



# Sustainable growth in 2014

# Index



## **Strong, healthy roots**

*Want to know about our DNA?*  
p. 4 - 9



## **Spreading our branches**

*Need a European partner?*  
p. 10 - 15



## **Recurring leafage**

*Want to put circular economy in practice?*  
p. 16 - 20



## **Growing a better future**

*Committed to doing green business?*  
p. 21 - 28



## **Close-grained customer centricity**

*Why we are Easy to work with?*  
p. 29 - 33



## **Striving ever upwards**

*Looking for Operational excellence?*  
p. 34 - 38



## **Four-season bloom**

*Searching for something Great to work for?*  
p. 39 - 45



## Foreword

Sustainable growth. Two words that summarise what VPK has achieved during the last years. Two core values that, when combined, prove that one plus one sometimes adds up to more than two.

Economic growth is usually not so hard to prove. Economic growth within a sustainable framework, on the other hand, is somewhat less self-evident. This magazine offers you an overview of the highlights of this framework at VPK. Nonetheless, it has become a common-held view that growth and sustainability must go hand in hand.

So I would like to draw your attention to perhaps a more notable interconnection, which is the link between packaging and sustainable business. Packaging supports and improves your own sustainability. By protecting your goods, their life span is increased. Further on in this publication one of our customers illustrates how packaging innovation has reduced food waste.

And, of course, paper-based packaging is itself fully recyclable. It is a basic principle of the circular economy in which we operate and to which you can contribute.

2014 will probably enter VPK's yearbooks as the year of strategic expansion in Poland. We invested a significant amount in a greenfield project near Brzeg. We expanded our existing sites in Radomsko, introducing a new brand to the local market. And at the same time we confirmed our local presence with a new Belgian headquarters. So that we stay close to you. And your products.



And this is exactly how we create added value for your business. We optimise your logistical chain. We improve your sustainability. And we are, at all times, close to you and your products.

Yet we never rest on our laurels. Efficiency and innovation are like a Möbius strip. There's no real starting or end point. It's fascinatingly uninterrupted. Just like our perseverance in striving for our three key goals. Read all about how we do this on the following pages.

*Pierre Macharis*  
Chief Executive Officer

# Strong, healthy roots

*Want to know about our DNA?*

vpk packaging group  
Close to you and your product

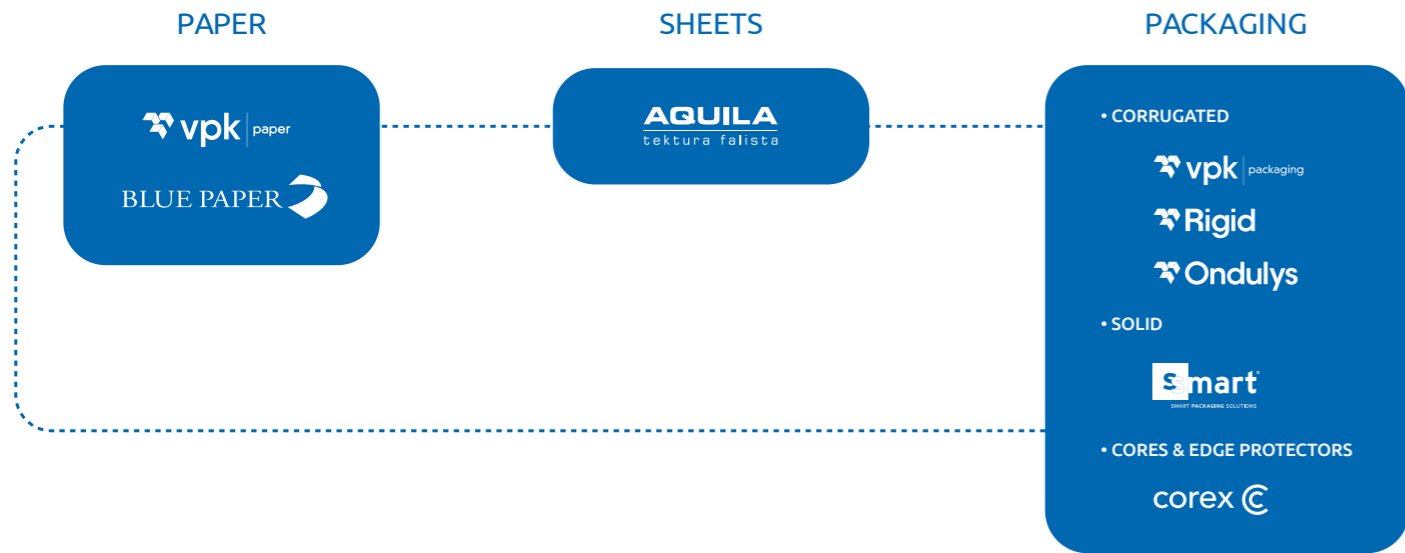


# Group structure

OUR INTEGRATED BUSINESS MODEL...

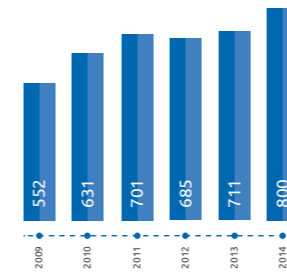


...IS REFLECTED IN OUR INTEGRATED BRANDS

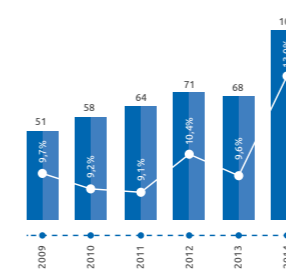


# Key financials

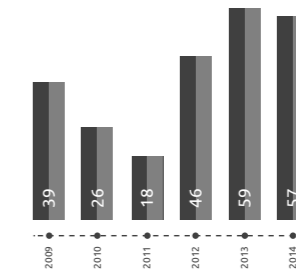
Operating income (mio €)



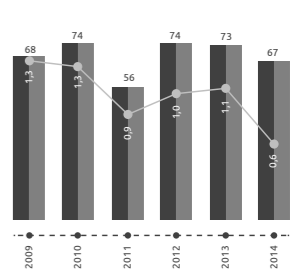
EBITDA (mio €) and EBITDA %



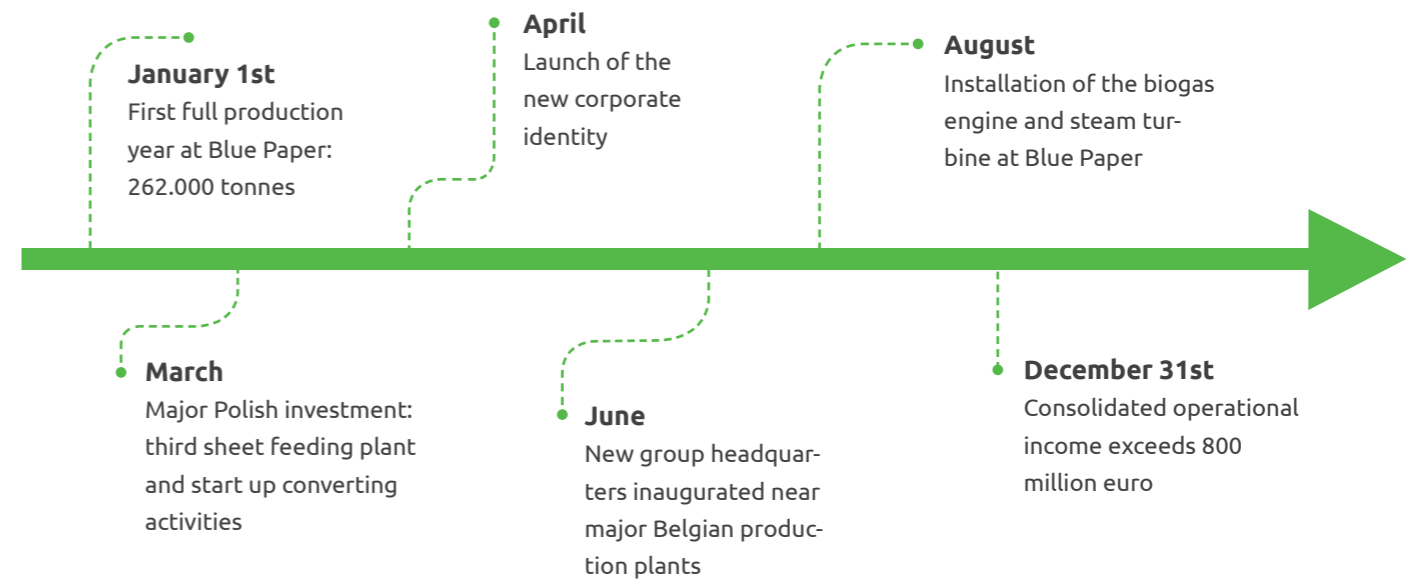
Investments (mio €)



Net financial debts (mio €) and debts ratio (times)



# 2014 Highlights





## 80 years ... and still growing

VPK Packaging Group NV traces its roots back to 1935. From humble beginnings we have expanded and now operate over 35 plants in 12 countries. And we continue to show steady growth and expansion due to integration of recycled paper for packaging solutions, a sound financial structure and excellent long-term relationships with our customers.

The VPK product range covers tailor-made solutions for corrugated board and solid board packaging, tubes/cores and edge protectors. All of these products are fully recyclable. Furthermore, our paper is made of exclusively recycled fibres, which underlines our determined ambition to operate within a circular economy.

We also firmly believe in local entrepreneurship, which creates a stimulating environment for staff and fertile ground for innovation. Together these contribute to satisfying the toughest demands of our customers. Indeed, staying close to our customers is a key characteristic of VPK. It's what has led to our success over the past 80 years, and will continue to drive us forwards into the future.

### 2014... Time for a new visual identity

In 2014 we conducted a rebranding exercise and adopted a new visual identity. It reflects on the outside what we have developed from the inside. The newly created logo communicates the three pillars of our mission, and symbolises our continual strive to move forward and enjoy sustainable growth.

The three pillars are:



### Great to work for

VPK Packaging Group NV offers a stable working environment within a framework of corporate responsibility and sustainability. It allows motivated and qualified employees to pursue an exciting career path in which initiative is rewarded and opportunities can be seized with both hands. Expect no beaten paths, but a world of possibilities instead.

### Easy to work with

At VPK Packaging Group we are committed to listening to our customers and responding to your specific requirements. We believe in acting fast to deliver the packaging solutions that you need. To reach this objective, our motivated and qualified staff strive for excellence in all they do. This enables us to supply you on-time and in full, every time.

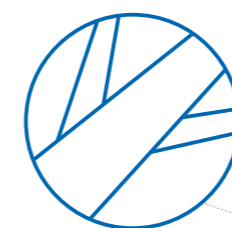
### Operational excellence

Efficient and optimal improvements of the production process are essential within a competitive environment. We achieve them by creating an environment where team spirit, lean management, safety and wellbeing are at the centre. Continuous improvements include ERP integrated systems, while our focus on long-term investments rather than quick wins ensures sustainable results.



# Spreading our branches

*Need a European partner?*



## Blue Box Partners

VPK Packaging Group is one of the founders of Blue Box Partners. The alliance has been formed to meet the needs of pan-European companies looking for corrugated board packaging solutions throughout Europe.

Blue Box Partners consists of four established and successful companies in their home markets: VPK Packaging Group (Belgium), Klingele Papierwerke GmbH & Co. KG (Germany), Rafael Hinojosa S.A. (Spain) and Cart-One S.R.L. (Italy).

Its objective is to provide their customers with optimum supplies of corrugated board packaging solutions through a single point of contact at a European level, at a consistently high quality and with outstanding service.

### Innovation and cooperation

The partners are all family owned, and are all driven by the same philosophy and strategy. They are committed to joint success through innovation, reliability and partnership-based cooperation.

The alliance already has a significant standing in the European packaging market with 40 production facilities, a production capacity of 2.3 billion square metres of corrugated board, a paper production of 1.1 million tons and a turnover of around € 1.4 billion.

### Training and optimisation

Through the Blue Box Partners Academy, individual customer training courses and workshops are offered on the subject of corrugated board, as well as dynamic joint optimisation workshops to support customers' specific requirements.

An additional focus area is technical support. Experts can get involved even with the development of a customer's products and can optimise the supply chain based on a process analysis from the very start.

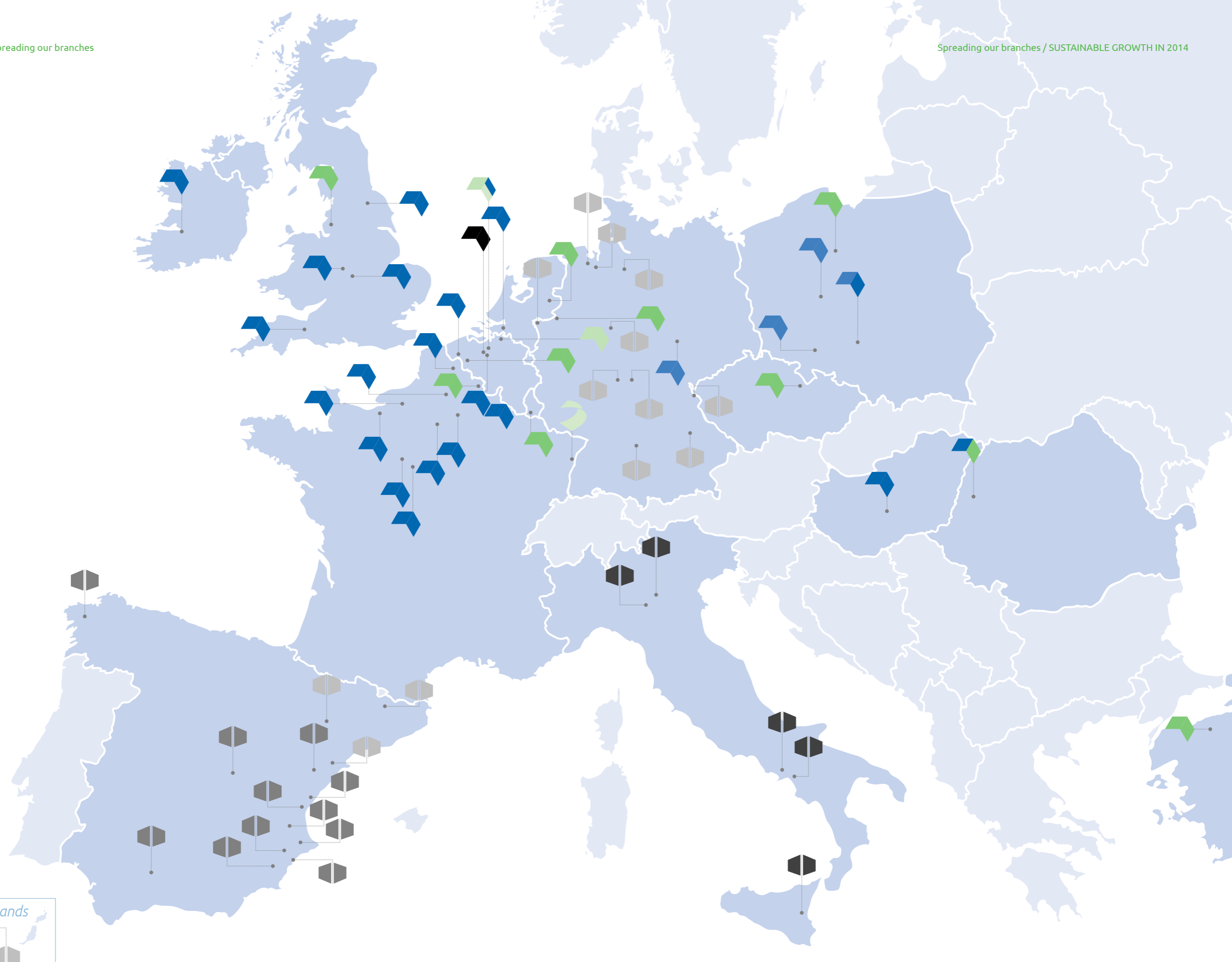
### Research and development

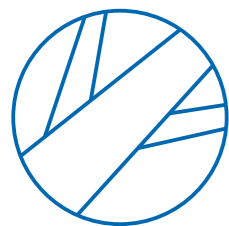
Playing a key role as a single point of contact for customers' R&D questions is the Blue Box Partners R&D Centre. It ensures the optimal knowledge transfer between local teams, and acts as a trend-setter of new developments and innovations, as well as heightening the technical knowledge of sales staff. Capabilities such as these have enabled the development of award-winning packaging designs.

Naturally, all Blue Box Partners have proven environmental certifications such as environmental sustainability in energy, water, FSC, hygiene, and waste reduction and recovery.



-  VPK Packaging Group  
Headquarter
-  VPK Packaging Group  
VPK Corrugated Sheets
-  VPK Packaging Group  
Corrugated Packaging
-  VPK Packaging Group  
Cores & Edge Protectors
-  VPK Packaging Group  
Solid Board
-  Blue paper
-  Klingele Papierwerke
-  Rafael Hinojosa
-  Cart-One





## Creating jobs in Poland

*'The investments in Poland were one of the cornerstones of 2014. We managed to increase our production capacity significantly and perpetuate our international market presence. Furthermore, the newest greenfield project near Brzeg is contributing substantially to local economy.'*

*Pierre Macharis, CEO VPK Packaging Group*

### A sheet feeding capacity increase of 50%

Aquila is the group's dedicated brand for sheet feeding production. VPK started its journey in sheet feeding for Poland back in 2005. The company renovated a factory in Wrzesnia near Poznan in western Poland. As the company built volume, it opened a second



factory in 2009 – this time on a greenfield site – in Radomsko, central Poland. A blueprint was established and the company continued to develop its position in the market as a leading sheet feeder. A little over a decade after the start of the company, Aquila recently opened its third site, another greenfield start-up, in Skarbimierz, near Brzeg, in south-west Poland. It will increase the total capacity of the Aquila business in Poland by 50%.

### The largest sheet feeder in Poland

Some € 18 million have been invested at Skarbimierz. 'Before we opened the new site, our first two sites were producing 390 million m<sup>2</sup> per annum between them,' explains Pawel Rogalka, Managing Director of Aquila. 'With the new site, we hope to increase our group production to around 600 million m<sup>2</sup>, making us the largest sheet feeder in Poland.'

'We are happy with how things are shaping up at the new site,' the MD continues. 'With this third factory, we are able to serve the whole of Poland as well as exporting about 10 per cent of our production to Czech Republic and Slovakia. With the majority of industry being in central and southern Poland, we are well placed to serve our sheet plant customers with top quality board and an excellent level of service.'

### VPK Packaging rolls out into Poland

In addition to the sheet feeding investment, a first corrugated packaging facility was set up at the existing production site in Radomsko. This project marks a first for the VPK Group in Poland. Pawel explains 'Up until the opening of this new plant in December 2014, VPK had



The new facility has the capacity to convert about **70 million sqm** of corrugated board per annum.

no presence in Poland for the supply of corrugated packaging. Poland is a huge market and we identified that we needed a manufacturing presence, not just for VPK, but also for the Blue Box Partners packaging alliance.

*"With this third factory, we are able to serve the whole of Poland as well as exporting about 10 per cent of our production to Czech Republic and Slovakia. With the majority of industry being in central and southern Poland, we are well placed to serve our sheet plant customers with top quality board and an excellent level of service."*

### Driven by customers' needs

The opening of this brand new facility, which was completed in the early spring, has been totally driven by the needs of VPK's pan-

European customers. 'However, it is not just a case of being given business by existing VPK customers – we are having to prove to the market that we have the technical capabilities and that we can be trusted as a reliable supplier in terms of cost and quality. We are actively drafting tenders for new work all the time and have invested heavily in our design department, both for structural and graphical designs.'

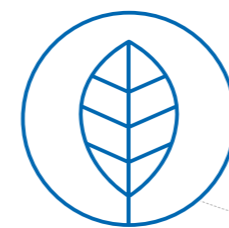
The new facility has the capacity to convert about 70 million m<sup>2</sup> of corrugated board per annum. A wide range of converting machines will allow for a diverse product range, allowing VPK Poland to service a broad range of industries.





# Recurring leafage

*Want to put circular economy in practice?*



## Sustainability Plus

The Cradle to Cradle approach has been described as 'going beyond sustainability'. In VPK we are putting it wholeheartedly into practice.

The Cradle to Cradle® philosophy was developed by German chemist Michael Braungart and American architect William McDonough. It was launched in their 2002 book, 'Cradle to Cradle: Remaking the Way We Make Things'. Time Magazine called Cradle to Cradle 'a unified philosophy that – in demonstrable and

practical ways – is changing the design of the world.'

That's a bold statement. So what's behind Cradle to Cradle? Basically its central premise is that products should be conceived from the very start with intelligent design and an intention to eventually recycle them, as either 'technical' or 'biological' nutrients. Technical nutrients can be recycled or reused with no loss of quality; biological nutrients can be composted or consumed. It's a different way of looking at things than the traditional Cradle to Grave approach, which refers more to a company taking responsibility for the disposal of goods it has produced, but not necessarily



*The process of Cradle to Cradle certification for Raamsdonksveer started in autumn 2013.*



putting the constituent components of products back into service.

'Cradle to Cradle is a philosophy of birth-to-rebirth which turns conventional sustainability on its head,' says Jan Thienpont, VPK Group Manager Quality Systems. 'Conventional thinking deals with a language of negatives: zero footprint, energy reduction, minimising impact and so on. These are good approaches, but Cradle to Cradle goes further. Waste becomes the raw materials or nutrients for further manufacturing – with products being reborn and reborn.'

*'Cradle to Cradle is a philosophy of birth-to-rebirth which turns conventional sustainability on its head. Conventional thinking deals with a language of negatives: zero footprint, energy reduction, minimising impact and so on. These are good approaches, but Cradle to Cradle goes further. Waste becomes the raw materials or nutrients for further manufacturing – with products being reborn and reborn.'*

Cradle to Cradle is based around five core principles:

- Material health: materials are valued as nutrients for safe, continuous cycling.
- Material reutilisation: continuous flows of biological and technical nutrients need to be maintained.
- Renewable energy and Carbon Management: operations should be powered by 100% renewable energy.
- Water stewardship: water should be regarded as a precious resource.
- Social fairness: all people and natural systems should be celebrated.

## Cradle to cradle in the circular economy

A circular economy is one that is restorative by design, and which aims to keep products, components and materials at their highest utility and value, at all times. As such the Cradle to Cradle fits perfectly into the circular economy, which is characterised by the following:

- A global economic model that decouples economic growth and development from the consumption of finite resources.
- Distinguishes between and separates technical and biological materials, keeping them at their highest value at all times.
- Focuses on effective design and use of materials to optimise their flow and maintain or increase technical and natural resource stocks.
- Provides new opportunities for innovation across fields such as product design, service and business models, food, farming, biological feedstocks and products.
- Establishes a framework and building blocks for a resilient system able to work in the longer term.



### Implementation in Raamsdonksveer

The first VPK site to consider putting Cradle to Cradle into practice was Raamsdonksveer in the Netherlands, which produces printed and unprinted corrugated packaging.

The process of Cradle to Cradle certification started in autumn 2013 by monitoring all the necessary raw materials and additives for producing printed and unprinted corrugated packaging. These raw materials and additives, such as paper, starch, inks, glue etc. were investigated through an ABX assessment methodology on 'material health'. The outcome is that VPK Packaging Raamsdonksveer is certified on all printed and unprinted corrugated packaging in 100% recycled paper with usage of a maximum of twelve pigments (hundreds of different colours).

Special focus was paid to VPK's aim to reduce the amount of energy required for manufacturing corrugated packaging and also to use more 'green energy', reduce CO<sub>2</sub> emissions and invest in CO<sub>2</sub> compensation. Water

stewardship is also part of the certification, as is social responsibility towards environment, employees, customers, suppliers and human rights.

*'We are delighted to achieve Cradle to Cradle bronze certification. We have worked hard in recent years to continually improve our processes as they relate to these quality categories. We are proud that we are the first VPK site to put theory into practice and demonstrate a new concept of materials and material flows. We also believe that this achievement will help our customers with their own Cradle to Cradle certification projects.'*

In 2014 the plant was assessed by the Environmental Protection Encouragement Agency (EPEA), which was founded in 1987 to work with clients worldwide to apply the Cradle to Cradle methodology to the design of new processes, products and services. After a thorough audit of all categories listed above, EPEA awarded VPK Packaging Raamsdonksveer the Cradle to Cradle bronze certificate.

'We are delighted to achieve Cradle to Cradle bronze certification,' says Marcel Koman, Quality Assurance Manager at Raamsdonksveer. 'We have worked hard in recent years to continually improve our processes as they relate to these quality categories. We are proud that we are the first VPK site to put theory into practice and demonstrate a new concept of materials and material flows. We also believe that this achievement will help our customers with their own Cradle to Cradle certification projects.'

### A practical Cradle to Cradle project

Two years ago, discussions were held between VPK and Colruyt, a major Belgian supermarket chain, about a solution to Colruyt's significant annual amount of waste paper and cardboard (30-35,000 tons). Instead of merely recycling it, the idea was proposed to create a new product from this waste: a foldable but sturdy cardboard box which shoppers could use to take their shopping away with them. (The chain does not offer plastic bags but does sell plastic reusable boxes for this purpose.)

The resulting Ecobox is a great example of the Cradle to Cradle principle. Made of unbleached brown 100% recycled cardboard, it costs € 1, is modular, ecological, it can be

reused at least five times and is designed to fit perfectly into the Colruyt shopping trolley.

*'The Ecobox is a perfect example of a Cradle to Cradle project. It was tested out in June 2014 in five stores, and after a positive evaluation was rolled out in all 260 stores in Belgium. VPK is now proposing similar solutions to other large retail chains.'*

'The Ecobox is a perfect example of a Cradle to Cradle project,' adds Jan Thienpont. 'It was tested in June 2014 in five stores, and after a positive evaluation was rolled out in all 260 stores in Belgium. VPK is now proposing similar solutions to other large retail chains.'

30 -  
35,000  
tons of  
recovered  
paper and  
cardboard

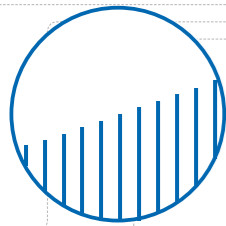


New  
product  
Ecobox



# Growing a better future

*Committed to doing green business?*



## Going it alone

Oudegem becomes the first VPK site to become energy self-sufficient.

The paper industry is energy intensive, and not much can be done to avoid this fact. A lot of electricity is required to power the paper machines, and a lot of steam is needed to dry the paper. However, the VPK paper mill in Oudegem, Belgium, takes the Group's sustainability objectives so seriously that it has become totally energy self-sufficient.

The mill produces fluting, testliner and core board paper varieties on three paper ma-

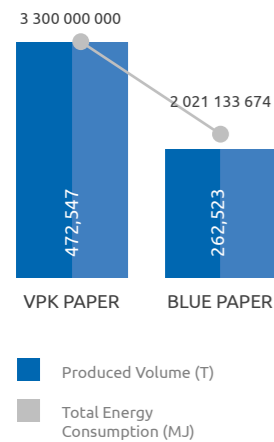
chines with a daily production capacity of 1,400 tons. These paper varieties are the raw materials for corrugated cardboard, solid board and cores.

To meet the high-energy demand of its processes, the mill has its own installations to generate 120 tons of steam per hour and 25 MW of electricity.

*'During the course of a year the mill is self-sufficient regarding energy.'*

'There are times when the mill needs to draw some electricity from the national grid,' explains Johan Dhaese, Head of Energy and

### Total energy consumption vs production output 2014 (paper mills)



120

tons of steam per hour

25

MW of electricity



Environment at VPK Packaging Group. 'But at other times it is producing an excess of electricity and can feed it back into the grid. So during the course of a year the mill is self-sufficient regarding energy.'

#### Energy self-sufficiency through CHP

The plant has three Combined Heat and Power (CHP) units. A coal-fired boiler provides the baseload energy. Thanks to modernisation carried out a few years ago, 20% of its thermal capacity now originates from the application of the waste-to-energy principle. In practice, half of the incinerated waste is biomass. The other half is waste material present in the paper bales. Excess biogas from the site's wastewater treatment facility can also be burnt in this boiler. This is an outstanding way of recycling energy and closing the loop at different levels.

The second facility is a natural gas turbine which produces electricity and process steam. The third unit is a biogas engine which burns methane originating from the anaerobic

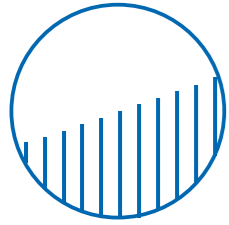
wastewater treatment facility. This too is a CHP unit, producing both heat and power.

*'In terms of energy Oudegem is one of the best performing paper mills in Europe, with a very low energy cost per ton of paper produced.'*

#### Efficiency and self-sufficiency: a winning combination

Not only is Oudegem energy-autonomous, it is also extremely energy-efficient due to the combination of the way primary energy is converted to secondary energy and the optimisation of the production process.

'How energy is made and how it is used go hand in hand,' adds Johan. 'We have managed to achieve an optimal balance in Oudegem. The result is that Oudegem is one of the best performing paper mills in Europe in terms of energy, with a very low energy cost per ton of paper produced.'



## Working on sunshine

Solar energy panels form part of VPK's long-term investment to cut its greenhouse gas emissions.

The extensive space requirements of the processes conducted in corrugated board plants means that these sites generally have a considerable factory roof surface area. They are thus highly suitable for the installation of photovoltaic (PV) panels. VPK's mills in Aalst and Deerlijk, Belgium, have clearly taken advantage of this possibility.

**1700**  
MWh of  
green elec-  
tricity per  
year

*'In these two sites we can produce up to 1700 MWh of green electricity per year. To put it into context, this is roughly equivalent to the average power consumption of nearly 600 households.'*

VPK has constructed one of the larger PV installations in Belgium at its corrugated board mill in Aalst. Its peak capacity is 1 MW. Also in Belgium, at the VPK core winding plant in Deerlijk, solar panels have been installed with a peak capacity of 0.7 MW.

'This means that in these two sites we can produce up to 1700 MWh of green electricity per year,' says Johan Dhaese, Head of Energy and Environment at VPK Packaging Group. 'To put it into context, this is roughly equivalent to the average power consumption of nearly 600 households.'

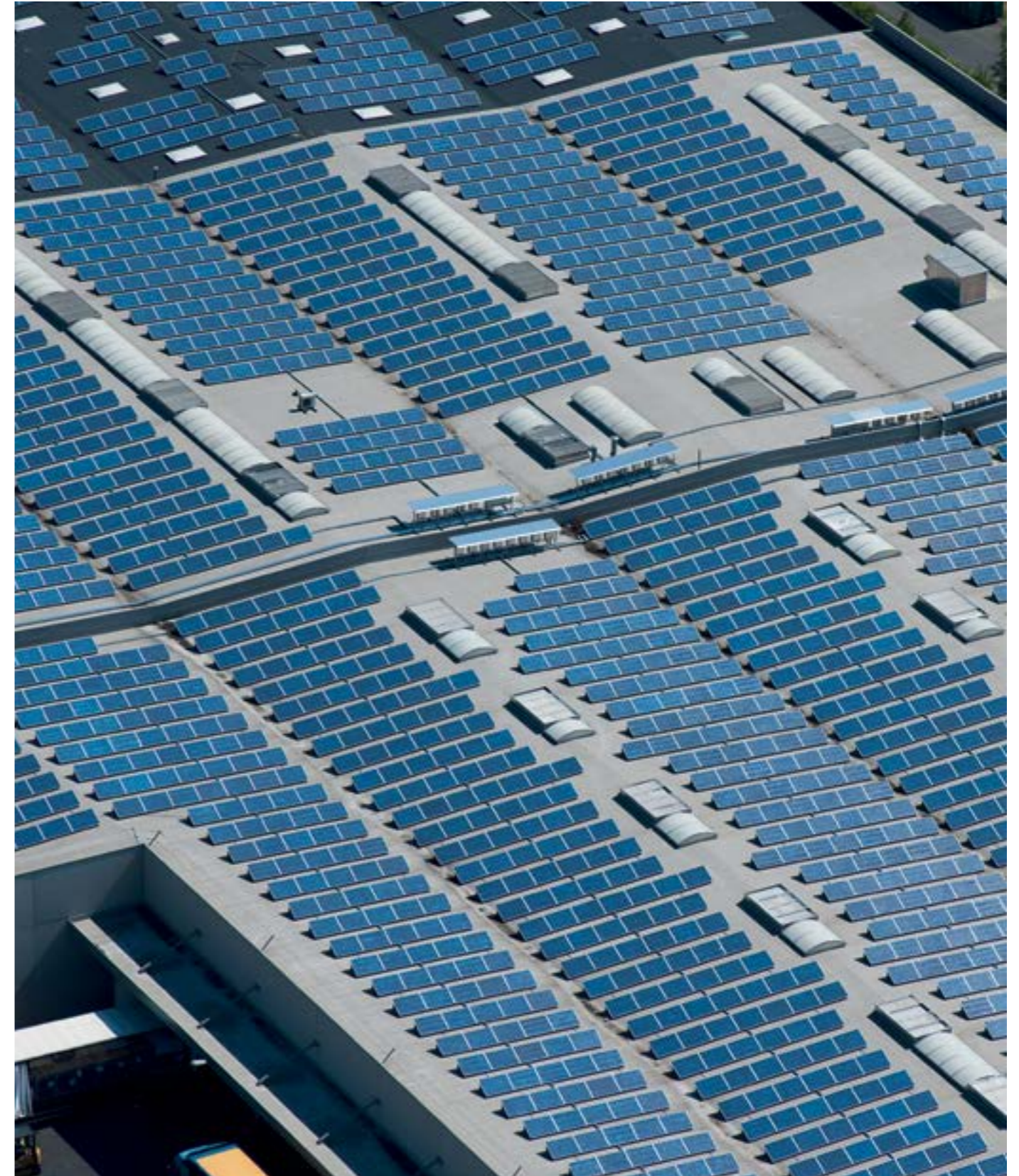
*'We are very proud of our PV installations in Aalst and Deerlijk,' adds Johan. 'They are green, zero emission investments which make a significant contribution to providing our own source of energy. They are also key components in our long-term vision to reduce our environmental footprint.'*

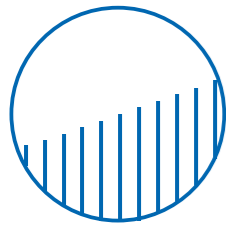
### Meeting in-house needs

However, only a small proportion of the generated power is fed into the national grid. This occurs during weekends when solar energy is being produced but the mills are closed. The vast majority – around 70% of it – is consumed by the mills themselves.

The PV installations make a meaningful contribution to the energy balance of the mills. In Aalst, for example, where the total power consumption of the mill is around 6400 MWh per year, solar energy accounts for around 13% of the mill's energy needs.

'We are very proud of our PV installations in Aalst and Deerlijk,' adds Johan. 'They are green, zero emission investments which make a significant contribution to providing our own source of energy. They are also key components in our long-term vision to reduce our environmental footprint.'





## Going (even) greener in Strasbourg

New investments in our Strasbourg mill further enhance its green credentials.

*The generation of biogas from wastewater treatment processes to produce electricity and steam, and the addition of a steam turbine to the biomass boiler to enhance energy efficiency, were two major sustainability projects completed in 2014 at the Blue Paper mill in Strasbourg.*

The conversion of the former UPM magazine paper factory in Strasbourg into a state-of-the-art production site for the manufacture of lightweight paper for corrugated board



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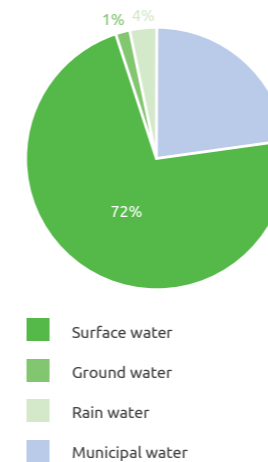
packaging led to a major change in the energy balance of the site.

Johan Dhaese, Head of Energy and Environment at VPK Packaging Group explains: 'Formerly, wood fibre was used as raw material, the processing of which needed a vast amount of electricity. However, to produce packaging grade paper from recycled fibre requires less electricity. This change in the energy balance opened up the possibility for the mill to take its energy production requirements into its own hands.'

### An innovative look at wastewater

One way the mill did this was by adding an anaerobic process to the existing wastewater

Total volume of water used (split into origin) 2014



treatment plant. A large part of the organic matter in the wastewater can now be broken down by micro-organisms into biogas (methane, CH<sub>4</sub>). This is then used as a primary energy source and fed into a biogas engine to make steam, electricity and hot water (co-generation): three vital ingredients for the paper-making process.

Biogas generation makes a significant contribution to the green credentials of the Strasbourg mill. Annually the mill can produce 25,000 MWh of biogas, which means an equivalent reduction in the amount of natural gas to be purchased. Not only is this a cost saving, it also significantly reduces the mill's carbon footprint.

*'Formerly, wood fibre was used as raw material, the processing of which needed a vast amount of electricity. However, to produce packaging grade paper from recycled fibre requires less electricity. This change in the energy balance opened up the possibility for the mill to take its energy production requirements into its own hands.'*

### Adding a steam turbine

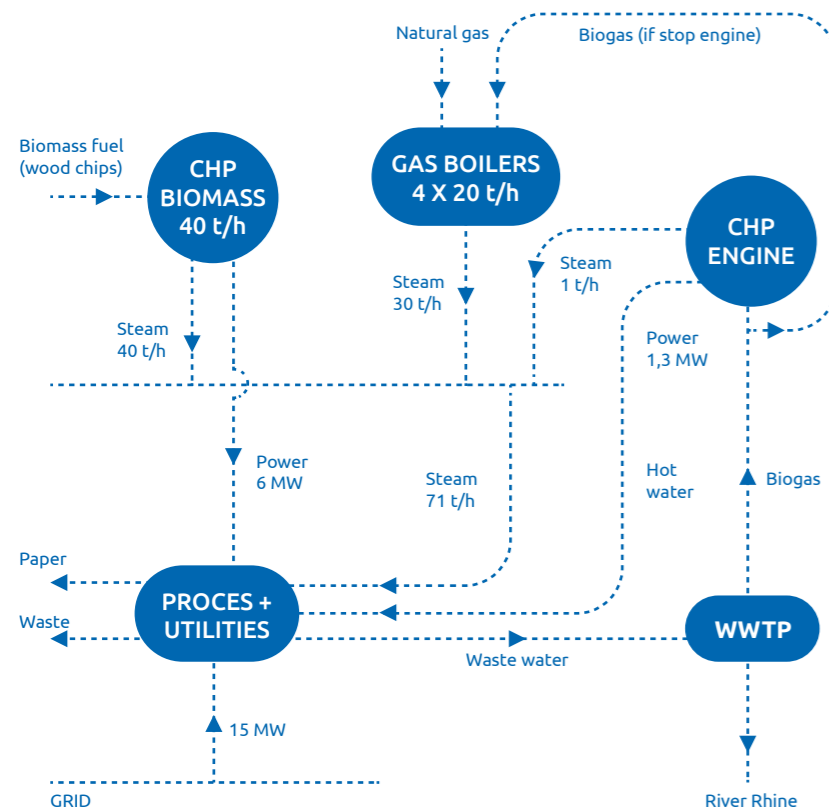
Also carried out in 2014 was the addition of a back-pressure steam turbine to the biomass boiler to enhance energy efficiency. This was a significant investment. The turbine has a production capacity of 6 MW, which when combined with the biogas engine's 1.3 MW makes up a considerable proportion of the mill's total consumption of 22 MW. The biomass boiler to which the turbine was added exclusively uses renewables, which combined with the CHP of the turbine is a very green way of producing energy.



'Both projects proceeded very smoothly,' explains Johan. 'They were well prepared and implemented. Thanks to the know-how and experience of the local team and our in-house specialists – who had already put their skills to good use in Oudegem – no major obstacles were encountered. We also enjoyed very good cooperation with the local authorities, so obtaining the necessary permits was straightforward.'

### Future developments

Johan and his team are not content with stopping there though. They are already looking into further process and environmental improvements at Strasbourg. One of these is to



## The Strasbourg mill's energy balance

As can be seen from the diagram, the Strasbourg Blue Paper mill has a highly interconnected and closed-loop energy network. Its energy comes from three sources:

- A Combined Heat & Power (CHP) biomass boiler produces 40 tons per hour of high pressure steam and 6 MW of electricity.
- A CHP biogas engine produces 1 ton of steam per hour and 1.3 MW of electricity. The hot water produced is fed into the manufacturing process and it is also used for heating purposes during winter periods.
- Four natural gas boilers can produce up to 80 tons of low-pressure steam per hour. One of the boilers has a dual fuel burner so can also burn biogas.

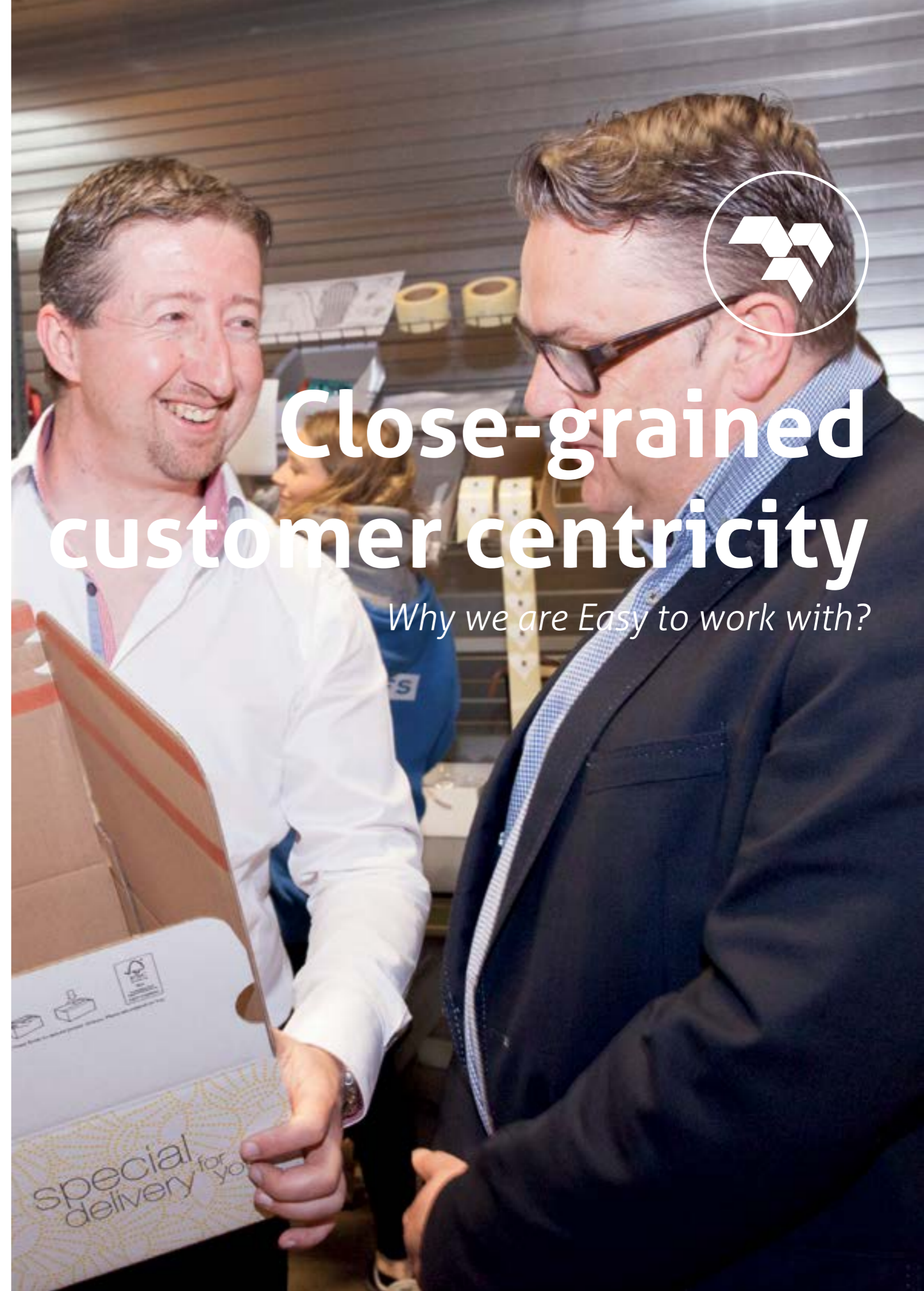
The renewable energy sources contribute to keeping the CO<sub>2</sub> emissions per ton of paper at very low levels.

make the most of the impurities in the waste paper that is delivered to the mill by converting waste to energy.

*'Both projects proceeded very smoothly. They were well prepared and implemented. Thanks to the know-how and experience of the local team and our in-house specialists – who had already put their skills to good use in Oudegem – no major obstacles were encountered. We also enjoyed very good cooperation with the local authorities, so obtaining the necessary permits was straightforward.'*

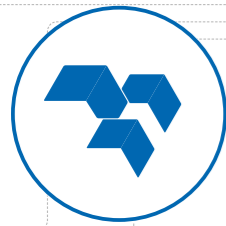
The waste paper collected by the Strasbourg city authorities and delivered to the mill contains impurities such as plastic, wood and textiles, which can be incinerated to generate electricity, steam and heat. Plastics in particular have a high calorific value. So the mill is looking at using this normally rejected material (30,000 tons of it per year) as an energy source, an operation that is already in place at the VPK mill in Oudegem. The objective would be to build an incineration unit at the Strasbourg mill to take full advantage of this energy source.

Such a project can only improve the already positive standing Blue Paper enjoys in Strasbourg. Jobs were saved when the mill, which was on the verge of closure, was revamped. 'We produce 300,000 tons of packaging paper from 330,000 tons of waste paper,' adds Johan. 'That firmly puts down a green marker. The investments we have made and are continuing to make in optimising the energy balance in Strasbourg will further enhance our strong environmental commitment.'



# Close-grained customer centricity

*Why we are Easy to work with?*



# Green logistics

Eosta is an international distributor of fresh organic fruits, vegetables and juices with a firm basis in sustainability. Its innovations include a 'trace & tell' system that gives customers transparent information about its products.

The company needed a reliable, innovative partner to develop packaging solutions that would reflect and promote the brand while preserving the high quality of its products. VPK's solid board division, Smart Packaging Solutions, answered the challenge, creating a rewarding partnership based on creative collaboration and shared values.

### 'Trace & tell'

Eosta is Europe's most innovative importer, packer and distributor of fresh, organically grown produce. It maintains close relation-



All Nature & More products are labelled with a photo of the grower's face.

ships with more than a thousand growers on six continents and serves major retailers and natural food stores in Europe, the US, Canada and the Far East.

The company has won multiple awards for its 'trace & tell' system, Nature & More, which provides customers with greater transparency in relation to the quality and origin of the products they are buying. All Nature & More products are labelled with a photo of the grower's face and a unique 3-digit code and/or QR code giving direct web access to background information about the farm and its practices. The system contributes to both environmental and business sustainability by communicating the ecological and social commitment of individual growers and empowering consumers to make informed purchasing decisions.



Eosta uses around **250,000** pepper boxes per year.



Innovative **re-foldable** box format



**Less** transportation needed

### Sustainable operations: the pepper box

Since the beginning of their partnership in 2010, Smart Packaging Solutions and Eosta have been cooperating closely on innovations that further the customer's sustainability goals. One such solution is the pre-glued and pre-folded boxes developed for peppers. Eosta uses around 250,000 pepper boxes per year and saw an opportunity to make its operations leaner and greener by reducing the environmental impact of transporting the empty packaging.

With an innovative, re-foldable box format, the company was able to significantly increase the number of boxes that can be fitted into one vehicle. As well as making logistics more economical and ecologically responsible, the box helps Eosta to communicate its 'Nature & More' message in the most effective way.

A fast, flexible production process enables the company to meet its customers' needs in times of fluctuating demand, such as during promotions in major retail chains. Already widely imitated in the market, the pepper box has helped Eosta build customer satisfaction and reinforce its position as a leader in sustainable operating practices.

### Tackling food waste: the chicory box

Food waste is a global problem, with around a third of the food produced being discarded. Eosta wanted to improve the shelf life of one of its products in particular, chicory, which is very sensitive to light and temperature.

Chicory only sells when it is white, but as it quickly turns green when exposed to light,





retailers often end up having to throw it away before it is sold. Although it is usually covered with plastic when on display, customers tend to forget to replace the sheet.

*'I find our relationship with Smart Packaging Solutions to be very positive. They act quickly, anticipate our needs, are innovative and take a real interest in helping us build on our core values of responsibility, togetherness and authenticity.'*

Smart Packaging Solutions provided Eosta with an innovative solution – a box with a lid that naturally falls back into place. The design leaves room for Eosta to communicate to customers about the box itself and the correct storage of chicory. The chicory box is made entirely from recycled material and is already used internationally.

### Sustainable partnership

The relationship with Eosta has proven to be a fruitful one for both parties. With openness, creativity and flexibility, Smart Packaging Solutions has built a solid partnership with many possibilities for future development. It is helping the customer to meet its objectives in terms of both environmental and business sustainability.

*'I find our relationship with Smart Packaging Solutions to be very positive,' says Paul Hendriks, Packaging Manager. 'They act quickly, anticipate our needs, are innovative and take a real interest in helping us build on our core values of responsibility, togetherness and authenticity.'*



## Listening to our costumers

A brief look at the customer surveys conducted by UK-based Rigid Charta and Rigid Containers

**Rigid Containers** produces corrugated packaging in three state-of-the-art BRC/loP accredited, integrated manufacturing and logistics facilities in Desborough (Northamptonshire), Selby (North Yorkshire) and Wellington (Somerset), as well as an integrated manufacturing facility in Limerick, Ireland.

*'The customer survey provides a clear message of our strengths and weaknesses, and we are particularly delighted that our customers see us as a true business partner who understands their requirements and challenges,' says Julian Freeman, Rigid's Sales and Marketing Director.*

Each year overall customer satisfaction is measured through a formal survey, followed by an in-depth study at management level. A direct reporting line to the internal quality department guarantees the continuity of the quality systems. By interviewing a representative, annually variable cross section of customers - taking into account diverse parameters on the customer side as well as on the supplier side – the results reflect general satisfaction in several working areas of the company, including product development, key account management, customer service and handling of complaints.

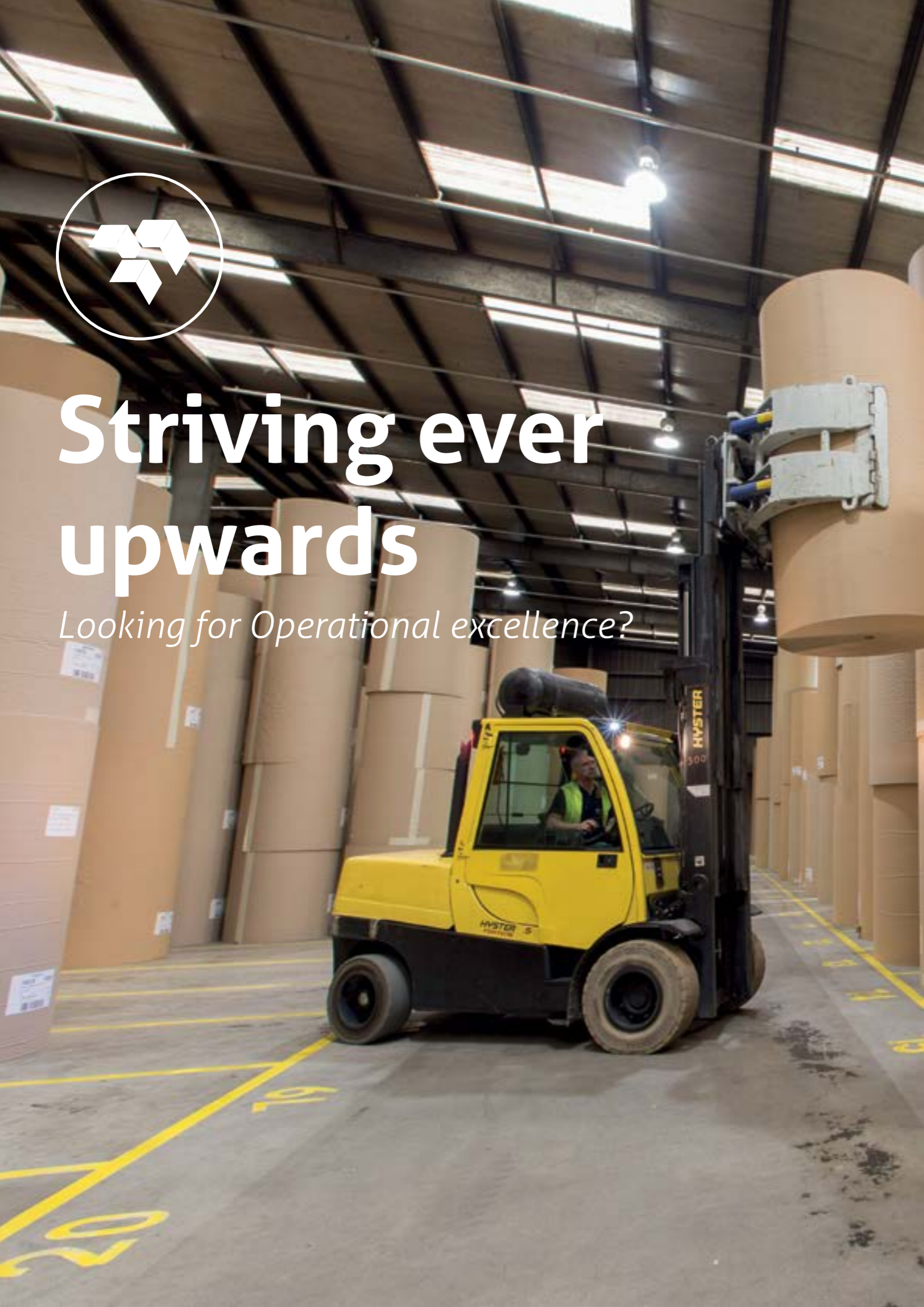
Rigid's Design, Graphics and Technical Department, as well as Key Account Management, scored highly in their understanding of customers' business requirements, while the Production Department was appreciated for delivering high quality goods on time and in full. Preventative actions also scored highly. Whereas turnaround for samples proved satisfactory, room for improvement was noted for new artwork turnaround. Last year's overall satisfaction indicator – a very creditable 4.5 out of 5 – was maintained.





# Striving ever upwards

Looking for Operational excellence?



## Stepping up on Safety

VPK continues to prioritise and improve the safety of employees at all plants.

VPK has been investing in a safe workplace throughout their businesses around Europe for many years. Evidence of this is a substantial drop in the number of work-related accidents, as indicated in the graph below.

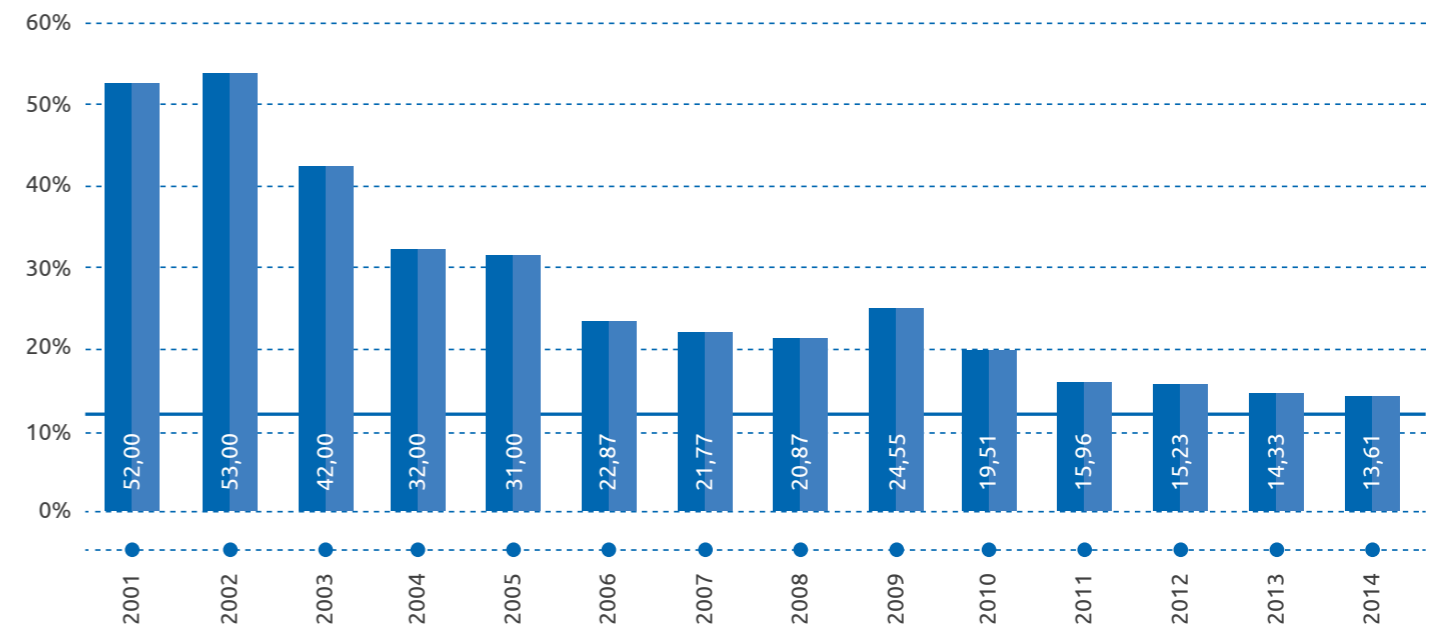
The graph shows the evolution in the company's key safety indicator. This value is derived from dividing the number of loss time accidents (LTA) by the total number of hours worked by a particular plant or group of employees.

From a value of over 50 in 2001 it has fallen to 13 in 2014, which is a creditable achievement. However, it is also clear that a levelling off of the key safety indicator has occurred in recent years.

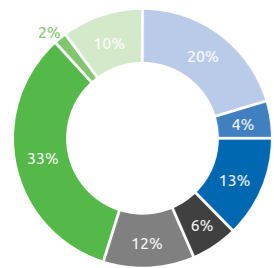
### Creating a safety culture

"It is therefore time to step up our safety activities and implement changes that will enable us to achieve further significant improvements in our safety levels across VPK," says Jan Thienpont, Group Quality System Manager. "The way we are going to do this is to propose to the group a change process to create or reaffirm a safety mindset or culture. To date we have focused on three of the four key building blocks which have played a major part in leading us to operational excellence

Evolution Frequency number (amount of work accidents relative to the total number of worked hours multiplied by 1.000.000). Target 2014 = 12; target 2015 = 10

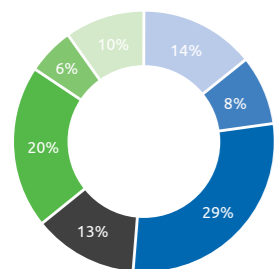


**Typology accidents  
2014 VPK Group**



- Handling or lifting objects
- Electrocutation
- Other typology
- Slips & trips
- Fell from height
- Hit by moving or falling object
- Hit by fixed object
- Contact with moving parts of machinery

**Typology injuries  
2014 VPK Group**



- Torso injuries
- Other injuries
- Leg injuries
- Head injuries
- Arm injuries
- Hand injuries
- Feet injuries

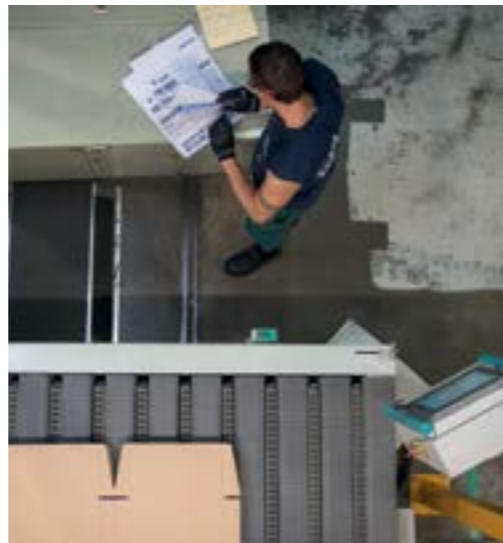
and making VPK perform better as a whole. Now it's time to focus on the fourth aspect: behaviour-based safety."

*"Our medium-term goal is to reduce the company's key safety indicator from 13 to 5. We believe that this is feasible, and a new, strengthened or reaffirmed focus on creating and maintaining a safety culture throughout the organisation will get us there – and then beyond."*

To enable this sea change, in 2015 VPK is kicking off a major project on behaviour-based safety, to be implemented in 2016 and onwards. It will be presented at the annual VPK Safety Day in Bruges in November. Here, a behaviour-based safety program will be introduced throughout VPK, as well as a project to measure the company's safety culture and implement a new way of thinking.

A renowned international speaker on safety will also describe his own horrifying – yet totally avoidable – workplace accident in 1990 which left him blind. Since then he has dedicated himself to creating positive safety cultures and setting new standards. These have improved the working lives of thousands of people and changed the way hundreds of organisations operate.

"Our medium-term goal is to reduce the company's key safety indicator from 13 to 5," adds Jan. "We believe that this is feasible, and a new, strengthened or reaffirmed focus on creating and maintaining a safety culture throughout the organisation will get us there – and then beyond."



**Creating a safe workplace**

Four building blocks have to be addressed to create a safe working environment:

- **Machine safety** – implementing safeguards to protect workers from preventable injuries while operating a machine or other equipment.
- **Organisational safety** – implementing safety processes and making sure that other operational processes are performed safely.
- **Workplace safety** – ensuring a safe work environment.
- **Behaviour-based safety** – application of a safety culture throughout an organisation in which safety is seen as a priority in all aspects of behaviour, from employees to management.

Implementing a safety success story will always be a combination of ALL factors.



**Leaner means greener**

A greater focus on lean methodology in all aspects, including waste elimination, is a key component of VPK's sustainability philosophy.

**What is lean?**

Lean is a customer-centric methodology to continuously improve any process through the elimination of waste. It's based on the ideas of Continuous Incremental Improvement and Respect for People, and incorporates five key principles:

1. **Focus on effectively delivering value to your customer.** Specify value from the standpoint of the end customer by product family.
2. **Improve the value stream by eliminating all types of waste.** Identify all the steps in the value stream for each product family, eliminating whenever possible those steps that do not create value.
3. **Maintain flow.** Ensure that value-creating steps occur in a tight sequence so the product will flow smoothly toward the customer.
4. **Pull through the system.** As flow is introduced, let customers draw value from the next upstream activity.
5. **Strive for perfection.** As value is specified, value streams are identified, wasted steps are removed, and flow and pull are introduced. Begin the process again and continue it until a state of perfection is reached in which perfect value is created

with no waste.

**Waste in the lean concept**

As defined above, lean is all about the elimination of waste. However, waste has a broad approach in this context, covering seven areas:

- **Transportation:** Is there unnecessary (non-value-added) movement of parts, materials, or information between processes?
- **Inventory:** Do you have any raw materials, work-in-progress (WIP), or finished goods that are not having value added to them?
- **Movement:** How much do you move materials, people, equipment, and goods within a processing step?
- **Waiting:** Are people or parts, systems or facilities idle — waiting for a work cycle to be completed?
- **Overproduction:** Are you producing sooner, faster, or in greater quantities than the customer is demanding?
- **Over-processing:** How much extra work is performed beyond the standard required by the customer?
- **Defects:** Does the process result in anything that the customer would deem unacceptable?

**Lean at VPK**

VPK is progressively implementing lean throughout the group. In line with our philosophy of local empowerment, we are not adopting a 'one-size-fits-all' approach to lean. Instead, each country and individual site identifies its own operational challenges. These

could include efficiency on the corrugator, waste reduction in administration processes etc.

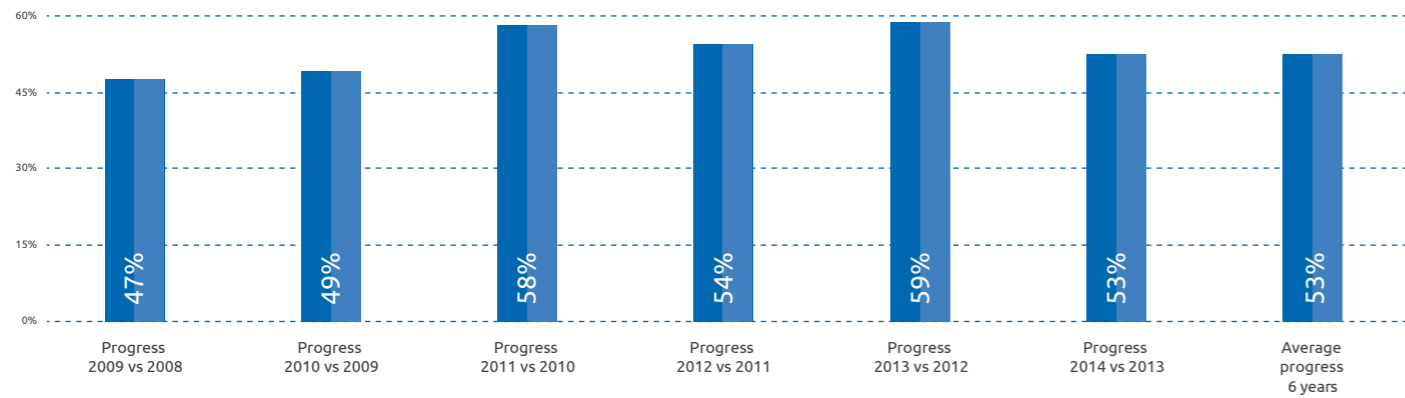
Of course, it's essential to measure this continuous improvement. To do this we have identified 44 parameters, all of which directly contribute to productivity. They include machinery set-up time and downtime, maintenance costs, safety frequency, waste generated and production speed.

These parameters are monitored every quarter for all of our bulk production sites. In practice, an improvement of 64% means that 64% of the parameters have improved.

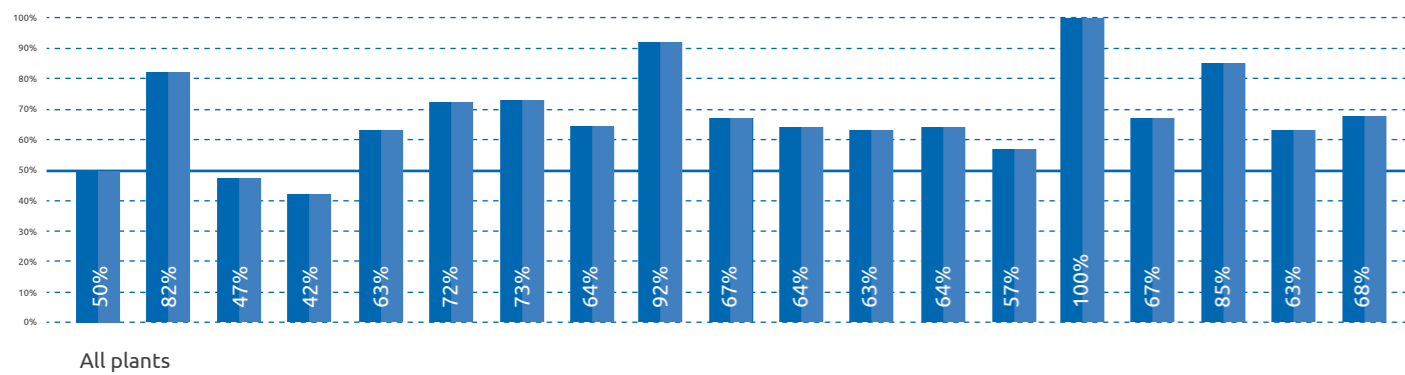
The group's KPI is an improvement of 50% at individual site level and 60% at overall group level.

The following charts indicate the group's long-term evolution from 2011, and the situation in each plant in Q1 2015 compared to 2014. It's clear that significant progress continues to be made, although work remains to be done.

**Continuous Improvement - 15 packaging plants + VPK Paper Evolution 2008 - 2014**



**Progress Q1 2015 versus 2014 per plant**



# Four-season bloom

*Searching for something Great to work for?*



## CSR In Action

### Sustaining Life

Ondernemers voor Ondernemers (Entrepreneurs for Entrepreneurs) brings water and food to a region of Mali

Official relations between the North and the South. They particularly stand up for equitable, sustainable and participatory water management.

#### An area in desperate need

The inland delta of the River Niger is often described as the food barn for West Africa, so it attracts many people to the region. Unfortunately, agriculture in the area is seriously affected by climate change and poor management of the available water.

The region of Mopti in Mali is seeking to improve access to drinking water, hygiene and sanitation for the local population, and provide regular access to water to improve agricultural sustainability. Through 'Passage', this project hopes to improve health, reduce medical expenses and decrease the poverty

Promoting sustainable growth through local entrepreneurship

The mission of the Belgian organisation *Entrepreneurs for Entrepreneurs* is to promote sustainable economic growth in developing countries by supporting local entrepreneurship, or by working to improve the basic conditions to achieve local entrepreneurship.

In the field, they work together with several NGOs. For the 'Passage' programme (*Projet d'Amélioration de la Sécurité Alimentaire par une Gestion durable des ressources en Eau*), they can count on the expertise of Protos. The NGO stands for fair and mutually ben-



copyright Nick Hannes



copyright Protos

Access to drinking water for **17,250** people

Basic sanitation for **3,400** people

of the Malinese people in Mopti. It will also reduce environmental risks and social conflicts around water.

#### VPK partners with Entrepreneurs for Entrepreneurs

VPK chose to support this 'Passage' project because it includes a number of elements that will improve the region's overall sustainability:

- Financial: good use is made of the financial contribution paid for water usage because it enables the necessary infrastructural maintenance. The project helps the municipalities involved to set up an appropriate management structure so that the

quality and continuity of service is safe guarded.

- Technical: the programme seeks to work together with local authorities, technical services and local contractors to find the best possible solution adapted to local conditions. An example is the introduction of a manual drilling technique so that local artisans are involved on a long-term basis.
- Socio-cultural: the programme is based on good governance and the involvement of local construction supervisors to ensure that the benefits reach all levels of society.
- Environmental: the improvement of sanitation leads to benefits for the whole environment.

## Pedal Power

In 2014, Wayne Sharpe, an Estimator at Rigid Containers UK, completed a 480 km charity bike ride. Along with 300 other cyclists, he took part in the London2Paris cycle challenge to raise money for the Alzheimer's Society.



Wayne raised **4,480 EUR** while the group together raised **130,000 EUR** for the Alzheimer's Society.

Setting off on Wednesday 24th September, there was no gentle introduction to the challenge. 'The first day was actually the longest and toughest,' he recalls. 'We set off from Blackheath in London and made our way to Calais – 138 km away – before we collapsed at our first overnight stay.'

The second day the cyclists headed southwest towards their next stop in Arras. It was a slightly shorter day but had one or two challenging climbs on the route.

'From Arras on the third day, we headed south and rode through the Somme Valley where we stopped at the Thiepval Memorial to pay our respects to the fallen soldiers of the war. We spent some time here as a group and it was very emotional.' From there, the group continued to their next overnight stop in Compiègne, having ridden a total of 132 km that day.

The fourth and final day was the shortest of the trip at a 'mere' 100 km. However it did pose its own challenge, which was navigating the busy city streets of Paris. But in true 'Tour de France' style, the last few miles were

ridden in convoy doing a loop of the Arc De Triumph and riding the famous stretch of the Champs-Elysees.

### Finish – and applause

After four long days, the cyclists reached their final destination – the Eiffel Tower. 'We received a fantastic welcome from friends and family members who had travelled over and it's fair to say a few tears were shed!'

Personally Wayne raised the outstanding amount of € 4,480, while the group together raised € 130,000 EUR, which was obviously greatly appreciated by the Alzheimer's Society. 'I chose to ride for this charity because my wife's grandmother suffered with dementia, and the Alzheimer's Society helped not only her, but the whole family to cope through the most difficult of times,' explains Wayne.

*'I chose to ride for this charity because my wife's grandmother suffered with dementia, and the Alzheimer's Society helped not only her, but the whole family to cope through the most difficult of times,' explains Wayne.*

### Fit – and lucky

Wayne trained specifically for the event, but he was already pretty fit because he regularly commutes to work on his bike, covering up to 100 km a week. He says he was lucky enough not to have any punctures or mechanical breakdowns during the ride, especially considering one of the other cyclists suffered six punctures on the first day!



As to what he feels he has learned: 'I realised that nothing is impossible, and training is key. If you surround yourself with good people, who are all trying to achieve the same goal, you will succeed.'

*'I realised that nothing is impossible, and training is key. If you surround yourself with good people, who are all trying to achieve the same goal, you will succeed.'*



## Belgium-based headquarters

**5.000**  
corrugated  
board sheets  
were used to  
construct an  
original work  
of art.



*A collaboration was set up with the local art school.*

The new VPK headquarters were inaugurated mid-2014. The location was strategically chosen to be close to the two largest Belgian production sites. The open spaces combine a solid structure with a modern transparency, reflecting the group's growth.

### Local anchoring for international growth

The construction of the new headquarters perpetuates the decision to continue to steer the international group from its cradle.

Shared services such as finance, accounting, controlling, legal, engineering and communication are centralised at this newly built competence centre for investments and group expansion.

### Artistic inauguration

The official inauguration took place at the end of 2014, in presence of the mayor and several aldermen. A collaboration was set up with the local art school for the occasion. Five thousand corrugated board sheets were used to construct an original work of art at the entrance. With this project, VPK sponsors the purchase of necessary art equipment for the students.

### Great to work for

The modern infrastructure of the new headquarters has been thought out to meet

the diverse needs of the employees. VPK's ambition to be great to work for is met in the different facilities provided for at the place of work, such as fully equipped cooking facilities and a large terrace to enjoy lunch, bikes

for cycling to the town centre, showers and changing rooms to combine a workout in the nearby park with a day at the office, as well as a small fitness area.



*The new headquarters perpetuate the decision to continue to steer the international group from its cradle.*

# Colofon

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