



# SUSTAINABILITY REPORT 2016

Business Area Tobacco

## Our vision:

As a worldwide technology and innovation leader, we are obliged to promote sustainability continually in every aspect of our business.

### THE FIVE AREAS OF ACTION FOR THE SUSTAINABILITY PROGRAMME

The sustainability programme has been systematically anchored in the companies, internal structures, processes and products of the Business Area Tobacco since 2010. We are guided in our actions by the following principle: "We want to make our machines sustainable throughout their entire life cycle wherever we see the opportunity to do so."

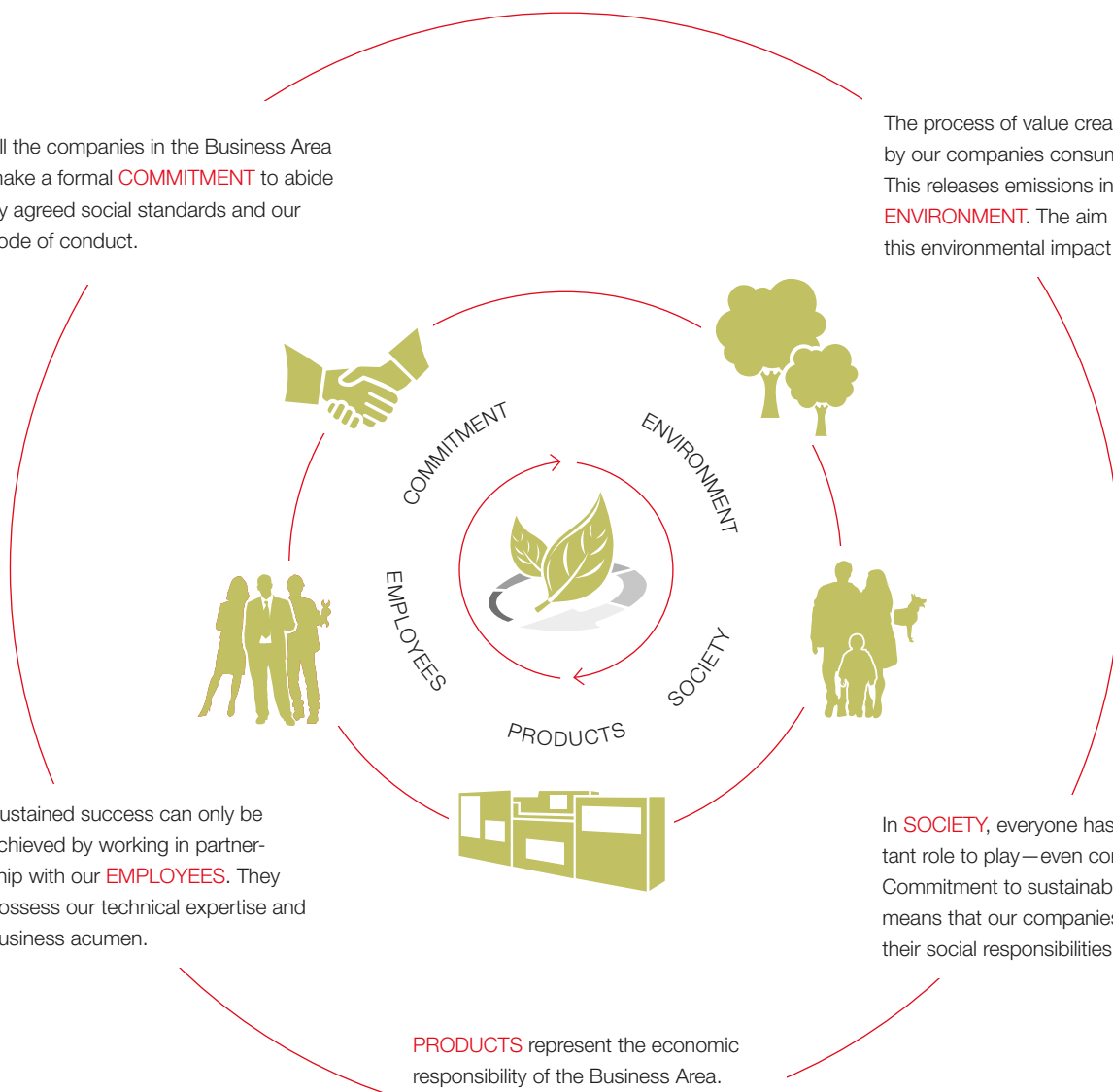
All the companies in the Business Area make a formal **COMMITMENT** to abide by agreed social standards and our code of conduct.

The process of value creation undertaken by our companies consumes resources. This releases emissions into the **ENVIRONMENT**. The aim is to minimize this environmental impact.

Sustained success can only be achieved by working in partnership with our **EMPLOYEES**. They possess our technical expertise and business acumen.

In **SOCIETY**, everyone has an important role to play—even companies. Commitment to sustainability also means that our companies assume their social responsibilities.

**PRODUCTS** represent the economic responsibility of the Business Area. They form the core of our business activities. They are the means by which the companies in the Business Area provide their customers with a benefit.

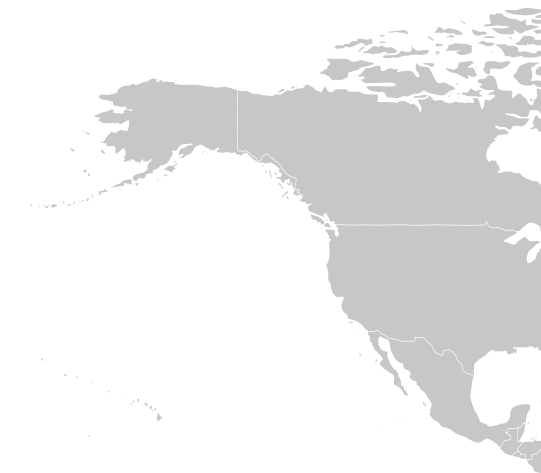


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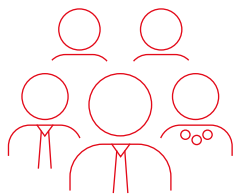
# OVERVIEW OF THE BUSINESS AREA TOBACCO

The companies in the Business Area Tobacco are global leaders in the provision of innovative technologies, technical services and individual consultancy services for the international tobacco industry. From our many worldwide production, sales and service centres, we support customers around the globe in the fields of tobacco processing, filter production and cigarette manufacturing. Hauni Maschinenbau GmbH is the leading company in the Business Area Tobacco.



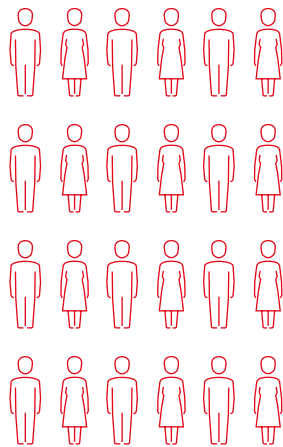
## EMPLOYEES

# 4,295



## APPRENTICES

# 283



We offer apprenticeships for young people in Germany, Hungary, France, the UK and Malaysia. In Hamburg-Bergedorf, Pécs in Hungary and in Malaysia, the Business Area cooperates with local universities to offer dual study degree courses.

## PRODUCTS & SERVICES

The Business Area provides technologies, services and consulting for every stage of tobacco processing and the production of filters, cigarettes and special products through to the final quality measurement. International, regional and local tobacco companies trust our flexible range of products, such as the PROTOS series of cigarette makers and KDF filter and multifilter makers.

## SOCIAL PROJECTS

Our employees have a living tradition of rolling up their sleeves and taking action to improve the lives of the people around them. Examples include the annual "Wi mook dat!" day of action involving Hamburg companies, the donation of reconditioned company computers to worthy causes and contributions to SOS Children's Villages.

## OVER

# 6,000

MWH OF ELECTRICITY

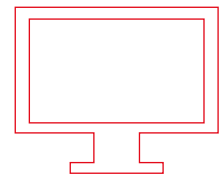
## GENERATED ON-SITE



Many of our locations generate some of the power they require themselves using environmentally-friendly technologies. These have enabled the Business Area to reduce its total CO<sub>2</sub> emissions by 4,495 tonnes since 2010. This corresponds to reduction of 15.7 percent.

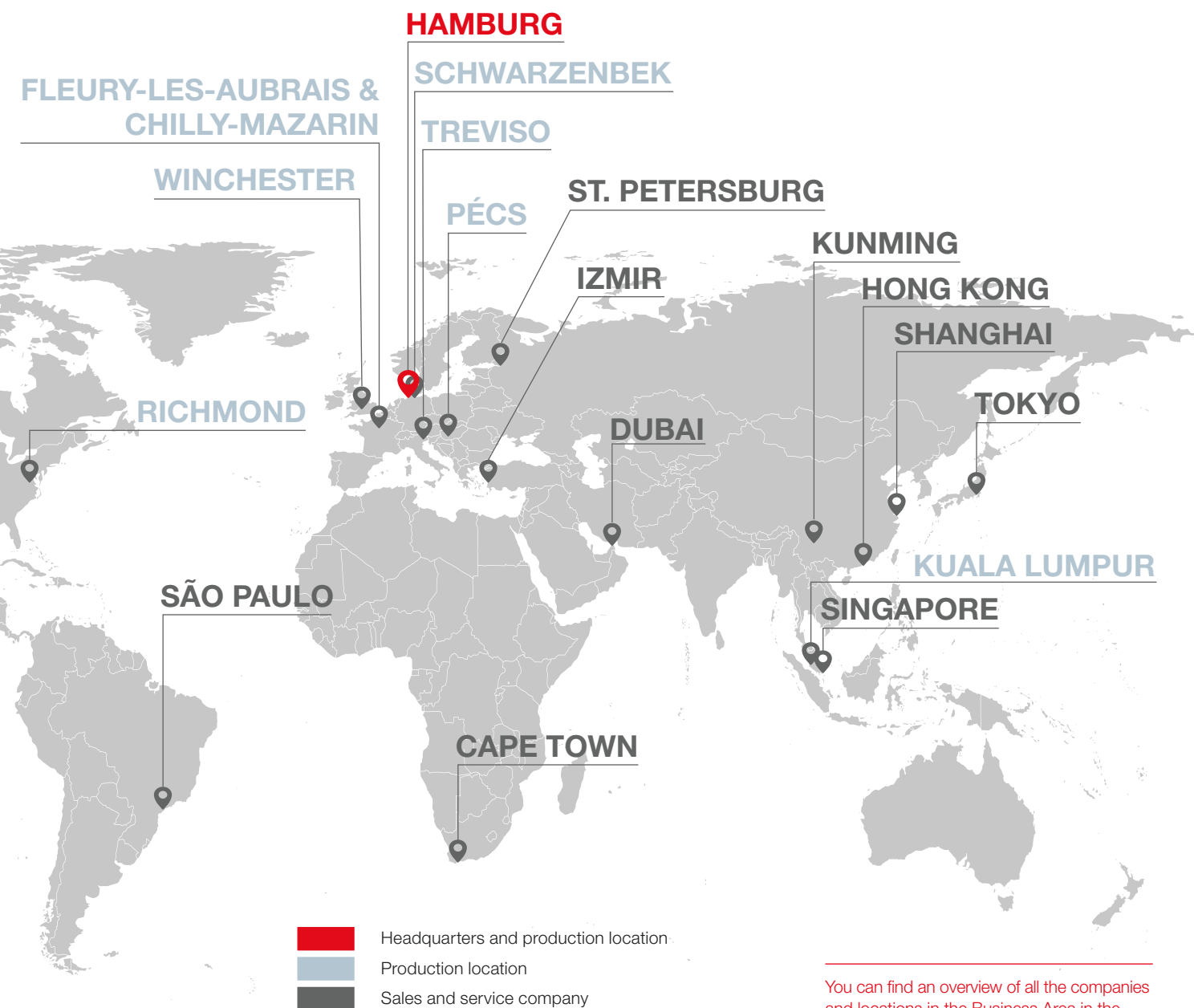
# 76

## COMPUTERS DONATED IN 2016



# 115

## WORKING DAYS FOR SOCIAL PROJECTS



You can find an overview of all the companies and locations in the Business Area in the section "About this Report (ePaper)".



## BUSINESS AREA TOBACCO OF THE

# Körber Group

The Business Area Tobacco is a part of the Körber Group, a leading international technology company with around 11,500 employees around the world. It unites the talents of over 130 leading technology companies in production, services and sales. These specialists offer their customers solutions, products and services in the Business Areas of Automation, Logistics Systems, Machine Tools, Pharmaceutical Systems, Tissue, Tobacco and Company Shareholdings. Körber AG, and therefore the Business Area Tobacco, are wholly owned by the Körber Foundation—a non-profit organization.



WHEREVER THE JOURNEY TAKES US



From left to right: Dr. Martin Hermann, Jürgen Spykman and Dr. Jürgen Heller

## Dear Readers

Before you can take that first step forward, you have to know where you stand. For the first time, this report provides a public record of the progressing sustainability activities in the Business Area Tobacco. It outlines our duty to take responsibility for tomorrow. Our management and employees are all united in this single-minded, forward-looking approach. You as representatives of our stakeholder groups also expect us to consider the future consequences of our actions. The importance of looking to the future is highlighted throughout the text and images used in this report.

Success will be hard won. Today's tobacco consumption is declining around the world with direct implications for our customers—and for us. We will stand by our customers and remain a reliable and forward-looking partner in overcoming these challenges. Our innovative solutions help them to adapt their value creation processes to falling revenues and margins—or switch their business models to reduced-risk products. Our products and services support them to reduce operating costs and manufacture more sustainably, e.g. by extending the lifespan of their machines.

We have also been reorganizing many of our departments over recent years. These adaptations enable us to respond more effectively to changing market requirements. We will continue to do so as we seek to make our organization and management more agile going forward. It is a strategy which we are confident will yield further successes. At the same time, sustainability remains an integral part of our work and organization because it will also contribute to our long-term prosperity. For example, we have assigned clear responsibilities to and created interdisciplinary committees for our sustainability management team. In 2011, we created five strategic areas of action for sustainability. They provide the focus for our sustainability programme.

Our journey has just started. However, we were again able to achieve a number of sustainability landmarks in 2016. For example, we equipped the PROTOS M-generation of cigarette makers with the new ECO FUNCTION. This is a digital control system which significantly reduces energy consumption. We also presented our activities—particularly those in the area of sustainability—to our customers at our in-house exhibition in November 2016. In Bergedorf, we increased the energy yield of our combined heat and power station using an absorption chiller which reduces CO<sub>2</sub> emissions still further.

The volunteering activities performed by our employees are remarkable. For the third year in a row, more than 50 of our colleagues participated in three important ecological and social projects as part of Hamburg's day of action "Wi mook dat". In addition, our apprentices continued a long-standing company tradition by reconditioning a large number of our decommissioned PCs and donating them to worthy social causes.

But let us look to the future. Across the industry our products and workplaces will continue to be digitized. We want to actively use the opportunities these changes create for our products and services. We need to prepare our employees with targeted training. The market situation in the Business Area Tobacco is likely to remain unpredictable in the long-term. We must therefore become even more flexible in order to respond quickly to changes in demand. Our success will depend on precisely understanding our customers' expectations. Sustainability will certainly be a vital factor. This is another reason why we are extending our sustainability programme to more locations and striving to provide even greater transparency to our stakeholders going forward.

This report is the first step along that road. We hope it will enhance your trust and pave the way for an open dialogue. So join us on our journey and discover where the road takes us.

We hope you find this report an enlightening and stimulating read!



Dr. Martin Hermann  
Member of the Executive Board



Jürgen Spykman  
Chairman of the Executive Board



Dr. Jürgen Heller  
Member of the Executive Board

**IDEAS  
ARE OUR  
FUTURE.**

**OUR PRODUCTS SHOULD SHOW  
CUSTOMERS THAT WE PLAN FOR  
THE LONG-TERM.**

***That is what I expect from a technology company.***





It is amazing to experience the way that everyone in the Business Area Tobacco works together.

Particularly for young people, like me, it is a great opportunity to help shape new high quality products. The combination of youth and experience, the partnership between apprentices, students and “old hands” is simply inspiring. It offers enormous potential for finding better and more sustainable solutions.

**I believe we should continue to look forward with determination in order to develop new types of machines and service products which help our customers to achieve success in the markets of the future. Innovations in the area of sustainability are becoming increasingly important. Above all, we want to offer solutions which focus on consuming fewer resources.**

**FINN ROHWER**  
ENGINEERING STUDENT

**“WHEN THE DEMANDS OF THE MARKET ARE CHANGING RAPIDLY, THE ABILITY TO INNOVATE EFFECTIVELY IS A MAJOR COMPETITIVE ADVANTAGE. THE HUGE MATERIAL SAVINGS WE HAVE ACHIEVED BY REPLACING SOLID WELDED CONSTRUCTIONS WITH LIGHT-WEIGHT SHEET METAL DESIGNS ARE A GOOD EXAMPLE. THIS NEW APPROACH CONSERVES RESOURCES WITHOUT COMPROMISING PERFORMANCE OR DURABILITY.”**

**JÜRGEN DICK,**  
Managing Director Hauni Primary

# HOW WE HELP OUR CUSTOMERS TO SUCCESS

Ever more tightly regulated markets, shifts in consumer behaviour, alternative smoking products—competition is fierce and customers of the Business Area Tobacco have to be able to adapt quickly. Our modern products and services help them to cut energy and resource consumption and reduce pollutant and noise emissions. At the same time, customers can be certain that these products meet their high quality and efficiency standards. And find better ways to overcome their current challenges.

You can find out more about noise protection on the KDF 5 filter maker in the ePaper.



### Satisfying customer expectations

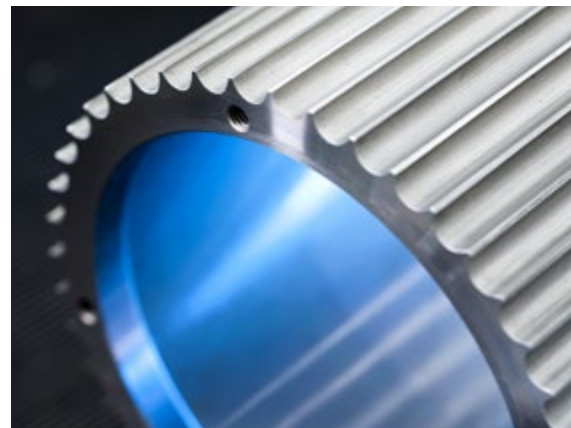
State-of-the-art sensors, software and controls can save a lot of energy in the cigarette industry. Surveys conducted by the Business Area’s sales department clearly show that optimizing energy performance is a priority for our customers. However, they are also very aware of the investment costs and amortization periods of measures designed to improve efficiency. Consequently, we always consider both sustainability and economic viability when developing and enhancing our products. The same principle applies in other areas of sustainability such as conservation of resources or noise reduction.

### Improving energy efficiency

Through its new products, the Business Area offers customers an extensive range of features for data management. Data management allows customers to control and continuously monitor their machines with unprecedented precision. This reduces energy waste and improves plant capacity utilization. Monitoring also means that maintenance only has to be performed when it is actually needed. In addition, the Business Area offers its customers an attractive supply chain management service. This predicts demand for spare parts by monitoring machinery in real time. The components can then be dispatched to the customer at exactly the right time cutting their costs by up to 50 percent.

## OUR GOAL

We are reducing the amount of power our products consume. Optimizing the way they use energy is a top priority of our research and development work.



**Improving existing machines**

The Business Area has been offering “rebuild” services for older Machines since 1989. Here the serviceable parts of the machine are upgraded with modern components to create a system which is as good as new. The Business Area also offers comprehensive on-site servicing and maintenance packages for our customers. These enable them to increase their productivity and quality while saving investment costs for new machinery. It simultaneously conserves resources, eliminates transportation costs for large machines and reduces CO<sub>2</sub> emissions.

**Integrating sustainability into product development**

The engineers and technicians in the Business Area develop efficient machines which consume as few resources as possible over their entire production and operation lifecycle: the goal is to design durable production plants which are easy to repair. We consciously use durable components and state product-specific consumption targets for energy, pressure and process air in our performance specifications. For machines in the PROTOS M5 series, for example, the use of an external water cooling system has delivered proven energy savings of up to 30 percent. Our market technology working group supports developers in creating innovations like these. It brings together representatives from management, sales, marketing, research, development and engineering.

**Precision controls generate savings**

The ECO FUNCTION is the most recent efficiency solution to emerge from the Business Area. The system dramatically reduces the energy consumption of existing cigarette makers without intervention in the mechanism of the machine. Until now, the fan and compressor motors ran continuously at full speed. The ECO FUNCTION automatically keeps the motor operating in the optimum range without compromising production output. Measurements on a PROTOS M8 retrofitted with the system recorded electricity savings of up to 19 percent. Moreover, the precision control system reduces wear and tear—extending the working life of the machine.

Find out all about water cooling systems for the PROTOS M-generation in our ePaper.



**19 %**

electricity savings delivered by retrofitted ECO FUNCTION

**JÜRGEN DICK**

Managing Director Hauni Primary

**“Innovation has many faces.”**

Innovation is a crucial factor in ensuring the success of the Business Area Tobacco. In this interview, Jürgen Dick, Managing Director Hauni Primary (Schwarzenbek) highlights the key trends and explains how the Business Area’s strategy is based on sustainability.



**What are the most important innovation trends in the Business Area right now?**

Our customers are broadening their product base. They are diversifying their ranges and developing innovative new products, such as “heat not burn” (HNB) technology. As the name suggests, this heats tobacco but does not burn it. Naturally, they are also continuing to develop e-cigarettes which have already achieved widespread popularity. Fortunately, the Business Area has creative and highly motivated employees who are dedicated to developing the solutions our customers need. We are working on these innovations in the area of low-risk smoking products intensively and very closely with our customers. The results have been very successful.

**How do you involve employees in this process?**

Innovation has many faces in our company. We encourage employees to contribute their ideas, organize workshops on topics affecting our customers and work on new technologies in strategically oriented development teams. In addition, the TIME training programme is currently underway at all Körber locations.

**What does the name “TIME” stand for and what are its aims?**

TIME is short for the Technology Innovation Management Excellence programme. TIME is not a guideline. Instead, it highlights key technology and innovation management processes and methods.

Interview

The interview continues in the ePaper.



**PROTECTING  
THE ENVIRON-  
MENT IS  
IMPORTANT.**

**TODAY'S INNOVATIONS  
MUST ALWAYS IMPROVE  
ENVIRONMENTAL PROTECTION.**

*That is what I expect from a technology leader.*

## Environmental protection also has to extend beyond our products.

Our combined heat and power station (CHP) is a good example. Since 2015, it has been saving as much CO<sub>2</sub> each year on average as is produced by more than 1,000 cars. An outstanding project! But we refuse to rest on our laurels. We are constantly finding clever new ways to protect our planet's climate and resources. We want to identify and implement these ideas because our customers and the public expect leading technology companies to be in the vanguard of environmental protection.

**Throughout the Business Area Tobacco we have set ourselves the goal of using every opportunity to protect the climate and conserve resources. We must take account of the need for environmental protection systematically in our daily activities and decisions. It is the great challenge of our times and will help to secure all our futures.**

**SUSANNE STÜBE**

ENVIRONMENTAL PROTECTION OFFICER



**“AT OUR LOCATION WE ARE CONSTANTLY SEARCHING FOR SIMPLE BUT EFFICIENT SOLUTIONS. IN 2015, FOR EXAMPLE, WE INSTALLED A SOLAR COLLECTOR SYSTEM ON ONE OF OUR ROOFS COVERING AN AREA OF MORE THAN 90 M<sup>2</sup>. IT HEATS WATER AND THUS CONTRIBUTES TO LOWERING OUR CO<sub>2</sub> EMISSIONS.”**

**DÉNES KORCZ,**  
Head of Facility Management  
Hauni Hungaria (Pécs)

# HOW WE WANT TO PROTECT THE ENVIRONMENT

The work of the Business Area Tobacco affects the environment—both locally and globally. All business processes consume resources, cause emissions and produce waste. Wherever we are active, we reduce these effects and seek to use energy and materials efficiently. By reducing costs and the burden on the environment, the Business Area meets the public’s expectations of a global technology leader.

### Environmental protection as a corporate goal

Environmental protection is a significant aim of our long-term corporate strategy and firmly anchored in the Business Area’s basic principles. It guides us when we plan production processes and develop our products. Our primary focus is on reducing energy consumption and CO<sub>2</sub> emissions. However, we are also working to achieve further reductions in paper and water consumption.

The Business Area operates an environmental management policy to ensure that it complies with occupational health & safety and environmental regulations. It is based on the DIN EN ISO 14001:4 environmental management standard. A separate management system for hazardous materials aims to reduce the use of these substances. This is monitored by our committee for hazardous materials which includes representatives from the central offices at our Bergedorf site. In addition, the locations in the Business Area maintain a lively discussion of environmental issues with other companies. For example, they participate in the environmental forum “UmweltPartnerschaft Hamburg”. We also exchange ideas with customers about protecting the environment.

## OUR GOALS BY 2020

- Reduce energy consumption (electricity, gas and heating oil) throughout the Business Area by ten percent<sup>1</sup>
- Reduce CO<sub>2</sub> emissions throughout the Business Area by ten percent<sup>1</sup>
- Reduce specific water consumption per employee by ten percent<sup>1</sup>
- Reduce waste by ten percent<sup>1</sup>

<sup>1</sup> compared to the reference level in 2010

### Structured and coordinated

The responsibility for environmental protection in the Business Area is divided between two offices. All environmental projects at German locations are centrally coordinated by the environmental protection officer of Hauni Maschinenbau GmbH. At international locations, the managing directors of the companies in the Business Area Tobacco are responsible. This division makes sense due to local differences in environmental protection regulations around the world. The managing directors receive professional support and advice from the environmental protection officer.

The Business Area works to raise awareness of the environment among its employees through information events and training courses. The company’s environmental guidelines provide clear instructions for all employees on dealing with environmental issues. All apprentices are required to participate in an environmental protection seminar.



## ENERGY CONSUMPTION: A CLEAR REDUCTION TARGET

As a manufacturer of machinery and equipment we use a great deal of energy. The potential for savings is correspondingly large. We have set ourselves the goal of reducing energy consumption by ten percent in the Business Area by 2020 (compared to 2010). Each of our locations is responsible for implementing their own measures to achieve this goal.

In 2016, the companies in the Business Area consumed a total of 75,714 MWh of energy. Energy consumption has therefore risen by 816 MWh or 1.1 percent compared to 2010. This is principally due to increased natural gas consumption, e.g. at our own combined heat and power station (CHP) in Hamburg-Bergedorf. Compressed air, one of the most expensive energy sources in industrial companies, accounted for 6.2 percent of electricity consumption—a significant proportion. In 2016, the companies in the Business Area used 15.6 million m<sup>3</sup> (or 2,022 MWh) of compressed air. Consumption in this area was thus 0.8 million m<sup>3</sup> lower than in 2015.

### Advances in on-site energy generation

A number of locations in the Business Area operate their own electricity generating plants. The Hamburg-Bergedorf site is supplied by a modern combined heat and power station (CHP) with a heat output of 1.2 kW and a similar electricity generating capacity. In addition, the waste heat from the power station is used to cool the laboratory and production hall areas. Since the end of 2015, the absorption chiller installed in the boiler house has also provided the cold water required for this purpose. The measures in the CHP reduce the location's CO<sub>2</sub> emissions by around 2,000 tonnes per year compared to the energy mix offered by its electricity supplier.

Many locations are also investing in renewable energy: the Garbuio Dickinson Group produces 15.0 MWh of energy per year from solar thermal and photovoltaic plants at its sites in Italy. In 2015, Hauni Hungaria installed solar collectors with a total area of over 90 m<sup>2</sup> on the roof of one of its buildings. This system generates 55.8 MWh of thermal energy per year for the heating system of the building in Pécs. In addition to a large amount of thermal energy, the Business Area's locations produced a total of over 6,000 MWh of electricity in 2016. This represents over 18.0 percent of the total electricity consumed by the Business Area.

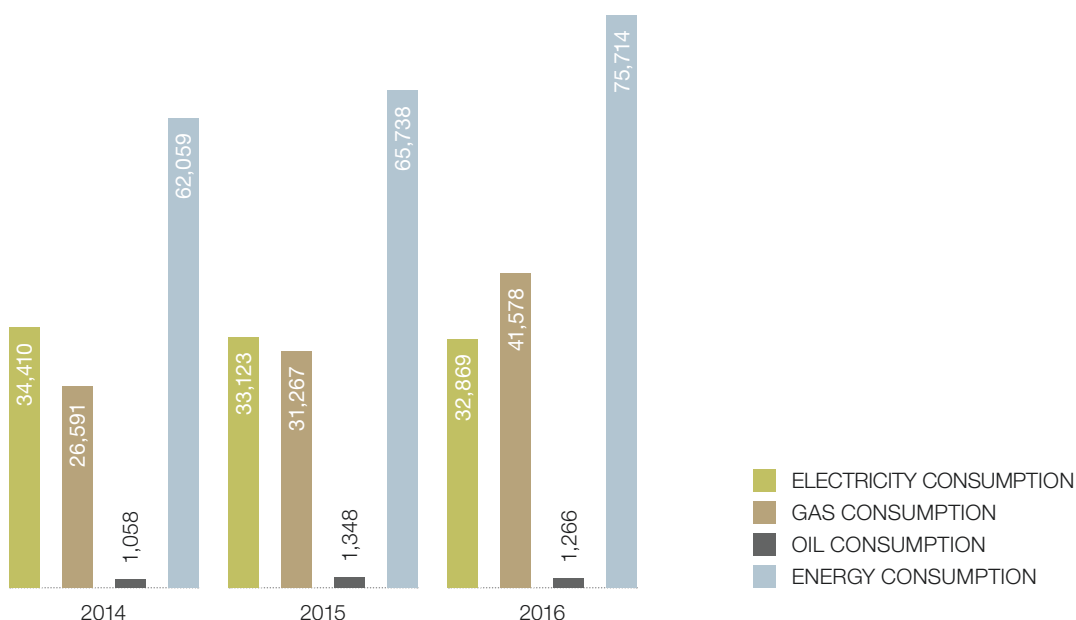
6.2%

of electrical power is used to generate compressed air in the Business Area.

18.0%

of our total electricity supply is generated by companies in the Business Area.

### ENERGY CONSUMPTION IN MWH | 2014–2016



## REDUCING CO<sub>2</sub> EMISSIONS

**4,495 t CO<sub>2</sub>**  
 less than in 2010 were  
 emitted by the companies in  
 the Business Area in 2016.

The Business Area's CO<sub>2</sub> emissions are directly related to its electricity consumption as well as the use of oil, gas and water at its sites. It is calculated using the methods described in the Greenhouse Gas (GHG) Protocol and includes all CO<sub>2</sub> emissions from production and administration departments. However, it does not take account of fuel consumption by company vehicles or business travel by employees.

The GHG Protocol is an internationally recognized standard which differentiates between Scope 1-, 2- and 3-emissions. Scope 1 emissions are produced directly by the Business Area or by processes we control, e.g. the use of fossil fuels in our own power stations and heating systems. Scope 2 emissions are produced during the generation of electricity and heat which we purchase. Scope 3 emissions include all indirect emissions occurring outside the organization, e.g. emissions from air travel.

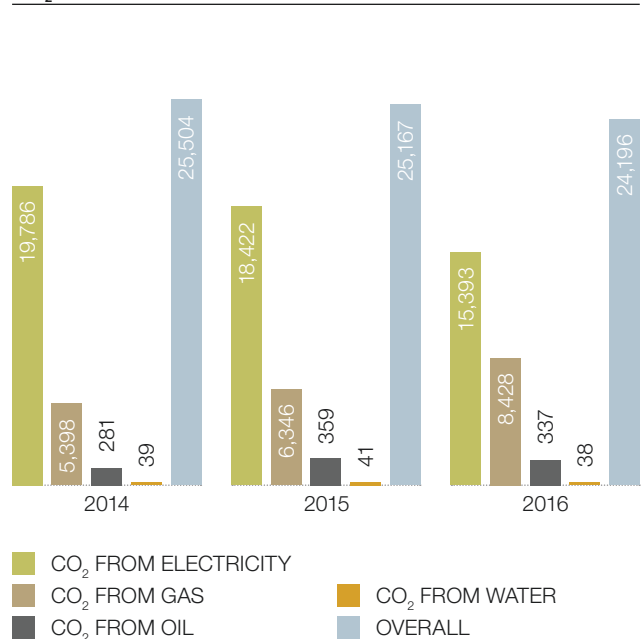
### CO<sub>2</sub> EMISSIONS ACCORDING TO SCOPE 1-3 IN TONNES | 2016

	PRODUCTION & ADMINISTRATION	BUSINESS TRAVEL
<b>SCOPE 1</b> Emissions from sources owned or controlled by the Business Area	GAS CONSUMPTION: 8,428 t CO <sub>2</sub> HEATING OIL CONSUMPTION: 337 t CO <sub>2</sub>	
<b>SCOPE 2</b> Emissions produced during the generation of electrical power, heat energy and compressed air	ELECTRICITY CONSUMPTION: 15,393 t CO <sub>2</sub>	
<b>SCOPE 3</b> All upstream and downstream emissions occurring outside the organization which do not fall under Scope 2	WATER CONSUMPTION: 38 t CO <sub>2</sub>	AIR TRAVEL: over 10,000 t CO <sub>2</sub>

### A continuous reduction in CO<sub>2</sub> emissions

Compared to the previous year, total CO<sub>2</sub> emissions in the Business Area fell by 970 tonnes to 24,196 tonnes in 2016. This corresponds to a reduction of 4,495 tonnes or 15.7 percent compared to 2010. It was primarily due to the increased use of natural gas—the fossil fuel with the lowest CO<sub>2</sub> emissions—especially in our own CHP. We have therefore achieved the 2020 target four years ahead of schedule. Our goal now is to maintain these emission levels until the end of 2020 and reduce them still further if possible.

### CO<sub>2</sub> EMISSIONS IN TONNES | 2014-2016



**Clear rules for business travel**

Business travel—especially air travel—produces CO<sub>2</sub> emissions. As an international, customer-oriented company, it is essential that we have the flexibility to be on-site with our customers at short notice. However, we check every flight to identify possible alternatives and increasingly use video conferencing.

In 2016, the Business Area revised its internal travel policy to reflect this. It provides our employees with clear rules for business travel. We recommend the use of modern communication tools. Employees at the Business Area's German locations made 14,970 business trips in 2016. They flew over 20 million miles and released over 10,000 tonnes of CO<sub>2</sub>. This corresponds to around 42 percent of the Business Area's emissions from electricity, gas, oil and water consumption.

**“CLIMATE-FRIENDLY MEALS”****Say “no” to meals with a large CO<sub>2</sub> footprint.**

Since the summer of 2012, Wednesdays have been special at the company canteen in Hamburg-Bergedorf. There are no red meats (beef, pork, lamb) and no milk products with a fat content over 15 per cent on the menu. The reason: production of these foods releases large quantities of CO<sub>2</sub>. It is one way that many of our employees make a contribution to protecting the climate. In 2016, the canteen served 41,627 climate-friendly meals which saved over 27 tonnes of CO<sub>2</sub> emissions.

**41,627**

climate-friendly meals were ordered by the Business Area's employees in 2016.

**WATER: USE PRUDENTLY**

Water is needed in the Business Area's sanitation facilities and canteens. It is also required by a variety of production processes such as cooling. Even though we consume comparatively little water, we still want to use this valuable resource prudently. Our aim is to reduce the specific water consumption per employee by ten percent in the Business Area Tobacco by the year 2020. We are already installing water-saving taps and using efficient cooling technology in production halls.

In 2016, the Business Area's water consumption fell by 3,412 m<sup>3</sup> (or nearly 6 percent) to a total of 53,046 m<sup>3</sup>. Specific water consumption per employee for the entire Business Area was 13.2 m<sup>3</sup> per year or 62 litres per working day. This is 9.1 percent lower than in 2010. As of 2016 we have not yet achieved our goal. However, the measures we have introduced are clearly working. We will therefore continue with the current approach and are confident of achieving our target by 2020.



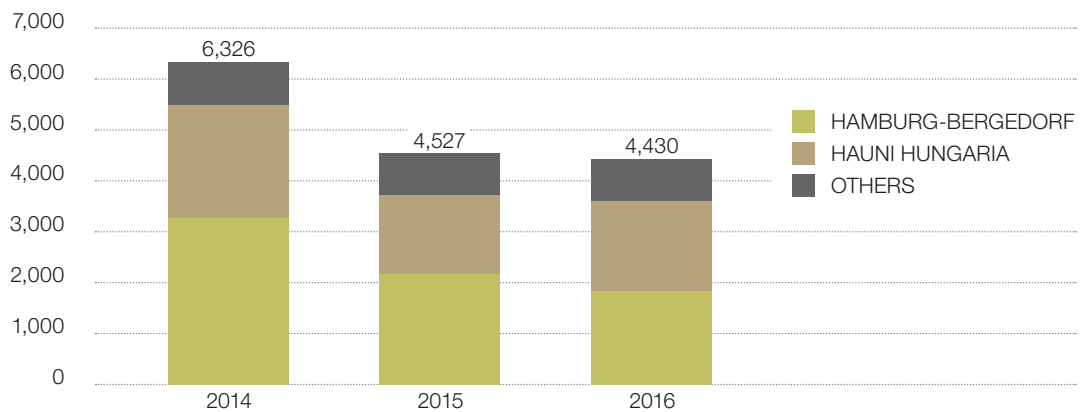
Low CO<sub>2</sub> technologies: Combined heat and power station at the Hamburg-Bergedorf site and Jens Raak, Project Manager Facility Management.

## WASTE: PREVENTION IS BETTER THAN CURE

Prevention is the top priority in the area of waste management. If it cannot be prevented, it should be recycled or burned to recover energy. Only if this is not technically possible, or not economically viable, should the waste be sent for environmentally-friendly disposal. Our goal is to reduce the amount of waste produced by ten percent in the Business Area by 2020 (compared to 2010).

We continuously monitor waste disposal processes in the Business Area and improve them where necessary. At the German locations, this is the responsibility of the environmental protection officer. Every department and level of management is involved and employees also play an active role. We use a variety of approaches to reducing waste. In Hamburg-Bergedorf we separate 60 different types of waste—usually at the places they are produced—and treat them using the appropriate methods.

### WASTE IN TONNES | 2014–2016



In 2016 the Business Area produced a total of 4,430 tonnes of waste. At the Bergedorf site, 95.0 percent of this was recycled or used to generate power. Only around five percent had to be disposed of in landfill sites. With a total reduction in waste of 30.4 percent by 2016 (compared to 2010) we have already far exceeded our goal. However, the reduction in waste is also partly the result of a drop in orders and fewer construction projects at the locations. To truly achieve our target by 2020, we want to maintain total waste levels at this low level or even reduce them still further.

Production processes create waste but so do logistics and administration. Separating waste correctly is an important step of every task.



## PAPER: SAVE AND RECYCLE

Manufacturing paper is a resource-intensive process. We therefore aim to consume as little paper as possible and support recycling. To do this, we are increasing our investment in paperless, digital alternatives and our use of recycled paper. Moreover, our employees are actively taking responsibility for using paper more sparingly and ensuring it is recycled. In 2010, we set ourselves the goal of reducing paper consumption by 15 percent at our Hamburg-Bergedorf and Schwarzenbek sites. By 2015, we had already achieved this target.

### Duplex printers save paper

The Business Area introduced 400 multi-function printers at the Hamburg-Bergedorf and Schwarzenbek sites. These were configured for duplex printing in the default settings and have already reduced paper consumption dramatically since 2014. Around seven million sheets or 35 tonnes of copier paper were required at these two sites alone in 2016. That corresponds to 3,168 sheets per employee, 770 sheets fewer than in 2015. A large proportion of this paper is collected, separated and recycled. A combined total of 185 tonnes of paper and cardboard waste, e.g. from packaging products, are produced at the Bergedorf site every year.

# 2.5 Mio.

fewer sheets of paper consumed than in 2015.

# 3,168

sheets of paper consumed per employee in 2016.

## DÉNES KORCZ

Head of Facility Management Hauni Hungaria (Pécs)

Dénes Korcz firmly believes that everyone should examine his or her own area of responsibility and find ways to support sustainability and environmental management. For example, at the Pécs site it would be a good idea to plant trees on the company premises.

### How does environmental management in Pécs differ from other locations?

Actually there are no major differences. Here, too, the facility management is responsible for the specific tasks involved in environmental management. In addition, we have appointed an environmental protection officer—Attila Kalangya—who has a similar role to that of Susanne Stübe at the Bergedorf site. In Hungary, however, we have to comply with a number of local regulations so there are differences in focus and emphasis. But there are other reasons for this as well. For example, the summer months are much hotter in Pécs than in northern Germany.

### Are there any measures that make you particularly proud?

Yes, the idea of cooling our buildings by providing natural shade from trees is simple but also very effective. We have planted around 100 trees next to our production halls, the new social building and new



parking spaces. We are also taking special care of the old trees on the three hectare site we purchased in 2014. The improved air quality and enhanced well-being of our employees on the site are welcome side effects.

### How do you approach environmental management from a practical standpoint? What is your focus?

In environmental management, we focus closely on personal responsibility and make sure we communicate this very clearly. In 2015 and 2016 we ran a highly successful campaign to save energy. Every fortnight we sent simple messages to all employees via monitors in the production department reminding them to save energy, e.g. “Close windows!”, “Switch off lights!” or “Only use air-conditioning when you are in the room!” Our colleagues were enthusiastic in accepting this advice and timer switches supported them in their efforts to save energy.

Interview

The interview continues in the ePaper.





# THE ENVIRONMENT IS THE DECISIVE FACTOR.

WE SHOULD ALWAYS HAVE SPACE TO EXCHANGE IDEAS WITH COLLEAGUES. IT ENABLES US TO KEEP GROWING.

**That's what I would like from my employer.**





## Expanding your own abilities and horizons together with colleagues is incredibly rewarding.

In the Business Area Tobacco, we are always finding new opportunities to develop better products and processes and create satisfied customers. Communicating with colleagues—in meetings or over a cup of coffee—is an extremely important part of this process. After all, good ideas rarely occur to you when you are alone. It is also well worth participating in the wide range of professional development courses. We feel real pride and joy when we see our own ideas become reality.

**Innovation is a question of corporate culture. To have good ideas, I need space, time and an environment where I feel at ease. That's why I expect my employer to continue supporting my professional development, offer places where I can exchange ideas, provide opportunities for company sport and encourage healthy eating. All these things make it easier for us to develop—both personally and professionally.**

### **JAN ROOSE**

ENGINEER IN SERIES AND  
CUSTOM-MADE CONSTRUCTION

# HOW WE WORK TOGETHER

The expertise, creativity and inventiveness of employees in the Business Area Tobacco are the basis for the enduring success of our company. We can only overcome the challenges we face by working together. Everyone should have the same opportunities—regardless of gender, age or nationality. We train young people, offer comprehensive professional development and help our employees to build careers. Moreover, the health and long-term physical and mental well-being of all our employees is one of our key priorities.

**“STRONG COOPERATION, A LIVING CULTURE OF EVALUATION AND FEEDBACK, A COMMUNICATIVE STYLE OF LEADERSHIP AND THE COURAGE TO ADOPT NEW IDEAS. THESE ARE ALL ELEMENTS OF A MODERN CORPORATE CULTURE. THEY SERVE AS USEFUL REFERENCE POINTS. HOWEVER, WE MUST ALSO WORK TOGETHER TO DEVELOP THEM FURTHER AND CREATE GREATER FREEDOM FOR EMPLOYEES. THIS IS EXACTLY WHAT WE ARE DOING IN RESPONSE TO ISSUES SUCH AS WORK 4.0, DIGITIZATION AND CHANGES IN DEMOGRAPHICS, OUR MARKETS AND OUR CUSTOMERS’ BUSINESSES.”**

**BIRGIT LECHELMAIR,**  
Head of Learning and Development at the Business Area Tobacco

## Organization in transition

The working culture in the Business Area is based on transparent communication and an open dialogue. We work continuously to make our global workforce of over 4,000 employees more agile and responsive. Above all, we want to encourage creativity and offer greater scope for the interdisciplinary exchange of ideas. Of course, traditional hierarchical structures can conflict with new, flexible approaches to thinking and working. However, the development of our business over recent years has shown how important it is to embrace the stimulus to change at an early stage. Managers in the Business Area are expected to set an example by adopting their own agile working style and carefully encouraging others in the organization to do the same. Our corporate values and guidelines provide useful reference points for all employees during this process of change.

## Training and professional development are key responsibilities

Ensuring employees are highly trained and qualified is crucial to the success of the Business Area. Current developments, such as demographic change and the increasing digitization of the workplace, are making it even more important that we provide excellent training for the next generation. Training and professional development are key responsibilities of our human resources staff.

Interdisciplinary cooperation: creating the best solutions through dialogue

## OUR GOALS

- We want to promote equal opportunities and the well-being of all our employees.
- Our goal is to create a company of well-trained, loyal and motivated employees all over the world.



Our larger locations have an officer for human resources (HR) and for training. At other sites around the world, our human resources managers are responsible for implementing workplace standards.

**Making vocational training attractive**

In 2016, we trained a total of 283 apprentices at our Business Area locations in Germany, Hungary, France, the UK and Malaysia. In addition, the locations in Hamburg-Bergedorf, Pécs in Hungary and in Malaysia offer students the opportunity to embark on a dual study degree course. This combines a modern bachelor course with practical phases of work experience within the company. To design these courses, the Business Area cooperates with universities in the Hamburg metropolitan region, the University of Pécs and the German-Malaysian Chamber of Commerce.

Hauni Malaysia began offering its first technical vocational training course in mechatronics in 2016. Over the next three-and-a-half years, two school leavers will experience working in every department of the company. In the past two years, two young women have begun their training as commercial apprentices. These programmes highlight the company’s status as a pioneer in the area of vocational training in South-East Asia.

Hauni Hungaria has been working with the vocational college in Pécs to train young people for professions in the metal working industry since 2007. In 2016, the high quality of our training courses was recognized in the Vocational Training Awards presented by the German-Hungarian Chamber of Industry and Commerce: Hauni Hungaria won the award in the category “Motivation”. The dual study degree courses are also bearing fruit. The first students at Hauni Hungaria graduated in early 2017.

Responsibility and practically-oriented work are central components of the Business Area’s vocational training and dual study degree courses. In addition, we encourage young people to accept social responsibilities. During the “Social Week” in 2016, seven apprentices and students were released for five days to support social institutions. To inform young people about career opportunities in the Business Area, the team of marketing apprentices in Hamburg-Bergedorf organizes an annual vocational training information day which is attended by up to 700 visitors. The team also regularly attends training and career fairs in Hamburg. The team members are drawn from a variety of professions and are all volunteers.

**Comprehensive professional development courses**

In 2016, employees of the Business Area participated in a total of 2,855 professional development courses. These included working methods, IT, leadership, languages, technology and technical skills. In addition, our employees have access to the training opportunities offered by the Körber Group. These focus primarily on leadership development, promoting knowledge transfer and communication within the Körber Group.

“Social Week”. Find out more in the ePaper.



**2,855**  
professional development courses in 2016

Optimum conditions to launch your career: the training centre at the Hamburg-Bergedorf site



**NETWORKING THE NEXT GENERATION**

In 2016, eleven apprentices and students on the dual study degree course had the opportunity to participate in the Young Potential Network, or YoPoNet, which brings together young people from a wide range of Hamburg companies. Over the course of the year, they took part in a number of modules which taught them to understand themselves and others more effectively. It also gave them the chance to talk to participants from other companies and expand their professional networks.

## OCCUPATIONAL HEALTH AND SAFETY

Find out more about our “sport for all” activities in the ePaper.



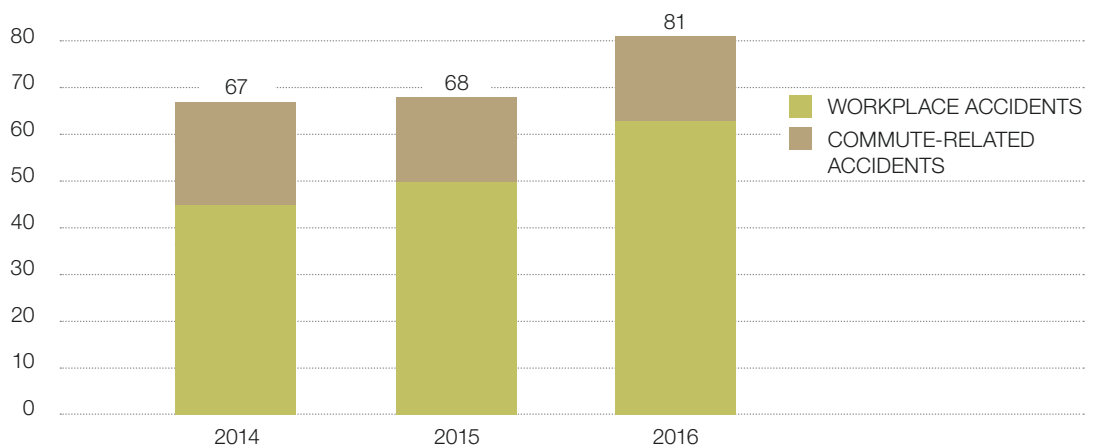
Occupational health and safety are a top priority for us. We take extensive precautions to protect the lives of our employees and maintain their physical and mental health.

Uniform standards for managing and organizing occupational health and safety apply at all our Business Area locations. They provide the foundation for prevention and risk mitigation and support an integrated approach to the area. We analyze our processes continuously to identify hazards and pressures. Our goal is to prevent accidents and health problems before they occur. We reduce risks by eliminating or minimizing as many potential causes of accidents and health hazards as possible. These include technical, organizational and human factors.

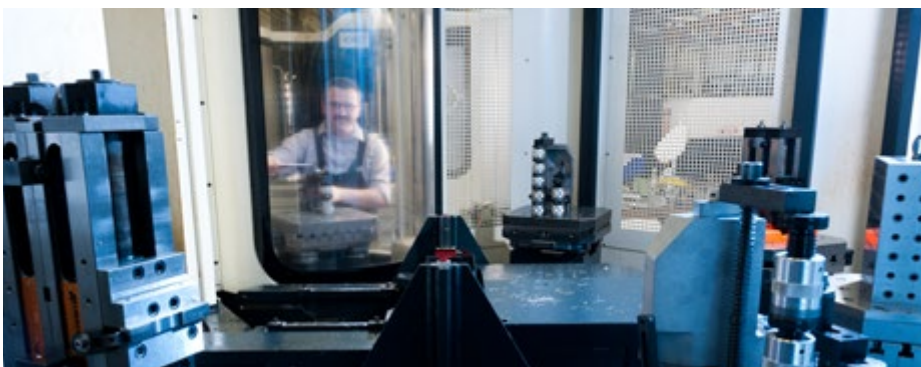
### Analysis of an increase in accidents

In 2016, there were 81 accidents and 13,415 hours lost due to illness—an increase over the previous year. This rise in the Business Area as a whole was principally due to a higher number of accidents and hours lost at Hauni in Germany and Hungary. We have investigated every one of these accidents and spoken to the affected employees. Our analysis shows that perceived uncertainty regarding job security and the resulting pressure on our employees were key reasons for this trend in 2016. In the interests of occupational health and safety, it is therefore important to reinforce the confidence of employees that their jobs are economically secure.

ACCIDENTS IN THE BUSINESS AREA | 2014–2016



No compromises: occupational health and safety are a top priority in every workplace.





## ENCOURAGING DIVERSITY

The diversity of our employees is a major factor in the innovative power and economic success of the Business Area. All employees should be given the same opportunities in our company—independently of gender, nationality, religion, age or sexual orientation. In addition, we support them in reconciling their various life plans with the demands of professional life.

### Raising the proportion of women

In 2016, 15.3 percent of employees in the Business Area were women. The proportion of female managers was slightly higher at 18.2 percent. There is also one woman on the executive management team. We are working hard to increase the number of women in top positions and throughout the Business Area. It is one of the areas we target when recruiting apprentices and students for the dual study degree course. Naturally, we also operate a strict policy of equal pay for men and women.

18.2 %

The proportion of female managers

### Promoting flexible working time models

We offer employees in the Business Area a variety of part-time models. However, at the end of 2016 only 3.2 percent of employees, including managers, were working part-time. In future, we would like to offer working time models with even greater flexibility. We are currently negotiating a company agreement covering arrangements for remote working to this end. Furthermore, we are promoting flexible working patterns as part of the rejuvenation of our working culture.

### Countering demographic change

In 2016, the average age of employees in the Business Area was 45. This figure has been trending upwards over recent years. Demographic change is becoming tangible in our workforce. As well as extensive professional development opportunities, we have introduced other important measures to counter this tendency, such as partial retirement models and increasing the number of apprentices.

## BIRGIT LECHELMAIR

Head of Learning and Development

“The culture is the key.” Birgit Lechemair sees a variety of challenges ahead for the Business Area Tobacco. However, she also believes these can be overcome through a corporate culture which is shared and shaped by everyone. In this interview, she explains how human resources development helps employees in the Business Area.

### How is work changing in your Business Area?

Trends like Work 4.0 and changing markets make it vital that every single one of our employees is highly agile. We have to develop new styles of management and ways to cooperate and put them at the heart of our daily work. We are also adjusting the focus and content of our training programmes to address these new topics. These initiatives coupled with our enhanced employment models and recruiting strategies will help us to remain an attractive employer.



### What are the most important expectations of employees in the Business Area Tobacco?

First and foremost, our colleagues want to be appreciated when they do a job well and receive feedback that helps them to identify potential for improvement. That means more than thanks and a good salary. They also expect us to offer them the freedom they need to organize their work themselves and adapt our corporate and management culture accordingly. In addition, they want fair opportunities to advance their careers and develop their skills.

Interview

The interview continues in the ePaper.



# THE SOCIETY, THAT'S US.

OUR COMMITMENT AS  
EMPLOYEES DESERVES  
SUPPORT.

I expect that from a company owned by a  
non-profit foundation.



## Joining the “Wi mook dat!” day of action should go without saying.

I myself want to bring people together and enable them to participate in society. And I am delighted that our company supports this and other projects. It is a great experience to achieve something of lasting benefit for a good cause together with your colleagues—and be supported while doing it by your employer. It's extremely important because it gives us a sense of purpose.

**We are society—and that means we are also responsible for society. We have to roll up our sleeves where others need our help, bring people together and build the future. However, we need more support to do this. I would like the Business Area to become even more aware of this need.**

**THORSTEN HOFFMANN**

STRATEGIC MARKETING MANAGER

**“OUR EMPLOYEES ARE VERY AWARE OF THE NEEDS OF SOCIETY. MANY OF THEM CONTRIBUTE PERSONALLY BY VOLUNTEERING THEIR TIME OR MAKING FINANCIAL DONATIONS. THE BUSINESS AREA CANNOT OFFER THIS TYPE OF MEANING. OUR JOB IS TO CREATE A FRAMEWORK AND PROVIDE THE TIME AND MONEY THESE INITIATIVES NEED TO SUCCEED.”**

**SABINE HEISSING,**  
Head of IT and Member of the Management Board  
for the Business Area

## HOW WE CONTRIBUTE

Society now expects companies to make an active contribution. The Business Area Tobacco is pleased to take up this challenge. We are committed to helping local civil society, the environment and science. The well-being of the people living around our production sites is particularly close to our hearts.

For over **115**  
working days in 2016,  
employees were released  
in order to participate in  
charitable projects.

### Clear priorities and responsibilities

The Business Area's sustainability programme is based on its four pillars for social commitment. We want to do even more to protect the environment and conserve resources. We want young people, especially those living in difficult circumstances, to receive better training and additional support. We want to focus on supporting education, research and development in the areas of technology, business and the natural sciences. And, finally, we want to work with our neighbours and support local projects. That is the fourth pillar. The Business Area always considers current social developments in the locality when selecting these projects.

Social projects are managed by the respective companies in the Business Area and monitored by the central Sustainability Steering Committee. The content of and approval for these projects are governed by charity guidelines. Donations are centrally recorded to create transparency.

Many locations in the Business Area actively encourage employees to become involved themselves. In Hamburg, we participate in the "Wi mook dat!" day of action. Due to the current situation, a number of "Wi mook dat" projects in 2015 and 2016 were dedicated to helping refugees. Furthermore, the Business Area created a number of additional work experience opportunities to help refugees enter the German employment market. The Business Area actively sponsors projects at many of its locations including social initiatives. One example can be found at its location in Pécs.

In-house exhibition, November 2016: apprentices present their learning models to relatives of employees.

## OUR GOAL

As a company, we are also a member of society. We recognize our social responsibilities and work to improve the well-being of people wherever we are active.



### Working hand-in-hand for education and social improvement

We achieve most when our employees work together to improve the lives and opportunities of the people around them. As part of the MINTprax project, employees at the Bergedorf site show pupils how they use the subjects they studied at school in practical applications. During Hamburg’s day of action “Wi mook dat”, our employees took part in three important ecological and social projects. Our teams of volunteers worked on behalf of the environmental organization Bund für Natur- und Umweltschutz (BUND) as well as at refugee accommodation and a childcare facility. In addition, employees in the Business Area help to finance the SOS Children’s Village in Asunción, Paraguay.

### Resurrecting computers

In 2016, over 70 decommissioned workplace computers were reconditioned before embarking on a new life at public and social institutions. Recipients included Elbinstitut Hamburg, which works in the field of education and integration, the Dassendorf Volunteer Fire Brigade and the Kurt-A.-Körber-Gymnasium (grammar school) in Hamburg-Billstedt.

During a 14-day period, the computers were refurbished by three apprentices from the electrical and IT department with the assistance of our IT colleagues. First they deleted all the data on the machines using special software. Then they equipped the computers with keyboards, monitors and mice before performing a final hard- and software check.

This project to donate old computers has been a tradition at our Bergedorf site since 2013. Everyone profits. The students gain valuable experience in project management and a greater understanding of computer architecture—and the recipients receive valuable equipment which supports them in their work.

Find out more about these projects in our ePaper.



Over **400**

computers donated to charitable projects since 2013.

## SABINE HEISSING

Head of IT and Member of the Management Board for the Business Area

“Do good things and tell people about it.” For Sabine Heißing, the Business Area’s commitment to social causes has to be seen in the context of the wider charitable activities of the Körber Foundation. In this interview, she highlights the role of employees as initiators, appeals to their sense of community and calls for more active communication.

### How can the Business Area benefit from taking a proactive approach to social issues?

I don’t think that our focus here can be on benefits for the Business Area. It should be natural for a successful company to return some of the benefits of its commercial success to the community. One way it can do so is through social action. And this is precisely the example that our founder Kurt A. Körber encouraged us to follow. To a remarkable degree. He anchored a commitment to society firmly in the company’s DNA and, through the Körber Foundation, ensured his legacy would be continued.



### How do you determine the priorities for your social projects at the Bergedorf site?

Our sustainability concept gives us a framework and also anchors the social issues at the level of the Business Area. The processes are bundled under the responsibilities of our Sustainability Manager. That makes sense because it creates synergies. Many of our campaigns, such as the project for donating reconditioned computers, are initiated there and then supported by the departments. In this case, by the IT department.

Interview

The interview continues in the ePaper.



**SUSTAIN-  
ABILITY  
STARTS WITH  
ALL OF US.**

**WE MUST INTEGRATE IT  
INTO OUR VALUES AND  
DAILY LIVES.**

***That is what I expect from a responsible company.***

Every one of us can make a contribution to improving sustainability—especially in our daily work.

As Albert Einstein said in the first half of the 20<sup>th</sup> century: “A new type of thinking is essential if mankind is to survive.” We must be mindful of sustainability and our own thinking and behaviour at work, e.g. to save energy and use resources sparingly. Moreover, as a part of the Körber Group, we take issues such as compliance very seriously. The Business Area’s expertise, guidelines and experience are crucial here.

**In the 21<sup>st</sup> century, I firmly believe that no company can afford to ignore the great challenges of our time. Therefore, I expect our organization to strive to achieve its environmental, economic and social goals in equal measure. To do this, we must integrate sustainability step-by-step into every part of the Business Area.**

**LINDA LAUGSCH**

HEAD OF HUMAN RESOURCES  
AND FACILITY MANAGEMENT



**“NEW TYPES OF TOBACCO AND NICOTINE PRODUCTS, SUCH AS E-CIGARETTES OR HEAT-NOT-BURN PRODUCTS, APPEAR TO HAVE A MUCH LOWER IMPACT ON HEALTH THAN TRADITIONAL CIGARETTES. CONSEQUENTLY, I EXPECT OUR CUSTOMERS TO POSITION THEMSELVES AS SUSTAINABLE COMPANIES EVEN MORE CLEARLY IN FUTURE. THIS WILL, OF COURSE, AFFECT US AS AN IMPORTANT PARTNER TO THE TOBACCO INDUSTRY.”**

**DIRK H. KRONENBERG,**  
Sustainability Manager of the Business Area

## HOW WE MEET OUR RESPONSIBILITIES

Responsible corporate management demands more than compliance with legal regulations. Above all, it must take decisions which are clear, forward-thinking and morally justifiable. The company must also meet the expectations of important stakeholder groups on every level of its hierarchy. We have set out standards for our own behaviour in the Business Area Tobacco's commitments, directives, guidelines and norms.

### **Mandatory standards for all**

Mandatory values and standards apply for all employees and managers in the Business Area. Issues such as compliance, data security and behaviour during business travel to crisis-stricken countries are clearly regulated in separate directives. These are based on the corresponding directives of the Körber Group but also include specific requirements for companies in the Business Area. They can be viewed in the company intranet. Employees in sensitive areas, such as sales and purchasing, receive special additional training.

### **Consistent application of laws and regulations**

A compliance directive governs the ways that employees are expected to behave in their dealings with other companies in the Business Area as well as with external partners and the public. We have appointed local compliance representatives in every company in the Business Area. They receive reports on possible breaches of these rules and answer questions from employees together with the Business Area's Compliance Officer.

### **Group-wide code of conduct**

The Körber Group's code of conduct is the cornerstone of compliance management in the Business Area. It lists ten principles and is publicly available. Among other things, it requires employees to maintain high ethical standards in their dealings, comply with all applicable national and international laws, and handle resources and pollutants in a responsible manner. Furthermore, it requires every employee to be fair, respectful, trustworthy and respect human rights at all times. It also prohibits every form of corruption as well as child- and forced labour.

### **Working with suppliers**

The Business Area works closely with its partners and suppliers to improve sustainability throughout the value chain. Sustainability of products and services is an important consideration when selecting, auditing and developing relationships with suppliers. The Business Area always invests in long-term relationships with its suppliers, including small and medium-sized enterprises in their respective regions.

## OUR GOAL

Our employees must comply with all legal regulations and the principles stated in our code of conduct at all times.

### Corporate values and guidelines

To help their employees manage their daily work, the Business Areas of the Körber Group have formulated sector-specific guidelines based on the group's corporate values. The guidelines for the Business Area Tobacco are stated below:

You can find the Körber Group's five corporate values in the ePaper.



## WE ARE A GLOBAL EXPERTISE NETWORK WHICH

- strives to create satisfied customers. Customer satisfaction is our highest goal.
- improves every day. Our solutions and processes are outstanding in quality and reliability and demonstrate our leadership in innovation.
- is united by cooperation. We are professional and efficient in our communication and collaboration.
- helps us to grow in our jobs. Responsibility and recognition define a trustful relationship that fosters employees' development.
- acts in a focused and straightforward manner. Our strategy forms the basis of all our actions.

### Sustainability—a question of organization

The sustainability manager has been coordinating and implementing all sustainability activities in the Business Area since January 2011. He is on hand to offer advice to colleagues and managers, initiates sustainability processes in the company and reports to the Management Board. In 2017, the locations in Schwarzenbek and Pécs in Hungary also started the process of establishing sustainability teams. They will be responsible for their own projects and communication at these sites.

### SUSTAINABILITY ORGANIZATION IN THE BUSINESS AREA

TEAM	TASK	MEMBERS
Sustainability Steering Committee	<b>Strategic</b> <ul style="list-style-type: none"> <li>• Monitors all sustainability activities</li> <li>• Determines the strategic direction</li> </ul>	<ul style="list-style-type: none"> <li>• Members of the Business Area management, the Management Board, the Executive Board and individual companies in the Business Area</li> <li>• One manager from the technology and communication departments of the Körber Group respectively</li> <li>• Sustainability Manager of the Business Area</li> <li>• External sustainability specialist</li> </ul>
Sustainability Core Team	<b>Operational</b> <ul style="list-style-type: none"> <li>• Supports the management</li> <li>• Sets goals, measures and tasks for the field of sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Representatives of several relevant sections of the Business Area</li> <li>• Sustainability Manager of the Business Area</li> <li>• External sustainability specialist</li> </ul>
Sustainability Basic Team	<b>Acts as an agent</b> <ul style="list-style-type: none"> <li>• "Sounding board" (provides constructive and critical feedback)</li> <li>• Members are contacts for issues relating to sustainability in the respective companies in the Business Area.</li> <li>• Gather ideas from the various areas</li> </ul>	<ul style="list-style-type: none"> <li>• Representatives of all companies in the Business Area at the Hamburg and Schwarzenbek sites</li> <li>• Sustainability Manager of the Business Area</li> <li>• External sustainability specialist</li> </ul>

**Transparent dialogue with stakeholders**

The interests and needs of our stakeholders are both a challenge and the foundation of our business. Understanding them is vital. That is why we maintain an intensive and transparent exchange of ideas with representatives of these groups. This communication takes account of all those organizations and persons who are of particular importance to the Business Area. They may make a significant contribution to value creation in the Business Area or be closely affected by the company’s activities.

We communicate with our stakeholders in a wide variety of ways. For example, staff meetings, the company intranet and the staff magazine HauniLife are specifically tailored to the needs of employees. Other communication channels, such as the customer magazine HiLiTE and background discussions with the press, serve external stakeholder groups. This year, for the first time, the Business Area’s sustainability report is being published for all our stakeholders—both internal and external. We want to explain how we are responding to their ideas and integrating them into our sustainability activities. We have systematically collected and recorded the relevant topics in this area and collated them in a materiality matrix.

Our stakeholders and a complete list of the significant topics are included in the ePaper.



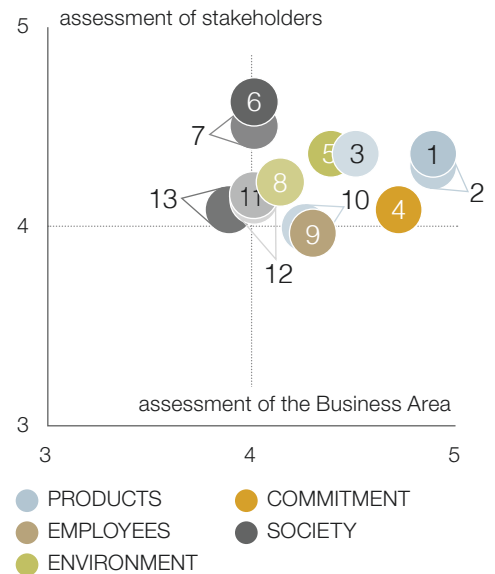
**Focus on the key issues**

In 2016, the Business Area performed its first systematic analysis of the sustainability issues in its areas of action which are key to sustainability management and the sustainability report. To do this, we first identified 26 topics. A carefully selected group of employees and external stakeholder representatives then decided which of these were relevant to the Business Area in their opinion. Finally, members of the sustainability basic team analyzed which of these issues were important to the reputation and commercial success of the Business Area. These corporate perspectives and the assessment of the stakeholders were then combined to produce the materiality matrix.

Almost all the issues were considered of average to very high importance. The Top 10 topics were dominated by aspects relating to products. These are particularly interesting from the commercial perspective. They highlight the opportunities that sustainability offers for the Business Area. Compliance and occupational health and safety are also included among the ten most relevant topics as they, too, are associated with risks.

**MATERIALITY MATRIX**

- 1 Customer services for sustainable operation of equipment (4.62)
- 2 Sustainability in research and development (4.59)
- 3 Resource and energy efficient products (4.44)
- 4 Compliance (4.4)
- 5 Energy consumption (4.37)
- 6 Training and education (4.31)
- 7 Occupational health and safety (4.26)
- 8 CO<sub>2</sub> emissions (4.18)
- 9 Support for teaching and research (4.13)
- 10 Resource and energy efficient manufacturing of products (4.13)
- 11 Working time models (4.09)
- 12 Demographic change (4.07)
- 13 Restructuring (3.98)



## DIRK H. KRONENBERG

Sustainability Manager of the Business Area



**“We must work to persuade people on every level.”** Dirk H. Kronenberg is the central contact and initiator in the field of sustainability for all areas of the company. The following interview offers a glimpse into the work of the Sustainability Manager of the Business Area.

### **What is your assessment of the economic conditions as they relate to sustainability in the Business Area?**

Our customers' businesses are changing dramatically right now. For our key customers, in particular, traditional cigarettes are increasingly taking a back seat in terms of marketing and strategy. The new generation of tobacco and nicotine products (next generation products), such as e-cigarettes or heat-not-burn products, appears to have a much lower impact on health than traditional cigarettes. Consequently, I expect our customers to position themselves even more clearly as sustainable companies. This will, of course, affect us as an important partner to the tobacco industry.

### **Where do you see the greatest challenges for sustainability management in the Business Area?**

Sustainability competes with other topics in the company. Economic and strategic issues are naturally in the foreground. Sustainability—at least this is my perception—is not currently a high priority in every area of our society or our company. This is why we must work continuously to persuade people in every area and on every level. After all, a company only becomes sustainable when all its employees think and act sustainably—every day and in every relevant process.

Interview

The interview continues in the ePaper.



# ABOUT THIS REPORT

The Sustainability Report 2016 provides companies in the Business Area Tobacco, their employees, customers, suppliers and the public with transparent information about significant effects of its activities and sustainability projects. The report covers all the Business Area's international production locations and service and sales companies. The report is published by Hauni Maschinenbau GmbH which is the leading company of the Business Area Tobacco in the Körber Group.

The Business Area has published an annual sustainability report internally since 2010. In 2016, it produced a sustainability brochure for Hauni's in-house exhibition in Hamburg-Bergedorf. For the first time, this publication was specifically aimed at the Business Area's global customers. We have noticed that the public and our stakeholders are becoming increasingly interested in open, credible and self-critical communication about sustainable development in the Business Area. This is why we have, for the first time, decided to make the sustainability report available to the public in 2017.

To take account of this wider readership, the Business Area analyzed the expectations of its stakeholders and selected the main themes of the report accordingly. The reporting is based on the requirements of the Global Reporting Initiative (GRI) as described in the latest version of the GRI standard. To improve readability, we have generally avoided duplicating gender-specific pronouns and stating the legal form of companies in the Business Area Tobacco where these are named separately.

The report covers the financial year 2016, i.e. from 1 January to 31 December 2016. However, it also includes relevant information from previous years. The Business Area has been collecting relevant key performance data for its internal reporting since 2007.

An electronic ePaper is being produced alongside the printed version. This includes links to additional examples and the complete interviews.

You can find a full overview of the companies in the Business Area Tobacco in the ePaper.



# GRI CONTENT INDEX

This sustainability report for the Business Area Tobacco is based on the “GRI standards” of the Global Reporting Initiative (GRI) and complies with the option “in accordance—core”. The GRI Content Index is thus an important part of this Sustainability Report 2016. It tells readers where they can find various types of information required by the GRI standards.

GRI STANDARD	DISCLOSURE	REFERENCE	INFLUENCING FACTORS	
<b>GRI 100 UNIVERSAL STANDARDS</b>				
GRI 102: General Disclosures 2016	Organizational profile			
	102-1	Name of the organization	Legal Notice	
	102-2	Activities, brands, products, and services	p. 3–4	
	102-3	Location of headquarters	p. 3–4	
	102-4	Location of operations	p. 3–4	
	102-5	Ownership and legal form	p. 3–4	
	102-6	Markets served	p. 3–4	
	102-7	Scale of the organization	p. 3–4, 21–22, 37–38	
	102-8	Information on employees and other workers	p. 3–4, 21–22, 37–38	
	102-9	Supply chain	p. 3–4, 9–10	
	102-10	Significant changes to the organization and its supply chain	p. 34	
	102-11	Precautionary Principle or approach	p. 9–10, 31–33	
	102-12	External initiatives	Not reported.	
	102-13	Membership of associations	Not reported.	
	Strategy			
	102-14	Statement from senior decision-maker	p. 5–6	
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	p. 31–33	
	Governance			
	102-18	Governance structure	p. 32	
	Stakeholder engagement			
	102-40	List of stakeholder groups	p. 32–33	
	102-41	Collective bargaining agreements	Not reported.	
	102-42	Identifying and selecting stakeholders	p. 32–33	
	102-43	Approach to stakeholder engagement	p. 9–10, 32–33	
	102-44	Key topics and concerns raised	p. 31–34	
	Reporting practice			
102-45	Entities included in the consolidated financial statements	p. 34 (ePaper)		
102-46	Defining report content and topic boundaries	p. 34		
102-47	List of material topics	p. 33		
102-48	Restatements of information	First report		
102-49	Changes in reporting	First report		
102-50	Reporting period	p. 34		
102-51	Date of most recent report	First report		
102-52	Reporting cycle	Not reported.		
102-53	Contact point for questions regarding the report	Legal Notice		
102-54	Claims of reporting in accordance with the GRI Standards	p. 35		
102-55	GRI content index	p. 35–36		
102-56	External assurance	Not relevant.		
GRI 103: Management Approach 2016	Management Approach			
	103-1	Explanation of the material topic and its boundary		
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
<b>GRI 300 ENVIRONMENTAL STANDARD SERIES</b>				
Services for sustainable customer operations, sustainability in research and development, resource- and energy efficient products				
	103-1/2/3	Management Approach	p. 9–10	inside and outside the organization
GRI 301: Materials 2016	Resource- and energy efficient manufacturing of products			
	103-1/2/3	Management Approach, 301	p. 9–10, 13–18	within the organization
	301-1	Materials used by weight or volume	Not reported.	



GRI STANDARD	DISCLOSURE	REFERENCE	INFLUENCING FACTORS
GRI 302: Energy 2016	Energy consumption		
	103-1/2/3 Management Approach, 302	p. 13–14	within the organization
	302-1 Energy consumption within the organization	p. 13–14, 37–38	
GRI 303: Water 2016	Water consumption		
	103-1/2/3 Management Approach, 303	p. 13, 16	within the organization
	303-1 Water withdrawal by source	p. 16, 37–38	
GRI 304: Biodiversity 2016	Project for protection of the environment, resources and biodiversity		
	103-1/2/3 Management Approach, 304	p. 13–18, 27–28	inside and outside the organization
	304-3 Habitats protected or restored	p. 13–18, 27–28	
GRI 305: Emissions 2016	CO <sub>2</sub> emissions, business travel		
	103-1/2/3 Management Approach, 305	p. 13, 15–16, 37–38	inside and outside the organization
	305-1 Direct (Scope 1) GHG emissions	p. 15–16, 37–38	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 15–16, 37–38	
	305-3 Other indirect (Scope 3) GHG emissions	p. 15–16, 37–38	
GRI 306: Effluents and Waste 2016	Waste, paper consumption		
	103-1/2/3 Management Approach, 306	p. 13, 17–18	inside and outside the organization
	306-2 Waste by type and disposal method	p. 17–18, 37–38	
GRI 308: Supplier Environmental Assessment 2016	Sustainability in the supply chain		
	103-1/2/3 Management Approach, 308	p. 13, 31–32	inside and outside the organization
	308-1 New suppliers that were screened using environmental criteria	p. 31–32	
<b>GRI 400 SOCIAL STANDARD SERIES</b>			
GRI 401: Employment 2016	Working time models, restructuring		
	103-1/2/3 Management Approach, 401	p. 21–24	within the organization
	401-1 New employee hires and employee turnover	Not reported.	
GRI 402: Labor/Management Relations 2016	Employer-employee relationship		
	103-1/2/3 Management Approach, 402	p. 21–24	within the organization
	402-1 Minimum notice periods regarding operational changes		When significant changes are expected in the company, employee representatives are included in the process at an early stage. So far there are no contractually agreed minimum notification periods.
GRI 403: Occupational Health and Safety 2016	Occupational health and safety		
	103-1/2/3 Management Approach, 403	p. 21, 23	within the organization
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 23, 37–38	
GRI 404: Training and Education 2016	Training and professional development, demographic change		
	103-1/2/3 Management Approach, 404	p. 21–22	within the organization
	404-1 Average hours of training per year per employee	p. 21–22, 37–38	
GRI 405: Diversity and Equal Opportunity 2016	Diversity and equal opportunities		
	103-1/2/3 Management Approach, 405	p. 21, 24	within the organization
	405-1 Diversity of governance bodies and employees	p. 24, 37–38	
GRI 413: Local Communities 2016	Support for teaching and research, local charitable projects, young people and projects for the integration of recognized refugees		
	103-1/2/3 Management Approach, 413	p. 27–28	inside and outside the organization
	413-1 Operations with local community engagement, impact assessments, and development programs	p. 27–28	
GRI 414: Supplier Social Assessment 2016	Sustainability in the supply chain		
	103-1/2/3 Management Approach, 414	p. 31–32	inside and outside the organization
	414-1 New suppliers that were screened using social criteria	p. 31–32	
GRI 419: Socioeconomic Compliance 2016	Compliance/Commitment		
	103-1/2/3 Management Approach, 419	p. 31–32	within the organization
	419-1 Non-compliance with laws and regulations in the social and economic area	Not reported.	

# KEY PERFORMANCE INDICATORS

	BUSINESS AREA TOBACCO OVERALL				Hamburg-Bergedorf <sup>1)</sup>			Schwarzenbek <sup>2)</sup>			Hauni Hungaria		
	2014	2015	2016		2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>Environment</b>													
 Energy consumption (MWh)	62,059	65,738	75,714	↗	33,964	36,044	45,411	3,407	3,654	3,388	15,666	14,042	15,109
Electricity consumption (MWh)	34,410	33,123	32,869	↘	18,702	17,218	16,573	1,610	1,540	1,498	7,890	7,246	7,835
Gas consumption (MWh)	26,591	31,267	41,578	↗	15,262	18,826	28,838	1,797	2,114	1,891	7,776	6,795	7,274
Oil consumption (MWh)	1,058	1,348	1,266	↘	0	0	0	0	0	0	0	0	0
Compressed air consumption (000m <sup>3</sup> )	17,139	16,388	15,552	↘	9,943	9,317	7,830	365	316	316	6,168	5,664	6,337
CO <sub>2</sub> total (t)	25,504	25,167	24,196	↘	13,868	13,120	11,898	1,293	1,317	1,247	6,127	5,556	5,980
CO <sub>2</sub> from electricity (t)	19,786	18,422	15,393	↘	10,754	9,283	6,029	926	885	861	4,537	4,167	4,505
CO <sub>2</sub> from gas (t)	5,398	6,346	8,428	↗	3,098	3,822	5,854	365	429	384	1,579	1,379	1,465
CO <sub>2</sub> from oil (t)	281	359	337	↘	0	0	0	0	0	0	0	0	0
CO <sub>2</sub> from water (t)	39	41	38	↘	16	15	14	3	2	2	12	11	10
Water consumption (m <sup>3</sup> ) <sup>3)</sup>	54,337	56,458	53,046	↘	22,228	21,031	20,117	3,644	3,036	3,000	16,299	15,036	13,787
Specific water consumption (m <sup>3</sup> /employee)	12.8	13.5	13.2	↘	10.7	10.9	11.3	7.2	6.5	6.7	14.9	16.3	13.3
Volume of waste (t)	6,326	4,527	4,430	↘	3,278	2,175	1,842	462	319	373	2,218	1,544	1,770
<b>Employees</b>													
Employees total	4,508	4,377	4,295	↘	2,074	1,921	1,788	505	466	449	1,091	924	1,035
of which full-time	4,123	4,186	3,884	↘	1,891	1,834	1,641	471	450	376	975	891	912
of which part-time	103	124	139	↗	69	75	71	11	11	25	7	8	9
of which temporary	282	67	272	↗	114	12	76	23	5	48	109	25	114
Employees (excluding temporary staff)	4,226	4,310	4,023	↘	1,960	1,909	1,712	482	461	401	982	899	921
of which male	3,559	3,647	3,408	↘	1,628	1,579	1,413	416	398	354	905	837	849
of which female	667	663	615	↘	332	330	299	66	63	47	77	62	72
of which female in %	15.8	15.4	15.3	↘	16.9	17.3	17.5	13.7	13.7	11.7	7.8	6.9	7.8
Managers	446	445	413	↘	172	172	153	45	42	38	106	97	95
of which male	368	370	338	↘	155	154	135	40	37	36	92	85	83
of which female	78	75	75	→	17	18	18	5	5	2	14	12	12
of which female in %	17.5	16.9	18.2	↗	9.9	10.5	11.8	11.1	11.9	5.3	13.2	12.4	12.6
Number of apprentices	237	240	283	↗	172	170	156	0	0	0	49	52	114
of which male	184	186	225	↗	127	124	117	0	0	0	47	51	101
of which female	53	54	58	↗	45	46	39	0	0	0	2	1	13
of which female in %	22.4	22.5	20.5	↘	26.2	27.1	25.0	-	-	-	4.1	1.9	11.4
Ø age in years	43.8	43.8	45.0	↗	45.5	46.2	46.8	44.7	45.8	47.2	41.3	42.3	42.3
Ø years with the company	14.0	14.9	15.4	↗	18.9	19.8	20.3	11.9	13.3	15.1	9.5	10.7	11.1
Number of training participants	5,547	2,266	2,855	↗	3,489	1,072	1,457	709	57	165	798	550	632
Participations in professional development courses per employee	1.3	0.5	0.7	↗	2.6	0.8	1.4	2.7	0.2	0.6	0.8	0.6	0.7
Number of work and commute-related accidents	67	68	81	↗	36	33	47	6	10	3	20	17	24
of which work accidents	45	50	63	↗	25	25	33	3	6	2	13	14	22
of which commute-related accidents	22	18	18	→	11	8	14	3	4	1	7	3	2
Hours lost	9,642	8,632	13,415	↗	3,542	2,749	5,978	635	1,275	523	5,232	4,104	5,848
due to work accidents	5,954	6,702	9,838	↗	2,184	1,858	3,878	351	688	502	3,216	3,704	4,528
due to commute-related accidents	3,688	1,930	3,577	↗	1,358	891	2,100	284	587	21	2,016	400	1,320

<sup>1)</sup> figures for Hauni Maschinenbau and Baltic Metalltechnik Hamburg

<sup>2)</sup> figures for Hauni Primary and Universelle Engineering U.N.I.

<sup>3)</sup> figures for Garbuio, Dickinson Legg, Garbuio Dickinson Indonesia

<sup>4)</sup> figures for Borgwaldt KC GmbH, Borgwaldt KC Inc., Heiner Borgwaldt, Borgwaldt Flavor

Tendency: increasing ↗ decreasing ↘ unchanged →

Garbuio Dickinson Group <sup>3)</sup>			Hauni Malaysia			Hauni Richmond			Borgwaldt Group <sup>4)</sup>			Decouffé			Others and sales companies <sup>5)</sup>		
2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
-	2,752	2,823	1,733	1,654	1,787	3,325	3,404	3,302	1,029	1,135	1,074	2,150	2,336	2,110	785	717	709
-	1,196	1,140	1,733	1,654	1,787	2,476	2,361	2,293	422	424	396	1,032	980	853	545	505	494
-	1,556	1,683	0	0	0	849	1,043	1,009	607	711	678	132	83	58	168	137	148
-	0	0	0	0	0	0	0	0	0	0	0	986	1,274	1,199	72	74	68
-	496	457	249	234	246	29	29	29	0	0	0	384	332	337	0	0	0
-	1,000	994	1,001	955	1,032	1,597	1,570	1,524	368	390	367	883	920	822	367	338	332
-	681	650	996	951	1,028	1,424	1,358	1,318	243	244	228	593	563	491	314	291	284
-	315	341	0	0	0	172	212	205	123	144	138	27	17	12	34	28	30
-	0	0	0	0	0	0	0	0	0	0	0	262	339	319	19	20	18
-	4	3	4	4	5	1	1	1	2	2	2	1	1	1	-	-	-
-	5,285	4,077	5,985	6,204	6,859	1,500	1,500	1,500	3,220	2,790	2,672	1,461	1,576	1,034	-	-	-
-	16.5	14.5	57.0	60.2	52.4	9.0	10.1	9.9	23.3	20.4	24.1	8.3	10.2	10.1	-	-	-
-	158	151	108	93	99	43	43	43	60	60	65	126	104	56	31	31	31
-	321	281	105	103	131	166	148	151	138	137	111	177	155	102	252	202	247
-	305	261	104	103	126	138	133	135	118	119	90	174	152	98	252	199	245
-	8	10	0	0	0	0	3	3	15	15	17	1	3	2	0	1	2
-	8	10	1	0	5	28	12	13	5	3	4	2	0	2	0	2	0
-	313	271	104	103	126	138	136	138	133	134	107	175	155	100	252	200	247
-	285	247	80	80	99	120	119	121	85	85	66	147	130	82	178	134	177
-	28	24	24	23	27	18	17	17	48	49	41	28	25	18	74	66	70
-	8.9	8.9	23.1	22.3	21.4	13.0	12.5	12.3	36.1	36.6	38.3	16.0	16.1	18.0	29.4	33.0	28.3
-	25	25	11	12	13	16	16	13	29	24	19	23	21	20	44	36	37
-	22	21	5	6	6	13	13	11	20	18	12	19	17	16	24	18	18
-	3	4	6	6	7	3	3	2	9	6	7	4	4	4	20	18	19
-	12.0	16.0	54.5	50.0	53.8	18.8	18.8	15.4	31.0	25.0	36.8	17.4	19.0	20.0	45.5	50.0	51.4
-	5	1	1	2	5	0	0	0	5	6	6	7	4	0	3	1	1
-	5	1	0	0	3	0	0	0	3	3	3	5	3	0	2	0	0
-	0	0	1	2	2	0	0	0	2	3	3	2	1	0	1	1	1
-	0.0	0.0	100.0	100.0	40.0	-	-	-	40.0	50.0	50.0	28.6	25.0	-	33.3	100.0	100.0
-	41.3	42.9	37.2	37.5	37.0	47.9	47.8	48.6	43.5	44.9	46.1	44.0	45.9	47.3	39.7	40.7	40.7
-	11.5	12.4	5.8	6.2	5.8	13.5	13.7	13.8	9.8	11.0	12.6	11.2	13.5	16.2	5.8	6.8	7.2
-	89	172	55	74	37	104	124	34	69	50	63	182	101	81	141	149	214
-	0.3	0.6	0.5	0.7	0.3	0.8	0.9	0.2	0.5	0.4	0.6	1.0	0.7	0.8	1.4	1.3	1.5
-	0	0	0	0	0	0	0	1	1	2	3	4	6	2	0	0	1
-	0	0	0	0	0	0	0	1	0	1	2	4	4	2	0	0	1
-	0	0	0	0	0	0	0	0	1	1	1	0	2	0	0	0	0
-	0	0	0	0	0	0	0	-	30	70	660	203	434	406	0	0	0
-	0	0	0	0	0	0	0	-	0	18	524	203	434	406	0	0	0
-	0	0	0	0	0	0	0	0	30	52	136	0	0	0	0	0	0

<sup>3)</sup> figures for Sodim, HFE-Hong Kong, HFE-Kunming, Hauni Japan, Hauni Singapore, Hauni Brazil, Hauni St. Petersburg, Hauni Moscow, Hauni Trading Shanghai, Hauni South Africa, Hauni Turkey, Hauni Dubai

<sup>4)</sup> includes only mains water from the respective supply companies

# Legal Notice & Contact

**Publisher:**

Hauni Maschinenbau GmbH  
Kurt-A.-Körber-Chaussee 8-32  
21033 Hamburg

**Responsible**

Dirk H. Kronenberg  
Sustainability Manager, Hauni Maschinenbau GmbH

Ingo Briechel  
Corporate Communications, Körber AG

**Concept/Editing/Design**

Stakeholder Reporting GmbH, Hamburg

**Photography**

Julia Kneuse, Hamburg  
Sebastian Vollmert, Hamburg  
Christian Geisler, Wohltorf

**Contact**

Dirk H. Kronenberg  
Tel. +49 40 7250-0  
E-Mail: dirk.kronenberg@hauni.com

[www.hauni.com](http://www.hauni.com)  
[www.hauni.com/en/sustainability/](http://www.hauni.com/en/sustainability/)

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