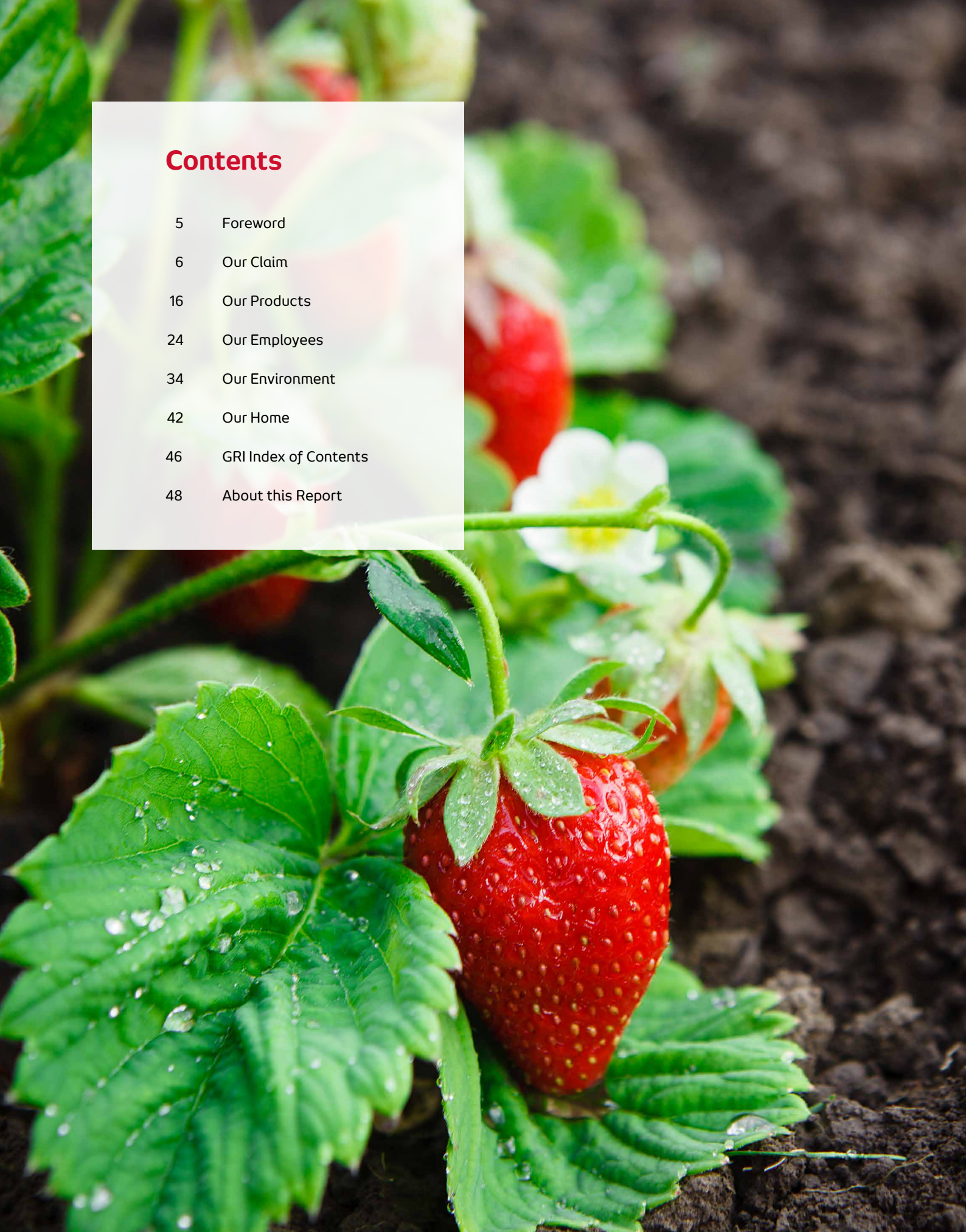




**Our
Sustainability Report
2019**



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Sustainability highlights in 2019



Relaunch of "Hofladen", providing comprehensive customer information about producers and farms



100% of all jam recipes have been changed to the Home-Made concept



In cooperation with NABU,
400 fruit trees have been planted to create ecosystems



The Bee Careful initiative enters in its
6th campaign year



33 types of fruit are processed and used in more than 100 products



75% of all fruits originate directly from the farmer or processor



> 95%
of the palm oil and palm kernel oil used are RSPO-certified



94% of all suppliers are registered on the Sedex Sustainability Platform

Dear readers,



A handwritten signature in black ink, appearing to read 'Arend Oetker'.

Dr. Arend Oetker
Chairman of the
Supervisory Board



A handwritten signature in black ink, appearing to read 'Jop Peek'.

Jop Peek
Chairman of the
Management Board

We again made great progress in implementing our sustainability strategy in the past fiscal year: for example, we achieved a further increase in the naturalness of our products, we raised the proportion of sustainably grown raw materials and we undertook large investments in the productivity of our factories – and thus also in their efficient use of energy and water. We significantly decreased the generated amount of waste, and already reached our self-imposed target of reducing the specific amount of waste to 52 kg per tonne of production – one year earlier than planned. We adopted numerous measures to offer our employees even healthier and more attractive working conditions, and we successfully continued our Bee Careful initiative – now in its sixth year – in this country and abroad, again devoting great attention to protecting and improving the health and habitat of bees.

We will expand these activities further in 2020. We already changed all our jam recipes to the “Home-Made” concept in the first few months of the current year. During the remainder of the year, we will also launch “Schwartau Extra Bio”, and will develop future-oriented packaging concepts and analyse our product portfolio based on the Nutri-Score labelling system. Our sustainability activities in 2020 also focus on collaboration with the German Nature and Biodiversity Conservation Union (NABU), on campaigns in cooperation with our fruit growers, and on further modernisation of our factories.

All the companies in the Hero Group, to which Schwartauer Werke belongs, are currently unifying their sustainability strategies to achieve an even greater effect from their sustainability activities. In the future, there will be a single group-wide sustainability strategy consisting of three pillars: sustainable procurement, climate-neutral manufacturing, and natural, healthy products. Targets and packages of measures for all three pillars have already been defined at group level, and are now being transferred into corresponding programs by the individual companies.

You will find information about our activities in the past year in the present report, together with measures planned for the future. We would be delighted if you could give us feedback about our aims and activities in the context of the sustainability strategy.

Our Claim

As a food manufacturer, we are directly affected by climate change. We contribute to achieving the Sustainable Development Goals of the United Nations Agenda 2030, and we want to delight our customers with products preserving the goodness of nature.



Schwartauer Werke

Fruit products and snacks – for 120 years

Schwartauer Werke was founded in 1899; we have manufactured fruit products and snacks for the food retailers and caterers for 120 years. We are proud of the fact that many customers have known our products since their childhood, and have stayed loyal to us for decades. Our best-known brands include Schwartau Extra, Samt and Corny. Our company's newer product lines are Corny Haferkraft, Corny Ganze Nuss, Corny Protein and Schwartau Weniger Zucker.

Our product portfolio includes jams, sweet and savoury sandwich spreads, dessert sauces, coffee syrups, and muesli and fruit bars. We are the market leader in Germany for both jams and muesli bars. We launch numerous new products every year, and continuously undertake further development of our recipes to meet our customers' changing needs.

In 2019, we achieved a turnover of just over EUR 300 million, and at the end of the year we employed 872 staff. We generated 82% of our turnover in Germany, while 18% originated from export business. We and our products are represented on almost every continent. Our export business focuses on other European countries, together with North and South America. One of our main goals in the coming years is the further expansion of our international presence.

Embedded in the Hero Group

The headquarters of Schwartauer Werke GmbH & Co. KGaA is in Bad Schwartau where, in addition to the head office, our three production factories are also located. We belong to the Hero Group, an international food group specialising in fruit spreads, baby food, muesli bars, nut and fruit bars, and gluten-free foodstuffs. The majority of the Hero Group's shares are owned by the Dr. Arend Oetker family.

The management of Schwartauer Werke consists of Jop Peek (Chairman), Dirk Löding, Maximilian de Maizièrre and Dr. Sebastian

Portius. They act in accordance with the overall representation principle within the framework of the Articles of Incorporation and the Rules of Procedure.

The Supervisory Board of Schwartauer Werke has three members. Two of these are elected by the Annual General Meeting; the third member is an employee representative and is appointed by the employees.

Responsible corporate governance

Our corporate strategy is based on five core values: Entrepreneurial Spirit, Speed, Individual Responsibility, Change and Family. To each of these values we have assigned guiding principles of behaviour to which we align our actions. These for example include securing the means for sustainable change, handling our resources responsibly, and the courage and responsibility to question things and follow new pathways.

We believe it is self-evident that we should fight against corruption and unethical work practices, and should act in accordance with the law at all times. Our Code of Conduct is oriented to the principles of the United Nations Global Compact (UNGC) and the International Labour Organisation (ILO). It obliges us to protect human rights and the right of freedom of association, and to combat discrimination, child labour, forced labour and compulsory labour, corruption and anticompetitive behaviour.

We expect our business partners to ensure that their corporate principles are consistent with these principles and that they register themselves on the Sedex sustainability platform. Our employees – especially in the marketing and key account areas – regularly receive compliance training. As in previous years, no cases of corruption or bribery occurred in Schwartauer Werke in the past fiscal year.

Our sustainability concept

Farsighted action

For us, sustainability means thinking globally and long-term, and acting responsibly – towards our customers, our employees, our suppliers and our environment.

To ensure we constantly improve we pursue the principle of the Continuous Improvement Process (CIP). By using this approach, we implement numerous projects each year. To this end, we hold regular training sessions and train CIP multipliers. In 2019, we appointed a member of staff who is concerned exclusively with the further development of the CIP strategy and with the coordination of ongoing projects.

We want to contribute to supporting the United Nations Sustainability Agenda 2030 through our sustainability activities. As a company that uses fruits, cereals, vegetables and other

natural ingredients in particular, progressive climate change would have considerable impacts on our procurement and production processes – and thus on our commercial success.

We therefore concern ourselves with sustainability issues and were the first company in our sector to publish an annual Sustainability Report in accordance with the GRI (Global Reporting Initiative) Standard. We collaborate in various committees and initiatives in our sector of industry, and we contribute our expertise and experience. This also includes the collaboration, begun in 2016, as a network partner in the "carpeDIEM" project. The aim of this initiative is to use renewable energy resources more efficiently and intelligently, to develop corresponding technologies and to strengthen transnational German-Danish cooperation together with regional competences in the area of the more efficient, more intelligent use of energy.

The Management Board of
Schwartauer Werke (l. to r.):
Maximilian de Maizièrre, Jop Peek,
Dr. Sebastian Portius, Dirk Löding





Purposeful sustainability management

Our sustainability strategy is developed by the management team under the leadership of the Innovation & Quality Managing Director. The Sustainability Officer, located in an administrative department reporting to the Innovation & Quality Managing Director, is responsible for further development of this strategy and the operational processing and coordination of relevant issues.

The Sustainability Officer is advised and supported by a sustainability team consisting of employees in the areas of Supply Chain and Engineering, Environmental Protection and Occupational Safety, Communication and Human Resources. The committee, together with the Innovation & Quality Director and the Sustainability Officer, meets to discuss current topics on an ad hoc basis. The extended sustainability team includes the heads of the Finances, Marketing and Quality Assurance departments as well as the production managers of our three plants. In addition to

the sustainability team, there are several work groups that drive forward individual sustainability initiatives with the support of the Sustainability Officer.

Stakeholder dialogue

In our stakeholder team meetings, we regularly discuss which stakeholder groups are highly relevant to us, and what demands they place on us. We determine the stakeholder groups that are relevant for us from the results of these discussions. The retail and consumers, together with our employees and suppliers, are our most important stakeholder groups. Dialogue with NGOs, neighbours, policymakers and the media is also very important to us.

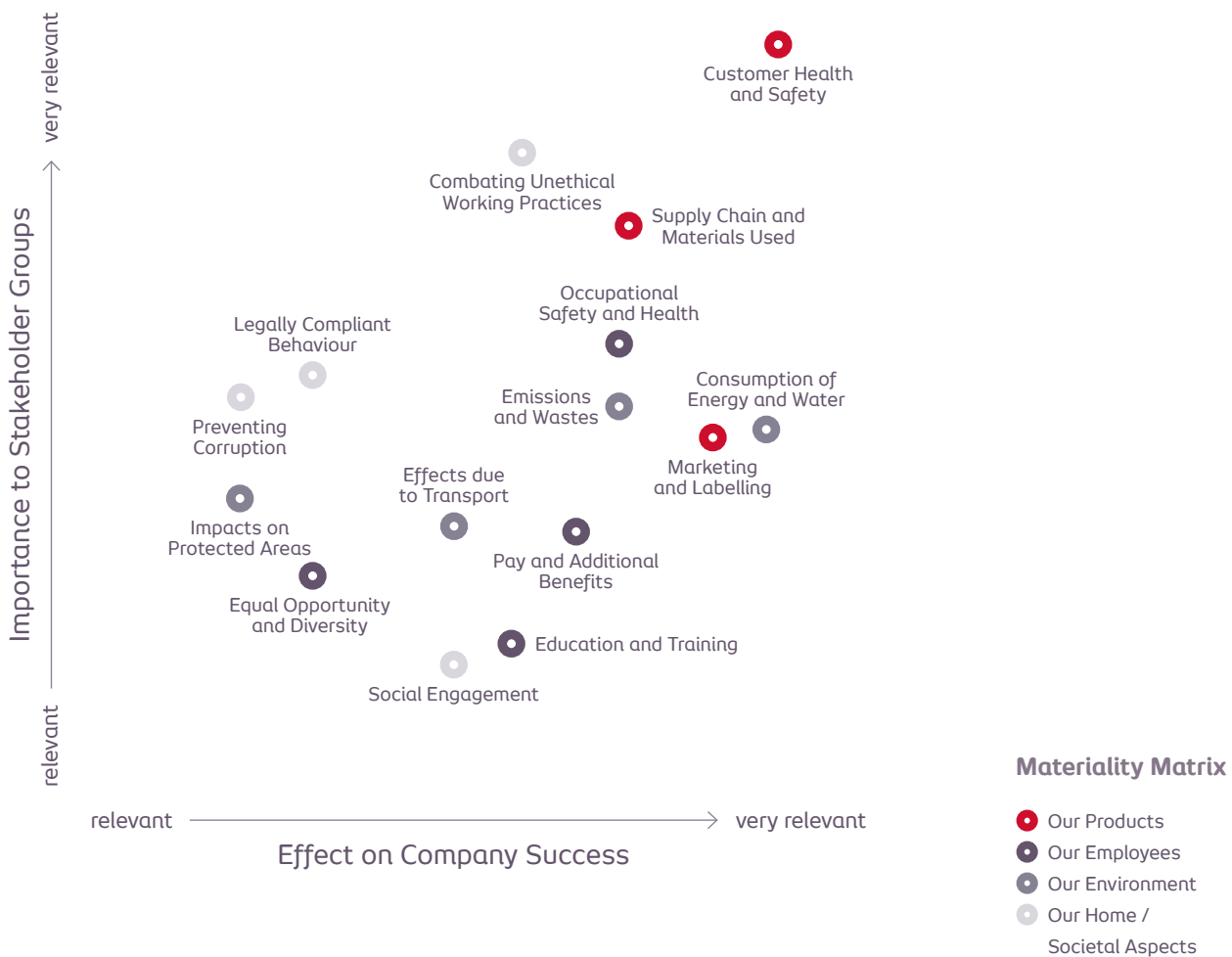
We communicate with our stakeholders through a variety of channels and instruments: While we are in regular direct dialogue with the retailers through our sales department, communication with consumers mainly takes place via our consumer advice service, through social media channels and by product tests and consumer surveys. We keep up direct communication with our employees and offer them a variety of information, especially via the Intranet. Our Purchasing Department is in constant dialogue with our suppliers. Furthermore, we maintain a regular exchange of views with representatives of the town of Bad Schwartau, the East Holstein district and the federal state of Schleswig-Holstein. We also participate in meetings of various regional business initiatives and are a member of the North German "foodRegio" industrial sector network and the HanseBelt initiative group. We seek discussion with neighbouring companies and households whenever the circumstances require it.

We have progressively expanded our communication relating to sustainability topics in recent years. This applies both to our provision of information on our website and to communication with our employees about sustainability topics via our Intranet. We plan to introduce a company-wide, high-performance data collection system by the end of 2020, to further increase the quality of our sustainability-relevant data.

Focussing on the essentials

To identify the topics essential to our sustainability strategy, we established a materiality matrix for the first time in 2014. For this purpose, in our sustainability network, we discussed possible societal developments and megatrends together with the opportunities and risks arising from these. On this basis, we created thematic focuses with which we planned to achieve our sustainability goals.

With the involvement of our stakeholders, we carried out continuous development of our materiality matrix in the past few years. The last stakeholder survey took place in 2016. This led to the priorities of a few essential topics being shifted in 2017, and they were reformulated to make them easier to understand. No further changes in the materiality matrix have emerged since then. The next stakeholder survey questionnaire is planned for 2021.





Stakeholders' priority themes

Our survey questionnaires showed that all stakeholders – except the employees – give the highest relevance to sustainability topics in the “Our products” area.

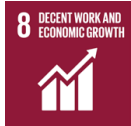
Customer health and safety play an outstanding role for all our stakeholders. In our survey questionnaires and discussions, however, consumers particularly stress that healthy products with ingredients from sources certified as sustainable are very important to them. They want to be given accurate information about where the raw materials come from, whether and which additives are used, and what quality the ingredients have. The use of pesticides and returnable/reusable packaging or biological containers are also repeatedly made the subject of discussion by consumers.

In addition to the topics mentioned in the materiality matrix, the retail is mainly interested in guaranteeing standards in the supply chain, and therefore calls for more stringent monitoring of suppliers. Suppliers, on the other hand, regard the further expansion of regional procurement as an important aspect. Our employees would like to be involved to a greater extent in various processes, and in addition to improvements at the workplace, they also raise the topics of “Food waste” and “Energy efficiency” as subjects for discussion.

We look into all the aspects mentioned above, even though they are not among the central fields of action of our sustainability strategy. To achieve the greatest possible effect, we have decided to align our numerous activities with the essential topics presented above.

Targets for sustainable development

For the Agenda 2030, the United Nations member states agreed on a catalogue with 17 goals for sustainable development (Sustainable Development Goals – SDGs). Through our business activities, we exert an influence on the following SDGs in particular:



SDG 8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We consider the observance of human rights to be indispensable. We oblige our suppliers to subscribe to our Code of Conduct, which is aligned to the principles of the UN Global Compact. Through the procurement of our ingredients, we ensure that economic development is boosted in many regions. We are one of the biggest employers at our location in Bad Schwartau.



SDG 9: Industry, innovation and infrastructure

Build a resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

As a manufacturer of branded products in the food industry and a market leader in the jams and muesli bars segments, we strengthen the regional infrastructure through our entrepreneurial activities. Through our procurement processes, we secure sales opportunities for numerous farmers in this country and abroad, and support them in many agricultural issues. Every year, through our large number of new products and our investments in state-of-the-art manufacturing processes, we also contribute to a high level of innovation in our surroundings.



SDG 12: Responsible consumption and production

Ensure sustainable consumption and production patterns

We take into account ever more requirements relevant to sustainability when developing our products. We use palm oil and palm kernel oil almost exclusively from certified sources, and we avoid additives and preservatives as far as possible. We have continuously reduced the proportion of sugar in our products over the past few years. Moreover, regional procurement is of central importance to us. In this way, we not only contribute to a reduced environmental impact, but are also able to harvest the fruit we need in an optimum state of ripeness, and can guarantee 100% quality control by washing and freezing the fruit in our own factory. Another important point for us is that the least possible amount of food waste occurs in the production process and in our finished products.





SDG 4: High quality education

Ensure inclusive, equitable high-quality education and promote lifelong learning opportunities for all

Education and training are central success factors for us. That's why we place great value on our employees' qualifications, as well as supporting the further training of our suppliers. Intensive relationships exist with individual institutions in less developed countries, e.g. with the Batho Ciro School in Letnitsa, Bulgaria, where among other things we help by financing schoolbooks and through the provision of internships/work placements in our manufacturing facility in Bad Schwartau.



SDG 15: Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Because we manufacture fruit, cereal and vegetable products, an intact environment is of the greatest importance to us. We regularly discuss with our suppliers the ecological damage that could arise due to our commercial activities, and we prevent its occurrence. For example, we have initiated the international bee careful campaign for bee health and the environment in 2014.



The United Nations Sustainable Development Goals (SDGs)

Our sustainability targets

Our Claim				
Targets	Actions	To be achieved by end	Status	Page
Effective sustainability strategy	Establishing a company-wide sustainability data collection system	2020	●	9
	Carrying out a new stakeholder survey questionnaire	2021	○	10

Our Products				
Targets	Actions	To be achieved by end	Status	Page
Healthy, natural products	GON Index (Goodness of Nature Index): Creating guidelines for the development, packaging and marketing of our products	2019	●	18
	Analysis of our product portfolio based on the Nutri-Score nutrient value labelling system	2020	●	18
	Launch of the "Schwartau Extra Bio" product line	2020	○	19
	Increasing the number of freshly processed fruit types	2020	●	19
	Exclusive purchase of RSPO-certified palm oil and palm kernel oil based on the segregation concept	2021	●	21
	Exclusive purchase of UTZ-certified goods containing cocoa based on the mass balance concept	2021	●	21
	Changing over all the jam recipes according to the "Home-Made concept"	2020	●	19
Environmentally compatible packaging	Analysing our packaging materials and developing a future-oriented packaging concept	2020	●	21
	Changing over all packaging materials to 100% recyclable	2024	●	21
Pioneering quality control	Developing and implementing a risk-based system to identify and avoid food fraud	2020	●	17
	Use of X-ray detection equipment for quality control on all lines	2021	●	17

○ Being planned

● In progress

● Completed



Our Employees				
Targets	Actions	To be achieved by end	Status	Page
Optimally qualified employees	Developing talent management programs	2020		33
Healthy employees	Implementing the new company restaurant concept	2019		30
	Reducing our accident rates by at least 10%	2019		29
	Provision of customised hearing protection for employees working in noisy environments	2019		30
	Setting up a new exhaust system for dust and vapour in the Corny production area	2019		30
Values-based behaviour	Further development and communication of the guiding principles and behaviour patterns of our values	2019		7
Motivated employees	Introducing a new performance assessment tool	2019		32
	Improving the compatibility between work life and private life	2019		27

Our Environment				
Targets	Actions	To be achieved by end	Status	Page
High energy efficiency	Modernising / building new refrigeration plants in Works I and Works II	2019		35
	Increasing productivity by building a new jams line	2019		35
	Reducing specific energy consumption to a maximum of 858 kWh/produced ton	2022		36
Intact biodiversity	bee careful: setting up a total of 25 wild bee boxes at fresh fruit suppliers	2019		22
	bee careful – together with NABU: planting 1,500 fruit trees to create bee-friendly habitats	2021		40
	Sending more than 100,000 sachets of wildflower seeds to fruit farmers in Germany	2020		41
	Start of the offer of free-of-charge advisory services for fruit farmers on the subject of the sustainable cultivation of strawberries	2020		41
Small amounts of wastes	Reducing by 10% the amounts of food waste in the production process and in our finished products	2019		39
	Reducing specific amounts of waste to 52 kg/produced ton	2020		39
More efficient use of water	Reducing the specific consumption of water to 3.9 m³/produced ton	2022		36

Our Home				
Targets	Actions	To be achieved by end	Status	Page
Broadening horizons	Providing practical traineeships to pupils of the Baltho Ciro school in Letnitsa, Bulgaria	2019		45
	Expanding the “KidsKAUFLADEN” (KidsSHOP) initiative	2020		44



Our Products

Naturalness and regionality – these are the two principles to which we align the development of our products and the design of our supply chain.

The best from nature

We aspire to offer our customers products that are as natural as possible and which preserve the goodness of nature. That's why only the best ingredients and fruit that is as harvest-fresh as possible are acceptable to us for our spreads, dessert sauces, bars and fruit snacks.

The highest possible product safety and quality are preconditions for carefree enjoyment. This is true both for our own manufacturing operation and for our supply and transport chains. Transparent information about the materials we use is also important to us. These are the reasons why the topics of "Customer Health and Safety", "Supply Chain and Materials Used" and "Marketing and Labelling" are central elements in our Sustainability Strategy.

Customer health and safety

We have set up effective management systems and comprehensive monitoring mechanisms to offer our customers consistent quality and the greatest possible product safety. All of our business processes – from product development to marketing – are defined within the framework of the Quality Management System. The safety and statutory marketability of each product are checked before its launch and during its manufacture. Our processes have been certified in accordance with the standards of the International Featured Standard Food (IFS Food 6.1) for many years.

We carry out internal audits at regular intervals, in addition to which we analyse our manufacturing processes for possible microbiological, chemical or physical risks within the framework of the HACCP concept (Hazard Analysis and Critical Control Points), which is mandatory throughout the EU. Our systems are also constantly audited by our customers. Because the latter have differing standards amongst each other, our systems are continuously being analysed and assessed based on wide variety of aspects.

Our quality assurance staff accompany the manufacture of our products along our entire value-added chain: from incoming goods and production to the finished product. We have collaborated with accredited laboratories for many years when testing for plant protection agents and other residues.

In product development, our experts already carry out sensory tests and laboratory examinations according to a clearly-defined procedure, and only after the manufactured products have passed a tasting test they are released for regular production.

We have used high-performance detectors for more than 15 years to recognise metallic foreign bodies. In addition, we have used X-ray detectors for ten years. Beyond normal quality control, these instruments, designed specifically for the food industry, are able to detect foreign bodies and other discrepancies. Since we are achieving very good results with these, we plan to extend their use to all production lines by the end of 2021. In fact, we wanted to already reach this target by the end of 2020, but were compelled to postpone it by one year due to reconstruction measures in the production area.

To protect ourselves and our customers against food fraud – i.e. against intentionally, substantially falsified or falsely labelled foods – we analyse potential fraud risks in our raw materials and finished products. Several employees from various departments play a part in this risk assessment process. Through continuous monitoring, we aim to recognise potential risks as early as possible, to investigate their possible impacts, and on this basis to take appropriate measures to minimise risk.

As in previous years – there were no infringements of regulations or of voluntary rules of conduct in connection with the health and safety impacts of our products and services in 2019. However, it was necessary to arrange for two recalls of incorrectly labelled products marketed abroad. These errors were caused by third

parties, and appropriate corrective actions were implemented. There were no negative effects on the health of consumers.

The supply chain and materials used

Naturalness and freshness

We process 33 kinds of fruit to obtain more than 100 different fruit products. In this respect, the origin, selection and processing the ingredients are the factors that decisively determine the quality and flavour of our products – and thus our commercial success. This is why the farsighted, sustainable handling of raw materials is exceptionally important to us.

We aim to maintain the naturalness and freshness of the ingredients in our products as far as possible. In order to meet this aspiration, we are guided by the GON Index (“Goodness-of-Nature” Index). This Index, which we developed ourselves, gives information about the nutritional-physiological value of a product, and its naturalness, in the form of a consolidated index. The use of this index enables us to evaluate product concepts, to measure our progress in achieving our aspiration, and to make comparisons with competitors’ products.

In 2019, we created product development guidelines (GON Guidelines) for the Healthy Snacks and Spreads categories. These are subdivided into three groups:

1. Raw materials and additives whose use is no longer permissible in new and reissued products
2. Materials that must be avoided – as far as possible
3. Raw materials whose use is preferred and should be increased

In parallel, and with regard to the nutritional value labelling system (Nutri-Score), we want to analyse our product portfolio by 2020. With the aid of this voluntary product information on the product package, consumers can



Year	Number of freshly processed fruit types	Proportion processed by ourselves	Proportion bought frozen
2012	3	15%	85%
2019	8	42%	58%

Number of freshly processed fruit types

Fruit types	Proportion
Yellow plums	100%
Red currants	92%
Sour cherries	79%
Blackberries	77%
Damson plums	71%
Strawberries	62%
Black cherries	51%
Raspberries	30%

Proportion of freshly processed fruit types 2019



In 2020 we plan to launch onto the market the “Schwartau Extra Bio” brand. This consists exclusively of fruit and ingredients from ecological farming.

A larger proportion of fresh fruit

We procure our raw goods and packaging materials as close as possible to where they are produced. We processed around 42% fresh fruit in the past fiscal year – more than ever before and more than any other German jam manufacturer.

In 2019 we used almost exclusively German strawberries for our Schwartau Extra brand. Altogether, 55% of all the strawberries we purchased – our most important fruit – originated from Germany. We aim to keep this proportion constant, or even to enlarge it. The proportion of fruits and cereals originating from Europe that we processed in 2019 amounted to more than 95%. We become reliant on raw material imports from non-European foreign countries only for tropical fruits such as mangos or pineapples, or in exceptional circumstances – e.g. if the harvest is bad.

recognise the product’s nutritional value by a single glance at the five-stage letter scale on a coloured background.

Furthermore, we are following the “Home-Made concept” in the jams area. This envisages that by the end of 2020, all our jams will consist exclusively of ingredients typically also used for jam-making by private households. We already reached this target in the spring of 2020. Our branded products Schwartau Extra, Hofladen, Gelee and Samt, together with our specialities, now consist exclusively of fruit, sugar, pectins and concentrated lemon juice.

We have also continually reduced the sugar content of our jams and fruit spreads, which has repeatedly been the subject of public debate in the past years. Moreover, in 2019 we brought onto the market the new product line “Schwartau Weniger Zucker” (Schwartau Less Sugar), which contains 30% less sugar compared to conventional jams.

In 2019, we obtained fresh red currants exclusively from Germany. Our medium-term plan is to extend this to black currants as well.

We buy pectins and sugar exclusively from European Union suppliers. We obtain more than 70% of our sugar from Germany.

In the past few years we have considerably increased the number of fruit types that we freshly process: in 2012 we freshly processed three types of fruit (strawberries, cherries and plums), but in 2019 it was eight types (strawberries, raspberries, sour cherries, blackberries, red currants, damson plums and yellow plums). We plan to retain this large number in the future as well, and to enlarge it as far as possible.

Freshly picked fruits from the region are transported directly to Bad Schwartau and processed immediately. If fruit from more remote regions is involved, the fruits are prepared and deep-frozen or pasteurised according to our requirements immediately after being harvested. This retains the flavours and quality of the fruit in an optimum state of ripeness, and they can be processed at a consistently high quality throughout the whole year.

We systematically expanded direct procurement of fruit from farmers and/or the cooperative in the past few years. In 2019, 75% of our fruit came directly from farmers, from the cooperative or

from processors (2012: 61%). At the same time, we reduced the number of our fruit suppliers in the past few years. This has allowed us to optimise our portfolio of suppliers, to intensify collaboration and to reduce the complexity of the procurement processes.

Close collaboration with farmers also enables us to carry out joint research and development projects. Thornless gooseberries, for example, which came into existence in 2018 after a five-year trial phase to produce, harvest and process them, were used in jam-making for the first time in 2019. They ensure even greater product safety.

Year	Farmer/cooperative	Processor/cold store	Dealer/agent
2012	15%	46%	39%
2019	35%	40%	25%

Procurement of our fruit

Year	Number of active fruit suppliers
2012	93
2019	74

Number of our fruit suppliers

Of the total volume of materials directly purchased, 65% is spread across German producers. In this case, we collaborated with 19 contract farmers in 2019. Altogether, 96% of the direct materials come from Europe.

However, we also place value on the regional procurement of indirect materials as far as possible: 99% of all indirect materials and services come from companies in Germany. The remainder comes from companies in the EU.

Next to shorter delivery channels, regional purchasing has another advantage: together with farmers, we can decide on the optimal time of harvest, and thus on sensory properties such as flavour development, sweetness profile and the texture of the fruits. To safeguard the consistent quality of our products, we have specified binding raw material quality criteria in the contracts with our suppliers. The fruits undergo a rigorous testing process, and are used only if they conform to all the quality requirements.



Procuring ecologically responsible raw materials

We increasingly insist on sustainably grown foodstuffs when purchasing our raw materials. For example, more than 95% of the raw materials we use and which contain palm oil and/or palm kernel oil are already RSPO certified in accordance with the mass-balance or segregation concept (RSPO = Roundtable on Sustainable Palm Oil). Because the mass-balance concept involves mixing conventional palm oil with palm oil from certified farms, we want to exclusively buy palm oil and palm kernel oil certified in accordance with the segregation concept by the end of 2021.

We follow a similar approach for raw materials containing cocoa: for many years we have taken care to ensure that these are UTZ-certified (mass-balance concept). More than 90% of the cocoa-containing raw materials we buy already have corresponding certification; we want to increase this proportion to 100% by the end of 2021.

We also specifically take into account ecological aspects when purchasing the other raw materials we need to manufacture our products: for example, the glass we purchased in 2019 consisted to 55-65% of raw materials from material that had been disposed of. The proportion of recycled material in the cardboard packaging we used was 85 to 95%.

Although we have valued a high proportion of glass in the jams area for many years, we intend to take a holistic view of the current status of the packaging materials we purchase, and to develop new, sustainable concepts. For this purpose – together with other Hero Group subsidiaries – we analysed all our packaging materials and developed a future-oriented packaging concept in 2019. Our aim: all our packaging will consist of 100% recyclable materials by 2024.



A sustainably aligned supply chain

We collaborate with around 839 suppliers, of which 209 supply us with materials that directly enter our production process and become part of our products (direct materials), while the remaining 630 suppliers provide us with indirect materials. We want to reduce the number of our suppliers further in the next few years – especially those that supply us with indirect materials. We also want to enter into strategic partnerships with them to a greater extent in the future.

We oblige our suppliers to comply with ecological and social standards. For this, we require them to sign our Code of Conduct and to register with the Sedex (= Supplier Ethical Data Exchange) platform. Except for those suppliers that have their own Code of Conduct of a similar type, every one of our business relationships is based on the Schwartauer Werke Code of Conduct. Of all of our suppliers, 94% (2018: 93%) are registered on Sedex, where participating companies make statements about their business practices, employment conditions and compliance with social and environmental standards.

Long-term collaboration in partnership with our suppliers is important to us. We aim to have direct, unmediated collaboration with producers, and to regularly discuss matters with them. A large proportion of our supply relationships have already existed for many years, some even for decades. We offer farmers a wide variety of support, and we develop solution-oriented concepts together with them. We also offer advanced training, and help people to help themselves, especially in the Eastern European countries from which we obtain fruit.

Our close collaboration with farmers also includes the various initiatives that we push forward together with them. In 2019, for example, we again set up 13 new wild bee boxes together with our fresh fruit suppliers in Germany, after having already established 12 bee houses in 2018. Further campaigns are planned for 2020.



Marketing and labelling

We want our customers to know and be able to check the origins of the ingredients used in our products. That's why many of our product statements go beyond the information obligations prescribed by law: on our web site, for example, we give information about the origin and processing of the fruits.

The focus is on transparency, most especially in the case of our "Hofladen" relaunch product line: for each of the ten varieties, customers can obtain detailed information about where the fruits come from. The subjects in this respect are not only the country of origin, but also the farmers and the farms where the fruits are grown and harvested.

Many customers also use our consumer advice service, where three of our company's qualified, experienced staff answer in-depth questions.

Our customers' wishes and needs are of the greatest possible importance to us. For that reason we seek dialogue with them, from which we can repeatedly obtain suggestions for new or modified products. We regularly carry out product tests with consumers so we can include their judgements and assessments during product development.

Our consumer advice service can be contacted with questions and suggestions via a telephone hotline, through the contact form on the web site, and through our social media channels. At trimonthly intervals we prepare a quality report from the knowledge gained, and derive the corresponding actions to be taken as and when necessary.

As in previous years, no infringements of product labelling regulations resulting in a fine or other sanctions occurred at Schwartauer Werke in 2019. However, 5 complaints were issued by authorities. Two of the complaints were justified; we have eliminated their causes.



Our Employees

Flat hierarchies, a lot of scope for their own ideas, and working together based on trust: we place great importance on ensuring that our employees identify with our company and have a sense of wellbeing.

We are Schwartau

Our employees are the basis of our success. To retain their loyalty and to make new talent enthusiastic about us, we offer attractive workplaces and a wide variety of career prospects. Well-qualified, motivated employees are centrally important to us so we can hold our ground against the competition. Treating our employees and their needs with respect and appreciation is also one of our core beliefs. Topics such as "Equality of Opportunity and Diversity", "Remuneration and Additional Benefits", "Occupational Safety and Health" and "Education and Training" are therefore among the central areas of activity of our sustainability strategy.

Furthermore, one main focus of our human resources work is on the further development of our corporate culture. To make our collaboration more efficient and up-to-date, we emphasise modern methods of working, including a more digitised way of working and flexible working time models, just as much as a collaborative management style. In 2019, an interdisciplinary team developed ideas and concepts on topic areas such as mobile working, sabbatical leave and improved holiday planning to further enhance the compatibility between career and private life. The fact

that our working environment is becoming increasingly international and is shaped by a matrix organisation increases the challenges relating to collaboration across functions and departments. Our process of cultural transformation is designed to support our employees during these changes.

We also carried out an employee survey questionnaire in 2019, in which we asked our staff about their satisfaction with their workplace. In its methodology, this is modelled on the 2017 employee survey questionnaire to enable changes to be identified. We will discuss the key results and define measures in workshops with a representative group of our employees in 2020.

Our workplaces

As in previous years, we also increased the number of our workplaces in 2019. By the end of 2019, 872 employees had full-time jobs in Schwartauer Werke. This corresponds to a 5.1% increase compared to the previous year. Thus we have increased the number of our employees by 17% since 2015.

We recruited 115 new employees in 2019, of which 80 were men and 35 women. 54 employees departed (33 men, 21 women). The staff turnover rate was 5.2%. In relation to the latter, it should be noted that this rate does not include the natural fluctuation rate. Among all the employees, 91% have indefinite duration employment contracts and 93% are in full-time employment. 7.1% of our staff are severely disabled.

Due to the seasonal dependence of some of our production processes, we employed a total of 66 seasonal staff in 2019 (in the previous year: 83). We were also supported by an average of 38 temporary workers during the course of the year (in the previous year: 30).



	2019	2018	Change
Women	308	296	+4.1%
Men	564	534	+5.6%
Total	872	830	+5.1%

Number of employees at the year-end

	2019			2018		
	Men	Women	Total	Men	Women	Total
Indefinite	514	279	793	503	280	783
Limited	50	29	79	31	16	47
Total	564	308	872	534	296	830

Employees by employment contract

	2019			2018		
	Men	Women	Total	Men	Women	Total
Full-time	558	253	811	531	247	778
Part-time	6	55	61	3	49	52
Total	564	308	872	534	296	830

Employees by employment relationship

Almost all of our workforce have their workplaces in Bad Schwartau; around 50 sales staff work in the various regions of Germany. All the topics relevant to human resources are the responsibility of Schwartauer Werke's Personnel Department. Our personnel strategy is subject to continuous further development in close coordination with the Management. Jop Peek, Chairman of the Management Board, is the board member responsible for the Human Resources Department.



Communicating with one another

Intensive communication with our employees is very important to us. This purpose is served mainly by personal conversations. We provide general information about our company and our activities via the internet and Intranet. In 2019, we further expanded our Intranet ("ExtraNET"), which has now been in existence for five years. This is where our staff can find numerous documents and background information, together with opportunities for feedback. Our Intranet was accessed on average 5,522 times each month in 2019 (2018: 5,099), and the average number of contributions posted per month was 51 (2018: 48).

The "Whispering Walls" set up in 2018 have proved successful: Any employee can – even anonymously – post any questions, topics and rumours that concern him/her on these walls. The responsible managers must answer within five days. This measure makes a significant contribution to open, transparent communication, and to ensuring that no uncertainties or false information spread or become accepted within the workforce.

Equal opportunity and diversity

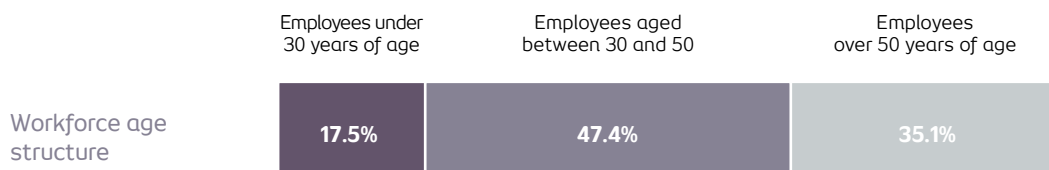
We align our conduct to the principles of the General Equal Treatment Act, which prohibits discrimination against people on the basis of their age, gender, ethnic origin, religion or sexual identity. All the company benefits offered by Schwartauer Werke are available on a proportional basis to employees with a

part-time employment contract. In the case of fixed-term employment contracts, we are guided by the statutory provisions.

The diversity of our employees is very important to us. In an increasingly complex and more international working environment, we need staff with a wide variety of experience, competences and personalities. Therefore we regard this diversity not just as an enrichment, but even as a precondition for our future growth.

The members of the Supervisory Board and Management Board in 2019 were exclusively male. Our 18-member top management includes three women (16.7%), and 16 of our 45-member team of management staff are women (35.6%). Thus the proportion of women in management positions decreased marginally compared to the previous year. We continue to make efforts to expand this proportion further.

29 employees, 16 of them women and 13 men, used their entitlement to parental leave in 2019. Seventeen employees returned from parental leave, of which four were women and thirteen were men. Emergency childcare is available for our employees' children, to promote compatibility between work and private life. If normal childcare becomes unavailable, there is an emergency phone number through which our employees can call upon childcare staff to look after their children at home, in the company or in another care facility.





Remuneration and additional benefits

We attach great importance to remuneration that is fair and in line with the market, and we are guided by the collective wage agreement regulations applicable to us when setting wages and salaries. Collective wage agreement negotiations apply to 86.5% of our salaried staff. With regard to our non-wage-agreement employees, we work together on the basis of other rules. Our employees also benefit from various works agreements.

After a three-year waiting period, all staff are entitled to retirement capital and/or a lump-sum death benefit, and to an invalidity pension whose amount depends on the period of employment with the company and on the wage/salary. Employees who joined the company after 1 January 2000 are entitled to retirement capital. Employees who were already working for the company before 2000 receive an additional monthly occupational pension.

Since 2019 we have offered a new occupational pension scheme for our future employees. This involves an opt-out model in which every newly-appointed employee automatically participates – unless he or she expressly objects. The solution we offer contains a deferred compensation that is supplemented by Schwartzauer Werke at a percentage 1.5%.

Because all of our staff are employed in Germany, both the usual collective wage agreements and the statutorily defined codetermination rights, data protection rights and personal privacy rights are applicable to them. Our employees participate in many operational organising and decision-making processes via the works council/staff committee. One member elected by the employees also represents them in our three-member Supervisory Board.

Occupational health and safety

Workplace safety for our employees

It goes without saying that we give top priority to occupational safety and health protection. We therefore endeavour to have in place comprehensive occupational protection and accident prevention to avoid accidents occurring in the first place, and to ensure health is preserved. In particular, we see the leverage for this in technical protection equipment and in safety training courses. There are no special health risks or occupational illnesses at the workplaces in Schwartauer Werke.

We constantly guide our employees to think about possible risks and hazards before undertaking an activity, and to adopt the correct precautions in accordance with our safety regulations. Moreover, all employees are urged to tell colleagues if these safety regulations are not obeyed. Special attention is paid to the topic of occupational safety in the case of new employees and temporary staff.

In addition to our two full-time specialist staff, we also employ three HSE managers (Health, Safety, Environment). Moreover, 27 safety officers provide support in maintaining safety standards on the spot and in the individual teams. These employees have additional qualified training, and their purpose is to highlight the subject of deficiencies and infringements of our safety regulations and also to raise their team colleagues' awareness of workplace safety. The aim is to create an atmosphere in which our employees motivate one another to pay attention to a high level of workplace safety, to actively address hazards, and to eliminate them.

In the context of our internal audits, we make regular tours of inspection and check the occupational safety in all our units. Furthermore, since 2014 the sessions of our industrial safety committee (ASA) have taken place mainly in the form of "Shop Floor Meetings": discussion of the occupational safety situation is combined with a tour of inspection of a work area and determination of the potentials for improvement on the spot. The hazard assessments and the safety risks arising due to new machines and workplaces are discussed in the meetings. Furthermore, we commit ourselves to key topics, e.g. avoiding slipping and tripping accidents or preventing tampering with machinery.

Of course, we investigate every single accident and seek to find its causes. For this purpose we developed a standardised accident investigation protocol that helps to describe accidents quickly and unambiguously. In our occupational safety committee we also discuss the results of our investigations of accidents and the opportunities to avoid them, from which we derive appropriate measures.

All departments are kept regularly informed about the status of occupational safety in their teams. The area manager receives a monthly summary with the most important key figures. A selection of these key figures is publicly displayed on a noticeboard. An annual occupational safety report is prepared for the management.

A total of 33 workplace accidents occurred in 2019, which is three accidents more than in the previous year. Thus we failed to achieve our target, defined in 2018, to reduce our accident figures by at least 10% by the end of 2019. The commonest injuries occurring in the past fiscal year were bruises; there were no fatalities. The most frequent period of absence from work was 3 to 10 days.

2019	2018	Change
33	30	+10.0%

Number of reportable workplace accidents (BGN)

We are still dissatisfied with the trend in the accident figures. In 2018 and again in 2019, we therefore made an in-depth analysis of the causes of the accidents, and thoroughly discussed the large rise in the number of accidents. The result of our investigations was that the prolonged, numerous reconstruction and modernisation activities in particular, and the restructuring operations in our factories associated with them, can be correlated with the rise in the number of accidents. Customary procedures had changed and this, unfortunately, led to a situation in which the employees' concentration was impaired, thus increasing employee uncertainty. Moreover, we discovered that many workplace accidents happened because regulations were not obeyed, or personal protective equipment was not used. The topic of "behaviour-based accident prevention" will, therefore, acquire even greater importance in the future. We also decided to link the topic of occupational safety even more profoundly to the current reconstruction and modernisation measures in our works, and especially to raise our safety officers' awareness of this as well. Self-evidently, our absolute aim is to avoid every single accident, and thus to reduce the number of workplace accidents to as near zero as possible.

In late 2019, for the first time and in response to the call for entries to the "BGN Prevention Prize 2020", we submitted to our BG (employers' liability insurance association) an entry developed in our company's operational practice.

Furthermore, a new suction extraction plant was installed in our Corny Bar production facility in 2019. This plant decreases the dust and odours from volatile substances at the workplace, thus improving the room air. The intention in 2020 is to again improve, through technical measures, the extraction plant's performance with regard to minimising aroma substances.

Schwartau is on the move

We realigned our occupational health management in 2017 and implemented the change in recent fiscal years. We initiated various initiatives and measures under the motto "Schwartau is on the move". These include, for example, ergonomic analyses in the administration and production areas. In the context of these investigations, external experts inspected dozens of different workplaces, suggested improvements and gave employees individual advice about their health in their specific work environment. For this purpose, we offer weekly massages to all employees, both in administration and in our production units.

Together with the Techniker Krankenkasse (Technicians' Health Insurance Provider) and other partners, we introduced the "Movement Break", massage treatments and various health checks. In 2018 we also carried out for the first time an examination of the psychological stresses and strains on our employees. For this, the employees taking part were asked about their level of stress on each day during a normal working week, and the results were analysed individually and cumulatively.

We also received very good feedback in response to our action to provide employees with optimised hearing protection if they regularly or occasionally work in noisy areas. In addition to being very comfortable to wear, the individually customised hearing protection also ensures even better protection against noise and interfering sounds. Many employees had already received this hearing protection in 2018, and more followed in 2019.

We implemented our company restaurant concept during the past year. Following its reopening in May 2019, our company restaurant offers fresher, healthier meals, extended opening times and a modern atmosphere.

Our trainees also play an active part in our occupational health management: the first apprenticeship year deals with the topic of "movement", the second with the subject of "nutrition", and the third develops strategies and measures to manage stress.





With our occupational health management, we have participated every year since 2017 in the bonus scheme of the Food and Hospitality Employers' Liability Insurance Association. Each of our previous initiatives and measures was assessed positively, and led to large bonus payments.

Further expansion of our occupational health management is planned for the coming fiscal year, and we intend to arrange a health day event again in September 2020. We will also carry out further modernisation and restructuring of our workplaces. The aim is to arrange workplaces in such a way that they encourage collaborative work and make it easier.

Apprenticeships and in-service training

We consider the professional, systematic further and advanced training of our employees to be exceptionally important to enable us to hold our ground in the market in the future as well. In addition to that, it is important that we recruit young, talented junior staff every year, so we are developing numerous activities to allow us to appeal to them. Since 2018 we have also addressed potential job applicants through our own Instagram account, which was developed and is managed by one of our trainees.

A successful career start

We are currently providing training in six occupations; the duration of training is between two and three and a half years:

- *Electronics technician for industrial systems*
- *Food technology specialist*
- *Industrial manager*
- *Industrial mechanic*
- *IT management assistant*
- *Machine/Plant operator – specialising in food technology*

We recruited 14 new trainees in 2019, resulting in a total of 40 trainees being on our payroll by the end of the year, corresponding to a training ratio of 4.6%. All trainees who complete their training successfully are employed by us for at least twelve months. We also provide various internship placements for school pupils and students every year, and support them in writing scientific papers.

We offer our trainees several opportunities to achieve further development in our company even outside of their actual training. In 2019, for example, we again arranged for two trainees to receive additional training in the IHK (Chamber of Commerce & Industry) to become energy scouts. Their projects qualified for the DIHK's National Best Award.

Our trainees dealt with a large number of different topics in the context of their final projects: these projects included, for example, digital shift planning in the production facility, Modern Sales Management 4.0 by using image recognition, establishing a keyword strategy with Amazon, and implementing a new job applicant management tool. Four of our trainees received awards from the IHK (Chamber of Industry and Commerce) in 2019 for their outstandingly good final examination.

In 2019, we had 21 university-level trainees, student trainees and mini-jobbers in the administration department, 16 student assistants in the production facility, and 33 student interns.

Regular feedback

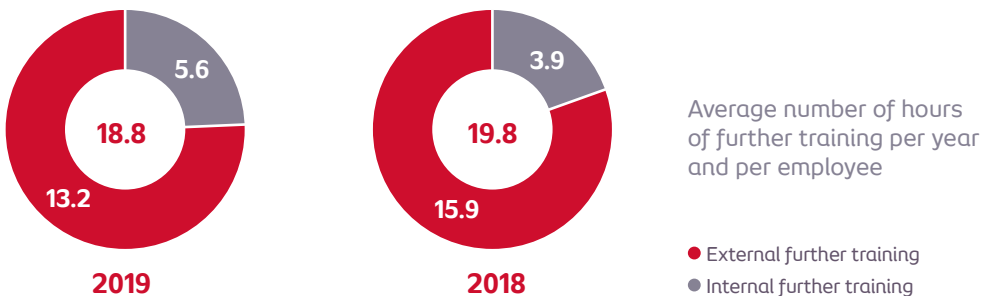
To give feedback to our employees and to discuss development potentials together, we regularly carry out staff appraisals according to a predetermined standard. In 2019 we replaced the software used for this purpose. The new solution is not only technically more stable, it is also more intuitive to use and aligned to a greater extent to the position's individual requirements. Training sessions in the use of this new performance assessment tool were carried out in the first few months of 2019 with around 420 employees. The plan for 2020 is to train the remaining industrial employees as well.

We also strengthened the feedback culture in 2019. Evaluations and assessments of work performance were not only carried out in personal discussions, but also played a bigger role in day-to-day work. Appropriate training sessions for this also took place in 2019, and will be continued in 2020.

Superbly qualified

We offer our employees a variety of opportunities for further training both within the company and externally. In 2019 these totalled around 16,500 hours.

During the last fiscal year, as planned, we launched our e-learning platform. It contains courses for both the commercial and the technical areas, e.g. standard instruction



sessions, industrial/occupational safety regulations, KVP (continuous improvement process) training, project management training and marketing training, extending as far as the Company Car Regulations. The range on offer will be extended further in 2020.

The e-learning system allows us to offer training courses more efficiently, and to monitor the conduct of the training sessions better. The e-learning platform simplifies our task of making employees aware of the need for training courses through the IT-assisted allocation of staff training courses depending on their position and scope of duties.

In addition to our internal platform, we offer employees an opportunity to achieve further

personal development. Training courses range from language training and Office applications to the development of personal skills.

We attach great value to the targeted advancement of talents in our company. Therefore, we have constantly expanded our activities in this respect since 2018. Among other things, we began a talent management process that also includes establishing a network between particularly talented employees. The management staff development concept that we developed was also implemented in 2018. We trained another group for this in 2019, and for our shift leaders and team leaders we carried out management staff training tailored especially for them, which is being continued in 2020.





Our Environment

Being a production operation, we need to rely on a variety of resources. We aim to use these resources as efficiently and sustainably as possible.

Conserving resources and ecosystems

Handling resources responsibly is very important to us from both the economic and the ecological point of view. We are committed to designing our business activities to be as environmentally compatible as possible, and to continuously reduce our ecological footprint in the coming years. Therefore the essential aspects of our sustainability strategy include the following subject areas: "Consumption of energy & water", "Emissions and wastes", "Effects due to transport" and "Impacts on protected areas".

We already defined basic environmental principles many years ago, and introduced an environmental management system. This has been certified in accordance with DIN EN ISO 14001 since 2000. In 2019, we successfully completed the recertification audit in accordance with Standards DIN EN ISO 14001 (Environment Management) and DIN EN ISO 50001 (Energy Management), during which DIN EN ISO 14001 was also converted to the latest version of the Standard.

We produced a total of 70,480 tonnes of jams, fruit spreads, syrups and muesli bars in 2019. Thus the production volume did not significantly change compared to the previous year (70,693 tonnes). The production volume

is the reference value we use to calculate the specific amounts of energy, water, emissions and wastes.

We began extensive reconstruction and modernisation measures in our factories in 2018, which will last until the end of 2020. The first step in this program involved moving production lines in our Works II. This first step was essentially completed after reconstruction measures and test runs took place in 2019. However, because unexpected problems arose with a new pasteurizer and a new filling machine – contrary to our expectations – the specific consumption of gas and water in Works II increased. On the other hand, the specific electricity consumption decreased – as planned.

The production volume in Works I was reduced. Due to the outdated infrastructure, however, Works I is operable only with a high base load, so the specific consumption values also increased here.

We will begin to set up a new production line in Works III in 2020, to increase production capacities and to enable us to serve the growing demand for muesli bars. In contrast to Works II, the new line will not replace old lines, but will be installed in addition to the existing ones. Therefore, although we expect a higher absolute energy consumption here in the future, the specific energy consumption should decrease considerably. Here again, however, forecasts for 2020 can also be made only with difficulty, due to the comprehensive reconstruction measures.



Consumption of energy and water

In 2019 we needed a total of 70,720,998 (previous year: 68,930,559) kilowatt hours (kWh) of energy. This is equivalent to a 2.6% increase.

Specific energy consumption increased by 2.9% from 2018 to 2019. It reached a value of 1,003 (previous year: 975) kWh per tonne of goods produced (produced ton). After the completion of our modernisation measures, we want to achieve a specific energy consumption of less than 858 kWh/produced ton. Because the reconstruction measures were expanded, we expect that we will not reach this value until 2022 and not – as originally planned – already in 2020.

We consumed a total of 341,448 m³ of water in 2019, which corresponds to an 8.5% increase compared to the previous year. Specific water consumption increased to 4.8 m³ per tonne of goods produced (produced ton). These larger consumption quantities are attributable mainly to the higher consumption in Works II.

After the reconstruction measures in our three works are complete, we aim for a maximum specific water consumption of 3.9 m³/produced ton. Because the reconstruction measures were extended, it is expected that we will not reach this target until 2022, and not – as originally planned – by the end of the 2020 fiscal year.

	2019	2018	Change
Natural gas	51,406,417	49,258,400	4.4%
of which Works I	16,342,765	22,746,389	-28.2%
of which Works II	19,999,358	12,021,021	66.4%
of which Works III	15,064,294	14,490,990	4.0%
Electricity	19,314,581	19,672,159	-1.2%
of which Works I	6,044,180	6,738,439	-10.3%
of which Works II	5,814,771	4,748,905	22.4%
of which Works III	7,455,630	8,184,815	-8.9%
Total	70,720,998	68,930,559	2.6%

Energy consumption (kWh)

2019	2018	Change
1,003	975	2.9%

Specific energy consumption (kWh/produced ton)





	2019	2018	Change
Water	341,448	314,648	8.5%
of which Works I	121,156	148,773	-18.6%
of which Works II	123,591	78,874	56.7%
of which Works III	96,701	87,001	11.2%

Water consumption (m³)

	2019	2018	Change
Water	341,448	314,648	8.5%
of which groundwater	212,687	229,303	-7.3%
of which town water	128,761	85,345	50.9%

Groundwater/Town water (m³)

2019	2018	Change
4.8	4.5	6.7%

Specific water consumption (m³/produced ton)

We obtain the required water mainly from three wells (groundwater) that are not located in designated protected areas. We also fall back on water provided by the municipal supply (town water). The water we use is discharged exclusively into the sewer system for treatment in the sewage works.

Emissions and wastes

99.6% of the emissions from Schwartauer Werke are CO₂ emissions; absolute values rose by 3.2% due to the increased energy demand. Per tonne produced, they increased by 3.5%. This is caused by the higher specific energy consumption.

We calculate the emissions we generate based on the Greenhouse Gas Protocol. The emission factors used in this calculation originate from our energy supplier, EnBW (Baden-Württemberg Energy AG). Scope-1 emissions are those emissions that arise as a result of the use of fuels in our own plants and by our fleet of vehicles. Scope 2 comprises the emissions formed in the generation of the quantities of energy we procure (mainly electricity).

The other emissions we cause consist of emissions of CH₄ and NO_x (0.3%) together with N₂O, SO₂, NMVOC (non-methane volatile organic compounds) and NH₃ from refrigeration plants (0.1%). Neither our product portfolio nor our production processes lead to emissions of ozone-depleting substances.

	2019	2018	Change
Scope 1	26,115	25,023	4.4%
Works I	8,302	11,555	-28.2%
Works II	10,160	6,107	66.4%
Works III	7,653	7,361	4%
Scope 2	5,427	5,528	-1.8%
Works I	1,698	1,894	-10.35%
Works II	1,634	1,334	22.5%
Works III	2,095	2,300	-8.9%
Total	31,542	30,551	3.2%

Emissions (t)

2019	2018	Change
447	432	3.5%

Specific emissions (kg/produced ton)

In 2018, to further reduce the emissions we cause, we began changing over our internal works vehicle fleet to e-vehicles. Electric vehicles replaced four diesel or petrol-fuelled vehicles. In the current fiscal year, we will assess the experience gained with these, and will examine various options to gradually convert our vehicle fleet to alternative drive technologies.

Regular audits in the context of the environmental management system ensure continuous improvement in waste pathways and measures. A changeover to multiple-use systems – especially for strawberry deliveries – already ensured a considerable reduction in materials for transport and packaging in the past few years.

A total of 3,695 tonnes of waste was produced in 2019; 6 tonnes of this were hazardous wastes (0.2%). Thus the total amount of waste decreased by 11.6% compared to the previous year. During the current year, we have thereby already reached our target after completion of the reconstruction and modernisation measures in 2020, namely to reach a specific waste generation of 52 kg/produced ton maximum.

We undertook to reduce the volume of food wastes by 10% in 2019 – both in relation to rejects during production and also in the proportion of unsaleable finished products. We attained this target through various technical and organisational measures: the figure for foods and finished products needing to be disposed of decreased by 12.5% in 2019.

	2019	2018
Total amount of waste	3,695	4,179
of which hazardous wastes	6	11
Waste sent for disposal	74	129
Waste sent for recovery	3,621	4,049
of which recycled	2,046	2,375
of which fermented	560	536
of which used to generate energy	470	558
of which composted	363	374
of which recovered in some other way	182	207

Production of waste (t)

2019	2018	Change
52	59	-11.9%

Specific amount of waste (kg/produced ton)

Impacts due to transport

As a production operation, we depend on receiving deliveries of the required raw materials and ingredients. Furthermore, we transport part of our products to sales outlets. We mainly use external logistics companies for this task.

Transportation by external logistics companies of the raw materials and ingredients we needed and of our products gave rise to a well-to-wheel energy consumption of 28,878,419 MJ (previous year: 29,942,342 MJ). Well-to-wheel GHG (greenhouse gas) emissions amounted to 2,048.8 mt (previous year: 2,124.3 mt).

	2019	2018
Diesel	199,608	213,946
Petrol	2,802	1,917
Total	202,410	215,863

Energy consumption by our own vehicle fleet (litres)

	2019	2018
Diesel	528.9	562.7
Petrol	6.5	4.5
Total	535.4	567.2

Emissions from our own vehicle fleet (tonnes)

Impacts on protected areas

Biodiversity is one of the most important foundations of our life. Because the majority of our products consist of natural ingredients, the conservation of ecological systems has key importance for us.

Even though we are not the direct source of any significant impacts on biodiversity, we are aware that habitats and species diversity are adversely affected by the agricultural use of land. The use of plant protection agents and their effects on human and animal health are also issues that concern us.

We set up the “bee careful” initiative in 2014. The aim of this initiative is to carry out educational work about the importance of the honey bee to humans and to contribute to protecting bee health. Since the start of the initiative, we have implemented numerous measures to raise public awareness about interacting with bees. Comprehensive information about this can be found at the online platform www.bee-careful.com.

Schwartauer Werke has cooperated with the Schleswig-Holstein NABU (German Nature

and Biodiversity Conservation Union) in the context of the bee careful initiative since March 2019. The core of the cooperation is the planting of a total of 1,500 fruit trees in meadow orchards in Schleswig-Holstein by the end of 2021. More than 400 standard trees were planted at 16 different locations during the past fiscal year, and these will contribute to promoting biodiversity. The varieties that were planted are exclusively





ancient and regional, some of them in danger of extinction. The project, which also includes training courses in the professional care of the trees, is being financed by the sale of jams developed specifically for the cooperative exercise. To benefit the project, Schwartauer Werke donates 5% from each jar of Schwartau Extra Bee Helper Jam that is sold. The web page <https://bienenhelfer.bee-careful.com/> provides information about the project's current status.

To provide bees and insects with new habitats and food sources, we will send more than 100,000 sachets of seeds to our fruit farmers in 2020. These packets are intended either to be used by the farmers themselves to plant bee and insect-friendly flowers in their fields, or for them to distribute to consumers at sales stands or strawberry festivals. From 2020 onwards, we will also offer our contract farmers in North Germany free-of-charge advisory services about sustainable

strawberry cultivation. Advice topics include, for example, the use of insecticides and plant protection agents, sustainable production methods, setting up insect nesting boxes and creating flowering meadows.

The ground area occupied by our three works is between 35,000 and 66,000 m², and they are situated in a residential and mixed-use area. Works II borders on a landscape conservation area. Our works do not damage biodiversity.

Because our factories are immediately adjacent to residential areas, we carry out regular odour and noise analyses. Our aim is to minimise the nuisances due to traffic, noise and odour.

With regard to environmental regulations, neither any fines nor any non-monetary penalties were imposed on Schwartauer Werke in 2019. There were also no significant pollution incidents.



Our Home

We have been firmly rooted in Bad Schwartau for 120 years. As part of our social involvement, we are committed to the people and the infrastructure of this region.



At home in Bad Schwartau

We feel a close connection with Bad Schwartau and the German federal state of Schleswig-Holstein. This is where our three production sites are located, and many of our employees come from this region. We consider it our duty to be involved socially. That's also why social commitment is one of the central fields of activity of our sustainability strategy.

We contribute donations and sponsorship money according to a defined catalogue of criteria. These criteria include regional ties and the fact that projects are aimed at the biggest possible target group. We focus on not-for-profit

projects in the areas of education, sport and culture. This support is given especially in the form of donations of goods (e.g. by providing our products for raffles or events), or as financial donations or sponsoring.

Through the organisations and initiatives that we promote, we endeavour to achieve close, long-term cooperation, and we build up our support stepwise with successful collaboration. Close contact with those responsible for projects is important to us, to enable us to directly trace the need for support, the use of the funds and the progress that is achieved. Regular meetings with those responsible take place in the case of major projects.

Our social commitment is coordinated by the Communications and PR Department. It takes decisions about donations and sponsoring in close consultation with the management. We do not contribute to political parties.





Social involvement

Education

We have supported various educational projects in Bad Schwartau and its surroundings for many years. For example, we participate in the school sponsorship prize awarded by the Bad Schwartau KIWANIS Club, and we support “Reading Lounges” at three secondary schools in Bad Schwartau in conjunction with the Lübecker Nachrichten newspaper. We are also involved in a sponsorship association that enables needy parents to pay for their children’s English lessons (English for Kids) at nursery school.

The “Summerbee” project at Leibniz Grammar School in Bad Schwartau led to the formation of a school apiculture unit which we sponsor. In this unit, schoolchildren are themselves responsible for looking after their beehives, and they learn about the craft of beekeeping and also about business activity by earning money through selling their honey and candles made from their own wax. We provide various materials as needed, e.g. casting moulds for candles.

We postponed by one year, i.e. until 2020, the renewed collaboration with kindergartens in the KidsSHOP project that had been planned for 2019. We had already equipped three children’s day nurseries with shops in 2017 in the context of this project.

There is also a partnership with Bad Schwartau fire brigade.

We have been closely associated with the Lübeck Ronald McDonald House at that city’s University Clinic for many years. As well as donations of money and materials, our staff are also personally involved in the activities of the Children’s Aid establishment, e.g. for cooking and baking.

In addition, in 2019 we also supported ambitious students at Lübeck University of Applied Sciences in connection with the German Bursary. This commitment has existed since 2013. In 2015, together with several other companies, we undertook to sponsor an endowed professorial chair for the “Food Processing” department there.

We again enabled students from the Batho Ciro School in Letnitsa, Bulgaria, to take part in a four-week internship at Schwartauer Werke in 2019. For many years, good relations have existed with the Batho Ciro School, which specialises in food technology.

Sport

We promote popular sports in the region and we take part in implementing various club projects, e.g. in the acquisition of new sports equipment. In this respect, collaboration with the Bad Schwartau VfL (Sporting Exercise Association) occupies a special role. Here we support the Association mainly to promote youth handball.

We have supported the annual DoppelpASS Cup since 2012. This football tournament stems from an initiative by the German Cancer Aid organisation; its aim is to fulfil the heart's desires of families with children suffering from cancer.

We have supported the Bad Schwartau SC Delphin swimming club since 2018. The members of the club also include the talented swimmer Silas Beth, who has already won innumerable gold medals in his age class at both a regional and national level.

We have also sponsored the "Bananenflankenliga" (Curling Cross League) since 2018. Teams of cognitively disabled children play football against one another in this league. We support the project in Lübeck with financial funding, donations of goods and, since 2019, through perimeter advertising.

Culture

We have now sponsored the Schleswig-Holstein Music Festival for more than 15 years, one of North Germany's most important classical cultural events. Since 2007, in the context of the Festival, we have also supported "Music Festivals in the Countryside", which invites families to concerts and picnics at Schleswig-Holstein's most beautiful estates. In 2019 we again supplied concert-goers on Sunday with bread rolls – and with our Schwartau jams as well, of course. We also sponsor the "Children's Music Festivals" that take place in the framework of the Schleswig-Holstein Music Festival with a child-friendly invitation to participate and listen.



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About this Report

Our Sustainability Report is published annually. The present report covers the 2019 fiscal year. The previous Sustainability Report about the 2018 reporting period appeared on 27 June 2019. All the data contained in this Report relates exclusively to Schwartauer Werke GmbH & Co. KGaA.

There have been no significant changes in the size, structure and ownership status of Schwartauer Werke or in our supply chain, either in the period under review or compared to the previous year. Thus there was also no need for any reformulation of information or important changes in the scope and limits of the aspects compared to previous reporting periods.

When preparing the Report, we complied throughout with the principles prescribed in the GRI (Global Reporting Initiative) Standards that determine the content of the Report (inclusion of stakeholders, sustainability context, materiality and completeness) and with the principles defining the quality of the reporting (accuracy, balance, clarity, comparability, reliability and timeliness). This Report was prepared in conformity with the GRI Standards: Core Option. No external audit was undertaken.

Schwartauer Werke is an active member of the following organisations in particular: Federation of German Food and Drink Industries e.V. (BVE), German Federation of Food Law and Food Science e.V. (BLL), German Association of the Fruit, Vegetable and Potato Processing Industries e.V. (BOGK), Association of the German Confectionery Industry e.V. (BDSI), Fruit-growing Trials Ring of the Alte Land e.V. (OVR).



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Picture credits

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All the information in the 2019 Sustainability Report has been collected and processed with the greatest care. Nevertheless, errors cannot be excluded entirely. All forward-looking statements were made based on assumptions and estimates existing at the time of publication.

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