



# Sustainability at Fette Compacting



**FETTE**  
**COMPACTING**  
be efficient

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## FETTE COMPACTING WHO WE ARE

Fette Compacting is the technology and world market leader for machines for industrial tablet production. The company is specialized in high-performance machinery for the pharmaceutical industry and the manufacture of nutritional supplements. The portfolio has included special machines for capsule filling since 2016. Fette Compacting is represented in more than 40 countries across the world. The company is the only manufacturer of tablet presses and capsule-filling machines to operate a global network of Competence Centers in Germany, the USA, Brazil, India, and China.

Fette Compacting is part of the LMT Group, a family-owned group of companies operating on an international scale. During the period under review, other members of the LMT Group included LMT Tools GmbH and LMT Finance & Shared Services. All the companies in the LMT Group share a site in Schwarzenbek near Hamburg. The members are legally, financially and organizationally independent but have joint use of resources, which means that they pursue common goals at the level of the corporate group in the exercise of their social, societal and ecological responsibility. Accordingly, some of the details in this report refer to the activities of the LMT Group.



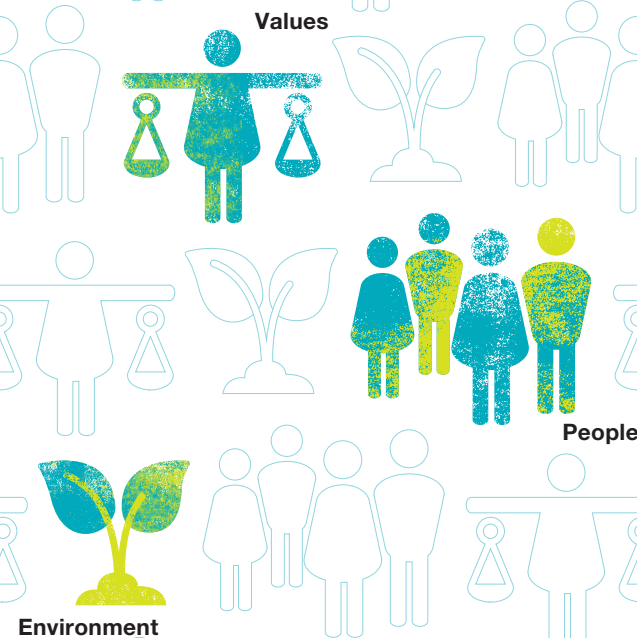


## FETTE COMPACTING OUR UNDERSTANDING OF SUSTAINABILITY

Our tablet presses and capsule-filling machines are used by companies all over the world in the production of medication and nutritional supplements, such as vitamin products. Day after day, we invest our innovative strength and hard work in efforts to make the world a healthier and better place. As a result, we have set ourselves the objective of doing everything in our power to be a positive force in this world.

That is why the topic of sustainability is a cornerstone of all our activities and we face up to our social, societal and ecological responsibilities on a daily basis. As a family-owned company, we have always been accustomed to carefully considering the consequences of our business decisions.

The Silver award presented to us by the internationally renowned EcoVadis label in 2019 is convincing proof that we are on the right track. EcoVadis examines a company's sustainability efforts, placing its focus on the topics of environmental protection, labor law and human rights, ethics, and sustainable procurement. Recognition of our performance to date gives us an incentive to continue to do our very best in the future for both the environment and society.



## VALUES LIVING OUR VALUES

Part of Fette Compacting and the LMT Group's basic entrepreneurial understanding is to align our own economic actions with values. That is why we consciously assume societal responsibility and actively acknowledge the social responsibilities associated with pursuing our business interests.



## VALUES

### HUMAN RIGHTS

At Fette Compacting, we are committed to human rights as specified in the United Nations' Universal Declaration of Human Rights.

As an action-guiding principle, the LMT Group has anchored the unconditional safeguarding of human rights in its purchasing conditions and in its general code of conduct. We utilize all means available to safeguard the rights of our employees and to prevent violations of social and human rights along our value-added chains.

All employment relationships at Fette Compacting and the LMT Group as a whole are maintained on a voluntary basis and the result of a free negotiating process. Thanks to short collective-agreement and statutory notice periods, employees are entitled to terminate their employment relationships at any time.

Fette Compacting does not tolerate child labor of any kind. Structured selection methods during the hiring process for trainees, interns, and temporary vacation workers – at international levels as well – ensure that there is no child labor in our company. We take great care to strictly comply with the requirements of youth protection laws, in particular the Youth Protection Act, the Working Hours Act, and the Vocational Training Act.



## VALUES

### ANTI-DISCRIMINATION

At Fette Compacting, we regard the diversity and uniqueness of our employees as a rich source of knowledge and an essential component in our international success. We aim to retain this diversity in the future and to encourage it to an ever-greater extent. That is why we take a decisive stand against any form of discrimination and do everything we can to create fair working conditions for all the people in our company all over the world.

The general code of conduct at the LMT Group prohibits any type of discrimination based on gender, sexual orientation, origin, skin color, or other personal attributes.

As a traditional mechanical engineering company, we have a typically low proportion of women in our workforce. Against the backdrop of our diversification efforts, we consider tackling this structural disparity in an appropriate manner to be one of our most important tasks in the years to come.

We also regard the inclusion of people with disabilities as a key social commitment. In our inclusion agreement, we require personnel managers, executive management, the Works Councils, and representatives of employees with disabilities to promote the inclusion of disadvantaged people in our operational processes.

Our Operational Integration Management (BEM) has been supporting employees suffering from long-term illnesses in returning to regular work since 2013. To do so, we collaborate with those concerned to plan step-by-step reintegration, which can entail changes to the workplace as well as adaptations to work organization and working hours. In addition, we also help those who have been ill to find ways to prevent them from becoming unable to work again in the future.



## VALUES

### ANTI-CORRUPTION

To ensure fair dealings with business partners and to avoid any violation of applicable laws, Fette Compacting and the LMT Group prohibit any form of corruption. Employees are not allowed to draw any irregular profit from their activities and must do everything they can to avoid conflicts between their personal and business interests.

In order to identify corruption risks, the Chief Compliance Officer at the LMT Group has been conducting annual Compliance Risk Assessments since 2017. In addition, national and international compliance audits are conducted every year on such topics as Business Partner Risks, Supply and Quality Assurance of Investments, and Legal Compliance. A total of 136 such risk assessments were conducted by 2020.

Our employees have been regularly attending compliance training since 2017. Executive and senior management can take advantage of annual in-person training while employees in Sales, Purchasing and Service complete an e-learning course every two years, followed by a compliance test. The training courses cover such topics as business ethics and corruption prevention.

In 2020, learning content was supplemented to include the topic of Business Partner Compliance, which deals with ensuring compliant action on the part of our subsupplier. 483 employees underwent compliance training in 2017, with 133 in 2018, a total of 492 in 2019, and 430 in 2020.





## VALUES

### SUSTAINABLE PROCUREMENT

As a manufacturing company, Fette Compacting relies on working together closely with its suppliers. We see measuring our business partnerships against the standards for sustainable business management as part of our societal and ecological responsibility and have made these standards the basis of our own economic actions.

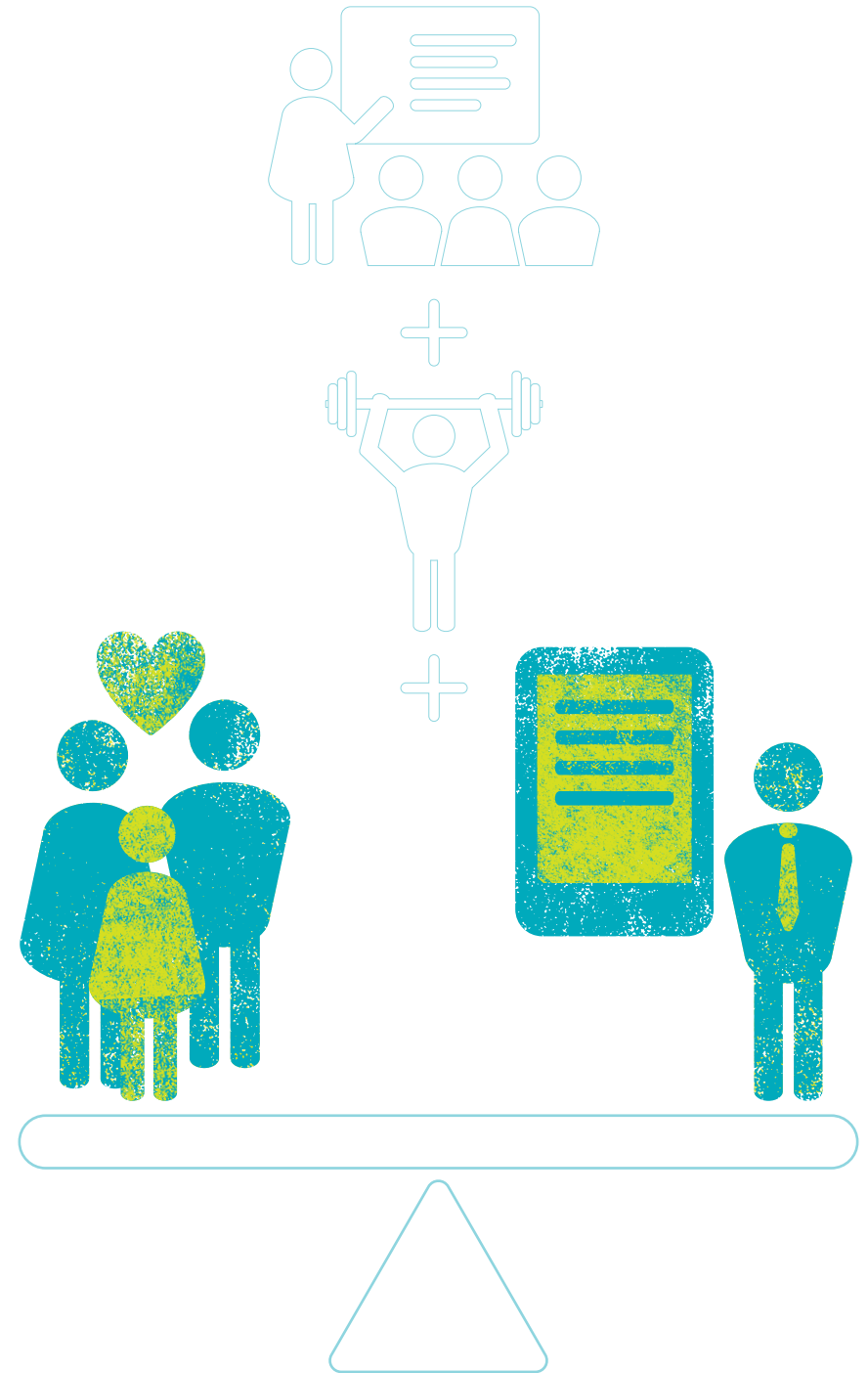
As a result, the LMT Group has defined an unambiguous position on the topic of sustainability in its purchasing guidelines. This reads as follows: "We expect our suppliers to work together with us to develop and continuously improve the partnership, taking human rights, basic ethical principles, working conditions, and environmental protection into consideration."

On the basis of collaboration based on trust with our suppliers, we endeavor to protect the environment and society along our entire value-added chain and with every means available to us.



## PEOPLE SUSTAINABLE TOGETHER

At Fette Compacting, we define sustainability as a common task for companies and employees. That is why we attach great importance to a sustainable corporate culture marked by dynamic, productive interaction. In doing so, we support our workforce with a variety of different measures and offers.



## PEOPLE WORKING AT FETTE COMPACTING

Real sustainability must be an integral part of the corporate culture. It does not only focus on products and processes but also always has employee well-being as its goal. At Fette Compacting, we strive toward making our employees feel respected, represented and appreciated.

That is why we respect our employees' rights to unionize and recognize their right to collective negotiations. Fette Compacting has long been a member of the Nordmetall-Verband der Metall- und Elektroindustrie e.V. which ties it to the respectively applicable collective agreements of the IG Metall trade union (Coastal Section) in the Hamburg region. Accordingly, all employment relationships are covered by a variety of individual collective-agreement regulations as well as statutory framework conditions.

Every four years, our employees elect a Works Council to represent employee interests. The elected representatives carry out the general tasks involved with participation and co-determination and address more specialized topics in committees. Executive management consults with the Work Council on all essential matters at an early point in time. In addition, the Economic Committee keeps the Works Council up to date on the current economic situation of the company on a regular basis.



Wherever possible, we support our employees by offering them flexible working hours to help them find a practical work/life balance. Having a happy and fulfilling family life is something we find particularly important. This is why – if practically possible – mothers and fathers have the option of returning to work part-time after taking parental leave. Under certain conditions, employees who work shifts, look after small children or care for relatives in need of care have been able to convert their collectively agreed additional pay into eight additional vacation days since 2019.

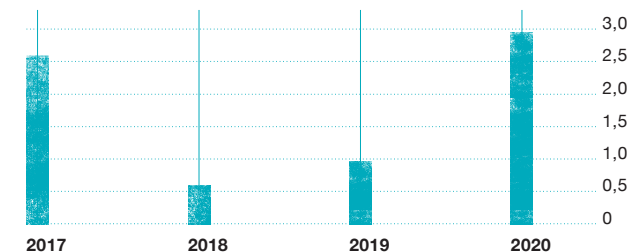
As a basis for collaboration based on trust, the protection of personal data plays a key role in our company. In cooperation with an external data protection officer at the LMT Group, we ensure that all legal specifications concerning data protection are strictly adhered to. We encourage our employees to actively support us in protecting their data.

Dynamic interaction and personal respect play a major role in a sustainable corporate culture. That is why we organize jubilee events for employees who have worked for us for 25, 40 or even 50 years and we host ceremonies for deserving employees on the occasion of their retirement.

One thing that our employees appreciate in particular is the children's Christmas party, which has been taking place for more than 60 years and usually involves a performance by a children's drama group from the region. Christmas parties are also held for our seniors and first-aiders.

All of these efforts to ensure sustainable personnel management have enabled us to keep our employee fluctuation rate at a constantly low level over the years.

**Employee fluctuation rate in percent**



PEOPLE  
WORKING SAFELY

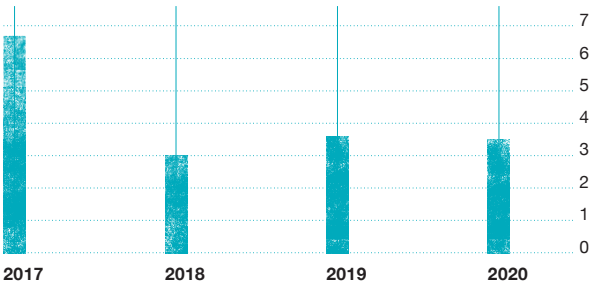
One of our most important concerns as a company involves the safety and protection of our employees. That is why we continuously work toward further minimizing the number of annual accidents in our plants. To do so, we analyze our processes regularly to detect potential hazards and avoidable strains, whereby we take technical, organizational, and personnel factors into consideration.

All of these measures have enabled us to significantly reduce the accident frequency rate at the Schwarzenbek site in recent years. This figure was reduced by more than half between 2017 and 2018 alone.

We supply employees in production with PPE (Personal Protection Equipment) in keeping with our work safety standards. We also offer the option of having individual ear protection made, which is custom-fitted to the employee's ear canal, in a specialist store.

Mandatory training courses on work safety are held every year to sensitize our employees to the topic of safety long-term. In accordance with the requirements of the Workers' Compensation Board, we have been considering not only the physical impacts of work performed for some years now. We have also been looking at the psychological stress and strain that play an essential role in the assessment of the risk hazard potentials.

Accident frequency rate

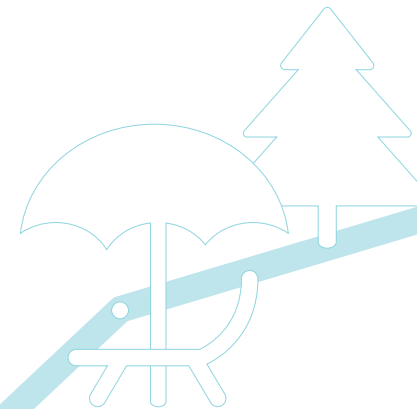


## PEOPLE SOCIAL SECURITY

At Fette Compacting, we want to have dedicated employees who carry out their tasks in a professional manner. At the same time, we consider it very important that all of our employees have the opportunity to design their leisure time entirely in line with their personal desires. We lay the foundations for this by paying appropriate salaries covered by collective wage agreements. All employees at Fette Compacting earn significantly more than the minimum living wage.

This is supplemented by collective special payments such as Christmas and vacation bonuses as well as non-tariff payments in the form of profit-sharing. We ensure pay equity through the collectively-agreed pay framework agreement (ERA). The ERA sees workplaces, not employees, classified in accordance with the corresponding pay scale groups. When employees are hired or transferred, it is the previous task description that is taken into consideration, regardless of age, gender, or original qualifications.

During critical economic phases, we develop sustainable solutions – often in coordination with the collective bargaining parties – which best comply with the respective interests.



## PEOPLE TRAINING

At Fette Compacting, we regard high-quality training as a sustainable investment in the future of our company, our employees, our industry, and our business location. As the largest employer in the region, the topics of training quality and promoting young talent are particularly important for the entire LMT Group.

Across different divisions, we ensure that all of our trainees feel that they are taken seriously right from the start and are regarded as fully-fledged members of their teams. We offer particularly dedicated trainees the opportunity to complete part of their training at one of our subsidiaries abroad. Trainee interests at Fette Compacting are represented by the youth and trainee reps elected by them.

In recent years, the trainee project has enjoyed special significance during training. Trainees have joined forces to concentrate on a task of their choosing that benefits the location as a whole.

The Green LMT project was the first of this kind, whereby the trainees of 2013 improved the green areas on the plant site in Schwarzenbek. The trainees of 2014 built a new boules court, while 2015 saw them plan the installation of new pavilions, and an Open Day was organized by the class of 2016.

All the projects were successfully completed within two and a half to three years.

In 2016, the LMT Group received the IHK Award from the IHK Lübeck as best training facility and for its promotion of young talent. An award from the Federal Labor Office followed in 2018.

In an effort to inspire young people to work at Fette Compacting, we offer a wide variety of opportunities for them to take a closer look at our company. During practical placements, Girls Days, and Ice-Breaker Days, interested young people are able to familiarize themselves with various professions.

In cooperation with the TH Lübeck and the Nordakademie, we offer a practical course of study in a wide variety of areas ranging from business through IT to engineering. The offers of doing practical placements or writing supervised Bachelor and seminar papers are also very popular with students.



## PEOPLE TRAINING AT THE LMT ACADEMY

Day-to-day business operations at Fette Compacting and the LMT Group are characterized by permanent changes in the market and constantly increasing customer requirements. Our employees meet these challenges with the declared goal of always being a step ahead of current developments. Apart from consistent and targeted collaboration, their willingness to further develop individual skills plays a particular role.

Based on the motto of "Knowledge is the basis for the company's success – To be best in class," we offer our employees a wide variety of opportunities at our LMT Academy to intensify their personal and professional competence in line with their respective requirements and to familiarize themselves with adjacent fields of work. In addition to interdisciplinary courses and management training, the LMT Academy also offers further training in the areas of work technology, communication, industrial safety, and quality management. This is supplemented by language courses and training on EDP software, including courses in MS Office, Jabber and SAP.

The training staff at the LMT Academy guarantee professional teaching quality and consistently up-to-date content. Modern e-learning and video tutorials also give employees the opportunity to learn more through self-study.



## PEOPLE EMPLOYEE HEALTH

Fette Compacting and the LMT Group are very concerned about keeping their employees healthy. That is why we offer free services provided by the company health service, including flu shots and medication for colds or acute pain relief. Employees with degenerative and inflammatory spinal and joint disease can undergo high-frequency diathermy wave treatment.

It is also possible to have a lung function test carried out in order to detect early signs of such common lung diseases as bronchial asthma, smoker's bronchitis, or COPD. Employees in the field are provided with a travel pharmacy.

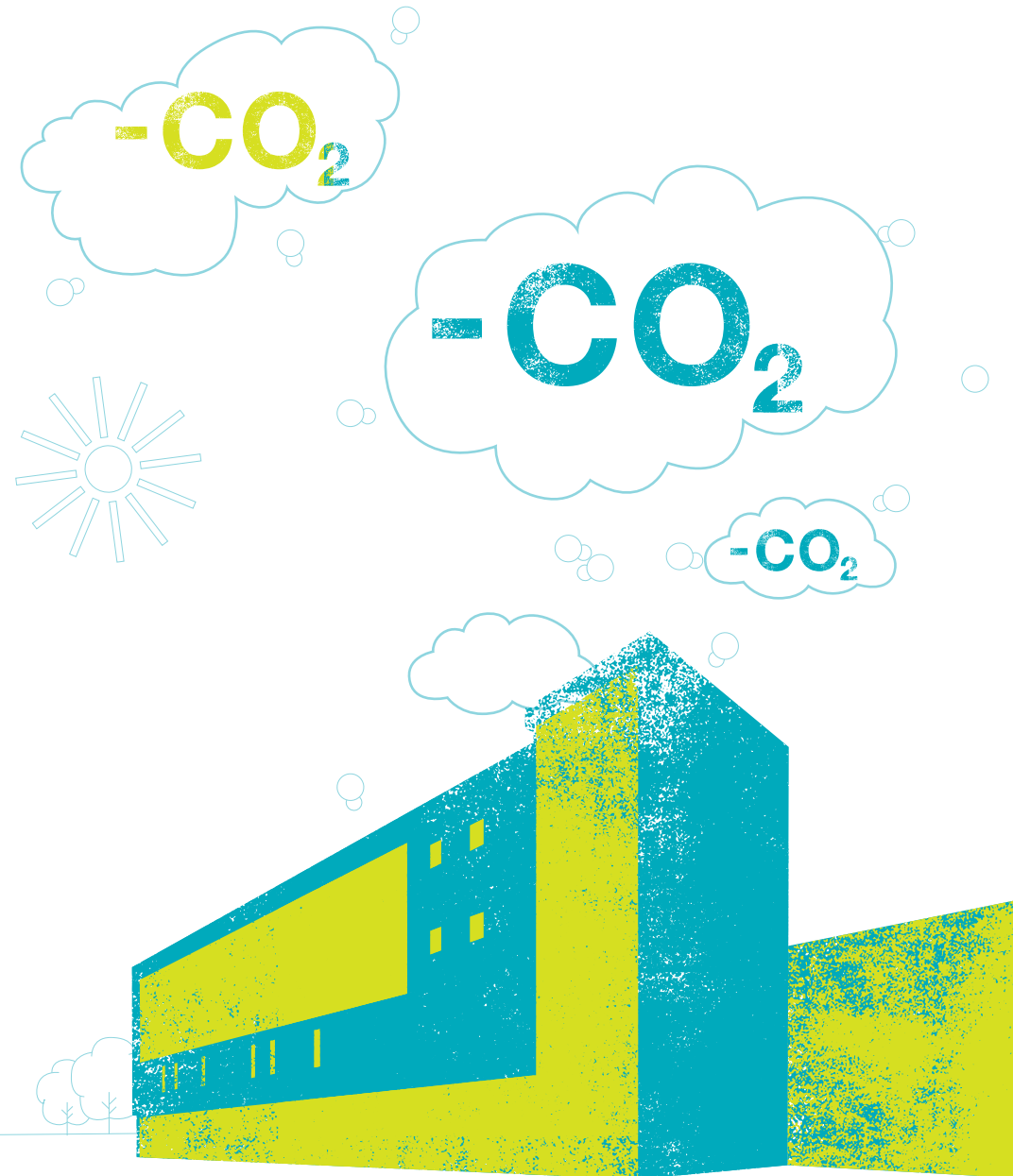
mybalance, our in-company health program, enables our employees to find out more about proper diet, coping with stress, and exercise. They can use the fitness equipment set up in designated areas and take advantage of physiotherapy measures, such as massages.

Sports fans can join one of the many company sports groups, whose offers range from soccer to 10-pin bowling, fishing, tennis or bowling and right on up to participating in the Hamburg Marathon. All of these groups are subsidized by the company. And employees can also obtain further information at lectures given by experts and events devoted to a variety of health topics.



## ENVIRONMENT WORKING FOR THE ENVIRONMENT

Of all the major environmental problems of our time, none is as urgent as the global climate crisis. That is why we at Fette Compacting see making our contribution toward protecting the climate as absolutely essential. For years, we have been taking measures to reduce our energy consumption and lower the emissions of harmful greenhouse gases. But we also do our very best every day in all other areas to make an active contribution toward protecting the environment.



## ENVIRONMENT

### OUR ENERGY MANAGEMENT

As a responsible company, Fette Compacting makes an active contribution toward climate protection. We do this by implementing measures specifically designed to optimize our energy efficiency and have the effectiveness of our efforts assessed at regular intervals. Years ago, we introduced an efficient energy management system according to internationally recognized standards.

TÜV Nord has been certifying the Fette Compacting, LMT Fette Werkzeugtechnik and LMT Finance & Shared Services divisions at the Schwarzenbek site with respect to the ISO 50001 standard which supports companies operating an energy management system, since December 2015. An annual monitoring audit ensures that all the measures are put into practice. With energy management in line with ISO 50001, we have laid the foundations for systematically analyzing energy consumption at the production site. This equips us with decisive tools to closely monitor our energy efficiency and significantly improve it over the long term.

We have been able to record some noticeable successes since energy management was introduced. Every year, more energy meters are used to quantify the specific plant consumption levels in production. The automated cost center allocation of electricity consumption is also undergoing constant development and allows the administration to specifically allocate the energy used.

In addition, we are constantly working on classifying the company's energy use even more precisely by differentiating in the analyses specifically by process chains and product families. As a result, we are continuously refining the data on the basis of which further optimization methods can be developed.

## ENVIRONMENT

### OUR ENERGY TEAM

The LMT Group and its subsidiaries have been monitored by a dedicated team with regard to energy utilization at the Schwarzenbek site since 2018. This team handles the implementation of the ISO 50001 standard and works actively toward establishing new ways of saving electricity. From the start, the team has focused its intention on identifying and closing any energy leaks.

Using sensors and meters, the team members study such relevant indicators as the consumption of electricity or compressed air. They then use these indicators to derive information on the areas in which electricity can be effectively saved. A detailed analysis of all measurement results also indicates how efficiently electricity is used in the areas under review. This makes it possible, for example, to determine where production machines are unnecessarily consuming electricity when idle. This knowledge forms the basis for investments that actively work to eliminate any possible energy waste.

Various measures have made it possible to continuously reduce electricity consumption at the Schwarzenbek site in recent years. Optimizations by the energy team aim to help to further improve this value in the years to come. This is to be achieved, among other things, by targeted consumption analyses in the various production halls.

This information then flows into an energy data report from which each hall can ascertain its own energy consumption. This process makes it possible for those responsible to specifically eliminate energy waste in their respective area of responsibility.

## ENVIRONMENT

### OUR ENERGY SAVINGS

At the Schwarzenbek site, we rely on a well-balanced mix of measures to gradually reduce the energy consumption of our production plants and the entire plant site as a whole. This has led to the systematic reduction of our electricity consumption over the course of recent years.

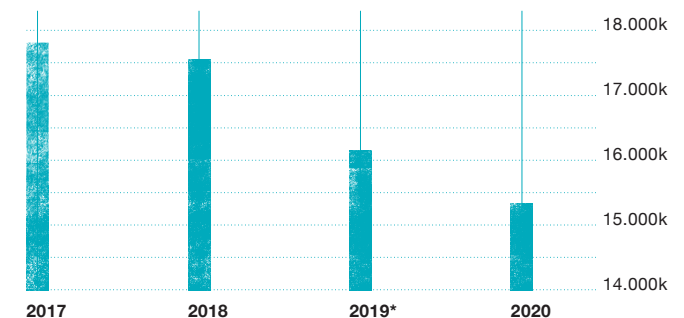
We have been carrying out various projects to adapt the lighting in our buildings to actual requirements since 2018. In the outside areas as well as in the individual production halls, building management is replacing lighting elements – some of which are energy-intensive – with modern LED lamps. The new lighting ensures optimal light distribution. At the same time, the lights consume significantly less electricity.

And measures avoiding unnecessary electricity consumption in production also make an essential contribution toward improving our energy footprint. Such measures include, for example, identifying and eliminating compressed air leaks in the production halls. The generation of the required air volumes alone accounts for around 10 percent of the total electricity consumption at the site. Our energy team has been using a special leak detector to swiftly close even hard-to-identify air leaks since 2019.

Idling production machines also consume unnecessary amounts of energy. We work against such problems by regularly educating our staff. We instruct them for example, to switch off machines when they are not in use. When purchasing new production machines, we also ensure that they work in an energy-efficient manner and try to keep electricity consumption as low as possible in all manufacturing processes.

We also save electricity by modernizing the air treatment systems in our offices. The new equipment records the heat volumes used and the electricity required for this. Over the long term, we want to equip all our buildings with these measuring devices to establish the specific energy consumption levels in each one.

**Power consumption in kWh**



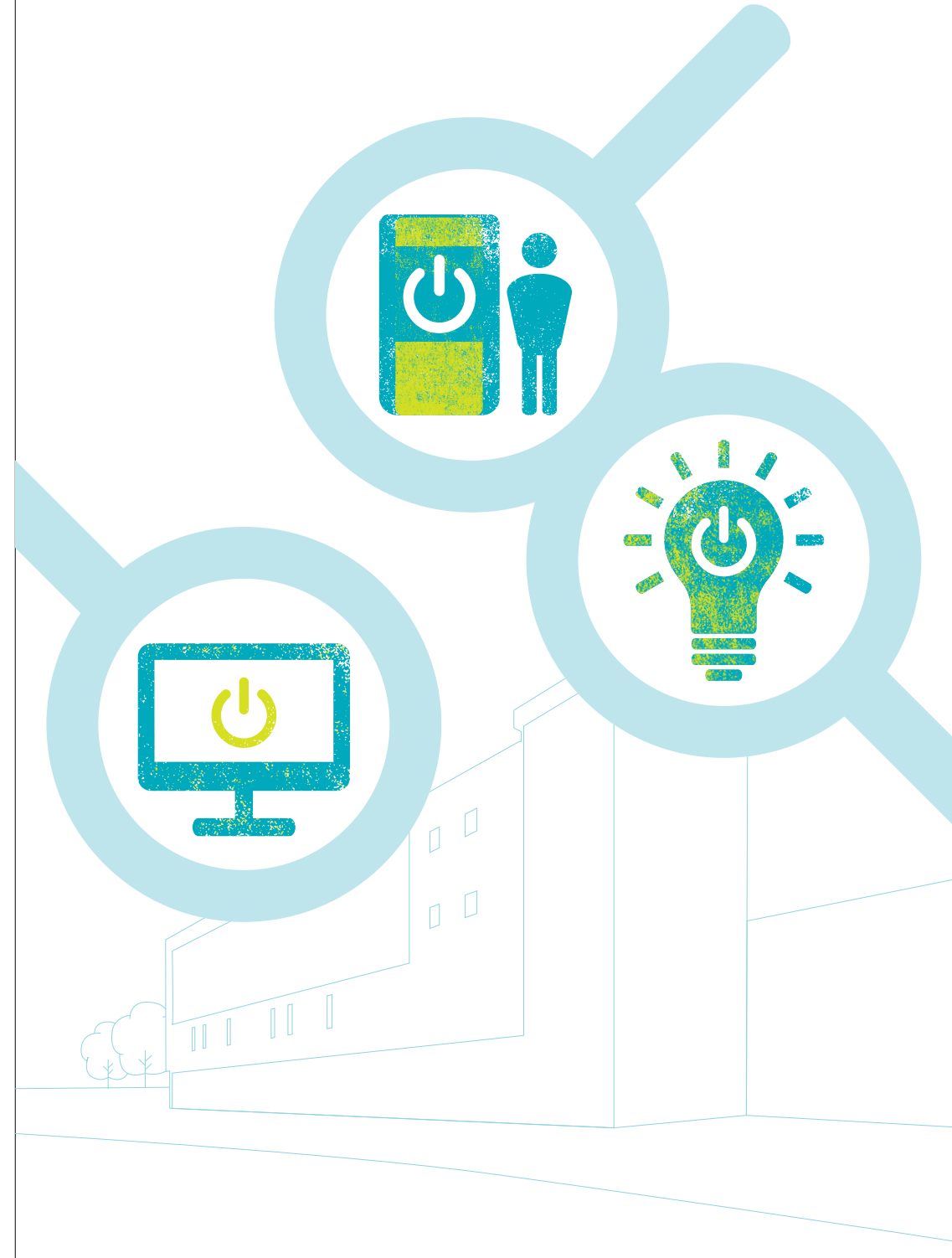
\*This value takes a temporary production down-time in 2019 into account.

## ENVIRONMENT SENSITIZING OUR EMPLOYEES

Just how well a company performs in terms of environmental protection depends critically on how its employees use energy. Turning off lights, computers and production machinery when they are not in use takes minimum effort for each individual but noticeably improves the energy footprint of the company as a whole.

For this reason, the LMT Group is taking numerous measures at the Schwarzenbek site to sensitize our employees to behaving as energy-efficiently as possible. We use training courses, video tutorials, instructions, public notices, and newsletters to raise employee awareness of the topics of environmental protection and energy efficiency. The effectiveness of our educational work is then measured by annual internal and external audits.

Our employees can see the benefits of their everyday efforts on an in-company website. Broken down by company and building at the Schwarzenbek site, this platform clearly documents the current development of electricity and compressed air consumption.





## ENVIRONMENT

### CLIMATE-FRIENDLY TECHNOLOGY

When it comes to CO<sub>2</sub> emissions, most companies limit themselves to reducing the emissions of their production plants and company cars as well as optimizing their utilization of purchased energy. At Fette Compacting, we are not only concerned about reducing our in-house energy.

We also offer our customers advanced technologies enabling them to save energy when operating their own plants. One example of this is energy-efficient cooling units for engine cooling, which are offered to customers for installation in new plants as well as for the modernization of existing plants.

Maximum energy efficiency during the regular operation of our machines is another suitable measure enabling companies to effectively reduce their CO<sub>2</sub> footprint in production. For some years now, we have been making it possible for our customers to noticeably reduce their electricity consumption by offering them innovative drive technologies.

In the case of the tablet presses in our new i Series, we have succeeded in reducing energy requirements by a further 15 percent compared with a machine of comparable performance. We also offer our customers a full overhaul of their older machines in an effort to improve their performance and energy efficiency by retrofitting them with the latest technologies.

Our new smart remote tool enables customers to contact our service technicians by live video and carry out their instructions directly on the machine. This and other digital solutions improve efficiency while reducing the need for our employees to travel, which also contributes toward reducing our ecological footprint.

## ENVIRONMENT

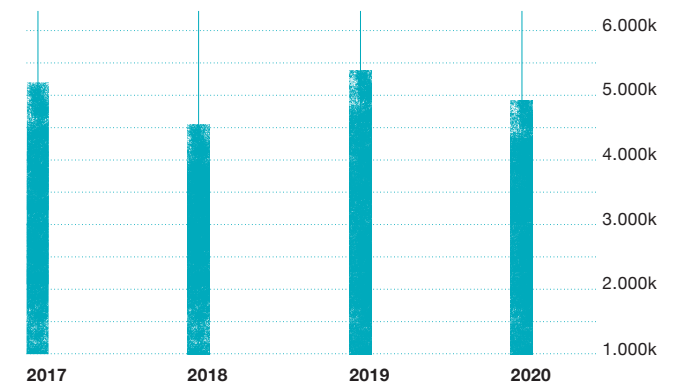
### CLIMATE-FRIENDLY USE OF RESOURCES

Fette Compacting is a manufacturing company, which is why we feel it is our particular responsibility to make an active contribution toward climate protection through the sustainable management of the resources used. Accordingly, we have deliberately dispensed with the use of CO<sub>2</sub>-intensive heating oil for the heating of our buildings and the supply of hot water, relying on more climate-friendly natural gas instead.

In order to maximize energy efficiency, modern window and wall-insulation technologies have been installed in several buildings in recent years to reduce primary energy consumption during heating periods. Furthermore, our heating systems have been fully overhauled and modern technology added for intelligent heat network control.

In an effort to further optimize our gas consumption in the years to come, both heating systems were retrofitted with ultrasound heat meters in 2019. The data supplied are an effective tool for the detailed analysis of the gas volumes used and for applying specific measures for further reducing consumption.

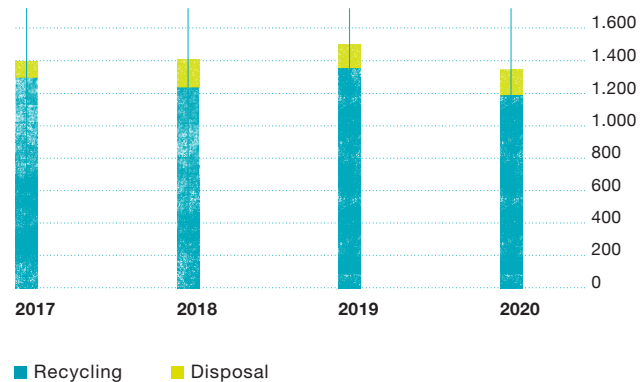
Gas consumption in kWh



## ENVIRONMENT OUR WASTE MANAGEMENT

Prudent waste management makes a valuable contribution toward the sustainable management of valuable resources and the protection of the environment. That is why we at Fette Compacting consider the proper, environmentally-sound, and high-quality recycling of all materials and substances that are no longer required but are incurred as production or commercial waste at the Schwarzenbek site to be of paramount importance. To do so, we work together with a total of twelve licensed waste management companies.

Waste recycling / disposal (in t)



In the disposal of our waste, the lion's share of the material incurred is redirected to material or thermal recycling. Given the lack of recycling alternatives available, a much smaller percentage is disposed of in a proper and safe manner. We make every effort to keep the volume of disposable waste compared to recyclable materials at a permanently low level. In keeping with the spirit of the circular economy, construction waste, biodegradable waste, and metal residue are already being treated today with the appropriate recycling processes and used to recover valuable resources.



**Imprint**

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