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SUSTAINABILITY REPORT FOR 2017/2018

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People in focus

11/8/2019, 8 min.

As a global company KHS is well aware of its responsibility to the climate. In its new sustainability report employees describe how they incorporate this responsibility into their everyday work – and which challenges KHS still faces.

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This summer KHS published its third sustainability report. In it the company takes a retrospective look at its commitment throughout the group and its responsibility to society in 2017 and 2018. It describes in detail what has been achieved to date. The focus is also on the future. Where does KHS currently stand with its achievements and where will the next steps take it in accepting its responsibility to the climate?

The report again seizes on a superordinate theme that names specific examples in the individual chapters. The recurrent theme of the last issue of the report was PET and the supposed contradiction between the plastic bottle and sustainability. Even if KHS continues to of course devote great attention to this material, the current publication centers on the responsibility for our climate owing to the great relevance this topic holds for the beverage and packaging industries. On the subject of where further steps have been and still can be taken to reduce our carbon footprint, for KHS customers the filling and packaging processes and packaging itself are of prime interest. In the recently published edition KHS presents its milestones from 2017 and 2018. The Dortmund systems supplier also takes a special look at the optimization of processes in the development and manufacture of its lines and machines.

Zero emissions, saving on energy and resources, reducing waste, the carbon footprint and recycling and also the TCO and 'war for talent' or fight for qualified employees are topics which at the moment are of particular concern to the beverage industry.

Online report: fully networked

Unlike in the past the latest sustainability report doesn't tell a linear story but instead exploits the opportunities presented by its digital form. As not everything is inextricably interlinked but many topics have much in common where sustainability is concerned, the contents have been closely dovetailed also above and beyond the typical report layout wherever this seems prudent. This means that any one article includes references to other sections of the sustainability report which highlight new aspects of a certain topic or show it from a different perspective. There are also links to sources outside the report which provide more in-depth information.

YOU CAN FIND THE REPORT HERE

International standards

KHS first published a sustainability report on a voluntary basis in 2015. The report now out concentrates on its commitment to sustainability and all pertinent developments which have been processed and presented based on internationally recognized GRI reporting standards for global sustainability reports. Nicole Pohl, as senior online manager the person responsible for the publication of the report, says, "We're very aware of our corporate responsibility regarding the various issues of sustainability.

This report should thus measure up to obligatory reports drawn up in line with the GRI standard. Accordingly, the structure and contextual guidelines are thus recognizably reflected in our report. This should therefore also enable our stakeholders to make comparisons between different sustainability reports." It thus goes without saying that some issues are addressed upon which greater focus is to be placed in the future. "In view of all the challenges which face us in the course of the debate on the climate, it's no surprise that we still have many tasks in front of us. What's important is that we permanently question our actions and see where we can also make improvements even on a small scale in an attempt to shoulder our responsibility to the climate." The report illustrates this in the respective chapters with specific examples. "We've also firmly applied ourselves to the sustainable development goals (SDGs) set by the United Nations," Pohl emphasizes. "When reviewing the 17 targets defined in the report we realized that there are many areas where we overlap with our customers, particularly with reference to climate protection."



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Facility manager Ralf Pentinghaus is responsible for defining the ambitious ecological goals at the KHS production sites in Germany.

Strategy and corporate management

In the first part of the report the KHS Executive Management Board underlines the importance of sustainability and responsibility to the climate for the company. As well as introducing the three other chapters on social commitment, economic awareness and ecological responsibility topics such as sustainability management, compliance and innovations are also dealt with. The supply chain is also considered and all key figures relevant to the company are presented. Issues of sustainability are currently the subject of interdepartmental cooperation in an effort to holistically tackle interdisciplinary challenges right from the start.



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Dr. Jochen Ohrem, first a trainee and now expert of R&D Management at KHS, has benefited from the company's targeted encouragement of young talent.

Focus on colleagues

The results achieved to date are down to the commitment shown by all KHS personnel. Select colleagues thus present what has been achieved thus far and what's next on the cards. They are the center of attention and make commitment personal. "In this way we reach out to both our external and internal stakeholders," Pohl explains. "After all, this topic is becoming ever more important and increasingly affecting the day-to-day existences of each and every individual. We want to make sustainability tangible and further sensitize our colleagues to it."

Quoting a number of examples, the various initiatives, actions and measures are described which support climate protection – and the stories told of the people behind them. One case demonstrates how, one evening while watching TV, Christopher Stuhlmann in Kleve had the idea for the Nature MultiPack[™] – the packaging system which holds containers together with dots of

adhesive, thus doing away with the need for shrink film as a secondary packaging. The reader learns how the next day he bought up all the different types of adhesive at his local hardware store and began experimenting - and which stages in the long process finally reaped rewards and led to the launch of the successful product innovation. In another story Jochen Ohrem talks about his own experiences as a trainee in the Engineer4Future program KHS offers to graduates of degree courses in electrical engineering, mechanical engineering and information technology. The 38-year-old is proof of how quickly someone can rise to a position of great responsibility at KHS. New to the company in 2014, since 2018 he has coordinated the R&D Management Department at KHS, a staff unit which initiates and coordinates future projects and funding of these projects. A third example in the section entitled "Lean management" outlines how what's known as the pickling shop in Bad Kreuznach was recently restructured. This refers to the surface treatment process during which the corrosion resistance of stainless steel is ensured. Jürgen Boos and Holger Thomann report on measures introduced to protect wastewater and improve the air quality and a number of other activities which besides protecting the environment also boost efficiency and improve occupational health and safety.

»We have to permanently question our actions and see where we can also make improvements even on a small scale.«



Nicole Pohl Senior Online Manager at KHS

Social commitment

The second main section of the sustainability report homes in on topics such as personnel development, occupational health and safety, diversity and working across the generational divide. The examples included show how KHS is attracting the young generation to work at the company. At the same time it's also making sure that existing, valuable expert knowledge isn't lost when older employees leave KHS. Through targeted and timely exchanges with younger colleagues this expertise is retained for KHS and made available in the long term.

Ecological awareness

"If we want to help our customers to achieve their zero emissions and zero waste targets, we have to lead the way and show what we're doing now and will do in the future to save on resources and thus CO₂," Pohl states. The predictive targets KHS has set itself by 2025 are to be understood in this context. The person responsible for this is Ralf Pentinghaus, head of Facility Management. His maxim is to go beyond the mere fulfillment of requirements and to surpass standards. This section of the sustainability report therefore deals with performance at the production sites and also aspects such as structural investment intended to safeguard the company's own competitiveness and future viability. KHS also portrays its international commitment and shows, through the example of India, how the factory there has long implemented a continuous series of sustainability measures. In presenting the comprehensive site audits, certifications and ratings performed and assigned for ecology and ethics, occupational work and safety and the supply chain KHS is satisfying increasing requirements on an international scale.



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Jürgen Boos from Bad Kreuznach is one of the KHS colleagues who tell their personal sustainability story in the current report.

Economic responsibility

The fourth and last part of the report illuminates sustainability from an economic standpoint. This includes topics such as conserving of resources, which KHS enables through a great number of new and further developments throughout the value chain and which help to cut down on carbon emissions. Issues such as transport and logistics are also explored as they too help to reduce the amount of CO_2 released into the atmosphere. In the field of research and development the report demonstrates how KHS aims to boost production efficiency and thus the amount of added value for its customers, ensuring that products, systems and business models are and remain future proof for both sides.

By way of summary, the report makes it clear that KHS thinks in the long term. After all, sustainability is a process which doesn't lead straight to your desired destination but takes many detours along the way. If you inadvertently take a wrong path once in a while, you simply have to backtrack – as in any ongoing process of learning and improvement.

Any questions?

Nicole Pohl

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