



# Model Group Sustainability Report 2022

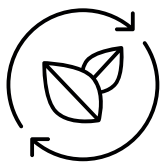
**MODEL**

# Model Group Sustainability Report

Nowadays, companies' actions are judged by how sustainable they are. The idea of 'sustainability' itself was born as far back as 1713, within the context of a national wood shortage. A managed approach to forestry was the norm by the time Model came into being in 1882, and the uncontrolled exploitation of our forests was a thing of the past.

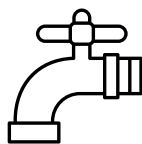
As a result, sustainability is part of Model's history. It is part of who we are, and it is part of our present. In our eyes, it's not something that's located in the future, even though we do set targets for it. We believe that being sustainable means being switched-on and alert, continuously making improvements, whether big or small – without being forced to. It's something genuine and natural. The joy we gain from leveraging hidden potential puts a smile on our faces day in, day out, enriching our actions in a sustainable way.

## At a glance



81 %

recycled fibre was  
used in our products  
in 2020



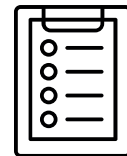
11.1 %

decreased  
consumption of water  
since 2017



4 473

FTE-Employees  
in 2021



100 %

stable supply  
chain in 2021

## Our sustainability ratings

We actively participate in a wide array of ESG ratings. Such ratings demonstrate transparency of Model's sustainability strategy.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



The mark of  
responsible forestry



The mark of  
responsible forestry



The mark of  
responsible forestry



Oznaka  
odgovornog šumarstva



# Our sustainability strategy

We do not want to deceive you.

## We want to set goals we can actually reach.

Our actions are based on set values and clear rules. We are convinced that environmental laws and economic laws go hand in hand: they are two sides of the same coin. This belief feeds into our vision and gives rise to the goals we want to reach.

We also make sure nothing is lost in the process of reaching these goals. Waste is something we do not want, particularly in the midst of the bureaucratic pressure that comes in the wake of ever-increasing compliance requirements. We act carefully, precisely, truthfully and attentively, and create value. We accept responsibility towards our customers, partners, employees and the environment, and create value.



# Letter from the CEO: Mainstream or sustainability?

It is strange: Sustainable would be if everyone worked on strengthening their immune system and could react more calmly to the latest developments in the pandemic market, which would strengthen the immune system again. Instead, fear is cultivated, which also spreads virally, weakening the immune system and creating the market for vaccinations with emergency approvals in the first place.

It becomes particularly strange when fear is made big in the climate issue and sustainability is propagated simultaneously - such is this currently dominant spirit: creating so much confusion with a lot of contradiction that everyone gratefully grasps at the order-creating straw of politics. We, however, are pleased that we have been active in the circular economy for 140 years and have good prospects for the future. Joy is what lasts, and it does so better than many a currency. Even our central bank is constantly creating new money out of nothing. The corresponding counterpart of the work has not yet been done and the savers are expropriated by manipulated money prices - in this case, negative interest rates. A currency cannot last if it is torn between state monopoly money and global currency markets and if its citizens ask themselves why they have to work for money when they can do it at the push of a button. Inflation has therefore existed for decades, but it has only been noticed since it went through the roof.

This country is surrounded by countries that are part of a currency experiment that is politically motivated and out of touch with reality. Shortly after the introduction of the euro, a debtor country becomes the world's export champion because its currency is weaker than the one that suits it. And other countries from the South have to be «rescued» with massive transfer payments because the currency is stronger than it naturally should be and too cheap, thus tempting them into debt. The European Central Bank threatens further «bailouts, at any cost». Meanwhile, almost all central banks are covering their respective domains with a form of monetary socialism. This lowers the inhibition threshold to deprive citizens of their freedom of trade and commerce when a pandemic arises. The over-indebtedness of the public sphere thus spreads to the private sphere as well. It is to be feared that the confusion of money and capital will continue until, with the money floodgates fully open, capital is completely consumed by a rent-seeking society. In the context of such damaged, i.e. parasitic and non-learning societies, the longing for sustainability must grow - and this is cause for hope!

As an employee in a company that is in its 140th year of operation, I am more committed to sustainability than to the loud call to report on it. So I admit to doubting the sustainability of the push for a sustainability report. Isn't this precisely an issue we should keep quiet about to be able to do more? After all, the truth will come out eventually.

But that presupposes a basic trust that is being chased away today by sowing fear from every corner. Whoever propagates silence is already suspicious. Our strange times thus manage to reverse the saying «Talk is silver, silence is gold». With the increasing pressure for reports of all kinds, do we want to be led to believe that silver is worth more than gold? How glad I am that the price signals from the worldwide interaction of supply and demand prove the popular saying right and not the zeitgeist!

The speech noise could be also fed by the fact that the mouth is permanently indignant about its numerical inferiority compared with the two ears. How gladly it follows the seduction of equality with the consequence that both sides suffer. The mouth must say more than it is predisposed to say, so that sounds emerge there that are empty, unreflected, discordant, stammering, or lying. And the ears have to hear more than they can bear and begin to shut down. Strangely many look forward to the weekend, the «home office» and the vacations to be able to «switch off».

And my final confession: I can write all I want here; I've given in to the pressure to produce a sustainability report primarily because I can keep it short: Our constant transformation of the old, the used, and the discarded into the new, the beautiful, and the important are illustrative of sustainable value creation par excellence. It helps us in our perceived appreciation for customers, employees, fellow human beings, indeed life, the world, and creation in general. For us, economy and ecology come from the same family.

Weinfeldten in June 2022

Daniel Model



«We are able to make improvements day after day, thanks to the expertise and commitment of all our employees.»

Responsibility

## Taking action against climate change

We, too, contribute to global warming. But we are also doing a lot to combat it. In addition to countless measures already implemented, we have committed to reducing greenhouse gas emissions in accordance with the Paris climate agreement. This commitment is based on the SBTi (Science Based Target initiative) standard, which lasts until 2030 and sets the path towards net zero. Furthermore, we report annually with CDP Climate Change.



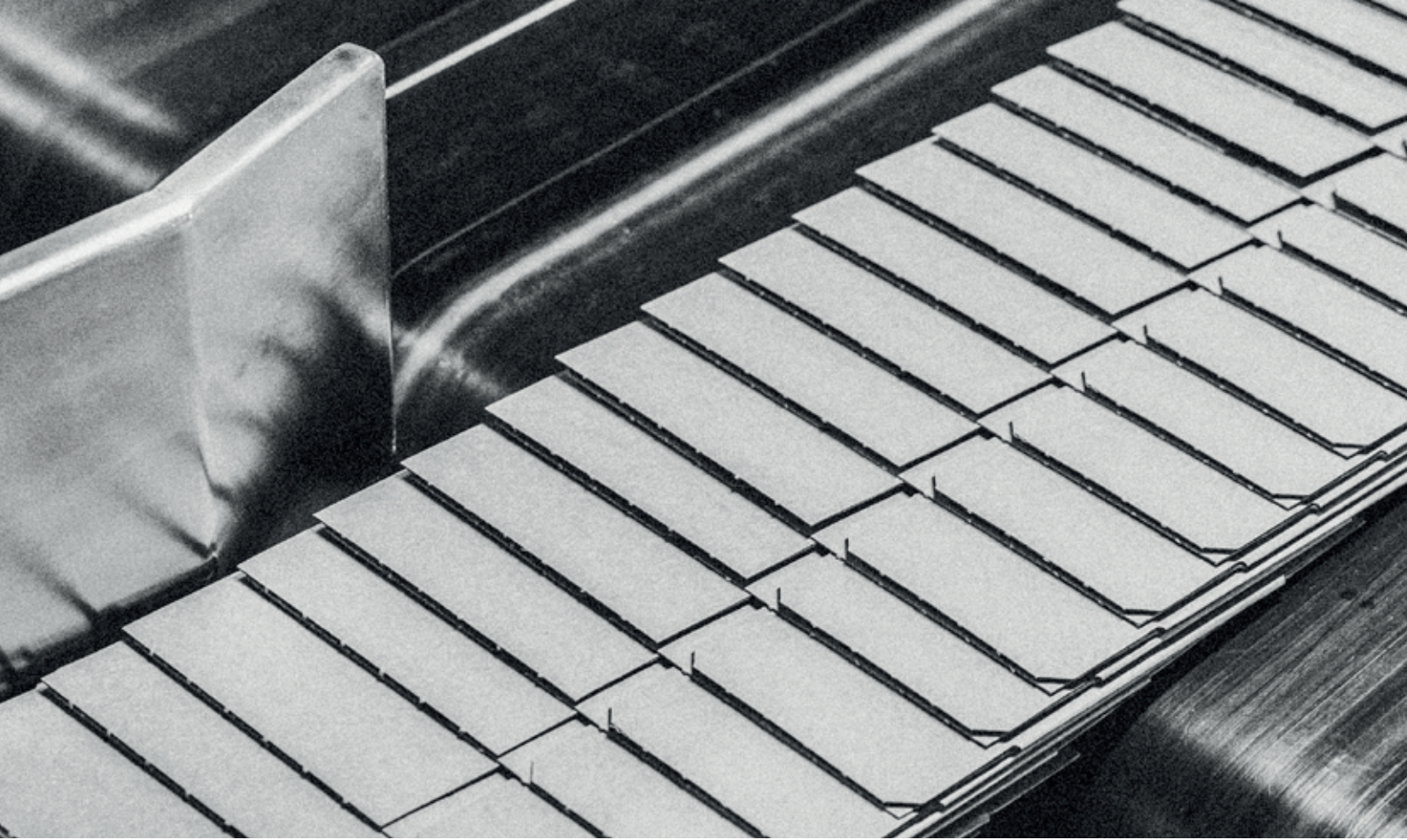


The Model Group

# Sustainability across generations

We develop, manufacture and supply high-quality display and packaging solutions made of cardboard and corrugated board.

As a family-run company, we have been dealing with the challenges of the present and the future for several generations. Since we want our sustainable fundamentals to stay that way, ongoing changes, improvements, and adjustments to the most effective points are necessary; in terms of individual integrity, the paper cycle, product quality, resource efficiency, supply chain, occupational safety, and our employees.



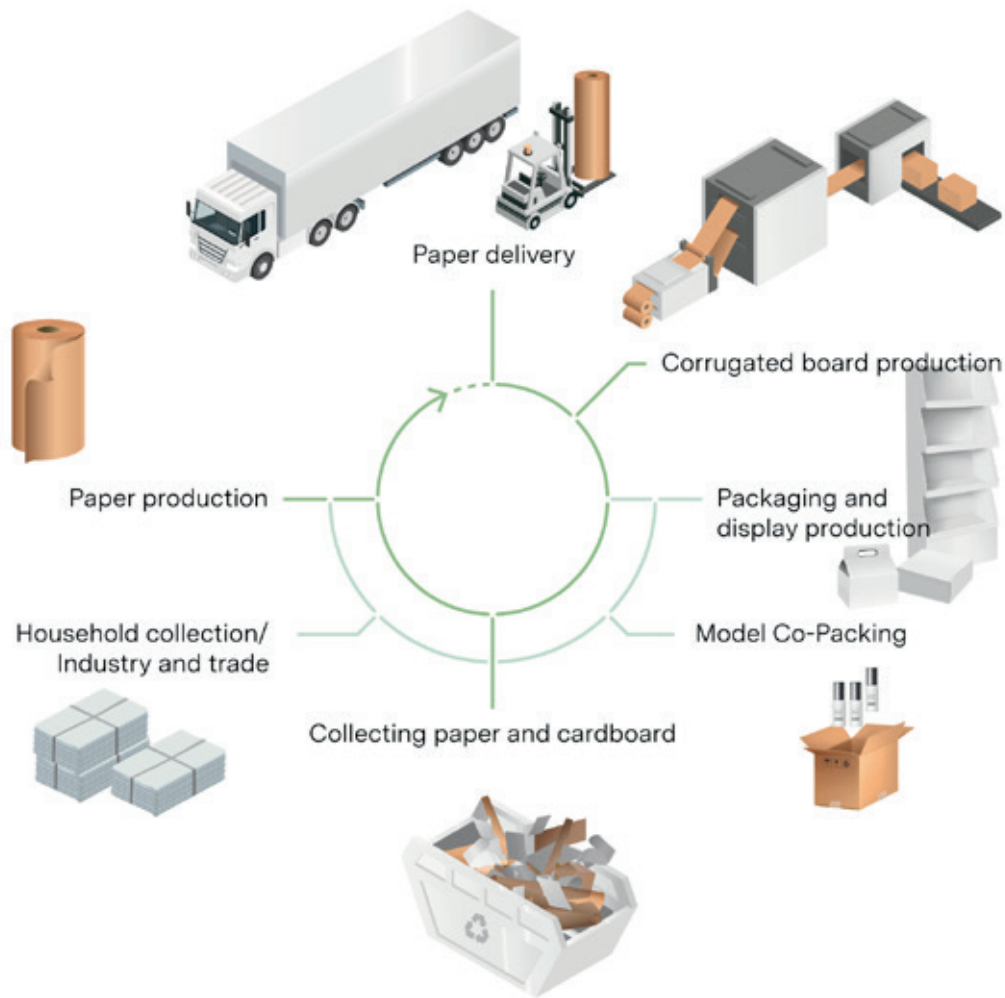
Integrity

# Innate sustainability

We do not act sustainably in order to receive certificates, even though we have them. We do not act sustainably in order to comply with the law, even though we do. We act sustainably because it's in our nature to do so. The same is true of our deep-seated desire for constant improvement: we go beyond what the law stipulates or what's necessary to meet requirements. We write our own laws.

Our Code of Conduct acts as a guideline for responsible corporate behaviour relating to social, environmental, and economic matters. It is based on the UNGC (United Nations Global Compact) 10 principles. The UNGC is a global alliance between international companies and the UN and aims to shape globalization at a social and ecological level.

We use the SEDEX (Supplier Ethical Data Exchange) online platform to provide up-to-date information on the status of our processes related to sustainability – and our customers can also access it. We have been audited under the SMETA (Sedex Members' Ethical Trade Audit) procedure, which looks at issues such as environmental management, working conditions, occupational safety and hygiene.



Closed paper cycle

# Our contribution to the Circular Economy

We produce our products within a closed paper cycle. This was the principle our company was founded on in 1882, and even back then people realized that collection and recycling of recovered paper offered benefits of both a financial and environmental nature. Since then, we have never stopped trying to optimize this cycle.

Nowadays, more than 80% of our packaging is made of recycled material. If our customers request virgin fibre, we source it from Europe or the US. We can produce our products from 100% FSC-certified fibre FSC (Forest Stewardship Council) fibres at all our factories.

«The Model Lean System was designed based on the ideas and methods used in lean management.»

Our actions

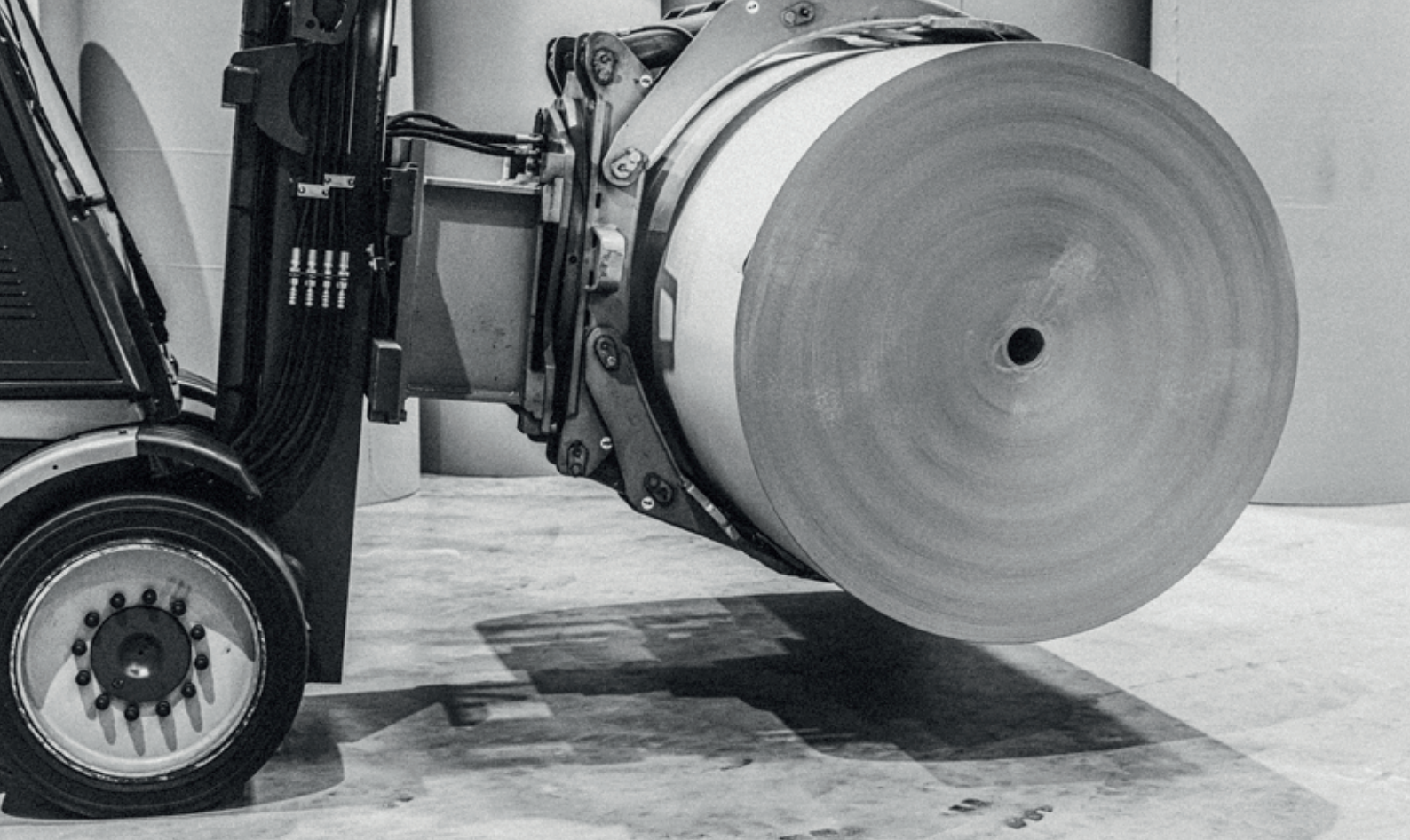
## Sharing responsibility

Every action we undertake has an effect. If we want to understand these effects, we must identify and understand complex connections, some of which are not all that obvious.

We can rely on our customers to provide inspiration in this regard. They motivate us and challenge us, day in, day out, thanks to their high expectations of our products and services.

Our employees also drive forward our ability to come up with innovations. They have the freedom to put their skills into practice independently. This freedom allows them to unleash their potential so they can discover opportunities, take the initiative and make bold decisions.





Model Lean System

## We make light work of...

...being a sustainable partner. Our Model Lean System helps us create leaner and more agile and stable processes.

Our processes are quick and efficient and continuously optimized. We aim to achieve the highest security, quality, supply reliability, and added value for our customers.

With every change we make, we strive to achieve resource-friendly growth, while also minimizing any undesirable effects on the environment, society, and our colleagues.

## Reporting Approach

This Sustainability Report covers 2017 to 2021.

This Sustainability Report encompasses all the activities and key figures of every company within the Model Group.

This report has been drafted in compliance with the GRI standards, 'Core' version. The Sustainability Report itself has not been reviewed by an external expert.

# GRI disclosures

## Documentation of GRI indicators

This report complies with the Global Reporting Initiative (GRI) standards and aligns the key aspects of the GRI with the four pillars of the Model Group's sustainability strategy.

GRI 102-14  
Strategy

GRI 102-40, 102-42 – 44  
Stakeholder Engagement

GRI 102-16  
Ethics and Integrity

GRI 102-45 – 56  
Reporting Practice

GRI 102-18  
Governance



# Quality

Quality is the sentiment that we long for as a permanent companion of our actions.

## A love for quality

We think products can be used without second-guessing if they strip down the amount of material used to the bare essentials. We think packaging can be used without second-guessing if it is stable and protects its contents. It is about using materials that are still food-grade even though they will not end up in foodstuffs, with hygiene measures that meet or

exceed international standards. Essentially, our products can be used without second-guessing once we have managed to put your mind at rest, ensuring that they bring you joy, not a concern. In short, our ambition is actually for you to be happy – second-guess that!



«By 2030, all our plants will have implemented a recognized system for product safety.»

## 1. Our ambition

We transform the old,  
the used into the new and the beautiful

Packaging is an indispensable part of value chains, whether local or global. We have packaging to thank for the fact that food stays fresh for longer and can be stored for longer periods of time. Packaging enables goods to be portioned and measured with precision. It also allows goods to be stacked up, makes them easier to handle, helps space to be used efficiently during transport, and facilitates automation in the packaging process. And the most important thing? It ensures goods get to their destination in one piece.

Packaging is a platform for content and branding, and ultimately its design and style influence whether a shopper decides to buy a particular product. Packaging is important, there's no question about it. But it also impacts our environment. That is why we not only look at the merits and disadvantages of packaging, we also focus on the development and in particular the quality of our products.



## 2. Our actions

### We are tough on ourselves

We monitor the quality of every manufacturing process on an ongoing basis. All key information relating to the production chain is documented in a policy statement that stretches from warehouse conditions to traceability, through to certification and additives.

As part of this, we work with certified quality processes and management systems. We use cutting-edge technology in our labs and in the production of food-grade additives. Our customers audit our factories regularly, and their input gives us invaluable ideas for optimization and innovation.

### We put ourselves to the test

All our factories are certified to ISO 9001 for quality management. The manufacturing plants for foodstuffs packaging are certified in line with the BRC Global Packaging standard for product safety. Most retail chains prescribe this as a binding standard for suppliers of primary and secondary food packaging.

But that is not enough for us. Experienced auditors from independent, external certification bodies not only play a role in ensuring compliance with standards, we also benefit from invaluable regular discussions with them, which help us continue to improve our processes. Our Weinfeld site is particularly worth highlighting: it's received the AA classification for high-quality hygiene standards under the **BRC Global Standard Packaging**.



## Enjoy your food without a second thought

Alongside paper and corrugated board, we also work with inks, coatings, and adhesives – and they must be used with special care when it comes to food packaging.

As a result, at Model we use only materials that do not taint the food with harmful substances. They do not affect the smell, taste, or chemical composition of the packaged goods. We insist on proof from our suppliers to guarantee that all the substances in our products meet our strict requirements.

Our products are safe for consumers.

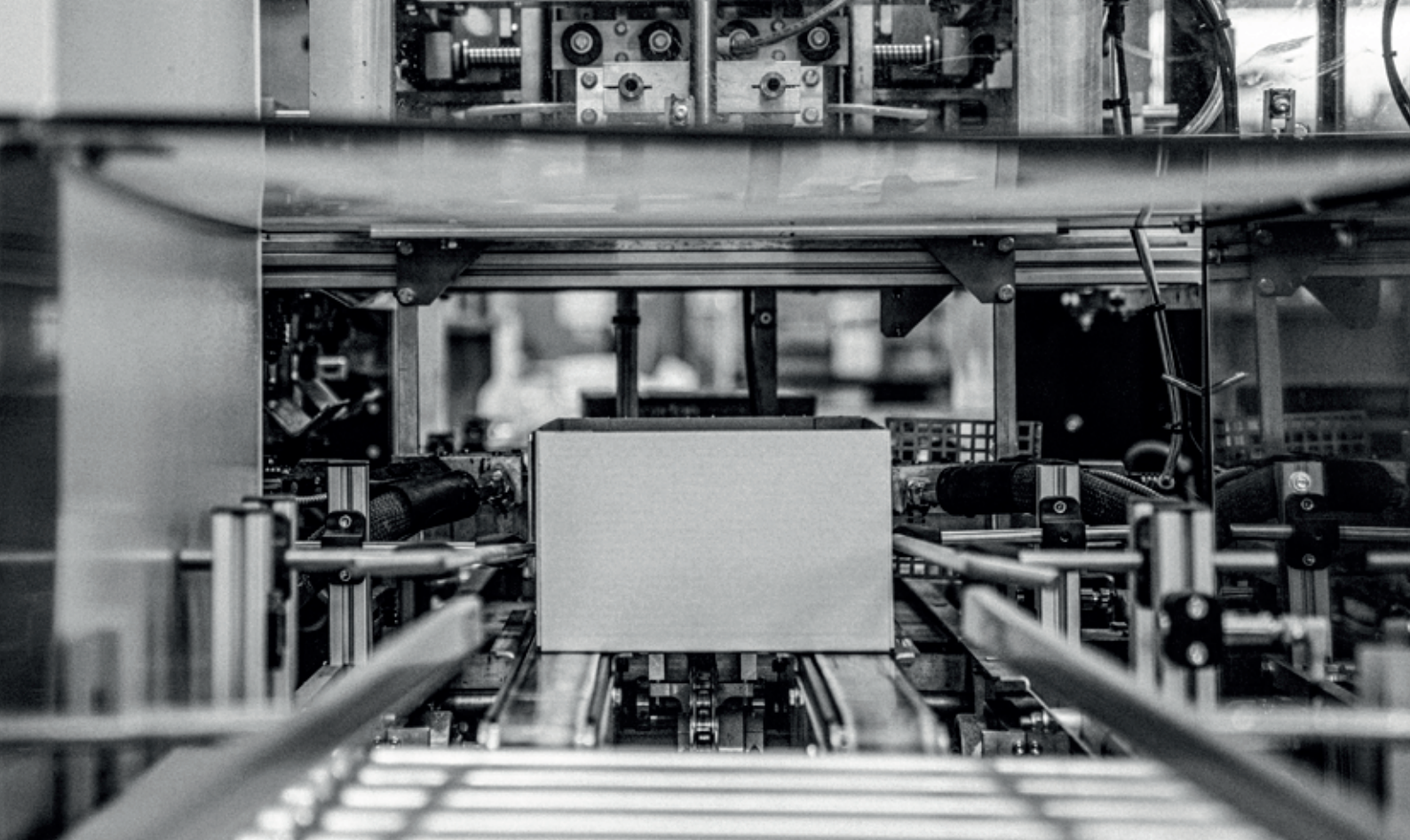
## Spick and span

Much of our packaging makes its way into food manufacturers' cleanrooms. That is why hygiene is of the utmost importance to us. In our eyes, hygiene is more than a guideline: it is a fundamental principle. We impart this principle to our employees on a routine basis, along with unequivocal instructions. In turn, this creates habits such as our employees eating and drinking only in break rooms and not smoking on company premises.

The demands we place on ourselves are the same ones we place on our suppliers and visitors. And we always ensure that the only people in our manufacturing spaces are those authorized to be there.

When it comes to product safety, we comply with the following international standards and develop them further if required:

- **GMP** (Good Manufacturing Practice)
- **BRC** Global Standard Packaging Materials
- **HACCP** (Hazard Analysis and Critical Control Points).



## We back people - and machines

We always try to reduce the number of points where errors could arise. Automation of plants and manufacturing processes is a key tool for doing this.

We use automation to reduce the room for errors caused by inattentiveness and carelessness. Automation not only boosts the quality of our products, it also reduces waste.

Automation can be a long and complex task, but it motivates our engineers and process experts and pushes them on to do great things.

# 3. Our goals

By 2030, all our plants will have implemented a recognized product safety system. We will reach this goal thanks to stable processes and by making ongoing improvements to ensure our manufacturing is as precise and error-free as possible.

We will reduce (or maintain) our complaints rate, lead time, and delivery service while increasing productivity. We will achieve this goal through targeted investment in new technology and highly qualified employees.

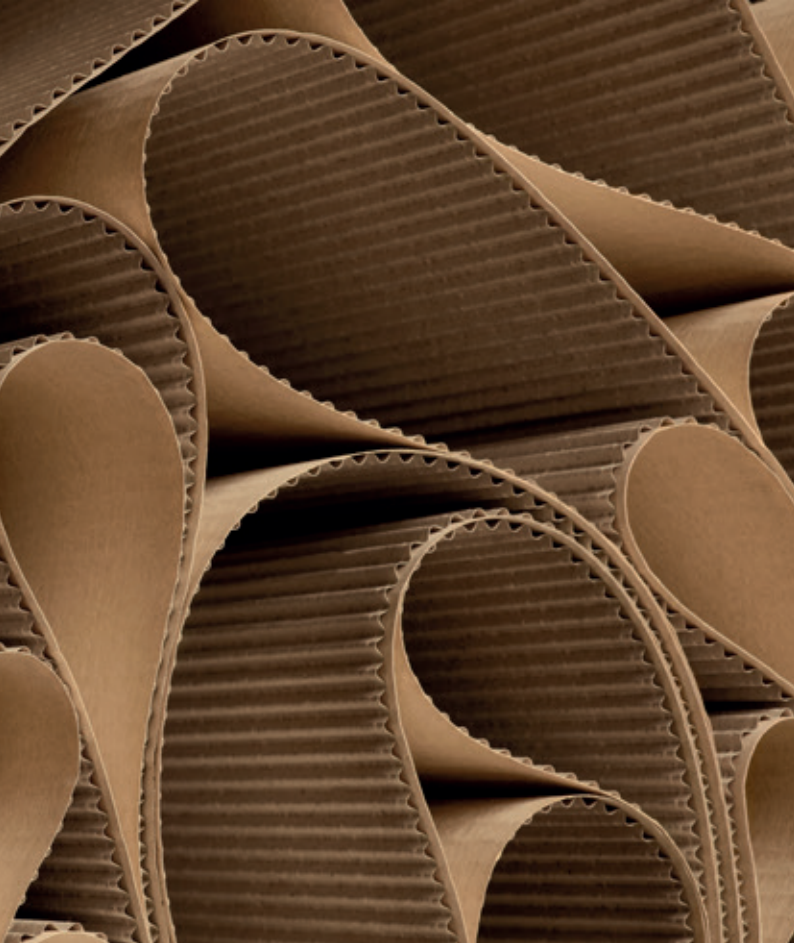
## GRI information

### Documenting GRI indicators

This report complies with the Global Reporting Initiative (GRI) standards and aligns the key aspects of the GRI with the four pillars of the Model Group's sustainability strategy.

GRI 416-1 – 416-2, 417-1

Customer health and safety



# Environment

Everything is connected to everything and we see the links in-between.

## The awareness of closing gaps

Closed material cycles are the key to climate neutrality. We do our best to recycle as much recovered paper as possible.

We always use recycled fibre wherever possible, playing our part in protecting our forests. If we cannot avoid the use of virgin fibre, we purchase it from FSC-certified sources. Illegal logging does not occur at any point in our supply chain, and damaging chemicals are not used at any stage.

In terms of logistics, we avoid journeys with empty lorries. We use water in a circular fashion and our paper factories have their own wastewater treatment plants. We collect used packaging from our customers, recycle it and turn it into new packaging.



«By 2030, we will have reduced our resource consumption per tonne of paper, corrugated board, and cardboard produced by 10 percent.»

## 1. Our ambition

### As little packaging as possible

But as much as necessary. Unlike other materials such as plastic, our board and corrugated board mean that goods can be wrapped in eco-friendly packaging. There is no doubt that the manufacture of cardboard is a high-energy and water-intensive process.

We handle resources carefully and efficiently – and not just in terms of energy, the climate, waste, and water. We investigate issues such as deforestation, soil erosion, and illegal logging when procuring raw materials.



## 2. Our actions

### We prefer used goods

Our products are resource-intensive, by their very nature. That is why recycling and energy-efficient manufacturing are at the top of our agenda, from both an environmental and economic perspective.

We analyse, anticipate and reduce the negative effects on the environment as soon as we start the development of a product. We optimise our logistics on an ongoing basis, whether with route planning and innovations or by using return trips to bring back waste paper and cardboard.

We purify wastewater, use recycled fibre where possible and buy only certified virgin fibre, where we need it.



## New vehicle fleet and a premium system

Model Logistics in Germany renewed its vehicle fleet from 2019-2021.

In 2019, 63 vehicles were replaced, in 2020 45 vehicles, and in 2021 the last 10 vehicles were replaced with more efficient Scania and MAN models.

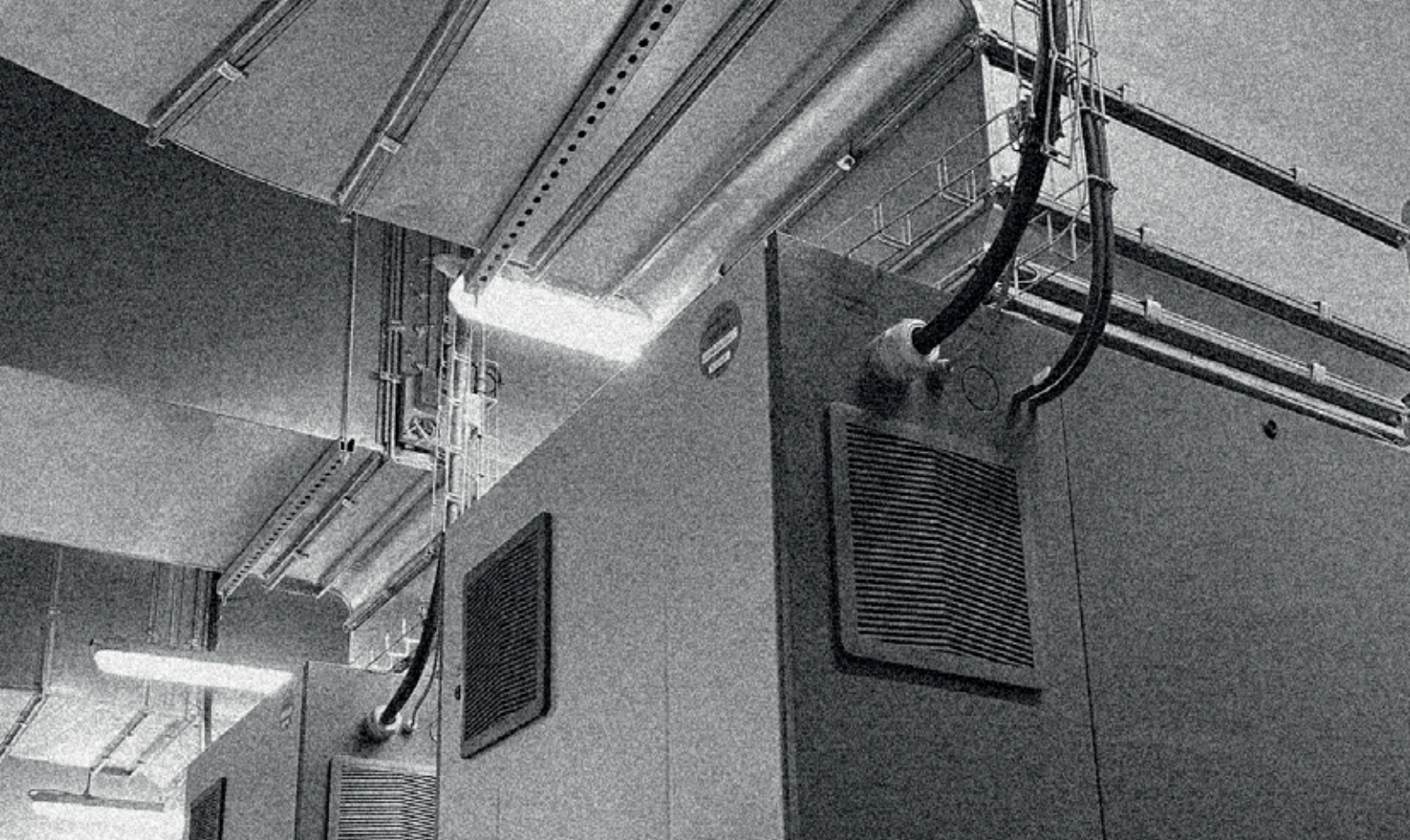
In July 2019, the Roadlox software was also introduced with which the driving behavior of drivers is evaluated. At the same time, a bonus system based on this assessment was introduced.

These two measures reduced average fuel consumption from 24.07 l/100km to 22.93 l/100km. With around 12.5 million annual kilometers driven, this is a saving of around 142 500 l of diesel.

## Shortened transport routes

In November 2021, a corrugator was launched in Nowa Sól (PL). The realization of a project of this dimension is a great challenge, but we are proud to say that it was completed successfully on schedule. The result is a modern and high-performance machine that guarantees high-quality of produced corrugated sheets.

Thanks to the new corrugator, we no longer need to transport approximately five million m<sup>2</sup> of sheets per month from Czostów to Nowa Sól. Thereby, we save time, transport costs and reduce CO<sub>2</sub> emissions. The installation paves the way for Model's further growth in Poland.



## Heat recuperation

In 2021, Model Obaly in Hostinné (CZ) realized another stage of using the waste heat from three compressors. We use compressors for the central distribution of air to our production machines. During the air generation, waste heat of about 70°C is generated.

Currently, the heating of the plant is ensured by a distribution system, which was created by interconnecting the original and the new distribution system. Thus, we are able to use the waste heat throughout the plant. In addition, we have shut down the heat supply from the supplier and can renew it at any time if necessary. This investment is also pleasing in economic terms, as the investment amounted to only CHF 25 000.

The 100% recovery of waste heat brought us savings in heat supply costs of CHF 27 000 in the first four months of 2022. We expect the total annual savings to be 400 MWh or CHF 45 000.

## Highest efficiency

The multi-motor drives of the paper machines PM1 and PM2 in Weinfelden (CH) were completely renewed with new motors and gearboxes. Motors of energy efficiency classes IE4 and very low-loss gear-

boxes were used to achieve maximum energy savings. Thanks to maximum efficiency, 350 MWh/a can be saved at PM1 and 900 MWh/a at PM2. This corresponds to the annual electricity consumption of 250 households.

# 3. Our goals

What we want to achieve

By 2030, we will have reduced our resource consumption per tonne of paper, corrugated board, and cardboard produced by 10%.

To reach these goals, we will optimize our fibre recovery process, improve our logistics and introduce new technology along the value chain.

## GRI information

Documenting GRI indicators

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GRI 301-2

Recycled input materials used

GRI 305-4

Emissions

GRI 302-3

Energy intensity

GRI 306-2

Waste by type and disposal method

GRI 303-1 – 303-5

Water and effluents



# Employees

The passion for packaging of our employees is the reason for our long existence.

## Always energizing and inciting

The Model Group does not have employees: it has partners. We are home to strong individuals who forge connections by working together to create our vision and make it a reality. This unifying goal is the inspiration behind all our activities and is our most precious asset. It turns our employees into partners, ensuring everyone takes personal responsibility for their own actions.



«By 2030, all employees who want to be supported will be supported.»

## 1. Our ambition

### We protect, challenge and support

Professional occupational safety is a cornerstone of successful, people-focused companies. That is why we do everything we can to avoid accidents and occupational illness.

We offer targeted support to talented employees and offer further development opportunities, coaching, and training while supporting and encouraging personal responsibility.

Our employees know the importance and value of their contribution to ensure we reach our goals. For us, trust is a form of capital, and the best way to grow it is with honesty.



## 2. Our actions

### Safety does not mean anything...

...if you do not trust anyone. That is why we carry out regular training sessions on occupational safety, review corporate processes on an ongoing basis and analyze systematic errors

We use the Model Lean System across our factories. This involves the integration of all our employees into an internally audited occupational safety and management system, with every accident and near-miss registered and analyzed. Plus, our employees come forward immediately if they notice a safety issue.

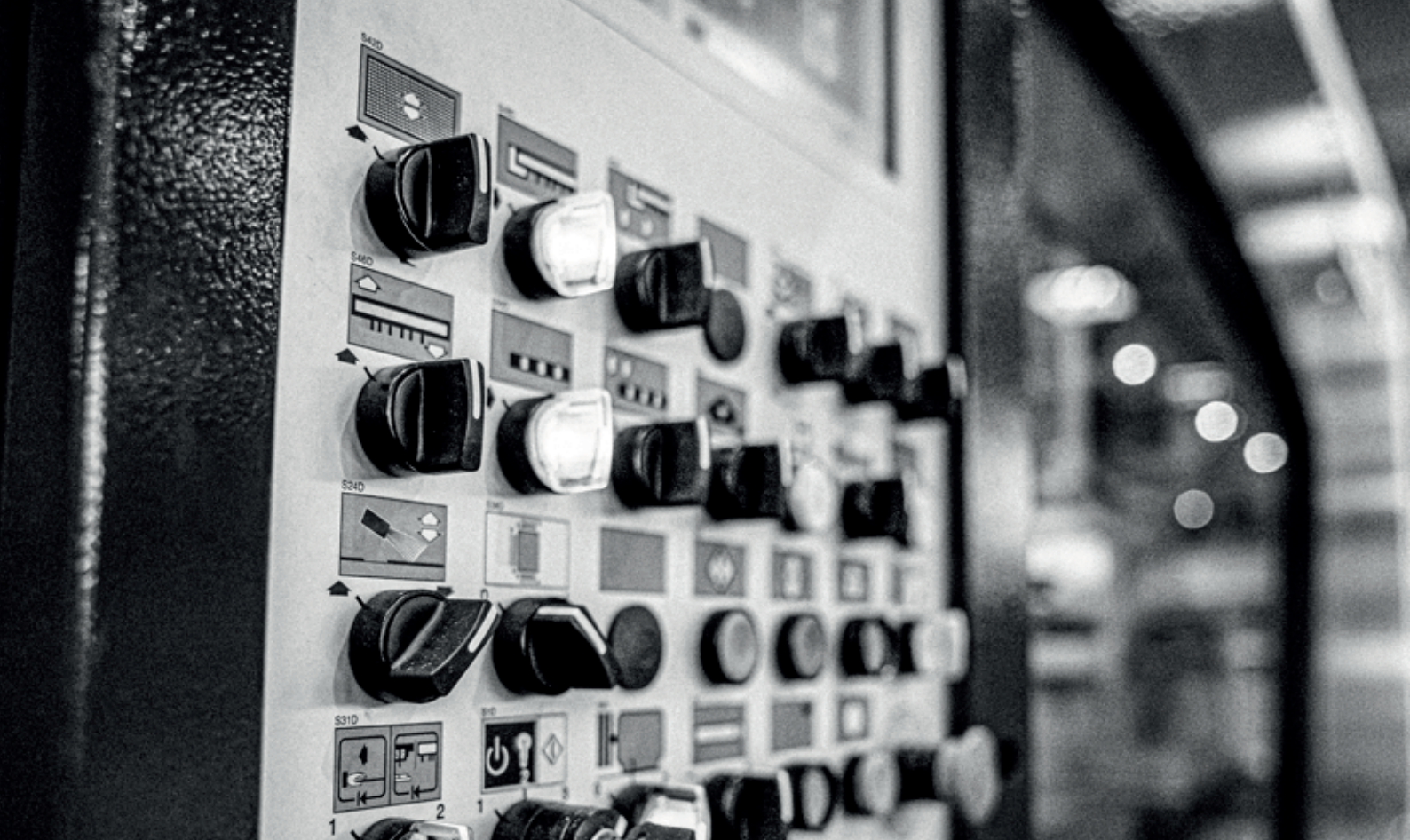
We carry out regular 'GEMBA walks', where we identify risks in the workplace. GEMBA is a Japanese term meaning 'the actual place', 'the real place' or 'the place where value is created'.

We are working towards certification of all our factories under ISO 45001. Occupational safety plays a big role in this; for example, correct operation of machines.

### Young people are the future

In 2021, we trained 59 apprentices and were by their side as they entered the world of work. At the Model Group, an appealing working environment, top-quality training, and exciting internships lay the foundation for the talent of the future.

Find more information about our apprenticeships.



## The career boost you need

We set great store by our employees' training and professional development. We undertake regular hands-on coaching sessions to hone the skillsets of our specialists and managers.

We entrust projects to our young, talented employees so they can prove themselves within a fixed framework. In turn, young workers at every company within the Model Group can draw on the knowledge of many generations of employees: some of our colleagues have been working for our company for 20 years or more.

And if we do not have the necessary expertise ourselves, we help our employees take up external training and professional development opportunities with funds from our employer-financed foundation. In 2020, we offered assistance to the tune of almost EUR 1 million.

## MODEL Your Dreams

Corporate Social Responsibility (CSR) assumes that companies have social interests at heart and be valuable not only to explicit stakeholders but also to the local community. CSR is not a necessity but a conscious choice of companies actively taking care of their environment. Model Opakowania in Poland is exactly doing that for many years already.

One of our sponsoring initiatives is a competition called «MODEL Your Dreams». Since 2013 it has been organized in Biłgoraj, and since 2016 in Czoszów.

The basic idea of the contest is to support young, ambitious talents. Young people get inspired to pursue their passions and dreams, in order to determine an auspicious future and hence career path.

Approximately 150 young people have taken part since the beginning, and for many of them winning became a motivation to stand up for themselves and their future. A holistic success which has given the participants a tailwind.

# 3. Our goals

What we want to achieve

By 2030, we want to reduce the number of accidents in the workplace across the entire group.

To achieve this, we have deployed the ISO 45001 occupational safety system at every Model Group site. Our new concept for handling hazardous substances is also part of this.

## GRI information

Documenting GRI indicators

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GRI 403-1 – 403-8

Occupational safety and health

GRI 404-2

Education and training

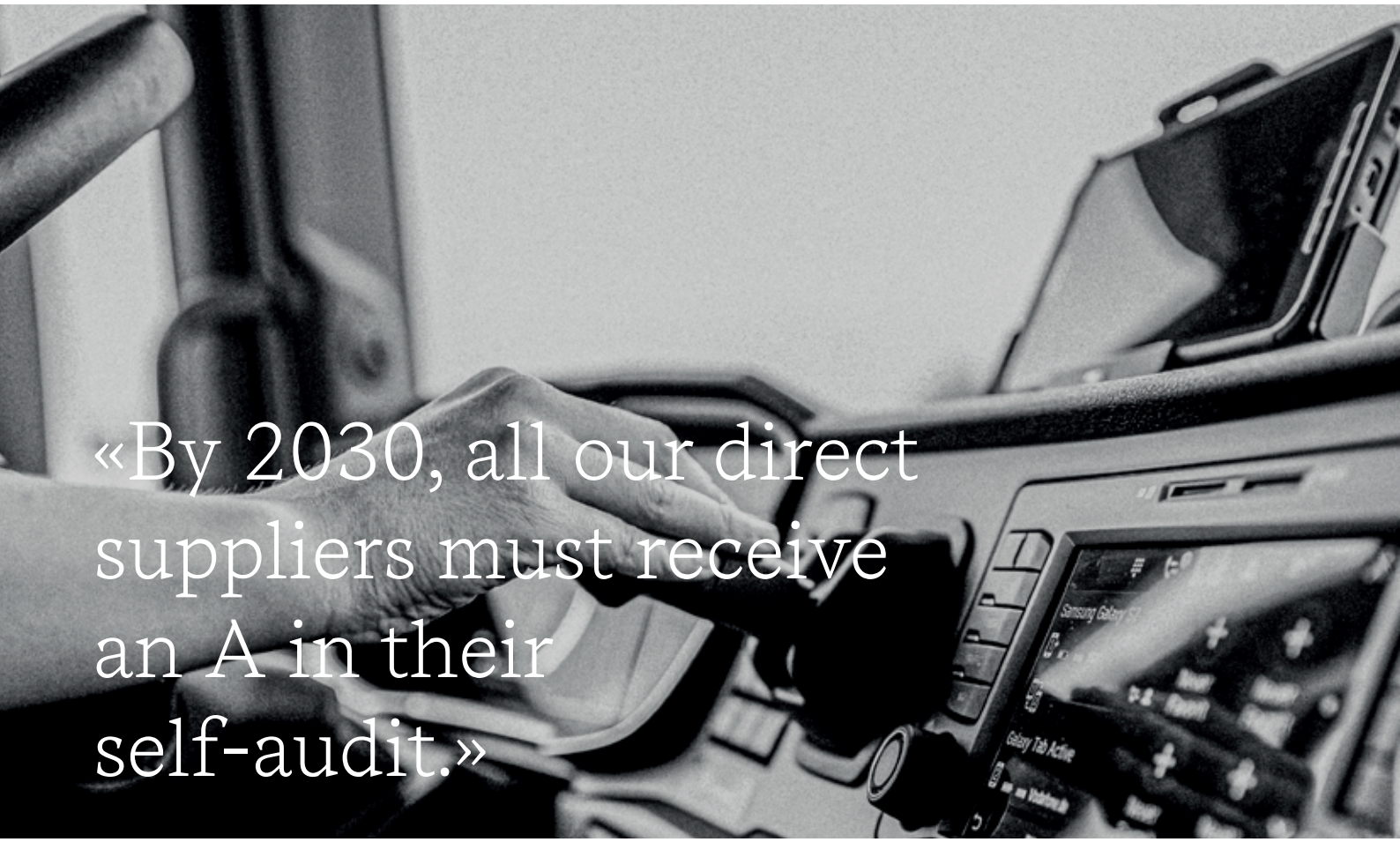


# Supply chain

We support our customers along the entire value chain.

## Cherry picking for the benefit of our customers

After all, we have plenty of partners. 1 800 small, medium-sized and large companies supply their goods to us and support us with services. We select each one carefully to ensure that they share our values, and review the quality and safety of their products. In our procurement conditions, we clearly state that our supply chain must meet exemplary demands, from start to finish.



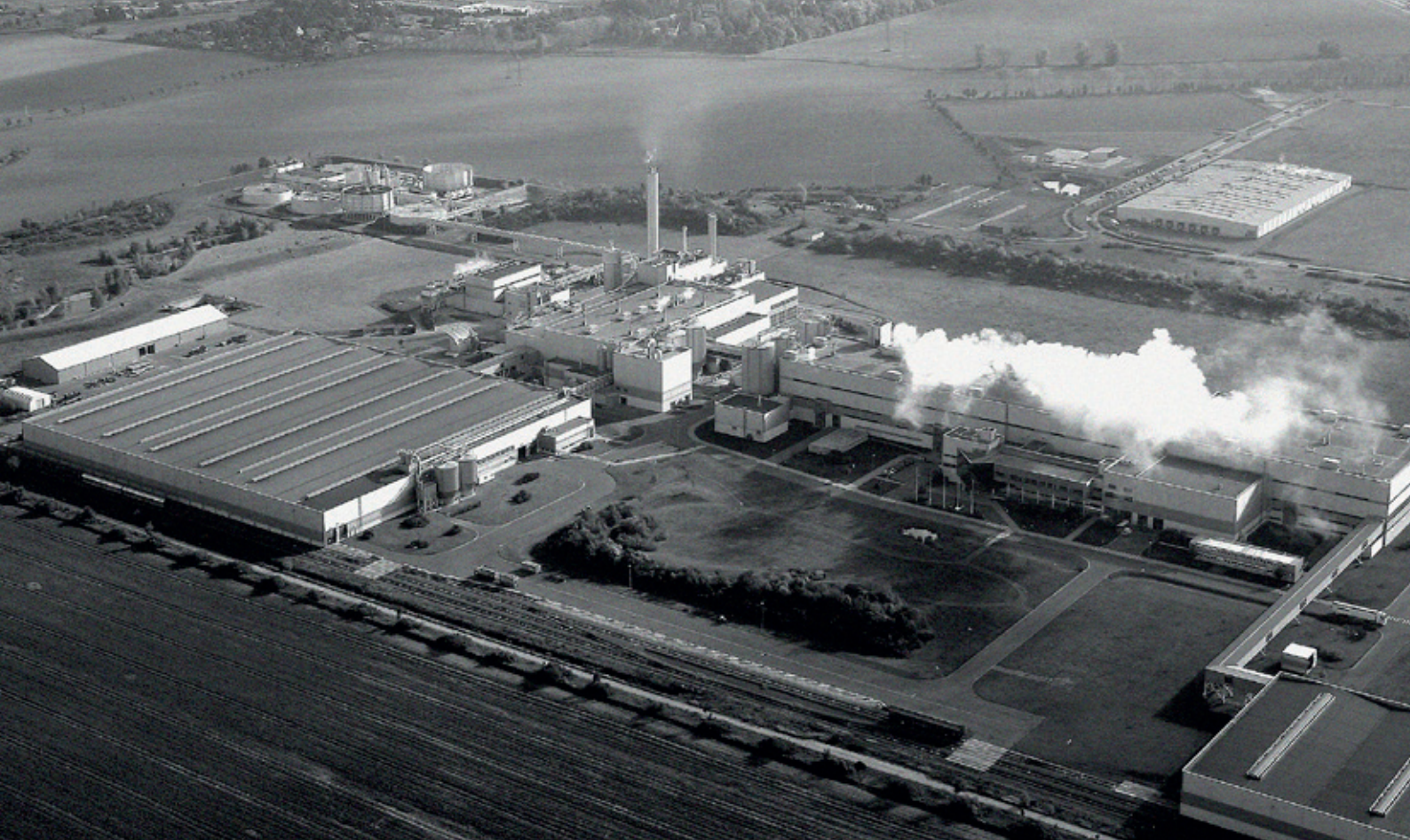
«By 2030, all our direct suppliers must receive an A in their self-audit.»

# 1. Our ambition

## Ties that stand the test of time

We are fastidious in our selection of suppliers, particularly in the area of paper procurement. Given that paper makes up the largest proportion of our procurement volume across the Group, we know every single one of our suppliers. We are in constant communication with each of these partners and carry out regular audits.

As soon as quality is no longer up to scratch and is not improved, we call it a day.



## 2. Our actions

If you have your eye on us,  
you must have plenty to offer

We source wood fibre (whether virgin or recycled), adhesives, inks, coatings, and much more from more than 1 800 partners across Europe. We are always more than happy to pick small companies to be our

partners. Our procurement conditions are clear and precisely worded, so it is easier for us to make and review our choice. Our supply chain is measured and judged on how these conditions are met.

### Concentration of the supply chain

The acquisition of the paper mill in Eilenburg (Germany) further secures the upstream supply chain, i.e. paper production. Now Model Group can cover 100% of its own demand for recycled containerboard.

The geographical location of Eilenburg, close to other Model corrugated board mills, will also mean shorter transport distances than if the containerboard were supplied from Switzerland.



## Our supply chains are stable

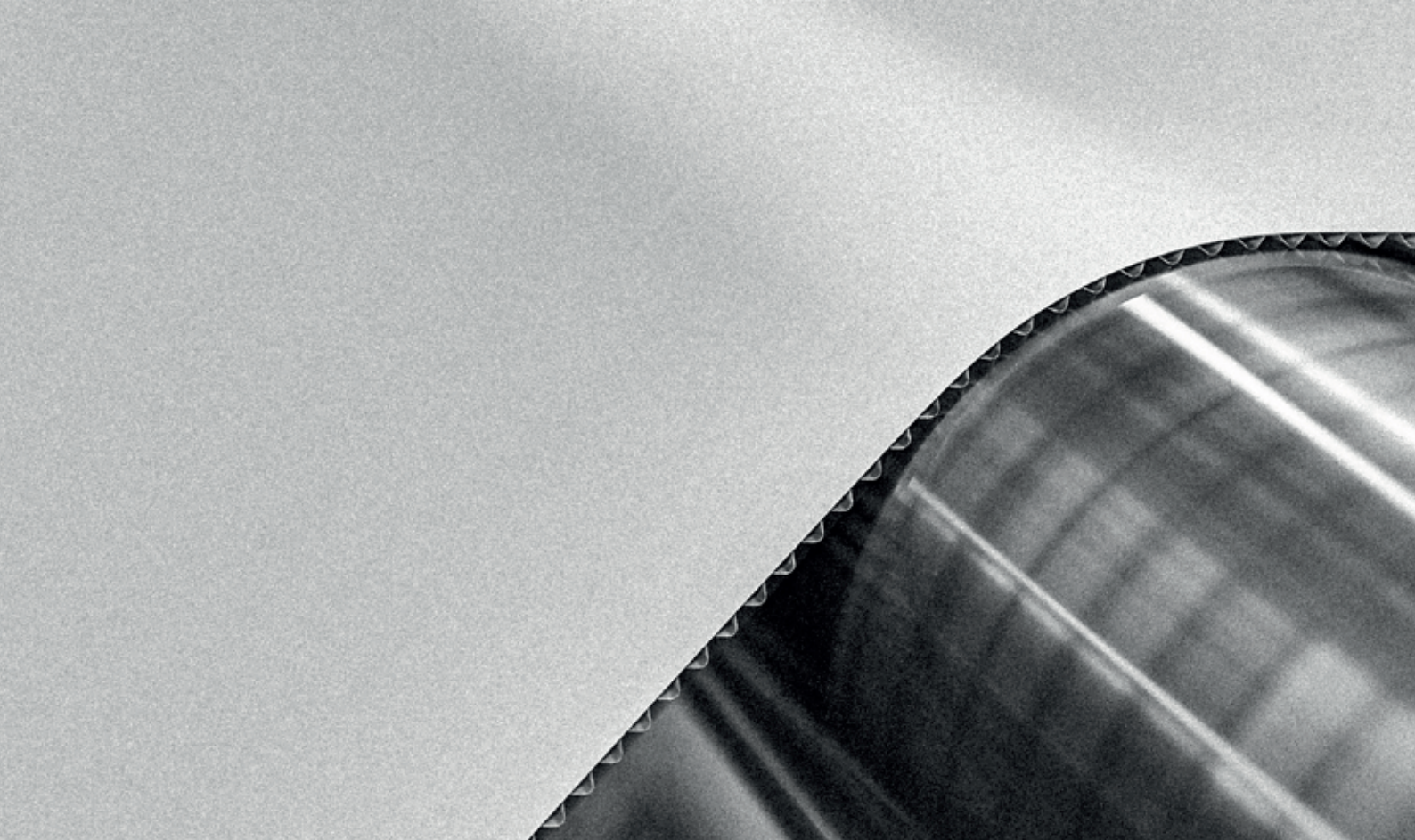
COVID and the Russian-Ukrainian war have challenged us. Due to the current situation, we analyze the most important supply chains daily and evaluate new suppliers if necessary. One of the most important

building blocks in the supply chain are our paper mills, which very reliably supply the raw material for corrugated board production. The supply chains have thus always been stable to date.

## Keeping our word – and letting our actions speak louder

Within our General Terms of Procurement, our suppliers guarantee that they will adhere to the EU chemicals regulation REACH. They guarantee that they will comply with all applicable environmental legislation and the requirements of the Code of Conduct of the Business Social Compliance Initiative (BSCI). This includes a ban on discrimination and corruption, fair salaries, compliance with human rights and occupati-

onal health and safety standards. The Model Group's suppliers also undertake to continually improve manufacturing conditions, handle resources responsibly and protect the environment as best possible. Our requirements also apply to our suppliers' suppliers, and to the Model Group's entire supply chain as a result.



## No stone left unturned

We check our suppliers regularly. Part of this happens through the due diligence process of self-audits, but we also carry out audits ourselves. Paper is the most important component of our products. To emphasize the high expectations we have of our suppliers, we regularly conduct supplier re-audits at our major paper manufacturers. The topics we examine go beyond the minimum requirements for sustainability certifications, meaning that we also look at product quality, manufacturing processes, and employee training.

As we choose our suppliers carefully and in line with stringent requirements, it is rare that we need to reassess their environmental or social impact in depth. Most of our partners already meet very high standards when it comes to sustainability, but we aim to raise the bar even further.

The due diligence process below applies to direct procurement for production sites within Switzerland:

### **1. SELF-AUDIT**

Every supplier, whether new or existing, carries out an annual self-audit using a Model questionnaire and has to supply the corresponding documentary evidence. We focus on reviewing the requirements listed in the General Terms of Procurement.

### **2. RISKS**

We assess risk criteria across every relevant area and review whether the supplier, the product, or the service display critical issues.

### **3. MEASURES**

If the supplier does not meet our requirements, we ask them to improve and report back.

### **4. PROGRESS**

We then review whether the improvements meet our expectations and, in case of doubt, carry out an audit ourselves. If their progress is unsatisfactory, we bring our collaboration to an end.

# 3. Our goals

## What we want to achieve

By 2030, we want all our direct suppliers to have achieved 'category A' in their self-audit. We use the following measures to consistently implement and enforce our sustainability requirements within the supply chain:

- Our sustainability requirements are put into practice across the entire Model Group and expanded to also cover the procurement of additives.
- We choose suppliers that already satisfy the demands of category A, or help them to get there.
- We are continuing to scale up supplier self-audits.

# GRI information

## Documenting GRI indicators

This report complies with the Global Reporting Initiative (GRI) standards and aligns the key aspects of the GRI with the four pillars of the Model Group's sustainability strategy.

GRI 308-1

Environmental assessment

GRI 414-1

Social Assessment

## Sustainability performance indicators

Group key figures	unit of measure	GRI-reference	2017	2018	2019	2020	2021	% variance
<b>Model Group</b>								
consolidated sales	MCHF	102-7	915	991	942	859	1'067	16.6%
investments	MCHF	102-7	86	54	48	57	156	81.4%
corrugated board production	Mm <sup>2</sup>	102-7	1'361	1'349	1'396	1'453	1'527	12.2%
laminated corrugated board packaging	Mm <sup>2</sup>	102-7	43	49	49	52	65	52.9%
cardboard packaging	tonnes	102-7	22'500	21'400	21'300	18'600	18'100	-19.6%
containerboard production	tonnes	102-7	388'600	399'600	404'200	408'382	407'700	4.9%
consumption containerboard	tonnes	Model indicator	785'858	771'951	750'625	778'403	664'991	-15.4%
<b>Classification employees</b>								
employees	FTE	102-8	4'285	4'320	4'287	4'225	4'473	4.4%
permanent	FTE	102-8	3'754	3'806	3'821	3'790	4'296	14.4%
temporary	FTE	102-8	205	148	132	141	177	-13.6%
full-time	FTE	102-8	3'842	3'851	3'892	3'867	4'387	14.2%
part-time	FTE	102-8	86	78	63	67	86	-0.4%
apprentices	Headcount	102-8	88	84	76	56	57	-35.2%
model workers who are not employed at the factory**	Headcount	102-8	119	113	149	129	182	52.7%
<b>Integrity</b>								
Confirmed incidents of corruption and actions taken	number	205-3	0	0	0	0	0	0
Legal actions for anti-competitive behavior, anti-trust and monopoly practices	number	206-1	0	0	0	0	0	0
<b>Quality</b>								
<b>Product safety</b>								
Proportion of external certified product safety system			44%	50%	63%	73%	80%	82.9%
factory with an external certified product safety system	number	Model indicator	7	8	10	11	12	71.4%
factory with a product safety system	number	Model indicator	16	16	16	15	15	-6.3%
Incidents of non-compliance concerning the health and safety impacts of								
incidents of non-compliance with regulations resulting in a fine or penalty	number	416-2	0	0	0	0	0	0
incidents of non-compliance with regulations resulting in a warning	number	416-2	0	0	0	0	0	0
incidents of non-compliance with voluntary codes	number	416-2	0	0	0	0	0	0
Complaints for health requirements								
number of customer complaints for health requirements	number	Model indicator	0	0	0	3	0	0
<b>Environment</b>								
<b>Paper cycle</b>								
Proportion of recycled fibre-based materials used			77%	78%	83%	83%	81%	4.3%
total input recycled fibre-based materials used	tonnes	301-2	616'421	617'171	649'046	666'600	700'269	13.6%
total input fibre-based materials used	tonnes	301-2	796'864	786'531	785'432	806'308	868'040	8.9%
Proportion of FSC fibre-based materials used			76%	77%	85%	91%	90%	18.8%
total input FSC fibre-based materials used	tonnes	Model indicator	578'973	608'817	667'054	730'525	778'772	34.5%
total input fibre-based materials used	tonnes	Model indicator	766'539	786'441	785'432	806'893	868'040	13.2%
Proportion of model recoverer			30%	31%	33%	34%	35%	13.6%
total input model recoverer (direct collection) waste paper used	tonnes	Model indicator	123'816	128'155	139'300	146'287	147'068	18.8%
total input waste paper fibres used for containerboard production	tonnes	Model indicator	406'501	419'698	423'078	428'230	424'931	4.5%
<b>Resource efficiency</b>								
Resource efficiency								
total specific resource use	%	Model indicator	100%	101%	98%	98%	99%	-1.0%
Energy consumption								
total energy consumption	kWh	302-1	985'364'875	999'006'199	964'349'784	925'145'473	948'605'341	-3.7%
electricity consumption	kWh	302-1	204'813'031	212'063'219	204'541'976	202'982'448	208'243'797	1.7%
of this self-generated electricity	kWh	302-1	9'319'706	8'065'512	8'030'041	6'097'434	4'693'815	-49.6%
steam from district heating consumption	kWh	302-1	370'262'020	384'745'210	378'695'644	377'975'660	346'144'094	-6.5%
refuse-derived fuel consumption	kWh	302-1	126'537'805	129'166'717	119'409'395	89'308'466	93'884'503	-25.8%
natural gas consumption	kWh	302-1	183'423'954	175'379'608	177'141'596	174'520'243	189'983'266	3.6%
heating oil consumption	kWh	302-1	12'769'133	25'422'168	22'059'566	22'232'534	48'835'483	282.4%
biogas consumption	kWh	302-1	28'037'736	22'431'019	14'744'714	14'620'271	13'818'533	-50.7%
diesel fuel consumption	kWh	302-1	55'121'195	46'428'258	44'094'893	39'574'584	43'450'703	-21.2%
liquefied petroleum gas	kWh	302-1	4'400'000	3'370'000	3'662'000	3'929'363	4'244'970	-3.5%
Energy consumption by area								
production locations area Paper	kWh	Model indicator	664'652'306	692'890'403	660'973'657	629'505'084	627'106'691	-5.6%
production locations area Packaging	kWh	Model indicator	320'712'569	306'115'796	303'376'127	295'640'389	321'498'649	0.2%
of this fuel for delivery of finished products	kWh	Model indicator	49'304'593	40'859'699	38'491'821	35'385'424	37'020'817	-24.9%
Energy consumption by quality								
renewable energy	kWh	302-1	249'828'197	238'521'010	218'688'212	173'668'927	166'550'735	-33.3%
share renewable energy	%	302-1	34	31	29	23	22	-34.7%
fossil energy	kWh	302-1	735'536'678	760'485'189	745'661'572	750'974'279	750'459'705	2.0%
Climate								
total greenhouse gases, marketbased (scope 1+2)	tonnes <sub>CO2eq</sub>	305-1/2	113'921	117'942	108'361	116'149	128'876	13.1%
fossil greenhouse gases scope 1, marketbased	tonnes <sub>CO2eq</sub>	305-1/2	60'322	58'727	54'081	53'522	61'807	2.5%
biogenic greenhouse gases scope 1, marketbased	tonnes <sub>CO2eq</sub>	305-1/2	16'970	21'394	16'632	28'095	30'372	79.0%
fossil greenhouse gases scope 2, marketbased	tonnes <sub>CO2eq</sub>	305-1/2	36'629	37'822	37'646	34'532	36'697	0.2%
biogenic greenhouse gases scope 2, marketbased	tonnes <sub>CO2eq</sub>	305-1/2	-	-	-	-	-	-
Waste								
total waste	tonnes	306-2	186'996	190'251	185'504	188'196	208'493	11.5%
non-hazardous waste	tonnes	306-2	179'938	183'382	178'771	182'843	202'841	12.7%
of this recycled	tonnes	306-2	146'383	146'064	141'567	147'439	150'165	2.6%
of this recycled paper fibres	tonnes	306-2	143'589	145'092	140'649	132'090	148'535	3.4%
of this thermal recycled	tonnes	306-2	33'331	37'079	36'976	35'245	52'532	57.6%
of this landfill	tonnes	306-2	224	241	229	145	144	-35.9%
hazardous waste	tonnes	306-2	7'058	6'869	6'732	5'352	5'652	-19.9%
of this recycled	tonnes	306-2	69	86	98	88	32	-53.9%
of this thermal recycled	tonnes	306-2	838	731	640	559	597	-28.8%
of this landfill	tonnes	306-2	6'151	6'052	5'994	4'701	5'023	-18.3%
Water withdrawal								
total water withdrawal	m <sup>3</sup>	303-3	2'968'822	2'873'427	2'884'929	2'632'459	2'639'268	-11.1%
of this third-party water	m <sup>3</sup>	303-3	174'999	156'541	154'103	150'928	158'868	-9.2%
of this groundwater	m <sup>3</sup>	303-3	2'793'823	2'716'886	2'730'826	2'481'530	2'480'400	-11.2%
Water discharge								
total process waste water	m <sup>3</sup>	303-4	1'603'834	1'715'547	1'587'681	1'405'027	1'341'797	-16.3%
of this to waste-water treatment plants	m <sup>3</sup>	303-4	1'603'834	1'715'547	1'587'681	1'404'743	1'341'797	-16.3%

Employees		unit of measure	GRI-reference	2017	2018	2019	2020	2021	% variance
<b>Work safety</b>									
employees* and workers** who work and/or workplace is controlled by Model, who are covered by such a system	employees FTE	number	403-8	4'002	4'029	4'035	3'998	3'968	-0.8%
	workers FTE	number	403-8	137	128	167	148	228	66.7%
	Total FTE	number	403-8	4'138	4'157	4'203	4'147	4'196	1.4%
employees* and workers** who work and/or workplace is controlled by Model, who are covered by such a system that has been internally audited	employees FTE	number	403-8	4'002	4'029	4'035	3'998	3'968	-0.8%
	workers FTE	number	403-8	137	128	167	148	228	66.7%
	Total FTE	number	403-8	4'138	4'157	4'203	4'147	4'196	1.4%
employees* and workers** who work and/or workplace is controlled by Model, who are covered by such a system that has been audited or certified by an external party	employees FTE	number	403-8	197	312	916	893	47	-76.1%
	workers FTE	number	403-8	4	25	59	51	86	2224.3%
	Total FTE	number	403-8	201	337	976	894	133	-33.7%
occupational accidents		number	Model indicator	176	225	184	175	242	37.5%
<b>Human Resources</b>									
investments for training and education		CHF	404-2	935'489	1'092'509	1'176'847	1'034'192	830'724	-11.2%
supported external training		number	404-2	216	242	455	322	180	-16.7%
apprentices		number		88	84	79	65	59	-33.0%
<b>Supply chain</b>									
<b>Supply chain (Scope Switzerland only)</b>									
new suppliers that were screened using environmental criteria		%	308-1	96	96	96	96	96	0.0%
new suppliers that were screened using social criteria		%	414-1	96	96	96	96	96	0.0%
Proportion of supplier assessment				85%	78%	56%	67%	66%	-22.1%
number of direct suppliers		number	Model indicator	1'740	2'491	1'584	1'492	1'631	-6.3%
number of self-audit at direct suppliers		number	Model indicator	27	46	156	111	217	703.7%
number of self-audit with category A at direct suppliers		number	Model indicator	23	36	88	74	144	526.1%
<b>Glossary</b>									
CHF	Swiss franc								
*employees	Individual who is in an employment relationship with Model, according to national law								
FTE	Full Time Equivalent								
GRI	Global Reporting Initiative								
kWh	Kilowatt hour								
m <sup>3</sup>	Cubic meter								
MCHF	Million Swiss francs								
Mm <sup>2</sup>	Million square meters								
** workers	Model worker, who is not employed by Model. This often concerns self-employed persons and persons who are employed by third parties, but who, for example, have a badge and workplace with Model.								