



PKF/POST

PALLETS

Sustainable growth

CSR Report 2017



Company profile

PKF/Post Pallets is an independent family business that was incorporated in 1964.

Two production sites



Finsterwolde

Finsterwolde has always been our principal site, where we mainly produce pallets for the paper and cardboard industry. Pallets for the food industry are a significant second production element.

Venlo

In terms of facilities, the Venlo site is the mirror image of Finsterwolde. This production site has experienced significant growth over the past few years. Venlo produces many pallets for the chemical sector and the food industry.

Number of employees



119
permanent



31
temps



80%
production employees

Turnover

In millions of Euro

2013
29,3

2017
44,5

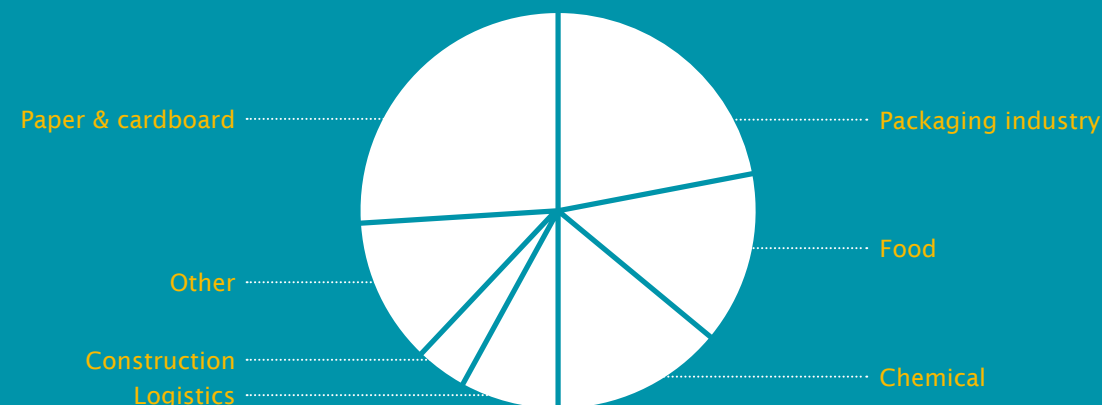
Volume

> 5,5 million
pallets per year

30%
market share in NL

18%
export per year

Most important purchasers



Sustainable growth

All corporate social responsibility objectives can be reduced to the crux - sustainable growth. Sustainable growth now and in the future, for us and for future generations. With this brief description we set out our social involvement, based on a future-led vision, without jeopardising or compromising sustainable business operations.

All PKF/Post Pallets employees, including Board members, work to live well. Naturally, that makes it our duty to provide a comfortable workstation in a pleasant environment. This environment goes beyond the area where we live and work.

Our production sites - Finsterwolde and Venlo - were not selected specifically; they were the result of market forces. Both places are in the periphery of the Netherlands and are characterised by proud inhabitants. This pride produces great involvement in all our thinking and all our actions; it is the perfect trait for sustainable business operations.

It also means that we are aware of the way we deal with our environment and take care of everything and everybody connected and associated with us. Small scale and close, even when considered from a global point of view. We feel responsible for a sustainable future.

Corporate social responsibility is a choice. With our healthy annual growth in volume, turnover and profit we demonstrate that this conscious choice is profitable for our company and for all those who depend on it.

The focus areas that express our sustainable mission and vision are listed clearly on the following two pages and will be explained further on in this report.

This report is a snapshot of the situation in 2017, and is linked directly to our ambitions for the next three years. At the time of publishing this report we are already well on our way to achieving our sustainability targets for 2020.



Board Erik Post and Egbert Jan Tiggelaar

How PKF/Post Pallets works on sustainability

To achieve our environmental and other objectives we work with the following six focus areas. First of all our product, more than 5.5 million pallets per year. Followed closely by our employees, our most important means of production. Next up our raw material - wood - that is only procured from commercial forests. Then there is our machinery, our energy consumption and our logistics solutions, which are all intricately linked to our environmental impact.



Pallets

Results 2017

wooden pallets have
15–25%
less
environmental
impact than
plastic pallets

Targets 2020

only supply
calibrated
pallets

more pallets
with a lower
environmental
impact



Employees

Results 2017

2,96%
sickness absence

ergonomic improvements of
the production workstations

2 occupational
accidents of which
1 with injury

Targets 2020

reduce sickness
absence to
2,75%

number of occupational
accidents to zero

compulsory
safety video
for visitors and
suppliers



Wood

Results 2017

a total of
60%
of the used wood is
PEFC certified

all our wood comes
from commercial forests

Targets 2020

at least
75%
of the wood
we process
is PEFC
certified



Machinery

Results 2017

energy consumption
per finished product is
0,67 kWh

use of LED
lighting outside
in the yards

Targets 2020

reduce energy consumption
per finished product by
5%
by renewing
machinery

LED lighting in
production halls
and all offices



Energy

Results 2017

13,7%
of the used energy
is renewable
according to the
statements from
the energy supplier

Targets 2020

25%
renewable energy
by investing
in 400,000
kWh of our own
electricity from

4.000
solar panels



Logistics

Resultaten 2017

0,37 kg
CO₂ emission per pallet

use of HCVs
and lorries with
EURO-6 engines

Targets 2020

Use of fully electric
forklift trucks

10%
less CO₂ emission
per pallet

more efficient
transport
solutions



A **wooden pallet** has
15-25% less* environmental
impact than a plastic pallet

Source: Dutch Institute for Building Biology and Ecology (NIBE).

Pallets

PKF/Post Pallets produces the best pallets at a price the market is prepared to pay. That is an apt description of our product. However, it takes rather more than a couple of boards and a few nails. Our product is also shifting towards a form of total service provision, where we ensure 'the right pallet in the right place at the right time'.

We produce nearly six million pallets per year and they are mainly destined for the paper and cardboard and the packaging industry. We also produce pallets for the food sector, the chemical sector, construction and for logistics companies.

To many of our purchasers a pallet is just a pallet and they are only intended to be used as a transport platform, ideally at the lowest possible cost. So we like to talk about the added value of our wooden pallets compared to pallets made from other materials.

Independent research has demonstrated that the environmental impact of a wooden pallet is 15-25% less than that of a plastic pallet and not just because of the use of natural raw materials.

The energy required to make a wooden pallet is just a third of what is required to produce a plastic pallet. Furthermore, wooden pallets are easy to repair and often have a second and a third life.

The dimensions of wooden pallets are infinitely variable and can be adjusted exactly to the product that needs to be transported. It ensures that the cargo area of the lorries can be used in the most efficient way. In turn that produces lower transport costs and lower CO₂ emissions per product. PKF/Post largely produces customised pallets.

Soon we will only supply calibrated pallets. In calibrated pallets the dimensions of the wood and the pallet always comply exactly with the predetermined values, even when our clients did not request this specifically.

Supplying calibrated pallets yields many benefits for us and our clients. The exact wood size reduces downtime of our production lines. The same applies to our customers' automated production processes. Our calibrated pallets are much easier to process than those with less precise dimensions. Reduced production waste signifies pure gains for our clients; it saves a lot of time and unnecessary returns. Ultimately, the environment benefits too.

Our latest product improvement is a so-called 'hot melt' solution that enables us to glue plastic film onto the pallets as a fully integrated part of our production lines. Our pallets have a transparent film to provide extra protection for the products our clients stack on the pallets. This is certainly in high demand in the paper and cardboard industry and in the food industry. For the latter sector we only supply pallets that comply with HACCP and ISO 22000 standards.

Employees

At PKF/Post, our employees are a crucial factor in achieving our targets. When you stop to think about it, they are simply the most important pillar of the company. In our family business they represent knowledge and creativity and they have a major share in the innovative ability and the continuity of our company.

Our personnel policy is focused on achieving a comfortable work environment with clear long-term prospects for all employees. Individual development is the priority. PKF/Post offers a range of training options on the basis of a personal career development plan, and this provides employees with the opportunity to move on to other jobs within the company.

Aside from specific personal courses, we also provide the following standard training: First Responder and AED, Operator A, Forklift driver, Managing a fire call point, Prevention Employee and the Dutch language. In 2017, 81% of the participants passed first time.

The average age of our employees is 40 and the average number of years of service is 9.5. Our site in Finsterwolde has relatively more people who have been with us for 25 years or more. The people of Groningen generally like to stay put.

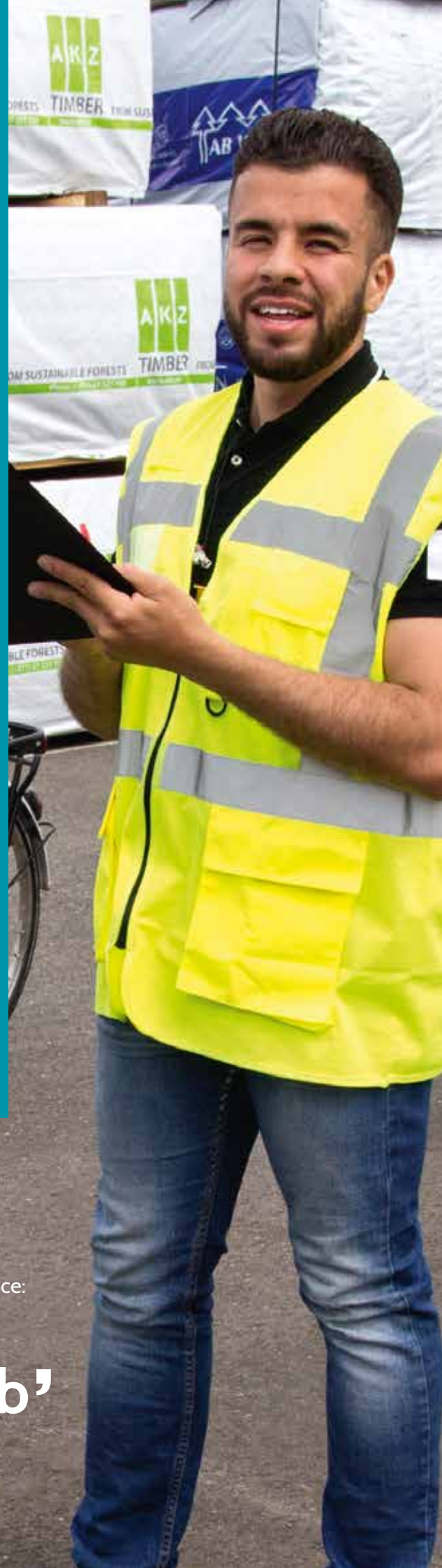
In 2017, the sickness absence percentage of PKF/Post was 2.96% and that is well below the national average. The same year, there were two occupational accidents, one of which resulted in injury.

Our target is to reduce sickness absence to less than 2.75% by 2020, and safety is one of the most important factors in achieving this target. With compulsory personal protective equipment and reflective work clothing we are taking steps in the right direction. The same applies to clearly marking safe walk routes and safety instructions near all machinery.

Ergonomic workstations have our constant attention as part of a continuous improvement process.

Abdul Krai - Employee of the Planning and Control Office:

‘I can study
alongside my job’



Wood

Wood is the most important raw material for the pallets produced by PKF/Post. As we work with natural materials, we consider it our obligation to care for the environment. Our production only uses wood from European commercial forests.

In contrast to popular opinion, the pallet industry only works with waste wood. They are by-products of timber mills. The core of a tree trunk has the best quality wood and that is mainly used by construction and furniture industry. Timber mills consider the edges of a trunk to be a by-product, and this is the wood we use to produce wooden pallets.

In European commercial forests, two new trees are planted for every felled tree and that guarantees a rapidly expanding acreage of commercial forests. These young trees extract more CO₂ from the air than is released during the production of pallets. The woods are managed in accordance with the rules of the PEFC.

There are two quality markets, the PEFC and the FSC. Both organisations work tirelessly for sustainable forestry and for increasing the total surface area of certified forest. The PEFC also pays attention to the well-being of the forestry workers. PKF/Post is PEFC certified.

We prefer to work with PEFC or FSC approved wood. In 2017, a total of 60% of the wood we used was certified wood.

When we cut the wood for our pallets we work as efficiently as possible, and we are able to reduce the amount of waste material to almost zero. The released shavings and sawdust are used as litter in stables, whilst residual wood is machined into raw materials for chipboard and pallet blocks.

In 2020, at least 75% of the wood we use will have to be PEFC certified.



waste wood for pallet production

construction and decorative wood



Two new trees are planted for every felled tree.



PEFC (Programme for the Endorsement of Forest Certification) is a global non-profit organisation that promotes sustainable forestry independently of governments.



Machinery

The machinery of PKF/Post is the most modern in our sector. Due to continuous innovation, with plenty of in-house developments, we are managing to produce the best pallets in the Netherlands at a price the market is prepared to pay.

Our production lines for the paper and cardboard industry are an excellent example of innovative power. We produce different sizes of pallets in batches of 1 to infinite quantities in one continuous production flow. The pallets are produced in the client's required order, focused on the production process of our purchasers.

We deliver quickly. Pallets that were ordered before 12.00 hours will be delivered to the paper and cardboard factories that same day. Our drivers deal with unloading once they arrive at our clients, and again this is in the order required by the purchaser.

Besides countless innovations, our machinery is set up in such a manner that the machinery only works when raw materials are actually processed. In the event of any downtime there is virtually no energy consumption.

There are more robots on the production lines too, reducing the need for heavy repetitive work by manpower. It gives our machine operators the time to monitor the quality of our pallets.

In 2017, we commissioned a complete new planing and cut-off machine in Finsterwolde, representing the largest machine investment in the 50 years of PKF/Post. With this purchase we are taking an unrivalled quality step and take the lead in the pallet sector. Since its commissioning at the end of 2017, we now only process calibrated wood. Now all planks have guaranteed dimensions.

The calibrated dimensions produce less waste and stoppage of our machinery and increase the production speed. At the end of the line, pallets roll off the conveyor with a consistent quality. The latter also benefits the automated processes of our purchasers.

In PKF/Post the pallet production is controlled digitally - from order to delivery of the finished product and from raw material purchasing to transport logistics. We use software we developed in house. The used raw materials and the produced pallets are fully traceable throughout the production process.

The production lines of Finsterwolde are comparable to those of Venlo; in the event of any emergency orders can be exchanged between the two sites. In essence that represents a 100% guaranteed delivery!

Far-reaching automation
enables us to produce pallets in
the Netherlands

Energy

The CO₂ emissions per pallet produced by PKF/Post amounted to 0.37 kg in 2017. These emissions are largely caused by the energy used during the production process. Although this figure is low compared to pallets made of other materials, we strive to reduce the emissions even further.

In the choice of generating our own energy, we are dependent on our energy suppliers. In 2017, 13.7% of our electricity consumption was generated by renewable sources.

We aim to increase the amount of environmentally generated energy we use to 25% by 2020. We do so by starting to generate energy ourselves. In 2018, we start by installing 4,000 solar panels on part of the production halls in Finsterwolde. They will generate more than 400,000 kWh per year, and this investment will reduce our CO₂ emissions by 250,000 kg per year, equalling a reduction of more than 10% per pallet.

We also have plans for installing small-scale wind turbines with a capacity of 34,500 kWh per year each. These turbines are a Groningen product and are built near our site in Finsterwolde.

Besides generating our own energy, we focus on reducing our consumption. When we replace or expand our machinery, the energy consumption of the new machines is an important criterion.

Following recent modifications of the site, all the outside lights have been replaced by LED fittings. The lighting in the production halls will follow in a phased approach.

We generate
more than **400.000 kWh**
of electricity ourselves



Logistics

Logistics is part of the DNA of our business operations and PKF/Post increasingly offers its purchasers a complete logistics product. We supply pallets, but also ensure that our clients have the right pallets in the right place at the right time where they can be used in their production process. This may be on the client's call, or at our initiative as we deal with remote monitoring of some clients' pallet stocks. For other clients we maintain a buffer stock, in our own storage facilities, that is available immediately.

By using so-called HCVs (High Capacity Vehicles) we transport 50% more pallets per trip with fuel savings of 30%. Our modern lorries all drive with Euro-6 engines, the most current emission standard for combustion engines in Europe. Financial and environmental benefits go hand in hand.

Where possible, we take back the used pallets and reduce empty trips to an absolute minimum. Used pallets are given a new lease of life by our sister company PalletMatch; they check the pallets, repair them where necessary and then market them through their own channel.

The two production sites of PKF/Post came about as result of market forces. Finsterwolde, in the province of Groningen, is at the heart of the paper and cardboard industry that has always been in that area. Venlo in Noord-Limburg is part of a highly industrialised area with a large diversity of purchasers, not to mention the German Ruhr region that is just across the border.

This geographically strategic location means our purchasers can be served quickly with a limited transport distance and correspondingly low CO₂ emissions.

Logistics is also important on our sites. Recently our sites were redesigned on the basis of the flow of goods. By reducing the number of traffic movements, safety has improved on our sites. A logical material routing also produces minimum internal transport requirements.

Our internal transport means, such as forklift trucks, have been replaced by electric ones that do not produce any CO₂ emissions. This is good for the environment and for our employees, as they no longer need to breathe in exhaust fumes in the production halls.



Mission and vision

The mission of PKF/Post is to supply high-quality pallets of all types and dimensions. We take account of the interests of our clients, employees, suppliers and our immediate surroundings.

We put our vision into practice by creating sustainable growth based on innovation and efficient working methods. A safe and comfortable work environment for our employees and care for the environment are our core values.

The ingredients we use to put our mission and vision into practice are:

- expanding a sustainable culture and structure where our employees feel good and can develop further
- using dynamic management
- reducing waste
- engendering flexibility
- encouraging innovation

With this platform we are convinced that we will continue to achieve our environmental and other targets now and in the future.

Cooperation

Caring for the environment starts at home, but PKF/Post also considers it to be a shared responsibility of the entire sector. Therefore, PKF/Post plays an active role in encouraging sustainable thinking and actions throughout the production chain.

By only purchasing wood from sustainably managed commercial forests we send an important signal to our suppliers, competitors and purchasers.

We visit our suppliers and purchasers regularly to discuss our shared responsibility for responsible and sustainable business operations. This chain cooperation has been embraced by all and is bearing fruit.



NEDERLANDSE EMBALLAGE- EN PALLETINDUSTRIE VERENIGING

PKF/Post Pallets is an active member of several sector associations, including the Dutch Packaging & Pallet Industry Association (EPV). This association has been the sector organisation for producers, traders and repairers of wooden pallets and packaging for 65 years. The EPV promotes the interests of this sector in general and of its members in particular.

Involvement

One of the core values of PKF/Post is to care for its neighbours and its surroundings. We support local associations, cultural and other activities and good causes with funds and facilities. We make a contribution to the well-being of the people who live in our working area.

Pallet home

In our personnel magazine we often show applications where pallets have a new lease of life, for example garden furniture, furniture or a complete shed. In Blauwestad, near Finsterwolde, a house was built of pallets during the Xpeditie Blauwestad summer festival. PKF/Post lent 1,500 pallets as a good neighbour should.

Beterboek

We support the healthcare project BeterBoek for the Children's Ward of the VieCurie Medical Centre in Venlo. It explains what is about to happen in simple terms, and explains words such as narcosis, a drip, or x-rays. The information is given in a fun way in the form of cartoons, jigsaws and games.



Clubs

Local sports clubs are supported with funds and material, for example by sponsoring the shirts of various football teams. We also support annual local events, such as Poppodium Grenswerk in Venlo and Dickens Day in Beerta.



Pallet home Xpeditie Blauwestad



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