



# 140 years of Faller Packaging: Together towards a better future!

Sustainability Report 2022





Simply better. Always ahead. Together.

*The Executive Committee, the top management body of the Faller Packaging Group, at the production site in Binzen: from left to right Jörg Galle, Mathias Felber, Kerstin Löffler, Dr Michael Faller, Dr Daniel Keesman, Kerstin Geßler, Tilmann Wild, Matthias Schmieder, Jörg Frischkorn.*

## Dear readers,

When we look back on the year 2022, we do so with mixed feelings: No sooner did the Corona pandemic loosen its grip than the next crisis, the Ukraine war, descended upon us. This conflict is a disaster for the people. We sincerely hope that it will end soon, that we will realise the opportunities of a stronger European unity and that we will refrain from falling into nationalism.

The Ukraine war is having a tangible impact on us: high inflation, exploding prices for energy and the difficult supply situation for raw materials are causing us headaches. At this point, we would like to explicitly thank all our employees for successfully mastering this strenuous year together with us.

But there is no shadow without light: 2022 also brought many positives. We were able to increase our turnover again despite all the uncertainties – by a substantial 21.7 percent to now 179.9 million euros. And let's not forget: We turned 140 years old last year. We celebrated this extraordinary event in the summer with the Faller Packaging team from all our German locations. We also continue to be on the right track ecologically. We are continuously reducing our energy and material consumption and are focusing even more on the topic of sustainability with clear objectives and a new, Europe-wide sustainability network – not only for ourselves, but also for our customers and partners.

You can read about what this looks like in concrete terms in the Sustainability Report 2022, which you are holding in your hands right now. You can also find out what Formula 1 technology has to do with

Pre Packaging in Waldkirch and what exciting projects our apprentices got up to last year. We report on what our department, production and team managers have been thinking about during workshops and coaching sessions on how they can contribute to the company's success and employee satisfaction in times of constant change.

What will 2023 bring? All the challenges are not yet apparent. The good news is that we have done our homework, are on a resilient sales market and are very well positioned internally. Therefore, despite the war and the tense situation on the commodity and energy markets, we should succeed in continuing to grow. In 2023, we are targeting a further increase in annual turnover and are following our path towards CO<sub>2</sub> neutrality and sustainability with the utmost consistency. You will find out what progress we have made in the next sustainability report.

Now we hope you enjoy reading and look forward to giving you an insight into the world of Faller Packaging with our Sustainability Report 2022!

  
Dr Michael Faller

  
Dr Daniel Keesman

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## SUSTAINABLE DEVELOPMENT GOALS



# "Exhausting and successful"

2022 was a very special year for Faller Packaging – the company celebrated its 140th birthday and looked forward to record sales. In this interview, Managing Directors Dr Michael Faller and Dr Daniel Keesman report on the anniversary year and provide an outlook for 2023.

*What are the first words that come to mind when you think of the past year?*

**Dr Faller:** I can actually think of three. 140 years, sustainability and consolidation.

**Dr Keesman:** Exhausting and successful.

*Dr Keesman, why was 2022 exhausting and successful?*

**Dr Keesman:** In 2021, the post-pandemic phase started with a strong ramp-up of the economies, especially in China and the USA. This has led to supply bottlenecks in virtually all markets and for all material categories. We have also experienced this. Starting in the fourth quarter of 2021, this has continued well into 2022. For us, this meant that delivery times became significantly longer and dispositions more difficult. In some cases, we were not able to serve our customers' requests at all because the material was missing. This led to considerable price increases in all material categories in the fourth quarter. That's how we entered the new year, still with the Corona pandemic. It was not completely over.

We were still clearly limited, even over the winter, until about April, May. And by then we were already quite 'stretched'. I deliberately don't say stressed. It was simply sailing hard on the wind. And then came the Ukraine war at the end of February. That was quite a gamechanger for all of us. Due to the subsequent EU boycott – or the voluntary restriction that Russia imposed on our gas supply – the prices for primary and secondary energy skyrocketed. Since this is an essential input factor for our suppliers of paper and board, the material prices then rose massively again, in some cases by two or three times. There were also no more price guarantees. In addition, there were energy surcharges, etcetera. To deal with that – to first analyse it, to draw the right conclusions and to adjust the organisation, especially sales and customer management, was exhausting. We had to raise prices several times. That had never happened to us before or in the industry as a whole. Finally, if you look at the year in its entirety, we had different phases, sometimes with a little more, sometimes with a little less economic success. Overall, however, we were able to close the year successfully. 2022 was particularly strenuous and, compared to the circumstantial factors, also really successful – because the whole organisation did a good job.

*Dr Faller, why was the year 2022 so special for Faller Packaging, especially in terms of sustainability?*

**Dr Faller:** Sustainability has now become incredibly important – for our customers and the entire market. Everyone has woken up.

We have been dealing with the topic for a long time and have been publishing the sustainability report for many years. So far, sustainability was more of a 'nice to have', now it has become a 'must have'. We have repositioned our business, realigned ourselves and tried to find answers to future requirements in advance. The coming regulations will be very strict, and they will keep increasing. It will be a factor that will set us apart from the competition and from which we can draw opportunities. Especially if we do it well and think about how we can benefit our clients, partners and ourselves. That's why I found everything that happened this year so exciting. Both what we have learned externally and what we have now started internally to improve even more in order to face future challenges.

*Dr Faller, when you look at the company history and the values of Faller Packaging – what makes the 140th anniversary so special?*

**Dr Faller:** 140 years is quite a respectable number. And of course it makes me proud. Especially for someone who comes from the founding family – and that in the fourth generation. You look back and see where particular decisions were made that helped us and what crises there were to overcome. I think one of the key decisions of the past decades was to focus and specialise on the pharmaceutical and healthcare industry. This has enabled the rise of this company, which has gained a lot of momentum over the last three decades. We have grown from a 250-employee operation to a company that now has 1,400 employees, operates at seven locations and is internationally positioned. And yes, we work in a sector that is somewhat crisis-resistant. We are feeling that again right now. Even in times when people are tightening their belts, the last thing they do is save money on their health. And of course we benefit from this in a certain way. That makes us look to the future with confidence. Even after 140 years. It makes me happy that we have good prospects of continuing to exist in a market that is changing a lot. Especially in the past year, a lot has happened in the competitive environment. Most of our former competitors no longer exist, but other and much larger units have emerged. Faller Packaging will find its answer to this, so that we can look positively into the future in this competitive environment with the



The Executive Committee of the Faller Packaging Group during their visit to the Leaflet Academy at the Binzen site.



Dr Michael Faller (right) and Dr Daniel Keesman, the two managing directors of Faller Packaging, in conversation at the Faller site in Binzen.

market position and image that we have built up.

### *Looking ahead to 2023, where are the biggest challenges and opportunities for Faller Packaging?*

**Dr Keesman:** The challenges are not completely obvious at the moment. Planning and anticipating in longer cycles has become almost impossible these days. That means we mentally prepare for everything. In English it is always 'plan for the worst and hope for the best'. The environment is challenging. Inflation will remain high, eight per cent is forecasted. We will enter a slight recession in the economy as a whole. This does not affect our industry directly, but it can have an indirect impact. Interest rates are going up. That means corporate financing will become more expensive and liquidity will dry up. So that makes it more difficult in general. The structural energy supply for Germany and the EU will also still be heavily burdened in 2023 and 2024. It's an exciting mixture. The good news is: we have done our homework, have a very resilient sales market and are well positioned internally. We will also continue to improve in 2023. In a transformation project, we are putting our internal processes through their paces and reorganising one or two things. However, we are not focusing on performance efficiency, but above all on external effectiveness. We want to become even more agile and faster in presenting our services to the customer – despite the economic success we had in 2022. The challenges will not become less in 2023. We will see exactly what they are in the course of the year, respond to them in an agile manner and continue to pursue our path. There is certainly room to expand our European network again if necessary, i.e. to grow not only organically but also non-organically. We have announced that we want to expand and focus primarily in Europe. We are currently looking at different projects. If it comes up and there is a suitable company or a location that we could build up – then we would do it. But we're not going to break the mould.

**Dr Faller:** A company must learn to react much faster and more flexibly to changes. That is the task ahead of us. To observe the market and to recognise the challenges that come our way as quickly as possible.

And then to find our answers and ultimately turn them into solutions. These are the demands of an unstable market. Or at all in a world that no longer has the stability it used to have. And that's where we have to orient ourselves inwardly and with certainty in our structures. We also have to think about whether existing corporate structures will still be promising in the future. We will do that, also with a view to our employees. We have to make sure that we remain attractive as an employer and, in the sense of employer branding, are able to attract younger employees and win them over. We will become more flexible in what we offer our employees, for example with different working time models.

### *How will the market develop?*

**Dr Keesman:** We are observing several trends. On the one hand, we ourselves are benefiting from the growing pharmaceutical and healthcare market. We have already derived and communicated this several times. This is due to the ageing society and the increase in wealth levels in poorer countries, which then consume more medicines. But it is also due to a positive development in science and technology, where medicines are becoming increasingly function- or tissue-specific – or we are now seeing products for diseases that were previously incurable. So the pharmaceutical market is developing both in terms of quantity and complexity. That means more products, so existing products that are growing, and new products. That drives the market itself and of course the packaging market. In general, we see growth here. The forecasts are very positive, especially in fibre-based areas. And now we come full circle to sustainability: many customers have started or are planning to replace plastic with fibre-based packaging where it is possible – for inlays, for example. It is expected that about 400,000 tonnes of plastic packaging material will be replaced by fibre-based material in Europe in the next five years. On the one hand, this is good, but on the other hand, cartonboard capacities have to follow suit. Strategic announcements have been made here. The problem is that it takes a few years to build and install such a machine. We assume that we will still have material bottlenecks in the next two years. The new capacities that are being created will eliminate this bottleneck situation from 2025 onwards.





In Faller Packaging's 140th anniversary year, the annual sustainability report was also published for the twentieth time. Over two decades, the publication has continued to evolve.

# From sustainability with tradition to the future of our sustainability

## Sustainable not just since yesterday

Sustainable activities has a long tradition at Faller Packaging. Especially since Dr Michael Faller joined the management in 1994, efforts to achieve ever more sustainable business practices in the economic, ecological and social sense have been given a particularly prominent position.

For example, the company has been publishing an annual sustainability report for 20 years. So far, this has been done on a voluntary basis in order to show customers, the public and also the company's own employees what has been achieved and, of course, where there is still room for improvement.

In 2014, Faller Packaging was also one of the first signatories of the WIN Charter, an initiative of the state of Baden-Württemberg. More than 300 small and medium-sized enterprises have now joined this voluntary commitment to sustainable business practices.

Since the beginning of 2022, the company has gone one step further. Together with the IHK Südlicher Oberrhein (regional Chamber of Commerce) and the Energieagentur Freiburg, Faller Packaging is working within the framework of the "Zielgerade 2030 – Klimaneutral am Oberrhein" initiative to operate completely CO<sub>2</sub>-neutral by 2030.

## Necessity arises on top of own volition

The packaging specialist has already achieved a lot through persistent efforts to create a future worth living. But its own demands, as well as those of customers and society, have grown ever faster in recent years.

It is obvious that the future holds more and more economic, ecological and social challenges.

Sustainable management and environmentally friendly products have now become necessities on which the corporate success of the entire Faller Packaging Group depends.

Customers assess the sustainability of their suppliers very precisely via direct queries and online platforms such as EcoVadis or CDP (Carbon Disclosure Project). Increasingly, these assessments are decisive for purchasing decisions. At the same time, the competitive advantage that can be gained by developing new, more environmentally friendly products and services is also increasing.

This is to be taken into account even more strongly in product innovation. In addition, Faller will expand its range of services that also help customers to operate more sustainably themselves.



From left: Dr Michael Faller, President & Managing Partner of Faller Packaging in Waldkirch and Deputy President of the IHK Südlicher Oberrhein, Chamber President Eberhard Liebherr and Chamber Chief Executive Dr Dieter Salomon. (Source: Olga Heiland/IHK Südlicher Oberrhein)

## Decision makers also see a need for action

On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the United Nations (UN) officially came into force. They were developed as part of the 2030 Agenda for Sustainable Development at the historic UN Summit in New York in 2015. Since then, Faller Packaging has also aligned its striving for a better future with the UN's 17 goals and vision for the year 2030.

The parliaments of the European Union, the Federal Republic of Germany and other European states have also recognised the signs of the times and are increasingly enacting laws that pay tribute to the goals of their voluntary commitment to the UN.

Of particular importance for Faller Packaging and the future of sustainability reporting is the EU Green Deal and the EU's Corporate Sustainability Reporting Directive (CSRD). It obliges companies to publish their sustainability efforts in a clearer and more comparable way. Results are measured annually against self-imposed targets. The focus is not only on the environment and climate protection. The assumption of social responsibility for employees and suppliers throughout the entire supply chain as well as compliance with social standards must also be documented. Compliance with the Supply Chain Sourcing Obligations Act also plays a role in this context. Other laws designed to promote sustainable business in Europe, such as the Whistleblower Protection Act, will follow.

## The strategy for a vision of a better future

Ambitious goals can only be achieved through strategic and planned actions. Because every good strategy is based on reliable data, a comprehensive actual state analysis was carried out throughout the Faller Packaging Group in 2022. Among other things, this should provide clear and comprehensive results on where the current corporate carbon footprint (total amount of CO<sub>2</sub> emissions caused annually) of the group of companies lies. Another important metric is the product carbon footprint (amount of CO<sub>2</sub> emissions caused per product).

In addition, key issues of sustainable corporate development were surveyed among various interest groups and combined in a materiality matrix. One of the many central aspects of the resulting sustainability strategy is that Faller's economically, ecologically and socially sustainable business activities should always create added value for customers.



*Only together can companies and the society overcome the great economic, ecological and social challenges so that a future worth living remains possible.*

## Coordinated implementation at all locations

Although Faller Packaging has already created a very good basis for sustainability in the past, the long-term goals, such as CO<sub>2</sub> neutrality by 2030 or full reporting capability in accordance with CSRD requirements by the reporting year 2025, are still very ambitious. In particular, the expansion of all the already well-developed sustainability standards of the German locations to all European corporate expansions of the past years will be a challenge. Overall, these standards must then be significantly exceeded by the corporate group as a whole.

This will only be possible through even stronger networking of the individual plants and a joint effort by experts at all sites, from Waldkirch, Binzen and Schopfheim, to Hvidovre, Łódź and Debrecen. To this end, the Faller Packaging Group will establish a comprehensive sustainability network at all its sites.

## Success needs clear goals

The road to a better future in 2030 is still long and complicated. It is therefore advisable to break down the abstract vision into concrete milestones. In order for Faller Packaging to make its contribution, a variety of short-, medium- and long-term goals have been defined. These are based on the principles for formulating science-based targets following the methods of the Science Based Target Initiative (SBTi). Below you will find a simplified extract of these goals.

As the sustainability goals are regularly compared with the actual state and adjusted to current conditions if necessary, the company will publish the complete list online at <https://sustainability.faller-packaging.com>.



- Healthy financial structures such as: an equity ratio > 30 percent or a net debt to equity ratio < 2 percent
- Development of at least one additional "green" product per year through the Product Innovation Process



- Climate neutrality of the entire Faller Packaging Group by 2030
- Continuous expansion of our sustainable services and concepts (Sustainable Packaging Service)
- Information on the CO<sub>2</sub> footprint of all products for Faller Packaging customers
- Excellent ratings from EcoVadis and CDP



- Even more targeted staff development and staff qualification programmes
- Expansion of Corporate Health Management at all locations
- Full compliance with the Supply Chain Sourcing Obligations Act
- Full compliance with the Whistleblower Protection Act





**Economy**



# Strong growth despite challenging economy

The trend towards sustainability in the pharmaceutical industry, which was already apparent in 2021, intensified in 2022. "Until now, sustainability was more of a 'nice to have'. Now it has become a 'must have'," notes Dr Michael Faller, managing partner of Faller Packaging. Faller Packaging is well prepared for this with flexible packaging concepts made of paper and cardboard, with the development of well thought-out constructions made of mono-materials and with the consistently implemented recyclability of folding boxes, labels and package inserts.

## Significant increase in turnover

The consistent strategy of environmental protection and sustainability paid off: Faller Packaging was able to increase its total turnover again in 2022 – and significantly: by 21.7 percent to 179.9 million euros (Figure 1.1). This is well above last year's forecast. The large increase in turnover is not only due to organic growth, but also to the increased prices for energy and raw materials as well as the high inflation rate.

According to Faller Packaging, these general conditions will also shape the year 2023. The company therefore expects this trend to continue this year and sales to increase further in 2023.

## Strong investments in the sites

Despite the ongoing tense economic situation, Faller Packaging again invested consistently in the further development of its sites in 2022 and increased investments compared to 2021. A total of 8.1 million euros (Figure 1.2) – corresponding to an investment ratio of 4.5 per cent (Figure 1.3) – went into the expansion of qualitative and quantitative capacities, but also into large and small improvements to infrastructure and equipment at the sites in Germany and Europe.

Faller Packaging has been restructuring the Business Unit Labels at the Schopfheim site for some time. This has also been visually noticeable since spring 2022: After a thorough cleaning, the facade of the building was repainted. It now shines unmistakably in friendly Faller orange.

In summer, investments were made in high-tech at the headquarters in Waldkirch: A fully automated "bar inserter" with Formula 1 technology went into operation in Pre Packaging. With this, Faller Packaging is taking a further step towards automation. Instead of several manual process steps, the system allows production in one inline process step. This is made possible by a robot within the new machine. This is equipped with a quick-change system for tools, which is also used in Formula 1.

In order to be able to meet the constantly increasing demand, Faller Packaging in 2022 expanded the storage capacity at its Danish site in Hvidovre. The 750 square metre new building in modular prefabricated construction is located directly on the site's premises and is perfectly adapted to the climatic conditions in Denmark. A strong metal frame supports the insulated walls, which can withstand very low temperatures and strong winds. The new hall will primarily accommodate pallets, transport boxes and panel material.

## Excellent performance

With its flexible packaging concepts, Faller Packaging is fully committed to sustainability. The company was once again honoured with important awards for its solutions and innovative strength in 2022. At the German Innovation Awards ceremony, the broad-based jury of experts awarded the package insert with register as "Winner" in the category "Excellence in Business to Business – Pharmaceuticals". The innovative approach and the simple handling of the patient information were convincing across the board. The packaging specialist also received the European Carton Excellence Award (ECEA) 2022 in the category "General Packaging, Virgin Fibre" for the PleioFlow RF Device – a special solution for the transport and safe storage of surgical equipment. These awards underline Faller Packaging's development expertise and its claim to develop practical and user-friendly solutions for all customers' pharmaceutical packaging needs.



Birgit Tews, Product Development Specialist for Leaflets, and Product Manager Benjamin Rist received the German Innovation Award 2022 for the package insert with register from Faller Packaging.



Even the trophy of the European Carton Excellence Award (ECEA) 2022 in the category "General Packaging, Virgin Fibre" is made of renewable raw materials.





Eye-catcher in Schopfheim. The new value proposition of the Business Unit Labels also includes simply looking great. The freshly painted façade catches the eye.

### Special training from the source

At the Binzen site, Faller Packaging has been pooling its expertise in package inserts for many years. Special machines and folding techniques are required to produce the leaflets. Since the labour market does not offer any suitably trained specialists, Faller Packaging decided without further ado to train employees and trainees in the field of folding itself at the new Leaflet Academy. Training and courses are offered there, detached from day-to-day business. Employees, but also other interested parties, can learn special techniques here under the supervision of an expert. In addition to the theory, the practical side of folding is also taught and can be practised directly on a training machine. The first two participants started their course in August 2022 and successfully completed it in February 2023.



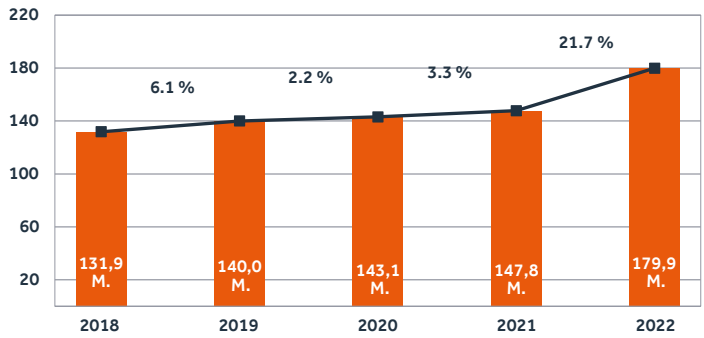
The Leaflet Academy of the Business Unit Leaflets at the Binzen site is equipped with everything trainees and production staff need to learn the ins and outs of package insert production and to continue their education.

### Very good quality, delivery performance under pressure

Customers rarely had cause for complaint in 2022. The quality quota at group level was 99.52 percent and thus even just above the target value of 99.5 percent. At 92.2 per cent, the on-time delivery rate in 2022 remained below the target value of 98 per cent. This is due to the tense situation on the raw materials market and the significantly longer delivery times for cartonboard and paper. In 2023, Faller Packaging aims to reach its target of 98 per cent again and thus live up to its leading position in the market in terms of delivery performance. However, the global challenges in the supply chains will continue to stand in the way of this goal in 2023.

### Above-average equity ratio

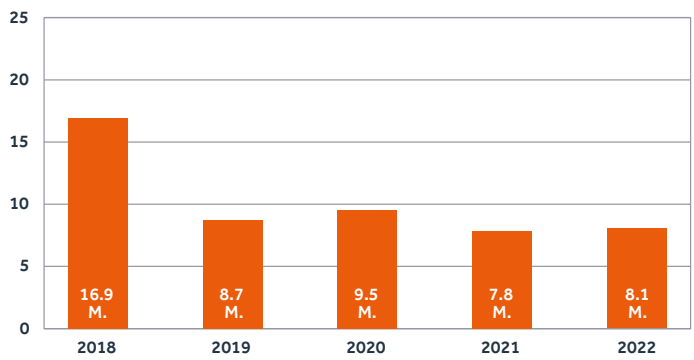
The efficiency measures and cost discipline led to further savings in 2022. In addition to the significant growth in turnover, they contributed to the earnings situation being better than planned. The economic equity ratio is now 36.5 percent, slightly below the previous year's value (Figure 1.4). Compared to other companies in Germany, the equity ratio is at a very healthy level, so that Faller Packaging sees itself prepared for the challenges of the future on this solid capital base.



**1.1 Annual turnover of the entire Faller Packaging Group**

Annual turnover of the entire Faller Packaging Group including PackEx GmbH in millions of euros, from 2018 to 2022. Comparison of annual turnover (year-over-year) in percent.

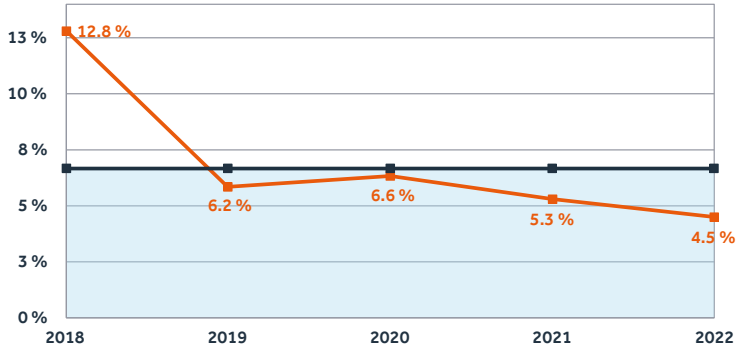
- Annual turnover
- Increase in turnover



**1.2 Annual investment volume of the entire Faller Packaging Group**

Annual investment volume of the entire Faller Packaging Group including PackEx GmbH in millions of euros, from 2018 to 2022.

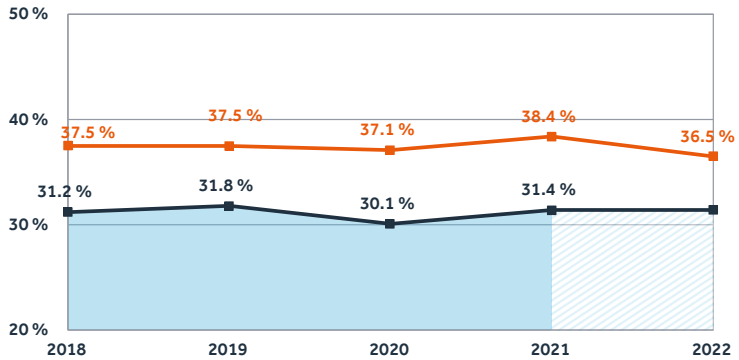
- Investment volume



**1.3 Development of the investment ratio of the entire Faller Packaging Group**

Faller Packaging Group including PackEx GmbH as a percentage of the respective annual turnover, from 2018 to 2022 and average investment ratio of the past five reporting years: approx. 7 percent.

- Annual investment rate
- Average investment ratio



**1.4 Equity ratio of the total August Faller GmbH & Co KG**

Annual economic equity ratio of August Faller GmbH & Co KG (mainly comprising the sites in Waldkirch, Binzen and Schopfheim) as a percentage of total capital, from 2018 to 2022. Compared to the average equity ratio of medium-sized companies in Germany (data for 2022 not yet available, source: Statista 2023)

- Equity ratio of August Faller GmbH & Co. KG
- Average equity ratios of SMEs in DE
- Curve progression with unchanged average equity ratio of SMEs in DE



# Ecology



## Energy and material efficiency improved

Faller Packaging has been committed to sustainable management for more than two decades. The company has already worked intensively on paper consumption in the offices and has been able to significantly reduce the amount of operating materials and hazardous waste used. The packaging specialist largely uses renewable raw materials such as paper and cardboard and pays attention to their efficient use. The well-functioning recycling system for paper and cardboard in Germany supports Faller Packaging in this. And last but not least, the company uses 100 per cent green electricity at its German sites.

### Material consumption reduced again

Material consumption and rejects were reduced again after the slight increase in 2021. At 34.2 per cent, the reject rate is almost back at the low point of 2020 (Figure 2.1). The reason for the increase in the previous year was the tense material supply situation. Faller Packaging was able to access more suitable raw material formats again in 2022. This improved the reject rate.

### Savings in energy and CO<sub>2</sub> emissions

Compared to the previous year, electricity consumption increased slightly to now 14.6 million kilowatt hours. Gas consumption, on the other hand, showed a clear decline. 5.2 million kilowatt hours are on the meter for 2022 (Figure 2.2). Energy consumption and CO<sub>2</sub> emissions per tonne of substrate show a positive trend: both decreased slightly. They were 4.66 thousand kilowatt hours and 1,102 kilograms of CO<sub>2</sub> respectively. (Figure 2.3 and 2.4). This means that Faller Packaging produces with higher energy efficiency.



*Packaging solutions made of paper injection moulding are particularly suitable for the shatterproof packaging of glass vials and injection pens. This means that more environmentally harmful plastic packaging can be dispensed with.*

## Sustainable services for the pharmaceutical industry

Faller Packaging has not only worked on becoming more sustainable itself over the past year. With various offers and services, the company also supports its customers on the path to more sustainable business.

"If packaged, then sustainable" is the idea behind the Sustainable Packaging Service, with which Faller Packaging offers targeted advice on sustainable pharmaceutical packaging. Together with customers, the company develops customised solutions for their pharmaceutical products.

The packaging concept is based on a holistic approach that takes into account the entire life cycle of the packaging materials. The customer receives everything from a single source: starting with product development by the experienced development engineers, through production to transport and storage with a digitalised supply chain. This results in optimal packaging concepts in the sense of the EU Green Deal and a better climate balance along the entire product life cycle.

### Environmentally friendly labelling solutions

To offer its customers sustainable label solutions, Faller Packaging follows the motto "Reduce, Recycle, Rethink". This means effectively reducing label material, using recycling programmes for liner material, creating a recyclable label design and promoting the use of recycled material where possible.

Due to the reduced use of materials for face and backing materials, less material is produced for disposal. This saves resources and transport and storage capacities can be used optimally. A recyclable combination of label, adhesive and container – the label should be made of the same type of material as the packaging material – reduces the effort required for separation and reuse. However, a label does not only consist of the part that sticks to the product – when it is dispensed onto the packaging material, the backing material remains behind. Instead of disposing of this conventionally, customers can have it collected by a labelstock supplier. In addition, Faller Packaging recycles all the waste produced during its own label production, such as grids, trimmings and waste paper.

### Paper injection moulding replaces plastic trays

The latest innovation in Faller's portfolio are sustainable trays made of injection-moulded paper – dimensionally stable, stackable and precisely fitting inserts for optimal product protection. The innovative raw material mixture is made up of 70 per cent industrial starch, twelve per cent fresh paper fibre, 18 per cent water and a special admixture of natural ingredients. This high-quality paper injection moulded packaging is 100 per cent dimensionally stable, sustainable and biodegradable, making it one of the most environmentally friendly packaging solutions in the industry.





View of the Black Forest from Kandel near Waldkirch. Wind turbines like these and other renewable energy sources supply Faller Packaging's German sites in Waldkirch, Binzen and Schopfheim with electricity (Source: Adobe Stock | #225940289).

## Giving customers information at their fingertips

The awareness of European companies for environmental protection and sustainability is constantly growing. This applies not only to the products themselves, but also to secondary packaging such as folding cartons, labels and leaflets. The EU Green Deal commits all 27 EU member states to climate neutrality by 2050, and Faller Packaging aims to achieve this goal as early as 2030. From this year, manufacturers will also be allowed to produce only recyclable packaging. These requirements increase the pressure on companies and anchor sustainability in all EU policy areas and sectors – especially in the packaging industry. Packaging for pharmaceuticals and healthcare products must not only meet the requirements of consumers, pharmacists and medical professionals, but also protect the environment and conserve resources. Faller Packaging has always taken its responsibility seriously when it comes to environmentally friendly solutions, which is why in 2022 it provided its customers and partners with the necessary knowledge in the form of seminars and a new white paper.

### Seminar series in demand

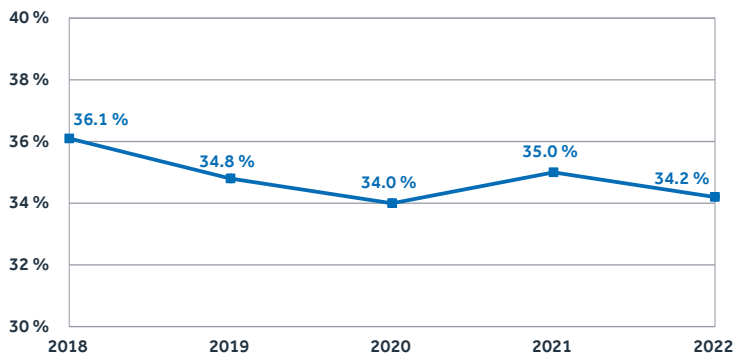
If packaged, then sustainable – this was the motto of the online seminars in September 2022 aimed at decision-makers in the pharmaceutical and healthcare industry. The focus was on the question of how secondary packaging materials can be optimised for recycling cycles and what concrete solutions are available for holistic, sustainable packaging development. In the four compact online events held in German and English, the approximately 240 international participants obtained concrete solution approaches for their packaging projects – from material selection to resource-saving product design to optimisation of the supply chain. The information on environmentally friendly packaging concepts and sustainable recycling cycles was particularly in demand.

### Concentrated knowledge in the white paper

Which material is best suited for sustainable, recyclable packaging solutions? How often can it be recycled? What potential savings can be realised through packaging design? These and other questions about sustainable packaging solutions are addressed in the latest white paper from Faller Packaging, "If packaged, then sustainable: meeting tomorrow's requirements with fibre-based pharmaceutical packaging". In it, the packaging specialist clarifies the challenges posed to environmentally friendly pharmaceutical packaging. The white paper discusses the advantages of secondary packaging made of fibre-based materials and identifies concrete approaches for sustainable packaging development.



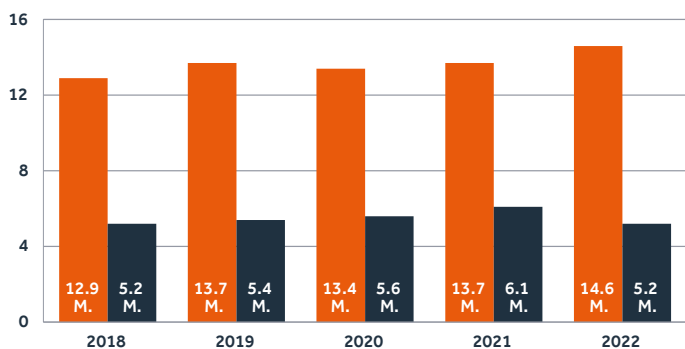
Digital events such as the webinar "If packaged, then sustainable" bring customers from all over the world together with Faller Packaging experts from different locations. This means concentrated sustainability knowledge without the need for environmentally damaging business trips.



### 2.1 Rejects as a proportion of annual material consumption of the Faller Packaging Group (excluding PackEx GmbH)

Share of scrap in annual material consumption in percent, from 2018 to 2022

— Scrap rate

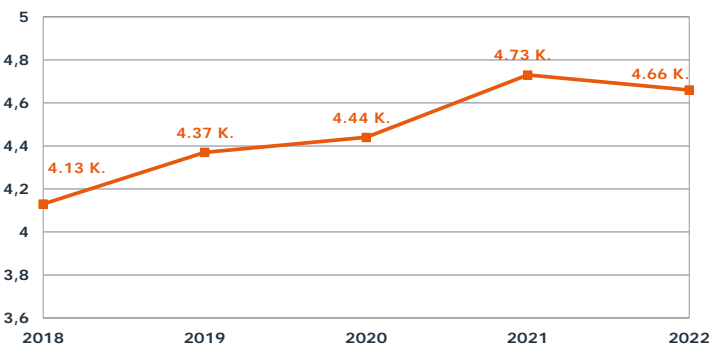


### 2.2 Annual electricity and gas consumption of the Faller Packaging Group (excluding PackEx GmbH)

Consumption of electricity and natural gas\* in million kilowatt hours per year, from 2018 to 2022.

■ Power consumption

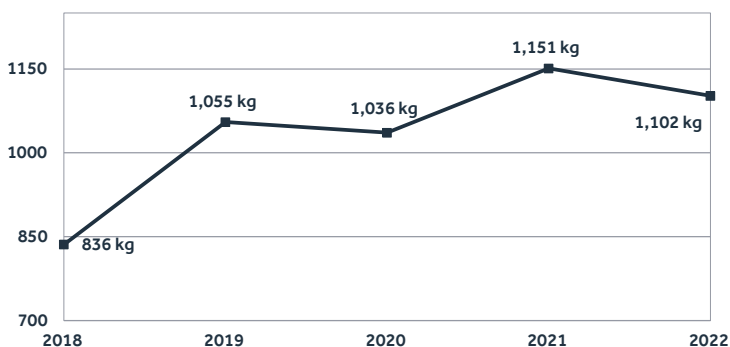
■ Gas consumption



### 2.3 Energy consumption per tonne of substrate of the Faller Packaging Group (excluding PackEx GmbH)

Energy consumption\* in one thousand kilowatt hours for the production of one tonne of printed material, from 2018 to 2022.

— Energy consumption per tonne of printed material



### 2.4 CO<sub>2</sub> emissions per tonne of substrate of the Faller Packaging Group (excluding PackEx GmbH)

Carbon dioxide\* in kilograms emitted for the production of one tonne of printed material, from 2018 to 2022.

— CO<sub>2</sub> emissions per tonne of printed material

\* The total values for natural gas and energy consumption as well as carbon dioxide emissions of the Faller Packaging Group include values from the Schopfheim site, which could only be determined by estimates based on previous year's values.





**Social aspect**





## Employee growth in the anniversary year

2022 was a very special year for Faller Packaging – the company celebrated its 140th birthday. What began as a lithographic print shop with just a few employees in 1882 has developed into one of the leading manufacturers of pharmaceutical packaging over the past 14 decades.



Dr Michael Faller (far right) and Dr Daniel Keesman (3rd person from right) cheer with the winners of the Ideefix raffle. As every year, exciting prizes were raffled among the idea generators of the Ideefix idea management.



A big crowd in front of the buffet on the festival grounds at Werk 2 in Waldkirch. The guests had a wide choice of food and drinks.

The subsiding pandemic allowed for a celebration of the anniversary and of the cohesion during the difficult Corona period in a fitting manner. In bright sunshine, delicious food and a varied programme ensured relaxed togetherness. At the summer party at the headquarters in Waldkirch, Faller employees celebrated a lively party until late into the night



The music attracts colleagues to the dance floor. Even at a late hour, people danced, laughed and had a wonderful party together.

The company was able to increase the number of its employees by more than six percent in its anniversary year (Figure 3.1). Today, 1,409 people work at the locations in Germany (Figure 3.2) and Europe (Figure 3.3). There is also a positive trend in the number of trainees. After a small dip in the number of apprentices in 2021 due to the lack of applicants, Faller Packaging again supported 44 young people on their way to a career in 2022. 18 of these apprentices started their first year of training.



Really good atmosphere in the marquee. Colleagues enjoy the get-together with music, excellent weather and a cheerful atmosphere.





*Trainees stand proudly in front of their work with trainers and training officers. Together they had renovated and redesigned the ferret enclosure of the Black Forest Zoo in Waldkirch in the background.*

## Leaders continue to develop

Leadership is a very responsible task. It is not only important to be a role model at all times. The relationship between manager and employee is a constant dialogue that requires a lot of trust, empathy and tact. At the same time, there is hardly anything on which the success of a company depends as much as on this dialogue.

Leaders have the task of shaping this dialogue and not letting it break down. Everyone masters this challenge in their own individual way and there is always a need for personal development.

In 2022, Faller Packaging's HR department supported the department and production managers as well as the team leaders in the Operations Folding Cartons division in Waldkirch with several workshops and coaching sessions. The participants were asked to find out for themselves how leadership can contribute to the company's success and employee satisfaction in times of constant change.

In a first step, a work situation analysis was carried out with the help of random interviews in production. The aim was to find out where exactly the participants could improve the working conditions in their teams through their leadership behaviour. Because, as we know, every dialogue begins with listening.

In various individual and group formats and under the guidance of employees from the HR department as well as external coaches, the management team was then able to derive concrete measures to further improve the relationship with their employees.

As this approach was very well received, the HR department at Faller will continue to support its managers in this way and offer similar formats at other locations.

## Of ferret playgrounds and benches

For the apprentices at Faller Packaging, social commitment is an important element in their apprenticeship. In 2022, the young people once again developed exciting and great projects.

The trainees and dual students from Waldkirch took care of the enclosure for the four ferrets at the Black Forest Zoo in Waldkirch. They straightened the ground and formed a completely new base from bark mulch and sand. They also donated a new ferret house for the four curious pelt-noses. To make sure that the little inhabitants don't get bored, they now have self-made toys such as a climbing course and a suspension bridge.

The apprentices from the Binzen and Schopfheim sites also put together a really great project: In the outdoor area of a senior citizens' centre in Efringen-Kirchen, they created a completely new seating area for and with the senior citizens.

Together with the residents, they set up the benches and tables. Comfortable cushions and freshly planted tubs round off the cosy atmosphere of the new seating area.

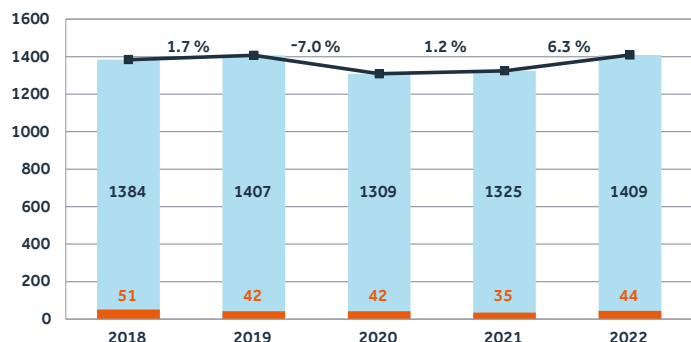


*Thanks to the craftsmanship of our trainees, the seating area for the elderly in Efringen-Kirchen is taking shape.*



### 3.1 Number of employees of the Faller Packaging Group at the end of the calendar year

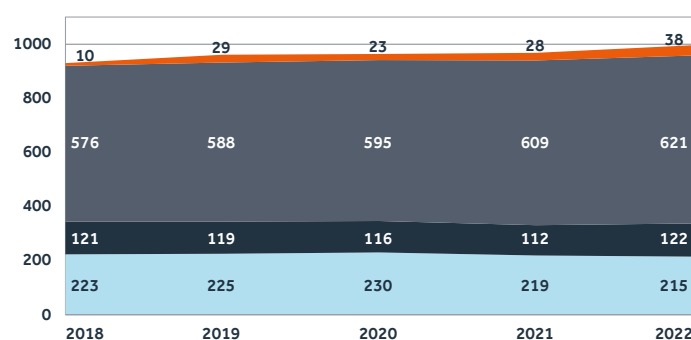
Number of employees of the entire Faller Packaging Group including PackEx GmbH, surveyed at the end of the calendar year in persons, from 2018 to 2022. Increase in the number of employees compared to the previous year in percent. Number of trainees is included in total number of employees.



- Total employees
- Trainees
- Development of the number of employees

### 3.2 Number of employees at the locations of Faller Packaging in Germany

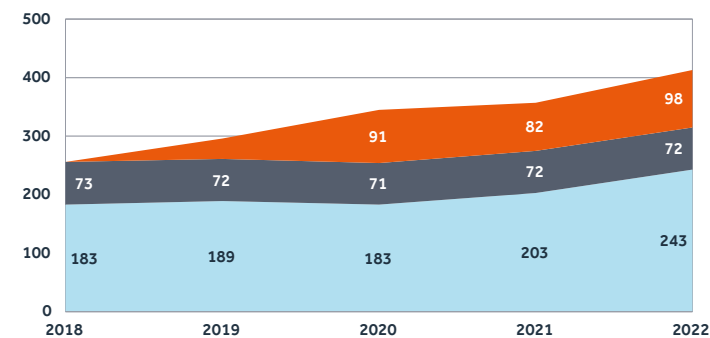
Number of employees at the Faller Packaging sites in Binzen, Schopfheim and Waldkirch as well as PackEx GmbH, surveyed at the end of the calendar year in persons, from 2018 to 2022.



- Binzen
- Schopfheim
- Waldkirch
- PackEx

### 3.3 Number of employees at the international Faller Packaging locations

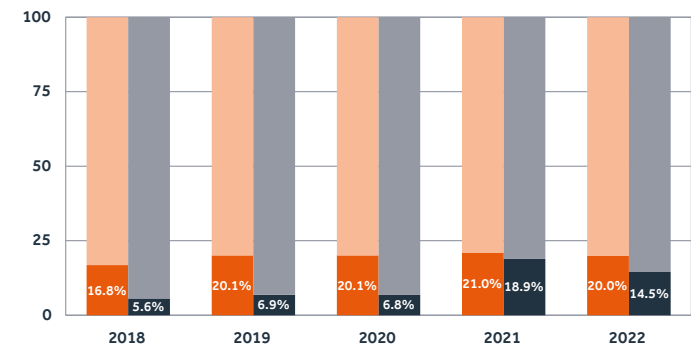
Number of employees at Faller Packaging's international sites in Debrecen, Hvidovre and Łódź, surveyed at the end of the calendar year in persons, from 2018 to 2022.



- Łódź, Poland
- Hvidovre, Denmark
- Debrecen, Hungary

### 3.4 Proportion of women in leadership positions in the Faller Packaging Group

Proportion of female employees in specialist and management positions in the Faller Packaging Group as a percentage of all management positions in the company, from 2018 until 2022



- Women in leadership positions
- Men in leadership positions
- Women in specialist positions
- Men in specialist positions



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#### SUSTAINABILITY REPORT 2022

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August Faller GmbH & Co. KG, Waldkirch 2023

[www.faller-packaging.com](http://www.faller-packaging.com)

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