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SUSTAIN
ABILITY
REPORT



BHS

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The present Sustainability Report discusses fiscal year 2022 of BHS Corrugated Maschinen- und Anlagenbau GmbH and concerns the main location at Weiherhammer, Germany. The report is aligned with the Global Reporting Initiative Standards (GRI).

Notification concerning gender: Any designation of persons in this Sustainability Report always refers equally to people of female, male, and other genders. Strictly for ease of reading, gender-specific spelling and multiple designations have been omitted in some places. All designations of persons should therefore be understood to be gender-neutral.

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Foreword



Dear readers!

We live in a swiftly changing world. The increasing effects of global warming, climate change and its tangible effects demand our immediate attention. But not only is our planet experiencing changes, the working world is undergoing a profound transformation as well. In view of these challenges, we must ask ourselves some important questions: How can we contribute to creating a sustainable future? What can we contribute to the Sustainable Development Goals? And how can we support the European Green Deal?

We have ideas, we have plans, but before we take a look into the future, we would like to begin our first Sustainability Report by looking back. We would like to determine our status-quo and our current actions regarding sustainability in our various divisions. This will serve as a benchmark for our future efforts and will allow us to demonstrate our improvements from year to year.

As a company, we are proud to provide our support to the European Green Deal, which is playing a decisive role in the transformation of Europe to a climate-neutral economy. We are committed to structuring our business processes and innovations in accordance with the goals of the Green Deal and are thereby actively contributing to a sustainable future.

However, we are aware that we cannot overcome these challenges alone. Partnerships throughout the whole value chain are essential. Our employees are crucial in this process. Without them, we would not be where we are today, and without them, we could not continue along a sustainable path.

In the following pages, you will therefore find an overview of our efforts to minimize our ecological impact, to assume social responsibility, and to promote transparent business practices. In the process, we are focused on the Sustainable Development Goals of the United Nations.

Christian Engel,
Spokesman for Management and Co-owner of
BHS Corrugated Maschinen- und Anlagenbau GmbH



Company

**The leading provider of solutions
in the corrugated board industry**

B HS Corrugated Maschinen- und Anlagenbau GmbH is a family-led company with its headquarters in Weiherhammer, Germany. As a leading provider of solutions in the corrugated board industry, we can look back on a 300-year-old success story. Today, BHS Corrugated is represented globally in more than 20 countries with more than 3,200 employees.

Please note: This report only relates to the Weiherhammer location.

01



A 300-year-old success story

1717

The history of our company begins in the year 1717. Where the headquarters of BHS Corrugated stands today, Count Palatine Theodor Eustach founded an ironworks in the early 18th century. On September 27, 1717, the blast furnace is completed, the first workers are hired, and the furnace is “started up.”

1927

The BHS company (Bayerische Berg-, Hütten- und Salzwerke AG, or “Bavarian Mountain, Mill, and Salt Plant”) is founded. The Free State of Bavaria thus transfers the public sector companies, which were previously managed as agencies, to the new company in return for the issue of shares. Munich remains the headquarters of the company and the central administration. Up to the mid-20th century, the focus remains on manufacturing cast parts for the construction of canals, machines, and roads.

1960s

A global structural change is about to take place: Due to the rise of the petroleum industry and the beginning of the plastics era it ushered in, future opportunities for foundries are dwindling. Paul Engel, father of the current Managing Directors Christian and Lars Engel and then Head of Sales of BHS AG, initiates a strategic transformation through his ideas. His proposal to invest in the development and construction of machines for manufacturing corrugated board convinces the management of the Bavarian state-owned company. Paul Engel becomes Head of Sales for the Corrugator division and leads BHS through the period of restructuring.

1961

Only a year later, the first corrugator is delivered to the Stahl company in Fleck/Lenggries. At the time, no one anticipated that the new production division would take a leading role in the creation of corrugated board worldwide 60 years later.

1989

Turbulent times begin, especially in the discussion over the strategic redirection of the company. Edmund Bradatsch (an engineer with BHS since 1969) and Paul Engel leave Bayerische Berg-, Hütten- und Salzwerke AG and found their own company, “BHS-Witron Vertriebs-GmbH (BWV).” Both remain available for consultation.

1991

The Free State of Bavaria sells the BHS plant to the VIAG Group, a conglomerate covering the business areas of energy, aluminum, trade, and shipping. The BHS Group is brought into the VIAG subsidiary “SKW Trostberg,” a chemical company. Though a quick initial public offering was the goal, it is repeatedly delayed. This is due to the level of economic success of the BHS division in Weiherhammer, which was far from satisfactory from 1991 to 1993.

May 1993

The future is at stake: Either the Weiherhammer location will be closed immediately, or the corrugator division will be sold from the VIAG Group. Dr. Georg Obermaier, chairman of the board at VIAG, personally consults Paul Engel about the latter.

Founding on August 1, 1993

On August 1, 1993, a new path is charted in Weiherhammer. Side by side, the Engel and Bradatsch families found BHS Corrugated Maschinen- und Anlagenbau GmbH. Although the privatized BHS “Bayerische Berg-, Hütten- und Salzwerke AG” has not existed since 1989, some of the successor companies still bear the shortened “BHS” in their names. So does the new “BHS Corrugated Maschinen- und Anlagenbau GmbH,” whose name refers to its successful product of “corrugated card” or “corrugated board.”

Underway in a digital age

Beginning in Weiherhammer, where the forge was first founded in 1717, the BHS Corrugated Maschinen- und Anlagenbau GmbH strides into a successful future as a driver of technology and a lifecycle partner for the corrugated board industry.





Divisions

Corrugated board is one of the crucial packaging materials in the world. According to data provided by Verband der Wellpappen-Industrie e.V., almost two thirds of all goods in Germany are packed in corrugated board. This clearly demonstrates the importance of the task we set for ourselves every day: To continuously improve the production possibilities of corrugated board. With our products, services, and digital solutions, we make a positive contribution to providing the economy with corrugated board, a crucial packaging material, throughout the world.

Our goal for the manufacturing process of corrugated board comprises efficiency optimization and resource conservation to the fullest extent. Our focus therefore lies on advising and supporting our customers, the global manufacturers of corrugated board. Our mission to continually increase the productivity of our customers' corrugators while improving their profitability at the same time was not a matter of chance. This undertaking can only be achieved through products and services that are ideally adapted to the needs and markets of our customers. In the process, we place a strong emphasis on the use of digital technologies and business solutions. Armed with our perennial experience, our high-tech expertise, and staying devoted to our strategy, we will be by your side as a reliable partner for the entire life cycle of a product.

In close collaboration with our customers, we strive for even better solutions, and when our customers need us, we are there for them.

We recognized early on in our history as a company that the continued development of corrugated board production did not consist solely of optimizing new corrugators. On the contrary, considering all the processes of a corrugator is far more decisive for a high-quality and productive workflow. From the incoming order to the finished product leaving the plant. Consequently, it is not enough to focus solely on the corrugator. It is necessary to think outside the box, think big, and keep the entire corrugator, with all its upstream and downstream processes in view. To improve the production of corrugated board and make it more efficient, we had envisioned a new reality for the corrugator of the future: the Box Plant 2025.

Business Unit Equipment

Our portfolio includes both individual machines and complete corrugators. That means that we can deliver the perfect system for any needs. Our machines are complemented by our Corrugated 4.0 solutions, a comprehensive package of software solutions and process control systems. This enables optimized process control over the entire manufacturing process.

Business Unit Lifecycle

Productivity, quality, profitability, and maximum availability: Corrugator operators face many diverse and complex challenges every day. That is why our Lifecycle Service Team takes a customer-focused approach to their work, with the goal of supporting our customers throughout the entire lifetime of their corrugators. Our service combines close contact with our customers with the flexibility of individual solutions, custom combinations, and comprehensive solution programs. With our global team, BHS Corrugated delivers lasting benefits to our customers – whether on site or remotely.

Business Unit Digital & Logistics

From the beginning, our Business Unit Digital & Logistics had a clear vision: Corrugated 4.0 – Process automation and software solutions for a modern corrugator, including intralogistics and digital printing. In 2019, BHS Corrugated successfully introduced the iCorr® digital service platform, which made expert knowledge accessible everywhere. Particularly during the COVID-19 pandemic, digital customer contact and remote support were of utmost importance. During this period, the technology proved itself to be the backbone of our daily work.

Through the integration of a Single Pass Inkjet System as part of a fully automated digital printing process, BHS Corrugated is actively participating in creating the future of corrugated board production.

With BHS Intralogistics, we also offer more efficient material and logistics processes, a higher degree of automation and autonomous solutions. From unloading trucks to loading up completed products, we ensure that everything is traceable.

Our Vision Mission Statement:

BHS Corrugated will become the lifecycle company of the coming digital decade. Our market position is based on offering superior solutions for our customers. Our mission is to increase our customers' profitability while following future global Green Deal requirements. We develop digital technologies and business solutions based on our experience, our expertise in the field of lifecycle services, and the available data to increase the productivity of systems in the corrugated board industry.



Management

Management

“Helping our employees reach peak performance,” that is the approach that Christian and Lars Engel used to lead BHS Corrugated, a company steeped in tradition, into the future. It is our mutual goal to develop market leadership and establish BHS Corrugated as a lifecycle company in the digital age.

Christian Engel

Spokesman for Management

His professional path with BHS Corrugated began in 1994. From 1994 to 1995, Christian Engel held the role of Regional Sales Management Asia for BMW GmbH in Weiden, Germany. From 1995 to 2000, he was a member of the management of BHS Corrugated. Since 2000, he has been Spokesman for Management.

Lars Engel

Management with a focus on Strategic Customer Management

He has worked for BHS Corrugated since 1996. In the years from 1996 to 1999, Lars Engel took on conceptual project tasks and contributed to the development and expansion of the USA divisions. Since 2000, he has held the role of Managing Director of BHS Corrugated.

Group Executive Committee

Strategic decisions are made by our Management Board, the GEC (Group Executive Committee). The GEC meets on a regular basis to review the strategic direction of the BHS Group and make policy decisions. In addition to strategic questions, current economic and political developments are also discussed.

The central instrument of the GEC is the 6-year plan (referred to as the Futura). Using the Futura, the GEC develops the master schedule for achieving the mission and vision of BHS Corrugated. In the process, a strong focus is placed on developing strategies for the Business Units, Shared Services, and Support Units. The measures are reviewed and adjusted as appropriate in daily and monthly GEC meetings.

Nominations for the GEC are handled by Christian and Lars Engel with the goal of further developing BHS Corrugated together. Nominations are given to people with exceptional experience and expertise in their fields.

In 2022, the GEC was composed of the following people.

Christian Engel

Managing Director

Lars Engel

Managing Director

Günter Huber

Head of Business Unit Equipment

Helmut Kraus

Head of Business Unit Digital & Logistics

Dr. Thomas List

Group Chief Financial Officer

Dr. Thomas Meenken

Chief Technology Officer

Manfred Riedl

Chief People Officer

Christian Schneider

Chief Operating Officer

Markus Winkler

Head of Business Unit Lifecycle

Harald Wittmann

Chief Information Officer

Compensation policy

The Managing Directors receive a base salary and a bonus based on performance. The Group Executive Committee receives a base salary and variable compensation composed of a short-term bonus and a long-term bonus.

The goals set apply for the GEC as a whole. At the present time, these goals do not yet contain a sustainability component. However, this will be considered for future goals.

Shareholders' committee

The company has a shareholders' committee consisting of six members. They include four members of management and two people selected by the Bobst Group. Christian Engel is the committee's chair.

To avoid conflicts of interest, the “arm's length principle” is used. Compliance with this principle is monitored by the shareholders' committee.

standing from left to right: Günter Huber, Lars Engel, Christian Engel, Markus Winkler
seated from left to right: Dr. Thomas Meenken, Christian Schneider, Manfred Riedl, Helmut Kraus, Harald Wittmann, Dr. Thomas List





“Bavaria’s Best 50” Award

For the 2nd time, BHS Corrugated is among “Bavaria’s Best 50.” This means we are one of the 50 fastest-growing mid-sized companies in Bavaria.



“Best Managed Companies” award

“We feel honored to have been distinguished by the ‘Best Managed Companies’ award 2022. It embodies what we and our management stand for, namely using a strategic world view, the power of innovation, and sustainable management to shape the future of BHS Corrugated and therefore also our customers and the entire industry.”
(Christian Engel, 2022)

Compliance

We view legal, ethical, and responsible behavior as an essential part of our entrepreneurial and social responsibility. That is what we stand for at BHS Corrugated – in harmony with our employees as well as our business partners and suppliers. Globally and without compromise.

The management of BHS Corrugated declares its commitment to the principles of the Compliance Management System (CMS). As a staff position, the topic of Compliance is structurally anchored to management and reports directly to them. All employees regularly complete both, a general compliance training and trainings on topics such as anti-corruption and money laundering.

Our daily work is based on internationally recognized standards, the international Human Rights Charters, the UN Principles for Economics and Human rights, and the UN Global Compact. In 2023, we joined the UN Global Compact to partake in making globalization more socially and ecologically responsible.

Whistleblower system

To ensure timely discovery, follow-up, and, when relevant, punishment of compliance infringements, BHS Corrugated has introduced a group-wide whistleblower system. Using internal and/or external reporting paths – if desired, also anonymously – reports of (alleged) misbehavior can be addressed.

All our (past and present) employees, customers, suppliers, and even third parties have our encouragement to notify us of any infringements of the law or our guidelines and Code of Conduct.

Model Factory for Paper

Since 2022, BHS Corrugated Maschinen- und Anlagenbau has been a partner in the “Model Factory for Paper.” As a nonprofit enterprise, the Model Factory has the goal of conducting pre-competitive research on CO2 neutrality and energy efficiency in the paper industry. With the Model Factory for Paper, the paper industry is already taking the initiative today to achieve the climate goals of tomorrow.

“We want to support the vision of the Model Factory for Paper by becoming a partner and adding our expertise and many years of experience in the industry. For BHS Corrugated, as one of the largest solutions providers in the corrugated board industry, sustainability and climate neutrality are major topics.”

[Christian Engel, 2022]

The goal of our whistleblower system is to use the tips received to initiate a transparent, traceable follow-up process and simultaneously consider the interests of the whistleblower, the affected parties, and the company.

In addition, any compliance infringements that are discovered will have appropriate and transparent measures within the company or legal consequences for the relevant parties.

One of the main goals of our whistleblower system is the protection of the company and its employees from damages or risks. In the process, we are not only taking heed of the German Act for the Protection of Whistleblowers, but also facilitating the investigation and removal of improper circumstances or behavior with each report, both in the supply chain and within the company.

Throughout the investigation process, great value will be placed on the protection of the whistleblower. This concerns both protecting their identity and protection against possible retaliation.

In 2022, a report was received through the whistleblower portal, leading to appropriate internal precautions and measures.

Code of Conduct

With the CMS, BHS Corrugated pursues the goal of having all employees and executive bodies directing their actions to comply with the existing compliance culture and any relevant legal provisions. Law infringements, especially regarding corruption, anti-trust law, money laundering and human rights are intended to be prevented or uncovered by the CMS.

The associated Code of Conduct offers employees clear guidelines and support in identifying cases of corruption or bribery. In addition to this, guidelines for how to handle gifts and conflicts of interest are explained in detail. BHS Corrugated also has many internal guidelines and work instructions that direct the actions of our employees.

Compliance with these goals should ensure the avoidance or discovery of infringements against compliance, the identification of compliance risks, protection against damage to our reputation or image, the avoidance of damage compensation claims and fines and the minimization of the risk of liability of employees based on infringements against compliance.

There are also guidelines regarding money laundering aligned with the Code of Conduct. Thus, we clearly declare our dedication to fighting money laundering and have introduced internal security and organizational measures (trainings and guidelines) accordingly. This should prevent BHS Corrugated from being misused for purposes of money laundering or financing terrorism by contractual partners or transaction partners.

**Sustainable procurement
[Code of Conduct for business partners]**

We expect legal and ethical behavior not only from our employees, but also from our suppliers and business partners. To ensure this, BHS Corrugated has composed a Code of Conduct for suppliers and business partners that is an essential component of every contractual relationship with third parties.

Our expectations of our business partners and suppliers particularly include promoting environmentally conscious actions and the responsible use of resources throughout the entire production process. We set great value on unlimited compliance with applicable laws and international standards. This particularly includes the protection of the environment and health, protection of workers’ rights and human rights, and the prevention of corruption.

The willingness to take joint responsibility is essential for us. This becomes visible and tangible in strong partnerships with our suppliers and collaboration that is characterized by mutual values and goals.



We are uniting under a shared agenda to eradicate extreme poverty, tackle climate change and ensure a life of dignity for all.

**We support
the United Nations Global Compact**

#UnitingBusiness

Sustainability Management

02



"Top 100" Award

For the second time, we – a mid-sized company – were honored by compa-media for our particularly high level of innovation and outstanding success.

Sustainability Organization

Sustainability is a topic that affects our entire company. To create the basis for sustainable development and collaborate across departments, a corresponding organizational structure was established. This enhances bundling sustainability matters and is the central point of contact for sustainability topics. In collaboration with specialists, sustainable goals can then be set, and their targeted implementation can be coordinated.

As an interface to the various departments in the company, the team of "Environmental Social Governance" (or short ESG) deals with the departments of the environment, social responsibility, and sustainable management. The environment department particularly focuses on the topics of energy management, innovation, and development, as well as manufacturing. In the social department, there is close collaboration with Human Resources and the foundations. Regarding sustainable management, the "Corporate Governance" department and the Compliance Officer were established years ago. To better understand the challenges and needs of our customers, collaboration with Sales is essential. As sustainability aspects will become increasingly prominent in supply chains in the future, consultation with Purchasing is also important.

The ESG topic is reported directly to management. Here, Christian Engel is responsible for the Sustainability division.



Materiality Analysis

The materiality analysis is the foundation for our efforts to integrate sustainability and social responsibility into the core aspects of our business activities. The analysis process permits an identification of relevant topics on which we, as a company, can have a substantial influence. The goal is to analyze the effects of our company on the environment and society. To achieve this goal, our internal perspective was compared with the perception of external stakeholders. During the process, environmental, social and economic issues were identified that have an impact on our company now or in the future, as well as issues that affect our business activities.

To conduct the analysis, we drew on the Sustainable Development Goals (SDGs) and the reporting standards of the Global Reporting Initiative (GRI), among others. Various methods, including workshops, digital surveys, and individual conversations, facilitated the collection of diverse perspectives of stakeholders.

Together with the management, for example, workshops were held to establish what they considered to be the key issues. This included the development of renewable energies and diversity in junior

management. In relation to the SDGs, the individual topics were evaluated according to their importance for BHS Corrugated. In the process, it became clear that the resulting goals could be divided into an internal view and a product-related view. This separation was also eminent when surveying other stakeholders. The requirements of stakeholders who have direct contact to our business activity were different from those that have interest in our efforts towards sustainability through our products.

As part of a digital survey, our employees were asked to evaluate the materiality of topics. The survey showed that social topics and the protection of the direct environment were crucial for employees. Aspects such as workers' rights and human rights, work safety, health protection and the avoidance of discrimination were selected as important. Another essential topic was training and continued professional development.

In contrast to this, the environment was the most critical aspect for business partners. In individual conversations, conserving resources and the circular economy were evaluated as an important topic

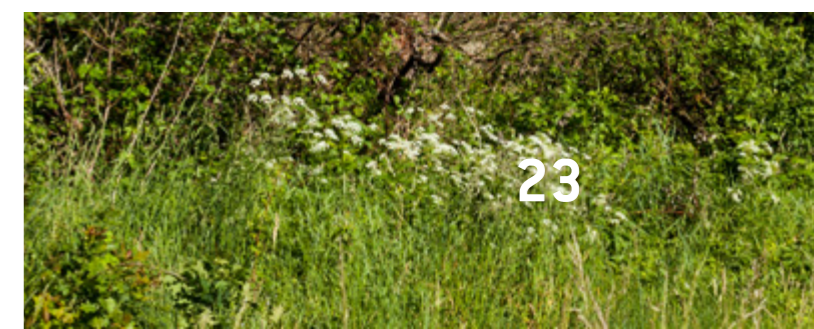
by stakeholders (e.g., customers and suppliers) who have a business relationship with us. To supplement the conversations, results were taken from past dialogs, as well as from the media and scientific studies.

In summary, it emerged that in the internal view, topics such as working conditions, education, social engagement, and the protection of the direct environment were in focus. However, the product-related view placed greater emphasis on topics such as efficient use of resources (conserving resources and avoiding waste) as well as product responsibility (circular economy and use of sustainable materials). The importance of partnerships was emphasized in both views.

Based on the results of the materiality analysis, goals and measures are currently defined to do justice to our responsibility in the material topic areas. Overall, we intend to achieve continuous improvement and will adjust our business strategies accordingly. As a dynamic process, the materiality analysis enables us to react agilely to the changing needs and expectations of our stakeholders, while at the same time making a comprehensive contribution to sustainable economies and social responsibility.



The Sustainable Development Goals, or SDGs for short, are 17 goals set by the United Nations. Their intent is to enable people around the world to live in dignity and to preserve the natural foundations of life.





Environmental

03

We perceive our responsibility in matters of sustainability in two different perspectives. Firstly, we consider it our responsibility as a company to act sustainably. Secondly, it is also critical for us to facilitate sustainable corrugated board production through the machines we develop. By the latter, we actively support our customers in their sustainability efforts.

Downstream

Value Chain

Due to the use of renewable raw materials and a high potential for recycling, corrugated board is inherently a product with a very high sustainability factor. With the development of innovative solutions, we actively participate in making corrugated board even more ecologically friendly as a product. The goal is the constant reduction of energy consumption in the production of corrugated board and thus the reduction of greenhouse gases and the reduction of primary resource use (such as raw paper, glue, and water).

In addition to our ecological responsibility, safety and security when handling our machines and systems is of course also included in our understanding of product responsibility. That emphasizes the importance to continually develop our products to continuously improve the working conditions of operating and maintenance staff.



Conserving Resources

The biggest carbon footprint in the production of corrugated board comes from the raw paper. The biggest lever for saving resources is thus minimizing the use of raw paper and the proportion of already produced but not further processed corrugated board (scrap).

In terms of sustainability, there have been many improvements in manufacturing corrugated board over the past decades. The development of the band machine and thus the shift away from the pressure role machine was one of the biggest changes. After all, certain speeds could cause the paper to be damaged through the pressure role machine. The change to the band machine facilitated the use of lighter paper weights. The same effect, namely the possibility of reducing the amount of required paper, was achieved by modifying the load system in the heating and traction section. By applying individual load profiles for each type of corrugated board, lighter paper weights could be used as the corrugating medium – without a reduction in quality.

One challenge is the adjustment of corrugation heights and distribution to the needs of the packaging. This can entail significant savings in paper, but

it requires a high degree of flexibility in the corrugator. The development of the quick-change machine for corrugating rolls makes it possible for the corrugated board producers to master this balancing act flexibly. Thanks to the quick-change machine, the corrugating roll with the specific roll profile needed can be swapped in without requiring an extensive conversions. In addition, there was particularly no ideal flute profile available for the significantly growing “shelf-ready packages,” which is why operators generally fell back on the next larger medium. The consequence was increased paper use. With the introduction of a specific flute (D flute), this gap was closed once and for all, saving valuable resources.

An element no less important than resource use is the ratio of material input to output that is suitable for sale or further processing. Of course, some scrap is inevitable in corrugated board manufacturing: Unavoidable scrap, such as edge trim, and avoidable scrap, which could occur through problems in production. With various innovations, it is possible to significantly reduce unavoidable scrap. The synchronized splice in quality (grade) changes, for example, ensures that all paper splices are on one sheet. Meanwhile, the remaining roll calculator minimized the unusable remnants on the paper role.

Innovative technology

conserves resources:

The average steam temperature in production can be decreased by up to 10 degrees thanks to improved technology and lighter paper.

In addition to the improvements in manufacturing corrugated board to reduce unavoidable scrap, systems to reduce avoidable scrap have also been developed. Production errors such as too little glue, incorrect sheet format, or scorer positions, for example, can be quickly recognized using these systems. Another system, which monitors and adjusts the flatness of the corrugated board, prevents the production of inadequate quality. At the same time, temperature monitoring guarantees energy-conscious operation.

With these improvements, it was possible to achieve significant reductions in waste in downstream processing and reach increased machine availability at this step in the value chain at the same time.

Newly developed working widths of 2,800 and 3,350 millimeters also contributed to efficient use of raw materials. Here, the proportion of the edge trim to the corrugated board produced is lower than for narrower working widths. At the same time, economies of scale allowed the electric and thermal energy requirements for each square meter of corrugated board produced to be measurably reduced.





In recent decades, it has also been possible to significantly reduce the amount of glue needed. As well as reducing the consumption of thermal energy, this also saved the valuable resource of starch.

Through various systems such as the AutoPilot, the combination of constant operation in connection with significantly fewer stops once again improved the conservation of energy and resources in the production of corrugated board.

Longevity

Another significant element in conserving resources is the lifecycle of machines and components. Even

during the development and manufacturing phase, we prioritize the longevity of our corrugators. In a corrugator's first phase of life, the average lifespan for use is more than 25 years. Because our corrugators are often then sold to other markets, one or more additional phases typically follow. A total lifespan of more than 40 years is therefore not at all rare.

Thanks to our comprehensive lifecycle product palette and through regular maintenance and correct operation, the lifespan of a corrugator can be significantly extended. Yet another reason why we emphasize our maintenance services and trainings offered to customers on site.

Using the extensive and adaptive basic equipment of our machines, we can use upgrades to react to current conditions as well as new developments.

As the lifecycle partner of our customers, we provide ongoing advice about what measures are possible to extend the lifespan of the machine and how they can be implemented.

With our product portfolio, we would like to support a recycling-oriented society and the circular economic model associated with it.

In 2023, we therefore joined the 4evergreen alliance.

4evergreen is a cross-industry alliance currently consisting of more than 100 members that represent the entire lifecycle of fiber-based packaging – from forests to designers, manufacturers, trademark owners, and recyclers. The members share their expertise to develop instruments and guidelines for an even more sustainable sector. The goal is to achieve a recycling quota of 90% for fiber-based packaging by 2030.



Biodiversity

We are aware that every activity impacts our environment. As BHS Corrugated, we strive to reduce this influence to a minimum and make a positive contribution at the same time.

The special situation of our main location at Weiherhammer, Germany, enables us to promote biodiversity directly outside of the company doors. There are designated nature and landscape conservation areas on our site. The “Beckenweiher,” an important habitat for waterbirds, provides our main location with a special atmosphere and is also an important resting place during bird migrations.

We see it as our most important duty to avoid negatively influencing the nature and landscape conservation areas that surround our site through our activities. The active preservation of nature and its sustainable improvement is very important to us.

Regular inspections of the protected areas as well as the implementation of necessary measures if required are a significant contribution to this. Additionally, we are active in providing

- nesting boxes for birds,
- habitat for many colonies of ants,
- habitat for the brown long eared bat (an endangered species),
- meadows for insects
- ideal conditions for sky larks (an endangered species of bird) to brood.

In all our activities, we work closely with the Bavarian authorities for the protection of nature and the State Association for the Protection of Birds and Nature to promote biodiversity.

Resources

Energy and Emissions

As a manufacturer of specialist machines, we have high daily energy needs. To achieve our goals of climate neutrality, we would like to reduce our energy consumption to only what is absolutely necessary and made a step by step conversion to renewable energy sources. At the present time, we are developing ways to fully distance ourselves from fossil fuels in collaboration with Institut für Energietechnik GmbH. With the implementation of this concept, we hope to achieve CO2 neutrality for the Weiherhammer main location by 2035.

In terms of our energy consumptions, we emphasize environmentally friendly, future-proof supplies, which we are constantly developing. The introduction of an energy management system in accordance with DIN ISO 50001 in 2014 laid the foundation for measures to monitor resources and emissions at an early stage. This enables design processes for energy efficiency, reducing greenhouse gas emissions.

In the past years, we were able to successfully implement identified improvement potentials. To save energy, for example, we will convert all lighting in all our buildings to LEDs by 2024. By 2022, this measure already was saving us 127,000 kWh annually (corresponds to approx. 51% of the total savings for the measure).

Many other investments were made concerning the heating systems. In addition to modernizing and optimizing the heating and air conditioning, the use of existing heat was facilitated through heat recovery. To reduce energy consumption, various systems were maintained and exchanged.

Total energy use in MWh

Type of energy	2022
Purchased fossil fuels (Natural gas and propane)	6.769
Purchased (ecologically friendly)	11.002
Local heating (cogeneration plant)	463
Total	18.234

Our primary approach is to avoid the consumption of resources. If this is not possible, our secondary approach is to reduce consumption and to use sustainable alternatives for the necessary resources. Since the beginning of 2022, we have therefore used green electricity at the Weiherhammer location. According to the market-based approach of the GHG Protocol (Greenhouse Gas Protocol, in German “Treibhausgasprotokoll”), no greenhouse gases were emitted in Scope 2 in connection with the electricity purchased and consumed. According to the location-based approach, the total emissions were 4,775 tons of CO2. These were reduced by green electricity.

In a next step, we are planning to create our own electricity from regenerative energy. In 2022, we accordingly began to place PV modules on our roofs. These will likely be connected to the grid in 2024 and will produce approx. 2,470 MWh per year. This would cover about 21% of our annual energy requirements. Even now, more projects are already being planned to increase system performance and raise the proportion of internal consumption.

To create an incentive for e-mobility, twelve e-charging stations (24 charging points) were installed as part of the switch to green electricity. The charging stations are available to our employees to charge their personal vehicles for free.

We also rely heavily on our employees when it comes to saving energy. Annual trainings help our employees to be aware of careful and resource-conserving use of electricity in the various working areas. To identify more potential changes, employees were invited to submit suggestions on the topic of “saving energy” in 2022. 203 suggestions were submitted. In many cases, they have already been implemented or are in the process of being implemented. Thanks to these measures, it has been possible to save about 100,000 kWh of electricity.

Greenhouse gas emissions in tons of CO₂ equivalents (CO₂e)

Scope	Emission source	2022
Scope 1	Natural gas	1.208
	Propane	23
	Fuel	279
	Cleaning agents	109
	Solvents	26
	Other ¹	24
	Total	1.669
Scope 2	Purchased electricity	0
	Local heating	0
	Total	0
Total Scope 1 and 2		1.669

Water and wastewater

As an increasingly scarce resource, water calls for responsible use in terms of extraction, consumption, and discharge. BHS Corrugated takes care to continually reduce its water consumption and preserve

very good water quality. In 2022, a total of 18,936 cubic meters of water were needed. This quantity is roughly the same as the consumption of the previous years. Over the past 20 years, however, it has been possible to reduce fresh water consumption by over 70%. This was achieved through investing in cooling devices that pump the cooling water that is used circularly and therefore – except for loss compensation – do not need any fresh water for the cooling process.

The largest portion of water consumption is for the sanitary facilities and the use of drinking water. Only a very small amount of water is used in mixing coolants and for cleaning processes. The latter is classified as a hazardous waste and is disposed of.

At the Weiherhammer location, BHS Corrugated sources drinking water from two deep wells close to the premises. The wells and the water sourced from them are tested at regular intervals by various laboratories for compliance with the German Drinking Water Act and the limits it contains. If any noteworthy findings or deviations from the limits result, the plant can be connected to the public utility system. All facilities, such as pumps, tanks, and pipes are maintained, rinsed, and cleaned at regular intervals.

Ground water monitoring is also installed in the plant. For this purpose, defined measurement points to take water samples have been set up at various places on the premises. The measuring points were sunk several meters down to the groundwater layer and the nature of the soil structure was documented. These measuring points are used to test the groundwater for contamination and flow direction regularly and after heavy rainfall and flooding events.



Raw materials

As a machine manufacturing company, it is obvious that we have a high demand for raw materials. It is our constant goal to continually reduce this demand through a variety of measures. When developing our systems, we make every attempt to conserve material.

For example, the hot plates for the heating and traction section, which were once made of cast iron, were exchanged for significantly thinner steel plates. Not only did this conserve raw materials, but it also enhanced electricity savings during the production of corrugated board, because the system carries less load and the energy supply can be adapted more quickly.

We also attempt to reduce the use of new raw materials by reusing raw materials that are already available. For instance, a process was developed with which corrugating rolls could be refurbished at least three times, which reduces the need for new corrugating rolls.

Currently, we are also compiling information about the manufacturing and processing from our suppliers to be able to make more precise statements about the emissions from a product. The goal is to identify more potential improvements. This also includes our efforts to improve the production process in the sense of avoiding waste.

¹ “Other” is the total values for argon-CO₂ mixtures, ethyne, carbon dioxide, and various cooling agents



Waste

Our waste management is based on the German Recycling Economy Act and is oriented towards the principle of “Prevention – Recovery – Disposal.” In 2022, there were 3,772 tons of waste. This can be divided into metals (2,794 t), hazardous waste (458 t), and commercial waste (520 t).

As machine manufacturers, as could be expected, our waste was 74% composed of metal scrap. The hazardous waste is primarily composed of coolants from production machines, lubricants from profile grinding machines, and machining sludges from decoating basins. These were collected

separately in special containers. Collection and removal of all wastes were performed by a waste disposal company.

As part of the waste management, we emphasize the most detailed possible separation of the waste to facilitate recycling. In this way, we were able to reuse 98.8% of the total amount in 2022. Only 44 tons of waste were disposed of.

The principle of “Prevention – Recovery – Disposal” also applies for the processes resulting from waste, such as transporting waste away from a site. Here too, it is our goal to minimize the

emissions produced. To achieve this goal, we have, for example, arranged with the responsible waste management facility to have collection only as needed and have invested in a wood compactor. This machinery compacts the waste wood so that an average of four out of five collections per week can be avoided.

We also count on our employees when it comes to waste management. To continue reducing quantities of waste on the one hand and improve the degree of recycling on the other, our employees are trained annually on the topic of waste and especially the topic of garbage separation.

Waste quantities in tons

Type of waste	2021	2022
Metals	3.172	2.794
Hazardous waste	440	458
Commercial waste	959	520
Total	4.571	3.772

The annual quantity of waste is strongly determined by the number and type of products produced, as well as the modernizations and conversions that have been carried out. 2021, for example, was a highly productive year. Here, additional foundation work led to larger quantities of waste.



Social

04

At BHS Corrugated, the social aspect is an integral part of our responsibility as a company on both the organizational and societal levels. That is why holistic observation and implementation of the social components is so crucial to us.

Supporting Employees – We help employees thrive

Market leader – we owe this title primarily to our employees. Their promotion and support is all the more important to us. In the process, we see the opportunity to improve through continuous learning as an important building block. Various options are available for employees to develop their individual abilities and knowledge. To structure the continued education of our employees as flexibly as possible, we offer continuous professional development in various formats. These can be conducted online or on site. To offer various technical training options, we work closely with the inter-company education center (ÜBZO) in eastern Bavaria.



We encourage our employees to develop their professional qualifications. It is also important for us to develop talented and ambitious people within our company to become leaders. For this purpose, we have set up a special development program for junior management.

It is also essential for us to support young adults. Technical training within the company is particularly important to us. That is why we had 159 trainees in the 2022 reporting year. In 2022, we were able to welcome 72 new colleagues, which exceeded our record for new trainees and dual students from 2021 [56].

Vocational training at BHS Corrugated takes place in many different departments: The 72 new trainees from 2022 were distributed across 13 different training paths and 4 dual courses of study. Even before training begins, the future specialists make their first contact at welcome events. On top of this, exciting activities and team tasks offer the opportunity to discover more about each other.

Another special feature at BHS Corrugated is our recruiting and training program. This takes place in cooperation with the Lao-German Technical College in Laos. This is a vocational training program that trains young people in Laos to work in the metal and

electronics industries. The best in each class receive the opportunity to then complete a three-year professional training at our location in Weiherhammer. In 2022, we welcomed eleven trainees from Laos to Weiherhammer. In the future, we plan to further expand this type of training program and extend it to other countries.



“Johanna Frank” Award

We have been honored by the local Alliance for Families in Neustadt-Weiden with the “Johanna Frank” award for family-friendly companies for the third time.

Work-Life Balance

With excellently equipped work spaces, we offer our employees an elevated work atmosphere both in our manufacturing locations and in our state-of-the-art Lifecycle Building in Weiherhammer. The Lifecycle Building itself is directly next to the “Beckenweiher” recreation area. When possible, we of course adjust working hours to fit personal circumstances. Flextime, working hours accounts, and flexible vacation planning are standard for us. This also applies to the possibility of working remotely – either within Germany or in other EU countries – as long as the field of activity allows for it.

Beyond this, to support employees with children during the lockdown phases and many school closures, the management created the “homeschooling @ BHS” project in August 2020. In the 2021/22 and 2022/23 school years, the project was continued and offered employees the opportunity to register their children for free digital tutoring in the subjects of German, English, and/or math.



Work Safety

Work safety and health protection are central concerns for BHS Corrugated. The avoidance of workplace accidents and preventative health protection are therefore firmly anchored in our company philosophy. Two occupational safety specialists

and 18 safety officers form the basic framework for preventing accidents, dealing with accidents that have occurred and ensuring the best possible health protection for employees.

Their central tool is recording near miss accidents to analyze them and take precautions to avoid accidents in the future. Risk assessments and the safety instructions derived from them are also understood to be a continuing process at BHS Corrugated.

Changing work circumstances and new production machines and techniques always require a new look at work safety and health protection.

The newest findings in ergonomics are also included, as well as the selection of newly developed personal safety equipment. These are available in sufficient numbers to all employees of BHS Corrugated.

Protecting the health of our staff is our top priority. In 2021, 62 minor accidents occurred at BHS Corrugated, which were recorded in the association's books. This primarily concerned abrasions, bruises, and small cuts. Though the accidents required minor treatment, they did not result in any absence from work. In 2022, there was an increase to 103 small accidents entered in the association books. To reverse this development, various measures were immediately taken. For example, this included improving personal safety equipment and explicit instructions regarding avoiding cutting and tripping accidents.

In contrast, there was a positive trend in reportable accidents. In 2022, they decreased by 5 accidents in comparison to the previous year. That means that in 2022, 12 reportable accidents were registered. The number of reportable accidents per million working hours also shows a beneficial development.

In 2021, the number lay at 1.6 accidents. In 2022, the number had dropped to 0.9 accidents per million working hours. To support this positive trend in 2023, measures have been planned, and in some cases, already initiated.

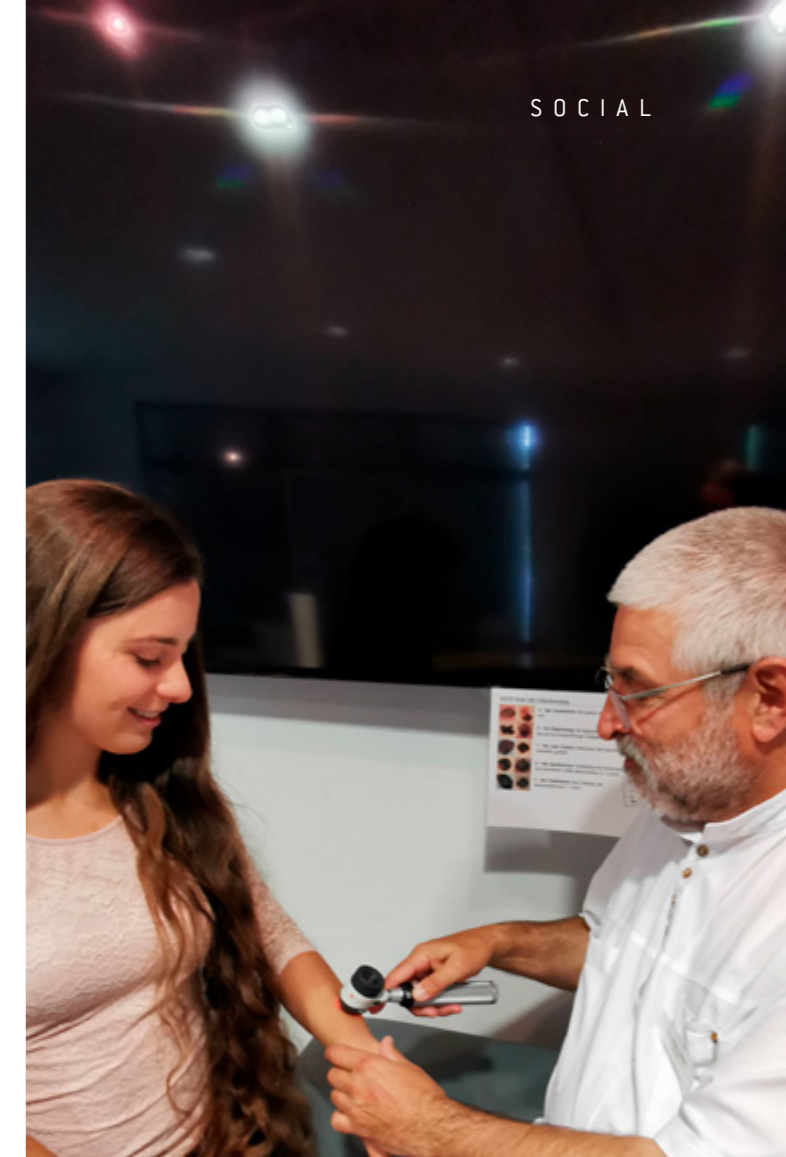
“Corporate Health” Award
 Due to our large and excellent offering in the field of Corporate Health Management, we were honored with the “Corporate Health” award.



**Health Management –
 Be healthy & strong**

The health of our employees is actively promoted by our company Health Management. Using various preventative measures, illnesses can be prevented.

- Our health services include:**
- Free use of the company fitness studio
 - Discounted massages and physical therapy
 - Creation of nutrition and training plans
 - Private supplementary health insurance
 - BHS Corrugated Health Week in Weiherhammer
- Range of various health actions:**
- Skin screening
 - Back checks
 - Lung function tests
 - Posture diagnostics
 - “Stop smoking” courses



“Mindshift” Award

In 2022, we were delighted to receive the designation of “excellent” at the “Mindshift” awards in the categories of “Innovative Workplace-Production” and “Agile Organization.”

Since a holistic view of health includes not only physical but also mental well-being, BHS Corrugated offers its employees external counseling on psychosocial issues.

For this, we have collaborated with AUXELYA, an external service provider since April 2021.

Whether for little everyday problems, major conflicts and crisis situations or questions about mental and physical health: AUXELYA offers an anonymous contact.

The counseling itself is offered by a team of specialists who assist the entire workforce in all matters - whether professional or private - while maintaining the strictest confidentiality.

Operational Benefits

We want to make our employees feel comfortable and valued. That is why we offer many benefits with our company services.

These include:

- Flexible maternity and paternity leave models
- Subsidy for occupational disability insurance
- Company party
- In-house restaurant with high-quality cuisine
- JobRad (bicycle leasing service)
- Employee discounts
- Exclusive tickets for select sporting events

Employment Structure

Number of employees		Men	Women	Total
By employment category	Salary	548	154	702
	Hourly	536	43	579
By employment type	Full time	1.072	157	1.229
	Part time (in full time equivalents)	26	34	60



Corporate Citizenship

Foundations

Entrepreneurship also means assuming social responsibility. At BHS Corrugated, we assume this responsibility consciously and actively. With both, monetary donations and donations in kind, we support the following foundations founded by the Engels family, our managing directors: “Engel für Kinder” – “Angels for Children (AfC)” and “Lars und Christian Engel (LUCE) Foundation.”

“Engel für Kinder” – “Angels for Children (AfC)”

This foundation, created by Ingrid Engel in 2003, has made it their mission to give disadvantaged

children in Laos a better life through providing access to schooling and professional training opportunities. For many years, BHS Corrugated has supported the foundation in their efforts to improve school education in Laos.

In 2022, 2,112 students and approximately 75 teachers and employees of the three elementary and middle schools in Laos were supported and sponsored. All three schools are supported by the Angels for Children Foundation in Laos by improving the facilities or providing further training.

In 2022, significant investments were also made for the maintenance of the school furnishings and the IT infrastructure of the school was further developed.

Another focus of the foundation’s work is supporting the vocational training project at the Lao-German Technical College. Each year, BHS Corrugated issues the college 40 scholarships for vocational training in the fields of metal and electronics. Training occurs both, at vocational school and through internships, which is similar to the German dual system.

In addition, the best students of each class have the opportunity to complete three years of professional training at BHS Corrugated in Germany. In 2022, there were about 20 young Laotians in German trainee positions. The goal of the vocational training project is to train qualified technicians for the German or Laotian labor market.

„Lars und Christian Engel (LUCE) Foundation“

In September 2016, the managing director of BHS Corrugated founded the LUCE Foundation. The purpose of the foundation is to promote projects that are important for the technological and economic development of the home region of the managing director’s family, the Northern Upper Palatinate in Bavaria.

The LUCE Foundation is the driving force behind a network of municipalities, institutions, colleges and universities, research institutes and educational facilities. The network develops future concepts for education and training in the Upper Palatinate region: Education and training 4.0 for a society 4.0.

Two central projects of the LUCE Foundation that are supported by BHS Corrugated are “ABBO – Allianz für berufliche Bildung in Ostbayern” (Alliance for Professional Development in East Bavaria) and “ALIA – Agiles Leben im Alter” (Agile Living in Old Age).

A highlight of the ABBO project is the Oberpfälzer Bildungsforum (the regional educational forum of the Upper Palatinate), a platform for exchanging ideas on topics around professional education. The goal of the forum is to network interesting and innovative ideas and actors, such as to better understand Generation Z, and at the same time to create new ideas for young people, companies, and individuals.

The educational forum took place twice in 2022 and led to in-depth discussions between representatives of companies, schools, institutions, communes, and state agencies.

The development of the 14,000 square meter ALIA area is a key project in Weiherhammer, which wants to establish itself as a “caring community.” The goal of the project is to provide local people with help and care so they can spend the rest of their lives in Weiherhammer. The construction project and the associated support services are funded by the Bavarian State Ministry of Health and Care.

“The commitment of our employees is remarkable. Thank you to everyone involved for their excellent cooperation in getting the aid projects up and running so quickly.”

Christian Engel, 2022

Humanitarian aid

Since the beginning of the war in Ukraine, BHS Corrugated, in cooperation with the LUCE Foundation, has offered humanitarian aid to people in need and refugees in and from Ukraine. Shortly after the LUCE Foundation established a donation account for aid to Ukraine, the management of BHS Corrugated made a transfer of EUR 250,000.

This allowed for financial aid supplies as well as transportation and housing for refugees. In collaboration with the LUCE Foundation, BHS Corrugated also financed and organized German language training for refugees from Ukraine: a three-month beginner’s course and a three-month advanced course for adults. In 2022, approximately 40 Ukrainian women and 15 youths participated in a total of three language courses. In August 2022, a four-week summer language course for youths from Ukraine was also organized. During this, the young people were able to get to know various training opportunities available from BHS Corrugated in addition to the language course.

Alongside the language courses for Ukrainian women, childcare was offered for the participant’s children. In the meantime, two women have started permanent positions in flow production at BHS Corrugated. Another woman found a position at the company restaurant.

Sponsoring

Promoting diversity in its many forms is important to us. The diversity of our society is reflected in many types of sports and events. In addition to supporting the foundations mentioned above, our sponsorship helps to promote an integrative and inclusive society that contributes to a healthy sense of community.

We are proud that our collaboration not only supports the health of our employees, but also our region, and the development of a healthy and responsible future.

Teams that we support through our sports sponsorship:

- Blue Devils Weiden (main sponsor)
- FC Weiden Ost
- SpVgg SV Weiden
- SpVgg Schirmitz
- SC Luhe-Wildenau



GRI Index

In this GRI Index, BHS Corrugated Maschinen- und Anlagenbau GmbH has reported the information referred to for the period from 01/01/2022 to 12/31/2022 in accordance with the GRI Standards.

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