

STAY FLEXIBLE

# SUSTAINABILITY REPORT 2010



# CONTENTS

## STAY FLEXIBLE

Faller 2010	04
Products and services	06
CIP-oriented Pharma Supply Chain	09
Economy	10
Ecology	14
Social affairs	17
News	20

## FALLER 2010

After the crisis year 2009 with a considerable decline in turnover, we now look towards turbulent times, dear reader - but this time with the reverse outlook! 2010 was the time to mobilise our "dormant" forces to do full justice to the strongly rising market. Our company has also been affected by the volatilities of the markets, but not with the extreme spikes of other branches, such as in the automotive supplier industry.

After a drop in turnover of around 6% in 2009, Faller has now ratcheted up a good many notches and was able to once more achieve a record turnover in 2010. With the "creating the future" project, which commenced in 2009, we have been able to exploit the synergies we aimed for by bundling our areas of expertise. Our lean management project has also brought us forward in the improvement of our productivity. Timely processing of the increased order volume did cause more of a strain, but due to the great commitment and increased operational readiness of all of our staff, we have been able to meet these demands. Flexibility and an ability to adapt quickly to these changed conditions on the market are thereby decisive criteria towards our success. Our sustainability report this year therefore has "stay flexible" as its central theme.

In 2010 we concentrated intensively on our ability to adjust to the market. The aim of many measures is to meet the high requirements of our customers with respect to quality and meeting deadlines, whilst simultaneously to be able to quickly adjust costs at any time when the requirements of our customers fluctuate. As an example of this, we have now installed a rolling forecast which significantly improves the planning and control of our production processes, that introduces working time on trust and that even uses our investments to increase flexibility.

Despite a continual price pressure from our customers, we were nevertheless able to clearly improve our result in contrast to 2009. Our shareholders consistently increased equity, thereby improving our economic equity ratio by just around 8%. In addition

to healthy economic activity, we are also focused on ecology and social responsibility. For example, since 2010 we have taken our power exclusively from renewable energy sources and have also agreed on voluntary profit sharing with the staff. Sustainability remains a fundamental principle of our new corporate policy.

Faller also continues to develop into a sustainable company for all tasks within the pharmaceutical packaging field.

We are faced with great challenges, but will continue to progress along the path of sustainable corporate development.



Dr. Michael Faller

Dr. Daniel Keesman

# PRODUCTS AND SERVICES

## PRODUCTS

- Folding cartons
- Leaflets
- Adhesive labels
- Combination products

## SERVICES

CIP-oriented Pharma Supply Chain

- Value stream analysis
- Actual process analysis / Target process definition
- Vendor Managed Inventory
- JIT & KIT delivery of multiple components:
- E-Business

## PHARMACEUTICAL PACKAGING

- Re-packaging and packaging
- Packaging management for clinical trials
- Labelling
- Banding and assembling

## ECO | SAVE | PACK

### SUSTAINABLE PACKAGING WITH A FUTURE

Fragile products such as syringes, vials, bottles and ampoules require secure product protection combined with comfortable handling. Derived from these demands, in cooperation with Bosch we have produced a folding carton with a special holding tray adapted to the product, and have registered this for patent. August Faller KG and Bosch have already been working in close and enduring cooperation with each other since the 1990s. This allows the market to be continuously supplied with new and flexible product solutions.

## THE NOVEL ECO | SAVE | PACK

### THE FOLDING CARTON DESIGN PROVIDES:

- a shapely, visually pleasing and recyclable ecological mono packaging.
- a mechanical – and therefore sustainable product protection – against impact damages, dropping during transport or during storage, as well as pressure by means of separate chambers which securely hold the product in place.
- ergonomic removal of the product from its holding tray. The holding tray is fixed and held in the resealable folding carton.

### BENEFITS – SUSTAINABLE AND FLEXIBLE:

- Using cardboard means dispensing with plastic inserts.
- Format flexibility and variability in the application: this means, due to separate box and holding tray, a whole range of dosage forms (syringes, vials, ampoules, etc.) can be quickly implemented.





STAY FLEXIBLE

## SUSTAINABLE PROCESSES: CIP-ORIENTED PHARMA SUPPLY CHAIN

When waste is avoided, processes are improved and costs and resources are saved in the supply chain, from the manufacture of raw materials right up to delivery of the completed product to the end customer, then you can also confidently speak here of sustainability.

To exploit the full potential for sustainable and therefore also profit-orientated work requires the close networking of all parties involved in the value-added chain. Modern supply chain concepts make for enormous cost reductions and improved service. Using the integrated and CIP-oriented Pharma Supply Chain Management from Faller can considerably reduce the waste of resources.

To be successful in the future companies have to be able to adapt flexibly to the constant changes and developments of the pharmaceutical market. This is exactly where Faller comes into play. The aim of the Pharma Supply Chain is to improve the effectiveness and efficiency of your entire value-added chain.

In a workshop based on the lean management method and which promotes sustainability, a target process is defined in cooperation with the customer, thereby uncovering unused potential.

THE FOLLOWING PROCESS STEPS ARE THEREBY CONSIDERED:

- E-business
- Forecast/budget figures
- Workflow management (text/design/print data handling)
- Specifications
- Order pattern (e.g. order-related)
- Quality processes
- Specifications
- Logistic processes

Using suitable tools such as vendor managed inventory, E-Business or the JIT and KIT delivery of multiple components, potentials are increased, waste is prevented and the processes for the complete supply chain are lastingly improved.

# ECONOMY

Faller is one of the market leaders in the German-language region and provides solutions for all problems relating to pharmaceutical packaging, for printed folding cartons, leaflets and adhesive labels, with a comprehensive quality system geared towards the pharmaceutical industry. Building on this, we have introduced and implemented additional pharmaceutical services within the packaging field.

The "Good Manufacturing Practice" for pharmaceutical products has no room for error. By supplying our customers with assured pharmaceutical packaging which also effectively supports convenience (patient- and user-friendliness) as well as compliance (secure medication), we see our contribution to a society which trusts in a secure supply of medication that is available at any time.

## MARKET

After the drop in turnover in 2009, 2010 was marked right from the start by high order volumes and a healthy workload within product capacity. Trust in the markets grew and our customers started to successively restock. The marketing department was able to win additional new customers for Faller. However, improvement was slight - demand was marked by smaller order batches and short lead times. Increased market fluctuations require a high level of flexibility to meet the demands of the customer.

Our annual turnover in 2010 developed quite healthily and could be increased to a record level of 93 million euros thereby lying 6.4 % above that of the previous year. In addition to the high level of commitment of our entire staff, this success can also be attributed to our increased sales and marketing activities such as the relaunch of our website, a new market development strategy, clear target agreements and tracking, as well as consistent marketing structuring.

The turnover for medicinal products in Europe, Japan, North America and Canada is currently growing at a rate of 2 % per year. An exception to this is the turnover for German pharmacies and clinics, which rose by 8 %. Our prime market is Germany. However, many medications are produced here for Europe, Japan and the North-American market, so growth in production was certainly below this. Our growth of 6.4 % therefore corresponds relatively accurately to this rate. We assume that we have maintained our market position for the most part.

Price-pressure remained unchanged. The pharmaceutical market is in a phase of enormous shift, connected to high cost and efficiency pressures. High levels of investment in research for new medications, expiring patents and vehement pressure from governments, the public and media to reduce the costs of health and medicinal products, fundamentally change the pharmaceutical market. Members of the BRIC countries - Brazil, Russia, India and China - are increasingly within the focus of the pharmaceutical industry. Growth rates there are in healthy double-digits and our customers are involved in the expansion of new production capacities in these growing markets.

The packaging market in Germany is characterised by manufacturers that are fighting for survival in fragmented markets with high over-capacities - often with concepts that are to some degree or other out of date. Nervous market participants and incalculable panic reactions exaggerate the high price-pressure within the packaging market, especially for large tenders due to the enormous volumes required. New competition is arising from Eastern Europe: Since the lowering of costs is the highest priority for our customers, it is increasingly probable that contracts will be awarded in these low-wage countries. The European packaging market is in motion. Company buy-outs are a daily occurrence and the packaging market is consolidating rapidly.

The price-pressure from our customers on the one hand was met by massive price increases for materials from our suppliers of up to 25 % in 2010. The reason for these price increases were the increased prices for pulp, but the oligopolistic carton market with its tight capacities also favoured these trends. The increased material costs cannot be passed on in full. For us, this means reduced economical leeway. Avoidance of material waste, waste of time and non-value-added activities moves more and more to the very centre of our activities. We will increase transparency and flexibility within our corporate organisation.

## ECONOMIC ACTIVITY

The first quarter of 2010 started at a high level for the order volumes to be processed - in single product groups and segments with considerable fluctuations in requirements. Differentiated planning and control of our production is of increasing significance to ensure reliability and efficiency. Even in these conditions, the high requirements of our customers with regard to quality and the meeting of deadlines remain a decisive purchasing criterion, in addition to the price. On the other hand, our internal costs must always be adjusted quickly to the fluctuating requirements of the customer. Fixed costs must be kept at low levels, optimisation of machine set-up time, the reduction of subsidies and faster lead times must be ensured. The consolidation of our production lines in 2009 into the special centres of expertise for folding cartons/combined products, leaflets and labels within the scope of our "creating the future" project supported these cost-reduction targets by extensive implementation of the synergy effects. Clear assignment of areas of responsibility and high transparency within the process allowed problem areas to be more easily identified and remedied.

In the first half of the year, deadlines could not be kept at their normally high levels at all locations. An unfavourable mix of order types and capacity bottlenecks led to order backlogs from time to time, especially for folding cartons. Despite the high level of commitment of the staff, compulsory overtime over a two-month period in Waldkirch was required to clear the backlog and to once more provide our customers with the reliability they are accustomed to. Production planning and control were geared to the CIP principles of clocking, pulling and flowing, allowing us to produce even larger monthly volumes of the most varied types just-in-time. In the second half of the year, all PharmaService-Centers once more achieved deadline rates of 98 % and greater.

We were able to maintain the proportion of added value at approx. 66%. The significant increase in particular of carton prices in the fourth quarter was offset by reduced expenditure for sourced services. The markets for other raw materials such as paper and labelling material were relatively stable in 2010, both in regard to prices and security of supply, although they did result in price increases. The number of staff was only slightly adjusted to the improved order situation.

After two operating years, our PharmaServiceCenter is now reporting a positive development for pharmaceutical services within the packaging field. We continue to see good development potential for packaging orders.

#### INVESTING

With an investment of 6.6 million, we have further modernised all sites. Three new punching machines and one gluing machine were purchased for the folding carton area. For leaflets, investments were made in further processing during automation as well as in the modernisation of outsert production. A modern and significantly more powerful digital printing machine for adhesive labels has now replaced the previous facility. At 7.1%, the rate of investment was once again at the average level of previous years, thereby reflecting the positive development.

#### OPERATING PROFIT AND EQUITY

The profit situation of our company has improved in comparison with 2009 and is at a satisfactory level. The shareholders decided to increase equity by 1.5 million euros. The proportion of economic equity has increased by 8.4% to 45.3%, which means that the equity basis of the company could be considerably improved

#### PROFIT SHARING

Due to the fact that in the wage agreements applicable since 10 November 2009 no profit sharing has been able to be agreed on with the tariff commission, the management decided to present an entirely voluntary model to the workforce and introduce this for 2010. Since our employees should share in the success of the company, our concern is to make clear to our employees that high productivity and flexible work, i.e. efficient production processes, pays in cash for all those involved. The requirements

for this are high quality and reliability for our customers, because they pay all of us!

The profit sharing is progressively structured so that employees will benefit, even at an above-average level, in the event of good business development. Due to the profit generated in 2010, a payout can once more be made to the staff despite the concessions made in the wage agreement.

Middle management and members of the executive team receive annual premiums, which are also oriented to the success of the company, but which also reflect the personal goal achievement of individual executives. Corporate, divisional and departmental targets, supplemented by personal targets, are agreed upon annually and are consistently monitored and upheld by the premium system.

#### FALLER AS AN EMPLOYER / CORPORATE POLICY: VALUES, MANAGEMENT PRINCIPLES AND GUIDELINES

Faller combines traditional values such as reliability and trusting partnership with technical expertise, quality and a consistent approach looking towards the future. We stand for customer-oriented innovation and sustainability. In the systematic improvement of customer satisfaction and our performance, executives and staff are oriented towards corporate values that are the basis and standard for all decisions made within the company:

- Customer orientation and entrepreneurial spirit
- Focus on performance and cooperation
- Sustainability and individual responsibility
- Trust and credibility

The management principles and guidelines are available to all staff in the Intranet and their implementation is discussed in the annual staff discussions. In addition to the guidelines, all executives have received a guidance compass containing detailed documents on management topics and personnel topics such as selection of applicants, training, etc.

The level of health (sick days/actual working days in %) has improved slightly in 2010 in comparison to 2009 from 93.8% to 94%.

We report on the 2010 employee satisfaction survey in the "Social affairs" chapter. We are currently reviewing the future role of this instrument – especially in light of the introduction of ideas management in 2011. Using ideas management, we will implement the CIP guidelines "across the board" and in the divisions with numerous ideas coordinators. Many of the central topics will thereby be solved directly on site in the future using the methods of lean management or CIP. The executive team will work out a concept together with the personnel development department to assess the mood among the staff and the development of executive expertise. This will then replace the expensive employee satisfaction survey.

The comparative figures on further training have improved slightly, whereby the rate of 0.7% provides no informational value in comparison to the previous year because the internal cost allocation has been changed and, among other factors, the travelling expenses and also the costs for informational events have now been listed separately.

With 47 trainees, the rate of 6% in 2009 has slightly decreased in 2010 to 5.6%. We have been continuously developing learning partnerships with schools in the region since 2006. This has led to a positive effect on the number of applicants and the qualification of applicants for our skilled professions.

	2010	2009	2008	2007	2006	2005
Turnover in million euros	93.0	87.4	92.4	87.0	77.0	69.0
Investments in million euros	6.6	3.3	7.8	12.4	3.8	3.1
Proportion of investment in %	7.1	3.8	8.4	14.3	4.9	4.5
Economic equity ratio in %	45.3	37.9	37.0	35.8	33.5	28.9
Proportion of added value in %	66.3	65.7	65.9	66.7	67.3	67.7

# ECOLOGY

Flexibility is important for timely orientation of the corporate strategy to the development of the economy and society. Economy and social welfare require a healthy and liveable environment to prosper. We want to contribute to this by acting sustainably.

### FSC/PEFC CERTIFICATION

Since December 2010, Faller has been certified compliant with the standards of the Forest Stewardship Council® (FSC) organisations and Programs for the Endorsement of Forest Certification Schemes (PEFC). We are therefore now able to offer products whose raw materials are derived from proven responsible forest management and from sustainably farmed resources. The total "Chain of Custody" (CoC), of FSC and PEFC-certified packaging is subject to exact specifications from the raw material to wood processing, via production of folding cartons and leaflets and right up to delivery to our customers. The demand for FSC or PEFC-certified packaging remains restrained within the pharmaceutical industry. However, we want to contribute with our certification and our communication with the customer to the acceptance of sustainable products.



### CO<sub>2</sub> FOOTPRINT

Detection of the CO<sub>2</sub> footprint of printed packaging requires exhaustive technical and administrative requirements and up until now has been very time intensive. In 2011 we want to improve the required data acquisition in such a way that we can show the CO<sub>2</sub> footprint efficiently and promote the interest of our customers in this service. An additional goal is to use the knowledge gained from acquisition of the CO<sub>2</sub> footprint to continuously improve the internal processes to generate ecological and economical benefits. Faller takes active part in the climate initiative of the German Association of Print and Media (bvdm) and has set itself a target for 2011 to offer carbon-neutral produced products, as well as to compensate for emissions.

### CO<sub>2</sub> REDUCTION BY USING 100 % GREEN ELECTRICITY

Since January 2010, we have been exclusively sourcing regional green electricity at our three locations in Baden, Germany - using natural energy in Waldkirch and the Rheinfeldern energy service in Binzen and Schopfheim. We are very happy to pay the slightly higher acquisition costs for the supply of green electricity in order to promote environmentally friendly power generation. Furthermore, the slightly higher costs are overcompensated by the sig-

nificantly improved CO<sub>2</sub> balance, thereby making green electricity our first choice. Using green electricity, our CO<sub>2</sub> balance based on energy consumption per tonne of printing substrate has been reduced in comparison to 2009 by 41.5 %: from 313 t CO<sub>2</sub> to 183 t CO<sub>2</sub> in 2010.

### WATER CONSUMPTION

Due to required air moistening in production and due to a leak in Factory 2 in Waldkirch, we consumed considerably more water in 2009 than in previous years. After repairing this damage we have now returned to "normal level". We attribute the increase in water consumption to 498 litres per tonne of printing substrate in 2010 in comparison to 451 litres per tonne in the similar boom year of 2008 to the increased production volumes in all areas (see Economy chapter).

Energy consumption has once more risen from 643 kWh per tonne printing substrate in 2008 – via a slight reduction to 630 kWh/t to 666 kWh/t in 2010. We attribute one of the causes of this to the high rate of incoming orders and the numerous special shifts required to ensure a high level of adherence to delivery dates.

Hazardous waste has increased slightly from 1.1 kg per tonne of printing substrate in 2008 to 1.3 kg in 2010; in 2009 it was 1 kg. The increased production volumes are responsible for this. At the same time, there is a continued positive effect from the new exposure technology in pressure plate manufacturing, which is marked by lower consumption of chemicals than the previous technology.

The proportion of waste has once again risen slightly, from 421 in 2008, to 415 in 2009, up to 476 kg per tonne of cardboard in 2010. A project with the goal of improving material efficiency has been initiated to improve this rate. This includes adjusting our standard dimensions for the material used and the constant improvement of our processes using the methods of the continuous improvement process (CIP) and lean management.

	2010	2009	2008	2007	2006	2005	
Total energy per tonne of printing substrate	666	630	643	732	677	769	kWh energy consumption per tonne printing substrate
CO <sub>2</sub> from energy consumption per tonne printing substrate	183	313	320	364	336	376	kg CO <sub>2</sub> per tonne printing substrate
Waste water or fresh water in total per tonne printing substrate	498	588	451	472	482	483	Litres of waste water per tonne printing substrate
Non-hazardous wastes, total.	7.6	7.3	5.2	2.1	4.0	5.2	kg non-hazardous waste per tonne printing substrate
Hazardous wastes, total.	1.3	1.0	1.1	3.0	2.7	2.3	kg hazardous waste per tonne printing substrate
Waste, total. (without cardboard rejects)	8.9	8.3	6.3	5.1	6.7	7.5	kg waste, total per tonne printing substrate
Cardboard rejects	476	415	421	470	410	390	kg cardboard rejects per tonne cardboard
Solvents (VOCs)	1.8	2.2	2.0	2.4	1.6	2.0	kg VOCs per tonne printing substrate



#### ENVIRONMENTALLY FRIENDLY TRAVEL TO WORK

It is often a financial burden on staff to pay for their annual transport ticket in advance. Since July 2010, Faller has offered advance financing to its staff for a transferable annual ticket with its "environmentally friendly travel to work" initiative. This is then paid back monthly from the monthly salary. Company agreements have been made for this: in May 2010 in Waldkirch, in October 2010 for Binzen and in January 2011 for Schopfheim. One of its goals, according to the preamble, is "to increase the environmental consciousness of all staff". The staff associations deal with the applications for the tickets.

For its participation in this initiative and its promotion of the ecologically-aware transportation behaviour of its staff, August Faller KG was awarded with the German "Öko-Verkehrssiegel" (ecological transport seal of approval) in September 2010.



#### ENERGY MANAGEMENT

Energy is one of the most important resources for production companies. In machinery and in building management, we will pay even more attention in the future to the efficient use of resources. One important step in this direction is training a member of staff as an energy manager. We are attempting to have our energy management certified by 2012.

#### STAY FLEXIBLE

## SOCIAL AFFAIRS

For a long time now, Faller has been promoting the social aspects of working life as well as a multitude of regional initiatives and associations. Widely spread, with our own emphases because we value the development possibilities of our staff and the diversity of cultural life.

#### HEALTH

In PSC leaflets, executives were trained by an external consultant in 2010 to carry out return-to-work discussions with staff who had submitted a doctor's note and were absent from work for more than one day. This applies to all types of illness. The discussions were held immediately after the return of the staff member by his/her direct or next-higher supervisor. The reason for the illness did not have to be mentioned. The goal of the return-to-work discussion is to avoid the causes of the illness inasmuch as they have their cause in the work conditions or in the working environment. Additionally, the supervisors should take measures to make it easier for the person returning to work to rehabilitate and to organise appropriate work conditions and work times for this period of rehabilitation. After initial reservations from the staff, these discussions are now welcomed and are viewed to be for their own care.

#### WORKING TIME ON TRUST

One of the overarching corporate targets for 2010 was to introduce working time on trust for all employees. Initially, the staff could test the new flexible working time for three months in their departments, without having to clock their times. Parallel to this,

it is possible to pose questions anonymously in the Intranet and have them answered by the responsible specialists in the Human Resources Department and in the staff association. The scepticism of many could be felt as to whether the abolition of time recording would ultimately result in overtime. The working time of the member of staff loses its meaning as a criterion for assessing performance. Regular appraisal interviews with the staff thereby become more important in order to define and track targets together. If the workload exceeds the amount agreed upon for a longer period of time then it is the supervisor's job to find a mutually agreeable solution. Introduction of the working time on trust is going well: Company agreements have now been made for the PSCs in Binzen, Großbeeren and Waldkirch.

#### RESULTS OF THE MAZB

Numerous constructive suggestions to improve their workplaces were the result of the employee satisfaction survey carried out in spring 2010.

The participation rate was 61.5 %, the average satisfaction rate was 3.27 – on a scale from 1–7. We attribute the drop in the value from 2.95 in 2007 to 3.27 in 2010 to the strain on employees during restructuring and product relocations within the framework of the "creating the future" project in 2009. Employees thought that improvements were necessary especially in wages, work time regulations, shift planning, design of social rooms and in food supply. Climatic conditions in the production facilities, further training courses and the improvement system were also mentioned. Most of the measures have now been implemented. Employees took a positive view of the fact that, for the first time in 2010, the team workshop for prioritising the measures was accompanied by mentors who did not belong to the corresponding department.

#### SOCIAL COMMITMENT OF TRAINEES: PROJECTS AND STRATEGY

Faller's trainees set to work in October 2010: In the "Red House", a community centre in the Waldkirch quarter of Batzenhäusle, they gave rooms a new coat of paint as well as building an advertising pillar and a grill station - all on their own. The Red House in Waldkirch is a public utility institution which serves, among other things, low priced lunches provided by WABE GmbH, as well as providing rooms to associations and groups.

The trainees organised all of the work on their own, from acquiring the required materials from local co-sponsors through to work organisation and right up to completion of all the manual work within two days. They worked on Saturday without pay in completion of the project. It is very important to our company that we feel responsible for each other and are willing to do something for others free of charge – social commitment improves social skills that are be required later in working life.

#### FALLER PROMOTES

In 2010, Faller made donations in various sizes to promote the work of music societies, rock concerts, theatre in the canteen, an art exhibition as well as the activities of various associations. The learning partnership with schools in Waldkirch, Kollnau, Winden and Binzen encourages and promotes the professional orientation of schoolchildren in the senior and higher secondary schools. The response from schoolchildren, teachers and parents is very positive and has now had a positive effect on the number of qualified applications. The WABE training association remains an important permanent pillar for sponsoring.

At Waldkirch in 2010, Faller initiated and financed a Plant-for-the-Planet academy for thirty schoolchildren between 10 and 12, together with the parents' association and the city forestry office. The academy allowed children to gain knowledge in a playful way regarding climate change and the effect of CO<sub>2</sub> emissions, as well as teaching them how trees improve the CO<sub>2</sub> balance and that even they can do something for the future by taking simple steps and measures. Since then, the schoolchildren have held lectures in front of adults and in their schools on the topic of climate justice and climate change, have planted 900 trees in a tree party and have received around 2000 euros from numerous activities or donations for trees in developing countries. Plant-for-the-Planet is now represented by 100,000 schoolchildren in 98 countries: The children want to plant 100 million trees and to become citizens of the world. The Waldkirch group is now one of the seven most successful local initiatives in Germany.



#### KEY SOCIAL FIGURES

	2010	2009	2008	2007	2006	2005
Total number of employees	842	822	816	794	715	667
Part-time staff	40	38	39	34	34	33
Trainees	47	49	46	43	42	44
Labour turnover rate	7.3 %	7.4 %	7.4 %	6.7 %	7.2 %	3.6 %
Health ratio sick days / actual working days in %*	94.0 %	93.8 %	94.6 %	94.5 %	94.3 %	94.9 %
Proportion of women in middle and upper management	8	5	6	6	6	6
Number of reportable accidents**	14	15	18*	16	15	18
Costs for external further training measures/trainers***	0.7 %	0.6 %	1.2 %	1.1 %	0.7 %	0.8 %
Satisfaction from the employee satisfaction survey****	3.27	–	–	2.97	2.97	2.95

\* The value has slightly deteriorated, however it still lies firmly within the industry average.

\*\* The figure of 22 reported for 2008 in the last report mistakenly contained commuting accidents which are otherwise not taken into consideration.

\*\*\* Pro-rata to personnel costs, as a result of the saving programme in 2009 the expenditure for further training was reduced

\*\*\*\* Scale of 1 to 4 (1 = unhappy; 4 = happy), from 2007 from 1-7 (1 = excellent; 7 = bad). The employee satisfaction survey which was originally scheduled for autumn 2009 took place in May 2010.

## NEWS

### CIP & LEAN MANAGEMENT

In the lean management network, executives from the PSC labels learned live at Feldschlösschen how shift change discussions are used actively as a managerial function. On each shift change, the shift supervisor of the previous and the following shifts compare notes on what has happened, on tasks and on key production figures. Based on this, all employees are informed about the tasks at hand and the required measures. This procedure is now being adjusted and further developed for our production in Schopfheim.

Business-wide workshops in the areas of logistics and quality assurance were carried out in the COPACO in 2010. The exchange of "best practices" from the continuous improvement process finally resulted in a communal project between Karl Knauer GmbH and Faller: Currently, a training program is being developed for the executives in the production department in which lean management topics are communicated hands-on, and the horizons of management work are expanded.

In cooperation with customers, our lean management and Customer Service specialists have taken a look at the delivery chains in various projects in order to harmonise the connecting points and the relevant process steps (see also Sustainable Processes). Some of our suppliers, such as punching tool manufacturers, were also included in the improvement process. An additional customer project is currently also being started to illuminate and more efficiently design the complete manufacturing and packaging process for pharmaceutical packaging. Its task is to work out solutions for improved process quality, stability and efficiency.

*Michael Quanz explains the occupation of packaging technologist, which requires formal training, at Girls' Day 2011*

What is new here is that not only Faller's internal processes are improved but also that customer and supplier processes can be changed.

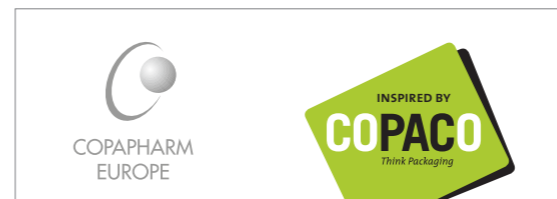
### MEETING RULES

New meeting rules now apply at Faller. The goal here is to design meetings in a more productive way to achieve time and cost efficiency. The number of meetings must be reduced to the required minimum, and all meetings must have an agenda that the participants use to prepare for the meeting. Detailed regulations are available to all employees in the Intranet.

### STAY FLEXIBLE

Voluntary change is relatively easy. When you are forced to change, this requires a lot of commitment. Michael Quanz knows this only too well. At thirty, he is now in his second year of training to be a packaging technologist at Faller. After being trained as a printer, he completed further training as a CNC turner and miller, but had to give up this occupation after nine years due to an allergy. He then decided to return to the printing branch and for a new course of training: "That keeps me young. I learn with the other trainees at the vocational training school and I don't have the slightest problem". Training leader Herbert Grünwald confirms this: "Michael Quanz uses his own initiative a lot, and that is noticeable". A career in which flexibility is lived out – and an encouragement for colleagues and the company.





Imprint

All rights reserved. © August Faller KG, Waldkirch 2010, [www.august-faller.de](http://www.august-faller.de)

Issue: May 2011

Contact person: Dr Michael Faller | Managing Director

Dirk Wisser | Authorised agent for occupational safety, data protection and protection of the environment

Ursula Kühn | Corporate communications

August Faller KG  
Freiburger Straße 25  
79183 Waldkirch

Tel. +49 7681 405-0  
Fax +49 7681 405-110  
info@august-faller.de  
www.august-faller.de

