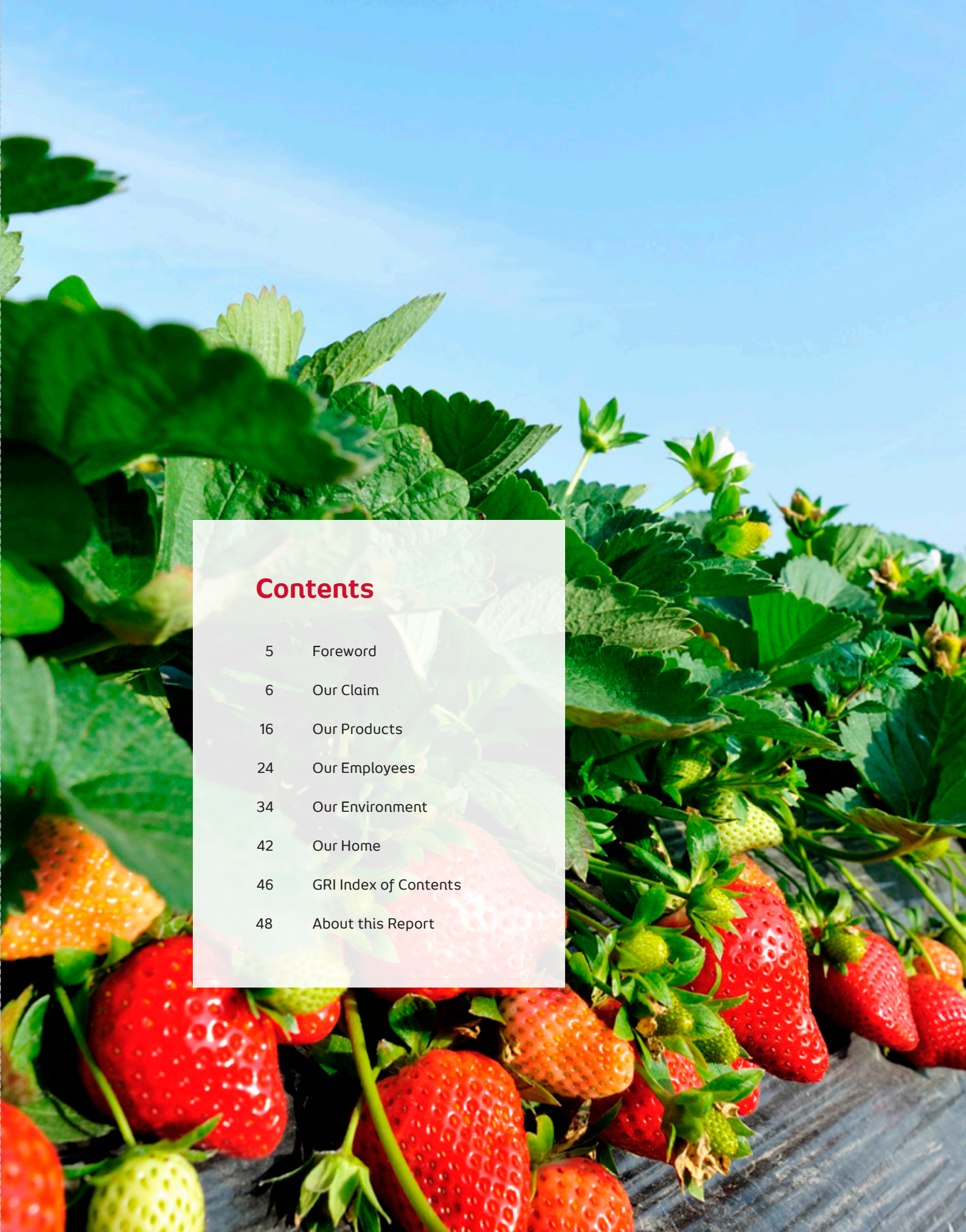




**Echt Gut
Gemacht**

**Our
Sustainability Report
2018**



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Sustainability Highlights in 2018



Processing **33** types of fruit
to yield more than 100 different products



69% of all the fruits
originate directly from
the producer or processor



> 95%
RSPO-certified palm oil
and palm kernel oil



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



The Bee Careful initiative starts its
5th campaign year and cooperates with
NABU (the Nature Conservation Union)



Start of the "Schwartau on
the move" health campaign



110 employees collectively
develop a new Code of Values

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

2019 is a special year for us: we celebrate our 120th birthday. And because Bad Schwartau has been our home town since the company was founded, and we obtain much of our fruit and ingredients from the surrounding countryside, we are also celebrating 120 years of close association with the region.

The progressive climate change worries us. It represents a considerable risk to us even though we obtain the majority of our raw materials from Germany and almost 100% from Europe. If it exacerbates any further, this will have a significant impact on the quality of the harvest and thus on our procurement and production processes. We support the United Nations Agenda 2030 not least for this reason, and we welcome the increasing public awareness of issues relevant to sustainability. As a quality and market leader in the German jams and muesli bar market, we benefit when consumers take a greater interest regarding which ingredients are used in their foodstuffs, where these ingredients originate from and how they are processed.

For many years we have placed great value on naturalness and freshness, and on sourcing our fruit from the region as far as possible. That's why we have close, long-term collaboration with farmers, and obtain a wide variety of fresh fruit from them. Our claim: We delight consumers with products that contain the goodness of nature.

To enable our own products and those of our competitors to be measured with regard to naturalness and nutritional-physiological value, we already developed the GON Index some time ago (GON: Goodness of Nature). This Index, which takes numerous sustainability criteria into account, gives us a quantifiable and thus a measurable yardstick. In 2019 we will define binding guidelines for future product and packaging development.

In the jams area, we pursue the home-made concept, which we have already implemented for our Schwartau Extra, Hofladen and Gelee brands: to produce our jams, we now use only ingredients that are also used at home, i.e. fruit, sugar, pectins and concentrated lemon juice. We will have changed over the recipes for our Samt and Fruttissima brands and for our specialities by the end of 2020 at the latest.

The present report will show you which other aims we are pursuing and which activities relevant to sustainability we are developing. We would be delighted if you could continue to accompany us on our onward journey with ideas and suggestions.

Our Claim

As a food manufacturer, we are directly affected by climate change. We contribute to achieving the aims of the United Nations Agenda 2030, and we want to delight our customers with products containing 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 retail 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, Fruttissima and Corny. Our company's more recent sub-brands are Hofladen, Gemüseglück and Haferkraft.

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.

We achieved a turnover of about EUR 300 million in 2018, and at the end of the year we employed 830 staff. We generated 80% of our turnover in Germany, while 20% originated from export business. We and our products are represented on almost every continent. Our export business focuses on other European countries, North and South America, and Southeast Asia. One of our top four aims in the coming years is the expansion of our geographic footprint.

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 products, baby food, muesli bars 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, since 01 July 2018), Dirk Löding, Maximilian de Maizière 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 basic 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. For example, these 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 financial year either.

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. Our guiding principle “That’s Really Well Done” sums up this attitude: we pursue the highest standards of quality – and do so at every level. For all our entrepreneurial activities, we want to say: “That’s Really Well Done” (Echt Gut Gemacht), and our stakeholders should say the same.

To ensure we constantly become better, 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 will appoint a member of staff who will be concerned exclusively with the further development of the CIP strategy and with coordination of the ongoing projects.

We want to contribute to supporting the United Nations Sustainability Agenda through our sustainability activities. As a company that uses fruits, 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, Dirk Lödinger,
Jop Peek, Dr. Sebastian Portius





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 together with 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 Production and Engineering, Environmental Protection and Oc-

cupational Safety, Communication and Human Resources. The committee, together with the Innovation & Quality Director and the Sustainability Officer, meets regularly to discuss current topics. 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 retail through our sales department, communication with consumers is mainly 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

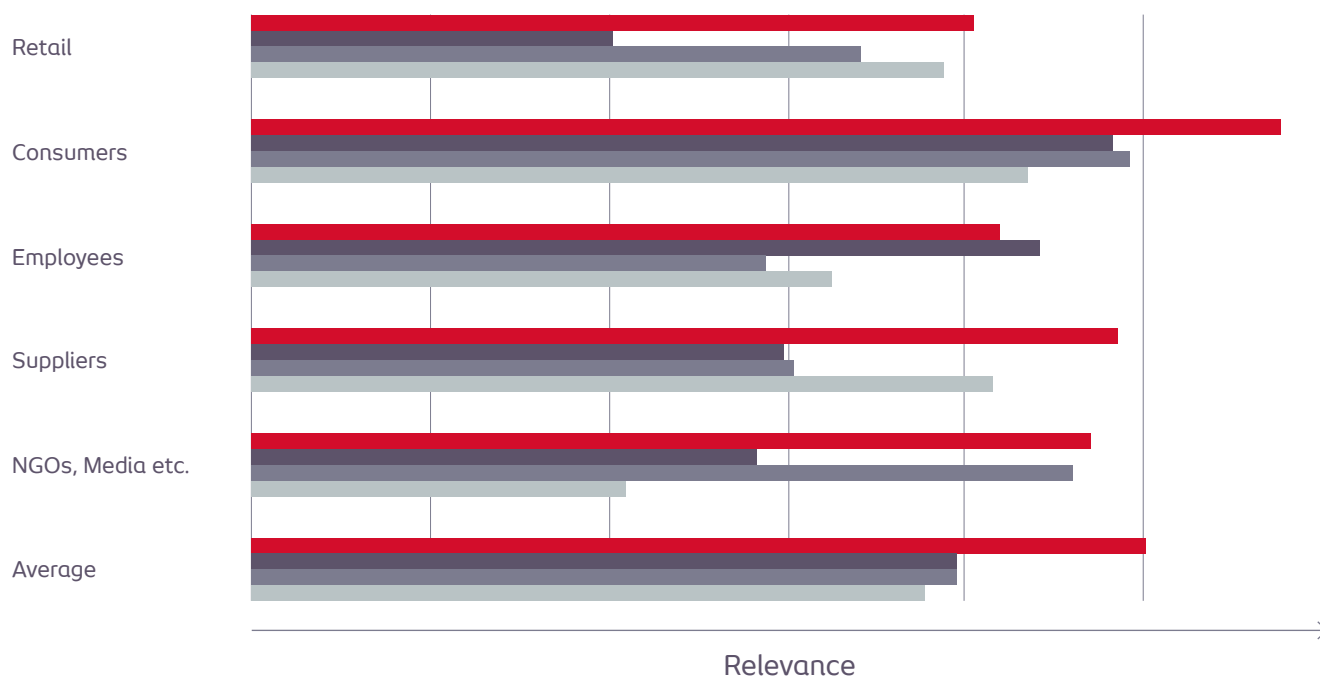


of information on our website and to communication with our employees about sustainability topics via our Intranet. We plan to introduce a company-wide, high-performance data collection system by 2020, to further increase the quality of our data relevant to sustainability.

Focussing on the essentials

To identify the topics that are essential for 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 whose help we planned to achieve our sustainability goals.

With the involvement of our stakeholders, we have carried out continuous further development of our materiality matrix in the past few years. The last stakeholder survey questionnaire took place in 2016. This led to the priority of a few essential topics being shifted in 2017, and they were reformulated to make them easier to understand. No changes in the materiality matrix emerged compared to the previous year. We plan to carry out a new stakeholder survey questionnaire in 2020.



Sustainability Topics

- Our Products
- Our Employees
- Our Environment
- Our Home / Societal Aspects

Stakeholders' priority themes

Our survey questionnaires showed that all the stakeholders – except the employees – give the highest relevance to sustainability topics in the “Our products” area. Topics in the “Our employees” and “Our environment” categories follow with a very similar weighting. On the other hand, themes in the “Our home” and “Societal aspects” areas have altogether the least significance.

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. They want to be given accurate information about where the raw materials come from, whether additives are used and what quality the ingredients have. The use of pesticides and the employment of 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 target our measures effectively, we have decided to align our numerous activities along the essential topics presented above.

Targets for sustainable development

For the Agenda 2030, the United Nations member states agreed on a catalogue with 17 targets 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 Schartau.



SDG 4: Quality education

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

Education and training are a central success factor 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, 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 Schartau.



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 in the past few years. Moreover, regional procurement is centrally important to us. In this way, we not only contribute to a smaller 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.



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 and cereal 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 in 2014.



"If you want to shape the future, you must change the present."



What does 120 years of Schwartzauer Werke mean? 120 years of continuous adaptation, further development and change. The Schwartzau Factory founded by the Fromm Brothers in 1899 evolved into Schwartzauer Werke – what began with a workforce of six now employs 830.

Even though much has changed in the past 120 years, one thing has always remained constant: our ambition to manufacture outstandingly good-tasting, high-quality foods that inspire our customers. None of that is going to change in the future either.

Our sustainability targets

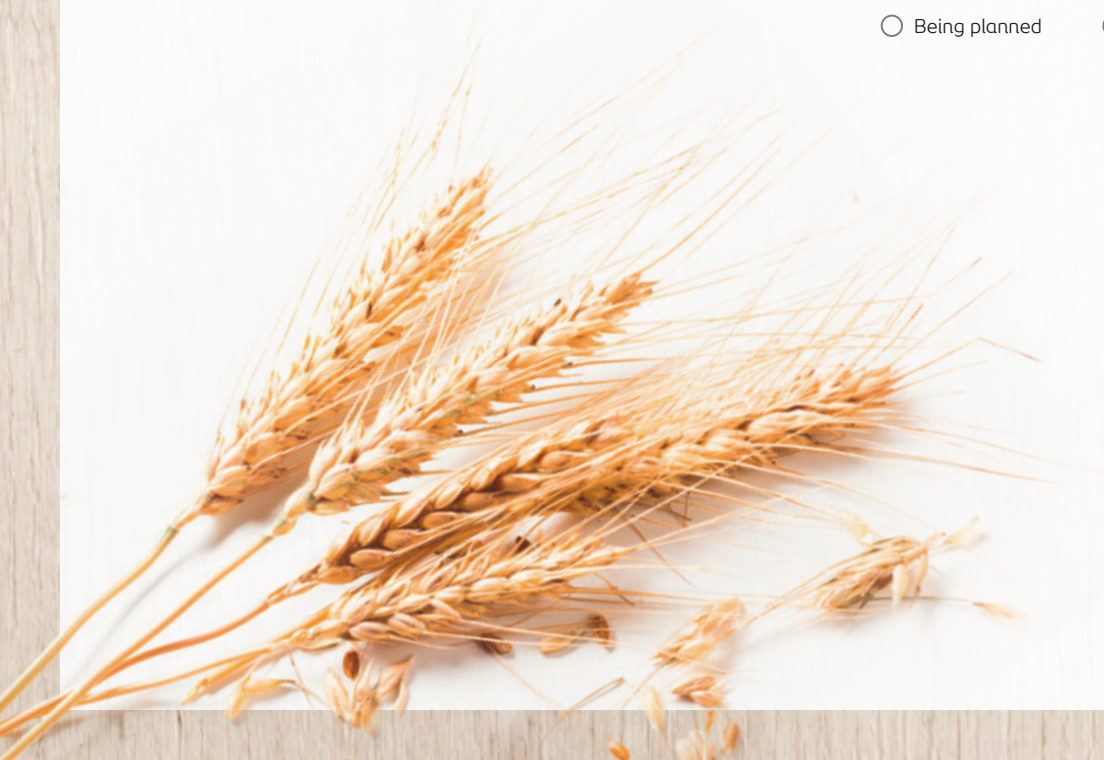
Targets	To achieve by the end of	Status	Page
Our Claim			
Expanding management competences across all levels	2018	●	32
Further development of our corporate culture	2019	◐	33
Establishing a company-wide sustainability data collection system	2020	◐	10
Carrying out a new stakeholder survey questionnaire	2020	○	10

Targets	To achieve by the end of	Status	Page
Our Products			
GON Index (Goodness of Nature Index): Embedding sustainability criteria product development	2018	●	18 f.
GON-Index: Establishing Guidelines for developing, packing and marketing our products	2019	◐	18 f.
Exclusive purchase of RSPO-certified palm oil and palm kernel oil based on the segregation concept	2019	◐	21
Changing over all the jam recipes according to the "home-made concept"	2020	◐	18
Analysing our packaging materials and developing a future-oriented packaging concept	2020	○	21
Increasing the number of freshly-prepared types of fruit	2020	◐	19
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	2020	◐	17

○ Being planned

◐ In progress

● Completed



Targets	To achieve by the end of	Status	Page
Our Employees			
Introduction of an e-learning system	2018	●	32
Implementing the new concept for occupational health management	2018	●	30
Further development and communication of the guiding principles and behaviour patterns of our values	2019	○	33
Introducing a new performance assessment tool	2019	◐	32
Improving compatibility between career and private life	2019	◐	27
Developing talent management programs	2020	◐	32
Implementing the new company restaurant concept	2019	◐	31
Reducing our accident rates by at least 10%	2019	○	30
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

Targets	To achieve by the end of	Status	Page
Our Environment			
Certification of our environmental management system in accordance with the revised Standard DIN EN ISO 14001:2015	2018	●	35
bee careful: Setting up 24 wild bee boxes at fresh fruit suppliers	2019	◐	22
Reducing food wastage in the production process and finished product wastage to 10%	2019	◐	39
Increasing productivity by building a new jam line	2019	◐	35
Modernising / new build of the refrigeration plants in Works I & Works II	2019	◐	35
Reducing specific energy consumption to max. 858 kWh/ton of product	2020	◐	36
Reducing specific water consumption to 3.9 m³/ton of product	2020	◐	38
Reducing specific waste volumes to 52 kg/ton of product	2020	◐	39
bee careful: Planting 1,000 trees to create bee-friendly habitat jointly with NABU (the German Nature Conservancy Union)	2020	◐	41

Targets	To achieve by the end of	Status	Page
Our Home			
Supporting the Schwartau Bee Day	2018	●	45
Opening our new factory shop in in Bad Schwartau	2018	●	43
Providing practical traineeships for pupils of the Balto Ciro school in Letnitsa, Bulgaria	2019	○	12
Expanding the "KidsKAUFLADEN" (KidsSHOP) initiative	2019	○	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 every 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 6.0) 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 some of the latter have standards that differ from one another, our systems are continuously analysed and assessed based on wide variety of viewpoints.

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 shipment to the trade.

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 2020.

We analyse potential fraud risks in our raw materials and finished products to protect ourselves and our customers against food fraud – i.e. against incorrectly or insufficiently declared foods. To do this, in the past financial year we set up our own process in which several employees from various departments play a part. We aim to examine and quantify the entire product range once a year for possible risks and their impacts. We derive suitable measures based on these analyses. By 2020, we want to have in place a comprehensive risk-based system to detect and avoid food fraud.

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 2018.

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 2018 we made further refinements to the GON Index, and defined various sustainability criteria that will need to be taken into account in future product developments. During 2019 we will define mandatory guidelines governing the development, packing and marketing of our products.

Moreover, we pursue the “Home-Made concept” in relation to jams: by 2020, we intend all of our jams to consist exclusively of ingredients that are typically also used for jam-making by private households. We have already reached this goal with our Schwartau Extra, Hofladen and Gelee products: they consist exclusively of fruit, sugar, pectins and concentrated lemon juice, and succeed without preservatives and colourings. Samt brand products will be changed over in 2019, and those under the Fruttissima brand and our specialities will be changed over by the end of 2020. 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.



Year	Number of freshly processed fruit types	Proportion processed by ourselves	Proportion bought frozen
2012	3	15%	85%
2015	6	32%	68%
2016	8	35%	65%
2017	9	39%	61%
2018	10	39%	61%

Number of freshly processed fruit types



A larger proportion of fresh fruit

For economic and ecological reasons, we procure our raw goods and packaging materials as close as possible to where they are produced. By doing so, we ensure the freshness of our fruits, while at the same time complying with the wishes of many consumers for the most sustainable possible procurement with short transport routes. We processed around 40% fresh fruit in the past financial year – more than ever before and more than any other German jam manufacturer.

In 2018 we used almost exclusively German strawberries for our Schwartau Extra brand. Altogether, 41% 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 2018 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.

From 2019 onwards we will obtain fresh red currants exclusively from Germany. Our medium-term plan is to extend this to black currants as well; the corresponding tests are planned for 2019.

Our pectins are manufactured exclusively in Europe. We also purchase sugar only from European Union suppliers – more than 85% sourced from Germany.

In the past few years we have considerably increased the number of fruit types that we freshly process: we freshly processed three fruit types in 2012 (strawberries, cherries and plums), and ten in 2018 (strawberries, raspberries, sour cherries, black cherries, blackberries, red currants, black currants, blue and yellow plums and elderberries). We plan to increase the number of freshly processed fruit types further by 2020.

Fruit types	Proportion
Strawberries	46%
Raspberries	43%
Sour cherries	76%
Black cherries	51%
Blackberries	64%
Red currants	70%
Black currants	9%
Blue plums	81%
Yellow plums	100%
Elderberries	37%

Proportion of freshly processed fruit types, 2018

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 with 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. 69% of our fruit comes directly from farmers, from the cooper-

ative 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. In 2018, for example, a five-year trial phase to produce, harvest and process thornless gooseberries was successfully completed. These gooseberries, which ensure even greater product safety, will be used in jam-making for the first time in 2019.

Year	Farmer/cooperative	Processor/cold store	Dealer/agent
2012	15%	46%	39%
2018	27%	42%	31%

Procurement of our fruit

Year	Number of active fruit suppliers
2012	93
2017	83

Number of our fruit suppliers

Of the total volume of materials directly purchased, 68% is spread across German producers. In this case, we collaborated with 19 contract farmers in 2018. However, we also place value on the regional procurement of indirect materials as far as possible: 95% of all indirect materials come from companies in Germany. The remainder comes from companies in the EU.

As well as short supply distances, regional purchasing has another advantage: together with farmers, we can decide on the optimum time of harvest, and thus on sensory properties such as the flavour development, sweetness profile and texture of the fruits. To safeguard the consistent quality of our products, we have specified binding raw materials 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 buy exclusively palm oil and palm kernel oil certified in accordance with the segregation concept by the end of 2019.

In 2018, we issued a raw materials guideline containing a definition of which raw materials we want to use and which we do not. For example, we explicitly excluded the use of artificial flavourings and preservatives. We also specifically take ecological aspects into account when purchasing the other raw materi-

als we need to manufacture our products: For example, the glass we bought in 2018 consisted to the extent of 55 to 65% of raw materials obtained from material that had been disposed of, and the proportion of recycled material in the cardboard packaging we used was 85 to 95%.

In 2019 we will set up a project to analyse and further improve our packaging materials. 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. We are working closely with other companies in the Hero Group to achieve this.

A sustainably aligned supply chain

We collaborate with around 830 suppliers, of which 200 supply us with materials that enter directly into 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% (2017: 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 2018, for example, we again set up 12 new wild bee boxes together with our fresh fruit suppliers in Germany, after having already established 16 bee houses in 2017. Another 13 new bee boxes are planned for 2019.

Marketing and labelling

We want our customers to know and be able to check the origins of the ingredients for our products. That's why many of our product statements go beyond the information obligations prescribed by law: on our website, for example, we give information about the origin and processing of the fruits. Many customers also use our consumer advice service, where four 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 take their judgements and assessments into account during product development.

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

As in previous years, no infringements of product labelling regulations resulting in a fine or other sanctions occurred at Schwartauer Werke in 2018. However, 23 complaints were issued by authorities. Of these 10 related to the same factual situation. Four of the complaints were justified, and were implemented accordingly.



Preserving
the goodness
of nature



Our objective: 100% pure, natural ingredients. We want to preserve the goodness of nature and to set standards in terms of sustainability, both when developing our jams and in their packaging and marketing.

We have already achieved the aim of using exclusively natural ingredients for our Schwartau Extra, Hofladen and Gelee brands. They now consist of only fruit, sugar, pectins and concentrated lemon juice. The recipes for our products marketed under the Samt brand will be changed over in 2019. Fruttissima and our specialities will follow in 2020.



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/Diversity", "Remuneration/Workplace design", "Occupational Safety/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, a team with an interdisciplinary membership will develop ideas and concepts on topic areas such as mobile working, sabbatical leave and improved holiday planning to improve further 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 culture transformation process is designed to support our employees during these changes.

We also plan to carry out an employee survey questionnaire in 2019, in which we will ask our staff about their satisfaction with their workplace. In its methodology, this will be modelled on the 2017 employee survey questionnaire to enable changes to be identified.

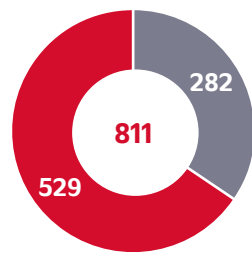
Our workplaces

As in previous years, we also increased the number of our workplaces in 2018. By the end of 2018, 830 employees had full-time jobs in Schwartauer Werke. This corresponds to a 2.3% increase compared to the previous year. Thus the number of our employees has risen by 11% since 2015.

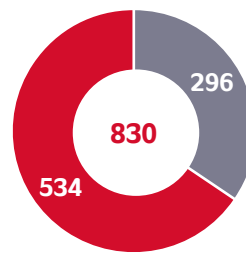
We recruited 78 new employees in 2018, of which 39 were men and 39 women. 35 employees departed (23 men, 12 women). The staff turnover rate was 4.7%. Among all the employees, 94.3% have indefinite duration employment contracts and 93.7% are in full-time employment. 5.7% of our staff are severely disabled.

Due to the seasonal dependence of some of our production processes, we employed a total of 83 seasonal staff in 2018 (in the previous year: 81). We were also supported by an average of 30 temporary workers during the course of the year (in the previous year: 43).





2017



2018

Number of employees at the year-end

- Women
- Men

	2017			2018		
	Men	Women	Total	Men	Women	Total
Indefinite	506	273	779	503	280	783
Limited	23	9	32	31	16	47
Total	529	282	811	534	296	830

Employees by employment contract

	2017			2018		
	Men	Women	Total	Men	Women	Total
Full-time	526	241	767	531	247	778
Part-time	3	41	44	3	49	52
Total	529	282	811	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. Of course, this purpose is served mainly by personal conversations. We provide general information about our company and our activities via the Internet and Intranet. We expanded our Intranet further in 2018. This is where our staff can find numerous documents and background information, together with opportunities for feedback. Our Intranet was accessed on average 5,099 times each month in 2018 (2017: 4,925), and the average number of contributions posted per month was 48 (2016: 45).

We set up a “Whispering Wall” in all our factories in the past financial year. Any employee can write on this wall – even anonymously – any questions, topics and rumours that concern him/her. The responsible managers must answer within five days the issues posted there. We intend this measure to contribute to open, transparent communication, and to ensure 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.

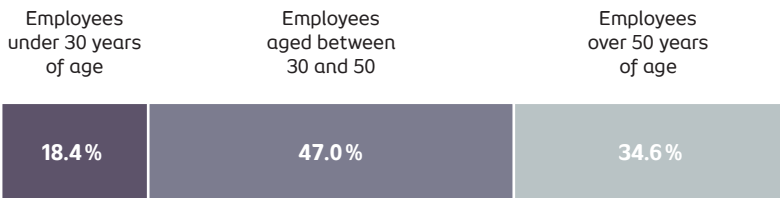
The diversity of our employees is very important to us. In an increasingly complex and more international working environment, we need staff with a wide variety of experience, competences and personalities. Therefore we regard this diversity not just as an enrichment, but even as a precondition for our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

The members of the Supervisory Board and Management Board in 2018 were exclusively

male. Our 18-member top management includes three women (16.7%), and 19 of our 47-member team of management staff are women (40.4%). Thus the proportion of women in management positions rose significantly compared to the previous year (6.7% and 31.9% respectively). Nonetheless, we continue to make efforts to expand this proportion further.

20 employees, eleven of them women and nine men, used their entitlement to parental leave in 2018. Thirteen employees returned from parental leave, of which four were women and nine 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.

Workforce age structure





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 86.3% 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.

In 2019 we will offer a new occupational pension scheme for our future employees. It will involve an opt-out model in which every newly-appointed employee automatically participates – unless he or she expressly objects. The solution we are aiming at will contain a deferred compensation that will be supplemented by Schwartauer Werke at a percentage that is yet to be defined.

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 at all times

It goes without saying that we give top priority to occupational safety and health. We therefore ensure comprehensive occupational protection and accident prevention to avoid accidents occurring in the first place, and 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. Of course, 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 four HSE managers (Health, Safety, Environment). Moreover, 28 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 have taken place mainly in the form of "shop floor meetings": the 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 30 workplace accidents occurred in 2018, which is eight accidents more than in the previous year. The commonest injuries were bruises; there were no fatalities. The most frequent period of absence from work was 3 to 10 days.

2017	2018	Change
22	30	+36.4%

Number of workplace accidents

We are very dissatisfied with the trend in the accident figures. In 2018, therefore, we 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 reconstruction and modernisation activities in particular, and the restructuring operations in our factories associated with them, were the cause of the rise in the number of accidents. Firstly, these (reconstruction activities) led to changes in familiar procedures, and secondly to an impairment of the employees' concentration and an increase in the workers' insecurity. Moreover, we discovered that many workplace accidents happened because regulations were not obeyed and personal protective equipment was not used. Therefore we decided to link the topic of occupational safety even more closely to the current reconstruction and modernisation measures in our works, and especially to raise our safety officers' awareness of this as well. We aim to reduce the number of our workplace accidents in 2019 by at least 10% compared to 2018.

Schwartau is on the move

We realigned our occupational health management in 2017 and implemented the change in the past financial year. We began 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.

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 stress 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 indi-

vidually and cumulatively. Because employees accepted this investigation very positively, we will offer this check again in the near future.

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. We already fitted many employees with this hearing protection in 2018, and more will follow in 2019.

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.

In 2017 and 2018 we participated with our occupational health management in the bonus scheme of the Food and Hospitality Employers' Liability Insurance Association. We were awarded a very positive assessment of our initiatives and measures. We received large bonus payments in both years in recognition of our activities.

Further expansion of our occupational health management is planned for the coming financial year. The focus in 2019 will be on the topic of "Stress Management". For this we will introduce, among other things, a "Relaxed Pause" compered by external coaches. 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.

Furthermore, a new exhaust system for dust and vapours will be installed in our Corny Bars production area in 2019. This plant will minimize dust and the odours of volatile substances at the workplace and will improve the indoor climate.

Following the development of a new concept for our company restaurant in 2018 and after carrying out various remodellings, the com-





pany restaurant will be reopened in early May 2019. The new design concept includes fresher, healthier meals, extended opening times and a modern, contemporary ambience.

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 2018, resulting in a total of 42 trainees being on our payroll as of the end of the year, corresponding to a training ratio of 5%. 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 2018, for example, we arranged for two trainees to receive additional training in the IHK (Chamber of Commerce & Industry) to become energy scouts.

Their projects qualified for the National Best Apprentice Award presented by the DIHK (German Chamber of Commerce & Industry). Our trainees also improved the onboarding process for new employees: they supplemented the general organisational and technical information by adding cultural factors, e.g. what constitutes appropriate behaviour, whom should one know, and what are the stumbling blocks.

Regular feedback

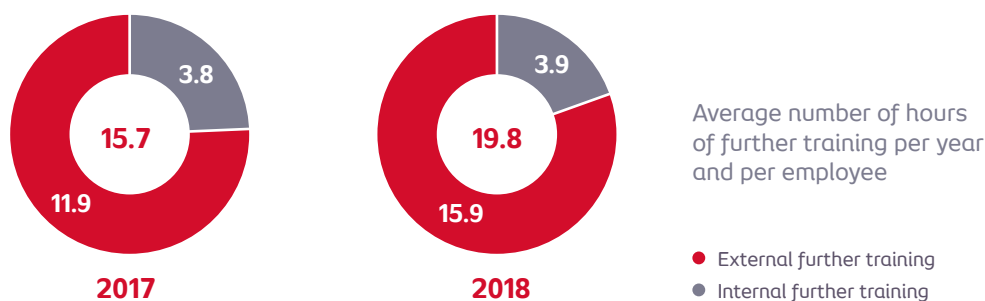
To give feedback to our employees and to discuss development potentials together, we regularly carry out staff appraisals according to a predetermined standard. In 2019 we will replace the software used for this purpose. Not only will the new solution be technically more stable, it will also be more 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 are in the planning stage.

New assessment systems to agree on targets are also being worked on. We intend to test these in the context of pilot projects in 2019, after which they will be implemented company-wide.

Moreover, we want to strengthen the feedback culture quite generally in 2019. The plan is for assessments and job performance appraisals not only to take place in staff assessment interviews, but also to play a bigger part in everyday life. Corresponding training sessions for this purpose are also being planned.

Superbly qualified

We offer our employees a variety of opportunities for further training both within the company and externally. In 2018 these totalled around 16,500 hours.



During the last financial 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 expanded further in 2019.

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.

We attach great value to the targeted advancement of talent in our company. We have constantly expanded our activities in this respect. In 2018 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.



A new set of values

Entrepreneurial Spirit

Speed

Individual Responsibility

Change

Family

Achieving something big, creating something special: These are possible only through a distinctive team spirit and a shared attitude. Values are their foundation.

We tackled our values intensively in 2017 and 2018. In so doing, we wanted to work out the meanings of our five values (Entrepreneurial Spirit, Speed, Individual Responsibility, Change and Family) in concrete terms in our daily work. Where do our values show themselves? What standards of behaviour can be derived from the values?

To find answers to these questions, we held discussions with around 110 employees from all departments about the guiding principles and codes of conduct in Schwartauer Werke, and developed them further. Two workshops each with eleven participants were organised for each of the values. The results were presented to the management and afterwards condensed and rendered in graphical format. The new set of values with concrete guiding principles and codes of behaviour will now be presented and put up for discussion on various occasions to make it known among all the staff.



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. Certification according to the revised standard ISO 14001:2015 took place in 2018. We arranged for our energy management system to be certified according to DIN EN ISO 50001 in 2013. We are carrying out the recertification of our environmental and energy management systems on a regular rota in 2019.

We produced a total of 70,693 tons of jams, fruit spreads, syrups and muesli bars in 2018. This corresponds to a 2% reduction compared to the production volume in the previous year. The production volume is the parameter we use to calculate the specific amounts of energy, water, emissions and wastes.

We began an extensive program of reconstruction and modernisation work in our factories in the past financial year. This will be completed by the end of 2020. The first step in this program involved moving production lines in our No. 2 Works. To optimise production there, many test runs and trials were undertaken and changes made there in the past year. These activities led to unusually high energy and water consumption figures arising in 2018, and an overall reduced production volume.

Considerable deviations from the amounts of energy and water that we normally require are to be expected again in 2019 and 2020. This is due to planned new building operations and the progressive replacement of old production plants. However, the aims of these modernisation measures include the fact that we will get by with significantly smaller overall quantities of energy and water from 2020 onwards, and will thereby further reduce our ecological footprint. For us, therefore, the financial years 2018 to 2020 will represent transitional years that will not truly represent our requirement for electricity, natural gas and water.



Consumption of energy and water

We needed a total of 68,930,558 kilowatt-hours (kWh) of energy in 2018 (previous year: 66,123,310). This corresponds to a 4.3% increase. As already mentioned, this trend is attributable to the rebuilding and modernisation measures in our production facilities.

Specific energy consumption increased by 6.4% from 2017 to 2018. It reached a figure of 975 (previous year: 916) kWh per ton of finished goods (kWh/ton product). We want to achieve a specific energy consumption of less than 858 kWh/ton of product by 2020, when our modernisation program is complete.

Because our rebuilding and modernisation measures focus on one works at a time, and production conditions differ from work to work, we will present the energy and water consumption figures for each work from this year onwards.

We consumed a total of 314,648 m³ of water in 2018, which corresponds to a 4.6% increase compared to the previous year. Specific water consumption increased to 4.5 m³ per ton of finished goods. These larger quantities are also attributable in particular to the extensive rebuilding and modernisation measures, because we needed water mainly for plant cleaning, and frequent changes in the production operation entail an increased cleaning effort. Furthermore, one coolant plant broke down for a prolonged time in 2018, which led to a larger consumption of water.



	2017	2018	Change
Natural gas	46,649,095	49,258,399	+5.6%
of which Works 1	23,251,372	22,746,389	-2.2%
of which Works 2	9,847,391	12,021,021	+22.1%
of which Works 3	13,550,332	14,490,990	-6.9%
Electricity	19,474,215	19,672,159	+1.0%
of which Works 1	6,741,482	6,738,439	-0.1%
of which Works 2	5,169,772	4,748,905	-8.1%
of which Works 3	7,562,961	8,184,815	+8.2%
Total	66,123,310	68,930,558	+4.3%

Energy consumption (kWh)



	2017	2018	Change
Water	300,751	314,648	+4.6%
of which Works 1	167,757	148,773	-11.3%
of which Works 2	65,741	78,874	+20.0%
of which Works 3	67,436	87,001	+29.0%

Water consumption (m³)

	2017	2018	Change
Water	300,751	314,648	+4.6%
of which groundwater	231,474	229,303	-0.9%
of which town water	69,277	85,345	+23.2%

Groundwater/Town water (m³)

	2017	2018	Change
	4.2	4.5	+7.1%

Specific water consumption (m³/ton of product)

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.

Due to the extensive rebuilding and modernisation work, we were unable to achieve our intended target of reducing specific water consumption to a maximum of 3.9 m³/ton of product by 2018. We will now endeavour to reach this target value after completion of the restructuring measures at the end of 2020.

Emissions and wastes

99.6% of the emissions from Schwartauer Werke are CO₂ emissions; absolute values rose by 4.7% due to the increased energy demand. Per ton produced, they increased by 6.9%. This

is caused by the reduced production volume compared to the previous year.

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.



	2017	2018	Change
Scope 1	23,698	25,023	+5.6%
Works 1	11,812	11,555	-2.2%
Works 2	5,002	6,107	+22.1%
Works 3	6,885	7,361	+6.9%
Scope 2	5,472	5,528	+1.0%
Works 1	1,894	1,894	0.0%
Works 2	1,453	1,334	-8.2%
Works 3	2,125	2,300	+8.2%
Total	29,170	30,551	+4.7%

Emissions (t)

2017	2018	Change
404	432	+6.9%

Specific emissions (kg/ton of product)

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. If the e-vehicles we have obtained prove themselves in use, we intend to proceed further with the conversion of the existing fleet of pool vehicles to electrically powered vehicles.

A total of 4,179 tons of waste was produced in 2018; 11 tons of this were hazardous wastes (0.3%). Thus the total amount of waste increased by 11.8% compared to the previous year. This rise is again due essentially to the rebuilding and modernisation measures in the production area. The fact that the specific waste volume arising increased by as much as 13.5% is due to the smaller production volume compared to the previous year. After the completion of the rebuilding and modernisation measures in 2020, our aim is again to achieve a specific waste generation volume equal to a maximum of 52 kg/ton of product.

A pleasing aspect is that we were able to make a further increase in the recycling rate. It now equals 96.9% of all wastes. This is attributable in particular to training sessions, which were carried out to a greater extent in the past financial year and contributed to improved sorting and separation of wastes.

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.

We have undertaken 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 will be implementing various technical and organisational measures during 2019 to achieve this target.

	2017	2018
Total amount of waste	3,738	4,179
of which hazardous wastes	29	11
Waste sent for disposal	145	129
Waste sent for recovery	3,592	4,049
of which recycled	1,991	2,375
of which fermented	474	536
of which used to generate energy	545	558
of which composted	370	374
of which recovered in some other way	212	207

Production of waste (t)

2017	2018	Change
52	59	13.5%

Specific amount of waste (kg/ton product)

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 29,942,342 MJ (Megajoules) (previous year: 30,972,812 MJ). Well-to-wheel GHG (greenhouse gas) emissions amounted to 2,124.3 mt (previous year: 2,197.4 mt).

	2017	2018
Diesel	200,928	213,946
Petrol	3,162	1,917
Total	204,090	215,863

Energy consumption by our own vehicle fleet (litres)

	2017	2018
Diesel	528.4	562.7
Petrol	7.3	4.5
Total	535.7	567.2

Emissions from our own vehicle fleet (tons)

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.

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. Biodiversity is not damaged by our works.

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 2018. There were also no significant pollution incidents.



1.000
new fruit trees
for our bees

Bees are exceptionally important for our ecosystems: About one third of the cultivated plants serving as human food sources are pollinated by bees. However, birds and small mammals – and thus a large food chain – also benefit from them.

Meadow orchards are an important part of our ecosystem to give bees a good livelihood. With their variety of flowers and biodiversity, they provide an abundant food supply for bees and other insects. That's why Schwartauer Werke, together with the Schleswig-Holstein Nature Conservation Union (NABU), is championing this valuable habitat in the context of the bee careful initiative. The aim of the collaboration: up to 1,000 standard fruit trees are to be planted in Schleswig-Holstein by 2020.

To finance the initiative, Schwartauer Werke has developed Bee Helper Jam – Schwartau Extra "Bee Helper" Apricot-Peach. At the beginning of the year, each jam jar will contain a sachet of bee-friendly seeds for the balcony or garden, and from the summer onwards an adhesive label will provide a wealth of information about bees. Five cents will go to the initiative for each jar of the 2019 annual edition that is sold.





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. For example, this support is given in the form of donations of goods (e.g. by providing our products for raffles or events) or through sponsoring. In the past financial year we also opened our company shop in Bad Schwartau town centre, where we not only offer products but also supply information about the bee careful campaigns that we initiate.

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 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, e.g. casting moulds for candles.

In 2019 we will expand further our collaboration with the nursery schools from the KidsSHOP project. We had already equipped three children's day nurseries with shops in 2017 in the context of this project.

There is also a close 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.

Moreover, since 2013 we have supported ambitious students with our German Bursary at Lübeck University of Applied Sciences where, together with several other companies, we undertook in 2015 to sponsor an endowed professorial chair for the "Food Processing" department.



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, from 2019 onwards, 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 picnicks at Schleswig-Holstein's most beautiful estates. Since 2010 we have 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.

We again kept up our commitment to the Bad Schwartau Bee Day in 2018. This informs visitors about the life of the bee, about bee-friendly plants and about the beekeeper's craft. A variety of campaigns also took place with various Bad Schwartau associations and initiatives to explain about how important bees are for mankind.



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About this Report

Our Sustainability Report is published annually. The present report covers the 2018 financial year. The previous Sustainability Report about the 2017 reporting period appeared on 26th June 2018. 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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