



Global competence.
Regional responsibility.

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In this report, this symbol with a web code will guide you to supplemental information available on the internet: Simply enter www.uelzena.de followed by the complete web code in your browser.

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A message from our chairman

The business year 2015 was again another economically very successful time for Uelzena eG. However, the targeted mark of 30 cents per kilogram of delivered raw milk, which is very important for our members, could not be sustained. The global increase in milk production in important production regions was met by restrained demand. As a result, the prices for all important dairy products dropped in some instances drastically.

Despite the evident increase in sales in all strategic business fields, the Uelzena Group had to accept a clear decline in turnover. While Uelzena eG was not able to bypass these market situations, we were nevertheless able to cushion the consequences for our members. The milk price payments for our member companies still remain at a competitive level. Added to that the equity ratio needed as a buffer against future business risks was increased to almost 36 percent.

In 2015 we continued to invest in the future of our enterprise. The workforce was expanded further. We are very proud of our high apprenticeship quota of 7 percent which is an important element of our efforts to secure our future with qualified personnel. Our ethical purchasing criteria have already been met by 94 percent of all suppliers of raw materials from sensitive regions of the world. A cogeneration power plant was put into operation at our cheese making company, the Altmark-Käserei in Bismark. With this investment CO₂ emissions were reduced even further. The motto "more performance, less consumption" will continue to guide us in the future and help us to decouple economical success from ecological impacts.

This second sustainability report informs about the achievements made by the Uelzena Group in five strategic fields of action. For the first time, we are

summarizing the internal evaluation of the performance achieved in business year 2015 in view of our determined goals as a percentage for every field of action. Therefore, you can see at a glance in which areas we want to further develop our performance. More information on this report is available on the next two pages and at www.uelzena.de on the internet.

Within the next few years it is expected that the global economic complexity within the dairy industry will continue to intensify and with that the volatility of the markets. On the other hand, the ethical demands on the production of agricultural raw materials and their processing will rise as well. Another additional challenge with an increasing impact on commercial success will be the recruitment of specialist staff in rural areas.

We aim at achieving further stable performance development based on a balanced and long-term strategy. However, in business year 2016, the focus has to be placed first of all on sustainable and competitive milk price payments. The prices on the market are alarmingly low at the moment and may tempt even well positioned farms to back out of milk production.

For the next three to five years, there will be more decisive tasks to tackle, for example, making the sourcing of important raw materials even more sustainable, more investment into employer marketing and completing the organization of our sustainability reporting according to G4 guidelines. I am firmly convinced that we are well positioned and will continue to follow our chosen path. Please accompany us in the future as well and put your trust in us.

Claus-Peter Witt
Chairman of Uelzena eG



Second report, new concept

The second integrated Annual and Sustainability Report of the Uelzena Group documents our development. We have reviewed a large amount of this concept but not everything. Within the next few years, we aim to implement reporting in complete compliance with the GRI.

Next year is the year: In 2017, the European Union will make it obligatory for large companies with more than 500 employees – presumably only large corporations – to report not only on financial aspects but also on ecological, social and ethical issues as well. In 2014, the Uelzena Group decided on a more comprehensive report and published its first integrated annual and sustainability report in 2015. This year will witness the second report. We have developed the concept further. Therefore, many things are new and different.

The contents from the annual report, which formerly had its own chapter in the sustainability report, have now been integrated into the structure of the chapters. Information on the development of the industry and business are included in the chapters Company and Products. The structure of the chapters has changed as well. The chapters now follow the five current fields of action of the Uelzena Group which provides improved clarity.

Progress and new topics

These fields of actions are the guideline for our daily work. For the first report, we introduced sustainability management based on an integrated strategic score card: five fields of action with three concrete targets each and an internal evaluation and assessment process. The achievements of these targets are shown in this report in colored boxes and indicated by a percentage in each chapter. We are pleased about the overall positive percentages – between 84 and almost 100 percent – because they show: the Uelzena Group is on the right track.

Another new feature is an independent chapter dealing with a focus subject. Independently from the guidelines of the Global Reporting Initiative (GRI), we would like every year to give information about topics that we and our stakeholders feel strongly about. From the feedback received from the first report, we have learned that animal husbandry is an important topic for many customers, employees, business partners, investors and member companies (stakeholders). Therefore we have visited one of our milk producers representatively for the many modern and responsibly working milk producers. We are introducing this company that is located in the Wendland in Lower Saxony on page 18.

Distribution of tasks

Another novelty is the distribution of tasks between the reporting in this issue and on the internet. In this publication you will mainly find new information, for example the actual results from our sustainability performance. On the internet you will find all the information that barely changes from one year to the next. In brief: Under <https://www.uelzena.de/en/sustainability/> you will find all information while this magazine contains just the most current information. Red web codes link to the chapter on the internet (please see also the information in the table of content).

Further development of the reporting quality

We have made good progress in implementing the different GRI statements. One central step in this is the G4 compliant structure of the GRI Summary (GRI Index)

with information on omissions (see page 34). Since our sustainability management and reporting is still under development, there are some issues that still have to be tackled at certain points. We have documented these omissions carefully for full transparency.

Furthermore, we follow the internationally acknowledged GRI Reporting Standard 4.0 Food Processing. Focus is placed on the four operating sites in Uelzen, Bismark, Ratzeburg and Warmsen. The reporting period is the same as our business year which is from 1st January 2015 to 31st December 2015. Our goal is to completely implement the GRI Reporting Standard 4.0 Food Processing until 2017. Our preferred "in accordance" option is Core.

No new materiality analysis

The key aspects which identify the Uelzena Group remain unchanged (materiality analysis). A new analysis is scheduled for 2016/2017. At the same time we are developing the dialogue with our most important stakeholders. The results will be included in the analysis. As in the first report, generic names in the texts refer to male and female persons alike.

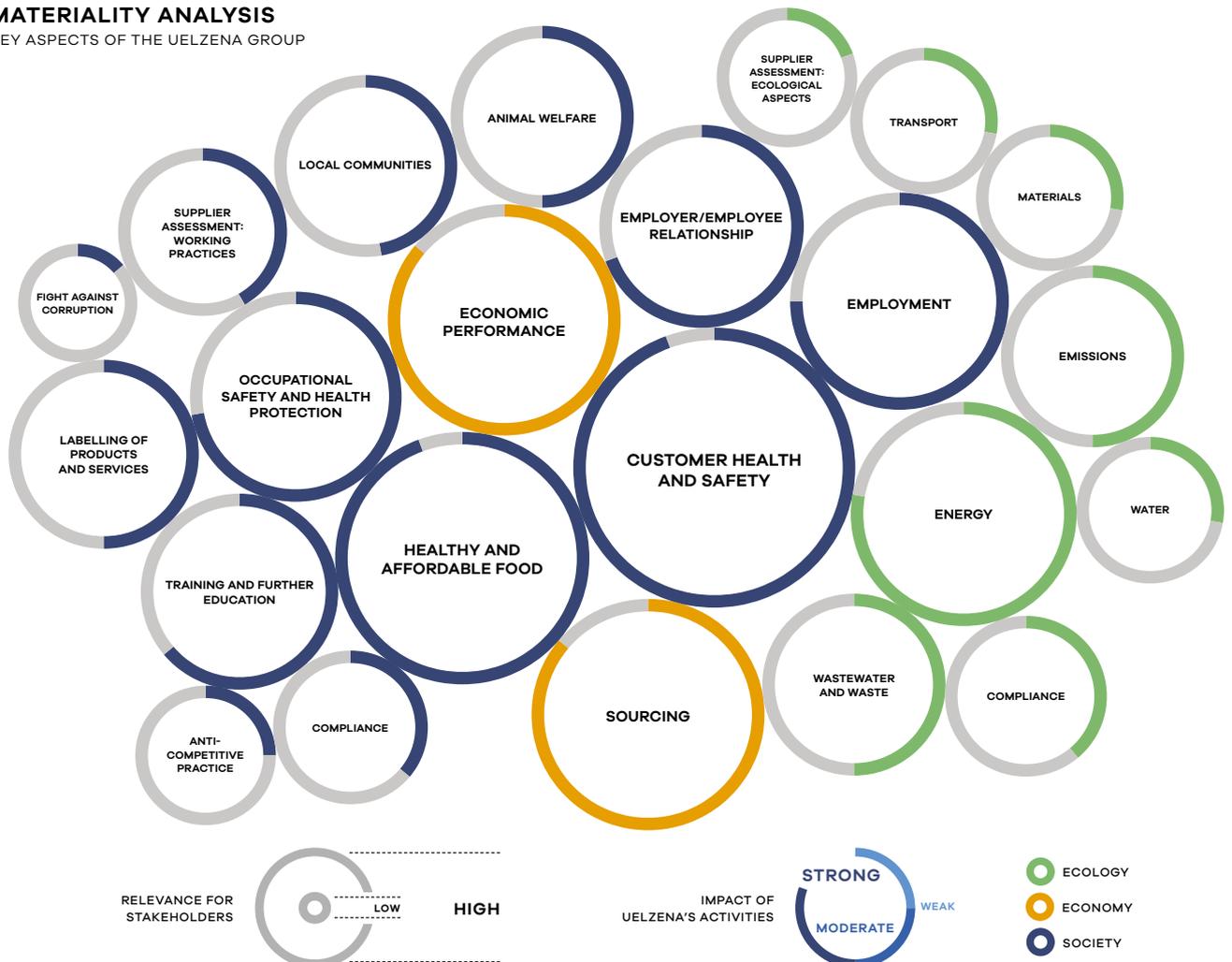


Uwe Radke
Managing Director Marketing and Sales

"This newly structured sustainability report gives information about the more important developments within the five fields of action of the Uelzena Group. It shall serve as a basis for information and evaluation for our control organs and all interested persons. A user oriented development of this report will be a key issue for us in the future as well."

MATERIALITY ANALYSIS

KEY ASPECTS OF THE UELZENA GROUP

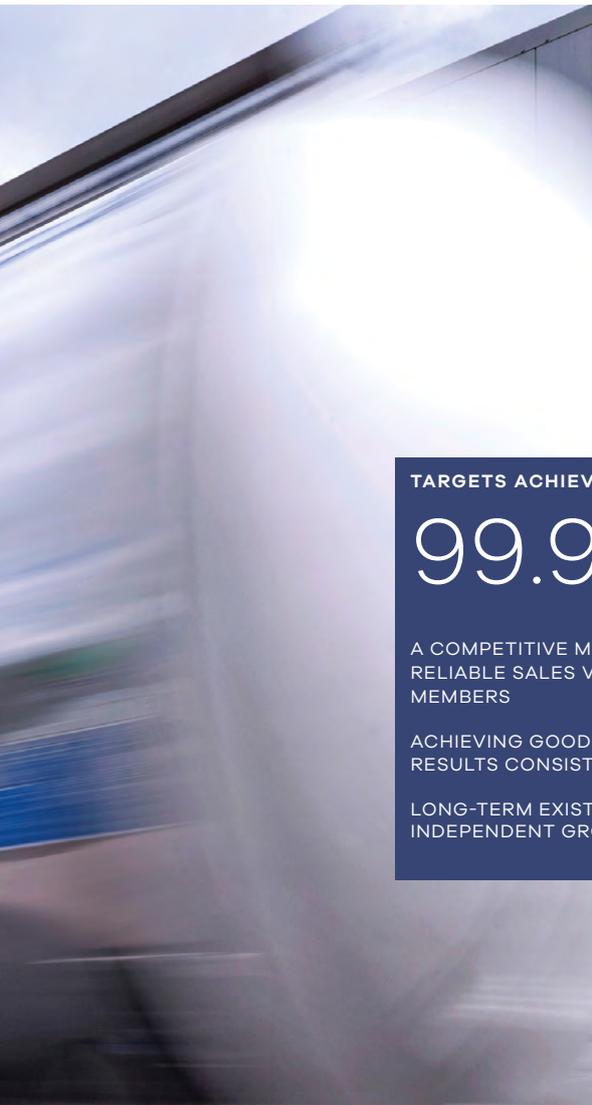




Still on the road of success despite an economic headwind

 [/company#more](#)

The low milk prices are hitting the industry and with it our company and our members. Nevertheless, the Uelzena Group continues to grow because it is a healthy and well-positioned enterprise. It has been shown that in difficult times Uelzena is one of the high performers of the industry.



TARGETS ACHIEVED

99.9 %

A COMPETITIVE MILK PRICE AND
RELIABLE SALES VOLUMES FOR OUR
MEMBERS

ACHIEVING GOOD CORPORATE
RESULTS CONSISTENTLY

LONG-TERM EXISTENCE AS AN
INDEPENDENT GROUP OF COMPANIES

MILK PAYMENTS

In 2015 the milk payments made by Uelzena eG were at a competitive level compared to the published average price of all German dairies.

FEDERAL AVERAGE*

29.29 ct/kg

UELZENA eG

29.16 ct/kg

*preliminary data according to ZMP/AMI

The average price for milk in Germany in 2015 was 29.29 Euro cents per kilogram. This is below the level of 30 Euro cents, an important threshold for milk producers. Despite our economic success, Uelzena has not been able to evade this industrial trend; however, since we are paying 29.16 Euro cents per kilogram of raw milk, we are still above the average of dairies in Northern Germany. What are the reasons behind the drop in general of the milk price?

The former regional milk markets are now linked to the global world markets and therefore prices are subject to different impacts and are consequently more volatile. The current low level is due to a large global milk supply and weak demand.

Large supply, weak demand

Over the last few years, the milk volumes produced globally have made a giant leap from approximately 762 million tons in 2012 to more than 800 million tons in 2015. Europe is also contributing to these statistics. The volumes produced within the EU also grew from approximately 149 million tons in 2010 to almost 160 million tons in 2014. Following the abolition of the milk quota on 15 April 2015, a further 5.3 million tons of milk have been additionally put on the EU market (as per February 2016). Thus EU exports in 2015 reached a new all-time high while Germany was able to keep its export volumes. Other non-European countries including the USA, India and New Zealand also increased their production. It was in particular New Zealand, where traditionally more milk is produced than needed by its population that has been placing an increasing surplus on the world market.



Core part: receipt of milk

The suppliers of the Uelzena Group have delivered almost 528,000 tons of milk raw materials to our sites in 2015. This sums up to a total of 60 tank trucks arriving e.g. at the Warmesen 1 or Bismark 2 site.



However, while global supply is on the rise, global demand is slowing down. This is a problem for the German milk industry because Germany exports about half of its production and is thus dependent on development within its European neighboring countries and the world market. Currently the lower demand from China and Russia has given rise for concern. Both countries are key markets for dairy products. In 2015, China reduced its imports by approximately 2.7 million tons of milk products and in Russia the imported volume has also dropped by approximately 2.7 tons over the last two years. The demand in oil-exporting countries has also not grown. Other countries have stepped in as buyers but due to the high supply volume they are able to negotiate large discounts.

Uelzena's recipe for success

The low prices also have consequences for Uelzena. In 2015 our consolidated sales have been reduced by

31 million Euros to 526 million Euros. We were not able to escape from this industry trend. However, all other key economic figures have improved. Our sales, for example within the most important product groups have increased by 20 percent. It is only economically sound and successful companies that are able to produce such a strong increase in performance.

Our recipe for success is: The Group – the Uelzena eG (registered cooperative) as a parent company with its headquarters in Uelzen and five operating subsidiaries – is considered to be one of the leading problem solution providers in the field of food processing and the refinement of milk. Based on our long-term experiences and latest production technologies, we are able to offer tailor-made solutions for our customers from the industry and the trade sectors. This is one of our special strengths that is in particular appreciated by our customers and that pays dividends on the market.



THE UELZENA SUPPLY CHAIN

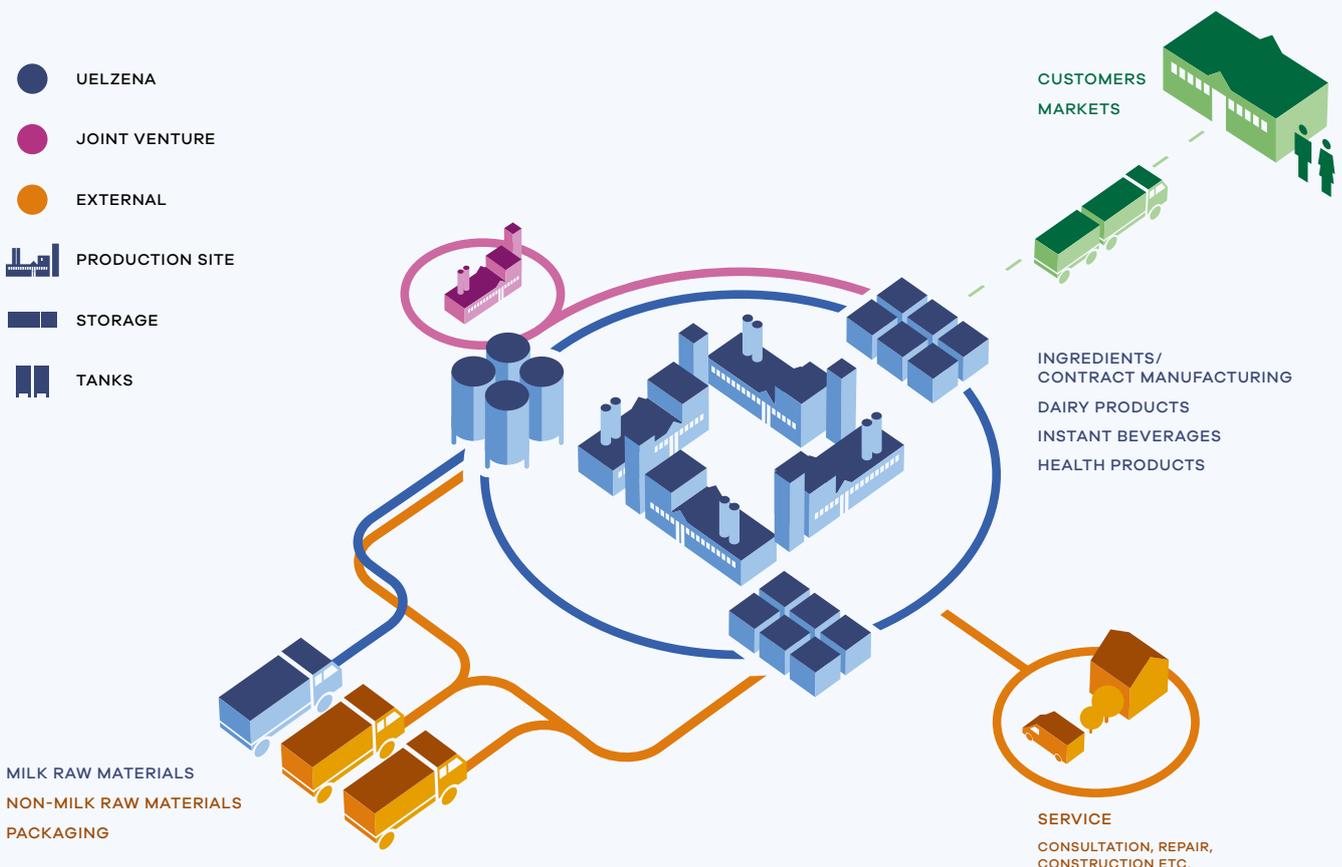
WITH UPSTREAM AND DOWNSTREAM ADDED VALUE STAGES

Upstream added value activities: We procure various agricultural raw materials from our suppliers. The majority of the raw milk comes from our member dairies. Cocoa, sugar and coffee are also required for our products. These raw materials have sometimes already been processed. We also need packaging materials.

We have our own added value activities in four plants and one cooperative venture: We use milk raw materials to produce milk ingredients for further commercial and industrial processing as well as for

our own needs. Furthermore, we produce butter and butterfat for use by the consumer. We also refine produced or purchased ingredients and raw materials such as cocoa, coffee and sugar. In a multi-stage production process we manufacture finished products and pack them into large or small units.

Downstream added value activities: Our products are further processed by food producers, marketed by the customer as finished goods (private label) or sold by retailers as branded products to the final consumer.





Packaging star

1 The packaging unit is the end of the line, for example when filling powder into pouches. 2 If different raw materials need to be combined, an advanced upstream mixer guarantees the right mixture (e.g. for cocoa powder).



50 percent increase since 2012

Our sales figures have been rising continually and this was not only limited to 2015. Since 2012, we have been able to expand our business by almost 50 percent. This success can be seen in many business fields, for example in terms of ingredients for the food industry, the instant beverage sector and health products. Our long-term strategy – diversification and growth in strategic business fields – has proven to be effective.

Another positive aspect is that in 2015 we purchased a clearly higher quantity of milk raw materials from our members and contract suppliers than in 2014. The deliveries increased by 21.7 million kilograms which corresponds to an increase of 4.3 percent compared to the previous year. Due to our correspondingly higher sales, we have been able to continue to guarantee to our members that we will buy their milk raw materials

even after the abolition of the milk quota. In 2015, we hired new employees so that the staff count was again increased slightly.

Economically independent

Moreover, we increased our equity ratio to almost 36 percent. As a comparison: The average equity ratio of German SMEs in 2014 was almost 30 percent. This is a financial buffer that protects us from the current business risks of our industry. Objective of this strategy: Our aim is to be one of the high performance companies in this industry.

We will only stay economically independent and efficient if we are able to meet the expectations of our cooperation members and suppliers as an employer, taxpayer, regional economic driver and producer of high quality food products.



Uelzena eG, Uelzen

Sale of ingredients and contract manufacturing for the food industry. Sale of health products to private label customers. Production of milk powder, butterfat, contract drying and dry mixes.



Altmark-Käserei Uelzena GmbH, Bismark

Production of butter and semi-hard Gouda and Edam cheeses as block products ripened in film - exclusive for defined distribution partners who supply the food industry.



Hoche Butter GmbH, Uelzen

Sale of butter and butterfat to consumers and craft bakeries via specialized wholesalers, convenience food services and the traditional food retail trade.

OVERVIEW ON KEY INDICATORS OF THE GROUP

THE ANNUAL FINANCIAL STATEMENT FOR 2015 (EXCERPT) IS PUBLISHED ON PAGE 39

		2013	2014	2015
RECEIPT OF MILK	MILLION KG	465	506	528
MILK PRICE PAYMENT	CT/KG	37.30	37.56	29.16
TURNOVER	MILLION EURO	515	557	526
ANNUAL NET PROFIT	MILLION EURO	5.05	4.14	7.41
EMPLOYEES	TOTAL	640	655	663
TANGIBLE ASSETS	MILLION EURO	66	65	67
EQUITY RATIO	PERCENT (%)	26.4	31.2	35.5
BALANCE SHEET TOTAL	MILLION EURO	149	135	143
DIRECT ECONOMIC VALUE GENERATED (GRI INDICATOR: EC1)	MILLION EURO	520	562	531



Jörg Fink

Managing Director Finances and Human Resources

"One important aim of the group of companies is to maintain our independence while securing the business assets in order to increase the results, reserves and equity ratio and at the same time demonstrating competitive milk payments for our shareholders."



Site with a long history

The parent company with its headquarters in Uelzen can look back on 65 years in business. High efficiency and high quality are guaranteed by continuous investments into the production plants.



H. Schoppe & Schultz GmbH & Co. KG, Ratzeburg

Sale and production of instant beverages as private label products for the vending industry, for coffee roasters, the food industry, specialists and the retail trade.



WS Warmseener Spezialitäten GmbH, Warmßen

Sale of milk ingredients for the food industry. Production of sweetened condensed milk, yoghurt and cream products.



Trilactis GmbH, Saarbrücken

Sale of butter, butterfat and cheese to craft bakeries and butcheries through specialist wholesalers in Germany and to customers in France.



Making the world a better place

 [/products#more](#)

The Uelzena Group is growing in all of its strategic markets. With its innovative products it has stretched itself beyond traditional dairy products – and is thus generating competitive payments for its members. The Group is also increasing regional added value and initiating sustainable developments within its supply chain.

Approximately 21,000 tank trucks are needed to haul the 527,978 tons of milk raw materials that our suppliers delivered to us in 2015. The Uelzena Group has processed these huge amounts of raw milk, cream and concentrates into milk powder, cheese, butter and butterfat. This proves: Milk is by far our most important raw material. Our aim is to maintain the high sales level of our dairy products namely butter, butterfat and cheese in the years to come. For the future, our intention is to grow predominantly in the field of milk ingredients supplemented by sales of our non-dairy products which include instant beverages, health products and contract dried products.

Successful strategic business units

We generated the largest sales increases in the fields of ingredients and contract manufacturing with 37 percent. Due to the global sales of our milk powder, we were able to win many new customers and to place new

contract amounts with the food industry. Significant contributors to this success were the milk powder plant, which is the most advanced plant of its kind in Europe, the quick processing of regional raw milk and the quality that was confirmed in many customer audits.

The business units of instant beverages with a seven percent increase and health products with a five percent increase in sales support our tailor-made product solutions which have been esteemed by our customers for many years. Our reliability as a production partner for large brand customers continues to pay off. With a sales share of more than 20 percent, non-dairy products have become a strategically important additional business for the Uelzena Group.

The second strong pillar of the Uelzena Group are butter and butterfat for the bakery and household



TARGETS ACHIEVED

84.5 %

PROFITABLE GROWTH IN STRATEGIC BUSINESS UNITS

ENSURING THE PRODUCTION OF SAFE AND HIGH QUALITY PRODUCTS ON A LONG-TERM BASIS

FURTHER DEVELOPMENT OF SUSTAINABLE SOURCING OF RAW MATERIALS AND MATERIALS

trades as well as cheese for wholesalers. As intended the quantities have been sustained in these three segments. Due to the ongoing brand management of Hoche Butter, Butaris and our professional brand Trilactis, we were able to defend our leading market position even in stagnating and highly competitive markets.

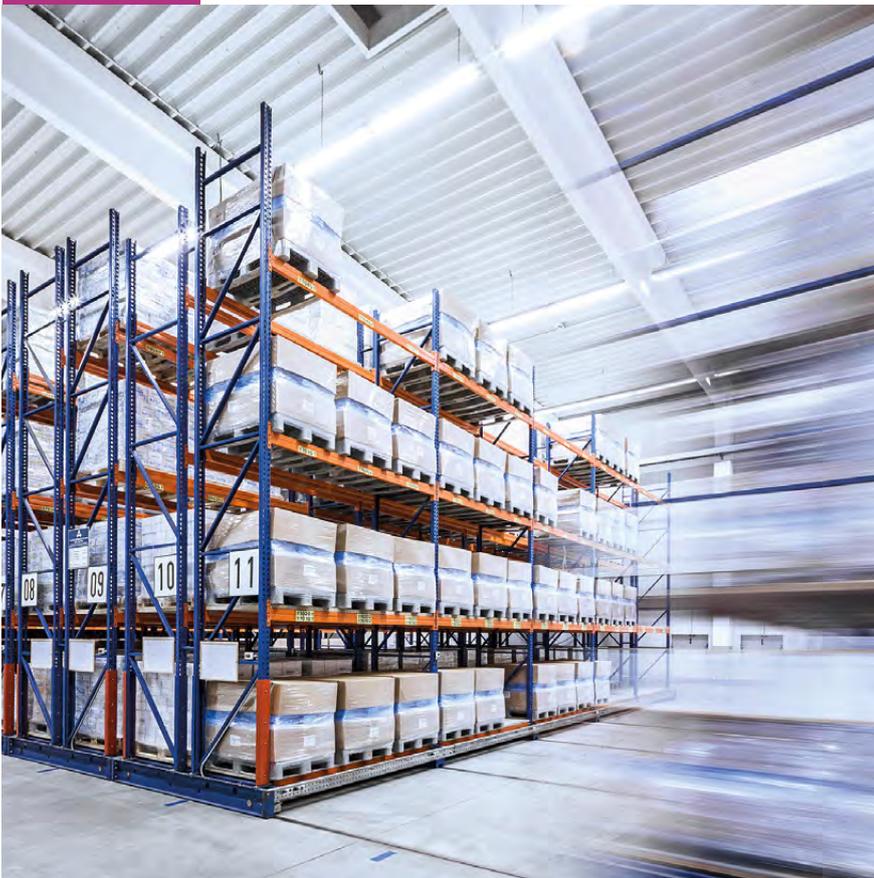
Milk quantities on the increase

Another widely discussed topic within the dairy industry and the public alike has been the abolition of the milk quota in April 2015. Compared to the year 2014, global milk production in 2015 rose only slightly – unlike in previous years which saw large increases. A similar situation is applicable to Germany. Between the years 2006 and 2014, the total production volume rose from 26.9 million to 31.3 million tons; from 2014 to 2015 there was only a small increase to 31.5 million tons.

Nevertheless: The milk supply is definitely higher than the demand which results in falling prices. This year again, we processed more milk raw materials than in previous years. Between 2012 and 2014 the quantity rose by 67,300 tons; between 2014 and 2015 the increase was another 21,672 tons (4.3 percent). We were also able to increase the share of regionally sourced milk raw materials again from 90 percent to 94 percent while improving our responsibility for regional sourcing.

With our products we intend to generate competitive payments for members of our cooperative. This is our defined and primary mission. However, we are also part of the food industry and as such we feel responsible for supplying our partners all over the world with high quality and safe food.

Our quality management and quality assurance in 2015 were operating again at a high level. All our



Our sites supply the world

Our modern high-rise storage at our Bismark site: Sophisticated technology ensures smooth storage and removal of raw materials and finished goods. Uelzena supplies customers worldwide.



Bernd Nörenberg

Head of Central Purchasing

"Apart from the existing programs for fair trade which are the basis for our purchase of non-domestic raw materials as requested by our customers, our cocoa suppliers have initiated their own promotion programs that are aimed at generally improving the livelihood of cocoa farmers, their communities and future generations. These programs comprise the further development of farms, the training of farmers and the support of communities."

plants have again earned the ISO certificate. The IFS certification "higher level" was also successfully completed.

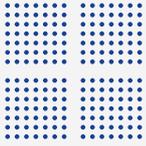
Added to that, 24 supplemental customer audits were conducted which took 24 days. This means that quality managers from our customers visited our sites. In order to ensure the quality of the materials sourced, we also conduct audits at our suppliers.

As there were no serious complaints which may have put the health or even the lives of our consumers at risk, there were no recall actions. As usual we did not have to pay any fines for labelling or serve any sentences. An average number of complaints and internal blocking were detected; these were controlled and corrected reliably with our proven procedures. The result is reliable high product quality and safety – thanks to superior quality management and high standards.

Meanwhile the Uelzena Group has reached a size where it is possible to have a positive influence on our suppliers. We would like to use this leverage for improving the production conditions at the starting point of our supply chain.

Sustainable sourcing of raw materials

We have made considerable progress regarding raw materials such as cocoa or coffee from sensitive producer regions. 94 percent of our suppliers are now complying with our criteria which follow the Ethical Trading Initiative. We are on the right course to achieving 100 percent. Suppliers who like to qualify for this product group must either fill in our producer's self-assessment form which we expanded by sustainability criteria, be a SEDEX member or present comparable declarations to prove their ethical and social principles in their company policy. In 2016, we will set up an online portal for suppliers where



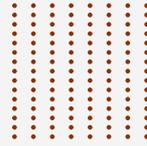
Ingredients and contract manufacturing

Development, production and sale of ingredients (milk powder, milk fat, sweetened condensed milk, cream, yoghurt, acidified milk products) and contract manufacturing of liquid raw materials.



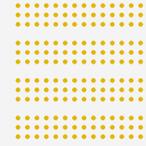
Health products

Development and production of health food products as private label products for the fields: weight management, sports nutrition and contract manufacturing based on customer recipes.



Instant beverages

Development and production of instant beverages including cocoa and coffee-containing instant beverages, toppings and coffee creamers as private label and our own brands.

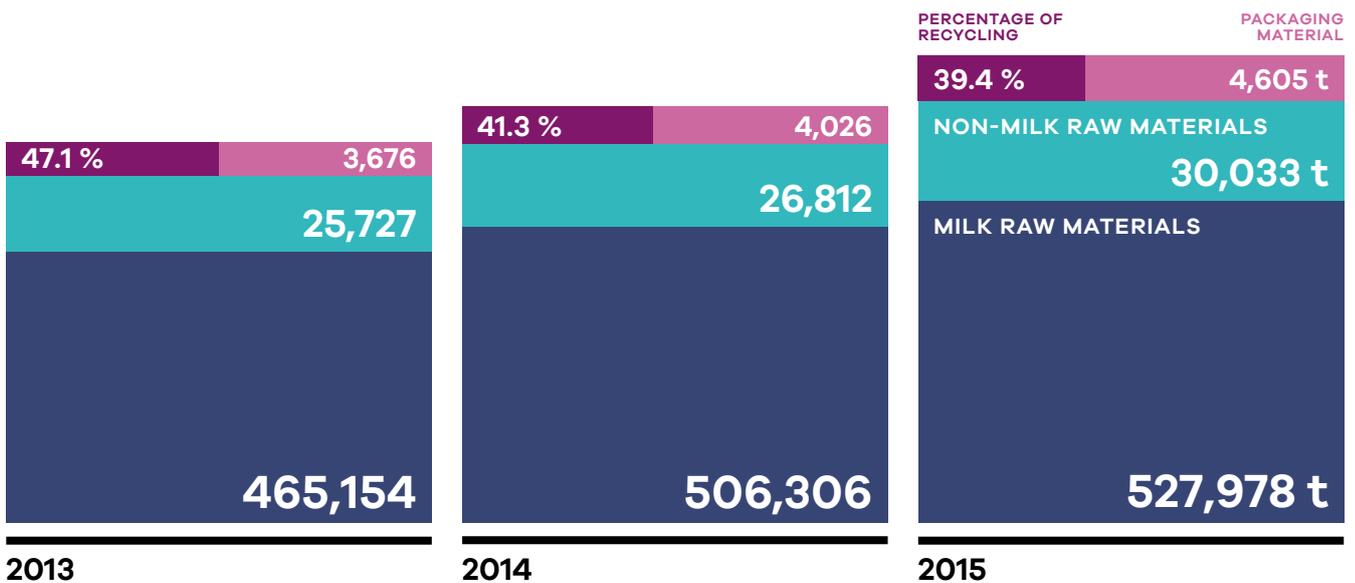


Dairy products

Production and sale of milk-based products such as butter, butterfat and cheese either as own brands or private label products to customers from the bakery trade or retail trade, for example.



RAW MATERIAL AND MATERIAL INPUT OF THE UELZENA GROUP (EN1 / EN2*)



The information "percentage of secondary raw materials used" does not apply to food raw materials. Milk raw materials are included to 100 % and refer to the entire Uelzena Group. For the most important non-milk raw materials by weight, 90 % of the sourced quantities have been included (Uelzena Group without the Warmen site).

For the most important packaging materials by weight, 90 percent of the sourced quantities have been included (Uelzena Group without the Warmen site). No information is provided for adjuvants and process materials because the amount sourced have been considered to be negligible. *EN1/EN2 are GRI indicators, see also GRI Index, page 34ff.



RAW MATERIALS RECEIVED

		2013	2014	2015
RAW MILK	TONS	348,276	381,103	407,094
CREAM	TONS	73,840	81,060	78,600
SKIMMED MILK / BUTTERMILK / MILK PERMEATES	TONS	6,648	4,499	3,009
SKIMMED MILK AND BUTTERMILK CONCENTRATES	TONS	36,390	39,644	39,275
TOTAL		465,154	506,306	527,978

Raw materials received: In 2015, 4.3 percent more raw materials were received within the Uelzena Group. The percentage of raw milk of the total quantity received was 77.1 percent (75.3 percent in the previous year).

SALES OF PRODUCTS

		2013	2014	2015
BUTTER, BUTTERFAT	TONS	42,809	44,528	45,257
CHEESE	TONS	31,346	32,766	31,102
MILK POWDER	TONS	15,034	31,120	67,694
DELICATESSEN / SWEETENED CONDENSED MILK	TONS	21,980	24,529	22,715
SPECIALTY PRODUCTS*	TONS	39,678	41,878	44,379
TOTAL SALES OF MAIN PRODUCT GROUPS		150,847	174,821	211,147

* Summary of instant beverages, health products, specialty dry products and contract drying.

new suppliers can themselves register and enter all information that we need. If a producer of products for the above mentioned group does not meet our sustainability criteria, we will not accept them.

Supplier audits

To verify the correctness of the information provided in the future, we will audit suppliers by deciding from year to year whether and whom we want to audit. In doing so we will use a sense of proportion, for example if someone has attracted our attention. In this scenario our quality manager together with our buyers will visit the suppliers or importers on site in their European company headquarters where they will review all relevant documents and data.

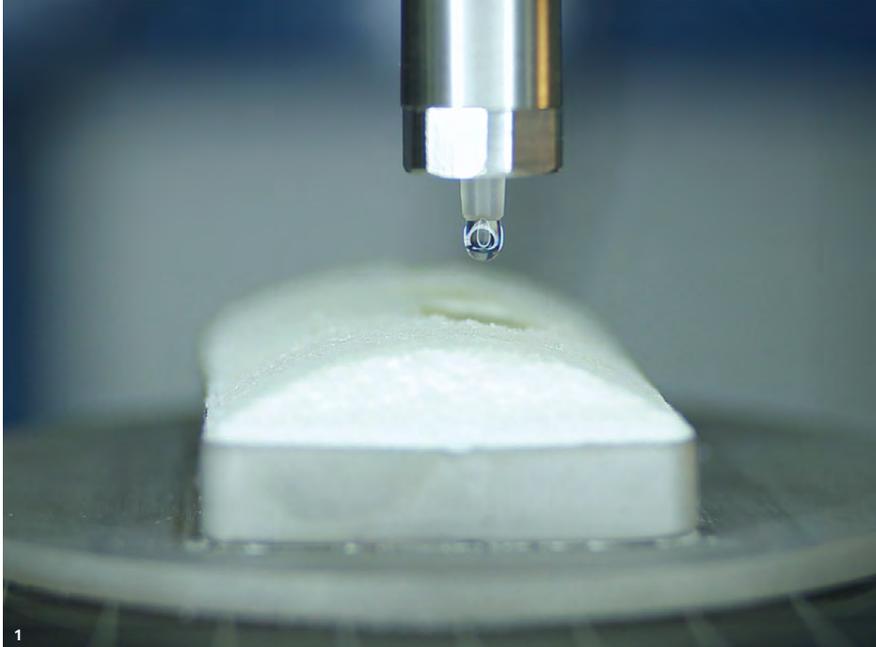
Starting in 2016, we will establish a sustainability module for milk at our Uelzena milk producers. Even though various industrial representatives were not able to agree on a mutual procedure within the Federal Republic of Germany yet, we will pursue as scheduled the implementation of the module within the scope of a pilot project together with the Thünen Institute and our member dairies. The module will enable us to improve our reply service to customer requests on topics such as animal welfare or environmental protection in milk production.

Since 2012, we have almost doubled our market significance – based on the sales of the main product groups. This is a successful but also necessary development for a medium-sized dairy which aims at being a reliable partner and food supplier to its national and international customers.

94 %

Regional milk raw materials

In 2015, we were able to increase the percentage of regionally sourced milk raw materials from 90 to 94 percent.



Perfect powder

It takes many steps to develop and produce tailor-made dry products. 1 We are using a wetting test for example to check the solubility and quality of product powders. 2 Finest cocoa powder.



Volker Suderburg
Head of Milk Management

Why is Uelzena showing a huge interest in implementing the sustainability module of QM Milk with the milk producers?

"We are often asked by our customers about how the milk is produced. In this context quality issues play an important role as do increasingly animal welfare, working conditions and environmental protection which are typical sustainability issues. This module will enable us to systematically retrieve the most important information on these topics from our milk producers. In this way we are prepared to reply to respective customer requests."

Could you explain what information the module retrieves from the farmers and thus what is available to you?

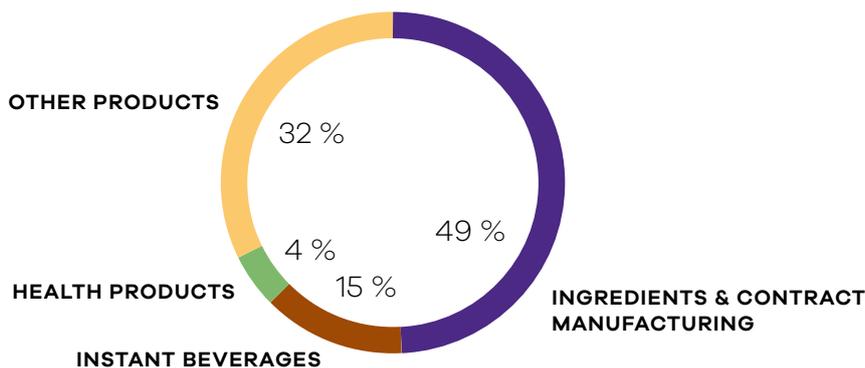
"It is a form with 19 pages which deals with different fields. Questions include those on the different forms of animal keeping, cow comfort, percentage of pasture grazing and milking technology, as well as on topics such as grassland and arable land management, use of farm manure, percentage of areas of high ecological value and the generation of regenerative energy. For the first time, we also ask about the education of the plant manager, the employment of family or foreign workers, leisure time, vacations, further education and public relations. To us as a processing company, questions on the economy are of the utmost importance because we have to take this information into account in our long-term planning and investment strategies. The scope of questions was and still is disputed but nevertheless required for an assessment of the entire process."

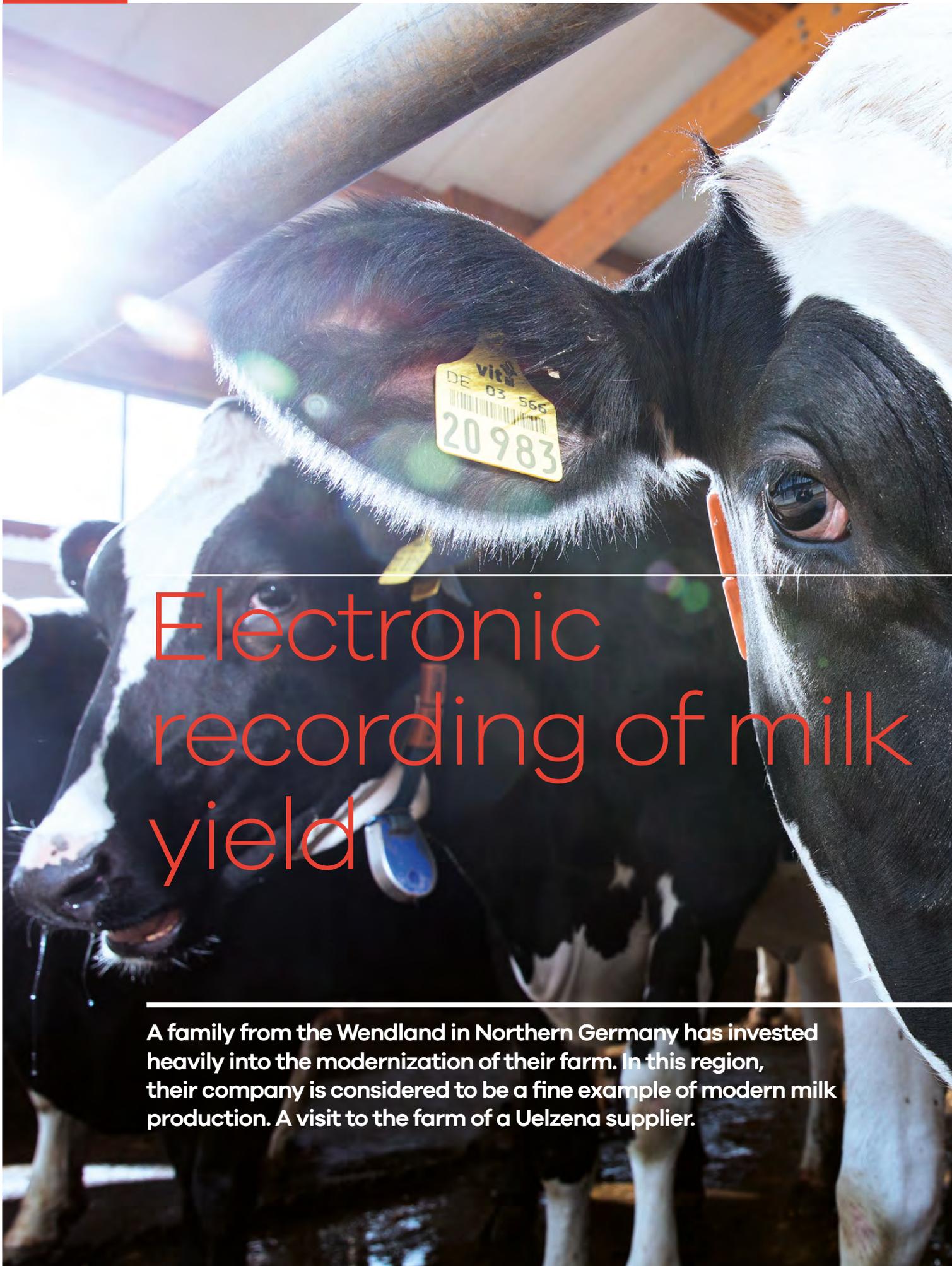
How does Uelzena verify the correctness of the information provided?

"Our plans are that the QM auditors include the sustainability module in their audits of the companies. However, other than for the QM audit there will not be any K.O. criteria. The primary purpose of the sustainability module for us is to get information."

TURNOVER IN 2015

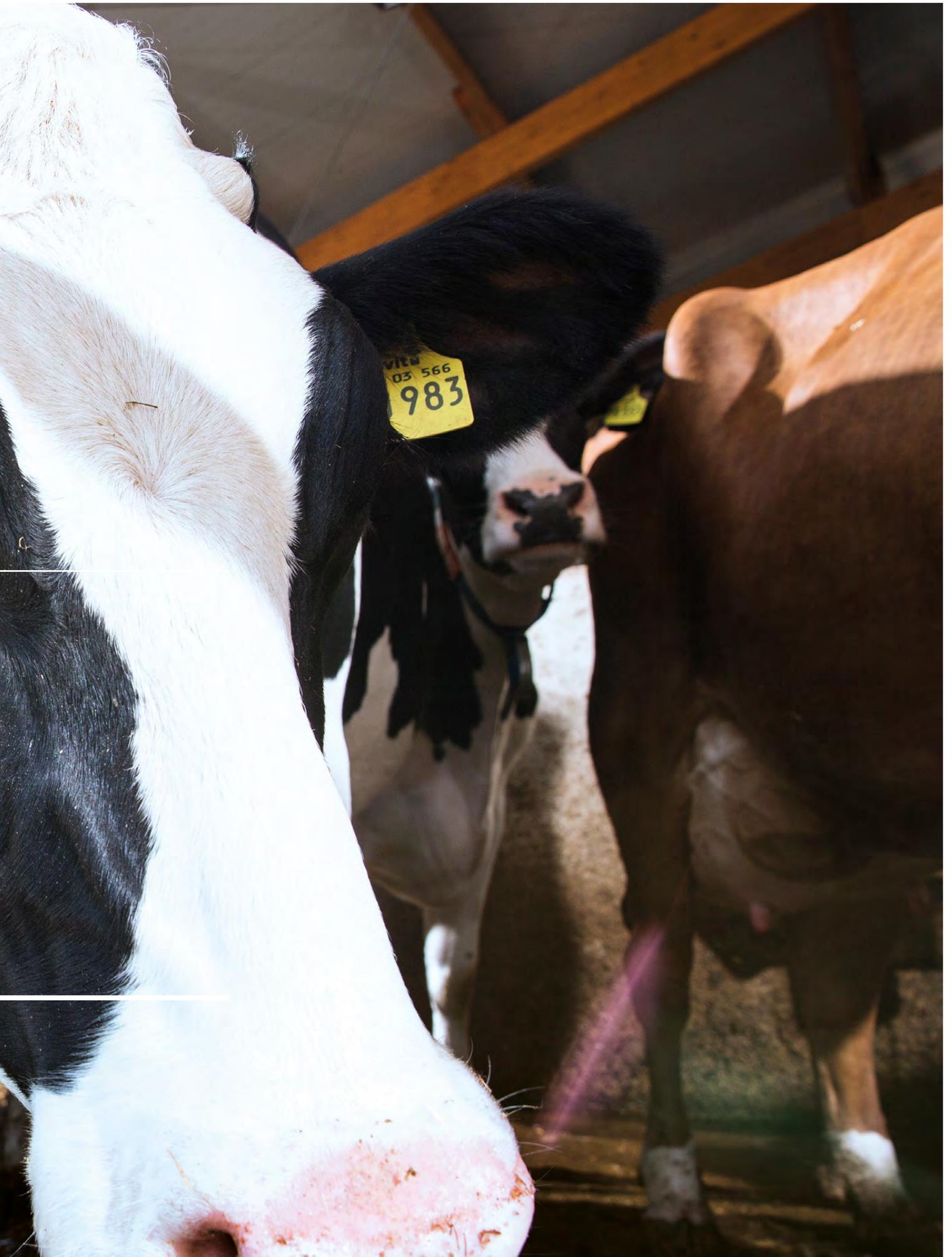
BY BUSINESS UNITS





Electronic recording of milk yield

A family from the Wendland in Northern Germany has invested heavily into the modernization of their farm. In this region, their company is considered to be a fine example of modern milk production. A visit to the farm of a Uelzena supplier.

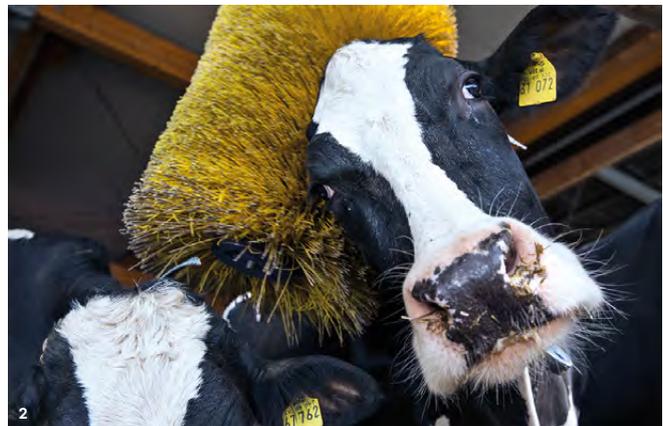




1



3



2

Built for the wellbeing of the cows

1 The open construction lets plenty of fresh air and sunlight into the new barn. 2 Sufficient room and extras such as the cow brush increase the animals' wellbeing. 3 The modern milking house with cooling tower.

Sparrows and swallows are the only animals in the barn that create sounds whilst they fly back and forth underneath the roof. The 150 cows in the barn are pretty quiet. Once in a while there is a little rustling when one of the animals helps itself from the feedbox, gets up slowly from its cubicle or moves along one of the walkways. Otherwise there is absolute peace and quiet.

“It is a good sign when cows are quiet; it means that they are happy,” says Karola Stegemann. It is not by chance that their cows are feeling contented. She and her partner Christian Dreyer have worked hard for this and have invested more than one million

Euros in their farm. Both are dairy farmers in Dangenstorf, a little village in the Wendland near Lüchow-Dannenberg in Northern Germany. The few roads in the village are lined with old and well-restored timber-framed houses; there is a pub, a playing field and a volunteer fire department.

Many years ago, this village with about 200 people had an agricultural infrastructure. Today, the farm of Stegemann and Dreyer is one of only a few that are left. They keep approximately 150 dairy cows on their farm and almost the same number of calves and yearlings. The couple delivers fresh milk exclusively to the same dairy as they did 30 years ago: the

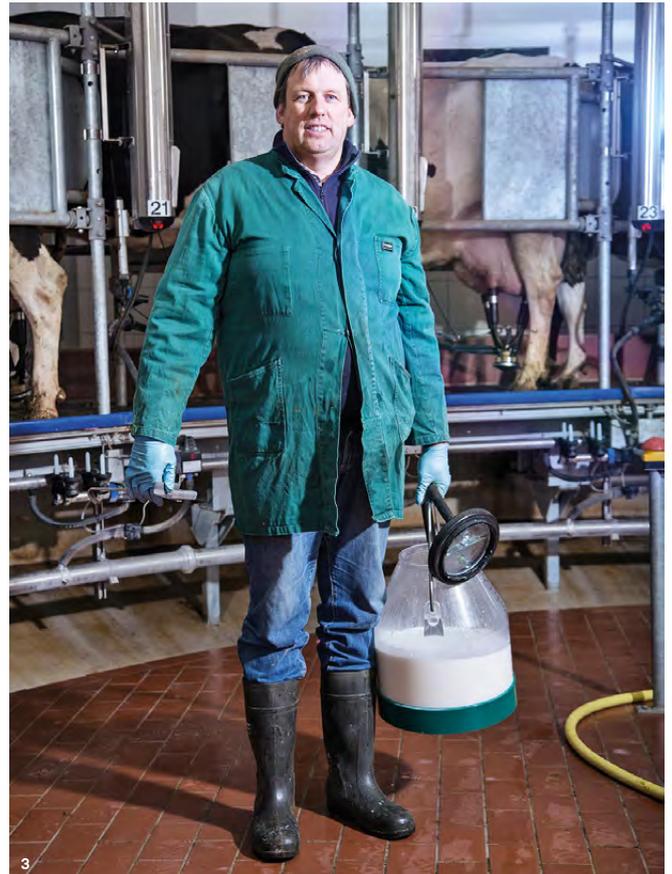
Milk Collection Company Uelzena, formerly known as Wendlandmilch, in Lüchow, has been a cooperation member of Uelzena eG ever since.

Changing dairy industry

The working days of Karola Stegemann and Christian Dreyer start at six o'clock in the morning with the first milking and they end 12 hours later with the second milking and in summertime it is even later. Cows have to be milked seven days a week. There are no other employees on the farm although their two grown-up sons are active helpers. Julian, aged 26 has already finished his education as a master agriculturist; Philipp, aged 19 is still an apprentice. In

What can be made from 17 liters of raw milk:

17 liters of whole milk or
almost 4 sticks of butter (250 g each) or
1,5 kilograms of skimmed milk powder or
1,9 kilograms of semi-hard cheese



Fast through technology: Only 90 minutes for each milking cycle.

1 Each cow wears an electronic strap around its neck.
2 The milking carousel can accommodate 24 animals at a time. **3** One person can handle the workload but two people are better. **4** Julian Stegemann at the central control station.

a few years time, both brothers plan on taking over the farm and managing it together.

The future of their children was the reason behind the decision of Dreyer and Stegemann to modernize and expand their farm in 2014. "The old barn was pretty small and work took too long. Now everything is much more simple and faster," explains Stegemann. Before the modernization, one milking took three hours; today it can be carried out in 1.5 hours. Added to that, the husbandry conditions have significantly improved and the cows are much healthier, adds Dreyer.

There was also another reason for this decision: the changes

within the dairy industry. After more than 30 years, the European Union abolished the milk quota in 2015. Now dairy farmers such as Stegemann and Dreyer can produce and sell more milk. They wanted to take advantage of this opportunity and have more than double the number of cows taking the numbers from 70 to 150. They are positive: Their company with its advanced milk production is well positioned for the future. core part of the modernization measures was the new milking plant and the new cubicle barn.

Modernization for the future

Many older barns are comparably small, narrow and dark. There

are big differences with the new barn of Stegemann and Dreyer: When you enter the barn you have the feeling of still being outside; open sides allow fresh air to flow through. Inside it is almost as light as outside. Cows, who experience a different sensation to cold than humans find this proximity to the wind and weather as pleasant.

The barn is huge. Dreyer looks from one end to the other. Approximately 850 square meters of floor space, almost as large as three tennis courts. Modern cubicle barns need to be spacious because the animals in there are no longer tied. The cows are free to move through the walkways and decide which cubicle to choose for resting or when and



Cow yield:

One cow on the Dreyer and Stegemann farm produces on average 11,000 kilograms of milk per year. The most important quality parameters of the milk are 4 percent fat and 3.48 percent protein.

More than just a job

1 & 4 Philip Dreyer uses a tractor in the barn to bring the feedstuff to the cows. 2 Calves in particular require a lot of the farmers' time. 3 Karola Stegemann and her family work more than 12 hours a day.

where to feed. "The husbandry conditions in our modern barn are similar to those requested for the production of organic milk – there is no difference," says Dreyer.

Each of the 150 cows has its own cubicle prepared with soft bedding made of straw, wood shavings and a special lime which raises the pH level and has an antibacterial effect. This prevents udder diseases and enhances the comfort for the cows which lay down up to 16 hours per day. The cubicles are cleaned twice a day and prepared with fresh bedding. The pathways are kept clean with a type of snow plough. Every two hours the device automatically pushes the manure

into a special collection basin. This keeps the pathways dry and the cows' claws healthy. Suitable feedstuff also contributes to animal health. Both farmers once ordered a feed advisor to adjust the ratio of the individual feeding components precisely for their cows. It is a well-balanced and easily digestible mixture of corn and grass silage, grain, cracked rapeseeds and soy meal, straw and mineral feed.

Veterinary costs cut by half

Beside the main part of the barn, there are also separate departments: one is for pregnant cows that are about to deliver, one is for freshly born calves and one

is for animals that have calved or are sick. Dreyer knows each cow by name and suffers with those that are not feeling well. "Our cows have more room in the new barn, their living conditions have improved and they are experiencing less stress. Consequently, we have been able to cut the costs for veterinary services by half," says Dreyer.

The average number of cell and germ counts, which are important quality features for milk, have also dropped. The cell count indicates whether a cow is healthy or suffering from mastitis, an udder inflammation. The lower the cell count, the better. The germ count also indicates whether the milk

A family and its farm

1 The new open barns located immediately next to the building with the milking equipment and the cooling tower.

2 Philipp Dreyer, Karola Stegemann, Christian Dreyer and Julian Stegemann (from left to right)



Christian Dreyer
Farmer

"The husbandry conditions in our modern barn are similar to those requested for the production of organic milk – there is no difference."



has been properly cooled after milking and how hygienically the farm operates. If this number is too high, the reason for that must be researched.

Cows with electronic straps

Directly next to the new barn is the new milking plant with cooling tower. The new cooling tower is as high as a house, can accommodate up to 25,000 kilograms of milk and is able to reduce the milk temperature within a few minutes to the required 5°C. The previous cooling equipment needed an hour to reach this temperature. Stegemann and Dreyer are very proud of the new milking plant. It

looks like a carousel. 24 cows can be milked simultaneously compared to ten in the previous plant. Each cow has an electronic strap with a chip that is automatically read by a transponder. The information on the milk yield per cow is collected on the computer in the monitoring room. Each animal produces an average of 17 kilograms per milking.

The cooling tower is filled up with approximately 5000 kilograms per day. Every second day, the Milk Collection Company Uelzena eG collects the milk. "It is really positive that the new plant allows us to work quickly and efficiently. This gives us more time to take care of every single cow," explains Dreyer.

Positive outlook

Dreyer and Stegemann are optimistic about their future. Since the elimination of the milk quota, they are now more exposed to fluctuating world market prices. However, both farmers think in the long term. It is a safe bet that they will be able to sell the milk they produce to a dairy and it lets them rest assured. They do not rule out that they might expand their farm some day. "Our new milking plant would clearly be able to handle even more cows. We would also have room for another barn", says Stegemann. However, they will leave this task to the next generation.



Our growth is not a burden on the environment

 [/production#more](#)

So far, the following has been true: The more companies grow, the higher the levels of emissions are and the more resources they consume. The de-coupling of business success and increasing environmental damage is one of our most pressing tasks. In 2015, we have come a good step closer to achieving this goal.

TARGETS ACHIEVED

93.3 %

REDUCTION IN EMISSIONS
PER TON OF GOODS PRODUCED

REDUCTION IN RESOURCE
CONSUMPTION PER TON OF
GOODS PRODUCED

IMPROVED PRODUCTION
PRODUCTIVITY





Uelzenas contribution to climate protection was effective and successful in 2015 again. We were able to reduce the amount of greenhouse gases by another 6,562 tons compared to the previous year. This means that the Uelzena Group has reached its self-defined target earlier than planned – and even exceeded it: a 30 percent reduction of the 2012 CO₂ emissions until 2020. This is because in 2015 our absolute greenhouse gas emissions have dropped by 42 percent compared to the 2012 level even with increases in production. This means that we emitted 21,714 tons of carbon dioxide less per year and therefore a lower burden on the climate. A great success!

CO₂ emissions per ton almost cut in half

The additional strong reductions in CO₂ emissions (compared to 2014) are predominantly due to our second cogeneration plant in Bismark (Saxony-Anhalt). Since the beginning of 2015, the plant supplies highly efficiently our facility, the Altmark Käserei Uelzena, with electricity, heat and steam. Our first cogeneration unit was built in 2013 in Uelzen. Both plants have a high efficiency of 84 percent. Despite the fact that we are using more natural gas with these plants, we have to buy less industrial electricity. At the same time the power consumption of the entire Group with 40.2 MWh remained almost unchanged compared to the previous year.

The cogeneration plants are just one component of a number of measures that we apply in order to reduce undesired environmental effects including greenhouse gas emissions as much as possible. This is because we know that the production of our products uses a lot of energy and resources. Our core objective is: The sales of the Uelzena Group shall grow in all strategic business fields but not in the amount of emissions or the consumption of energy and water. The figures show: We are on the right track. Compared to 2012, the Uelzena Group has almost cut its CO₂ emissions per kilogram of product produced in half, from 239 to 150 grams.



42 %

CO₂ reduction

In 2015 Uelzena's absolute greenhouse gas emissions dropped by 42 percent compared to 2012 – even with increases in production.



Keeping a close eye on production

1 Pressure gauge: Water and steam are decisive parameters in production. 2 Motor of the co-generation plant at the Bismark site. The plant supplies electricity, steam and heat for the site.



Dr. Peter Fichtl
Managing Director Production and Technology

“The planned growth in sales in the strategic business fields shall be more and more decoupled from their ecological effects, for example by reducing the greenhouse gas emissions per ton of product produced. This is why from 2012 to 2015 we have focused on optimal generation of electricity, heat and steam that was used within the Group. ”

Certified energy management

We also constantly check whether we can improve the other production facilities with innovative energy concepts. Future progress in this field will be mainly achieved by less energy consumption. Our efforts are supported by the energy management system according to ISO 50001 which we successfully established and certified in 2015 throughout the entire Group. With this we are pursuing our successful approach towards protecting the climate and resources.

Less wastewater, constant recycling

The measures we applied for reducing the relative amount of wastewater have also proven successful. Despite unchanged production performances, the amount of wastewater dropped by 1.1 percent within the Group in 2015. Compared to 2012, this is a reduction of 14.3 percent. Remarkably: Within the same period we reduced the wastewater load per kilogram of product produced by 26 percent. None of our sites received sanctions or were fined for being heavy polluters. Of course, within the reporting period we have complied with all required environmental regulations; no fines or penalties had to be paid.

Due to an increase in the amount of kosher products we produce and for which no recycled water must be used, our fresh water consumption increased slightly. Nevertheless, when compared to 2012, it is still 5.5 percent less in relation to the production quantity.

This year the amount of waste increased slightly by 52 tons. The percentage of recyclable, reusable waste has remained at a constant level compared to 2014.

ENVIRONMENT & PRODUCTION

			2013	2014	2015
EN 3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION				
	GAS PURCHASE	KWH	202,479,463	212,465,329	235,194,229
	ELECTRICITY PURCHASE	KWH	22,759,282	19,825,930	9,672,510
	ELECTRICITY SOLD	KWH	7,236,000	4,862,000	3,179,763
	ENERGY INPUT ¹	KWH	218,002,745	227,429,259	241,686,976
EN 5	ENERGY INTENSITY BASED ON ENERGY INPUT OF THIS GAS	KWH/KG	1.166	1.153	1.229
	OF THIS ELECTRICITY	KWH/KG	1.083	1.077	1.196
	PRODUCTION QUANTITIES FOR ALL UELZENA SITES ²	TONS	0.083	0.076	0.033
			186,898	197,292	196,655
EN 15,16	TOTAL DIRECT AND INDIRECT GREENHOUSE EMISSIONS				
	CARBON DIOXIDE EMISSIONS	TONS	36,792	36,089	29,527
EN 18	CARBON DIOXIDE INTENSITY (CO₂ EMISSIONS IN KG REFERRED TO THE PRODUCTION QUANTITY IN KG)	KG/KG	0.197	0.183	0.150
EN 19	REDUCTION OF GREENHOUSE GAS EMISSIONS				
	BASED ON THE 2012 LEVEL	TONS	-14,449	-15,152	-21,714
		RELATIVE	-28.2%	-29.6%	-42.4%
	IN RELATION TO THE PRODUCTION QUANTITY IN KG (INTENSITY) ³	KG/KG	-0.097	-0.110	-0.143
		RELATIVE	-32.9%	-37.6%	-48.8%
EN 8	TOTAL WATER REMOVAL BY SPRING				
	WATER CONSUMPTION, TOTAL	M ³	1,046,131	1,069,331	1,082,842
	OF THIS FROM WELLS	M ³	850,897	899,253	924,986
	OF THIS MUNICIPAL	M ³	195,234	170,078	157,856
	WATER CONSUMPTION PER TON OF PRODUCT PRODUCED	M ³ /TON	5.60	5.42	5.51
EN 22	WASTEWATER VOLUME ⁴	M ³	651,772	656,809	647,207
	WASTEWATER QUANTITY PER TON OF PRODUCT PRODUCED	M ³ /TON	3.49	3.33	3.29
	WASTEWATER LOAD IN KG COD PER TON OF PRODUCT PRODUCED	KG/TON	10.48	10.94	8.18
EN 23	TOTAL WEIGHT OF WASTE BY TYPE AND METHOD OF DISPOSAL				
	TOTAL WEIGHT OF WASTE	TONS	1,073.78	1,296.80	1,348.81
	OF THAT WASTE THAT IS INDEPENDENT OF THE PRODUCTION QUANTITY ⁵	TONS	36.08	104.20	63.41
	OF THAT WASTE THAT IS DEPENDENT ON THE PRODUCTION QUANTITY	TONS	1,037.70	1,192.60	1,285.40
	OF THIS RECYCLABLE	TONS	792.70	916.50	985.70
	OF THIS NOT RECYCLABLE	TONS	245.00	276.10	299.70
	PERCENTAGE OF RECYCLABLE WASTE	RELATIVE	76.4%	76.8%	76.7%
	TOTAL WEIGHT OF WASTE DEPENDING ON PRODUCTION IN KG PER TON OF PRODUCT PRODUCED	KG/TON	5.55	6.04	6.54

¹ Purchased energy minus sold energy; energy input without minor fuel oil consumption

² Production quantities not consolidated but stated additively; compared to the previous year, certain packaging units were included in the calculation. The energy intensity determined based on the energy input is higher than the energy intensity determined based on consumption. (Energy input including own generation of electricity x efficiency = energy consumption)

³ The reduction was determined based on the 2012 level.

⁴ Wastewater only for the Uelzen and Bismark sites; wastewater quantities for the Ratzeburg site are negligibly small; Warmssen site has its own sewage treatment plant.

⁵ Waste which is independent from the production quantity includes construction waste, garden waste and outdated files.



Stimulating power for the future

 [/employees#more](#)

The Uelzena group is on the road of success and increasingly needs more qualified employees. The core targets of our Human Resources strategy are: attracting young employees and keeping experienced employees and developing their competences. We have set ambitious targets because we want to be successful in the long term.



7%**Apprenticeship quota**

Our percentage of apprentices is exceptionally high. The average in the Federal Republic is 5.7 percent.



How successful is the human resources strategy of Uelzena? Are our measures taking effect? Does the Uelzena Group reach its targets? For the most part, we are able to answer these questions very precisely. For example, we know that training at Uelzena yields good results. On average our apprentices and bachelor degree students received grade 2.5 in 2015. The absolute number of employees has increased from 655 to 663. We are pleased with this positive development in particular at our Bismark site. Following the retirement of several long-serving employees, we have been able to fill the vacancies with young people. This is one of the first results of our different occupational marketing measures.

For the entire Group, many indicators give reason for optimism: the average age of our total staff decreased slightly from 42.7 to 42.6 years and our apprenticeship quota is still 7 percent which is good. As a comparison: the average in the Federal Republic is 5.7 percent (as per 2013). In 2015 we were able to take on 93 percent of our apprentices, this was more than in the previous year; in 2014, 90 percent were offered a job at Uelzena after completion of their training.

TARGETS ACHIEVED**85.3 %**

INCREASE THE ATTRACTIVENESS OF BEING AN EMPLOYER

KEEP LONG-TERM JOBS FOR QUALIFIED EMPLOYEES

DEVELOPMENT AND SUPPORT OF EMPLOYEES

Proven solutions, fresh ideas

In 2015, our 663 employees received a total of 3,815 hours further training (without vocational school). This amounts to almost six hours per year for each staff member just as in the previous year. Compared to the previous year, the average period of employment at Uelzena fell slightly from 14.2 years to 13 years – this is a result of the filling of vacancies created by the retirement of veteran employees with new staff members. We are pleased with the days lost statistics due to accidents or occupational diseases; only 0.33 days were lost in 2015 compared to 0.72 in 2014. This is first of all due to the fact that in 2015 fewer days were lost because of accidents.

However, there are still gaps to be closed in the measurement of our performance. We are currently testing a strategic analysis tool which will enable us to recognize our demand for employees and qualifications as early as possible. It should provide a forecast for four years and will be applied for the first time in 2016.

One click for the start of a career

No question about that: our new career pages on the internet at www.uelzena.de/en/career/ have been well received among potential employees. The number of clicks is high and young applicants are pleased. They compliment the online presentation as being fresh, authentic and emotional. They like in particular the short movies in which employees introduce their occupations. The new offer was only recently launched in mid-November 2015 and so more time will be needed to see whether the positive effects are sustainable in the long run. However, our presentation on the World Wide Web is only one of many components that we are using to find more and more young people and attract them to consider an apprenticeship or job at our company.



93 %

Percentage of apprentices offered permanent employment after apprenticeship

Even more apprentices: Uelzena was able to take over 93 percent of all apprentices in 2015 compared to 90 percent in 2014.



Ina Hinrichs
Head of Human Resources

„The people in our Group of Companies are the heart and the motor of our success. This is why we intentionally defined an essential part of our sustainability targets within the Human Resources field. This is the only way to ensure that we have the right people on board who will commit themselves to our mutual challenges today, tomorrow and for the years to come.“



Fine senses are needed

Our products are continuously evaluated by specifically trained employees: The sensory test includes specific properties such as taste, odor and color.

For example, we transfer the positive experiences made with our occupational marketing in Uelzen to all other sites. We visit school events for professional orientation, invite selected students into our company, offer internships and present our company at recruiting trade fairs. With these and other new ideas, our aim is to achieve our sustainable HR targets even faster and with better results. They should give us more stimulating power as we are a growing company that is looking for new committed employees in the future.

However, the demographic changes in Germany are more and more impairing this search. For example, at the end of 2015 the Federal Employment Agency in its Skilled Employees Bottleneck Analysis reported the problems in finding suitable employees for technical jobs including engineers and other specialists with and without academia education.

According to a Focus Study of the German contact office of the European Migration Network (EMN) the

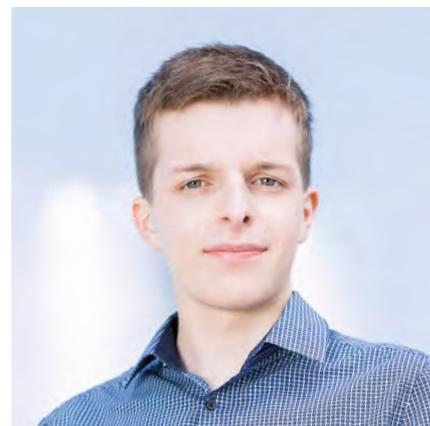
number of employed persons is forecast to fall by between eight and 11 million up until 2050. In particular this will be highlighted when the Baby Boomer generation of the 1950s and 1960 starts to retire, the question about how to secure specialist employees will have to be discussed.

Assuming responsibility for the social well-being within the regions

As with many other German companies, the Uelzena Group will be affected by this development and maybe even more than others, because our sites are situated in often economically underdeveloped rural regions. With our facilities we are among the largest employers in the respective regions. This is why the Uelzena Group has assumed special responsibility for the social well-being of the regional community. We have developed a sustainable Human Resources strategy in order to avoid personnel bottlenecks and to be able to live up to our responsibility.

Tailor-made career

The Uelzena Group supports the professional development of its employees, e.g. dual or in-service study courses, master craftsman training or job-related further training.



EMPLOYEES

		2013	2014	2015
G4-9	TOTAL	640	655	663
G4-10	MALE	444	456	459
	FEMALE	196	199	204
	PERMANENT EMPLOYMENT	581	591	588
	TEMPORARY EMPLOYMENT	15	18	32
	APPRENTICESHIP / INTERNSHIP	44	46	43
	FULL TIME	602	616	621
	PART TIME	38	39	42
LA6	DAYS LOST PER EMPLOYEE DUE TO ACCIDENTS OR OCCUPATIONAL DISEASES	0.99	0.72	0.33
LA9	AVERAGE HOURS PER YEAR PER EMPLOYEE FOR TRAINING AND EDUCATION	5	6	6
	AVERAGE AGE OF THE STAFF IN YEARS	43	42.7	42.6
	AVERAGE PERIOD OF EMPLOYMENT IN YEARS	14	14.2	13

Employee-related performance indicators refer to all employees and sites of the Uelzena Group. They are indicated as headcount.



We need strong regions

 [/regionality#more](#)

Economy, community, quality of life. The Uelzena Group supports sustainable development in the regions where it has its production sites. A responsible company with strong ties to Northern Germany.

TARGETS ACHIEVED

88.3 %

PREFERRING REGIONAL SUPPLIERS
AND SERVICE PROVIDERS IF POSSIBLE

ENCOURAGING THE PERSPECTIVES OF
YOUNG PEOPLE WITHIN OUR REGIONS

ENCOURAGING OUR EMPLOYEES TO
BE INVOLVED AS VOLUNTEERS



Karina Bode-Koch
PR Manager

"We would like to contribute to making the environment around our sites even more attractive so that our employees, their families and new recruits feel comfortable here. This is why we support events, associations and clubs so that the cultural and social framework conditions can be enhanced. We care about the development of children and young people. Hence, we support projects that offer meaningful activities for young people and help them in their professional orientation."

All the sites of the Uelzena Group have one thing in common: they are all situated in rural areas far away from large cities. The regions around our sites are characterized by agriculture because this is where our raw material milk is produced and processed. For us this means maintaining strong ties with the regions and being responsible for their well-being.

Strategies for strengthening the region

Attracting qualified staff, keeping young people in the region and offering them inspiring apprenticeships at Uelzena are tasks where everybody is a winner: the employees, the company, the young people who are trained close to their homes and the entire region. It is in particular in these rural areas where many children and adolescents are active in youth fire brigades. Curiosity and an interest in technical details are often the basis for this. The young people gain social competence from working in groups and knowledge of firefighting technology. It is here where we find interested people who can, appropriate to their age, be introduced to technical occupations. Pointing out career perspectives in their home region is a win-win situation for both, the young people as well as for the respective region. This is why our funding focus was in particular on the youth fire brigades in the regions around our sites in 2015.

We promote projects for improving the perspectives of young people and we discuss within the company how we can increase and further support the volunteer work of our employees. At all production sites we pursue a strategy for sustainable development within the regions. We have been successful in our efforts to maintain orders and economical performance within the regions. The percentage in expenditure for regional service providers for Uelzena rose from 14 percent in 2014 to 18 percent in 2015. These companies are located within a 50 kilometer range from the respective Uelzena site. In this way, we are strengthening economic power in the rural area and contributing to ensure the viability of the service providers in the regions.

The prices we have paid for milk raw materials within the last few years have been on a competitive level in Northern Germany; the Uelzena eG is a powerful partner for the farmers for the marketing of their products. 94 percent of the total of 527,978 tons of milk raw materials we sourced in 2015 from our suppliers were from regional production. This is an important value adding contribution that also ensures the farmers' survival in the regions around the sites. The economical power within the regions is strengthened because of the secure income of its member companies and their milk producers, the income of our employees and the expenditure of the Uelzena Group for regional service providers.

GRI - INDEX "G4 - FOOD - PROCESSING" FOR THE SUSTAINABILITY REPORT 2015 OF THE UELZENA GROUP

LEGEND: OMISSIONS, REMARKS AND REFERENCES

(1) A Standard Disclosure, part of a Standard Disclosure, or an Indicator is not applicable.

(2) The information is subject to specific confidentiality constraints.

(3) There are specific legal prohibitions.

(4) The information is currently unavailable.

→ Remarks

/G4-XXX Web code as a link to the respective information available on the internet.

For detailed instructions, please refer to the information on page 2 (table of contents).

GENERAL STANDARD DISCLOSURES

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
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STRATEGY AND ANALYSIS

G4-1	SUSTAINABILITY STATEMENT OF THE BOARD		/G4-1-SB P. 3
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ORGANIZATIONAL PROFILE

G4-3	NAME OF ORGANIZATION	→ Uelzena eG	
G4-4	KEY BRANDS, PRODUCTS AND SERVICES		/G4-4-BPS P. 10, 11, 17
G4-5	COMPANY HEADQUARTERS	→ Uelzen, Lower Saxony, Germany	
G4-6	NUMBER OF COUNTRIES WHERE THE ORGANIZATION OPERATES	→ Operates in Germany; worldwide marketing and sourcing of non-milk products, however, with focus on Europe	
G4-7	NATURE OF OWNERSHIP AND LEGAL FORM	→ Registered cooperative with nine members	/G4-7-OS
G4-8	MARKETS SERVED		/G4-8-MS
G4-9	SCALE OF THE ORGANIZATION INCLUDING TOTAL NUMBER OF EMPLOYEES, TOTAL NUMBER OF OPERATIONS, NET REVENUES, TOTAL CAPITALIZATION, QUANTITY OF PRODUCTS PROVIDED	→ Total number of operations: 4 Production sites (without MTW) and 1 Distribution site	P. 10, 11, 16, 29, 31, 39
G4-10	KEY DATA ON WORKFORCE	(¹) Sites are located within one region, therefore there is no breakdown of the total workforce by region (¹) "Permanent freelance" employees or employees of contract partners have no/only minor significance. (⁴) No breakdown of permanent and full-time employees by gender; information will be collected by 2017 → No large fluctuations in the number of employees	P. 31
G4-11	PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	(²) This information is confidential due to competition reasons.	
G4-12	SUPPLY CHAIN OF THE ORGANIZATION		P. 9
G4-13	CHANGES DURING THE REPORTING PERIOD REGARDING THE ORGANIZATION'S SIZE, STRUCTURE, OWNERSHIP, SITES, OPERATIONS AND SHARE CAPITAL STRUCTURE AND ITS SUPPLY CHAIN	→ No significant changes	
G4-14	PRECAUTIONARY APPROACH AND PRINCIPLE	(⁴) Will be provided by 2017	
G4-15	ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS, PRINCIPLES, OR OTHER INITIATIVES	(⁴) Will be provided by 2017	
G4-16	MEMBERSHIPS OF ASSOCIATIONS		/G4-16-CPI

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	LIST OF COVERED/NOT COVERED ENTITIES IN THE ORGANIZATION	→ Entities of the Uelzena Group: Uelzena eG, Altmark-Käserei Uelzena GmbH, Hoche Butter GmbH, H. Schoppe & Schultz GmbH & Co. KG, WS Warmseiner Spezialitäten GmbH, Trilactis GmbH → Shareholdings of 50 percent or less as well as non-operating entities are not listed.	P. 10-11
G4-18	PROCESS FOR DEFINING THE REPORT CONTENT AND THE ASPECT BOUNDARIES AND EXPLANATION ON THE IMPLEMENTATION OF THE REPORTING PRINCIPLES	(⁴) Will be provided by 2017	
G4-19	COMPLETE LIST OF THE MATERIAL ASPECTS IDENTIFIED	→ See diagram "Materiality Analysis"	P. 5
G4-20	ASPECT BOUNDARIES WITHIN THE ORGANIZATION	(⁴) Will be provided by 2017	
G4-21	ASPECT BOUNDARIES OUTSIDE THE ORGANIZATION	(⁴) Will be provided by 2017	
G4-22	RESTATEMENT OF INFORMATION PROVIDED IN PREVIOUS REPORTS	→ The report has been expanded.	P. 4
G4-23	SIGNIFICANT CHANGES FROM PREVIOUS REPORTS IN THE SCOPE AND ASPECT BOUNDARIES	→ No change in the materiality matrix 2015 compared to 2014	

STAKEHOLDER ENGAGEMENT

G4-24	LIST OF STAKEHOLDER GROUPS ENGAGED		/G4-24-SG
G4-25	BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS	(⁴) Will be provided by 2017	
G4-26	APPROACH TO STAKEHOLDER ENGAGEMENT AND FREQUENCY OF ENGAGEMENT	→ The engagement takes place in established ways. Following the first sustainability report, focus discussions took place with all stakeholders in order to define how expectations can be met.	/G4-26-SE
G4-27	TOPICS RAISED BY STAKEHOLDERS		/G4-27-TRS

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
REPORT PROFILE			
G4-28	REPORTING PERIOD	→ 01.01.2015 to 31.12.2015	P. 4
G4-29	DATE OF THE MOST RECENT PREVIOUS REPORT	→ 26.06.2015	
G4-30	REPORTING CYCLE	→ annually	
G4-31	CONTACT POINT FOR QUESTIONS	→ Uwe Radke	P. 38
G4-32	"IN ACCORDANCE" OPTION AND GRI CONTENT INDEX CHOSEN	→ The current report was compiled following the option "In accordance – CORE" of the GRI 4 Guideline. By 2017, all requirements will be completely implemented.	
G4-33	DESCRIPTION OF TYPE, SCOPE AND BASIS OF REPORT ASSURANCE	→ Internal assurance of the report	
GOVERNANCE			
G4-34	GOVERNANCE STRUCTURE AND DECISION-MAKING COMMITTEES		/G4-34-GS
ETHICS AND INTEGRITY			
G4-56	VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR OF THE ORGANIZATION	(²) Company guidelines and code of conducts will be developed 2015/2016.	
SPECIFIC STANDARD DISCLOSURES			
CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#EP P. 6–11
G4-EC1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	(⁴) This information will be provided by 2017: Breakdown of the distributed economic value by operating costs, wages/employee benefits, payment to providers of capital, payment to government, community investments and programs/processes that match the food industry.	P. 11
PROCUREMENT PRACTICES			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#PP P. 12–17, 32–33
G4-EC9	PORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION	(⁴) Management approach will be completely set-up by 2017. → Information only refers to service providers located within a radius of a maximum of 50 km around the respective production site. (⁴) Information on local, site-related procurement (e.g. milk, sugar or packaging material) will be provided by 2017. (¹) Raw materials such as cocoa or coffee cannot be sourced locally.	P. 32–33
CATEGORY: ENVIRONMENTAL			
MATERIALS			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#MA P. 24–27
G4-EN1	MATERIALS USED BY WEIGHT OR VOLUME	→ Information on the resources of natural gas and water are included in the Aspects energy and water. → Skimmed milk powder from the MTW is not included because Uelzena holds only a minority stake in the MTW.	P. 15
G4-EN2	PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS	(¹) The information "percentage of secondary raw materials used" does not make sense for food raw materials. → EN2 is a voluntary additional disclosure.	P. 15
ENERGY			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#EN P. 24–27
G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	→ Instead of total energy consumption, the energy input is stated: Purchased energy minus sold energy. (⁴) This information will be provided by 2017: total energy consumption, consumption of energy for cooling, steam consumption as well as standards, methodologies, assumptions and sources of conversion factors used.	P. 27
G4-EN5	ENERGY INTENSITY	(¹) There is only minor consumption of energy for heating which is not disclosed here → EN5 is a voluntary additional disclosure.	P. 27
WATER			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#WA P. 24–27
G4-EN8	TOTAL WATER WITHDRAWAL BY SOURCE	(⁴) Information on standards, methodologies and assumptions used will be provided by 2017	P. 27

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
EMISSIONS			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#EM P. 24-27
G4-EN15	DIRECT GREENHOUSE GAS (GHG) EMISSIONS	(¹) This information will be provided by 2017: Standards, methodologies, assumptions used, chosen consolidation approach for emissions, rationale for choosing the base year, context for any significant changes. → For information on emissions in the base year, please refer to the sustainability report 2014.	P. 27
G4-EN16	INDIRECT GREENHOUSE GAS (GHG) EMISSIONS	→ Uelzena combines the direct and indirect GHG emissions. → EN16 is a voluntary additional disclosure.	P. 27
EFFLUENTS AND WASTE			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#EW P. 24-27
G4-EN22	TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION	(²) The destination is confidential site-related information. In principle, only Group information is disclosed. (⁴) Information on standards, methodologies and assumptions used will be provided by 2017.	P. 27
G4-EN23	TOTAL WEIGHT OF WASTE BY TYPE AND METHOD OF DISPOSAL	→ EN23 is a voluntary additional disclosure.	P. 27
COMPLIANCE			
G4-DMA	MANAGEMENT APPROACH	(⁴) Management approach will be completely set-up by 2017	
G4-EN29	FINES AND NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	→ No fines in the reporting period	
TRANSPORT			
G4-DMA	MANAGEMENT APPROACH	(⁴) Management approach will be completely set-up by 2017	
G4-EN30	SIGNIFICANT ENVIRONMENTAL IMPACT OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS	(⁴) Will be provided by 2017	
SUPPLIER ASSESSMENT IN TERMS OF ECOLOGICAL ASPECTS			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally. (⁴) Management approach will be completely set-up by 2017	/G4-DMA#SAEA P. 12-17
G4-EN32	SCREENING OF NEW SUPPLIERS	(⁴) Will be provided by 2017	
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#EMP P. 28-31
G4-LA1	TOTAL NUMBER AND RATES OF HIRING NEW EMPLOYEES AND EMPLOYEE TURNOVER	(⁴) This information will be provided by 2017: total number and rate new employee hires and employee turnover (total number and rate), by age group and gender. (¹) All sites are within one region, therefore there is no breakdown of the total number of employees by region.	
LABOR/MANAGEMENT RELATIONS			
G4-DMA	MANAGEMENT APPROACH	(⁴) Management approach will be completely set-up by 2017	
G4-LA4	MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES	→ Notice periods are regulated by law and in tariffs.	
OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	MANAGEMENT APPROACH	(²) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#OHS P. 28-31
G4-LA6	TYPE OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENTEEISM	(⁴) This information on the total workforce as well as for contract partners will be provided by 2017: Breakdown by injury, injury rate, occupational disease rate, absentee rate and work-related fatalities, by gender and system of rules applied in recording and reporting accident statistics. (¹) All sites are within one region, therefore there is no breakdown of the total number of employees by region.	P. 31

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
TRAINING AND EDUCATION			
G4-DMA	MANAGEMENT APPROACH	(?) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally	/G4-DMA#TE P. 28-31
G4-LA9	AVERAGE HOURS PER YEAR PER EMPLOYEE	(*) No breakdown by gender and employee category; information will be provided by 2017	P. 31
SUPPLIER ASSESSMENT IN TERMS OF THEIR WORKING PRACTICES			
G4-DMA	MANAGEMENT APPROACH	(?) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#SAWP P. 12-17
G4-LA14	PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICE CRITERIA	(*) Management approach will be completely set-up by 2017 (*) Will be provided by 2017	
SUB-CATEGORY: SOCIETY			
LOCAL COMMUNITIES			
G4-DMA	MANAGEMENT APPROACH	(?) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#LC P. 32-33
G4-SO1	PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT	→ 100 percent of all sites implement sponsor programs. → In 2015, no assessments on social and environmental impacts were performed. The current monitoring of compliance with environmental standards is carried out according to legal specifications. → For stakeholder engagement at all sites, see G4-26 → There is frequent contact with local authorities and political bodies at all sites. (*) This information will be collected by 2017: formal complaint procedures for local communities, work councils, occupational health and safety committees and other employee representation bodies to deal with impacts.	
ANTI-CORRUPTION			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
G4-SO3	TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	(*) Will be provided by 2017	
ANTI-COMPETITIVE BEHAVIOR			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
G4-SO7	TOTAL NUMBER OF LEGAL ACTIONS REGARDING ANTI-COMPETITIVE BEHAVIOR AND THEIR OUTCOMES	→ No legal actions	
COMPLIANCE			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
G4-SO8	FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS	→ No violations	
HEALTH AND AFFORDABLE FOOD			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
OWN INDICATOR		(*) Indicator will be developed and reported by 2017	
ANIMAL WELFARE			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
OWN INDICATOR		(*) Indicator will be developed and reported by 2017	
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
G4-DMA	MANAGEMENT APPROACH	(?) For every field of action, we combine several internal economic figures and parameters into an easily comprehensible target value. By 2017, we will have this information reviewed externally.	/G4-DMA#CHS P. 12-17
G4-PR1	PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT	→ 100 percent	
LABELLING OF PRODUCTS AND SERVICES			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
G4-PR3	PERCENTAGE AND TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED	→ All required information is mandatory and will be stated. → 100 percent	
COMPLIANCE			
G4-DMA	MANAGEMENT APPROACH	(*) Management approach will be completely set-up by 2017	
G4-PR9	MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES	→ No Fines or Penalties	

Imprint

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ACKNOWLEDGEMENTS, DISCLAIMER AND FORWARD-LOOKING STATEMENTS

Uelzena would like to thank the people at the Stegemann-Dreyer farm in Dangenstorf for their time and the information provided for our key topic (see page 18) in this sustainability report.

All information in this report has been collected with the greatest care. Nevertheless, we are not able to guarantee that there will not be errors. Moreover, this report contains forward-looking statements which are based on assumptions and the currently available information. Future business performance may differ from the forecasts given because several factors are beyond our control and may result in deviating developments which are unforeseeable at the time of printing this report.

Please send queries and suggestions on this sustainability report to kontakt@uelzena.de

Editorial deadline: 31st May 2016
Publication date: 1st July 2016
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Druckerei Schlüter GmbH, Dahlenburg/Gienau

Printed on FSC certified paper

Excerpt from the annual financial statement 2015 of the Uelzena eG

BALANCE SHEET – ASSETS	2014 IN €'000	2015 IN €'000
A. NON-CURRENT ASSETS	50,943	54,614
THEREOF TANGIBLE FIXED ASSETS	31,435	34,946
THEREOF LONG-TERM FINANCIAL ASSETS	18,115	18,141
B. CURRENT ASSETS	75,286	80,202
THEREOF INVENTORIES	18,880	17,780
THEREOF RECEIVABLES AND OTHER ASSETS	55,063	59,630
C. ACCRUALS AND DEFERRED INCOME	228	156
TOTAL ASSETS	126,457	134,973

BALANCE SHEET – EQUITY AND LIABILITIES		
A. EQUITY	40,737	43,475
THEREOF NET INCOME FOR THE FINANCIAL YEAR	3,274	1,531
B. PROVISIONS	12,674	13,168
C. LIABILITIES	73,046	78,330
TOTAL LIABILITIES	126,457	134,973

REPORTING PERIOD OF INCOME STATEMENT 01.01 - 31.12.

SALES	566,322	532,944
INVENTORY MOVEMENTS, OWN WORK CAPITALIZED, OTHER OPERATING INCOME	5,199	2,421
TOTAL REVENUES	571,522	535,364
COST OF MATERIALS	526,560	489,110
GROSS PROFIT	44,961	46,254
PERSONNEL EXPENSES	24,026	24,987
DEPRECIATION, AMORTIZATION	4,135	4,156
OTHER OPERATING EXPENSES	13,556	15,891
OPERATING PROFIT	3,208	1,219
FINANCIAL RESULT	93	561
RESULT FROM ORDINARY BUSINESS ACTIVITIES	3,300	1,780
TAXES	-26	-250
ANNUAL NET INCOME	3,274	1,531



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