



Growing sustainably,
securing values.

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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

This will be the last time for me to report here on the key developments of the Uelzena Group and our environment. Much has happened during my 21 years in office. Together we have been able to achieve sustainable and successful development for our company and our milk producers. There have also been difficult times. For example, the discontinuation of the fresh product business after the Reunification and the milk market crisis in 2008/2009 and again in 2015/2016.

Since 2000, diversification and differentiation has been the strategy of the Uelzena Group. In this way, a medium-sized independent dairy organized in form of a cooperative holding a unique market position could be created. The development of non-dairy business fields has played a strategic role in securing competitive milk prices. Compared to 2009, Uelzena eG was able to generate a milk price of 27.15 cent/kg in 2016, which is a rise of almost 5 cent/kg, despite the fact that the market prices for significant products were at a comparably low level, as in 2009. This is good, but not good enough from the milk producers' point of view.

Over the past four years and in agreement with our business strategy, we have increasingly highlighted ecological aspects and our social responsibility and we have monitored our progress and target achievements via an integrated scorecard. In our opinion this balanced and expanded business strategy is important for our competitiveness: We strive for better performance while putting less strain on the environment and continue to invest into the future of our Group of Companies.

In 2016, we made significant progress in terms of the environmental impact of our production sites. Moreover, the Executive Board and Supervisory Board of the Uelzena eG have adopted a Code of Conduct that includes our companies as well as the entire supply chain in our corporate management that is aimed at responsibility, sustainability and integrity. Sustainable sourcing and upstream supply chains will have priority for our future work.

Among the challenges of the current business year still are the generation of a sufficient milk price and the long-term planning and implementation of our future investments. Volatile prices, changing market structures and an increase in social requirements are the challenges that we have known about for a long time. Adding to that is the discussion on the antitrust evaluation of the relationship between milk producers and dairies. From the point of view of a cooperative dairy that is significantly controlled by the milk producers themselves, this is a superfluous topic, which is not really productive.

Nevertheless, these are challenges that my successor Jörn Dwehus will have to handle. Please place your trust in him and his team and continue to accompany the Uelzena Group on its way in the future. I wish much success for this journey.

Claus-Peter Witt
Chairman of Uelzena eG



Succeeding – little by little

Again we have been able to use the past business year very effectively: We have further developed our Annual and Sustainability Report and, most importantly, we have expanded the structures for our sustainable management. This has been reviewed and certified for the first time by an independent body.

As with any organization, all targets and strategies for sustainable corporate development within the Uelzena Group are governed by the environment. In 2016, there were two important issues. Firstly, at the World Dairy Summit, the International Dairy Federation (IDF) together with the FAO (UN Organization on Nutrition and Agriculture) signed a declaration on the sustainable development of the dairy sector: "The Dairy Declaration of Rotterdam". This is a comprehensive statement and commitment that refers to the goals of the UN 2030 Agenda for Sustainable Development. The Uelzena Group is a member in the German Association of the Dairy Industry (MIV) and therefore linked to the work of the IDF. We expressly support its work.

Secondly, the German Federal Government has adopted the Climate Plan 2050. This plan contains targets for industry and agriculture, which have an impact on Uelzena's targets for energy and CO₂. This Climate Plan as well as the Declaration of Rotterdam confirm that the Uelzena Group with its sustainability strategy is on the right path. Since 2014, we have been reporting annually on our targets and the progress we have made. We are also continuously further developing this form of reporting as well.

Major issues and summary

In the main chapters of this printed report for 2016, we focus on highly interesting topics. For example, in the chapter "Production", we introduce a specific program for improvement that will secure our future in the long run. In the central field of action Company, we explain in detail the reasons why the Uelzena Group

has achieved satisfactory corporate results despite a difficult market in 2016.

In order to provide an overview on all central developments, the most important facts and results for 2016 are summarized in columns with contrasting colors. As always, we are informing all of our stakeholder on the website of the Uelzena Group in full on all sustainability aspects, reasons, targets, measures and current key figures relevant to us.

Progress in fundamental issues

Within the reporting period 2016, we were able to achieve substantial progress in setting up sustainable corporate structures. Our purchasing department, for example, has designed a comprehensive management approach for the sustainable procurement of raw materials (see also chapter "Products", page 12ff). We also started with the set-up of a Compliance Management System (CMS) for the entire Uelzena Group. This is based on the Code of Conduct that defines the ethical and legal scope of actions for Uelzena eG and its employees. The subsidiaries will be integrated into one of the next development steps. Moreover, a whistleblower system will be in place that allows illegal and detrimental infringements to be reported confidentially. The Code of Conduct and more information are available on the internet under uelzena.de/compliance-en.

With certificate: indexes verified

We have also made considerable progress in the further development of the reporting quality in

NEW MEMBERS OF THE MANAGEMENT



Jörn Dwehus
CEO (from 1/2017) and Chairman of the Board (from 7/2017)

The agricultural scientist started his career as advisor for export marketing at the CMA (Central Marketing Association of German Agriculture) before later becoming General Manager of the CMA. Jörn Dwehus was responsible also for the business of the Marketing Agency for Agricultural Products from Lower Saxony. Before joining Uelzena, he worked as CEO at the Lower Saxony Farmers' Association and General Manager of a German agricultural publisher. Jörn Dwehus is married and has five children.



Christoph Bonmann
Managing Director Finances and Human Resources (from 2/2017)

Following his apprenticeship as a farmer, Christoph Bonmann studied agricultural sciences with a focus on agricultural economy. For some time he then worked as an inspector at the Westphalian Federation of Cooperatives and then moved on to Humana Milchunion eG in 2001 where he became Deputy Manager for finances and accounting. After the fusion with Nordmilch, Christoph Bonmann became head of the accounting department in Everswinkel at DMK. He is married and has four children.

compliance with the "Global Reporting Guidelines" GRI. We have improved and expanded different indicator statements. Added to that we had an independent chartered accountant recalculate and certify the quantitative results and achievements of our sustainability targets from our internal Strategy 2020 based on the "International Standard on Assurance Engagements ISAE 3000" (see right column for details on achievement of targets). This demonstrates clearly that Uelzena does not evaluate the achievement of defined targets all by themselves but rather involves independent auditors for improved transparency.

Minor changes of the materiality analysis

We have reviewed our materiality analysis (see diagram on page 7) on some points. Following a thorough review and in coordination with significant stakeholders, we have decided that animal welfare and transport are not relevant to Uelzena as individual aspects. This is because the GRI aspect Animal Welfare refers predominantly to companies where animals are kept and bred. Uelzena does not have its own animals. Nevertheless the topic is still important to us because we procure and process animal products. Animal welfare plays a central role in the GRI aspect Procurement.

We do not consider the aspect Transport as being significant at the moment. The reason for this is the result of the study "Environmental balance of milk and dairy products" (Institute for Energy and Environmental Research Heidelberg, Germany, 10/2014, www.ifeu.de). The study concludes that the sustainability of transport, which is initiated by a company - predominantly

TARGETS ACHIEVED

At the end of the five main chapters in this report, there are information boxes in contrasting colors.

The percentages show the degree of achievement of the targets that we have defined in an integrated scorecard.

Internally each target is divided into several sub-targets to be achieved.

The derivation and calculation of the achievement value was checked and confirmed by public accountants of the Genossenschaftsverband e.V. See www.uelzena.de/isae-en

Under the headline facts 2016, you will find a summary of measures and progress as well as comments on important figures.

PRODUCTION



TARGETS ACHIEVED

99.9 %

Reduction in emissions per ton of goods produced

Reduction in resource consumption per ton of goods produced

Improved production productivity

FACTS 2016

Emissions successfully reduced

We were able to lower the environmental impact of greenhouse gases, wastewater and waste in absolute figures and relative to the increases in production volume. The reduction of greenhouse gases per kilogram of product is now almost 50 percent - compared to reference year 2012. We also reduced the amount of waste after having experienced an increase in 2015. In relation to production quantities, the proportion of recycled material in waste increased slightly reaching almost 77 percent.

Less use of resources

In 2016 the total absolute energy input rose because our production quantities increased significantly. At the same time we were able to improve energy intensity. This means: We reduced our energy consumption in relation to the amount of product to 12 kilowatt hours per kilogram. Nevertheless, this value is slightly above the target value envisaged for 2016. The increase in energy input in 2015 was mainly due to the fact that we started operating our own co-generation power plants at two sites which since then have been generating electricity, steam and heat. We were able to reduce our consumption of fresh water in absolute figures and relative to the



in terms of energy consumption and CO2 emissions – is not of high priority for dairy companies. However, this evaluation may change in the future. We have scheduled a general review of the materiality analysis for 2017/2018. We expect to be presenting the results together with new features from the GRI Guideline next year. This will also include the inputs from the stakeholder dialogue, which we are constantly developing further.

Basis and framework data

In 2016, we again followed the internationally acknowledged GRI Reporting Standard 4.0 Food Processing, which we intend to have completely implemented in the 2017 report along with the option “In accordance – CORE”. The Focus is placed on the four operating sites in Uelzen, Bismark, Ratzeburg and Warmßen. The reporting period is the business year of the Uelzena Group from 1.1.2016 to 31.12.2016. As in the previous year, the report this year is also available in the German language – printed and available as a PDF for download from our company’s website.

Prospects

After having published three printed and online sustainability reports, the participating parties from the Uelzena Group are currently analyzing their work. We are thinking about the best way to inform the relevant and interested stakeholders on our sustainability developments. The question as to whether there will still be annual reporting in the future, either in printed form or online available at uelzena.de only was still being discussed at the time of the editorial deadline of this report. ■

G4-EN3

This or a similar character string in this report refers to a so called GRI indicator. These are unique, international codes for the Global Reporting Standard (GRI). Each refers to a certain (sub)aspect to be reported on. The allocation is the same for all companies applying GRI reporting standards. For more information please see www.uelzena.de/gri-standard-en

Stakeholder dialogue

Just as any other company, the Uelzena Group also has many connections, relationships and relations to other people and other organizations. These stakeholders are interested in us and we maintain several types of dialogue with them. For example:

Membership cooperatives

SPECIAL INTEREST IN: PROTECTION OF EQUITY MILK PRICE
RELIABLE SALES VOLUMES CONTROL OF UELZENA EG

Dialogue: In annual General Assemblies, the members decide in the presence of other stakeholders, for example, on amendments of the bylaws, the composition of the Supervisory Board and the annual approval of actions of Management and Supervisory Boards. The Supervisory Board is composed of honorary members who are milk producers and general managers of member cooperatives. Three milk producers are on the Management Board; together with the CEO, they decide every month on the milk price. This means that our CEO is involved in a permanent two-way dialogue.

More: Newsletter (12x/year), members' magazine (2x/year), annual report.

Customers

SPECIAL INTEREST IN: FAIR PRICES RELIABLE SUPPLY
FOOD SAFETY

Dialogue: The most important tool is the personal contact between our customers and us on several levels. Occasionally, we conduct customer surveys; the last one was in 2015 on customer satisfaction. Since 2016, we have been holding focus talks with selected key customers on sustainability issues. These talks are used to clarify customer requirements and standpoints for example, on the sustainability module ‘Milk’.

More: Uelzena website, customer information

Employees

SPECIAL INTEREST IN: SECURE INCOME LONG-TERM EMPLOYMENT
HEALTH WORKERS' PARTICIPATION

Dialogue: On a regular basis, the works' committee that represents the employees and the management meets to discuss their interests. All staff meetings take place at least once a year at all sites. Towards the end of 2016, an employee survey was conducted on staff satisfaction, recommendation as an employer and honorary work. We will conduct this type of survey on a regular basis in the future.

More: Staff magazine (4x/year), internet, notice board information

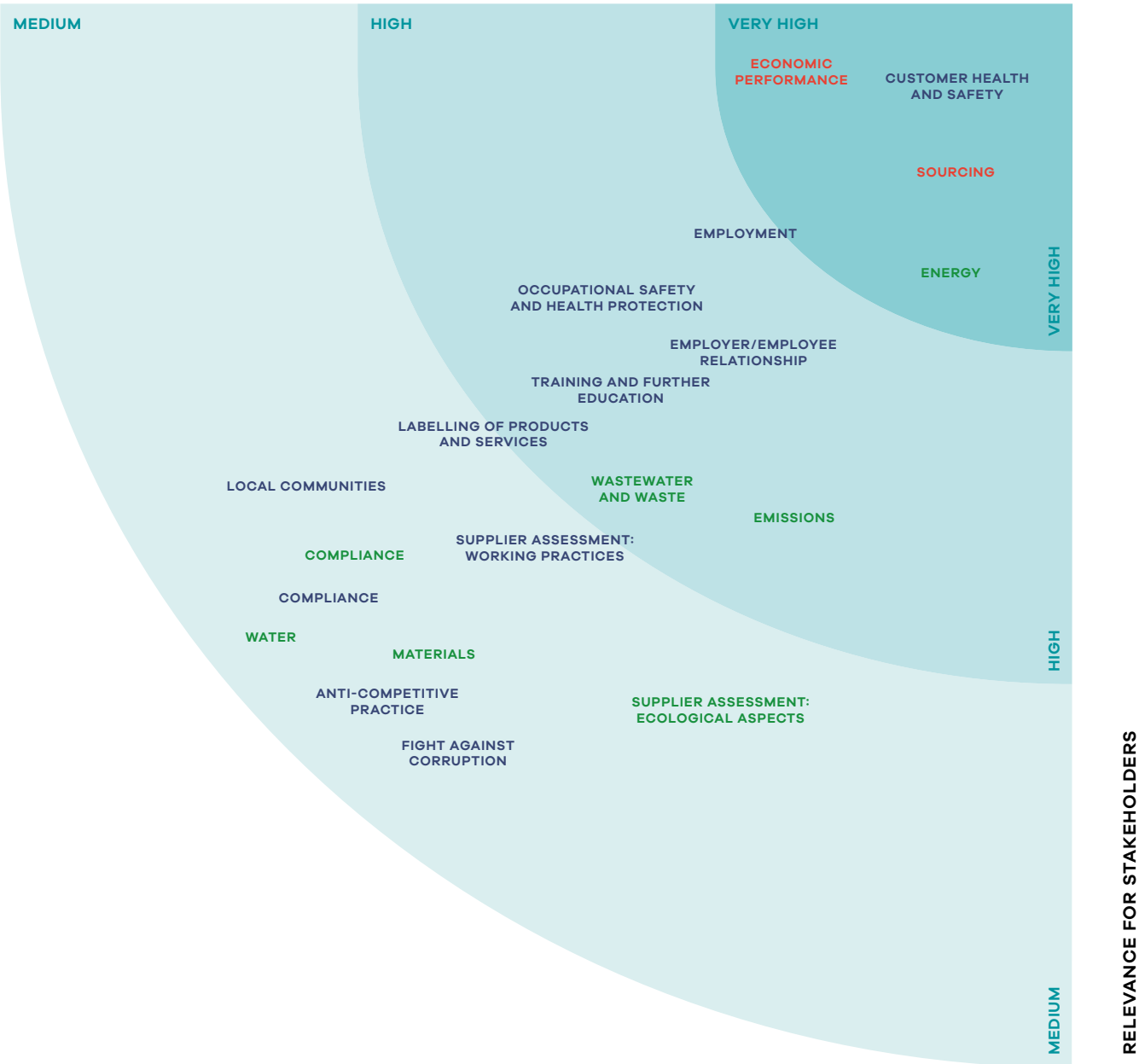
Dialogue with other stakeholders: Suppliers (of raw materials, materials and services), banks, associations, NGOs, municipalities, citizens, media, site neighbors. In 2017, other possibilities for a systematic dialogue between stakeholders and Uelzena will be examined in a bachelor thesis.

MATERIALITY ANALYSIS: KEY ASPECTS OF UELZENA’S ACTIVITIES

Based on the continuous stakeholder dialogue, in-house employees defined which sustainability topics are important to Uelzena and which are not. This is all reflected in the materiality analysis. The result is a list of sustainability aspects that are relevant for

the company. Depending on the priority, we or our stakeholders apply to a certain aspect; it is plotted in the diagram. For example, “customer health and safety” has a very high relevance for us and for our stakeholders as well.

IMPACT OF UELZENA’S ACTIVITIES ECOLOGY ● ECONOMY ● SOCIETY ●





STRENGTH THROUGH DIVERSITY

For many milk producers and dairies, 2016 was not a good year. However, despite difficult conditions, the Uelzena Group developed satisfactory business. This was due to a special feature: the breadth of our value chain.

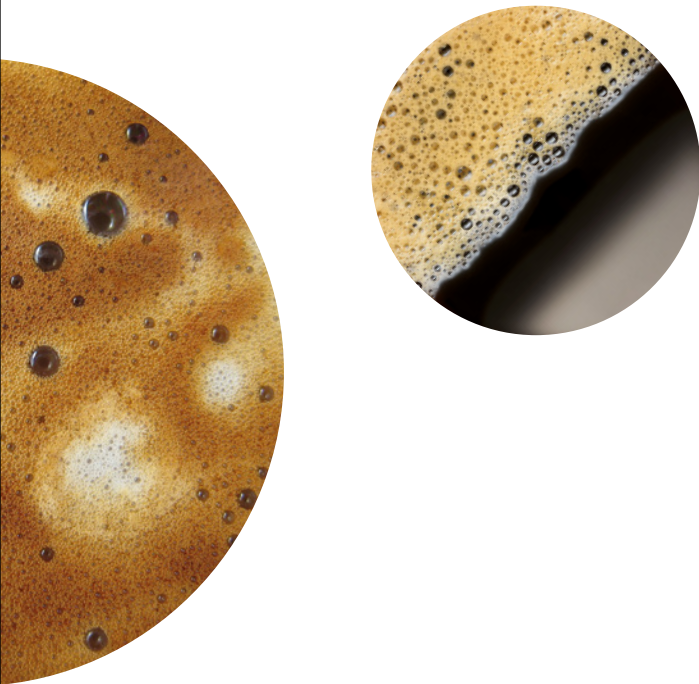
After a long-lasting slump, prices reached rock bottom: In June 2016 the milk price for raw milk (4.0% fat, 3.4% protein) in Germany was just under 23 cent/kilogram (cent/kg) - which was the lowest ever price for many years. Many milk producers found themselves in severe difficulty. It was only in the second half of 2016 that the milk price recovered reaching a Federal average price of 31.94 cent/kg. The annual average price in Germany in 2016 eventually reached 26.73 cent/kg.

It was a difficult time for the dairies as well because as in the previous year, the sales market prices for important milk products in 2016 were fluctuating

hugely. For example, the price for skimmed milk products was 1.61 Euro/kilogram (€/kg) in March while in October it was almost 2.12 €/kg. For a 25 kg block of branded butter, the producers in April obtained a price of approximately 2.45 €/kg while in December the price almost doubled to approximately 4.40 €/kg.

Competitive milk price in 2016 again

The Uelzena Group was not spared from these developments. Nevertheless, we have performed comparatively well. At least we were able to pay our milk suppliers over the year a competitive milk price on average of 27.15 cent/kg. Despite massive price fluctuations, we



MILK PRICE PAYMENTS

In 2016, the milk price paid by Uelzena eG was almost half a cent higher than the published average of all German dairies.

FEDERAL AVERAGE*

26.73
cent/kg

UELZENA eG

27.15
cent/kg

Intelligent logistics

We invest in new equipment and technology - and with that in the future of our company. A high-tech, digital management system that moves all products in a smart way is in place in our new storage area in Ratzeburg.

*Source: BLE. Value of raw milk with 4.0 % fat and 3.4 % protein.



were able to keep the consolidated sales at 523.6m Euros, which is almost at last year's level.

Uelzena's special way

The fact that we were able to achieve these results despite difficult market conditions is closely linked to our added value strategy. It has really paid off for Uelzena eG and its cooperative members that our business rests on more than one pillar: We offer a broad range of dairy and non-dairy products and we have successfully pushed forward the specialization of our business. This approach is reflected in the sales channels of the Uelzena Group: Most of our customers

come from the food industry and the food trade; this includes bakeries, catering services and specialist shops. However, we also have customers from the private label segment, for example vending machine operators and coffee roasters who sell finished products under their own brand. Last but not least, we also sell our products via food retailers to the final consumer, although in lower quantities than many other dairies.

Milk plus specialty products

Milk products are our core business with a share of about 80 percent of total sales. Using the milk raw



materials from our members and contract suppliers, we produce skimmed milk powder, butter, butterfat, buttermilk powder, cheese, whey, sweetened condensed milk, cream, and yoghurt. What differentiates us from other dairies? We are one of the largest suppliers of butter and butterfat to the bakery trade in Germany.

In addition, we are continually pursuing specialized non-dairy business in terms of sales and product innovations. There are only very few companies in Europe that offer the custom drying of liquid food raw materials. We are one of these. For our instant

beverage business we have - unlike many of our competitors - specialized in the out-of-home market and capsule systems: We are one of the largest suppliers of product solutions in this segment in Europe.

It is because of this diversification and differentiation strategy that the Uelzena Group is able to cope much better with temporary weaknesses of individual sales markets for dairy products and still pay a competitive milk price to our members despite difficult market situations. ■

Valuable cargo

Every day trucks deliver fresh milk, which is our most important raw material. Each tank truck can carry 24,000 l of raw milk that is unloaded in our milk reception area.



WHY DO PRICES FLUCTUATE SO MUCH?

The European Union no longer protects its sales markets for dairy products. This has turned dairy products into goods that are now subject to global trade; in particular milk powder, cheese and butter with their long shelf lives. There are more producers and customers on the market, which has an impact on the worldwide demand and supply. The result: large price fluctuations on the sales markets.

OVERVIEW ON KEY INDICATORS OF THE GROUP

THE ANNUAL FINANCIAL STATEMENT FOR 2016 OF UELZENA eG (EXCERPT) IS PUBLISHED ON PAGE 39

INDICATOR*			2014	2015	2016
	RECEIPT OF MILK	MKG	506	528	532
	MILK PRICE PAYMENTS	CENT/KG	37.56	29.16	27.15
G4-9	TURNOVER	MEUR	557	526	529
	ANNUAL NET PROFIT	MEUR	4.14	7.41	7.39
G4-9	EMPLOYEES (UNTIL DEC 31)	TOTAL	655	663	693
	TANGIBLE ASSETS	MEUR	65	67	69
G4-9	EQUITY RATIO	PERCENT (%)	31.3	35.5	36.1
G4-9	BALANCE SHEET TOTAL	MEUR	135	143	163
EC1	DIRECT ECONOMIC VALUE GENERATED	MEUR	562	531	531

*see explanation at the bottom of page 6 (left column) and in GRI Index on page 34ff



“The business year has been satisfactory; we are on the right track. The spotlight shines on performance, not on size.”

Uwe Radke

Managing Director Marketing and Sales, Uelzena

Versatile and competent

We produce many different products, ranging from instant beverages (1) to butter sticks (2). We can do this because at our four sites we have the required technological and technical expertise at our command.



1



2

COMPANY



TARGETS ACHIEVED

100 %

Compatible milk price and reliable contracts for the members

Achieving consistently good corporate results

Long-term existence as an independent group of companies

FACTS 2016

Above-average milk price

We have achieved our most important goal: The Uelzena eG was able to pay its members a slightly higher milk price than the average price paid by all dairies in Germany. At the same time the amount of milk received and our turnover are just above last year's. However, we are not pleased that the milk price is lower than last year and altogether it is at a very unsatisfactory level.

Stronger equity basis

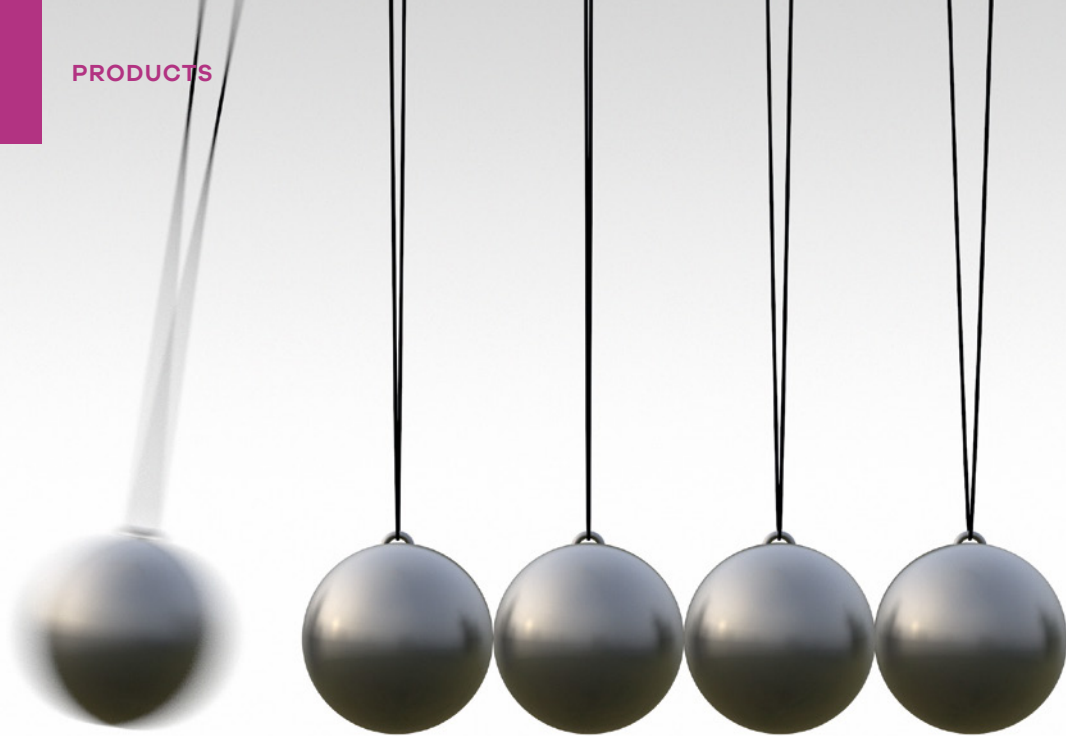
We have increased our equity ratio again to 36 percent. This important figure is now 10 percent higher than in 2012. Strengthening equity is an important aspect in our corporate responsibility to take financial precautions. We need a sufficient amount of equity to be able to buffer risks in case business results are insufficient in the future. Moreover, a strong equity situation is necessary to put the planned strategic development of our company on a sound financial basis.

Economically healthy

The business year 2016 was satisfactory for our company. We have achieved all of the economical targets that we planned to achieve in our Strategy 2020. Our objectives in the field of action Company refer to central indicators such as the milk price paid, the level of equity ratio and the surpluses. Added to that there are supplemental indicators including investment activities and the development of the debt-equity ratio available. Uelzena eG and all subsidiaries contributed to the positive results in the reporting period 2016.



/GRI-company



FOCUS

on supply chains

Quality has top priority throughout the entire Uelzena Group. However, our products should not only be of the highest quality but also made in a responsible way. This is why we are establishing stepwise a sustainable procurement management system for the benefit of our suppliers, our customers and for our company.

Fresh - and sustainable

Cocoa beans are cultivated in West African countries. We offer to source cocoa in a sustainable way for our customers according to international standards including UTZ, Fairtrade and Organic.



We are an agricultural cooperative and as such, it is our tradition to handle natural resources carefully and responsibly. In the future we will meet this demand in a more systematic and more comprehensive way by gathering more information on the origin and production of the raw materials. We document the degree of sustainability applied in their production. This also meets the demands of many of our customers.

Set-up of a sustainable supply chain management

The key to more product responsibility is transparency and information along the entire supply chain. We have to organize our chains in such a way so as to gather more comprehensive information and to be able to assess any impact. It is only then that we are able to appropriately take various sustainability issues into consideration in our purchasing decisions; these include economical, ecological and social aspects, food safety issues, supply reliability and last but not least animal welfare.

We are currently in the process of setting up sustainable supply chain management and we have made good progress so far. The process comprises several steps. Firstly, collecting and prioritizing the most important raw materials and analysis of their

potential ecological and social impacts based on the aspects described above. Secondly, seeking the dialogue with all relevant stakeholders, in particular with key suppliers. Thirdly, defining appropriate requirements. Fourthly, review of suppliers based on self-assessment reports, supplemented by self-commitment and audits that are required for high sustainability risks, for example when production sites are located in sensitive areas. Fifthly, initiating improvement processes and assessing and monitoring suppliers' progress.

Based on the analyses of the Uelzena Group, we start with raw materials that according to our definition are relevant in terms of economical, strategic and sustainable-social aspects: Milk, cocoa, sugar and coffee creamer.

Difficult: direct influence

The Uelzena Group has no immediate influence on many aspects of sustainable raw material production such as animal welfare, environmental protection or fair working conditions. The Uelzena eG and its subsidiaries source cocoa, sugar and other ingredients from suppliers which most often themselves are intermediate links in national and international supply chains. From there we need to get the information on sustainable production.



The Uelzena supply chain

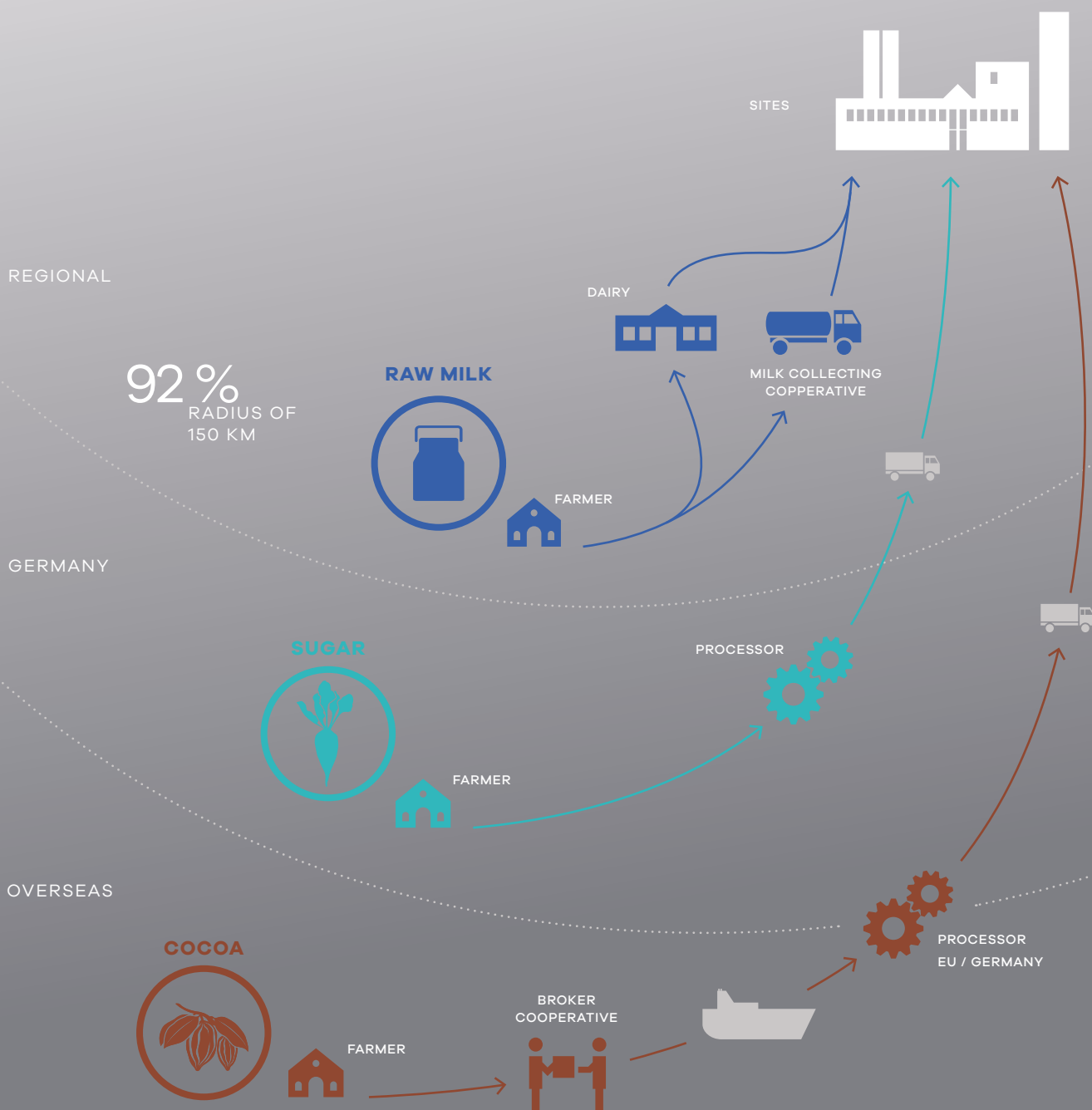
FOCUS ON: SOURCING OF MILK AND AGRICULTURAL RAW MATERIALS

Dairy raw materials such as raw milk or cream are by volume our most important agricultural raw materials (see table on page 16). Within our supply chain, we source these dairy raw materials from our member companies and contract suppliers. The raw milk is produced in agricultural businesses; most of them are located within a 150 kilometer radius around our sites.

The conventional sugar for our products is not sourced from overseas. We use only beet sugar from domestic sugar refineries. Even the sugar beets are not imported but grown by farmers from the region. Alternatively, we

source our tropical raw materials such as cocoa from refinement plants located in Europe. These companies sometimes buy the cocoa beans from distributors who organize the import. However, they also buy directly from growing countries, predominantly in West Africa, from so called cooperatives. Apart from cocoa, we also source coffee, tea and spices from overseas.

We use agricultural raw materials and semi-finished goods to produce milk powder, butter and butterfats or we refine them in a multi-stage process into finished goods such as instant beverages.



INTERNATIONAL SUSTAINABILITY STANDARDS



ORGANIC

EU seal for ecological products; at least 95 percent of the ingredients have to be from ecological cultivation.



FAIR TRADE

Fair Trade focuses on social and economical sustainability aspects within the added value chain.



UTZ

Program for sustainable cultivation. Main criteria for working conditions and environmental compatibility.



SEDEX

Exchange of information via database on results of SMETA audits on environment, working conditions etc.



Complete care

Physical testing of our instant cocoa beverages contributes to the high quality of our products. We are now applying the same care to provide sustainable transparency in our supply chains.



Milk production is also not directly controlled by us: The milk is produced at independent farms that deliver their milk to dairies and milk supply cooperatives. Binding quality criteria are provided by milk delivery regulations, milk quality regulations and the QM Milk scheme. Nevertheless we still do not know as of today how sustainable the milk production really is.

Dairy farmers to comply with more than 60 criteria

This may change. The Uelzena Group is part of the industry-wide pilot project "sustainability module milk". This module records in a systematical way how sustainable the milk is that is produced at the farms. Core part is a catalogue for the dairy farmers that covers more than 60 criteria from the fields of economy, ecology, social aspects and animal welfare. The collection of data will start at the farms in 2017. This

is later than originally scheduled and shows that the set-up of a sustainable supply chain management is a multi-faceted project that sometimes needs more time. More details on the sustainability module are available in the key topic chapter, page 18ff.

Progress with non-dairy raw materials

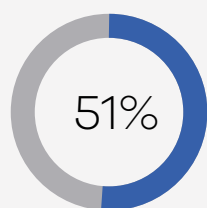
For all raw materials from critical cultivation countries such as cocoa, coffee and spices, we started with the set-up of a sustainable management system for supply chains in 2014. The problem is: The social and environmental standards found in many of these countries supplying the raw materials are very poor or good standards are not effectively enforced. This means that there may be risks within the supply chains of these raw materials, for example in terms of human rights or labor rights. We aim to reduce these



PRODUCTS

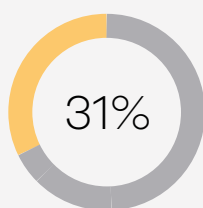
Distribution of sales - Uelzena Group in 2016

BY BUSINESS FIELDS



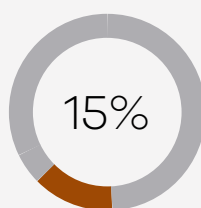
Ingredients & contract manufacturing

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



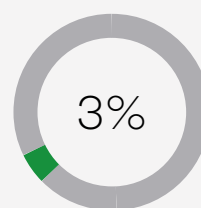
Dairy

Production and sale of milk-based products such as butter, butterfat and cheese as own brands business or as private labels. Customers are from the bakery trade or retail trade, for example.



Instant beverages

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



Health products

Development and production of label health food products for weight management and sports nutrition applications and for contract manufacturing according to customer recipes.



RAW MATERIAL AND MATERIAL INPUT IN TONS

INDICATOR*	2014	2015	2016
EN1	AGRICULTURAL AND PRODUCT RELATED MATERIALS¹ (IN TONS)		
	DAIRY RAW MATERIALS AND SEMI-FINISHED GOODS ²		
	512,318	538,629	544,889
	381,103	407,094	408,668
	81,060	78,600	84,257
	39,644	39,275	39,515
	4,499	3,009	0
	28,513	28,837	29,185
	4,229	4,815	4,977
EN2	PACKAGING MATERIAL FROM RECYCLED MATERIALS		
	39.4 %	37.8 %	36.8 %

¹ 100 % of the quantities of the product-related procurement material groups have been considered as long as they were recorded in kg.

² New allocation of semi-finished goods from 2016 (retroactive correction in 2014, 2015)

PRODUCT SALES IN TONS

INDICATOR*	2014	2015	2016
	48,998	50,205	50,638
	32,766	31,102	30,444
	31,120	67,694	71,706
	24,529	22,715	24,134
	41,878	44,379	44,336
G4-9	TOTAL SALES OF MAIN PRODUCT GROUPS		
	179,291	216,095	221,258

*see explanation on p. 6 (left column) and in GRI Index on p. 34ff ¹ Instant beverages, health products, special dry ingredients and contract manufacturing combined



“Our investments into the physical segregation of product streams have significantly improved hygiene in our Uelzen facility far beyond legal standards. This has been confirmed by customers in their audit reports.”

Dr. Peter Fichtl

Managing Director Production and Technology, Uelzena

risks. In 2016, we achieved an important interim stage: Our direct suppliers in Europe have now confirmed in writing that they will observe human and labor rights in their companies, just as requested by the international guidelines of the Ethical Trading Initiative (ETI). We will now expand these requirements step by step to the upstream suppliers in the supply chain.

Furthermore, for raw materials that can be sourced based on internationally acknowledged standards we offer the possibility of sustainable procurement. This includes Fair Trade cocoa, coffee, sugar or UTZ cocoa. We are a certified supplier for Fair Trade and UTZ.

Supplier controls

One central part of supply chain management is to retrieve relevant information from our suppliers and to review this information. Our purchasing department organizes this flow of information systematically: We request a self-disclosure from the producers. In 2016, we started to require this self-disclosure via the new internet-based supplier portal of the Uelzena Group. Via this portal, we also collect proof of SEDEX membership or similar such as a supply chain management system according to BSCI (Business Social Compliance Initiative). The control of the suppliers is handled risk-based: If information is inconclusive or suspicious, we reserve the right to have our quality managers or purchasers check into this. ■

PRODUCTS



TARGETS ACHIEVED

93.6 %

Profitable growth in strategic business fields

Ensuring the production of safe and high quality products on a long-term basis

Further development of sustainable sourcing of raw materials and materials

FACTS 2016

Improved added value required

We were able to increase our sales in the strategic business fields (Ingredients, Instant beverages and Health products) by more than 5 percent. In total we achieved a plus of 2.4 percent for our key products in 2016 compared to the previous year. But: The profitability has been underperforming. This is mainly due to the fact that the prices obtained were not sufficient to counterbalance the cost development.

Quality is right

Our quality management complies in full with the requirements of international food standards. Demanding customers with international brands confirm our high level of quality. In 2016 again, our products were safe in terms of customers' health. We did not have to pay any fines or penalties for improper quality. In total we had 29 customer audit days. Added to that, all sites are continuously striving to improve the quality of our products even more. For example, we have implemented a new zoning concept at our Uelzen site.

Sustainability is on the way

In 2016, we reached all milestones towards a more sustainable way of sourcing agricultural raw materials and packaging materials. In relation to the increase in production volume - the sales plus was 2.4 percent - our material input (EN1) increased slightly under proportional by 1.2 percent. The use of recycled materials for packagings declined - this is due to changes in demand from our customers. We sold fewer products in paper and cardboard packagings. At the same time the amount of products wrapped in films increased.



/GRI-products



Milk

perspectives

How sustainable is milk production at the farms? This is a question increasingly asked by the industry, trade and consumers. The sustainability module milk allows dairies and their farmers for the first time to present a resilient answer. The Uelzena Group has discussed this project.

For quite some time now, larger and internationally operating dairy companies have established their own programs for sustainable milk production. However, there was no industry-spanning, comprehensive and at the same time practical solution for all dairies in Germany. While the QM Milk scheme has provided for reliably high quality products and safety standards in milk production since 2013, this scheme does not really focus on sustainability.

The new sustainability module is now closing this gap. This is an important step for the milk industry towards more compatibility and transparency: Processors, the retail trade, consumers and NGOs including animal welfare associations on national and international levels are interested in learning about how animals are kept at the farms and which resources are used for livestock farming.

Criteria and assessment

The sustainability module is composed of many different questions addressed at milk producing farmers. The questions come from the fields of ecology, economy, animal welfare and social issues. For example: What is the ratio between the number of cows and the number of existing lying and feeding places? How satisfied have you been with the economical situation over the last three years? How high is the percentage of extensively farmed grassland amongst permanent grassland? How much has the farm invested in the modernization of milk production within the last five years? In total the questions cover

more than 60 criteria. Most have to be ticked and data entered, but there are also some open text fields.

Milk producing farmers answer these questions on their own. The questionnaires can be filled in on paper or online. A web-based database supports systematic data collection and evaluation. In principle, this module is intended to be a voluntary self-assessment and not another audit. The module predominantly aims at creating transparency and starting a continuous learning and development process within the industry. Privacy and anonymity of the individual companies has high priority. The use of data follows strict contractually agreed rules.

Industry-wide comparable data

The central element of the module is a system that evaluates the answers of the farmers. The information is assessed on a four-point scale: especially good, good, sufficient and unfavorable. This classification of performance illustrates the possible strengths and weaknesses of the respective companies and farmers and encourages further development. However, the module expressly does not claim to deliver a sustainability evaluation for the entire company. Therefore, no points or scores are awarded.

This is the first time that dairies will receive systematical and sustainability relevant information from their farmers. This will enable the dairies to inform their customers and also the public in an anonymous-based yet fact-based manner about the sustainability



Multi-faceted sustainability

1 A cubicle barn is the most advanced form of animal husbandry where cows can enjoy life.

2 The Agricultural Producer's Association eG Pretzier attaches great importance to rearing healthy calves - an essential requirement for milk producing cows.

3 Data collection for the sustainability module milk: Farmer filling in the questionnaire.

of their milk production. They can analyze strengths and weaknesses, compare themselves with other dairies and thus develop approaches for changes and improvements.

Thorough discussion process

In several workshops and by way of project teams, the criteria and the assessment system of the module were defined, discussed and agreed upon. Between April 2015 and February 2016, the intensive work program and dialogue process - headed by Prof. Dr. Nieberg of the Thünen Institute - took place under involvement of many different stakeholders: dairies, dairy farms, professional associations, environmentalists, animal welfare campaigners, scientists, the food trade and food industry; sometimes with their completely different ideas and points of view.

The supporting organizations of the module were the German Dairy Association, the German

Raiffeisenverband, the German Farmer's Federation and the QM Milk association, which specifies and monitors the quality standards in milk production. The Thünen Institute for Farm Economics controlled the development of the module and provided scientific expertise for the project.

New: Start of pilot phase

Early in 2016 the theoretical concept of the modules was drafted. The official starting point for the implementation into practice will be in 2017. 34 dairies and their farmers will begin with applying the module on a farm level. The Uelzena eG is amongst them. It is a pilot project with a three year term that is supported by the Federal Ministry of Food and Agriculture based on a resolution of the German Bundestag. Data collection is scheduled to start at Uelzena eG and the member companies in mid 2017 within a period of three months. The first evaluation of dairies is expected to be available in the first months of 2018.



KEY TOPIC

Carsten Dahmke

Farmer, Dipl.-Ing. (FH), member on the Board of Directors of Uelzena eG

Since 2007, he has run a dairy farm with 300 milk cows in Neumünster (Schleswig-Holstein). He is the fourth generation on that farm. Since 2016, Carsten Dahmke has been a member of the Board of Directors of Uelzena.

Prof. Dr. Hiltrud Nieberg

Thünen Institute, Head of the Institute of Farm Economics

The Johann-Heinrich-von-Thünen-Institute in Braunschweig is the Federal Research Institute for Rural Areas, Forestry and Fisheries. Subdivided into 14 specialist institutes, it provides expertise for politics. The Institute of Farm Economics, headed by Hiltrud Nieberg since 2010, controls the sustainability module milk.



Michaela Dämmrich

State representative for animal welfare in Lower Saxony

Since 2016, Michaela Dämmrich has been at the head of all animal welfare activities at the Lower Saxonian Ministry of Food, Agriculture and Consumer Protection. Prior to that she was working as an official veterinarian in Lübeck.

Frank Pieper

Farmer, Dipl.-Agr.-Ing. (FH), Managing Director of the Agricultural Producer's Association eG Pretzier, member of the Management Board Uelzena eG

The Agricultural Producer's Association eG Pretzier is located in the Altmark in Saxony-Anhalt and has 750 milk cows. Frank Pieper has been managing the business since 1990; he is also a member of the Management Board at Uelzena. The expert round table on the sustainability module milk took place by invitation of Uelzena at his farm.

Uwe Radke

Managing Director Marketing & Sales Uelzena eG

Uwe Radke is sustainability officer and is responsible for sustainable corporate management and the respective reporting. In this role he also coordinates dialogue elements with stakeholder groups of Uelzena eG such as the expert round table. Uwe Radke has been with Uelzena eG since 2003.



Expert panel

Experts from the industry held a round table meeting to discuss the sustainability module milk and its significance for the industry.

Let's start right at the beginning: Why is a sustainability module required in the first place?

UWE RADKE The Uelzena eG has to deal with many international branded companies and almost every one of these companies started years ago to include sustainability aspects in their strategies. In doing so, they follow up the supply chain and also scrutinize their sourcing partners. Next, our customers from the confectionery, baking, delicatessen and hot beverage industries communicated to us that they also wanted to look into the aspect of sustainable milk.

This does not sound as though there was a lot of pressure?

RADKE There has not yet been any pressure from a specific regulation. However, it has appeared on the horizon. One of our European customers has already developed their own views and is telling us what to do. All in all, our customers are sustainably interested in receiving statements on milk production and the production of products. This has been one of the motivating aspects for us, as one of the first dairies to participate in the sustainability module.

HILTRUD NIEBERG Customers and people still have a positive image of milk, but they are also increasingly developing a critical view on how milk is produced. Environmental issues and animal welfare are widely debated in public. Sustainability has been a topic in the food sector for a long

time with internationally operating companies having compiled principles on sustainable milk production years ago. Nowadays, it is simply not an option to neglect this topic. It is important to proactively address this topic and not to be the one that needs to be pushed.

Milk producers are of course also included today. Would you prefer to wait until someone requires this on a mandatory basis?

CARSTEN DAHMKE No, not at all! One of our customers has already performed an audit at our farm that was based on sustainability. Ultimately, the module is just another data collection system. The work of farmers has been sustainable for decades. Of course, there may be things that would benefit from improvements at one or other of the farms. However, we already have non-GMO milk, we have the Quality Scheme (QM) and other Federal States have different things. Some areas may overlap. But the bottom line is that we want to work sustainably and not to fill in paperwork.

NIEBERG In my opinion, it was a mistake to wait for so many years in the hope of being spared. This topic could have been addressed much earlier.

So should politicians define clear guidelines so that farmers only have to adjust to them once?

MICHAELA DÄMMRICH Politics could provide respective rules, for example, for animal welfare.

However, if they did that, there would be large protests because of different interests. There are the economic interests of the livestock owners who are the starting point in the chain and who want to be able to make a living with their farms. However, there are also the consumers who want to buy products only if the species-specific needs of the animals are met, which in turn makes the products expensive. The livestock owners must be prosperous so that the animals can fare well in the long run. Therefore, an attempt should be made, together with the farmers, to find a sustainable approach.

Let's talk details. The module is based on a questionnaire that comprises various ecological, economical, animal welfare and social criteria.

NIEBERG Yes, it has 18 pages. When the questionnaire was developed, the scope had been the subject of debate with farmers. Understandably, it is not much fun to answer questions and to fill in lists. But this is a task that companies have to deal with today. Customers want to know in detail how their products are being produced. Transparency creates trust and credibility. The broader the catalogue of criteria and with that the questionnaire, the more practical and precise the different strengths and weaknesses in milk production can be depicted. This is why the approach is so broad. It was important to us to develop the module hand in hand with



The sustainability module within the Uelzena Group

START 1st July 2017

PERIOD 3 months for the first data collection

MODUS voluntary

DATA SUPPLY online data collection via secured connection

EXPECTED PARTICIPANTS > 1,000

EVALUATION OF INITIAL DATA beginning of 2018

PILOT PHASE 3 years

FREQUENCY at least two surveys within the pilot phase

Modern farming from above

The Agricultural Producer's Association eG Pretzier is a forward-looking company with more than 300 hectares of agricultural land, spacious barns and an environmentally friendly biogas plant for energy generation.

practitioners and not with the help of people living in an ivory tower. Farmers have always been directly involved. The survey is the starting point for an in-house dialogue on future developments.

FRANK PIEPER When I read the questionnaire for the first time, I was slightly shocked. Nevertheless, it presented no problems for our company. However, if your own documentation is not detailed and correct, then it will take some time to fill in the questionnaire which leads to resentment. On the other hand, this is our daily work. Maybe it would be helpful to have a consultant on board to help. Moreover, training would be helpful, too.

How time consuming is it to fill in the questionnaire?

DAHMKKE I reckon it took me two hours, maybe a little more. There were a few issues that only needed a 'yes' or 'no' answer. But there were also more complicated questions, for example, about details of landscape elements. This took most of my time. However, this is different from one farm to the next.

How often should or must milk producers answer the questions?

NIEBERG This is up to the dairy involved. Some select a frequency of every three years according to the frequency of the QM Scheme, some request a shorter frequency. We will examine this issue in the pilot phase. It also depends on how often the retail trade requires documentation.

RADKE The pilot phase is three years. We, as a dairy would like to conduct at least two surveys within that time. We will need them to recognize differences and developments. Whether we will then decide on an annual, biennial or triennial survey remains to be seen.

You mentioned that despite you keeping proper records, it took a remarkable amount of effort. Was it too much work, particularly when considering the skeptical voices?

DAHMKKE Basically, I think this sustainability program is good because it is so comprehensive. It would be nice if we didn't have too many other things and that the module could be applied in several Federal States and that retailers would accept it as well.

RADKE This is the goal that we want to achieve with this dialogue process, which involves different stakeholders. Otherwise, individual customers will come along with their own questionnaires and we will have to establish different data pools. Each dairy has hundreds of independent farmers. When you start applying different sets of criteria, the whole thing can no longer be handled effectively.

Does the module provide anything similar to a total result?

NIEBERG No, we are not awarding total scores. There is no classification of companies into "sustainable" and "not sustainable". We scrutinize every single criterion. The evaluation is based on a four-point scale: unfavorable, sufficient, good and especially good. On the dairy level, the percentage of farmers operating in the respective evaluation field is determined for each indicator. A benchmarking system is being planned to show each farmer his own score. He can then compare his company with others.

Did farmers display an objectionable attitude in the beginning?

PIEPER I would be lying if I denied this. However, this is understandable. The agricultural

sector has always considered all of these things. A farmer can only produce in a sustainable way if he wants to make ends meet. However, we have to face these new requirements. Me and Mr. Dahmke, as members on executive bodies at Uelzena try to explain that to our colleagues. It is getting harder and harder politically and socially, but I am convinced that the key is to find persons of trust to deliver this issue.

NIEBERG The message is important: sustainability is a compass that shows the direction of desirable developments. And the second message is: nobody is perfect. Everybody has strengths and weaknesses. It is important to identify the weaknesses and improve these, step by step while taking into consideration that there are changes that are associated with huge investments. These changes cannot be implemented immediately.

DAHMKKE From my practical experience, I can say that in our company the wellbeing of every single cow has priority. Despite this, we are increasing our milk yield year after year. It fluctuates slightly but the overall trend has been a rise over the past 20 years. The life span of the cows has increased as well. This is a decisive economical point.

DÄMMRICH I am very much in favor of breeding cows more for health rather than performance. Within the sustainability module, one of the questions is about the milk yield per day of life. The cow and its milk yield have to fit with the company and the management. A cow with a negative energy balance cannot stay healthy and feel well.

What would you like to see precisely?

DÄMMRICH I would like to see that milk yield in the sustainability

Environmentally friendly energy from the stable

Picture right and below: Frank Pieper (dark jacket) explains the new biogas plant of the Agricultural Producer's Association Pretzier. Liquid manure produced by the cows is utilized in the new plant and converted into biogas. The biogas is then used for the generation of electricity in a highly efficient co-generation plant.



questionnaire is not merely an economical factor but also an animal welfare factor. There are plenty of scientific works on a negative energy balance. Therefore, for me, it would be important to include the body conditioning score in the assessment of the animals.

What is the biggest benefit and when does it pay to invest time in gathering the data and to participate in the module?

DAHMKKE It's the marketing. We have customers who provide us with an added income compared to other countries or the world market. Certainly, these customers have certain requirements, but shouldn't it be our enticement to market our products in a way that makes customers pay a surplus price?

NIEBERG It is obvious that someone will be more motivated to fill in the questionnaire when the benefit is higher. However, this often is an indirect benefit. First of all, the sustainability module is necessary for the companies to remain capable of acting on the market. Even though some farmers spent more than two or three hours to fill in the questionnaire while no immediate added value can be identified, participation will pay off in the long run, because sustainability is clearly on the way of becoming a decisive competitive factor.

PIEPER In 2006, we had our first large investment into animal welfare. We built a large barn and made use of all of the opportunities available at that time. The result: higher yields with the same feedstuff and the same manpower.

When you fulfill the requests of industry and trade, will you be able to get higher prices for your products?

RADKE Not directly and not

automatically. But it is the same as with product quality. We have customers with high requirements that other suppliers cannot meet. When we achieve this for sustainability as well, then I am convinced that we can do better business with the customers than our competitors and obtain a certain surplus price. We will have to work hard on that. Experiences gained with quality and certifications demonstrate that there are customers who are fond of precisely what we offer and who are ready to pay accordingly.

What parts do anonymity of milk companies and data protection play in this project?

RADKE In my view this is very important for building confidence. Eventually, we intend to collect the data in a way as to make it possible to give them back to the agricultural companies. Alternatively, we have to ensure that the public can draw no conclusions on individual companies.

NIEBERG We are able to ensure that. We have established detailed rules. Data protection of this module is very elaborate.

What will happen at the end of the three year pilot phase?

NIEBERG Within the three years, we will not only evaluate the data from different dairies but also monitor the international developments in this field and review the practicability and acceptance of the sustainability module. From that we expect to gain tangible information that can be used for the further development of the module.

So the module is scheduled to be further developed - what has to be kept in mind in your opinion?

PIEPER For me, it is important

to provide awareness training. One priority has to be to leave nobody behind. In my opinion this is extremely important. However, there must be also an attempt to remove some of the other burdens. **DAHMKKE** It would be great if at one time, we could extract some kind of information for the consumer from the data. We have many groups visiting our farm that would be interested in that.

NIEBERG I think it is important that the farmers continue to participate in the further development of the module in the future as well. I am looking forward to a constructive debate that takes into account scientific requirements as well as the practical feasibility for milk producers and dairies.

DÄMMRICH One important aspect for me is that this module contributes to significantly improved animal welfare. The cow gives us the milk; it is the main actor in the whole process.

RADKE Indeed, for the next three years the dialogue is very important. We also have to look into how we can grow this industrial initiative into a tool that can be applied throughout Germany. I believe that this will put us ahead of the competition on an international level and thus give us lots of benefits.

Thank you all for this exciting discussion.



F O R T H E F U T U R E

The Uelzena Group intends to improve the competence of its production. A specifically developed program shall pave the way to reach this goal. It will change the way work is carried out by Uelzena. The pilot project started at the Uelzen site in April 2016.



Speedy progress

With the digitalization of the industry, staff requirements naturally increase – ranging from the management of production from a modern control room to personnel management.



We are living in a fast-paced world. Things that are up-to-date today may tomorrow be obsolete. Digitalization, multi-faceted changes of the world of work, globalization – all these factors are driving towards continual societal changes. And it does not stop in front of companies and their staff. Companies have to be prepared and deeply root their readiness for change in their identity.

The Uelzena Group is not resting on its current laurels. There are ongoing improvements in equipment and processes in production. With the new pilot project at our Uelzen site, we are focusing systematically and with long term orientation on our staff and the senior managers in the production departments.

Our objectives are: Our employees themselves will begin a continuous improvement process; team work is strengthened with our employees seeking further qualifications in order to be prepared to accept more self-responsibility than before.

We have developed our own improvement program that has been specifically adjusted to our needs: "Production OC 2025". OC stands for Organization and Communication; 2025 indicates the direction in which the company shall proceed with this multi-faceted, long-term program.

Analysis and workshops

With this program we are striving to secure the future of Uelzena eG with motivated employees. This will be beneficial for everyone: managers and staff can develop further. Production at Uelzena eG will be more efficient and able to respond even more quickly to future

challenges. And last but not least, our customers can continue to rely on agreed quality and reliable service. Project start was in April 2016. First we analyzed where we stand. Where are our strengths, where are our weaknesses? Where is the need for action? For analyzing the actual state, we performed employee surveys in production, held workshops with senior managers and we discussed together where we see our activities in the future. Based on this analysis, an agenda for the project was developed.

Modern management plus responsibilities for the staff

The project's agenda is compiled of different findings and particular aspects.

Firstly: The presence of shift managers in the different departments should be improved. For that, we have redefined and reorganized their tasks. Moreover, we are also training shift managers in managerial competences. This includes the targeted motivation of employees and their ability for situational leadership, which means addressing every employee in a flexible and appropriate way. The first training sessions on "excellent leadership" and "team development" took place in 2016 and will be continued.

Secondly, another central change involves key figures for every production department. These figures should ensure success is measurable and more comprehensible for our employees. During daily team meetings, the performance of the departments is discussed based on these key figures. This makes it easier for the staff to see how their individual and responsible performance improves the overall work of the department.



Focusing on our strengths

We encourage self-responsibility amongst our staff. At the beginning of a shift, the team meets together and exchanges information on the production schedule. Everybody is and should be included.

51.4 %

less greenhouse gas emissions

Cut in half: Standardized processes result in higher efficiency. Greenhouse gas emissions have been reduced by about 51 percent per kilogram of product when compared to 2012.

ENVIRONMENT & PRODUCTION

INDICATOR*			2014	2015	2016
EN 3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION				
	GAS PURCHASED	KWH	212,465,329	235,194,229	237,268,281
	ELECTRICITY PURCHASED	KWH	19,825,930	9,672,510	8,725,645
	ELECTRICITY SOLD	KWH	4,862,000	3,184,469	2,911,808
	ENERGY INPUT	KWH	227,429,259	241,682,270	243,082,118
EN 5	ENERGY INTENSITY BASED ON ENERGY INPUT	KWH/KG	1.153	1.229	1.200
	PRODUCTION QUANTITIES FOR ALL UELZENA SITES ¹	TONS	197,292	196,655	202,546
EN 15,16	TOTAL DIRECT AND INDIRECT GREENHOUSE EMISSIONS				
	CARBON DIOXIDE EMISSIONS	TONS	36,089	29,496	28,859
EN 18	INTENSITY OF GREENHOUSE GAS EMISSIONS	KG/KG	0.183	0.150	0.142
EN 19	REDUCTION OF GREENHOUSE GAS EMISSIONS				
	REFERRED TO BASE YEAR 2012	TONS	-15,152	-21,745	-22,382
		RELATIVE	-29.6%	-42.4%	-43.7%
	REFERRED TO THE PRODUCTION QUANTITY IN KG (INTENSITY)	KG/KG	-0.110	-0.143	-0.151
		RELATIVE	-37.6%	-48.9%	-51.4%
EN 8	TOTAL WATER REMOVAL BY SPRING				
	WATER CONSUMPTION, TOTAL	M ³	1,069,331	1,082,842	1,037,194
	WATER CONSUMPTION PER TON OF PRODUCT PRODUCED	M ³ /TON	5.42	5.51	5.12
EN 22	WASTE WATER VOLUME¹				
	WASTE WATER VOLUME PER TON OF PRODUCT PRODUCED	M ³ /TON	3.33	3.29	3.15
	WASTE WATER LOAD IN KG COD PER TON OF PRODUCT PRODUCED	KG/TON	10.94	8.18	7.38
EN 23	TOTAL WEIGHT OF WASTE BY TYPE AND METHOD OF DISPOSAL				
	TOTAL WEIGHT OF WASTE	TONS	1,296.80	1,348.81	1,333.21
	OF THAT WASTE THAT IS INDEPENDENT FROM THE PRODUCTION QUANTITY ¹	TONS	104.20	63.41	71.33
	OF THAT WASTE THAT IS DEPENDENT ON THE PRODUCTION QUANTITY	TONS	1,192.60	1,285.40	1,261.88
	OF THIS RECYCLABLE	TONS	916.50	985.70	971.66
	OF THIS NOT RECYCLABLE	TONS	276.10	299.70	290.22
	PERCENTAGE OF RECYCLABLE WASTE	RELATIVE	76.8%	76.7%	77.0%
	TOTAL WASTE THAT IS DEPENDENT ON THE PRODUCTION QUANTITY	KG/TON	6.04	6.54	6.23
	PER PRODUCT PRODUCED				

*see explanation at the bottom of page 6 (left column) and in GRI Index page 34ff

¹ Production quantities not consolidated but stated additively.

² Wastewater only for the Werke Uelzen and Bismark sites; wastewater quantities for the Ratzeburg site are negligibly small; Warmen site has its own treatment plant.

³ Waste which is independent from the production quantity includes construction waste, garden waste and outdated files.



/tables#environment



“Investments in modern technologies in our Ratzeburg facility will increase productivity as well as energy efficiency.”

Olaf Braumann

Managing Director Production and Technology,
H. Schoppe & Schultz GmbH & Co. KG

Thirdly, in the future employees shall be working more on their own responsibility. Training aimed at providing the required methodological and technical qualifications will be available. The need for further education will be determined for every department based on a qualification matrix. This allows us to systematically record the competences available in every department and to define where tailor-made further qualification could be supportive.

Fourthly, one part of the project deals with the standardization of internal processes, if useful. For that, the employees concerned prepare all by themselves standards, for example for machine settings and manual cleaning tasks and develop these standards systematically. These standardized processes facilitate familiarization for new employees with their work, increase productivity and most of all contribute to secure uniformly high product quality.

Fitness program with a sense of proportion

Also included in the project is the improvement of work places in production. We want to create an environment that is as pleasant and safe as possible for our staff. Therefore, we will be introducing the so called 5S method which consists of five systematic steps towards more cleanliness and a well organized work place. However, the 5S method can do more. It also supports us in using valuable resources even more efficiently.

If everything runs according to schedule, then “Production OC 2025” will be like a fitness program that will strengthen the production at Uelzena eG for future challenges. If this program passes the test at the Uelzen site, we will expand it to our subsidiaries in Ratzeburg, Warmsten and Bismark. At these sites, there will then be reasonable adjustments conducted with a sense of proportion. This is because adjustments are essential in times of fast changes. ■

PRODUCTION



TARGETS ACHIEVED

99.9 %

Reduction in emissions per ton of goods produced

**Reduction in resource consumption
per ton of goods produced**

Improved production productivity

FACTS 2016

Emissions successfully reduced

We were able to lower the environmental impact of greenhouse gases, wastewater and waste in absolute figures and relative to the increases in production volume. The reduction of greenhouse gases per kilogram of product is now almost 50 percent - compared to reference year 2012. We also reduced the amount of waste after having experienced an increase in 2015. In relation to production quantities, the proportion of recycled material in waste increased slightly reaching almost 77 percent.

Less use of resources

In 2016 the total absolute energy input rose because our production quantities increased significantly. At the same time we were able to improve energy intensity. This means: We reduced our energy consumption in relation to the amount of product to 1.2 kilowatt hours per kilogram. Nevertheless, this value is slightly above the target value envisaged for 2016. The increase in energy input in 2015 was mainly due to the fact that we started operating our own co-generation power plants at two sites which since then have been generating electricity, steam and heat. We were able to reduce our consumption of fresh water in absolute figures and relative to the production quantity in 2016.

Separation of production takes effect

Using a number of measures we were able to achieve the separation of our growth from environmental impacts as envisaged in our Strategy 2020 to a large extent. We have almost completely achieved all intermediate objectives. However, we expect that there is increasingly less room for further technical optimizations. By applying improvement programs such as “Production OC 2025”, we are trying to pursue new approaches.



Unleashing energies

Step by step the Uelzena Group is modernizing its human resources policy. In 2016, we again initiated and implemented new projects. Every innovation is carried out intentionally: Our employees shall experience proper working conditions in order to be successful as a team.



Running parallel to good business development, the number of employees in the Uelzena Group is increasing year after year. In 2016, this increase was particularly strong: We have created and filled 30 new positions. At the end of the reporting period, 693 people were working for the Uelzena Group - more than ever before. We will expand over the next few years as well and we will train and educate an above average number of young people. One specific reason for example is the further investment planning at our Uelzen site.

The fact that we will still be able to fill all new and existing positions with qualified employees is closely connected to our employer marketing efforts. For example the new website of the Uelzena Group with its comprehensive career section is having an appreciable effect. This section has been online since the end of 2015; the first effects were seen in 2016. In job interviews it was often mentioned how informative, modern and attractive the website is.

Pilot project for employer attractiveness

Successes such as this one are important. They demonstrate that the ongoing modernization of our HR policy is leading to the desired results. We have to plan for the future and keep an eye on a possible lack of qualified technical personnel due to the demographic change in Germany. This is why we are continually strengthening our attractiveness as an employer.

In 2016 the Uelzena Group made good progress in this respect. We started two pilot projects in Uelzen: "Production OC 2025" will improve work in the production departments and support the further qualification of our employees (see chapter Production, page 24ff). Promotion of the health of the employees at this site is a topic of another pilot project.

For example, it was decided to train employees at their work place in ergonomics. An ergonomics consultant will visit the employees at their work place and individually analyze their body posture. With this we are aiming at drawing everyone's attention as to how they can influence their own health positively. We also support this with smaller measures: We provide fruit free of charge for everyone and we have established a Uelzena jogging group.

Family-friendliness is a key aspect

Moreover, the reconciliation of family and working life of our employees is one major concern at Uelzena. We support our employees financially if they need day care for their children while working. Prior to their children's first day at school our employees receive a cash gift which they can use to buy school materials or other things needed in first grade. It is great that we have been awarded the Fami Seal for the period 2016-2018 for the Uelzen site again. This award certifies companies who are actively promoting reconciliation of families and jobs and supporting this with many good ideas.

**Using all senses**

In sensory tests of our products, we do not rely on technology alone but rather on the trained senses of our employees. They assess the taste, smell and color of our products.

Online training

We are also progressing well with a target-oriented and structured dialogue with our employees. At the Uelzen site more than 50 percent of all scheduled performance reviews have already been conducted, the other sites are next. One regular element of the talks, for example, are further development goals. When a senior manager and an employee identify the need or desire for further education, we will organize suitable training. These are not always traditional seminars. We also consider online training. Last year the e-learning tool on hygiene and energy management was much appreciated. For 2017, we have scheduled sessions for

specialist know-how on Microsoft Outlook. The benefit: The participants have flexibility when they learn and can repeat the exercises at any time on their own.

The HR department ended the year 2016 with a novelty: For the first time, a staff survey was conducted at all sites. This brief check on employee satisfaction included five questions. The anonymous web-based survey was mainly used to get a general idea on the mood of our employees. We plan to repeat this brief survey on an annual basis to find out whether the measures we have implemented so far have had a positive effect. This will also be another reason for satisfied employees to recommend the Uelzena Group as an employer. ■

30

New employees

Growing strongly: In 2016, we employed a total of 30 new permanent workers and apprentices.

EMPLOYEES

INDICATOR*		2014	2015	2016
G4-9	TOTAL	655	663	693
G4-10	MALE	456	459	484
	FEMALE	199	204	209
G4-10 A	PERMANENT EMPLOYMENT	591	588	618
	TEMPORARY EMPLOYMENT	18	32	28
	APPRENTICESHIP/INTERNSHIP	46	43	47
G4-10 B	FULL TIME	616	621	650
	PART TIME	39	42	43
LA6	LOST DAYS PER EMPLOYEE DUE TO ACCIDENTS OR OCCUPATIONAL DISEASES	0.72	0.33	0.63
LA9	AVERAGE HOURS PER YEAR PER EMPLOYEE FOR TRAINING AND FURTHER EDUCATION	6	6	6
UG-AD	AVERAGE AGE OF THE STAFF IN YEARS	42.7	42.6	41.8
UG-BZ	AVERAGE PERIOD OF EMPLOYMENT IN YEARS	14.2	13.0	14.2

*Data can not be collected retroactively

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



/tables#employees



“The corporate strategy in terms of human resources has been implemented in a dialogue with all sites and parties involved. For us communication has priority over speed.”

Ina Hinrichs
Head of Human Resources, Uelzena

Service provider

Technically trained employees ensure optimal results and individual solutions for our customers - from product analysis to packaging.



EMPLOYEES



TARGETS ACHIEVED

83.8 %

Increase the attractiveness of being an employer

Keeping long-term jobs for qualified employees

Development and support of employees

FACTS 2016

More employees

Our company is growing from year to year. In 2016, we produced and sold more products than ever before. Consequently, our work load has also increased. And we are striving for more growth. This is why we have hired 30 new employees with open-ended contracts or apprenticeship contracts within the current reporting period. Especially pleasing: The number of apprenticeship positions has increased from 43 to 47. We were able to offer all apprentices a regular position upon completion of their apprenticeship. In total in 2016, we had the largest gain in new colleagues since 2012.

Lost time days below average

Compared to the previous year, the number of days lost due to accidents and job-related illnesses again increased in the reporting period 2016. However, this number is still below the long-term average. Every incident is discussed in a group meeting consisting of representatives of the employer and the employees. If possible, we take steps to improve the preventive measures accordingly.

Long-term employment

The average employment period of our employees has again increased to 14 years. The average age of our staff has decreased slightly. We support the health of our employees with various measures and we opt for proper further training of our skilled employees. One of our most essential HR tools are appraisal interviews in which we determine the performance and the need for further education together with our employees. Until 2020, we intend to have this tool implemented and used at all sites of our company.



Regional roots

The Uelzena Group is a company serving national and global markets with its products. However, most of the value that we create remains in the region. This can be proven. In 2016 our purchasing department further developed the management of regional procurement.

Regional is sustainable. Numerous studies and concepts for sustainable development are based on this empirical formula. One reason is: If people trade with people from the same region, they promote the local economy because the values remain in the region. Moreover, they protect the environment because of shorter transport routes and fewer emissions.

The Uelzena Group as a cooperative has always generated added value from the milk sourced from farmers around its sites in Northern Germany. Just take a look at the current situation for the milk raw materials that are of great importance to us: unprocessed milk, cream and dairy raw materials: 92 percent of the 532,440 tons of raw materials were delivered by regional suppliers.

However, we want to continuously contribute to sustainable development in the regions around our sites by supporting their economic and societal

attractiveness. This is the reason why we also try to buy other materials and services from the region, if possible. The result: 19 percent of all bought-in services in 2016 came from the regions.

This includes construction and repair works, transportation and cleaning jobs. In terms of materials, which include dairy raw materials, non-dairy raw materials and packaging materials, we spend 76 percent of our expenditures on regional sourcing.

Strengthening the gross regional product

It is not only procurement that transports value into the regions. The Uelzena Group is an important tax payer for the communities and a good partner to regional financial institutions and savings banks. Furthermore, there are the salaries for our employees who predominantly live in the rural areas around our sites. This all makes us a significant regional economic



“We have supported local youth centers and will encourage our employees in their honorary work.”

Karina Bode-Koch
PR Manager, Uelzena

PROPORTION OF REGIONAL SOURCING OF THE TOTAL MATERIAL AND SERVICE EXPENDITURES

INDICATOR*	2014	2015	2016
EC9 TOTAL MATERIAL EXPENSES OF THE UELZENA GROUP	74 %	80 %	76 %
PROPORTION OF REGIONAL SERVICES IN TOTAL SERVICE EXPENSES	14 %	18 %	19 %

*see explanation on p. 6 (bottom) and in GRI Index p. 34ff  /tables#regions

factor - we contribute appreciably to an increase in gross regional product.

Expanded definition of "region"

What precisely is meant by the term "regional"? There is more than one answer to that question. However, our purchasers need precise definitions in order to differentiate regional from non-regional suppliers in practice. For raw milk and services, we have decided: Services within a radius of 50 kilometers around the respective site are considered to be regional. Regional milk comes from dairies located within a 150 kilometer radius around the respective Uelzena site. However, the Uelzena Group sources other raw materials and packaging materials as well. We consider all non-dairy raw materials including sugar or Big Bags, cardboard boxes or film wraps that are traded internationally as regional products as long as we buy them from within Germany. ■

REGIONAL RESPONSIBILITY



TARGETS ACHIEVED

86.0 %

Preferring regional suppliers and service providers if possible

Encouraging the perspectives of young people at our factory sites

Encouraging our employees to be involved as volunteers

FACTS 2016

Regional sourcing newly defined

Regarding the procurement of raw materials and packaging materials, we have not yet defined any objectives. Currently, we are discussing internally if and to what extent this shall be done in the future. At the same time the GRI indicator G4-EC9 (see table) was complemented. Our order volume for regional services fully complies with the development objectives until 2020.

Financial support of youth centers

The youth centers in the regions around our sites in Uelzen, Ratzeburg, Bismark and Warmsen offer leisure activities for young people. In many places this helps to facilitate the reconciliation of work and family life for our employees as well. At the same time these centers promote social competence and integration of adolescents. In an attempt to secure the social work of these youth centers, we made financial donations in 2016. Moreover, we have supported many other activities and events to make this possible.

Support of not-for-profit organizations

In the future, we will also support regional not-for-profit organizations financially. Starting in 2017, all employees holding an honorary position can apply for financial support for their respective organization. We defined the prerequisites for that in 2016: The honorary positions of our employees must be unpaid and regulated activities. The organizations must not be of a political, ideological or religious nature. 5.9 percent of our employees are involved in honorary work. This was determined in a 2016 survey. We aim at increasing this percentage over the next few years.

GRI INDEX "G4 FOOD PROCESSING" FOR THE SUSTAINABILITY REPORT 2016 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 or /UG-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.

GENERAL STANDARD DISCLOSURES

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
STRATEGY AND ANALYSIS			
G4-1	SUSTAINABILITY STATEMENT OF THE BOARD ON SUSTAINABILITY		P. 3
ORGANIZATIONAL PROFILE			
G4-3	NAME OF ORGANIZATION	→ Uelzena eG	
G4-4	KEY BRANDS, PRODUCTS AND SERVICES		/G4-4-BPS, P. 16
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-dairy 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 EMPLOYEES, OPERATIONAL SITES, NET REVENUES, TOTAL CAPITALIZATION, QUANTITY OF PRODUCTS SUPPLIED)	→ Total number of operations: 4 production sites (without MTW) and 1 distribution site	P. 10, 16, 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 (²) This information is confidential due to competition reasons based on a decision of the Board	/G4-10-WF, P. 30
G4-11	PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS.		
G4-12	SUPPLY CHAIN OF THE ORGANIZATION		/G4-12-SC, P. 14
G4-13	CHANGES (SIZE, STRUCTURE, OWNERSHIP, SITES, OPERATIONS AND SHARE CAPITAL) OF THE COMPANY AND IN ITS SUPPLY CHAIN DURING THE REPORTING PERIOD	→ 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	Ethical Trading Initiative p. 17, international sustainability standards p. 15, SEDEX membership p. 15, Dairy Declaration of Rotterdam	
G4-16	MEMBERSHIPS OF ASSOCIATIONS		/G4-16-MA
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 Warmsener Spezialitäten GmbH, Trilactis GmbH → Shareholdings of 50 percent or less as well as non-operating entities are not listed (⁴) Will be provided by 2017	
G4-18	PROCESS FOR DEFINING THE REPORT CONTENT AND THE ASPECT BOUNDARIES AND IMPLEMENTATION OF THE REPORTING PRINCIPLES		
G4-19	COMPLETE LIST OF THE MATERIAL ASPECTS IDENTIFIED	→ See diagram "Materiality Analysis"	P. 7
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 AND IMPACT	→ The report has been expanded	P. 4-6
G4-23	SIGNIFICANT CHANGES FROM PREVIOUS REPORTS IN THE SCOPE AND ASPECT BOUNDARIES IN THE SCOPE AND ASPECT BOUNDARIES	→ The aspects "Animal Welfare", "Transport" and "Healthy and Affordable Food" were defined and classified as irrelevant. No other change in materiality matrix 2016 compared to 2015	
STAKEHOLDER ENGAGEMENT			
G4-24	LIST OF STAKEHOLDER GROUPS ENGAGED		/G4-24-SG, P. 6
G4-25	BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS	(⁴) Will be provided by 2017	
G4-26	APPROACH TO STAKEHOLDER 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	/G4-24-SE, P. 6
G4-27	TOPICS RAISED BY STAKEHOLDERS		/G4-27-TRS P. 6

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
REPORT PROFILE			
G4-28	REPORTING PERIOD	→ 01.01.2016 to 31.12.2016	P. 6
G4-29	DATE OF THE MOST RECENT PREVIOUS REPORT	→ 01.07.2016	
G4-30	REPORTING CYCLE	→ Annually	P. 6
G4-31	CONTACT	→ Email: sustainability@uelzena.de	P. 38
G4-32	GRI CONTENT INDEX CHOSEN	→ The current report was compiled in based on the option 'In accordance - CORE' of the GRI 4 Guidelines. By 2017, all requirements will be completely implemented.	P. 6
G4-33	DESCRIPTION OF TYPE, SCOPE AND BASIS OF REPORT ASSURANCE	→ Internal review of the report, review of annual accounts and degree of achievement value by external auditors	P. 5
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	(*) In 2016 a Code of Conduct for Uelzena eG was drafted and adopted by Management Board and Board of Directors.	/G4-56-EI
SPECIFIC STANDARD DISCLOSURES			
CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
G4-DMA	MANAGEMENT APPROACH	(2) The information belongs to the action field company in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-EP P. 8-11
G4-EC1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	(4) See financial reporting for breakdown for EC1	/G4-EC#MORE P. 10
UG-MG	MILK PRICE FOR UNPROCESSED MILK PAID TO THE MEMBER COMPANIES OF UELZENA EG (ANNUAL AVERAGE)	→ This is an indicator unique to Uelzena	P. 9
UG-EK	EQUITY RATIO	→ This is an indicator unique to Uelzena	P. 10
PROCUREMENT PRACTICES			
G4-DMA	MANAGEMENT APPROACH	(2) Information belongs to action fields products and regional responsibility in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently (4) The working group Sustainability has presented a draft for a management approach and sustainable sourcing policies. The Board will decide on that in 2017	/G4-DMA-PP P. 12-17
G4-EC9	PORTION OF SPENDING ON LOCAL SUPPLIERS AT OPERATION SITES	→ Review and expansion 2016: Apart from services, materials including packaging, dairy raw materials and non-dairy raw materials will be included	/G4-EC9- E#MORE P. 33
UG-RBM	PERCENTAGE OF QUANTITIES OF REGIONALLY SOURCED MILK RAW MATERIALS	→ This is an indicator unique to Uelzena	/UG-RBM- E#MORE P. 32
CATEGORY: ENVIRONMENTAL			
MATERIALS			
G4-DMA	MANAGEMENT APPROACH	(2) Information belongs to action fields products (sustainable sourcing) in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently (4) The working group Sustainability has presented a draft for a management approach and sustainable sourcing policies. The Board will decide on that in 2017	/G4-DMA-MT-E P. 12-17
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 → Raw materials for MTW products were only included if provided by Uelzena → No information is provided for adjuvant and process materials because the quantities sourced have been considered to be negligible	/G4-EN1B, P. 16
G4-EN2	PERCENTAGE OF SECONDARY RAW MATERIALS USED	(1) The information "percentage of secondary raw materials used" does not make sense for agricultural raw materials and refers only to packaging material → EN2 is a voluntary additional disclosure	/G4-EN2B, P. 16
ENERGY			
G4-DMA	MANAGEMENT APPROACH	(2) The information belongs to the action field production in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-EN
G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	→ Instead of total energy consumption, the energy input is stated as purchased energy minus sold energy (4) Information currently not available include consumption of energy for cooling, steam consumption as well as standards, methodologies, assumptions and sources of conversion factors used (1) There is only minor consumption of fuel oil which is not disclosed here	P. 26
G4-EN5	ENERGY INTENSITY	→ EN5 is a voluntary additional disclosure	/G4-EN5B#ENER P. 26

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
WATER			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field production in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-WT
G4-EN8	TOTAL WATER WITHDRAWAL BY SOURCE	(*) Information on standards, methodologies and assumptions used will be provided by 2017	/G4-EN8#WAT P. 26
EMISSIONS			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field production in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-EM
G4-EN15	DIRECT GREENHOUSE GAS (GHG) EMISSIONS	(!) This information will be provided by 2017: Standards, methodologies, assumptions used, chosen consolidation approach for emissions, rationale for choosing the reference year, context for any significant changes → For information on emissions in the reference year 2012, please refer to the sustainability report 2014	P. 26
G4-EN16	INDIRECT GREENHOUSE GAS (GHG) EMISSIONS	→ Uelzena combines the direct and indirect GHG emissions	P. 26
G4-EN18	INTENSITY OF GREENHOUSE GAS EMISSIONS	→ EN16 is a voluntary additional disclosure → Reference value: direct and indirect CO ₂ emissions in kg referred to the production quantity in kg → EN18 is a voluntary additional disclosure	P. 26
WASTEWATER AND WASTE			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field production in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-WW
G4-EN22	TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION	(?) The destination is confidential site-related information according to a decision by the Board. In principle, only Group information is disclosed	P. 26
G4-EN23	TOTAL WEIGHT OF WASTE BY TYPE AND METHOD OF DISPOSAL	(*) Information on standards, methodologies and assumptions used will be provided by 2017 → EN23 is a voluntary additional disclosure.	P. 26
COMPLIANCE			
G4-DMA	MANAGEMENT APPROACH		/G4-DMA-COMP
G4-EN29	FINES AND NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	→ No fines in the reporting period	
SUPPLIER ASSESSMENT IN TERMS OF ECOLOGICAL ASPECTS			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field products in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-SAEA
G4-EN32	SCREENING OF NEW SUPPLIERS	(*) The basic structure of the management approach was set up in 2016 and completed in 2017 (*) Will be provided by 2017	
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
EMPLOYMENT			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field employees in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-EMP
G4-LA1	TOTAL NUMBER AND RATES OF HIRING NEW EMPLOYEES AND EMPLOYEE TURNOVER	(!) All sites are within one region, therefore there is no breakdown of the total number of employees by region	/G4-LA#MORE
UG-BZ	AVERAGE PERIOD OF EMPLOYMENT IN YEARS	→ This is an indicator unique to Uelzena	P. 30
UG-DA	AVERAGE AGE OF THE STAFF IN YEARS	→ This is an indicator unique to Uelzena	P. 30
EMPLOYER/EMPLOYEE RELATIONSHIP			
G4-DMA	MANAGEMENT APPROACH		/G4-DMA-COMP
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	(?) The information belongs to the action field employees in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-OHS
G4-LA6	TYPE OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENTEEISM	(*) The following information is currently not collected because it is included in legal stipulations and reporting regulations: type of 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 (!) All sites are within one region, therefore there is no breakdown of the total number of employees by region	P. 30

ID	INDICATOR	OMISSIONS AND REMARKS	REFERENCES
EDUCATION AND TRAINING			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field employees in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-ET
G4-LA9	AVERAGE HOURS PER YEAR PER EMPLOYEE	(!) It is not possible to break the information down by gender and staff category because of the type of data collection used. No change is intended because we do not expect to gain significant insights	P. 30
UG-AQ	APPRENTICESHIP QUOTA	→ This is an indicator unique to Uelzena	/UG-AQ-E#MORE
SUPPLIER ASSESSMENT IN TERMS OF THEIR WORKING PRACTICES			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field products in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-SAWP
G4-LA14	PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICE CRITERIA	(*) The basic structure of the management approach was set up in 2016 and completed in 2017 (*) Will be provided by 2017	P. 17
SUB-CATEGORY: SOCIETY			
LOCAL COMMUNITIES			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field regional responsibility in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently	/G4-DMA-LC P. 32-33
G4-SO1	PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT	→ 100 percent of all sites implement sponsor programs → Within the reporting period, local communities were included based on legal regulations concerning decisions and investment projects of the company → 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 process for local communities; works councils, committees on occupational safety and other employee representative bodies for handling impacts	
ANTI-CORRUPTION			
G4-DMA	MANAGEMENT APPROACH		/G4-DMA-COMP
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		/G4-DMA-COMP
G4-SO7	TOTAL NUMBER OF LEGAL ACTIONS REGARDING ANTI-COMPETITIVE BEHAVIOR AND THEIR OUTCOMES	→ No legal actions	
COMPLIANCE			
G4-DMA	MANAGEMENT APPROACH		/G4-DMA-COMP
G4-SO8	FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS	→ No violations	
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
CUSTOMER HEALTH AND SAFETY			
G4-DMA	MANAGEMENT APPROACH	(?) The information belongs to the action field products in which we combine several internal performance indicators in one achievement value. In 2016, the information was checked independently (*) Management approach see quality management manual according to DIN ISO 9001:2008	/G4-DMA-CHS
G4-PR1	PERCENTAGE OF PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED	→ 100 percent	P. 17
G4-FP5	PERCENTAGE OF PRODUCTION SITES OPERATING ACCORDING TO CERTIFIED QUALITY STANDARDS	→ 100 percent of the production volume or all production sites, resp., have successfully been audited and recertified	P. 17
LABELLING OF PRODUCTS AND SERVICES			
G4-DMA	MANAGEMENT APPROACH	→ Products are labelled according to legal requirements	
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		/G4-DMA-COMP
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

MEMBERS OF THE WORKING GROUP SUSTAINABILITY

Uwe Radke

Managing Director Marketing and Sales,
Uelzena eG
Sustainability Officer and Head of the
Working Group

Dr. Peter Fichtl

Managing Director Production and
Technology, Uelzena eG
Deputy Sustainability Officer

Christoph Bonmann

Managing Director Finance & Human
Resources, Uelzena eG

Olaf Braumann

Managing Director Production & Technology
H. Schoppe & Schultz GmbH & Co. KG

Heino Albrecht

Managing Director
Altmark-Käserei Uelzena GmbH

Hinrich Kröger

Managing Director Administration,
Production & Technology
WS Warmseener Spezialitäten GmbH

Ina Hinrichs

Head of Human Resources
Uelzena eG

Bernd Nörenberg

Head of Central Purchasing
Uelzena eG

Volker Suderburg

Head of Milk Management
Uelzena eG

Timo Klabunde

Head of Controlling
Uelzena eG

Karina Bode-Koch

PR-Manager
Uelzena eG

PUBLISHER

Uelzena eG
Im Neuen Felde 87
29525 Uelzen, Germany
Tel. +49 581 806-0
Fax +49 581 806-90 00
www.uelzena.de/en

Overall responsibility: Uwe Radke
Project management: Christina Gossel

CONCEPT, DESIGN AND IMPLEMENTATION

NKI Consult GmbH
Hamburg, Germany

BINAR DESIGN
Berlin / Bremen, Germany

PICTURES

Thies Rätzke
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ACKNOWLEDGEMENTS, DISCLAIMER AND FORWARD-LOOKING STATEMENTS

Uelzena would like to thank the Agricultural Producer's Association eG Pretzier for hosting the round table discussion on the focus subject (see page 18).

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: sustainability@uelzena.de

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Excerpt from the annual financial statement 2016 of Uelzena eG

BALANCE SHEET - ASSETS	2015 IN €'000	2016 IN €'000
A. NON-CURRENT ASSETS	54,614	57,864
THEREOF TANGIBLE FIXED ASSETS	34,946	38,126
THEREOF LONG-TERM FINANCIAL ASSETS	18,141	18,672
B. CURRENT ASSETS	80,202	93,762
THEREOF INVENTORIES	17,780	17,354
THEREOF RECEIVABLE AND OTHER ASSETS	59,630	74,958
C. ACCRUALS AND DEFERRED INCOME	156	106
TOTAL ASSETS	134,973	151,733

BALANCE SHEET - EQUITY AND LIABILITIES		
A. EQUITY	43,475	48,126
THEREOF NET INCOME FOR THE FINANCIAL YEAR	1,531	3,985
B. PROVISIONS	13,168	13,494
C. LIABILITIES	78,330	90,073
TOTAL LIABILITIES	134,973	151,733

REPORTING PERIOD OF INCOME STATEMENT 01.01.-31.12.		
SALES	532,944	546,241
INVENTORY MOVEMENTS, OWN WORK CAPITALIZED, OTHER OPERATING INCOME	2,421	2,508
TOTAL REVENUES	535,364	548,748
COST OF MATERIALS	489,110	501,695
GROSS PROFIT	46,254	47,053
PERSONNEL EXPENSES	24,987	25,340
DEPRECIATION, AMORTIZATION	4,156	4,631
OTHER OPERATING EXPENSES	15,891	16,274
OPERATING PROFIT	1,219	809
FINANCIAL RESULT	561	3,291
RESULT FROM ORDINARY BUSINESS ACTIVITIES	1,780	4,101
TAXES	-250	117
ANNUAL NET INCOME	1,531	3,985



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