

INFORM

EVERYTHING FLOWS.

Abdulaziz Alaqeel, Managing Director of ALSAD in Riyadh, about the development of the company. 3

ORIGINS OF SWISS QUALITY.

Vocational training – the key to Switzerland's quality and innovative power. 8

THINK POSITIVE.

Valdas Matulis, founder and CEO of Maksima in Kaunas, Lithuania, gives an insight into his company. 12

READY FOR THE FUTURE.

Reporting according to ESG standards is in development at Otto Hofstetter AG. 17

PERSONAL CONTACT.



Imprint.

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Dear Readers

The publication of this issue of Inform, our customer magazine, marks the end of the first quarter of 2023. The beginning of this year was, and continues to be, influenced by a number of factors, starting with the geopolitical tensions in Europe, the Middle East and Asia, and the aftermath of COVID-related economic effects.

In view of this mixed balance sheet, I am happy to look back at Drinktec and the K trade fairs, both of which took place last autumn. After a break caused by the pandemic, it was a great pleasure to be able to greet many of you in person once again. As a family-owned business, personal contact with our customers means a lot to us. In direct discussions with you and your employees, we learn how we can support you even better, make our moulds even more efficient and thus contribute more to your company's success. That, after all, has been the constant focus of our daily work for almost 70 years.

In this issue we profile two companies – Maksima UAB in Lithuania and Alsad Modern & Advanced Co. Ltd. in Saudi Arabia – that rely on our company's commitment. Both firms are very successful in their markets and consistently pursue their goals. Supporting them with our expertise, our many years of experience in the processing of plastics and our high-efficiency moulds on their way to the top is a huge pleasure for us.

Our new project, which we present in this issue, might also serve them well. Our industry is making great efforts to close the materials cycle and reduce its ecological footprint. That is why we have initiated a programme at Otto Hofstetter AG that transparently evaluates our performance in all ESG dimensions (environmental, social, governance). This enables us to provide information to our customers about our ecological footprint and at the same time pursue targeted improvements in all these areas.

As you will see, the new issue of Inform once again offers you varied, informative reading. I hope you enjoy it.

I wish you every success in the coming months and look forward to rewarding personal discussions with you soon.

Yours, Otto Hofstetter



EVERYTHING FLOWS.

ALSAD Modern & Advanced Company in **Riyadh**, Saudi Arabia, has been in the **caps and preforms** business since 2010. The company's growth curve has risen steeply and steadily and it will continue to do so. In an interview, **Managing Director Abdulaziz Alaqeel** explains what ALSAD's success is based on and in which directions it wants to develop.

Mr Abdulaziz Alaqeel, please tell us about ALSAD Modern & Advanced Company Ltd.

ALSAD was founded in 2010. The company operates in the realm of industrial production of plastic products and specialises in water containers. We started with screw caps, but due to market demand, we began manufacturing preforms a few years ago. ALSAD employs around 160 people and our factory has eight production lines for preforms and nine for closures. As of today, we process 50,000 tons of plastic granulate per year.

ALSAD has achieved remarkable growth in a short a time. I gather that further growth is planned?

You're right. Our average annual growth rate has been around 30 per cent and we expect ALSAD to be able to keep growing at this pace in the coming three years. That's why we're putting three more production lines for preforms into operation and four more for closures before the end of this year.

"OUR AVERAGE ANNUAL GROWTH RATE HAS BEEN AROUND 30 PER CENT AND WE EXPECT TO KEEP GROWING AT THIS PACE IN THE COMING THREE YEARS."

Abdulaziz Alaqeel, Managing Director ALSAD

What have been the biggest challenges you've faced over the past thirteen years?

The steep growth curve has given us the most headaches. On the one hand, we had to scramble, to work very hard, to

achieve the capacities we needed, and on the other, we had to ensure that our strict standards for quality were maintained without compromise. We have to thank our suppliers and technical partners for the fact that we have managed to grow while keeping our quality levels high. We will continue to do so in future.

How do you explain your extraordinary growth?

At thirteen, we are still relatively young in the market. ALSAD is part of Seqa Group, which also owns several water brands. In the beginning we only supplied our sister companies and we grew with them. With the expansion of our business activities beyond the group, we were able to benefit even more from the dynamics in the market.

The demand for preforms and closures is rising around the world but growth like ALSAD's is rather rare. What's the market like in Saudi Arabia?

The Saudi Arabian market is strongly influenced by two factors. On the one hand, there are the climatic conditions that stimulate the water business. Our summer starts at the end of March and lasts until the beginning of October. During this period, it is very hot and the demand for water is correspondingly high.

The second factor has its origins in Vision 2030, the initiative launched by the Crown Prince eight years ago. It has led to numerous reforms and changes intended to advance the country, the economy, the quality of life, and many other areas. In the process, Saudi Arabia has opened its doors to people from other countries and to investors. This has resulted in significant growth in all sectors of our economy.

According to a 2022 study by IMARC Group, Saudi Arabia is the largest water market in the Middle East. However, the authors see growth not only in small but also in large volumes. Do you share these assessments?

Consumer behaviour in our market is definitely changing. Many people are coming to our country as a result of the opening. They bring their culture, mentality and habits with them. And these also affect water consumption. That's why we at ALSAD assume that the demand for larger bottles will also increase here. But at the moment more than 50 per cent of our production is preforms for 330 ml water bottles of nine to ten grams.

ALSAD has certainly achieved impressive growth. What is your vision for the future?

Our ambition is very simple: ALSAD should become the most



**"QUALITY ALSO DEPENDS
VERY MUCH ON THE TECHNOLOGY
WE USE IN PRODUCTION."**

Abdulaziz Alaqeel, Managing Director ALSAD



important manufacturer of preforms and closures in the entire MENA region and should also be known for products of the highest quality. In order to achieve this vision in a targeted manner, we analyse our processes constantly, looking for ways to improve them.

How do you define quality?

For us, quality comprises three essential aspects. One, the quality of the raw materials is important. For this reason, we systematically check our suppliers and monitor the entire route of the granules from the manufacturer to our production lines. But quality also depends very much on the technology we use in production. That means we only work with the best equipment manufacturers in the world and we operate a complex internal control system. We are also ISO 9001 and ISO 22000-certified. This gives us the security of consistently producing uniform products, which is also part of quality. The third and very important aspect of quality is the training of our employees.

How do you find the right people?

ALSAD offers its employees a very progressive and apprecia-

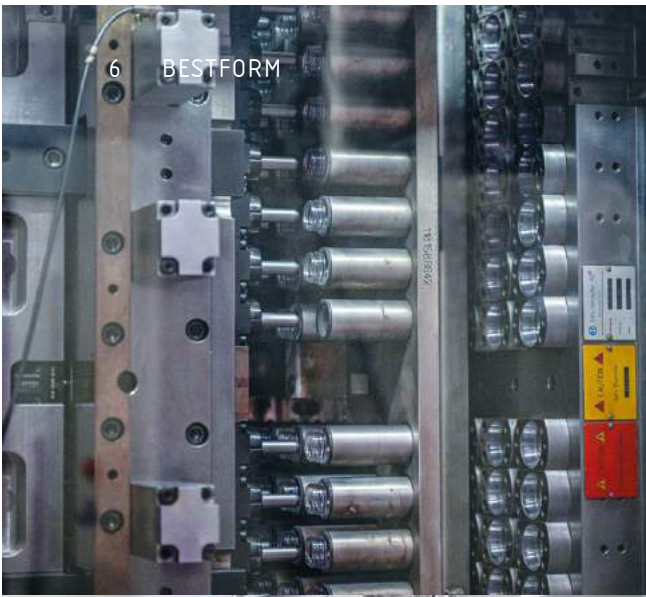
tive environment. We invest a lot in their education and train them at our first-class facilities. We are convinced that the good atmosphere within the company is a greater incentive to work for us than just paying a little more money.

In which markets are you active?

We primarily supply within our group, which includes seven water producers in Saudi Arabia and the Gulf region. To achieve our vision, we are opening up new markets in Bahrain, Yemen, Iraq, Kuwait and Jordan. In addition, we have been exploring the markets in Ethiopia, Morocco and Egypt.

ALSAD currently produces preforms in a variety of weights from 7.2 to 11.3 grams. Which product is your speciality?

We don't have one product that outshines all the others. Our speciality probably lies more in the support we give our customers. By constantly optimising the weight of our preforms and caps as well as the bottle shapes, we save costs and create products that protect the environment. In recent years we have already achieved a great deal together with our customers. At the same time, I am convinced that even more is possible.



Thanks to the systematic training of its employees, strict quality testing and certification, and innovative technology, ALSAD achieves market-leading quality.

We have all learned from COVID how quickly the availability of raw materials can become a critical issue for a manufacturer. How is this challenge being handled at ALSAD?

Although one of the world's largest granulate manufacturers is based in Saudi Arabia, we rely on two suppliers, as we do in every area of our business. In addition, we always make sure that we have enough raw material in stock. We also follow that practice with our customers' products, always keeping a reserve in stock.

In addition to top brands such as Nestlé, Coke and Pepsi, more and more customers are demanding the use of recycled PET. How is ALSAD meeting that demand?

rPET is not yet allowed for the production of water bottles in Saudi Arabia. But as a responsible company in the plastics industry, we will do everything possible in the other areas of production until this regulation is lifted. And as soon as the regulations change, we will be among the first to use rPET and advocate for the recycling of plastic throughout the beverage industry.

In 2016 you put three 128-cavity moulds from Otto Hofstetter AG into operation together with machines from Netstal, and in 2018 you bought another 128-cavity mould from Uznach. Why did you choose the Swiss products?

That decision is directly related to our high quality standards for our products, a factor which we actively promote to increase our market share. We knew about the outstanding reputations of Otto Hofstetter AG and Netstal, which is why we included this option in our evaluation process. In the end we were convinced that the Swiss solution would be one of the best choices for our plans. And we have never regretted the decision because the moulds have been running faultlessly for over six years now.

As a family-owned company, Otto Hofstetter AG focuses on the long term and can count on its loyal employees. What does this mean for you?

The relationship with our suppliers is not a one-off affair. A successful cooperation is more like a healthy partnership. It is important to us that the connection not only exists between the two managements, but also extends to the technicians in production. This is the case with Otto Hofstetter AG.

With best cycle times of just five seconds or less and with their maximum availability, the moulds from Uznach

already meet your requirements. But where do you see room for optimisation?

Just as we at ALSAD continuously strive to improve, this is also the case at Otto Hofstetter AG. In terms of our cooperation, I always see continuous room for improvement in terms of injection moulds and service. With a view to our expansion plans, it would be very interesting for us if our Swiss partners were to build moulds with a higher number of cavities.

"WE WERE CONVINCED THAT THE SWISS SOLUTION WOULD BE ONE OF THE BEST CHOICES FOR OUR PLANS."

Abdulaziz Alaqeel, Managing Director ALSAD

What will the ALSAD Modern & Advanced Company look like in a few years?

ALSAD will have continued to grow and will still be known in the market for making the highest-quality PET preforms and caps. In addition to the international brands that we already supply in Saudi Arabia, more brands will be added. And not just in the Kingdom, but throughout the MENA region.

Mr Abdulaziz Alaqeel, thank you very much for this open discussion. We wish you every success in implementing your plans and look forward to continuing on our path together.



ALSAD Modern & Advanced Company Ltd.
www.alsadcap.com

Founded in 2010 / 160 employees
Specialised in screw caps for water and fruit juices as well as PET preforms
Production: 8 PET preform systems (11 by the end of 2023), 9 locking systems (13 by the end of 2023)
Capacity: 50,000 tons/year (as of 2022)

Riyadh Kharj Road, before exit 7, Riyadh, Saudi Arabia

THE ORIGINS OF SWISS QUALITY.

Products and services made in **Switzerland** are revered all over the world for their outstanding **quality**. **Innovation** is also a hallmark of the country's output. The basis for this esteem is a centuries-old tradition of **vocational training** with a unique dual approach that combines **hands-on practice and theoretical study**. This results in products with the highest levels of craftsmanship, quality and innovation.

Thanks to Switzerland's dual vocational education and training system, young skilled workers win many awards at the annual WorldSkills competitions.

Products and services from Switzerland are admired around the world for their high quality. A study conducted by the University of St. Gallen, itself a top-ranked institution globally, confirms what Otto Hofstetter AG regularly hears from its customers and partners. A global survey carried out by the university's Institute for Marketing reveals that the vast majority of respondents would choose a product from Switzerland if the price is the same. In fact, in certain categories they are willing to pay up to 100 per cent more for Swiss products. If you ask why, the usual answer is: quality.

A country of inventors.

Quality is inherent in Swiss manufacturing. But innovation is also a tradition in products and services from Switzerland, and there is data to corroborate this. Comparing patent registrations worldwide, Switzerland ranks in seventh place. However, in absolute figures in relation to its population, Switzerland is the clear number one, with 489 patents per million inhabitants. The US leads in total patents granted, with almost 28,000 registered patents, or about 83 patents per million inhabitants. Why does a small country with a population of just 8.6 million people achieve such a high level of innovation?

489
IN 2021, SWITZERLAND REGISTERED 489 PATENTS WITH THE EUROPEAN PATENT OFFICE PER MILLION INHABITANTS, MAKING THE COUNTRY NUMBER ONE AMONG ITS PEERS.

Role model function.

An OECD report on the education systems of its member states concludes that Switzerland routinely extracts more value from its human resources than other countries do. The reason for this, once again, is the dual vocational training system, which places equal emphasis on theory and practice and is geared to the needs of the labour market. The Swiss approach to vocational education is a role model for many other countries worldwide. This is evident from the hundreds of visits made to Swiss educational institutions by foreign delegations in recent years.

Developed over centuries.

Today's vocational training system has its origins in medieval guilds and dates back to the 16th century. In those days, a young person learned a craft from a "master" by serving as an apprentice. After three or four years, they received a certificate confirming their skills. Over the centuries, the content and manner of this education changed and was increasingly supplemented by a general education in the schoolroom. The dual approach – theory and practice – was first explicitly mentioned in Switzerland in the 1960s.

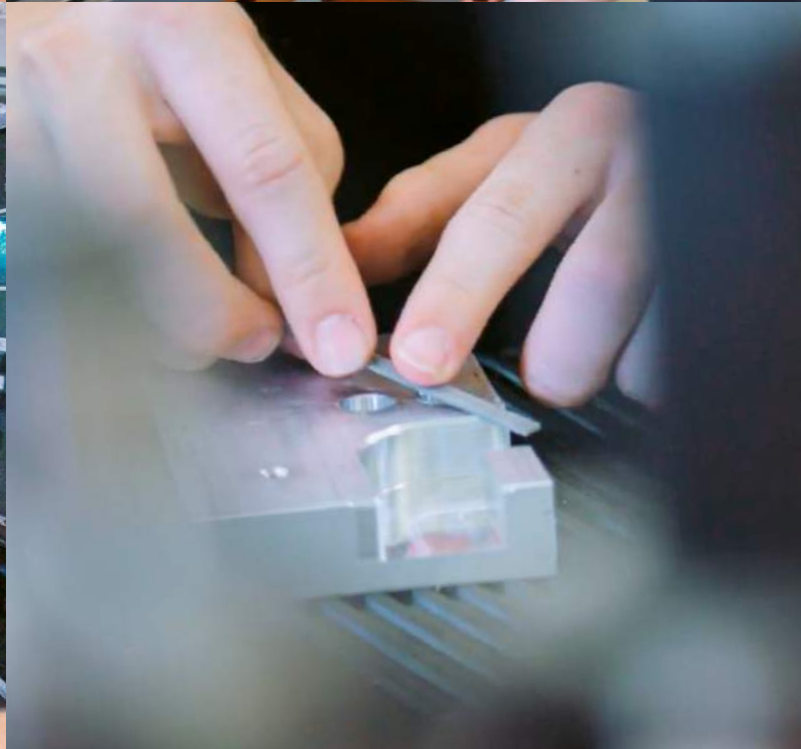
2/3
AROUND TWO-THIRDS OF ALL YOUNG PEOPLE IN SWITZERLAND START AN APPRENTICESHIP AFTER FINISHING THEIR COMPULSORY SCHOOLING.

Combining practice and theory.

All young people in Switzerland complete at least nine years of schooling. After that, two-thirds opt for vocational training, which usually takes place in a company. Here, an apprentice acquires practical knowledge and skills, and at the same time is actively integrated into the company's operational processes. Vocational schools also provide the relevant theoretical basis one or two days a week. This consists of vocational and general education classes as well as technical, methodological and social skills. The company and school training programmes are often supplemented by intercompany courses, in which basic practical skills are taught. The instructors in the company and in the schools are themselves trained specialists who have usually done apprenticeships in the professional area that they are teaching.

Development in all directions.

Another special characteristic of the Swiss system is its transparency. Vocational training is based on clearly defined courses and national qualification procedures. This imposes uniform criteria for its degree programmes that are set by the given industry and based on the future needs of the job market. Due to this clear, consistent regulation of qualifications, ambitious learners have the opportunity to



enhance their careers by studying at a university of applied sciences. This can be done at any time in the course of their working life. In addition, there are numerous opportunities for pursuing job-oriented programmes for further education.

**600 MILLION
DESPITE THEIR MONTHLY
SALARIES AND TRAINING COSTS,
SWISS APPRENTICES GENERATED
AROUND 600 MILLION SWISS
FRANCS IN NET REVENUE.**

Supported by the state and the corporate sphere.

The dual education system in Switzerland has a long tradition and is firmly anchored in the economy. It is supported by the federal government, the cantons and the private sector. Its high level of practical relevance ensures that apprentices are trained to meet the current and future needs of companies. All courses and content are continuously adapted to developments in the economy. The transparency of the Swiss approach keeps all professional paths open to young people as they advance through their careers.

The Otto Hofstetter model.

In the summer of 2021, almost 58,000 young people started an apprenticeship in Switzerland, five of them at Otto Hofstetter AG. The Swiss mould manufacturer offers a total of 22 apprenticeships. Polymechanics – the multi-skilled discipline that encompasses every aspect of machining, from purely mechanical to CNC-controlled – makes up the largest group, followed by design engineers and commercial apprentices. The commitment to young professionals enjoys a long tradition in Swiss family businesses in general and at Otto Hofstetter AG in particular.

The future mould makers have their own special training workshop. The equipment in the “Gate to the Future” workshop meets the highest technical standards and enables apprentices to hone their skills on actual customer orders under the supervision of the head of training. Apparently

with success. Apprentices at Otto Hofstetter AG regularly come top in professional competitions. The same applies to the prospective design engineers. They are integrated into the production process right from the start. They not only benefit from highly relevant practical experience, but also from contact with their more experienced colleagues.

Origins of quality.

Well-trained polymechanics are vital to achieve the quality of the moulds produced in Uznach. Four years of training must be successfully completed before the Federal Certificate of Competence can be issued. The apprentices learn how to operate turning, milling, drilling and grinding machines, which can also be programmed according to design drawings. With high-precision measuring and testing instruments, they learn to constantly check the quality of their output. They also create 3D drawings and technical documentation to acquire a better understanding of the manufacturing process. Finally, they also maintain and repair the machines that they use. The work in the “Gate to the Future” is supplemented by one or two days of classroom study per week, as well as participation in some intercompany courses.

**NUMBER ONE
AT THE WORLDSKILLS 2022
COMPETITION. SWITZERLAND WON
MORE MEDALS THAN ANY OTHER
EUROPEAN COUNTRY.**

Fit for the future.

Switzerland’s dual vocational training system has a bright future. In close cooperation with professional associations and specialist departments, the content that is studied is reviewed in depth every five years and adapted to the needs and developments in the industry. With “Vocational Training 2030”, the federal government of Switzerland, the cantons and the professional organisations have launched an exciting new joint initiative. The aim is to anticipate changes on the labour market and in society and to adapt vocational training programmes to be fit for the future. Thus, Switzerland’s reputation for quality and innovation should be secure for many years to come.

THINK POSITIVE.



Maksima UAB is based in Lithuania's second-largest city. The company produces **thin-wall packaging** for the food industry and serves customers around the world. Maksima's **founder and CEO, Valdas Matulis**, gives us an insight into his company and his philosophy of life, which is always based on positive thinking, even in economically and politically challenging times.

What made you decide to found Maksima in 1992?

It's in my nature to make things happen and to make decisions for myself. I'm also not afraid to take risks and accept responsibility for the consequences. Seen in this light, I was born with the character traits that an entrepreneur needs. I wanted to create something lasting for my family and friends. Together with a good friend, I was able to implement this vision in 1992.

The production of plastic packaging involves a lot of technology and mechanics. How do you feel about these things?

Mechanics and technology are in my blood. That's probably why I ride a motorcycle, windsurf and fly model helicopters in my free time. All these activities require technical skill and some knowledge of mechanical laws. There is also a sporty, competitive component to them, which complements their appeal to me. I must say I see it as a bit like a sporting challenge to keep a production facility with high technological and mechanical demands going day after day.

Technology and mechanics are required in many production processes. Why did you decide to manufacture thin-wall plastic packaging?

I originally trained as a radio and television electrician at a technical university and then worked for a number of years in a company that manufactured televisions. I was fortunate there to get to know the entire manufacturing process, including the production of the individual components, which included injection moulding technology. Even back then, plastic was increasingly replacing glass or metal in many parts, which convinced me of the future for this material. Thus, it became clear to me that I wanted to found a company that was involved in plastics processing.

"THE WORLD DOES NOT STAND STILL, AND WE MUST ADAPT TO IT, NOT THE OTHER WAY AROUND."

Valdas Matulis, founder and CEO of Maksima

You established your company in Kaunas, 100 kilometres from Lithuania's capital, Vilnius. What advantages does Kaunas offer?

There are several reasons for this choice. Kaunas has a long industrial tradition and is one of the most important industrial centres in Lithuania thanks in part to its free economic zone,

a site that offers tax reductions to companies. Internationally known brands like Hella, Continental, Frazer and Kraft Foods are based here. The industrial area is located outside of the city and has large land reserves to expand. In addition, Kaunas is connected to other important centres in Lithuania and the surrounding countries by two main highways, and it is easily accessible by air and rail.

Let's turn to Maksima now, which sounds a lot like the word "maximum". A coincidence?

When you start thinking about founding a company, you soon start thinking about a suitable name for it. In the Latin vocabulary I came across the word "maximus". It stands for the greatest, the highest goal. It sums up a kind of a philosophy for me. Everyone should define their highest goal in life, for today, for the next month, for next year and even for their entire life. And then they should do everything in their power to achieve those goals. For this reason, I chose the name Maksima for my company.

So your company name reflects your attitude?

Absolutely. The road to improvement has no end. If you improve something today, you can't help but make progress in something else tomorrow. The world does not stand still, and we must adapt to it, not the other way around. In my view, it's the duty of each individual to keep improving. Ultimately, quality of life depends on it. Some rules in life are simple. You can use your potential to shape your personal life or to help others. Right now, we have to support the people in Ukraine. This preoccupies all of us here at the moment. What we can do, we must do.

How big is Maksima today?

Our production facility covers 2500 square metres. We currently run 34 injection moulding machines from 100 to 650 tonnes, and 18 in-mould labelling systems. We also have around 6000 square metres of storage space. Our production lines run around the clock, seven days a week, staffed by 120 employees.

Which markets are you active in?

Maksima concentrates on thin-walled plastic containers and buckets, with a focus on the food industry. As previously mentioned, we have an ideal location in Lithuania to reach our export markets. This enables us to sell a quarter of our production domestically, while the rest is exported, with Germany, the Netherlands and the UK taking the largest shares. However, our customer portfolio extends to Iceland and even to Australia.

Which brands rely on your quality products?

One of our most important domestic customers is Vici – a seafood brand belonging to the Viciunai Group based here in Kaunas. Maksima is one of their main suppliers of waterproof thin-wall packaging. We also sell to well-known brands in the UK, but the big multinational brands are missing from our customer list. At our current size, we would simply have to devote too much of our capacity to meet the needs of one very big customer. And this would be unfavourable for our future development. We'll wait to add the big names until some time in the future, when Maksima has grown a bit.

Why do companies choose Maksima?

As with everything in business, it is all about trust. However, this does not mean just interpersonal relations. Trust, in our business, also has a technical component because quality, reliable deliveries and hygiene are all extremely important in the food industry. For this reason, we work with the most modern machines, relying on IML systems from Switzerland. And we buy our injection moulds almost exclusively from Otto Hofstetter AG.

How do you build personal trust?

In my view, building trust is not about visiting your customers several times a year. People are busy with their own affairs. We prefer to keep in touch with our customers and partners via telephone calls or video conferences. Above all, we focus on keeping the quality of the products high, meeting our delivery dates and keeping response times very short when a customer contacts us. With those things under control, there is hardly anything we need to discuss with our customers, except for new projects.

**"NOT ONLY DO WE REVIEW
THE OFFERS THAT COME IN,
WE ALSO DO A DEEP DIVE INTO
THE PEOPLE WHO SENT THEM."**

Valdas Matulis, founder and CEO of Maksima

Maksima produces packaging that is 100% recyclable. What conditions have to be met for this to be maintained?

Recycling happens at the end of a product's life cycle. But right at the beginning, it is important to design the packaging in such a way that as little plastic as possible is used. That's

what we focus our full attention on at Maksima. We strive to reduce the material thickness of the packaging as much as possible, given its form and function, while ensuring the safety of the food stored in it. We have basically reached the limit of thinness with currently available plastics. If new raw materials become available, we will see whether further reductions are possible. Back to your question, to ensure that our products are 100% recyclable, we only use a single material per product and water-soluble printing inks for all our packaging products.

The moulds from Otto Hofstetter AG are known for being able to produce very thin packaging walls. To what extent did this influence your decision when you bought the first mould from Uznach in 2003?

I already knew about the quality of Otto Hofstetter AG's moulds. But, as always when we make an investment, we send enquiries to various suppliers. Not only do we review the offers that come in, we also do a deep dive into the people who sent them. The decision to choose a mould supplier must be sustainable over the long term. After all, a mould is in service for many years. It needs maintenance and sometimes a replacement part or a repair.

How has Otto Hofstetter AG changed over the past 20 years?

I know that Otto Hofstetter AG constantly invests in improving its products. I like that in a company. At Maksima, we also constantly invest to improve quality and increase production. So, even after 20 years, most of our moulds still come from Uznach. This is because we see that our Swiss partner has also continuously improved.

How important is it to you that Otto Hofstetter AG is a family company?

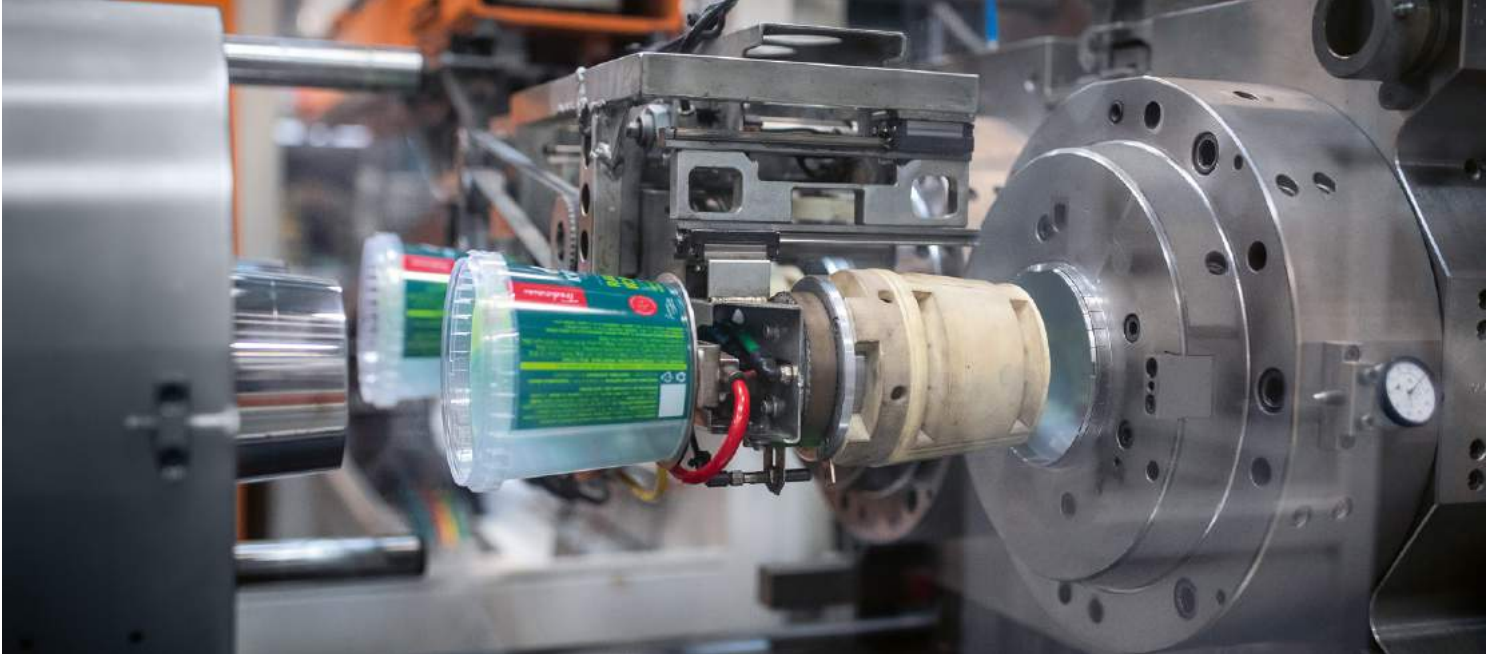
Working with family-run companies is easy. And when you're dealing with a reliable individual like Otto Hofstetter, it's even easier. If I need to find something out, I feel free to contact him directly, and I know I will get an answer in a timely manner. Furthermore, in family businesses, the employees are usually also loyal. This is demonstrated by the long and pleasant cooperation we've had over the years with Fabio Crestani.

In 2019, Maksima started to digitalise its production. Where do you see the potential benefits of this effort for your company?

If Maksima wants to increase its production capacities and continue to grow, we cannot avoid adding more cavities and raising the performance levels of our systems. This will not

Maksima works with the most modern machines and relies almost exclusively on injection moulds from Otto Hofstetter AG.

BESTFORM 15



At Maksima, each new employee benefits from an individually devised training programme based on his or her talents.

"TRUST AND TRAINING ARE CRUCIAL BECAUSE WE WORK WITH EXPENSIVE MACHINES AND WANT TO DELIVER QUALITY TO OUR CUSTOMERS AT ALL TIMES."

Valdas Matulis, founder and CEO of Maksima



be possible without introducing substantially more automation into our processes and using more robots. At the same time, we also have to train our employees so that they can operate and maintain the new technologies properly. This is a far-reaching project, with many different aspects to it that require a lot of time and investment. The good news is, for the first time in Maksima's history, we can count on support from the European Development Fund.

What is the situation on the labour market in the Kaunas region?

More than 300,000 people of working age live in our region. Since we train our employees ourselves, and thus are not looking for specialists who are already qualified, the situation is not very problematic for us. At Maksima, a new employee starts in a relatively undemanding job. When mutual trust has been established and we see what talents the person has, we devise and implement an individualised training programme for that employee. Trust and training are crucial because we work with expensive machines and want to deliver quality to our customers at all times.

What are Maksima's goals for the next five years?

At a minimum, we want to double our sales in five years' time. We've invested a lot in our plant in recent years, and we believe we have the potential for this kind of growth. Now, with the war in Ukraine, supply chains have been disrupted and energy prices have risen. Instead of climbing, our sales curve is rather flat or even points slightly downwards.

However, this situation is, we hope, a hiccup, and I remain positive about the longer term.

Where do you get this confidence from?

Rising electricity and commodity prices and higher inflation are generally temporary things. As long as we have some blue sky over our heads, there is still hope. When you wake up in the morning, you need to be grateful for the new day. You need to fill it with positive energy and bring smiles to those around you. This is very important. If you receive a smile, you should give one back.

Mr Matulis, thank you very much for this open and interesting conversation. We wish you all the best and hope that you achieve all your daily, yearly and lifetime goals.



Maksima UAB
www.maksima.lt

Founded in 1992/120 employees (November 2022)
Specialist for thin-wall containers and buckets
for the food industry.

Production facility: 2500 square metres with 34 systems
from 100 to 650 tonnes. Storage space: 6000 square metres.

Palemono G. 1B,
52159 Kaunas, Lithuania



READY FOR THE FUTURE.



Sustainability is a key issue today in business, politics and society. With the introduction of **mandatory ESG reporting** in Europe, companies' non-financial performance takes on new importance. As a partner of many well-known international companies, **Otto Hofstetter AG** has anticipated the new requirements and can already provide them with precise and **verified data**.

The EU is getting serious when it comes to ESG reporting by companies. Since 2017, publicly traded companies, banks and insurance companies with more than 500 employees have been reporting on the environmental compatibility of their actions. From 1 January 2024, companies in all economic sectors will also be obliged to do so. For small and medium-sized enterprises (SMEs – defined as companies with less than 250 employees and a turnover of maximum 50 million euros), this obligation comes into force two years later. Companies based outside the EU must also comply with this directive if they are active in European markets and generate annual sales of at least EUR 150 million. Once the reporting requirements for SMEs come fully into force, it is estimated that around 50,000 companies in the EU will have to disclose their performance in the three ESG areas annually: environmental protection (environment), employees and relations with society (social), and corporate management (governance).

“COMPANIES THAT WANT TO DETERMINE THEIR ECOLOGICAL FOOTPRINT NEED FULL TRANSPARENCY ALONG THE ENTIRE SUPPLY CHAIN.”

Pressure from the EU.

The expansion of reporting on ESG issues by sectors and themes is in line with the European Green Deal, a package of EU policy initiatives that aims to make Europe carbon-neutral by 2050. Along the way, there is an interim target, which states that greenhouse gas (GHG) emissions should be reduced to 55 per cent of 1990 levels by 2030. The EU believes that sustainable finance is a key component in making this plan a reality.

Influence of public and private activities.

Europe may be at the forefront of ESG reporting requirements but advances and discussion on this topic are taking place around the globe. The 2030 Agenda for Sustainable Development, which has been adopted by all United Nations member states, has been in effect since 2015. Since then, advances in achieving the Agenda's 17 defined goals have been recorded in annual progress reports. World-

wide, many nations, public and private institutions as well as business organisations and well-known companies have initiated programmes that are intended to help advance sustainability.

Committed to the entire supply chain.

Consulting firms and experts assume that companies that work on their own ecological footprints and handprints – whether mandated by law or on their own initiative – also expect transparency on these issues from the companies in their supply chains. Especially for the plastics industry, which has come under increased public scrutiny, these new reporting requirements are already likely to become a fact of life in the medium term.

Practice-oriented Swiss solution.

We can inform you here that Otto Hofstetter AG has already dealt with the ESG reporting challenge. We provide information about the ESG performance of our products and our company using a rating and reporting tool developed in Switzerland. The initiators are the Center for Corporate Responsibility and Sustainability (CCRS) at the Fribourg School of Management along with some well-known companies from the Swiss financial sector.

The tool, called esg2go, is a practice-oriented system that enables SMEs to produce a quantitative assessment of their sustainability performance. In addition to the environmental, social and corporate management factors, which must also be accounted for with other sustainability tools, esg2go also records a company's handprint, which is the measure of the positive sustainability advances a company has already accomplished.

Compliance with international standards.

The esg2go assessment process is completely digital and completed in six steps. The entries are converted into pre-defined key performance indicators that are assigned to the individual ESG areas in the form of scores and combined to produce an overall result. Taking into account a company's size and industry as well as comparative figures from that industry, esg2go provides Otto Hofstetter AG with a transparent and comprehensible result. The findings of the esg2go system can be easily transferred to other standards such as those of the Global Reporting Initiative (GRI) and the German Sustainability Code.



In 2021, 68 per cent of Switzerland's electricity was produced by large hydroelectric power plants and 11 per cent by sun, wind, biomass and smaller hydroelectric plants. Only 20 per cent of Switzerland's electrical energy comes from non-renewable sources.

Switzerland is on the right track.

Switzerland ranks at the top of two important ecological performance surveys, the Environmental Performance Index (EPI) and the Global Sustainable Competitiveness Index (GSCI). The EPI was developed by two US universities, Yale and Columbia, together with the World Economic Forum and the Joint Research Centre of the European Commission. The overall ecological performance of 180 countries has been calculated based on their performance in 10 main categories.

The GSCI has been published by SolAbility, a think tank, since 2012. This Korean–Swiss joint venture has developed a range of guidelines, strategies and management tools to promote sustainable business. The GSCI measures the competitiveness of countries using 131 quantitative indicators. Data comes from reliable sources such as the World Bank, the IMF and various UN agencies. In the 2021 GSCI Report, Switzerland came third. Switzerland occupies the top spot in the individual category of Resource Intensity, where it scores 96 out of 100 per cent.

Electricity from renewable sources.

The pleasant living conditions and political stability in Switzerland probably played a significant role in the country's impressive ratings. Likewise, the fact that around 80 per cent of the electricity in the Swiss grid comes from renewable sources probably also helped its ratings. In 2021, some

68 per cent of Switzerland's electrical energy was produced by hydroelectric power plants. More than 11 per cent came from new renewable energy sources such as sun, wind, biomass and small hydroelectric power plants. Since 2018, energy providers have had to publish a detailed account of the origins of their electricity. This means that consumers know the sources of the electrical energy they consume. Thus, they can choose the mix they prefer and actively support ESG criteria.

**"ESG2GO PROVIDES
AUDITED, COMPARABLE AND
INTERNATIONALLY
RECOGNISED DATA ABOUT
ESG PERFORMANCE."**

Facts, not just declarations of intent.

With esg2go, Otto Hofstetter AG is already equipped for the future of ESG reporting. It can provide customers with precise, comparable, tested and internationally recognised facts about its achievements in the three dimensions of sustainability. And facts mean more to industry regulators than superficial greenwashing PR or lofty declarations of intent.

ROLE OF A LIFETIME.

Albert Kuster has been with Otto Hofstetter AG for 21 years. He currently heads the mould base plate shop and is thus responsible for the company's most impressive machines. He regards it as a privilege to have a say in the running of his department, and he also sees it as proof that democracy works, not only in Switzerland, but in the company as well. His work allows him to live out his passion for mechanics. His free time is devoted to quite different activities: theatre, choral singing and enjoying Lake Zurich. He will soon have more time for these activities, as he will take his well-earned retirement in May 2024.



Mr Kuster, a little over 10 years ago in *inform*, you described the state of mould production at that time. What has changed in your department since then?

At that time, the idea was to produce standardised parts in advance in order to reduce production time and optimise our machine utilisation. That worked quite well for PET moulds. In the area of thin-wall packaging, however, we were aware that there was hardly any potential for this approach. The requirements of our customers are too varied and individual, making it practically impossible to use standardised solutions. In recent years, new trends in the beverage market have also significantly changed customers' requirements. The demands on the moulds have become more diverse in terms of dimensions, cavities and technical properties. As a result, standardisation is even more difficult to achieve, and the possibility of defusing peak loads in plate production through advance processing has decreased. With the company entering into the production of moulds for side-entry systems, this trend has only increased. Today, we manufacture from 2 to 144 cavities for top and side-entry platforms. The clever idea we had 10 years ago for standardised parts was brushed aside by developments in the market.

What changes have you seen within the company during this time?

Automation has brought about the biggest changes. Many processes have been automated in production and in basically all other departments. The development of new solutions for the medical sector has also left its mark. Compared to PET and PAC, the requirements in this special area are somewhat higher and the quality control more stringent. With regard to mould base plate production, the situation is roughly the same as with the moulds for thin-walled packaging. Each order is very specific, and standardisation is practically non-existent.

How has Otto Hofstetter AG improved in recent years?

Precision machining and assembly have always been at a very high level at Otto Hofstetter AG. From my technical point of view, however, I think we have improved even further in these areas in recent years. This is mainly due to the machines we work with. Every new machine we acquire enables us to improve further and add some additional value. For example, a new grinding machine is being put into operation just now and its stand and bed are made of granite. This makes it very heavy and very stable, which means it can better withstand the grinding pressures it's subjected to and deliver even more precise results.

Like many of your colleagues, you have worked in the metal working industry for many years. Where did you start your career?

As is usual in Switzerland, I did an apprenticeship. In the spring of 1974, I began my four-year apprenticeship as a mechanic at Mecana SA in Schmerikon. The role is now known as polymechanics. The company specialised in plant construction and employed around 120 people at the time. In 1991, I completed further training to become an industrial foreman and worked in this function for Mecana for a further 10 years. It was during this time that I came into contact with Otto Hofstetter AG because they had us produce mould base plates. It's no coincidence that I've been here since 2001.

"MOST COLLEAGUES HAVE COMPLETED AN APPRENTICESHIP AND THUS HAVE A PRETTY SOLID TECHNICAL BACKGROUND AND ARE FAMILIAR WITH THE MANUFACTURING PROCESSES."

Albert Kuster, head of mould base plate production

Why did you choose this work?

When choosing a career became an issue, it was already clear to me that my future would not take place in an office. I wanted to make something tangible. As I was about to leave school, I was given the opportunity to do a trial apprenticeship at Mecana. I accepted the offer and liked both the job as a mechanic and the employer. Maybe my private background also played a role. Growing up on a farm in a neighbouring town, I was used to dealing with all kinds of machines.

You are retiring in a year and a half. How will you look back on your more than 20 years at Otto Hofstetter AG?

First of all, I'm very happy that I left Mecana SA when I did, since the company has since closed. The decisive difference between my first employer and my current one is that here we have always had the resources that we needed to be able to produce the highest quality. The atmosphere in the company is also great. It is characterised by trust and appreciation, which I personally have always valued. Less important, but still very pleasant for me, is the fact that I can easily cycle from my home to my work.

Why did you choose the lakeside promenade in Schmerikon as the location for your portrait?

I feel a very strong connection to Schmerikon. I've lived here for nine years, did my firefighting service here, and I'm a member of the Virokantas men's choir and regularly perform in the theatre here. The location right on the lake is very appealing to me. In the evening, I like to ride my bike here, sit on the shore and enjoy the peace and quiet.

What effect does Lake Zurich have on you?

First of all, I have to say that I'd rather be by the lake than on the lake. Sitting on a rock or a bench and listening to the water beating against the lake wall in the same rhythm has a calming effect on me. I could enjoy sitting next to a stream. In truth, I would never consider moving to another area. Here, I have everything that's important to me: the proximity to the water and the mountains. And if I ever feel like city air, Zurich is very close by. All in all, we live in a wonderful part of Switzerland.

Many customers of Otto Hofstetter AG regard Switzerland as something special. What does Switzerland mean to you?

I enjoy how orderly life is here. Whether in private, in the business world or in politics, everything works in a regulated and reliable way. The democracy that gives Switzerland its stability is also practiced in companies. At least that's how I experience it with my employer. No one dictates what needs to be done. Employees' opinions are respected and carry weight when decisions are made.

What is the reason for this cooperative spirit?

In my opinion, one prerequisite for this is the high level of professional training that the employees have. Anyone who has completed an apprenticeship, like most people at Otto Hofstetter AG, has a pretty solid technical background and knows the manufacturing process. Thanks to these competencies, they are able to express well-founded opinions, and they can support their opinions with facts. And then, of course, you also need the supervisors who place the appropriate trust in the employees.

What do you think is the biggest challenge facing Otto Hofstetter AG?

Finding the type of professionals that I just mentioned. Especially in production, which is becoming more complex and more digitalised and is constantly changing at a rapid pace. It is relatively difficult to find specialists who, on the one hand, are technically at the top level and, on the other, can deal with the hectic pace of working life today.



Albert Kuster

Head of Mould Base Plate Production. He has been with Otto Hofstetter AG for 21 years, but he knows the company even longer, as he worked for a supplier before joining OHAG. He will retire in the spring of 2024 and devote himself to his other passions besides precision machine building.

Why is that?

I think too few young people today are willing to learn a manual or industrial trade. A fact that not only applies to our industry. Employment in the services sector seems to be more attractive. Why this is so, I cannot say. In this context, Otto Hofstetter AG's commitment to training has proven to be very helpful. Anyone who wants to stand at our machines and manufacture our high-precision parts must have solid basic knowledge. The damage that can result from improper operation is immense.

Back to you, Mr Kuster. You will retire in May 2024.

Where will you be in five years?

In Uznach or in Schmerikon. Of course, my wife and I will take a trip or two. But as the mood takes us. Depending on the opportunities that arise. Like the other day, when a couple of friends asked us to take a trip with them. In addition, I could imagine offering my services as a driver for people with disabilities. And I will also remain active with the choir and theatre group, for sure.

Mr Kuster, thank you for this open discussion. I wish you all the best and hope that you enjoy your next chapter of life, travelling, singing, acting and spending time by the lake.



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