate conditions and meets the highest safety standards for transportation of goods. In a packaging system used for exporting gearboxes of different sizes RhinoPlate® replaces veneer plywood and solid wood. Overall as a result of the various optimisations, transportation and storage volumes were considerably reduced.



Power pack of paper and glue.



Maximum product safety: Export packaging for gears.

PACKAGING OPTIMISATION PROJECT

The company berbel Ablufttechnik GmbH was provided extensive consultancy following on from its optimisation of packaging for extractor hoods by THIMM Consulting. The focus of the project was to reduce the use of packaging materials and simplify processes. "To start with we analysed all the product and transportation packaging for the extractor hoods. We focused on tangible company figures and the actual on-site assessment", explains Jacek Imbrzykowski, THIMM Consulting Project Manager. "The existing packaging reflected the high value of the products. Product protection was a very important issue. This led, however, to padding packaging which resulted in high costs and more material being used than was needed. As our recommendation we contrasted several different padding designs. This enabled us to up to 8,000 kilograms of PU-foam to be saved."

SERVICES

The efficient handling of resources and environmental protection is also a high priority for packaging consultancy. Our business division THIMM Consulting has been offering independent packaging consultancy along the packaging-relevant supply chain for more than 20 years. Optimisations in materials efficiencies, volume and surface usage levels and in the transportation and storage area play an important role when it comes to sustainability.



Before



After

Packaging-related services: Optimise materials usage and volume utilisation.

PRODUCT SAFETY AND RESPONSIBILITY

THIMM Group stands for quality and safety and assumes responsibility for this. All our sites in Germany and in other countries work in accordance with the quality management system ISO 9001. In the corrugated cardboard division we further ensure with our product safety and quality management system in accordance with rules of the BRC-IoP Standard, that no avoidable contaminants are emitted to our products from the materials we use, our production processes or the production environment. All corrugated cardboard sites which are not yet certified also comply with these standards.

THIMM Verpackung controls all processes with the Integrated Management System (IMS) and runs its production according to the Good Manufacturing Practice (GMP) provisions. Regular, independent audits check and confirm adherence to all provisions. The corrugated cardboard plants in Castrop-Rauxel and Všetaty (Czech Republic) received a relevant certification in the "high risk" category and they meet all the requirements for the production of packaging for direct contact with foodstuffs.

The protection of intellectual property is also extremely important. We offer systems and rules to our customers which secure their data and we give advice on the use of data management systems according to need. Our range of services includes secure archiving systems which also enable the fast access to text and image templates.

Corporate Governance and Compliance are fixed dimensions for THIMM Group. We run and control our company independently and with legal compliance and have developed an Employee Code of Conduct which lays out house rules for interaction within the company. **THIMM Code of Conduct** As a self-imposed commitment undertaken by all employees, it also comprises aspects such as anti-corruption, cartel and competition law and human rights. We require our suppliers to comply with these guidelines. To this end we have introduced a corresponding Supplier Code of Conduct. **THIMM Code of Conduct** In the reporting period we did not record any infringements of this Code in THIMM Group.

As part of the membership of THIMM Verpackung and THIMM Display in the SEDEX (Supplier Ethical Data Exchange) organisation, our social and ecological standards are also verified by external auditors. Our activities are assessed in the areas of occupational health and safety, fire protection, business ethics and environmental protection. In 2015 the corrugated cardboard plants in Alzey, Castrop-Rauxel, Eberswalde, Northeim and Všetaty (Czech Republic) were audited for the second time according to the SMETA standard. THIMM Display is planning the first audit for the end of 2016 and the corrugated cardboard plants in Poland and Romania are also working towards this status step-by-step. THIMM Group is active in the environmental and ethics platform Ecovadis as well and received a good sustainability assessment from it.



Corrugated cardboard quality inspection.

CUSTOMER SATISFACTION

We want to give our customers the best advice and best possible delivery at all times. As an international packaging producer and service provider, high levels of customer satisfaction and close customer relationships are the prime objective of THIMM Group. We seek out direct exchanges, consult our customers regularly and evaluate the responses in detail. The feedback forms the foundation for improvements and optimisations. In general quality criteria are the most important issue for our customers followed by delivery capacity and logistics, consultancy service and price.

OUTLOOK

In the future THIMM Group will continue to produce innovative packaging solutions on the basis of state-of-the-art design, production and information technologies and guarantee a consistent, measurable quality. We develop functional solutions to protect products in the best possible way or to present them effectively.

In the next few years we want to continue to use all savings potentials and drive lean management further forwards. We are also accelerating autonomous production. This not only increases the efficient utilisation of resources but also takes pressure off our employees.

THIMM Verpackung will be intensively examining the intelligent packaging of the future. This may for instance be food packaging that notifies of an interruption in the cool chain. These innovative packaging ideas will continuously expand our services portfolio.

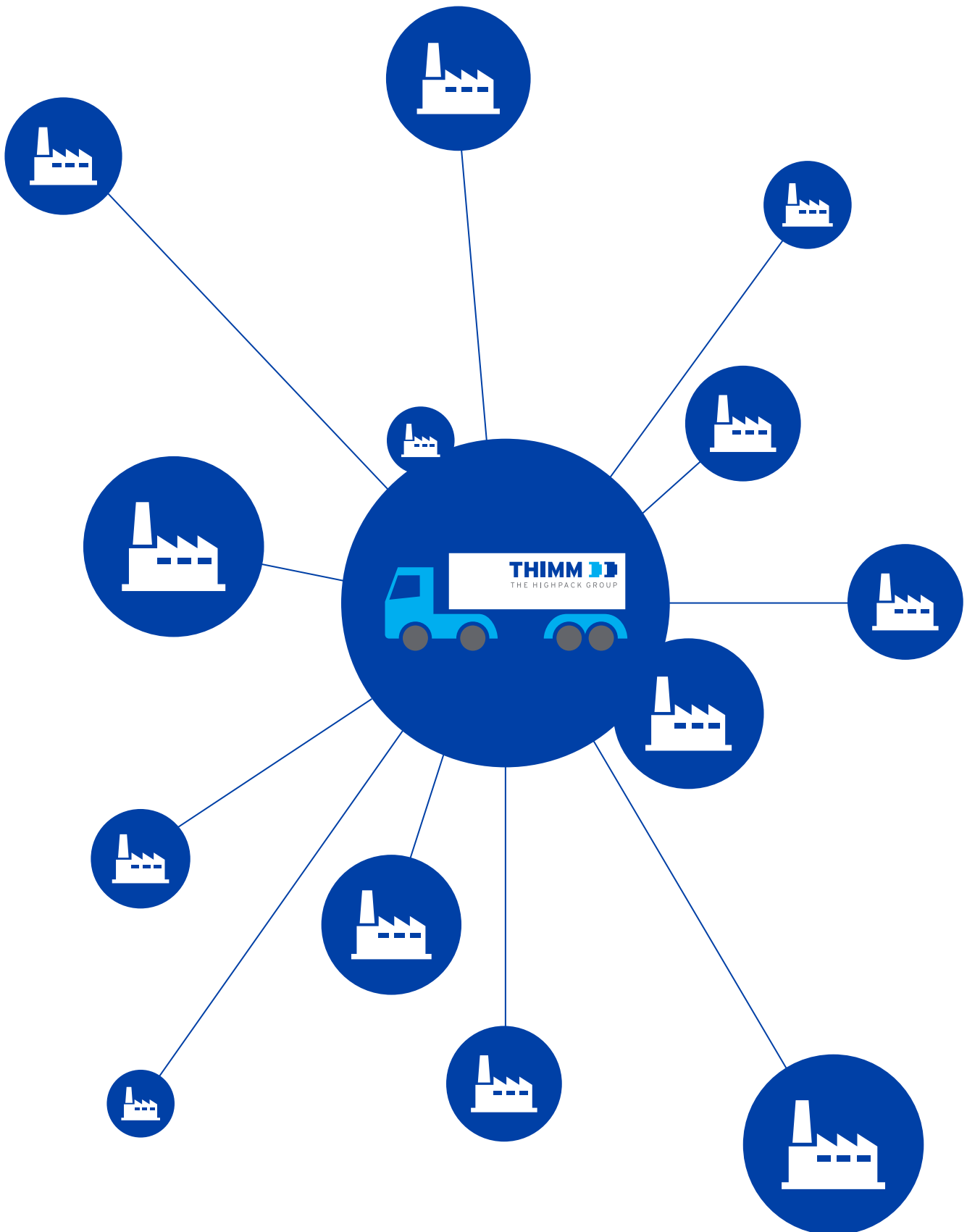
THIMM Packaging Systems is dedicating itself increasingly to the development of new packaging based on a wide range of material combinations. A specially established innovation department tests solution which generate identical quality with a lower utilisation of materials. Developments in single-material packaging are also being pursued.

THIMM Display is working primarily on the further optimisation of the materials used and on increasing material efficiency.

DISTRIBUTION

Design environmentally friendly logistics processes in increasingly international material flows

Sites close to our customers – Short and efficient transportation routes




Distribution – increasingly complex material flows

As an international packaging producer and service provider, in its distribution THIMM Group also pays great attention to sustainable processes, always with new features since increasing globalisation is causing many changes. This applies primarily to our customers' need for supra-national support and supply as well as cross-border logistics concepts.

MANAGEMENT APPROACH

We deliver our products to many countries and continents and our production is becoming increasingly international in its orientation. We work closely with our customers in these markets, supply them with packaging solutions and systems wherever they need us.

The individual desires and demands of our customers are also changing as they strive to design their processes to be more efficient and cost-effective. For example, they are reducing their own inventory stocks, so that our packaging solutions are delivered directly into ongoing production. This increases the requirements for delivery security and flexibility. The result of this change means that our logistics providers must be ever more flexible and customised.

In parallel to this we are designing our logistics processes to be environmentally friendly and we are orienting our supply chains toward sustainability. This is how we are integrating environmental and social standards into increasingly globalised goods flows. In our Supplier Code of Conduct we have defined our requirements for due and proper conduct. We require that our business partners will also comply with these.  **THIMM Code of Conduct**

We expect that our logistics service providers will orient their management systems to international standards. We also integrate our logistics partners directly into the optimisation of logistics processes along the supply chain. Through improved volume usage of loading units and intelligent route planning, we optimise HGV capacity as much as possible.

Proximity to our customers is important to us and due to the proximity of our sites to our customers, we avoid long transportation journeys. We deliver most of our products within an area of about 300 km directly to our customers or to consignment warehouses. The latter are warehouses of suppliers or service providers. Distances are often significantly under the stated average value.

We are consistently increasing this capital from our customer proximity by building or acquiring new sites and by the expansion of existing ones. The latest examples are our new buildings in Holledau (THIMM Verpackung), Germersheim and Puebla (Mexico) (both THIMM Packaging Systems).



Sites close to our customers: The construction of the new Holledau corrugated cardboard plant in Bavaria.

As part of our Europe-wide network we can offer our customers support and logistics based on efficient systems. 20 production sites in six countries plus other European warehouse sites and local sales support in other countries make us full-service international packaging system suppliers.

Close collaboration with customers and suppliers is becoming more and more important. Long-term collaborations often result in crucial competitive advantages. One example is the collaboration between THIMM Packaging Systems, an automotive manufacturer and a logistics company in Duisburg Inner Harbour. There the automotive manufacturer is operating its largest worldwide CKD centre (CKD = Completely Knocked Down), from where it exports the disassembled individual parts which are then reassembled into vehicles at the destination. THIMM produces customised transport packaging directly on-site as part of an integrated concept for streamlining processes. The finished, pre-assembled containers are handed over “wall to wall” to the logistics company which then packs them directly with vehicle parts. This collaboration saves time, resources and money for all involved.

SECURITY OF SUPPLY, DELIVERY RELIABILITY

Our customers can rely on us. Delivery reliability is the highest priority in THIMM Group. Adding to our geographic network gives our customers security of supply and increases our logistical flexibility. Our sites located close to our customers and similar production possibilities in our plants as well as big and high-performance suppliers support our ability to deliver on time.

We are prepared for impairments. If there is a failure of one part of our capacity we can still guarantee our customers maximum security of supply. If one production site fails other THIMM Group plants will take over and help out – sometimes even across divisions. And if problems should

occur with our own warehouses we also have access to external areas. If logistics service providers are unable to deliver we compensate for this by commissioning other partners. Furthermore, every business division has emergency plans. There is a sector self-imposed commitment on the part of the respective associations too, in which the THIMM Group business divisions collaborate. All members pledge mutual support in emergencies in the event of production capacities failing.

THIMM Verpackung with its eight corrugated cardboard plants has sufficient production capacities. The very close links with customers and logistics providers enable orders to be transferred quickly in an emergency to other sites of the business division.

THIMM Packaging Systems secures the supply of its customer through forward-planning warehouse management. If required packaging can also be purchased. A broad-based supplier portfolio protects against possible distribution bottlenecks.

THIMM Display checks any committed delivery dates every day to ensure they are still current. Planning and inside sales closely coordinate this with each other. The logistics service providers are regularly assessed for quality, quantity and punctuality. The most important figure for measuring delivery reliability is “On Time and In Full (OTIF)”. It shows to what extent the supply chain is able to deliver the right goods in the right quantity at the right place and at the right time to the customer.

STRATEGIC PARTNERSHIPS AND ALLIANCES

THIMM Group develops transport solutions together with its customers which leads to customised, added-value delivery concepts created from customer requirements. With our distribution partners we organise customer-specific warehousing and delivery models – not only in Germany but also in Europe and worldwide. This is why we operate vendor managed inventory within our distribution network and carry out just-in-time deliveries (JIT) with a customer-specific data exchange via electronic data interchange (EDI). This enables us to combine material flows from different suppliers and of different packaging items and to supply the production sites of our customers when they need it.

One of our most successful strategic alliances has been with India since 2012. THIMM Packaging Systems and the packaging company Ficus Pax from Bangalore jointly supply customers from the automotive industry as well as companies in the medical, measurement and control technology sectors with multi-material packaging products and offer services ranging from packaging development, production and pre-assembly through packaging output to needs-based logistics solutions. The mutual exchange of know-how has intensified during the reporting period and has fully proven its worth.



THIMM Verpackung and the Spanish S. A. Industrias Celulosa Aragonesa (SAICA) are also enjoying an equally successful sales alliance. Both family businesses have been working together since the end of the 1990s and in 2011 they jointly took over the corrugated cardboard plant in Tychy in Poland.

Since early 2013 THIMM Display has been collaborating in the British and Irish markets with the medium-sized family business, Weedon PSC, from Staffordshire (UK). The display specialists secure the nationwide supply of their customers who purchase their display requirements centrally at European level and who are looking for close to market production and single-source supply.

Therefore, together with our partner network, THIMM Group not only has its own logistics concepts but additional extended delivery options. This means that customers with packaging requirements at sites in Europe and overseas can be jointly managed and coordinated.

SECTOR SPECIFICS – INDUSTRIAL AND CONSUMER GOODS

Our customers want tailor-made and functional solutions which protect products during transportation or which present them in the best possible way for sales. As an international packaging producer and service provider, this is one of our core tasks that we implement as customer-specifically as possible. This has resulted in a range of solutions and approaches for the different sectors and which are aligned to the respective framework conditions.

As a rule consumer goods packaged in THIMM products have relatively short transportation routes to retail outlets; the delivery ranges of our consumer goods are manageable. In contrast, our industrial goods customers ship their products across the world. The value of their products is generally significantly higher such as vehicles, automotive parts and accessories, machinery, medical technology and other equally highly-priced and sensitive high-tech products. Since the relevant packaging for these items often consists of a combination of various materials and needs to be suitable for long transportation distances and challenging environments, it is more complex and costly to produce. For example, corrosion protection is an important function that packaging designed for sea transportation must meet.

It is particularly our customers from the industrial goods sector who have welcomed the THIMM concept of locating sites close to our customers and they sometimes demand particular proximity. An ideal scenario is when our packaging production is integrated into the logistics processes of the customer to therefore form an intelligent link in their value creation chain. However, the sites are at least so close that Just-in-Sequence (JIS) delivery is possible and the packaged parts can be installed directly on-site.

As a result of a stronger project-orientation, the requirements of this customer group are increasing. They attach great importance to a Germany-wide product availability within 48 hours and to delivery within a specified time slot. Data transfer via EDI is also a prerequisite. Customers from the industrial goods sector additionally prefer contracts spanning a specific period and no longer related to defined delivery volumes. THIMM understands the importance of these factors and offers efficient solutions to meet all requests.

This applies as well to the requirements of our consumer goods customers, who are now not only ordering packaging but are increasingly also commissioning THIMM with storage. These storage spaces must be clean, dry and odour-free. 50 to 60 percent of all orders now include these additional services. As our customers in these cases do not have their own inventory stocks, they need our deliveries within firmly defined time slots. This requires close and precise distribution planning. Furthermore our customers who work with ERP systems and packing robots want exact piece-count deliveries.

OPTIMISED TRANSPORT ROUTES FOR MORE SUSTAINABILITY IN THE LOGISTICS PROCESS

THIMM Group ensures the best possible use of transportation routes and a high capacity optimisation of transportation resources. We want to avoid empty journeys and maximise capacity utilisation of transport volumes. To this end we are also further improving our planning processes so that our products are ready at the scheduled time for loading and that no freight space is wasted.



Over one million vehicle parts are packed for the customer Gestamp-Griwe by THIMM Packaging Systems and shipped overseas.

Our logistics partners undergo regular audits in accordance with our quality management system and have committed to comply with our Supplier Code of Conduct. **THIMM Code of Conduct** We also attach great importance to our logistics service providers installing relevant capacity management software for route planning and, as far as possible, having a modern HGV fleet with the Euro 6 standard.

Corrugated cardboard packaging is stacked horizontally on pallets when transported and a software tool calculates the optimum stack height to maximise the load volume available in the HGV. The capacity ratio of HGVs is being permanently optimised. One challenge here is the consideration of the ever tighter and more precise delivery date/time requirements. These are optimised and efficiently designed in tune with the processes of our customers.

The ever more precise and tighter time slots for packaging deliveries also underpin the business concept of THIMM Packaging Systems. For example, at the various sites HGV shuttles drive every 20 minutes to the production facilities of our customers to deliver Just-in-Sequence. In some cases the business division also takes over the inventory management at customer sites and Kanban systems oriented to the actual material usage of the customer are used for delivery planning. In other cases the customer delivers automotive parts to us. Within 24 hours we repack these in the pallet containers produced by us and forward them ready for shipping to the logistics company which picks the packages for the container. This service saves about four days in the entire process chain and as the producer of the cardboard boxes we have a direct influence on the Just-in-Time availability of the packaging at our customers.

All business divisions are permanently optimising their transportation routes and reducing part-quantity deliveries and special journeys wherever possible. Empty journeys are to be avoided by HGVs full of raw materials immediately picking up finished products after unloading and transporting them to our customers.

The dialogue and close collaboration with our logistics service providers are success factors for more efficient and sustainable logistics processes. One example of this is the use of topographical cruise control in the vehicles of the logistics service provider for the Norheim site. The automatic speed control on hills and slopes saves fuel and protects the environment.



OUTLOOK

THIMM Group will continue to strive to optimise capacity utilisation of its own transportation resources against the backdrop of ever tighter and more precise delivery date/time requirements of our customers. Innovative solutions are being requested and are being developed in the business divisions.

Over the next few years THIMM Verpackung is primarily committed to the further expansion of the fleet navigation of logistics service providers in order to ensure even more efficient planning of vehicle usage. THIMM Packaging Systems is working towards the further optimisation of its customer delivery concepts and more intensive route networking. THIMM Display wants in future to avoid returns of empty Euro pallets from abroad and plans from 2016 an investment in a corresponding pallet collection system.

REUSABLE MATERIAL CYCLE

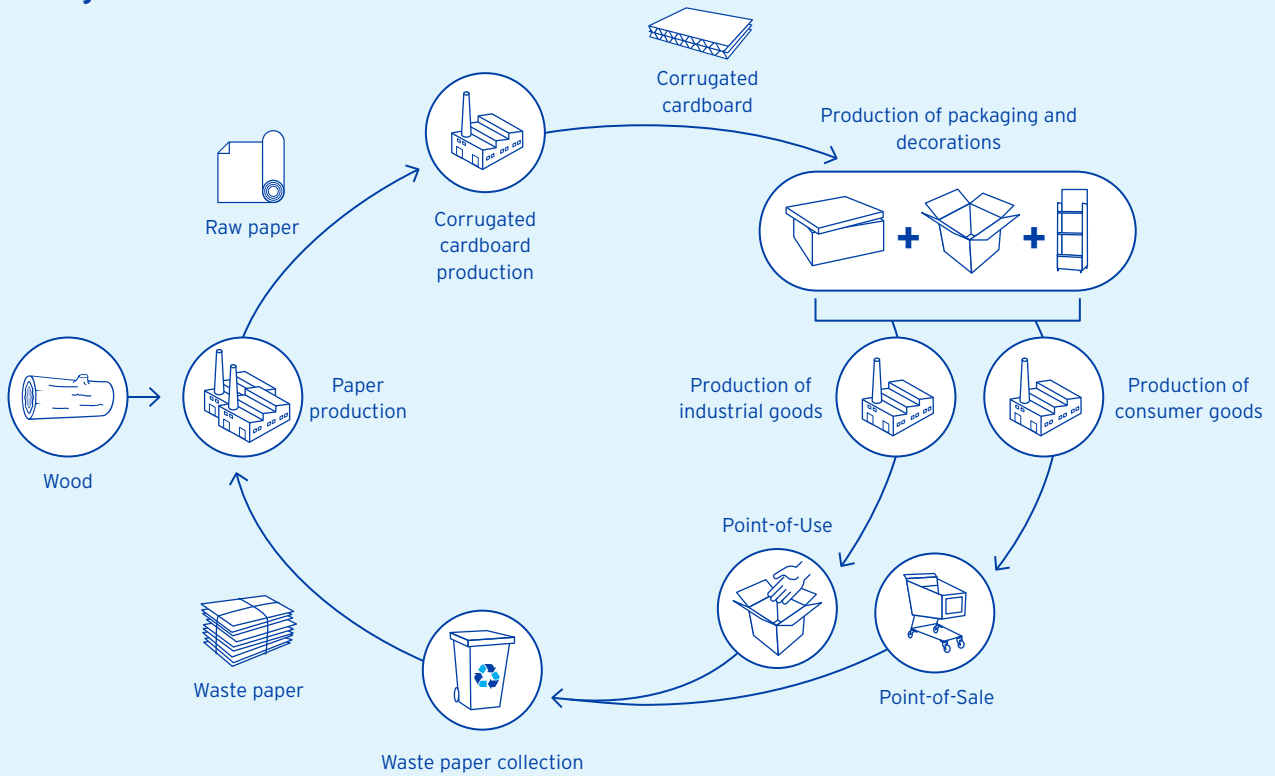
To produce recyclable packaging solutions and proactively promote the circular economy

Martin Groth

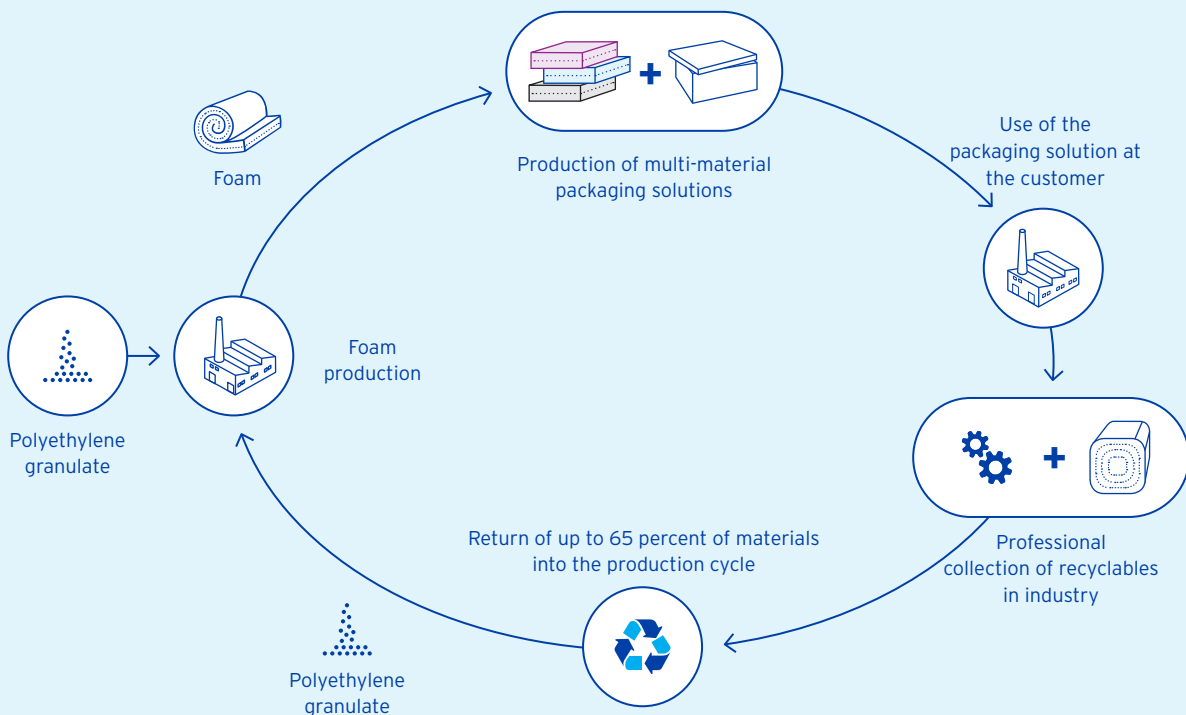
Martin Groth
Quality Manager

Product lifecycles of our recyclable materials

Corrugated cardboard



Non-cross-linked foam



Packaging in the circular economy – the recycling of products and materials


THIMM Group designs its business processes to be environmentally friendly and sustainable. Therefore we focus very closely on the recyclability of our products. Nearly all the packaging produced by us can be recycled.

MANAGEMENT APPROACH

Most of our packaging consists of corrugated cardboard. This natural recyclable product is produced from renewable raw materials and consists largely of recycled papers. We purchase all our paper from sustainable sources and 75 to 80 percent of the paper we use comes from secondary fibres.

We generally also use foam for packaging large goods with a high product value. This is also recyclable or can be easily reused. The same applies to wood.

THIMM is also focused on the continuous optimisation of its material usage. In the production of our different packaging and Point-of-Sale solutions and print products, we are striving to reduce all our material offcuts and waste as far as possible. Unavoidable waste generated during the production process is mainly fed into the reusable material cycle.

In the procurement of our raw materials we pay attention to the recyclability of the materials and advise our customers of viable alternatives.  **Procurement, p. 15**

SECTOR SPECIFICS – INDUSTRIAL AND CONSUMER GOODS

Our customers have different requirements when it comes to the reuse and return of our products to the reusable material cycle. Customers in the consumer goods sector primarily align themselves with the legal provisions of the Packaging Regulation which specifies that 65 percent of all packaging must be recycled. These customers also place great importance on uncomplicated disposal and prefer to order packaging which can be folded easily and quickly without tools and which consists as far as possible of a composite-free packaging material.

Our customers from the industrial goods sectors want a high proportion of recycled papers, single-material packaging and materials which are easy to separate. They also order both non-returnable and returnable packaging as well as hybrid constructions which are also suitable for long sea-bound transportation journeys. Important to them in the use of wooden pallets due to compliance with export regulations, is a pest control heat treatment. Since fossil fuels such as crude oil are used in foams, the trend here is also for using recycled foams.

In general customers also want to use as few materials as possible and reduce grammages.



Paper waste that occurs in production is recycled.

PAPER

For our packaging, POS displays, decorative elements and preprint products we primarily use paper – mainly as a raw material for the production of corrugated cardboard sheets. All waste created during the production process is immediately returned to the reusable material cycle, generally in co-operation with active paper suppliers. This optimises logistics since the waste paper is collected at the same time as the deliveries of the raw paper, thus avoiding empty journeys. Paper factories produce new paper from waste paper and cellulose.

76.5 %

In THIMM Group the usage ratio of secondary fibre paper in 2015 was 76.5 percent.

CORRUGATED CARDBOARD

Our packaging mainly consists of corrugated cardboard. The key raw materials for the generation of the corrugated board sheets used by us are recycled paper and starch glue. The high usage ratio of recycled paper will ensure over the long term that used corrugated cardboard remains a sought-after commodity.

Corrugated cardboard is a very natural and sustainable product. It is biodegradable and on average only requires 20 percent fresh fibres which are produced from windfall and thinning timber from sustainably managed forests. Corrugated cardboard consists exclusively of renewable raw materials and can be easily recycled. Therefore it is an ecologically valuable recyclable product. The ECO seal from the German Association of Corrugated Board Makers underscores the environmental compatibility of our packaging. It serves as both a practical tool and also as a visible demonstration of the ecological responsibility being taken by the sector and its customers.

“Consumer awareness of the environment has been growing for years. With the ECO-Seal the packaging and retail industries can document the seriousness of their sustainability efforts, demonstrate their sense of responsibility and therefore effectively support the credibility of their companies. The consumer learns here that corrugated cardboard has a natural origin and that after use it can be disposed of with a clear conscience – because 100% of its material is reused via the waste paper recycling cycle.”

Dr. Oliver Wolfrum, Managing Director of the German Association of Corrugated Board Makers (Verband der Wellpappen-Industrie (VDW))

After use, the paper-based packaging produced by us is almost all returned to the reusable material cycle by our customers from both the consumer and industrial goods sectors. This return closes the cycle since the waste paper is used again in the paper factories as a raw material for paper production. As this packaging is mainly used for the transportation of goods between companies, there is hardly any collection losses. After goods have been removed, the sales outlets collect the packaging, partially compact it and then hand it over to the collectors.

The symbol of the reusable material cycle is RESY which is a community of corrugated cardboard manufacturers, paper recycling disposal specialists and manufacturers of raw corrugated paper, which guarantees its members the disposal and material reuse of transport packaging made of paper and cardboard. Packaging displaying the RESY symbol with the three arrows meets all the requirements of the Packaging Regulation, can be recycled and is reused by the partners of the “RESY-Organisation für Wertstoffentsorgung GmbH”. Our paper-based products are part of this system.



The ECO seal from the German Association of Corrugated Board Makers (VDW).



Dr. Oliver Wolfrum,
Managing Director of
VDW, © VDW.

FOAM

For the packaging of goods with a high product value THIMM Packaging Systems uses polyethylene cross-linked and non-cross-linked foams, a processed interim product from crude oil refining. From the foam sheets delivered to us we produce cushioning foams which protect goods safely during transportation.

Non-cross-linked foams are fully recyclable and correspond to our desire for environmentally friendly source materials, provided that they are not laminated with adhesive, textiles or other substances. 75 percent of our foams used are not laminated and can therefore be recycled. The reusable material cycle is hereby closed as we compact any single-origin waste ensuing in the production process in a foam press and sell it to our suppliers, who in turn clean the foams and process them into granulate that flows in the production of new films and foams. The recycled proportion of new foam sheets is between five and 65 percent.

Cross-linked foams cannot be recycled due to the chemical ingredients they contain. However, they can be remodelled and used in other products such as insulating foil and drainage and protection mats if they have not been laminated with other materials. We systematically crush the remains from foam usage and sell them to processors.

75 %

of our foams used are recyclable.



The foam waste that occurs in production is pressed and then recycled.

99.85 %

of the waste incurred in our production processes is non-hazardous.

OUTLOOK

The recycling economy and conservation of resources are becoming key terms in the context of embodied sustainability. Footprints, recycling and proofs of origin are now important qualification features in the sustainability strategy of THIMM Group and also in the specifications of our customers. We will continue to develop products to meet these requirements better and better.

Our objective is to actively promote the reusable material cycle in all subsidiaries in both Germany and in other countries and to create additional recycling opportunities. We also want to make more efficient use of the raw materials we do use. A further focus, in collaboration with our paper suppliers, is on the development of lighter-grammage products.

THIMM Packaging Systems and its suppliers are planning to further increase the environmental compatibility of the foams used.

WASTE OPTIMISATION AND DISPOSAL

In the production of our products, we generate as few offcuts and as little waste as possible. New process technologies support us in our endeavours to further reduce our use of materials and at the same time to deliver the usual or even better quality.

It is mainly recyclable materials such as paper and wood which are returned to the reusable material cycle. Any hazardous substances used in small proportions such as acids, lyes or used oil are treated and disposed of by us in an environmentally compatible manner. They make up a proportion of 0.15 percent of all waste. Hazardous substances occur in production as a result of maintenance and repairs to machinery and equipment.

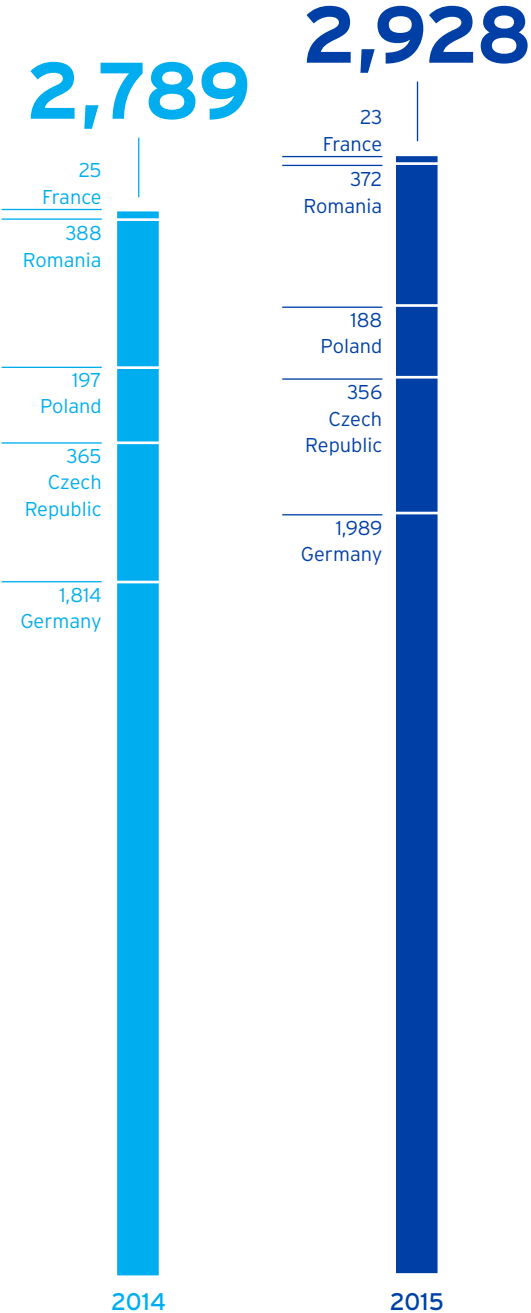


EMPLOYEES

To promote and value the individuality, personality and wealth of ideas: THIMM as an employer

Employees – our team

The name THIMM stands for innovative packaging solutions. These are created from the ideas of the people in our company and from their willingness every day to accept the challenge of seeking new solutions – cross-functionally and together – for the customer and the market.



PHILOSOPHY, STRATEGY AND MANAGEMENT APPROACH

This mission offers employees in our company a varied working environment in which, together with customised technologies and structures and future-orientated networks, we become successful pioneers in the industry. The people at THIMM operate within the reliable culture of our family business. Our values and responsibility are not only very important but also make us a special employer that appreciates, promotes and values the individuality, personality and wealth of ideas of its employees. Only this culture will enable an understanding of the customer as well as constructive mutual work and is a guarantor for the success and growth of both the community and the individual.

Keyword growth: Over the last few years we have successfully pursued our strategic objectives of growth and internationalisation. The growth of our Group is also reflected in a significantly bigger workforce. The new jobs have mainly been created in Germany. The main growth driver has been the commissioning of our new production plant in Germersheim in Rhineland-Palatinate.

Employees by production countries*

* The employee numbers stated below reflect headcount figures. The number of apprentices is stated separately on page 77.

Personnel management is a function that is decentralised to the individual business divisions which through their independent personnel departments, manage and control the hiring and mentoring of our employees and management executives. Responsibility for the respective personnel strategy is also incumbent on the personnel managers in the individual companies, together with the management board of the relevant business division. This group meets regularly to exchange possible group-wide personnel issues and to discuss current and future subjects. Two areas are managed centrally, namely leadership development and apprenticeship strategy.

Leadership development is the responsibility of Group management and supported by the personnel function in THIMM Verpackung. Responsibility for group-wide apprenticeship strategy is incumbent on the corporate affairs department which reports into the management board of the Group. The qualitative and quantitative training objectives developed by the personnel and training managers of the business divisions form the foundations of our training programme which supports the corporate group in the implementation of its strategy and co-develops the organisation by providing training for the next generation. High level training content, the continuous further development of the trainers and training structures and the clear positioning and target-group specific marketing of the company as an attractive apprenticing company and employer are the focus here.

Uniform standards define the basic requirements of our training work from the receipt of an application through to the successful completion of a training programme, describe processes, give a structure to the training work and deliver templates and tools to the trainers for their training work. Additional qualifications and modules complement the standards and give the business divisions the necessary scope to enrich the apprenticeship according to their specific requirements. The ongoing vocational training of our trainer team enables us to deliver the qualifications and training required for our next generation of talent and ensures that current developments flow into our training work. Our trainers also learn from each other in regular best practice workshops and good networking.

In the reporting period two business divisions underwent specific processes which impacted the implementation of our personnel strategy and development:

- » **THIMM Packaging Systems** initiated a project to establish a new organisational structure for the future with a comprehensive transformation programme. The significant growth of the last few years had made a comprehensive reorganisation of tasks and responsibilities necessary. The programme is being implemented and will continue in 2016 to drive forward the standardisation of processes with the involvement of the goods management system.
- » **THIMM Display** took advantage of the management board change in 2015 to reassess the organisation and workflows and is now undergoing a reorientation process. The organisational structure is also being examined and the personnel strategy aligned to the future.

EMPLOYEE RECRUITMENT AND RETENTION

In accordance with our management philosophy, we in THIMM Group embody the values of a willingness to develop, performance-orientation and appreciation. Management's objective is to encourage each employee individually and according to need and to organise efficient teams. As THIMM Group we want to offer a secure environment in which all employees feel appreciated individually and well looked after.



In order to embody responsible mutual interactions, in 2012 we formulated a Code of Conduct which reflects our corporate culture. 🌐 **THIMM Code of Conduct** The Code supports our efforts to treat people fairly and respectfully in everyday business life and to duly conduct ourselves accordingly. Today it is a fixed part of our induction programmes for new employees.

Group-wide we have defined a long-term personnel policy which also meets the demands of age-appropriate working. This will still enable us to grow in line with demographic change and the skills shortage.

In addition to the training of young people we are also looking for new employees particularly with packaging know-how for our companies in Germany and in foreign countries. Internal qualifications and continued and vocational training are therefore assuming a key role in this regard. For example, THIMM Packaging Systems supports specialist training and works together with the University of Munich to offer graduates of packaging-specific courses working student placements, holiday jobs and study-related internships.



Common leadership philosophy: Leadership workshop.

For many years we have been imparting our group-wide leadership philosophy as part of the Leadership Programme. Since 2015 we have used peer-to-peer coaching to transfer this theoretical knowledge into the practice embodied in the company. Our managers at the same hierarchical level meet regularly in small groups to exchange information and mutually support each other when it comes to constructive problem solving. To secure a uniform quality assurance these meetings are mentored by external coaches. This qualification measure for management is very well received as it is very relevant to the daily reality and practice.

For one group of our managers we have also set up a special Senior Management Programme to focus on areas such as strategy, virtual leadership and group-wide projects. The next generation management succession programme has also been further developed. In the reporting period 278 managers took part in modules from the Leadership Programme.

Throughout the group we place great emphasis on the integration of our employees at new sites. THIMM Verpackung has already made great process in this regard with the plant in Lohhof / Unterschleißheim added in 2014 and is now focusing on the stronger retention of the industrial employees in the three subsidiaries in Poland, Romania and the Czech Republic. Economic growth in these countries has created full employment in some regions and higher levels of employee fluctuation. Whereas in the German sites and in France, the fluctuation ratio in 2015 was 13 percent, in the Eastern European sites it reached up to 33 percent. We are countering this development that has occurred primarily in the industrial area with additional offerings such as the building of canteens, a hot meal allowance, transport services and salary rises. We have already succeeded in increasing employee retention. The site in Všetaty (Tschechien) won an award in the reporting years 2014 and 2015 respectively as a "Progressive Employer in Central Bohemia". Selection criteria include further training and career opportunities, corporate values and leadership philosophy.

THIMM Packaging Systems has successfully integrated the new sites in Bremen and Duisburg. The new plant in Germersheim is currently being integrated and the site in Puebla (Mexico) is being built up.

THIMM Display continued the merger with Hohendahl Display in the reporting period. The employees of the newly added Essen site in 2013 are an important part of our market presence in the west and north of Germany.

APPRENTICESHIP

For THIMM Group the training of young people is one of its most important societal responsibilities – even over and above its own requirements. At our company sites we want to be a reliable and attractive partner for young people when they embark on their professional lives.

Our apprenticeship philosophy is based on the corporate mission statement and on the leadership values described. In our training courses we already challenge our apprentices with wide-ranging and diverse tasks which expand their horizons, give them scope to act on their own initiatives and thereby the opportunity to be an important and active part of the company's success.

At the same time we try to support our apprentices through professional mentoring, coaching in a spirit of partnership, an open feedback culture and reliable statements coupled with a high hire ratio after passing the relevant exams successfully.

In 2015 we trained 115 people at our ten German training sites in eight professions and one dual study course. Our hire ratio is generally between 70 and 90 percent.

“My project encouraged me through the wide range of event planning and implementations to approach future tasks with more autonomy and a sense of responsibility. The interplay of work and private commitment shows there is a big team spirit in the entire company. This has motivated me again and again in my project.”

Laura Brasche, apprentice at THIMM Verpackung, looks after the “organisation of employee events” project. Examples of these events include the Future Day for boys and girls and sports events with company teams.



Laura Brasche (right), apprentice at THIMM Verpackung, and Klaus Janecke (left), Managing Director at THIMM Verpackung, at an event during the 2015 apprentice year.



The apprentice year 2014 presents the corrugated cardboard product it has developed.

FURTHER TRAINING

THIMM offers its employees a platform for their professional and personal further development. We conduct regular personal development discussions with our employees. We ask about their desires and goals and then together we plan continuous training and changes. The findings gained from these exchanges form the basis for our personnel development measures. We also offer all group employees comprehensive internal and external further training options. We also support and promote very committed employees studying for accompanying courses whilst working.

In the reporting period THIMM developed numerous new seminars for all sites, including on topics such as packaging, communications, mastering complexity and stress.

THIMM Verpackung has developed a special sales excellence programme for the sales department. Employees at THIMM Packaging Systems took advantage of external continuing training programmes as well as internal training courses which support professionally and complement the implementation of the transformation programme. In 2016 the offers from this business division were based on the industrial sector and on management training.

THIMM Display focused in the reporting period on the centrally provided internal training programme and on software and IT training. Here again the focus in 2016 was on our industrial employees who are in particular to be trained in handling the state-of-the-art machinery and equipment.

In 2015 THIMM Group invested almost 950,000 euros in vocational training – a rise of 12 percent in comparison to 2013.

REMUNERATION AND OCCUPATIONAL PENSION PROVISION

Standardised principles apply to our remuneration policy. Our remuneration is based on the job requirements, performance and market conditions, whilst also considering any local, legal and any collective wage agreements if in place. At sites without collective wage agreements in place, our employees receive the wages and salaries which are specified in our company wage agreement or in other agreements. Depending on the business division, employees may receive additional benefits which may be subject to different definitions, but which still comply with the principles of our overriding remuneration policy. When granting company benefits we treat full-time and part-time employees, as well as employees on permanent or temporary employment contracts, equally.

Our remuneration structures are not static. We adapt them regularly to changed framework conditions and optimise individual parts of them. Therefore our business division THIMM Verpackung will examine the variable payment system against the backdrop of increasing complexity. Existing bonus schemes are checked group-wide to ensure they are still up-to-date.

The introduction of the minimum wage only concerns our corporate group in a few industrial areas for which no qualified training is required. In 2015 THIMM Packaging Systems increased the salary level with the associated additional costs and increased administrative expenses. The assembly department at THIMM Display has synchronised the number of employees with the increased cost level. THIMM Verpackung is not affected by this. The business model is based on a highly-engineered lean management process in production which presumes skilled staff with the requisite qualifications and training.

Within the framework of its occupational pension provision, THIMM pays allowances to its employees. The type and level is based on the applicable customs and practices in the individual countries concerned.

EMPLOYEE PARTICIPATION

The opinion of its employees is important to THIMM Group and therefore it involves them in corporate decision-making. We respect the freedom of organisation and association of our employees and also the right to collective bargaining and we work constructively with our works councils. Group-wide in the reporting period half of all employees have been represented by works councils. In Germany it was 74 percent of employees. In all our sites, both in Germany and internationally, we work closely together with our employee representative bodies. Sometimes there is also a central works council in addition to the local works councils. We also invite our employee representatives to formal and informal meetings such as departmental meetings, monthly and weekly meetings or to the daily production meetings.

In some sites there are no works councils, but employees regularly exchange views directly with the management board or via employee representatives in order to intensively cultivate dialogue in a spirit of partnership. In Všetaty (Czech Republic) for example, so-called spokesmen-councils represent the interests of employees to management.

The intensive participation in employee representations has been further reinforced during the reporting period and has had a positive effect on collaboration. There were no strikes in the Group in 2014 and 2015.

OCCUPATIONAL HEALTH AND SAFETY AND HEALTH PROMOTION

The health, well-being and safety of our employees is of prime importance to us. Health protection and the creation of a health-promoting work environment are the key elements of our concept. For example, we conduct regular safety training and provide the workplace medical service via the company doctor. Furthermore our numerous disinfection points in our company premises ensure that high levels of hygiene are maintained. Our sites are also working in conformity with the OHSAS 18001 management system for occupational health and safety. The corrugated cardboard plants in Alzey, Castrop-Rauxel, Eberswalde and Northeim are already certified according to this standard.

All business divisions of our corporate group regularly train their employees by their own specialists and managers or by external occupational safety engineers. In order to drive forward the issue of occupational health and safety, at the start of 2016 THIMM Packaging Systems hired an internal expert in occupational health and safety. In addition, the works safety committees meet every three months. The avoidance of industrial accidents is an overriding priority. We ensure that working areas are well lit and that any ergonomic requirements are complied with.



Occupational health and safety plays an important role at THIMM Group.

Company doctors in our German subsidiaries provide a range of medical check-ups such as sight tests. At some sites we regularly conduct health days with different points of focus that offer employees information and suggestions on health-related issues. Each employee receives a range of suggestions and can select his own personal health-promoting measures.

THIMM Verpackung has consequently continued its company health management system. This has again included the Health Days at the sites and an internal website has also been set up where employees can find out about all the offers and events. For the concept of corporate healthcare management THIMM Verpackung was nominated for the Human Resources Excellence Award 2104 in the category "Small and Medium Enterprises (SMEs): company health management". At THIMM Packaging Systems the management took part in the health check for the first time in 2015.

We want to further expand our health programmes in all our sites in Germany and in other countries and look at the changing and individual needs of our employees. Therefore in 2016 THIMM Display offers its employees a course to help them give-up smoking.

LIFE BALANCE

Life situations in our society are changing and so are the personal life conditions of our employees. We want to design a professional future with our employees and therefore we are responding flexibly to these changes. One cornerstone of this is the family / work balance. We promote modern and flexible working hours and offer our employees high levels of flexibility in their daily routines. In the reporting period 157 employees, mostly women, have taken parental leave. The number of men taking parental leave is rising slowly, but continuously.

We also offer THIMM Verpackung employees the opportunity to take sabbaticals and selective working time models. Some sabbatical offers have been taken up whereas the selective working time model is still not requested often. As before it is half-day models that tend to be used. At the end of the reporting period (31 December 2015) THIMM Group employed 96 percent of its workforce full-time and four percent part-time.

EQUALITY OF OPPORTUNITY, DIVERSITY AND FAIRNESS

We stand up intensively against discrimination due to origin, gender, age, disability, religion or sexual orientation at all our sites. This is specified in our Employee Code of Conduct.

THIMM Code of Conduct

Employees who feel they have been subject to discrimination can turn to their superior, the personnel department, works councils or external ombudsmen. In the reporting period there were a total of twelve reports relating to the Employee Code of conduct which were submitted to the ombudsmen. All cases were examined by the management board in accordance with the procedure defined in the Code of Conduct and solved individually after an assessment. The ombudsmen report regularly about notifications received, follow up the processing status with the management board and document this.

THIMM Group is characterised by diversity and fairness. We experience these values as an opportunity and as part of our success. At the end of 2015 we employed women and men from 40 different countries. At the same time three percent of our workforce were employees with impairments.

THIMM is also striving to achieve a balanced and performance-related age and gender structure. We want to retain older employees and increase the proportion of women in management. At the end of the reporting period the proportion of women in management positions was 18.4 percent in comparison to 15.7 percent in 2013.



Teamwork – producing customised packaging solutions together.



The THIMM Code of Conduct specifies the fair treatment of each other.

INTEGRATION OF REFUGEES AND ASYLUM-SEEKERS

The integration of people from other countries of origin and cultural groups is not new for us and has indeed been part of daily life in our corporate group for many years. Currently one tenth of our employees in Germany have another nationality.

We view the integration of asylum seekers in our daily working life as positive. It is especially important that legal and operational framework conditions enable this. Currently the first internships are taking place at our German sites with the objective of testing potential employment opportunities. Due to the requisite specialist knowledge, in some parts of the company such as at THIMM Verpackung entry via apprenticeship is a basic prerequisite.

OUTLOOK

The growth and orientation of our corporate group to market requirements takes the ongoing further development of the organisation. Therefore over the next few years we will continue our intense focus on the adaptation and partial reorientation of our processes and structures. This also includes the integration of our employees at new sites, such as the merger of the THIMM Display sites at Wörrstadt and Essen, the relocation of the Bavarian plant to the new corrugated cardboard plant at Holledau and the reorganisation of our preprint division.

Intensive change processes also require particular qualifications from our management team. Against this backdrop we have continued the peer-to-peer coaching programme that we started in 2015 and provided our management with a tool for their own practice-orientated further development in particular as regards social skills and key qualifications. A range of professional development measures

accompany this concept. One example of this is our Senior Management Programme within which we train, amongst other things, strategic management, virtual management of teams and the management of group-wide projects.

As a growing company we need well-qualified resources. We will in the future be training these ourselves at our German sites as part of Germany's dual training system. With a view to the training of young asylum seekers we are in contact with institutions such as the Chambers of Industry and Commerce and are attentively following the ideas of the Ministries of Education of the Federal States which are currently developing programmes which should lay the basis for successful apprenticeship. A first step of bringing school pupils and industry together could also be school internships which we will be pleased to support.

With the objective of further improving the future acquisition of "professionals", we want to intensify our employer marketing over the next few years, and in addition to recruitment, implement targeted measures to improve awareness of us at the new sites and the perception of us at existing sites. These measures include collaboration with universities and the associated hiring of working students, study-related internships and the supervision of bachelor and master's theses. We shall also continue to drive forward the further development of the next generation of managers from our own ranks. The concept to achieve this began at the end of 2015 and will run up to and including 2017.

We will also focus on technical vocational training over the next few years. The main target group will be our industrial employees with a focus on the control of new machines and plants.

In our sites in other countries we have also started a comprehensive employee retention programme. This will be continued with intensity over the next few years with the objective of reducing fluctuation and keeping it at a low level.



COMMUNITY

An active commitment to society is a core aspect of the THIMM philosophy

Community – our contribution to society

Social commitment is an integral part of our corporate philosophy and an important element in our corporate responsibility. As an active member of society we carry out a range of donation and sponsorship activities, which we base on uniform and transparent principles. We also work with regional interest groups and with trans-regional associations and organisations and collaborate with educational institutions. We promote the voluntary commitment of our employees within the scope of our capabilities.

MANAGEMENT APPROACH

The formulation and management of these areas are in principle incumbent on the business divisions. The development of the guidelines for donations and sponsorship activities across the entire group is coordinated centrally by the corporate affairs department. It also looks after the donations and sponsorship activities at the Northeim site and is the driver behind our annual Christmas donations at the sites. The department is also responsible for the communications regarding donations and sponsorship activities.

Memberships of professional associations and interest groups are decided by the management teams of the business divisions – sometimes in close consultation with their specialist departments. The personnel department also gets involved in decisions relating to voluntary commitments of employees.

INVOLVEMENT IN ASSOCIATIONS, ORGANISATIONS AND INITIATIVES

THIMM Group takes an active role in regional and national subject-specific associations, organisations and initiatives and working groups. Through this we make a valuable contribution to the work of associations and we collaborate proactively on developments, trends and future-looking topics. We permit the employees involved to take time off work for these activities.

One example of our commitment is our membership of the German Association of Corrugated Board Makers. Our business division, THIMM Verpackung, not only supports the sector through the association but contributes to the further development of the entire corrugated cardboard industry. Several of our employees are involved in the managerial and technical committees of the association. We are also involved in the Czech Corrugated Board Association, Svaz výrobců vlnitých lepenek (SVVL). As a member of a working group of the German Electrical and Electronic Manufacturers' Association, THIMM Consulting contributes its expertise as a representative of the packaging industry and also absorbs important trends from the industry. The company is also a member of the German trade association for foam plastics and polyurethane.

MEMBERSHIPS IN ASSOCIATIONS AND WORKING GROUPS

- » German Association of Corrugated Board Makers
- » German Packaging Institute
- » German Engineering Federation
- » German Association for Personnel Management
- » Regional employer and collective bargaining associations
- » Specialist Association for Foamed Plastics and Polyurethanes
- » Standardisation Organisation GS1 Germany
- » Czech Corrugated Board Association, Svaz výrobců vlnitých lepenek
- » Professional Association for Flexo Printing
- » The German Electrical and Electronic Manufacturers' Association
- » Association of German Engineers
- » Centre for Rationalisation and Innovation in the German Economy
- » European Retail Institute
- » Federal Association of Materials Management, Purchasing and Logistics
- » Association for the Promotion of Innovative Logistics Processes
- » Logistics Initiative Hamburg
- » German Logistics Association
- » German Federation of Industrial Cooperative Research Associations
- » German Institute for Standardisation
- » Asociace pro elektronickou komerci

COLLABORATION WITH EDUCATIONAL INSTITUTIONS

Through our collaboration with various educational institutions such as schools and universities we transfer our specialist knowledge. Some of our employees lecture at universities such as Beuth University of Applied Sciences in Berlin.

The sites at Northeim, Wörrstadt and Castrop-Rauxel enable selected apprentices to train as training ambassadors of the Chamber of Industry and Commerce. The apprentices design school lessons in the context of career orientation or present their training professions at different events. At the Castrop-Rauxel site we also maintain a school sponsorship with the Willy-Brandt-Gesamtschule.

As part of the "Initiative SchulBetrieb" of the Southern Lower Saxony/Göttingen regional association, our trainers in Northeim work closely with teachers and students at Northeim's Corvinianum grammar school. We have also intensified our collaboration with other schools in relation to career orientation. Application training, internships or the support of project work are important aspects of this collaboration. At some sites we also offer company tours for school classes.

Furthermore we are members of the cooperation group of the Lower Saxony Metal Foundation which initiates and carries out community projects from schools, universities and companies whose focus is on natural science related subjects. For the first during the reporting period we participated in IdeenExpo, one of Germany's biggest educational trade fairs. We continue to commit ourselves with financial support as well as through executive board activities to the "Bildungsinitiative Wirtschaft und Schule NOM e.V." which has the aim of providing employment to young people without any current professional prospects.

Our site in Neuburg works together with the University of Munich to offer graduates of packaging-specific courses working students placements, holiday jobs and study-related internships.

DONATIONS AND SPONSORSHIP

Through our donation and sponsorship activities we help charitable organisations and projects as well as humanitarian providers, such as hospices, women's refuges, accommodation for the homeless, food bank concepts, services for the disabled as well as children and family support. We also support facilities and projects to promote education, upbringing and science. We also accompany initiatives and projects for the upkeep and maintenance of public facilities important for the common good as well as for an improvement in the quality of life such as public swimming pools, civic performance halls or cultural events.

We also provide materials such as paper, corrugated cardboard and packaging, thereby supporting the pedagogical work of pre-schools, schools and similar institutions.



Support of the ODEM (organisation for people with dementia) and the KIMBU paediatric home care in Göttingen.

Our donation and sponsorship activities are based on standardised and transparent guidelines which we check regularly and adapt as required. A core aspect of this list of criteria is that all recipients of our donations demonstrate a regional identity and, thus, a connection to the corporate sites. This enables us to contribute directly to the quality of life locally.

THIMM does not grant donations to politicians, parties and other political organisations or to individual persons, sports clubs, profit-oriented organisations and companies, whose objectives do not correspond to our corporate philosophy.

Every year the company management defines a monetary amount to be allocated to financial donations. The amount may vary depending on the commercial situation of the company. In the total reporting period donations at THIMM Group amounted to over 170,000 euros. The Christmas donations have replaced the traditional customer gifts at our German sites for quite a few years now. We ensure that every year different projects and institutions are supported. Long-term relationships to the donation recipients have developed from our Christmas donation schemes which if required we also support during the year. Due to the varying cultural customs and practices at our sites in Romania, Czech Republic and Poland, we have not yet replaced customer gifts with Christmas donations but we are testing the possibility of a future switch-over.

Our employees can apply for funding from a Special Fund for personal volunteer commitments every three years. All projects are examined and must meet the same criteria as our donation and sponsorship recipients.

In the 2014 and 2015 reporting period we have supported numerous organisations and projects through our donation and sponsorship activities. At our company head office in Northeim we made donations to the German Child Protection Association in Northeim, the ODEM organisation for people with dementia and the outpatient hospice service Leine-Solling.

Our production site in Lohhof/Unterschleißheim supports the local voluntary fire service there and the Pfaffenhofener foodbank. In Neuburg and Nordhausen we support the Montessori pre-school and the Heinz-Sielmann primary school. In Všetaty (Czech Republic) the local primary school, the voluntary fire service and the organisation of a "Children's Day" are examples of the initiatives we supported.

The support of humanitarian facilities for refugees and asylum seekers as well as integration work also forms part of our donation commitments. At our Duisburg site we promote with financial contributions the integration work of the Grafschafter Diakonie and in Northeim the work of Werkstatt-Schule e. V. We also help with materials such as supplying corrugated cardboard removal boxes to store donated clothing. We have developed a shoe rack from corrugated cardboard for a refugee shelter.

Our sponsorship commitment to the International Teaching Farm in Hardegsen (Lower Saxony) was continued. As an official project of the UNESCO Programme “Education for Sustainable Development” the Teaching Farm has set itself the objective of bringing to life the social, ecological, cultural and economic aspects of agriculture and food as tangible and real experiences. For example, the school classes learn how to use natural resources responsibly by creating paper from recycled materials. As part of a THIMM plant tour, they then experienced the industrial processing of paper to create corrugated cardboard and packaging materials. The Teaching Farm 2016 received a commendation for its overall concept within the framework of the first national Education for Sustainable Development Agenda Conference. We report on the donation and sponsorship activities of THIMM Group in a range of communications tools of the company which include our donations website, the Sustainability Report and internal media. 🌐 **THIMM donations and sponsorship**



A shoe rack from corrugated cardboard.

EMPLOYEE VOLUNTEER COMMITMENTS

THIMM Group supports the volunteer commitments of its employees. Provided that business operations so permit, working hours can be designed to be flexible and enable involvement in the fire service, the German Agency for Technical Relief or to perform jury service, for instance. Some employees work on a voluntary basis as examiners or as chairs of examination boards, thereby contributing actively to vocational training in Germany.

OUTLOOK

Our social commitment will continue to be an important element in our corporate responsibility. We will continue our activities in these areas and further expand them in selected segments. We are also regularly examining the possibilities of further memberships and collaborations as well as the expansion of our network.

332,000 kg

100 %

47,879,198 kWh

56,731t

63,571 m³

78,931,963 m²

49.8 million €

31.6 million €

81,986t

73.7 %

26,946l

27,322h

THIMM Sustainability Report 2016

Our objective as part of our corporate responsibility is to provide transparent information about the sustainability performance of the company and to enter into an intensive dialogue with our stakeholders. The Sustainability Report 2016 contains information about the developments and activities of our company as regards sustainability in the financial years 2014 and 2015, whereby the financial year corresponds to the calendar year. To demonstrate developments and trends, the Report also includes figures from previous years in certain specified places. This Report is published every two years. It is the second report from THIMM Group.

The Sustainability Report is oriented to Guideline G4 of the Global Reporting Initiative (GRI) and corresponds, in our estimation, to the “core” reporting option.

The specific standard disclosures refer to the essential themes which are listed in our materiality matrix. [Materiality matrix, p. 08](#) The detailed GRI Index is also included in this Report. [GRI Index, p. 81](#) Further information about our sustainability strategy can be found in the chapter entitled “Sustainability in THIMM Group”. [Sustainability in THIMM Group, p. 04](#)

Unless stated otherwise, the figures stated in the Report refer to all the business divisions of THIMM Group, including its locations in domestic and in foreign countries. This Report includes for the first time the newly added sites in 2013 and 2014 respectively of Lohhof / Unterschleißheim, Duisburg, Bremen and Essen. The new plant in Germersheim which started operations in 2015 is also included in the key figures for this financial year. At the end of the reporting period the takeover of shares in Christiansen Print GmbH with sites in Ilsenburg and Garanières-en-Beauce (France) was 100 percent completed. Relevant content statements for this business division cannot yet be made but both sites are already being fully taken into account in the key figure evaluations. Our production plant in Puebla (Mexico) is currently under construction and is therefore not yet included in the reporting.

All forward-looking statements in this Report are based on current assumptions.

To facilitate readability, we do not use gender-specific duplicate mentions. This does not represent a value judgement of any kind. All such mentions are to be understood as gender-neutral.



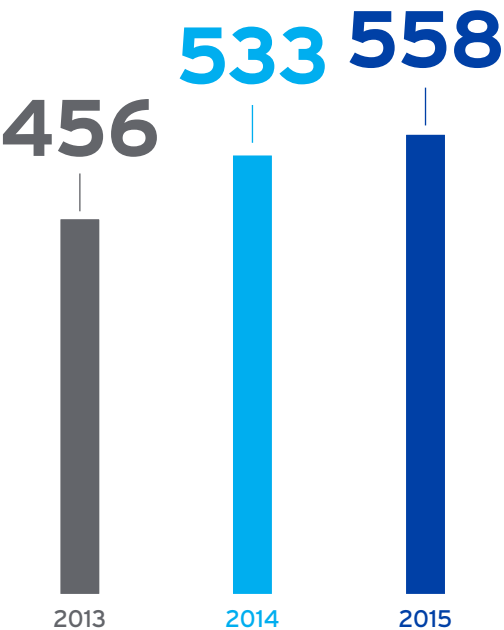
Anke Peter, Corporate Social Responsibility Manager.

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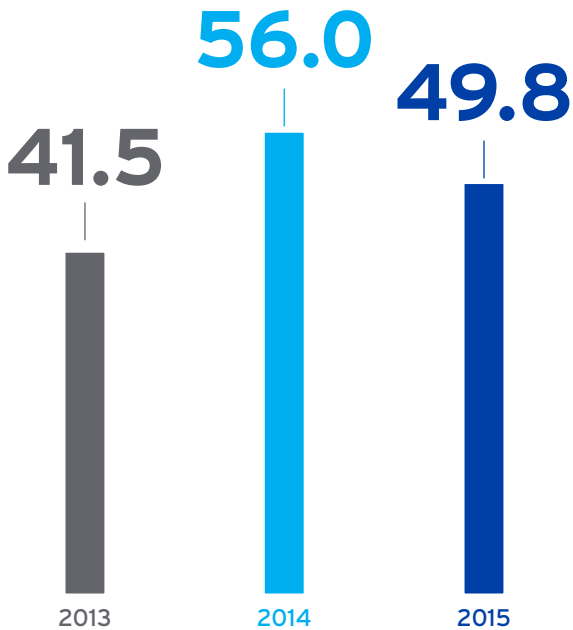
Market developments

REVENUES
In million euros



In comparison to 2013, revenues at THIMM Group have increased continuously over the last two years to 558 million euros in the financial year 2015, corresponding to an overall growth of 22 percent. The main driver for the revenue growth was the expansion of our multi-material and special packaging business with key customers. International activities, in particular in Central and Eastern Europe, also contributed greatly to our corporate development.

OPERATING RESULT
In million euros



The operating result also increased. However, after strong growth of 35 percent in 2014 (56 million euros and 10.4 percent of revenue), in the 2015 financial year EBITDAR at 49.8 million euros and 8.9 percent of revenue was below the value of the previous year. Given the backdrop of developments in the market and the sector, this result is still satisfactory. Our objective is to establish margins in the double-digit range over the long term.

OPERATING COSTS*
In million euros



Operating costs at THIMM Group rose at a lower rate than revenues (+22 percent) and were 90.9 million euros in the 2015 financial year. This corresponds to an increase of almost 19 percent in comparison to 2013.

INVESTMENTS IN FIXED ASSETS

In million euros



At a level of 31.6 million euros, THIMM Group again invested heavily in the further expansion of the company group in 2015. The most important investment areas were the continued modernisation of the existing European corrugated cardboard plants and the land acquisition and start of construction of the new Holledau plant in Bavaria. The company also invested in expanding the production technology of the display division, in the further modernisation of existing sites as well as in the development of new sites in the multi-material and special packaging segment. Over the last three years we have made investments of over 100 million euros.

PERSONNEL COSTS

In million euros



In the 2015 financial year personnel expenditure was 105.1 million euros, an increase of almost 33 percent in comparison to 2013. This increase is significantly higher than the revenue growth. The increase is based on the development and integration of seven new sites within the reporting period. This expansion of our structures is an important part of our growth strategy. There were also pay scale adjustments to wages and salaries during the reporting period.

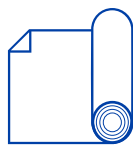
* Operating costs are all other operating expenses excluding the costs for paper, rent, leasing and other rentals according to the profit and loss structure of the controlling department.

Procurement

Our company has experienced strong growth during the reporting period. A total of seven new sites have been integrated and developed. Therefore, associated with this, raw material usage increased. Our relative material usage has remained constant or it has been reduced.

RAW MATERIAL USAGE

RAW PAPER USAGE
In tonnes



379,001

2015

368,439

2014

340,437

2013

Raw paper usage has increased by 11 percent in the reporting period. This rise is in line with an increase in our production volume.

RAW PAPER USAGE PER 1 MILLION M² OF
CORRUGATED CARDBOARD PRODUCED*
In tonnes

470.89

Raw paper usage per 1 million m² of corrugated cardboard produced has remained constant in comparison to the previous years.

PROPORTION OF FSC®-CERTIFIED PAPER
In percent

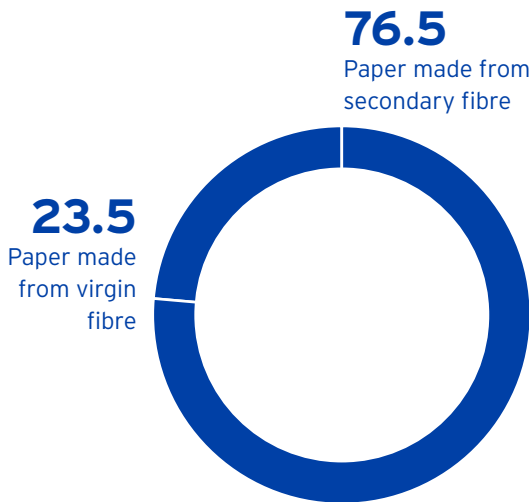
96.5

All paper-processing business divisions have been gradually certified according to the FSC®-standard and now almost exclusively process FSC®-controlled wood or FSC®-certified paper.

With the predominant usage of FSC®-certified papers, THIMM Group contributes to the preservation of biodiversity and ensures that only paper which originates from sustainable forestry is processed.

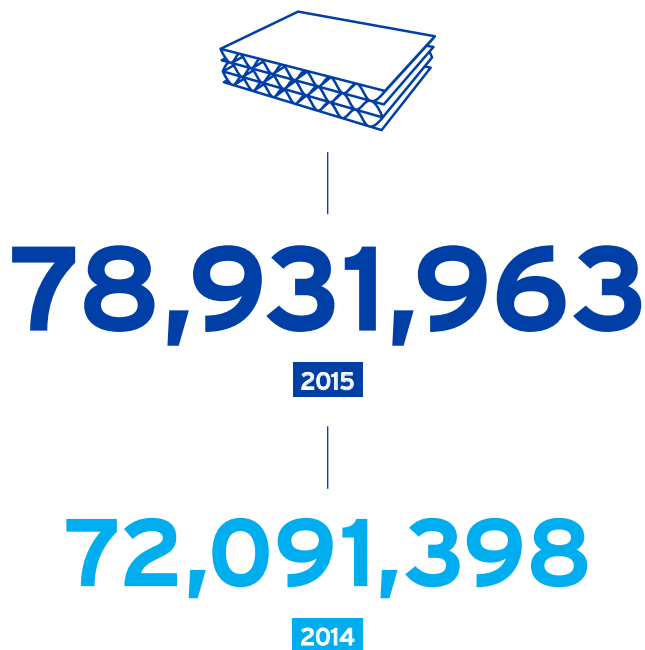
* Calculation basis adapted to the previous report as part of the further development of the reporting system.

PROPORTION OF RECYCLED PAPER
In percent



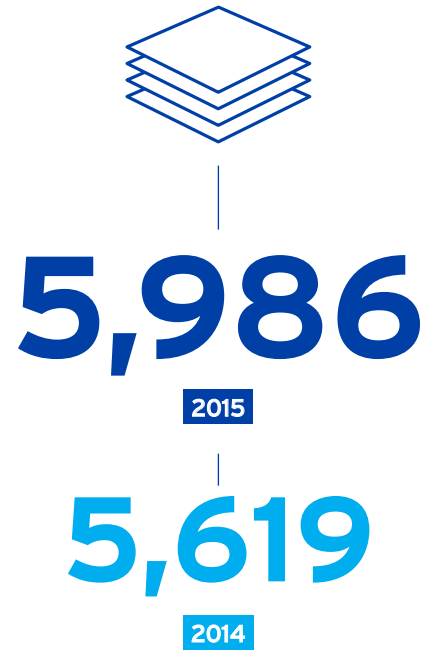
Three-quarters of the paper we use is recycled paper.

USAGE OF CORRUGATED CARDBOARD (PURCHASED SHEETS)*
In square metres



Corrugated cardboard usage has increased by 9.5 percent in the reporting period. This rise is in line with an increase in our production volume.

SOLID CARDBOARD USAGE*
In tonnes



Solid cardboard usage has increased by 6.5 percent in the reporting period. This rise is in line with an increased production volume.

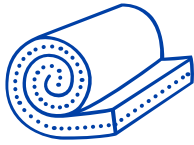
USAGE OF WOOD*
In cubic metres



Usage of wood fluctuates based on project business and has decreased in the reporting period by about 3.4 percent.

* This figure was requested for the first time for the Sustainability Report 2016, therefore only values as from 2014 are available.

USAGE OF FOAM*
In cubic metres



50,148

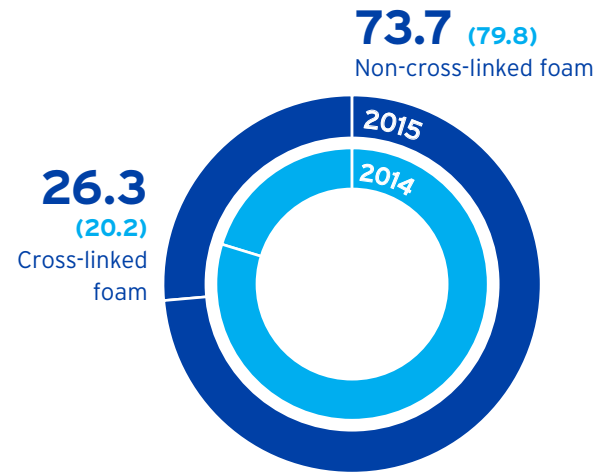
2015

46,841

2014

Foam usage has increased by 7.1 percent in the reporting period. This rise is in line with an increase in our production volume.

PROPORTION OF NON-CROSS-LINKED FOAM*
In percent

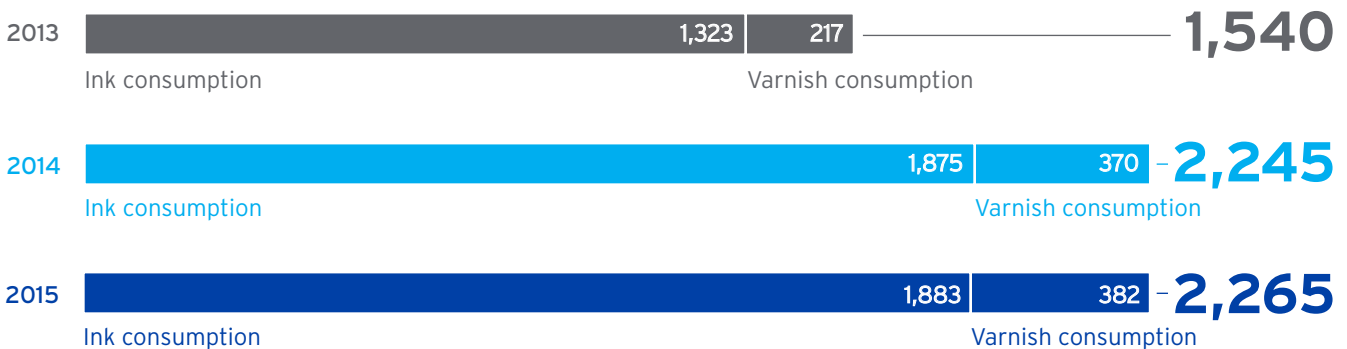


- » Cross-linked foam is not recyclable.
- » Non-cross-linked foam is recyclable.



Approximately three quarters of the total foam used is recyclable.

USAGE OF PRINTING INKS & VARNISH
In tonnes



Around 69.5 percent of printing inks and varnish are processed in the corrugated cardboard plants, around 28.1 percent in the production of print products for further industrial processing and around 2 percent for display production. Only 0.4 percent of the inks and varnish used are processed during the production of multi-material packaging systems. Ink and varnish consumption has increased by 47 percent in the reporting period. This is due mainly to the fact that two new preprint sites have now been added.

* This figure was requested for the first time for the Sustainability Report 2016, therefore only values as from 2014 are available.

PRINTING INKS AND VARNISH PER 1 MILLION M² OF CORRUGATED CARDBOARD PRODUCED*

In tonnes

2.07

The usage of printing inks and varnish per 1 million m² of corrugated cardboard produced has significantly decreased from 2.43 t in 2013 to 2.07 t in 2015. This is due to a more efficient usage of our printing inks and varnish by state-of-the-art machinery and the usage of lighter-grammage papers which require less ink.

GLUE CONSUMPTION

In tonnes



8,551

2015

7,927

2014

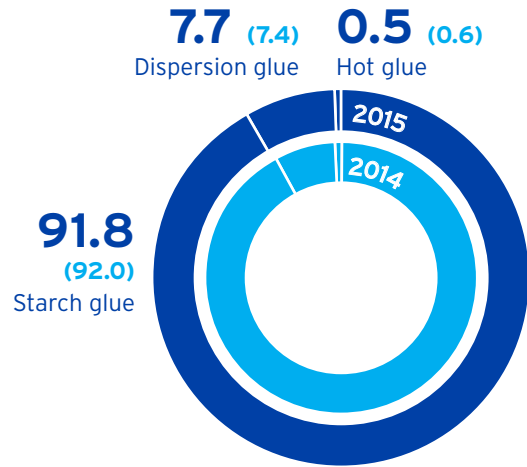
7,046

2013

Glue consumption increased by 21 percent in the reporting period. This rise is in line with an increase in our production volume.

PROPORTION OF GLUE CONSUMPTION BY GLUE TYPES

In percent



Most of the glues deployed are in the form of starch glue for the production of corrugated cardboard. This means that 91.8 percent of glue consumption is used for the production of corrugated cardboard.

STARCH GLUE CONSUMPTION PER 1 MILLION M² OF CORRUGATED CARDBOARD PRODUCED*

In tonnes

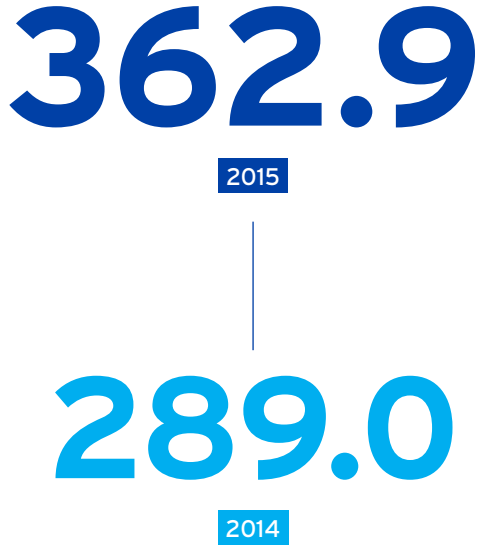
10.29

Glue usage per 1 million m² of corrugated cardboard produced has remained constant in comparison to previous years despite an increase in the production of corrugated cardboard. This is due to the efficient usage of starch glue.

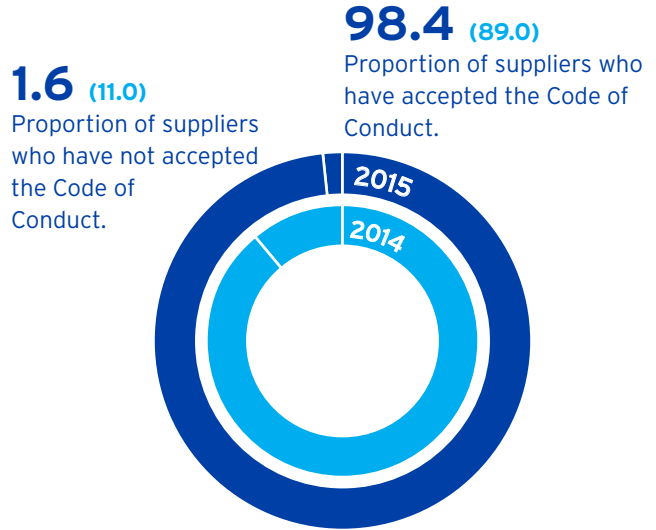
* Calculation basis adapted to the previous report as part of the further development of the reporting system.

THIMM SUPPLIER CODE OF CONDUCT

PROCUREMENT VOLUMES
In million euros



SUPPLIER CODE OF CONDUCT COVERAGE RATIO
In percent



The ratio of our procurement volume covered by the Supplier Code of Conduct was further increased during the reporting period. The figure only applies initially to THIMM Group Germany. Our sites outside Germany are also implementing the Supplier Code of Conduct accordingly. Reports were carried out on these sites in 2016 which means that there is no reliable data for the current reporting period.

Value creation

Our company has experienced strong growth during the reporting period. A total of seven new sites have been integrated and developed. Therefore, associated with this, energy usage increased.

ENERGY USAGE

ELECTRICITY CONSUMPTION*
In kilowatt hours

47,879,198

2015

46,703,564

2014

Electricity consumption has increased by 41.5 percent in comparison to 2013. This rise is in line with an increase in our production volume.

ELECTRICITY CONSUMPTION PER 1 MILLION M² OF CORRUGATED CARDBOARD PRODUCED**
In kilowatt hours

50,278

Electricity consumption per 1 million m² of corrugated cardboard produced has increased by 11.3 percent in comparison to 45,170 kWh in 2013. This is due to the increase in the production of double wall corrugated cardboard. In comparison to 2014 electricity consumption has decreased slightly by 1.5 percent. This reduction is due to continuous modernisations in the heating systems in the offices and staff buildings, in our machinery and equipment as well as to the exchange of lighting.

NATURAL GAS CONSUMPTION*
In kilowatt hours

91,567,234

2015

84,760,127

2014

Natural gas consumption has increased by 30 percent in the reporting period in comparison to 2013. This rise is in line with the increase in our production volume.

NATURAL GAS CONSUMPTION PER 1 MILLION M² OF CORRUGATED CARDBOARD PRODUCED**
In kilowatt hours

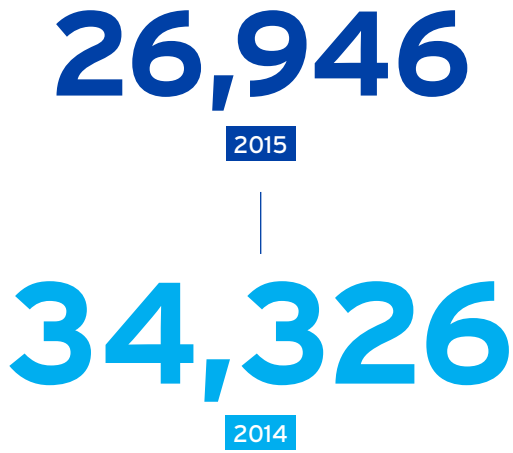
106,732

Natural gas consumption per 1 million m² of corrugated cardboard produced has increased by 3.7 percent in comparison to 2013. This is related to the increase in the production of double wall corrugated cardboard.

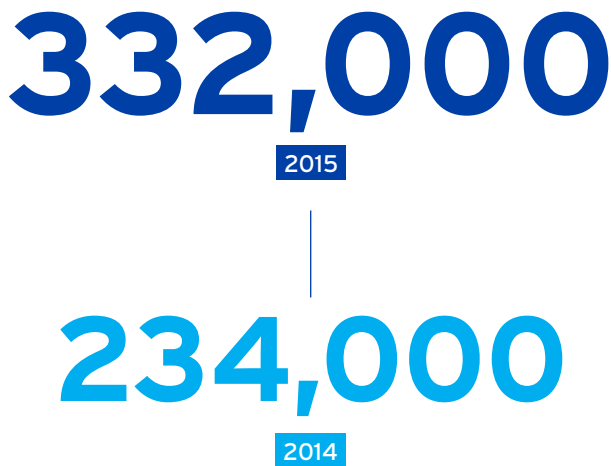
* No consumption data is available for Bremen, Ludwigsburg (2014+2015) and Germersheim (2015).

** Calculation basis adapted to the previous report as part of the further development of the reporting system.

HEATING OIL CONSUMPTION*
In litres

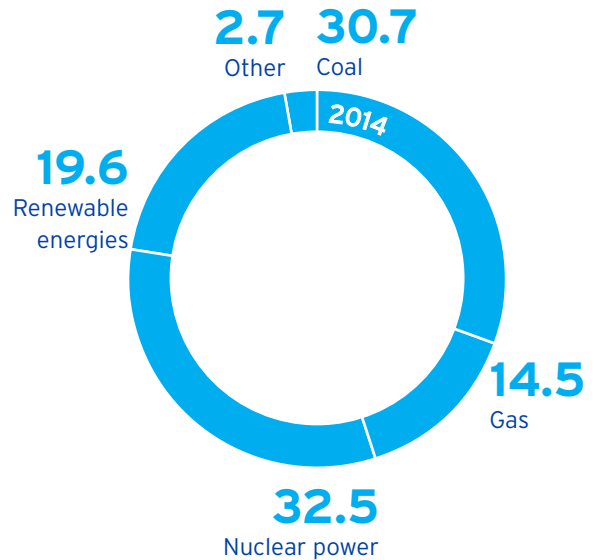


COAL CONSUMPTION**
In kilograms

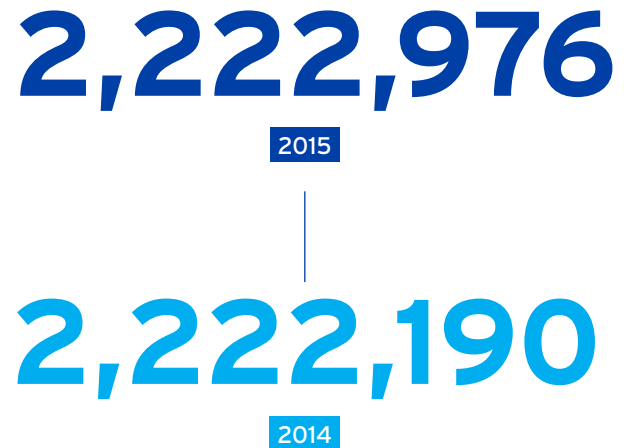


The energy sources of heating oil and coal are used for heating at four sites. Consumption varies depending on the weather. Through the continuous modernisation of our buildings we have succeeded in significantly reducing our heating oil consumption.

PURCHASED ENERGY MIX 2014***
In percent



**LIQUIFIED PETROLEUM GAS (LPG)
CONSUMPTION OF FORKLIFTS******
In kilowatt hours



Around 98 percent of the LPG is consumed by forklifts in the corrugated cardboard plants. Due to the heavy weight of the paper rolls which are the main items to be transported, it has not yet been possible to switch over to electric forklifts. However, in 2016 as part of a pilot project, the first electric forklift is to be deployed in one corrugated cardboard plant.

* Only relevant at the Northeim, Essen and Ludwigsburg sites. 2015 consumption estimated for Ludwigsburg.
 ** Only at the Chotětov (Czech Republic) site.
 *** Data for 2015 is not yet fully available.
 **** This figure was requested for the first time for the Sustainability Report 2016, therefore only values as from 2014 are available.

CONSUMPTION OF FUEL*

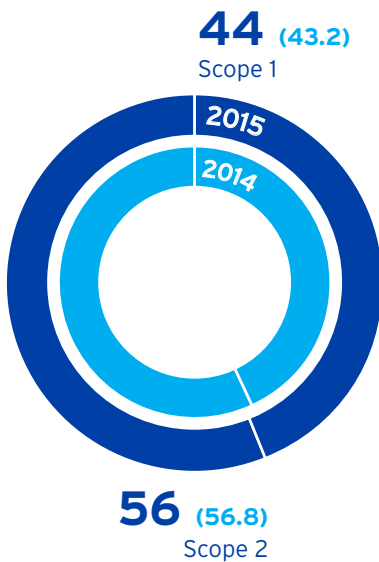
In litres



Total fuel consumption of THIMM Group is apportioned as follows to the individual passenger vehicle fleets of the production divisions: 66.2 percent to the production of corrugated cardboard, 17.2 percent to the production of multi-material packaging solutions, 14 percent to the production of displays and 2.6 percent to the production of print products for further industrial processing.

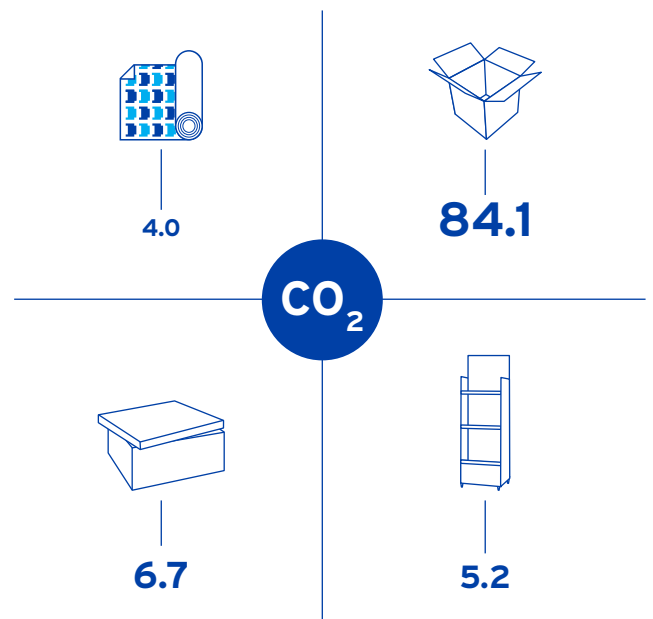
PROPORTION IN THE COMPANY CARBON FOOTPRINT (SCOPE 1+2)*

In percent



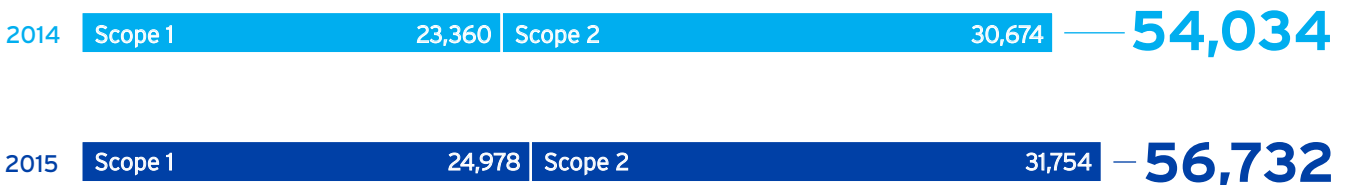
COMPANY CARBON FOOTPRINT (SCOPE 1+2)*

In percent



COMPANY CARBON FOOTPRINT*

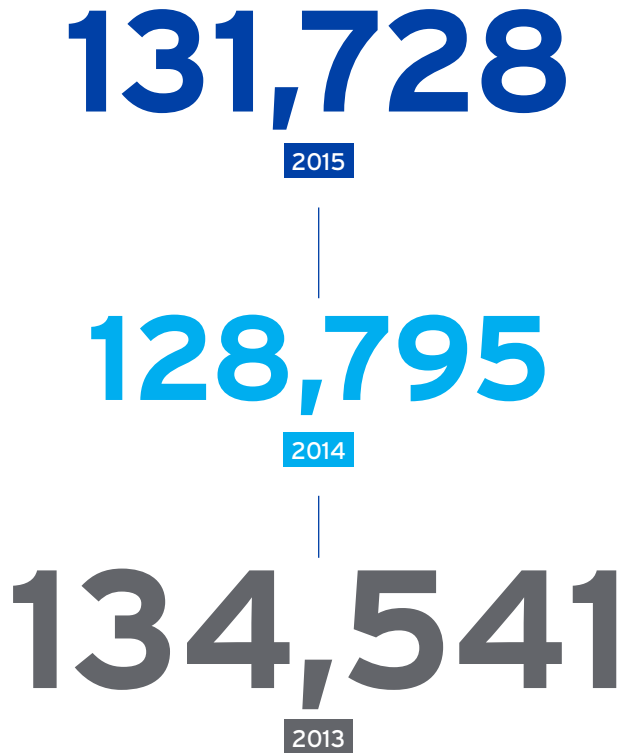
In tonnes CO₂



* This figure was requested for the first time for the Sustainability Report 2016, therefore only values as from 2014 are available. The values are considered as CO₂ equivalents.

WATER

TOTAL WATER CONSUMPTION
In cubic metres



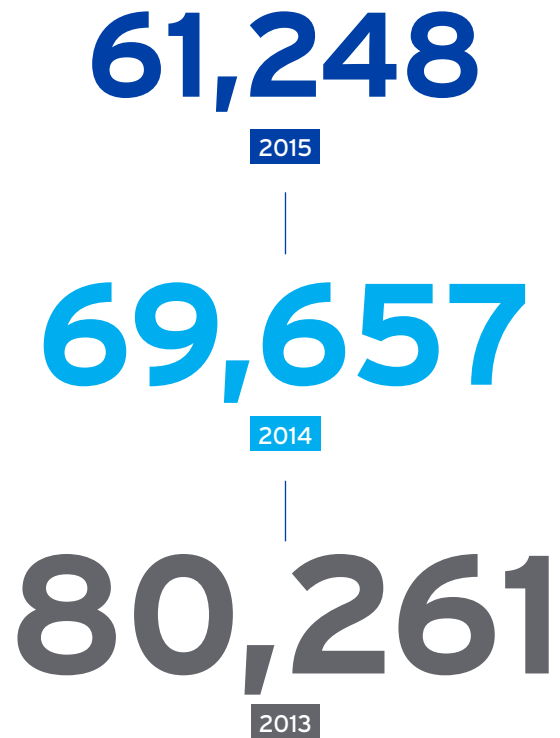
Water consumption in 2015 has been reduced by 3.1 percent in comparison to 2013. This is due to our careful handling of water, in particular through our continuous investments in state-of-the-art technologies.

WATER CONSUMPTION PER 1 MILLION M² OF
CORRUGATED CARDBOARD PRODUCED*
In cubic metres

156.35

Water consumption per 1 million m² of corrugated cardboard produced has been reduced by 21.2 percent in comparison to 198.40 m³ in 2013. This is due to our continuous investments in state-of-the-art technologies and the associated improved consumption values for steam generation.

TOTAL WASTE WATER VOLUME
In cubic metres



In 2015 waste water consumption has been reduced by 23.7 percent in comparison to 2013.

WASTE WATER VOLUME PER 1 MILLION M² OF
CORRUGATED CARDBOARD PRODUCED*
In cubic metres

70.73

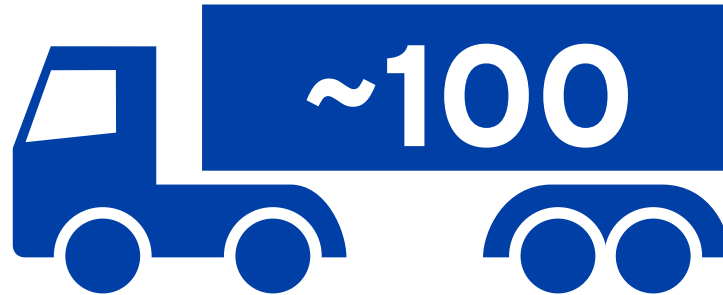
Waste water volume per 1 million m² of corrugated cardboard produced has been reduced by 39.3 percent in comparison to 116.57 m³ in 2013.

* Calculation basis adapted to the previous report as part of the further development of the reporting system.

Distribution

DISTRIBUTION TO THE CUSTOMER

MEANS OF TRANSPORT
In percent



In principle our customers are supplied by HGV. Because our sites are located close to our customers transport routes are generally short, therefore other means of transportation are not considered from a resources efficiency perspective. This also enables us to maintain our flexibility when it comes to making deliveries to our customers. Only in exceptional circumstances are other means of transport utilised.

Reusable material cycle

Our company has experienced strong growth during the reporting period. A total of seven new sites have been integrated and developed. Therefore, associated with this, the waste volume has increased.

WASTE

TOTAL WASTE VOLUME
In tonnes



Waste volume in THIMM Group has increased by 32.7 percent in comparison to 2013. This rise is in line with an increase in our production volume. 99.85 percent of waste is classified as non-hazardous waste, with paper and foam residues in particular being returned to the reusable material cycle. The waste volume is apportioned as follows to the individual production divisions: 84.4 percent to the production of corrugated cardboard, 6.9 percent to the production of multi-material packaging solutions, 7 percent to the production of displays and 1.7 percent to the production of print products for further industrial processing.

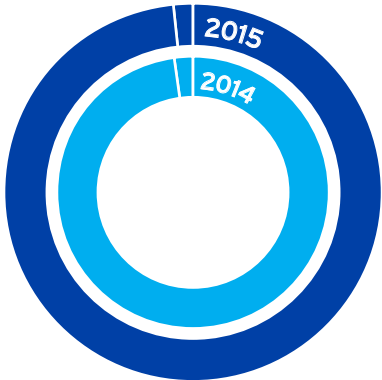
TOTAL WASTE VOLUME PER 1 MILLION M² OF CORRUGATED CARDBOARD PRODUCED*
In tonnes

9.08

Total waste volume per 1 million m² of corrugated cardboard produced has slightly increased by 2.5 percent in comparison to 8.86 t in 2013.

PROPORTION OF WASTE
In percent

0.15 (0.2) 99.85 (99.8)
Hazardous waste Non-hazardous waste



- » Only 0.15 percent of the waste is hazardous waste. We duly dispose of such waste in accordance with relevant regulations.
- » Of the non-hazardous waste, 75.6 percent is potential recyclable material such as paper or wood. We feed these materials into the reusable material cycle.

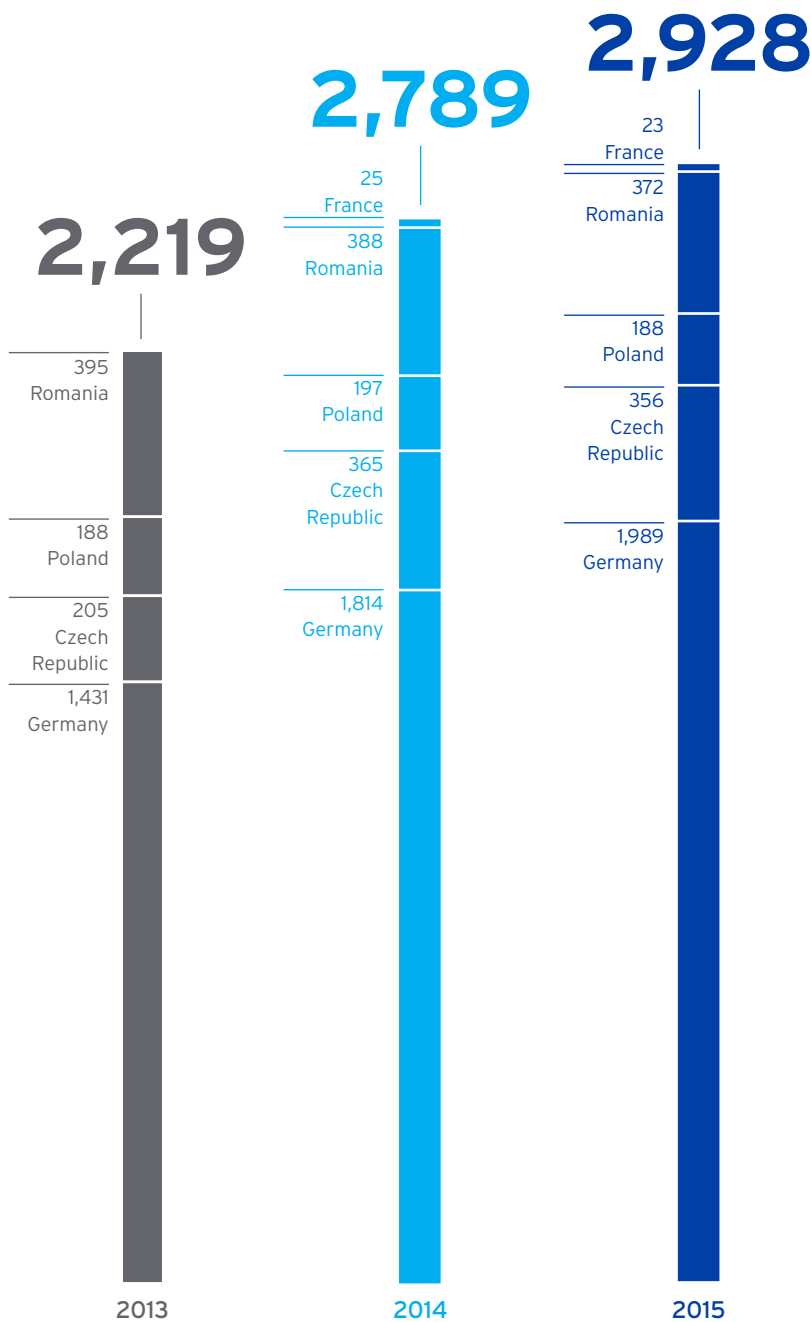
* Calculation basis adapted to the previous report as part of the further development of the reporting system.

Employees

Unless specified otherwise, the employee numbers stated below reflect headcount or proportionate headcount figures.

EMPLOYMENT

NUMBER OF EMPLOYEES BY PRODUCTION COUNTRIES



Within the framework of our growth and internationalisation strategy, the number of our employees has increased in the reporting period. The number of apprentices is stated separately on page 77. To successfully handle peak order periods, 296 temporary workers supported us (financial year 2015).

EMPLOYEES BY WORK AREAS

Salaried employees



Industrial employees



DIVERSITY AND EQUALITY OF OPPORTUNITY

WOMEN IN MANAGEMENT POSITIONS*
In percent

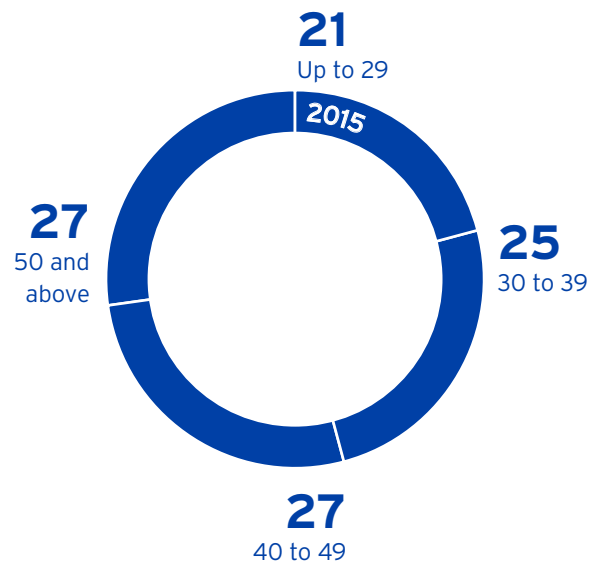


Since 2013 the proportion of women in management positions has risen slightly. In 2015 out of 201 managers, 37 were female which corresponds to a proportion of 18.4 percent.

PROPORTION OF FEMALE & MALE EMPLOYEES
In percent



EMPLOYEES BY AGE GROUPS
In percent



DIFFERENT EMPLOYEE NATIONALITIES**

Many people of different nationalities work for THIMM Group. Of the 40 different nationalities, the nationalities of our production sites – German, Romanian, Czech, Polish and French – form the biggest groups.



1,759



376



351



218



35

Afghan	1	Bulgarian	10	Iranian	2	Mozambican	1	Slovenian	1
Algerian	1	Croatian	2	Italian	8	Nigerian	1	Somali	2
Austrian	3	Danish	2	Kosovan	4	Pakistani	1	Swiss	2
Belgian	3	Dutch	3	Lebanese	1	Portuguese	8	Togolese	1
Belorussian	1	Filipino	2	Lithuanian	2	Russian	12	Tunisian	1
Bosnian	7	Greek	29	Macedonian	5	Serbian	3	Turkish	44
British	1	Hungarian	4	Moroccan	1	Slovakian	7	Vietnamese	2

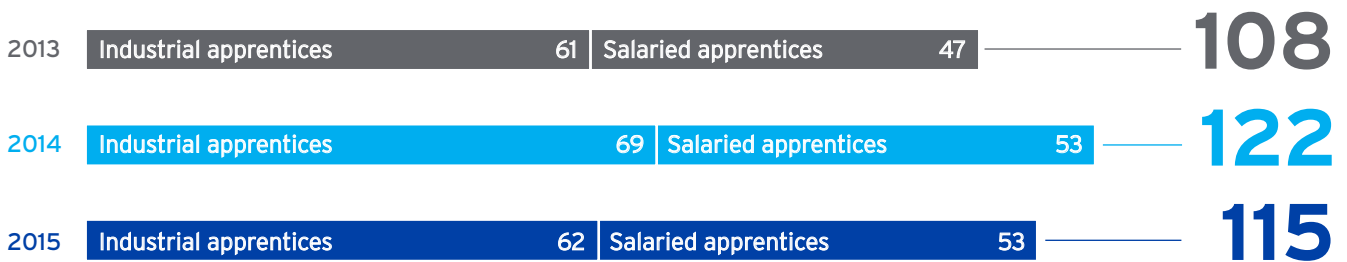
* 2013: Sibiu (Romania) site not included.

** Apportionment estimated for Sibiu (Romania) site.

EDUCATION AND VOCATIONAL TRAINING

We are training more than 100 young people in **eight** different **job profiles** and in **one dual study course**. We create knowledge and therefore offer long-term career prospects.

NUMBER OF APPRENTICES



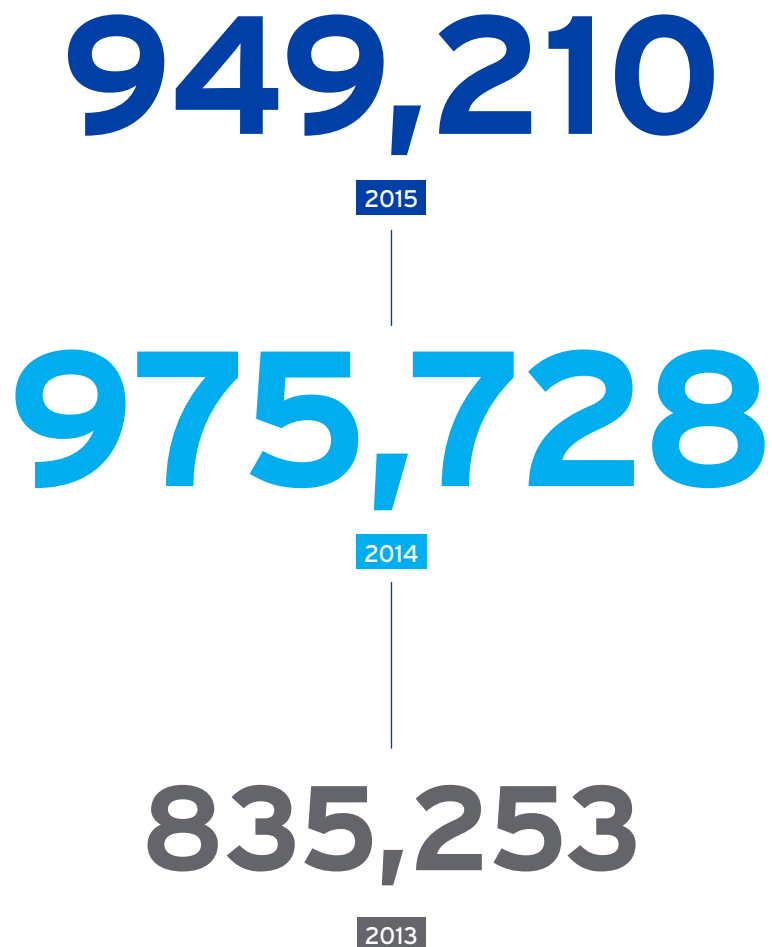
APPRENTICESHIP RATIO*

In percent



TOTAL EXPENDITURE FOR CONTINUING AND VOCATIONAL TRAINING**

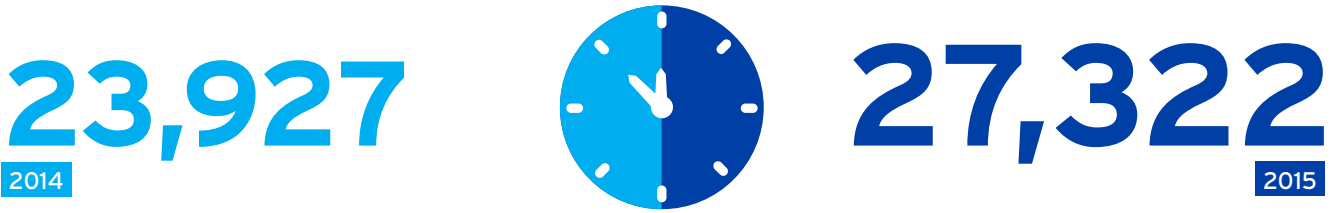
In euros



* Apprenticeship ratio = Number of apprentices in Germany / the number of jobs in Germany for which a completed apprenticeship is required.

** Data for Sibiu (Romania) site not included. Data estimated for Všetaty (Czech Republic) site.

EXPENDITURE FOR CONTINUING AND VOCATIONAL TRAINING IN HOURS*



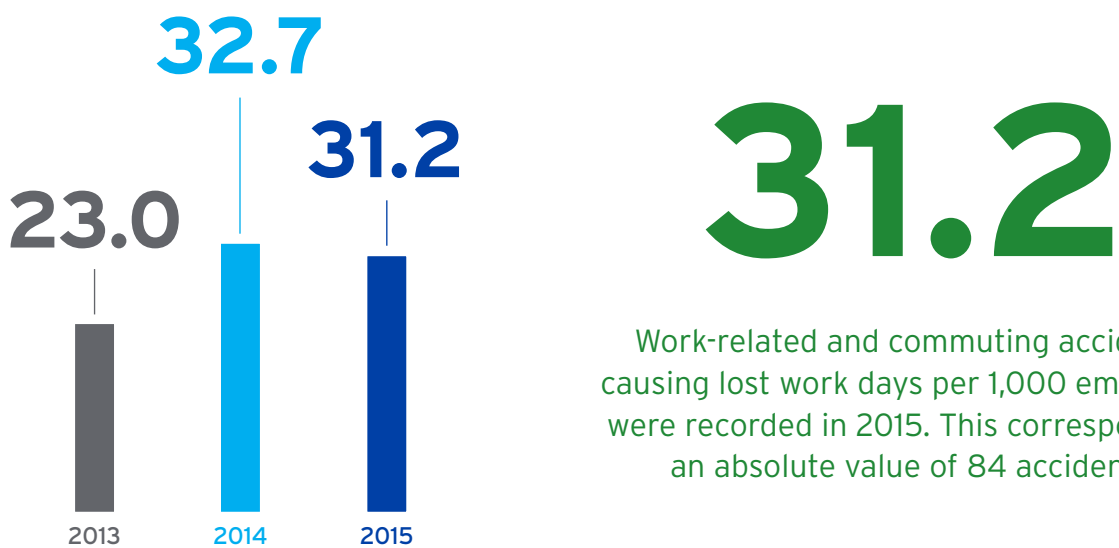
OCCUPATIONAL HEALTH AND SAFETY

SICKNESS RATIO**
In percent



The sickness ratio has slightly decreased in comparison to 2013 and in the financial year 2015 was 5.8 percent.

NUMBER OF WORK-RELATED AND COMMUTING ACCIDENTS CAUSING LOST WORK DAYS***
Per 1,000 employees



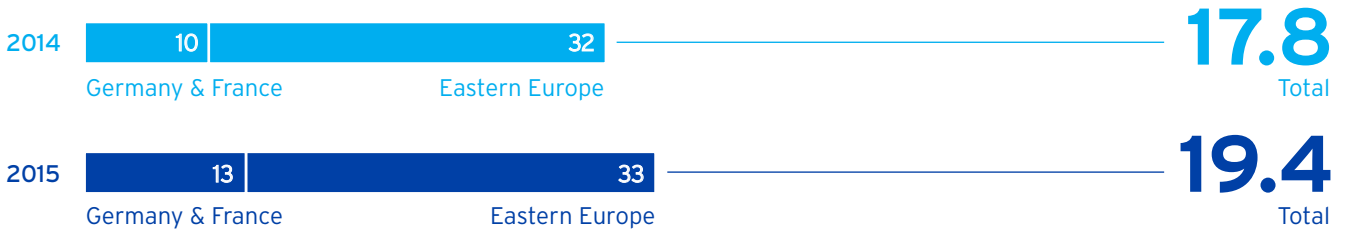
Work-related and commuting accidents causing lost work days per 1,000 employees were recorded in 2015. This corresponds to an absolute value of 84 accidents.

* This figure was included in the reporting for the first time, therefore only values as from 2014 are available. Data for Garancières-en-Beauce (France) and Sibiu (Romania) is not included. Data estimated for the Lohhof / Unterschleißheim site.
 ** 2013: Data for Sibiu (Romania) and Všetaty (Czech Republic) sites is not included.
 *** Reference value for the calculation: Employees as full-time-equivalents.

EMPLOYEE RETENTION

FLUCTUATION RATIO*

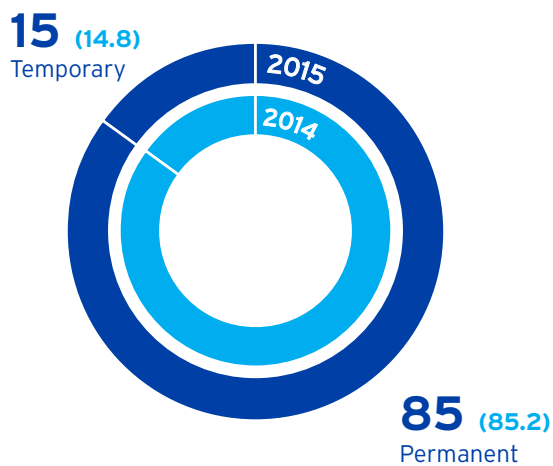
In percent



The fluctuation ratio is primarily influenced by the high fluctuation at our sites in Romania, Czech Republic and Poland. Economic growth in these countries has created full employment in some regions and higher levels of employee fluctuation. We are countering these with a range of employee retention measures.

TEMPORARY AND PERMANENT CONTRACTS

In percent



It is our objective to offer our employees a safe working environment. At a level of 85 percent, the majority of our employees are employed by us on permanent contracts.

EMPLOYEE PARTICIPATION

PROPORTION OF EMPLOYEES REPRESENTED BY A WORKS COUNCIL

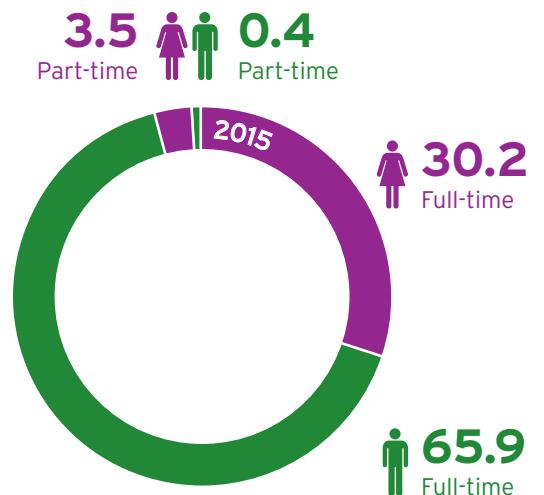
In percent

50

LIFE BALANCE

WORK MODELS

In percent



115 employees took advantage of one of our part-time working models in the financial year 2015 which corresponds to almost 4 percent of our total employees.

In the reporting period 50 percent of all employees have been represented by Works Councils. At sites with no Works Councils employees regularly exchange views directly with the management board or via employee representatives in order to intensively cultivate constructive dialogue. The intensive participation in employee representations has been further reinforced during the reporting period and has had a positive effect on collaboration. There were no strikes during the reporting period.

* This figure was included for the first time in the reporting, therefore only values as from 2014 are available.

Community

THIMM GROUP DONATION EXPENDITURE In euros



Every year the company management defines a monetary amount to be allocated to financial donations. In the 2015 financial year donations amounted to around 83,697 euros. This includes the monetary donations. Material donations are not considered here.

GRI Index

GRI indicator	Short description of the indicator	Reference	Comments
GENERAL STANDARD DISCLOSURES			
Strategy and analysis			
G4-1	Statement from the most senior decision-maker of the organisation	Foreword	
G4-2	Description of key impacts, risks and opportunities	Market developments, Sustainability in THIMM Group	
Organisational profile			
G4-3	Name of the organisation	Company portrait	
G4-4	Primary brands, products and services	Company portrait	
G4-5	Location of the organisation's headquarter	Company portrait	
G4-6	Number of countries where the organisation operates and name of countries where the organisation has significant operations	Company portrait	
G4-7	Nature of ownership and legal form		THIMM Group GmbH + Co. KG is 100 percent family-owned by the family Thimm. Background information can also be found in the imprint at www.thimm.com
G4-8	Markets served	Company portrait	
G4-9	Scale of the organisation	Company portrait	As THIMM Group mainly sells customised packaging solutions and services, the specific number of products and services offered is not collated and can therefore not be stated. Background information on our products can be found online at www.thimm.com/products . In 2015 the equity ratio of THIMM Group was 43 percent.
G4-10	Information on employees	Employees, Key figures	
G4-11	Percentage of total employees covered by collective bargaining agreements	Employees, Key figures	
G4-12	Description of organisation's supply chain	Procurement	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain		Implementation of a holding-structure (THIMM Group GmbH + Co. KG) effective 01 January 2014, name change from THIMM Schertler Verpackungssysteme GmbH + Co. KG to THIMM Packaging Systems GmbH + Co. KG effective 01 April 2015
G4-14	Precautionary approach		Please find the description of our management approaches in the respective chapters.
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	Sustainability in THIMM Group	
G4-16	Membership of associations and national or international advocacy organisations	Community	
Identified material aspects and boundaries			
G4-17	List of all entities included in the organisation's consolidated financial statements or equivalent documents	Company portrait	
G4-18	Process for defining the report content and the aspect boundaries	Sustainability in THIMM Group	
G4-19	All material aspects identified in the process for defining report content	Sustainability in THIMM Group	
G4-20	Aspect boundaries within the organisation	Sustainability in THIMM Group	
G4-21	Aspect boundaries outside the organisation	Sustainability in THIMM Group	
G4-22	Effect of any restatements	Sustainability in THIMM Group, Report profile	
G4-23	Significant changes from previous reports in the scope and aspect boundaries	Sustainability in THIMM Group	

GRI indicator	Short description of the indicator	Reference	Comments
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organisation	Sustainability in THIMM Group	
G4-25	Basis for identification and selection of stakeholder with whom to engage	Sustainability in THIMM Group	
G4-26	Organisation's approach to stakeholder engagement	Sustainability in THIMM Group	
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Sustainability in THIMM Group	
Report profile			
G4-28	Reporting period for information provided	Report profile	
G4-29	Date of most recent previous report	Report profile	The most recent previous report of THIMM Group was published in August 2014.
G4-30	Reporting cycle	Report profile	
G4-31	Contact point for questions regarding the report or its content	Report profile	
G4-32	"In accordance" option the organisation has chosen	Report profile	
G4-33	Information on GRI standard	Report profile	There was no external verification of this Sustainability Report.
Governance			
G4-34	Governance structure		Presiding over THIMM Group are the Group managing directors, Mathias Schliep (chair) and Jens Fokuhl. Group management is controlled by the company advisory board which is currently composed of four family-independent, external members from the industry and three representatives of the Thimm family. Currently, these representatives are Klaus Thimm and his sons Kornelius and Kristof Thimm.
Ethics & integrity			
G4-56	Organisation's values, principles, standards and norms of behaviour	Procurement, Employees	Online under the heading of "THIMM donations and sponsorship".

SPECIFIC STANDARD DISCLOSURES

Economic

» Economic performance

G4-DMA	Management approach	Market developments, Value creation	
G4-EC1	Direct economic value generated and distributed	Key figures regarding Market developments	

Environmental

» Materials

G4-DMA	Management approach	Procurement, Value creation	
G4-EN1	Materials used by weight or volume	Key figures regarding Procurement, Value creation	

» Energy

G4-DMA	Management approach	Value creation	
G4-EN3	Energy consumption within the organisation	Key figures regarding Value creation	
G4-EN7	Reductions in energy requirements of products and services	Key figures regarding Value creation	Referred to the production of corrugated cardboard.

» Water

G4-DMA	Management approach	Value creation	
G4-EN8	Total water withdrawal by source	Key figures regarding Value creation	Sources of water withdrawal: Municipal water suppliers or other water utilities.

» Emissions

G4-DMA	Management approach	Value creation	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Key figures regarding Value creation	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Key figures regarding Value creation	

GRI indicator	Short description of the indicator	Reference	Comments
» Effluents and Waste			
G4-DMA	Management approach	Value creation, Reusable material cycle	
G4-EN22	Total water discharge by quality and destination	Key figures regarding Value creation	
G4-EN23	Total weight of waste by type and disposal method	Key figures regarding Reusable material cycle	Individual information on disposal methods can be found in the chapters Value creation and Reusable material cycle.
» Products and services			
G4-DMA	Management approach	Value creation	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Value creation, Key figures regarding Value creation	
» Compliance			
G4-DMA	Management approach		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations have been recorded in the reporting period.
» Transport			
G4-DMA	Management approach	Distribution	
Own indicator	Used transportation resources, extent of measures of optimisation of transport routes	Distribution, Key figure regarding Distribution	
» Supplier environmental assessment			
G4-DMA	Management approach	Procurement	
G4-EN33	Significant actual and potential negative environmental impact in the supply chain and actions taken	Procurement, Key figures regarding Procurement	
G4-EN34	Number of grievances about environmental impacts	Procurement	
Social			
» Employment			
G4-DMA	Management approach	Employees	
G4-LA1	Total number of employees, fluctuation ratio	Key figures regarding Employees	
G4-LA3	Total number of employees that took parental leave, by gender	Employees	
Own indicator	Different work models, by gender	Key figures regarding Employees	
Own indicator	Permanent and temporary contracts	Key figures regarding Employees	
» Occupational health and safety			
G4-DMA	Management approach	Employees, Value creation	
G4-LA6	Number of work-related and commuting accidents causing lost work days, work-related fatalities	Employees, Key figures regarding employees	No work-related fatalities have been recorded in the reporting period.
» Education and vocational training			
G4-DMA	Management approach	Employees	
G4-LA9	Total expenditure for continuing and vocational training, in hours	Key figures regarding Employees	
Own indicator	Total expenditure for continuing and vocational training, in euros	Key figures regarding Employees	
Own indicator	Total number of apprentices and apprenticeship ratio	Key figures regarding Employees	
» Diversity and equal opportunity			
G4-DMA	Management approach	Employees	
G4-LA12	Total number of employees by age group, gender and nationality	Key figures regarding Employees	
Own indicator	Proportion of women in management positions	Key figures regarding Employees	

GRI indicator	Short description of the indicator	Reference	Comments
» Supplier assessment for labour practices			
G4-DMA	Management approach	Procurement	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Key figures regarding Procurement	
» Labour practices grievance mechanisms			
G4-DMA	Management approach	Procurement	
G4-LA16	Number of grievances about labour practices	Procurement, Key figures regarding Procurement	No grievances concerning labour practices have been recorded in the reporting year.
» Non-discrimination			
G4-DMA	Management approach	Employees	
G4-HR3	Number of incidents of discrimination	Employees	
» Freedom of association and collective bargaining			
G4-DMA	Management approach	Employees	
Own indicator	Proportion of employees represented by a works council, number of strikes, potential violations of the right to exercise freedom of association and collective bargaining agreement	Key figures regarding Employees	No violations or serious threats of the right to exercise freedom of association and collective bargaining agreement have been recorded in the reporting period.
» Supplier human rights assessment			
G4-DMA	Management approach	Procurement	
G4-HR11	Significant and potential negative human rights impacts in the supply chain and actions taken	Procurement, Key figures regarding Procurement	
G4-HR12	Number of grievances about human rights	Procurement	No grievance concerning human rights have been recorded in the reporting period.
» Local Communities			
G4-DMA	Management approach	Community	
G4-SO1	Promotion of /collaboration with local communities, organisations, educational institutions, membership in associations, voluntary commitment	Community, Key figure regarding Community	
» Anti-corruption			
G4-DMA	Management approach	Employees, Value creation	
G4-SO4	Communication and training on anti-corruption policies and procedures	Employees, Value creation	More information online under the heading of "THIMM Code of Conduct".
» Public policy			
G4-DMA	Management approach	Community	
G4-SO6	Political contributions	Community	According to its guidelines on donations and sponsorship, the company does not provide any political donations (donations to politicians, political parties or organisations).
» Anti-competitive behaviour			
G4-DMA	Management approach	Value creation	
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices		No legal actions for anti-competitive behaviour, anti-trust and monopoly practices have been recorded in the reporting period.
» Compliance			
G4-DMA	Management approach	Value creation	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		No significant fines or non-monetary sanctions for non-compliance with laws and regulations have been recorded in the reporting period.
» Product and service labeling			
G4-DMA	Management approach	Value creation	
G4-PR5	Results of surveys measuring customer satisfaction	Value creation	
» Compliance			
G4-DMA	Management approach	Value creation	
G4-PR9	Monetary value of significant fines or non-compliances with laws and regulations concerning the provision and use of products and services		No significant fines or non-monetary sanctions for non-compliance with laws and regulations concerning the provision and use of products and services have been recorded in the reporting period.

Imprint

Publisher

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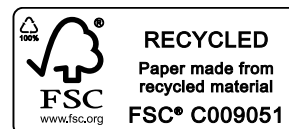
Heine Warnecke Design GmbH, Hannover
THIMM Group GmbH + Co. KG, Northeim
Hoschke & Consorten Public Relations GmbH, Hamburg
AFWK Kommunikationsagentur, Bovenden-Eddighausen

Print

Gutenberg Beuys Feindruckerei GmbH, Langenhagen

Paper type

Circleoffset Premium White



ClimatePartner **climate neutral**

Print | ID: 10951-1608-1008

Image source

THIMM Group GmbH + Co. KG, Northeim
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September 2016

