



DerGrünePunkt
Take it and shape it!

DER GRÜNE

PUNKT

Sustainability Report 2017/2018

OUR STAKEHOLDERS

It is important for us to learn how we can make our company and our services even better. This is why we are in constant contact with our stakeholders.



The circular economy is the future

We want to get better and better. So communicating with our stakeholders plays a special role. An exceptionally large number of groups are relevant to our work (see image). We identified the most important of them back in 2015 using a comprehensive stakeholder analysis. We have updated the list, but have not determined any material changes for this latest report.

Following in the footsteps of our 2015/16 Sustainability Report, this is the second GRI report to be drawn up by the Der Grüne Punkt group. This report is available in German and English, is printed on certified recycled paper, and is mailed with a neutral impact on the climate.

Over the following pages, we will present our sustainability strat-

egy, new measures, and the progress we have made. Unless otherwise noted, all contents and key performance indicators relate to the entire group of companies and to the 2017 and 2018 fiscal years. "The group of companies" refers to the companies listed in the box on page 11. We report every two years and also publish figures relating to our environmental performance on our website.

This Sustainability Report was drawn up in accordance with the international standards set out by the Global Reporting Initiative and fulfills its Core Option. This publication was audited by GUTcert (see page 58). We received strategic assistance from cyclos future GmbH.

You can find more information on sustainability and download this report by visiting: www.gruener-punkt.de/sustainability

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Dear Ladies and Gentlemen,

“I believe that the circular economy as a whole is one of the biggest global megatrends,” European Commission Vice President Jyrki Katainen has said. Using less virgin plastic will not hinder our economic growth. On the contrary, more innovation and recycling mean more value creation in Europe.

I share this opinion. And we show how this can work in practice with the flagship projects showcased in this report. Consumers want sustainable packaging – something that they display at the point of sale. Packaging made out of recycled materials from the yellow bag and yellow bin (solely for lightweight packaging) sells better if it is a good-quality product.

We have to become more sustainable at every stage for this to work. We must design our production processes more efficiently to further enhance recycled materials’ edge over new materials. And we need to industrialize production so that recycled plastic can be more financially competitive with virgin plastic. Therefore, Der Grüne Punkt is not only investing in technology and machinery, but also in developing markets. Our workshops on design for recycling and using recycled materials are regularly fully booked. And we have developed a “cluster tool” to help our customers easily rank the recyclability of their packaging before the first unit is made. We will expand this tool, thereby leveraging and advancing digitalization in the circular economy.

In the long term, the retail trade and industry will have no choice but to embrace the circular economy – but they are still not very willing to invest in it at the moment. Fierce competition continues to shape the Dual System market. And high-quality recycled materials

suitable for new packaging still cost 30 percent more than virgin plastic made out of crude oil. Therefore, not enough material is being sold yet to make sure that large-scale plants can be run reliably.

The artists whose creations we showcase in our new Sustainability Report are much further down the road. They are fascinated by what our consumption leaves behind and craft it into a new, exciting form. But this cannot be the solution for all of the materials that we use in our products.

We need holistic, sustainable solutions – something that Der Grüne Punkt embodies. Besides winning a large number of accolades for high-quality products made out of our Systalen plastic, Der Grüne Punkt also walked away with the German Sustainability Award during the reporting period. I am really proud of this recognition, but my goal and the goal of my teammates in our group of companies is to take the circular economy to the next level as a sustainable business model – and to inspire others to join us in pursuing this goal.

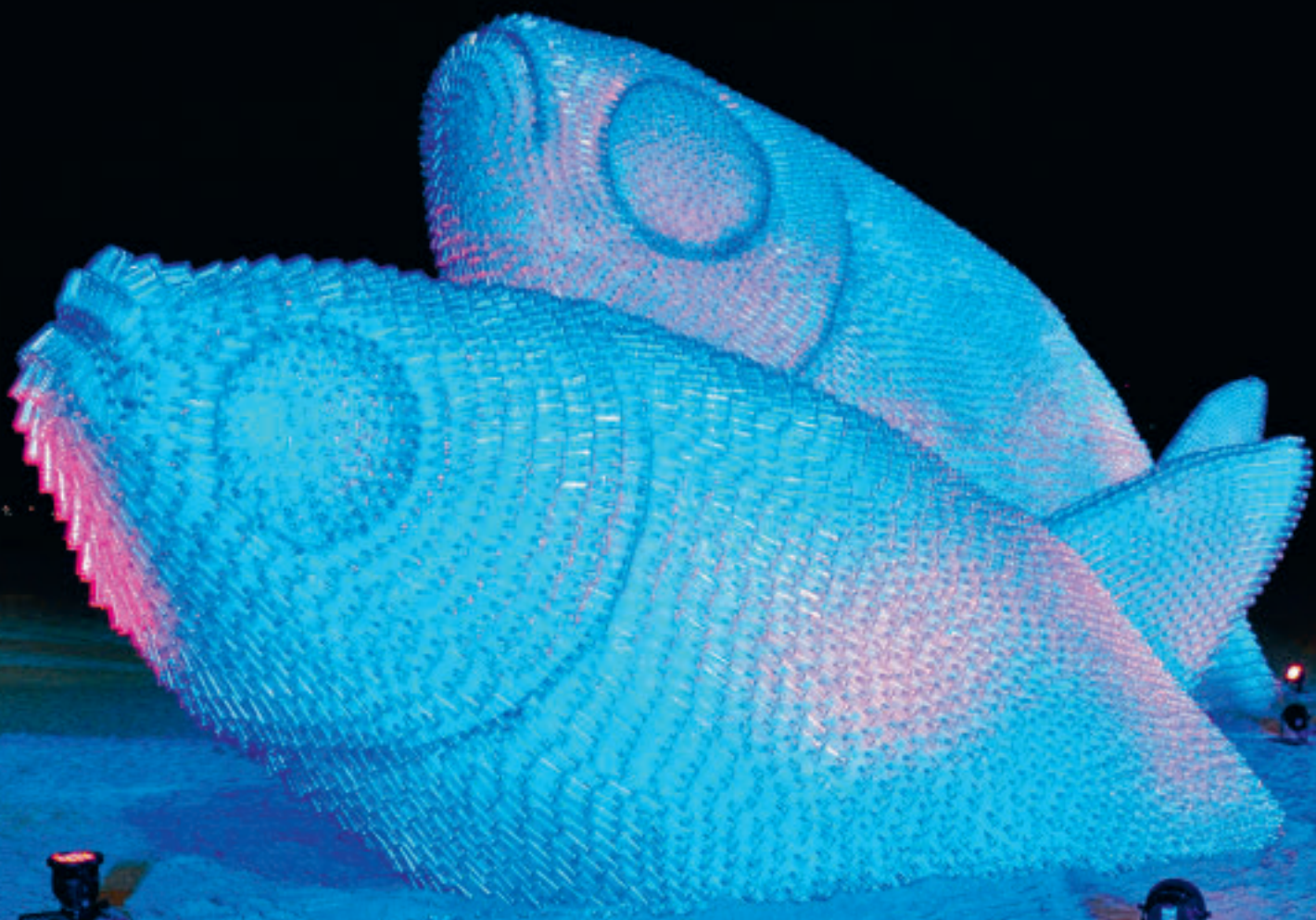
I hope you enjoy reading this report.



Michael Wiener
CEO of Duales System Holding

A man with glasses, wearing a dark suit jacket over a light-colored shirt, is sitting in a factory. The background is filled with industrial machinery, including conveyor belts and structural beams, under a warm, orange-red lighting. The man is looking directly at the camera with a slight smile.

“Our goal is to take
the circular economy
to the next level as a
sustainable business model.”



MORE FISH THAN PLASTIC

... is the goal of a group of artists that created three fish out of plastic bottles back at the UN Conference on Sustainable Development in 2012. Next to the glowing sculpture, a banner on Botafogo beach in Rio de Janeiro urged onlookers to *Recicle suas atitudes*. "Recycle your attitudes" remains an urgent appeal today.

COMPANY & STRATEGY

Holistic solutions

Der Grüne Punkt operates in an industry of the future. We have been working since 1990 to bring about sustainable cycles in which raw materials can be used several times. Der Grüne Punkt companies serve as solution providers on three fronts – as a leading provider of extended producer responsibility services, as a leading supplier of recycled raw materials for plastic, and as a premium producer of recycled plastic.

As the market leader among Germany's dual systems, Der Grüne Punkt – Duales System Deutschland GmbH (DSD) is synonymous with smart take-back systems. At the same time, we develop and market innovative recycled materials and services. Systec Plastics Eisfeld GmbH and Systec Plastics GmbH, Hörstel make our Systalen-brand premium recycled plastic for the international market. All companies are pooled in DSD – Duales System Holding

GmbH & Co. KG. The group of companies has six locations and 426 employees (2018) who work in the following divisions:

- Extended producer responsibility services (EPR Licensing)
- Development and production of premium recycled plastic (Plastics Recycling)

Since 2018, trading in recycled raw materials (Trading) has been categorized as part of the two other divisions from a structural and balance sheet perspective.

» Waste hierarchy becoming more important

How should we deal with waste? This is a key issue facing our industry. The European Waste Framework Directive sets out a clear hierarchy. Recycling takes third place in this hierarchy after waste

ECONOMIC PERFORMANCE

Key topics:
Economic performance, indirect economic impacts

GRI standards: 201-1, 203-2



EXPERTISE AND CREDIBILITY

Key topics:
Expertise and credibility, consumer communication

GRI standards: 417-3



WORKING CONDITIONS AND EMPLOYMENT

Key topics: Occupational safety, health protection, employment relationships, diversity, and equal opportunities

GRI standards: 401-2, 401-3, 402-1, 403-1, 403-2, 405-1, 406-1



QUALIFICATIONS

Key topics:
Qualifications (training and education)

GRI standards:
404-1, 404-2, 404-3



RESOURCES MANAGEMENT

Key topics:
Material use, water, and waste

GRI standards: 301-1, 301-2, 303-2, 303-3, 306-1, 306-2



MARKET TRANSFORMATION

Key topics:
Shaping markets, fair competition, sustainable supply chain

GRI standards: 204-1, 206-1, 308-1, 308-2, 407-1, 414-1, 419-1



COMPLIANCE

Key topics:
Upholding laws, data protection, corruption

GRI standards: 205-1, 205-2, 205-3, 206-1, 307-1, 418-1, 419-1



PRODUCT INNOVATION AND RESPONSIBILITY

Key topics:
Product responsibility and product innovation

GRI standards: 301-2, 416-1, 417-2



ENERGY

Key topics:
CO₂ emissions, energy

GRI standards: 302-1, 302-3, 302-4, 305-1, 305-2



KEY TOPICS

Based on conversations with our stakeholders, we know which topics we should drive forward as a matter of priority. The issues that we want to focus on reflect our unique business model where policy-making, business, and society meet. As a result, and as a further evolution of our materiality matrix, we have come up with nine equal areas of action – each with several key topics and a link to specific Sustainable Development Goals (SDGs).

prevention and reuse. Energy recovery and disposal operations only then follow in fourth and fifth place. For us, value creation stretches from manufacturing to recovery. Since 2007, we have been advising our customers on how to design their packaging to be as recycling-friendly as possible. Demand for this service has soared, due in part to strong political pressure on manufacturers to take action (you can find more on this in the Market section). Research, advisory services, and making recycled materials – three areas that are closely intertwined – are therefore the areas of the future for Der Grüne Punkt.

However, we can only close material cycles in the long term if a holistic approach is taken to packaging design and manufacturing. We hold workshops and carry out individual projects to let our customers know how packaging design, recycling, and recovery interact. In an ideal scenario, technical innovations can turn unavoidable waste into new packaging. For example, our Systalen recycled plastic is turned into new bottles for washing, cleaning, and household cleaning products, and even for cosmetics and body-care products (see also page 39).

» Sustainable structures

The overarching Business Development & Management Systems unit, which reports directly to the management team, coordinates all of our sustainability activities. Selected sustainability issues are discussed in regular meetings every six to eight weeks. Locations are integrated in these meetings through their own officers. However, internal communication is not the only thing that is important. We foster dialog with our stakeholders to make sure that our strategy and sustainability efforts are in keeping with demand. A survey in spring 2016 revealed that a few partners wanted to see greater transparency and quality. We are constantly working to meet this request and to make it easier to understand what happens to collected packaging and how we are improving the quality of our recycled materials.

We are in constant communication and have launched or carried out many measures. A few examples: The establishment of RAL-Gütegemeinschaft Rezyklate aus haushaltsnahen Wertstoffsammlungen e.V. (RAL Quality Association for Recyclables from Close-to-Home Collections), the geTon initiative, and a joint campaign by dual systems. We are combining workshops on environmental incentives with representatives from industry and the retail trade and Design-4Recycling workshops with customers with visits to sorting plants.

In a nutshell

OUR GROUP OF COMPANIES

DSD – Duales System Holding GmbH & Co. KG, Cologne

Managing Directors: Michael Wiener (CEO), Tobias Ketterle (CFO)
Supervisory Board Chairman: Karl-Heinz Holland

Der Grüne Punkt – Duales System Deutschland GmbH

Cologne (head office), Augsburg, Berlin, Hamburg
Managing Directors: Haucke Schlüter (spokesperson), Jörg Deppmeyer (since June 1, 2018), Dr. Markus van Halteren (until December 31, 2018), Dr. Markus Helftewes

DSD – Duales System Services GmbH, Cologne

Managing Directors: Tobias Ketterle, Michael Wiener, Haucke Schlüter

Systec Plastics GmbH, Cologne

Production site: Hörstel
Managing Directors: Dr. Markus Helftewes, Vilmos Polgár (until February 28, 2018), Dorothee Röckinghausen

Systec Plastics Eisfeld GmbH, Eisfeld

Managing Directors: Dr. Markus Helftewes, Vilmos Polgár (until February 28, 2018), Dorothee Röckinghausen, Hans-Jürgen Söhner (since April 1, 2019)

Shareholders:

Green Point Holdings S.C.A., Luxembourg

The German Packaging Institute (DVI) also held workshops at Der Grüne Punkt that brought in experienced lecturers. We have also hosted student congresses (read more in the Market section).

We are also constantly working to refine our sustainability strategy and the related values. And we are doing this in all areas of our business, as the table on pages 14 and 15 shows. We want to take action that is economically sustainable, ecologically sound, and socially responsible in the long term.

» Compliance

Compliance is a fundamental issue and means so much more than meeting the applicable environmental standards. We not only want to



VALUE CREATION IS COMPLEX

Packaging has to be functional, easy to handle, and also efficient to manufacture. Our Design4Recycling approach helps manufacturers design their packaging to be recyclable. Post-consumer packaging can only be sorted and recycled if consumers discard it properly. We have set standards that our partners – from local collectors to sorters and the recycling plant – uphold when handling different recyclables.

comply with the law, but also want to be involved in shaping the related standards. Our compliance guide is based on the principles of the UN Global Compact. It reflects our values and contains a comprehensive code of conduct that requires our employees to be fair, respectful, and trustworthy, to not gain any undue advantages for themselves or

others, and much more. Our anonymous whistle-blower system is now up and running, too. The Compliance Officer did not receive any messages during the reporting period. Risk management has been established as part of our responsible corporate governance. Risk analyses are updated twice a year.

Flagship project:

A BLUE COAT, BUT GREEN TO THE CORE

Automatic sorting systems have so far failed to recognize black plastic flowerpots. Pöppelmann – a German manufacturer of plastic injection molded and thermoformed items – is forging a new path. In summer 2017, the plastic specialist became the first company in the world to develop thermoformed flowerpots that are proven to fully close the raw material loop as part of its company-wide PÖPPELMANN blue® initiative. These Pöppelmann TEKU® flowerpots are made out of our resource-friendly Systalen PRIMUS PP and have been certified as 100 percent recyclable by the cyclos-HTP institute. Our Design4Recycling advisory services meant that flowerpots could be designed in a way that allows their material to be easily identified by near-infrared sorting technology.

The RAL Quality Mark for Recycled Plastic shows the packaging's content of plastic from the yellow bin or yellow bag. As part of PÖPPELMANN blue®, the company is currently working in close partnership with Der Grüne Punkt to develop additional closed-loop products made by Pöppelmann.



Strategic goals	Individual goals 2015/2016	Status	Goal/Measure 2019/2020
Market area of action			
Set the tone for recycling	Expand and extend networks; lobby to increase recycling		Joint Dual System campaign; work within associations
	Advance product innovation for plastics recycling; flagship projects (R&D) with partners to promote recyclability and the use of recycled materials		Unlock cosmetics and food applications for recycled materials
	Further develop a model to promote recyclable packaging and the use of recycled materials (central body/German Packaging Act)		Develop the professional "D4R" tool; a report on carrying out activities under Section 21 of the German Packaging Act
Practice sustainable business along the value chain	Integrate sustainability criteria into invitations to tender for waste management companies and suppliers		Draw up sustainable procurement guidelines; sustainable procurement for the new office building (goal: DGNB certification)
	Optimize logistics and transport routes together with partners		Ongoing
Close material loops	Fulfil recycling goals under law		Select sorting and recovery partners in a purposeful manner
	Maintain dialog with policy-makers and competitors		Transparency initiative; geTon initiative
	Transfer knowledge and expertise outside Germany		Involvement in PRoSPA, membership in German RETech; PREVENT initiative
Strengthen expertise and credibility	Maintain and institutionalize dialog with the most important stakeholder groups		Continue Dialog Forum Circular Economy with NABU; student congresses
	Strengthen communication and consumer education by expanding PR work aimed at specific target groups		RAL-Gütegemeinschaft Rezyklate aus haushaltsnahen Wertstoffsammlungen e.V.
Economy area of action			
Improve economic performance	Increase total revenues while taking account of our economically viable market share		Increase capacity of plastics recycling plants; expand Systec Plastics Eisfeld; build an industrial-scale plant
Increase added value for customers	Hold and expand consistent dialog with customers through regular stakeholder surveys and dialogs		Hold a series of workshops on economic incentives
	Extend our consulting portfolio (EPR Licensing) and respond to customers' requests in an even more focused way		IT solution for initial rating of recyclability; recycling compass; practical D4R workshops
Live out efficient organization	Introduce an integrated management system		Integrate QM head office and production sites
	Expand digital systems and formats to optimize operating procedures		Digitalize internal processes

Fully met
 Three-quarters met
 Half met
 One-quarter met
 Not started

SUSTAINABILITY STRATEGY

This table displays areas of action, goals, and measures. We are constantly refining this strategy. Individual measures are described in the related chapters.

Strategic goals	Individual goals 2015/2016	Status	Goal/Measure 2019/2020
Ecology area of action			
Promote the efficient use of resources	Optimize and reduce the use of consumables and resources		Hörstel: More efficient drive technology (2019); Eisfeld: complete rebuilding of the LD line (2019), funded by BMWi
	Reduce solid waste and wastewater generation at production facilities, increase yields, optimize dewatering of residual materials		Hörstel: completed; Eisfeld: replace dewatering units and mechanical cleaners
	Continuously optimize the water cycle		Eisfeld: optimize by rebuilding LD line (2019)
Reduce/optimize energy consumption	Raise the share of renewables		Generate solar power at the new office location starting in 2020
	Reduce office energy consumption by at least 10% by 2020 (baseline 2015)		Move into office in 2020 with a digital monitoring system set up to control energy flows; procurement of efficient hardware (green IT)
	Reduce production facilities' energy consumption by at least 3% by 2020 (baseline 2017)		Eisfeld: rebuild LD line, replace heating plant; Hörstel: plan for expansion of recycling of PCR, HDPE; and PP
	Consider improving monitoring site systems when making new procurements		Consider while making accessions
Cut CO₂ emissions	Perform a comprehensive assessment of CO ₂ emissions for all production facilities and office locations (scope 1 to 3)		Identify Scope 3; verify methodology for scope 1 and 2
	Implement and optimize the Sustainable Mobility strategy		Increase the number of company bicycles, review introducing job tickets
	Reduce average CO ₂ output from the DSD fleet by 6% (2017)		Reduce CO ₂ output by 3% in 2019 compared with 2018; implementation of company car guideline
	Increase the number of hybrid/electric vehicles		Raise the share of electric/hybrid vehicles by 2% in 2019 compared with 2018
Grow the positive impact of our activities	Press ahead with Der Grüne Punkt's environmental performance balance		Annual
	Draw up environmental profiles for new products made out of recycled materials		Ongoing for new products
Employee area of action			
Position DSD as a top employer (in the region)	Employee relationships: further optimize working conditions		Carry out actions approved by the Health Committee based on an online survey
	Reach young professionals		University partnerships: targeted use of student trainees
	Develop an employer brand strategy with a link to sustainability		Has been dropped
Improve employee motivation	Implement the "Worker and Manager Training" strategy		Implement Lean Management training courses; introduced a new leadership structure; refresher training courses for managers
	Maintain dialog with employees		Hold regular discussions with employees; create a concept for the second survey
	Improve internal knowledge management and encourage young talent		Extend SharePoint platform
Compliance area of action			
Respect laws	Raise awareness of compliance issues		Hold an informational event on anti-trust law (2019)
Set standards	Work in networks at European level; political lobbying for higher standards		Ongoing
	Shape framework conditions at EU level		Ongoing

How do I sort my waste properly?

I didn't really think about it too much until two years ago.

But then I moved to Eisfeld as head of the lab there. My consumption and sorting habits completely changed because only empty and sorted recyclables end up in my bin for lightweight packaging. These materials reach us after a variety of stops. Some 65 percent of the 110 tons of film alone that we process here every day is turned into regranulate. Running shifts 24/7.

Every morning when I clock in at 7:00 a.m., I look forward to our friendly working environment.

Everyone is welcomed as if they have been with our company for decades. We are proud of what we achieve together. Our regular quality management meetings represent a good cycle of planning, support, evaluating, and improving. We optimize our procedures and refine key specifications as a guide, always working in conjunction with our affiliates in Cologne and Hörstel.

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“Look, we can make so much more than park benches.”

The great thing about my job? It creates change. Besides working in the lab, I also have conversations, for instance, about our Systalen PRIMUS recycled plastic and stop by our quality department, which handles any complaints. Daily quality checks and performing mechanical tests on our material together with my two laboratory colleagues are also important.

So no two days are the same.

If I explain what I do to my friends or acquaintances, they want to know exactly how recycling works. They appreciate tips on how to sort their waste because this information is unfortunately not shared enough nowadays. One time, I bought a whole bunch of Gies Ecoline shopping baskets – made of our Systalen plastic – and gave them away to friends and family.

Just to show them, look, we can make so much more than park benches.



Chemical engineer
Katharina Folberth, Head
of the Eisfeld lab and
quality and environmental
management officer.



LUMINARY

Florian Borkenhagen, an artist and professor of interior design, turns found objects and everyday items into something new at his workshop in the Port of Hamburg.

His *Pollux* chandelier is made out of 700 pieces of glass, including old bottles, reading glasses, light bulbs, cake plates, and small crystal bowls. This one-off piece weighs over 300 kilograms and is almost four meters tall.

www.florianborkenhagen.de

MARKET

Policy-making environment

Plastic is extremely versatile and durable, and offers perfect protection for our products. But it still has a bad image. We are simply throwing away too much plastic. How to avoid plastic is now being discussed at great length. The effects of plastic littering are also a hot topic.

All of this is compelling policy-makers to take action. The most striking example is the ban on certain types of single-use plastic products starting in 2021 under the EU Single-Use Plastics Directive. The European Parliament approved this directive with a large majority in March 2019.

These kinds of developments occasionally take a lot of time, but any decisions made in Brussels and Berlin subsequently have direct impacts on our market. Consequently, Der Grüne Punkt works to en-

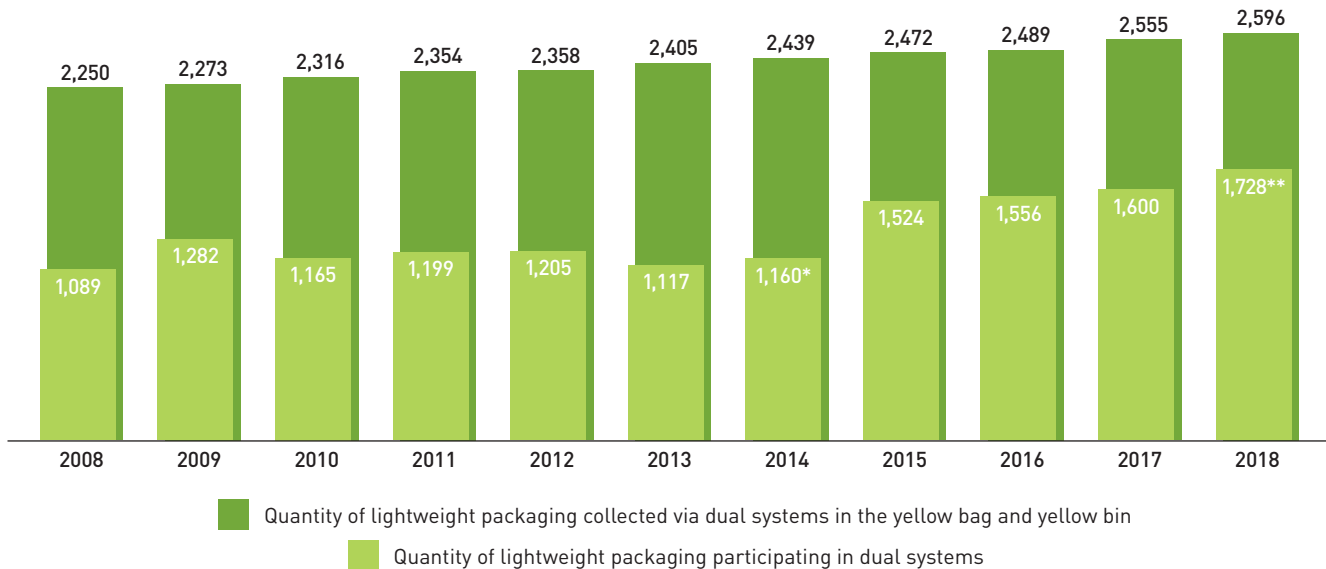
sure that regulations benefit the environment, the economy, and consumers – for instance the German Packaging Act (VerpackG), which has provided powerful stimuli for the circular economy.

» Fair competition for a functioning market

In 2019, the German Packaging Act replaced the German Packaging Ordinance (VerpackV). At the same time, the new Central Packaging Registry (ZSVR) started work. In the future, effective monitoring should help businesses define packaging in accordance with uniform criteria, stabilizing the system as a whole. In 2017, there was still a sizable discrepancy between the quantities that dual systems report to the Declarations of Completeness Register (DC Register) and the quantities that systems report to their Clearing Center. In other

TWO WORLDS

The amount of waste collected in the yellow bag and yellow bin is much higher than the amount of packaging participating in dual systems. The discrepancy between the quantity of lightweight packaging collected and the amounts participating in systems is especially apparent in this timeline.



* Planned amount agreed with the Cartel Office for 2014 (excl. Q5) = 1,160,000 tons.

** HR notification to the Clearing Center Q4 2018.

Source: Clearing Center of dual systems; own calculation

words, a few market players are not fully reporting their customers' packaging to the Clearing Center. By doing so, they hope to reduce their share of collection costs.

Der Grüne Punkt is leading by example in demonstrating responsibility. In 2017, we launched a transparency campaign together with other dual systems. The systems agreed to have their own volume reports certified by an independent auditor and allow the results to be published. Seven of the ten system operators at that time signed on to this transparency initiative. A difference was found for Der Grüne Punkt as well – although it is minute and can be explained by the different dates for reporting to the Clearing Center and the DC Register.

» Practical assistance – even internationally

Even though the German Packaging Act does not essentially introduce any new participation obligations, it is expected that violations will now be more noticeable. Obligated companies will now have to register. The need for advisory services is high as a result, especially on the part of small (online) companies. Der Grüne Punkt makes vast amounts of information available and provides practical assistance through telephone and e-mail hotlines that answer up to 1,000 inquiries each day at peak times.

Paragraph 21 of the Law stipulates that dual systems should promote packaging recyclability and the use of recycled materials or

Flagship project:

PACKAGING, ENVIRONMENT, FUTURE

The second international student congress, held in Berlin at the start of November 2018, was well attended. Discussions, workshops, and lectures were devoted to future issues, trends, and best practices in packaging design. Outside-the-box thinking was expressly permitted – and not only in the World Café. Fledgling packaging engineers, designers, and marketing experts held in-depth discussions with international experts and practitioners from companies, NGOs, and research institutes. We are now preparing to hold the third congress in 2019/2020.



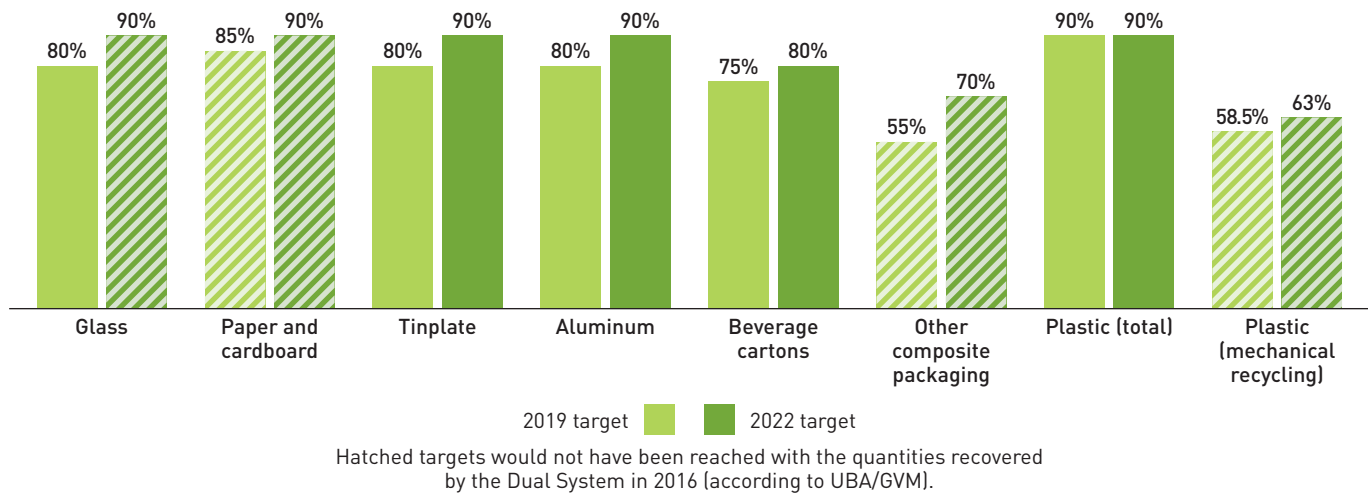
renewable raw materials. The ZSVR guide on making packaging recyclable provides the first instructions. This guide will be constantly expanded and updated. The ZSVR is to publish the first minimum standard in 2019. These kinds of standards are essential in a market where players are forced to work together up to a certain degree. Der Grüne Punkt has served as an exclusive partner to cyclos-HTP even since its creation in 2013 and is helping develop a realistic standard for rating packaging recyclability.

For many years now, we have also been helping stakeholders properly assess how recycling-friendly (plastic) packaging is and

redesign packaging that is not very recycling friendly yet. After all, many consumers want more sustainable packaging. Along with digitalization and new legislative requirements, consumer demand is culminating in an upswing in this service. Our customers can rate how good their packaging is based on objective standards using a cluster tool that maps the cyclos-HTP standard and is consistent with the ZSVR guide. Der Grüne Punkt will continue to develop this tool and add other countries' infrastructure to the tool. The goal? After the packaging specification has been entered once, recyclability is shown for many countries based on their respective infrastructure.

RAISING RECYCLING TARGETS

Today, Der Grüne Punkt already exceeds the legislative requirements for some recyclables. These targets will continue to rise – but increases of just a few percentage points will require major changes to processes for certain materials.



» Around and around

As described at the outset, plastic has an image problem – especially when used in packaging. This problem can be solved by using recyclables responsibly and keeping them in the loop. We want to improve the quality and quantity of products in the recycled plastic market. Der Grüne Punkt is advancing new methods and application technologies, but that alone is not enough. The market also needs better framework conditions, as it will have to absorb much more recycled material than it does today in the future. On the one hand, the recycling target set by the German Packaging Act will increase sharply (see above illustration). The European Union is also introducing more ambitious recycling targets. On the other hand, plastic waste that used to be exported is now consequently available for recycling in Europe after Asian countries imposed import bans (see also page 35).

High-quality recycled plastic from post-consumer collections that are also suitable for packaging currently costs around 30 percent more than virgin plastic. This is connected to persistently low oil prices, but also the fact that external costs are not internalized into the price of (virgin) plastics. For example, prices do not yet reflect the fact that recycled plastic makes greenhouse gas savings of up to 50 percent.

In addition, no minimum quality standards exist to date for recycled plastic used in cosmetics or even food packaging. Consequently, manufacturers do not have the guarantees they need if they want to use these recyclables. Finally, paragraph 45 of the German Circular Economy Act requires that German federal authorities review the use of recycled materials when procuring new products (“green public procurement”). In practice, however, this has little meaning. Der Grüne Punkt is raising these issues with policy-makers and in stake-



Many questions were answered in an everyday way at our customer forums in Cologne's Flora event space.

holder conversations and putting forth proposals for how to implement them in practice. Our goal is to drive forward the market for recycled materials.

» A forward-looking project

LIFE PEPPCYCLE might become another milestone on the road to closing the loop for plastic packaging: The European Union has announced that it will fund this forward-looking project by Der Grüne Punkt. The project plans to build an industrial-scale facility for high-quality recycling of packaging waste from the yellow bag or yellow bin for lightweight packaging. This plant could produce approximately 36,000 tons of high-quality recycled material each year. These materials – principally high-density polyethylene (HDPE) and polypropylene (PP) – are ideal for making new packaging.

All told, the industrial-scale plant will require investments of about €38 million over the next five years. Funding from the European Union's LIFE program will cover €4.07 million of the project costs by 2022. A final decision has yet to be made about the location of the new plant.

» Strengthening producer responsibility

There is no doubt that communication and partnership are essential for the effective development of markets. Together with other European extended producer responsibility organizations (PROs), Der Grüne Punkt has been part of the Producer Responsibility Organisa-

tions Packaging Alliance (PROsPA) since June 2018. Its members are active in countries that together account for more than 50 percent of Europe's population. The alliance works to share knowledge among PROs, which work under different conditions.

At national level, Der Grüne Punkt has joined the geTon initiative for the yellow bin, which aims to further enhance this recycling system. Besides three system operators, leading consumer goods, packaging, and waste management firms are also members of geTon.

» Popular workshops

We also organized two customer forums in the Cologne Flora event space as well as a sought-after workshop series on environmental incentives during the reporting period. After a kickoff event on recyclable packaging in December 2017, the series turned to the use of recycled materials and renewable raw materials. Four events had already taken place by March 2019, attracting a steadily growing audience. Speakers and delegates attend from well-known companies along the entire value chain. The series is continuing.

We are working hard within German and European associations and bodies to achieve more together. They include Bundesverband der Deutschen Entsorgungs-, Wasser- und Rohstoffwirtschaft e.V. (BDE), Bundesverband Sekundärrohstoffe und Entsorgung (bvse), Arbeitsgemeinschaft Verpackung + Umwelt e.V. (AGVU), and ACR+. Page 55 in the annex provides an overview of our many alliances and partnerships.



DESIGN OF THE FUTURE

The Kips Bay Decorator Show House in Manhattan has long showed off the latest trends in interior design. In 2017, it featured walls decorated with tinplate cans. Canadian artist Clare Graham has turned his passion for collecting into art: He creates completely new designs out of used items – whether they are buttons, cans, or dominoes.

www.claregraham.com

ECONOMY

Fierce competition

The market for dual systems – still the core business of the Der Grüne Punkt group – remains shaped by intense competition. During the reporting period, our company continued to devote a great deal of time and energy to ensuring fair competition conditions for the benefit of our customers, even though the full effects of new German Packaging Act have yet to emerge. Our goal is still to make major strides in profitability in what is an extremely challenging market. Our management team is taking a holistic approach: While we are investing a great deal of effort in further developing markets, the group is working simultaneously to make cost structures more efficient – for instance by improving relationships with our suppliers (e.g., constantly modifying contract terms for operators of sorting plants for lightweight packaging).

A uniform management system that combines quality, environmental, and energy measures makes us even more efficient. A few structures (e.g., data collection processes) have been standardized across the company. Particular attention is being paid to the interface between manufacturing and our main site. A few processes still have to be optimized since three different companies of varying natures inherently have diverse customer-supplier relationships. The goal remains to introduce an integrated management system for all locations (for more information, see page 51 in the annex).

» Boom in recycled plastic expected

The industry is under mounting pressure to embrace sustainable solutions for plastic in packaging and other products. But this has yet to trickle down to the market for recycled plastic. As a result,

this division has not delivered satisfactory performance levels to date.

A turnaround is just around the corner, though, as demand for high-quality recycled plastic is set to grow. In the light of this situation, our group of companies has made preparations so that we can meet this demand. In 2018 alone, we invested €3.7 million in maintaining and increasing capacity at the two plants run by Systec Plastics Eisfeld and Systec Plastics in Hörstel. Investments in the region of €10 million are slated for 2019.

» Award-winning applications

The Recyclat-Initiative, which was founded by Werner & Mertz GmbH in 2012, walked away with another German Packaging Award in 2017. The partners succeeded in making flip-top caps out of 100 percent recycled polypropylene (rPP). These caps are used in packaging including for Frosch lemon cleaning products. Der Grüne Punkt delivered the recycled plastic – Systalen PRIMUS PP.



The manufacturer COMPO also uses HDPE bottles made out of 90 percent Systalen. Its new hexagonal premium packaging for liquid fertilizer was recognized with a German Packaging Award in the sustainability category in 2018. It is another great example of closing the loop – making new packaging out of post-consumer packaging.

Flagship project:

KEEPING TOILETS FRESH – A NEW LIFE FOR LIGHTWEIGHT PACKAGING

Everyone has seen them before: PET trays that protect tomatoes and herbs. Now they will get a second, third, or even fourth life – as containers to hold toilet freshener balls. There didn't used to be a way to recycle PET trays. Werner & Mertz and Der Grüne Punkt worked together closely on developing a solution. The best thing? These little containers can then be fully recycled – so that one toilet after another can theoretically become nice and fresh (tray-to-tray recycling).



We launched RAL-Gütegemeinschaft Rezyklate aus haushaltsnahen Wertstoff-sammmlungen e.V. to make recycled materials traceable and allow them to be clearly marked on packaging. A quality mark certifies that the product uses recycled materials from close-to-home collections of post-consumer sales packaging (see page 40).

While a boom is just around the corner in the recycled material market, revenues from our core business – participation of sales packaging in the Dual System – are falling because major customers have realigned their operations. Der Grüne Punkt's share of the lightweight packaging market declined from 38.55 percent in 2016 to 29.11 percent in 2018.

» **Rising quantities in the system, falling market share**

However, this trend was accompanied by an increase in the quantity of packaging participating in the system as a whole. This figure grew from 1.558 million tons of lightweight packaging in 2016 to 1.728 million tons in 2018. This growth can be traced back to stricter rules contained in the German Packaging Ordinance, which applied into 2018, and updated Clearing Center contracts between systems, which were chiefly pushed forward by Der Grüne Punkt (read more in the Market section).

We also felt the effects of our competitor ELS Systeme GmbH going bankrupt at the start of 2018, a blow that remaining system operators had to absorb. ELS was unable to service its debts to municipalities and, in particular, to waste management companies contracted with collecting lightweight packaging and glass. Additionally,



ELS could no longer provide extra registrations tied to it underreporting the quantities participating in its system in previous years. The financial damage of an estimated €80 million also had a negative impact on Der Grüne Punkt's balance sheets.

This turn of events also required that we take further actions to optimize cost structures. These actions included adjustments to staffing costs (see the Social Issues section), intense digitalization of work processes through the SharePoint platform that we introduced in 2016, and the customer relations management (CRM) system that covered all of the group's departments by the end of 2018.

Manufacturers with small quantities of sales packaging can also ensure that their packaging participates in the system in a quick and legally watertight manner using the online www.verpackgo.de platform. The new ZSVR and its LUCID database, with which obligated manufacturers must register, are also having an impact. Several hundred thousand customers will likely also have to take part in the system. Making this happen in an efficient and customer-friendly manner was one of the biggest tasks and opportunities of 2018. Besides increasing online communications, we also expanded our phone hotline to cope with this challenge.

A look to the future: Our move to a new building, which is scheduled to happen at the start of 2020, will further digitalize, streamline, and accelerate internal processes. Digitalized processes are not just quicker and more cost-efficient, but also better for the environment, as they save on resources like paper and energy-using areas.

An overview ▶ What happens to our waste

RECYCLABLES FULL OF VALUE

So what happens when our waste ends up in the bin? German consumers typically sort their packaging into three fractions: glass, paper, and lightweight packaging (aluminum, tinplate, plastic, and composites). This infographic follows their path through a paper sorting plant, sorting plant for lightweight packaging, or glass processing facility. Different materials are sorted, cleaned, and recycled as best possible to create something new.

You can find an animated version by visiting www.gruener-punkt.de/whatbecomesofwhat

27

28

SORTING PLANT (2/2)

OTHER LIGHTWEIGHT PACKAGING

12 This fraction contains about 40 percent pure aluminum. Pyrolysis removes impurities like film, labels, and coatings: material is heated to temperatures of 600 degrees Celsius in an airtight vessel. All organic components are gasified, providing additional heating energy in the process. Bright aluminum is left.

13 A mechanical processing method separates sorted tinplate from residues and impurities.

14 Shredded liquid cartons enter a drum pulper where paper fibers are separated from reject (film and aluminum) using water. The reject is used again separately, e.g., in energy recovery processes.

15 In energy recovery processes, recyclables are used as solid recovered fuel – in other words, they replace coal and gas in an industrial combustion plant.

PAPER SORTING PLANT

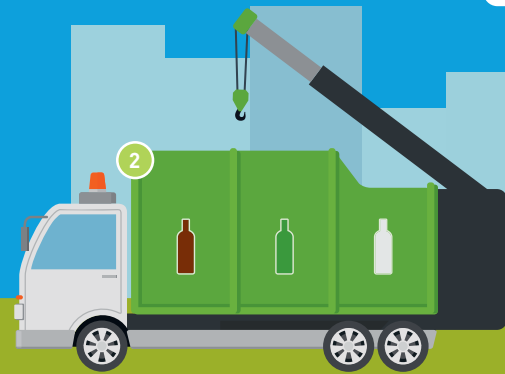
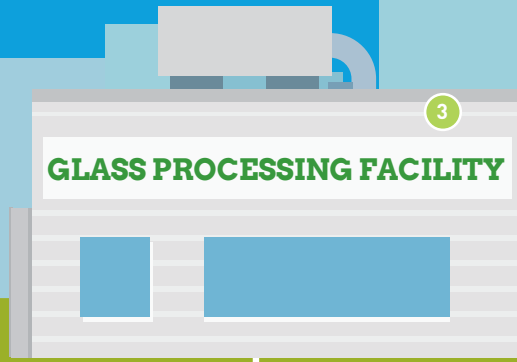
16 Sorting plants for recovered paper remove metals like paper clips and impurities (such as residual waste) and sort paper grades.

17 At the paper mill, fibers are dissolved in water in the pulper. After several cleaning stages, new sheets of various sizes are produced out of the pulp.

18 Deinking material is sorted graphic paper. The deinking process removes printing ink. The cleaned recovered paper is turned into high-quality graphic paper again.

19 Graphic paper is suitable for printing, writing, or copying – for instance for newspapers, magazines, or stationery.

Sustainability Report 2017/2018



PLASTIC

FILM AND MIXED PLASTICS



Polypropylene (PP)



Polyethylene (PE)



Polystyrene (PS)



PET bottles
(Polyethylene terephthalate)



Film > A4 size



Mixed plastic,
including film < A4 size



Smelting in
glassworks



New glass



Mechanical
recycling



Shopping baskets,
paint buckets, etc.



Mechanical
recycling



Detergent bottles,
tubes, etc.



Mechanical
recycling



Products, e.g.,
clothes hangers



Mechanical
recycling



Detergent bottles,
textiles (fiber products), etc.



Mechanical
recycling



Products,
e.g., bin bags



Recovery

Mechanical
recycling



Buckets, etc.

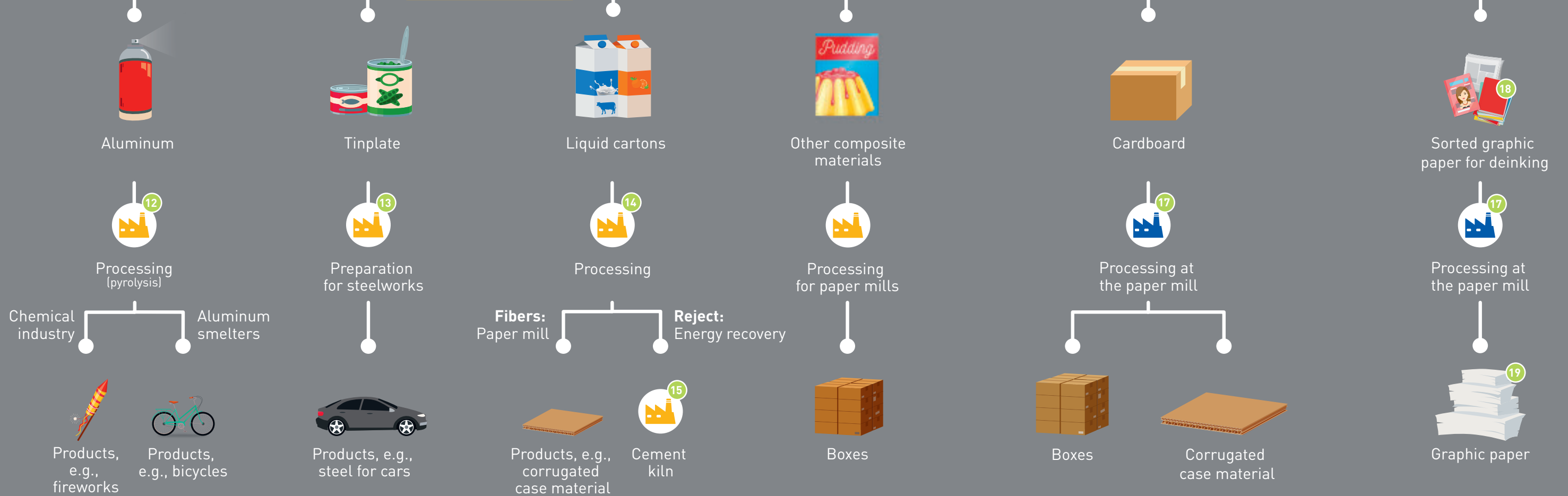
Energy
recovery



Cement kiln



OTHER LIGHTWEIGHT PACKAGING





GLASS PROCESSING FACILITY

- 1 It is important to sort bottles by color (white, green, or brown) and put them in the right container. Bottles that are blue or another color not listed above go in the green glass container.
- 2 This glass is then transported to the processing facility, already sorted by color.
- 3 Lids, labels, residues, and impurities are removed. Even though glass arrives sorted by color, cleaned cullet undergoes post-sorting using the latest technology to ensure the required purity level.
- 4 The glass smelter melts cullet together with other important feedstock. Products like new bottles and preserving jars contain up to 90 percent recycled cullet. A real closed loop.

SORTING PLANT (1/2)

- 5 Lightweight packaging consists of plastic, composite materials, metals, or natural materials – rather than glass, paper, or cardboard.
- 6 Sorting residues, such as heavily contaminated packaging or waste (e.g., dirty diapers or food leftovers) are used as solid recovered fuel or are converted to energy at waste-to-energy plants.

PLASTIC

- 7 Mechanical recycling replaces new material with recycled material, for instance for shopping baskets. This means that plastic can be used several times.
- 8 New products are created – from simple items like wastewater pipes to high-quality items like shopping baskets, paint buckets, and packaging.
- 9 New products are created – from simple items like building protection film to high-quality items like detergent bottles and tubes.

FILM AND MIXED PLASTICS

- 10 Mechanical recycling replaces new material with recycled material, for instance for bin bags. This means that plastic can be used several times.
- 11 In energy recovery processes, recyclables are used as solid recovered fuel – in other words, they replace coal and gas in an industrial combustion plant.



A NEW LIFE FOR ADVERTISING

Received. Read. Discarded. That is the normal life cycle of a piece of advertising landing in your mailbox. Jaynie Gillman Crimmins, an artist from Brooklyn, breaks this cycle and creates real works of art out of waste paper. Shred. Recycle. Admire. That is how she breathes new life into waste products. Here you can see how she turned Crate and Barrel catalogs, security envelopes, and advertising mail into her piece of art *In Search of Beauty*. The cover of this Sustainability Report shows her piece *blue period 1*.

www.jayniecrimmins.com

ENVIRONMENT

Supporting climate goals

We want to start by mentioning an important aspect: the media repeatedly shows images of plastic waste being dumped in landfills, most recently in Malaysia. But the Dual System sells only very small amounts of plastic waste to Asia – and all of it is sorted plastic fractions rather than unsorted waste. We only send material to certified buyers that recover plastics using the latest technology and dispose of any residues properly.

Let's look at a few figures: In 2017, Der Grüne Punkt exported less than 2 percent of the waste plastics it sold to Asia. This figure fell to 0.15 percent in 2018, with more than 93 percent staying in Germany. Less than 7 percent was recovered in Europe (including Turkey and Ukraine). The majority of waste plastics exported from Germany to Asia therefore comes from commercial and industrial sources.

» Well-planned investments

There is no doubt that collecting and recovering post-consumer sales packaging makes a substantial contribution to the global fight against climate change. We want to do even more by investing in new technology and modern processes. Our core business is circulating recyclable packaging materials in a closed loop. We aim to further reduce the environmental footprint in leading impact categories by optimizing processes, making all necessary logistics services more efficient, and investing in modern and energy-saving technology.

We are well on the way: In 2017 and 2018, Der Grüne Punkt avoided a good two million tons of CO₂-equivalent through recovery and recycling operations. Our annual life-cycle analysis is based on ISO standards 14040 and 14044 and is confirmed by experts from the Institute for Energy and Environmental Research (ifeu).



The positive results demonstrate that anybody using recycled materials in place of virgin materials reduces harmful greenhouse gases. So using more recycled materials instead of virgin materials conserves primary resources, reduces CO₂ emissions, and helps ease the strain on our climate. By advancing technical processes, we are improving the quality of our recycled materials and unlocking new demanding areas of application. One major issue is manufacturing odorless recycled materials. Ten workers are working on our own sensory panel to develop even better methods. They come from a wide variety of areas. One thing they have in common is that they have a sensitive nose. They regularly analyze new samples for our research department and document their results.

» Recycled materials – a real alternative

Systec Plastics GmbH in Hörstel and Systec Plastics Eisfeld GmbH make premium Systalen recycled plastic for the international market. With this recycled plastic, we have developed a real environmentally friendly alternative to virgin plastic manufacturing that is used in injection molding, extrusion, thermoforming methods, and blow molding. More and more companies and municipalities are now using our recycled material as a high-quality solution in packaging, building construction, civil engineering, landscaping, transport engineering, and logistics.

Five benefits of Systalen regranulate compared with virgin plastic:

- 1. Its manufacturing is better for the environment*
- 2. It uses much less energy than making virgin plastic*
- 3. Recycled plastic is made without crude oil*
- 4. Lower CO₂ and pollutant emissions*
- 5. It closes the plastic loop*

» An environmentally friendly workplace

We are constantly investing in energy-saving technologies. We have delivered major successes at our production facilities through these actions and by making additional improvements. Our Hörstel site reduced its specific energy consumption for extrusion (kWh/t output) by 3.4 percent within a year. Its gas consumption for drying (natural gas consumption by the dryer depending on the weather [kWh]/output of cold washing [t]) by 6 percent, and energy consumption for

GREENHOUSE GAS EFFECTS

We avoided emitting

950,000,000

kilograms of CO₂-equivalent in 2018. This is the same amount of CO₂ as 95,000 hectares of forest filter out of the air each year.

PRIMARY ENERGY

Der Grüne Punkt's recovery services saved

38,000,000,000

MJ of primary energy in 2018. This is the same amount of energy as 943 wind turbines generate each year.

FOSSIL RESOURCES

Recycling saved

277,000,000

kilograms of crude oil equivalent in 2018. This is enough for more than 170,000 compact cars with an average consumption of 6.4 liters to drive 15,000 kilometers.

LIFE-CYCLE ANALYSIS EFFECTS

A careful approach to resources: Our work has a positive impact on the environment, as the following figures show.

EUTROPHICATION

Der Grüne Punkt activities helped reduce water pollution by

585,000

kilograms of phosphate equivalent in 2018.

ACIDIFICATION

Our work meant that

3,364,000

kilograms less sulfur dioxide equivalent ended up in the atmosphere in 2018, reducing air, water, and soil pollution.

manufacturing recycled plastic was lowered by 2.4 percent. In Eisfeld, we also reduced specific energy consumption by agglomeration by 25 percent. In 2018 alone, the facility's total energy consumption was reduced by 5 percent.

We are continuing to follow the same path. In 2019, we are investing in new technology to improve the quality and quantity of our Systalen products. Our Eisfeld production plant will undergo extensive modernization work in the second quarter of this year. The

German Federal Ministry for Economic Affairs and Energy is funding this project because of the energy savings it will deliver. We are constantly monitoring each process. Besides deploying environmental, quality, and energy management systems (ISO 14001, ISO 9001, ISO 50001) in Eisfeld and Hörstel, we also have a quality and energy management system in place for our offices in Cologne, Augsburg, Hamburg, and Berlin.

Our activities are also demonstrated impressively at our head office: power consumption at our main building in Cologne was slashed by more than 59 percent (kWh/m² of rented space) between 2015 and 2018. This amazing figure was primarily the result of switching to a carefully designed LED lighting plan. Even after this, we managed to record further considerable reductions in our power consumption, trimming easily another 9 percent from 2017 to 2018.

This improvement is due to our employees taking a much more deliberate approach to using electricity. Our apprentices have certain-

In a nutshell

**CIRCULAR ECONOMY
DIALOG FORUM**

Der Grüne Punkt has been linked with Naturschutzbund Deutschland e.V. (NABU) in a partnership lasting many years. The goal is to advance a sustainable circular economy by providing critical support. The Circular Economy Dialog Forum, whose inaugural edition took place in 2009, has turned into a popular fixture on the calendar for experts from the world of recycling and waste management, politicians, manufacturers, the retail trade, researchers, and representatives of authorities and associations. Between 80 and 100 people attend the event each year. In 2017, the forum highlighted the plastic loop. In 2018, it cast the spotlight on expectations of the German Packaging Act in 2018.



ly played a key role. As energy scouts, they have tracked down and eliminated many “energy guzzlers” or replaced them with more efficient devices.

» Electric mobility

Better together: Der Grüne Punkt has launched a new mobility strategy with four core elements to reduce the environmental footprint of private transport:

- Review introducing a green job ticket for everyone
- Leasing (electrical) job bicycles
- Having our own ride-sharing forum
- Promoting e-mobility

Our company car guidelines, which have been in place since 2017, have been modified since hardly any suitable vehicles were available that satisfied the old lower ceiling of 110 grams of CO₂ per kilometer, due in part to the introduction of the new WLTP standard for determination of exhaust gas emissions. Therefore, the new limit starts at just 120 grams. More brands are now available as options for the fleet and the number of hybrid and electric vehicles is increasing sharply (see page 54 in the annex).

» Paperless office

We continue to optimize the use of materials by our offices with a SharePoint-based system. Working hours, holidays, and absences are now only documented digitally. All locations print on recycled paper bearing the Blue Angel logo. All mail is also sent in a climate-neutral manner using the DHL Group’s GoGreen program.

Our apprentices are once again working as opinion leaders for proper waste sorting to reclaim recyclables. The “Optimizing Waste” apprentice project is a new initiative. It is consistent with the company’s philosophy and works towards many key goals:

- Extracting recyclables from waste by improving sorting
- Reducing bin bags
- Protecting finite resources, the climate, and the environment
- Decreasing CO₂ emissions
- Lowering cleaning and waste management costs
- Strengthening ownership

Flagship project:

REFRESHINGLY SUSTAINABLE

Werner & Mertz has achieved a world-first: for the first time, a body-care product is being sold in packaging made out of plastic from the yellow bag. Bottles containing Frosch Senses shower gel are made with 100 percent recycled HDPE. A special technical process developed together with Der Grüne Punkt and EREMA Group has made this possible. A human-toxicological report confirms the material’s safety. Another success is that the contents smell of orange blossom or pomegranate, for instance, but the shell is odor-neutral – a particular challenge when reusing waste plastic.



In a nutshell

OFF THE SHELVES AND BACK AGAIN

This is how loops are closed: products made out of recycled plastic are now easy for consumers to identify thanks to the new RAL quality mark (see image). After all, Pro Carton found that 88 percent of German consumers want to know how environmentally friendly their packaging is.

This strict quality mark proves that plastic comes from the yellow bag – and not from deposit-bearing bottles or industrial waste. The exact percentage is shown, either in German or English. At long last, the path taken by recycled raw materials is transparent. The new quality body RAL Quality Association for Recycled Material from Close-to-Home Collections, which was created at the initiative of Der Grüne Punkt, is focusing on providing complete evidence of its path. It currently has eight members: Systec Plastics Eisfeld and Systec Plastics Hörstel, Der Grüne Punkt, Werner & Mertz, Pöppelmann, Jokey Plastics, cedo, and Gizeh. And this number is growing.



As a step towards this goal, offices just have one paper bin per person. Waste and recyclable materials are collected in kitchens. The results are impressive: This practice decreases consumption by 54,740 plastic bin bags each year – corresponding to 151.63 kg of plastic or 196 kg of CO₂. The interval between pick-ups was also changed, cutting costs by 21.87 percent.

» A well-designed new main building

As mentioned above, the group will move into a new office building in Cologne. All relevant sustainability issues have already been considered in the planning phase. This starts with the building's modern thermal insulation – highly efficient building insulation that meets the latest standards. An innovative heating, cooling, and air-conditioning system using a heat pump eliminates the need for heating using fossil fuels and can be used for both heating and cooling, as needed. Heat recovery between supply and extract air further decreases the need for heating and also ensures a pleasant climate all the time.

Of course, the new building also features modern LED lighting in all areas, which is controlled in part by motion detectors. A photovoltaic system on the roof generates at least some of the power needed in-house: The system is forecast to generate approximately 79,500 kWh of electricity each year – roughly half of the amount consumed by the current main office in 2018. A monitoring system displays total energy consumption.



A new office with optimal space use.



Even more charging stations for electric cars and bicycles will be placed around the new office building. It is also located directly at a rapid transit system (“S-Bahn”) stop. Traveling to work using local public transport will be much more attractive for Der Grüne Punkt workers in the future.

We also place high value on sustainability when choosing interior decorations. Wherever possible, we want to source furniture and other design elements that are certified in accordance with the cradle-to-cradle standard. In other words, they are designed so that the materials they contain can be used over and over again and stay in a

closed loop. We are working to secure certification according to the DGNB (German Sustainable Building Council) standard.

All of our measures are being recognized. “Der Grüne Punkt is [...] an excellent example of how a company in a sustainable industry consistently and continually advances energy efficiency and material research through technical innovations, provides assistance through active communication with its customers, and also works as a lobbyist for the circular economy.” These comments were made by the jury for the German Sustainability Award when we were recognized as a pioneer with the special award “Resource Efficiency” in December 2017.

The new German Packaging Act offers big opportunities. The private sector can now show that it works in a forward-thinking way. The new targets can be met if we focus on the quality of the material stream and optimize collection systems. But to improve collection quality, we have to get the public on board. Paragraph 14 (3) of the German Packaging Act clearly stipulates that more consumer communication is needed.

And that is a good thing because we cannot turn garbage into gold. We just had an ink cartridge thrown into a bag, which contaminated all of the packaging it contained. How can we prevent something like this from happening?

This is the reason why we launched our “Sorting Waste Works” pilot project in Euskirchen, which analyzes sorting habits and features a major PR campaign with billboards throughout the area – and even high-visibility advertising at Cologne Central Railway Station. Education helps! We saw that back in the 1990s.

“We cannot turn garbage into gold.”

What’s more, other key steps are involved in improving material streams. They include more recyclable packaging and new approaches to collection. I have been looking at these issues for a long time. I have been with Der Grüne Punkt since 1997 and have been dealing with packaging management since 2006.

Today, I am responsible for four states in the central west part of Germany and often on the ground, for instance during negotiations with our contract partners, municipalities, and public waste management authorities. The public and waste management companies can talk to us directly. Waste is a highly emotional issue. The public and the waste industry can certainly end up clashing.



Economics graduate Micha Scharpenberg, Regional Director of DSD Entsorgung West, is currently having 600,000 sheets of files scanned – because the office of the future is digital.



IMMORTAL BLOOMS

Americans DJ Neff and Paul Ramirez (alias CANLOVE) create new works out of aluminum waste. They make spray bouquets as unique as every flower out of empty spray cans. This elegant combination of sustainability and design is captivating exhibition visitors around the world.

www.canlove.org

SOCIAL ISSUES

Extensive expertise

We work with valuable resources, but our most important “raw material” is our workforce. A company offering highly specialized services as its core business is especially reliant on its team’s knowledge and dedication. Many people work for Der Grüne Punkt not only because of the good pay and great working conditions, but because they firmly believe in our mission. We have created a unique approach to a sustainable circular economy and are driving progress decisively. The group is aware of this and doing a great deal to leverage this “raw material.”

Unfortunately, both the group and employees had to bear the consequences of at times unregulated and unfair competition during the reporting period. The steep fall in revenues in 2018 made headcount adjustments necessary. This not only meant laying off work-

ers, but also had an adverse impact on our age structure. Since the selection procedure that had to be used meant we mainly let young colleagues go, the average age of our workforce increased again. We were initially unable to continue a few key actions taken by our human resources department because of the strong economic pressures. This turn of events also influenced the working atmosphere.

In spite of the challenging framework conditions, the group is still consistently working to enhance its appeal as an employer. Besides our duties under the law and collective bargaining agreements – which we, of course, continue to uphold – we are also offering additional services for office employees. Examples include a guaranteed company pension and the ability to build additional provisions for old age through deferred compensation, as well as extensive health-care activities.

» Our own experts

Der Grüne Punkt is now hiring again, especially experts to strengthen our expertise at central locations. In 2019, we also took on six apprentices as permanent members of staff. We are also finding experts within our own ranks: in 2018, three workers in Eisfeld underwent training to become machinery and plant managers and passed exams at the local Chamber of Trade and Industry with very good grades. The company covered the costs of their training. We deliberately keep existing, unique expertise within our group and have therefore made a conscious decision to continue developing IT applications in-house.

Our goals remain to retain and attract new skilled workers, to lower the age of our team, and to make working conditions even better and more efficient. Annual employee potential interviews, which highlight potential continuing education opportunities and identify hurdles in the way of success or satisfaction, are also supporting these efforts.

» Open processes

Another key will be the new building that we will move into in 2020 as the replacement for our main office in Cologne. Besides the environmental benefits afforded by the new building, we are also focusing on team cooperation. We have bid farewell to individual offices without embracing a radical open workspace approach. All groups will work in an open, friendly space, which promotes information sharing across different areas and facilitates project-based cooperation. In this vein, the group has launched the “Mobile Work” pilot project. It allows employees to work outside the office in order to reduce the burdens associated with the daily commute.

New elements are constantly being added to the SharePoint platform (see also page 27). The platform also offers ways to work together on projects online. An integral element is the CEO blog penned by Michael Wiener who regularly informs staff on key issues within and outside the company.

» Staying healthy

Der Grüne Punkt wants to make work even more efficient and support preventative healthcare for our employees. Specific steps range from training for emergency responders, fire and evacuation officers to free eyewear for the workplace and drinking water, or even ergo-

nomical services and massages. A company-wide reintegration management program helps workers experiencing health crises by restoring or maintaining their ability to work. We are also happy to discuss how we can make a return to our company successful.

All projects are developed and discussed by a Health Committee made up of members of the works council and staff from human resources and a variety of other departments. This committee meets regularly. A survey on psychological stress factors in the workplace revealed no unusual stresses, with just a few exceptions. The Health Committee has suggested countermeasures to deal with occasional excess stress.

We are also keeping an eye on the transition to retirement. Working in close consultation with the works council for employees covered by collective pay agreements, Der Grüne Punkt has set up personal lifetime working time accounts. Employees first build up a credit, which they can use for early retirement – and for other opportunities for change in the future, too. Employees not covered by collective bargaining agreements will get these accounts, too. The group offers semi-retirement models for employees close to retirement on a voluntary basis.

» New management structure

Across our company, we are improving information sharing and human resources management by using new instruments, primarily lean management. At regular meetings, our managers continue to refine our corporate structure using the right tools. All employees have undergone lean management training so that they can use it during everyday work and in planning. This is accompanied by a new management structure with four management levels and the transfer of trust and responsibility. More competence is located at the respective levels of management as a result. Suitability will be ascertained using instruments, such as an assessment center. If necessary, managers will receive targeted refresher training.

Our company is not only operating in an extremely competitive environment; Der Grüne Punkt is also helping athletes to be their best. A team of amateur athletes has been extremely successful in showing stamina: The Der Grüne Punkt team from TuS Schleiden 1908, including at the “Challenge Heilbronn” triathlon, which we have supported for several years as its environmental partner by providing a sustainable waste strategy and a climate-neutral event.



In a nutshell

1.5 MILLION EURO COLLECTED

Our successful “Donate Your Deposit” project is under way at ten airports in Germany. How it works: Empty beverage bottles are collected in transparent bins before airport security. The companies involved and Der Grüne Punkt have also set up collection bins in their buildings. The formerly long-term unemployed empty these bins and sort bottles and cans into single-use and reusable packaging. Der Grüne Punkt arranges pick-up, organizes the collection of deposit funds, and recycling. The deposit funds are filtered back into the project. Up until now, €1.5 million in donations has been gathered and 24 jobs have been created.

Learn more about the project by visiting:
www.spendedeinpfund.de

Der Grüne Punkt has sponsored *Kölle putzmunter*, a cleanup campaign by the City of Cologne, which is attracting more participation from the public and companies in the city. Waste should not end up as litter, but stay in the circular economy, wherever possible, and undergo recovery processes that conserve resources. This is also the goal of *Spende Dein Pfand* (Donate Your Deposit), a joint initiative created by Der Grüne Punkt with partners throughout Germany. It is having unparalleled success in keeping large quantities of single-use beverage bottles in the economic cycle (see information box).

Ten years with Der Grüne Punkt leaves a mark! My family calls me their waste police. I suppose that's somewhat true because I do re-sort our waste sometimes. I do what I can to make our world more sustainable. That includes at work.

I am on the road a lot to accomplish this mission. I drive to our customers and explain to them what is happening in the industry, for instance. Providing training is part of this, too.

Many companies placing packaging on the market for the first time, such as small online retailers, are contacting us now because of the new German Packaging Act. We work together to come up with new ideas. At fair market prices.

We have 16 coworkers in sales throughout Germany. I can give any of them a call at any time. Jockeying for position isn't something that happens at our company. Interpersonal relationships are really nice at Der Grüne Punkt and it is something that the company promotes itself, for instance through initiatives so that coworkers can help one another in case of an emergency.

“Everyone can do something.”

I think that our customer service is something special, too. We take the time to show what really happens to packaging. We show what is easily recyclable and how Der Grüne Punkt is improving processes. After all, that creates trust. In-depth consulting brings about a noticeable change in thinking. Our customers also come up with the idea to do something themselves as new products come to market.

The high media profile of the issues facing us is helpful. First there was the German Packaging Act. And then came Greta Thunberg. Everyone can do something. I built my own house to be very sustainable – with geothermal, solar power, and waste paper as insulation. That suits me well and gets me excited to see all of the opportunities that exist today.



Today, marketing and communications expert Mi-Ok Kim is a Key Account Manager and visits our customers at their premises.



INSIDE THE MILK CARTON

Beverage cartons are so much more than a protective casing for a beverage. The German artist Florian Peris invites people to look not only at what is behind but what is in front. He uses a scalpel carefully in his cut-out and pop-up techniques. Original packaging gets a whole new look – like his piece *Skinner's Absage* (Skinner's refusal) shown here.

www.peris-art.de

ANNEX

What the numbers show

Our Sustainability Report makes it clear that Der Grüne Punkt is not waiting for political decisions to be made, but is raising key issues at an early stage. We sprang into action a long time before new legislation was enacted.

The next few pages show how our company is structured and how many people work day in, day out on our projects.

Production facilities and offices work closely together. For instance, our waste and energy data illustrates how much we have already achieved out our locations. We also provide an overview of material consumption and how we deal with unavoidable residues.

Quality management provides the framework. Environmental, quality, and energy management systems govern manufacturing in Eisfeld and Hörstel, certified in accordance with ISO 14001, ISO 9001 and ISO 50001. Quality and energy management systems have also

been introduced at all locations, including offices in Cologne, Augsburg, Hamburg, and Berlin.

Prizes like the Plastics Recycling Award Europe, the World Star Award 2017, and the 2018 German Sustainability Prize provide impressive proof that our activities are seen and valued. We want to continue down this same road. After all, as a pioneer, we also serve as a model for others.

Communication is absolutely essential for us. Der Grüne Punkt works together with many stakeholder groups in initiatives, committees, and working groups and is connected nationally and internationally.

This report is drawn up according to Global Reporting Initiative (GRI) guidelines. A GRI index shows which pages detail individual aspects of the environment, economy, and social issues.

Economy – Group in thousands of euros	2016	2017	2018	Change in %¹
Total revenues	561,106.00	574,628.00	494,469.14	-11.9
Revenues by division (consolidated)				
EPR Licensing	502,596.70	530,553.54	457,352.13	-9.0
Plastics recycling	31,193.30	29,781.28	37,117.02	19.0
Trading ²	27,316.00	14,293.18		-100.0
Total investments³	2,685.70	2,750.10	3,627.47	35.1
Research and development expenses ⁴	1,037.83	1,158.79	990.88	-4.5
Personnel costs	34,924.40	33,613.00	32,122.00	-8.0

¹ Change between 2016 and 2018.

² Since 2018, this business unit has been assigned to the two other divisions.

³ Main costs: at Systec Plastics: maintenance and upgrade investments in production machinery; at other companies: software and office equipment.

⁴ Main costs in 2017 and 2018: technology and product development.

Number of employees (group)	2016	2017	2018	Change in %¹
Total (including temporary workers)	457	455	434	-5.0
Total (excluding temporary workers)	438	445	426	-2.7
Of which women	176	177	176	0.0
Part-time workers	44	48	53	20.5
Managers	18	15	14	-22.2
Of which women	3	3	3	0.0
Apprentices	21	21	26	23.8
Of which women	16	15	18	12.5
Number of employees on maternal/parental leave	2	3	3	50.0
Employees with fixed-term contracts	5	23	23	360.0
Number of disabled employees	21	19	20	-4.8
Number of employees covered by standard wages	220	179	160	-27.3
New hires (excluding temporary workers)	7	19	18	157.1
Employee resignations	8	9	10	25.0
Average age	45	46	46	2.2
Average number of years with the company	11	13	14	27.3
Employees covered by collective agreements in percent	62	58	57	-8.1

As of: December 31

¹ Change between 2016 and 2018.

Occupational safety	2016	2017	2018	Change in %¹
Total number of work accidents	9	15	8	-11.1
Men	6	13	8	33.3
Women	3	2	0	-100.0
Eisfeld	9	12	5	-44.4
Hörstel	0	3	3	
Cologne and branch offices	0	0	0	
Accident-related days off work	80	144	58	-27.5
Work-related fatalities	0	0	0	

Based on reports to employers' liability insurance association
(Basis: absence lasting more than three days, excluding commuting accidents).

¹ Change between 2016 and 2018.

Materials in t	2017	2018	Change in %
Hörstel			
Input bales	22,216	22,766	2.5
Additives	335	304	-9.3
Water treatment chemicals	230	167	-27.4
Propellant	1.3	0.45	-65.4
Total production output	16,240	17,836	9.8

Changed baseline in 2017/2018. Information for baled input (in 2016, figure shown as total input). Main part of the input consists of bales.

Solid waste in t	2016	2017	2018	Change in % ¹
Hörstel				
Total weight by type and waste management method	8,632	8,808	8,236	-4.6
Of which hazardous waste ²	2	7	5	150.0
Recycling	161	186	138	-14.3
Recovery	8,469	8,615	8,093	-4.4
Disposal	2	7	5	150.0

¹ Change between 2016 and 2018.

² Oily waste, oil-containing filters.

Water abstraction and wastewater in m ³	2016	2017	2018	Change in % ¹
Hörstel				
Total water abstractions	31,592	30,920	31,762	0.5
Of which well water ² (for production)	15,048	12,807	11,451	-23.9
Of which public water supply network (for offices and production facilities)	16,544	18,118	20,311	22.8
Total volume of wastewater discharged	12,881	17,101	19,055	47.9
Of which disposed of	0	0	0	
Of which discharged indirectly	12,881	17,101	19,055	47.9

¹ Change between 2016 and 2018.

² Water meter reading.

Materials in t	2017	2018	Change in %
Eisfeld			
Input bales	46,280	42,646	-7.9
Additives	181	156	-13.6
Water treatment chemicals	366	295	-19.4
Propellant	0	0	0.0
Total production output	29,985	27,906	-6.9

Changed baseline in 2017/2018. Information for baled input (in 2016, figure shown as total input). Main part of the input consists of bales.

Solid waste in t	2016	2017	2018	Change in % ¹
Eisfeld				
Total weight by type and waste management method	16,642	16,296	14,822	-10.9
Of which hazardous waste ²	9	6	9	0.0
Recycling	639	934	852	33.3
Recovery	15,994	15,356	13,962	-12.7
Disposal ²	9	6	9	0.0

¹ Change between 2016 and 2018.

² Solvents, oils, oil-containing consumables.

Water abstraction and wastewater in m ³	2016	2017	2018	Change in % ¹
Eisfeld				
Total water abstractions	48,696	51,504	48,930	0.5
Of which well water ² (for production)	0	0	0	
Of which public water supply network (for offices and production facilities)	48,696	51,504	48,930	0.5
Total volume of wastewater discharged	13,904	15,302	14,861	6.9
Of which disposed of	1,730	2,430	2,630	52.0
Of which discharged indirectly	12,174	12,872	12,231	0.5

¹ Change between 2016 and 2018.

² Water meter reading.

Energy consumption in kWh	2016	2017	2018	Change in % ¹
Eisfeld				
Gas	0	0	0	
Diesel	611,320	464,379	340,085	-44.4
Power	37,520,071	36,303,969	33,205,997	-11.5
Heating oil ²	294,784	260,000	234,000	-20.6
Hörstel				
Gas	1,645,246	1,710,761	1,586,699	-3.6
Diesel	293,858	219,443	98,301	-66.5
Power	8,734,309	9,259,817	9,689,526	10.9
Heating oil	0	0	0	
Cologne and branch offices				
Heat ³	722,838	722,357	596,937	-17.4
Power	298,949	209,069	192,773	-35.5

¹ Change between 2016 and 2018.

² Heating oil: consumption by purchase, the refueling quantity rather than actual consumption was documented.

³ Heat consumption assumed for branch offices since an invoice was not yet available.

Greenhouse gas emissions in t CO ₂ -eq	2016	2017	2018	Change in % ¹
Scope 1				
Eisfeld ²	285	229	182	-36.1
Hörstel	486	478	410	-15.6
Cologne and branch offices ³	866	806	776	-10.4
Scope 2				
Eisfeld	20,536	19,871	18,175	-11.5
Hörstel	4,781	5,068	5,303	10.9
Cologne and branch offices ⁴	0	0	0	
Scope 3	Not documented	Not documented	Not documented	

Scope 1: direct greenhouse gas emissions.

Scope 2: indirect greenhouse gas emissions.

¹ Change between 2016 and 2018.

² Heating oil: consumption by purchase, the refueling quantity rather than actual consumption was documented.

³ Including all journeys by all company cars.

⁴ Power from renewable sources.

Relevant specific energy consumption	2017	2018	Change in %
Eisfeld			
Energy consumption LD total ¹	1,451	1,379	-5.0
Hörstel			
Energy consumption for extrusion ²	293	283	-3.4
Energy consumption for gas dryer ^{3,4}	111	104	-6.3

Data of 2016 not recorded.

¹ kWh/t output. Share of LD line in total energy consumption electricity at the location (2018): 73.5%.

² kWh/t output regrgranulate. Share of extrusion in total energy consumption electricity at the location (2018): 52%.

³ Weather-adjusted according to EnEV.

⁴ Share of drying in total energy consumption of gas at the location (2018): 95%. Share of drying in total energy consumption at the location (2018): 13%.

Group consumption	2017	2018	Change in %
Paper consumption (sheets)	1,365,500	1,216,250	-10.9
Average CO ₂ emissions from company cars (g CO ₂ /km)	122	118	-3.3
Share of hybrid and electric vehicles (in %)	5.7	6.3	10.5
Number of company bikes	-	10	

Data of 2016 not recorded.

Management systems	QM ¹ ISO 9001	UM ² ISO 14001	EM ³ ISO 50001
Cologne ⁴	✓		✓
Hörstel	✓	✓	✓
Eisfeld	✓	✓	✓

¹ QM = Quality management system.

² UM = Environmental management system.

³ EM = Energy management system.

⁴ Group without DSD – Duales System Services GmbH.

Outside our walls

Der Grüne Punkt has been synonymous with commitment to environmental protection for almost 30 years. Our group has long partnered together with many entities that are already working towards this goal. As a strong player in the circular economy, we regularly exchange information with stakeholder groups and support many initiatives.

» National and international memberships

EPR-Club, ACR+, Association of Cities and Regions for Sustainable Resources Management; AGVU – German Packaging and Environmental Working Group; B.A.U.M – German Association of Environmental Management; BDE – German Federation of German Waste Management Industries; bvse – German Federal Association of Secondary Raw Materials and Waste; EPRO – European Association of Plastics Recycling and Recovery Organizations; Kunststoffland NRW (Plastic association for the state of North-Rhine Westphalia); Markenverband – German Brands Association; Packaging Chain Forum, EUROPEN; Plastics Recyclers Europe; PRO Europe; RETech German Recycling Technologies and Waste Management Partnership

» Initiatives/sponsoring

Circular Economy Flexible Packaging (CEFLEX); CEOs for Recycled Paper; Kölle putzmunter (“Clean Up Cologne”); PCEP – Polyolefins Circular Economy Platform; PREVENT Waste Alliance; Marine Litter Round Table (initiated by BMU); Save Food; Spende Dein Pfand (“Donate Your Deposit”); student congress 2017 packaging, environment, future; ZISCH – Newspaper in the school initiative by Kölner Stadt-Anzeiger

» Ratings, accolades, and nominations

Like many medium-sized companies, Der Grüne Punkt takes part in the German Sustainability Code and will issue an updated compliance declaration for the 2017/2018 reporting period. Our Silver EcoVadis rating also proves that we practice sustainable business for our customers, too. This standard has put us in the top 27 percent of all participants in the Materials Recovery category since 2015. The company also regularly participates in competitions. As a partner of the Recyclat-Initiative, we won a German Packaging Award and the World Star Award in 2017. Our group was recognized with the 2018 German Sustainability Award at the end of 2017.



GRI INDEX

Our reporting follows the internationally recognized guidelines of the Global Reporting Initiative (GRI). We have changed the indicators used to date to reflect the 2016 GRI standard. A few of the old factors have been dropped and new ones have been added.

GRI number	Designation	Page	Note
Universal standards			
102-1	Name of the organization	9	
102-2	Activities, brands, products, and services	9, 12, 26	
102-3	Location of headquarters	11, 40	
102-4	Location of operations	9, 11	
102-5	Ownership and legal form	9, 11	
102-6	Markets served	9,12	
102-7	Scale of the organization	52	
102-8	Information on employees and other workers	52	
102-9	Supply chain	12	
102-10	Significant changes to the organization and its supply chain	9–12	
102-11	Precautionary principle or approach	11, 35–37	
102-12	External initiatives	11, 20–23, 26, 55	
102-13	Membership of associations	55	
102-14	Statement from senior decision maker	6–7	
102-15	Key impacts, risks, and opportunities	11, 19–22, 25,27	
102-16	Values, principles, standards, and norms of behavior	13	
102-18	Governance structure	11	
102-40	List of stakeholders	4	
102-41	Collective bargaining agreements	52	
102-42	Identifying and selecting stakeholders	4	
102-43	Approach to stakeholder engagement	11, 14, 22–23, 38	
102-44	Key topics and concerns raised	11, 14, 22–23, 38	
102-45	Entities contained in the consolidated financial statements	4, 11	
102-46	Defining report content and topic boundaries	10 ff.	
102-47	List of key topics	10	
102-48	Restatements of information	10, in the index	Tables for the environment and social issues sections now integrated into page 14/15
102-49	Changes in reporting	10	
102-50	Reporting period	4	
102-51	Date of most recent report	4	
102-52	Reporting cycle	4	
102-53	Contact point for questions regarding the report	59	
102-54	Claims of reporting in accordance with the GRI standards	4	
102-55	GRI index	56–57	
102-56	External assurance	58	
Economy			
103-1/2/3	Management approach	11, 14, 19, 25	
201-1	Direct economic value generated and distributed	26–27, 46–47, 52	
203-2	Significant indirect economic impacts	20–22, 27	
204-1	Proportion of spending on local suppliers	14	Not documented to date

GRI number	Designation	Page	Note
Environment			
103-1/2/3	Management approach	14–15, 36–37, 39, 54	
301-1	Materials used by weight or volume	53	
302-1	Energy consumption within the organization	54	
302-3	Energy intensity	54	
302-4	Reduction of energy consumption	15, 38, 54	
303-1	Water withdrawal by source	37, 53	
305-1	Direct greenhouse gas emissions (Scope 1)	15, 54	
305-2	Indirect greenhouse gas emissions (Scope 2)	15, 54	
305-3	Other indirect greenhouse gas emissions (Scope 3)	15, 39, 54	
305-5	Reduction of greenhouse gas emissions	36, 54	
306-1	Water discharge by quality and destination	53	
306-2	Waste by type and disposal method	53	
308-1	New suppliers that were screened using environmental criteria	14	
Social issues			
103-1/2/3	Management approach	45	
401-1	New employee hires and employee turnover	46, 52	
401-2	Benefits provided to full-time employees (not temporary workers or part-time workers)	45–46	
401-3	Parental leave	52	
402-1	Minimum notice periods regarding operational changes	In the index	Are satisfied
403-2	Types of injury and rates of injury, occupational diseases, lost days, duvet days, and number of work-related fatalities	52	
404-1	Average hours of training per year per employee	In the index	Not documented for operational reasons
404-2	Programs for upgrading employee skills and for transitional assistance programs	46	
404-3	Percentage of employees receiving regular performance and career development reviews	46	
405-1	Diversity of governance bodies and employees	52	
414-1	New suppliers that were screened using social criteria	14	
Compliance			
103-1/2/3	Management approach	13	
205-2	Communication and training about anti-corruption policies and procedures	15	
205-3	Confirmed incidents of corruption and actions taken	13	None
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In the index	None
307-1	Non-compliance with environmental laws and regulations	In the index	None
406-1	Incidents of discrimination and corrective actions taken	13	None
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In the index	None
417-2	Incidents of non-compliance concerning product and service information and labeling	In the index	None
417-3	Incidents of non-compliance concerning marketing communications	In the index	None
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	In the index	Data protection management established, no complaints
419-1	Non-compliance with laws and regulations in the social and economic area	In the index	None



Attestation of an independent sustainability assessment

To DSD – Duales System Holding GmbH & Co. KG, Cologne

In accordance with our mandate, we accomplished a sustainability assessment to obtain a limited assurance of the disclosures in the Sustainability Report 2017/18 by DSD – Duales System Holding GmbH & Co. KG for the financial years 01.01.2017 to 31.12.2018.

Responsibility of the legal representatives

The top management, consisting of Managing Partner CEO Michael Wiener, of DSD – Duales System Holding GmbH & Co. KG, is responsible for the preparation of the Sustainability Report in accordance with the Global Reporting Initiative Standards (GRI SRS):

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness
- Balance
- Comparability
- Accuracy
- Timeliness
- Clarity
- Reliability

This responsibility includes selecting and applying appropriate methods for preparing the above report, making assumptions and estimates of individual disclosures that are plausible under the circumstances. In addition, management is responsible for the conception, implementation, and maintenance of systems and processes insofar as they are of importance for the compilation of the report.

Responsibility of the auditors

Our task is to assess whether we have become aware of facts that lead us to believe that the sustainability information presented in the Sustainability Report for fiscal years 2017/2018 is not in accordance with material requirements with the Standards and Criteria for Sustainability Reporting of the Global Reporting Initiative Standards (GRI SRS) with option 'core'. In addition, we were commissioned to make recommendations on the further development of sustainability management and reporting on the basis of the audit results.

The focus of the audit is stakeholder management. This includes the choice of stakeholders and the communication with them, the assessment of their requirements, and the identification of key aspects of sustainable development. The validation of the sustainability-related information presented in the report is planned and carried out in such a way that we can issue our assessment with a limited assurance.

This limited assurance relates exclusively to evidence of internal sources and groups; the obtaining of audit evidence is limited to the business or management level of DSD – Duales System Holding GmbH & Co. KG. Systems and processes that determine the content of the report have been examined, using the materiality principle and the process for involving stakeholders. The specific sustainability services were checked on-site by sampling.

01.01.2019 12:00:00

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The planning of the audit was at the discretion of the auditors and implemented by the following activities:

- Access to the documentation on company organization, company policy, the guiding principles, and specific work agreements
- Comprehending the firm materiality view, based on various stakeholder surveys, prioritization, and the result of the evaluation and internal determination
- Inspection into the documentation of systems and processes for the collection, analysis, and aggregation of data on sustainability performance, including a fine-level release process of individual report sections
- Personal interview with the management spokesman
- Personal interviews with persons in charge for Business and Organization Development, Risk Management, Product Development and Marketing, Controlling, HR, and Company Communications, as well as with the Sustainability and Integrated Management Officers
- Analytical assessment of communicated key figures
- Random samples of evidence for individual data, e.g., by accessing internal management documentation and accounting, as well as by analyzing records generated as reports from the internal data system

Verdict

On the basis of our sustainability assessment to obtain a limited level of security, we have not become aware of any issues that may lead us to believe that the Sustainability Information contained in the Sustainability Report 2017/2018 of the DSD – Duales System Holding is not materially in accordance with the Global Reporting Initiative Standards (GRI SRS) with option 'core'.

Additional Notes – Recommendations

Without limiting the above-mentioned results, we would like to make the following recommendations for the further development of sustainability management and reporting:

- The ongoing integration of existing management systems by all company divisions and levels should be continued and the measures already initiated for this purpose intensified.
- The planned directive on sustainable procurement should be finalized and established in the next reporting period.
- Due to the constantly changing business context, the dialogue with internal stakeholders on selected topics should be intensified in the next reporting period.

Berlin, June 14, 2019

GUT Zertifizierungsgesellschaft für
Managementsysteme mbH
Umweltgutachter

J. Felker
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01.01.2019 12:00:00

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