

# FUCHS GRUPPE

## Our sustainability approach





## FUCHS GRUPPE

The Fuchs Group is Germany's biggest spice manufacturer and the world's biggest privately-owned spice company. Founded by Dieter Fuchs in 1952, today the Fuchs Group offers the food retail, foodservice and food industry a comprehensive product range of spices, culinary trends and innovative food technologies. The Fuchs Group shapes the culture of taste and good food with courage and flexibility.

The company group's understanding of its values is characterised by a pioneering spirit, a partnership approach and the highest possible quality requirements. Its aspiration: the best quality for tailor-made solutions and products for every need, and no compromises.

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## Foreword

Dear Readers,

Due to its partner shareholding structure, the Fuchs Group is interested in value-generating corporate development with continuous further education and training. The focus of our interest is not on short-term economic successes. Our thinking and actions have been multigenerational for many decades, and our core aims centre on expanding our market position.

This corporate philosophy is expressed in our values and in our entrepreneurial image of ourselves. We interpret sustainability as the acceptance of responsibility – towards our customers, our suppliers, our employees and society. For that reason, sustainability aspects have shaped our corporate policy for a very long time.

It gives us pleasure to observe ever greater numbers of people taking an interest in the manufacture of our products, in their constituents and in the origin of the raw materials we use. We are glad to comply with this wish for more transparency, and we have always imposed the highest demands on the quality of our products.

This publication expresses our wish to show you the sustainability approach we follow and the activities we originate.

Although this sustainability approach does not yet encompass all the corporate units and thus all of our activities, we hope that by using it we will give inspiration both internally and externally. Our aim is to intensify the dialogue about sustainability topics, both in our own company group and also in our sector of industry.



This publication is also the outcome of our strategic corporate development. We implemented extensive course-setting actions in 2017 to meet future challenges in the market. These included restructuring our business units and redefined the profile of our two core brands in the food retail, Fuchs and Ostmann. We want to become even more strongly international, and continue to make significant investments in this area. Furthermore, we have systematised our previous sustainability activities, and are in the process of aligning these strategically across the whole group of companies.

Despite our many efforts, we are not yet where we want to be. We have set ourselves ambitious goals for the coming years to do justice to our sustainability aspirations. In particular, these include making our operations measurable to an even greater extent, to enable the initiation of effective, target-oriented actions. We would be delighted if you could accompany us on this journey.

Best regards,

Nils Meyer-Pries  
CEO



# The Fuchs Group

## A market and quality leader

The Fuchs Group offers spices, culinary trends and food technologies to a wide diversity of target groups and needs in the food retail, foodservice and food industry. The range comprises more than 8,000 products, all subject to the most stringent quality controls and undergoing continuous further development. The company group achieved turnover amounting to EUR 532 million in 2016 (2015: EUR 513 million), and is thus Germany's biggest spice producer and the biggest privately-owned spice company in the world.

Our products can be purchased in more than 60 countries all around the globe. About 3,000 employees work for the Fuchs Group in nine countries and on four continents. At our headquarters in Dissen am Teutoburger Wald in the Osnabrück district, where Dieter Fuchs founded the company in 1952, we are one of the biggest employers. The holding company of the Fuchs Group is DF World of Spices GmbH.

We set the highest standards with regard to the quality of our products: we actively influence the entire value-added chain from raw materials to the finished product. Almost all the spices we buy are delivered in unground form to Germany, where they undergo sophisticated processing and finishing in our own production facilities and spice mills. Using this approach, we rely on our own high degree of specialist competence and many years of experience – thus distinguishing ourselves from other suppliers in the market at the same time.

## A wide spectrum of services

We and our product range focus on consumers via retail, on customers in the hotel industry, restaurants and catering, and on industrial customers large and small. We have oriented our business units in accordance with these target groups.

### Retail Spices Germany

The Retail Spices Germany business unit combines our product offerings of spices for German consumers. It includes our Fuchs, Ostmann, Bio Wagner and Wagner brands. As a private label partner, we also offer an extensive range of spices, herbs, spice and herb blends, soups, sauces and instant products.

### Retail International

The Retail International business unit covers the range we offer to consumers outside of Germany. Working with our branches in France, the United Kingdom, Romania, Italy and Austria, we offer high-quality products in these markets. They comprise products sold under the Fuchs, Ubena, Bio Wagner, Bart, Cosmin, Alex, Mirodenia and V6BBQ brands.

### Taste Innovations

The Taste Innovations business unit offers taste experiences and new culinary trends from around the world. We offer these products under the Bamboo Garden, Kattus, Fuego, Escoffier, Jadira and Neoli brands.

### Industry International

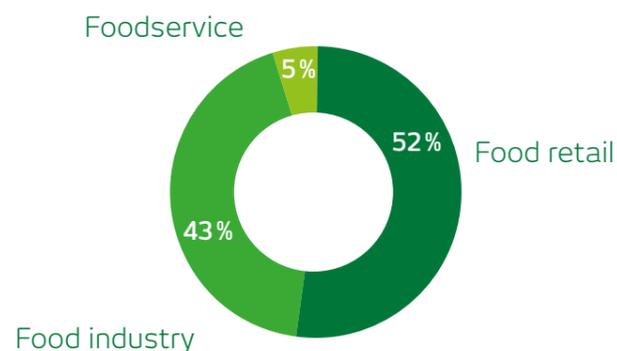
We support industrial clients with innovative technologies and tailor-made solutions. In particular, these clients include the general food industry and the retail with its meat counters. More than 95% of our blends are based on customer-specific recipes.

As well as single spices and blends, we also develop and produce technological compounds for our industrial customers. These involve liquid or dry products that yield at least one further useful property in addition to flavour, e.g. longer shelf life, a more intense colour, flavour protection, baking stability or preventing de-mixing and adhesion to foods. The Fuchs Group developed numerous technologies relating to this, including RoxFox®, KapFox®, Intenso Pur®, TenderFox®, VeggieFox®, LiquidControl, MicroControl, TopFox®, KolorFox®, KräuterFox® and Herbafresh.

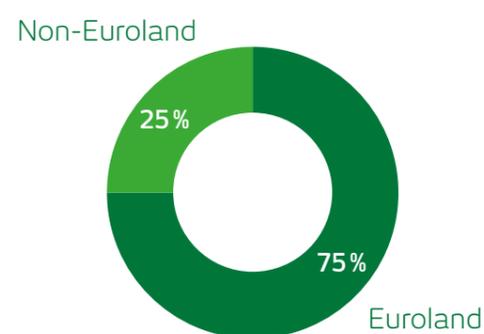
Our success in the industrial business is based on detailed insights of the market in this country and abroad, together with constant research and the development of both novel technological and flavour products. To this end, we identify and analyse worldwide food trends to enable us to present a constant flow of new ideas to our industrial clients. The technical feasibility of putting these into use in new processes plays a big part in this.

### Foodservice

The Foodservice business unit brings together our products for customers in the hotel industry, restaurants and catering sectors. As well as our Fuchs Professional, Ubena, Wendland Spice & Food and Würzkönig brands, these also include individual products and concepts for specific customers.



Turnover shares of customer groups (2016)



Regional distribution of turnover (2016)

## Branded products for every taste

We emphasise exceptional taste experiences and outstandingly good quality. The widest possible range of brands and products come together under our roof to yield a comprehensive product assortment. Selected brands include:

### Our spice brands for consumers in Germany:

- Fuchs**  
 Fuchs represents exceptional taste experiences and outstandingly good quality. In particular, real connoisseurs and experts who demand special nutrition, good cooking and an appropriate lifestyle have confidence in herbs, spice and herb blends as well as salt and pepper supplied by Fuchs.
- Ostmann**  
 Ostmann is the practical helper in the kitchen, and brings enjoyment and simplicity into everyday life. The wide variety of spices, herbs, baking flavours and spice mixes are available in various sizes of sprinklers and sachets to support quick, uncomplicated food preparation. The range of products is expanded by sauces to make preparation easier and to ensure the meal is always a success.
- Bio Wagner**  
 We offer a wide selection of ecologically grown herbs, spices, spice blends and sandwich spreads under the Bio Wagner brand.
- Wagner**  
 Wagner provides numerous herbs, spices and spice blends in a characteristic sachet format. The product-range is supported with a wide range of dried mushroom varieties and particular specialities.

### As well as the Fuchs, Ubena and Bio Wagner brands, our products are also known abroad under the following brand names:

- Bart**  
 Bart represents top quality and unique products for the food retail in Great Britain. The range, which comprises around 500 products for end consumers, includes herbs and spices, spice blends, baking ingredients, sauces and pastes.
- Cosmin**  
 Cosmin is the oldest, most popular spice brand on the Romanian market. Consumers appreciate the range because of its high quality, good price-performance ratio and wide offering of varieties.

- Alex**  
 In addition to classical single spices and herbs, the range in the Romanian brand Alex includes a selection of the most important country-specific spice mixtures. The new transparent pack design brings a clear brand image into the category, and allows the quality of the product to be assessed. The Eurohole perforation also gives the retail an alternative goods presentation at the point of sale.
- Mirodenia**  
 Mirodenia was created for the Romanian market as a result of the wish to have a 100% natural universal seasoning free from additives, colourings or preservatives. The product range is ideal for health-conscious consumers who prefer home-made, healthy, natural foods.
- V6BBQ**  
 We offer a variety of spices for the barbecue season under the Romanian brand V6BBQ. The products are aimed at consumers who are passionately keen on barbecuing and are looking for something special.

### Our consumer brands for culinary trends:

- Bamboo Garden**  
 Bamboo Garden reveals the secrets of Far Eastern cuisine. The product range, which comprises top quality spices, vegetables, cereals and pulses together with seasoning sauces and oils, carries users away into the exotic flavour worlds of Asia, India, Thailand and Japan. Bamboo Garden also offers a selected range of organic products.
- Kattus**  
 Kattus captures the aroma, the sun and the taste of South Mediterranean in unique delicatessen specialities. Fruity olives, spicy antipasti and traditional sauces, pestos and dips convey the taste of Mediterranean joie de vivre.
- Fuego**  
 Fuego represents the colourful Mexican zest for life, with fiery enjoyment. The range includes tortilla specialities, fillings and dips in the Mexican Cantina style, together with a wide selection of ketchups and sauces with a real BBQ taste.

#### ■ Escoffier

Escoffier's characteristic features are sophisticated compositions for real gourmets. The fine-quality soups, stocks and sauces are prepared from selected ingredients according to traditional recipes.

#### ■ Jadira

Jadira allows consumers to experience the fascination of oriental cuisine in their own home. The wide range with many basic ingredients, fragrant spices and exquisite pastes creates aromatic dishes with the taste of the Orient.

#### ■ Neoli

We offer organically grown superfoods under the Neoli brand. These include foods with a high proportion of vitamins, minerals and antioxidants that promote a healthy, balanced diet.

#### Our brand in the international industry area:

#### ■ Fuchs Spice & Flavouring Technology

Fuchs Spice & Flavouring Technology represents innovative technologies and tailor-made product solutions. The appropriate use of spices and technological compounds in dry, liquid or paste form provides the food industry with decisive advantages in the manufacture of their products.

#### Our foodservice brands:

#### ■ Fuchs Professional

Fuchs Professional is aimed at clients in the hotel, restaurant and catering sectors. The range of products includes high-quality spices and seasonings, herbs, liquid spice preparations and other applications-oriented solutions.

#### ■ Ubena

Ubena has been an innovative, highly valued partner of the hospitality industry for decades. Herbs, spices and seasonings, salts and relishes, as well as special blends, e.g. rubs, are produced in the very best quality and without any additives requiring declarations on the labels.

#### ■ Wendland Spice & Food

Under the Wendland Spice & Food brand, we offer a large number of products for customers in the food service area, in particular sauces, pastes, marinades, dressings and spice mixtures.

#### ■ Würzkönig

The spice world's classics can be found in the Wichartz Würzkönig range of products. Pepper, pimento (allspice), curry or seasoning salt for professional use are available in practical gastro-boxes and as bulk consumer packs.



## Our mission: the best quality and no compromises

Great passion and high quality standards have made us the specialist for spices and seasonings, flavour and culinary trends, not only in Germany but also in many of the world's countries. During our 65-year success story, we have established a firm position alongside retail, foodservice, the food industry and in consumers' households. The guiding principle of our company's founder Dieter Fuchs - "tip-top quality from seed to kitchen" - defines every one of our decisions right up to the present day.

Our mission is to shape the culture of taste and good food, and to fulfil the needs of consumers, the retail and industry in an outstandingly good way. We are market leaders with our product brands such as Fuchs, Ostmann, Ubena, Kattus or Bamboo Garden, and see ourselves as a reliable companion for our clients and partners. We represent many years of experience, an excellent knowledge of the markets, and extensive specialist competence.

A pioneering spirit, unconventional ideas and market-shaping developments and patents have made us what we are today. However, culinary trends and the resulting individual market and customer needs are changing faster than ever before. We counter these with dynamism, flexibility and a large amount of boldness and courage, to constantly rediscover the world of good taste. We work on this every day throughout the world, to track down trends for our customers and partners and to develop and market intelligent product and packaging ideas.



The iconic Fuchs decorative box convinces through its maximum user orientation and functionality, and is now available in a more modern style.



## Responsible corporate leadership

The management chaired by Nils Meyer-Pries heads the Fuchs Group according to the basic principle of overall representation in the framework of the statutes and by-laws. The Group's holding company is DF World of Spices GmbH, whose majority shareholders are the company's founder and two foundations established by him, while 25.01% is held by a subsidiary of Paulig Group. All of the Fuchs Group's companies are 100% integrated into these structures.

In its strategic decision-making, the management is advised by an Advisory Council. This Advisory Council is composed of three members appointed by the shareholders of the holding company. The Council meets regularly several times a year.

**"We are convinced that long-term success is possible only if economic, ecological and social requirements are brought into harmony day after day."**

Nils Meyer-Pries

## Values and guidelines

Our corporate values shape collaboration and our public image. We are currently rewriting our set of values in the context of our strategic development process.

We are moulded by expertise and excellence, responsibility and security, pioneering spirit and value creation, together with partnership and service. This is also shown in our management guidelines.

## Our management guidelines

### 1. WE ASSUME RESPONSIBILITY

We accept our responsibility for the company's positive, high-yielding development, and we put it into practice. Credibility, reliability, straight-forwardness, commitment, passion and discipline are indispensable in our collaboration for this success, which is shaped by team spirit.

### 2. WE EXPECT AND ENCOURAGE EFFORT AND DYNAMISM

We require and encourage dynamic, performance-oriented leadership in a dynamic working environment.

### 3. OUR ACTIONS ARE SHAPED BY RESPECT

We act straightforwardly, honestly and appreciatively. We respect other people's personality.

### 4. WE ENCOURAGE IDENTIFICATION

We encourage identification with the company and arouse an understanding of the steady improvement of our products and processes. We constantly grow and improve ourselves, not only on a technical but also at a personal level.

### 5. WE COMMUNICATE CLEARLY AND LEAD BY EXAMPLE

We speak to each other clearly, appreciatively, openly, directly and promptly, and we assign tasks clearly. We enter into a constructive dialogue with employees, and we respond to people as individuals. We are conscious of our function to act as a role model, and we lead by good example.

### 6. WE APPRECIATE OUR STAFF

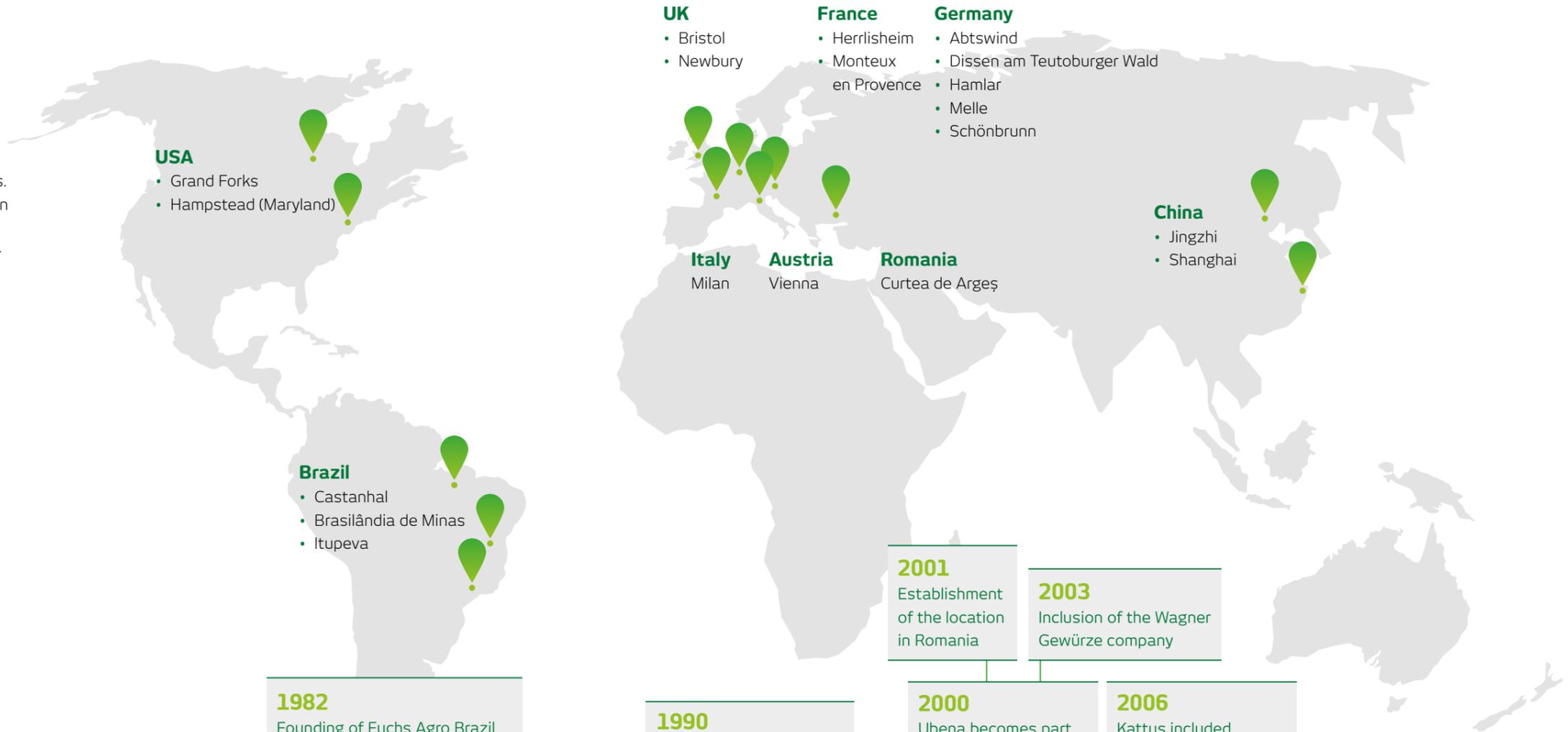
We appreciate the work of our employees, and are proud of what we have achieved together. We define hierarchies unambiguously, and they are transparent and clear. We designate and justify targets clearly, we transfer competences and we delegate responsibility.

### 7. WE WORK TOGETHER ON OUR FUTURE

We encourage our employees and ensure their further development. We agree targets for this, and support interchange across all areas. We learn from mistakes and regard them as an opportunity for professional and personal learning processes. Our aim is continuous improvement of the company to ensure the Fuchs Group attains long-term strength, independence and success.

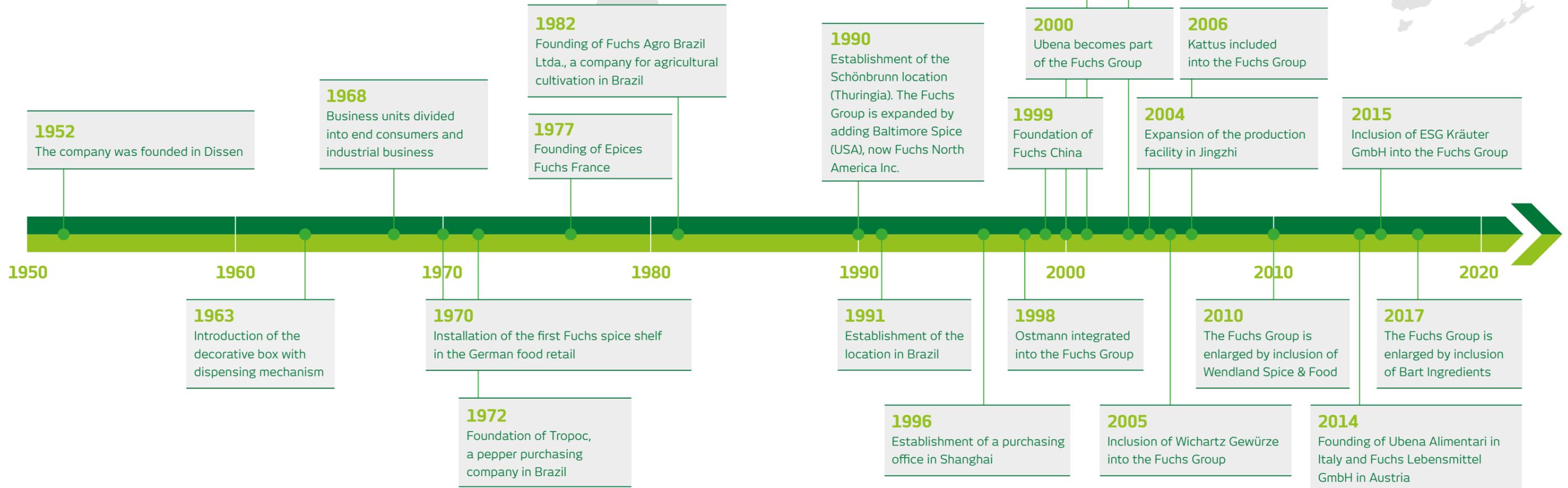
## An international presence

Our products are available in more than 60 countries. Our own employees represent us in nine countries on four continents. In addition to the headquarters in Dissen am Teutoburger Wald, we have German branches in Abtswind (Bavaria), Hamlar (Bavaria), Melle (Lower Saxony) and Schönbrunn (Thuringia). We also have our own locations on the spot in Brazil, China, France, Italy, Austria, Romania, the UK and the USA.



## Dynamic corporate development

Significant milestones in the corporate history of the Fuchs Group





## Our sustainability strategy

### Our aspiration

As a food sector company with international operations, we feel we have a special obligation to handle resources responsibly and sustainably, because the Fuchs Group's revenue situation is highly dependent on intact agricultural, ecological and social systems in spice-growing regions. Dieter Fuchs, our founder and for many years our Managing Director, was already convinced of this obligation. At the same time, the needs of his employees and the living conditions of growers in the countries of origin were equally close to his heart, and so was product responsibility towards customers.

For that reason, since our company was founded 65 years ago, we have oriented our corporate objectives towards our values, which include in particular fair dealings with farmers in our growing regions and with our other business partners in the spice world. Our aim is to maintain, both with our clients in the retail business, in industry and in the foodservice, and also with our suppliers and partners, long-term relationships characterised by mutual respect and understanding. Human rights issues in our global supply chain, biodiversity in our growing regions, and ethical behaviour aligned to statutory requirements play a significant role in our decision processes.

Our company is mainly owned by a foundation, therefore we pursue a corporate strategy with a long-term orientation. Permanent preservation of our values is more important to our shareholder partners than short-term economic success. That's why we combine the sustainability concept with a holistic, responsible, multi-generational style of thought and action.

The understanding of sustainability and the scope of the aspects to be taken into account in sustainability have become considerably greater in the past decade. Therefore we have also concerned ourselves more intensively with our sustainability activities in the recent past, and are currently strategically realigning them.



## Central aspects of our sustainability strategy

Climate change affects the Fuchs Group in many ways: an unrestricted temperature rise results in extreme climatic events, e.g. heatwaves, droughts, flooding or forest fires. These events can have profound consequences for the regions from which we obtain our raw materials.

Significant climate change damages existing ecosystems and may even destroy them. Growing regions that are important to us could shrink or entirely shift away – with drastic consequences particularly for our suppliers with small-scale farming structures.

We obtain many of our raw materials from emerging and developing countries. These are the very countries in which agricultural primary producers often lack the resources such as capital, technology or knowledge, to adapt to significant climate change. Moreover, other ecological, social and governmental risks – e.g. water pollution, poverty or unstable political conditions – contribute to worsening the climate risk. A reduction in water resources, larger price fluctuations due to extreme weather conditions, increased occurrence of pests and diseases, and declining labour productivity caused by climatic changes would considerably affect our business model and our company group's earnings situation.

Through our sustainability strategy, we aim to contribute to achieving a limitation of climate change to the two-degree rise compared to pre-industrial levels resolved at the UN Climate Conference in Paris in 2015. Furthermore, we want to ensure that economic standards relevant to sustainability, and social viewpoints, are adhered to both within our company group as well as within our supply chain, and that our entrepreneurial activities have the least possible ecological impacts.

With regard to the Sustainable Development Goals (SDG) adopted by the United Nations in early 2015 to safeguard sustainable development worldwide, we want to exert an influence on the following goals in particular:

**3 GOOD HEALTH AND WELL-BEING (SDG 3)**  
 We want our spices to shape the culture of good taste and good food. We align our product range ever more towards sustainability aspects. For example, we pursue a clean label policy in relation to our products for the food retail trade, i.e. our recipes increasingly avoid flavour-enhancing additives as well as sugar and palm oil.

**8 DECENT WORK AND ECONOMIC GROWTH (SDG 8)**  
**Decent work and economic growth (SDG 8)**  
 As one of the world's biggest spice producers, we occupy a significant market position in the relevant growing regions. We thereby contribute to economic growth in these regions. Contracts with our suppliers are based on the Principles of Ethical Sourcing, which also include adherence to labour and social standards that are recognised worldwide. We have our own staff on the ground in the growing regions that are of greatest importance to us, which allows us to directly monitor compliance with standards.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG 12)**  
**Sustainable consumption and production (SDG 12)**  
 Our aim is to continuously reduce our ecological footprint when manufacturing our products. This concerns in particular our energy consumption, our water demand and our waste management. Moreover, through our procurement guidelines we exercise an increasing influence on ecologically relevant behaviour by our suppliers.

**13 CLIMATE ACTION (SDG 13)**  
**Climate protection measures (SDG 13)**  
 Climatic changes significantly harm the Fuchs Group's business model. Climate protection measures are therefore one of our fundamental principles. This affects not only our own production sites, but also our growing regions and the transport of raw materials and finished products.

**15 LIFE ON LAND (SDG 15)**  
**Life on land (SDG 15)**  
 Undamaged ecological systems are a prerequisite for our business model. Therefore we endeavour to protect biodiversity in all the regions in which we operate. We are in favour of the use of natural fertilisers and pest control, and carry out extensive educational work in our growing regions.



The Sustainable Development Goals of the United Nations

We have developed our sustainability strategy based on the Sustainable Development Goals. With regard to our products, the key aspects of this strategy are transparency of raw materials flows, controlled cultivation and quality assurance, our Clean Label Policy and our customers' satisfaction. The topics of highest importance to us in the social issues area are employee development, Work-Life Balance, health management and occupational safety. In the third pillar - ecology – our sustainability strategy focuses on the subjects of energy, water and waste. A stakeholder survey to assess the relevance of these essential sustainability themes is planned for the current business year.

Our products	Our employees	Our environment
Transparency of raw materials flows Controlled cultivation Quality assurance Clean Label Policy Customer satisfaction	Employee development Work-Life-Balance Health management Occupational safety	Energy Water Waste

Key themes of our sustainability strategy

## In dialogue with our stakeholders

Our customers (retail, industry and foodservice), our employees and our suppliers are our most important stakeholder groups. Furthermore, other stakeholder groups that are important to us include our owners, consumers and the general public, as well as various non-profit organisations.

The nature and significance of the stakeholder groups have already been defined in this way, and they have been verified once again for our sustainability strategy in the context of several intensive discussions with responsible persons within the Fuchs Group and with the company's management.

We are in regular contact with the stakeholder groups mentioned above within the framework of a variety of opportunities for communication. Close personal communication exists especially with our customers, our employees, our suppliers and our owners, and this also

covers sustainability aspects. In the future we will expand and systematise dialogue with our stakeholders about sustainability topics.

The annual publication of a Sustainability Report will also contribute to the planned expansion of communication with stakeholders. This Report will provide more comprehensive information about our sustainability targets, strategies and activities during the next few years. Because of the ongoing compilation of group-wide sustainability data, we are currently not yet able to present a report that fully complies with the requirements of the GRI (Global Reporting Initiative) reporting standards. Therefore our aim is to establish a group-wide data collection system for sustainability reporting, and to publish a report in conformity with the GRI (Core Option).



# Our products

## A unique spectrum

We offer our customers a unique spectrum of spices and seasonings, spice blends, herbs, sandwich spreads, pastes, sauces, dips and many other ingredients for unusual flavour experiences, with more than 8,000 products in our range. We offer a unique spectrum for each target group, and in this way we shape culinary trends and a culture of taste and good food. Our aspiration and motivation is to fulfil with outstandingly good quality the needs of our customer in the retail, foodservice and industrial business, as well as of our consumers.

We represent long-standing experience, an excellent knowledge of the market, and extensive specialist competence. We have achieved our own market position through unconventional, innovative ideas in conjunction with market-moulding developments and patents. We repeatedly go on voyages of discovery for our customers to ensure that every one of them can enjoy the flavours this world has to offer.

## Transparency of raw materials streams

We have followed a clear aim for decades when procuring our raw materials: we want to acquire them as far as possible directly from the grower or producer. This is the only way in which we can safeguard the unbroken traceability of every batch, and the ability to exert total influence over its quality, from agricultural production, through loading and transport, and all the way to the finished product.

Long-standing, partnership-based supplier relationships are centrally integral to this. We maintain direct personal relationships for this purpose, for which we employ large numbers of staff on the ground. These employees support local growers, processors and exporters, hold training sessions, especially on the subjects of Quality Assurance and Good Agricultural Practices, and constantly exchange information with our suppliers on topics such as cultivation, harvesting or raw materials.

A personal relationship with our suppliers yields many benefits for us: it's how we obtain a continuous flow of information about quality and the expected crop sizes.

This puts us in a position to already found out alternative courses of action at an early stage. Through our intensive, direct relations we strengthen our purchasing position and increase supplier loyalty and dependability. We can give a better explanation of our quality requirements and put them into practice at the same time. We offer our suppliers reliability, quality and contractual loyalty, and close collaboration in an exchange of information about the exporting and importing countries. We constantly re-discover the world of spices, and in this way we create a basis for their innovation.

The most important raw materials we procure within the Fuchs Group include pepper, capsicum paprika, garlic, onions, nutmeg and cinnamon. With regard to these raw materials in particular, which are strategically important to us, immediate direct contact with growers and producers in the countries of origin is of the greatest importance to safeguard access to the raw materials we need, in the long term as well, and to enable us to react to availability shortages at an early stage. Our aim is to obtain more than 90% of our most important raw materials directly from producers by the end of 2018.

We agree firm purchase contracts with our suppliers. We demand strict observance of the ethical standards arising from our Principles of Ethical Sourcing. These include not only obeying the laws specific to each country and the wage and labour regulations currently in force, but also the ban on child labour and forced labour, as well as the prohibition of discrimination, the principle of free assembly, protection of health, occupational safety and the conduct of audits.

Within the Fuchs Group, we pursue a uniform policy in purchasing the most important raw materials, which we coordinate via the central purchasing function in Dissen. Accordingly, the streams of raw materials and fillings are tightly interwoven within the Fuchs Group. We impose high demands on our supplier management. Strongly developed supplier loyalty and dependability is extremely important to us. For that reason, we support our suppliers with numerous measures. A supplier certification process takes place to safeguard our quality standards before the collaboration stage is reached.



### Key figures about our principal raw materials (2016)

Proportion purchased that was obtained directly from producers	> 79%
Proportion purchased for which the upstream suppliers, producers and/or exporters are personally known to us	> 87%
Proportion purchased that results from long-term business relationships	100%
Proportion of batches we can trace back to their origin	100%

### Controlled cultivation

With regard to the raw materials we buy, our aim is to know as far as possible who produced these raw materials, with what auxiliary materials and on which fields. We want to know how the raw materials were harvested and how they were subsequently treated, packed and transported. That's why our comprehensive quality assurance and control already starts in the growing area.

Our own employees, with qualifications in cultivation, are permanently on the spot, especially in Brazil, China and Vietnam, which is where our most important raw materials originate. These employees are regularly in close personal contact with our suppliers. They monitor compliance with our high quality requirements and support our suppliers in almost all agricultural issues.

We have largely implemented our ideas about controlled cultivation in Brazil during the past few years: For each grower or producer with whom we collaborate, we create a comprehensive data base containing all the relevant information about the producer, his fields, the actions he takes to fertilize his ground & plants and for plant protection, his crop yield and the amount he sells to us. In this data base we collect information about the producer's qualifications, environmental requirements and working standards, about certifications for applying plant protection agents, and about the results of our weekly visits. We accompany and document the individual production steps from sowing the seed, through the harvest and all the way to shipping.

Our behaviour and the requirements we impose on our suppliers are aligned to Good Agricultural Practices (GAP). These comprise, among other things, aspects relating to food safety and to protection of the environment and animals. The objective is economically efficient production of high-quality, safe foods while taking environmentally relevant aspects into account at the same time. The application of GAP by the Fuchs Group in recent years has led to a considerable reduction in pesticide use and in the amount of residues.

Our contractual partners in Brazil and China supply us with preventive information about every application of fertilizers and plant protection agents to their fields, and are obliged to deliver the raw materials to us in the quality we require. To guarantee traceability at any time, every batch that is harvested is given a barcode showing all the information about it, e.g. product, producer, field, weight, batch number, container, pest control, shipping route etc.

We organise regular training sessions to explain to farmers the correct use of fertilizers and plant protection agents, and we provide each of our contractual partners with manuals giving comprehensive explanations. We inform our suppliers about the dangers of pesticides, and instead we recommend them to use natural fertilizer materials and natural ways to combat diseases. At the same time, we emphasise the exchange of best practice experience, and we inform growers about the latest scientific discoveries.

We have achieved a high level of quality performance through the use of these measures, and we also continue our endeavours to improve them with regard to the standards of the EU and the US-American Food and Drug Administration (FDA).

Furthermore, through our presence on the spot and close collaboration with our contractual partners, we also regularly promote sustainable development of the growing regions. We support and accompany social development projects, take part in infrastructure activities and support the local economy. Of course we also take part in education projects, assist environmental commissions, make donations to local organisations and schools, and offer direct support services for the people in our growing regions.



## Quality assurance

We understand quality to mean that our products conform to the requirements arising from statutory provisions, the requirements of standards, our own demands and our customers' wishes. Our own quality assurance specification includes both product quality and process quality, and is described by a product-specific test plan for each product.

We took the decision many decades ago to buy spices in un-milled form, and to process them in the Fuchs Group's production facilities. This approach puts all the processing operations under our own control. Our aim is to maintain identity and to ensure the best possible retention of constituents in the spice.

Our quality assurance concept is aimed at prevention, and in addition to taking delivery of goods, it also includes our entire value-added process. Mandatory quality testing takes place after every processing step and before carrying out further processing is allowed. All the products that leave our factory are manufactured in accordance with product-specific, process-specific requirements that are defined in detail, and they are tested at all stages in the manufacturing operation. In addition to our internal factory laboratory, we also work very closely with accredited external laboratories.

In addition to self-evident compliance with the demands imposed by statutes and standards (e.g. ISO Standards, European quality parameters of the European Spice Association and German guidelines), the specific requirements applicable to our raw materials and products are also governed in particular by individual customer-specific requirements and by our own quality standards.

The certified quality management system constantly supports the continuous improvement process at our sites.

The Fuchs Group's quality management system has been certified in accordance with the internationally recognised IFS (International Featured Standards) Food food safety standard at all our German locations for many years. In our branches abroad we have adequate management systems and certifications aligned to the specific country's requirements.

Together with the food safety standards certifications, we also hold a large number of other certifications, e.g. organic certification, halal, kosher and Fair Trade certification, and RSPO (Roundtable on Sustainable Palm Oil) certification for the use of sustainably produced palm oil.

## Clean Label Policy

Our Clean Label Policy pursues the aim of avoiding as far as possible the use of flavour-enhancing additives and palm oil in our recipes. In the foreseeable future we plan to use exclusively natural ingredients in all of our products intended for the food retail business that are not pure aroma products, while at the same time substituting other natural ingredients for palm oil, but without thereby altering the flavour profile.

When implementing our Clean Label Policy, we focus first of all on our two leading consumer brands, namely Fuchs and Ostmann: in the case of Fuchs, 340 of the 435 relevant products already satisfied this target by the end of 2016. This corresponds to 78% of the product range in question. A further 32 recipes were switched over by the end of September 2017, and ten articles withdrawn from the range. We aim to adapt the remaining 53 articles by the end of 2018 as well, to ensure the whole of the Fuchs brand product range conforms to our Clean Label Policy by that time.

In the case of the Ostmann brand, by 30 June 2017 around 75% of the relevant product range consisted exclusively of natural ingredients and contained no palm oil. We plan to convert the other Ostmann recipes that are affected by the end of 2018.

In addition to the Fuchs and Ostmann brands, we are also implementing our Clean Label Policy step by step for our other brands as well, and have already revised a large proportion of the product range. Of course, our Clean Label comes into effect equally when developing new products.

Our Clean Label Policy is the expression of our high quality standards, and is a product policy that is consistently aligned to customer needs. Our avoidance of flavour-enhancing ingredients also enhances the transparency of our product and nutrient value labelling.



We developed online magazines and Facebook pages for the Fuchs and Ostmann brands in the first half of 2017, where every day we provide our consumers with new inspirations, creative recipes and valuable information around the world of spices. We are in direct round-the-clock dialogue with our consumers through Facebook.



## Customer satisfaction

We systematically align our products to our customers' needs, which is why we constantly develop new taste experiences. In this respect we take up current market developments and create trend-oriented brand concepts. Moreover, we develop individually customised solutions for our clients in industry and the foodservice.

A close exchange of information with our customers is a precondition for the continuous further development of our product range. We are in regular personal dialogue with our industrial and foodservice clients, and we seek targeted contact with our end consumers and give them an opportunity to communicate with us through a variety of channels. In particular, this includes our end consumer service, which receives suggestions, questions, criticism and complaints. We carefully evaluate all the information reaching us through this service, and pass on improvements suggestions to various departments, e.g. our product development department.

We expanded our market research activities in 2016, and created a dedicated department for Marketing Services. We make increasingly frequent use of product tests, focus groups and brand studies or analyses in relation to our product development processes, and we also regularly ask our employees for feedback regarding the taste, functionality and design of our products.

We give end consumers, cooks and chefs application notes and recipes via our web site and our involvement in social media, and we endeavour to achieve a high level of transparency. We alert users to new developments and products, offer background information and supply unusual ideas for culinary highlights through our Newsletter.



A new Ostmann product series called "Lecker für" (Tasty for) was launched in August 2017. With five different seasoning salts to prepare vegetables, fish, poultry, pork and beef, a tasty dish can be conjured up in seconds.



## Our employees

### Allowing potentials to mature and develop

We feel we have a special obligation to our employees. We think and act multigenerationally and we hold our staff, many of whom have been employed in the company for decades, in very high esteem. We regard the fact that the majority of our partnership shares are owned by foundations as a big competitive advantage that gives us stability and a long-term perspective.

We offer our employees the best possible working conditions, and we encourage and challenge them to ensure they develop their full potentials. We have short decision pathways and flat hierarchies. Close ties to the home region is just as important to us for successful market cultivation and presence as international orientation.

The characteristic features of the Fuchs Group's culture are a pioneering spirit, individual responsibility and success. We place great value on respectful, considerate dealings, open communication and trust. Our aspiration and motivation is to ensure that our employees are proud to be part of the Fuchs team.

Our personnel policy has been decentrally organised up to now. However, we plan to collaborate more closely on a multiregional basis when taking decisions in the future. Therefore the following statements relate only partly to the whole group.



### Personnel structure

As of 31 December 2016 we employed 2,845 staff throughout the Group. Of these, 78.6% were employed in Europe, 11.5% in Asia, 6.7% in North America and 3.2% in South America. 8.1% of the employees have part-time contracts. 44.5% of all the staff are women.

### Age structure

	2016		2015	
	Number	Percent	Number	Percent
< 25 years	170	6.0%	226	7.9%
26 - 40 years	1,000	35.2%	978	34.3%
41 - 55 years	1,220	42.8%	1,207	42.4%
> 55 years	455	16.0%	439	15.4%
Totals	2,845	100.0%	2,850	100.0%

### Staff development

The continuous further development of our staff is important to us, because our success largely depends on the qualification and commitment of our employees. We are a much sought-after employer due to the high public awareness of our brands. In the last few years, we have addressed the scarcity of skilled staff by systematically expanding our commitment to recruit and retain the loyalty of motivated, high-performing skilled staff in particular.

We provide training ourselves in numerous vocations, and we recruit our young talent as early as possible. In Germany, this applies mainly to the following skilled occupations that require training:

- Industrial businessman/woman
- IT specialist, applications development and system integration
- Industrial mechanic for machine and plant construction
- Machine and plant operator in food production
- Food technology specialist
- Electronics technician for operating technology
- Warehouse logistics specialist
- Process technologist in the milling and animal feed industry
- Technical product designer
- Dual curriculum: Business Administration and Business Informatics

Career starters become familiar with the Fuchs Group quickly and in an easily remembered way with a Trainee Book. The book describes the essential tasks for the trainees and their department. This gives trainees an orientation aid a guideline for their daily work.





We have organised a school holidays program in conjunction with the town of Disson and the municipalities of Hilter and Bad Rothenfelde for a number of years. During the Holiday Passport program, schoolchildren can spend an afternoon with Fuchs on a voyage of discovery through the world of spices. The students are given a practical insight into the test kitchen, and can prepare their own spice blend. As well as an introduction to individual countries of origin, there is an explanation of how spices are produced – from raw materials to finished product.

A total of 47 trainees were employed at our German sites in Disson, Melle and Schönbrunn at the end of 2016. This corresponds to a 4.4% increase compared to the previous year.

We have cooperated with numerous schools in the immediate surroundings of our locations for many years in order to recruit enough qualified, highly motivated trainees each year. We provide explanations of training professions and their contents, organise meetings with school students, our trainees and their trainers, and we collaborate in a regional network of companies to organise joint vocational fairs and to coordinate our needs. Moreover, we offer internships, the supervision of scientific thesis projects and joint work/study contracts.

We give exceptional priority to our employees' further training. We offer them an extensive catalogue of competence training and compulsory training to enable their further development and to allow them to prepare for future challenges. Whereas IT topics, method competence and product training are given special prominence in our competence training courses, the compulsory training sessions comprise mainly instruction in the areas of hazardous substances, hygiene and product protection/ safety, HACCP (Hazard Analysis and Critical Control Points), safety/security and equipment operation. Furthermore, individual and demand-driven further training measures take place, e.g. master tradesman's training courses or in-service study courses, to which we contribute financially.

## Work-Life-Balance

We are working towards making our working hours models more flexible to meet the various different needs of our employees even better. This relates to confidence-building issues just as much as it does to part-time contracts and home office arrangements.

Moreover, in the future we will endeavour to take the individual family situations of our employees into consideration to an even greater extent. For example, this will include working arrangements that allow better childcare and looking after persons in need of care.

A total of ten employees took parental leave at our German locations in Disson, Melle and Schönbrunn and in the field service force in 2016. 13 staff returned from parental leave in the same year.

So as not to allow the connection with the company to break, we maintain regular contact with our employees during parental leave, and give them an opportunity to make use of further training offers. We use part-time working models to try to make it easier for our employees to return to work again during or after parental leave.

### Entry into and return from parental leave

	2016	2015
Starting parental leave	10	13
Returning from parental leave	13	17

This information relates to our German sites in Disson, Melle and Schönbrunn.



## Occupational safety

We consider workplace safety to be outstandingly important. Based on comprehensive hazard assessments for each of our workplaces and work groups, we adopt measures to reduce accident risks as far as possible. We systematically investigate every accident, and ensure as far as possible that this type of accident can never occur again.

We raise the awareness of our employees, both in the production area and in administration, to the need to observe occupational safety precautions, and we encourage every employee to immediately report potential hazards and violations of occupational safety rules and regulations. Managers and supervisors play a special role in obeying and enforcing occupational safety rules: they are specially trained in relation to occupational safety matters, and are regularly reminded of their special responsibility.

Our specialist occupational safety staff reports directly to the management, and supports the company management, management staff and project leaders in all health protection issues relating to occupational safety and accident prevention. Management staff are also accompanied and advised in their area of responsibility by a team of qualified safety officers.

Despite these extensive measures, 22.9 workplace accidents occurred in 2016 expressed as a 1,000-person rate (= number of reportable occupational accidents x 1,000 employees / number of full-time employees).

This corresponds exactly to the average for the commercial sector in Germany. We consider this result to be unsatisfactory, and will therefore continue to push ahead with our occupational safety measures in future years.

## Health management

We take the health of our employees particularly seriously. The aim is to promote healthy living and working strategies at an early stage. We offer our employees free of charge influenza vaccination, water dispensers in the production area and baskets of fruit.

We are currently realigning our health management. For this purpose, employee surveys were carried out with the AOK (the German General Health Insurance Scheme) in Schönbrunn in 2015 and in Dissen in 2017, and steering committees consisting of employees from various departments were formed, which meet once or twice in the month. The steering committees have the task of preparing a comprehensive health management concept and developing suitable measures to maintain the health and wellbeing of our staff.

The first of the measures adopted at our Schönbrunn site included ergonomic improvements at the individual workplaces and the offer of preventive measures such as sport, nutrition and relaxation courses. In the production area in Dissen, health committees with employees from the respective departments were established, who meet in small groups to flesh out the results of the employee surveys and develop suggested solutions.

The investments in ergonomic measures and the purchase of individually adjustable desks and desk chairs was especially well received by the employees. Workplace tours of inspection and briefings directly at the workplace together with ergonomics experts took place for this purpose. Moreover, we developed and implemented various training sessions on ergonomic issues and health at the workplace.

We have carried out regular BEM discussions (Operational Integration Management) for many years. In discussions with the employees in the context of reinvolverment and reintegration, we also receive evidence of workplace-related origins that might possibly be decisive illness-causing factors. It was already possible to implement many improvement measures last year as a result of the information obtained in this way.

### Workplace accidents

	2016	2015
Number of occupational accidents*	22.9	23.7
Number of lost working days after a reportable occupational accident	18.3	20

\* Rate per 1000 persons



## Our environment

### Protecting and conserving ecological systems

As a food industry business, an intact environment is centrally important to us. We obtain our raw materials from various regions around the world because the conditions needed for cultivating the natural raw materials we need exist only in these places. Climate changes or major environmental pollution incidents in our procurement countries exert an adverse effect on our corporate success.

For this reason - and also because protection of the environment is a component of our corporate values - we have taken ecological aspects into account in all our business decisions for decades. This is true for our growing regions just as much as it is for our production facilities. Our aim is to progressively reduce our ecological footprint and to regularly and effectively provide the contribution we must make towards preserving ecological systems.

Our current information systems do not permit groupwide collection of data about energy and water consumption and about waste production. Therefore, except where stated otherwise, the following information relates to our German locations in Dissen, Melle and Schönbrunn.

### Energy

Our production operations in Germany that require energy have an energy management system certified according to ISO 50001. In the case of ESG Kräuter GmbH, an environmental management system according to ISO 14001 is also integrated into the energy management system. In our production operations abroad, we have implemented management systems corresponding to the requirements in the respective countries.

There is a high level of awareness in the Fuchs Group in relation to the careful use of resources, not least because of these comprehensive energy management systems. Moreover, various training courses and information campaigns have contributed to ensuring that our employees pay attention to handling energy responsibly, and that also applies to water and wastes.

Because the manufacture of our products is associated with the use of large amounts of energy, we have considered improvement and savings options regularly for many years. This includes the high energy efficiency of our production plants just as much as lighting, the use of waste heat or generating our own energy. We define a quantitative output-oriented energy-saving target each year, and follow it up with suitable measures. This also includes regular investments in new plants that achieve greater output with the same use of energy, or the same performance with a smaller energy consumption, and reduce downtime and changeover times. We record the results of our operations in an annual energy report that defines the targets and measures and is submitted to the company's management.

Our energy demand at our German production sites in Dissen, Melle and Schönbrunn in the 2016 business year was 46,140,725 kWh. This corresponds to a 5.6% increase compared to the previous year, and is due to a considerably larger production volume. We built a combined heat and power generation unit that achieves an efficiency of more than 97% at our biggest production site (Dissen Industriestrasse) in the spring of 2016. At the same time we introduced software that monitors all the electricity and gas meters at the production site and provides information about our energy flows at any time.

### Energy trends consumption

	2016	2015
Electricity	16,313,753 kWh	20,779,675 kWh
Natural gas	29,826,972 kWh	22,908,084 kWh
Totals	46,140,725 kWh	43,687,759 kWh

This information relates to our sites in Dissen, Melle and Schönbrunn.

We have also exerted a greater influence on energy efficiency in our supply chain since 2016: for example, we require our suppliers to use resources responsibly and to pay attention to low energy usage. This requirement is a component of our supplier selection process and is included in the design of contracts with our suppliers. Each order contains the additional text: "In the environment/energy management context, energy efficiency when procuring energy, services and products is a decisive criterion for the Fuchs Group when assessing suitable suppliers."

### Water consumption trends

	2016	2015
Dissen-Westring	10.611 m <sup>3</sup>	15.116 m <sup>3</sup>
Dissen-Industriestraße	105.528 m <sup>3</sup>	106.226 m <sup>3</sup>
Melle	9.300 m <sup>3</sup>	15.182 m <sup>3</sup>
Schönbrunn	5.924 m <sup>3</sup>	5.793 m <sup>3</sup>
Totals	131.363 m <sup>3</sup>	142.317 m <sup>3</sup>

We obtain our water from municipal suppliers and use around 20% of it as a component of our products and to generate steam from it. We discharge the remainder of our water requirements into the public sewage system. We have a biological effluent treatment plant at our Schönbrunn site. The Biological Oxygen Demand (BOD) of our aqueous effluent is less than 700 mg/l, so it is only slightly polluted, with a pollution level corresponding to that of private households.

## Water

We need water to manufacture our products. Firstly we use water as a component of many of our products, and secondly we use water during our manufacturing processes, especially to clean our production plants. Our aim is to steadily reduce the amounts of water we need, and to handle this resource as economically as possible.

We have continuously developed our cleaning processes in recent years to reduce our water demand. As a result, we were also able to reduce our cleaning agents requirement at the same time. In Dissen, we monitor every individual water meter, which reports to us electronically if limit values are exceeded. Moreover, we have also installed modern equipment in our sanitary facilities to ensure economical water consumption.

The total water consumption of our German production sites in Dissen, Melle and Schönbrunn in the 2016 business year was 131,363 m<sup>3</sup>. This corresponds to an eight percent reduction compared to the previous year.

For some time we have trained several of our trainees in Dissen to work as energy scouts. For this they take part in a training course that concludes with writing a final dissertation. These energy scouts, of which there are currently eight, act as ideas generators and disseminators in our factories. They calculate potential energy savings, work out the advantages and disadvantages of various courses of action with regard to our energy balance, and inform other employees about energy-saving measures. Based on positive experience with our energy scouts, we plan to steadily increase their number.



## Waste

Our German production sites in Dissen, Melle and Schönbrunn generated a total of 6,739.04 tons of waste in the 2016 business year. This is equivalent to an 8.3% increase compared to the previous year. This increase is attributable in particular to a larger production volume and to various special disposals.

One of our biggest challenges in the waste disposal area is the fact that the raw materials we purchase are delivered in a very wide variety of packaging materials and units. We sort wastes very carefully in order to direct them and the other wastes arising in production and administration to the best reutilisation method in each case.

Intelligent and ever more detailed sorting of waste enabled us to achieve significant savings and to increase the reutilisation rate continuously in the past few years. It was already 99.9% in 2015 and 2016. Consequently the amount of waste still remaining to be disposed of was very small, and equalled 0.1%.

The central success factor leading to the high reutilisation factor is our employees' awareness of the intrinsic value of wastes: such a high reutilisation rate can be maintained or even increased further only if these employees sort wastes into segregated unmixed types. Furthermore, we have further optimised and reconsidered the routes to the recycling depots in the past few years in conjunction with our specialist disposal operator.

We organise regular information events to make clear to our employees the correct way to handle wastes. We give special emphasis to training management staff. If incorrect sorting occurs, we identify the person and explain to them our sorting mechanisms and the consequences of incorrect behaviour.

We update our waste targets annually and discuss them with our specialist disposal service provider so as to achieve regular potentials for improvement in our team meetings. At the same time, we also repeatedly encourage our employees to develop new ideas and suggestions.

The proportion of hazardous wastes as a percentage of total wastes is 0.5%. It involves in particular laboratory waste and acids/alkalis used during the production process. We collaborate closely with an external special waste agency to reduce possible potential dangers when handling hazardous wastes.

### The trend in amounts of waste

	2016	2015
Waste for disposal	4.50 t	5.29 t
Waste for recycling	6,734.54 t	6,220.03 t
Totals	6,739.04 t	6,225.32 t
Of which hazardous wastes	36.32 t	20.22 t

This information relates to our sites in Dissen, Melle and Schönbrunn.

### General information

The information in this publication relates to the 2016 business year and – except where stated otherwise – to the effective date 31 December 2016. The editorial deadline was 30 November 2017.

The contents of this publication are based on the results of a materiality analysis we prepared in 2017. The publication's statements and layout are based on the recommendations of the Global Reporting Initiative (GRI) and take account of the GRI's basic principles to determine the quality of the report, namely: balance, comparability, accuracy, up-to-dateness, clarity and reliability. Our aim is to expand sustainability reporting consistently in the coming years, and to report in future in accordance with the GRI's "Core" compliance option.

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All the information in this publication has been collected and processed with the greatest possible care. Nevertheless, errors cannot be excluded completely. All forward-looking statements are based on assumptions and estimates that were valid at the time of publication.

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