

A fascination for packaging. **Since 1876.**



Sustainability Report 2022

SCHELLING AG



OUR CHILDREN WILL TAKE MEASURE OF THE SUSTAINABILITY WE'RE PRACTISING TODAY – AND IT WON'T BE ENOUGH.



Responsible forestry will ensure the survival of our forests.

LEGAL NOTICE

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Circulation: online edition



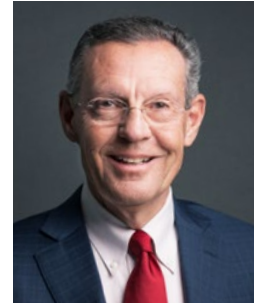


IF EVERYTHING REMAINS THE SAME, SOON NOTHING WILL
REMAIN AS IT WAS BEFORE.

FOREWORD BY THE CHAIRMAN OF THE BOARD

2022 was a year characterised by a pandemic, a war and disrupted supply chains.

A textbook example of prioritising what is important. Largely disregarding environmental elements, our primary concern last year was ensuring that we procured enough goods, had somewhere to store them and could pass on skyrocketing factor prices to customers.



In autumn, the energy crisis was added to the mix, and this proved to be the straw that broke the camel's back. The governments of all countries threw their climate pledges out the window. The fact that Germany, under a red-green government, has reverted to generating electricity with lignite and hard coal and is shutting down clean nuclear power plants on ideological grounds, shows just how far we have strayed from our path.

Unfortunately, this situation also had significant repercussions on the development of our key figures, with excess volumes due to stockpiling driving them up. The economic slowdown in the second half of the year has, however, allowed us to steer our key figures back in the right direction. Unfortunately, there is no real basis for comparison.

At least at two locations, we have taken the major step of installing a series of PV systems, which will help us pursue our goal of consuming less electricity. Whilst this will save money, it will not make a huge difference from an environmental perspective, as we have been using green electricity within our Group for many years now.

The supply chain issue has led Swiss customers to increasingly consolidate their purchasing in Switzerland, which has, in turn, meant that imports are down significantly. We can only hope that this is not just a flash in the pan, but is instead a trend that is here to stay.

COMPANY PROFILE

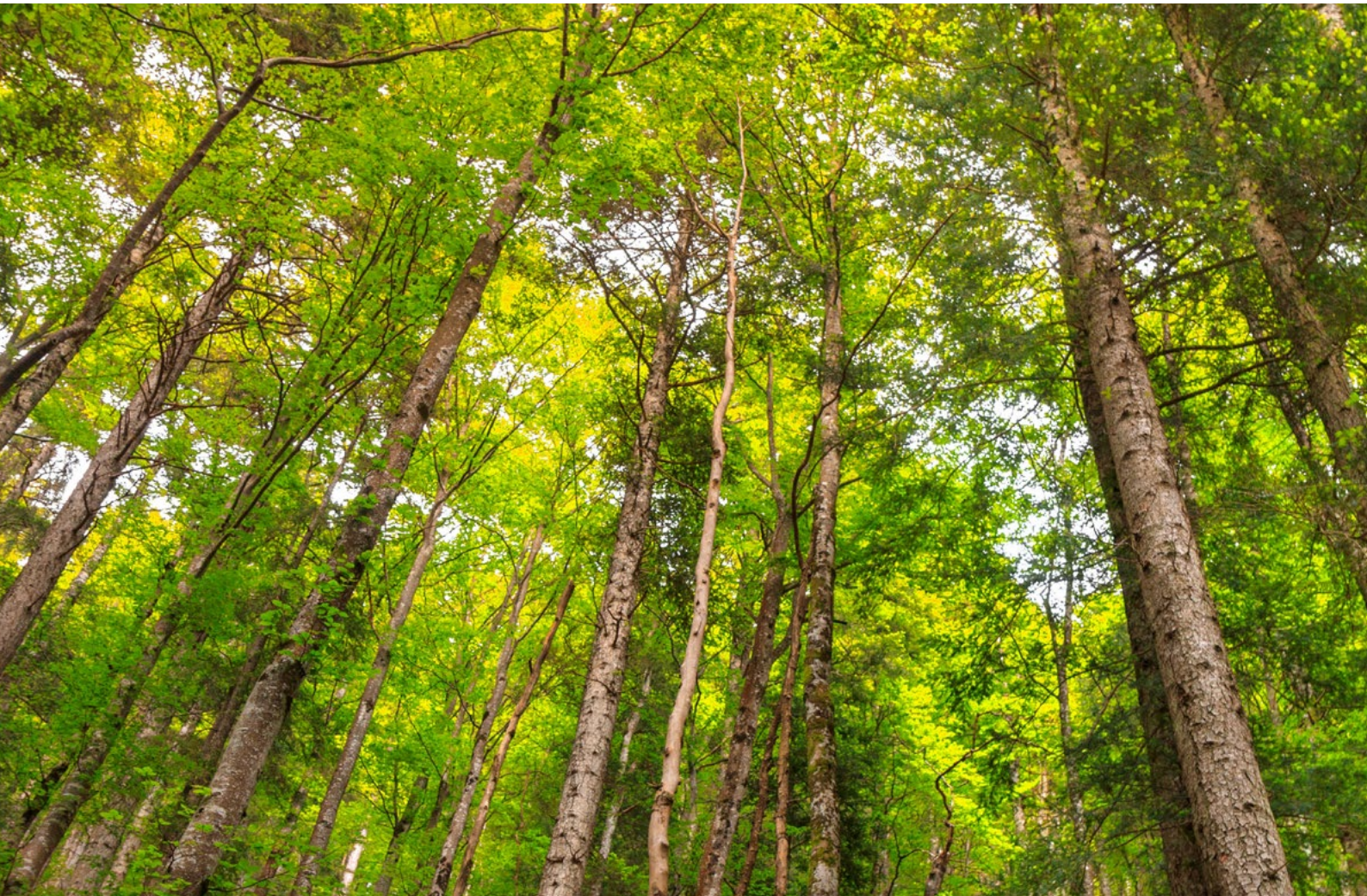
A FASCINATION FOR PACKAGING. **SINCE 1876.**

SCHELLING AG is an independent, Swiss family-owned company whose rich history and traditions extend back more than 140 years.

As a full-range supplier of high-quality packaging and displays made from corrugated cardboard and solid board, as well as print products, package leaflets, and labels, we offer our customers everything under one roof – the one-stop shop for printing solutions and packaging.

SCHELLING AG boasts five locations in Switzerland and Germany, with its headquarters in Rapperswil, branch offices in Schafisheim, Oensingen and Hanau near Frankfurt (Germany) and a subsidiary in Reinach (Birkhäuser+GBC AG).

As a family business, we adopt a long-term approach to business, offering all the advantages of an owner-managed company. We are wholeheartedly dedicated to our customers and we also meet our responsibilities to our employees and the environment.



SUSTAINABLE COMPANY

Sustainability is an integral part of our philosophy within our company. Our employees constantly strive to seize any opportunities to optimise processes and to use resources sparingly. SCHELLING AG actively protects the environment and complies with far more environmental, safety and health requirements than those laid down by law. All sites are certified and are required to use FSC materials and, where possible, VOC-free inks, solvents and cleaning agents. Working with "myclimate", we also offer our customers the opportunity to compensate sustainably for the CO₂ emissions generated by the manufacture of their product.



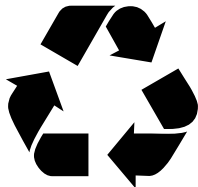
100% GREEN ELECTRICITY AND E-MOBILITY

All our locations use 100% green electricity from sustainable hydropower. All our sites in Switzerland also have electric charging stations, which our customers and partners can use free of charge.



CERTIFIED COMPANY

Environmental protection forms part of our management system. This includes the following environment-related certifications: environmental management system ISO 14001, FSC-COC certification and climate-neutral printing according to myclimate.org.



RECYCLING

Our company has an extensive waste disposal programme. Paper, cardboard, wood, PET, aluminium and many other substances are professionally separated and directly reintroduced into the recycling cycle.



SUSTAINABILITY – RESPONSIBILITY TO THE ENVIRONMENT AND SOCIETY

Outstanding SCHELLING AG packaging systems

We have our own quality label for packaging, displays and logistics solutions that will pay dividends for both the economy and the environment:

ECONOMY x ECOLOGY x EFFICIENCY = e³

ECONOMY: The cost savings generated by ground-breaking packaging systems provides users with a crucial competitive advantage in the market.

ECOLOGY: Economic use of resources, reduced transport volumes, energy efficient and environmentally friendly production and full recyclability.

EFFICIENCY: Innovative construction and automated assembly integrated into the production process produce the required packaging on a just-in-time basis.



In the spirit of holistic thinking, we have also adopted and further developed this quality label for our **internal** use.

EMOTIONS: We expect our employees to put their heart and soul into their work. This is the only way we can ensure that the products we produce appeal to our customers and that our company's key performance indicators improve continuously.

ETHICS: We expect our employees to act ethically at all times in their dealings with and among one another, and with external stakeholders.



Optimisation of overall process costs

In addition to creative packaging solutions that are much more lightweight and made with significantly less material, the market is also increasingly looking for integrated packaging systems. Automation plays an essential role here in the optimisation of overall process costs. Everyone is talking about Industry 4.0. We think that's great. However, the successful implementation of still untapped potential for improvement here requires close cooperation between suppliers and customers. Unfortunately, we have had to accept that this does not always materialise. The focus is all too often on the small matter of price. Total cost of ownership considerations are sadly still the exception, not the rule.

SCHELLING AG also has its own specially developed erection systems that can be seamlessly integrated into existing production processes and workflows and, for example, automatically erect and glue flat packages in the desired quantity just in time.

The savings in material, weight and transport volume of the packaging and displays awarded the e³ quality label not only protect the environment (CO₂ savings), but also save customers money.

Looking to the future – our Z-Welle™ (Z-Flute). Just as stable as the B-Flute, but up to 35% thinner – that is our latest innovation. With the new Z-Welle™, less storage space and transport is required, which reduces the burden on the environment and lowers costs. Our customers also benefit from even better print quality thanks to a significantly reduced washboard effect. The new Z-Welle™ is also available as EZ-Flute, whose cost is 20%-30% lower than that of EB-Flute. Either way, the future is sure to be resource-efficient with Z-Welle™. All these benefits are unfortunately still not recognised by many customers.

Buyers want comparable products, which is why innovative companies often have to wait until the competition has caught up for their products to be in demand.

PLASTIC-FREE SUSHI PACKAGING

We developed a sustainable, paper-based packaging solution as an alternative to plastic thermo-formed trays with lids for a Zurich-based start-up. The special construction reduces air circulation and is the best storage solution for keeping the product fresh. The packaging can also be used directly as tableware, eliminating the need for additional disposable tableware.



SOLID CARDBOARD INSERTS REPLACE PLASTIC THERMO-FORMED COMPONENTS

In sales packaging with viewing windows, plastic thermo-formed components are still often used today for ideal product presentation. That is why we developed an environmentally friendly and recyclable insert made of solid cardboard for our customer Louis Widmer. The special construction has a suspended design and has a much more elegant visual and haptic effect.



FOOD-GRADE CORRUGATED CARDBOARD CALENDAR INSERTS

For our customer Lindt, we developed a sustainable calendar insert made of food-grade corrugated cardboard. The recyclable insert with special material composition is suitable for direct contact with food and replaces the existing plastic solution. The ingenious one-piece construction also enables flat transport, which in turn saves on transport and CO₂.



SUSTAINABLE ADVENT CALENDAR WITH MOULDED PULP INSERT

In cooperation with Papacks, we offer our customers a sustainable and complete advent calendar solution made from renewable raw materials without plastic. It consists of a calendar box with a personalised printed design and an environmentally friendly moulded pulp insert. After use, the insert can be used as a compostable planting bed or recycled. As a planting bed, it rots completely within a few weeks of being planted in the soil.



SOLID CARDBOARD GRID INSERT

The innovative solid cardboard grid insert replaces the commercially available plastic thermoformed inserts. Together with a paper-based outer packaging, this creates sustainable packaging solutions that can be easily recycled after use. Thanks to its ingenious design, the grid insert, equipped with a separating perforation, is produced efficiently for several uses and transported flat in a resource-saving manner.



INVOLVEMENT OF INTERESTED PARTIES (STAKEHOLDERS)

The focus of stakeholder dialogue is on building trust through honest and open communication.

Customers

In order to cultivate a close relationship with customers, SCHELLING AG relies on dedicated sales staff who maintain personal contact with them. Regular trade fair presentations and news releases provide information about company processes and product offerings, encouraging dialogue. Brochures, factsheets and the website provide basic information.

Our specialist teams provide support with innovations and developments, from the initial idea right through to the finished product, whereby the corresponding environmental aspects are given high priority both in the use of raw materials and in the manufacturing processes.

Neighbours and communities

We are happy to give interested groups such as schools, fire brigades, training centres and further education institutions from the surrounding area the opportunity to find out about the activities of our companies during company visits.

Suppliers

SCHELLING AG's purchasing department regularly appraises its suppliers and the corresponding supplier relationships. It analyses evaluation results, formulates target agreements and reviews performance fulfilment. At least once a year, the procurement organisation meets with its most important suppliers. The focus is on risk reduction, sustainability and the assignment of responsibility in the supply chain.

Associations

Employees are actively involved in various industry organisations and associations.

- Swiss Packaging Institute SVI
- Arbeitgeberverband Schweizerischer Papier-Industrieller (ASPI)
- Swisscarton
- IGB – Berufsbildung

Employees

SCHELLING AG employs people from 17 different nations (49% non-Swiss). Here, too, we offer equal opportunities and make an important contribution to integration.

Especially in industrial companies, internal communication is often a real challenge. In addition to personal discussions, SCHELLING AG therefore relies on a multifaceted mix of communication styles, including the internal company newspaper, regular notices and the newly created intranet on IQS. Raising awareness and training our employees to work in a quality-, environmentally- and safety-conscious manner are key topics.

Apprenticeship training

For SCHELLING AG, as one of the largest packaging manufacturers in Switzerland, it is both a pleasure and an obligation to provide young people with good vocational training – they are the future of the industry after all.

Young people enrich us with fresh ideas and new ways of thinking. They actively help shape our company, combining corporate tradition with digital life to transform the future of SCHELLING AG.

As the initiator of “L-Plus”, we offer educationally disadvantaged young people the opportunity to complete an apprenticeship tailored to their needs.

SCHELLING AG offers suitable apprentices a permanent job after completing their apprenticeship. Our apprentices are actively involved in environmental protection. In 2021, the Swiss Packaging Institute awarded a “Swiss Star” to a packaging and display solution for shoes submitted by our apprentices.

Authorities and legislators

To strengthen trust, we have committed to providing information openly. We involve approval and specialist authorities at an early stage in new projects or in changes to existing systems.

Compliance with laws

We comply with all legal regulations concerning the environment, safety and health protection. All relevant standards and laws are documented and stored in the management system. Legal compliance is regularly checked with the help of state-of-the-art software.

Media

SCHELLING AG regularly provides information about company operations and product innovations in various online and print media.

SUSTAINABLE PROCUREMENT

As a company, we also bear responsibility towards the environment and society in the procurement of our raw materials. Purchasing is a matter of trust between contractual partners. We are aware of the responsibilities and requirements relating to sustainability, and we cultivate these values. Our suppliers are subject to international, European and Swiss legislation and are primarily monitored from this angle.

Wherever possible, we use recycled material, as this requires the least resources. However, depending on the product, our customers may also require paper or cardboard made from virgin fibres – e.g. in the food and pharmaceutical sectors. In order to prevent illegal logging, we attach great importance to controlled sources here and, wherever possible, buy paper and cardboard that is certified according to FSC®. This in turn helps to sustainably support certified forestry.

Our product range strategy focuses on quality and continuity, which is reflected in our choice of suppliers. This is how we also want to cultivate sustainability in the long term.

TRANSPORT

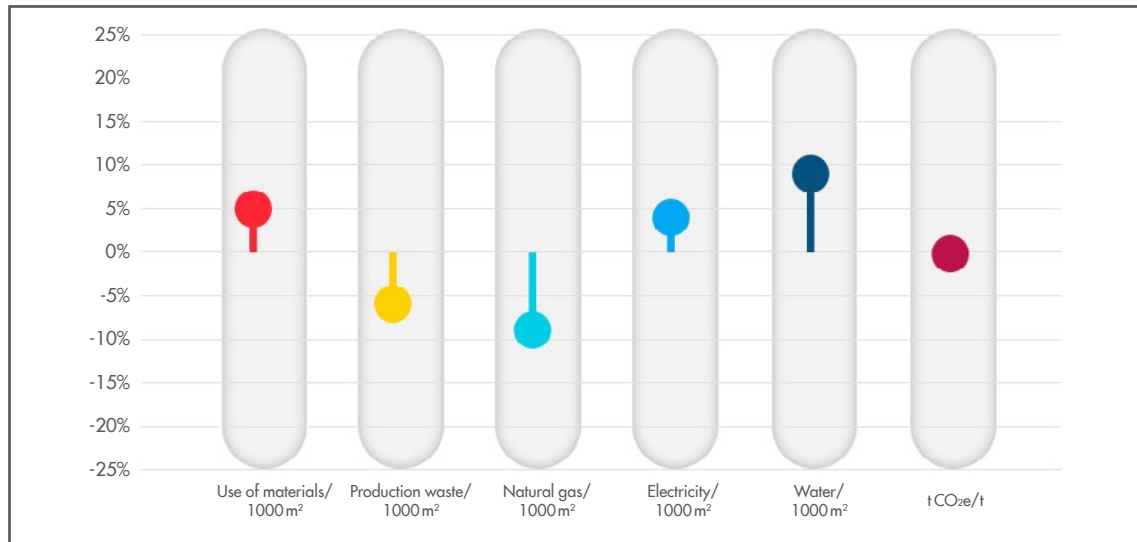
Further transport optimisation, especially with regard to CO₂ reduction, is proving more difficult than we thought. We are seeing a lack of willingness on the part of many customers, the reasons for which are extremely varied: reduction of own stock, just-in-time deliveries, quantity reduction, and so on. There is no pressure for direct reduction here.

CLIMATE-NEUTRAL PRODUCTION

SCHELLING AG is committed to taking sustainability into account in all its processes and activities. These activities also include climate-neutral printing of selected packaging, displays and print products. We work with "myclimate" to integrate climate protection into our business. Ranking among the world's leading providers of voluntary offsetting measures in environmental matters, carbon offset projects initiated by "myclimate" are characterised by their compliance with very strict criteria. The projects meet the highest standards (CDM, Gold Standard, Plan Vivo), which, in addition to reducing greenhouse gases, demonstrably make a positive contribution to sustainable development on a local and regional level. However, the demand for climate-neutral packaging has decreased significantly. The effective emissions (tCO₂e) have fallen by 27% since records began.



SUSTAINABILITY INDICATORS



- Use of raw materials**
 The average use of materials has increased slightly. This is largely dependent on the product mix and customer requirements.
- Waste**
 As in previous years, a significant reduction in the amount of raw material waste was again achieved through various internal projects and improvements.
- Gas**
 Optimised settings have led to lower gas consumption.
- Electricity**
 The long, hot summer meant that our production facilities had to be cooled a lot more and for longer in order to ensure consistent product quality.
- Water**
 Increased cleaning cycles are the reason for the slight deterioration on this front.
- CO₂/t product**
 Although the emission of CO₂/t product has remained the same, we have been able to reduce total emissions by 27% since records began. With increasing volumes, an improvement on the product can be generated directly.



The CO₂e/t product (scope 3) is as follows for the products from the different production sites:

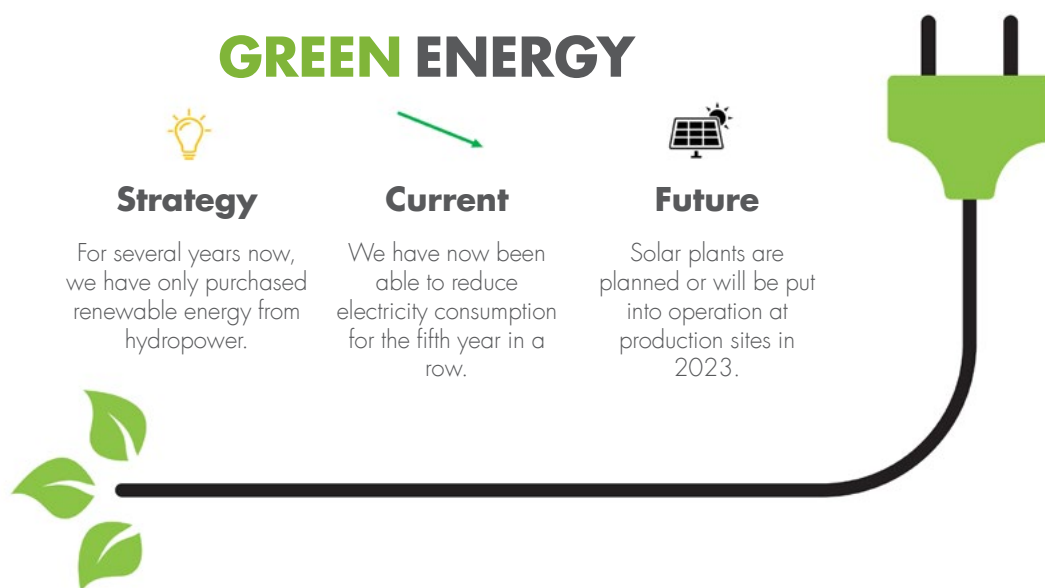
• SCHELLING AG Rapperswil	1.30 tCO ₂ e/t
• SCHELLING AG Schafisheim	1.70 tCO ₂ e/t
• SCHELLING AG Oensingen	2.00 tCO ₂ e/t
• Birkhäuser+GBC AG Reinach	1.59 tCO ₂ e/t

Includes all other indirect emissions arising from the production of raw materials, products or services used by the company as well as business traffic in vehicles not owned by the company.

VOC reduction

VOCs could be significantly reduced or avoided by using substitute products.

SUSTAINABILITY PROJECTS



Sustainability project	Measures introduced	Level of implementation	Targets for 2023
Reduction in any waste in all areas	Detailed recording of all waste. Various projects to reduce waste.	95%	Paper/ cardboard –5% Refuse –3% Other –5%
ENAW and ACT	Long-term projects, incl. targets agreed with the canton or federation to reduce CO ₂ emissions.	100%	Ongoing target agreements until 2022
Energy saving	Reduce energy consumption on an ongoing basis by using (exchanging) new technologies (LED).		Ongoing process
Board profiles	Z-Welle incl. combinations to reduce transport volumes and storage capacity.	70%	Continue to replace B-Welle with Z-Welle 90%
Occupational safety	Record processes in IQS. Rapid processing and documentation in IQS.	95%	0 accidents
Reduction of sick leave/ employee motivation	Return-to-work meetings with potential for improvement and countermeasures.	90%	20% fewer sick days
SAG-TOP (lean management)	Daily check with countermeasures; performance improvement, 5S, accident prevention, quality	75%	90% lean
Sustainable use of rainwater	Installation of water tank to use rain water for flushing the toilet.	100%	
Heat recovery	Sub-projects in Reinach.		
Photovoltaics	The installation of photovoltaics will be assessed in Schafisheim, Ruppertswil and Reinach.	100%	Concluded in March 2023
Building insulation Lighting upgrade	Partial renewal in Reinach. Start of legal requirement implementation.		

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

General

With its safety strategy, SCHELLING AG defines its long-term focus with regard to occupational safety. Corresponding measures and goals are defined on an ongoing basis and introduced or implemented according to the state of the art. Our managers contribute to our success through their support.

The ISO 45001:2018 certification in Reinach highlights the importance of this topic.





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