

# FUCHS GRUPPE

## Our Sustainability Report 2017





## FUCHS GRUPPE

The Fuchs Group is Germany's biggest spice producer and the world's largest privately-owned spice company. It was founded by Dieter Fuchs in 1952 and offers the food retail, the food industry and the foodservice an extensive range of spices, culinary trends and innovative food technologies. The range of more than 8,000 products includes brands such as Fuchs, Ostmann, Ubena, Bamboo Garden and Kattus. The Fuchs Group supplies a wide variety of customer-specific products and technology solutions to major professional users and the food industry. This applies to the meat products industry, the general food industry and to customers who require processed spices and herbs. More than 3,000 employees work in ten countries on four continents to achieve the highest quality - along the entire value-added chain.

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## Foreword

Dear Readers,

The Fuchs Group is among the world's biggest spice companies. We source our raw materials from a wide variety of regions around the globe, and work in partnership with the food retail, industry and the food service in many different countries.

As an international food sector company, it is very important to us that the economic, ecological and social systems both in our cultivation regions and in our sales markets are undamaged. The impact of environmental harm on our success is just as negative as that of a deterioration in the economic and social framework conditions in these countries. That is why we have attached great importance to sustainable development in our environment for many years.

Sustainable development is dear to our hearts mainly because a multigenerational perspective is part of our corporate culture. We are far more interested in long-term, forward-looking, value-creating company development than in short-term economic success. Therefore, we place great importance on durable, partnership-based business relationships shaped by respect, trust and responsibility. In that way, we also specifically support the prospects of our partners in the world's food-growing regions.

In our conduct and in the requirements applying to our suppliers, we have oriented ourselves towards the high standards of Good Agricultural Practice (GAP) for many decades. Among other things, these standards apply to food safety aspects and to the protection of plants and the environment. To guarantee the ecologically sustainable manufacture of faultless, high-quality products, we actively influence the whole value creation chain – from the seed being cultivated to the finished product in the consumers kitchen. That is why our quality assurance already starts with our own agricultural experts in the cultivation regions. In that way, in the important regions where our raw materials originate, our cultivation advisers support the further development of farming and the emergence of new prospects for the mostly family-owned agricultural businesses. We obtain raw materials un-milled as far as possible and process them using state-of-the-art technology in our own spice mill – the biggest in Europe. Here we carry out especially gentle milling to preserve valuable constituents such as anti-oxidants, aromas and oils, together with the specific flavour profile.



We began to develop a comprehensive sustainability strategy several years ago, to give our sustainability activities a stronger structure and priority. The following Report provides information about these and about our most important measures. It relates to the Fuchs Group's first Sustainability Report in accordance with the requirements of the GRI International Reporting Standard (Global Reporting Initiative).

The alignment of our sustainability strategy is group-wide. We are not yet in a position, however, to consistently collect, record and present all the data from all of our corporate units. Therefore, the majority of the values presented here relate to the German locations. Our aim in the coming years is to systematically expand our sustainability reporting, while at the same time intensifying the dialogue about sustainability topics, in both our own corporate group and in our sector of the industry.

We look forward to having you as our companions on this journey.

**Nils Meyer-Pries**  
CEO

## The Fuchs Group

### Exceptional taste experiences

The Fuchs Group supplies spices, culinary trends and food technologies to a wide variety of target groups and needs in the food retail, foodstuffs industry and food service. With our workforce of more than 3,000 staff and a product range of over 8,000 products, we achieved turnover revenues amounting to EUR 528 million in 2017. This makes us Germany's biggest spice producer and the world's biggest privately-owned spice company.

Our operations are divided between five business units :

- Retail Spices Germany: spice brands and private label business in Germany
- Industry International: food technology and customised solutions for industrial clients, together with processed herbs and spices
- Retail International: spice brands abroad
- Taste Innovations: a great diversity of flavour experiences from the widest variety of the world's countries, and current awareness of food trends
- Foodservice: products and concepts for the hotel business, restaurants and catering

These business units are closely interconnected, and can rely on support from central service units such as Procurement or Operations and Facilities. There is an intensive exchange of information and experience between the business units to identify and implement trends and developments at an early stage.

Our products are on sale in more than 60 countries worldwide. We have a presence with our own staff in ten countries on four continents. Our headquarters is in Dissen am Teutoburger Wald (Osnabrück district), where our company was founded by Dieter Fuchs in 1952. The Fuchs Group's holding company is DF World of Spices GmbH.



## Controlled quality – from cultivation to finished product

We are committed to the controlled quality of our products along the entire value creation chain and using state-of-the-art processes. We want to know who produced the raw materials and on which fields, as well as how they were harvested, packed and transported. We are present on the spot with our own employees in our most important cultivation regions, and we maintain partnership-based business relations with our suppliers for the longest possible periods of time.

Almost all the raw materials we buy are delivered unground to Germany, where they are processed and refined especially gently in our own production facilities and spice mills. This enables us to preserve valuable constituents such as antioxidants, aromas and oils, and to maintain the flavour profile of our products in the best possible way.

“The highest quality from seed to kitchen” – the guiding principle of our company’s founder Dieter Fuchs – has central importance for every one of our decisions right up to the present day.

We fulfil our customers’ wishes in Germany and in many of the world’s countries through the highest possible quality standards, through our many years of specialist competence and complete mastery of the product just as much as through courage and innovative power.

Executive Management Board of the Fuchs Group: (from left to right): Alexander Fuchs, Jan Plambeck, Nils Meyer-Pries, Matthias Grüssing

## Responsible corporate governance

The Fuchs Group is managed by a four-member Executive Management Board chaired by Nils Meyer-Pries. The Executive Management Board has expressly positioned the sustainability strategy in the centre of the wider corporate policy, and exerts an active influence on the broader strategic and operational development of our sustainability efforts. Thus, it bears ultimate responsibility for decisions on economic, ecological and social topics.

The corporate group’s holding company is DF World of Spices GmbH, whose majority owner is Dieter Fuchs and two foundations set up by him – the Dieter Fuchs Foundation and a family foundation. A subsidiary company in the Paulig Group also holds 25.01% of the DF World of Spices GmbH shares.

An Advisory Council advises the Management Board – especial with regard to strategic issues. This Advisory Council is composed of three members appointed by the holding company’s shareholders. The Council meets several times a year.

## Values and guidelines

The phrase "Express Your Taste" summarises our vision concisely. We are confident that taste is an expression of one's own lifestyle, and that our customers consciously decide to choose high-quality foods. They want to act responsibly, and expect a constant flow of innovations.

We developed our guiding principles on this basis, and embedded it into the company in the context of extensive value workshops in 2018. We aim to derive clear objectives and behaviour patterns from the guiding principles for every employee, including with respect to our sustainability strategy. Workshops for each organisational unit, every area, every department and every team are planned by the end of 2018.

We define our coexistence rules through the guiding principles, and specify mandatory guidelines for our actions and decisions. The aim of our guiding principles is to give a basic orientation to all employees for their daily work, and a foundation for their decisions. It describes what we stand for and how we intend to operate our business.

## Guiding principles

### **We inspire our customers.**

Our performance is better than our customers expect, and we make them successful. We know our customers and their markets, we emphasise sustainable customer relations and we stand for innovation and service.

### **We accept responsibility.**

Our word is our bond; we stand together in admitting our mistakes and we learn from them. We transfer responsibility clearly and explicitly. We work towards the whole company's success.

### **We constantly improve ourselves.**

We encourage and demand new ideas and set trends in our markets. We are bold, open to innovation, and exploit the advantages of digitisation.

### **We lead by example.**

We think beyond our own area of responsibility. We treat our staff with appreciation and respect. We talk in clear language, actively accept our own responsibility and are personally committed to the company's values and aims.

### **We are economically successful.**

We inspire confidence through quality. We specify key figures transparently and measurably, and ensure their achievement. We have a long-term perspective aimed at success, we make careful, optimum use of resources and we understand that sustainable corporate governance is a part of success.



## Business unit: Retail Spices Germany

We manufacture products for consumers in Germany in our Retail Spices Germany business unit. The brand portfolio's product range extends from trendy varieties with simple, everyday uses to speciality spices for passionate cooks. It also includes conventional organic quality in addition to the high standards of our brands. Under the Fuchs, Ostmann, Bio Wagner, Wagner and Schuhbeck brand names, we offer a broad spectrum of spices, herbs, spice and herb blends, soups, sauces and convenience products in the food retail trade. This business unit also includes our private label products.

### ■ Fuchs

The Fuchs brand, with its widely varied assortment of spices and spice specialties, offers passionate hobby cooks every imaginable taste nuance to allow them to turn their own ideas into reality in the kitchen – entirely in accordance with the Fuchs motto: "It's your recipe!"

### ■ Ostmann

The Ostmann brand has been an ever-present practical helper in everyday cooking and living for many decades: "So your meals will never be boring". The assorted range of spices, herbs, salts, baking flavourings, spice blends and sauces helps in the quick, uncomplicated preparation of dishes.

### ■ Bio Wagner

Products with the Bio Wagner (Organic Wagner) brand name are the produce of ecological farming, and include numerous herbs, spices, spice mixes and sandwich spreads.

### ■ Wagner

The product range with the Wagner brand name includes herbs, spices and spice mixtures, together with a wide spectrum of dried mushroom varieties and particular specialties.

### ■ Schuhbeck

Alfons Schuhbeck's product line offers high-quality spices and unusual blends to flavour, refine and pamper.

We are Germany's market leader with these brands, and a dependable partner for the food retail, to whom we offer individually customised shelves and our field sales force's service, which is maximally tailored to the needs of the respective partner and takes into account the complexity of the spices category. We optimised our sales and distribution structure as recently as 2017 to allow us to care for our trading partners on the spot even better.

Our aim is to continue expansion of this market leadership position by identifying our customers' trends and needs at an early stage, and by giving new impetus on the market and in the kitchen through product innovations. We attach great importance to market research in this respect – from trend & shopper studies and product tests to optimisation analyses of the placement of our products in the food retail.

We aspire to be the first point of contact for all matters connected with enjoyable food. To achieve this aim, we focus on strong brand communication, which in addition to advertising the Ostmann and Fuchs brands, also includes active, dialogue-oriented communication through social networks. We use the latter in particular to inspire customers and to give them creative recipe ideas together with food preparation tips and tricks, as well as exciting information about the world of spices.



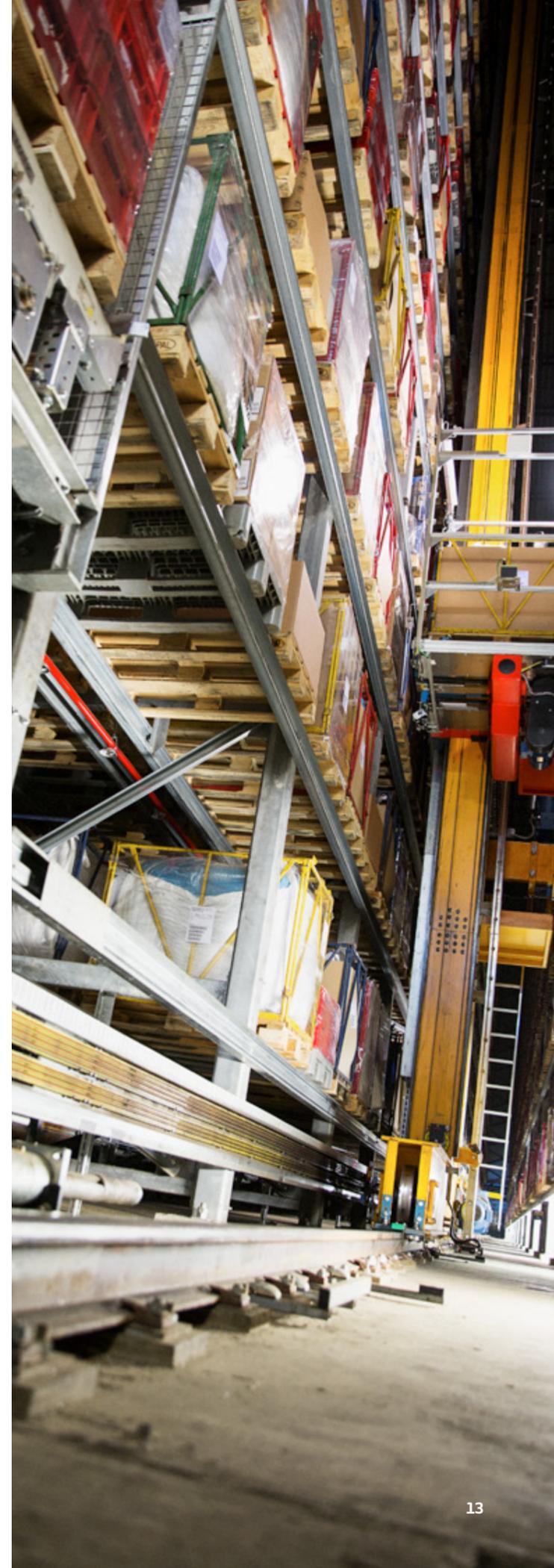
## Business unit: Industry International

We see ourselves as the food industry's global partner with strong regional roots and a high level of technological competence. We have a broad customer base with our spices, herbs, blends and technological compounds, and supply both the snack, meat and dairy industries together with the fish, convenience and baked products industries as well as many other food industry sectors. More than 85% of our products originate from customer-specific developments.

Our spice products can be dry, liquid or in paste form, and with enhanced technological properties. These can include, for example, prolonged shelf life, intensified colour, flavour protection, baking stability and oxidation blocking. The Fuchs Group has developed numerous technologies for these purposes.

Our high level of specialist competence and uncompromising quality standards have led to dynamic growth in our sector of industry in the past few years. Industrial customers from ever more countries are increasingly asking for our individually tailor-made solutions. We invested EUR 40 million only recently in a new industrial production facility in North America – the biggest foreign investment in the Fuchs Group's corporate history up to now.

We intend further expansion of our operations in this business unit in the coming years. The plan is to open up new markets abroad. For this, we will undertake further development of both our product concepts and our global customer teams. Our success in the industrial business unit is based on intensive observation of domestic and foreign markets and on constant research and the development of new technologies and recipes, whose technical feasibility plays a major role. For this purpose, we determine and analyse food trends all around the world, thus enabling us to present novel product ideas to our industrial customers on an ongoing basis.



## Business unit: Retail International

The Retail International business unit comprises the Fuchs Group's international consumer business via the international food retail trade. This business is operated essentially through subsidiaries in England, France, Romania, Italy and Austria, and is supplemented via export activities. Retail International offers the international food retail integrated brand concepts together with private label product ranges for spices, spice mixes, herbs, sauces and pastes.

In addition to the Fuchs, Ubena and Bio Wagner brands, which are available in Germany, the Retail International business unit also includes brands offered locally, e.g. Bart, Cosmin, Alex, Mirodenia and V6BBQ.

### ▪ Ubena

Ubena has offered a unique variety of premium spices, spice blends and herbs from the whole world since 1923. This international brand combines exotic, innovative and traditional gourmet quality product variants at an affordable price. The products are 100% natural for a uniquely pure taste experience.

### ▪ Bart

Bart represents topmost quality and unique products for the food retail in Great Britain. The range, which comprises around 500 end-user products, includes herbs and spices, spice mixtures, baking ingredients, sauces and pastes.

### ▪ Cosmin

Cosmin is the Romanian market's oldest, most popular spice brand. Consumers appreciate the product range because of its high quality, good price-performance ratio and great variety.

### ▪ Alex

In addition to classical single spices and herbs, the Alex brand product range, which is marketed in Romania, comprises a selection of the most important spice blends that are specific to that country.

### ▪ Mirodenia

Mirodenia originated from the desire for a 100% natural universal seasoning for the Romanian market – free from additives, colourings or preservatives. The product range is ideal for health-conscious consumers who prefer healthy, home-made, natural foods.

### ▪ V6BBQ

We offer a variety of spices, spice blends and sauces for the barbecue season in Romania under the V6BBQ brand. The products are aimed especially at male consumers who like barbecuing and are looking for something special.

Now that the Fuchs Group has already achieved a strong market position in Germany, the Group's internationalisation is gaining strategic importance for the future.

We endeavour to occupy leading market positions in the major European countries, and to use innovative concepts to stimulate new impetus and arouse the enthusiasm among consumers and the retail in markets abroad. At the same time, we aspire to be seen by the international food retail as a preferred partner in our categories.

To achieve this target, we have made very large investments in internationalising our business activities in recent years. This also includes company takeovers, e.g. the acquisition of Bart Ingredients in Bristol, England's second-largest producer of branded herbs and spices.

We have been well-known for a long time as No. 1 in the spice sector in Romania and as No. 2 in France. We have been able to significantly enlarge our market shares in Italy and Austria in recent years, and will underpin our brand expansion in Eastern Europe by further market entries during the current year.

## Business unit: Taste Innovations

The Taste Innovations business unit offers a widely varied range of taste experiences from the world's many-faceted national cuisines. One of our core competences is tracking down culinary trends and implementing them into brand concepts. The business unit includes established brands such as Bamboo Garden, Kattus, Fuego and Escoffier, together with young brands like Jadira and Neoli.

### ▪ Bamboo Garden

The core of Bamboo Garden's range of Asian specialities comprises sauces, pastes, pasta products and coconut milk products. It is augmented with an assortment of specialities from the national cuisines of Thailand, India and Japan, together with an independent selection of organic products.

### ▪ Kattus

Under the Kattus brand name, we offer Mediterranean delicatessen specialities including olives, antipasti, pasta and sauces as well as various pestos and dips.

### ▪ Fuego

The Fuego brand represents the Mexican zest for life with fiery relish. The range includes tortillas and fillings, dinner kits and a large selection of snack articles such as crisps and dips.

### ▪ Escoffier

The Escoffier brand's soups, stocks and sauces are aimed at connoisseurs. Traditional recipes are given a modern interpretation and supplemented with a young range of organic products.

### ▪ Jadira

Jadira is the brand for consumers who love oriental cuisine. The broad product range includes basic ingredients, fragrant spices, and pastes with the flavour of the orient.

### ▪ Neoli

We offer organically grown superfoods under the Neoli brand. These involve foods containing large amounts of vitamins, minerals and antioxidants to support a healthy, balanced diet.

We aim to use our brands in the Taste Innovations business unit to offer innovative, trend-oriented foods to consumers in Germany and abroad. We do this by taking up current market developments and converting them into unique product concepts for people who enjoy variety and are looking for something special. An agile, dynamic approach is essential for success in this respect.



## Business unit: Foodservice

The Foodservice business unit comprises our products for customers in the hotel trade, restaurants and catering areas. As well as our Fuchs Professional, Ubena, Wendland Spice & Food and Würzkönig brands, this unit also includes individually customised products and concepts.

### ■ Fuchs Professional

Fuchs Professional is aimed at clients in the hotel, restaurant and catering industries. 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 labelling declarations.

### ■ Wendland Spice & Food

Under the Wendland Spice & Food brand we offer a large number of highly individual products, in particular sauces, pastes, marinades, dressings and spice mixtures.

### ■ Würzkönig

The spice world's classics can be found in the 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.

With this highly diverse portfolio of brands, we cover the widest variety of needs of our customers in the hotel trade, restaurants and catering, and offer unique menu competence – from soup, sophisticated main course components from all over the world, and all the way to the dessert.

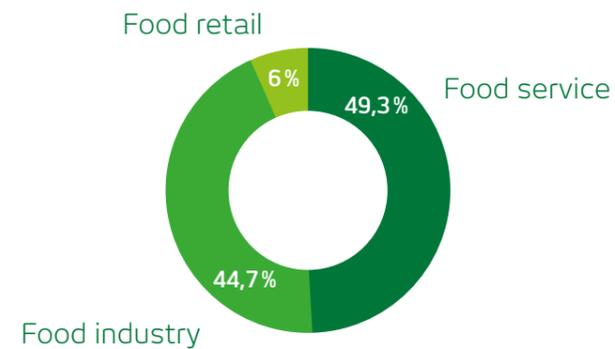
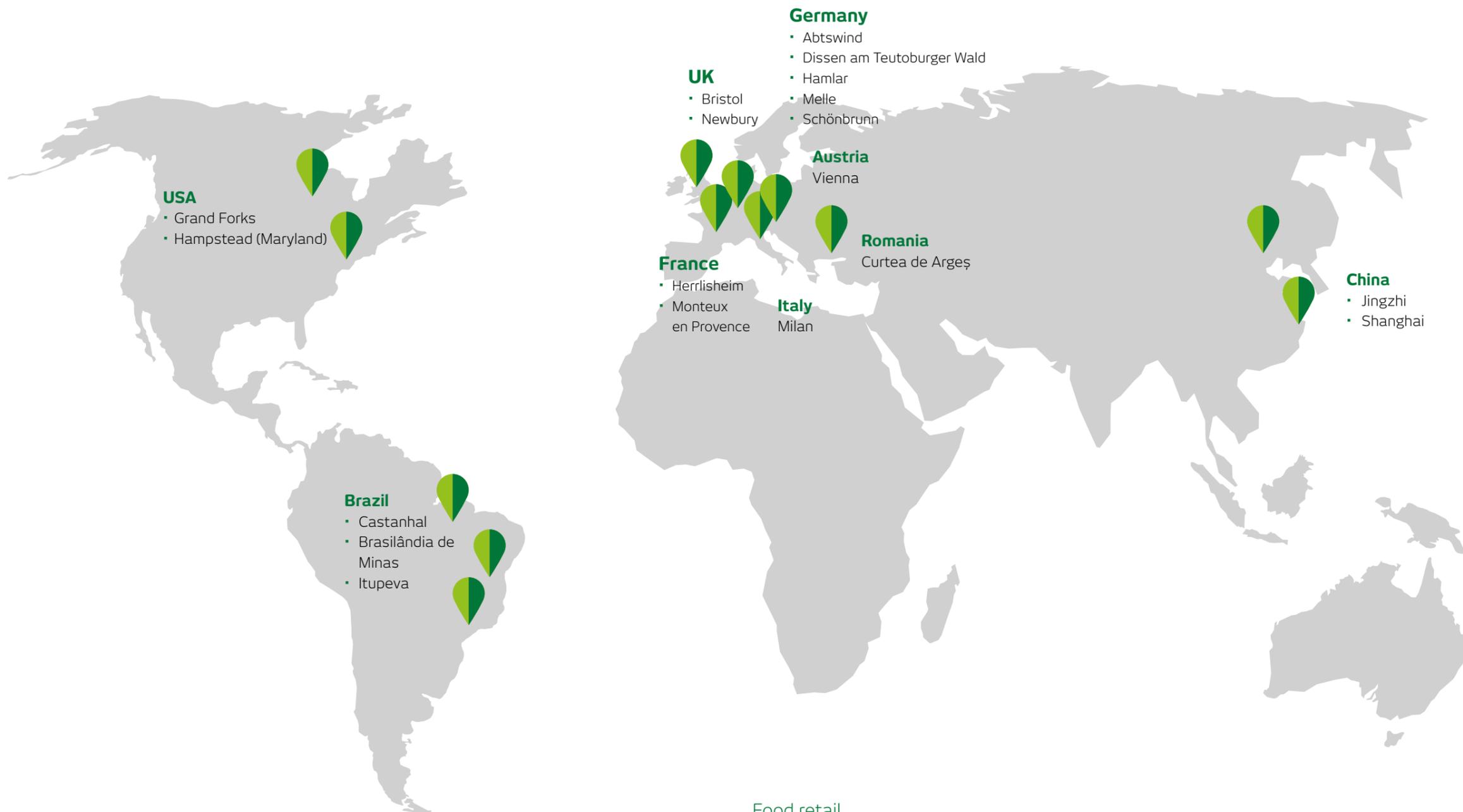
We emphasise personal, needs-based advice, and we support the work in the kitchen without thereby depriving cooks of space for creativity and the freedom to stamp their own signature. We develop individual recipe suggestions for our customers, present examples of applications and offer cookery workshops. We also support individual production in our manufactory at our site in Abtswind: it allows us the flexibility and speed needed when manufacturing sauces, marinades, dips and pastes.



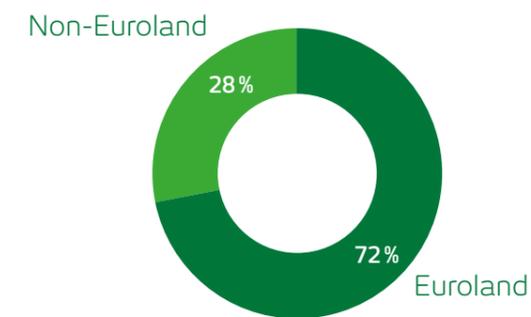
## International Presence

A pioneering spirit, unconventional ideas and developments and patents that shape the market have made us what we are today. Nonetheless, we must earn our position in the market over and over again, because culinary trends and the resulting individual needs of customers and the market are changing faster than ever before. We meet these changes with dynamism, flexibility, a large measure of curiosity and the courage to constantly rediscover new worlds of good taste. We work around the world every day to seek out trends and to develop and market intelligent product and packaging ideas for our customers and partners.

Our products are available in more than 60 countries today. We have a presence with our own staff in ten countries on four continents. As well as the headquarters in Dissen am Teutoburger Wald, we have branches in Germany in Abtswind (Bavaria), Hamlar (Bavaria), Melle (Lower Saxony) and Schönbrunn (Schleusegrund, Thuringia). Moreover, we have our own locations in Brazil, China, France, Great Britain, Italy, Austria, Romania and the USA.



Turnover shares of customer groups (2017)



Regional distribution of turnover (2017)



## Our Sustainability Strategy

### Conscientious coexistence

We feel we have a particular obligation to handle resources responsibly and sustainably. The reasons for this are to be found not least in our business model, which is founded on intact economic, ecological and social systems, both in the regions where spices and herbs are grown and also in our sales markets. As an international food sector company, we are especially aware of the value of natural resources and the dangers of ecological imbalances.

Dieter Fuchs, our company's founder and for many years our CEO, was convinced of his entrepreneurial duty towards the environment and society, and already embodied this stance into our company group many years ago. Product responsibility vis-à-vis customers and the needs of the employees, and with respect to the environment and the working conditions of the employees in our delivery chain, were all equally important to him.

We are convinced that fair dealing with all our business partners is one of the most important factors affecting our economic success. Our aim is to maintain long-term relations, marked by mutual respect and understanding, both with our customers in the retail trade, industry and in the food service, and also with our suppliers and partners. Human rights issues in our global supply chain, biodiversity in our cultivation regions and ethical behaviour oriented to statutory requirements occupy a key role in our decision-making processes.

Our company is majority-owned by Dieter Fuchs and by two foundations he set up, which is why we pursue a corporate strategy with a long-term orientation. Sustained upholding of values is more important to our shareholders than short-term economic success. Therefore, we combine the sustainability concept with a responsible, holistic, multigenerational way of thinking and acting.

## Committed to the idea of sustainability

Our sustainability convictions are reflected in our promotion of various initiatives and our participation in them. An example of this is the application of GAP (Good Agricultural Practice). We require our suppliers to adhere to the principles of GAP, we explain what the latter contains, and our own staff monitor its application in the cultivation regions.

Moreover, we oblige our suppliers to conform to our principles of ethical sourcing. These include the duty to obey all the laws and regulations specific to that country, and the prohibition of child labour, forced labour, discrimination and corruption. We also require our suppliers to observe the freedom of assembly and to take suitable measures to ensure their employees' occupational health and safety. We terminate collaboration with suppliers who knowingly violate or fail to accept our Principles of Ethical Sourcing.

We are a member of the SEDEX sustainability initiative (Supplier Ethical Data Exchange), and we research our contractual partners' sustainability performance via this data platform. We make key facts about our sustainability commitment available to our customers through this data base at the same time. A SMETA Audit (Sedex Members Ethical Trade Audit) is currently being prepared.

We join various associations and initiatives that address sustainability themes. These include FLOCERT, for example, a global Fairtrade certification society. We have also collaborated in the European Spice Association for many years, an industry federation that not only defines quality standards but also takes up issues relevant to sustainability and discusses these in its membership group.

To develop our sustainability strategy further and to embed it in the company, we have set up a Sustainability Committee consisting of the managers of those departments that are affected by the key fields of action of our sustainability strategy. This Committee meets several times a year under the auspices of Nils Meyer-Pries, CEO of the Fuchs Group, and Jan Plambeck, the Fuchs Group's CMO, to define objectives and measures and to report on progress and new developments.



## Orientation to international sustainability targets

Climate change affects the Fuchs Group's business model in a variety of ways: an unrestrained rise in temperatures results in extreme climatic events such as heatwaves, droughts, floods or forest fires. These events can have far-reaching consequences for the regions from which we obtain our raw materials: they can shrink or shift away entirely – with dramatic consequences, especially for our suppliers with small-scale farming structures.

We obtain many of our raw materials from emerging and developing countries. Our suppliers, especially in these countries, often lack resources such as capital, technology or knowledge to cope with the consequences of significant climate change. Other ecological, societal and governmental risks – e.g. water pollution, poverty or unstable political circumstances – also contribute to exacerbating the climate risk. The depletion of water resources, major price fluctuations due to extreme weather conditions, the increased occurrence of pests and diseases, and declining labour productivity caused by climate changes would considerably affect our business model and our corporate group's earning situation.

Through our sustainability strategy, we aim to contribute to limiting the rise in global warming to two degrees compared to pre-industrial levels as agreed at the UN Climate Conference in Paris in 2015. Furthermore, both within our group of companies and within our supply chain, we want to ensure that standards relevant to sustainability are complied with subject to economic and social viewpoints, and that our entrepreneurial operations have the smallest possible ecological impacts.

In view of the Sustainable Development Goals (SDG) defined by the United Nations to safeguard worldwide sustainable development, we want to contribute to achieving the following goals in particular.

### **Good health and well-being (SDG 3)**

We want to contribute, through our products, to a healthy, varied, flavoursome diet, and to convey delight in mealtimes and in their preparation. We provide inspiration for a wide variety of cookery experiences and enthusiasm for new culinary discoveries, and we offer our customers an opportunity to put these into practice through their individual tastes. For example, we inform our consumers about the constituents of our products and their possible uses, and for the food retail, we follow a Clean Label policy for our products, in which we use exclusively natural ingredients and abstain from flavour-enhancing additives and palm oil.

### **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 cultivation regions, and thereby contribute to economic growth in these regions. Contracts with our suppliers are based on our Principles of Ethical Sourcing, which also include compliance with globally recognised labour and social standards. We are on the spot with our own employees in our most important product-growing regions, and can thus directly monitor compliance with the standards.

### **Responsible patterns of consumption and production (SDG 12)**

Our aim is to constantly reduce our ecological footprint when manufacturing our products. This affects mainly our energy consumption, water requirement and waste management. Through our Procurement Guidelines, we also exert increasing influence on our suppliers' ecologically relevant behaviour. For example, we oblige our suppliers to apply Good Agricultural Practice, which includes the sustainable handling of water and other resources.

### **Actions to protect the climate (SDG 13)**

Climate changes significantly harm the Fuchs Group's business model. Therefore, climate protection measures are among our elementary principle. This applies not only to our own production facilities but also to those in our product-growing regions and to the transport of our raw materials and finished goods.

### **Life on land (SDG 15)**

Our business model presupposes intact ecological systems. Therefore, we endeavour to protect biodiversity in all the regions in which we operate. We advocate natural fertilising and pest control, and we carry out comprehensive educational work in our product-growing regions. We also resolutely oppose the felling of primary forests and the destruction of natural resources. For example, we take care to ensure that paprika cultivation uses only fields that already exist.



The United Nations Sustainable Development Goals

## Dialogue with various stakeholder groups

Our customers (retail, industry, foodservice), employees and suppliers make up the Fuchs Group's important stakeholder groups. Moreover, our shareholders, the public, consumers and various non-profit organisations are significant stakeholder groups for us.

We discussed and defined which stakeholder groups are important to us, and their significance, in the context of the strategy development. The Sustainability Committee and Executive Management Board members shared in this decision-making.

We are in regular contact with the stakeholder groups mentioned above on many occasions for communication. Intensive personal communication exists, especially with our customers, employees, suppliers and shareholding owners, and this also includes sustainability aspects. Our aim is to expand and systematise the dialogue about sustainability themes with our stakeholders even more in the future.

We carried out a stakeholder survey in 2018 to allow an evaluation of our sustainability activities and the relevance of our essential sustainability themes. This involved an online questionnaire to which we drew the attention of our stakeholders by a direct approach. We invited consumers to participate via our social media activities.

A total of 321 stakeholders informed us of their assessments and evaluations in a four-week survey period. We were highly delighted to see that many survey participants took the opportunity to give us numerous constructive suggestions and ideas. Moreover, the majority of the participants confirmed that we were emphasising the correct issues and were on the right track.

## Our key themes

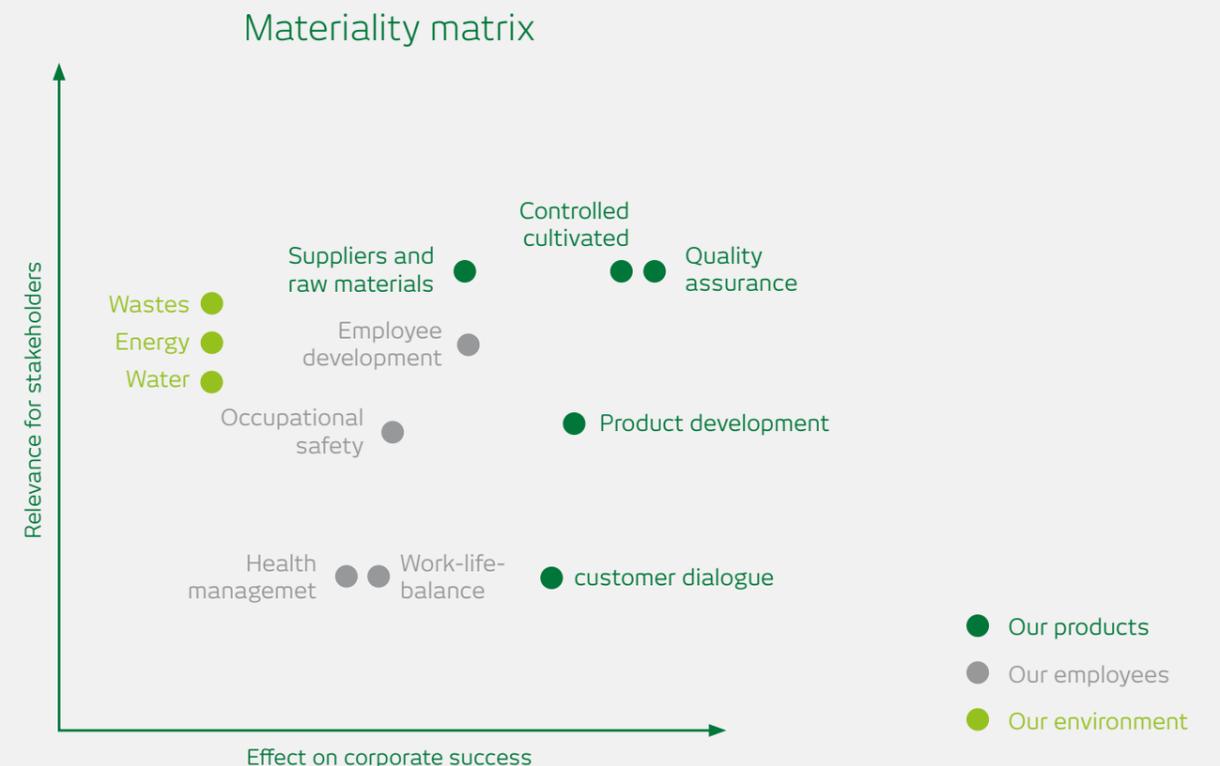
Our sustainability strategy rests on three pillars: our products, our employees and our environment. In each of these pillars, we have defined between three and five essential topics that represent the central areas of action in our sustainability strategy.

The essential themes in the "Our products" area are Quality assurance, Controlled cultivation, Product development, Customer dialogue and Suppliers and raw materials. We see Quality assurance and Controlled cultivation as the key areas of action with regard to our commercial success. These two topics – together with the Suppliers and raw materials aspect – also represent the most significant contents of our sustainability strategy from our stakeholders' point of view.

In the "Our employees" area, we want to drive forward primarily the topics of Employee development, Work-life balance, Health management and Occupational safety. We are convinced that the qualification of our employees and above-average occupational safety in particular are outstandingly important for our further corporate development. Our stakeholders also shared this assessment.

The "Energy", "Water" and "Wastes" aspects are key areas of our sustainability strategy in the "Our environment" area. Whereas the topic of Wastes has the greatest importance for stakeholders, we consider all three environmental themes to have similar relevance with regard to corporate success.

Furthermore, the participants in our stakeholder survey addressed the following topic areas: avoidance of plastics, reduction of salt as a constituent, expanding corporate social responsibility activities, increasing the level of digitisation, optimising transport routes and using exclusively renewable energy sources. In addition to that, many of our stakeholders wanted an intensification of both our internal and our external sustainability communication.





## Our Products

### Exceptional taste experiences

We offer more than 8,000 different products. Our customers include the food retail trade, the foodstuffs industry and the food service (hotels, restaurants and catering). We source our raw materials from the whole world to enable us to manufacture our products. In this respect, partnership-based relations with our suppliers are just as important as controlled cultivation and quality assurance during the entire procurement and production process. We aspire over and over again to supply our customers in both the B2B and B2C businesses with new ideas and inspiration, and to contribute to exceptional taste experiences. That is why we place great value on the continuous further development of our product range and on an intensive dialogue with our customers.

Our many years of experience and comprehensive specialist competence are the foundations of the Fuchs Group's successful entrepreneurial development. The high level of innovative power and long-term alignment of our corporate policies have made a particular contribution to ensuring that our products are greatly appreciated both among consumers and by industrial customers.



## Suppliers and raw materials

To provide our customers with a comprehensive product range, we obtain our raw materials from the whole world. Our procurement processes, our supplier management and the safeguarding of a supply of the raw materials we need are centrally important in our business model – and thus also in our sustainability strategy.

The most important raw materials we procure include pepper, paprika, garlic, onions, nutmeg and cinnamon. Our most significant procurement markets are located in Brazil, China, Vietnam, Cambodia, Madagascar, India and Sri Lanka.

We have followed a very clear purchasing philosophy for decades: we prefer to obtain as many of our raw materials as possible directly from the growers or producers. Of course, this applies most particularly to the most impor-

tant among the raw materials we procure. Only if we know exactly where a batch originated and via which route it reached us can we assess its properties, exert a direct influence on the supply chain, and fulfil our quality claim to our customers.

By the end of the 2017 business year, the proportion of the volumes of our most important purchased raw materials acquired directly from the grower or producer amounted to more than 81%. We have continuously expanded this proportion in the past few years. Regarding the procurement of our most important raw materials, we aim to raise this proportion to more than 90% by the end of 2018. We are already in a position today to trace every single batch of our principal raw materials right back to its origin.

### Traceability of our most important raw materials

Proportion of batches that we can trace back to their origin	100 %
Proportion of the amount purchased that results from long-term business relations	100 %
Proportion of the amount purchased whose upstream suppliers, producers and/or exporters we know personally	87 %
Proportion of the amount purchased that was acquired directly from producers	81 %

We regard long-term, partnership-based supplier relations as a central precondition for our business model's success. It is based on direct, personal contact with our suppliers. Therefore, we employ our own staff in the cultivation areas, who visit our suppliers and maintain a regular exchange of information with them. Moreover, the duties of these employees include informing growers, producers and exporters about current developments in the areas of cultivation, harvesting or drying, and carrying out training sessions in the quality assurance and Good Agricultural Practices (GAP) areas.

Through this regular, direct exchange of information with our suppliers, we have a good knowledge of current fundamental challenges in the product-growing areas, and can supply support when necessary. We thus also obtain indications of the expected harvest volume and quality at the same time. This information is extremely important to us, especially in challenging harvest years, to enable us to make arrangements and develop alternative courses of action at an early stage.



Direct contact with suppliers is also important to us, however, since we thereby strengthen our purchasing position and can increase supply loyalty and reliability. A trusting long-term relationship creates security and future prospects on both sides. It enables shared further development and constructive collaboration that is advantageous for both parties.

This also holds true with regard to solving social challenges. Through our close, long-term, partnership-based collaboration, we are very well informed about our suppliers' living conditions, and we provide numerous supporting benefits. These include educational and infrastructure projects just as much as pragmatic assistance in cases of acute need.

Therefore, our supplier contracts are always directed at multi-year collaboration. They follow a uniform standard, and require our suppliers to adhere to our Principles of Ethical Sourcing. These oblige our suppliers not only to observe the laws and regulations of the specific country, but also to obey the bans on child and forced labour and on discrimination, to ensure freedom of assembly and to guarantee the employees' occupational health and safety. Moreover, we obtain the right to audit our suppliers

at any time to verify adherence to the agreed standards. Before we conclude a contract with a supplier, the supplier goes through a certification process in which we check the extent to which the supplier conforms to our quality standards. If he does not comply with our standards, collaboration with us is out of the question.

We coordinate our purchasing through our company headquarters in Dissen. We follow a uniform purchasing policy across all our locations, especially when procuring our most important raw materials.

Procurement takes place systematically and geared to key figures. We choose and assess our suppliers in the same way. To enable specific expansion of supplier development with regard to quality, traceability and sustainability, we use the Balance Score Card defined based on these aspects in the previous business year, and for the year 2018 we will for the first time carry out a comprehensive supplier assessment based on these key figures.



## Controlled cultivation

We are committed to offering our customers outstandingly good quality, while guaranteeing at the same time that our products conform to high economic, ecological and social standards of sustainability. To guarantee these throughout our entire value creation chain, our quality assurance already starts with the growers and producers. We regard controlled cultivation as an important unique selling point of our business model, and thus also a central area of action of our sustainability strategy.

We work closely with our contractual partners in the cultivation regions to implement our ideas of controlled cultivation. We want to know who produced the raw materials we procure, with what auxiliary materials and on which fields, and how these raw materials were harvested and subsequently treated, packed and transported. We also want to know which sustainability standards were taken into account in the supply chain, to enable us to exert an influence on them. The living conditions of the farmworkers on the spot are also especially important to us.

We align ourselves to the Principles of GAP (Good Agricultural Practice) in relation to our controlled cultivation concept. GAP is aimed at the sustainable production of safe, healthy foods, and is intended to guarantee this through various precautions. These include, for example, the documentation of production methods, environmentally cor-

rect fertilising and ecologically compatible plant protection, the maintenance of natural soil fertility, management appropriate to the location, and biotope protection. We inform our suppliers about the principles of GAP, and require them to implement these together with us. We use our own employees, who have farming qualifications, to monitor the implementation of GAP particularly in Brazil and China, from where a large proportion of our most important raw materials originate. The least possible use of plant protection agents is especially important in this respect.

In Brazil, where we obtain the majority of our pepper and paprika, we have already largely implemented our ideas of controlled cultivation in the past few years: for each grower and producer with whom we collaborate, we create extensive data documentation containing all the relevant information about him, his fields, his soil & plant fertilisation and plant protection methods, his yield and the amounts he has sold to us. This data collection also contains information about the contractual partner's qualification, about environmental requirements and labour standards, about certifications to apply plant protection agents and about the results of our weekly visits. Compiling this data is the task of agricultural experts employed by us on the spot. They regularly visit our suppliers and document each individual production step from

sowing seed and harvesting to transport. They give suppliers clear information about the correct use of fertilisers and plant protection agents, inform them about pesticide hazards, and encourage the use of natural methods. Their duties also include training courses, providing data sheets and manuals, technical support and advising producers about agricultural issues.

We invested in digitising our processes in the past business year to speed up data recording and to make its analysis easier. This also includes developing an app that enables all the relevant data about a contractual partner or a batch of products supplied by him to be recorded and accessed on mobile devices. This achieved another significant increase in the transparency of our raw materials streams, and provided the opportunity to respond quickly to changes in the quality and expected volume of a harvest. We also developed software that compares our suppliers' data with that from quality assurance laboratories, and allows anomalies and deviations to be recognised immediately.

Our controlled cultivation concept has led to numerous improvements in Brazil. For example, a marked reduction in the use of pesticides by our suppliers. The number of complaints has also decreased significantly – in spite of an increase in the amounts purchased. This all leads to a noticeable decrease in both agricultural production costs and environmental impacts, while food safety has improved at the same time. There has also been an improvement in the situation of the farmers on the spot, for whom new prospects have opened up.

These effects are very clearly apparent in the case of the pepper we obtain from Brazil. Close collaboration between the Tropic company, the Emater-MG establishment (Institute of Technical Assistance and Rural Extension) and the EMBRAPA Research Institute (Brazilian Agricultural Research Corporation) made an essential contribution to this.

We aim to eliminate all residues from every brought-in product. To do this, we will work towards a further reduction in the levels of pesticides, extraneous materials and (mineral oil) hydrocarbons in all our raw materials. For this, we will further expand the support we give to growers and producers, as well as our monitoring. Examples of planned measures include strengthening the examination of harvests and post-harvest technologies, more comprehensive supervision of working conditions, and continuous improvement of the sampling systems from the original agricultural production to the finished product. Today we already analyse samples from every individual sack of our pepper and paprika raw materials originating from Brazil.

One of our special concerns is to fulfil our societal obligation in the cultivation areas. We take care to ensure strict compliance with the prohibition of child labour and forced labour, and we supply information about the importance of education and qualification. We accompany social development projects, participate in infrastructure measures and support the local economy. We also take part in educational and further development projects, offer direct assistance to people in our cultivation areas, and support local organisations and schools with donations and other benefits.



The majority of our pepper and paprika requirements originate from Brazil. These are grown mainly in small-scale farming structures. Therefore, to meet our requirement, we collaborate with around 500 farmers.

The relationship with these farmers, from many of whom we have purchased our raw materials for many years, is characterised by intensive partnership-based collaboration. We visit them at weekly intervals and advise them on all agricultural issues. We also give them data sheets and manuals, and carry out repeated training courses. Educational work about the use of plant protection agents is especially important in this respect.

The contents of our advisory services, training courses and manuals cover a broad spectrum of topics: we give farmers advice about how they should select their cultivated area and what they should pay attention to when doing so, which fertilisers are advisable and how they can handle water efficiently. We explain the correct use of plant protection agents, give hygiene advice and familiarise them with food safety requirements. We make recommendations about harvesting, storage and transport, draw attention to relevant laws and regulations, and present new technical processes and scientific knowledge. We also regularly discuss the subject of the prohibition of child labour, and have prepared our own handbook on this topic.

Every farmer who wants to collaborate with us is obliged to fulfil our requirements as defined in the manuals. These also include using a barcode to identify every batch that is delivered. All the information to unambiguously trace the batch at any time are obtainable from this barcode, e.g. product, producer, field, weight, batch number, container, pest management and transport route.



## Quality Assurance

Our customers expect our products to have consistently high quality. They want to be able to rely on the fact that the products we manufacture have the same texture and flavour as the products they are accustomed to receive from us. Therefore, we give the highest priority to quality assurance in all our procurement and production processes.

We buy almost all of our spices in unground form. We carry out their furthert processing ourselves. This allows us to exert a seamless influence on the quality of our products, and to implement a consistent quality management system aimed at prevention. In this way, we also preserve all the constituents, and can thus better maintain the flavour profile of our products.

We carry out quality assurance at the incoming goods stage in our own works laboratory. Each individual batch that is delivered is checked using the tests defined for that product. Beyond that, further controls are carried out by accredited external laboratories with whom we have collaborated closely for many years. Only when all of the tests have proceeded successfully are the procured raw materials fed into the production process. This satisfies all the statutory requirements, in addition to which the test protocols conform to acknowledged international standards, e.g. ISO Standards, European quality parameters of the European Spice Association, and the Guidelines of the German Foodstuffs Codex.

Our quality assurance comprises the quality of both the product and the process, and relates to our entire value creation process. We have developed a specific quality test protocol for every process step, with the result that all of our company's products are described specifically and in detail from the incoming goods to the finished product.

Our quality management system is certified at all the German locations according to the internationally recognised GFSI Standard IFS Food (International Featured Standard – Food) (GFSI: Global Food Safety Initiative). We have set up adequate management systems at our sites abroad that are aligned to the specific country's requirements and have corresponding certifications.

In addition, many of our products have product-specific certifications. These include Halal and Kosher certificates, for example, as well as Bio (organic), Fairtrade and RSPO (Round Table on Sustainable Palm Oil) certifications.

## Product development

We will be able to retain our market position and further expand it in the future only if our product range and our services successfully meet the full extent of our customers' needs, and even anticipate them. Therefore the continual further development of our product range is one of the central factors for the sustainable economic success of our business model and thus also of our sustainability strategy. This holds true for both our B2C and our B2B businesses.

Our aim is to supply inspiration and to meet our customers' needs. We do this by continually developing new flavours and constantly improving our existing recipes. Whereas primarily the development of new spice blends and recipes is in the forefront of our B2C business, as a general rule in the B2B business we create individually customised solutions and innovative product concepts in the food technology area.

New products as a proportion of the entire product range for B2C business in 2017 amounted to 11%. We plan to increase this proportion stepwise in the years to come. We have laid the foundation for this with a pipeline of successfully tested new product concepts together with the introduction of an innovation and product development process known as the Phase Gate process.

We decided in 2016 to use exclusively natural ingredients in our food retail trade range of branded spices that are not purely flavourings, and to avoid flavour-enhancing

additives and palm oil. We have already to a large extent implemented this "Clean Label Policy" for our Fuchs and Ostmann brands: 78% of all the Fuchs brand's recipes in need of revision fulfilled this standard by the end of 2017, and the figure for the Ostmann brand was 75% of the relevant product range. We aim to complete the redesign of all the affected Fuchs and Ostmann recipes by the end of 2019.

In parallel, we are also successively implementing our "Clean Label Policy" for our other spice brands for the food retail trade. In addition to revising the product recipes, the purpose of our "Clean Label Policy" is also to increase the intelligibility of our product and nutrient labelling vis-à-vis consumers.

Our brand managers, in collaboration with our developers, are responsible for developing and optimising our B2C business products. They analyse trends and developments in the market very precisely, and on this basis, they develop new product ideas and concepts in their respective areas. Twenty-six new Fuchs and Ostmann product concepts were developed in this way during the past business year. In close collaboration with market research institutes, we carry out product tests with consumers to assess novel product concepts. If a new product concept turns out to be promising, it is fleshed out and optimised further in the context of technical product development, and is finally integrated into the production process.



The Ostmann "Lecker für" product family was developed in 2017 to meet the wish on the part of many consumers for the easiest possible application. After this concept had achieved very good results in a variety of market research studies, it was launched onto the market in the past business year, initially with five basic types. The product family was enlarged further in 2018 based on its great success. Meat, fish and vegetables as well as popular classics such as pizza, roast potatoes, Bolognese, scrambled egg and herb cream cheese can be refined in a couple of seconds with Ostmann "Lecker für" i.e. without adding any other spices.

## Dialogue with customers

We aim to shape the world of good taste and good food. We want every one of our customers to be able to discover the spices of this world for themselves and enjoy them, because we are confident that spices are far more than just ingredients for a successful meal: they are an expression of our individual preferences and of our attitude to life – in short: of our personality.

We will be able to fulfil this aspiration only if we know our customers and their expectations and needs. This is why the “customer dialogue” aspect has outstanding prominence in our corporate and sustainability strategy.

For our customers in the B2B business we provide tailor-made solutions. Firstly, these take account of the various foodstuff sectors and their requirements, e.g. for dairy products, meat, bread and baked goods, snacks, fish, frozen products, vegetables and delicatessen. Secondly, we take into account our customers’ individual needs with regard to flavour and in relation to technological and sensory properties such as colour, gloss, tenderness or shelf life. These customer-specific solution concepts are created in close collaboration with customers and for them, and are constantly developed further together with them. Due to this intensive cooperation, we have a permanent exchange of ideas with our industrial customers, and are informed in detail about their specific requirements and expectations.

We seek direct contact with consumers in the B2C business through various channels, including TV and print advertising, our social media activities, our information

offerings through our web pages, various events and other dialogue offers such as our end consumer service. We carefully evaluate the suggestions and ideals that we receive from consumers through these channels, and pass them on to the appropriate specialist departments. We significantly expanded our market research activities in the past two years to systematically identify end consumers’ wishes and needs. We regularly use product tests and other market research tools, especially in relation to our product development processes. The results of these surveys and tests are our central decision-making parameter when introducing products and in their further development.

We aim to increase the awareness of our brands in the B2C business. For this purpose, we sharpened the positioning of the Ostmann and Fuchs brands in particular in the past business year, and refined their brand essence. We developed a media strategy on this basis, and implemented it in the 2017/18 winter.

Between September 2017 and February 2018, the new communications campaign significantly raised Ostmann’s supported brand awareness, which rose from 73 to 80% in this period. The supported brand awareness of Fuchs increased from 56 to 59%.

We plan to expand awareness of the Ostmann and Fuchs brands further in the next few years.

### Supported brand awareness

	02/2018	09/2017
Ostmann	80 %	73 %
Fuchs	59 %	56 %





## Our Employees

### Appreciation and confidence

We feel we have a special obligation towards our employees. We consider appreciation, respect and open-minded communication to be important, which is why they are a central element in our guiding principles. Our aspiration and motivation are both aimed at ensuring that our employees are proud to be part of the Fuchs Group.

We encourage and demand innovative, unconventional ideas, and we expect above-average commitment. We enable our staff to make use of their potentials to the full, and to pursue corresponding career pathways. In addition to that, we expect our management staff to show lateral thinking, to act straightforwardly and to be a good example for their employees.

The organisation of our personnel policy has been decentralised up to now. Therefore, the following statements relate only partly to the whole of the Fuchs Group. We plan to have closer trans-regional collaboration in our personnel strategy decision-making in future.

## Our employees

### Number of employees (throughout the Group)

	2017	2016	2015
Number of employees	3.166	2.845	2.850
Europe	79,3 %	78,6 %	78,7 %
Asia	10,7 %	11,5 %	12,1 %
North America	6,6 %	6,7 %	6,1 %
South America	3,4 %	3,2 %	3,1 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

### Proportion of women (throughout the Group)

	2017	2016	2015
Number of new employees	449	379	501
Fluctuation rate	15,3 %	13,4 %	16,8 %

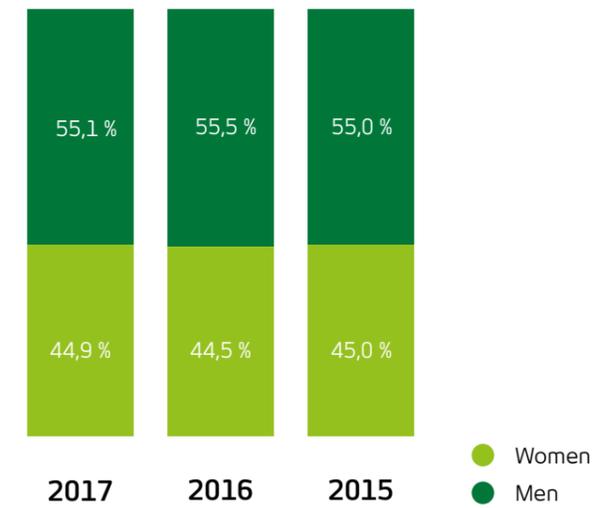
### Employees by employment relationship (Dissen, Melle, Schönbrunn)

	2017		2016		2015	
	male	female	male	female	male	female
Salaried	432	248	490	249	500	248
Industrial	535	519	510	540	499	559
<b>Total</b>	<b>967</b>	<b>767</b>	<b>1.000</b>	<b>789</b>	<b>999</b>	<b>807</b>

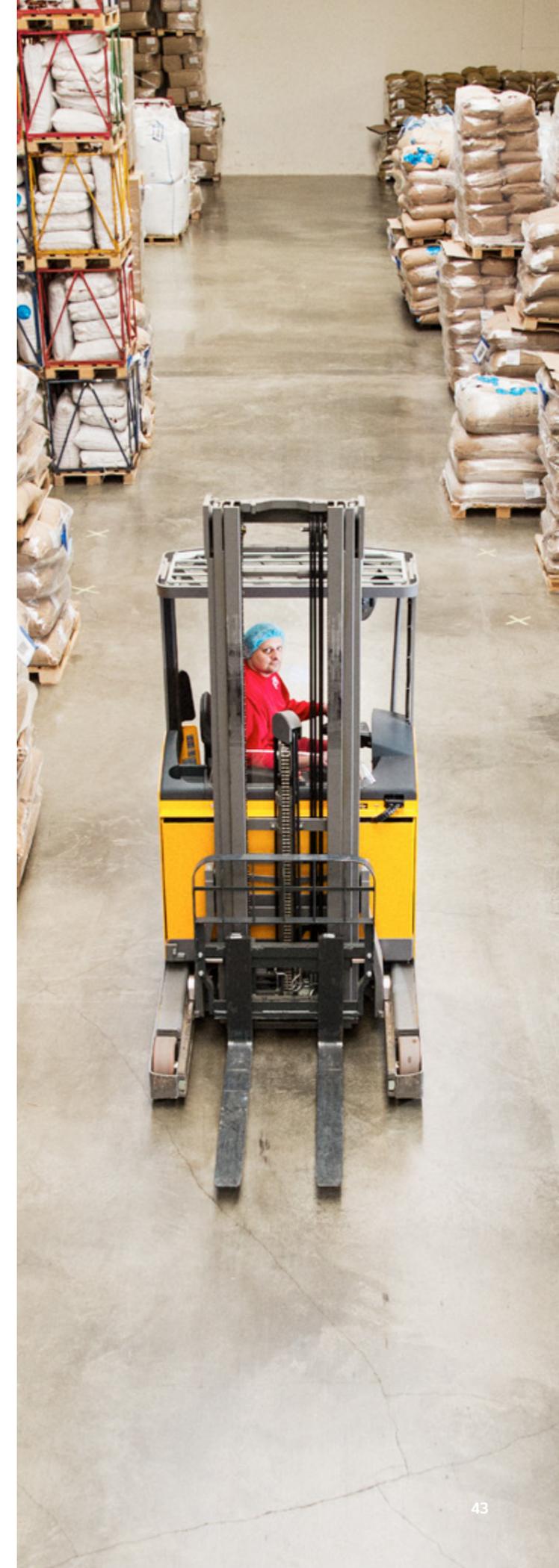
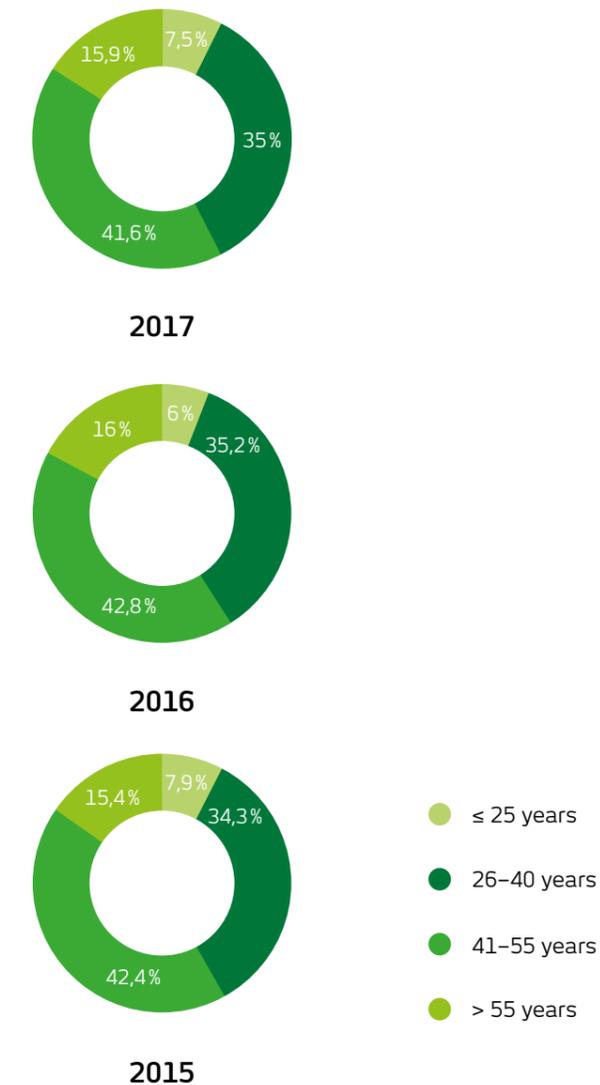
### Proportion of severely disabled employees (Dissen, Melle, Schönbrunn)

	2017	2016	2015
Proportion of severely disabled employees	4,6 %	4,4 %	4,6 %

### Employees by gender (throughout the Group)



### Employee age structure (throughout the Group)



## Employee development

Employee development is exceptionally important in the entire Fuchs Group's personnel policy. We will succeed in maintaining or even expanding our market position in a constantly changing economic environment only if we continually educate and train our employees. In particular, rapid changes due to advances in digitisation, changing technology and shortened innovation cycles make ever-increasing demands on employees' knowledge and competence.

Moreover, staff development is an important component of our attractiveness as an employer: We want to meet our employees' needs for further development and qualification, and to offer them a wide variety of prospects for their professional advancement. We are also confident that employee development also makes a decisive con-

tribution to increasing motivation, job satisfaction, productivity and skilled employee retention. This is why the "employee development" aspect is an essential theme of our sustainability strategy.

In employee development, we include the education and training, knowledge management and ideas management areas. Our overriding aim is to fill our workplaces with employees who are best suited to their tasks. We therefore place great importance on carefully determining our employees' talents and competences, and on giving them the best possible support when accomplishing their duties.

We offer our trainees numerous other options for further development and commitment in addition to the qualifications required for a skilled profession. In 2017, for example, these included English and presentation courses, visits to other Fuchs Group locations, IHK training to be-

come an Energy and Health Scout, and participation in sports and charitable donation events. In addition, we have transferred responsibility for our staff sales outlets to our trainees.

Number of trainees (Dissen, Melle, Schönbrunn)

	2017	2016	2015
Number of trainees	62	47	45

## Training

To satisfy our need for junior staff, we give training ourselves for a large number of professions. In Germany these are:

- Industrial businessman/woman
- Dual degree programme: Business Administration (B.A.), with integrated training as an Industrial Businessman/woman
- IT specialist/applications development (m/f)
- IT specialist/system Integration (m/f)
- Dual degree programme: (Business) Informatics (B.Sc.) with integrated training as an IT specialist for applications development (m/f)
- Electronics engineer for industrial systems (m/f)
- Industrial mechanic for mechanical engineering and plant construction (m/f)
- Technical product designer (m/f)
- Food technology specialist (m/f)
- Machine and plant operator (m/f)
- Warehouse logistics specialist (m/f)
- Miller (process technologist in the milling and cereal industry) (m/f)

A total of 62 trainees were employed at our locations in Dissen, Melle and Schönbrunn in Germany as of the end of 2017. This corresponds to a 31.9% increase compared to the previous year.



Our staff sales shop at the Dissen site is managed by a young team: our trainees. This involves them being responsible for all the necessary activities relating to the sale of our products to staff – which gives the much valuable experience in business management tasks. The profits earned by the trainees through sales to staff are in turn utilised for trainee activities and for donations to not-for-profit establishments.

The plan for 2018 is to further systematise the Fuchs Group's training program and to arrange it in an integrated manner on an inter-site basis. We aim to increase the quality of the training and to bring the trainees' individual needs into even closer harmony with the expectations of the company and of the general working world. For this purpose, the operational time schedules for all areas are to be standardised, the assessment system refined, and additional training courses offered, both internal and external. The exchange of information between trainees will also be further intensified through additional in-house and external meetings and by joint projects.

To enhance our profile as a competent training partner, we will increase the number of school visits and coopera-

tion projects with schools in the region. For many years, we have provided clarification about skilled professions and vocations requiring training, and their contents, and have organised meetings with students, teachers, our trainees and their trainers. In addition, we offer internships, Future Days, Practice Days and school vacation programs. We are a member of a regional corporate network to make joint appearances at trade fairs and to coordinate our needs.

We offer students supervision of scientific theses/dissertations, employment as student trainees and practical internships. We also cooperate with several universities by undertaking lecture events, supporting scientific projects and organising guided tours of works.

## Continued Training

We hold regular staff appraisal interviews according to a predefined standard. This structured process is designed to ensure that both the employees and the managers prepare for the interviews, and can define their expectations beforehand. The purpose of the staff interviews is to provide reciprocal feedback and to discuss development needs and options.

We are currently in the process of making further developments in the structure of our staff appraisal interviews, with the aim of aligning their content closer to the guiding principles and to the objectives and behaviour patterns developed from it.

To supply our employees with further training, we provide them with an extensive training catalogue consisting of competence and compulsory training sessions. The competence training courses comprise training measures for personal and communications competence, IT competence, method competence and basic compe-

tence. The compulsory training sessions are training courses prescribed by statute and relevant to the audits that our employees have a mandatory duty to complete at regular intervals. They include, for example, safety instruction sessions, hazardous substance training or training measures in the areas of hygiene and product safety.

Moreover, our employees train themselves by using numerous individual training measures relating to their respective work areas. We also offer conversion training programs to enable career-changers to obtain qualifications, e.g. retraining as a machine and plant operator in the foodstuffs production area. We collaborate closely with the employment offices and the IHK (Chambers of Trade & Industry) in this respect.

### Number of training sessions/courses (Dissen, Melle, Schönbrunn)

	2017	2016	2015
Internal further training	654	686	497
External further training	339	318	329
<b>Total</b>	<b>993</b>	<b>1,004</b>	<b>826</b>

### Participant numbers (Dissen, Melle, Schönbrunn)

	2017	2016	2015
Internal further training	8,547	7,612	6,452
External further training	1,309	958	1,766
<b>Total</b>	<b>9,856</b>	<b>8,570</b>	<b>8,218</b>

To enable our employees to receive further training in the future, even anywhere and at any time, we plan to develop and introduce e-learning modules. Corresponding surveys took place during the past business year – especially among supervisors/managers – to ensure these (e-learning modules) are aligned to individual needs and requirements in our factories. We plan to introduce e-learning modules in 2019.

Our Leadership Triathlon supports the development of future management staff. During the 18-month program, participants have an opportunity to broaden and deepen

their knowledge of self-management, employee management and organisation management. The Leadership Triathlon comprises several modules focused on presentations of problems with high practical relevance, and is carried out in cooperation with an external institute.

We also offer junior staff an opportunity to participate in an internal networking circle. This network is aimed at strengthening the exchange of information, working on joint projects and improving collaboration between various different corporate divisions.

## Knowledge and Ideas

### Management

In 2015, to provide our employees with a body of knowledge that is as comprehensive as possible, we started to build up an in-house Wiki containing numerous items of information that are essential when processing tasks. Examples include explanations of processes, project management instructions, webinars, forms and an employee self-service. The offering, which subdivides the information in a multi-site and site-specific way, is constantly being expanded and is always kept up to date.

We introduced an Ideas Management event on a trial basis at the Dissen-Nord site in 2017. Due to its great success, we also implemented this concept at the Dissen-Süd and Melle sites in the spring of 2018. During the Ideas Management event, every employee can submit ideas to improve working procedures and work environments, and can have them assessed by a four-member jury. The ideas are evaluated based on the criteria of Savings, Technical and Financial Feasibility, Occupational Safety / Health / Hygiene / Quality Management, Workflow Simplification and Quality of the Working Environment.



## Work-life balance

We are a much sought-after employer because of our well-known brands and international orientation. Nonetheless, we want to increase our attractiveness as an employer still further to strengthen the loyalty of our current employees and to recruit new employees. We see the provision of jobs and working conditions that are aligned to employees' needs to the greatest possible extent as an important factor influencing our attractiveness as an employer. Therefore, the work-life balance subject area counts as one of the key action areas of our sustainability strategy.

Surveys and employer reviews show that our attractiveness as an employer has increased considerably in recent years. Nevertheless, we still see much potential for improvement, which we are currently taking up and want to implement together with the Works Council.

We are systematically exploring our employees' job satisfaction in the context of our staff appraisal interviews in which employees are asked, based on an assessment form, how pleased they are with their job, where there is potential for improvement, and what wishes they have. We also regularly ask employees to give corresponding feedback and improvement suggestions at the end of their probationary period, when they leave the company and after carrying out a training course. We evaluate these statements and make appropriate changes based on them.

Our work-life balance activities focus on making our working hours models more flexible. In 2017 we developed a corresponding concept whose implementation is being coordinated with the Works Council in 2018. We are endeavouring to expand the trust-based flexitime

scheme and to widen the offers of part-time work and the needs-based home office rules. A pilot project to implement a trust-based flexitime scheme model began at our Dissen site in 2017.

As a family business, we believe it is important that we take our employees' family situation into consideration as far as possible. In this respect, we are convinced that an individual solution is fundamentally preferable to a standardised offer. This concerns childcare just as much as the wish for a sabbatical, a PhD project or a voluntary commitment: we have an open mind vis-à-vis our employees' ideas, and together with them, we will work out shared concepts corresponding to their personal ideas and life situations.

From 2018, we will contribute financially to our employees' childcare during school holidays. Furthermore, we make various offers to ensure that our staff can combine their professional duties even better with their private lives. These comprise health offerings depending on the individual needs of employees, active breaks and seminars on the subject of time management or coping with stress, and also include a flexible canteen and meals offer. We will expand the latter further and will professionalise it in 2018.

We observe a growing demand for offers of part-time working. Throughout the whole Group, 8.2% (previous year: 8.1%) of our employees already make use of part-time employment contracts. The overall proportion at our Dissen, Melle and Schönbrunn sites is 7.8% (previous year: 7.8%).

### Full-time and part-time employees (Dissen, Melle, Schönbrunn)

	2017		2016		2015	
	male	female	male	female	male	female
Full-time	938	661	940	711	982	695
Part-time	29	106	24	116	20	115
<b>Total</b>	<b>967</b>	<b>767</b>	<b>964</b>	<b>827</b>	<b>1,002</b>	<b>810</b>

At our Dissen, Melle and Schönbrunn sites in Germany, 37 employees started parental leave in 2017. In the same year, 28 staff returned from parental leave. To avoid breaking their link with the company, we regularly maintain con-

tact with our employees during parental leave through invitations to works events and by means of the employee newspaper, and we give them opportunities to use offers of further training and knowledge maintenance.

### Commencement of and return from parental leave (Dissen, Melle Schönbrunn)

	2017	2016	2015
Start of parental leave	37	21	30
Return from parental leave	28	22	32





More than 1,400 guests took part in the Fuchs Group's 2017 Summer Festival. As well as many tasting and game offers, employees and their relatives had an opportunity to learn more about the company's business units and brands in the Walk of Brands, and to prepare their own curry mix. Guided tours through the company gave insights into the production and administration areas – from the mill and cogeneration power plant to the wet area and central laboratory.

## Health management

As a family-owned business, we feel we have a special obligation to our employees. This also applies in particular with respect to their health. It is imperative that we maintain and promote it. On the one hand, this is an expression of our duty of care as an employer, but on the other hand it also has economic reasons, e.g. reducing days lost for health reasons. Therefore, our health management is one of the central areas of action of our sustainability strategy.

Our health management is aimed at preventing work-related health hazards, avoiding working methods that pose a health risk and reducing influences that are injurious to health. At the same time, we aim to provide information about healthy strategies for living and working, and to encourage these.

We have given our health management a new, sustainable alignment since 2016. A steering committee composed of employees from various departments, including management, is responsible for this. The steering committee meets every six to eight weeks, and develops measures to shape our health management.

To take the staff's needs and ideas into consideration in the best possible way in this regard, employee surveys took place in cooperation with the statutory General Health Insurance scheme (AOK) in 2015 and 2017. The results obtained from these were analysed in the past business year and were presented at the sites and in many departments. In addition, various workshops took place to firm up the potentials for improvement. These led to the formation of several health committees to deal with department-specific problem areas and to develop suitable measures for their departments.

We aim to increase our employees' satisfaction with our health management. This is why renewed staff surveys are planned for 2020, designed to allow conclusions to be drawn about the changes undertaken by that time.

The initial measures adopted in the past business year included improving the workplace and workroom ergonomics, lighting and ventilation. Inspection tours and briefings with ergonomics experts were undertaken and individual adjustable desks and swivel chairs were procured for this purpose. Furthermore, various training scheme dealing with questions of ergonomics and health at the workplace were developed and implemented.

Moreover, we enlarged our program of sport, nutrition and relaxation courses to include preventive measures to improve health. These also include offerings such as the "Active Break", the "After Work Workout", the Life Kinetics Courses or the establishment of sports groups. We organised a Health Day for the first time in the spring of 2018. In addition, we have recently started offering our employees the loan of company bicycles so they can also take part in a sporting activity on their way to work.

We draw attention to these offers via our Intranet, where there is also information on the subjects of "Exercise in Everyday Life", "Addiction" and the "Screen-based Workplace". The Intranet also describes the Steering Committee's activities and the measures developed in the context of occupational health management, and should thus raise awareness of the subject of Health at the Workplace.

## Occupational safety

As well as our employees' health, we also give exceptional priority to safety at the workplace. We are convinced that no task is so important and so urgent that it justifies neglecting occupational safety. Therefore, occupational safety aspects have topmost priority in all of our activities.

We aspire to design our occupational safety concept in such a way that no more workplace accidents can happen. Even though we are not yet fulfilling this standard, our efforts in the past three years to achieve the highest level of occupational safety have led to a situation in which the number of reportable workplace accidents at our German sites has significantly declined. This is also true for the past business year: the number of reportable workplace accidents on a rate-per-1,000 basis decreased again, namely by 5.9% from 2016 to 2017. It was also possible to reduce the number of lost days compared to previous years. It decreased by 7.1% during the past business year.

We constantly improve and monitor our workplace safety concept in the Occupational Safety Committee. Our occupational safety specialist is extremely important in this regard, and constitutes an administrative department reporting directly to the Executive. She supports the Management Board, the management staff and the project leaders in all safety matters, and draws attention to possible improvements in occupational safety. Among other things, the Occupational Safety Specialist makes regular tours of inspection – alone or together with management staff – notes potential weak points and develops suggested solutions. Comprehensive inspection reports about the tours of inspection are prepared and are sub-

mitted to the personnel responsible and to the Management Board. The Management Board also receives an Outstanding Items List stating the deficiencies that have not yet been eliminated.

We have prepared Risk Assessments for each of our workplaces, and have created Operating Instructions for each of our plants. Employees in accident risk areas have personal protection equipment and are appropriately trained. We systematically investigate and follow up every accident, and ensure as far as possible that there cannot be any recurrence.

We see raising our employees' awareness as a central success factor in our occupational safety precautions. Accidents will be completely avoidable only when full compliance with all the safety rules has become a matter of course in carrying out every individual activity. We therefore regularly raise the awareness of our staff in both the production and administration areas to the need to obey workplace safety rules, and we encourage every employee to report breaches of them, as well as potential hazards.

Supervisors have a special role to play in the observance and implementation of workplace safety rules: not only must they have internalised them, but must also exemplify them and must constantly draw the attention of the members of their team to their importance. Therefore, management staff are specially trained in occupational safety matters, and their attention is drawn to their particular responsibility.



## Our Environment

### Handling resources carefully

An intact environment is important for our company's very existence: as a producer of spices, we are reliant on raw materials that grow only under certain climatic conditions. Changes in the climate or environmental pollution have a considerable impact on the quality of our raw materials, thus they can also adversely affect our entrepreneurial activities.

Therefore preserving and protecting the environment, and handling resources carefully, are of major concern to us. This is especially true in view of the long-term orientation of our business model. We think and act in a multi-generational way, and are interested less in short-term economic successes than in the soundly based security of our business operations for decades to come.

We need energy and water in particular to enable us to provide the products and services we offer. Wastes also arise. Therefore, we rank these thematic areas among the central areas of action of our sustainability strategy. Our current information systems, however, do not yet allow us to compile group-wide data about our consumption of energy and water, or about the wastes we produce. Therefore, the following statements relate only to our German sites at Dissen, Melle and Schönbrunn.

## Energy

Our total energy requirement at our German production sites at Dissen, Melle and Schönbrunn in 2017 was 47,500,207 kilowatt-hours (kWh). This corresponds approximately to the previous year's figure.

### Energy consumption trend (in kWh, Dissen, Melle, Schönbrunn)

	2017	2016	2015
Electricity	14,864,414	16,999,401	20,779,670
Natural gas	31,040,986	29,171,214	22,908,084
Oil	1,594,807	1,294,917	656,409
<b>Total</b>	<b>47,500,207</b>	<b>47,465,532</b>	<b>44,344,163</b>

To determine our specific energy consumption, we relate the amount of energy consumed to the production volume generated in the respective business year. Since – depending on the product – we measure our production

volume by weight or by piece, we use the "Production Unit" key figure as a reference value. Accordingly, this yields the following specific energy consumptions:

### Specific energy consumption trend (in kWh/production unit, Dissen, Melle, Schönbrunn)

	2017	2016	2015
Electricity	0.014	0.018	0.024
Natural gas	0.030	0.031	0.026
Oil	0.001	0.001	0.001
<b>Total</b>	<b>0.045</b>	<b>0.050</b>	<b>0.051</b>

The considerable reduction in our specific energy consumption in the past three years is due in particular to the construction of a cogeneration power plant at our biggest production site, Dissen-Industriestraße. The cogeneration power plant was commissioned in the spring of 2016, and now achieves an efficiency factor of more than 97%. This has allowed us to reduce the amount of electricity we purchase by over 40% from the end of 2015 to the end of 2017.

The implementation of software that monitors all the electricity and gas meters at this site, and provides information about our energy flows at all times, also contributed to the reduction in the specific energy consumption. This action not only enabled better control of the energy demand, but also further raised awareness when handling electricity and gas.

We have also had our energy management system at our sites in Dissen, Melle and Schönbrunn certified according to ISO 50001. Accordingly, we constantly observe and analyse our energy consumptions, prepare annual Energy Reports, and approve measures in various committees that contribute to reducing our resources requirement. It is important to us that our staff have a high level of awareness when handling resources, so they can also point out potential improvements and can thus help to keep our energy requirement as small as possible. This is why we repeatedly conduct training courses and use a variety of information materials to draw attention to the economical handling of energy.

We have also exerted a strengthened influence on the energy efficiency in our supply chain since 2016: for example, we encourage our suppliers to use resources re-

sponsibly and to pay attention to a reduced consumption of energy. This requirement is a component of our supplier selection process, and is a part of the design of contracts with our suppliers. Every order contains the additional text: "In the context of environmental/energy

management, energy efficiency in the procurement of energy, services and products is a decisive criterion when assessing suitable suppliers for the Fuchs group of companies."

## Water

We need water firstly as a constituent of many of our products, and secondly we use it in the manufacturing process, especially to clean our production plants. We aim to continuously reduce our water requirements, and to handle this resource as economically as possible.

We consumed a total of 142,560 cubic metres (m<sup>3</sup>) of water at our Dissen, Melle and Schönbrunn sites in 2017. This corresponds to an 8.5% increase compared to the previous year.

We were able to reduce our specific water consumption by a total of 16.6% in the past three years. It is pleasing to see that this reduction was successful at all of our production sites – and thus under production conditions that are to some extent quite dissimilar.

The marked reduction in our water requirement is attributable in particular to the fact that we have made steady further developments in our cleaning processes in the past few years. Automatic cleaning systems that clean in a more targeted way and thus use the required water more efficiently have been installed on many of our production machines. As a result, we were able to reduce our cleaning agent requirement at the same time.

We use special software to monitor the water requirement directly at the numerous demand points in the production operation at the Dissen-Industriestraße production site. If the limit values we have defined at the installed water meters are exceeded, the system automatically triggers warning messages. Moreover, we have installed modern water-saving appliances in our sanitary facilities.

We obtain our water from a municipal supplier, and use around 20% of it as a constituent of our products and to raise steam. The remainder of the water, which we need mainly for cleaning processes, is discharged into the municipal sewerage system. We have a biological sewage treatment plant at our Schönbrunn site. With a biological oxygen demand (BOD) of less than 700 mg/l, our aqueous effluent is only slightly polluted, and its contamination level corresponds to that of private households.

### Water consumption trends (in m<sup>3</sup>, Dissen, Melle, Schönbrunn)

	2017	2016	2015
Dissen-Westring	10,407	10,611	15,116
Dissen-Industriestraße	115,250	105,528	106,226
Melle	11,540	9,300	15,182
Schönbrunn	5,363	5,924	5,793
<b>Total</b>	<b>142,560</b>	<b>131,363</b>	<b>142,317</b>

Specific water consumption trends (in m<sup>3</sup>/production unit, Dissen, Melle, Schönbrunn)

	2017	2016	2015
Dissen-Westring	0.000010	0.000011	0.000017
Dissen-Industriestraße	0.000110	0.000111	0.000122
Melle	0.000011	0.000010	0.000017
Schönbrunn	0.000005	0.000006	0.000007
<b>Total</b>	<b>0.000136</b>	<b>0.000138</b>	<b>0.000163</b>

Waste volume trends (in t, Dissen, Melle, Schönbrunn)

	2017	2016	2015
Waste for disposal	4.59	4.50	4.27
Waste for recycling	4,375.41	4,782.56	6,176.49
Total waste	4,380.00	4,787.06	6,180.76
Of which hazardous waste	10.74	15.95	78.67

## Waste

Large annual volumes of waste arise at our sites in Dissen, Melle and Schönbrunn, especially in connection with our production processes. The challenge in this respect is that the raw materials we procure are delivered in a very wide variety of different packaging materials and units. We therefore sort wastes carefully at all of our sites to direct the resulting wastes to the recycling method that is best for each of them.

A total of 4,380.33 tons of waste arose at our German production sites in Dissen, Melle and Schönbrunn in 2017, corresponding to an 8.5% reduction compared to the previous year. Only a very small proportion of our wastes has to be disposed of, and 99.9% of our wastes are recycled. The proportion of hazardous wastes is 0.3%. In particular, these involve laboratory wastes together with acids and alkalis used in the context of the production process.

The reduction in the generation of waste is also very clearly apparent when the volume of waste is related to the production volume: the specific waste volume has decreased by 41.7% within three years.

The reduction in the generation of waste that we achieve is possible only because we encourage our employees to classify wastes into separate types. This requires a high level of awareness and corresponding knowledge among the employees vis-à-vis the intrinsic value of wastes. This is why we carry out regular training courses and inform employees about the consequences of faulty sorting. Employees who handle hazardous wastes receive special training. We also collaborate closely with external special wastes contractors to reduce potential hazards when handling dangerous wastes.

We update our wastes targets annually and discuss them with our specialist disposal company, so we can discuss corresponding measures in our team meetings. The overriding goal is continuous optimisation of the disposal process, and finding solutions that avoid the wastes arising in the first place. We also constantly urge our employees to develop ideas and suggestions to reduce the volume of our wastes and to further increase our recycling rate. We carry out regular tours of inspection at our sites, during which we check the state of the disposal routes and plants (e.g. balers, tanks and containers), and discuss opportunities for improvement. An annual waste report by the Management Board provides information about the volumes and types of wastes that have arisen, the costs associated with their disposal, and the measures that were developed to optimise our waste streams.

Implementing the new Commercial Waste Ordinance was one of the priority actions during the past business year. The employees responsible for this at all the sites in Germany were informed of the new regulations. Furthermore, tours of inspection were undertaken, and the corresponding measures were discussed with the specialist disposal contractor and were implemented.

Specific waste volume trend (in m<sup>3</sup>/production unit, Dissen, Melle Schönbrunn)

	2017	2016	2015
Total waste	0.000004	0.000005	0.000007



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## General Information

The present Report is the Fuchs Group's first Sustainability Report. The information relates to the 2017 business year and – unless otherwise stated – to the reference date of 31st December 2017. The editorial deadline was 30th October 2018.

Basically, the reporting included all the business units and all the subsidiaries of DF World of Spices GmbH. However, our data situation does not yet allow us to provide valid data from all of our business units. Therefore, the majority of the key figures shown here relate to our German sites in Dissen, Melle and Schönbrunn. We have identified the sites to which the information relates in each case.

This Report was prepared in conformity with the GRI Standards: "Core" Option. When presenting the Report's contents, we adhered to the Reporting Principles defined by the GRI Standards to specify the contents of the Report – Inclusion of Stakeholders, Sustainability Context, Materiality and Completeness – and to the Reporting Principles defining the Report's quality – Accuracy, Balance, Intelligibility, Comparability, Reliability and Up-to-Dateness.

Since this involves the first Sustainability Report, there were no significant changes vis-à-vis previous reporting periods in the list of substantial topics and topic boundaries, no restatements of information from previous reports, and also no significant changes in the organisation and in its supply chain.

Our Sustainability Report is published annually. The Report was not examined by external auditors.

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### Exclusion of liability

All the information in this publication was collected and processed with the greatest care. Nonetheless, errors cannot be entirely excluded. All future-oriented statements were made based on assumptions and estimates existing at the time of publication.

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